

REAL ESTATE MARKET OVERVIEW

Fort. Worth- Arlington

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REAL ESTATE CENTER

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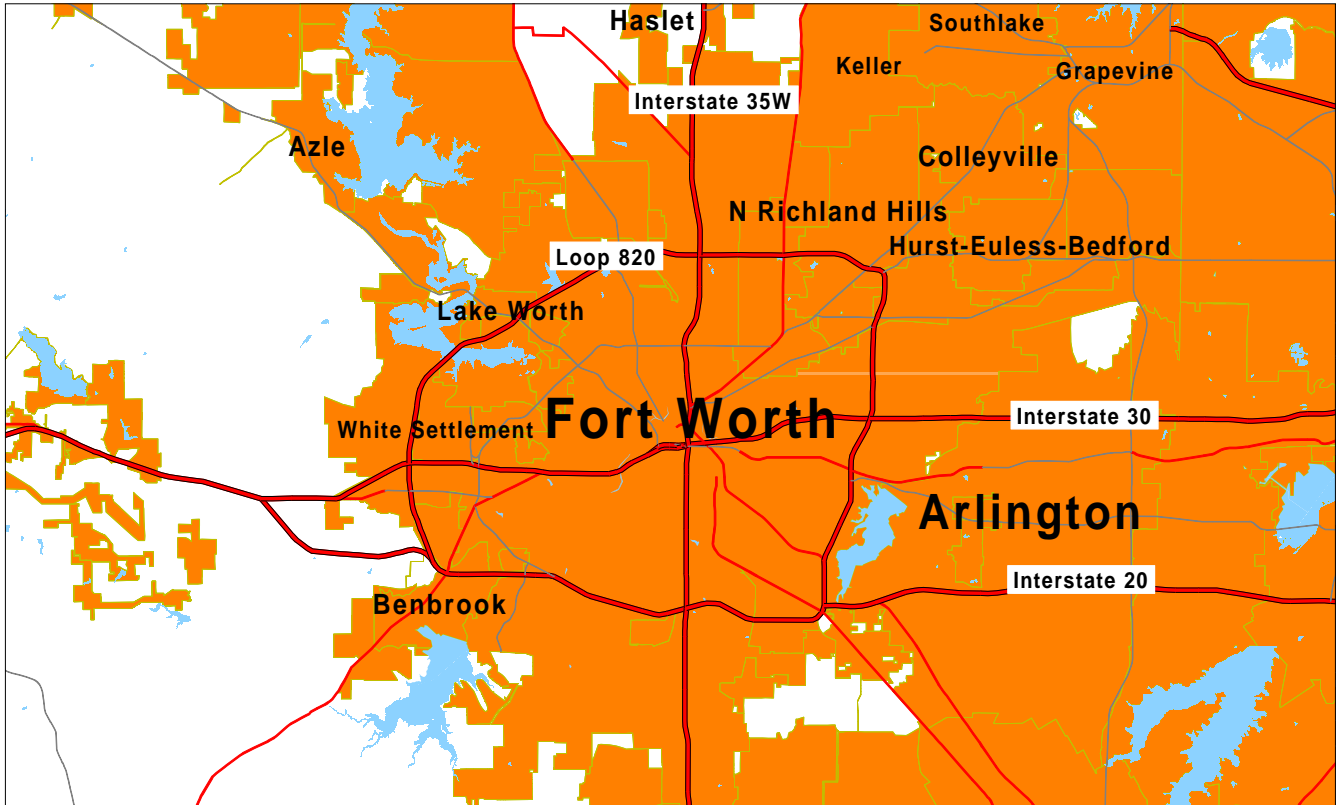
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Area Cities

Arlington
Bedford
Benbrook
Burleson
Cleburne
Colleyville
Euless
Forest Hill
Fort Worth
Grapevine

Haltom City
Hurst
Keller
Mansfield
North Richland Hills
Saginaw
Southlake
Watauga
Weatherford
White Settlement

Counties

Hood
Johnson
Parker
Tarrant

Land Area of Fort Worth-Arlington MSA

2,945 square miles

Population Density (2000)

578 people per square mile

The Fort Worth-Arlington Metropolitan Statistical Area (MSA) includes 20 cities with populations of 10,000 or more. Arlington, home to Six Flags Over Texas, Hurri-

cane Harbor and The Ballpark at Arlington, is known as Texas' "most entertaining" city. Fort Worth is home to the world's largest honky-tonk, Billy Bob's Texas, which includes a 4,800-

square-foot rodeo arena, and to the Bass Performance Hall and a newly renovated downtown.

POPULATION

Fort Worth-Arlington MSA Population

Year	Population
1990	1,367,740
1991	1,396,371
1992	1,416,814
1993	1,434,144
1994	1,461,391
1995	1,488,292
1996	1,519,315
1997	1,554,162
1998	1,591,765
1999	1,629,213
2000	1,702,625

Source: U.S. Census Bureau

County Population Growth

County	2000 Population	Growth 1990–2000 (in percent)
Hood	41,100	41.8
Johnson	126,811	30.5
Parker	88,495	36.6
Tarrant	1,446,219	23.6

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	2000 Population	Percent Growth 1990–2000 (in percent)
Fort Worth	534,694	19.3
Arlington	332,969	27.1
North Richland Hills	55,635	21.2
Bedford	47,152	7.8
Euless	46,005	20.2
Grapevine	42,059	42.4
Haltom City	39,018	19.1
Hurst	36,273	8.9
Mansfield	28,031	80.8
Keller	27,345	100.1
Cleburne	26,005	14.2
Watauga	21,908	9.6
Southlake	21,519	200.8
Burleson	20,976	27.2
Benbrook	20,208	3.2
Colleyville	19,636	55.2
Weatherford	19,000	20.8
White Settlement	14,831	–4.1
Forest Hill	12,949	12.9
Saginaw	12,374	44.6

Source: U.S. Census Bureau

Fort Worth is the sixth largest city in Texas, and Arlington ranks seventh, according to the 2000 Census. More than 1.5 million people live in the metropolitan area, which is

growing at a rate faster than the state as a whole. It is expected to continue to grow at a rapid rate, averaging 1.5 percent per year, according to the

Texas State Data Center. The Texas Water Development Board forecasts a slightly faster growth rate of 1.7 percent per year.

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	Victoria	13.1
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
Texas	22.8	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

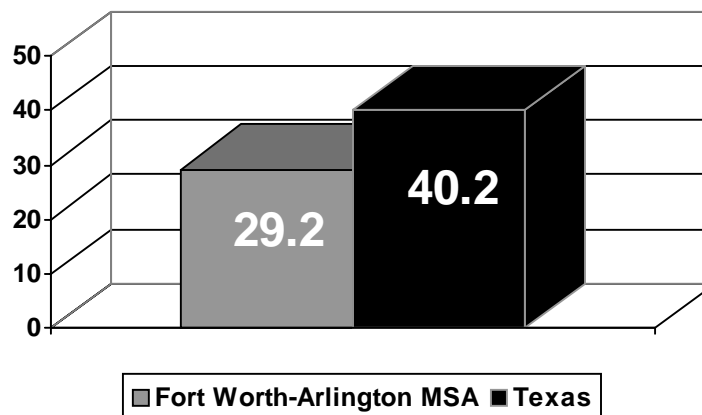
Source: U.S. Census Bureau

Fort Worth-Arlington MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	1,727,308	—
2010	1,848,797	1,910,139
2015	1,953,353	—
2020	2,049,616	2,170,162

Sources: Texas State Data Center and Texas Water Development Board

Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

Household Composition

	Tarrant County	Texas
Median household size (1990)	2.58	2.73
Population younger than 18 (1999, in percent)	27.3	28.5
Population 65 and older (1999, in percent)	8.5	10.1

Source: U.S. Census Bureau

Ethnic Distribution (in percent)

Ethnicity	Tarrant County		Texas	
	1990	2000	1990	2000
White	73.3	51.6	60.8	52.4
Hispanic	11.4	19.7	25.3	32.0
Black	12.2	12.8	11.7	11.3
Asian	2.6	3.7	0.3	2.7
American Indian	0.5	0.6	1.8	0.3
Other	0.0	9.1	0.1	0.2
Two or more races*	-	2.5	-	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.

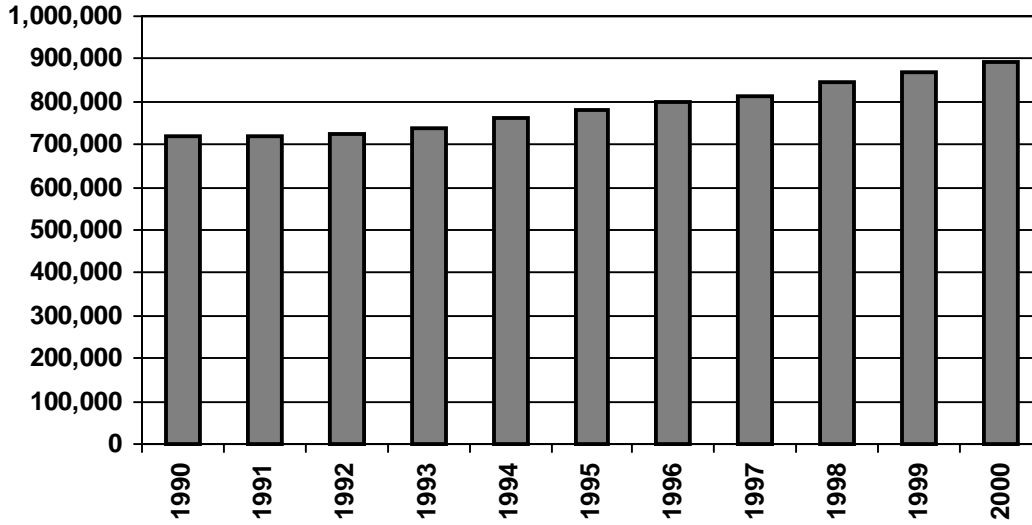
Source: U.S. Census Bureau

The Fort Worth-Arlington MSA is becoming more diverse, following the state's trend. The 1999 median per capita income for the area

was \$28,035. The state average was \$26,834, according to the U.S. Bureau of Economic Analysis.

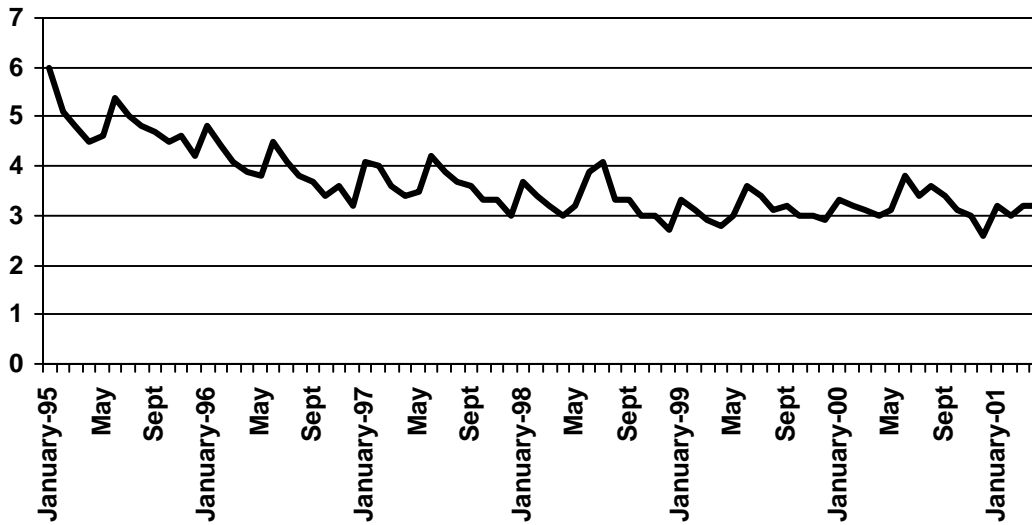
EMPLOYMENT

Fort Worth-Arlington MSA Employment



Source: U.S. Bureau of Labor Statistics

Fort Worth-Arlington MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics

Top Ten Private Employers

Fort Worth	Arlington
<p>AMR Corporation Airline 30,000 employees</p>	<p>Six Flags Over Texas Amusement park 3,250 employees</p>
<p>Lockheed Martin Aircraft manufacturing 11,300 employees</p>	<p>Americredit Finance 3,000 employees</p>
<p>Bell Helicopter Textron Helicopter manufacturing 7,800 employees</p>	<p>The Parks at Arlington Mall 3,000 employees</p>
<p>Teleservice Resource Inc. Telemarketing 6,000 employees</p>	<p>General Motors Truck Group Vehicle assembly 2,400 employees</p>
<p>Delta Airlines Airline 5,000 employees</p>	<p>Arlington Memorial Hospital Medical care 1,800 employees</p>
<p>Sabre Decision Technologies Data systems 5,000 employees</p>	<p>Texas Rangers Baseball Club Baseball 1,770 employees</p>
<p>Harris Methodist Health Care System Medical care 3,868 employees</p>	<p>Providian Financial Call center 1,219 employees</p>
<p>PrimeCo Wireless technology 3,400 employees</p>	<p>National Semiconductor Semiconductor manufacturing 1,200 employees</p>
<p>Burlington Northern-Santa Fe Corp. Transportation 3,100 employees</p>	<p>Doskocil Manufacturing Co. Pet and outdoor products 1,158 employees</p>
<p>Alcon Laboratories Manufacturing 2,500 employees</p>	<p>Siemens Electrocom Mail sorting equipment manufacturing 1,100 employees</p>

Sources: Arlington and Greater Fort Worth Chambers of Commerce

Employment Growth by Industry	Fort Worth-Arlington MSA	Texas
Employment growth, 2000 (in percent)	3.6	3.2
Unemployment rate (in percent)	3.2	4.2
New jobs in 2000	27,600	288,900
Employment growth by sector (in percent)		
Services	4.1	4.7
Trade	3.0	3.1
Manufacturing	0.0	0.1
Mining	-2.4	2.3
Finance, insurance and real estate	7.1	1.3
Construction	9.3	6.2
Government	3.6	1.7
Transportation, communications and public utilities	4.5	5.1

Sources: U.S. Bureau of Labor Statistics and 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
Fort Worth-Arlington	23.7	Galveston-Texas City	8.2
Texas	23.3	Wichita Falls	7.8
Tyler	22.9	Odessa-Midland	6.5
Victoria	22.4	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, February 2001

Employment in the Fort Worth-Arlington area increased 3.6 percent during 2000, a rate slower than the 3.7 percent increase during 1999. Unemployment remained

steady at 3.2 percent for 2000 compared to 3.1 percent for 1999.

American Airlines is the largest employer in the Fort Worth-Arlington area. The company employs 30,000.

Lockheed, General Motors, Bell Helicopter Textron, National Semiconductor and Siemens Electrocom are all major manufacturers in the area.

JOB MARKET

Fort Worth

Dell Computers is planning a customer service, sales and technical support center in the Alliance area. Operations could employ as many as 1,000 by 2002. InteSys Technologies opened in Alliance Gateway and is adding 100 new employees.

Volkswagen of America will open a parts distribution center in July 2001 that will employ between 50 and 100. Exodus Communications opened a server farm in CentrePort in Fort Worth. The facility will employ 100.

Ryder System Inc. finished constructing a North American Command Center in November 2000 that employs 270. RPS has plans to increase its small package sorting hub in southeast Fort Worth by 93,000 square feet. The \$12 million expansion will be completed in summer 2001, allowing the company to hire 200 new employees. Century Aerospace is opening a new facility in Fort Worth that will employ 230.

American Airlines is adding 300 jobs at its Alliance Airport maintenance base. Bank One is expanding its downtown consumer loan servicing operation by 100 employees. Honeywell added 300 people during 2000 to their distribution center at Alliance.

CICorp, an online support company for medical equipment, is moving its headquarters to the Texas Motor Speedway and will add 65 employees during 2001. MIB, a plastic parts manufacturer, added ten employees in Fort Worth. Madison Warehouse is expanding its warehouse and adding 30 employees. Potlatch Corp opened a forest products distribution facility and added ten employees during 2000. Whip Industries expanded, adding 20 new employees during summer 2000.

Allgon Telecom, a cellular accessories manufacturer, opened in CentrePort Business Park and will hire 70 employees in 2001. Aero Components, a manufacturer of aircraft spare parts, added ten employees during 2000. Core-Mark expanded its warehouse in 2000, adding 20 employees. Corning Cable Systems expanded its fiber-optic manufacturing

center, adding 200 employees. FedEx announced plans at the end of 2000 to add 300 employees to its Southeast Fort Worth Hub. Merrill Lynch expanded its offices in southwest Fort Worth and hired 25 additional employees when construction was completed in 2000.

At Alliance Gateway in north Fort Worth, UPS opened a distribution facility during summer 2000 that employs 1,000. UPS Truck Leasing built a service center during 2000 at the Carter Industrial Park and employs 28. Microwave Tower Service, a manufacturer of microwave towers, hired 100 people at the beginning of 2000. Nolato expanded its mobile phone parts center, adding 98 employees during 2000. However, during 2001 the facility will close.

Admiral Linen Service expanded in Fort Worth, adding 77 employees. Enkei International expanded its distribution facility in Fort Worth, adding 45 employees. Questron Distribution Logistics opened a new distribution facility in Fort Worth employing 80. Motorola moved 170 jobs from Lewisville to Fort Worth at the beginning of 2000.

Lockheed Martin laid off 800 employees at its F-16 plant during 2000. General Motors laid off 430 employees when it moved its warehouse. Union Pacific Resources laid off 300 employees as the result of a merger with Anadarko. Ameritrade laid off 120 employees at the end of 2000 because of slow on-line trading. Inspire Insurance Solutions laid off 130 people in May 2001.

BF Goodrich closed its Fort Worth aerospace plant; 400 jobs were lost. Nolato, a parts supplier for Nokia, will close during 2001, laying off 127 employees.

Trinity Industries of Dallas is closing its cement-mixing equipment plant in south Fort Worth. The closure at Pafford Street means the loss of 128 jobs in 2001. Triple S Plastics will close its Fort Worth plant in 2001 and move to Georgetown, Texas, laying off 60 employees.

Arlington

AmeriCredit plans to add a new office building at their current facility in Arlington. The building addition will allow the company to hire an additional 1,200 employees. Pro-Line Printing is planning to expand in the Great Southwest Industrial District, adding 200 employees over five years. Menlo Logistics, a distributor for Sears HomeLife, is planning to open a distribution facility during 2001 employing 80. Chase Manhattan Bank opened a 1,000-employee call center in November 2000.

Providian Financial expanded their call center during 2000, adding 200 employees. Progressive Insurance expanded its claims center to house 160 additional employees. Ameriserve Food added on to their distribution facility in Carter Industrial Park, allowing the company to hire an additional 270 employees. Lear Corporation expanded its automobile parts facility which now employs 1,000.

Harris Methodist Health Plan was sold, which led to the layoff of 150 employees during 2000. National Semiconductor will lay off 120 employees in 2001.

National Semiconductor laid off 117 employees in May 2001.

Mansfield

In Mansfield, Ramtech Building Systems is expanding, adding 25 employees to its modular buildings facility. Grounds for Play expanded, adding 60 employees at the end of 2000 to its playground equipment manufacturing facility.

Elsewhere

Software Spectrum opened a software technical support center employing 600 in North Richland Hills. WideOpenWest opened an Internet, cable and phone service office in North Richland Hills in early 2001. The company is hiring 300. Silverleaf Resorts expanded in North Richland Hills, adding 400 employees to its call center during 2000.

Walgreens is expanding in Waxahachie, adding 300 people to its

distribution center. Applied Engineering expanded in Benbrook, adding 50 employees to its microwave transmission company. Salon Support, a tanning equipment distributor, plans to build a new distribution center in Benbrook. AES Aurora opened a new facility employing 35 in Granbury.

In Westlake, DaimlerChrysler Financial Services will open an operations center and hire an additional 400 employees when the facility opens in fall 2001. In Hurst, i3 Mobile, a provider of wireless personalized Internet content, expanded its offices in September 2000, adding 23 employees.

In Grapevine, GroceryWorks.com opened a second warehouse, adding 150 employees. ISS Papyrus opened a new North American headquarters at the end of 2000 that will employ 150 in Southlake.

MAJOR INDUSTRIES

Job growth in the construction industry is continuing, with 3,700 jobs added in 2000. The increase in residential, office, retail and industrial space in Fort Worth is responsible for this growth. During 2001, a slowdown in construction jobs is expected, as many major construction projects have been completed.

Services and trade industries account for more than 50 percent of area jobs. In fact, the Fort Worth-Arlington MSA has the second highest percent of employment in the trade industry in the state at 25 percent. Most of this employment growth, 5,700 jobs in 2000, is related to

restaurants, retail stores, building materials and car dealerships. The services sector added 8,700 jobs during 2000.

The transportation, public utilities and communications sectors total 10 percent of area jobs and experienced employment gains of 3,400 jobs during 2000. The metroplex as a whole is the largest trucking center in the Southwest, serving nearly 150 routes, according to the Texas Comptroller's Office. The Alliance Airport continues to attract new employers, while mining employment continues to decline and equals less than 1 percent of total employment.

Manufacturing employment was unchanged from 1999 to 2000. Further additions in the manufacturing sector are expected as the Alliance development continues to add manufacturing and distribution companies.

Tarrant County continues to produce agricultural products. Between 1997 and 2000, nursery products and hay were the largest agricultural crops, representing 68 and 6 percent of agricultural receipts, respectively. Horses and beef were the largest livestock products, totaling 13 and 7 percent of agricultural receipts, according to the Texas Agricultural Extension Service.

Total Agricultural Receipts, Fort Worth-Arlington MSA, (Projected 2001)

County	Total Receipts
Hood	\$23,578,000
Johnson	64,442,000
Parker	77,318,100
Tarrant	\$71,880,000

Source: Texas Agricultural Extension Service

BUSINESS CLIMATE

Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation	Taxing Entity	Tax Rate per \$100 Valuation
City of Fort Worth	\$0.88	City of Arlington	\$0.66
Fort Worth ISD	1.66	Arlington ISD	1.24
Tarrant County College	0.11	Tarrant County College	0.11
Hospital District	0.23	Hospital District	0.23
Tarrant County	0.28	Tarrant County	0.28
Total	\$3.16	Total	\$2.52

Source: Tarrant County Appraisal District

Fort Worth-Arlington MSA Top Exports, 1999 (in thousands)

Product	Export Value	Percent of Total
Electric and electronic equipment	\$2,002,516	50.4
Transportation equipment	860,961	21.7
Industrial machinery and computers	298,941	7.5
Chemical products	134,982	3.4
Scientific and measuring instruments	117,482	3.0
Rubber and plastic products	112,528	2.8
Apparel	83,879	2.1
Paper Products	70,817	1.8
Fabricated metal products	36,472	0.9
Food products	\$33,883	0.9

Source: Office of Trade and Economic Analysis, International Trade Administration

Exports to Selected Destinations – Fort Worth-Arlington MSA (in thousands)

Market	1997	1998	1999	Percent of Trade
Canada	\$578,233	\$730,961	\$850,814	21.4
Mexico	266,088	428,224	757,649	19.1
Caribbean & Central America	81,813	86,864	155,355	3.9
South America	355,669	475,338	552,221	13.9
Europe	424,663	574,713	583,855	14.7
Asia	1,071,340	935,078	891,540	22.5
Africa	47,969	41,961	28,608	0.7
Near East	167,913	139,689	125,204	3.2
Australia	52,168	43,068	25,719	0.6
Total all Countries	\$3,045,861	\$3,455,904	\$3,970,969	100.0

Source: Office of Trade and Economic Analysis, International Trade Administration

Fort Worth-Arlington MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$13,474,922,003	\$9,852
1991	13,534,601,550	9,693
1992	14,479,692,073	10,220
1993	14,677,504,964	10,234
1994	15,738,893,521	10,770
1995	16,770,708,464	11,268
1996	18,412,768,954	12,119
1997	18,278,208,447	11,761
1998	19,255,034,398	12,097
1999	21,020,839,563	12,902
2000*	16,532,065,350	
	State Average 1999	\$12,735

*Through third quarter

Source: Texas Comptroller's Office

Fort Worth-Arlington MSA exports increased 148 percent between 1993 and 1999. Since NAFTA went into effect in January 1994, exports to Canada have increased 295 percent, while exports to Mexico are up 465 percent. Fort Worth-Arlington exports the most products to Canada. Exports to South American countries were up the most during the 1993 to

1999 period, rising 647 percent from \$73.9 million to \$552 million.

Neither the City of Fort Worth nor the City of Arlington collects an economic development sales tax. The City of Arlington does, however, have a sales tax used to fund The Ballpark at Arlington. Alliance Airport and the surrounding North Fort Worth area is located in a foreign trade zone, and the

Dallas-Fort Worth International Airport is designated as a foreign trade zone. Both cities offer tax abatements and have enterprise zones.

Fort Worth is a regional center for retail activities and attracts shoppers and tourists from surrounding areas, contributing to the per capita sales in the area. Retail sales are expected to continue to rise in 2001 because of

strong job growth and a growing economy.

Fort Worth plans to expand its convention center. Fort Worth hosts more than seven million visitors each year; Arlington has 6.5 million visitors annually.

Arlington has a number of tourist destinations attracting visitors from outside the area. The Arlington convention center underwent a \$16.3 million expansion that was completed in 1999.

The hotel-motel tax rate is 13 percent in Fort Worth and 12 percent in Arlington. Other cities in the MSA charge hotel-motel tax rates ranging from 5 to 7 percent.

EDUCATION

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

Level of Education	Fort Worth	Arlington	Texas
High school graduate	23.5	23.1	25.6
Some college, no degree	21.7	28.0	21.1
Associate's degree	5.0	6.7	5.2
Bachelor's degree	14.9	22.1	13.9
Graduate or professional degree	6.5	7.9	6.5

Source: U.S. Census Bureau

Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)
Tarrant County Junior College	41,380	27,967	30,877
University of Texas at Arlington	20,424	19,624	21,335
Texas Christian University	7,775	N/A	N/A
Texas Wesleyan University	3,133	N/A	N/A
Weatherford College	2,798	3,009	3,243

Sources: Educational institutions and the Texas Higher Education Coordinating Board

Tarrant County College is planning a \$10.7 million performing arts-conference center on the Northeast Campus in North Richland Hills. The facility would include a 500- to 700-seat auditorium and planetarium. Construction on the center is expected to start in 2005.

On the South Campus, construction began in March 2001 on a high-tech heating, air conditioning and refrigeration facility. The Jenkins Garrett Library completed an expansion of the Distance Learning Department in fall 2000.

At the Southeast Campus, a 16,000-square-foot classroom complex was completed at the end of 2000. A 10,000-square-foot arts annex is scheduled for completion in spring 2001.

On the Northeast Campus, a warehouse and physical plant are

under construction and are expected to be completed in fall 2001. At the May Owen District Center, renovations began in August 2000 on the administrative offices. Tarrant County College has five campuses located throughout the county providing a wide variety of technical and academic programs.

UT-Arlington constructed a \$22 million residence hall that opened in August 2000. There are plans for a new library, performance hall and special events center-arena.

Texas Christian University is constructing the Tucker Technology Center at a cost of \$25 million. Plans for the 10.5 million Sarah and Steve Smith Entrepreneurs Hall were announced in the fall of 2000. An additional \$30 million will be spent

over the next three years to renovate classrooms, labs and studios. The university is also planning to expand parking and the student recreation center. Two residence halls will be renovated. TCU opened a campus at the Alliance Airport where it offers continuing education and for-credit courses. TCU Globalcenter at Alliance started offering classes in fall 1999.

The University of North Texas (UNT) has a health science center located in Fort Worth and is in the process of establishing a school of public health. A doctorate in public health was added in fall 2000.

The UNT Health Science Center plans to expand by 75,000 square feet. The \$6 million expansion consolidates clinic space and was completed in fall 2000.

The university has acquired a shopping center on Camp Bowie Boulevard and plans to build a six-story, 180,000-square-foot public health building on the site. A new parking garage is scheduled to be completed by October 2001.

Texas Wesleyan University broke ground in May 2000 on the Nenetta Burton Carter Building. The 7,741-square-foot building will house the department of psychology and classrooms. The \$1.2 million building is located at Avenue D and Binkley Street.

Weatherford College is planning the Parker County Heritage and Culture Center, to be located on the campus, and is opening a Decatur campus in Wise County. The new campus began offering classes in spring 2000.

TRANSPORTATION AND INFRASTRUCTURE ISSUES

DFW International Airline Boardings

	1997	1998	1999	2000
Dallas-Fort Worth International	28,331,004	28,394,037	29,820,000	30,385,747

Source: Dallas-Fort Worth International Airport

DFW Cargo (Metric Tons)

	1998	1999	2000
Dallas-Fort Worth International	884,198	921,921	997,788

Source: Dallas-Fort Worth International Airport

The Fort Worth-Arlington metropolitan area is served by a number of highways. Interstates 820, 30, 20 and 35 run through the area, as well as U.S. Highways 287 and 277.

Fort Worth offers public transportation throughout the city with its T

Service. Arlington offers a trolley system to serve the entertainment district. The Trinity Railway Express, a commuter rail line, is being constructed between downtown Fort Worth and downtown Dallas and will serve northeast Tarrant County.

Since September 2000, trains have served the CentrePort-DFW Airport, Hurst-Bell and Richland Hills stations. Platform service to the Intermodal Transportation Center in downtown Fort Worth, which has bus and rail service, will begin in 2001.

One major road project is in the planning phase. An extension of Highway 121, to be called Southwest Parkway, would run from I-30 south to U.S. 67. The road would offer a quick link between downtown and the southern suburbs and is proposed as a toll road. No construction date has been set, but the road could be open as early as 2004.

The new section of I-30 in downtown Fort Worth opened in late 2000. The \$164 million project was built south of the existing section of I-30.

A number of different rail lines, including Santa Fe-Burlington Northern, Southern Pacific, Union Pacific, Missouri-Kansas-Texas, Nebraska Central, Wichita-Tillman-Jackson and Cotton Belt, serve Fort Worth. These rail lines provide access to terminals throughout the United States.

The Dallas-Fort Worth Airport is a major air hub providing access to almost every destination. The airport was the third busiest in the world in 2000. The airport is ranked sixth in the nation for air cargo. It is the headquarters of American Airlines. In addition, the airport loads more than half of all air cargo in the state.

A 13-gate passenger terminal for American Eagle was completed in late 2000. On the south side of the airport, a new rent-a-car facility opened in 2000.

The airport is planning a six-year, \$2.5 billion capital improvements program that will include a new 23-gate international terminal, an eighth runway and a people mover (floor escalator). The airport will be lengthening three of the seven runways to accommodate more takeoffs and landings by jumbo jets. The \$98 million project will begin in fall 2000 and will be completed by August 2004.

Air France began offering nonstop service between DFW International Airport and Paris in May 2001. American Eagle added a flight to Harlingen in January 2001. Comair is adding a flight to Greensboro, North Carolina.

Alliance Airport is a cargo facility with an on-site U.S. Customs Service office. During 2000, the airport had 171,540 aircraft take-offs and landings, down from 225,367 during 1999. About two-thirds of Alliance's traffic

involves training flights by military and flight schools. Alliance was the nation's fastest growing air cargo depot last year and is now ranked 14th in the world in tons of freight shipped.

Meacham Airport in Fort Worth primarily provides private airline service. Spinks Airport is owned by the City of Fort Worth and is located at the Tarrant and Johnson County line. A new \$1 million control tower is planned.

The Tarrant County Water Control and Improvement District (TCWCID) is a regional agency responsible for meeting the current and future water needs of customer cities throughout Tarrant County. The TCWCID obtains water from Lake Arlington, Lake Bridgeport, Eagle Mountain Lake, Lake Worth, Benbrook Lake, Cedar Creek Reservoir and Richland-Chambers Reservoir.

TCWCID has a water supply plan through the year 2050. A new reservoir is being proposed in northeast Texas. The 62,000-acre Marvin Nichols Lake would provide water for the Dallas-Fort Worth area.

PUBLIC FACILITIES

During 2001, \$126 million in new and expanded attractions will be completed in the metro area. At the Fort Worth Zoo, \$40 million is being spent on an eight-acre exhibit that takes visitors through the six regions of Texas.

The Fort Worth Stockyards Western Heritage Museum will open. The Amon Carter Museum is undergoing a \$36 million expansion and will reopen in fall 2001.

In Fort Worth, a new Tarrant County Family Law Center started construction in early 2001. The \$70.6 million

project will have 370,000 square feet and a parking garage at Weatherford and Commerce in downtown.

A three-block Farmer's Market is planned next to the Intermodal Transportation Center in downtown Fort Worth.

The Fort Worth Convention Center is being expanded. The John F. Kennedy Theater was demolished to make way for 57,000 square feet of exhibition space. Completion is expected in 2003.

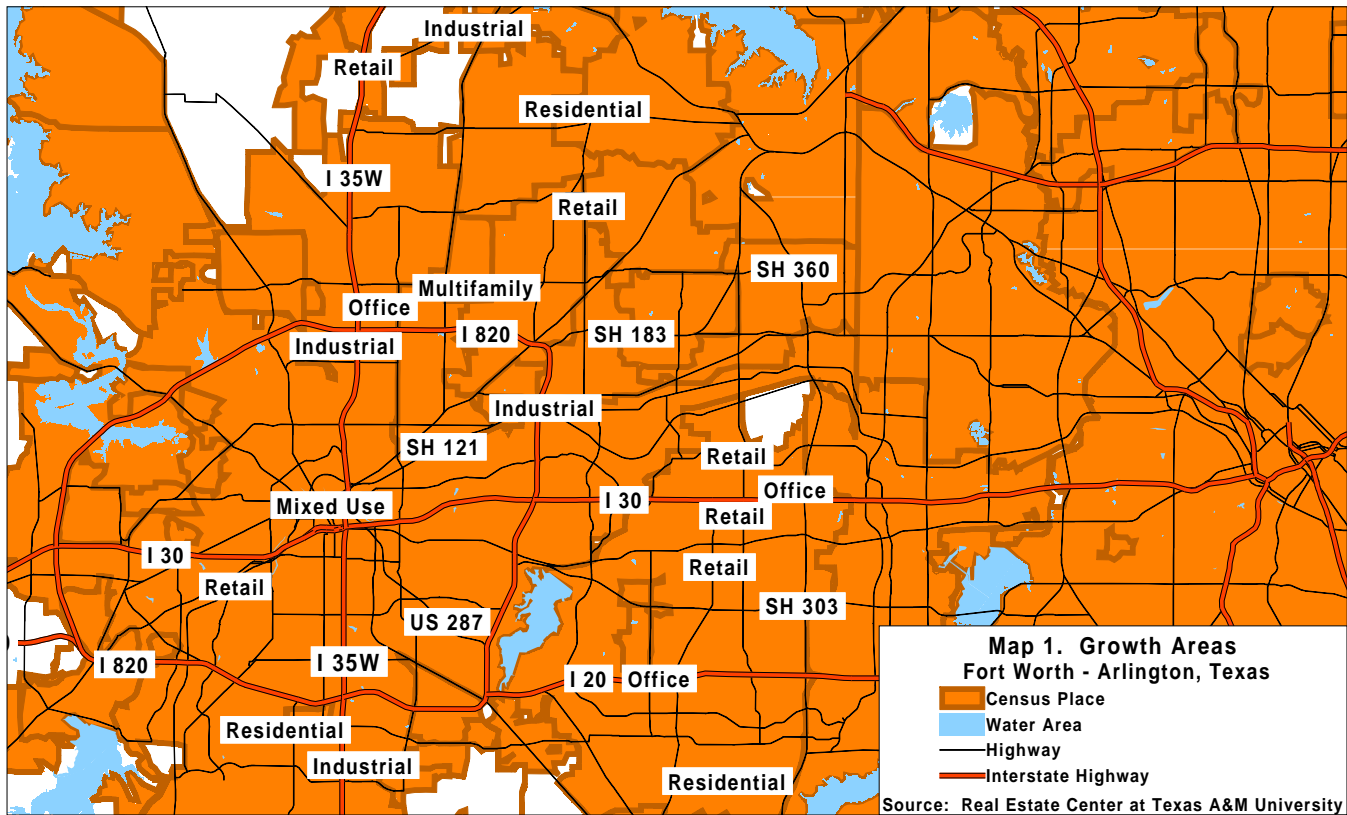
In Arlington, a new Southeast Branch Library will be built at Green

Oaks Boulevard near the Arlington Municipal Airport. The \$3.3 million project is scheduled to open in early 2002.

There are plans for a South Police Patrol facility at I-20 and Southwest Green Oaks Boulevard. No construction date has been set.

In Southlake, a new town hall was completed at the end of 2000. The \$12-million, four-story, 80,000-square-foot building will include city offices, a municipal court and offices for some Tarrant County employees.

URBAN GROWTH PATTERNS



The northern portion of Fort Worth in the Alliance Airport area is the fastest growing area in the MSA. New homes, retail and industrial development are all occurring rapidly in this area. Keller,

Colleyville, Southlake and Grapevine are experiencing growth in residential and retail sectors. Residential development as well as office and industrial development has been occurring in the

southern portion of Arlington and is strongest south of I-20 (see Map 1). Residential growth has also been occurring in the south Fort Worth, Benbrook and Cleburne areas.

HOUSING

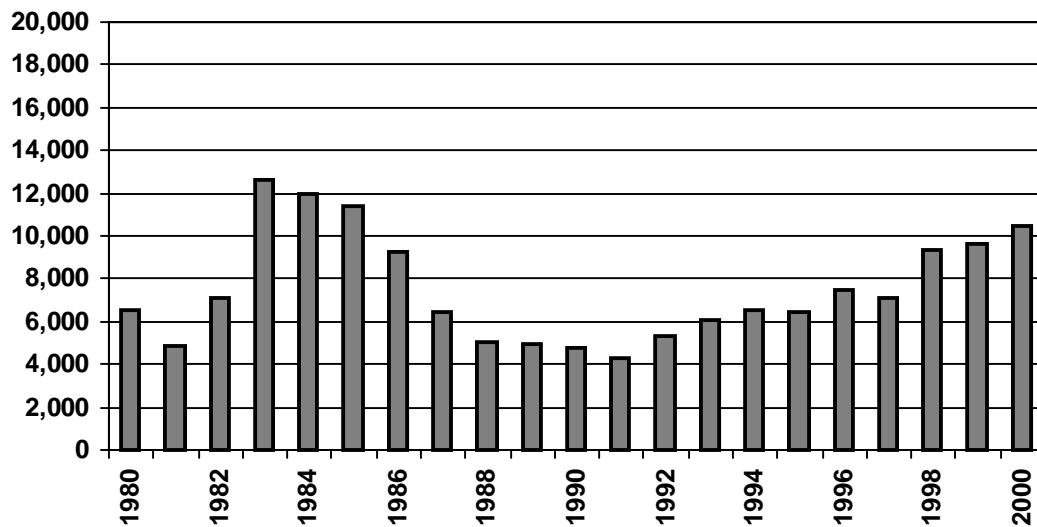
Housing Affordability – Fourth Quarter 2000

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Arlington	72	1.66	1.19
Fort Worth	72	1.73	1.24

*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.

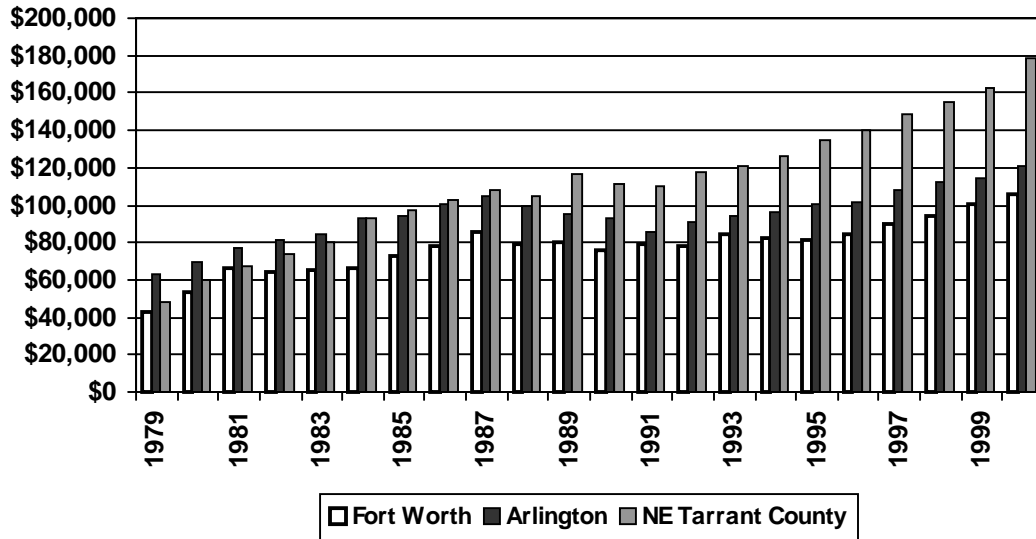
Source: Real Estate Center at Texas A&M University

Fort Worth-Arlington MSA Single-family Permits



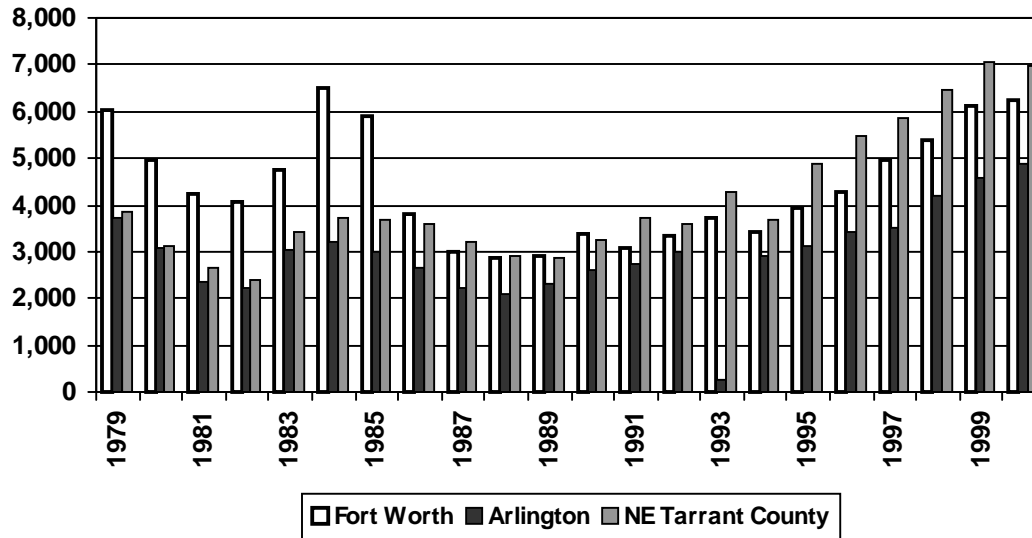
Source: U.S. Census Bureau

Average Sales Price of Single-family Home, Fort Worth-Arlington Area



Source: Real Estate Center at Texas A&M University

Single-family Home Sales Volume



Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold, 2000 (in percent)

	Arlington	Fort Worth	Northeast Tarrant County
Less than \$60,000	8.1	24.6	4.2
60,000–79,999	16.3	21.6	9.7
80,000–99,999	23.8	17.0	13.8
100,000–119,999	14.2	9.3	12.0
120,000–139,999	11.7	8.1	11.8
140,000–159,999	7.6	5.6	8.9
160,000–179,999	6.2	3.6	6.9
180,000–199,999	3.7	2.5	4.8
200,000–249,999	4.3	3.5	8.9
250,000–299,999	1.9	1.8	5.9
300,000 or more	2.3	2.7	13.2

Source: Real Estate Center at Texas A&M University

In 2000, 10,455 single-family home permits were issued in the Fort Worth-Arlington MSA, compared with 9,605 in 1999. The average permit value was \$124,200 in 1999 and \$125,600 in 2000.

According to MLS data, the 2000 average sales price of new and used homes in Fort Worth was \$105,500, up from \$99,900 in 1999. Fort Worth had a 4.4-month inventory of homes for sale. Arlington had a 3.5-month inventory, and northeast Fort Worth had a 3.6-month inventory. A total of 6,974 homes sold in northeast Tarrant County in 2000, down from 7,057 in 1999. In Arlington, 4,872 homes sold and in Fort Worth, 6,239 homes sold.

New residential construction is occurring throughout the metro area. There are strong clusters of development around the Alliance project, Benbrook and south Fort Worth, south Arlington and northeast Tarrant County.

North Fort Worth is the site of a number of new developments. At Old Denton Road, Sunset Hills will have homes priced from \$110,000 to \$160,000. Hillwood is planning a 750-home subdivision called Chisholm Trails. The development will have homes priced from \$110,000 to \$170,000. The Villages of Woodland

Springs is a planned 2,300-home development and Crawford Farms is an 823-home development. Lonesome Dove Estates is a 200-home planned development. The homes on one-acre lots will be priced from \$175,000 to \$250,000.

Fossil Lake is a 510-lot, planned subdivision with homes priced from \$90,000 to \$150,000. Fossil Hill in north Fort Worth will have 1,300 homes priced from \$70,000 to \$110,000. Fossil Park, also in Fort Worth, will have 1,300 homes priced from \$90,000 to \$130,000. Carson Ranch is under construction with 330 lots and homes priced from \$90,000 to \$150,000. The Crossing at Fossil Creek will have homes priced from the low \$100,000s through the \$180,000s. The 558-home subdivision is planned in four phases; the first broke ground in March 2000. Lago Vista at Bands Ranch will have 5,500 homes priced from \$150,000 to \$600,000. Van Zandt Farms started construction on 67 lots in April 2001. The homes will be priced from \$180,000 to the \$400,000s.

In west Fort Worth, Ridgmar Estates is under construction east of Green Oaks Road on Ridgmar Boulevard. The 74-lot development will have homes priced in the \$200,000s.

In East Fort Worth, Somerset Estates is a 75-acre development that will have homes priced from \$250,000. The gated community off Lancaster and Cooks Lane will have 26 homes in the first phase.

In Northwest Tarrant County, the Resort on Eagle Mountain Lake is being expanded, adding 175 lots and an equestrian center. Lots will range from \$50,000 to \$130,000.

At North Tarrant Parkway and U.S. 377, 126 duplexes are planned in the Parkwood Hill subdivision in Fort Worth.

Heritage is a 2,700-home project that is part of the Alliance area. The first phase will have 350 lots with homes priced from \$140,000 to \$300,000. The project is located at Park Glen Boulevard east of I-35W.

Richfield at the Parks broke ground in February 2001. The 24-lot subdivision is in Fort Worth at Smithfield Road and Chapman Drive. The homes will be priced from \$142,900 to \$240,000.

In Arlington, 106 lots are planned in the Shepherds Glen subdivision, located at Highway 360 and Pioneer Parkway. Fannin Farms West is a 400-lot subdivision that started development in early 2000. Homes will be priced from \$150,000 to \$250,000. Pebblebrook Village is a 72-unit luxury

condominium development at Lamar and Davis. Construction is expected to be completed by the end of 2001.

In Euless, Little Bear is a 250-home development east of Highway 121 at Mid-Cities Boulevard. The first phase will have 190 homes and will be available by summer 2001. Homes will range from \$180,000 to \$300,000. Fountain Park is a 151-home subdivision planned between Main Street and Fuller-Wiser Road in Euless. The homes will be priced from \$160,000 to \$220,000. At Whitener Road and South Main Street, Choice Homes is constructing 32 homes.

In Burleson, 6,500 lots are in the plat approval process. Mountain Valley Country Club Estates, a 925-lot development on Highway 174, started construction in October 2000. Villages of Wakefield is a 634-lot subdivision and will include an additional 600 multifamily lots. The development is located south of FM 731. Construction is expected to start during summer 2001.

Lakes of Burleson will have 564 single-family lots and 195 single-

family attached lots at Highway 174 and Shaffstall Road. Development was to begin in spring 2001. Toal Ranch is a 550-lot development on McAlister Road west of I-35. The first phase is expected to begin in 2001.

In Mansfield, the Mansfield National Golf Club opened in November 2000. The course will be surrounded by 1,300 lots with homes priced from \$175,000 to \$250,000.

In Grapevine, Silver Lake has 250 homes priced from \$190,000 to \$300,000.

The Woodlands at Aspen Court started construction in July 2000 in Keller. The subdivision will have homes starting at \$750,000. Newton Homeplace is a 140-lot development in Keller at Johnson Road and Chandler Road. The Village of Woodland Springs is off U.S. 377. The first phase includes 581 lots that were ready in 2000.

In Southlake Town Square, 75 to 100 brownstone homes are planned. The homes will sell for \$250,000 to \$450,000. Lofts above the shops are expected to sell for \$225,000 to

\$400,000. Versailles subdivision is entering its third phase with 146 homes in Southlake. Home prices range from \$400,000 to \$600,000. The entire development is expected to be completed in fall 2001. Terra Land Development is developing 63 acres for custom homes in Southlake.

In Colleyville, 18 homes are planned at Glade Road and Highway 121. The lots will be available in early 2002. Homes will sell from \$400,000 to \$800,000.

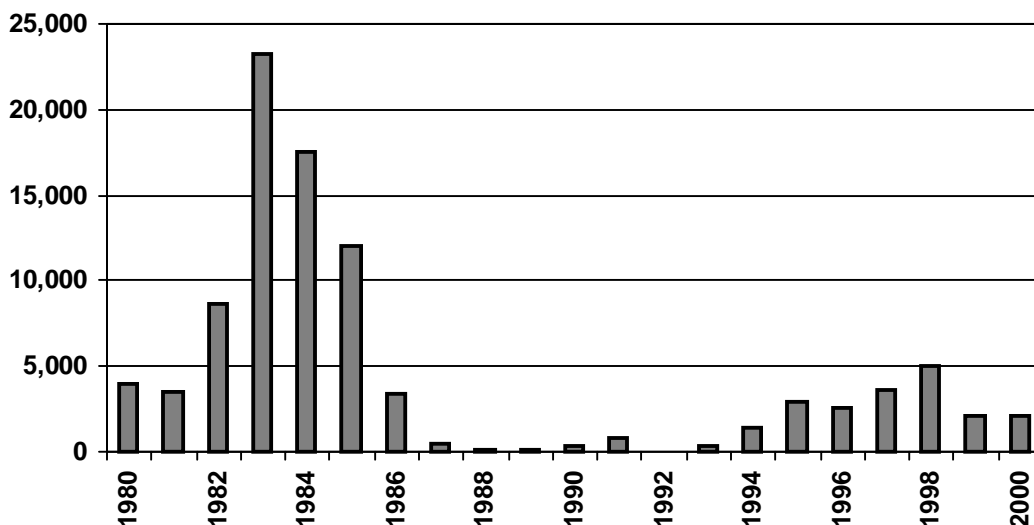
Chapel Hill is a proposed 1,000-acre project near Eagle Mountain Lake. The project will include 5,400 residences.

In Crowley, a 250-lot subdivision broke ground in fall 2000 with homes priced from \$90,000 to \$140,000. A 500-home subdivision broke ground in summer 2000.

In the Coventry subdivision, construction on 129 homes began in summer 2000. The subdivision will have homes priced from \$110,000 to \$160,000.

MULTIFAMILY

Fort Worth-Arlington MSA Multifamily Building Permits



Source: U.S. Census Bureau

Fort Worth-Arlington Apartment Statistics, January 2001

	Fort Worth	Texas Metro Average
Average rent per square foot	\$0.73	\$0.75
Average rent for units built since 1990	\$0.91	\$0.97
Average occupancy (in percent)	95.8	95.6
Average occupancy for units built since 1990 (in percent)	94.1	95.5

Source: Apartment MarketData Research

In 2000, building permits were issued for 2070 apartment units, down from 2,393 in 1999. In first quarter 2001, 1,139 new multifamily permits were issued. The Fort Worth area was one of many Texas cities affected by apartment overbuilding in the 1980s. Fort Worth began to see an increase in apartment construction in 1994.

Apartment occupancy climbed by 0.2 percentage points from the beginning of 2000 to the beginning of 2001. Rents fell two cents per square foot in the same time period, according to Apartment MarketData Research.

Construction was completed in summer 2000 on a 300-unit apartment complex on Magnolia Street in the Medical District. The \$15 million project includes one-story flats, two-story townhomes, lofts and a parking garage. Another 300-unit apartment complex that overlooks the Trinity River is planned just north of the Tarrant County Courthouse.

In Fort Worth, Eastchase Villas is under construction at I-30 and John T.

White Boulevard. The \$8 million, 176-unit project was expected to be completed in spring 2001. At Park Vista Boulevard and North Tarrant Parkway, 610 apartment units are planned. Just south of downtown, the Markeen Apartments have been renovated into 14 units.

A Fort Worth high school was converted into 168 apartments. The Homes of Parker Commons, on Rosedale near I-35 cost \$14 million to complete and were ready for occupancy in fall 2000. Downtown, the 24-story Transport Life Building will be converted into 176 loft apartments. Construction will begin in first quarter 2002 and be completed in 2003.

Near Alliance, 1,000 apartment units are planned. Lost Spurs, which began construction in early 2000, will have 240 units in the first phase. In north Fort Worth, at I-35 and Western Center Boulevard, a 540-unit apartment complex broke ground in mid-2000.

In Burleson, 408 apartment units are planned as part of the Lakes of

Burleson at Highway 174 and Shaffstall Road. Development is expected to begin in 2001. The Villages of Wakefield will also include multifamily housing as part of the development south of FM 731.

The Lakes of Stone Glen in Keller will have 416 apartments located on FM 1709 and Bourland Road. Construction started during summer 2000 on the \$14 million complex. Echelon at Keller Town Center is a planned apartment complex that will have 276 units when completed.

In Hurst, a 264-unit complex was completed in late 2000.

In Euless, construction of Parkside on the Creek, a 186-unit project, was completed in December 2000. The \$7.3 million project is at Hill Trail Drive. Hinckley Apartments is a 354-unit complex under construction between Glade Road and Mid-Cities Boulevard.

In Arlington, Bardin Green Apartments, a 295-unit apartment complex, is planned south of I-20 and east of Matlock.

MANUFACTURED HOUSING

Fort Worth-Arlington MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	2,808	28.6
1998	2,865	23.4
1999	2,770	22.4
2000*	1,711	17.2

*Through third quarter 2000

Source: Texas Manufactured Housing Association

Treaty Oaks, located on Lake Granbury, is a 300-acre gated manufactured home subdivision. The community has 600 homesites and includes a community

center, swimming pool and exercise facility.

In Crowley, a 240-unit manufactured-home community is planned.

The development, located on Farm Road 731 at Farm Road 1187, broke ground during summer 2000.

SENIORS HOUSING

In Arlington, a \$3.5 million nursing center with 120 beds is planned.

The 28,500-square-foot facility will be located on Arbrook east of Matlock. Construction is scheduled to begin in June 2001. Town Village of Arlington is a 230-unit complex at Pioneer Parkway that opened in December 2000.

A 57-unit assisted-living center has been built in Arlington at the southeast corner of South Collins and Colonade. Castle Rock Assisted Living Center has 42,832 square feet and was completed in November 2000. A

continuing care facility on Little Road south of Arkansas also was completed in 2000.

In Bedford, Parc Place Retirement Community will open in late 2001. The community will be located in the former Columbia HEB hospital medical office buildings.

In west Fort Worth, a 216-unit apartment complex for seniors broke ground in summer 2000. Town Village Ridgmar is located on Green Oaks Road and will be completed during summer 2001.

In Grapevine, Glade Corners Retirement Community started construction during summer 2000. The 120-unit independent-living center will cost \$7.5 million.

Capital Senior Living has three projects in Tarrant County. The projects are located in Fort Worth, Pantego and North Richland Hills and will be completed in 2001.

In Crowley, an 89-unit retirement village is planned. Construction began in summer 2000.

RETAIL MARKET

Retail Property Statistics, Year-End 2000

	Vacancy Rate	Average Rental Rate
Southwest		
Community	8.9	\$14.34
Neighborhood	10.0	11.80
Regional	11.4	17.77
Northwest		
Community	15.1	11.61
Neighborhood	13.4	11.72
Regional	11.9	20.75
Arlington		
Community	8.3	12.66
Neighborhood	9.2	10.56
Regional	5.7	16.02
East/Southeast		
Neighborhood	5.0	9.44
Northeast		
Community	12.6	12.88
Neighborhood	13.0	10.60
Regional	7.5	17.71

Source: Reis, Inc.

Hotel Occupancy and Rental Rates, 2000

	Fort Worth	Arlington	Northeast Tarrant County	Texas
Occupancy rate (in percent)	63.9	64.6	60.8	65.7
Average daily rental rate	\$77.37	65.13	55.61	86.45

Source: PKF Consulting

Tarrant County has more than 39 million square feet of retail space, according to Integra Realty Resources. The Fort Worth area retail market experienced strong construction activity during 2000. Reis Inc. forecasts that the vacancy rate will increase to just more than 11 percent over the next two years and reach 12

percent in 2003. Rental rates rose 2.8 percent during 2000 and are expected to increase at a rate of 3 percent per year over the next three years.

According to the Texas Restaurant Association, Fort Worth-Arlington is expected to be the fourth largest market in Texas for 2001. Restaurant

sales are expected to increase 5.1 percent to reach \$2.6 billion in 2001.

The closing of 12 stores by Montgomery Ward and JCPenney will place two million square feet of space back on the market during 2001 across the Dallas-Fort Worth area, according to the Weitzman Group. Map 2 shows retail building permits in Arlington.

Hotels-Motels

The Texas & Pacific Terminal building in downtown Fort Worth will undergo a \$50 million renovation into a railroad-themed hotel. The four-star hotel is expected to open in 2002.

A SpringHill Suites hotel is planned at I-30 and Pulido Street. The 145-room hotel will have four stories and a three-story parking garage.

In Centreport, south of the Dallas-Fort Worth International Airport, a 120-room Residence Inn will break ground in August 2001. A 295-room Marriott opened in 2000 in Centreport.

The City of Fort Worth is considering an expanded convention center hotel downtown. Westin Beechwood-Fort Worth, a planned 300-room upscale golf course resort, will be located in north Fort Worth near the Texas Motor Speedway and is expected to open in fall 2001. A 75-room Comfort Suites opened at Fossil Creek in Fort Worth in June 2000.

In downtown Fort Worth, the Ashton Hotel opened in April 2001. The hotel, at Sixth and Main streets, has 39 rooms. The Ramada Plaza Hotel downtown underwent a \$5 million renovation that was completed during summer 2000.

Ashwood Suites is being built near the Grapevine Mills Mall. Construction of the 1,500-room Opryland Hotel is on schedule to open in 2003.

A 295-room DFW Airport Marriott South opened in March 2000. A 100-room Residence Inn is under construction near DFW Airport. In Westlake, a new resort hotel is planned for Circle T Ranch. In Burleson, ground broke in May 2000 on a 52-room Super 8 hotel.

Malls

Several malls are being renovated. Ridgmar Mall in west Fort Worth is undergoing a \$70 million expansion and renovation, including a new AMC theater, which opened in fall 2000. Dick Clark's American Bandstand Grill opened in 2000 in the Ridgmar Mall.

The Northeast Mall is undergoing a \$200 million expansion and will have 1.7 million square feet when completed. Nordstrom's opened a new store in the mall in March 2001. Foley's will add a store at the mall with construction that started in summer 2000. Lord and Taylor plans to open in the vacated Montgomery Ward in 2002.

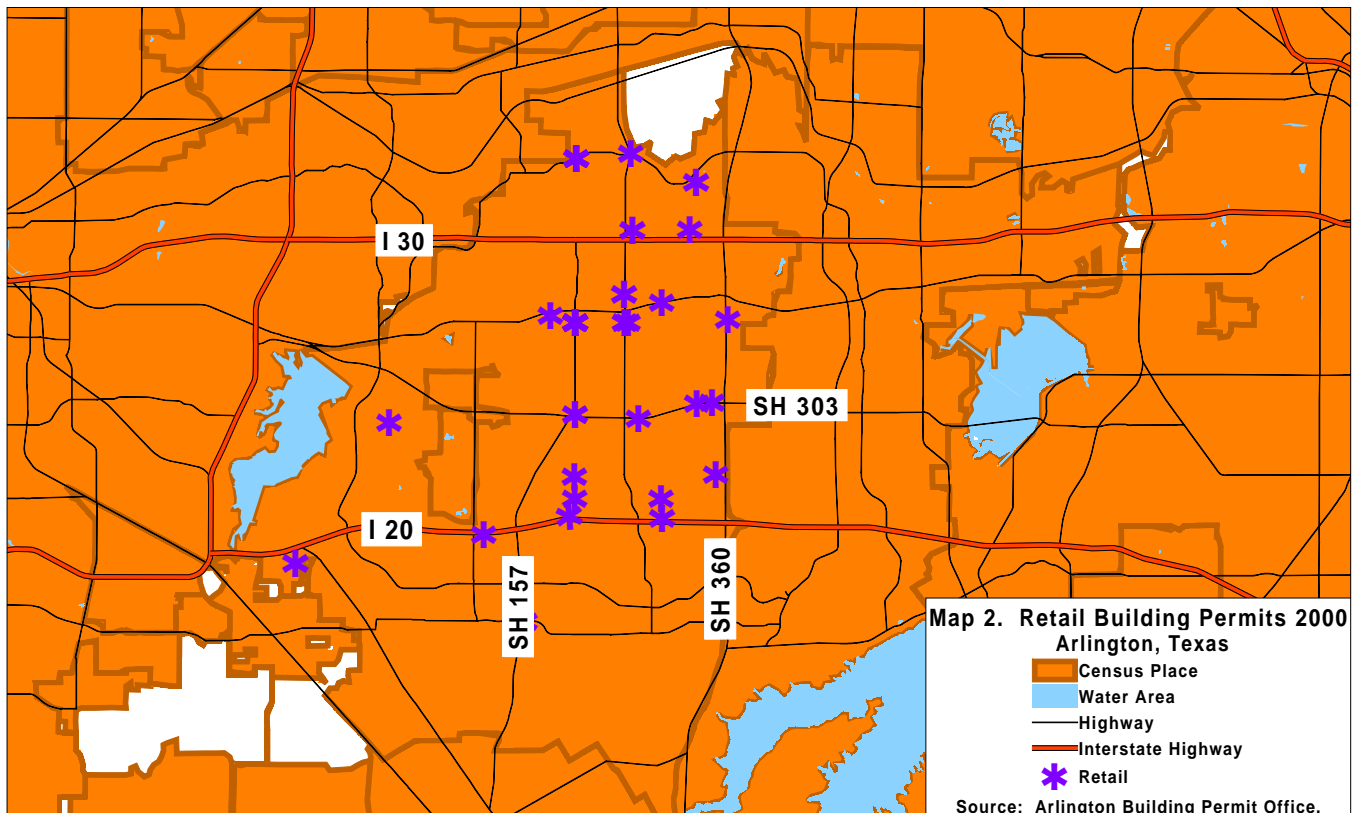
North Hills Mall will target teenagers with a \$100 million expansion. Fury

Sports is planning a \$9 million, 15,000-square-foot complex. The complex is expected to open in the North Hills Mall in spring 2002. The Parks Mall in Arlington is planning a 400,000-square-foot expansion to include a parking garage, ice rink, 20-screen theater and additional shops. The expansion was to begin in spring 2001.

At Hulen Mall in Fort Worth, Sears will locate in the former Montgomery Ward location in spring 2002. Six Flags Mall in Arlington is planning to add an ice rink, new restaurants and shops. Grapevine Mills Malls will get a Neiman Marcus Last Call clearance store. Construction will begin in fall 2001 with completion in spring 2002.

Fort Worth

Yes!Less Foods opened its first store at Brown Trail and Pipeline Road in February 2001. Other stores are planned for south and west Fort Worth. Costco Wholesale opened a 152,000-square-foot warehouse club in southwest Fort Worth on Overton Ridge Boulevard. Joe's Crab Shack will be located in the same center. Sam's Club is planning a store at Bryant Irvin Road. The store is near Costco and will open in January 2002.



International House of Pancakes is planning to construct a restaurant at I-20 and Carrier Parkway with completion expected by the middle of 2001. IHOP also has a restaurant slated for completion in May 2001 at Collingsworth Street and University Drive in west Fort Worth. A Wienerschnitzel is under construction in east Fort Worth at Loop 820 and Bridge Street and will open spring 2001. Jack In The Box is building a restaurant on University Drive just south of I-30. Fuddrucker's is set to open a restaurant in July 2001 at Bryant Irvin Road and I-20 in southwest Fort Worth.

Allen Samuels Alliance Dodge will open in early 2002 off I-35 north of Western Center Boulevard. At seventh and Henderson, a new retail center is planned. Construction on the center, which is located near the new Firestone Apartments, was to begin in early 2001.

Home Depot opened a store on Bridgewood Drive in east Fort Worth in July 2000. At Clifford Street and Loop 820 in west Fort Worth, a shopping center with an Albertson's is planned. Construction was to begin in the second quarter of 2001.

Borders Books opened a store in November 2000 in the Chapel Hill Shopping Center at Hulen Street and I-30. Cost Plus World Market opened a 16,000-square-foot store in the center. In Lake Worth, construction started in February 2000 on Star Village Commons, a 70,000-square-foot development that will include a movie theater and retail and restaurant space at Texas 1999 and Loop 820.

Majestic Liquor is planning to build a store at the northwest corner of I-30 and Eastchase Parkway. A Wal-Mart SuperCenter and a Sam's Club opened at I-30 and Eastchase Parkway in east Fort Worth. The 338,000-square-foot location opened in early 2000. During 2000, the following businesses opened in the Eastchase area: Office Depot, First Bank of Texas, Jack in the Box, Burger King, MedCare Now, Schlotzky's Deli and No Frills Grill. There are plans for a 26-acre retail center on Cooks Lane just north of I-30. Lowe's Home Improvement plans a store in the area. Staples and Kohl's are both planning stores in the area.

Staples and Petco are planning to locate in the Cityview Towne Crossing in southwest Fort Worth. Construction

started in December at Bryant Irvin Road and Overton Ridge Boulevard. The center will also include Burger King, Chick-Fil-A, Yogi's Bagels, Starbucks and several other tenants. Albertson's has completed a new store at Bryant Irvin and Oakmont in south Fort Worth.

O'Reilly Auto Parts opened a store in August 2000 on Lancaster Boulevard in east Fort Worth. In southwest Fort Worth, construction on Mira Vista Self Storage began in April 2001 at Bryant Irvin Road and Oak Bend Trail.

In Centreport, a retail development is planned at Trinity Boulevard and Highway 360.

A \$40 million upscale retail project called South Point is at Oakmont Boulevard and Harris Parkway. The center, which will include 160,000 square feet of retail space, broke ground in fall 2000.

In Lake Worth, a new Lowe's Home Improvement will be built on part of the former Carswell Air Force Base. Home Depot plans to locate in Lake Worth at Highway 199 and Loop 820.

Northeast Tarrant County

In Keller, a 94,455-square-foot shopping center is planned at Rufe Snow and Brusdy Road. Rufe Snow Square will have a Kroger Signature store and a McDonald's restaurant. Lowe's is planning a \$22 million store on Bursley Road. Michaels and Linens n' Things plan stores at the Tarrant Parkway Commons at U.S. 377 and North Tarrant Parkway. Home Depot opened in February 2001 in the area. Wal-Mart is planning a neighborhood market for the area.

In North Richland Hills, Minyards opened in September 2000 in the \$25 million, 285,000-square-foot Crossing shopping center, which also has a Kohl's department store. Albertson's opened a store in July 2000 at North Tarrant Parkway and Davids Boulevard. Fury Sports Mall, a \$4.5 million project, was to open in early 2001. The 91,000-square-foot complex includes soccer, basketball and volleyball facilities. Atlanta Bread Company plans to open in early 2002.

In Southlake, SuperTarget is planning a store at FM 1709 and Randol Mill. The store is tentatively scheduled to open in July 2002. Southlake Town Square saw the addition of a 10,000-square-foot Crate and Barrel at the end

of 2000. During 2001, EatZi's Market and Bakery, Nick and Sam's Steakhouse and Barnes and Noble bookstore will open in Southlake Town Square. Costco opened a store at Highway 114 in April 2001. Atlanta Bread Company plans to open in Gateway Plaza in Southlake in late 2001.

Hobby Lobby opened a store in Southlake Market Place on West Southlake Boulevard. Tom Thumb opened a store in July 2000 on White Chapel Road. Southlake Marketplace completed construction in early 2001 at Davis and West Southlake Boulevard. The \$8.5 million project includes a Hobby Lobby, Petland, Sally's Beauty Supply, GNC and Golden China Restaurant.

In Southlake, Gateway Plaza opened in summer 2000 with 330,000 square feet of space. Tenants include Kohl's, Office Max, The Mattress Firm and Krause's Sofa Factory.

Steak n Shake plans to build a restaurant during 2001 at Highway 26 and the Grapevine Mills Mall. A 90,000-square-foot shopping center is planned at Pool Road and Highway 26. Freeman Buick-Pontiac-GMC opened in June 2000. Performance Audi opened in December 2000. Don Davis Jeep-Chrysler-Plymouth plans to open a dealership in April 2001. Frank Parra Dodge plans to open a dealership in summer 2001 in Grapevine.

In Watauga, a shopping center was to be completed in spring 2001. The center is at the northwest corner of Rufe Snow Drive and Harrison Way. Chili's opened a restaurant in Watauga during fall 2000. In Watauga, a 137,000-square-foot shopping center opened in spring 2000 at U.S. 377 and N. Tarrant Parkway.

In Roanoke, Albertson's is constructing a store at Highway 114 and U.S. 377. McDonald's will also be part of the Roanoke Crossroads shopping center.

In Colleyville, Colleyville Commons broke ground in fall 2000 on a 75,000-square-foot retail shopping center. The Town Center at Colleyville started construction in fall 2000 on a \$50 million, 400,000-square-foot retail center. The Village at Colleyville broke ground in June 2000. Tivoli Marketplace is a 33,000-square-foot retail center with restaurants that started construction in the fall of 2000.

Winding Creek, a 41,000-square-foot retail center with day care, automotive service and dry cleaners, broke ground at the end of 2000. Colleyville Gateway Plaza is a 26,000-square-foot retail development that began construction in August 2000. Mercado Shopping Center at Longwood is a 100,000-square-foot retail center that started construction in fall 2000. The Village at Colleyville is a \$120 million project, the first phase of which will have 600,000 square feet and will open in spring 2001. Numerous restaurants, two day spas, a barber shop, a jewelry store and other retail developments are planned. Atlanta Bread Company plans to open in 2002 in Colleyville.

In Euless, an Albertson's is proposed at Trinity Boulevard, and a Super Target will open in the Heritage Towne Crossing in October 2001.

At the Circle T Ranch, a two-million-square-foot shopping center is planned at Highway 114 and 170. The first phase of construction is expected to be completed by 2002. The center will include six anchor stores, a theatre and high-end shops and restaurants.

Arlington-Mansfield

Yes!Less is planning to open a grocery store in Arlington and Pantego during 2001. SuperTarget is under construction at Arbrook and Melear and will have 189,000 square feet when completed.

Popeye's Fried Chicken will open a new restaurant in 2001 on Pioneer Parkway. Saltgrass Steakhouse is set for completion on East Lamar in 2001. Corner Bakery plans to open a restaurant in July 2001 in Arbrook Oaks Shopping Center.

Aaron Brothers and Rack Room Shoes will lease the vacant Discover Zone building near The Parks at Arlington Mall on Arbrook Boulevard. Costco opened a store at Arbrook in April 2001.

The AMC Theater on Green Oaks Boulevard closed in September 2000. A new AMC Theater will open in 2002 at The Parks at Arlington Mall.

At Six Flags Over Texas, a new roller coaster is open. The \$12 million ride is called Titan and reaches a height of 255 feet and speeds up to 85 miles per hour.

In Mansfield, a Super Target is planned on U.S. 287. Wal-Mart

Supercenter and Albertson's opened at Walnut Creek Drive and U.S. 287 in 2000. A Wal-Mart Neighborhood Market is under construction at Debbie Lane and Matlock Road. A Kroger Signature Store is being built at Matlock and Debbie. Mansfield Commons is a planned shopping center at U.S. 287 and Walnut Creek. The center will have 155,000 square feet plus four restaurant pad sites.

There are plans to develop 270 acres near The Ballpark at Arlington for retail, restaurants and office space. Walgreens will break ground on its eighth Arlington store in 2001. The store will be located at Lamar Boulevard and Davis Drive.

Elsewhere

In Burleson, Sonic broke ground for a new restaurant in February 2001. The restaurant will be completed in July 2001.

In Crowley, the Shoppes of Deer Creek is a planned shopping center at the northwest corner of FM 731 and FM 1187. Construction is expected to begin in summer 2001.

In Lake Worth, Staples opened an office supply store in June 2001.

OFFICE MARKET

The Tarrant County office market has an overall occupancy rate of 87.1 percent with an average rent of \$18 per square foot. West Fort Worth has the strongest occupancy rate at 95 percent, according to Kennedy-Wilson Brokerage Services. Map 3 shows office and industrial permitting activity in Arlington.

In March 2000, a tornado struck downtown Fort Worth, damaging several buildings and damaging the Bank One Tower beyond repair.

The north Mid-Cities area had a strong year in 2000, as rental rates increased 2.2 percent.

Arlington has several office parks located throughout the city, including Brookhollow Arlington in the northeast section of the city and the Arlington

Business Center in central Arlington with 320,000 square feet of speculative office-warehouse space.

Medical Offices

Cook Children's Medical Center in Fort Worth approved an \$80 million bond package that will pay for a four-story addition. The addition will add 60 new neonatal, pediatric and surgery beds. Another \$15 million will be used to add four surgical bays and supporting areas.

Harris Methodist Fort Worth plans a \$17-million, 109,500-square-foot doctors building with outpatient surgery center. Construction will begin in August 2001 and will be completed in fall 2001.

Plaza Medical Center in Fort Worth will undergo a \$57 million expansion. The project includes additional heart surgery rooms, a new cardiac unit, renovation of the emergency room and a neurosurgery intensive care unit.

In Hurst, Cook Children's Medical Center opened its Pediatric Surgery Center and Urgent Care Center on Precinct Line Road in January 2001.

In Mansfield, Omega Mansfield Associates completed construction on an 8,500-square-foot medical office building in February 2001. The building is on the north side of U.S. 287.

Baylor Medical Center in Grapevine is planning a \$48 million expansion. The expansion will add 93 beds and expand the emergency room. The

Office Property Statistics

	Year End, 2000
Central business district	
Total space (in square feet)	6,947,380
Absorption	-249,326
Occupancy (in percent)	85.3
Weighted Gross Rental Rate	\$19.13
Arlington	
Total space (in square feet)	3,900,993
Absorption	11,180
Occupancy (in percent)	84.6
Weighted Gross Rental Rate	\$17.60
North Mid Cities	
Total space (in square feet)	4,235,066
Absorption	335,217
Occupancy (in percent)	87.6
Weighted Gross Rental Rate	\$17.28
East Fort Worth	
Total space (in square feet)	501,708
Absorption	-3,659
Occupancy (in percent)	86.1
Weighted Gross Rental Rate	\$14.64
South Fort Worth	
Total space (in square feet)	808,004
Absorption	-28,540
Occupancy (in percent)	88.6
Weighted Gross Rental Rate	\$16.20
West Fort Worth	
Total space (in square feet)	2,604,802
Absorption	60,494
Occupancy (in percent)	95.0
Weighted Gross Rental Rate	\$17.22
North Fort Worth	
Total space (in square feet)	313,370
Absorption	75,308
Occupancy (in percent)	79.6
Weighted Gross Rental Rate	\$18.12
Total Tarrant County Market	
Total space (in square feet)	20,898,098
Absorption	219,812
Occupancy (in percent)	87.1
Weighted Gross Rental Rate	\$18.05

Source: Kennedy-Wilson Brokerage Services

expansion includes a five-story, 87,000-square-foot tower and is expected to be completed in summer 2003.

The Medical Center of Arlington plans a \$70 million expansion and renovation project. The project will add 175,000 square feet in a four-story building dedicated to medical care for women and children. The expansion at Matlock Road is expected to break ground in 2001 and will take two-and-a-half years to complete. Arlington Memorial Hospital is in the middle of a three-phase expansion at their Randol Mill Road center. The expansion includes new women's care, childbirth and nursery services.

In Weatherford, Campbell Health Systems constructed a new surgical wing that was completed in fall 2000.

All Saints Episcopal Hospital in Fort Worth plans to build a \$4.5 million, 28-bed unit for cardiac patients. The addition is expected to be completed by late 2001.

In Grapevine, a \$1.3 million, two-story medical office building broke ground in May 2000.

Office Projects

A 12-story office building for Bank One broke ground in October 2000. The downtown building will be completed in the fourth quarter of 2001. The \$12.8 million project includes 187,500 square feet of office space, 20,100 square feet of ground floor retail, and a 766-vehicle parking garage. In West Fort Worth, a 132,000-square-foot office complex is planned. The project, called Ridglea Court, will include two 65,662-square-foot buildings and will have two stories.

In south Fort Worth at Bryant Irvin Road and Mira Vista Boulevard, construction began in April 2001 on La Piazza at Mira Vista. Three buildings totaling 40,800 square feet will be built in a Mediterranean style.

Construction began in February 2001 on the second phase of the 121 Airport Center office park. Located at Highway 121 and Highway 183, the second phase will include a 120,000-square-foot, two-story building. The building is expected to be completed in September 2001.

In Arlington, 3030 Matlock Office Center is expected to begin construction in August 2001. The two-story, 60,000-square-foot building will be

located on Matlock north of I-20. At Center Street and Division the old Vandergriff auto dealership will be converted into a 112,000-square-foot office buildings and high-tech data center. The \$32 million renovation is expected to start in June 2001 and be completed in early 2002. AmeriCredit has plans for a 250,000-square-foot office building next to its existing center on South Collins Street.

At I-30 and Forest Park Boulevard in Fort Worth a six-story office building is planned at Park Plaza. No construction date has been set.

A 350-acre office park is planned south of the Dallas-Fort Worth International Airport. The Campus@CentrePort will include five million square feet of office space when completed. The first office building, a 108,000-square-foot building, will break ground by the end of 2001. At Trinity Boulevard and Buckingham Road, ground broke in March 2001 on a 125,110-square-foot building. The Koll CentrePort Office Tech I is expected to cost \$15 million. Exodus Communications is building a 250,000-square-foot center. Travelocity.com is planning to build a new headquarters in Centreport. The company is spending \$1.7 million to renovate 40,800 square feet of space. American Airlines

Federal Credit Union broke ground on a 100,000-square-foot office building in January 2001.

In Euless, the 105,000-square-foot Kmart will become the DFW Technology Center following a \$1 million renovation. The center is located at Highway 157.

In Burleson, a four-building complex totaling 20,000 square feet is under construction at the corner of Johnson Avenue and Newton Drive. The second building was completed by May 2001.

ISS Papyrus broke ground in June 2000 in Southlake on a \$6 million building for its North American headquarters. At Southlake Boulevard and Peytonville Avenue a 10,000-square-foot, two-story office building is planned.

Courtyard at Timarron broke ground in September 2000. The 7,500-square-foot building is the third of five planned buildings in the complex at White Chapel and Continental Boulevards.

In Grapevine, a \$5.5 million, 49,657-square-foot building was completed in early 2001 on William D. Tate Avenue. A \$15 million office complex is planned on Industrial Boulevard near Highway 26. Two two-

story office buildings will be constructed in the Heritage Office Center.

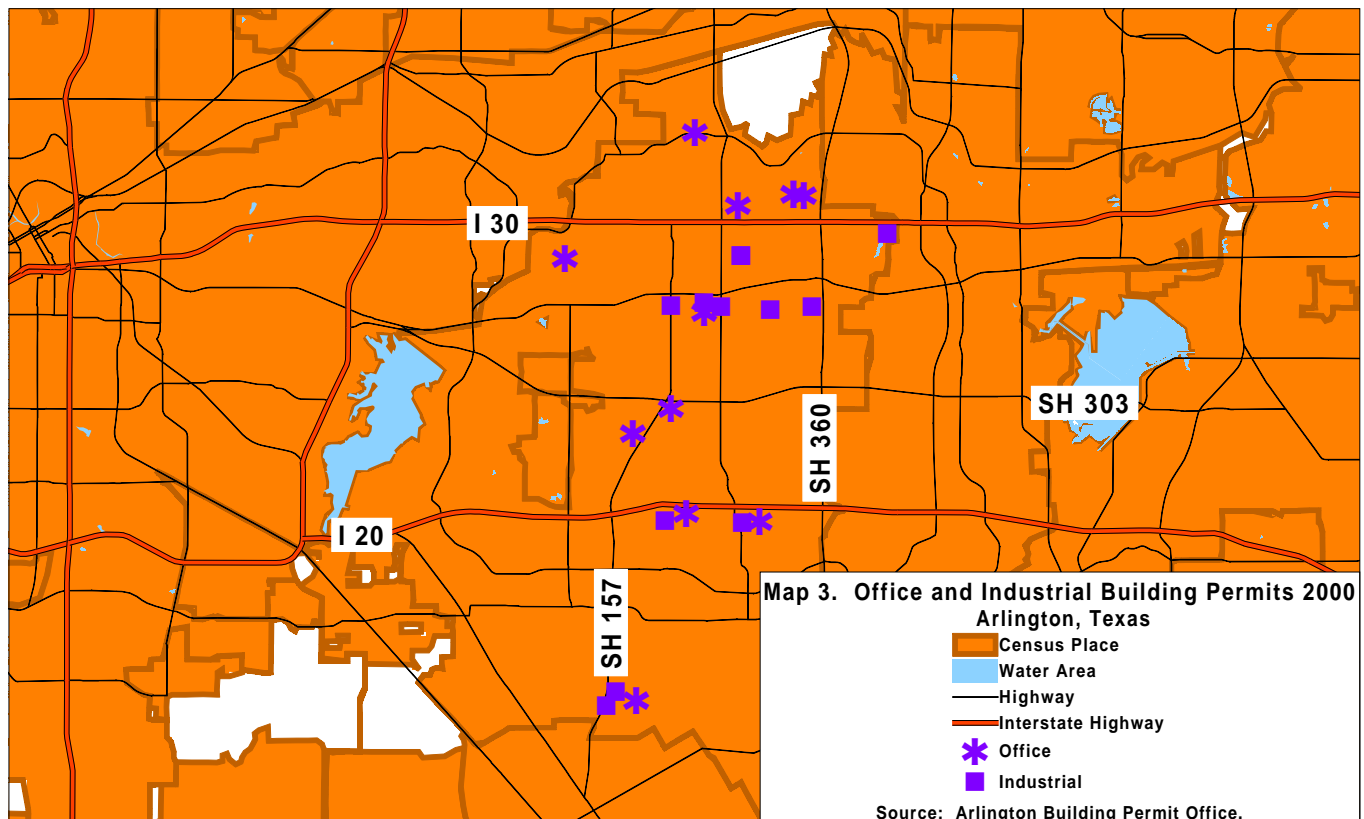
In Keller, a \$5.5 million office park is under construction on FM 1709. The 40,000-square-foot office park is located across from the Keller Town Center. At Keller Parkway and Country Brook Lane, the Frost Bank Professional Center is under construction.

In Grapevine, construction will begin in June 2001 on the second phase of The Offices @Grapevine Parkway. The 63,000-square-foot building will include a lighted basketball court for tenants. The building is located at Southwest Grapevine Parkway and Mustang Drive and is expected to be completed by spring 2002.

DaimlerChrysler Financial Services is planning a 130,000-square-foot operations center at the Circle T Ranch. The two-story complex will be located on Roanoke Road.

A four-story, 155,000-square-foot building is planned on South Hulen Street for USPA & IRA, a financial services firm.

At Beechwood Business Park, six four-story buildings are planned. The park off I-35W in North Fort Worth could see construction on the first building by the end of 2001.



Industrial Property Statistics, Year-End 2000

	Vacancy Rate	Average Rental Rate
Northwest	3.7	\$3.41
North	15.4	3.45
Northeast	9.9	4.84
Upper East	13.3	3.76
Lower East	13.1	\$3.17

Source: Reis, Inc.

Greater Fort Worth-Arlington has more than 133 million square feet of distribution space. The area has numerous industrial parks, including the large Alliance development. The largest industrial project under construction in 2000 was Mattel Toys' one-million-square-foot distribution center, completed in first quarter 2001. Reis predicts vacancy rates will increase to 10 percent for the next three years. Rents have grown at a rate of 5 percent per year over the last eight years. Rents are up 4 percent from 2000 and are expected to increase by 3 percent per year over the next three years.

Fort Worth

Mackie Automotive Systems is planning to expand its plant on Avenue E in Fort Worth. The *Fort Worth Star-Telegram* is constructing a distribution center at Blue Mound Road. Construction on the 11,780-square-foot facility was expected to be completed in spring 2001.

Mercantile Partners is constructing a \$4 million, speculative, 180,000-square-foot distribution center in the Mercantile Center business park at Sylvania Avenue. The building was expected to be completed in spring 2001.

May Advertising is moving to Everman Parkway and I-35 in south

Fort Worth. The company is adding a 10,000-square-foot building scheduled to be completed in spring 2001.

In the Riverbed East Business Center, a 105,600-square-foot warehouse was completed in fall 2000 in east Fort Worth.

SureVoid Products, a manufacturer of corrugated paper products for concrete construction, is constructing a 44,000-square-foot manufacturing and distribution center at Crowley Drive in Fort Worth. The building is expected to be completed in June 2001.

On I-20, the Mountain Creek Business Park broke ground on a 200,000-square-foot building in September 2000. The park is expected to have five million square feet of industrial and office space.

RPS is expanding its small package-sorting hub in southeast Fort Worth by 93,000 square feet. The \$12 million expansion will be completed in summer 2001.

United Refrigeration constructed a \$3 million, 133,500-square-foot expansion of their distribution facility on Meacham in north Fort Worth in 2000.

Carter Industrial Park

Madison Warehouse Corporation began construction in February 2001 on a 385,000-square-foot warehouse

at the southeast corner of Altamesa Boulevard and Oak Grove Road. The warehouse will be completed in August 2001. Ball Corporation has added 164,000 square feet to its existing warehouse. The \$5 million expansion was completed in summer 2000.

Arlington-Great Southwest

Arlington has more than 27 million square feet of industrial space. The most recent data show occupancy rates were at 94.8 percent in 1999. Rents average \$4.25 per square foot, according to the Arlington Chamber of Commerce. The largest industrial park in Arlington is the Great Southwest Industrial District, which contains 32 million square feet of industrial space. Six Flags Business Park contains six million square feet of office and industrial space. The I-20 Business Park is growing. When completed, the South 360 Business Park is expected to be similar in size to the Great Southwest Industrial District.

Parkway Business Center on New York Avenue will have two buildings with 170,000 square feet. The \$10 million development was expected to be completed in May 2001.

Construction began in February on two buildings totaling 253,165 square feet at New York Avenue and Tech Centre Parkway. The second phase of

the project will have two buildings with 160,000 square feet.

Menlo Logistics will occupy 114,400 square feet of space in Arlington Business Centre II. The center is located on I-20. Sealed Air Corp, a maker of bubble wrap, leased 114,000 square feet of distribution space on New York Avenue.

A 170,000-square-foot distribution facility is under construction on New York Avenue at Arbrook. The facility is the first building in a planned one-million-square-foot business park being developed by Miramar.

Lear Corporation, an automobile parts manufacturer, expanded into a new 61,000-square-foot facility in the South Cooper Business Park that opened during 2000.

A new industrial office complex is planned on South Cooper. The project will include 51,000 square feet of distribution space. At New York and TechCentre, a \$6 million industrial center is under construction.

Mackie Automotive Systems built a 535,000-square-foot plant in north Arlington. The facility was completed in August 2000. General Motors undertook a \$500 million expansion that was completed in mid-2000 and includes a 750,000-square-foot building.

FedEx Ground is undergoing a \$1.6 million expansion to its distribution center in the Lake Arlington Business Park. Completion on the 33,000-square-foot addition is expected in fall 2001.

Park Row Lighting Company will start construction in June 2001 on a 40,020-square-foot building. Construction is expected to be completed in early 2002 at I-20 and Eastpointe.

In the Great Southwest Industrial Park, ProLogis Trust plans to build a 350,000-square-foot industrial complex at the corner of Randol Mill Road and Great Southwest Parkway.

Ramtech Building Systems is constructing a 25,000-square-foot expansion to its manufacturing center in Mansfield.

First Industrial plans 865,000 square feet of light industrial space in three buildings at Highway 360 and I-20.

CentrePort

A \$7 million project including industrial distribution and office space broke ground in early 2000. Whirlpool

plans to open a 400,000-square-foot regional distribution center.

Dallas-Fort Worth Airport

Westport Business Center will have four buildings with 241,000 square feet of warehouse space. Freeport North VI is a 230,000-square-foot distribution center in Freeport North Industrial Park that was completed in fall 2000. Freeport North V is a 116,000-square-foot building that was also completed in 2000 with one million square feet of space.

In Coppell, a 152-acre industrial park is planned next to the Freeport North Industrial Park. The \$72 million project will have 2.1 million square feet of distribution, warehouse and light production space.

SimuFlite Training International completed a training wing on the west side of the Dallas-Fort Worth International Airport in June 2000. The 164,000-square-foot addition has 12 simulators. Flight Safety International constructed a \$120 million flight training center at DFW International Airport. The 110,000-square-foot, 100-job facility opened in summer 2000.

Alliance

Alliance, a 9,600-acre development, is located in southwest Denton County and north Fort Worth. The area is experiencing rapid industrial development centered around Alliance Airport, an intermodal (air, rail, highway) cargo shipping facility. During 1999, the development leased more than 1.4 million square feet and sold 236 acres. During 2000, Alliance leased 3.7 million square feet and was responsible for 15 percent of all industrial leasing in Dallas-Fort Worth. Hillwood Properties anticipates one-and-a-half to two million square feet of leasing for 2001. In 2000, the development created 3,435 full-time jobs. In 1999, 1,472 jobs were created, according to Hillwood Properties.

Hillwood broke ground on a 75,000-square-foot speculative building in September 2000. The office-warehouse facility is located south of Alta Vista and Highway 170. The building is expected to be completed in early 2001.

In Alliance Gateway, construction on a 394,450-square-foot General

Motors building will be completed in May 2001.

Volkswagen of America is building a 360,000-square-foot parts distribution center expected to be completed in April 2001 at Westport and Intermodal roads.

SC Johnson and Son, a wax products manufacturer and distributor, signed a lease for a \$9.2 million, 408,000-square-foot building, making it Alliance's largest tenant. The company's new facility should be completed in October 2001.

UPS Worldwide Logistics will complete its 400,000-square-foot facility in June 2001. The facility is located at Westport and Independence parkways.

Norampac opened in March 2001 in a 108,000-square-foot manufacturing facility at Alliance Gateway.

Bell-Agusta Aerospace is developing a 15-acre headquarters for its civilian tiltrotor operations. The company broke ground on the three-story, 82,000-square-foot building in November 2000. The facility should be completed in 2001.

JCPenney completed a new 1.2 million-square-foot warehouse and distribution center in the Alliance development. Ameritrade opened a 208,659-square-foot call center in the Alliance development.

Valeo Electronics purchased seven acres in the Alliance Advanced Technology Center for a 65,000-square-foot electronics manufacturing facility. The \$30 million facility broke ground in September 2000 at I-35 and Eagle Parkway.

Galderma Laboratories, a skin-care products company, moved its North American headquarters from southwest Fort Worth to Alliance Airport in late 2000 to a new facility located on I-35. The move will allow the company to handle its own distribution activity.

Triple S Plastics opened a manufacturing facility. Savcor Coatings, a supplier to Nokia, opened a manufacturing and distribution facility.

Other Areas

In Benbrook, Salon Support, a distributor of indoor tanning equipment, is constructing a 20,000-square-foot warehouse in the Benbrook Industrial Park. The building is expected to be completed in June 2001.

In Cleburne, Unifix USA built a 55,000-square-foot manufacturing facility that was completed at the end of 2000.

In Euless, Krispy Kreme opened a production and distribution center in August 2000.

In Southlake's Cornerstone Business Park, a 40,000-square-foot office-warehouse building is scheduled for completion in May 2001. The warehouse is located at FM 1709 and Crooked Lane.

Grainger Industrial Supply is building a 350,000-square-foot distribution center in Roanoke that will open in early 2001.

CONCLUSION

The Fort Worth-Arlington area has recorded significant growth during the last decade. The MSA should continue to experience expansion in distribution facilities, particularly at the highly successful Alliance Airport in northeast Tarrant

County. Residential growth has continued at a strong pace during 2000.

The tornado in downtown Fort Worth in March 2000 had a major impact on the downtown office

market, taking the Bank One building off the market.

Industrial and single-family construction is expected to be strongest in north Fort Worth and northeast Tarrant County.