

REAL ESTATE MARKET OVERVIEW

Amarillo

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2001



REAL ESTATE CENTER

Market Report 1480

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Real Estate Market Overview Amarillo

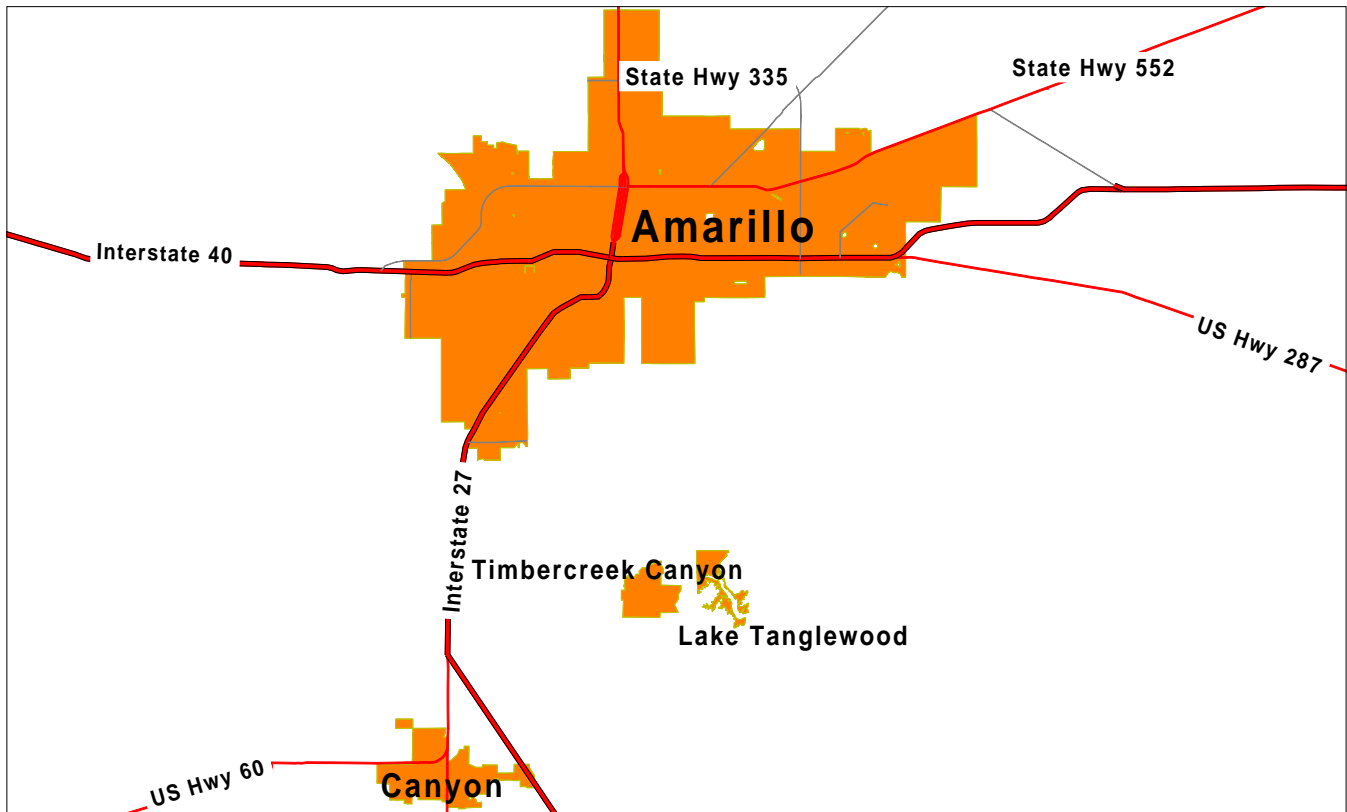
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Real Estate Market Overview

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Area Cities and Towns

Amarillo
Bishop Hills
Bushland
Canyon
Lake Tanglewood
Palisades Village
Timbercreek Canyon
Umbarger

Counties

Potter
Randall

Land Area of Amarillo MSA

1,834 square miles

Population Density (2000)

119 people per square mile

Amarillo has the best quality of life in Texas, according to the World Economic Development Alliance. Known as the "Tiltrotor Technology Center of the World"

because of the new Bell Helicopter plant located there, Amarillo was the largest Texas city without tax-supported debt in 1999. The city is a regional retail and health center that

serves parts of Oklahoma, New Mexico and Kansas, as well as the Texas Panhandle.

POPULATION

Amarillo MSA Population

Year	Population
1990	187,492
1991	189,190
1992	191,299
1993	194,422
1994	197,631
1995	203,016
1996	204,692
1997	206,102
1998	207,068
1999	208,691
2000	217,858

Source: U.S. Census Bureau

County Population Growth

County	2000 Population	Growth 1990–2000 (in percent)
Potter	113,546	16.0
Randall	104,312	16.3

Source: U.S. Census Bureau

Area Cities With 10,000 or More Residents

City	2000 Population	Growth 1990–2000 (in percent)
Amarillo	173,627	10.0
Canyon	12,875	12.7

Source: U.S. Census Bureau

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

Amarillo MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	225,573	—
2010	237,291	261,743
2015	245,858	—
2020	252,929	293,020

Sources: Texas State Data Center and Texas Water Development Board

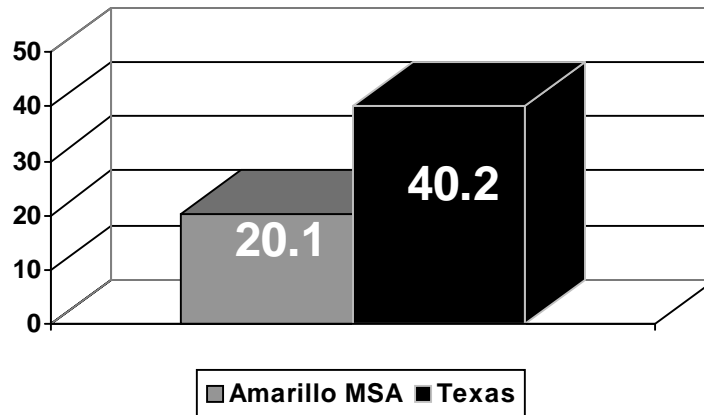
The metropolitan area grew at a rate of 1.5 percent per year over the last decade. The area is growing at a slightly slower rate than the state.

The Amarillo MSA has seen steady growth over the past 20 years, and the

rate is expected to remain steady for the next several years. The growth rate in Randall and Potter counties, outside the city limits, has exceeded that inside the City of Amarillo.

The majority of population growth is expected on the west side of Amarillo with the greatest increases occurring in the southwest area of the city, according to city officials.

Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

Household Composition

	Amarillo MSA	Texas
Median household size (1990)	2.59	2.73
Population younger than 18 (1999, in percent)	28.2	28.5
Population 65 and older (1999, in percent)	10.7	10.1

Source: U.S. Census Bureau

Ethnic Distribution (in percent)

Ethnicity	Amarillo MSA		Texas	
	1990	2000	1990	2000
White	79.4	71.1	60.8	52.4
Hispanic	13.2	19.6	25.3	32.0
Black	5.0	5.8	11.7	12.2
Asian	1.6	1.8	0.3	3.2
American Indian	0.7	0.6	1.8	0.3
Other	0.1	0.1	0.1	0.2
Two or more races*	—	1.2	—	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.

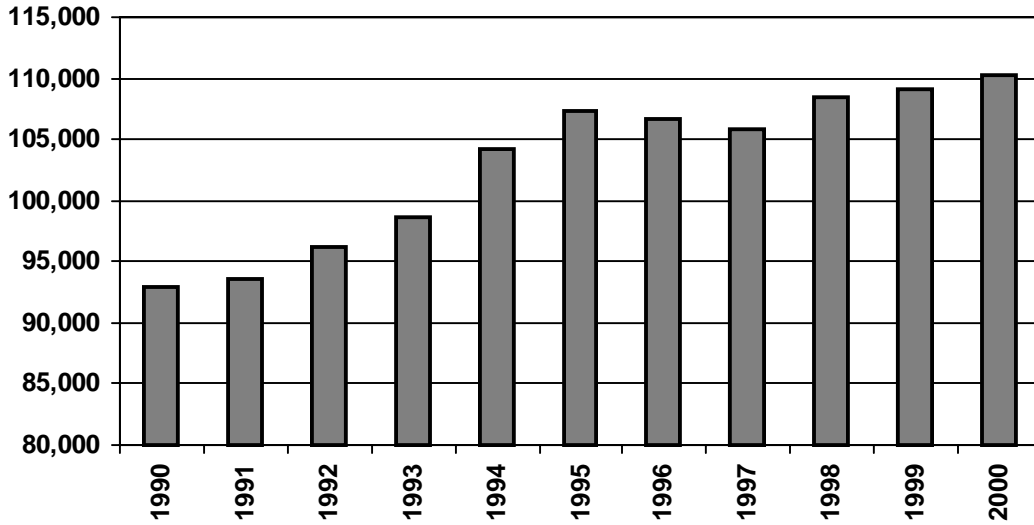
Source: U.S. Census Bureau

The Amarillo area's population has become increasingly diverse during the last decade. The area had a median per capita income of

\$24,652 in 1999, according to the U.S. Bureau of Economic Analysis. The state average for 1999 was \$26,834.

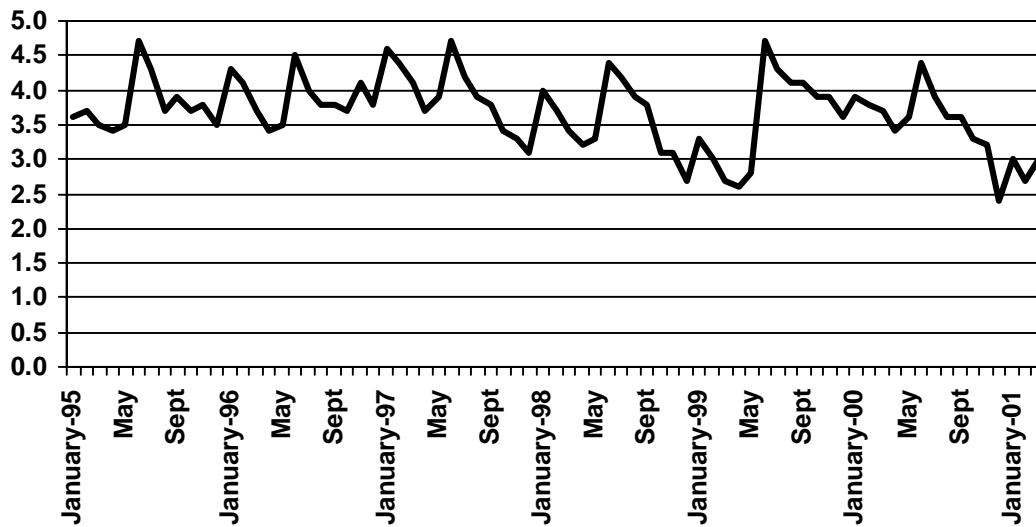
EMPLOYMENT

Amarillo MSA Employment



Source: U.S. Bureau of Labor Statistics

Amarillo MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics

Top Ten Employers	Top Ten Private Employers
Amarillo Independent School District Education 3,758 employees	Iowa Beef Processors Beef slaughter and processing 3,633 employees
Iowa Beef Processors Beef slaughter and processing 3,633 employees	Baptist St. Anthony's Health Systems Medical care 3,031 employees
Baptist St. Anthony's Health Systems Medical care 3,031 employees	Mason & Hanger Corp; Pantex Ordnance disassembly and maintenance 2,844 employees
Mason and Hanger Corp; Pantex Ordnance disassembly and maintenance 2,844 employees	Northwest Texas Healthcare Systems Medical care 1,753 employees
Northwest Texas Healthcare Systems Medical care 1,753 employees	Affiliated Foods Inc. Company Food distributor 950 employees
Texas Department of Criminal Justice Correction units 1,291 employees	Southwestern Public Service Company Electric utility 846 employees
Affiliated Foods Inc. Food distributor 950 employees	Burlington Northern Santa Fe Rail transport 800 employees
Southwestern Public Service Company Electric utility 846 employees	Owens Corning Fiberglass reinforcing strand 716 employees
Texas Tech University Health Science Center Medical education 839 employees	ASARCO, Inc. Copper refinery 551 employees
Burlington Northern Santa Fe Rail transport 800 employees	Amarillo National Bank Bank 538 employees

Source: Amarillo Economic Development Corporation, 2001

Employment Growth by Industry	Amarillo MSA	Texas
Employment growth, 2000 (in percent)	1.3	3.2
Unemployment rate (in percent)	3.5	3.4
New jobs in 2000	1,300	288,900
Employment growth by sector (in percent)		
Services	1.8	4.7
Trade	1.9	3.1
Manufacturing	-2.3	0.1
Mining	0.0	2.3
Finance, insurance and real estate	1.9	1.3
Construction	0.0	6.2
Government	1.8	1.7
Transportation, communications and public utilities	0.0	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

Iowa Beef Processors is the largest private employer in Amarillo. Medical centers are major employers in the area. Pantex is a nuclear weapons disassembly plant located northwest of Amarillo in Potter County.

Nonagricultural employment increased 1.3 percent from 1999 to

2000 to 99,000 persons, according to the Texas Workforce Commission. According to the U.S. Bureau of Labor Statistics, civilian employment increased 1.1 percent to 110,257 in 2000. Amarillo is growing at a rate slightly slower than the entire state.

Unemployment has remained consistently low for several years. In 2000, the average unemployment rate was 3.6 percent according to the U.S. Bureau of Labor Statistics and 3.5 percent according to the Texas Workforce Commission.

JOB MARKET

Andarko Petroleum relocated its office from Liberal, Kansas, to Amarillo, creating 45 jobs. The Texas Department of Criminal Justice is adding 220 employees at the Clements Unit. Pantex added 200 employees. Corporate Systems, a risk management company, added between 50 and 100 employees. Utility Engineering expanded, adding 30 employees. Cintas Corporation opened a local plant in fall 2000, employing 55 people.

Progress Rail Services added 86 jobs at its railcar repair company during summer 2000. SBC Communications expanded, adding 173 new jobs to its customer care center. McCoy Myers &

Associates, a bank software and hardware company, added eight new positions in 2000. IBP, a meat processing company, plans to add 120 new jobs in its distribution warehouse.

Bell Helicopter recently completed a plant that produces the V-22 Osprey helicopter and the commercial Bell 609 helicopter. The plant opened in 1999 and is expected to be fully operational by 2003. In summer 1999, the first 165 employees were hired, while 121 were added in 2000. When completed, the plant will have 1,200 to 1,500 employees, making it one of the largest employers in the area. The company has 500 orders from 12 countries for new helicopters.

FireWater Water Park opened in 2000, employing 100. Thomas A Edison, a computer and internet service company, opened in Amarillo and has the potential to grow to 1,000 employees, according to the Texas Department of Economic Development.

United Filters moved from Amarillo to Mexico in 2000, laying off 40 employees in the process. Randall County is constructing a \$16.2 million jail, creating construction jobs in the area. The continued expansion of the Bell Helicopter plant will provide jobs for many construction workers.

MAJOR INDUSTRIES

Trade and services are major employment sectors, primarily because of the large area Amarillo serves. People come from Oklahoma, New Mexico and Kansas, as well as other Texas towns, to shop and obtain services.

Medicine is a significant part of the area's services industry. The recent addition of the Texas Tech University Health Sciences Center schools of pharmacy, allied health and medicine was part of Amarillo's 450-acre regional medical center expansion.

Amarillo is home to the world's largest natural gas development and provides pipelines to many large cities

and numerous towns. The world's second-largest gas field also is being developed in the area. Natural gas and petroleum have given rise to many of the city's major industries, including petrochemicals. The mining sector was unchanged for 2000.

Trade gained 500 jobs during 2000 from new retailers opening. Services added 600 jobs in 2000.

The construction sector was unchanged in 2000. Manufacturing employment decreased by 200 jobs in 2000.

Cattle is a major Amarillo area business. Eighty-eight percent of the Texas beef supply and 25 percent of

the U.S. beef supply is processed in Amarillo.

In 2000, the MSA had \$90 million in agricultural receipts. In Potter County, between 1997 and 2000, 56 percent of agricultural receipts came from beef; horses were 16 percent; oats 7.9 percent; and sorghum 6.8 percent. In Randall County, beef represented 74 percent of agricultural receipts, while wheat was 8.9 percent. Ensilage, hay and sorghum also are produced. For 2001, agricultural receipts are expected to total \$113.7 million, according to the Texas Agricultural Extension Service.

BUSINESS CLIMATE

Tax Rates, 2000

Potter County Taxing Entity	Tax Rate per \$100 Valuation	Randall County Taxing Entity	Tax Rate per \$100 Valuation
City of Amarillo	\$0.29	City of Amarillo	\$0.29
Amarillo ISD	1.49	Amarillo ISD	1.49
Amarillo College	0.15	Amarillo College	0.15
Potter County	0.50	Randall County	0.34
Total	\$2.43	Total	\$2.27

Source: Potter-Randall County Appraisal District

Amarillo MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$1,783,049,215	\$9,510
1991	1,928,061,149	10,191
1992	1,901,734,526	9,941
1993	2,059,227,303	10,592
1994	2,277,316,851	11,523
1995	2,386,614,252	11,756
1996	2,469,887,553	12,018
1997	2,500,777,471	12,134
1998	2,560,790,842	12,367
1999	2,715,154,006	13,010
2000	2,876,654,887	13,204
	2000 State Average	\$12,612

Source: Texas Comptroller's Office

The Amarillo MSA is a regional center for retail activities, attracting shoppers from a four-state area and contributing to the high per capita sales in the region. The area is continuing to add new attractions that will increase its regional draw. FireWater Water Park opened in 2000. Wonderland Amusement Park is adding a new ride. A new museum is under development and the convention center is undergoing expansion.

Amarillo's hotel-motel tax rate is 13 percent, while Canyon's is 10 percent. During 1999, Amarillo collected more than \$2.9 million in hotel-motel tax revenue.

Amarillo collects an economic development sales tax that is used for a number of programs. The Amarillo Economic Development Corporation (AEDC) provides grants of \$10,000 per job for each basic new job created. In addition, Amarillo has a freeport

designation that allows exemption from inventory property taxes for goods exported from Texas. The AEDC actively provides expansion and equipment loans as well as grants for those interested in relocating to the area.

The City of Amarillo recently began a Micro-Loan Program that provides loans as much as \$15,000. These funds are targeted toward small businesses.

EDUCATION

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

Level of Education	Amarillo MSA	Texas
High school graduate	16.7	25.6
Some college, no degree	15.0	21.1
Associate's degree	3.9	5.2
Bachelor's degree	8.1	13.9
Graduate or professional degree	3.4	6.5

Source: U.S. Census Bureau, 1990

Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)	2015 (estimated)
West Texas A&M University	6,775	6,813	6,742	6,698
Amarillo College	8,423	8,456	8,638	8,829
Texas Tech Health Science Center	400	N/A	N/A	N/A

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

Enrollment at West Texas A&M University in Canyon has remained steady over the past four years. Amarillo College is the community college for Potter and Randall counties. In addition to students enrolled in academic programs, it provides continuing education for more than 20,000 people per year. Texas Tech University offers pharmacy, health sciences and medical programs in Amarillo.

Until 1995, the Texas Technical Center was part of the Texas State Technical College. In 1995, the Texas Legislature transferred the center to Amarillo College. The Technical

Center is located east of Amarillo on I-40.

Officials at the Texas Tech University Health Sciences Center plan to expand the campus with a four-story building for the schools of medicine and allied health. Construction started in early 2001 at a cost of \$24 million. A new 158,000-square-foot building broke ground in October 2000 and will take 15 to 18 months to complete. The \$22 million building will consolidate scattered facilities into a single campus on Coulter Street.

West Texas A&M University is currently undertaking a \$6.1 million renovation of the Panhandle Plains

Historical Museum. The museum is expected to be completed by fall 2001. A new special events center will be constructed at Spur 48 and Fourth Avenue. The \$13 million project, which will have 6,000 seats, broke ground in November 2000. The 77,000-square-foot center will be completed in December 2001.

The Christian Institute of the West is planning to open a four-year Christian college in Amarillo. The campus will be at the north edge of Amarillo and is expected to open by fall 2002.

TRANSPORTATION AND INFRASTRUCTURE ISSUES

Amarillo Airline Boardings

	1997	1998	1999	2000
Amarillo International Airport	447,032	435,336	434,110	441,975

Source: Amarillo International Airport

Amarillo is served by two interstate highways, I-40 and I-27. Also connecting with Amarillo are U.S. 287, 87, 60, 66 and Texas Highways 136, 434, 552, 395, 279 and 335. Texas Highway 335, a loop around Amarillo, was completed in 1999.

Amarillo International Airport provides direct service to Albuquerque, Dallas, Houston and Las Vegas. The airport's main carriers are American Airlines, American Eagle, Continental, Continental Express, Atlantic Southeast (Delta) and Southwest Airlines. Each day, 21 flights go to Dallas. In 1994, the airport completed major renovations.

Amarillo's airport has the third-longest commercial runway in the world and is an alternate landing site for the space shuttle.

Amarillo is home to an intermodal site for Burlington Northern Santa Fe Railroad, which handles 30,000 containers and trailers each year.

The City of Amarillo has water rights in six of the surrounding counties and receives water allocations from Lake Meredith. The city provides water to the City of Canyon. The existing water supply is expected to last well into the future. Several of the areas the city has rights to are being reserved for future development.

The Canadian River Municipal Water Authority is constructing a 54-inch water line from a well field north of Pampa to a pump station south of Fritch. The \$80 million project will blend groundwater with Lake Meredith Water.

The Osage Water Treatment Plant is being expanded at a cost of \$9.3

million, increasing the city's ability to treat water. In addition, a \$9.2 million water-storage reservoir will be built near Southeast 34th Avenue and Eastern Street. The reservoir will hold 450 million gallons of water. Water also will be brought from Roberts County, giving the city access to 774 billion gallons of water for \$21.7 million.

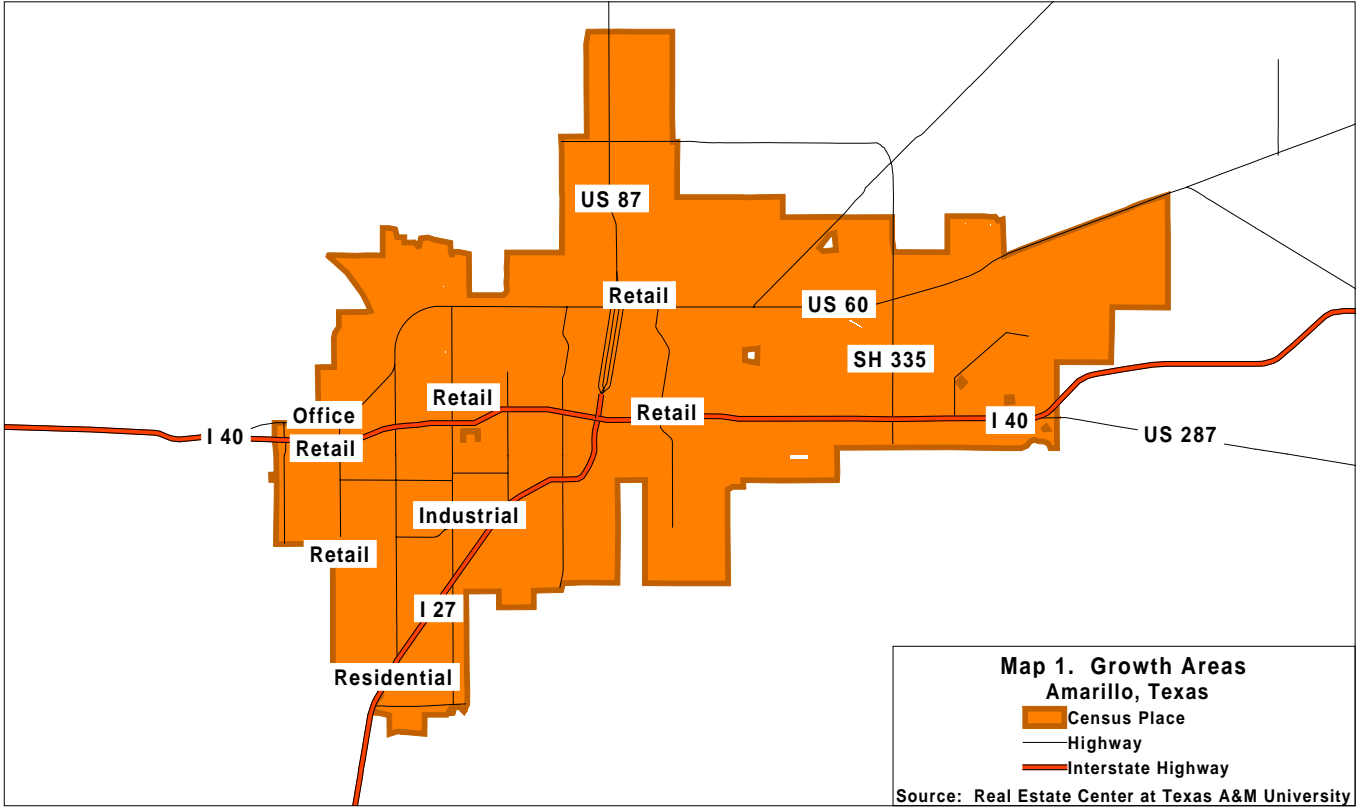
Amarillo assesses playa lake fees on new development. A playa lake is a low-lying area of land where rainfall runoff collects. There are more than 30 playa lakes in the Amarillo area. This fee is used to mitigate the effects of development on drainage into these lakes and may be as high as \$600 per acre, depending on the location.

URBAN GROWTH PATTERNS

Map 1 shows the major growth corridors within Amarillo. Residential development has been occurring mostly in southwest Amarillo, with growth occurring to a smaller degree in the northwest and southeast. Canyon has been experiencing some residential growth.

Retail development has been strong in southwest Amarillo, while office redevelopment has been occurring downtown. Northeast Amarillo has seen expansion of industrial facilities such as the new Bell Helicopter plant, which is near the Amarillo International Airport.

Residential growth in the northwest section of the city will be limited because of the natural terrain in the area. Growth in single-family homes has occurred primarily in the southwestern area of the city, with some subdivision development occurring throughout the city.



PUBLIC FACILITIES

A new fire station and two public libraries are planned for 2001. One library is planned at 45th Avenue between Bell and Coulter in the John Stiff Park. The \$2.5 million library is expected to be completed in late 2001. The City of Canyon is planning to build a new library. The \$13 million Amarillo National Center, a special events facility, was dedicated in August 2000. Ground broke in September 2000 on a second

set of gateways into the downtown area. Gateways are being built on 12th Avenue at Pierce and Buchanan streets. The Amarillo Civic Center is planning a \$9 million expansion to its exhibit area. The Don Harrington Discover Center opened its \$3 million east wing, which includes a 3,000-gallon aquarium. The Lone Star Interpretive open air theater opened in Palo Duro Canyon State Park in 2000.

A \$16 million jail is currently under construction in Randall County. Potter County is purchasing land south of its current jail for a planned expansion. The William P. Clements Jr. high-security prison opened in 2000. The construction lasted five years and cost \$28 million. Potter County renovated the Santa Fe building for office space. The \$12.5 million renovation was completed in August of 2000.

HOUSING

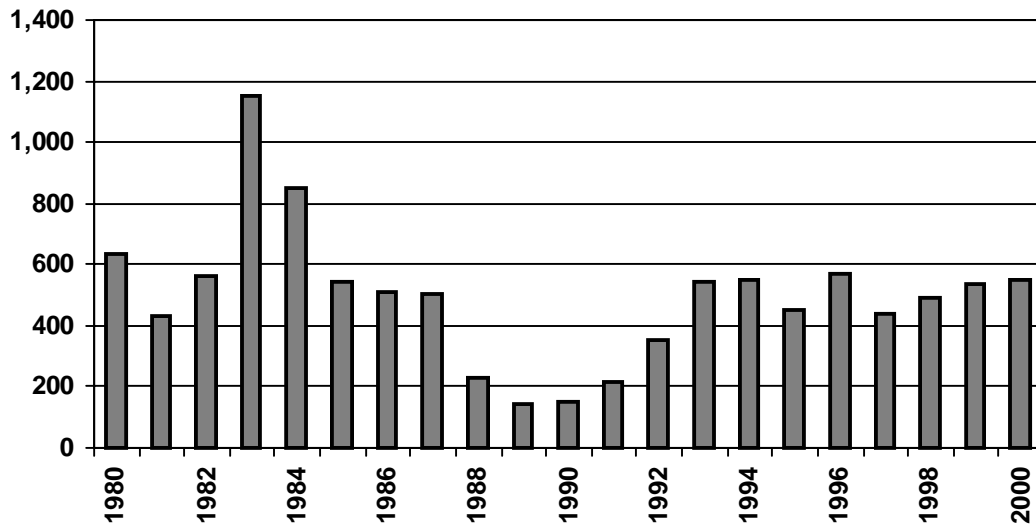
Housing Affordability – Fourth Quarter 2000

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Amarillo MSA	64	1.38	1.05

*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.

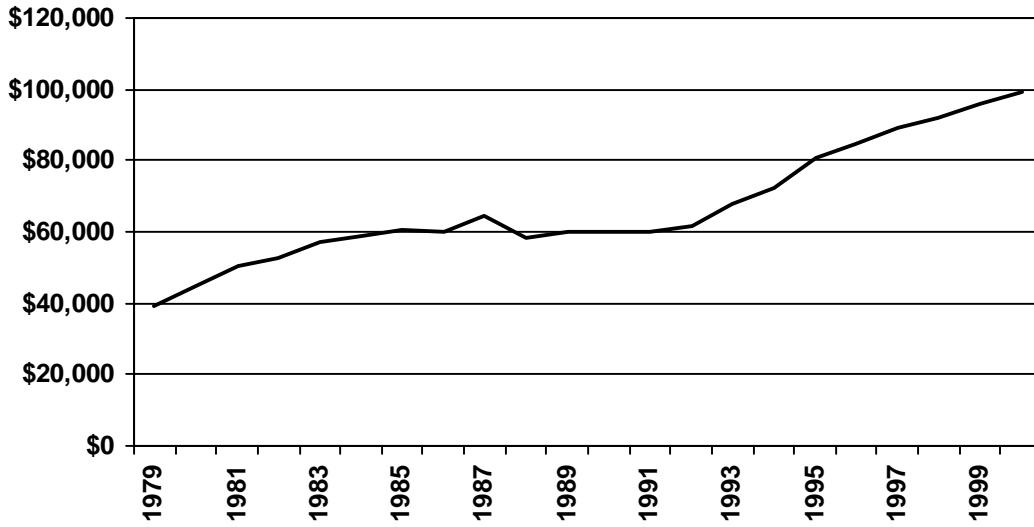
Source: Real Estate Center at Texas A&M University

Amarillo MSA Single-family Permits



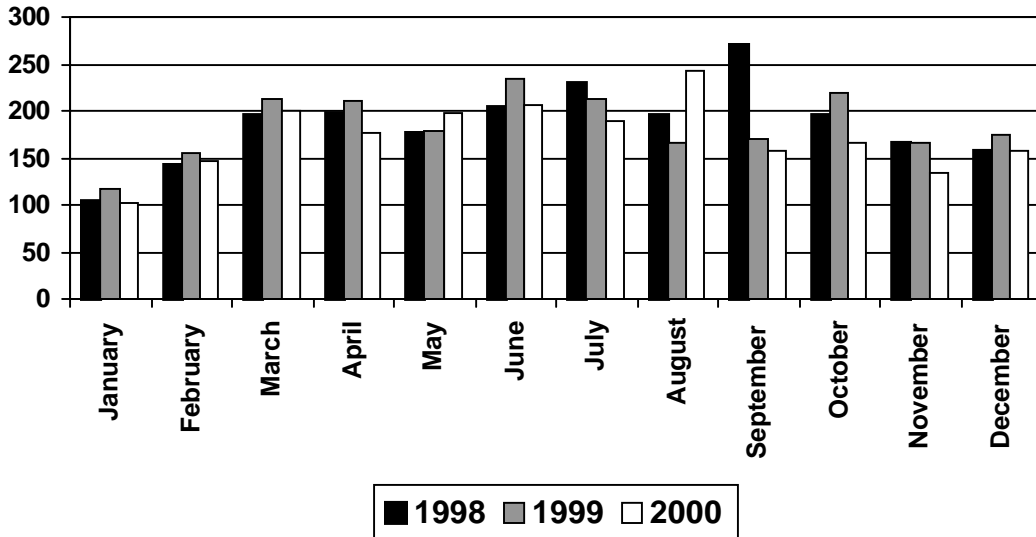
Source: U.S. Census Bureau

Average Sales Price of Single-family Home, Amarillo Area



Source: Real Estate Center at Texas A&M University

Single-family Home Sales Volume, Amarillo Area



Source: Real Estate Center at Texas A&M University

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

	1997	1998	1999	2000
Less than \$60,000	32.5	30.9	31.4	28.3
60,000–79,999	20.4	17.7	17.5	16.8
80,000–99,999	17.8	17.9	15.3	15.4
100,000–119,999	9.3	8.9	9.7	11.1
120,000–139,999	6.7	7.4	8.2	10.0
140,000–159,999	3.9	8.9	5.6	5.5
160,000–179,999	3.3	2.4	3.5	3.9
180,000–199,999	1.7	2.1	2.0	2.5
200,000–249,999	2.2	1.7	3.6	3.1
250,000–299,999	1.0	0.9	1.3	2.2
300,000 or more	1.2	1.1	1.9	1.3

Source: Real Estate Center at Texas A&M University

According to the Amarillo Association of Realtors, the average sales price of a home in 2000 was \$99,300, up 3.3 percent from 1999. A total of 2,221 existing homes sold during 1999 through the Multiple Listing Service (MLS). In 2000, 2,076 homes were sold through the local MLS. In 2000, there was a six-month inventory of homes on the market.

In 1999, 538 single-family home permits were issued in the metropolitan area; 547 permits were issued in 2000. In the first quarter of 2001, 139 homes were permitted in the MSA, according to the U.S. Census Bureau.

Within the City of Amarillo, 491 homes were permitted in 2000, compared with 492 in 1999. Twenty-five townhomes and three duplexes were permitted during 2000. The townhomes are being constructed in the Greenways at Hillside subdivision

and are priced from \$100,000 to \$150,000. In South Park, new townhomes are being constructed that will be priced at \$90,000 to \$100,000. During the first five months of 2001, 244 homes were permitted in the City of Amarillo.

In 2000, the average value of a new home inside the city was \$129,748, compared with \$128,023 in 1999. In 1999, the average value of new homes in the metro area was \$128,200.

New homes priced from \$60,000 are being constructed in Sunrise Park. On the southeast side of Amarillo, South Georgia Place is offering new homes in the low \$100,000 range. On the southwest side of the city, The Colonies, The Greenways and Westover Park have new homes priced from \$90,000 to \$250,000.

New homes are being constructed on the east side of Amarillo along southeast Seventh Avenue. The homes

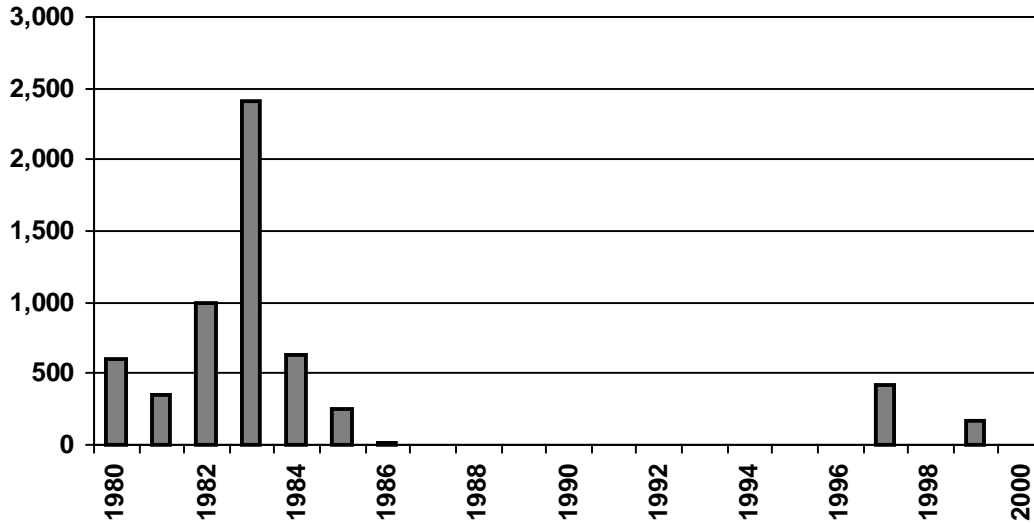
cost about \$70,000 and have approximately 1,500 square feet.

New homes on the west side of Amarillo in the Tealwood Lakes and Westcliff Park subdivisions are priced from \$100,000 to \$200,000. Two new subdivisions — La Paloma and The Woodlands — are under construction. La Paloma is in northwest Amarillo and is being built around a new 18-hole golf course. Homes start in the \$80,000s. The Woodlands is adjacent to La Paloma and has homes priced in the \$100,000s. City Park subdivision has homes priced in the low \$100,000s.

Wolflin Park Townhomes are under construction at Wolflin Avenue and Coulter Street. The homes will start at \$208,000 and range in size from 1,880 to 2,500 square feet. Construction is scheduled for completion in 2002.

MULTIFAMILY

Amarillo MSA Multifamily Building Permits



Source: U.S. Census Bureau

Amarillo Apartment Statistics, March 2001

	Amarillo	Texas Metro Average
Average rent per square foot	\$0.59	\$0.76
Average rent for units built since 1990	\$0.75	\$0.97
Average occupancy (in percent)	95.7	95.7
Average occupancy for units built since 1990 (in percent)	98.1	95.6

Source: Apartment MarketData Research

Amarillo was one of many Texas cities affected by apartment overbuilding in the 1980s. Twenty-five percent of Amarillo's current apartment stock was constructed between 1982 and 1983. In 2000, Greentree Village, a \$4.5 million apartment project with 160 units in 40 fourplexes, was completed.

A five-unit apartment complex on South Madison was also completed. In 2000, six new multifamily units were permitted in the MSA. In the first quarter of 2001, 224 new multifamily units were permitted.

Wolflin Park Condominiums broke ground in July of 2000 on Wolflin Avenue. Green Acres Apartments

spent \$6.7 million for renovations and additions to the existing apartment complex.

Two new apartment complexes are planned for 2001. Calee Crossings will have 216 units and Greentree Village 160 units. Both will be for low- to moderate-income families.

MANUFACTURED HOUSING

Amarillo MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	376	46.2
1998	351	41.7
1999	342	38.9
2000*	213	34.8

*Through third quarter 2000

Source: Texas Manufactured Housing Association

In 2000, 227 mobile home permits were issued in the city, compared with 133 in 1999.

SENIORS HOUSING

Seniors Housing Occupancy Rates Amarillo MSA (in percent)

	Convalescent Homes	Retirement Centers
1996	78	98
1997	78	95
1998	75	86
1999	83	96

Source: City of Amarillo Planning Department

The Talmage Apartments near downtown are being renovated and converted into 42 senior citizen apartments. In addition, a 114-apartment complex will be built across the street. The complex on South Van

Buren Street broke ground at the beginning of 2001.

The Grand Court retirement community was scheduled to open in May 2000 on Wallace Boulevard, but the parent company has experienced

financial difficulties, make the opening date uncertain.

The Olsen Manor Nursing Home on Olsen Boulevard was closed in November 2000 for violating state and federal regulations.

RETAIL MARKET

Retail Property Statistics

	1998	1999	2000
Southwest quadrant			
Total space (in square feet)	3,911,115	3,913,852	3,913,852
Occupancy (in percent)	94	93	92
Southeast quadrant			
Total space (in square feet)	262,505	262,505	232,590
Occupancy (in percent)	69	58	89
Northwest quadrant			
Total space (in square feet)	598,323	598,323	598,323
Occupancy (in percent)	84	90	93
Northeast quadrant			
Total space (in square feet)	303,740	333,462	333,462
Occupancy (in percent)	95	86	78
Citywide			
Total space (in square feet)	5,075,683	5,108,142	5,078,227
Occupancy (in percent)	92	90	91

Source: Coldwell Banker Commercial

Hotel Occupancy and Rental Rates

	1999		2000	
	Amarillo	Texas	Amarillo	Texas
Occupancy rate (in percent)	64.3	64.1	64.1	65.8
Average daily rental rate	\$50.69	84.23	50.77	86.61

Source: PKF Consulting

In 2000, 26 building permits were issued for new retail establishments at a value of \$21.5 million (Map 2). Westgate Mall, the only mall in Amarillo, reports a 94 percent occupancy rate.

According to the Coldwell Banker Retail Market Survey, Amarillo had a citywide retail space occupancy rate of 91 percent in 2000, up from 90 percent in 1999. Rental rates for Class A, open-air retail space in southwest Amarillo range from \$10 to \$12 per square foot.

Areas attracting the most development interest include I-40 west of Washington, Loop 335 south of I-40 and Georgia Street south of I-40. Officials anticipate the market will continue to see single-tenant, free-standing space development.

Restaurant sales in Amarillo are expected to increase 3.8 percent to \$246.4 million in 2001, according to the Texas Restaurant Association. New restaurants include Burger King and Kentucky Fried Chicken. Two Waffle

House restaurants opened in 2000. Sonic opened in October 2000 on Ross-Osage and at the Westgate Mall. Ruby Tuesday restaurant closed in November 2000.

Texas Dodge built a new dealership and United Grocery Stores opened a new store in January 2000. Market Street is United Supermarkets' latest concept in grocery stores. The 71,468-square-foot store includes restaurants and a branch of the Amarillo National Bank. Meanwhile, Homeland ex-

panded its store on 34th Avenue and two new Walgreens stores are under construction.

A 45-room Microtel Inn started construction in June 2000 at I-40 and Ross Street. At I-40 and Soncy, a Comfort Inn & Suites is under construction. The 71-room motel will have 45,000 square feet. Extended Stay Hotel is under construction at I-40 and Soncy Road.

Several banks and service (or gasoline) stations are being built. Williams Truck Stop on Lakeside was constructed at a cost of \$3.5 million.

Pak-A-Sak broke ground on a grocery store on Hollywood Street in November 2000. Albertson's opened its remodeled store at I-40 and Bell. The store added a Starbucks, pharmacy and dry cleaning drop-off.

First State Bank at 34th Avenue and Soncy was under construction in 2000.

The three-story building cost \$3.5 million to build. Access Federal Credit Union opened on South Bell Street. The \$1.7 million building has 8,200 square feet.

First American Bank will open a new regional headquarters building on Counter in June 2001. The 10,000-square-foot building will cost \$1.5 million. People's Federal Credit Union is under construction on Hillside east of Coulter. The 15,000-square-foot facility is expected to open in August 2001.

Home Depot opened in the former Builders' Square at I-40 and Soncy in November 2000. An Americrombie & Fitch store opened in the Westgate Mall in November 2000.

New shopping centers on I-40 near the new FireWater Water Park are

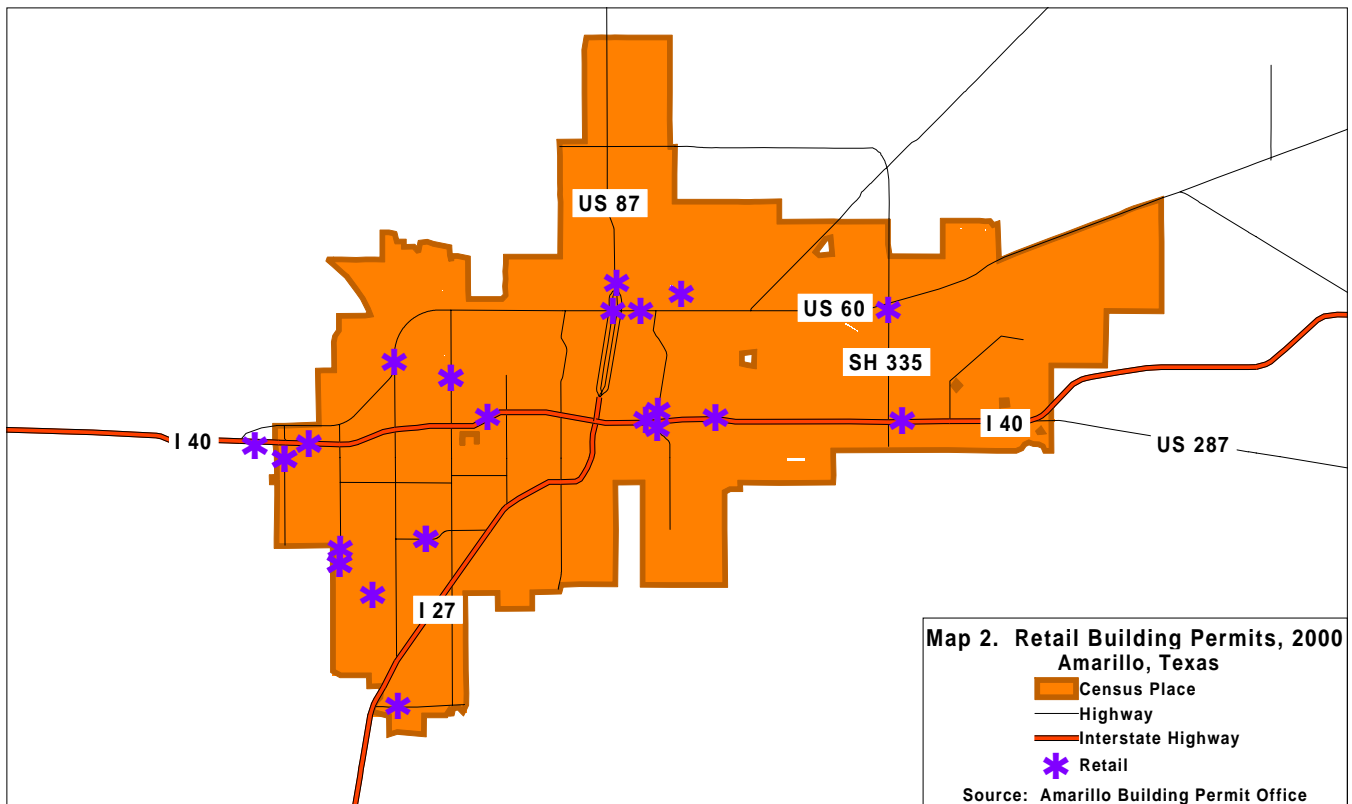
planned for 2001. Additional retail growth is expected near Westgate Mall on Soncy Road with the addition of a new shopping center.

The \$3.7 million FireWater Water Park opened in 2001. The park, located off East I-40, includes a wave pool surrounded by a fast-running river and may expand.

Helig-Meyers plans to close its Amarillo furniture store located on Western.

SaddleBrook Park is a planned horse-racing complex at I-40 west of Amarillo. The \$14 million complex is expected to be completed in 2002.

Sports World opened in June 2001. The complex includes miniature golf, batting cages, go-cart tracks and an arcade. It is located at I-27 and Hollywood Road.



OFFICE MARKET

Office Property Statistics

	1998	1999	2000
Central business district			
Total space (in square feet)	1,297,175	1,606,451	1,614,451
Occupancy (in percent)	88	85	83
Suburban			
Total space (in square feet)	796,000	798,397	799,037
Occupancy (in percent)	93	94	92
Citywide			
Total space (in square feet)	2,093,175	2,404,848	2,413,488
Occupancy (in percent)	90	88	86

Source: Steve Rogers Company

Amarillo Medical Office Property Statistics

	Occupancy (in percent)	Average Rental Rates	Total Space (in square feet)
1999	95	\$13.00 net	439,937
2000*	92	\$13.12 net	

*Total space data not available.

Source: Coldwell Banker Commercial

Amarillo has 2.4 million square feet of office space, 1.6 million of which is in the central business district. Average rental rates for suburban office space ranged from \$8 to \$12.50 in 2000. Rents in the central business district range from \$8 to \$14 per square foot. Rental rates are expected to remain stable over the next year but are expected to increase in the suburban market once occupancy reaches 95 percent. Map 3 shows office and industrial building permits issued in 2000.

During 2000, five office and professional buildings were permitted with a value of \$8.6 million, according to city officials. McCoy Insurance constructed a \$1.3 million office building on Bell Street. Clear Source Communications opened a \$2.5

million building on I-27. McCoy, Myers and Associates, a banking software and hardware firm, opened an 18,000-square-foot headquarters building on Bell Street.

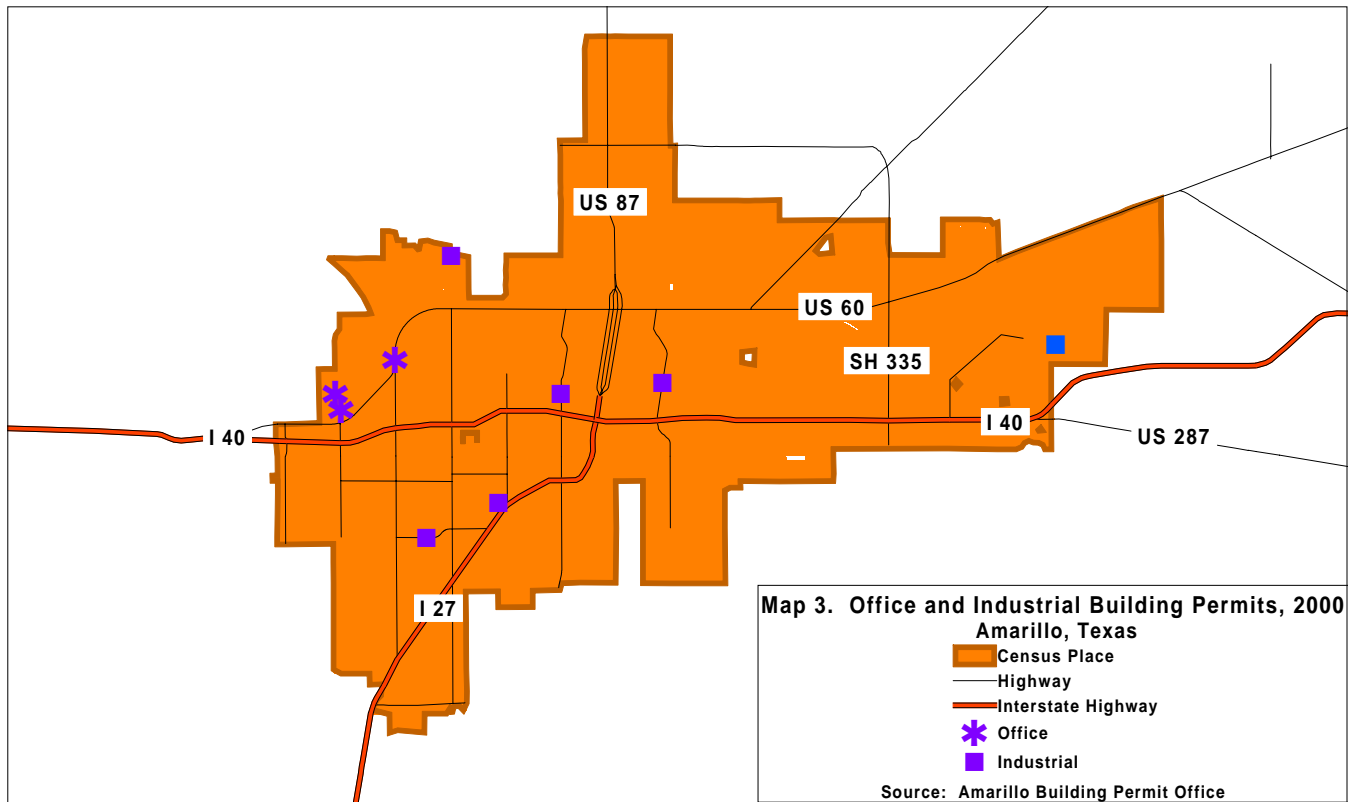
A new post office is located on West Amarillo Boulevard. The \$2.6 million building was completed in spring 2001.

Both area hospitals have been expanding, adding 200,000 square feet to the market. Northwest Texas Hospital started construction in first quarter 2000 on two four-story medical office buildings valued at \$10.3 million. The buildings are part of a \$27 million expansion project that began in 1997 and will add 130,000 square feet to the market. Amarillo Medical Center is undergoing a \$6 million renovation.

A dentist office was built on Care Circle in 2000. A \$450,000 medical office was completed on Wallace Boulevard. The Crown of Texas Hospice opened a new inpatient unit in December 2000 at the Northwest Texas Healthcare System Pavilion.

A radiation therapy center will open during summer 2001. The Amarillo Cancer Center of North Texas will open inside the new WHA Medical Office Building next to Northwest Texas Hospital on Coulter Street. Amarillo Urology Associates is expanding its office on Medi-Park Drive.

The Santa Fe Building downtown underwent a \$12 million renovation and now houses county offices.



INDUSTRIAL MARKET

In 2000, five industrial permits were issued with a value of \$2 million. One permit was for a control tower for the Bell Helicopter plant. The company plans to expand the hangar by 48,000 square feet by 2002. In February 2000, the 150,000-square-

foot D-22 assembly building was completed.

Pantex is adding a \$3.5 million Environmental Safety Laboratory. IBP, a meat-processing company, added a 58,000-square-foot distribution warehouse.

Progress Rail Services, a railcar repair company, completed its expansion project during the summer of 2000. The expansion added 112,000 square feet of building space and 16,000 square feet of new rail track.

CONCLUSION

Amarillo is a regional center for the upper panhandle of Texas. Employment and population

have grown at a steady rate over the last decade. Population projections indicate the area will continue to

grow. A new amusement park should increase Amarillo's appeal as a tourist destination.

