

REAL ESTATE MARKET OVERVIEW

TEXAS Texarkana

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2001



REAL ESTATE CENTER

Market Report 1481

Real Estate Market Overview

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June 2001

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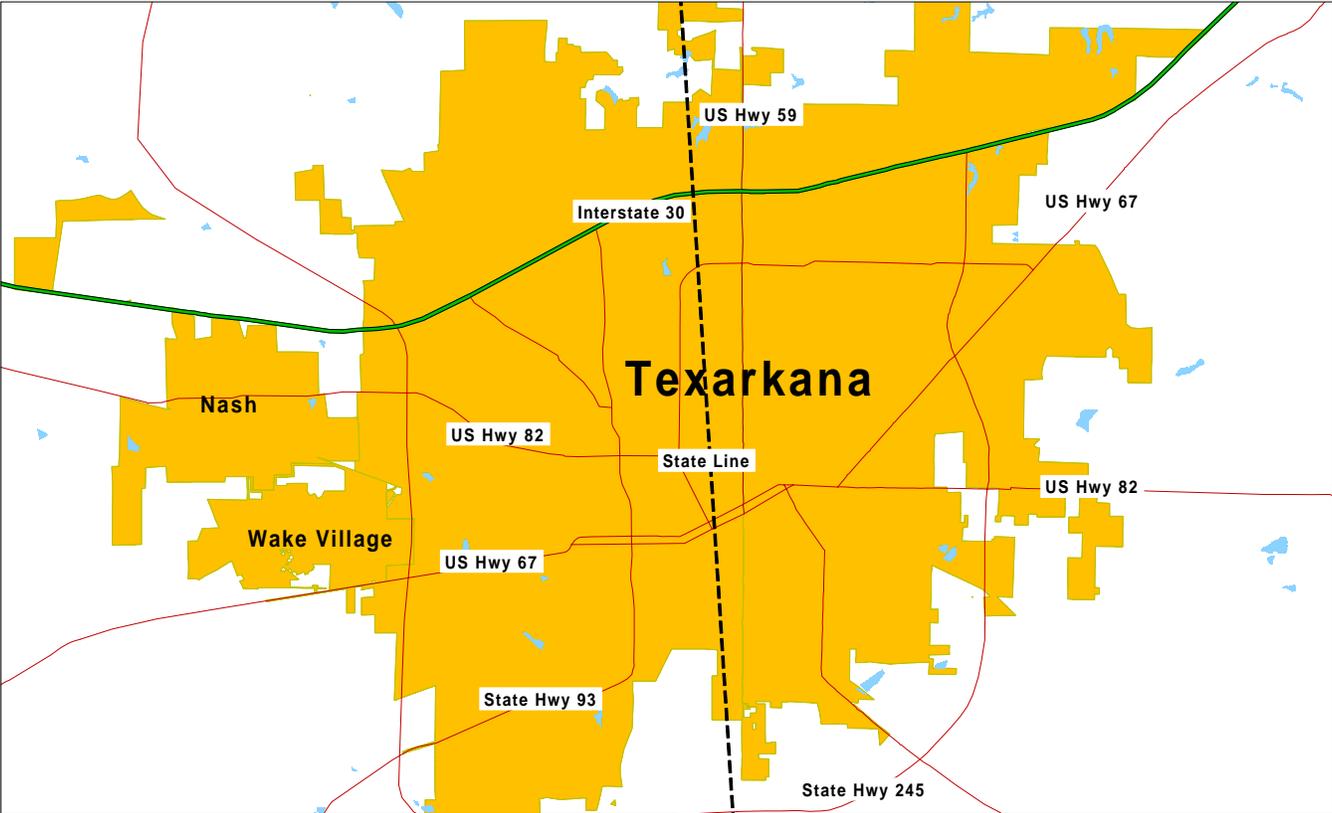
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Real Estate Market Overview

Texarkana

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Area Cities and Towns

- | | |
|---------------------|--------------|
| Texarkana, Arkansas | Nash |
| Texarkana, Texas | New Boston |
| Boston | Old Boston |
| Hooks | Wake Village |
| Leary | Wamba |

Counties

- Bowie (Texas)
- Miller (Arkansas)

Land Area of Texarkana MSA

1,529 square miles

Population Density (2000)

85 people per square mile

Texarkana’s name comes from three state names: Texas, Arkansas and Louisiana. The city is located in both Bowie County, Texas, and Miller County, Arkansas. Texar-

kana, Texas, and Texarkana, Arkansas, are referred to as the State Line cities because the cities’ main thoroughfare, State Line Avenue, is the Arkansas–Texas border. Texarkana, Texas, en-

compasses 21 square miles and Texarkana, Arkansas, contains 16.5 square miles. The town is 25 miles north of the Louisiana border and 28 miles south of the Oklahoma boundary line.

POPULATION

Texarkana MSA Population

Year	Population
1990	120,323
1991	120,479
1992	120,882
1993	121,674
1994	122,369
1995	122,533
1996	123,294
1997	123,161
1998	122,813
1999	122,886
2000	129,749

Source: U.S. Census Bureau

County Population Growth

County	2000 Population	Growth 1990–2000 (in percent)
Bowie (Texas)	83,306	9.4
Miller (Arkansas)	40,443	5.1

Source: U.S. Census Bureau

The Texarkana MSA population had a 0.7 percent average annual increase over the past decade. Texarkana is growing at a rate slower than the state as a whole.

The Texas State Data Center population projections are lower than the ex-

isting population in Bowie County. The Texas Water Development Board, however, forecasts Bowie County's population will continue to grow after 2005 to 99,800 by 2010, and 107,850

by 2020. This represents a growth rate of 1.4 percent per year through 2020. These projections do not include the Arkansas section of the MSA.

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

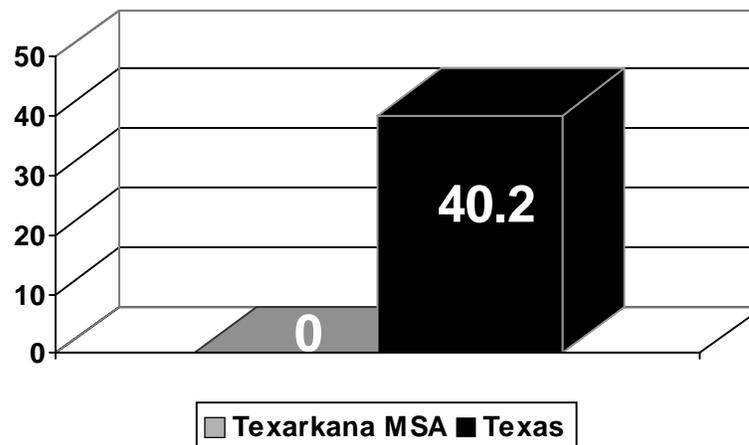
Source: U.S. Census Bureau

Bowie County Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	85,802	—
2010	86,117	99,801
2015	85,099	—
2020	83,465	107,853

Sources: Texas State Data Center and Texas Water Development Board

Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

Household Composition

	Bowie County	Texas
Median household size (1990)	2.5	2.7
Population younger than 18 (1999, in percent)	26.4	28.5
Population 65 and older (1999, in percent)	14.5	10.1

Source: U.S. Census Bureau

Ethnic Distribution (in percent)

Ethnicity	Bowie County		Texas	
	1990	2000	1990	2000
White	75.4	73.2	60.8	52.4
Hispanic	1.7	1.6	25.3	32.0
Black	21.8	22.9	11.7	11.3
Asian	0.4	0.4	0.3	2.7
American Indian	0.6	0.6	1.8	0.3
Other	0.1	0.0	0.1	0.2
Two or more races*	—	1.3	—	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

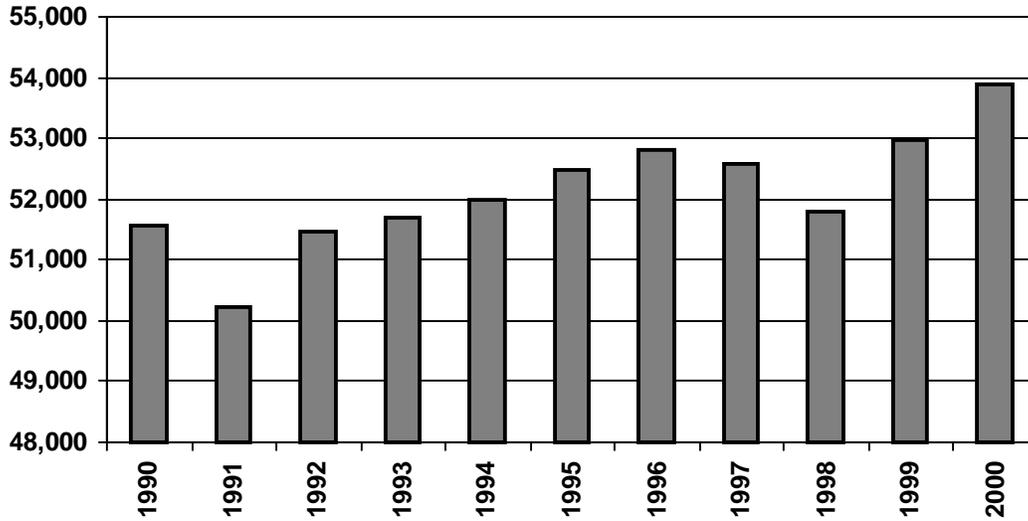
Bowie County has a larger portion of population older than 65 than the state as a whole. The county continued to become more eth-

nically diverse between 1990 and 2000, following the statewide trend. The average per capita income in the Texarkana MSA was \$21,811 in 1999,

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

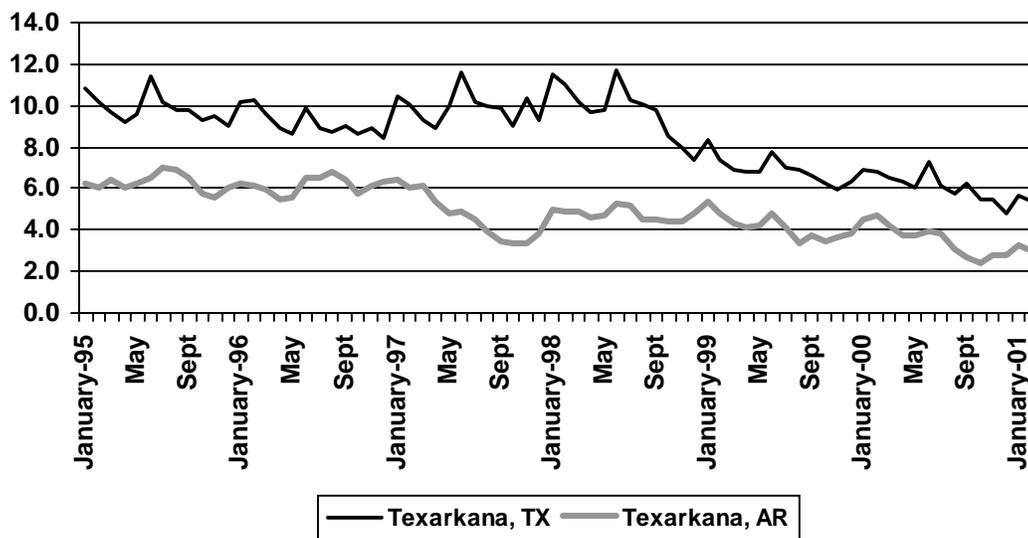
EMPLOYMENT

Texarkana MSA Employment



Source: U.S. Bureau of Labor Statistics

Texarkana MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics

Top Ten Employers	Top Ten Private Employers
Red River Army Depot Military 2,700 employees	Cooper Tire and Rubber Manufacturing 2,000 employees
Cooper Tire and Rubber Manufacturing 2,000 employees	Christus St. Michael Hospital Health care 1,650 employees
Christus St. Michael Hospital Health care 1,650 employees	Wadley Regional Medical Center Health care 1,500 employees
Wadley Regional Medical Center Health care 1,500 employees	Georgia Pacific Paper and wood products 1,400 employees
Georgia Pacific Paper and wood products 1,400 employees	Wal-Mart, Sam's Club Retail 1,007 employees
Wal-Mart, Sam's Club Retail 1,007 employees	International Paper Finished lumber 1,000 employees
International Paper Finished lumber 1,000 employees	Kmart Retail 435 employees
Texarkana Independent School District Education 800 employees	Albertson's Retail 425 employees
Texarkana, Arkansas School District Education 800 employees	Alcoa Mill Products Aluminum rolling mill 380 employees
City of Texarkana, Texas Government 466 employees	Day and Zimmerman Ammunition 300 employees

Source: Texarkana Chamber of Commerce, 2001

Employment Growth by Industry	Texarkana MSA	Texas
Employment growth, 2000 (in percent)	1.1	3.2
Unemployment rate (in percent)	4.8	4.3
New jobs in 2000	600	288,900
Employment growth by sector, 2000 (in percent)		
Services	-1.4	4.7
Trade	1.4	3.1
Manufacturing	5.2	0.1
Mining	n/a	2.3
Finance, insurance and real estate	0.0	1.3
Construction	19.0	6.2
Government	-1.8	1.7
Transportation, communications and public utilities	3.8	5.1

Sources: Texas Workforce Commission

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

Austin-San Marcos	58.8	El Paso	15.4
Laredo	40.3	Waco	14.3
McAllen-Edinburg-Mission	35.8	Lubbock	14.0
Dallas	30.4	Sherman-Denison	12.5
Brownsville-Harlingen-San Benito	30.1	Longview-Marshall	12.2
Bryan-College Station	29.2	Abilene	11.4
Killeen-Temple	28.7	San Angelo	10.7
San Antonio	28.6	Corpus Christi	10.3
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 Texarkana area increased 1.1 percent during 2000. Employment growth in the area has been slower than employment growth across the state as a whole for the past decade. Unemploy-

ment decreased to 4.8 percent for 2000, down from 5.2 percent in 1999, according to the Texas Workforce Commission. The Commission reports that there were 53,000 employed in nonagricultural jobs. The U.S. Bureau

of Labor Statistics reports civilian employment at 53,890 for 2000 with an unemployment rate of 4.7 percent. Timber companies, government and health care providers are major area employers.

JOB MARKET

Valor Telecommunications expanded a call center in Texarkana, adding 152 employees at the beginning of 2000. BancorpSouth merged with First Federal; the merger will bring 25 new jobs to Texarkana in 2001. At the Red River Army Depot, Lear Siegler Services has

leased an industrial facility to refurbish military equipment. The company is expected to add 200 jobs by the end of 2001.

In Arkansas, the Arkansas Rural Electric Cooperative is building a new 150-megawatt power plant. Several

hundred people are employed in the construction phase.

International Paper laid off 65 employees temporarily in January 2001 and 11 in June 2001. Montgomery Ward will close during 2001, laying off 100 employees.

MAJOR INDUSTRIES

Texarkana has a diverse economy. The Texas Workforce Commission reports the area's top three nonagricultural employment sectors — services, trade and government — make up almost 80 percent of the area's employment.

The services sector makes up 29 percent of the area's nonagricultural employment. Health care is a major portion of the services sector. During 2000, the services sector lost 200 jobs.

Texarkana is a regional medical center for a population of more than 400,000. The two acute care centers, Christus St. Michael Hospital and Wadley Regional Medical Center, offer more than 600 beds and are staffed by more than 200 physicians. Other health care services in the area include a psychiatric hospital, two rehabilita-

tion hospitals and three training and rehabilitation services for the handicapped.

Trade represents 27 percent of the area's nonagricultural employment. Texarkana is a growing retail center serving 19 counties in four states. Trade employment increased by 200 jobs in 2000.

The government sector accounts for 22 percent of the area's employment. The Bi-State Justice Center in Texarkana is the only law enforcement and legal facility in the country that lies in two states, two cities and two counties. More than 20 city, county and state judicial and law enforcement agencies are housed in the facility. Government employment fell by 200 jobs during 2000.

Manufacturing makes up 11 percent of Texarkana's nonagricultural employment. According to the Texas Workforce Commission, manufacturing of durable goods increased by 300 jobs in 2000. Manufactured goods produced in the area include tires, tank cars, wood products, pipe valves and furniture.

Bowie County had \$37.8 million in agricultural receipts in 2000, according to the Texas Agricultural Extension Service. Beef and timber are the top two agricultural products, representing 32.8 and 25.7 percent of receipts, respectively. Other area agricultural products include milk, broilers, soybeans, hay and wheat. For 2001, agricultural receipts are expected to be \$39.6 million.

BUSINESS CLIMATE

Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation
City of Texarkana, Texas	\$0.46
Texarkana ISD	1.51
Community College	0.08
Bowie County	0.27
Total	\$2.32

Source: Bowie County Appraisal District

Bowie County Retail Sales

Year	Total Sales	Sales per Capita
1990	\$615,913,037	\$5,119
1991	622,068,567	5,163
1992	695,303,431	5,752
1993	753,280,961	6,191
1994	813,442,331	6,647
1995	878,641,729	7,171
1996	915,648,446	7,427
1997	931,498,614	7,563
1998	955,854,367	7,783
1999	981,231,053	7,985
2000	1,034,560,825	7,974
	State Average 2000	\$12,612

Source: Texas Comptroller's Office

Texarkana exported \$59 million in products in 1999, up from \$55 million in 1998. The sales tax rate in Texarkana, Texas, is 8.25 percent, and the city assesses an 11 percent hotel-motel tax.

Texarkana, Arkansas, assesses a 20 percent personal property tax, which means 20 percent of a property's value is multiplied by the millage (property tax) rate of 0.09 for the city, county and

the school district. For example for a \$100,000 home, 20 percent or \$20,000 would be multiplied by 0.09, resulting in taxes of \$1,876 per year. Texarkana, Arkansas, also has a state income tax that ranges from 1 to 7 percent.

Texarkana promotes projects that improve and enhance the area's business climate. The Texarkana Chamber of Commerce has an industrial rela-

tions committee made up of 147 chamber members assisting in economic development. A group of downtown business people has established B.O.N.D., the Business Organization for a New Downtown. This group is working to bring businesses and offices to the downtown area to promote a thriving business, financial, cultural and professional district.

EDUCATION

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

Level of Education	Bowie County MSA	Texas
High school graduate	31.1	25.6
Some college, no degree	21.0	21.1
Associate's degree	5.8	5.2
Bachelor's degree	9.2	13.9
Graduate or professional degree	5.1	6.5

Source: U.S. Census Bureau, 1990

Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)
Texarkana College	3,736	3,668	3,678
Texas A&M University at Texarkana	1,195	1,174	1,150
NE Texas Community College	1,990	n/a	n/a
University of Arkansas Community College at Hope	1,176	n/a	n/a
Cossatot Technical College	814	n/a	n/a

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

Texarkana has two major higher education institutions, Texarkana College and Texas A&M University at Texarkana. The college and university share the same campus and grounds, and work in tandem to provide lower-level, upper-level and graduate courses and a variety of certifications.

Texas A&M University at Texarkana was founded as East Texas State University at Texarkana in 1971 and offers 16 majors, 11 minors, eight elementary education specializations, five secondary education teaching fields and six graduate degrees. During 2000, the university added 40,000 square feet to the university's main building. The university will initiate a bachelor's degree program in nursing in fall 2001.

In 1999, Texarkana College broke ground on a \$2.9 million project to replace its auditorium. The old auditorium was demolished during summer 2000. The college has remodeled an old hospital and converted it to a dormitory. The first rooms were available in fall 2000 at College Drive and Greenbriar.

The main campus consists of approximately 100 acres and 20 buildings with 513,000 gross square feet. The college also maintains a 360-acre farm on FM 991 near Redwater, Texas, with 11 structures amounting to 17,500 gross square feet.

The University of Arkansas Community College at Hope is located 30 miles from Texarkana, Arkansas. Cossatot Technical College is located

in DeQueen, Arkansas, 35 miles from Texarkana, with an Ashdown campus located ten miles from Texarkana. The college leases space in a small office building but plans to move into a 53,600-square-foot brick factory in Ashdown that it has purchased and is renovating at a cost of \$750,000.

Southern Arkansas University-Tech will offer a two-year program in aircraft maintenance at the Texarkana Regional Airport. The program will be operated out of a new hangar to be completed by January 2002.

The Friendship Center at West Fifth and Oak Streets is in the planning process in Texarkana, Texas. The center will offer vocational training in auto mechanics, carpentry, brick masonry and welding.

TRANSPORTATION AND INFRASTRUCTURE ISSUES

Texarkana Airline Boardings

	1997	1998	1999	2000
Texarkana Regional Airport	37,976	37,225	43,527	42,000

Source: Texarkana Regional Airport

Major highways running through Texarkana include I-30 and U.S. Highways 59, 67, 82 and 71. Texas Highway 245 also is accessible. Texarkana is located along the proposed I-49 corridor that will run from New Orleans to Kansas City. I-49 now runs from Lafayette to Shreveport.

More than 30 truck lines have terminals in Texarkana, and nearly one million tons of finished products are shipped from Texarkana companies each year. Texarkana has three rail carriers: Union Pacific, Southern Pacific and Kansas City Southern. More than 60 freight trains pass through Texarkana daily.

A 5.8-mile stretch of State Highway 245 on the Arkansas side has changed to I-130. The roadway is under construction and will connect I-30 to U.S. 71.

The Texarkana Regional Airport serves the area with American Eagle and Atlantic Southeast. The airport provides 13 daily flights to Dallas-Fort Worth International Airport. The Texarkana Regional Airport is located one mile from the new Loop 345, within the Texarkana, Arkansas, city limits. Delta has built a new maintenance facility at the airport.

A new aviation maintenance school will be located at the airport. A new hangar will be built to launch the aircraft maintenance school by January 2002. The airport recently received a \$350,000 grant from the Federal Aviation Administration to rehabilitate runway lights and buy a sweeper.

Lake Wright Patman, formerly Lake Texarkana, supplies the water needs of the City of Texarkana. Texarkana also

serves nearby communities and Texas water supply companies in Bowie and Red River Counties and Arkansas companies in Miller County. Texarkana officials anticipate being able to meet their water needs and the needs of their customers through 2050. Paper, chemical and food-related industries are major water users, as are industrial and commercial machinery businesses.

Texarkana Water Utilities acquired a new wastewater monitoring system in 2001.

The City of Texarkana, Texas, has voted to expand the New Boston landfill. The \$6 million project will not cause an increase in rates.

The City of Texarkana, Arkansas, is planning water and sewer lines on Highway 245.

PUBLIC FACILITIES

In April 2000, the City of Texarkana, Texas passed a \$4.8 million bond issue. The police department received \$1.4 million and used the funds to purchase new vehicles, equipment and an evidence processing and storage facility.

Construction on a new fire station began in February 2001. The station will be located at Kenwood Road near New Boston Road. The 5,000-square-foot station will replace the Oaklawn

Fire Station. The fire department received \$1.4 million in bond funds and is upgrading its equipment and buildings. The remaining \$3.25 million is being used for streets and street lighting, alleys, sidewalks, roads, bridges and viaducts. A \$3 million city golf course is planned on Bringle Lake.

Texarkana, Arkansas, is considering a convention center. The 10,000-square-foot conference center would

be located adjacent to proposed new city offices. The new city hall will have 11,000 square feet. The facilities will be located at Walnut and Broad. A construction date has not been set.

In Miller County, a new county jail is planned on U.S. 71 South. The jail will be funded by a half-cent sales tax that was approved by voters in August 2000. Construction was expected to begin in spring 2001.

The Miller County Department of Human Services opened in a new building on Airport Plaza in January 2001.

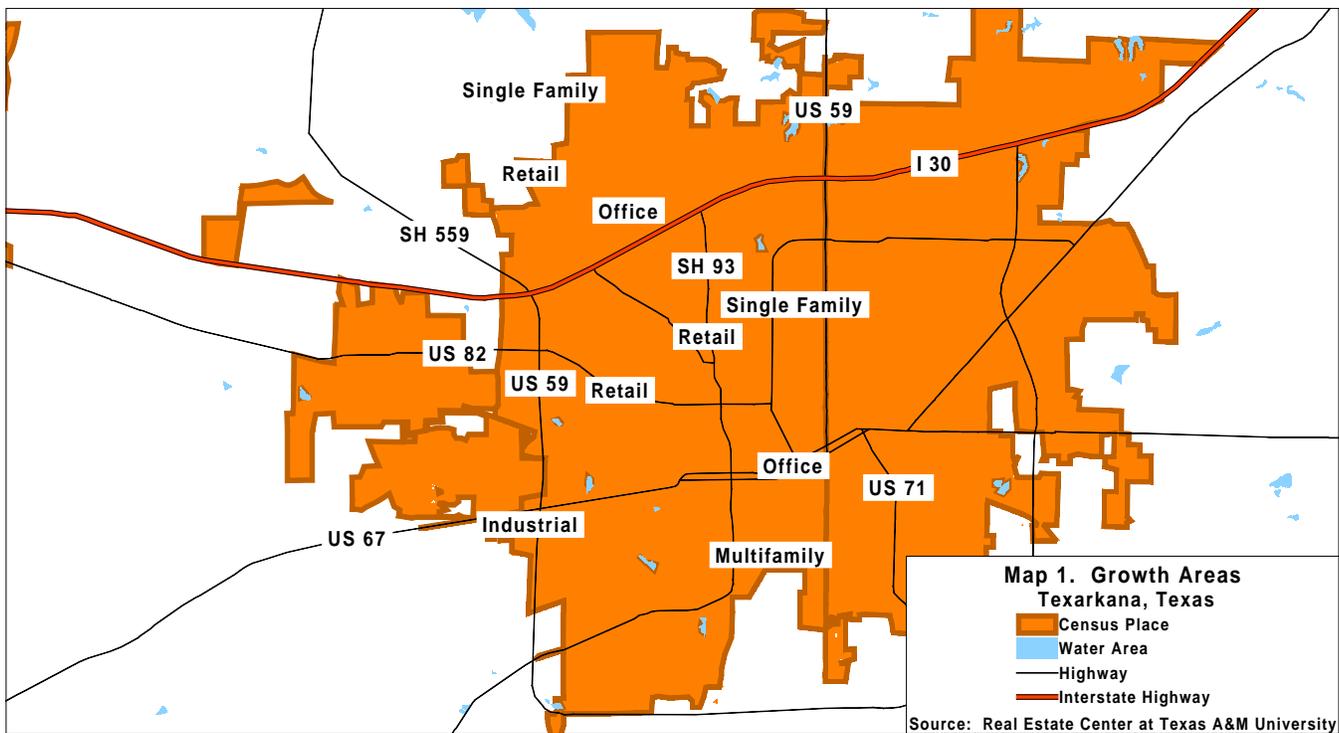
The Salvation Army broke ground on the \$1.3 million Gabriel Ross Perot Center of Hope Transitional Housing

Unit. The project will be completed in summer 2001 and will include ten private units for families, 16 dorm beds for single men and community areas.

The Westlawn School completed renovations in early 2001. Kennedy El-

ementary school will move to the Westlawn School in Texarkana Independent School District. Kennedy middle school is under construction on Kennedy Lane across from Texas High School.

URBAN GROWTH PATTERNS



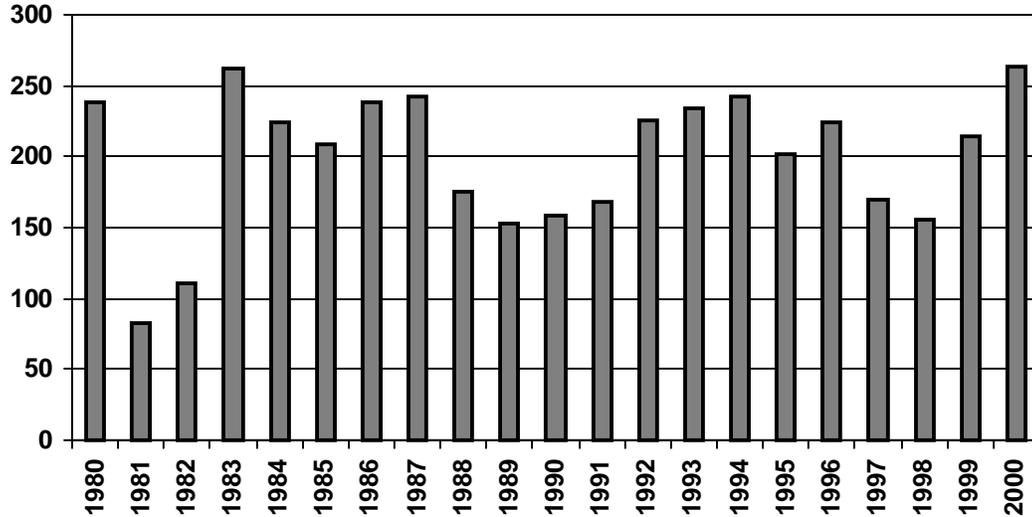
Texarkana is growing in a northerly direction. Retail and residential growth is occurring along both sides of I-30. The Richmond Road area, located in the northwest part of

Texarkana, has recorded substantial new construction with a number of restaurants and retailers building in the area. Summerhill Road has experienced retail growth, and single-family

growth is occurring in northern Texarkana and just south of I-30 near North Park Road. Map 1 shows the city's general growth and expansion areas.

HOUSING

Texarkana MSA Single-family Permits



Source: U.S. Census Bureau

In 1999, 214 single-family home permits were issued in Texarkana at an average value of \$78,900. In 2000, 263 single-family homes were permitted at an average value of \$72,400. In the first four months of 2001, 67 new homes were permitted.

Between 1997 and 2001, several new subdivisions were developed in the area. Pecan Creek is located in the Northwest portion of Texarkana and contains approximately 100 lots. The

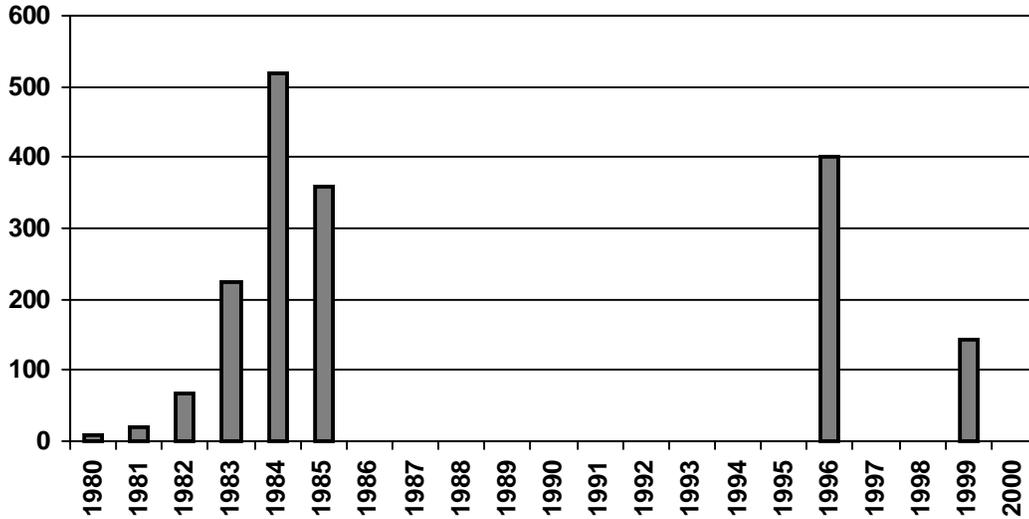
Colony II subdivision added 25 lots during 2000. The Meadowlands subdivision has 30 lots; only two have not been built on. Pleasant Grove Central has 36 lots, half of which have houses under construction. Pleasant Grove West has 55 lots with 15 houses under construction. North Fork at Springwood and Airline Drive had 63 lots platted in 2000. Ridgecrest Lakes Estate has 10 lots at Ridgecrest Place and Lakeridge.

Just outside the city, three subdivisions are under development. Enclave at Holly Creek has ten lots. Arnold Lane has 15 lots at Arnold Lane near North Kings Highway. Beaver Lake has 30 lots and is located west of the city.

In March 2001, Texarkana, Arkansas approved plans for several duplexes at East 35th and Beech streets.

MULTIFAMILY

Texarkana MSA Multifamily Building Permits (in units)



Source: U.S. Census Bureau

Texarkana Apartment Statistics, February 2001

	Texarkana	Texas Metro Average
Average rent per square foot	\$0.54	\$0.75
Average rent for units built since 1990	\$0.49	\$0.97
Average occupancy (in percent)	95.1	95.7
Average occupancy for units built since 1990 (in percent)	100.0	95.6

Source: Apartment MarketData Research

Texarkana apartment occupancy rates rose from 92.3 percent in January 2000 to 95.1 percent in February 2001. Occupancy remained unchanged for units built since 1990. Rents rose overall by four cents per square foot but were unchanged for units built since 1990. In 1998, four

new multifamily units were permitted in the MSA, and in 1999 that number rose to 150 units. In 2000, no new multifamily units were permitted. In the first four months of 2001, no new multifamily units were permitted.

A new apartment complex with 238 units has been proposed at West 52nd

and North State Line. ERC Properties developed the 200-unit Chapel Ridge Apartments on the Arkansas side of Texarkana.

The Housing Authority of Texarkana has plans to renovate Stevens Courts, Bowie Courts and Covington homes, three of its oldest apartment complexes.

MANUFACTURED HOUSING

Texarkana MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	257	60.2
1998	378	70.9
1999	371	63.4
2000*	219	56.3

*Through third quarter 2001

Source: Texas Manufactured Housing Association

The large percentage of manufactured homes sold in the Texarkana area can be attributed to the largely rural areas surrounding the city. Most manufactured homes are in Bowie County outside Texarkana.

SENIORS HOUSING

Windfield Estates is a 156-unit seniors complex under construction in the southern part of Texarkana off Southlake Drive. The Waterford assisted-living center

broke ground in 2001 at Cowhorn Creek and Moores Lane. The City of Texarkana, Texas has seen several proposals for new assisted-living and seniors complexes.

In Texarkana, Arkansas, Chapel Ridge, a new seniors housing project, was completed in 2000. The facility is on County Avenue near West 42nd.

RETAIL MARKET

Retail Market Statistics, 2001

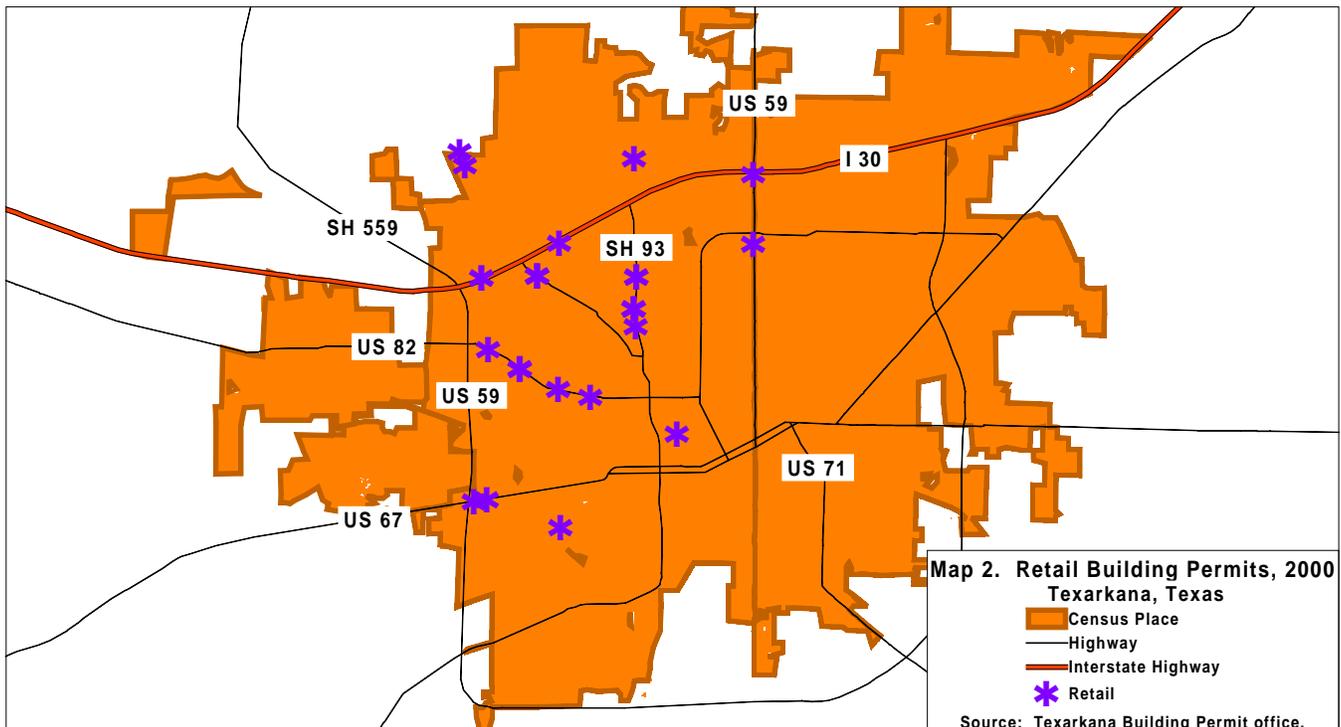
	Average Rental Rate	Occupancy Rate (in percent)
Downtown	\$8.96	83
Neighborhood Service Center	\$10.66	81
Community Power Center	\$4.50	92
Regional Mall	\$6.00	82

Source: NAI American Realty

Hotel Occupancy and Rental Rates

	1999		2000	
	Texarkana	Texas	Texarkana	Texas
Occupancy rate (in percent)	53.4	64.1	56.1	65.7
Average daily rental rate	\$52.68	84.08	53.03	86.45

Source: PKF Consulting



According to NAI American Realty, retail growth was explosive in 2000 and is expected to be better in 2001. Map 2 shows the locations of retail building permits issued in Texarkana, Texas, during 2000.

The Texas Restaurant Association forecasts restaurant sales in Texarkana to grow 12.4 percent to \$99 million in 2001. In 1999, restaurant sales grew by 4.4 percent.

A new restaurant opened in February 2001 in the Four Points-Sheraton. Ciboney is an upscale restaurant. Golden Corral, Johnny Carino's, Pizza Hut and Cracker Barrel all opened in 2000.

BancorpSouth is building a check-imaging site and training center at the bank's main office on New Boston Road that will be completed in spring 2001.

At I-30 and Summerhill Road, the Lone Oak Plaza was completed in early 2001. The shopping center has 15,000 square feet. At the same intersection, 989 Plaza, a 47,000-square-

foot shopping center, was completed in February 2001. The Dixie Diner and Adventure Video are tenants.

A new 70-room Comfort Suites hotel is under construction at Richill Road. The project broke ground in December 2000 and will have three stories and 38,457 square feet. The Four Points-Sheraton underwent extensive remodeling during 2000.

First United Methodist Church was destroyed in a fire in May 2000. The church is being rebuilt at a cost of \$8 million. St. James Episcopal Church purchased the Anderson Insurance Building and is spending \$700,000 to renovate the property. Beech Street First Baptist Church is undergoing a \$450,000 renovation. A new church is under construction on Pleasant Grove Road for the Seventh Day Adventists.

In Hooks, the Oak Grove Golf Club added nine holes. The \$1.5 million project was completed in November 2000.

Rex Electronics opened in 2000 at Walton and New Boston. Hank's Furniture constructed a \$1.1 million,

36,000-square-foot store on Walton Drive off the U.S. 59 Bypass. At the same intersection a car wash and insurance building are under construction. Murphy's Oil was completed in 2000 and Radio Shack is planning a store at the site.

A Walgreen's opened at Texas Boulevard and North State Line Road. Another location is planned at Richmond and North Robinson.

Cavender's Boots and Albertson's both opened in 2000. A mini-warehouse doubled in size on Richmond Road. Century Bank has a new five-story, \$1 million location that opened in May 2000 on St. Michael Drive and is constructing a branch outside of Nash.

Minton's Sportsplex on Richmond Road completed a \$500,000 expansion at its current location. The expansion includes basketball and volleyball courts, in-line skating and concessions.

Montgomery Ward in the Oaklawn Shopping center closed during 2001. Weiner's Department Stores on New Boston Road closed at the end of 2000.

OFFICE MARKET

Office Market Statistics, 2001

	Average Rental Rate	Occupancy Rate (in percent)
Downtown Class A	\$11.00	72
Downtown Class B	\$8.00	96
Suburban Class A	\$11.10	95
Suburban Class B	\$13.00	90
New Construction	\$13.00	95

Source: NAI American Realty

According to NAI American Realty, new office construction has been occurring in office parks in the suburbs north of Texarkana. Map 3 shows the locations

of office and industrial building permits issued in Texarkana during 2000.

For 2000, the absorption rate was 15 percent. For 2001, the expected absorption rate is 15 percent. The overall

vacancy rate for the end of 2001 is expected to be 5 percent.

Construction began in summer 2000 on a new doctor's complex near Wadley Regional Medical Center at

11th and Main streets. The \$10.3 million project is part of an effort to restore downtown.

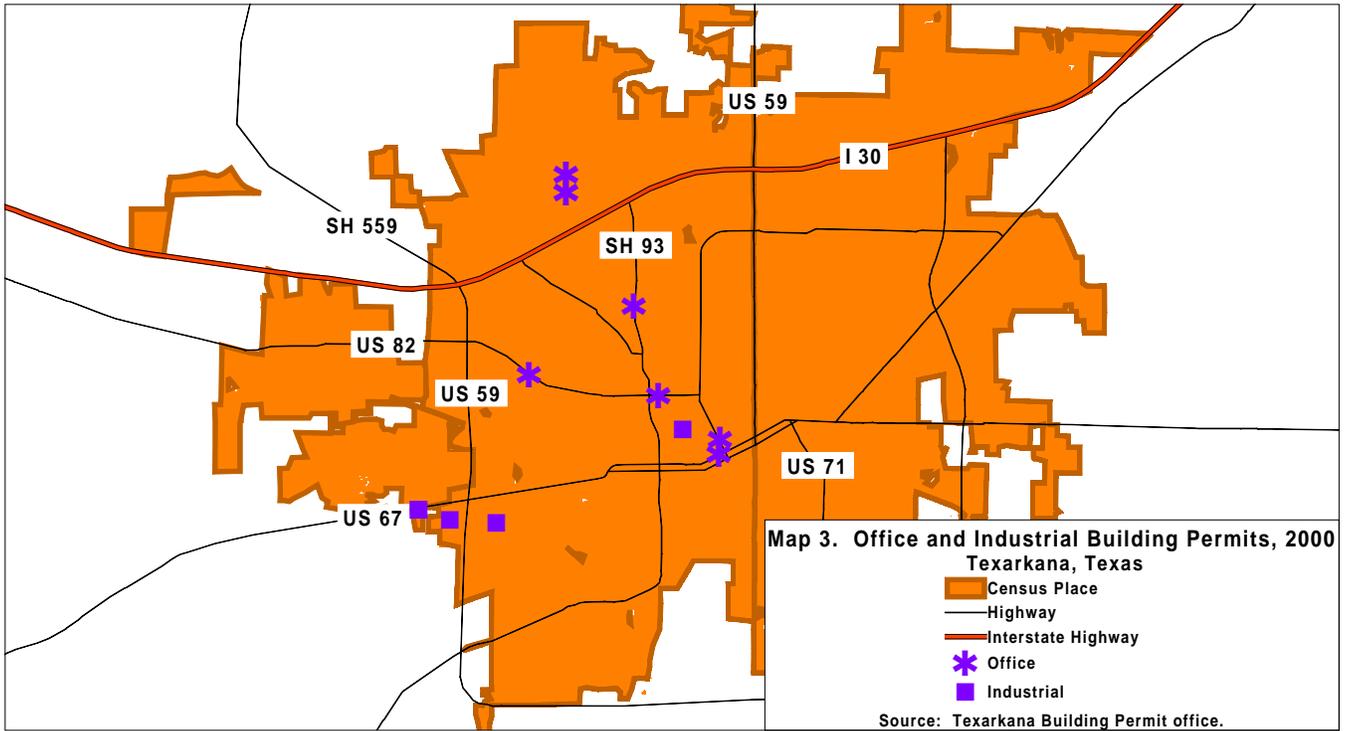
Collom Carney is building a \$40 million, five-story medical office building near Christus St. Michael Hospital at I-30 and Cowhorn Creek. This area is

seeing rapid expansion of office space.

Century Bank is in the process of completing a five-story office building.

In downtown, the Texarkana Museums System is renovating the Offenhauser Insurance building at a cost of

\$600,000. The Hibernia National Bank building downtown closed in May 2001. Except for the bank lobby, the remaining 56,757 square feet of office space will not be leased because of high maintenance costs.



INDUSTRIAL MARKET

Industrial Market Statistics, 2001

	Average Rental Rate	Occupancy Rate (in percent)
Bulk Warehouse	\$1.30	83
Manufacturing	\$2.67	29
Flex	\$14.20	99

Source: NAI American Realty

The Texarkana Chamber of Commerce operates the Falvey Industrial Park, the Maxwell Industrial Park and the I-30 Industrial Park. The Falvey Industrial Park is located on U.S. Highway 59 and has 35 acres in tracts ranging from two to ten acres. The Maxwell Industrial Park is adjacent to the Texarkana Regional Airport and connects with I-30 via Loop 245. One hundred fifty acres are available in tracts ranging from five to 50 acres. The I-30 Industrial Park is located on

Alumax Road at Texas FM 2148. The 60-acre site has access to I-30 and is served by the Union Pacific Railroad. In addition to these parks, the Red River Army Depot has industrial buildings and land available for users. Paper Chemicals expanded its plant in the Texarkana Industrial Park. The Nash Business Park will see the addition of C.T. Mitchell Construction during 2001. Power Clean of Texarkana purchased eight acres in the park and plans to break ground during

spring 2001. The park is located at U.S. 82 at Commercial Avenue in Nash. In Texarkana, Arkansas, a warehouse for heavy-equipment storage is planned on Rondo Road. In Arkansas, the Arkansas Rural Electric Cooperative broke ground on a new 150-megawatt plant. A medical waste company, Aegis Bio-Systems, will build a facility in the Maxwell Industrial Park in Texarkana, Arkansas.

CONCLUSION

Texarkana is a growing metropolitan area. Texarkana nonagricultural employment is made up primarily of services, trade and government jobs. These three sectors account for nearly 80 percent of the area's em-

ployment. Texarkana also is strong in agriculture. The area's top two agricultural products are beef and timber. Texarkana is growing to the north. Residential and retail expansion in particular has been on the north side of

town. Expansion in the retail and service sectors are key reasons why the area's employment figures are improving.

