

REAL ESTATE MARKET OVERVIEW

TAMAS Corpus Christi

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Contents

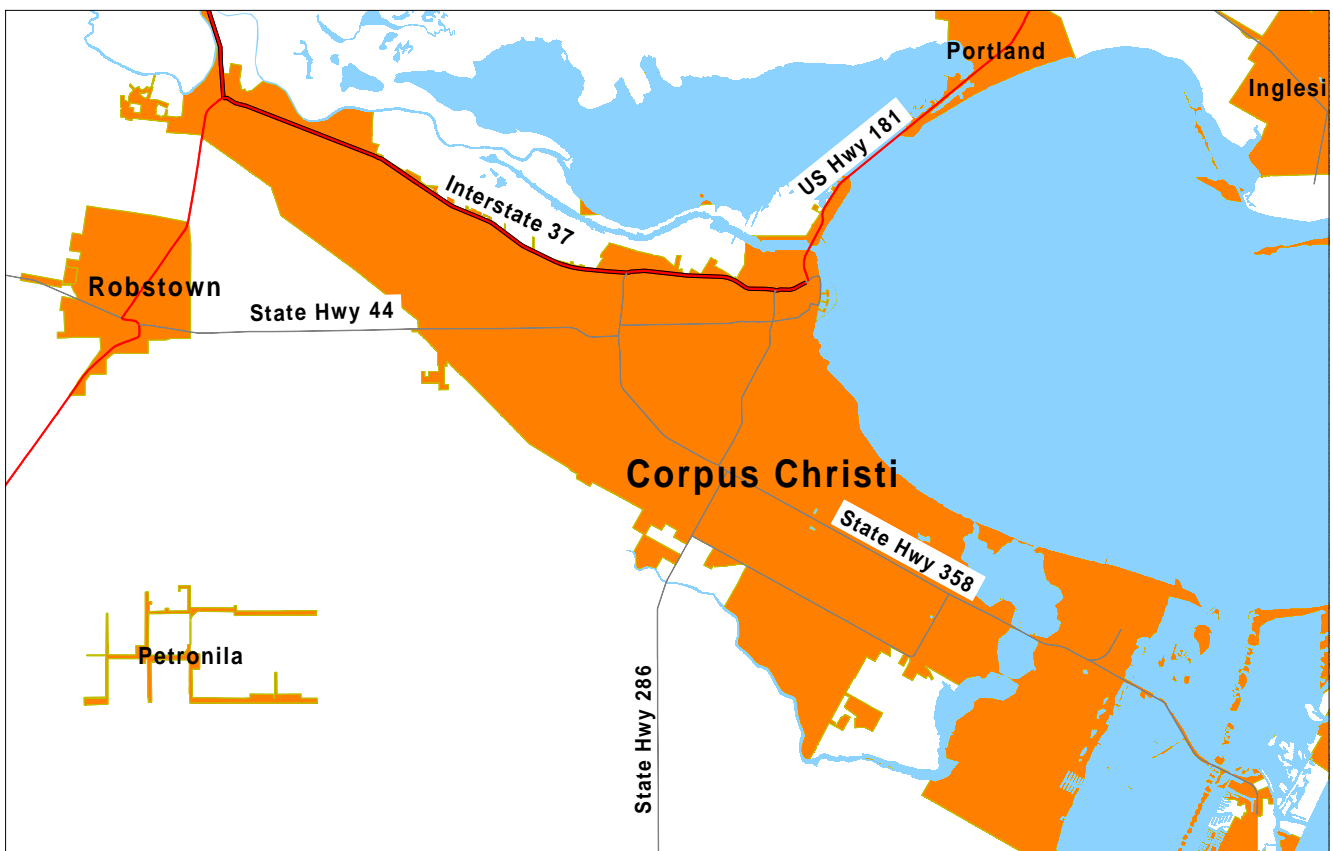
2	Population
5	Employment
7	Job Market
8	Major Industries
9	Business Climate
11	Education
13	Transportation and Infrastructure Issues
14	Public Facilities
15	Urban Growth Patterns Map 1. Growth Areas
16	Housing
18	Multifamily
19	Manufactured Housing
20	Seniors Housing Retail Market
21	Map 2. Retail Building Permits
23	Office Market Map 3. Office Building Permits
24	Industrial Market
25	Map 4. Industrial Building Permits Conclusion

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Area Cities and Towns

Agua Dulce	Edroy	Port Aransas
Aransas Pass	Gregory	Portland
Banquete	Ingleside	Robstown
Bishop	Mathis	San Patricio
Chapman Ranch	Odem	Sinton
Corpus Christi	Padre Island	Taft
Driscoll		

Counties

Nueces
San Patricio

Land Area of Corpus Christi MSA

1,540 square miles

Population Density (2000)

247 people per square mile

The Corpus Christi Metropolitan Statistical Area (MSA) has a strong industrial base as well as a tourism industry that attracts nearly

five million visitors per year. Spanish explorer Alonso Alvarez De Pineda named the city's bay "Corpus Christi," Latin for "Body of Christ," because the

bay was discovered on a Catholic holiday, the Feast Day of Corpus Christi.

Founded in 1838, the city has evolved from a small trading post.

Natural gas was discovered at White Point in 1913, and oil was found in the Saxet area in 1930. These two discoveries, along with the gradual deepening

of the ship channel to its current depth of 45 feet, helped make Corpus Christi a major Gulf Coast petrochemical center. The Port of Corpus Christi is

now the fifth busiest port in the United States in terms of annual tonnage, according to the U.S. Census Bureau.

POPULATION

Corpus Christi MSA Population

Year	Population
1990	350,521
1991	355,661
1992	360,381
1993	368,061
1994	373,912
1995	376,860
1996	380,728
1997	384,664
1998	386,460
1999	387,105
2000	380,783

Source: U.S. Census Bureau

Corpus Christi's population has grown approximately 23 percent over the past 20 years. Between 1990 and 2000, the area grew 14.3 percent. The MSA population is growing at a slower rate than the state as a whole. Corpus Christi's 2000 population of 277,454 ranks it eighth

among the 15 largest cities in Texas. Its population is expected to increase moderately during the next several years.

The Texas State Data Center estimates the MSA's population will increase by an average of 0.9 percent per

year between 2005 and 2015. The Texas Water Development Board forecasts a growth rate of 1.9 percent per year between 2000 and 2020. City of Corpus Christi officials project that the area will grow at a rate of 5.4 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

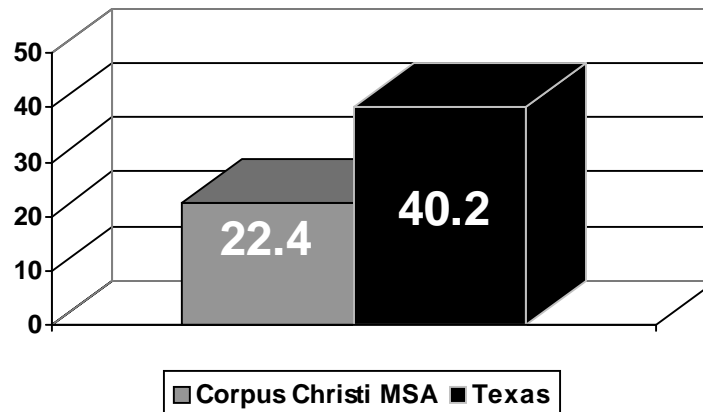
Source: U.S. Census Bureau

Corpus Christi MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	433,341	—
2010	457,556	460,354
2015	473,116	—
2020	485,138	521,920

Sources: Texas State Data Center and Texas Water Development Board

Projected Population Growth, 2000–2020 (in percent)



Source: Texas State Data Center

Household Composition

	Corpus Christi MSA	Texas
Median household size (1990)	2.8	2.73
Population younger than 18 (1999, in percent)	30.5	28.5
Population 65 and older (1999, in percent)	10.5	10.1

Source: U.S. Census Bureau

Ethnic Distribution (in percent)

Ethnicity	Corpus Christi MSA		Texas	
	1990	2000	1990	2000
White	43.1	39.1	60.8	52.4
Hispanic	51.9	54.7	25.3	32.0
Black	4.0	3.8	11.7	11.3
Asian	0.6	1.06	0.3	2.8
American Indian	0.3	0.3	1.8	0.3
Other	0.1	0.1	0.1	0.1
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

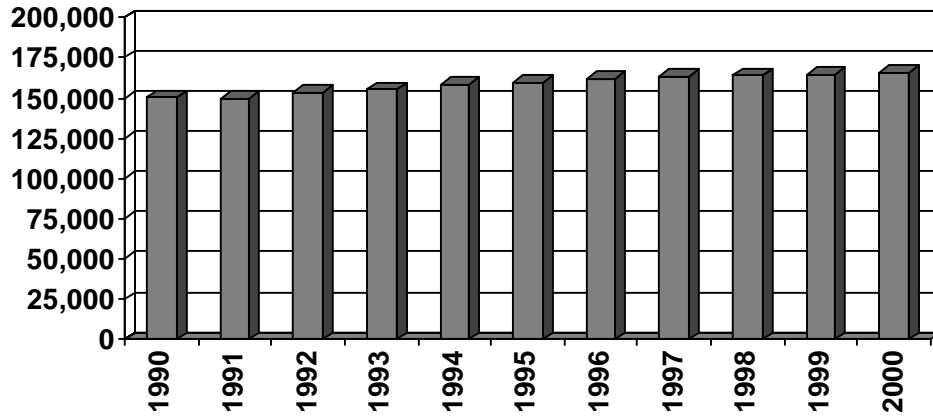
Corpus Christi's Hispanic population has grown continuously in the last decade, reaching almost 55 percent of the total popula-

tion. The Corpus Christi MSA has a larger share of population age 18 and younger compared with the state as a whole. The median per capita income

for the Corpus Christi MSA was \$21,936 in 1999. The state average was \$26,834, according to the U.S. Bureau of Economic Analysis.

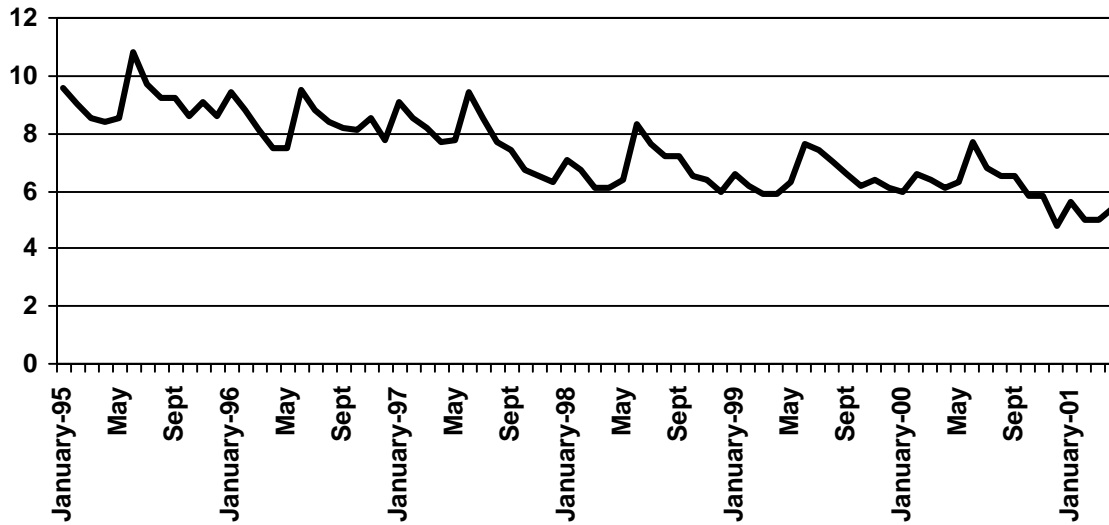
EMPLOYMENT

Corpus Christi MSA Employment



Source: U.S. Bureau of Labor Statistics

Corpus Christi MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics

Top Ten Employers	Top Ten Private Employers
Corpus Christi Independent School District Education 5,355 employees	Christus Spohn Health System Health care 4,500 employees
Christus Spohn Health System Health care 4,500 employees	Corpus Christi Medical Center Columbia Health care 2,882 employees
Naval Air Station–Ingleside Military 3,400 employees	H-E-B Grocery Company Grocery stores 2,200 employees
Corpus Christi Army Depot Military helicopter maintenance 3,000 employees	Bay Incorporated Construction and contracting 2,200 employees
City of Corpus Christi City government 3,000 employees	Driscoll Children's Hospital Health care 1,300 employees
Corpus Christi Medical Center Columbia Health care 2,882 employees	APAC Teleservices Teleservices 1,200 employees
H-E-B Grocery Company Grocery stores 2,200 employees	Wal-Mart Retail stores 1,200 employees
Bay Incorporated Construction and contracting 2,200 employees	Celanese Petrochemical manufacturing 1,050 employees
Nueces County County government 1,700 employees	Aker Gulf Marine Heavy construction 1,000 employees
Texas A&M University–Kingsville Education 1,500 employees	First Data Corporation Teleservices 1,000 employees

Sources: Corpus Christi Chamber of Commerce

Employment Growth by Industry	Corpus Christi MSA	Texas
Employment growth, 2000 (in percent)	0.8	3.2
Unemployment rate (in percent)	6.3	4.3
New jobs in 2000	1,200	288,900
Employment growth by sector (in percent)		
Services	0.6	4.7
Trade	1.4	3.1
Manufacturing	-2.3	0.1
Mining	0.0	2.3
Finance, insurance and real estate	3.1	1.3
Construction	4.0	6.2
Government	0.7	1.7
Transportation, communications and public utilities	5.8	5.1

Sources: U.S. Bureau of Economic Analysis 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

The Corpus Christi MSA unemployment rate has declined over the past five years. In 1999, the unemployment rate was 6.5 percent, falling slightly to 6.3 percent in 2000. Nonagricultural employment increased by 1,200 jobs according to the

Texas Workforce Commission. The average number of civilians employed increased from 164,394 in 1999 to 165,591 in 2000, according to the U.S. Bureau of Labor Statistics. Growth in overall employment can be attributed

to increases in construction and transportation, communications and public utilities employment. The largest employment sectors in the area are health care and government, which includes the military.

JOB MARKET

ClearSource Communications constructed a 21,000-square-foot office building at the intersection of Sarasota Boulevard and Charter Lane in Corpus Christi. The telecommunications firm created 125 jobs when the office was completed in 2000.

Celanese AG is adding a new plastics operation facility in Bishop. The expansion will create more than 150 construction jobs and 40 permanent positions. Construction began in January 2001 with the plant scheduled to be operational in the first quarter of 2002. The Nueces County tax abate-

ment contributed to the economic feasibility of the project. The abatement calls for no taxes to be paid on the development during construction and only half of the taxes to be paid for the first four years of operations.

An Ingleside ship repair company, Southwest Marine Inc., won a \$20 million contract with the U.S. Navy to upgrade and maintain ten ships. Company officials plan to triple staff from 45 to between 120 and 175 employees. The first ship checked in for maintenance under the contract in April 2000. Maintenance of the ships will continue for five years.

In 2000, Port Commissioners unanimously approved a five-year lease agreement with Viva Gaming and Resorts of Las Vegas for six acres on Harbor Island in Port Aransas. The casino's 800-passenger cruise ship opened in September 2000 and created 500 jobs. The estimated annual economic impact is \$125 million.

Citgo Petroleum Corporation is constructing a new \$250 million power plant that will be completed by summer 2002. Approximately 500 construction jobs and 50 permanent jobs are being created.

During 2001, Kiewit Offshore Services Inc. is constructing a \$15 million oil rig fabrication facility on 400 acres in Ingleside and will hire more than 1,000 employees. In spring 2001, J. Ray McDermott reopened its closed facility at Harbor Island and hired

more than 800, including 250 permanent workers.

The city's proposed dredging of the Packery Channel is anticipated to create 4,400 permanent jobs and 7,400 construction jobs.

Weiners closed its two Corpus Christi stores laying off 75 employees in June 2001. Universal Compression Holdings closed its Corpus Christi fabrication plant in July 2001 laying off 76 employees.

MAJOR INDUSTRIES

Nonagricultural employment gained 0.8 percent from 1999 to 2000. Manufacturing was the only sector that experienced a decline — a decrease in employment of 2.3 percent, or 300 jobs.

The petrochemical industry is the largest within the Corpus Christi MSA in terms of revenue generation, pumping more than \$1 billion into the area's economy and providing an estimated 50,000 direct and indirect jobs. Shipped products include plastics, pharmaceuticals, gasoline, fuel oil, solvents and asphalt. The industry accounts for more than 87 percent of the tonnage shipped through the Port of Corpus Christi.

The services sector gained 300 jobs in 2000. The sector represents 32 percent of all nonagricultural jobs, second among the 27 Texas MSAs in number of jobs in this sector. Health care is a major industry in the sector.

Corpus Christi is the regional health-care center for South Texas, and the industry has quickly become the fastest growing in the area, creating an annual economic impact of \$898 million. Recent construction of new medical facilities for Colombia Health Care Associates (HCA), nearby Alice Hospital,

Spohn Hospital Kleberg and a new facility in Calallen reflect this growth.

The military and related activities also are a major area industry. Nineteen percent of area employment is in government. The port, military and schools contribute to employment in this sector. The area's three military bases employ approximately 10,000. The Corpus Christi Army Depot, the largest industrial employer in South Texas, maintains and repairs a variety of military helicopters. The depot is the largest facility of its kind in the world and has contracts with several foreign countries for helicopter maintenance and repair. The Naval Station at Ingleside, which employs 3,400 people, also contributes to the military's influence on the Corpus Christi MSA. There is also a Naval Station at Kingsville.

The trade sector, representing 23 percent of the area's employment, gained 100 jobs in 2000. Trade encompasses retail and wholesale trade. The construction sector represents 8 percent of the area's employment and ranks Corpus Christi third among Texas MSAs.

Both Nueces and San Patricio counties are strong cotton and sorghum

producers with some beef production. In 2000, Nueces County generated \$48 million in cotton receipts, a major increase over the \$23.8 million in receipts during 1998. In 2001, Nueces County farmers are expected to plant 125,000 acres of cotton, 6,000 acres more than in 2000. San Patricio County increased its cotton production in 1999. The county had \$53.4 million in cotton receipts in 1999, a significant increase over the 1998 figure of \$22.4 million, according to the Texas Agricultural Extension Service.

Sorghum is the second major cash crop within the MSA. In 2000, Nueces County had a total of \$20 million in sorghum receipts. In Nueces County, cotton and sorghum are the largest agricultural products, representing 53 and 37 percent, respectively, of agricultural receipts between 1997 and 2000, according to the Texas Agricultural Extension Service. For 2001, agricultural receipts are expected to reach \$86.9 million, compared with \$73.3 million in 2000.

In San Patricio County cotton represented 55 percent of agricultural receipts between 1997 and 2000. The county is expected to have \$104 million in agricultural receipts in 2001.

BUSINESS CLIMATE

Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation
City of Corpus Christi	\$0.62
Nueces County	0.35
Corpus Christi I.S.D.	1.57
DelMar College	0.22
Hospital District	0.23
Port of Corpus Christi	0.02
Total	\$3.01

Source: Nueces County Appraisal District

Corpus Christi MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$2,499,736,066	\$7,131
1991	2,592,099,183	7,288
1992	2,693,552,068	7,474
1993	2,894,669,614	7,865
1994	3,078,522,625	8,233
1995	3,198,284,905	8,487
1996	3,374,473,829	8,863
1997	3,491,604,115	9,077
1998	3,501,380,653	9,060
1999	3,509,194,474	9,065
2000*	2,697,048,323	
	State Average 1999	\$12,332

*Through third quarter 2000

Source: Texas Comptroller's Office

The sales tax rate varies from 7.75 to 8.25 percent within the Corpus Christi MSA. In Corpus Christi, the rate is 7.88 percent. The hotel tax rate is 13 percent, generating slightly more than \$5 million in 1999.

Corpus Christi officials are considering developing the waterfront section that contains the convention center and two museums. The vision for this waterfront district incorporates shops,

restaurants and entertainment, creating a public-private venture in which the city contributes the land and private companies develop it. The primary obstacle is traffic congestion. With expansion of the Art Museum of South Texas and the convention center, both street traffic and parking will reach maximum capacities.

Tourism is a significant industry in Corpus Christi. According to the Cor-

pus Christi Economic Development Corporation, from 1990 to 2000, tourism's economic impact increased from \$300 million to \$550 million. Of the five million people visiting the city, 79 percent were Texans.

According to the Convention and Visitor's Bureau, Mexican visitors increased 19 percent from 1999 to 2000 and accounted for 12 percent of all international visitors to the city. Approxi-

mately 169,000 tourists visited the Corpus Christi Visitor Center during 2000, down 6 percent from 1999.

In January 2001, Corpus Christi won bids to host the World Optimist Sailboat Championships in July 2002 and the J22 World Sailboat Championships in October 2002. The events are expected to bring 4,500 people to the city.

In March 2001, Corpus was selected as host city for the American Bowling Congress National Tournament in 2006. The event is expected to bring an estimated 100,000 visitors and \$60 million to the city over a five-month period. Of a \$700,000 package approved by the city council as an incentive for the tournament, \$500,000 will be spent to construct temporary bowling lanes at the Bayfront Plaza Convention Center.

Tourism is expected to increase 7 percent with the launch of Viva Gaming and Resorts' casino cruise ship that docks at Harbor Island. The ship began operations in September 2000. In addition, a new amusement park, a possible skate park (by 2002) and the convention center's 150,000-square-foot expansion will help fuel increases in tourism.

The City of Corpus Christi does not have an economic development sales tax and does not charge development

impact fees but collects a fee from the Port of Corpus Christi that funds various economic development projects in the MSA. Public funding comes primarily from the city, county and Port of Corpus Christi.

The Economic Development Corporation organizes many incentive programs designed to attract businesses to Corpus Christi. Incentives include tax abatements, industrial district contracts, enterprise zones and the Smart Jobs Fund.

Tax abatements are given to business owners who add jobs to the community. The length of both the abatement and percentage reduction of taxes are proportional to the number of jobs created. Property values in excess of \$10 million are abated 50 percent regardless of the number of new jobs created.

Ten-year, renewable industrial district contracts have been established between the City of Corpus Christi and most area chemical and petrochemical businesses. The city agrees not to annex the industrial property, leaving it outside the city. The companies make a payment to the city, based on 60 percent of the property assessed market value, in lieu of paying property taxes.

Projects within an Enterprise Zone may be designated Enterprise Projects by the Texas Department of Economic

Development. The City of Corpus Christi has created ten zones. Subsidized businesses must meet certain criteria. Once accepted into the zone, the business is eligible to receive as much as \$1.25 million in refunds of state sales and use taxes on the purchase of equipment, machinery and building materials for use in the zone. In addition, the Franchise Tax Incentive for Enterprise Projects allows a business to deduct a portion of its capital investment in expansion or relocation from its apportioned taxable capital.

The Port of Corpus Christi Foreign Trade Zone helps streamline U.S. Customs paperwork and allows companies to reduce, defer or avoid duties on imports. The foreign trade zone consists of six general purpose sites, six oil refinery subzones and four nonrefinery subzones.

The Smart Jobs Fund supplies grants to businesses in an effort to train the Texas workforce for the kinds of jobs leading to advancement opportunities. Large businesses (100 or more employees and more than \$1 million in annual gross receipts) can be reimbursed for a maximum of \$1,454 per job for training costs.

Port of Corpus Christi Top Imports and Exports, 2000

Top Ten Exports Product	Export Value	Percent	Top Ten Imports Description	Import Value	Percent
Oil and fuel	\$617,780,000	38.23	Fuel and oil	\$8,425,540,000	96.97
Organic chemicals	464,320,000	28.73	Ores, slag and ash	71,060,000	0.82
Cereals	176,810,000	10.94	Vehicles, not railway	67,450,000	0.78
Vehicles, not railway	168,140,000	10.4	Machinery	38,090,000	0.44
Inorganic chemicals	91,540,000	5.66	Salt and sulfur	16,540,000	0.19
Machinery	18,820,000	1.16	Inorganic chemicals	7,300,000	0.08
Misc. chemical products	6,130,000	0.38	Organic chemicals	5,770,000	0.07
Misc. grain, seed, fruit	3,900,000	0.24	Plastic	2,620,000	0.03
Ships and boats	15,000	0.01	Iron and steel	2,410,000	0.03
Iron and steel	3,000	0.01	Beverages	84,000	0.01

Source: Port of Corpus Christi

Exports to Selected Destinations – Corpus Christi (in short tons)

Market	1998	1999	2000	Percent
Mexico	1,175,450	2,067,000	2,371,170	31.32
Italy	692,100	519,530	558,120	7.37
Australia	355,450	396,480	492,380	6.5
Nigeria	478,820	546,060	479,390	6.33
Netherlands	145,440	282,290	393,600	5.2
Japan	269,800	340,460	330,490	4.37
Spain	489,940	454,740	295,340	3.9
Korea, South	101,780	237,870	135,490	1.79
Venezuela	277,240	144,740	124,340	1.64
Taiwan	234,920	262,200	67,510	0.89
Total all Countries	6,942,620	6,731,110	7,569,610	100.00

Source: Port of Corpus Christi

Overall, exports from Corpus Christi increased 12.5 percent in 2000. Since the North American Free Trade Agreement (NAFTA) became effective in January

1994, exports to Mexico have increased significantly. Mexico alone receives more than 30 percent of exports from the area.

EDUCATION

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

Level of Education	Corpus Christi MSA	Texas
High school graduate	25.3	25.6
Some college, no degree	21.9	21.1
Associate's degree	5.6	5.2
Bachelor's degree	9.6	13.9
Graduate or professional degree	4.7	6.5

Source: U.S. Census Bureau, 1990

Local College and University Enrollment

School	Spring 2001	2005 (estimated)	2010 (estimated)
DelMar College	9,617	8,100	8,401
Texas A&M University–Corpus Christi	6,639	7,359	7,725

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

Texas A&M University at Corpus Christi, a comprehensive four-year university, saw its largest freshman class in its history in fall 2000. Since the school became a four-year university in 1994, the student body has grown 28 percent. University officials predict enrollment will increase to between 12,000 and 15,000 students by 2010, an estimate much higher than the Texas Higher Education Board's forecast of 7,725 students in 2010. The school offers 32 undergraduate and 25 graduate degree programs.

As a result of increasing enrollment figures, the Regional Transportation Authority established a new express bus route connecting the campus to three heavily populated southside student apartment complexes. In April 2000, construction began on a \$9 million science and technology building. Completion is set for fall 2001. The \$15 million Harte Research Center was approved. No construction date has been set. The university is currently building a \$3 million, 1,200-foot long, 250-foot wide beach along the campus.

Texas A&M University-Kingsville's student body is increasing, prompting the university to expand its facilities. In October 1999, construction began on a new \$15 million engineering building. Completion is set for late in 2001. Within the next few years, university

officials plan to build a new \$15 million student center.

DelMar College, a comprehensive two-year community college, provides a number of academic, vocational and occupational programs to Coastal Bend area citizens. In February 2001, Baldwin Boulevard Entryway, the college's new front entrance to its East Campus, was completed. The \$800,000 entrance marked the completion of the 1986 master plan. Completion of the new Edward Harte Performing Arts Center is set for 2003.

DelMar plans to construct a \$3.2 million early childhood center that will provide quality care for young children as well as serving as a training facility for childcare professionals. The Center for Early Learning will offer care for as many as 160 children and will provide training for more than 400 students enrolled in the college's childcare development program. In February 2001, the college purchased a tract on York Avenue for the 24,000-square-foot facility.

Corpus Christi Independent School District has plans to construct two new elementary schools, a middle school and a high school. The two new elementaries will each serve 800 students. The district will close four existing elementary schools located near refineries. These schools are Coles, Crossley, Gibson and Oak Park.

Gregory-Portland Independent School District is constructing a high school on Wildcat Drive. The 260,000-square-foot building is expected to open in summer 2002. The district is at its largest enrollment level ever because of increasing growth near Naval Station Ingleside.

The Region 2 Education Service Center on Water Street in downtown Corpus Christi is undergoing \$8.4 million in expansion and renovations. Upon completion in April 2002, the facility's 300-person capacity will be quadrupled, and its usable space will be increased from 75,000 to 135,000 square feet. New features include a 300-gallon saltwater aquarium, a 176-seat theater and two teleconference rooms. The building is used for education conferences and training programs for 42 Coastal Bend school districts in 11 counties.

Tuloso-Midway Independent School District is planning a new primary school on Up River Road and a new intermediate school on Rand Morgan Road. Both schools will have high-speed Internet as well as multimedia screens in each classroom and should be open to students in 2003.

A new Dr. M.L. Garza-Gonzales Charter School is being constructed on Baldwin Boulevard. The \$5 million school is expected to be completed in March 2002.

Corpus Christi Airline Boardings

	1997	1998	1999	2000
Corpus Christi International Airport	486,000	481,000	473,000	459,798

Sources: Corpus Christi International Airport

Port Activity	1998	1999	2000
Total calls	5,948	5,584	6,513
Total tonnage	89,528,000	84,525,000	89,424,000

Sources: Port Authority

Corpus Christi boasts an extensive waterway system. The Port of Corpus Christi ranked fifth in total U.S. cargo volume for 1999, according to the U.S. Census Bureau. With several major docks, the port offers a full range of maritime facilities and services. It is part of the Gulf Intercoastal Waterway that intersects the Corpus Christi ship channel and provides access to the U.S. inland waterway system.

Corpus Christi is served by I-37 and connects to I-35 in San Antonio. U.S. Highway 77 links Corpus Christi to the Rio Grande Valley and to Matamoros, Mexico. The area also has access to U.S. Highway 181 and State Highways 44, 358, 286, 357, 443 and 35.

Area rail service is provided by Union Pacific-Southern Pacific, Texas Mexican Railway and Burlington Northern Santa Fe.

The Corpus Christi International Airport has direct flights to Houston's George Bush Intercontinental, Houston Hobby, Dallas-Fort Worth International and Atlanta-Hartsfield International Airport. It is served by five passenger airlines – American Eagle, Continental, Continental Express, Delta Connection and Southwest Airlines. Between 1999 and 2000, total enplanements decreased by 2.8 percent.

Construction on a redesigned 115,000-square-foot terminal began in 2000. Once the new terminal is completed, passengers will board directly from the centrally located lobby, reducing the average walking distance in the airport from 750 feet to 500 feet. In December 2000, the Federal Aviation Administration approved a reallocation of funds to begin construction of the new \$12 million control tower.

The new \$26 million terminal, expected to be completed in November 2002, is part of a long-term, \$70 to \$80 million plan for the airport that could take 50 years to complete. The plan would add 30 gates, more cargo capacity, a new runway and 1,400 additional acres to the airport.

Eleven road improvement projects approved by voters in 1986 remain under construction with completion expected by 2004. Roads on the list include portions of Alameda, Weber, McArdle, Kostoryz, Santa Fe, Airline, Ennis Joslin, Leopard and Cornett.

In November 1999, the Texas Transportation Commission approved \$11 million in state funding, available in 2003, to build the Port of Corpus Christi's Joe Fulton International Trade Corridor. The project, which will bring additional access to the port and provide an alternative trucking route, consists of an 11.5-mile road from the in-

tersection of Carbon Plant Road and I-37 to U.S. 181 at the north side of the Harbor Bridge. Estimated completion is 2005, with the total construction cost projected to be \$42.3 million.

In November 2000, voters approved \$20.7 million in bonds to fund ten new traffic lights and improve more than 18 roadways. The largest portion, approximately \$8.49 million, will fund the widening of McArdle, Home and Cliff Maus roads and Yorktown Boulevard.

On Crosstown Expressway, \$32 million in cloverleaf ramps will be created to allow traffic from South Padre Island Drive (SPID) and the Crosstown Freeway to continue across SPID to Sarasota Boulevard. The project was designed to reduce traffic on SPID. Construction is to begin in the latter part of 2002 and last four years.

Two additional lanes and overpasses are planned for Highway 35 at FM 2165, one additional overpass at FM 1069 and two overpasses at State Highway 188. The \$16 million project will span 17.4 miles and pass through Rockport.

Ennis Joslin Road is being expanded to four lanes with a left-turn lane, bike lane and sidewalks at a cost of \$12.6 million. Completion is scheduled for summer 2003.

In January 2000, the Nueces County Commissioners Court approved the

issuance of \$4 million in bonds to fund raising the JFK Causeway. The \$45 million project will use \$8 million in local money and \$4 million each from the county and city. Construction begins in 2001 on the project to give the public a reliable escape route across rising storm tides.

A new beach access road opened in March 2001 between Zahn Road and Access Road 3. The \$200,000 Newport Pass Road is adjacent to Newport Pass.

The City of Robstown is using \$1.4 million from an economic development sales tax increase to help fund a \$3.3 million Main Street improvement project. Ornamental lamps, drainage improvements, landscaping and inlaid brick crosswalks will all be in place when construction is completed in early 2002. The project covers a one-mile stretch between Western Avenue and Upshaw Street.

The Nueces River, Lake Corpus Christi and Choke Canyon Reservoir are primary water sources for Corpus Christi. The distribution system is designed to meet industrial needs through 2020.

In April 2001, the City of Corpus Christi completed a \$23.7 million project to repair the Wesley Seale Dam on Lake Corpus Christi. The project allows the reservoir to reach its intended 94-foot capacity.

The San Patricio Municipal Water District purchases surface water from the Nueces River via the City of Corpus Christi. The district supplies water to the cities of Odem, Taft, Portland, Gregory, Ingleside, Aransas Pass, Port Aransas and Rockport.

The City of Corpus Christi has plans to dredge the Packery Channel, a mostly undeveloped 2,000-acre section of Padre Island's beach. In April 2001, voters approved a tax increment

finance district for the channel. The district will raise money through property tax revenues from increased property values, which will be boosted by a \$677 million resort development to be built in the Packery Channel. The city must match \$19.5 million in federal grants with \$10.5 million by selling bonds and the revenues from the tax increment financing district. Before construction begins, the Army Corps of Engineers is conducting studies to determine the economic viability of the project.

The proposed resort area covers 400 acres and will include about 3,000 hotel rooms, amusement and water parks, water taxis and shopping areas. Tentatively called the Great Texas Resort, the area will be fully developed within 20 years. The resort is expected to attract 642,000 visitors annually and spark new development in Corpus Christi.

PUBLIC FACILITIES

A \$30.8 million bond package was approved in November 2000 to fund several improvement projects for roads, parks and various city facilities. By 2002, the City of Corpus Christi expects to complete 23 projects to renovate city parks, repair the health department building and improve the city's fire stations.

In November 2000, a one-eighth-cent sales tax increase was approved to fund a new public arena. The estimated cost is \$35 million, and the multipurpose facility will be built adjacent to the Bayfront Plaza Convention Center, which will undergo a \$22 million expansion. The convention center expansion, set to begin in early 2002, is being funded by an additional hotel tax approved by voters in 1999.

A 15,000-seat amphitheater opened in March 2001. Located on North Tanchua Street in downtown Corpus Christi, Concrete Street Amphitheater is the city's first major concert venue since Texas Sky Festival Park began

hosting family-oriented and religious events in August 1998. The \$5 million amphitheater is on the site of an old cement factory. As part of the amphitheater's décor, concrete trucks, a crane and a 100,000-pound cement mixer are incorporated into the 12-acre site.

Voters approved a \$43 million bayfront seawall repair project in November 2000. A portion of the increase in sales taxes will help fund the 5.5-mile-long project that should be completed by spring 2005. Beginning in February 2001, the City of Corpus Christi began a project to restore North Beach, which is facing severe erosion. When completed in May 2001, the beach was to have an additional 125,000 cubic yards of sand and be 40 feet wider. A project to correct erosion of the southern portion of Corpus Christi beach was completed in February 2001. Approximately 268,000 cubic yards of sand were added at a cost of \$2 million.

In February 2001, a new \$26 million federal courthouse in downtown Corpus Christi opened. Located on Shoreline Boulevard at I-37, the 172,000-square-foot building consolidates five federal courts in one location. The former courthouse, which had only 13,000 square feet, is vacant and will require approximately \$20 million to renovate. The city is seeking prospective tenants as well as a number of grants to help fund the renovation project.

In March 2001, The USS Lexington Museum on the Bay opened a new \$1.5 million, 189-seat movie theater with a three-story high screen. The Jessel Mega Theater is in the ship's main aircraft elevator and is expected to boost the museum's tourist value.

The Corpus Christi Museum of Science and History will open a 2,600-square-foot Discovery Hall addition in 2001. A main attraction of the new addition is the 500-year-old domed ceiling that was removed from a Spanish

Palace built in 1535. Themes for the hall's exhibits are French and Spanish explorations of South Texas.

A \$2 million renovation project planned for the Art Center of Corpus Christi includes a new lobby and art studios. The center is on Shoreline Boulevard, and bidding began in spring 2001. When completed, the center will have an additional 12,000 square feet and an elevated walkway.

In December 2000, the City of Corpus Christi completed its \$1 million,

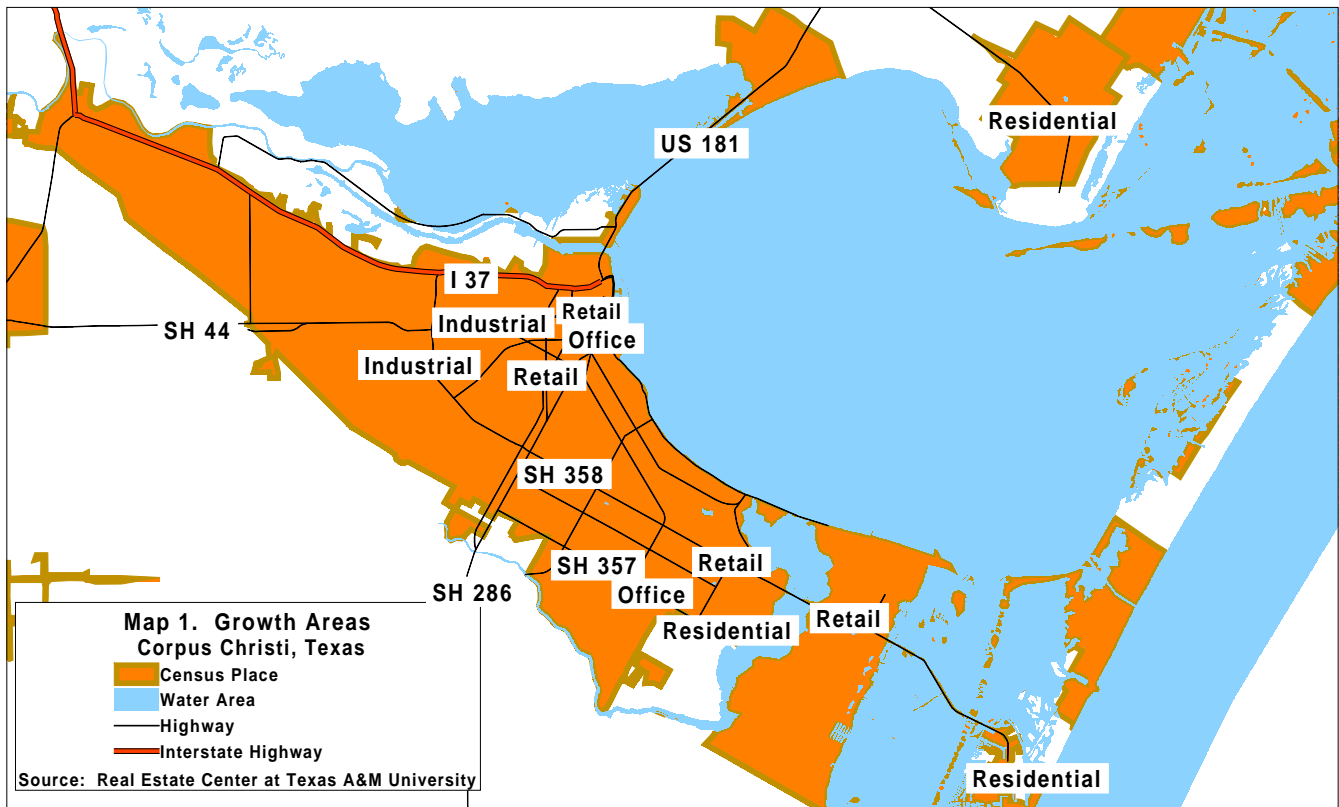
2.2-mile hike-and-bike trail along Ocean Drive. The eight- to 12-foot-wide concrete path begins at Cole Park and ends at Poenisch Park. Resting stations, water fountains, lighting, benches and bike racks are some of the trail's features. The city also resurfaced playgrounds in Cole Park, Central Pavilion Park and McCaughan Park.

The former Frost Bank building in downtown will undergo \$500,000 in

renovations. The building will house the fire department, EMS and local emergency planning.

The City of Portland is constructing a 10,000-square-foot skate park on Billy G. Webb Drive that is expected to open by fall 2001. Corpus Christi is proposing one as well, and the project is in the design phases. Estimated cost for the 20,000-square-foot park is \$250,000.

URBAN GROWTH PATTERNS



Corpus Christi is primarily growing to the south and west, with the exception of industrial growth occurring in the north on North Padre Island Drive (see Map 1). Most of the residential activity is to the south and on Padre Island, where several townhome and condominium developments are being constructed. Limited land availability prevents much expansion north and east of the city.

According to the U.S. Census Bureau, the fastest growing area in Corpus Christi is the tract bounded by Staples Street, Yorktown Boulevard and Oso Creek in south Corpus Christi. Areas in north Corpus Christi have seen the greatest decline in residents because of the industrial character of the area.

In 1999, Corpus Christi annexed 4.2 miles of Mustang Island's beachfront

property between Corpus Christi Bay and State Highway 361. The area is mostly vacant, containing only a few condominiums. Currently, the city is seeking to annex an additional 3.2-mile section on the east side of the island between the Gulf of Mexico and Highway 361.

Harbor Island is another area being prepared for development. The Port of Corpus Christi owns 350 of the island's

550 acres and intends to construct an industrial, residential or resort development. Florida-based developer Gee & Jensen has been hired to explore

these options. Six acres are already occupied by the Viva Gaming and Resorts' casino cruise ship operation. Development of this island will increase

the area's traffic problems. The only access to and from the island is Highway 361, which is already congested during the peak winter season.

HOUSING

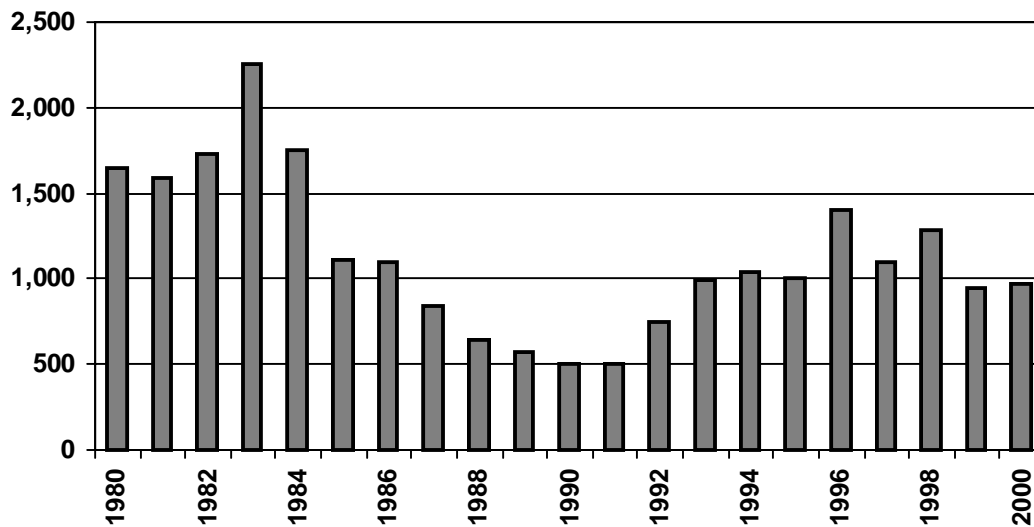
Housing Affordability – Fourth Quarter 2000

	Percent of Households That Can Afford Median-priced Home	THAI*	THAI for First-time Homebuyers
Corpus Christi MSA	66	1.51	1.19

*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.

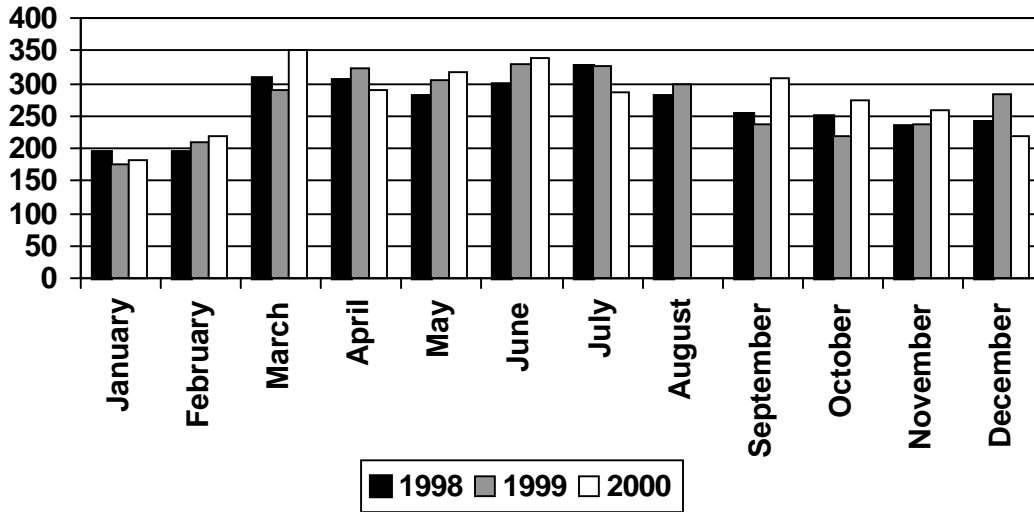
Source: Real Estate Center at Texas A&M University

Corpus Christi MSA Single-family Permits



Source: U.S. Census Bureau

Single-family Home Sales Volume, Corpus Christi Area (in units)



Source: Real Estate Center at Texas A&M University

Price Distribution of MLS Homes Sold in Corpus Christi (in percent)

Price Range	1997	1998	1999	2000
Less than \$60,000	25.8	22.7	22.8	22.8
60,000 – 79,999	24.2	23.4	22.1	21.5
80,000 – 99,999	19.1	19.6	20.7	18.5
100,000 – 119,999	9.2	9.9	11.3	9.6
120,000 – 139,999	6.9	7.0	6.4	8.4
140,000 – 159,999	4.4	6.2	6.1	5.1
160,000 – 179,999	3.3	3.8	3.4	4.3
180,000 – 199,999	1.8	2.4	2.1	2.2
200,000 – 249,999	3.2	2.6	2.9	3.9
250,000 – 299,999	1.5	1.3	1.3	1.7
300,000 and more	0.6	1.2	0.8	2.0

Source: Real Estate Center at Texas A&M University

In 1999, 942 single-family building permits were issued, increasing to 970 permits in 2000. The average value of new construction in 2000 was \$108,200; in 1999, that amount was \$105,100. In first quarter 2001, 150 new homes were permitted. Building permits have decreased since 1998 when a windstorm code took effect

and increased the price of homes by as much as 10 percent.

A total of 3,231 existing homes were reported sold during 1999 through the local MLS; in 2000, 3,320 homes were reported sold through the MLS. The average sales price of a single-family home in 2000 was \$103,200, a 6.8 percent increase from 1999's average

price of \$96,600. In 2000, there were 2,513 homes listed on the MLS, a 9.2-month inventory.

In early 2001, Jubilee Development began construction of the first homes in its new gated subdivision, Montecito Estates. Located off Up River and McKinzie roads, the subdivision will have lots for 57 custom

homes priced between \$130,000 and \$260,000. Forty-three townhomes will also be developed, priced from \$90,000 to \$110,000.

Northwest Crossing is a new 368-lot subdivision west of Corpus Christi. Three price ranges will be offered 1,300-square-foot homes ranging from \$75,000 to \$100,000; 1,400-square-foot homes ranging from \$100,000 to \$120,000; and 1,700-square-foot homes priced from \$100,000 to \$140,000. Construction is set to begin in summer 2001.

Downing Street Townhomes is a \$2.2 million, 18-unit townhouse development on Downing Street near Saratoga Boulevard. Each townhouse features a two-car garage, covered porch, and between 1,500 square feet and 2,000 square feet. The homes are priced at \$78 per square foot, and several units are under construction.

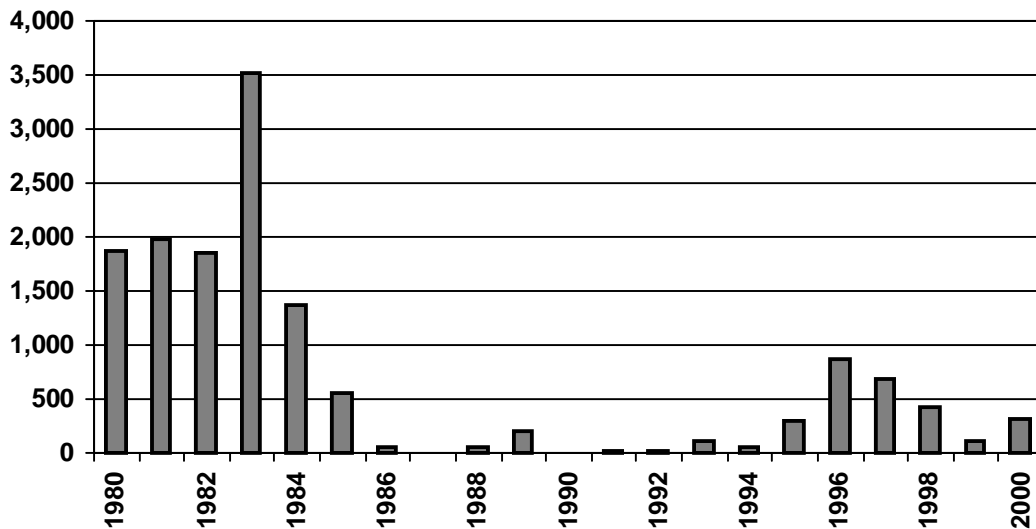
Dunbarton Oaks is a new 31-acre subdivision with 132 lots located near Saratoga Boulevard and Patti Drive.

The 1,800- to 2,500-square-foot homes range from \$140,000 to \$170,000.

In spring 2001, construction began in The Bordeaux residential development on Airline Road near Saratoga Boulevard. Lots are priced from \$19,500 to \$33,000, and houses will range from 1,600 to 2,000 square feet. The first phase will include 53 homes. La Concha is a planned 47-home development on Mustang Island.

MULTIFAMILY

Corpus Christi MSA Multifamily Building Permits (in units)



Source: U.S. Census Bureau

Corpus Christi Apartment Statistics, December 2000

	Corpus Christi	Texas Metro Average
Average rent per square foot	\$0.66	\$0.75
Average rent for units built since 1990	\$0.84	\$0.96
Average occupancy (in percent)	95.9	95.7
Average occupancy for units built since 1990 (in percent)	97.0	95.4

Source: Apartment MarketData Research

Corpus Christi is one of many Texas cities that overbuilt apartments in the 1980s. In 2000, a total of 320 permits were issued for apartments, up more than 150 percent from 120 units in 1999. In the first quarter of 2001, six multifamily permits were issued.

The apartment occupancy rate for Corpus Christi and the surrounding area in December 2000 was 95.9 percent, up 1.6 percentage points from January 2000. The average rental rate in December 2000 was 66 cents per square foot per month, down four cents from January 2000, according to the Texas Apartment Association. According to Corpus Christi's Joe Adame and Associates Inc., the area's rental rates are highest on Padre Island—approximately \$1 per square foot.

In December 2000, the Corpus Christi Housing Authority received \$4 million in federal grants. Approximately \$3.5 million will go to the Capital Fund Program to renovate public housing apartments.

Built with \$1.3 million of approved grant funding from the U.S. Department of Housing and Urban Development (HUD), Henry Harbour opened in fall 2000. The 24-unit apartment complex for the disabled is at the corner of Cimaron Boulevard and Misty Meadow Road.

Ten lofts are being constructed above the 21 Club on Mesquite Street in downtown Corpus Christi. The project is part of a larger development initiative involving renovations of the Katz and Weber buildings in the city's downtown area.

A new 24-unit condominium high-rise is being constructed in Port Aransas. The two- and three-bedroom units overlook Island Moorings Marina.

Three new townhome developments on Padre Island were to be completed by late spring 2001. Shaw Builders Inc. is developing a 36-home community off Leeward Drive. The entire property near Lake Padre is worth \$3.5 million. Home sale prices have not been set. Isla Properties is developing six townhomes on Gun Cay Court. The 1,800- to 2,100-square-foot townhomes will have granite countertops, whirlpool tubs and master bedrooms overlooking the ocean. The units will be completed in 2001 and will range in price from \$179,000 to \$189,000. Harmony Design is constructing a triplex on Grass Cay Court; units are priced from \$164,000 and range from 1,600 to 1,700 square feet. After the triplex is sold, Harmony will begin construction on a nine-unit building also on Padre Island.

The Edge is a new eight-unit condominium complex being built on Padre

Island across from the Padre Island Yacht Club. Each unit has two bedrooms and two baths and prices start at \$138,000. Completion is set for fall 2001. Las Haciendas is another development on Padre Island that includes eight new townhomes on Grenada Drive. Each unit has three bedrooms and overlooks Packery Channel. Prices start at \$169,000, and completion is set for June 2001.

A \$2.1 million, 40-unit condominium development is under construction on Mustang Island outside Port Aransas. Completion is set for summer 2001, and prices for the two- and three-bedroom units are estimated at \$75,250. The project is in conjunction with a planned nine-hole public golf course.

A third South Texas Navy public-private housing venture is under construction in Kingsville. Hunter's Cove, a \$14.5 million, 150-unit gated community, is a partnership between the Navy and Hunt Building Corporation. Military personnel and their families will be able to begin occupy the units beginning in October 2001 and completion is set for January 2002. Texas Terrace is Naval Air Station Kingsville's first off-base housing complex, and once its residents are phased into Hunter's Cove, the complex will be renovated and turned over to the public.

MANUFACTURED HOUSING

Corpus Christi MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	273	24.5
1998	352	28.0
1999	395	36.7
2000*	244	30.8

*Through third quarter 2000

Source: Texas Manufactured Housing Association

In 1999, 395 manufactured homes were sold in the Corpus Christi MSA. By the end of the third quarter 2000, 244 manufactured homes had been sold. This constituted 30.8 percent of all new single-family housing sold within the area, according to the Texas Manufactured Housing Association.

Heritage West, one of the city's newest housing communities, is a 350-lot

manufactured home park just south of Five Points. The development offers a \$500,000 clubhouse with a fitness room and activity center, a pool and a children's play area.

With the substantial growth of the manufactured housing industry, some existing manufactured home communities are expanding. On Old Brownsville Road, Seascape Manufactured Home Community expanded to

include an additional 28 lots. The larger lots can accommodate double-wide homes. In September 2000, Misty Winds on Ayers Street expanded by 44 acres to more than double the amount of space available. The additional space will add 311 new home sites to the original 357. The expansion includes amenities such as a community center, playground and a third pool.

SENIORS HOUSING

In March 2001, Garden Senior Center opened on Greely Drive in south Corpus Christi. The \$150,000 facility is operated by the Corpus Christi

Parks and Recreation Department and offers a variety of health and well-being classes, computer classes and defensive driving.

RETAIL MARKET

Hotel Occupancy and Rental Rates

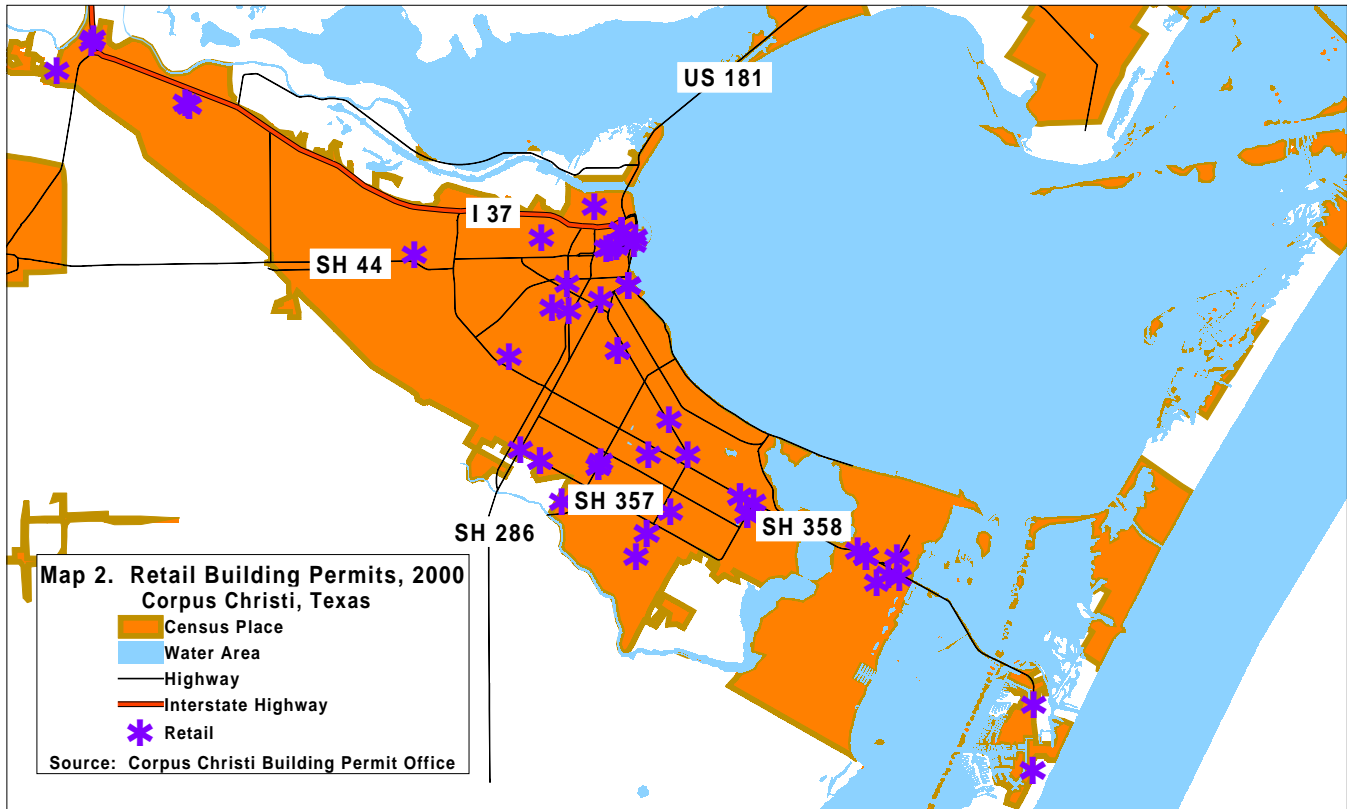
	1999		2000	
	Corpus Christi MSA	Texas	Corpus Christi MSA	Texas
Occupancy rate (in percent)	61.6	64.1	61.1	65.7
Average daily rental rate	\$65.78	\$84.08	\$66.44	\$86.45

Source: PKF Consulting

City of Corpus Christi Retail Market in 1999

Rental Rates Per Square Foot Per Year	
Class A	\$16 and higher
Class B	\$9 to \$13
Class C	\$3 to \$6
Occupancy (in percent)	92

Source: Joe Adame and Associates Inc.



According to Joe Adame and Associates Inc., no significant hotel units were added to the Corpus Christi market in 2000. However, the expansion of the city's convention center and the new downtown arena are likely to fuel new hotel and motel development in the future.

Hawthorne Suites opened an 86-suite hotel in Aransas Pass in January 2001 and will open another new location at the intersection of Greenwood Drive and South Padre Island Drive in Corpus Christi. The Corpus Christi location was scheduled to open in June 2001 and features a sauna, spa and business center.

The vacant Lichtenstein building on North Chaparral in downtown Corpus Christi is the site of a proposed 70-unit boutique hotel. The hotel will focus on individual service and well-appointed rooms with historic settings. After completion of the city's new convention center, the hotel's main customers will likely be business travelers. The building is part of a downtown complex of loft apartments, contemporary business offices, retail shops and a martini bar.

Map 2 shows new retail construction locations for 2000. The Texas Restaurant Association forecasts that restaurant sales will increase 2.9 percent in

2001 to more than \$457 million as a result of new restaurant construction in the area.

In spring 2001, Ruth's Chris Steakhouse opened a 7,000-square-foot restaurant on the lower floor of the Katz building in downtown Corpus Christi. Taqueria Jalisco, a restaurant and bar, opened its ninth location in spring 2001 on Cimarron Boulevard.

In February 2001, Marco's at Lamar, an upscale Italian restaurant located in Lamar Park Shopping Center, closed. Mon's Thai Cuisine opened in its place in April 2001. Marco's Bistro in Crossroads Village Shopping Center will remain open.

The Lighthouse Restaurant closed its location on the Lawrence Street T-head after 15 years of business. Landry's Seafood is negotiating to buy the Lighthouse but no final decisions have been made.

According to Joe Adame and Associates Inc., the city's retail space had a 1999 occupancy rate of 92 percent. The 120,000-square-foot SouthCoast Plaza at the intersection of South Padre Island Drive and Greenwood Drive is the city's newest shopping center. The development, which opened in summer 2000, is home to retailers such as MacFrugal's, Dollar Plus and Digital 2000 Cellular. Restaurants include Johnny Carino's Italian Kitchen and McDonald's.

In October 2000, Best Buy opened at the intersection of South Padre Island Drive and Everhart Road, in the 107,000-square-foot building that formerly housed Venture. Best Buy closed its 28,000-square-foot location and now occupies 45,000 square feet with twice as much merchandise. Most of the remaining space houses Ross Dress for Less, which opened in October as well. Approximately 16,000 square feet remains vacant and will be leased either as a single- or multitenant space.

In November 2000, H-E-B opened a new \$10 million grocery store in Corpus Christi at the intersection of Port Avenue and Tarlton Street. The new store replaces two stores closed on Baldwin Boulevard and Ayers Street. The location on Ayers Street will most likely be leased to another company, while the other store may be demolished.

In spring 2001, Vista Toyota completed a \$5 million expansion program

that includes a 30,518-square-foot Toyota dealership, a 42,817-square-foot Chevrolet dealership and a 3,628-square-foot Cadillac-Oldsmobile dealership. All three dealerships are located in the 6600 block of South Padre Island Drive. Vista's Mitsubishi-Kia dealership moved from its former location to the former Toyota dealership location at 4401 South Padre Island Drive.

In spring 2001, a new Eckerd's drug-store moved into a 68,000-square-foot location on South Staples Street at Everhart Road. Five properties were pieced together to create enough room for the store and pharmacy. Also in spring 2001, Dollar General opened a new store at the former site of Feudo's neighborhood grocery store on Airline Road. Dollar General will share the 10,200-square-foot space with a new Five Star Foods convenience store.

The Home Service Store, a home maintenance, repair and improvement service outlet, opened a location on South Alameda Street in spring 2001. The store requires customers to obtain memberships to use its services.

Late in 2001, Home Depot plans to open a new 132,000-square-foot store at the intersection of Leopard Street and U.S. 77. The \$7 million store will include a 22,000-square-foot garden center and will be the city's second Home Depot location.

Weiner's Stores Inc. closed two Corpus Christi area locations in December 2000. The stores in Parkdale Plaza and in the City of Portland closed. Locations on Ayers Street and Leopard Street remain open.

First State Bank opened its first Corpus Christi location in February 2001.

The 6,000-square-foot facility is located in Tower II on North Carancahua Street. The bank's owner plans to open a network of community banks throughout the Coastal Bend. Also in February 2001, the Navy Army Federal Credit Union opened a third location in Corpus Christi, its seventh location in South Texas. The Crosstown location encompasses 19,500 square feet and will primarily serve military and government employees.

Viva Gaming and Resorts of Las Vegas established a casino cruise ship service on Harbor Island in September 2000. The casino's 800-passenger cruise ship has 860 slot machines and 50 gaming tables. Cruises run twice a day, seven days per week. The new establishment is expected to increase the city's tourism by 7 percent. Of the anticipated 500,000 visitors per year, only 30 percent are expected to be Corpus Christi residents.

In 2000, Fun Trackers amusement park opened at the intersection of Flour Bluff Drive and South Padre Island Drive. The new 15.5-acre park includes a miniature golf course, 2,000-square foot arcade, kiddie theater, birthday party rooms, four go-cart tracks and bumper boats. The owners expect 300,000 visitors to the park per year.

In Moore Plaza, Linens 'n Things and Marshalls both plan to open in summer 2001. The shopping center is across from the Padre Staples Mall.

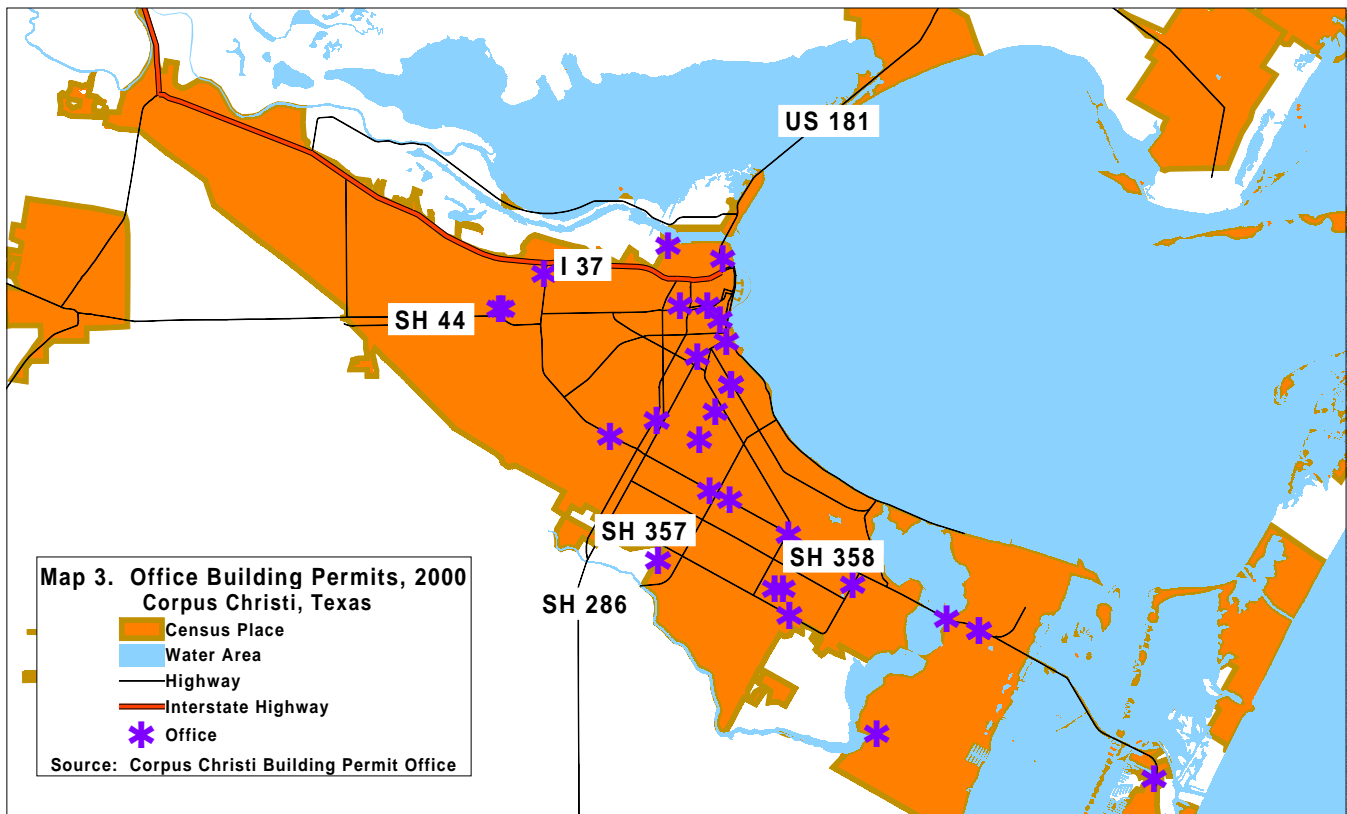
Joe's Crab Shack opened in June 2001 on Lawrence Street.

OFFICE MARKET

Corpus Christi Office Market

Submarket		
Central business district	2.5 million square feet	
Rental rates, 1999	\$12 to \$18 per square foot	
Occupancy (in percent)	$\frac{2000}{79}$	$\frac{1999}{81}$
Suburban	1 million square feet	
Rental rates, 1999	\$10 to \$14 per square foot	
Occupancy (in percent)	$\frac{2000}{85}$	$\frac{1999}{84}$

Source: Joe Adame and Associates Inc.



Map 3 shows the location of new office construction in 2000. According to Joe Adame and Associates Inc., office occupancy rates in the central business district (CBD) have decreased slightly while rates in the surrounding suburbs

have increased slightly in the last year. In 2000, the CBD had 2.5 million square feet available, and the district's rental rates ranged from \$12 to \$18 per square foot per year. Available space in the suburban office market totals one million square feet with rental

rates ranging between \$10 and \$14 per square foot. In 2000, office building operating expenses ranged from \$5.50 to \$7.50 per square foot per year.

In November 2000, a \$5 million, two-story medical office building by Cambridge Healthcare Development

opened. Named Northwest Regional Medical Plaza, the 34,000-square-foot facility is located near the recently expanded Northwest Regional Hospital in Calallen and is designed for specialized physicians.

Despite the lack of new office development, a handful of building renovations are adding lease space to the market. The ten-story Petroleum Tower, located at the intersection of North Carancahua and Antelope streets, is undergoing an extensive renovation that will rid the building of asbestos. The 300,000-square-foot office building has been vacant for eight years and is expected to reopen by 2002 as Port City Plaza. The renovation includes removing a building corner to create a grand entrance and adding a skywalk linking the building's

third floor with the second floor of American Bank Plaza.

In February 2000, an investment group purchased the 34-year-old Atlantic-Mobil Building. No final plans have been made as to how to redevelop the property. One option is to convert it into loft apartments as part of the downtown residential living trend being played out in other cities. The 100,000-square-foot structure is at the intersection of Winnebago Street and North Upper Broadway.

The former H-E-B building on Upper North Broadway is undergoing restoration after its purchase by local investors in December 1999. The three-story, 33,000-square-foot building currently has one tenant. The owner is actively pursuing others.

Nueces County plans to renovate the old county courthouse on Leopard Street. County officials are attempting to qualify for various grants to help cover the \$15 million estimated restoration cost of the 1914 building. The building will likely be used as office space. A new courthouse that opened in February 2001 has replaced the former courthouse.

In December 2000, conversion of a former nightclub into doctors' offices was completed.

In 2001, FirstCapital Bank relocated its corporate offices from Victoria to Corpus Christi. The bank offices are in the former Energy Plaza Building, renamed the FirstCapital Bank Building.

INDUSTRIAL MARKET

Map 4 shows industrial building permits issued in 2000. Industrial property vacancy rates average 1.5 percent and consist mainly of special use buildings and some build-to-suit space, according to Joe Adame and Associates Inc.

In August 2000, The Port of Corpus Christi opened a \$10 million refrigerated warehouse at Cargo Dock 10. Companies such as H-E-B and J.R. Simplot are signing agreements with the port to take advantage of lower wharfage rates, proximity to the ship channel and the ease with which ships can unload directly into the warehouse.

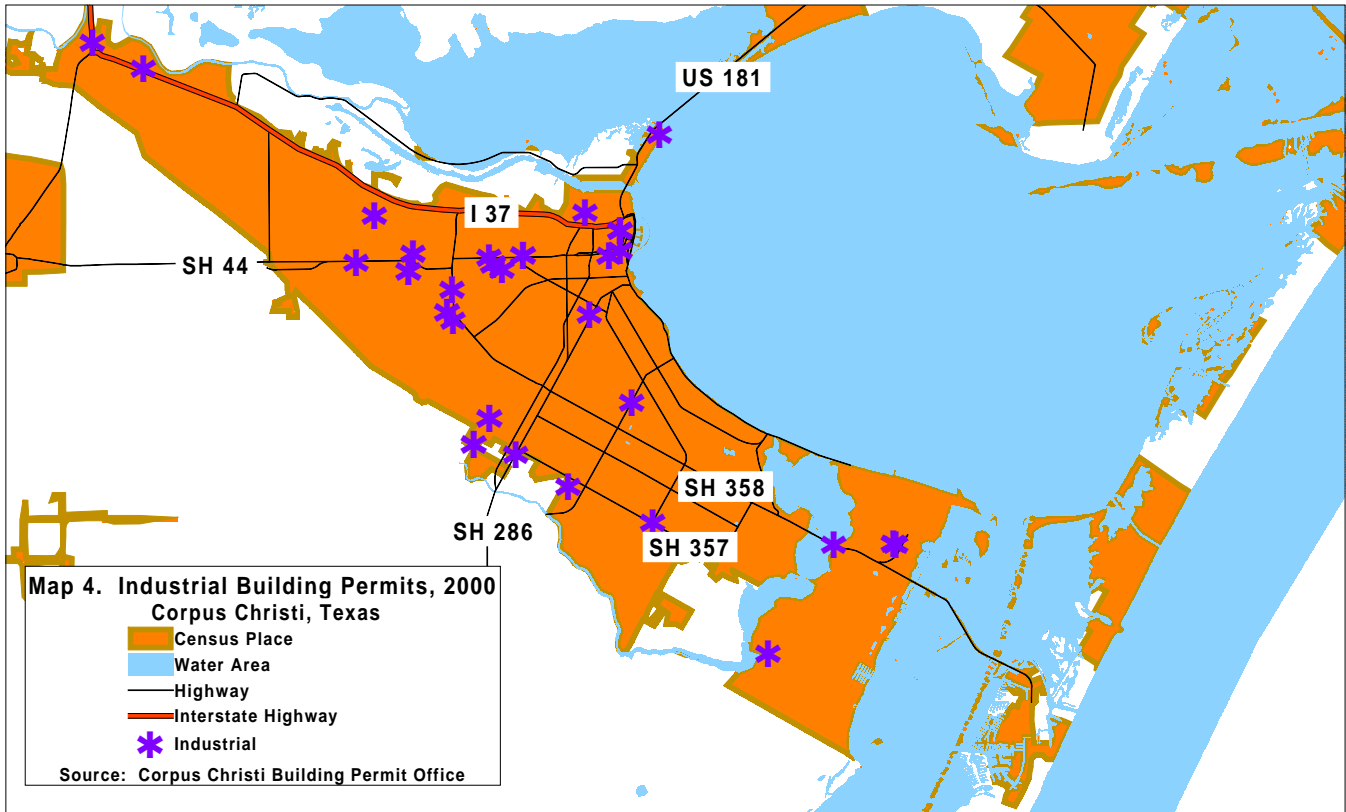
In spring 2001, J. Ray McDermott S.A. reopened its offshore fabrication yard on Harbor Island in response to

increases in oil prices. The 275-acre yard serves as a premier construction base for companies pursuing deepwater oil and gas projects in the Gulf of Mexico. The fabrication yard specializes in large structures that float in the sea or stand on the ocean floor, and previously created offshore platforms weighing up to 36,000 tons.

Citgo Petroleum Corporation hired an Illinois company to build a \$250 million power plant that will provide the refining company with electricity and steam and enable them to sell electricity to other customers. The project began in March 2001 with completion set for summer 2002. The plant will produce enough power for 250,000 households.

Celanese AG is expanding its facilities with a new \$33 million unit for creating a heavy, high-density plastic called granulated ultrahigh molecule resin or GUR. The plant will be located in Bishop and is scheduled to be in operation during first quarter of 2002.

Andrews Distributing Company began construction of a 101,000-square-foot beer distribution center in November 2000. Located on Junior Beck Drive in north Corpus Christi, the facility will replace two smaller warehouses owned by the company. When completed, the building will contain almost 85,000 square feet of refrigeration and storage space.



CONCLUSION

Corpus Christi is an active port city that transfers a large quantity of goods into and out of the United States. Its coastal setting makes the city a popular place to live and work. In 2001, Corpus Christi officials expect to see an increase in tourism activity with the addition of a casino

cruise ship, an amusement park, expansion of the convention center, a new downtown arena and numerous other entertainment-oriented developments.

Construction and development are forecasted to continue in the southern

areas of the city and on Padre, Harbor and Mustang Islands. The city's planned dredging and development of the Packery Channel will fuel further increases in tourism in and around the Corpus Christi area.