

REAL ESTATE MARKET OVERVIEW

# TEXAS Laredo

Jennifer S. Cowley  
Assistant Research Scientist

Dana M. Pechacek  
Graduate Research Assistant

2001



REAL ESTATE CENTER

Market Report 1474

# Real Estate Market Overview

# Laredo

**Jennifer S. Cowley**  
Assistant Research Scientist

**Dana M. Pechacek**  
Graduate Research Assistant



June 2001

© 2001, Real Estate Center. All rights reserved.



## Real Estate Market Overview

# Laredo

### Contents

<b>2</b>	Population
<b>5</b>	Employment
<b>8</b>	Job Market Major Industries
<b>9</b>	Business Climate
<b>11</b>	Education
<b>13</b>	Transportation and Infrastructure Issues
<b>14</b>	Public Facilities
<b>15</b>	Urban Growth Patterns Map 1. Growth Areas
<b>16</b>	Housing
<b>17</b>	Multifamily
<b>18</b>	Manufactured Housing Seniors Housing
<b>19</b>	Retail Market Map 2. Retail Building Permits
<b>20</b>	Office Market Map 3. Office Building Permits
<b>21</b>	Industrial Market
<b>23</b>	Conclusion

# Real Estate Market Overview

## Laredo

**Jennifer S. Cowley**  
Assistant Research Scientist

**Dana M. Pechacek**  
Graduate Research Assistant



**Area Cities and Towns**

- Bruni
- Laredo
- Mirando City
- Oilton

**County**

Webb

**Land Area of Laredo MSA**

3,377 square miles

**Population Density (2000)**

57 people per square mile

Laredo, the principal port of entry into Mexico, is often called the "Gateway to Mexico" and "the city under seven flags." Located in south Texas along the Rio Grande, Laredo's importance as an integral part

of international trade has increased as a result of the North American Free Trade Agreement (NAFTA). The Laredo MSA has a population of almost 200,000, while Nuevo Laredo on Mexico's side of the border has a

population of more than 660,000. Laredo has approximately 91 percent of Webb County's population. Laredo's land area, however, accounts for only 0.6 percent of Webb County's 3,377 square miles.

Laredo has been named the nation's fastest growing city east of the Rocky Mountains and ranks second in the state for number of jobs created during the last decade.

Laredo is 2.5 hours driving time from Corpus Christi, San Antonio and Monterrey, Mexico. Houston is approximately five hours away, and Dallas is about seven hours.

## POPULATION

### Laredo MSA Population (Webb County)

Year	Population
1990	134,517
1991	140,492
1992	147,823
1993	155,747
1994	162,834
1995	169,715
1996	174,365
1997	180,370
1998	186,798
1999	193,180
2000	193,117

Source: U.S. Census Bureau, May 2001

The metropolitan statistical area had a 2000 population of 193,117, a 44.9 percent increase since 1990. From 1990 to 2000, Laredo ranked ninth in population growth rate among MSAs across the nation. The City of Laredo's 2000 population was 176,576, a 43.7 per-

cent increase since 1990. This growth rate was the highest among the 15 largest Texas cities. Laredo ranks 13<sup>th</sup> among those cities in total population.

The Texas State Data Center projects the MSA's population will grow 7.2 percent per year through 2020. The Texas Water Development Board pre-

dicts a growth rate of 4.7 percent per year through 2020. According to the Laredo Development Foundation, the area's population is expected to exceed 230,000 in 2005 and reach 275,000 by 2010, representing a 20 percent growth rate over the five-year period.

## 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
<b>Laredo</b>	<b>44.9</b>	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
<b>Texas</b>	<b>22.8</b>	Longview-Marshall	7.7
Killeen-Temple	22.6	Beaumont-Port Arthur	6.6
San Antonio	20.2	Abilene	5.8
Sherman-Denison	16.4	San Angelo	5.6
Amarillo	16.2	Odessa-Midland	5.1

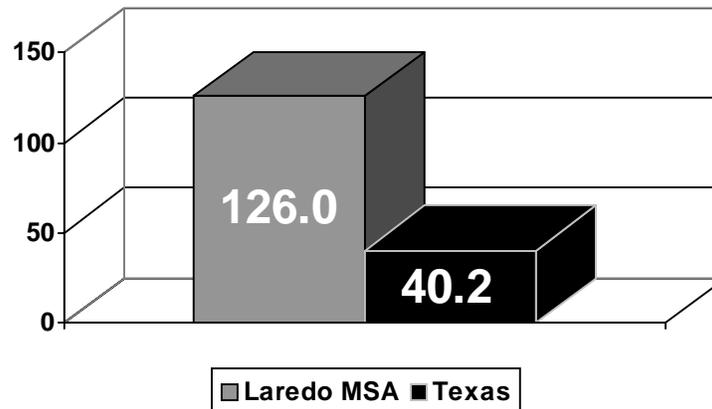
Source: U.S. Census Bureau

## Laredo MSA Projected Population

Year	Texas State Data Center	Texas Water Development Board
2005	270,481	—
2010	332,131	293,939
2015	397,567	—
2020	473,120	384,260

Sources: Texas State Data Center and Texas Water Development Board

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



Source: Texas State Data Center

## Household Composition

	Laredo MSA	Texas
Median household size (1990)	3.7	2.73
Population younger than 18 (1999, in percent)	36.6	28.5
Population 65 and older (1999, in percent)	7.4	10.1

Source: U.S. Census Bureau

## Ethnic Distribution (in percent)

Ethnicity	Laredo MSA		Texas	
	1990	2000	1990	2000
Hispanic	93.5	94.3	25.3	32.0
White	5.7	4.9	60.8	52.4
Black	0.2	0.2	11.7	11.3
Asian	2.8	0.4	0.3	0.3
American Indian	0.2	0.1	1.8	0.3
Other	0.0	0.0	0.1	0.1
Two or more races*	—	0.1	—	1.1

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

Source: U.S. Census Bureau

The Laredo MSA's 1999 personal per capita income was \$14,112. The state average was \$26,834, according to the U.S. Bureau of Economic Analysis.

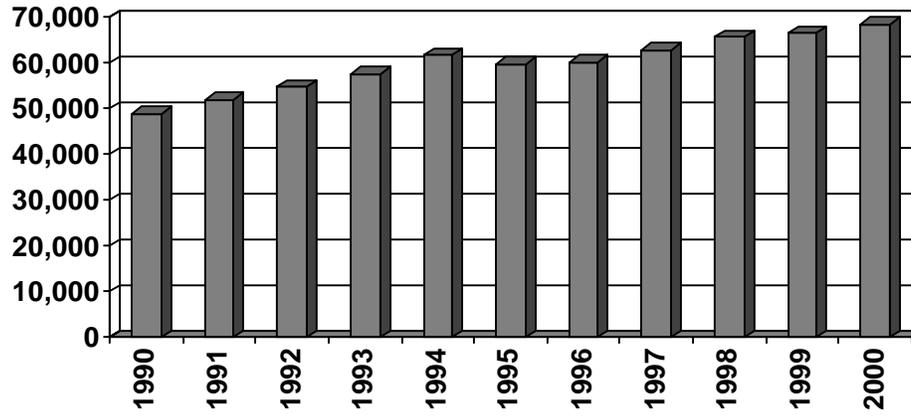
There were only minimal changes in the MSA's ethnicity makeup between

1990 and 1999. Overall, minority groups have been showing the most growth throughout the state. The Laredo MSA has a much higher Hispanic population percentage than the state for both 1990 and 1999. Webb County's location along the border

with Mexico contributes to the MSA's large Hispanic population. Laredo's population is significantly younger than the population of the state as a whole, and the area's median household size is one of the state's highest.

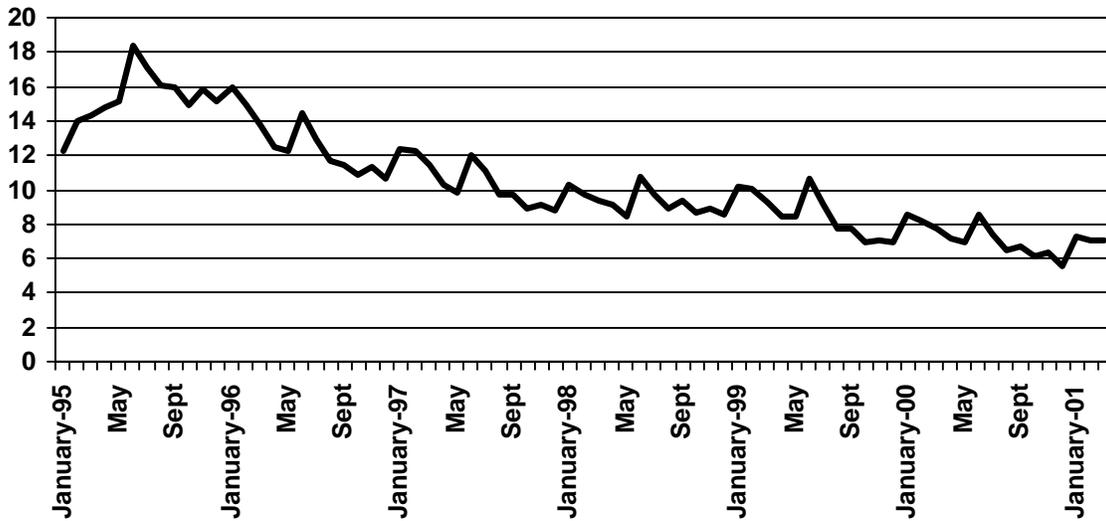
# EMPLOYMENT

## Laredo MSA Employment



Source: U.S. Bureau of Labor Statistics

## Laredo MSA Unemployment Rate (in percent)



Source: U.S. Bureau of Labor Statistics

<b>Top Ten Employers</b>	<b>Top Ten Private Employers</b>
<b>United Independent School District</b> Education 3,669 employees	<b>Mercy Hospital of Laredo</b> Health care 1,553 employees
<b>Laredo Independent School District</b> Education 3,461 employees	<b>H-E-B Grocery Company</b> Grocery Store 1,225 employees
<b>City of Laredo</b> City government 1,970 employees	<b>McDonald's Restaurant</b> Fast food 800 employees
<b>Mercy Hospital of Laredo</b> Health care 1,553 employees	<b>APC Homemaker Service</b> Health care 713 employees
<b>H-E-B Grocery Company</b> Grocery store 1,225 employees	<b>The Laredo National Bank</b> Financial services 667 employees
<b>Webb County</b> County government 1,165 employees	<b>Wal-Mart</b> Retail sales 538 employees
<b>Immigration and Naturalization Service</b> Federal government 845 employees	<b>Columbia Doctors</b> Health care 535 employees
<b>McDonald's Restaurant</b> Fast food 800 employees	<b>International Bank of Commerce</b> Financial services 419 employees
<b>APC Homemaker Service</b> Health care 713 employees	<b>Laredo Medical Group</b> Health care 412 employees
<b>Texas A&amp;M International University</b> Education 672 employees	<b>Miracle Candle Company</b> Candle manufacturing 385 employees

Source: Laredo Development Foundation

<b>Employment Growth by Industry</b>	<b>Laredo MSA</b>	<b>Texas</b>
Employment growth, 2000 (in percent)	5.2	3.2
Unemployment rate (in percent)	5.6	4.3
New jobs in 2000	3,400	288,900
Employment growth by sector, 2000 (in percent)		
Services	9.8	4.7
Trade	1.2	3.1
Manufacturing	0.0	0.1
Mining	0.0	2.3
Finance, insurance and real estate	11.5	1.3
Construction	4.0	6.2
Government	4.0	1.7
Transportation, communications and public utilities	7.6	5.1

Sources: U.S. Bureau of Labor Statistics and Texas Workforce Commission

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

Austin-San Marcos	58.8	El Paso	15.4
<b>Laredo</b>	<b>40.3</b>	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
<b>Texas</b>	<b>23.3</b>	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

Laredo had the second-highest employment percentage change of all Texas MSAs between 1990 and 2000. Area civilian employment jumped to 68,440 in 2000, according to the U.S. Bureau of Labor Statistics. The Texas Workforce Commission reports nonagricultural employment was 68,900 for 2000. Unemployment reached a ten-year low, 5.6 percent, in December 2000. The average unemployment rate declined from 8.5 percent in 1999 to 7.1 percent in 2000, according to the U.S. Bureau of Labor

Statistics. The Texas Workforce Commission reported unemployment to be 5.6 percent for 2000.

The Laredo Development Foundation reports there are approximately 60 *maquiladora* plants in Nuevo Laredo, Mexico, which provide direct jobs for 3,000 Laredo residents and more than 22,000 Nuevo Laredo residents. Thirty of these *maquiladoras* have office, distribution or manufacturing facilities in Laredo. Companies include Delphi Packard Electric, R. G. Barry, Rheem Manufacturing, Sony and Modine.

Sony's plant is the company's most productive plant worldwide.

*Maquiladoras* are a bi-national manufacturing system in which U.S. products are assembled in plants on Mexico's side of the border. *Maquiladoras* import raw materials duty free from the United States. They assemble raw materials or manufacture the goods before returning them to the United States, paying duty only on the value that was added to the product while in Mexico.

---

## JOB MARKET

Several businesses are looking to the growing Laredo market to open or expand. In early 2000, M.S. Carriers opened a new \$8 million terminal facility on a 50-acre site in the Unitec Industrial Park. The facility created jobs for 250 truck drivers and 60 mechanics.

In August 2001, ConvergysCorp will complete construction of a customer

call center on Loop 20. The company will employ 900 to 1,100 workers. Home Depot opened its largest U.S. store in October 2000. The prototype facility created 125 jobs, 95 percent of which are held by Laredoans.

Smithers Scientific plans to expand its automotive testing facilities, employing 80. Consolidated Freightways

opened a terminal in April 2001, adding 50 employees.

Great Lakes Chemical, a manufacturer of fire retardant chemicals for the automotive industry, closed in fall 2000. The company moved to Reynosa, Mexico and a total of 78 workers lost their jobs.

---

## MAJOR INDUSTRIES

The services and trade sectors dominate the Laredo employment market. The area's third largest employment sector is transportation, communication and public utilities.

The trade sector makes up 25 percent of nonagricultural employment in the area. Retail and wholesale trade constitute a large portion of employment as a result of trade with neighboring Mexico.

The services sector accounts for 21 percent of the area's nonagricultural employment. Between 1999 and 2000, this sector added 1,000 jobs.

Health care is the largest industry in the services sector. Mercy Hospital of Laredo and Columbia Doctors Hospital are two major employers. Mercy Hospital of Laredo, the area's largest hospital, employs nearly three times the number of people that Columbia Doctors Hospital employs. Collectively, these two hospitals employ 2,088 in the MSA.

The Mercy Regional Medical Center has 324 beds and 220 physicians. Columbia Doctors Hospital has 130 physicians and 117 beds and is located off I-35 on Mann Road. Mercy Ambulatory Care Center North and Home Health Care Providers offer related health-care services. There are also 16 medical clinics and three nursing homes in the area.

Local government generates 18 percent of employment, while federal government employment contributes 3 percent and state government makes up 2 percent. Overall, state, local and federal government employment increased by 500 jobs between 1999 and 2000. Much of the growth in the government sector can be attributed to additional staffing for Census 2000-related activities and expansion of the Immigration and Naturalization Service office.

Education ranks among Laredo's top ten public employment sectors. Three educational facilities, United Independ-

ent School District, Laredo Independent School District and Texas A&M International University, are included among the area's top employers. There are more than 80 schools in the area.

Manufacturing provides only 2.6 percent of all nonagricultural MSA jobs. This percentage is lower than that of most Texas MSAs because of the maquiladora activity in nearby Nuevo Laredo.

Webb County produces a wide variety of fruits and vegetables during a long growing season. Area products include hay, melons, vegetables and cattle. According to the Texas Agricultural Extension Service, 2000 agricultural receipts totaled \$47.8 million, down from \$57.7 million in 1999. Beef production generated 52 percent of these receipts and hunting generated 22 percent. The major crops are nursery plants and vegetables. For 2001, agricultural receipts are expected to reach \$59.3 million.

## Tax Rates, 2000

Taxing Entity	Tax Rate per \$100 Valuation
Laredo	\$0.58
Laredo Community College	0.17
Laredo Independent School District	1.39
Webb County	0.45
Total	\$2.59

Source: Webb County Appraisal District

## Laredo MSA Retail Sales

Year	Total Sales	Sales per Capita
1990	\$1,534,731,776	\$11,409
1991	1,741,059,575	12,393
1992	1,937,210,327	13,105
1993	1,983,172,816	12,733
1994	1,950,263,414	11,978
1995	1,343,559,781	7,917
1996	1,492,589,965	8,560
1997	1,681,164,006	9,321
1998	1,834,967,904	9,823
1999	2,031,919,938	10,522
2000	2,351,590,178	12,177
	State Average 2000	\$12,612

Source: Texas Comptroller's Office

## Exports to Selected Destinations (in thousands)

Market	1997	1998	1999
Canada	\$268,178	\$162,783	\$55,087
Mexico	3,659,469	3,434,792	2,605,018
Carribean and Central America	1,086	4,386	1,384
South America	3,763	3,192	3,087
Europe	6,901	7,720	8,487
Asia	18,127	18,328	6,629
Africa	33	43	159
Near East	165	537	826
Australia	1,390	1,785	1,041
All Countries	\$3,959,112	\$3,633,572	\$2,681,723

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

## Top Ten Products Exported (in thousands)

Product	1997	1998	1999
Transportation equipment	\$805,795	\$582,428	229,598
Electric and electronic equipment	745,637	542,485	506,482
Industrial machinery and computers	486,575	542,052	458,341
Chemical products	282,597	288,939	176,002
Food products	311,590	274,151	214,959
Primary metals	196,590	230,713	112,618
Rubber and plastic products	228,842	223,383	191,734
Paper products	254,802	207,872	191,276
Non-manufactured commodities	113,666	116,844	78,354
Scientific and measuring instruments	142,766	165,190	127,488

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

Laredo's sales tax rate is currently 8.25 percent, after a one-fourth cent increase in January 2001 to help fund the construction of a multi-purpose event arena. The hotel-motel tax rate is 14 percent. The Laredo economy is tied closely to Mexico's economy because of Laredo's location and dependence on maquiladora industries.

People from Mexico who cross the border to shop boost Laredo retail sales. In 1994 and 1995, retail sales declined drastically as a result of the peso devaluation. The devaluation triggered a rise in Mexico's unemployment rate and sharp declines in the economy. Consequently, Mexicans could not afford to purchase as many goods in Laredo as they had previously.

Many "winter Texans," people who spend the winter in South Texas to avoid colder climates, locate in the area. Winter tourists also travel through Laredo on their way to vacation spots in Mexico.

There are five foreign trade zone (FTZ) sites in Laredo. These sites make up FTZ 94, which was established in 1983. Site one is on 500 acres at the Laredo International Airport. Site two is the 20-acre Tex-Mex Railroad site. Site three is the 500-acre Killam Industrial Park. Site four, the International Commerce Center, has 1,500 acres, and site five is the 930-acre La Baranca Ranch development. The sites

consist of a total of 3,450 acres with more than 20 buildings. FTZs allow foreign and domestic merchandise to be brought to the area for storage, manufacturing, assembly, salvage, re-packaging, repair, re-export, transshipping and other operations.

Other incentives for businesses to locate in Laredo include five-year property tax abatements for companies, depending on the investment in the community and the number of jobs created. Under the State of Texas Freeport Exemption policy, neither the City of Laredo nor Webb County may tax inventories held in warehouses less than six months. Other incentives through the City of Laredo include money and programs for employee training as well as special utility rates for large commercial users.

Tax abatements for substantial rehabilitation of historic properties and design guidelines to maintain the historic character of Laredo's downtown are both included in the city's plans for downtown revitalization.

Laredo is the nation's largest inland port. Export sales for Laredo were \$3.6 billion in 1998 and \$2.7 billion in 1999. Export sales were down 32.3 percent between 1997 and 1999. Overall, exports were down 34 percent between 1993 and 1999. This decrease was the result of the growing importance of maquiladora activity. Since the decrease, Laredo's major

product exports have shifted. Today, the area exports fewer industrial-related products and more raw materials, as manufacturing has become more prominent in Mexico. Imports and exports include petroleum, natural gas, feeds, fertilizers, bricks and tile. The top three exported products in 1999 were transportation equipment, electric and electronic equipment and industrial machinery and computers.

An estimated \$200 billion in goods are traded between the United States and Mexico annually. Eighty percent of U.S.-Mexico trade crosses the Texas-Mexico border. Of this 80 percent, 60 percent goes through Laredo.

Laredo and customs officials are involved in an ongoing \$1 billion project to upgrade the outdated database system used for clearing imports.

More than \$40 million is brought into the economy during the fall hunting season alone, as visitors come from all over the United States. Ranchers are finding hunting more profitable than beef production. An eight- to ten-acre hunting lease can bring as much as \$6,000 per person. Guided hunting excursions are available at prices ranging from \$3,500 to \$35,000. Recreation plays a role in the local economy as well.

The Laredo Convention and Visitors Bureau has joined forces with Nuevo Laredo to promote tourism in both cities. The majority of Mexican tourists

come to Nuevo Laredo to visit Laredo, and the majority of American tourists come to Laredo to visit Mexico. In June 2000, the Texas Department of Transportation completed a \$4.1 million

building that assists tourists by providing information, maps and restrooms. Laredo has had a George Washington Birthday Celebration for more than

100 years. The annual February festival includes parades, balls and contests. Some estimate the festival brings \$10 million into the local economy.

## EDUCATION

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

Level of Education	Laredo MSA	Texas
High school graduate	16.5	25.6
Some college, no degree	15.4	21.1
Associate's degree	5.4	5.2
Bachelor's degree	7.9	13.9
Graduate or professional degree	3.7	6.5

Source: U.S. Census Bureau, 1990

### Local College and University Enrollment

School	Fall 2000	2005 (estimated)	2010 (estimated)
Laredo Community College	7,325	8,141	10,268
Texas A&M International University	3,038	3,754	4,565

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

Texas A&M International University (TAMIU) began in 1970 as Texas A&I University at Laredo, introducing higher education to South Texas by offering junior- and senior-level coursework. In 1977, the name was changed to Laredo State University, under which the institution became involved in international education. In 1993, the name was changed to Texas A&M International University. TAMIU has a student body representing more than 35 countries.

TAMIU joined the Texas A&M University System in September 1989. In 1995, the university's 25<sup>th</sup> anniversary, courses were introduced for freshmen and sophomores on a new campus in

northeast Laredo. TAMIU offers 53 undergraduate or graduate degree programs, 13 of which were added since 1996.

TAMIU has several campus improvement projects underway, making up its \$49.5 million Phase III construction project. A Fine and Performing Arts Center has been approved and is currently in the bidding phase. Projects under construction include the student development center, with expected completion slated for October 2001, and the Center for the Study of Western Hemispheric Trade, expected to be completed in June 2001. The Phase III construction project, which will double the size of the campus, also

includes new intramural fields and additional parking. When completed in fall 2002, the school will be equipped to serve 15,000 students. Phase IV, estimated to cost \$39 million, is planned for the near future and includes construction of a science building, kinesiology facility expansions, a support services facility and utility service and infrastructure upgrades.

Laredo Community College (LCC) was known as Laredo Junior College from its beginning in 1946 until 1993. The two-year college offers 21 associate degrees or certifications and six programs for students planning to pursue bachelor's degrees at other institutions. The Texas Higher Education

Coordinating Board forecasts that LCC will have a 21 percent enrollment increase by 2005 and a 41 percent increase by 2010.

Construction of a new wing of the Cigarroa Science building has begun on LCC's main campus. The \$3 million project is expected to be completed in fall 2001. In early 2000, the college completed \$5.7 million in infrastructure improvements. LCC plans to build a second campus on 140 acres off U.S. Highway 83 in South Laredo. Plans are expected to be complete by fall 2001, and construction should begin in 2002 at a cost of \$50 million. Completion is anticipated for March 2004. The college also has future plans to build a Fine Arts Building on the main campus.

A new University of Texas Health Science Center will be built in the Airport/Medical park adjacent to Mercy Hospital. The City of Laredo donated 12 acres of land and improvements for the facility.

United Independent School District (UISD) consists of 32 campuses and more than 27,600 students. It covers 75 percent of Webb County and includes north and southeast Laredo. Enrollment has increased by 5 percent annually over the past few years, and the trend is expected to continue. By 2003, enrollment is expected to reach 33,000 students.

The district is rapidly outgrowing its current facilities and has several projects under construction or in the design phase. A \$19 million student activity complex was approved by the

district's board of trustees. The project includes an 8,000-seat athletic stadium, field houses, a fine arts facility with an 800-seat auditorium, baseball-softball fields, concession areas and tennis courts. The stadium is expected to open in late 2001. The complex, which is on 53 acres off Highway 359, adjacent to Zaffirini Elementary school, will also be the site of an education service center.

Lyndon B. Johnson High School, the district's fourth high school, opens in fall 2001 in south Laredo. Some students will be transferred to the new school to alleviate overcrowding at United South High School. Alexander High School and United South both have new athletic field houses under construction.

Twenty acres have been donated to the district for a new middle school. The \$7 million school is set to open in August 2002. Clark Middle School and United Middle School both recently completed classroom additions, renovation work and the construction of new cafeterias. In addition to the new middle school, UISD has plans for three new elementary campuses.

The district's new schools and improvements are being funded by a \$115 million bond package approved in 1998. Since the bond approval, four new elementary campuses have been built, and additions were completed at Prada and Roosevelt elementary schools. Money has also been allocated to fund parking lot improvements and roof repairs, as well as to

expand computer technology throughout the district. Current projects are estimated to cost \$41.1 million to complete and future projects will total \$31 million.

Laredo Independent School District has 30 campuses and enrolls 23,000 students. All of its schools are located within the 13-square-mile downtown area. In 2000, the district opened a health science magnet school at Martin High School.

Laredo ISD is planning \$175 million in campus improvements throughout the district. The improvements are to be funded by a \$144 million bond issue passed in May 1999, as well as \$17 million in interest earnings and \$13 million in Qualified Academy Zone Bonds. New classrooms, roofing and electrical repairs and the addition of new gyms, science labs and multipurpose rooms will take place at nearly every school. Ten elementary schools will be completely rebuilt: Bruni, Santa Maria, MacDonell, Heights, Pierce, Buenos Aires, Farias, Milton, Ryan and Santo Nino. Each new elementary school will have 26 classrooms, three multipurpose rooms, two computer labs, indoor atriums, a music and fine arts classroom, as well as many other useful spaces. Lamar Middle School will also be completely rebuilt. Bids were sought in March 2001, and the first of three construction phases is expected to begin in summer 2001. Completion is set for 2004.

## Laredo Airline Boardings

	1998	1999	2000
Laredo International Airport	80,801	89,324	88,009

Sources: Laredo International Airport

## Cross-Border Truck Shipments (loaded only)

	1998	1999	2000
South (to Mexico)	776,716	827,559	971,659
North (from Mexico)	650,907	740,639	746,542

Source: Laredo Development Foundation

I-35 is the primary highway in the Laredo MSA. U.S. Highways 83 and 59 also facilitate travel within the MSA. Texas Highways 359 and 20 provide alternative routes through the area.

As a result of the area's heavy dependence on shipping, rail, air and truck transportation are vital to Laredo. Both Union Pacific and Texas-Mexican rail carriers serve the area, and an estimated 1,200 cars pass through Laredo daily.

Laredo International Airport offers daily flights to and from San Antonio, Houston, Dallas and Mexico City. Air carriers serving the area are Continental Express, American Eagle and Aerolitoral. These three airlines service 24 daily flights. The City of Laredo and the federal government spent \$64 million upgrading the Laredo Airport over the past six years.

The airport experienced a slight decrease in enplanements and deplanements from 1999 to 2000. In 1999, the airport had 89,324 enplanements and 87,587 deplanements. In 2000, there were 88,009 enplanements, a 1.5 percent decrease, and 85,426 deplanements, a 2.5 percent decrease.

The airport has an 8,200-foot enhanced runway. A new 78,000-square-foot terminal building was added in 1998. Plans are to extend the runway to 10,000 feet, pending FAA approval and funding. The U.S. Department of Transportation is providing the airport with a total of \$850,000 to resurface its major runway and expand the area around the runway. Resurfacing has already been completed on a portion of the runway and should be completed on the remaining portion during the latter part of 2001. Laredo International Airport is the seventh busiest international cargo airport in the nation with 415 million pounds of cargo shipped in 2000, a 14 percent increase over 1999.

Since 1993, TxDOT has spent just over \$10 per vehicle mile in Laredo. This is the second highest expenditure in Texas. Transportation expenditures totaled \$388 million for fiscal years 1993–2000 and \$298 million has been planned for 2001–2005. This represents an average of \$53 million per year. Truck traffic resulting from NAFTA and population increases have put a strain on the city's transportation infrastructure.

Several road projects are under way in the Laredo area, including widening Calton Road, which began in mid-March 2000, and widening of McPherson Road between Calton Road and Taylor Street.

An \$18 million project to make U.S. 83 a four-lane divided highway from Rio Bravo to the Webb-Zapata county line is 22 percent complete. In the next 10 years, TxDOT plans to make the highway four lanes all the way to the Rio Grande Valley.

The \$32.8 million Loop 20 extension to the World Trade Bridge is nearing completion. A \$59.7 million project to construct an interchange between Milo Road, I-35 and Loop 20 is 67 percent complete.

During fiscal year 2003, construction should begin on a \$54.6 million project to construct an outer loop connecting with Loop 20 and U.S. 83.

The Camino Colombia Toll Road opened in October 2001 after 18 months of construction. The \$90 million project extends for 21 miles and connects I-35 with the Colombia Bridge.

The World Trade Bridge, the fourth international bridge connecting Laredo

and Nuevo Laredo, opened in late April 2000. The eight-lane, \$107.3 million bridge is open only to commercial traffic. Trucks may no longer use downtown bridges. The newly constructed bridge took more than six years to complete. It is estimated that during the bridge's construction, 3,600 jobs were created.

The "Gateway to the Americas" bridge is located near U.S. 83 and I-35. The Lincoln-Juarez Bridge connects directly from I-35 and U.S. 83. The World Trade Bridge connects directly from Loop 20 and is located near I-35 and FM 1472. The Laredo-Colombia Solidarity Bridge is near FM 1472. An average of 12,000 vehicles cross the border into the United States from Nuevo Laredo daily. Both cities collect bridge tolls.

Laredo receives its water from the Falcon-Amistad Reservoir system, but eventually the city will need additional water supplies. The Texas State Water Plan estimates Laredo will have a 106 percent increase in water usage be-

tween 2000 and 2050. Laredo will likely purchase water rights to satisfy this increased demand. A multimillion-dollar project to develop a secondary water source will be implemented by 2002 and will be paid for over the next 20 years through residents' water bills. Aquifer storage and recovery technologies are being considered as means of reducing peak demand on the water system. The county plans to construct a hydroelectric dam on the Rio Grande.

In September 2000, the City of Laredo and Webb County received \$16.7 million in grants and loans to help bring water and sewage service to 787 households in 15 area colonias. Also, in February 2001, a \$6.2 million grant from the North American Development Bank was received. Construction on the \$21.6 million project was to begin in April 2001 and should be completed in 2003.

The Texas Water Development Board recognizes the colonias, located

along Mines Road and Highway 359, as being economically distressed areas. The city and county have been working together and, when the project is completed, the City of Laredo will provide water to the residents. Early in 2000, a \$750,000, 16-inch water line was extended from a new fire station to the City of Laredo landfill, moving existing infrastructure toward the colonias. Laredo has 1,200 miles of sanitary sewer, five disposal plants, 82 lift stations and 35,595 service connections.

The Texas Department of Housing and Community Affairs has a Colonia Set-Aside program to support infrastructure improvements, such as water and sewer lines and connections along the border. The department sets aside 10 percent of the annual block grant funds received from the federal Community Development Block Grant program.

## PUBLIC FACILITIES

Laredo has 24 city parks covering 260 acres and 31 baseball and softball fields. In early 2000, a 58-acre recreational complex opened in northwest Laredo. It is the city's largest city park and is just one of many parks built or planned by the Parks and Recreation department. Eventually Laredo plans to have 770 acres of parkland to meet a desired park-acre-per-person ratio. In March 2001, an 8,000-square-foot skate park was opened at the request of many of the city's youth. The \$40,000 park is along Zacate Creek near Lyon and San Francisco.

In August 2000, voters approved a ¼-cent sales tax increase to finance a \$35.5 million entertainment center that will primarily be used as a hockey arena. The 10,000-seat arena will house a new Western Professional Hockey League team. There also has been discussion of bringing a minor league professional football franchise to Laredo. The 23.5-acre site is under-

going preconstruction work, and construction should be completed by September 2002.

A new \$700,000 fire station opened in May 2000. Fire Station No. 10, on the corner of McPherson Road and Loop 20, is home to a new \$300,000 fire engine. The fire chief expects several more stations will be necessary in the next five to ten years as the city grows, especially in the north. One of these stations is already under construction. Groundbreaking for Fire Station No. 12 on the corner of Casa Verde Road and Loop 20 was held in December 2000, and construction should take six to ten months. The station is on a two-acre site donated to the city. The city purchased a 71-acre site for the \$5.25 million regional Laredo Firefighting Academy. Construction began in early 2001. The public works department moved to a new 20,000-square-foot building in March 2001. The \$7.5 million building is located on Thomas Avenue.

Laredo's 32-acre city cemetery is expected to reach capacity within two years, and the city is planning for a new 50- to 100-acre site. Two tracts are being considered: a 65-acre site located near the airport and a 250-acre site on Highway 359. Development of the first 20-acre phase will begin after a final site is selected.

Laredo is involved in a massive downtown revitalization project. In 1999, the city purchased the historic Plaza Theater for \$345,000 using Community Development Block Grant (CDBG) funds. The theater will be converted into a cultural and community activities center using \$325,000 of year 2000 CDBG funds.

"Paseo del Antiguo Laredo" is a \$1.2 million project designed to improve pedestrian accessibility to museums, commercial districts and tourist attractions in historic downtown. Sidewalk improvements, landscaping, a bicycle lane, disability curb cuts and new wrought-iron trash receptacles will be

in place when the project reaches completion.

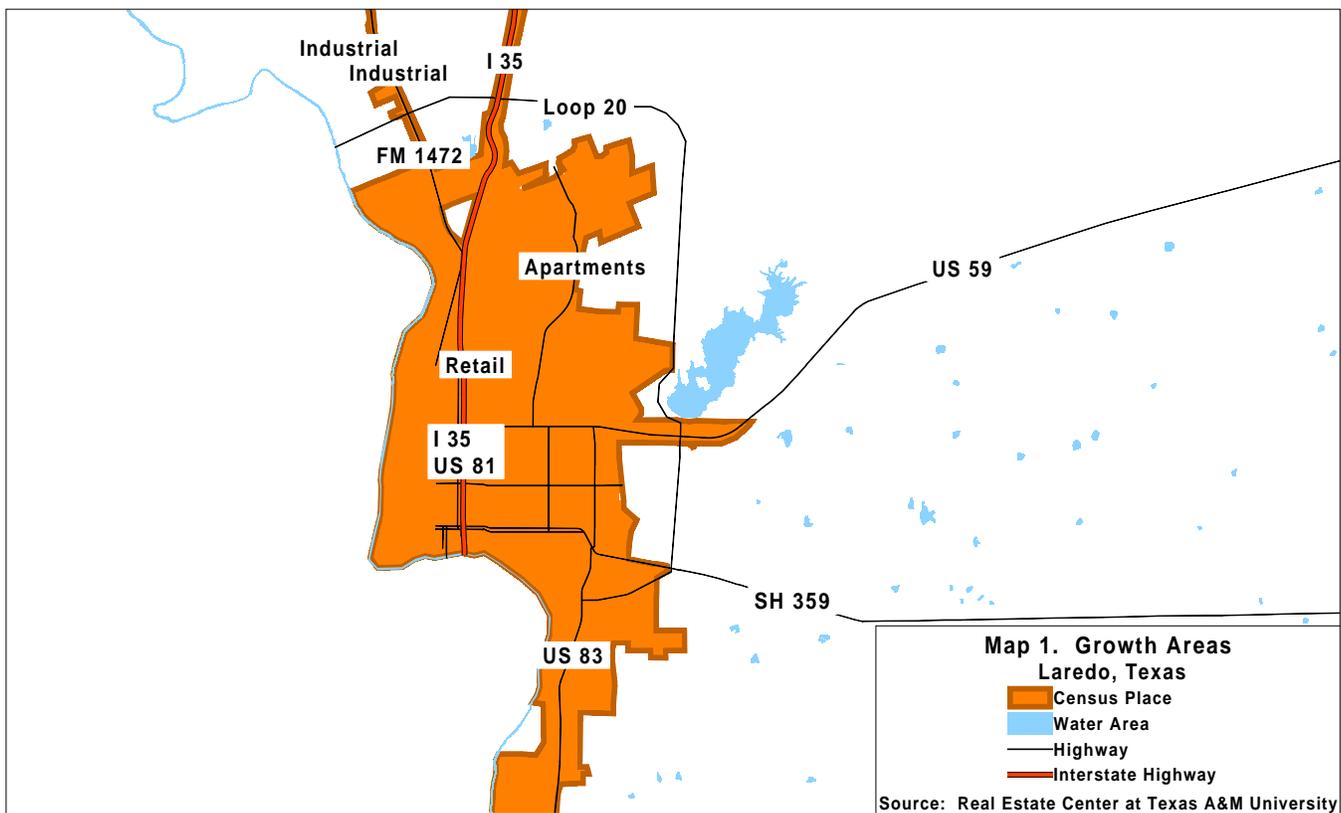
Bridge of the Americas will soon undergo remodeling to redesign its entrance and create a symbolic threshold for the seven million pedestrians and 4.5 million vehicle drivers that cross it annually. The bridge is the only pedestrian link between Laredo's and Nuevo Laredo's downtown historic centers.

Streets of Laredo Urban Mall is a \$1.5 million project to help stimulate existing retail stores and create new businesses in the 1000 to 1300 blocks of Iturbide in the downtown area. It is a joint project between the city and the private sector with the city providing infrastructure improvements and the private sector being responsible for the rehabilitation of storefronts. Partial

funding will come from both 1999 and 2000 CDBG funds, and \$1 million from the Economic Development Administration.

Webb County is constructing a new administration building just north of the Webb County Justice Center. The building is expected to be completed in 2002.

## URBAN GROWTH PATTERNS



Map 1 shows Laredo's major growth corridors. Growth has been occurring throughout the city according to city officials. Laredo cannot expand to the west because of the Rio Grande and the Mexico border.

Industrial growth is occurring primarily in the northwest along Mines Road and near the new World Trade Bridge. Retail growth is occurring in the northern sector near the Mall Del Norte and on McPherson Road north and south of Del Mar Boulevard. Retail growth is

also being seen in the south areas of the city along the frontage roads of I-35 and Highway 83. As the city's downtown revitalization efforts continue to move forward, more retail growth will be seen in the city's center.

Residential growth is prevalent south of Highway 359, north of Del Mar and east of I-35. Many new residential developments in Laredo include homes in the \$100,000 to \$120,000 range.

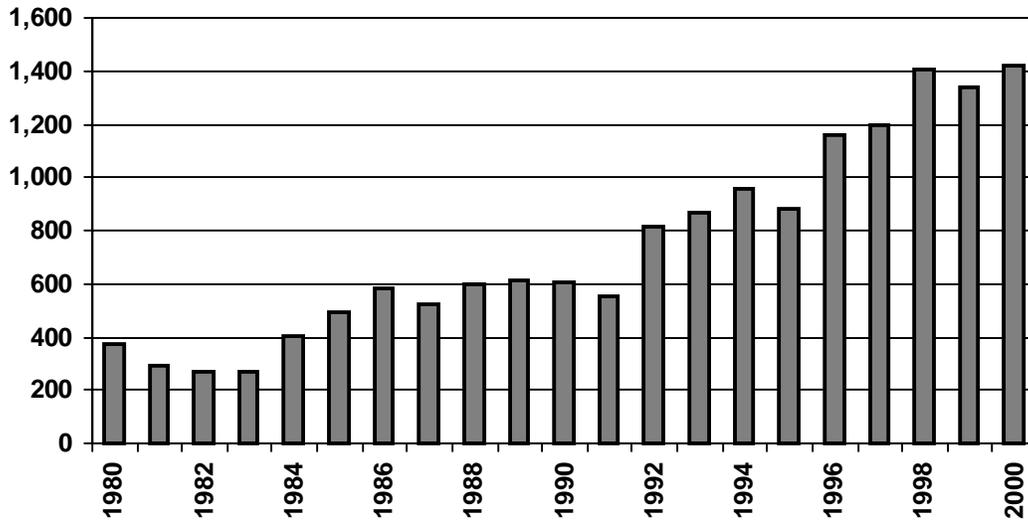
The Lakeside area east of the city is becoming increasingly popular among new homebuyers, especially profes-

sors from Texas A&M International University and also medical doctors. Apartment development is occurring throughout the city with new complexes on both the south and north sides.

Manufactured housing makes up much of the housing in south Laredo along both sides of U.S. Highway 83. Manufactured housing communities are also located along U.S. Highway 59 and Mines Road in the eastern part of the city.

# HOUSING

## Laredo MSA Single-family Building Permits



Source: U.S. Census Bureau

## Laredo Subdivision Lots Platted (2000)

Name of subdivision	Number of Lots
Cuatro Vientos, Phase I	114
D&J Alexander, Unit II	57
Deerfield, Phase 3	143
Dominion Del Mar, Unit III	129
Green, Phase I	112
Lakeside, Phase 4 and 7	69
Mangana Heights, Unit I	122
Ponderosa Hills, Unit I	90
Tiara De San Isidro, Unit V	71
Village Heights, Unit IV	80

Source: City of Laredo Planning Department

In 2000, new housing construction increased 7 percent in the Laredo MSA. The area south of Highway 359 is one of the fastest-growing areas for housing development. In 1999, 1,336 single-family home permits

were issued in the metropolitan area, and the number rose to 1,423 permits in 2000. Single-family permit values per dwelling unit increased to \$68,300 in 2000 from \$65,000 in 1999. In first

quarter 2001, 429 new homes were permitted.

Subdivisions receiving plat approval in 2000 included San Isidro/International, Taos De San Isidro Ranch, Ruidoso De San Isidro and Gutierrez.

Tiara De San Isidro subdivision is under construction west of Garnet Drive and south of Diamond Drive. Homes are under construction in Palm View subdivision located at I-35 and International Boulevard. Eleden-B.P.

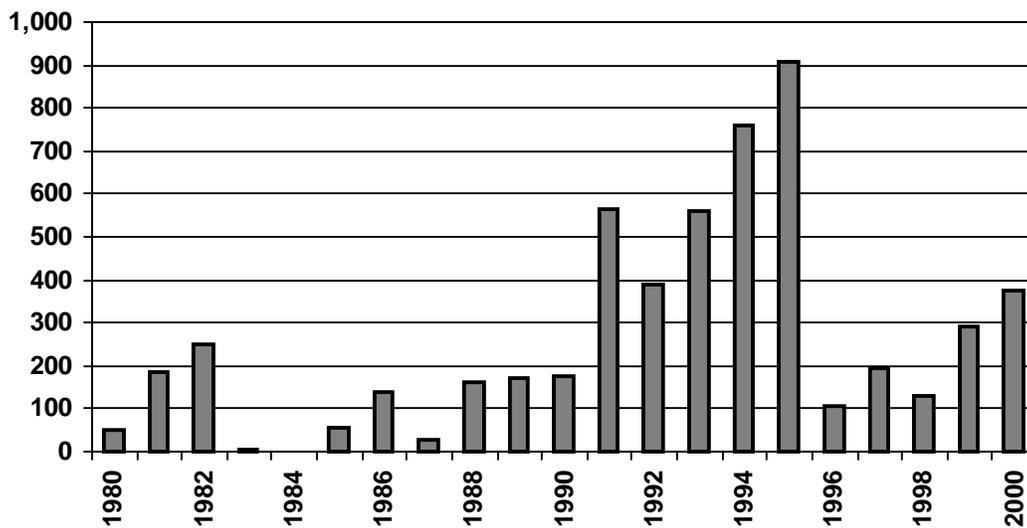
Newman Park has homes under construction at Sierra Vista Boulevard and South Lucy Avenue.

University Park is constructing homes in the \$100,000s. Lakeside at

Bob Bullock Loop has 210 acres on Lake Casa Blanca with homes under construction. The subdivision includes a 70-acre park.

## MULTIFAMILY

Laredo MSA Multifamily Building Permits (in units)



Source: U.S. Census Bureau

Nearly 40 percent of Laredo residents rent housing. Laredo was not among the numerous Texas cities affected by apartment overbuilding in the 1980s. During the 1980s, 1,392 multifamily units were permitted. Between 1990 and 1999, almost triple that number, 4,809 units,

were permitted. In 1999, 293 units were permitted. In 2000, 373 multifamily building permits were issued. In first quarter 2001, 34 multifamily units were permitted.

In north Laredo, construction is taking place on Lago del Mar apartments.

The 180-unit complex is on Country Club Drive, and the construction cost is estimated at \$5.7 million.

In south Laredo, Villa del Rios apartments have been completed at a cost of \$9.7 million. The complex contains 226 units.

## MANUFACTURED HOUSING

### Laredo MSA Manufactured Home Sales

	Manufactured Homes Sold	Proportion of New Single-family Homes (in percent)
1997	502	29.5
1998	714	33.7
1999	728	35.3
2000*	343	23.0

\*Through third quarter 2000

Source: Texas Manufactured Housing Association

Laredo's manufactured housing industry continues to boom along with the city's increasing population. The number of new manufactured homes sold in the Laredo MSA ranged between 502 and 728 from 1997 to 1999. Thirty-five percent of all new single-family homes sold in the Laredo

MSA in 1999 were manufactured homes, compared to 29 percent statewide. A total of 1,567 new and used manufactured homes were sold during 1999 in Laredo.

LifeTime Homes, produced in south Laredo, are modular, reinforced con-

crete homes available to families with incomes of more than \$17,000 annually. Three local builder-dealers sell the durable homes. They finish and customize the interior of the home and provide the lots.

## SENIORS HOUSING

In August 2000, the downtown Hamilton Hotel was refurbished at a cost of \$13 million, creating 165 low-income housing units for the eld-

erly. Low-income individuals are eligible for the one- and two-bedroom apartments that rent for \$337 to \$433 per month.

# RETAIL MARKET

## Hotel Occupancy and Rental Rates

	1999		2000*	
	Laredo	Texas	Laredo	Texas
Occupancy rate (in percent)	77.2	64.1	80.5	65.7
Average daily rental rate	\$56.97	\$84.08	\$59.55	\$86.45

\*Through November 2000

Source: PKF Consulting

Much of the retail activity in the city is occurring in south Laredo along I-35 and Highway 83. Many shopping malls and retail stores have also sprung up north of the city's downtown area. With downtown revitalization efforts taking place, Laredo's downtown areas are beginning to experience retail growth as well. Map 2 shows the location of retail building permits issued in Laredo in 2000.

Mall del Norte is the ninth largest mall in Texas with 2.4 million square feet of rentable space and is at a peak level of 168 tenants. Pacific Sunware, Limited Too, Gap Kids and Vitamin World are some of the mall's most recent additions. The mall is negotiating to bring in Banana Republic and Macy's to fill the space vacated in early 2001 by Montgomery Ward.

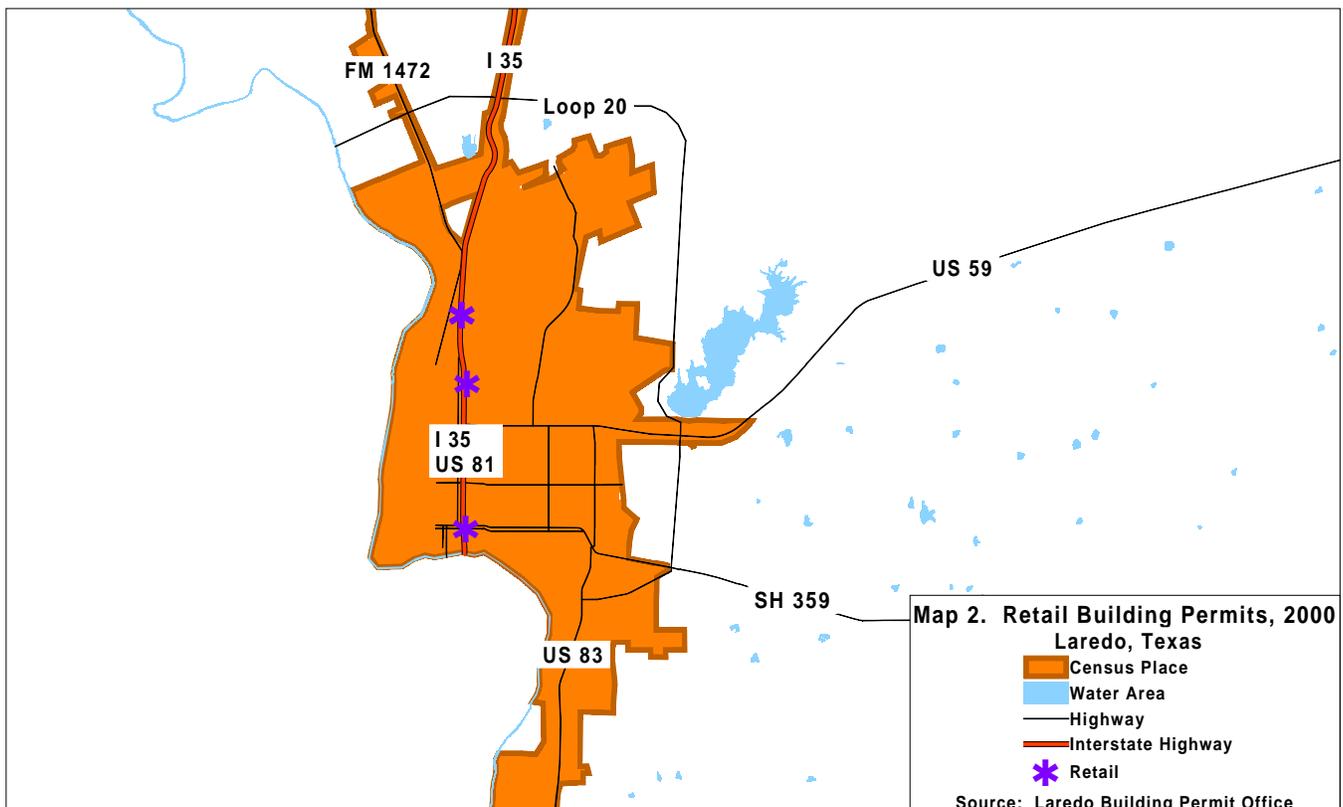
Downtown's River Drive Mall has seen two of its department stores close

in the last two years: JCPenney in June 1999 and Beall's in August 2000.

In October 2000, Home Depot opened its largest U.S. store in Laredo. Located on N. Santa Maria Avenue, the 150,000-square-foot facility is a prototype for the company.

Lowe's Home Improvement is constructing a 150,000-square-foot store.

Laredo's projected restaurant revenue for 2001 is \$214 million, according to the Texas Restaurant Associa-



tion. Laredo's 2001 restaurant sales growth rate forecast of 9.83 percent ranks it seventh among the 27 Texas MSAs. The state average is 7 percent. Laredo has 400 restaurants employing about 3,600 people, and the restaurant industry is the city's largest retail employer.

Many national chain restaurants have located in Laredo in the past few years and cite its tremendous growth as an important factor in their success. Recent additions to the city's inventory of restaurants include Chili's, Applebee's, Tony Roma's and Johnny Carino's. The most recent additions are Outback Steakhouse on I-35 and Logan's Roadhouse at Mall del Norte. Red Lobster and Bennigan's are coming. Red Lobster will be built at Mall del Norte on the site of the closed NBC

Bank, which relocated. The bank building will be demolished, and Red Lobster should open in late 2001.

The limited number of shoppers in the downtown area, along with limited parking availability, make it difficult for small downtown restaurants to survive. Approximately 90 percent of the area's clientele are Mexicans who have crossed the border on foot to shop.

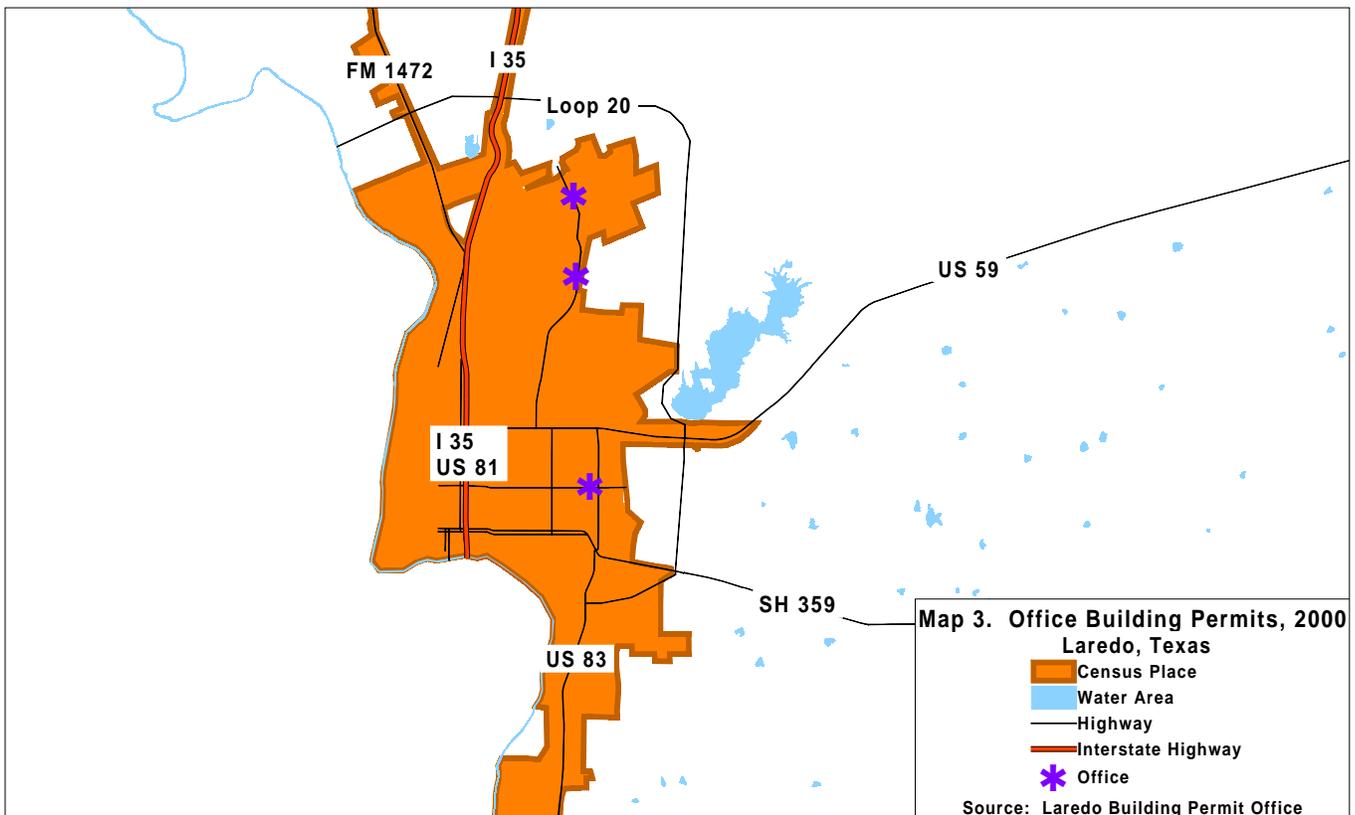
There are 31 hotels and motels with 2,885 rooms in the Laredo area. Occupancy rates in 2000 and 2001 have been above the state average. Average daily rental rates for both 2000 and 2001 were lower than the statewide averages.

Laredo has seen no new hotel construction in the last five years. The

Hampton Inn and the Courtyard by Marriott are the newest hotels in Laredo, and both were completed in 1996. Extended Stay America is currently constructing a \$3.4 million, 100-unit limited-service hotel on W. Village Boulevard. The hotel is designed for guests requiring a longer than usual stay.

In Nuevo Laredo, just across the Texas-Mexico border, three new five-star hotels opened in late 2000 or early 2001. With a total of 390 rooms, all three hotels are located on Reforma Avenue. El Hotel Galeria Santa Maria has 150 rooms and a 1,000-person convention center. The Holiday Inn has 120 rooms and a 400-person convention center. The Hilton has 120 rooms and an indoor swimming pool.

## OFFICE MARKET



Columbia Doctors Hospital is constructing a new medical complex. The 59.5-acre site is at the intersection of Loop 20 and McPherson Road. Included in the project is an \$80 million, 265,000-square-foot hospital with 165 beds, a 50,000-square-foot office building costing \$6 million and a new cancer treatment center. The office building will accommodate approximately 30 physicians and will open in 2001.

McPherson Medical Center, a 110,000-square-foot condominium medical office building, opened in February 2001 on McPherson Road. Its

3.34-acre site is located between Laredo's two new major hospitals and includes 40 individual medical suites of different sizes. Tenants include a full-service imaging and x-ray unit, pharmacy, national medical laboratory clinic and a 20-bed kidney dialysis unit.

A Muscular Dystrophy Association clinic opened in March 2001. It is Laredo's first MDA clinic and is located at the Mines Road Family Clinic of Doctors Hospital.

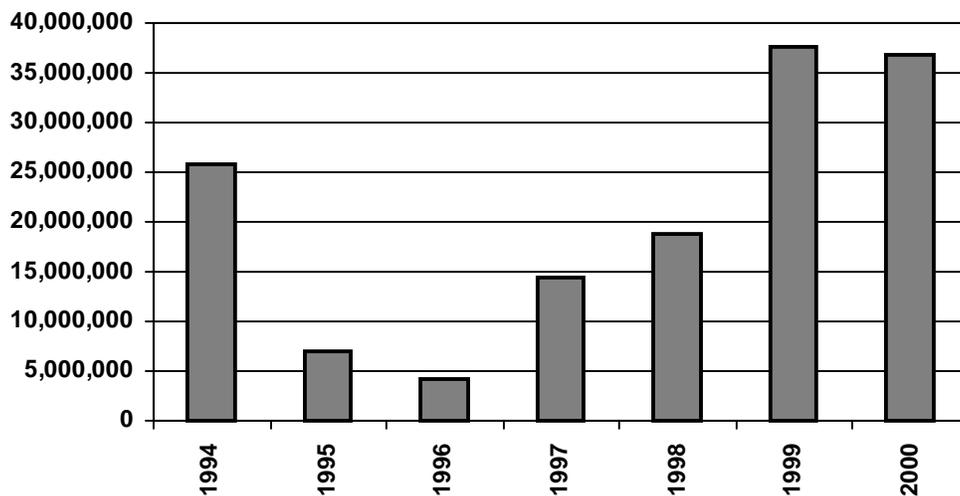
A new Webb County Administration Building project is currently under construction on Washington Street.

The \$10.9 million project will include a 61,800-square-foot administration building as well as modifications to the Justice Center, to include two new courtrooms. The administration building will be completed in January 2002, and both courtrooms will be completed by April 2002.

Laredo is home to the International Bank of Commerce, the largest minority-owned bank in the United States. Seven other banks, including Laredo National Bank, Banc One and Wells Fargo, are located in Laredo as well. Map 3 shows office building permits issued in 2000 in Laredo.

## INDUSTRIAL MARKET

**Laredo MSA Warehouse/Industrial Building Permits  
(in total \$ value)**



Source: City of Laredo Building Department

## Comparison of Industrial Parks, 1999

Name	Location	Size (acres)	Cost per acre
East Point	McPherson and Loop 20	200	\$70,000
El Portal	Milo Loop and Mines Rd.	600	75,000 +
Fast Track Business Park	Colombia Bridge	183	n/a
Inter-America	Mines Road	400	55,000 +
International Airport	Maher	757	n/a
International Commerce Center	Mines Road	95	n/a
International Trade Center	Mines Road	220	n/a
Killam Industrial Park	Milo Loop and Mines Rd.	635	75,000 +
La Barranca Ranch Development	Colombia Bridge	930	n/a
Laredo International Air Park	Laredo Internat'l. Airport	8	n/a
Milo Distribution Center	Grand Central Blvd. and I-35	191	65,000 +
Pan American Business Park	Old Mines Road	165	48,000 +
Pellegrino Park	Mines Road	25	65,000
Pinto Valle	Mines Road	600	n/a
Tejas	Mines Road and I-35	253	n/a
Tex-Mex	Bob Bullock Loop	26.5	n/a
Unitec	I-35 and Uniroyal Interchange	825	45,000 +

Source: Laredo Development Foundation

With Laredo located at the convergence point of U.S. and Mexico rail and high-way transportation systems, many distribution and manufacturing companies find the city an advantageous location for their large industrial facilities. The city has more than 60 million square feet of industrial space. This is 300 square feet per person in Laredo. New warehouse and industrial construction saw tremendous increases in 1997 and 1999 when increases were 211 percent and 99 percent, respectively. This construction growth was in response to the immense growth of the industrial sector's activities. The total value of these permits in 1999 was \$37.5 million. In 2000, \$36.8 million in industrial and warehouse permits were granted, a 2 percent decrease. Map 4 shows the location of industrial building permits issued in 2000 in Laredo.

Laredo has 19 industrial parks, mostly located in the western section of the city. In early 2000, M.S. Carriers

opened a new \$8 million terminal facility on a 50-acre site in the Unitec Industrial Park. The facility serves M.S. Carriers' company trucks bringing freight to the border. Miracle Candle Company opened a 103,000-square-foot production plant during 2000. The facility makes as many as 60,000 candles per day and is located off Loop 20. The 600-acre Pinto Valle Industrial Park is on Mines Road.

Laredo continues to see increasing absorption rates for available park sites. Killam Industrial Park has annexed an additional 207 acres for industrial development. The 635-acre park is expected to expand to 1,200 acres over the next three years. Embarcadero Park is one of two new industrial parks located on Mines Road. The park has a total of 1,200 acres that eventually will be developed. Fasken Oil and Ranch, Ltd. has begun construction on a 200,000-square-foot building in the park with a completion date set for summer 2001.

Millennium Park is the second new park; it has a total of 106 acres between the Laredo Northwest International Bridge and the Colombia International Bridge. Cost per acre ranges from \$70,000 to \$80,000, and construction of the park's first buildings will begin in summer 2001.

Since the opening of the World Trade Bridge, the surrounding area has been designated for one large industrial, retail and residential development. The 1,200-acre Northwest Laredo project located between the bridge and I-35 will take approximately 20 years to complete. Laredo Finsa Park is a new industrial park located on 100 acres adjacent to the bridge. The park is expected to be fully occupied by summer 2002 and will have 1.2 million square feet and \$36 million in new facilities.

Federal Express is building a 33,000-square-foot cargo packing and 33-van freight handling facility on Laredo International Airport property. The air-

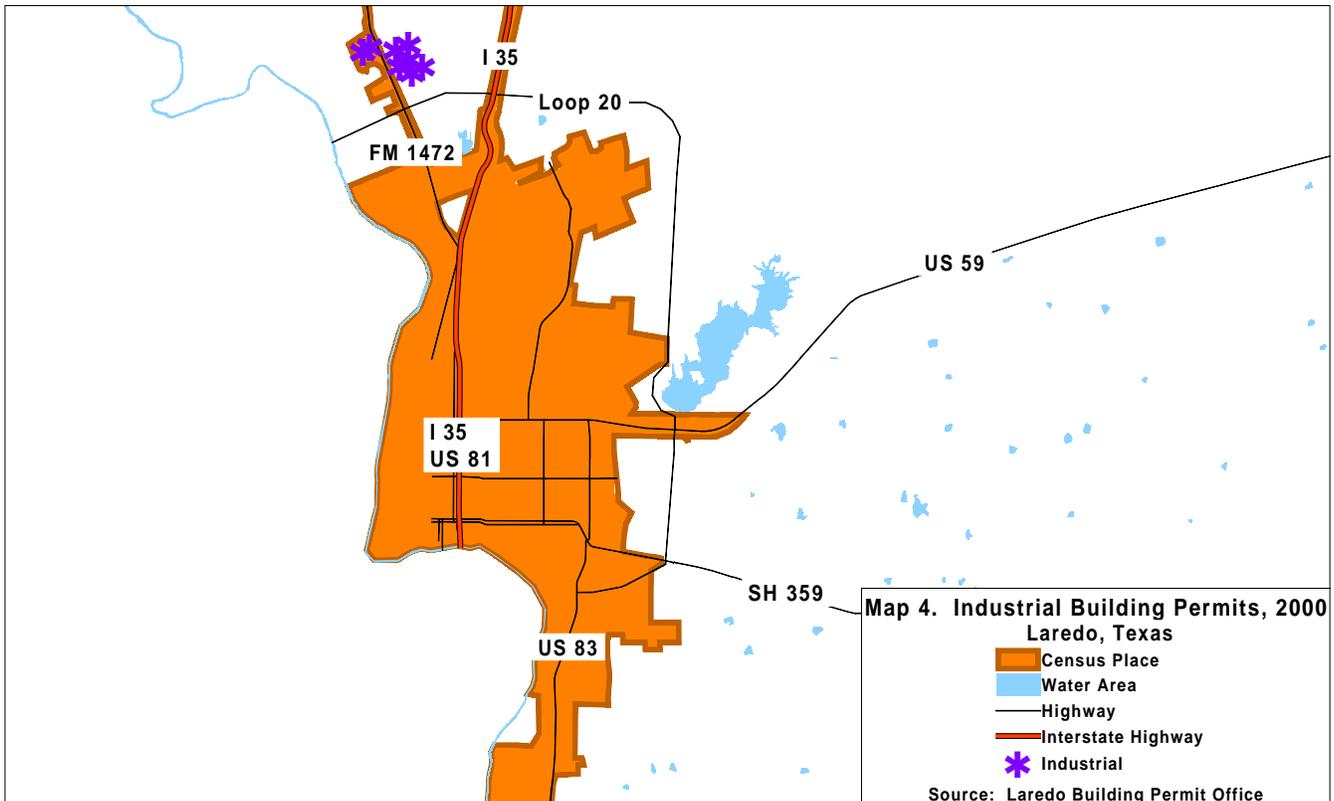
port is leasing three acres to Federal Express for 40 years. Federal Express' total investment in the project will exceed \$1.2 million.

Beginning in January 2000, the Mexican government began to tax maquiladoras in Mexico in accordance with their 1991 legislation. This increased the maquiladoras' cost of doing business by approximately 15

percent, according to an official at Baker & McKensie.

The maquiladora industry is a prominent influence on the Laredo economy. As of late 2000, maquiladora goods can now be retained for sale within Mexico as well as being shipped back to the United States. However, sales of maquiladora goods in the Mexican market are subject to a limit of 50

percent of the previous year's production and are approved on a case-by-case basis. Only 5 to 10 percent of these goods are actually absorbed. Businesses that use the Laredo-Nuevo Laredo maquiladora system include Sony, Ford, Rheem, General Motors, R. G. Barry, Emerson Electric, Caterpillar and Mattel.



## CONCLUSION

**W**ith a population of 200,000 and an estimated \$1.4 billion of construction in progress, Laredo is a rapidly growing community. Residential and retail growth is expected to continue along the major roads of the city. Major infrastructure improvements are planned for the colonias.

NAFTA has had a tremendous impact on the area. Trade with Mexico

continues to increase as maquiladora plants locate near the city and further south in the interior areas of Mexico. The city's geographic location on the U.S.-Mexico border has greatly increased demand on its transportation infrastructure.

Laredo's fourth bridge across the Rio Grande opened in April 2000, helping

to reduce traffic congestion and revive downtown by rerouting truck traffic. The City of Laredo and Webb County are pursuing presidential permits for a proposed fifth bridge. The \$300 million bridge will be connected to a large loop outside of the Bob Bullock Loop and will be used exclusively for non-commercial vehicles.

