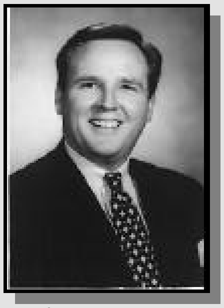


Market Trends Report

February 2 1999 Volume 1 Issue 1

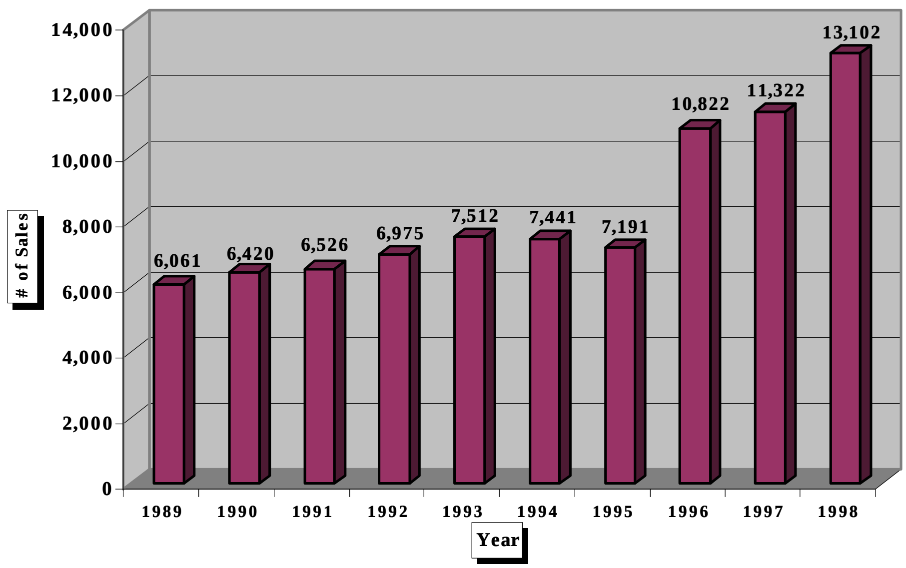
Presented by Michael E. Reyna & Associates, Inc. - Real Estate Appraisers/Consultants

Welcome to the first issue of Market Trends Report, written and distributed by Michael E. Reyna & Associates, Inc. This detailed information was gathered from our San Antonio Multiple Listing Service bureau and The Real Estate Center at Texas A&M.

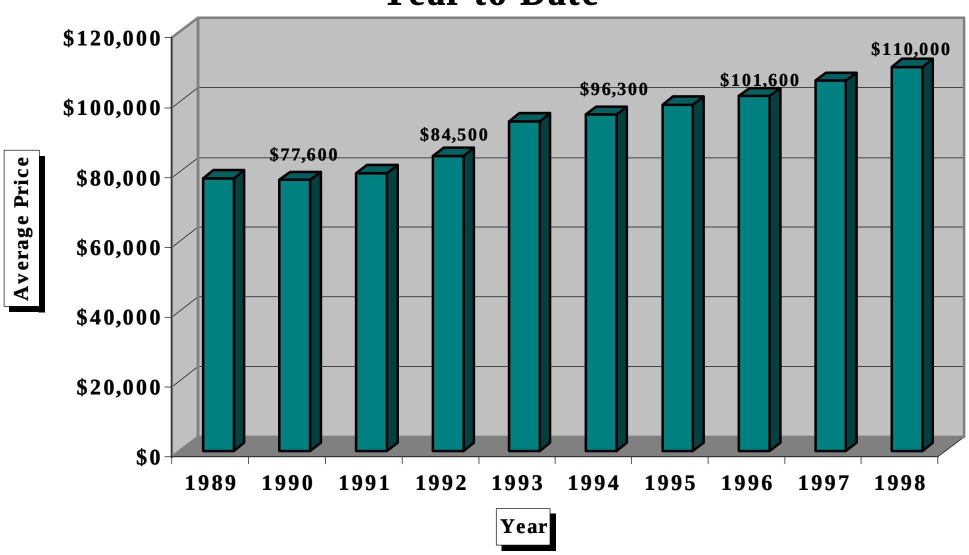
In an effort to better serve our customers, we have analyzed the data and put it into graph form for easier presentation and review.

The graph on the right demonstrates that sales year-to-date have increased since 1989. Sales slightly decreased in 1994 and 1995, followed by a rapid rise in 1996, reflecting today's changing marketplace.

Sales Year to Date



Average Price Year to Date



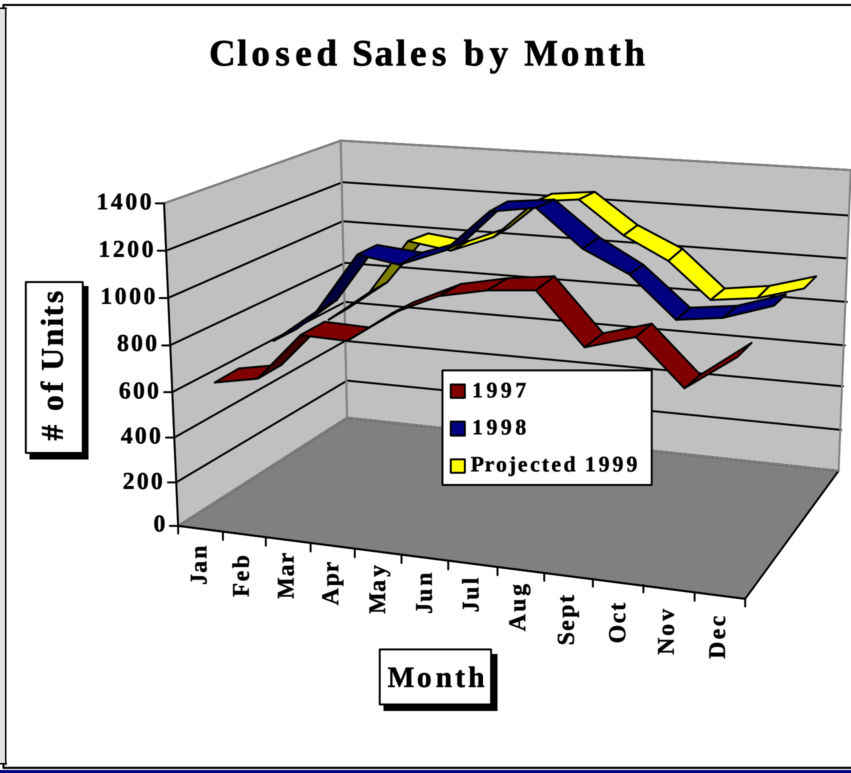
The number of home sales for 1998 were at an all-time high, with numbers totaling 13,102 indicating the 14% increase from 1997 to 1998.

The graph on the left shows the average price of homes sold in the San Antonio Market during the last 10 years

The average home price during last year was a record setting high of $110,000. Note the appreciation increase from a ten year analysis of 29% and a 14% increase over the past five years. The 1997 to 1998 increase was 4%.

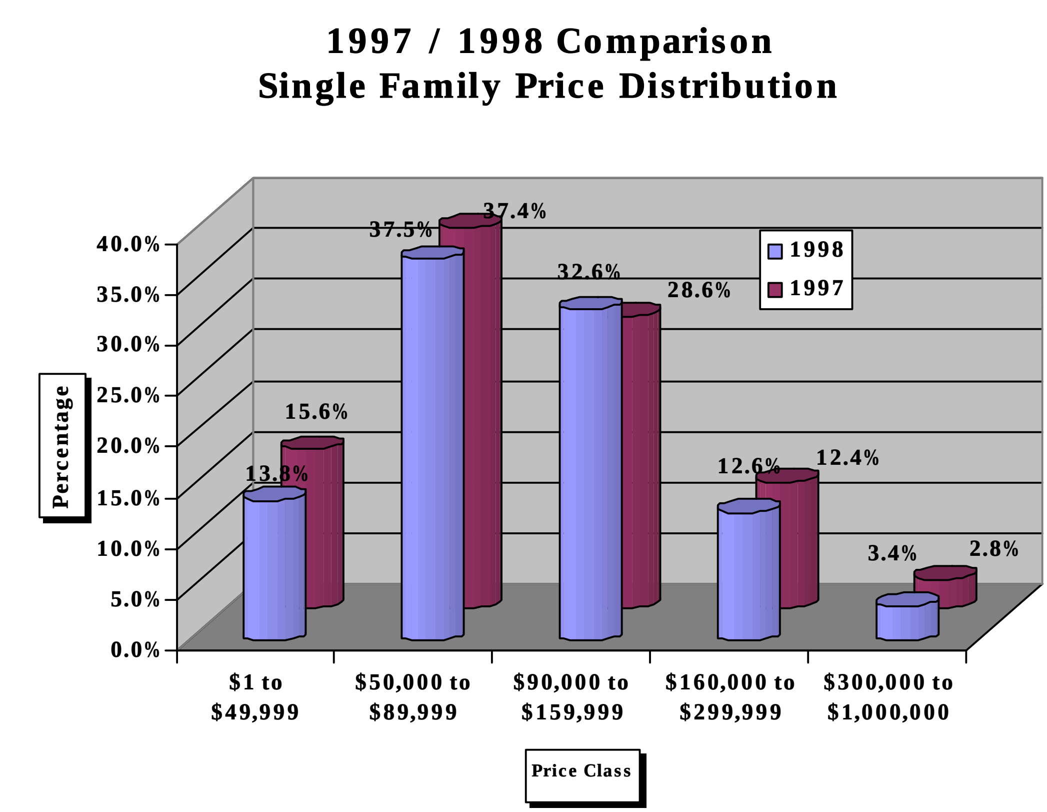
The graph on the right illustrates the number of sales closed by month for the past 2 years, as well as our projections for 1999.

A close look at the graph shows that productivity appears to drop in the beginning of each year, then steadily increases during the summer months. A slight dip follows in early autumn with a sharp increase for the end of the year production.



An end of the year push for sales typically begins in October,when home builders are likely to close out subdivisions and offer incentives for existing inventory in order to increase sales for the last quarter.

As the graph reveals, it is our projection that 1999 will basically mirror 1998 sales activity with only a slight decrease in overall production.

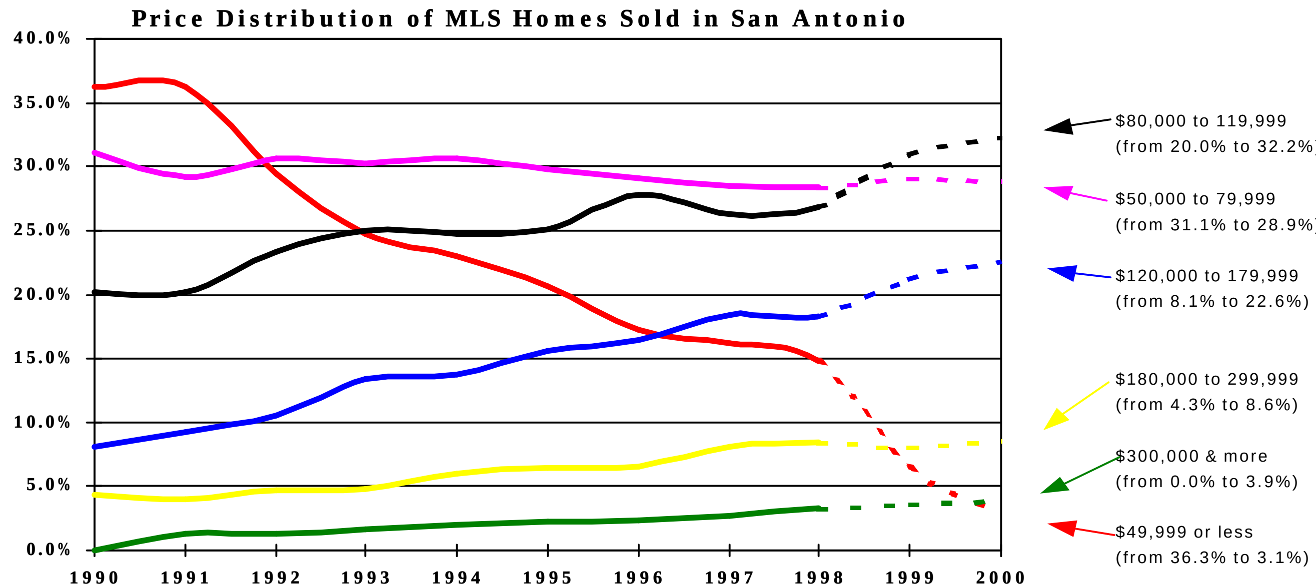


The graph on the left displays the price class distribution, which historically indicates that San Antonio's predominant value range is between $50,000 to $160,000.

This price range basically represents almost 70% of the real estate transactions recorded in our marketplace.

An important factor is that a once affordable price under the $50,000 range is now a shrinking percentage as we see our market appreciate.

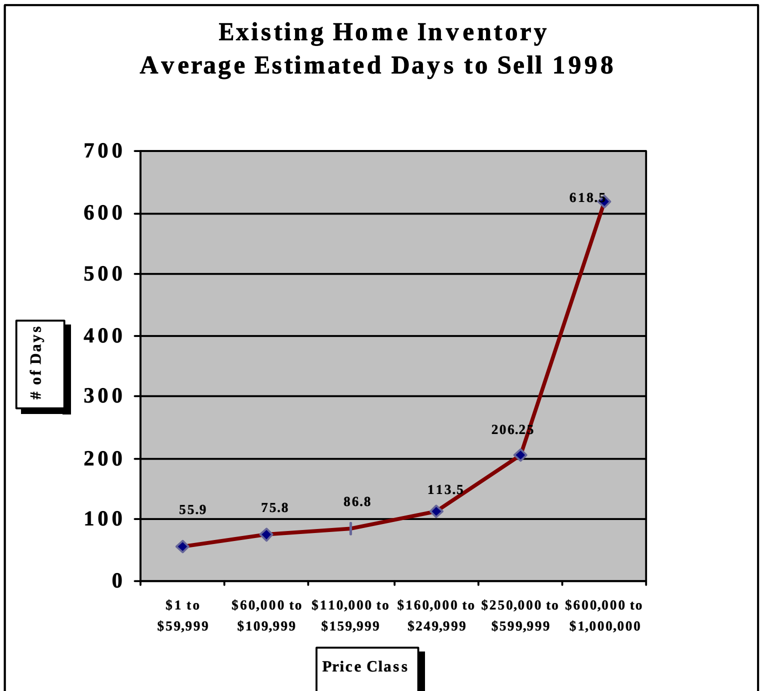
A very noticeable difference is the $300,000 price range which had a 0.6% increase in 1998. This illustrates a well-known fact; that mortgage rates



1999 through 2000 based on linear projection based on 1990 - 1998 data. figures. All data is from the Real Estate Center at Texas A&M University.

The graph above illustrates the 1990 to 1998 price distribution percentage by price class. Throughout the years, the price class with the most sale activity remains constant from $50,000 to $79,999. However, the current prediction of Michael E. Reyna & Associates, Inc. is that the $80,000 to $119,999 range will become the new standard in the marketplace. In 1990, the $49,999 and under category was the highest for San Antonio at a 37% ratio of the market. This price range now represents less than 15%, and is projected to fall below 5% in the next 2 years.

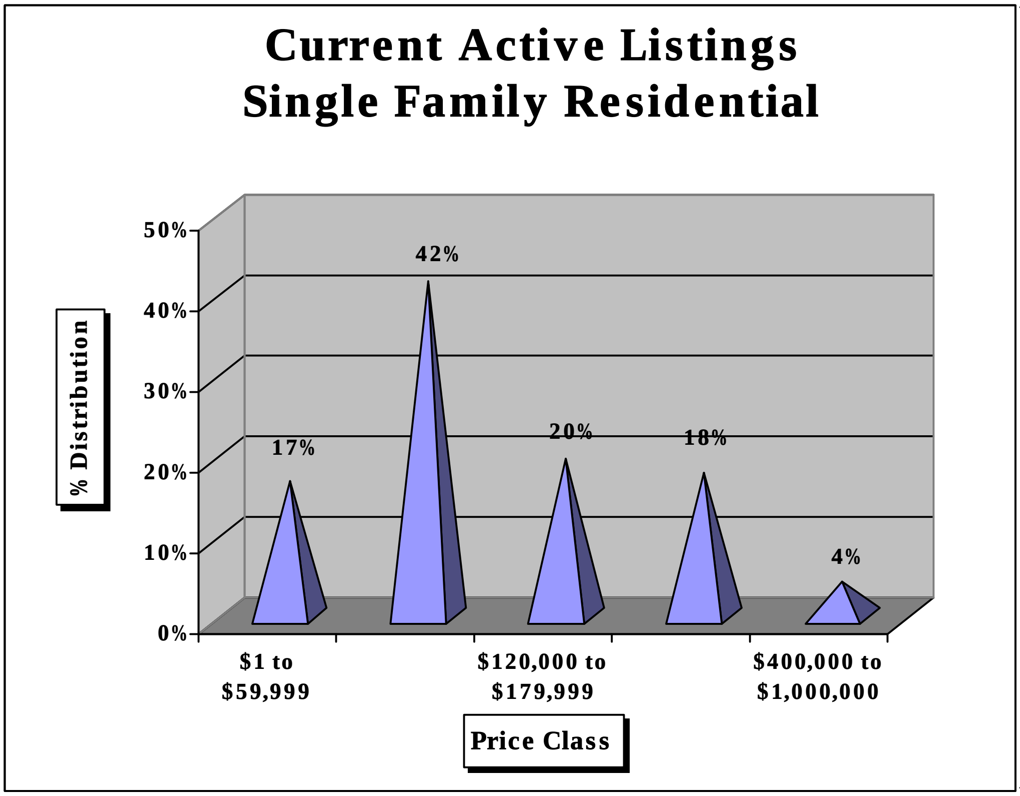
A dramatic change is anticipated in the $120,000 to $179,999 price range. Currently, this price range is approximately 17% of the market, but our prediction is that it will represent 22.6% of the market by the end of the year 2000.



Steady market segments are expected in the $180,000 to $299,999, as well as a slight increase in the $50,000 to $79,999 range.

What does all of this mean? By the end of this millenium we anticipate that the middle price section of the market will increase due to market inflation. Also, finding a quality home priced under $50,000 will become very limited.

The graph to the left is delineated by price class, illustrating the average number of days a home is on the market prior to selling. A distinct increase is noted in number of days for higher priced homes.



The graph to the left demonstrates the current trend for year-end active listings.

The data illustrates that single family residential homes have a primary price distribution in the price class of $60,000 to $119,000, more than double any of the other market segments.

A comparison of last year indicates that this data has held steady with the $60,000 to $119,000 price range at 41.6%.

What's interesting to see is the lack of current inventory between the $120,000 to $179,999 price levels.

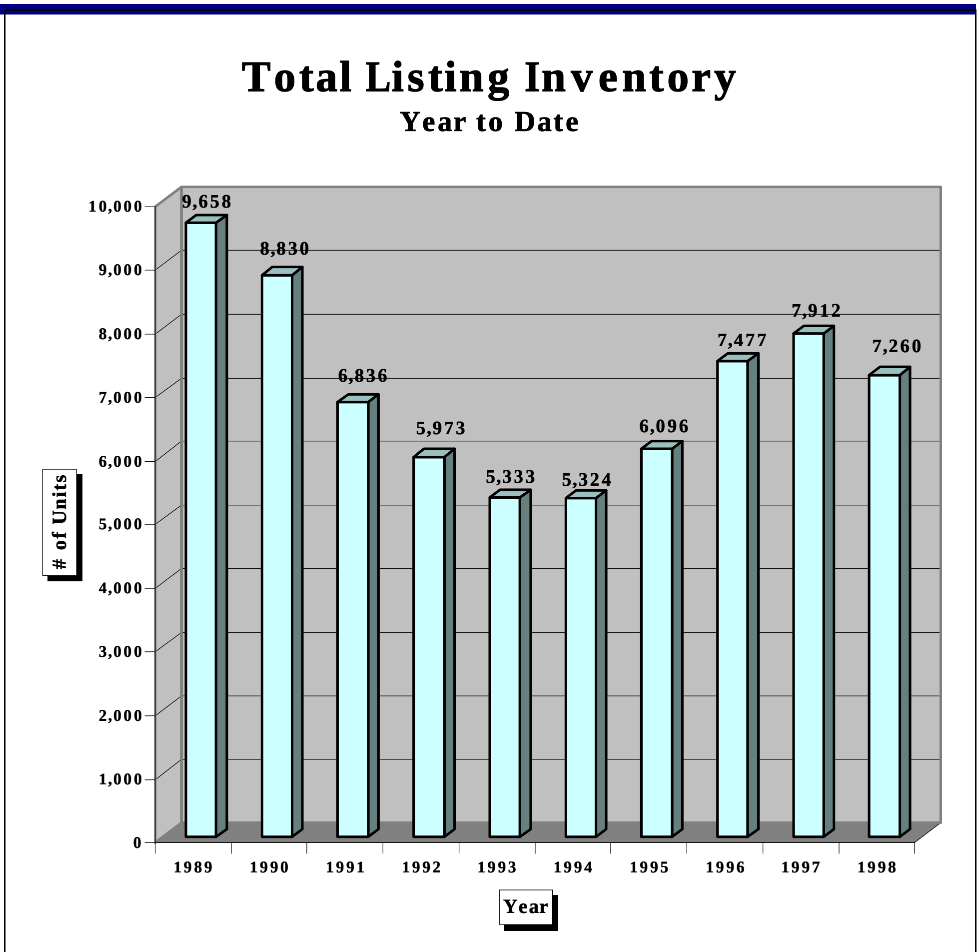
This graph shows a 10-year trend of listing inventory as tracked by the Research Center of Texas A&M.

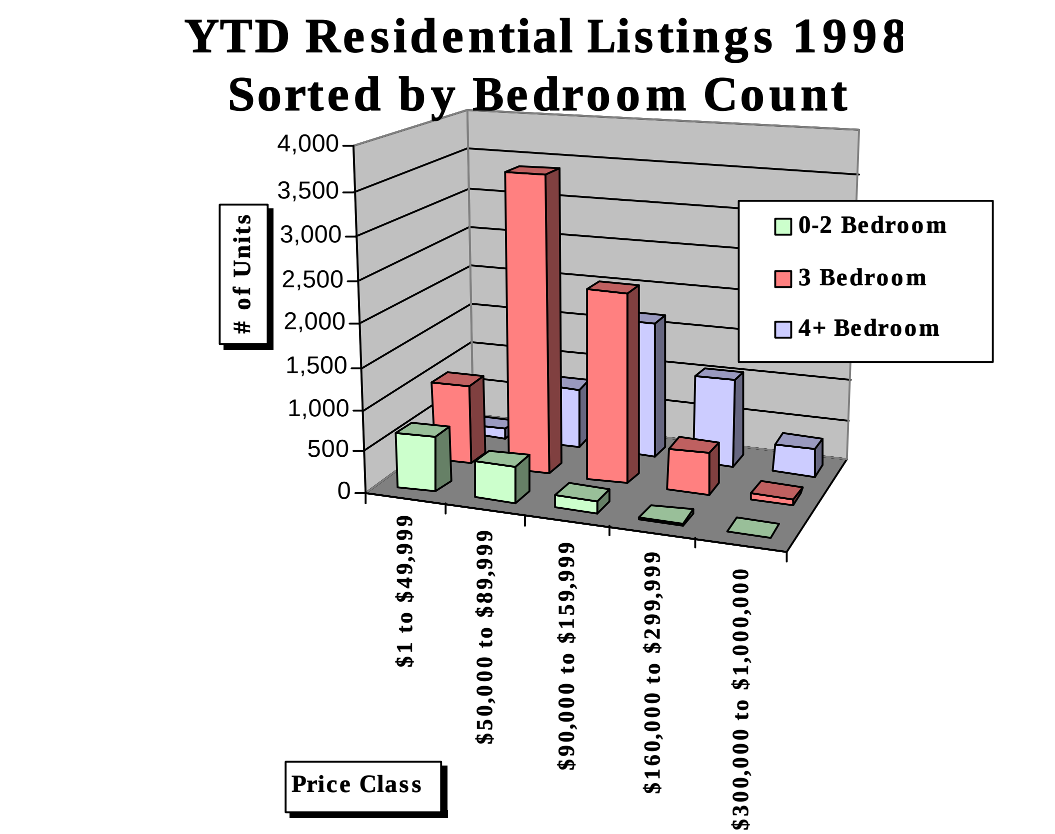
It is amazing to see that in 1989 the active listings topped out with over 9,600 units available. We all remember what happened during that year - a return to a "buyer's market".

This graph also tells us that over the last several years we have addressed the inventory issue and have stabilized at approximately 7,000 homes per year on a five year basis.

Another interesting point is that as of the end of February 1999, we had a listing inventory of 6,087 units, a difference of 25 units from January 1999 level of 6,062.

What does this mean? That even with 750 sales for the month of February 1999, we still are lacking in our normal

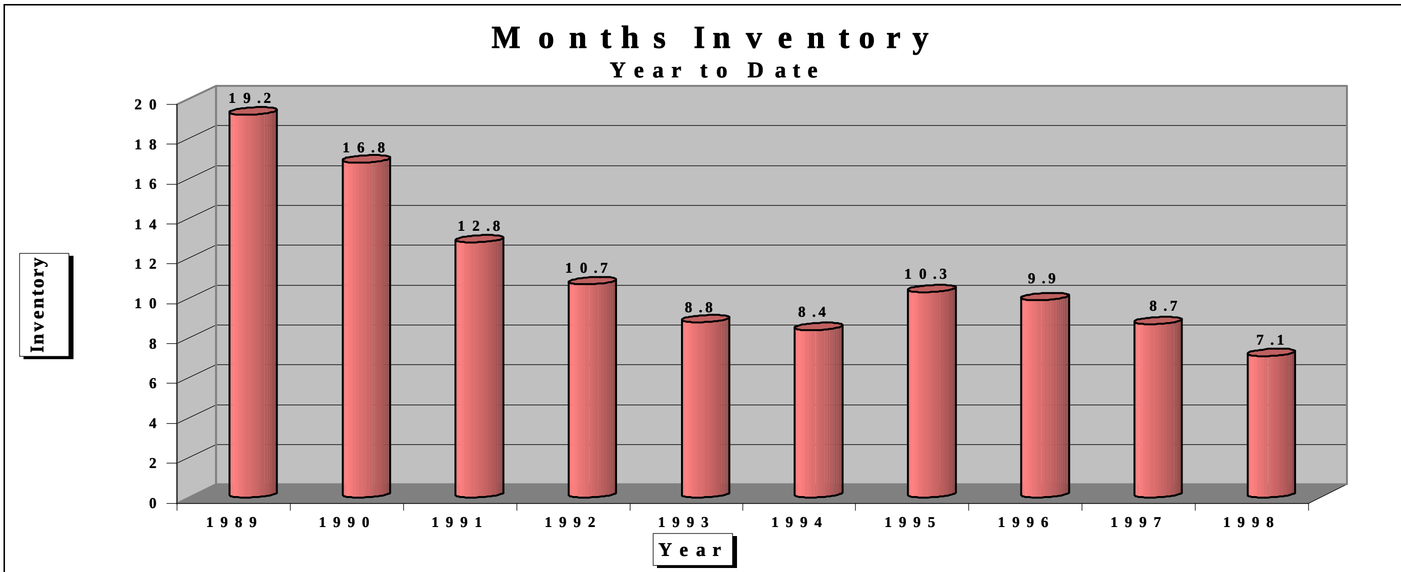




This graph is sorted by bedroom count including closed and current listings for 1998. It is interesting to note that in most price ranges, the 3-bedroom floor plans dominate the choice of buyers.

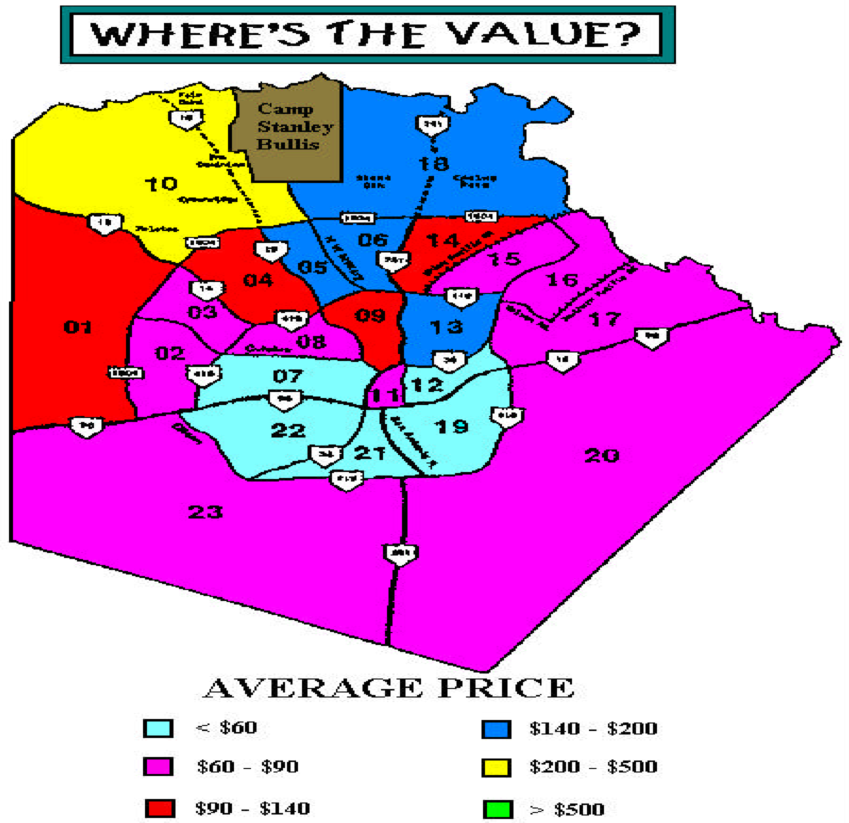
In other price ranges, the 3-bedroom floor plan is the moderate choice (i. e., $90,000 to $159,999).

In the higher price ranges, buyers want at least a 4-bedroom floor plan as indicated in the price ranges of $160,000 to over $1,000,000.



This 10-year graph dramatically demonstrates what the San Antonio real estate market has overcome. In 1989, there was over 18 MONTHS worth of product in inventory. Today, through the efforts of our real estate community, we show less than 7.1 MONTHS! What a difference!

At the end of 1998, San Antonio broke a 10-year record having the LOWEST percentage of homes for sale in the marketplace. As of February 1999, there was a current home inventory of approximately 5.7 months. What this leads Michael E. Reyna & Associates, Inc. to predict is that we are possibly returning to a seller's market, with competition for available product being extremely high at this time.



The Multiple Listing Service (MLS) area map shown to the left has been color coded by average price range.

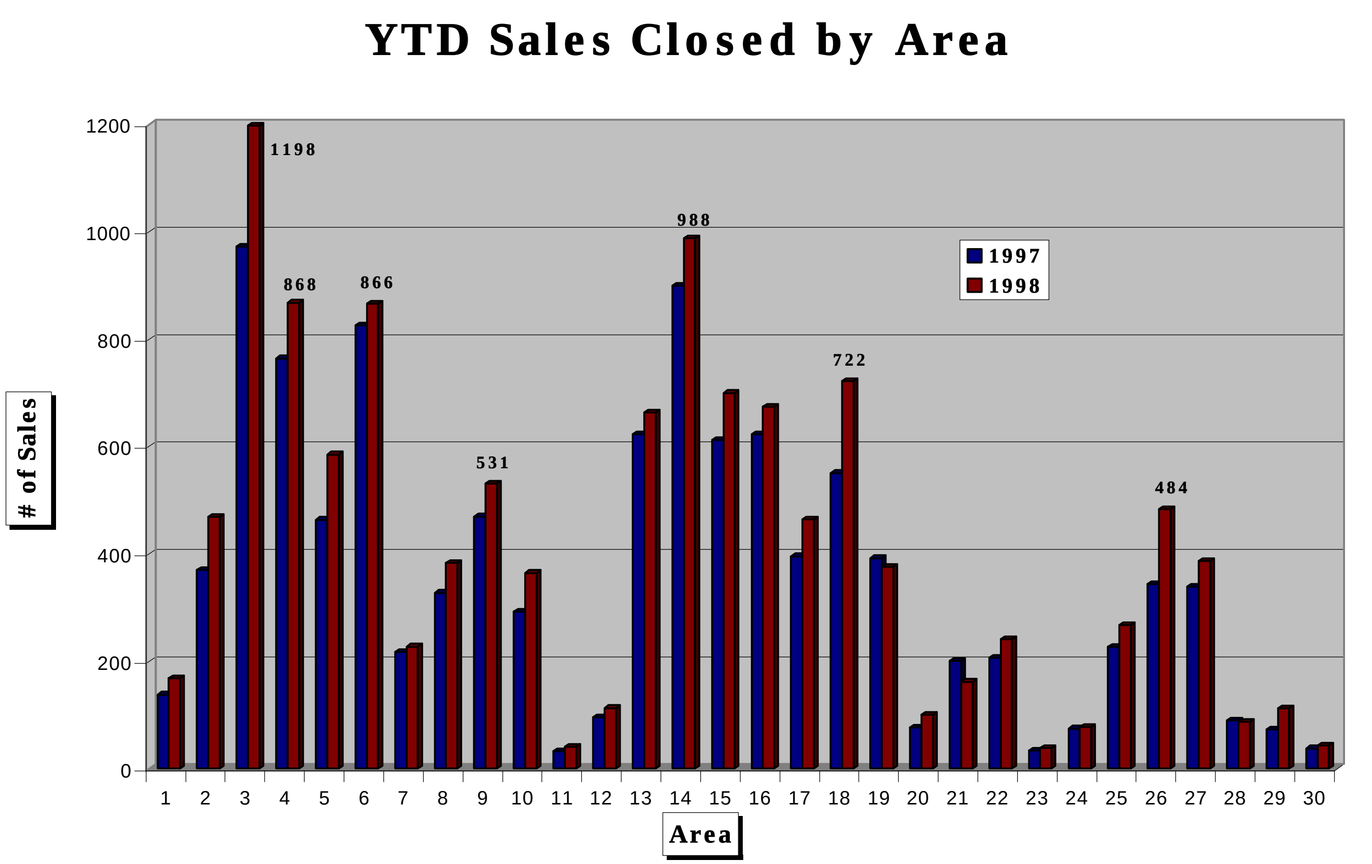
Counties not indicated on the graph include the following:

Bandera County	24
Kendall County	25
Comal County	26
Guadalupe County	27
Wilson County	28
Atascosa County	29
Medina County	30

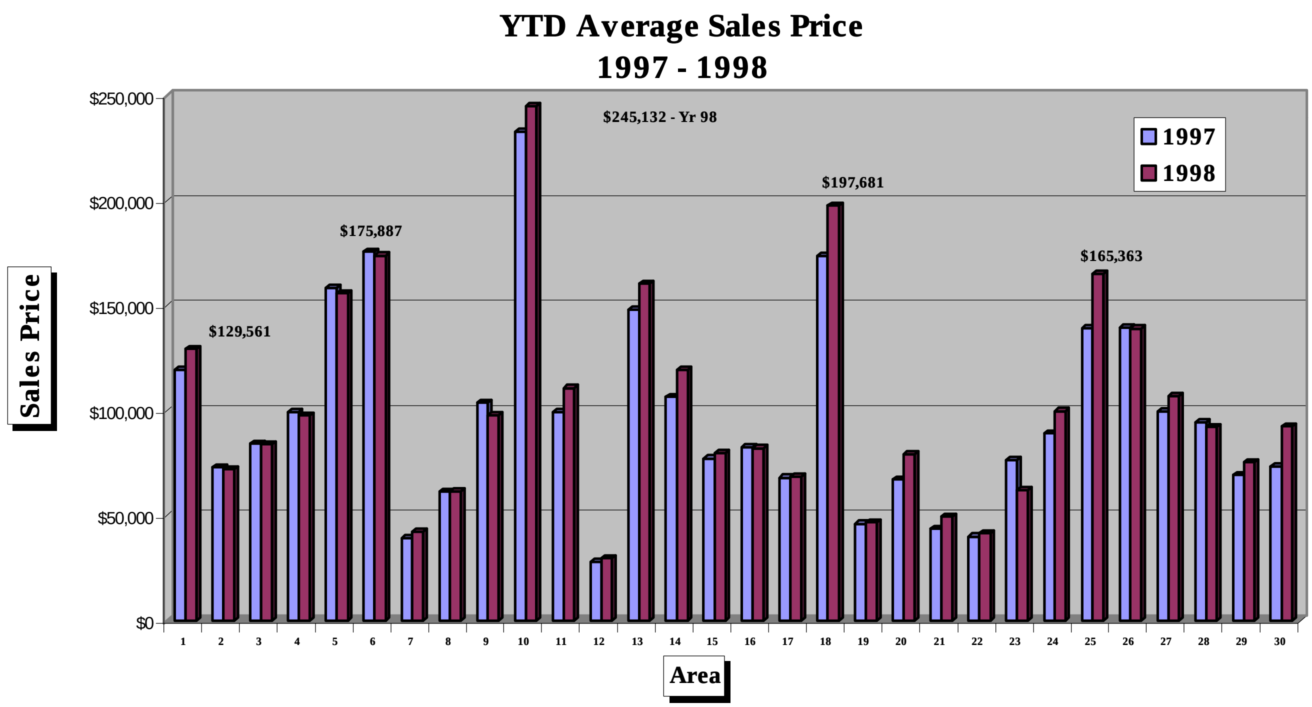
The graph below indicates the year-to-date sales closed by area.

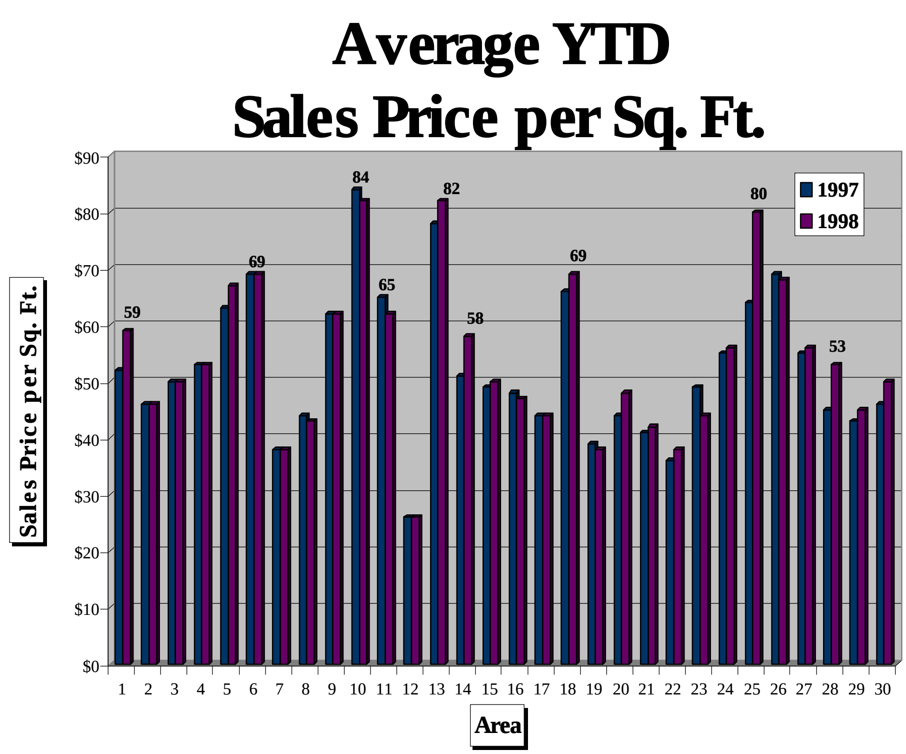
The best selling regions during 1997 and 1998 are areas 3,4,6 and 14.

The hottest selling counties outside of Bexar County were Comal (zone 26) and Guadalupe (zone 27).



The chart below illustrates the year-to-date average sales price broken down by MLS market grid area. Area 10 indicated the highest average price at $245,132. This area includes such subdivisions as The Dominion, Crownridge, and other similar custom home developments. Another high value area is zone 18 which includes such developments as Sonterra, Stoneoak, Greystone and others. Outside of Bexar County, Kendall County exhibits indicated the highest value at an average price of $165,363.





This graph demonstrates the MLS map areas by price per square foot.

The highest average price per square foot for San Antonio is map area 10, which as shown above has the highest average sales price.

Another high price per square foot area is map area 13 which includes such neighborhoods as Alamo Heights, Terrell Hills, Olmos Park and Monte Vista.

The third highest price per square foot area is not even located in Bexar County but rather in Kendall County which is zone 25.

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- Michael E. Reyna