



Padre Sands
730 Acres of Prime Coastal Development Land
South Padre Island, Texas

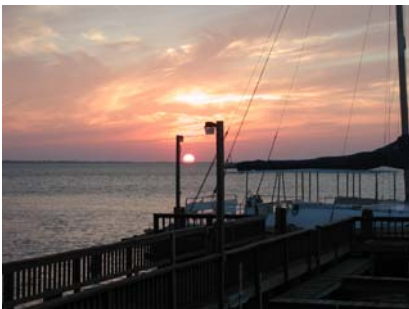
SOUTH PADRE ISLAND

General Info about South Padre Island, Texas

South Padre Island is part of the world's longest barrier reef island and is located near the most southern portion of Texas. The island is connected to the mainland by the Queen Isabella Causeway, a 2 1/2 mile four lane bridge to Port Isabel Texas. The community of South Padre Island is a township located in Cameron County with approximately 2500 permanent year-round residents. However, many more Winter Texans or part-time residents claim South Padre Island as home for large portions of the year. It is also a popular destination for Mexican Nationals, particularly those from Monterrey, Mexico, who own somewhere between 30% and 50% of the island's developed real estate.

South Padre Island is located at the same latitude as Fort Lauderdale, Florida. The Island enjoys a sub-tropical environment with an average winter temperature of 65 degrees, an average summer temperature of 82 degrees and an average 253 days per year of sunshine.

The town's total area is about 1,200 acres on an island approximately 1/2 a mile wide from beach to bay and 34 miles long. South Padre Island is bordered by the Gulf of Mexico and the Laguna Madre Bay, one of only 5 hyper-saline bays in the world. The only saltier body of water in the U.S. is the Great Salt Lake. This unusual bay is home to diverse species of fish as well as young Sea Turtles, dolphins, endangered Brown Pelicans and much more.

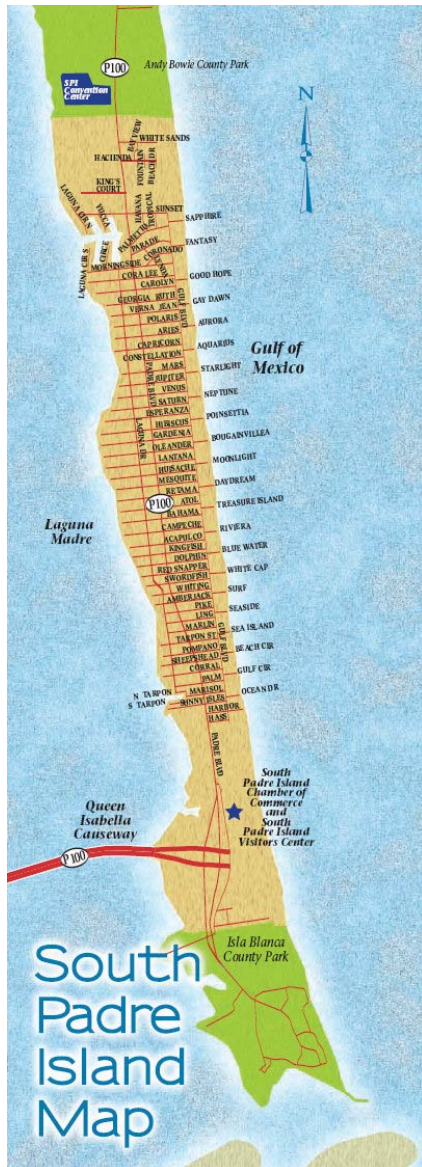


Life on South Padre Island

South Padre Island is a small community. Our tropical weather and miles of beachfront make the island a tourist attraction and year-round delight for those of us who are fortunate enough to call South Padre Island our home.

Here we put more miles on our bicycles than our cars, and the pace of life is decidedly slower than it is on the mainland. Island time means that you stop to marvel when the sun sets and forsake work for fishing if the bay is glassy smooth.

Among the locals, eccentric is the norm, and shorts are acceptable attire anywhere. The various tourist seasons cause the population to swell and shrink with families on summer vacation, Winter Texans escaping the chill of northern states, and spring breakers enjoying a holiday (despite what you hear, they really are nice kids).



South Padre Island belongs to the Point Isabel Independent School District. Daily school bus service shuttles school age children across the bridge to Port Isabel's quality schools.

Parks on the island include county parks Isla Blanca and Andy Bowie.

South Padre Island is an amazing destination for all kinds of water sports. We are considered to be the best location in the country for kite boarding. Windsurfers also come from all over the country to enjoy our breezy shallow bay. South Padre Island also offers vacationers a wide range of other activities: sailing, fishing, kayaking, kite-flying, bungee jumping, bird watching, sun bathing, sand castle building and shore walking to name a few. We are fortunate enough to have it all.

With both shallow sport fishing in the Laguna Madre Bay as well as great deep sea fishing in the Gulf of Mexico, there is a fishing expedition to fit every time frame and skill level.

Our area is famous for our bird watching and with our "World Birding Center" is one of the best informational and interactive bird watching sites anywhere.

An excellent golf course is only 20 minutes away and we have some wonderful seafood dining and waterfront bars. Special activities are held during the year. During the summer, every Friday night is a celebration with fireworks over the bay. The island is host to several large fishing and water sport tournaments. Bike week, "Roar by the Shore" and "Sand Castle Days" are held every October. The Island boasts a large

beautiful convention center where beauty pageants, concerts, craft shows, sporting events, and business conferences are held.

Unlike other south coastal areas, our high tourist season is the summer as opposed to the winter. The highest tourist months are normally March (Spring Breaks), June, July and August, followed by the winter months when Winter Texans (our term for "Snow Birds") populate the island in January and February.

South Padre Island has a council-manager form of government with a Board of Aldermen, consisting of a Mayor and five Aldermen. The City Manager is the chief executive officer of the town.

Types of Investment Property Currently Available on SPI

The first homes constructed in the late 60's and early 70's are what locals refer to as "beach houses". They were frequently built by returning WWII vets who had seen the Bali-ha'i building style of the South Pacific, painted brightly and built on wood pilings. These homes still stand as a testament to their construction and rugged storm smart style.

The earliest resort properties on the island include the Bahia Mar complex, the Tiki Resort, The Padre South Hotel, and a few other wood frame hotels and condos on the beachfront. The majority of our resorts and condo complexes were built in the early to mid 80's when there was a surge in development. That great time of progress stopped suddenly when the Peso devalued and the S&L scandal upset the Texas economy.

Over the last several years, real estate has appreciated at a very healthy pace and continues to do so. As the north island territory opens up, a new era of master planned communities and upscale development is anticipated. Investors on South Padre find a multitude of income-producing properties, long-term holds, and appreciation gathering opportunities.

Rentals - Condos and multi-family properties are quality income producers on both the long-term and short term rental markets. Proximity to the beach and aesthetic qualities continue to be the best traits for a quality property.

Land - While the Township of South Padre Island is nearing the end of its available land, there are amazing opportunities to purchase raw coastal land on the northern part of the island. We see a great future for this part of the gulf coast. Please call us for an introduction to North Island.

Appreciation - Properties on South Padre Island have consistently shown double digit annual appreciation rates. Texas in general is regarded as one of the best property values in the country, and South Padre Island is no exception. As we are discovered by more and more buyers searching for a good second home or coastal value, we expect our appreciation rates will continue.

Property prices here are low as compared to prices for similar property on the east and west coasts. As a result, investors from Florida and California may consider island prices to be bargains. On the other hand, when compared to prices of urban and rural properties in inland markets, prices on the island seem relatively high. When you consider the price increases that have taken place in similar beachfront markets, the most significant factor for investors becomes the potential for appreciation and the opportunity to participate in a market that continues to have upward momentum.

Beachfront property is the most desired by investors in all price ranges. It seems to provide the greatest appreciation and the highest levels of rental income. Because we are a beach-oriented vacation spot, we have a large number of beachfront condos. The closer your unit is to the beach, the better the potential rentals. Units across the street from the beach with a Gulf Blvd. address also perform very well. The view from the unit is important. Most beachfront units have beautiful views of the gulf, and some also have bay views. Beachfront units are the first to rent and command the highest rental rates.



There are a few one bedroom beachfront units, and they range in price from \$210,000 to \$295,000. The bulk of the beachfront units are two bedroom condos, and these range from \$350,000 to \$495,000, depending on location, amenities, age and condition. Three

bedroom units range from \$425,000 to \$600,000. Four bedroom units are scarce and priced accordingly. Beachfront town homes start at \$1.3 million, and single-family homes on the beach are \$2 million and over.

If you get off the beach a little, prices drop considerably. There are one bedroom condos "off the beach" that are priced from \$100,000 to \$150,000. Two bedroom condos "off the beach" are priced from \$195,000 to \$285,000. Three bedroom units are scarce and usually run from \$250,000 to \$350,000.

A type of property we have seen show superior performance is an interior beach house or multi-family building. Large groups love these and are willing to pay high rents even though they have to walk a couple of minutes to get to the beach. You save by not having to pay monthly condo fees. The flip side is you have responsibility for your own maintenance; however, we can connect you with capable local service providers.

Interior townhouses are \$350,000 to \$500,000, and single family homes range from \$375,000 to \$700,000. Again, prices vary based on exact location, views, age and condition.

Waterfront homes and condos on the bay are priced similarly to their beachfront counterparts, and these typically have boat docks and fishing piers. There are also homes and town homes on the channels that provide access to the bay, and these vary in price from \$600,000 to the millions of dollars. Bay front units have the gorgeous sunset views and also the views of Friday night fireworks in the summer. Bay front units also usually have boat slips and fishing piers. Boat slips may be unassigned, assigned or deeded.

What Others are Saying about South Padre Island

Conde Nast Traveler named South Padre Island as one of the 30 best beaches in its "Worldwide Island Beach Finder", June 2007

Cosmopolitan listed South Padre Island in its 100 Hot Cities guide, June 2007

"One of the best places to buy a second home" - Money Magazine

"Great vacation home buys" - New York Times

"A Texas-style Paradise" - The CBS morning show featured South Padre Island in its Great American Vacation series, August 2007

