

# Hampton Road Corridor Redevelopment Plan DeSoto, Texas

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Market Context

May 2005



*Presented to:*

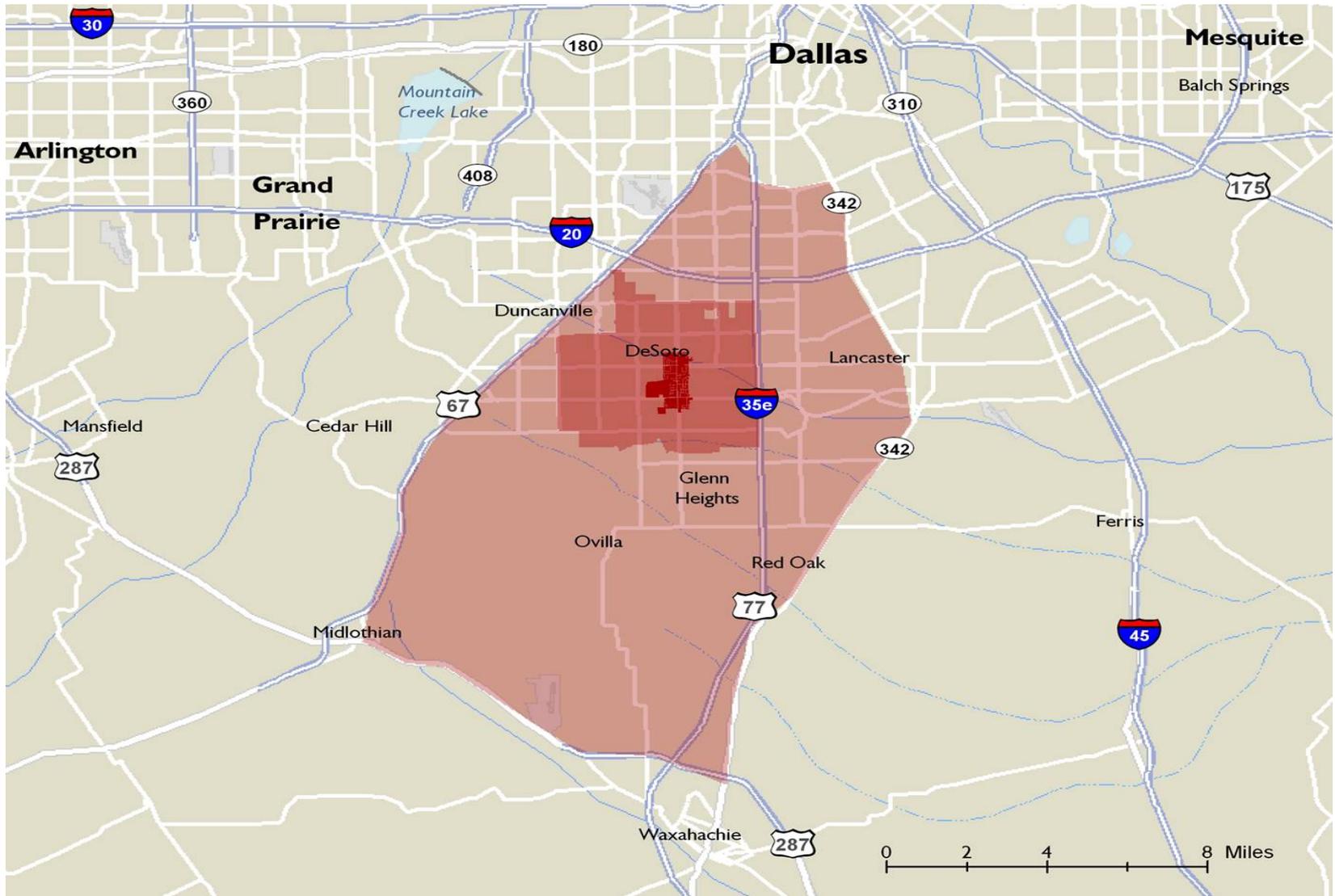
Hampton Road Corridor Redevelopment Plan Advisory Committee

*Presented by:*

Leland Consulting Group



# Trade Area Zoom



# Trade Area Demographics

## Population

	<b>DeSoto</b>	<b>Trade Area</b>		<b>DeSoto</b>	<b>Trade Area</b>
2000 Total	38,073	155,025	Less Than 20	31%	34%
2005 Total	49,303	194,100	20 to 34	17%	19%
2015 Total	53,472	251,100	35 to 54	34%	30%
CAAGR* 2000-2005	5.3%	4.6%	55 to 74	14%	13%
CAAGR* 2005-2015	0.8%	2.6%	75 and Over	4%	4%
			Median Age	36.1	33.2

## Households

	<b>DeSoto</b>	<b>Trade Area</b>		<b>DeSoto</b>	<b>Trade Area</b>
2000 Total	13,812	54,859	Less Than \$25,000	16%	22%
2005 Total	17,608	68,700	\$25,000 to \$50,000	25%	28%
2015 Total	19,074	90,200	\$50,000 to \$75,000	24%	25%
CAAGR* 2000-2005	5.0%	4.6%	\$75,000 to \$100,000	16%	13%
CAAGR* 2005-2015	0.8%	2.8%	Over \$100,000	19%	12%
			Median Household Income	\$57,700	\$50,400

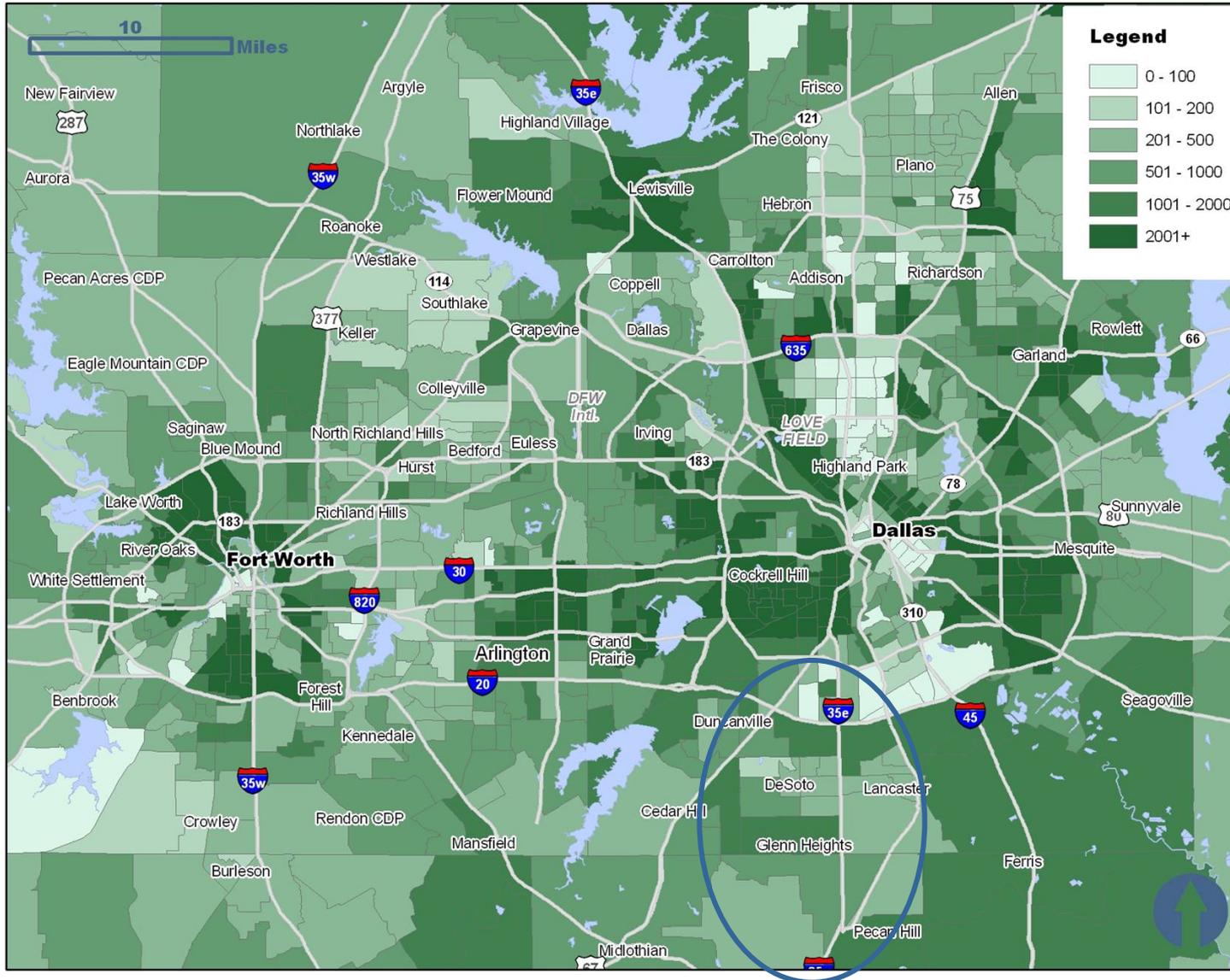
## Employment

	<b>DeSoto</b>	<b>Trade Area</b>		<b>DeSoto</b>	<b>Trade Area</b>
2000 Total	16,177	49,779	High School Diploma	88%	78%
2005 Total	17,151	58,500	Bachelors Degree	30%	17%
2015 Total	19,549	80,500	Graduate Degree	10%	5%
CAAGR* 2000-2005	1.2%	3.3%			
CAAGR* 2005-2015	1.3%	3.2%			

\* Compound Average Annual Growth Rate

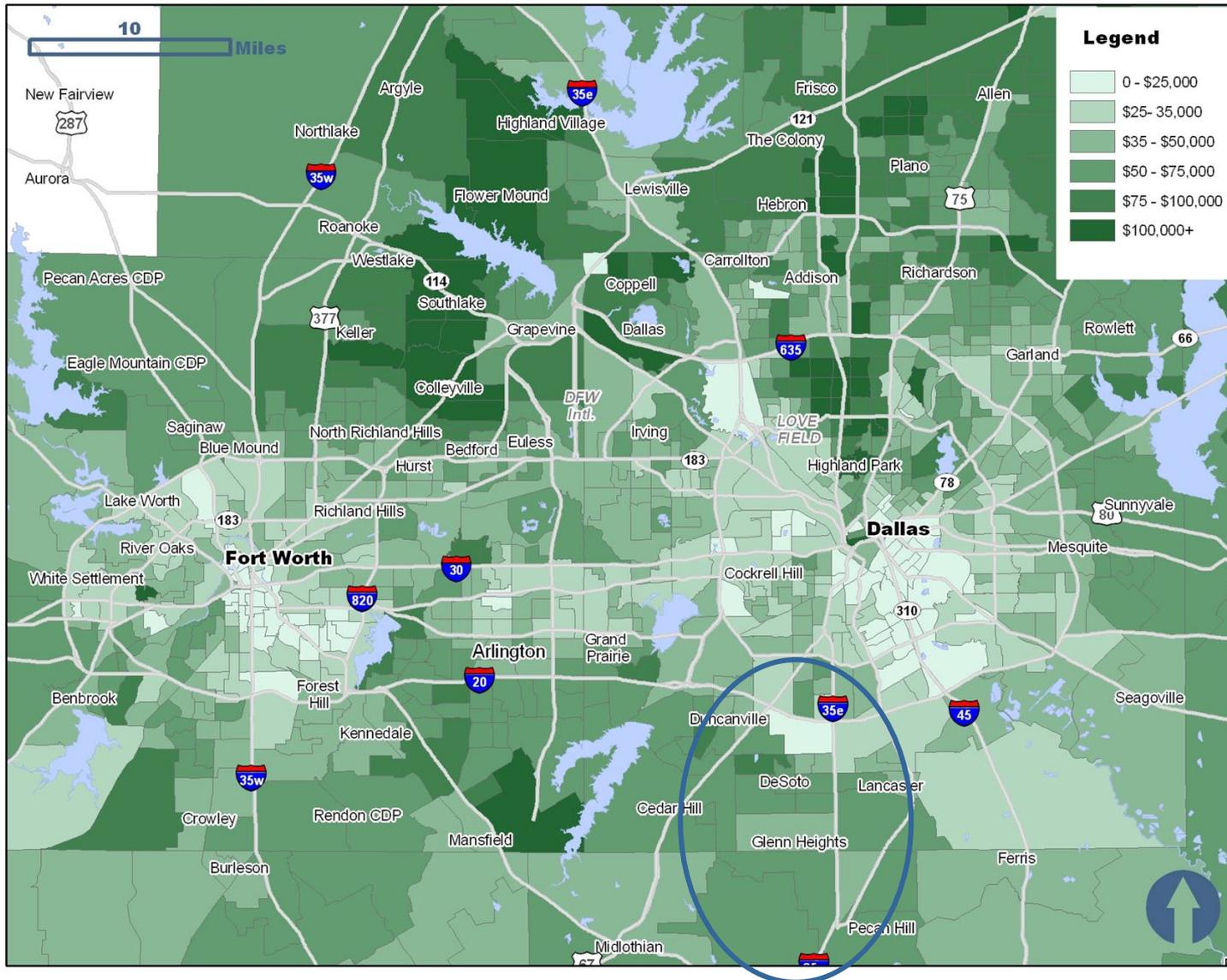
Source: U.S. Census Bureau; North Central Texas Council of Governments; ESRI, Inc.; and Leland Consulting Group.

# Demographic Shifts – 2000 Hispanic Population





# Demographic Shifts – 2000 Median Household Income



# Lifestyle/Psychographic Segments

Psychographics is a term which describes people's psychology, as distinct from physical characteristics. Psychographic analyses identify personality characteristics and attitudes that affect a person's lifestyle and purchasing behavior.

Commercial retail developers, in particular, are interested in understanding a community's psychographic profile, as this is an indication of its residents' propensity to spend across select retail categories.

## Top Trade Area Lifestyle (Tapestry) Segments

Segment	Trade Area Households	Index to U.S.
Milk and Cookies	10,955	911
Aspiring Young Families	8,819	661
Family Foundations	7,139	1,322
Sophisticated Squires	5,709	346
Up and Coming Families	4,618	271
Inner City Tenants	4,397	483

# Lifestyle/Psychographic Segments

*Milk and Cookies* residents are young, affluent married couples who are starting their families. Many already have young children. Residents favor single-family homes in suburban areas largely in the South and West, especially Texas. Families with more than two workers, more than one child, and more than three vehicles are the norm.

Focused on family life and their future, *Milk and Cookies* residents buy baby and children's products, build their investment portfolios, and purchase insurance policies. Leisure time is spent with their children visiting the zoo, going to the movies, and visiting theme parks. To accommodate their busy lifestyle, residents buy time-saving products such as fast food and instant breakfasts.

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# Lifestyle/Psychographic Segments

Attracted to the large, growing metropolitan areas in the South and West, with the highest concentrations in California, Florida, and Texas. These residents are mainly young, start-up families, married couples, or single parents with children. Although young with a median age of 30 years, almost half of them have already purchased start-up homes, with a high percent of townhouses. Half of them are renters who live in newer multiunit buildings.

Residents spend much of their discretionary income on their children and homes. They buy baby and children's products and toys, bedroom and dining room furniture, cameras, and VHS/DVD players. For leisure, families enjoy dining out, going to the movies, playing baseball or basketball, and visiting theme parks. They spend time online visiting chat rooms, searching for employment, playing games, researching information about real estate, and making travel plans.

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# Lifestyle/Psychographic Segments

The bedrock of this community is family life – married couples, single parents, grandparents, young children, and adult children. This small urban market can be found in large metropolitan areas. Their neighborhoods are composed of row houses or single-family detached, primarily pre-1960s, owner-occupied houses. There is a gradual decline in population through attrition, but little turnover in the neighborhoods. Unemployment is above average, although 30 percent have completed some college classes.

*Family Foundations* residents are active in their communities; they attend church services, serve on church boards, help with fund-raising projects, and participate in civic activities. Most of their consumer expenditures are for home maintenance and family; baby products and clothing are priority items in their budgets. Basketball is a favorite sport – they enjoy playing and attending college and professional games

## Top Trade Area Lifestyle (Tapestry) Segments

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# Lifestyle/Psychographic Segments

*Sophisticated Squires* residents enjoy cultured country living in newer home developments with low density. These urban escapees are primarily families with children. They are college-educated, professionally employed and have elected to commute to maintain their semi rural lifestyle.

From buying golfing equipment to attending golf tournaments, golf is a key part of their lives. Cargo space for golf and do-it-yourself projects determines their preference for SUVs and minivans. With the right tools, they are not afraid to tackle home and garden improvement projects.

## Top Trade Area Lifestyle (Tapestry) Segments

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# Lifestyle/Psychographic Segments

*Up and Coming Families* represents the second highest growth market—and the youngest of the affluent family markets. These days, residents are more Generation Xers than baby boomers. Despite the cohort turnover, the profile for these neighborhoods remains young affluent families with young children. Their homes are new.

Because family and home priorities dictate the consumer purchases of *Up and Coming Families* residents, they frequently shop for baby and children's products and home and garden improvement equipment. When they can squeeze leisure time into their busy lives, they visit the zoo, attend ball games, and take adult education classes.

## Top Trade Area Lifestyle (Tapestry) Segments

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# Lifestyle/Psychographic Segments

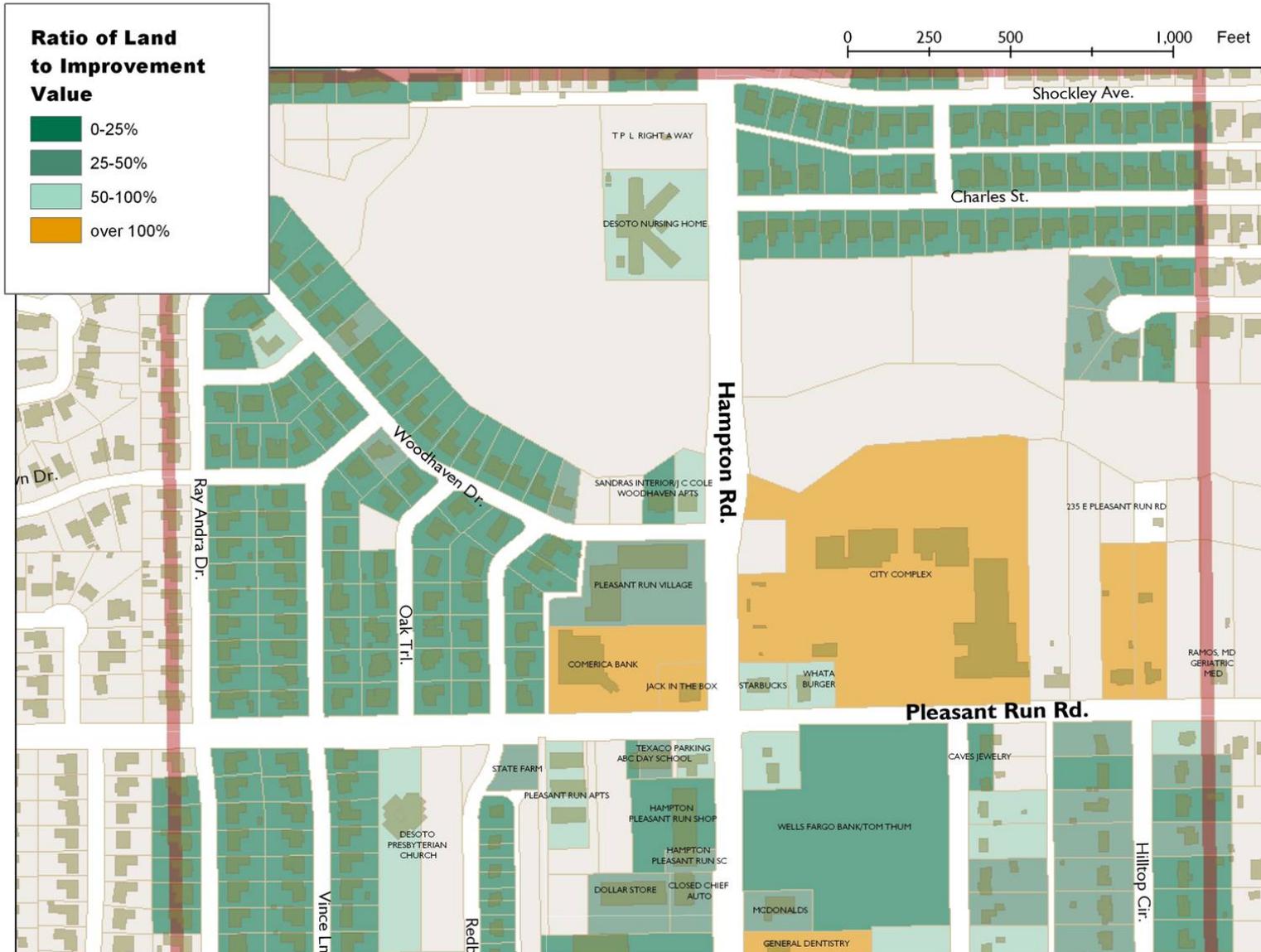
## Top Trade Area Lifestyle (Tapestry) Segments

*Inner City Tenants* are a microcosm of urban diversity. This multicultural market consists of renters in mid-rise or high-rise apartments. The population is young, with a median age of 27.9 years. The household composition reflects their youth. Single persons and shared households make up a large segment of this market--45 percent of all households.

Busy lives influence food purchases; they frequently eat at fast-food restaurants and shop for easy-to-prepare frozen and canned foods at local grocery stores. For exercise, they prefer walking, swimming, playing basketball and attending aerobics classes. Younger Inner City Tenants residents enjoy the nightlife at bars and clubs and going dancing.

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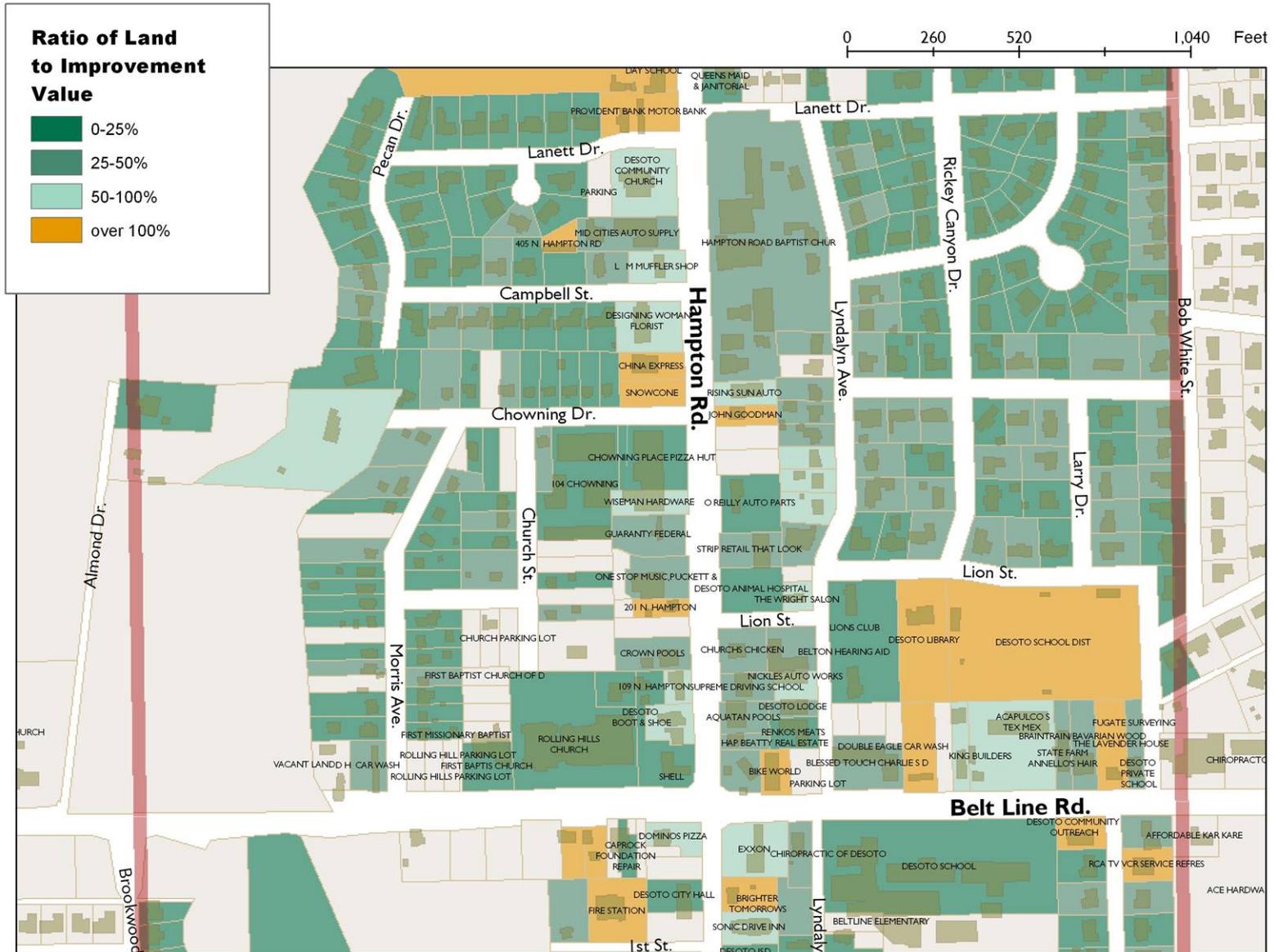
# Study Area Parcel Analysis (North)



# Study Area Parcel Analysis (North Central)

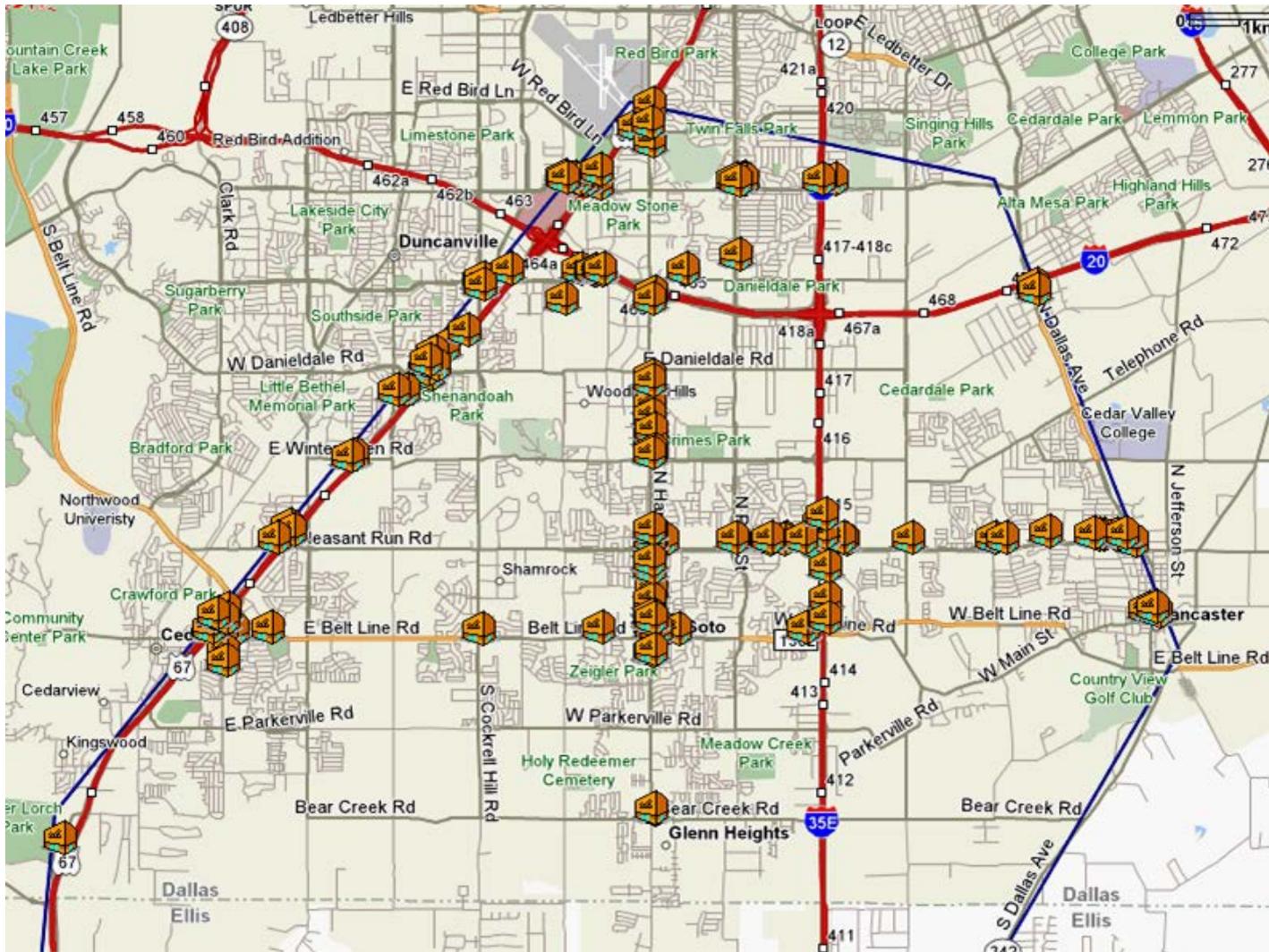


# Study Area Parcel Analysis (South Central)

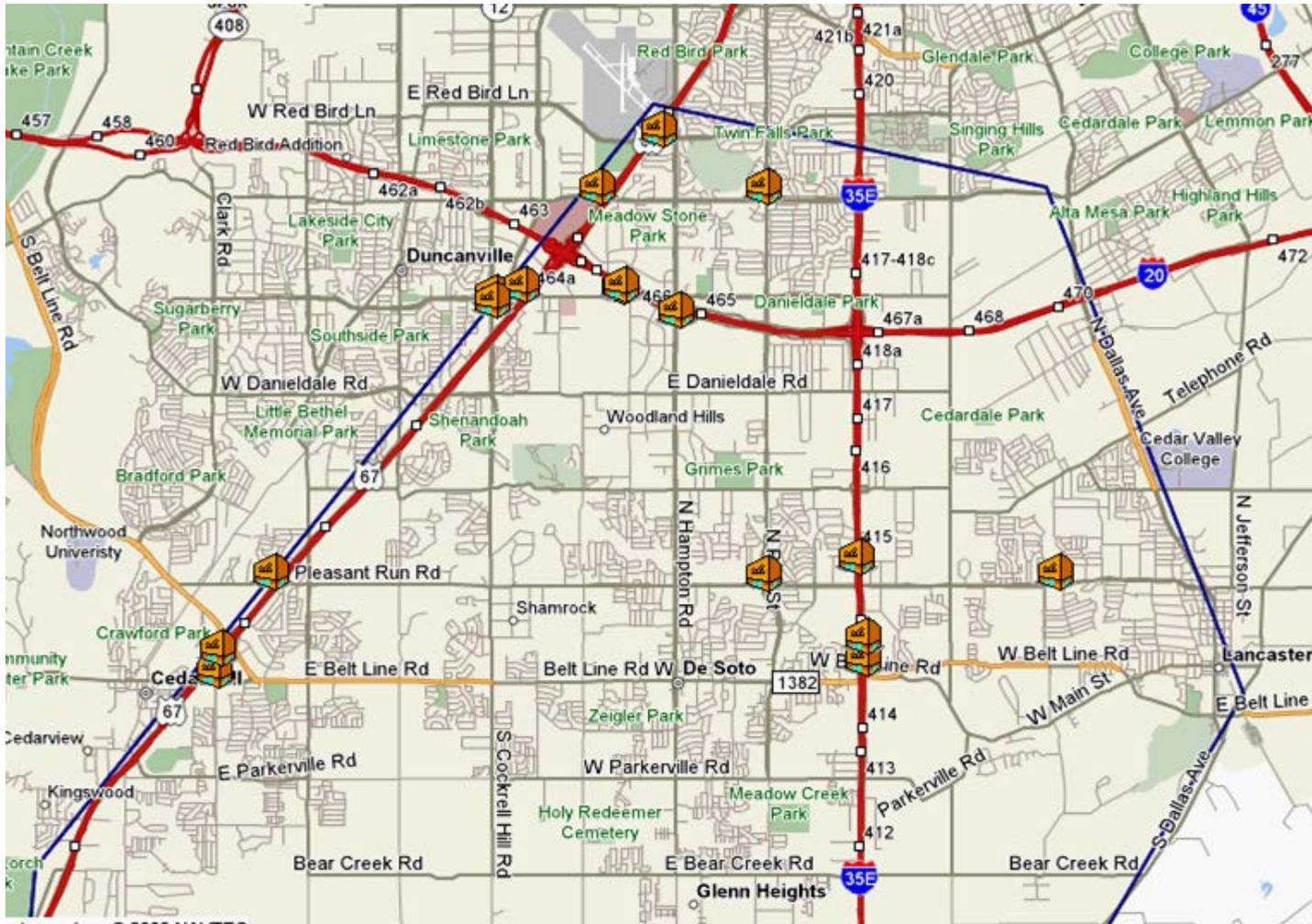




# Retail Competition (All Centers)



# Retail Competition (100K s.f. +)



# Retail Supply Indicators – DeSoto Trade Area

## Occupancy

<b>Existing Bldgs:</b>	137	
<b># Spaces:</b>	86	
<b>Existing RBA:</b>	4,670,456	
<b>Vacant:</b>	654,542	14.0%
<b>Occupied:</b>	4,015,914	86.0%
<b>Leased:</b>	4,207,042	90.0%

## Availability

<b>Vacant Avail:</b>	650,454
<b>Total Avail:</b>	726,371
<b>Direct Avail:</b>	532,243
<b>Sublet Avail:</b>	187,040

## Leasing Activity

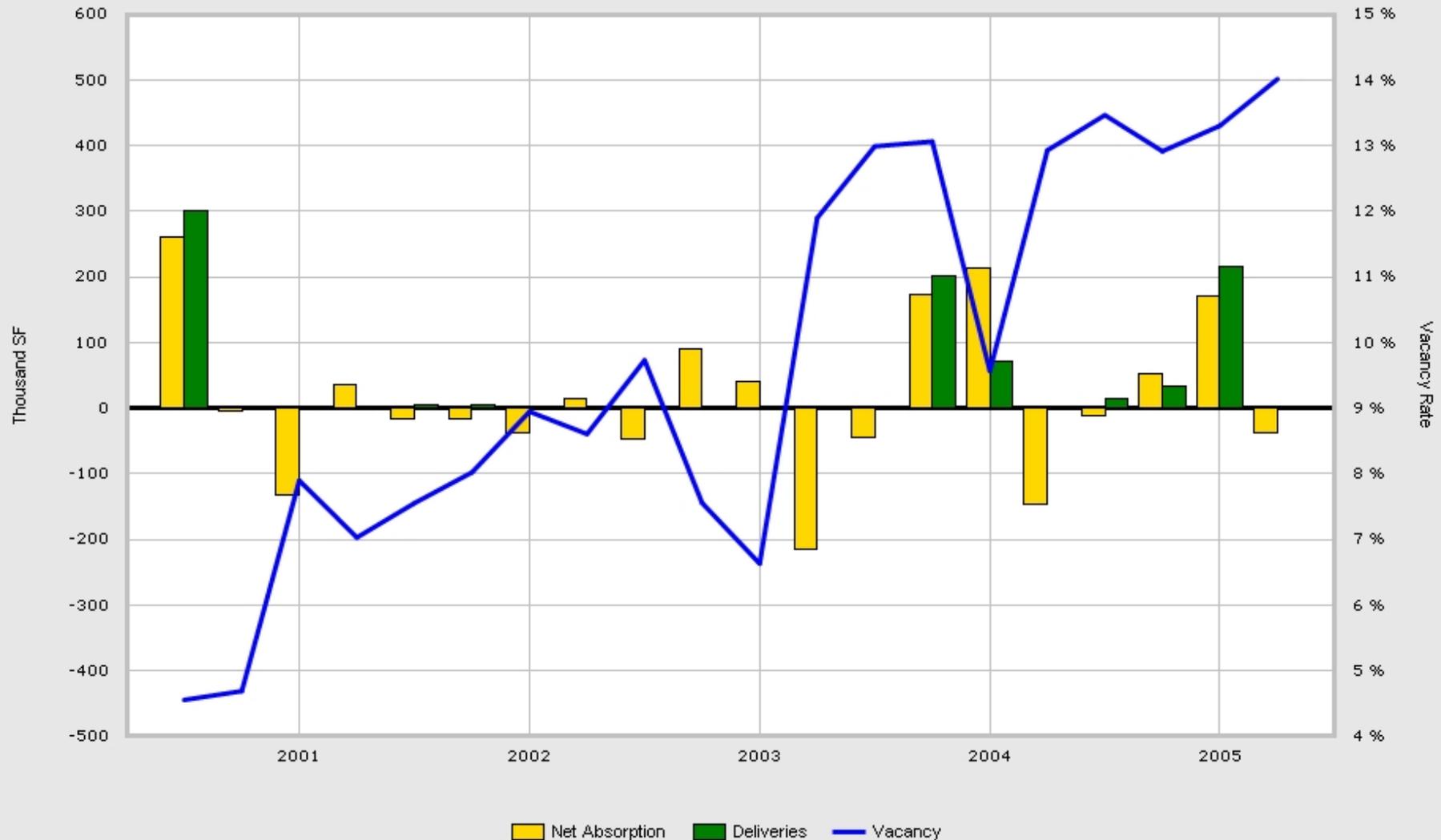
<b>Average Time:</b>	21.4 Months	
<b>Leasing YTD:</b>	63,653	0.01
<b>Net Absorp YTD:</b>	132,106	0.03

## Rents

<b>Retail Range:</b>	\$6.00-\$22.50/yr
<b>Retail Avg:</b>	\$10.76/yr

Source: CoStar and Leland Consulting Group

# Retail Supply Indicators – DeSoto Trade Area



# Retail Demand – DeSoto Trade Area

Retail Demand Analysis							
DeSoto Hampton Road Corridor							
Overall Retail Trade Area							
Ten Year Demand Estimates							
Category	Supply (sales)	Demand (retail potential)	Unmet demand	Est. Sales / s.f.	Current Retail Void (s.f.)	New Demand from Household Growth (10-yr)	New Demand from Turnover / Obsolescence (10-yr)
Auto Parts, Accessories, and Tire Stores	\$39,750,797	\$36,400,279	n/a	\$250	n/a	46,308	15,900
Furniture & Home Furnishings Stores	\$37,761,119	\$43,981,621	\$6,220,502	\$225	27,647	62,170	16,783
Electronics & Appliance Stores	\$8,228,954	\$28,164,205	\$19,935,251	\$225	88,601	39,811	3,657
Bldg Mater., Garden Equip. & Supply	\$56,170,443	\$67,013,408	\$10,842,965	\$300	36,143	71,045	18,723
Food & Beverage Stores							0
Grocery Stores	\$279,440,898	\$231,515,765	n/a	\$375	n/a	196,355	74,518
Specialty Food Stores	\$1,838,893	\$5,637,931	\$3,799,038	\$350	10,854	5,123	525
Beer, Wine, and Liquor Stores	\$0	\$12,742,426	\$12,742,426	\$300	42,475	13,509	0
Health & Personal Care Stores	\$70,882,020	\$42,300,518	n/a	\$275	n/a	48,922	25,775
Clothing and Clothing Accessories Stores	\$71,828,844	\$71,051,135	n/a	\$200	n/a	112,988	35,914
Sporting Goods, Hobby, Book, & Music	\$24,730,804	\$29,983,739	\$5,252,935	\$200	26,265	47,681	12,365
General Merchandise Stores	\$279,926,504	\$200,083,149	n/a	\$325	n/a	195,803	86,131
Miscellaneous Store Retailers	\$49,557,265	\$37,395,146	n/a	\$200	n/a	59,467	24,779
Food Services & Drinking Places							0
Full-Service Restaurants	\$134,299,354	\$87,136,185	n/a	\$225	n/a	123,171	59,689
Limited-Service Eating Places	\$74,187,786	\$102,390,725	\$28,202,939	\$325	86,778	100,200	22,827
Special Food Services	\$4,996,375	\$12,365,006	\$7,368,631	\$250	29,475	15,731	1,999
Drinking Places (Alcoholic Beverages)	\$530,365	\$31,404,154	\$30,873,789	\$350	88,211	28,537	152
					<b>436,448</b>	<b>1,166,823</b>	<b>399,737</b>
<i>Source: U.S. Census, ESRI-BIS, Urban Land Institute, Leland Consulting Group</i>							
<i>Note: Assumes trade area household growth of 2.8% annually</i>							
<i>Note: Conservative assumption of 10% turnover from retail space obsolescence over 10 years</i>							

The trade area has existing voids in electronics, furnishings, and hardware categories, as well as limited-service restaurants

Most demand, however, will result from household growth over ten years, with approximately 1.2 million square feet projected

# Residential Supply – Condo/Townhome Sales

Single Family Attached Sales Activity (Jan 2005-March 2005)												Monthly Sales Rate (to date)
Project Name	Location	Builder	Min. Price	Max. Price	Min. s.f.	Max s.f.	Min Price/sf	Max Price/sf	Open Date	Units Planned	Unsold	
Wisdom Terrace	South Dallas	Pulte	\$97,490	\$119,990	1,230	1,778	\$ 66.00	\$ 82.00	7/1/2003	100	0	4.8
Lakewood Duplexes	E. Grand Prairie	Lennar	\$109,990	\$115,990	1,607	1,793	\$ 65.00	\$ 68.00	12/1/2004	170	161	2.3
<i>Source: Hanley Woods (Meyers Group), and Leland Consulting Group</i>											sum	7.1
											total effective units per year	85.2

Only two attached residential projects were active in SW Dallas County this year -- combined sales were on pace for 85 units per year

# Residential Demand – DeSoto Trade Area

Residential Demand Analysis			Households	2005	68,659			
DeSoto Hampton Road Corridor				2010	78,830		CAGR	2.8%
Residential Trade Area				2015	90,507			
Ten Year Demand Estimates			Household Growth (05-15)		21,848	Demolition Rate/yr.		0.05%
						Annual Pct. "2nd Home"		2.0%
			Total Unit Requirement		22,628	Pct. Renters		28%
Trade Area Demand from New Households (10-yr)								
Annual Income Range (2005 dollars)	Approx. Rent Range	Approx. Home Price Range	Current HHs in Income Bracket (2005)	New HHs by Income Bracket	Total Units	Est. Pct. Renters	Total Rental Units	Total Ownership Units
up to \$15K	up to \$375	up to \$50K	9%	9%	1,969	90%	1,772	197
\$15-25K	\$375 - \$625	\$50 to \$85K	8%	8%	1,901	75%	1,426	475
\$25-35K	\$625 - \$875	\$85 to \$120K	11%	11%	2,399	50%	1,199	1,199
\$35-50K	\$875 - \$1,000	\$120 to \$175K	16%	16%	3,643	30%	1,093	2,550
\$50-75K	\$1,000+	\$175 to \$250K	22%	22%	5,046	10%	505	4,541
\$75-100K	\$1,000+	\$250 to \$350K	14%	14%	3,213	5%	161	3,053
\$100-150K	\$1,000+	\$350 to \$500K	14%	14%	3,168	3%	95	3,073
\$150K and up	\$1,000+	\$500K and up	6%	6%	1,267	3%	38	1,229
<b>Totals</b>			<b>100%</b>	<b>100%</b>	<b>22,628</b>	<b>28%</b>	<b>6,288</b>	<b>16,318</b>
Source: ESRI-BIS, NCTCOG, U.S. Census, and Leland Consulting Group								
Note: Household growth rate is an average of rates projected by NCTCOG and ESRI-BIS								

Through 2015, the overall trade area should see demand for 6,300 additional rental units and 16,318 for-sale units

# Single Family Attached Capture

Forecast Residential Market Capture					
Desoto Hampton Road Corridor					
Residential Trade Area ( <a href="#">single family attached only</a> )					
2005-15					
Annual Income Range	Approx. Home Price Range	Annual Trade Area For-Sale Demand	Est. Pct. Townhome/Condo	Attainable Capture Rate (within attached)	Attainable Subject Capture (units/yr.)
\$15-25K	\$50 to \$85K	48	50.0%	10.0%	2
\$25-35K	\$85 to \$120K	120	30.0%	35.0%	13
\$35-50K	\$120 to \$175K	255	10.0%	35.0%	9
\$50-75K	\$175 to \$250K	454	3.0%	30.0%	4
\$75-100K	\$250 to \$350K	305	2.0%	25.0%	2
\$100-150K	\$350 to \$500K	307	2.0%	20.0%	1
\$150K and up	\$500K and up	123	0.0%	0.0%	0
<i>Totals</i>		1,612			31

At reasonable capture rates, subject property could attract over 30 units of annual demand for trade area townhomes & condos

Assumes that attached product will account for an increasing share of residential sales over the next 10 years

# Office Supply Indicators – DeSoto Trade Area

## Occupancy

<b>Existing Bldgs:</b>	68	
<b># Spaces:</b>	57	
<b>Existing RBA:</b>	753,731	
<b>Vacant:</b>	109,322	15%
<b>Occupied:</b>	644,409	85%
<b>Leased:</b>	644,409	85%

## Availability

<b>Vacant Avail:</b>	109,322	15%
<b>Total Avail:</b>	111,957	15%
<b>Direct Avail:</b>	111,207	15%
<b>Sublet Avail:</b>	750	0%

## Leasing Activity

<b>Average Time:</b>	15.2 Months
<b>Leasing YTD:</b>	25,108
<b>Net Absorp YTD:</b>	-661

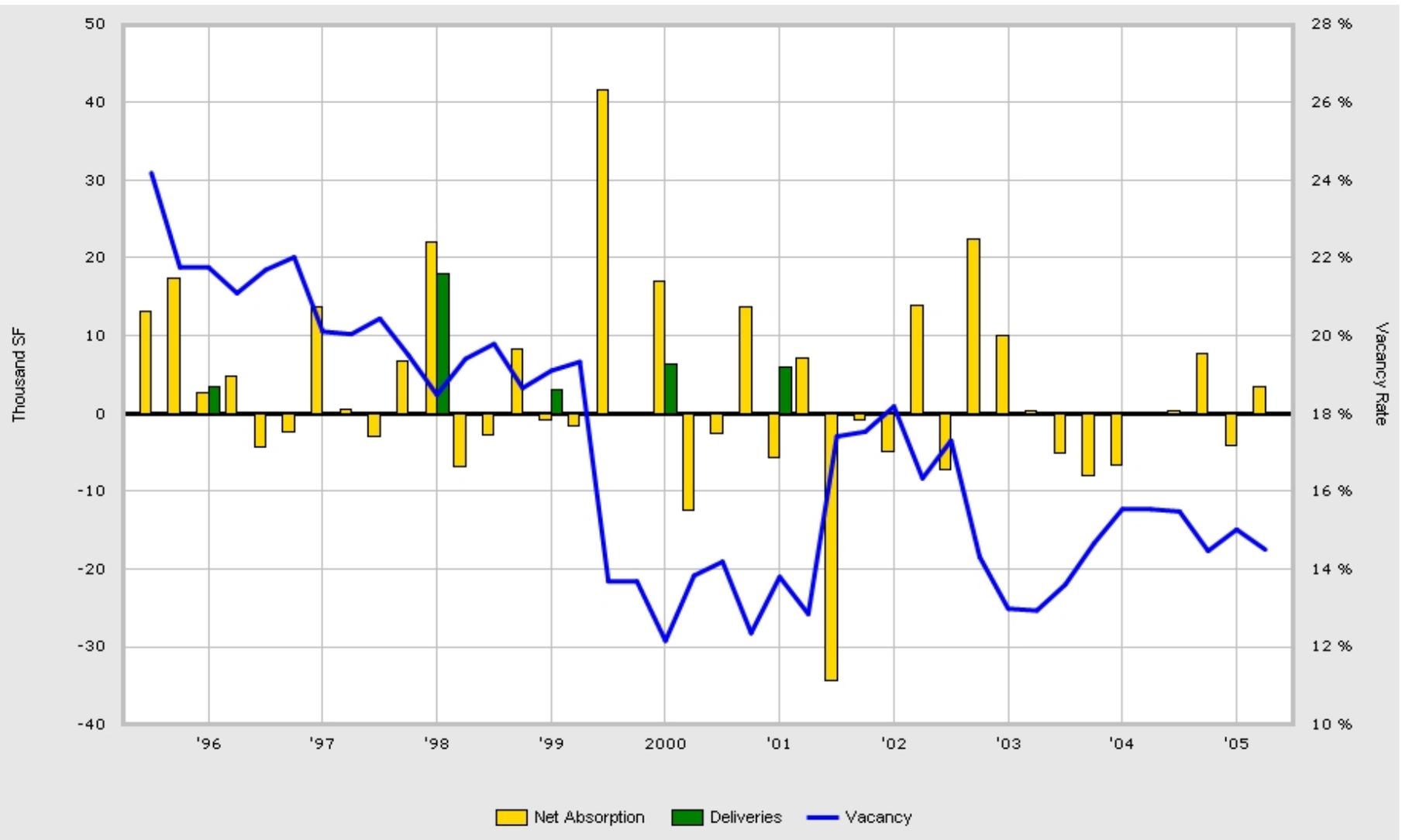
## Rents

<b>Office Range:</b>	\$9.81-\$23.39/yr
<b>Office Avg:</b>	\$14.29/yr

Source: CoStar and Leland Consulting Group

Note: Data for A, B, and C class office space combined (including owner-occupied)

# Office Supply Indicators – DeSoto Trade Area



# Office Demand – DeSoto Trade Area

Office Demand Analysis								
Desoto Hampton Road Corridor								
Overall Office Trade Area								
Ten Year Demand Estimates								
	Est. 2004 Jobs	Annual Job Growth Rate*	10-yr. Job Growth	Est. Pct. Office	10-yr. Office Demand from Job Growth (s.f.)	Est. Existing Office Supply	Est. 10-year Turnover/ Replacement	Est. Office Demand From Turnover
Agriculture & Mining	252	3.2%	93	5%	980	2,646	10%	265
Construction	1,951	3.2%	722	3%	4,551	12,291	10%	1,229
Manufacturing	2,210	3.2%	818	3%	5,155	13,923	10%	1,392
Transportation	915	3.2%	339	5%	3,557	9,608	10%	961
Communication	193	3.2%	71	3%	450	1,216	10%	122
Electric, Gas, Water, Sanitary Services	55	3.2%	20	3%	128	347	10%	35
Wholesale Trade	1,991	3.2%	737	3%	4,644	12,543	10%	1,254
Retail Trade Summary	10,634	3.2%	3,937	2%	16,536	44,663	10%	4,466
Finance, Insurance, Real Estate	1,863	3.2%	690	90%	130,364	352,107	10%	35,211
Services (Non-Retail)								
Hotels & Lodging	288	3.2%	107	5%	1,120	3,024	10%	302
Automotive Services	791	3.2%	293	3%	1,845	4,983	10%	498
Entertainment & Recreation Services	415	3.2%	154	10%	3,227	8,715	10%	872
Health Services	4,125	3.2%	1,527	20%	64,144	173,250	10%	17,325
Legal Services	57	3.2%	21	80%	3,545	9,576	10%	958
Education Institutions & Libraries	3,140	3.2%	1,163	5%	12,207	32,970	10%	3,297
Other Services	5,338	3.2%	1,976	5%	20,752	56,049	10%	5,605
Government	1,388	3.2%	514	5%	5,396	14,574	10%	1,457
Other	137	3.2%	51	5%	533	1,439	10%	144
<b>Totals</b>	<b>35,743</b>		<b>13,234</b>		<b>279,133</b>	<b>53,923</b>		<b>75,392</b>
Source: ESRIBIS, NCTCOG, Leland Consulting Group								
* Trade Area employment growth rate based on NCTCOG district-level forecasts								
Note: Assumes 210 s.f. of office space per office employee								

Forecast trade area job growth over the next 10 years would support almost 280,000 s.f. of new office space (with an additional 75,000 s.f. in replacement of obsolete space)

Current market vacancy in this trade area is not far from equilibrium – suggesting that new demand would not be significantly delayed by excess inventory