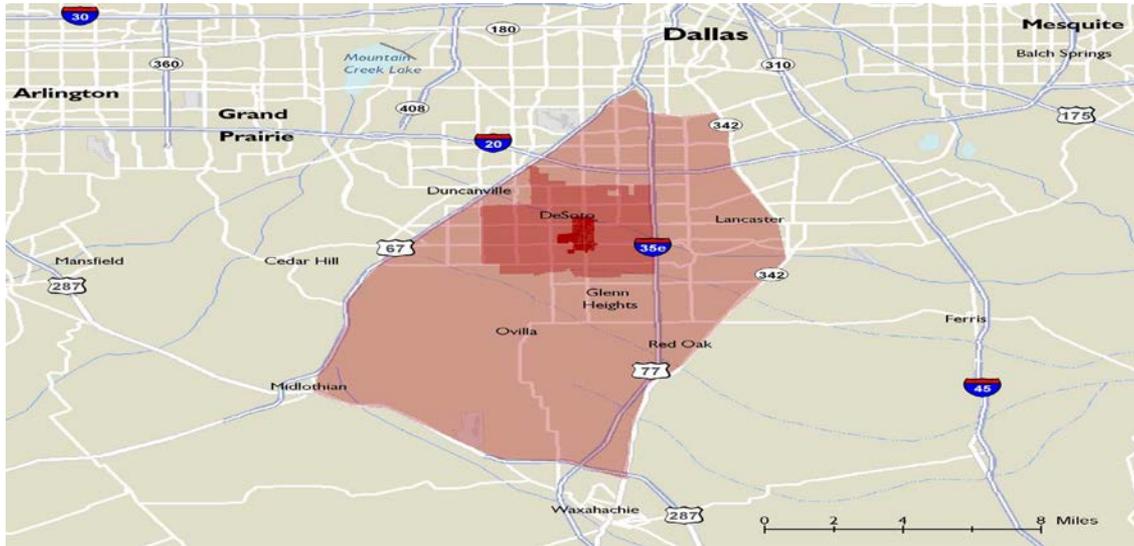


## Hampton Road Corridor Trade Area



POPULATION			AGE DISTRIBUTION		
	<i>DeSoto</i>	<i>Trade Area</i>		<i>DeSoto</i>	<i>Trade Area</i>
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			EDUCATIONAL ATTAINMENT		
	<i>DeSoto</i>	<i>Trade Area</i>		<i>DeSoto</i>	<i>Trade Area</i>
2000 Total	13,812	54,859	High School Diploma	88%	78%
2005 Total	17,608	68,700	Bachelors Degree	30%	17%
2015 Total	19,074	90,200	Graduate Degree	10%	5%
CAAGR* 2000-2005	5.0%	4.6%			
CAAGR* 2005-2015	0.8%	2.8%			

Annual growth in the City has historically exceeded that of the Trade Area at 5.0% and 4.6%, respectively.

Going forward, projected rates for the City reflect fewer sizable assemblages for large scale development.

Compared to the Trade Area, the City has a higher percentage of individuals in the Baby Boomer category (age 42 and older), that group with the highest disposable income.





## Largest Trade Area lifestyle segments (Tapestry)

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

### Milk and Cookies

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, residents buy baby and children's products, build their investment portfolios, and purchase insurance policies. Leisure time is spent with children visiting the zoo, going to the movies, and visiting theme parks. With a busy lifestyle, residents buy time-saving products such as fast food and instant breakfasts.

### Aspiring Young Families

Attracted to the large, growing metropolitan areas in the South and West, 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 are renters who live in newer multiunit buildings.

Residents spend discretionary income on their children and homes, buying 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.

### Family Foundations

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

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 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

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

Psychographic profiling helps marketers better understand the attitudes and purchasing behavior of target markets within a given neighborhood or trade area – going beyond simple demographic analysis and using geo-demographic segmentation and lifestyle preference research

### Sophisticated Squires

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.

### Up and Coming Families

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.

### Inner City Tenants

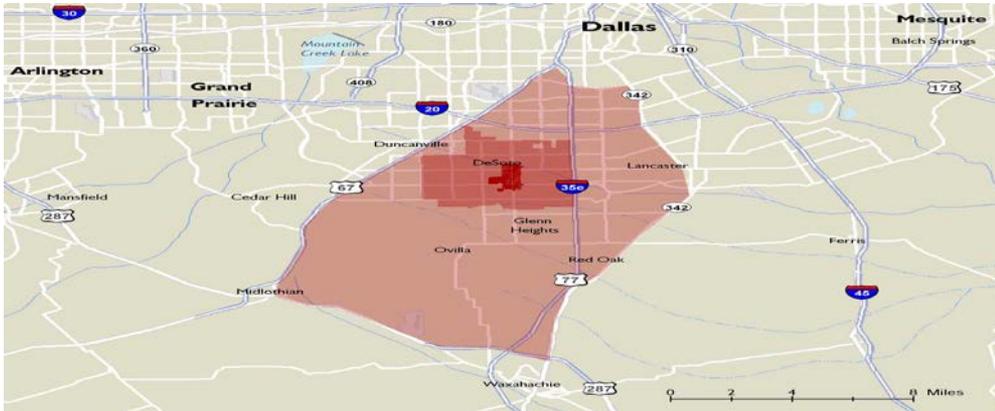
Inner City Tenants are a microcosm of urban diversity. This multicultural market consists of renters in mid-rise or high-rise apartments. The population is young, with a median age of 27.9 years. The household composition reflects their youth. Single persons and shared households make up a large segment 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 residents enjoy the nightlife at bars and clubs and going dancing.

Trade Area psychographics suggest a growing base of young, affluent households with significant discretionary income and more liberal purchasing habits – also, a high concentration of more traditional households with more conservative values and spending patterns.



## Retail Trade Area



New additions to the Cedar Hill market are capturing a significant portion of West DeSoto expenditures some of which could be recaptured in the right project.

The Trade Area has existing voids in electronics, furnishings, and hardware categories, as well as limited-service restaurants that are not being met within the area

Future demand will primarily result from household growth over the next ten years, with approx. 1.2 million s.f. projected

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>

Source: U.S. Census, ESRI-BIS, Urban Land Institute, Leland Consulting Group  
 Note: Assumes trade area household growth of 2.8% annually  
 Note: Conservative assumption of 10% turnover from retail space obsolescence over 10 years

# Retail – Tenant Siting Criteria

DeSoto, Texas  
Market Profile

Store Name	Floor Plans	Preferred Property Type	Income	Market Threshold
A Pea in the Pod	1,500 sf	Downtown/Streetfront	\$55,000 - \$60,000 median	
Applebees	5,000 sf	Freestanding	\$25,000 - \$30,000 median	50,000 pop
Brueggers Bagels	2,000 sf	Downtown/Streetfront, Freestanding Pad	\$71,000 minimum	Major to mid-size markets; 15,000 pop w/2 mi
Bennigan's	6,500 – 7,100 sf	Freestanding		55,000 – 75,000 pop w/in 5 mi
Chili's	5,549 sf	Freestanding, Shopping Center	\$35,000 median	150,000 pop w/in 5 mi
Gap	5,000 – 10,000 sf	Downtown, Regional Mall, Shopping Center	\$40,000 median	100,000 pop w/in trade area
BA Framer	1,000 – 1,800 sf	Regional Mall, Shopping Center	\$75,000 median	
Bally	25,000 – 30,000 sf	Freestanding, Shopping Center	\$35,000 - \$75,000 median	75,000 pop w/in 3 mi 150,000 pop w/in 5 mi
Lowes Theatres	70,000 – 100,000 sf	Downtown, Freestanding, Power Center, Shopping Center		200,000 pop w/in trade area
Pier 1 Imports	10,500 sf	Freestanding, Power Center, Shopping Center		60,000 pop w/in city limits 100,000 pop w/in trade area
Bed, Bath & Beyond	20,000 – 80,000 sf	Freestanding, Regional Mall, Shopping Center	\$40,000 median	125,000 pop w/in 10 miles
William-Sonoma	5,000 sf	Regional Mall	\$50,000 median	400,000 pop
Trader Joe's	8,850 – 10,000 sf	Freestanding , Shopping Center	\$60,000 median	90,000 pop w/5 miles
Banana Republic	30,000 sf	Downtown/ Streetfront, Regional Mall	\$65,000 median	150,000 pop w/in 5 miles 75,000 pop w/in 3 miles
Chico's	2,500 to 3,500 sf	Downtown/ Streetfront, Regional Mall	\$70,000 median	
Restoration Hardware	10,000 sf	Downtown/ Streetfront, Regional Mall	\$100,000 median	35,000 hhs w/in 5 miles
Pottery Barn	10,000 sf	Downtown/ Streetfront Regional Mall		700,000pop
Z Gallerie	10,000 to 20,000 sf	Downtown/ Streetfront Freestanding Pad		1,000,000 pop
Illuminations	2,000 sf	Downtown/ Streetfront Regional Mall	\$75,000 average	
L'Occitane	500 to 600 sf	Downtown/ Streetfront Regional Mall	\$80,000 median	
Talbots	10,000 sf	Downtown/ Streetfront Freestanding Pad	\$80,000 median	
Trader Joe's	8,000 to 10,000 sf	Shopping Center Freestanding Pad	\$60,000 median	90,000 pop w/in 5 miles
Wild Oats Market	25,000 to 28,000 sf	Shopping Center Freestanding Pad	\$56,000 median	100,000 pop w/in 3 miles
Williams Sonoma	5,000 sf	Downtown/ Streetfront Regional Mall	\$50,000 median	400,000 pop w/in 5 mi

# Retail - Supply

Trade Area Retail Supply (all centers)



Trade Area Retail Supply (over 100K s.f.)

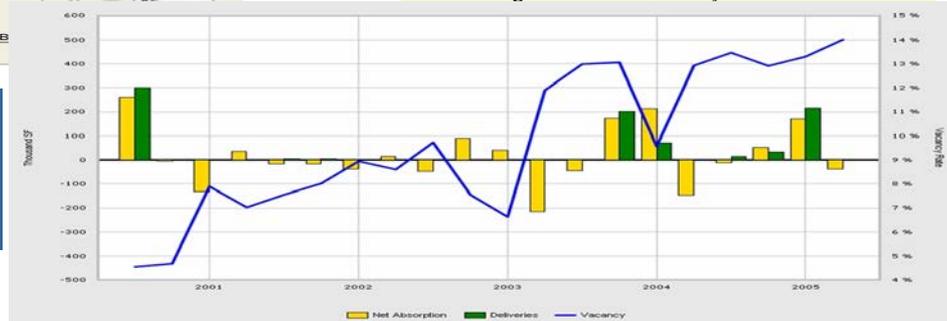


Vacancy rates among properties located within the Trade Area are slightly above market equilibrium (approximately 9%) at 14%. Absorption activity is steady at 132K square feet and rents are modest at nearly \$11 psf on average.



Supply Conditions (All)

Occupancy		
Existing Bldgs:	137	
# Spaces:	86	
Existing RBA:	4,670,456	
Vacant:	654,542	14%
Occupied:	4,015,914	86%
Leased:	4,207,042	90%
Availability		
Vacant Avail:	650,454	
Total Avail:	726,371	
Leasing Activity		
Net Absorp YTD:	132,106	0.03
Rents		
Retail Range:	\$6.00- \$22.50/yr	
Retail Avg:	\$10.76/yr	



# Residential - Demand

DeSoto, Texas

Market Profile

Residential Demand Analysis			Households	2005	68,659			
DeSoto Hampton Road Corridor Residential Trade Area				2010	78,830		CAGR	2.8%
Ten Year Demand Estimates				2015	90,507			
			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%	88	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								

Forecast Residential Market Capture					
Desoto Hampton Road Corridor Residential Trade Area (single family attached only) 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
<b>Totals</b>		<b>1,612</b>			<b>31</b>

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

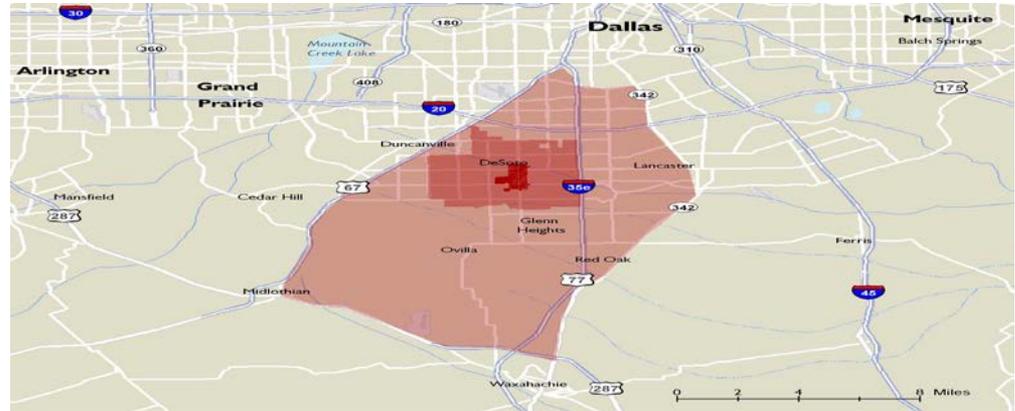
In terms of single family attached product (townhomes and condos), the Hampton Road Corridor could capture approximately 300 units over the next 10 years.

The largest concentrations of households will support multi-family units with rents in the \$875 to over \$1,000 per month range, and ownership units priced between \$175K and \$250K.





## Residential Trade Area



## Trade Area Activity (Attached Single Family)

Single Family Attached Sales Activity (Jan 2005-March 2005)												
Project Name	Location	Builder	Min. Price	Max. Price	Min. s.f.	Max s.f.	Min Price/sf	Max Price/sf	Open Date	Units Planned	Units Unsold	Monthly Sales Rate (to date)
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

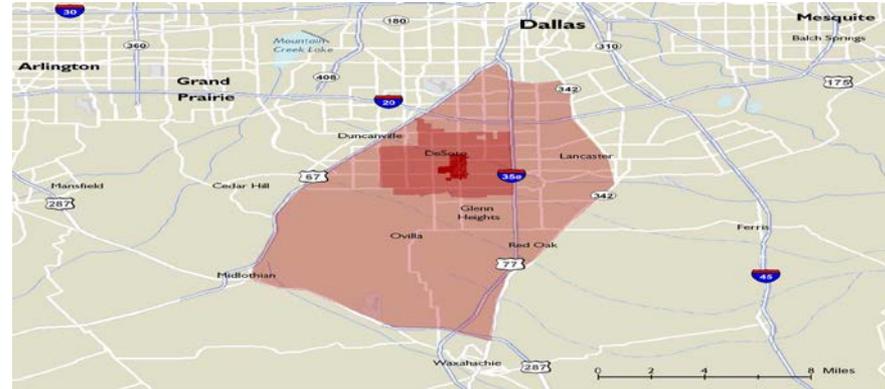
The Trade Area has an extremely limited inventory of attached ownership product from which to measure the potential success of future catalyst projects.

Given the limited inventory and combined demographic and psychographic profiles, the market appears to be underserved and the existing product fairly homogenous.





## Office Trade Area



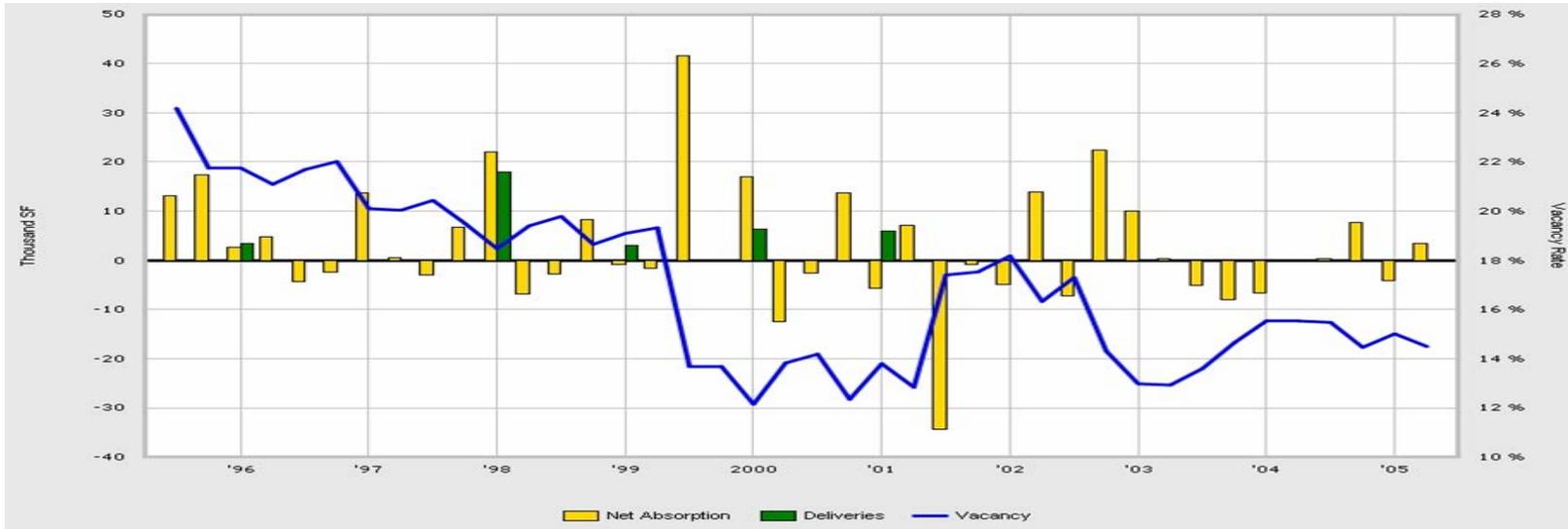
Forecasted Trade Area job growth over the next 10 years would support almost 280,000 square feet of new office space (with an additional 75,000 square feet supportable from replacement of obsolete spaces).

Current market vacancies at 15% on average in the Trade Area are not far from equilibrium – suggesting that new demand would not be significantly delayed by excess inventory.

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	32,278	10%	3,297
Other Services	5,338	3.2%	1,976	5%	20,732	56,649	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>753,923</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								



## Trade Area Vacancy & Absorption Trends



### Occupancy

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

### Availability

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

### Leasing Activity

Average Time:	15.2 Months
Leasing YTD:	25,108
Net Absorp YTD:	-661

### Rents

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

Vacancy rates among properties located within the Trade Area are nearly at equilibrium (approximately 12%) at 15%. Absorption activity is modest at 25K yet rents on average are reasonable at just under \$15 psf square feet.



