FARMERS BRANCH I-35 CORRIDOR

June 19, 2018

STUDY AREA

FARMERS BRANCH

- Part of the National transportation corridor
- Serves as a Regional corridor for goods/ services
- Functions as gateway to West Side and Central Area
- Provides local crossings via Valwood and Valley View to east/west
- Contains scarce undeveloped land
- Opportunities for future redevelopment potential
- Key “front door” of City

EXISTING CONDITIONS

EXISTING CONDITIONS

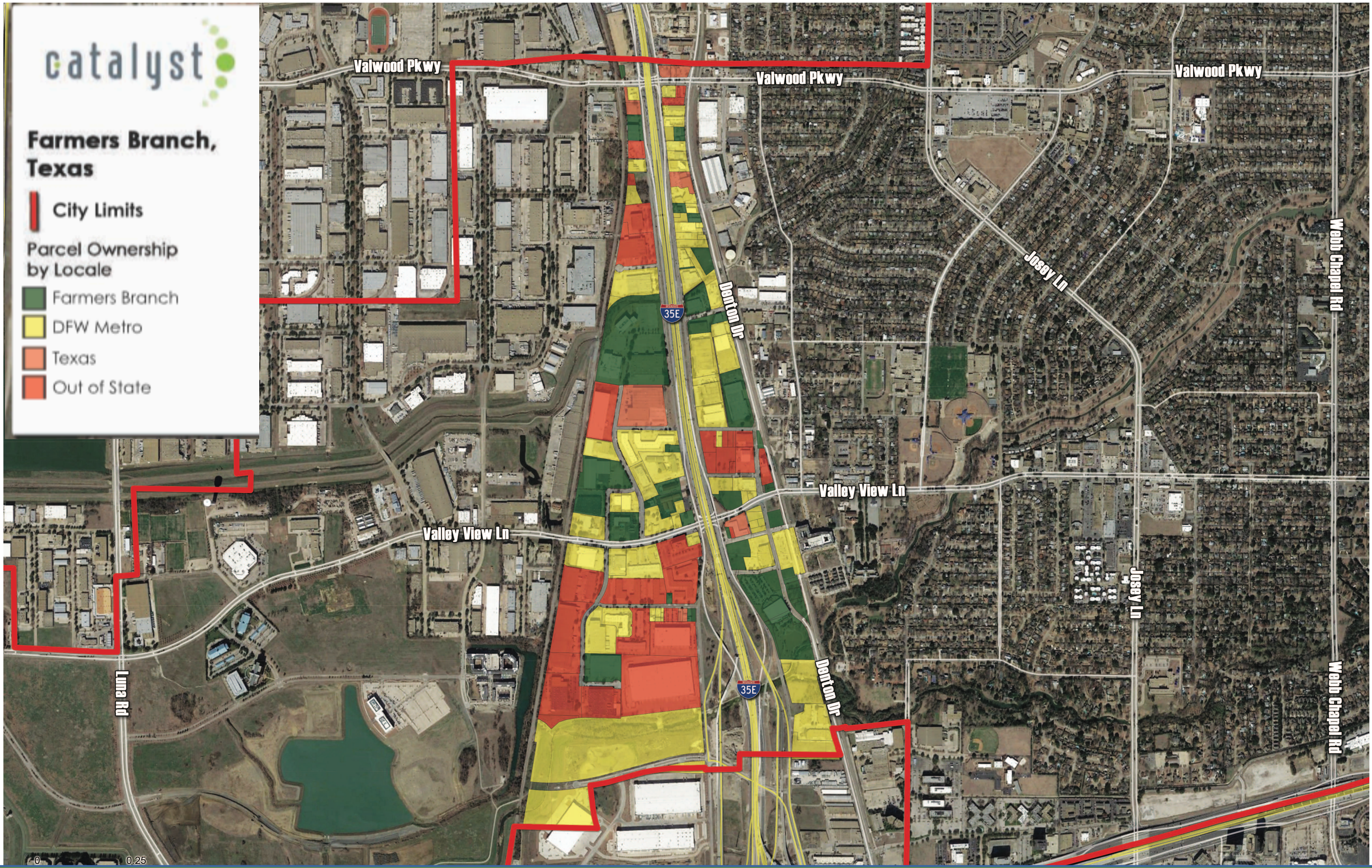
Issues

- Limited remaining development parcels
- Fragmented ownership
- Multiple visions for future
  - PD-70 Old Farmers Branch (east side of corridor - 1994)
  - West Side Plan (2003)
  - Station Area Conceptual Master Plan (2002, 2012)
- “Farmers Branch” is not perceived as a first choice for corporate attraction
- Limited reinvestment in corridor due to TXDOT activities

Assets

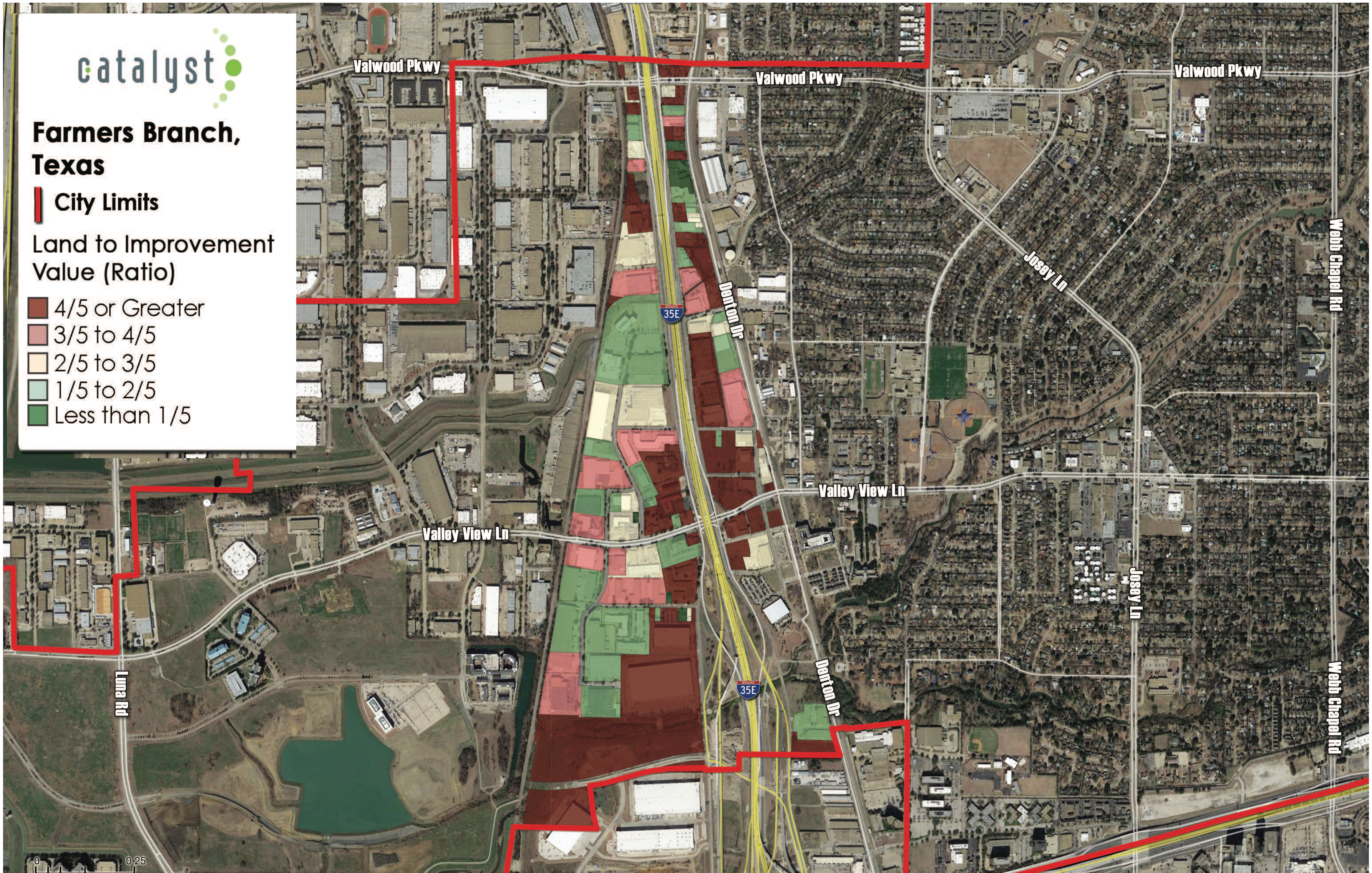
- DART
- Direct access to I-35E, I-635, DNT, PGBTP
- Private investment (Mustang Station, Mercer Crossing, Vintage Townhomes)
- Access to 2 International airports in under 20 minutes
- Strong regional concentration of higher education (Brookhaven, SMU, UNT, UTD, UTA)
- Adjacent to emerging destination restaurants, city parks, city hall

OWNERSHIP

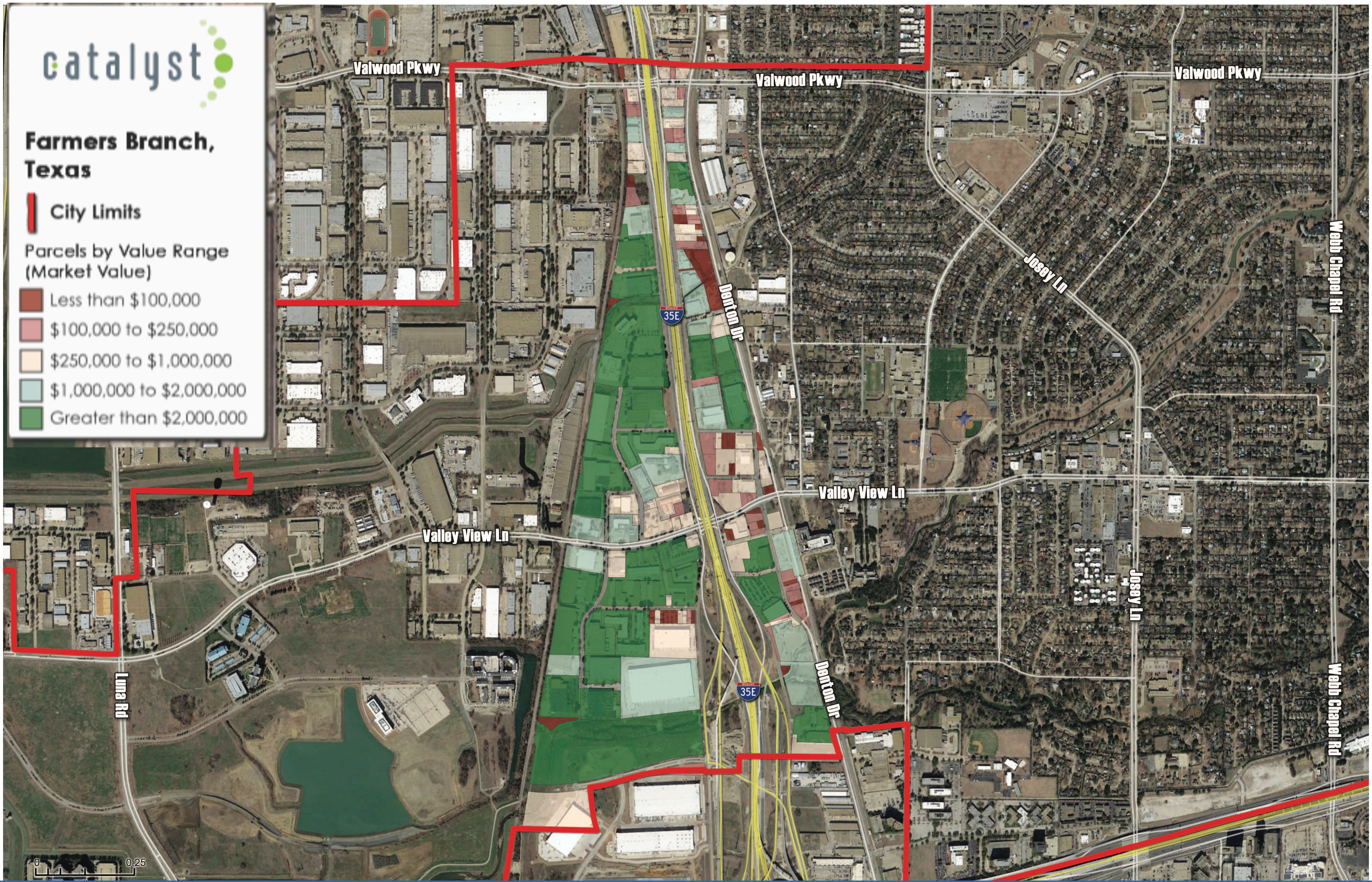


catalyst
Farmers Branch, Texas
City Limits
Parcel Ownership by Locale
Farmers Branch
DFW Metro
Texas
Out of State
Valwood Pkwy
Valwood Pkwy
Valwood Pkwy
Josey Ln
Webb Chapel Rd
Denton Dr
35E
Valley View Ln
Valley View Ln
Josey Ln
Luna Rd
Denton Dr
35E
Webb Chapel Rd
0
0.25

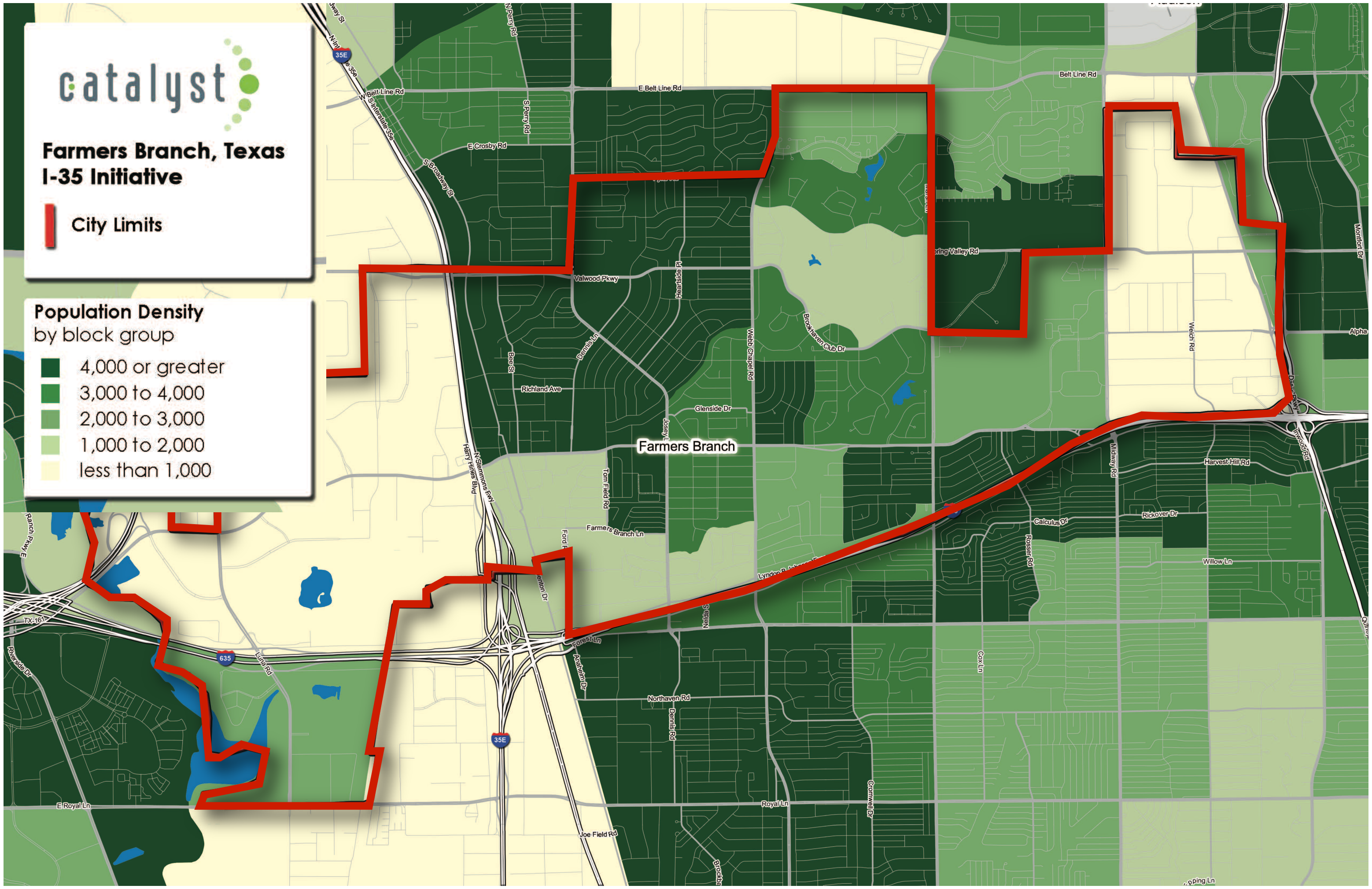
VALUE TO IMPROVEMENTS



VALUES BY RANGE



POPULATION



Farmers Branch has grown 10.8% since 2010.

The Primary Trade Area has a population of over 1.2M within 20 minutes

POPULATION

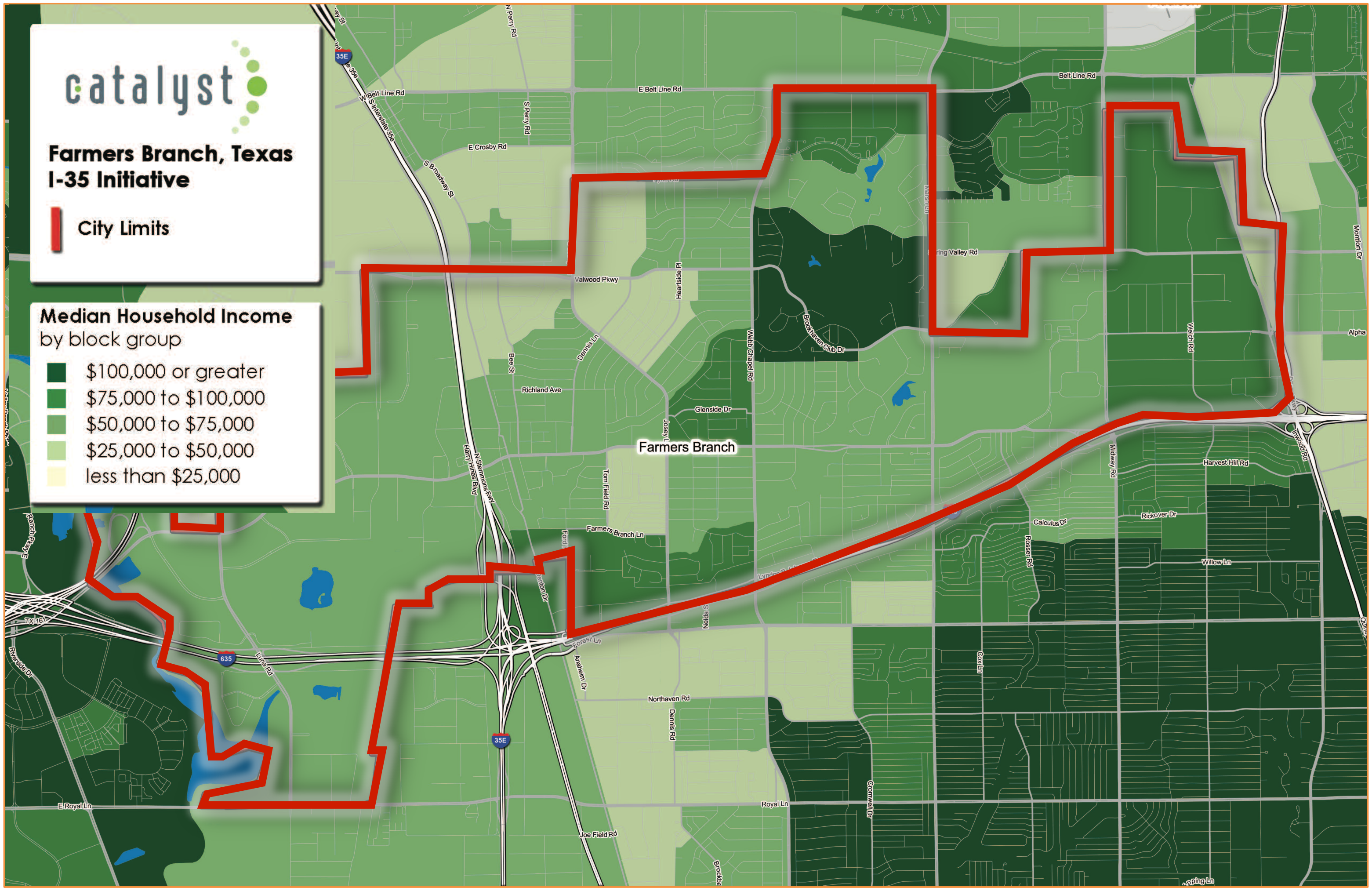
Population Comparison

	Farmers Branch	Dallas County	Dallas-Fort Worth MSA
2010	28,616	2,368,139	6,426,214
2018	33,032*	2,609,461	7,284,296
2022	36,955*	2,792,013	7,988,309
Growth (2010 - 2017)	10.8%	10.2%	13.4%
Growth (2017 - 2022)	7.2%	7.0%	9.7%
Growth (2010 - 2022)	18.8%	17.9%	24.3%

- DFW has added 335 people per day since 2010
- Farmers Branch has added 1 person per day since 2010
- Farmers Branch is projected to reach 47,031 people by 2027

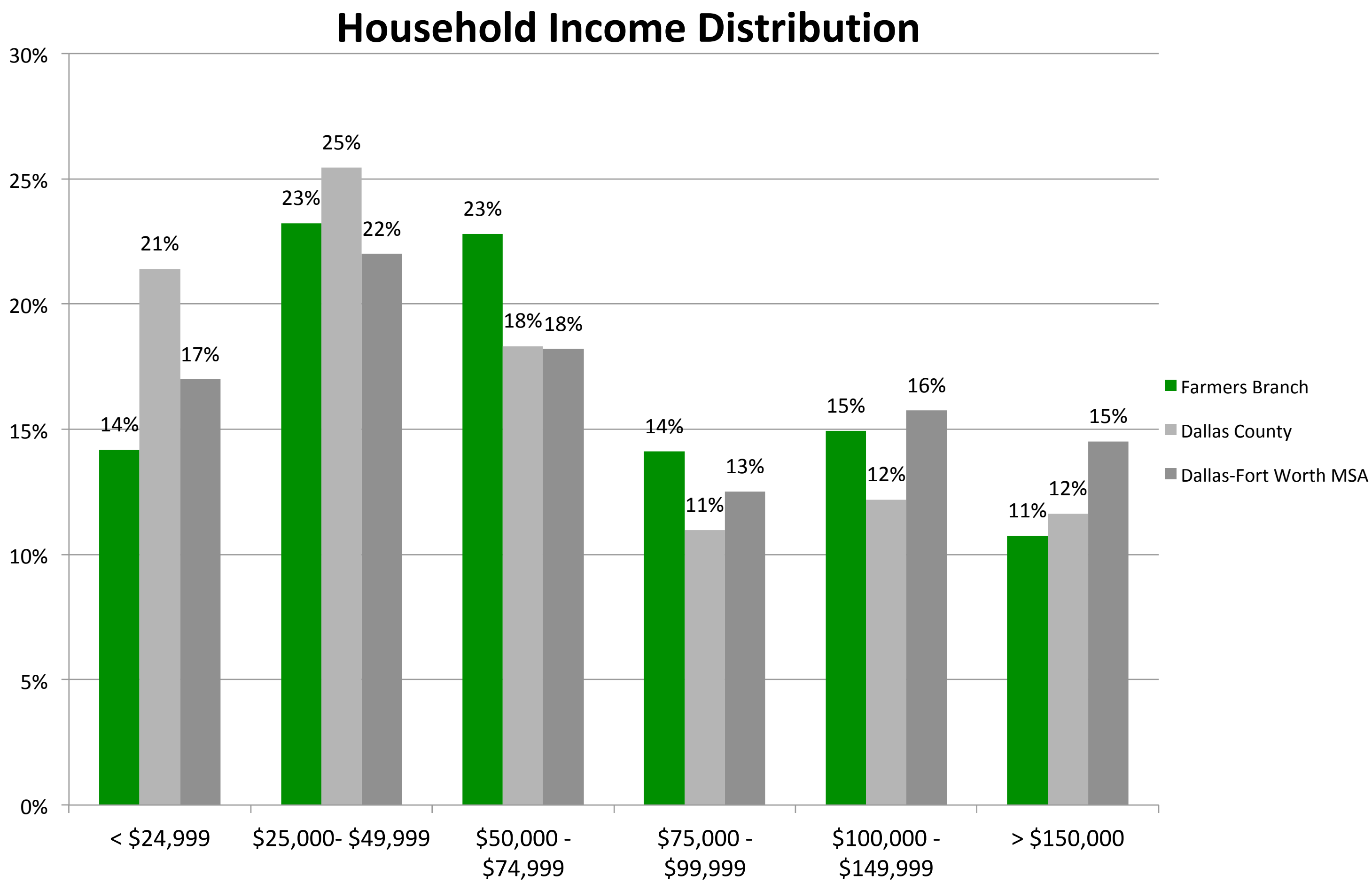
*adjusted based upon actual development

INCOME



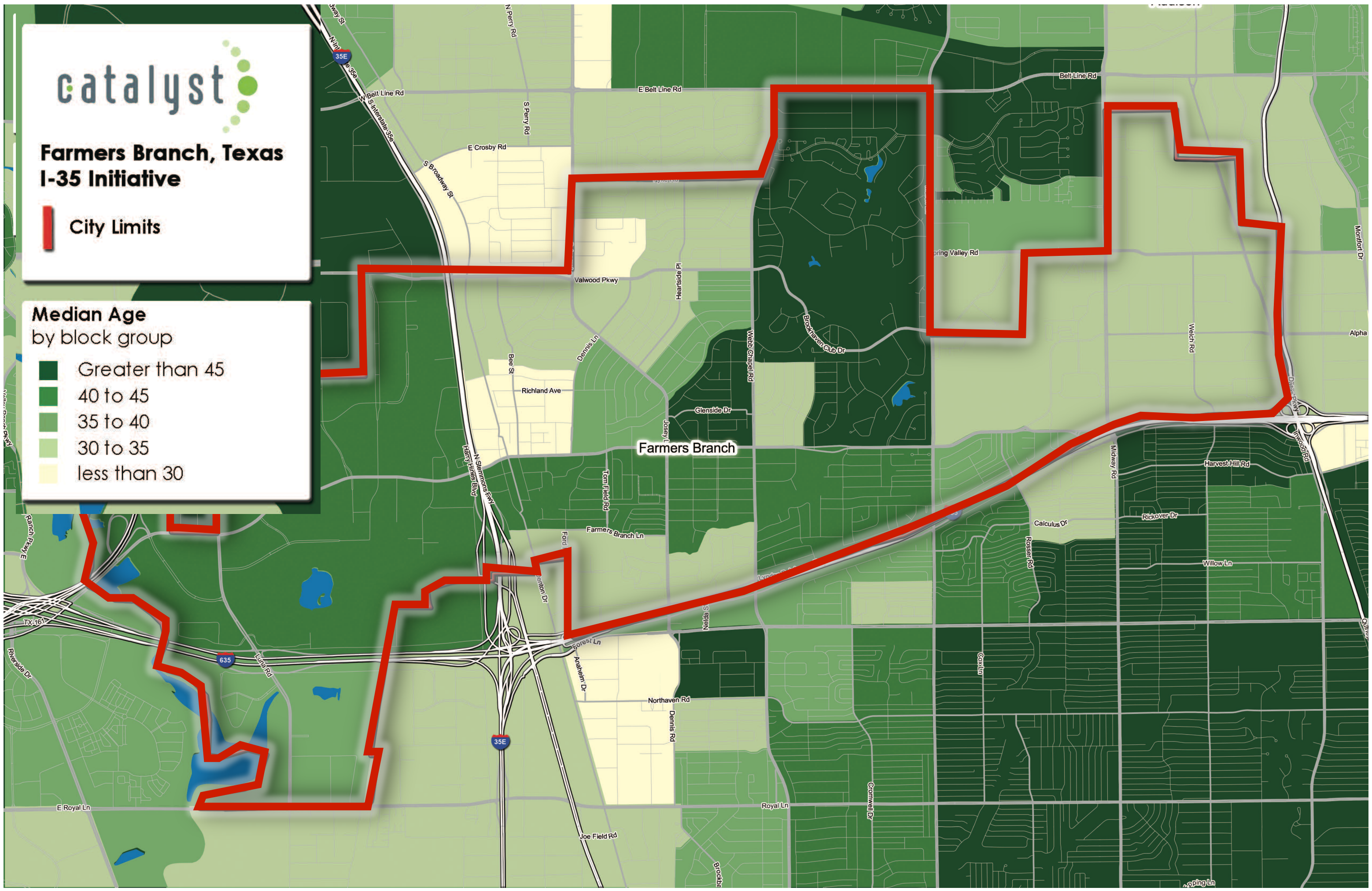
Farmers Branch median household income of $61,123 is greater than Dallas County's median household income of $53,010 and just below the DFW MSA at $62,782

INCOME



Attraction of corporate office and high quality mixed-use development with increased income and associated purchasing power.

AGE



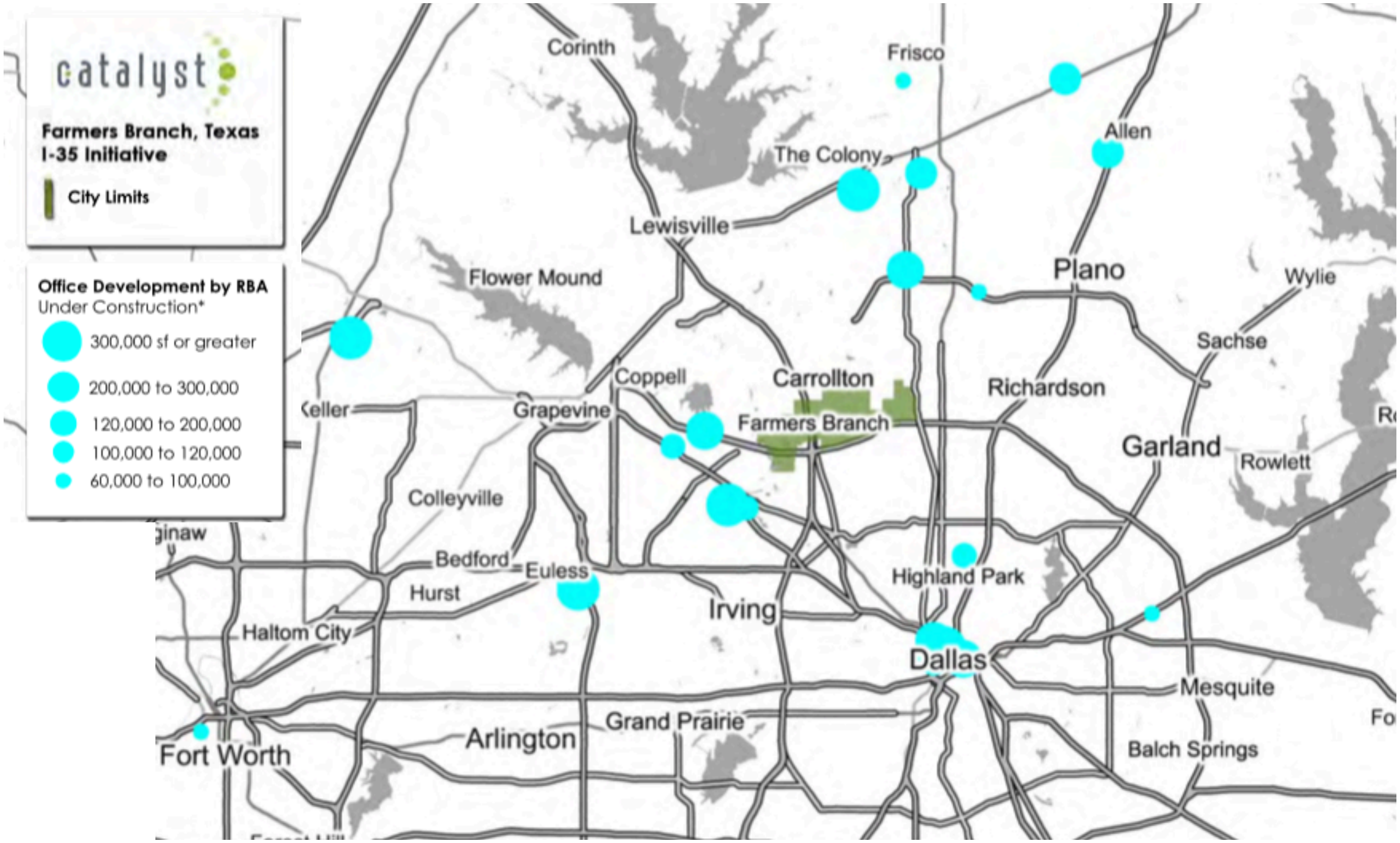
Farmers Branch median age is 36.9 compared to 34.6 across DFW and 33.5 within Dallas County

AGE

Site	Farmers Branch	Texas LQ	USA LQ
2010 Population Total	28,616		
Age 0 - 4	1,890	0.86	1.01
Age 5 - 9	1,811	0.83	0.96
Age 10 - 14	1,898	0.89	0.99
Age 15 - 19	1,972	0.92	0.97
Age 20 - 24	1,981	0.96	0.99
Age 25 - 29	2,277	1.08	1.16
Age 30 - 34	2,222	1.11	1.20
Age 35 - 39	1,921	0.96	1.03
Age 40 - 44	1,916	0.99	0.99
Age 45 - 49	1,989	0.99	0.95
Age 50 - 54	1,997	1.05	0.97
Age 55 - 59	1,618	1.00	0.89
Age 60 - 64	1,325	0.99	0.85
Age 65 - 69	1,090	1.12	0.95
Age 70 - 74	962	1.37	1.12
Age 75 - 79	784	1.44	1.16
Age 80 - 84	576	1.46	1.08
Age 85+	387	1.11	0.76

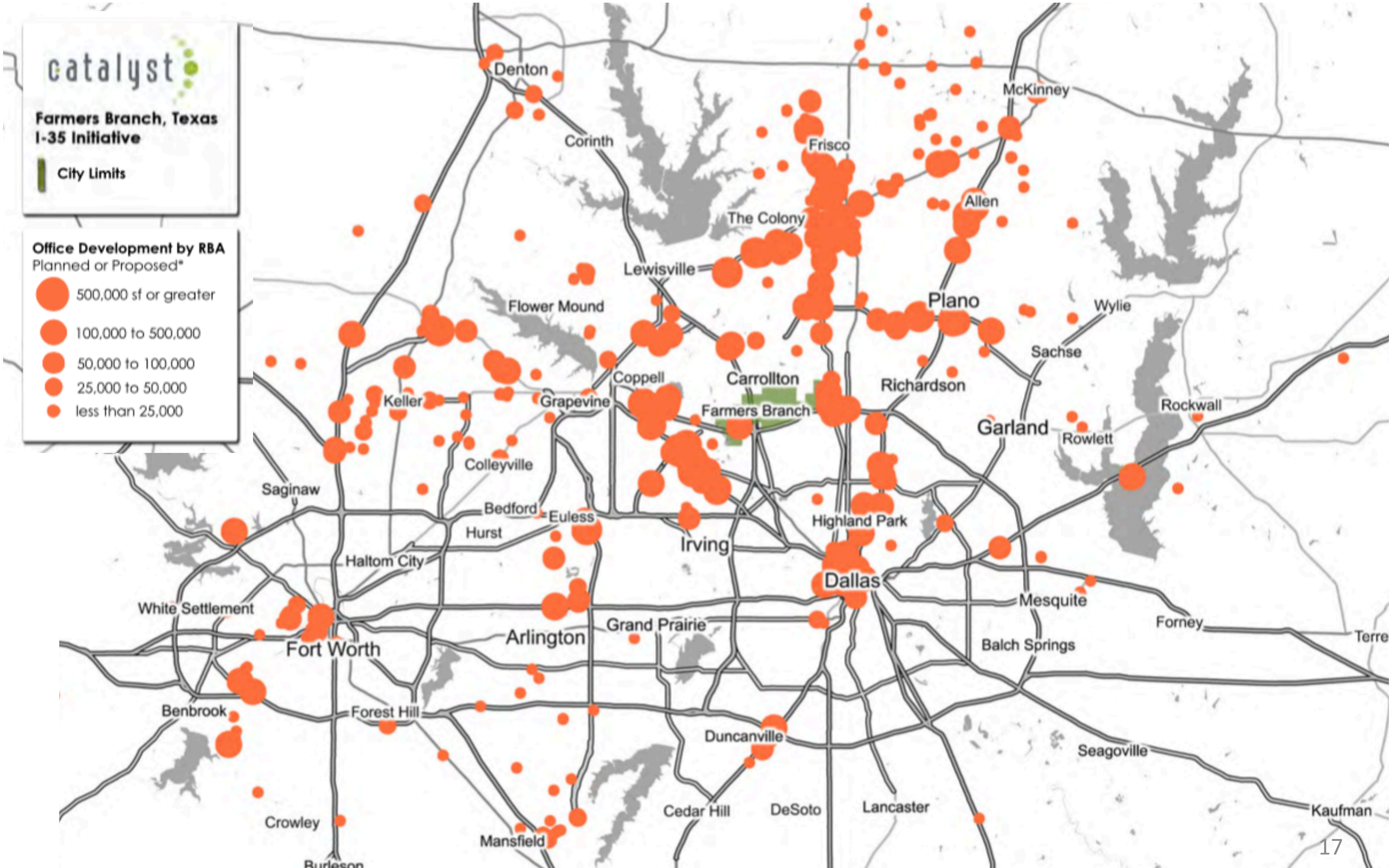
Farmers Branch population has greater concentration of 25-34 and 65+

OFFICE
Under Construction

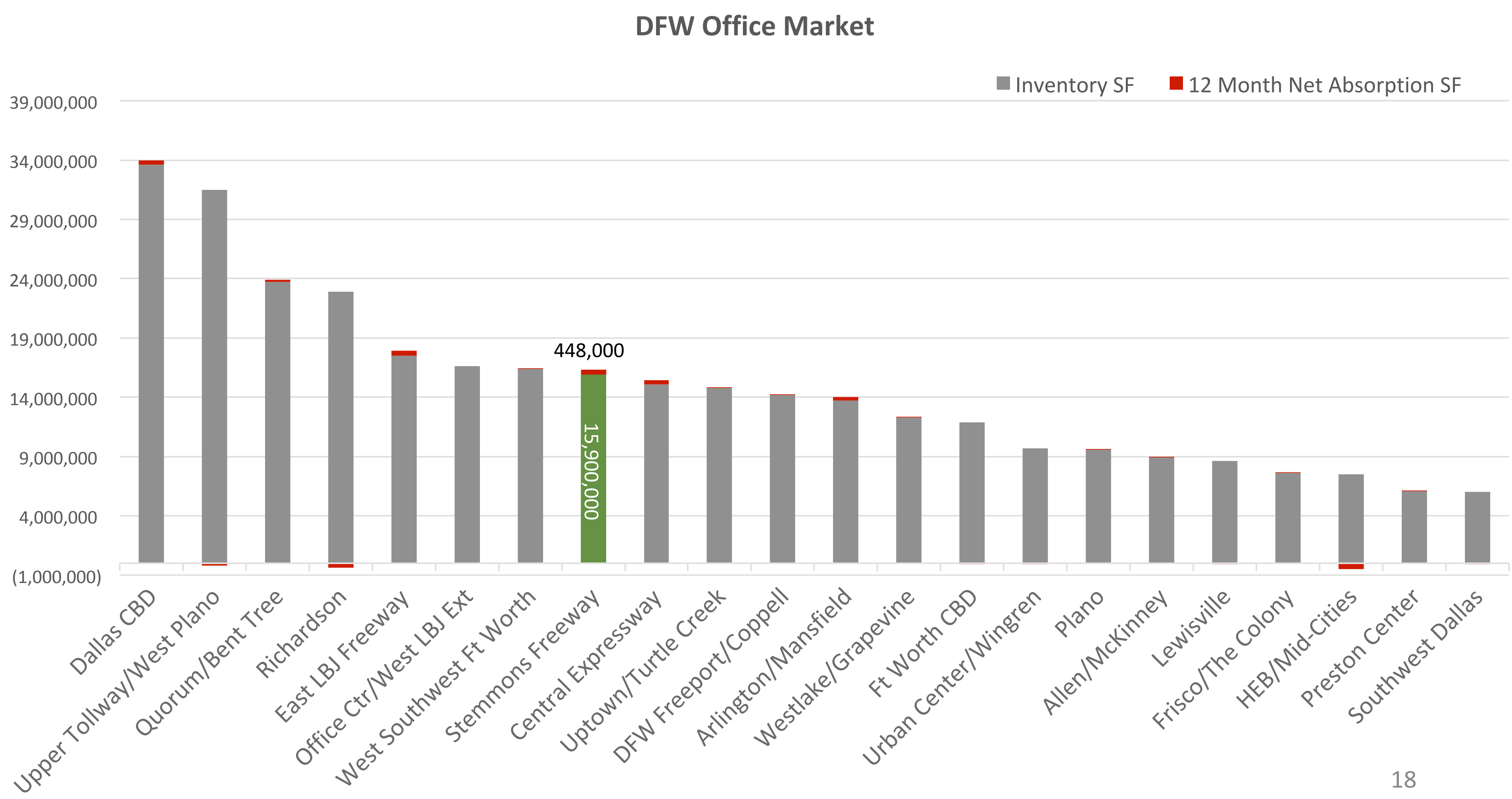


Office activity is distributed around Farmers Branch but limited development activity within city.

OFFICE
Planned or Proposed



DFW OFFICE MARKET SUMMARY



DFW OFFICE MARKET SUMMARY

- DFW office market consists of
  - 375,564,167 square feet of office
  - 8,986,872 square feet under construction
  - 15% vacancy
- Stemmons Freeway Submarket
  - Ranked 11 of 45 in terms of existing Inventory
    - 15,900,000 square feet
  - Ranked 4 of 45 in terms of under construction
    - 869,000 square feet
  - Ranked 4 of 45 in 12 month absorption
    - 448,000 square feet

SMALL OFFICE (FIRE)

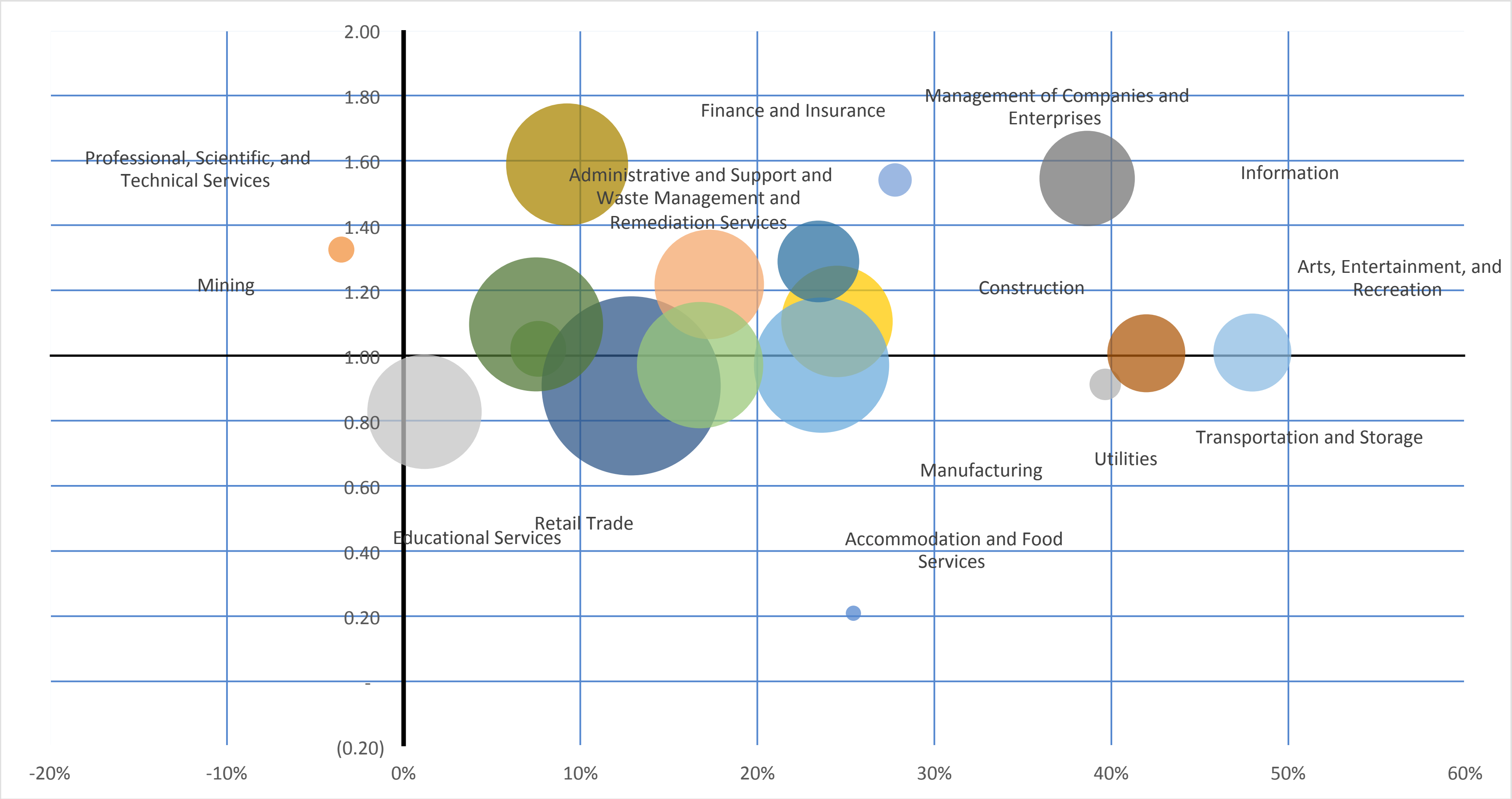
Annual Demand (2018)

Small Office Demand Analysis

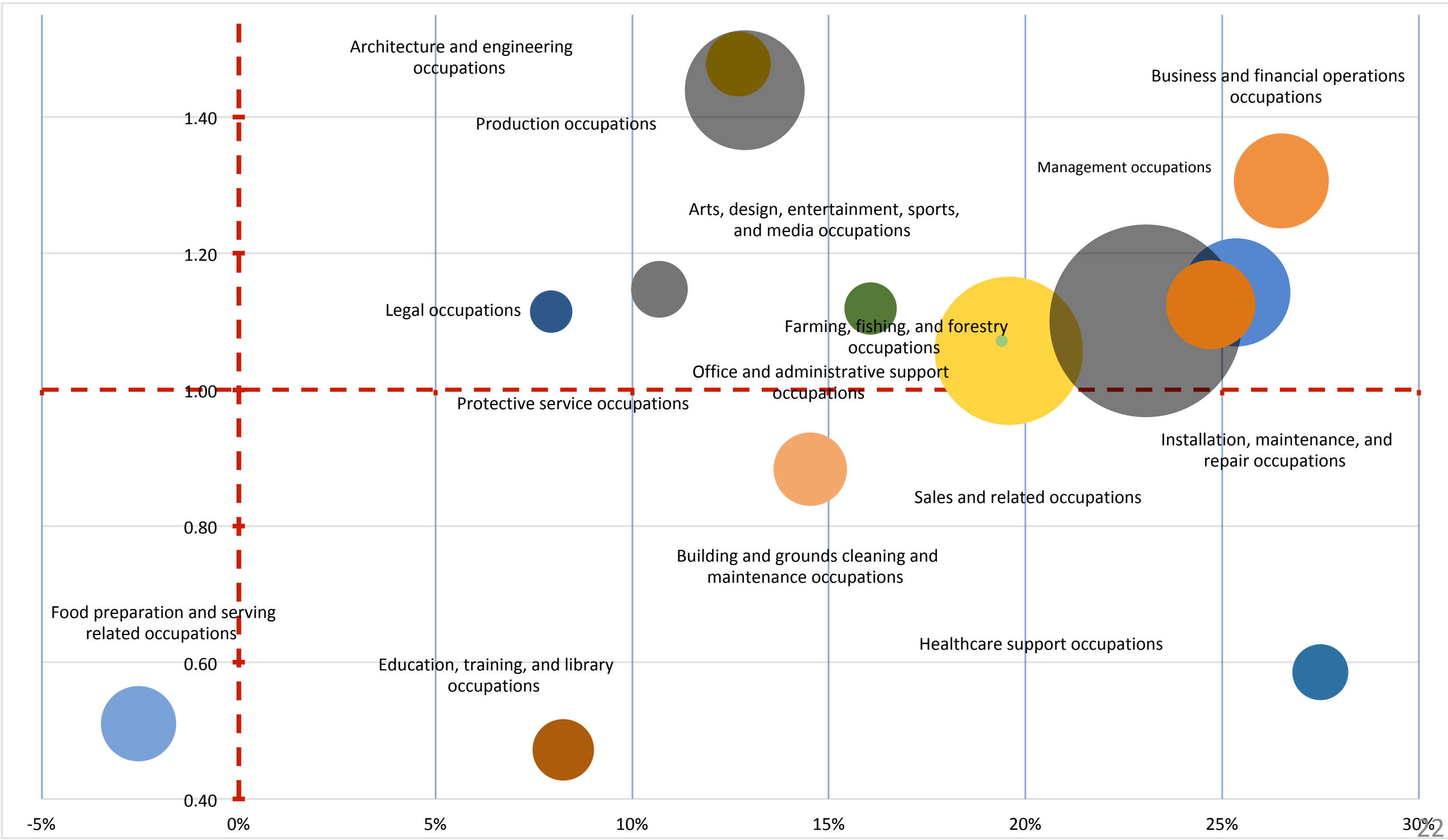
	Firms	**Employees**	**Employees/Firm**
Finance & Insurance	305	4,675	15
Real Estate	204	1,823	9
Professional, Scientific, and Technical Services	472	6,107	13
Management of Companies and Enterprises	5	12	2
Health Services	220	3,494	16
Arts & Entertainment	41	693	17
Total	1,247	16,804	13
Avg. SF per Employee	250		
Total Small Office SF	3,254,023		
Total Office SF	3,254,023		
Small Office Portion of Office Space	50%		
Avg. Submarket Class A + B SF Absorption	204,851.00		
Potential Small Office Class A +B SF Absorption	102,426		
Estimated Subject Site Capture Rt.	10%		
Potential Capture SF from Absoprtion	10,243		
Potential Turnover	5%		
Potential Turnover SF	162,701		
Avg. Vacancy Rate	15%		
Total Occupancy from Turnover	138,784		
Estimated Subject Site Capture Rt.	15%		
Potential Capture SF from Turnover	20,818		
Total Potential SF	**31,060**		

Source: ESRI, CoStar

INDUSTRY CLUSTER



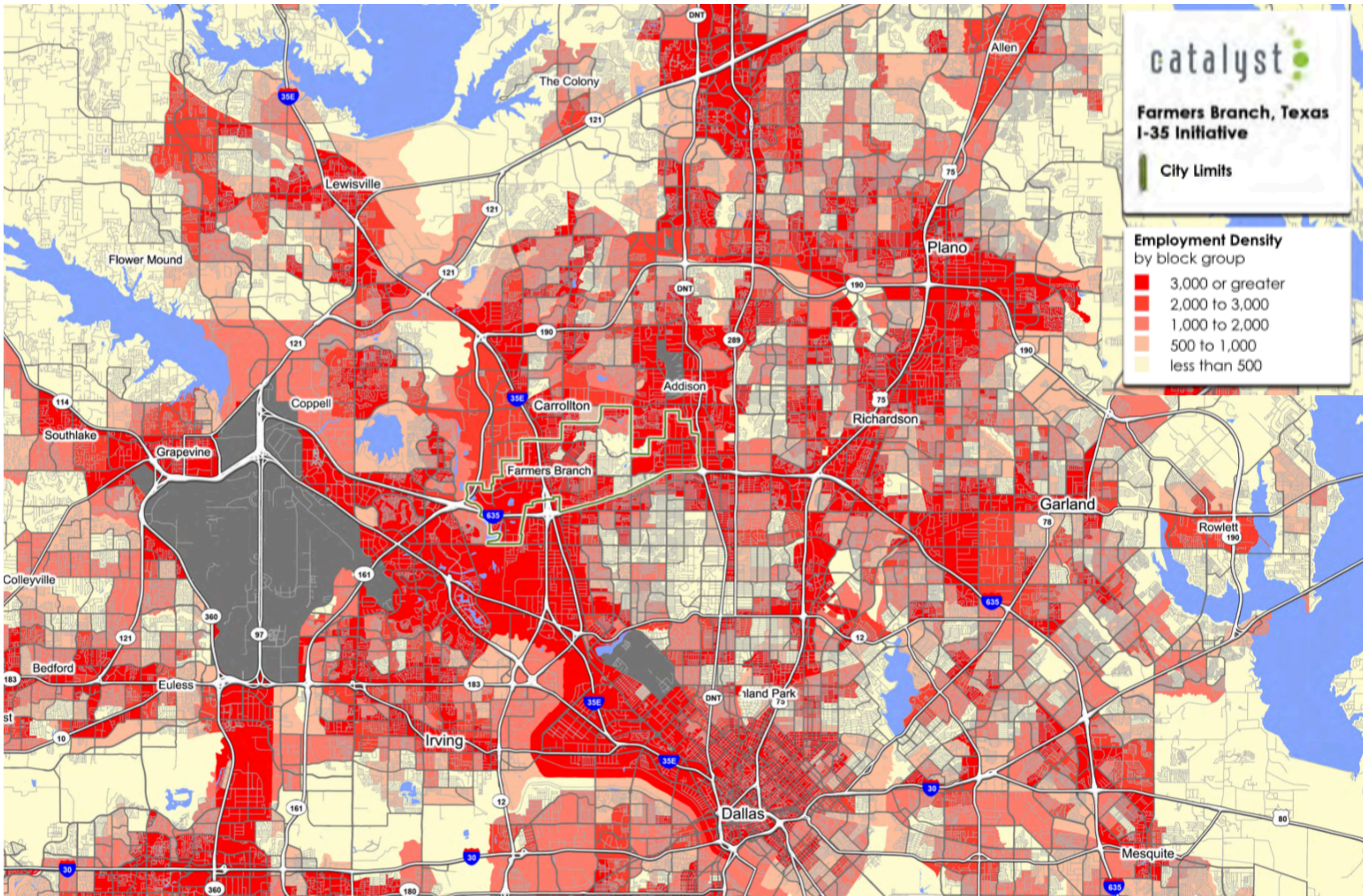
OCCUPATIONAL CLUSTER



OCCUPATIONAL CLUSTERS

Variable Name	Farmers Branch 2018	LQ 2018	% Growth Regional	% Growth National	Average Wages	Net Growth
Management	6,545	1.14	25%	20%	$100,790	1,660
Business and financial operations	5,050	1.31	27%	16%	$66,530	1,338
Computer and mathematical science	3,948	1.77	58%	33%	$82,830	2,304
Architecture and engineering	2,343	1.48	13%	17%	$77,900	298
Life, physical, and social science	855	1.19	32%	25%	$63,340	277
Community and social services	1,470	0.59	33%	15%	$42,990	489
Legal	1,006	1.11	8%	-17%	$79,650	80
Education, training, and library	2,112	0.47	8%	3%	$48,000	174
Arts, design, entertainment, sports, and media	1,801	1.15	11%	21%	$47,190	193
Healthcare practitioners and technical	3,755	0.56	32%	38%	$63,420	1,194
Healthcare support	1,748	0.59	27%	38%	$27,910	481
Protective service	1,532	1.12	16%	24%	$38,660	246
Food preparation and serving related	3,171	0.51	-3%	17%	$20,810	(81)
Building and grounds cleaning and maintenance	3,018	0.88	15%	19%	$24,700	439
Personal care and service	1,920	0.79	33%	23%	$22,710	638
Sales and related	12,284	1.06	20%	15%	$26,590	2,405
Office and administrative support	20,760	1.10	23%	18%	$34,050	4,787
Construction and extraction	4,881	1.18	36%	23%	$43,610	1,763
Installation, maintenance, and repair	4,441	1.12	25%	20%	$43,440	1,097
Production	8,029	1.44	13%	21%	$33,130	1,033
Transportation and material moving	5,764	1.02	34%	25%	$30,730	1,988

EMPLOYMENT DENSITY



- 58,035 are employed in City but live elsewhere
- 13,695 live in City but are employed elsewhere
- 1,210 are employed and live in City

EMPLOYMENT DISTRICTS

Telecom Corridor	130,000
Dallas	94,393
Farmers Branch	84,609
Las Colinas	84,271
Legacy Business Park	44,629
Alliance	44,000
Fort Worth	37,503
Cypress Waters	11,000
Preston Center	9,855

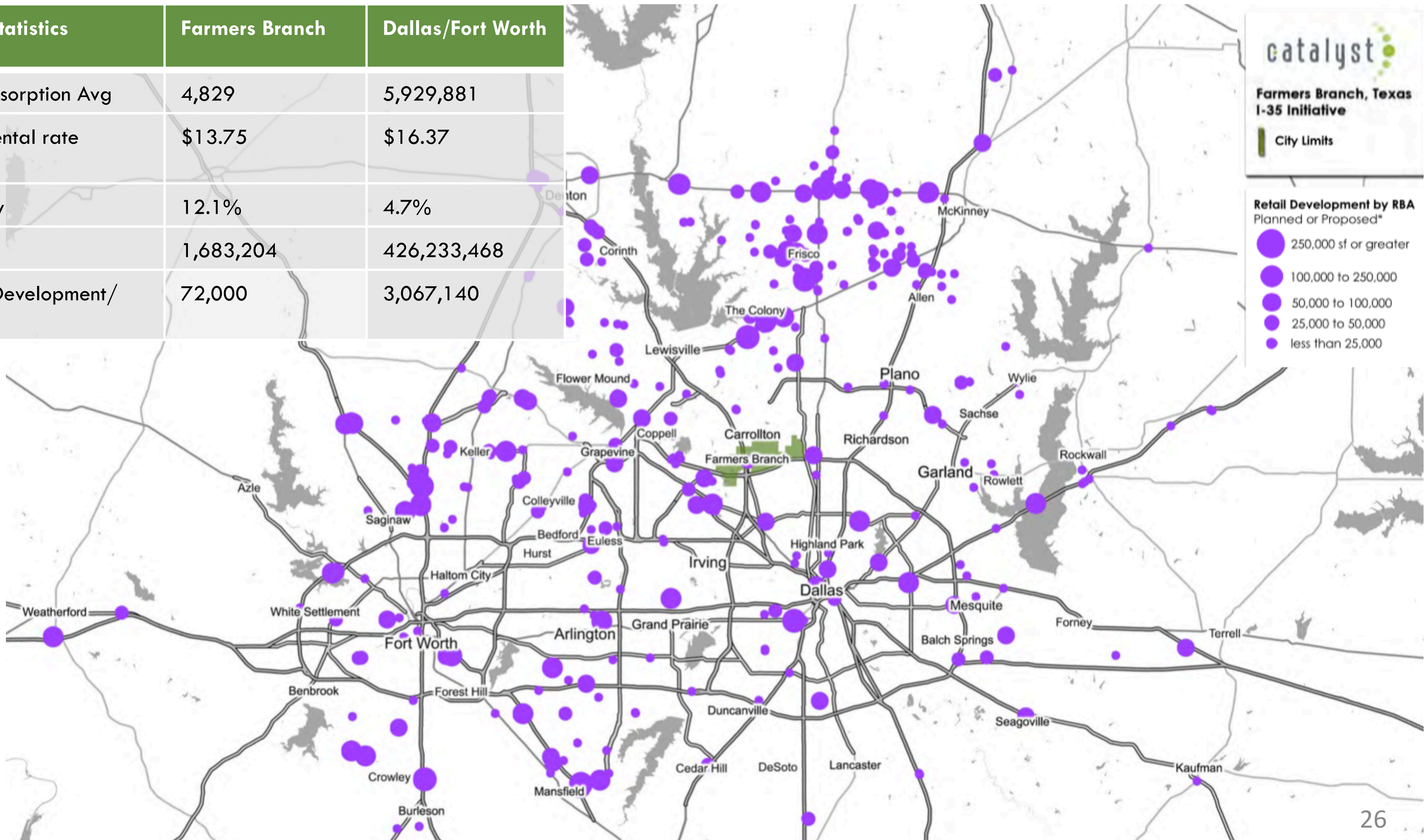
Farmers Branch employment district is the 4th largest in DFW*

*using 5 mile radii from the center of each district

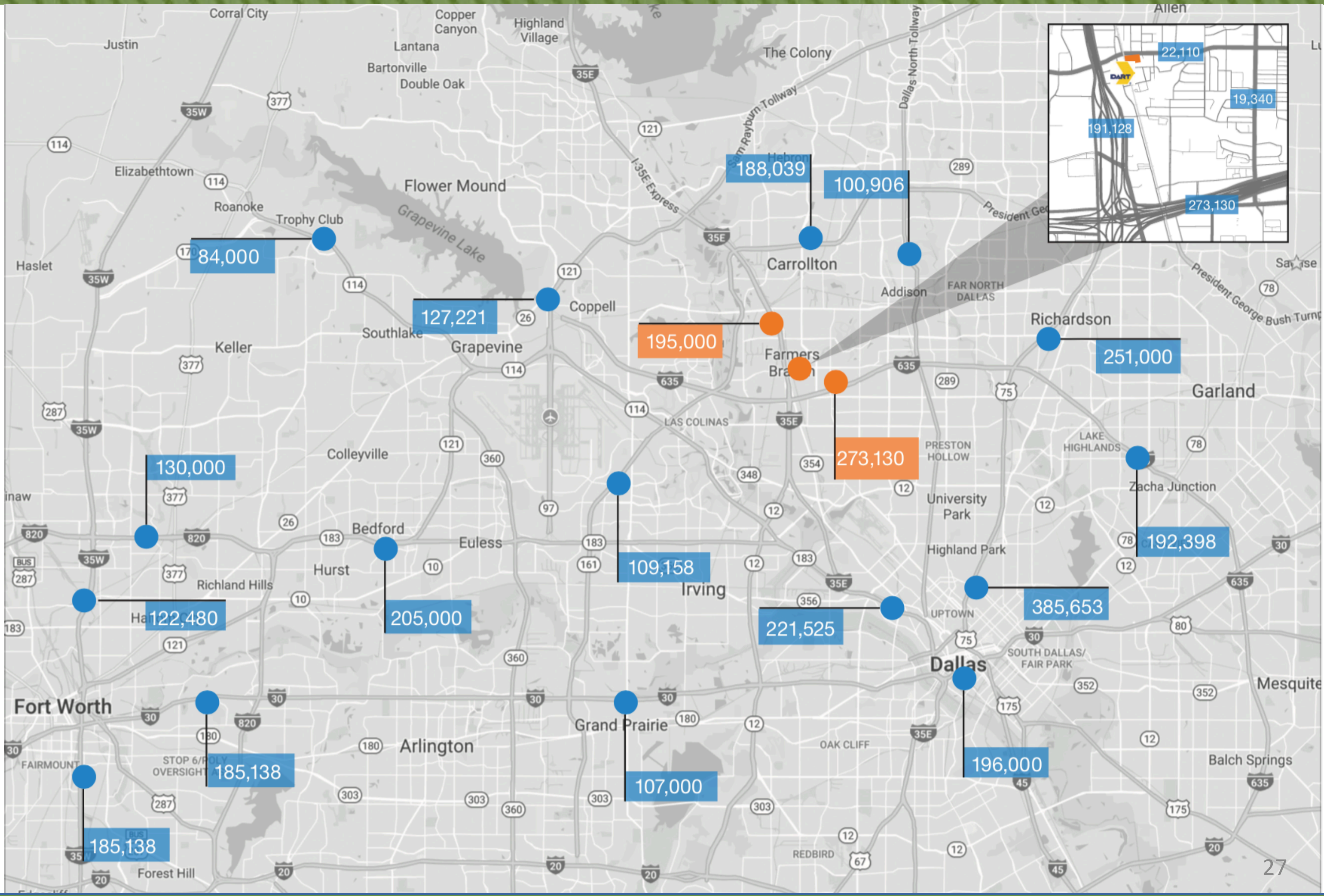
DFW RETAIL CONTEXT

FARMERS BRANCH

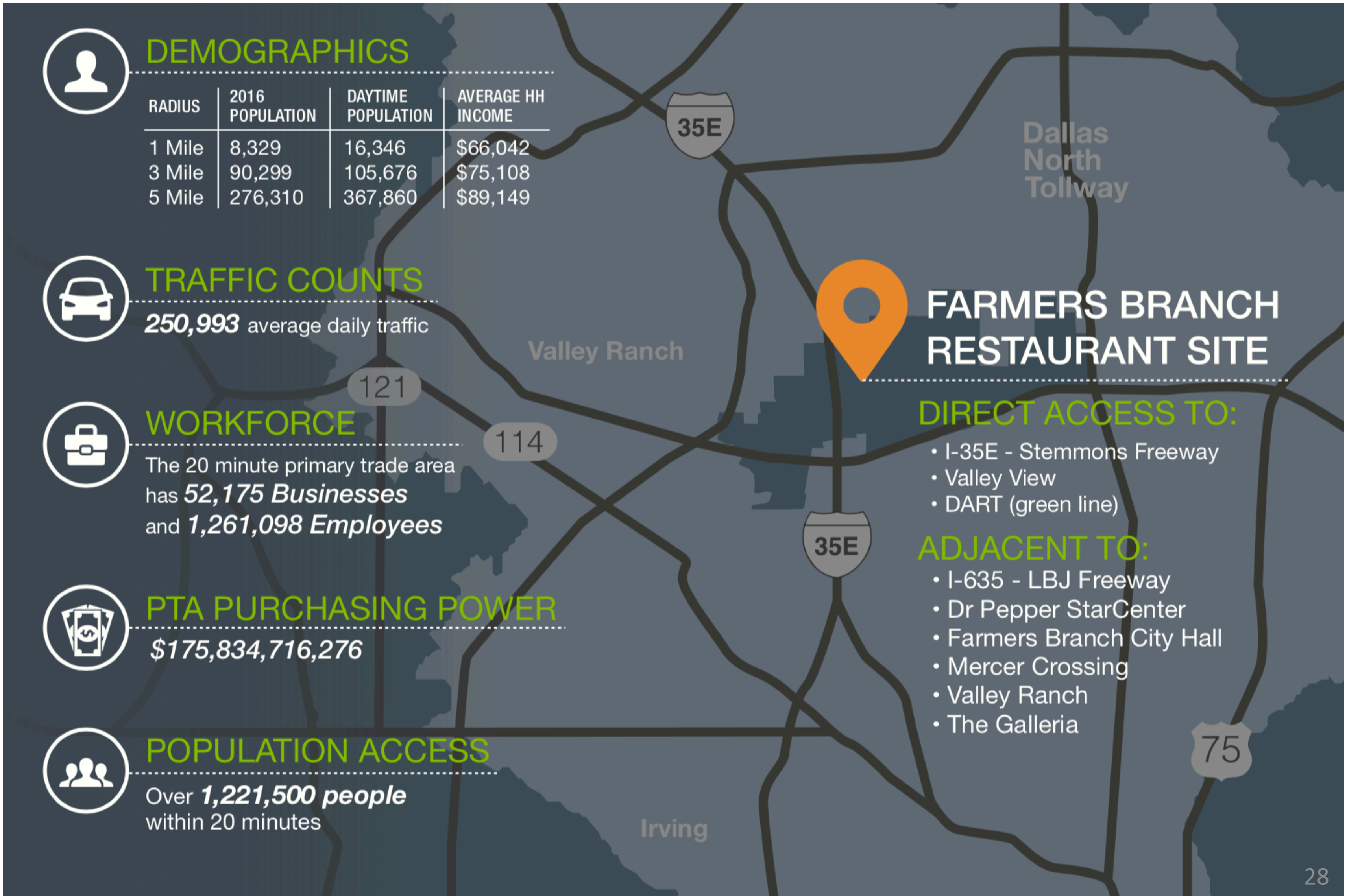
Retail Statistics	Farmers Branch	Dallas/Fort Worth
5 Yr Absorption Avg	4,829	5,929,881
NNN Rental rate	$13.75	$16.37
Vacancy	12.1%	4.7%
Total SF	1,683,204	426,233,468
Under Development/ Planned	72,000	3,067,140



TRAFFIC COUNTS



RETAIL DRIVERS



DEMOGRAPHICS

RADIUS	2016 POPULATION	DAYTIME POPULATION	AVERAGE HH INCOME
1 Mile	8,329	16,346	$66,042
3 Mile	90,299	105,676	$75,108
5 Mile	276,310	367,860	$89,149

TRAFFIC COUNTS

250,993 average daily traffic

WORKFORCE

The 20 minute primary trade area has ***52,175 Businesses*** and ***1,261,098 Employees***

PTA PURCHASING POWER

$175,834,716,276

POPULATION ACCESS

Over ***1,221,500 people*** within 20 minutes

FARMERS BRANCH RESTAURANT SITE

DIRECT ACCESS TO:

- I-35E - Stemmons Freeway
- Valley View
- DART (green line)

ADJACENT TO:

- I-635 - LBJ Freeway
- Dr Pepper StarCenter
- Farmers Branch City Hall
- Mercer Crossing
- Valley Ranch
- The Galleria

RETAIL DEMAND

Farmers Branch Retail Demand Chart

Category	NAICS	Student Demand	Workforce Demand	Commuter Demand	Residential Demand	2017 Total Demand	2017 Total Supply	2017 Leakage "Retail Gap"	2017 - 2047 Additional Demand	2047 Total SF Demand
Auto Parts, Accessories & Tire Stores	4413	2,103		1,432	9,790	13,324	30,462	-	-	-
Furniture Stores	4421				17,387	17,387	274,344	-	-	-
Home Furnishings Stores	4422				13,103	13,103	203,944	-	-	-
Electronics & Appliance Stores	443				31,298	31,298	693,421	-	-	-
Bldg Material & Supplies Dealers	4441				49,489	49,489	471,074	-	-	-
Lawn & Garden Equip & Supply Stores	4442				3,087	3,087	-	3,087	602	3,689
Grocery Stores	4451	2,584	11,884	5,124	96,764	116,886	58,405	58,481	15,273	73,754
Specialty Food Stores	4452				14,385	14,385	33,592	-	-	-
Beer, Wine & Liquor Stores	4453				8,144	8,144	21,754	-	-	-
Health & Personal Care Stores	446,4461	1,713	22,932		44,892	70,823	87,039	-	2,594	-
Gasoline Stations	447,4471		32,193	17,897	42,266	96,121	57,754	38,367	11,306	49,672
Clothing Stores	4481	733	4,276	1,967	26,390	33,847	61,984	-	-	-
Shoe Stores	4482	1,344	5,880	3,606	11,834	24,090	11,711	12,379	3,190	15,568
Specialty Retail (i.e. Jewelry, Luggage & Leather Goods Stores)	4483	640	4,480		7,774	13,573	82,106	-	-	-
Sporting Goods/Hobby/Musical Instr Stores	4511		2,548	1,803	23,997	28,348	252,253	-	-	-
Book, Periodical & Music Stores	4512			1,803	3,571	5,374	19,105	-	-	-
Department Stores Excluding Leased Depts.	4521		7,644		113,558	121,202	-	121,202	23,645	144,848
Other General Merchandise Stores	4529		35,280	2,704	74,157	112,142	31,526	80,616	17,813	98,429
Florists	4531			1,803	1,204	3,006	5,018	-	-	-
Office Supplies, Stationery & Gift Stores	4532		8,624	1,803	6,027	16,454	52,526	-	-	-
Used Merchandise Stores	4533			3,606	10,697	14,303	9,536	4,767	1,561	6,328
Other Miscellaneous Store Retailers	4539			2,516	24,265	26,781	58,616	-	-	-
Full-Service Restaurants	7221	1,618	11,207	3,032		16,923	-	16,923	3,301	20,224
Limited-Service Eating Places	7222	1,465	15,092	4,295		22,363	-	22,363	4,363	26,726
Total Demand (SF)		**12,316**	**162,041**	**53,390**	**634,080**	**876,909**	**2,516,172**	**362,639**	**84,517**	**444,562**

ANNUAL SINGLE FAMILY DEMAND

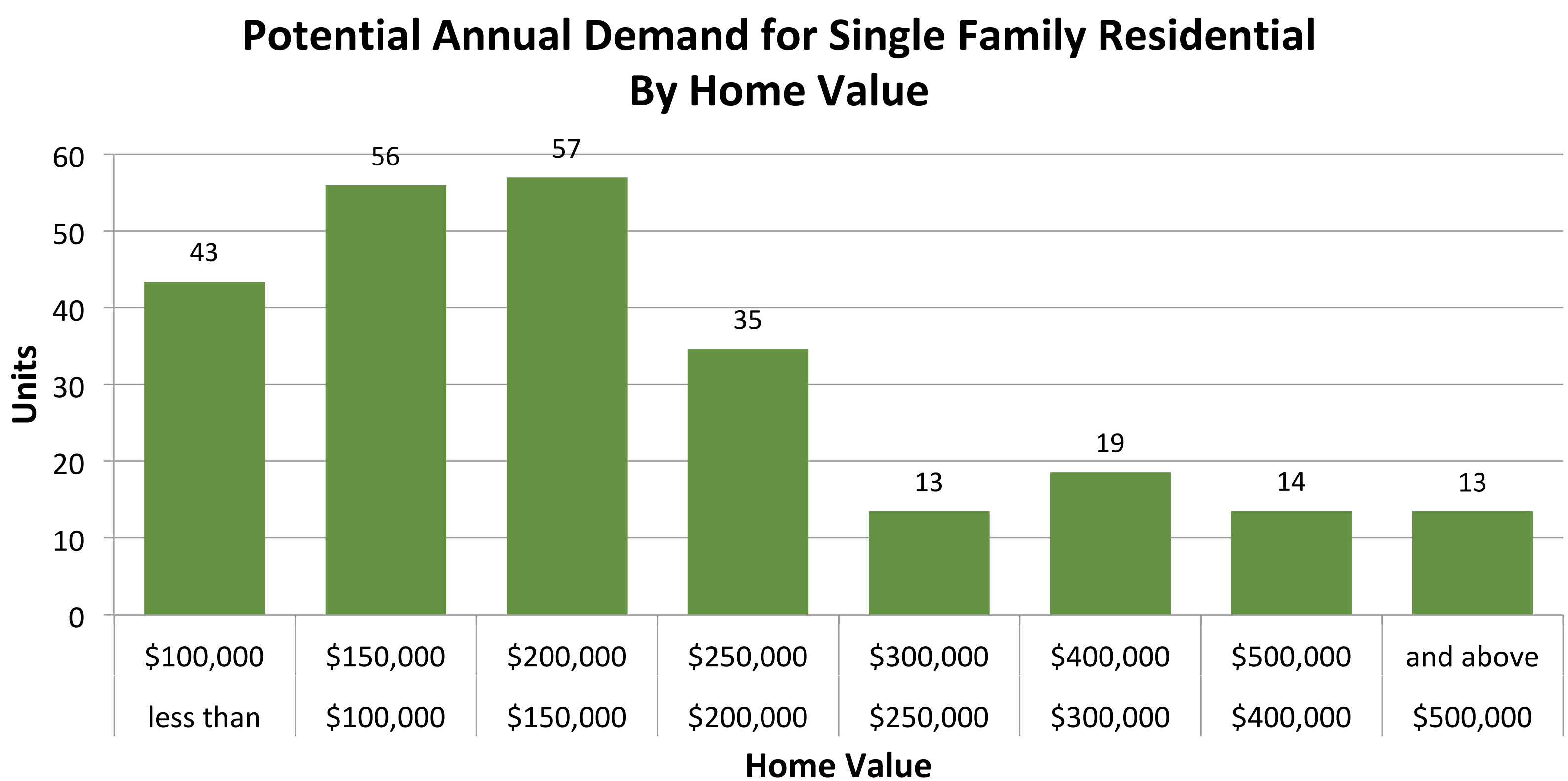
Estimated Annual Demand Potential For Purchase Residential
Based on 2017 - 2022 County Demographic Trends

Home Value	less than $100,000	$100,000 $150,000	$150,000 $200,000	$200,000 $250,000	$250,000 $300,000	$300,000 $400,000	$400,000 $500,000	$500,000 and above	
Qualifying Income	$40,000 and above	$40,000 $65,000	$65,000 $90,000	$90,000 $110,000	$110,000 $125,000	$125,000 $150,000	$150,000 $200,000	$200,000 and above	Total
2017 Total Households[1]					935,031				
2022 Total Households[1]					997,178				
Avg. Annual Household Growth					12,429				
New Household Growth									
Total Annual New Households[1]	12,429	12,429	12,429	12,429	12,429	12,429	12,429	12,429	12,429
Total Households[1]	935,031	935,031	935,031	935,031	935,031	935,031	935,031	935,031	935,031
Estimated % Rent vs. Purchase[3]	18%	28%	42%	51%	65%	95%	78%	84%	54%
Estimated Owners in Turnover that Rent	810	1,180	1,736	849	931	2,239	1,993	4,012	13,750
Total Renter Households	203,994	90,349	59,743	24,104	10,241	10,686	10,060	7,476	416,654
Estimated Renters in Turnover that Rent	5,854	8,245	8,689	5,214	1,962	2,774	1,848	1,624	36,211
Income Qualified Households									
Total Potential Demand	8,074	10,536	11,260	6,643	3,186	5,347	4,261	6,263	55,571
Percent New Renters[3]	90%	89%	85%	87%	71%	58%	53%	36%	75%
Total Potential Demand for New Units	7,264	9,356	9,524	5,794	2,256	3,108	2,268	2,251	41,822
City Capture Rate[3,4]	1%	1%	1%	1%	1%	1%	1%	1%	1%
Total Potential New Single Family Demand	**43**	**56**	**57**	**35**	**13**	**19**	**14**	**13**	**250**

1. ESRI
2. US Census American Community Survey
3. US Census American Housing Survey
4. US Census Building Permits Survey

ANNUAL SINGLE FAMILY DEMAND

Farmers Branch (2018)



ANNUAL MULTIFAMILY DEMAND

Farmers Branch (2018)

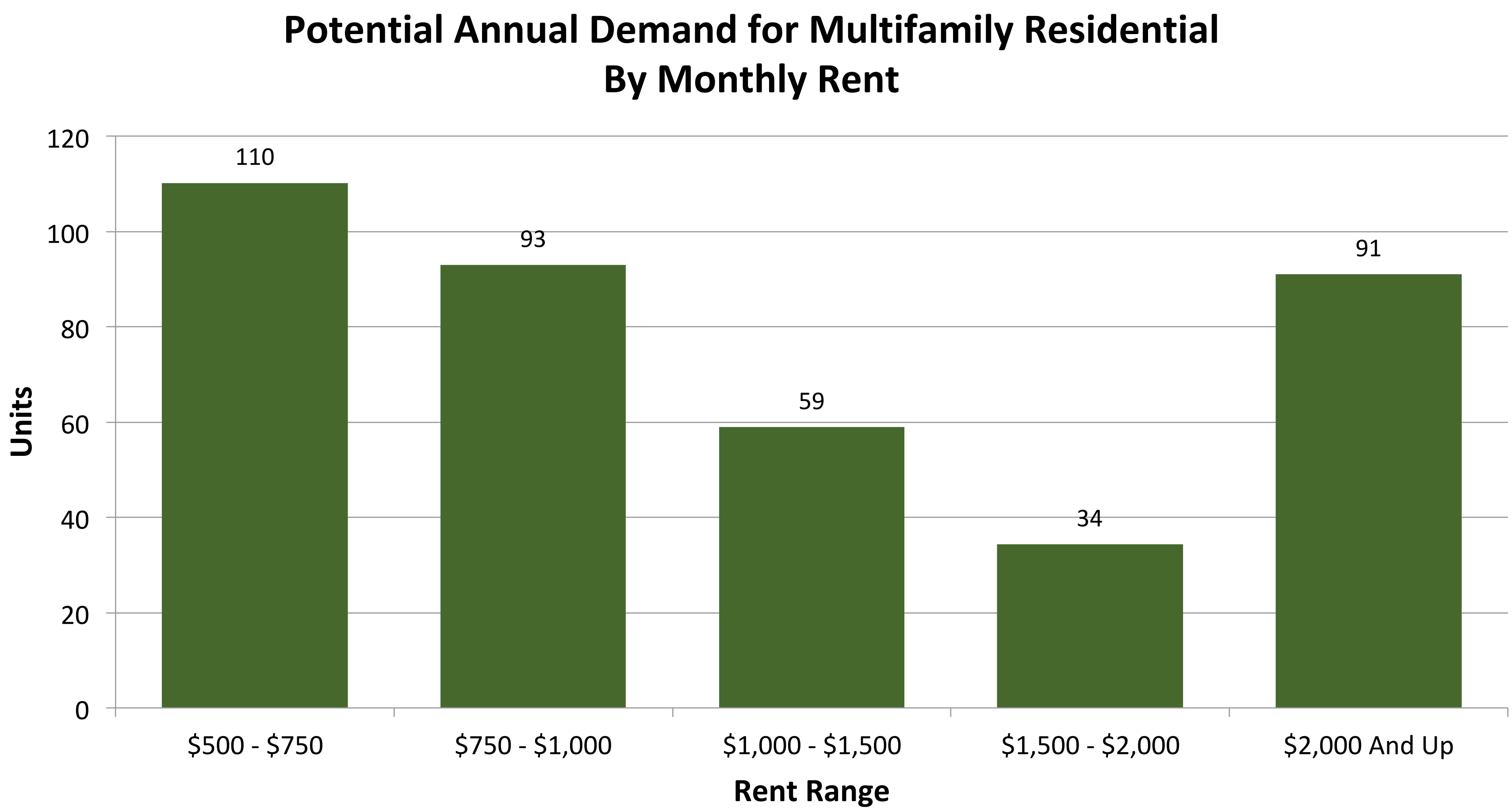
Estimated Annual Demand Potential for Multifamily
Based on 2017 - 2022 County Demographic Trends

Monthly Rent	$500 $750	$750 $1,000	$1,000 $1,500	$1,500 $2,000	$2,000 And Up	
Qualifying Income	Less Than $35,000	$35,000 $50,000	$50,000 $75,000	$75,000 $100,000	$100,000 And Up	Total
2017 Total Households[1]			935,031			
2022 Total Households[1]			997,178			
Avg. Annual Household Growth			12,429			
New Household Growth						
Total Annual New Households[1]	12,429	12,429	12,429	12,429	12,429	12,429
Total Households[1]	935,031	935,031	935,031	935,031	935,031	935,031
Estimated % Rent vs. Purchase[3]	81%	71%	34%	27%	25%	39%
Estimated Owners in Turnover that Rent	2,063	2,780	1,382	778	3,000	10,002
Total Renter Households	176,439	70,585	73,289	44,718	48,148	413,179
Estimated Renters in Turnover that Rent	46,901	20,071	15,844	8,227	6,785	97,828
Income Qualified Households						
Total Potential Demand	51,309	23,789	18,200	9,599	10,425	113,322
Percent New Renters[3]	9%	16%	13%	14%	35%	14%
Total Potential Demand for New Units	4,408	3,718	2,356	1,372	3,640	15,494
City Capture Rate[3,4]	3%	3%	3%	3%	3%	3%
Total Potential New Multifamily Demand	**110**	**93**	**59**	**34**	**91**	**387**

1. ESRI
2. US Census American Community Survey
3. US Census American Housing Survey
4. US Census Building Permits Survey

MULTIFAMILY DEMAND

Farmers Branch (2018)



DEMAND SUMMARY

- 31,000 sf of small office annually
- 448,000 corporate demand
- 362,000 sf of retail demand today, projected to increase to 444,562 by 2047 based upon future growth projections
- 250 units of annual demand for owner-occupied residential per year
- 387 units of annual demand for multi-family per year

FISCAL EXAMPLE

			Residents	Employment
Urban MF	400 units	$40M	550	
Office	130,000 sf	$13M		550
Retail	60,000 sf	$10M		60
Total		$63M	550	610

Annual Property Tax	$379/k/yr
Sales Tax	$180k

SUMMARY

- Corridor is strategic to city
- Lack of vision, brand and context are impacting private investment
- Demographics and other factors reflect significant development potential
- Positive retail, office and mixed residential demand supports developing a new vision for the corridor in order to harness higher quality sustainable development opportunities.

TARGET INDUSTRIES

- Positioning for corporate office would strategically harness choice companies, such as:
  - Management
  - Business and financial services
  - Architectural
  - Legal
  - Sales
  - Office
  - Technology
- To harness greater vision, corporate users will require first-class environment with retail amenities, urban living linked to open space and quality places

OPPORTUNITIES

- Leverage current development momentum to maximize future density in "Core"
- Increase connectivity to DART, regional trail system, parks and assets
- Capitalize on location and build identity "I-35 corridor" as a choice place for dense mixed-use w/ corporate, retail and hospitality or other appropriate corridor uses

NEXT STEPS

- Formulate a new vision for the corridor based on market realities and building upon existing strengths (i.e. Station Area; Mercer Crossing; Dr Pepper Stars Center; and regional momentum)
- Develop an implementation strategy for accomplishing the new corridor vision (short-term, mid-term, and long-term objectives)
- Begin allocating financial resources to catalyze projects outlined in the vision plan for future public/private opportunities
- Maximize development standards and zoning to promote placemaking and walkability objectives, while at the same time balancing those objectives with development form commonly found along first-class regional highway corridors

FARMERS BRANCH
I-35 CORRIDOR