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COMPETITION FLOODS CLASS B MULTIFAMILY SPACE

In DFW, a diverse, expanding pool of buyers has joined forces with a growing supply of renters, leading to price escalation and yield compression.

By Taylor Williams

The unprecedented job and population growth that Dallas-Fort Worth (DFW) has experienced during this cycle has brought a plethora of new buyers to the Class B multifamily space, and the simple economics of high demand and low supply are re-shaping the landscape of the investment market.

According to CoStar Group, the average price per unit in the Class B space has increased by 4.3 percent year-to-date, and deal volume on sales of Class B assets is down from 2017. These trends attest to the strong impact price escalation has had on the market. A more crowded buyer pool is also breeding competition and pushing

prices upward.

The metroplex's growth cycle dates back to the beginning of the expansion. Data from the U.S. Census Bureau shows that between 2010 and 2018, the metroplex added about 1.1 million people, or 122,000 per year. Earlier this year, Cushman & Wakefield released a report stating that DFW added approximately 754,000 jobs between 2009 and 2018, or 75,000 per year.

This convergence has significantly boosted apartment demand in the metroplex, ushering in waves of competition for older multifamily assets, many of which are positioned for value-add investment and subsequent rent bumps. Price escalation caused by

SEE INVESTMENT page 36



A local private investment firm recently acquired Havenwood, a 316-unit community in Fort Worth that was built in 1985. The property received 18 tours and seven offers during its marketing period, a testament to the strong competition for value-add assets.

OFFICE AMENITIES INFLUENCE TALENT WARS

In a job seeker's market, companies are increasingly looking for quality onsite activities and services to create appeal for prospective employees.

By Taylor Williams

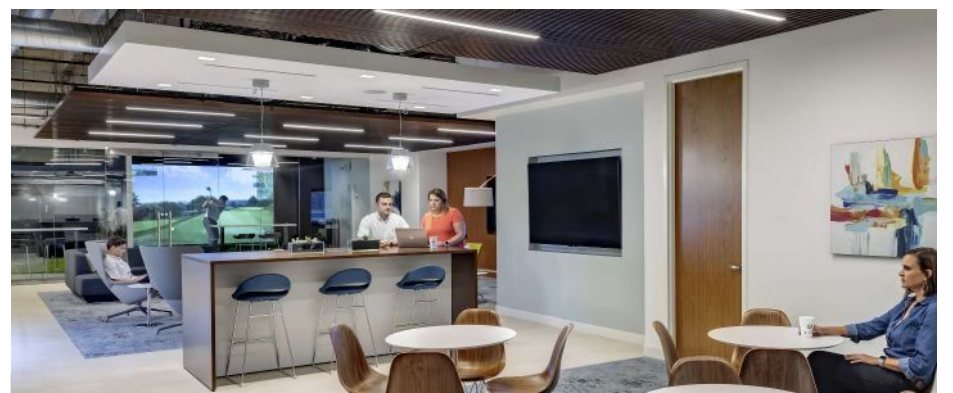
Office buildings that have been newly constructed or recently rehabilitated are fielding the greatest demand from large companies, which are banking on the idea that lifestyle-enriching amenities and a vibrant surrounding neighborhood create advantages in attracting and retaining talent.

According to the Bureau of Labor Statistics, during the 12-month period ending in July, the four major office markets of Texas added more than 200,000 new jobs combined. The state's unemployment rate was 3.4 percent at

the time of this writing, 30 basis points below the national average.

The job market clearly favors applicants, and the competition between major office-using companies to secure the best applicants is fierce. Of course, some job seekers still base their employment decisions based on traditional factors like salary and commute time. But all other factors being held equal, employees with multiple job offers are placing greater emphasis on what kind of working environment they can get with one employer versus another.

SEE AMENITIES page 38



Amenities like a corporate lounge and a golf simulator at The Douglas, one of Granite Properties' buildings in Dallas, represent the push toward best-in-class tenant perks.

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AEROSPACE AND AVIATION BUSINESS IS FLYING HIGH IN **GRAND PRAIRIE, TEXAS.** **CAN YOU DIG IT?**



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New top exec Frank St. John describes headquarters workrooms ("where Star Wars posters share space with workshop-like desks cluttered with Raspberry Pi devices, 3D printers and reels of raw plastics ready to be melted down and turned into models"; Dallas Morning News, April 24, 2019) – as "sand boxes."

PricewaterhouseCoopers recognized Texas as the second most attractive state for aerospace and defense employers – and Grand Prairie is deep in the heart of it all.

Headquarters to Lockheed Martin's Missiles & Fire Control division and Airbus Helicopters, Inc. Operations for Safran, Bell, GE Aviation, Pratt & Whitney, PPI Polymer Products. As well as Texstars, CFM Materials, and Control Products Corporation – just to name a few. And workforce diversity called out as 6th best in the nation by WalletHub.com.

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OFFICE AMENITIES RISE IN IMPORTANCE

In healthy job markets, the competition to recruit and retain talent becomes an especially important focal point. In a historically tight job market with a 3.7 percent unemployment rate, those tasks take center stage.

Today, office landlords must be equally attuned to their properties' in-house amenities and the appeal of the surrounding neighborhood. Office users are looking for those features, and they aren't hesitating to shell out hefty rents to obtain them. This holds particularly true in DFW and Austin, which are seeing record volumes of corporate relocations and expansions.

For owners of older office buildings that are located in high-demand submarkets, investing in repositioning and renovation projects that promote a vibrant atmosphere and which cater to employees' personal lives is becoming increasingly important. Our cover story explores this trend in detail.

We're proud to be able to feature our annual **Economic Development Directory** in this issue. Each member city has its own combination of services and incentives to offer. Turn to pages 26-35 to see which is the best fit for your project.



Jerry France
Publisher



Scott France
Co-Publisher

Writeups and coverage of InterFace DFW Industrial and InterFace Multifamily Texas, events that both drew well over 200 people, are circulating *rebusinonline.com* and will soon be included in these pages. The overwhelmingly positive feedback that both these conferences received speaks to both the success of the markets in question as well as the acumen of the players.

Early-bird rates can still be had for **Ancillary Retail Expo** on Feb. 3 in New Orleans and **Entertainment Experience Evolution** on Feb. 11 in Los Angeles. Don't miss out on the chance to hear top-notch analysis on the rapidly evolving industry that is retail real estate.

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FINANCIAL SCOREBOARD

Loans Recently Closed For Texas & Oklahoma Properties

PROPERTY	CLASS	LOCATION (CITY, STATE)	SIZE	AMOUNT	LENDER	ARRANGED BY
Fairmont Austin	Hospitality	Austin	1,048 rooms	\$425 million	Bank of America Merrill Lynch	Berkadia
Undisclosed	Multifamily	Austin	452 units	\$56 million	Freddie Mac	Bellwether Enterprise
Delaney at Parkway Lakes	Seniors housing	Richmond	207 units	\$34.1 million	Undisclosed national bank	CBRE
Undisclosed	Multifamily	Haltom City	216 units	\$19.5 million	Fannie Mae	Greystone
Kenedy Heights	Multifamily	Kenedy	72 units	\$5.4 million	Hunt Real Estate Capital	D. Ansley Co. Inc.
Duck Creek Community Shopping Center	Retail	Garland	57,910 square feet	\$3.5 million	Wells Fargo	Berkadia

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AMAZON TO OPEN REGIONAL AIR HUB AT ALLIANCE TEXAS, CREATE 300 JOBS

FORT WORTH, TEXAS — Amazon will open a regional air hub at Fort Worth Alliance Airport this month, a move that is expected to bring 300 new full-time jobs to the region. The build-to-suit project is the first of its kind in the Amazon Air network and will support the Seattle-based e-commerce giant's larger-scale regional needs, including sortation capability and infrastructure to handle multiple flights daily.

ADMIRAL CAPITAL GROUP ACQUIRES 249,564 SF OFFICE BUILDING

DALLAS — Private equity investment firm Admiral Capital Group has acquired Fourteen555, a 249,564-square-foot, Class A office building located in the Lower Tollway submarket of Dallas. The seller, Cawley Partners, developed the property in 2018. Amenities at the six-story properties include a full-service restaurant, a fitness center and a covered terrace with lounge seating. BOKA Powell designed the building.

KWA BREAKS GROUND ON \$46 MILLION APARTMENT PROJECT IN IRVING

IRVING, TEXAS — Locally based general contractor KWA Construction has broken ground on Legacy Lakeshore, a 293-unit apartment project in Irving. California-based Legacy Partners is developing the \$46 million project, which will be situated on 3.4 acres near Lake Carolyn in the city's Las Colinas district. Units at Legacy Lakeshore will range in size from 580 to 1,945 square feet, and amenities will include a pool,



SWBC has approximately 1,500 multifamily units under development throughout Texas, including the 271-unit Royalton at Craig Ranch project in McKinney.

outdoor kitchen areas, fitness center and a spa, as well as paddleboards and kayaks for resident use. Completion of the project is scheduled for July 2021.

COLLIERS ADDS NEW INVESTMENT SALES TEAM TO DFW OFFICE

DALLAS AND FORT WORTH, TEXAS — Colliers International has added a new team of seven investment sales professionals who will be focusing on single- and multi-tenant retail, office, industrial and healthcare properties. Geoff Ficke, who most recently served as senior vice president of Marcus & Millichap, will lead the new team, which has closed transactions with a collective value of more than \$1 billion over the last 10 years.



With a waterfront dock and paddleboards and kayaks for resident use, Legacy Lakeshore, a 293-unit project in Irving by KWA Construction and Legacy Partners, is designed to make renters feel as if they're perpetually on vacation.

SWBC BEGINS CONSTRUCTION ON 271-UNIT APARTMENT PROJECT IN MCKINNEY

MCKINNEY, TEXAS — Multifamily developer SWBC has begun construction on Phase II of The Royalton at Craig Ranch, a 271-unit project that will be located within the Craig Ranch master-planned community in McKinney. Floor plans will consist of one-, two- and three-bedroom units that feature granite countertops, stainless steel appliances and individual washer and dryer connections. Amenities will include a pool, clubhouse, 24-hour fitness center and outdoor grilling areas. Cross Architects is handling design of the project, and Stantec is the civil engineer. Construction is expected to last about 22 months. SWBC previously developed a sister community, Central Park at Craig Ranch, which also spans 271 units and is now 92 percent occupied, with the first units expected to be available for occupancy in March 2021.

EQUUS CAPITAL BUYS 299,898 SF OFFICE COMPLEX IN PLANO

PLANO, TEXAS — Pennsylvania-based investment firm Equus Capital Partners Ltd. has purchased Legacy Place, a two-building office complex totaling 299,898 square feet in the northeastern Dallas suburb of Plano. Both six-story buildings were built in the late 1990s and are situated on a 15.3-acre site along Tennyson Parkway. Equus Capital will undertake a multimillion-dollar repositioning program that will deliver an enhanced outdoor patio and collaboration area, upgraded lobby, expanded fitness center and a new tenant lounge. The buildings were 88 percent leased at the time of sale. The seller was not disclosed. Mesa West Capital provided \$72.1 million in short-term acquisition financing for the deal. A portion of the proceeds will also be used to reposition and stabilize the property, which was approximately 88 percent leased at the time of the loan closing.

KDC TO DEVELOP 200,000 SF MANUFACTURING FACILITY FOR RAYTHEON IN MCKINNEY

MCKINNEY, TEXAS — KDC will develop a 200,000-square-foot manufacturing facility for Raytheon at the defense contractor's Space & Airborne Systems headquarters in the northern Dallas suburb of McKinney. The project, construction of which is slated for a late 2020 completion, is expected to bring 500 new jobs to McKinney. In 2014, KDC also delivered a 489,000-square-foot office complex for Raytheon at CityLine in Richardson.

ALIGNED ENERGY TO DEVELOP 360,000 SF DATA CENTER

DALLAS — Aligned Energy, a data center developer and operator, will build a 360,000-square-foot colocation facility in Dallas. The project represents an expansion of the company's 19-acre DFW-01 campus and will increase the development's critical power capacity by eight megawatts. Construction is underway and is expected to be complete by late November.

WEITZMAN TO RENOVATE TARGET-ANCHORED SHOPPING CENTER IN IRVING

IRVING, TEXAS — Weitzman will renovate Irving Towne Center, a 240,000-square-foot retail center located at the intersection of State Highway 183 and North Belt Line Road. Originally built in 1986 and anchored by Target, the center houses tenants such as Tuesday Morning, On The Border and Anytime Fitness. Hodges & Associates is the architect for the renovation project, which is expected to begin in late 2019 or early 2020 and to be complete by the end of 2020.

CBRE NEGOTIATES SALE OF 431,902 SF RETAIL PORTFOLIO IN TEXAS

DALLAS — CBRE has negotiated the sale of a 14-property, 431,902-square-foot retail portfolio located throughout Texas. The seller was Dallas-based Rainier Cos., which disposed of the assets as part of the sale of a 677,979-square-foot portfolio of 27 retail properties in seven states. The larger portfolio was 92 percent leased at the time of sale. The buyer and sales price were not disclosed. Michael Austry and Jared Aubrey of CBRE handled the transaction on behalf of the seller.

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KDC NEARS COMPLETION OF 1.2 MILLION SF HQ OFFICE FOR PIONEER NATURAL RESOURCES IN IRVING

IRVING, TEXAS — Locally based developer KDC, in partnership with Verizon, is nearing completion of the new 1.2 million-square-foot headquarters campus in Irving for energy firm Pioneer Natural Resources. Situated on 150 acres within the Hidden Ridge development in the city's Las Colinas district, the headquarters building will ultimately stand 10 stories, overlook a pond and include a seven-story parking garage. Amenities will include a daycare, wellness center and a food hall. Cushman & Wakefield will manage the property. The company expects to begin moving employees into the new space in November.

GRANITE PROPERTIES TO DEVELOP 18-STORY OFFICE BUILDING IN PLANO

PLANO, TEXAS — Granite Properties, a commercial investment and development firm with five offices around the country, will develop Granite Park Six, an 18-story, 415,000-square-foot office building within the 90-acre Granite Park mixed-use development in Plano. Designed by BOKA Powell, the Class A property will front State Highway 121 and feature a market café, customer lounge with coffee service, a bar, golf simulator, lecture hall, three conference centers and an outdoor amenity deck on the fifth floor. Balfour Beatty is serving as the general contractor for the project, construction of which could begin as early as the first quarter of 2020.



Just because multiple instruments can play together at the same time doesn't mean it's an orchestra.

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Granite Park Six in Plano will offer customer-centric services and feature multiple activated common areas to inspire interaction, productivity and community.

LEON CAPITAL BEGINS LEASING 415-UNIT APARTMENT COMMUNITY IN RICHARDSON

RICHARDSON, TEXAS — Locally based developer Leon Capital Group has begun leasing Society 190, a 415-unit multifamily community located off President George Bush Turnpike in Richardson, a northeastern suburb of Dallas. The property, construction of which is nearing completion, will feature one-, two- and three-bedroom units ranging in size from 680 to 1,450 square feet. Rents start at \$1,275 per month. Amenities include a pool, fitness center, game room, outdoor kitchen and coworking office space.

JMJ DEVELOPMENT TO BUILD 548,811 SF HOTEL, CONDO PROJECT IN TURTLE CREEK DISTRICT

DALLAS — JMJ Development will build a 25-story project in the Turtle Creek neighborhood of Dallas that will house a 177-room hotel and 97 condominium units. The site, which will include 397 parking spaces, is located just north of downtown Dallas. JMJ is currently negotiating with five-star hotel brands for the hospitality component of the project. New York City-based Madison Realty Capital provided a \$32.5 million loan for the acquisition of the land. A construction schedule is still being finalized.

KROGER, OCADO TO OPEN 350,000 SF FULFILLMENT CENTER, CREATE 400 JOBS

DALLAS — A partnership between The Kroger Co. and online grocery retailer Ocado Solutions will open a 350,000-square-foot fulfillment center off Interstate 20 in Dallas, a project

that is expected to create about 400 new jobs. Construction is slated to begin in early 2020, and the facility is expected to be operational within 24 months of the groundbreaking. Kroger and Ocado have two similar facilities in development in Monroe, Ohio, and Groveland, Florida. Additional facilities are planned for metro Atlanta and the Mid-Atlantic region.

JLL ARRANGES PERMANENT FINANCING FOR OFFICE BUILDINGS TOTALING 467,366 SF

DALLAS — JLL has arranged an undisclosed amount of permanent financing for 3000 and 3100 Olympus Boulevard, two office buildings totaling 467,366 square feet in Dallas. Allianz Real Estate of America provided the 15-year, fixed-rate loan, proceeds of which will be used to retire construction debt following the stabilization of the buildings. Trey Morsbach and Jim Curtin of JLL placed the debt on behalf of the borrower, locally based developer Billingsley Co.

GREYSTEEL BROKERS SALE OF 172-UNIT APARTMENT COMMUNITY

DALLAS — Greysteel has brokered the sale of Royal Lane, a 172-unit multifamily community in Dallas. Built in 1966, the property offers one-, two- and three-bedroom units averaging 807 square feet and amenities such as a playground and on-site laundry facilities. Doug Banerjee and Scott Simon of Greysteel represented the undisclosed seller, which previously upgraded the property's flooring, lighting and cabinets, in the transaction. The duo also procured the buyer.



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REGENT PROPERTIES ACQUIRES 545,242 SF OFFICE COMPLEX FOR \$89.5 MILLION

HOUSTON — Los Angeles-based investment firm Regent Properties has acquired Park Towers, a 545,242-square-foot office complex in Uptown Houston, for \$89.5 million. Built in the 1970s, redeveloped in 2000 and renovated in 2017, Park Towers comprises two 18-story towers over a shared parking structure at the northeast corner of Interstate 610/West Loop and Post Oak Boulevard. Amenities include a fitness center, multiple lounge areas, a conference center and proximity to the walking and biking trails of nearby Memorial Park. The seller was not disclosed.

AMERICAN LANDMARK ACQUIRES 360-UNIT APARTMENT COMMUNITY

KATY, TEXAS — American Landmark, a Tampa-based multifamily owner-operator, has acquired Elan 99 West, a 360-unit multifamily community in the western Houston suburb of Katy that will be rebranded as Elite 99 West. Built in 2016, the property features one-, two- and three-bedroom units with quartz countertops, washes and dryers, private patios and yards, walk-in closets and wood flooring. Community amenities include a pool with lounge seating, a lake with jogging path, fitness center, outdoor kitchen and lounge and a clubhouse. Mitch Sinberg, Matthew Robbins, Robert Falese and Matthew Cullison of Berkadia arranged acquisition financing on behalf of American



Elan 99 West, a 360-unit community in Katy, is situated about five minutes away from Katy Mills Mall, offering residents a variety of dining, entertainment and retail options.

Landmark, which will implement a \$1.3 million capital improvement program. Following this transaction, American Landmark now owns and manages about 28,000 apartments throughout the Southeast and Texas.

METRONATIONAL, SLATE COMPLETE 333-UNIT APARTMENT COMMUNITY

HOUSTON — A partnership between MetroNational and Slate Real Estate Partners has completed The McAdams, a 333-unit apartment community located in the Memorial City area of Houston. The pet-friendly property offers a combination of one-, two- and three-bedroom units ranging in size from 563 to 1,821 square feet. Unit interiors feature 10-foot ceilings, custom cabinetry and stainless steel appliances. Amenities include a rooftop pool, resident lounge, fitness center, a game room and a pet park. Rents at The McAdams range from \$1,515 to \$4,865 for a three-bedroom unit, according to *The Houston Chronicle*.

ALLIED ORION BREAKS GROUND ON 288-UNIT MULTIFAMILY PROJECT

KATY, TEXAS — General contractor Allied Orion Group has broken ground on Territory at Greenhouse Apartments, a 288-unit multifamily project in the western Houston suburb of Katy. Developed by Dhanani Private Equity Group, the Class A community will be located near Houston Methodist Hospital, Texas Children's Hospital and Cullen Park, as well as a multitude of dining, retail and entertainment options including LaCenterra in Cinco Ranch, City Centre, and Katy Mills Mall. Territory at Greenhouse's units will feature one-, two- and three-bedroom floor plans with stainless steel appliances, vinyl plank flooring and private balconies. Communal amenities will include a resort-style pool, fitness center, outdoor movie amphitheater, resident clubhouse, a business center and a dog park. Completion is slated for February 2020, and preleasing is underway.

CONN'S HOMEPLUS OPENS 656,658 SF DISTRIBUTION CENTER

HOUSTON — Conn's HomePlus, a Houston-based home furnishing and electronics store, has opened its 656,658-square-foot distribution center in Houston. The center will serve 45 of the company's 130 stores nationwide, and Conn's will consolidate its existing warehouse and distribution operations in Houston into the new building. In 2019, Conn's HomePlus has opened six showrooms in Texas, with plans to open an additional three in the state by the end of the year.

CADENCE MCSHANE BREAKS GROUND ON 279,632 SF INDUSTRIAL PROJECT

HUMBLE, TEXAS — General contractor Cadence McShane has broken ground on Parc Air 59, a 279,632-square-foot industrial project in Humble, a northern suburb of Houston. Jackson-Shaw is developing the two-building project, which will consist of an 83,436-square-foot building with 28-foot clear heights and a 196,196-square-foot building with 32-foot clear heights. The buildings will also feature 150 and 245 parking spaces, respectively. Completion is slated for April 2020.

SEALY & CO. ACQUIRES 479,806 SF DISTRIBUTION WAREHOUSE

WALLER, TEXAS — Sealy & Co., an investment firm headquartered in Dallas and Shreveport has acquired a 479,806-square-foot distribution warehouse in Waller, a northwestern suburb of Houston. The cross-dock property is situated near several major thoroughfares, including U.S. Highway 290, Grand Parkway and Beltway 8. Tom Lynch and Mark Redlingshafer of CBRE worked with Scott Sealy Jr., Jason Gandy and Tom Herter of Sealy & Co. to acquire the asset. The seller and sales price were not disclosed.



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In the coming years as the firm expanded from Illinois to offices in Dallas/Ft. Worth, Atlanta, Baltimore, Kenosha, Houston and Philadelphia, FCL's commitment to act as an advocate for its customers has become an integral part of the company's culture.

"Our goal is to keep a continuous flow of communication going with our customers," states Senior Vice President for FCL Builders, Chris Linn. "They have made a significant investment in their project, and as a professional services provider, we consider it our responsibility to not only deliver their building as expected, but to make the experience worry-free."

This commitment, which the company calls "The FCL Experience," has resulted in a stunning 97 percent customer retention rate. The FCL Experience is a cultural and strategic commitment to create the best experience for customers in quality, safety, communication and customer service. What separates FCL from the competition is the level of care it puts into the construction process.



Dallas, Texas



Chicago, Illinois

"...we consider it our responsibility to not only deliver their building as expected, but to make the experience worry-free."

National Reach, Local Service: A Model that Works

Part of what made FCL Builders such a success in the Midwest has been making sure the firm understands the specific needs of each project from a regional perspective. In each region, a general contractor or design-builder needs to intimately understand soil conditions, site development challenges, licensing/permitting requirements and must hold solid relationships with trade partners, subcontractors, architects and engineers. Recognizing the importance of local expertise, FCL specifically designed its growth model to give customers the skills of talented regional teams while still benefitting from the advantages of a national company structure.

In 2014, FCL expanded its service model to the Southwest, opening an office in Dallas/Ft. Worth. In order to create a company with regional expertise, FCL built a team of talented and experienced local building professionals to carry on FCL's culturally driven commitment to customer satisfaction. This approach, along with the success of the company's customer-centric commitment, has worked so effectively that in five years, FCL Builders has become a top 30 contractor in Texas and Louisiana. A second Southwest location in Houston opened in 2019.

The following year, FCL opened for business in the Atlanta area with the same grassroots strategy, providing Georgia, the Carolinas, Mississippi, Tennessee and Florida with an accomplished team of construction professionals, each with in-depth knowledge of the business in the Southeast region. In the past four years, FCL Builders' Southeast team has constructed over 12 million square feet of industrial space in the region, achieved 26 percent of the market share for industrial construction and earned the 22nd spot for the top commercial contractors in Atlanta.

In 2016, FCL's Mid-Atlantic regional office in Baltimore was the next to open. As the demand for brownfield-to-greenfield development in urbanized areas increased, FCL was brought in to handle a 1.3 million-square-foot project in Sparrows Point, Maryland, a build-to-suit e-commerce, warehouse and distribution center for athletic wear giant Under Armour. The building, constructed on the site of a former steel foundry, included a four-level e-commerce material handling system.

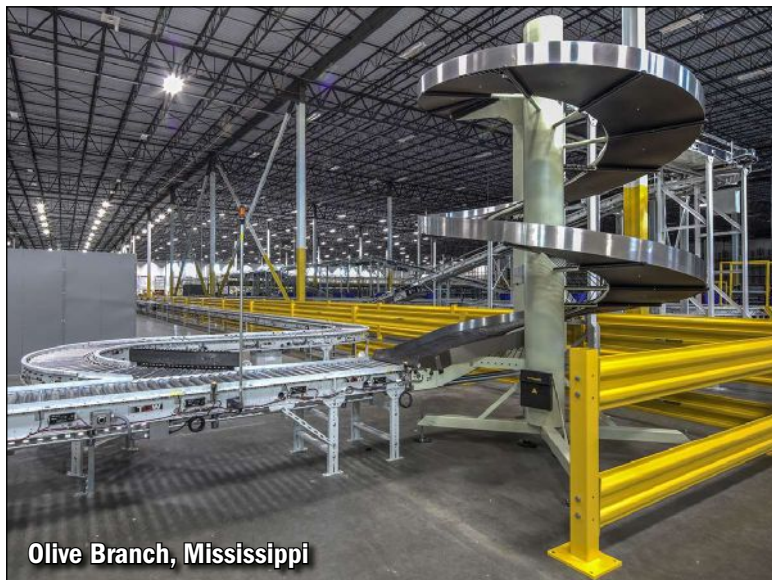
FCL continues to build on the company's highly regarded reputation and 97 percent customer retention rate in the Mid-Atlantic, with an office opening in Philadelphia, delivering The FCL Experience in Pennsylvania, Maryland, New York, Connecticut, Delaware and Virginia.

Diverse Projects, the Same Experience

FCL's success in industrial construction is only scratching the surface to the breadth of projects the company has created, and the diversity of customers it works with daily. The FCL Experience easily translates to many different segments of the commercial real estate industry.

FCL Builders' portfolio of work features millions of square feet of office, retail, hospitality, mixed-use and an extensive collection of food processing, cold storage and manufacturing facilities. This wide range of building projects shows the depth of knowledge demonstrated regularly by the FCL team.

"We know that the buildings we deliver are a direct reflection on our customers and the way they are perceived in the market," says Fred Johanns, FCL Builders' vice president of sales. "We consider our customers' experiences to be just as critical as they consider the experience of their own guests. We are carrying out their vision, and that is very important to us."



Olive Branch, Mississippi

For more information about FCL Builders, visit www.fclbuilders.com

JLL NEGOTIATES SALE OF 150,000 SF OFFICE BUILDING

HOUSTON — JLL has negotiated the sale of Westchase Place, a 150,000-square-foot office building located at 11200 Richmond Ave. in Houston. The property, which includes a three-level parking garage, was built in 1999 and renovated in 2009 and 2013. Rudy Hubbard, Kevin McConn and Rick Goings of JLL represented the seller, CAPSTAR Real Estate Advisors, in the transaction. Fuller Westchase Place Ltd., an entity affiliated with locally based Fuller Realty Partners, purchased the asset for an undisclosed price.

LMC OPENS 326-UNIT APARTMENT COMMUNITY

KATY, TEXAS — LMC, a multifamily developer and operator that is a subsidiary of Miami-based Lennar Corp., has opened The Maddox, a 326-unit apartment community located adjacent to Memorial Hermann Katy Hospital on the western outskirts of Houston. Floor plans consist of one-, two- and three-bedroom units with quartz countertops, stainless steel appliances, ceramic tile backsplashes, walk-in closets and smart thermostats. Amenities include a pool, fitness center, an outdoor grilling and gaming area, a community lounge

with a bar and workspaces, beer garden and a dog park.

CBRE NEGOTIATES SALE OF 174,181 SF GROCERY-ANCHORED RETAIL CENTER

HOUSTON — CBRE has negotiated the sale of Northbrook Shopping Center, a 174,181-square-foot retail property located along U.S. Highway 290 in Houston. El Rancho Supermarket anchors the center, which was approximately 97 percent occupied at the time of sale. Chris Cozby, Jim Batjer and Blaine Dozier of CBRE represented the seller, Weingarten Realty, in the transaction. Wu Family Trust purchased the property.

CYPRESSBROOK BREAKS GROUND ON 316-UNIT MULTIFAMILY PROJECT

SPRING, TEXAS — Cypressbrook Development Co. has broken ground on Ariza Gosling, a 316-unit multifamily project that will be situated on 12.1 acres in the northern Houston suburb of Spring. The property will feature a pool, fitness center, game room, business center, dog park and walking trails. An expected construction completion date was not provided, but it is anticipated to coincide with the arrival of more than 5,000 new jobs in the near-

by Springwoods Village development. Arroyo Energy Investors recently announced its relocation to Springwoods Village, the first office lease executed at the new property.

SPARROW PARTNERS OPENS 150-UNIT ACTIVE ADULT COMMUNITY

KATY, TEXAS — Austin-based developer Sparrow Partners has opened Soléa Cinco Ranch, a 150-unit active adult community for renters 55 and older in the western Houston suburb of Katy. Located at 25500 Westheimer Parkway, the property features one- and two-bedroom apartments, and its amenities include a dog park, fitness center, game lounge, media room, coffee bar and a library. Tenant activities at Soléa Cinco Ranch include happy hours, wine tastings, cooking classes and book clubs. A grand opening event was held on Thursday, Sept. 26.

NAI PARTNERS ACQUIRES 146,000 SF INDUSTRIAL PARK

HOUSTON — NAI Partners' Investment Fund has acquired Point West Business Park, a 146,000-square-foot industrial asset in Houston's Westchase area. Andrew Pappas and Adam Hawkins of NAI Partners negotiated and closed the off-market deal along-

side Todd Carlson and Brad Porter. The seller was Interra Capital Group.

NXT PROVIDES \$18 MILLION ACQUISITION LOAN FOR MULTIFAMILY ASSET

HOUSTON — NXT Capital has provided an \$18 million acquisition loan for an undisclosed apartment community in Houston. The Class B property spans 228 units and features a detached clubhouse with a business center, conference room, community kitchen, fitness center, a dog park and a pool with a sun deck. Mark Grace and Alex Koos of Walker & Dunlop arranged the three-year loan with NXT Capital on behalf of the borrower, Haven Realty Capital.

LEE & ASSOCIATES NEGOTIATES 88,000 SF INDUSTRIAL LEASE

HOUSTON — Lee & Associates has negotiated an 88,000-square-foot industrial lease at 701 Plastics Ave. in Houston. According to LoopNet Inc., the property was built on 6.2 acres in 1979 and includes 3,520 square feet of office space. Trey Erwin, Robert McGee and Dalton Knipe of Lee & Associates represented the undisclosed landlord in the lease negotiations. The tenant was Grow Texas Plastics LLC.



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STARWOOD CAPITAL, VANDERBILT PARTNERS BUY 319,000 SF OFFICE CAMPUS IN NORTHWEST AUSTIN

AUSTIN, TEXAS — A partnership between Starwood Capital Group and Vanderbilt Partners has purchased The Campus at Arboretum, a 319,000-square-foot office property in northwest Austin. The campus offers proximity to The Domain, one of Austin's premier shopping and dining destinations, as well as picnic areas, a volleyball court and a basketball court.

WEST SHORE ACQUIRES 261-UNIT APARTMENT COMMUNITY IN BRYAN

BRYAN, TEXAS — Multifamily investment firm West Shore LLC has acquired Broadstone Traditions, a 261-unit residential community located in Bryan. Broadstone Traditions will be integrated into the adjacent 8085 at Traditions community, a 396-unit property owned and operated by West Shore since 2018. Units feature quartz or granite countertops, stainless steel appliances, full-size washing machines and dryers, walk-in closets, private patios or balconies and wine refrigerators and beverage centers in select units. Amenities include three

pools with cabanas and sun decks, three fitness centers, outdoor kitchens and grilling stations, an outdoor putting green, three dog parks with pet washing stations, two business centers with private conference rooms and complimentary Starbucks coffee bars.

DISNEY INVESTMENT GROUP BROKERS SALE OF 129,941 SF RETAIL POWER CENTER IN TEMPLE

TEMPLE, TEXAS — Dallas-based Disney Investment Group (DIG) has brokered the sale of Bird Creek Crossing, a 129,941-square-foot retail power center located in Temple. Built in 2007 and shadow-anchored by Target and Home Depot, the property was 98 percent leased at the time of sale to tenants such as Best Buy, Michaels, PetSmart and SPEC's Wine & Spirits. David Disney and Adam Crockett of DIG represented the undisclosed seller and procured the private 1031 exchange buyer in the transaction.

IPA ARRANGES SALE OF NEW APARTMENT COMMUNITY IN AUSTIN

AUSTIN, TEXAS — Institutional Property Advisors (IPA), a division of Marcus & Millichap, has arranged



West Shore will integrate Broadstone Traditions in Bryan into its adjacent community, which is located near Texas A&M's campus as well as Lake Walk town center.

the sale of Estancia Villas, a newly built, 312-unit apartment community in south Austin. The property is part of the 600-acre master-planned community of Estancia Hill Country, which upon completion will feature 130 acres of parks and nearly 280,000 square feet of retail and dining. Will Balthrope, Drew Kile and Jordan Featherston of IPA represented the seller and developer, JCI Residential. The buyer, Steadfast Cos., purchased the property for an undisclosed price.

CASTLE LANTERRA SELLS 370-UNIT APARTMENT COMMUNITY IN AUSTIN

AUSTIN, TEXAS — New York-based investment firm Castle Lanterra Properties (CLP) has sold Array, a 370-unit apartment community located in the East Riverside area of Austin. The 14-acre property was originally constructed in 1973 and then completely renovated in 2013. Floor plans include one-, two- and three-bedroom apartments in 40 two-story residential buildings. Array features amenities such as two pools, two dog parks, a fully equipped fitness center with an elevated spinning room and yoga room, an outdoor sports court and a resident lounge. CLP acquired the asset in 2016 for \$38.5 million before executing a value-add program.

MARCUS & MILLICHAP BROKERS SALE OF 205-UNIT APARTMENT COMMUNITY IN WACO

WACO, TEXAS — Marcus & Millichap has brokered the sale of Village Square, a 205-unit multifamily community in Waco. Built in 1983, the

property features amenities such as a pool, outdoor grilling area, volleyball court, onsite laundry facilities and access to walking and biking trails. Nick Fluellen and Bard Hoover of Marcus & Millichap represented the San Antonio-based seller and procured the Dallas-based buyer in the transaction. Both parties were limited liability companies that requested anonymity.

GREYSTONE ARRANGES SALE OF 232-UNIT MULTIFAMILY ASSET IN KILLEEN

KILLEEN, TEXAS — Greystone has arranged the sale of The Willows Apartments, a 232-unit multifamily asset located in Killeen. Built in 1983, the property features one-, two- and three-bedroom units and amenities such as a pool and an outdoor picnic area. Nicholas Brown of Greystone represented the seller and procured the out-of-state buyer in the transaction. Both parties requested anonymity.

EQUITY COMPLETES 40,000 SF MEDICAL OFFICE BUILDING NEAR AUSTIN

LAKEWAY, TEXAS — Full-service real estate firm Equity has completed a 40,000-square-foot medical office building at 101 Medical Parkway in Lakeway, located northwest of Austin. The project represents Phase I of the Lakeway Medical Village development. The building is open for business and houses physician groups and outpatient service providers including Premier Family Physicians, Texas Orthopedics, Urology Austin and Texas PT Specialists.



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NAVISTAR TO OPEN \$250 MILLION MANUFACTURING PLANT IN SAN ANTONIO, CREATE 600 JOBS

SAN ANTONIO — Navistar, an Illinois-based truck and bus manufacturer, will open a \$250 million plant in San Antonio, a move that is expected to create about 600 new jobs. The site is located along Interstate 35 and links the company's supply bases in Mexico and the United States. Construction is slated to begin later this year, and the facility is expected to be operational within 24 months of the groundbreaking. JLL handled the site selection process for Navistar, which also recently invested \$125 million in its engine plant in Huntsville, Alabama.

OFFICE PROPERTIES INCOME TRUST SELLS 618,000 SF COMPLEX IN SAN ANTONIO

SAN ANTONIO — Office Properties Income Trust (OPI), a Massachusetts-based REIT, has sold a two-building, 618,000-square-foot office complex located at 19100 Ridgewood Parkway in San Antonio. The property was sold as part of a portfolio of assets in Texas and the Northeast that fetched a sales price of roughly \$223 million. OPI will use for the repayment of the remaining balance on the company's unsecured term loan and to pay down its revolving credit facility. The buyer and sales price were not disclosed.

BERKADIA ARRANGES SALE OF 208-UNIT MULTIFAMILY ASSET IN SAN ANTONIO

SAN ANTONIO — Berkadia has arranged the sale of Villas de Santa Fe, a 208-unit multifamily asset located near San Antonio Medical Center on the city's northwest side. Built in 1982, the property features one- and two-bedroom units with tile floorings, window coverings, pantries, solar screens and washer and dryer connections. Community amenities include a clubhouse, swimming pool, fitness center, picnic area and a sports court. Mike Miller, Will Caruth, Chris Ross and Cody Courtney of Berkadia handled the transaction on behalf of the seller, San Diego-based Comunidad Realty Partners. The buyer was not disclosed.

EQUITABLE COMMERCIAL REALTY EXPANDS TO SAN ANTONIO

SAN ANTONIO — Equitable Commercial Realty (ECR), an Austin-based brokerage and management firm, will expand its suite of services to the San Antonio market, where it already has multiple listings, including the Aztec Building downtown. Albert Vazquez will lead the new San Antonio office of ECR, which has been ranked as one of the nation's 5,000 fastest-growing companies for four consecutive years.

SWBC ACQUIRES 348-UNIT APARTMENT COMMUNITY IN CORPUS CHRISTI

CORPUS CHRISTI, TEXAS — SWBC Real Estate has acquired Stoneleigh Apartments, a 348-unit multifamily community in Corpus Christi. Built in phases between 2005 and 2008, the garden-style community features one- and two-bedroom units and amenities such as three pools, a fitness center, communal kitchen and resident clubhouse. Stoneleigh was 95 percent occupied at the time of

sale. SWBC will implement a \$3.5 million value-add program targeting unit interiors, amenity spaces and building exteriors. The deal marks SWBC's third value-add acquisition in the last 12 months, the other properties being located in Houston and Austin.

SLIB ARRANGES SALE OF SKILLED NURSING FACILITY IN NEW BRAUNFELS

NEW BRAUNFELS, TEXAS — Senior Living Investment Brokerage (SLIB) has arranged the sale of Sundance Inn

Health Center, a skilled nursing community in New Braunfels, a suburb of San Antonio. The property was built in 2008 and offers 128 beds. The community was 75 percent occupied at the time of sale. Matthew Alley of SLIB handled the transaction on behalf of the locally based seller and the buyer, a New York-based owner-operator of skilled nursing and home hospice services. The facility is operated by Senior Care Centers, a Dallas-based skilled nursing operator that filed for bankruptcy last year.



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AUSTIN, SAN ANTONIO OFFICE MARKETS MOVE CLOSER WHILE RETAINING DISTINCT DRIVERS



Parker McCollum
Research Analyst,
Cushman & Wakefield

The phenomenal growth taking place in Austin and San Antonio has shown little sign of slowing over the past several years. These two mid-size Texas cities are developing quickly and continue to undergo rapid change. Both are ranked in the top 10 fastest-growing metro areas in the country and both have unemployment levels at near-record lows.

Tenant Profiles

The industries driving the economy in these two central Texas cities are quite different. Each has strong tourism sectors, but that is where the similarities end.

In Austin, the tech industry, government, life sciences and creative arts are keeping the market extremely active. Defense, healthcare, oil and gas and the burgeoning markets of cybersecurity and biotech are driving absorption in San Antonio.

New tenants are coming to San Antonio to take advantage of lower costs and an abundant workforce — a positive trend that reflects strong fundamentals and viability. As for Austin, Fortune 500 companies continue to pour into the city not only to capitalize on the lower cost of doing business in Texas, but also to recruit and lure a highly educated workforce.

Austin’s third-consecutive gold medal ranking as the “Best Place to Live” by *U.S. News & World Report* makes the city an easy sell to both employers and employees. That growth is evident and should continue for years to come.

The Numbers

Austin stands out as the clear leader when it comes to demand for office space. Existing office space inventory in the Texas capital is approximately 53 million square feet as compared to 31 million square feet in San Antonio. Annual full-service average office rents in Austin are also substantially higher at \$38.86 per square foot as of the third quarter, compared to San Antonio’s \$23.21 per square foot. Both have seen steady increases in rates year-over-year as the economy has recovered from the Great Recession.

Austin continues to draw major tech companies to its central business district (CBD). Global tech giants such as Google, Facebook, Cirrus Logic and others are filling up top-tier space at a breakneck pace. In early 2019, Google preleased an entire 800,000-square-foot building before construction began, further proving the demand for downtown office space.

In turn, Class A vacancy in the CBD is down to 5.6 percent with rents skyrocketing to a record high of \$60.71 per square foot.

Both markets continue to have a healthy development pipeline, although Austin’s is more than four times that of San Antonio. About 5.7 million square feet of office product is currently under construction in Austin while San Antonio has 1.4 million square feet under construction.

Mixed-Use Remains Key

New Class A deliveries in downtown San Antonio have increased inventory levels — as well as rates — yet this market still does not have the allure Austin’s CBD carries. Top-tier space in downtown San Antonio averages \$35.12 per square foot with vacancy levels around 9.1 percent.

Redevelopment projects like the Pearl District, located at the site of the old Pearl Brewery just outside of the CBD, continue to gain ground in San Antonio. These trendy, high-end mixed-use developments are extremely desirable, with office rates here being north of \$47 per square foot, considerably higher than the city and CBD averages.

Anyone who has spent enough time in Austin knows about The Domain. Known as Austin’s “second downtown,” this former IBM campus in the far northwest area has become the place to live, work and play. Like the Pearl District, The Domain is a mixed-use development with many high-end retail shops, multifamily units and a variety of entertainment options.

Several of the same tech giants filling up space in the CBD are doubling down on space in this micro-market. Players like Amazon, Google, Facebook, Indeed and VRBO continue to fill Domain office towers almost as quickly as they are built, pushing Class A rents here to near-CBD levels.

The Next Dallas-Fort Worth?

With all of this growth, many foresee an eventual “merging” of these two large metro areas. Similar to what has happened with Dallas-Fort Worth over the last several decades, the 74-mile corridor between Austin and San Antonio is quickly filling in.

Formerly made up of sleepy little towns like San Marcos, New Braunfels, Buda and others, this corridor is now one of the fastest-growing areas in the country. Development is rampant all along the Interstate 35 corridor and if growth projections hold steady, the two metro areas could become one within 20 years.

While Austin and San Antonio are unique in their own rights, they are becoming more and more strongly tied to one another through population and economic expansion.

Q2 2019 OFFICE RATES		
SOURCE: Cushman & Wakefield Research		
	Austin	San Antonio
Total Office SF	53 Million	31 Million
Avg Overall Office Rent	\$38.86	\$23.21
CBD Class A Avg Office Rent	\$60.71	\$35.12
Direct Overall Vacancy	7.7%	18.6%
Direct Overall Vacancy SF	4.1 Million	4.7 Million
Sublet Vacancy	1.7%	0.8%
Sublet Vacancy SF	894,000	154,000
Office Under Construction SF	5.7 Million	1.4 Million

AUSTIN, SAN ANTONIO APARTMENT MARKETS PERFORM SIMILARLY AS FOURTH QUARTER NEARS



Craig Swanson
Vice President/
Regional Manager,
Marcus & Millichap

In both Austin and San Antonio, consistent job creation and in-migration contributed to solid household formation and rental demand over the 12-month period ending in June. Many of these new households comprise younger professionals that favor the renter lifestyle.

Following stretches of rampant construction, solid apartment demand from this demographic was met with fewer project deliveries in both markets over the past year. The decline in supply additions, coupled with strong absorption, reduced vacancy to near cycle-low levels in both metros during the second quarter. Robust leasing activity across all classes of apartments allowed the average effective rent to rise by more than 5 percent in each locale.

These market conditions, paired with projected economic expansion and above-average first-year returns, boosted out-of-state buyer interest in Austin and San Antonio over the past four quarters, equating to notable spikes in transaction velocity.

Austin: Class A Demand

Austin's reputation as a tech hub with a well-educated workforce has influenced many professional and business services-related companies to expand in the area, increasing the number of higher-earning residents in the metro. This has strengthened demand for luxury apartments, lowering Class A vacancy by 90 basis points over the 12-month period ending in June amid the delivery of more than 7,000 units.

Overall, the metro enters the second half with a 4.8 percent vacancy rate, with six submarkets home to sub-5 percent unit availability. Tight conditions would appear to warrant robust construction; however, annual delivery volume will total 6,900 doors in 2019 following the completion of more than 9,000 apartments in each of the previous four years.

The disciplined construction pipeline and steady rental demand will benefit apartment performance this year and warrant a rate of rent growth on par with the national rate of increase.

Strong market conditions and average first-year returns in the mid-5 percent range are motivating investors to purchase assets within Austin's city limits near the core. The metro is coming off a 12-month stretch wherein deal flow increased

by nearly 40 percent, largely driven by heightened activity on the part of out-of-state investors.

Currently, competition between California- and New York-based institutional firms is high for cash-flow opportunities near the core, with these buyers willing to pay premiums for newer assets. An increase in the number of higher-priced closings has lifted the metro's average pricing beyond \$150,000 per unit. Investors targeting lower price points are scouring the North and East Austin neighborhoods, where properties can trade below \$100,000 per door.

SA: Construction Slows

Strong hiring among professional and business services-related companies continues to support overall employment growth in San Antonio, with the sector adding 6,300 workers over the past 12 months. As is the case in Austin, gains in the number of higher-earning younger professionals have benefited apartment demand.

Net absorption over the past year was approximately 5,500 units, supporting a 70-basis-point decline in market vacancy to 6 percent in the second quarter. Rental demand was widespread as unit availability compressed across all classes of apartments. Still, the metro's overall vacancy rate sits notably above the national average, which has some developers pulling back on apartment projects.

Entering the second half of 2019, construction was underway on approximately 5,100 units, with activity concentrated north of the Interstate 410 loop, where some of the largest projects in the metro are rising. A slowing development pipeline coupled with tightening vacancy supported a healthy rent increase of 5.2 percent over the past year, with average Class A and B rates each rising by roughly 6 percent.

Strong rent growth, a favorable yield profile and lower average pricing than other major metros contributed to a heightened period of trading over the past 12 months, with sales activity up 20 percent on a year-over-year basis.

Increased deal flow was supported by growing out-of-state buyer activity in Central San Antonio, Northeast San Antonio and Far Northwest San Antonio. These locations are receiving vigorous bidding competition as buyers chase favorable cash flows in submarkets where rent growth outperforms the metro average and quick access to employment nodes is provided.

Class A assets in these locales have been trading in the \$130,000s



California-based buyers continue to display strong appetites for Austin's Class A multifamily product. Irvine-based Steadfast Cos. recently acquired Estancia Villas, a newly built, 312-unit community on the city's south side.

on a per unit basis, with new institutional-grade properties changing hands at cap rates around 5 percent. Buyers targeting value-add opportunities can routinely acquire Class C properties around \$70,000 per unit.

Similar Year-End Results

Austin and San Antonio continue to parallel each other throughout the year, as both metros saw their employment bases rise by more than 20,000

individuals amid low unemployment and persistent company expansions.

This job creation is bolstering household formation and rental demand during the remainder of this year while delivery volumes are falling notably below the totals recorded in recent years. Steady absorption and a smaller development pipeline have allowed each metro's vacancy rate to compress moderately this year, supporting solid annual rent growth of roughly 5 percent.



"Hottest Neighborhood"
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RETAIL PROPERTY TAXES WILL RISE

Unless assessors can recognize the challenges facing shopping centers, taxes will increase dramatically.

By Kirk Garza, Krishtian Bazan and Sam Auvermann

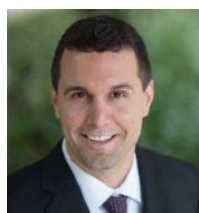
As retailers rise and fall in the age of Amazon, property taxes remain one of retailers' largest operating expenses. That makes it critical to monitor assessments of retail properties and be ready to contest unfairly high taxable valuations.

Assessors — and property owners attempting to educate those assessors — must understand how the changes taking place in the retail sector affect property value. Assessors must adjust their models to reflect new market realities, and property owners or their representatives must be able to explain why previously held valuation assumptions could no longer be valid.

No Going Back

Changing consumer tastes have always required retailers to adapt in order to survive, but traditional retailers are facing a different kind of challenge today. The increasing role of e-commerce in overall sales reflects a fundamental change in consumer behavior that will not reverse course with the whims of fashion. The ability to shop online is resetting consumer expectations, and retailers are struggling to adapt and stay competitive.

This struggle is evident in store closings that in 2019 are outpacing closings from the prior year. In addition to the threat of e-commerce, some economists believe a recession is coming



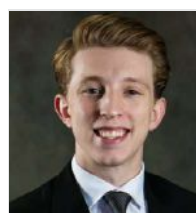
Kirk Garza
MAI, CCIM,
CMI,
Popp Hutcheson PLLC



Sam Auvermann
Summer Intern,
Popp Hutcheson PLLC

in 2020. Falling retail sales, rising assessed property values and changing consumer demographics could combine to accelerate store closings in the years to come.

With millennials and Generation Z mixing into the workforce and increasing the demand for online shopping, retailers and property owners are facing new challenges in catering to consumer expectations unique to these generations. Strategies range from adjusting store buildouts to completely changing the store footprint to fulfill online orders as retailers do what they can to compete with online sellers. In addition to these changes, many property owners are stepping away from traditional big box retailers and are instead looking to restaurants and entertainment venues to anchor shopping centers and drive customer traffic.



Krishtian Bazan
Summer Intern,
Popp Hutcheson PLLC

Food, Experiential Retail

Across the nation, retail property owners are working to fill vacant spaces with tenants that will offer millennials and Generation Z an exciting and unique shopping experience. In doing so, these owners are attempting to “e-commerce proof” their centers by shifting from big box anchors to an experiential model. Some retailers catering to these two tech-savvy generations are using tenant improvement allowances to build out highly specialized spaces, while others focus on social media. Select retailers even offer discounts to shoppers who share photos of their store or products on platforms such as Instagram.

Retail developments that once contained 40 to 50 percent restaurants are now filling as much as 70 percent of their spaces with restaurant operators in an attempt to drive traffic. A rising threat to this strategy are food delivery services such as Grubhub, Uber Eats and Door Dash, which are collaborating with major restaurants that have previously had no food delivery. Pizza chains and other food-delivery-based retailers losing market share must now rethink their strategies and even partner with these third parties to expand their customer bases.

Home food delivery partnerships continue to evolve as well, with restaurant operators looking into cloud kitchen concepts. These allow restaurant operators to operate from industrial space, avoiding retail rents and the need to pay back above-market tenant improvement allowances. Once the cloud kitchen space is running, the operator can rely on third-party delivery services to get the product to the consumer. This is a growing risk to shopping centers that rely on a restaurant tenant base to draw customers.

Clicks & Bricks

Physical retailers attempting to compete with Amazon's fast delivery have introduced buy online pick-up in store (BOPIS). Many sellers have found BOPIS difficult to implement due to expensive software that tracks live inventory and requires staff training. Essentially converting a retail-only property into a retail and warehouse hybrid, the method may require modifications to the real estate. This reclassification should be discussed with assessors, because re-

tail space typically commands higher rental rates than warehouse space.

Grocery anchors have also begun to adopt the BOPIS model, and some are finding the logistics to be a challenge given their existing footprints. As a result, some stores are expanding into smaller, adjacent in-line suites to offer this service. Where this happens, a property owner that was once receiving all in-line rents may now collect reduced rents for these suites, given they are now part of the anchor space. In this scenario, it is important for the valuation to weigh the potential grocer expansion into these in-line suites and adjust as needed.

Assessors must understand the changes rapidly taking place for this product type and their implications for valuation metrics. Given millennials' and Gen Z's familiarity with the internet, e-commerce as a percentage of retail sales is expected to continue to rise.

As property owners increase tenant improvement allowances so retailers can keep up with changing consumer tastes, appraisal districts need to consider how above-market tenant improvement allowances affect the lease rate the tenant is responsible for paying. Assessors must analyze the rental rate to factor in these buildout costs and, if needed, adjust rent over the lease term to reflect the portion that is paying for more costly buildouts. Only then can the assessor conduct a proper rental analysis for the subject property.

Nuanced Classification

In addition to thoroughly analyzing rental rates and vacancy risk, assessors must also consider retail classification. With restaurants stepping into the anchor role in many shopping centers, increased traction by cloud kitchens may pose a threat to these tenants' long-term strength. Struggling retailers attempting to implement BOPIS compound this uncertainty, particularly with a potential recession on the horizon. Assessors must consider these factors before selecting appropriate rental rates, capitalization rates and vacancy and collection loss inputs to calculate taxable value.

Kirk Garza is a director and licensed Texas Property Tax Consultant with the Texas law firm Popp Hutcheson, PLLC, which focuses its practice on property tax disputes and is the Texas member of American Property Tax Counsel, the national affiliation of property tax attorneys. He was assisted by Sam Auvermann and Krishtian Bazan, summer interns with the firm. Kirk can be contacted at kirk.garza@property-tax.com.

UPCOMING NOVEMBER FEATURES

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MARKET HIGHLIGHT HOUSTON

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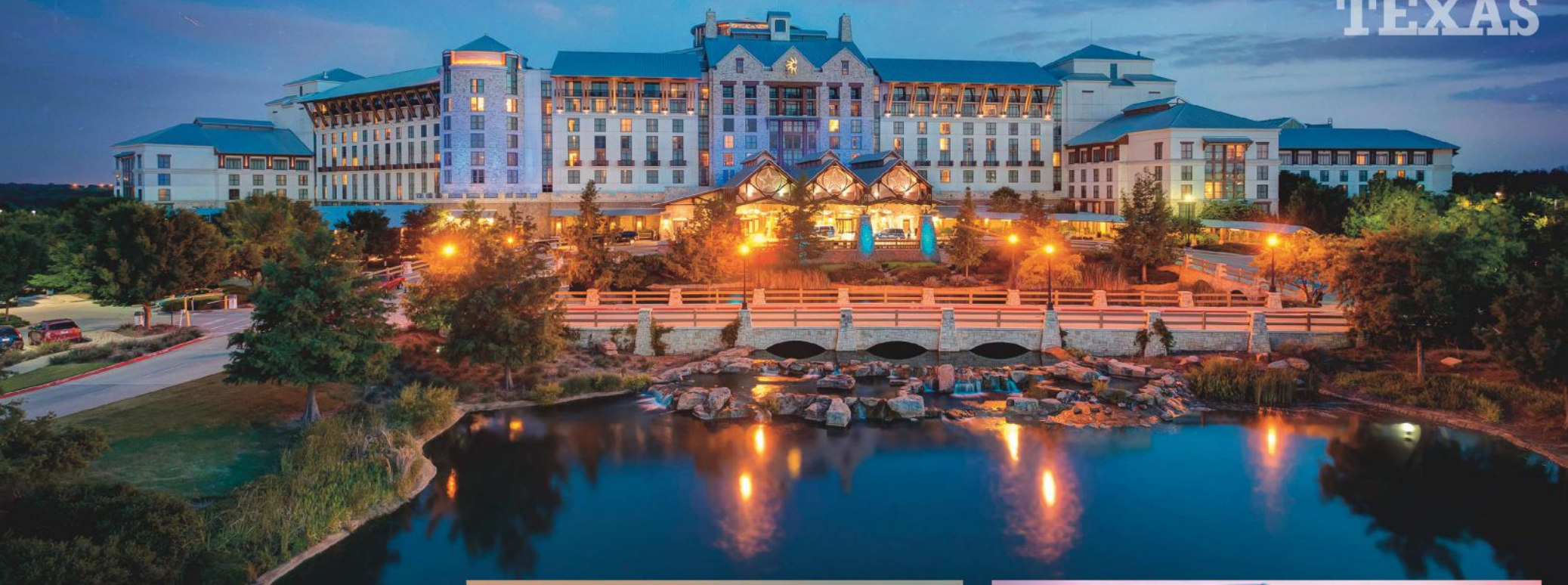
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Grapevine Economic Development

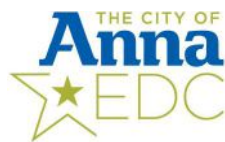
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2019 TEXAS ECONOMIC DEVELOPMENT DIRECTORY



City of Anna EDC

Contact: Joey Grisham, Director of Economic Development

Address: 312 N. Powell Parkway, Anna, TX 75409

Email: joey@opportunityannatx.com

Website: www.opportunityannatx.com

Incentives: tax increment financing, facade improvement grants, property tax abatements, property tax rebates, freeport exemption, infrastructure assistance, job grants, and fee waivers/reductions

Population: 15,010

Median age: 31.9

Avg. household income: \$84,223

Median home value: \$231,400

Additional demographic information: Anna is the 4th fastest-growing City in North Texas with over 6,000+ planned single-family lots in the Anna trade area over the next five years.

Location: The City of Anna is located in Collin County on US Highway 75, about 12 miles north of McKinney, 29 miles north of Dallas, and 22 miles south of Sherman. Other major highways in Anna include State Highway 5, State Highway 121, and the Collin County Outer Loop.

Recent real estate activity: With over 65 miles of planning area, Anna offers unlimited development opportunities. Anna has seen a boom in the commercial sector over the past year, especially along the US 75 corridor with traffic counts over 70,000 cars per day. A new 23,000 square foot ambulatory surgery center that is under construction with a planned freestanding emergency department, medical office buildings, and micro-hospital coming soon. Other projects include a new Holiday Inn Express, Whataburger, Starbucks, Chick-fil-A, and others under construction. The City also plans to undertake a new Downtown Master Plan in the near future. Lastly, the EDC owns an 85-acre Business Park at the intersection of State Highway 5 and the Collin County Outer Loop. The site is ideal for light industrial users, distribution and more.

Underserved retail: Family entertainment, fast casual restaurants, specialty restaurants, clothing, theaters, and sporting goods.



City of Balch Springs Economic Development

Contact: Chris Dyser, Community Development Director

Address: 13503 Alexander Road, Balch Springs, TX 75181

Email: cdyser@cityofbalchsprings.com

Website: www.balchspringsedc.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, sales tax incentives

Population: 27,402

Median age: 30.5

Avg. household income: \$56,320

Median home value: \$106,550

Additional demographic information: located just 15 minutes southeast of downtown Dallas, Balch Springs provides everything you need to help your business flourish. Interstate 20, Interstate 635 and U.S. Highway 175 converge on Balch Springs, making the City easily accessible to anywhere in the Dallas-Fort Worth metroplex.

Recent real estate activity: Commerce 635 by Hillwood is a 95-acre master-planned logistics park with a minimum of 4 buildings totaling approximately 1.4 million square feet is scheduled to break ground later this year. Two LDG Multifamily Developments are under construction, Ventura Multifamily Development will break ground this fall, Comfort Suites Hotel and La Quinta Del Sol Hotel will also break ground soon.

Underserved Retail: grocery, family-oriented entertainment, full service/casual sit down restaurants, sporting goods, apparel and fitness center



BEDCO/City of Bonham

Contact: Steve Filipowicz, Exec. Dir. - Econ Dev.

Address: 514 Chestnut St., Bonham TX 75418

Email: sfilipowicz@cityofbonham.org

Website: www.bonhambedco.com

Services: site selection and orientation tours, Information clearing house incentives, Triple Freeport Property Tax Exemption, Infrastructure assistance

Population: 34,000-plus (county)

Median age: 42

Avg. household income: \$60,342

Median home value: \$101,206

Other: North Texas Municipal Water District's \$1+ Bil., 16,000+ acre Bois d' Arc Lake - under construction!, \$17+ Mil. Fannin County Courthouse Restoration, New \$30+ Mil. Bonham High School facility, SEE OUR NEW INTRO TO BONHAM VIDEO on our website

Recent real estate activity: Re-locations into Bonham: Tongrun International, Northlake Controls, Anchor Industrial, Start-up 4R Coatings, LLC (Industrial powder coater) Bois d'Arc Lake, Courthouse restoration, new BHS (Bonham facility)

Underserved Retail: Sporting good store, Rental car agencies, Dry cleaner



Bulverde/Spring Branch Economic Development Foundation

Contact: Joseph A. Byers, Director

Address: Bulverde Visitors & Event Center @ Hampton Inn Bulverde Texas Hill Country 499 Singing Oaks, Suite 101, Spring Branch, Texas 78070

Email: jb@bsbedf.com

Website: http://www.bsbedf.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours

Incentives: The BSB EDF is a 501(c)(3) non profit organization. We are open to discussing creative solutions in offering development/employer incentive options. Please contact our office for further details.

Population: 67,932

Median age: 41.8

Avg. household income: \$107,341

Median home value: \$395,866

Additional demographic information:

population by Trade Area/City: Bulverde: 12,576 Spring Branch: 19,180 Lookout Canyon/Timberwood Park: 36,176; Median Income by Trade Area/City: Bulverde: \$117,528 Spring Branch: \$87,643 Lookout Canyon/Timberwood Park: \$116,854; Median Home Value by Trade Area/City: Bulverde: \$418,800 Spring Branch: \$412,800 Lookout Canyon/Timberwood Park: \$356,000

Recent real estate activity: Bulverde/Spring Branch is located in the path of growth and commerce located in west Comal County which is

the 2nd fastest growing county in the nation. Recent development of Singing Hills, a 250 acre mixed use project located at the crossroads of US Hwy 281 & State Hwy 46. Developer invested over \$50 million in site infrastructure. Recent development includes a 180,000 sf Walmart Supercenter, Hampton Inn Bulverde Texas Hill Country featuring 84 guest rooms and 3,000 sf of meeting space for up to 240 people, 3-story 60,000 sf Professional Medical Office Building, proposed in-line retail space, Vantage at Bulverde Apartments featuring 288 units offering 7 modern floorplans with one, two and three bedrooms priced within reach of a family budget, among other commercial retail uses and fast food restaurants developed within the Singing Hills mixed-use project.

Underserved Retail: full-service restaurants, entertainment concepts, movie theater, variety stores, medical services and service retailers



Cedar Hill EDC

Contact: (972)-291-5132

Address: 285 Uptown Blvd., Building 100, Cedar Hill, TX 75104

Email: chedc@cedarhilltx.com

Website: www.cedarhilledc.com

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection, community tours and connections, workforce programs

Incentives: local incentives determined case-by-case among Type A projects; Type B eligible projects with voter approval; Triple Freeport Tax Exemption; Job Training and Workforce Programs.

Population: 49,597

Median age: 34

Avg. household income: \$74,415

Median home value: \$216,300

Recent real estate activity: The City is experiencing an influx of startups and established brands, alongside capital improvements projects, thoroughfare upgrades, and outdoor recreation amenity enhancements. New construction professional office, variety of housing as well as custom-home lots, with expanding industrial bringing opportunity for work-life balance among employees and families moving to the area. Cedar Hill's commitment to its natural environment gives the perfect balance of big-city amenities but access to hiking, biking, and more. More than 1,400 call Cedar Hill the home for their businesses, building on close to 4 million square feet of Class A office and commercial retail space. Those companies locating to the City continue capturing handsome dividends.



City of College Station

Contact: Natalie Ruiz, Economic Development Director

Address: 1101 Texas Avenue, College Station, TX 77842

Email: nruiz@cstx.gov

Website: grow.cstx.gov

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours

Incentives: tax increment financing, property tax abatements, job training programs

Population: 122,492

Median age: 22.6

Avg. household income: \$72,047

Median home value: \$247,000

Total annual retail sales: \$1.5 billion

Recent real estate activity: Century Square-60-acre mixed use development that features

retail, restaurants, entertainment venues, office, two full-service hotels, and luxury apartments. Jones Crossing- shopping center anchored by 106,000 SF H-E-B, featuring 47,000 SF of restaurant/retail space and amphitheater. Providence Park- 54-acre mixed use development anchored by 70,000 SF Academy, featuring a 180,000 SF office building and restaurant/retail space. Midtown Business Park- 252 acre business park divided into 5 sub districts to address a variety of the market's anticipated needs including commercial, corporate, office, light industrial, and manufacturing. Midtown City Center/Reserve- 225 acre mixed used development including retail, restaurants, offices, a community center, a hotel, and both single family and multifamily residential.

Underserved retail: entertainment, full service restaurants, mixed use development



CTEDC — City of Comanche

Contact: Jacci Stewart

Address: Post Office Box 144, Comanche, TX 76442

Email: ctedc@verizon.net

Website: http://cityofcomanchetexas.net

Services: up-to-date inventory of commercial buildings, site selection and orientation tours

Incentives: property tax abatements, job training programs

Population: 4,482

Median age: 40.1

Visitors per year: 10,000-12,000

Avg. household income: \$34,785

Median home value: \$ 74,356

Total annual retail sales: \$ 10,626,000



Conroe Economic Development Council

Contact: Danielle Scheiner, Executive Director

Address: 505 W Davis St., Conroe, TX 77301

Email: scheiner@ConroeEDC.org

Website: www.ConroeEDC.org

Services: up-to-date inventory of commercial buildings, site selection and orientation tours

Incentives: property tax abatements, enterprise zones, job training programs, performance-based cash incentives, quadruple freeport exemption

Population: 88,930

Median age: 34

Visitors per year: 750,000

Avg. household income: \$59,189

Median home value: \$246,000

Total annual retail sales: \$3,188,233,000

Additional demographic information: Biggest Boomtown in Texas (MSN.com July 2019): 5-year change in population: 34.3 percent; 10-year change in population: 60.4 percent; 5-year change in owner-occupied housing units: 55.1 percent; 10-year change in owner-occupied housing units: 80 percent; 5-year change in per capita income: 41 percent (the largest in the State of Texas); 10-year change in per capita income: 52.7 percent

Recent real estate activity: There are two large master-planned communities underway (2,000 acres each): The Woodlands Hills by Howard Hughes Corporation and Grand Central Park by Johnson Development. The city-owned industrial park, Conroe Park North, has just expanded by 610 acres as the existing 1,045 acre park has reached 90% capacity. Recent project



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► RESOURCE GUIDE

announcements include Old Dominion Freight Lines, Five Below (distribution center), Pipeline Packaging, Sam Houston State University School of Osteopathic Medicine, Jimmy Buffet Margaritaville Lake Conroe.



City of Corinth

Contact: Jason Alexander, AICP, CEC, Director of Economic Development

Address: 3300 Corinth Parkway, Corinth, Texas 76208

Email: jason.alexander@cityofcorinth.com

Website: www.cityofcorinth.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours, demographic information

Incentives: tax increment financing, facade improvement grants, property tax abatements, revolving loans, job training programs

Population: 21,819 (City); 168,354 (Primary Trade Area)

Median age: 37.3

Avg. household income: \$116,181.00

Recent real estate activity: The City adopted a tax increment reinvestment zone (TIRZ) spanning approximately 995 acres to spur infill and redevelopment primarily along the Interstate Highway 35E Corridor and to fund a commuter rail station in Corinth's core in September 2019. In addition to the TIRZ, the City is on pace to welcome, or will welcome, the following: a 7-Eleven on the southwest corner of Teasley Drive (FM 2181) and Village Parkway (FM 2499); a Chipotle Mexican Grill on the corner of Interstate Highway 35E and Swisher Road (FM 2181) that will feature the latest prototype for the premium fast casual restaurant, including a drive-through

window for call-ahead orders; an event center at Millennium Place; a Fairfield Inn & Suites hotel with at least 86 guest rooms and a state-of-the-art conference center also at Millennium Place; and an approximately 20.92 acre mixed-use development on the southwest corner of IH-35E and Corinth Parkway that is expected to introduce upscale commercial activity near market-rate multifamily residences.

Underserved retail: casual dining and fine dining restaurants; entertainment; furniture and home furnishings; grocery; hardware; and sporting goods.



DeSoto EDC

Contact: Joe D. Newman - CEO

Address: 211 E. Pleasant Run Rd. DeSoto, Texas 75115

Email: jnewman@dedc.org

Website: www.dedc.org

Services: Corporate Location Feasibility Studies, Up-To-Date Inventory Of Commercial Buildings, Site Selection and Orientation Tours

Incentives: Facade Improvement Grants, Property Tax Abatements, Enterprise Zones, Job Training Programs, Triple Freeport Equivalency, Infrastructure Participation, Sales Tax Rebates, Land Cost Assistance, Fee Waivers, Fast-Track Permitting, Texas Enterprise Zone, Opportunity Zones, New Markets Tax Credit, U.S. SBA HubZone

Population: 56,224

Median age: 38

Avg. household income: \$81,237

Median home value: \$225,900

Recent real estate activity: Kohler opened a 1.3 MSF facility, the largest in its global

distribution portfolio, in DeSoto in 2018.

International industrial products firm Global Industrial Distribution Inc. has leased 500,000 SF at the Crossroads Trade Center in the Eagle Business & Industrial Park. The DeSoto Market Place, the shopping destination that houses the 26,000 SF Grow DeSoto Market Place small business incubator, was awarded the Celebrating Leadership in Development Excellence (CLIDE) Award for New Development by the North Central Texas Council of Governments (NCTCOG) in June 2019. The first black-owned eSports arena in Texas, Geekletes, officially opened its doors in August 2019 in DeSoto. The facility is designed to provide options for careers in competitive gaming. LegendZ Way Distribution Solutions has leased 159,000 SF within Eagle Park 20/35 in DeSoto.

Underserved retail: fast casual dining, family entertainment venues, destination retail, grocery



City Development Corp. of El Campo

Contact: Carolyn Gibson, Executive Director

Address: 707 Fahrenthold, El Campo, TX 77437

Phone: (979) 320-7727

Email: cgibson@elcampoeo.org

Website: www.elcampoeo.org

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours, tailored statistics and demographics, professional confidential site selection assistance or expansion and relocation information, 2 week turn-around for plan review, expedited permitting and inspection, meeting facilitation, workforce training and recruitment assistance

Incentives: Chapter 380 and 381, 312 and

313 policies in place for property tax abatements, site improvement grants, job creation incentive grants, job training programs, local, state and federal incentives available; local incentives for purchase of land, infrastructure assistance, workforce development, capital investment, Goods in Transit and Freeport Exemptions, Foreign Trade Zone, 3 designated Opportunity Zone tracts.

Population: 16,140 (daytime)

Median age: 37.6

Avg. household income: \$85,303

Median home value: \$173,000

Other: retail trade area population of 18,671 within 15 minutes of downtown; numerous retail sites available, many in Opportunity Zones; El Campo is located at the intersection of State Highway 71 and Highway 59/Interstate 69 midway between Houston and Victoria; Class One rail service by Kansas City Southern RR and available land along I-69 that is rail-served. Recent real estate activity: Downtown revitalization; five new businesses in downtown, in addition to Domino's Pizza, Chicken Express, a new coffee/sandwich shop and a new seafood restaurant; Absolute Pipeline Integrity, LLC brought more than 100 jobs and over \$3 million in capital investment; the City and CDC are partnering on multiple infrastructure expansion projects for water and wastewater, and improvements for development of 80 room Marriott Fairfield hotel, Gene's Wrecker Service, and expansion of Schmidt Implement and El Campo Refrigeration. TriFresh Technologies purchased 60,000 square foot building and will create of 20-25 new jobs; Phase 1 of 280 Class A apartments breaking ground at year's end. **Underserved Retail:** full-service restaurants, clothing, shoes, pet supplies, day care and early learning facilities, groceries and specialty foods, bars and drinking places.

DEVELOPMENT OPPORTUNITIES

The City of El Paso, Texas is seeking parties interested in developing the 48-acre commercial scope of the Cohen Entertainment District to include: retail, dining and entertainment, hotel(s), and office development opportunities.



CURRENT POPULATION OF THE EL PASO REGION

2.5 MILLION

(CENSUS, JULY 2018: DONA ANA COUNTY, EL PASO COUNTY, CIUDAD JUAREZ, MX)

For more information visit **COHENEP.COM** or contact the City of El Paso International & Economic Development Department at **915.212.1615 | COHEN@ELPASOTEXAS.GOV**

COHEN

DAVE & BUSTERS
OPENED APRIL 2016

WHOLE FOODS
OPENED OCTOBER 2016

TOP GOLF
OPENED JANUARY 2018

IFLY
OPENED APRIL 2019

FLUX BREW HOUSE
OPENED SEPTEMBER 2019

URBAN AIR ADVENTURE PARK
COMING SOON



City of El Paso Economic Development Department

Contact: Jessica Herrera, Director
Address: 123 W. Mills Ave. Suite 111, El Paso, TX 79901

Email: HerreraJL@elpasotexas.gov

Website: <http://www.elpasotexas.gov/economic-development>

Incentives: tax increment financing, property tax abatements, enterprise zones, job training programs, property & sales tax rebates & abatements, Texas enterprise zones, transit-oriented development incentive policy, infill development incentive policy, foreign trade zone, skills development & workforce training

Population: 840,758

Median age: 32

Visitors per year: 3,360,000

Avg. household income: \$43,187

Median home value: \$116,340

Total annual retail sales: \$10.6 billion

Additional demographic information: region of over 2.5 million according to SafeWise, El Paso ranks as one of the nation's top safest metro cities in America.

Recent real estate activity: Downtown El Paso continues to be at the forefront of investment opportunities with over \$369 million invested since 2014. The City of El Paso has partnered with the State of Texas and a number of private developers to upgrade and reactivate (3) three key. Hotel locations within the Downtown El Paso area. This partnership stimulated a private investment of more than \$324 Million while also generating and/or reactivating a total of 1,059 hotel rooms and 540 parking spaces in Downtown. Texas Tech University Health Sciences Center in El Paso recently announced that it will open up a Dental School in 2020, the first Dental School to open in Texas in almost 50 years and the first along the US-Mexico Border, as a means to raise dental health in the region. Innovation incubators and coworking spaces such as the HUB of Human Innovation, T-Hub, Cowork Oasis and One: One have helped expand the entrepreneurial community throughout the region. With new destination retail concepts such as Cabela's, Topgolf, Whole Foods, Flix Brewhouse, At Home, iFly and retail shopping centers such as West Towne Marketplace, the Substation, and the Canyons at Cimarron adding more than 1 million square feet of retail and office space coming on line,
Underserved Retail: grocery, sports & outdoor recreation and destination concepts.



Fairview Economic Development Corp.

Contact: Dave Quinn, CECD Interim Economic Development Manager

Address: 372 Town Place, Fairview, TX 75069

Email: dquinn@fairviewtexas.org

Website: <http://FairviewTexasEDC.com>

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, property tax abatements, job training programs, cash grants
Median age: 49.3

Additional demographic information: Fairview is bordered by US-75 and SH 121 and has a population of approximately 10,568 people, however, there are more than 428,000 people in the Retail Trade Area (RTA). The median age in the RTA is 36.97 with a median income of more than \$90,827. The RTA population is expected to grow more than 9% in the next five years. ESRI's Tapestry Segmentation combines psychographic and demographic information to paint a picture of who the shoppers are in our

RTA. The top three tapestries in the Fairview RTA are Boomburbs, Silver & Gold, and Professional Pride.

Recent real estate activity: Developer Billingsley Co. and its partner landowner, the Petefish family, announced plans to build a 242-acre mixed-use development at the intersection of U.S. 75 and State Highway 121 near Highway 5.

Underserved retail: grocery stores



City of Farmers Branch

Contact: Allison Cook, Director of Economic Development and Tourism

Address: 13000 William Dodson Parkway

Email: allison.cook@farmersbranchtx.gov

Website: www.farmersbranchtx.gov

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, job training programs

RESOURCE GUIDE

Population: 31,719

Median age: 36

Avg. household income: \$83,524

Median home value: \$169,719

Recent real estate activity: \$800 million mixed-use development underway at Mercer Crossing. Bridgeview Real Estate's \$300 million mixed-use development along Dallas Tollway and Alpha Road, "The Shops at Mustang Station", a \$14 million retail development offering a mix of local destination restaurants including a unique organic grocery market and brewpub, located in the heart of Farmers Branch near the DART station.

Underserved Retail: quality restaurants, apparel stores

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LAND-AVAILABLE IN THREE DESIGNATED OPPORTUNITY ZONE TRACTS

Retail Space Available Adjacent to Planned 168-unit Class A Apartment Complex



WE ARE THE NEXT HOME FOR YOUR BUSINESS AND YOUR FAMILY!

Brand-new 250-space RV Resort with the "World's Largest RV Park Swimming Pool And Lazy River"



EL CAMPO means LAND. And we have plenty!

Opportunity Zones

Tax Incentives and Available Land
Infrastructure Assistance
Workforce Training and Recruitment
Location Services
Two-Week Turn Around On Plan Review



GROWTH IS OUR BUSINESS

City Development Corporation of El Campo
www.elcampoeco.org • www.elcampotexas.org

979-320-7727

Designed by SEC - El Campo Leader-News



- Economic Development Incentives offered



- 185,000+ daily commuters on Interstate 20



- 350,000 population in trade area

- Located in fast-growing DFW Metroplex



- 30 minutes to DFW Airport

- "Hottest Neighborhood" May, 2018
Fort Worth Magazine



**Let us connect
YOUR business to
NEW customers!**

Contact: Venus M. Wehle, PCED
Director of CDC
817.568.3009 | vwehle@foresthilltx.org



City of Forest Hill

Contact: Venus M. Wehle, PCED

Address: 3219 California Parkway, Forest Hill, Texas 76119

Email: vwehle@foresthilltx.org

Website: <https://www.foresthilltx.org>

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: property tax abatements, 380 agreements, sales tax rebates, development fee rebates and waivers, loans and grants

Population: 13,719

Median: 32.2

Avg. household income: \$56,293

Median home value: \$84,781

Recent real estate activity: Construction underway for "The Point," a 54-unit townhome subdivision; 10 single family homes in "Cox Corner" under construction; "The Woods" townhome project set to begin construction in first quarter 2020; Holiday Inn Express & Suites opened in May with 84 rooms; recent completion of RoseCrest Estates- a 224 single family residential development project; and Fitness Connection set to be open January 1st.
Underserved Retail: grocery, retail, full-service restaurants, family-oriented entertainment



City of Friendswood

Contact: Karen Capps, CECD

Address: 910 S. Friendswood Drive, Friendswood, TX 77546

Email: kcapps@friendswood.com

Website: www.friendswood.com

Services: up-to-date inventory of available commercial buildings, detailed demographics, site selection assistance, pre-development meetings

Incentives: downtown neighborhood empowerment zone that waives city development and water/sewer impact fees, Chapter 380 grants

Population: 42,000

Median age: 40

Avg. household income: \$145,000

Avg. new home value permit: \$435,000

Total annual retail gap: \$633 million

Recent real estate activity: Virgata Commons retail development of 30,000 s.f. with Chick-fil-A, Chipotle, Mod Pizza, Jersey Mike's, Orange Theory Fitness, Tannos 4-story 64,000 sf office building in downtown, High Point Insurance HQS of 28,000 sf, E Squared Marine HQS - 8,100 sf, Bergamos Spa Retreat and Restaurant of 14,000 sf

Underserved Retail: retail, restaurants, hospitality

Gainesville EDC

Contact: Arleene Loyd

Address: 311 S Weaver St., Gainesville, Texas 76240

Email: aloyd@cogtx.org



Website: <http://www.GainesvilleEDC.com>

Services: up-to-date inventory of commercial buildings, demographic data for recruitment of new industry

Incentives: facade improvement grants, property tax abatements, enterprise zones, job training programs, new job creation grants, land discounts

Population: 40,085

Median age: 35

Avg. household income: \$58,000

Median home value: \$165,000

Additional demographic information: located on I-35 and US Hwy 82

Recent real estate activity: QT Travel Center, Schlotzsky's, Dairy Queen, Chick fil A, Panda Express, Burger King, Villa Grande

Underserved Retail: grocery, department stores



Gonzales EDC

Contact: Genora C. Young, President/CEO

Address: P. O. Box 547, 820 N. St. Joseph St. Gonzales, TX 78629

Phone: (830) 672-2815

Email: gyoung@gonzales.texas.gov

Website: www.gonzales.edc.org

Population: 7,440

Median Age: 35

Avg. household income: \$38,939

Median home value: \$107,900

Location: Gonzales, located in the Guadalupe Valley, offers an ideal location for business development and expansion. Within an hour both Austin and San Antonio, Gonzales features quick access to major East/West arteries (I-10), and North/South arteries (US 183).

Services: Rail is served by TXGN Short Line, with interchange with Union Pacific. Expedited rail spur/siding installation. Commercial air service with multiple major carriers is nearby in Austin and San Antonio, with the major Houston hubs less than two hours away. Roger M. Dryer Memorial Airport is located in Gonzales.

Gonzales labor shed: offers a robust labor population, in a variety of skills. The laborshed has a total workforce of more than 334,000, with over 8,300 in Gonzales County. There are 33 colleges and universities, and 9 community colleges within 100 miles of Gonzales, including Gonzales campus of Victoria college, which offers degrees/certifications in industrial trades.

Incentives: Chapter 380, 381, 312 Agreements, loan/grant programs, small business incentive grants, downtown facade grant program, enterprise zones, HUBZone, workforce training assistance, county revolving loan program

Recent Economic Developments: TXGN - 2,850 Linear feet track/siding expansion/improvements. Livestock Nutrition Center - 35 acres with 80,000 sf feed blending facility for the specialized custom producer; 15 new jobs, approximately \$6M Capital Investment.



City of Grand Prairie Economic Development

Contact: Marty Wieder, Director of Economic Development

Address: 300 W. Main St., Grand Prairie, TX 75050

Email: mwieder@gptx.org

Website: <https://www.gptx.org/businesses/economic-development>

Services: Corporate location feasibility studies, up-to date inventory of commercial buildings, site selection and orientation tours, in-house business analyst with GIS mapping assistance

Incentives: tax increment financing, facade improvement grants, enterprise zones, job training programs, Chapter 380 tax rebates

Population: 189,431

Median age: 32

Avg. household income: \$75,268

Median home value: \$175,444

Total annual retail sales: \$1.1 billion
Recent real estate activity: Living Spaces retail showroom (175,000 sf) and fulfillment center (670,000 sf), \$40 million expansion to Airbus Helicopters North American

Training Center, Lear Corporation automotive manufacturing/production, Mission Foods shell finish-out and product line expansion, Flex N Gate Texas automotive manufacturing/production, Coca Cola Smartwater production line addition, Marriott Courtyard, Hilton Tru, Staybridge Suites, Main Event, Ross, Michael's, Ulta, Petco, HomeGoods, Burke's, Burlington, Conn's, Ralph Lauren, Fire House Gastro Park, Zavala's Barbecue, Olive Garden, Salata, Zero Degrees, Jake's Burgers, Fuzzy's Taco Shop, Boiling King Crab
Underserved Retail: grocery in one southern and two northern districts of Grand Prairie, sporting goods, outdoor recreation, apparel, fine dining



City of Grapevine

Contact: Bob Farley, Director of Economic Development
Address: 200 S. Main St., Grapevine, TX 76051
Email: bfarley@grapevinetexas.gov
Website: ChooseGrapevineTX.com
Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection, and orientation tours
Incentives: tax rebates on a case-by-case basis
Population: 51,733
Median age: 38.3
Visitors per year: 15,000,000
Avg. household income: \$109,572
Median home value: \$273,600
Total annual retail sales: \$1,536,851,522
Recent real estate activity: Kubota - North American HQ; Agricultural Equipment Paycom

- Corporate Campus, HR Software; Grapevine Main - Boutique Hotel and Entertainment Venue, connected to newly opened TEXRail (commuter rail); The Trade Group - Main HQ, Convention Exhibit Design
Underserved retail: grocery stores



Harlingen Economic Development Corp.

Contact: Raudel Garza, CEO
Address: 2424 Boxwood St., Ste. 125, Harlingen, TX 78550
Email: rgarza@harlingenedc.com
Website: www.harlingenedc.com
Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours, streamlined permitting
Incentives: tax increment financing, property tax abatements, enterprise zones, job training programs, infrastructure grants and loans, job creation grants
Population: 68,436
Median age: 32.1
Avg. household income: \$55,551
Median home value: \$85,700
Total annual retail sales: \$1.2 billion
Recent real estate activity: The Harlingen Convention Center is a 44,000 state-of-the-art facility that recently opened in May 2019. There are three new hotels opening soon including Hilton Garden Inn, Homewood Suites, and Fairfield Inn. Notable new businesses include PolySachi Polymers, Verizon Wireless, Spring Wireless, Urban Air Trampoline and Adventure Park James Avery Artisan Jewelry, Johnny

Rockets, Orangetheory Fitness, Freddy's Frozen Custard & Steak Burgers, Frankie Flav'z Craft Burger House, Station 1 Bar & Grill, Bullseye Burgers, and coming soon are TJ Maxx, Bar-B-Cutie, Firehouse Subs, Sir's Martini Lounge.
Underserved Retail: electronics, entertainment, furniture



Economic Development — City of Heath

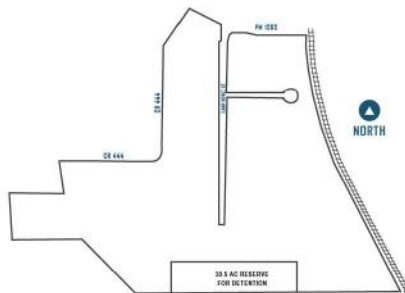
Phone: (972) 771-6228
Email: sbrooke@heathtx.com
Website: www.heathedc.com
Services: to assist the City of Heath in attracting quality commercial development including office, retail, restaurant and recreation venues
Population: 8,100
Median age: 45
Avg. household income: \$140,393
Median home value: \$453,212
Recent real estate activity: The FM 740 widening through the City is completed; a premier Tom Thumb Grocery Store opened Q3 2019 with Manny's Uptown Tex-Mex and Giovanni's Italian Bistro also coming to the Towne Center District retail center by year end. Another 13-acre retail development features CVS and the SouthRidge destination venue opening Q3 2019 and anchored by a Standard Service restaurant; Hidden Creek special events venue is open; over 2,600 new homes are in progress; a new Parks Master Plan with a focus on expanding the parks and

trail system is being accelerated through a community-wide fundraising campaign.
Desired commercial development: limited, unique, distinctive retail and restaurants focused within the City's Towne Center District.



Henderson Economic Development Corp.

Contact: John W Clary, Executive Director
Address: 400 West Main Street, Henderson, TX 75652
Email: john@hendersonedc.com
Website: hendersonedc.com
Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: property enterprise zones, revolving loans, tax abatements, job creation grants, below market priced land
Population: 13,604
Median age: 35.6
Avg. household income: \$59,904
Median home value: \$118,600
Total annual retail sales: \$732 million
Recent real estate activity: William Grant Tank & Vessel, Inc. has just completed its expansion. The expansion of West Fraser (lumber mill) is still pending. HEDCO is in the early phases of developing a 20,000 sq ft speculative industrial shell building to be completed in spring 2020. Retail activity is strong.



GATEWAY INDUSTRIAL PARK

- TOTAL BUILDABLE ACREAGE: 125.5
- SHOVEL READY - CITY UTILITIES
- ON I-35 NAFTA CORRIDOR
- NEW MARKET TAX CREDIT AREA
- OPPORTUNITY ZONE
- 22% OF WORKFORCE IN MANUFACTURING

"Our Company continues to expand the Gainesville site. Gainesville is a strategic location and the GEDC is a great partner aiding us in our growth."

Breck Hudson, GAF

Community at a Glance

Gainesville Population:
16,627

Population within 50 miles:
1,954,598

Distance to DFW:
61 Miles

Distance to Oklahoma City:
135 Miles



Arleene Loyd, Executive Director

311 S. Weaver | Gainesville, TX 76240 | 940-665-5241 | aloyd@cogtx.org | www.GainesvilleEDC.com

► RESOURCE GUIDE



City of Huntsville

Contact: Tammy Gann, CPM, Economic Development Director
Address: 1212 Ave M, Huntsville, TX 77340
Email: tgann@huntsvilletx.gov
Website: www.HuntsvilleTXED.com
Services: up-to-date inventory of commercial buildings, site selection and orientation tours, Streamlined permitting, no impact fees
Incentives: facade improvement grants, property tax abatements, enterprise zones, Triple Freeport Exemption, Foreign Trade Zones
Population: 41,741
Median age: 29
Avg. household income: \$52,276
Median home value: \$148,302
Total annual retail sales: \$150,000,000
Other: Prime area of IH 45 Corridor, 1 hour from International Airport, 75 minutes from the

Port of Houston, and population of 4,437,900 within 75-mile radius. Recent real estate activity: Huntsville has experienced over \$200 million in commercial growth since 2015. Projects include HEB, Spec's, Buffalo Wild Wings, Raising Canes, Panda Express, Harbor Freight, Aldi's, Taco Cabana, Firehouse Subs, Insomnia Cookies, Bahama Bucks, Rack Room Shoes, Great American Cookies, Marble Slab, Sport Clips, and McAlister's Deli.
Underserved retail: Full service restaurants, family friendly entertainment, home furnishings, electronics, and apparel.



**IRVING ECONOMIC
DEVELOPMENT
PARTNERSHIP**

Irving Economic Development Partnership

Contact: Beth A. Bowman, IOM, CCE; President & CEO
Address: 5201 N. O'Connor Blvd. Suite #100, Irving, Texas 75039
Email: bowman@irvingchamber.com



You'd rather spend your days this way.

Or maybe that way. It's up to you. Whether you're enjoying our businesses or starting one of your own, Marble Falls is where you want to be.



Website: www.IrvingChamber.com
Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, job training programs
Population: 242,242
Median age: 32
Visitors per year: 3,950,000
Avg. household income: \$62,837
Median home value: \$176,580
Additional demographic information: Headquarters of Headquarters in Texas. Home to 7 Fortune 500, 5 Fortune 1,000 headquarters, second largest office market in North Texas, diverse community with over 90 nationalities represented.
Recent real estate activity: Gables Water Street - \$100 Million - 60,000 square feet of retail - 250 apartments; Pioneer Natural Resources - \$100 Million - 1.1 Million square feet - Opens Q4 2019; Fury Off Road Tires - 75,000 square feet - 21 new employees; Total Wine and More - 55,000 square feet - 70 new employees; Planet Management Group - 25,000 square feet - 130 employees; Mars Confectionery - 1,500,000 square feet - 1,500 new employees; Senneca Holdings - 173,000 square feet - 100 new employees.
Underserved retail: High-end Department Stores, Clothing, Specialty Shops, Furniture



City of Lago Vista

Contact: Eric Zeno, Economic Development Director
Address: 5803 Thunderbird Drive, Lago Vista, Texas 78645
Email: ezeno@lago-vista.org
Website: https://lagovistatexas.org/
Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, property tax abatements
Population: 8,046 (city), 32,000 (trade area)
Median age: 41
Visitors per year: 7,000
Avg. household income: \$85,720
Median home value: \$203,000
Recent real estate activity: Broc's Italian Market & Cafe opened. Starbucks grand opening any day now. Vistago Print expansion: Vistago \$2.4 million, 22,000 sq. ft phase one expansion moving in December 2019. With additional 21,000 sq. ft phase two expansion within two years. Lago Vista \$4,500,000 Community Sports Park broke ground.
Underserved retail: destination retail, restaurants, hotels, family-oriented entertainment, health/personal care, general merchandise, professional services, auto parts



City of Lancaster

Contact: Shane Shepard, Economic Development Director
Address: 211 N Henry Street, Lancaster, TX 75146
Email: mssh Shepard@lancaster-tx.com
Website: http://www.lancaster-tx.com
Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, revolving loans, job training programs, expedited permit services, Triple Freeport incentives, grants; hotel incentives; new market tax credits; foreign trade zones
Population: 39,477
Median age: 32.1
Avg. household income: \$51,628

Median home value: \$109,799
Total annual retail sales: \$1,129,525,979
Recent real estate activity: Lancaster is located within the Intermodal region in DFW, nestled between Interstates 35E, 45, 20, and the future Loop 9 slated to start construction in 2020. It is the only community with an airport in Southern Dallas County that can handle commercial capacity. Over the past two years, approximately 300 jobs have come on line annually with more expected in 2020 and 2021. Recent companies that opened in 2019 or opening in 2020 include In-N-Out Burger Production and Distribution, Petmate Distribution, Global Fulfillment Center, Wayfair, Geodis, Red Hawk, and Ollies Bargain Outlet Distribution. Established businesses continue vast expansion in the growing Lancaster economy.
Underserved retail: restaurants, grocery stores, electronics, clothing, sporting goods footwear



City of League City

Contact: Scott D. Livingston, Director of Economic Development
Address: 300 W. Walker Street, League City, TX 77573
Email: EconDev@leaguecitytx.gov
Website: www.leaguecityedc.com
Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, 380 incentives
Population: 106,803
Median age: 36.1
Avg. household income: \$115,072
Median home value: \$241,107
Total annual retail sales: \$1.8 billion
Additional demographic information: total annual retail gap of \$589 million
Recent real estate activity: Riverbend - 63 acres; Epicenter of League City - 16 acres; Aloft Hotel - 150 rooms; Marriott Fairfield Inn & Suites - 112 rooms; Black Bear Diner - 7,500 square feet; Kabuki Japanese Grill - 4,300 square feet; King's Bierhaus - 4,000 square feet with outdoor beer garden
Underserved retail: destination retail, restaurants, and family-oriented entertainment, full-service hotels



City of Leander

Contact: Evan Milliorn, Economic Development Manager
Address: 201 Brushy, Leander, TX 78641
Email: emilliorn@leandertx.gov
Website: leanderbusiness.com
Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, property tax abatements, sales tax abatements, Old Town Grants, job-training programs, Triple Freeport, foreign trade zone 183
Population: 60,000
Median age: 33
Avg. household income: \$85,000
Median home value: \$185,000
Total annual retail sales: \$520 million
Other: 2017 single-family permits (1,603), 2018 single-family permits (1,518), 2019 single-family permits 1,258 Jan.-Sept.), 2019 multifamily units (2,240 Jan.-Sept.)
Recent real estate activity: 60,000 SF of medical office building opening Spring 2020, 83-room Holiday Inn Express opening Fall 2019
Underserved retail: foodservice and Drinking Establishments (\$82 million), clothing and clothing accessories stores (\$73.5 million), general merchandise stores (\$73 million), health and personal care stores (\$70 million)



**LUBBOCK
ECONOMIC
DEVELOPMENT
ALLIANCE™**

Lubbock Economic Development Alliance

Contact: Carolyn Rowley, CEcD

Address: 1500 Broadway, 6th Floor, Lubbock, TX 79401

Email: carolyn.rowley@lubbockeda.org

Website: lubbockeda.org

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours, visit <http://lubbockeda.org/aboutleda/services-provided>

Incentives: job training programs, Discretionary incentives available and based on economic impact of each project, as well as job training programs.

Population: 256,417

Median age: 30.1

Visitors per year: 6.2 million

Avg. household income: \$69,969

Median home value: \$130,986

Total annual retail sales: \$5.5 billion



Mansfield Economic Development Corp.

Contact: Richard Nevins, Director

Address: 301 South Main Street, Mansfield, Texas 76063

Email: medc@mansfield-texas.com

Website: www.mansfield-texas.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours

Incentives: tax increment financing, property

tax abatements, enterprise zones, job training programs

Population: 71,835

Median age: 35.13

Avg. household income: \$120,306

Median home value: \$249,905

Total annual retail sales: \$534 million



Marble Falls Economic Development Corp.

Contact: Christian Fletcher, Executive Director

Address: 801 Fourth St, Marble Falls, TX 78654

Email: cfletcher@marblefallseconomy.com

Website: www.marblefallseconomy.com

Services: corporate location feasibility studies, up-to date inventory of commercial buildings, site selection and orientation tours

Incentives: facade improvement grants, low land costs in business parks, potential infrastructure grants

Population: 72,950 (primary retail trade area)

Median age: 47

Avg. household income: \$85,005

Median home value: \$212,969

Total annual retail sales: \$594.7 million

Recent real estate activity: business & technology park expansion, Gregg Ranch subdivision, Texas Oncology Center

Underserved retail: Sporting goods, casual dining, niche retail, family entertainment



City of McAllen

Contact: Rebecca M. Olaguibel, Director Retail & Business Development

Address: 1300 Houston Ave., McAllen, TX 78505-0220

Email: rmolaguibel@mcallen.net

Website: www.mcalleameansbusiness.com

Services: site selection and orientation tours, expedited plan review

Incentives: tax increment financing, property tax abatements, job training programs, demographic studies, traffic studies, foreign trade zone

Population: 140,000

Median age: 32

Total annual retail sales: \$3 billion

Recent real estate activity: completion of McAllen Performing Arts Center; a \$40 million expansion of Simon's La Plaza Mall; construction beginning on 84,000-square-foot UTRGV Medical Research Facility; Shops at 29: 200,000 square feet of NEW retail space including restaurants and first-to-market retail; anchor tenants include Dave & Busters, Burlington, Ulta, Bubba's 33, Freddy Frozen Custard, T-Mobile and Ross, slated to generate 700-1000 new jobs; Texas A&M School of Engineering, BioMedical, Agriculture and Lab Sciences at Tres Lagos, McAllen; New 76,000 sq ft Dicks Sporting Goods at Las Tiendas power center; New construction Rio Bank Headquarters; 6 story Rio Bank Headquarters with Class A office space



City of Mesquite Economic Development

Contact: David Witcher, Director of Economic Development

Address: PO Box 850137, 1515 North Galloway Ave, Mesquite, TX 75185-0137

Email: dwitcher@cityofmesquite.com

Website: MesquiteEcoDev.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours, business retention and expansion partnerships

Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, job training programs, Triple Freeport Exemption

Population: 145,030

Median age: 32

Avg. household income: \$59,149

Median home value: \$186,100

Total annual retail sales: \$2 billion 14 million square feet industrial and 12 million square feet retail space supported by 688,000 workforce population within a 30-minute commute time

Other: 76,000 labor pool within the City of Mesquite

Recent real estate activity: \$71 million new Urban Logistics Realty industrial park on 89-acre track to build 987,000 square feet, announced 2019, to begin construction 2020; Ashley Furniture Industries, Inc. 358-acre site with Phase I, 877,000-square-foot Southwest Regional Fulfillment Center by Mesquite Metro Airport opened 2019;

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Ranked #1 Boomtown cities of rising salaries
- CNBC, 2018

Ranked Top 10 City in the U.S. with the biggest influx of people, most work opportunities, and hottest business growth
- Att.net, 2018

McAllen MSA now fifth largest metropolitan statistical area in Texas, surpassing El Paso
- U.S. Census Bureau, 2016

McAllen MSA ranked first in job creation at a state level according
- Real Estate Center, 2017



REBECCA M. OLAGUIBEL
Director of Retail and Business Development
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Elements International, 482,000 square feet in the Skyline Industrial District opened 2019; Medical Office Building at IH-30 with 65,000 square feet of Class A office space to open 2019; Town East Mall and Market East Shopping Center 100,000 square feet new construction underway for 2020; 3,500 new home lots under construction, planned and announced from \$240s-\$750s, opening up new retail opportunities along the IH-20 corridor

Underserved retail: Destination entertainment



New Braunfels EDC

Contact: Chester Jenke, VP of Economic Development

Address: 390 S. Seguin Ave, New Braunfels, TX 78130

Email: chester@innewbraunfels.com

Website: businessinnewbraunfels.com

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, property tax abatements, enterprise zones, revolving loans, job training programs

Population: 84,612

Median age: 35.4

Visitors per year: 3 million

Avg. household income: \$61,618

Median home value: \$235,000

Recent real estate activity: Stream USAA along with USAA Realty recently finished a 396,000-square-foot warehouse/industrial speculative space. Canadian General Tower opened in May 2017 with an \$80 million,

state-of-the-art manufacturing facility, the first business in TITAN Industrial Park.

Underserved Retail: men's and children's clothing, car dealerships, daycares



Odessa Chamber of Commerce

Contact: Wesley Burnett, Director of Economic Development

Address: 700 N. Grant, Suite 200, Odessa, Texas 79761

Email: wburnett@odessaecodev.com

Website: http://odessatex.com/

Services: up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: job creation and Capital Investment Grants, property tax abatements, enterprise zones, job training programs

Population: 118,968

Median age: 31.7

Visitors per year: 500,000

Avg. household income: \$101,083

Median home value: \$231,000

Total annual retail sales: \$5.1 billion

Recent real estate activity: A new Marriott Hotel and Conference Center is scheduled to open in downtown Odessa in October 2019. Two new multifamily complexes are under construction.



Development Corp. of Richmond

Contact: Cameron Goodman, Executive Director

Address: 402 Morton Street

Email: cgoodman@richmondtx.gov

Website: www.RichmondEcoDev.com

Services: Up-to-date inventory of commercial buildings, site selection and orientation tours
Incentives: tax increment financing, facade improvement grants, property tax abatements, job training programs.

Population: 12,391

Median age: 33.3

Avg. household income: \$66,610

Median home value: \$187,654

Total annual retail sales: \$120.1 million

Underserved Retail: full & limited service restaurants, family oriented entertainment, apparel, and sporting goods.



SUNNYVALE
Economic Development

Sunnyvale Economic Development Corp.

Contact: Traci Anderson, CECd, Economic Development Director

Address: 127 N. Collins Rd

Email: traci.anderson@townofsunnyvale.org

Website: http://www.SunnyvaleEDC.org

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours, regional partnerships

Incentives: tax increment financing, facade improvement grants, property tax abatements, job training programs, infrastructure participation, fee waivers, relocation grants, Triple Freeport Exemption, selection of available incentives tailored to each project dependent on the project's special needs

Population: 6,678

Median age: 38

Avg. household income: \$137,721

Median home value: \$348,000

Recent real estate activity: Lineage Logistics conducted a \$40 million expansion on fully automated frozen warehouse distribution facility; Chick-fil-a closed on land; opening of QuickTrip; Panda Express under construction; Medical Office building complete and fully occupied; first mixed-use project complete; first full liquor sit down restaurant opened. Over 417,500 sq ft of commercial space added in the last year and a half.

Underserved retail: Grocery, restaurants, retail, sporting goods, household items, entertainment, specialty, destination and experiential development.

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TexAmericas Center

Contact: Eric D. Voyles, Executive Vice President/Chief Economic Development Officer
Address: 107 Chapel Lane, New Boston, TX 75570
Phone: (903) 223-9841
Cell: (903) 306-8923

Email: Eric.Voyles@TexAmericasCenter.com

Website: www.TexAmericasCenter.com

Services: lease (building and ground), build-to-suit, manage, develop, sell

Incentives: corporate location feasibility assistance, workforce assessment assistance, familiarization tours, commercial and industrial building inventory, financing, mega sites and certified sites, FREE land, landlord leasehold improvements, job training funds, foreign trade zone #258, HUBZone, new market tax credits, US opportunity zone, property tax abatements, financing, and state of Texas programs

Population: 150,098 (Texarkana MSA); 460,000 (within a 60-mile radius); 980,000 (within 75-mile radius)

Median age: 39 (45-minute drive)
Median household income: \$43,760 (45-minute drive)

Median home value: \$156,840 (45-minute drive)

Recent real estate activity: Loc Performance (MI) expanded to Texas (2019) to serve clients including in Red River Army Dept creating 20 jobs. Arconic, formerly Alcoa, is expanding (2018) by making a \$14m investment and adding 35 jobs; Humco merged with Fagron Group in a \$70 million deal (2018);

International Paper operations merged with Graphics Packaging in \$1.8 billion deal (2017); Cooper Tire & Rubber Co. has a pending \$250 million expansion project proposed in Texarkana (2017). Expal USA opened a new demilitarization operation at TexAmericas Center (2016) plans include 80 new employees & \$24 million capital investment by 2018. Union Tank Car (UTC) opened a plant in Texarkana (2016) plans include 150-200 total new employees & \$8 million capital investment by the end of 2018. Domtar \$160m re-investment (2016)



The Colony Economic Development Corp.

Contact: Keri Samford, AICP, Executive Director of Development

Address: 6800 Main Street, The Colony, Texas 75056

Email: edc@thecolonytx.org

Website: www.TheColonyEDC.org

Incentives: tax increment financing, facade improvement grants, property tax abatements, job training programs, infrastructure reimbursement, sales tax rebates

Population: 44,610 (City); 187,511 (retail trade area)

Median age: 35.7

Avg. household income: \$148,937 (retail trade area)

Median home value: \$350,837 (retail trade area)

Recent real estate activity: Nebraska Furniture Mart, Rooms To Go, Floor & Décor, and Lava

Cantina (restaurant and concert venue) are currently open. The 90-acre Grandscape Lifestyle Center is under construction with many retail, restaurant, and entertainment venues. Scheels 330,000-square-foot all sports store, Galaxy Theatre, and Andretti Indoor Karting & Games will be new anchor tenants to Grandscape, opening in 2020.

Underserved retail: Grocery stores, pet supply stores, soft goods



Tomball Economic Development Corp.

Contact: Kelly Violette, Executive Director

Address: 29201 Quinn Road, Suite B, Tomball, TX 77375

Email: kviolette@tomballtxedc.org

Website: www.tomballtxedc.org

Services: up-to-date inventory of commercial buildings, site selection and orientation tours, coordination between taxing entities, permitting process assistance, EDC-owned business and technology park.

Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, job training programs, ED Sales Tax Grants

Population: 11,962 (city); 479,092 (trade area)

Median age: 39.4

Avg. household income: 107,407

Median home value: \$235,000

Underserved retail: Destination retail, restaurants, full-service hotels, family-oriented entertainment, apparel & accessories, furniture, and electronics



Economic Development Corp. of Weslaco

Contact: Marie McDermott, Executive Director
Address: 275 S. Kansas Ave. Weslaco, TX 78596

Email: mmcdermott@weslacoedc.com

Website: www.weslacoedc.com

Services: corporate location feasibility studies, up-to-date inventory of commercial buildings, site selection and orientation tours, International Trade with Mexico

Incentives: tax increment financing, facade improvement grants, property tax abatements, enterprise zones, job training programs

Population: 40,187

Median age: 32

Avg. household income: \$38,284

Median home value: \$72,800

Total annual retail sales: \$1.02 Billion

Recent real estate activity: CiLogistics warehouse expansion, total of 282,500 sq. ft. facility for cotton storage and distribution internationally; Kapal Cabinet House LLC, 80,000 sq. ft. facility for high end cabinet making and distribution; Valley Baptist Micro Hospital- Weslaco 28,000 sq. ft. medical facility off West Interstate 2; South Point Plaza, 20,000 sq. ft. Shopping Center. Jason's Deli; Little Caesars Pizza (2nd location); Jack in the Box (2nd location); Auto Zone Auto Parts (2nd location); Hampton Inn Hotel; PPG Paints.



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COMPETITION FLOODS CLASS B MULTIFAMILY SPACE

INVESTMENT from page 1

heightened competition is Econ 101, but the increasingly diverse composition of the buyer pool paints a more compelling picture of just how much this market has flourished during this cycle.

"The Class B space has just exploded over the past few years," says Al Silva, senior managing director of investments at Marcus & Millichap's Dallas office. "The buyer pool is as sophisticated and diverse as we've ever seen it. You've got all sorts of private capital as you normally would, but also syndicators, high-net-worth individuals, foreign capital — we've done deals with Japanese, Mexican and Israeli equity groups in the last year alone."

Other sources concur with this notion.

"Our office gets calls and emails every day from new buyers, many of whom are syndicators with a fresh education from an apartment investor mentoring program and looking to make their mark," says Jon Krebs, managing partner at Dallas-based brokerage firm The Multifamily Group (TMG). "We've also seen a lot of private investors coming in from New York and New Jersey."

A More Efficient Market

The growth in the buyer pool has generated more efficiency in the market, Silva adds, enabling the forces of supply and demand to set price levels accurately. Big data has leveled the informational playing field, and buyers often know as much as brokers do about marketplace trends.

"Data on the rental market is on-demand and takes a minute to access," he says. "That's at the heart of the sophistication of the buyer pool, and it should continue to evolve. Pricing is partially a reflection of this efficiency, which has been a big contributor to the amount of growth and appreciation in this space in recent years."

DFW's Class B multifamily market has undoubtedly become more balanced and transparent on the demand side of the equation. But there are supply-side issues that threaten the market's long-term efficiency. Ever-rising land and construction costs ensure that all new product coming out of the ground must command Class A rents. As such, supply of Class B product is firmly capped, which aggravates the price escalation and makes it harder



DFW isn't the only market fielding strong investment demand for Class B, value-add product. Fogelman Partners and DRA Advisors recently acquired Retreat at Steeplechase, a 390-unit community in Houston that was built in 1998.

for investors to win deals.

"There are definitely concerns about low supply and pressures on pricing, but that's been the case for several years now," says Cliff Booth, founder and CEO of Dallas-based investment firm Westmount Realty Capital. "The difference is that now there's so much competition that we lose most deals we work on."

Booth notes that with returns on Class B multifamily investments tightening in DFW, his company has had to get creative in this market by targeting less sought-after deals. Such opportunities include deals for properties that require a heavier construction commitment or which trade off-market due to an unusual motivation from the seller. Assets with loan assumptions are more cumbersome and therefore pose greater risk and draw less appetite from investors.

Some investors that have been active in the space during this cycle are beginning to target opportunities in other markets or asset classes, sources concur.

For example, Westmount acquired two older multifamily assets this year in San Antonio, another Texas market with strong job and population growth but which has not yet seen such a massive influx of capital. The firm acquired the 300-unit Pointe at Ramsgate (built in 1975) and the 200-unit Place at Houston Street (built in 2003) with plans to execute value-add programs at both properties.

Pricing, Liquidity

Elevated prices have of course translated to lower cap rates and returns on investment. Rob Key, managing director of JLL's Dallas office, says that average cap rates on Class B, value-add deals have compressed by more than 50 basis points between 2015 and 2018. Cap rate compression continues to prevail in 2019, somewhat to Key's surprise.

"At the end of last year, I would've said that we won't continue to see cap

rate compression in the Class B space, but we have," he says. "A lot of that is due to the attractive interest rate environment. Fannie Mae and Freddie Mac have pulled back a little bit, but we've seen debt funds and banks get very aggressive in the value-add space and bridge the liquidity gap."

The average range for internal rates of return (IRR) on value-add deals has shrunk over the last several years as prices have soared upward, says Krebs of TMG. Though every deal is different, several years ago investors could reasonably expect an IRR of 18 to 20 percent on a value-add deal, whereas today that range is closer to 14 to 16 percent.

The healthy volume of capital in the marketplace, from both debt and equity standpoints, has also played a significant role in cap rate compression, says Key.

Spreads between cap rates on Class B and C assets are also tightening, according to Silva of Marcus & Millichap. For owners and sellers, that means it's a good time to dispose of older, less desirable assets and potentially elevate their portfolios.

"In the current cap rate environment, owners can sell lower-quality assets and get comparable yield on higher-quality assets that they're comfortable holding through the next cycle," says Silva. "The fact that it's a good time to upgrade portfolios with higher-quality product in better locations is a big driver of sales right now."

Silva also cited two additional factors as contributing forces behind the burgeoning demand for Class B multifamily assets in DFW: the decline in the 10-year Treasury yield (which stood at 1.53 percent at the time of this writing, down nearly 120 basis points from the beginning of the year) and continued strength in fundamentals.

The consensus among most investors in this space is that a falling rate of homeownership in the metroplex, combined with continued job and population growth, will support even more

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demand for class B rental units in the years ahead.

A low yield on the 10-year Treasury pushes investors to alternative vehicles, such as real estate. Meanwhile, the robust population growth DFW has enjoyed throughout the cycle has caused single-family prices to rise at rates above the national average, effectively pushing some households away from owning and into renting.

Rent Gap

According to Key of JLL, part of the reason that investment in DFW's Class B multifamily market has grown so explosively is that the space enjoys a "captive audience." The population of Class B renters is in some cases bound by hard income ceilings, but stronger renewal rates across the market are also contributing to growing demand and income streams of Class B properties.

"Annual turnover is much lower than where it used to be," he says. "Class B renters want a nice place to live but don't want to pay new construction prices. In DFW, there's still a sizable gap between Class A and post-renovation Class B rents. If that gap shrinks, we should see some constraints on Class B, value-add deals, but we're not there yet."

According to CoStar, the average market rent for Class A properties in DFW is on pace to finish 2019 at \$1.53 per square foot. Rents for Class B assets are projected to close the year at an average rate of \$1.23 per square foot.

CoStar also notes that the metroplex has added more than 20,000 new apartments in each of the last three years. One might think that such a heavy building boom would cause Class A rents to moderate, but again, the metroplex's remarkable growth of renters with strong incomes has kept absorption on pace with new deliveries.

In addition, sources say that despite the surging growth in both asset classes, landlords have generally maintained the same income standards with regard to leasing. Landlords typically expect a tenant to spend about 25 to 30 percent of his or her income on rent, which has kept rent growth fairly in line with wage growth in the metroplex and enabled new supply to experience a healthy rate of absorption.

Where Value Is Added

No two value-add projects are exactly the same, but the concept of value-add has breathed life and relevance into older properties. Buyers in the value-add space have piggybacked on each other's successes, and as a result, the scope and breadth of these deals is expanding.

In addition, the value-add market is displaying signs of longevity. In just a few years, value-add buyers have become sellers to new value-add buyers that want to build on the existing capital improvements.

"We've sold a lot of assets recently

that owners purchased in 2014 or 2015 and did low-level renovations — maybe \$3,000 per unit on appliances, flooring, lighting or hardware," says Key of JLL. "But in the new buyer's eyes, there's still a lot of meat left on the bone. Maybe it's new cabinets or tile backsplashes, but we see a lot of deals where new owners are coming in to finish what the previous one started."

Key also says that value-add buyers are finding new, creative ways to achieve rent premiums, such as adding private patios or backyards. Many older apartments in DFW lack washers and dryers, and furnishing them can justify some added rent.

Ultimately, however, the success of a value-add program is a function of the extent to which the added features or amenities with renters. Booth of Westmount notes that value-add programs are particularly dynamic because each one is curated with the submarket demographics and property limitations in mind.

"If it's the upper end of the Class B spectrum, granite countertops in kitchens and bathrooms seem to resonate with renters, as do hardwood floors versus carpet, which gives the unit a cleaner look and feel," he says. "We're doing package locker systems at most of our communities, and we're big on

resort-style pools with new landscaping and furniture."

Krebbs of TMG agrees that select features carry more weight than others, and that value-add investors are being forced to dig deeper to capture those extra fractions of points on their returns.

"Investors that may have been undercapitalized on their first deal are realizing that they need to do more, so we actually see budgets increasing for value-add deals," he says. "Security cameras, covered parking, vinyl flooring, exterior amenities — returns are lower, so owners have to get more creative." ■



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OFFICE AMENITIES INFLUENCE TALENT WARS

AMENITIES from page 1

"It's all about what amenities a building can offer to its tenants," says Jackie Marshall, first vice president in CBRE's Dallas office. "Many tenants are willing to pay more to be in buildings that help them recruit and retain talent, and amenities that make their employees happy is a big part of that."

Scott Martin, executive managing director for Granite Properties, notes that for many large office users, investing in their real estate is a form of investing in their employees.

"In today's market, you have to dedicate more of your rental space to amenities," he says. "A company's real estate costs are usually between 5 to 10 percent of its total overhead, but the majority of overhead is labor. If it makes people happy, why not provide an environment that enriches their experiences and helps them thrive?"

The quality amenities and workspaces that young professionals demand have played a big role in the rise of coworking office space. Coworking space has proliferated in Dallas with concepts like WeWork and Common Desk both growing their footprints. New coworking firms like CBRE's Hana are also getting into the mix.

In Houston, Granite recently redeveloped a three-building, 825,000-square-foot Eldridge office project in an effort to revitalize a piece of the city's vintage office product, much of which was built in the 1980s. Granite renovated the lobbies, elevator cabs and corridors. Also under construction is an amenity floor in the middle building featuring a fitness center with state-of-the-art equipment and locker rooms, as well as a café, conference room and smaller meeting spaces.

What's Changed?

To land the companies with the biggest office footprints, owners and developers must recognize that employees' approach to modern work environments has changed.

According to some industry professionals, the growing emphasis on quality amenities stems from the fact that people want to incorporate other parts of their lifestyle into their work routines. In addition, many companies are embracing the notion that happier employees are more productive employees, and these firms are taking the task of providing that enrichment into their own hands.

"You have to tend to the entirety of people's lifestyles and recognize that they no longer go to work just to go to work," says Eric Siegrist, director of leasing at office development and investment firm Parkway. "We've bought into the theory that people are more productive when they feel complete. These activities and amenities

are additive to their daily lives."

"Human resources departments are getting more involved in the selection of their companies' office spaces because they see real estate as a tool for bringing in the best talent and keeping it," adds Will Hendrickson, managing director at the Dallas office of Granite Properties. "Providing a modern space that people actually want to work in makes it easier to attract the best talent to your company."

Granite Properties has developed new buildings and undertaken repositioning projects in both Dallas and Houston to meet the growing demand for quality space and preferred amenities.

The company is developing Granite Park Six, a 415,000-square-foot building in Plano that will feature a market café, customer lounge with coffee service, a bar, three conference centers and a fifth-floor amenity deck. In addition, Granite recently completed Factory Six03, a redevelopment of a vacant warehouse building in Dallas' West End area that added 215,000 square feet of quality space to the local supply.

Of course, many of those amenities have been done before, but the company also plans to include a golf simulator at its Plano project. Hendrickson notes that this particular amenity was introduced at one of the firm's buildings in Preston Center, The Douglas, and was well-received by tenants.

"We took space that had previously been a bank vault and converted it into a corporate lounge and training room where people can come eat, relax and have fun by using a professional golf simulator," he says. "Spaces like that promote a strong sense of community within the building."

Going All Out

Including some combination of a particular set of amenities — fitness centers, food courts or cafeterias, conference rooms, tenant lounges — has become standard practice in the development or renovation of Class A buildings. But there are degrees of quality and affluence, even within the Class A space, and companies are beginning to recognize these discrepancies.

"There's no silver-bullet amenity out there, but whatever offerings you have, they need to be best in class," says Siegrist. "You can't simply check the box on basic amenities like cafés and fitness centers anymore. To provide space and amenities at the highest level, you have to have the best concepts."

Parkway owns Greenway Plaza, one of Houston's largest employment hubs, and has introduced a



The Hub, a marketplace at Greenway Plaza in Houston, has become more than just a place for employees to eat — it's a gathering point for different members of the community due to its top-notch food and drink offerings.

multitude of new amenities to transform the property from simply a collection of workspaces into a place of social gathering — even for those who don't work onsite.

"For many years, our food hall was a place you went to eat as a last resort," says Siegrist. "Now it's been curated to give it authenticity and to raise the level of quality. With concepts like Feges BBQ and Greenway Coffee, which imports beans directly from Ethiopia, we've got a space that's hip and cool. New companies come to town and see how people are willing to use their lunch hours to wait in line, and it endorses those amenities."

Siegrist, whose company also recently introduced a childcare center at Greenway that is operated by Primrose, a well-known industry name, acknowledges that not every office owner has the capital to fund major building improvements and introduce new amenities. He also concedes that there remains a strong contingent of companies that are willing to settle for older office product and save on rent. But to be competitive in the Class A space, office owners and developers must use whatever resources they have at their disposal to enhance their spaces and amenities.

At One Eleven Congress, an office building in downtown Austin, Atlanta-based Cousins Properties recently introduced Fareground, a marketplace that offers food from a variety of local vendors. The space also includes an open courtyard with green spaces and has quickly become one of the neighborhood's go-to areas for socializing.

Other Building Features

Today's tenants are attuned to more than just amenities within their office spaces. Features like LED light

bulbs and insulated glass windows, resonate with companies that are environmentally conscientious.

Fast and seamless connectivity is also an increasingly important requirement among large office users in major cities. And of course, the vibrancy of the surrounding neighborhood has become make-or-break factor for employees facing multiple offers for similar salaries.

"Retail and walkable amenities continue to be critical to recruiting employees and keeping them," says Chris Sido, senior vice president at CBRE's Dallas office. "Aesthetics are also still big in the office market in terms of attracting users, many of which are more attuned to eco-friendly features that promote building efficiency and generate savings."

Sido also says that with older buildings, tenants are still cognizant of the importance of functional floor plates and designable suites. Older properties that have these features and which are located in high-demand areas are prime candidates for repositioning and renovation projects that can ultimately lead to higher rents.

Taken collectively, these focal points suggest that the priority list for office developers and owners has changed drastically during the last decade. Tenants have spoken, and they're looking to leverage all the features of their office spaces to gain an advantage in the war for talent.

"Office space is now being used as a tool for attracting and retaining talent across the board," says Hendrickson of Granite Properties. "We've seen projects where owners have spent the dollars on updated lobbies and communal areas where tenants can congregate outside of their workspace — those are the projects that are getting the most attention in the market right now." ■

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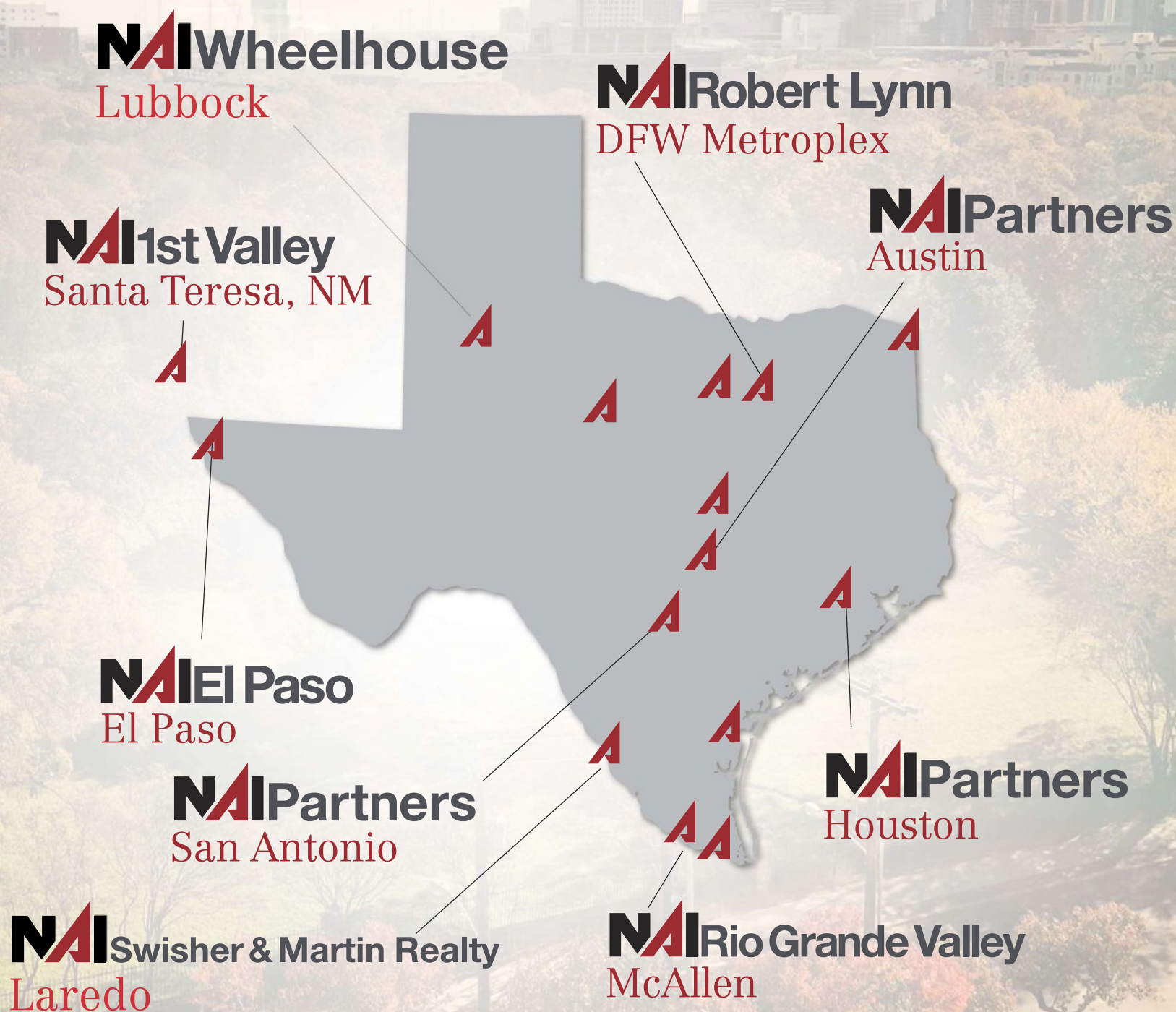
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