

DEVELOPMENT PROGRAM

TARGETED INVESTMENT AREA

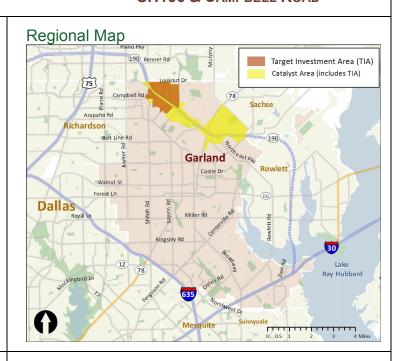
Development Opportunity

As a largely "Greenfield" opportunity, the intersection at Campbell Road offers the potential for a regionally-important office and employment "address" (e.g., build-to-suit corporate headquarters/campus) with an integrated mid- to higher-end residential component and support retail. This area could also attract other complimentary land uses to the office/ employment core. The City's strategy for this Area is to encourage new development that does not compete with, but effectively leverages other existing assets within the SH 190 Corridor (e.g., Firewheel Town Center, Hyatt Firewheel).

Key Assets of this *Targeted Investment Area* include:

- New/recent infrastructure (sewer line, roads)
- Appropriate zoning in place
- Regional access and visibility
- "Greenfield" tracts for development

190 CATALYST AREA SH190 & CAMPBELL ROAD



Market Opportunities

	Short-Term (1 - 5 years)	Long-Term (5 - 10 years)
Housing		
Rental	X	
Ownership (Attached)	X	
Retail		
Neighborhood	X	
Regional/Specialty	X	
Office		
Class A	X	
Local Service	X	
Other		
Public	X	
Parking	X	

Site Location







MARKET POTENTIAL

TARGETED INVESTMENT AREA

190 CATALYST AREA SH190 & CAMPBELL ROAD

Site and Trade Area



Demographic Profile

	2-mile Radius	5-mile Radius	DFW Metro
2009 Population	36,842	265,039	6,348,826
Annual Growth Rate (2009-2019)	1.21%	1.23%	2.50%
Median Household Income	\$84,358	\$65,293	\$56,794

The SH190 & Campbell Road Trade Area profile suggests an established concentration of higher-income households, expected to grow at a steady, if modest rate over the next 10 years.

Market Potential

	Attainable	TIA Capture
Land Use	5 yr	10 yr
Single Family Detached (units)	900	1,200
Single Family Attached (units)	225	300
Multi-Family Rental (units)	450	600
Retail (sq ft)	337,500	450,000
Office (sq ft)	675,000	900,000
Employment (sq ft)	900,000	1,200,000

As shown, market potential within the SH190 & Campbell Road *Targeted Investment Area* suggests support for a regional employment center, with a diverse mix of residential, retail, office and employment land uses. Much of this development could occur over the near-term (1 to 4 years).

Catalyst Program

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	Units/Spaces	Square Feet
Retail/Restaurant		250,000
Office/Employment		1,000,000
Residential (Rental)	500	400,000
Residential (For-Sale)	250	375,000
Gross Floor Area		2,025,000
Project Land Area		3,484,800
Floor Area Ratio		58%
Surface Parking	3,048	1,066,800
Structured Parking	2,032	711,200

The Catalyst Program reflects a "Phase 1" development that could take advantage of the potential market opportunity within the next 4 years. The program's development economics begin to form the framework of a potential public-private partnership.



IMPLEMENTATION STRATEGY

TARGETED INVESTMENT AREA

190 CATALYST AREA SH190 & CAMPBELL ROAD

Development Economics

Estimated Project Value (Stabilized Yr)	
Total Retail/Restaurant Rentable SF	225,000
Rent/SF*	\$25.00
Total Office/Employment Rentable SF	900,000
Rent/SF*	\$25.00
Total Residential Rentable SF	320,000
Rent/SF	\$15.00
Total Parking Spaces (Structured)	2,032
Rent/Space	\$600
Gross Income	\$34,144,200
Occupancy	92%
Effective Gross Income	\$31,412,664
Operating Costs	\$7,095,000
Net Operating Income	\$24,317,664
Capitalization Rate	8.0%
Project Value Office/Retail/Rental Hsg	\$303,970,800
Total Housing Units	250
Sales Price/Unit (Wtd Avg)	\$350,000
Gross Revenue	\$87,500,000
Less Marketing Costs	(\$6,125,000)
Net Sale Proceeds	\$81,375,000
Project Value For-Sale Housing	\$81,375,000
Total Project Value	\$385,345,800
* Retail based on triple net lease; Office based on gro	ss lease.

Development Economics

Development Cost Estimate	
Property Purchase (Acquisition/Demolition)	\$8,712,000
On-Site Improvements (Surface Parking)	\$9,144,000
On-Site Improvements (Structured Parking)	\$36,576,000
Site Development	\$6,969,600
Building Construction (Hard Costs)	\$209,137,950
Construction Contingency	\$26,182,755
Soft Costs (% of Hard Costs)	\$39,274,133
Developer Profit	\$33,599,644
Total Project Cost	\$369,596,081
Development Economic Summary	
Total Project Cost	\$369,596,081
Total Project Value	\$385,345,800
Project Margin/"Gap"	\$15,749,719
% Project Margin/"Gap"	4%

As shown, the SH 190/Campbell Road *Targeted Investment Area* represents a viable <u>market-driven</u> opportunity, as evidenced by a positive economic gap.

Strategy Elements

Criteria	
Catalyzing Potential	Medium ; most
	obvious Greenfield
	site in Garland
Market Opportunity	High ; strong
	demographics and
	growth; excellent
	visibility, access and
	land availability
Cost of Failure/Inattention	Medium;
	area should develop
	regardless of City
	action, but care
	needed in optimizing
	gateway potential
Cost to Make Market-Ready	Low;
	especially with new
	sewer, area is ready
	for right developer

Strategy Action Items

- Commit to a long-term vision for this prime "new development" area; be prepared to discourage visionincompatible smaller uses, even if market-feasible.
- Consider land use and architectural design regulations to preserve flexibility while promoting the vision in the Envision Garland Comprehensive Plan and any subsequent planning efforts.
- Ensure that new development <u>complements</u> rather than directly competes with the Firewheel Town Center area or Garland Special Events Center.
- Prepare a detailed master plan coordinating the northern and southern portions of the SH 190/Campbell Road intersection.
- Provide predevelopment assistance for potential catalyst projects that conform with Envision Garland and smaller area master plans.
- Evaluate the potential for a Developer RFQ/RFP process to solicit interest from local, regional and national real estate developers and investors.