

The Economics of Land Use



Report

Trinity Mills Station Market Overview

Prepared for:

City of Carrollton, Texas
and
Dallas Area Rapid Transit

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April 24, 2013

EPS #20842

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1. INTRODUCTION AND PROPERTY DESCRIPTION

This report reviews real estate market and development conditions as they relate to transit oriented development (TOD) opportunities surrounding Trinity Mills Station in Carrollton, Texas. DART and the City of Carrollton own approximately 27 acres of land at this station and have a common interest in promoting TOD and economic development by leveraging their real estate assets.

The purpose of this report is to identify the range of development types that have market support in the near term (0 to 5 years) and longer term (5 to 10 years and beyond) to help inform future TOD planning and development at this site. The City and DART expect to issue a request for qualifications to select a developer or development team to propose a TOD project for the site. The selected developer will be responsible for conducting its own independent market research and analysis to support any future development proposal.

This report is organized into seven chapters including this Introduction:

- Regional Market Framework
- Transit Oriented Development on the DART System
- Carrollton Residential Development
- Retail Development
- Office Development
- Trinity Mills Station Development Potentials

Trinity Mills Station Properties

The property that is the subject of this market analysis is the approximately 27 acres owned by DART and the City of Carrollton at the Trinity Mills station on DART's Green Line, located at the southeast corner of I-35E and the President George Bush Turnpike (PGBT). The approximate extent of DART and City property ownership is illustrated in **Figure 1**.

Parcel A contains the station platform, bus drop off, and approximately 500 parking spaces and is not expected to be included in an RFP/RFQ for developer partners. Parcel B contains a former Home Depot store that closed when the PGBT and I-35E interchange was constructed; the change in access impacted the store's sales. The building is now leased to a furniture store. Parcel C is a former DART bus transfer station and parking lot which is no longer used. Parcel D is improved with a coin-operated car wash. The remaining parcels along the Trinity Mills Road frontage are still owned by private entities and would likely need to be acquired to implement a cohesive development project. This area, bounded by Trinity Mills Road, Dickerson Parkway, Blanton Drive will be referred to as the "subject property" in this report.

The size of the site combined with excellent regional highway and transit access suggest that the subject property has the potential to be a significant redevelopment site in the region. A challenge, however, will be to balance shorter term economic development goals with market readiness. Developing this site too soon may preclude higher density, higher value, and development with a greater economic impact in the future.

Figure 1
Trinity Mills Station Location

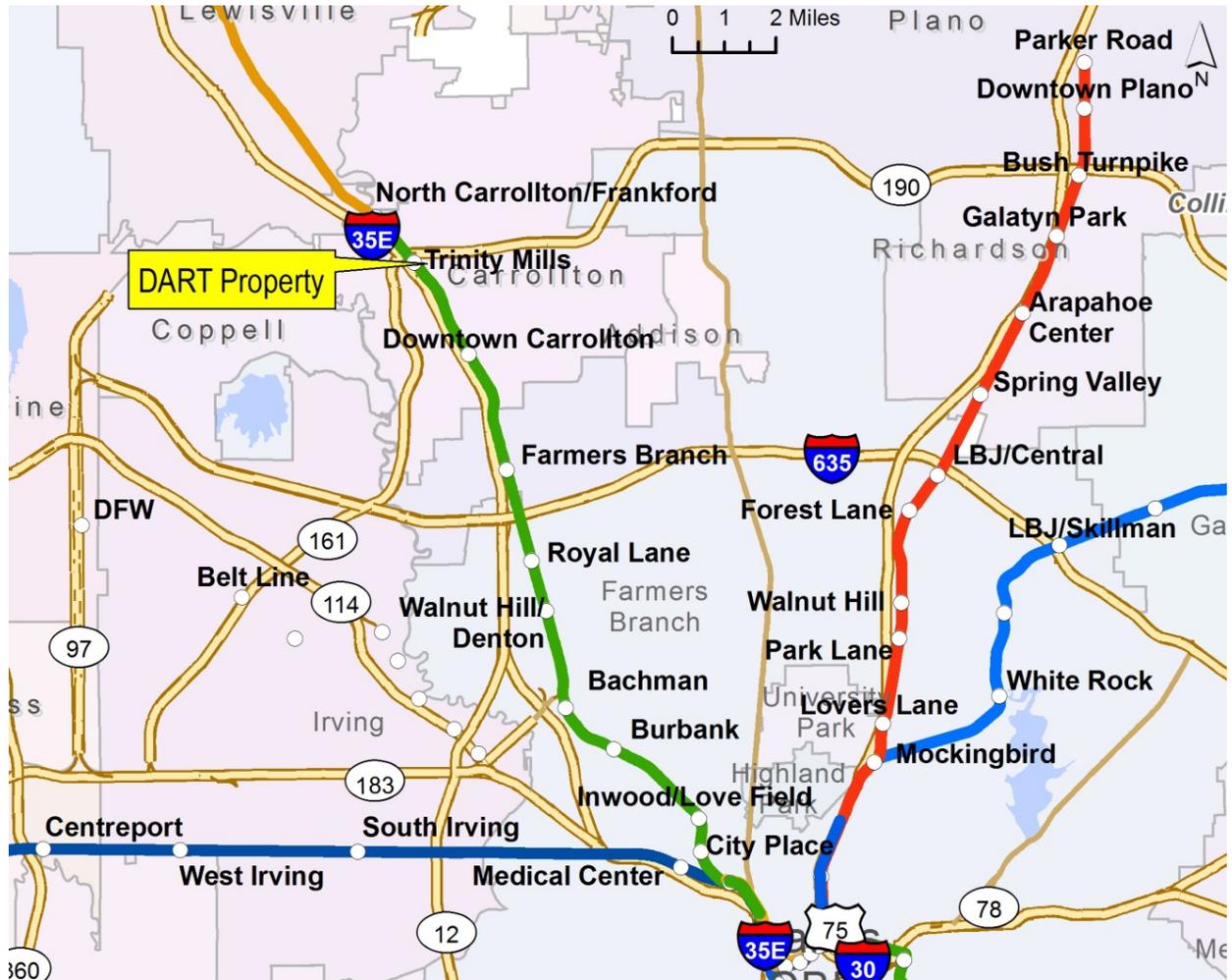
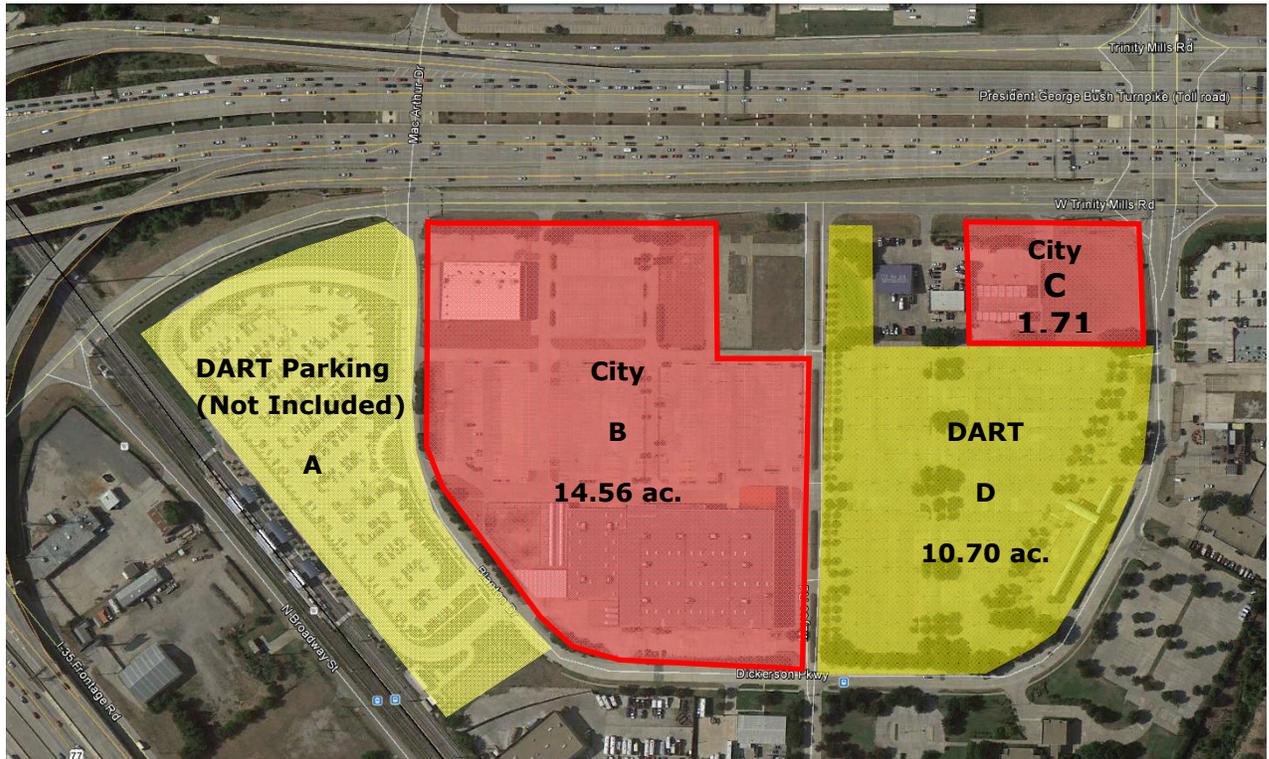


Figure 2
DART and City of Carrollton Properties



Surrounding Land Use

The area in the southwest quadrant of the PGBT/I35-E interchange is largely industrial, other than the subject property described above. There are several warehousing and distribution buildings immediately east of the subject property and along the south frontage of Trinity Mills Road and the PGBT. Closer to Old Denton Road, land use transitions to low density retail/commercial development. The cross section of the PGBT and Trinity Mills Road frontage roads is nearly 400 feet and forms a hard edge to the site, separating the areas north and south of these roads. There is little synergy between land uses on either side of these major roadways. The northeast quadrant of the PGBT/I-35E interchange is developed with a large warehousing and distribution center extending east to Dickerson Parkway. Between Dickerson Parkway and Old Denton Road, the Trinity Mills frontage is developed with commercial/retail buildings. There are also two 4- to 5-acre vacant sites here. Two large garden apartment complexes, Briar Crest and Greentree, are located on approximately 20 acres along MacArthur Drive, just north of and parallel to the Trinity Mills frontage road. These apartments were built in the 1980s and appear well maintained. East of I-35E are areas of flood plain and detention ponds. The City's Trail Master Plan shows a connection to the regional bicycle and multi-use trail system. Carrollton is making substantial investments in its trail, park, and open space resources. This connection is not yet funded (expected in 2014 bond referendum), but could be prioritized when the subject property is developed.

Transportation and Access

I-35E and the PGBT dominate the landscape in this area. The PGBT connects the northern Dallas suburbs from I-30 near Rowlett, through Plano, north Dallas, and Carrollton to I-35E. I-35E connects Dallas and Denton, and is part of an international trucking route between Mexico, the United States, and Canada.

Currently, automobile access to the subject property is challenging. From I-35E, one must exit on the eastbound Trinity Mills frontage road, travel east to Old Denton Road, and reverse direction at Old Denton Road to get on the westbound Trinity Mills frontage road. The site is then accessible via a left turn on MacArthur Boulevard/Blanton Drive. The site can also be accessed from the south by local roads, Broadway and Mayes. However, these roads travel through industrial areas that are not an attractive gateway to the property.

Access to the subject property will be improved with the planned extension of Dickerson Parkway to I-35E and the construction of a full interchange at I-35E. This improvement will provide direct highway access from I-35E North and I-35E South. This \$30 million project is funded and expected to be completed in 2016.

DART's Green Line was extended to Trinity Mills and North Carrollton in 2010. The Green Line originates in Downtown Dallas and ends at the North Carrollton/Frankford Road station 1.0 mile north of Trinity Mills. Daily ridership at Trinity Mills station is approximately 1,200. DART provides 15 minute peak service and 20 minute off-peak service.

The Denton County Transportation Authority (DCTA) commuter rail line, the "A Train" connects with the DART system at Trinity Mills Station. The A Train originates in downtown Denton 20 miles to the north. It runs at 20 to 30 minute intervals during the peak hours and approximately every 45 minutes during off-peak times, with nearly 30 trains per day. The DCTA Line has approximately 8,600 riders per day. Southbound riders connect to DART's Green Line and continue south. A large number of northbound DCTA riders are students at the University of North Texas and Texas Woman's University, both located in Denton. The two universities combined have approximately 45,000 students.

Planning and Land Use Policy Context

Land Use and Zoning

The City of Carrollton wishes to encourage new and redevelopment near its DART light rail stations. The City's Comprehensive Plan identifies concentrating development around transit stations as a policy, and the City has established a Transit Center Zoning District.

The goals of the District are:

- To capitalize on the convergence of regional transit, freeways and arterial roadways by creating major urban and village centers that offer a variety of housing, retail and office uses.
- To provide development and land use flexibility within the framework of a form-based development code.

- To provide a mix of residential, retail and office uses in a pedestrian-friendly district.

In addition to this zoning ordinance, City Council adopted additions to the General Design Standards for urban street design standards for the Transit Center (TC) Zoning Districts. The intent of these standards is to promote the development and redevelopment of the areas around Carrollton's DART LRT stations as walkable, urban, pedestrian-oriented areas.

Several concept plans have been prepared for the subject property by prospective developers and the City's consultants and were included in the Carrollton Renaissance Initiatives in 2002, and updated in 2007. In general, these concept plans illustrate a general development framework with major north-south and east-west street axes, a mix of land uses, and integration with the DART station, as shown in **Figure 3**.

Tax Increment Financing

In January 2006, the City established a Tax Increment Reinvestment Zone or TIRZ, which is also referred to as a Tax Increment Financing district or TIF district. The TIRZ is intended to help fund infrastructure improvements needed for future redevelopment surrounding the Downtown and Trinity Mills stations in Carrollton. Available revenue is 65 percent of the City's and 65 percent of Dallas County's tax property increment.

Figure 3
Trinity Mills Transit Center District Concept Plan



2. REGIONAL MARKET FRAMEWORK

This section first reviews Dallas area economic conditions and trends on population and employment. Next, it presents an overview of employment and population growth trends in the suburban communities along the I-35 corridor, including Carrollton, Farmer's Branch, Lewisville, and Coppell.

Employment Trends

Dallas Metroplex

As of the 3rd quarter of 2012, there were 2.9 million wage and salary jobs (not including sole proprietors) in the Dallas-Fort Worth-Arlington MSA (Metroplex), representing an increase in employment of 61,208 jobs from the end of 2011, as shown in **Table 1**. Despite the national recession, the region had net job growth of 227,816 jobs from 2005 through the 3rd Quarter of 2012. However, in 2009 the region lost 122,469 jobs followed by a decline of only 186 jobs in 2010. In aggregate, the region has recovered to pre-recession employment levels; however, the construction and manufacturing sectors are still 10 to 15 percent below 2005 levels. Construction was especially heavily impacted during the most recent recession and accompanying housing and financial crises.

The largest industry in the MSA in terms of employment is Health Care with 339,564 jobs. Retail Trade is the second largest industry with 314,255 jobs. Other large industries include Accommodation and Food Services with 263,181 jobs, Manufacturing with 256,987 jobs, and Education with 254,985 jobs. The industries with the strongest net job growth from 2005 through the 3rd quarter of 2012 were Mining, Quarrying, and Oil and Gas Extraction (+14,826), Professional Services (+35,564), Administrative and Waste Services (+28,945), Educational Services (+31,993), Health Care (+81,475), and Accommodation and Food Services (+36,532).

Table 1
Dallas-Fort Worth-Arlington MSA Private Wage and Salary Employment Trends, 2005-2012

Industry	2005	2006	2007	2008	2009	2010	2011	3Q 2012	Change 2005 - 3Q 2012	
									#	Ann. %
Agriculture, Forestry, Fishing & Hunting	2,713	2,788	2,858	3,045	2,723	2,804	3,018	3,137	424	1.9%
Mining, Quarrying, and Oil and Gas Extraction	14,200	16,409	19,516	23,185	20,565	21,695	24,877	29,026	14,826	9.7%
Utilities	13,458	12,887	13,773	14,343	14,496	14,355	14,808	14,196	738	0.7%
Construction	157,118	165,070	174,153	176,597	152,961	141,117	139,799	143,994	-13,124	-1.1%
Manufacturing	298,086	302,777	300,940	288,890	263,452	250,444	254,588	256,987	-41,099	-1.9%
Wholesale Trade	159,645	165,497	170,761	171,965	159,871	156,485	159,368	163,442	3,797	0.3%
Retail Trade	310,256	314,296	315,388	318,550	303,555	303,676	310,707	314,255	4,000	0.2%
Transportation and Warehousing	146,136	149,332	154,823	154,370	147,490	144,553	146,927	150,042	3,907	0.3%
Information	94,520	94,643	91,435	90,422	85,370	81,589	81,219	79,861	-14,660	-2.2%
Finance and Insurance	162,969	171,696	175,560	175,735	172,109	172,601	176,824	183,104	20,136	1.5%
Real Estate and Rental and Leasing	59,671	60,810	59,492	60,715	56,050	55,509	56,536	56,953	-2,718	-0.6%
Professional and Technical Services	164,012	173,049	185,182	194,407	184,819	185,973	192,548	199,575	35,564	2.6%
Management of Companies and Enterprises	19,724	21,751	27,712	32,995	31,846	33,873	35,692	36,452	16,728	8.2%
Administrative and Waste Services	205,567	221,881	229,773	227,963	202,244	208,619	223,571	234,512	28,945	1.7%
Educational Services	222,993	230,615	238,390	248,920	253,287	263,777	260,167	254,985	31,993	1.7%
Health Care and Social Assistance	258,089	270,103	282,463	296,235	310,092	319,421	330,992	339,564	81,475	3.6%
Arts, Entertainment, and Recreation	38,275	40,035	41,540	42,736	41,833	42,985	42,885	44,018	5,743	1.8%
Accommodation and Food Services	226,650	232,604	243,546	249,466	244,817	244,983	253,338	263,181	36,532	1.9%
Other Services, Ex. Public Admin	74,477	75,395	77,940	80,042	78,253	78,903	80,991	83,155	8,679	1.4%
Public Administration	75,084	79,928	80,048	81,644	84,322	86,843	84,184	83,725	8,641	1.4%
Unclassified	3,386	5,211	1,911	1,224	828	965	597	677	-2,709	-18.8%
Total Private Wage and Salary Jobs	2,707,027	2,806,776	2,887,201	2,933,449	2,810,980	2,811,166	2,873,634	2,934,842	227,816	1.0%
Year to Year Change		99,749	80,426	46,248	-122,469	186	62,468	61,208		

Source: TX Dept. of Workforce Services; Economic & Planning Systems

H:\20842-DallasTXDARTTODAnalyses\Dat\20842-TXDWS Empl.xlsx] Table

Since 2007, Dallas fared better than the U.S. in terms of unemployment. In 2007, the Dallas Metroplex unemployment was at 4.3 percent compared to 4.6 percent nationally. In 2010, the Metroplex unemployment rate increased by 4.0 percentage points to 8.3 percent while national unemployment increased 5.0 percentage points to 9.6 percent. Unemployment rates dropped in 2011 to 7.8 percent in the Metroplex and 8.5 percent in the U.S. Preliminary figures for 2012 indicate further reductions in unemployment, with a rate of 6.7 percent in the Metroplex and 7.8 percent nationally. Compared to other large metro areas, the Dallas economy, and Texas economy in general, is performing well. As shown in **Table 2**, the unemployment rate in Houston is 6.8 percent, and 5.8 percent in Austin. Denver is at 7.9 percent unemployment, Los Angeles at 10.2 percent, Atlanta at 8.7 percent, and Chicago is at 8.8 percent unemployment.

Table 2
Unemployment Rate, Selected Metro Areas, 2005-2012

	2005	2006	2007	2008	2009	2010	2011	2012 [1]
Dallas Metroplex	5.2%	4.8%	4.3%	5.0%	7.8%	8.3%	7.8%	6.7%
Houston	5.6%	5.0%	4.3%	4.9%	7.6%	8.5%	8.1%	6.8%
Austin	4.5%	4.1%	3.7%	4.4%	6.9%	7.1%	6.8%	5.8%
Phoenix	4.1%	3.6%	3.4%	5.3%	8.5%	8.8%	8.6%	7.2%
Los Angeles	5.0%	4.4%	4.8%	6.9%	10.9%	11.7%	11.4%	10.2%
Denver	5.2%	4.5%	4.0%	5.0%	7.9%	8.3%	8.3%	7.9%
Washington	3.4%	3.1%	4.3%	3.7%	6.0%	6.2%	5.8%	5.4%
Atlanta	5.3%	4.6%	4.5%	3.2%	9.6%	10.2%	9.6%	8.7%
Chicago	5.9%	4.5%	4.9%	6.2%	10.0%	10.2%	9.8%	8.8%
Seattle	5.0%	4.4%	4.1%	4.9%	8.7%	8.9%	8.7%	7.5%
United States	5.1%	4.6%	4.6%	5.8%	9.3%	9.6%	8.5%	7.8%

[1] Preliminary

Source: BLS; Economic & Planning Systems

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I-35E Corridor

The City of Carrollton has approximately 66,000 jobs, as shown in **Table 3**, based on the latest sub-county employment figures available. Since 2002, Carrollton added 2,656 jobs at an annual rate of 0.5 percent. Lewisville and Coppell had stronger employment growth, with nearly 6,000 new jobs in Lewisville and 5,400 new jobs in Coppell. Employment in Lewisville grew at 2.0 percent per year from 2002 through 2010, while Coppell had employment growth of 3.7 percent per year. Farmers Branch was the only community on the I-35E corridor to lose jobs, from 2002 through 2010 it lost 5,200 jobs. From 2005 through 2010, employment in the I-35E corridor cities grew at 0.5 percent, compared to 1.0 percent in the Metroplex.

Table 3
I-35E Corridor Employment Trends, 2002-2010

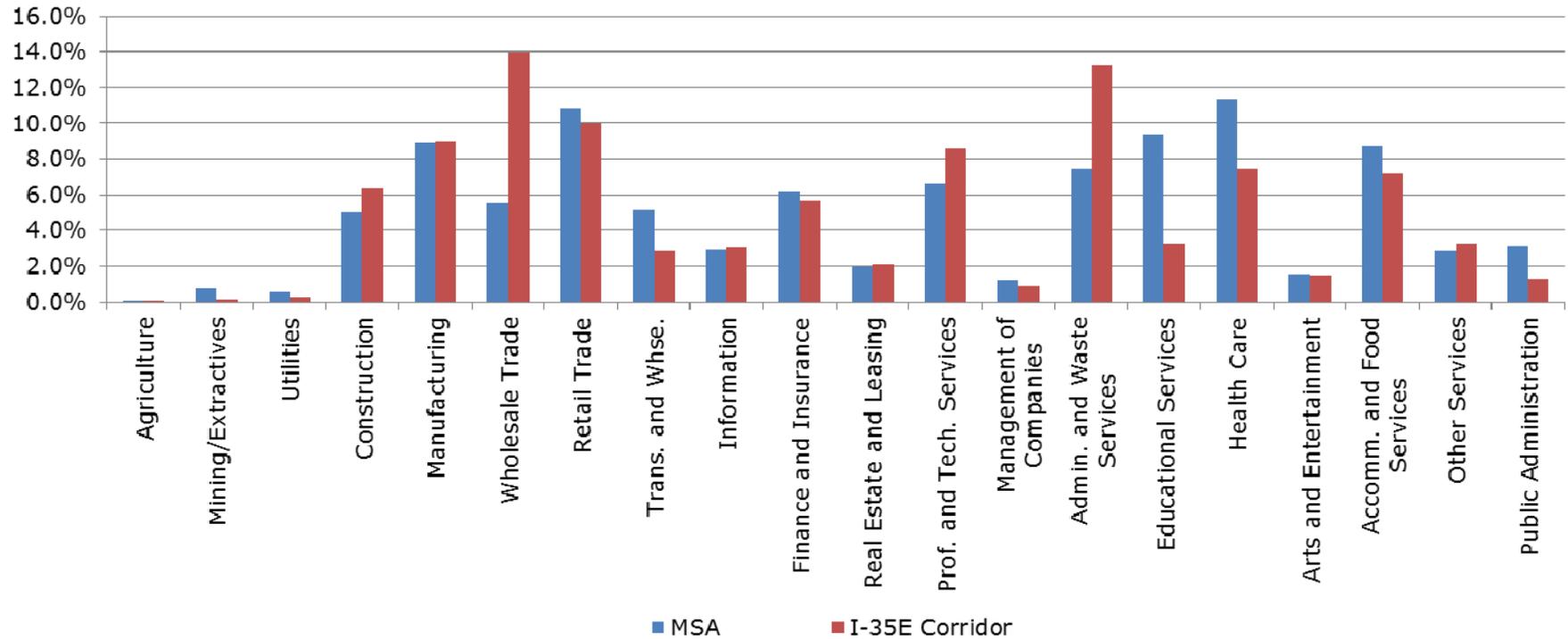
Year	Farmers Branch	Carrollton	Coppell	Lewisville	Corridor Total
2002	67,819	63,457	16,016	34,720	182,012
2003	64,976	60,078	16,098	33,636	174,788
2004	65,426	60,573	17,496	34,059	177,554
2005	68,019	62,575	19,110	36,613	186,317
2006	71,959	63,606	20,619	39,444	195,628
2007	70,415	70,898	21,251	41,337	203,901
2008	71,012	72,722	21,735	40,987	206,456
2009	67,228	69,050	19,592	40,687	196,557
2010	62,612	66,113	21,447	40,696	190,868
Change					
2005-2010	-5,407	3,538	2,337	4,083	4,551
2002-2010	-5,207	2,656	5,431	5,976	8,856
Ann. Growth Rate					
2005-2010	-1.6%	1.1%	2.3%	2.1%	0.5%
2002-2010	-1.0%	0.5%	3.7%	2.0%	0.6%

Source: US Census LEHD; Economic & Planning Systems

H:\20842-DallasTXDART TOD Analyses\Dat a\Carrollton\ [20842-I-35EEmpl.xlsx] Trend

The employment base in the I-35E corridor cities is generally comparable to the Metroplex with a few differences. First, the I-35E corridor has over twice the concentration of wholesale trade employment, at nearly 14 percent compared to 5.8 percent in the Metroplex, as shown in **Figure 4**. This is reflected in the large amount of distribution/warehousing space along this corridor. The corridor has higher concentrations of white collar employment in certain industries including professional and technical services, and administrative and waste management services. The corridor has a lower concentration of employment in health care, as there are no major hospitals present.

Figure 4
Metroplex vs. I-35E Corridor Employment by Industry



Population Growth

A “DART Influence Area” was defined to evaluate population and residential growth trends in greater Dallas and the DART service area, consisting of the communities listed in Table 2-4 and illustrated in **Figure 5**. The DART influence area is approximately the eastern two-thirds of the Dallas-Fort Worth Metroplex, including Dallas, the Mid Cities, and the Dallas suburbs to the north, east, and south. The Metroplex added 1.08 million people from 2000 to 2010, growing to 6.02 million people, as shown in **Table 4**. The DART Influence Area added 703,370 people. The North I-75 corridor communities accounted for 35.6 percent of the population growth in the Dallas oriented communities, adding 250,068 people. The Mid Cities area added 142,006 people or 20.2 percent of Dallas-oriented growth. The north and northwest area, which includes Carrollton, Farmers Branch, Lewisville, and Coppell, added 64,522 people, making up 9.2 percent of the population growth in the DART Influence Area. In the western third of the Metroplex, Fort Worth and the rest of Tarrant County added 383,181 people to grow to 1.8 million by 2010.

Table 4
Population Trends, DART Influence Area, 2000-2010

Area	2000	2010	2000-2010 Change	Share of Sub-Region Growth
DART Influence Area [1]				
Central Dallas / I-635 / Hwy. 12	1,225,189	1,352,950	127,761	18.2%
East Dallas County	417,685	466,100	48,415	6.9%
North I-75 Corridor	452,382	702,450	250,068	35.6%
North and Northwest	342,178	406,700	64,522	9.2%
Mid Cities	930,644	1,072,650	142,006	20.2%
South and East Dallas County	145,136	190,500	45,364	6.4%
Miscellaneous/Far South	<u>34,416</u>	<u>59,650</u>	<u>25,234</u>	<u>3.6%</u>
Subtotal	3,513,214	4,191,350	703,370	100.0%
Fort Worth and Other Tarrant County				
Fort Worth	534,694	736,200	201,506	52.6%
Rest of Tarrant County	<u>911,525</u>	<u>1,093,200</u>	<u>181,675</u>	<u>47.4%</u>
Subtotal	1,446,219	1,829,400	383,181	100.0%
Total	4,959,433	6,020,750	1,086,551	

[1] Includes portions of Tarrant County

Source: NCTCOG; Economic & Planning Systems

H:\20842-Dallas TX DART TOD Analyses\Data\20842-City Population Data.xls\Population summary

On the I-35 corridor, Carrollton is the largest city with a population of 122,100 as of the 2010 Census, as shown in **Table 5**. Carrollton added 12,524 people from 2000 through 2010, at a rate of 1.1 percent. Most of the growth in Carrollton occurred in the northeastern portion of the City, where there is more undeveloped land available for housing development. Developments in northeastern Carrollton are more oriented to the North Dallas Tollway rather than the I-35E Corridor. Coppell added 3,792 people at a rate of 1.0 percent per year. Farmers Branch grew from 27,508 to 31,300 adding 3,792 people at a rate of 1.3 percent. Lewisville is similar in size to Carrollton, and added 18,713 people, largely on the western side of I-35E, at a rate of 2.2 percent per year.

Table 5
I-35E Corridor Population Trends, 2000-2010

Area	2000	2010	Change	Ann. %
Carrollton	109,576	122,100	12,524	1.1%
Coppell	35,958	39,750	3,792	1.0%
Farmers Branch	27,508	31,300	3,792	1.3%
Lewisville	77,737	96,450	18,713	2.2%

Source: NCTCOG; Economic & Planning Systems

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Subject Property Demographics

The 1.0-mile radius surrounding the subject property is not densely populated, due to the concentration of industrial/ distribution space and the influence of the large freeway cross sections. Within the 1.0-mile radius, there are 3,022 people and 1,142 households, which is equivalent to approximately 0.56 households per acre. More than half of the homes are owner occupied, 55.8 percent, and 44.1 are renter occupied, as shown in **Table 6**. The median household income in the 1.0-mile radius is \$73,931, and 34 percent of the population has at least an associate's degree education.

The 3.0-mile radius is more densely populated, with 86,134 people in 30,933 households. The household density is 15 households per acre in the 3.0-mile radius. Homeownership is higher in the 3.0-mile radius, at 60 percent of occupied housing units. The median household income in the 3.0-mile radius is \$70,753, and 32 percent of the population has at least an associate's degree.

Table 6
1.0-Mile and 3.0-Mile Demographics

Description	1 Mile Radius	3 Mile Radius
Total Population	3,022	86,134
Population in Households	3,020	85,933
Households	1,142	30,933
Average Household Size	2.64	2.78
Housing Units	1,184	32,677
% Owner Occupied [1]	55.8%	60.0%
% Renter Occupied [1]	44.1%	40.0%
% Vacant [2]	3.7%	5.6%
Households with Children		
With Children <18	35.2%	42.0%
No Children <18	64.8%	58.0%
Median Household Income	\$73,931	\$70,753
% Associate's Degree or Higher	34.4%	32.3%

[1] Pct. of occupied housing units.

[2] Pct. of total housing units.

Source: Nielsen/Claritas Marketplace; US Census; Economic & Planning Systems

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There was modest population and household growth in the 3.0-mile radius from 2000 through 2010. The population grew by 3,774 people at 0.4 percent per year, which is considered to be a slow growth rate, reflecting the built-out nature of the established neighborhoods in the 3.0-mile radius. Over 2,400 new housing units were constructed, but only 1,721 new households (equivalent to occupied housing units) were added, causing the housing vacancy rate to increase from 3.4 to 5.3 percent. Housing tenure was stable at about 60 percent owner occupancy in 2000 and 2010.

Table 7
3.0-Mile Radius Demographic Trends, 2000-2010

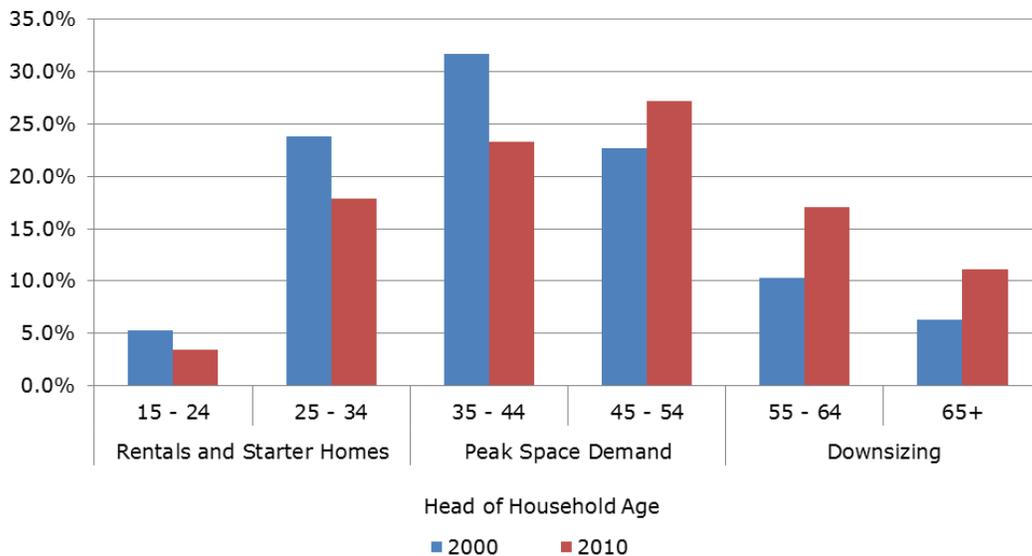
Carrollton	2000	2010	Change 2000-2010	
			#	Ann. %
Population	82,360	86,134	3,774	0.4%
Households (Occupied Housing Units)	29,212	30,933	1,721	0.6%
Housing Units	30,252	32,677	2,425	0.8%
Vacant Housing Units	1,040	1,744	704	
Housing Vacancy Rate	3.4%	5.3%	1.9%	
Average Household Size	2.81	2.78	-0.03	
% Owners	60.9%	60.0%	-0.9%	
% Renters	39.1%	40.0%	0.9%	
% Households w/ Children	45.7%	42.0%	-3.7%	
% Households w/o Children	54.3%	58.0%	3.7%	
% Associate's Degree or Higher	---	32.3%	---	

Source: US Census; Economic & Planning Systems

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The age distribution of households in the 3.0-mile radius is shifting towards older age brackets as existing households age, and little new housing has been constructed that attracts younger households. The strongest growth in households, and in their associated housing preferences, was in the 55+ or “Downsizing” segment, and in the 35 to 54 “Peak Space Demand” segment. Fifty-five to 64 year old householders increased from 10 percent to 17 percent of householders. Households 65 years or older increased from 6 percent to 11 percent. Forty-five to 54 year old householders increased from 23 to 27 percent of householders. The demographic segments traditionally characterized as starter homebuyers or renters decreased in percentage and in number from 2000 to 2010, indicating weaker demand for rental and starter housing than for larger single family homes in Carrollton.

Figure 6
Age Distribution for Heads of Households, 3.0-Mile Radius, 2000-2010



Conclusions – Regional Growth Trends

Carrollton is a stable maturing suburb that is centrally located in the Dallas Metroplex. The subject property in Carrollton is not in the path of the majority of the region’s population or employment growth. Most of the housing and commercial development growth in Carrollton is occurring in the northeastern portion of the City and has a more upper-income target market. The PGBT connects northeastern Carrollton to the North Dallas Tollway and North Central Expressway employment centers in Plano and Richardson. However, the subject property and southwestern Carrollton is centrally located and within reasonable commuting distance to the existing large employment centers near DFW Airport and Las Colinas, the Southwest Medical District, and Downtown Dallas. The Medical District and Downtown Dallas are each accessible by DART’s Green Line, with 15-minute peak-hour service. A successful redevelopment project with good access to these employment centers can appeal to people working in Carrollton, Downtown, and the DFW/Mid Cities areas.

3. TRANSIT ORIENTED DEVELOPMENT ON THE DART SYSTEM

This section provides a summary of real estate development activity at and near DART light rail stations. The TODs inventoried in this chapter provide a general overview of development activity to date on the DART light rail system. The inventory is organized by geography and line, covering the Red and Blue lines in northern and northeast Dallas and suburbs; the Red, Green, and Blue lines in South Dallas; and the Green Line from Downtown Dallas northwest to Carrollton.

Red and Blue Lines, Northeast Dallas

There are existing and proposed TODs at 6 of the 14 Red Line stations between Pearl Station in Downtown Dallas and Parker Road in Plano. The DART system map is provided in Figure 3-1 for reference.

- **Pearl Station** – Spire Realty is proposing a large scale mixed use project between the Downtown Dallas CBD and Deep Ellum, on the eastern edge of the CBD. The project is planned to be anchored by a 1.25 million square foot Class A office tower. A 150-room hotel is proposed along with approximately 190 residential units (condominiums and/or apartments), plus 65,000 square feet of street level retail. The project has been approved by the City. The developer is currently working to secure tenants to meet the 50 percent pre-leasing requirement needed to secure financing.
- **Cityplace/Uptown** – The Cityplace and Uptown neighborhoods are the premier urban infill neighborhoods in Dallas, appealing to cosmopolitan young professionals and empty nesters. The area is defined by the McKinney Avenue corridor which contains a large number of apartment buildings, restaurants, and bars. The McKinney Avenue Trolley connects Cityplace Station, the Cityplace/Uptown neighborhoods, and the Arts District just north of the CBD. More than 1,500 residential units, largely apartments, have been constructed in these neighborhoods over the past 10 to 15 years. Forest City is proposing a 21-story, 391-unit apartment tower near Cityplace Station.
- **Mockingbird Station** – This is the signature TOD on the DART system and the only TOD in which retail is the defining component of the development. The first phase was built in 2001 by Hughes Development and consists of 178,000 square feet of lifestyle retail and restaurants. Tenants include American Apparel, the Gap, Victoria's Secret, West Elm, and Urban Outfitters. There are also 211 loft apartments. The project is across the North Central Expressway from Southern Methodist University, and the Cities of Highland Park and University Park (the "Park Cities"), which contain some of the highest income neighborhoods in the region. Prescott Realty Group is negotiating with DART to develop 350 apartments on "Parcel B," the rear station parking lot, and a future office tower on "Parcel A," the parking lot fronting Mockingbird Lane.
- **Spring Valley** – Centennial Park developed the Brick Row apartments, consisting of 500 units, in 2009. CB Jeni Homes is developing an adjacent townhome project. The station is well connected to both projects with walking paths and urban design amenities. There is 11,000 square feet of mixed use retail along the Spring Valley Road frontage.

- **Galatyn Park Urban Center** – This largely office TOD contains over 2.0 million square feet of office space, built since 2001, including the Blue Cross Blue Shield of Texas headquarters, Bank of America, and MCI facilities. The Eisemann Center for the Performing Arts is a major performing arts center and adds an entertainment component to the TOD. There is also a 218-room Renaissance Inn, 278 apartment units built by AMLI, and approximately 25,000 square feet of mixed use restaurant and retail/service space.
- **Downtown Plano** – Plano’s Eastside Village was one of the first TODs on the DART system. Developed in 2002 by Robert Shaw and Amicus Partners, the project contains 500 luxury apartments adjacent to the station platform and 40,000 square feet of ground floor retail/commercial space. A second apartment project nearby is under construction by Southern Land Company and will contain 279 apartments.

Blue Line, Northeast Dallas

- **Lake Highlands** – Prescott Realty is developing the Lake Highlands Town Center, which is under construction. The initial phase will have 200 apartments and 85,000 square feet of retail/commercial space. The master plan is for 1,265 residential units, 220,000 square feet of retail, and 30,000 square feet of office space.
- **Downtown Rowlett** – The City of Rowlett is planning for TOD and revitalization in its downtown in order to leverage the benefits of the recently completed Blue Line extension in 2012.

Red and Blue Lines, South Dallas

- **Cedars Station** – Redevelopment and TOD in the Southside neighborhood was catalyzed by Matthews Southwest’s 457-unit Southside on Lamar project, developed in 2001. Southside on Lamar is a mixed use commercial and loft apartment building in a renovated former Sears Catalogue warehouse building. Approximately 800 residential units have been built within ½-mile of the Cedars Station since about 2001. Mathews has also developed a boutique hotel, the Nylo, immediately north of Southside in a smaller warehouse building. The hotel opened in 2012. Additional small businesses, artist studios, and restaurants have emerged in renovated buildings in the station area.
- **VA Medical Center** – Two projects are planned at the VA Medical Center Station. Lancaster Urban Village is being developed by the Citywide Community Development Corporation and will have 193 affordable apartments, 17,500 square feet commercial space, and 46,000 square feet of medical office space. Construction is underway. Veteran’s Place is a similar project, but still in the conceptual stage, with 224 apartments, 17,500 square feet of retail/commercial space, and 71,000 square feet of office and medical office space planned.

Green Line, South Dallas

- **Baylor University Medical Center Station** – This station is located in the Deep Ellum neighborhood, an eclectic mixed use neighborhood just east of the Dallas CBD. The Broadstone Ambrose apartments with 325 units were built in 2007. Several late 1800s and early industrial buildings have been converted to loft apartments and condominiums as well. The Baylor University Medical Center is located ¼-mile from the station.

- **Buckner Station** – The City of Dallas is working with a developer to create an affordable housing and mixed use project, with 232 affordable apartments proposed. This area of Dallas has suffered from disinvestment.

Green Line, West/Northwest Dallas

- **Southwestern Medical District** – Three major hospitals are located within ½-mile of this station: Children’s Medical Center, the University of Texas (UT) Southwestern Medical Center, and Parkland Health System. There are nearly 27,000 employees in the Medical District as well as a 500,000 square foot, 13-acre bioscience research campus. There is an additional 4.0 million square feet of hospital and bioscience research space under construction. Since 2003 more than 1,300 apartments have been constructed in this area.
- **Inwood Station** – DART is in negotiations with a developer to use DART property for a shared parking structure for an adjacent 250-unit mixed income apartment project.
- **Burbank Station** – Southwest Airlines is constructing a 450,000 square foot expansion to its corporate headquarters building.
- **Farmers Branch** – The City of Farmers Branch owns 15 acres of land surrounding the DART station and has conceptual plans for TOD. Western Securities recently purchased property from the City to construct a 257-unit apartment building estimated to be completed in mid-2013.
- **Downtown Carrollton** – The revitalized original downtown in Carrollton contains approximately 75,000 square feet of restaurant and specialty retail businesses. The City recently partnered with Trammell Crow to develop Union Square, a 179-unit apartment project with structured parking adjacent to downtown and the DART station. Lincoln Property is the property manager. Phase II, with 134 units has just begun construction.
- **Trinity Mills** – This site is DART’s largest land holding at a light rail station and is described in Chapter 1 of this report.
- **North Carrollton / Frankford Station** – The Frankford Lofts (apartments) are in construction permitting review with the City of Carrollton. The project is expected to be built in two phases with a total of 400 units. The first phase is 204 units, and will include 10,000 square feet of office. Phase two is proposed for 196 units. Lakeview Pointe at Indian Creek is a 185 unit apartment building that is under construction.

The majority of the TOD on the DART system is on the Red and Blue Lines serving the more affluent areas of Dallas and areas with higher employment density along the North Central Expressway and Red Line corridor. Mockingbird Station, Cityplace/Uptown, Galatyn Park, Spring Valley, Plano, and Lake Highlands are examples of these Red and Blue Line TODs. The Green Line, which opened in 2010, is emerging as a strong TOD location. There is extensive existing and planned residential development oriented to the inner Dallas stations at Southwestern Medical District, Love Field (Burbank and Inwood Stations), and in Downtown Dallas. The more outlying stations of Farmer’s Branch, Downtown Carrollton, and Frankford are also seeing new development proposals, indicating increasing levels of developer and investor interest in development on the Green Line.

While the Trinity Mills site has a number of physical and contextual issues that need to be addressed in a development plan, the recent uptick in multifamily development at Carrollton and Farmers Branch DART stations suggest that there is an opportunity for residential development at Trinity Mills. In addition, Trinity Mills represents the largest consolidated land holdings at any one DART station.

Figure 7
DART Light Rail System Map

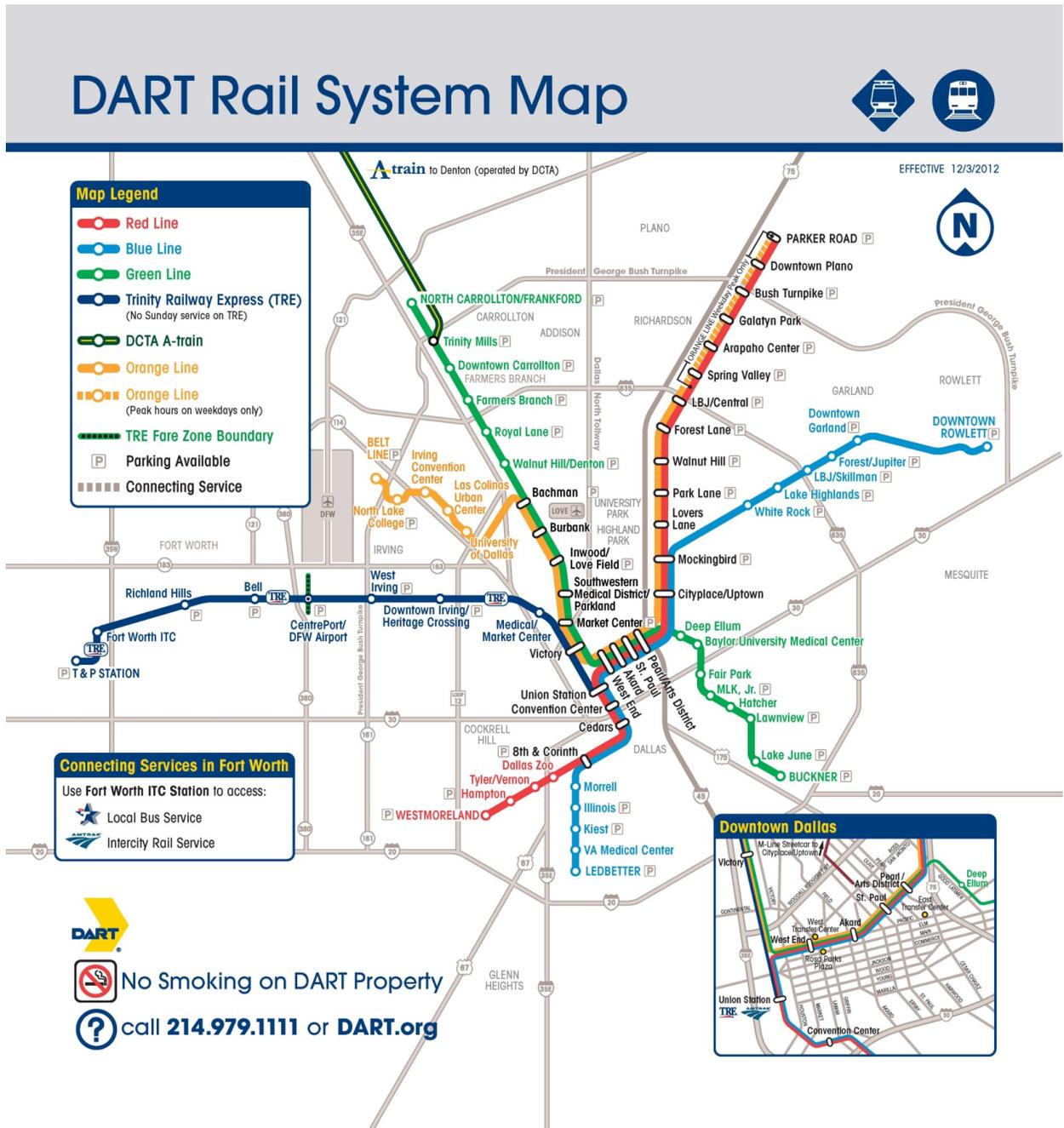


Table 8
Major TOD Projects on the Red and Blue Lines, Northeast Dallas Region

Station	Project Name	Status	Timing	Developer	Residential Units	Hotel Rooms	Retail/Comm. Sq. Ft.	Office Sq. Ft.	Comments
Red Line (North)									
Pearl / Arts District	The Spire	Proposed	TBD	Spire Realty	190	150	65,000	1,250,000	Office and hotel TOD adjacent to the Arts District in Downtown Dallas. Office is in the pre-leasing stage.
Cityplace / Uptown	Various	Existing	---	Various	Over 1,500	---	---	---	Extensive redevelopment and infill in the West Village and Uptown area along McKinney Ave. Connected by streetcar to the CBD and Cityplace DART station. Most recent proposed project is a 21 story 390 unit apartment tower by Forest City.
Mockingbird	Mockingbird Station Ph. I	Existing	2001	Hughes Development	211	0	178,000	0	Mixed use retail and residential TOD in a high-income area of Dallas. A DART showcase project.
	Parcel B	Proposed	2014	Prescott Realty Group	350	0	TBD	TBD	DART is in negotiations with PRG for joint development on the parking lots east of the DART rail. Phase I would develop "Parcel B", the northern parking lot with roughly 350 apartments.
	Parcel A	Proposed	2016 estimated	Prescott Realty Group	TBD	TBD	TBD	TBD	Phase II would develop the front southern parcel with an iconic office or hotel building.
Spring Valley	Brick Row	Existing	2009	Centennial Park; CB Jeni Homes	525	0	11,000	0	Residential TOD with 500 apartments, and 25 out of 150 possible townhomes built.
Galatyn Park	Galatyn Park Urban Center	Existing	2001 - ongoing	Hunt Petroleum	278	218	~25,000	2,020,000	Office and residential TOD with performing arts center and mixed use retail. Office tenants include Blue Cross Blue Shield of Texas headquarters, Bank of America, and MCI telecommunications.
Downtown Plano	Eastside Village	Existing	2002-2007	Robert Shaw; Amicus Partners	500	0	40,000	0	Apartment development in Downtown Plano. Early and influential TOD for the Dallas region.
	Southern Land Co. Project	Under Construction	2014	Southern Land Company	279	0	9,625	0	Apartment project between I Avenue and the DART rail between 14th and 15th Streets.
Blue Line (Northeast)									
Lake Highland	Lake Highlands Town Center	Under Construction	2013	Prescott Realty Group	200	0	85,000	0	Phase I under construction. Master plan contains up to 1,265 residential units, 220,000 sq. ft. of retail, and 30,000 sq. ft. of office.
Downtown Rowlett	Downtown Rowlett	Future	TBD	TBD	---	---	---	---	Planned TOD and Downtown revitalization leveraging Blue Line extension to Rowlett which opened in 2012. \$3.0 million NCTCOG Sustainable Development Grant for infrastructure improvements.

Future = TOD plan in place, no development application or concept from a developer.
Proposed = Development concept or application presented to local jurisdiction or DART.
"---" indicates data not readily available

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Table 9
Major TODs on the Red, Green, and Blue Lines, South Dallas Region

Station	Project Name	Status	Timing	Developer	Residential Units	Hotel Rooms	Retail/Comm. Sq. Ft.	Office Sq. Ft.	Comments
Red/Blue Line (South)									
Cedars	Southside on Lamar, Misc. projects	Existing	2001 - ongoing	Matthews Southwest	800	N/A	N/A	N/A	Catalyzed by Southside on Lamar (2001). Includes the Beat and Buzz condos, and 1400 Belleview tax credit apartments. Approx. 800 units built 2001-2012.
VA Medical Center	Lancaster Urban Village	Under Construction	Under Construction	Citywide CDC	193	0	14,000	46,000	Urban League workforce training center and affordable housing (apartments).
VA Medical Center	Veteran's Place	Under Construction	Under Construction	Sapphire Road Development	224	0	17,500	71,000	Veteran's housing (affordable apartments) and medical
Green Line (South)									
Baylor University Medical Center	Broadstone Ambrose; Various	Existing	---	N/A	325	0	---	---	5 story apartment project at station platform, across from Baylor Univeristy Medical Center. Numerous other loft conversion and apartment developments over the past 10 years.
Buckner	N/A	Proposed	TBD	TBD	232	0	22,320	0	Proposed/conceptual affordable housing and mixed use development on 12 acre DART parking lot. Subject to forthcoming RFP from DART.

Future = TOD plan in place, no development application or concept from a developer.
 Proposed = Development concept or application presented to local jurisdiction or DART.
 "---" indicates data not readily available

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Table 10
Major TOD Projects on the Green Line, Northwest Dallas Region

Station	Project Name	Status	Timing	Developer	Residential Units	Hotel Rooms	Retail/ Comm. Sq. Ft.	Office Sq. Ft.	Comments
Green Line (North)									
Medical District/Parkland	UT Southwestern Medical Center	Existing, Under Construction	2003 - ongoing	Various	1,300	N/A	---	---	Over 4.0 million sq. ft. of hospital and bioscience research space is under construction. Approx. 1,300 apartments constructed since 2003. 27,000 jobs in existing facilities in 2012.
Inwood	N/A	Proposed	Estimated 2014	Wood Partners	~250	0	0	0	DART in negotiations with developer for a tax credit and market rate apartment project partially on DART property.
Burbank	Southwest	Under Construction	Estimated 2014	Southwest Airlines	0	0	0	492,000	Expansion of Southwest Airlines corporate headquarters.
Farmer's Branch	Mustang Park	Under Construction	2013	Western Securities	257	N/A	10,000	N/A	City of Farmers Branch owns 15 acres surrounding the DART station. Mustang Park Apartments under construction on land purchased from City.
Downtown Carrollton	Downtown Carrollton	Existing	---	N/A	0	0	~75,000	---	Revitalization of original Downtown Carrollton.
	Union at Carrollton Square	Existing	2012	Trammell Crow	313	0	4,800	0	New apartment development adjacent to DART station. 134 units built in Phase I, Phase II under construction with 134 units.
Trinity Mills	Trinity Mills Transit Center District	Future	TBD	N/A	N/A	N/A	N/A	N/A	Future TOD site on DART and City of Carrollton property totalling 26 acres.
North Carrollton/Frankford	Frankford Lofts	Under Construction	2013	Janacor LLC	400	0	0	10,000	204 units, Phase I. 196 units, Phase II.
	Lakeview Point @ Indian Creek	Under Construction	2013	Frankford LLC	185	0	0	0	

Future = TOD plan in place, no development application or concept from a developer.
Proposed = Development concept or application presented to local jurisdiction or DART.
"---" indicates data not readily available

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4. CARROLLTON RESIDENTIAL DEVELOPMENT

This section provides an overview of residential development and construction activity in Carrollton. Residential construction statistics are presented, along with an inventory of recently completed development projects with a focus on multifamily apartments and compact for-sale projects.

Residential Construction

Residential construction figures in the I-35E corridor cities are relatively strong given the impacts of the housing crisis and national recession. Prior to the Great Recession which began in 2007 and accompanying housing bubble, there was an average of 541 new homes constructed in Carrollton (2000 to 2006) each year. Construction peaked in 2008 at 894 units and declined dramatically to 166 units in 2009, but quickly bounced back to approximately 623 to 646 new units in 2010 and 2011, as shown in **Table 11**. Construction was again down in 2012 at 351 new units; but new construction statistics are typically volatile at the local level due to various site, available land, and permitting conditions. The majority of new single family residential development in Carrollton is occurring north of Hebron Parkway.

Farmers Branch is a mature land locked suburb and, as a result, has had little new home construction, with 193 single family units since 2000. A 257-unit apartment development, Mustang Station, is under construction at the Farmers Branch DART station.

Prior to the recession, Lewisville added an average of 750 new housing units each year, with over 1,000 new units in 2001 and 2002. During the recession, there were 970 units permitted in 2008, and construction appears to have stabilized at approximately 45 to 50 percent of the 2008 peak with 456 units in 2012. Coppell is a much smaller and more exclusive community. Construction in Coppell does not often exceed 100 new units in a given year.

In Carrollton, multifamily construction has accounted for just over half of new construction from 2000 through 2012, indicating strong demand for apartments. Farmers Branch is constructing its first multifamily project, Mustang Park, in over a decade at its DART station. Lewisville has also had a strong multifamily track record, with multifamily construction comprising 66 percent of new construction over the past 12 years. Coppell added one large multifamily project in 2000, but has not seen any new apartment construction since then.

Table 11
Residential Construction, I-35E Corridor Cities, 2000-2012

Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 [2]	2000-2012		
														Total	Ann. #	% Tot.
Carrollton																
Single Family [1]	520	355	282	249	503	242	218	199	167	166	131	155	202	3,389	282	48.3%
Multifamily (2-4 units in struct.)	0	0	0	0	0	13	0	0	0	0	20	0	0	33	3	0.5%
Multifamily (5+ units in struct.)	<u>270</u>	<u>284</u>	<u>492</u>	<u>298</u>	<u>0</u>	<u>116</u>	<u>0</u>	<u>289</u>	<u>727</u>	<u>0</u>	<u>472</u>	<u>491</u>	<u>149</u>	<u>3,588</u>	<u>299</u>	<u>51.2%</u>
Total	790	639	774	547	503	371	218	488	894	166	623	646	351	7,010	584	100.0%
Pct. of Peak									100.0%	18.6%	69.7%	72.3%	39.3%			
Farmers Branch																
Single Family [1]	6	8	6	7	5	3	19	39	5	2	8	36	49	193	16	5.3%
Multifamily (2-4 units in struct.)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0%
Multifamily (5+ units in struct.)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>867</u>	<u>867</u>	<u>72</u>	<u>94.7%</u>
Total	6	8	6	7	5	3	19	39	5	2	8	36	916	1,060	88	100.0%
Pct. of Peak								100.0%	12.8%	5.1%	20.5%	92.3%	2348.7%			
Lewisville																
Single Family [1]	242	63	239	157	216	198	293	337	173	84	79	116	156	2,353	196	34.2%
Multifamily (2-4 units in struct.)	0	0	12	30	8	0	0	212	64	0	0	0	0	326	27	0.0%
Multifamily (5+ units in struct.)	<u>318</u>	<u>980</u>	<u>796</u>	<u>586</u>	<u>212</u>	<u>641</u>	<u>52</u>	<u>397</u>	<u>733</u>	<u>312</u>	<u>120</u>	<u>363</u>	<u>300</u>	<u>5,810</u>	<u>484</u>	<u>65.8%</u>
Total	560	1,043	1,047	773	436	839	345	946	970	396	199	479	456	8,489	707	100.0%
Pct. of Peak									100.0%	40.8%	20.5%	49.4%	47.0%			
Coppell																
Single Family [1]	336	193	60	55	29	89	67	28	37	68	83	44	87	1,176	98	100.0%
Multifamily (2-4 units in struct.)	0	0	0	0	0	18	0	0	0	0	0	0	0	18	2	0.0%
Multifamily (5+ units in struct.)	<u>572</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>	<u>0</u>	<u>580</u>	<u>48</u>	<u>0.0%</u>						
Total	908	193	60	55	29	115	67	28	37	68	83	44	87	1,774	148	100.0%
Pct. of Peak						100.0%	58.3%	24.3%	32.2%	59.1%	72.2%	38.3%	75.7%			

[1] Attached and detached

[2] Preliminary December YTD figures

Source: US Census C-40 Data; Economic & Planning Systems

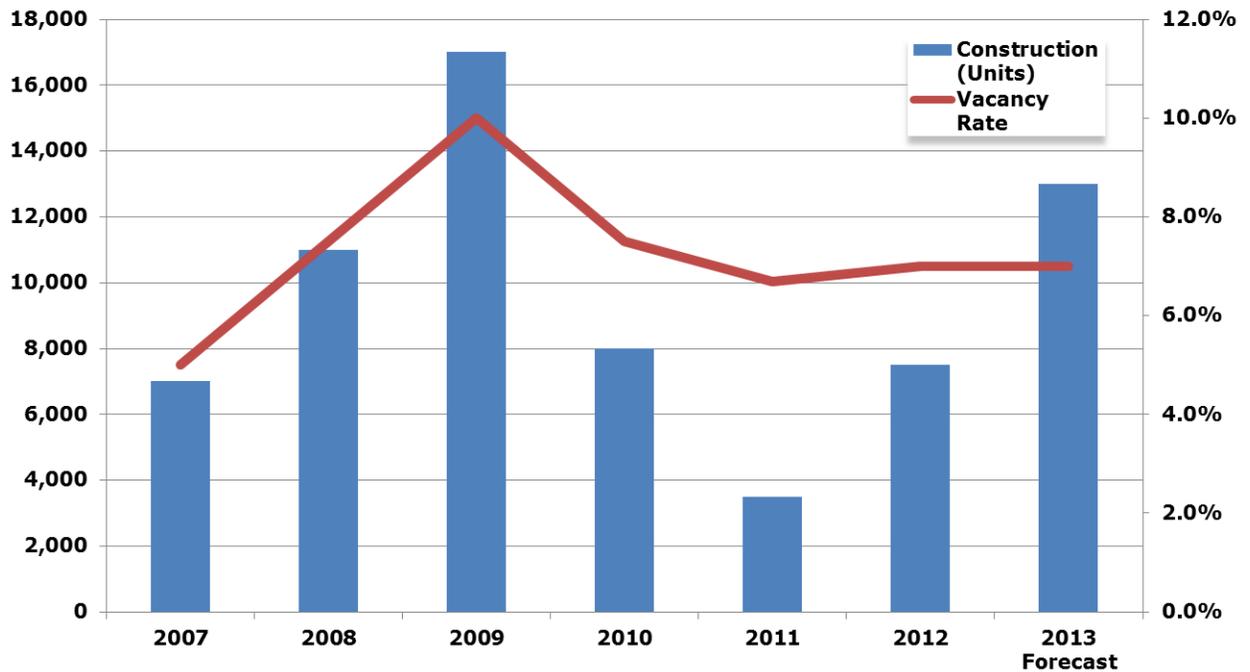
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Apartment Market

The apartment market has been strong and the first to recover from the recession. Renter demand is being driven by a combination of positive and negative economic factors. First, declining household incomes nationally due to the recession and tighter lending requirements for for-sale housing are pushing more households into rental housing than before. To some extent, there is also evidence of a decline in interest for homeownership among the Gen Y population. On the positive side, strong job growth is contributing to in-migration and household formation as young people move out of relative's or shared living arrangements.

Dallas area apartment construction increased from approximately 3,700 units in 2011 to just under 8,000 units in 2012 as shown in **Figure 8**. Marcus and Millichap, a national apartment brokerage, forecasts that nearly 13,000 new units will be constructed in 2013. With continued job growth in the Metroplex, the vacancy rate is forecasted to remain in the high 6 to low 7 percent range even with the new supply additions.

Figure 8
Dallas Area Apartment Construction 2007-2012 and 2013 Forecast



Notable Residential Development Projects

This section gives a summary of significant residential development projects completed within the Carrollton area in the last five years, and projects that are proposed or under construction. There have been six new apartment buildings developed since 2008 including Union at Carrollton Square at the Downtown Carrollton DART station. There are two additional projects under construction, as shown in **Table 12**.

Multifamily Projects

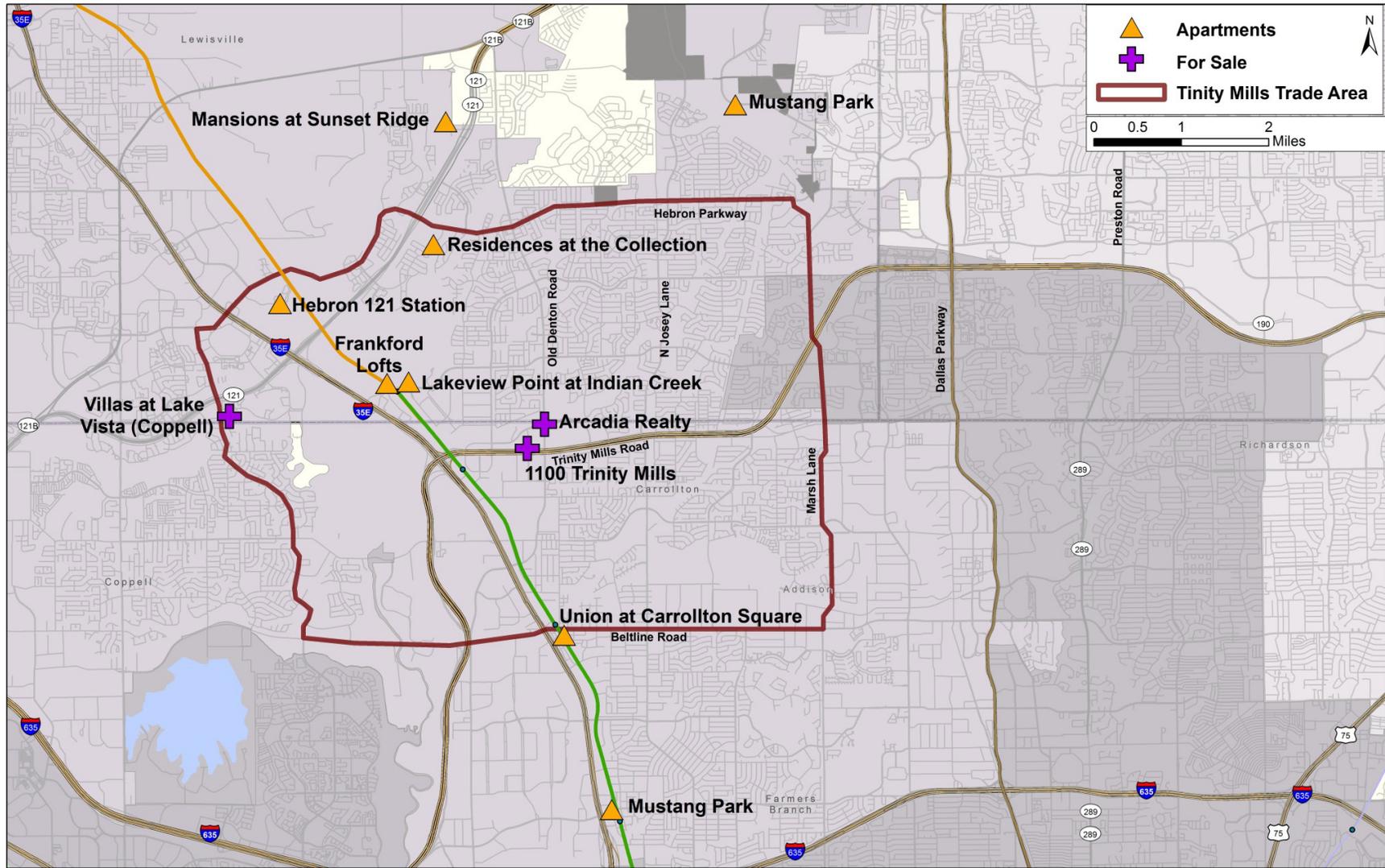
Table 12
Recent Apartment Developments

Project	Location	Year Built	# Units	Parking	Avg. Rent/ Sq. Ft.
Hebron 121 Station	Lakeside Circle & Penn Station Pkwy.	2012	234	Surface	\$1.31
Mansions at Sunset Ridge	Carrollton Pkwy. & Hwy. 121	2008	539	Surface	\$1.21
Mustang Park (Carrollton)	Plano Pkwy. & Parker Road	2008	287	Surface	\$1.18
Residences at the Collection	Hebron Pkwy. & Hwy. 121	2011	312	Surface	\$1.20
Union at Carrollton Square	DART Rail & Belt Line Rd.	2012	179	Structured	\$1.35
Mustang Park (Farmers Branch)	DART Rail & Valley View Ln.	Const. 2013	257	Surface	\$1.10
Frankford Lofts	Frankford Station	Const. 2013	204	Surface & Tuck Under	\$1.20
Lakeview Point	Frankford Station	Const. 2013	185	Surface	TBD

Source: Economic & Planning Systems; City of Carrollton

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Figure 9
Recent Residential Development Projects



- **Hebron 121 Station** – Located near the intersection of Lakeside Circle and Penn Station Parkway on a total of 90 acres. Phase one of this 234-unit project was completed in May 2012. Rents for one-bedroom units range from \$807 to \$1,166 (\$1.25-\$1.36 per sq. ft.) and \$1,220 to \$1,580 for two-bedroom units (\$1.22-\$1.24 per sq. ft.). This project features a pool with cabanas, a dog park, fitness center, and a scenic boardwalk on a private lake. Phase One is currently 97 percent occupied, and Phase Two broke ground in February 2013.
- **Mansions at Sunset Ridge** – Located on Carrollton Parkway just west of the Sam Rayburn Tollway. This 539-unit project was built in 2008 with 263 one-bedroom units and 276 two-bedroom units. For units without garages, rents for one-bedroom units range from \$849 to \$1,110 (\$1.17 per sq. ft.) and \$1,149 to \$1,445 for two-bedroom units (\$1.03-\$1.08 per sq. ft.). For units with garages, rents for one-bedroom units range from \$999 to \$1,390 (\$1.20-\$1.31 per sq. ft.) and \$1,349 to \$1,690 (\$1.20-\$1.23 per sq. ft.). The project features a business center, fitness center, and two saltwater pools. This project is currently 93 percent occupied.
- **Mustang Park** – Located on Plano Parkway less than a mile from the intersection of Parker Road and North Josey Lane. This 287-unit project was built in 2011. Rents vary widely by unit size but average approximately \$1.10 per square foot. The project features a clubhouse with athletic center and business center, and a greenbelt with a water feature and jogging trails. It also has a number of larger units with garages that are attractive to families.



- **Residences at the Collection** – Located on Huffines Boulevard near the intersection of Hebron Parkway and the Sam Rayburn Tollway. This 312-unit project was built in 2011 and consists of 168 one-bedroom units, 128 two-bedroom units, and 16 three-bedroom units. Rents for one-bedroom units range from \$775 to \$1,060 (\$1.25-\$1.27 per sq. ft.), \$1,210 to \$1,850 for two-bedroom units (\$1.18 per sq. ft.), and are \$2,025 for three-bedroom units (\$1.13 per sq. ft.). The project features a club house with a game room, a fitness center, and a pool. The Residences are currently 83 percent occupied.



- **Union at Carrollton Square** – Located on South Main Street, less than a mile from the intersection of I-35E and Beltline Road. This 179-unit project was built in late 2012 with 133 one-bedroom units and 46 two-bedroom units in both three-story garden-style apartments and in a four-story mid-rise building. Rents for one-bedroom units range from \$847 to \$1,127 (\$1.38-\$1.45 per sq. ft.), and \$1,189 to \$1,479 for two-bedroom units (\$1.25 per sq. ft.). The project features a clubhouse with an athletic center, pool, business center, and a media room. This project is being leased at a rate of approximately 20 units per month and is currently 77 percent occupied.



- **Mustang Park (Farmers Branch)** – The project's developer, Western Securities, acquired the City-owned property in the station area and began construction of a four-story mixed-use building in July 2012. The 300,000 square foot development will include 257 dwelling units on the upper floors and up to 10,000 square feet on the ground floor that could be used for retail. Mustang Station is expected to open in mid-2013.



- **North Carrollton Station** – Two projects are underway at this station in Carrollton. The Frankford Lofts is a 400 unit apartment development. The first phase of 204 units is in permitting review. Lakeview Pointe at Indian Creek is an additional 185 unit apartment development that is under construction.



For-Sale Projects

- **1100 Trinity Mills** – This 143-unit condominium project is under construction at the northwest corner of Old Denton Road and Trinity Mills. The project achieved 60 percent presales over a six week marketing period. Pre-construction pricing was set at \$125 per square foot, or \$87,500 for a one-bedroom unit and \$165,000 for a two bedroom two bath unit. The subject property is approximately ½-mile to the west. The project is backed by Chinese investors and sourced many finish materials directly from China to reduce construction costs.
- **Villas at Lake Vista (Coppell)** – This approximately 90-unit townhome community was developed in 2005/2006. CB Jeni Homes purchased the project out of bankruptcy and is marketing the completed townhomes for \$125 to \$130 per square foot. Two-bedroom units start at \$239,900, three-bedroom units range from \$250,000 to \$284,000 and the largest three-bedroom units start at \$304,000. Buyers are almost entirely empty nesters who are attracted to the exclusive community of Coppell. It is approximately two miles from the subject property
- **Arcadia Realty, Old Denton Road** – Arcadia Realty, a regional developer/builder with a strong track record in Traditional Neighborhood Design (TND), purchased 110 acres from the City of Carrollton at Trinity Mills and Old Denton Road. The site is being planned for a TND single family project with a small mixed use component on the Trinity Mills frontage.



North Carrollton Residential Development

- **Northern Carrollton** – This suburban greenfield growth area is more oriented to the North Dallas Tollway and Plano employment areas than the I-35E corridor. There is extensive suburban single family development occurring in this area, in addition to three notable townhome and small lot single family projects. These are less relevant to evaluating the development potentials of the subject property than the projects described above, but are indicative of the types of attached for-sale housing being built in suburban Dallas.



- **Townhomes at Prestonwood** – A 350-unit development under construction at Hebron Parkway and Marsh Lane. The development includes a lifestyle retail component with 50,000 square feet of restaurant and retail space in the first phase. Its market orientation is to empty nesters in the North Carrollton and West Plano areas, a more affluent and newer growth area of the region compared to the subject property's surroundings. Prices range from \$269,000 for a basic two-bedroom unit (\$180 per square foot) to approximately \$430,000 for larger three-bedroom units (\$150 per square foot).



- **Quail Creek North** – This mix of small lot single family homes on approximately 3,500 square foot lots, and attached townhomes is being built by Ryland Homes. Prices range from just under \$200,000 for townhomes, to the low to mid- \$200,000 range for the single family detached homes.



5. RETAIL DEVELOPMENT

This chapter evaluates the site's suitability for retail development. It also discusses the competitive inventory of surrounding retailers as it relates to retail development opportunities on the subject property. A trade area expenditure and retail demand forecast is not performed, as the surrounding residential neighborhoods are largely built out. It is not expected that the trade area will grow in population enough to alter the supply and demand balance in the trade area.

Retail Inventory

Major Retail Centers and National Retailers

An approximate trade area for the subject property was defined as the area bounded by Beltline Road on the south, Marsh Lane on the east, Hebron Parkway on the north, and approximately MacArthur Boulevard and Vista Ridge Mall on the west. This area represents a 2.5 to 3.0-mile radius from the subject property.

The largest concentration of retail development in the trade area is surrounding Vista Ridge Mall, around the intersections of I-35E, Highway 121, and Hebron Parkway 2.5 miles northwest of the subject property, illustrated in **Figure 10**. Vista Ridge Mall, on the western side of I-35E, is a 1.05 million square foot enclosed mall anchored by Dillards, JCPenney, Sears, and Macy's. Other major national retailers in Vista Ridge Mall include Aeropostale, American Eagle Outfitters, Bath & Body Works, Brookstone, Express, Foot Locker, Victoria's Secret, and Zales Jewelers.

The Shops at Vista Ridge is adjacent to and just southwest of the Mall. This 292,000 square foot power center is anchored by Bed Bath & Beyond, Babies R Us, and DSW Shoe Warehouse. There are many other national retailers in freestanding buildings and centers surrounding the mall, including Costco, Best Buy, Barnes & Noble, Walmart, Old Navy, Marshalls, Sports Authority, and Office Max. Restaurants include Chili's, Outback Steakhouse, Einstein Bagels, Jason's Deli, and other regional chain restaurants.

On the eastern side of I-35E, the Lakepointe Town Crossing and Lakepointe Crossing centers comprise approximately 600,000 square feet. Major tenants include SuperTarget, Starbucks, Ross, Toys R Us, Garden Ridge (home decorating), and Pier 1 Imports.

Site Suitability

The subject property previously had a Home Depot store that closed when the PGBT was constructed due to the resulting limited visibility and changes in access. The planned Dickerson Parkway interchange with I-35 will partially cure the lack of good freeway access; however, the site will still have limited visibility from I-35E or the PGBT. This will limit the site's appeal to national retailers who are sensitive to access and visibility. The extensive inventory of retailers across all major store categories in the trade area (general merchandise, apparel, home furnishings, electronics, home improvement) surrounding Vista Ridge also suggests limited potential to recruit national retailers with a regional trade area to the subject property.

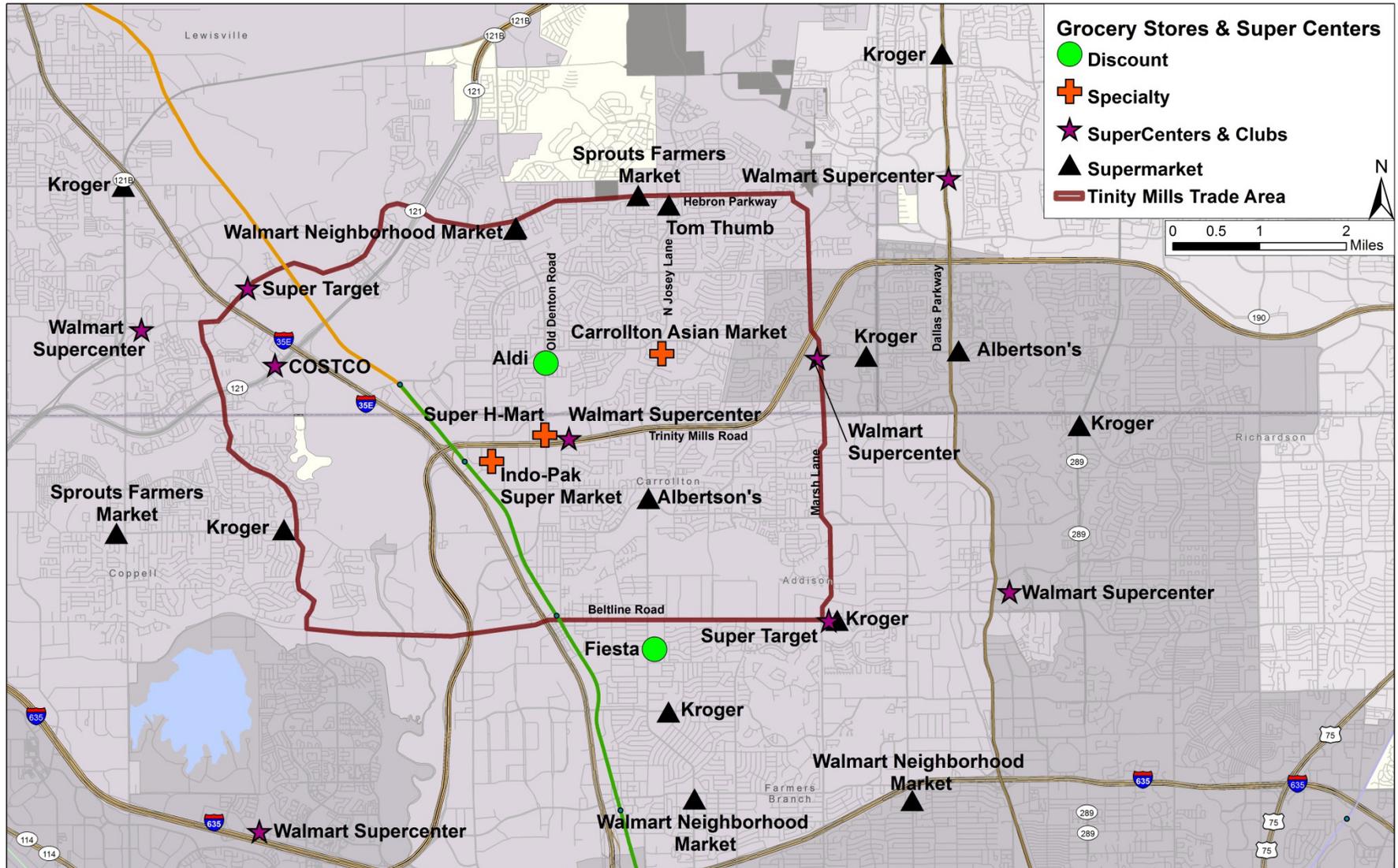
Grocers and Grocery Anchored Centers

The site is also evaluated for more locally serving retail uses. The primary anchor is the supermarket/grocer which generally defines the pattern of neighborhood shopping centers. Within an urban area, grocery store trade areas are generally a 1.5 to 2.0-mile radius. There are several grocery stores within the 2.5 to 3.0-mile trade area. The stores include traditional full service supermarkets, specialty food markets including Asian oriented grocers, discount grocers, and Supercenters (e.g. Walmart and Target) that have full grocery departments. The grocery store spacing shown in **Figure 11** indicates that the trade area is well served, with stores located on major north-south and east-west arterial intersections with 1.5 to 2.0-mile spacing.

Site Suitability

Grocers prefer to locate on arterial corners with 360-degree residential trade areas, and customers prefer to be able to use surface streets to access grocery stores, rather than highways. The subject property is therefore not well suited to attracting a grocer from a physical or a competitive perspective. The trade area around the site is not a complete 360-degree residential trade area, as it is impeded by several floodways and drainage ponds on the west side of I-35E. The complex arrangement of freeways and frontage roads would likely deter customers. In addition, the trade area is well served by the existing store inventory. The subject property is therefore not considered to be a viable grocery store anchor site.

Figure 11
Distribution of Grocers and Supercenters



Retail Development Opportunities

In the previous section we have determined that the subject property is not competitive for attracting national retailers or a grocer. However, the site's location and regional access suggests that a user with large trade area and highway access requirements could be a recruitment prospect. These types of businesses could include stores, theaters, or restaurants such as the following:

- A major theater with a dining and bar component (e.g., Alamo Draft House, Studio Movie Grill) or other destination entertainment use (e.g., Dave and Busters);
- Destination retailers such as a major sporting goods or home furnishings retailer;
- A destination entertainment, indoor sports, or education/training facility.

A tradeoff with attracting a large retail-type user to the subject property is that the prospective user's site and building requirements may not be compatible with the principles of TOD and the City's vision of a dense urban environment. These large scale users with regional trade areas often have large single-story building footprints and surface parking, which would consume a large portion of the site. A theater or entertainment use may be the most compatible with a mixed use development project. Without such an anchor, retail uses are expected to be a secondary complementary use incorporated into mixed use buildings, supporting the primary residential or employment TOD uses.

6. OFFICE DEVELOPMENT

A brief overview of the office market and development conditions influencing the subject property is presented in this chapter.

Metroplex Office Market Conditions

The Trinity Mills TOD is located on the southern edge of the Lewisville/Denton office submarket, and just to the north of the West LBJ Freeway submarket. The Lewisville/Denton submarket contains 7.39 million square feet of office space dispersed across a large area, as shown in **Table 13**. There are 5.51 million square feet in the West LBJ Freeway submarket for a total of 12.9 million square feet in these two submarkets along the northwestern I-35E corridor. The Dallas-oriented submarkets in the Metroplex contain a total of 225.77 million square feet; these I-35E submarkets account for 5.7 percent of the Dallas inventory. By comparison, the Far North Dallas (North Tollway) submarket contains 20 percent of the Dallas office inventory, with 46.55 million square feet. The Far North Dallas submarket contains large suburban corporate campus style office parks near the North Tollway/PGBT interchange and along Legacy Drive. Other large submarkets include the Richardson/Plano submarket along the North Central Expressway (US-75) with 28.90 million square feet, and the East LBJ Freeway submarket at I-635 and North Central Expressway with 17.59 million square feet.

The Dallas office market has historically maintained relatively high vacancy rates averaging in the 17 to nearly 19 percent range marketwide and for all space classes, with some submarkets having persistent vacancy rates above 20 percent as shown in **Table 14**. In many cases, the Class A vacancy rates are only slightly lower than these averages for all space classes. Some office brokers suggest that the high class A vacancy rates in the published statistics are a result of the misclassification of buildings within the published brokerage statistics, and that the class A market is stronger than reported. The most recent reported vacancy rate in the Denton/Lewisville submarket was 15.1 percent in 2011. The West LBJ Freeway submarket has a high vacancy rate of 34.1 percent.

Table 13
Office Inventory by Major Submarket, 2002-3Q2012

Submarket (Millions of Sq. Ft.)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	YTD 3Q 2012	Change 2002-2010			
												Sq. Ft.	Sq. Ft.	Ann. %	
Dallas Market Orientation															
Dallas CBD	36.47	38.15	37.94	33.26	35.67	35.61	36.45	36.81	36.81	36.81	36.81	36.81	0.34	0.04	0.00
Central Expressway	13.36	13.36	12.86	12.98	12.90	12.90	15.01	14.18	14.27	16.71	16.71	16.71	0.91	0.11	0.01
East Dallas	3.84	4.63	4.65	7.04	6.42	6.67	8.49	8.79	9.03	6.42	6.42	6.42	5.19	0.65	0.11
Far North Dallas	33.77	35.16	36.43	38.61	40.86	42.83	44.89	46.15	46.35	46.35	46.55	46.55	12.58	1.57	0.04
Las Colinas	24.59	23.08	23.05	23.18	24.25	25.02	24.96	24.84	24.84	24.84	24.84	24.84	0.25	0.03	0.00
Lewisville/Denton	3.68	4.09	5.02	5.31	5.89	6.01	7.32	7.30	7.30	7.34	7.39	7.39	3.62	0.45	0.09
East LBJ Freeway	18.34	18.37	17.98	17.98	17.92	16.77	17.07	17.17	17.51	17.59	17.59	17.59	-0.82	-0.10	-0.01
West LBJ Freeway	5.49	4.76	4.76	5.01	4.93	4.93	5.05	5.51	5.51	5.51	5.51	5.51	0.02	0.00	0.00
Preston Center	4.46	4.46	4.62	4.62	4.63	4.63	4.63	4.85	4.90	4.90	4.90	4.90	0.44	0.06	0.01
Richardson/Plano	19.79	20.10	21.53	21.81	22.43	22.72	26.32	27.65	28.74	28.79	28.90	28.90	8.95	1.12	0.05
Southwest Dallas	2.51	2.64	2.66	2.08	2.12	2.12	2.53	2.73	3.11	3.14	3.14	3.14	0.60	0.08	0.03
Stemmons Freeway	13.03	13.11	13.12	13.63	13.63	13.66	13.69	15.29	15.29	15.29	15.29	15.29	2.25	0.28	0.02
Uptown/Turtle Creek	10.31	10.41	10.12	9.78	9.89	10.11	10.59	11.34	11.72	11.72	11.72	11.72	1.41	0.18	0.02
Subtotal	189.65	192.32	194.73	195.28	201.54	203.98	217.00	222.61	225.37	225.41	225.77	225.77	35.73	4.47	0.02
Fort Worth and Mid-Cities	40.38	47.42	50.31	54.85	57.26	58.18	61.07	62.32	63.05	63.21	64.92	64.92	22.67	2.83	0.06
Total Metroplex Market	230.03	239.74	245.05	250.14	258.80	262.16	278.07	284.94	288.43	288.62	290.69	290.69	58.40	7.30	0.03

Source: Transwestern; Economic & Planning Systems

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Table 14
Office Vacancy Rates for Selected Major Submarkets, 2002-3Q2012

Major Submarkets	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	YTD 3Q 2012
Central Expressway	13.3%	17.8%	18.3%	16.3%	15.9%	17.3%	13.9%	14.6%	13.8%	13.9%	19.5%
Dallas CBD	24.8%	25.7%	26.8%	22.0%	19.5%	20.1%	20.7%	20.4%	24.2%	25.6%	22.7%
Denton/Lewisville	36.3%	40.3%	31.9%	22.7%	20.5%	15.7%	23.0%	22.4%	19.4%	15.1%	---
Las Colinas/Urban Center	18.1%	25.6%	25.7%	23.7%	28.0%	25.3%	24.8%	24.0%	26.0%	23.6%	19.4%
Plano	16.9%	18.8%	14.1%	10.3%	13.7%	17.5%	18.6%	15.1%	16.8%	13.4%	14.7%
Richardson	18.0%	22.5%	22.2%	19.6%	17.3%	15.0%	13.5%	13.1%	25.7%	23.1%	22.5%
Stemmons Freeway	17.7%	19.3%	21.3%	24.5%	27.2%	27.4%	23.7%	22.5%	21.9%	21.6%	23.0%
Upper Tollway/West Plano	12.0%	8.0%	7.5%	12.9%	14.7%	18.2%	14.1%	16.2%	12.8%	6.8%	5.4%
West LBJ Freeway	22.9%	32.4%	31.8%	29.4%	30.2%	28.8%	22.8%	21.6%	21.1%	20.6%	34.1%
Dallas Suburbs Average	17.1%	19.6%	19.0%	17.9%	17.4%	16.9%	16.8%	17.0%	18.0%	16.2%	15.9%
Total - Dallas	18.8%	20.8%	20.3%	18.6%	17.8%	17.4%	17.4%	17.5%	18.9%	17.6%	17.4%

Source: Transwestern; Economic & Planning Systems

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I-35E Office Characteristics

The I-35E corridor, north of Market Center in Dallas, is not known as a major office employment location. As noted in Chapter 1, the I-35E corridor's development mix is more heavily weighted to warehousing and distribution along the Farmers Branch, Carrollton, Lewisville, and northern segments of the highway. This land use pattern has created some compatibility challenges, as corporate office tenants are sensitive to the image and appearance of their facilities, and tend not to locate adjacent to industrial land uses. There are no multitenant or corporate office parks in southwestern Carrollton near I-35E or along the major arterials of Belt Line, Whitlock, Trinity Mills, or Frankford. There is a distribution and flex office/warehouse park at the southeast corner of Frankford Road and I-35E.

The I-35E corridor generally has lower priced housing (for-sale and rental) than the North Tollway and Central Expressway Corridors. In contrast, there is a larger supply of executive housing along the North Tollway and Central expressway corridors that has supported the development of numerous corporate headquarters buildings and campuses. However, the presence of Las Colinas as well as newer office projects in Coppell indicates that there is a market for office space, albeit a small market, in the northwestern quadrant of the Dallas market if an attractive site can be created.

The nearest recently built high quality office development is Lake Vista Pointe in Coppell, located just east of the intersection of MacArthur Boulevard and Lake Vista Drive, on the southwest corner of the Hwy. 121 (Sam Rayburn Tollway) and I-35E interchange. Lake Vista Pointe is a 160,000 square foot two story multi-tenant office building built in 2007 by Holt Lunsford Commercial. This is set in a campus style environment surrounding Lake Vista.

Tenants in the I-35E market include a mix of users who seek large blocks of lower cost space, small firms whose leaders live in the affluent suburbs of Coppell, Flower Mound, and Lewisville to some extent. There are also a number of large back off and customer service tenants, such as a Lexus/Toyota training center, and a JP Morgan Chase mortgage lending and customer service office. These types of tenants would not necessarily benefit from DART access at Trinity Mills, as their labor force comes primarily from the surrounding communities.

The East Carrollton, Coppell, Flower Mound, and Lewisville areas also have an entrepreneurial and small business base that utilizes flexible or "flex" space. Flex space typically contains 10 to 30 percent office or showroom/sales floor space, with warehousing or light assembly or repair space in the back of the building.

Office Development Opportunities

Trinity Mills station is on the outer edge of the DART system and laborshed. The north-south commuting pattern on the Green Line favors employment sites closer to Downtown or near the mid-point of a light rail where labor can be drawn from the north and south. The location, combined with the comparatively small I-35E office market suggests that office would be a minor component of TOD on this site. While it may be possible to attract a large office tenant, it may be challenging and not the most likely or most successful tenant prospect. Suggestions on incorporating an employment component to a TOD on the subject property are provided below:

- **Community office uses** – Small scale office and service space that can be accommodated in flexible ground or second floor commercial space. Tenants could include professional and personal services businesses. Medical office is a possibility, although a large concentration of medical space is not likely as there are no hospitals in close proximity.
- **Reserve a site for a large user** – A flexible site plan could reserve a site that could accommodate a large office user or other large commercial use in the future when the market supports such a development. If these prospects do not prove to be viable, the site could be converted to another use.
- **Flexible space** – Incorporate flex buildings built in a more urban or “edgy” style into the project. These buildings could house small businesses, entrepreneurs, small manufacturing businesses, or artists. The transit may not be an amenity to these users, but incorporating an employment component would add land use diversity to the project and expand the City’s employment base. Flex buildings have been integrated into mixed use neighborhoods in other markets, specifically the Denver-Boulder, Colorado market. These could be a portion of a phased development at Trinity Mills.

7. TRINITY MILLS STATION DEVELOPMENT OPPORTUNITIES

This chapter summarizes EPS' general assessment of development opportunities for the Trinity Mills TOD by land use category. The data is being provided for information purposes only. Any interested developers will be responsible for conducting their own independent evaluation of the market.

Residential

The DART Green Line is emerging as a residential TOD location, with apartment projects either existing or underway at Southwestern Medical District, Inwood, Farmers Branch, Downtown Carrollton, and North Carrollton/Frankford stations. The growth of the multifamily market stemming from the housing and financial crisis, job growth in the Dallas Metroplex, as well as increasing preferences among Gen Y householders for more urban-style housing, indicates that multifamily development would be a logical component of a TOD at Trinity Mills station. There are numerous examples of apartments in the region built at densities above 40 units per acre, even approaching 100 units per acre in the most urban locations, that are supportive of transit ridership, compatible with station access and street level activity, and provide developer return on investment. Rents in Union at Carrollton Square (Downtown Carrollton) average \$1.35 per square foot. These rents may not be high enough to support the cost of structured parking without some type of public financing or financial assistance from the City of Carrollton or DART. Rents in the \$1.50 to \$1.60 per square foot range are needed for projects with structured parking to achieve sufficient financial returns. Structured parking is often a key feature of TODs, as it enables higher density development and the elimination of large surface parking lots.

The for-sale market along the Green Line has not yet been established. EPS did not identify any for-sale residential projects at Green Line stations in the planning process, or existing. The closest condominium project is 1100 Trinity Mills, a four-story building podium-style building with one level of covered parking and average pre-sale pricing of \$125 per square foot. It is less than a mile from the subject property along Trinity Mills Road. This project provides a good indication of supportable residential values at the subject property. Being walking distance to the DART station, a for-sale project may be able to command 10 to 20 percent higher values.

EPS therefore expects that a residential development proposal would be weighted towards apartments, at least in the initial development phases. Given the lower household incomes along the Green Line compared to the Red Line, we would also expect a lesser amount of for-sale housing at Trinity Mills initially, or that a for-sale component would be reserved for later phases after the location has been established with the first phases of development, infrastructure, and residential amenities.

Retail

EPS determined that the subject property is not competitive for attracting national retailers or a grocer. However, the site's location and regional access suggests that a user with large trade area and highway access requirements could be a recruitment prospect. These types of businesses could include stores, theaters, or restaurants such as the following:

- A major theater with a dining and bar component (e.g., Alamo Drafthouse, Studio Movie Grill) or other destination entertainment use (e.g., Dave and Busters);
- Destination retailers such as a major sporting goods or home furnishings retailer;
- A destination entertainment, indoor sports, or education/training facility.

A tradeoff with attracting a large retail-type user to the subject property is that the prospective user's site and building requirements may not be compatible with the principles TOD and the City's vision of a dense urban environment. These large scale users with regional trade areas often have large single story building footprints and surface parking, which would consume a large portion of the site. A theater or entertainment use may be the most compatible with a mixed use development project.

Office/Employment

Based on the adjacent industrial land uses, the small size of the subject property's office submarkets, and the existence of more competitive sites elsewhere in the Las Colinas and Coppell areas, EPS does not expect speculative multi-tenant or corporate office development to be a part of a development proposal. A developer with a long term vision or holding period may elect to reserve land for future office development, or create a site plan with the flexibility to accommodate a 100,000 square foot or larger building in the future. Initially, any office development proposed would likely be small professional space within a mixed use building. While it may be possible to attract a large office tenant, it may be challenging and not the most likely or most successful tenant prospect. Suggestions on incorporating an employment component to a TOD on the subject property are provided below:

- **Community office uses** – Small scale office and service space that can be accommodated in flexible ground or second floor commercial space. Tenants could include professional and personal services businesses.
- **Reserve a site for a large user** – A flexible site plan could reserve a site that could accommodate a large office user or other large commercial use in the future when the market supports such a development. If these prospects do not prove to be viable, the site could be converted to another use.
- **Flexible space** – Incorporate flex buildings built in a more urban or "edgy" style into the project. These buildings could house small businesses, entrepreneurs, small manufacturing businesses, or artists. The transit may not be an amenity to these users, but incorporating an employment component would add land use diversity to the project and expand the City's employment base. Flex buildings have been integrated into mixed use neighborhoods in other markets, specifically the Denver-Boulder, Colorado market. These could be a portion of a phased development at Trinity Mills.

TOD and Placemaking Investments

Creating a successful TOD at Trinity Mills will require significant investments in residential and TOD amenities such as landscaping, streetscaping, public plazas, and potentially additional automobile access improvements. Some additional property acquisition of incompatible adjacent land uses may also be necessary to make the site more attractive to potential renters, buyers, or office tenants. Over time, acquiring additional property could also expand the scale of the project.

Another important consideration for this site is to create as much land use diversity as possible. With a 30 acre site, developing too much of one land use at the same time, especially apartments, could create too much development with the same age and lifecycle. As the properties age there will be a risk of maintenance not being addressed and a project-wide decline in property values.