

East Arapaho/Collins Enhancement/Redevelopment Area:

Overview of Existing Conditions;
Commencement of Study

City Council Briefing
February 20, 2012



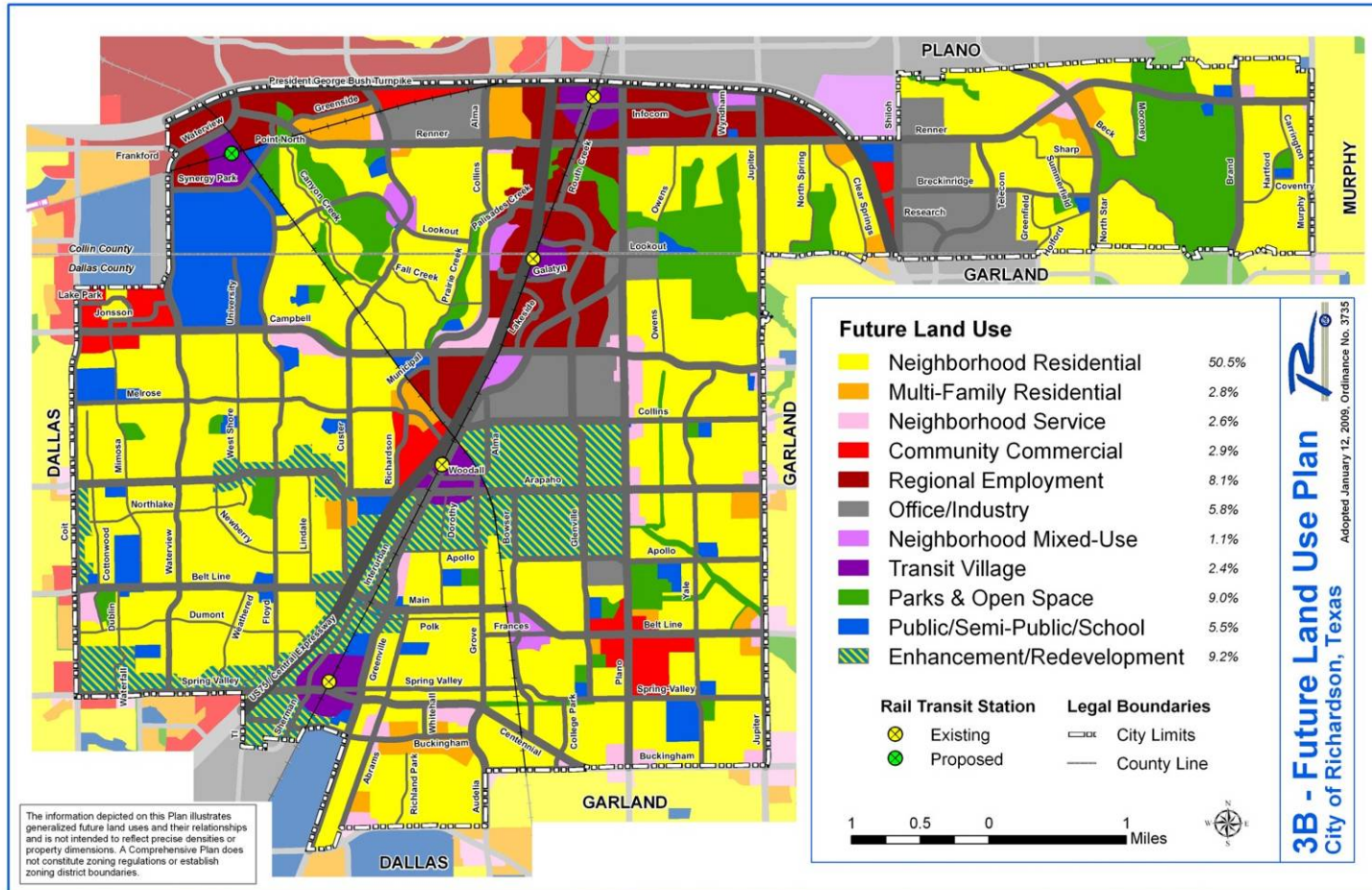
East Arapaho/Collins Presentation

- Comprehensive Plan
- Study area boundaries
- Purpose of the study and approach
- Flex space
- Existing conditions
- Challenges and assets
- Schedule
- Discussion

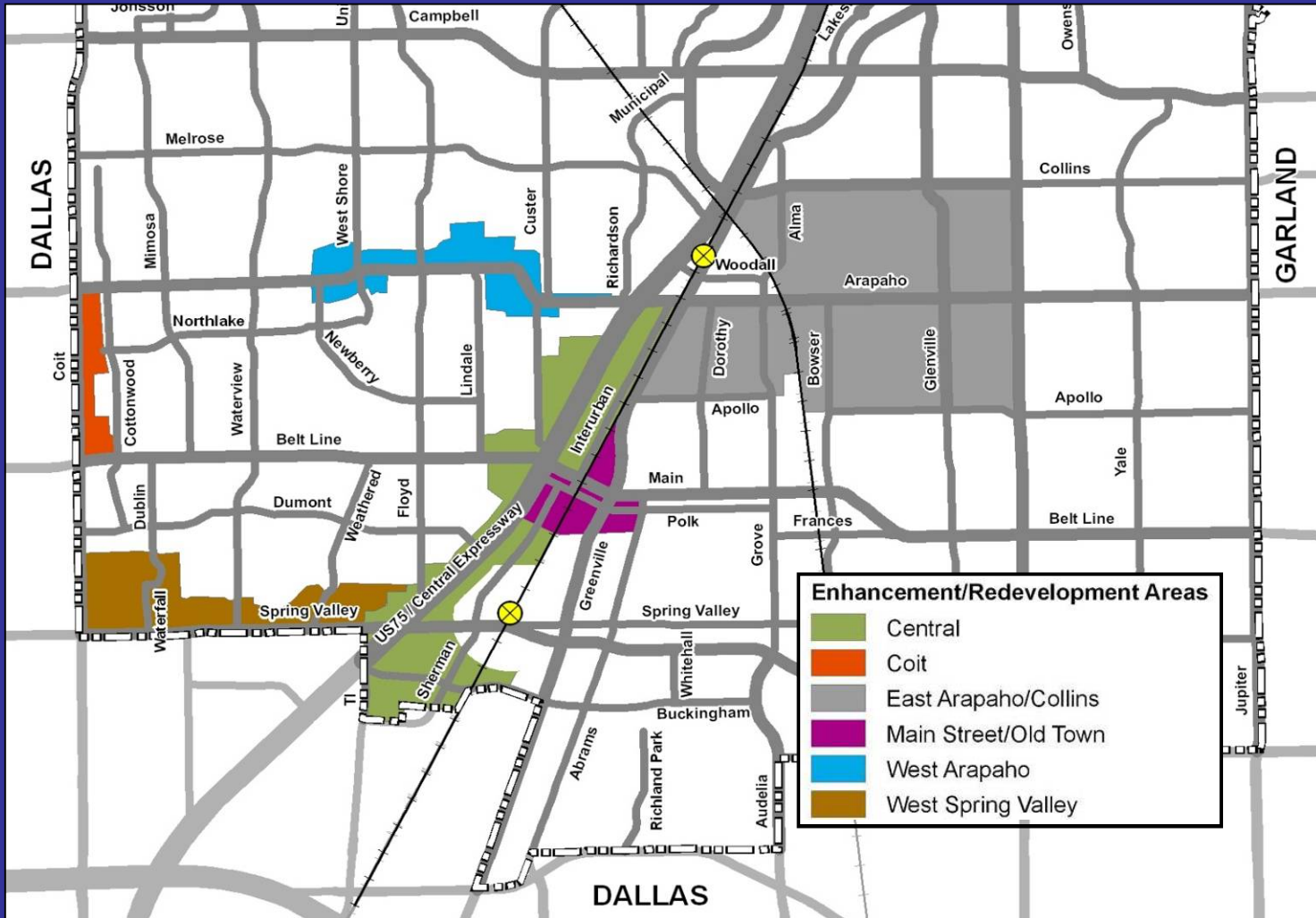
East Arapaho/Collins Comprehensive Plan

- Most recent plan adopted in January 2009
- Designated six Enhancement/Redevelopment Areas for further study
 - West Spring Valley (complete)
 - Old Town/Main Street (underway)
 - Central (underway)
 - East Arapaho/Collins
 - Coit
 - West Arapaho

East Arapaho/Collins Comprehensive Plan



East Arapaho/Collins Comprehensive Plan



East Arapaho/Collins Comprehensive Plan

- Characteristics of an Enhancement/
Redevelopment Area
 - Experiencing the challenges of a first-tier suburb
 - Aging development and infrastructure
 - Properties that are underperforming due to changes in market, technology, building format
 - Evolving demographics
 - Reinvestment/Redevelopment encouraged
 - Further, detailed study necessary to determine the full potential for redevelopment

East Arapaho/Collins Comprehensive Plan

- East Arapaho/Collins study area
 - Challenged by evolving markets, technology, user requirements
 - Redevelopment, enhancement, building format changes should be considered
 - Updated office-tech space
 - Mid-rise office
 - Mixed-use buildings with ground-floor retail at key locations (such as near the Arapaho Center Station)

East Arapaho/Collins

Study Area Boundaries - Comprehensive Plan

- West: Greenville Avenue
- East: Plano Road
- North: Campbell Road
- South: Apollo Road



East Arapaho / Collins

1 inch = 1,000 feet

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Purpose of the Study

- Use a **collaborative approach** to develop a strategy for addressing the underperforming flex space in the study area
- Participants in the study process will include
 - City
 - Richardson Economic Development Partnership
 - Consultants
 - Stakeholders
 - Property owners
 - Real estate brokers

East Arapaho/Collins Study Approach

- Confirm market & development economic factors and outlook
- Determine market viability for redevelopment
- Engage stakeholders
- Develop a strategy for redevelopment/repurposing/adaptive reuse of existing flex space based on market realities
- Create an implementation strategy
- Determine if strategies require public/private partnerships
- Amend zoning and other standards to support redevelopment, if appropriate, as a later phase
- Determine key elements for future marketing & recruitment outreach

East Arapaho/Collins Flex Space

- Definition (CoStar and others)
 - Commercial property that is flexible/versatile enough in its design to allow for a variety of office, research and development, quasi-retail sales, industrial processing, high tech or combinations of these uses in a single space
 - Typical building characteristics
 - One or two stories height
 - Some percentage of space (usually at least half) designed for office layout
 - Ceiling heights of up to 16 feet (to allow for the racking of inventory for manufacturing, processing or warehouse uses; ceilings can be dropped for office users)
 - Overhead door delivery options (grade level or dock high delivery doors conducive to warehouse, showroom or assembly activities)

East Arapaho/Collins Flex Space

- Flex space advantages
 - Affordable lease rates compared to standard office space
 - Uses can be mixed in a single location (operations can be consolidated)
 - Direct access to tenant space is often available
 - The tenant may be able to exercise more control over utility costs and business security (easier to monitor and control)

East Arapaho/Collins Flex Space

- History of flex space in Richardson
 - First flex space built in Richardson in 1970's
 - A good product for many of the small business that supplied Richardson's high-tech firms
 - Large customers required/preferred suppliers to be located nearby
 - Vacancy rates of 8-10% until about 2001
 - At the worst of the downturn (2001-2003), vacancy exceeded 35%

East Arapaho/Collins Flex Space

- History of flex space in Richardson (cont'd.)
 - Since 2003, the local economy has stabilized, become more diversified
 - But many suppliers have outsourced
 - Vacancies currently 20-25%
 - Many buildings still suffer from the effects of long-term vacancy rates and the attendant consequences
 - Lack of maintenance inside and out creates poor building perception
 - Older buildings are particularly susceptible

East Arapaho/Collins

Aerial Photo Reference – E. Arapaho at Glenville



East Arapaho/Collins

Aerial Photo Reference – E. Arapaho at International



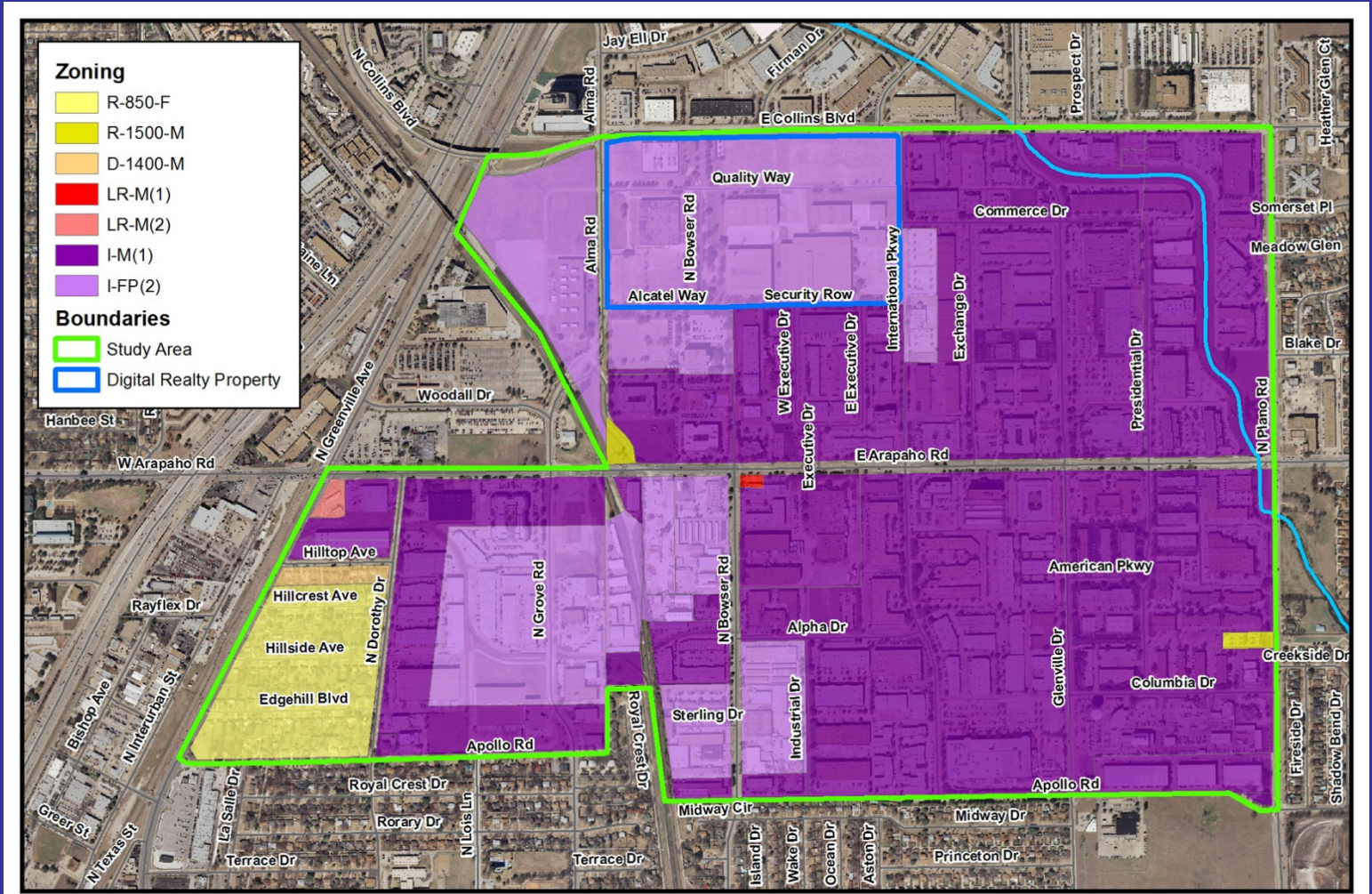
East Arapaho/Collins Existing Zoning

Zoning	# Parcels	Acres	% of Area
I-M(1)	125	434.28	62.17
I-FP(2)	47	165.74	23.73%
Split Zoning*	11	61.33	8.78%
LR-M(2)	1	1.33	0.19%
Single-family**	104	33.11	4.74%
Duplex	11	2.71	0.39%
Total	299	698.51	100.00%

* Split by zoning district boundary; all tracts include I-M(1) or I-FP(2) zoning in combination with another non-industrial category

** R-850-F, R-1500-M, R-1500-M Temp

East Arapaho/Collins Existing Zoning



East Arapaho / Collins

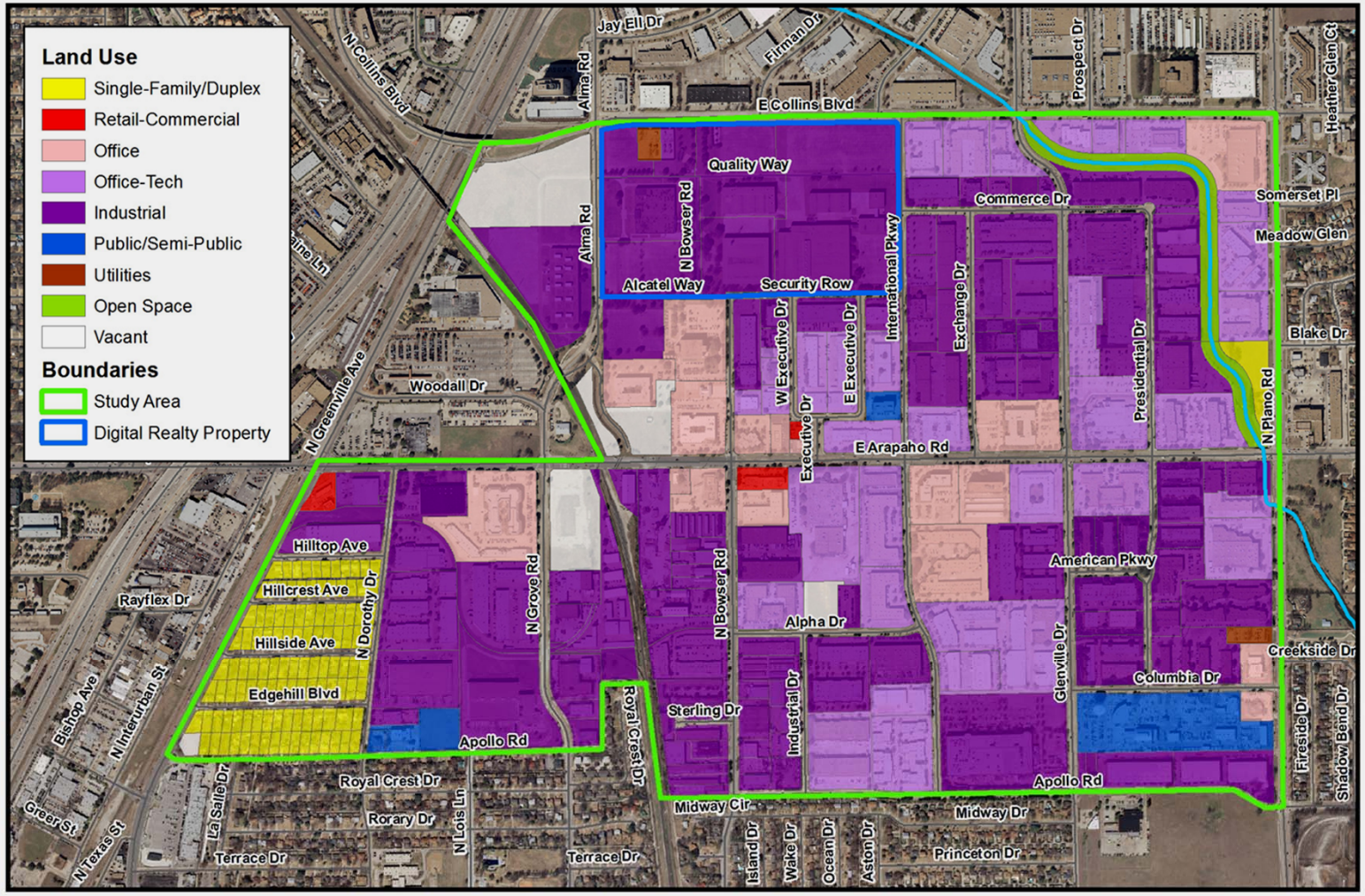
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East Arapaho/Collins Existing Land Use

Land Use	# Parcels	Acres	% of Area
Residential (all types)	114	37.18	5.32%
Retail/Commercial	3	3.49	0.50%
Office	17	68.38	9.79%
Office-Tech	35	141.41	20.24%
Industrial	113	382.75	54.79%
Public/Semi-Public	4	20.40	2.92%
Utilities	2	2.90	0.42%
Open Space	2	12.31	1.76%
Vacant	9	29.70	4.25%
Total	299	698.51	100.00%

East Arapaho/Collins Existing Land Use



East Arapaho / Collins

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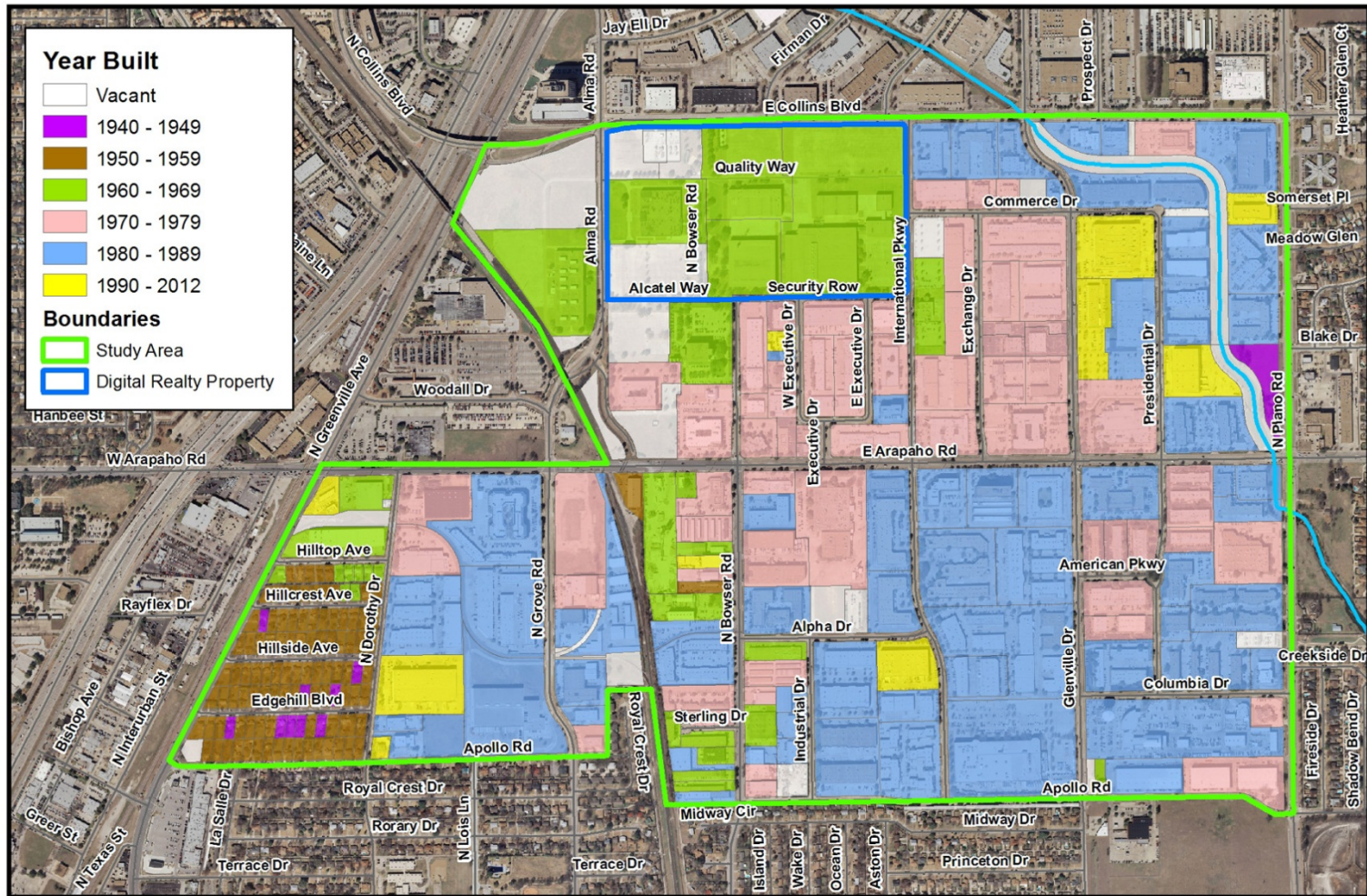
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East Arapaho/Collins Age of Improvements

Year Built	Building Area*	% Building Area*
1950-1959	26,148 SF	0.31%
1960-1969	1,440,419 SF	16.89%
1970-1979	2,613,139 SF	30.64%
1980-1989	4,347,945 SF	50.98%
1990-2000	100,335 SF	1.18%
Total	8,527,986	100.00%

*Figures represent nonresidential building area only

East Arapaho/Collins Age of Improvements



East Arapaho / Collins

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East Arapaho/Collins

Challenges – Market Supply

	Total Area	Vacant Space	Vacancy Rate
Richardson	9,331,256 SF	1,721,345 SF	18.40%
E Arapaho/ Collins*	3,937,674 SF	759,991 SF	19.30%
Plano	5,398,103 SF	862,345 SF	16.00%
Garland	4,967,488 SF	443,921 SF	8.94%

* Excludes Digital Realty – DataCenter Park

East Arapaho/Collins Challenges – Market

Year Built	Vacancies	Vacant	% of Total Vacant
1970-1974	3	92,240 SF	12.14%
1975-1979	12	107,711 SF	14.17%
1980-1984	23	399,526 SF	52.57%
1985-1989	11	160,514 SF	21.12%
1990-1994	0	0	0
1995-1999	0	0	0
2000-2004	0	0	0
2005-Present	0	0	0
Total	49	759,991 SF	100.00%

East Arapaho/Collins

Challenges - Market

- Oversupply of flex space in Richardson (9.3 million SF)
 - Nearly equal to the amount of flex space in Plano (5.4 million) and Garland (5 million) combined
- Some existing buildings/sites are functionally obsolete and do not meet the requirements of potential tenants
 - Power supply issues
 - Ceiling height
 - Lack of windows
 - Inadequate amenities (interior, exterior)
 - Insufficient parking available for certain types of users, too much required by code for others
- Combination of high vacancy rates (20-25%; 2-2.5 million SF) and inexpensive lease rates in comparable space elsewhere make older flex buildings less competitive

East Arapaho/Collins

Challenges – Image

- Incompatible/Nonconforming businesses—especially heavier industrial uses—may discourage new investment and new leases
- Overall aesthetics of the area are not appealing
 - Poor visual appeal (public and private property)
 - Building appearance
 - Landscaping
- Lower levels of maintenance/attention to vacant buildings leads to further property decline
- Lack of security may be a real or perceived issue

East Arapaho/Collins

Challenges - Ownership

- Some institutional owners are not actively marketing their vacant properties
- In the current market, owners are unwilling to make pre-lease investments to attract new tenants
- Business owners are not aware of the tax advantages of owning their own building
- City requirements may be discouraging sales, property improvements
 - Bringing a property up to code as a requirement for platting or development plan approval may be economically infeasible

East Arapaho/Collins

Assets

- Good fiber-optic infrastructure
- Strong transportation system (beneficial to employer and employee)
- Good access to a trained workforce
- Educational opportunities (UTD, Richland)
- Variety of employee-oriented services and conveniences nearby
- Reasonably priced housing nearby
- Affordable lease rates and purchase prices
- Access to customers and suppliers
- Richardson perceived as a center of innovation

East Arapaho/Collins Assets

Characteristic	Owner/ Employer	Employee
Fiber-optic infrastructure	X	
Transportation system	X	X
Access to trained workforce	X	
Educational opportunities (UTD, Richland)	X	X
Employee-oriented services and conveniences	X	X
Reasonably priced housing	X	X
Affordable lease rates, purchase prices	X	
Perception of Richardson as a center of progress, innovation	X	

East Arapaho/Collins Tentative Schedule

Task	Approximate Schedule
Inventory existing conditions	February-March 2012
Select and hire consultant	April-May 2012
Solicit stakeholder input	June-July 2012
Evaluate findings	August-September 2012
Present findings	October 2012
Develop strategy	November-December 2012
Amend regulations/ policies, if appropriate	January-March 2013

East Arapaho/Collins Discussion

