RICHARDSON DART STATION AREA MARKET ANALYSIS

Prepared for

City of Richardson, Texas

Submitted by
Economics Research Associates

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INTRODUCTION

INTRODUCTION

With the new Dallas Area Rapid Transit (DART) line starting operations, the City of Richardson, Texas is planning for future urban development around its five DART light rail stations. Proceeding from south to north along the rail alignment, the five stations are Spring Valley, Main Street, Arapaho, Galatyn Park and Bush Turnpike. Much new development, including the Renaissance Hotel and the Charles W. Eisemann Center for Performing Arts, has been completed at the Galatyn Park Station, which will become a focal point for the community. The larger scale land ownership patterns around the Bush Turnpike station places the primary initiative for development planning at that station with the property owners.

For the three remaining stations, the City's objective is to create a pedestrian-friendly environment and to extend activities beyond the workday into evenings and weekends. The Spring Valley and Arapaho stations are already operational, and the Main Street station is awaiting final approval from DART. To help achieve that objective, the City retained two planning and design teams to develop plans for these three station areas. As an integral part of the planning effort, Economics Research Associates (ERA) was retained to provide a real estate market assessment of development potential around the three stations. ERA's analysis focused on the land area within approximately one-half mile of each station and looks out to the year 2020. ERA has also cooperated with the two planning and design teams to help create the development plans for the three stations.

Staff from both the San Francisco and Dallas offices of ERA contributed to this market study. William W. Lee, ERA specialist in transit oriented development, served as overall project manager. The Mayor, City Council, Planning Commission and staff from the Department of Development Services of the City of Richardson guided ERA's work.

BENEFITS OF TRANSIT-ORIENTED DEVELOPMENT

The new DART stations in Richardson present the City with a unique opportunity to create a vibrant mixed-use transit-oriented district along the DART corridor. Transit-oriented development (TOD) is generally defined as moderate to higher-density mixed-use development within a short walking distance of a transit station. TODs often include residential, office, and retail uses in a pedestrian-friendly design, and does not exclude the use of automobiles.

Creating transit villages with higher density multi-family housing over retail allows for increased ridership on transit and brings potential riders closer to transit hubs. Housing at the DART stations may be particularly appealing to young professionals interested in a walkable commute to work, or empty nesters desiring increased mobility without increased automobile dependence. As more households use DART for a higher percentage of their trips, the number of vehicle miles traveled is reduced, resulting in slower growth in traffic congestion and less regional air pollution. Some households living near these DART stations may decide to eliminate the ownership of one automobile, thereby significantly increasing their disposable income. In addition, the introduction of residential development helps to create a safer environment with many more "eyes on the street." TOD also encourages a more compact land use pattern and slows the tendency towards low-density suburban sprawl, resulting in more open space being conserved.

Experience has shown that public sector investment in new rail system and transit stations serves to focus and induce private sector investment. The combination of public investment in rail and supporting infrastructure and the resulting private investment in new commercial and residential projects enhances economic vitality and property values in the vicinity of the station area.

Section I
EXECUTIVE SUMMARY

ECONOMIC AND MARKET OUTLOOK

The Dallas regional economy has performed exceptionally well over the past ten to 15 years with employment growth rates consistently above the national average. Rapid growth of the Telecom Corridor®, which has been the dominant driver of the Richardson economy, contributed mightily to the region's success. However, burdened by too much capacity and too much debt, the telecommunications sector has been undergoing retrenchment during the past two years. This retrenchment period for the telecom sector is affecting Richardson's near term economic outlook.

Buoyed by supportive government policies, an abundance of land, a productive labor force and a $200 billion Department of Defense contract to build the new joint-strike fighter at Lockheed-Martin in Fort Worth, the Dallas regional economy is already resuming its expansion. Once it has weathered this difficult period for the telecom sector, Richardson will also resume its forward progress. The DART line and its five Richardson station will provide long term stimulus for development, particularly as automobile traffic congestion builds with regional growth. By 2020, ERA projects that Richardson will have 116,000 in total population and 125,000 in total employment. The city's current population is approximately 95,000 and current employment is estimated at 97,000. Based upon these forecasts and considering the current excess capacity in the office and hotel sectors, ERA's citywide market demand forecasts for Richardson are as follows:

Citywide Market Demand	**2002-2020**
Office Development (SF)	1.5 to 3.0 million
Retail/Restaurant Space (SF)	1.5 to 1.7 million
Cinema Screens	20 to 25
Hotel Rooms	900 to 950
Apartment Units	5,000
Condominium/ Townhouse Units	1,500

STATION AREA OPPORTUNITY

The three subject station areas face opportunities and constraints in their ability to share in this market potential. They all enjoy tremendous regional access with transportation service provided by US-75, numerous north-south and east-west arterial roads and of course the DART system. However, with exception of the area around the Arapaho station, the areas face a scarcity of larger development parcels. The larger land holdings are generally in productive use. Considering their strengths and weaknesses, ERA's market demand forecast for the three subject DART stations are as follows. Properties within these three station areas will compete for this demand. Because a number of properties that have existing uses on them may not become available for redevelopment, the City may want to consider zoning capacity around the stations which could exceed market demand from 2002 to 2020 to allow for the initial development potential to be realized.

Spring Valley – Main St – Arapaho Demand	**2002-2020**
Office Development (SF)	750,000 to 1.5 million
Retail/Restaurant Space (SF)	200,000 to 250,000
Cinema Screens	20 to 25
Hotel Rooms	600 to 750
Apartment Units	800 to 1,000
Condominium/ Townhouse Units	250 to 350

Spring Valley Station

The market potential for this station area is as follows:

Spring Valley Station New Demand	**2002-2020**
Office Development (SF)	250,000 to 350,000
Retail/Restaurant Space (SF)	80,000 to 120,000
Cinema Screens (International or Arts)	3 to 4
Hotel Rooms	150 to 200
Apartment Units	300
Condominium/ Townhouse Units	100

The type of development most likely to succeed in the short term and to induce upgrading of this area in the longer term is multi-family housing over ground level retail and restaurant uses. The creation of a new pedestrian scale street, either through new construction or the alteration of an existing street, which has the appropriate dimensions and adequate on street parking, would facilitate the success of this type of development.

Ideally, this district would offer a wide variety of restaurants, many with international cuisine. The uniqueness of this district and its resulting competitive advantage would be lost if chain restaurants and retailers, which can be easily found elsewhere, became overly abundant.

The apartment development should primarily target younger professionals, and their presence would add vitality to the district and enhance Richardson's ability to attract high technology companies over time. The condominiums and townhouses should be designed to appeal to two different markets. The first would be Richardson empty nesters that are ready to shed the responsibility of a large home with a large yard but would like to remain in the community and enjoy the urban amenities not previously available. The second would be active professionals, either singles or couples with few children.

Main Street Station

The City has secured a federal grant for six million dollars to participate with DART to build the Main Street station. The market potential for this station area is as follows:

Main Street Station New Demand	**2002-2020**
Office Development (SF)	250,000 to 350,000
Retail/Restaurant Space (SF)	50,000 to 100,000
Hotel Rooms	150 to 200
Apartment Units	350
Condominium/ Townhouse Units	50

ERA's recommended strategy for the Main Street station area is the same as for the Spring Valley station area. The two station areas would over time create a vibrant mixed-use district that has housing, shops, restaurants, hotels, offices and well-designed public spaces and amenities. The key to the success of this strategy, which capitalizes on the presence of the two DART stations and the off-peak parking they provide, is the creation of several blocks of a new pedestrian scale circulation system with ample on-street and off-street public parking.

Arapaho Station

The Arapaho stations area has some clear advantages for future development, and they include: 1) great visibility from US-75, 2) not only terrific north-south access but excellent east-west access due to Arapaho Road, 3) extensive transit parking that can be used as overflow parking for private development during evenings and weekends, 4) larger land parcels to facilitate developments of a significant scale, and 5) ability to build off the new high quality image being established by the Galatyn Park station due to its proximity. The market potential for this station is as follows:

Arapaho Station New Demand	**2002-2020**
Office Development (SF)	300,000 to 400,000
Retail/Restaurant Space (SF)	20,000 to 50,000
Cinema Screens	12 to 14
Hotel Rooms	300 to 450
Apartment Units	250
Condominium/ Townhouse Units	150

ERA envisions the centerpiece for this station area to be a cinema and restaurant complex with some retail uses totaling 80,000 to 100,000 square feet. This type of development, because of its evening and weekend patronage, will be able to derive substantial financial benefit from the unused transit parking during its peak periods. Favorable liquor laws will help ensure the proposed entertainment district attain a higher level of success.

Section II
ECONOMIC OUTLOOK AND DEMOGRAPHIC COMPOSITION

THE TEXAS ECONOMY

The Texas economy has performed exceptionally well during the past decade. After ten years of outstanding growth, the state economy slowed at the end of 2000 and turned negative by the spring of 2001. A number of factors contributed to the weakening economy, including the downturn in the high technology sector and lack of growth in the services sector. Weak international economic conditions led to a drop in Texas exports. Economic recessions in Mexico and in the United States have further contributed to the Texas slowdown, and September 11th created another negative impact. Texas employment in 2001 shrank by one percent, the first decrease since 1986, with the largest decline in September 2001 as airline and travel industries laid off thousands of employees due to the cutbacks in business and leisure travel. The statewide unemployment rate is expected to reach 5.5 percent in 2002, the highest rate in six years.

The state economy is expected to recover and outperform the U.S. economy as a whole once growth resumes. Texas employment growth typically outpaces the nation by a rate of roughly one percent. Its diversification, favorable government policies, proximity to Mexico, and the brisk population growth of the state have helped the Texas economy. Recently signs of improvement are appearing, such as surges in private non-farm employment, a decline in initial unemployment claims, and increases in average weekly hours worked in manufacturing. A true recession, as define by two continuous quarters of Gross Regional Product (GRP) decline, has not been apparent in Texas. The Texas Comptroller of Public Accounts forecasts the following for the state's economy:

- Gross State Product will increase 2.8 percent in 2002. Over the next six years the Comptroller forecasts Gross State Product growth on the order of 3.7 to 4.8 percent annually.

- Non-farm employment is forecasted to grow by 1.6 percent in 2002 and then increase by two to three percent per year for the next six years.

- Unemployment, after reaching a high of 5.5 percent for 2002, is expected to fall and hover around five percent over the next six years.

While there are positive signs, considerable uncertainty remains about the strength of the Texas economic recovery. After September 11th, there are additional disruptions and costs associated with increased security at airports and at the U.S.-Mexico border crossings. In addition, some of the industries that fueled the growth during the 1990s, namely the high technology and telecommunications industries, have yet to show significant signs of recovery.

DALLAS-FORT WORTH

The Dallas-Fort Worth regional economy essentially reflects the state economy. Between 1991 and 2001, total employment in the Dallas-Fort Worth Metropolitan Statistical Area increased by 576,000 an increase of over 40 percent (see **Table II-1**). This employment growth was led by the services and the transportation/communications/public utilities (TCPU) sectors, in part reflecting the technology boom, but many other sectors also grew rapidly.

In the last year, the telecommunications sector has suffered some serious reverses. For the twelve months ending in March 2002, Dallas-Forth Worth employment decreased by 31,000 with about half of the job losses in manufacturing. After several years of the tightest job market on record, the Dallas jobless rate jumped from 2.7 percent to 5.6 percent from the fourth quarter of 2000 to the fourth quarter of 2001. As of April 2002, the Dallas Primary Metropolitan Statistical Area (PMSA) unemployment rate stood at 6.5 percent (see map of Dallas PMSA on the following page).

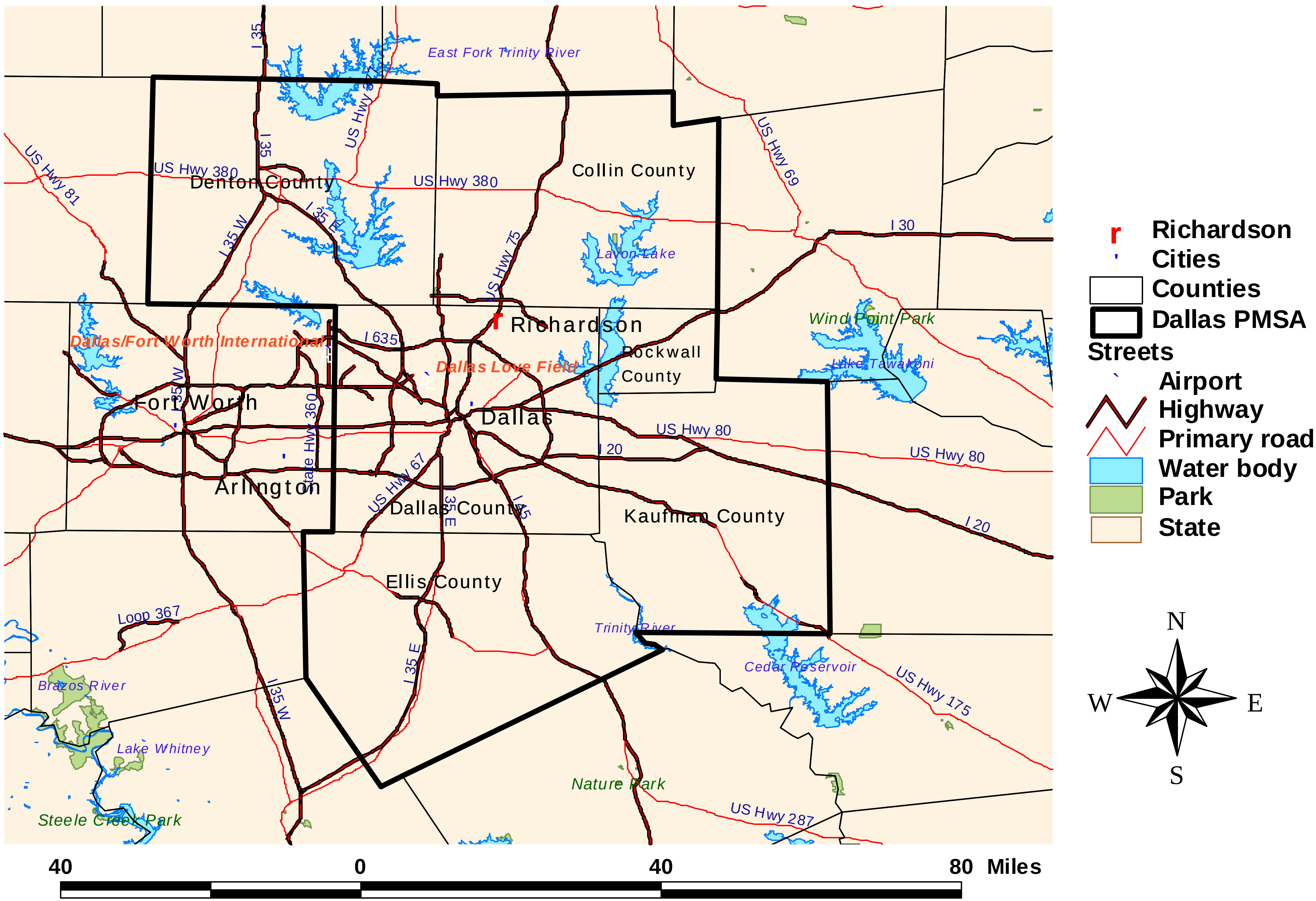
However, the reverses are viewed as temporary and the longer term outlook remains positive. Several developments will strengthen the Metroplex economy. The Department of Defense selected Lockheed Martin, based in Fort Worth, for the Joint Strike Fighter contract. This $200 billion contract guarantees ten years of work and potentially 35,000 new jobs. The Dallas-Fort Worth International Airport will continue with $2.6 billion in capital improvements, including a new international terminal, people-mover system, and extensions of runways. Also recently Singapore Airlines Cargo began service to Dallas-Fort Worth, generating an estimated $10 million annually for the local economy. The extension of the DART light rail system, adding 12 stations of which five are in Richardson, will also stimulate local public and private construction.

THE RICHARDSON TELECOM CORRIDOR®

High technology companies dominate Richardson's economic base, particularly telecommunications (telecom) firms (see **Tables II-2 and II-3**). There are between 600 and 700 technology firms in Richardson. The telecom industry has been in a downturn for over 18 months and market conditions are unlikely to change immediately. Some of the major structural issues still remain including: excess capacity, costs associated with the "last mile" to homes and businesses, and the lack of demand growth for broadband services. Within the past two years some of Richardson's largest employers, facing over-capacity and concerns about profitability, have announced a number of layoffs.

While Richardson has other major employers like Blue Cross & Blue Shield, University of Texas at Dallas, Fossil, and Lennox International, Richardson's near term outlook will be impacted by the state of the telecommunications sector. The current interruption to over a decade of brisk growth allows the City of Richardson to plan for the next iteration of economic expansion. The recent arrival of the DART system provides a once in a generation opportunity for the City to create station areas that are exciting, forward thinking, and unique to the region.

Dallas Primary Metropolitan Statistical Area



DEMOGRAPHIC CHARACTERISTICS

According to the 2000 Census, Richardson had a population of 92,000 at the beginning of the decade (**Table II-4**). ERA's estimate of 2002 citywide population is 95,000. Of this total, over 75 percent are white. But Richardson has enough diversity in its population to add interest and color to local restaurants, shops and culture. About twelve percent of the city's population is Asian, consisting mainly of Chinese, Filipinos, Koreans and Asian Indians. Many of these Asian immigrants and Asian-Americans were attracted to Richardson to work in the Telecom Corridor®. These telecom workers are typically fairly young, well educated and reasonably affluent. Over ten percent of the city's population is Hispanic/Latino, adding to the diversity of local food and music. About 20 percent of Richardson's population is over 55 years of age, suggesting a significant number of "empty-nest" households. Some of these households may be ready to move out of their high maintenance and large lot single-family homes into a lower upkeep condominium or townhouse product.

Fueled by the expansion of the Telecom Corridor® over the past decade or more, Richardson is now a high-income community. According to the 2000 Census, the 1999 median household income in Richardson of $62,392 was 29 percent higher than the Dallas PMSA median, 44 percent higher than the Dallas County median and only slightly lower than Collin County's median (see **Table II-5**).

GROWTH OUTLOOK

Known for its outstanding school system and stability in local government leadership, Richardson has acquired a reputation as an excellent community in which to live. With the resumption of regional economic growth and the expected recovery of the telecommunications sector, both population and employment in Richardson will continue to increase. It is ERA's expectation that total population and employment in Richardson will reach 116,000 and 125,000 respectively by the year 2020. The five DART stations in Richardson will enhance the city's regional access, which will become increasingly important to employers as the levels of traffic congestion on the freeway system build. The new DART stations will help especially with the expected disruption caused by the reconstruction of the US-75 and I-635 Interchange.

Estimates and Projections	2002	2020
Population	95,000	116,000
Employment	97,000	125,000

Table II-1

NON-AGRICULTURAL EMPLOYMENT TRENDS IN DALLAS PMSA, 1991-2001
(In 000s)

Industrial Sector	1991		2001		Change 91-01	
	Number	**Percent**	**Number**	**Percent**	**Number**	**Percent**
Manufacturing	223.7	15.7%	240.5	12.0%	16.8	7.5%
Non-manufacturing	1,197.3	84.3%	1,756.6	88.0%	559.3	46.7%
Mining	18.6	1.3%	8.9	0.5%	(9.7)	-52.2%
Construction	47.5	3.4%	108.6	5.5%	61.1	128.6%
TCPU [1]	85.8	6.0%	141.0	7.1%	55.2	64.3%
Trade	362.5	25.5%	494.8	24.8%	132.3	36.5%
F.I.R.E.[2]	128.2	9.0%	157.2	7.9%	29.0	22.6%
Services	381.6	26.9%	624.9	31.3%	243.3	63.8%
Government	173.1	12.2%	221.2	11.1%	48.1	27.8%
Total Employed	1,421.0	100.0%	1,997.1	100.0%	576.1	40.5%

[1] Transportation, Communications, and Public Utilities.

[2] Finance, Insurance, and Real Estate.

Source: Bureau of Labor Statistics.

Table II-2

RICHARDSON'S LARGEST EMPLOYERS, 2001

(With over 500 employees)

Company	**Type of Business**
Accucom Technical Services	Telecommunications Equipment Installation
Alcatel USA	Telecommunications Equipment Manufacturer
Baylor/Rich. Medical Center	Hospital
Blue Cross & Blue Shield	Health Insurance Services
Chorum Technologies	Optical Networking Device Manufacturer
Cisco Systems	Networking/Telecommunications Manufacturer
City of Richardson	City Government
Compass Bank Credit Card Services	Commercial Bank
Ericsson	Telecommunications Systems
Flextronics	Electronic Components
Fossil	Watch Manufacturer
Fujitsu Network Communications	Telecommunications Equipment Manufacturer
Hewlett Packard	Computer Manufacturer
Inet Technologies	Telecommunications Equipment Manufacturer
Kaneb Services LLC	Petroleum Pipeline Terminals
Lennox International	HVAC Equipment Manufacturer
Metapath Software Internationl	Consulting Services for Cellular Communication, Software Licensee
Nortel Networks	Digital Telecommunications Networks
Richardson ISD	Public School District
Samsung Telecom America	Distributor of Small Business Telephone Systems
SBC/Southwestern Bell	Telecommunications Service Provider
University of Texas at Dallas	University
WorldCom	Telephone Services Engineering

Sources: Richardson Economic Development Partnership, Dun & Bradstreet, ERA.

Table II-3
TOP EMPLOYERS IN TELECOM CORRIDOR, 2001

	Company	Employees	Location
1	Alcatel	1,200	Alma Drive
2	Chorum Technologies	500	Arapaho Road
3	Cisco Systems	1,000	Pres. Bush Turnpike
4	Ericsson	2,800	Campbell Road
5	Flextronics International	1,000	Glenville Drive
6	Fujitsu Network Communications	3,800	Telecom Parkway
7	Hewlett-Packard - High Performance Computing Division	650	Waterview Parkway
8	Inet Technologies	500	Greenville Avenue
9	Nortel Networks	10,000	Glenville Drive
10	Phillips Driscopipe	500	Central Expressway
11	Rockwell-Collins	600	Renner Road
12	SBC Services	1,000	Campbell Road
13	WorldCom	5,600	Glenville Drive
	Total	29,150	

Source: Richardson Chamber of Commerce

Table II-4

DEMOGRAPHIC PROFILE OF RICHARDSON, COLLIN COUNTY AND DALLAS COUNTY - 2000

	Richardson		Dallas County		Collin County		Dallas PMSA	
Age								
Under 5	6,180	6.7%	181,951	8.2%	42,367	8.6%	286,410	8.1%
5 to 19	18,916	20.6%	501,914	22.6%	109,633	22.3%	799,272	22.7%
20 to 34	19,569	21.3%	572,023	25.8%	113,283	23.0%	867,967	24.7%
35 to 54	29,365	32.0%	630,353	28.4%	166,287	33.8%	1,044,753	29.7%
55 and over	17,772	19.4%	332,658	15.0%	60,105	12.2%	521,224	14.8%
Median Age	35.8		31.1		31.1		31.8	
Race/ Ethnicity								
White	69,209	75.4%	1,294,769	58.4%	400,181	81.4%	2,363,708	67.2%
African American	5,675	6.2%	450,557	20.3%	23,561	4.8%	530,104	15.1%
American Indian	409	0.4%	12,499	0.6%	2,323	0.5%	19,585	0.6%
Asian	10,709	11.7%	88,369	4.0%	34,047	6.9%	141,790	4.0%
Other	5,800	6.3%	372,705	16.8%	31,563	6.4%	463,989	13.2%
Hispanic/ Latino	9,420	10.3%	662,729	29.9%	50,510	10.3%	810,499	23.0%
Total Population	91,802	100.0%	2,218,899	100.0%	491,675	100.0%	3,519,626	100.0%

Source: U.S. Census Bureau

Table II-5

HOUSEHOLD INCOMES BY JURISDICTION- 1999

	Richardson		Dallas County		Collin County		Dallas PMSA	
Household Income								
Less than $10,000	1,267	3.6%	65,814	8.1%	5,517	3.0%	91,517	7.1%
$10,000 to $24,999	3,599	10.3%	140,332	17.4%	15,258	8.4%	198,717	15.5%
$25,000 to $34,999	3,367	9.6%	111,868	13.8%	15,095	8.3%	160,244	12.5%
$35,000 to $49,999	5,076	14.5%	139,467	17.3%	23,489	12.9%	208,981	16.3%
$50,000 to $74,999	7,648	21.8%	157,461	19.5%	37,811	20.7%	258,099	20.1%
$75,000 to $99,999	5,715	16.3%	82,656	10.2%	29,620	16.3%	150,281	11.7%
$100,000 to $149,999	5,380	15.3%	63,862	7.9%	32,532	17.9%	128,600	10.0%
$150,000 to $199,999	1,862	5.3%	20,655	2.6%	11,488	6.3%	41,082	3.2%
$200,000 or more	1,195	3.4%	26,153	3.2%	11,435	6.3%	45,635	3.6%
Total Households	35,109	100.0%	808,268	100.0%	182,245	100.0%	1,283,156	100.0%
Median HH Income	$62,392		$43,324		$70,835		$48,364	
Average Household Size	2.61		2.75		2.70		2.74	

Source: U.S. Census Bureau

Section III
OFFICE MARKET OUTLOOK IN TELECOM CORRIDOR®

THE HISTORY OF THE TELECOM CORRIDOR®

For the last 40 years, Richardson's economic and spatial development has largely been driven by the growth of the telecommunications industry. The Telecom Corridor® is located along the north-south freeway US-75 (Central Expressway), as well as the new east-west SH-190 (President George Bush Turnpike). The University of Texas at Dallas is at the western end of the Telecom Corridor®. Rockwell International and Fujitsu campuses are at the eastern boundary, while Texas Instruments borders the Corridor from the south. The northern boundary is roughly defined as the George Bush Turnpike.

The development of the Telecom Corridor® has occurred gradually over more than 40 years. The clustering of the Telecom industry began with the location of Texas Instruments immediately south of Richardson in the 1950s, not long after its innovations in the technology field during World War II. Later in the decade, Collins Radio (later known as Rockwell International) also located its defense communications operations in Richardson. It is estimated that by the 1970s, Texas Instruments and Collins Radio employed 20,000 and 3,000, respectively.

In the 1980s, with deregulation, the telecommunications industry experienced tremendous growth as international firms expanded and entrepreneurs began their own businesses. The international companies locating in Richardson during this period included Ericsson, Nortel, Alcatel, MCI (now WorldCom) and Fujitsu. At the start of the 1990s, Southwestern Bell Telephone, one of the "Baby Bell" companies created from divestiture, located two of its major divisions in Richardson. AT&T has also located an engineering support group in the Corridor. Today, the Telecom Corridor® holds approximately 600 to 700 high tech firms, the majority of them in the telecom industry.

According to the Richardson Economic Development Partnership, several factors contributed to the creation of the Telecom Corridor® as we know it, including:

- Transportation investments such as the northern extension of the Central Expressway and its connection to I-635, as well as the completion of President George Bush Turnpike.

- A highly skilled workforce. A study conducted 20 years ago revealed that almost half of the engineers working in the Metroplex's top ten technology firms resided in the Richardson area.

- Careful planning and zoning to encourage the clustering of the industry and to limit non-technology land uses in the Corridor.

- The quality of public schools.

- Opportunities for higher and continuing education. Two community colleges and the University of Texas at Dallas are located in the Telecom Corridor.

- Existing telecommunications infrastructure. The Corridor boasts one of the best infrastructure systems for technology firms in the country.

- The quality of life. Richardson has developed as an attractive, residential community appealing to professionals and families.

HISTORICAL CONSTRUCTION AND ABSORPTION TRENDS

The total inventory of office space in the Telecom Corridor®, including both Richardson and Plano submarkets, has increased substantially in the last several years. From 1998 to 2001, the inventory increased from 15.4 million square feet to 19.8 million square feet. Vacancy rates also rose from approximately 6.8 percent in 1998 to nearly 11 percent in 2001. Average quarterly absorption during this period was over 193,000 square feet. New office space was delivered at a rate of about 433,000 square feet each quarter from 1998 to 2001.

CURRENT MARKET STATUS

Presently, many players in the telecom industry have taken a hit. *The Economist* estimates that telecom firms have run debts of up to one trillion dollars. In addition, WorldCom's fraudulent accounting practices have created even more real and perceived challenges for the industry. Many of Richardson's telecom employers, including WorldCom, Nortel, Cisco and Fujitsu have announced layoffs in recent months. According to *Dallas Morning News*, the Dallas area's 28 largest high-tech firms cut 26,000 jobs in 2001. Economists believe that the industry needs to take time to correct the overcapacity built up in the last few years and to restructure their debt.

According to the Greater Dallas Chamber of Commerce, at the end of the first quarter of 2002, the total office inventory in Richardson was approximately 11.5 million square feet (see **Table III-1**). Since then, another 700,000 square feet of office space has been built, for a total inventory of 12.2 million square feet. About 8.8 million square feet were occupied, for a total vacancy rate of nearly 28 percent. This high vacancy rate reflects the fact that many telecom firms have moved out of their buildings during the last year. Nortel alone moved out of ten buildings in Richardson and 12 total in the Dallas area. Similarly, Cisco has scaled back its plans to expand in Richardson, building only four of six planned buildings, and has left one building entirely vacant.

Given the softness of the office market at the moment, much of the planned development in Richardson is likely to go on hold. According to the City of Richardson, there are nearly a dozen projects that have been approved, but no construction activity has begun.

These planned projects are summarized below:

Project	Square Feet
190 Tech Park III & III-A, 2750 Telecom Parkway	162,063
190 Corporate Center, 3201 E. PGB Turnpike	125,797
Creekview Corporate Center III & IV, 2401 N. Plano Road	125,000
Custer Court Phase II, 511 W. PGB Turnpike	155,106
Campbell Creek 2000, 2020 Campbell Creek Boulevard	40,140
Leadership Center, 2500 N. Glenville Drive	217,607
Renner Crossing, 2900 E. Renner Road	128,455
The Garden at Campbell, 1325 Campbell Road	12,400
Waterview Commons I and II, 3410 & 3420 Waterview	300,330
Total	**1,425,175**

Source: City of Richardson, July 2002

OUTLOOK TO 2020

As discussed in Section II, the long-term outlook for the Dallas-Fort Worth economy is positive. The region's traditional strengths, as well as the new Lockheed Martin defense contracts, the airport expansion, and other developments suggest that the regional economy will weather the storm. Because of Richardson's heavily technology-oriented economy and the current situation in the telecom industry, the local economy may take a little longer to rebound. However, economists are optimistic about the prospects for the telecom industry in the long term.

As shown in **Table III-2**, employment in Richardson is currently approximately 97,000, and expected to increase to over 100,000 by 2005 and 125,000 by 2020. Currently, about 36 percent of these Richardson employees occupy office space. ERA estimates that with the rebound of the high tech and services sectors, the percentage of office employees will increase to 41 percent by 2020. Given ERA's employment forecast, there will be demand for an additional 1.5 to three million square feet of office space in Richardson by 2020.

Table III-1

CHARACTERISTICS OF EXISTING OFFICE BUILDINGS IN RICHARDSON, SPRING 2002

Building Name	Yr. Blt./ Renovated	Total Space	Unleased Space	Lease Rates
100 Central Expy N	1974	199,458	6,972	$18.50 (Full)
1001 Campbell	1980	74,134	0	I
1010-1020 S. Sherman	1979/2001	61,584	61,584	$9.00-$9.75
1100 East Campbell Rd	1985	65,090	65,000	$15.50 (+Elec)
1111 Digital Drive	1983/2001	51,430	25,715	$9.00 (NNN)
1150 Arapaho Rd E	1984	60,140	0	I
1200 Collins Blvd E	1984	25,104	720	I
1200-1300 Sherman	1984/2001	74,426	71,726	$9.00
1300 Campbell Rd E	1984	52,000	0	I
1301 E. Collins	1986	228,600	170,000	$15.00-$18.00 (+Elec)
13606 TI Blvd	N/A	10,000	10,000	$11.50 (NNN)
1410 Renner Rd E	1999	117,339	0	I
1600 N Collins Blvd	1998	115,565	3,540	$23.50-$25.00 (N/A)
1661 Gateway Blvd.	1982	27,294	27,294	$18.00 (Negotiable)
1702 Collins Blvd N	1980	48,624	0	I
17919 Waterview Parkway	1998	70,936	70,936	$11.00
2060 Collins Blvd N	1984	21,682	0	I
2100 Collins Place	1985/1999	31,000	0	$18.00 (Full)
212 Spring Valley Rd W	1990	12,000	12,000	$17.00 (N/A)
301 Sherman St S	1981	32,042	962	I
331 Melrose Dr	1985	25,960	0	$13.50 (N/A)
400 Spring Valley Rd E	N/A	29,000	0	I
558 Central Expy S	1969/2000	53,758	24,191	$18.00 (Full)
740 E. Campbell Rd	1987/2002	182,723	127,379	$19.00 (+Elec)
7920 Belt Line Rd	1983	173,754	0	I
900 Dorothy	1976	55,176	0	I
901 Waterview Parkway	N/A	10,000	6,704	$16.25 (Full)
930 Campbell Rd E	1978	72,800	0	I
Alliance Data Systems	1998	120,000	0	I
Arapaho Creek Bus Ctr - 100 Bldg	1982/1998	20,000	7,201	$16.00-$17.00

Table III-1, p.2

CHARACTERISTICS OF EXISTING OFFICE BUILDINGS IN RICHARDSON, SPRING 2002

Building Name	Yr. Blt./ Renovated	Total Space	Unleased Space	Lease Rates
Arapaho Gardens	1980	38,218	8,102	$13.50 (Negotiable)
Arapaho Place	1986	71,694	16,708	I
Arapaho Plaza	1979	29,301	2,200	$16.00 (Full)
Atrium at Campbell Square	1983	127,127	21,462	$17.00-$18.00 (Full)
Atrium at North Creek	1983	85,630	4,278	$20.00 (Full)
Atrium on Collins I	1986/2000	51,512	11,080	$17.50 (Full)
Atrium on Collins II	1997	57,988	14,600	$20.50 (Full)
Bank of Texas	1981	47,242	479	I
Blue Cross/Blue Shield	1972	320,000	0	I
Campbell Commons	1998	109,043	0	I
Campbell Forum I	1985	151,000	17,000	$21.00 (Full)
Campbell Forum II	1997	57,000	57,000	I
Campbell Forum III	1983	42,165	0	I
Campbell Place - Bldg 1	1982	22,000	0	I
Cardinal Tech Ctr II - Bldg 1	1999	48,312	0	I
Cardinal Tech Ctr II - Bldg 2	1999	48,312	0	I
Cardinal Tech Ctr II - Bldg 3	1999	45,732	0	I
Centra Plaza	1998	120,000	0	$15.50 (+Elec)
Central Exchange Park - Bldg 1	1969	16,543	250	$13.50-$16.50 (N/A)
Central Exchange Park - Bldg 3	1969	34,060	6,933	$13.50-$16.50 (N/A)
Centre Plaza	1984	61,380	0	$15.00 (N/A)
Collins Crossing	1999	300,846	1,980	I
Collins Plaza	1986	81,260	813	$20.00-$21.00 (Full)
Collins Technology Park	1970/2000	800,000	800,000	I
Comerica Bank Bldg	1962	67,777	12,878	$14.00-$16.00 (Full)
Corporate Forum I	1978	34,984	0	I
Corporate Forum II	1978	50,574	0	I
Corporate Place	1981	92,356	0	I
Corporate Plaza I	1976	81,513	0	I
Corporate Square	1972	34,190	34,190	$8.25 (NNN)
Courtyard at Arapaho - Bldg 1	1986	156,000	126,642	$19.00 (Full)

Table III-1, p.3

CHARACTERISTICS OF EXISTING OFFICE BUILDINGS IN RICHARDSON, SPRING 2002

Building Name	Yr. Blt./ Renovated	Total Space	Unleased Space	Lease Rates
Courtyard at Arapaho - Bldgs 2 & 3	1986	44,582	20,752	$10.00-$10.50 (+Elec)
Creekview Corporate Ctr	1999	101,000	11,000	$21.00 (+Elec)
Custer Court	2001	275,000	220,000	$21.00 (+Elec)
Elman Richardson Bldg	1987	206,946	0	I
Executive Gardens Bldg	1975	11,752	0	I
Fall Creek I	1986	131,541	131,541	I
Fellowship Bible Church	1981	21,374	0	I
Forum at Central	1981	101,127	25,712	$16.00-$17.00 (N/A)
Galatyn Park	1999	200,000	0	I
Gateway Plaza I	1998	80,000	8,901	$22.00 (+Elec)
Greeenway IA	1982	94,784	94,784	$21.00-$22.00 (+Elec)
Greenway	1991	60,000	0	I
Greenway - Bnr	1992	350,000	0	I
Greenway - Nortel Tower	1991	805,632	0	I
Greenway I	1983	51,920	51,920	$21.00-$22.00 (+Elec)
Greenway II	1986	154,329	0	$22.00-$23.00 (N/A)
Intervoice Ctr	1986	225,000	0	I
Inwood Bank Bldg	1984	33,559	3,337	$13.00-$15.00 (N/A)
Lennox Ctr	1999	200,000	0	I
Mission Plaza	1981	38,715	3,098	$15.00-$16.00 (Full)
Northwest Office Plaza	1980	32,159	0	I
One Telecom	1999	226,629	0	I
Palisades I	1980	180,503	13,621	$23.50 (+Elec)
Palisades II	1985	230,360	73,856	$24.00 (+Elec)
Park Creek II- 2001 Collins Blvd N	1984	14,500	0	I
Park Creek II- 2007 Collins Blvd N	1985	14,500	0	I
Park Creek II- 2011 Collins Blvd N	1985	14,500	0	I
Pavilion Office Park	1980	34,116	2,332	$16.50 (Full)
Pavilion Office Park II		14,584	1,205	$16.00 (NNN)
Phillips Square	1981	11,646	3,028	$14.00-$15.00 (N/A)
Promenade Business Ctr - Bldg I	1997	52,035	25,500	$13.00 (NNN)
Promenade Business Ctr - Bldg II	N/A	18,000	18,000	$10.00-$12.00 (NNN)

Table III-1, p.4

CHARACTERISTICS OF EXISTING OFFICE BUILDINGS IN RICHARDSON, SPRING 2002

Building Name	Yr. Blt./ Renovated	Total Space	Unleased Space	Lease Rates
Promenade Ctr	1977/2000	220,210	12,709	$19.00 (Full)
Richardson Drive Plaza	1980	42,060	8,256	$15.50 (Full)
Richardson Prof. Park	1978	15,000	1,800	$15.00-$17.00 (Full)
Richardson Tech Ctr	1985	96,227	27,256	$10.00-$11.00
Santa Fe Plaza	1978	82,576	0	I
Southwestern Bell Bldg	1985	74,323	0	I
Spring Valley Bus Park VI	1982	94,304	0	I
Texans Credit Union	1986	143,151	0	I
The Points At Waterview	1998	204,292	98,795	$20.00-$21.00 (+Elec)
Turnpike Commons East Office Ctr	1999	172,781	0	I
Twilight Plaza	1997	13,990	9,730	$16.50-$19.00
Twin Central I	1983	51,527	3,883	$10.00 (Full)
Two Mission Park	1983	77,393	12,231	$17.50 (Full)
Two Richardson Ctr	1985	115,777	0	I
University Court	N/A	18,000	0	I
University Place	1985	73,508	11,347	$22.00 (Full)
University Plaza	1982	118,573	8,752	$19.50-$20.00 (Full)
Waterview Plaza	1985	224,034	224,034	$19.00-$20.00 (+Elec)
Westec Plaza	1985	27,669	13,669	$9.00-$10.00 (Full)
Woodcreek Plaza	1982/2000	85,300	14,841	$20.50-$21.50
Total Inventory		**11,386,866**	**2,984,409**	
Vacancy Rate			**26.2%**	

Source: Greater Dallas Chamber, Office Guide Spring 2002.

Table III-2
EMPLOYMENT-BASED ESTIMATE OF RICHARDSON OFFICE DEMAND

	2002	2005	2010	2015	2020
Total Employment in Richardson	97,000	100,348	107,571	117,608	125,268
Percent Office Employment	36.3%	36.0%	38.0%	40.0%	41.0%
Office Employment	35,176	36,125	40,877	47,043	51,360
Space per Employee	250	250	250	250	250
Total Occupied Space	8,794,000	9,031,292	10,219,291	11,760,778	12,839,969
Vacancy Factor at Equilibrium	8.0%	8.0%	8.0%	8.0%	8.0%
Total New Construction Needed	9,558,696	9,816,622	11,107,925	12,783,455	13,956,488
Projected Additions to Supply [1]			285,035		
Total Supply	12,172,277	12,172,277	12,457,312	12,457,312	12,457,312
Net Supply Demand Balance		(2,355,655)	(1,349,387)	326,143	1,499,176

[1] Assumes 20 percent of planned office space will be completed.

Source: City of Richardson; Greater Dallas Chamber of Commerce; ERA

Section IV
HOTEL POTENTIAL AT RICHARDSON DART STATIONS

CITY INVESTMENT IN DART STATIONS

Five new DART stations are currently being built or planned in Richardson. Located at the center of the Telecom Corridor®, Galatyn Park station has received much of the City's initial investments in station development. The main features of the station include Richardson's largest full-service hotel and a performing arts/ corporate presentations center. The 27-acre real estate development includes a 12-story, 337-room Renaissance Hotel, with about 30,000 square feet of conference and meeting space. The hotel opened in May 2001. The Charles W. Eisemann Center for Performing Arts and Corporate Presentations is located adjacent to the hotel, and features a 117,000 square foot multi-use public auditorium, designed to seat approximately 1,500. The Eisemann Center will open in the fall of 2002. Galatyn Park also includes a 1.5-acre public plaza and fountain adjacent to the hotel and performing arts center to serve as a community amenity. Finally Nortel Networks has approximately 800,000 square feet of offices and parking garage facilities at Galatyn Park.

CURRENT MARKET STATUS

Lodging tax revenue for Richardson has increased steadily from 1992 to 2001. As shown on **Table IV-1**, total hotel and motel tax revenues have grown from $1.1 million in fiscal year 1992 to $2.8 million in fiscal year 2001. This amounts to a compound annual average growth of 9.9 percent.

Passenger volume at the Dallas/Forth Worth International Airport (DFW) also maintained a steady growth during the 1990s, increasing from 52.0 million passengers in 1992 to 60.7 million in 2000. As presented on **Table IV-2**, since 2000 travel to DFW has declined, especially since September 11, with total passenger volume dropping to 55.2 million in 2001. From January to May of 2002, DFW attracted 21.1 million passengers, compared to 23.8 million during the same period in 2001. This represents a decline of about 11.3 percent year-to-date.

According to the Richardson Convention and Visitors Bureau, Richardson currently has an inventory of 2,350 hotel rooms (see **Table IV-3**). National events and the telecom decline, in addition to the construction of a large hotel, have caused hotel occupancy rates to remain low and room rates to drop significantly. In March 2002, the occupancy rate in Richardson was 54.9 percent, slightly higher than the 2001 occupancy rate of 51.6 percent. However, average daily rates dropped from $96.94 in March 2001 to $90.30 in March 2002. For 2002 year-to-date, the occupancy rate was below 50 percent and the average daily rate was approximately $85.59.

OUTLOOK TO 2020

Since September 11 and the telecom industry setback, travel to the metropolitan area has slowed noticeably, and hotel occupancy is down. Given this current environment, private developers are unlikely to begin new hotel construction until the current excess capacity is taken up.

ERA projected hotel demand growth based on current inventory, occupancy rates, and planned development. ERA is not aware of any active plans to develop hotel or motel properties in Richardson. However, the DFW International Airport plans to build a new international terminal, and the Dallas Convention Center is also constructing a 500,000 square foot expansion. These events and the recovery of the regional economy will encourage new hotel development in the medium to long term.

The existing cluster of high tech companies in Richardson, the high visibility and accessibility of the Central Expressway, as well as the new DART stations linking the Corridor to the metropolitan region makes Richardson an ideal location for hotel development. As indicated on **Table IV-4**, the current excess supply of hotel rooms will likely be taken up at the end of the decade, at which point new hotel development will be justified. By 2010, Richardson could support an additional 150 to 200 rooms. From 2010 to 2020, Richardson will be able to support another 700 to 750 new rooms.

The three subject DART stations will all have opportunity to participate in future hotel development. The Arapaho station area, with excellent freeway visibility, proximity to high technology offices and larger land parcels, has an initial advantage. However, if the Main Street and Spring Valley stations are able to create some vibrant pedestrian streets with shops and restaurants, they will become more attractive for hotel development.

Table IV-1
HOTEL AND MOTEL TAX REVENUE

Fiscal Year	Total Tax Revenue	Percent Change
1991-1992	$1,103,749	-
1992-1993	$1,168,402	5.9%
1993-1994	$1,254,091	7.3%
1994-1995	$1,584,239	26.3%
1995-1996	$1,822,737	15.1%
1996-1997	$2,068,803	13.5%
1997-1998	$2,426,188	17.3%
1998-1999	$2,453,728	1.1%
1999-2000	$2,778,045	13.2%
2000-2001	$2,844,100	2.4%
Compound Ann. Growth 91-01		**9.9%**

Source: City of Richardson

Table IV-2

PASSENGER VOLUME AT DFW INTERNATIONAL AIRPORT

Year	Enplaned	Deplaned	Total Passengers	Annual Change
1992	25,984,995	25,996,272	51,981,267	-
1993	25,166,902	24,487,830	49,654,732	-4.5%
1994	26,242,280	26,399,945	52,642,225	6.0%
1995	27,049,215	27,320,398	54,369,613	3.3%
1996	29,066,411	28,968,092	58,034,503	6.7%
1997	30,116,357	30,372,356	60,488,713	4.2%
1998	30,121,523	30,246,943	60,368,466	-0.2%
1999	29,965,027	30,035,100	60,000,127	-0.6%
2000	30,385,747	30,301,375	60,687,122	1.1%
2001	27,621,518	27,529,175	55,150,693	-9.1%
Compound Annual Growth 1992-2001				**0.6%**
Jan-May 2001	n/a	n/a	23,765,787	-
Jan-May 2002	10,539,155	10,546,276	21,085,431	-11.3%

Source: Dallas /Fort Worth International Airport

Table IV-3

EXISTING SUPPLY OF HOTEL AND MOTEL ROOMS IN RICHARDSON

Hotel/Motel	**Number of Rooms**
Bradford Suites	132
Clarion Hotel	296
Comfort Inn	57
Como Motel	34
Continental Inn	135
Hampton Inns	130
Hawthorne Suites	72
Holiday Inn	221
Marriott Courtyard 1	149
Marriott Courtyard 2	123
Omni Richardson Hotel	342
Renaissance Hotel	337
Residence Inn (Marriott)	120
Sleep Inn	65
Wyndham Garden Hotel	137
Total Hotel / Motel Rooms	**2,350**

Source: Richardson Convention and Visitors Bureau

Table IV-4
RICHARDSON HOTEL DEMAND FORECAST

	Inventory	Demand Outlook		
Year	**Hotel Rooms**	**Rooms Supportable**	**Growth Rate**	**Additions Needed**
2002	2,350	1,958	0.7%	(392)
2003		1,992	1.7%	(358)
2004		2,041	2.5%	(309)
2005		2,099	2.8%	(251)
2006		2,166	3.2%	(184)
2007		2,250	3.9%	(100)
2008		2,340	4.0%	(10)
2009		2,436	4.1%	86
2010		2,526	3.7%	176
2011		2,612	3.4%	262
2012		2,685	2.8%	335
2013		2,755	2.6%	405
2014		2,824	2.5%	474
2015		2,895	2.5%	545
2016		2,967	2.5%	617
2017		3,041	2.5%	691
2018		3,117	2.5%	767
2019		3,195	2.5%	845
2020		3,275	2.5%	925

Source: Economics Research Associates

Section V
HOUSING MARKET AT DART STATIONS

HOUSING IN RICHARDSON

According to the 2000 Census, Richardson had a stock of 36,630 housing units. Of this total, 24,434 units or 67.2 percent was single-family detached units and 11,926 units or 32.8 percent was attached single-family, multi-family condominiums and apartments.

With the arrival of the new DART stations and having experienced over a decade of employment growth, Richardson has the opportunity to create transit-oriented villages to add interest and vibrancy to the local urban scene. The key economic generator for these transit-oriented villages will be multi-family housing, both apartments and condominiums/ townhouses. The Richardson Independent School District has faced challenges in the past accommodating the education needs of a large student population generated by institutional scale apartment development outside the City limits but within the school district service area. Because of that experience, the City wishes to ensure that its multi-family developments are carefully planned and of high quality.

THE MULTI-FAMILY HOUSING MARKET

During the ten years from 1992 through 2001, a period of brisk economic expansion for the region, the Dallas-Fort Worth PMSA added 376,000 housing units at a pace of 37,600 per year. Of this annual average 25,900 were single-family detached units and 11,800 were multi-family condominiums and apartments. The multi-family market share was 31 percent in the region (see **Tables V-1** and **V-2**).

Dallas County added 135,000 housing units over this same period, and just over 60,000 were multi-family units. With a 45 percent market share, apartments and condominiums/ townhouses have been an important component of the county's housing market. In Collin County, multi-family housing has been built at a relatively slower rate, composing only 26 percent of total housing construction.

The City of Richardson added over 8,000 housing units over this same ten-year period. As shown on **Table V-3**, there were 4,000 multi-family units permitted during this period, making up approximately half of total housing construction. This reflects a construction rate of 400 multi-family units annually in Richardson. However, all of the multi-family units constructed since 1996 have been apartment units.

Condominiums and Townhouses

Condominiums, lofts and townhomes have become increasingly popular in the Dallas area, particularly in emerging neighborhoods such as Uptown, Addison Circle, and others. These new multi-family developments include projects in West Village and historic State Thomas with prices in the $150 to $200 per square foot range. Townhomes start at $250,000 in the Uptown area.

West Village Townhouse

In addition, the Dallas Central Business District has seen some condominium development in recent years, and the Downtown Dallas population has increased from 250 in the early 1990s to approximately 20,000 currently. As part of this trend, developer Sam Ware is converting a 16,000-story office building at 1505 Elm Street into the first luxury high-rise condominiums in Downtown Dallas. McKinney Avenue Lofts, another condominium tower, is planned just north of the Financial District. In addition, 70 townhouses are planned in the Farmers Market development east of Downtown Dallas.

Despite these trends in the metropolitan area, during the last twenty years, Richardson has seen virtually no new ownership multi-family development. As shown on **Table V-4**, Richardson's condominiums were generally built at least 20 years ago. Current listings in Richardson and Plano show townhouse and condominium units with prices ranging from a minimum of $54,000 to $170,000, depending on age, size, location and amenities. The highest prices are for units in a condominium development built in 1995 in the Preston-Park neighborhood of Plano. Prices at this development range from $125,000 to $170,000. Overall, the median listed price for condominiums in the Telecom corridor is approximately $83,500 with an average price per square foot of $86. These prices appear to reflect the lack of new construction rather than an absence of demand.

According to local brokers, Richardson has strong potential for condominium and townhouse development. Brokers report a strong unmet demand along the Telecom

Corridor® for good quality, urban ownership products, and predict that a combination of medium-rise condominiums and townhouses would be very popular in Richardson among single professionals, young couples and older “empty-nester” households. An appropriate price range would be between $150,000 and $300,000 for two-bedroom and three-bedroom units. There is a strong preference in the Corridor for at least two bedrooms, as the second bedroom is often used as a study or home office. Brokers recommend condominium and townhouse units sized at approximately 1,500 square feet and above, with prices ranging from approximately $100 to $150 per square foot.

Apartment

As shown on **Table V-5**, Richardson contained approximately 8,200 apartment units in the first quarter of 2002. Almost 50 percent of units were two-bedroom apartments, and 38 percent were one-bedroom units. When compared to Dallas County, Richardson has a lower proportion of studio and one-bedroom apartments. Very recently, Fairfield Properties completed a 442-unit project called Clearwater Creek, bringing Richardson’s apartment inventory up to over 8,600 units. Myers Development’s Greenbridge of Buckingham, due to come online in September, will add 242 units of senior housing.

With the recent economic slump in the Telecom Corridor, apartment vacancy rates have increased in Richardson, and rental rates have decreased. The occupancy rate declined from 95 percent in September 2001 to 92 percent in March 2002, and average rent fell by about six percent from $910 to $853 over the same period (**Table V-6**).

MARKET POTENTIAL IN RICHARDSON

As indicated in **Table V-7**, in Dallas and Collin Counties, the total number of households will increase from approximately 995,000 in 2002 to nearly 1.2 million by 2020. The percentage of households occupying multi-family units is estimated to increase with time from 42 percent to 45 percent, given the decreasing amount of developable land available within the counties for single-family housing. Assuming a vacancy rate of five percent at equilibrium, ERA estimates that the demand for multi-family housing in Dallas and Collin Counties will increase from 439,000 units in 2002 to 547,000 units by 2020. Net multi-family demand in this period is for 108,000 units.

Long-term multi-family housing demand is expected to remain strong in the Richardson Telecom Corridor for several reasons:

- Richardson is one of the dominant job centers within the Dallas Fort-Worth Metroplex. Even though the telecom sector is currently in decline, the large concentration of technology firms here will attract qualified workers, which in turn will attract future employers.

- The arrival of the DART system extension with five new stations will stimulate housing demand from those who will enjoy commuting via an alternative mode of transportation.

- Richardson has a strong reputation as a community with a desirable quality of life.

- About 20 percent of Richardson's population is age 55 or above, suggesting considerable potential for "empty nester" households to move from high maintenance single-family homes into condominiums and townhouses that provide both security and urban amenities.

ERA estimated that Richardson easily could capture six percent of the Collin and Dallas Counties' multi-family demand over the next 18 years. With a capture rate of six percent, ERA estimated that Richardson could support approximately 6,500 multi-family units citywide. Assuming that a significant portion of this new development will occur at Galatyn Park, the Bush Turnpike Station, and other parts of the city, ERA estimated that Arapaho, Main Street and Spring Valley could capture approximately 20 to 25 percent, or 1,300 to 1,600 units. This includes a mixture of ownership and rental housing.

PLANNING FOR QUALITY TRANSIT VILLAGES

Market potential is simply a prediction of how the real estate market place will respond to a set of opportunities. It is not necessarily good community planning. Good planning takes advantage of market opportunities when those opportunities are consistent with the objectives of the community. Considering the City of Richardson's caution about large-scale rental apartment development and its objective of creating transit villages to add local vitality and support regional transportation and air quality goals, ERA recommends the following multi-family residential development program at the three subject DART stations.

Development Program	**Arapaho**	**Main Street**	**Spring Valley**
Apartments	250	350	300
Townhouse/Condominiums	150	50	100
Total	400	400	400

These are round target numbers that promote high quality multi-family development, consisting of both apartments and for sale townhouses. The apartments should be largely targeted at the technology sector workers of the future, and the townhouses should be primarily targeted at empty nester households moving out of single-family homes with substantial equity. This program, intended to cover the 2002 to 2020 period, constrains the amount of multi-family development slightly below the station areas' market potential. By doing so, the City is should be able to require higher quality standards in terms of site planning, architectural design, building material and contribution towards common infrastructure. For the parcels that enjoy both strong retail and residential location, ERA clearly envisions multi-family residential over streetfront retail uses.

Mixed-Use Residential Over Retail, West Village

Table V-1

RESIDENTIAL BUILDING TRENDS IN DALLAS-FORT WORTH PMSA

Jurisdiction	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total	Pct. of Subtotal	Percent of Total	Annual Average
Single Family														
Collin County	4,373	5,174	5,708	5,386	6,513	7,198	8,031	7,704	9,621	9,657	69,365	26.8%	18.4%	6,937
Dallas County	7,410	7,312	6,391	6,063	6,630	7,065	8,367	8,392	8,856	8,334	74,820	28.9%	19.9%	7,482
Denton County	2,339	2,616	2,985	3,385	3,913	4,085	5,005	5,222	5,245	5,430	40,225	15.6%	10.7%	4,023
Tarrant County	5,065	5,612	6,012	6,004	6,886	6,470	8,521	8,785	9,505	11,210	74,070	28.7%	19.7%	7,407
Subtotal	19,187	20,714	21,096	20,838	23,942	24,818	29,924	30,103	33,227	34,631	258,480	100.0%	68.7%	25,848
Prct Change		8.0%	1.8%	-1.2%	14.9%	3.7%	20.6%	0.6%	10.4%	4.2%				
Multi-Family														
Collin County	418	505	2,788	1,662	2,032	4,361	5,372	4,396	490	1,761	23,785	20.2%	6.3%	2,379
Dallas County	1,371	3,873	6,276	9,045	6,535	7,436	8,933	6,545	4,889	5,505	60,408	51.3%	16.1%	6,041
Denton County	32	2	1,056	729	1,854	1,764	2,246	1,511	544	1,734	11,472	9.7%	3.0%	1,147
Tarrant County	20	375	1,359	2,862	2,600	3,607	4,937	1,969	2,180	2,189	22,098	18.8%	5.9%	2,210
Subtotal	1,841	4,755	11,479	14,298	13,021	17,168	21,488	14,421	8,103	11,189	117,763	100.0%	31.3%	11,776
Prct Change		158.3%	141.4%	24.6%	-8.9%	31.8%	25.2%	-32.9%	-43.8%	38.1%				
Total	21,028	25,469	32,575	35,136	36,963	41,986	51,412	44,524	41,330	45,820	376,243		100.0%	37,624
Prct Change		21.1%	27.9%	7.9%	5.2%	13.6%	22.5%	-13.4%	-7.2%	10.9%				

Source: Real Estate Center at Texas A&M University

Table V-2
MULTI FAMILY MARKET SHARE AS MEASURED BY PERMITS

Jurisdiction	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	Total
Dallas PMSA											
Single Family	19,187	20,714	21,096	20,838	23,942	24,818	29,924	30,103	33,227	34,631	258,480
Multi Family	1,841	4,755	11,479	14,298	13,021	17,168	21,488	14,421	8,103	11,189	117,763
Total	21,028	25,469	32,575	35,136	36,963	41,986	51,412	44,524	41,330	45,820	376,243
MF Share	8.8%	18.7%	35.2%	40.7%	35.2%	40.9%	41.8%	32.4%	19.6%	24.4%	31.3%
Collin County											
Single Family	4,373	5,174	5,708	5,386	6,513	7,198	8,031	7,704	9,621	9,657	69,365
Multi Family	418	505	2,788	1,662	2,032	4,361	5,372	4,396	490	1,761	23,785
Total	4,791	5,679	8,496	7,048	8,545	11,559	13,403	12,100	10,111	11,418	93,150
MF Share	8.7%	8.9%	32.8%	23.6%	23.8%	37.7%	40.1%	36.3%	4.8%	15.4%	25.5%
Dallas County											
Single Family	7,410	7,312	6,391	6,063	6,630	7,065	8,367	8,392	8,856	8,334	74,820
Multi Family	1,371	3,873	6,276	9,045	6,535	7,436	8,933	6,545	4,889	5,505	60,408
Total	8,781	11,185	12,667	15,108	13,165	14,501	17,300	14,937	13,745	13,839	135,228
MF Share	15.6%	34.6%	49.5%	59.9%	49.6%	51.3%	51.6%	43.8%	35.6%	39.8%	44.7%

Source: Real Estate Center at Texas A&M University

Table V-3
MULTI-FAMILY CONSTRUCTION IN RICHARDSON

Year	# Permits	# Units
1992	-	-
1993	-	-
1994	3	658
1995	1	-
1996	6	1,232
1997	2	499
1998	3	654
1999	2	300
2000	3	684
2001	-	-
Total	20	4,027

Source: City of Richardson

Table V-4
CURRENT CONDONDOMINIUM LISTINGS IN RICHARDSON AND PLANO, JUNE 2002

Location	No. Bed	No. Bath	Sq Ft	Yr Blt	Price
Richardson					
2111 E Belt Line Rd	2	1	807	1982	$53,900
336 Melrose Drive	1	1.5	860	1982	$62,500
133 Trellis Pl	3	2.5	1,314	1973	$63,000
2113 Trellis Pl	3	2	1,320	1973	$67,000
885 Dublin Dr	1	2	922	1980	$67,500
336 Melrose Drive	1	1.5	920	1981	$69,900
336 Melrose Drive	1	1.5	920	1981	$69,900
523 W Lookout	2	2	980	1974	$74,900
333 Melrose Dr	2	1.5	932	1981	$79,990
333 Melrose Dr	2	1.5	932	1981	$81,900
333 Melrose Dr	2	1.5	932	1981	$83,500
889 Dublin Dr	3	2.5	1,304	1980	$84,900
2600 Custer Pkwy	3	2.5	1,800	1973	$90,000
505 Lookout Dr	2	2	1,320	1974	$91,500
2602 Custer Pkwy	3	2.5	1,812	1973	$110,000
2626 Custer Pkwy	3	2.5	1,812	1973	$115,900
Plano					
2400 Jupiter Rd	2	1	800	1985	$59,900
2400 Jupiter Rd	2	1	800	1985	$59,985
1805 Spring Creek Ppkwy	1	1	754	1982	$60,950
1700 Amelia Court	2	1.5	809	1984	$62,500
3801 14th St	2	1.5	1,033	1985	$69,990
1801 W Spring Creek	2	2	1,030	1982	$81,900
3101 Townbluff	2	1	853	1982	$82,900
1700 Amelia Court	2	2	1,086	1984	$83,000
3120 Devonshire	2	2	1,071	1984	$85,900
3101 Townbluff	2	2	919	1982	$89,000
2200 Park Bl	2	2.5	1,252	1982	$105,900
2200 Park Bl	3	3	1,444	1982	$107,000
2524 Preston Rd.	1	1	1,030	1995	$124,900
2524 Preston Rd.	1	1	1,031	1995	$143,900
2524 Preston Rd.	2	2	1,230	1995	$147,900
2524 Preston Rd.	3	2	1,406	1995	$148,600
2524 Preston Rd.	2	2	1,281	1995	$157,000
2524 Preston Rd.	2	2	1,281	1995	$159,900
2524 Preston Rd.	2	2	1,230	1995	$164,990
2524 Preston Rd.	2	2	1,230	1995	$165,000
2524 Preston Rd.	3	2	1,406	1995	$169,400
Average			1,131		$97,211
Median			1,033		$83,500

Source: North Texas Real Estate Information Systems

Table V-5

COMPARISON OF UNIT MIX RICHARDSON v DALLAS COUNTY

	Richardson		Dallas County	
	Units	**Mix**	**Units**	**Mix**
Efficiency/ Studio	48	0.6%	10,980	3.6%
One Bedroom	3,126	38.2%	157,096	51.0%
Two Bedroom	4,087	49.9%	124,583	40.5%
Three Bedroom	932	11.4%	15,131	4.9%
Total Units	8,193	100.0%	307,790	100.0%
Total Buildings	50		2,045	

Equivalent data for Collin County is not available.

Source: M/PF Research Inc.

Table V-6
APARTMENT RENTS AND OCCUPANCY RATES IN RICHARDSON

	Sep-99	Mar-00	Sep-00	Mar-01	Sep-01	Mar-02
Occupancy	96.8%	96.2%	97.6%	96.8%	94.8%	92.0%
Rent[1]	$852	$831	$872	$897	$910	$853
Rent Change		-2.5%	4.9%	2.9%	1.4%	-6.3%
Average Size (SF)	978	962	958	967	963	937
Rent/SF	$0.87	$0.86	$0.91	$0.93	$0.95	$0.91
Units Absorbed	-	-	-	240	-	(140)

[1] Monthly rent excluding electricity.

Source: M/PF Research

Table V-7

RICHARDSON MULTIFAMILY HOUSING DEMAND FORECAST

	2002	2005	2010	2015	2020
Dallas County Population	2,232,232	2,265,917	2,346,342	2,422,355	2,500,832
Collin County Population	494,630	502,094	519,915	536,758	554,147
Total Population	2,726,862	2,768,011	2,866,257	2,959,114	3,054,979
Total Households	995,205	1,017,651	1,065,523	1,116,647	1,157,189
Avg Household Size	2.74	2.72	2.69	2.65	2.64
Percentage Multi-family	42.0%	43.0%	44.0%	44.0%	45.0%
Multi-family Households	417,986	437,590	468,830	491,325	520,735
Multifamily Demand @ 5.0% vacancy	438,885	459,469	492,272	515,891	546,772
		2002-05	**2002-10**	**2002-15**	**2002-20**
Dallas/ Collin Counties Net Multifamily Demand		20,584	53,386	77,005	107,886
Richardson Capture	6%	1,235	3,203	4,620	6,473
Potential at Spring Valley, Main St. and Arapaho Stations	20%	247	641	924	1,295
	25%	309	801	1,155	1,618

Source: US Census, NTCOG, ERA

Section VI
RETAIL/ RESTAURANT AND CINEMA MARKET IN RICHARDSON

RETAIL AND RESTAURANT MARKET CONDITIONS

With the possible exception of the Arapaho station area, there is currently little opportunity for larger-scale retail development at the subject DART stations. This analysis focuses primarily on restaurant, entertainment, and smaller scale retail at the DART stations.

Retail sales in Richardson have grown substantially over the last decade, as indicated by the growth in sales tax revenue from 1990 to 2000. Total taxable sales rose from $506 million in 1990 to $785 million in 2000, an increase of 55 percent, as shown on **Table VI-1**. This growth occurred for most retail categories with the notable exception of general merchandise, where sales decreased by 27 percent over the same period, due to the development of regional shopping centers in neighboring communities. Richardson's sales tax revenue comprises only a small fraction of total sales tax revenue in Dallas and Collin Counties. Richardson's share of taxable sales in those counties has declined from 4.4 percent in 1990 to under four percent in 2000.

A comparison of Richardson, Collin County and Dallas County reveals that total per capita sales is highest in Richardson, at $8,555 as compared to $7,377 for Dallas County and $7,245 for Collin County (see **Table VI-2**). However, for many retail categories, Richardson is below Dallas and Collin Counties in per capita sales. In particular, Richardson appears to be under-served in general merchandise, building materials and furniture stores. This is largely due to the city's decision to discourage "big box" retail uses along the President George Bush Tollway, where most of the vacant land is currently located.

Although per capita spending for restaurants (eating and drinking establishments) is higher for Richardson than for Dallas and Collin Counties, residents and workers in the Telecom Corridor® have reported a shortage of high-quality restaurants and entertainment venues. As with many other suburban communities in North Central Texas, Richardson's "dry" ordinance creates a challenge for the establishment of pubs or taverns for local residents and workers.

RETAIL AND RESTAURANT DEMAND FORECAST

Retail demand within the Richardson market area is a function of population and spending per capita. Using 2000 per capita spending estimates by retail category, we projected forward to 2020 to identify total and component retail demand.

Tables VI-3 and **VI-4** present our retail demand forecast for Richardson and for the selected DART stations. The tables translate retail demand into supportable space by applying average sales per square foot for each retail category. Sales per square foot figures are taken from 2000 averages for shopping centers along with market specific retailer information. Based on our analysis, resident supported retail demand in Richardson amounts to almost three million square feet currently. We forecast that supportable retail will increase to nearly 3.9 million square feet by 2010, and 4.8 million square feet by 2020. The majority of the additional retail demand will be for specialty stores, food stores, and eating and drinking establishments.

RETAIL AND RESTAURANT POTENTIAL AT STATION AREAS

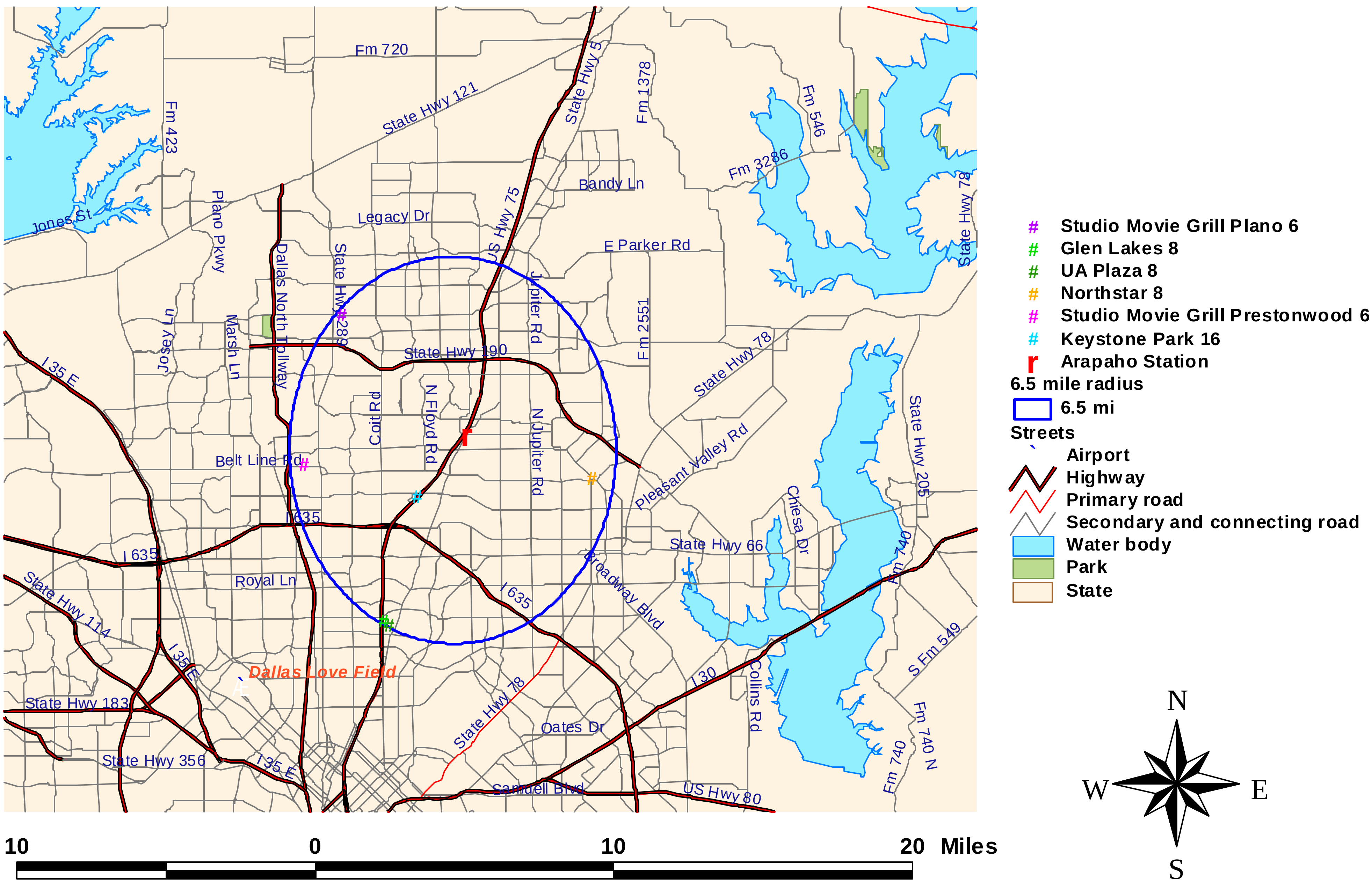
Given the total additional demand for 1.6 million square feet of retail space in the City, ERA estimated that the three subject station areas could attract up to 223,000 square feet of new retail space between 2002 and 2020. The stations can be expected to capture many of the new restaurants, pubs, and small specialty stores (see **Table V-4**). If the relocation and expansion of existing local retailers were included, the new retail development at these three stations could easily exceed 300,000 square feet.

CINEMA DEMAND

Because cinema is an effective catalyst for activity, ERA also analyzed the demand for cinema screens at the three DART stations. In particular, ERA believes that the Arapaho Station may be the most appropriate for cinema development, given the large development parcels available there, as well as its visibility, park and ride lots, and east-west access across the city on Arapaho Road. There are 52 mainstream cinema screens showing first-run movies within six to seven miles of the Arapaho Station (see **Table V-5**). The theaters are located in north Dallas, Garland and Plano. However, there are no cinema screens located within the city of Richardson. Market area theaters include only one megaplex, the 16-screen Keystone Park in Dallas. (Plano's megaplexes, Legacy 24 and Tinseltown USA 20, are located further north and west of Richardson's market area). Keystone Park is clearly the most profitable of the market area cinemas, generating annual per screen box office revenues of approximately $400,000. By contrast, the smaller eight-screen theater in Garland generates $117,000 per screen and the six-screen Studio Movie Grill cinemas, which also offer an extensive array of food and beverages, earn about $124,000 to $137,000 annually per screen. The average annual per-screen revenue for all market area cinemas is about $240,000 (see **Table V-6**).

After examining the geographic location of the existing theaters, it is ERA's opinion that there is potential for additional theaters serving the Richardson area. The market area currently has a population of 374,000 and is expected to grow to 450,000 by 2020. Residents and workers currently going to Keystone Park 16 or Northstar 8 could be recaptured if new Richardson cinemas were located closer to office or home, or if they provided a quality entertainment experience, combined with restaurants or bars.

Mainstream Cinema Screens within Richardson Market Area



Angelika Cinema, Mockingbird Station

As shown on **Table VI-7**, ERA found that an 18 to 20 percent capture of revenues at competing theaters would support an additional 10- to 12-screen multiplex at Arapaho station. Revenue per screen will grow with income and population growth. Given the accessibility and convenience of the Park & Ride site and the potential for shared parking, which reduces development cost, the Arapaho station site is an attractive location for the near term development of a 12-screen Cineplex. By 2020, Richardson should be able to add nine to 12 additional screens, which could be developed at the Main Street and Spring Valley stations.

Table VI-1

CITY OF RICHARDSON TAXABLE RETAIL SALES - 1990, 1995, 2000
in US$1,000

	1990	1995	2000	Percent Change 90-00
Building Materials and Garden Supplies	$40,345	$39,611	$46,035	14.1%
General Merchandise Stores	$85,858	$63,853	$62,752	-26.9%
Food Stores	$48,524	$50,353	$96,877	99.6%
Auto Dealers and Service Stations	$37,114	$45,839	$50,960	37.3%
Apparel and Accessory Stores	$51,965	$50,547	$65,342	25.7%
Furniture and Home Furnishing Stores	$67,947	$83,660	$63,348	-6.8%
Eating and Drinking Places	$75,922	$97,705	$145,170	91.2%
Miscellaneous Retail	$98,507	$148,308	$254,866	158.7%
Subtotal Richardson	**$506,182**	**$579,876**	**$785,350**	**55.2%**
Dallas County Sales	$10,321,843	$12,774,820	$16,368,043	58.6%
Collin County Sales	$1,078,278	$1,877,445	$3,562,113	230.4%
Subtotal Counties	$11,400,121	$14,652,265	$19,930,156	74.8%
Richardson Share of Dallas and Collin Counties	4.4%	4.0%	3.9%	

Numbers have been rounded

Source: City of Richardson; State of Texas Comptroller

Table VI-2

PER CAPITA RETAIL SALES - 2000

	City of Richardson	Collin County	Dallas County
Building Materials and Garden Supplies	$501.50	$808.87	$644.20
General Merchandise Stores	683.60	1,441.89	1,123.95
Food Stores	1,055.29	680.03	631.13
Auto Dealers and Service Stations	555.11	324.85	398.88
Apparel and Accessory Stores	711.77	682.59	639.86
Furniture and Home Furnishing Stores	690.05	945.74	1,042.41
Eating and Drinking Places	1,581.34	1,045.75	1,357.14
Miscellaneous Retail	2,776.25	1,315.13	1,539.08
Total	**$8,554.92**	**$7,244.85**	**$7,376.65**

Numbers have been rounded

Source: City of Richardson; State of Texas Comptroller

Table VI-3

RICHARDSON MARKET AREA SPENDING

	Per-Capita Spending ($ thousands)	Total Spending ($000)					
		2000	2002	2005	2010	2015	2020
Richardson Population		91,802	95,045	100,125	106,278	112,810	116,235
Income Growth Adjustment		1.000	1.024	1.061	1.127	1.196	1.269
Eating & Drinking Places	$1.581	$145,170	$153,927	$168,062	$189,354	$213,344	$233,331
Apparel Stores	0.712	65,342	69,284	75,646	85,229	96,028	105,024
Specialty Stores	2.776	254,866	270,240	295,056	332,436	374,554	409,644
Home Furnishings & Appliances	0.690	63,348	67,170	73,338	82,629	93,098	101,819
Genl Merch/Drug Stores	0.684	62,756	66,541	72,652	81,856	92,227	100,867
Food Stores	3.166	290,632	308,164	336,462	379,088	427,117	467,131

ESTIMATED SALES PER SQUARE FOOT

	2000	2002	2005	2010	2015	2020
Eating & Drinking Places	$325	$325	$325	$325	$325	$325
Apparel Stores	250	250	250	250	250	250
Specialty Stores	250	250	250	250	250	250
Home Furnishings & Appliances	220	220	220	220	220	220
Genl Merch/Drug Stores	270	270	270	270	270	270
Food Stores	400	400	400	400	400	400

TOTAL SUPPORTABLE SPACE IN RICHARDSON (SF)

	2000	2002	2005	2010	2015	2020
Eating & Drinking Places	446,677	473,622	517,114	582,626	656,443	717,941
Apparel Stores	261,368	277,135	302,584	340,917	384,110	420,095
Specialty Stores	1,019,463	1,080,959	1,180,223	1,329,743	1,498,216	1,638,575
Home Furnishings & Appliances	287,947	305,317	333,354	375,585	423,170	462,815
Genl Merch/Drug Stores	232,429	246,450	269,081	303,170	341,581	373,582
Food Stores	726,580	770,410	841,156	947,720	1,067,792	1,167,828
Total	2,974,464	3,153,892	3,443,513	3,879,762	4,371,313	4,780,835

ADDITIONAL SPACE SUPPORTABLE IN RICHARDSON (SF)

	2002-05	2005-10	2010-15	2015-20	Total Distribution	
Eating & Drinking Places	43,492	65,512	73,816	61,498	244,319	15%
Apparel Stores	25,449	38,334	43,193	35,985	142,960	9%
Specialty Stores	99,264	149,519	168,473	140,359	557,615	34%
Home Furnishings & Appliances	28,037	42,232	47,585	39,644	157,498	10%
Genl Merch/Drug Stores	22,631	34,089	38,411	32,001	127,132	8%
Food Stores	70,746	106,564	120,072	100,035	397,418	24%
Total	289,620	436,249	491,551	409,522	1,626,942	100%

Numbers have been rounded

Source: NTCOG, Economics Research Associates

Table VI-4
TOTAL SUPPORTABLE SPACE AT MAIN STREET, SPRING VALLEY AND ARAPAHO STATIONS

	Capture Rate		Supportable Space (SF)		
	2002-10	**2010-20**	**2002-10**	**2010-20**	**2002-20**
Eating & Drinking Places	28.0%	30.0%	34,461	41,574	76,035
Apparel Stores	7.0%	12.0%	5,041	9,731	14,772
Specialty Stores	12.0%	16.0%	33,708	50,606	84,313
Home Furnishings & Appliance	0.0%	1.0%	0	893	893
Genl Merch/Drug Stores	7.0%	11.0%	4,483	7,932	12,414
Food Stores	6.0%	10.0%	12,012	22,542	34,554
Total	10.9%	14.4%	89,704	133,277	222,982

Source: Economics Research Associates

Table VI-5
MAINSTREAM CINEMA SCREENS IN RICHARDSON MARKET AREA
(Within approximately 6.5 miles of Arapaho Station)

Theater Name	**Owner**	**City**	**No. of Screens**
Glen Lakes 8	AMC	Dallas	8
United Artists Plaza 8	United Artists	Dallas	8
Studio Movie Grill Prestonwood	Independent	Dallas	6
Keystone Park 16	Loews	Dallas	16
Subtotal North Dallas			**38**
Northstar 8	United Artists	Garland	8
Subtotal Garland			**8**
Studio Movie Grill Plano	Cinemark Corporation	Plano	6
Subtotal Plano			**6**
Total Screens in Market Area			**52**

Source: GuideLive.com, AC Nielsen EDI, Inc.

Table VI-6

BOX OFFICE REVENUES IN MARKET AREA CINEMAS, 2001

Theater Name	City	Owner	No. of Screens	Gross Box Office Revenue	Revenue per Screen
Glen Lakes 8	Dallas	AMC	8	$1,738,175	$217,272
United Artists 8	Dallas	United Artists	8	$1,877,492	$234,687
Studio Movie Grill Prestonwood[1]	Dallas	Cinema Services	6	$822,663	$137,111
Keystone Park 16	Dallas	Loews	16	$6,360,933	$397,558
Northstar 8	Garland	United Artists	8	$932,780	$116,598
Studio Movie Grill Plano	Plano	Cinema Services	6	$744,792	$124,132
Total			**52**	**$12,476,835**	**$239,939**

[1] Studio Movie Grill purchased this location in April 2001 (formerly the Granada Movie Grill).

Source: AC Nielson EDI, ERA.

Table VI-7

FORECAST OF CINEMA DEMAND IN RICHARDSON MARKET AREA

	2002	2005	2010	2015	2020
Market Area Population	374,012	387,996	411,841	437,152	450,425
Income Growth Adjustment	1.02	1.06	1.13	1.20	1.27
Per Cap Spending	$35	$37	$42	$50	$64
Total Spending	$13,094,620	$14,419,060	$17,244,260	$21,890,460	$28,632,220
Richardson Capture					
18%	$2,357,032	$2,595,431	$3,103,967	$3,940,283	$5,153,800
20%	$2,618,924	$2,883,812	$3,448,852	$4,378,092	$5,726,444
Supportable Screens					
18% Capture	10	11	13	16	21
20% Capture	11	12	14	18	24

Numbers have been rounded.

Source: Economics Research Associates

Section VII
IMPLEMENTATION SUGGESTIONS

FOCUS MULTI-FAMILY HOUSING AT STATIONS

The City of Richardson has conflicting objectives concerning multi-family housing development. On one hand, the City realizes that concentrating multi-family housing development in the vicinity of the DART stations is good public policy. On a regional level, this policy increases transit system usage and financial support, reduces vehicle miles traveled resulting in less traffic congestion and less air pollution and slows the consumption of open space. At the local level, having more vibrant mixed-use districts allows Richardson to better appeal to the young high technology worker and makes the city more attractive to telecom firms when that sector rebounds. Townhouses/condominiums in these districts also allow older Richardson households to shed the responsibilities associated with their single-family homes and remain in their community while reducing their dependence on automobiles.

On the other hand, Richardson has had some challenging experiences with the over concentration of multi-family apartments. Some years ago, the development of a large number of apartments in an area outside of Richardson but within the Richardson Independent School District's service area created a severe burden on the District.

ERA's suggestion, which allows Richardson to address this two-sided concern, is for the City to create of a set of growth management policies and ordinances that accomplish the following:

- Manage the total number of multi-family apartment remaining to be developed within the city through some combination of zoning and/or building permit control.
- Decide on a geographic allocation of those units (i.e. near the University of Texas campus and within one-quarter mile of the DART stations).
- Target 300 to 400 multi-family units at each DART station. Once that allocation has been satisfied, no more such units can be built unless the City's growth management policies are changed.

Since Richardson is a highly desirable residential community with high quality municipal services and excellent schools, demand for housing in Richardson has been and will continue to be strong. When developers realize that Richardson has created a supply-constrained situation for multi-family apartments, they will be even more motivated to build such housing in Richardson. With less competition in the future, developer/owners of such projects will be able to charge higher rents resulting in better profits and greater project value.

The City of Richardson should be able to take advantage of this additional developer motivation by imposing higher standards of design and construction quality. Since these multi-family permits are presumably allocated on a “first-come-first-served basis” for each geographic area, the growth management policies will initially tend to have an accelerating affect on multi family development within the City. Should more than one developer compete for the allocation within any geographic area, the City could hold a “beauty contest” to determine which project best satisfies its objectives (i.e. design characteristics, construction materials, interior features, exterior amenities, pedestrian walkways to transit, etc.). Or the City could divide the allocation to secure smaller scale projects. With a set of proactive growth management policies, the City should be able to harvest most of the benefits of multi-family development while minimizing its adverse impacts.

BUILD PEDESTRIAN PATHWAYS TO ENHANCE TRANSIT STATION ACCESS

Typically transit agencies build the transit system and parking lots, the local municipality builds the access roads and the developers build projects on their own properties. There has been little historical precedent for funding for the construction of pedestrian walkways and bicycle paths leading from the local neighborhoods to the transit stations. ERA suggests that the City of Richardson plan very deliberately for a series of well designed pedestrian and bicycle paths leading from its neighborhoods to these DART stations. The funding for the construction of such non-auto paths needs to be part of the capital facilities budgeting process.

CREATE A NETWORK OF PEDESTRIAN SCALE RETAIL STREET SUPPORTED WITH PUBLIC PARKING

The development opportunity at these station areas over much of the next decade, particularly at the Spring Valley and Main Street stations, is a series of mixed-use projects with residential units built over ground floor retail space. While the demand for the residential units will be quite strong, success for the ground floor retail space is much more difficult to achieve. In order to ensure the overall success of a district anchored by this type of project, Richardson needs to create a network of pedestrian scale retail streets supported by ample public parking. ERA sees some of the key criteria for the success of such streets to be as follows:

- Ideally, these pedestrian scale retail streets would have convenient linkages into the surrounding neighborhoods and are not isolated in the high volume travel corridor between the DART tracks and US-75.

- These streets should not be the ones carrying high volumes of automobile traffic at high speeds. The intensity of the automobile traffic, as measured by both speed and volume, detracts from the pedestrian shopping experience.

- These streets should carry some automobile traffic to facilitate access to and visibility of the retail shops. One or two lanes of traffic in each direction is ideal. Sidewalks need to be sufficiently wide to offer pedestrians a comfortable experience.

- On-street parking is a critical element to the success of such retail streets; however, such parking is typically not sufficient. For these streets that still must carry significant through traffic, ERA recommends parallel parking on both sides of the street. If the traffic carrying function of the street is not critical (i.e. on short perpendicular side streets), ERA would recommend diagonal parking. If diagonal on-street parking is not feasible, then the City should plan for a series of public parking lots. A series of smaller public lots, ideally in a checker board pattern on every other block, is more compatible with and more supportive of a street retail network than one or two major parking facilities. The buildings should front onto the street with the parking lots in the back or off side streets.

CONSTRUCT PUBLIC AMENITIES TO INDUCE PRIVATE INVESTMENT

Richardson has already used this strategy in a grand manner at the Galatyn Park station. This strategy is appropriate at the Arapaho, Main Street and Spring Valley stations as well but at a finer grain scale. ERA envisions plazas, fountains, pocket parks, public art, street furniture and street trees to make the transit station environment much more people friendly. These public investments will over time provide a return by attracting higher quality private investment. The private investment will come not only in the form of new development but also in the form of reinvestment in existing properties. With judicial public investment inducing private investment, the entire Richardson DART corridor can become a vibrant urban district that all citizens of Richardson can be proud of.

UPDATE LIQUOR LAWS

The economic development strategy for these three stations, particularly during the next several years before the telecommunications sector rebounds with vigor, is urban mixed use with restaurants, cafes, shops, bars, cinema, clubs and residences. This strategy is much more difficult to implement if Richardson's liquor laws are substantially more restrictive than those of its neighboring communities such as Dallas and Plano. In order to create a vibrant mixed-use district, anchored by the DART stations, Richardson needs to update its liquor laws to the extent possible.

POTENTIAL FUNDING SOURCES FOR TRANSIT-ORIENTED DEVELOPMENT

Transit-oriented development projects present unique financing challenges largely due to lack of developer and/or lender experience with mixed-use projects in many urban locations. Some TODs around the country have made use of federal, state and local sources of funding to support the projects. The following is a brief description of major programs available for TOD at the federal level. It should also be noted that many projects compete for available public resources, and most TODs use multiple public and private financing sources.

- Transportation Equity Act for the 21st Century (TEA-21) – Established in 1998, TEA-21 builds on the Intermodal Surface Transportation Efficiency Act (ISTEA) programs, and funds projects that "are designed to strengthen the cultural, aesthetic, and environmental aspects of the nation's intermodal transportation system." The TEA-21 program can help fund bike lanes, pedestrian improvements, public art and enhancements, and other projects. In Texas, the TEA-21 funds are allocated primarily to the metropolitan transportation districts. The decision to reauthorize TEA-21 will be made in 2003.

- Transportation and Community and System Preservation Pilot Program (TCSP) – The TCSP pilot program was established under TEA-21 as an initiative to create "livable communities." TCSP funds programs that improve existing transportation systems, like traffic calming measures. Funds are provided to state, local and metropolitan planning organizations.

- Economic Development Initiative (EDI) – Local governments can also make use of the EDI grants for development projects to catalyze economic development in communities. EDI grants can provide additional security to reduce the risk of the Section 108 loans to CDBG funds. EDI grants are only available to projects that are also receiving Section 108 loans.

- American Communities Fund – Available through Fannie Mae, ACF is a program designed to provide funds for housing and redevelopment projects in the form of equity and debt financing and historic tax credits. ACF can be used for the development affordable housing, single-family and multi-family, as well as mixed-use and neighborhood retail developments.

- Community Development Block Grant Program (CDBG) – CDBG is administered by the Department of Housing and Urban Development. TODs that have an affordable housing component can make use of CDBG funds, which are allocated to cities and urban counties. However, this would require the City to consider the additional staffing necessary to administer and implement the specific federal program requirements.

- Section 108 Loans – The Section 108 Loan Guarantee is part of the CDBG program, and can be used by cities to transform CDBG funds into a loan large enough for the construction of projects that revitalize neighborhoods and leverage private investment. Current and future CDBG funds are used as collateral against Section 108 loans. As with the CDBG Program, use of Section 108 would require the City to consider the additional staffing necessary to administer and implement the specific federal program requirements.

Much of the federal funding flows through State and regional agencies, and Richardson needs to understand the specific objectives of these agency programs to position itself to receive grants that support public investment around its DART stations.

TAX INCREMENT FINANCING DISTRICTS

Tax Increment Financing Districts (TIFs) are used to finance new public improvements in designated areas. They are created by state enabling legislation but implemented at the municipal level. The designated areas are typically redevelopment areas which have been certified as blighted and in need of new investment. Any increases in property tax revenue over a "frozen base" amount is deemed to be caused by new development or the upgrading of existing development and is paid to a special TIF fund. This fund is used to finance public improvements (i.e. new streets, utilities, streetscaping and lighting) which serve to stimulate new private investment and increase property values. TIF funds may also be used for public parking, environmental clean-up, demolition, and façade purchases in special circumstances.

PUBLIC IMPROVEMENT DISTRICTS

Public Improvement Districts are a form of special assessment district intended to allow the property owners in a specific area to fund marketing and maintenance needs. They are typically formed by the city council at the request of the property owners. The owners of a majority of the area agree to levy a supplemental assessment on all like property in the district for services above and beyond city services. Eligible activities include marketing, additional security, landscaping, lighting, public area maintenance and recreation or cultural programs.