



East Arapaho/Collins Redevelopment Study

City Plan Commission Presentation | February 5, 2013

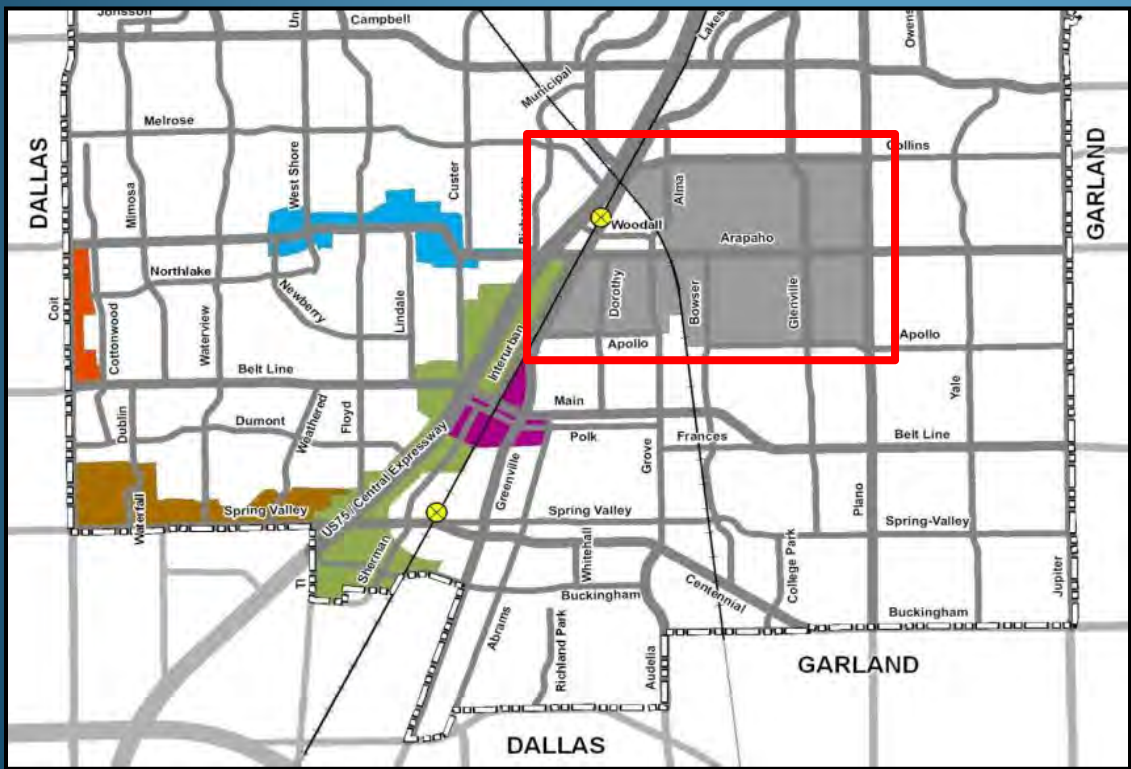
Arapaho/Collins

Presentation Outline

- Comprehensive Plan
- Study area boundaries
- Existing conditions
- Flex space
- Purpose
- Consultant team presentation
- Study approach and schedule
- Discussion

Arapaho/Collins Comprehensive Plan

- West Spring Valley (complete)
- Old Town/Main Street (*underway*)
- Central (*underway*)
- East Arapaho/Collins (*underway*)
- West Arapaho
- Coit



Reflect the challenges of a first-tier suburb—aging development and infrastructure; under-performing properties; evolving demographics

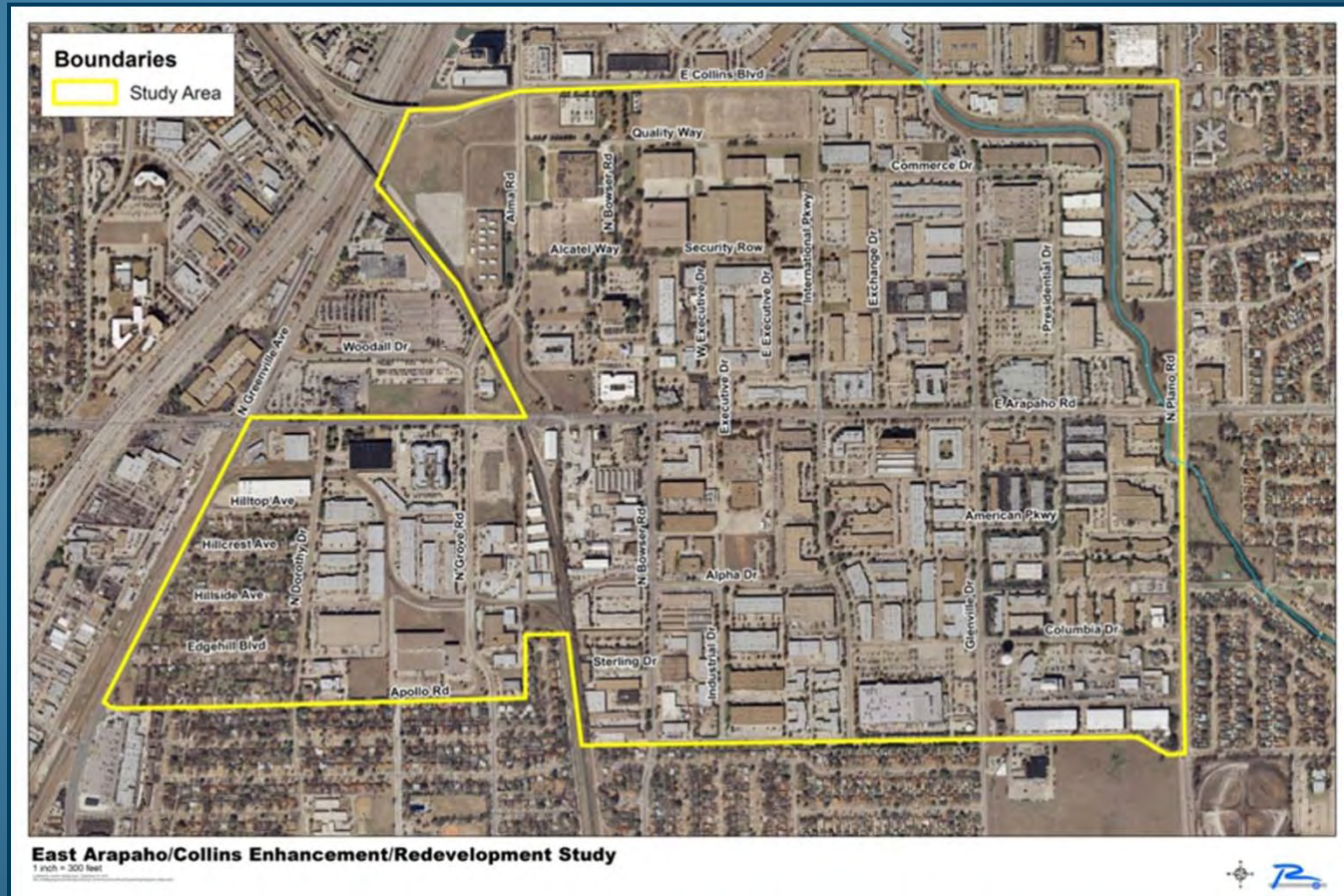
Reinvestment, redevelopment encouraged after further, detailed study to determine redevelopment potential

Arapaho/Collins

Study Area Boundaries - Comprehensive Plan

- West: Greenville Avenue (generally)
- North: Collins Boulevard
- East: Plano Road
- South: Apollo Road

- 699 acres
- 299 parcels



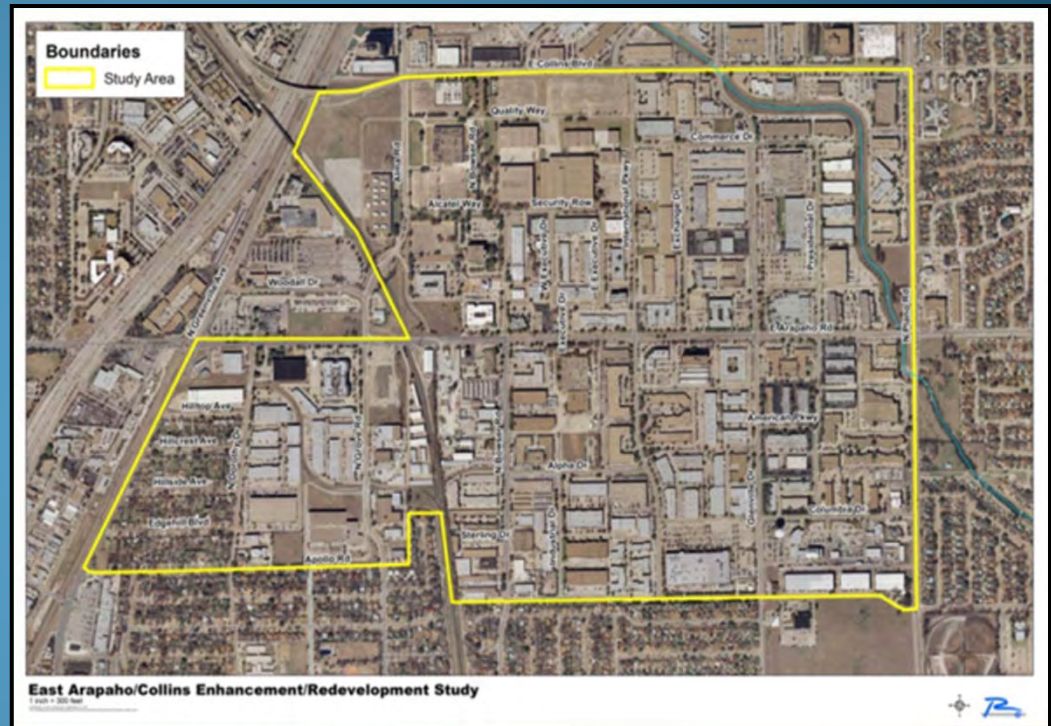
Arapaho/Collins

Purpose of the Study

- Develop a strategy for addressing the underperforming flex space in the study area
- Use the resources of
 - City
 - Richardson Economic Development Partnership
 - Consultants  
 - Stakeholders
 - Key Informants
 - Property owners
 - Real estate brokers
 - Business owners/representatives
 - Chamber
 - UTD
 - DART
 - Community

Arapaho/Collins Study Approach

- Baseline Market Analysis
 - Confirm **study area boundaries**
 - Obtain **input and local market insight** from key informants
 - Provide a preliminary assessment of **land use, traffic/transportation and infrastructure**
 - Identify **sites susceptible to change**
 - Identify the **market potential and opportunities/constraints** of the study area



Arapaho/Collins Flex Space

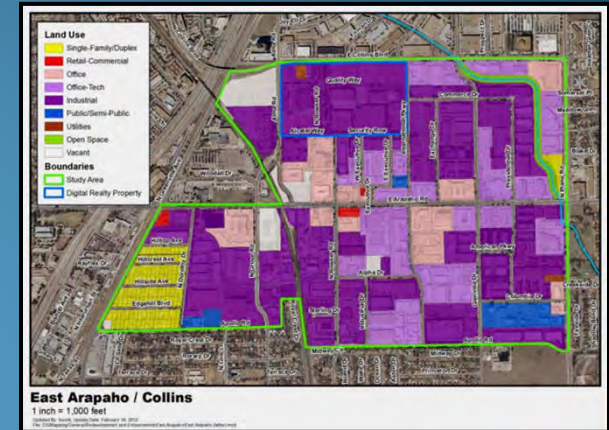
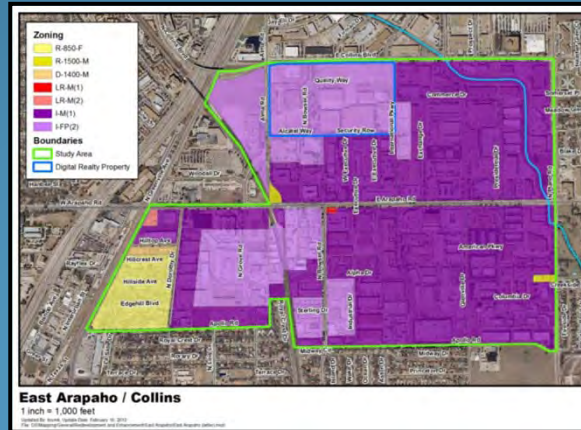
- Definition:
 - Flexible/versatile in design to allow for a variety of office, research and development, quasi-retail sales, industrial processing, high tech (or combinations) in a single space
- Building characteristics :
 - One or two story height
 - Some percentage of space (usually at least half) designed for office layout
 - Ceiling heights of up to 16 feet (to allow for racking of inventory; ceilings can be dropped for office users)
 - Overhead door delivery options (grade level, dock high)



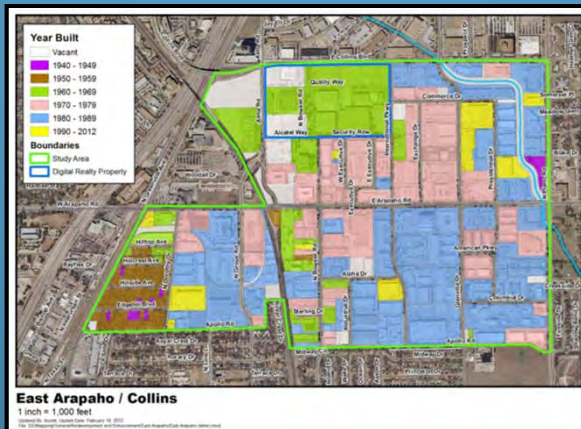
Arapaho/Collins

Study Area Boundaries - Comprehensive Plan

- 86% zoned Industrial
- 75% used for industrial, office tech; 10% used for office



- 81% of improvements built 1970-1989
- No construction 2000-2009
- Since 2010, new construction/uses include data centers, call centers



Project Outline

1

Existing Conditions

- Connectivity, Infrastructure and Building Characteristics
- Challenges to Marketability

2

Market Potential

- Supply Analysis
 - Modern Flex
 - Value Office
 - Class A Office
 - Data Centers
- Demand Analysis
 - Modern Flex
 - Value Office

3

Preliminary Economics of Redevelopment

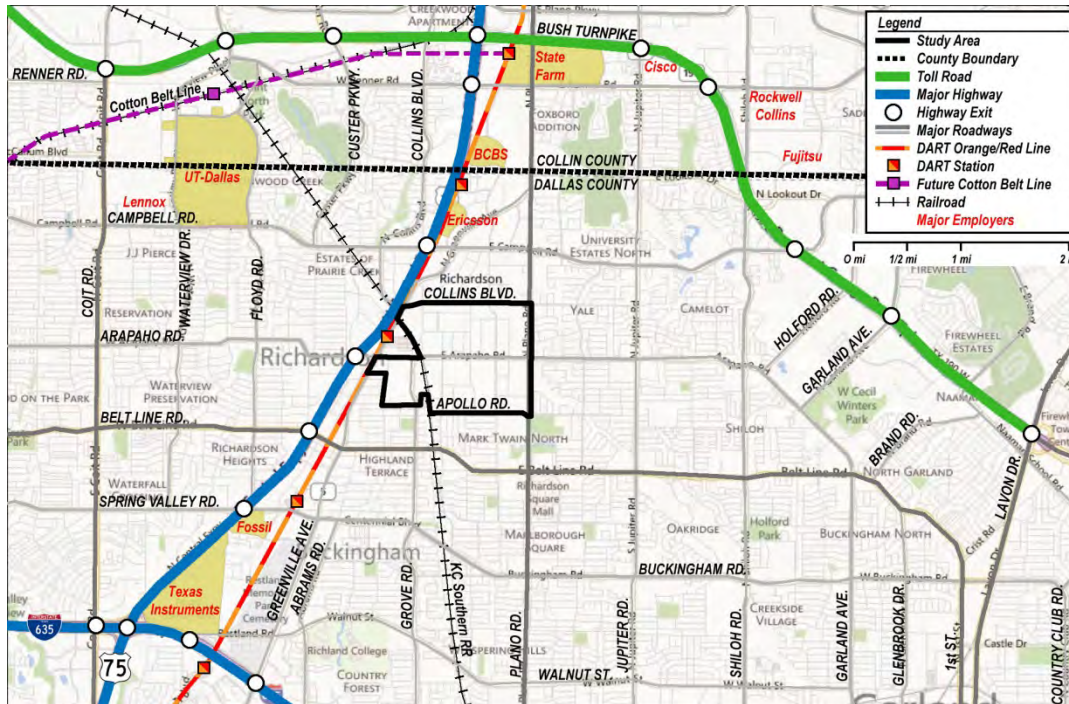
4

Redevelopment Assets, Challenges and Potential Strategies



1. Existing Conditions: Connectivity, Infrastructure, and Building Characteristics; Challenges to Marketability

Regional Context and Connectivity



- Good Regional Transportation Connections
- Near UTD and Major Employers
- Strong Transportation Network
 - Public Transit – Rail and Buses
 - Arterial Streets
 - Generally Pedestrian Friendly



Public Transit



Roadway



Pedestrian & Bicycle

Existing Infrastructure



Water and Wastewater

- Meets capacity
- Large new buildings may require installation of booster pumps to meet water pressure demands

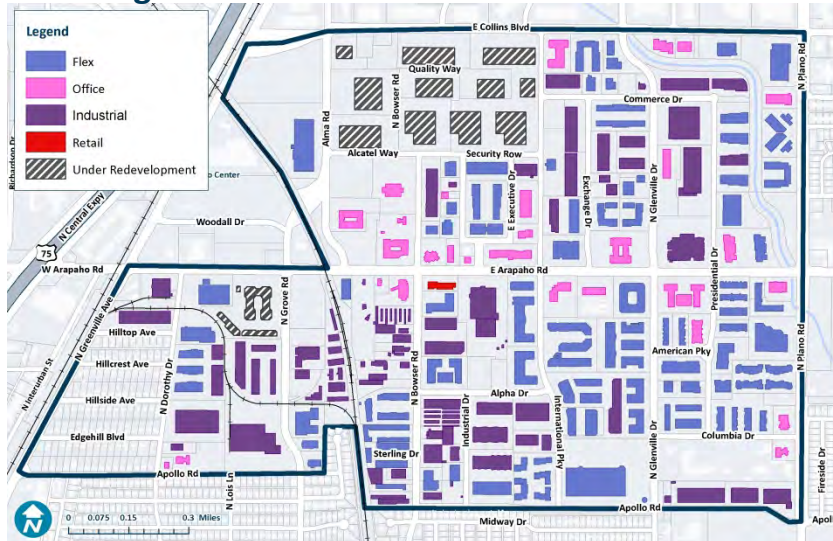


Stormwater and Environmental

- Some stormwater lines at capacity
- No known hazardous waste spills or contamination
- Soil bearing capacities adequate

Building Use, Ownership, Vacancy

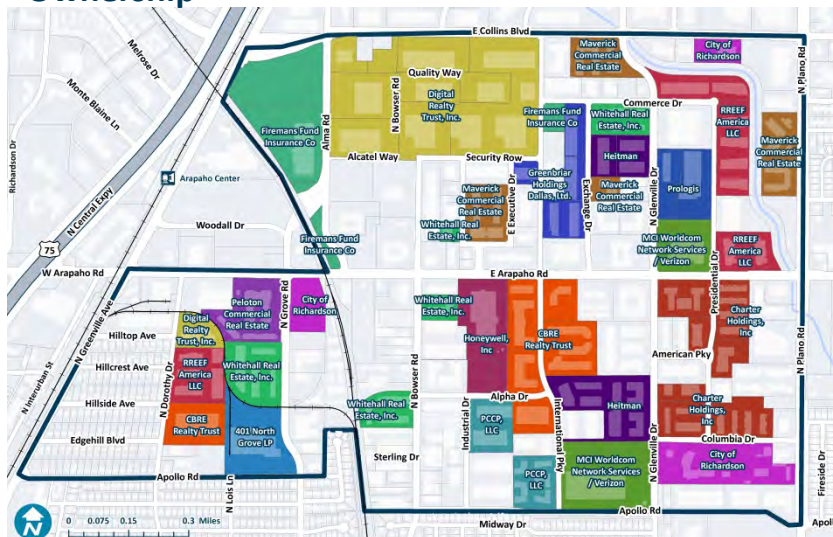
Building Use



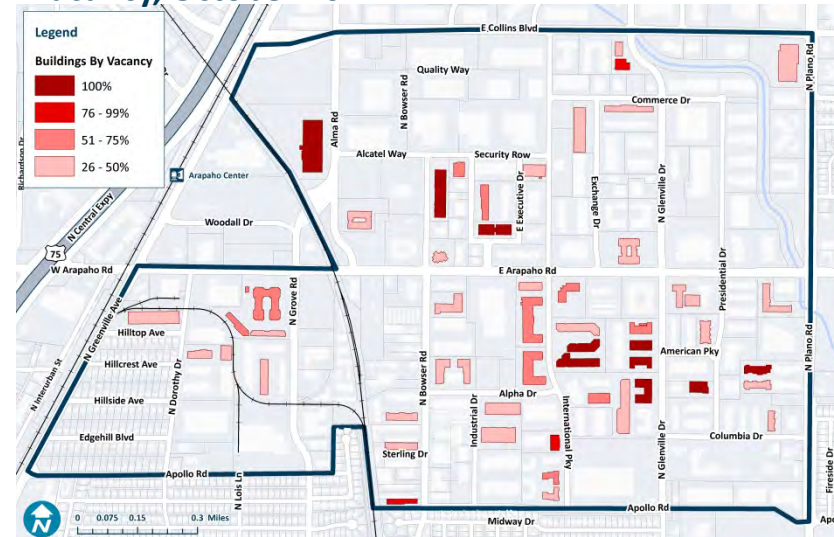
Product	Rentable SF	Vacant SF (3Q 2012)	Vacancy Rate
Flex	3,870,300	932,400	24%
Industrial	2,703,200	398,100	15%
Office	1,207,700	297,600	25%
All Product ^[1]	7,781,300	1,628,100	21%

FLEX: Versatile space. May be used for office, R&D, quasi-retail sales, light manufacturing. CoStar flex definition: > 50% of spaced used for office.

Ownership ^[2]

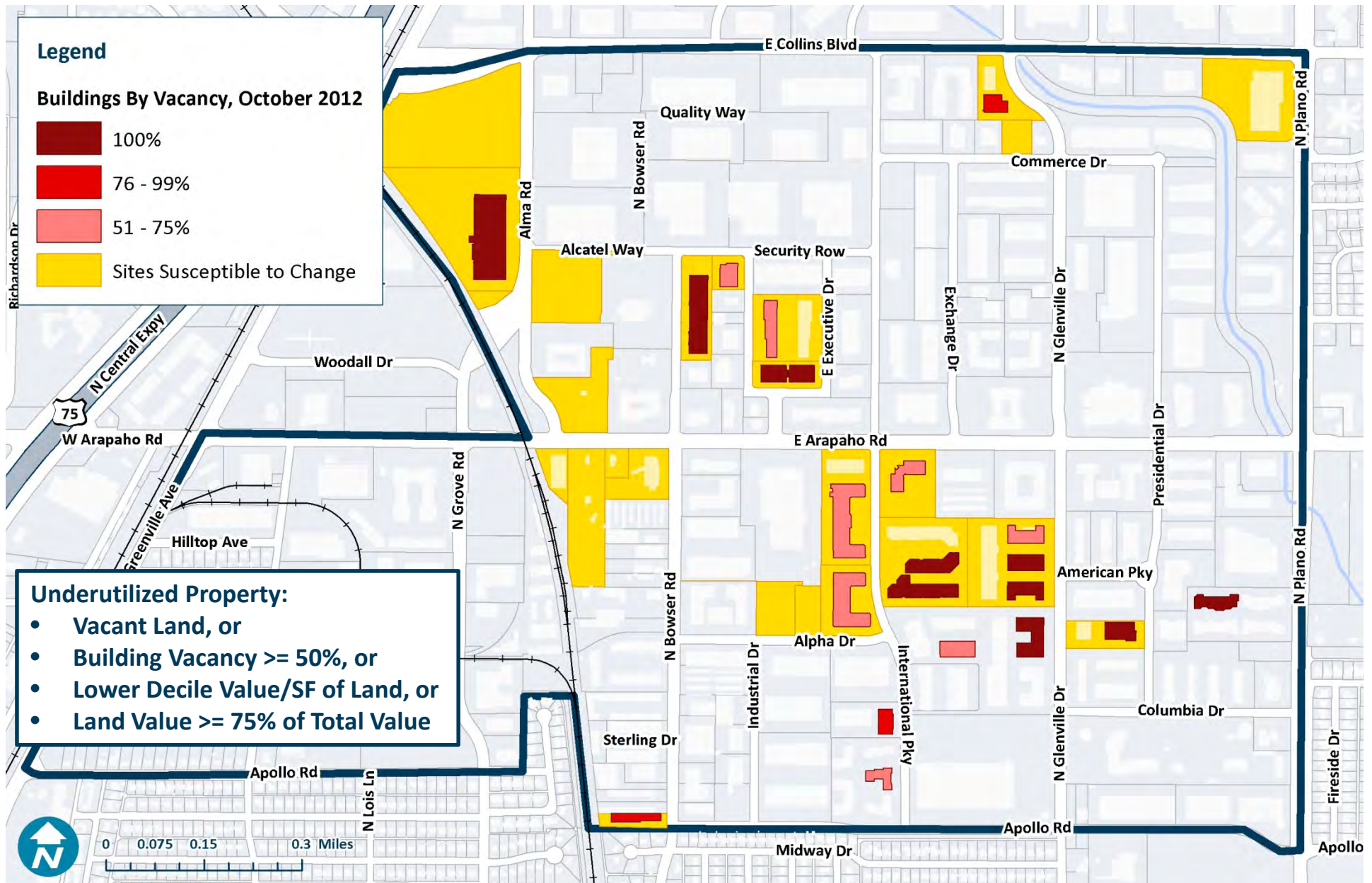


Vacancy, October 2012



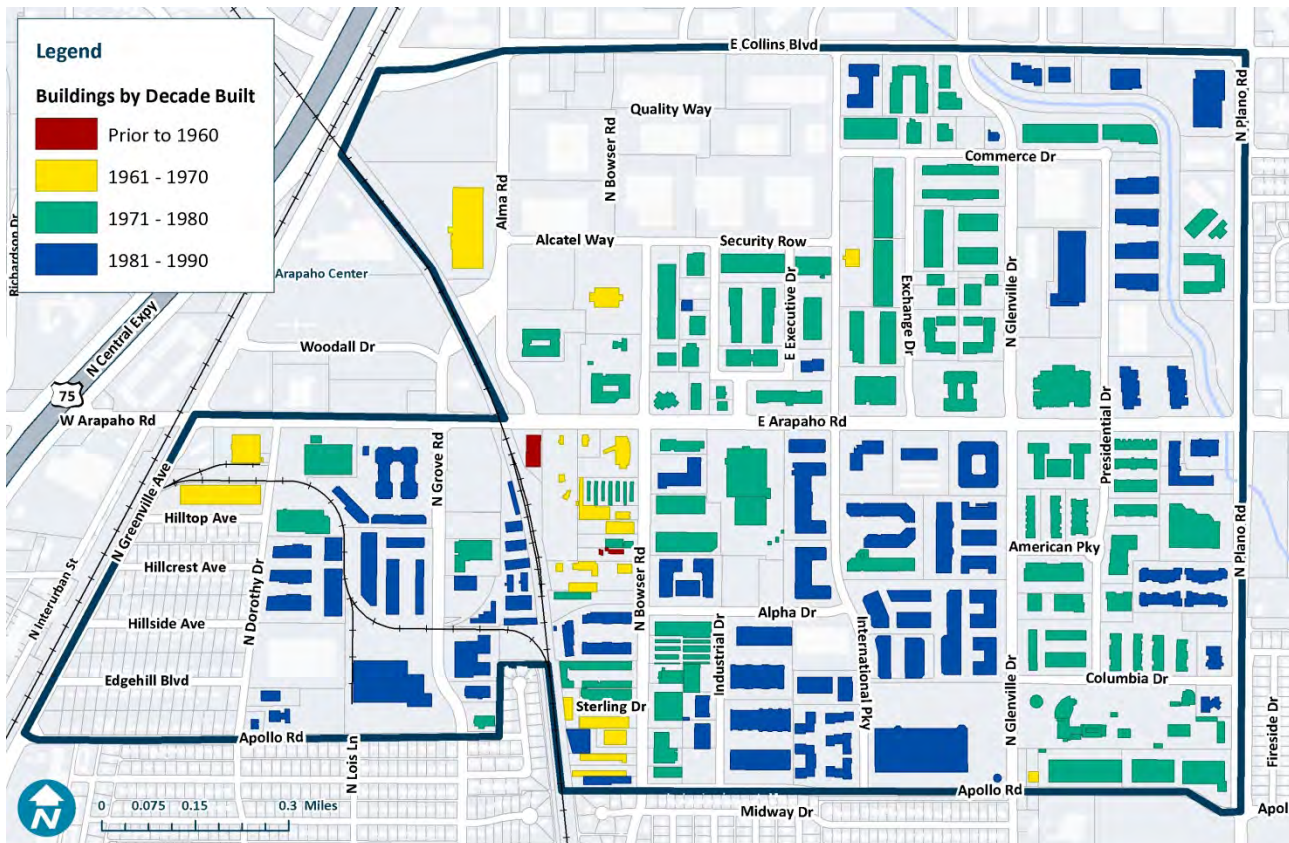
[1] Excluding Digital Realty data centers. [2] Displaying only owners with 10 or more acres of property in Study Area. Owners identified through CoStar and Appraisal District data and refined through broker interviews. Source: CoStar, Richardson Chamber of Commerce, Appraisal District, broker interviews, SB Friedman.

Sites Susceptible to Change

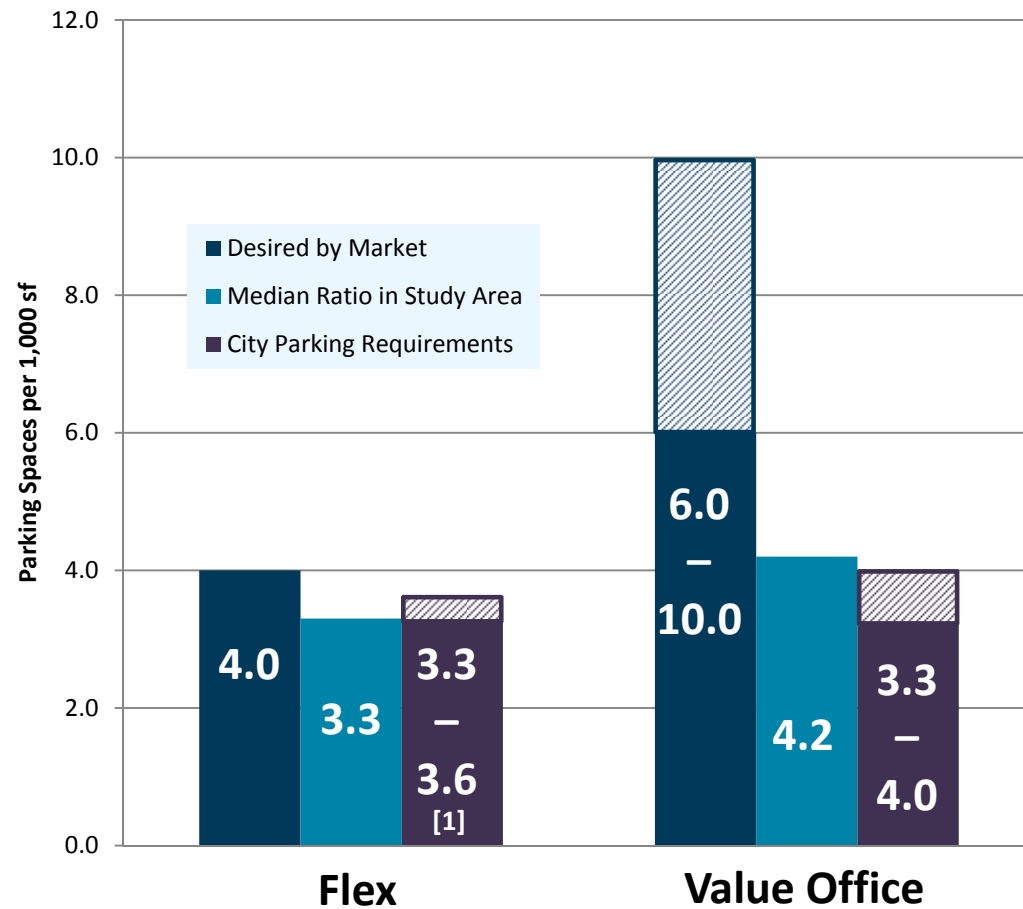


Perception of Obsolescence

- Many buildings appear dated and obsolete
- Over 50% built before 1980
- Median flex building is 32 years old



Low Parking Ratios



City Parking Requirements	
Minimum Number of Spaces per 1,000 sf by Use	
Assembly / Manufacturing / Research Lab	2.5
Showroom / Warehouse	1.0
Office (75,000+ sf)	3.3
Office (Below 75,000 sf)	4.0

Greater than 70% of space in the Study Area *does not meet* parking ratio desired by tenants

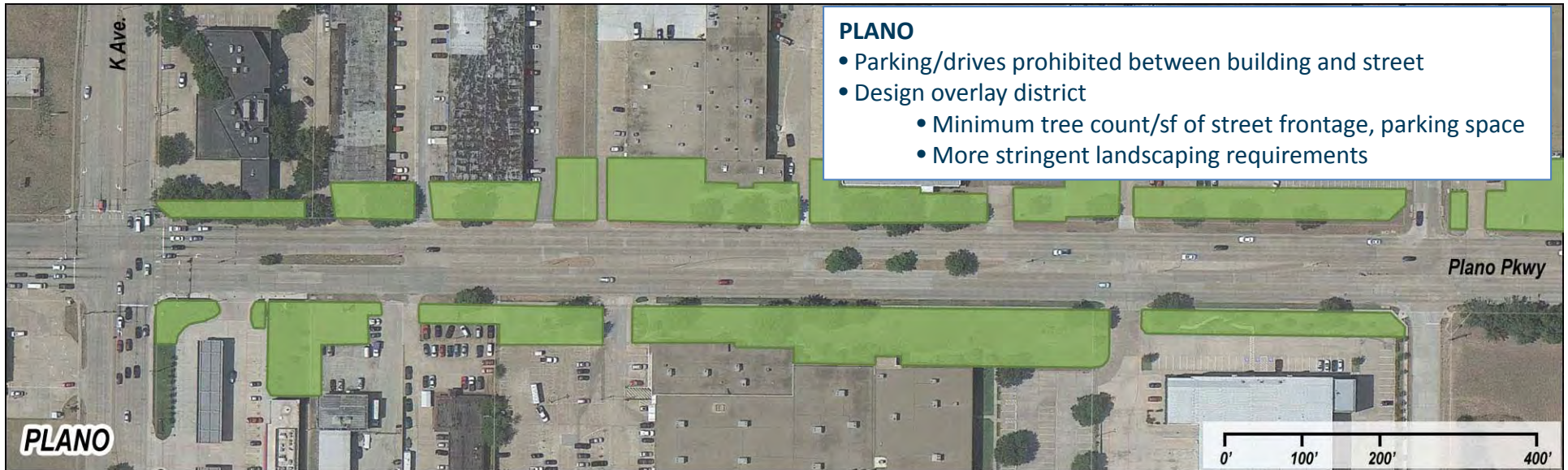
- 72% of flex space
- 78% of value office



Source: CoStar, Richardson Chamber of Commerce, broker and developer interviews, SB Friedman.

[1] Flex space is estimated to be 50-75% office with assembly, manufacturing, and research labs occupying the remaining space

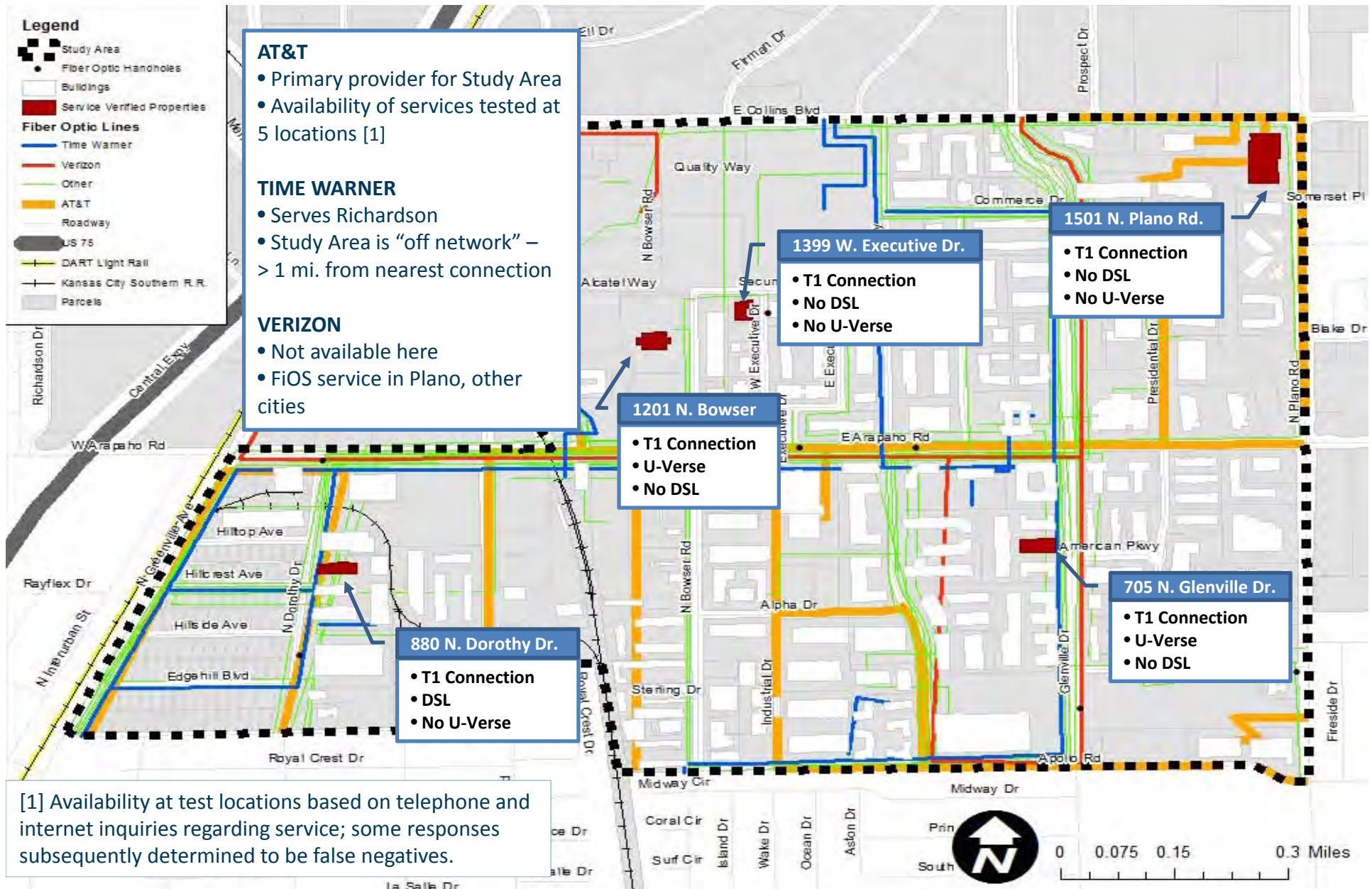
Greenspace Comparison



	<u>ROW Width</u>	<u>Sidewalks</u>	<u>Total Greenspace</u>	<u>Avg. Greenspace Depth</u>	<u>Avg. Bldg. Setback</u>
COMPARISON	110'	One Side	3.26 Acres	41'	62'
	104'	Both Sides	1.85 Acres	22'	65'



Availability of Lower-Cost, High-Speed Internet



Existing Conditions Conclusions

- Good connectivity and access via highways and public transit
- Existing infrastructure generally sufficient
- Perception of obsolescence due to older building stock
- Lower parking ratios and greenspace than competitive parks
- Lower-cost internet availability problematic for smaller users
- Clustered vacancy and institutional ownership present redevelopment opportunities and challenges



2. Market Potential Analysis of Supply and Demand

Real Estate Products Tested

Modern Flex



Value Office



Class A Office



Data Centers



Comparative Analysis of Flex Submarkets

	Study Area ^[1]	Rest of Richardson	Plano	Carrollton / Addison
Total Rentable Building Area (RBA)	3,870,331	5,367,376	5,111,511	10,787,937
Vacancy (Q3 2012)	24%	19%	16%	15%
Average Annual Absorption (square feet - sf) 10 Years	(55,829)	53,225	54,418	42,947
New Construction (sf) 10 Years	0	226,160	357,717	326,786
Capture of New Flex Development in Metroplex 10 Years	0.0%	3.5%	5.5%	5.0%

Source: CoStar, Richardson Chamber of Commerce, SB Friedman

[1] Excluding Digital Realty data center buildings.

New Flex Product (2002-2012)

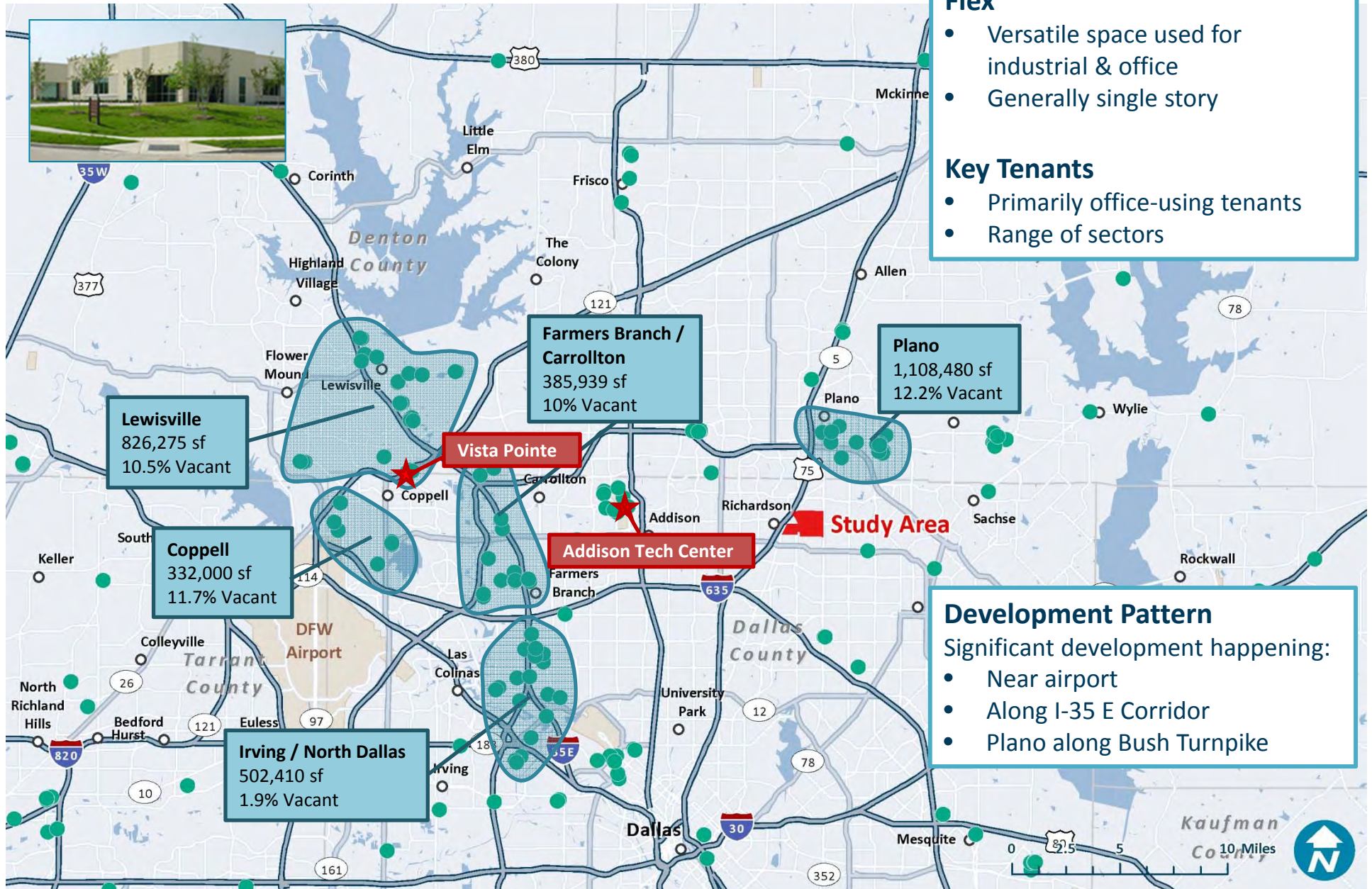


Flex

- Versatile space used for industrial & office
- Generally single story

Key Tenants

- Primarily office-using tenants
- Range of sectors



Development Pattern

Significant development happening:

- Near airport
- Along I-35 E Corridor
- Plano along Bush Turnpike



Comparative Analysis of Flex

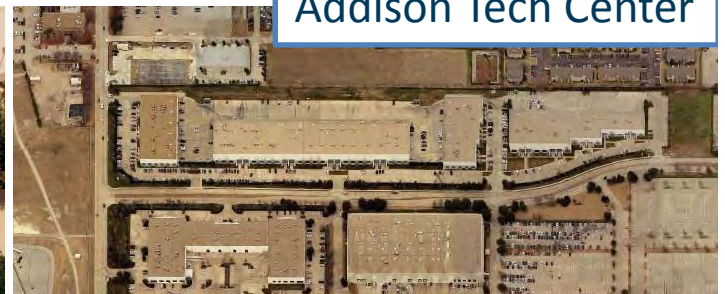
	Study Area Flex	Vista Pointe	Addison Tech Center
Year Built	n/a	2000-2007	2001
Total RBA	n/a	288,200	228,400
Vacancy (3Q 2012)	24%	10%	5.2%
Median Floorplate (sf)	26,100	30,200	45,600
Median Parking Ratio	3.3	4.0	4.5
Avg. Weighted Rent	\$8.42	\$11.00	\$9.75



Vista Pointe



Addison Tech Center



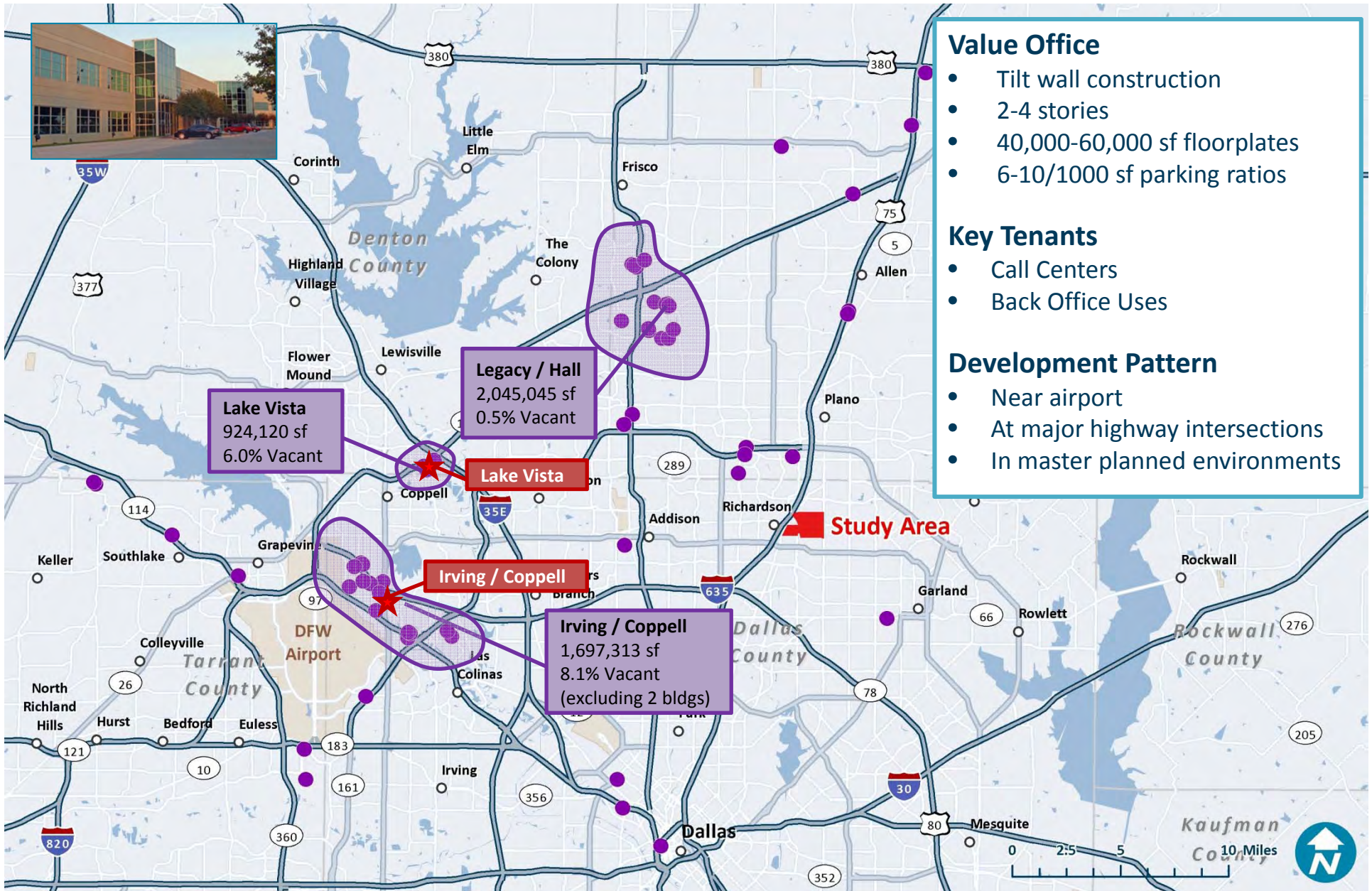
Key Differences in New Flex Product:

- Parking ratios of 4+/1000 sf
- Larger floorplates
- Higher ceilings
- Modern facilities



Source: Jackson Shaw, Bing, SB Friedman

New Value Office (2002-2012)



Comparative Analysis of Value Office

	Study Area Office ^[1]	Lake Vista	Irving / Coppel
Year Built	n/a	2001-2008	2003-2009
Total RBA	742,136	924,120	1,697,303
Vacancy (3Q 2012)	29% ^[2]	6.0%	8.1% ^[3]
Median RBA (sf)	57,200	122,000	112,250
Median Floorplate (sf)	23,600	61,000	38,400
Median Floor Area Ratio (FAR)	0.34	0.28	0.27
Median Parking Ratio	4.2	6.0	6.0
Avg. Wtd. Rent	\$12.61	\$20.00	\$18.95

Key Differences in New Value Office:

- Parking ratios of 6+/1000 sf
- Larger floorplates
- Adjacent to retail and restaurants
- Often in master planned developments



Source: CoStar, Richardson Chamber of Commerce, InfoUSA, Holt Lunsford Commercial, SB Friedman

[1] 2-4 stories
 [2] Without Peloton building; 45% with Peloton
 [3] Excludes two 100% vacant buildings



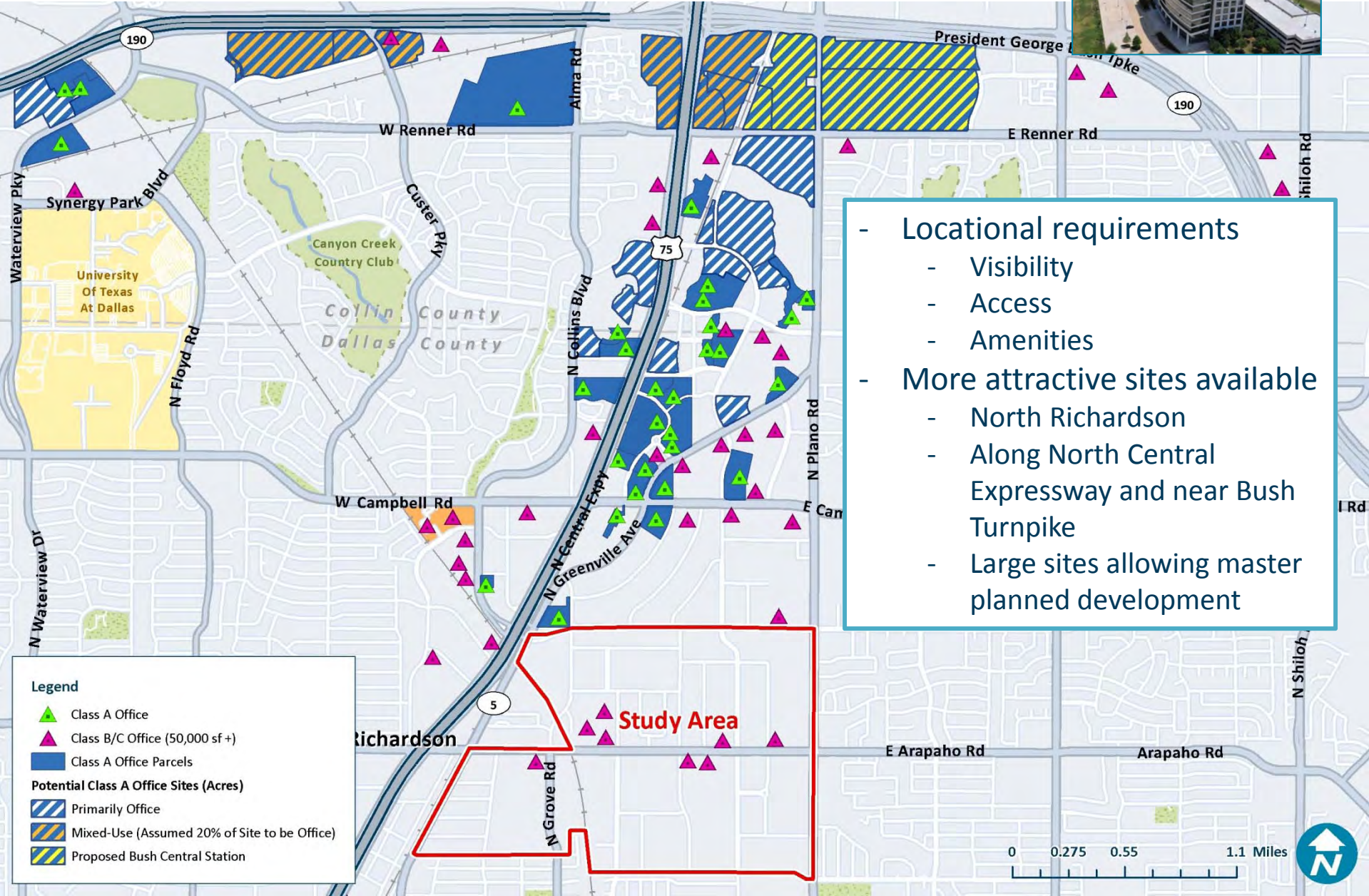
Lake Vista



Irving/Coppel



Potential Class A Office Sites



- Locational requirements
 - Visibility
 - Access
 - Amenities
- More attractive sites available
 - North Richardson
 - Along North Central Expressway and near Bush Turnpike
 - Large sites allowing master planned development



Class A Office Alternative Sites Analysis

Richardson Alternative Sites Analysis

Median FAR of Existing Class A Office	0.59
Potential Class A Office Development ^[1]	
Primarily Office Sites	214 acres
Mixed-Use Sites (assumed 20% office)	155 acres
Total Potential Class A Office sf ^[2]	7,187,000
Avg. Annual Square Footage Delivered (last 20 years)	341,000
Years of Class A Development Capacity at Available Richardson Sites	21

[1] Based on current zoning and assuming 20% Class A office for mixed-use developments.

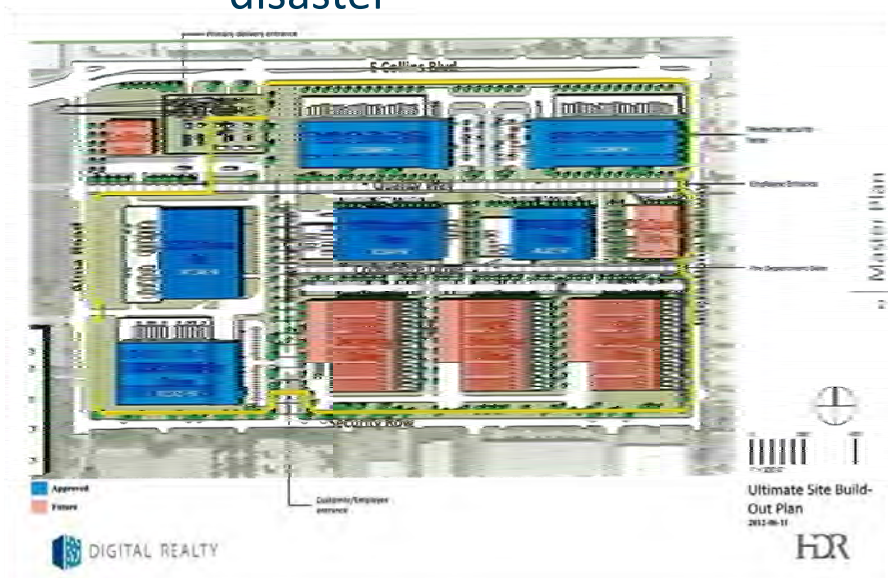
[2] Based on proposed 1.5 million sf at Bush Central Station and Median FAR for remaining parcels.

Data Centers – Location Dynamics



- Location Requirements
 - Reliable, adequate and relatively inexpensive electricity
 - High fiber density with access to multiple carriers
 - Urban location/proximity to large metro areas
 - Low probability for natural disaster

- Richardson Appears to Meet All Location Requirements, but so do Other Locations in Metroplex
 - Power access and capacity is critical – dedicated substations preferred
 - Buildings must be able to withstand high wind speeds, so not all buildings can be retrofitted
 - Few developers want to assemble multiple parcels or do one-off buildings, so assembled sites are attractive (e.g., Digital Realty Trust purchased former Alcatel site)



Demand Analysis – Flex and Value Office

- Highly concentrated in region
- Outperforming national economy
- High employment growth
- Likely to be located in flex and value office space

Regionally Competitive

High Transaction Volume

- Sectors with greatest share of flex and value office transactions in last 5 years

Target Sectors



FLEX	VALUE OFFICE
High Tech Manufacturing	Finance and Insurance
IT – Computer Systems Design	Professional Services
Merchant Wholesalers	Administrative and Support

Tenant Profiles

Modern Flex

- Smaller tenants
 - 75 percent lease less than 13,250 sf

Value Office

- Larger tenants
 - More employees
 - Lease entire buildings or larger spaces
- Headquarter firms tend to prefer:
 - DFW airport proximity
 - Concentrated retail and restaurant amenities
 - Campus-like environments

Market Analysis Conclusions for Study Area

Modern Flex

- More office-like tenants
- High-tech with light manufacturing/distribution
- Smaller multi-tenant spaces
- Parking ratios of 4+/1000 sf

Data Centers

- Meet basic location criteria
- Power access and capacity is critical
- “Wild Card” use

Value Office

- Back office, call centers in high-growth sectors
- Need retail amenities and business support services
- Parking ratios of 6+/1000 sf

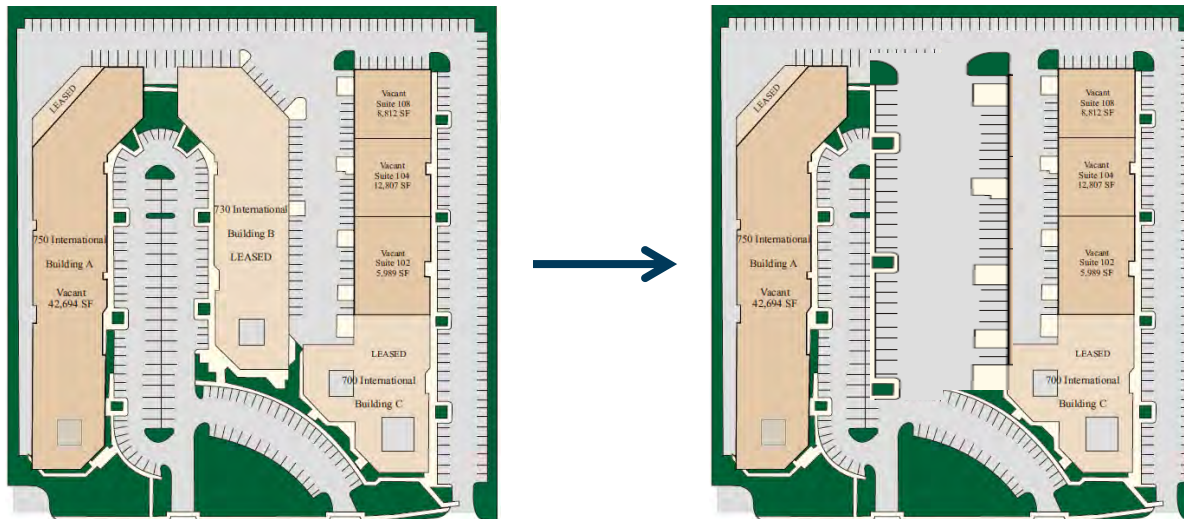
Class A Office

- Other better Richardson sites can absorb demand for many years



3. Preliminary Economics of Redevelopment

Redevelopment/Rehabilitation



Existing Layout

Building Area Acquired (sf): 126,645

Purchase Price/sf Building: \$25

Asking Study Area Rents: up to \$9.50/sf

Layout After One Building Demolished to Provide Additional Parking

Building Area Available (sf): 92,816

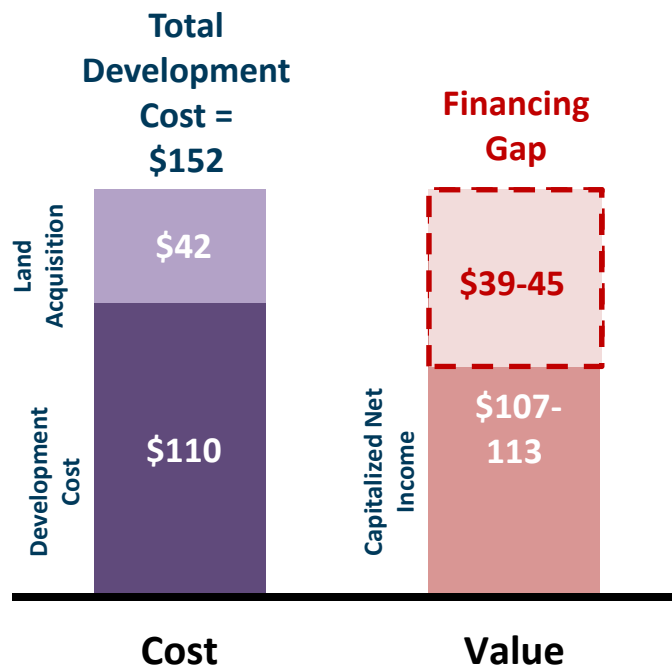
Purchase Price/Remaining sf Building: \$34

Required Rents to Cover Costs of Rehabilitation: \$9 - 10.50/sf

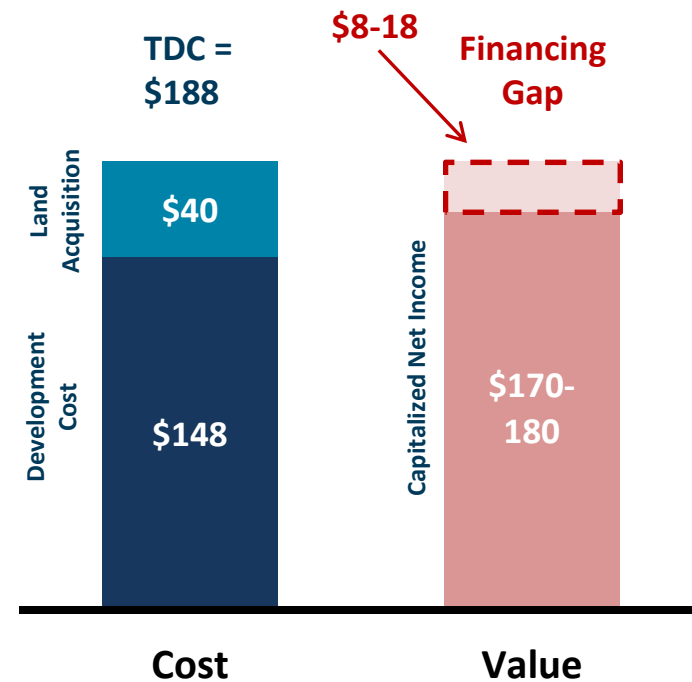
Rehab may be Economically Feasible, Depending on
Extent of Required Tenant Improvements

New Construction

Modern Flex



Value Office



- High Acquisition Costs Drive Financing Gap for New Construction
- Modern Flex Likely to be Difficult Economically
- Value Office Appears to Have Greater Feasibility

Preliminary Conclusions

- High Acquisition Cost Results in Financing Gap
- Within Striking Distance of Feasibility
 - Rehabilitation: Garden office, flex, value office buildings
 - New construction: Value office buildings





4. Redevelopment Assets, Challenges, and Potential Strategies

Redevelopment Assets

- Access to regional labor force via mass transit and regional roadways
- Proximity to UTD and major employers
- Existing high-tech manufacturing and IT economic base
- Relatively lower-cost space available
- Basic infrastructure in place
- City of Richardson and Chamber business-friendly attitudes

Redevelopment Challenges

- Attractiveness to Potential Tenants
 - More smaller tenants in need of multitenant space and low-cost, high-speed internet
 - More office users with higher parking needs
 - Lack of curb appeal compared to alternatives
- Redevelopment Challenges
 - Airport and master planned developments have greater market appeal
 - Economics challenging compared to greenfield development
- Ownership Expectations
 - Effective current value of buildings lower than owner expectations, limiting potential for transfers of property
 - Institutional owners *appear* reluctant to:
 - Write down value of investment properties
 - Respond to small tenant market

Strategy: Maintain and Strengthen Linkage to UTD

- Maintain Dialogue with UTD
- Explore Opportunities to Attract UTD Incubator “Graduates” to Study Area

University of Iowa Research Park Coralville, Iowa

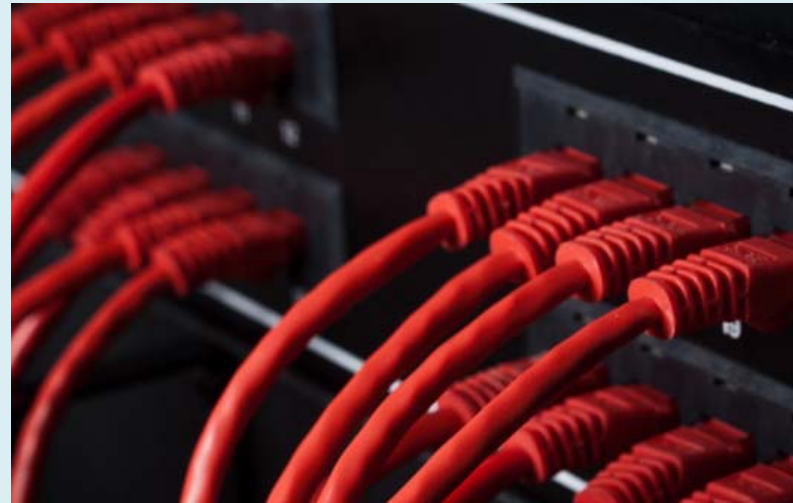
- Technology Innovation Center (collaborative space for tech ventures)
- BioVentures Center (wet lab, R&D incubator)
- Research Park supported with TIF, direct business assistance from City



Source: UIRP

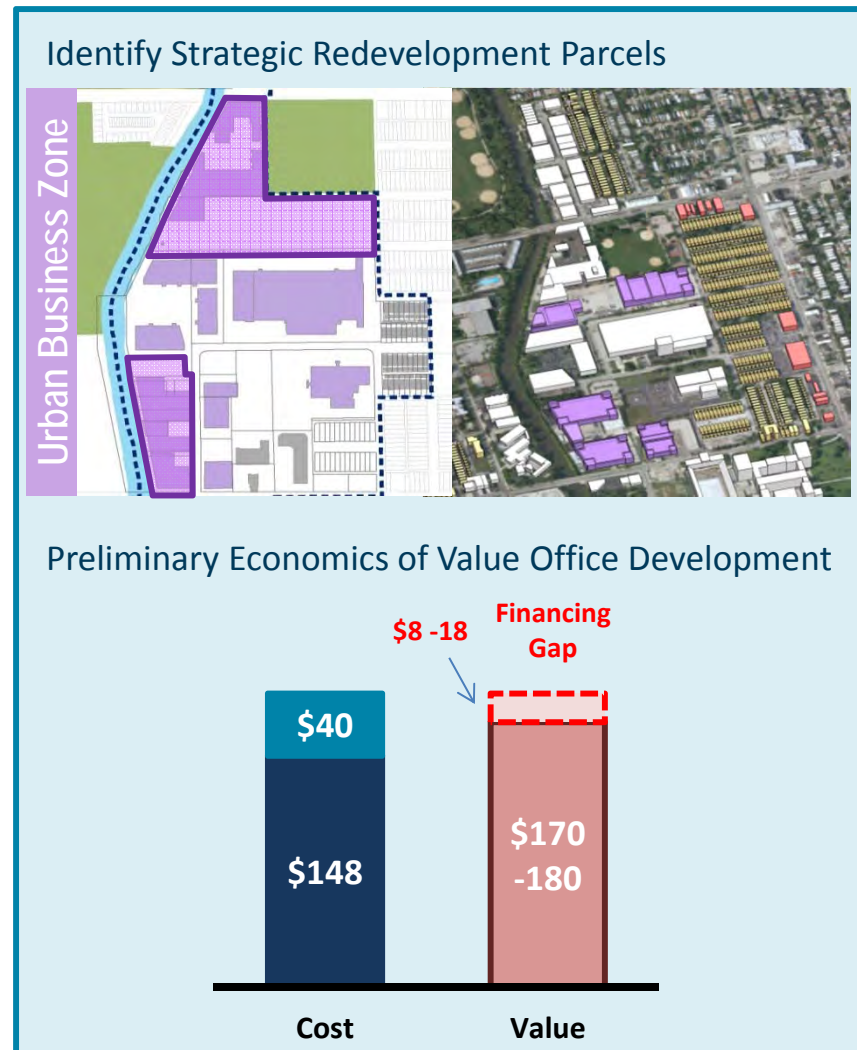
Strategy: Improve Internet Service

- Ensure Basic Lower-Cost Internet Service is Available for Small Users
- Explore Opportunities to Enhance Internet Network



Strategy: Targeted Redevelopment of Opportunity Sites

- Identify Potential Rehab/Redevelopment Projects
- Create and Test Development Concepts
- Conduct More Detailed Analysis on Financial Gap Associated with Rehab/Redevelopment



Strategy: Consider Establishing City Financial Assistance Program for Building Rehab and New Development

43

- Explore Available Tools for Financial Gap Assistance
- Define Program and Criteria for Use of Incentives in Study Area



- TIF; Second Mortgage Program; Façade Grants; Milwaukee Energy Efficiency (ME²) Program; Retail Investment Fund
- TIF Performance Criteria:
 - Underwriting based on demonstrated financing gap
 - Job creation/retention
 - Disadvantaged contractor participation
 - Design review
 - Sustainability



Strategy: Attract Support Services and Amenities

- Identify Appropriate Sites
 - High traffic volume
 - Accessible and visible
- Estimate Latent Demand Potential for Businesses and Employees in Study Area
- Work with Property Owners and Brokers to Develop Marketing Materials to Attract:
 - Restaurants
 - In-line retail
 - Business support services

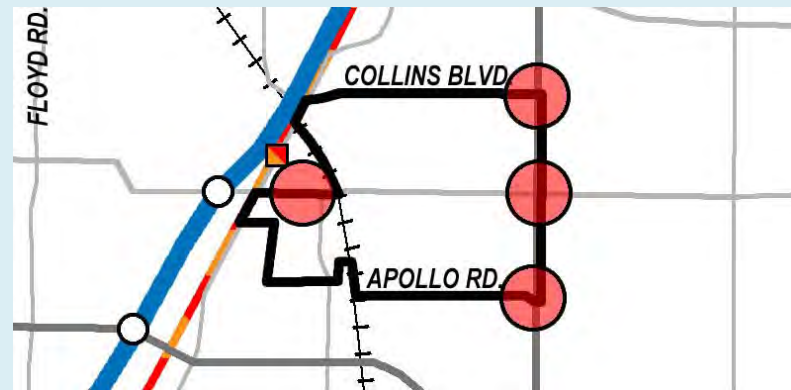


Source: CoStar

Strategy: Enhance Curb Appeal – Public Improvement Program

- Identify and Design Gateway Opportunities, Landscaping, Streetscaping Amenities
- Identify Public Financing Sources for Streetscape Enhancements
- Enhance Arapaho Road Streetscape

Potential gateway locations



Enhanced landscaping in center median



Strategy: Enhance Curb Appeal – Design Guidelines for Private Improvements

- Create Design Guidelines or an Overlay District
- Apply New Regulations to Building Rehabilitations, Redevelopment and New Development

Buildings addressing the street, parking behind, pedestrian enhancements, etc.



Long term strategy to improve functionality and enhance curb appeal

Strategy: Consider Re-Branding Study Area

- Explore New Branding Opportunities as Other Strategies are Implemented
- Create an Identity for the District
- Implement a Branding and Marketing Campaign through the City, Chamber, Brokerage Community, etc.

Gateway and identification signage, lighting, banners



Arapaho/Collins

Consultant Recommendations/Strategies

- Maintain and strengthen **linkage to UTD**
- Improve **internet service**
- Further analyze **opportunity sites**
- Consider establishing a **financial assistance program** for rehab/new development
- Attract **support services/amenities**
- Enhance **curb appeal**
 - Public improvements
 - Guidelines and standards for private improvements
- **Re-brand/(Brand)** the Study Area

Staff Recommendation/Strategy (consultants agree)

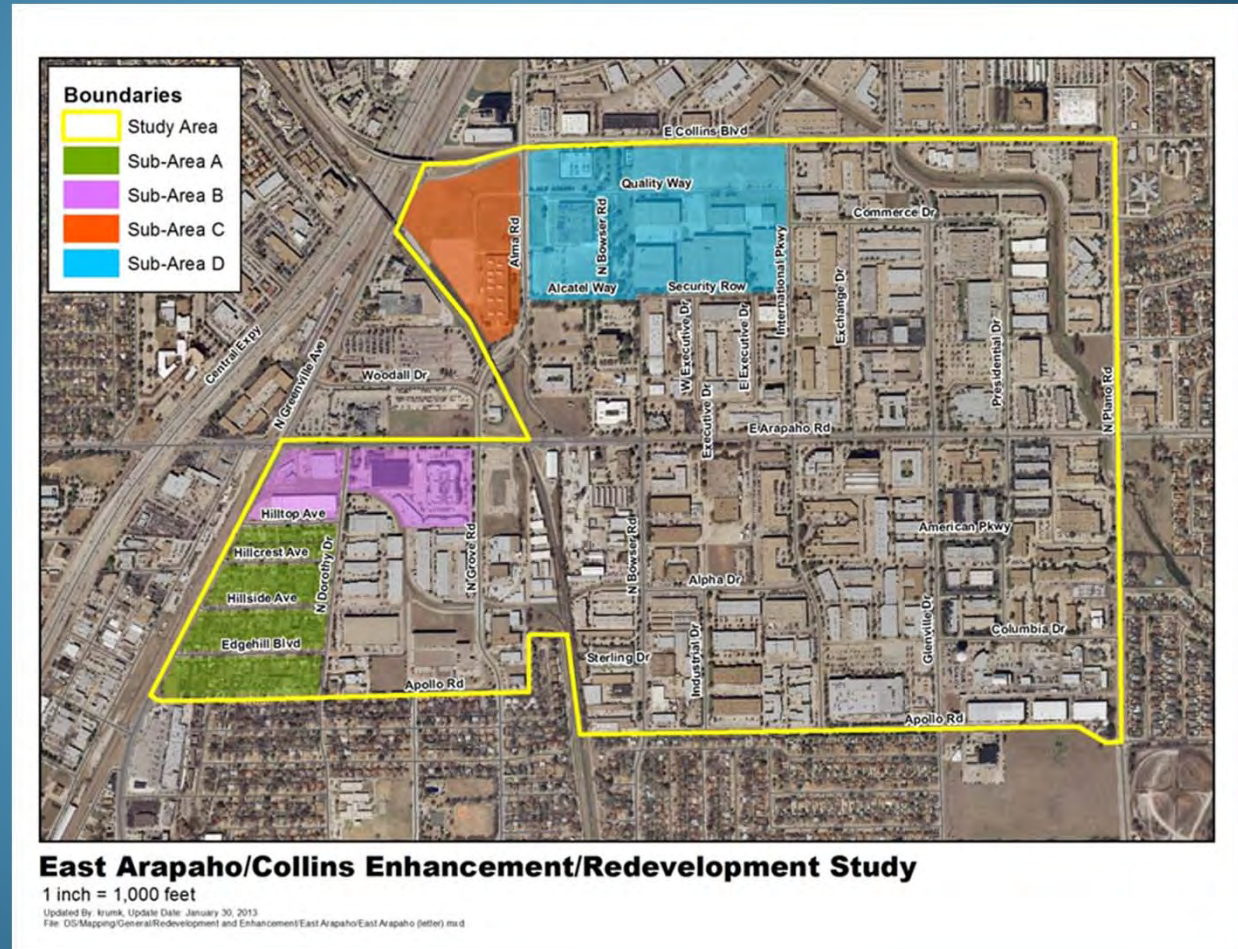
- Revise **Study Area boundaries**

Arapaho/Collins

Revised Study Area Boundaries

- Delete Sub-Areas A, B, C, D

- A – Unlike the remainder of the Study Area
- B and C – Study in the context of TOD
- D – Already under redevelopment



Arapaho/Collins

Possible Future Study/Work Elements

- Establish a means/vehicle for working with **UTD** on issues of mutual interest regarding this project
- Determine what actions, if any, the City can take to address the **internet issue**
- Select and refine **preferred plans and catalyst site concepts**, including a **financial analysis**
- Review **codes and ordinances** and make recommendations (revising regulations will be a separate step)
- Create a plan for improving the **identity** of the Study Area

Arapaho/Collins

Potential Implementation Actions

- Amend zoning requirements and other standards to support reinvestment/redevelopment
- Plan, fund and construct necessary infrastructure improvements
- Meet with UTD on a regular or as-needed basis to discuss issues of mutual interest
- Develop a marketing and recruitment plan
- Investigate public/private partnership opportunities

Arapaho/Collins Tentative Schedule

Task	Approximate Schedule
✓ Inventory existing conditions	February-March 2012
✓ Select and hire consultant	July-August 2012
✓ Key informant interviews	September-October 2012
✓ Evaluate baseline market data	November-December 2012
✓ Present baseline market report	January-February 2013
• Contract to continue the study and undertake future study elements	2013
• Refine and prioritize implementation strategies	2013
• Begin implementing high priority strategies	2014



Discussion

Industrial Zoning Code Comparison

Richardson

- Building Setbacks: 40'
- Parking Ratios:
 - Assembly, manufacturing, research = 1/400 sf
 - Showroom/warehouse= 1/1000 sf
- Landscaping:
 - Bldg > 75,000 sf = 7% of lot
 - Bldg < or = 75,000 sf = 10% of lot
 - Min 20% of required green space must be within parking lots

Plano

- Building Setbacks: 50', parking/drives prohibited between building and street
- Parking Ratios:
 - Warehouse – 1/1000 sf + 1/300 sf for office space (when mixed)
 - General Industrial – 1/1000 sf
- Landscaping (plus overlay district):
 - 30' wide landscape edge along roadways, min one 3" cal tree and one ornamental per 50' of frontage
 - 8 sf of landscaping per pkg space
 - 1-2 trees per every 15 pkg spaces
 - 18"-40" high landscaped screen
 - Up to 50% of interior landscaping can be outside of parking areas

Fiber/Telecom Cost Comparison

	AT&T	TIME WARNER CABLE	VERIZON
Availability in Study Area	DSL: Partial Coverage U-Verse: Partial Coverage T1: Full Coverage	Available, but entire Study Area "Off Network"	Not Available in Study Area
Maximum Speed	DSL: 6Mb/s (down) Up to 768 kb (up) U-Verse: 24 Mb/s (down) Up to 3 Mb/s (up) T1: 1.5 Mb/s (up & down) Ethernet: 10-50+ Mb/s (up & down)	10 -50 Mb/s (down) 768 kb – 2 Mb/s (up)	DSL: 7 -15Mb/s (down), Up to 1Mb/s (up) FiOS: 35-75 Mb/s (down) Up to 35 Mb/s (up) T1: 1.5 Mb/s (up & down)
SUBSCRIBER COSTS			
Connection Fee	None – AT&T will cover cost of DSL or T1 connection to building	Significant – All properties > 1mi. from connection point	n/a
Monthly Fee [1]			(Plano)
Ethernet	\$1,000 - \$1,400+	n/a	[2]
T1	\$400	n/a	\$400
DSL	\$40 - \$100	n/a	\$89
Cable/U-Verse/FiOS	\$40 - \$95	10 Mb: \$150 35 Mb: \$320 50 Mb: \$385	\$115 - \$135

Source: Verizon, AT&T, Time Warner, HDR, SB Friedman.

[1] Some monthly fees dependent on speed and duration of contract. [2] Verizon was not asked about their Ethernet connection.

Regionally Competitive Sectors

NAICS [1]	NAICS Description	Ranking	2005 Emp. [2]	2009 Emp.	Annual Growth	Does the Study Area Compete?
High Tech Manufacturing						
3364	Aerospace Product & Parts	Superstar	8,601	9,871	4%	Green
3344	Semiconductor & Other Electronic Components	Cash Cow	17,429	9,318	-14%	Green
3323	Architectural & Structural Metals	Cash Cow	7,694	6,464	-4%	Red
3342	Communications Equipment	Superstar	1,759	4,817	29%	Green
Finance & Insurance						
5222	Non Depository Credit Intermediation	Superstar	31,924	31,570	0%	Green
5241	Insurance Carriers	Superstar	27,218	29,086	2%	Green
5412	Accounting, Tax Prep, Bookkeeping, & Payroll Services	Superstar	16,719	18,758	3%	Green
5242	Agencies, Brokerages, & Other Insurance Related Activities	Superstar	15,107	18,528	5%	Green
5223	Activities related to Credit Intermediation	Superstar	12,781	9,725	-7%	Green
Information Technology						
5415	Computer Systems Design & Related Services	Cash Cow	35,283	38,138	2%	Green
5171	Wired Telecommunication Carriers	Cash Cow	25,852	18,202	-8%	Green
5112	Software Publishers	Superstar	8,119	11,316	9%	Green
5182	Data Processing, Hosting, & Related Services	Cash Cow	9,376	8,143	-3%	Green
Professional Services						
5511	Management of Companies & Enterprises	Superstar	64,889	72,471	3%	Red
5416	Management, Scientific, & Technical Consulting Services	Cash Cow	24,843	21,027	-4%	Green
5413	Architectural, Engineering, & Related Services	Superstar	16,029	18,412	4%	Green
5418	Advertising, Public Relations, & Related Services	Superstar	7,560	8,745	4%	Red
Merchant Wholesalers						
4236	Electrical & Electronic Goods	Superstar	13,113	17,667	8%	Green
4234	Professional & Commercial Equip & Supplies	Cash Cow	13,252	10,814	-5%	Green

Source: Target Industry Analysis from Richardson Chamber of Commerce

[1] Sectors shown are only those that are likely to occupy flex or value office space. [2] Analysis conducted for Dallas and Collins Counties

Superstar: Growth and relative employment higher than national average
Cash Cow: Relative employment higher and growth lower than national average

Flex: Most Commonly Represented Sectors^[1]

Study Area Tenants and NE Dallas Transactions

NAICS	NAICS Description	Employment	Study Area & North of Collins Flex Tenants	Recent Moves & Transactions in NE Dallas
High Tech Manufacturing				
3364	Aerospace Product & Parts	Superstar		
3344	Semiconductor & Other Electronic Components	Cash Cow	Top Tier	
3342	Communications Equipment	Superstar	Middle Tier	
3391	Medical Equipment & Supplies		Bottom Tier	Bottom Tier
3345	Measuring & Control Instruments		Bottom Tier	Middle Tier
Finance & Insurance				
5222	Non Depository Credit Intermediation	Superstar	Top Tier	
5242	Agencies, Brokerages, & Other Insurance Related Activities	Superstar	Bottom Tier	
Information Technology				
5415	Computer Systems Design & Related Services	Cash Cow		Top Tier
Professional Services				
5511	Management of Companies & Enterprises	Superstar		
5416	Management, Scientific, & Technical Consulting Services	Cash Cow	Middle Tier	Middle Tier
5413	Architectural, Engineering, & Related Services	Superstar	Bottom Tier	Top Tier
Merchant Wholesalers				
4236	Electrical & Electronic Goods	Superstar	Top Tier	Bottom Tier
4234	Professional & Commercial Equip & Supplies	Cash Cow		Middle Tier
4238	Machinery, Equipment, & Supplies		Middle Tier	
Construction				
2382	Building Equipment Contractors			Top Tier
2372	Land Subdivision			Bottom Tier

Sources: Target Industry Analysis from Richardson Chamber of Commerce, InfoUSA, CoStar, SB Friedman
 [1] Greater than 60% of all employees and 50% of all businesses

Top Tier Middle Tier Bottom Tier

Value Office: Most Commonly Represented Sectors^[1]

Tenants in Study Area and New Value Office Developments

NAICS	NAICS Description	Employment	Study Area & North of Collins Office Tenants	Tenants in New Product (Legacy, Lake Vista, Irving)
High Tech Manufacturing				
3334	HVAC Equipment		Bottom Tier	
Finance & Insurance				
5242	Agencies, Brokerages, & Other Insurance Related Activities	Superstar	Bottom Tier	Bottom Tier
Information Technology				
5415	Computer Systems Design & Related Services	Cash Cow	Top Tier	
Professional Services				
5511	Management of Companies & Enterprises	Superstar	Top Tier	Top Tier
5416	Management, Scientific, & Technical Consulting Services	Cash Cow	Middle Tier	Bottom Tier
5413	Architectural, Engineering, & Related Services	Superstar	Middle Tier	
Administrative & Support				
5614	Business Support Services		Top Tier	
5619	Other Business Support Services		Middle Tier	Middle Tier

Sources: Target Industry Analysis from Richardson Chamber of Commerce, InfoUSA, CoStar, SB Friedman
 [1] Greater than 80% of all employees

Top Tier Middle Tier Bottom Tier

Slide 58

F10 Delete rows that don't have high % of emps

Really just transactions in 3 parks, or all new product

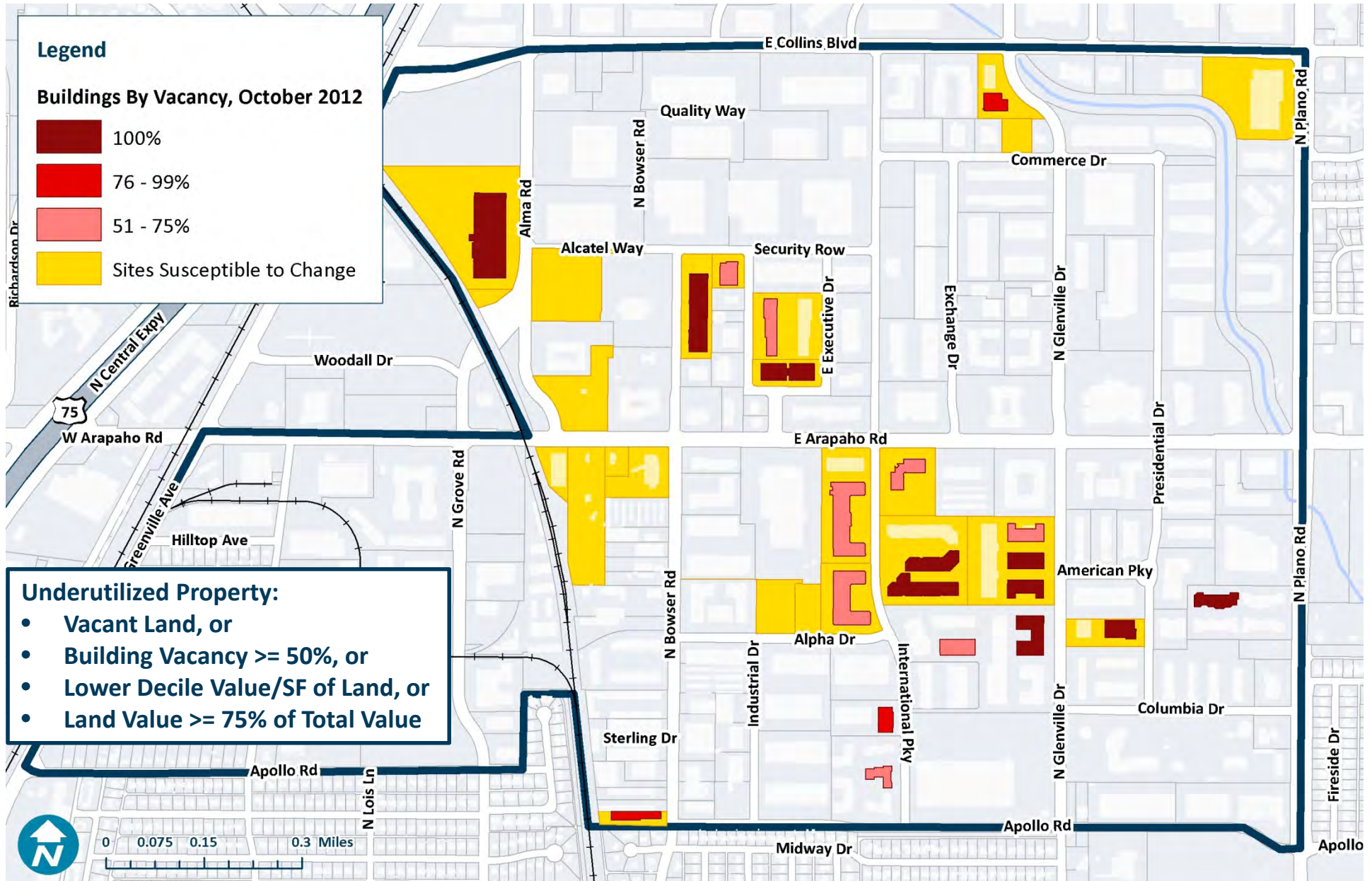
note that this is new product -- all in 3 parks or all new product in NE?

Tertile = Tier

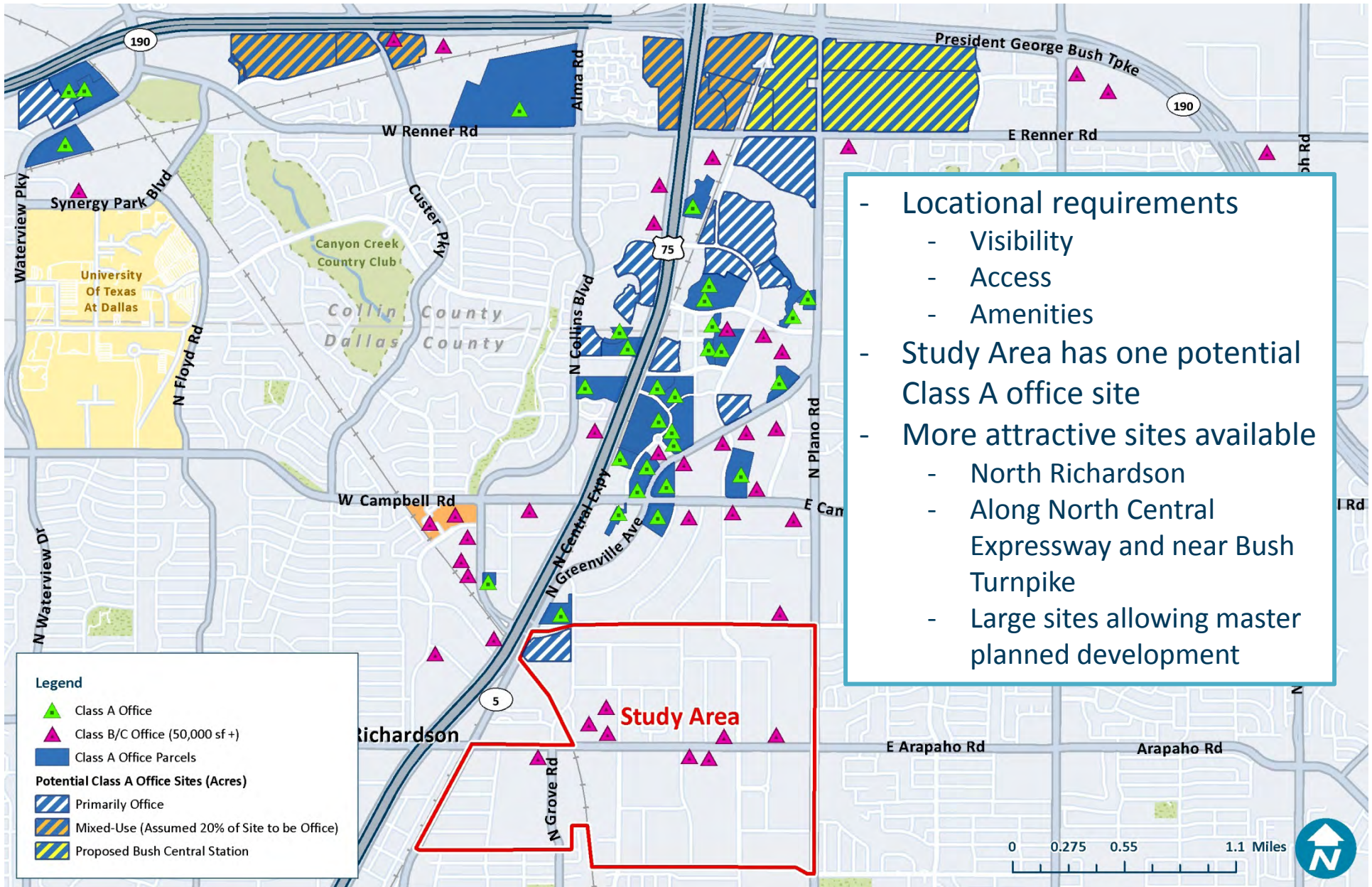
Probably need to look at this again -- Fix the big companies that we konw are Mgmt of Companies & Enterprise. Why so many Drug & Druggists' Sundries.

Floater, 1/17/2013

Sites Susceptible to Change



Potential Class A Office Sites



- Locational requirements
 - Visibility
 - Access
 - Amenities
- Study Area has one potential Class A office site
- More attractive sites available
 - North Richardson
 - Along North Central Expressway and near Bush Turnpike
 - Large sites allowing master planned development

0 0.275 0.55 1.1 Miles



Class A Office Alternative Sites Analysis

Richardson Alternative Sites Analysis

Median FAR of Existing Class A Office	0.59
Potential Class A Office Development ^[1]	
Primarily Office Sites	214 acres
Mixed-Use Sites (assumed 20% office)	155 acres
Total Potential Class A Office sf ^[2]	6,801,000
Avg. Annual Square Footage Delivered (last 20 years)	341,000
Years of Class A Development Capacity at Available Richardson Sites	20

[1] Based on current zoning and assuming 20% Class A office for mixed-use developments.

[2] Based on proposed 1.5 million sf at Bush Central Station and Median FAR for remaining parcels.