



**Executive Summary**

**March 4, 2015**

**Agenda Subject:** Consider an amendment to the Oak Creek TIRZ development and reimbursement agreement.

**Background:**

On October 13, 2014 the TIRZ Board and the Development Authority Board approved the Oak Creek TIRZ development and reimbursement agreement. On October 16, 2014 the City Council also approved the Oak Creek TIRZ development and reimbursement agreement. This amendment modifies Sections 6.01 of the agreement to change the deadline for completion of the TIRZ improvements to be prior to issuance of a certificate of occupancy instead of prior to approval of a final plat.

**Origination:** Applicant: Sentinel/Cotter Leander, LLC

**Recommendation:** Staff recommends approval.

**Attachments:**

1. Amendment showing redlined changes
2. Clean copy of amendment

**Prepared by:** Tom Yantis, AICP  
Assistant City Manager

## AMENDMENT TO THE OAK CREEK DEVELOPMENT AND REIMBURSEMENT AGREEMENT

This Amendment to the Oak Creek Development and Reimbursement Agreement (the "Amendment") is made, entered into and effective as of \_\_\_\_\_ (the "Effective Date") by the City of Leander, Texas (the "City"); the Leander Development Authority (the "Authority"); Sentinel/Cotter Leander, LLC (the "Developer"), a limited liability company; and Reinvestment Zone Number One, City of Leander, Texas (the "Zone"). The City, the Developer, the Authority and the Zone are herein referred to together as the "Parties".

### Recitals:

**WHEREAS**, the Parties entered that certain Oak Creek Leander Development and Reimbursement Agreement between the City and the Owner dated October 16, 2014 (the "Agreement");

**WHEREAS**, the Parties wish to amend Section 6.1(a) to remove the provision prohibiting the approval of any final plats on the Property that contain single family residential lots until the Oak Creek Projects and the PID Improvements are complete, and replace it with a provision that prohibits the issuance of certificates of occupancy for any residential structure until the Oak Creek Projects and PID Improvements are complete;

**WHEREAS**, the Agreement requires the Developer to post fiscal surety to guarantee the completion of the Subdivision Improvements and the Oak Creek Projects as a condition of obtaining final plat approval prior to the completion of the Subdivision Improvements and the Oak Creek Projects that will serve the property subject to the final plan;

**WHEREAS**, the City is a Texas home-rule municipal corporation;

**WHEREAS**, the Authority is a non-profit corporation formed pursuant to Subchapter D, Chapter 431, Texas Transportation Code, and the City Charter of the City;

**WHEREAS**, the Developer is a Texas limited liability company and owns approximately 151 acres of property in Williamson County within the Zone and intends to develop it as a residential community in accordance with the Oak Creek PUD (the "Oak Creek Subdivision");

**WHEREAS** the Zone is a tax increment reinvestment zone created pursuant to the authority of Chapter 311, Texas Tax Code, as amended (the "Act"), by Ordinance No. 06-029-00 adopted by the City Council of the City (the "City Council") on September 7, 2006, as amended by Ordinance No. 06-029-01 adopted by the City Council on June 21, 2007;

**WHEREAS**, the City, the Authority, the Developer, and the Zone are individually referred to as a "Party" and collectively as the "Parties";

**WHEREAS**, the City executes this Agreement for limited purposes which are: (1) approving this Agreement as a contractual obligation of the Authority; (2) overseeing the

design, construction, and installation and City acceptance of the Oak Creek Projects; and (3) to hold the rights and obligations expressly set forth herein as rights and obligations of the City; and

**WHEREAS**, the Zone, acting through its Board of Directors (the “Board”) executes this Agreement for limited purposes which are: (1) approving this Agreement as a contractual obligation of the Authority; and (2) to hold the rights and obligations expressly set forth herein as rights and obligations of the Zone;

**NOW, THEREFORE**, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

### **ARTICLE I. RECITALS; DEFINITIONS**

1.1 Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

1.2 Definitions. Words and phrases used in this Amendment, if defined in the Agreement and not specifically modified by this Amendment, shall have the definition and meaning as provided in the Agreement.

### **ARTICLE II. AMENDMENTS**

2.1 Amendment of Section 6.1(a). Section 6.1(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) Building Permits. The City and the Authority will coordinate and facilitate the issuance of building permits for buildings to be constructed within a phase of the subdivision for which a final plat has been approved based on the City having either accepted (i) the completed Subdivision Improvements and Oak Creek Projects for such phase or (ii) adequate fiscal surety for the Subdivision Improvements and Oak Creek Projects for such phase meeting the requirements of the Applicable Regulations; provided the permit applicant is not in default under this Agreement and that the application does not commit the Authority to request the City to waive otherwise applicable requirements that on-site and off-site infrastructure for the approved plat must be accepted by the City prior to the issuance of a certificate of occupancy for the completed building. Notwithstanding anything contained herein to the contrary, no **certificate of occupancy for any residential structure** ~~final plat for any portion of the Property that contains single family residential lots will be approved~~ **issued** until the Oak Creek Projects and the PID Improvements are complete **and accepted**.

### **ARTICLE III. GENERAL PROVISIONS**

3.1 Entire Agreement. This Amendment, together with the Agreement, set forth the entire understanding of the parties and supersedes all prior agreements and understandings, whether

written or oral, with respect to the subject matter hereof.

3.2 Binding Effect. The terms and provisions hereof shall be binding upon the Developer and its successors and assigns.

3.3 Effect of Amendment. The Parties agree that, except as modified hereby, the Agreement remains valid, binding, and in full force and effect. If there is any conflict or inconsistency between this Amendment and the Agreement, this Amendment will control and modify the Agreement.

3.4 Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, facsimile counterparts, with the same effect as if the parties had signed the same document, and all counterparts will constitute one and the same agreement.

Executed as of \_\_\_ day of \_\_\_, 2015 and Effective upon execution by all Parties.

City of Leander, Texas

\_\_\_\_\_  
Christopher Fielder, Mayor

Attest:

\_\_\_\_\_  
City Secretary

Approved as to Form:

\_\_\_\_\_  
City Attorney

**[Additional Signature Pages Follow]**

Leander Development Authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Reinvestment Zone Number One, City of Leander

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sentinel/Cotter Leander LLC, a Texas limited Liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



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design, construction, and installation and City acceptance of the Oak Creek Projects; and (3) to hold the rights and obligations expressly set forth herein as rights and obligations of the City; and

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**NOW, THEREFORE**, for and in consideration of the mutual agreements, covenants, and conditions contained herein, and other good and valuable consideration, the parties hereto agree as follows:

### **ARTICLE I. RECITALS; DEFINITIONS**

1.1 Recitals. The foregoing recitals are incorporated herein and made a part of this Amendment for all purposes.

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3.4 Counterparts. This Amendment may be executed in any number of counterparts, including, without limitation, facsimile counterparts, with the same effect as if the parties had signed the same document, and all counterparts will constitute one and the same agreement.

Executed as of \_\_\_ day of \_\_\_, 2015 and Effective upon execution by all Parties.

City of Leander, Texas

\_\_\_\_\_  
Christopher Fielder, Mayor

Attest:

\_\_\_\_\_  
City Secretary

Approved as to Form:

\_\_\_\_\_  
City Attorney

**[Additional Signature Pages Follow]**

Leander Development Authority

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Reinvestment Zone Number One, City of Leander

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Sentinel/Cotter Leander LLC, a Texas limited Liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





**Executive Summary**

**March 4, 2015**

**Agenda Subject:** Presentation of the updated TIRZ Market Analysis.

**Background:**

In 2005 the Capital Market Research prepared a market analysis of the proposed Leander TOD and TIRZ. In 2014, the City revised the land use plan for the TOD and TIRZ and requested Capital Market Research prepare an update to the market analysis that reflected the revised land use plan and current market conditions. The new market analysis is attached.

**Origination:** Staff

**Recommendation:** This if for information only.

**Attachments:**

1. TIRZ Market Analysis

**Prepared by:** Tom Yantis, AICP  
Assistant City Manager



# **Leander Transit Oriented Development**

Market Analysis

Prepared for

**Mr. Tom Yantis, AICP**  
Director of Development Services  
City of Leander  
PO Box 319  
Leander, TX 78646

By

**Capitol Market Research, Inc.**  
1102 West Avenue, Suite 100  
Austin, Texas 78701

On

December 24, 2014



**CAPITOL  
MARKET  
RESEARCH**

---

Real Estate Research, Land Development Economics & Market Analysis

December 24, 2014

Mr. Tom Yantis  
Director of Development  
City of Leander  
PO Box 319  
Leander, TX 78646

**Re: Market Analysis for the Leander Transit Oriented District (TOD), covering approximately 2,177 acres in Leander, Texas.**

Dear Mr. Yantis:

As requested, we have prepared a market analysis for the Leander TOD, which will be used determine the absorption potential and estimate values for both residential and commercial uses at the site, under two different zoning scenarios, Conventional PUD zoning, and "Smart Code" zoning districts.

The results of our analysis are provided in the report that follows. The report was prepared in its entirety by Capitol Market Research and relies on data collected in the field, from comparable and competitive commercial developments in Williamson County and from secondary data sources such as the cities of Cedar Park and Leander, the U.S. Bureau of Census and the Austin Board of Realtors. We appreciate the opportunity to provide you with this analysis and welcome any questions or comments that you may have.

Respectfully submitted,

**CAPITOL MARKET RESEARCH, INC.**

Charles H. Heimsath  
President

CHH/abr

Capitol Market Research, Inc.  
1102 West Avenue, Suite 100  
Austin, Texas 78701, (512) 476-5000  
cheimsath@cmraustin.com

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## ***Preface***

### **Date Of Study**

The effective date of this study is December 24, 2014.

### **Purpose Of Study**

The purpose of this report is to analyze the subject property, evaluate its position with respect to current and anticipated market trends and conclude with an analysis of market support for the absorption of a mixed-use development of 2,177 acres in the City of Leander, in Williamson County, Texas.

### **Function Of The Report**

This report is to be utilized by the City of Leander, Williamson County and other interested parties to assist in determining market feasibility based on the demand for a large-scale mixed-use development at the subject location.

### **Property Identification**

The subject 2,177 acres are located in the heart of Leander at US Highway 183 and RM 2243 in Williamson County, Texas.

### **Assumptions**

1. The consultant assumes that all information and data provided by the City of Leander and Williamson County are correct with respect to the availability of utilities, zoning and conformance with city building codes.
2. All statements of fact in the report, which are used as the basis of consultant's analyses, opinions and conclusions are true and correct to the best of consultant's knowledge and belief. Consultant shall not have responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering or other technical matters. Any sketches prepared by the consultant and contained in the report will be included solely to aid the user of the report in visualizing the property and its location.
3. Each finding, projection, assumption or conclusion contained in the market study will be the consultant's personal opinion and will not be an assurance that such an event will or will not occur. Consultant may assume that there are no "hidden" conditions relating to the real estate that would affect consultant's analyses, opinions or conclusions.
4. The data gathered in the market study and value estimates provided in the analysis do not constitute an appraisal as defined by the Appraisal Institute. With respect to the data provided by client, consultant shall not violate the confidential information furnished to consultant.

### **Methodology**

A feasibility study is a general term, implying analysis aimed at discovering whether or not a specific project can be carried out successfully, with success usually indicating a sufficient return on capital required to attract investors to carry out the development. This requires two basic and interdependent analyses: a market study to determine supply, demand and potential absorption

rates, and a financial analysis to determine whether or not the proposed project can be economically justified over a given period of time. This market study primarily addresses the market demand, sales prices and absorption issues and will be used in combination with more detailed financial feasibility studies conducted by the client to determine overall project feasibility.

## **GENERAL AREA ANALYSIS**

## ***Subject Property Analysis***

In order to fully explore the market and development feasibility of the subject property, it is necessary to analyze the site and neighborhood attributes and characteristics. These attributes can then be assessed in order to determine their relative importance to the potential for commercial development of the site.

Characteristics felt to be most relevant to the subject site are outlined below and are followed by a more detailed discussion of each.

1. ***Static Attributes*** - the physical characteristics of the site and existing structures that comprise the subject property.
2. ***Legal Attributes*** - consists of public controls and potential legislation restricting and defining use, such as zoning (existing and proposed), and other restrictions that may enhance or adversely affect the subject.
3. ***Dynamic Attributes*** - characteristics with potential to affect project viability both on and off the subject site including access, exposure, public services, linkages and neighborhood characteristics.
4. ***Environmental Attributes*** - impact of physical, social and economic factors such as drainage, floodplain and compatibility with the immediate neighborhood.

### **Static Attributes**

***Size & Shape:*** The subject tract is approximately 2,177 gross acres in size, and irregular in shape.

***Topography:*** The subject tract is flat to gently rolling terrain.

***Flood Plain:*** According to the dFirm data produced by FEMA, portions of the southern section of the site, along Brushy Creek, fall within the FEMA designated 100-year flood plain.

***Improvements:*** A majority of the property is in agricultural production or is vacant land. The 2,177 acre area also includes the Old Town Center of Leander, a CapMetro MetroRail station, and scattered single family and commercial development.

### **Legal Attributes**

The subject property is located within Williamson County in the City of Leander. The site currently has both form-based "SmartCode" zoning and conventional zoning, and is governed by the City of Leander comprehensive plan.

## Dynamic Attributes

The subject 2,177 acres is located at the northern edge of the City of Leander and includes many important thoroughfares. Traffic counts shown in Table (1) indicate that US Hwy 183 and US Hwy 183A are the most heavily traveled Highways that run through the subject site. Traffic on the major arterials has experienced growth over the three year period outlined below in Table (1). The tolled US Hwy 183A was introduced to the area mid-year 2007. Since that time, traffic counts on US Hwy 183 have shrunk, but if one combines the traffic counts from US Hwy 183 and US Hwy 183A, a dramatic increase since 2007 is revealed.

Table (1)  
Traffic Counts  
Subject Site

| Location                                      | 2007   | 2009   | 2011   | 2013   |
|---|--------|--------|--------|--------|
| <b>US Hwy 183</b>                             |        |        |        |        |
| North of San Gabriel Pkwy.                    | 18,500 | 9,600  | 8,900  | 9,300  |
| Between RM 2243 and Crystal Falls Pkwy.       | 26,000 | 16,400 | 18,100 | 17,300 |
| South of Crystal Falls Pkwy (CR 272)          | 33,000 | 21,000 | 23,000 | 23,000 |
| <b>US Hwy 183A Mainlanes (Tolled)*</b>        |        |        |        |        |
| North of RM 2243                              | ...    | 12,200 | 13,800 | 13,300 |
| Between RM 2243 and Whitestone Blvd.          | ...    | 28,300 | 23,900 | ...    |
| <b>RM 2243</b>                                |        |        |        |        |
| Between 183 and 183A                          | 6,000  | 8,900  | 9,100  | 6,200  |
| Between 183A and Ronald Reagan Blvd.          | ...    | 7,700  | 6,900  | ...    |
| East of Ronald Reagan Blvd.                   | 4,400  | 3,900  | 4,000  | 5,700  |
| <b>Ronald Reagan Boulevard (Parmer Lane)*</b> |        |        |        |        |
| North of RM 2243                              | ...    | ...    | 6,300  | 7,100  |
| South of RM 2243                              | ...    | ...    | 8,600  | 9,800  |

Source: TxDot Traffic Counts, CTRMA Traffic Surveys

traffic.xls

\*Note: 2013 values from 2012

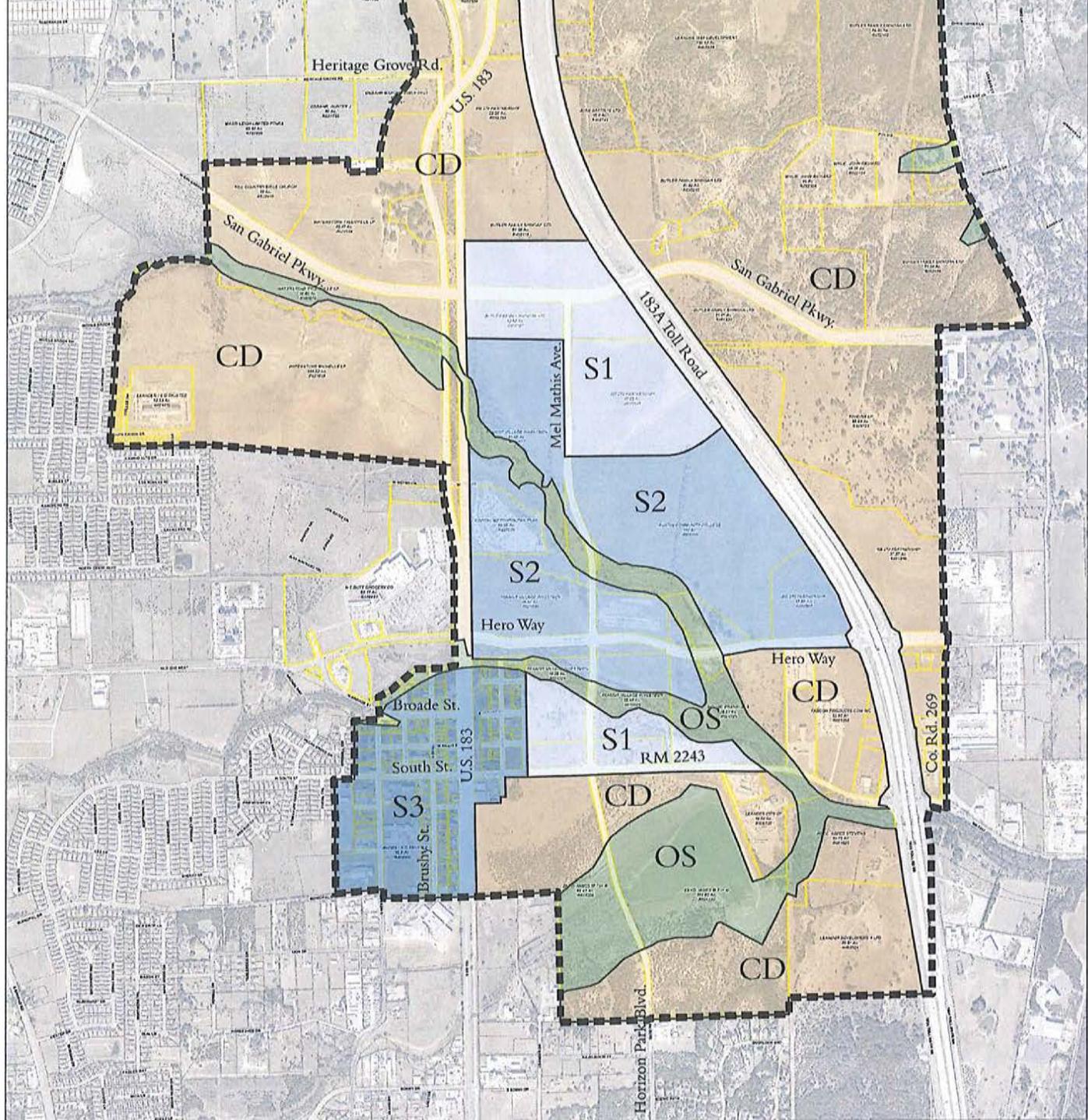
Land uses in the area that are considered to be important include large tracts of agricultural land, in addition to a number of major employers, shopping centers and manufacturing facilities within and south of the site, along US Highway 183 and 183A

# SECTOR MAP

**■ ■ ■ Sector Planning Boundary**

**Sectors**

- S1 General Sector
- S2 Station Sector
- S3 Old Town Sector
- CD Conventional Sector
- OS Open Space



## **Public Services and Linkages**

The 2,177 acre subject property is located at the northern end of the City of Leander. Pedernales Electric Co-op provides electricity and the City of Leander will provide water, wastewater and solid waste services to the completed project. AT&T provides phone and cable service. The subject site also contains the Leander MetroRail Station, which provides a Park and Ride lot with commuter rail and express bus service, with access to downtown Austin, as well as multiple stops in-between.

The subject site is served by both the City of Leander Fire Department Station 1 (201 N. Brushy St.) and the City of Leander Fire Department Station 3 (101 E Sonny Dr.). The Leander Police Department, located at 705 Leander Dr., provides services for the subject site. The closest United States Post Office is located at 801 S. US Hwy 183.

The subject site falls within the Leander Independent School District. Jim Plain Elementary School is located at 501 South Brook Dr., within the boundary of the TOD. The subject is served by two middle schools, Leander Middle School, just south of the site, and Wiley Middle School, located 0.87 miles southeast of the subject boundary. Rouse High School, located next to Wiley Middle School, also serves the subject. Leander's Public Library is southwest of the site, at 1101 S. Bagdad Rd.

There are numerous retail locations south of the site, along Hwy 183A, as well as an HEB Plus located on US Hwy 183, to the west, and a small shopping center with a Lowe's and Kohl's is just south on US Hwy 183. The City of Cedar Park, 2.5 miles south, offers a Walmart Supercenter, at 201 Walton Way, and another HEB. The 1890 Ranch Center on the corner of Whitestone Blvd and US Hwy 183A, houses a Super Target, Academy Sports, Hobby Lobby, Cinemark Theater, Petsmart, Half-Price Books, and numerous restaurants.

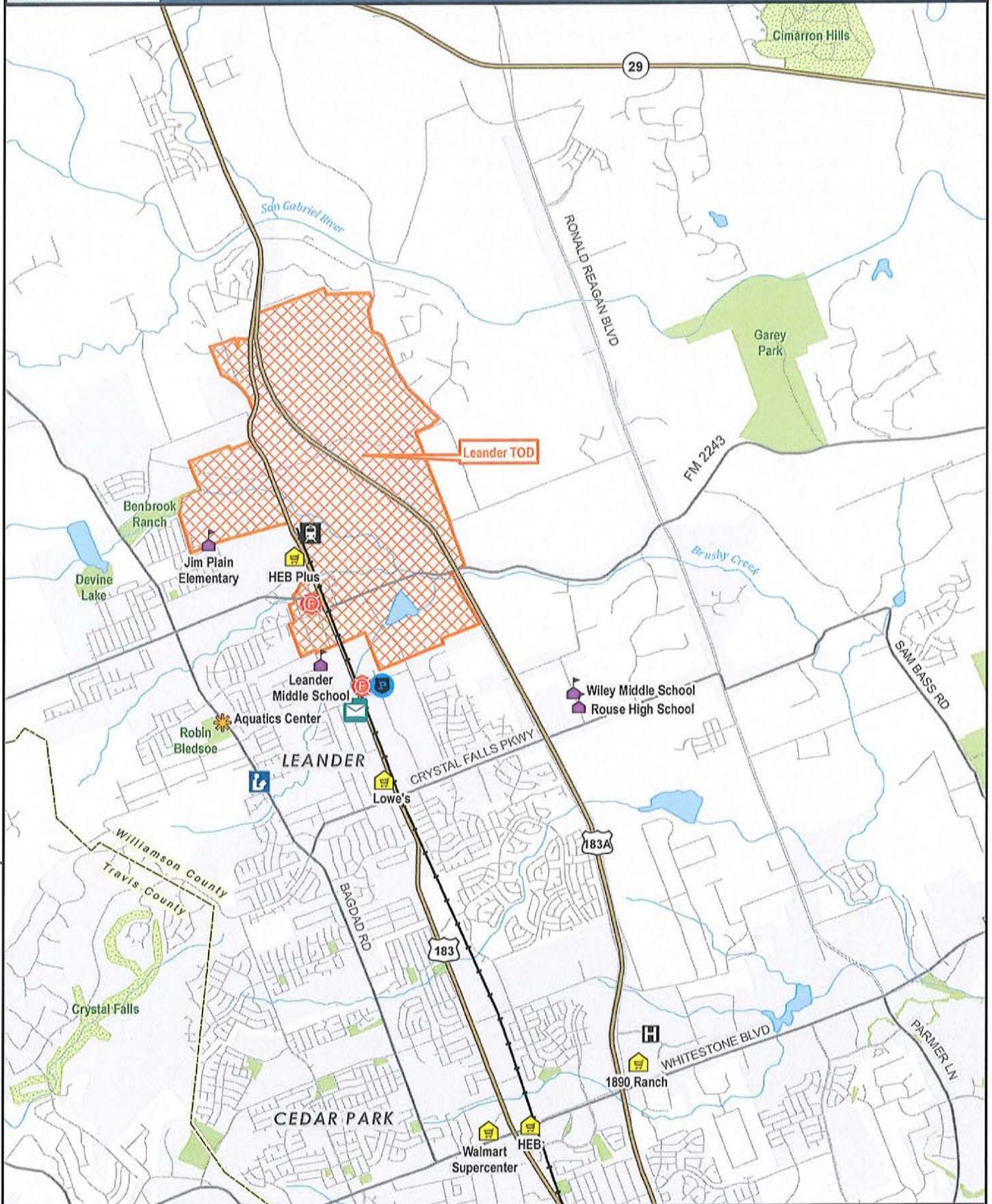
The recently completed 77-bed Cedar Park Regional Medical Center is the closest hospital, and has a 24-hour emergency department, women's health, surgery services, diagnostics, and intensive care unit.

There are several recreational areas located near the subject site. The Robin Bledsoe Park, southwest of the tract, is home to the Leander Aquatics Center, and also has numerous sports fields and an amphitheater. Two other City of Leander Parks, Devine Lake and Benbrook Ranch are west of the subject site. Devine Lake offers fishing and lake access, a playscape and trails. Benbrook Ranch has a variety of sports fields, including disc golf, a skatepark, BMX track, as well as a playscape, trails and picnic areas. Garey Park, to the northeast, is a 525-acre ranch that was recently donated to the City of Georgetown as a future park and will include an equestrian center, 3,000-seat amphitheater with an 8-acre lawn, as well as numerous trails, a camping site, and picnic areas. The Williamson County Southwest Regional Park, located to the east, is almost 800 acres, and has basketball, soccer, and softball fields, a football field surrounded by a track, tennis courts, a hike/bike trail, and disc golf area. The "Cedar Rock Railroad", a kid's sized 1.3 mile railroad ride, and a kid's "splash pad" are also popular attractions at the Southwest Regional Park.

There are three golf courses near the site, the 18-hole Crystal Falls Golf Course to the southwest, which is owned by the City of Leander. The Cimarron Hills Golf Club to the northeast, and the Avery Ranch Golf Club to the southeast, both offer private membership to an 18-hole course as well as club facilities.

### **Environmental Attributes**

According to the dFirm data produced by FEMA, portions of the southern section of the site, along Brushy Creek, fall within the FEMA designated 100-year flood plain.



Date: September 2014  
Path: C:\GIS\Projects\2014\LeanderTOD\public\_services.mxd

- |        |                |                 |             |                   |             |
|--------|----------------|-----------------|-------------|-------------------|-------------|
| Police | Library        | Fire Department | Post Office | MetroRail Station | Park        |
| Retail | Medical Center | School          | Recreation  | MetroRail         | Golf Course |

## ***General Area Analysis***

### **History**

The subject is located in the northwest sector of Williamson County, Texas, predominately on the east side of US Highway 183, and bisected by San Gabriel Parkway, Hero Way, and RM 2243. The area is primarily influenced by the economic base of Austin and Round Rock and the Austin Metropolitan Statistical Area (MSA). Williamson County is generally bounded on the east by Milam County, on the north by Bell County, on the west by Burnet County and on the south by Travis County. The Austin MSA is comprised of Bastrop, Caldwell, Hays, Travis and Williamson counties. According to the U.S. Bureau of the Census, the Austin MSA was the 35th largest in the United States as of estimates from July 2013.

Austin is the Capital of Texas, the county seat of Travis County and one of the fastest-growing cities in the country. Anchored by employment in state government and the University of Texas at Austin, the community has recently experienced a surge of growth in high tech computer-related manufacturing and software development. Austin's government and education centers help stabilize the economy during difficult economic periods because these sectors are less affected by the cyclical nature of the economy. The University and other higher education campuses, and the local, state and federal government offices in the city and surrounding MSA have provided a solid employment foundation in Austin for more than one hundred years, and together employ more than 457,000 people, just over half of the Austin MSA's wage and salary jobs. The University has also been a critical factor in diversifying Austin's economy. Research and development firms are attracted to Austin by the pool of young talented graduates from the University's programs in computer science, genetics, fusion energy, astronomy, neuroscience, electromechanics and geophysics. Other major education employers include the Austin, Round Rock, and Leander Independent School Districts, which together provide over 23,000 jobs.

Along with government and education, high-technology is a third vital sector of Austin's economy. In the 1980s and early 1990s, major high-tech firms including 3M and Applied Materials came to Austin and quickly expanded, and existing firms such as IBM and Motorola also grew. Austin's high-tech sector currently includes more than 1,500 firms. According to a 2014 Greater Austin Chamber of Commerce Survey, the largest employers the largest private sector employees include Dell Computer with 14,000 employees, Seton Healthcare Network (12,609), HEB (11,277), St. David's Healthcare Partnership (7,100), and IBM Corp. (7,950), along with other high-tech firms such as Freescale Semiconductor, Apple, and AT&T.

### **Employment Growth**

Employment growth in Austin has shown considerable volatility over the last fifteen years, primarily as a result of national and international trends which have an effect on the local economy. In 1996 the pace of employment growth seen in the early nineties slowed as a result of the worldwide glut of computer chips and concerns about the collapse of the Asian stock markets. The market regained momentum between 1998 and 2000, but the explosive growth experienced in 2000 evaporated with the national dot.com bust in 2001, and the Austin MSA actually experienced negative job growth in 2002 and 2003.

Beginning at the end of 2003, the economy began to recover, and 14,500 jobs were added in 2004. The pace of growth steadily grew over the next four years, peaking at 35,000 jobs in 2007, a 4.84% annual increase. For a period of time in late 2007 and early 2008 it appeared that Austin might not be affected by the national housing crisis, but eventually the lack of credit for new lot construction, retail chain expansions and business inventory additions resulted in a decrease in new job creation in the local economy, which diminished to (-16,700) in 2009. However, the economy began a modest recovery in 2010 with 10,600 jobs added and gained momentum in 2011, with 25,400 jobs added, and in 2012, with the addition of 31,100 jobs. The most recent (April 2014) employment forecast shows the economy continuing its positive trajectory in 2013 and 2014 with an average increase of 33,550 jobs a year, with job growth continuing into 2015 and 2016. Table (2) on the following page provides recent employment statistics and projections for the Austin MSA. Forecasted annual increases in the Austin MSA employment for 2014 through 2025 are expected to average 2.29%. The forecast shown is from Moody's, Economy.com, Austin MSA Employment Forecast, April 7, 2014.

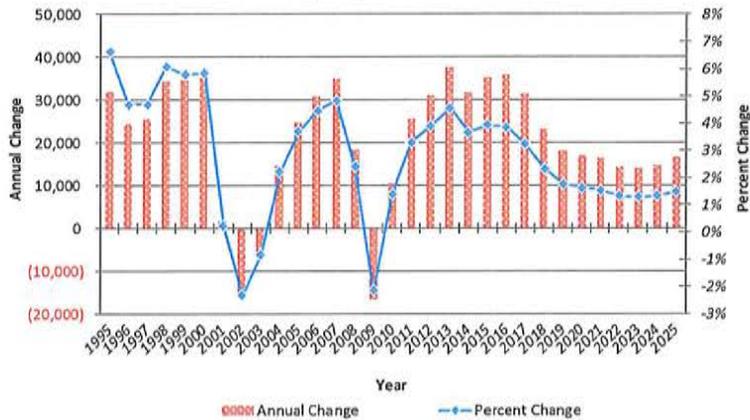
Table (2)  
**Historical & Projected Employment Growth**  
 Austin MSA

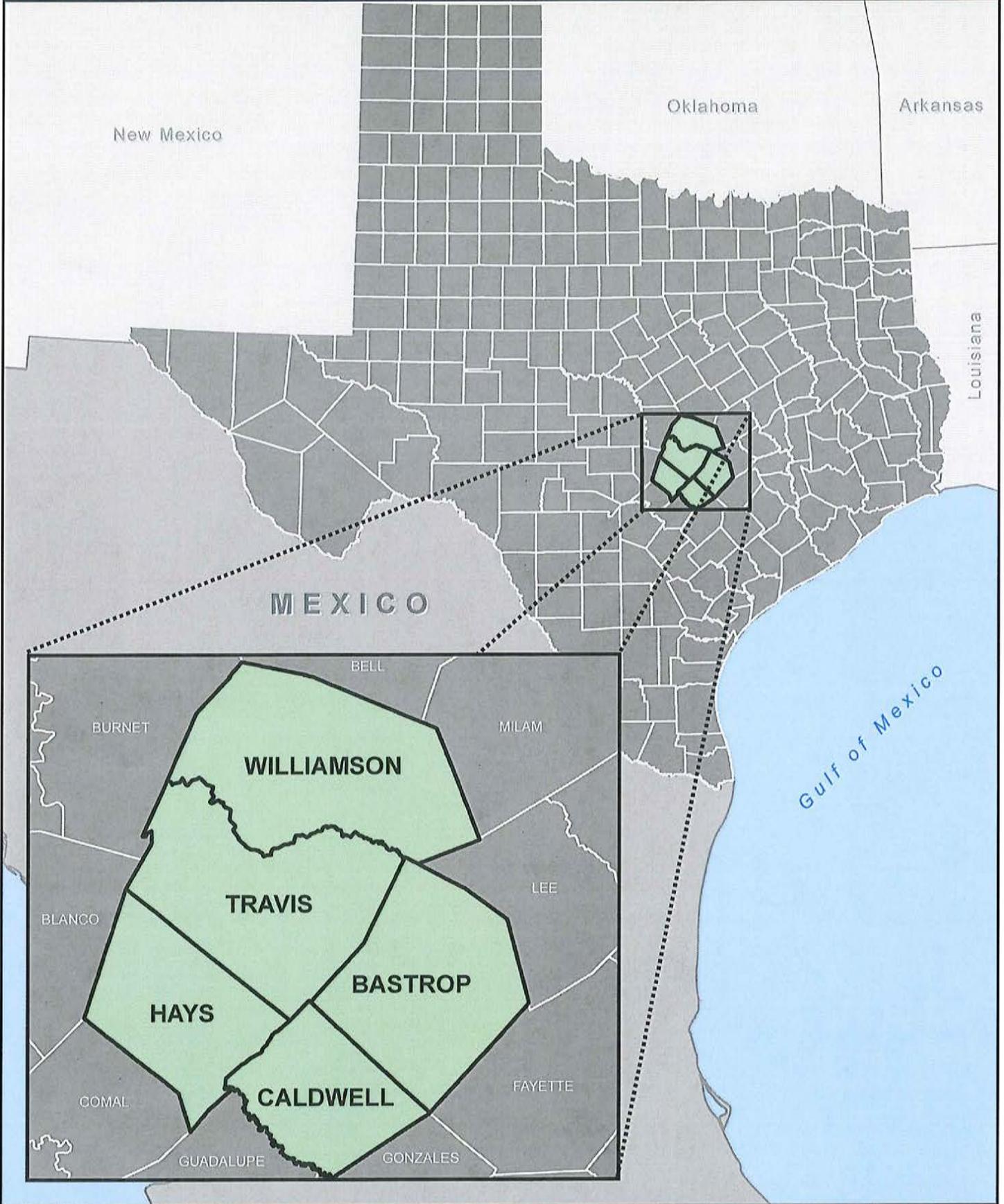
| Year | Total Wage & Salary Emp. | Annual Change | Percent Change |
|------|--------------------------|---------------|----------------|
| 1990 | 389,000                  | ...           | ...            |
| 1991 | 402,800                  | 13,800        | 3.55%          |
| 1992 | 424,200                  | 21,400        | 5.31%          |
| 1993 | 453,600                  | 29,400        | 6.93%          |
| 1994 | 484,400                  | 30,800        | 6.79%          |
| 1995 | 516,500                  | 32,100        | 6.63%          |
| 1996 | 540,800                  | 24,300        | 4.70%          |
| 1997 | 566,200                  | 25,400        | 4.70%          |
| 1998 | 600,600                  | 34,400        | 6.08%          |
| 1999 | 635,400                  | 34,800        | 5.79%          |
| 2000 | 672,600                  | 37,200        | 5.85%          |
| 2001 | 674,100                  | 1,500         | 0.22%          |
| 2002 | 658,400                  | (15,700)      | -2.33%         |
| 2003 | 653,000                  | (5,400)       | -0.82%         |
| 2004 | 667,500                  | 14,500        | 2.22%          |
| 2005 | 692,200                  | 24,700        | 3.70%          |
| 2006 | 723,100                  | 30,900        | 4.46%          |
| 2007 | 758,100                  | 35,000        | 4.84%          |
| 2008 | 776,500                  | 18,400        | 2.43%          |
| 2009 | 759,800                  | (16,700)      | -2.15%         |
| 2010 | 770,400                  | 10,600        | 1.40%          |
| 2011 | 795,800                  | 25,400        | 3.30%          |
| 2012 | 826,900                  | 31,100        | 3.91%          |
| 2013 | 864,600                  | 37,700        | 4.56%          |
| 2014 | 896,400                  | 31,800        | 3.68%          |
| 2015 | 931,700                  | 35,300        | 3.94%          |
| 2016 | 967,600                  | 35,900        | 3.85%          |
| 2017 | 998,900                  | 31,300        | 3.23%          |
| 2018 | 1,022,200                | 23,300        | 2.33%          |
| 2019 | 1,040,400                | 18,200        | 1.78%          |
| 2020 | 1,057,300                | 16,900        | 1.62%          |
| 2021 | 1,073,700                | 16,400        | 1.55%          |
| 2022 | 1,088,100                | 14,400        | 1.34%          |
| 2023 | 1,102,100                | 14,000        | 1.29%          |
| 2024 | 1,116,800                | 14,700        | 1.33%          |
| 2025 | 1,133,600                | 16,800        | 1.50%          |

Source: Texas Workforce Commission, Annual Average Wage & Non-Farm Salary Employment (1990-2013)  
 Forecasted employment increase based upon forecast obtained from Economy.com April 7, 2014

emp\_gro\_2014.xls

**Employment Growth**





## Population Projections

Table (3) presents historical population growth and projections for the Austin MSA and Williamson County. The historical statistics come from US Census data; projections are based on the Texas State Data Center at Texas A&M University, (Scenario 1.0), based on the US 2010 Census. Williamson County contained approximately 24.6% of the population in the Austin MSA in 2010, a percentage that has increased significantly over the past twenty years and is projected to continue increasing as the county grows in significance as a job/economic center within the MSA.

Table (3)  
**Population Growth**  
 Austin-Round Rock MSA & Williamson County

| Area                           | Total Population |              |              | 1990 to 2000  | 2000 to 2010  | Projected Population |               |
|--------------------------------|------------------|--------------|--------------|---------------|---------------|----------------------|---------------|
|                                | 1990*            | 2000         | 2010         | % Change      | % Change      | 2020                 | 2025          |
| Austin-Round Rock MSA          | 781,572          | 1,249,763    | 1,716,289    | 59.90%        | 37.33%        | 2,322,988            | 2,680,481     |
| Williamson County              | 139,551          | 249,967      | 422,679      | 79.12%        | 69.09%        | 640,699              | 783,657       |
| <i>Williamson County Share</i> | <i>17.9%</i>     | <i>20.0%</i> | <i>24.6%</i> | <i>12.02%</i> | <i>23.13%</i> | <i>27.58%</i>        | <i>29.24%</i> |

Source: US Bureau of the Census, 1990, 2000, 2010. Projections bases on Texas State Data Center Scenario 1.0

poptrend.xls

\*The Austin MSA contained Hays, Travis, & Williamson Counties in 1990. Bastrop and Caldwell were added in 2000.

Prepared by Capitol Market Research, September 2014

### ***In-Migration Trends***

Estimates of population growth attributable to in-migration to the Austin MSA and Williamson County are presented in Table (4). During the 1990s, thousands of people moved into the region to take advantage of the plentiful jobs and high quality of life. While 75.4% of the Austin MSA’s growth from 1990 to 2000 was attributed to in-migration, almost 80% of Williamson County’s growth came from in-migration. This number is reflective of both the strong growth evident in the Austin Region during the nineties, and the appeal of more affordable small town and country living offered in Williamson County.

In spite of the slowdown in job creation in the 2000s, more than 62% of the population growth in the MSA is attributable to in-migration, while Williamson County saw a larger share, at 73.7% (2000 through 2013). It is probable that in-migration will continue to comprise a large share of the Austin MSA and Williamson County population growth throughout the next decade, much as it has during the last twenty two years.

Table (4)  
Estimates of Net In-Migration

| Austin-Round Rock MSA     |              |              |
|---------------------------|--------------|--------------|
|                           | 1990 to 2000 | 2001 to 2013 |
| Population Growth         | 483,221      | 561,735      |
| Births                    | 171,944      | 304,973      |
| Deaths                    | (53,011)     | (93,054)     |
| Net Migration             | 364,288      | 349,816      |
| <i>In-Migration Share</i> | 75.4%        | 62.3%        |

| Williamson County         |              |              |
|---------------------------|--------------|--------------|
|                           | 1990 to 2000 | 2001 to 2013 |
| Population Growth         | 114,252      | 194,074      |
| Births                    | 33,120       | 71,063       |
| Deaths                    | (10,061)     | (20,104)     |
| Net Migration             | 91,193       | 143,115      |
| <i>In-Migration Share</i> | 79.8%        | 73.7%        |

Source: U.S. Bureau of the Census 1990, 2000, 2010; 2013 Population Estimates migrate.xls

\*The Austin MSA contained Hays, Travis, & Williamson Counties in 1990. Bastrop and Caldwell were added in 2000.

Texas Department of State Health Services; Real Estate Center at Texas A&M University, September 2014

## Household Size Trends

Household size trends from 1990 Census through the 2010 Census are found in Table (5). The average household size in both the Austin MSA and Williamson County increased during the nineties with changes of 3.61% and 0.41% respectively. During the last decade the household size for the Austin MSA increased only slightly, while the Williamson County household size decreased by -3.11%. This slowdown in the increase in household size reflects the changing nature of the urban area, as families become smaller both in the MSA. A contributing factor to the decrease of household size in Williamson County is the presence of the retirement community Sun City, where average household sizes tend to be smaller because of the absence of children. It should be noted that the City of Leander has seen a 3.07% increase in average household size between 2000 and 2010, as many people living in this area are young families with children.

Table (5)  
Household Size Trends  
Austin-Round Rock MSA, Williamson County, and City of Leander

| Area                  | Total Households |         |         | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|------------------|---------|---------|--------------------------|--------------------------|
|                       | 1990             | 2000    | 2010    |                          |                          |
| Austin-Round Rock MSA | 303,871          | 471,855 | 650,459 | 55.28%                   | 37.85%                   |
| Williamson County     | 48,792           | 86,766  | 152,606 | 77.83%                   | 75.88%                   |
| City of Leander       | ...              | 2,522   | 8,557   | ...                      | 239.29%                  |

| Area                  | Population in Households |           |           | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|--------------------------|-----------|-----------|--------------------------|--------------------------|
|                       | 1990                     | 2000      | 2010      |                          |                          |
| Austin-Round Rock MSA | 753,802                  | 1,212,806 | 1,675,416 | 60.89%                   | 38.14%                   |
| Williamson County     | 137,239                  | 245,041   | 417,582   | 78.55%                   | 70.41%                   |
| City of Leander       | ...                      | 7,584     | 26,521    | ...                      | 249.70%                  |

| Area                  | Average HH Size |      |      | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|-----------------|------|------|--------------------------|--------------------------|
|                       | 1990            | 2000 | 2010 |                          |                          |
| Austin-Round Rock MSA | 2.48            | 2.57 | 2.58 | 3.61%                    | 0.21%                    |
| Williamson County     | 2.81            | 2.82 | 2.74 | 0.41%                    | -3.11%                   |
| City of Leander       | ...             | 3.01 | 3.10 | ...                      | 3.07%                    |

Source: US Bureau of the Census, 1990, 2000, 2010

poptrend.xls

\*The Austin MSA contained Hays, Travis, & Williamson Counties in 1990. Bastrop and Caldwell were added in 2000.

Prepared by Capitol Market Research, September 2014

## Housing Tenure

Table (6) presents trends in household tenure from 1990 through the 2010 US Census. The most significant increase in the percentage of owner households in the MSA and Williamson County occurred between 1990 and 2000 when single family construction activity was driven by the boom in the high tech industries and increases in affluence among households in the region. However, since 2000, the percentage of owner households has increased only slightly in the Austin MSA (0.46%), and decreased -6.58% in Williamson County and -8.30% in the City of Leander, due, in part to the strong demand for multi-family housing because Austin has a relatively young average age and relatively low incomes in comparison with other rapidly growing regions outside of Texas.

Table (6)  
Household Tenure Trends  
Austin-Round Rock MSA, Williamson County, and City of Leander

| Area                  | Total Households |         |         | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|------------------|---------|---------|--------------------------|--------------------------|
|                       | 1990             | 2000    | 2010    |                          |                          |
| Austin-Round Rock MSA | 303,871          | 471,855 | 650,459 | 55.28%                   | 37.85%                   |
| Williamson County     | 48,792           | 86,766  | 152,606 | 77.83%                   | 75.88%                   |
| City of Leander       | ...              | 2,522   | 8,557   | ...                      | 239.29%                  |

| Area                  | Renter Households |         |         | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|-------------------|---------|---------|--------------------------|--------------------------|
|                       | 1990              | 2000    | 2010    |                          |                          |
| Austin-Round Rock MSA | 153,232           | 197,143 | 270,011 | 28.66%                   | 36.96%                   |
| Williamson County     | 17,581            | 22,386  | 46,822  | 27.33%                   | 109.16%                  |
| City of Leander       | ...               | 313     | 1,684   | ...                      | 438.02%                  |

| Area                  | Owner Households |         |         | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|------------------|---------|---------|--------------------------|--------------------------|
|                       | 1990             | 2000    | 2010    |                          |                          |
| Austin-Round Rock MSA | 150,639          | 274,712 | 380,448 | 82.36%                   | 38.49%                   |
| Williamson County     | 31,211           | 64,380  | 105,784 | 106.27%                  | 64.31%                   |
| City of Leander       | ...              | 2,209   | 6,873   | ...                      | 211.14%                  |

| Area                  | % Owner Households |        |        | 1990 to 2000 %<br>Change | 2000 to 2010 %<br>Change |
|-----------------------|--------------------|--------|--------|--------------------------|--------------------------|
|                       | 1990               | 2000   | 2010   |                          |                          |
| Austin-Round Rock MSA | 49.57%             | 58.22% | 58.49% | 17.44%                   | 0.46%                    |
| Williamson County     | 63.97%             | 74.20% | 69.32% | 16.00%                   | -6.58%                   |
| City of Leander       | ...                | 87.59% | 80.32% | ...                      | -8.30%                   |

Source: US Bureau of the Census 1990, 2000, & 2010

poptrend.xls

\*The Austin MSA contained Hays, Travis, & Williamson Counties in 1990. Bastrop and Caldwell were added in 2000.

Prepared by Capitol Market Research, September 2014

## Housing Starts

As shown in Table (7) below, housing starts began to increase steadily during the early 1990s in the Austin MSA, while Williamson County began to significantly increase after 1995. New housing construction continued in the 2000s in both the Austin MSA and Williamson County, dropping slightly in 2001. Housing starts continued to increase in both areas until 2008 and 2009, with the start of the national housing crisis. Since that time, housing starts in both areas have seen increases, with over 251,000 starts in the Austin MSA and over 63,000 starts in Williamson County from 2000 through July 2014. On average, single family housing starts have been 63% of housing starts in the Austin MSA, and multi-family housing 36.9%. From 1990 through July 2014, Williamson County has seen single family housing starts constitute a much higher percentage of total housing starts than the Austin MSA, although multi-family housing starts have seen an increased average since 2012, at 28.3%, versus the 17.5% seen historically since 1990.

Table (7)  
Housing Starts  
Austin-Round Rock MSA & Williamson County

| Year         | Austin-Round Rock MSA |                |                |                       |                      | Williamson County |               |               |                       |                      |
|--------------|-----------------------|----------------|----------------|-----------------------|----------------------|-------------------|---------------|---------------|-----------------------|----------------------|
|              | Single Family         | Multi-Family   | Total          | Percent Single Family | Percent Multi-Family | Single Family     | Multi-Family  | Total         | Percent Single Family | Percent Multi-Family |
| 1990         | 1,916                 | 46             | 1,962          | 97.7%                 | 2.3%                 | 174               | 0             | 174           | 100.0%                | 0.0%                 |
| 1991         | 2,994                 | 228            | 3,222          | 92.9%                 | 7.1%                 | 380               | 4             | 384           | 99.0%                 | 1.0%                 |
| 1992         | 4,641                 | 1,030          | 5,671          | 81.8%                 | 18.2%                | 767               | 0             | 767           | 100.0%                | 0.0%                 |
| 1993         | 6,369                 | 2,174          | 8,543          | 74.6%                 | 25.4%                | 1,397             | 64            | 1,461         | 95.6%                 | 4.4%                 |
| 1994         | 6,250                 | 4,518          | 10,768         | 58.0%                 | 42.0%                | 1,537             | 340           | 1,877         | 81.9%                 | 18.1%                |
| 1995         | 7,435                 | 6,330          | 13,765         | 54.0%                 | 46.0%                | 2,816             | 570           | 3,386         | 83.2%                 | 16.8%                |
| 1996         | 10,095                | 6,982          | 17,077         | 59.1%                 | 40.9%                | 3,685             | 925           | 4,610         | 79.9%                 | 20.1%                |
| 1997         | 8,456                 | 5,161          | 13,617         | 62.1%                 | 37.9%                | 3,063             | 469           | 3,532         | 86.7%                 | 13.3%                |
| 1998         | 10,805                | 5,618          | 16,423         | 65.8%                 | 34.2%                | 3,725             | 454           | 4,179         | 89.1%                 | 10.9%                |
| 1999         | 11,704                | 8,193          | 19,897         | 58.8%                 | 41.2%                | 3,984             | 1,621         | 5,605         | 71.1%                 | 28.9%                |
| 2000         | 13,045                | 8,844          | 21,889         | 59.6%                 | 40.4%                | 4,664             | 1,027         | 5,691         | 82.0%                 | 18.0%                |
| 2001         | 9,115                 | 8,699          | 17,814         | 51.2%                 | 48.8%                | 3,685             | 1,819         | 5,504         | 67.0%                 | 33.0%                |
| 2002         | 11,072                | 6,160          | 17,232         | 64.3%                 | 35.7%                | 4,339             | 312           | 4,651         | 93.3%                 | 6.7%                 |
| 2003         | 12,116                | 3,214          | 15,330         | 79.0%                 | 21.0%                | 4,418             | 368           | 4,786         | 92.3%                 | 7.7%                 |
| 2004         | 14,309                | 3,706          | 18,015         | 79.4%                 | 20.6%                | 4,209             | 125           | 4,334         | 97.1%                 | 2.9%                 |
| 2005         | 17,346                | 5,895          | 23,241         | 74.6%                 | 25.4%                | 5,444             | 555           | 5,999         | 90.7%                 | 9.3%                 |
| 2006         | 17,615                | 8,481          | 26,096         | 67.5%                 | 32.5%                | 5,738             | 1,716         | 7,454         | 77.0%                 | 23.0%                |
| 2007         | 12,120                | 7,783          | 19,903         | 60.9%                 | 39.1%                | 3,907             | 1,764         | 5,671         | 68.9%                 | 31.1%                |
| 2008         | 7,710                 | 4,082          | 11,792         | 65.4%                 | 34.6%                | 2,402             | 390           | 2,792         | 86.0%                 | 14.0%                |
| 2009         | 6,678                 | 2,080          | 8,758          | 76.3%                 | 23.7%                | 1,965             | 15            | 1,980         | 99.2%                 | 0.8%                 |
| 2010         | 6,200                 | 2,586          | 8,786          | 70.6%                 | 29.4%                | 1,889             | 48            | 1,937         | 97.5%                 | 2.5%                 |
| 2011         | 6,231                 | 4,008          | 10,239         | 60.9%                 | 39.1%                | 1,851             | 61            | 1,912         | 96.8%                 | 3.2%                 |
| 2012         | 8,261                 | 11,334         | 19,595         | 42.2%                 | 57.8%                | 2,357             | 1,370         | 3,727         | 63.2%                 | 36.8%                |
| 2013         | 8,954                 | 11,911         | 20,865         | 42.9%                 | 57.1%                | 2,848             | 756           | 3,604         | 79.0%                 | 21.0%                |
| 2014*        | 7,116                 | 4,763          | 11,879         | 59.9%                 | 40.1%                | 2,429             | 906           | 3,335         | 72.8%                 | 27.2%                |
| <b>Total</b> | <b>228,553</b>        | <b>133,826</b> | <b>362,379</b> | <b>63.1%</b>          | <b>36.9%</b>         | <b>73,673</b>     | <b>15,679</b> | <b>89,352</b> | <b>82.5%</b>          | <b>17.5%</b>         |

Capitol Market Research, September 2014

starts.xls

Source: Housing starts based on data from Texas A&M Real Estate Center

\*Through July 2014

## Single Family Housing Demand

Rapid population growth in Austin and other U.S. cities is almost always attributable to the immigration of people from other areas, often because of job opportunities. The demonstrable growth in employment and an unemployment rate of 4.6% for the Austin MSA (July 2014) means that as new jobs are created, people will move into the region to take those jobs.

Table (8) below provides an estimate of new single family housing demand in the Austin MSA as a result of the job increases and population growth anticipated over the next ten years. Because demand for owner-occupied units is divided among different types of housing, Capitol Market Research has estimated single-family demand to be 96.0% of the total owner demand based on historical building permits issues from 2004 through 2013 (10-year history). Single family demand should average 10,508 units per year from 2014 through 2023.

Table (8)  
Single Family Housing Demand  
Austin MSA

| Year | MSA<br>Employment<br>Increase | Population<br>Increase | Household<br>Size | New<br>Households | New Owner<br>Households | Single Family<br>Demand |
|------|-------------------------------|------------------------|-------------------|-------------------|-------------------------|-------------------------|
| 2014 | 31,800                        | 64,113                 | 2.57              | 24,966            | 14,646                  | 14,060                  |
| 2015 | 35,300                        | 71,169                 | 2.57              | 27,719            | 16,261                  | 15,611                  |
| 2016 | 35,900                        | 72,379                 | 2.57              | 28,196            | 16,541                  | 15,879                  |
| 2017 | 31,300                        | 63,105                 | 2.57              | 24,588            | 14,424                  | 13,847                  |
| 2018 | 23,300                        | 46,976                 | 2.57              | 18,307            | 10,740                  | 10,310                  |
| 2019 | 18,200                        | 36,694                 | 2.57              | 14,303            | 8,391                   | 8,055                   |
| 2020 | 16,900                        | 34,073                 | 2.57              | 13,284            | 7,793                   | 7,481                   |
| 2021 | 16,400                        | 33,065                 | 2.56              | 12,893            | 7,564                   | 7,261                   |
| 2022 | 14,400                        | 29,032                 | 2.56              | 11,323            | 6,643                   | 6,377                   |
| 2023 | 14,000                        | 28,226                 | 2.56              | 11,011            | 6,459                   | 6,201                   |

Source: Employment Forecast from Table (2)

emp\_gro\_2014.xls

Population to employment ratio held constant (0.496)

Household size is based on the change in size between 2000 and 2010 census

Owner demand is based on the average change in share of renters between 2010 and 2023 (58.66%)

Single-family demand based on building permits issued in the MSA over the past 10 years (96.0%)

## Multi-Family Housing Demand

Table (9) below provides an estimate of new multi-family housing demand in the Austin MSA as a result of the job increases and population growth anticipated over the next ten years. Based on recent building permit data (2004-2013), we have estimated multi-family unit demand to be 92.9% of the total rental unit demand and will average 7,165 units per year from 2014 through 2023.

Table (9)  
Multi-Family Housing Demand  
Austin MSA

| Year | MSA<br>Employment<br>Increase | Population<br>Increase | Household<br>Size | New<br>Households | New Renter<br>Households | Multi-Family<br>Demand |
|------|-------------------------------|------------------------|-------------------|-------------------|--------------------------|------------------------|
| 2014 | 31,800                        | 64,113                 | 2.57              | 24,966            | 10,320                   | 9,587                  |
| 2015 | 35,300                        | 71,169                 | 2.57              | 27,719            | 11,458                   | 10,644                 |
| 2016 | 35,900                        | 72,379                 | 2.57              | 28,196            | 11,655                   | 10,827                 |
| 2017 | 31,300                        | 63,105                 | 2.57              | 24,588            | 10,164                   | 9,442                  |
| 2018 | 23,300                        | 46,976                 | 2.57              | 18,307            | 7,567                    | 7,030                  |
| 2019 | 18,200                        | 36,694                 | 2.57              | 14,303            | 5,912                    | 5,492                  |
| 2020 | 16,900                        | 34,073                 | 2.57              | 13,284            | 5,491                    | 5,101                  |
| 2021 | 16,400                        | 33,065                 | 2.56              | 12,893            | 5,329                    | 4,951                  |
| 2022 | 14,400                        | 29,032                 | 2.56              | 11,323            | 4,680                    | 4,348                  |
| 2023 | 14,000                        | 28,226                 | 2.56              | 11,011            | 4,551                    | 4,228                  |

Source: Employment Forecast from Table (2)

emp\_gro\_2014.xls

Population to employment ratio held constant (0.496)

Household size is based on the change in size between 2000 and 2010 census

Renter demand is based on the average change in share of renters between 2010 and 2023 (41.34%)

Multi-family demand based on building permits issued in the MSA over the past 10 years (92.9%)

## Office Space Demand

Table (10) below estimates office space demand in the Austin MSA, by using the employment forecast shown in Table (2), and analysis of new jobs by occupation that require office space. Based on employment growth by major industry group, it is estimated that between 42.0% and 41.7% of jobs created will require office space. Assuming an average ratio of 225 sq. ft. per employee, forecasted employment increases should result in a demand for 21.5 million sq. ft. of office space or an average of 2.15 million square feet annually from 2014 to 2023. After a majority of the existing vacant space is absorbed, absorption will occur in new buildings that will be a mix of private and public, owner occupied buildings and multi-tenant lease space, with the multi-tenant space accounting for approximately 67% of the total.

Table (10)  
Office Employment Growth  
Austin MSA

| Year         | Total Wage & Salary Emp. | Percent Office Employment | Office Employment | Annual Change | Office Space Absorption | Multi-Tenant Space Absorption |
|--------------|--------------------------|---------------------------|-------------------|---------------|-------------------------|-------------------------------|
| 2014         | 896,400                  | 42.0%                     | 376,564           | 11,372        | 2,558,594               | 1,714,258                     |
| 2015         | 931,700                  | 41.9%                     | 390,146           | 13,582        | 3,055,858               | 2,047,425                     |
| 2016         | 967,600                  | 41.8%                     | 404,255           | 14,109        | 3,174,544               | 2,126,944                     |
| 2017         | 998,900                  | 41.7%                     | 416,717           | 12,462        | 2,804,016               | 1,878,691                     |
| 2018         | 1,022,200                | 41.7%                     | 426,349           | 9,632         | 2,167,291               | 1,452,085                     |
| 2019         | 1,040,400                | 41.7%                     | 434,071           | 7,721         | 1,737,299               | 1,163,990                     |
| 2020         | 1,057,300                | 41.8%                     | 441,538           | 7,468         | 1,680,228               | 1,125,753                     |
| 2021         | 1,073,700                | 41.8%                     | 448,655           | 7,117         | 1,601,332               | 1,072,893                     |
| 2022         | 1,088,100                | 41.8%                     | 454,990           | 6,335         | 1,425,274               | 954,933                       |
| 2023         | 1,102,100                | 41.8%                     | 461,084           | 6,094         | 1,371,240               | 918,731                       |
| <b>Total</b> |                          |                           |                   | <b>95,892</b> | <b>21,575,676</b>       | <b>14,455,703</b>             |

Source: Office Employment is estimated to range from 42.0% to 41.7% of Total Employment based on occupation survey conducted by Capitol Market Research  
Employment to space ratio estimated to be 225 sq. ft. per person  
Multi-tenant space estimated to be 67% of the total demand

emp\_gro\_2014.xls

### ***Growth Patterns***

Every community that experiences growth over time develops distinct patterns of residential and commercial development. These patterns may change over time due to economic circumstances, they may be altered by government intervention, or they may be redirected due to natural or man-made barriers. Ever since its incorporation in 1856, Austin has had a tendency to grow north, and as topography allowed, to the west. The northwest sectors are somewhat more expensive to develop, which has led to the growth of higher-income housing in these areas. Inexpensive housing has traditionally located east of the Balcones Fault Line, which roughly parallels IH-35. Government regulations in Austin have been the impetus for many developers to seek refuge in other city jurisdictions. Finally, the hills and lakes of western Travis County, while very desirable, create barriers to the extension of utilities and efficient transportation. As a consequence, the communities that have been developed in this area have been lower-density, higher priced with resort style amenities such as marinas, golf courses and tennis courts. Cities such as Cedar Park, Leander, Georgetown, and Round Rock in Williamson County offer a more suburban, hill country feel without the higher price range seen in western Travis County. These communities have been successful in attracting homebuyers to this area, and will continue to draw those who desire to leave an urban environment for more affordable housing, attractive master planned communities and high quality suburban schools.

## **MARKET AREA ANALYSIS**

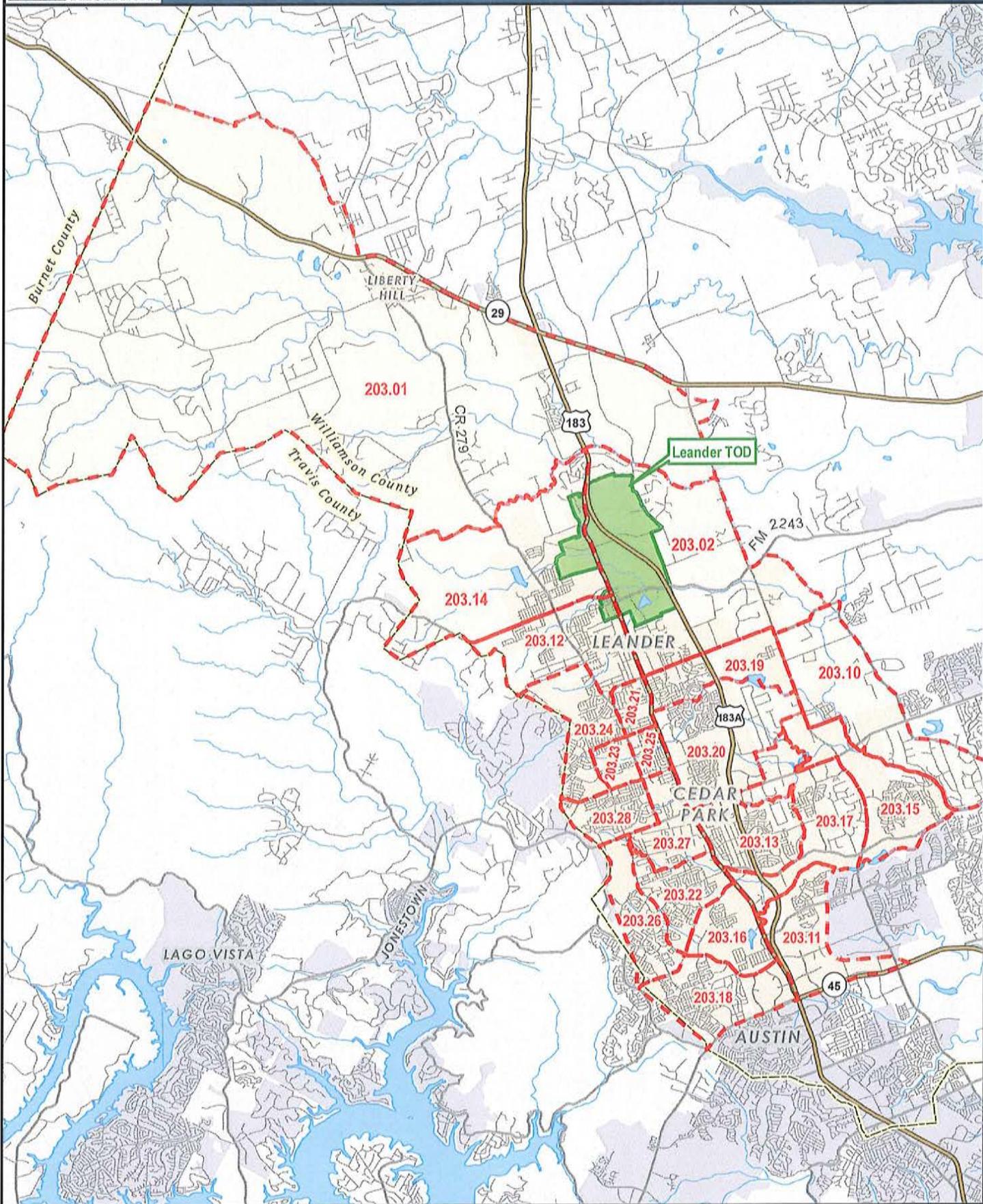
### ***Subject Property Market Definition & Justification***

In order to accurately represent the demand for residential, office, and retail uses at the subject site, regional demand must be disaggregated to the neighborhood or market area level. This process of disaggregation is often accomplished by segmenting a geographic region into residential submarkets or neighborhoods. The neighborhood for the subject property must be small enough to capture relevant local trends and product preferences, but it also must be large enough to capture all of the current and potentially competitive properties along with important employment and activity generators.

The subject property is located predominately on the east side of US Highway 183, in the City of Leander, and in the northwest sector of Williamson County. The market area defined for this project is most appropriately defined as Northwest Williamson County, and is mainly comprised of the Leander Independent School District. The market area is generally delineated by the Burnet County to the northwest, State Highway 29 to the north, Ronald Reagan Boulevard, CR 175, and Sam Bass Road to the east, State Highway 29/RR 620 to the south, and Travis County to the west. Land uses in the immediate area include both small and large lot single family residential subdivisions, scattered commercial development along the US Hwy 183 and SH 29/RR 620 corridors, and a substantial amount of farm and ranch land. However, the character of this area is likely to change dramatically as new subdivisions are built in the area and support retail and other commercial development continues to expand.

Another important consideration for defining the market is image and market perceptions. This is often quite difficult to accomplish because one market may phase quietly into another without a clear physical or psychological barrier. This is not the case for this market area, due to the subject location within the Leander ISD, on US Hwy 183, and within the city limits of Leander.

Finally, the definition of the market area must take into consideration the availability of relevant information, particularly demographic data. Census tract geography is most often used to delineate market areas because the data available from the Census is critical to thorough and relevant analysis of the market. The Northwest Williamson County market area is comprised of Williamson County 2010 census tracts 203.01, 203.02, 203.10, 203.11, 203.12, 203.13, 203.14, 203.15, 203.16, 203.17, 203.18, 203.19, 203.20, 203.21, 203.22, 203.23, 203.24, 203.25, 203.26, 203.27, and 203.28.



## Historical Population Trends and Forecasts

The Northwest Williamson County market area has experienced a significant amount of population growth since 1980, when cities such as Leander and Cedar Park were communities of less than 5,000 people. Over the next 10 years, between 1980 and 1990, growth in the market area began to explode, and by 1990 the market area contained 21.05% of Williamson County, and 4.21% of the Austin MSA. This growth has continued for the past two decades, with Williamson County ranked as the 10<sup>th</sup> fastest growing county in the USA in 2012. Historically, the market area captured an average of 6.24% of the Austin MSA's growth from 1990 to 2000, with the average growing to 10.55% from 2000 to 2010.

Table (11)  
Population and Household Growth by Tract  
Austin MSA, Williamson County, and Market Area

| Census Tracts            |        | Population |           |                       | Total Households |         |                       | Average HH Size |      |                       |
|--------------------------|--------|------------|-----------|-----------------------|------------------|---------|-----------------------|-----------------|------|-----------------------|
| 2000                     | 2010   | 2000       | 2010      | 2000-2010<br>% Change | 2000             | 2010    | 2000-2010<br>% Change | 2000            | 2010 | 2000-2010<br>% Change |
| 203.01                   | 203.01 | 3,186      | 5,657     | 77.6%                 | 1,055            | 1,973   | 87.0%                 | 2.98            | 2.85 | -4.3%                 |
| 203.02                   | 203.02 | 2,298      | 3,046     | 32.6%                 | 784              | 1,053   | 34.3%                 | 2.93            | 2.89 | -1.3%                 |
| 203.03                   | 203.12 | 3,828      | 7,199     | 216.9%                | 1,240            | 2,248   | 210.1%                | 3.09            | 3.20 | 2.2%                  |
|                          | 203.14 | ...        | 4,932     | ...                   | ...              | 1,597   | ...                   | ...             | 3.09 | ...                   |
| 203.05                   | 203.21 | 3,757      | 1,755     | 177.9%                | 1,260            | 640     | 171.0%                | 2.98            | 2.74 | 1.6%                  |
|                          | 203.23 | ...        | 2,844     | ...                   | ...              | 951     | ...                   | ...             | 2.99 | ...                   |
|                          | 203.24 | ...        | 5,840     | ...                   | ...              | 1,824   | ...                   | ...             | 3.14 | ...                   |
| 203.06                   | 203.25 | 9,653      | 2,944     | 21.6%                 | 3,110            | 899     | 30.1%                 | 3.07            | 3.27 | -5.6%                 |
|                          | 203.27 | ...        | 2,326     | ...                   | ...              | 853     | ...                   | ...             | 2.73 | ...                   |
|                          | 203.28 | ...        | 6,467     | ...                   | ...              | 2,293   | ...                   | ...             | 2.82 | ...                   |
| 203.07                   | 203.22 | 11,162     | 8,249     | 27.2%                 | 3,605            | 3,113   | 39.7%                 | 3.08            | 2.65 | -8.7%                 |
|                          | 203.26 | ...        | 5,948     | ...                   | ...              | 1,924   | ...                   | ...             | 3.09 | ...                   |
| 203.08                   | 203.16 | 8,625      | 3,115     | 38.1%                 | 2,994            | 1,236   | 52.5%                 | 2.88            | 2.51 | -9.5%                 |
|                          | 203.18 | ...        | 8,798     | ...                   | ...              | 3,329   | ...                   | ...             | 2.64 | ...                   |
| 203.09                   | 203.11 | 7,510      | 2,727     | 302.4%                | 2,492            | 1,141   | 333.5%                | 3.00            | 2.39 | -6.7%                 |
|                          | 203.13 | ...        | 8,548     | ...                   | ...              | 3,115   | ...                   | ...             | 2.74 | ...                   |
|                          | 203.15 | ...        | 3,686     | ...                   | ...              | 1,400   | ...                   | ...             | 2.63 | ...                   |
|                          | 203.17 | ...        | 3,708     | ...                   | ...              | 1,289   | ...                   | ...             | 2.88 | ...                   |
|                          | 203.19 | ...        | 4,910     | ...                   | ...              | 1,512   | ...                   | ...             | 3.25 | ...                   |
|                          | 203.20 | ...        | 6,638     | ...                   | ...              | 2,345   | ...                   | ...             | 2.83 | ...                   |
| 203.10                   | 203.10 | 2,608      | 2,500     | -4.1%                 | 895              | 915     | 2.2%                  | 2.90            | 2.72 | -6.1%                 |
| <b>Market Area</b>       |        | 52,627     | 101,837   | 93.5%                 | 17,435           | 35,650  | 104.5%                | 3.00            | 2.85 | -5.1%                 |
| <b>Williamson County</b> |        | 249,967    | 422,679   | 69.1%                 | 86,766           | 152,606 | 75.9%                 | 2.82            | 2.74 | -3.1%                 |
| <b>Austin MSA</b>        |        | 1,249,763  | 1,716,289 | 37.3%                 | 471,855          | 650,459 | 37.9%                 | 2.57            | 2.58 | 0.2%                  |

Source: US Bureau of the Census, 2000 and 2010

census.xls

Prepared by Capital Market Research, September 2014

## Market Area Household Income

Table (12) below shows household income change in the market area by census tract. In 2000, the market area had a mean income of \$75,023 and a median income of \$65,753, both higher than both the mean income and median income of Williamson County and the Austin MSA. In 2010, household mean income levels in the market area rose by 14.8% to reach \$86,116, and household median income levels rose 13.5% to \$74,652. In 2010, the mean income in the market area was 2.81% higher than Williamson County and 6.6% higher than the Austin MSA, while median income in the market area was 5.4% higher than the county and 25.1% higher than the MSA.

Table (12)  
Household Income by Tract  
Austin MSA, Williamson County, and Market Area

| Census Tracts            |        | Total Households |         |                    | Mean Income |           |                    | Median Income |           |                    |
|--------------------------|--------|------------------|---------|--------------------|-------------|-----------|--------------------|---------------|-----------|--------------------|
| 2000                     | 2010   | 2000             | 2010    | 2000-2010 % Change | 2000        | 2010      | 2000-2010 % Change | 2000          | 2010      | 2000-2010 % Change |
| 203.01                   | 203.01 | 1,055            | 1,973   | 87.0%              | \$72,038    | \$85,439  | 18.6%              | \$54,563      | \$73,137  | 34.0%              |
| 203.02                   | 203.02 | 784              | 1,053   | 34.3%              | \$79,964    | \$89,403  | 11.8%              | \$65,548      | \$71,696  | 9.4%               |
| 203.03                   | 203.12 | 1,240            | 2,248   | 210.1%             | \$58,603    | \$69,775  | 19.1%              | \$48,526      | \$59,514  | 23.6%              |
|                          | 203.14 | ...              | 1,597   | ...                | ...         | \$69,775  | ...                | ...           | \$60,592  | ...                |
| 203.05                   | 203.21 | 1,260            | 640     | 171.0%             | \$60,254    | \$55,641  | 56.5%              | \$56,066      | \$52,542  | 30.2%              |
|                          | 203.23 | ...              | 951     | ...                | ...         | \$98,396  | ...                | ...           | \$54,123  | ...                |
|                          | 203.24 | ...              | 1,824   | ...                | ...         | \$105,676 | ...                | ...           | \$90,066  | ...                |
| 203.06                   | 203.25 | 3,110            | 899     | 30.1%              | \$67,574    | \$66,957  | 24.5%              | \$63,190      | \$62,724  | 19.8%              |
|                          | 203.27 | ...              | 853     | ...                | ...         | \$91,287  | ...                | ...           | \$82,917  | ...                |
|                          | 203.28 | ...              | 2,293   | ...                | ...         | \$88,204  | ...                | ...           | \$78,082  | ...                |
| 203.07                   | 203.22 | 3,605            | 3,113   | 39.7%              | \$85,858    | \$79,032  | 8.3%               | \$75,124      | \$70,289  | 8.7%               |
|                          | 203.26 | ...              | 1,924   | ...                | ...         | \$115,666 | ...                | ...           | \$100,022 | ...                |
| 203.08                   | 203.16 | 2,994            | 1,236   | 52.5%              | \$77,922    | \$80,800  | 8.0%               | \$72,118      | \$75,625  | -0.9%              |
|                          | 203.18 | ...              | 3,329   | ...                | ...         | \$85,448  | ...                | ...           | \$69,879  | ...                |
| 203.09                   | 203.11 | 2,492            | 1,141   | 333.5%             | \$76,433    | \$77,940  | 13.5%              | \$63,209      | \$69,821  | 21.9%              |
|                          | 203.13 | ...              | 3,115   | ...                | ...         | \$86,749  | ...                | ...           | \$77,606  | ...                |
|                          | 203.15 | ...              | 1,400   | ...                | ...         | \$100,501 | ...                | ...           | \$96,707  | ...                |
|                          | 203.17 | ...              | 1,289   | ...                | ...         | \$85,340  | ...                | ...           | \$66,042  | ...                |
|                          | 203.19 | ...              | 1,512   | ...                | ...         | \$79,457  | ...                | ...           | \$70,958  | ...                |
|                          | 203.20 | ...              | 2,345   | ...                | ...         | \$88,449  | ...                | ...           | \$77,998  | ...                |
| 203.10                   | 203.10 | 895              | 915     | 2.2%               | \$88,077    | \$94,823  | 7.7%               | \$74,523      | \$93,370  | 25.3%              |
| <b>Market Area</b>       |        | 17,435           | 35,650  | 104.5%             | \$75,023    | \$86,116  | 14.8%              | \$65,753      | \$74,652  | 13.5%              |
| <b>Williamson County</b> |        | 86,766           | 152,606 | 75.9%              | \$67,401    | \$83,761  | 24.3%              | \$60,642      | \$70,849  | 16.8%              |
| <b>Austin MSA</b>        |        | 471,855          | 650,459 | 37.9%              | \$64,125    | \$80,793  | 26.0%              | \$48,950      | \$59,646  | 21.9%              |

Source: US Census 2000 and ACS 2008-2012 5-year Survey  
Capital Market Research, September 2014

Retail Demand.xls

### ***Single Family Housing Development in Leander & Cedar Park***

The Leander and Cedar Park market areas are well-established suburban housing markets within the Austin region. The combination of proximity to Austin, good access from US Hwy 183 and the recently completed US Hwy 183a Toll Road, relatively low land costs, utility availability and an excellent school district have resulted in a dramatic increase in residential building activity. However, the City of Cedar Park is approaching “build out” for single family subdivisions, as the available land and lot inventory is decreasing and the prices are increasing. As a result, the City of Leander is beginning to see a rapid increase in single family development as larger tracts of land are acquired and subdivision lots are delivered

The number of single family permits issued in the cities of Leander and Cedar Park has increased from 700 in 1994, to a high of 2,269 in 2006. After the economic downturn and decline in new homes starts in the late 2000’s, building permits began to rise again, reaching 1,265 in 2013. The City of Leander, historically making up the smaller percentage of these permits, achieved majority status in 2013, as it surpassed Cedar Park. Currently in 2014, through June, Leander has accounted for 69.6% of single family building permits issued in the two cities. This shift in the share of market supply shows a rapidly developing trend toward a higher percentage of new home starts in Leander over the last few years, as the availability of lot inventory in Cedar Park has diminished and become more expensive.

Table (13)  
 Single Family Permits  
 Leander and Cedar Park

| Year         | Leander      | Cedar Park    | Total         | % in Leander |
|--------------|--------------|---------------|---------------|--------------|
| 1994         | 60           | 640           | 700           | 8.6%         |
| 1995         | 85           | 915           | 1,000         | 8.5%         |
| 1996         | 100          | 1,031         | 1,131         | 8.8%         |
| 1997         | 110          | 1,053         | 1,163         | 9.5%         |
| 1998         | 130          | 1,190         | 1,320         | 9.8%         |
| 1999         | 172          | 1,445         | 1,617         | 10.6%        |
| 2000         | 498          | 1,237         | 1,735         | 28.7%        |
| 2001         | 469          | 967           | 1,436         | 32.7%        |
| 2002         | 737          | 954           | 1,691         | 43.6%        |
| 2003         | 662          | 975           | 1,637         | 40.4%        |
| 2004         | 584          | 843           | 1,427         | 40.9%        |
| 2005         | 824          | 1235          | 2,059         | 40.0%        |
| 2006         | 1131         | 1138          | 2,269         | 49.8%        |
| 2007         | 604          | 868           | 1,472         | 41.0%        |
| 2008         | 401          | 590           | 991           | 40.5%        |
| 2009         | 376          | 478           | 854           | 44.0%        |
| 2010         | 242          | 541           | 783           | 30.9%        |
| 2011         | 325          | 614           | 939           | 34.6%        |
| 2012         | 418          | 650           | 1,068         | 39.1%        |
| 2013         | 666          | 599           | 1,265         | 52.6%        |
| 2014*        | 639          | 279           | 918           | 69.6%        |
| <b>Total</b> | <b>9,233</b> | <b>18,242</b> | <b>27,475</b> | <b>33.6%</b> |

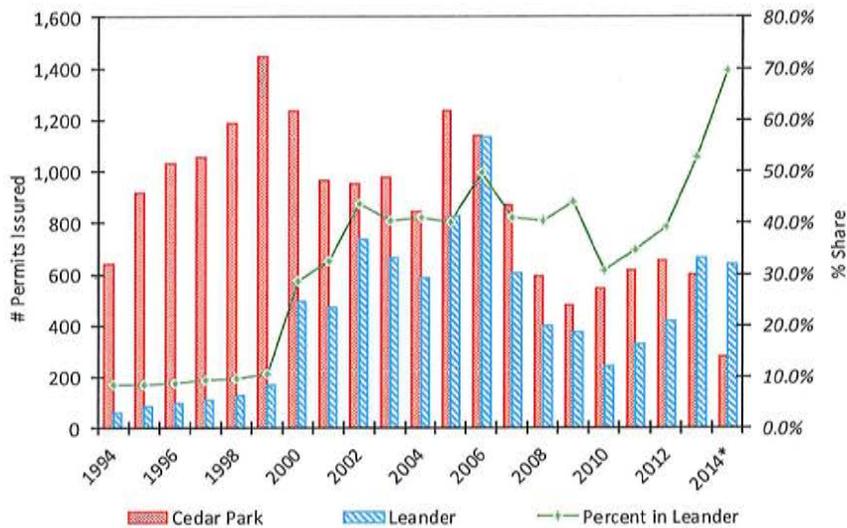
Source: Capitol Market Research, September 2014

permits.xls

City of Cedar Park, Building Inspection Department 1994 - 2013

City of Leander, Building Inspection Department 1994 - 2013

\* Through June 2014



## ***Northwest Williamson County Single Family Market Conditions***

### **Existing Homes Sales**

Capitol Market Research conducted an extensive analysis of the Northwest Williamson County market area, using data available on home sales through the Austin Multiple Listing Service (MLS). In 2004, 8.38% of MLS home sales in the Austin MSA occurred in Northwest Williamson County. In 2008, the subject market area share had increased to 9.05%, as new home construction and the available housing stock increased. The subject market area share remained fairly constant through the past ten years, accounting for 8.78% of the MLS homes sales in the Austin MSA from 2004 to 2010. Currently, in 2014 (through August 2014), the market area has reached a high of 11.00% of homes sales in the Austin MSA.

Northwest Williamson County has shown a very consistent market share since 2004. As attractive urban homesites have become increasingly scarce and expensive, suburban communities have seen considerable growth. The cities in and surrounding the Northwest Williamson County market area have crossed over from smaller suburban communities to larger cities, with extensive retail sites, employment centers, and transportation nodes. While environmental regulations, utilities, land ownership and topography sometimes form significant constraints on development, builder and developer efforts have been consistently rewarded in Williamson County. Generally, during periods of increasing price competition, an affordable and attractive area such as the subject will benefit as the market responds to perceived value.

Table (14)  
Existing Single Family Homes Sales  
Northwest Williamson County

| Year  | Total Home Sales |            | Share of Austin<br>MSA Sales |
|-------|------------------|------------|------------------------------|
|       | Market Area      | Austin MSA |                              |
| 2004  | 1,892            | 22,567     | 8.38%                        |
| 2005  | 2,236            | 26,905     | 8.31%                        |
| 2006  | 2,554            | 30,284     | 8.43%                        |
| 2007  | 2,328            | 28,048     | 8.30%                        |
| 2008  | 2,030            | 22,440     | 9.05%                        |
| 2009  | 1,829            | 20,747     | 8.82%                        |
| 2010  | 1,793            | 19,872     | 9.02%                        |
| 2011  | 1,837            | 21,208     | 8.66%                        |
| 2012  | 2,300            | 25,521     | 9.01%                        |
| 2013  | 2,989            | 30,433     | 9.82%                        |
| 2014* | 1,963            | 17,847     | 11.00%                       |

Source: Austin Board of Realtors Multiple Listing Service;  
Austin MSA data from Texas A & M University Real Estate Center  
(data includes single family, townhome, duplex, & condo sales)  
\*Through August 31, 2014

Residential.xls

## Housing Activity by Price Range

MLS homes sales in Northwest Williamson County have been dominated by home sales priced \$100,000 to \$249,999. In 2004, this market segment accounted for 83.9% of total sales. In 2010, this segment began to see declines as houses priced from \$250,000 to \$450,000 began to see increases in the market area. Homes priced less than \$100,000 comprised just 3.5% of sales from 2004 through August 2014, while sales in the \$150,000 to \$249,999 price range accounted for 78.5% of sales, the \$250,000 to \$449,999 price range accounted for 16.6% of sales, and houses priced over \$449,999 accounted for 1.5% of sales. Currently, in 2014, the \$100,000 to \$249,999 home sales ranges has declined to 62.7%, while those between \$250,000 and \$349,999 have increased to 12.8%. In the most expensive home price category, those in the \$450,000 + range, the market share increased from 0.2% in 2004 to 4.2% in 2014 (see Table 15).

Table (15)  
Existing Sales by Price Range  
Northwest Williamson County

| Sale Price            | Year         |              |              |              |              |              |              |              |              |              |              | Total         |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
|                       | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014*        |               |
| < \$100,000           | 240          | 193          | 93           | 41           | 23           | 25           | 57           | 66           | 65           | 28           | 7            | 838           |
| \$100,000 - \$149,999 | 881          | 1054         | 1100         | 784          | 556          | 547          | 553          | 586          | 653          | 506          | 150          | 7,370         |
| \$150,000 - \$199,999 | 515          | 600          | 850          | 808          | 726          | 619          | 555          | 512          | 694          | 980          | 641          | 7,500         |
| \$200,000 - \$249,999 | 192          | 243          | 280          | 337          | 373          | 315          | 293          | 306          | 390          | 595          | 439          | 3,763         |
| \$250,000 - \$299,999 | 41           | 93           | 128          | 175          | 178          | 182          | 157          | 170          | 245          | 363          | 290          | 2,022         |
| \$300,000 - \$349,999 | 11           | 22           | 48           | 87           | 86           | 64           | 82           | 93           | 110          | 240          | 183          | 1,026         |
| \$350,000 - \$399,999 | 5            | 20           | 26           | 34           | 46           | 45           | 46           | 37           | 64           | 132          | 107          | 562           |
| \$400,000 - \$449,999 | 3            | 4            | 16           | 38           | 18           | 19           | 26           | 36           | 42           | 59           | 64           | 325           |
| \$450,000 - \$499,999 | ...          | 3            | 4            | 14           | 11           | 4            | 9            | 17           | 22           | 40           | 49           | 173           |
| \$500,000 - \$549,999 | 2            | 1            | 3            | 2            | 6            | 2            | 4            | 6            | 8            | 23           | 19           | 76            |
| \$550,000 - \$599,999 | ...          | ...          | 1            | 3            | 2            | 3            | 2            | 5            | 5            | 12           | 8            | 41            |
| \$600,000 - \$649,999 | ...          | ...          | ...          | 1            | ...          | 1            | 3            | ...          | ...          | 3            | 2            | 10            |
| \$650,000 - \$699,999 | 1            | 1            | 2            | 2            | 1            | 1            | ...          | ...          | 1            | 2            | 1            | 12            |
| \$700,000 - \$749,999 | ...          | ...          | 2            | 1            | 1            | 1            | 1            | 1            | ...          | 2            | 2            | 11            |
| \$750,000 - \$799,999 | 1            | 1            | ...          | ...          | ...          | ...          | ...          | ...          | ...          | 2            | ...          | 4             |
| \$800,000 - \$849,999 | ...          | ...          | ...          | ...          | ...          | ...          | 1            | 1            | ...          | ...          | ...          | 2             |
| \$850,000 - \$899,999 | ...          | 1            | 1            | ...          | ...          | 1            | 2            | ...          | ...          | ...          | ...          | 5             |
| \$900,000 - \$949,999 | ...          | ...          | ...          | 1            | ...          | ...          | 1            | ...          | 1            | ...          | 1            | 4             |
| \$950,000 - \$999,999 | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | 0             |
| \$1,000,000 +         | ...          | ...          | ...          | ...          | 3            | ...          | 1            | 1            | ...          | 2            | ...          | 7             |
| <b>Total</b>          | <b>1,892</b> | <b>2,236</b> | <b>2,554</b> | <b>2,328</b> | <b>2,030</b> | <b>1,829</b> | <b>1,793</b> | <b>1,837</b> | <b>2,300</b> | <b>2,989</b> | <b>1,963</b> | <b>23,751</b> |

Source: Austin Board of Realtors Multiple Listing Service, MLS January 1, 2004 - August 31, 2014  
Compiled by Capitol Market Research, September 2014

Residential.xls

## Current Single Family Lot Inventory

There are currently 31 subdivision sections with developer lot inventory in the Northwest Williamson County market area. All of these subdivisions are either in the Northwest Williamson County market area, or immediately adjacent to the market area and in the Leander City Limits or ETJ, and therefore expected to have an impact on the subject site. Based on a survey conducted by Capitol Market Research in October 2014, there are approximately 948 homes complete and for sale, or under construction, and 2,639 vacant developed lots in existing subdivisions, with is shown in Table (16).

Table (16)  
Lot Inventory in Existing Subdivisions  
Northwest Williamson County

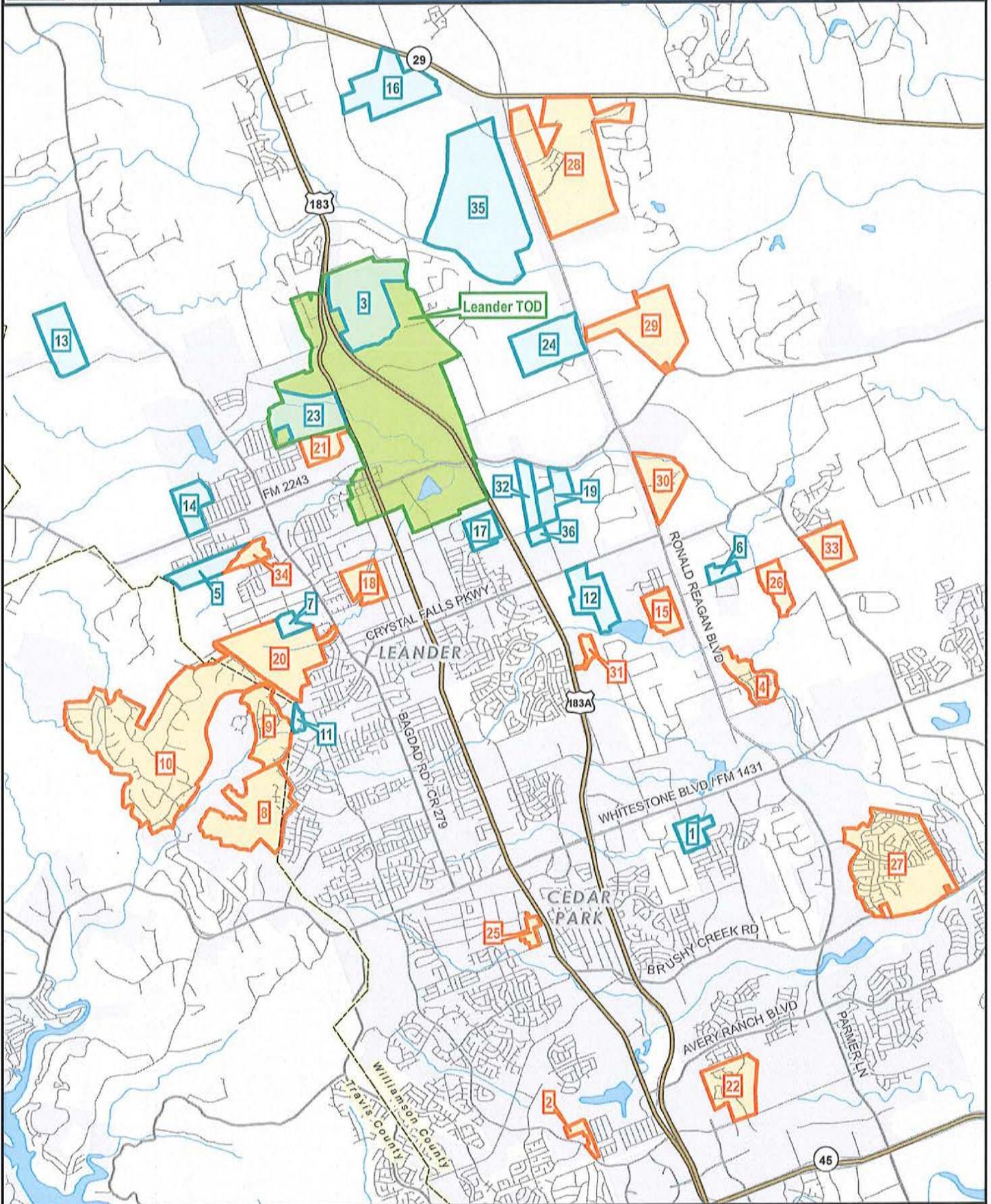
| Map No.      | Subdivision Name               | Lot Inventory |              |               |                |                    | Averages         |              | Home Price Range<br>(In \$1,000s) | Active Builders |   |
|--------------|--------------------------------|---------------|--------------|---------------|----------------|--------------------|------------------|--------------|-----------------------------------|-----------------|---|
|              |                                | Total         | Undeveloped  | Developed     | Occupied Homes | Homes in Inventory | Vacant Developed | Lot Frontage |                                   |                 | Home Price                                    |
| 1            | Arbors at Lakeline             | 203           | 139          | 64            | 0              | 15                 | 49               | n/a          | \$257,995                         | \$200 - \$280   | Milestone Community                           |
| 2            | Buttercup Creek/Preserve       | 865           | 0            | 865           | 810            | 33                 | 22               | 50' - 65'    | \$379,869                         | \$239 - \$392   | David Weekly, Sitterle                        |
| 3            | Caballo Ranch                  | 399           | 100          | 299           | 195            | 39                 | 65               | 60' - 70'    | \$441,818                         | \$286 - \$510   | Lennar, M/I, Scott Felder, Jimmy Jacobs       |
| 4            | Cedar Park Town Center         | 645           | 0            | 645           | 602            | 42                 | 1                | 25' - 65'    | \$202,750                         | \$165 - \$289   | DR Horton                                     |
| 5            | Cold Springs                   | 392           | 0            | 392           | 279            | 28                 | 85               | 50' - 60'    | \$303,918                         | \$209 - \$350   | Pulte   |
| 6            | Crystal Crossing               | 238           | 0            | 238           | 146            | 49                 | 43               | 45' - 55'    | \$251,699                         | \$204 - \$261   | KB Homes                                      |
| 7            | Crystal Falls/Bluffs           | 782           | 342          | 440           | 282            | 66                 | 92               | 50' - 80'    | n/a                               | \$190 - \$473   | n/a   |
| 8            | Crystal Falls/Cap Rock         | 120           | 0            | 120           | 81             | 14                 | 25               | 60' - 70'    | \$482,808                         | \$400 - \$600   | Grand Haven                                   |
| 9            | Crystal Falls/Cap Rock Estates | 72            | 0            | 72            | 6              | 11                 | 55               | 90'          | \$612,659                         | \$410 - \$780   | Drees, Grand Haven                            |
| 10           | Crystal Falls/Fairways         | 812           | 506          | 306           | 141            | 15                 | 150              | 70' - 90'    | \$483,883                         | \$320 - \$575   | Highland, Taylor Morrison                     |
| 11           | Crystal Falls/Grand Mesa       | 1,061         | 360          | 701           | 494            | 54                 | 153              | 120' - 200'  | \$615,220                         | \$500 - \$1,200 | Giddens, Jimmy Jacobs                         |
| 12           | Hazelwood                      | 375           | 197          | 178           | 110            | 32                 | 36               | 50' - 60'    | \$349,238                         | \$246 - \$419   | DR Horton                                     |
| 13           | Magnolia Creek                 | 276           | 34           | 242           | 70             | 87                 | 85               | 60'          | \$256,648                         | \$209 - \$280   | DR Horton                                     |
| 14           | Mason Hills                    | 1,024         | 820          | 204           | 0              | 12                 | 192              | 50' - 70'    | \$292,887                         | \$226 - \$380   | KB Homes, Ashton Woods                        |
| 15           | Northside Meadows              | 263           | 197          | 66            | 2              | 39                 | 25               | 50' - 60'    | \$284,554                         | \$214 - \$327   | DR Horton                                     |
| 16           | Northwoods at Avery Ranch      | 540           | 116          | 424           | 97             | 91                 | 236              | 50' - 70'    | \$480,132                         | \$246 - \$526   | David Weekly, Scott Fielder, Standard Pacific |
| 17           | Parkwest Estates               | 100           | 53           | 47            | 3              | 14                 | 30               | 80'          | \$388,512                         | \$340 - \$418   | Ryland  |
| 18           | Pecan Creek                    | 253           | 189          | 64            | 7              | 25                 | 32               | 50' - 70'    | \$336,889                         | \$248 - \$395   | Gehan   |
| 19           | Ranch at Brushy Creek          | 2,022         | 136          | 1,886         | 1,312          | 61                 | 513              | 50' - 80'    | \$477,365                         | \$255 - \$501   | Buffington, Standard Pacific                  |
| 20           | Rancho Sienna                  | 1,242         | 985          | 257           | 134            | 14                 | 109              | 50' - 80'    | \$317,833                         | \$235 - \$395   | Centerra, DR Horton                           |
| 21           | Reagan's Overlook              | 190           | 102          | 88            | 0              | 11                 | 77               | 180'         | \$663,196                         | \$488 - \$732   | Brohn, Drees, Highland                        |
| 22           | Reserve at Brushy Creek        | 105           | 0            | 105           | 38             | 24                 | 43               | 65'          | \$458,636                         | \$346 - \$490   | Milestone Community                           |
| 23           | Sarita Valley Ranch            | 320           | 163          | 157           | 76             | 23                 | 58               | 50' - 70'    | \$452,043                         | \$267 - \$503   | Drees, Grand Haven                            |
| 24           | Savanna Ranch                  | 172           | 0            | 172           | 42             | 20                 | 110              | 60'          | \$277,119                         | \$210 - \$327   | Gehan, Lennar, Ryland                         |
| 25           | Scottsdale Crossing            | 84            | 39           | 45            | 3              | 12                 | 30               | 60'          | \$371,662                         | \$297 - \$433   | Milestone Community                           |
| 26           | Summerlyn                      | 1,058         | 0            | 1,058         | 970            | 24                 | 64               | 45' - 60'    | \$213,570                         | \$149 - \$240   | Pulte   |
| 27           | Trails of Shady Oaks           | 320           | 270          | 50            | 0              | 3                  | 47               | 60' - 70'    | \$421,528                         | \$245 - \$391   | Meritage                                      |
| 28           | Villas at Vista Ridge          | 88            | 0            | 88            | 0              | 25                 | 63               | 45'          | \$251,302                         | \$220 - \$280   | Lennar  |
| 29           | Vista Ridge                    | 457           | 0            | 457           | 369            | 24                 | 64               | 50' - 60'    | \$282,872                         | \$158 - \$310   | David Weekly, Wilshire                        |
| 30           | Vista Ridge Estates            | 104           | 41           | 63            | 0              | 5                  | 58               | 60'          | \$308,197                         | \$242 - \$326   | Wilshire                                      |
| 31           | Whitestone Oaks                | 295           | 0            | 295           | 232            | 36                 | 27               | 60'          | \$371,307                         | \$250 - \$401   | Brohn, Centerra, Highland                     |
| <b>Total</b> |                                | <b>14,877</b> | <b>4,789</b> | <b>10,088</b> | <b>6,501</b>   | <b>948</b>         | <b>2,639</b>     |              |                                   |                 |   |

Source: Capitol Market Research, Developer/Builder survey October 2014

Site visit, developer interviews, Williamson County, Cities of Cedar Park, Georgetown, Leander, and Round Rock, MetroStudy Inventory, Q2 2014

Average Home Price based on data collected from inventory evaluation conducted by CMR

existing lots.xls



## ***Northwest Williamson County Apartment Market Conditions***

### **Overview**

In September 2014, Capitol Market Research surveyed the 24 active apartment communities in the Far Northwest market area that altogether contain a total of 6,547 units. At this time, the market area occupancy was 96.1%, which is up 2.1% from December 2013, when it was 94.2%. These high occupancy rates incorporate the partial completion and ongoing lease-up of Muir Lake (332 units) and Park at Lakeline (352 units). Net average rents (including concessions) are currently \$1.12 per square foot, which is up (3.7%) from December 2013 when it was \$1.08.

### **New Construction**

The Northwest Williamson County market area is entirely comprised of walk-up style apartment communities. New construction in the market area has continued unabated since the beginning of 1980s, when the area began experiencing an increase in growth and population. Out of the 24 active properties, 21 have been built since 2000. Among the newer projects in the market area, one market rate property, Lakeline East, and one affordable housing property Merritt Legacy, finished construction in the first half of 2014. The two newest properties, Muir Lake and Park at Lakeline, are nearing the completion of construction, but have a large number of completed units available for move-in.

### **Occupancy and Absorption**

Occupancy rates in the market area experienced healthy growth between December 2005 and December 2007 increasing from 92.5% to 95.4% during that time. However, after December 2007, occupancy rates dropped to a low of 92.0% in December 2008, when 482 units were added to the market area. Since that time occupancy rose to a high of 97.9% in 2012, and then dropped slightly to 94.2% in 2013 as 837 units were added to the market. A September 2014 survey showed that occupancy is again on the rise, with a current rate of 96.1%.

There are currently two projects in the market area that are in lease up, and both are still finishing construction. Over the last nine years, the 24 surveyed projects have absorbed a total of 2,842 units. Most recently (September 2014), with occupancy at 96.1%, the market area has absorbed 997 units in the first nine months of 2014.

### **Average Rents**

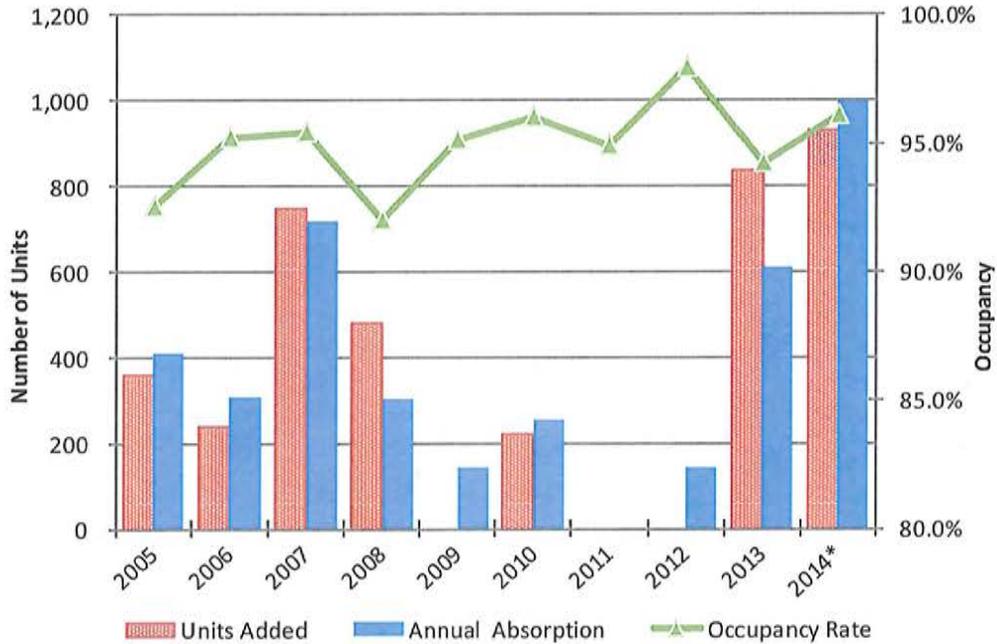
Average rents (net rents including concessions) in the Northwest Williamson County market area steadily increased from \$0.75 in December 2005 to \$0.87 in December 2007, a 16% increase over a two-year period. However, they decreased to \$0.77 in December 2009 as a consequence of the addition of 1,228 units over three years to an already "soft" market. Since the end of 2009 rents have continued their upward trend, and the current average rent per square foot for the market area is \$1.12 (September 2014), \$0.04 higher than December 2013.

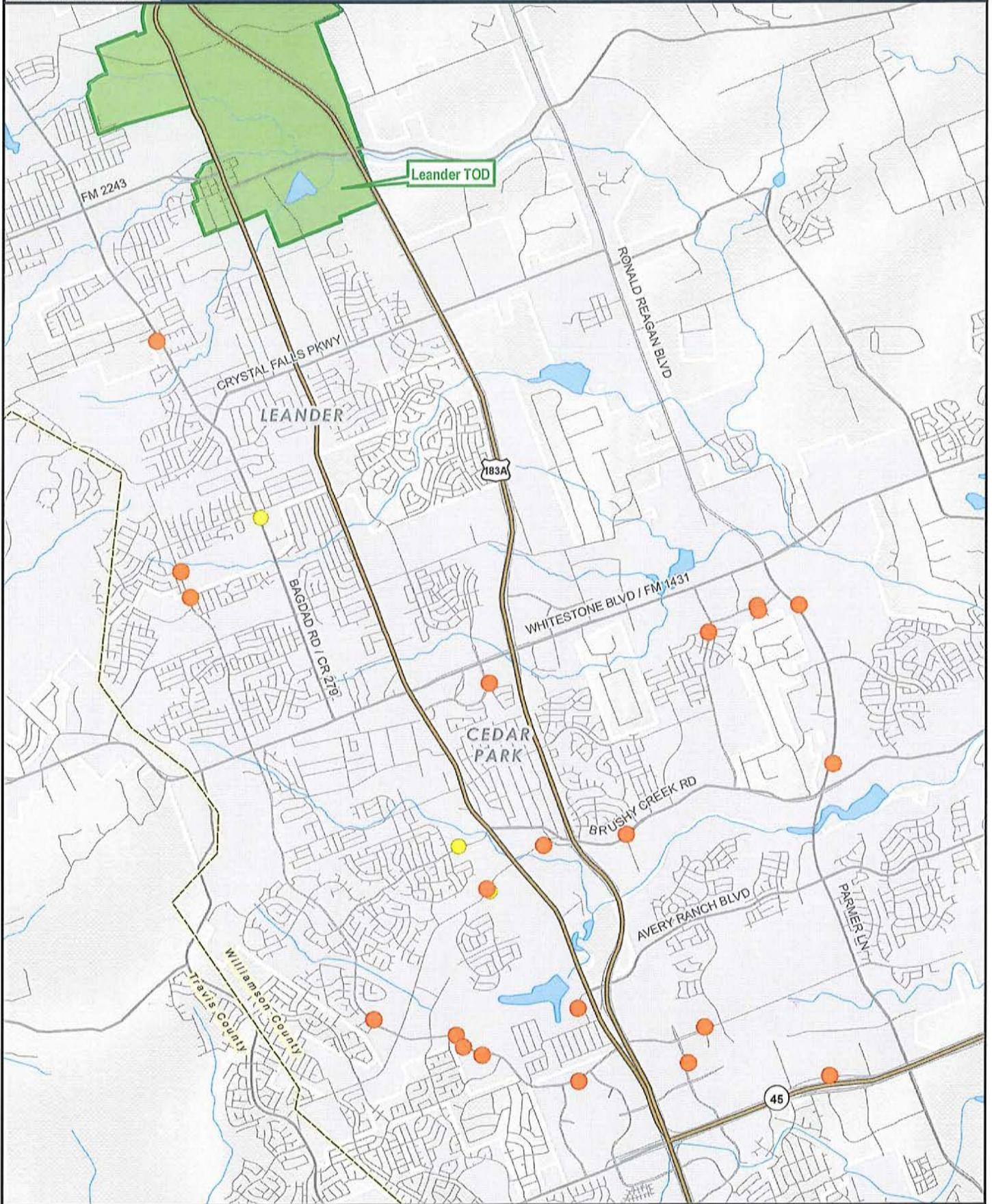
Table (17)  
**Apartment Market Summary**  
 Northwest Williamson County Market Area

| Year  | Number of Units | Units Occupied | Occupancy Rate | Units Added | Annual Absorption | Rent per Sq. Ft. |
|-------|-----------------|----------------|----------------|-------------|-------------------|------------------|
| 2005  | 3,094           | 2,862          | 92.5%          | 360         | 411               | \$0.75           |
| 2006  | 3,331           | 3,172          | 95.2%          | 237         | 310               | \$0.78           |
| 2007  | 4,077           | 3,890          | 95.4%          | 746         | 718               | \$0.87           |
| 2008  | 4,559           | 4,193          | 92.0%          | 482         | 303               | \$0.88           |
| 2009  | 4,559           | 4,337          | 95.1%          | 0           | 144               | \$0.77           |
| 2010  | 4,781           | 4,592          | 96.0%          | 222         | 255               | \$0.86           |
| 2011  | 4,781           | 4,537          | 94.9%          | 0           | (55)              | \$0.90           |
| 2012  | 4,781           | 4,682          | 97.9%          | 0           | 145               | \$0.97           |
| 2013  | 5,618           | 5,293          | 94.2%          | 837         | 611               | \$1.08           |
| 2014* | 6,547           | 6,290          | 96.1%          | 929         | 997               | \$1.12           |

Source: Capitol Market Research, December 2005 - September 2014 Apartment Market Survey hist\_occ\_fnw.xls

\*Data from September 2014





## ***Northwest Williamson County Office Market Conditions***

### **Overview**

In September 2014, Capitol Market Research surveyed 2 multi-tenant office buildings in the Northwest Williamson County market area that together comprise a total of 326,198 square feet of rentable space. Currently, the market area occupancy, including sublease space, is 95.5%, which is up 11.1 percentage points from December 2013 when it was 84.4%. Average rents are \$29.00 per square foot on a "gross" lease basis, up \$4.75 since December 2013 when they were \$24.25. Table (18) on the following page shows market area trends by year, including both "direct" and "sublease" space.

### **New Construction**

The Northwest Williamson County market area only contains two large multi-tenant office buildings, Parkline and the Crossing at Lakeline (I & II), which combined have a total of 326,198 square feet of rentable space. Both of these buildings were completed in 2008 and are located at the intersection of Lakeline Boulevard and Lake Creek Parkway in Cedar Park. Parkline is a one-story Class "B" office building, while the Crossing at Lakeline is a three story Class "A" value office building.

### **Occupancy & Absorption**

The current (September 2014) "direct" occupancy in the market area is 95.5%, which is up 11.1% points since December 2013 when it was 84.4%. The current occupancy shows the market recovering from a "direct" level of occupancy that fell below 90.0% between December 2012 and December 2013. Currently (September 2014), there is only 14,723 sq. ft. of "direct" available space.

Prior to 2008, the market area contained no multi-tenant office space in larger buildings, therefore, absorption was completely dependent upon the completion of new space. Unfortunately, the new space was added during a "soft" market, which resulted in low absorption rate between December 2008 and 2009. Absorption peaked in 2011, when 165,792 sq. ft. of space was absorbed by the market area. Since that time, the market had a small amount of negative absorption between December 2012 and 2013. Conversely, between January and September 2014, the market area has already absorbed 49,849 square feet of office space.

### **Average Rents**

Average rents for the two buildings in the Northwest Williamson County market area have fluctuated dramatically since they were completed in 2008. Upon completion, the buildings were quoting average rental rates of \$26.59 (December 2008). Between December 2008 and 2011, average quoted rates in the market area declined (-35.1%) to a low of \$17.25, in December 2011. Since that time, average rental rates for the market area have trended upwards and are currently achieving a high of \$29.00 per square foot. Parkline, a Class B office building is currently achieving gross average rental rates of \$19.86, while the Crossing at Lakeline, a Class A office building is achieving average gross rental rates 46.0% higher at \$29.00 per square foot. The rent disparity between the Class A- properties and Class B+ is a result of the willingness of certain tenants to pay a premium for higher quality buildings, in addition to larger and more efficient floor plates.

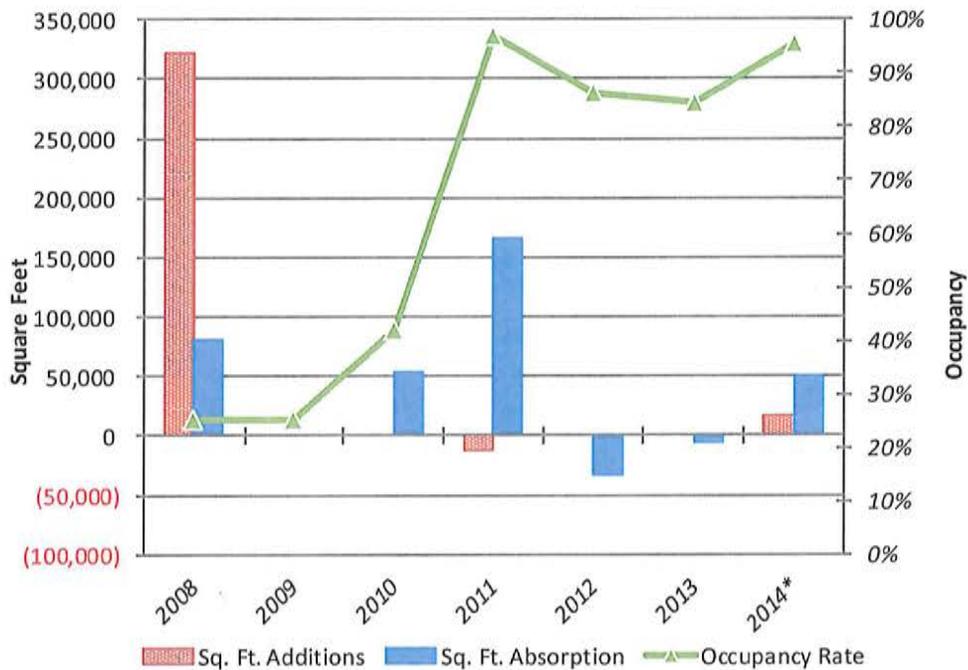
Table (18)  
**Office Market Summary**  
 Northwest Williamson County

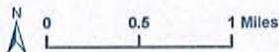
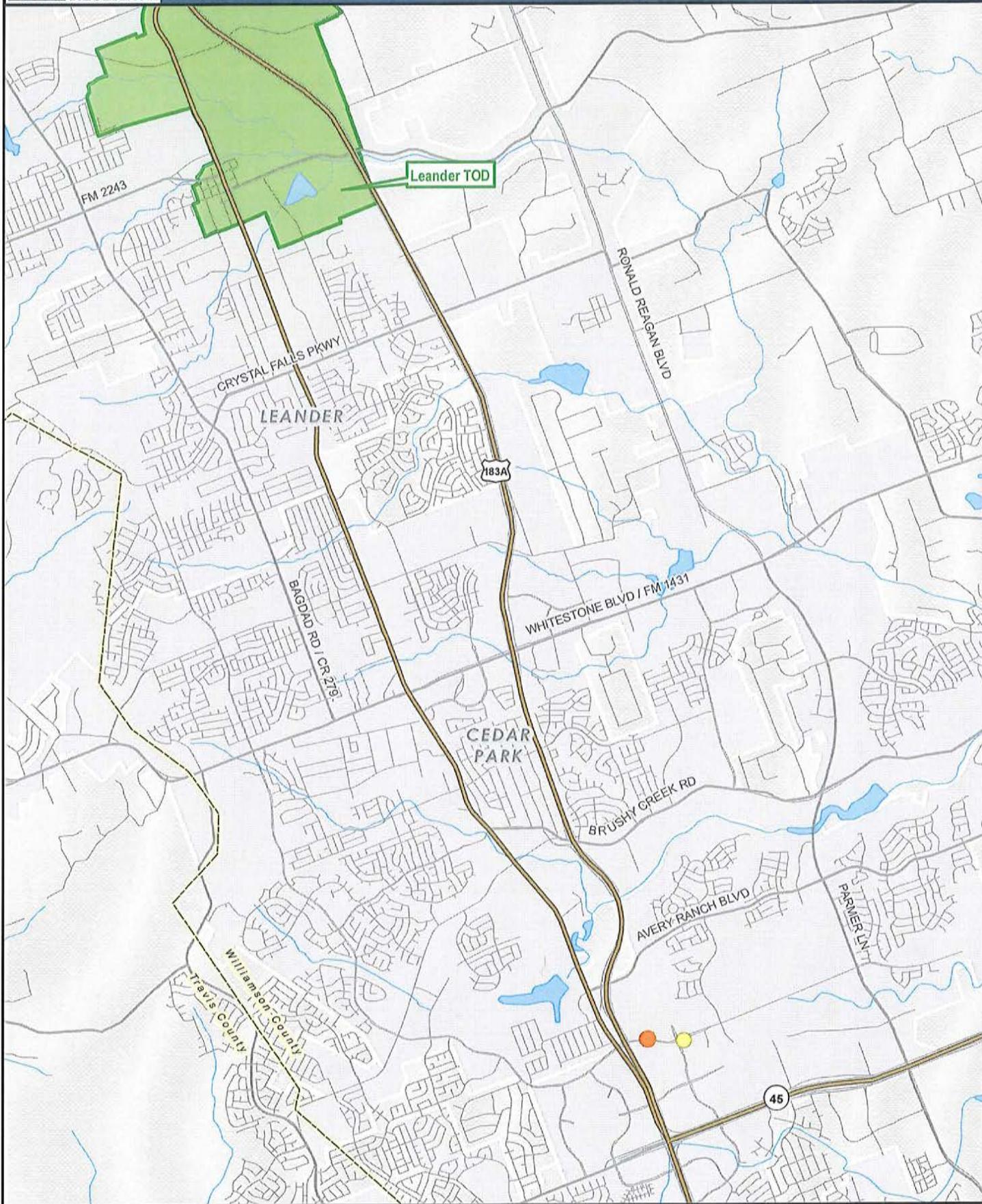
| Year  | Rentable Sq. Ft. | Sq. Ft. Leased | Occupancy Rate | Sq. Ft. Additions | Sq. Ft. Absorption | Rent per Sq. Ft. |
|-------|------------------|----------------|----------------|-------------------|--------------------|------------------|
| 2008  | 322,274          | 81,359         | 25.2%          | 322,274           | 81,359             | \$26.59          |
| 2009  | 322,274          | 81,359         | 25.2%          | 0                 | 0                  | \$24.83          |
| 2010  | 322,274          | 134,803        | 41.8%          | 0                 | 53,444             | \$24.29          |
| 2011  | 310,000          | 300,595        | 97.0%          | (12,274)          | 165,792            | \$17.25          |
| 2012  | 310,000          | 267,453        | 86.3%          | 0                 | (33,142)           | \$24.25          |
| 2013  | 310,000          | 261,626        | 84.4%          | 0                 | (5,827)            | \$25.25          |
| 2014* | 326,198          | 311,475        | 95.5%          | 16,198            | 49,849             | \$29.00          |

Source: Capitol Market Research, Austin Area Office Survey, December 2000 - June 2014 offsumwilco\_0614.xls

Note: Average quoted rent for all available space on a "Gross" Lease basis, sublease space included in all calculation

\*Data from June 2014





- Class A
- Class B

## ***Northwest Williamson County Retail Market Conditions***

### **Overview**

In June 2014, CMR surveyed 63 multi-tenant retail centers (or buildings) in the Northwest/183 Austin retail trade area with a total of 7,124,015 square feet of rentable area. The Northwest/183 market area is generally defined by the Williamson County line to the South and West, the northern edge of the City of Leander to the North, and midpoint between Interstate 35 and Highway 183 to the East.

### **New Construction**

The Northwest Williamson County market area has seen a moderate but consistent increase in new retail construction over the last 4 years. The height of new construction in the area occurred between 2007 and 2009, when 1,672,623 square feet of new retail space was added to the market area. During that span of time, several major projects were completed, including the 1890 Ranch Shopping center in Cedar Park which contains approximately 800,000 sq. ft. Other projects completed during that time include the Forum (200,000 sq. ft.) built in 2007, the Gateway at Leander (250,000 sq. ft.) built in 2008 and Lakeline Market (256,000 sq. ft.) built in 2012. After 2009, new construction slowed in the market area, and only in 2012 was more than 100,000 square feet added. Twenty-nine out of 63 of the multi-tenant retail properties in the market area were built between 2000 and 2014, and most include well known national retailers as anchor tenants.

### **Occupancy & Absorption**

The current (June 2014) occupancy in the Northwest Williamson County market area is 88.8%, up 1.9% points from December 2013. Currently, there is approximately 800,656 square feet of available lease space among the 63 surveyed properties. Market area absorption for 2013 was 150,746 square feet, up from 2012 when absorption was (-250,359) square feet. In the first six months of 2014, 166,516 square feet have been absorbed by the market area, despite the lack of new additions in the last 18 months.

### **Average Rents**

Average rents in the Northwest Williamson County market area are currently \$19.16 per square foot, which is a \$0.89 decrease from December 2013. Rents increased substantially between 2001 and 2004, reaching \$20.23 in 2004, a 21.6% increase over the \$16.64 per square foot average in 2001. Since that time, rents have fluctuated, decreasing to \$17.71 in 2005, bouncing back to \$20.71 in 2007, and held steady between December 2007 and 2009. In December 2012, rental rates achieved a recent high of \$21.04 per square foot, but decreased to \$20.05 the following December. Currently (June 2014), the rent per square foot in the Far Northwest Austin market area is \$19.16, a 4.4% decrease from December 2013, due in large part to the higher vacancy rates among the older unanchored centers.

### **Market Outlook**

The retail market in this area is rapidly expanding and diversifying to include additional Community and Regional centers. These newer centers, mostly located along Highway 183 and 183a are

experiencing some increases in rental rates and absorption. It seems clear that the existing shopping center inventory will continue to expand and evolve, reflecting the changing demographics of the area.

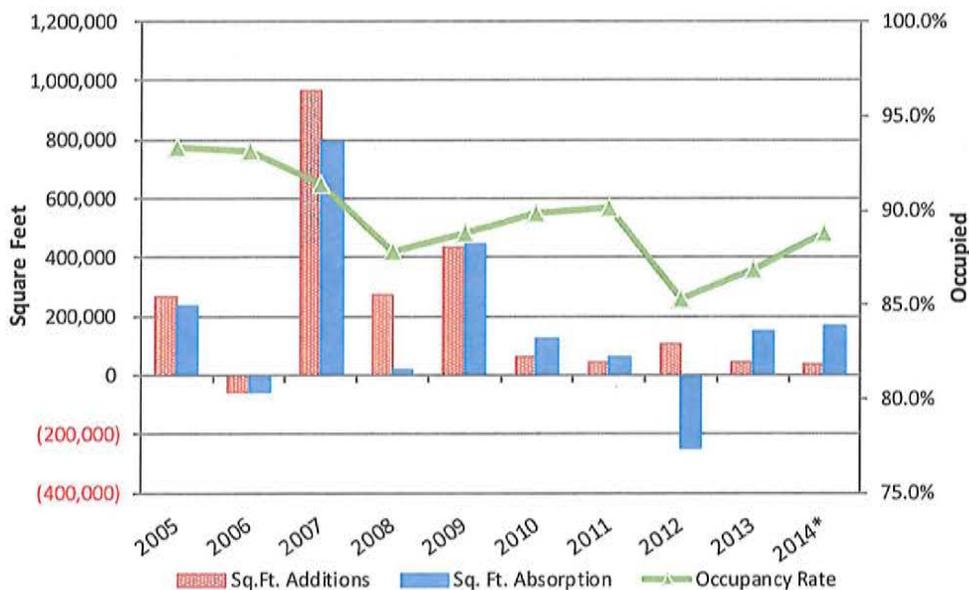
Table (19)  
Retail Market Summary  
Northwest Williamson County

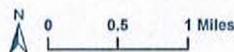
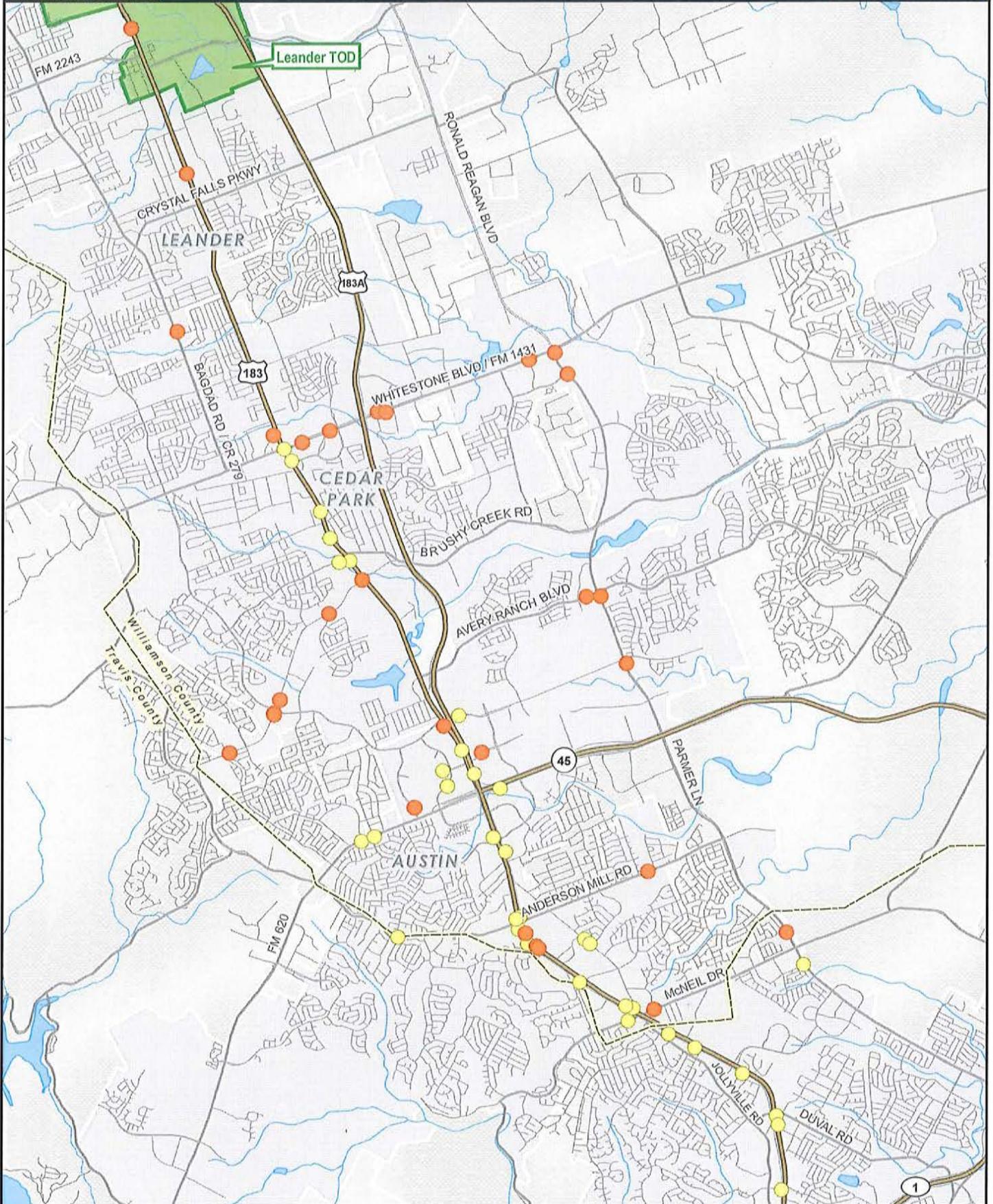
| Year  | Rentable Sq.Ft. | Sq. Ft. Leased | Occupancy Rate | Sq.Ft. Additions | Sq. Ft. Absorption | Rent per Sq. Ft. |
|-------|-----------------|----------------|----------------|------------------|--------------------|------------------|
| 2005  | 5,216,032       | 4,868,372      | 93.3%          | 267,642          | 232,890            | \$17.71          |
| 2006  | 5,163,344       | 4,811,952      | 93.2%          | (52,688)         | (56,420)           | \$19.88          |
| 2007  | 6,131,463       | 5,606,291      | 91.4%          | 968,119          | 794,339            | \$20.71          |
| 2008  | 6,403,736       | 5,626,639      | 87.9%          | 272,273          | 20,348             | \$20.79          |
| 2009  | 6,835,967       | 6,073,279      | 88.8%          | 432,231          | 446,640            | \$20.71          |
| 2010  | 6,897,369       | 6,195,465      | 89.8%          | 61,402           | 122,186            | \$18.43          |
| 2011  | 6,940,360       | 6,256,456      | 90.1%          | 42,991           | 60,991             | \$18.61          |
| 2012  | 7,043,408       | 6,006,097      | 85.3%          | 103,048          | (250,359)          | \$21.04          |
| 2013  | 7,087,229       | 6,156,843      | 86.9%          | 43,821           | 150,746            | \$20.05          |
| 2014* | 7,124,015       | 6,323,359      | 88.8%          | 36,786           | 166,516            | \$19.16          |

Source: Capitol Market Research, Austin Area Retail Survey, December 2000 - June 2014

retail\_sum\_0614.xls

\*Data from June 2014





- Built before 2000
- Built in 200 +

**MARKET AREA FUTURE SUPPLY  
& DEMAND**

### **Northwest Williamson County Population Projections**

As noted in the first section, the population growth experienced in the Northwest Williamson County market area accounted for 10.55% of the growth in the MSA between 2000 and 2010, and 28.49% of the growth in Williamson County was captured by the market area during the same time period. This is a significant increase in market share from the previous decade, with respect to both the MSA and the County. Viewed from an existing home sale perspective, the Northwest Williamson County market area has accounted for approximately 9.54% of total Austin MSA MLS home sales over the last ten years and eight months.

Given the historical capture rate and recognizing the increasing availability of not only housing product, but also an increasing variety of retail service, restaurants and other support services, a market area population forecast, which assumes a continuation of the historical increase in capture rate from 1990 through 2010, has been prepared and is shown below in Table (20).

Table (20)  
**Population Growth**  
 Market Area & Austin MSA

| Year | MSA Population Growth | Market Area  |            |                |
|------|-----------------------|--------------|------------|----------------|
|      |                       | Market Share | Population | New Households |
| 2014 | 58,064                | 11.4%        | 127,268    | 2,580          |
| 2015 | 59,771                | 11.6%        | 134,420    | 2,718          |
| 2016 | 61,528                | 11.8%        | 141,909    | 2,859          |
| 2017 | 63,258                | 12.1%        | 149,746    | 3,005          |
| 2018 | 65,015                | 12.3%        | 157,891    | 3,138          |
| 2019 | 66,377                | 12.5%        | 166,403    | 3,294          |
| 2020 | 68,181                | 12.7%        | 175,111    | 3,390          |
| 2021 | 68,570                | 12.9%        | 184,159    | 3,539          |
| 2022 | 70,061                | 13.1%        | 193,540    | 3,687          |
| 2023 | 71,447                | 13.3%        | 203,282    | 3,847          |
| 2024 | 72,996                | 13.6%        | 213,374    | 4,005          |
| 2025 | 74,419                | 13.8%        | 223,832    | 4,171          |
| 2026 | 75,922                | 14.0%        | 234,696    | 4,354          |
| 2027 | 77,648                | 14.2%        | 245,956    | 4,535          |
| 2028 | 79,264                | 14.4%        | 257,684    | 4,745          |
| 2029 | 81,326                | 14.6%        | 269,856    | 4,948          |
| 2030 | 83,164                | 14.9%        | 282,514    | 5,169          |
| 2031 | 85,231                | 15.1%        | 295,736    | 5,423          |

Source: Capitol Market Research, September 2014

Dem.ForecastCalc.xls

Notes: Projections based on Texas State Data Center, Scenerio 1.0

Market Share based on historical capture rate growth from US Census 2000 to 2010

## Northwest Williamson County Single Family Housing Demand

The capture rate defined by the percent of growth in the market area from 1990 through 2010, shown on the previous page, was used to establish a single family housing forecast (Table (21)). Percent owner was also based on the tenure split trend in the market area from the 2000 through 2010 Census, and owner demand was derived using the percentage of single family building permits, as a percentage of all owner-occupied permits, for the Austin MSA (Texas A&M Real Estate Center). Based on historical and recent home building activity, the Northwest Williamson County market area will continue with a growing market share and capture a proportionate percentage of Austin's growth throughout the forecast period, at an average of 2,443 single family housings units a year, from 2014 through 2031.

Table (21)  
Single Family Demand  
Northwest Williamson County

| Year | Forecasted MSA<br>Population<br>Growth | MARKET AREA FORECAST |                   |                   |        |         |                    |                         |
|------|--|----------------------|-------------------|-------------------|--------|---------|--------------------|-------------------------|
|      |  | Capture Rate         | New<br>Population | Household<br>Size | New HH | % Owner | % Single<br>Family | Single-Family<br>Demand |
| 2014 | 58,064                                 | 11.41%               | 6,819             | 2.81              | 2,580  | 72.4%   | 95.8%              | 1,790                   |
| 2015 | 59,771                                 | 11.62%               | 7,152             | 2.80              | 2,718  | 71.7%   | 95.8%              | 1,869                   |
| 2016 | 61,528                                 | 11.84%               | 7,489             | 2.79              | 2,859  | 71.1%   | 95.8%              | 1,947                   |
| 2017 | 63,258                                 | 12.05%               | 7,837             | 2.78              | 3,005  | 70.4%   | 95.8%              | 2,028                   |
| 2018 | 65,015                                 | 12.27%               | 8,144             | 2.77              | 3,138  | 69.8%   | 95.8%              | 2,098                   |
| 2019 | 66,377                                 | 12.48%               | 8,512             | 2.76              | 3,294  | 69.1%   | 95.8%              | 2,182                   |
| 2020 | 68,181                                 | 12.70%               | 8,708             | 2.75              | 3,390  | 68.5%   | 95.8%              | 2,224                   |
| 2021 | 68,570                                 | 12.91%               | 9,048             | 2.74              | 3,539  | 67.8%   | 95.8%              | 2,300                   |
| 2022 | 70,061                                 | 13.13%               | 9,381             | 2.73              | 3,687  | 67.2%   | 95.8%              | 2,373                   |
| 2023 | 71,447                                 | 13.35%               | 9,742             | 2.72              | 3,847  | 66.5%   | 95.8%              | 2,452                   |
| 2024 | 72,996                                 | 13.56%               | 10,092            | 2.71              | 4,005  | 65.9%   | 95.8%              | 2,528                   |
| 2025 | 74,419                                 | 13.78%               | 10,459            | 2.70              | 4,171  | 65.2%   | 95.8%              | 2,607                   |
| 2026 | 75,922                                 | 13.99%               | 10,864            | 2.69              | 4,354  | 64.6%   | 95.8%              | 2,693                   |
| 2027 | 77,648                                 | 14.21%               | 11,260            | 2.68              | 4,535  | 63.9%   | 95.8%              | 2,777                   |
| 2028 | 79,264                                 | 14.42%               | 11,728            | 2.67              | 4,745  | 63.3%   | 95.8%              | 2,876                   |
| 2029 | 81,326                                 | 14.64%               | 12,172            | 2.66              | 4,948  | 62.6%   | 95.8%              | 2,968                   |
| 2030 | 83,164                                 | 14.85%               | 12,658            | 2.65              | 5,169  | 61.9%   | 95.8%              | 3,068                   |
| 2031 | 85,231                                 | 15.07%               | 13,221            | 2.64              | 5,423  | 61.3%   | 95.8%              | 3,185                   |

Prepared by: Capitol Market Research, September 2014

Dem.ForecastCalc.xls

Notes: MSA population forecast based on the population forecast obtained from Texas State Data Center, Scenario 1.0, 2010 Census. Capture rate based on average historical growth in the market area as a % of the MSA from 2000-2010. Household size & Percent renter based on growth from 2000-2010 Census. Percent multi-family based on new building permits issued in the area over the last 10 years.

## Single Family Market Potential

The previous sections have shown the historical development trends that have significantly altered, and continue to transform the Northwest Williamson County market area. This area, traditionally made up of small rural communities, has grown into a dynamic suburban market, complete with retail and employment centers, and a wide mix of housing options. The proposed development in the Leander TOD will help establish a new standard for a suburban residential development that includes different types of housing in an area that adheres to a “form-based” code. This will be accomplished by creating an appealing community that offers a residential environment that matches the preferences of prospective housing consumers who are reflecting numerous national trends, including the demand for both attached and detached single family housing.

A paper written in March of 2010, by John McIlwain of the Urban Land Institute (ULI), identified specific demographic groups that have already begun and will continue to drive the housing market in the coming years. These groups include Older Baby Boomers, Younger Baby Boomers, Millennials, and new Immigrants. McIlwain cites these demographics as a “driver” for housing choices, particularly away from traditional “cul-de-sac” neighborhoods, to a more urban-driven lifestyles, including both central city downtown areas and “suburban town centers”. As a result, city planners are learning how to accommodate this desire for higher density living in both large and small urban centers,<sup>1</sup> such as the one planned for Leander. A recent survey by the Urban Land Institute (ULI) indicated that the housing market is turning towards mixed-use developments that are less car-oriented and more pedestrian friendly, with a mix of housing types, with transportation options that limit job commuting times<sup>2</sup>.

Following the demographic trends suggested above, the demand for housing in the market area and in the Leander TOD, can be estimated by forecasting the number of households by age category, housing preference and propensity to move. The first step in this process is to identify the target demographic groups currently living in the Northwestern Williamson County market area, and their current housing preferences. Using PRIZM segment demographic data, generated by Claritas Inc., CMR divided the 53 market segments living in the market area into three separate groups, “Empty Nesters & Retirees” (EN), “Professional Singles & Couples” (PSC), and “Traditional Families” (TF). Of the 53 segments, Empty Nesters & Retirees made up 9.9% of the households, Professional Singles & Couples make up 23.2%, and Traditional Families account for the largest percentage of households in the market area, 67.0%. Table (22) lists the PRIZM details of the demographic segments that make up these three groups.

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<sup>1</sup> McIlwain, John. *Housing in America: The next decade*. Washington D.C.: Urban Land Institute, 2010.

<sup>2</sup> Urban Land Institute. *America in 2013: A ULI Survey of View on Housing, Transportation, and Community*. Retrieved from <http://uli.org/centers-initiatives/america-in-2013-key-findings-on-housing-community-transportation-and-the-generations/>.

Table (22)  
PRIZM Household Distribution  
Northwest Williamson County

| <i>Empty Nesters &amp; Retirees (EN)</i> |                      |                              |                             |                                  |             |           |               |
|--|----------------------|------------------------------|-----------------------------|----------------------------------|-------------|-----------|---------------|
| PRIZM Segment                            | Segment Name         | Forecasted Households (2014) | % of Market Area Households | Profile                          | Typical Age | MHI       | Tenure        |
| 1  | Upper Crust          | 192                          | 0.4%                        | Wealthy Older w/o Kids           | 45-64       | \$108,992 | Homeowners    |
| 9  | Big Fish, Small Pond | 207                          | 0.5%                        | Upscale Older w/o Kids           | 55+         | \$80,002  | Homeowners    |
| 10                                       | Second City Elite    | 441                          | 1.0%                        | Upscale Older w/o Kids           | 45-64       | \$77,399  | Mostly Owners |
| 11                                       | God's Country        | 136                          | 0.3%                        | Upscale Older w/o Kids           | 45-64       | \$83,923  | Mostly Owners |
| 14                                       | New Empty Nests      | 185                          | 0.4%                        | Upper Mid Mature w/o Kids        | 65+         | \$69,632  | Mostly Owners |
| 15                                       | Pools and Patios     | 399                          | 0.9%                        | Upper Mid Older w/o Kids         | 45-64       | \$70,627  | Mostly Owners |
| 21                                       | Gray Power           | 526                          | 1.2%                        | Midscale Mature w/o Kids         | 65+         | \$50,898  | Mostly Owners |
| 27                                       | Middleburg Managers  | 621                          | 1.4%                        | Upper Mid Older w/o Kids         | 45-64       | \$51,274  | Mostly Owners |
| 28                                       | Traditional Times    | 147                          | 0.3%                        | Upper Mid Older w/o Kids         | 55+         | \$54,225  | Homeowners    |
| 38                                       | Simple Pleasures     | 112                          | 0.2%                        | Lower Mid Mature w/o Kids        | 65+         | \$42,902  | Mostly Owners |
| 39                                       | Domestic Duos        | 331                          | 0.7%                        | Midscale Mature w/o Kids         | 65+         | \$48,493  | Mostly Owners |
| 41                                       | Sunset City Blues    | 278                          | 0.6%                        | Lower Mid Older Mostly w/o Kids  | 55+         | \$38,956  | Homeowners    |
| 43                                       | Heartlanders         | 83                           | 0.2%                        | Lower Mid Older Mostly w/o Kids  | 55+         | \$43,018  | Mostly Owners |
| 46                                       | Old Glories          | 136                          | 0.3%                        | Downscale Mature w/o Kids        | 65+         | \$31,170  | Mix, Renters  |
| 49                                       | American Classics    | 186                          | 0.4%                        | Downscale Mature w/o Kids        | 65+         | \$34,170  | Mostly Owners |
| 55                                       | Golden Ponds         | 89                           | 0.2%                        | Downscale Mature w/o Kids        | 65+         | \$32,157  | Mostly Owners |
| 57                                       | Old Milltowns        | 53                           | 0.1%                        | Downscale Older w/o Kids         | 65+         | \$31,576  | Mix, Owners   |
| 58                                       | Back Country Folks   | 39                           | 0.1%                        | Downscale Mature Mostly w/o Kids | 65+         | \$32,196  | Mostly Owners |
| 60                                       | Park Bench Seniors   | 44                           | 0.1%                        | Downscale Older Mostly w/o Kids  | 55+         | \$26,329  | Renters       |
| 62                                       | Hometown Retired     | 273                          | 0.6%                        | Downscale Mature Mostly w/o Kids | 65+         | \$27,827  | Homeowners    |
| <i>Subtotal</i>                          |                      | <i>4,478</i>                 | <i>9.9%</i>                 |                                  |             |           |               |

| <i>Professional Singles &amp; Couples (PSC)</i> |                        |                       |                             |                               |             |           |               |
|---|------------------------|-----------------------|-----------------------------|-------------------------------|-------------|-----------|---------------|
| PRIZM Segment                                   | Segment Name           | Forecasted Households | % of Market Area Households | Profile                       | Typical Age | MHI       | Tenure        |
| 3   | Movers and Shakers     | 1,581                 | 3.5%                        | Wealthy Older w/o Kids        | 35-54       | \$100,739 | Mostly Owners |
| 8   | Executive Suites       | 956                   | 2.1%                        | Upper Mid Middle Age w/o Kids | <55         | \$72,940  | Mostly Owners |
| 12  | Brite Lites, Li'l City | 1,694                 | 3.7%                        | Upscale Middle Age w/o Kids   | <55         | \$73,188  | Mostly Owners |
| 19  | Home Sweet Home        | 1,976                 | 4.4%                        | Upper Mid Middle Age w/o Kids | <55         | \$66,490  | Mostly Owners |
| 22  | Young Influentials     | 1,582                 | 3.5%                        | Midscale Younger w/o Kids     | <55         | \$48,177  | Renters       |
| 23  | Greenbelt Sports       | 177                   | 0.4%                        | Upper Mid Older w/o Kids      | 45-64       | \$56,402  | Mostly Owners |
| 24  | Up-and-Comers          | 616                   | 1.4%                        | Upper Mid Younger w/o Kids    | 25-44       | \$50,863  | Mix, Owners   |
| 25  | Country Casuals        | 226                   | 0.5%                        | Upscale Older w/o Kids        | 45-64       | \$70,171  | Mostly Owners |
| 30  | Suburban Sprawl        | 966                   | 2.1%                        | Midscale Older w/o Kids       | 45-64       | \$49,556  | Homeowners    |
| 35  | Boomtown Singles       | 197                   | 0.4%                        | Lower Mid Middle Age w/o Kids | <55         | \$39,423  | Mix, Renters  |
| 37  | Mayberry-ville         | 221                   | 0.5%                        | Upper Mid Older w/o Kids      | 45-64       | \$53,369  | Mostly Owners |
| 42  | Red, White and Blues   | 27                    | 0.1%                        | Lower Mid Older w/o Kids      | 45-64       | \$42,353  | Homeowners    |
| 45  | Blue Highways          | 177                   | 0.4%                        | Lower Mid Older w/o Kids      | 45-64       | \$42,332  | Homeowners    |
| 48  | Young and Rustic       | 20                    | 0.0%                        | Lower Mid Middle Age w/o Kids | <55         | \$32,918  | Renters       |
| 53  | Mobility Blues         | 69                    | 0.2%                        | Downscale Middle Age w/o Kids | <55         | \$28,872  | Mix, Renters  |
| 56  | Crossroads Villagers   | 50                    | 0.1%                        | Downscale Older w/o Kids      | 45-64       | \$31,941  | Homeowners    |
| <i>Subtotal</i>                                 |                        | <i>10,534</i>         | <i>23.2%</i>                |                               |             |           |               |

| <i>Traditional Families (TF)</i> |                      |                       |                             |                                 |             |           |               |
|----------------------------------|----------------------|-----------------------|-----------------------------|---------------------------------|-------------|-----------|---------------|
| PRIZM Segment                    | Segment Name         | Forecasted Households | % of Market Area Households | Profile                         | Typical Age | MHI       | Tenure        |
| 2                                | Blue Blood Estates   | 663                   | 1.5%                        | Wealthy Older w/ Kids           | 45-64       | \$116,992 | Mostly Owners |
| 5                                | Country Squires      | 395                   | 0.9%                        | Upscale Middle Age w/ Kids      | 35-54       | \$102,928 | Mostly Owners |
| 6                                | Winner's Circle      | 5,846                 | 12.9%                       | Wealthy Middle Age w/ Kids      | 35-54       | \$106,288 | Mostly Owners |
| 13                               | Upward Bound         | 5,847                 | 12.9%                       | Upscale Middle Age w/ Kids      | 35-54       | \$83,437  | Mostly Owners |
| 17                               | Beltway Boomers      | 1,118                 | 2.5%                        | Upper Mid Older w/ Kids         | 45-64       | \$72,644  | Mostly Owners |
| 18                               | Kids and Cul-de-Sacs | 7,164                 | 15.8%                       | Upper Mid Younger w/ Kids       | 25-44       | \$70,298  | Mostly Owners |
| 20                               | Fast-Track Families  | 699                   | 1.5%                        | Upscale Middle Age w/ Kids      | 35-54       | \$74,037  | Mostly Owners |
| 32                               | New Homesteaders     | 1,083                 | 2.4%                        | Upper Mid Younger w/ Kids       | 25-44       | \$55,553  | Mostly Owners |
| 33                               | Big Sky Families     | 713                   | 1.6%                        | Upper Mid Middle Age w/ Kids    | <55         | \$54,449  | Mostly Owners |
| 34                               | White Picket Fences  | 2,321                 | 5.1%                        | Upper Mid Younger w/ Kids       | 25-44       | \$51,775  | Mix, Owners   |
| 36                               | Blue-Chip Blues      | 2,708                 | 6.0%                        | Midscale Younger w/ Kids        | 25-44       | \$49,768  | Mix, Owners   |
| 44                               | New Beginnings       | 131                   | 0.3%                        | Downscale Middle Age Family Mix | <55         | \$31,476  | Renters       |
| 50                               | Kid Country, USA     | 368                   | 0.8%                        | Lower Mid Younger w/ Kids       | 25-44       | \$41,811  | Mix, Owners   |
| 51                               | Shotguns and Pickups | 203                   | 0.4%                        | Lower Mid Younger w/ Kids       | 25-44       | \$41,648  | Mostly Owners |
| 52                               | Suburban Pioneers    | 314                   | 0.7%                        | Downscale Middle Age Family Mix | <55         | \$34,075  | Homeowners    |
| 63                               | Family Thrifts       | 829                   | 1.8%                        | Lower Mid Younger w/ Kids       | 25-44       | \$31,719  | Mix, Renters  |
| 64                               | Bedrock America      | 13                    | 0.0%                        | Downscale Middle Age w/ Kids    | <55         | \$29,373  | Mix, Renters  |
| <i>Subtotal</i>                  |                      | <i>30,416</i>         | <i>67.0%</i>                |                                 |             |           |               |
| <b>Total</b>                     |                      | <b>45,428</b>         |                             |                                 |             |           |               |

Prepared by: Capital Market Research, October 2014  
PRIZM information from CLARITAS, Inc., September 2014

Table (23), below, aggregates these segments into the three distinct household types. The income brackets and tenure preferences of each group was taken into account, to identify households in the market area with income sufficient to purchase, as well as a tendency to own their own house. Of the three household types identified, Traditional Families constituted the highest number of potential households, with 88.65% making sufficient income and 79.3% inclined to own their own house. In the market area as a whole, 83.64% of households had income levels above \$50,000 a year, and 77.6% own their own home, leaving a total of 29,403 households with the potential to buy a home in the Leander TOD.

Table (23)  
Potential Household Summary  
Northwest Williamson County

| Household Type                            | Total Market Area Households | HH Above \$50,000/yr | Owner Households | Profile                       | Typical Age | MHI                  | Tenure        |
|---|------------------------------|----------------------|------------------|-------------------------------|-------------|----------------------|---------------|
| <i>Empty Nesters &amp; Retirees</i>       | 4,478                        | 58.25%               | 90.4%            | Midscale Older w/out Kids     | 65+         | \$26,329 - \$108,992 | Mostly Owners |
| <i>Professional Singles &amp; Couples</i> | 10,534                       | 79.97%               | 67.3%            | Upper Mid Middle Age w/o Kids | <55         | \$28,872 - \$100,739 | Mix           |
| <i>Traditional Families</i>               | 30,416                       | 88.65%               | 79.3%            | Upper Mid Younger w/ Kids     | 25-44       | \$29,373 - \$116,992 | Mostly Owners |
| <b>Total</b>                              | <b>45,428</b>                | <b>83.64%</b>        | <b>77.6%</b>     |                               |             |                      |               |

Prepared by: Capitol Market Research, September 2014  
PRIZM Data from Claritas, September 2014

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The distribution of ownership preferences by housing type is based on the perceived desirability of each housing type, based on the household type and income profile of the market segments, as shown in Table (24) below. The percentage of households that prefer attached single family housing was taken from a survey done by ULI in 2013, referenced on the previous page that documented housing trends among different demographic groups, including the three indicated by the three different household types in Northwest Williamson County. The three ranges of detached housing was taken from income brackets in each segment, identified by PRIZM data.

Table (24)  
Housing Type Preference by Market Segment  
Northwest Williamson County

| Household Type                            | Income Qualified Owner Households | % Attached (Townhome/Condo) | % Low Range Detached | % Mid Range Detached | % High Range Detached |
|---|-----------------------------------|-----------------------------|----------------------|----------------------|-----------------------|
| <i>Empty Nesters &amp; Retirees</i>       | 2,357                             | 16.0%                       | 26.2%                | 43.5%                | 14.4%                 |
| <i>Professional Singles &amp; Couples</i> | 5,668                             | 17.0%                       | 13.4%                | 50.8%                | 18.8%                 |
| <i>Traditional Families</i>               | 21,378                            | 10.0%                       | 12.6%                | 56.0%                | 21.5%                 |
| <b>Total</b>                              | <b>29,403</b>                     | <b>3,478</b>                | <b>4,063</b>         | <b>15,866</b>        | <b>5,996</b>          |

Prepared by: Capitol Market Research, September 2014  
PRIZM Data from Claritas, September 2014

Housing preference from "American's Views on Their Communities Housing and Transportation", ULI March 2013

The “effective” demand for new housing by housing type can be measured by determining the likelihood of each target household type to move. Clearly, the annual probability of moving varies considerably among different market segments, but the predominant factor influencing migration is the age of the head of household. As households mature, there is less of a propensity to move frequently, because people tend to become more “established” in business and community, and therefore less willing to move. This is reflected by lower migration rates for families than singles and couples, and even lower rates for empty nesters. Table (25) below shows likely migration rates as an average annual turnover rate for Williamson County, taken from ACS 5-year (2008-2012) data and based on tenure preference. This is then applied to the type of housing preferred, and the market potential is then aggregated and a percent by product type is established.

Table (25)  
Demand by Market Segment  
Northwest Williamson County

| Household Type                            | Turnover | Attached   | Low Range Detached | Mid Range Detached | High Range Detached | Total        |
|---|----------|------------|--------------------|--------------------|---------------------|--------------|
| <i>Empty Nesters &amp; Retirees</i>       | 19.6%    | 74         | 121                | 200                | 66                  | 461          |
| <i>Professional Singles &amp; Couples</i> | 33.2%    | 320        | 252                | 956                | 354                 | 1,883        |
| <i>Traditional Families</i>               | 19.6%    | 418        | 526                | 2,341              | 899                 | 4,184        |
| <b>Total</b>                              |          | <b>812</b> | <b>899</b>         | <b>3,498</b>       | <b>1,319</b>        | <b>6,528</b> |

Prepared by: Capitol Market Research, September 2014

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PRIZM Data from Claritas, September 2014

Annual turnover rate from ACS 5-year survey 2008 - 2012, Williamson County (B25038 & B25036)

The final step in the forecast process is to disaggregate the owner household forecast by product type, and then establish a capture rate for the subject property for each product type. The owner household demand forecast for Northwest Williamson County was shown previously in Table (21). This forecast is then distributed among various product types based on the PRIZM data and the market area household types. This forecast is shown in Table (26) on the following page.

Table (26)  
**Single Family Demand by Housing Type**  
 Northwest Williamson County

| Year | Owner Households | Attached | Low Range Detached | Mid Range Detached | High Range Detached |
|------|------------------|----------|--------------------|--------------------|---------------------|
| 2014 | 1,790            | 223      | 246                | 959                | 362                 |
| 2015 | 1,869            | 233      | 257                | 1,001              | 378                 |
| 2016 | 1,947            | 242      | 268                | 1,044              | 394                 |
| 2017 | 2,028            | 252      | 279                | 1,087              | 410                 |
| 2018 | 2,098            | 261      | 289                | 1,124              | 424                 |
| 2019 | 2,182            | 272      | 300                | 1,169              | 441                 |
| 2020 | 2,224            | 277      | 306                | 1,192              | 449                 |
| 2021 | 2,300            | 286      | 317                | 1,233              | 465                 |
| 2022 | 2,373            | 295      | 327                | 1,272              | 480                 |
| 2023 | 2,452            | 305      | 338                | 1,314              | 496                 |
| 2024 | 2,528            | 315      | 348                | 1,355              | 511                 |
| 2025 | 2,607            | 324      | 359                | 1,397              | 527                 |
| 2026 | 2,693            | 335      | 371                | 1,443              | 544                 |
| 2027 | 2,777            | 346      | 382                | 1,488              | 561                 |
| 2028 | 2,876            | 358      | 396                | 1,541              | 581                 |
| 2029 | 2,968            | 369      | 409                | 1,590              | 600                 |
| 2030 | 3,068            | 382      | 422                | 1,644              | 620                 |
| 2031 | 3,185            | 396      | 438                | 1,707              | 644                 |

Prepared by: Capitol Market Research, December 2014

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PRIZM Data from Claritas, September 2014

Owner Households from Table (21)

### ***Northwest Williamson County Single Housing Planned Supply***

Based on an extensive evaluation by Capitol Market Research, there are currently approximately 13,054 additional lots planned for development in the subject market area (Table (27)). All of these subdivisions are in the current market area, or immediately adjacent to the market area and in the City of Leander City Limits or the ETJ. A majority of the planned new subdivisions will be located in Leander, with a few in Cedar Park and Williamson County. Almost all of these subdivisions have obtained water and wastewater service commitments from a municipal source, and have approval on a preliminary plat. Two subdivisions with preliminary plat approval are located within the Leander TOD's 2,177 acres. These subdivisions are Bryson (Village of Messina), with 1,250 lots on 490 acres, and Oak Creek, with 689 lots on 150 acres. The remaining 1,649 acres are currently unplatted and could be developed into approximately 5,772 single family lots that meet the current city "standard" lot size requirement of 9,000 square feet. Table (27) on the following page identifies these planned subdivisions, while Table (28) shows lot deliveries by year.

Table (27)  
**Planned Lot Inventory**  
Northwest Williamson County

| Map No. | Subdivision Name            | Lot Inventory |             |           | Lot Frontage | Home Price Range<br>(in \$1,000s) |
|---------|-----------------------------|---------------|-------------|-----------|--------------|-----------------------------------|
|         |                             | Total         | Undeveloped | Developed |              |                                   |
| 1       | Abrantes                    | 29            | 29          | 0         | <i>tbd</i>   | <i>tbd</i>                        |
| 2       | Arbors at Lakeline          | 203           | 139         | 64        | <i>n/a</i>   | \$200 - \$280                     |
| 3       | Bryson (Village of Messina) | 1,250         | 1,250       | 0         | 50' - 70'    | \$250 - \$425                     |
| 4       | Caballo Ranch               | 399           | 100         | 299       | 60' - 70'    | \$286 - \$510                     |
| 5       | Carneros Ranch              | 274           | 274         | 0         | 60'          | <i>tbd</i>                        |
| 6       | Catalina Ranch              | 113           | 113         | 0         | 60'          | \$325 - \$450                     |
| 7       | Connelly's Crossing         | 150           | 150         | 0         | 40' - 60'    | <i>tbd</i>                        |
| 8       | Crystal Falls/Bluffs        | 782           | 342         | 440       | 50' - 80'    | \$190 - \$473                     |
| 9       | Crystal Falls/Fairways      | 812           | 506         | 306       | 70' - 90'    | \$320 - \$575                     |
| 10      | Crystal Falls/Grand Mesa    | 1,061         | 360         | 701       | 120' - 200'  | \$500 - \$1,200                   |
| 11      | Crystal Falls/Town Center   | 150           | 150         | 0         | n.a.         | <i>tbd</i>                        |
| 12      | Crystal Springs             | 281           | 281         | 0         | 50' - 70'    | \$200 - \$400                     |
| 13      | Greatwood                   | 124           | 124         | 0         | <i>tbd</i>   | <i>tbd</i>                        |
| 14      | Hawkes Landing              | 313           | 313         | 0         | <i>tbd</i>   | <i>tbd</i>                        |
| 15      | Hazelwood                   | 375           | 197         | 178       | 50' - 60'    | \$246 - \$419                     |
| 16      | Highland Meadows            | 656           | 656         | 0         | 50'-70'      | \$260 - \$320                     |
| 17      | Leander Crossing            | 123           | 123         | 0         | 60'          | \$350 - \$400                     |
| 18      | Magnolia Creek              | 276           | 34          | 242       | 60'          | \$209 - \$280                     |
| 19      | Marbella                    | 223           | 223         | 0         | <i>tbd</i>   | <i>tbd</i>                        |
| 20      | Mason Hills                 | 1,024         | 820         | 204       | 50' - 70'    | \$226 - \$380                     |
| 21      | Northside Meadows           | 263           | 197         | 66        | 50' - 60'    | \$214 - \$327                     |
| 22      | Northwoods at Avery Ranch   | 540           | 116         | 424       | 50' - 70'    | \$246 - \$526                     |
| 23      | Oak Creek                   | 689           | 689         | 0         | 41' - 60'    | <i>tbd</i>                        |
| 24      | Palmera Ridge               | 577           | 577         | 0         | 50' - 70'    | <i>tbd</i>                        |
| 25      | Parkwest Estates            | 100           | 53          | 47        | 80'          | \$340 - \$418                     |
| 26      | Pecan Creek                 | 253           | 189         | 64        | 50' - 70'    | \$248 - \$395                     |
| 27      | Ranch at Brushy Creek       | 2,022         | 136         | 1,886     | 50'-70'      | \$255 - \$501                     |
| 28      | Rancho Sienna               | 1,242         | 985         | 257       | 50' - 80'    | \$235 - \$395                     |
| 29      | Reagan's Overlook           | 190           | 102         | 88        | 180'         | \$488 - \$732                     |
| 30      | Sarita Valley Ranch         | 320           | 163         | 157       | 50' - 70'    | \$267 - \$503                     |
| 31      | Scottsdale Crossing         | 84            | 39          | 45        | 60'          | \$297 - \$433                     |
| 32      | Stewart Crossing            | 223           | 223         | 0         | 50'          | <i>tbd</i>                        |
| 33      | Trails of Shady Oaks        | 320           | 270         | 50        | 60' - 70'    | \$245 - \$391                     |
| 34      | Vista Ridge Estates         | 104           | 41          | 63        | 60'          | \$242 - \$326                     |
| 35      | Wedemeyer Ranch MUD         | 2,970         | 2,970       | 0         | 50' - 90'    | <i>tbd</i>                        |
| 36      | Woodview Village            | 120           | 120         | 0         | <i>tbd</i>   | <i>tbd</i>                        |
| Total   |                             | 18,635        | 13,054      | 5,581     |              |                                   |

Source: Capitol Market Research, November 2014

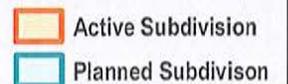
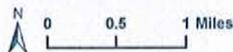
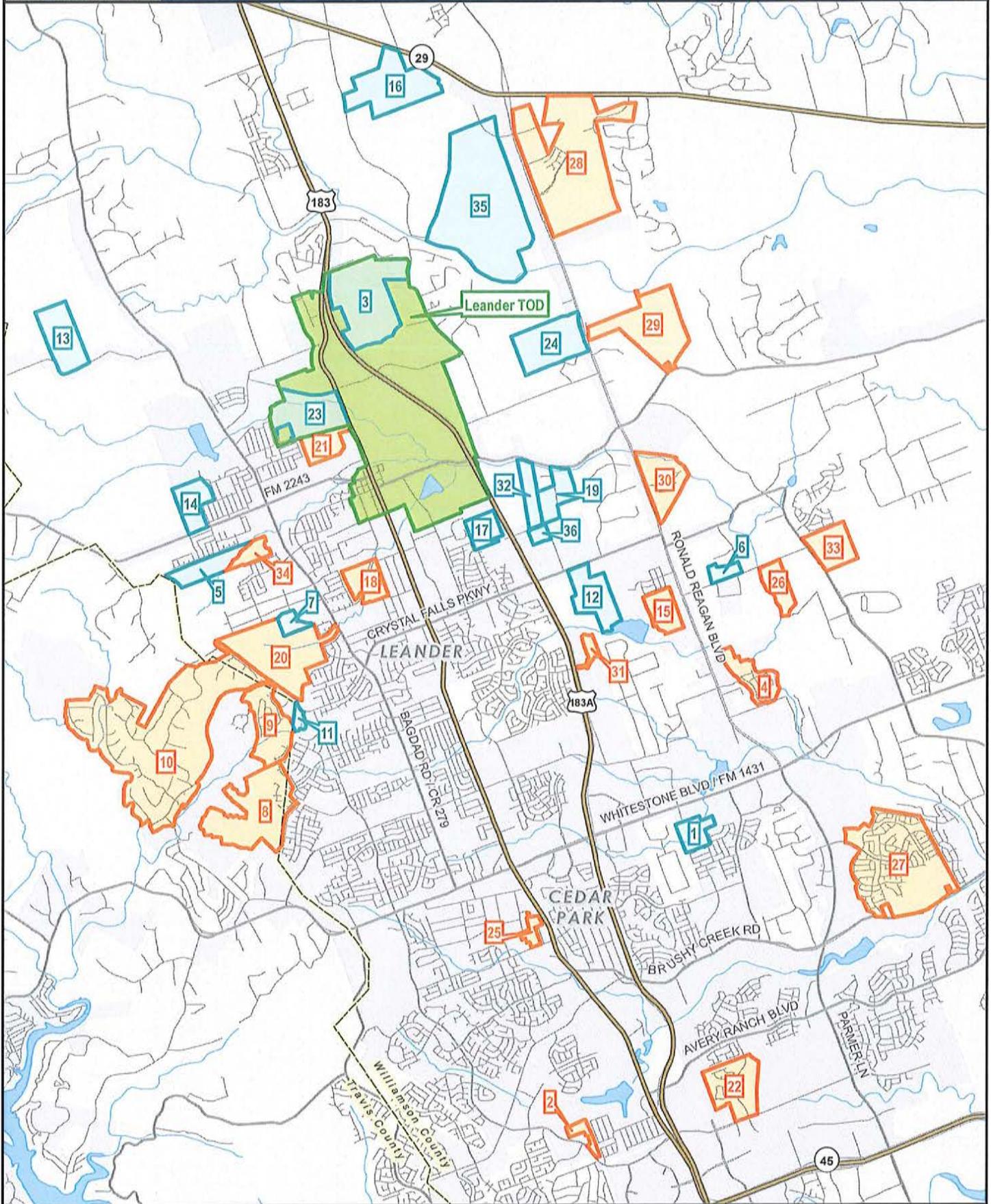
Existing Lots.xls

Site visit, developer interviews, Williamson County, Cities of Cedar Park and Leander, MetroStudy Inventory, Q2 2014

Table (28)  
Planned Lot Timing  
Northwest Williamson County

| Subdivision Name   | Lot Inventory |               |              | Year       |              |              |              |              |              |              |              |              |              |              |              | Future       |
|--|---------------|---------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | Total         | Undeveloped   | Developed    | 2014       | 2015         | 2016         | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         | 2024         | 2025         |              |
| Abrantes   | 29            | 29            | 0            | ...        | 29           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Arbors at Lakeline   | 203           | 139           | 64           | ...        | 21           | 60           | 58           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Bryson (Village of Messina)  | 1,250         | 1,250         | 0            | ...        | 100          | 100          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 90           | 0            |
| Caballo Ranch  | 399           | 100           | 299          | ...        | 50           | 50           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Carneros Ranch   | 274           | 274           | 0            | ...        | 30           | 40           | 40           | 40           | 44           | 40           | 40           | ...          | ...          | ...          | ...          | ...          |
| Catalina Ranch   | 113           | 113           | 0            | ...        | 113          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Connelly's Crossing  | 150           | 150           | 0            | 17         | 133          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Crystal Falls/Bluffs   | 782           | 342           | 440          | 45         | 60           | 60           | 55           | 42           | 40           | 40           | ...          | ...          | ...          | ...          | ...          | ...          |
| Crystal Falls/Fairways   | 812           | 506           | 306          | 60         | 75           | 75           | 75           | 75           | 75           | 71           | ...          | ...          | ...          | ...          | ...          | ...          |
| Crystal Falls/Grand Mesa   | 1,061         | 360           | 701          | 20         | 60           | 60           | 60           | 60           | 50           | 50           | ...          | ...          | ...          | ...          | ...          | ...          |
| Crystal Falls/Town Center  | 150           | 150           | 0            | ...        | ...          | 50           | 50           | 50           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Crystal Springs  | 281           | 281           | 0            | ...        | ...          | 72           | 72           | 69           | 68           | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Greatwood  | 124           | 124           | 0            | ...        | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | 124          |
| Hawkes Landing   | 313           | 313           | 0            | ...        | 53           | 53           | 53           | 53           | 51           | 50           | ...          | ...          | ...          | ...          | ...          | ...          |
| Hazelwood  | 375           | 197           | 178          | 9          | 50           | 50           | 50           | 38           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Highland Meadows   | 656           | 656           | 0            | ...        | ...          | 100          | 156          | 100          | 100          | 100          | 100          | ...          | ...          | ...          | ...          | ...          |
| Leander Crossing   | 123           | 123           | 0            | ...        | 61           | 62           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Magnolia Creek   | 276           | 34            | 242          | ...        | 34           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Marbella   | 223           | 223           | 0            | ...        | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | 223          |
| Mason Hills  | 1,024         | 820           | 204          | ...        | 60           | 120          | 60           | 120          | 60           | 100          | 100          | 80           | 60           | 60           | ...          | ...          |
| Northside Meadows  | 263           | 197           | 66           | ...        | 100          | 97           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Northwoods at Avery Ranch  | 540           | 116           | 424          | 48         | 47           | 21           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Oak Creek  | 689           | 689           | 0            | ...        | 260          | 175          | 154          | 100          | 0            | 0            | 0            | 0            | 0            | 0            | 0            | ...          |
| Palmera Ridge  | 577           | 577           | 0            | ...        | 100          | 100          | 100          | 100          | 100          | 77           | ...          | ...          | ...          | ...          | ...          | ...          |
| Parkwest Estates   | 100           | 53            | 47           | ...        | 27           | 26           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Pecan Creek  | 253           | 189           | 64           | ...        | 65           | 65           | 59           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Ranch at Brushy Creek  | 2,022         | 136           | 1,886        | 61         | 75           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Rancho Sienna  | 1,242         | 985           | 257          | 80         | 100          | 120          | 120          | 120          | 120          | 120          | 120          | 65           | 20           | ...          | ...          | ...          |
| Reagan's Overlook  | 190           | 102           | 88           | ...        | 54           | 48           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Sarita Valley Ranch  | 320           | 163           | 157          | 60         | 60           | 43           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Scottsdale Crossing  | 84            | 39            | 45           | 18         | 21           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Stewart Crossing   | 223           | 223           | 0            | ...        | ...          | 99           | 124          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Trails of Shady Oaks   | 320           | 270           | 50           | ...        | 50           | 50           | 50           | 40           | 40           | 40           | ...          | ...          | ...          | ...          | ...          | ...          |
| Vista Ridge Estates  | 104           | 41            | 63           | ...        | 41           | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          |
| Wedemeyer Ranch MUD  | 2,970         | 2,970         | 0            | ...        | ...          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 1,670        |
| Woodview Village   | 120           | 120           | 0            | ...        | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | ...          | 120          |
| LEANDER TOD  | 5,772         | 5,772         | 0            | ...        | 0            | 0            | 0            | 0            | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 3172         |
| <i>Lots in new subdivisions that are developed to meet market demand</i> |               |               |              | ...        | 500          | 500          | 500          | 500          | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,000        | 2,500        |
| <b>Total</b>   | <b>24,407</b> | <b>18,826</b> | <b>5,581</b> | <b>418</b> | <b>2,429</b> | <b>2,446</b> | <b>2,106</b> | <b>1,777</b> | <b>3,118</b> | <b>3,058</b> | <b>2,730</b> | <b>2,515</b> | <b>2,450</b> | <b>2,430</b> | <b>2,840</b> | <b>5,909</b> |

Source: Capital Market Research, developer interviews, November 2014  
In some cases, future lot deliveries are based on historical absorption rates and home price ranges  
Site visit, developer interviews, Williamson County, City of Leander, and MetroStudy Inventory, Q2 2014



## Northwest Williamson County Multi-Family Demand

The capture rate defined by the percent of growth in the market area from 1990 through 2010, shown in Table (20), was used to establish a multi-family housing forecast (Table (30)). Percent renter was also based on the tenure split trend in the market area from the 2000 through 2010 Census, and multi-family demand was derived using the percentage of multi-family building permits, out of all multiple unit permits, for the Austin MSA (Texas A&M Real Estate Center). Based on historical and recent home building activity, the Northwest Williamson County market area will continue with a growing market share and capture a proportionate percentage of Austin's growth throughout the forecast period, at an average annual demand of 1,204 units a year, from 2014 through 2031.

Table (29)  
Multi-Family Demand  
Northwest Williamson County

| Year | Forecasted MSA<br>Population<br>Growth | MARKET AREA FORECAST |                   |                   |        |          |                    |                        |
|------|--|----------------------|-------------------|-------------------|--------|----------|--------------------|------------------------|
|      |  | Capture Rate         | New<br>Population | Household<br>Size | New HH | % Renter | % Multi-<br>Family | Multi-Family<br>Demand |
| 2014 | 58,064                                 | 11.41%               | 6,819             | 2.81              | 2,580  | 27.6%    | 92.1%              | 656                    |
| 2015 | 59,771                                 | 11.62%               | 7,152             | 2.80              | 2,718  | 28.3%    | 92.1%              | 707                    |
| 2016 | 61,528                                 | 11.84%               | 7,489             | 2.79              | 2,859  | 28.9%    | 92.1%              | 761                    |
| 2017 | 63,258                                 | 12.05%               | 7,837             | 2.78              | 3,005  | 29.6%    | 92.1%              | 818                    |
| 2018 | 65,015                                 | 12.27%               | 8,144             | 2.77              | 3,138  | 30.2%    | 92.1%              | 873                    |
| 2019 | 66,377                                 | 12.48%               | 8,512             | 2.76              | 3,294  | 30.9%    | 92.1%              | 937                    |
| 2020 | 68,181                                 | 12.70%               | 8,708             | 2.75              | 3,390  | 31.5%    | 92.1%              | 984                    |
| 2021 | 68,570                                 | 12.91%               | 9,048             | 2.74              | 3,539  | 32.2%    | 92.1%              | 1,049                  |
| 2022 | 70,061                                 | 13.13%               | 9,381             | 2.73              | 3,687  | 32.8%    | 92.1%              | 1,115                  |
| 2023 | 71,447                                 | 13.35%               | 9,742             | 2.72              | 3,847  | 33.5%    | 92.1%              | 1,187                  |
| 2024 | 72,996                                 | 13.56%               | 10,092            | 2.71              | 4,005  | 34.1%    | 92.1%              | 1,259                  |
| 2025 | 74,419                                 | 13.78%               | 10,459            | 2.70              | 4,171  | 34.8%    | 92.1%              | 1,337                  |
| 2026 | 75,922                                 | 13.99%               | 10,864            | 2.69              | 4,354  | 35.4%    | 92.1%              | 1,421                  |
| 2027 | 77,648                                 | 14.21%               | 11,260            | 2.68              | 4,535  | 36.1%    | 92.1%              | 1,508                  |
| 2028 | 79,264                                 | 14.42%               | 11,728            | 2.67              | 4,745  | 36.7%    | 92.1%              | 1,606                  |
| 2029 | 81,326                                 | 14.64%               | 12,172            | 2.66              | 4,948  | 37.4%    | 92.1%              | 1,705                  |
| 2030 | 83,164                                 | 14.85%               | 12,658            | 2.65              | 5,169  | 38.1%    | 92.1%              | 1,812                  |
| 2031 | 85,231                                 | 15.07%               | 13,221            | 2.64              | 5,423  | 38.7%    | 92.1%              | 1,933                  |

Prepared by: Capitol Market Research, November 2014

Dem.ForecastCalc.xls

Notes: MSA population forecast based on the population forecast obtained from Texas State Data Center, Scenario 1.0, 2010 Census. Capture rate based on average historical growth in the market area as a % of the MSA from 2000-2010. Household size & Percent renter based on growth from 2000-2010 Census. Percent multi-family based on new building permits issued in the area over the last 10 years.

## Northwest Williamson County Planned Multi-Family

Currently (September 2014), the overall occupancy rate in the Northwest Williamson County market area is 95.9%, which is 1.9% higher than the December 2013 market area average (94.0%). Therefore, the apartment units in the proposed project will be competing primarily with the undeveloped tracts in the market area that are zoned for multi-family use and that may be developed with apartments within the forecast time period. Recent interviews with the City of Leander and City of Cedar Park planning departments, and local brokers and apartment developers, revealed 11 competitive sites for multi-family construction. In order to be considered a "competitive" site, the identified site must either be held by or under contract to a developer with known intention to move forward with a multi-family project. In addition to the competitive sites, there are several sites that are "available" for purchase, for which there are no definitive plans for development. Sites are defined as being "available" if the land is currently zoned appropriately for multi-family development and utilities are available.

The annual additions to the market area resulting from the development of this potential inventory of competitive sites may vary based on the capacity of the apartment developer to obtain the necessary construction financing and city approvals. It is also possible that other projects not currently in the planning stage could be quickly developed and brought to the market. Thus, the list of planned additions is both actual, because it represents current plans, and representative, because it presents a position that the subject project will be competing with other new apartment projects during the anticipated development horizon.

Table (30)  
Planned Multi-Family Sites  
Northwest Williamson County

| Map No       | Project                        | Address                        | Acres        | Units        | Developer                 | Status       | Zoning   |
|--------------|--------------------------------|--------------------------------|--------------|--------------|---------------------------|--------------|----------|
| 1            | Altis at Lakeline              | 12700 Ridgeline Blvd.          | 22.0         | 354          | The Altman Companies      | Submitted    | GO-MU-CO |
| 2            | Cedar Park Town Center I       | Big Bend Drive at Cherry Creek | 6.0          | 166          | Celmark Development       | Planned      | GR       |
| 3            | Lakeline Crossing              | Ridgeline Boulevard            | 21.9         | 324          | Provident Development     | Planned      | GR-MU-CO |
| 4            | Lakeline West Ph.II            | Lakeline Blvd. at Ridgeline    | 19.6         | 344          | No. American Properties   | Construction | CH       |
| 5            | Mansions at Lakeline           | 10500 Lakeline Mall Drive      | 23.6         | 374          | Western Rim               | Construction | PUD      |
| 6            | Muir Lake                      | 12600 Avery Ranch Blvd.        | 19.0         | 332          | Larry Peel Company        | Construction | MF       |
| 7            | Park at Lakeline               | 2800 Lakeline Boulevard        | 25.3         | 352          | Gencap Partners           | Construction | MF-3     |
| 8            | Parkway Crossing               | Hwy 183a at Crystal Falls      | 14.8         | 242          | GCA Consulting            | Planned      | MF-2-B   |
| 9            | The Presidio, Phase I          | Lakeline Mall Boulevard        | 14.0         | 415          | Streetlights Residential  | Submitted    | PUD      |
| 10           | The Village at Leander Station | Hero Way at Mel Mathis Blvd.   | 9.6          | 225          | Leander Transit Investors | Planned      | PUD      |
| 11           | Whitestone Apartments          | 9826 North Lake Creek Blvd.    | 19.5         | 340          | LIV Development           | Construction | PUD      |
| <b>Total</b> |                                |                                | <b>195.3</b> | <b>3,468</b> |                           |              |          |

Source: Capital Market Research Developer/Broker Interviews, October 2014

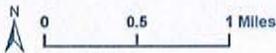
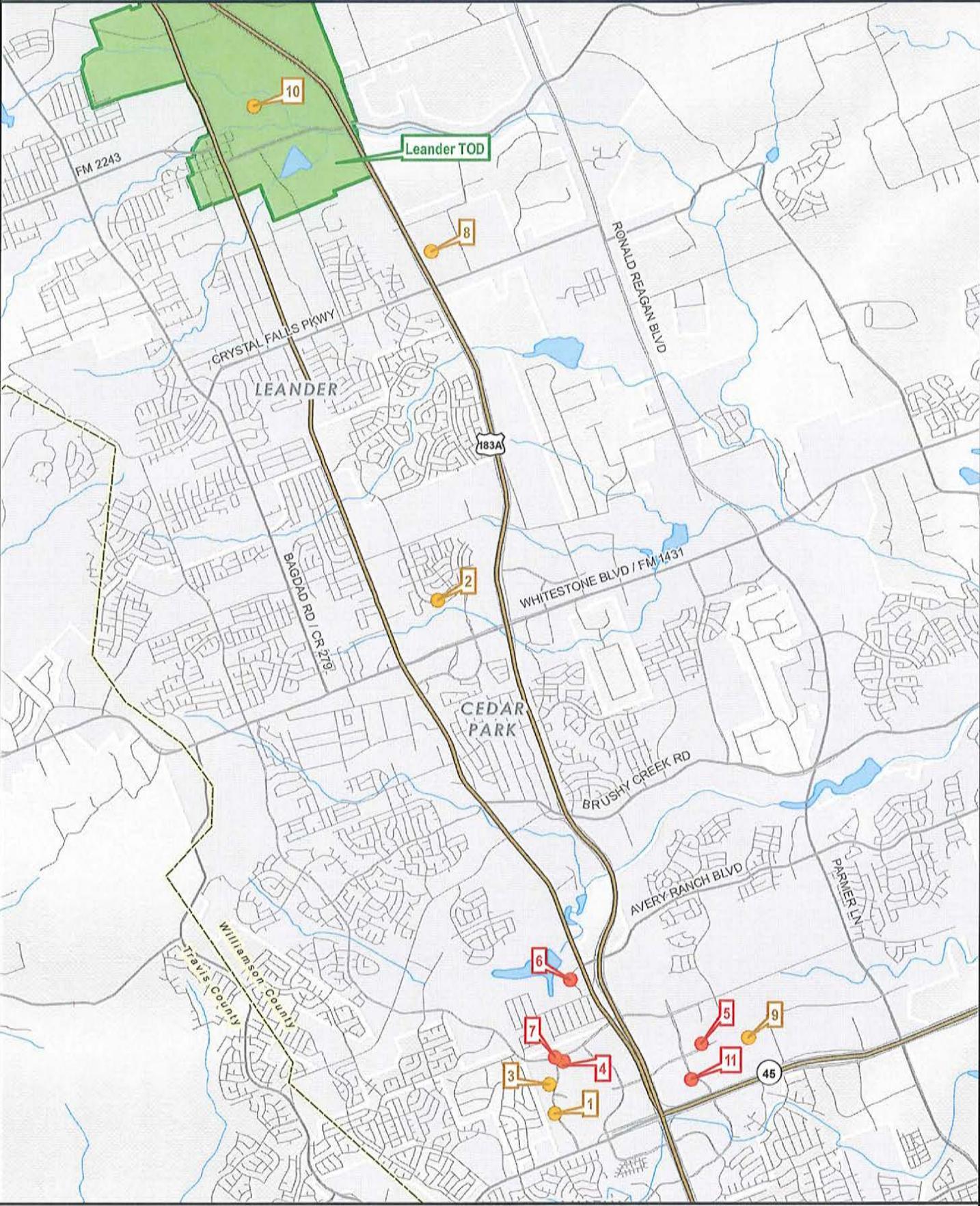
Comp\_sites\_aprt\_fmwx.xls

Table (31)  
**Planned Multi-Family Timing**  
 Far Northwest Market Area

| Map No.                | Project Name                   | Units Planned | First Units | 2014       | 2015         | 2016         | 2017     | Future   |
|------------------------|--------------------------------|---------------|-------------|------------|--------------|--------------|----------|----------|
| 1                      | Altis at Lakeline              | 354           | Jul-15      | ...        | 254          | 100          | ...      | ...      |
| 2                      | Cedar Park Town Center I       | 166           | Apr-15      | ...        | 166          | ...          | ...      | ...      |
| 3                      | Lakeline Crossing              | 324           | Nov-15      | ...        | 60           | 264          | ...      | ...      |
| 4                      | Lakeline West Ph.II            | 344           | Apr-15      | ...        | 344          | ...          | ...      | ...      |
| 5                      | Mansions at Lakeline           | 374           | Sep-14      | 160        | 214          | ...          | ...      | ...      |
| 6                      | Muir Lake                      | 332           | Feb-14      | 332        | ...          | ...          | ...      | ...      |
| 7                      | Park at Lakeline               | 352           | Dec-13      | 352        | ...          | ...          | ...      | ...      |
| 8                      | Parkway Crossing               | 242           | Jan-16      | ...        | ...          | 242          | ...      | ...      |
| 9                      | The Presidio, Phase I          | 415           | Jan-16      | ...        | ...          | 415          | ...      | ...      |
| 10                     | The Village at Leander Station | 225           | Sep-15      | ...        | 120          | 105          | ...      | ...      |
| 11                     | Whitestone Apartments          | 340           | Oct-14      | 145        | 195          | ...          | ...      | ...      |
| <b>Total New Units</b> |                                | <b>3,468</b>  |             | <b>989</b> | <b>1,353</b> | <b>1,126</b> | <b>0</b> | <b>0</b> |

Source: Capital Market Research Developer/Broker Interviews, October 2014

Comp\_Sites\_apt\_fnw.xls



- Under Construction
- Planned

## Northwest Williamson County Office Demand

The Northwest Williamson County multi-tenant office market is relatively young, with the first large office projects in the market area built in 2008. Since the market in Northwest Williamson County Austin has fluctuated from 84.4% in 2013, to a current June 2014 rate of 95.5%, new construction in the market area is still somewhat speculative. CMR has estimated that a proportionate share of citywide absorption will take place in the Northwest Williamson County market area based on a seven and a half year historical (2008 through June 2014) average capture rate of 6.8% (Table (32)). The demand is based on the average occupancy of the market area since stabilization in 2011 (90.8%). It is estimated that the Northwest Williamson County market area will show an average annual demand for office space of 76,565 square feet from 2015 through 2031.

Table (32)  
**Historical & Forecasted Office Absorption**  
 Northwest Williamson County

| Year | Citywide Absorption | Market Area  |            |              |               |
|------|---------------------|--------------|------------|--------------|---------------|
|      |                     | Market Share | Absorption | Total Sq.Ft. | Sq.Ft. Demand |
| 2015 | 2,047,425           | 6.8%         | 139,225    | 452,614      | 126,416       |
| 2016 | 2,126,944           | 6.8%         | 144,632    | 583,940      | 131,326       |
| 2017 | 1,878,691           | 6.8%         | 127,751    | 699,938      | 115,998       |
| 2018 | 1,452,085           | 6.8%         | 98,742     | 789,596      | 89,658        |
| 2019 | 1,163,990           | 6.8%         | 79,151     | 861,465      | 71,869        |
| 2020 | 1,125,753           | 6.8%         | 76,551     | 930,974      | 69,508        |
| 2021 | 1,072,893           | 6.8%         | 72,957     | 997,218      | 66,245        |
| 2022 | 954,933             | 6.8%         | 64,935     | 1,056,180    | 58,961        |
| 2023 | 918,731             | 6.8%         | 62,474     | 1,112,906    | 56,726        |
| 2024 | 1,033,367           | 6.8%         | 70,269     | 1,176,710    | 63,804        |
| 2025 | 1,061,159           | 6.8%         | 72,159     | 1,242,230    | 65,520        |
| 2026 | 1,004,882           | 6.8%         | 68,332     | 1,304,276    | 62,045        |
| 2027 | 1,018,985           | 6.8%         | 69,291     | 1,367,192    | 62,916        |
| 2028 | 1,033,285           | 6.8%         | 70,263     | 1,430,991    | 63,799        |
| 2029 | 1,047,786           | 6.8%         | 71,249     | 1,495,685    | 64,695        |
| 2030 | 1,062,491           | 6.8%         | 72,249     | 1,561,288    | 65,602        |
| 2031 | 1,077,402           | 6.8%         | 73,263     | 1,627,811    | 66,523        |

Source: Capitol Market Research, October 2014

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Market Share based on market area average share of absorption (6.8%)

The office space additions shown for 2015 - 2031 are hypothetical and reflect the average occupancy of the market area since stabilization (90.8%)

### ***Northwest Williamson County and TOD Office Demand***

In addition to the existing office buildings in Northwest Williamson County, the subject site will be competing with other office sites and new buildings currently under construction. The potential additions to the defined market resulting from the development of other planned office sites is based on the capacity of office developers to obtain the necessary construction financing and city approvals, often after a lengthy process where the developer has negotiated the land purchase with multiple ownership interests and spent many months working through the city approval process.

An October 2014 survey conducted by Capitol Market Research for this evaluation revealed no large, multi-tenant office sites under construction or planned. The office product under construction or planned in the market area consist of one project, The Oaks of Crystal Falls, that is a recently completed office condominium offering for sale product. All other planned projects in the area are one story office/warehouse, and industrial space.

The Leander TOD has the access, visibility and zoning that are conducive to new office space construction. It is quite likely that as additional rail service is implemented on the Metrorail Red Line, new office development will occur near the rail station and surrounding area. This development is likely to begin slowly in 2017 and then build momentum over the years. A forecast of this development scenario is provided in Table (33) on the following page.

Table (33)  
**Office Space Absorption Forecast**  
 Northwest Williamson Co. and Leander TOD  
 Market Share With Smart Code Zoning

| Year         | Citywide Absorption | Subject Market Percentage | Subject Market Absorption | Subject Market Additions | Share in Leander TOD | Absorption in Leander TOD | Cummulative Sq. Ft. Absorbed |
|--------------|---------------------|---------------------------|---------------------------|--------------------------|----------------------|---------------------------|------------------------------|
| 2008         | 484,876             | 16.8%                     | 81,359                    | 322,274                  | .....                | .....                     | .....                        |
| 2009         | (971,414)           | 0.0%                      | 0                         | 0                        | ....                 | .....                     | .....                        |
| 2010         | 964,123             | 5.5%                      | 53,444                    | 0                        | ....                 | .....                     | .....                        |
| 2011         | 1,361,946           | 12.2%                     | 165,792                   | (12,274)                 | ....                 | .....                     | .....                        |
| 2012         | 1,072,575           | -3.1%                     | (33,142)                  | 0                        | ....                 | .....                     | .....                        |
| 2013         | 769,834             | -0.8%                     | (5,827)                   | 0                        | ....                 | .....                     | .....                        |
| 2014         | 930,004             | 5.4%                      | 49,849                    | 16,198                   | ....                 | .....                     | .....                        |
| 2015         | 2,047,425           | 6.8%                      | 139,225                   | 0                        | ....                 | .....                     | .....                        |
| 2016         | 2,126,944           | 6.8%                      | 144,632                   | 0                        | ....                 | .....                     | .....                        |
| 2017         | 1,878,691           | 6.8%                      | 127,751                   | 128,000                  | 10.0%                | 12,800                    | 12,800                       |
| 2018         | 1,452,085           | 6.8%                      | 98,742                    | 99,000                   | 11.4%                | 11,300                    | 24,100                       |
| 2019         | 1,163,990           | 6.8%                      | 79,151                    | 79,000                   | 12.9%                | 10,200                    | 34,300                       |
| 2020         | 1,125,753           | 6.8%                      | 76,551                    | 77,000                   | 14.3%                | 10,900                    | 45,200                       |
| 2021         | 1,072,893           | 6.8%                      | 72,957                    | 73,000                   | 15.7%                | 11,500                    | 56,700                       |
| 2022         | 954,933             | 6.8%                      | 64,935                    | 65,000                   | 17.1%                | 11,100                    | 67,800                       |
| 2023         | 918,731             | 6.8%                      | 62,474                    | 62,000                   | 18.6%                | 11,600                    | 79,400                       |
| 2024         | 1,033,367           | 6.8%                      | 70,269                    | 70,000                   | 20.0%                | 14,100                    | 93,500                       |
| 2025         | 1,061,159           | 6.8%                      | 72,159                    | 72,000                   | 21.4%                | 15,500                    | 109,000                      |
| 2026         | 1,004,882           | 6.8%                      | 68,332                    | 68,000                   | 22.9%                | 15,600                    | 124,600                      |
| 2027         | 1,018,985           | 6.8%                      | 69,291                    | 69,000                   | 24.3%                | 16,800                    | 141,400                      |
| 2028         | 1,033,285           | 6.8%                      | 70,263                    | 70,000                   | 25.7%                | 18,100                    | 159,500                      |
| 2029         | 1,047,786           | 6.8%                      | 71,249                    | 71,000                   | 27.1%                | 19,300                    | 178,800                      |
| 2030         | 1,062,491           | 6.8%                      | 72,249                    | 72,000                   | 28.6%                | 20,600                    | 199,400                      |
| 2031         | 1,077,402           | 6.8%                      | 73,263                    | 73,000                   | 30.0%                | 22,000                    | 221,400                      |
| <b>Total</b> |                     |                           |                           | <b>1,474,198</b>         |                      |                           | <b>221,400</b>               |

Source: Capitol Market Research, December 2014

offsumwilco\_0614.xls

## Northwest Williamson County Retail Demand

The demand for retail *space* is a function of the demand for retail goods and services, and growth in this demand is fundamentally based upon population increase and growth in disposable income. Thus, the two most important demographic components of demand are population growth and changes in the income of the market area households. Population growth for the market area was taken from Table (20), and Average household income was based on average Housing and Urban Development (HUD) Median Household Income for the Austin MSA from 2000 through 2014. Disposable income and annual expenditures were taken from the Bureau of Labor and Statistics (BLS) 2013 Consumer Expenditure survey. Gross sales per square feet were based on the change in sales reported in the 2002 and 2008 publications of the ISCS's Retail Survey. It is estimated that the market area will show an average annual demand for 15,397 square feet of retail space per year, from 2015 through 2031.

Table (34)  
Demand for Retail Space  
Northwest Williamson County

| Year | New Households | Average HH Income | Disposable Income | Consumer Expenditures | Gross Sales per Sq. Ft. | Demand for Retail Space | Annual Change |
|------|----------------|-------------------|-------------------|-----------------------|-------------------------|-------------------------|---------------|
| 2015 | 2,718          | \$77,695          | \$186,568,199     | \$112,407,075         | \$354                   | 317,399                 | 12,022        |
| 2016 | 2,859          | \$79,145          | \$199,885,060     | \$120,430,465         | \$365                   | 329,726                 | 12,327        |
| 2017 | 3,005          | \$80,623          | \$214,018,065     | \$128,945,580         | \$376                   | 342,633                 | 12,907        |
| 2018 | 3,138          | \$82,128          | \$227,654,285     | \$137,161,383         | \$387                   | 354,029                 | 11,395        |
| 2019 | 3,294          | \$83,662          | \$243,468,317     | \$146,689,315         | \$399                   | 368,082                 | 14,053        |
| 2020 | 3,390          | \$85,224          | \$255,216,075     | \$153,767,323         | \$410                   | 375,393                 | 7,311         |
| 2021 | 3,539          | \$86,815          | \$271,430,632     | \$163,536,570         | \$421                   | 388,716                 | 13,323        |
| 2022 | 3,687          | \$88,436          | \$288,080,935     | \$173,568,354         | \$432                   | 401,962                 | 13,246        |
| 2023 | 3,847          | \$90,087          | \$306,201,831     | \$184,486,169         | \$443                   | 416,545                 | 14,583        |
| 2024 | 4,005          | \$91,769          | \$324,733,123     | \$195,651,246         | \$454                   | 430,960                 | 14,415        |
| 2025 | 4,171          | \$93,482          | \$344,521,661     | \$207,573,812         | \$465                   | 446,316                 | 15,356        |
| 2026 | 4,354          | \$95,228          | \$366,272,983     | \$220,678,952         | \$476                   | 463,441                 | 17,124        |
| 2027 | 4,535          | \$97,006          | \$388,631,636     | \$234,150,009         | \$487                   | 480,536                 | 17,095        |
| 2028 | 4,745          | \$98,817          | \$414,209,797     | \$249,560,815         | \$498                   | 500,763                 | 20,227        |
| 2029 | 4,948          | \$100,662         | \$440,021,615     | \$265,112,399         | \$509                   | 520,385                 | 19,622        |
| 2030 | 5,169          | \$102,541         | \$468,298,845     | \$282,149,389         | \$521                   | 542,024                 | 21,639        |
| 2031 | 5,423          | \$104,456         | \$500,423,983     | \$301,504,739         | \$532                   | 567,121                 | 25,097        |

Capitol Market Research, November 2014

retail demand.xls

Notes: Household estimate based on forecasted demand, Average income based on HUD annual increases in Median HH Income for the Austin MSA, Disposable income is estimated to be 88.3% of total, based on 2013 BLS Consumer Expenditure Survey, Annual expenditures for goods and services, other than Housing, are 60.2% of the Disposable Income, Gross Retail Sales per Sq.Ft. based on the ULI & ISCS "Dollars & Cents of Shopping Centers" (2002 - 2008) Median by Retail Type

### **Northwest Williamson County Planned Retail Projects**

In addition to the existing retail centers and buildings in the Northwest Williamson County market area, the planned project will be competing with other retail sites and new centers and buildings under construction. The potential additions to the defined market from the development of other planned retail sites is based on the capacity of retail developers to obtain necessary construction financing and city approvals, often after a lengthy process where the developer has negotiated the land purchase with multiple ownership interests and spent many months working through the city approval process. There is currently a large amount of retail planned in the area. The one large regional center, Cedar Park Town Center, is located at the southern end of the market area, in Cedar Park. There are four projects under construction, one large project and one small project in Cedar Park and two smaller projects in Leander. There are also three planned projects, two with imminent start dates. The list of planned retail sites is shown on Table (35) below. The timing for the delivery of each project is provided on the following page in Table (36).

Table (35)  
Planned Retail Development  
Northwest Williamson County

| Map No       | Name                           | Address                                | Developer         | Sq.Ft.         | Status       | Start      | Finish     |
|--------------|--------------------------------|--|-------------------|----------------|--------------|------------|------------|
| 1            | Business Park 2243 Ph.II       | 11880 W FM 2243                        | Jackson Cooksey   | 15,000         | Construction | Nov-14     | Apr-15     |
| 2            | Cedar Park Town Center         | NWC FM 1431 & US Hwy 183a              | UCR Retail        | 330,815        | Construction | May-13     | Mar-15     |
| 3            | Crystal Falls Randall's Center | SWC Crystal Falls Pkwy @ Lakeline Blvd | The Whitfield Co. | 93,000         | Planned      | Jan-15     | Nov-15     |
| 4            | Crystal Falls Village          | 202 Crystal Falls Pkwy                 | Retail Solutions  | 20,000         | Planned      | <i>tbd</i> | <i>tbd</i> |
| 5            | Shops at East Park             | 111 N. Vista Ridge Blvd.               | Duke Commercial   | 19,460         | Construction | Nov-14     | Apr-15     |
| 6            | Shops at Lakeline              | 115 S. Lakeline Blvd                   | Retail Solutions  | 24,000         | Planned      | Nov-14     | Aug-15     |
| 7            | Shops at Crystal Falls         | 3550 Lakeline Blvd                     | HPI Properties    | 19,240         | Construction | Jan-14     | Aug-14     |
| <b>Total</b> |                                |  |                   | <b>521,515</b> |              |            |            |

Source: Capitol Market Research, City of Leander site plans, developer interviews, November 2014

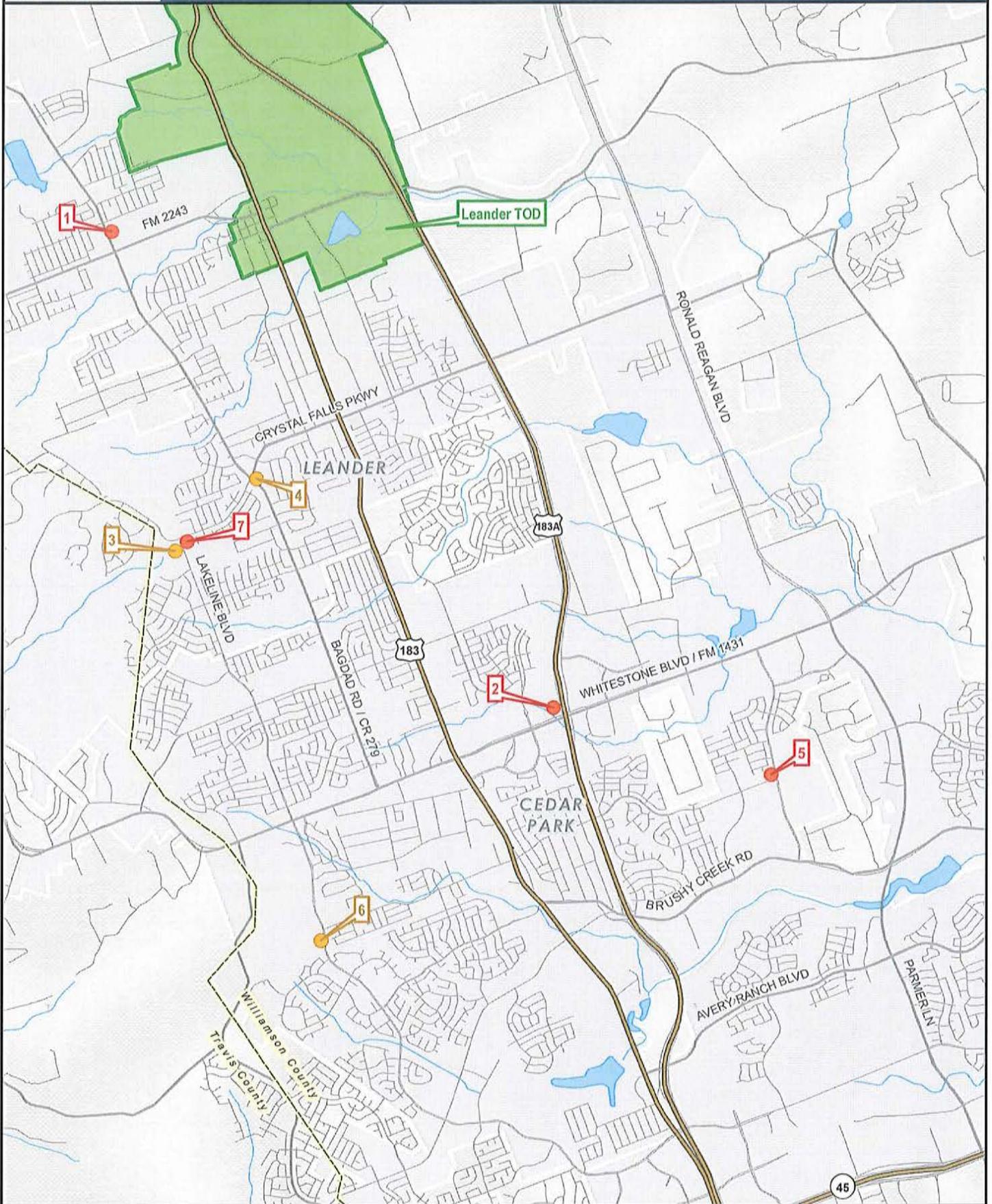
compsite\_retail.xls

Table (36)  
**Planned Retail Timing**  
 Northwest Williamson County

| Map No.      | Name                           | Sq.Ft.         | 2014           | 2015           | 2016     | 2017     | 2018     | 2019     | 2020     | Future        |
|--------------|--------------------------------|----------------|----------------|----------------|----------|----------|----------|----------|----------|---------------|
| 1            | Business Park 2243 Ph.II       | 15,000         | 2,000          | 13,000         | ...      | ...      | ...      | ...      | ...      | ...           |
| 2            | Cedar Park Town Center         | 330,815        | 313,267        | 17,548         | ...      | ...      | ...      | ...      | ...      | ...           |
| 3            | Crystal Falls Randall's Center | 93,000         | ...            | 93,000         | ...      | ...      | ...      | ...      | ...      | ...           |
| 4            | Crystal Falls Village          | 20,000         | ...            | ...            | ...      | ...      | ...      | ...      | ...      | 20,000        |
| 5            | Shops at East Park             | 19,460         | ...            | 19,460         | ...      | ...      | ...      | ...      | ...      | ...           |
| 6            | Shops at Lakeline              | 24,000         | ...            | 24,000         | ...      | ...      | ...      | ...      | ...      | ...           |
| 7            | Shops at Crystal Falls         | 19,240         | 19,240         | ...            | ...      | ...      | ...      | ...      | ...      | ...           |
| <b>Total</b> |                                | <b>521,515</b> | <b>334,507</b> | <b>167,008</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>0</b> | <b>20,000</b> |

Source: Capitol Market Research, Developer Interviews, September 2014

compsite\_retail.xls



**LEANDER TIF ABSORPTION  
& VALUE ESTIMATION**

## ***Summary and Conclusions***

The preceding sections have analyzed the market conditions for a variety of land use types, single family residential, multi-family, office and retail. The analysis begins with an overview of the Austin market and then proceeds to an analysis of Northwest Williamson County. Finally, the subject TIF is evaluated and site specific absorption forecasts were prepared. The analysis reveals a very strong demand for residential development, both single family and multi-family, and an emerging market of office development in the market area, and for the subject property. The strong growth in population has enabled explosive growth in retail space, particularly in the southern half of the market area. The absorption forecast prepared for the subject TIF is provided in the individual sections of the report and is summarized in Table (37) on the following page.

The TIF value “increment” based on the residential, apartment, office and retail development noted in previous sections is shown in Table (37) on page 66. The tremendous increase in the TIF District value is driven by the construction and sale of more than 5,900 single family homes, the rental of 3,727 multi-family units, and the building of more than 414,000 square feet of office and retail space on the commercial streets in the TOD, adjacent to the commuter rail station. Conservative value estimates of \$160 per square foot for the retail space and \$175 per square foot for the (high density) apartments were used along with an inflation factor of 2.5%, beginning in 2015. The net value “increment” through 2031 (17 years) is over \$4.0 billion. As shown in Table (37), the increment in taxes generated by the city property tax rate of 0.65292 is \$200 million over a 17-year time frame. Sales tax revenues for the anticipated retail development is an additional \$7.3 million over a 17-year period.

For comparison purposes, a “conventional” build-out scenario was also prepared that shows an estimate of values and taxes that would be created if the area follows the conventional single family suburban zoning district subdivision development guidelines, which require a minimum lot size of 9,000 square feet within the Leander city limits. Retail development along US Hwy 183A at CR 276 and FM 2243 is also assumed in this scenario due to the access afforded by the new toll road bypass. Under this scenario, absorption of single-family homes is quite strong, but absorption of apartments is slower and we have not assumed that higher density apartments or “attached” for sale product will be offered. Based on these assumptions, a “conventional” build-out scenario was prepared and is summarized and compared with the TND/TOD forecast in Table (37) on the following page.

The higher absorption rates for residential housing is the primary cause of the 44% increment in value between the two scenarios through 2031. It should be noted that the TND/TOD zoning scenario absorption potential is “constrained” by the lack of acreage in the CD and T-3 zoning categories. Construction of small homes and cottages is curtailed in 2022 by the lack of appropriately zoned land, which leaves unmet the demand for 3,965 additional small homes and cottages from 2022 to 2031. Some of that demand could be accommodated in the higher density

residential use categories (T-4 and T-5) as the concentration of building activity around the station increases over time.

Table (37)  
 Comparison Between TOD and Conventional Development Forecasts  
 2031 Summary Statistics

| Category                    | Leander<br>TND/TOD     | Conventional<br>Development | Net Difference         | Percent<br>Increment |
|-----------------------------|------------------------|-----------------------------|------------------------|----------------------|
| Land Area (net acres)       | 2,112.13               | 2,112.13                    | 0                      | 0%                   |
| <i>Absorption</i>           |                        |                             |                        |                      |
| Single Family Units         | 5,916                  | 3,992                       | 1,924                  | 48%                  |
| Multi-Family Units          | 3,727                  | 1,907                       | 1,820                  | 95%                  |
| Total Office Sq.Ft.         | 221,400                | 110,600                     | 110,800                | 100%                 |
| Total Retail Sq.Ft.         | 192,841                | 117,969                     | 74,872                 | 63%                  |
| Vacant Land (acres)         | 982.7                  | 947.5                       | 35                     | 4%                   |
| <i>Total Value</i>          |                        |                             |                        |                      |
| Single Family Value         | \$2,974,688,053        | \$2,387,145,575             | \$587,542,477          | 25%                  |
| Multi-Family Value          | \$965,384,930          | \$348,124,088               | \$617,260,842          | 177%                 |
| Office Value                | \$67,377,257           | \$33,658,196                | \$33,719,061           | 100%                 |
| Retail Value                | \$46,948,866           | \$28,720,627                | \$18,228,239           | 63%                  |
| Remaining Land Value        | \$36,677,701           | \$35,362,983                | \$1,314,718            | 4%                   |
|                             | <b>\$4,091,076,806</b> | <b>\$2,833,011,469</b>      | <b>\$1,258,065,337</b> | <b>44%</b>           |
| <i>Tax Revenues</i>         |                        |                             |                        |                      |
| Total Sales Tax Revenues    | \$7,381,066            | \$4,486,356                 | \$2,894,710            | 65%                  |
| Total Property Tax Revenues | \$200,576,600          | \$148,292,614               | \$52,283,986           | 35%                  |

Source: Capitol Market Research, December 24, 2014 Leander TOD Market Analysis

summary.xls

## APPENDIX

Appendix (A)  
City of Leander: TOD Analysis  
Input Data Sheet

| <i>Proposed Land Use</i>                 |                 |                |                |           |                               |                |                        |
|--|-----------------|----------------|----------------|-----------|-------------------------------|----------------|------------------------|
| Land Use Type                            | Acres           | Units Per Acre | Dwelling Units | Sq.Ft.    | Construction Cost per Sq. Ft. | Value per Unit | Total Potential Value  |
| <i>House, Cottage: CD plus (T-3)</i>     | 897.28          | 4              | 3,589          | 2,888     | \$136                         | \$392,003      | \$1,406,947,398        |
| <i>Single homes, duplex, TH (T-4)</i>    | 277.90          | 12             | 3,335          | 2,197     | \$112                         | \$246,000      | \$820,360,800          |
| <i>Mixed-use, Duplex, Townhome (T-5)</i> | 82.12           | 20             | 1,642          | 1,445     | \$159                         | \$230,000      | \$377,752,000          |
| <i>Urban Core, Mixed-use, MF (T-6)</i>   | 75.60           | 50             | 3,780          | 875       | \$229                         | \$200,000      | \$756,000,000          |
| <i>Traditional Multi-Family</i>          | 125.00          | 18             | 2,250          | 950       | \$126                         | \$120,000      | \$270,000,000          |
| <i>General Commercial</i>                | 262.50          | n.a.           | n.a.           | 3,430,350 | \$160                         | \$160          | \$548,856,000          |
| <i>Office</i>                            | 93.75           | n.a.           | n.a.           | 2,041,875 | \$175                         | \$175          | \$357,328,125          |
| <i>OS (Open Space)</i>                   | 176.09          | 0              | 0              | n.a       | n.a                           | n.a            | \$0                    |
| <i>Civic and Special District</i>        | 121.89          | 0              | 0              | 5,309,528 | \$200                         | \$200          | \$1,061,905,680        |
| <b>Total</b>                             | <b>2,112.13</b> |                | <b>14,596</b>  |           |                               |                | <b>\$5,599,150,003</b> |

| <i>Existing Property Information</i> |                   |                |              |                     |                |                     |
|--------------------------------------|-------------------|----------------|--------------|---------------------|----------------|---------------------|
| Land Use Type                        | Account Number    | Land Area      | Bldg. Sq.Ft. | Assessed Land Value | Building Value | Total Value         |
| <i>Vacant Land</i>                   | Multiple Accounts | 2209.93        | 0            | \$82,479,829        | 0.000          | \$82,479,829        |
| <b>Total</b>                         |                   | <b>2209.93</b> | <b>0</b>     | <b>\$82,479,829</b> | <b>\$0</b>     | <b>\$82,479,829</b> |

| <i>Development Assumptions: Based on Market Demand</i> |         |                                |                                    |                             |                               |                             |                                 |                                 |                       |                       |
|--|---------|--------------------------------|------------------------------------|-----------------------------|-------------------------------|-----------------------------|---------------------------------|---------------------------------|-----------------------|-----------------------|
| Category   | Rate    | Improvements Added to Tax Roll |                                    |                             |                               |                             |                                 |                                 |                       |                       |
| <i>Annual Land Appreciation</i>                        | 2.5%    |                                |                                    |                             |                               |                             |                                 |                                 |                       |                       |
| <i>City of Leander Tax Rate (per \$100)</i>            | 0.65292 |                                |                                    |                             |                               |                             |                                 |                                 |                       |                       |
| <i>Project Start Date</i>                              | 2014    |                                |                                    |                             |                               |                             |                                 |                                 |                       |                       |
|  |         | Year                           | <i>Mixed-use, Duplex, TH (T-5)</i> | <i>SF, duplex, TH (T-4)</i> | <i>Cottage: CD plus (T-3)</i> | <i>House: CD plus (T-3)</i> | <i>Urban Core, MU, MF (T-6)</i> | <i>Traditional Multi-Family</i> | <i>Office Sq. Ft.</i> | <i>Retail Sq. Ft.</i> |
|  |         | 2014                           | 0                                  | 0                           | 0                             | 0                           | 0                               | 0                               | 0                     | 0                     |
|  |         | 2015                           | 5                                  | 51                          | 200                           | 57                          | 0                               | 0                               | 0                     | 6,263                 |
|  |         | 2016                           | 10                                 | 54                          | 215                           | 61                          | 0                               | 95                              | 0                     | 8,726                 |
|  |         | 2017                           | 16                                 | 58                          | 231                           | 67                          | 0                               | 108                             | 12,800                | 9,569                 |
|  |         | 2018                           | 21                                 | 60                          | 246                           | 72                          | 0                               | 121                             | 11,300                | 10,405                |
|  |         | 2019                           | 28                                 | 64                          | 263                           | 77                          | 0                               | 136                             | 10,200                | 11,357                |
|  |         | 2020                           | 34                                 | 66                          | 276                           | 81                          | 0                               | 149                             | 10,900                | 12,131                |
|  |         | 2021                           | 41                                 | 69                          | 293                           | 87                          | 0                               | 166                             | 11,500                | 13,124                |
|  |         | 2022                           | 49                                 | 72                          | 70                            | 93                          | 0                               | 184                             | 11,100                | 9,351                 |
|  |         | 2023                           | 57                                 | 76                          | 0                             | 99                          | 0                               | 204                             | 11,600                | 8,716                 |
|  |         | 2024                           | 65                                 | 79                          | 0                             | 105                         | 0                               | 225                             | 14,100                | 9,479                 |
|  |         | 2025                           | 73                                 | 83                          | 0                             | 112                         | 247                             | 0                               | 15,500                | 10,305                |
|  |         | 2026                           | 83                                 | 87                          | 0                             | 119                         | 272                             | 0                               | 15,600                | 11,229                |
|  |         | 2027                           | 92                                 | 91                          | 0                             | 126                         | 299                             | 0                               | 16,800                | 12,166                |
|  |         | 2028                           | 103                                | 95                          | 0                             | 134                         | 329                             | 0                               | 18,100                | 13,232                |
|  |         | 2029                           | 114                                | 100                         | 0                             | 142                         | 361                             | 0                               | 19,300                | 14,349                |
|  |         | 2030                           | 126                                | 104                         | 0                             | 151                         | 396                             | 0                               | 20,600                | 15,543                |
|  |         | 2031                           | 139                                | 110                         | 0                             | 161                         | 435                             | 0                               | 22,000                | 16,898                |
| <b>Total</b>   |         |                                | <b>1,056</b>                       | <b>1,320</b>                | <b>1,794</b>                  | <b>1,746</b>                | <b>2,340</b>                    | <b>1,387</b>                    | <b>221,400</b>        | <b>192,841</b>        |

Source: Capital Market Research, December 2014

Leander TOD TIF.xls

Appendix ( B )  
 City of Leander: TOD Development Scenario  
 Project Value Comparison

| Existing Vacant Land Value |                         |                   |               |               | Developed Property Values |                   |                   |                 | Increment            |
|----------------------------|-------------------------|-------------------|---------------|---------------|---------------------------|-------------------|-------------------|-----------------|----------------------|
| Year                       | Sq. Ft. of Improvements | Improvement Value | Land Value    | Total Value   | Sq. Ft. of Improvements   | Improvement Value | Vacant Land Value | Total Value     | Net Value Difference |
| 2014                       | 0                       | \$0               | \$82,479,829  | \$82,479,829  | 0                         | \$0               | \$82,479,829      | \$82,479,829    | \$0                  |
| 2015                       | 0                       | \$0               | \$82,479,829  | \$82,479,829  | 818,017                   | \$107,867,996     | \$80,028,052      | \$187,896,048   | \$105,416,219        |
| 2016                       | 0                       | \$0               | \$84,541,825  | \$84,541,825  | 1,796,690                 | \$242,976,370     | \$77,177,083      | \$320,153,453   | \$235,611,629        |
| 2017                       | 0                       | \$0               | \$86,655,370  | \$86,655,370  | 2,872,346                 | \$399,494,061     | \$74,031,273      | \$473,525,334   | \$386,869,964        |
| 2018                       | 0                       | \$0               | \$88,821,755  | \$88,821,755  | 4,028,764                 | \$575,364,963     | \$70,665,936      | \$646,030,900   | \$557,209,145        |
| 2019                       | 0                       | \$0               | \$91,042,298  | \$91,042,298  | 5,277,743                 | \$773,528,591     | \$67,047,342      | \$840,575,933   | \$749,533,634        |
| 2020                       | 0                       | \$0               | \$93,318,356  | \$93,318,356  | 6,600,510                 | \$992,678,189     | \$63,227,083      | \$1,055,905,272 | \$962,586,917        |
| 2021                       | 0                       | \$0               | \$95,651,315  | \$95,651,315  | 8,019,412                 | \$1,237,485,817   | \$59,141,408      | \$1,296,627,225 | \$1,200,975,910      |
| 2022                       | 0                       | \$0               | \$98,042,598  | \$98,042,598  | 8,921,612                 | \$1,415,108,927   | \$56,793,866      | \$1,471,902,793 | \$1,373,860,196      |
| 2023                       | 0                       | \$0               | \$100,493,663 | \$100,493,663 | 9,705,583                 | \$1,583,050,597   | \$54,891,386      | \$1,637,941,982 | \$1,537,448,319      |
| 2024                       | 0                       | \$0               | \$103,006,004 | \$103,006,004 | 10,551,059                | \$1,769,540,729   | \$52,840,476      | \$1,822,381,205 | \$1,719,375,200      |
| 2025                       | 0                       | \$0               | \$105,581,154 | \$105,581,154 | 11,443,417                | \$2,002,165,804   | \$50,964,092      | \$2,053,129,896 | \$1,947,548,741      |
| 2026                       | 0                       | \$0               | \$108,220,683 | \$108,220,683 | 12,405,052                | \$2,261,174,680   | \$48,958,845      | \$2,310,133,525 | \$2,201,912,842      |
| 2027                       | 0                       | \$0               | \$110,926,200 | \$110,926,200 | 13,437,223                | \$2,548,595,154   | \$46,819,242      | \$2,595,414,397 | \$2,484,488,196      |
| 2028                       | 0                       | \$0               | \$113,699,355 | \$113,699,355 | 14,549,176                | \$2,868,433,589   | \$44,528,201      | \$2,912,961,790 | \$2,799,262,435      |
| 2029                       | 0                       | \$0               | \$116,541,839 | \$116,541,839 | 15,744,204                | \$3,223,362,331   | \$42,082,493      | \$3,265,444,824 | \$3,148,902,985      |
| 2030                       | 0                       | \$0               | \$119,455,385 | \$119,455,385 | 17,026,631                | \$3,616,880,426   | \$39,473,434      | \$3,656,353,860 | \$3,536,898,475      |
| 2031                       | 0                       | \$0               | \$122,441,770 | \$122,441,770 | 18,409,493                | \$4,054,399,105   | \$36,677,701      | \$4,091,076,806 | \$3,968,635,037      |
|                            |                         |                   |               |               |                           |                   |                   |                 | \$3,968,635,037      |

Source: Capital Market Research, December 2014

Leander TOD TIF.xls

Appendix (C)  
City of Leander: TOD Development Scenario  
Project Tax Comparison

| Existing Land Use Revenue Forecast |                   |                      |              | Developed Center Revenue Forecast |                   |                      |               | Change                 |
|------------------------------------|-------------------|----------------------|--------------|-----------------------------------|-------------------|----------------------|---------------|------------------------|
| Year                               | Sales Tax Revenue | Property Tax Revenue | Total Value  | Sq. Ft. of Improvements           | Sales Tax Revenue | Property Tax Revenue | Total Revenue | Net Revenue Difference |
| 2014                               | \$0               | \$538,527            | \$538,527    | 0                                 | \$0               | \$538,527            | \$538,527     | \$0                    |
| 2015                               | \$0               | \$538,527            | \$538,527    | 818,017                           | \$25,051          | \$1,226,811          | \$1,251,862   | \$713,334              |
| 2016                               | \$0               | \$551,990            | \$551,990    | 1,796,690                         | \$60,854          | \$2,090,346          | \$2,151,200   | \$1,599,210            |
| 2017                               | \$0               | \$565,790            | \$565,790    | 2,872,346                         | \$101,198         | \$3,091,742          | \$3,192,940   | \$2,627,149            |
| 2018                               | \$0               | \$579,935            | \$579,935    | 4,028,764                         | \$146,237         | \$4,218,065          | \$4,364,302   | \$3,784,367            |
| 2019                               | \$0               | \$594,433            | \$594,433    | 5,277,743                         | \$196,647         | \$5,488,288          | \$5,684,935   | \$5,090,502            |
| 2020                               | \$0               | \$609,294            | \$609,294    | 6,600,510                         | \$251,871         | \$6,894,217          | \$7,146,087   | \$6,536,793            |
| 2021                               | \$0               | \$624,527            | \$624,527    | 8,019,412                         | \$313,049         | \$8,465,938          | \$8,778,987   | \$8,154,461            |
| 2022                               | \$0               | \$640,140            | \$640,140    | 8,921,612                         | \$359,255         | \$9,610,348          | \$9,969,603   | \$9,329,463            |
| 2023                               | \$0               | \$656,143            | \$656,143    | 9,705,583                         | \$403,918         | \$10,694,451         | \$11,098,369  | \$10,442,226           |
| 2024                               | \$0               | \$672,547            | \$672,547    | 10,551,059                        | \$453,330         | \$11,898,691         | \$12,352,021  | \$11,679,474           |
| 2025                               | \$0               | \$689,360            | \$689,360    | 11,443,417                        | \$507,966         | \$13,405,296         | \$13,913,261  | \$13,223,901           |
| 2026                               | \$0               | \$706,594            | \$706,594    | 12,405,052                        | \$568,495         | \$15,083,324         | \$15,651,819  | \$14,945,225           |
| 2027                               | \$0               | \$724,259            | \$724,259    | 13,437,223                        | \$635,205         | \$16,945,980         | \$17,581,184  | \$16,856,925           |
| 2028                               | \$0               | \$742,366            | \$742,366    | 14,549,176                        | \$708,965         | \$19,019,310         | \$19,728,275  | \$18,985,910           |
| 2029                               | \$0               | \$760,925            | \$760,925    | 15,744,204                        | \$790,297         | \$21,320,742         | \$22,111,039  | \$21,350,114           |
| 2030                               | \$0               | \$779,948            | \$779,948    | 17,026,631                        | \$879,879         | \$23,873,066         | \$24,752,945  | \$23,972,997           |
| 2031                               | \$0               | \$799,447            | \$799,447    | 18,409,493                        | \$978,850         | \$26,711,459         | \$27,690,309  | \$26,890,862           |
|                                    |                   | \$11,774,754         | \$11,774,754 |                                   | \$7,381,066       | \$200,576,600        | \$207,957,666 | \$196,182,912          |

Source: Capitol Market Research, December 2014

Leander TOD TIF.xls

Current City of Leander property tax rate assumed for the forecast period (0.65292)

Sales per square foot assumed to \$400 per square foot and increase by 1.5% per year beginning in 2015

Appendix (D)  
 City of Leander: Conventional Land Use Analysis  
 Input Data Sheet

| <i>Proposed Land Use</i>  |                |                |                |         |                               |                |                               |
|---|----------------|----------------|----------------|---------|-------------------------------|----------------|-------------------------------|
| Land Use Type   | Acres          | Units Per Acre | Dwelling Units | Sq. Ft. | Construction Cost per Sq. Ft. | Value per Unit | Total Potential Value         |
| <i>PUD (Planned Unit Development)<br/>(Remaining Undeveloped in 2031)</i> | 947.50         | 3.5            | 3,316          | 2,888   | \$136                         | \$393,000      | \$1,303,287,586<br>\$0<br>\$0 |
| <i>Traditional Single Family</i>  | 1142.40        | 3.5            | 3,998          | 2,888   | \$136                         | \$393,000      | \$1,571,377,349               |
| <i>Traditional Multi-Family</i>   | 105.92         | 18.0           | 1,907          | 950     | \$126                         | \$120,000      | \$228,785,430                 |
| <i>General Commercial</i>   | 5.08           | 0.0            | 0              | 110,600 | \$160                         | \$160          | \$17,696,000                  |
| <i>Office</i>   | 9.03           | 0.0            | 0              | 117,969 | \$175                         | \$175          | \$20,644,588                  |
| <b>Total</b>  | <b>2209.93</b> |                | <b>9,221</b>   |         |                               |                | <b>\$3,141,790,953</b>        |

| <i>Existing Property Information</i> |                   |                |               |                     |                |                     |
|--------------------------------------|-------------------|----------------|---------------|---------------------|----------------|---------------------|
| Land Use Type                        | Account Number    | Land Area      | Bldg. Sq. Ft. | Assessed Land Value | Building Value | Total Value         |
| <i>Vacant Land</i>                   | multiple accounts | 2209.93        | 0             | \$82,479,829        | 0.000          | \$82,479,829        |
| <b>Total</b>                         |                   | <b>2209.93</b> | <b>0</b>      | <b>\$82,479,829</b> | <b>\$0</b>     | <b>\$82,479,829</b> |

| <i>Development Assumptions: Based on Current Zoning</i> |         |           |                                |                  |              |              |               |              |                |                |
|---|---------|-----------|--------------------------------|------------------|--------------|--------------|---------------|--------------|----------------|----------------|
| Category  | Rate    | Unit      | Improvements Added to Tax Roll |                  |              |              |               |              |                |                |
| <i>Land Appreciation</i>                                | 2.5%    | Year      |                                |                  |              |              |               |              |                |                |
| <i>City of Leander Tax Rate</i>                         | 0.65292 | per \$100 |                                |                  |              |              |               |              |                |                |
| <i>Project Start Date</i>                               | 2014    |           |                                |                  |              |              |               |              |                |                |
|   |         |           | Year                           | Attached Housing | Low Range SF | Mid Range SF | High Range SF | Multi-Family | Office Sq. Ft. | Retail Sq. Ft. |
|   |         |           | 2014                           | 0                | 0            | 0            | 0             | 0            | 0              | 0              |
|   |         |           | 2015                           | 0                | 0            | 0            | 331           | 0            | 0              | 6,620          |
|   |         |           | 2016                           | 0                | 0            | 0            | 278           | 38           | 0              | 6,321          |
|   |         |           | 2017                           | 0                | 0            | 0            | 252           | 45           | 6,400          | 5,940          |
|   |         |           | 2018                           | 0                | 0            | 0            | 224           | 52           | 5,600          | 5,528          |
|   |         |           | 2019                           | 0                | 0            | 0            | 219           | 61           | 5,100          | 5,598          |
|   |         |           | 2020                           | 0                | 0            | 0            | 191           | 69           | 5,500          | 5,198          |
|   |         |           | 2021                           | 0                | 0            | 0            | 194           | 79           | 5,700          | 5,453          |
|   |         |           | 2022                           | 0                | 0            | 0            | 207           | 89           | 5,600          | 5,924          |
|   |         |           | 2023                           | 0                | 0            | 0            | 220           | 101          | 5,800          | 6,417          |
|   |         |           | 2024                           | 0                | 0            | 0            | 233           | 113          | 7,000          | 6,927          |
|   |         |           | 2025                           | 0                | 0            | 0            | 234           | 127          | 7,700          | 7,220          |
|   |         |           | 2026                           | 0                | 0            | 0            | 235           | 142          | 7,800          | 7,539          |
|   |         |           | 2027                           | 0                | 0            | 0            | 235           | 158          | 8,400          | 7,863          |
|   |         |           | 2028                           | 0                | 0            | 0            | 235           | 177          | 9,000          | 8,230          |
|   |         |           | 2029                           | 0                | 0            | 0            | 235           | 196          | 9,700          | 8,617          |
|   |         |           | 2030                           | 0                | 0            | 0            | 235           | 217          | 10,300         | 9,045          |
|   |         |           | 2031                           | 0                | 0            | 0            | 235           | 242          | 11,000         | 9,530          |
| <b>Total</b>  |         |           |                                | <b>0</b>         | <b>0</b>     | <b>0</b>     | <b>3,992</b>  | <b>1,907</b> | <b>110,600</b> | <b>117,969</b> |

Source: Capital Market Research, December 2014

Leander TIF Conventional.xlsx

Appendix ( E )  
 City of Leander: TIF Forecast based on Current Zoning  
 Project Value Comparison

| Existing Vacant Land Value |                         |                   |               |               | Developed Property Values |                   |                   |                 | Increment            |
|----------------------------|-------------------------|-------------------|---------------|---------------|---------------------------|-------------------|-------------------|-----------------|----------------------|
| Year                       | Sq. Ft. of Improvements | Improvement Value | Land Value    | Total Value   | Sq. Ft. of Improvements   | Improvement Value | Vacant Land Value | Total Value     | Net Value Difference |
| 2014                       | 0                       | \$0               | \$82,479,829  | \$82,479,829  | 0                         | \$0               | \$82,479,829      | \$82,479,829    | \$0                  |
| 2015                       | 0                       | \$0               | \$84,541,825  | \$84,541,825  | 962,548                   | \$134,420,755     | \$78,925,539      | \$213,346,294   | \$128,804,469        |
| 2016                       | 0                       | \$0               | \$86,655,370  | \$86,655,370  | 1,805,989                 | \$258,427,469     | \$75,859,272      | \$334,286,740   | \$247,631,370        |
| 2017                       | 0                       | \$0               | \$88,821,755  | \$88,821,755  | 2,586,605                 | \$379,756,309     | \$73,046,442      | \$452,802,750   | \$363,980,996        |
| 2018                       | 0                       | \$0               | \$91,042,298  | \$91,042,298  | 3,291,801                 | \$495,573,791     | \$70,519,892      | \$566,093,684   | \$475,051,385        |
| 2019                       | 0                       | \$0               | \$93,318,356  | \$93,318,356  | 3,989,763                 | \$615,773,060     | \$68,029,812      | \$683,802,873   | \$590,484,517        |
| 2020                       | 0                       | \$0               | \$95,651,315  | \$95,651,315  | 4,614,075                 | \$730,045,266     | \$65,822,636      | \$795,867,902   | \$700,216,587        |
| 2021                       | 0                       | \$0               | \$98,042,598  | \$98,042,598  | 5,256,298                 | \$852,537,287     | \$63,562,088      | \$916,099,375   | \$818,056,778        |
| 2022                       | 0                       | \$0               | \$100,493,663 | \$100,493,663 | 5,945,916                 | \$988,530,028     | \$61,139,674      | \$1,049,669,701 | \$949,176,038        |
| 2023                       | 0                       | \$0               | \$103,006,004 | \$103,006,004 | 6,684,264                 | \$1,139,065,592   | \$58,552,484      | \$1,197,618,076 | \$1,094,612,071      |
| 2024                       | 0                       | \$0               | \$105,581,154 | \$105,581,154 | 7,473,106                 | \$1,305,380,123   | \$55,797,034      | \$1,361,177,158 | \$1,255,596,003      |
| 2025                       | 0                       | \$0               | \$108,220,683 | \$108,220,683 | 8,278,110                 | \$1,482,207,851   | \$53,000,574      | \$1,535,208,425 | \$1,426,987,742      |
| 2026                       | 0                       | \$0               | \$110,926,200 | \$110,926,200 | 9,099,520                 | \$1,670,032,234   | \$50,162,902      | \$1,720,195,137 | \$1,609,268,937      |
| 2027                       | 0                       | \$0               | \$113,699,355 | \$113,699,355 | 9,936,415                 | \$1,869,234,651   | \$47,289,732      | \$1,916,524,382 | \$1,802,825,027      |
| 2028                       | 0                       | \$0               | \$116,541,839 | \$116,541,839 | 10,790,797                | \$2,080,718,119   | \$44,376,427      | \$2,125,094,545 | \$2,008,552,706      |
| 2029                       | 0                       | \$0               | \$119,455,385 | \$119,455,385 | 11,663,697                | \$2,305,265,966   | \$41,420,658      | \$2,346,686,625 | \$2,227,231,239      |
| 2030                       | 0                       | \$0               | \$122,441,770 | \$122,441,770 | 12,556,894                | \$2,543,834,776   | \$38,418,244      | \$2,582,253,020 | \$2,459,811,250      |
| 2031                       | 0                       | \$0               | \$125,502,814 | \$125,502,814 | 13,473,093                | \$2,797,648,486   | \$35,362,983      | \$2,833,011,469 | \$2,707,508,655      |
|                            |                         |                   |               |               |                           |                   |                   |                 | \$2,707,508,655      |

Source: Capitol Market Research, December 2014

Leander TIF Conventional.xls

Appendix ( F )  
**City of Leander: Conventional Zoning**  
 Project Tax Comparison

| <i>Existing Land Use Revenue Forecast</i> |                   |                      |              | <i>Developed Center Revenue Forecast</i> |                   |                      |               | <i>Change</i>        |
|---|-------------------|----------------------|--------------|--|-------------------|----------------------|---------------|----------------------|
| Year                                      | Sales Tax Revenue | Property Tax Revenue | Total Value  | Sq. Ft. of Improvements                  | Sales Tax Revenue | Property Tax Revenue | Total Value   | Net Value Difference |
| 2014                                      | \$0               | \$538,527            | \$538,527    | 0  | \$0               | \$538,527            | \$538,527     | \$0                  |
| 2015                                      | \$0               | \$551,990            | \$551,990    | 6,620                                    | \$0               | \$1,392,981          | \$1,399,601   | \$847,610            |
| 2016                                      | \$0               | \$565,790            | \$565,790    | 19,561                                   | \$0               | \$2,182,625          | \$2,202,186   | \$1,636,396          |
| 2017                                      | \$0               | \$579,935            | \$579,935    | 2,586,605                                | \$77,808          | \$2,956,440          | \$3,034,247   | \$2,454,312          |
| 2018                                      | \$0               | \$594,433            | \$594,433    | 3,291,801                                | \$102,097         | \$3,696,139          | \$3,798,235   | \$3,203,802          |
| 2019                                      | \$0               | \$609,294            | \$609,294    | 3,989,763                                | \$127,392         | \$4,464,686          | \$4,592,078   | \$3,982,784          |
| 2020                                      | \$0               | \$624,527            | \$624,527    | 4,614,075                                | \$151,702         | \$5,196,381          | \$5,348,082   | \$4,723,556          |
| 2021                                      | \$0               | \$640,140            | \$640,140    | 5,256,298                                | \$177,829         | \$5,981,396          | \$6,159,225   | \$5,519,085          |
| 2022                                      | \$0               | \$656,143            | \$656,143    | 5,945,916                                | \$206,795         | \$6,853,503          | \$7,060,298   | \$6,404,155          |
| 2023                                      | \$0               | \$672,547            | \$672,547    | 6,684,264                                | \$238,812         | \$7,819,488          | \$8,058,300   | \$7,385,753          |
| 2024                                      | \$0               | \$689,360            | \$689,360    | 7,473,106                                | \$274,075         | \$8,887,398          | \$9,161,473   | \$8,472,112          |
| 2025                                      | \$0               | \$706,594            | \$706,594    | 8,278,110                                | \$311,702         | \$10,023,683         | \$10,335,385  | \$9,628,790          |
| 2026                                      | \$0               | \$724,259            | \$724,259    | 9,099,520                                | \$351,899         | \$11,231,498         | \$11,583,397  | \$10,859,138         |
| 2027                                      | \$0               | \$742,366            | \$742,366    | 9,936,415                                | \$394,780         | \$12,513,371         | \$12,908,151  | \$12,165,785         |
| 2028                                      | \$0               | \$760,925            | \$760,925    | 10,790,797                               | \$440,650         | \$13,875,167         | \$14,315,817  | \$13,554,892         |
| 2029                                      | \$0               | \$779,948            | \$779,948    | 11,663,697                               | \$489,716         | \$15,321,986         | \$15,811,702  | \$15,031,754         |
| 2030                                      | \$0               | \$799,447            | \$799,447    | 12,556,894                               | \$542,296         | \$16,860,046         | \$17,402,342  | \$16,602,896         |
| 2031                                      | \$0               | \$819,433            | \$819,433    | 13,473,093                               | \$598,804         | \$18,497,298         | \$19,096,103  | \$18,276,670         |
|   |                   | \$12,055,660         | \$12,055,660 |  | \$4,486,356       | \$148,292,614        | \$152,805,151 | \$140,749,491        |

Source: Capitol Market Research, December 2014

Leander TIF Conventional.xls

Current City of Leander property tax rate assumed for the forecast period (0.65292)

Sales per square foot assumed to \$400 per square foot and increase by 1.5% per year beginning in 2015

Sales per square foot assumed to increase by 1.5% per year beginning in 2013

### ***Certificate***

The undersigned do hereby certify that, except as otherwise noted in this market/feasibility report: We certify that we have personally inspected the aforementioned subject property, and that our fee is in no way contingent upon the determination of feasibility reported herein.

We have no present or contemplated future interest in the real estate that is the subject of this report.

To the best of our knowledge and belief the statements of fact contained in this report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.

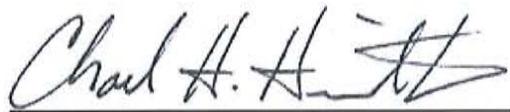
This report sets forth all of the limiting conditions (imposed by the terms of our assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.

Recognition is hereby given to Erin Roberts, Joey Valenzuela and Carly Havard for their assistance in the preparation of this report.

No one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate that are set forth in this report.

Respectfully submitted,

**CAPITOL MARKET RESEARCH, INC.**

A handwritten signature in cursive script, reading "Charles H. Heimsath", written over a horizontal line.

Charles H. Heimsath  
President

## **CHARLES H. HEIMSATH QUALIFICATIONS**

Charles H. Heimsath graduated from The University of Texas in 1976 with a Master of Science degree in City Planning. He has been active in the real estate market since 1976 in the areas of commercial and residential brokerage, market and feasibility studies, and real estate research. Prior to his association with Capitol Market Research, Mr. Heimsath was a senior project manager in charge of feasibility/market research with an appraisal firm, R. Robinson & Associates, Inc., Austin, Texas. Between 1980 and 1983 he was responsible for managing the real estate research division at the Rice Center in Houston.

Since moving to Austin in February 1984, Mr. Heimsath has conducted or managed over 500 market research and feasibility projects covering a range of property types from residential and mixed-use subdivisions through office/warehouse and service center space to downtown office buildings. His work has also included population forecasting for several cities, consultation to the General Land Office, The University of Texas System, and economic impact studies for proposed commuter and light rail systems in Austin and San Antonio.

### **EDUCATION**

B.S. in Economics, University of Vermont, Burlington, Vermont; June 1972

M.S. in Community and Regional Planning, The University of Texas, Austin, Texas; August 1976

Post Graduate Studies, Rice University, Houston, Texas; 1980, 1981

### **PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS**

American Planning Association

Real Estate Council of Austin, Former Board Member

Texas Real Estate Broker #188355-13

Urban Land Institute, Austin Advisory Board Member

Downtown Austin Alliance, Board Member, Policy Committee Chair

### **PROFESSIONAL EXPERIENCE**

Capitol Market Research, Inc., President: June 1986 - Present

R. Robinson & Associates, Project Manager: Real estate research, market and demographic studies, land-use forecasting: February 1984 - June 1986

South Main Center Assoc., Associate Director: Construction management, office administration, policy development, community outreach: February 1983 - February 1984

Rice Center, Senior Associate: Senior project manager responsible for real estate research, urban development and economic forecasting: October 1978 - February 1983

Mayor's Office, City of Houston, Urban Economist: Responsible for preparing the Overall Economic Development Plan (OEDP) for Houston: October 1976 - October 1978

LEANDER TIRZ NO. 1

PRELIMINARY FINANCIAL REPORT

\*\*FOR DISCUSSION ONLY\*\*

| TAX YEAR            | 2006              | 2007              | 2008              | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              |
|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| FISCAL YEAR         | 2006-07           | 2007-08           | 2008-09           | 2009-10           | 2010-11           | 2011-12           | 2012-13           | 2013-14           | 2014-15           |
|                     | Actual            | Budget            |
| BASE VALUE (A.V.)   | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        | 27,137,114        |
| INCREMENT           | 0                 | 20,453,521        | 38,061,473        | 33,785,384        | 32,916,810        | 38,938,252        | 35,999,129        | 33,517,394        | 33,545,713        |
| <b>TOTAL A.V.</b>   | <b>27,137,114</b> | <b>47,590,635</b> | <b>65,198,587</b> | <b>60,922,498</b> | <b>60,053,924</b> | <b>66,075,366</b> | <b>63,136,243</b> | <b>60,654,508</b> | <b>60,682,827</b> |
| <b>REVENUES</b>     |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| CITY TAXES (@50%)   | 0                 | 36,715            | 121,396           | 97,772            | 104,621           | 122,281           | 110,945           | 105,726           | 145,000           |
| COUNTY TAXES (@50%) | 0                 | 0                 | 126,947           | 75,391            | 74,920            | 84,681            | 75,768            | 78,430            | 106,800           |
| DELINQUENT TAXES    |                   |                   |                   |                   |                   |                   |                   | 8,804             | 0                 |
| INTEREST            | 0                 | 1,272             | 543               | 535               | 527               | 473               | 190               | 20                | 0                 |
| CONTRIBUTIONS       | 0                 | 0                 | 0                 | 0                 | 100,000           | 0                 | 0                 | 0                 | 0                 |
| <b>TOTAL</b>        | <b>0</b>          | <b>37,987</b>     | <b>248,886</b>    | <b>173,698</b>    | <b>280,069</b>    | <b>207,435</b>    | <b>186,903</b>    | <b>192,979</b>    | <b>251,800</b>    |

Note: City & County taxes are received in June each year.

EXPENDITURES

|                                |          |              |               |              |                |                |                |                |                |
|--------------------------------|----------|--------------|---------------|--------------|----------------|----------------|----------------|----------------|----------------|
| ZONING IMPACT STUDY            |          | 6,600        |               |              |                |                |                |                |                |
| LEGAL                          |          |              | 31,600        | 1,967        |                | 172,252        |                | 0              | 0              |
| LEANDER T                      |          |              |               |              | 216,259        |                |                |                |                |
| HERO WAY ROADWAY               |          |              |               |              | 12,000         |                |                |                |                |
| COMMITMENTS (DEV. AGR.)        |          |              |               |              |                | 10,477         | 9,335          | 9,487          | 13,050         |
| CITY ADM FEE                   |          |              |               |              | 130,000        | 130,000        | 130,000        | 130,000        | 130,000        |
| CRESCENT PROPERTY PAYMENT ACCT |          |              |               |              |                |                | 290,000        | 59,200         | 29,000         |
| HERO WAY WATERLINE             |          |              |               |              |                |                | 429,335        | 198,687        | 231,250        |
| <b>TOTAL</b>                   | <b>0</b> | <b>6,600</b> | <b>31,600</b> | <b>1,967</b> | <b>358,259</b> | <b>312,729</b> | <b>290,000</b> | <b>198,687</b> | <b>231,250</b> |

OVER/(UNDER)

|  |   |        |         |         |          |           |           |         |        |
|--|---|--------|---------|---------|----------|-----------|-----------|---------|--------|
|  | 0 | 31,387 | 217,286 | 171,731 | (78,190) | (105,294) | (242,432) | (5,708) | 20,550 |
|--|---|--------|---------|---------|----------|-----------|-----------|---------|--------|

FUND BALANCE

|  |   |        |         |         |         |         |         |          |       |
|--|---|--------|---------|---------|---------|---------|---------|----------|-------|
|  | 0 | 31,387 | 248,674 | 420,405 | 342,215 | 236,921 | (5,511) | (11,219) | 9,331 |
|--|---|--------|---------|---------|---------|---------|---------|----------|-------|

LEANDER TIRZ NO. 1  
 PRELIMINARY FINANCIAL REPORT  
 \*\*FOR DISCUSSION ONLY\*\*

| COMMITMENTS                           |   |   |                  |                         |                  |                  |
|---------------------------------------|---|---|------------------|-------------------------|------------------|------------------|
| APPROVAL DATE                         | DESCRIPTION                                 | PROPERTY                                    | AMOUNT           | EST. ANNUAL PAYMENT     | PAYMENTS TO DATE | BALANCE          |
| 10/06/2011                            | HERO WAY ENG. & DESIGN & R.O.W.             | 128.322 ac. T.Chambers Survey No. AW0125    | 278,570          | 4,715                   | 14,528           | 264,042          |
| 10/06/2011                            | HERO WAY ENG. & DESIGN & R.O.W.             | 144.7 ac. NE Intersection of US183 & RR2243 | 619,330          | 5,762                   | 14,772           | 604,558          |
| 03/15/2012                            | LEANDER T CONSTRUCTION GRANT MATCH          | 128.322 ac. T.Chambers Survey No. AW0125    | 200,000          | INCL. ABOVE             | 0                | 200,000          |
| 03/15/2012                            | LEANDER T CONSTRUCTION GRANT MATCH          | 144.7 ac. NE Intersection of US183 & RR2243 | 200,000          | INCL. ABOVE             | 0                | 200,000          |
| 02/07/2013                            | CITY OF LEANDER HERO WAY WATERLINE          |   | 795,000          | 59,200                  | 349,200          | 445,800          |
| 01/23/2014                            | LEANDER T ENGINEERING                       | 128.322 ac. T.Chambers Survey No. AW0125    | 91,342           | INCL. ABOVE             | 0                | 91,342           |
| 01/23/2014                            | LEANDER T ENGINEERING                       | 144.7 ac. NE Intersection of US183 & RR2243 | 377,722          | INCL. ABOVE             | 0                | 377,722          |
| <b>ACTIVE OUTSTANDING COMMITMENTS</b> |   |   | <b>2,561,964</b> | <b>69,677</b>           | <b>378,500</b>   | <b>2,183,464</b> |
| REMAINING COMMITMENTS                 |   |   |                  |                         |                  |                  |
| Project Plan                          | WILLIAMSON COUNTY CR 274 (SAN GABRIEL)      |   | 4,700,000        | T.B.D.                  | 0                | 4,700,000        |
| 12/19/2013                            | CRESCENT LEANDER, LLC DEVELOPMENT AGREEMENT | APPROX 491 ACRES BTW 185A AND CR 270        | 13,888,245       | X REIMBURSEMENT FORMULA | 0                | T.B.D.           |
| 10/16/2014                            | OAK CREEK PID DEVELOPMENT AGREEMENT         | APPROX 125.575 ACRES WEST OF US 183         | 4,220,374        | (MAXIMUM AMT)           | 0                | 4,220,374        |