



ADDISON

**Addison Circle TOD
ULI Project Analysis Session
September 2019**

Agenda

1. INTRODUCTION AND CONTEXT

Charles Goff, AICP
Director of Development Services, Town of Addison

2. STUDY AREA AND FINDINGS

Charles Goff, AICP
Director of Development Services, Town of Addison

3. SCENARIOS FOR DISCUSSION

Fred Merrill, FAICP
Principal, Sasaki

4. REAL ESTATE MARKET SNAPSHOT

David Leininger
Managing Director, Leininger Analytics
Strategic Advisor, Sasaki

5. MASTER DEVELOPER SOLICITATION

David Leininger
Managing Director, Leininger Analytics
Strategic Advisor, Sasaki

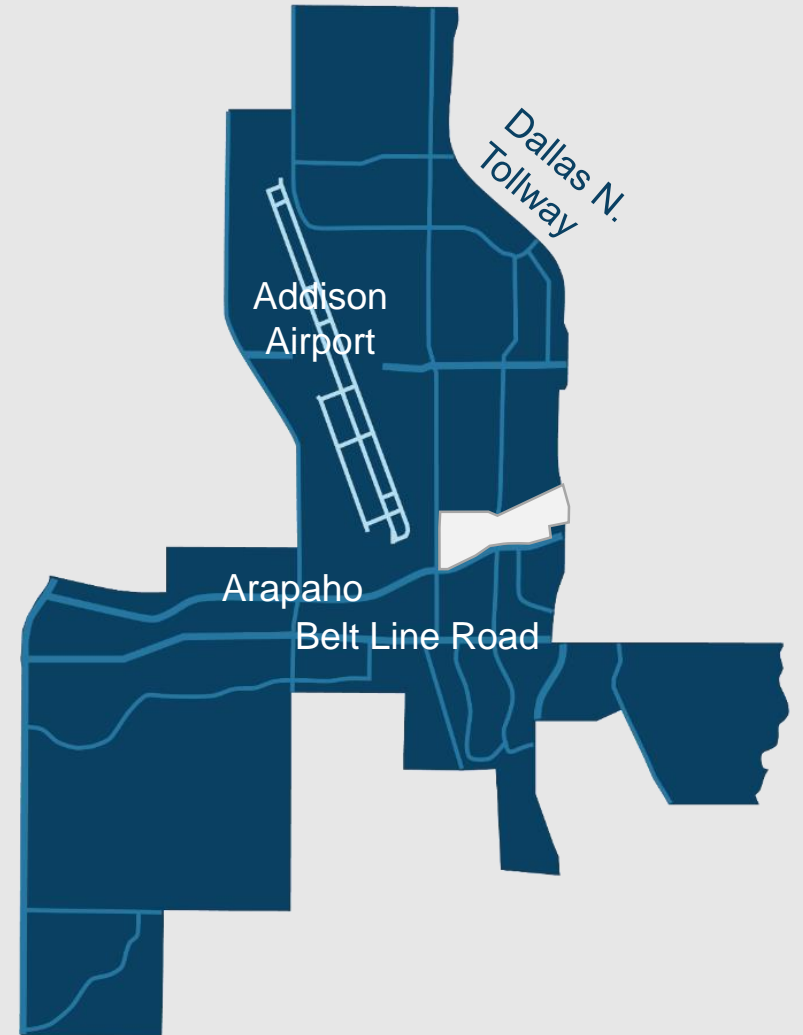
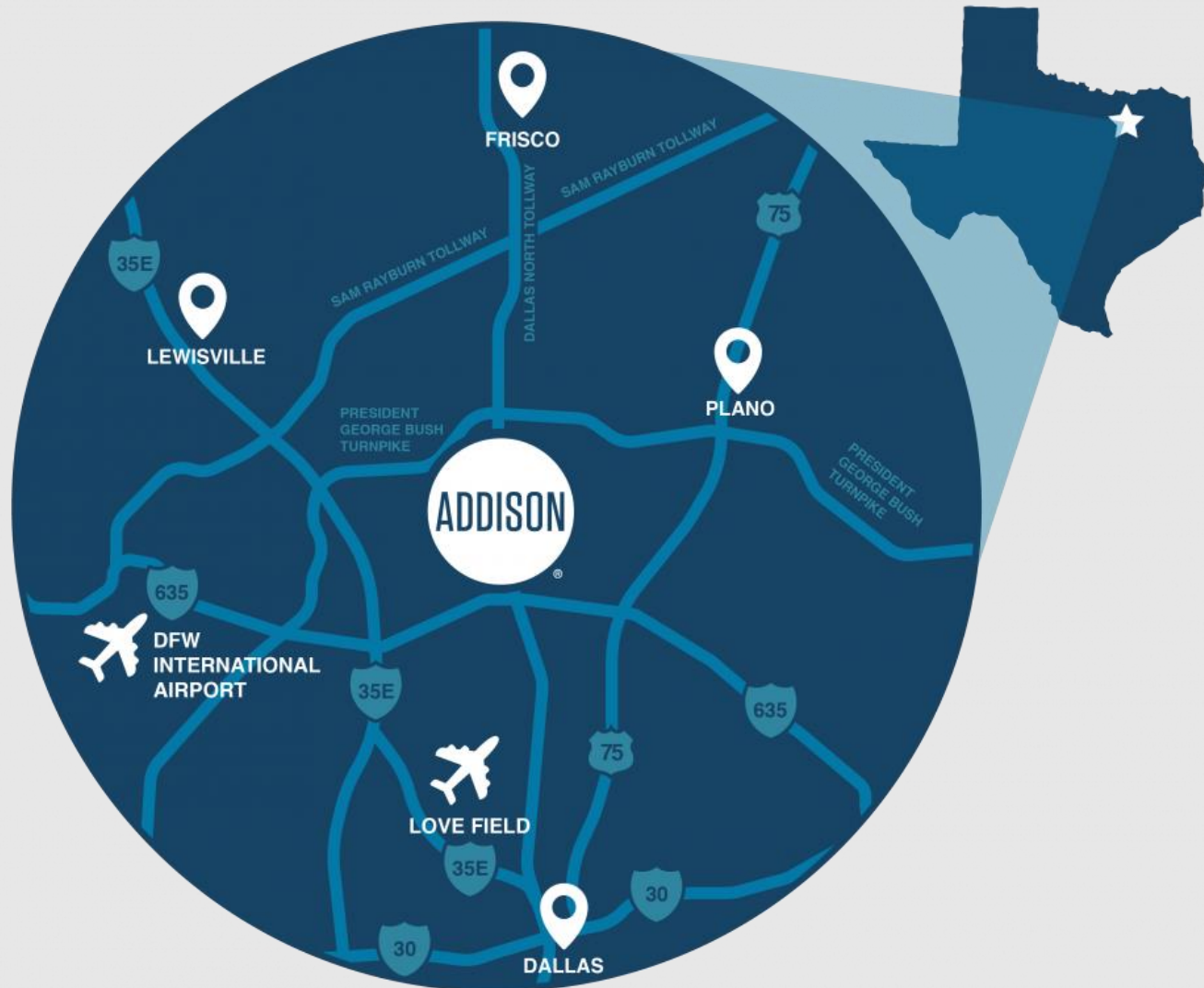
Introduction and Context



Purpose of Today's Session

1. Present Addison's development opportunity to group of experienced real estate professionals
2. Seek candid assessments of risk and constructive criticisms which should be understood and addressed as the Town of Addison moves forward with its vision for ultimate development of the study area
3. Obtain input that can be incorporated into the engagement process the Town of Addison will undertake with Dallas Area Rapid Transit, the real estate development community and the Addison community

Town of Addison



Town of Addison

15,458

Residents

4.4

Square Miles of
Land

10m

Square Feet of
Office Space

180

Restaurants

23

Hotels

60%

Households
25-54 Yr. Olds

\$90k

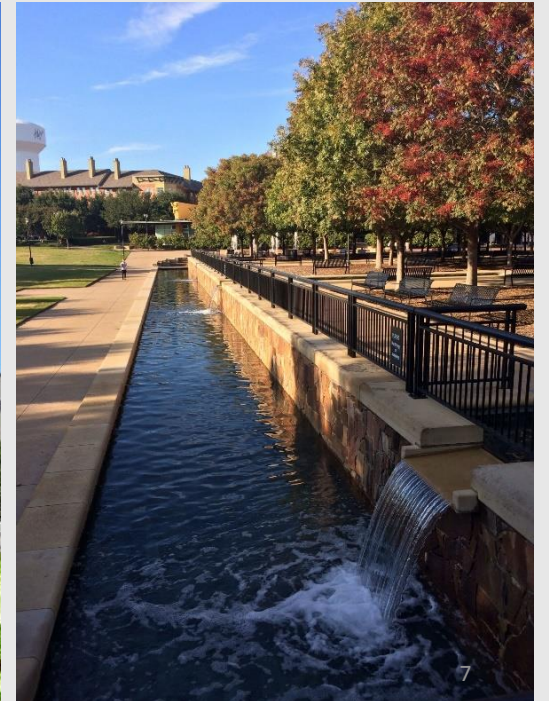
Average
Household Income

118

Acres of Parks

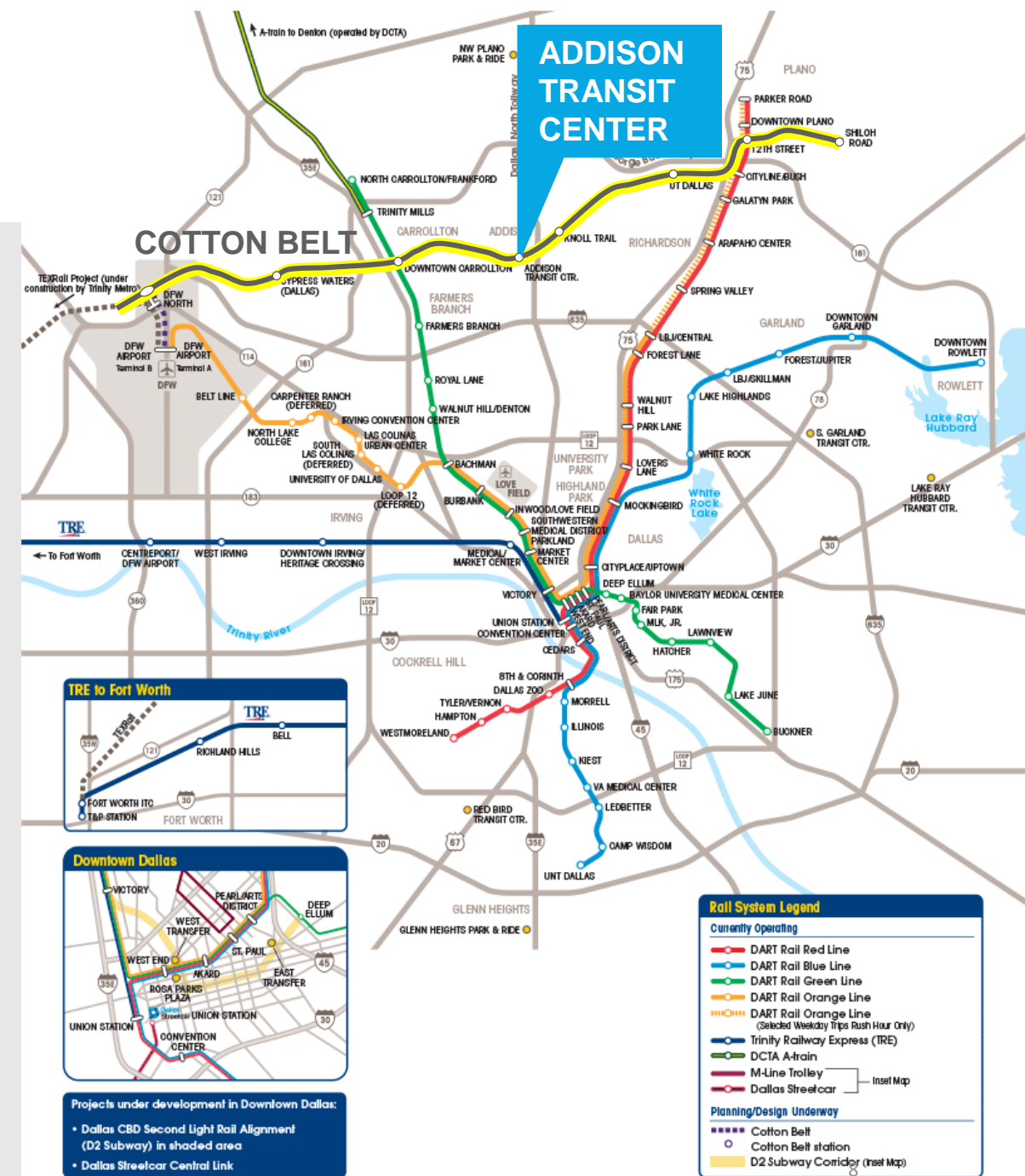
Addison Circle

The Addison Circle area is characterized by multi-story office buildings, retail uses, urban residential, and park/plaza space.



Cotton Belt

- DART project under construction
- Service date by end of 2022
- 26-mile rail corridor extends from DFW Airport to Plano
- Traverses seven cities
- Primary purpose to provide passenger rail connections and service to major employment, population and activity centers

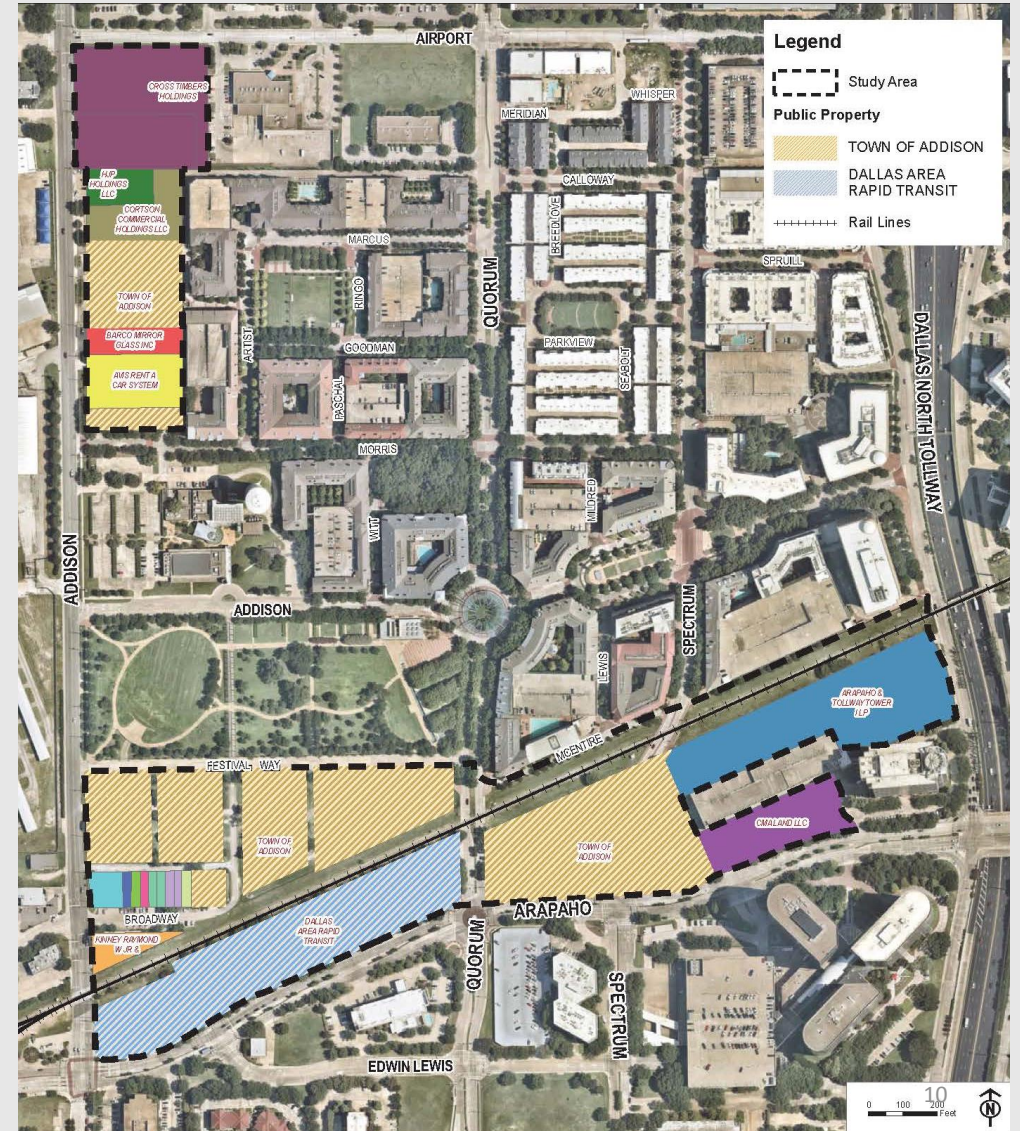


Study Area and Findings

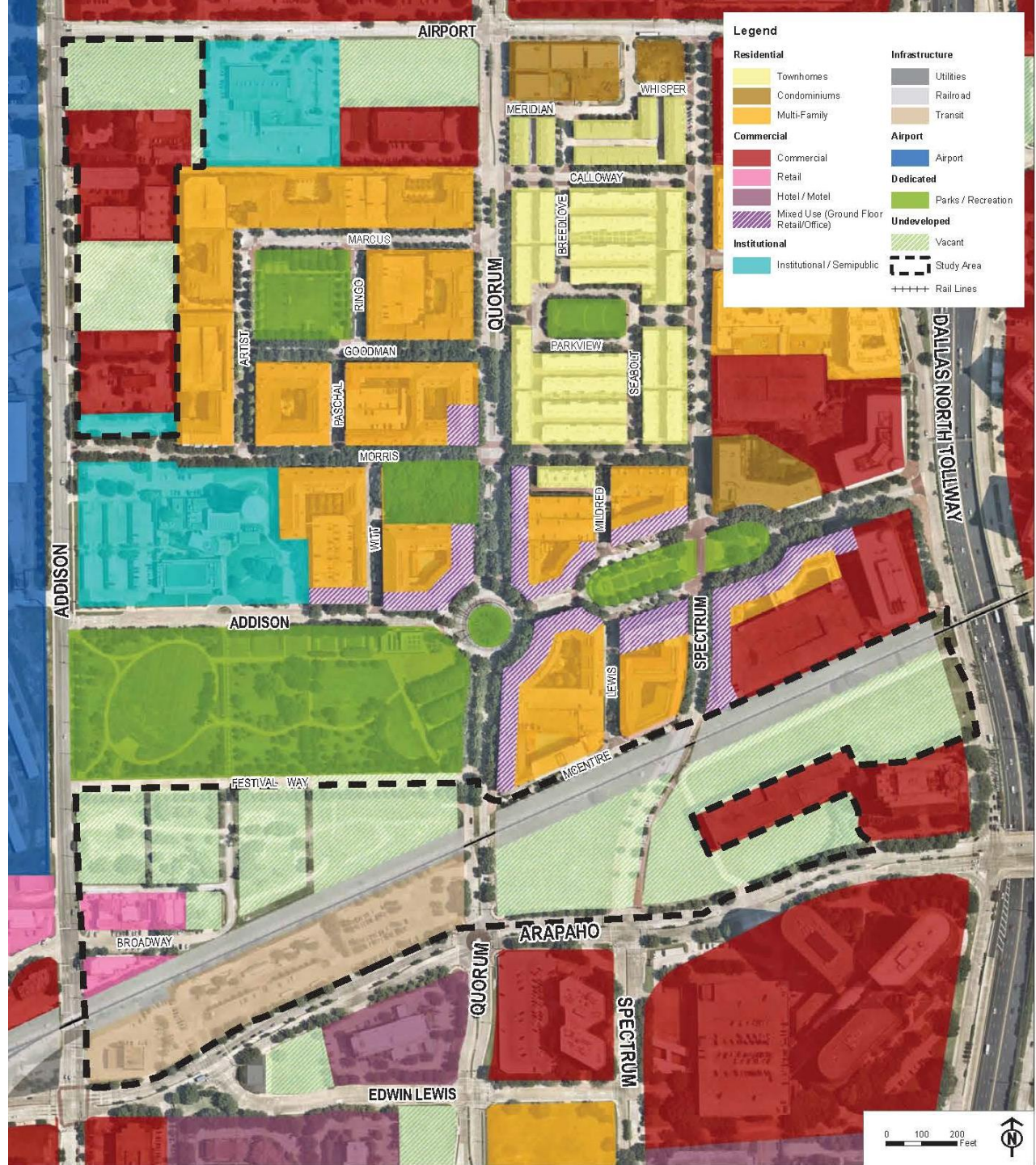


Study Area Facts

- Study looked at two areas around existing Addison Circle neighborhood
- In area around DART Cotton Belt Rail alignment:
 - 29 acres
 - 29 parcels
 - 12 different property owners
 - 71% of property within study area is publicly owned, either by Town of Addison or DART



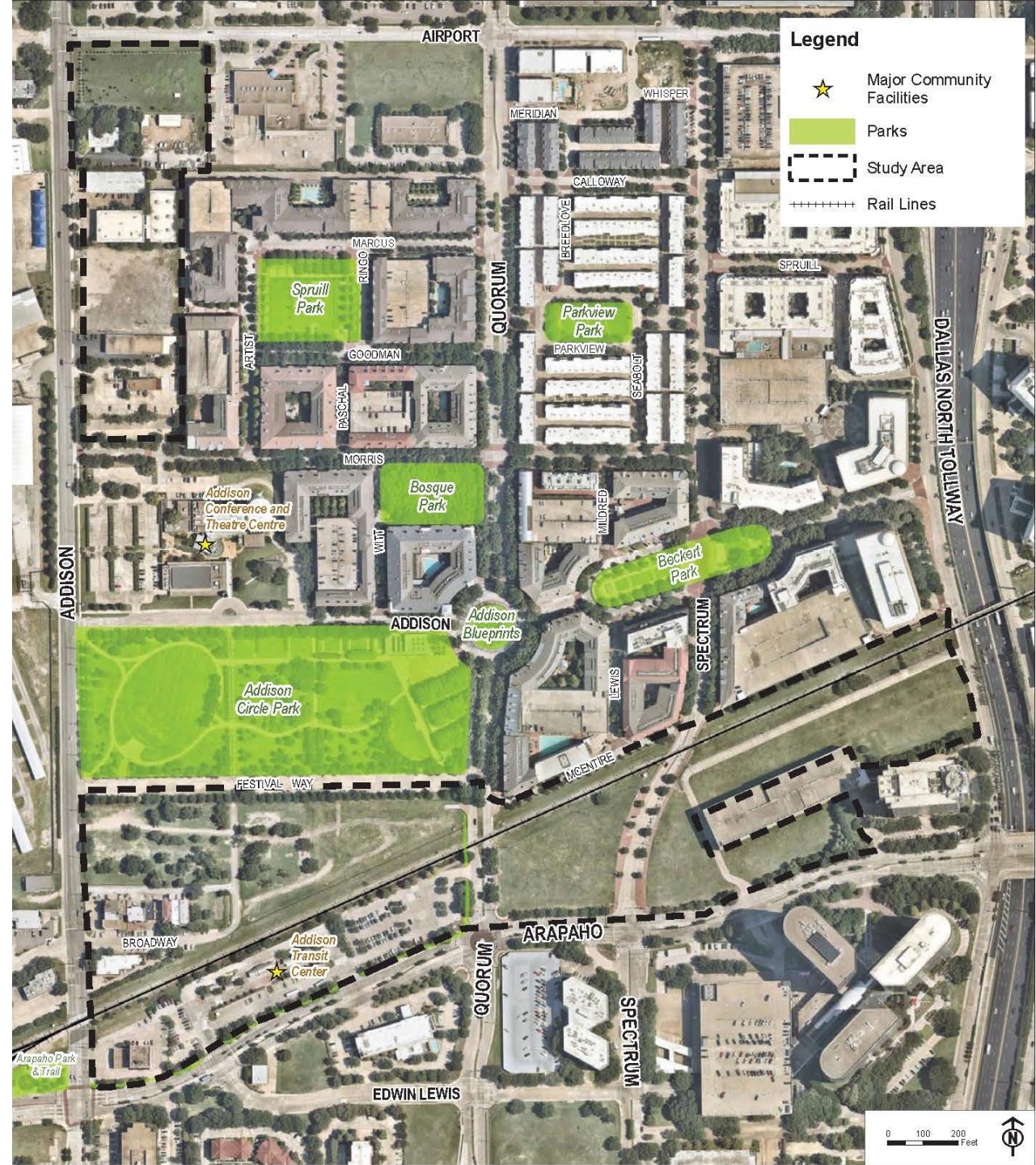
Existing Land Use



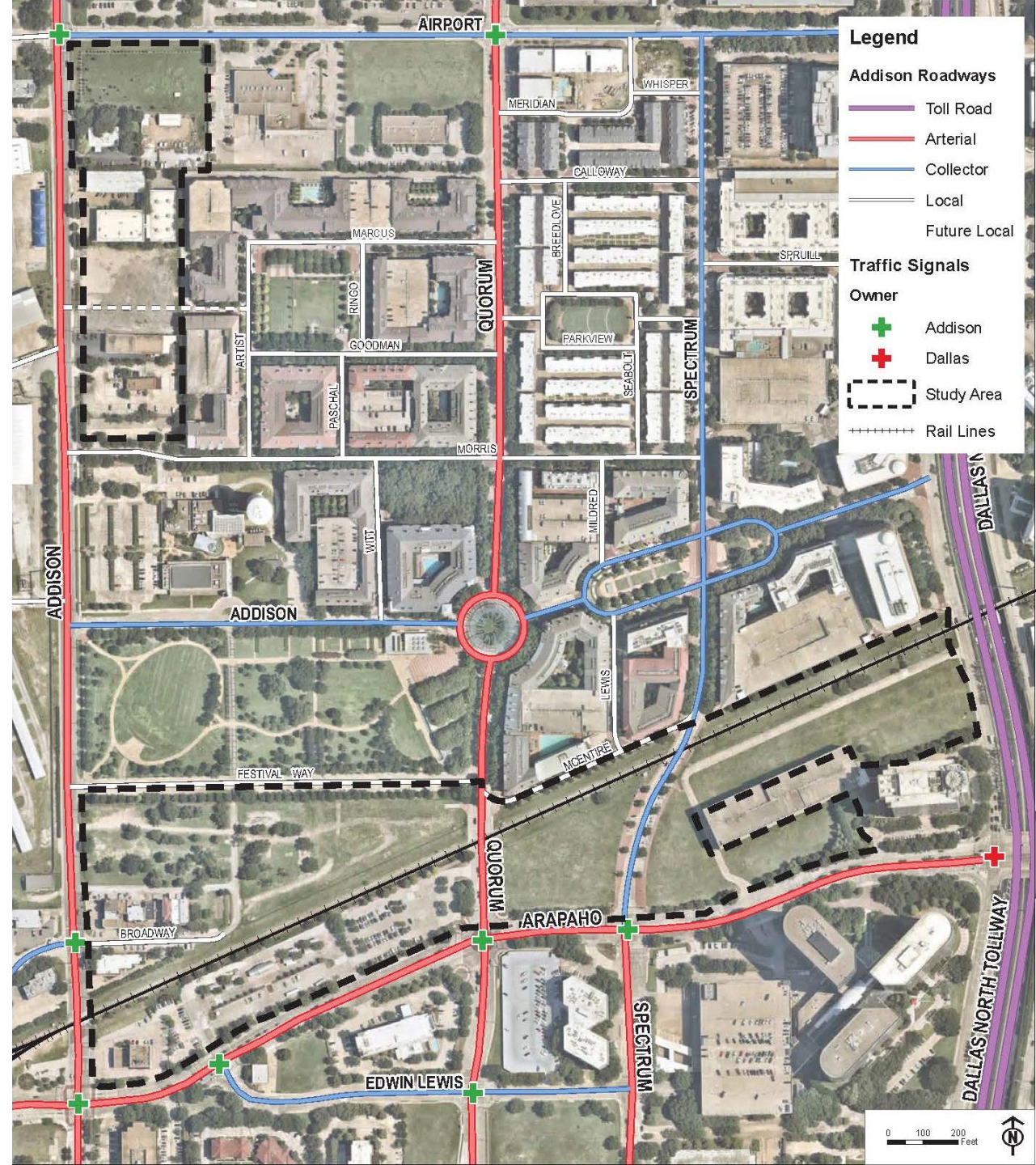
Existing Zoning



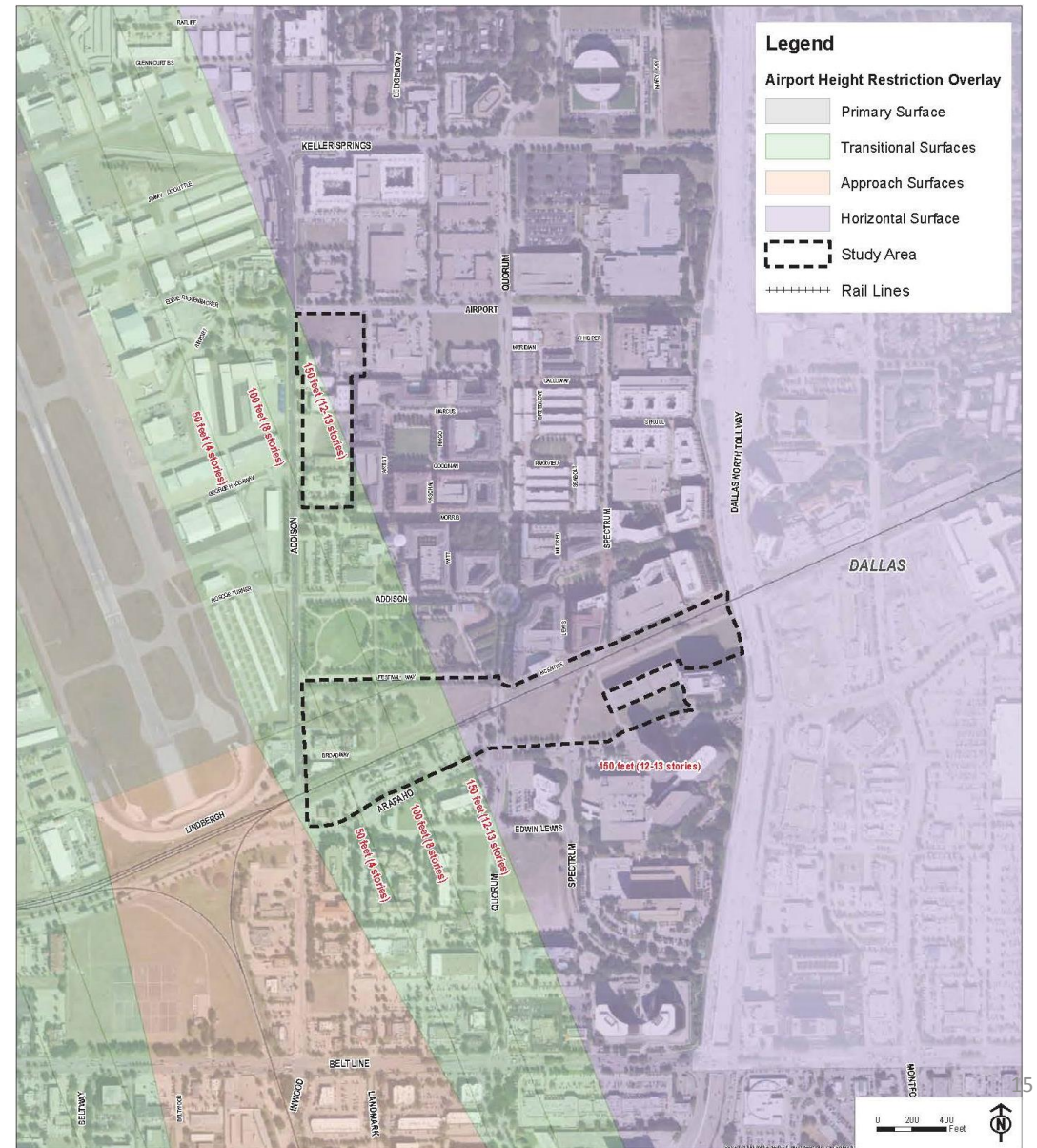
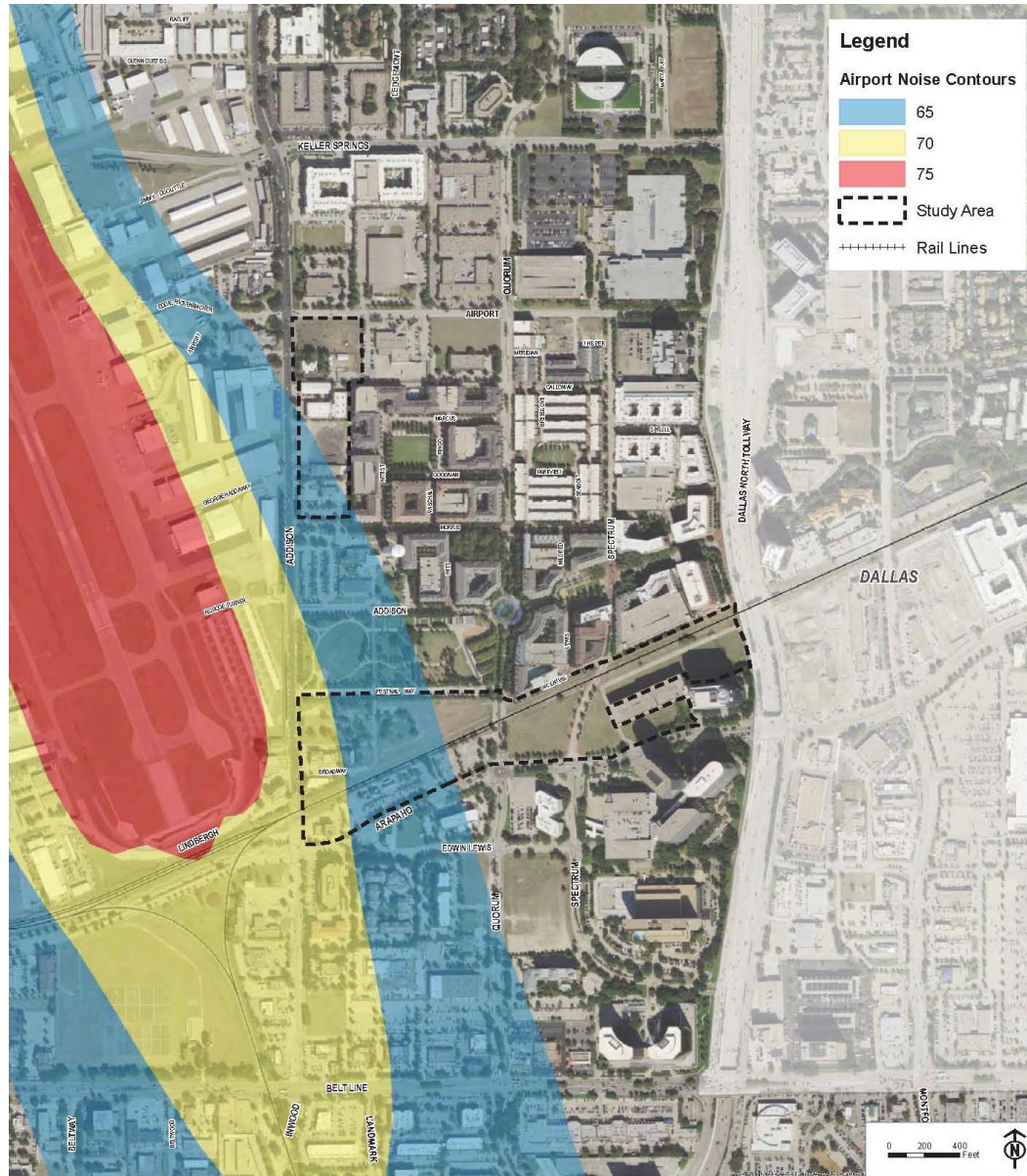
Existing Parks and Public Facilities



Existing Streets



Airport Noise & Height Restrictions



Engagement Process

- 4 group interviews with stakeholders from around study area that included residents, local business owners, developers
- 3 public workshops for local community members
- 4 special project committee meetings including TOD tour



Engagement Process

4 Main themes emerged from this:

1. The community wants the area to be a “**destination**”, with cafes, restaurants, markets and a grocery store.
2. Area is currently missing **pedestrian connectivity, bike trails** and **trail loops** that could connect the area to the rest of the Town.
3. Pedestrian **safety** is a priority. This includes additional lighting, crosswalks, and railroad crossings.
4. The area should include **additional trees, gardens, landscaping and open green spaces.**

Vision Statement

Contribute to Addison's future by making Addison a **major destination** on the Cotton Belt, enhancing Addison Circle's reputation as a **desirable place to live, work and play** and strengthening the Town's tax base.



Guiding Principles

1. **Desired Character**
2. **Relationship to Addison Circle**
3. **Relationship to Addison Airport**
4. **Relationship to the Addison Cotton Belt Station**
5. **Economic Development**
6. **Tourism**
7. **Open Space and Design**
8. **Public Art**
9. **Gateways and Connectivity**
10. **Mobility for People**
11. **Automobile Use**
12. **Environment and Sustainability**
13. **Town Involvement and Investment**

Desired Uses and Character



Food Hall



Mixed-Use



Plazas



Grocery Store



Retail and Offices

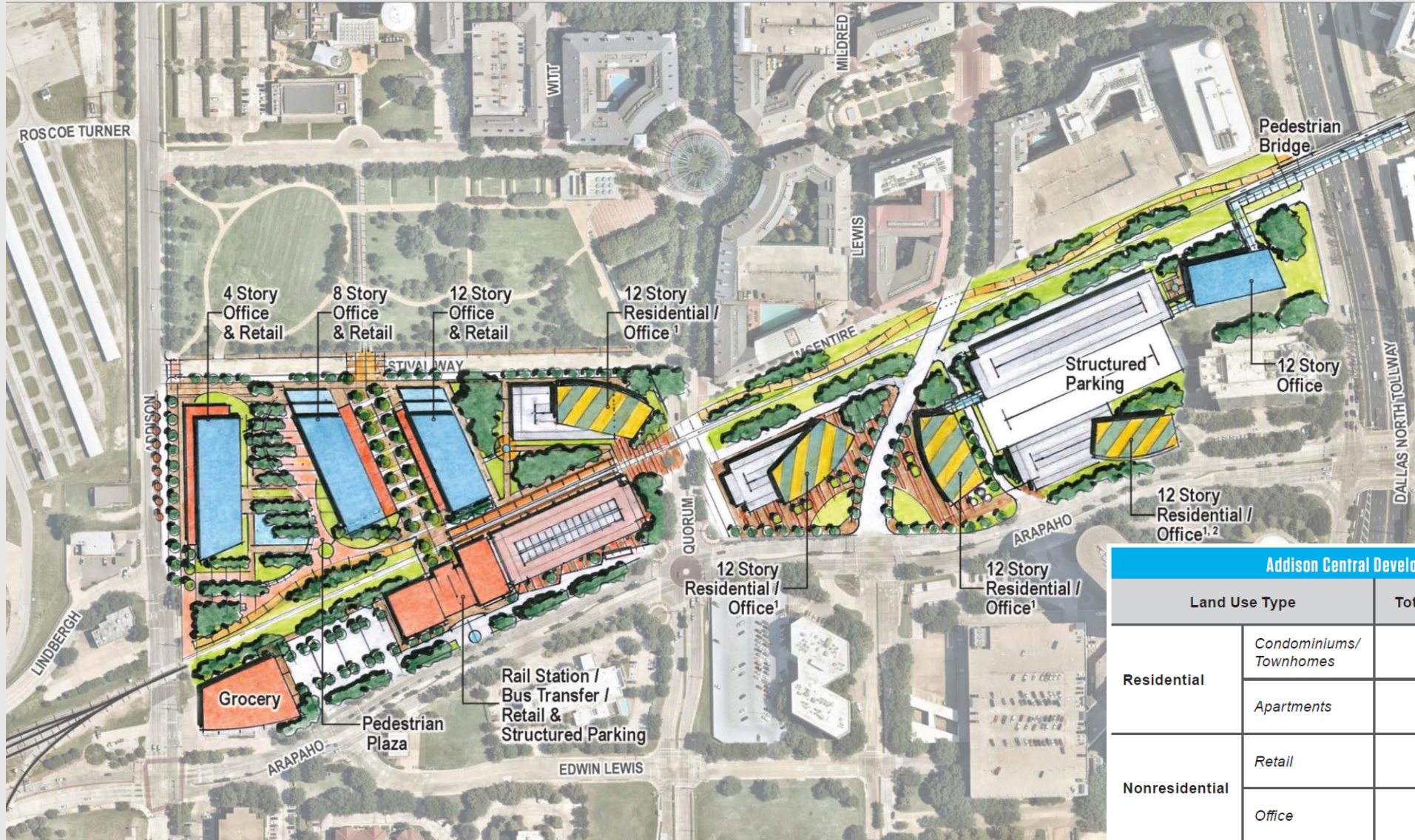


Market



Train Station

Preferred Development Plan



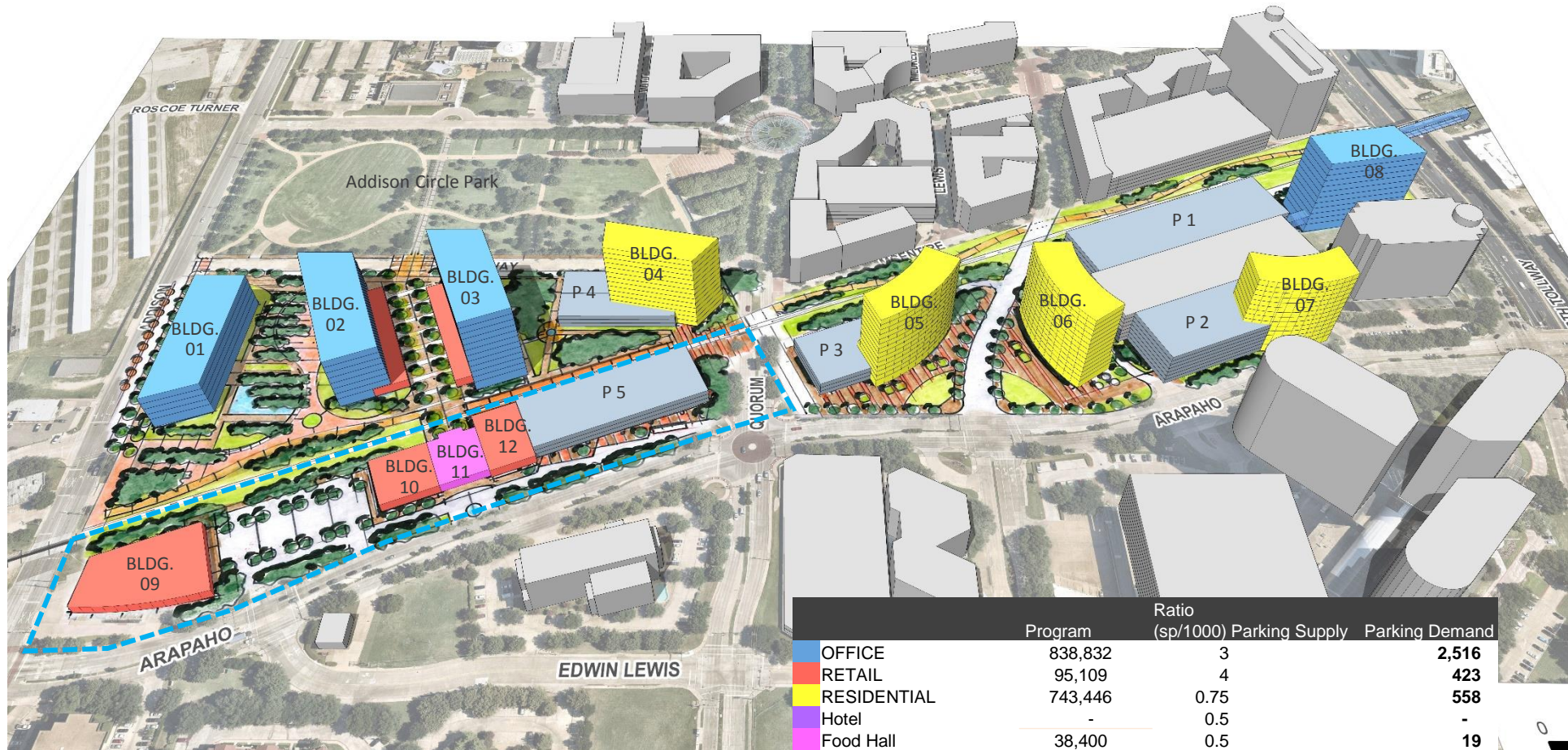
Addison Central Development Plan Summary			
Land Use Type		Total Square Feet	Units/Rooms
Residential	<i>Condominiums/ Townhomes</i>	201,600	134
	<i>Apartments</i>	179,200	224
Nonresidential	<i>Retail</i>	92,700	-
	<i>Office</i>	700,400	- 21

Scenarios for Discussion



OPTION A

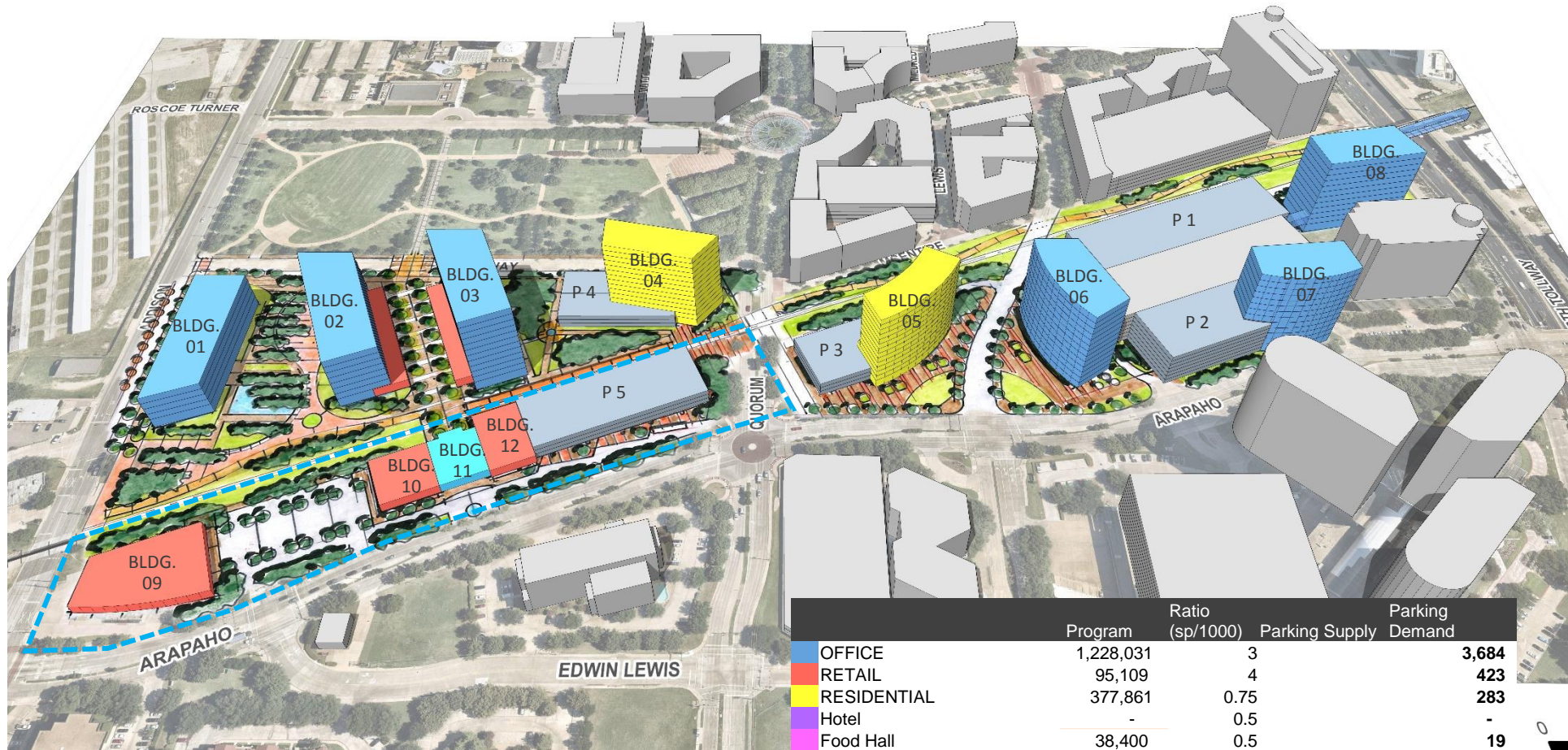
Residential Focus



Program	Area (sq ft)	Ratio (sp/1000)	Parking Supply	Parking Demand
OFFICE	838,832	3		2,516
RETAIL	95,109	4		423
RESIDENTIAL	743,446	0.75		558
Hotel	-	0.5		-
Food Hall	38,400	0.5		19
Structured Parking	1,169,530	350	3,342	
Under-ground Parking	-	351	-	
Surface Parking	28,139	320	88	
			3,429	3,516
			Surplus (deficit)	(87)

OPTION B

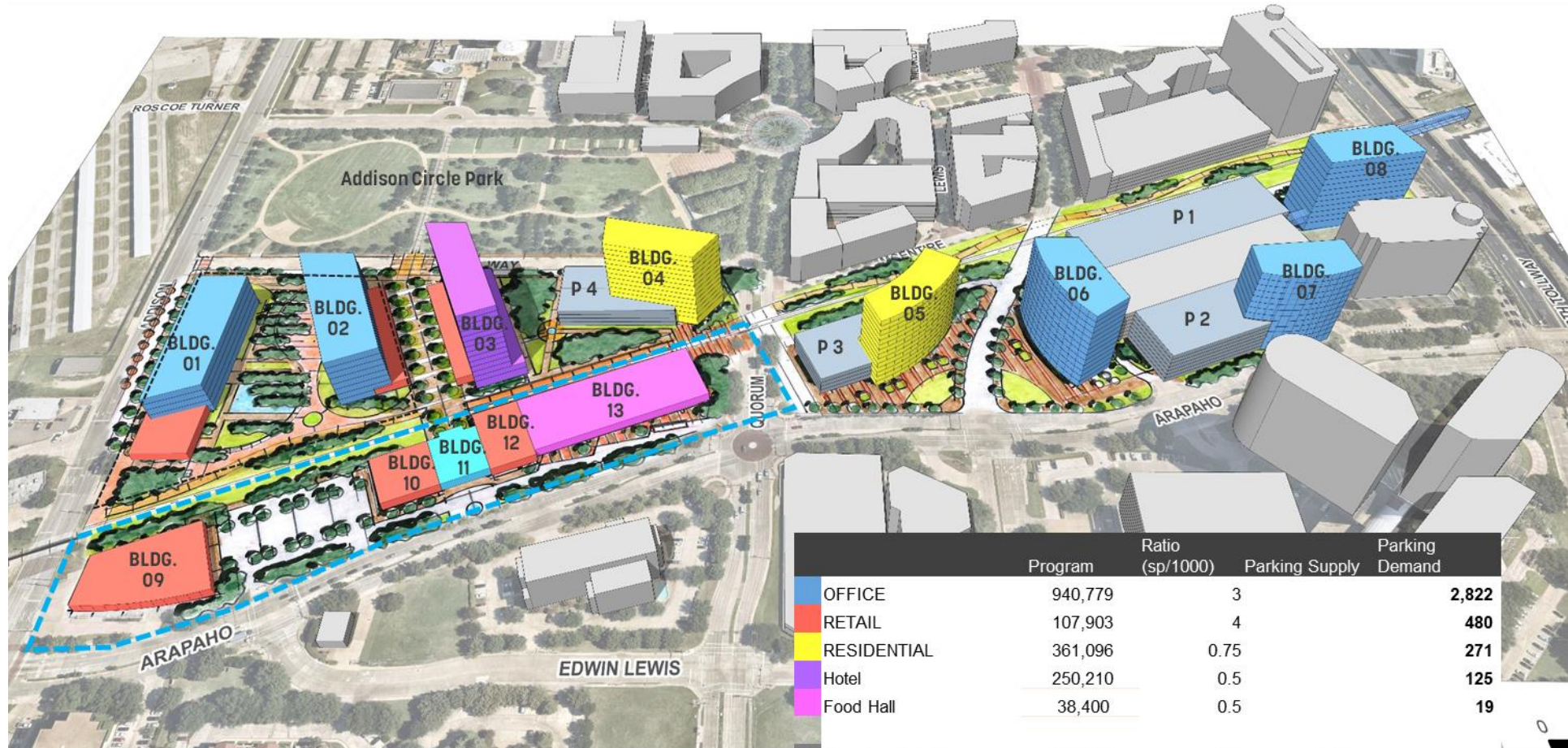
Office Focus



	Program	Ratio (sp/1000)	Parking Supply	Parking Demand
OFFICE	1,228,031	3		3,684
RETAIL	95,109	4		423
RESIDENTIAL	377,861	0.75		283
Hotel	-	0.5		-
Food Hall	38,400	0.5		19
Structured Parking	838,330	350	2,395	
Under-ground Parking	673,561	351	1,919 *	
Surface Parking	28,139	320	88	
			4,402	4,409
			Surplus (deficit)	(7)

OPTION C

Alternative Mix



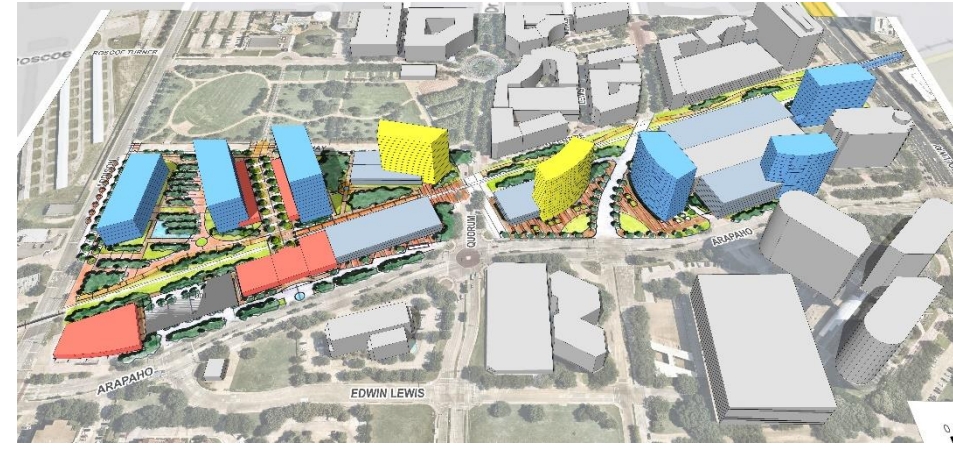
	Program	Ratio (sp/1000)	Parking Supply	Parking Demand
	OFFICE	940,779	3	2,822
	RETAIL	107,903	4	480
	RESIDENTIAL	361,096	0.75	271
	Hotel	250,210	0.5	125
	Food Hall	38,400	0.5	19
	Structured Parking	719,530	350	2,056
	Under-ground Parking	673,561	351	1,919
	Surface Parking	42,208	320	132
			4,107	3,842
			Surplus (deficit)	265

* 4 levels of underground parking
 * 3 levels of underground parking

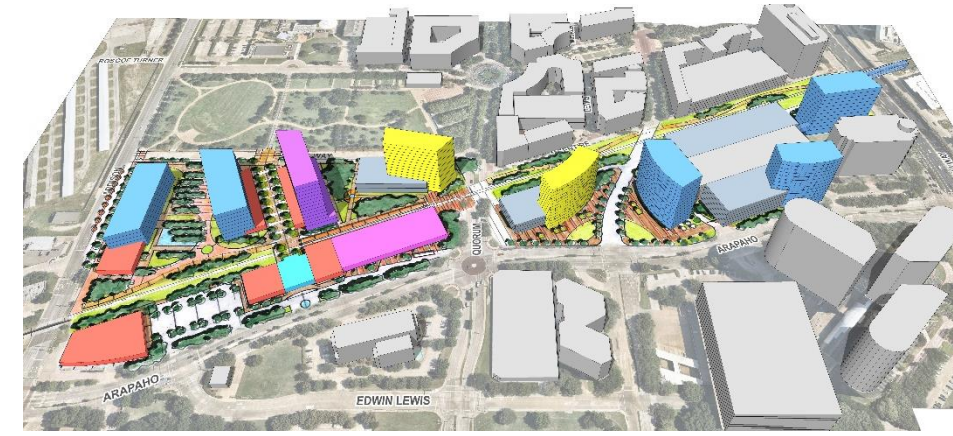
OPTION A		Program	Ratio (sp/1000)	Parking Supply	Parking Demand
OFFICE	838,832	3		2,516	
RETAIL	104,034	4		462	
RESIDENTIAL	743,446	0.75		558	
Structured Parking	1,169,530	350	3,342		
Surface Parking	28,139	320	88		
			3,429	3,536	
Surplus (deficit)				(107)	



OPTION B		Program	Ratio (sp/1000)	Parking Supply	Parking Demand
OFFICE	1,228,031	3		3,684	
RETAIL	104,034	4		462	
RESIDENTIAL	377,861	0.75		283	
Structured Parking	799,930	350	2,286		
Surface Parking	28,139	320	88		
			2,373	4,430	
Surplus (deficit)				(2,056)	



OPTION C		Program	Ratio (sp/1000)	Parking Supply	Parking Demand
OFFICE	940,779	3		2,822	
RETAIL	107,903	4		480	
RESIDENTIAL	361,096	0.75		271	
Hotel	250,210	0.5		125	
Food Hall	38,400	0.5		19	
Structured Parking	719,530	350	2,056		
Surface Parking	42,208	320	132		
			4,107	3,842	
Surplus (deficit)				(116)	



Real Estate Market Snapshot

Source: CBRE Q2
2019



Market Snapshot - Office

Submarket	Net Rentable Area	Total Vacancy (%)	Total Availability (%)	Average Asking Rate FSG (\$/SF/YR)	Under Construction (SF)	Deliveries (SF)	Q2 2019 Net Absorption	2019 YTD Net Absorption
Far North Dallas	44,739,182	21.5	26.8	27.05	1,080,966	-	6,514	481,797
Class A	29,068,684	21.6	27.1	32.86	1,080,966	-	290,160	756,920
Class B	15,568,402	21.5	26.5	21.87	-	-	(283,646)	(275,123)
Dallas Total	190,233,070	21.0	26.0	26.08	4,363,294	511,220	242,024	768,054
Class A	117,703,560	20.9	26.3	32.04	3,905,294	511,220	1,146,557	1,455,839
Class B	69,832,670	21.6	20.0	21.24	458,000	-	(834,825)	(615,400)

Market Snapshot - Multi-Family

Submarket		Unit Count	Effective Rent (\$/SF*Mth)	Rent Growth Year-Over-Year (%)	Occupancy (%)	Net Absorption Units	Under Construction Units	Delivered Units
NORTH	Addison/ Bent Tree	27,600	1.35	1.7	95.7	299	1,875	-
	Allen / McKinney	23,521	1.31	2.2	94.5	184	2,819	188
	Central / East Plano	19,930	1.31	4.4	95.0	193	563	-
	Far North Dallas	29,558	1.30	2.8	94.9	172	-	-
	Frisco	20,843	1.36	1.6	94.5	1,023	3,517	632
	North Dallas	15,067	1.31	2.1	95.1	269	1,024	-
	Richardson	18,008	1.37	2.9	94.8	461	1,198	267
	West Plano	17,700	1.44	1.9	95.4	183	616	-
	North Total	172,227	1.34	2.4	95.0	2,784	11,612	1,087

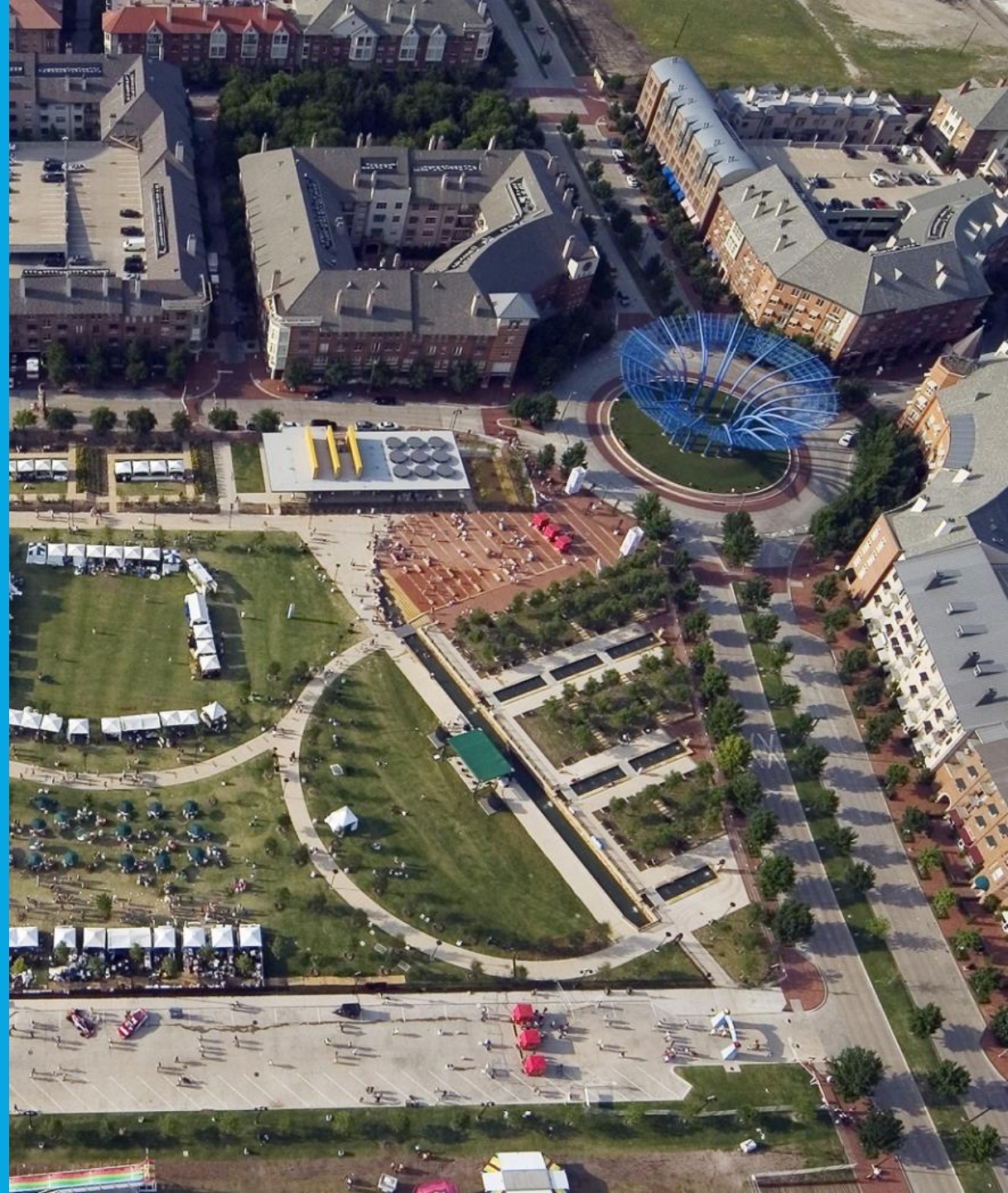
Market Snapshot - Retail

MARKETVIEW DALLAS / FORT WORTH RETAIL

Figure 2: Historical Market Statistics

	2014	2015	2016	2017	2018	Q1 2019	Q2 2019
FAR NORTH DALLAS							
Absorption (Net, SF)	780,537	942,926	2,081,683	628,513	558,432	-243,762	230,632
Delivered Construction (SF)	392,357	192,434	1,653,138	1,003,888	534,890	15,000	112,781
Rentable Building Area (RBA)	53,443,582	54,352,868	54,868,240	54,700,543	55,429,581	54,927,508	55,489,356
Occupancy Rate (%)	90.1	91.4	93.4	93.4	93.7	93.6	94
DALLAS TOTAL							
Absorption (Net, SF)	2,389,167	4,022,612	5,703,153	3,114,680	1,165,413	373,639	652,250
Delivered Construction (SF)	1,033,553	2,017,656	2,974,655	2,683,370	1,427,163	329,358	247,621
Rentable Building Area (RBA)	177,535,528	181,192,999	188,204,340	191,031,109	194,074,656	194,404,629	195,509,246
Occupancy Rate (%)	92	93.6	94.2	94.6	94.4	94.4	94.7

Master Developer Solicitation



Development Approach

**Master
Developer**

Master Developer for all Town owned parcels (possibly others)

**Ground Lease vs.
Outright Sale**

Master ground lease 99 years in duration based on market ground lease rates (% of land value, periodic escalators for inflation)

**Broker/Investment
Advisor**

National P3 institutional advisor will lead solicitation

Development Agreement

Economic Incentives

Wide range of conventional economic development tools may be considered, including TIRZ, tax credits, below market rental inducements, etc.

Land Use Tools

Rezoning and re-parcelization decisions deferred until master developer proposal selected

Timing

Marketing to begin in early 2020 with goal to finalize selection by year end

Contact Us

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Town of Addison

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www.addisontexas.net



Addison Questions



Questions - Vision

1. Is the vision contemplated too ambitious or, alternatively, insufficiently ambitious given the development area and perceived opportunity?
2. Based on the information provided, what are the most compelling positive attributes and, alternatively, the less compelling?
3. Taking into consideration the Town's vision and the demands of the market place, what uses are seen to be essential to success and is there a sequence in which they should occur?

Questions - Developers

1. What is the best method to present the opportunity to the marketplace to encourage high levels of interest among qualified developers?
2. The Town would prefer to work with one master developer to implement the plan. Given the size and variation of uses, is this the best approach?
3. With respect to land owned by the Town, from a developer perspective, is it best offered in a joint venture, a ground lease, or outright sale?
4. What would have a chilling affect on developer interest and participation?
5. The timing of completion of the rail line and the passenger station is scheduled for December 2022, three plus years hence. What are the considerations, from a developer's perspective, in regard to commencement of planning and subsequent construction?

Questions – Land Assembly

1. Currently, the properties are not zoned to accomplish the vision contemplated in the plan. In addition, the land owned by the Town have been previously subdivided into a number of individual lots. At some point the Town will need to abandon right-of way-and replat the area. Should the Town rezone the properties and replat the parcels before soliciting developer interest or should the Town wait and work cooperatively with the selected developer to create appropriate development regulations?
2. Several of the parcels are proximate but not contiguous. Is there merit in separating them from the other parcels and marketing separately?
3. How helpful for development would inclusion of the bus transit acreage be?

Questions – Image

1. How should the Town leverage its public image to further improve the marketability of the study area?
2. Does the proposed development area need an identity, i.e. a name or branding strategy separate and apart from the existing Addison Circle neighborhood brand?

Reference Projects



Reference Project

HIDDEN RIDGE / VERIZON – IRVING, TX

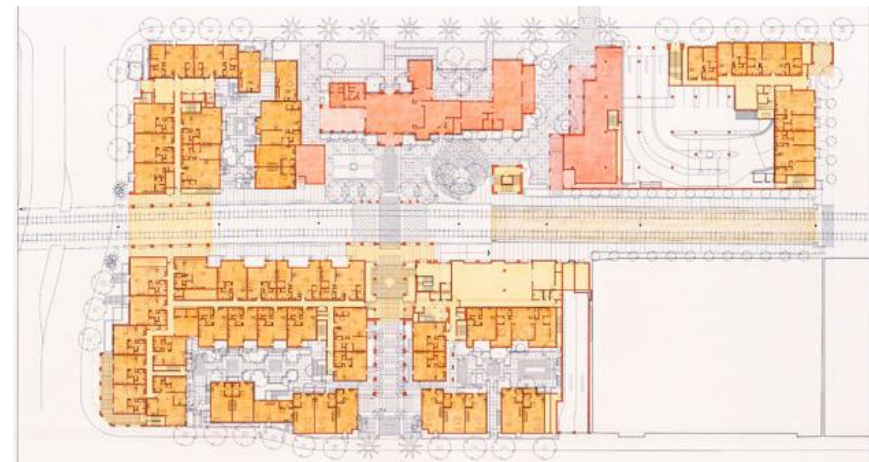
- 1.5 million square-feet of corporate office space
- 200 rooms in the hotel
- 80,000 square-feet of restaurant, retail and green space
- Will include 1,200 apartments
- A new orange line DART station is being added on site
- Hidden Ridge is a developer, Verizon is the owner



Reference Project

DEL MAR STATION TRANSIT VILLAGE

- 347 Apartments (15% are affordable units)
- 20,000 square feet of retail
- 3.4 acres
- On the Gold Line, which connects LA and Pasadena
- Urban Partners LLC is the developer, Archstone Smith is the owner

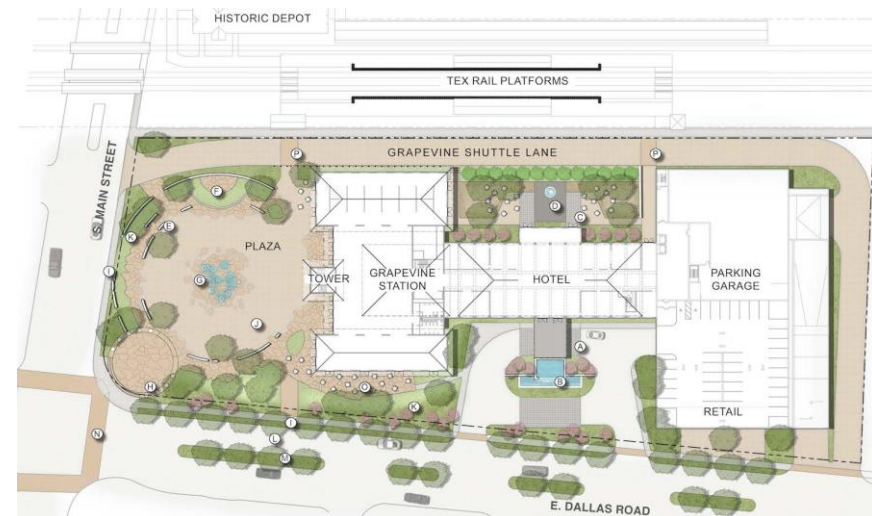


Source: Moule & PolyZoides Architects and Urbanists
<https://www.mparchitects.com/site/projects/del-mar-station-transit-village>

Reference Project

TEXRAIL – GRAPEVINE, TX

- 42,00 square-foot, five-story tall rail station
- 121-room boutique hotel
- 38,000 square-foot outdoor plaza large enough to host 3,500 guests
- 552 space parking garage
- Urban Partners LLC is the developer, Archstone Smith is the owner

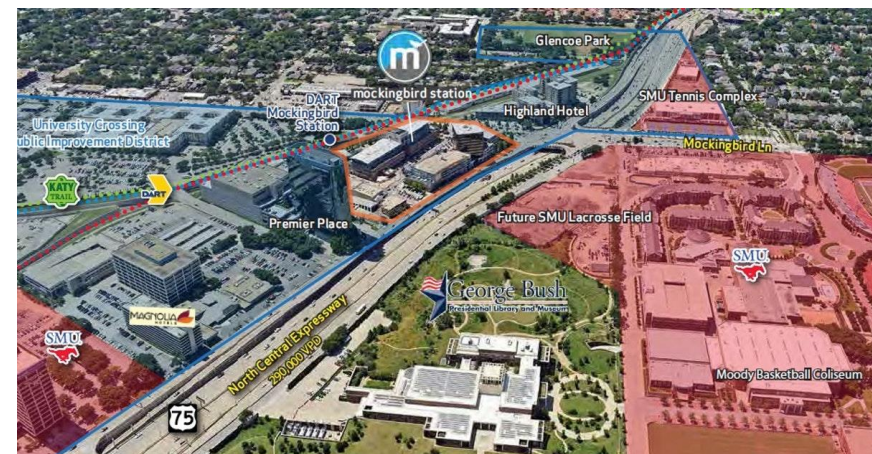


Source: Grapevine Texas
<https://www.grapevinetexasusa.com/plan/transportation/textrail/>

Reference Project

MOCKINGBIRD STATION EAST

- 898 parking spots
- 682 Residential units
- 142,500 square feet of office space
- 19,000 square feet of retail/dining space
- Trammell Crow Company is the developer



Source: Mockingbird Station
<https://mockingbirdstation.com/>

Reference Project

CITY LINE – RICHARDSON, TX

- 230,000 Square foot dining, retail and entertainment
- 150 hotel rooms
- 10.5 acres of park space
- 2.6 million square feet of office space
- 3,925 residential units
- KDC is the developer, Center Corporation is the owner



Source: City Line DFW
<http://citylinedfw.com/about/>

Reference Slides



Cotton Belt Station



Addison Airport

- Established in 1957
- General Aviation
- Serves business and recreational aviation
- Runway - 7,200 feet long, 100 feet wide
- 100,000 operations annually
- 650 based aircraft



Guiding Principles - Detail

- 1. Desired Character.** The places to be created by development in Addison Circle West and Addison Central should continue the look and feel that exist in Addison Circle today, including similarly scaled development, mix of uses, high quality of design and attractive open spaces and sidewalks.
- 2. Relationship to Addison Circle.** New development, along with its roads, paths, public spaces and other infrastructure, should connect seamlessly to the existing Addison Circle neighborhood.
- 3. Relationship to Addison Airport.** The Addison Airport is a vital economic asset for the Town of Addison. New development should generally be consistent with the restrictions resulting from the airport's safety and noise contours. Future uses should support the success of aviation and aviation-related activities at the Airport. Development uses and intensities near the Airport must be compatible with Airport operations.

Guiding Principles - Detail

- 4. Relationship to the Addison Cotton Belt Station.** The future land uses, development pattern and intensity in the Addison Central area should create a successful Transit-Oriented Development (TOD) area. A successful TOD area includes market-supported uses that benefit from a location near transit, property values that increase tax revenues to the Town and activities that generate strong levels of ridership for the DART system.
- 5. Economic Development.** Development in the Special Study Area should diversify Addison's residential and non-residential products and its employment base. Development should generate sufficient tax revenues to contribute resources to the Town's General Fund.
- 6. Tourism.** Addison Circle has become known for its entertainment events, and the Town should continue to support events within existing public areas and as part of future development that make both Addison Circle and the Town of Addison a regional entertainment destination for locals and visitors.

Guiding Principles - Detail

7. **Open Space Design.** Public and private open spaces within the Special Study Area should continue the Town of Addison's tradition of designing unique parks, plazas and open spaces that create destinations for individuals, small groups and large events or festivals.
8. **Public Art.** As in Addison Circle, public art should be incorporated in the Special Study Area's development to create distinctive landmarks, gateways and destinations. Special public art installations at the Cotton Belt Station should convey the character of the Town of Addison to rail system users.
9. **Gateways and Connectivity.** Development at the Cotton Belt Station should create an inviting gateway to this Special Study Area, Addison Circle, Belt Line Road and the larger Addison community. This gateway should connect to these destinations in ways that are appealing and understandable to people who are walking, biking, driving or using other transportation modes.

Guiding Principles - Detail

- 10. Mobility for People.** Addison Central and Addison Circle West are intended to be places that focus on people before cars. Mobility plans for the area should emphasize walking and biking. Trolleys, shared use vehicles and other travel modes should be readily available and should reduce the need for automobile travel between locations in the Special Study Area. These networks should support the use of DART by area residents and visitors for travel to destinations outside this area.
- 11. Automobile Use.** The roadway network should facilitate trips by auto into and out of the Special Study Area. Within the Special Study Area, other transportation modes should take priority. Sufficient parking for vehicles should be included, but it should be located and designed so it does not dominate the character of the area.

Guiding Principles - Detail

- 12. Environment & Sustainability.** The design of public and private developments and infrastructure in the Special Study Area should reduce the use of energy, water and other non-renewable resources. It should increase the long-term sustainability of these developments and of the Addison community.
- 13. Town Involvement & Investment.** The Town of Addison should continue its involvement in the design and development of the Special Study Area to ensure that future development creates the greatest benefit for the Addison community. The Town's past and future investments in the Special Study Area should generate tax revenues and create places that achieve the Town's vision for this area.