

Marketing Analysis

Downtown | Bastrop, TX



Market Analysis

Downtown Bastrop Texas

Prepared For:

The City of Bastrop Form Based Code Task Force

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TABLE OF CONTENTS

01	INTRODUCTION	4
02	EXISTING CONDITIONS	8
03	HOUSING	15
04	OFFICE	18
05	RETAIL	20

01

Introduction

1.1 EXECUTIVE SUMMARY

Position and Access

Bastrop is strategically positioned within Central Texas. Downtown Bastrop is only 30 miles from downtown Austin and only 24 miles from Austin-Bergstrom International Airport. Access from Bastrop to Austin-Bergstrom airport is more accessible than most Austin's residents due to drive time and direct connection on Highway 71. Bastrop is surrounded by natural amenities and many natural recreation areas. Due to Bastrop's quality-of-life and strength in the region, it will continue to serve as a regional hub. There are many first-class regional retailers located in Bastrop. In addition, there are boutique downtown operators, art and cultural attractions, and major sources of employment. Due to Bastrop's quality of life, Bastrop will continue to be a strong community for families and commuters.

Population Growth

Bastrop is located in the Austin - Roundrock Metropolitan Statistical Area (MSA). The Austin region had an annual growth rate of 2.3% and is the 8th fastest growing region in the United States (US). Austin is also the 11th largest city in the US. The greater Austin area, which includes Bastrop, is gaining almost 50,000 people per year. According to Census data, over 70% of this new population growth is outside of the Austin city limits. Bastrop will continue to be influenced from this regional population expansion over the next few years. Bastrop County is anticipated to grow 17% from 2013 to 2018. As evidence of the population growth Austin has had over 3,500 new building permits for single-family and over 3,000 multi-family permits since 2013. This growth will continue to expand outward and will continue to create housing opportunities in Bastrop.

Strength of Workforce

The Austin region is also the fourth strongest region in the US for job growth. Austin has experienced over 3.5% annual growth in jobs, and Bastrop County has a 4% unemployment rate, one of the lowest in the United States. The Austin MSA has the lowest unemployment rate in the United States. Bastrop is well positioned to capture workforce demand that is interested in a rural setting with natural amenities and close proximity to a historic downtown. There is also demand for small office that can create local downtown demand and activate neighborhoods in some of the secondary storefronts and loft space downtown.

Leveraging the Regional and Local Visitor Economy

In 2013, Austin-Bergstrom Airport had over 10 million passengers. Bastrop is well positioned to capture corporate travelers and leisure travelers that would benefit from convenient access to Austin but prefer Bastrop's authentic downtown environment. The Circuit of The Americas racetrack is anticipated to attract over 1.2 million visitors per year¹, and is less than 15 miles from downtown Bastrop.

Bastrop State Park attracts over 167,000 non-locals per year.² The Lost Pines Resort hosts over 300,000 people per year

and is located just 13 miles from downtown Bastrop. Austin generates over 17M visitors per year³. This affords Bastrop a large opportunity to draw on Austin’s visitor gravity. For every additional visitor, the direct impact is approximately \$30 for local and \$90 or more for non-local. If Bastrop attracted an additional 1% of Austin’s visitor population, this would support an additional 50,000 sf of additional retail per year and over \$300,000 in additional revenue to the city of Bastrop.

Background

The purpose of this Market Assessment for the City of Bastrop is aimed at understanding the context of the retail, small-office space, and residential propensity within the city. Due to Bastrop’s importance as a regional destination, our analysis included the greater region around the city of Bastrop, such as nearby major employers, multifamily and visitor attractions.

As part of this market assessment for the city of Bastrop, Catalyst has reviewed and analyzed the capacity for retail, small-office, and housing demand that could potentially be absorbed in Bastrop for future planning efforts. This process identified demand that can support long-term sustainability and enhance both the city of Bastrop and its surrounding locale.

A crucial component of this process is the evaluation of the historic, current, and projected demographic and employment conditions in the study area. Understanding the composition of the demographic base and the employment base in the study area is key in the exploration of future economic growth for greater Bastrop. Within these demographic and employment categories, some of the important variables that were considered include current and future population trends, household income, age distribution, ethnicity, commuter patterns, workforce population, and major generators of visitor traffic to the city. These variables are key components of the economic driving forces that influence the housing, retail, and small office market in the city of Bastrop.

Economic Conditions

Bastrop and Austin are both heavily influenced by Texas economic conditions. As Texas continues to grow in population, so will the greater Bastrop region, including Bastrop County. In fact, Central Texas is projected to outpace the national population growth, specifically in Austin-Round Rock MSA, which includes Bastrop.

Texas

The Texas economy is diverse and growing, especially in comparison to other states across the U.S. Texas’ population has grown from 20,851,820 in 2000 to 25,145,561 in 2010, a 20.6% increase. Looking forward, population estimates have the state at a total population of 28,178,989 by 2018, a total gain of 3,033,428 people or an increase of 12.1%. Per capita income in 2013 for Texas residents is \$25,680 and the median household income is \$50,573⁴. In 2010 the unemployment rate was 8.2%⁵. Since 2010, the Texas economy has been one of the strongest economies in the U.S. This is reflected by the steady job growth Texas has seen with current unemployment rates listed at 5.5%⁶. Another reflection of Texas’ relative resiliency is evidenced by the Bureau of Labor Statistics which shows Texas gained 252,400 jobs during the 2013 calendar year. This ranks Texas first overall in the US.

Austin - Round Rock MSA

Within Texas, the Austin – Round Rock MSA is one of the strongest regions in many facets. Unemployment for the Austin – Round Rock MSA – listed at 4.4% for March 2014 – is well below both the U.S. and Texas averages for the same time period of 5.5% and 6.7%, respectively. The Austin – Round Rock MSA has seen staggering population growth and is currently the 3rd fastest growing MSA in the country having grown from a population of 1,716,289 in 2010 to an estimated 1,827,079 in 2013, which is a population increase of almost 37,000 people per year over that time frame.

Within the Austin – Round Rock MSA, government employment account for the greatest percentage of jobs with 19.6%, followed by professional and business services (15.5%), leisure and hospitality (11.7%), educational and health services (11.7%), and retail trade (10.7%) as of 2013⁷. Given Austin’s importance as the Texas capital, it is feasible that the governmental job sector of 19.6% is above the national average of 16.0%. Within the Austin – Round Rock MSA, other major employment drivers also exist. An example of such a driver is the technology sector, sometimes referred to as “Silicon Hills”. There are as many start-up tech companies located in Austin as in most technology hubs in the United States. Perhaps the most advertised driver is the rapidly growing destination entertainment venues offered such as Austin City Limits, South by Southwest, and the Circuit of The Americas.

Overall growth in the Austin – Round Rock MSA is projected to continue. Statistics point to the 2018 Austin – Round Rock MSA population at 2,062,386 a total projected gain of 235,307 people over the next five years. The economy comprising

the Austin – Round Rock MSA area looks prosperous as well. The median household income currently listed at \$58,680 is projected to rise to \$75,309 by 2018. Average household income figures for the region show \$82,275 for 2013 and \$95,908 for 2018. As the greater Austin area has grown significantly in recent years, Bastrop has absorbed and will continue to absorb some of this growth. This in part helps explain some of the city of Bastrop’s rapid growth (26.2% from 2000 to 2010) as well as the county (22% from 2000 to 2010). Bastrop’s fortunate position in this region signals future growth and increasing income levels as Bastrop will continue to absorb the spreading and increasing population.

Residential Development Opportunity

Catalyst estimated the projected annual demand for multifamily residential in Bastrop and surrounding areas. The analysis included a review of quantitative and qualitative characteristics of the existing residential products in Bastrop neighborhoods and the greater Bastrop area. For the purpose of this study, existing multifamily for rent residential located in Elgin and Lockhart was also evaluated due to the similarity of market factors⁸.

Due to the rapid growth of the greater Austin area, it is conceivable that Bastrop can and will absorb population growth in coming years. This will drive demand for mixed housing types. Occupancy rates of mixed residential are high, ranging from 94% to 99%. Compared to Austin, Bastrop’s effective rental rates for non-owner occupied housing were lower than Austin’s and surrounding areas. Based on current estimations, Bastrop can support approximately 40 – 60 units (per year) of non-owner occupied mixed urban residential with rents greater than \$750 per month. This demand can be satisfied through loft residential in downtown, small in-fill mixed housing and transitional mixed residential that can be appropriately integrated into the historic fabric of downtown.

Retail Development Opportunity

Within Bastrop, retail demand is driven from various components and characteristics. Both Bastrop’s unique downtown flair and the city’s growth expanding west of the Colorado River are two of the most important areas of drivers key to Bastrop’s overall retail climate. A majority of retail demand stems from the local residential population base and the surrounding rural areas. This holds true for Bastrop too, as the residential component of Bastrop’s retail provides the greatest percentage of existing and projected retail support. Overall, there is potential for up to 96,000 square feet of additional retail within the greater Bastrop area from unmet residential demand.

Commuter traffic is another source of retail demand, and consideration of commuter patterns as they relate to Bastrop’s retail will be discussed in the coming sections. Typically, this demand is generated by commuters driving by a location en route to an alternate destination. To determine potential commuter demand, Catalyst used third-party data for average daily traffic counts along key positions in Bastrop. Some of the most heavily traffic areas in Bastrop include TX 21 west of Loop 150 (48,000 daily), TX 95, south of Spring St. (17,000), and Chestnut st., east of Water st. (12,600). Our findings show that there is an additional 18,000 square feet of potential retail demand generated by commuters. Although the capture rate of these commuters varies by retail type.

Area workforce is also a source of retail demand. Using workforce research methodologies⁹ we can project the weekly spending patterns of workforce. Typically workforce demand generates demand for convenience items as well as dining and workforce related purchases. The retail demand section found in Section 4 of this Market Analysis will further outline retail potential for the study area.

Office Development Opportunity

Catalyst examined the general market outlook and potential for additional office inventory in the study area. Current and projected employment by industry was evaluated to identify the potential growth in office employment by type. The analysis included recent trends in inventory, vacancy, absorption, and pricing. Our findings show that the office market in Bastrop does have positive demand, but demand is modest based upon historical activity. Ultimately some demand exist for small office space in Bastrop but would likely be limited to small to medium - sized enterprises, or boutique corporate users.

Introduction Footnotes

¹ Circuit of the Americas

² TWPW Economic Impact Report of State Parks, pg 38 http://www.tpwd.state.tx.us/publications/nonpwdpubs/media/economic_impact_report.pdf (2005)

³ Austin CVB (2013) <http://www.austintexas.gov/edims/document.cfm?id=176583>

⁴ ESRI

⁵ TAMU Real Estate Center data

⁶ Texas Workforce Commission

⁷ Texas Workforce Commission

⁸ ALN apartment data

⁹ Center For Community Economic Development, University of Wisconsin-Extension

02

Existing Conditions

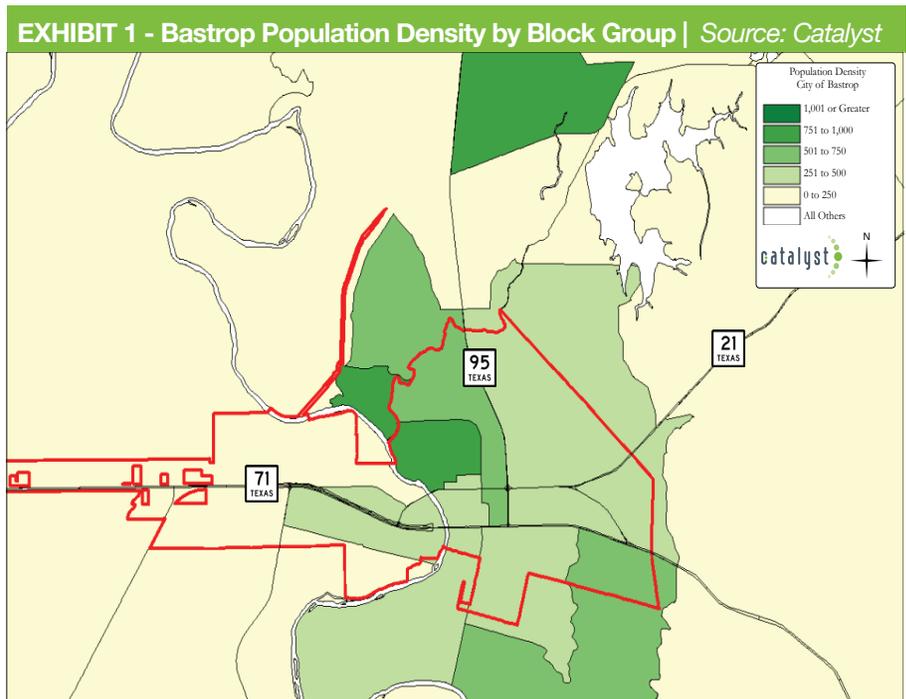
2.1 DEMOGRAPHICS

The city of Bastrop has a total population listed as 7,394 at the 2010 Census, up from a population total of 5,454 in 2000 for an increase of 26.2%. This upward population trend is expected to maintain a similar trajectory in the coming decades as well. Given the pull that the City of Bastrop has with regards to Bastrop County itself, it is also useful that population characteristics for the entire county be considered as well. As of the 2010 Census, Bastrop County had a population of 74,763, up from 58,293 in 2000 (22% growth). 2020 estimates for Bastrop County are at 89,066 and 2030 estimates project a population of 107,906.

The median age for the city of Bastrop is 37 and Bastrop County is 38. The median age for both the City and County are higher than the greater Austin-Round Rock MSA median age (33) and the Texas median age (34) The 0-14 age group makes up 21% of the total population with 1,506 people. Ages 15-34 make up a total of 1,903 people (26% of total population), ages 35-54 a total of 1,931 (27%), and ages 55+ a total of 1,878 (26%). Both Bastrop County and the city of Bastrop

show a moderately low percentage of the 15-34 age group when compared to the Austin-Round Rock MSA (24%, 26%, and 32%, respectively).

In order to create sustainable economies it is important to have a balanced population. Most vibrant high growth areas have a higher percentage of the population base 0-34 versus populations with a higher percentage older than 55. A younger population base creates a vibrant regional market. A younger population base has a stronger natural population increase due to fertility and younger areas have greater attraction for migration leading to higher levels of population growth. A younger population base is also more attractive to investors and corporations looking to expand and take advantage of the creative talent pool provided by the younger workforce.



Young families also increase residential demand which benefits existing owners by increasing home values and supports reinvestment in the local community. Bastrop County (25%) and the city of Bastrop (26%) currently exhibit higher levels of the 54+ age group compared to the Austin-Round Rock MSA (18%). This age breakdown essentially points to the idea that both Bastrop County and the city of Bastrop have an older overall population than the Austin-Round Rock MSA. An older population can also benefit the Bastrop economy, as retirees have a greater ability to travel and typically create demand for higher-quality housing, health care and wellness, and have higher disposable incomes.

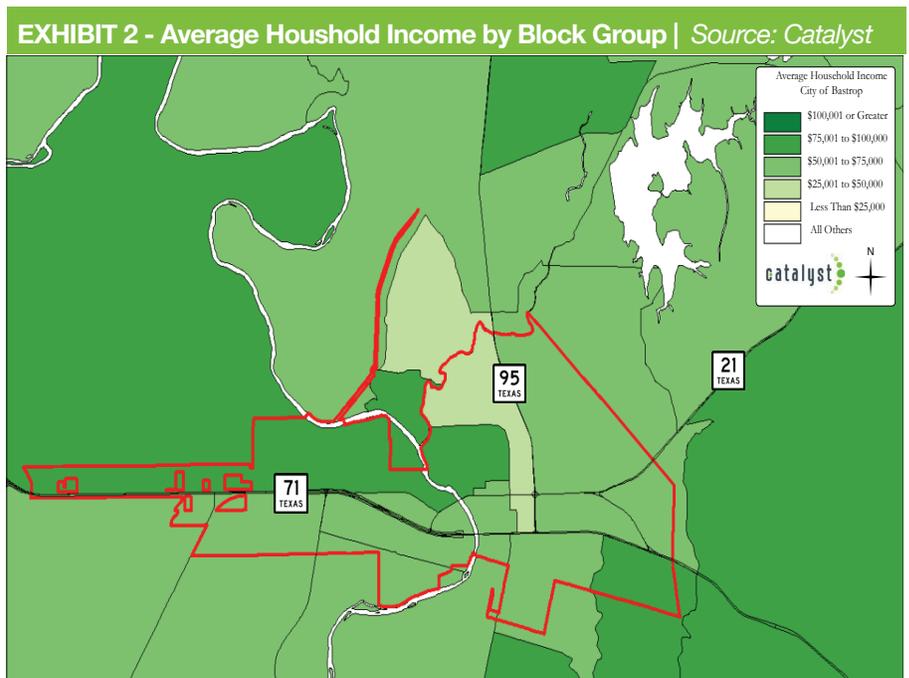
Recent studies show that both young populations and older populations have a higher preference for urban residential product. Downtown options can be a strong driver of sustainable development and a benefit to the city. A higher population density downtown can be supported at a lower cost per capita due to the economies of scale and compact infrastructure requirements. There are higher efficiencies to deliver public services in downtown areas and these areas also have greater access to education, healthcare, city services, retail, entertainment, and recreation. Both generations have preferences for multi-modal transportation. There is a greater trend for younger age drivers to defer vehicle purchases, which places a greater dependency on alternative transportation, and transportation options for older generations promote independence and increase mobility.

Race/Ethnicity

The racial composition of the city of Bastrop is comparable to that of Bastrop County. Statistics for the city of Bastrop in 2013 reflect a total of 5,443 people (76.8%) recorded as white alone. This is comparable to Bastrop County’s statistics, which showed a total of 54,859 people (72.7%) recorded as white. The city of Bastrop recorded a total of 821 people (11%) listed as black whereas the county recorded a total of 5,772 people (7.7%). For Hispanic alone, the city of Bastrop totaled 1,759 people (23.6%) and the county totaled 26,211 people (34.8%)¹. Projections for the year 2018 show the city of Bastrop will have the highest increase in Hispanic population (from 23.6% to 27% of the population). This also holds true for at the County level as well (from 34.8% to 38.5%).

This reflects both Austin-Round Rock MSA trends as well as statewide trends. The increase in Hispanics is both an opportunity and a challenge. According to Nielsen data, Hispanics spend \$386 more per household but shop less frequently. However, Hispanics make more trips per year for grocery items and Hispanics spend approximately 4.5% more per visit. Catering to the growing Hispanic population will require strategic merchandising considerations, and this change will impact current outlets, as this population becomes a larger and larger percentage of the economy.

The city of Bastrop has an average household income of \$74,663, which is greater than the Bastrop County average (\$67,213) and the state average (\$71,251). Projections for 2018 mirror a similar trend as the city of Bastrop is anticipated to have an average household income of \$89,704 compared to the county and state averages of \$79,248 and \$83,643, respectively. Figures from 2013 show that 57% of households earn greater than \$50,000 a year. Estimates for 2018 show an upward trend in terms of the percentage of households that earn greater than \$50,000 with a total of 68%. Per capita, income is anticipated to increase from \$30,035 in 2013 to \$35,867 in 2018. This is significant because higher levels of income typically equate to more retail expenditure.



2.2 MAJOR REGIONAL EMPLOYMENT

Workforce

The city of Bastrop has strong employment opportunities. Many jobs revolve around Bastrop's unique geographic features. Among these are the Colorado River, the Lost Pines Woodland, and a convenient distance from Austin, and proximity to the Austin-Bergstrom International Airport located on Austin's southeast side. Some of the major employers located around Bastrop's include the Hyatt Regency Lost Pines Resort (762 employees) and the Lower Colorado River Authority (122 employees). An extension of the University of Texas (including the University of Texas MD Anderson Cancer Center, Science Park, and Department of Molecular Carcinogenesis) and is located just outside of Bastrop in nearby Smithville, which employes over 420 personnel.

Other large employers include Wal-Mart (334 employees), the Bastrop Federal Correctional Institute (284 employees), H.E.B. Food Stores (247 employees), Griffin Industries (200 employees), Buc-ee's (195 employees), and Agilent/Stratagene (155 employees). Bastrop ISD has approximately 1,383 employees is the largest employer in Bastrop. Within a 5 minute drive time of the Bastrop downtown area (defined by the intersection of Chestnut St. & Main St.) there are 591 businesses with a total of 3,604 employees.

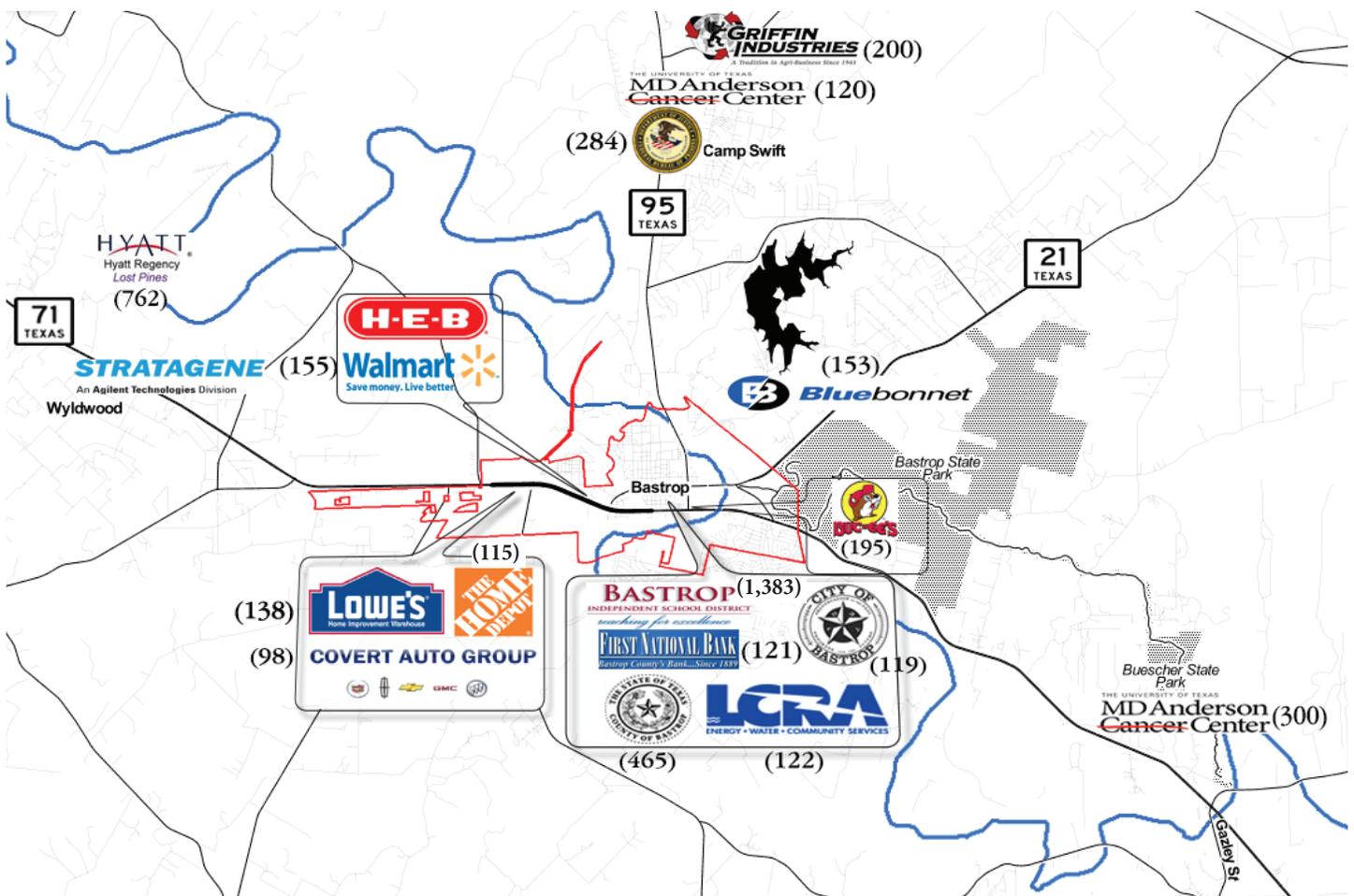


EXHIBIT 3 - Bastrop Major Workforce Map (June 2014) | Source: Catalyst

EXHIBIT 4 - Major Employers | Source: Bastrop EDC

Employer	Employees	Employer	Employees
Bastrop ISD	1,381	Agilent/Stratagene	155
Hyatt Regency Lost Pines Resort	762	Bluebonnet Electric Co-op	153
Bastrop County	465	Lowe's	138
University of Texas Science Parks	420	Lower Colorado River Authority	122
Wal-Mart	334	First National Bank	121
Bastrop FCI	284	City of Bastrop	119
H.E.B. Food Stores	247	Home Depot	115
Griffin Industries	200	Covert Chevrolet	98
Buc-ee's	195		

Projections for the Rural Capital Workforce Development Area² indicate a total gain of 55,860 employees between 2010 and 2020. These projections indicate the education and health services sector will increase the most number of employees (55,660 in 2010 to 74,640 in 2020.)³ The second largest economic sector in terms of current and projected employment will be in the trade, transportation, and utilities category.

Research⁴ shows that workforce spending patterns indicate that workers spend approximately \$195 per week on various daily expenditures. Given a conservative capture rate of 10 percent, there is a potential of \$70,207 in weekly workforce retail expenditures (\$3,510,386 annually) within the study area. All categories combined, excluding transportation, equate to 10,664 square feet of demand. Excluding transportation, the largest portion of weekly expenditure is for general merchandise stores (\$8,433 per week), which equates to \$421,668 annually. This is followed closely by health & personal care stores and grocery stores with \$8,222 and \$6,746, respectively.

2.3 MAJOR VISITOR ATTRACTIONS

Visitor Attractions

Bastrop's fortunate geographic location and abundance of natural resources allows for a significant amount of visitors and tourists to visit the city year in and year out. Bastrop State Park is one of the most heavily trafficked parks in the state of Texas, annually attracting approximately 170,000 visitors. The Hyatt Regency Lost Pines Resort attracts a significant amount of visitors (estimated to be around 300,000 annually) not only to the resort itself, but provides visitor gravity for visitors to spend time in "Historic Downtown Bastrop" which includes the Bastrop County Museum and Visitor Center. Additionally, some of Central Texas' most popular events such as Bastrop Yesterfest and the Veteran's Day Car Show attract an estimated 10,000+ visitors annually. The ability of Bastrop's downtown district to attract these large amounts of visitors is key in the potential growth of retail in the area. In addition, Bastrop's natural assets and unique character make visitor attraction attainable, which can increase visitor capture and enhance the local economy. This includes expanding awareness of Bastrop's resorts, parks, golf courses, and increasing the number of attractions. Bastrop can also increase its cultural and arts gravity by increasing external awareness. According to Artplace America "Arts-related activity plays a key role in contributing to the kind of quality of place that attracts and retains talented people and enables people to put all of their talent to work. These kinds of flourishing places generate additional innovation and economic activity, which broadly benefits the entire community."⁵

Visitor Findings

Bastrop's historic downtown district is an attractive site for visitors looking to experience a downtown with unique character. Additionally, Bastrop serves as an important central place for the surrounding rural areas including the aforementioned visitor attractions, Bastrop should be able to benefit from the regional visitor market. Visitors spend money at various establishments during their visits including restaurants, shops, convention centers, attractions, niche retailers, hotels, and resorts just to name a few. Visitors to Bastrop County spent approximately \$148 million in 2012⁶, up 11.6% from \$137 million in 2011. Based on the visitor attractions and the amount of visitors at these attractions, there is approximately \$15 million of potential visitor spending (excluding transportation). Given the unmet visitor demand Bastrop could benefit from visitor expenditures. An increase in visitors will support Bastrop's arts and cultural base, and increase demand for

hospitality and hospitality services. In addition, visitors will seek specialty retail and niche dining, which are well suited for downtown Bastrop or convert residential structures that can be converted to active commercial uses and integrated into the historic fabric.

EXHIBIT 5 - Major Visitor Attractions | Source: Catalyst

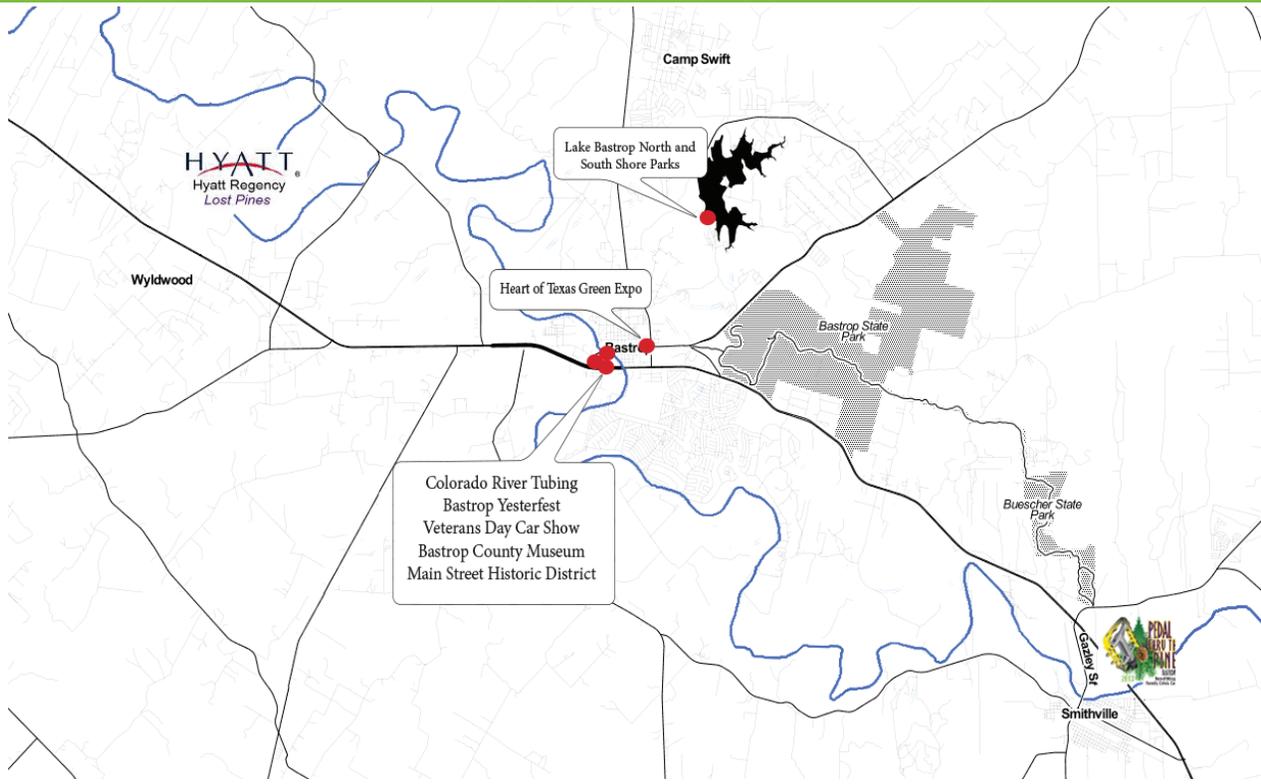


EXHIBIT 6 - Major Attractions and Events | Source: Bastrop

Bastrop State Park	Lake Bastrop North and South Shore Parks
Hyatt Regency Lost Pines Resort	Bastrop Yesterfest
Main Street Historic District	Pedal Thru the Pines
Bastrop County Museum and Visitor Center	Heart of Texas Green Expo
Colorado River Tubing	Veterans Day Car Show

2.4 REGIONAL COMMUTER PATTERNS

Traffic Counts

Bastrop is strategic regionally as Bastrop is the regional hub for several large State highway systems. In order to study the importance of its networks, Catalyst reviewed the traffic patterns in the downtown region of Bastrop. The western boundary of this study area is the intersection TX 21 and Loop 150 and the eastern boundary TX 71 just west of its intersection with Tahitian Dr. The study area extends as far north as the intersection of TX 21 and Park Rd. 1 and as far south as the TX 71 highway.

TX 71 and Chestnut St. have the highest traffic count totals (48,000 per day). However, there is a substantial amount of traffic flowing through the Main Street corridor. Chestnut St. and just east of Perkins St. (15,700 per day) and Chestnut St. & Water St. (12,600 per day) are both solid examples of the high traffic levels flowing through the traditional downtown area. Downtown is the confluence of many regional networks, including SH 95, which links east Austin and the communities of Taylor and Elgin to SH 71. SH 21 connects to SH 45 and includes communities such as Caldwell, College Station and Madisonville at the SH 21/45 intersection. Bastrop's major thoroughfare is SH 71, which links Austin to Houston via Interstate 90 and SH 130 in Austin.

EXHIBIT 7 - Regional Traffic Counts | Source: TXDOT

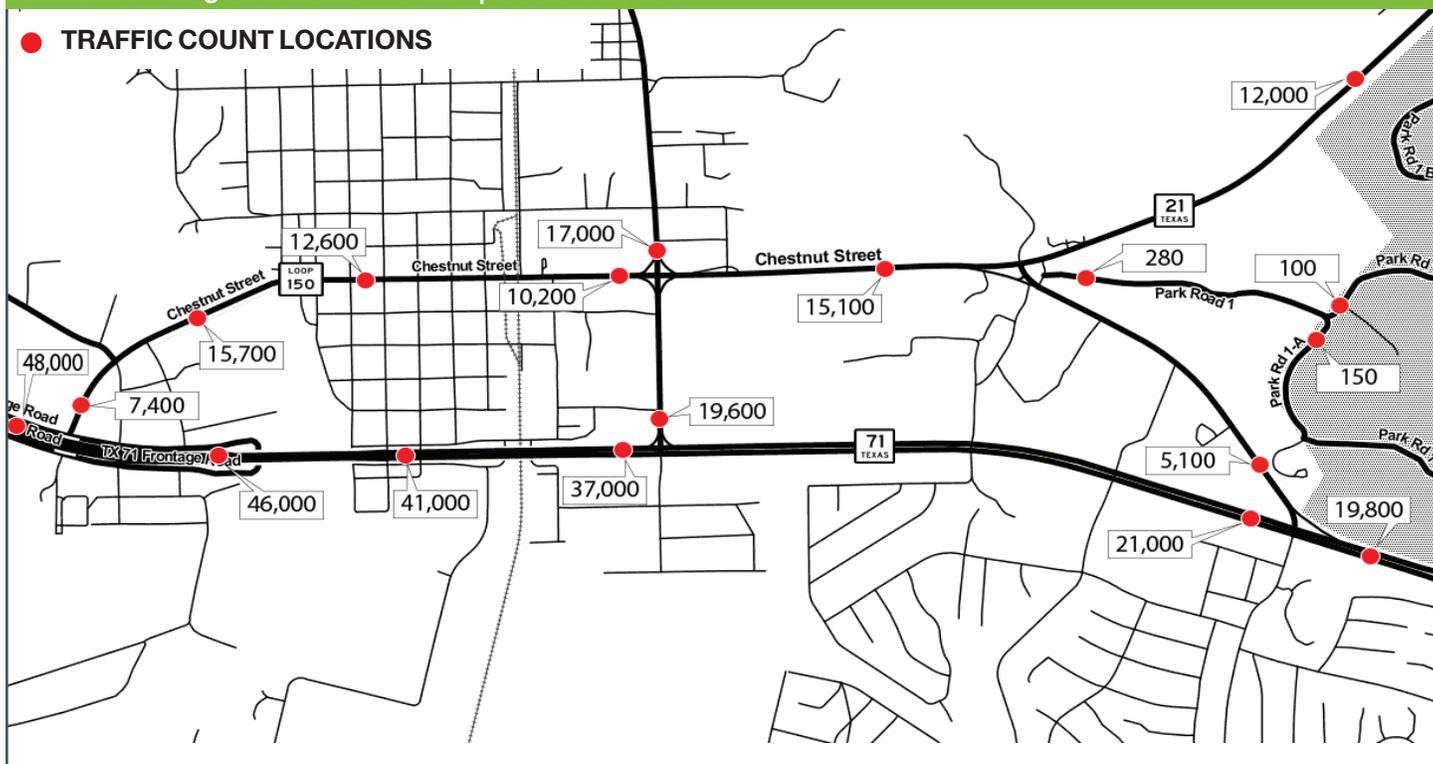


EXHIBIT 8 - Traffic Counts | Source: TXDOT

Location	Intersection	24 Hour Counts
TX 21	W. of Loop 150	48,000
TX Loop 150	S. of Old Austin Hwy	7,400
TX Loop 150	E. of Perkins St.	15,700
TX 21	E. of Perkins St.	46,000
Chestnut St.	E. of Water St.	12,600
TX 21	E. of Pecan St.	41,000
TX 21	W. of 95	37,000
Chestnut St.	W. of 95	10,200
TX 95	S. of Spring St.	17,000
TX 21	S. of Emile St.	19,600
Chestnut St.	W. of American Legion Dr.	15,100
TX 71	W. of Loop 150	21,000
TX Loop 150	S. of Pine Point	5,100
TX 21	W. of Tahitian Dr.	19,800
TX 21	W. of Park Road 1	12,000
Park Road 1	E. of TX 21	280
Park Road 1-A	N. of Park Road 1	100
Park Road 1	S. of Park Road 1	150

The Texas Department of Transportation is currently redesigning Chestnut Street through downtown Bastrop and these improvements are anticipated to increase vehicle capacity and traffic counts but will displace current on-street parking near Main and Chestnut. However, the impacts can be mitigated by creating additional parking areas and better way finding.

Traffic Counts Findings

The frontage provided by TX 71 is a major artery for traffic in the study area. It is important to mention that just to the west of the study area is a series of major retailers that will be discussed in one of the following sections.

The most important area to focus on for the purposes of this analysis is the Chestnut St. corridor, specifically just west of TX 95 and just east of the Colorado River. This area – thought to be the more traditional and historic “downtown” district – has a moderate amount of traffic based on a per day average. Capitalization upon the traffic flows – that is, pulling travelers along the corridor into the downtown district – is key and can potentially offer more retail opportunity both to Bastrop citizens, visitors, and commuters.

Catalyst evaluated regional traffic patterns to understand trends in greater Bastrop, and the potential influence of traffic patterns on retail demand in downtown Bastrop. The aggregated traffic counts of Bastrop total 328,000 daily. The peak traffic counts on Chestnut near Main St. are near 16,000. Rather than reviewing Chestnut or Main Street in isolation, we believe downtown Bastrop is impacted from multiple trip generators and these consumers likely cross-shop between downtown and other areas within Bastrop. Based upon previous studies, typical thoroughfares capture 2-3% of drive by traffic. However, a portion of traffic counts in Bastrop are likely double counted since there are multiple points of entry into downtown, therefore Catalyst utilized a conservative capture rate of .05% against the aggregated traffic that likely influences Bastrop. Our initial estimate indicates that downtown may capture \$6.2M of commuter driven retail expenditures, which can support 18,000 square feet (SF) of retail annually. As downtown Bastrop’s commercial core is increased and upgraded, this capture rate can likely increase significantly.

Existing Conditions Footnotes

¹ Hispanic is considered an ethnicity categorized under race, therefore totals may equal out to greater than 100%.

² Texas Workforce Commission “Workforce Development Area”

³ Texas Workforce Commission

⁴ ICSC

⁵ <http://www.artplaceamerica.org/articles/vibrancy-indicators/#sthash.PkO9wTC9.dpuf>

⁶ Texas Travel Impacts Data

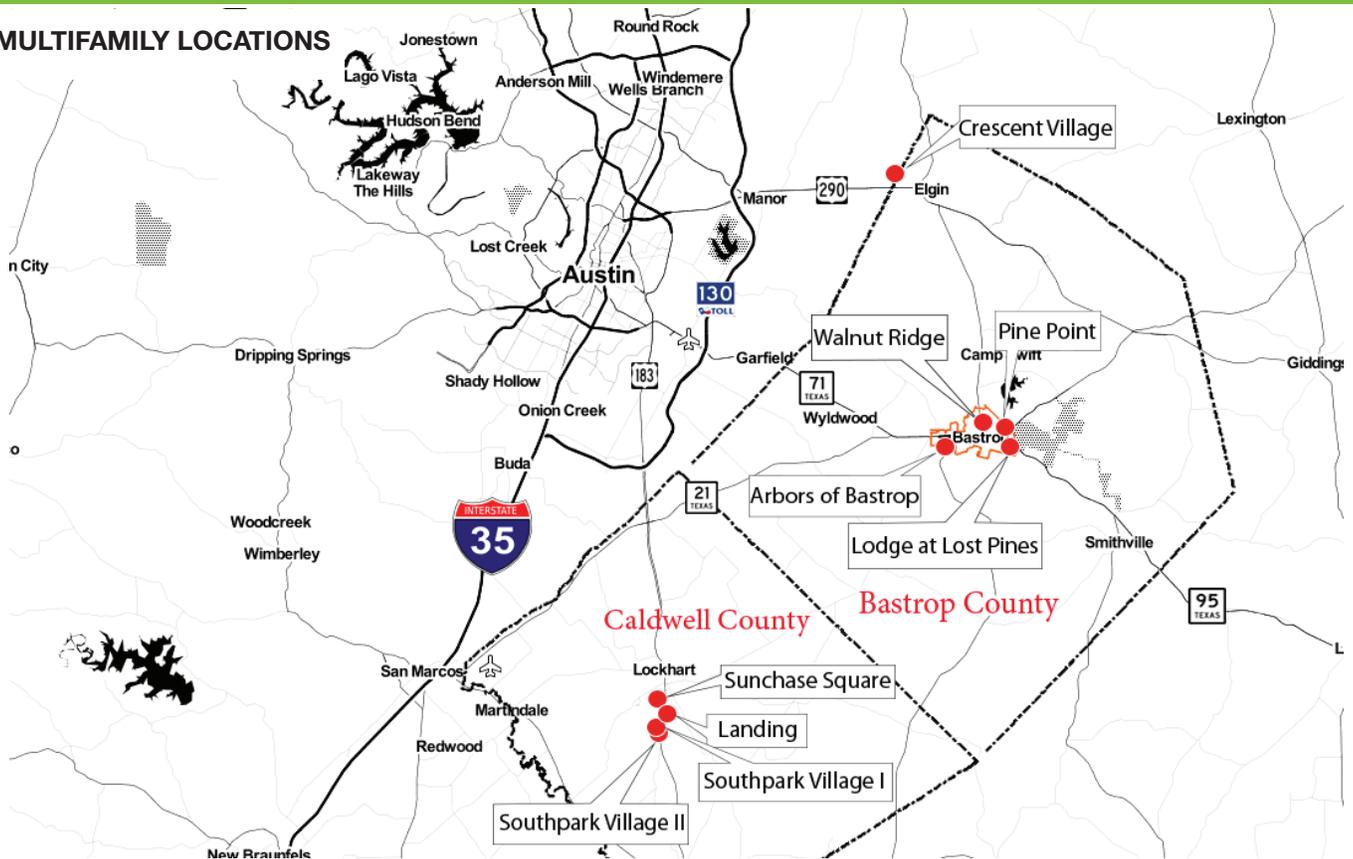
03 Housing

3.1 MIXED HOUSING TRENDS

The greater Austin area, which includes Bastrop County, reported the average occupancy for 2011 was comparable to that of Bastrop's rental trends, hovering around 94% - 96% occupancy. When compared to other major metro areas in the state, Austin's regional occupancy rate of 94% ranks number one overall. Austin has also seen the highest increase in the effective rent (6.6%) when compared to other metropolitan areas. For the purposes of this analysis, urban residential performance was evaluated in Bastrop, TX, Elgin, TX, and Lockhart, TX

EXHIBIT 9 - Bastrop Multifamily Locations | Source: ALN

MULTIFAMILY LOCATIONS



Current Multifamily Projects



Crescent Village



Sunchase Square



The Lodge at
Lost Pines

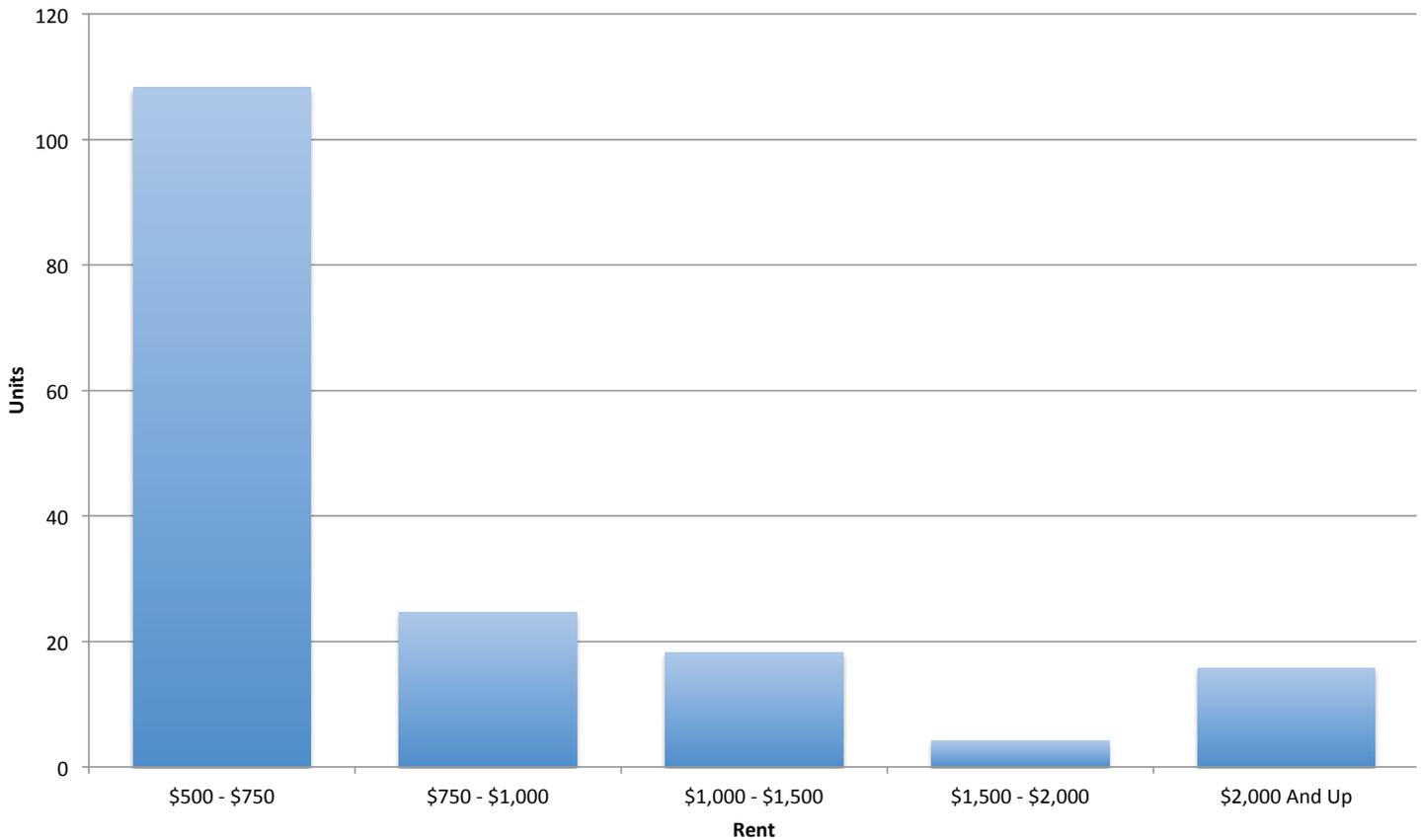


Walnut Ridge

The Bastrop multifamily market has a high level of occupancy with the lowest reported occupancy rate at 94%; the majority is between 95% and 99% occupancy. In total, the area surveyed includes 900 total units with Walnut Ridge (200) and Lodge at Lost Pines (160) having the highest amount of units. Since 2009, there have been no new building permits for multi-family structures in Bastrop¹. While we do not anticipate traditional multi-family development within Bastrop, there is demand for alternative mixed housing that can be integrated into the historic downtown fabric.

Potential demand for housing was analyzed by examining current and future household demand for the Bastrop surveyed area across multiple income categories. Among these categories analyzed were new multifamily housing inventory, existing rates of ownership versus renting rates, and turnover of existing homeowners. In terms of rent, the average rent for non-owner occupied residential across the study area is \$767.11 with an average square footage of 926. This ranks well below the average rent in the greater Austin area (\$852 as of 2011). Of the existing structures in the Bastrop area surveyed, most of the structures were built post-1999 with the most recent being 2009; three of the remaining nine were built between 1986 and 1989.

EXHIBIT 10 - Potential Annual Demand for Multifamily Residential by Monthly Rent



When compared to effective rent, Bastrop's rental structures performed well within context with regional performance metrics. Given Bastrop's close proximity to Austin and lower rental costs, mixed residential in Bastrop would be an attractive alternative to the creative class and young families considering relocating to the Austin region.

EXHIBIT 11 - Estimated Annual Demand Potential for Rental (Based on 2013-2018 County Demographic Trends)

Sources: 1. ESRI 2. US Census American Community Survey 3. US Census American Housing Survey 4. US Census Building Permits Survey

Monthly Rent	\$500	\$750	\$1,000	\$1,500	\$2,000	
	\$750	\$1,000	\$1,500	\$2,000	And Up	
Qualifying Income	Less Than	\$35,000	\$50,000	\$75,000	\$100,000	
	\$35,000	\$50,000	\$75,000	\$100,000	And Up	Total
2013 Total Households¹			26,295			
2018 Total Households¹			27,147			
Avg. Annual Household Growth			170			
New Household Growth						
Total Annual New Households ¹	170	170	170	170	170	170
% Income Qualified	31%	13%	16%	8%	14%	80%
# Income Qualified	52	22	27	13	23	137
Renter Propensity	36%	17%	10%	15%	3%	20%
Qualified New Households	19	4	3	2	1	28
Existing Owner Household						
Total Households ¹	26,295	26,295	26,295	26,295	26,295	26,295
% Income Qualified ²	31%	13%	16%	8%	14%	80%
Owner Propensity ²	58%	80%	86%	85%	97%	61%
Total Owner Households	4,625	2,670	3,588	1,756	3,478	16,118
Annual Turnover Rate ²	5%	2%	3%	1%	4%	3%
Qualified Owners in Turnover	244	64	99	23	123	554
Estimated % Rent vs. Purchase ³	81%	71%	34%	27%	25%	57%
Estimated Owners in Turnover that Rent	198	46	34	6	31	314
Existing Renter Households						
Total Households ¹	26,295	26,295	26,295	26,295	26,295	26,295
% Income Qualified ²	31%	13%	16%	8%	14%	80%
Renter Propensity ²	36%	17%	10%	15%	3%	16%
Total Renter Households	2,896	557	427	302	105	4,287
Annual Turnover Rate ²	32%	13%	19%	0%	16%	25%
Qualified Renters in Turnover	915	71	80	0	17	1,084
Estimated % Rent vs. Purchase ³	85%	78%	65%	44%	38%	82%
Estimated Renters in Turnover that Rent	778	55	52	0	6	892
Income Qualified Households						
Total Potential Demand	994	105	89	8	38	1,234
Percent New Renters ³	22%	47%	41%	100%	83%	28%
Total Potential Demand for New Units	217	49	36	8	32	342
City Capture Rate ^{3,4}	50%	50%	50%	50%	50%	50%
Total Potential New Rental Demand	108	25	18	4	16	171

Housing Footnotes

¹ Esri

² US Census American Community Survey

³ US Census American Housing Survey

⁴ US Census Permits Survey

EXHIBIT 12 - Estimated Annual Demand Potential for Single Family Residential (Based on 2013-2020 County Demographic Trends)

Sources: 1. ESRI 2. US Census American Community Survey 3. US Census American Housing Survey 4. US Census Building Permits Survey

Home Value	less than \$100,000	\$100,000 - \$150,000	\$150,000 - \$200,000	\$200,000 - \$250,000	\$250,000 - \$300,000	\$300,000 - \$400,000	\$400,000 - \$500,000	\$500,000 and above	
Qualifying Income	less than \$40,000	\$40,000 - \$65,000	\$65,000 - \$90,000	\$90,000 - \$110,000	\$110,000 - \$125,000	\$125,000 - \$150,000	\$150,000 - \$200,000	\$200,000	Total
2013 Total Households¹									26,295
2018 Total Households¹									27,147
Avg. Annual Household Growth									170
New Household Growth									
Total Annual New Households ¹	170	170	170	170	170	170	170	170	170
% Income Qualified	43%	23%	14%	8%	2%	3%	4%	2%	100%
# Income Qualified	73	40	24	14	4	5	6	4	170
Owner Propensity	60%	85%	85%	91%	100%	94%	100%	99%	76%
Qualified New Households	44	34	21	12	4	5	6	4	130
Existing Owner Household									
Total Households ¹	26,295	26,295	26,295	26,295	26,295	26,295	26,295	26,295	26,295
% Income Qualified ²	43%	23%	14%	8%	2%	3%	4%	2%	100%
Owner Propensity ²	60%	85%	85%	91%	100%	94%	100%	99%	76%
Total Owner Households	6,739	5,202	3,205	1,925	626	772	937	619	20,025
Annual Turnover Rate ²	5%	4%	1%	1%	0%	4%	12%	0%	3%
Qualified Owners in Turnover	303	202	29	12	0	28	114	0	688
Estimated % Rent vs. Purchase ³	18%	28%	42%	51%	65%	95%	78%	84%	35%
Estimated Owners in Turnover that Rent	53	57	12	6	0	26	89	0	244
Existing Renter Households									
Total Households ¹	26,295	26,295	26,295	26,295	26,295	26,295	26,295	26,295	26,295
% Income Qualified ²	43%	23%	14%	8%	2%	3%	4%	2%	100%
Renter Propensity ²	34%	14%	12%	9%	0%	6%	0%	1%	20%
Total Renter Households	3,826	831	436	183	0	45	0	5	5,326
Annual Turnover Rate ²	30%	19%	20%	17%	15%	36%	25%	100%	28%
Qualified Renters in Turnover	1,164	161	87	31	0	16	0	5	1,465
Estimated % Rent vs. Purchase ³	9%	26%	40%	47%	57%	67%	58%	60%	13%
Estimated Renters in Turnover that Rent	103	43	35	15	0				195
Income Qualified Households									
Total Potential Demand	200	133	68	33	4	31	95	4	569
Percent New Renters ³	37%	29%	41%	41%	50%	8%	3%	50%	29%
Total Potential Demand for New Units	74	38	28	14	2	3	3	2	163
City Capture Rate ^{3,4}	73%	73%	73%	73%	73%	73%	73%	73%	73%
Total Potential Single Family Demand	54	28	20	10	1	2	2	1	119

Housing Footnotes

¹ Esri

² Us Census American Community Survey

³ Us Census American Housing Survey

⁴ Us Census Permits Survey

04 Office

4.1 OFFICE

The U.S. office market as a whole has seen a slow but steady recovery period in recent years, and Bastrop has followed a similar trajectory. A negative net absorption of 30,000 square feet occurred in 2009 but has rebounded strongly in quarters since then. In 2011, more than 20,000 square feet of office space was delivered to the Bastrop market.

EXHIBIT 12 - Downtown Bastrop Small Office Firms | *Source: CoStar, ESRI*

	Firms	Employees	Employees/Firm
Finance & Insurance	36	145	4
Real Estate	33	125	4
Professional, Scientific, and Technical Services	92	357	4
Management of Companies and Enterprises	2	4	2
Health Services	6	46	8
Arts & Entertainment	24	65	3
Total	193	742	4
Avg. SF per Employee	200		
Total Small Office SF	148,400		
Total Office SF	286,265		
Small Office Portion of Office Space	52%		
Avg. Submarket Class A + B SF Absorption	4,176		
Potential Small Office Class A +B SF Absorption	2,165		
Estimated Subject Site Capture Rt.	50%		
Potential Capture SF from Absorption	1,082		
Potential Turnover	5%		
Potential Turnover SF	7,420		
Avg. Vacancy Rate	10%		
Total Occupancy from Turnover	6,678		
Estimated Subject Site Capture Rt.	50%		
Potential Capture SF from Turnover	3,339		
Total Potential SF	4,421		

Although the Bastrop market is relatively small compared to the greater Austin area, overall vacancy rates are very low at 3%. In fact, within the greater Austin area, Bastrop's 3% office vacancy is the lowest of the other 18 surveyed areas. Within the greater Austin area, Bastrop's quoted rates per square foot were the lowest of the other surveyed areas. Class C office space within the City of Bastrop saw a higher rate of absorption than both Class A and Class B office space. This signals that office space demand does exist in Bastrop, although due to the low quoted rates per square feet and the relatively small market the demand that does exist will probably support smaller office spaces that are likely Class C. Historically, Bastrop has been absorbing around 4,000 per square feet per year. Our estimates show that approximately 1,082 square feet of net new small office demand per year derive from expansions and approximately 3,339 square feet from local relocations. In addition to these estimates, Bastrop could attract a corporate user or small business which would want to relocate to an authentic downtown environment and be accessible to the airport.

05

Retail

5.1 RETAIL

The heart of the study area specifically analyzed in this assessment is the intersection of Chestnut St. and Main St. This intersection is a signalized intersection that is the center of the Historic Downtown Bastrop district. Nearby roads also contain important landmarks such as the Bastrop County Courthouse and the Bastrop High School, located just north of the study area. Immediately east and north of the downtown district is a series of streets with single-family structures. West of both the Colorado River and Bastrop's downtown is a series of newer retail centers that include recognizable regional and national chains.

The Chestnut St. and Main St. corridor is the downtown retail center. The downtown district features various types of local retailers. Numerous local restaurants compose much of the local retail scene in the area. Other local retailers such as salons, boutiques, a candle store, florists, antique stores, music stores, and general goods stores compose the majority of the remaining retail scene for the downtown.

To the west of the downtown study area across the Colorado River is a series of newer developments that includes the traditional national chain establishments. Among these are Lowe's, Home Depot, Wal-Mart, Starbucks, Taco Cabana, Papa Murphy's, Staple's, Ross, and Best Buy among others. Academy has announced expansion plans into Bastrop with a Fall 2014 opening. Other regional retailers worthy of mentioning are Spec's and H.E.B., as well as a few large car dealerships. These stores are located less than three miles to the west of the downtown study area. The newer retail stores that offer an array of recognizable chains can possibly generate traffic for the downtown area given that the downtown is able to capture a certain percent of these shoppers.

5.2 WORKFORCE GENERATED RETAIL DEMAND

There are nearly 600 businesses that employ just over 3,600 people within a 5-minute drive time of the Bastrop downtown study area. Research of workforce spending patterns indicates that an individual worker spends approximately \$195 per week. A quality development with national and regional brands (additional factors to include within this 'quality' title are convenient parking, centers that offer a wide array of retail options, easy access to major roads, etc.) of retailers and restaurants may easily capture upwards of 10% of potential retail expenditures from the local workforce. With this consideration in mind given a 10% capture for the Bastrop study area, this equates to a total annual expenditure of \$2,445,674.

A quality development may also capture workforce spending from several of the large institutions and employers in the nearby vicinity. In the context of the Bastrop workforce, this includes Bastrop County employees, Bastrop ISD employees, Wal-Mart employees, and Bastrop FCI employees among various others. After accounting for the percent of workforce expenditures across each retail category and the average sales per SF of each retail category, the Bastrop study area may capture sufficient workforce expenditures to support 10,664 SF of retail and restaurants. The 10,664 SF of workforce demand is based on current market potential. Any additional demand will depend on employment growth in the region.

EXHIBIT 13 - Major Retailers Map | Source: Catalyst



EXHIBIT 14 - Workforce Retail Demand

Category	Percent	Weekly Expenditures	Annual Expenditures
Transportation	21.9%	\$15,390.88	\$769,544.10
Online Purchases	8.4%	\$5,903.35	\$295,167.60
Full-Service Restaurants	8.1%	\$5,692.52	\$284,625.90
Limited-Service Eating Places	7.7%	\$5,411.41	\$270,570.30
Department Stores	3.9%	\$2,740.84	\$137,042.10
Discount Stores	4.9%	\$3,443.62	\$172,181.10
Drug Stores	3.7%	\$2,600.29	\$130,014.30
Grocery Stores	9.6%	\$6,746.69	\$337,334.40
Clothing Stores	2.0%	\$1,405.56	\$70,278.00
Shoe Stores	1.5%	\$1,054.17	\$52,708.50
Sporting Good Stores	1.3%	\$913.61	\$45,680.70
Electronics	2.9%	\$2,038.06	\$101,903.10
Jewelry Stores	2.4%	\$1,686.67	\$84,333.60
Office Supplies	4.4%	\$3,092.23	\$154,611.60
Warehouse Clubs	4.7%	\$3,303.07	\$165,153.30
Other Goods	2.4%	\$1,686.67	\$84,333.60
Personal Care	4.7%	\$3,303.07	\$165,153.30
Personal Services	1.9%	\$1,335.28	\$66,764.10
Other Services	1.4%	\$983.89	\$49,194.60
Entertainment	2.1%	\$1,475.84	\$73,791.90
Total	100.0%	\$70,278.00	\$3,513,900.00

5.3 COMMUTER GENERATED RETAIL DEMAND

An average of over 328,000 vehicles pass through the study area daily based on TXDOT traffic counts. The ability of the study area to capture commuter retail spending vary based on several factors. Among these factors are visibility of store front (better visibility equates to better exposure), convenient hours, a mix of recognizable national and regional chain establishments, convenient access to and from major roadways including convenient parking, and a critical mass of retail shopping and other businesses that make a stop much more convenient for the commuting shopper.

Assuming a capture rate of .50% and average weekly spending of \$131, the subject site may capture \$10,742,983 annually from commuters. Excluding transportation expenses from this number, the subject area may capture \$6,232,570 annually in retail expenditures.

Some of the more notable categories that should be mentioned are grocery stores (\$27,883 in weekly expenditures) as well as full and limited service restaurants (\$29,523 in weekly expenditures). Currently there is enough demand to support just over 18,000 total square feet of demand for the study area.

EXHIBIT 15 - Commuter Retail Demand					
Category	Percent	Weekly Expenditures	Annual Expenditures	Sales Per SF	Demand (SF)
Grocery Stores	13%	\$27,883	\$1,394,128	475	2,935
Full-Service Restaurants	7%	\$14,761	\$738,068	425	1,737
Limited-Service Eating Places	7%	\$14,761	\$738,068	300	2,460
Department Stores	3%	\$6,196	\$309,806	300	1,033
Other General Merchandise Stores	3%	\$6,196	\$309,806	200	1,549
Health & Personal Care Stores	3%	\$6,196	\$309,806	300	1,033
Clothing Stores	3%	\$6,196	\$309,806	275	1,127
Shoe Stores	3%	\$6,196	\$309,806	150	2,065
Sporting Goods/Hobby/Musical Instr Stores	3%	\$6,196	\$309,806	300	1,033
Electronics & Appliance Stores	3%	\$6,196	\$309,806	300	1,033
Jewelry, Luggage & Leather Goods Stores	3%	\$6,196	\$309,806	315	984
Office Supplies, Stationery & Gift Stores	3%	\$6,196	\$309,806	300	1,033
Other	5%	\$11,481	\$574,053		
	100%	\$214,860	\$6,232,570		18,020

5.4 RESIDENTIAL GENERATED RETAIL DEMAND

The current residential population within the region may support an additional 96,485 SF of retail and restaurants. The average distance traveled for each retail category was examined in order to identify the potential capture of unmet retail demand across each of these categories. Within 0-3 miles of the study area there is potential for an additional 24,780 SF of unmet retail demand. Within 3 – 5 miles from the study area there are 4,341 people with an average disposable income just over \$46,000. There is currently \$22,026,177 in unmet retail demand within this geography. Given the close proximity to this area, the study area may capture a significant portion of the unmet retail demand of these residents. This could potentially support an additional 19,108 SF of retail. Within a 5-10 mile ring – that is, no overlap with the previous 3 – 5 mile ring previously mentioned – there is a total of \$69,779,210 of unmet demand that could support approximately 42,934 SF of retail.

EXHIBIT 16 - Residential Retail Demand

Retail Demand by Range	0-3 Miles	3-5 Miles	5-10 Miles	10-20 Miles	Total SF
Furniture Stores	-	-	897	352	1,249
Home Furnishings Stores	1,360	265	697	1,313	3,635
Electronics & Appliance Stores	-	1,089	-	-	1,089
Bldg Material & Supplies Dealers	-	-	-	-	-
Lawn & Garden Equip & Supply Stores	1,059	61	156	324	1,600
Grocery Stores	-	3,054	6,544	-	9,598
Specialty Food Stores	1,461	284	146	191	2,082
Beer, Wine & Liquor Stores	-	183	-	-	183
Health & Personal Care Stores	-	1,199	5,529	-	6,728
Gasoline Stations	3,773	1,476	519	41	5,808
Clothing Stores	354	1,004	2,031	1,302	4,690
Shoe Stores	570	375	682	491	2,117
Jewelry, Luggage & Leather Goods Stores	570	154	346	269	1,339
Sporting Goods/Hobby/Musical Instr Stores	432	398	620	436	1,886
Book, Periodical & Music Stores	1,477	153	249	255	2,133
Department Stores Excluding Leased Depts.	11,752	1,555	4,057	4,079	21,443
Other General Merchandise Stores	-	4,517	16,111	-	20,628
Florists	-	8	38	9	55
Office Supplies, Stationery & Gift Stores	1,172	-	-	-	1,172
Used Merchandise Stores	891	584	321	272	2,068
Other Miscellaneous Store Retailers	-	718	-	-	718
Full-Service Restaurants	-	570	1,207	240	2,017
Limited-Service Eating Places	-	1,419	2,785	-	4,204
Special Food Services	-	44	-	-	44
Total Demand (SF)	24,870	19,108	42,934	9,574	96,485

5.5 Aggregate Retail Demand

Retail demand for the study area will be impacted by each of the demand drivers discussed up to this point which includes commuters, visitors, workforce, and the residential population. The table below shows the current potential of each of these demand drivers and the cumulative supportable square footage by each retail category. Based on current demand, the study area has the potential to support 152,050 SF of retail across all retail categories. Additional retail demand over time will be dependent on population and income trends, employment growth within the region, and the larger economy as a whole.

EXHIBIT 17 - Potential Supportable Retail Square Footage By Retail Category | Source: ESRI, Catalyst

Category	NAICS	Workforce	Commuter	Visitor	Residential	Total
Automobile Dealers	4411	-	-	-	-	-
Other Motor Vehicle Dealers	4412	-	-	-	-	-
Auto Parts, Accessories & Tire Stores	4413	-	-	-	-	-
Furniture Stores	4421	-	-	-	1,249	1,249
Home Furnishings Stores	4422	-	-	-	3,635	3,635
Electronics & Appliance Stores	4431	340	1,033	-	1,089	2,461
Bldg Material & Supplies Dealers	4441	-	-	-	-	-
Lawn & Garden Equip & Supply Stores	4442	-	-	-	1,600	1,600
Grocery Stores	4451	710	2,935	5,543	9,598	18,786
Specialty Food Stores	4452	-	-	-	2,082	2,082
Beer, Wine & Liquor Stores	4453	-	-	-	183	183
Health & Personal Care Stores	446,4461	1,370	1,033	1,262	6,728	10,394
Gasoline Stations	447,4471	2,565	-	-	5,808	8,373
Clothing Stores	4481	256	1,127	1,377	4,690	7,450
Shoe Stores	4482	351	2,065	2,525	2,117	7,059
Jewelry, Luggage & Leather Goods Stores	4483	268	984	1,202	1,339	3,793
Sporting Goods/Hobby/Musical Instr Stores	4511	152	1,033	-	1,886	3,071
Book, Periodical & Music Stores	4512	-	-	-	2,133	2,133
Department Stores Excluding Leased Depts.	4521	457	1,033	-	21,443	22,932
Other General Merchandise Stores	4529	2,108	1,549	-	20,628	24,285
Florists	4531	-	-	-	55	55
Office Supplies, Stationery & Gift Stores	4532	515	1,033	-	1,172	2,720
Used Merchandise Stores	4533	-	-	-	2,068	2,068
Other Miscellaneous Store Retailers	4539	-	-	-	718	718
Full-Service Restaurants	7221	670	1,737	6,195	2,017	10,618
Limited-Service Eating Places	7222	902	2,460	8,776	4,204	16,342
Special Food Services	7223	-	-	-	44	44
Drinking Places - Alcoholic Beverages	7224	-	-	-	-	-
Total Demand (SF)		10,664	18,020	26,880	96,485	152,050