



Amarillo, Texas

Mixed-Use Residential Market & Financial Feasibility Study

REPORT

JULY 7, 2023



Background

Hunden Strategic Partners was engaged to conduct a comprehensive market and financial feasibility study in downtown Amarillo. HSP studied the dynamics of downtown Amarillo and has provided recommendations for a singular development, referred to as "the Project" throughout this analysis. The Project encompasses a diverse range of components, including for-sale condos, rental apartments, office space, and retail space. It is worth noting that the availability of living units and retail developments in downtown Amarillo is currently limited. Within urban areas, retail and residential assets are synergistic developments that depend on each other heavily.

Ideally, this development could be built in one phase, but with ever-changing macroeconomic conditions, likely this development would need to be developed with a phased approach. While the phasing would impact feasibility of the assets, HSP's recommendations detail an ideal first project to be developed in downtown Amarillo. This Project would be a catalyst for change in downtown Amarillo.



Table of Contents

1. Executive Summary
2. Economic, Demographic & Tourism Analysis
3. Residential Market Analysis
 - For-Sale Housing (Condos)
 - Multifamily
4. Hospitality Market Analysis
 - Hotels
 - Short-Term Rentals
5. Retail & Restaurant Market Analysis
6. Implications & Recommendations
7. Demand & Financial Projections
8. Economic, Fiscal and Employment Impact Analysis

Headlines

TOURISM



Visitors primarily travel through and to Amarillo for vacation and utilize the area as a stop along their way to other locations. Its roadway connectivity and unique assets have resulted in the market performing well throughout the COVID pandemic.

The Civic Center and Globe-News facilities have struggled to return to pre-pandemic levels, generating additional pressure to develop an attractive downtown for visitors.

RESIDENTIAL



Interviews with residential operators and surveys of corporate stakeholders indicated that downtown Amarillo's future depends on new housing developments. The few downtown apartments charge high-rates and have limited vacancy, even with few grocery stores, gyms and amenities for residents.

HOSPITALITY



Of the asset classes studied, hospitality has the strongest historical performance. There is still a market opportunity at the luxury and upper upscale quality level. The current market has a greater trouble with ADR as opposed to occupancy. Higher rates can be achieved with greater amenities and guest experiences.

The current hotel market's amenities are lackluster.

RETAIL



The majority of retail and restaurant assets in downtown Amarillo are aged and under perform. Leasing retail space continues to be a struggle.

“Chicken or the Egg” Dilemma. For residential to succeed, more retail is needed, but residential cannot be developed without new retail. Current downtown residents must drive to the suburbs for grocery stores, gyms and other amenities that residents desire.

SWOT Overview

The following SWOT analysis details the strengths, weaknesses, opportunities, and threats of the Project.

STRENGTHS



- Increasingly activated downtown
- Strong performance of hotel assets in downtown
- Limited supply of high-quality living opportunities in downtown
- Leisure and corporate travel

WEAKNESSES



- Geographic isolation
- Current downtown development
- Limited regional visitation to civic center

OPPORTUNITIES



- Impactful tax revenues and activation for downtown and the City.
- Further revitalize downtown with housing and new retail
- Bridge the gap between Polk St and Hodgetown Stadium
- New amenities to downtown

THREATS



- Available sites
- Absence of similar large residential developments in downtown
- Feasibility Gap

Why Mixed-Use?

TRENDS.

Following the pandemic, the development of mixed-use buildings has been rising across the United States, with some prime examples popping up in the state of Texas. Today people look for greater flexibility and hybridization. This trend has surged the **blending of professional and personal lives**.

Reports have shown that mixed use properties generally have shorter lease-up periods and can **command rent premiums compared to single-use properties** in the same markets. These premiums are driven by the unique lifestyle offered by concierge-style amenities.

WHAT IS IT?

Mixed-used buildings are a single building housing three or use types. Within Texas is it common for mixed-use buildings to include retail and restaurant establishments on the first floor with offices, hotels or and residential units on the upper floors. All-in-one buildings are more readily absorbed by larger markets where demand is bountiful, but a project within Amarillo may need to incorporate these elements in a district over a phased period.

Sienna at the Thompson – Austin, Texas (2022)

331 Residential Units
Thompson Hotels Austin – 229 Hotel Rooms
Tommie Austin – 193 Hotel Rooms



The Allen – Houston, Texas (U/C)

Residences at the Allen - 99 Residential Units
The Thompson Hotel - 172 Hotel Rooms
Retail - 97,000 SF Luxury

Recommendations: “The Project”

~160 Residential Units

125 Apartments (100 One-Bed, 20 Two-Bed, 5 Three-Bed)
25 Condos (10 One-Bed, 10 Two-Bed, 5 Three-Bed)
10 Live/Work Units (8 One-Bed, 2 Two-Bed)

There is a significant lack of housing units available in downtown Amarillo. A large-scale residential project is needed to bring a live, work and play dynamic to downtown Amarillo.

~80-90 Hotel Rooms

Quality: Upscale or Boutique
70% Kings, 30% Double Queens

While there are many hotels in downtown Amarillo, there are no hotels with a strong amenities offering. The performance of the Barfield has proven that there is strong demand for high-quality hotels in the downtown area.

~15,000 SF Food Hall & Retail

The residential and hospitality assets depend on the development of retail and restaurant assets. “Eatertainment” assets would bring a new style and offering to downtown, further enticing travelers and residents.

A Project of a large size and scale is needed to bring satisfy the needs and wants of residents and travelers in the region. Each use recommended use type depends on the others for success, as residential and retail assets need to happen simultaneously for the success of the development. A development would stand out if it had amenities that increased quality of life such as an on-site gym and pool.

Summary of Impacts

Over 30 years the Project, a development with 85-hotel rooms, 125 apartment units, 33 condos and 15,000 square feet of leasable retail space, is expected to generate nearly \$760 million in net new spending to Amarillo, \$330 million in net new earnings and 199 net new full-time equivalent jobs (by Year 10).

Over 30 years, the City of Amarillo and Potter County will likely experience an additional \$38.9 million in tax revenues as a result of the development. The impacted tax streams include local sales taxes, hotel occupancy taxes and property taxes.

But for the Project, these impacts would not exist.

30-Yr. Summary of Impacts - Rec. Development Not Including Construction	
Net New Spending	(millions)
Direct	\$479.0
Indirect	\$186.9
Induced	\$93.8
Total	\$759.8
Net New Earnings	(millions)
From Direct	\$212.5
From Indirect	\$75.9
From Induced	\$42.4
Total	\$330.7
Net New FTE Jobs	Actual (Yr. 10)
From Direct	124
From Indirect	50
From Induced	26
Total	199
Potter County Taxes	(millions)
Property Tax	\$18.4
Amarillo Taxes	(millions)
Sales Tax (2.00%)	\$9.6
City - Hotel Occupancy Tax (7.00%)	\$8.5
APEVD - Hotel Occupancy Tax (2.00%)	\$2.4
Total	\$20.5
County & City Total	\$38.9
Source: Hunden Strategic Partners	

Rationale for Public Participation

The Project is a forward-looking development that will help the City of Amarillo take a big step forward in reactivating its downtown area. For the City of Amarillo and the Potter County to capture the \$38.9 million in net new taxes generated by the Project, public participation of some level is needed.

In addition to these net new taxes, the Project is expected to generate nearly \$760 million in net new spending, \$330 million in net new earnings and 199 net new full-time equivalent jobs (by Year 10) within the City of Amarillo.

Like many compelling projects in today's interest rate and inflationary environment, the cost of development is greater than the present value of the investment by a modest amount. From a private investor perspective, the market does not generate enough returns in a typical investor time horizon to justify the risk of building such a development.

However, given the impacts that would occur due to the Project, it makes sense to invest a portion of the potential impacts back into the Project to enable it to come to fruition. Typically, a TIRZ district would use its resources to reinvest expected future tax flows from the Project, either upfront or over time, into the project. The reinvestment of Project tax streams for a short period of time are a small reinvestment versus the decades-long stream of future tax revenues that will be generated by the Project to the TIRZ and Amarillo.

In addition, the activity generated by the Project will likely engender confidence amongst other developers who will consider new investments in and around downtown as a result of the Project's development, activity generated and momentum. In short, the continuing development of projects like the Project will send a message to the market that Amarillo is a city on the move and attractive for investment. The more that projects such as this get developed, the needed critical mass in the downtown area will begin to be created. As new developments synergize off of each other, even more impact and investment is likely.

02

Economic, Demographic, & Tourism Analysis



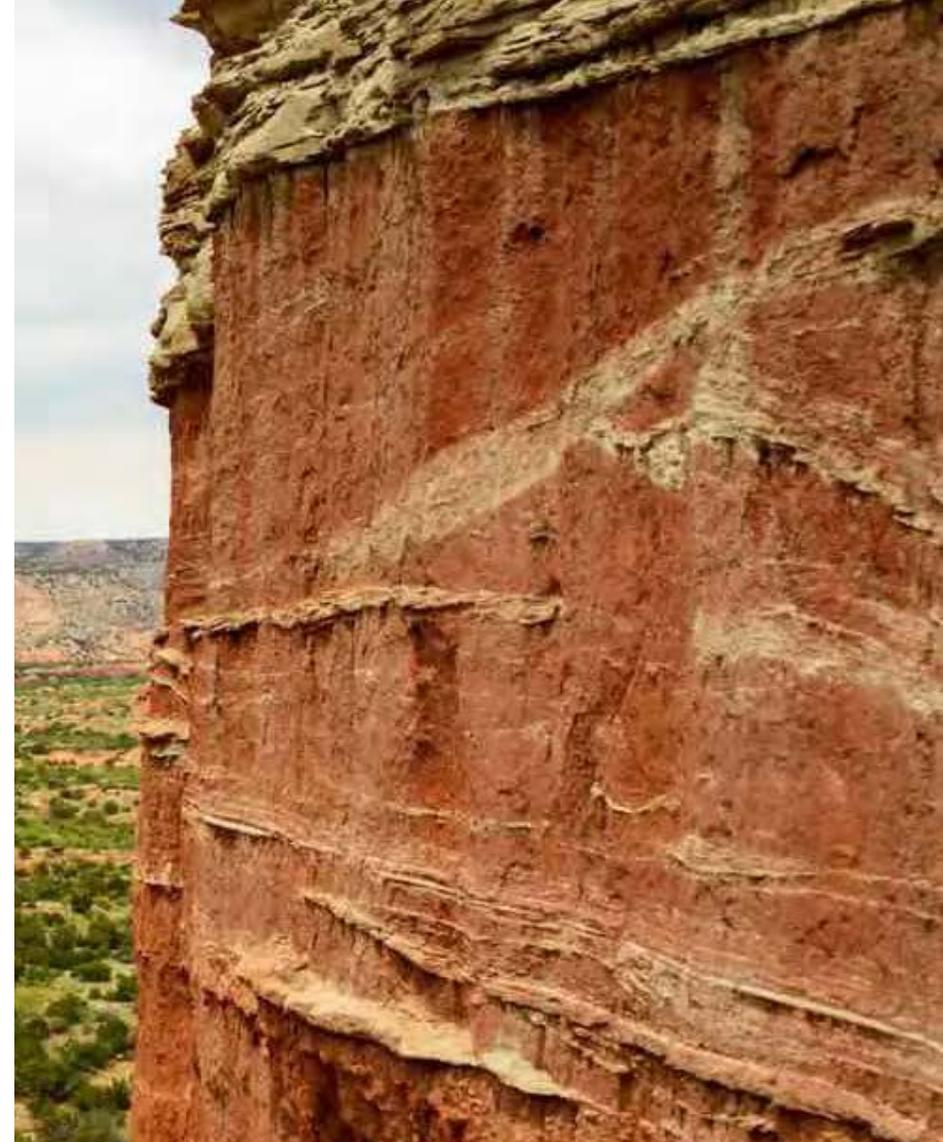


Overview

Local market area characteristics such as population, demographics, accessibility, and tourism attractions play a critical role in the potential demand for a new hotel. This chapter will outline these factors as they relate to Amarillo, Texas.

Amarillo is the largest city in the Texas Panhandle, and is near several surrounding states including Colorado, Oklahoma, Kansas, and New Mexico.

Amarillo is a part of Potter County, which is quite rural and whose border runs through Amarillo separating the northern half from the southern half of the city. While the majority of Amarillo is in Potter County, Randall County includes the southernmost portion of Amarillo and the nearby city of Canyon, Texas.



Drive Times

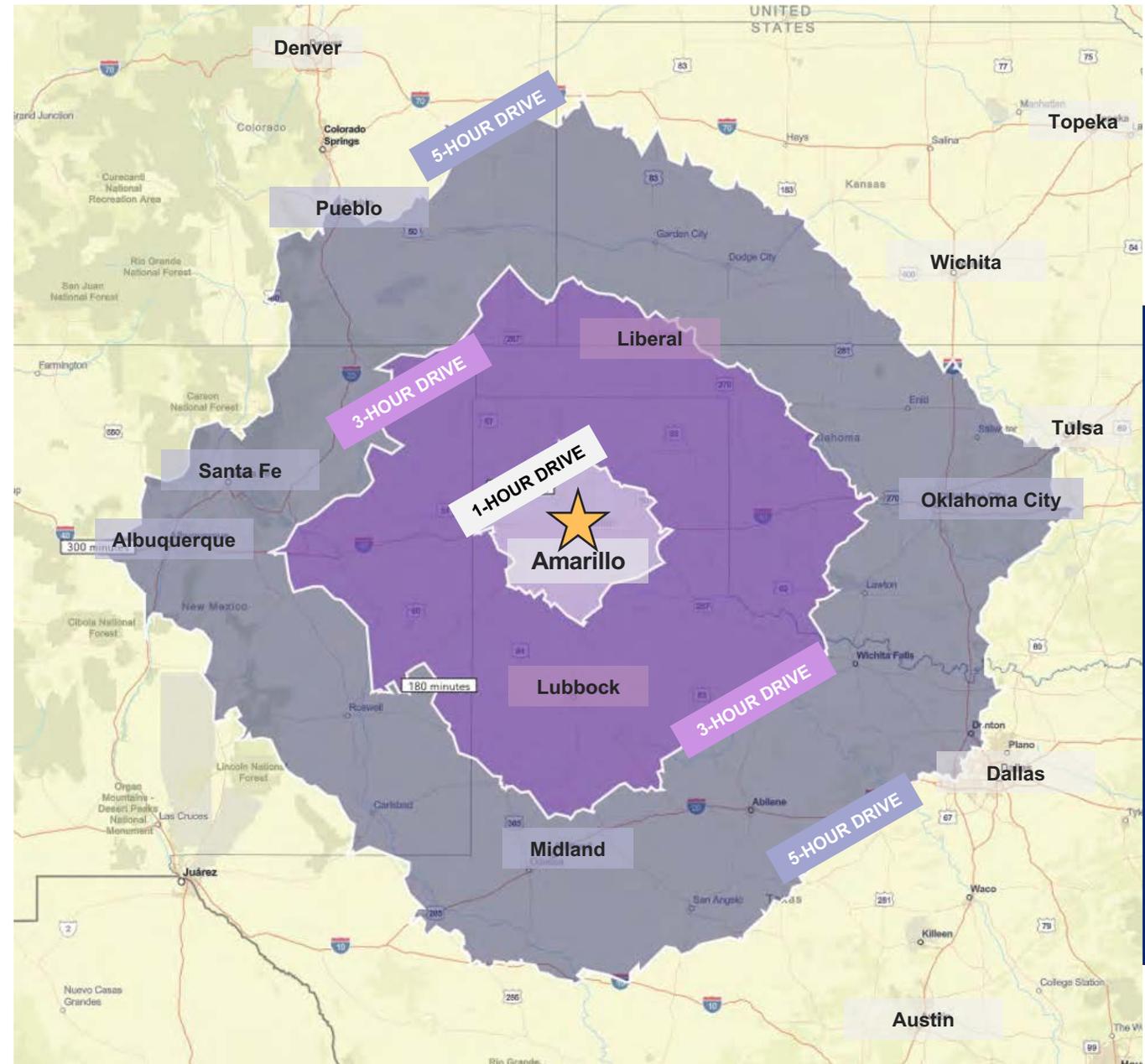
Approximately 350,000 people live within a one-hour drive of Amarillo. These individuals on average spend nearly \$3,000 per year on entertainment and recreation activities and over \$3,400 on food away from home.

Major metropolitan areas within a five-hour drive include Oklahoma City, Albuquerque and the suburbs of Dallas. Travelers from these cities represent a share of the capturable market for a hotel.

Estimated Drive-Time Statistics from Amarillo, Texas (2022)

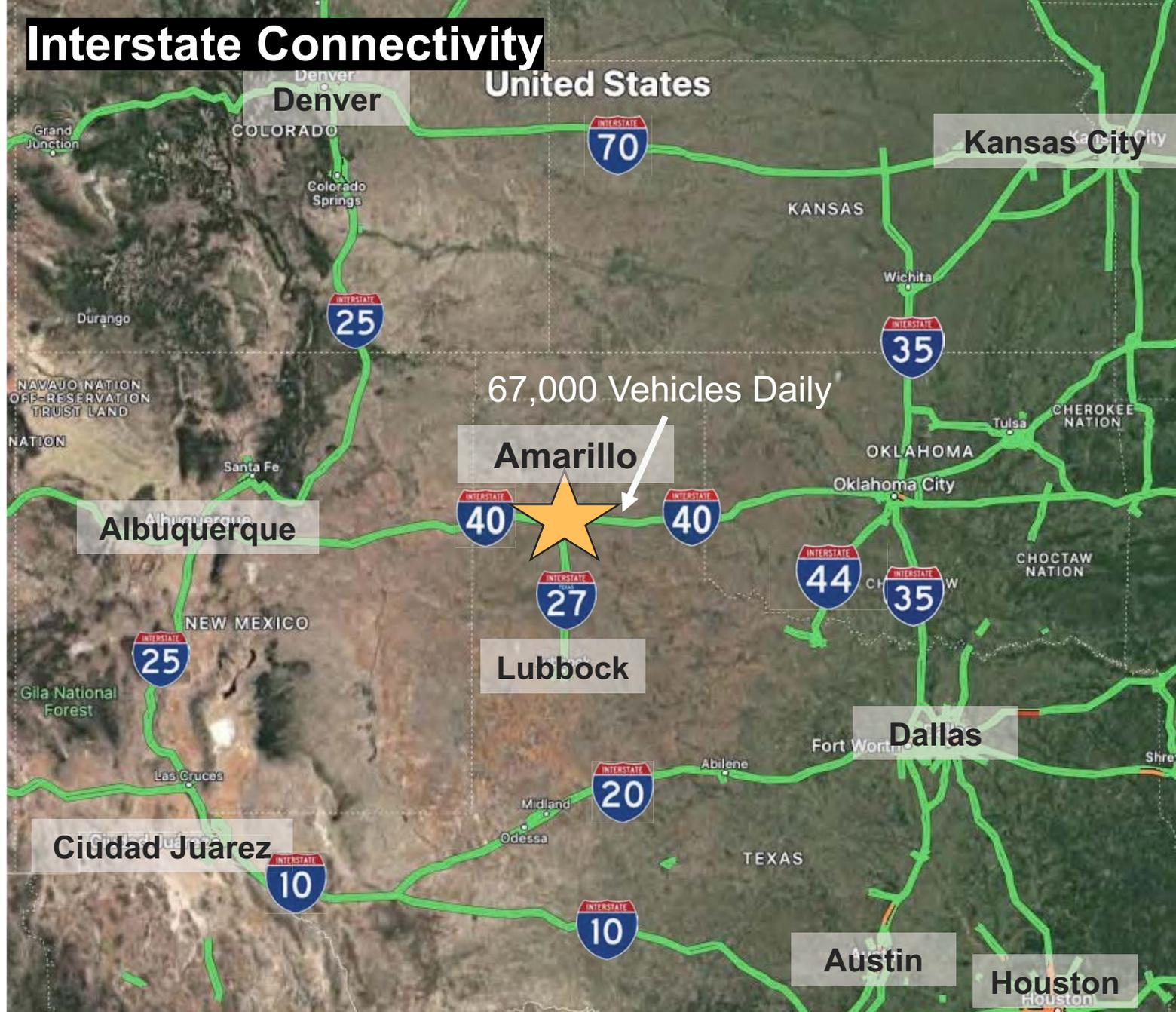
	One-Hour	Three-Hour	Five-Hour
Population	351,914	1,229,202	7,441,512
Households	132,747	462,112	2,817,968
Median Household Income	\$59,285	\$57,164	\$64,362
Median Home Value	\$176,706	\$153,648	\$202,024
Median Age	36.3	35.6	37.1
Avg. Annual Spending Per Person			
Travel Spend	\$2,213	\$2,107	\$2,419
Entertainment/Recreation	\$2,966	\$2,957	\$3,268
Food Away from Home	\$3,425	\$3,326	\$3,759

Source: ESRI



Interstate Connectivity

The neighboring map shows interstate connectivity for Amarillo Interstate 40 runs east and west through Amarillo, connecting the City to Oklahoma City and Albuquerque. Interstate 27 connects Amarillo and Interstate 40 to Lubbock, Texas.

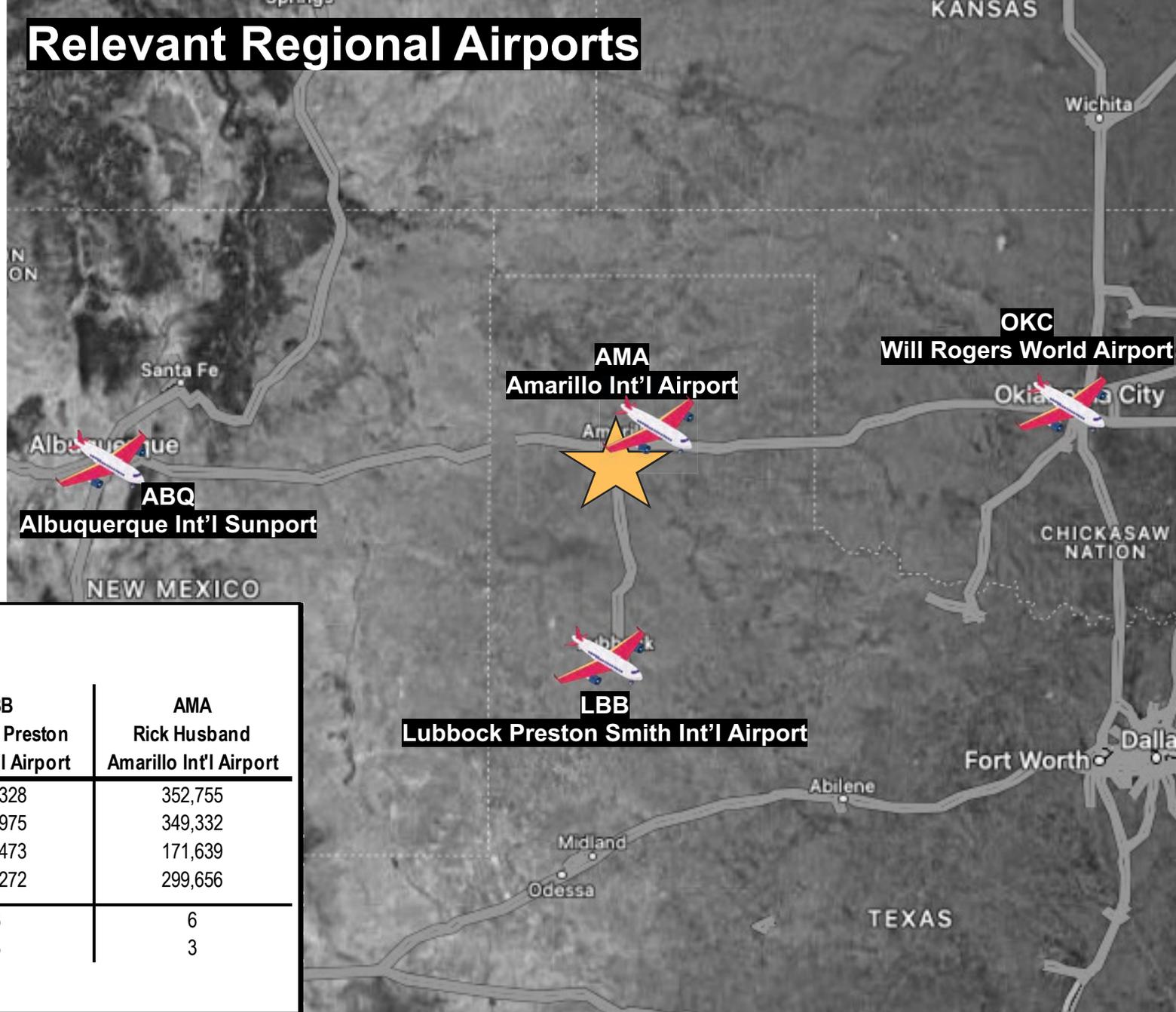


Airport Connectivity

Airport access grants an area the ability to capture a national audience.

There are four relevant airports near Amarillo located in Oklahoma City, Albuquerque, Lubbock and Amarillo. Oklahoma City and Albuquerque are much larger airports, with over 20 destinations each. Lubbock and Amarillo, have 8 and 6 destinations respectively.

Relevant Regional Airports



Regional Airport Statistics

Number of Passenger's Destination Airport

Year	OKC Will Rogers World Airport	ABQ Albuquerque Int'l Sunport	LBB Lubbock Preston Smith Int'l Airport	AMA Rick Husband Amarillo Int'l Airport
2018	2,071,511	2,641,066	475,328	352,755
2019	2,133,456	2,627,659	511,975	349,332
2020	937,662	864,620	249,473	171,639
2021	1,623,364	1,672,912	399,272	299,656
# Destinations (2023)	27	20	8	6
# Airlines (2023)	7	8	3	3

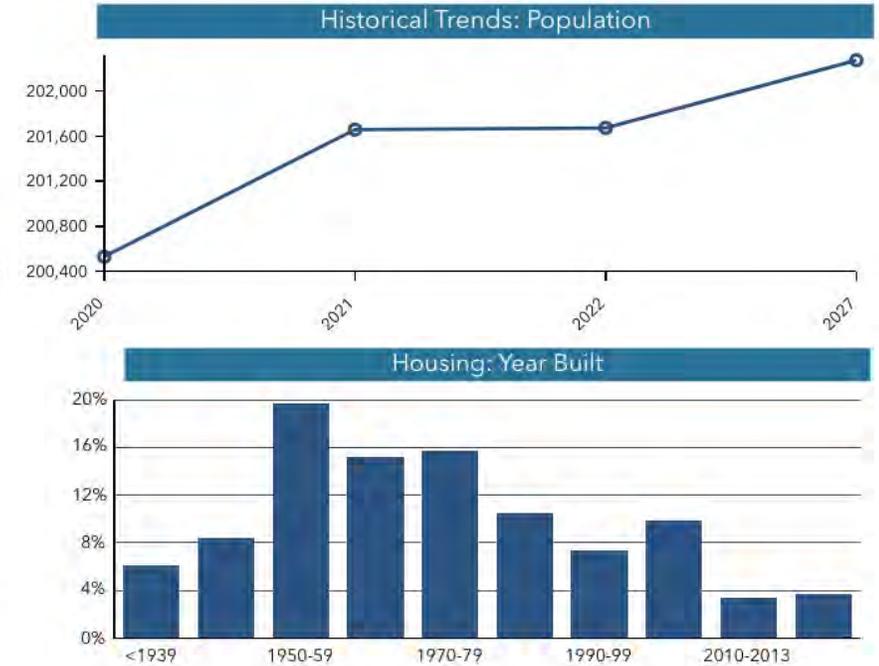
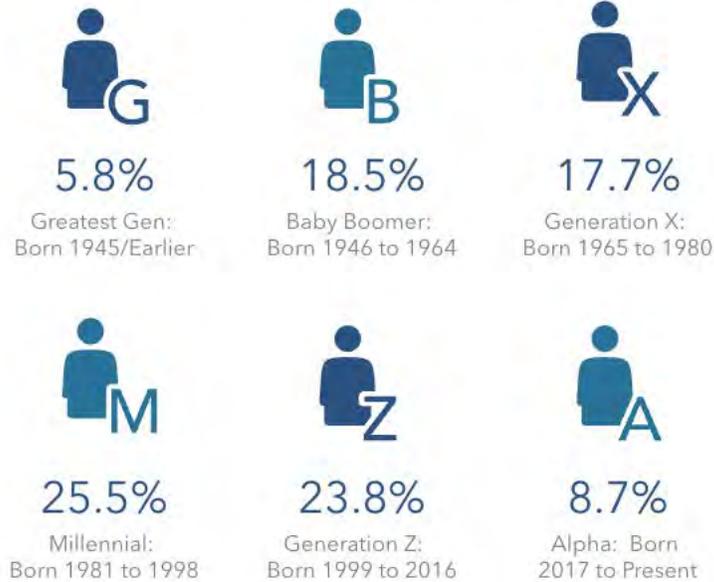
Source: Bureau of Transportation Statistics

Population

As a whole, the state of Texas has experienced sizeable population growth over the past decade. The Amarillo MSA shares a similar growth pattern to the state, with over ten percent growth between 2010 and 2020. However, the City of Amarillo has not grown as quickly as the MSA, as people have decided to move to the suburbs versus within City limits.

The age profile of the Amarillo area is quite diverse, however, the largest groups consist of the Millennial and Gen Z generations. These two generations make up nearly 50 percent of the total population, showing Amarillo is a popular destination for younger adults and children.

POPULATION BY GENERATION



Population and Growth Rates					
	2010	2020	2022	2027 Projected	Percent Change 2010 - 2020
United States	308,745,538	331,449,281	335,707,897	339,902,796	7.4%
Texas	25,145,561	29,145,505	30,157,100	31,502,395	15.9%
Amarillo, TX Metropolitan Statistical Area	228,707	251,933	271,776	275,000	10.2%
Potter County	121,073	118,525	117,741	115,381	-2.1%
Amarillo (City)	191,227	200,393	201,673	202,274	4.8%

Source: ESRI

Income & Spending

The income and spending demographic stats for the area slightly underperform compared to national and state averages.

Homeownership rate, median home value, and median household incomes are lower in Amarillo and Potter County compared to national and state averages.

These economic and demographic indicators highlight Amarillo and stress the need for added employment opportunities and tourism assets.

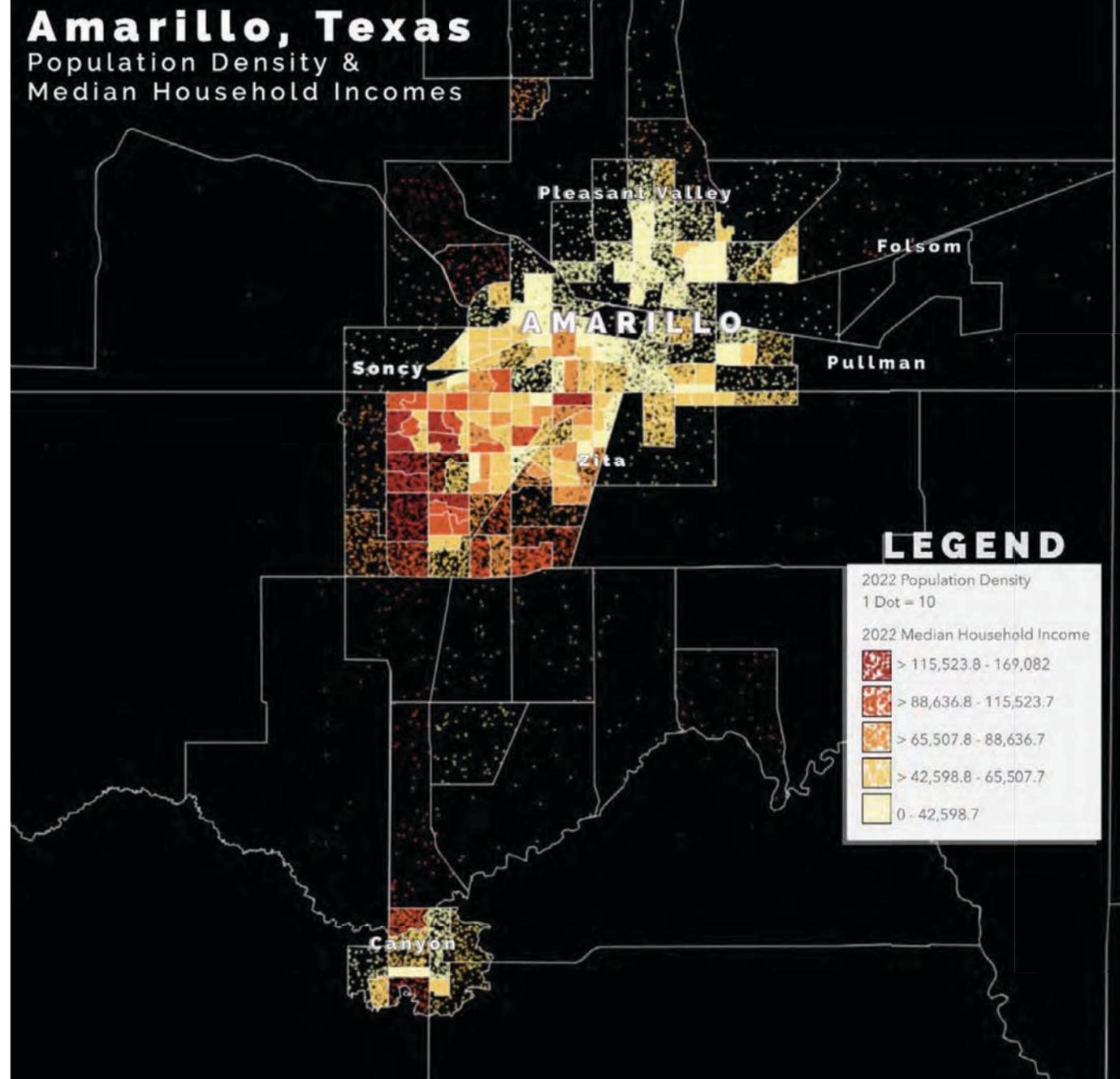
Category	United States	Texas	Potter County	Amarillo (City)
Homeownership rate, 2017-21	64.6%	62.4%	55.2%	58.7%
Median value of owner-occupied housing units, 2017-21	\$244,900	\$202,600	\$102,000	\$148,500
Persons per household, 2017-21	2.60	2.76	2.6	2.53
Median household income, 2017-21	\$69,021	\$67,321	\$45,096	\$55,174
Persons below poverty level, percent	11.6%	14.2%	20.7%	15.8%
Total employment, 2020	134,163,349	11,210,906	61,308	–
Population per Square Mile, 2020	93.8	111.6	130.5	1,958.8

Source: U.S. Census Bureau

Amarillo Area Income and Density

The map illustrates population density and household incomes across the Amarillo MSA.

Looking towards downtown Amarillo, populations are more dispersed and have lower household incomes compared to the southwestern portions of the MSA. The majority of high earning households are located to the southwest between Soncy and Zita.



Amarillo Employment

The largest industries in Amarillo are within retail trades, healthcare and manufacturing. Approximately 12.5 percent of employment is held within the government.

The largest individual employer is the Amarillo Independent School District, followed by Tyson Foods.

Ranking	Company Name	Industry	# of FTE
1	Amarillo Independent School District	Education	4,500
2	Tyson Foods, Inc.	Food Manufacturing	4,300
3	CNS Pantex	Engineering/Manufacturing	3,844
4	BSA Health System	Healthcare	3,100
5	Northwest Texas Healthcare System	Healthcare	2,150
6	City of Amarillo	Government	1,953
7	Xcel Energy/Southwestern Public Serv.	Utilities	1,431
8	Affiliated Foods/TriState Baking	Food Manufacturing	1,250
9	Canyon ISD	Education	1,168
10	Amarillo VA Health Care System	Government Healthcare	984
11	Bell	Engineering/Manufacturing	900
12	United Supermarkets	Supermarket	900
13	Happy State Bank	Finance	897
14	Maxor National Pharmacy Services Co.	Pharmaceutical	860
15	West Texas A&M University	Education	856

Source: Amarillo Chamber of Commerce

Description	Employees	% of Total
Total employment (number of jobs)	168,109	100%
By type		
Wage and salary employment	125,123	74.43%
Proprietors employment	42,986	25.57%
By industry		
Farm employment	2,192	1.30%
Nonfarm employment	165,917	98.70%
Private nonfarm employment	144,878	86.18%
Retail trade	18,642	11.09%
Health care and social assistance	17,657	10.50%
Manufacturing	14,670	8.73%
Other services (except government and government enterprises)	10,218	6.08%
Professional, scientific, and technical services	7,093	4.22%
Administrative and support and waste management and remediation services	7,001	4.16%
Information	1,554	0.92%
Utilities	1,355	0.81%
Management of companies and enterprises	1,304	0.78%
Real estate and rental and leasing	(D)	-
Finance and insurance	(D)	-
Construction	(D)	-
Educational services	(D)	-
Arts, entertainment, and recreation	(D)	-
Accommodation and food services	(D)	-
Forestry, fishing, and related activities	(D)	-
Mining, quarrying, and oil and gas extraction	(D)	-
Wholesale trade	(D)	-
Transportation and warehousing	(D)	-
Government and government enterprises	21,039	12.52%
State and local	17,949	10.68%
Local government	13,176	7.84%
State government	4,773	2.84%
Federal civilian	2,473	1.47%
Military	617	0.37%

(D) not available to avoid disclosure of confidential information, included in higher-level totals
Source: Bureau of Economic Analysis

Amarillo

Education

The adjacent tables detail the educational profile for the greater Amarillo area. The top table shows that Potter County and Amarillo are slightly undereducated compared to state and national averages.

No major universities with robust student populations exist within 50 miles of Amarillo. The largest higher education institutions are Amarillo College with 9,739 students and West Texas A&M University with 9,970 students.

Population Age 25+	United States	Texas	Potter County	Amarillo
Did Not Complete High School	12.4%	15.4%	23.0%	14.8%
Completed High School	27.1%	25.2%	31.5%	28.3%
Some College	20.6%	21.2%	23.4%	23.0%
Completed Associate Degree	8.4%	7.5%	8.8%	8.8%
Completed Bachelor Degree	19.4%	20.0%	9.0%	16.7%
Completed Graduate Degree	12.1%	10.8%	4.4%	8.3%

Source: U.S. Census Bureau

Institution	Location	Distance from 79101 (miles)	Highest Degree Offered	Enrollment
Amarillo College	Amarillo	4.3	Associates	9,739
West Texas A & M University	Canyon	16.5	Doctorate	9,970
Frank Phillips College	Borger	40.9	Associates	1,501
Total				21,210

Source: National Center for Education Statistics



Amarillo

Existing Downtown Drivers

Downtown Amarillo Overview



Hodgetown Stadium

Sod Poodles

Hodgetown Stadium, located adjacent to the Project site, was built in April of 2019 and since has generated a strong response from Amarillo and surrounding communities. The 6,631-seat baseball stadium cost roughly \$45 million to develop and is the home venue for the Amarillo Sod Poodles, an AA-affiliate of the MLB's Arizona Diamondbacks.

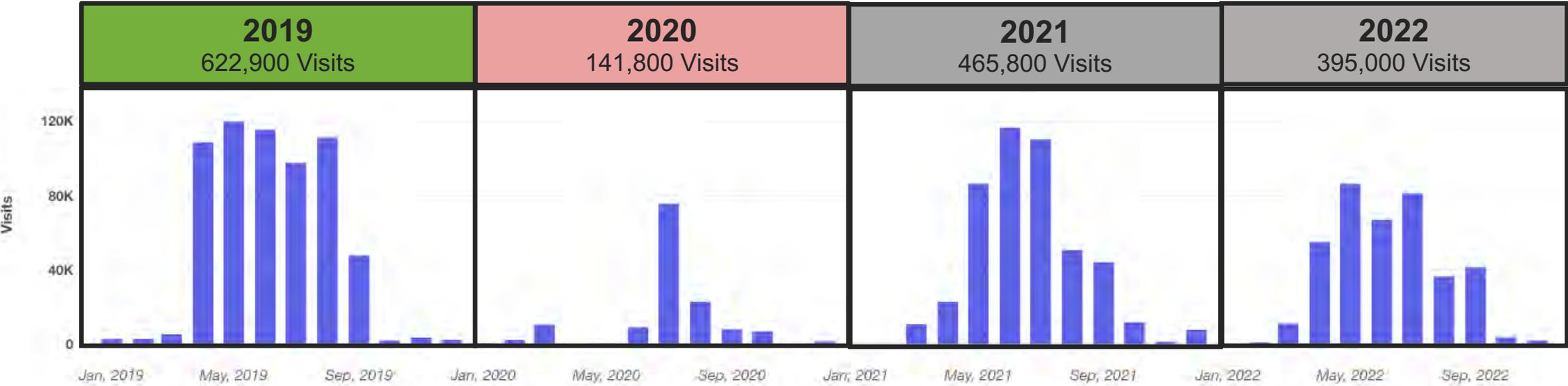
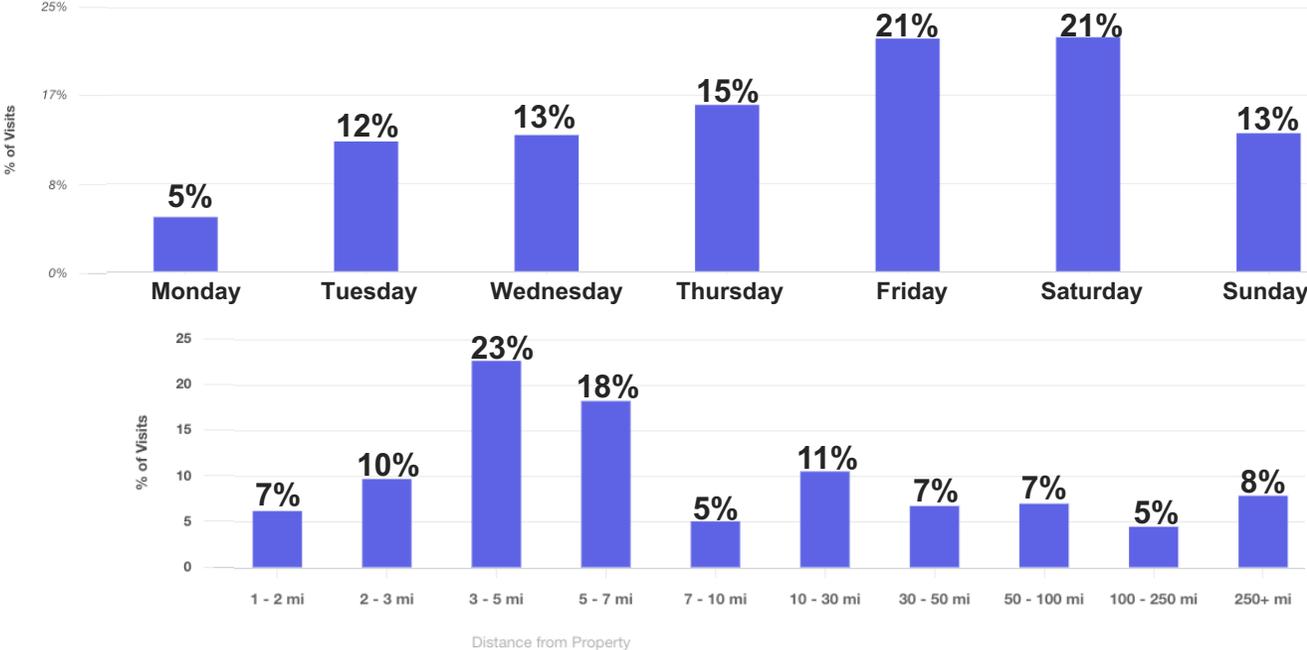
In the Sod Poodles first full season the ballpark attracted an average attendance of 6,200 fans, ranking them second in average attendance in the AA division. The Sod Poodles recorded 40 sellouts, with 23 consecutive.

The stadium has an array of event spaces, food and beverage outlets, and premium seating options that cater to all price points.



Hodgetown Stadium Event Summary

Hodgetown Stadium had a very popular first year of operation. Following the pandemic, annual visitation began to stabilize around 420,000 visitors per year. Of these visitors, approximately 26 percent travel over 30 miles to attend games and events held at the stadium.

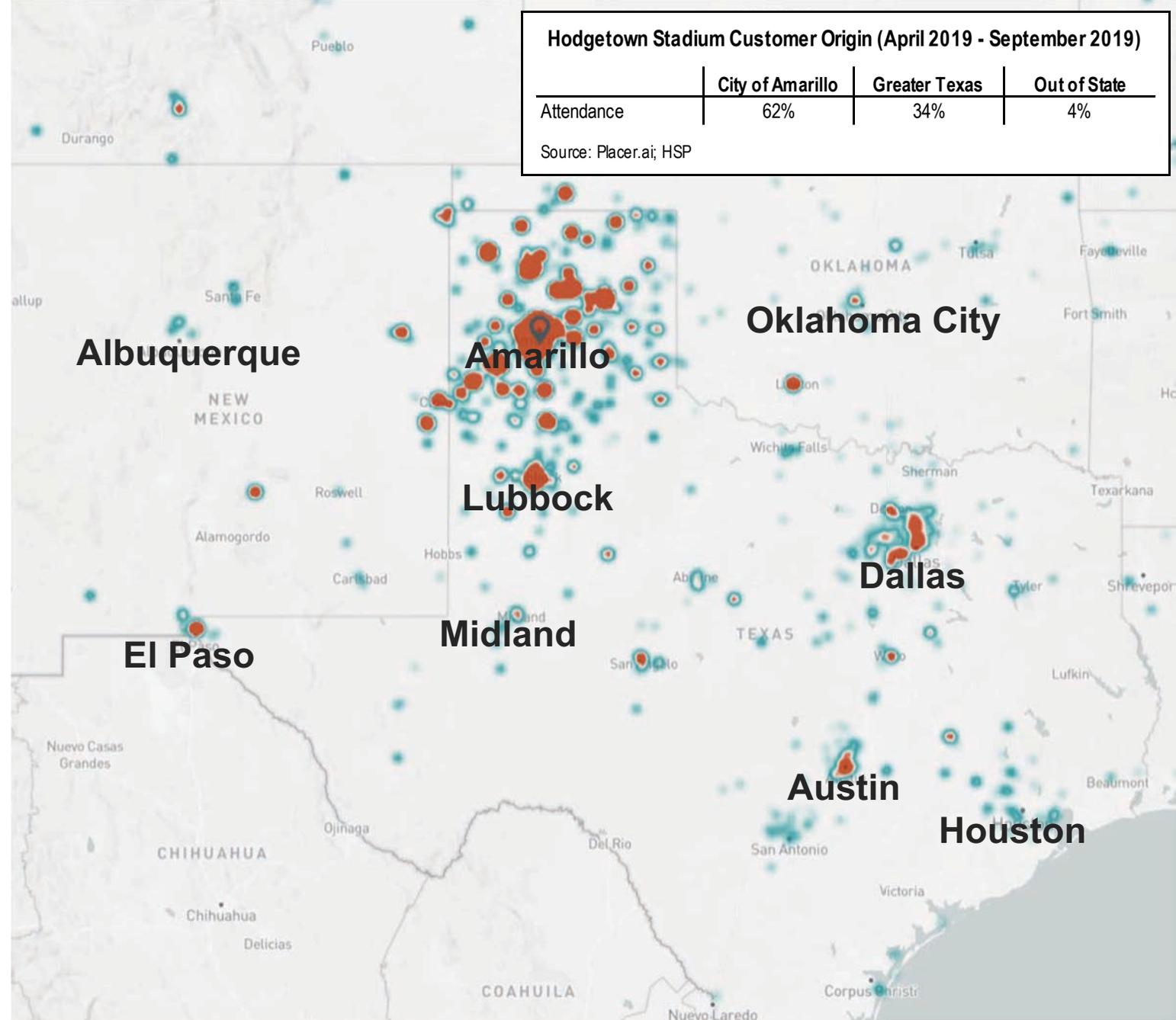


Hodgetown Stadium Visitor Origin

HSP, using geo-fencing analysis, detailed the visitor origins to Hodgetown Stadium over 2019, its strongest visitation year. Hodgetown Stadium attracted strong visitation to the Amarillo area and was considered one of the top ballparks in Minor League Baseball in 2019. This success demonstrates the latent demand for entertainment and increasing fan loyalty in the Amarillo Market.

The majority of visitation comes from the surrounding areas. Approximately 62 percent of visitors came from within the City of Amarillo, 34 percent from Greater Texas and 4 percent out of state.

After local visitors, the largest markets within Texas are Lubbock, Dallas and Austin.



Amarillo Civic Center Complex

The Amarillo Civic Center complex is comprised of two buildings in the downtown area: the Amarillo Civic Center and the Globe-News Center for the Performing Arts. Both of these facilities are owned and operated by the City.

Amarillo Civic Center. The Amarillo Civic Center opened in 1968. The 340,000-square foot Civic Center Complex has many multi-purpose rooms. In terms of meeting space there are two exhibit halls offering more than 25,000 square feet of space each, two ballrooms, several meeting rooms, and a grand plaza. These spaces are designed to host business meetings, banquets, dances, conventions and trade shows.

In terms of entertainment space, there is a 4,870-seat arena, named the Cal Farley Coliseum, as well as the 2,300 fixed seat Civic Center Auditorium.

The Civic Center meeting and event spaces are deteriorating and have not been renovated in 50 years.

Globe-News Center. The Globe-News Center for Performing Arts is located across Buchanan Street. Within this facility, built in 2006, the 1,300 seat Carol Bush Emery Performance Hall. The Globe-News Center can host various events from large concerts to private receptions and meetings.

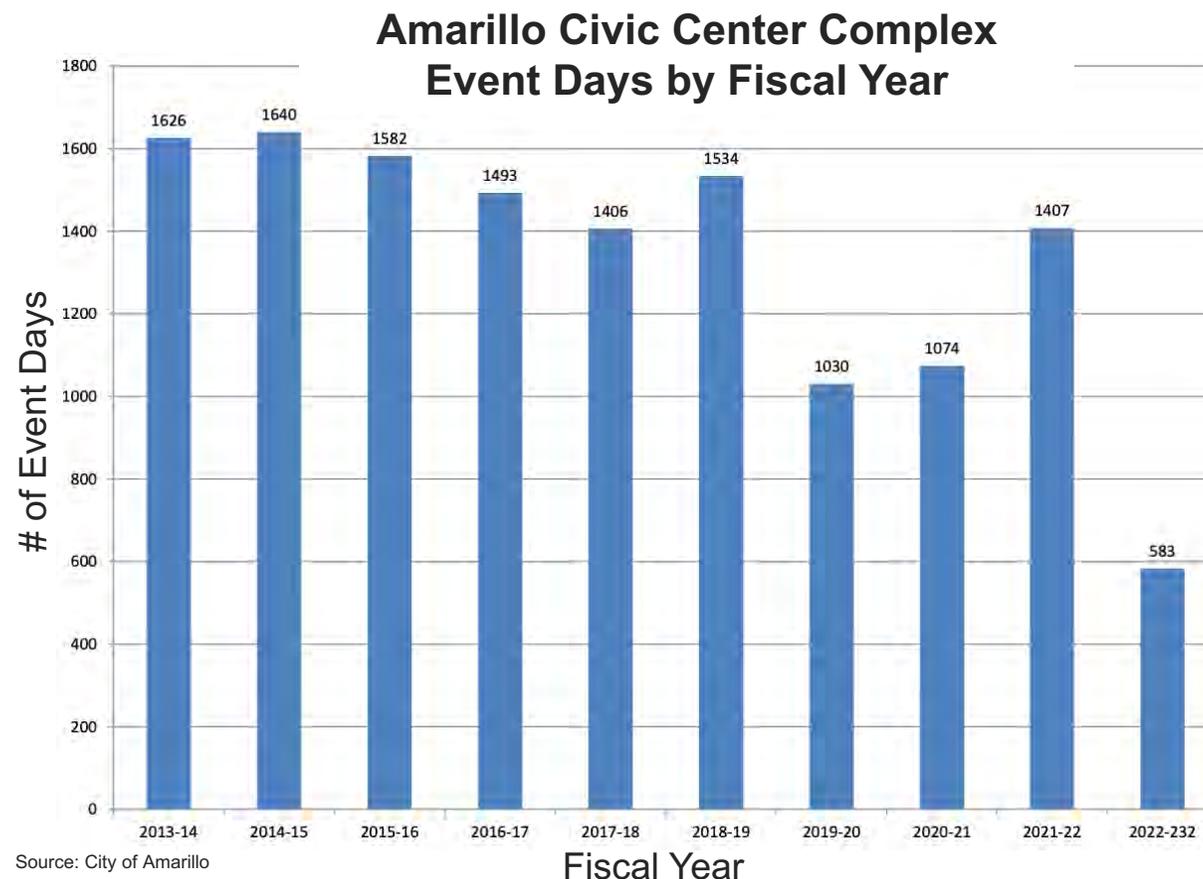


Amarillo Civic Center Complex Event Summary

The Amarillo Civic Center Complex (civic center and Globe-News Center combined) averaged 1,245 event days per year prior to the pandemic. Following the pandemic, the complex has averaged just under 1,000 event days per year.

Amarillo Civic Center Complex Event Days Summary (2016-17 through 2021-22)							
Event Type	16-17	17-18	18-19	19-20	20-21	21-22	Average
Ancillary Events	331	432	385	216	320	193	313
Meeting & Seminar	204	170	209	239	362	184	228
Move In/Out Days	166	144	149	99	55	132	124
Performance	113	123	111	61	43	101	92
Rehearsal/Practice	104	124	96	50	56	87	86
Party/Dance/Reception	81	88	80	39	18	51	60
Sporting Event	57	46	51	36	52	43	48
Trade or Consumer Show	47	48	44	34	22	75	45
Training & Testing	46	25	30	34	39	38	35
Graduation/Awards/Ceremony	27	22	26	11	12	18	19
Comp, Exhibition, Demo, Camp, Tourm.	20	18	18	10	12	20	16
Convention	15	13	13	1	6	13	10
Misc.	17	7	13	10	2	1	8
Lecture	6	7	3	2	1	7	4
Festival	3	2	1	2	1	2	2
Total	1,237	1,269	1,229	844	1,001	965	25
% Change	--	3%	-3%	-31%	19%	-4%	

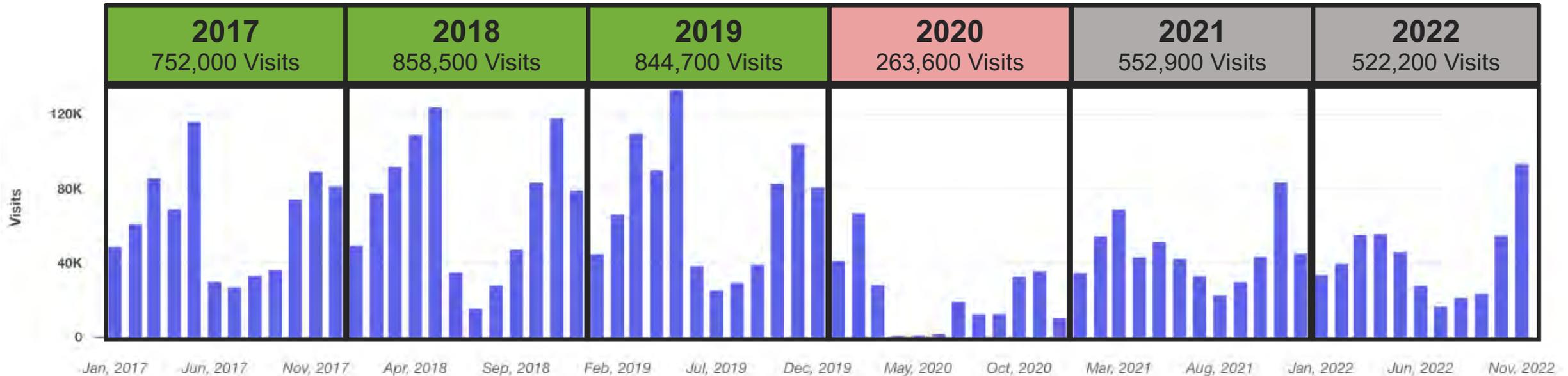
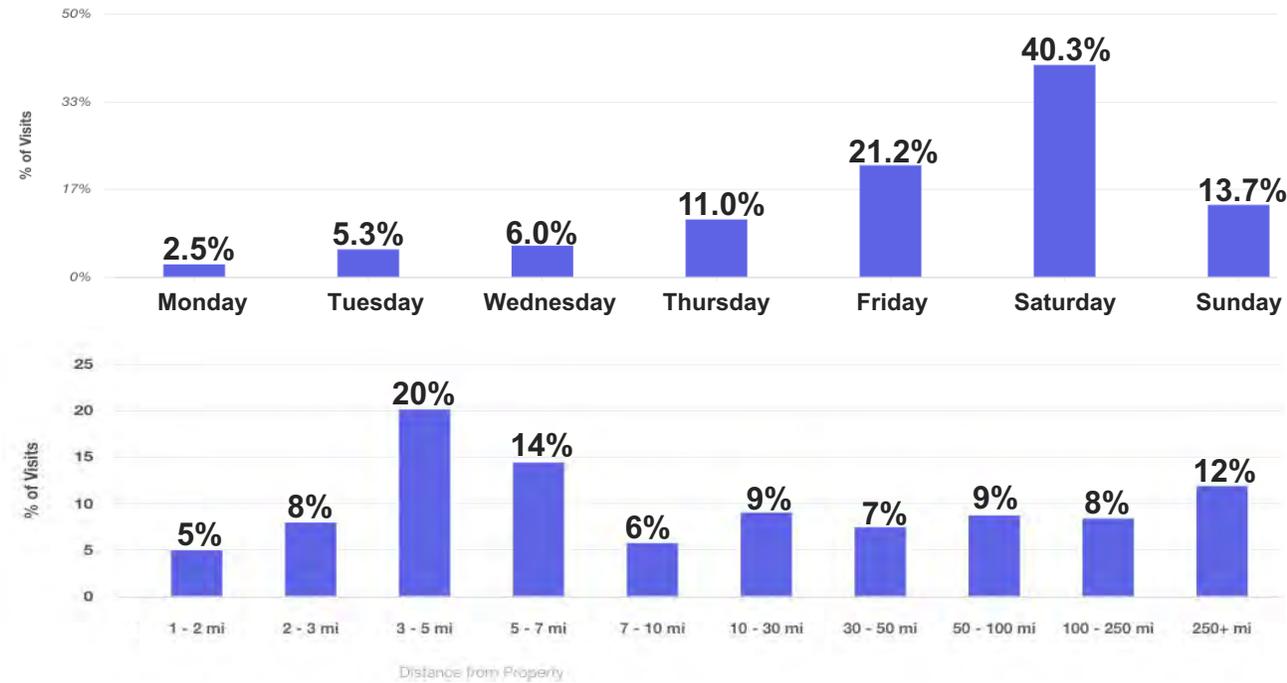
Source: City of Amarillo



Amarillo Civic Center Event Summary

The Amarillo Civic Center had strong visitation going into the 2020 pandemic. After the pandemic, annual visitation has averaged 535,000 visitors per year.

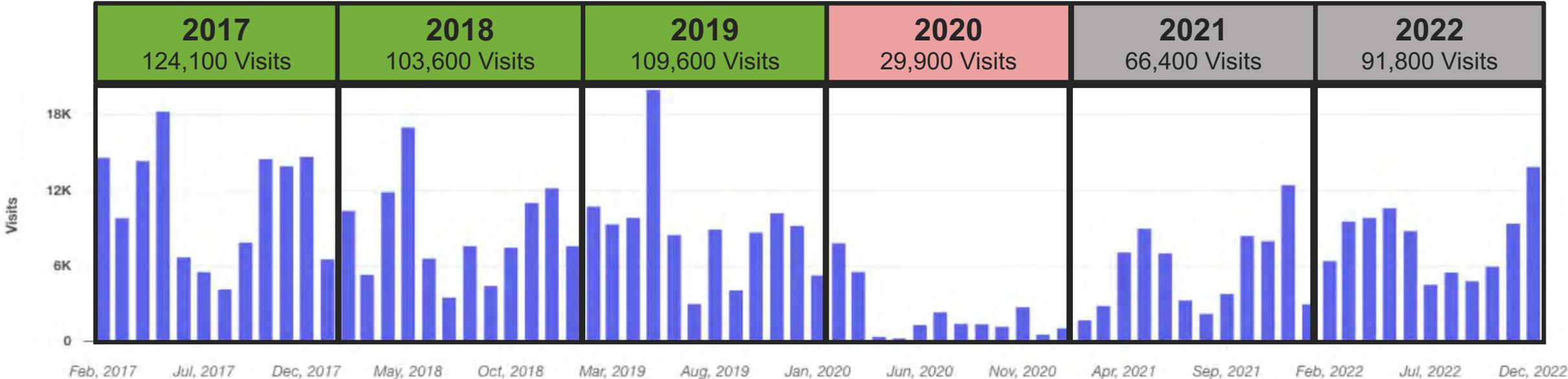
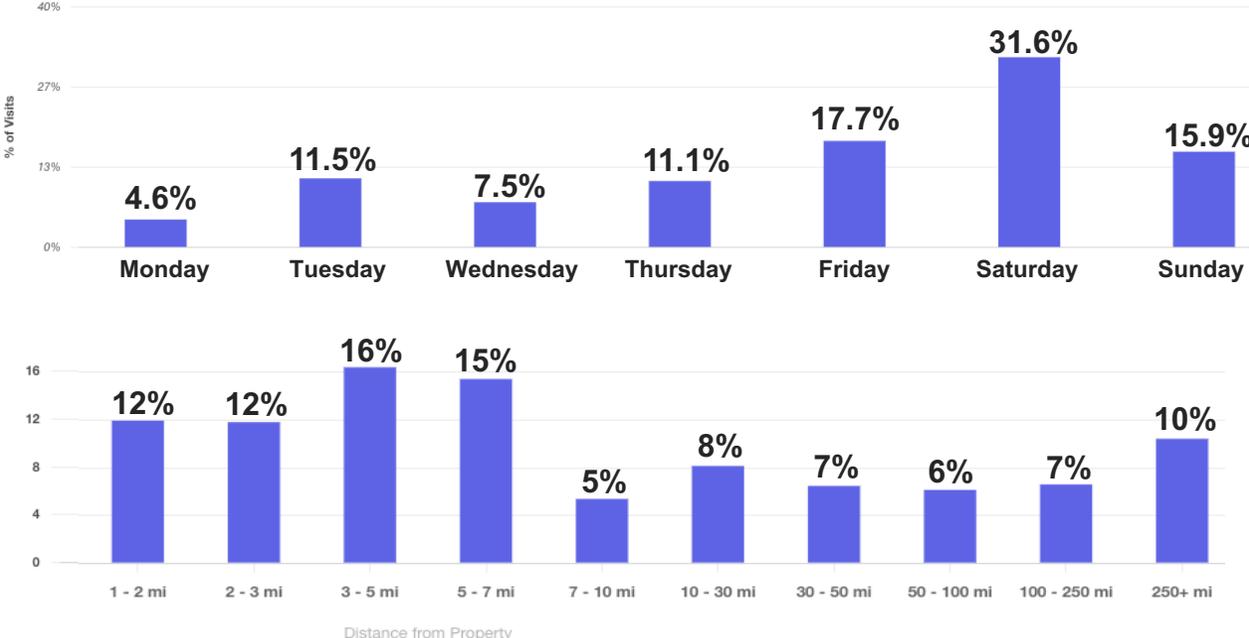
Since 2017, 26 percent of visitors have traveled over 30 miles to visit the Civic Center and approximately 40 percent of visitation has occurred on Saturdays.



Globe-News Center Event Summary

The Globe-News Center had strong visitation going into the 2020 pandemic. After the pandemic, annual visitation has averaged 79,000 visitors per year, compared to 112,000 from 2017 to 2019.

In 2017, the strongest visitation year analyzed, 30 percent of visitors traveled over 30 miles to visit the auditorium. Approximately 47.5 percent of visitation occurred on Saturdays and Sundays.

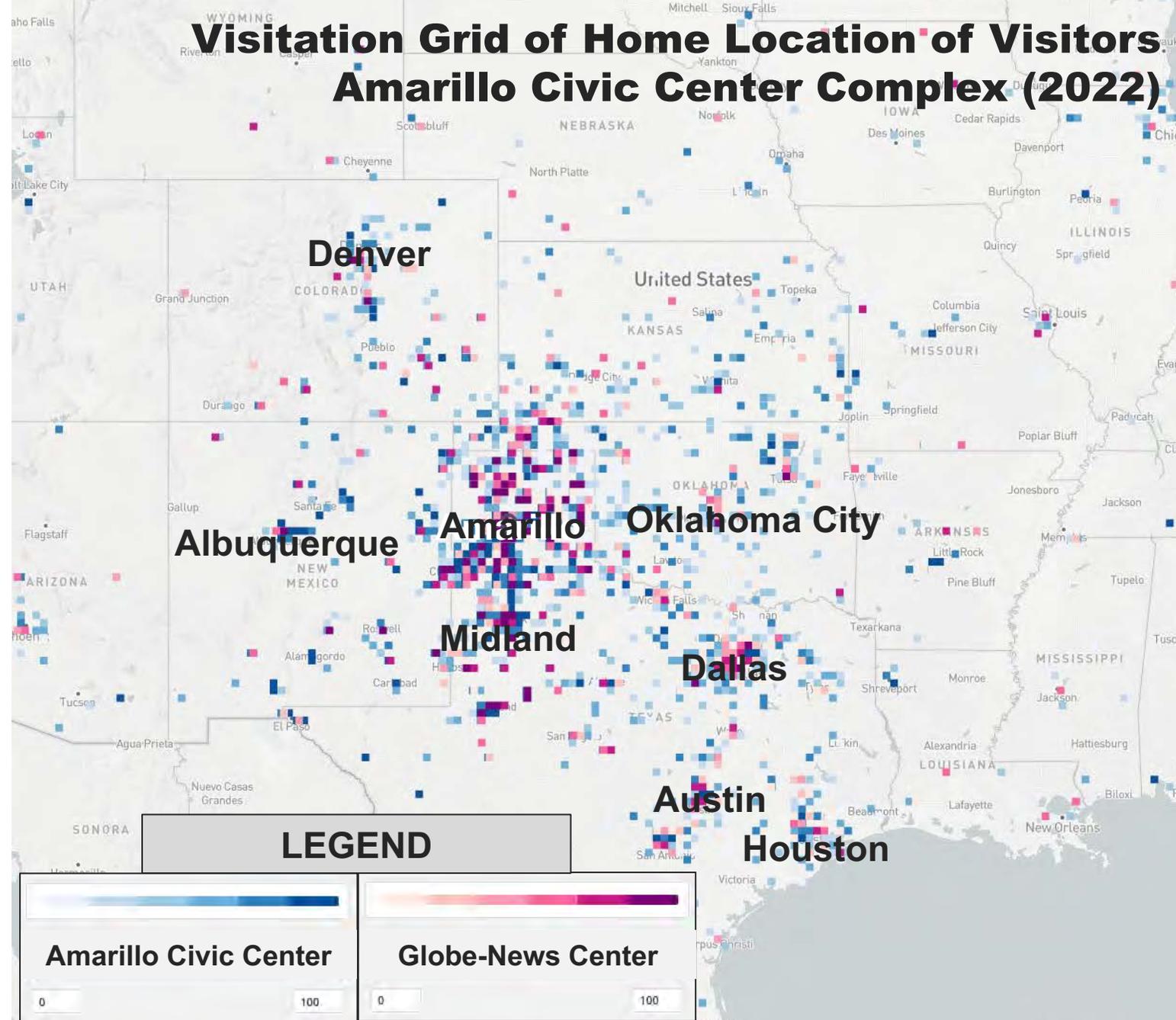


Amarillo Civic Center Visitor Origin

HSP, using geo-fencing analysis, detailed the visitor origins to the Amarillo Civic Center Complex during 2022.

The majority of visitation comes the surrounding local areas. Outside of Texas, Denver, Oklahoma City, Albuquerque are popular markets for visitors to the complex.

Visitation Grid of Home Location of Visitors Amarillo Civic Center Complex (2022)





Amarillo

Attractions & Tourism Drivers

Amarillo Attractions



Arts



Culture



Nature

Although Amarillo is a smaller city isolated from some of the larger metropolitan areas of Texas, the city still has several enticing attractions that draw in tourism to the area. The Amarillo area is rich in Texas history with the Historic Route 66, the Big Texan Steak Ranch's 72 oz. steak challenge and much more.

Attractions in and around the Amarillo area drive tourism and support the proposed mixed-use development. Understanding the tourism draws of the area and how they fit in with the proposed Project are critical in assessing both the viability and success of the Project.

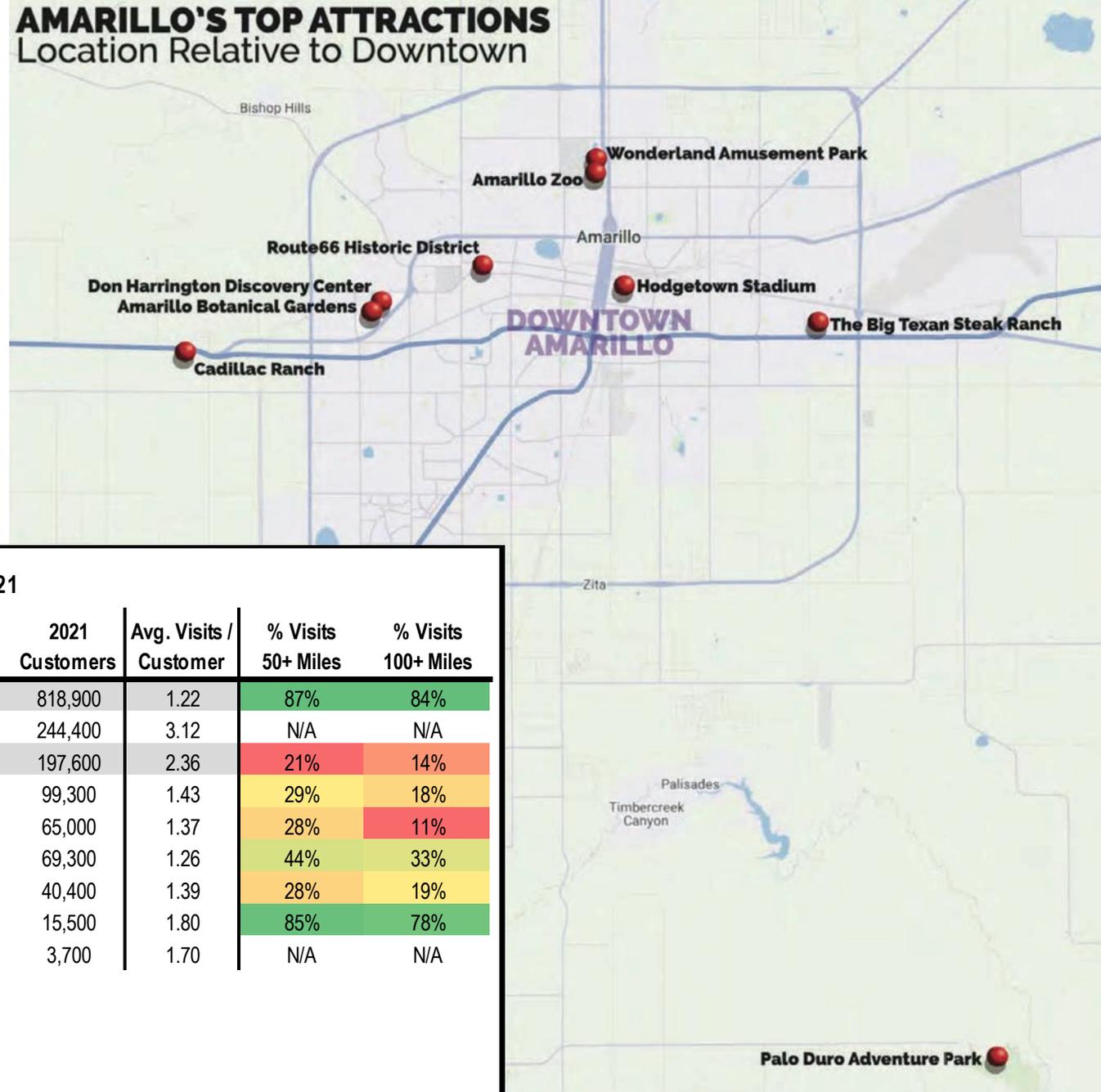
Amarillo

Top Attractions

HSP utilizes geo-fencing technology to identify the most visited attractions in a given city or area. The top ten visited attractions for the Amarillo area for the 2021 year are detailed in the adjacent table.

The neighboring map shows the location of the top attractions in Amarillo relative to downtown.

AMARILLO'S TOP ATTRACTIONS
Location Relative to Downtown



Amarillo Area Most Visited Attractions - 2021

Rank	Name	Attraction Type	Location	Miles from Hodgetown	2021 Visitation	2021 Customers	Avg. Visits / Customer	% Visits 50+ Miles	% Visits 100+ Miles
1	The Big Texan Steak Ranch	Restaurant	Amarillo	5.4	1,000,000	818,900	1.22	87%	84%
2	Route 66 Historic District*	Historic District	Amarillo	2.7	762,300	244,400	3.12	N/A	N/A
3	Hodgetown Stadium	Baseball Field	Amarillo	0.0	465,800	197,600	2.36	21%	14%
4	Wonderland	Amusement Park	Amarillo	2.8	141,800	99,300	1.43	29%	18%
5	Amarillo Botanical Gardens	Gardens	Amarillo	5.8	89,100	65,000	1.37	28%	11%
6	Amarillo Zoo	Zoo	Amarillo	2.7	87,000	69,300	1.26	44%	33%
7	Don Harrington Discover Center	Museum	Amarillo	5.3	56,000	40,400	1.39	28%	19%
8	Palo Duro Zip Line Adventure Park	Adventure Park	Canyon	24.0	27,900	15,500	1.80	85%	78%
9	Cadillac Ranch	Ranch/Art	Amarillo	9.6	6,300	3,700	1.70	N/A	N/A

* Only 2019 geofencing data available

N/A denotes unavailable data

Visitation numbers are estimates based off of geo-fencing data

Source: Placer.ai

Amarillo

Attractions

The Big Texan Steak Ranch

The Big Texan Steak Ranch is one of the most iconic steak houses in Texas for their notorious 72 oz. steak challenge that draws competitors into the area from all over the country. The restaurant has an attached brewery, gift shop, RV Ranch, motel, and outdoor entertainment venue.



Route 66 Historic District

The Route 66 Historic District is a stretch of boutique shops, restaurants, bars and pubs that represent the iconic highway that stretches from Santa Monica to Chicago.



Hodgetown Stadium

Since 2019, Hodgetown Stadium has been a staple in downtown Amarillo. The stadium is home to the Amarillo Sod Poodles, a Double-A affiliate of the Arizona Diamondbacks (MLB). The stadium has seating for 6,631 but can hold over 7,200 people when including standing-room only sections.



Amarillo Attractions

Wonderland Amusement Park

Amarillo's Wonderland Amusement park is an old fashion rollercoaster park with over 30 rides. The park first opened in 1951 and is open each year April through Labor Day. On weekends ticket prices start at \$29.95.



Amarillo Botanical Gardens

The Amarillo Botanical Garden contains 4.4 acres of lush greenery that contrasts the Texas desert. The garden was opened in 1929. There are several indoor and outdoor spaces for rental for weddings and special events.



Amarillo Zoo

The Amarillo Zoo is located in Thompson Park in Amarillo and covers 15-acres and features over 80 animals. The zoo is a part of the greater 330-acre Thompson Park regional park that contains picnic areas, playgrounds, lakes, swimming, tennis, and walking trails.



Amarillo

Attractions

Don Harrington Discovery Center

The Don Harrington Discovery Center is a non-profit science center and planetarium that provides families and enthusiasts with an interactive learning experience about all things science. The planetarium was renovated in 2003 and implements a digital full-dome video projector.



Palo Duro Zip Line Adventure Park

Palo Duro Canyon is a dynamic outdoor adventure opportunity in the 30,000-acre Palo Duro Canyon State Park. This adventure park is the only zip line between Dallas and New Mexico. Tickets start at \$40 for this attraction.



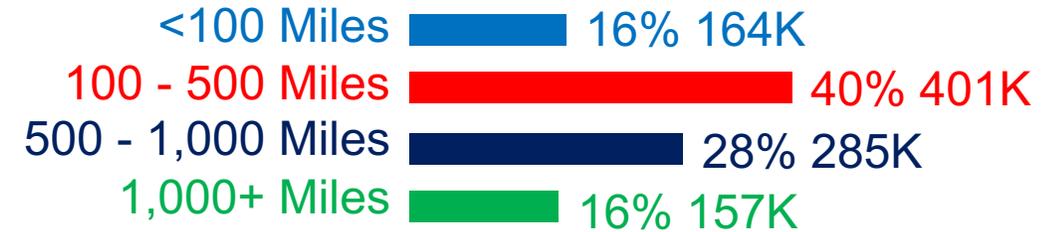
Cadillac Ranch

Cadillac Ranch is an iconic art feature to the West of downtown Amarillo and features ten Cadillacs buried front end first in the ground. The installation was created in 1974 by Chip Lord, Hudson Marquez, and Doug Michels. The cars have appeared in several pop culture outlets over the years and attract many visitors each year travelling to or through Amarillo.

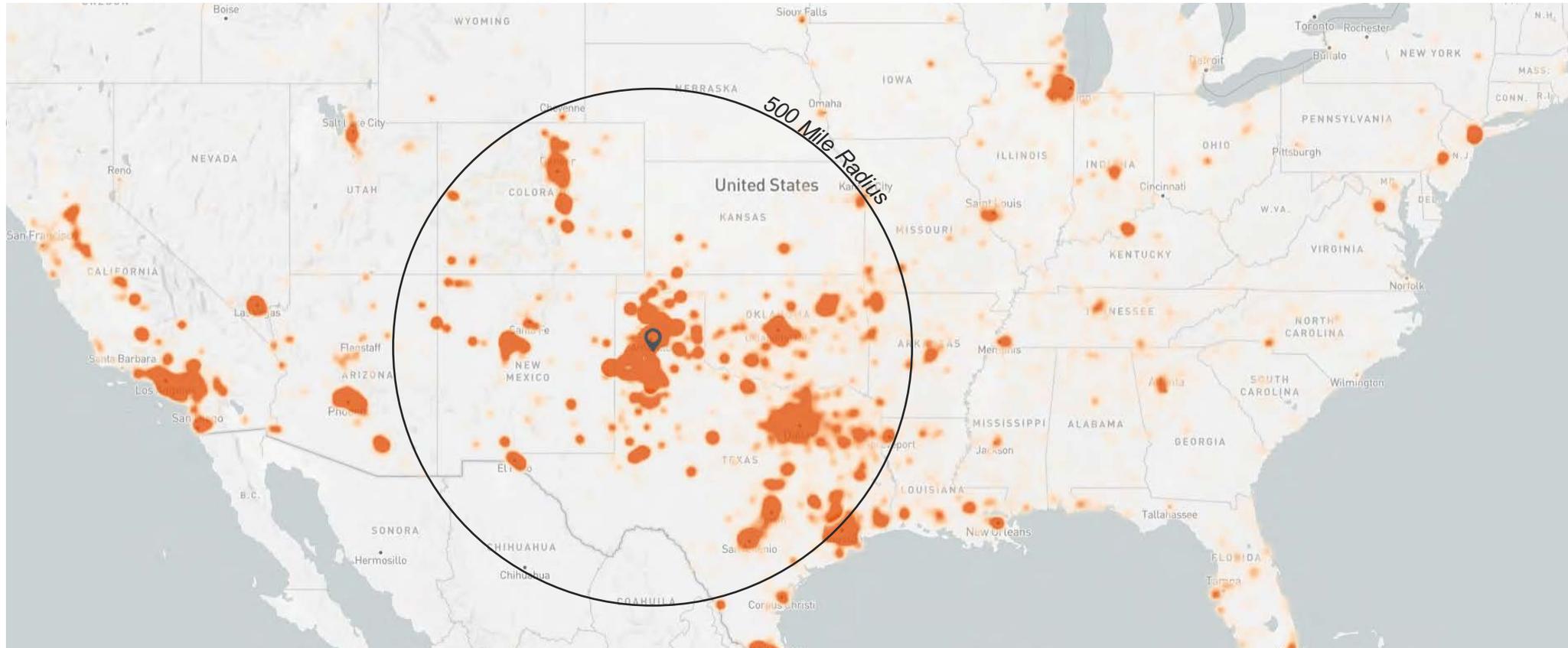


Big Texan Steak Ranch Visitation

2021 Visitor Distribution



During 2021, the Big Texan attracted visitors from across the United States. During the year approximately 44 percent of visitors traveled from over 500 miles to visit the Big Texan.



Big Texan Steak Ranch Visitation

The following graphics show the destination guests visited before and after their trip to the Big Texas Steak Ranch. Shopping, hotels and restaurants are outlined to show the demand for these assets by guests of different distances.

PRIOR: Big Texan Visit

The Big Texan Steak Ranch & Brewery ▼		<100 Miles	The Big Texan Steak Ranch & Brewery ▼		100 - 500 Miles	The Big Texan Steak Ranch & Brewery ▼		500 - 1,000 Miles	The Big Texan Steak Ranch & Brewery ▼		+1,000 Miles
<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>
1	Home	62.79%	1	Hotel	33.62%	1	Shop & Service	32.74%	1	Shop & Service	33.36%
2	Shop & Service	13.61%	2	Shop & Service	25.61%	2	Hotel	29.75%	2	Hotel	24.83%
3	Food	5.51%	3	Outdoors & Recreation	11.22%	3	Outdoors & Recreation	13.89%	3	Outdoors & Recreation	18.31%
4	Work	3.25%	4	Food	7.98%	4	Food	7.2%	4	Food	6.64%
5	Hotel	2.63%	5	Home	4.43%	5	Entertainment	3.34%	5	Entertainment	4.1%

POST: Big Texan Visit

The Big Texan Steak Ranch & Brewery ▼		<100 Miles	The Big Texan Steak Ranch & Brewery ▼		100 - 500 Miles	The Big Texan Steak Ranch & Brewery ▼		500 - 1,000 Miles	The Big Texan Steak Ranch & Brewery ▼		+1,000 Miles
<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>	<i>Venue Name</i>		<i>Foot-Traffic</i>
1	Home	64.88%	1	Hotel	45.96%	1	Hotel	46.23%	1	Hotel	37.21%
2	Shop & Service	13.85%	2	Shop & Service	22.86%	2	Shop & Service	26.8%	2	Shop & Service	33.7%
3	Food	8.72%	3	Home	7.43%	3	Outdoors & Recreation	8.84%	3	Outdoors & Recreation	10.9%
4	Work	2.52%	4	Food	6.71%	4	Food	7.46%	4	Food	7.15%
5	Hotel	2.15%	5	Outdoors & Recreation	6.02%	5	Travel & Transport	2.77%	5	Travel & Transport	2.08%

Amarillo

Events

Downtown Amarillo hosts many events each year that brings thousands of visitors to the downtown area. Some of the annual events that occur downtown are as follows:

- The Cinco de Mayo festival, co-sponsored by Univision and the Hispanic Chamber of Commerce.
- The Center City Art Festival “Create!”, held in August, brought in 1,200 attendees last year.
- The Chamber of Commerce Good Times Barbeque Cook-Off in September which included an estimated 6,000 people.
- The Center City Electric Light Parade, held in December of each year, brings up to 15,000 people to the downtown area.
- The Tri-State Fair parade, held in September every year, brings in approximately 12,000 people annually.

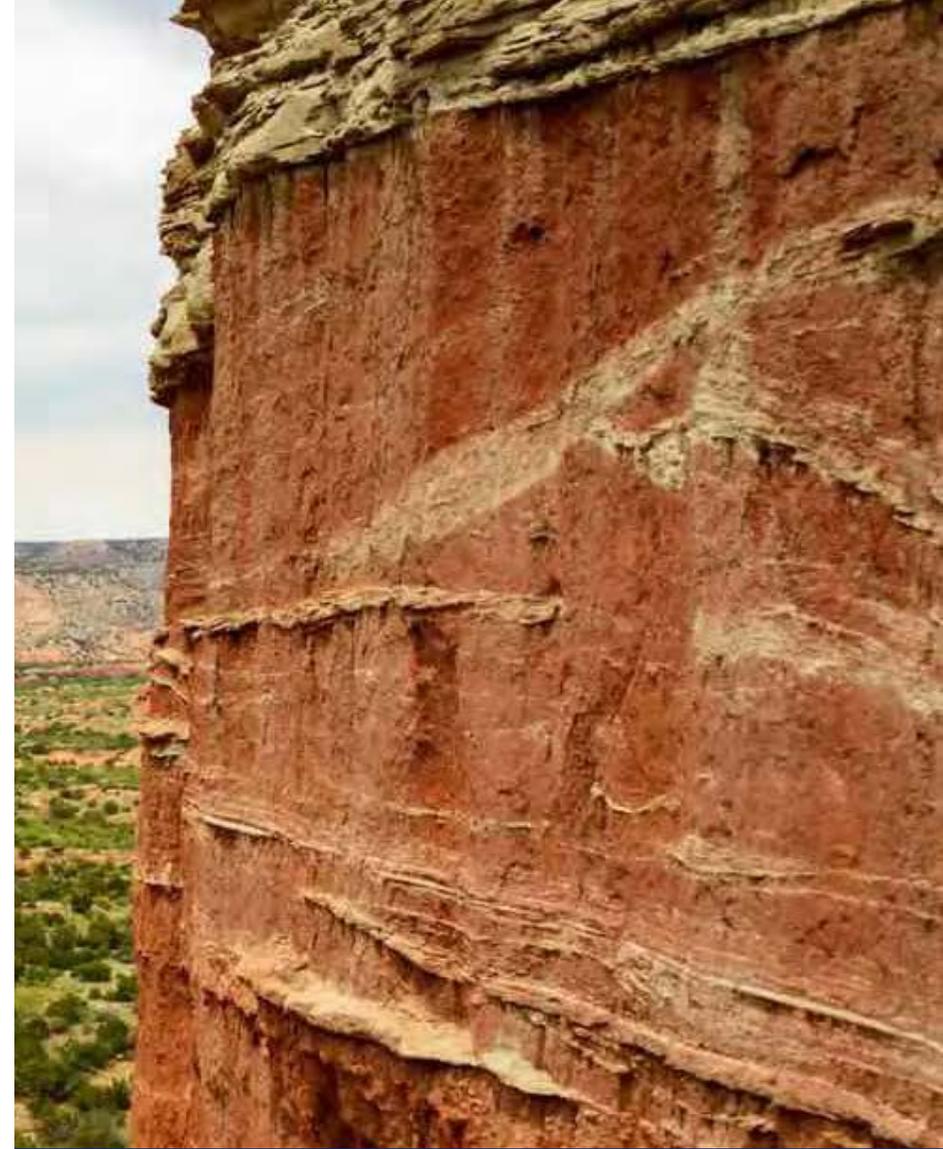


Implications

Amarillo is geographically isolated in the panhandle of Texas. While this can be viewed as a negative for tourism, it has proven to be one of its greatest strengths for encouraging drive-by overnights and cross-country tourism.

Amarillo has a variety of year-round attractions that have proven the area can pull visitors from across the United States, as well as internationally. In recent years, the Amarillo Civic Center Complex has drawn fewer visitors than before the pandemic creating a greater need for more offerings in downtown.

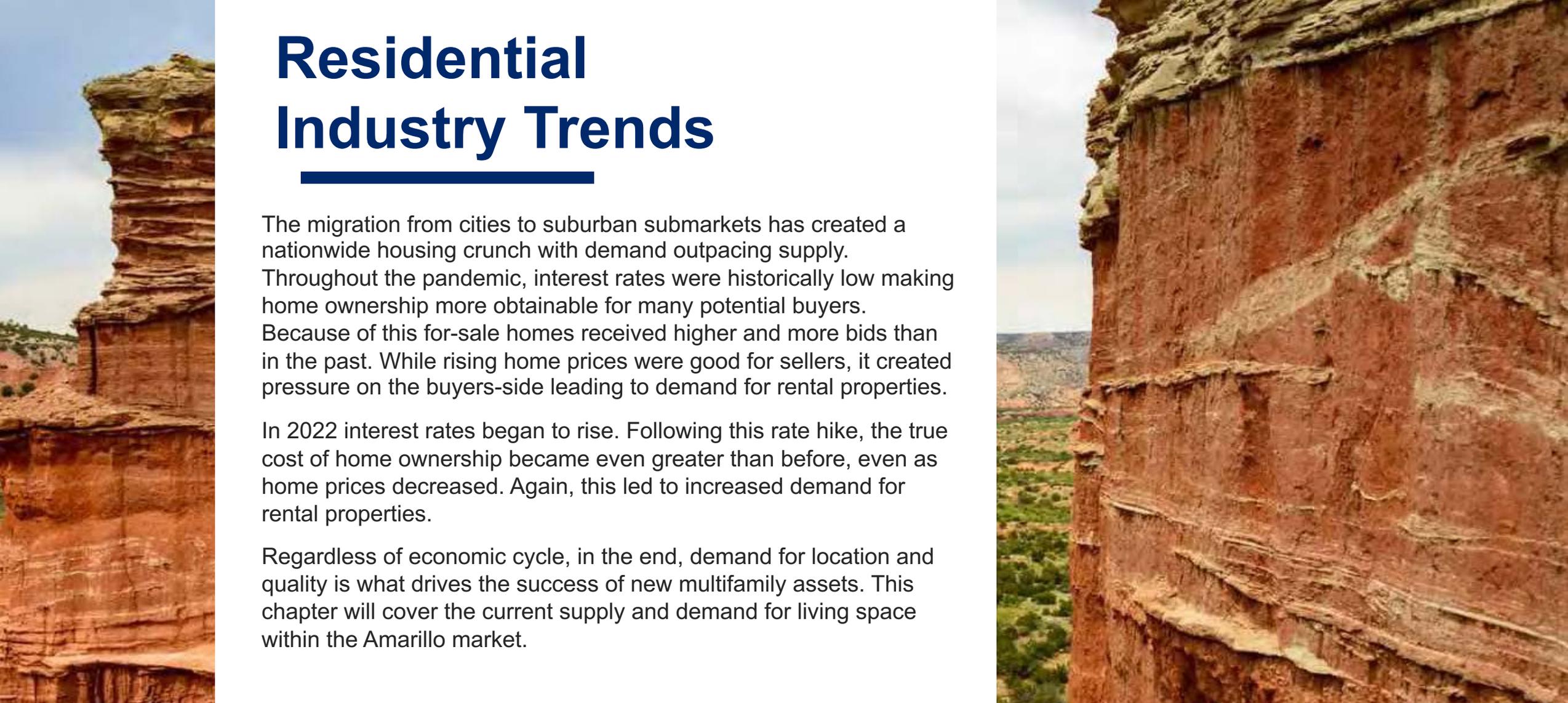
Population density in the metropolitan area is steered towards suburb living. There are minimal rooftops available in the City, which has hindered families from choosing downtown. The Project provides an opportunity to change this trend, as the Project aims to bring the first sizable residential offering to downtown.





03

**Residential
Market Analysis**



Residential Industry Trends

The migration from cities to suburban submarkets has created a nationwide housing crunch with demand outpacing supply. Throughout the pandemic, interest rates were historically low making home ownership more obtainable for many potential buyers. Because of this for-sale homes received higher and more bids than in the past. While rising home prices were good for sellers, it created pressure on the buyers-side leading to demand for rental properties.

In 2022 interest rates began to rise. Following this rate hike, the true cost of home ownership became even greater than before, even as home prices decreased. Again, this led to increased demand for rental properties.

Regardless of economic cycle, in the end, demand for location and quality is what drives the success of new multifamily assets. This chapter will cover the current supply and demand for living space within the Amarillo market.



Amarillo

For-Sale Housing Market

Amarillo Area Housing Snapshot

An increase in interest rates in 2022 led to a 12.6 percent decrease in overall closed sales in the Amarillo area market from the prior year. Nationally, the number of closed sales decreased 16.2 percent. Even with a sizeable decrease in the number of homes sold, 2022 was the third highest sale volume year for homes and condominiums in the Amarillo area in history.

While sales were down in 2022, the prices of homes continued to rise, increasing 8.5 percent from 2021 levels. Within the market, nearly 28 percent of home sales were all-cash deals.

The number of new single-family home permits issued in 2022 increased 28.3 percent from 2021, showing that builders are still optimistic about the market and not impacted by supply chain issues and labor shortages.

	2021	2022
Total Residential Sales	4,067	3,554
Average Sales Price	\$245,671	\$266,611
Current Med. Home Price	\$215,000	\$232,000
Avg. Days on Market	74	68
New Single-Family Permits	530	680

Source: Coldwell Banker First Equity

For-Sale Housing Downtown Subdivisions

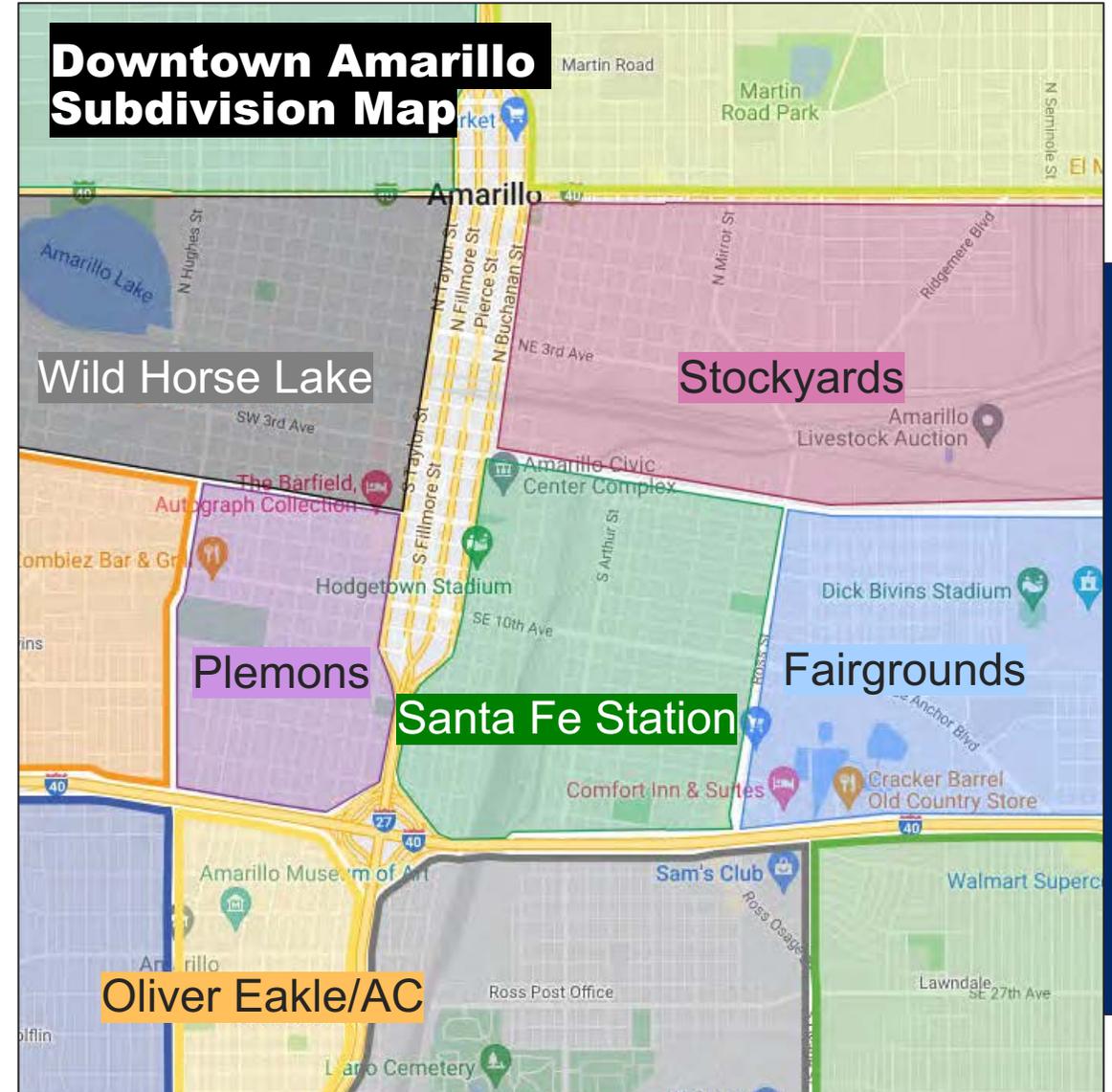
Looking towards the downtown area of Amarillo, there is a limited supply of for-sale residential units. Oliver Eakle is the submarket with the greatest amount of supply and demand for owner-occupied housing. Oliver Eakle has commanded the greatest per square foot rates on housing units.

This insight can help begin to understand the rates current charged in the market for owner-occupied housing units. It is important to note, the majority of sold properties during 2022 were older. The average home sold in these markets in 2022 was build before 1970, lowering sales price per square foot.

Downtown Amarillo | For-Sale Housing Overview (2022)

Subdivision	# of Sales (2022)	MLS Avg. Sale Price	Sale Price PSF	Avg. Days on Market
Oliver Eakle/AC	42	\$175,498	\$113	53.6
Fairgrounds	17	\$91,147	\$91	75.4
Stockyards	15	\$107,100	\$95	40.7
Plemons	14	\$158,786	\$88	111.9
Wild Horse Lake	8	\$90,650	\$93	49.1
Santa Fe Station	1	\$130,000	\$84	89.0

Source: Coldwell Banker First Equity





Amarillo

Multifamily Market

Multifamily Market Overview

The Amarillo multifamily market contains 15,000 units. These units have an average monthly rent of \$875 per month and are currently 90 percent occupied.

Over 50 percent of the supply of apartments in Amarillo are mid-quality 3-star assets. The supply of these 3-star assets is expected to increase with 243 units are currently under construction.

The top performing assets in the market are the 4- & 5-star apartments, which compose 20 percent of all apartments in the market. These high-quality units have a vacancy rate that is half of the greater market, averaging five percent over 2022.



KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	3,261	5.0%	\$1,136	\$1,133	(27)	0	0
3 Star	7,816	9.3%	\$819	\$814	(3)	0	243
1 & 2 Star	3,986	18.5%	\$750	\$745	(5)	0	0
Market	15,063	10.8%	\$874	\$869	(35)	0	243
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.3%	10.5%	12.9%	15.5%	2019 Q4	7.0%	2000 Q3
Absorption Units	(194)	127	(57)	724	2008 Q3	(243)	2019 Q4
Delivered Units	0	171	67	919	2015 Q4	0	2022 Q3
Demolished Units	0	11	3	195	2015 Q1	0	2022 Q3
Asking Rent Growth (YOY)	8.0%	1.9%	2.6%	11.2%	2022 Q1	-3.0%	2010 Q1
Effective Rent Growth (YOY)	8.0%	1.9%	2.6%	11.7%	2022 Q1	-2.9%	2009 Q4

Source: CoStar

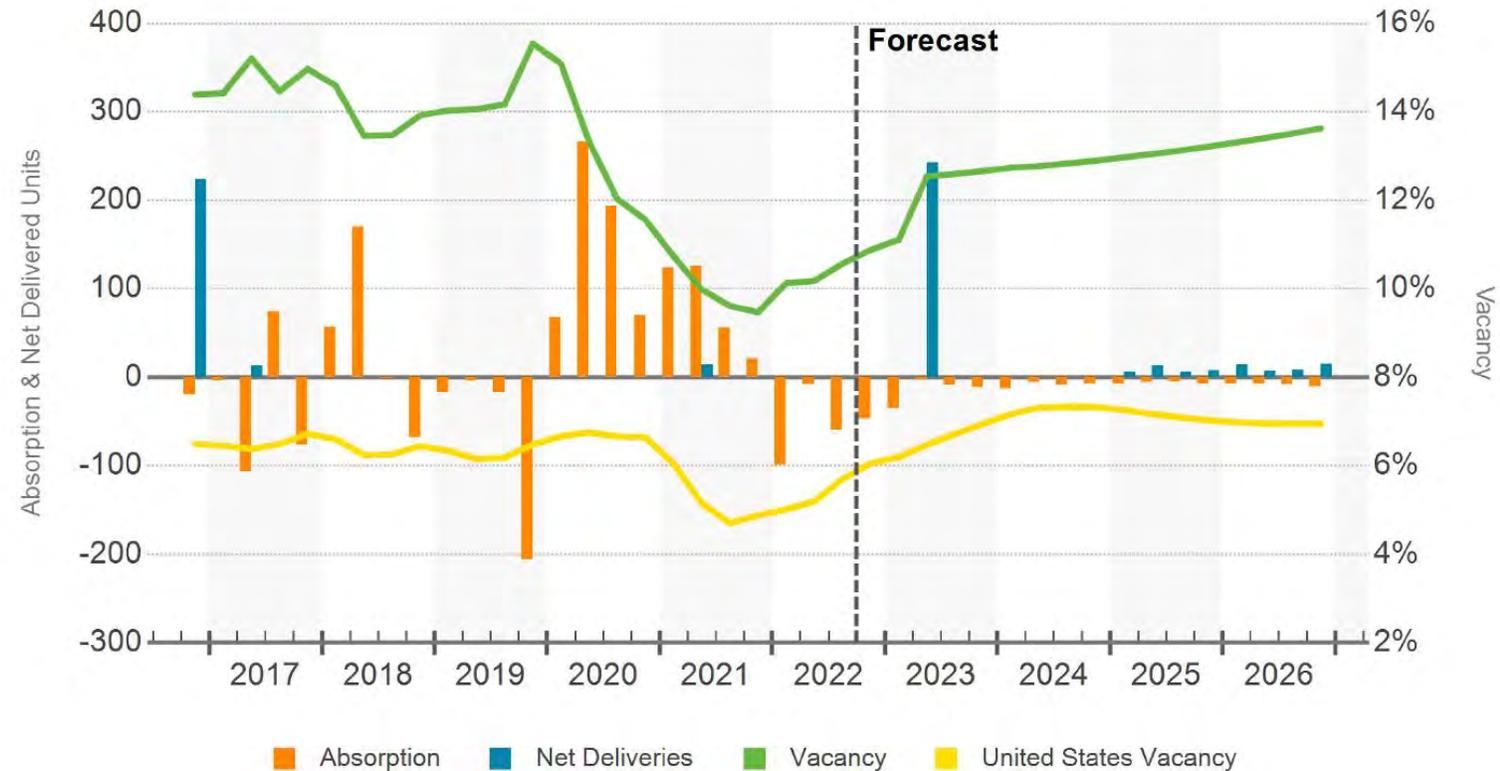
Amarillo Multifamily Absorption, Deliveries & Vacancy

Development in the multifamily market has been minimal since 2017, with only two large-scale buildings being delivered.

During the pandemic, the demand for housing was very strong as shown by the positive absorption in the market. Over this period, vacancy rates fell from 15 percent to less than 10 percent.

Looking forward, vacancy in the market is expected to increase as one large 250-unit development will be delivered in Q3 of 2023.

ABSORPTION, NET DELIVERIES & VACANCY



Source: CoStar



Downtown Amarillo

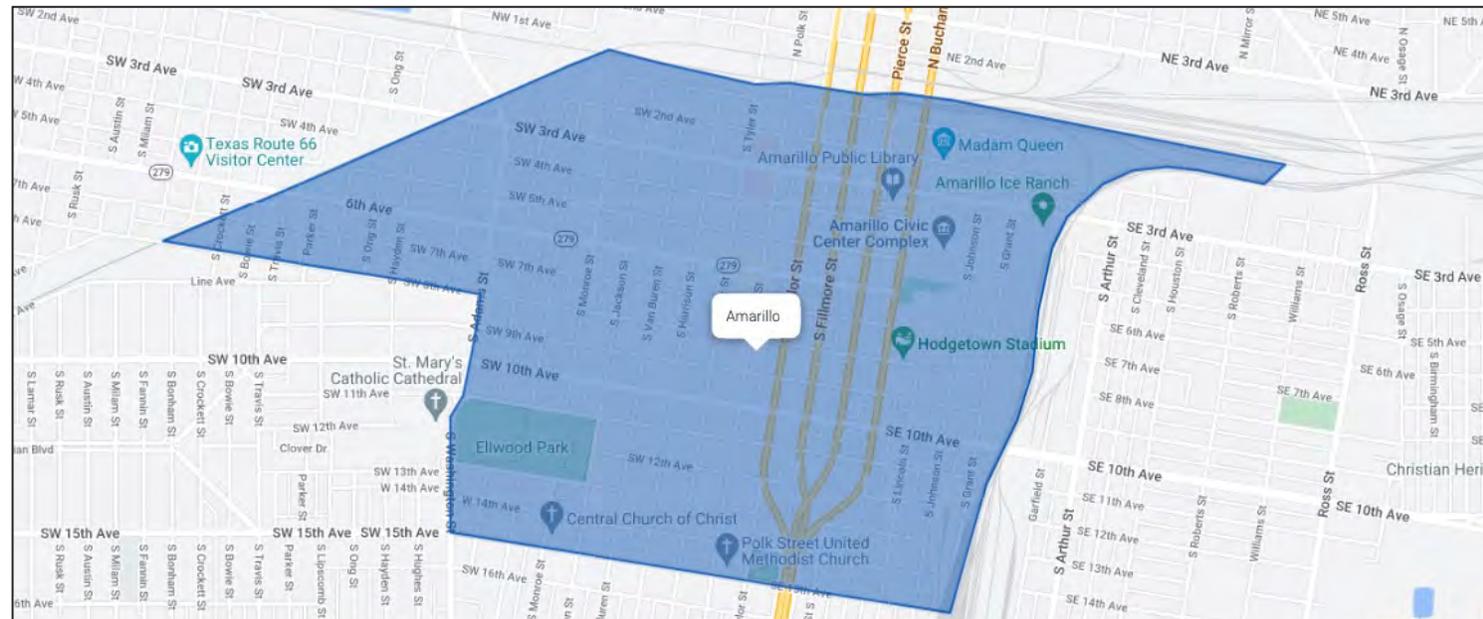
Multifamily Submarket

Downtown Amarillo Overview

The Amarillo multifamily market contains 85 units. These units have an average monthly rent of \$1,200 per month and are currently 85 percent occupied.

The downtown multifamily submarket is a relatively small market.

The highest quality apartments (4- & 5-star) have rents nearly three times that of the 3-star assets. These 14 high-quality apartments are recent deliveries, coming online in Q1 of 2022. Even with comparatively high rents and being delivered in 2022, only 12 out of the 14 apartments have been leased.



KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	14	12.9%	\$2,742	\$2,728	0	0	0
3 Star	26	15.1%	\$819	\$810	0	0	0
1 & 2 Star	45	14.0%	\$409	\$405	0	0	0
Submarket	85	14.2%	\$1,217	\$1,209	0	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-2.3%	43.5%	16.5%	56.5%	2004 Q2	14.1%	2021 Q1
Absorption Units	3	2	0	13	2008 Q1	0	2020 Q2
Delivered Units	0	2	1	14	2022 Q1	0	2022 Q3
Demolished Units	0	2	0	44	2018 Q2	0	2022 Q3
Asking Rent Growth (YOY)	0.7%	1.2%	1.8%	4.1%	2021 Q4	-3.4%	2010 Q1
Effective Rent Growth (YOY)	3.7%	1.2%	2.2%	5.4%	2022 Q3	-3.3%	2009 Q4

Source: CoStar

Downtown Amarillo

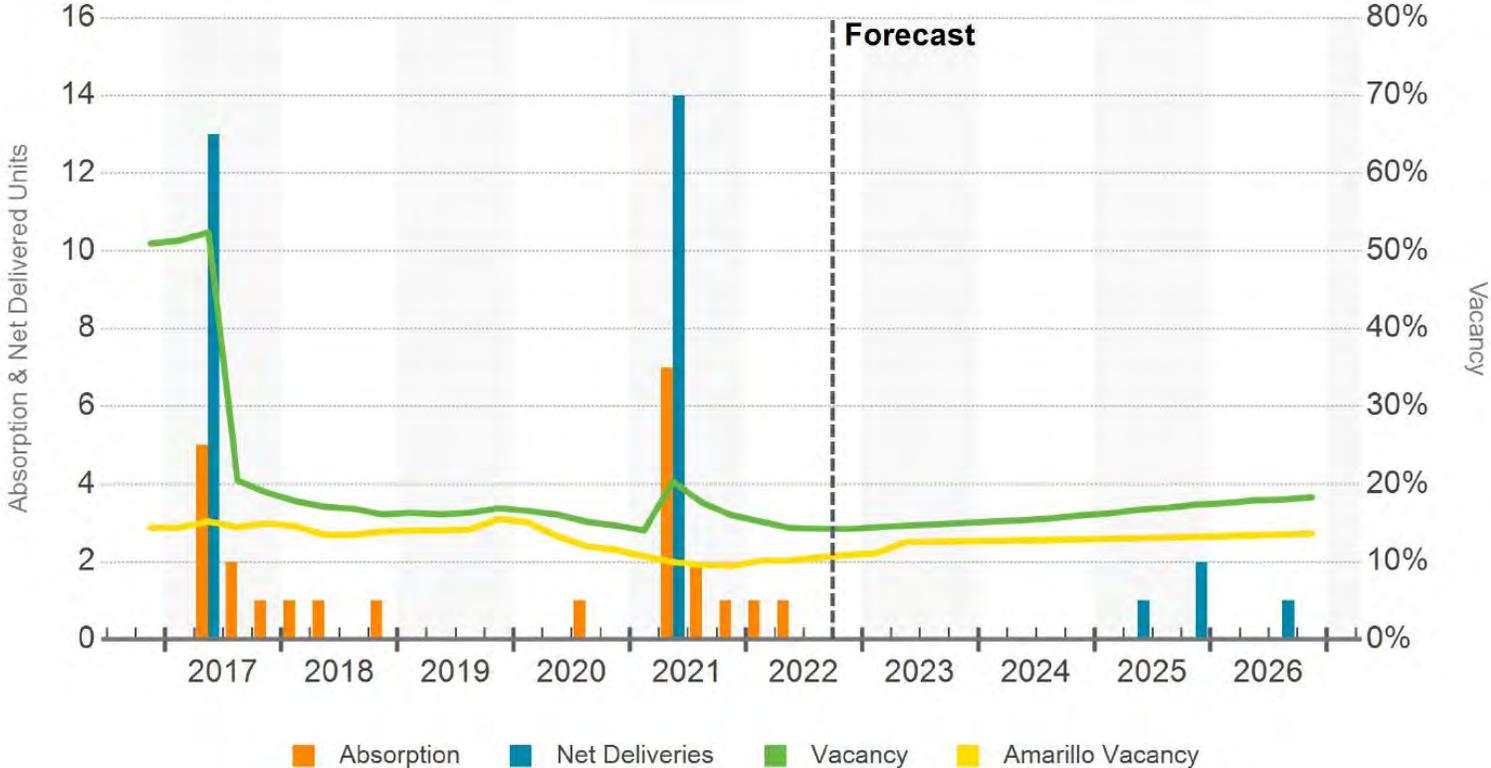
Absorption, Deliveries & Vacancy

There has been minimal development in the downtown multifamily market in recent years. There were only two developments delivered between 2017 and 2023, each with less than 14 units.

Absorption in the downtown market has been minimal. The market has maintained a consistent mid-teens vacancy rate, consistently higher than the overall Amarillo market.

Following interviews with several real estate entities in downtown, this lack of absorption is in part to a limited supply of assets people need to live in an area (walkable grocery stores, limited entertainment and an overall a limited supply of options).

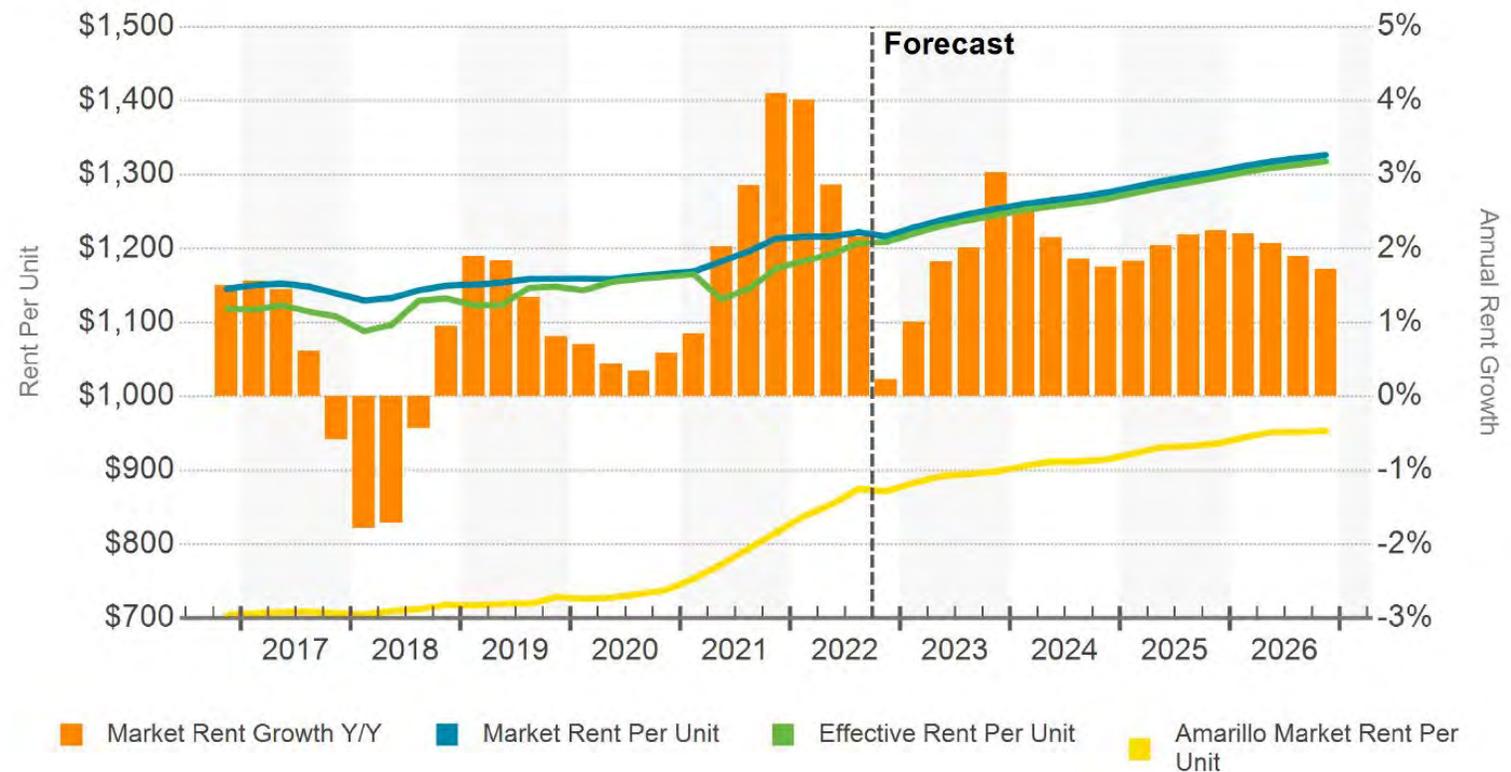
ABSORPTION, NET DELIVERIES & VACANCY



Downtown Amarillo Rents and Growth

Year-over-year rent growth within the downtown market has generally increased since 2017, with the exception of 2018 when rental growth was negative. This is different compared to the overall Amarillo market, which has had negative rent growth historically and negative future projections.

MARKET RENT PER UNIT & RENT GROWTH



Source: CoStar



Downtown Amarillo

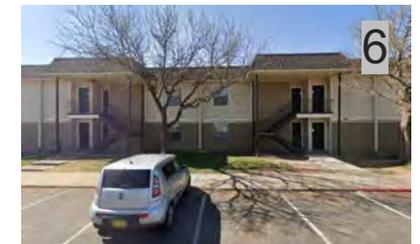
Multifamily Comparables

Downtown Amarillo Overview



Downtown Amarillo Multifamily Comps

Property Name - Address	Type	Yr Built	Size	Vacancy
1 Fillmore Lofts Apart... 701 S Fillmore St Amarillo, TX 79101	Multi-Family ★★★★★	2007	13 Units	22.2%
2 Double R Lofts 705 S Grant St Amarillo, TX 79101	Multi-Family ★★★★★	1926	23 Units	5.4%
3 The Residence at 600 600 S Tyler St Amarillo, TX 79101	Multi-Family ★★★★★	2021	14 Units	8.2%
4 The Firestone 1000 SW 10th Ave Amarillo, TX 79101	Multi-Family ★★★★★	2017	13 Units	8.2%
5 500 Sw 10th Avenue 500 SW 10th St Amarillo, TX 79101	Multi-Family ★★★★★	1926	17 Units	8.2%
6 Amarillo Gardens 1223 S Roberts St Amarillo, TX 79102	Multi-Family ★★★★★	1973	100 Units	4.5%
7 Fircrest Apartments 2806 SW 28th Ave Amarillo, TX 79109	Multi-Family ★★★★★	1965	112 Units	17.5%
8 Broadstone Apart... 1410 SW 9th Ave Amarillo, TX 79101	Multi-Family ★★★★★	1963	33 Units	8.9%
9 Hollywood Apartments 1601 S Buchanan St Amarillo, TX 79102	Multi-Family ★★★★★	1926	12 Units	9.0%



Double R Lofts

An Inside Look

The Double R Lofts are a redevelopment of a 1920s building in the Warehouse District of downtown Amarillo. There are **23 one-bed, one-bath** units in the development, ranging from 730 square feet to 3,072 square feet.

Monthly rent payments vary from \$1,895 to \$2,875 per month depending on apartment. Even with these comparatively high rental rates, 22 out of 23 apartments are occupied as of February 2023.

Exterior



Private Courtyards



Units



Residence at 600

An Inside Look

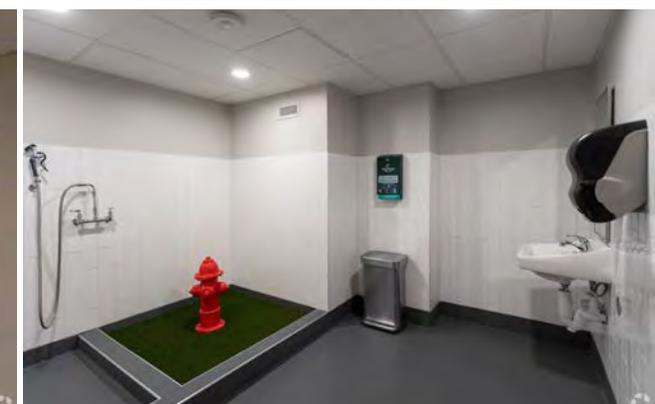
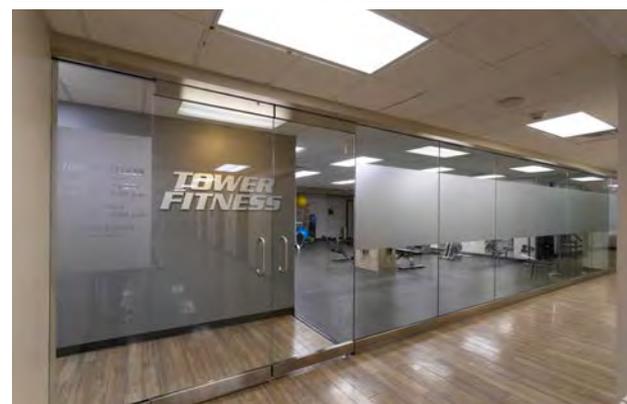
The Residence at 600 would likely be the greatest competitor to the Project. The FirstBank Southwest Tower is a 31-story office building originally built in 1971.

In 2021, two floors redeveloped into 14 high quality apartments in 2021. The units were developed to bring housing to downtown Amarillo and diversify the building's unit mix.

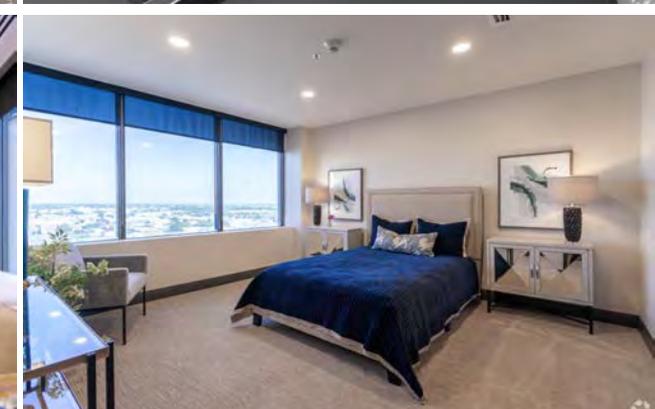
Lobby



Amenities



Units



Residence at 600

Unit Mix

Of the 14 units, 28 percent (4) are one beds, while 72 percent (10) are two beds. Overall, the property has had a slow absorption period, but being in an older office tower, the amenities are limited compared to what is proposed for the Project.

BEDROOM SUMMARY

Models		Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Totals	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
All 1 Beds	1,109	4	28.6%	1	25.0%	\$1,985	\$1.79	\$1,982	\$1.79	0.2%
All 2 Beds	1,647	10	71.4%	3	30.0%	\$3,045	\$1.85	\$3,040	\$1.85	0.2%
Totals	1,494	14	100.0%	4	28.6%	\$2,742	\$1.84	\$2,738	\$1.83	0.2%

UNIT MIX

Models			Counts		Units Available		Avg Asking Rent		Avg Effective Rent		Concessions
Beds	Baths	Avg SF	Units	Mix %	Units	Percent	Per Unit	Per SF	Per Unit	Per SF	%
1	1	1,089	2	14.3%	0	0.0%	\$1,995	\$1.83	\$1,992	\$1.83	0.2%
1	1	1,129	2	14.3%	1	50.0%	\$1,975	\$1.75	\$1,972	\$1.75	0.2%
2	2	1,546	2	14.3%	0	0.0%	\$2,975	\$1.92	\$2,970	\$1.92	0.2%
2	2	1,666	2	14.3%	1	50.0%	\$2,975	\$1.79	\$2,970	\$1.78	0.2%
2	2	1,673	4	28.6%	1	25.0%	\$3,025	\$1.81	\$3,020	\$1.81	0.2%
2	2	1,679	2	14.3%	1	50.0%	\$3,225	\$1.92	\$3,220	\$1.92	0.2%

Source: CoStar

Interview:

Residence at 600

HSP interviewed representatives involved with the leasing and management of the Residence at 600. The interview is summarized below.

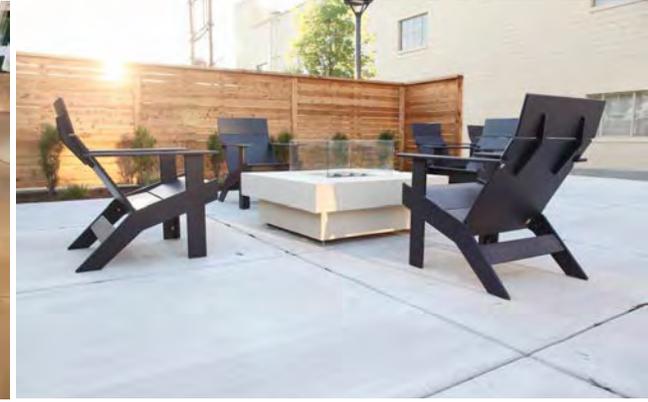
- Residential development in downtown Amarillo is the next step for the City. Having residents in downtown will stimulate leasing for grocery stores, more restaurants, and office space.
- Prior to development, management believed the Residence at 600 would be pre-leased before completion, but **absorption has been slower than expected**. Turnover within the apartments is steady, but manageable.
- Of the residential units in the Residence at 600, the management team wishes they had **more one-bedroom units** than they do. One bedroom units have been much easier to lease, especially with the clientele that looks at downtown.
- Management believes condominiums may be a better decision given the tenant base. Many tenants have recently sold their home and are looking to downsize. The condo option would allow them to continue to own, rather than rent while being able to downsize.

The Firestone Amarillo

An Inside Look

The Firestone is located on the corner of 10th and Tyle. The building is a redeveloped 1930s car shop, which was completed in 2017. The development features 13 upscale residences and a community “urban alley.”

Amenities



Units



Units



Interview: The Firestone

HSP interviewed ownership and management of the Firestone. The interview is summarized below.

- **Performance.** Each unit in the Firestone is unique. Rents range from \$1,000 per month (1B) to \$2,200 per month (2B) depending on the unit. Across all units, **rent averages \$1,500 per month.** With these rates, the building is essentially **100 percent occupied.**
- **More One Bedroom Units.** The Firestone often has to turn away potential customers because of a lack of supply of assets in the \$900 1 Bed/1 Bath range. Ideally, the Firestone would have more 1 Bed / 1 Bath units, as these are the easiest to lease.
- **Condos.** Ownership indicated there is strong potential for condos to succeed in the area. People inquire often about buying units, as an alternative to renting.
- **Demographics.** The demographics of residents of the building vary. The majority of residents are young professionals, but there are also farmers and business professionals who rent so they can have a place when they come to town.
- **Resident Complaints.** One of the biggest complaints from residents is a lack of accessible grocery stores and gyms. Residents have to leave downtown to get to all of their essentials and to get a workout in.
- **Needed Amenities.** To increase their rents, the apartments could offer better amenities. Ownership indicated a 24/7 gym, doggy spots, and covered parking are low hanging fruit. A pool would also be very unique for an apartment building, but it may not make sense for a facility the size of the Firestone.

BEDROOM SUMMARY				
Models			Counts	
Totals	Avg SF	Units	Mix %	
All 1 Beds	744	7	53.8%	
All 2 Beds	1,159	6	46.2%	
Totals	935	13	100.0%	
UNIT MIX				
Models			Counts	
Beds	Baths	Avg SF	Units	Mix %
1	1	570	1	7.7%
1	1	650	1	7.7%
1	1	690	1	7.7%
1	1	695	1	7.7%
1	1	760	1	7.7%
1	1	870	1	7.7%
1	1	970	1	7.7%
2	2	965	1	7.7%
2	2	970	1	7.7%
2	2	1,060	1	7.7%
2	2	1,130	1	7.7%
2	2	1,360	1	7.7%
2	2	1,470	1	7.7%



Implications

The development of rental housing in Amarillo has been limited in recent years, as only two minor developments have been delivered since 2017, the Firestone and the Residence at 600.

Residential options in the downtown submarket are extremely limited, as there are only 85 units. The owners of these assets have not optimized the unit mix, as the demand for one bed units severely outpaces the available supply.

Potential residents currently face a difficult decision when considering to live downtown. Living downtown would mean requiring to reverse commute to the suburbs to visit a grocery store or gym. Still with a reverse commute, there is still significant demand to live downtown. As more people locate downtown, it will make the development of these assets more feasible and begin the trend of downtown living in Amarillo.



04

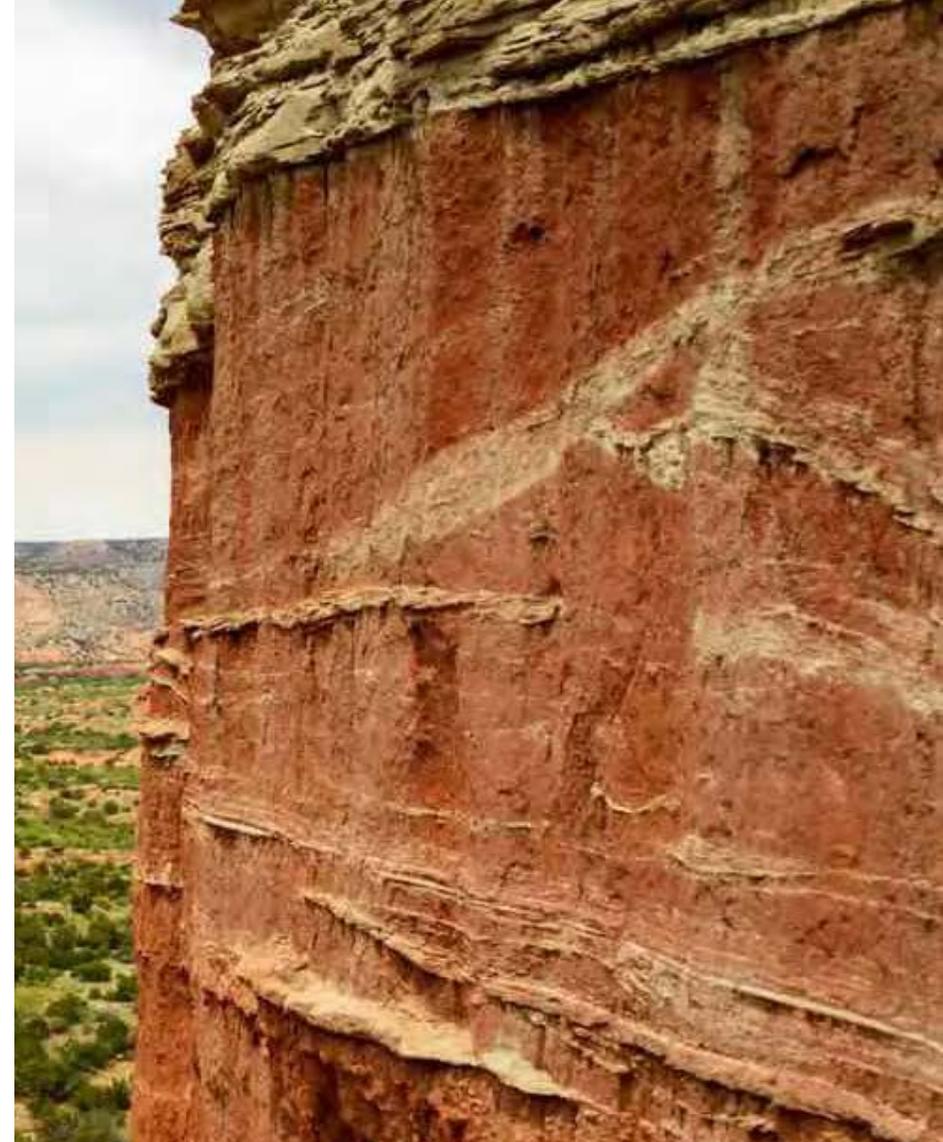
**Hospitality
Market Analysis**



Overview

This chapter provides an overview of hotel trends, an analysis of the local hotel market and an analysis of a competitive set of hotels within Amarillo.

Following an analysis of hotels, HSP supplements the local overnight accommodations market with data relating to short-term rentals within Amarillo.





National Trends
Hospitality

Trends of Note



Brands Multiply. Worldwide, the expansion of brands continues to change the face of the competitive environment. Major brands are competing fiercely, as they are eager to show earnings growth and increased market share to Wall Street. Using multiple brand families clustered in the same corporate structure, proprietary reservation systems, and corporate programs all work in tandem to drive business. Comparing profit potential of a branded hotel to one without a brand is becoming a serious consideration for hotel owners. At the same time, the increased proliferation of brands means that fewer independents struggle for fair share and are using price as the preferred strategy to drive demand.

Boutique Brands. This seemingly incongruous phrase is a trend occurring in the industry. The largest brands have used up market segments to fill, so they are seeking the last strong hold of the industry: independent boutique hotels. By creating a boutique “collection” or also known as a “soft brand” that can benefit from (and provide distribution to) the primary brand family, both the hotel and brands can prosper. For example, with all traditional niches covered, Marriott has now entered the boutique market with the Autograph Collection. These hotels are neither owned nor operated by Marriott, and do not even carry a Marriott brand, per se, but use the Marriott reservation system to route travelers to these formerly independent hotels. Guests benefit by getting their Marriott points and expectation of high-quality standards they have come to expect with the Marriott brand.

Companies Consolidate. The buyout/merger of Marriott and Starwood represents the highest peak in value of many brands and companies consolidating. In the past several years, many hotel companies have merged to improve scale and marketplace power, as well as take advantage of the current market dynamics.

Trends of Note



Lifestyle Brands/Retro Motels/Work from Anywhere. The newest trend from brands and independents are the lifestyle hotels targeting Millennials and Gen Z. These concepts focus on active public/social spaces indoors and outdoors, with minimalism the rule in the rooms themselves. Active bar/light fare and game areas are also popular in these hotels. For owners/operators, the trend to smaller and spartan rooms with compact designs, as well as limited housekeeping service has helped mitigate rising construction costs, as well as rapidly increasing labor costs. This trend also includes the retro-modern motor lodge theme, with newly built or renovated motels that are targeted to a relaxed lifestyle. In addition, the ‘work-from-anywhere’ concept has soared, especially with younger professionals, and these hotels have benefitted. More and more people are blending work/leisure time by exploring the country and staying in these interesting properties, instead of only working from home.

Shared Spaces and Home/Apartment Rentals. The advent of Airbnb has transformed the lodging industry in the past few years, much as Uber and Lyft have done with the hired car industry. Home and apartment rentals through VRBO, Homeaway, and Airbnb add inventory to many compressed and expensive hotel markets. In some places like San Francisco, Silicon Valley and New York, residents rent their homes to travelers in order to pay the rising cost of rent. High occupancies and rising room night rates have made these options viable for travelers and residents.

Micro Hotels. The Micro hotel rooms are a prime example of minimalist living. While the hotel rooms are half the size of normal hotel rooms (average of 115 - 220 square feet), they are designed to be efficient and fit only the essentials. The need for these rooms came about because of high real estate costs and limited space in large urban areas. To compensate for limited personal space, these hotel brands usually have extensive shared spaces for guests to enjoy. Micro-hotels tend to attract millennials who are comfortable exchanging guestroom size for experiences of a lifestyle hotel. An example of a micro-hotel brand is Marriott’s Moxy brand.



Amarillo

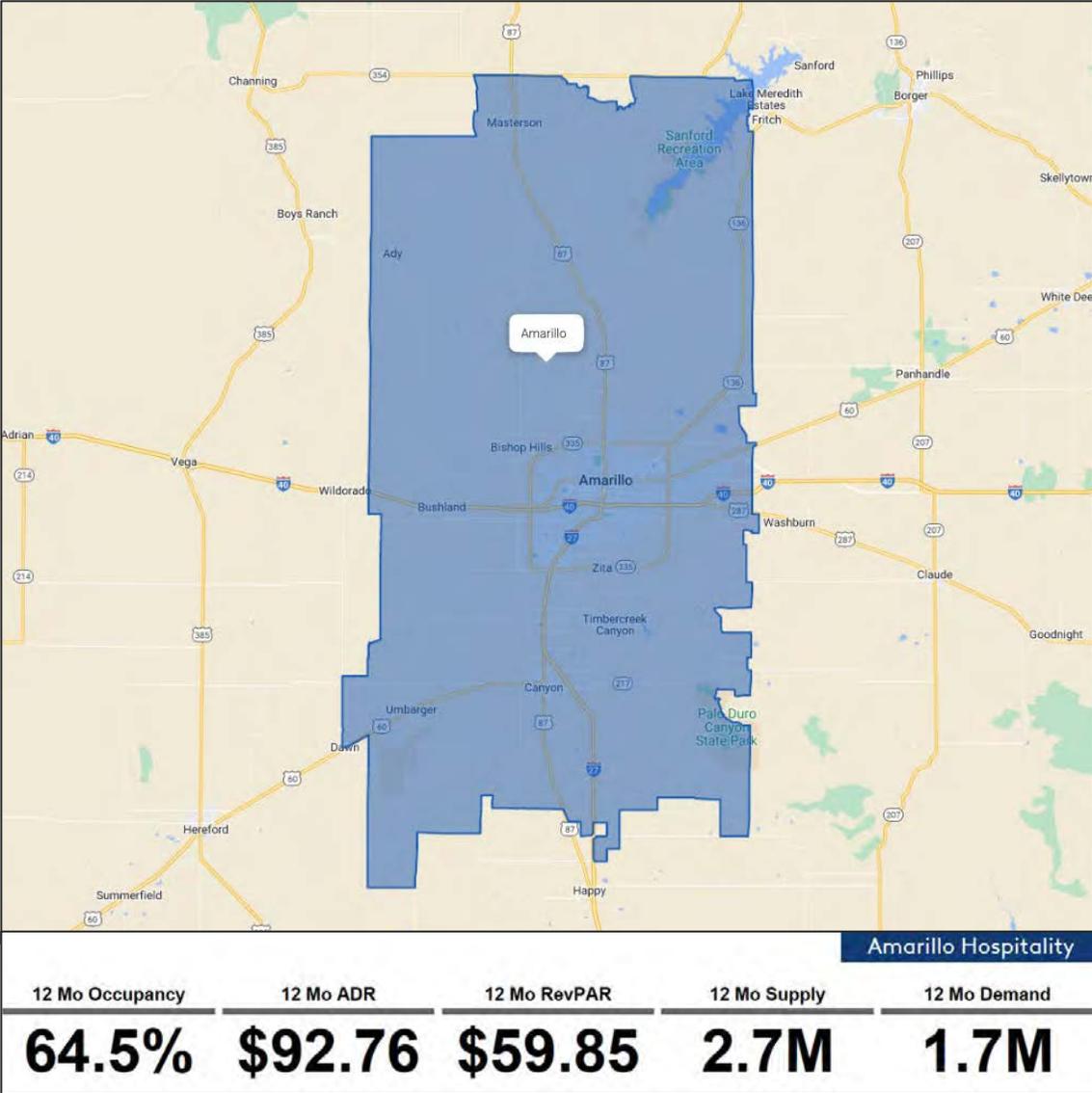
Hotel Market

Hotel Market Overview

This section will show historical performance metrics for the hospitality industry in Amarillo, Texas.

First, HSP will analyze market-wide data across the Amarillo market, followed by a competitive set analysis of hotels within Amarillo.

The Amarillo hotel market has over 7,500 hotel rooms, providing 2.7 million room nights during 2022. These properties are composed of varying levels of quality and age. Across all properties, annual occupancy has averaged over 64 percent, while rates have averaged in low \$90s.



Hotel Market - Amarillo

Key Indicators

Less than five percent of the hotel rooms in the Amarillo market are luxury and upper upscale properties. These properties are the Embassy Suites and the Barfield hotel. With limited hotel rooms, available data is minimal.

The difference in occupancy performance between upper midscale and economy properties shows there is a drive to quality in the market. Upper midscale properties have a 12-month occupancy 20 percentage points higher than the economy properties and an average daily rate \$50 greater.

KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	338				0	0
Upscale & Upper Midscale	3,635	71.1%	\$107.55	\$76.50	169	117
Midscale & Economy	3,560	57.1%	\$66.26	\$37.84	0	0
Total	7,533	64.5%	\$92.76	\$59.85	169	117

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	61.7%	63.7%	64.2%	64.5%	63.2%	64.0%
Occupancy Change	-3.5%	-1.1%	-7.3%	-6.4%	1.1%	-0.3%
ADR	\$88.20	\$91.87	\$93.52	\$92.76	\$82.37	\$105.39
ADR Change	0.2%	0.2%	4.7%	6.3%	3.5%	3.5%
RevPAR	\$54.41	\$58.52	\$60.05	\$59.85	\$52.07	\$67.40
RevPAR Change	-3.3%	-0.9%	-3.0%	-0.6%	4.6%	3.3%

Source: CoStar

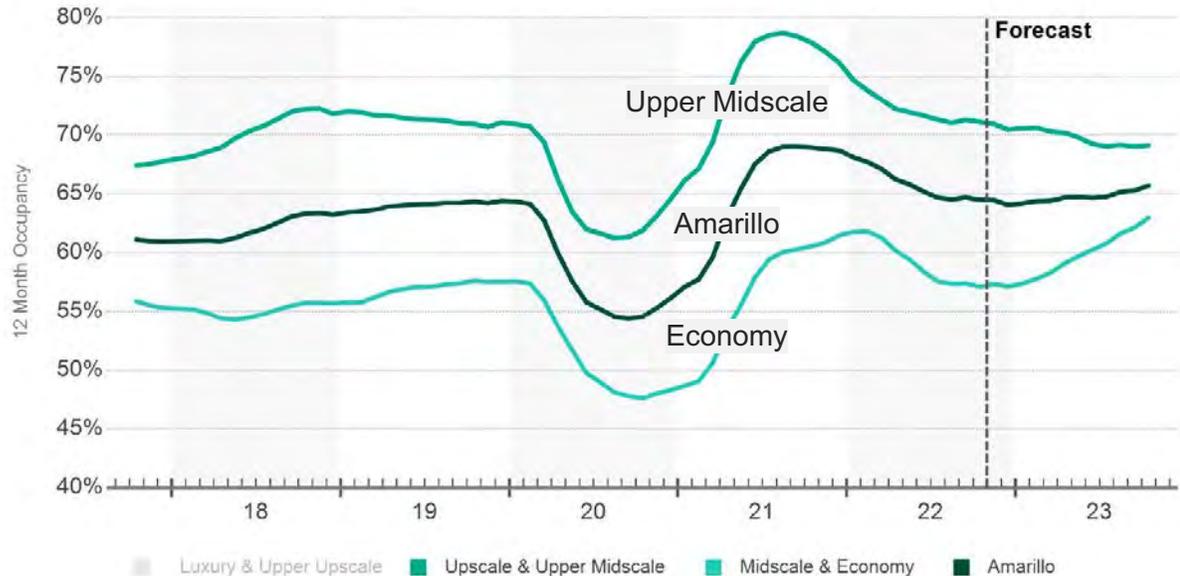
Occupancy

Market demand for overnight accommodations is stronger for the higher quality assets.

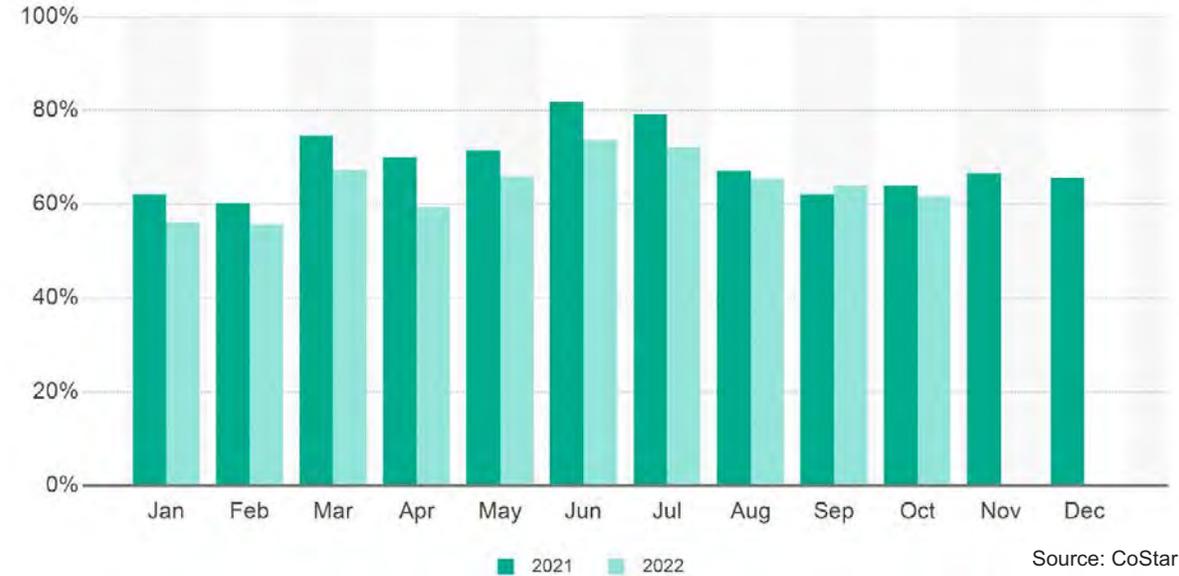
The graphic on the left shows occupancy rate by class in the overall Amarillo hotel market. Upper midscale properties have continued to garner the strongest occupancy rate year after year. Occupancies across all quality levels have already surpassed pre-pandemic levels signaling market strength.

The graphic on the right compares occupancy rates in 2021 to year-to-date in 2022. During the early months of the year, occupancy continually outpaced 2021 performance levels.

OCCUPANCY BY CLASS



OCCUPANCY MONTHLY



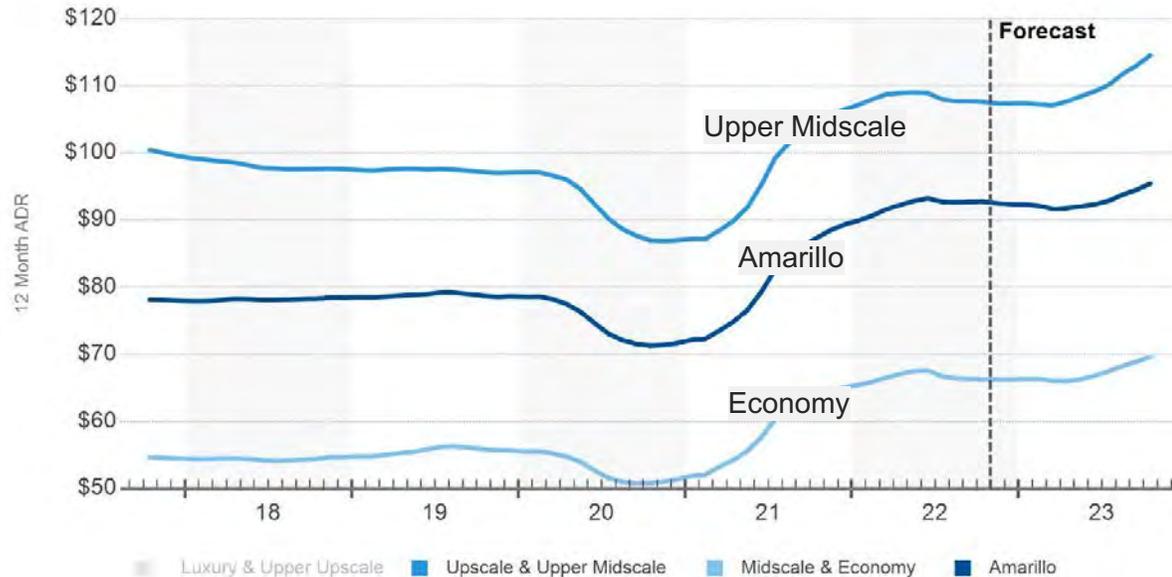
Average Daily Rate

Rates across all quality levels have experienced significant growth following the pandemic. Rates differ by \$20 between quality levels.

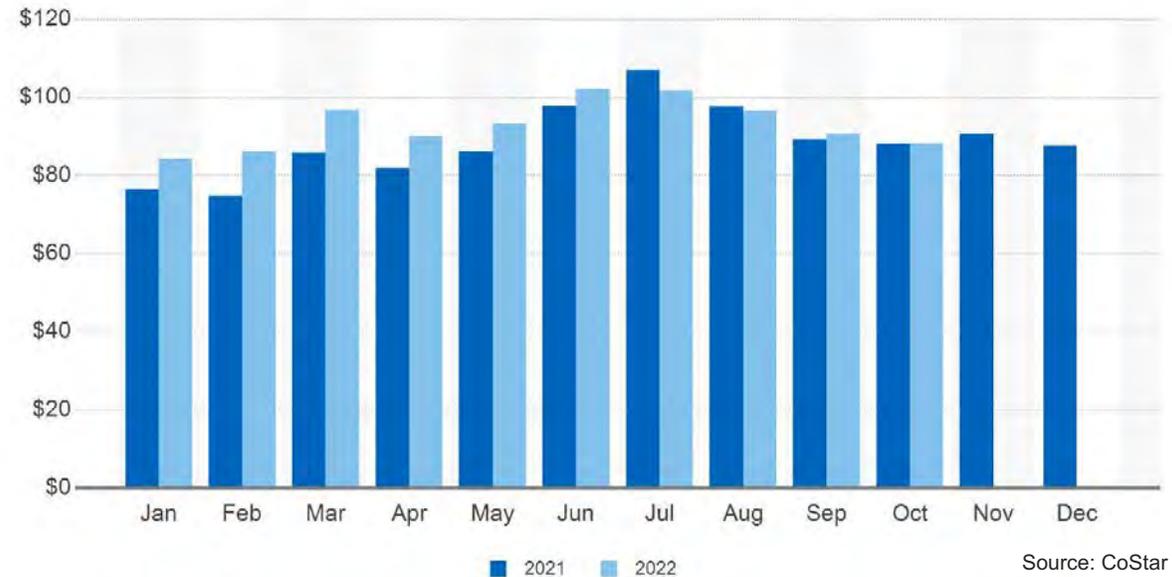
The graphic on the left describes rate by class in the overall Amarillo market. Similar to occupancy, the Upper Midscale assets outperform the lower quality hotels. The ADR across all asset levels has improved past pre-pandemic levels.

The ADR monthly chart compares year-over-year growth in ADRs. With the exception of July, each month rates have surpassed 2021 levels. Comparing rate growth with occupancy shows consumers are increasingly willing to pay for overnight accommodations in Amarillo.

ADR BY CLASS



ADR MONTHLY



Downtown Amarillo Lodging Summary

In order to understand the landscape of hotels in downtown, HSP gathered statistics on the closest 50 hotels to Hodgetown Stadium. The 50 closest hotels were all within a 4.5-mile radius.

Of the 50 closest hotels, there are 5 properties of upscale quality or above. These hotels account for 17 percent of the total supply of rooms.

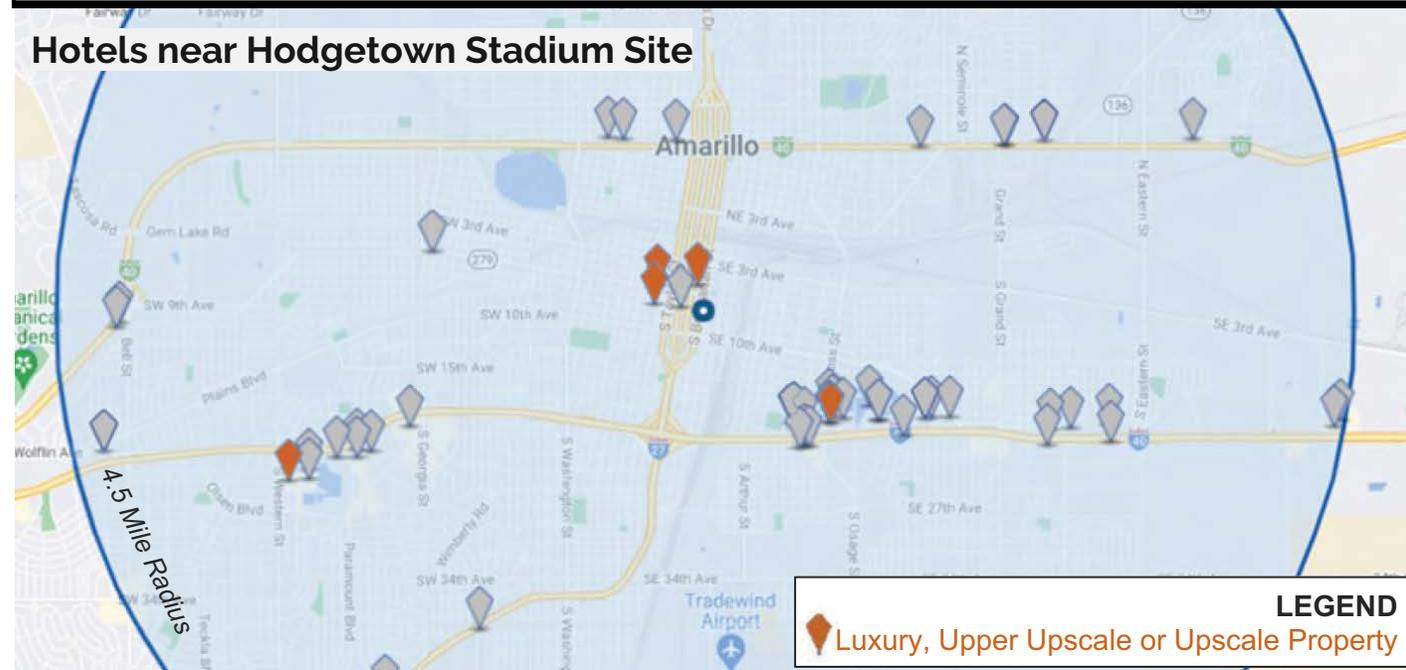
The average age of the upper upscale properties is 3.3 years, showing the newest supply is of the highest quality. Within the 4.5-mile radius, as the age of the hotel increases, the quality of the hotel decreases.

Lodging Summary - Amarillo (50 Closest Hotels to Site)

Chainscale	Rooms	% Total Rooms	Hotels	Rooms Per Hotel	Average Opening Year	Average Age (Years)
Luxury	0	0%	0	–	–	–
Upper Upscale	338	9%	2	169	Aug-19	3.3
Upscale	332	8%	3	111	Sep-97	25.3
Upper Midscale	679	17%	7	97	Aug-10	12.4
Midscale	526	13%	6	88	Dec-90	32.0
Economy	1,798	46%	29	62	Feb-75	47.9
Independent	259	7%	3	86	Feb-72	50.9
Total/Average	3,932	100%	50	79	May-94	28.6

Source: Hunden Strategic Partners

Hotels near Hodgetown Stadium Site



Source: CoStar



Competitive Set

Performance Analysis

Competitive Set

HSP determined a competitive set of hotels within the downtown area of Amarillo, Texas. From this competitive set, performance data was pulled to better understand hotel performance in the area.

Amarillo Competitive Set Hotels

Name	Miles from Hodgetown	Rooms	Year Built/ Renovated	Hotel Class
Embassy Suites by Hilton Amarillo Downtown	0.2	226	Sep-17	Upper Upscale
Courtyard Amarillo Downtown	0.3	107	Dec-10	Upscale
The Barfield, Autograph Collection	0.4	112	Aug-21	Upper Upscale
Four Points by Sheraton Amarillo Downtown	1.2	128	Jan-70	Upscale
Fairfield by Marriott Inn & Suites Amarillo Central	1.2	108	Sep-21	Upper Midscale
La Quinta Inn & Suites Amarillo Mid-City	1.2	129	Jan-83	Upper Midscale
Comfort Inn & Suites Amarillo	1.2	94	Oct-07	Upper Midscale
Average/Total	0.81	904	Aug-04	7 Hotels

Source: Smith Travel Research, Hunden Strategic Partners



Performance Overview

HSP utilized Smith Travel Research (STR) to analyze the historic performance of the competitive set of hotel properties within Amarillo. The table below summarizes hotel performance for the competitive set between 2018 and November 2022.

Competitive set performance indicates the demand within the competitive set has increased an average of 8.5 percent annually since 2018. With rising supply and demand in hotel rooms, occupancy has continued to increase, reiterating the strong demand for overnight accommodations in the market. Average daily rates have continued to increase, averaging 6.1 percent growth per year.

Amarillo, Texas Competitive Set										
Historical Supply, Demand, Occupancy, ADR, and RevPar										
Year	Avg. Rooms Avail. Per Night	Room Nights Sold	Rooms Sold Per Night	% Change	Occupancy	% Change	Average Daily Rate	% Change	RevPar	% Change
2018	664	157,132	430	–	64.8	–	\$97.24	–	\$63.04	–
2019	592	156,772	430	-0.2%	72.6	12.0%	\$103.78	6.7%	\$75.36	19.5%
2020	544	128,271	351	-18.2%	64.6	-11.0%	\$92.60	-10.8%	\$59.82	-20.6%
2021	682	173,338	475	35.1%	69.7	7.8%	\$117.89	27.3%	\$82.11	37.3%
2022 (YTD NOV)	904	205,249	615	29.4%	68.0	-2.4%	\$126.92	7.7%	\$86.28	5.1%
CAGR (2018-22)	7.23%		8.55%		0.97%		6.11%		7.37%	

Source: Smith Travel Research, Hunden Strategic Partners

Performance Heat Charts

The tables shows a visualization of occupancy and rate by day of the week and month from December 2021 through November 2022. Figures in red and orange reflect days with relatively low occupancy/daily rates, yellow suggests moderate performance, and green reflects strong performance.

Occupancy and demand are highest in the market during the summer months, but remain strong throughout the year. During non-summer months, weekends tend to be the periods with the highest occupancy rates.

Throughout the period of analysis, rates were lowest on Sundays and increased throughout the week, peaking on Saturday nights.

Amarillo, Texas | Occupancy Percent by Day of Week by Month - (Dec 2021 - Nov 2022)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Average
Dec - 21	57.5%	62.3%	66.6%	69.3%	63.0%	68.4%	74.9%	66.0%
Jan - 22	41.6%	45.9%	52.6%	57.4%	57.3%	64.2%	63.4%	54.6%
Feb - 22	39.0%	49.7%	54.4%	54.1%	47.9%	58.4%	65.5%	52.7%
Mar - 22	48.1%	58.6%	66.9%	72.5%	71.3%	83.5%	85.0%	69.4%
Apr - 22	39.1%	61.8%	68.1%	67.1%	59.9%	66.5%	70.1%	61.8%
May - 22	53.8%	64.1%	72.5%	73.2%	72.2%	79.9%	83.0%	71.2%
Jun - 22	67.4%	78.5%	82.5%	81.7%	81.6%	82.2%	87.4%	80.2%
Jul - 22	66.2%	68.1%	78.4%	80.1%	81.9%	86.4%	87.3%	78.3%
Aug - 22	57.1%	72.9%	76.6%	79.9%	75.7%	77.3%	80.6%	74.3%
Sep - 22	51.4%	59.2%	69.0%	71.9%	72.9%	78.8%	78.8%	68.8%
Oct - 22	49.8%	62.6%	72.4%	71.4%	67.1%	68.8%	78.9%	67.3%
Nov - 22	48.9%	60.0%	68.1%	67.5%	65.9%	81.4%	83.4%	67.9%
Average	51.7%	62.0%	69.0%	70.5%	68.1%	74.6%	78.2%	

Source: Smith Travel Research

Amarillo, Texas | Rate by Day of Week and Month - (Dec 2021 - Nov 2022)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Average
Dec - 21	104.67	110.60	112.88	115.84	113.51	124.70	120.17	\$115.32
Jan - 22	109.01	115.64	118.22	130.23	125.44	130.49	126.30	\$122.75
Feb - 22	118.23	135.77	141.82	139.09	131.80	139.43	141.04	\$136.29
Mar - 22	110.39	118.04	124.58	123.22	118.91	137.64	140.71	\$126.00
Apr - 22	105.96	119.13	125.16	127.20	112.36	124.15	125.77	\$121.34
May - 22	110.47	120.20	123.56	122.45	117.59	128.60	132.92	\$122.68
Jun - 22	117.22	128.95	133.75	128.21	124.18	139.38	144.74	\$131.08
Jul - 22	111.80	123.13	130.41	129.34	126.82	144.30	146.48	\$131.79
Aug - 22	115.62	127.43	135.87	135.34	127.76	134.05	136.90	\$131.28
Sep - 22	109.35	121.35	127.97	128.29	122.73	126.02	130.35	\$124.49
Oct - 22	105.51	119.83	128.18	125.03	117.21	113.67	117.90	\$118.47
Nov - 22	106.58	121.22	127.29	131.70	131.07	139.95	138.29	\$129.63
Average	\$110.40	\$121.77	\$127.48	\$128.00	\$122.45	\$131.87	\$133.46	

Source: Smith Travel Research



Amarillo

Competitive Hotel Profiles

The Barfield, Autograph

Location: Amarillo, Texas

Opening Date: August 2021

Rooms: 110 (400 SF / Room)

Class: Upper Upscale

Operator: Marriott International

Meeting Space: 1,200 SF Ballroom

The structure was built in 1927 and designed as an office building in downtown Amarillo. After sitting vacant for many years, the ten-story building was purchased for \$800,000 and renovated into a high-end boutique hotel. The total project cost was a reported \$35 million, nearly \$320,000 per room.

Today the Barfield is the top hospitality asset in Amarillo. The hotel operates at an 85 percent occupancy rate, even with the highest rates in the market.



The Barfield, Autograph

An Inside Look



The Barfield



The Barfield

Embassy Suites
Amarillo Downtown

Amarillo Civic Center

Hodgetown Stadium
(Minor League Baseball)

Courtyard
Amarillo Downtown

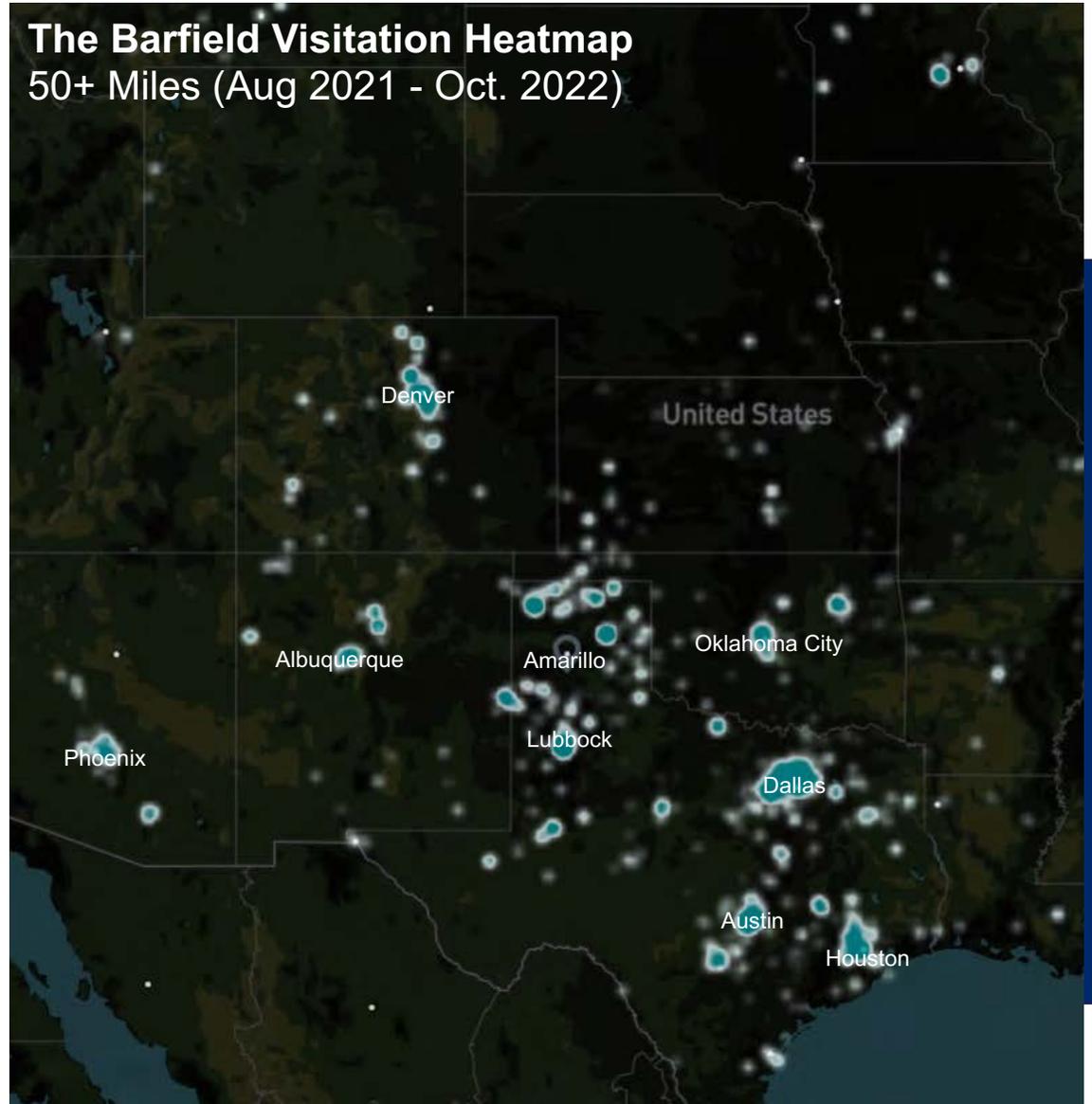
LEGEND

- The Barfield
- Hotel
- Tourism Driver

The Barfield Visitation (50+ Miles)

The Barfield pulls from the largest markets within Texas and the top MSAs in Arizona, Colorado, New Mexico and Oklahoma.

Prior to guests visiting the hotel, nearly 27 percent of guests visit dining establishments, while 26 percent visit dining after the hotel.

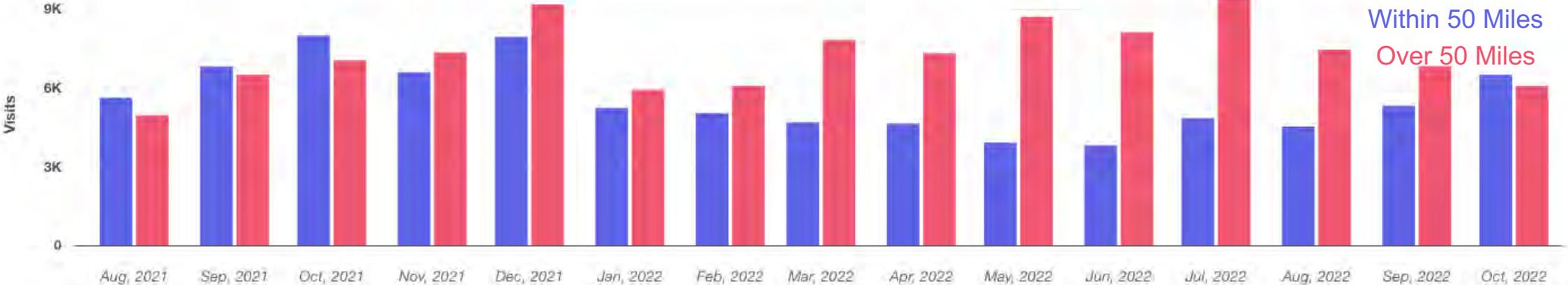


Barfield Hotel Visitation (2022)

Weekday vs. Weekend (50+ Miles)



Visitors: Local vs Long-Distance



Competitive Hotels

Courtyard Amarillo Downtown. The Courtyard Amarillo Downtown opened in December of 2010 and includes 107 rooms. The hotel also includes approximately 1,700 square feet of meeting space. The upscale, limited-service hotel is located in downtown Amarillo approximately six blocks southwest of the Amarillo Civic Center. The hotel features a fitness center, free wireless internet and a Bistro on the first floor.

Conversations with management at the Courtyard Amarillo Downtown indicated that the majority of their business is driven by corporate transient guests and that the estimated segmentation of business is approximately **65 percent corporate**, 20 percent group and 15 percent leisure.

Embassy Suites Amarillo Downtown. The Embassy Suites Amarillo Downtown opened in September 2017 and includes 226 rooms. The hotel also includes approximately 14,000 square feet of meeting space. The Embassy Suites is the largest property in the competitive set. Located in Downtown Amarillo, the Embassy Suites is adjacent to the Amarillo Civic Center and City Hall. The amenities at the hotel include a business center, fitness center, swimming pool and complimentary breakfast.



Competitive Hotels

Drury Inn and Suites Amarillo. The Drury Inn and Suites opened in December 2006. The property has 163 rooms and 3,261 square feet of meeting space. The upscale, limited-service hotel is located five miles west of downtown Amarillo near Westgate Mall, provides free wireless internet access, a complimentary hot breakfast for all guests.

Conversations with management at the Drury Inn and Suites Amarillo indicated that the majority of their business is driven by leisure travelers that either come from Interstate 40 or Route 66. Estimated segmentation at the property is approximately 60 percent leisure, 20 percent corporate and 20 percent group.

Residence Inn Amarillo. The Residence Inn Amarillo opened in 1996. The hotel has 78 suites, as well as one 281 square foot meeting room. The hotel, located on Interstate 40 four miles west of downtown Amarillo, offers a complimentary breakfast buffet and a limited dinner Monday through Thursday. The hotel has a fitness center and has free internet access.

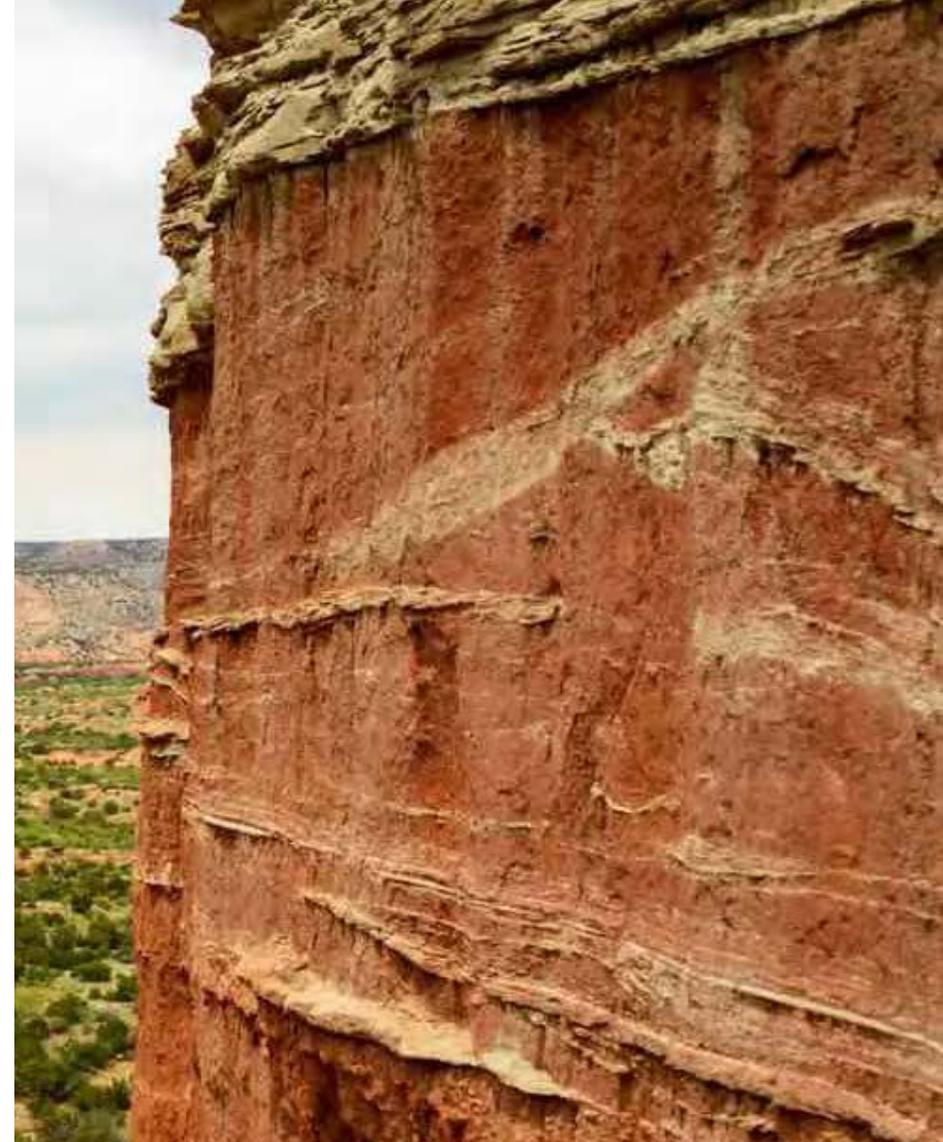




Hotel Implications

The hotel market in downtown Amarillo has performed very well in recent years. Even as supply has increased, overall occupancy has increased as well. The pandemic impacted the market, but to a lesser degree than most markets across the United States, reflecting the resilient nature of the business and leisure traveler in the market.

The hospitality market in Amarillo offers guests minimal amenities on-site. This is where the Project can fill a gap in the market. By incorporating an accessible pool, hot tub, gym and a plethora of onsite food and beverage options, the Project will be able to separate itself from the rest of the market. Even without these amenities, the Amarillo market is strong enough to support a new hotel.





Amarillo

Short-Term Rental Market



Overview

Short-term rentals are residences rented out on a short-term basis (ranging from days to weeks on end). Bookings vary from a single night to months at a time. These short-term rentals are the newfound competitor within the hospitality industry. Consumers most often refer to short-term rentals as AirBnB or VRBO.

Generally, short-term rentals cater to leisure guests more so than business travelers.

To fully comprehend the demand for overnight accommodations, HSP utilized AirDNA to understand the demand, supply, and performance of short-term rentals in the Amarillo area.

Market Ranking

AirDNA ranks each short-term rental market against the 'Top 2000 Global AirBnB Markets.' Based on comparative performance, each market (with sufficient rentals) is graded and ranked in several categories relating to performance. A higher ranking relates to a market's ability to positively perform compared to other markets.

Amarillo Market

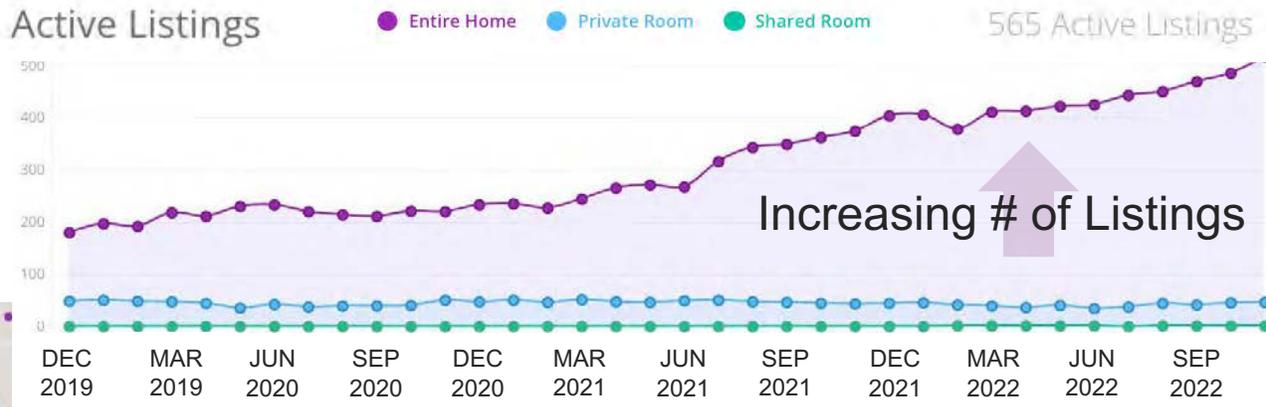
Market Grade:

B+ (78%)

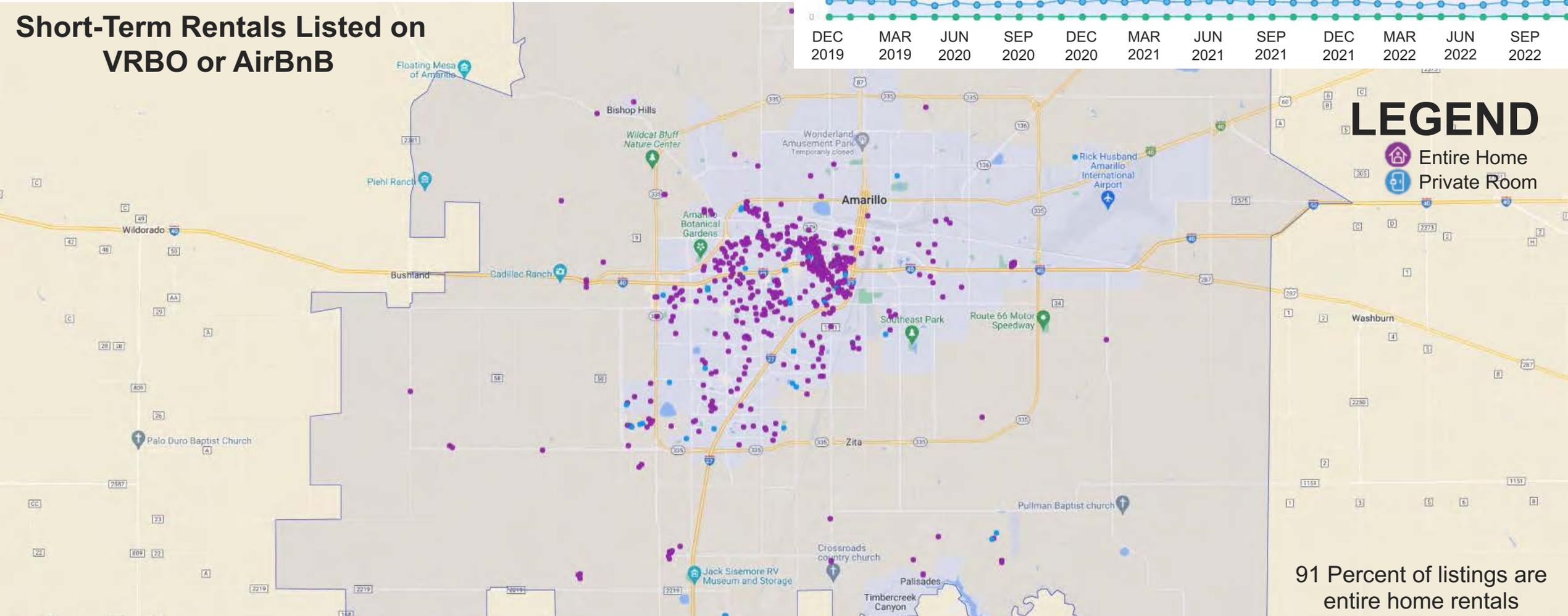
Rental Demand:	76%
Revenue Growth	2%
Seasonality:	93%
Investability:	49%



Amarillo Short-Term Rental Market



Short-Term Rentals Listed on VRBO or AirBnB



LEGEND

- Entire Home
- Private Room

91 Percent of listings are entire home rentals

Downtown Short-Term Rentals

Downtown Tower Suite
\$237 per Night



A

1919 Downtown Jewel
\$130 per Night



B

Mod-Rustic Luxe
\$71 per Night



C



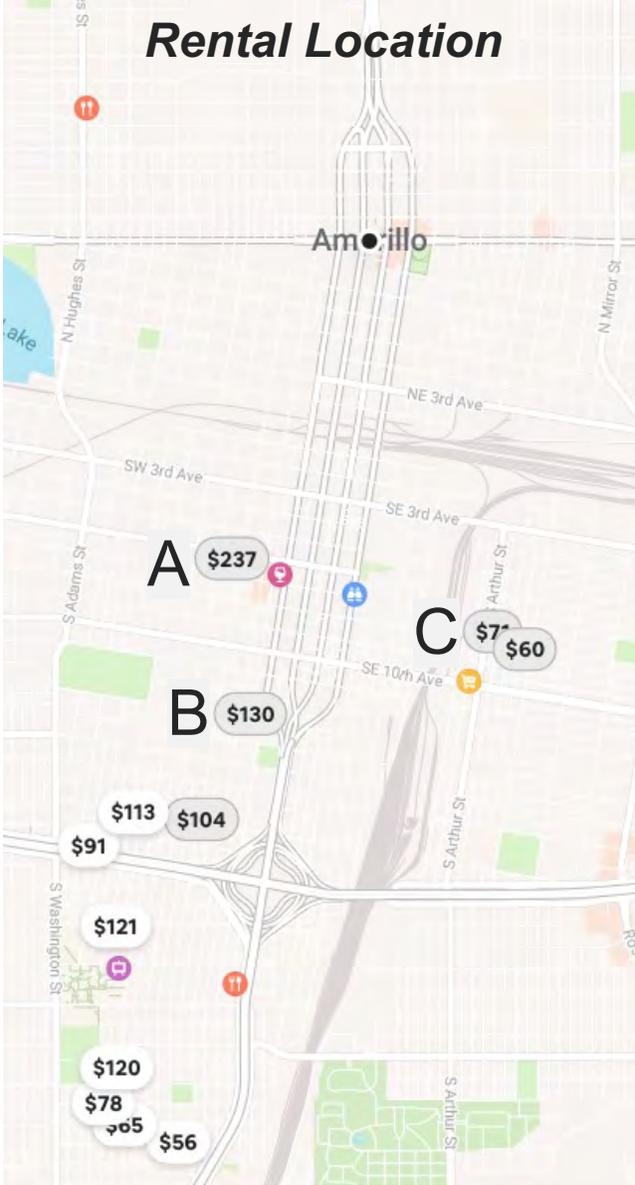
2 Bed / 2 Bath



4 Bed / 2 Bath

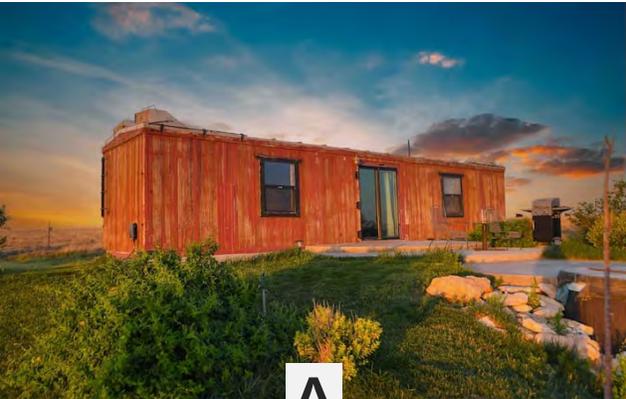


3 Bed / 1 Bath



Compelling Short-Term Rentals

Wallace Ranch Boxcar
\$175 per Night



A

2 Bed / 1 Bath

Cabin in Canyon
\$356 per Night



B

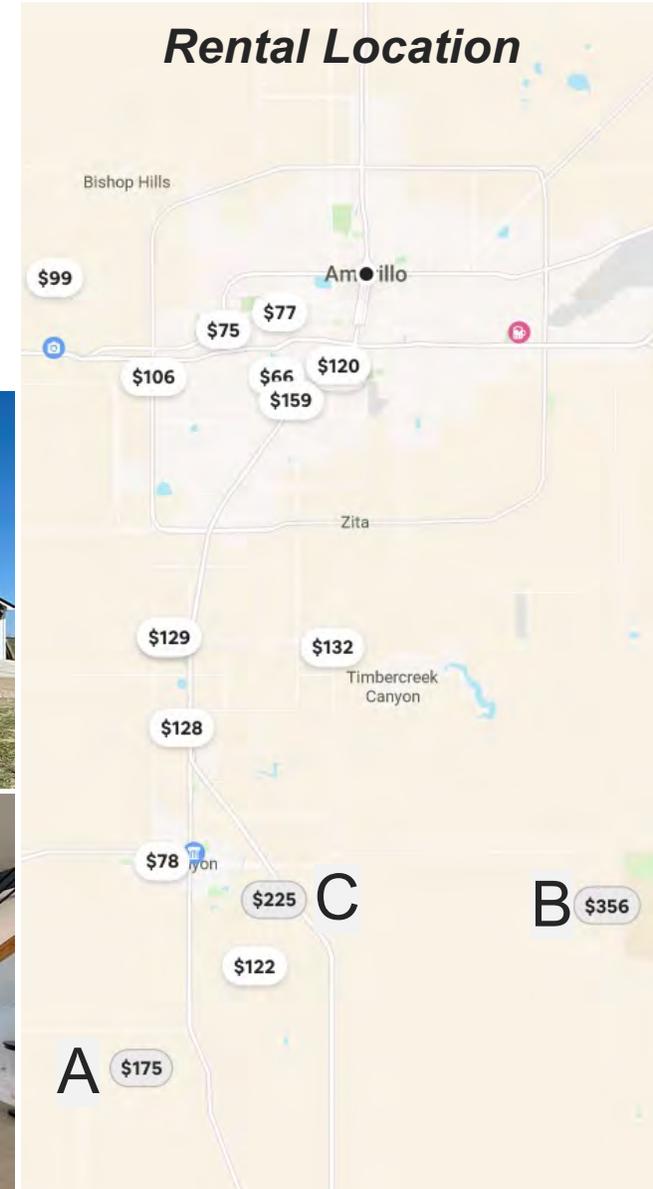
3 Bed / 2 Bath

Home in Canyon
\$225 per Night



C

8 Bed / 3 Bath



Amarillo AirDNA Market Demand

Demand for alternative accommodations in the Amarillo market has grown alongside supply. Demand for short-term rentals were at all time highs towards the end of 2022. The 75th percentile of rentals operate with occupancy rates in the 90s, while the 50th percentile rentals average 75 percent occupancy.

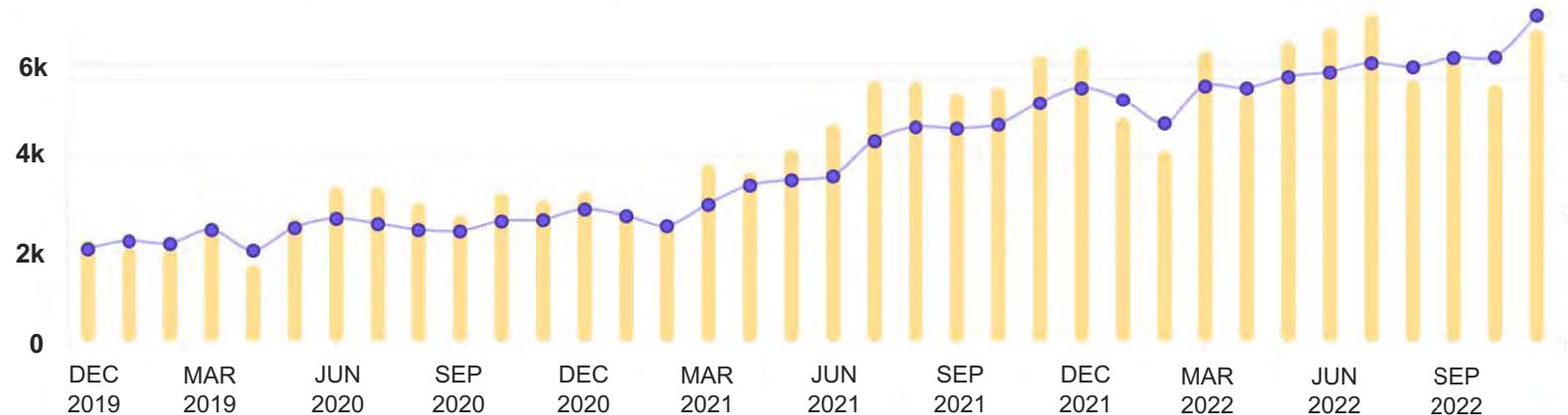
Overtime, demand for short-term rentals has increased, more than tripling since 2019. In December 2019 there were 2,000 rental nights in the market, while in November of 2022, there were over 6,200 rental nights.

There are many reasons guests choose to stay in short-term rentals. Short-term rentals are great for unique experiences (cabins in the country), access to amenities (pools, in-unit laundry, kitchen access, etc.), extended stays, privacy and larger group visits.

Historical Occupancy Rates ⓘ



Demand Growth

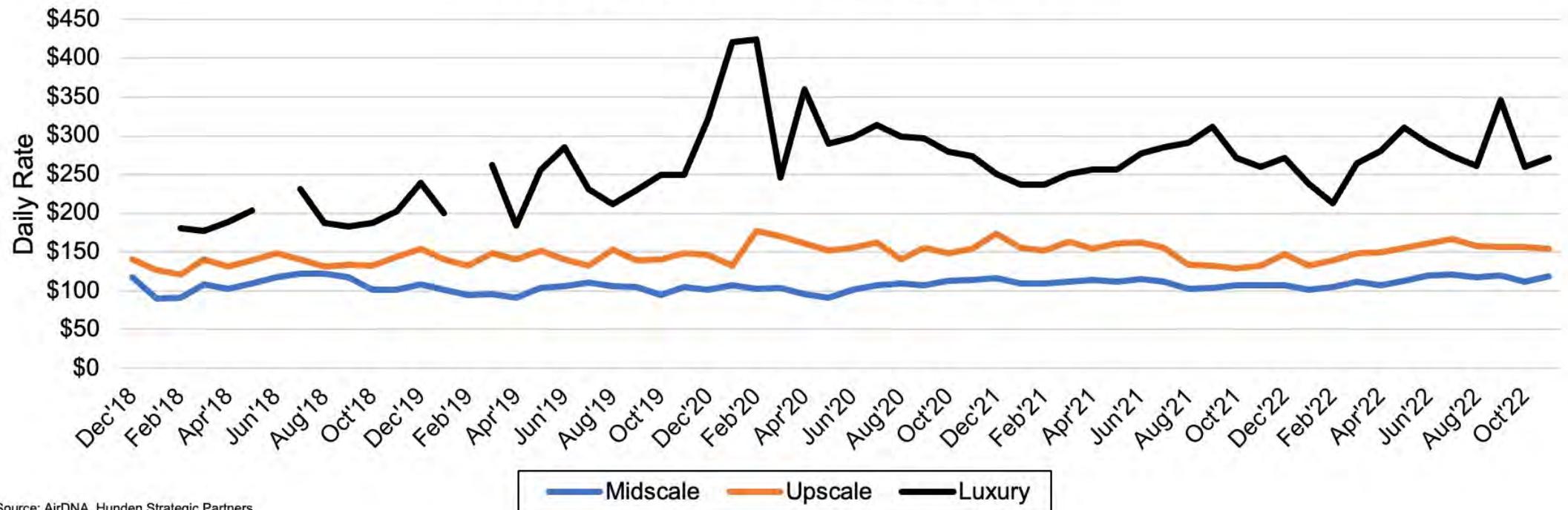


Amarillo AirDNA

Average Daily Rate

The highest quality short-term rentals demand rates twice that of upscale and midscale properties. This analysis shows the market has a breadth in quality levels and price levels.

Amarillo, Texas | Short-Term Rentals Average Daily Rate by Tier (1-3 Beds)



Source: AirDNA, Hunden Strategic Partners

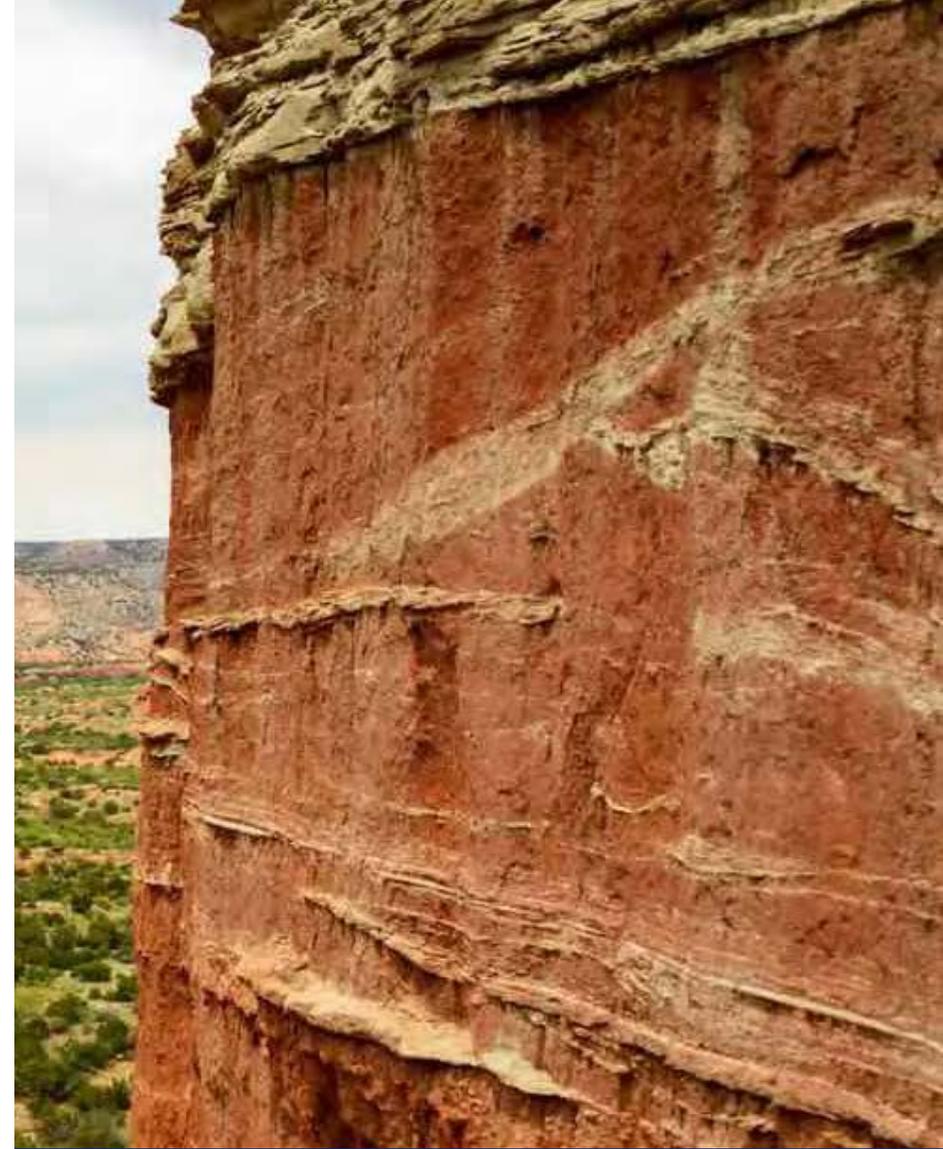


AirDNA Implications

The short-term rental market in Amarillo is robust size and scale. There are several properties at every price point, offering guests their choice in overnight experiences.

There are several reasons guest's book AirBnBs, but in Amarillo, there are few (five percent) properties with pools and even fewer with on-site gyms.

Guests that book into AirBnBs in Amarillo most often are leisure guests looking for extended stays or unique experiences in the country-side.





05

**Retail & Restaurant
Market Analysis**



Retail & Restaurant Industry Trends

The retail and restaurant industry has evolved significantly over the past few years. As big box retailers and malls have begun to phase out, new mixed-use spaces with smaller footprints and an emphasis on customer experience have taken their place.

The industry took a significant hit during the 2020 pandemic forcing the closure of many spaces both temporarily and permanently. As the economy exited government shutdowns, retailers began to rethink what the retail landscape of the future looks like.

Developers have focused on creating a critical mass of options for people to enjoy by including strong food and beverage offerings alongside entertainment components that support the traditional retail space in the area.

The following slides will detail these innovative retail & restaurant venues that are becoming increasingly popular.

Retail

Market Trends

The retail landscape has been drastically altered in the past several years. The pandemic has fueled the changes that have taken place with the ever-evolving retail industry. The following items are currently expected to continue to be some of the industry's defining trends moving into the next several years.

Immersive shopping & entertainment

One of a kind limited time offerings

Showrooms & online purchasing channels

High-tech and data-powered customer connections

Local, small business & micro-merchant product

Health & wellness experiences

Dynamic dining & entertainment

Seamless digital & physical integration

Interactive shows, sporting events and gatherings

“Eatertainment”

Eatertainment venues combine dining with entertainment options but are higher end experiences than traditional arcades or bowling alleys. Eatertainment venues are a one-stop experience for premium meals, fun activities and a destination for consumers to meet up with friends and family in a more active and engaging fashion than a standard restaurant.

These venues are often very successful in entertainment districts because of their ability to accommodate large groups. Eatertainment venues are typically large in size, which is beneficial for meetings and events as they can host groups looking for entertainment and restaurant options. They can serve as an anchor for an entertainment district. This idea would likely be a key to success in a project near Hodgetown Stadium.

The pictures on the right show Punch Bowl Social in Chicago, IL. While this concept is aging, there are other, newer concepts with similar components.



Food Halls

Food halls are an increasingly popular dining option that offer consumers a customizable, high-end, and unique experience. Food halls consist of an assortment of food and beverage options and often are combined with retail shops and entertainment nodes to make the space a destination.

Restaurants in food halls focus on locally-developed start-ups as opposed to food courts that offer large national chains. The assortment of options that are offered attract large groups of people, fulfilling the desires of all consumers in the group and allowing them to enjoy a meal together.

Food halls typically exist in new, modern spaces such as redeveloped warehouses, public markets and industrial spaces.

This idea is proposed for the Project, which could be a game-changer for the hotel and residential elements of the Project, as well as the overall downtown Amarillo.



Chef-Driven Restaurants

Celebrity Chefs are using their wide-spread following to lure customers to their fine-dining restaurants. The dynamics between social media celebrity chefs, cooking television shows and associated restaurants are becoming extremely common.

The chef-driven restaurant scene can be seen in all major cities around the United States. Two of the most well-known chef-driven restaurants are in Las Vegas with Wolfgang Puck's Spago and Gordon Ramsay's Hell's Kitchen. Many of these restaurants have developed into chains, establishing a worldwide presence reflective of the celebrity status associated with the chefs behind their creation.

While this idea is not proposed for the Project, it is a trend of note HSP chose to include in the analysis.





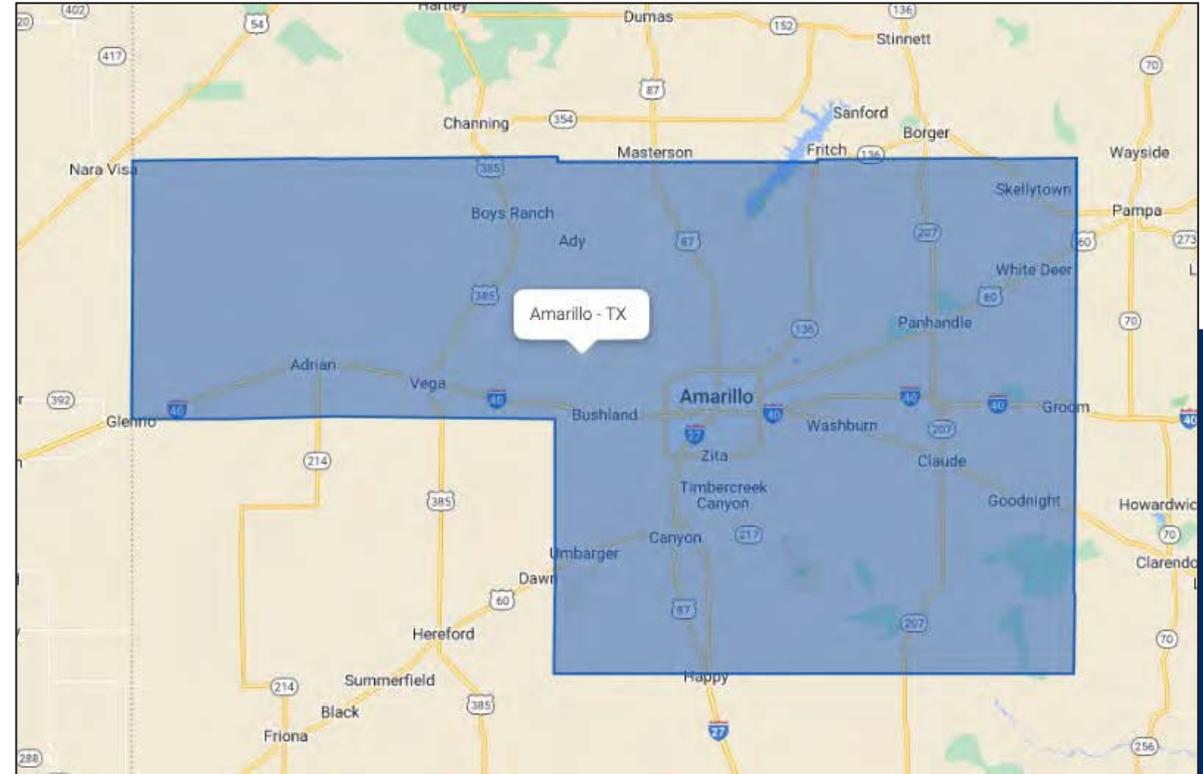
Amarillo

Retail & Restaurant Market

Restaurant & Retail Market Overview

The Amarillo market has over 16 million square feet of retail space in the market. This retail space outperforms national standards with a current occupancy rate above 95 percent.

Rent growth within the retail space is near its historical peak in Q3 of 2022, around 5.4 percent. Vacancy overall is rather low compared to other similar sized markets in the United States. Vacancy is greatest in the more outdated retail types of malls and strip centers, neither of which are proposed in the Project.



KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate
Malls	1,050,252	10.3%	\$19.28	30.5%
Power Center	489,632	1.7%	\$21.28	1.7%
Neighborhood Center	4,228,768	5.8%	\$13.52	5.4%
Strip Center	530,112	14.2%	\$13.38	14.0%
General Retail	9,807,639	3.2%	\$14.06	4.0%
Other	0	-	-	-
Market	16,106,403	4.7%	\$14.46	6.4%

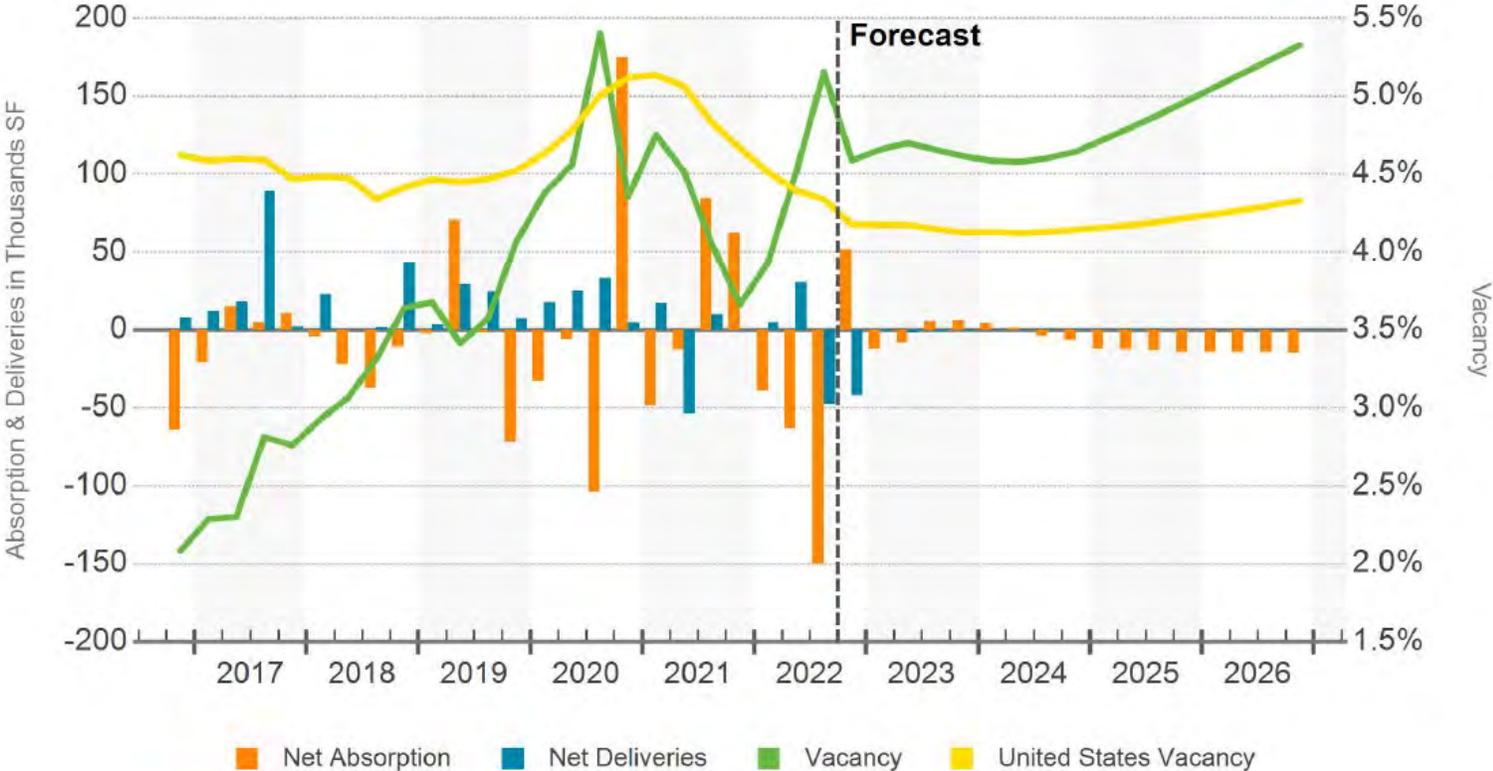
Amarillo Retail

Absorption, Deliveries & Vacancy

Retail development has been consistent in the Amarillo market, but relatively minimal compared to the overall size of the market (16.1 million square feet). Because of this, new development has not had a profound effect on vacancy rates. The greater impact on retail vacancy rates has to do with macroeconomic trends.

In early 2020 vacancy increased to a peak of 5.4 percent as the pandemic added stress onto many retail sectors across the world. Following the peak of the pandemic, the market saw significant absorption in a short-period of time, lowering vacancy rates to 3.75 percent across the Amarillo market.

NET ABSORPTION, NET DELIVERIES & VACANCY

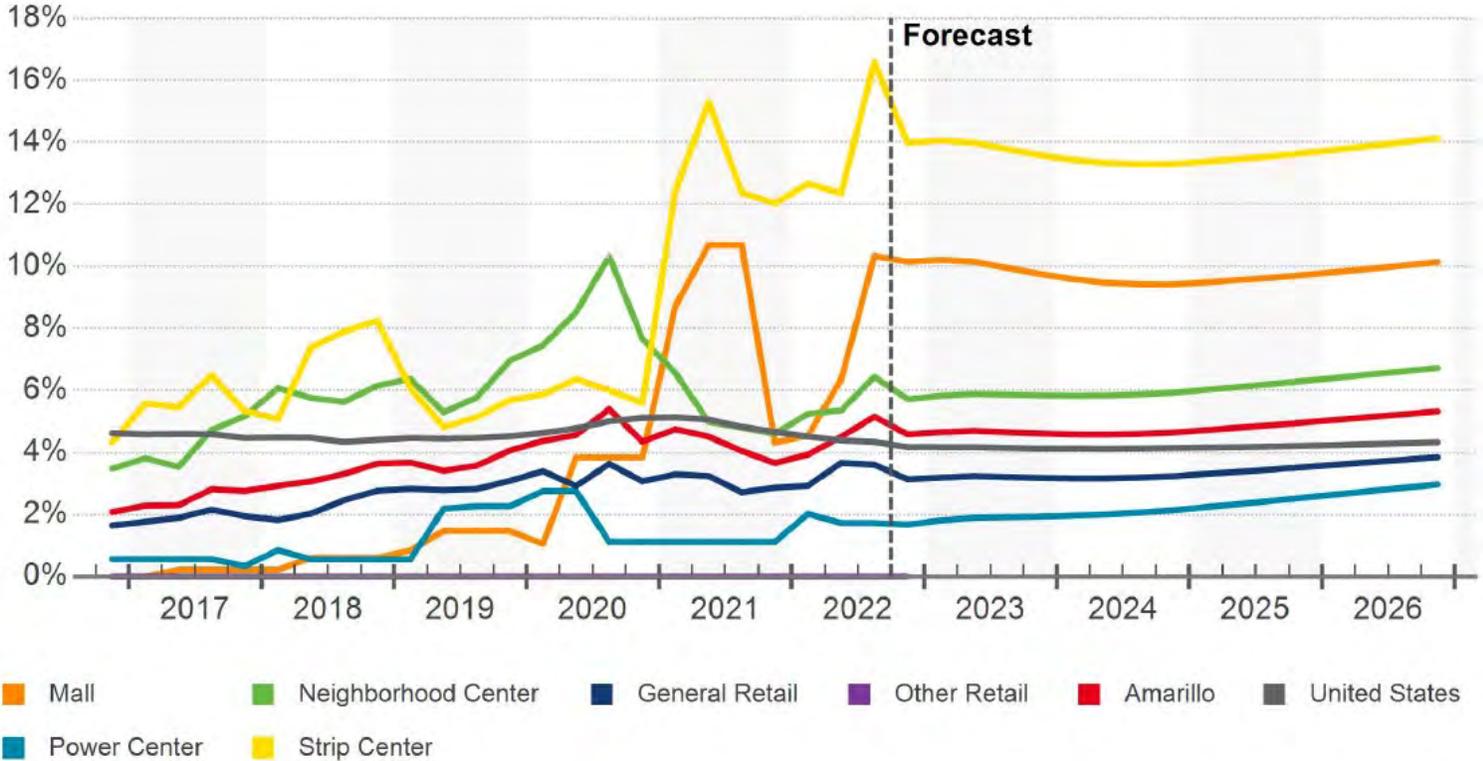


Amarillo Retail Vacancy

Power centers are the best performing retail assets in Amarillo, with vacancy rates below two percent. Power centers are shopping centers with typically 250,000 to 600,000 square feet of leasable space.

On the opposite end of the spectrum are strip centers which have a vacancy rate of approximately 15 percent in Amarillo.

VACANCY RATE



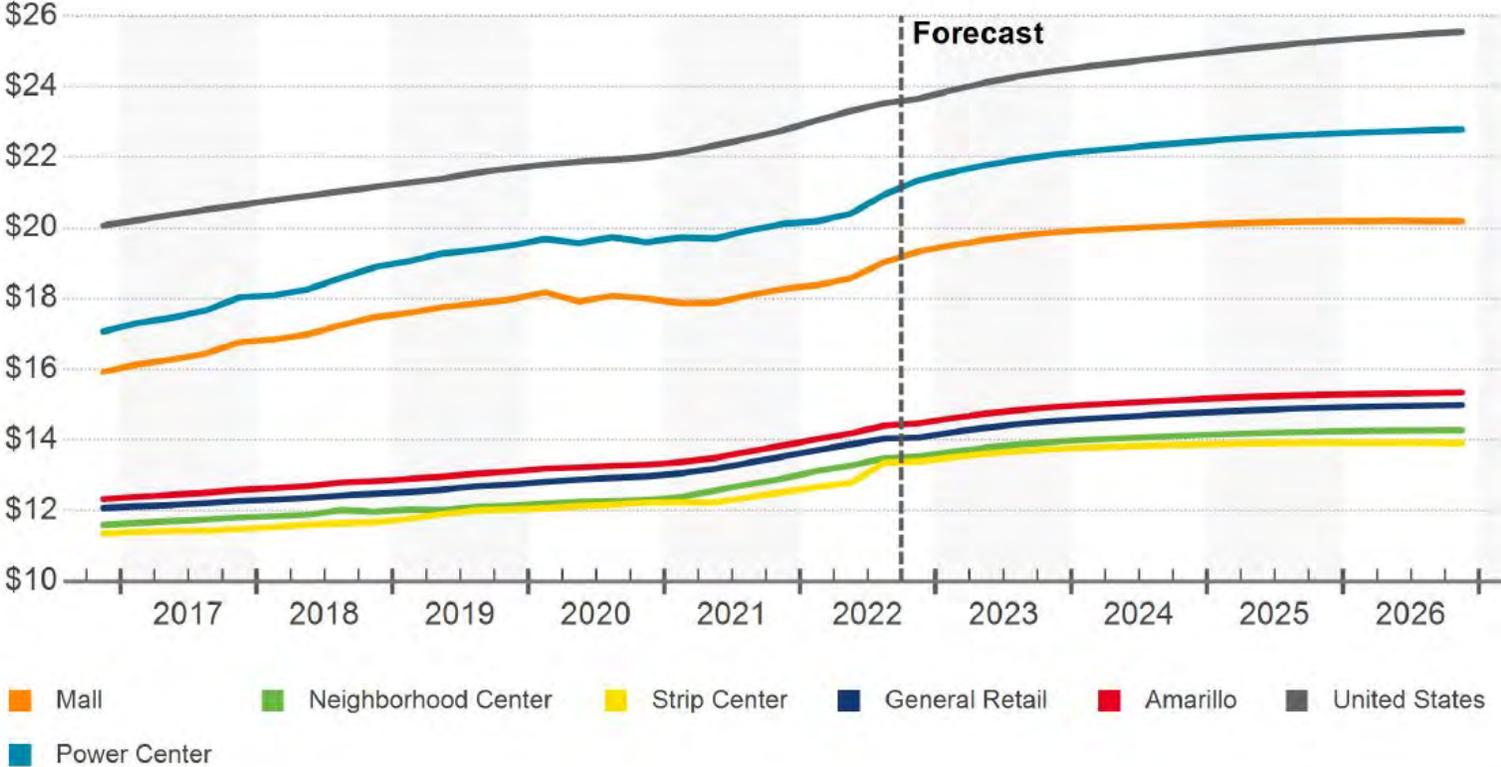
Amarillo Retail Market Rents

Retail rents in Amarillo are below average compared to national benchmarks.

While being relatively low, rents within the market have seen consistent growth since 2017. This growth is expected to continue through 2026 and beyond.

Power centers and malls have the greatest rental levels compared to the other retail types in the market.

MARKET RENT PER SQUARE FEET



Downtown Amarillo Retail Comps

Property Name - Address	Type	Yr Built	Size	Vacancy	SF Available	Avg. Asking Rent/SF
1 800 S Buchanan Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1953	7,066 SF	0%	-	\$9.10 - 11.12 Est.
2 701 SE 10th Ave Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1925	13,436 SF	0%	-	\$12.69 - 15.51 Est.
3 800 S Polk St Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1936	41,430 SF	0%	-	\$12.90 - 15.76 Est.
4 100 SE 7th Ave Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1925	13,125 SF	0%	-	\$9.05 - 9.46 Est.
5 1019 S Polk St Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1926	25,195 SF	0%	-	\$11.72 - 14.33 Est.
6 208 SW 10th Ave Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1927	6,000 SF	0%	-	\$12.27 - 14.99 Est.
7 600 S Buchanan St Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	2017	24,000 SF	63.1%	2,000 - 15,149	\$14.00/NNN
8 615 S Adams St Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1926	6,809 SF	0%	-	\$14.15 - 17.30 Est.
9 905 S Polk St Amarillo, TX 79101	Retail ★ ★ ★ ★ ★	1922	22,784 SF	100%	7,424 - 22,784	\$12.00/NNN



600 S. Buchanan St. An Inside Look

600 S. Buchanan St. was built in 2017. The development is next to Hodgetown Stadium, the Embassy Suites (226 rooms) and the Xcel Energy Headquarters.

According to CoStar, the building is a 24,000 square foot, 3-star multi-tenant retail asset. The most notable tenant in the building is Joe Taco.

As of early 2023, only 36.9 percent of the available space is leased, while 15,149 square feet stand vacant. Rents are \$14.00 NNN per square foot annually.

This large vacancy is a testament to the market's need for new, innovative retail. Additionally, interviews indicated that the property has failed to connect Polk Street to the Hodgetown Stadium and further development is needed to achieve this goal.



An aerial photograph of a city, likely Denver, Colorado, showing a mix of modern and older buildings, parking lots, and green spaces. The left side of the image is overlaid with a dark blue semi-transparent rectangle containing white text. The right side shows a clear view of the city's urban landscape under a bright sky.

06

**Implications &
Recommendations**

Recommendations: “The Project”

~160 Residential Units

125 Apartments (100 One-Bed, 20 Two-Bed, 5 Three-Bed)
25 Condos (10 One-Bed, 10 Two-Bed, 5 Three-Bed)
10 Live/Work Units (8 One-Bed, 2 Two-Bed)

There is a significant lack of housing units available in downtown Amarillo. A large-scale residential project is needed to bring a live, work and play dynamic to downtown Amarillo.

~80-90 Hotel Rooms

Quality: Upscale or Boutique
70% Kings, 30% Double Queens

While there are many hotels in downtown Amarillo, there are no hotels with a strong amenities offering. The performance of the Barfield has proven that there is strong demand for high-quality hotels in the downtown area.

~15,000 SF Food Hall & Retail

The residential and hospitality assets depend on the development of retail and restaurant assets. “Eatertainment” assets would bring a new style and offering to downtown, further enticing travelers and residents.

A Project of a large size and scale is needed to bring satisfy the needs and wants of residents and travelers in the region. Each use recommended use type depends on the others for success, as residential and retail assets need to happen simultaneously for the success of the development. A development would stand out if it had amenities that increased quality of life such as an on-site gym and pool.

Downtown Amarillo Overview



LEGEND

-  Opp. Zone Boundary
-  Demand Driver
-  Premier Apartments
-  Development Hub

An aerial photograph of a city, likely Denver, Colorado, showing a mix of modern and older buildings, parking lots, and green spaces. The left side of the image is overlaid with a dark blue semi-transparent rectangle containing white text. The number '07' is prominently displayed at the top left of the overlay. Below it, the text 'Demand & Financial Projections' is written in a bold, sans-serif font, followed by a horizontal white line.

07

**Demand & Financial
Projections**

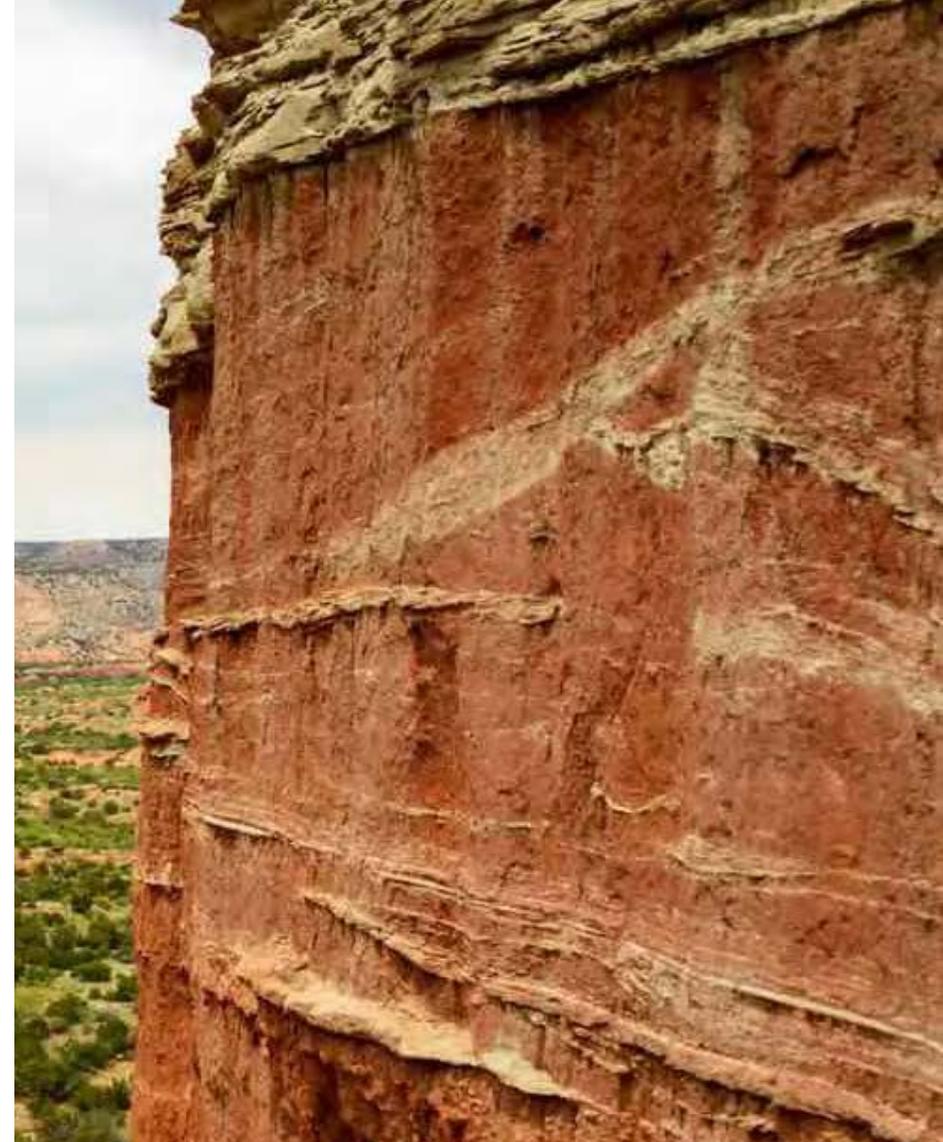


Projections Overview

The following section provides projections for each element of the Project under the assumption that the Project would become operational on January 1, 2026. These assets may be developed over different phases, but for the ease of analysis were shown over the same development timeline.

HSP has made projections on the following assets:

- **85-Room Hotel**
- **125-Unit Multifamily Apartments**
- **15,000 Square Foot Food Hall and Retail Space**
- **35 For-Sale Condos and Townhomes**





85-Room Hotel Market Penetration

Competitive Set Growth

The Amarillo hospitality market is largely driven by leisure travelers and corporate business travelers. HSP estimates in 2022, leisure travelers accounted for 45 percent of room nights across the competitive set, while corporate transient visitors accounted for nearly 40 percent of room nights. HSP estimated how these demand segments will grow from 2022 through 2035.

Estimated Competitive Set Demand Growth by Segment												
Year	Corporate Transient	% Change	Group	% Change	Leisure	% Change	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2022	81,713	–	30,712	–	92,824	–	205,249	–	329,960	–	904	62.2%
2023	82,530	1.0%	31,019	1.0%	93,752	1.0%	207,301	1.0%	329,960	0.0%	904	62.8%
2024	83,355	1.0%	31,019	0.0%	93,752	0.0%	208,127	0.4%	329,960	0.0%	904	63.1%
2025	83,355	0.0%	31,019	0.0%	95,627	2.0%	210,002	0.9%	329,960	0.0%	904	63.6%
2026	84,189	1.0%	31,640	2.0%	101,365	6.0%	217,193	3.4%	360,985	9.4%	989	60.2%
2027	86,715	3.0%	33,538	6.0%	105,420	4.0%	225,672	3.9%	360,985	0.0%	989	62.5%
2028	88,449	2.0%	34,879	4.0%	107,528	2.0%	230,856	2.3%	360,985	0.0%	989	64.0%
2029	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2030	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2031	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2032	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2033	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2034	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%
2035	88,449	0.0%	34,879	0.0%	107,528	0.0%	230,856	0.0%	360,985	0.0%	989	64.0%

Source: Hunden Strategic Partners

Amarillo Competitive Set Estimated Segmentation	
Corporate Transient	39.8%
Group	15.0%
Leisure	45.2%
Total	100.0%

Source: Hunden Strategic Partners

Market Penetration & Business Segmentation

HSP estimated how the hotel would perform comparatively to the Amarillo hotel market. By offering a new level of quality and amenities, the Project is expected to recapture lost room nights to AirBnBs and other markets, as well as attract new visitors. For this reason, at stabilization, the hotel is expected to achieve an occupancy rate 11 points greater than the current Amarillo competitive set.

Year	Corporate Transient	Group	Leisure	Total Penetration	Projected Set Occupancy	Subject Occupancy
2026	95%	85%	115%	103%	60%	62%
2027	100%	90%	125%	110%	63%	69%
2028	105%	95%	135%	117%	64%	75%
2029	105%	95%	135%	117%	64%	75%
2030	105%	95%	135%	117%	64%	75%
2031	105%	95%	135%	117%	64%	75%
2032	105%	95%	135%	117%	64%	75%
2033	105%	95%	135%	117%	64%	75%
2034	105%	95%	135%	117%	64%	75%
2035	105%	95%	135%	117%	64%	75%

Source: Hunden Strategic Partners

Segment	Hotel at Stabilization	Competitive Set
Corporate	34%	38%
Group	12%	15%
Leisure	54%	47%
Total	100%	100%

Stabilization year: 2028
Source: Hunden Strategic Partners

Projected Demand & Occupancy

The hotel is expected to stabilize operations by Year 3, achieving a 75.1 percent occupancy rate. Contributing to this occupancy rate, 53 percent of visitors are expected to be leisure guests, 35 percent corporate visitors and 12 percent group guests.

Projected Demand for Proposed 85-Room Hotel												
Year	Corporate Transient	% Demand	Group	% Demand	Leisure	% Demand	Total Demand	% Change	Total Supply	% Change	Total Rooms	Occupancy
2026	6,874	35.8%	2,311	12.0%	10,019	52.2%	19,204	–	31,025	–	85	61.9%
2027	7,453	34.9%	2,594	12.1%	11,325	53.0%	21,372	11.3%	31,025	0.0%	85	68.9%
2028	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	9.0%	31,025	0.0%	85	75.1%
2029	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2030	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2031	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2032	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2033	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2034	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%
2035	7,982	34.2%	2,848	12.2%	12,476	53.5%	23,306	0.0%	31,025	0.0%	85	75.1%

Source: Hunden Strategic Partners

Average Daily Rate

The Project would be the newest offering in the Amarillo market, with amenities and offerings unmatched by other hotels. Because of this, HSP estimates it will be able to demand rates around 24 percent higher than the average of the competitive set.

Year	Competitive Set ADR	Annual Increase	Hotel Rate Penetration	Projected Hotel Rate
2022	\$127	–	–	–
2023	\$133	5.0%	–	–
2024	\$139	4.0%	–	–
2025	\$143	3.0%	–	–
2026	\$146	2.5%	124%	\$182
2027	\$151	3.0%	124%	\$187
2028	\$155	3.0%	124%	\$193
2029	\$160	3.0%	124%	\$198
2030	\$165	3.0%	124%	\$204
2031	\$170	3.0%	124%	\$210
2032	\$175	3.0%	124%	\$217
2033	\$180	3.0%	124%	\$223
2034	\$185	3.0%	124%	\$230
2035	\$191	3.0%	124%	\$237

Source: Hunden Strategic Partners



85-Room Hotel Investment Analysis

Hotel Proforma

The 85-room hotel is expected to generate \$1.28 million in net operating income in Year 1, at a 32 percent operating margin.

By Year 5, the hotel is projected to operate at a 35 percent operating margin, generating \$1.91 million in net operating income.

Projection of Revenue - Hotel (85 Rooms)														
	Year 1				Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	2026				2027	2028	2029	2030	2031	2032	2033	2034	2035	
Room Count	85				85	85	85	85	85	85	85	85	85	
Available Room Nights	31,025				31,025	31,025	31,025	31,025	31,025	31,025	31,025	31,025	31,025	
Occupancy Rates	61.9%				68.9%	75.1%	75.1%	75.1%	75.1%	75.1%	75.1%	75.1%	75.1%	
Occupied Room Nights	19,204				21,372	23,306	23,306	23,306	23,306	23,306	23,306	23,306	23,306	
Average Daily Rate	\$ 181.72				\$ 187.04	\$ 192.55	\$ 198.33	\$ 204.28	\$ 210.41	\$ 216.72	\$ 223.22	\$ 229.92	\$ 236.81	
RevPAR	\$ 112.48				\$ 128.85	\$ 144.64	\$ 148.98	\$ 153.45	\$ 158.06	\$ 162.80	\$ 167.68	\$ 172.71	\$ 177.89	
RevPAR % Ch. From Prior Year	-				14.6%	12.3%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Percent Parking (Room Nights)	55%				54.5%	54.0%	53.5%	53.0%	52.5%	52.0%	51.5%	51.0%	50.5%	
Parking Space Demand	10,562				11,648	12,585	12,469	12,352	12,236	12,119	12,002	11,886	11,769	
Parking (Daily Rate)	\$ 10				\$ 11	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 13	\$ 13	\$ 13	
(In \$000s)	\$	%	PAR	POR	\$	\$	\$	\$	%	\$	\$	\$	\$	
REVENUE														
Rooms	\$ 3,490	87.8%	\$ 41,055	\$ 182	\$ 3,997	\$ 4,488	\$ 4,622	\$ 4,761	87.6%	\$ 4,904	\$ 5,051	\$ 5,202	\$ 5,358	\$ 5,519
F&B	\$ 269	6.8%	\$ 3,163	\$ 14	\$ 308	\$ 346	\$ 357	\$ 367	6.8%	\$ 378	\$ 390	\$ 401	\$ 413	\$ 426
Parking	\$ 109	2.7%	\$ 1,280	\$ 6	\$ 124	\$ 138	\$ 140	\$ 143	2.6%	\$ 146	\$ 149	\$ 152	\$ 155	\$ 158
Other	\$ 109	2.7%	\$ 1,280	\$ 6	\$ 127	\$ 146	\$ 153	\$ 161	3.0%	\$ 169	\$ 173	\$ 176	\$ 180	\$ 183
Total Revenue	\$ 3,976	100.0%	\$ 46,778	\$ 207	\$ 4,557	\$ 5,117	\$ 5,272	\$ 5,432	100.0%	\$ 5,597	\$ 5,762	\$ 5,932	\$ 6,107	\$ 6,286
DEPARTMENTAL EXPENSES														
Rooms	\$ 907	26.0%	\$ 10,674	\$ 47	\$ 1,019	\$ 1,122	\$ 1,132	\$ 1,143	24.0%	\$ 1,177	\$ 1,212	\$ 1,249	\$ 1,286	\$ 1,325
F&B	\$ 183	68.0%	\$ 2,151	\$ 10	\$ 208	\$ 232	\$ 237	\$ 242	66.0%	\$ 250	\$ 257	\$ 265	\$ 273	\$ 281
Parking	\$ 18	17.0%	\$ 218	\$ 1	\$ 20	\$ 22	\$ 22	\$ 21	15.0%	\$ 19	\$ 16	\$ 14	\$ 11	\$ 8
Other	\$ 13	12.0%	\$ 154	\$ 1	\$ 15	\$ 16	\$ 16	\$ 16	10.0%	\$ -	\$ -	\$ -	\$ -	\$ -
Total Dept. Expenses	\$ 1,122	28.2%	\$ 13,196	\$ 58	\$ 1,262	\$ 1,392	\$ 1,407	\$ 1,423	26.2%	\$ 1,446	\$ 1,486	\$ 1,527	\$ 1,570	\$ 1,613
Gross Operating Income	\$ 2,854	71.8%	\$ 33,581	\$ 149	\$ 3,294	\$ 3,725	\$ 3,865	\$ 4,010	73.8%	\$ 4,152	\$ 4,277	\$ 4,405	\$ 4,537	\$ 4,673
UNDIST. OP. EXPENSES														
Administrative and General	\$ 223	5.6%	\$ 2,620	\$ 12	\$ 248	\$ 271	\$ 272	\$ 272	5.0%	\$ 280	\$ 288	\$ 297	\$ 305	\$ 314
Marketing	\$ 233	5.9%	\$ 2,736	\$ 12	\$ 260	\$ 284	\$ 285	\$ 285	5.3%	\$ 294	\$ 303	\$ 311	\$ 321	\$ 330
Utility Costs	\$ 171	4.3%	\$ 2,011	\$ 9	\$ 191	\$ 210	\$ 211	\$ 212	3.9%	\$ 218	\$ 225	\$ 231	\$ 238	\$ 245
Property Operations and Maint.	\$ 183	4.6%	\$ 2,152	\$ 10	\$ 205	\$ 225	\$ 227	\$ 228	4.2%	\$ 235	\$ 242	\$ 249	\$ 256	\$ 264
Total Undistributed Expenses	\$ 809	20.4%	\$ 9,519	\$ 42	\$ 904	\$ 990	\$ 994	\$ 997	18.4%	\$ 1,027	\$ 1,057	\$ 1,089	\$ 1,121	\$ 1,154
Gross Operating Profit	\$ 2,045	51.4%	\$ 24,062	\$ 107	\$ 2,390	\$ 2,735	\$ 2,871	\$ 3,013	55.5%	\$ 3,125	\$ 3,219	\$ 3,316	\$ 3,416	\$ 3,519
Franchise Fees	\$ 314	7.9%	\$ 3,695	\$ 16	\$ 360	\$ 404	\$ 416	\$ 428	7.9%	\$ 441	\$ 455	\$ 468	\$ 482	\$ 497
FIXED EXPENSES														
Property Taxes	\$ 148	3.7%	\$ 1,735	\$ 8	\$ 152	\$ 156	\$ 161	\$ 166	3.1%	\$ 171	\$ 176	\$ 181	\$ 187	\$ 192
Insurance	\$ 44	1.1%	\$ 515	\$ 2	\$ 48	\$ 51	\$ 50	\$ 49	0.9%	\$ 50	\$ 52	\$ 53	\$ 55	\$ 57
Management Fee	\$ 139	3.5%	\$ 1,637	\$ 7	\$ 159	\$ 179	\$ 185	\$ 190	3.5%	\$ 196	\$ 202	\$ 208	\$ 214	\$ 220
Reserve for Replacement	\$ 119	3.0%	\$ 1,403	\$ 6	\$ 159	\$ 205	\$ 237	\$ 272	5.0%	\$ 280	\$ 288	\$ 297	\$ 305	\$ 314
Total Fixed Expenses	\$ 450	11.3%	\$ 5,290	\$ 23	\$ 519	\$ 591	\$ 633	\$ 677	12.5%	\$ 697	\$ 718	\$ 739	\$ 761	\$ 783
Net Operating Income	\$ 1,282	32.2%	\$ 15,077	\$ 67	\$ 1,511	\$ 1,740	\$ 1,822	\$ 1,908	35.1%	\$ 1,986	\$ 2,047	\$ 2,109	\$ 2,173	\$ 2,239
Operating Margin	32%				33%	34%	35%	35%	35%	36%	36%	36%	36%	36%

Source: Hunden Strategic Partners

Supportable Financing Hotel

HSP assumed an initial loan interest rate of 7.1 percent, amortized over 25 years.

To achieve a debt service coverage ratio of 1.40 in Year 2, the hotel components support \$12.46 million in debt. Assuming a debt-to-equity ratio of 70/30, the hotel supports \$5.34 million in equity.

Combined the hotel supports \$17.8 million in supportable financing. Given interest rate changes or varying goals for equity returns, supportable financing may vary.

Supportable Financing 85-Room Hotel (\$000s)													
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Operating Cash Flow	\$0	\$0	\$1,282	\$1,511	\$1,740	\$1,822	\$1,908	\$1,986	\$2,047	\$2,109	\$2,173	\$2,239	
Interest and Debt Reserve W/D	\$221	\$664	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Debt Service Payment	(\$221)	(\$664)	(\$1,079)	(\$1,079)	(\$1,079)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	
Cash Flow to Repay Equity	\$0	\$0	\$202	\$432	\$660	\$820	\$906	\$984	\$1,044	\$1,107	\$1,171	\$1,237	
Princ. Amount*	\$3,116	\$9,349	\$12,466	\$12,272	\$12,063	\$11,840	\$11,649	\$11,444	\$11,226	\$10,993	\$10,743	\$10,477	
Interest	\$221	\$664	\$885	\$871	\$857	\$811	\$798	\$784	\$769	\$753	\$736	\$718	
Less Payment	(\$221)	(\$664)	(\$1,079)	(\$1,079)	(\$1,079)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	(\$1,002)	
Loan Balance	\$3,116	\$9,349	\$12,272	\$12,063	\$11,841	\$11,649	\$11,444	\$11,226	\$10,993	\$10,743	\$10,477	\$10,192	
Assumptions												Refi	
Loan Amount	\$12,466											\$11,840	
Amortization Period (Years)	25											25	
Loan Interest Rate	7.10%											6.85%	
Annual Debt Service Payment	(\$1,079)											(\$1,002)	
Sources													
Equity Contribution	\$5,340	30%											
Debt	\$12,466	70%											
Total Supportable Private Financing	\$17,806	100%	\$209,480 per room (actual)										
			10-Yr Avg										
Debt Service Coverage Ratio			1.85	1.19	1.40	1.61	1.82	1.90	1.98	2.04	2.10	2.17	2.23
Return on Equity			16.0%	3.8%	8.1%	12.4%	15.4%	17.0%	18.4%	19.6%	20.7%	21.9%	23.2%
Return on Cost			10.6%	7.2%	8.5%	9.8%	10.2%	10.7%	11.2%	11.5%	11.8%	12.2%	12.6%

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2
Source: Hunden Strategic Partners

Hotel Value Analysis (\$000s) - 85-Room Hotel													
Year	Construction		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	Constr. Yr1	Constr. Yr2											
Unleveraged Cash Flow	\$0	\$0	\$1,282	\$1,511	\$1,740	\$1,822	\$1,908	\$1,986	\$2,047	\$2,109	\$2,173	\$2,239	
Leveraged Cash Flow	\$0	\$0	\$202	\$432	\$660	\$820	\$906	\$984	\$1,044	\$1,107	\$1,171	\$1,237	
Discount Rate (WACC)	9.8%												
Present Value Summary	5 Year	10 Year											
PV Residual	\$11,389	\$8,383											
PV Income Stream	\$5,134	\$9,299											
Present Value	\$16,523	\$17,682											
Present Value Per Room (Actual \$)	\$194,388	\$208,025											
Equity Contribution	\$ 5,340	30%											
Debt	\$ 12,466	70%											
Supportable Financing	\$ 17,806	100%											
7-Year Unleveraged Return*	11.9%	\$ (4,451)	\$ (13,354)	\$1,282	\$1,511	\$1,740	\$1,822	\$23,792					
7-Year Leveraged Return*	20.9%	\$ (1,335)	\$ (4,005)	\$202	\$432	\$660	\$820	\$11,346					
12-Year Unleveraged Return*	12.0%	\$ (4,451)	\$ (13,354)	\$1,282	\$1,511	\$1,740	\$1,822	\$1,908	\$1,986	\$2,047	\$2,109	\$2,173	\$27,925
12-Year Leveraged Return*	19.5%	\$ (1,335)	\$ (4,005)	\$202	\$432	\$660	\$820	\$906	\$984	\$1,044	\$1,107	\$1,171	\$16,730

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2
Source: Hunden Strategic Partners

Year 5 Net CF	\$1,908	Year 10 Net CF	\$2,239
Terminal Cap Rate	8.5%	Terminal Cap Rate	8.5%
Year 5 Residual Value	\$22,446	Year 10 Residual Value	\$26,344
(-) Closing Costs (2.5%)	\$561	(-) Closing Costs (2.5%)	\$659
Net Reversion Proceeds	\$21,885	Net Reversion Proceeds	\$25,686



125-Unit Multifamily Investment Analysis

Multifamily Proforma

The 125-unit multifamily apartment building was modeled to have 100 one-bed units, 20 two-beds and five three-beds. In Year 1, the multifamily assets are expected to achieve a 64 percent occupancy rate generating \$1.15 million in net operating income.

By Year 4 stabilization, the multifamily components are expected to achieve a 94 percent occupancy rate and net operating income of \$2.3 million.

Proforma - Multifamily (\$000s)			2026	2027	2028	2029	2030	2035	2045	2055
			Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	Year 30
Unit Mix										
One-Bed	80%	100	100	100	100	100	100	100	100	100
Two-Bed	16%	20	20	20	20	20	20	20	20	20
Three-Bed	4%	5	5	5	5	5	5	5	5	5
Total # of Units			125							
Absorption/Occupancy										
One-Bed		72%	80%	94%	94%	94%	94%	94%	94%	94%
Two-Bed		40%	65%	80%	90%	90%	90%	90%	90%	90%
Three-Bed		60%	80%	100%	100%	100%	100%	100%	100%	100%
Weighted Average Occupied Units			66%	78%	92%	94%	94%	94%	94%	94%
Occupied Square Footage										
Total										
One-Bed		110,900	79,848	88,720	104,246	104,246	104,246	104,246	104,246	104,246
Two-Bed		32,940	13,176	21,411	26,352	29,646	29,646	29,646	29,646	29,646
Three-Bed		9,650	5,790	7,720	9,650	9,650	9,650	9,650	9,650	9,650
Weighted Average Occupancy			64%	77%	91%	94%	94%	94%	94%	94%
Onsite-Residents			165	196	234	239	239	239	239	239
Parking Spaces Needed			1.3	132	157	187	191	191	191	191
Monthly Lease Rate										
			SF/Unit	mR/PSF						
One-Bed		1,109	\$ 1.73	\$ 1,976	\$ 2,035	\$ 2,096	\$ 2,159	\$ 2,224	\$ 2,578	\$ 3,465
Two-Bed		1,647	\$ 1.64	\$ 2,782	\$ 2,866	\$ 2,952	\$ 3,040	\$ 3,131	\$ 3,630	\$ 4,878
Three-Bed		1,930	\$ 1.76	\$ 3,499	\$ 3,604	\$ 3,712	\$ 3,823	\$ 3,938	\$ 4,565	\$ 6,135
Weighted Average			\$ 2,166	\$ 2,231	\$ 2,298	\$ 2,367	\$ 2,438	\$ 2,826	\$ 3,798	\$ 5,104
Parking Space			\$ 75	\$ 80	\$ 82	\$ 84	\$ 87	\$ 101	\$ 135	\$ 182
Revenue (\$000s)										
Gross Potential Rent			\$ 3,249	\$ 3,346	\$ 3,447	\$ 3,550	\$ 3,657	\$ 4,239	\$ 5,697	\$ 7,656
Vacancy			35.6%	23.2%	8.6%	6.5%	6.5%	6.5%	6.5%	6.5%
Vacancy Loss			\$ 1,149	\$ 772	\$ 293	\$ 228	\$ 235	\$ 273	\$ 367	\$ 493
Collection and Other Losses			\$ 50	\$ 52	\$ 53	\$ 55	\$ 57	\$ 66	\$ 88	\$ 119
Parking Revenues			\$ 122	\$ 150	\$ 184	\$ 194	\$ 200	\$ 231	\$ 311	\$ 418
Gross Effective Rent			\$ 2,172	\$ 2,672	\$ 3,285	\$ 3,461	\$ 3,564	\$ 4,132	\$ 5,553	\$ 7,463
Expenses (\$000s)										
Labor & Benefits	\$ 1,555	\$ 200	\$ 206	\$ 212	\$ 219	\$ 225	\$ 261	\$ 351	\$ 472	
Advertising & Marketing	\$ 130	\$ 17	\$ 17	\$ 18	\$ 18	\$ 19	\$ 22	\$ 29	\$ 39	
General & Administrative	\$ 569	\$ 73	\$ 75	\$ 78	\$ 80	\$ 82	\$ 96	\$ 128	\$ 173	
Utilities	\$ 1,425	\$ 183	\$ 189	\$ 195	\$ 200	\$ 206	\$ 239	\$ 322	\$ 432	
Repairs & Maintenance	\$ 950	\$ 122	\$ 126	\$ 130	\$ 134	\$ 138	\$ 160	\$ 214	\$ 288	
Management Fee	\$ 667	\$ 86	\$ 88	\$ 91	\$ 94	\$ 97	\$ 112	\$ 151	\$ 202	
Insurance	\$ 650	\$ 84	\$ 86	\$ 89	\$ 91	\$ 94	\$ 109	\$ 147	\$ 197	
Property Taxes	\$ 1,400	\$ 180	\$ 186	\$ 191	\$ 197	\$ 203	\$ 235	\$ 316	\$ 425	
Cap Ex Reserves	2.1%	\$ 46	\$ 56	\$ 69	\$ 73	\$ 75	\$ 87	\$ 117	\$ 157	
Other	1.4%	\$ 30	\$ 37	\$ 46	\$ 48	\$ 50	\$ 58	\$ 78	\$ 104	
Total Expenses			\$ 1,022	\$ 1,068	\$ 1,118	\$ 1,155	\$ 1,189	\$ 1,379	\$ 1,853	\$ 2,490
Net Operating Income			\$ 1,150	\$ 1,604	\$ 2,166	\$ 2,306	\$ 2,375	\$ 2,754	\$ 3,701	\$ 4,973
Operating Margin			53%	60%	66%	67%	67%	67%	67%	67%

Source: Hunden Strategic Partners

Supportable Financing Multifamily

HSP assumed an initial loan interest rate of 7.1 percent, amortized over 25 years.

To achieve a debt service coverage ratio of 1.40 in Year 2, the multifamily components support \$13.2 million in debt. Assuming a debt-to-equity ratio of 70/30, the apartments supports \$8.2 million in equity.

Combined the apartments supports \$21.4 million in supportable financing. Given interest rate changes or varying goals for equity returns, supportable financing may vary.

Additionally, a 1.40 DSCR is generally conservative in terms of typical lender requirements for a multifamily market, but HSP maintained conservative estimates based on limited comps in downtown Amarillo.

Supportable Financing 125-Unit Apartment Building (\$000s)														
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Net Operating Income	\$0	\$0	\$1,150	\$1,604	\$2,166	\$2,306	\$2,375	\$2,446	\$2,520	\$2,595	\$2,673	\$2,754		
Interest and Debt Reserve W/D	\$235	\$704	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Debt Service Payment	(\$235)	(\$704)	(\$1,145)	(\$1,145)	(\$1,145)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)		
Net Income to Repay Equity	\$0	\$0	\$5	\$459	\$1,021	\$1,243	\$1,312	\$1,383	\$1,457	\$1,532	\$1,610	\$1,690		
Princ. Amount*	\$3,306	\$9,919	\$13,225	\$13,019	\$12,798	\$12,560	\$12,357	\$12,140	\$11,909	\$11,661	\$11,397	\$11,114		
Interest	\$235	\$704	\$939	\$924	\$909	\$860	\$846	\$832	\$816	\$799	\$781	\$761		
Less Payment	(\$235)	(\$704)	(\$1,145)	(\$1,145)	(\$1,145)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)	(\$1,063)		
Loan Balance	\$3,306	\$9,919	\$13,019	\$12,798	\$12,562	\$12,357	\$12,140	\$11,909	\$11,661	\$11,397	\$11,114	\$10,812		
Assumptions												Refi		
Loan Amount	\$13,225											\$12,560		
Amortization Period (Years)		25										25		
Loan Interest Rate		7.10%										6.85%		
Annual Debt Service Payment		(\$1,145)										(\$1,063)		
Sources														
Equity Contribution	\$8,200	38%												
Debt	\$13,225	62%												
Total Supportable Private Financing	\$21,425	100%	\$171,400	per unit (actual)										
				10-Yr Avg										
Debt Service Coverage Ratio				2.09	1.00	1.40	1.89	2.17	2.23	2.30	2.37	2.44	2.51	2.59
Return on Equity				14.3%	0.1%	5.6%	12.5%	15.2%	16.0%	16.9%	17.8%	18.7%	19.6%	20.6%
Return on Cost				10.5%	5.4%	7.5%	10.1%	10.8%	11.1%	11.4%	11.8%	12.1%	12.5%	12.9%
* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2														
Source: Hundén Strategic Partners														

Apartment Value Analysis (\$000s) - 125-Unit Apartments													
Year	Construction		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
	Constr. Yr1	Constr. Yr2											
Unleveraged Cash Flow	\$0	\$0	\$1,150	\$1,604	\$2,166	\$2,306	\$2,375	\$2,446	\$2,520	\$2,595	\$2,673	\$2,754	
Leveraged Cash Flow	\$0	\$0	\$5	\$459	\$1,021	\$1,243	\$1,312	\$1,383	\$1,457	\$1,532	\$1,610	\$1,690	
Discount Rate (WACC)	9.8%												
Present Value Summary	5 Year	10 Year											
PV Residual	\$26,663	\$19,324											
PV Income Stream	\$5,867	\$10,960											
Present Value	\$32,530	\$30,285											
Present Value Per Room (Actual \$)	\$260,239	\$242,276											
Equity Contribution	\$ 8,200	38%											
Debt	\$ 13,225	62%											
Supportable Financing	\$ 21,425	100%											
7-Year Unleveraged Return*	23.7%	\$ (5,356)	\$ (16,069)	\$1,150	\$1,604	\$2,166	\$2,306	\$53,838					
7-Year Leveraged Return*	38.3%	\$ (2,050)	\$ (6,150)	\$5	\$459	\$1,021	\$1,243	\$40,635					
12-Year Unleveraged Return*	16.8%	\$ (5,356)	\$ (16,069)	\$1,150	\$1,604	\$2,166	\$2,306	\$2,375	\$2,446	\$2,520	\$2,595	\$2,673	\$62,413
12-Year Leveraged Return*	24.3%	\$ (2,050)	\$ (6,150)	\$5	\$459	\$1,021	\$1,243	\$1,312	\$1,383	\$1,457	\$1,532	\$1,610	\$50,538
* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2													
Source: Hundén Strategic Partners													

15,000 SF - Food Hall & Retail

Investment Analysis

Food Hall and Retail Proforma

HSP separated the revenue lines between the food hall components and the retail assets. HSP estimated a 10,000 square foot food hall, of which 5,600 square feet is sellable tenant space for 14 potential tenants. HSP estimated an average monthly lease of \$1,025 per vendor, as well as three percent of sales revenue share.

For the retail space, HSP estimated an average modified gross lease rate of \$15 per square foot.

For the food hall and retail components, HSP estimates a net operating income of \$140,900 in Year 1.

Proforma - Restaurant/Retail												
	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2045	2055
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30
Food Hall												
Food Hall SF	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Food Hall Vendors	14	14	14	14	14	14	14	14	14	14	14	14
Avg. SF	400	400	400	400	400	400	400	400	400	400	400	400
Total Sellable SF (not including dining)	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
Vendor Spaces Rented	11	14	14	14	14	14	14	14	14	14	14	14
Occupancy	79%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Rented SF	4,400	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600	5,600
Avg. Lease Rate	\$ 30.00	\$ 30.75	\$ 31.52	\$ 32.31	\$ 33.11	\$ 33.94	\$ 34.79	\$ 35.66	\$ 36.55	\$ 37.47	\$ 38.40	\$ 49.16
Monthly Lease Payment	\$ 1,025	\$ 1,051	\$ 1,077	\$ 1,104	\$ 1,131	\$ 1,160	\$ 1,189	\$ 1,218	\$ 1,249	\$ 1,280	\$ 1,639	\$ 2,098
Est. Sales PSF	0.06	\$ 513	\$ 525	\$ 538	\$ 552	\$ 566	\$ 580	\$ 594	\$ 609	\$ 624	\$ 640	\$ 819
Est. Total Sales	\$ 2,255,000	\$ 2,941,750	\$ 3,015,294	\$ 3,090,676	\$ 3,167,943	\$ 3,247,142	\$ 3,328,320	\$ 3,411,528	\$ 3,496,816	\$ 3,584,237	\$ 4,588,126	\$ 5,873,189
Revenue Food Hall												
Gross Potential Revenue (Rent)	\$ 172,200	\$ 176,505	\$ 180,918	\$ 185,441	\$ 190,077	\$ 194,828	\$ 199,699	\$ 204,692	\$ 209,809	\$ 215,054	\$ 275,288	\$ 352,391
Vacancy	21%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Vacancy Loss	\$ (36,900)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gross Effective Rent	\$ 135,300	\$ 176,505	\$ 180,918	\$ 185,441	\$ 190,077	\$ 194,828	\$ 199,699	\$ 204,692	\$ 209,809	\$ 215,054	\$ 275,288	\$ 352,391
Percentage of Sales	3%	\$ 67,650	\$ 88,253	\$ 90,459	\$ 92,720	\$ 95,038	\$ 97,414	\$ 99,850	\$ 102,346	\$ 104,904	\$ 107,527	\$ 137,644
Tenant Reimbursements (Total SF)	\$ 4.47	\$ 25,658	\$ 26,299	\$ 26,957	\$ 27,631	\$ 28,321	\$ 29,029	\$ 29,755	\$ 30,499	\$ 31,262	\$ 32,043	\$ 41,018
Gross Operating Income	\$ 228,608	\$ 291,057	\$ 298,333	\$ 305,791	\$ 313,436	\$ 321,272	\$ 329,304	\$ 337,537	\$ 345,975	\$ 354,624	\$ 453,949	\$ 581,093
Operating Income / Vendor	\$ 20,783	\$ 20,790	\$ 21,310	\$ 21,842	\$ 22,388	\$ 22,948	\$ 23,522	\$ 24,110	\$ 24,713	\$ 25,330	\$ 32,425	\$ 41,507
Retail												
Leasable SF	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Occupancy Rate	75%	85%	90%	95%	95%	95%	95%	95%	95%	95%	95%	95%
Occupied SF	3,750	4,250	4,500	4,750	4,750	4,750	4,750	4,750	4,750	4,750	4,750	4,750
Lease Rate	\$ 15.00	\$ 15.38	\$ 15.76	\$ 16.15	\$ 16.56	\$ 16.97	\$ 17.40	\$ 17.83	\$ 18.28	\$ 18.73	\$ 19.20	\$ 24.58
Reimbursements												
Property Tax	\$ 1.42	\$ 1.46	\$ 1.49	\$ 1.53	\$ 1.57	\$ 1.61	\$ 1.65	\$ 1.69	\$ 1.73	\$ 1.77	\$ 1.82	\$ 2.33
CAM	\$ 1.90	\$ 1.95	\$ 2.00	\$ 2.05	\$ 2.10	\$ 2.15	\$ 2.20	\$ 2.26	\$ 2.31	\$ 2.37	\$ 2.43	\$ 3.11
Utilities	\$ 0.75	\$ 0.77	\$ 0.79	\$ 0.81	\$ 0.83	\$ 0.85	\$ 0.87	\$ 0.89	\$ 0.91	\$ 0.94	\$ 0.96	\$ 1.23
Insurance	\$ 0.40	\$ 0.41	\$ 0.42	\$ 0.43	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.48	\$ 0.49	\$ 0.50	\$ 0.51	\$ 0.66
Total	\$ 4.47	\$ 4.58	\$ 4.70	\$ 4.81	\$ 4.93	\$ 5.06	\$ 5.18	\$ 5.31	\$ 5.45	\$ 5.58	\$ 5.72	\$ 7.32
Revenue												
Gross Potential Rent	\$ 76,875	\$ 78,797	\$ 80,767	\$ 82,786	\$ 84,856	\$ 86,977	\$ 89,151	\$ 91,380	\$ 93,665	\$ 96,006	\$ 122,896	\$ 157,318
Vacancy	25%	15%	10%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Vacancy Loss	\$ 19,219	\$ 11,820	\$ 8,077	\$ 4,139	\$ 4,243	\$ 4,349	\$ 4,458	\$ 4,569	\$ 4,683	\$ 4,800	\$ 6,145	\$ 7,866
Gross Effective Rent	\$ 57,656	\$ 66,977	\$ 72,690	\$ 78,647	\$ 80,613	\$ 82,628	\$ 84,694	\$ 86,811	\$ 88,981	\$ 91,206	\$ 116,751	\$ 149,452
Tenant Reimbursements	\$ 17,182	\$ 19,959	\$ 21,662	\$ 23,437	\$ 24,023	\$ 24,623	\$ 25,239	\$ 25,870	\$ 26,516	\$ 27,179	\$ 34,792	\$ 44,537
Gross Operating Income	\$ 74,838	\$ 86,937	\$ 94,352	\$ 102,083	\$ 104,635	\$ 107,251	\$ 109,933	\$ 112,681	\$ 115,498	\$ 118,385	\$ 151,543	\$ 193,988
Expenses - Food Hall & Retail												
Expenses	PSF											
CAM	\$ 1.90	\$ 29,213	\$ 29,943	\$ 30,691	\$ 31,459	\$ 32,245	\$ 33,051	\$ 33,878	\$ 34,724	\$ 35,593	\$ 36,482	\$ 46,701
General & Admin	\$ 0.53	\$ 8,149	\$ 8,352	\$ 8,561	\$ 8,775	\$ 8,995	\$ 9,220	\$ 9,450	\$ 9,686	\$ 9,928	\$ 10,177	\$ 13,027
Trash Removal	\$ 0.40	\$ 6,150	\$ 6,304	\$ 6,461	\$ 6,623	\$ 6,788	\$ 6,958	\$ 7,132	\$ 7,310	\$ 7,493	\$ 7,681	\$ 9,832
Repairs, Maintenance & Cleaning	\$ 3.32	\$ 51,045	\$ 52,321	\$ 53,629	\$ 54,970	\$ 56,344	\$ 57,753	\$ 59,197	\$ 60,676	\$ 62,193	\$ 63,748	\$ 81,603
Marketing	\$ 0.06	\$ 923	\$ 946	\$ 969	\$ 993	\$ 1,018	\$ 1,044	\$ 1,070	\$ 1,097	\$ 1,124	\$ 1,152	\$ 1,475
Utilities	\$ 0.75	\$ 11,531	\$ 11,820	\$ 12,115	\$ 12,418	\$ 12,728	\$ 13,047	\$ 13,373	\$ 13,707	\$ 14,050	\$ 14,401	\$ 18,434
Property Tax	\$ 1.42	\$ 21,833	\$ 22,378	\$ 22,938	\$ 23,511	\$ 24,099	\$ 24,701	\$ 25,319	\$ 25,952	\$ 26,601	\$ 27,266	\$ 34,903
Management & Admin	\$ 1.00	\$ 15,375	\$ 15,759	\$ 16,153	\$ 16,557	\$ 16,971	\$ 17,395	\$ 17,830	\$ 18,276	\$ 18,733	\$ 19,201	\$ 24,579
Insurance	\$ 0.40	\$ 6,150	\$ 6,304	\$ 6,461	\$ 6,623	\$ 6,788	\$ 6,958	\$ 7,132	\$ 7,310	\$ 7,493	\$ 7,681	\$ 9,832
Cap Ex Reserves	4%	\$ 12,138	\$ 15,120	\$ 15,707	\$ 16,315	\$ 16,723	\$ 17,141	\$ 17,569	\$ 18,009	\$ 18,459	\$ 18,920	\$ 24,220
Total Expenses	\$ 9.82	\$ 162,505	\$ 169,246	\$ 173,687	\$ 178,244	\$ 182,700	\$ 187,268	\$ 191,950	\$ 196,748	\$ 201,667	\$ 206,709	\$ 264,605
Net Operating Income		\$ 140,940	\$ 208,747	\$ 218,998	\$ 229,631	\$ 235,371	\$ 241,256	\$ 247,287	\$ 253,469	\$ 259,806	\$ 266,301	\$ 340,888
<i>Operating Margin</i>		46%	55%	56%	56%	56%	56%	56%	56%	56%	56%	56%

Source: Hunden Strategic Partners

Supportable Financing Retail

HSP assumed an initial loan interest rate of 7.1 percent, amortized over 25 years.

To achieve a debt service coverage ratio of 1.34 in Year 2, the retail and restaurant components support \$1.8 million in debt. Assuming a debt-to-equity ratio of 70/30, the apartments supports \$1.1 million in equity.

The retail supports \$2.90 million in supportable financing or \$193 per square foot. Given interest rate changes or varying goals for equity returns, supportable financing may vary.

Supportable Financing Retail 15,000 SF (\$000s)													
	Constr. Yr1	Constr. Yr2	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	
Net Operating Income	\$0	\$0	\$141	\$209	\$219	\$230	\$235	\$241	\$247	\$253	\$260	\$266	
Interest and Debt Reserve W/D	\$32	\$96	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
	\$32	\$96	\$141	\$209	\$219	\$230	\$235	\$241	\$247	\$253	\$260	\$266	
Debt Service Payment	(\$32)	(\$96)	(\$156)	(\$156)	(\$156)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	
Net Income to Repay Equity	\$0	\$0	(\$15)	\$53	\$63	\$85	\$91	\$96	\$103	\$109	\$115	\$122	
Princ. Amount*	\$450	\$1,350	\$1,800	\$1,772	\$1,742	\$1,710	\$1,682	\$1,653	\$1,621	\$1,588	\$1,552	\$1,513	
Interest	\$32	\$96	\$128	\$126	\$124	\$117	\$115	\$113	\$111	\$109	\$106	\$104	
Less Payment	(\$32)	(\$96)	(\$156)	(\$156)	(\$156)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	(\$145)	
Loan Balance	\$450	\$1,350	\$1,772	\$1,742	\$1,710	\$1,682	\$1,653	\$1,621	\$1,588	\$1,552	\$1,513	\$1,472	
Assumptions							Refi						
Loan Amount	\$1,800						\$1,710						
Amortization Period (Years)	25						25						
Loan Interest Rate	7.10%						6.85%						
Annual Debt Service Payment	(\$156)						(\$145)						
Sources													
Equity Contribution	\$1,100	38%											
Debt	\$1,800	62%											
Total Supportable Private Financing	\$2,900	100%											
			\$193	per SF (actual)									
Debt Service Coverage Ratio		10-Yr Avg	0.90	1.34	1.41	1.59	1.63	1.67	1.71	1.75	1.79	1.84	
Return on Equity		1.56	-1.4%	4.8%	5.7%	7.7%	8.2%	8.8%	9.3%	9.9%	10.5%	11.0%	
Return on Cost		7.5%	4.9%	7.2%	7.6%	7.9%	8.1%	8.3%	8.5%	8.7%	9.0%	9.2%	
		7.9%											

* Assumes 25% draw in Construction Year 1; 75% average during Construction Year 2

Source: Hunden Strategic Partners



35-Units For-Sale Units
Condos and Townhomes
Investment Analysis



08

**Economic, Fiscal and
Employment Impact
Analysis**

Introduction to Impacts

HSP uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the Amarillo economy due to additional inputs. For example, for every dollar of direct new spending in Amarillo, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

The net new and recaptured direct spending discussed earlier in the chapter is considered to be the **Direct Impact**.

From the direct spending figures, further impact analyses will be completed.

Indirect Impacts are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

Induced Impacts embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the induced customer's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

Fiscal Impacts represent the incremental tax revenue collected by the City of Amarillo due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit. The within the City of Amarillo, HSP considered sales tax and hotel occupancy tax. HSP elected to flow property taxes to Potter County, though the City may receive a small portion of these taxes.

Employment Impacts include the incremental employment provided not only onsite, but due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. HSP will show the number of ongoing jobs supported by the project and provide the resulting income generated.

Direct, Indirect & Induced Net New Spending

As a result of the Project, the City of Amarillo will experience new visitors and residents that otherwise would not have spent time or money within the city limits. These net new visitors and residents will spend money in Amarillo, supporting the local economy. HSP classifies spending in five categories: food & beverage, lodging, retail, transportation and other. HSP projects direct net new spending will total \$478.9 million over 30 years. As this net new direct spending trickles through the Amarillo economy, it generates induced and indirect spending.

Combined total net new spending within Amarillo is expected to surpass \$759.7 million over 30 years.

Direct Net New Spending to Amarillo (\$000s) Recommended Development													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Food & Beverage	\$ 2,535	\$ 3,113	\$ 3,372	\$ 3,548	\$ 3,660	\$ 3,756	\$ 3,855	\$ 3,957	\$ 4,061	\$ 4,168	\$ 5,407	\$ 7,018	\$ 146,839
Lodging	\$ 1,851	\$ 2,198	\$ 2,555	\$ 2,722	\$ 2,897	\$ 2,983	\$ 3,073	\$ 3,165	\$ 3,260	\$ 3,358	\$ 4,513	\$ 6,065	\$ 120,996
Retail	\$ 1,216	\$ 1,488	\$ 1,609	\$ 1,686	\$ 1,731	\$ 1,770	\$ 1,810	\$ 1,851	\$ 1,894	\$ 1,937	\$ 2,438	\$ 3,085	\$ 66,809
Transportation	\$ 1,791	\$ 2,191	\$ 2,383	\$ 2,497	\$ 2,564	\$ 2,623	\$ 2,684	\$ 2,746	\$ 2,810	\$ 2,875	\$ 3,632	\$ 4,613	\$ 99,431
Other	\$ 781	\$ 953	\$ 1,059	\$ 1,110	\$ 1,141	\$ 1,168	\$ 1,197	\$ 1,226	\$ 1,256	\$ 1,287	\$ 1,647	\$ 2,118	\$ 44,913
Total	\$ 8,175	\$ 9,943	\$ 10,978	\$ 11,564	\$ 11,992	\$ 12,302	\$ 12,619	\$ 12,946	\$ 13,281	\$ 13,626	\$ 17,637	\$ 22,899	\$ 478,988

Source: Hunden Strategic Partners

Direct, Indirect & Induced Spending to Amarillo (\$000s) Recommended Development													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Direct	\$ 8,175	\$ 9,943	\$ 10,978	\$ 11,564	\$ 11,992	\$ 12,302	\$ 12,619	\$ 12,946	\$ 13,281	\$ 13,626	\$ 17,637	\$ 22,899	\$ 478,988
Indirect	\$ 3,198	\$ 3,890	\$ 4,291	\$ 4,519	\$ 4,686	\$ 4,806	\$ 4,930	\$ 5,057	\$ 5,187	\$ 5,321	\$ 6,881	\$ 8,926	\$ 186,935
Induced	\$ 1,618	\$ 1,971	\$ 2,170	\$ 2,283	\$ 2,362	\$ 2,422	\$ 2,483	\$ 2,546	\$ 2,611	\$ 2,677	\$ 3,450	\$ 4,462	\$ 93,839
Total	\$ 12,991	\$ 15,804	\$ 17,439	\$ 18,366	\$ 19,041	\$ 19,530	\$ 20,033	\$ 20,549	\$ 21,080	\$ 21,625	\$ 27,969	\$ 36,287	\$ 759,761

Source: Hunden Strategic Partners

Net New Earnings & Full-Time Equivalent Jobs

Jobs will be created onsite as well as offsite from the direct, indirect and induced spending. Over 30 years net new earnings within Amarillo is expected total over \$330 million, supporting an average of 197 new jobs over 30 years.

Net New Earnings & FTE Jobs from Direct, Indirect & Induced Spending to Amarillo (\$000s) Recommended Development													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Net New Earnings													
From Direct	\$ 3,648	\$ 4,442	\$ 4,894	\$ 5,152	\$ 5,335	\$ 5,471	\$ 5,611	\$ 5,755	\$ 5,902	\$ 6,054	\$ 7,817	\$ 10,127	\$ 212,467
From Indirect	\$ 1,266	\$ 1,534	\$ 1,710	\$ 1,805	\$ 1,882	\$ 1,932	\$ 1,984	\$ 2,037	\$ 2,091	\$ 2,147	\$ 2,802	\$ 3,666	\$ 75,890
From Induced	\$ 718	\$ 872	\$ 967	\$ 1,019	\$ 1,058	\$ 1,086	\$ 1,114	\$ 1,143	\$ 1,173	\$ 1,204	\$ 1,562	\$ 2,032	\$ 42,382
Total	\$ 5,633	\$ 6,847	\$ 7,571	\$ 7,976	\$ 8,275	\$ 8,489	\$ 8,709	\$ 8,935	\$ 9,167	\$ 9,405	\$ 12,181	\$ 15,825	\$ 330,739
Net New FTE Jobs													Average
From Direct	96	114	121	124	124	124	124	124	124	124	124	124	122
From Indirect	39	46	49	50	50	50	50	50	50	50	50	50	49
From Induced	20	24	26	26	26	26	26	26	26	26	26	26	26
Total	155	184	196	200	200	199	199	199	199	199	199	199	197

Source: Hunden Strategic Partners

Fiscal Impact

Potter County and the City of Amarillo will receive revenue streams generated by the Project. Over 30 years the Project is expected to generate nearly \$18.4 million in net new property taxes and \$20.4 million in net new sales and hotel occupancy taxes

Fiscal Impact - Tax Impacts from New District Spending (000s) - Recommended Development													
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 20	Year 30	Total
Potter County Taxes													
Property Taxes	\$ 400	\$ 412	\$ 424	\$ 437	\$ 450	\$ 463	\$ 477	\$ 491	\$ 506	\$ 521	\$ 674	\$ 874	\$ 18,396
Amarillo Taxes													
Sales Tax (2.00%)	\$ 163	\$ 199	\$ 220	\$ 231	\$ 240	\$ 246	\$ 252	\$ 259	\$ 266	\$ 273	\$ 353	\$ 458	\$ 9,580
City - Hotel Occupancy Tax (7.00%)	\$ 130	\$ 154	\$ 179	\$ 191	\$ 203	\$ 209	\$ 215	\$ 222	\$ 228	\$ 235	\$ 316	\$ 425	\$ 8,470
APEVD - Hotel Occupancy Tax (2.00%)	\$ 37	\$ 44	\$ 51	\$ 54	\$ 58	\$ 60	\$ 61	\$ 63	\$ 65	\$ 67	\$ 90	\$ 121	\$ 2,420
Total	\$ 330	\$ 397	\$ 450	\$ 476	\$ 501	\$ 515	\$ 529	\$ 544	\$ 559	\$ 575	\$ 759	\$ 1,004	\$ 20,469
County & City Total	\$ 730	\$ 809	\$ 874	\$ 913	\$ 950	\$ 978	\$ 1,006	\$ 1,035	\$ 1,065	\$ 1,095	\$ 1,433	\$ 1,878	\$ 38,865

Source: Hunden Strategic Partners

Summary of Impacts

Over 30 years the Project, a development with 85-hotel rooms, 125 apartment units, 33 condos and 15,000 square feet of leasable retail space, is expected to generate nearly \$760 million in net new spending to Amarillo, \$330 million in net new earnings and 199 net new full-time equivalent jobs (by Year 10).

Over 30 years, the City of Amarillo and Potter County will likely experience an additional \$38.9 million in tax revenues as a result of the development. The impacted tax streams include local sales taxes, hotel occupancy taxes and property taxes.

But for the Project, these impacts would not exist.

30-Yr. Summary of Impacts - Rec. Development Not Including Construction	
Net New Spending	(millions)
Direct	\$479.0
Indirect	\$186.9
Induced	\$93.8
Total	\$759.8
Net New Earnings	(millions)
From Direct	\$212.5
From Indirect	\$75.9
From Induced	\$42.4
Total	\$330.7
Net New FTE Jobs	Actual (Yr. 10)
From Direct	124
From Indirect	50
From Induced	26
Total	199
Potter County Taxes	(millions)
Property Tax	\$18.4
Amarillo Taxes	(millions)
Sales Tax (2.00%)	\$9.6
City - Hotel Occupancy Tax (7.00%)	\$8.5
APEVD - Hotel Occupancy Tax (2.00%)	\$2.4
Total	\$20.5
County & City Total	\$38.9
Source: Hunden Strategic Partners	



 213 W. INSTITUTE PLACE,
SUITE 707, CHICAGO, IL 60610

 312.643.2500

 WWW.HUNDENPARTNERS.COM

Hunden Strategic Partners is a full-service real estate development advisory practice specializing in destination assets.

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- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
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- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
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The firm and its principal have performed more than 750 studies over the past 20 years, with more than \$5.5 billion in built, successful projects.