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## DCM/ACM/ED BRIEFING

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**To:** TIRZ 4 Board Members & Mike Goodrum, City Manager

**Via:** Jim Callaway, Assistant City Manager <sup>K</sup>  
Devon Rodriguez, Director of Community Planning & Redevelopment <sup>DR</sup>

**From:** Jessica Huble, Assistant Director of Community Planning & Redevelopment <sup>JH</sup>

**Date:** October 18 Mike Goodrum, City Manager, 2023

**Subject:** Tract 5 Economic and Urban Design Study - Recommendation to Not Proceed with Visioning Recommendations Outlined in the Study

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Following the 2022 City Council retreat, one of the desired outcomes from City Council was to focus on key development areas within our city that were identified in the Land Use Plan, adopted in 2018. One of these areas includes Tract 5 which is the area around the Smart Financial Centre (SFC), located south of the northbound Hwy 59 feeder and west of University Boulevard. Recent land acquisitions and changes to the development landscape highlighted the need to explore what the future vision of Tract 5 could be under these new circumstances.

On May 16, 2023, the City Council approved a recommendation from the TIRZ 4 board to commission Stantec Consulting Services Inc. (Stantec) to complete an economic feasibility and urban design study for 83-acres within Tract 5. Focus groups with surrounding landowners and residents took place in May and June, respectively, and included representation from SFC, University of Houston-Sugar Land, Texas Instruments, Avalon, Telfair, Greatwood and more. The goal of the study was to understand the potential value and vision for future development, ensure future enhancements, both public and private, and align with the community and stakeholder vision for the area - with market-driven recommendations.

The study proved to be an informative exercise and provided the market-driven data the city desired to understand. In general, low density residential supports low-density retail (i.e. strip centers) and high density residential supports high-density retail (walkable shopping destinations with unique retail). However, in the time that the study began and concluded, near the beginning of September, the City Council's priorities changed. Therefore, the city will not be moving forward with the visioning recommendations outlined in the study. The study does provide viable direction regarding mobility, connectivity, and circulation for private landowners to consider when developing their future development plans. TIRZ 4 is a possible funding source for any public improvements outlined in the TIRZ 4 Project Plan.

Regarding the future development of Tract 5, the 2003 Newland Communities Development Agreement stipulates it to be zoned as a Planned Development District (PD) with a mutually

beneficial development plan, and the PD zoning must be consistent with the latest approved General Land Plan, unless otherwise amended. Amendments to the Development Agreement and General Land Plan must be approved by City Council. Future development plans must be formally submitted and proceed through the required PD process which includes a recommendation from the Planning and Zoning Commission and approval by City Council.



**SUGAR LAND**  
**CONCEPT MASTER PLAN**  
**TRACT 5 CONCEPT VISION ECONOMIC**  
**& DESIGN STUDY**  
09.01.2023



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# 01 Sugar Land & Tract 5 | Concept Vision Introduction & Site History

The Sugar Land Concept Master Plan: Tract 5 Concept Vision Economic & Design Study, conducted by Stantec, aims to understand the current and potential future market dynamics of the site. Developed in close partnership with the Sugar Land Economic Development and Planning Department, local businesses, and a residential focus group, **the study is designed for both short-term planning and to envision build-out scenarios over the next 20 years. The goal is to make Tract 5 a prosperous venture for the City of Sugar Land and its community.**

This concept for Tract 5 represents Sugar Land's trailblazing vision, relentless in the pursuit of good, so that employees, residents, business owners, and visitors can enjoy a life better than they can even imagine.

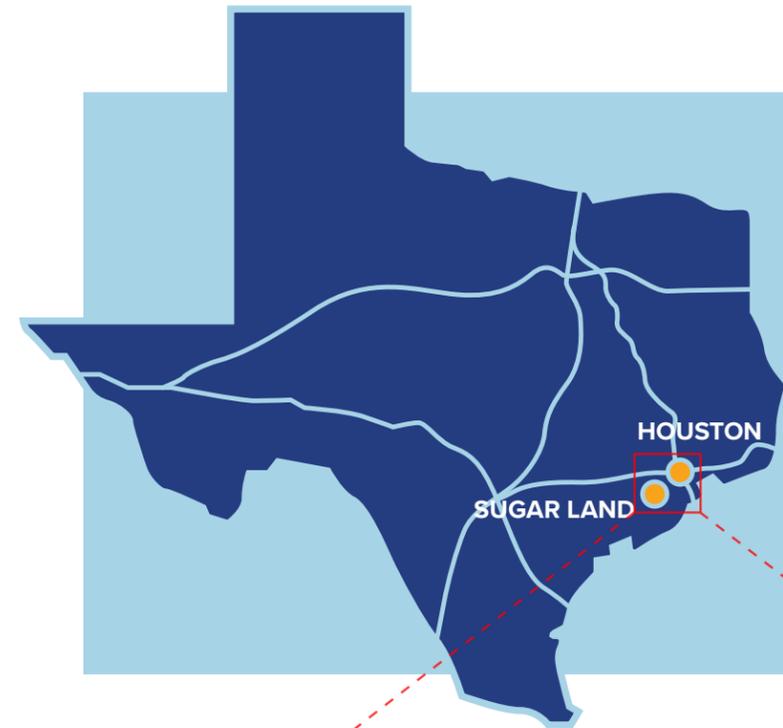
**To achieve this, a balanced approach to residential and non-residential land uses is essential.** If a change in the land use pattern is seen or proposed, revisiting the study is key to exploring alternative pathways that **continue to catalyze growth and prosperity for the city.**

The envisioned district, named **Spark**, has potential to be a **mixed-use destination** offering **entertainment** events and activities (already available through the Smart Financial Centre), **cultural arts projects and programs, walkable streets, connected greenways, parks, trails, dining, shopping, hospitality, employment venues, and varied housing types.** The envisioned residential component spans from neighborhood-scale housing to medium-density mixed-use housing.

It's important for users of this study to understand that all information, designs, and drawings are conceptual. The study serves as a living document, applicable for both long-term and short-term planning, and can be adjusted as changes in the environment, funding, and economics warrant.



**Spark creativity, community, and connection in the heart of Sugar Land's Arts and Entertainment District!**



Sugar Land, just 20 minutes from downtown Houston, is a prime Texas location for business and living. With a history dating to the 1800s, it boasts a diverse, educated population and a low-tax, pro-business environment.



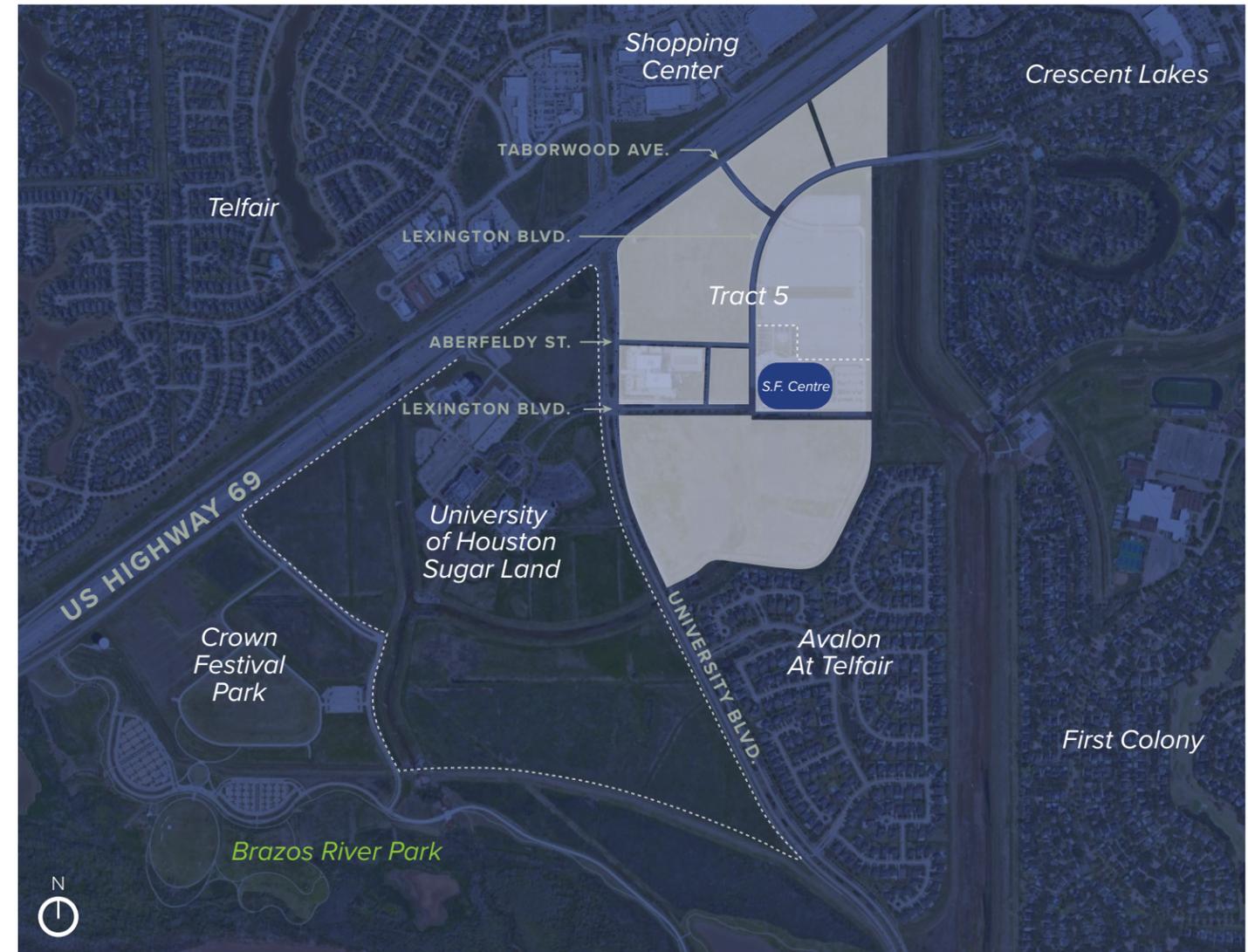
# 01 Sugar Land & Tract 5 | Concept Vision Introduction & Site History



Tract 5 is located near the intersection of the Southwest Freeway (US-59/I-69) and University Boulevard. The City owned, **22-acre site**, is directly adjacent to and north of the **Smart Financial Centre** at Sugar Land, a state-of-the-art indoor live entertainment venue that opened in January 2017. The Site is located in a Regional Activity Center and is included in the City's Tax Increment Reinvestment Zone 4, or TIRZ No. 4.

Other existing development nearby includes Texas Instruments, the University of Houston – Sugar Land, the Crown Festival Park at Sugar Land and the 50-acre southern site owned by Dhanani Private Equity (DPEG). A map for the property ownership is shown on the following page.

**This area presents a unique opportunity for collaboration between public and private entities to create an diverse mixed-use destination.**



designLAB | UNIVERSITY of HOUSTON  
GERALD CLARKE COLLEGE of ARCHITECTURE and DESIGN



University of Houston Sugar Land | Campus Master Plan

CAMPUS PROJECTION-LAND USE

The University of Houston – Sugar Land, is currently home to the College of Nursing. The University announced in February 2023 that the College of Technology is merging with the College of Engineering and that the newly formed College will be moving to Sugar Land.

Along with this announcement, the University has completed an initial master plan study with designLAB exploring the expansion of their Sugar Land campus.

**The success of creating walkable, distinctive retail spaces in Tract 5 is dependent on a strong base market of housing in the immediate vicinity.** Based on interviews with developers, comparisons with other Houston areas, and our own market experience, increased housing will support the success of a unique, walkable district. Hotel and office development can be built at a similar density (with structured parking, and if/when office demand rebounds), but these development types will provide much less market support for the inviting, dynamic and pedestrian-oriented retail environments desired for Tract 5.

The project team has considered a range of 2,000 to 3,500 housing units for Tract 5. **A higher count, closer to 3,500, would likely attract a developer committed to creating expansive walkable retail spaces. A moderate count of about 2,000 units would attract interest but would likely result in smaller retail spaces. Below that, it becomes more challenging to attract the kind of unique retail environments we envision;** we might end up with more conventional suburban retail layouts, such as strip malls and standalone stores with surface parking.

While it's hard to pinpoint exactly how much retail area the housing units will support, the willingness of developers to buy into the concept plays a role. The scale of Tract 5 provides the opportunity for increased housing while providing a compatible frontage of open space and neighborhood scale townhome-style development on the southern part of the site closest to the existing neighborhood. **The higher density areas of the Tract 5 site are nicely buffered from the existing neighborhoods.**

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# 01 Sugar Land & Tract 5 | Tract 5 Site Context & Property Map



## 02 Focus Group Summary | What We Heard

*What five words would best describe success for this new district?*



## 02 Focus Group Summary | What We Heard

*How would you rank your preference / priorities for this new district?*

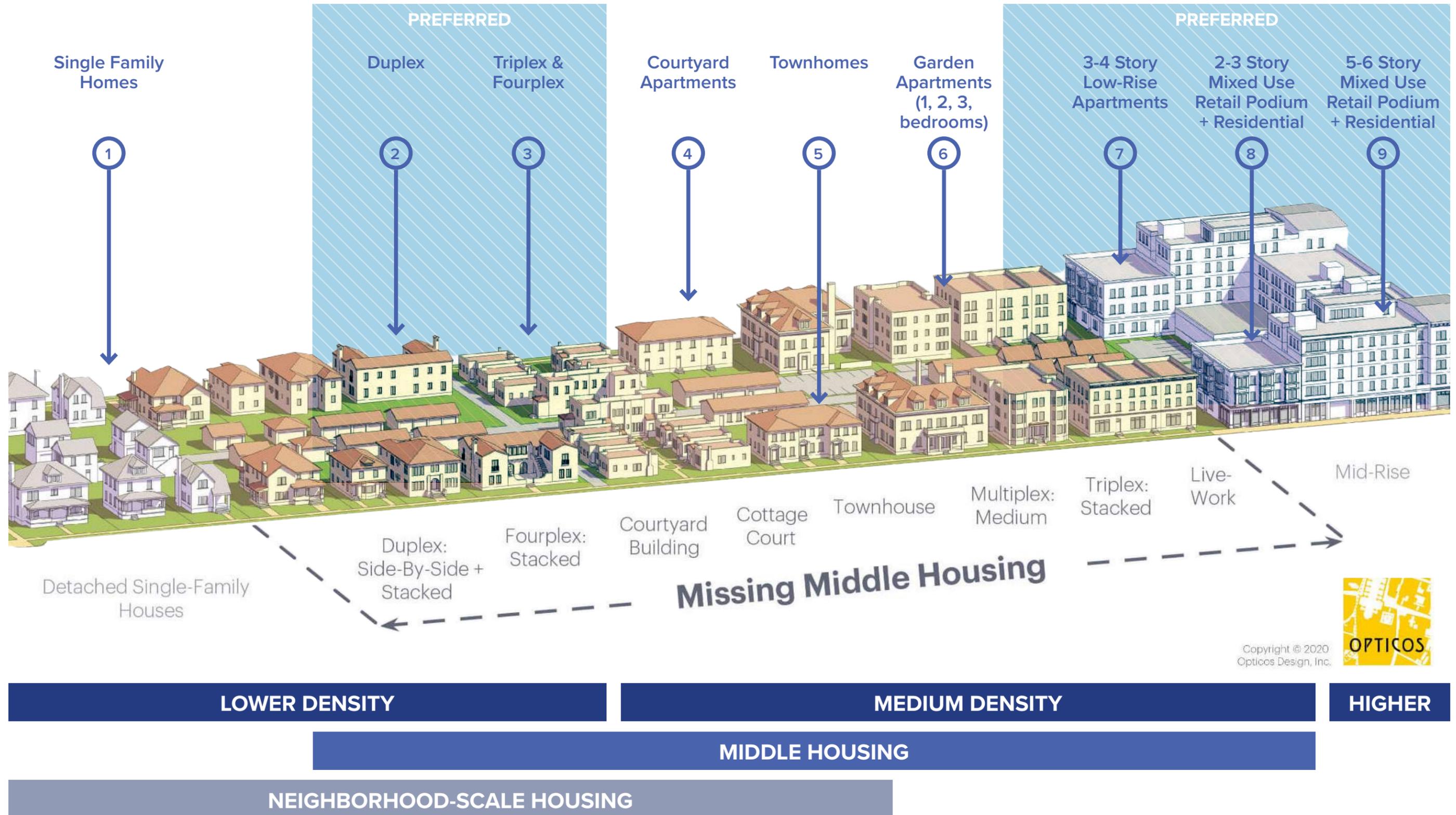
- 1** A district that is pedestrian oriented (not vehicle-centric) focusing on mobility and connectivity to surrounding neighborhoods and other city destinations
- 2** A district with more retail, commercial, and food & beverage options that stay open late
- 3** A district with more public spaces for the community (i.e., Interactive fountains, festival lawns, playgrounds, public restrooms etc.)

- 4** A district with extensive public realm improvements (i.e., wide sidewalks, streetlights, street trees, signage / branding, bike lanes etc.)
- 5** A district with a variety of housing types at a low / medium density (townhomes, condos, duplexes, 2-3 story multi-family / student housing use the same example types that we showed images for)
- 6** A district with a variety of housing types at a medium/ higher density (condos, 3-6 story multi-family / student housing- use the same example types that we showed images for)
- 7** A district with a variety of office and commercial spaces that caters to a variety of businesses from startups to corporations offering additional job opportunities for the community
- 8** A district that promotes environmental stewardship, resiliency and sustainability focusing on green corridors, drainage, urban forestry, etc.



# 02 Focus Group Summary | What We Heard

What do we mean by 'Multi-family' and what can that look like for this new district?



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Multi-Family Visual results from Resident Focus Group Meeting on 6-13-2023.

Graphic : Missing Middle Housing term created by Daniel Parolek/Image © Opticos Design, Inc./For more info visit [www.missingmiddlehousing.com](http://www.missingmiddlehousing.com)



# 02 Focus Group Summary | What We Heard

## How would you like this new district to feel?

### What do you like/dislike about each of these public spaces?



Centerpiece  
No concrete



Green is better than hardscape  
Connecting trails to neighboring residences

### What do you like/dislike about each of these retail types?



Preferred walkability  
Still need parking strategy (district strategy)



No comments

### What do you like/dislike about each of these hospitality types?



Event space for more business owners  
Diversity of offerings (mixed-use) to make the experience better  
Combo of both  
Walkable nightlife



First time owners  
Step above other experiences  
Staycations  
Family friendly and oriented  
What is different? How can this be sustainable? Needs to be unique



# 03 Spark Sugar Land Concept Vision | District Look & Feel



cultivate...

family

connection

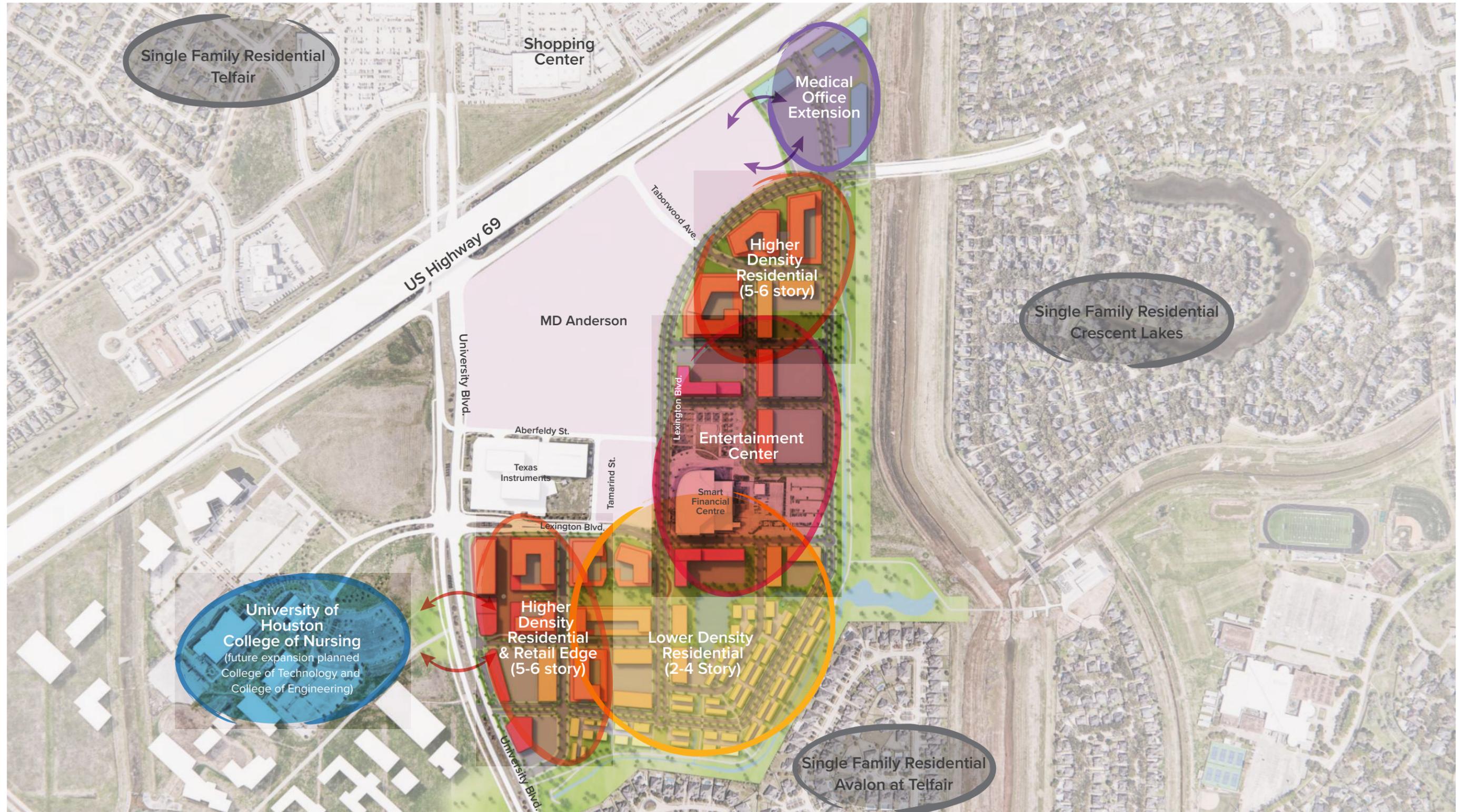
art

local

fun

...a spark!

# 03 Spark Sugar Land Concept Vision | Conceptual Experience Map



# 03 Spark Sugar Land Concept Vision | Conceptual Massing & Program Diagram



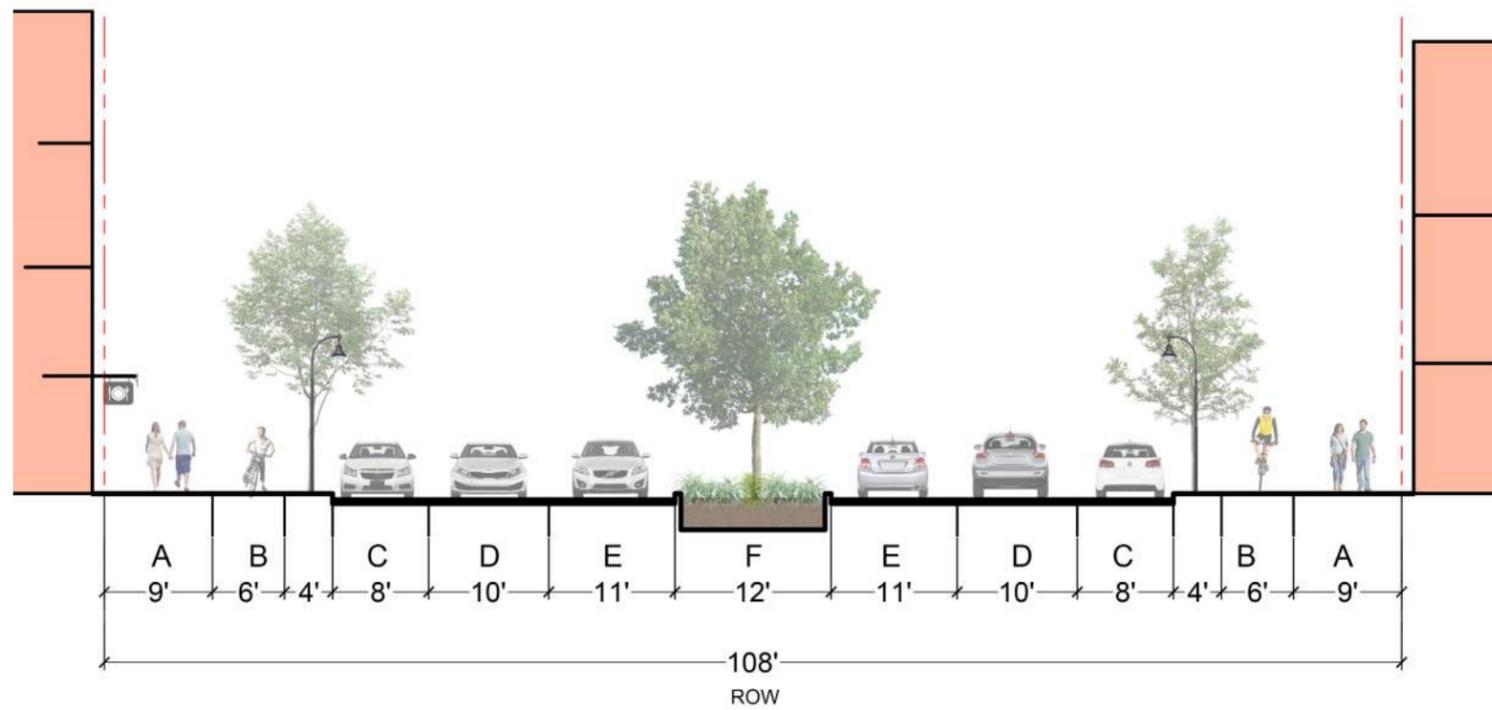
- Residential**
  - Lower Density (2-3 Stories)
  - Medium Density (3-4 Stories)
  - Higher Density (4-6 Stories)
- Open Space**
  - Park / Green Connector
  - Water / Retention
- Retail**
- Hotel / Convention**
- Office**
- MD Anderson Tracts**
- Parking**
- Bike**
- Ped / Bike Underpass**

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# 03 Spark Sugar Land Concept Vision | Conceptual Typical Street Section Diagrams

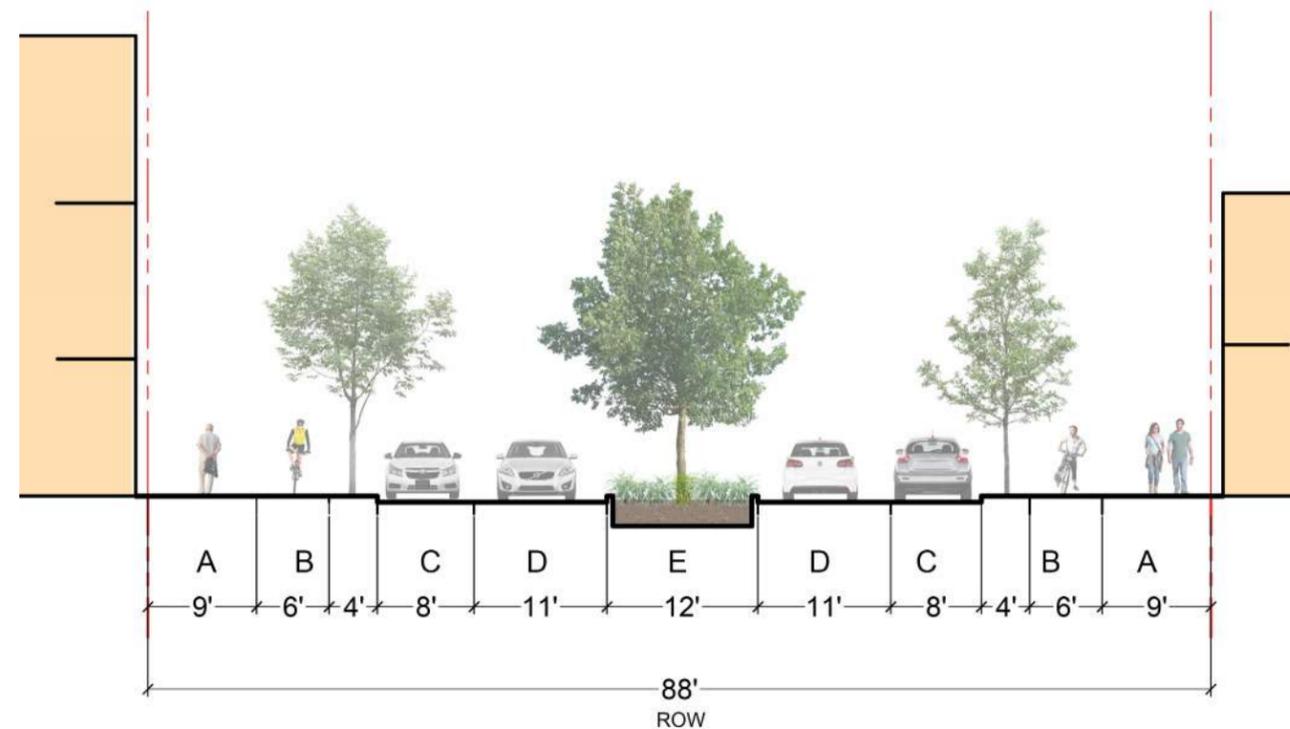


## 1 MIXED-USE BOULEVARD

- A** - Building Frontage, Sidewalk, Furnishing Zone
- B** - Protected Bike Lane
- C** - Parking Extension Zone (Parallel Parking)
- D** - Drive Lane (Slow)
- E** - Drive Lane
- F** - Bio-retention Median & Turning Lane

### *Boulevard*

A broad road with a landscaped median often used for both transportation and leisure, enhancing city aesthetics.



## 2 MIXED-USE AVENUE

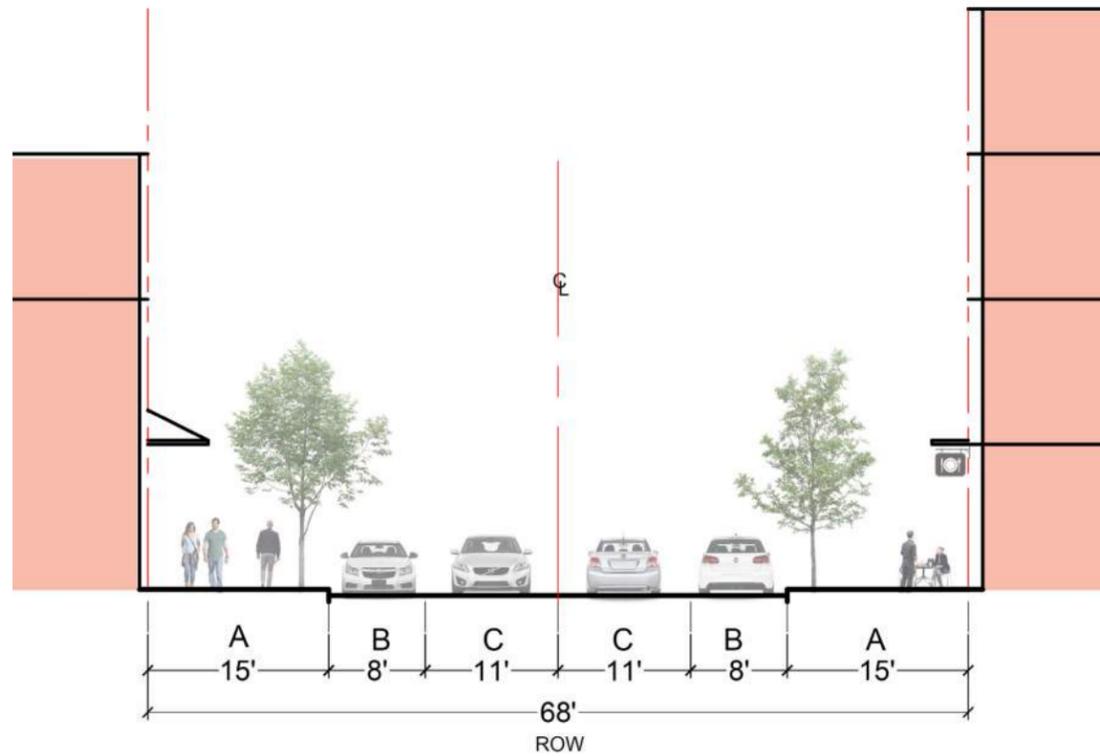
- A** - Building Frontage, Sidewalk, Furnishing Zone
- B** - Protected Bike Lane
- C** - Parking Extension Zone (Parallel Parking)
- D** - Drive Lane
- E** - Bio-retention Median & Turning Lane

### *Avenue*

A primary city route broader than streets, suitable for both vehicles and pedestrians.



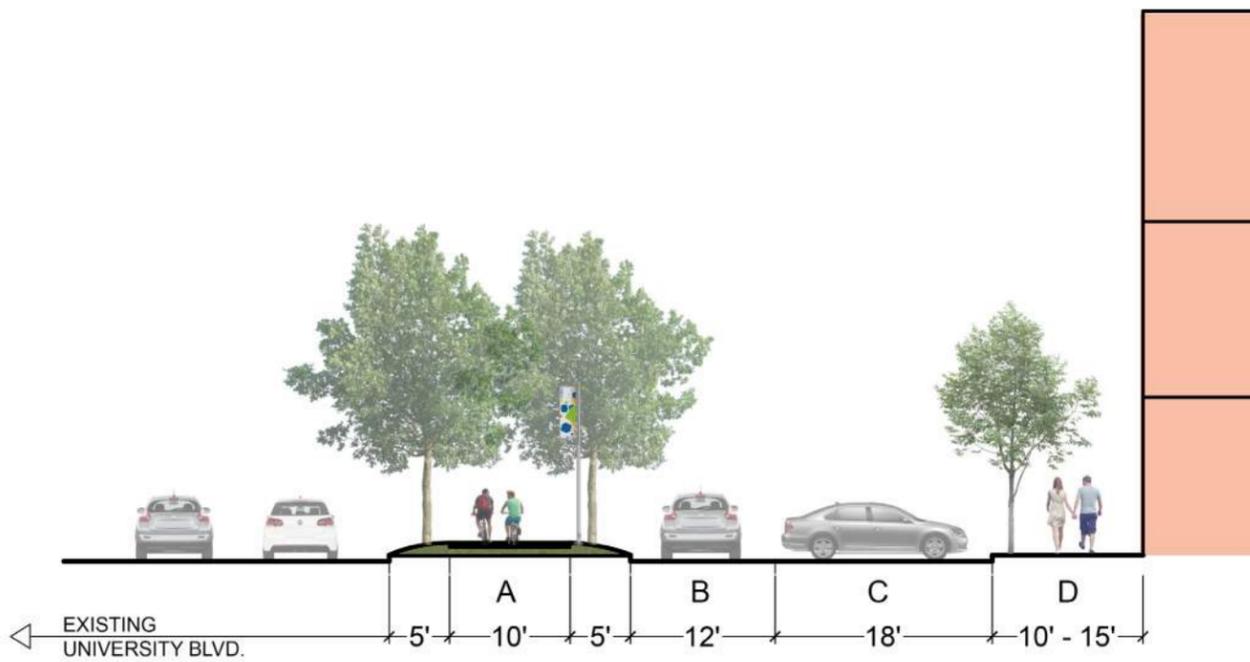
# 03 Spark Sugar Land Concept Vision | Conceptual Typical Street Section Diagrams



## 3 MIXED-USE STREET

- A** - Building Frontage, Sidewalk, Furnishing Zone
- B** - Parking Extension Zone (Parallel Parking)
- C** - Drive Lane

*Street*  
A narrower urban road accommodating both vehicles and pedestrians.



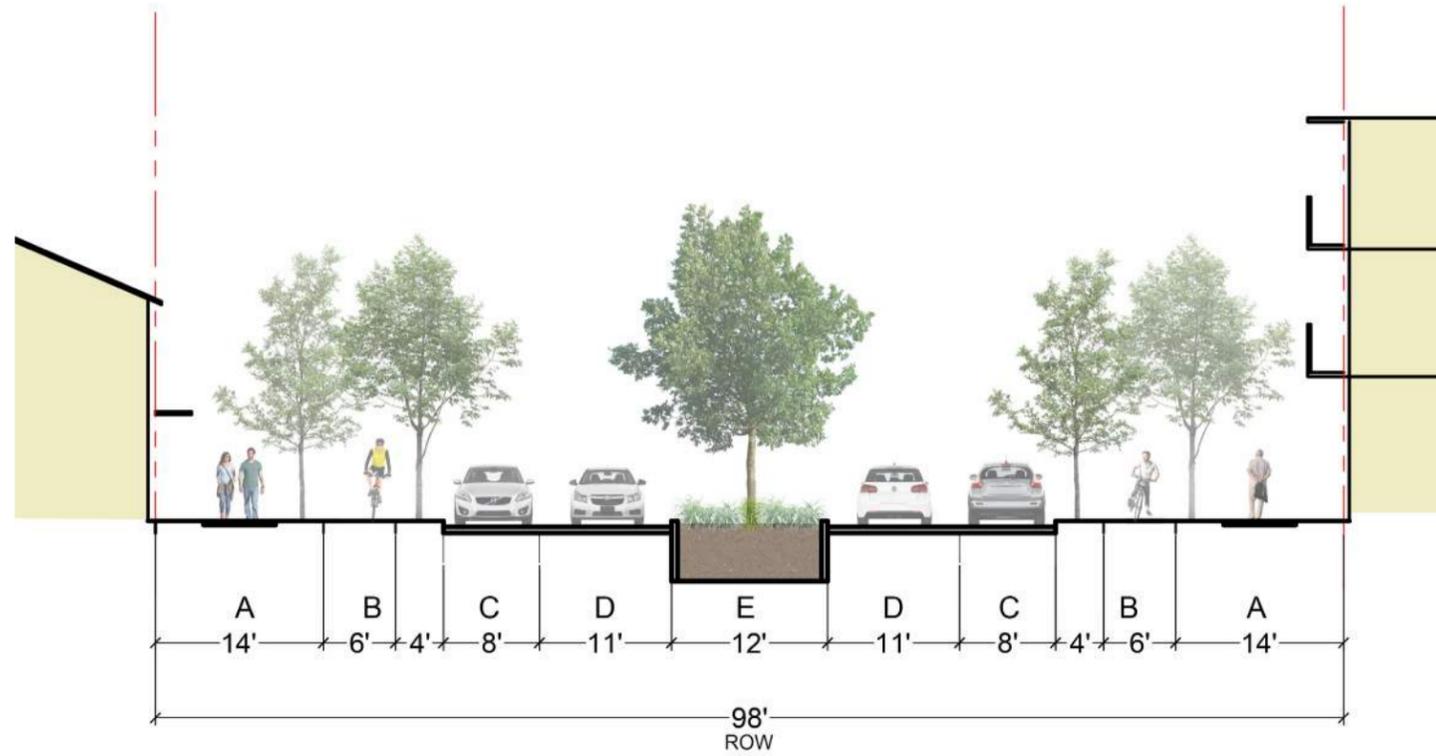
## 4 MULTI-WAY (Next to University Blvd.)

- A** - Median Buffer + Ped. & Bike Path
- B** - Drive Lane - One-way
- C** - Parking Extension Zone (Angled Parking)
- D** - Building Frontage, Sidewalk, Furnishing Zone

*Multi-Way*  
A roadway configuration where a one-directional street with parking runs parallel to a broader road, separated by a designated pathway for bicycles and pedestrians.



# 03 Spark Sugar Land Concept Vision | Conceptual Typical Street Section Diagrams

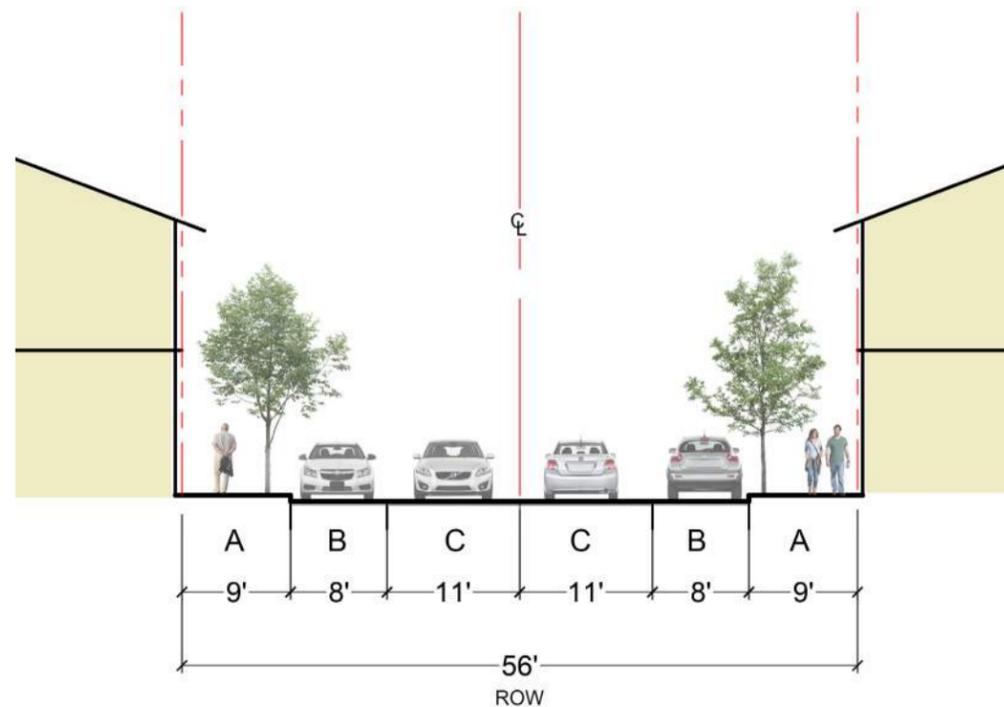


## 5 RESIDENTIAL BOULEVARD

- A** - Building Frontage, Sidewalk, Landscape Buffer
- B** - Protected Bike Lane, Landscape Buffer
- C** - Parking Extension Zone (Parallel Parking)
- D** - Drive Lane
- E** - Bio-retention Median & Turning Lane

### *Boulevard*

A broad road with a landscaped median often used for both transportation and leisure, enhancing city aesthetics.



## 6 RESIDENTIAL STREET

- A** - Building Frontage, Sidewalk
- B** - Parking Extension Zone (Parallel Parking)
- C** - Drive Lane

### *Street*

A narrower urban road accommodating both vehicles and pedestrians.



# 03 Spark Sugar Land Concept Vision | Conceptual Street Section & Bike Infrastructure Diagram



- ① Mixed-use boulevard
- ② Mixed-use avenue
- ③ Mixed-use street
- ④ Multi-way
- ⑤ Residential boulevard
- ⑥ Residential street
- Multi-use Pathway (Existing)
- Multi-use Pathway (10 ft) (Proposed / Planned)
- Bike Share / + Bike Parking
- Trail head (Proposed / Planned)
- Gateway Crossing (Proposed / Planned)
- Protected Bike Lanes (within ROW)



# 03 Spark Sugar Land Concept Vision | Existing and Proposed Bike Path Connections



-  Multi-use Pathway (Existing)
-  Multi-use Pathway (10 ft) (Proposed / Planned)
-  Bike Share / + Bike Parking
-  Trail head (Proposed / Planned)
-  Gateway Crossing (Proposed / Planned)
-  Protected Bike Lanes (within ROW)



# 03 Spark Sugar Land Concept Vision | Conceptual Massing Diagram Perspective One



## IF THIS, THEN THAT...

### Below 2,000 units:

Higher risk of not attracting the desired retail; more likely to result in conventional suburban retail formats, such as strip malls and standalone stores with surface parking.

### 2,000 housing units:

Likely to attract a developer, but the walkable retail areas will be more compact compared to the original concept.

### 3,500 housing units:

Strong possibility for a developer to create expansive, distinctive walkable retail areas in line with the original development concept.

**If office demand rebounds** over the next decade or more, the blocks north of the Smart Financial Center could be an appropriate place for this type of development. **More dense office development, typical of a walkable district, would require structured parking and more public financial support.**

**The greater the size of the walkable retail areas, the more opportunity there would be to attract more than one fine dining establishment.**



# 03 Spark Sugar Land Concept Vision | Conceptual Massing Diagram Perspective Two



- Residential**
  - Lower Density (2-3 Stories)
  - Medium Density (3-4 Stories)
  - Higher Density (4-6 Stories)
- Open Space**
  - Park / Green Connector
  - Water / Retention
- Retail**
  - Retail
- Hotel / Convention**
  - Hotel / Convention
- Office**
  - Office
- MD Anderson Tracts**
  - MD Anderson Tracts
- Parking**
  - Parking

The envisioned district, named **Spark**, has potential to be a **mixed-use destination** offering entertainment events and activities, cultural arts projects and programs, **walkable streets**, connected greenways, parks, trails, dining, shopping, hospitality, employment venues, and **varied housing types**.

# 03 Spark Sugar Land Concept Vision | Conceptual Spark Vernacular

CONCEPT MASTER PLAN  
TRACT 5 CONCEPT VISION ECONOMIC  
& DESIGN STUDY



# Sugar Land local stone, red & pink brick



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# colorful moments & contemporary materials

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# 03 Spark Sugar Land Concept Vision



KEY PLAN

**Concept Vision Rendering of Townhomes and Residential Amentized Edge Path**



# 03 Spark Sugar Land Concept Vision



Boutique hotel

Green Medians

Dedicated and protected Bike Lanes

**Concept Vision Rendering of Walkable District along a Mixed-Use Boulevard**



KEY PLAN

# 03 Spark Sugar Land Concept Vision



Up-scale retail and Food & Beverage

Places for public art

Concept Vision Rendering of Pedestrian-oriented Retail



KEY PLAN

# 03 Spark Sugar Land Concept Vision



Slower car traffic lane next to Pedestrian-oriented Retail

Colorful art projects

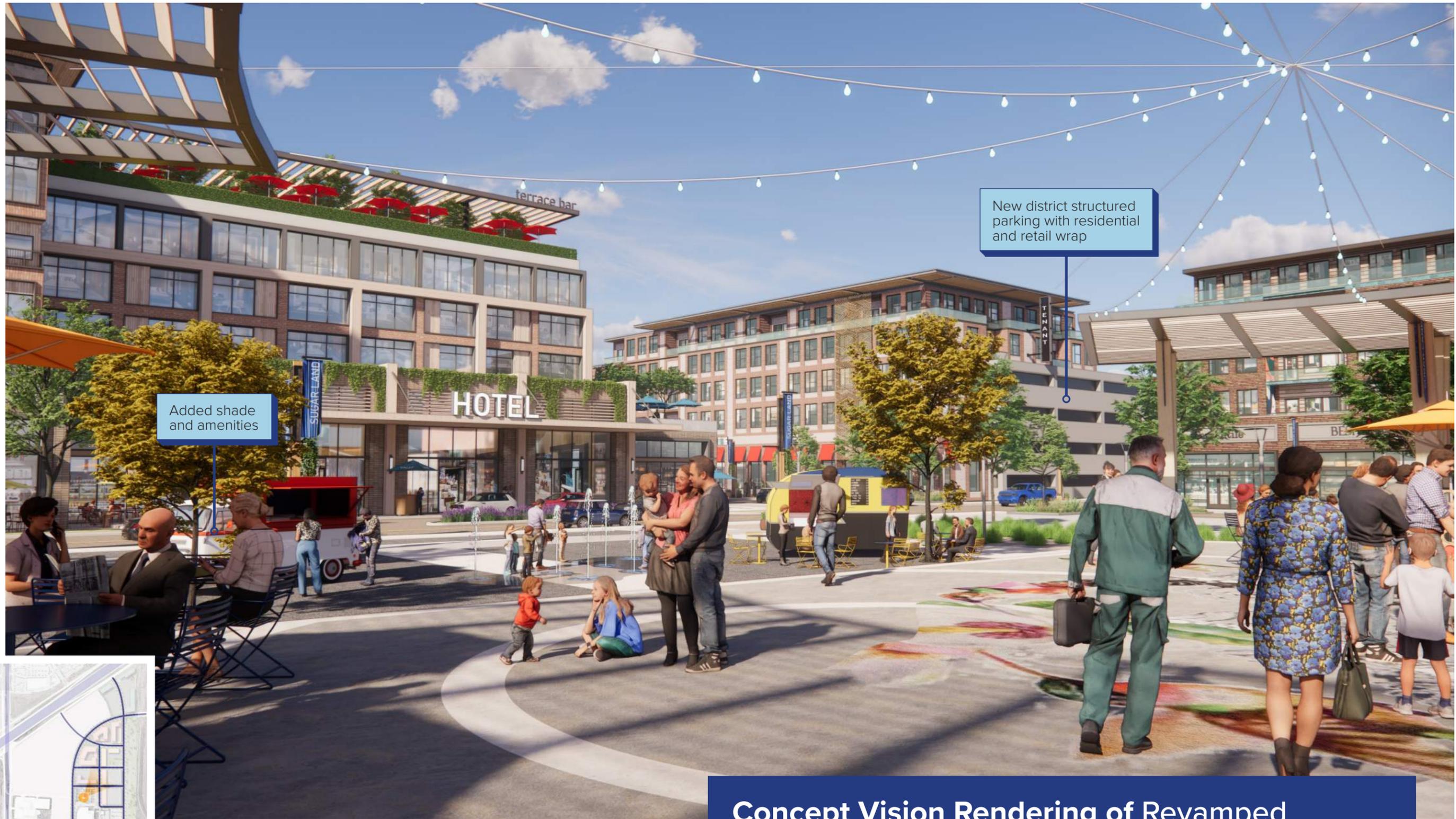
Protected Bike and Pedestrian Lane



KEY PLAN

**Concept Vision Rendering of Pedestrian-oriented Retail along University Boulevard**

# 03 Spark Sugar Land Concept Vision



Added shade and amenities

New district structured parking with residential and retail wrap



KEY PLAN

**Concept Vision Rendering of Revamped Smart Financial Centre Plaza**





## Financial Analysis

Exhibits 1 and 2 provide a high level preliminary financial analysis of the development concepts for the north and south subareas of Tract 5, with a focus on the developable land in the scenario. It is based on best available Houston metropolitan data for cost and revenue parameters for similar development products. The findings of the analysis are expected to be accurate within 10% to 15% of a more detailed financial performance analysis that incorporates a product-specific market analysis and contractor-provided construction estimates for a fully detailed development concept.

The findings of this analysis are consistent with the market analysis and developer interviews. Achieving the desired character and vibrancy of the area requires investment in public spaces, area enhancements and structured parking. (It also requires street and utility infrastructure provision—the costs of which are not estimated in this analysis.) Public financial support will be needed for these context building investments. (Those costs are highlighted in yellow in the Exhibits.) The development elements are generally viable or close to being viable, on a market basis, but they won't be able to carry the additional cost of these context building investments.

Once established, the context building investments are estimated to be sufficient to attract townhome, hotel and retail development with modest to no additional public financial support. The multifamily housing elements are estimated to require some additional gap financing. Note that, given the margin of error in this preliminary analysis—and recognizing that market conditions are in flux for each of these products—the level of public financial support that is required for future development elements may be more or less than what is estimated.

With that said, these findings are encouraging for the viability of the development concept. If there is a willingness to invest in the context building elements of the Tract 5 development concept, and the street and utility infrastructure, the proposed development mix is likely to be viable and can be attracted to the site with a reasonable level of additional public support.

# 04 Financial Analysis | Financial Analysis (Proforma) - Exhibit 1 - South Subarea

Exhibit 1 - Financial Analysis, South Subarea									
	Residential Multifamily	Multifamily Structured Parking	Multifamily Surface Parking	Residential Townhomes	Retail	Retail Structured Parking	Retail Surface Parking	Hotel	Hotel Structured Parking
<b>Development Program</b>									
Gross Floor Area	1,575,481	375,708	93,526	498,576	151,557	106,350	24,226	279,981	96,044
Rentable Floor Area	1,339,159				151,557			223,985	
# Units/Rooms/Parking Spaces	1,488	1,073	288	264		304	75	560	274
<b>Operating Proforma</b>									
Gross Rent	\$35,710,903	\$644,071		Not applicable for ownership townhomes	\$5,152,938	\$151,929		\$13,489,485	\$137,206
Other Income	\$446,386				\$0			\$6,744,742	
Effective Rent	\$34,710,997	\$631,189			\$4,933,526	\$151,929		\$20,371,433	\$137,206
Operating Cost	\$13,884,399				\$1,970,241	\$15,193		\$13,241,431	\$13,721
Net Operating Income	\$21,457,788				\$2,963,285	\$136,736		\$7,130,001	\$123,485
<b>Development Value</b>									
Cap Rate	5.1%			Not applicable for ownership townhomes	6.7%			10.0%	
Development Value	\$420,740,939				\$46,268,965			\$72,534,865	
Development Value per Dwelling Unit/Room	\$282,765							\$129,535	
<b>Development Cost</b>									
Acquisition Cost	\$44,638,628			\$7,920,000	\$2,424,912			\$800,000	
Construction Cost	\$315,096,200	\$28,178,100	\$1,075,549	\$64,814,880	\$31,826,970	\$7,976,250	\$278,599	\$65,795,535	\$7,203,300
Landscaping Cost	\$26,865,390			\$16,119,234	\$8,059,617			\$2,686,539	
Soft Costs	\$22,272,914			\$4,856,047	\$2,888,486			\$4,541,122	
Construction Contingency	\$11,136,457			\$2,428,023	\$1,444,243			\$2,270,561	
Developer Profit	\$39,348,815			\$8,579,016	\$4,277,507				
Total Development Cost	\$488,612,054			\$104,717,200	\$59,176,585			\$83,297,058	
Total Development Cost per Unit	\$328,378			\$396,656				\$148,755	
<b>Development Economic Summary</b>									
Total Project Value	\$420,740,939			\$104,717,200	\$46,268,965			\$72,534,865	
Total Project Cost	\$488,612,054			\$104,717,200	\$59,176,585			\$83,297,058	
<b>Project Margin/"Gap"</b>	<b>(\$67,871,115)</b>			<b>\$0</b>	<b>(\$12,907,620)</b>			<b>(\$10,762,192)</b>	
<b>% Project Margin/"Gap"</b>	<b>-14%</b>			<b>0%</b>	<b>-22%</b>			<b>-13%</b>	

CONTEXT BUILDING INVESTMENTS

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# 04 Financial Analysis | Financial Analysis (Proforma) - Exhibit 2 - North Subarea

Exhibit 2 - Financial Analysis, North Subarea									
	Residential Multifamily	Multifamily Structured Parking	Multifamily Surface Parking	Retail	Retail Surface Parking	Hotel	Hotel Surface Parking	Office (sf)	Office Surface Parking (sf)
<b>Development Program</b>									
Gross Floor Area	908,408	214,211	94,241	35,699	15,000	146,919	43,813	185,309	164,897
Rentable Floor Area	772,147			35,699		117,535		166,778	
# Units/Rooms/Parking Spaces	858	612	290		46	294	135		507
<b>Operating Proforma</b>									
Gross Rent	\$20,590,581	\$367,219		\$1,213,766		\$7,078,557		Not applicable for build-to-suit medical office	
Other Income	\$257,382			\$0		\$3,539,279			
Effective Rent	\$20,014,045	\$359,874		\$1,128,802		\$10,617,836			
Operating Cost	\$8,005,618			\$464,087		\$6,901,593			
Net Operating Income	\$12,368,302			\$664,715		\$3,716,243			
<b>Development Value</b>									
Cap Rate	5.1%			6.7%		10.0%		Not applicable for build-to-suit medical office	
Development Value	\$242,515,716			\$9,921,125		\$37,162,426			
Development Value per Dwelling Unit/Room	\$282,672					\$126,473			
<b>Development Cost</b>									
Acquisition Cost	\$25,738,227			\$571,184		\$800,000		\$2,964,944	
Construction Cost	\$181,681,600	\$16,065,825	\$1,083,772	\$7,496,790	\$172,500	\$34,525,965	\$3,285,975	\$37,061,800	\$1,896,316
Landscaping Cost	\$10,182,624			\$1,272,828		\$1,272,828			
Soft Costs	\$12,540,829			\$536,527		\$2,345,086		\$2,337,487	
Construction Contingency	\$6,270,415			\$268,264		\$1,172,543		\$1,168,743	
Developer Profit	\$22,155,465			\$930,615					
Total Development Cost	\$275,718,756			\$11,248,707		\$43,402,397		\$45,429,290	
Total Development Cost per Unit	\$321,373					\$147,709			
<b>Development Economic Summary</b>									
Total Project Value	\$242,515,716			\$9,921,125		\$37,162,426		\$45,429,290	
Total Project Cost	\$275,718,756			\$11,248,707		\$43,402,397		\$45,429,290	
<b>Project Margin/"Gap"</b>	<b>(\$33,203,040)</b>			<b>(\$1,327,582)</b>		<b>(\$6,239,971)</b>		<b>\$0</b>	
<b>% Project Margin/"Gap"</b>	<b>-12%</b>			<b>-12%</b>		<b>-14%</b>		<b>0%</b>	

CONTEXT BUILDING INVESTMENTS

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# 04 Financial Analysis | Conceptual Massing Metrics North



THIS VISION STUDY IS ASSUMING **1,000 SF** BLENDED PER RESIDENTIAL UNIT (EXCEPT FOR LOW DENSITY WHICH IS SINGLE FAMILY & ATTACHED PARKING), **500 SF** PER HOTEL KEY, **350 SF** PER PARKING STALL, 15-20% OF AREA EXCLUDED FROM CALCULATIONS FOR BOH. ASSUMING **~2,000 STALLS** FOR SMART FINANCIAL CENTRE. OFFICE AND RETAIL ASSUME **3.5 PARKING STALLS PER 1000 SF**. WE HAVE PROVIDED A **RANGE OF STORIES** TO REPRESENT FLEXIBILITY IN PLANNING.

THE METRICS AND VISUAL STUDY SHOWN HERE REPRESENT A HIGHER DENSITY CAPACITY. EVERYTHING REPRESENTED HERE HAS FLEXIBILITY TO INCREASE OR DECREASE IN DENSITY AND CHANGE IN DEVELOPMENT TYPE AS THE VISION EVOLVES. METRICS NOTED HERE ARE REFLECTED IN THE FINANCIAL ANALYSIS PROFORMA

- Residential**
  - Lower Density (2-3 Stories)
  - Medium Density (3-4 Stories)
  - Higher Density (4-6 Stories)
- Open Space**
  - Park / Green Connector
  - Water / Retention
- Retail** ■
- Hotel / Convention** ■
- Office** ■
- MD Anderson Tracts** ■
- Parking** ■



# 04 Financial Analysis | Conceptual Massing Metrics South



THIS VISION STUDY IS ASSUMING 1,000 SF BLENDED PER RESIDENTIAL UNIT (EXCEPT FOR LOW DENSITY WHICH IS SINGLE FAMILY & ATTACHED PARKING), 500 SF PER HOTEL KEY, 350 SF PER PARKING STALL, 15-20% OF AREA EXCLUDED FROM CALCULATIONS FOR BOH. ASSUMING ~2,000 STALLS FOR SMART FINANCIAL CENTRE. OFFICE AND RETAIL ASSUME 3.5 PARKING STALLS PER 1000 SF. WE HAVE PROVIDED A RANGE OF STORIES TO REPRESENT FLEXIBILITY IN PLANNING.

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- Residential**
  - Lower Density (2-3 Stories)
  - Medium Density (3-4 Stories)
  - Higher Density (4-6 Stories)
- Open Space**
  - Park / Green Connector
  - Water / Retention
- Retail**
- Hotel / Convention**
- Office**
- MD Anderson Tracts**
- Parking**





## Fiscal Impact Analysis

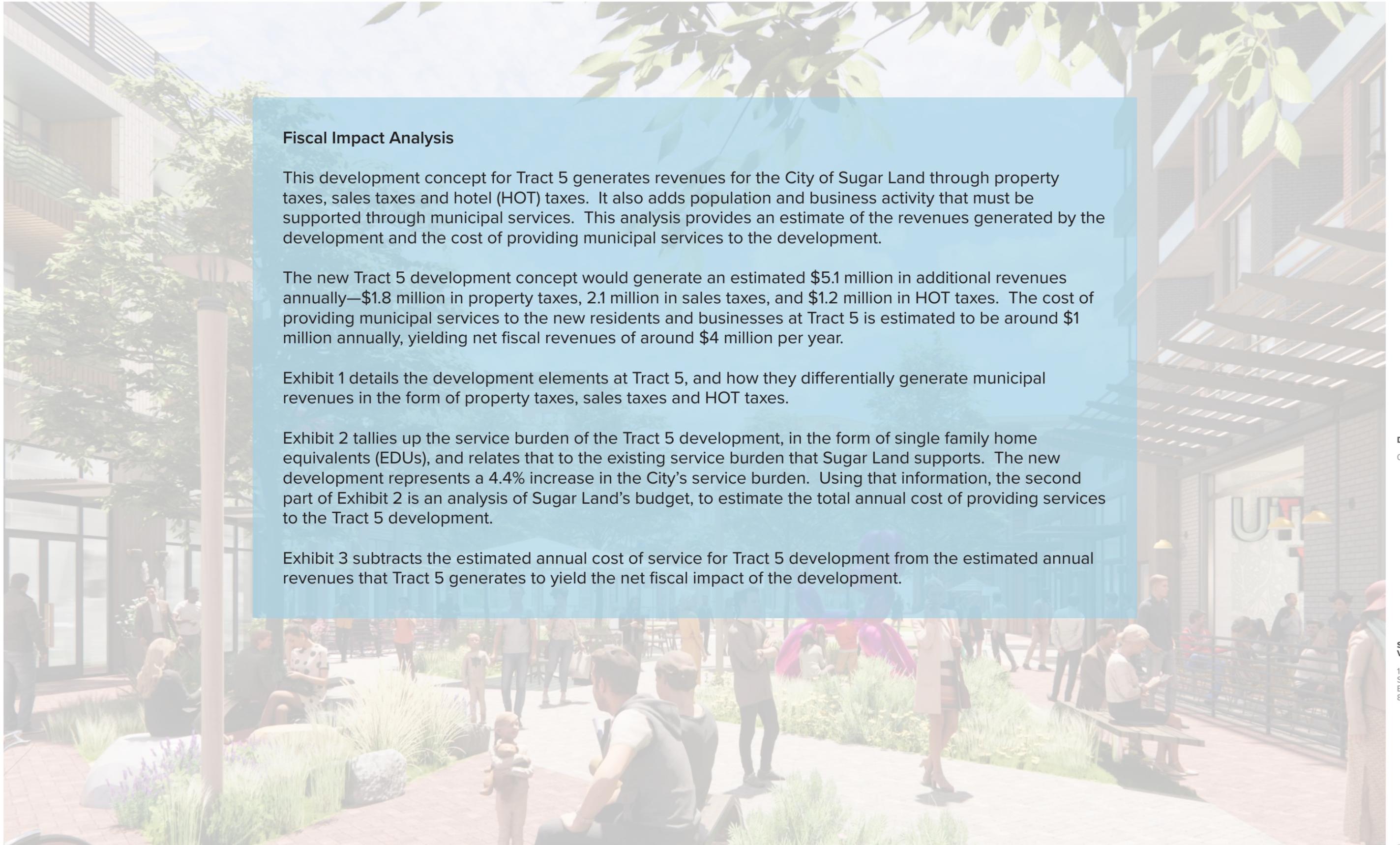
This development concept for Tract 5 generates revenues for the City of Sugar Land through property taxes, sales taxes and hotel (HOT) taxes. It also adds population and business activity that must be supported through municipal services. This analysis provides an estimate of the revenues generated by the development and the cost of providing municipal services to the development.

The new Tract 5 development concept would generate an estimated \$5.1 million in additional revenues annually—\$1.8 million in property taxes, 2.1 million in sales taxes, and \$1.2 million in HOT taxes. The cost of providing municipal services to the new residents and businesses at Tract 5 is estimated to be around \$1 million annually, yielding net fiscal revenues of around \$4 million per year.

Exhibit 1 details the development elements at Tract 5, and how they differentially generate municipal revenues in the form of property taxes, sales taxes and HOT taxes.

Exhibit 2 tallies up the service burden of the Tract 5 development, in the form of single family home equivalents (EDUs), and relates that to the existing service burden that Sugar Land supports. The new development represents a 4.4% increase in the City’s service burden. Using that information, the second part of Exhibit 2 is an analysis of Sugar Land’s budget, to estimate the total annual cost of providing services to the Tract 5 development.

Exhibit 3 subtracts the estimated annual cost of service for Tract 5 development from the estimated annual revenues that Tract 5 generates to yield the net fiscal impact of the development.



# 04 Financial Analysis | Fiscal Impact Analysis - Exhibit 1 - Municipal Revenues

Exhibit 1 - Municipal Revenues						
	Multifamily Residential	Townhome	Retail	Hotel	Medical Office	Total Tax Revenues
<b>Sources of Revenue from Development</b>						
Property Tax	X	X	X	X	X	
Sales Tax - Direct			X			
Sales Tax - Induced	X	X				
HOT Tax				X		
<b>Property Tax Revenue</b>						
Aggregate Development	1,992 DUs	498,576 s.f.	187,256 s.f.	683 Rooms	185,309 s.f.	
Assessed Value (by unit)	\$170,000 per DU	\$150 per s.f.	\$200 per s.f.	\$75,000 per Room	\$230 per s.f.	
Assessed Value	\$338,640,000	\$74,786,400	\$37,451,200	\$51,225,000	\$42,621,070	
Homestead Exemption	\$0	\$9,722,232	\$0	\$0	\$0	
Taxable Value	\$338,640,000	\$65,064,168	\$37,451,200	\$51,225,000	\$42,621,070	
Property Tax	\$1,173,388	\$225,447	\$129,768	\$177,495	\$147,682	\$1,853,780
<b>Sales Tax Revenues - Direct</b>						
Retail Floor Area			187,256			
Retail Sales			\$56,176,800			
Sales Tax Revenues			\$1,123,536			\$1,123,536
<b>Sales Tax Revenues - Induced</b>						
Dwelling Units	1,992	264				
Households	1,912	253				
Household Spending	\$41,525,156	\$5,503,334				
Sales Tax Revenues	\$830,503	\$110,067				\$940,570
<b>HOT Tax Revenue</b>						
Hotel Rooms				683		
Hotel Room Revenue				\$16,453,470		
HOT Tax Revenue				\$1,151,743		\$1,151,743
<b>Total Tax Revenues</b>	<b>\$2,003,891</b>	<b>\$335,514</b>	<b>\$1,253,304</b>	<b>\$1,329,238</b>	<b>\$147,682</b>	<b>\$5,069,629</b>



# 04 Financial Analysis | Fiscal Impact Analysis - Exhibit 2 & 3 - Municipal Cost of Service & Net Fiscal Impact

**Exhibit 2 - Municipal Cost of Service**

	Single Family Homes	Multifamily Residential	Retail, Office	Hotel	Industrial	Total
<b>Existing Service Burden</b>						
Functional Population per Unit	1.896 per DU	1.407 per DU	1.400 per 1,000 s.f.	1.407 per Room	0.270 per 1,000 s.f.	
Quantity	33,018 DUs	7,528 DUs	20,900,000 s.f.	1,517 Rooms	12,900,000 s.f.	
Total Service Burden (Equivalent Dwelling Units)	33,018 EDUs	5,586 EDUs	15,432 EDUs	1,126 EDUs	1,837 EDUs	57,000 EDUs
<b>Tract 5 Service Burden</b>						
Quantity	264 DUs	1,992 DUs	372,565 s.f.	683 Rooms	0 s.f.	
Total Service Burden (Equivalent Dwelling Units)	264 EDUs	1,478 EDUs	275 EDUs	507 EDUs		2,524 EDUs
Increase in Service Burden						4.4%
<b>Development Related Revenues (Proposed FY 2024)</b>						
	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Tourism Fund</b>	<b>Total</b>		
Property Tax	\$37,884,471	\$27,269,759		\$65,154,230		
Sales Tax	\$48,220,407			\$48,220,407		
Hot Tax			\$2,520,000	\$2,520,000		
Total	\$86,104,878	\$27,269,759	\$2,520,000	\$115,894,637		
<b>Expenditure Analysis</b>						
Budgeted Expenditures	\$121,807,415	\$37,961,923	\$2,462,754	\$162,232,092		
Budgeted Expenditures Funded by Development Related Revenues				71%		
Development Funded Budget Expenditures				\$115,894,637		
Fixed Part of Budget Expenditures				80%		
Variable Part of Budget Expenditures (Share of Budget that Adjusts to Additional Service Burden)				20%		
Variable Part of Development Funded Budget				\$23,178,927		
<b>Cost of Service</b>						
Variable Part of Development Funded Budget				\$23,178,927		
Increase in Service Burden				4.4%		
Increase in Municipal Service Costs Related to Tract 5 Development				\$1,026,461		

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**Exhibit 3 - Net Fiscal Impact**

<b>Net Fiscal Impact</b>	
Total Municipal Revenues from Development	\$5,069,629
Total Municipal Cost of Services	\$1,026,461
Net Fiscal Impact	\$4,043,168






**Sugar Land Tract 5  
Market Context  
Analysis**





# Contents

- 1) Tract 5: The Site
- 2) Strong Demand for Multi-family
- 3) Experiential Retail and a Sense of Place
- 4) Medical Office Clustering with MD Anderson
- 5) Differentiating a Hotel Product
- 6) Synthesis: The New Suburban Mixed Use





## Site-Context



# 04 Financial Analysis | Market Context Analysis

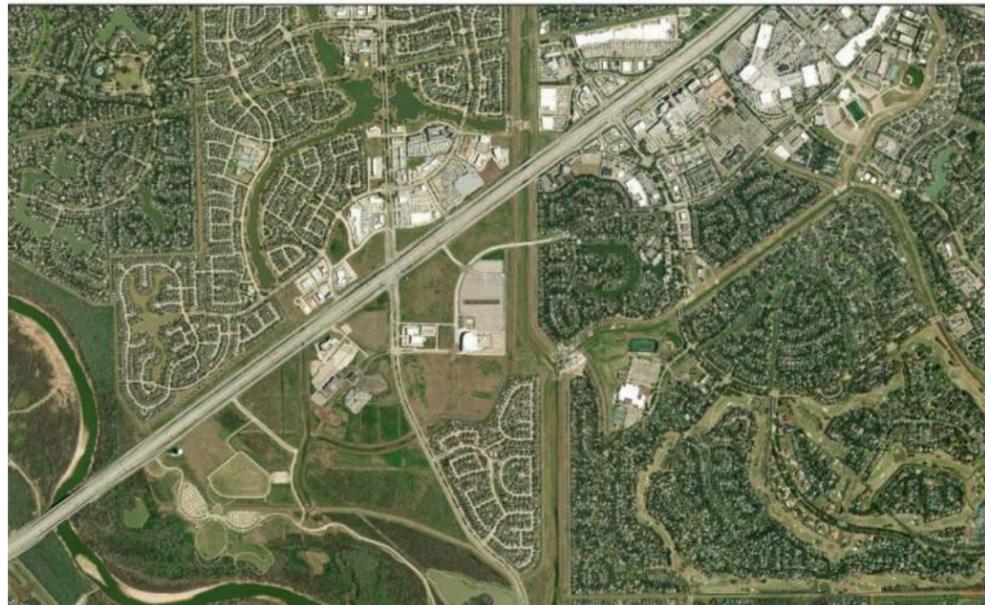


## SUGAR LAND MARKET ANALYSIS





## Sugar Land: Tract 5



*One of Sugar Land's last undeveloped tracts and surrounded by strong amenities, the site offers the potential to build a project that creates a sense of place and regional draw which contributes to the quality of life for Sugar Land residents.*

The Tract 5 site is strategically located south of the Telfair development and two miles southeast of Sugar Land's Town Center. The neighboring communities consist predominantly of single-family residences, with pockets of multi-family near the center of the city (Town Square area) and across the freeway in Telfair. The site is situated near other major retail centers and retailer stores, including a Costco across the Interstate and other big box retailers within a 10-minute drive.

Immediately surrounding the site are four anchor destinations that differentiate it from elsewhere: 1) The Smart Financial Centre, 2) The University of Houston Sugar Land, 3) The Texas Instruments Campus, and 4) The forthcoming MD Anderson medical facility. Southeast of the site is the well-used Brazos Park with a range of outdoor amenities including hiking trails, a skate park, a dog park, and an outdoor event venue.

The city owned 20-acre parcel is situated north of the Smart Financial Centre and east of the future MD Anderson site. It currently provides surface parking for the Centre, and the city is contractually obligated to provide structured parking to better use the remaining acreage.





## Multi-Family





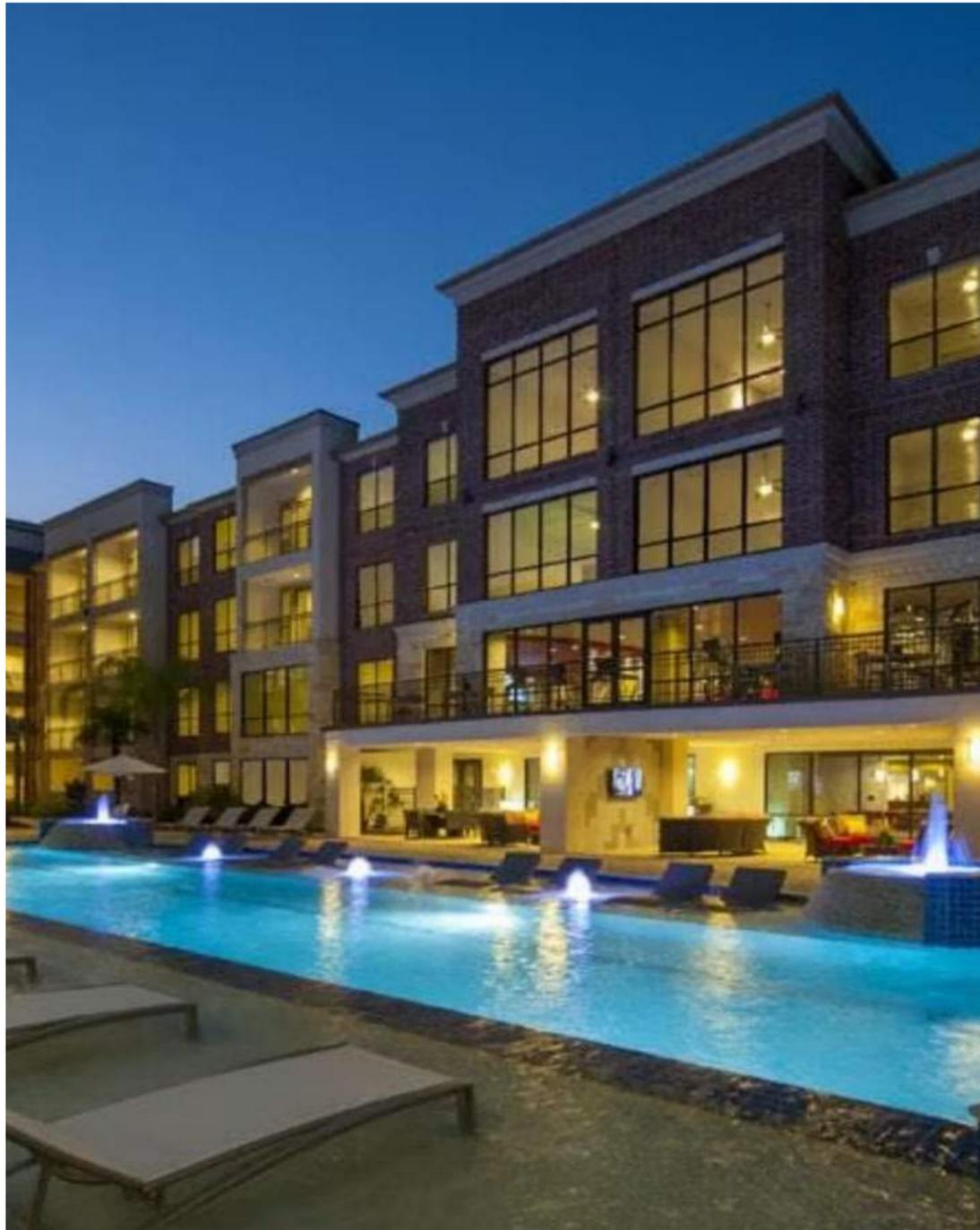
## Demand is strong for multi-family development

Sugar Land historically favors single-family development over multi-family apartment, condominium, and townhome style buildings. Lack of community support for multi-family units have produced a headwind preventing more multi-family from being built. The absence of higher density residential development has consequences in terms of attracting younger professional and workforce demographics to Sugar Land, and supporting more experiential and activated retail environments.

There is ongoing strong demand for multifamily development in the broader Houston region. Robust development is ongoing since Covid-19, and operates as a magnet for younger professional singles, couples and families seeking more space as work-from-home normalizes. Sugar Land’s desirable location in the region is evidenced by rental and home prices outpacing the region. But high home prices are a barrier to entry for both workforce and middle-income housing.

Strong residential demand exists at the Tract 5 site for a range of development types – condominium, townhome, garden, and mid-rise apartments. The market would support a mix of housing products and densities on the site.

In recent years, many successful developments in suburban Houston spaces have created mixed-use, walkable and amenity-rich environments that integrate living space, work, and spaces to play. Multi-family is crucial to ‘activating’ the public spaces and retail districts within these mixed use settings.





# Multi-Family Development in Sugar Land 2010 to Present

Property Name	Property Address	City	Developer Name	Year Built	Market Segment	Rent Type	Style	# Buildings	# Stories	# Studio Units	# 1-BR Units	# 2-BR Units	# 3-BR Units	# 4-BR Units	Studio Avg Rent	1-BR Avg Rent	2-BR Avg Rent	3-BR Avg Rent	4-BR Avg Rent
<b>Sugar Land</b>																			
Overture Sugar Land	850 Imperial Blvd	Sugar Land	Greystar Real Estate Partners, LLC	2017	Senior	Market	Low-Rise	1	3		105	95				\$1,973	\$2,279		
Landon Ridge - Sugar Land	744 Brooks St	Sugar Land	South Bay Partners	2015	Senior	Market	Mid-Rise	1	4		100	82	10			\$3,112	\$4,070	\$3,967	
Imperial Ballpark Lofts	2 Stadium Dr	Sugar Land	Sueba Consulting Inc	2015	All	Market	Low-Rise	5	3		139	115				\$1,569	\$2,114		
Telfair Lofts	7500 Branford Pl	Sugar Land	Sueba Construction	2014	All	Market	Mid-Rise	3	4		211	103	3			\$1,534	\$2,109	\$2,891	
<b>Extended Sugar Land Market Comparisons</b>																			
Grand Living at Riverstone	4814 LJ Pky	Sugar Land ETJ	Grand Living	2022	Senior	Market	Mid-Rise	1	4	50	70	26			\$4,092	\$5,334	\$5,351		
Arista Riverstone	18401 University Blvd	Sugar Land ETJ	Buckhead Investment Partners, Inc.	2022	Senior	Market	Mid-Rise	1	4		58	85				\$1,777	\$2,502		
Provision at West Belfort	13701 W Belfort St	Fort Bend County	GCI Development	2020	All	Market/Affordable	Low-Rise	1	3		18	72	18	8		\$1,102	\$1,303	\$1,503	\$1,603
Terraces at Arboretum	15928 Old Richmond Rd	Four Corners	Madhouse Development Services, Inc.	2019	All	Affordable	Low-Rise	1	3		40	48	24			\$1,143	\$1,322	\$1,490	
Provision at Four Corners	15014 Old Richmond Rd	Fort Bend County	Gardner Capital, Inc.	2018	All	Market/Affordable	Garden	11	3		12	60	48	12		\$1,100	\$1,300	\$1,320	\$1,600
Gala at Four Corners	15010 Old Richmond Rd	Fort Bend County	Gardner Capital, Inc.	2018	Senior	Market/Affordable	Low-Rise	2	3		49	41				\$412	\$494		
10X Stella at Riverstone	4711 LJ Pky	Sugar Land ETJ	Alliance Residential Company	2017	All	Market	Garden	17	3		204	111	36			\$1,598	\$2,241	\$2,506	
The Retreat at Riverstone	18545 University Blvd	Sugar Land ETJ	Allied Orion Group, LLC.	2015	All	Market	Garden	16	3		100	127	22			\$1,517	\$2,100	\$3,223	





## Location of multi-family units in Sugar Land market\* by unit size and year built

**27** Total Buildings  
**6,740** total units  
**268** Avg units/building  
**16%** Senior Housing

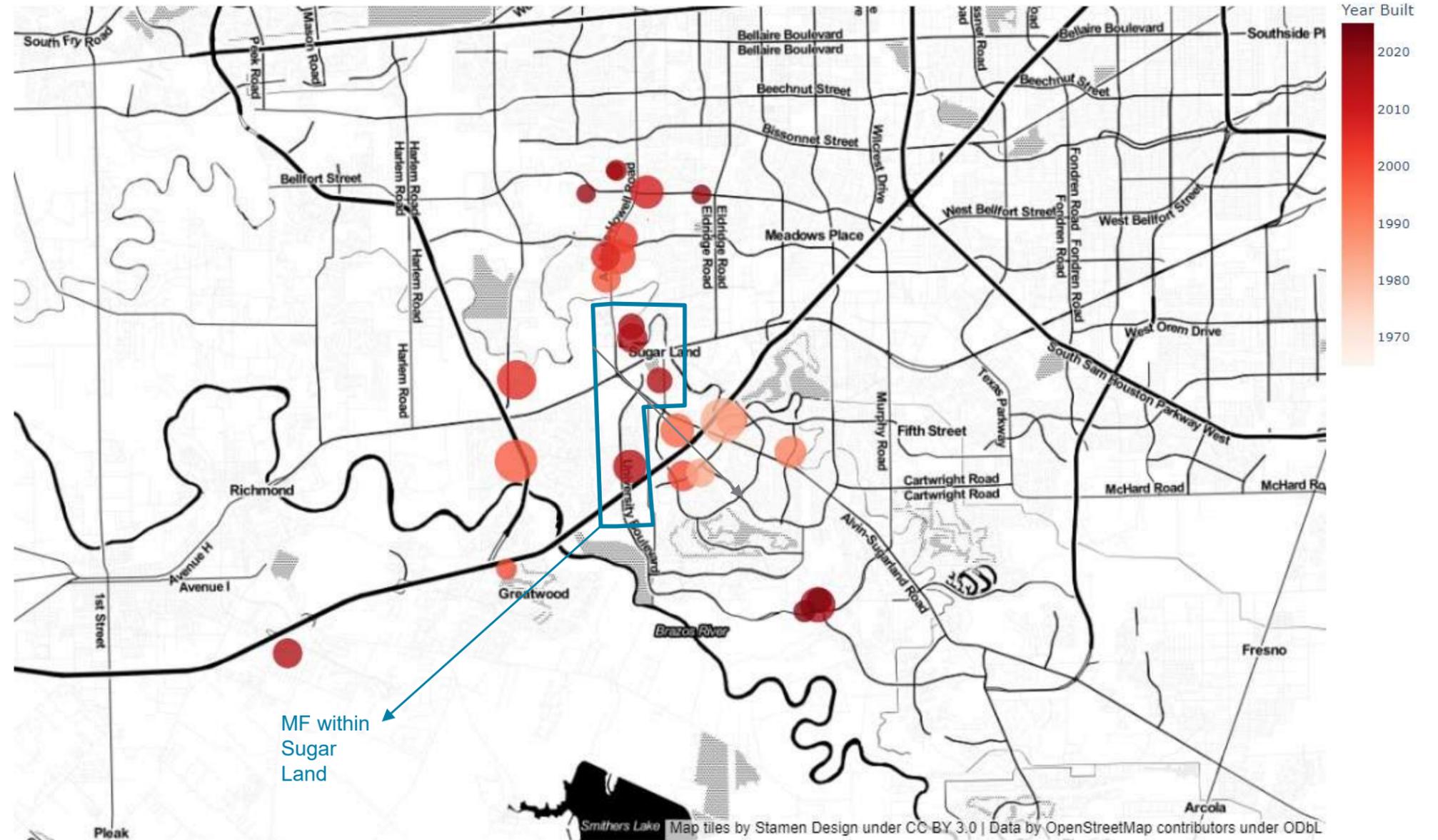
### Units by Size

**Studio: 92**  
**1 Bedroom: 3,237**  
**2 Bedroom: 3,074**  
**3 Bedroom: 1,065**  
**4 Bedroom+: 20**

### Sugar Land Units

**1 Bedroom: 555**  
**2 Bedroom: 395**  
**3 Bedroom: 13**

Source: CoStar



\*Sugar Land market refers to Sugar Land, Sugar Land Extraterritorial Jurisdiction (ETJ), and geographically adjacent locations that impact the Sugar Land market



# New Supply is quickly absorbed

Sugar Land Multi-Family: Delivery and Absorption of New Units



**Strong multi-family housing construction has not outpaced demand, leading to strong multifamily performance.**

Multifamily development accelerated nationwide in the post-Recession era, creating an asset class that appealed to millennials who faced substantial economic headwinds to home ownership and aging baby boomers.

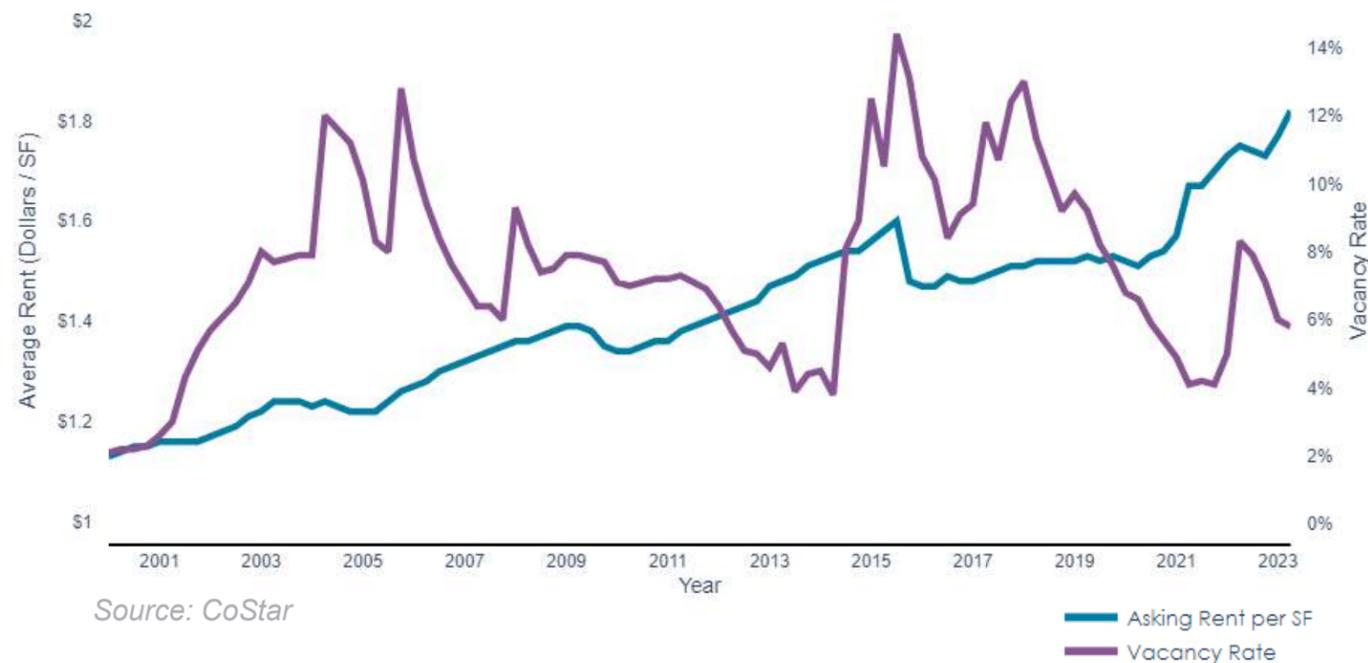
In Sugar Land and the Sugar Land ETJ, the mid-2010s apartment boom was largely in upscale 4-star product, increasing the stock of apartments in Sugar Land by 2,302 units, or a third of its total stock of 6,740 units. New supply was quickly absorbed. Production slows as energy prices fell in the second half of the decade, but Sugar Land’s diversified economy and reputation as a desirable residential location powered continued demand, leading to full absorption of those units in the subsequent year.

Source: CoStar



# Rents increase as vacancy rates drop

Sugar Land Multi-Family: Asking Rent by Vacancy Rate



**Asking rents grew post-Covid, and vacancy rates dropped, as Houston's energy sector recovered. Vacancy rates are higher for senior housing compared to general occupancy housing units.**

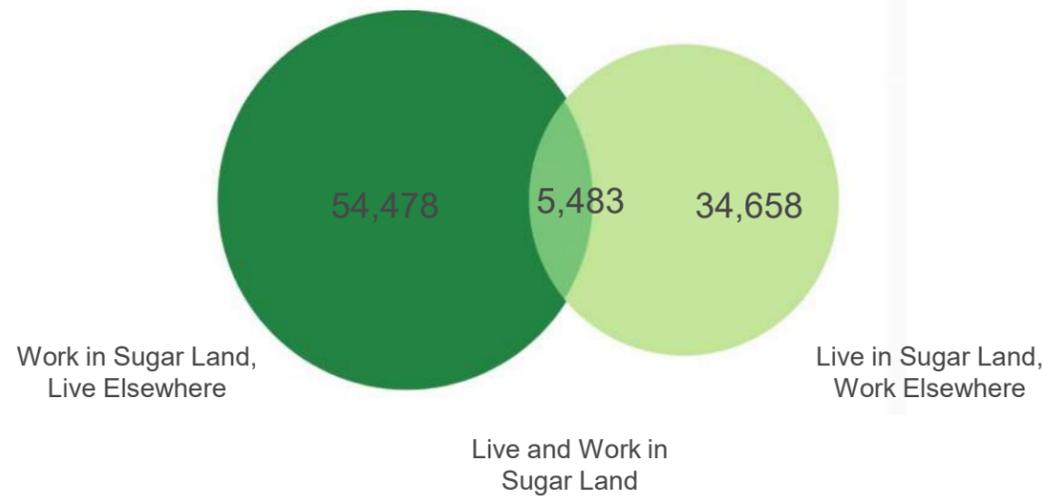
The brief economic headwinds of the mid-decade, when lower energy prices reduced economic growth, resulted in the slow absorption of multifamily housing product that was in development at the time. That drove up the vacancy rate in 2015. As the regional economy recovered and those housing units were absorbed, housing prices resumed an upward trajectory, with prices accelerating rapidly in 2020 and 2021.

In 2023, the vacancy rate for market rate multifamily housing is inflated by vacancies in senior housing, which has a current vacancy rate of 12.1% and peaked at 35% vacancy in 2017. The general occupancy vacancy rate is at 4.6%, which is a signal of strength in the multi-family market.



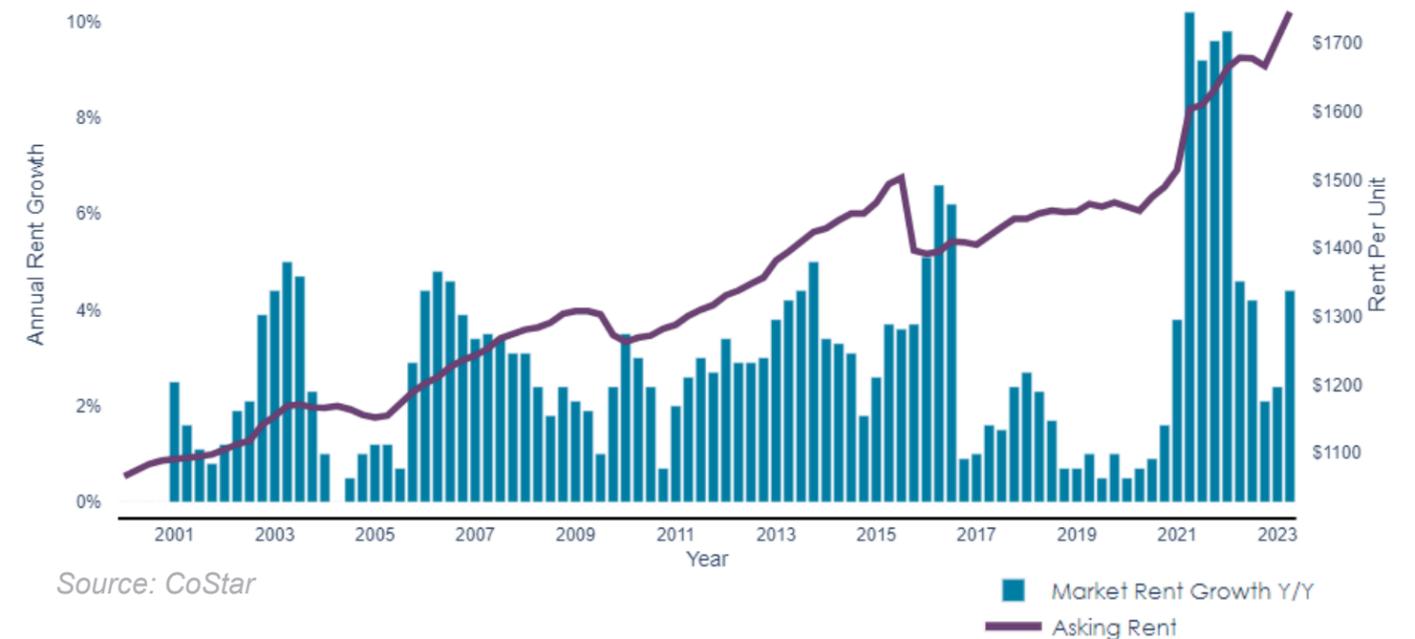
Sugar Land Inflow and Outflow of Labor

Source: LEHD OntheMap, for year 2020



# Sugar Land rent growth outperforms Houston Market

Sugar Land Multi-Family: Rent growth and Median Asking Rent



Source: CoStar

Sugar Land’s rent growth has been strongly positive since 2000. In the late 2010s, year over year growth stalled after a decade of 2% or higher growth rates. During the pandemic, as in most US cities, rent rates skyrocketed, with 9% to 10% annual growth rates. Rents in Sugar Land rose faster than the broader Houston market, reflecting greater suburban demand and Sugar Land’s desirable market context. Strong demand for a Sugar Land residence and very limited supply is leading to the region’s greatest rent increases even in older apartment stock, with rents surpassing newer builds elsewhere.

Rent increases and low vacancy rates are indicators of market demand for housing and can spur new development. However, they also have detrimental impacts. High rents make it difficult for low and middle income households to find housing that they can afford. They make it hard for the local business workforce (including nurses, teachers, hospitality workers, etc.) to find housing close to their workplace. This can result in recruitment challenges, and less vibrant community life.





## Location of multi-family units in Sugar Land market\* by unit size and style

**Garden:** 1-3 Stories, 4+ Buildings, lower density format with more site acreage

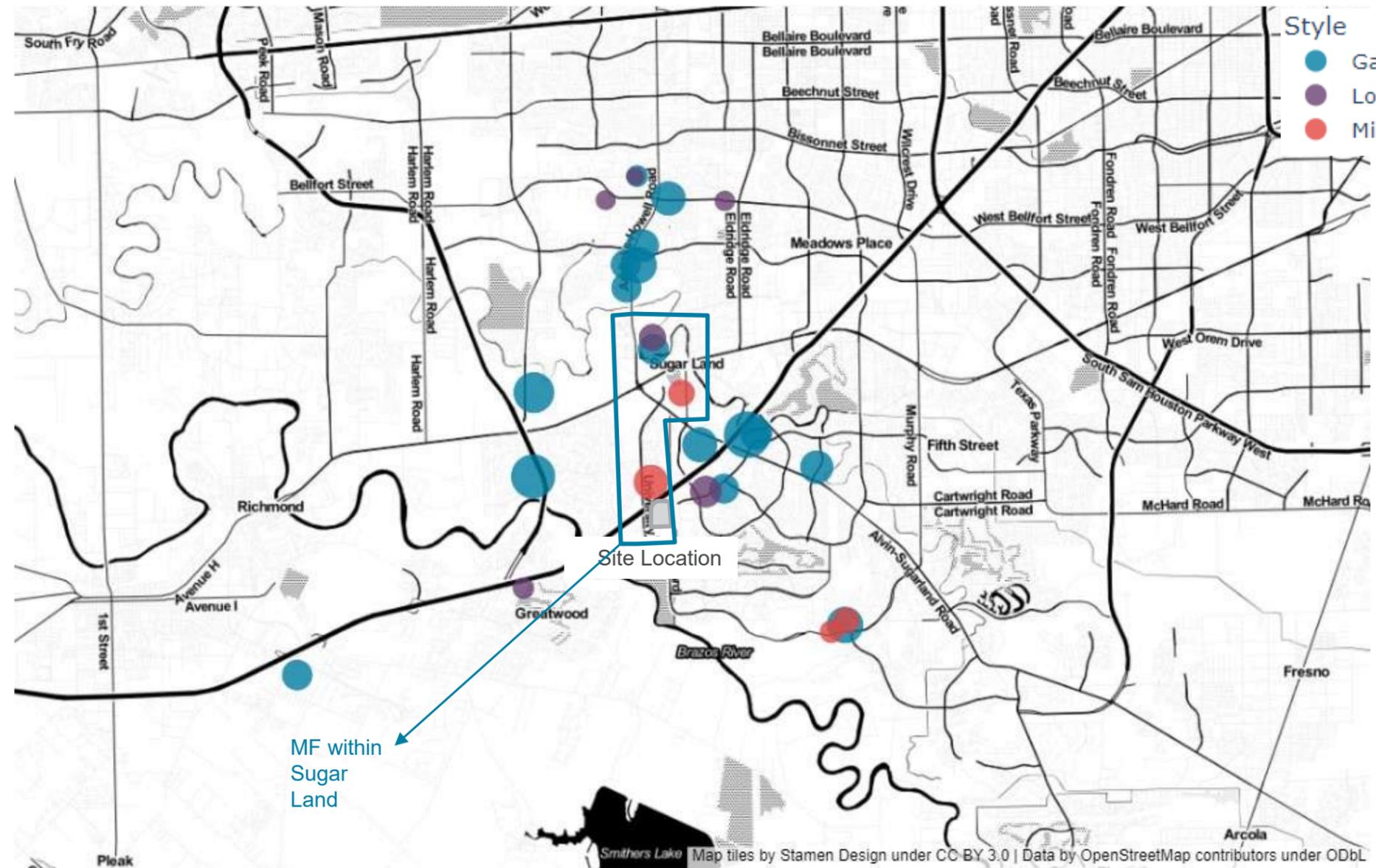
**16** Developments  
**314** avg number of units

**Low-Rise:** 1-3 Stories, 1-3 Buildings, low density on smaller acreage

**8** developments, **2** in SL  
**207** avg number of units

**Mid-Rise:** 4-14 Stories, 1+ buildings, higher density on smaller site acreage

**4** buildings, **2** in SL  
**209** avg number of units



\*Sugar Land market refers to Sugar Land, Sugar Land Extraterritorial Jurisdiction (ETJ), and geographically adjacent locations that impact the Sugar Land market





## Multi-Family Housing Development Formats

Multi-Family formats range in size from duplex and triplex formats to mid-rise and hi-rise developments that add density through more vertically oriented construction. In Sugar Land, the mix of housing density is typically determined as a result of master planned communities, and reviewed as a Planned Development (PD).

The most common multifamily housing formats in Sugar Land are courtyard-style garden apartment complexes and mid-rise apartment complexes. In some suburban locations such as The Woodlands (a Sugar Land comparable neighborhood), planned communities are integrating different development types including townhome, low-rise, and mid-rise multifamily product alongside office and retail districts, providing the density to make a space feel active and lived-in. This product exists in Town Center and near the Imperial site, but demand certainly exists for more dense formats, especially in mixed-use, amenity rich locations like the Sugar Land Tract 5 site.





# Development Formats



## Garden

**10X Stella at Riverstone,  
Sugar Land**

Year Built: 2017  
Units: 351 Rental  
Stick Frame

Rent:  
1BR: \$1,471  
2BR: \$2,293  
3BR



## Low Rise

**Terraces at Arboretum  
15928 Old Richmond Rd,\  
Sugar Land**

Year Built: 2019  
112 Units  
Stick Frame

Rent:  
1BR: From \$1,140  
2BR: From \$1,320  
3BR: From \$1,487



## Mid-Rise

**Telfair Lofts  
7500 Branford Pl  
Sugar Land**

Built: 2014  
Units: 317 Rental  
Masonry

Rent:  
1BR: \$1,671  
2BR: \$2,164  
3BR: \$2,882



## Hi-Rise

**Two Lakes Edge  
2000 Hughes Landing Blvd  
The Woodlands**

Year Built: 2020  
386 units, 8 stories, 2 buildings  
Steel/Concrete

Rent:  
1BR: From \$1,798  
2BR: From \$3,156  
3BR: From \$5,088





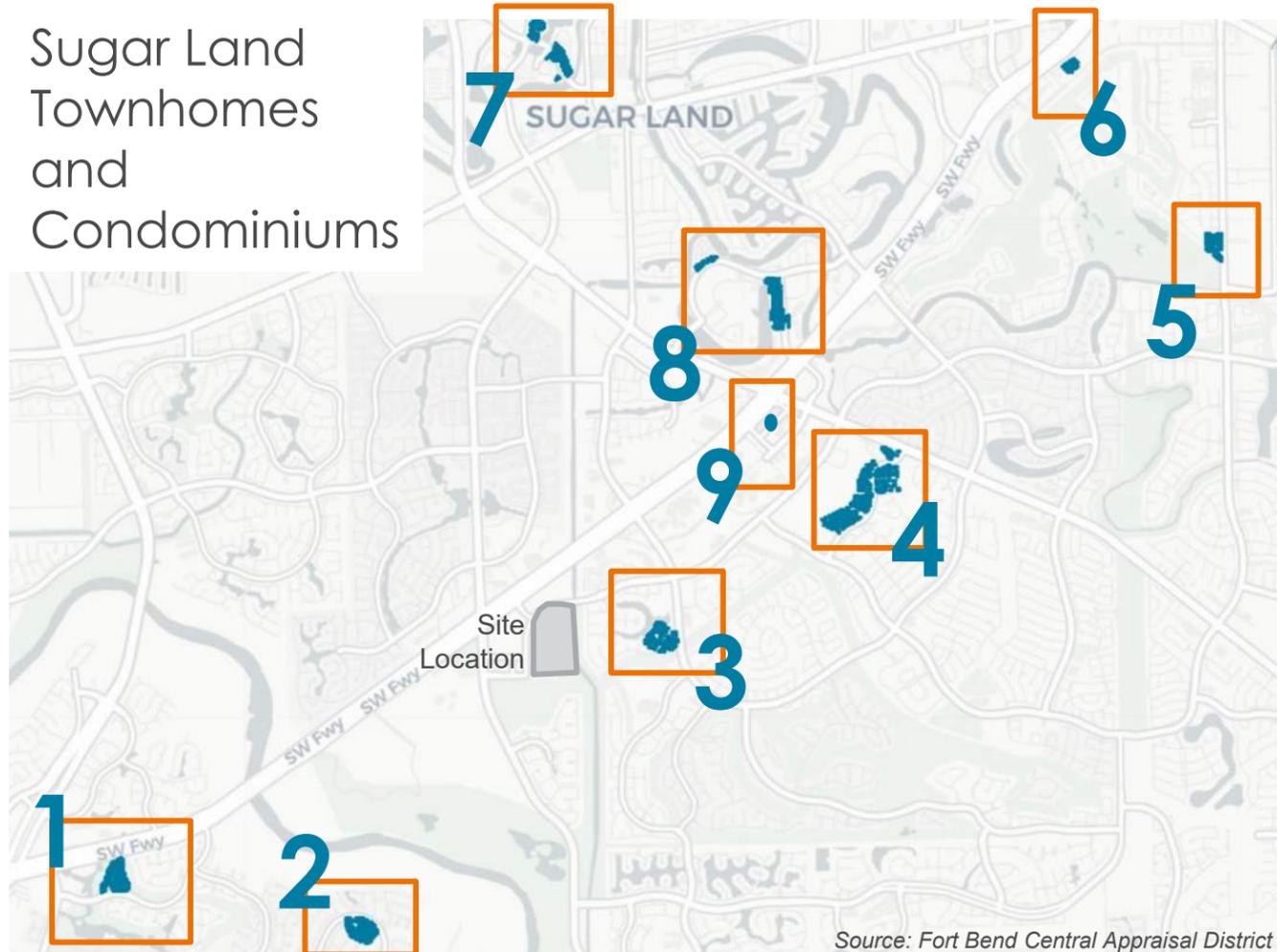
## Condominiums and Townhomes

Owner occupied multifamily housing includes condominiums and townhome style development formats. These development formats are again seeing a resurgence after 40 years of lower integration into suburban neighborhoods. Townhomes provide more affordable entry-level ownership options in the Sugar Land market, and condominium development is reemerging as an attractive option for people who prefer less space, want to live in denser urban environments, but want to build household wealth. Performance of both development formats is strong in the sub-market, and each provide a diversified strategy to achieve greater density at a site location.





## Sugar Land Townhomes and Condominiums



3) Development Name: Sweet Water Court/Villas of Sweetwater  
 Style: Townhomes/Condos, Year Built: 1997 (TH), 1984 (condos)  
 Number of Units: 30 Townhomes, 42 Condo Units  
 Median Assessed Value (Townhome): \$317,650  
 Median Assessed Value (Condo): \$233,635

4) Development Name: Grant's Lake Townhomes and Condos  
 Style: Townhomes/Condos, Year Built: 1985/1999-2001 (TH), 1983-1984 (condos)  
 Number of Units: 334 Townhomes, 196 Condo Units  
 Median Assessed Value (Townhome): \$195,285  
 Median Assessed Value (Condo): \$180,730

5) Development Name: Sugar Creek Townhomes  
 Style: Townhomes, Year Built: 1976  
 Number of Units: 61, Median Assessed Value: \$207,790

6) Development Name: Westmount Square Townhouses  
 Style: Townhomes, Year Built: 1982-1984,  
 Number of Units: 34, Median Assessed Value: \$173,010

7) Development Name: Silent Manor/Point/Retreat at Imperial Townhomes  
 Style: Townhomes, Year Built: 2015-2021  
 Number of Units: 73, Median Assessed Value: \$421,180

8) Development Name: Lake Pointe Townhomes  
 Style: Townhomes, Year Built: 2006-2017  
 Number of Units: 141, Median Assessed Value: \$537,000

9) Development Name: City Plaza at Town Square  
 Style: Mid-Rise Condominiums, Year Built: 2004  
 Number of Units: 167, Median Assessed Value: \$273,760

1) Development Name: Greatwood – Fairway Vista  
 Style: Townhomes, Year Built: 2000-2002,  
 Number of Units: 73, Median Assessed Value: \$297,680

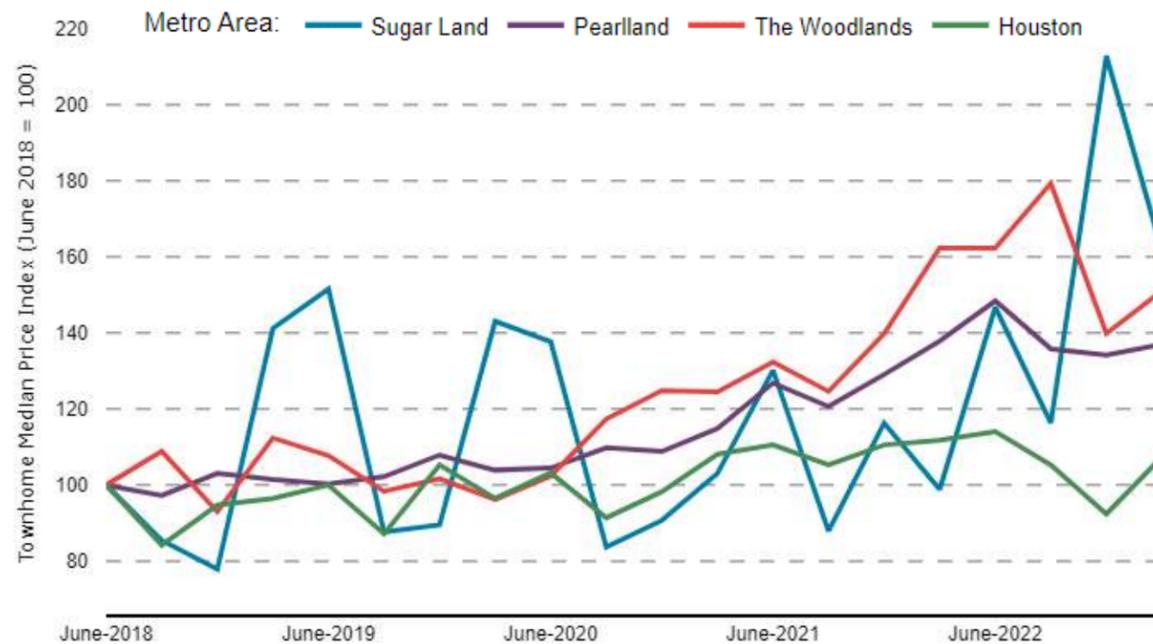
2) Development Name: Vistas of Greatwood  
 Style: Townhomes, Year Built: 2003-2005,  
 Number of Units: 73, Median Assessed Value: \$298,220





## Indexed Median Townhome Price by Geography

\*values over 100 represent a percent change increase over the baseline value (Sugar Land's indexed value of 161 means a 61% percent change over 2018 values)



Source: Redfin

Note: Sugar Land shows significant variation due to limited supply relative to comparable geographies. Data is lacking for condominiums due to sparse supply.

*Sugar Land's townhome market is robust, outpacing the Houston market and other upscale submarkets.*

In the Houston region, townhome and condominium development is often developed as an element in a master-planned community, with the majority of this stock built prior to 1990, and then again in recent years. The older stock provides entry-level ownership opportunities in the Sugar Land market. Newer townhomes – especially around the Imperial Stadium area – have significantly higher property values. The existing townhome market performs very well, with price increases outperforming regional competitors and the broader market.

The most recent condominium developments in Sugar Land is a reconversion of former multi-family rental units at Town Square in a development called City Plaza in 2004. All other condos date to the early-mid 1980s and are located in the Grant Lake and Sweetwater master planned communities with adjacency to City Center.

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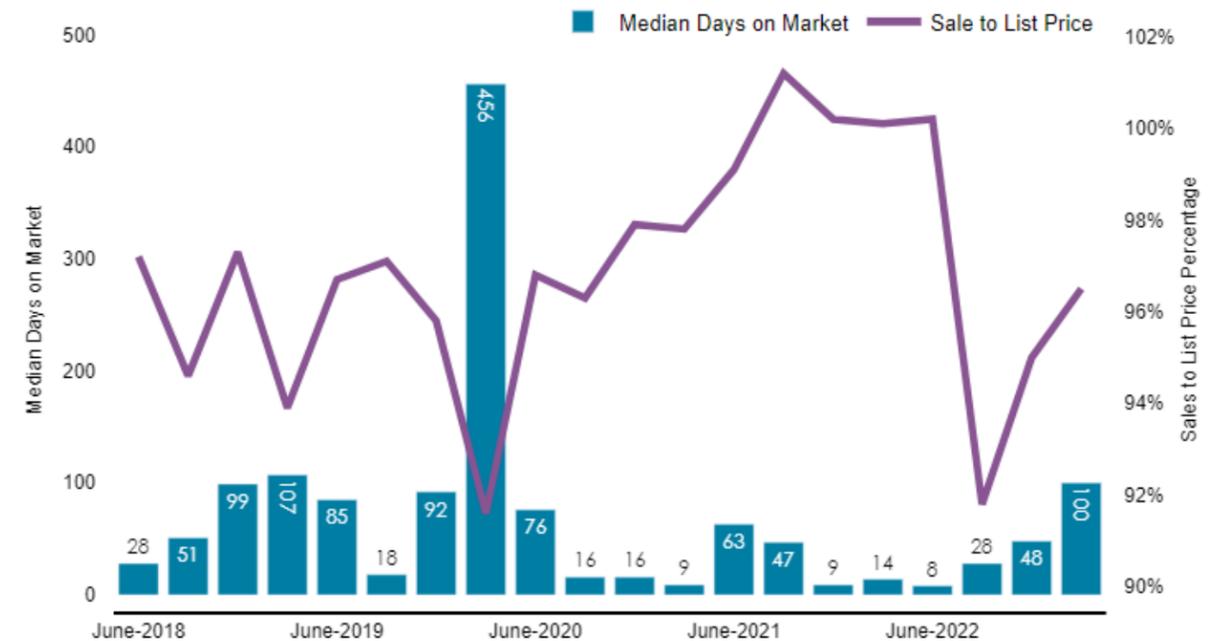




*Demand for townhomes is high, with shorter time on market than single family homes.*

Townhomes have more rapid velocity (shorter time on market) and higher sale-to-list price than single-family homes in the Sugar Land market. That indicates strong demand and competition for the opportunity to move into Sugar Land at a lower price point than single family homes. Differences here exist between new builds and existing townhome product: New build townhomes start at \$500,000 and range up to \$750,000, but, according to Redfin, the median sales price in 2023 for a Sugar Land townhome is \$223,300 compared to \$452,500 for a single-family home. Briefly, at the onset of the Covid pandemic, townhome properties sat on the market longer than single family homes due to market uncertainty. However, demand resumed thereafter, with renewed competition for townhome properties and upward pressure on prices.

Sugar Land Townhomes: Median Days on Market and Sales Price Relative to Asking

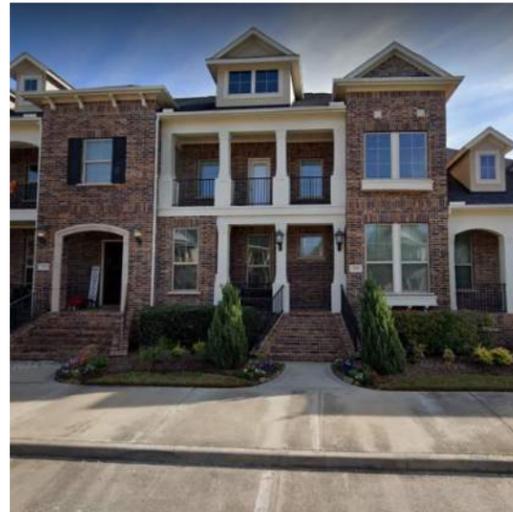


Source: Redfin

Note: Sugar Land shows significant variation due to limited supply relative to comparable geographies. Data is lacking for condominiums due to sparse supply.



# Development Formats: Sugar Land



## Imperial Townhomes

Imperial Master Planned Community

Year Built: 2015-2021

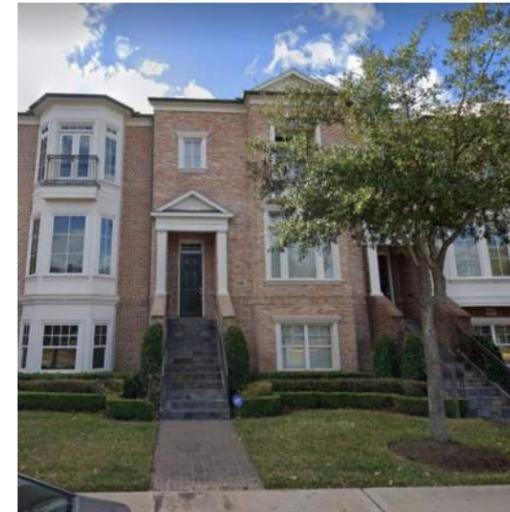
Median Sqft Land: 4,734 sqft

Livable Sqft: 2,654 sqft

Median AssdValue: \$421,180

Value/SqFt: \$158.70

Notes: Near stadium and multifamily (imperial lofts)



## Lake Pointe Townhomes

Lake Pointe Master Planned Community

Year Built: 2006-2017

Median sqft Land: 2,291

Median sqft Living: 3,004

Median AssdValue: \$537,000

Value/SqFt: \$178.76



## Grants Lake Condos

Grants Lake Master Planned Community

Built: 1983-1984

Median Sqft Land: N/A

Livable Sqft: 1,194

Median AssdValue: \$180,730

Value/SqFt: \$151.37



## City Plaza at Town Square

2299 Lone Star Drive

Year Built: 2004

Median sqft Land: NA

Median sqft Living: 1,068

Median AssdValue: \$273,760

Value/SqFt: \$256.33

\*Most recent condominium project





# Developer Interviews: Multifamily is a “Home Run”

Interviews were conducted with Sugar Land real estate experts with subject matter expertise in retail, office, and multi-family development.

Interviewees agreed that there was high demand for a broad range of multi-family housing formats in Sugar Land generally, and at this location specifically. The likely market is young professionals and empty nesters, as well as employees of nearby Texas Instruments, MD Anderson, and the University of Houston. Students and recent graduates of the University of Houston are also prospective tenants. There is a need for multifamily housing of all types in Sugar Land. The site is well situated for upscale multifamily housing that targets higher-income professionals interested in mixed-use, high amenity living. There is also a need for workforce housing options that are lacking in the sub-market despite its large employment base. That includes housing that is affordable to teachers, nurses, entry-level professionals, and college students that work and study in Sugar Land but have few housing options that aligns with their means. Local developers – including one who owned local hospitality businesses – report significant difficulty in attracting and retaining labor due to long commutes from affordable housing to Sugar Land employment.

In terms of ownership housing formats, condominium development has resumed in premium locations in the Houston area. This location is not seen as offering the scale of development and collection of amenities that would support condominium development. There would, however, be high demand for ownership townhomes.

Retail experts emphasized the importance of building multi-family housing to make the development plan work overall—especially to generate support for the retail elements of the site. Sufficient density can make the retail elements under consideration a “a home run.” Multifamily housing elements may also be required in order to raise capital for specialty retail development. Multi-family development attracts the younger, high-income professional singles, couples and small families that support the boutique/independent retail, entertainment, and restaurant mix that is integral to the development vision. It is also important for pulling higher-end brands and restaurants from within The Loop to this more distant location.

Interviewees were aware of how Sugar Land residents have responded to multifamily development proposals in recent years. That results in uncertainties related to City and community acceptance of multifamily development proposals. While greater density would support city and community goals related to creating a distinctive and activated community destination, lower density housing formats would be more likely to have a smooth approval process. There is hope that the ‘winds are changing’ in this regard, that there might be increased recognition of the importance of multi-family development, and that it might be acceptable as part of a project with a mix of housing density and that provides a distinctive retail environment.





## Takeaways

There is robust demand for multi-family development products on the Tract 5 site. There is no market constraint on the development of any townhomes or higher density housing formats.

Both rent levels, and property values for ownership housing formats, show demand for multifamily housing in Sugar Land is growing at a faster rate than the rest of the metro. Proximity to jobs, retail, entertainment amenities and safe neighborhoods continue to reinforce Sugar Land's value as a residential community. The ownership multifamily market (townhomes, condominiums) is also strong. Condominiums are uncommon in Sugar Land with few condominiums added since the 1980s. However, condominium development has rebounded elsewhere in high value locations in both high-income suburbs and within The Loop. Meanwhile, the townhome market segment continues to outperform the broader region in response to demand for Sugar Land homes. New townhomes, however, tend to start above the price-point of existing single-family homes, but are more affordable than new build single family. Opportunity exists to build a more price-competitive product than currently exists in the market, although developer interest may be limited as demand remains strong for higher-end townhomes.

Across the Houston metro, new multi-family housing, including midrise housing formats, are included in planned developments, allowing for higher density. Some actively develop a sense of place that combines different land use types, including 'lifestyle' retail centers focused around promoting more walkable suburban centers, activating mixed-use retail, entertainment, and housing locations. Specifically catering to millennials now entering prime earning years but delayed in new family formation, developers in high-end, new master-planned suburbs such as The Woodlands are seeking to create desirable cultural, recreational, and retail spaces. This demand profile differs from the historic demand profile underpinning suburban growth. The ability to appeal to and attract the emerging cohort is essential to making vibrant places.

In developer and expert interviews, experts argued that multi-family housing development is crucial to support experiential retail and other community amenities, and transform the district beyond just a retail and office destination into a highly valued community space.



# Retail





## Retail Rich, but of what type?

Sugar Land offers a great deal of retail development, due to its excellent consumer base, the income profile of Sugar Land residents, and its location as a regional hub for the southwest suburban region. As seen on the ensuing slide, community centers, power centers, and strip centers are common in the region. These retail districts utilize unified strip-mall design with standard ‘pad’ sites, and lease to tenants ranging from national brands to local small businesses. The majority of the nearby retail in Sugar Land was built between 1990-2010, utilizing an automobile centric design typical in suburban development. There is demand for conventional retail of this kind at the Tract 5 site, given key locational characteristics such as accessibility to University and the Interstate, and visibility from University Boulevard. Despite the strong neighborhood center on the other side of Highway 59, one of the Tract 5 property owners has been contacted by retail businesses expressing interest in the site.

Experiential retail also exists at Town Center, with First Colony Mall a higher-end location that has been remodeled and programmed to activate the space. Multifamily and condo housing produce more density in the downtown area, supporting the more active dining scene. Although these competing settings are close to Tract 5, retail specialists argue that the area lacks a more contemporary mixed-use site. They argue that the site could support a mixed-use retail hub – supported by multi-family – which could both create a vibrant retail, food and beverage district around the Smart Financial Centre while also offering a unique community space lacking in the submarket.







## Adjacent Retail: Community Strip/Power Center

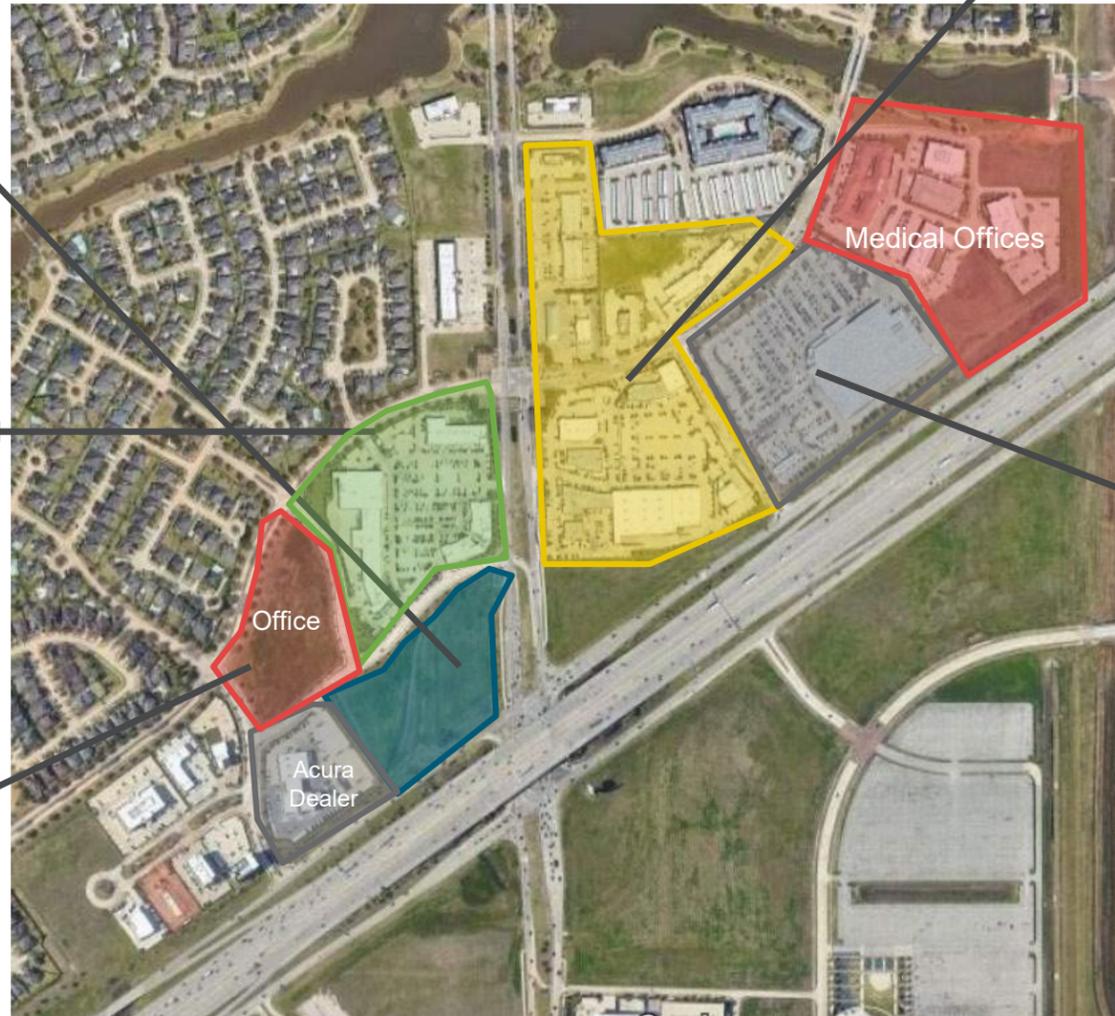


Retail site, anchored by Starbucks and Sapporo.  
Total 12,000 s.f. on 1.9 acre lot.



260,683 sf retail,  
12 commercial parcels on 62.68 acres. Sprouts is a former anchor that closed in May 2023, creating an opening for a new big box/grocer tenant.

Permitted: 12 Office  
Condos in development



100,000 sf retail. Includes a mix of retail strips, big box stores and other standalone retail stores. Anchor stores include CVS, Burlington Coat Factory, Michaels. Vacancy rates peaked during Covid at 20%, but now fully-leased again. Mix of fast-casual dining, retail stores, medical office. Provides every day and destination shopping to serve the Telfair and University markets.



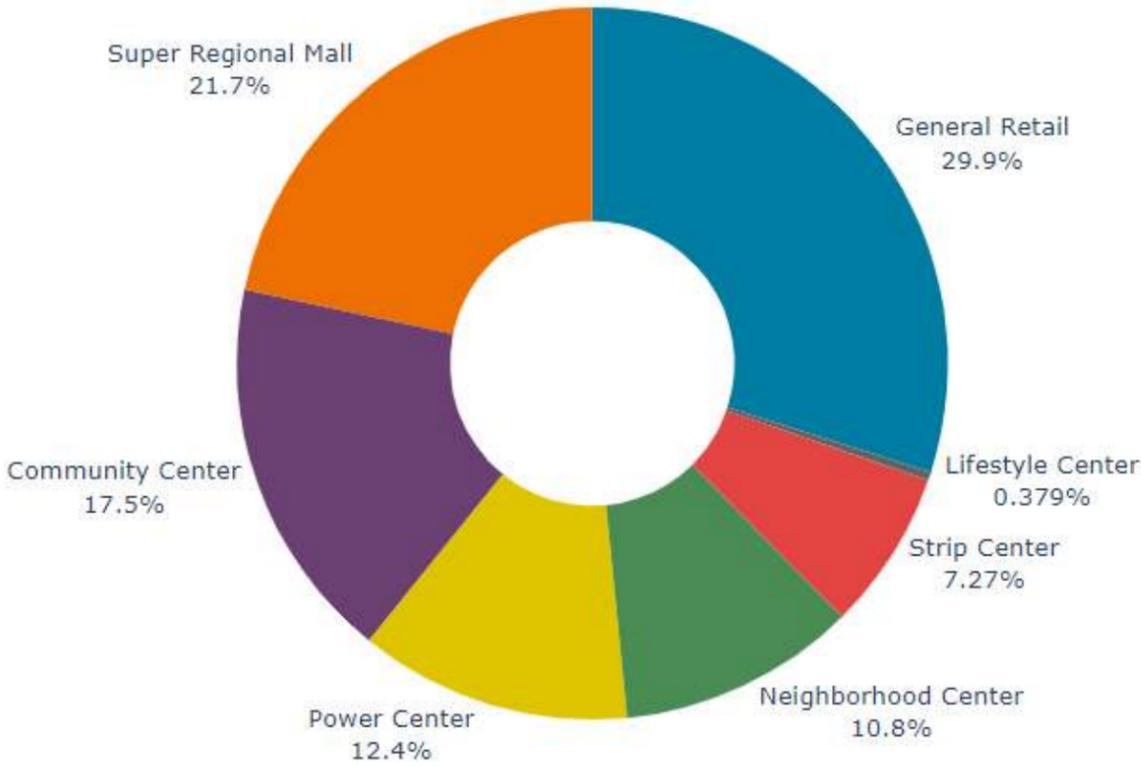
Costco. A second Costco Business Center is in Stafford, a 10-minute drive Northwest.





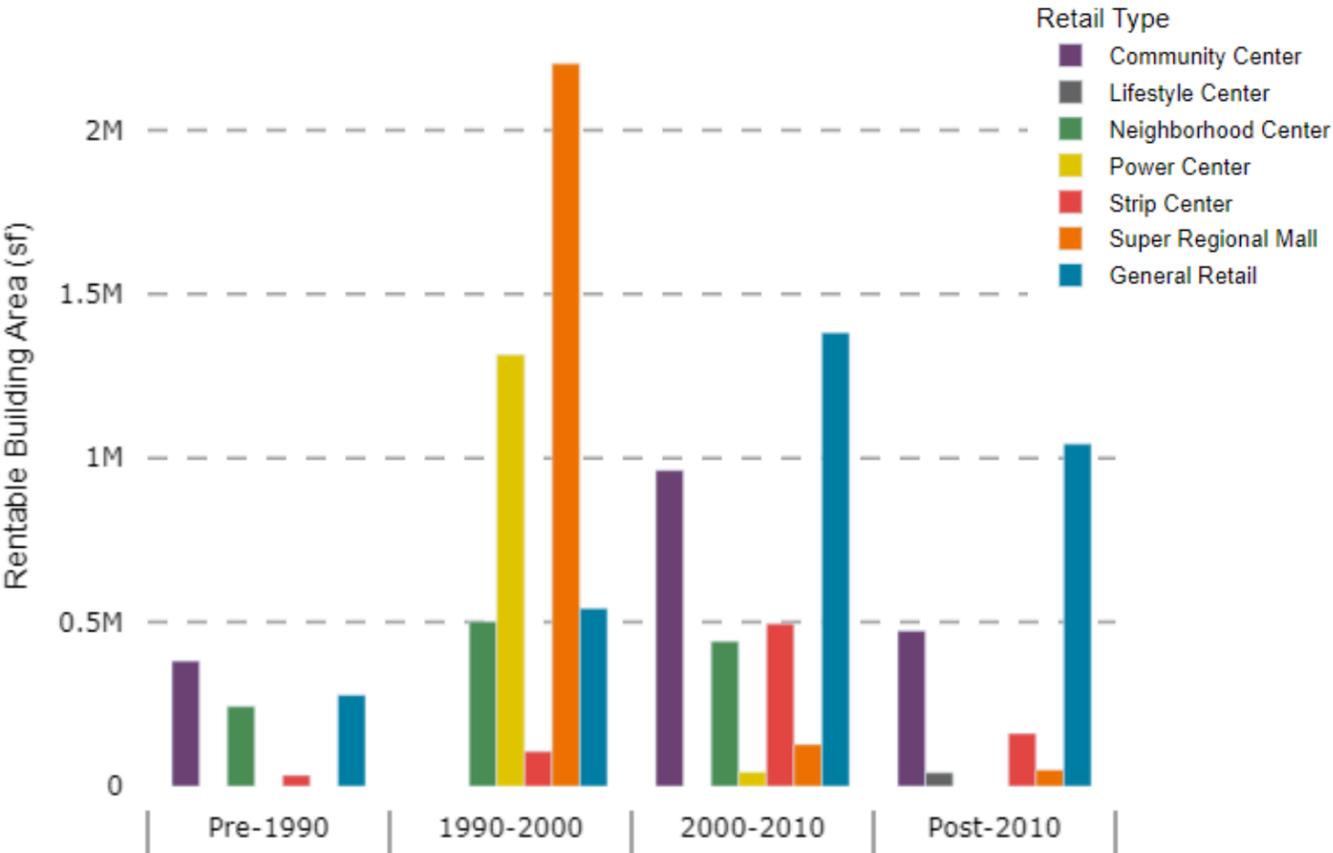
*Sugar Land's retail was largely built in the 1990-2010s, with a mix of regional mall, power center, community center and general retail formats. There is opportunity for updated retail formats.*

Sugar Land: Square Footage by Retail Type



Source: CoStar

Sugar Land Retail by Decade Built and Retail Type



Source: CoStar





Sugar Land Retail: Inventory and Vacancy Rate



The retail market has been recovering since the COVID pandemic struck at the end of the last wave of retail development. The retail market benefits from Sugar Land’s high income, college-educated consumer profile.

New inventory came online in the mid- to late-2010s in response to low vacancy rates and strong leasing behavior. Developers took advantage of low interest rates to finance new development. Occupancy levels have largely recovered since Covid, but has not yet resulted in new retail inventory.

Development constraints include higher interest rates and reduced land inventory, but fundamentals remain strong in the regional economy and the consumer spending potential of Sugar Land’s population.

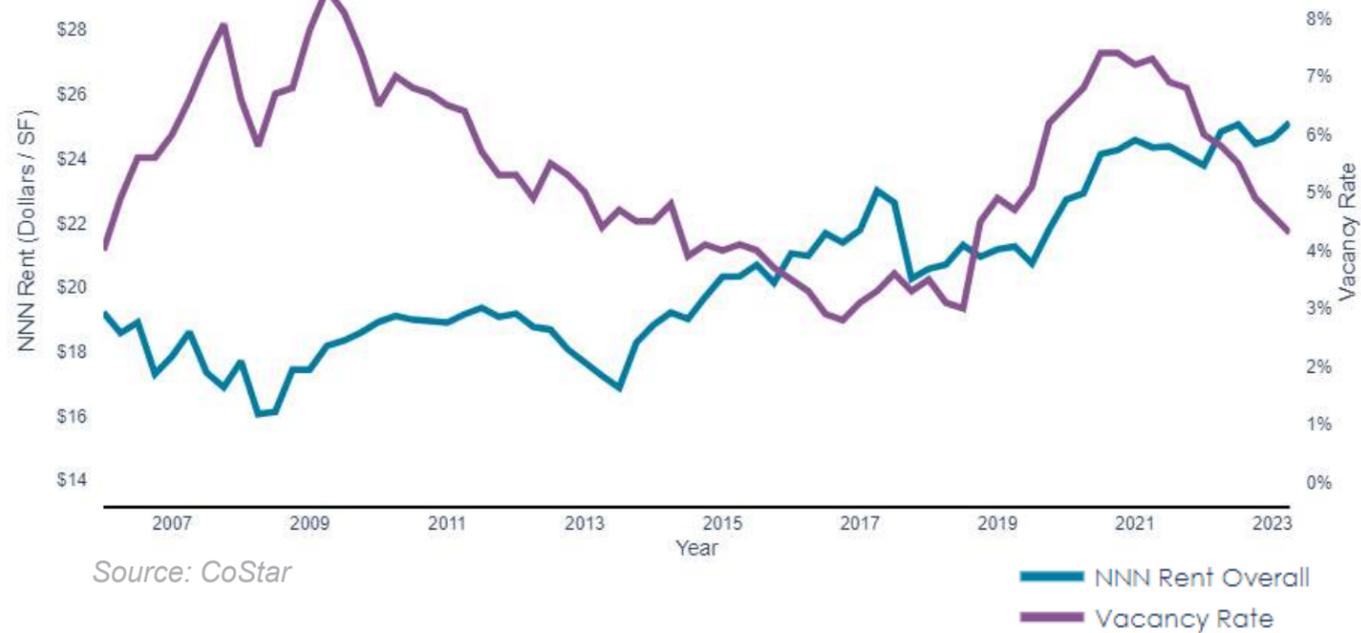
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Sugar Land Retail: Rent and Vacancy Rate



*Retail survived the Covid crises well and is positioned for continued rent growth.*

Sugar Land’s retail market is in a strong position, having absorbed the previous wave of new development and largely recovered from Covid-related impacts. In 2023, rent levels resumed an upward trajectory as average vacancy levels dropped to almost 4%. Currently, it sits at 3.8% vacancy, far below the 4.9% vacancy in the broader Houston metro market as reported by CoStar.

New residential development slowed in Sugar Land, but the city has established an identity as a regional retail hub in the broader southwest quadrant of the Houston metropolitan area. That provides market stability for Sugar Land’s retail centers.

Despite perceptions of high rates of vacancy and being ‘over-retailed,’ demand persists for new retail development as indicated by continued developer interest in, and absorption of, new retail sites.

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## Development Types

The following pages highlight mixed use development models near Sugar Land or in similar markets that attempt to create a pedestrian-oriented, activated retail, restaurant and entertainment environment—along with public space and complementary residential, office, and hotel development. They differ in their development mix and their success in creating a truly pedestrian-oriented sense of place.

- **Western Village at Waterview** to the southwest of Sugar Land offers a conventional car-centric suburban retail layout, but introduces some green space in the site plan, and includes multifamily residential development over two of the retail components in order to increase the activation of the site and provide a bit of base market for the retail businesses.
- **Hughes Landing**, in the competing Woodlands district, creates a retail district that integrates the retail parking into mixed use building in order to minimize surface parking and increase walkability. It provides public spaces and comfortable sidewalk environments, and it connects at many points to a walkway along Lake Woodlands. It is the most pedestrian-friendly of these examples.
- **The Grid** is located at the old Texas Instrument campus northeast of Sugar Land in Stafford. It aspires to create a walkable retail environment around a sizable central public green, with more conventional car-centric retail elements around the perimeter of the site, and supported by significant residential, office, and hotel developments. The most pedestrian-oriented elements of the master plan haven't been built yet.



# Western Village @ Waterview

Style: Mixed-use community center  
Location: Richmond, TX

1.2 million square feet of retail floor area, 500,000 additional forthcoming. Rent: \$19-22 per square foot

Anchor Tenants: LA Fitness, At Home, Chipotle, Torchy's, Academy Sports+Outdoors, Studio Movie Grill

500+ units of luxury multi-family housing units over two developments will combine with retail and a central green space to create a more 'activated' retail space



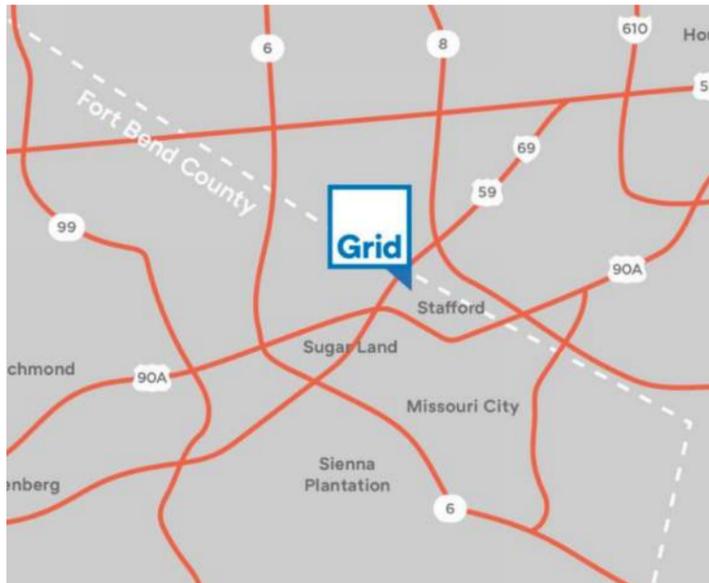


## The Grid

Location: Stafford, TX  
Proposed, In Development

350,000 sq ft retail, 2,400 residential units, 500,000 sq ft office (former Texas Instruments campus).  
Estimated Rent: \$17-20/sf.

Overview: Mixed-use entertainment, retail, food halls, office, hotel and multi-family district, connected by trails, walking paths, pocket parks and activated public space (central park known as “the Lawn”).  
731 housing units delivered since 2019, an additional 712 in development.



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# Memorial Town Square

Location: Memorial City Mall, Houston, TX  
Proposed, In Development (2025)

Redevelopment of former parking fields surrounding main mall into 190,000 sq ft open air retail. 250-275 multifamily units, 350,000 sq ft new office (15 story office tower).

Overview: Mixed-use entertainment, retail, food halls, office, and multifamily housing district based on remaking urban mall into outdoor, walkable area.





## Hughes Landing

Location: The Woodlands, TX  
Built 2013-2020

1.36 million sf office, 205 Room Embassy Suites  
Hotel, 776 multifamily housing units, 200,000 sf retail

Overview: Mixed-use entertainment, retail, food halls,  
office, hotel and multi-family district, connected by  
trails, water features, outdoor art, walking paths,  
pocket parks and activated public space. Whole  
Foods is a grocery store anchor.





# Developer/Expert Interviews

The interviewees spoke to the retail potential of the site for different retail formats. All agreed the site contained built-in assets with the Smart Financial Centre and proximity to the daily commuters to the University of Houston SL, and MD Anderson/Texas Instruments campuses. All also agreed that retail – especially experiential place-based retail options – would really benefit from multi-family housing density.

Some interviewees focused on the potential for conventional suburban retail similar to that offered in other Sugar Land retail centers. They noted the strength of the City's retail market, and believed the location and visibility of Tract 5 makes it conducive for additional retail development. The freeway functions as a barrier to retail markets, and additional retail on the south side of the freeway would find a market. Viable retail would include community oriented store types that provide everyday household goods and services, some upscale and unique specialty stores, and pad retailers along University Boulevard (such as a Chipotle) that are convenient to commuters, neighborhood residents, and University students.

Other interviewees saw the opportunity to create a community asset with a distinctive identity and sense of place—more activated and pedestrian oriented, where the details of retail mix, format and layout are important as part of an environment that also includes multifamily development, hotels, and entertainment destinations. Programming the site and cultivating the right retail mix will require attention, but demand exists for a special place that offers something more than the 'cookie cutter' neighborhood power center. Such live-work-shop-play districts exist at First Colony Mall and other locations around Houston, but an entertainment-oriented, walkable district built around the Smart Financial Center and its public plaza would be unique in the Sugar Land market context, and on par with similar locations profiled in the slides prior. Some interviewees said this type of development is needed for Sugar Land to remain competitive in the high-end of the market, or risk falling behind.

Interviewees noted challenges related to locating the center of the retail energy. Even in experiential retail districts as described, retailers seek visibility and access from arterials. But a retail node located at the public plaza north of the Smart Financial Centre would be a bit distant from University Boulevard and not visible from University Boulevard or the freeway. That part of the site may only be viable for strong destination food and beverage businesses.

Housing density would be important for anchoring a place-based, experiential retail node at Tract 5, and may be crucial for securing financing. Housing at the site provides an important base market for the businesses who are largely younger, upwardly mobile professionals and younger families. Without housing, an lifestyle retail node of this kind may not be activated to the degree that is needed, which could result in underdevelopment or insufficient customer traffic. It might be lively during Smart Financial Centre events, but underperform at other hours. Developing a continuum of retail types that included more entertainment/hospitality/family friend night-life near the Smart Financial Centre and more neighborhood focused retail in the residential neighborhoods would enable differentiation, attract unique retail mixes, and create different senses of place.





## Takeaways

The conventional suburban retail market is performing well in Sugar Land overall, with average rents rising to around \$25 per square foot, and vacancy rates declining in recent years to around 4%. Despite the abundance of competing retail centers in Sugar Land and near the Tract 5 site, the market for conventional suburban retail development is not saturated, and the Tract 5 site has strong locational assets for retail development.

A range of retail formats would be viable at Tract 5, and the site is large enough to offer a mix. A set of community serving retail stores could be offered, paired with a more distinctive retail environment that is mixed-use, activated and pedestrian oriented, in synergy with public spaces.

Tract 5 is situated to support such a node if closely associated with the existing public space and supported by sufficient residential density. Local experts argue this product would position the site to recruit top retail brands, high-quality restaurants, as well as more independent restaurant and retail historically located in hipper neighborhoods within the 610 Loop.



*Restaurant Row at Hughes Landing: The Woodlands Master Planned Community*





Office





## Headwinds in Office

Nationwide, office buildings face major headwinds. Prior to Covid-19, office utilization rate was already in decline. “Work from home” exacerbated that trend. Low office utilization rates are driving firms to consolidate existing office space and relocate to new office space, often prioritizing ‘quality,’ defined as high-end office buildings in amenity-rich areas that attract and retain talent. The result is a surfeit of existing office space across all major office markets, leading to high levels of underperforming properties, low sale prices, and the prospect of significant losses to those with office-heavy real estate holdings. Consequently, financing is extremely difficult to obtain for speculative office development, and little new product is being developed in the short to medium term.

Sugar Land faces its own headwinds. Large tenants including the Fluor Corporation (will vacate 292,000 sf in its former headquarters in move to Energy Park Corridor) and United Healthcare (downsize from 150,000 sf to 4,500 sf) downsized in the market, vacating nearly 440,000sf of Class A office space. Experts also argue Sugar Land’s office market is not as competitive as top office markets along the Energy Corridor that continue to attract top corporate campuses. On occasion, companies will continue to build a new building for their own use, but they will tend to choose a location in the Houston metro that has an established cachet for corporate offices. Tract 5 would be unlikely to attract such development.

While corporate office is unlikely on the site, medical office remains viable. With MD Anderson building a large health campus on site, the clustering of specialized medical services generates additional demand for sites in proximity. This could reinforce Sugar Land’s already strong competitive advantage in health care services. The northern site along the interstate would be most attractive for such development.





## Location of Sugar Land market\* Office Buildings.

**9.3** million square feet  
**27%** Medical  
**46%** Class A (including medical buildings)

**Major Tenants:**  
United Healthcare  
Corporate Campus,  
Texas Instruments

**Recent Losses:**  
Fluor Corporation  
**(-292,000sf)**, United  
Healthcare **(-145,500sf)**



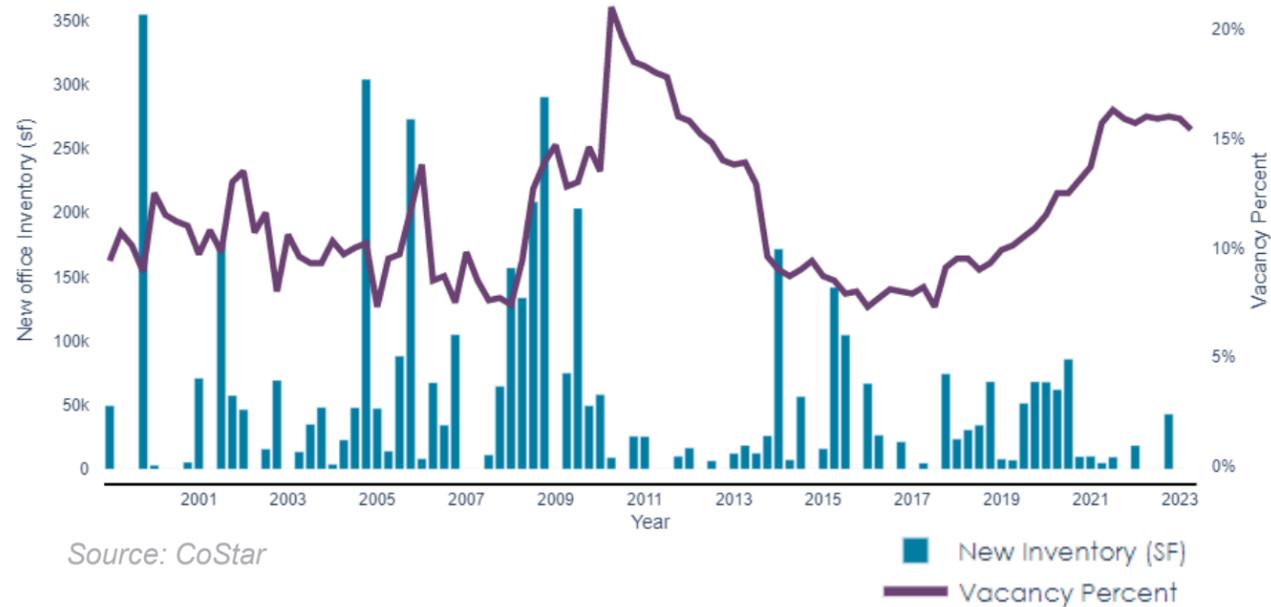
Source: CoStar

\*Sugar Land market refers to Sugar Land, Sugar Land Extraterritorial Jurisdiction (ETJ), and geographically adjacent locations that impact the Sugar Land market





Sugar Land Office: Inventory and Vacancy Rate



Source: CoStar

*Vacancies in office jumped even as new supply slows, a function of slowing office utilization and departures of key anchors.*

Office building production in Sugar Land was strongest before 2010. After 2010 production slowed as the occupancy of the new buildings increased. Vacancy rates started increasing again in 2017, and that trend continued more quickly in the early years of the pandemic. Office vacancy is over 15% now, and many tenant spaces that are not formally vacant are lightly occupied.

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*Renewed demand for new office properties may be many years off.*

Vacancy rates in Class-A office buildings outpace the broader market as top mega-tenants relocated to new markets. Smaller offices near amenities perform better, as does medical office space. Medical office increased its overall ratio in the submarket.

The higher vacancy rates in Class-A are located predominantly in the Sugar Creek area of the Sugar Land submarket and the soon-to-be former Fluor headquarters. This supply would likely be absorbed first before additional demand would require or generate sufficient interest in speculative office development. Even then, the top office markets in the broader Houston region would attract capital investment prior to Sugar Land. Simply, headwinds are strong for Class-A office buildings, whereas they are less so on this site for other use-types.

Sugar Land Office: Vacancy Rate by Class





Sugar Land Office: Gross Rent and Vacancy Rate



*Rents have remained relatively constant, with any acceleration in rent rates dampened by vacancies.*

A lack of year over year growth in rental rates stretching back to 2010 demonstrate the relative stasis of the office market as a whole. Even with dips in vacancy rates, the lack of strong demand limits upward pricing pressure.

Source: CoStar

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# Takeaways

Sugar Land's office market is weakened by sector wide trends, as well as by major departures of office tenants from Sugar Land. Office trends will continue a downward trajectory nationwide as firms readjust to new office demands. Capital markets have adjusted to the new risk environment, increasing financing costs for office development.

Regional competition is also very strong, with top-tier markets along the Energy Corridor attracting the 'mega' corporate clients, whereas excess inventory caused by consolidation in major markets is creating additional space for smaller office holders who want to be more proximally located to mega corporations. Outside of medical, the average age of Class-A buildings dates back to the late 1990s with renovations infrequent, positioning Sugar Land behind top-tier office destinations. While overflow historically could create sufficient demand, sector-wide office-space consolidation is making prospects more dim.

Over the past decade, Sugar Land's office profile is tilting towards medical services that serve regional residents rather than large corporate campuses, with over a third of new development focused in medical. And the medical office sub-market remains robust, with local experts arguing that there is likely demand for medical offices in such close proximity to the forthcoming MD Anderson development, and the University of Houston Sugar Land – a campus that maintains a strong focus on healthcare provision.



# Hotels





## Hotel Differentiation

Sugar Land offers a range of existing hotels. They support the business travel market, with hotels near major employers in the Sugar Creek office parks. They also support destination travel. Local hotels also provide space for home-grown community-oriented events, such as the prominent wedding events of Sugar Land's South and Southeast Asian community members. The family-oriented local event market bolsters Sugar Land's hotel market. It was not as hard hit by the Covid pandemic, and it has quickly returned to pre-Covid levels of revenue and occupancy.

Interviewees believed that one or more additional hotels would be supported in Tract 5. Hotels at Tract 5 would be able to draw from multiple markets. Without overnight options, attendees at Smart Financial Centre events stay elsewhere and depend on third party ride apps to go to and from the center. A differentiated hotel product oriented towards entertainment travel could be an amenity for the area. Hotels would also find demand for people visiting family, and to host family events. Existing event space has difficulty keeping up with the demand for special events, such as the weddings and festivals of Sugar Land's south Asian demographic.

Hotels at this site would benefit from other site attractions. If guests would be in a location with retail, food and beverage, and activated public spaces, that would add to their attractiveness.

A dampening factor for hotel demand is the fact that one new hotel is currently under development in Sugar Land and a Town Place Suites an 8-minute drive southwest of the site. Their location and submarket, however, remain oriented to business travel.

An Embassy Suites with 174 rooms and priced in the mid-upper market previously in proposal was withdrawn due to the sale of the land for alternative land-use: a signal that indicates hotel demand.



\* Houston Marriot: A top destination for Indian Weddings.





## Location of Sugar Land market\* Hotels

Existing hotels are oriented towards business travel and are clustered near large office parks and Town Square. The hotels that are under development are also identified on the map.

Property Name	City	Scale	Rooms	Rates	Year Built	Total Mtg Space	Stories	Constr Status
Quality Inn & Suites	Sugar Land	Midscale	111	\$86.00	1995	1,639	5	Existing
Drury Inn & Suites	Sugar Land	Upper Midscale	133	\$99.00	1996	972	5	Existing
Extended Stay America	Sugar Land	Midscale	146	\$65.00	1999	277	3	Existing
Houston Marriott	Sugar Land	Upper Upscale	300	\$144.00	2002	24,559	9	Existing
Best Western Inn	Sugar Land	Midscale	60	\$101.00	2007	200	3	Existing
Hilton Garden Inn	Sugar Land	Upscale	202	\$130.00	2007	4,806	7	Existing
Hyatt Place	Sugar Land	Upscale	214	\$138.00	2010	3,429	9	Existing
SpringHill Suites	Sugar Land	Upscale	94	\$129.00	2015	318	4	Existing
Courtyard	Sugar Land	Upscale	135	\$112.00	2017	1,305	5	Existing
Hampton Inn & Suites	Sugar Land	Upper Midscale	122	\$111.00	2021	0	6	Existing
TownePlace Suites	Sugar Land Market	Upper Midscale	112	-	2024	0	4	Final Planning
Holiday Inn Express	Sugar Land	Upper Midscale	120	-	2025	0	4	Final Planning



TownPlace Suites (Final Planning)

Holiday Inn Express (Final Planning)

\*Sugar Land market refers to Sugar Land, Sugar Land Extraterritorial Jurisdiction (ETJ), and geographically adjacent locations that impact the Sugar Land market

Source: CoStar

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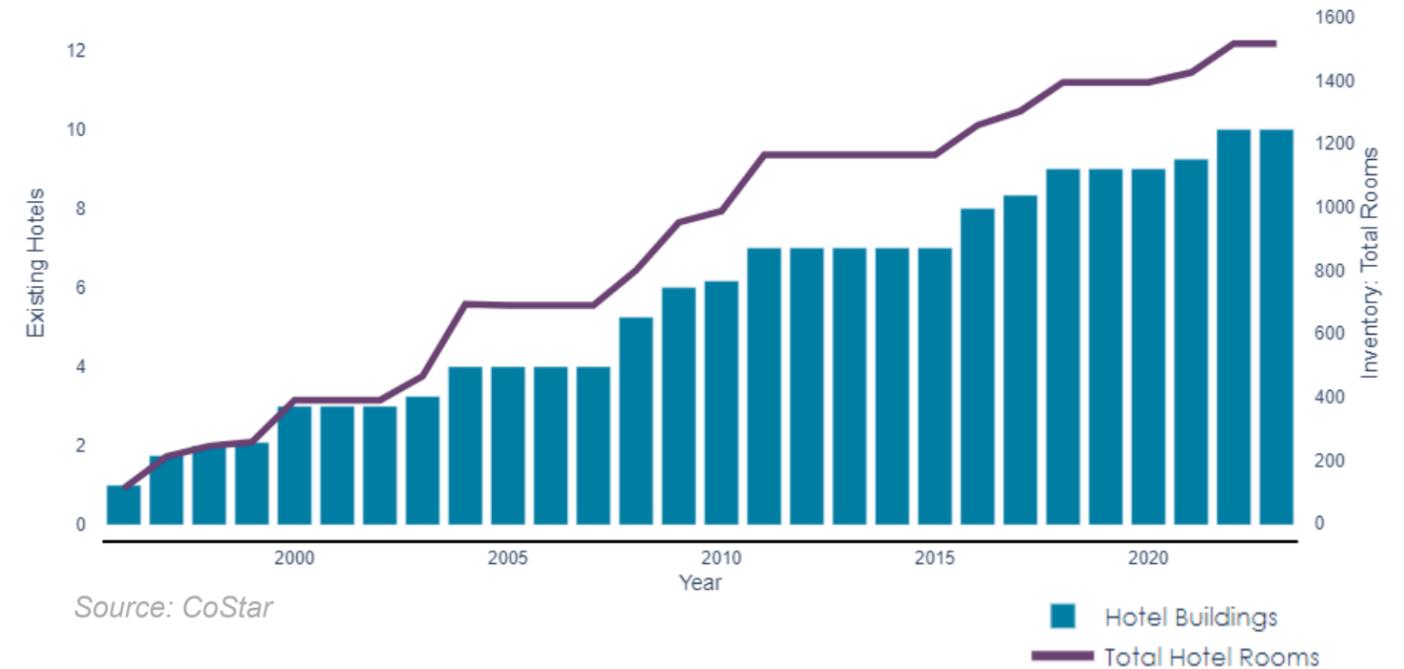


*Development peaked mid-2000s alongside new office development. Strong demand is driving new hotel construction.*

Built in 2002, The Houston Marriot Sugar Land is located in Town Square and remains the premier upscale hotel oriented towards local tourism and events with nearly 25,000 sf of meeting and conference space. It remains one of the more upscale options in the Southwest metro, and a central fixture for the large wedding and seasonal celebrations of the South and Southeast Asian communities located in Sugar Land and adjacent suburbs.

Business-centered hotel accommodations are concentrated near the Sugar Creek business park district, with additional hotels extending northwest and southeast along Highway 6. Eight of the region's twelve hotels came online in the mid-2000s when office related development also grew, with recent stock also complementing office related development. The existing hotel product captures multiple tiers of business traveler (mid-market, mid-upper market). The existing stock is also useful for more utilitarian hotel needs, but less specialized than the Marriot for conventions and events.

Sugar Land Hospitality: Hotel Room Inventory



Source: CoStar



*Revenue per Available Room is recovering to pre-pandemic levels, demonstrating continued demand.*

A key metric in the hotel industry is Revenue per Available Room (RevPAR). RevPAR is a composite measure of hotel financial performance which is impacted by both occupancy levels and room rates. In the graph on the right, the purple segment of the bar is the difference between how much is charged per room, and the total revenues per room. That difference is higher when there are greater numbers of unoccupied rooms.

In 2023 both ADR and RevPAR levels in Sugar Land have recovered from the COVID pandemic.

In the early 2000s, investment responded to high RevPAR levels by building additional hotels. Those hotel rooms were increasingly occupied as the city grew and added office buildings and tenants. This growth continued through the 2010s, with only a mild drop occurring during the Covid-19 period.

The planned development of two additional hotels in Sugar Land and in the Sugar Land market is another indicator of hotel demand.

Sugar Land Hospitality: RevPAR and ADR



■ Average Daily Rate (ADR)  
■ Revenue Per Room (RevPAR)



## Takeaways

Aside from the Marriot, Sugar Land’s hotel stock is oriented towards business travel and is located near office parks. Given the regional draw of the Smart Financial Centre, demand for alternative hotel brands oriented towards entertainment and extended stay/condominium options could be relevant.

A ‘yellow flag’ here are the two new hotels coming online. This signifies ongoing hotel demand and interest from large hotel chains. Saturation may be a risk. Positively for the market support for hotel product, a previously proposed Embassy Suites in the Sugar Land Market has since been withdrawn, thereby providing stronger support for additional hotels due to ongoing demand.

With yellow flags noted, new stock is largely oriented towards business travel. An opportunity exists for product differentiation such as an ‘Aloft’ style hotel oriented towards both entertainment travel and mixed-residential/hotel use. Additional event space tailored to the needs of Southeast and South Asian demographics in the region could generate additional demand for hotel and convention center options.

A hotel option of this type would be complemented by development on site that reinforces a destination, experience-based retail center that could build on the site’s assets.





## Conclusion





## Multi-Family

- The Tract 5 site can support multi-family at a broad range of scales from townhome to mid-rise apartments
- Multi-Family is viewed as crucial to support experiential retail district and to activate public assets

## Retail

- Retail of various types could be supported on site.
- A cluster of community serving retail stores could be supported, along with a distinctive amenity-oriented mixed-use retail district

## Hospitality

- A hospitality product aimed towards event travelers and community events (ie: weddings and holiday celebrations) provides sufficient diversification from existing and forthcoming hotel stock

## Office

- Class A office space is regionally overbuilt. Headwinds are strong
- Potential exists for medical office, especially adjacent to the planned MD Anderson development

# Synthesis and Recs

The Tract 5 site is one of the last undeveloped tracts of land in the Sugar Land submarket, offering an important opportunity to position Sugar Land for continued growth and prosperity. The site's assets – the Smart Financial Centre, Texas Instruments, U of H Sugar Land, and MD Anderson medical are strong anchors. The desirability of this site produce multiple options for development. Low-density or medium-density housing could complement community serving retail development. Demand exists for medical offices on the northern site that benefits from freeway visibility.

The Tract 5 site is well positioned to create an environment that is more than the sum of its parts. In competing suburbs, creative multi-use retail, entertainment, office, and residential developments are creating vibrant spaces that are civic assets and revenue generators. Tract 5 can be one of these sites. With adequate circulation and parking, development could integrate retail and hospitality in ways that are complementary to the Smart Financial Centre. Sufficient demand exists for a hotel option, especially if the product is attuned to the various cultural celebrations popular in the diverse Sugar Land market. Entertainment-oriented offerings and retail businesses could activate spaces and connections to Brazos River Park, nearby offices, and the University of Houston campus. The mixed-use district has the potential to attract restaurants, local retailers, independent Houston boutiques and national brands.

University Boulevard provides the visibility and access desired by retailers. Multi-family density is an important ingredient to making the project a home run, along with careful urban design that builds a sense of proximity and connection throughout the district.

Demand exists for multi-family of most scales, but a concentration of attractive, well designed higher density housing options buffered at the neighborhood edge by housing of a more moderate scale is recommended.

A distinctive, mixed use district of this kind will help Sugar Land keep pace with regional competitors and position its continued growth as a City that is vibrant, safe, prosperous, and fun.