



City of Goodyear Estrella Falls Market Study



May 2021

Table of Contents

Overview	1
Site and Surrounding Area	1
Retail, Dining and Lodging	1
Residential.....	3
Market Demand Analysis	4
Socioeconomic Projections	4
Real Estate Market.....	5
National Trends.....	6
Retail Sector	6
Office Sector.....	6
Mixed-Use Development	7
Hospitality and Entertainment.....	7
Market Demand Assumptions and Data.....	7
Market Demand Findings.....	8
Retail	8
Office.....	9
Mixed-Use Development Examples	10
Mixed-Use Examples.....	10
Demographic Comparison	11
Psychographics.....	12
Development Characteristic Comparison	15
Development Scenarios	19
Fiscal Impact Analysis.....	20
Appendix A – Demographic Comparison	22

List of Tables

Table 1 – Population, Household and Employment Projections	5
Table 2 – Real Estate Inventory, 4th Quarter 2020	5
Table 3 – Retail Demand within the GeoFenced Zip Code Boundaries	9
Table 4 – Office Demand within 30 Minute Commute Shed	9
Table 5 – Mixed-Use Development Summary Comparison	12
Table 6 – Top Tapestry Segments within 30 Minute Commute Shed by Mixed-Use Development.....	13
Table 7 – Key Demographic Traits by Tapestry Segment	13
Table 8 – City of Goodyear Market Demand Capture	19
Table 9 – Development Scenarios.....	20

List of Figures

Figure 1 – Estrella Falls Site and Surrounding Area	2
Figure 2 – Retail and Office Defined Geographies	4

Overview

Estrella Falls has been planned as a 1.2 million+/- square feet regional mall owned by The Macerich Company and other private investors. Over the last several years, economic and financial trends in regional mall development have prompted the developer to put a hold on this project. The development agreement Macerich has with the City of Goodyear is expiring this year and is unlikely to be renewed.

In lieu of a regional mall, the Goodyear economic development staff has been asked by the City Council what type of development could take its place. To address this question, a market study was commissioned to examine existing and future market demand for retail and office space. Based on the outcome of the market analysis, three potential development scenarios with varying degrees of density have been prepared. A fiscal analysis estimating the tax revenue for each of the three development scenarios provides an understanding of the potential benefit to the City.

To aid in understanding how Estrella Falls could develop, four comparable mixed-use development projects, or precedents, were identified and agreed to by City staff. A comparison of the socio-demographics within a defined commute shed was prepared to showcase the economic dynamics of these successful mixed-use projects as compared to Estrella Falls. As an accompaniment to the socio-demographic comparison, Swaback Partners prepared a visual presentation of the four precedents to demonstrate how these mixed-used development projects achieve economic success. Some of the ingredients of success include right sizing the blocks, providing a mix of land uses, incorporating open space and providing great pedestrian linkages.

Site and Surrounding Area

The Estrella Falls site outlined in red within Figure 1 consists of 129 acres and is located east of the proposed Civic Square Site, which will be the home to the City of Goodyear's governmental complex. This complex will include city hall, council chambers, a library and park/gathering place. In addition, there will be 100,000 square feet of speculative Class A office space. It is anticipated that Civic Square will become a gathering spot for events such as festivals, concerts and parades. This project is expected to be completed mid-2022.

Harkins Theater is located within the Estrella Falls site at the northeast corner of McDowell road and 150th Drive. This theater is a multiplex and includes 16 screens, including Cine 1, one of the largest screens in the State of Arizona. Also at this location is Cheddar's Scratch Kitchen.

Surrounding the Estrella Falls site are a variety of existing and proposed commercial and residential developments.

Retail, Dining and Lodging

- **Market at Estrella Falls** is a power center located at the northeast corner of Pebble Creek Parkway and McDowell Road and includes 351,534 square feet of gross leasable area (GLA). The retail tenant mix at the center includes HomeGoods, Old Navy, PetCo, Staples, and TJ-Max, among others. There are several restaurants at this shopping center including Arriba Mexican Grill, Oregano Pizzeria, Burger King, and Del Taco. Asking rent ranges from \$19-\$24 dollars a square foot.
- **Goodyear Center Point** is located at the southeast corner of McDowell Road and Pebble Creek Parkway. This power center consists of 318,656 square feet of GLA. Major retail tenants include

BevMo, Toys R Us, and Conn's. Dining options include Olive Garden, Native Grill & Wings, Texas Roadhouse, and Red Lobster. Asking rent is \$18 a square foot.

- **Pebble Creek Plaza** is a small strip center located at the southeast corner of Virginia Avenue and Pebble Creek Parkway. This center consists of 14,374 square feet of GLA. Asking rent ranges from \$22-\$27 dollars a square foot.
- **Pebble Creek Marketplace** is planned at the southwest corner of McDowell Road and Pebble Creek Parkway. This shopping center will include a WinCo Foods and a variety of pads for anchors and shops.
- **Cobblestone Creek** is a small shopping center located at the northwest corner of McDowell Road and Pebble Creek Parkway and includes Walgreens, Firestone, Popeye's, and Taco Bell.
- **P.F. Chang's China Bistro and Red Robin Gourmet Burgers** is located southeast of McDowell and Bullard Avenue.
- **Tru by Hilton and SpringHill Suites by Marriott Hotels** is located west of Bullard Avenue, South of McDowell Road and North of I-10.

Figure 1 – Estrella Falls Site and Surrounding Area



Residential

- **Existing residential** is located to the immediate north of the site on Encanto Boulevard and northeast of Encanto Boulevard and Bullard Avenue.
- **Cabana on Estrella**, a 286-unit apartment complex, is located within the 129 acres at the southeast corner of Encanto Boulevard and 150th Drive. This development is currently under construction.
- **BB Living** are building single family detached rental homes located north of the Goodyear Civic Square and south of Virginia Avenue. These three developments are under construction and total 290 units.
- **District at Civic Square** is located northeast of Monte Vista Road and Pebble Creek Parkway. This parcel consists of 9.3 acres and is approved for 352 apartments.
- **Goodyear Townhomes** is an existing 326-unit apartment development located south of Virginia Avenue, west of the canal.

In addition to commercial and residential uses, Great Hearts, a Trivium Preparatory Academy, is located immediately east of the site at the southeast corner of Encanto Boulevard and Bullard Avenue. This school serves grades 6 through 12 offering a liberal arts curriculum. Also, immediately east of the site at the northeast corner of McDowell Road and Bullard Avenue is vacant agricultural land. This parcel is approximately 16.6 acres and zoned for PAD.

The traffic counts on the roadways surrounding the Estrella Falls site are fairly robust. Data from the city of Goodyear shows the 2019 annual daily traffic flow (2-way daily) along Pebble Creek Parkway is 10,850, and along McDowell between 150th Drive and Bullard Avenue is 13,662. The average daily count at Bullard Avenue at McDowell is 15,512. According the ADOT's 2019 traffic report, the average annual daily traffic (AADT) on I-10 from Estrella Parkway to Bullard Avenue exit is 151,675. From Bullard to Litchfield Road the AADT is 197,108.

Market Demand Analysis

A market demand analysis for the Estrella Falls site was prepared evaluating the potential square footage for retail and office development. City staff provided CoStar data from GPEC which detailed existing and under construction square footage for 4th quarter 2020, the most current data available at the time of the analysis.

The CoStar data set for retail is based on 21 zip codes that represent the City's geographic capture area. This area is defined by August Partners within their Geofence Research study for Estrella Falls in May 2020. The CoStar data for office space is based on a 30-minute commute shed using McDowell Road and Bullard Avenue as the centroid.

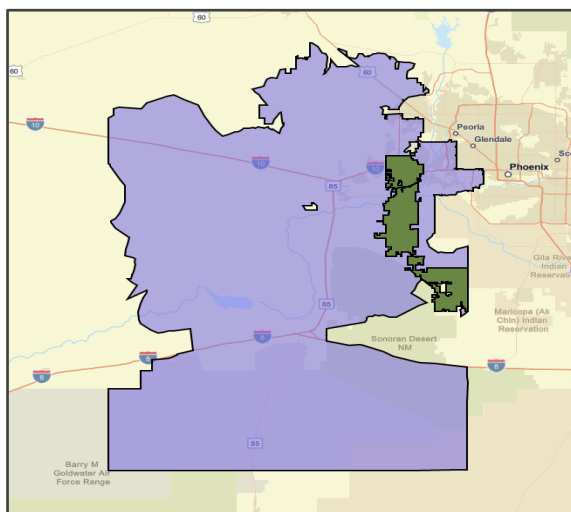
To supplement August Partners and CoStar data, ESI Corp utilized and reviewed other data sources including:

- MAG's 2019 Socioeconomic population and employment projections for the two defined geographic areas
- Esri household income projections and household spending pattern
- U.S. Census OnTheMap inflow and outflow
- ULI and ICSC Office Worker Retail Spending and Applied Economics "Revenue Impacts from Employed Residents"

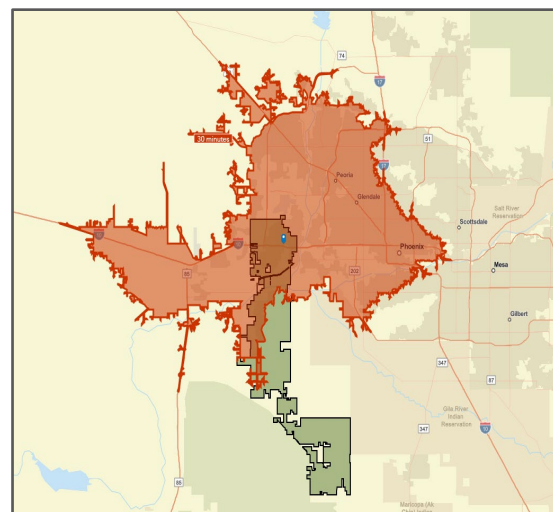
Socioeconomic Projections

Maricopa Association of Governments (MAG) prepares socioeconomic projections for the region every three years. An aggregation of the 21 zip codes and the 30-minute commute shed was provided by MAG for population, households, and employment, which is used in the market demand analysis. This dataset is not comparable to Esri or the U.S. Census datasets since collection methodologies differ.

Figure 2 – Retail and Office Defined Geographies



Retail Zip Code Boundary



30 Minute Commute Shed

A comparison of the City of Goodyear, the retail zip code boundary and the 30-minute commute shed are presented in Table 1. The City of Goodyear is projected to have greater population and household growth than both the zip code and commute shed areas through the year 2030. Employment projections for the zip code geography exceed the city and 30-minute commute shed.

Table 1 – Population, Household and Employment Projections

	2020	2030	2020-2030
City of Goodyear			
Population	88,279	130,624	48%
Households	29,418	44,868	53%
Employment	35,014	45,809	31%
Retail Zip Codes			
Population	572,559	822,754	44%
Households	179,285	272,158	52%
Employment	217,639	298,946	37%
30 Minute Commute Shed			
Population	1,708,506	2,053,641	20%
Households	589,747	718,767	22%
Employment	828,844	998,008	20%
Source: MAG 2019 Socioeconomic Projections			

Real Estate Market

The Greater Phoenix Economic Council (GPEC) provided city staff CoStar real estate data for 4th quarter 2020 to utilize in the market demand analysis. A comparison of square footage between the City, the GeoFenced zip code boundary and the 30-minute commute shed are important to understand the percentage of market share that the City currently experiences in retail and office product.

Table 2 – Real Estate Inventory, 4th Quarter 2020

	Sq. Ft. Rentable Building Area	Occupied Sq. Ft.	Sq. Ft. Vacant	Vacancy Rate	Ave. Lease Rate
City of Goodyear					
Retail	4,832,161	4,591,157	241,004	5.0%	\$22.28
Office	1,860,935	1,706,335	154,600	8.3%	\$26.34
Zip Codes					
Retail	17,467,880	16,749,766	718,114	4.1%	\$20.66
30 Minute Commute Shed					
Office	69,893,579	60,831,310	9,062,269	13.0%	\$26.40

Source: CoStar, Q4 2020

Goodyear's occupied retail space of 4.5 million square feet represents nearly 28 percent of the total 16.7 million square feet of occupied space within the GeoFenced zip code area. Office space, on the other hand, represents 2.7 percent of all occupied space within the 30-minute commute shed.

A comparison of retail vacancy rates shows Goodyear with a slightly higher rate at 5 percent compared to the zip code area at 4.1 percent. There is less vacancy in office within the City of Goodyear at 8.3 percent compared to the 30-minute commute shed at 13 percent. Overall, the average retail lease rate is higher in Goodyear, with the average office lease rates nearly identical.

An analysis on housing demand was not prepared in conjunction with this analysis. However, all indicators show that housing demand is currently outstripping the supply in the greater Phoenix area. According to Colliers International, rental rates have increased 40 percent since 2015 and the occupancy rate in rental property is extraordinarily strong at 95 percent prompting the development of additional multi-family.

National Trends

Retail Sector

- The retail sector was impacted significantly in 2020 due to the COVID pandemic. According to Cushman & Wakefield, market conditions improved in the first quarter of 2021 with brick and mortar sales increasing 9.8 percent month-over-month in March 2021, and total first quarter 2021 retail sales increased at an astonishing 34.7% annual rate led by apparel stores (+42%), furniture (+52%) and sporting goods (+55%).
- Online sales as a percentage of core retail sales increased from 17 percent in 2019 to nearly 25 percent at the peak of last year. Since then, online sales have dipped back down below 22 percent in 1st quarter of 2021.¹
- The retail forecast is strong with pent-up consumer demand building. Estimates show that there is nearly \$2.6 trillion in excess savings beyond the norm. Certain segments of the retail sector are poised for growth including high-end restaurants, food halls, grocery stores, entertainment, home improvement, electronics, and experiential concepts that can't be purchased online.²
- All of these trends are indicating a strong rebound for the retail sector.

Office Sector

- Since March of 2020, the U.S. market has shed 138.4 million square feet of office space, with vacancies reaching 16.4% in Q1 2021, which is the highest level since 2011.
- The U.S. economy cut 3 million office-using jobs in March and April 2020. Businesses reduced costs by reducing their office footprint. Since the start of the pandemic, vacant sublease space increased from 59 million square feet to a near all-time high of 123 million square feet.
- Since April 2020, the U.S. has added back 1.9 million office-using jobs through March 2021.
- Work from home (WFH) dynamic will continue into the future, but according to a CoreNet Global survey, few businesses are planning a 100% remote working model. Most employees and employers plan to return to the office two to four days per week.
- The U.S. economy will continue producing knowledge-based workers at a disproportionate rate and is forecast to create 2.3 million office-using jobs over the next two years, which is on par with the highest levels on record.³ Even with a WFH hybrid approach, job growth will lead to repopulation of office buildings.

¹ Marketbeat, U.S. National Shopping Center Q1 2021, Cushman & Wakefield

² Ibid

³ Marketbeat, U.S. National Office Q1 2021, Cushman & Wakefield

- Redesigning of office space to ensure social distancing and personal safety could result in companies needing more space.

Mixed-Use Development

- COVID pandemic accelerated the trend in mixed-use real estate development. The demand for shorter commutes and the migration away from major cities to suburban office hubs is attracting real estate investors.
- The dynamic shift in remote working has increased dramatically since COVID-19. These workers want all of the essentials of daily living in a walkable setting. The trend towards “cities within cities” is taking shape with the development of city centers in more dense suburban settings.
- Mixed-use developments that are walkable are attracting a talent pool, which in turn attracts businesses to move in. Residents, employees, and visitors can walk from work or their home to eat, shop or catch a movie. The money saved on transportation is spent in the local neighborhood and stimulates the local economy.
- Millennial homebuyers want walkability as a mode of transportation by 12 percentage points over driving. Mixed-use development aims to provide the life-work-play lifestyle with the ability to shop, eat and mingle in the vicinity of where you live.
- Boomers are downsizing and moving back to city centers to enjoy more accessibility to services and amenities. Mixed-use developments provide appeal for a mix of ages and the demand for apartments near transportation, work, and other services is growing.
- Mixed-use developments provide social connectivity with shared spaces, such as plazas, parks and sidewalks that foster interaction.
- As the lines between work, home, entertainment, sports and education begin to blur, the next 10-20 years will be about creating a smart environment that embodies sustainability and livability.

Hospitality and Entertainment

- Hotels experienced a significant decline in business and tourism travel due to COVID 19. To combat the decline some hotels have adapted an Airbnb style model and are using zero-touch technology such as keyless entry and contactless bathroom fixtures, fewer service staff, off-site housekeeping and improved sanitation and ventilation.
- Entertainment venues such as movie theaters and concert halls closed or restricted occupancy. Hollywood movie studios released new movies on Netflix and other streaming services.
- Open air environments, such as Top Golf, remained viable during the pandemic and added common area space allowing people to socialize, watch a game or play other competitive games while they wait for their bay to open.

Market Demand Assumptions and Data

A number of assumptions and data are utilized in the retail and office demand analysis. The demand for commercial space is driven by households and spending, while the demand for office space is based on employment growth. Several data sources are utilized in this analysis and include:

- MAG’s 2020-2030 population, household, and employment projections
- CoStar square feet of existing space and square feet under construction for retail and office
- Esri’s 2020-2025 projections for median household income and
- Esri’s Household Expenditures percentage

- U.S. Census Inflow-Outflow data
- August Partners, GeoFence Data

A variety of assumptions are incorporated into the demand model. The retail demand analysis includes a percentage of income spent on retail items, the retention of sales, and office employee spending. Three distinct development scenarios are identified. Each begin with the percentage of square feet attributed to Goodyear to yield the overall square feet demand. The percentage of retail, office, mixed-use, residential, open space and roads, sidewalks and drainage is applied to each scenario to yield the number of acres by land use. From there FAR's are applied to calculate the square feet or number of dwelling units.

Market Demand Findings

Retail

The retail demand analysis is based on August Partners report and the Estrella Falls GeoFenced data for the top 21 zip codes that represent the relative draw of shoppers. This relative draw delineates the regional trade area for the Estrella Falls site (Figure 2). Based on the GeoFenced data, a weighted average of household income was used in the analysis and inflated to represent 2030 dollars. MAG's 2030 household projection for the GeoFenced area is incorporated in the demand model coupled with Esri's percentage of spending on retail, dining and entertainment options.

As presented in Table 3, by the year 2030 the regional trade area is projected to support another 8.6 million square feet of retail space. Goodyear will likely capture a percentage of this future demand. Goodyear's current square footage represents 28 percent of the market. Assuming that the percentage remains the same, and household projections are realized, Goodyear's share would represent 2.4 million square feet of retail space over the next nine years. On an annual basis that represents 267,339 square feet a year. This amount of square feet is high compared to the estimated amount of square feet added to the Goodyear market over the last three years. Based on data from city staff, over the last three years the city of Goodyear added 155,129 square feet of new retail, restaurant, and entertainment space. That represents 51,709 new square feet annually.⁴ Taking this into consideration, a capture rate of 15 percent is used in the demand model with Goodyear claiming 1.3 million square feet of market demand by the year 2030.

⁴ Existing Retail 2018-2020, City of Goodyear Economic Development staff, February 26, 2021

Table 3 – Retail Demand within the GeoFenced Zip Code Boundaries

Retail Demand within GeoFenced Zip Code Boundary	2030
Households	272,158
Average Household Income	\$98,888
Percent of Income Spent on Retail	39%
Retail Sales Potential in Zip Code Boundaries	\$8,973,034,967
Retail Sales Retention	85%
Supportable Sq. Ft. of Retail Space from Resident Households	25,942,851
Sq. Ft. Demand from Office and Public Employment	184,699
Sq. Ft. Market Demand (including frictional vacancy)	26,372,034
Less Existing Supply	17,674,354
GeoFenced Zip Code Area, Residual Surplus/Demand	8,697,680
Goodyear Capture Rate	15%
Goodyear Potential Retail Square Feet Capture	1,304,652

Office

Unlike the retail demand analysis, the geographic trade area carved out for office represents a 30-minute commute shed (Figure 2), which includes Peoria, Glendale, Surprise, and extends as far east into downtown Phoenix. The 30-minute commute shed is typically used by site selectors when evaluating the labor shed for future locations and is noted by MAG as the average commute time for workers in the Valley.

According to MAG, trade area employment will reach nearly 1 million by the year 2030 with 22 percent of the workforce occupying office space. CoStar data indicates the commute shed has 68.6 million square feet of occupied space with a 13 percent vacancy rate.

Assuming the 2030 employment projections within the office sector materializes, by 2030 the trade area is expected to need another 2.1 million square feet of office space. While Goodyear's percentage of total office space is nearly 3 percent, it is anticipated that the west valley suburban market will experience an uptick in office demand over the next nine years. It is also useful to understand that the West Valley and Goodyear in particular is short on Class A office space. For this analysis it is assumed that Goodyear will capture 20 percent of total demand.

Table 4 – Office Demand within 30 Minute Commute Shed

Office Demand within 30 Minute Commute Shed	2030
Total trade area employment	998,008
Percentage occupying office space (non govt.)	22%
Total employed in office space (non govt.)	219,529
Sq. Ft. of occupied office space	68,618,038
Sq. Ft. Office Demand (including frictional vacancy)	72,229,513
Less Existing Supply	70,104,079
30 Minute Commute Shed, Residual Surplus/Demand	2,125,434
Goodyear Capture Rate	20%
Goodyear Potential Office Square Feet Capture	425,087

Mixed-Use Development Examples

To help illustrate the type of development that could emerge at Estrella Falls, as well as the potential uses, an evaluation and comparison was made to four other mixed-use developments in the U.S. Two of the developments are in Arizona and two out of state. The following list of developments were selected to compare Estrella Falls based on their tenant variety, similarity in size, and economic vitality.

- Legacy West - Plano, Texas
- Park West - Peoria, Arizona
- Easton Town Center - Columbus, Ohio
- Rivulon - Gilbert, Arizona

Mixed-Use Examples

Legacy West is one of the largest eat/work/play open-air urban village developments in Texas. The project valued at \$3 billion is attracting companies by focusing on the interests of generation X and millennial employees. Its location and design have attracted international companies who were not looking for a traditional suburban campus. The design of the project fit the city's goals of growing by creating higher density developments, including a mix of housing options. Key office tenants include Toyota, Liberty Mutual, and JPMorgan Chase, all of whom are developing their own office buildings. The master plan includes an open-air retail district, a mix of residential, boutique offices, a microbrewery and a beer garden for live outdoor shows. Tenants include Dean & DeLuca, Tommy Bahama, Del Frisco's Double Eagle Steakhouse and True Food Kitchen. The density of the project will lower the costs of providing services and make the potential for mass transportation more practical.

Park West is an outdoor shopping complex that underwent a \$4 million facelift that includes new shade structures, a splash pad and new signage. The shopping complex is anchored by a 14-screen Harkins Theater and includes +249,363 rentable square feet of retail and restaurants. Key tenants include Chico's, Victoria's Secret, Fleming's, BJ's, Grimaldi's, and Bath & Body Works. In 2020 the City Council approved a rezoning of 5.4 acres for a luxury 95-unit townhome complex located to the west of Park West. This apartment development is intended to complement the shopping center with similar design and architecture. The proposed building height will be two story ranging from 28 to 30 feet with a density of 17.6 dwelling units per acre. Landscaping and pedestrian connectivity is intended to be similar to that of Park West's main street concept. According to city officials, "The proposed Prescott at Park West PAD achieves the goals and objectives set forth in the general plan by further diversifying the city's housing options, architectural style, and providing a use that transitions well with the surrounding area."

Easton Town Center located in Columbus, Ohio was envisioned to be one of the most upscale, aspirational shopping destination with a diverse mix of best-in-class retailers. Within 20 years this development has become one of the country's leading urban centers containing 1.7 million square feet of mixed-use space in an open-air, pedestrian friendly setting. In addition to Nordstrom, Macy's and 40 other retailers, Easton offers a wealth of entertainment and recreational options from live comedy shows and a 30-screen movie complex to the area's leading health and fitness facility. There is a mix of indoor and outdoor activity year-round with events for the entire family. This 1,300 acre master planned development includes office and hotels and has proximity to residential.

Rivulon is billed as a premier 250 acre \$750 million mixed-use development in Gilbert, located at the northeast corner of AZ202 and Gilbert Road. At build out the development will include approximately 3 million square feet of Class A office, 100,000 square feet of retail and hotels. To date Isagenix, Deloitte, Ensing Partners, Morgan Stanley Smith Barney Financing and Fairway Independent Mortgage Corporation have leased space in the development. The retail mix includes auto dealers (Mercedes-Benz, Volvo, and Audi) Esporta a full-service fitness facility, and several fast casual restaurants.

Demographic Comparison

A comparison of these four developments identifies key differences in land use, commute shed demographics and economic drivers. The demographic comparison to Estrella Falls is based on a 30-minute commute shed. Following are key metrics comparing the sociodemographics of Estrella Falls and the four precedent mixed use developments.

- Legacy West in Plano, Texas has the largest population within the 30-minute commute shed at 3.2 million people and the fastest projected growth rate at 11%. Legacy also has the highest median household income at \$82,272, the highest median home value, and the largest renter occupied housing.
- Higher educational attainment for Legacy West and Easton Town Center is far greater than any of the developments in Arizona. Legacy West higher educational attainment more than doubles Estrella Falls and exceeds the other two metro Phoenix based developments by a significant margin.
- When it comes to employment, Legacy West has nearly 71% of their workforce employed in white collar jobs, as compared to Estrella Falls at nearly 57%.
- Estrella Falls has the highest diversity index and largest population of Hispanic origin.
- Rivulon in Gilbert has the largest projected household income change over five years at 10.0%, going from \$68,395 to \$75,254.
- Daytime population is often used as a measure of workforce concentration. Estrella Falls has a ratio of daytime population to total population of .97, as compared to Legacy West in Plano at 1.10 and Rivulon in Gilbert at 1.03.
- The median age of the population within the Estrella Falls commute shed is 33.7, which is younger than all of the other mixed-use developments. Estrella Falls also has the largest household size at 2.90 persons.

The following table is a high-level summary comparing the four mixed-use developments or precedents. Included in the appendix is a comprehensive demographic table comparing the commute shed of these four developments to Estrella Falls. Appendix A provides a side by side sociodemographic comparison.

Table 5 – Mixed-Use Development Summary Comparison

	Legacy West, Plano	Park West, Peoria	Easton Town Center	Rivulon, Gilbert
Size	240 acres	46-acre outdoor shopping complex	1,300-acre mixed-use upscale shopping destination	\$750 million 250-acre mixed-use development
Mix of Uses	Corporate offices and 415,000 SF retail district; 55,000 SF food hall	249,363 SF retail and restaurant; Harkins 14 screen theater	1.7 million square feet of retail, restaurants, and entertainment venues	At build out will include 3 million square feet of Class A office, retail, and hotels
Residential	1,300 dwelling units that include several apartment buildings a luxury condos for sale	Adjacent is a 260-unit apartment complex	Within proximity to high density residential	None within the development
Business Focus	Business and cultural district with corporate office, retail, and hotels	Retail, restaurant, and entertainment / recreational uses	Retail, entertainment, and hotels	Corporate and medical office
Amenities	8 acres of connected trails and parks	Shade structures, splash pad, pedestrian friendly	Year-round events, entertainment, and recreational options	Lake, fitness, dining, and hospitality
Population	3,206,511	2,330,225	1,633,216	1,929,436
Daytime Population	3,518,323	2,265,800	1,686,155	1,991,349
Median Age	35.3	34.6	35.9	35.5
Renter Occupied	43.2%	33.9%	38.9%	33.0%
Bachelor's Degree or Higher	48.8%	26.2%	43.6%	36.0%
White Collar	70.8%	59.6%	69.3%	67.3%

Psychographics

Tapestry Segmentation from Esri is an analysis of consumer lifestyles, which is called psychographics. It provides an accurate, detailed description of America's neighborhoods. Segmentation is based on the principle that people with similar tastes and lifestyles will seek others with the same tastes. It provides information about the lifestyle and habits of people living within the commute shed, such as:

- Housing and family characteristics
- Employment and education levels
- Product and vacation preferences
- Home values and favorite activities

Included within the 14 Tapestry LifeModes are 67 segments that describe U.S. neighborhoods. For each 30-minute commute shed, the top five segments (noted in red) were identified and compared to one another to find commonalities, as presented in Table 6.

There are three Tapestry segments that are common among all of the mixed-use developments including Boomburbs, Bright Young Professionals, and Up and Coming Families.

Table 6 – Top Tapestry Segments within 30 Minute Commute Shed by Mixed-Use Development

	Estrella Falls, Goodyear	Legacy West, Plano	Park West, Peoria	Easton Town Center, Columbus	Rivulon, Gilbert
American Dreamers	6.3%	2.8%	6.1%	--	3.0%
Barrios Urbanos	11.2%	2.2%	8.4%	--	2.7%
Boomburbs	2.4%	11.6%	4.1%	3.5%	6.8%
Bright Young Professionals	1.9%	3.0%	2.4%	6.9%	6.1%
In Style	--	1.5%	--	4.5%	2.2%
Metro Renters	1.1%	10.4%	--	5.0%	--
NeWest Residents	6.5%	5.4%	6.0%	--	3.2%
Professional Pride	--	6.8%	--	4.3%	2.5%
Rustbelt Traditions	2.8%	--	3.3%	4.5%	--
Soccer Moms	3.8%	4.8%	3.3%	4.8%	5.9%
The Elders	9.6%	--	7.5%	--	5.6%
Up and Coming Families	17.8%	5.9%	14.2%	4.4%	10.6%
Young and Restless	3.9%	9.1%	--	--	7.9%

Note: Red denotes top 5 segment.

The key demographic traits for each of the 15 segments is presented in Table 7 on the following two pages.

Table 7 – Key Demographic Traits by Tapestry Segment

Tapestry Segment	Key Demographic Traits
American Dreamers	Population diversity is high with many residents foreign born; most are married couples with children of all ages and 64% own their own home, which is primarily a single-family dwelling unit; nearly 17% have earned a college degree; key occupations include office and administrative support, sales, transportation, and material moving, construction and food preparation
Barrios Urbanos	Hispanics make up more than 70% of the residents with more than one in four foreign born; over a third of all households are married couples with children and most live in a single-family home; the majority of the population has finished high school; key occupations include construction, production, transportation, and material moving, office and administrative support and sales
Boomburbs	Well-educated young professionals with 55% college graduates; key occupations include management, sales, business and financial services, and healthcare; 16% renters; 84% owner occupied
Bright Young Professionals	33% with a bachelor's degree and 35% with Associate's degree or some college; approximately 57% of households rent; key occupations include office and administrative support, management and sales

Tapestry Segment	Key Demographic Traits
In Style (5B)	College education with 48% graduates and 77% with some college; professional couples or single households without children; 68% owner occupied housing; key occupations include management, sales, office and administrative support, healthcare and education
Metro Renters (3B)	Well-educated consumers, socializing and social status is important; over half of households are occupied by singles; key occupations include management, computer and mathematical, business and financial; neighborhoods feature 20+ unit apartment buildings, typically surrounded by offices and business; renters occupy close to 80% of all households
NeWest Residents (13C)	Young Hispanic market; concentrated in larger metro areas and 83.4% reside in renter occupied apartments; female labor participation is slightly lower than the US average; working full time in blue collar jobs; key occupations include office and administrative support; construction and extraction, production, building and grounds cleaning, and food preparation
Professional Pride (1B)	Well educated career professionals highly qualified in science, technology, law or finance fields; 92% owner occupied in typically single-family homes in newer neighborhoods; key occupations include management, business and financial, healthcare, sales and office and administrative support
Rustbelt Traditions (5D)	Mix of married-couple families and singles; workforce is primarily white collar with a higher concentration of skilled workers in manufacturing, retail trade, and health care; most have graduated from high school or spent some time at a college or university; key occupations include office and administrative services, sales, management, production and transportation and materials moving
Soccer Moms (4A)	Affluent, family oriented with a preference to suburban markets in single family homes in newer neighborhoods; home ownership is high at nearly 85%; educational attainment is high at 40.5% with college degree; key occupations include management, office and administrative support, sales, healthcare and education
The Elders (9C)	Predominately retirees in suburban periphery of metro markets; 81.4% owner occupied; low labor force participation rate at 22.4%; those who are still in the labor force tend to be self-employed or part-timers, commonly in real estate, retail or the arts; key occupations include sales, office and administrative support; management; healthcare and transportation and material moving
Up and Coming Families (7A)	In transition with younger more mobile and ethnically diverse; one of the fastest growing markets in the country; 67% have some college education or degree; typical housing is single family with nearly 74% own versus 26% rent; key occupations include office and administrative support, management, sales, healthcare, and education
Young and Restless (11B)	Well educated young workers with 2 out of 3 having a Bachelor's degree, Associate's degree or some college; one of the youngest markets with half of the householders under the age of 35, and primarily single person households; one of the top 5 renter markets with apartment rentals popular; key occupations include office and administrative support, sales, management and food preparation/service related

Development Characteristic Comparison

Following are summaries of development characteristics and demographics within a 30-minute commute shed for each of the four precedents examined.

Legacy West – Plano, Texas

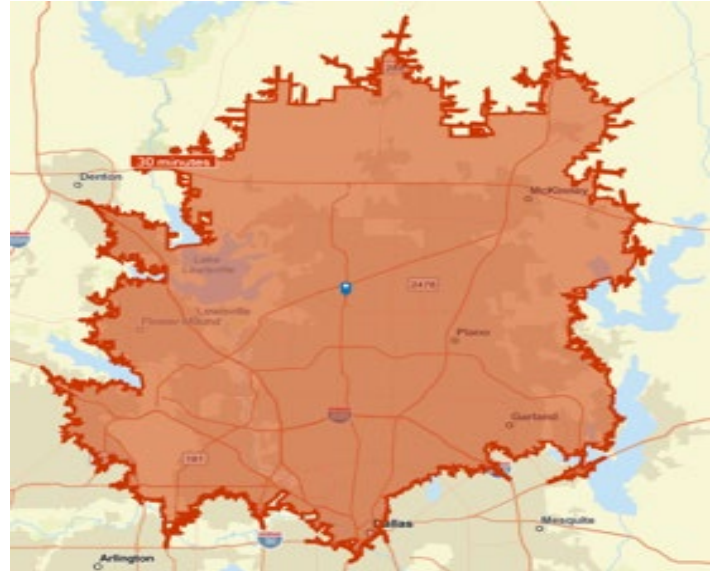
Development Characteristics

- 240 acres of mixed-use development
- Located at the intersection of two highways, Dallas North Tollway and State Highway 121
- Key tenants include Toyota, Chase, FedEx, Liberty Mutual
- 292 room Renaissance Hotel
- 415,000 square feet open air retail district, which includes residential, boutique offices and restaurants
- 55,000 square foot food hall
- 1,300 residential units, which includes several apartment buildings, and luxury condos for sale
- 8 acres of connected public parks and trails
- Development focuses on the interests of the generation X and millennial employees



30 Minute Commute Shed Demographics

Population 2020	3,206,511
Housing Units	1,292,374
Owner Occupied	50.1%
Renter Occupied	43.2%
Median Household Income 2020	\$87,687
Median Age 2020	35.3
Bachelor's Degree or Higher	48.8%
Employed Civilian Labor Force	1,630,419
White Collar	70.8%
Blue Collar	15.3%
Services	13.9%
Total Businesses	137,026
Top 3 Tapestry Segments:	
1. Boomburbs	
2. Metro Renters	
3. Young and Restless	



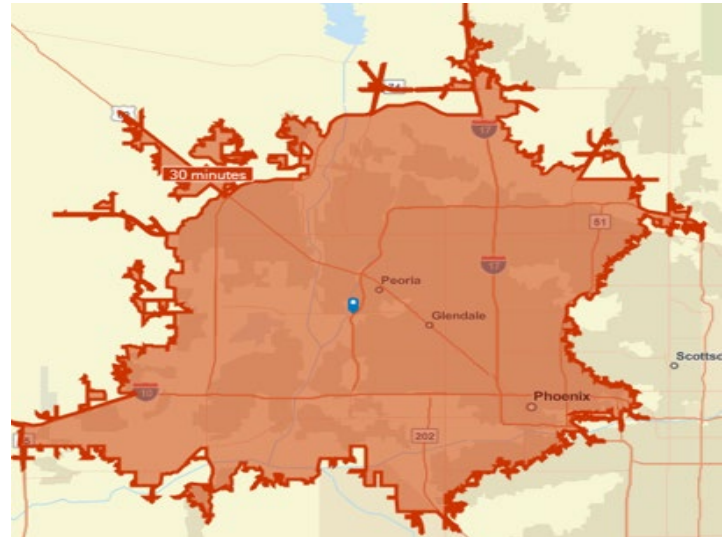
Park West – Peoria, AZ

Development Characteristics

- 46 acre outdoor shopping center complex located at the NWC of Loop 101 and Northern Avenue
- Anchored by a 14-screen Harkins Theater and includes +249,363 rentable square feet of retail and restaurants
- Key tenants include Chico's, Victoria's Secret, Fleming's, BJ's, Grimaldi's, and Bath & Body Works
- A 260 unit apartment complex is located east of the site, with a 95 unit luxury townhome development to be built west of the site
- Underwent a \$4 million makeover to include new shade structures, splash pad and entrance signage

30 Minute Commute Shed Demographics

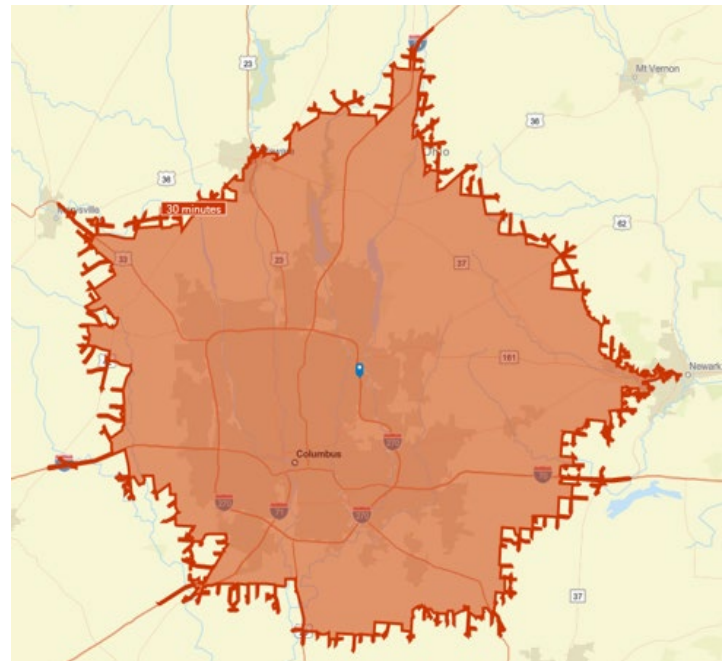
Population 2020	2,330,225
Housing Units	921,992
Owner Occupied	55.2%
Renter Occupied	33.9%
Median Household Income 2020	\$58,734
Median Age 2020	34.6
Bachelor's Degree or Higher	26.2%
Employed Civilian Labor Force	1,032,999
White Collar	59.6%
Blue Collar	21.2%
Services	19.3%
Total Businesses	56,919
Top 3 Tapestry Segments:	
1. Up and Coming Families	
2. Barrios Urbanos	
3. The Elders	



Easton Town Center – Columbus, Ohio

Development Characteristics

- 1,300-acre mixed-use upscale shopping destination with convenient access to I-270.
- 1.7 million square feet of mixed-use space
- Key tenants include Nordstrom, Macy's, Coach, Crate & Barrel, Tiffany & Co.
- Restaurants include Cheesecake Factory, Café Istanbul, Bon Vie and Smith & Wollensky
- Entertainment includes Funny Bone which offers live comedy shows, AMC 30 screen movie complex that includes Dine-in Theaters, and Dreamscape at AMC (virtual reality), and LEGOLAND Discovery Center
- 300 room Hilton Hotel, Courtyard by Marriott, Residence Inn, and Aloft
- 8,000 parking spaces and 4 separate structured garages
- Proximity to residential, office and hotels
- Includes a 2-acre park with pop up water features
- Entire property is governed by a design code



30 Minute Commute Shed Demographics

Population 2020	1,633,216
Housing Units	700,727
Owner Occupied	54.0%
Renter Occupied	38.9%
Median Household Income 2020	\$66,293
Median Age 2020	35.9
Bachelor's Degree or Higher	43.6%
Employed Civilian Labor Force	772,992
White Collar	69.3%
Blue Collar	16.3%
Services	14.4%
Total Businesses	51,471
Top 3 Tapestry Segments:	
1. Bright Young Professionals	
2. Metro Renter	
3. Soccer Moms	

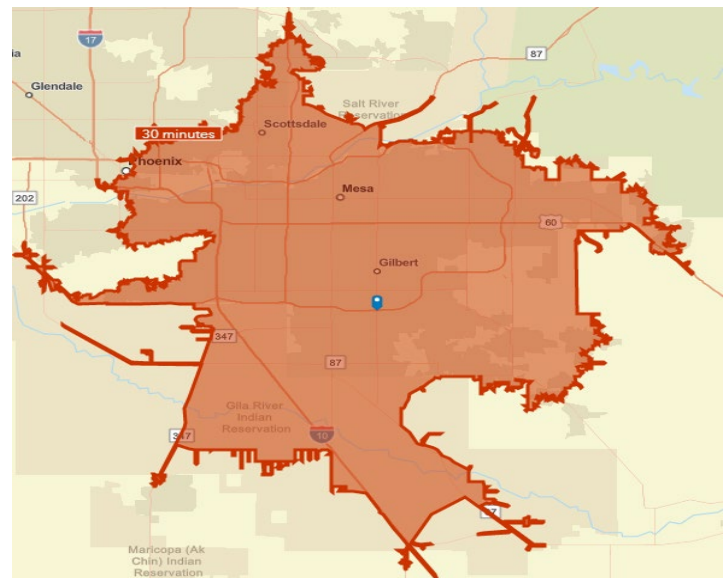
Rivulon – Gilbert, Arizona

Development Characteristics

- Nationwide Realty Investors is the developer of the 250-acre \$750 million mixed-use development located at the NEC of AZ 202 and Gilbert Road
- When complete, the business district will include approximately 3 million square feet of Class A office, and a lake
- +/-100,000 square feet of retail and hotels on 65 acres
- Office buildings range from 2 to 4 stories and include Deloitte, Ensing Partners, Isagenix World Headquarters, Morgan Stanley Smith Barney Financing, Fairway Independent Mortgage Corporation
- Medical office includes two 60,000 square foot 2 story buildings
- Fitness, retail and dining and hospitality amenities are on site
- Build to suit opportunities are available

30 Minute Commute Shed Demographics

Population 2020	1,929,436
Housing Units	816,509
Owner Occupied	55.6%
Renter Occupied	33.0%
Median Household Income 2020	\$68,395
Median Age 2020	35.5
Bachelor's Degree or Higher	36.0%
Employed Civilian Labor Force	924,680
White Collar	67.3%
Blue Collar	15.6%
Services	17.1%
Total Businesses	57,546
Top 3 Tapestry Segments:	
1. Up and Coming Families	
2. Young and Restless	
3. Boomburbs	



Development Scenarios

Based on the findings of the market demand analysis, three development scenarios for Estrella Falls have been prepared, each offering a differing mix of land uses and density. To accompany these development scenarios, Swaback Partners, in a separate report, created design concepts for Estrella Falls showcasing each of the three scenarios. These design concepts provide a vision framework that show a street grid, walkability, open space, street hierarchy, mix of land uses, districts within the overall development, and conceptual development program.

The findings of the market demand analysis are applied to the development scenarios. It is assumed that the city of Goodyear will capture a percentage of the trade area square foot demand, some of which will be absorbed by Estrella Falls. The mixed-use development scenarios are adapted from UrbanFootprint building and district prototypes. The three scenarios range from high intensity walkable developments to lower intensity employment.

The capture rates applied to the demand analysis findings take into consideration Goodyear's existing square feet of space as a percentage of the trade area, annual square footage of new space built, employment growth projections, and industry trends. By 2030 it is estimated that the City of Goodyear will capture 1.3 million square feet of new retail space and 425,087 square feet of new office space.

Table 8 – City of Goodyear Market Demand Capture

Retail	2030 SF Demand
Residual Trade Area Demand	8,697,680
Goodyear Capture rate	15.0%
Goodyear Square Foot Demand	1,304,652
Office	2030 SF Demand
Residual Trade Area Demand	2,125,434
Goodyear Capture rate	20%
Goodyear Square Foot Demand	425,087

Estrella Falls site consists of 129 acres including the 9 acres in the northwest corner of the parcel currently under development for a multi-family housing complex called Cabana on Estrella. These 9 acres were removed from the total amount of developable land netting 120 acres. Each scenario in Table 9 identifies a percentage of acres devoted to residential, employment, mixed-use, open space and roads, sidewalks, and drainage. A floor to area ratio (FAR) is applied to determine the square feet of space for each asset class.

The densest development is Scenario #1, Village Mixed-Use with 3 million square feet, including 850 dwelling units, followed by Scenario #2, Mid Intensity Activity Center with 2.1 million square feet and 386 dwelling units. Scenario #3, Village Commercial is the least dense with 1.6 million square feet and no dwelling units.

Table 9 – Development Scenarios

SCENARIO #1					
Village Mixed Use	Percent	Acres	FAR	Sq. Ft.	D/U's
Residential	40.5%	36.4	0.75	1,189,449	850
Employment	20.0%	18.0	--	--	--
Office	42.0%	7.6	0.35	115,260	--
Retail	58.0%	10.4	0.29	131,882	--
Mixed-use	19.5%	17.6	2.13	1,628,338	--
Open Space	20.0%	18.0	--	--	--
Roads, sidewalks, drainage	25.0%	30.0	--	--	--
Total	100%	120.0		3,064,930	850

SCENARIO #2					
Mid Intensity Activity Center	Percent	Acres	FAR	Sq. Ft.	D/U's
Residential	23.0%	20.7	0.6	541,015	386
Employment	47.0%	42.3	--	--	--
Office	8.0%	3.4	2.4	353,777	--
Retail	92.0%	38.9	0.26	440,747	--
Mixed-use	10.0%	9.0	2.13	835,045	--
Open Space	20.0%	18.0	--	--	--
Roads, sidewalks, drainage	25%	30.0	--	--	--
Total Acres	100.0%	120.0		2,170,584	386

SCENARIO #3					
Village Commercial	Percent	Acres	FAR	Sq. Ft.	D/U's
Residential	0.0%	0.0	--	--	0
Employment	70.0%	63.0	--	--	--
Office	25.0%	15.8	0.35	240,125	--
Retail	75.0%	47.3	0.29	596,881	--
Mixed-use	10.0%	9.0	2.13	835,045	--
Open Space	20.0%	18.0	--	--	--
Roads, sidewalks, drainage	25%	30.0	--	--	--
Total Acres	100.0%	120.0		1,672,051	0

Fiscal Impact Analysis

Based on the three development scenarios, a high-level fiscal impact analysis was prepared to estimate the potential tax revenue that the city of Goodyear could attain under each scenario. A series of assumptions were incorporated in the analysis including construction cost per square foot, sales and lease rates per square foot, vacancy rates by asset class, hotel room rates and occupancy. City of Goodyear tax rates are utilized in the impact analysis to simulate the development. Findings presented in Table 10 are

based on build-out, whenever that would occur, and are presented as one year's worth of revenue in today's dollars.

Table 10 – Estrella Falls Fiscal Impact Analysis

	Scenario #1	Scenario #2	Scenario #3
CONSTRUCTION SALES TAX GENERATION			
Construction Costs	\$620,254,374	\$249,440,939	\$131,553,923
Taxable Amount	\$380,183,265	\$255,901,702	\$177,373,146
Goodyear Sales Tax	\$13,306,414	\$8,956,560	\$6,208,060
Total Construction Tax Collections	\$13,306,414	\$8,956,560	\$6,208,060
REAL PROPERTY TAX GENERATION (Commercial/Office/Hotel)			
Estimated Value of Commercial/Office/Hotel	\$388,311,749	\$311,995,821	\$289,377,465
Assessor's (85%)	\$330,064,986	\$265,196,448	\$245,970,846
Assessment Ratio	18%	18%	18%
Assessed Value	\$59,411,698	\$47,735,361	\$44,274,752
City Property Tax Receipt	\$1,029,902	\$827,492	\$767,503
Total Real Property Tax Collections	\$1,029,902	\$827,492	\$767,503
REAL PROPERTY TAX GENERATION (Residential)			
Estimated Value of Residential	\$231,942,625	\$105,497,964	\$0
Assessor's (85%)	\$197,151,231	\$89,673,269	--
Assessment Ratio	10%	10%	--
Assessed Value	\$19,715,123	\$8,967,327	--
City Property Tax Receipt	\$341,762	\$155,449	--
Total Real Property Tax Collections	\$341,762	\$155,449	\$0
TRANSACTION PRIVILEGE TAX GENERATION			
Retail Sales	\$361,211,293	\$183,900,833	\$109,938,305
Goodyear Sales Tax	\$9,030,282	\$4,597,521	\$2,748,458
Total Sales Tax Collections	\$9,030,282	\$4,597,521	\$2,748,458
TRANSACTION PRIVILEGE TAX GENERATION			
Restaurant Bar and Amusement Sales	\$401,867,339	\$323,187,826	\$383,667,081
Goodyear Sales Tax	\$16,074,694	\$12,927,513	\$15,346,683
Total Sales Tax Collections	\$16,074,694	\$12,927,513	\$15,346,683
TRANSACTION PRIVILEGE TAX GENERATION			
Hotel Receipts	\$18,389,498	\$8,531,521	\$6,415,222
Goodyear Sales Tax	\$919,475	\$426,576	\$320,761
Total Sales Tax Collections	\$919,475	\$426,576	\$320,761
OCCUPANCY TAX			
Rental Receipts	\$32,269,571	\$30,506,666	\$31,162,958
Goodyear Tax	\$806,739	\$762,667	\$779,074
Total Occupancy Tax Collections	\$806,739	\$762,667	\$779,074
TOTAL TAX COLLECTIONS	\$41,509,268	\$28,653,777	\$26,170,539

Appendix A – Demographic Comparison

Demographic Comparison of Estrella Falls to other Mixed-Use Developments

	Estrella Falls, Goodyear	Park West, Peoria	Easton Town Center, Columbus	Rivulon, Gilbert	Legacy West, Plano
Population 2020	1,874,408	2,330,225	1,633,216	1,929,436	3,206,511
Population 2025	2,019,659	2,500,830	1,732,220	2,084,615	3,558,077
Projected Population Growth Rate	7.7%	7.3%	6.1%	8.0%	11.0%
Median Age 2020	33.7	34.6	35.9	35.5	35.3
Median Age 2025	33.9	34.7	36.3	35.8	35.5
Hispanic Origin	45.0%	40.1%	5.4%	27.1%	25.8%
Diversity Index*	80.8	78.2	55.5	69.4	75.4
Daytime Population 2020	1,818,395	2,265,800	1,686,155	1,991,349	3,518,323
Workers	748,341	976,586	822,713	980,273	1,937,592
Residents	1,070,054	1,289,214	863,442	1,011,076	1,580,731
Ratio of daytime population to total population	0.97	0.97	1.03	1.03	1.10
Households 2020	635,567	821,607	651,270	723,316	1,204,660
Households 2025	684,787	881,321	691,103	779,301	1,331,400
Percent Household Change	7.7%	7.3%	6.1%	7.7%	10.5%
Average Household Size	2.90	2.79	2.46	2.63	2.64
Housing Units	720,490	921,992	700,727	816,509	1,292,374
Owner Occupied	59.9%	55.2%	54.0%	55.6%	50.1%
Renter Occupied	32.3%	33.9%	38.9%	33.0%	43.2%
Vacant	7.8%	10.9%	7.1%	11.4%	6.8%
Median Home Value	\$227,313	\$241,056	\$202,998	\$281,686	\$314,080
Median Household Income 2020	\$56,324	\$58,734	\$66,293	\$68,395	\$82,272
Median Household Income 2025	\$60,916	\$63,657	\$71,366	\$75,254	\$87,687
Percent Median Household Income Change	8.2%	8.4%	7.7%	10.0%	6.6%
Educational Attainment:					
High School Graduate or GED	27.0%	25.5%	22.8%	21.1%	13.7%
Some College	24.2%	24.0%	19.3%	24.4%	18.4%
Associates Degree	8.8%	8.8%	7.0%	9.0%	6.7%
Bachelor's Degree or Higher	22.6%	26.2%	43.6%	36.0%	48.8%
Total Businesses	42,253	56,919	51,471	57,546	137,026
Employed Civilian Labor Force (16+ and older)	794,519	1,032,999	772,992	924,680	1,630,419
White Collar	56.5%	59.6%	69.3%	67.3%	70.8%
Blue Collar	23.6%	21.2%	16.3%	15.6%	15.3%
Services	19.9%	19.3%	14.4%	17.1%	13.9%

*The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups, on a scale from 0 to 100.

A Diversity Index of 65 translates to a probability of 65 percent that two people randomly chosen from the US population would belong to different race or ethnic groups.