

MY MAIN STREET

APPENDIX

1. MARKET ANALYSIS

MY MAINSTREET



EXECUTIVE SUMMARY DOWNTOWN PARKER MARKET STUDY



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PARTNERING FOR PARKER'S PROGRESS (P3)

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EPS #183009 • EXECUTIVE SUMMARY

The Executive Summary presents preliminary recommendations for planning, development, and disposition of four Town and P3 owned parcels within Downtown Parker. Findings are based on market research and quantitative analysis. They also incorporate information from broker and developer interviews and, more generally, the perspective of the development community.

PROJECT OVERVIEW

Partnering for Parker's Progress (P3) is planning for the development and redevelopment of four underutilized parcels in Downtown Parker owned by the Town and P3, as shown in Figure 1. The four properties total over 30 acres of land within the Mainstreet District and their development can potentially strengthen the character and market position of the Downtown by adding a mix of uses and densities.

In past efforts, the positioning and disposition of these properties has met with community resistance to the potential uses and densities identified. As a result, P3 has engaged a consulting team, led by the Trestle Strategy Group, to work with the community on identifying compatible uses that are economically viable, catalyze nearby properties, and contribute to the market position of the Downtown area.

To assist in this effort, Economic & Planning Systems (EPS) has completed a Downtown Market Study to identify what market driven uses would be viable for each of the sites within a range of timeframes both short (2-3 years), mid (3-5 years) and long (5-10 years) as well as to identify potential catalyst projects for the sites.



METHODOLOGY

To inform site development, EPS has used both quantitative market research, including demographic, economic, and development data, and qualitative interviews with local area developers and brokers. The qualitative research is particularly important in ground-truthing economic data and translating it to site specific opportunities within a downtown setting. EPS used both approaches to inform its feasibility estimates and modeling and to begin to create development strategies.

The economic analysis portion of the project is split into two phases. Preliminary recommendations in this summary are based on the Phase I market study, and are subject to refinement once the Phase II development feasibility analysis is complete.

- **Phase I Market Study:** An analysis of market trends and current conditions in Parker's Downtown. The study also includes high-level demand estimates for different land use types over a 10 year forecast period. These demand estimates provide a top-down view of what and how much development is potentially feasible in Downtown. The market study was completed in collaboration with P3 and other Town of Parker staff, including providing market information and development inventory data. EPS also solicited input from P3 and the Town on key local area developers and brokers to better understand current development conditions and challenges.
- **Phase II Development Feasibility:** This analysis uses financial modeling to determine what specific projects identified in the engagement are financially feasible and whether or not these projects would need gap financing. It is based on a bottom-up view of what is feasible. This phase also focuses on creating site and area specific strategies for more comprehensively developing the four sites in the context of Downtown as well as development in Parker.

MARKET DEMAND SUMMARY

The Downtown market demand estimates for residential, office, retail and hospitality development for the 10 year forecast period are summarized in Table 1 below.

Table 1
Market Study Findings and Demand Summary

Product Type	Market Overview	Important Considerations	Demand Estimate (10 years)
Residential	<p>Strong residential demand</p> <p>Increased multifamily construction in recent years in Parker and Denver Metro Area</p> <p>Shifting preferences for walkable neighborhoods and mixed-use environments</p>	<p>Residential can help support retail, restaurant, and office development in mixed-use projects Downtown</p> <p>Incentives likely necessary to support denser, mixed-use housing with structured parking</p> <p>Housing diversity important for housing employees and to support economic development in Parker</p>	<p>Multifamily = 306 units</p> <p>Townhomes = 65 units</p> <p>Condo project viable</p>
Office	<p>Slow rates of office growth since Great Recession</p> <p>No significant development Downtown since 2000</p> <p>Low vacancy rates suggestive of demand for office</p>	<p>Lack of privately held vacant land contributed to lack of Downtown development</p> <p>Incentives may be necessary to support office growth and new construction</p> <p>Mixed-use projects potentially all for more office development</p>	<p>Total = 97,999 sq. ft.</p> <p>Potential for multi-tenant professional, medical and general business offices</p>
Retail	<p>Strong retail market</p> <p>Driven by household growth</p> <p>Preference shifting toward more experiential retail and restaurant clusters</p>	<p>Restaurant clusters and other innovative food/drinking concepts can help activate and anchor Downtown development</p> <p>A number of metro area precedents for this type of development</p>	<p>Restaurants = 44,380 sq. ft.</p> <p>Grocery Store = 43,040 sq. ft.</p> <p>Total = 131,230 sq. ft.</p>
Hospitality	<p>Planned 50-room boutique hotel on West Main near theater</p> <p>Demand for hotel will continue to increase as Parker grows</p>	<p>Development site in an advantageous position near Parker's event venues and Downtown Core</p> <p>Success of proposed boutique hotel will help inform future demand</p> <p>Investments in retail and restaurants and mixed-use clusters will help catalyze development</p>	<p>Boutique hotel viable in mid to long term</p>

PRELIMINARY RECOMMENDATIONS

Downtown Parker, particularly East Mainstreet, is the historic core and focal point for the community. It contains a mix of civic, cultural, business, retail, and entertainment uses including the O'Brien Park, Pace Center, Town Hall, The Schoolhouse at Main Street, Discovery Park, and Douglas County Library. These facilities are located in close proximity to two strong blocks of pedestrian-oriented commercial development including retail, restaurant, and professional office. However, the analysis of existing conditions, the developer interviews conducted, and the initial surveys of residents all reveal a need and desire for additional retail and restaurant uses and more of a critical mass in Downtown.

The Town's four vacant sites are the "missing teeth" in this mixed-use development context. They are also the best locations for the additional retail, restaurant, and office uses that can strengthen the downtown business mix and contribute to its market attraction. There are a number of strategies the Town can consider in generating and attracting development consistent with the market on its vacant sites as outlined below.

1

BUILD A RETAIL AND DINING COMPLEX OF LOCAL AND REGIONAL RESTAURANTS AND SPECIALTY RETAILERS AS A CATALYST INVESTMENT.

Parker residents surveyed by Trestle Strategies have expressed their desire to see more unique restaurants, beer gardens, food halls, and microbreweries in downtown Parker and specifically on the Town's vacant land parcels. They are also clear in what they do not want to see as well, which are more chain and fast food restaurants. These interests are consistent with what EPS has documented in surveys of other suburban communities in the metro area. Importantly, multiple brokers and developers interviewed for this project have all suggested that this type of development would help catalyze other development types in Downtown.

These types of retail would offer an alternative to the more traditional retail on the borders of Downtown, including Flatacres Marketplace and Parker Pavilion. The Downtown context is also one of the only place in the Town that currently allows for and support the a mixed-use and experiential/destination retail approach.

The Pace Lot 2 would be an attractive location for a retail restaurant cluster of 20,000 to 30,000 square feet of space with a generous plaza and outdoor dining spaces similar to the above referenced projects. If built on this site, it would need to share parking with the Pace Center to the south. This use would also fit onto the East Main parcel which would have room for adequate surface parking. In the shorter term, the Town could consider using the East Main Lot vacant lots for food truck, farmer's markets, and other activities.



Eastbridge Towncenter in Stapleton Denver, CO is an example of a retail restaurant cluster.

2**PROMOTE MIXED-USE CONCEPTS THAT ARE COMPLEMENTARY; CREATE “BUILT-IN” DEMAND AND DIVERSIFY RISK; ENHANCE DOWNTOWN EXPERIENCE; AND FURTHER ECONOMIC DEVELOPMENT.**

Market research and development interviews completed for this report have highlighted the need for mixed-use development concepts on the My Mainstreet Sites. First, a mix of uses can be complementary and help catalyze additional development. Developers suggested that a retail/restaurant cluster would help catalyze residential development. Residential development would, in turn, help create a “built-in” demand for the cluster. Mixed-use buildings will also diversify the land use risk and, in particular, allow for the development of office space. Finally, a mix of uses will help enhance the downtown experience, through the introduction of retail and restaurant amenities, but also by helping to make the setting feel more lived-in – like a live, work, play district.

Further, shifts in preferences mean that not only are millennials and baby-boomers looking to live in mixed-use and walkable places, but so too are office users. Office tenants are seeking locations where their employees can walk to different amenities. In addition, employers want to locate in communities that can house junior and senior level staff. Increased housing diversity in more attainable downtown multifamily products will help house millennial employees as well as employees of retail and restaurant development located in Parker.

Finally, the Downtown Study Area is one of the only locations in currently in Parker with the density, historic fabric, and public uses making it well-suited for mixed use development. As a result, the My Mainstreet Sites represent an important opportunity for the Town.

3**ESTABLISH STRONG PUBLIC PRIVATE PARTNERSHIPS AND DEVELOPMENT INCENTIVES FOR DESIRED USES.**

Public private partnerships will be important for the success of a number of desired uses, including professional office development and denser, multifamily or mixed-use housing products. It also may be necessary to offer incentives for these development types to be feasible. As an example, according to developers interviewed, the primary challenges of building new office space are two-fold. First, it is difficult to pre-lease sufficient space from small users to obtain construction financing. Second, these smaller tenants are often unwilling or unable to pay the lease rates needed to support new construction. It will therefore take a partnership with an owner/developer interested in building additional speculative space. The development partnership and unique financing incentives for The Move Office Building in Castle Rock is an example of the creative approach needed to overcome the market and financial challenges for develop office space in the current market context.

For the retail and restaurant complex, the Town should consider meeting with experienced developers of the comparable projects listed to understand the market and financial requirements needed for this type of project to be built. It will require a public private partnership with an experienced developer who can recruit the unique mix of tenants needed for a successful project.

4**THE PINE CURVE SITE SHOULD BE PLANNED FOR DEVELOPMENT WITH A GROCERY STORE OR OTHER TYPE OF ANCHOR.**

The Pine Curve site will be the most difficult to develop in the short term as it is the largest site with the least infrastructure and furthest from Downtown. Its adjacency to nearby neighborhoods also create potential for community concerns regarding commercial uses. Because of the size the property, development will need to be phased. EPS recommends that it be included in a larger planning process that plans for infrastructure improvements and breaks development into a number of future phases.

There are a number of different types of anchors that could help support and catalyze a mixed-use development. The most obvious of which is a grocery store. The community survey completed by

Trestle Strategies also indicated continued interest in attracting a grocery store to this site to serve the eastern portion of the Town. In the short term, there are no candidate grocery anchors that have been currently identified for the site. However, the retail landscape can change in the next 5 to 10 years and the trade area on the east and south of Parker will continue to grow, and EPS's retail demand study showed that there will be enough demand in the next 10 years to support a medium format grocer.

Other potential anchors include an expanded hospitality concept that includes a larger convention and meeting space. The site is also large enough to support institutional uses like a local branch of a community college. Finally, the site may be able operate as a mixed-use development with a defined or central open space and retail amenities.

5 PHASE DEVELOPMENT FROM DOWNTOWN TOWARD THE PINE CURVE SITE – WEST TO EAST – FOCUSING FIRST ON REINFORCING AND INFILLING THE TOWN’S DOWNTOWN AND AS A WAY TO HELP CATALYZE PINE CURVE.

In comparison to the Pine Curve site, the smaller Town sites (19801 E. Mainstreet, Pace Lot 2, and East Main) will be easier to develop in the shorter term. The sites are closer to the historic downtown core and do not require a larger planning process. A development or phasing strategy that focuses on developing these infill sites first would help to reinforce and further activate Parker's Downtown. Investments in mixed-use space on the development sites closer to Downtown would also help to catalyze the Pine Curve site. Overall, it makes sense for the Town to concentrate on infilling the Downtown core first and then develop the Pine Curve site in the medium or long term. This would not preclude the Town from developing the sites out of order if the right opportunity arises.

6 PRELIMINARY USE RECOMMENDATIONS FOR EACH OF THE DEVELOPMENT SITES BASED ON THE MARKET STUDY AND CONVERSATIONS WITH THE DEVELOPMENT COMMUNITY ARE SHOWN IN THE TABLE BELOW.

Preliminary use recommendations are shown in the Table 2 below. These recommendations are based on the market study and conversations with developers, and not on a detailed site planning process or a financial feasibility analysis. As a result, they represent suggested uses, and should not prevent the Town from looking at additional uses as opportunities arise or as part of complementary planning processes.

**Table 2
Preliminary Use Recommendations**

Development Site	Feasible Uses
19801 E. Mainstreet	Professional Office; Multifamily Housing; Boutique Hotel; Single-Use Restaurant or Brew
PACE Lot 2	Retail and Restaurant Complex
East Mainstreet	Professional Office; Multifamily Housing; Boutique Hotel; Retail and Restaurant Complex
Pine Curve	Grocery Store Anchored Neighborhood Shopping District; Additional Medium Density Housing