Student Housing Market Demand Assessment

Prepared for:

City of San Antonio

Prepared by:

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A. Objective and Approach

Keyser Marston Associates, Inc. (KMA) prepared a student housing market demand assessment for Downtown San Antonio. KMA evaluated demand for off-campus student housing and identified strategies to implement student housing developments in Downtown. Key tasks included:

- Interviews with City representatives, college/university officials, and real estate professionals.
- Review of prior plans, studies, and maps.
- Tours of Downtown, adjacent neighborhoods, and college/university settings.
- Evaluation of regional and local demographic and multi-family rental market trends.
- Review of university enrollment, housing policy, and campus housing inventory.
- Financial feasibility analyses for prototype multi-family housing developments.

B. Downtown Development Trends

There are numerous public and private programs supporting revitalization, business development, and residential attraction in Downtown. Mayor Castro's SA 2020 Vision calls for the creation of 5,000 new housing units and 13,000 new jobs in Downtown by 2020. In 2011, the City and Centro Partnership San Antonio commissioned the preparation of a Strategic Framework Plan to guide Downtown revitalization efforts. The Plan targets an increase of 7,500 units by 2020.

According to the Downtown Alliance, there are currently 3,383 housing units in Downtown San Antonio. The HR&A Plan focuses new residential development on four priority areas: Downtown Core, Midtown/River North, Cesar Chavez/HemisFair Corridor, and Near River South. The Midtown/River North and Near River South areas have attracted significant new residential development over the past decade. The Can Plant Apartments and 1221 Broadway were recently completed in the Midtown/River North area. Cevallos Lofts, Steelhouse Lofts, and Judson Candy Lofts are new residential buildings in the Near River South area. Since 2010, the City has provided assistance to ten Downtown area residential or mixed-use developments, all of them located in either the Near River South or Midtown/River North sub-areas.

C. College/University Enrollment

There are nearly 94,000 college/university students in the San Antonio area. The KMA survey includes public and private schools ranging from 1,800 to 25,000 students, as follows:

- ***Colleges/Universities within Five miles of Downtown*** – (1) UTSA Downtown, (2) San Antonio College (SAC), (3) Trinity University, (4) University of the Incarnate Word, (5) Our Lady of the Lake University, (6) St. Mary's University, and (7) St. Philip's College

- ***Colleges/Universities Five Miles or More from Downtown*** – (8) Palo Alto College, (9) Texas A&M San Antonio, and (10) UTSA Main Campus

The campuses are spread across the metropolitan area, with 60% of students attending a college/university within five miles of Downtown. Only one school is located in Downtown, the UTSA Downtown campus with 6,860 students (5,243 undergraduates and 1,617 graduate/professional students). Almost half (48.6%) of San Antonio area college students are enrolled in community colleges, while relatively few are graduate/professional students (9.5%). The San Antonio area college/university population has been growing faster than the regional population. KMA projects total enrollment in the San Antonio area to reach 127,000 over the next ten years.

D. Campus Housing Conditions

Campus housing supply and housing policy vary widely among San Antonio area colleges/universities. Five of the ten surveyed schools currently have no campus-controlled student housing. None of the other five schools has sufficient campus housing for all undergraduates. Trinity University has an on-campus housing requirement, and sufficient housing, for all freshmen, sophomores, and juniors. College/university housing officials indicate that students who reside off-campus tend to favor the Campus Corridor (between San Antonio College and Trinity University/University of the Incarnate Word), Quarry Village area, and the Interstate 10 & Huebner Road area. Most community college students live at home with their families or are working adults/part-time students with their own households.

E. Downtown Student Housing Demand

KMA reviewed each of the ten surveyed colleges/universities in the San Antonio area to determine the potential for Downtown student housing demand. KMA considered enrollment trends, housing supply conditions, the appeal/accessibility of Downtown, and probable financial capability of students to afford Downtown rental apartments. The colleges/universities most likely to generate demand for Downtown student housing are the UTSA Downtown and Main campuses and the universities located within five miles from Downtown. Although two of the community colleges are located within five miles of Downtown, KMA does not consider them to be a driver of student housing demand, since many students live at home with their parents.

KMA estimates the potential to capture between 775 and 1,100 students in a Downtown "student village" over a ten-year period. Assuming an average of 2.00 students per unit, this translates to 388 to 550 units.

Source of Demand: College/University	Projection of Downtown Ten-Year Student Housing Capture	
UTSA Downtown	450 - 600	Beds
Universities Less than Five Miles from Downtown (1)	200 – 300	Beds
UTSA Main Campus	125 - 200	Beds
Total Beds	**775 – 1,100**	**Beds**
Assuming 2.0 Students Per Unit	**388 – 550**	**Student Units**

(1) Includes Trinity University, University of the Incarnate Word, Our Lady of the Lake University, and St. Mary's University.

KMA recommends a strategy to create an urban mixed-use district with an emphasis on college/university students. KMA believes that financing for a "student only" multi-family development would be extremely difficult. Therefore, initial residential development should appeal to a broad range of urban professionals, college/university employees, health care workers, while at the same time heavily marketing to students from UTSA and other institutions. An appropriate target ratio of students to total residents for a Downtown "student village" might be on the order of ***33%***. This would result in a total ten-year absorption target for the district of ***1,175 to 1,670 units***. At a typical density of 60 units per acre, this ten-year projection would require ***20 to 28 acres*** of land.

F. Key Opportunity Area

The key opportunity area for student housing within Downtown is the Near West Side around UTSA Downtown. UTSA Downtown is the only college or university located in Downtown. With 6,860 students currently enrolled, UTSA Downtown has no student housing. The Near West Side offers several advantages for creation of an urban "student village":

- It is close to Downtown employment centers
- It will be well-served by transit with the completion of the West Side Multimodal Transit Center
- Public agencies – UTSA, the City, and VIA – control substantial land
- A variety of under-utilized properties could be assembled as large development sites

The Near West Side also presents significant challenges:

- It is separated from Downtown by the elevated I-35 highway
- The area lacks neighborhood amenities and identity
- Its wide streets, large blocks, and institutional uses discourage walking

G. Development Feasibility

Initial residential development efforts should not be limited to student renters, nor should building amenities, unit features, and other project characteristics be designed solely for the student market. Key recommended project features include: urban loft finishes; in-unit laundry; dry cleaning pickup and delivery services; ground floor flex space for future conversion for retail; restaurant, or service tenants; shuttle service to key destinations, depending on tenant profile and needs; and consideration of ten-month leases for students. KMA tested the financial feasibility of two multi-family development concepts for the Near West Side. Both development concepts are likely to experience a financing gap in the near-term, estimated as $10,000 and $23,000 per unit, respectively.

	Development Concept #1	Development Concept #2
Units/Acre	45 Units/Acre	70 Units/Acre
Number of Stories	3-4 Stories	4-5 Stories
Type of Parking	Tuck-Under and Surface	Wrap
Financing Gap	**$10,000 per unit**	**$23,000 per unit**

H. Potential Implementation Strategies

The City will need to take an active role in leading the effort to brand the Near West Side area as a "student village", prioritize neighborhood improvements, identify and assemble key development sites, and recruit developer participation. The City should partner with the other major public, institutional, and private property owners in the area. Key action steps include:

- Stakeholder and developer outreach
- Adoption of a neighborhood master plan
- Initiation of branding and marketing efforts
- Establishing key methods of financial and other assistance. For example, the City and/or UTSA may be able to assemble and prepare sites for development, provide below-market ground leases, or develop parking garages.

I. INTRODUCTION

A. Objective

Pursuant to our agreement with the City of San Antonio (City) dated May 17, 2012, Keyser Marston Associates, Inc. (KMA) has undertaken a student housing market demand assessment with emphasis on opportunities to attract university student housing development to Downtown San Antonio. The City's objectives for this assessment were twofold:

- To determine the near- to mid-term demand for off-campus student housing in the greater Downtown area, and the potential to capture this demand within areas targeted for revitalization by the Center City Development Office (CCDO).

- To identify possible implementation strategies for student housing developments, including opportunity areas, potential partners, and recommended product type.

In furtherance of the City's goals, KMA has prepared this student housing market demand assessment with emphasis on opportunities for Downtown revitalization.

B. KMA Approach

In completing the student housing market demand assessment, KMA undertook the following key work tasks:

- Participated in meetings and teleconferences with City/CCDO representatives, college/university officials, and real estate development professionals.

- Reviewed background information such as resource documents, maps, and relevant plans, including (see Table I-1 for a full listing of documents):

    - SA 2020 Vision, March 2011
    - Market Report 2012, San Antonio/New Braunfels Real Estate Center at Texas A&M University
    - Center City San Antonio Retail Growth Strategy, HR&A, March 2012
    - Strategic Framework Plan for the Center City, HR&A, December 2011

- Toured the Downtown, adjacent neighborhoods, and college/university settings throughout the metropolitan area.

- Evaluated demographic trends for Downtown and the metropolitan area.

- Reviewed recent urban multi-family development in Downtown and adjoining neighborhoods and regional multi-family housing market trends.

- Compiled information on university enrollment trends, student housing policy, and on-campus housing inventory.

- Researched case studies nationally where off-campus student housing demand has been a contributing factor in urban revitalization.

- Analyzed financial feasibility for multi-family and student housing development in terms of development costs, achievable rental rates, and developer return.

C. Report Organization

This report is organized as follows:

- Following this Introduction, Section II presents the KMA findings and recommendations.

- Section III presents an overview of current development trends in Downtown San Antonio.

- Sections IV and V review key demographic trends and multi-family housing market conditions, respectively.

- Section VI presents an overview of local colleges and universities.

- Section VII profiles case studies from other regions.

- Section VIII presents the KMA financial feasibility analyses of the recommended development concepts.

- Limiting conditions pertinent to this work effort are detailed in Section IX.

TABLE I-1

LIST OF REPORTS AND STUDIES REVIEWED
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

Name	Author	Date
1. Market Report 2012, San Antonio/New Braunfels	Real Estate Center at Texas A&M University	2012
2. Economic Impact of Downtown San Antonio: 2011	SABER Research Institute	Draft, July 22, 2012
3. Downtown Transportation Study	Pape-Dawson Engineers	Draft Report, July 2012
4. Center City Housing Incentive Policy (CCHIP)	City of San Antonio	Adopted June 2012
5. Center City San Antonio Supermarket Study	HR&A	June 6, 2012
6. Young Professionals in San Antonio: Opportunities for Growth	Trinity University Urban Economics Students	May 2012
7. Market Demand Analysis and Project Feasibility Study (SAC)	Campus Advantage	March 2012
8. Center City San Antonio Retail Growth Strategy	HR&A	March 2012
9. Center City Strategic Framework Plan - Implementation	HR&A	February 28, 2012
10. Strategic Framework Plan for the Center City	HR&A	December 2011
11. 2035 Long Range Comprehensive Transportation Plan	VIA Metropolitan Transit	June 2011
12. Inner City Reinvestment/Infill Policy (ICRIP)	City of San Antonio	Adopted May 12, 2011
13. SA 2020 Vision	SA 2020 Steering Committee	March 2011
14. The Centro Partnership: A New Beginning for Downtown San Antonio	Civitas Consultants LLC	June 2009
15. 2008 Tax Increment Financing Program Policy and Implementation Manual	City of San Antonio	2008
16. San Antonio Downtown Housing Market and Demand Analysis	PKF Consulting	April 2007

II. FINDINGS AND RECOMMENDATIONS

A. Downtown Student Housing Demand

College/University Enrollment

Based on a KMA survey of ten schools, there are nearly 94,000 college/university students in the San Antonio area. The campuses are spread across the metropolitan area, with 60% of students attending a college/university within five miles of Downtown. Only one school -- the UTSA Downtown campus with 6,860 students – is located in or adjacent to Downtown. A significant number of San Antonio area college students are community college students (48.6%), while relatively few are graduate/professional students (9.5%).

The San Antonio area college/university population has been growing at an annual rate of 3.25%. This growth rate exceeds regional population growth, which has been trending at 2.01% per year. KMA projected enrollment for the ten colleges/universities to reach approximately 127,000 over the next ten years, reflecting an average annual growth rate of 2.75%.

Student Housing Conditions

Campus-controlled housing supply and housing policy vary widely among the ten schools. Five of the ten colleges/universities currently have no campus-controlled student housing, four have far fewer beds than the number of undergraduates, and only Trinity University has sufficient beds for all freshmen, sophomores, and juniors. College/university housing officials indicate that students who reside off-campus tend to favor the Campus Corridor (Mulberry and Hildebrand corridors between San Antonio College and Trinity University/University of the Incarnate Word), Quarry Village area, and the Interstate 10 & Huebner Road area. Many community college students live at home with their families or are working adults/part-time students with their own households.

Projected Downtown Student Housing Demand

Mayor Castro's SA 2020 Vision identifies a goal of increasing the supply of Downtown housing by 5,000 units, including mixed-income and student housing. The Strategic Framework Plan for the Center City (HR&A, December 2011) increases this target to 7,500 new units by 2020. As presented below, KMA projects demand for student housing in Downtown over the next ten years of 775 to 1,100 beds, or 388 to 550 units.

The colleges/universities most likely to generate demand for Downtown student housing are:

- UTSA Downtown
- The universities located less than five miles from Downtown: Trinity, Incarnate Word, Our Lady of the Lake, and St. Mary's
- UTSA Main Campus

KMA estimates the potential to capture between 775 and 1,100 students in a Downtown "student village" over a ten-year period. Assuming an average of 2.00 students per unit, this translates to 388 to 550 units.

College/University	Projection of Downtown Ten-Year Student Housing Capture	
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(1) Includes Trinity University, University of the Incarnate Word, Our Lady of the Lake University, and St. Mary's University.

As discussed in the following sections, KMA recommends development of an urban mixed-use district around UTSA Downtown that would be branded as a "student village". KMA recommends that initial multi-family rental projects appeal to a broad range of target markets, while at the same time heavily marketing to students from UTSA and other institutions. Assuming that student housing will comprise approximately one-third of the total housing units in an urban mixed-use district, then the overall target for the district would be 1,175 to 1,670 units.

B. Key Opportunity Area within Downtown

Preferred Location

The key opportunity area for student housing within Downtown is the Near West Side area around the UTSA Downtown campus. UTSA Downtown is the only college or university located directly in, or adjacent to, Downtown. The Near West Side offers several key advantages:

- It is close to Downtown employment centers
- It will be well-served by multiple transit options, with the anticipated completion of the West Side Multimodal Transit Center

- There is a substantial amount of land area under the control of public agencies, including UTSA, the City of San Antonio, and VIA
- The area along N. Medina St. offers historic building stock that could potentially be converted to multi-family housing
- The area is characterized by a variety of under-utilized properties that may have reached the end of their useful life, opening the possibility to assemble large-footprint development sites
- Its distance from the tourism and convention district limits the potential for hotel development, preserving affordable land values for potential housing development

The Near West Side area also presents substantial challenges for in-fill multi-family residential development:

- It is separated from the rest of Downtown by the elevated I-35 highway and the UTSA parking lots below
- The area lacks neighborhood amenities and identity – there is virtually no housing, no parks or recreational amenities, and very few restaurants, shops, or services
- The area's wide streets, large blocks, and institutional uses are discouraging to pedestrians

Near West Side Development Issues

There are a number of significant public, institutional, and/or private uses in the Near West Side area and environs that impact the potential for development of new multi-family residential in the area. Each of these is briefly reviewed below.

- *UTSA Downtown Campus* – The UTSA Downtown campus and its parking lots spread over four blocks on both sides of S. Frio St. between W. Commerce St. and W. San Fernando St. The campus opened in 1994 and has grown to nearly 7,000 students (Fall 2011), with 600 faculty and staff. The Downtown campus offers 18 undergraduate and eight graduate degree programs and is home to the Institute of Economic Development, College of Architecture (1,000 majors), College of Public Policy (800 majors), the department of Counseling, and the department of Educational Psychology. The Downtown campus also features a 19,000-SF library, 150-seat computer lab, theater, art gallery, student activity center, and dining facilities. The Downtown campus does not have any student housing. Approximately one-third of the students are part-time and 60% of the students attending the Downtown campus also take courses at the Main campus, located 15 miles away near the 1604 Loop.

- *City of San Antonio Properties* - Directly across S. Frio St. from the UTSA Downtown campus, the City of San Antonio controls approximately 20 acres of land. These properties are

currently occupied by San Antonio Municipal Court, San Antonio Police Department, San Antonio Fleet Maintenance, and other City facilities.

- *Proposed Transit Facilities* - Major transit facilities are planned just to the northwest of the UTSA Downtown campus. VIA, San Antonio's main transit agency, plans to develop the West Side Multimodal Transit Center (WSMMTC) on the old train depot property (on the west side of N. Medina St. between W. Commerce and W. Travis) and an adjoining block proposed for acquisition (bounded by W. Travis St., N. Frio St., W. Houston St., and N. Medina St.). The WSMMTC will serve as a hub for the proposed BRT system, taxi service, the proposed downtown trolley, bus service, AMTRAK, and the proposed Lone Star Rail commuter service between Austin and San Antonio. The initial development phase – completion of the historic train depot and launch of the new BRT system, VIA Primo, are planned for December 2012. The Near West Side area will enjoy strong transit access by multiple modes to a variety of destinations, including major employment centers, visitor amenities, and colleges/universities:

    - The VIA Primo line will run northwest to the University of Texas Health Science Center at the South Texas Medical Center. (The Health Science Center is comprised of five schools: Dental, Biomedical Sciences, Health Professions, Medicine, and Nursing. As of Fall 2010, there are over 3,000 undergraduate and graduate students attending the university.) Eventually, this line is planned to extend to the UTSA Main Campus at Loop 1604.

    - A proposed east-west light rail line will link the Near West Side to both Our Lady of the Lake University on the west and through Downtown to St. Philip's College on the east.

  The presence of these transit services will make the Near West Side one of the most accessible locations in Downtown San Antonio. It will also enable the City and real estate developers to consider reduced parking ratios for new multi-family apartment developments in this area.

- *Medical District* - Abutting the Near West Side area to the northeast is the Medical District, which includes the University Health System's downtown campus (Robert B. Green Campus) and Christus Santa Rosa Children's Hospital. The Robert B. Green Campus offers acute-care clinics for adults and children and several medical specialty clinics where patients can receive comprehensive prenatal care, family planning, and primary and secondary outpatient care. The facility is located north of W. Martin Street between N. Frio Street and Interstate 35 (I-35). The Christus Santa Rosa Children's Hospital is located east of I-35 between W. Martin and W. Houston Streets. The hospital is one of 11 locations operated by the Catholic non-profit health care system in the San Antonio/New Braunfels area.

- *Scobey Warehouses* - The area on the west side of N. Medina St., north of the old train depot property, is occupied by historic, multi-level warehouse buildings. Known as the Scobey warehouses, these six contiguous buildings comprise 272,495 SF of building area on 2.62 acres. These buildings represent a key opportunity for adaptive re-use as urban live/work lofts, although an in-depth feasibility evaluation was not conducted as part of the KMA report.

- *West Commerce District* - The Market Square is a three-block outdoor plaza lined with shops, restaurants, and produce stands. The Market Square is the largest Mexican market in the U.S., featuring a farmer's market, specialty store, and music festivals. This historic visitor attraction is located directly across the highway from UTSA Downtown. A few blocks further east, the Vistana high-rise rental development, located at N. Santa Rosa and W. Houston Streets, has been highly successful in attracting young/middle-aged professionals to live in a pioneering urban location. Additionally, the City is targeting the portion of W. Commerce St. between the I-35 and Vistana as an enhanced retail district. The Center City San Antonio Retail Growth Strategy (HR&A, March 2012) identifies the potential to capture 170,000 SF of retail, service, and food and beverage uses in the West Commerce District (bounded by I-35 on the west, W. Nueva on the south, the San Antonio River on the east, and W. Houston St. on the north). HR&A identifies the western portion of West Commerce District as a potential destination shopping and entertainment corridor.

C. Recommended Development Concept

Target Market

The Near West Side represents a significant opportunity for creation of an urban residential/mixed-use neighborhood with a particular emphasis on college/university students. However, initial residential development efforts in this area should not be limited to student renters, nor should building amenities, unit features, and other project characteristics be designed solely for the student market. Rather, new residential developments should cast a wider net to capture urban professionals, college/university employees, health care workers, and other segments – in addition to a strong focus on attracting and serving students.

Key target markets for Near West Side housing include:

- UTSA Downtown campus students
- Upperclassmen from other nearby campuses
- Graduate and professional students from UTSA (both campuses) and other nearby campuses

- International students
- Medical students, residents, and employees from South Texas Medical Center
- Health care workers at the nearby University Health Center and Christus Santa Rosa Children's Hospital
- UTSA Downtown faculty and staff
- Professionals employed in Downtown San Antonio

Project Features

Key recommended project features include:

- Urban loft finishes, e.g., exposed brick or concrete, high ceilings, large industrial windows
- Separate leases for parking spaces, i.e., allow rent savings for tenants using fewer or no parking spaces
- In-unit laundry
- Storage rooms for rent
- Indoor/outdoor community facilities, such as clubroom, fitness room, courtyard gardens, rooftop terrace/barbeque area
- Dry cleaning pickup and delivery service
- Electronic security features
- Building security staff, perhaps in combination with a larger neighborhood effort
- Energy efficiency and water conservation features
- Ground floor flex space for future conversion for retail, restaurant, or service tenants
- Possible shuttle service to key destinations, depending on tenant profile and needs
- Availability of furnished units for rent upon request
- Consideration of ten-month leases for students

Financial Feasibility

KMA tested the financial feasibility of two development concepts for the Near West Side:

- *Development Concept #1* - A 45-unit/acre, three- to four-story development with courtyard surface, tuck-under, and on-street parking

- *Development Concept #2* - A 70-unit/acre, four- to five-story development with wrap parking

Both of these concepts can be expected to experience a financing gap in the near-term, estimated as follows:

	Development Concept #1	Development Concept #2
Units/Acre	45 Units/Acre	70 Units/Acre
Number of Stories	3-4 Stories	4-5 Stories
Type of Parking	Tuck-Under and Surface	Wrap
Per Unit Financing Gap	**$10,000**	**$23,000**

These gap estimates are based on cost, value, and return estimates formulated by KMA based on comparable projects, industry standards, and developer interviews. A key assumption used in the KMA pro forma analysis is that potential development sites can be acquired for $30 per SF.

D. Potential Strategies for Implementation

Action Steps

There are significant pre-conditions for multi-family housing development in general, and student housing in particular, to be successful in the Near West Side area. The City can take an active role in leading the effort to brand the area as a "student village", prioritize neighborhood improvements, identify and assemble key development sites, and recruit developer participation. The City should partner with the other major public, institutional, and private property owners in the area in these efforts. The following presents a key list of action steps to initiate the development of a student-oriented multi-family neighborhood around the UTSA Downtown campus.

Action Step	Description	Responsible Parties
1. Stakeholder Outreach	• Initiate discussions with major property owners • Identify opportunities and constraints • Develop consensus action plan	• City • UTSA Downtown • VIA • Scobey Warehouses owner • University Health Center • Christus Santa Rosa Children's Hospital
2. Neighborhood Master Plan	• Identify key sites for development • Identify and prioritize public improvements • Establish requirements for "placemaking" amenities, e.g., public spaces, recreational uses, shopping, services, and restaurants	• City • Public and private stakeholders

	• Identify potential measures to enhance security (both capital and operating)	
3. Branding and Marketing	• Create a "student village" brand that distinguishes the Near West Side neighborhood from other Downtown neighborhoods such as Near River South and River North/Midtown • Evaluate potential options for district image/identity, e.g., Campus Square, College Corner, University Center, etc.	• City • Public and private stakeholders
4. Methods of Assistance	• Evaluate potential methods of assistance, including land assembly, parking garages, and financial incentives (see discussion in next section)	• City • UTSA Downtown
5. Developer Outreach	• Conduct outreach regarding City goals and development opportunities • Prepare handouts on potential assistance available • Work with developers to identify, assemble, and prepare sites	• City • UTSA Downtown • Private developers
6. Strengthen Linkages with Balance of Downtown	• Evaluate potential improvements to east-west connectivity, i.e., I-35 underpass, W. Commerce St. retail district, and Cesar Chavez corridor/Near River South areas	• City • UTSA Downtown • Public and private stakeholders
7. Assist in Recruitment of "Student Village" Retail, Restaurant, Service Amenities	• Identify, prioritize, and conduct outreach to target tenant types such as: o Bookstore o Coffee shop o Bike shop o Microbrewery o Health food store/restaurant o Yoga studio/fitness training center	• City • UTSA Downtown • Private developers • Public and private stakeholders
8. Attract Grocery Store to Downtown	• Continue outreach efforts to potential grocery chains to open new store in Downtown	• City (see discussion below)

A key amenity required to support an urban residential neighborhood is a grocery store. The City is actively working to recruit a grocery store to Downtown. The City engaged HR&A to undertake the Center City San Antonio Supermarket Study (June 6, 2012). The HR&A study emphasizes the importance of locating a grocery store within Downtown, as a source for the daily needs of residents, workers, and visitors, as an anchor for further retail growth, and as a critical factor in the success of future Downtown residential development. HR&A concludes that

the Downtown area can support a maximum 20,000-SF store and finds the strongest potential in the southern part of Downtown, near HemisFair, La Villita, and Southtown. Any of these locations would be easily accessible to the Near West Side via Cesar Chavez Boulevard. By contrast, KMA notes that nearest major grocery store serving the very successful Pearl District/River North is HEB's Central Market at 4821 Broadway, three miles north.

Methods of Assistance

The City has established an incentive policy to encourage residential development in Downtown. The City Council approved the Center City Housing Incentive Policy (CCHIP) in June 2012. The Near West Side falls in Incentive Tier 2. Additionally, according to the Inner City Reinvestment/Infill Policy (ICRIP) ordinance adopted May 2011, the Near West Side falls in ICRIP Tier 1. In recent years, the City has provided financial incentives in the form of fee relief and/or tax abatements valued in the range of $10,000 to $15,000 per unit. Most of the residential or mixed-use developments that have received inventive packages have been located in the Near River South or Midtown/River North sub-areas.

As noted above, the estimated financing gaps for the recommended development concepts range from $10,000 to $23,000 per unit. These gaps extend beyond the amount of financial incentive typically provided to Downtown residential developments. The City, and/or UTSA, may want to consider one or more of the following additional incentives to enhance the feasibility of multi-family development in the Near West Side area:

- *Site Assembly and Preparation:* Assemble and prepare sites for development, including installation of off-site infrastructure. Due to the presence of under-utilized properties and potentially obsolescent improvements in the Near West Side area, the City or UTSA may be able to create large-footprint development sites resulting in new residential developments on a critical mass scale.

- *Below-Market Ground Leases:* Contribute development sites on a "soft" ground lease, e.g., with deferred ground lease payments. HR&A's February 2012 Implementation Plan recommends the use of public land and assets to catalyze new development. HR&A inventoried more than 545 acres of government-owned land Downtown, including 341 owned by the City, 53 by the County, 71 by San Antonio Independent School District (SAISD), 53 by the State, and 27 by the Federal government.

- *Parking Garages:* Construct a parking garage to be dedicated to a proposed residential development. HR&A's February 2012 Implementation Plan carries a similar recommendation related to shared parking solutions to support development in Downtown. Specifically, HR&A recommends developing additional shared parking facilities, including

two new municipal parking garages, in strategic locations to offset private development costs.

- *Reduced Parking Ratios:* Allow multi-family development with substantially reduced parking ratios, reflecting the area's abundance of transit options.

- *Apartment Master Leases:* Enter into a master lease for a block of apartments for a multi-year period.

III. DOWNTOWN DEVELOPMENT TRENDS

A. Overview

San Antonio is the seventh largest city in the U.S. and the second largest in the State of Texas. The San Antonio Convention and Visitors Bureau report that the City receives over 26 million tourists annually. Many of these tourists visit the historic district in Downtown San Antonio, which includes the recently expanded Riverwalk, the historic Alamo, the Henry B. Gonzalez Convention Center, and the Rivercenter Mall. The Riverwalk is a popular attraction with restaurants and bars, shops, boat tours, parades, and various festival celebrations throughout the year. The Alamodome, a 65,000-seat multi-purpose venue used primarily for football games, is located directly across Highway 281 from these visitor amenities.

Downtown San Antonio is most closely associated with the Alamo, the Riverwalk, and the surrounding visitor uses. Downtown is also characterized by a large supply of historic buildings, a public realm with an attractive pedestrian scale, and numerous cultural amenities such as museums and theatres. However, Downtown lacks a critical mass of housing, and has few of the shopping, services, and other amenities typically required to support an urban population. Moreover, Downtown is largely separated from adjacent residential neighborhoods by highway barriers.

B. Plans and Strategies

There are numerous programs supporting revitalization, business development, and residential attraction in Downtown San Antonio, including both public and private initiatives, most notably:

- In 2008, the Center City Development Office (CCDO) was created to promote development, redevelopment, and retention of commercial, retail, residential, and cultural opportunities in Downtown and surrounding neighborhoods.

- Mayor Julian Castro initiated an extensive community outreach process to develop the SA 2020 Vision for the City of San Antonio. The SA 2020 long-range planning initiative calls for the creation of 5,000 new housing units and 13,000 new jobs in Downtown by 2020.

- Centro Partnership San Antonio (Centro) was created by civic and business leadership in 2011 as a public/private non-profit organization to foster a vibrant and prosperous Downtown.

- In 2011, the City and Centro commissioned the preparation of a Strategic Framework Plan for the Center City to serve as an Implementation Plan to guide the City in Downtown revitalization efforts.

In undertaking the Strategic Framework Plan, the City, Centro, and their consultant team involved myriad stakeholders from the public, private, and non-profit sectors; assessed opportunities and challenges confronting the greater Downtown area; and evaluated growth opportunities in targeted sub-areas. The Strategic Framework Plan establishes goals, targets, and strategies to achieve the SA 2020 Vision. The Strategic Framework Plan includes an action plan intended to guide infrastructure investment, urban design and master planning efforts, and the introduction of new housing.

C. Residential Neighborhoods and Developments

According to the Downtown Alliance, there are currently 3,383 housing units in Downtown San Antonio. While the SA 2020 Vision established a goal of adding 5,000 new units by 2020, the Strategic Framework Plan recommends setting a target increase of 7,500 units by 2020 (HR&A, December 2011). The Strategic Framework Plan focuses new residential development on four priority growth areas, as discussed below. Among these sub-areas, the Midtown/River North and Near River South areas have attracted significant new residential development over the past decade.

- *Downtown Core* – The Downtown Core is dominated by the tourism, hospitality, and convention industries. This area includes the vast majority of Downtown's 13,300 hotel rooms as well as 5.4 million SF of commercial office space.

- *Midtown/River North* – This area on the north side of Downtown is anchored by the San Antonio Museum of Art and the Pearl Brewery. Recent improvements to the Museum Reach portion of the Riverwalk have helped stimulate major private developments (primarily residential) both north and south of I-35, around the Pearl Brewery, and along N. Broadway. Recently completed residential developments in this area include The Can Plant Apartments and 1221 Broadway. The Mosaic and 1800 Broadway are currently under construction.

- *Cesar Chavez/HemisFair Corridor* – HemisFair Park Area Redevelopment Corporation (HPARC) is working to redevelop HemisFair Park into a mixed-use community and destination park. The vision of the HemisFair Master Plan (February 2012) includes a world-class urban park, apartments and condominiums, expansion of the Convention Center to the east, an amphitheater, improvements to transit and connectivity, and restoration of the historic street grid. The City's 2012 Bond Initiative included $30 million in funding for major

infrastructure improvements required for the HemisFair redevelopment. The Cesar Chavez/HemisFair Corridor sub-area also includes the Southtown area around S. Alamo St. and S. St. Mary's St. Located adjacent to the historic King William and Lavaca neighborhoods, the Southtown area has emerged as an urban residential neighborhood anchored by arts and cultural uses. The Blue Star Arts complex on S. Alamo St. and the Riverwalk functions as a hub for arts-oriented retail with art galleries, creative retailers, dining, residential units for artists, office space for non-profits, and home of the Blue Star Brewery.

- *Near River South* – This area is located south of the Civic Center and Cesar Chavez/HemisFair sub-areas. It encompasses the S. Flores St. corridor ("SoFlo") and the industrial and residential areas along the west side of the San Antonio River further south. Mostly occupied by former industrial facilities, the Near River South area is envisioned as a center for arts, entertainment, and creative urban residential formats. Near River South has seen a surge of new construction and adaptive re-use residential developments, including the recently completed Cevallos Lofts, Steel House Lofts, and Judson Candy Lofts.

The Plan further identifies four additional areas for long-term growth, both as employment hubs and residential districts:

- *Near West Side* – Home to the UTSA Downtown campus and VIA's future West Side Multimodal Transit Center, this area directly west of Downtown is characterized by under-utilized properties, including public and private facilities and surface parking lots. Current City plans identified funds in the 2012 Bond Initiative for installing streetscape improvements along Frio Street as it relates to VIA's future multi-modal hub.

- *Medical District* – Located on the northwest edge of Downtown, and adjoining the Near West Side, the Medical District comprises four hospital complexes, including University Health Center's downtown campus and Christus Santa Rosa Children's Hospital.

- *Civic Center* – The area around Main Plaza contains major City and County government facilities and the new Public Safety Headquarters. Plans call for the addition of a Federal courthouse to this mix of civic uses. The City's 2012 Bond Initiative identifies funding for streetscape improvements along the Commerce Corridor from Santa Rosa Ave. to Frio St. on the Near West Side. One major residential development – The Vistana – has been developed in the Civic Center sub-area. Completed in 2009, by Cross & Company, the 247-unit Vistana was the first urban high-rise residential development in Downtown San Antonio. The 14-story building was developed as loft-style units with ten-foot exposed ceilings, large windows, and polished concrete floors. The ownership reports that The Vistana is nearly fully leased commanding rents at approximately $1.55 per SF.

- *Near East Side* – Directly east of Downtown across I-37, the Near East Side comprises the Alamodome; a mix of entertainment and hotel uses; industrial uses and active train lines; and a residential neighborhood centered around Dignowity Park.

The table below presents a summary of existing and planned residential developments in Downtown by sub-area and type (apartment vs. condominium). As shown in the table, there are a total of 4,181 existing units in the eight (8) sub-areas. Of those, 81% are rental units. Another 1,093 units are either under construction or proposed, of which 836 are rental units. For-sale units are heavily concentrated in the HemisFair and Cesar Chavez Corridor, while 47% of the rental units are situated in the Urban Core and River-North – Mid-Town Brackenridge area. These figures include both income-restricted and market-rate units.

	Existing Units			Future Units		Total
	Rental	For-Sale	Total Existing	Under Construction	Proposed	
Civic Center	260	0	260	0	0	260
HemisFair and Cesar Chavez Corridor	459	293	752	0	0	752
Medical District	381	0	381	0	0	381
Near East Side	0	146	146	0	154	300
Near River South	468	127	595	0	269	864
Near West Side	210	0	210	0	0	210
River-North - Mid-Town Brackenridge	746	39	785	450	200	1,435
Urban Core	857	195	1,052	0	20	1,072
Total Number of Units	**3,381**	**800**	**4,181**	**450**	**643**	**5,274**

Source: Downtown Alliance San Antonio, May 2012

D. Housing Incentive Programs

The City of San Antonio has established policies to provide financial incentives to encourage private redevelopment efforts in older urban areas. Available incentives and tools for in-fill multi-family residential development include tax abatements, fee waivers, and grants and loans. The City has defined the principal financial incentives available for targeted redevelopment activities through the establishment of a series of Tax Increment Reinvestment Zones (TIRZ) and adoption of the Inner City Reinvestment/Infill Policy (ICRIP, May 2011).

More recently, the City Council approved the Center City Housing Incentive Policy (CCHIP) in June 2012. The CCHIP aligns the City's incentive programs with the goals and objectives of the Downtown Strategic Framework Plan. The CCHIP encourages historic rehabilitation, adaptive re-

use, brownfields redevelopment, and transit-oriented development. Eligible projects can receive City Fee Waivers, SAWS Impact Fee Waivers, Real Property Tax Reimbursement Grants, Inner City Incentive Fund Loans, and Mixed Use Development Forgivable Loans, subject to the terms outlined in the CCHIP.

Since 2010, the City has provided assistance to ten Downtown area residential or mixed-use developments, all of them located in either the Near River South or Midtown/River North sub-areas. Typically, the combined value of all financial incentives has represented about 10% of total project costs. The total incentive package has ranged from $10,000 to $15,000 per unit.

The Center City Strategic Framework Plan (HR&A, February 2012) recommends that the City continue to incentivize housing throughout the Downtown neighborhoods. According to HR&A, implementation of 7,500 new housing units by 2020 will require City incentive funding totaling $35 to $55 million (or approximately $5,000-$7,500/unit). These figures reflect only the direct cost to the City and do not account for tax expenditures through tax abatements or Chapter 380 grants, or foregone revenues from fee waivers.

IV. KEY DEMOGRAPHIC TRENDS

This section reviews various demographic factors, as provided by Claritas, Inc., for one-, three-, and five-mile rings from the centerpoint of Downtown (Main Avenue and Commerce Street), the City of San Antonio (City), and Bexar County (County). According to the projections, population in the one-mile ring is expected to grow at a faster pace than the three- and five-mile rings, City, and County. Generally, households within the one-mile ring earn lower household incomes than the City and County, have smaller household sizes, and are older in age. Tables IV-1 through IV-5 are presented at the conclusion of this section. Key demographic trends impacting these areas are discussed below.

Population

According to Claritas, Inc., there are currently 13,400 residents in the one-mile trade area. Population in the one-mile ring has increased by 0.54% annually since 2000. Conversely, population in the three- and five-mile rings have experienced negative average annual growth during the same time period. These areas are expected to increase nominally over the next five (5) years.

The City of San Antonio is the seventh largest city in the U.S. and currently contains an estimated 1.3 million residents. The City is one of the fastest growing cities in the nation in terms of population and has increased by 16% since 2000. The County experienced a 27% increase during the same time period and is projected to increase by another 8.5% through 2017.

Population	1-Mile	3-Mile	5-Mile	City of San Antonio	Bexar County
2012 Estimate	13,439	148,160	367,481	1,323,508	1,769,339
2017 Forecast	13,813	148,702	370,794	1,403,485	1,919,537
Percent Increase	2.8%	0.4%	0.9%	6.0%	8.5%
Average Annual Growth	0.55%	0.07%	0.18%	1.18%	1.64%

Source: Claritas, Inc.

Households

As of 2012, there were an estimated 4,400 households in the one-mile trade area. Over the next five years, the number of households in the one-mile trade area is expected to increase annually by less than one percent. The three- and five-mile trade areas are projected to increase nominally through 2017. The City currently has a total of 482,000 households and is expected to increase by 1.3% over the next five years.

Households in the one-mile trade area are smaller in size than the other geographic areas. The one-mile trade area contains an average of 1.7 persons per household. Households in the three- and five-mile trade areas, City, and County range between 2.7 and 2.8 persons per household.

Households	1-Mile	3-Mile	5-Mile	City of San Antonio	Bexar County
2012 Estimate	4,433	50,489	123,970	481,879	630,252
Average Household Size	1.7	2.7	2.8	2.7	2.7

Source: Claritas, Inc.

Income

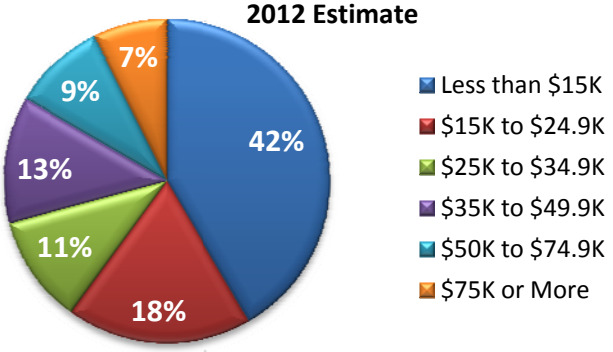
Residents within the one-mile trade area have a median household income of about $19,600, which is approximately 52% lower than the median income for the City ($41,000). Residents in the three- and five-mile trade areas have slightly higher median household incomes than the one-mile trade area. Per capita income in the one-mile area ($16,000) is substantially lower than the City and County but higher than both the three- and five-mile trade areas.

Income	1-Mile	3-Mile	5-Mile	City of San Antonio	Bexar County
Per Capita Income	$16,169	$12,676	$14,136	$20,353	$21,763
Median Household Income	$19,550	$24,633	$28,323	$41,067	$44,789

Source: Claritas, Inc.

Approximately 42% of households within the one-mile trade area earn annual incomes of $15,000 or less. The proportion of households in the City and County earning less than $15,000 is significantly lower than the one-mile area and ranges between 14% and 16%, respectively. Overall, 93% of households in the one-mile ring earn below $75,000 in annual income. The three- and five-mile areas have a slightly lower proportion of households earning less than $75,000.

Distribution of Household Income in 1-Mile Ring, 2012 Estimate



Age Distribution

The smaller sized households and older population are indicators that the one-mile trade area is generally made up of empty nesters. Residents in the one-mile ring contain a median of 39 years of age. These are distinctly different from residents in the three- and five-mile trade areas, City, and County which are at about 32 years of age. Demographics by age group illustrate that there is a significantly smaller population under the age of 17 in the one-mile trade area than the other geographic areas. About 14% of the one-mile trade areas population is under the age of 17, whereas, the other areas are at about 29%.

In contrast, the one-mile trade area also contains a higher proportion of residents above the age of 65 than the three- and five-mile trade areas, City, and County. The largest age group category in the one-mile trade area is the population that ranges between 25 and 44 years of age (37%), followed by the 45 to 64 age group (24%) and the 65 and up age group (15%).

Race and Ethnicity

According to Claritas, Inc., nearly three-quarters of the population in the one-mile radius is made up of Caucasian individuals, followed by the African American population (11%), and persons of another race (12%). The City and County also contain a larger proportion of Caucasian residents (72%), followed by persons of another race (16% to 17%), and African Americans (7% to 8%).

There is a large presence of Hispanic residents within the three- and five-mile trade areas, about 81%. The one-mile ring, City, and County have a lower proportion of Hispanic residents ranging between 60% and 64%, respectively.

Employment

According to the San Antonio Business Journal Book of Lists, USAA is the top employer in San Antonio with 15,000 employees. The following chart identifies the major employers in the City, i.e., employers with approximately 2,000 or more employees.

Employer	Sector	Employees
USAA	Financial Services	15,000
City of San Antonio (1)	Government	12,000
Northside Independent School District	Education	12,244
North East Independent School District	Education	8,400
Methodist Healthcare System	Health Care	7,747
Baptist Health System	Health Care	6,310
University of Texas Health Science Center at San Antonio	Education	6,153
University Health System	Education	5,132
Wells Fargo	Financial Services	4,666
Bexar County	Local Government	4,500
Lackland Air Force Base	Military	4,500
JPMorgan Chase	Financial Services	4,300
Christus Santa Rosa Health Care	Health Care	4,235
The University of Texas at San Antonio	Education	4,007
Six Flags Fiesta Texas	Theme Park	3,000
Toyota Motor Manufacturing Texas, Inc.	Auto Manufacturing	2,800
Southwest Research Institute	Engineering Research	2,700
SeaWorld San Antonio	Theme Park	2,400
Kinetic Concepts, Inc.	Medical Technologies	2,068
Valero Energy Corp.	Energy Services	2,000
Frost National Bank	Financial Services	1,971
Total		**116,133**

Source: San Antonio Business Journal Book of Lists, April and July 2011

(1) Per e-mail correspondence dated September 17, 2012 with City of San Antonio.

The table below identifies employment by industry in the San Antonio – New Braunfels metropolitan statistical area (MSA) (excluding agricultural employment):

Industry	Employees	Percent
Government	159,000	18.7%
Trade, Transportation, and Utilities	149,900	17.6%
Education and Health Services	138,200	16.3%
Leisure and Hospitality	101,300	11.9%
Professional and Business Services	97,500	11.5%
Financial Activities	63,500	7.5%
Manufacturing	46,300	5.4%
Construction	41,500	4.9%
Other Services	32,000	3.8%
Information	17,100	2.0%
Mining and Lodging	4,000	0.5%
Total	**850,300**	**100.0%**

Source: Texas Workforce Commission

As shown above, education and health services comprise 16.3% of the San Antonio-New Braunfel MSA employment industry. By comparison, education and health care reflect a much higher percentage of the top 20 employers in San Antonio, 35% and 18%, respectively. The next leading sector among the top 20 employers is financial services at 25%.

Top 20 Employers by Industry Sectory

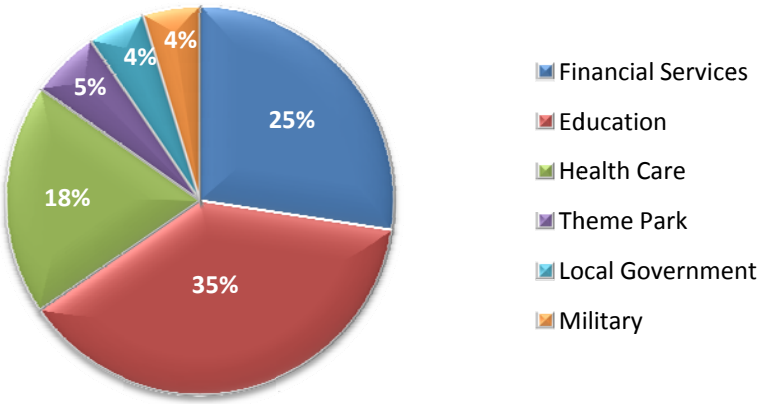


TABLE IV-1

COMPARATIVE OVERVIEW OF POPULATION AND HOUSEHOLDS, 2012 TO 2017
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	1-Mile Ring (1)	3-Mile Ring (1)	5-Mile Ring (1)	City of San Antonio	Bexar County
I. Population					
A. 2012 Population (Estimate)	13,439	148,160	367,481	1,323,508	1,769,339
Historical Average Annual Growth, 2000-2012	0.54%	-0.48%	-0.23%	1.22%	2.01%
B. 2017 Population (Forecast)	13,813	148,702	370,794	1,403,485	1,919,537
Average Annual Growth, 2012-2017	0.55%	0.07%	0.18%	1.18%	1.64%
C. Median Age, 2012 (Years)	39.1	31.8	31.6	32.3	32.6
II. Households					
A. 2012 Households (Estimate)	4,433	50,489	123,970	481,879	630,252
Historical Average Annual Growth, 2000-2012	0.92%	-0.04%	0.06%	1.45%	2.14%
B. 2017 Households (Forecast)	4,578	51,265	126,428	514,258	685,380
Average Annual Growth, 2012-2017	0.65%	0.31%	0.39%	1.31%	1.69%
C. Average Household Size, 2012	1.73	2.72	2.82	2.69	2.74

(1) From the intersection of Main Avenue and Commerce Street.

Source: Claritas, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: i:San Antonio_Bibliography and Demographics;10/10/2012;rks

TABLE IV-2

COMPARATIVE OVERVIEW OF INCOME CHARACTERISTICS, 2012
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	1-Mile Ring (1)	3-Mile Ring (1)	5-Mile Ring (1)	City of San Antonio	Bexar County
Median Household Income	$19,550	$24,633	$28,323	$41,067	$44,789
Per Capita Income (PCI)	$16,169	$12,676	$14,136	$20,353	$21,763
Aggregate Personal Income	$0.22 Billion	$1.88 Billion	$5.19 Billion	$26.94 Billion	$38.51 Billion

(1) From the intersection of Main Avenue and Commerce Street.

Source: Claritas, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: i: San Antonio_Bibliography and Demographics;10/10/2012;rks

TABLE IV-3

DISTRIBUTION OF HOUSEHOLD INCOME BY AREA, 2012
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

Geography	Less than $15,000	$15,000 to $24,999	$25,000 to $34,999	$35,000 to $49,999	$50,000 to $74,999	$75,000 to $99,999	$100,000 or More	Total
One-Mile Ring (1)	41.6%	18.4%	10.8%	12.6%	9.2%	3.9%	3.5%	100.0%
Three-Mile Ring (1)	31.1%	19.6%	15.2%	14.2%	12.0%	3.9%	4.0%	100.0%
Five-Mile Ring (1)	27.1%	18.0%	14.7%	16.0%	13.4%	5.0%	5.9%	100.0%
City of San Antonio	16.3%	13.4%	13.3%	17.2%	18.3%	9.4%	12.0%	100.0%
Bexar County	14.3%	12.2%	12.5%	16.9%	19.3%	10.4%	14.4%	100.0%

(1) From the intersection of Main Avenue and Commerce Street.

Source: Claritas, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: i: San Antonio_Bibliography and Demographics;10/10/2012;rks

TABLE IV-4

DISTRIBUTION OF POPULATION BY AGE GROUP AND AREA, 2012
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

Geography	17 and Under	18-24	25-44	45-64	65 and Older	Total
One-Mile Ring (1)	14.3%	9.3%	37.3%	24.0%	15.1%	100.0%
Three-Mile Ring (1)	28.8%	10.7%	29.4%	19.4%	11.7%	100.0%
Five-Mile Ring (1)	29.2%	10.7%	28.7%	19.5%	11.9%	100.0%
City of San Antonio	28.5%	10.2%	29.5%	21.7%	10.2%	100.0%
Bexar County	28.1%	10.4%	28.6%	22.6%	10.3%	100.0%

(1) From the intersection of Main Avenue and Commerce Street.

Source: Claritas, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: i: San Antonio_Bibliography and Demographics;10/10/2012;rks

TABLE IV-5

DISTRIBUTION OF POPULATION BY RACE AND ETHNICITY BY AREA, 2012
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Race (2)						Ethnicity (3)
Geography	Caucasian	African American	American Indian and Alaska Native	Asian and Pacific Islander	Other	Total	Hispanic
One-Mile Ring (1)	74.8%	11.0%	1.2%	1.3%	11.7%	100.0%	63.1%
Three-Mile Ring (1)	70.0%	6.3%	1.3%	0.6%	21.8%	100.0%	81.4%
Five-Mile Ring (1)	71.4%	5.7%	1.2%	0.6%	21.1%	100.0%	80.5%
City of San Antonio	72.3%	6.8%	0.9%	2.6%	17.4%	100.0%	64.3%
Bexar County	72.5%	7.5%	0.8%	2.7%	16.4%	100.0%	59.4%

(1) From the intersection of Main Avenue and Commerce Street.
(2) Race refers to the concept of dividing people into populations or groups on the basis of various sets of physical characteristics, i.e., color, facial features, etc.
(3) Ethnicity is a population of human beings whose members identify with each other, on the basis of a real or a presumed common genealogy or ancestry.

Source: Claritas, Inc.
Prepared by: Keyser Marston Associates, Inc.
Filename: i: San Antonio_Bibliography and Demographics;10/10/2012;rks

V. MULTI-FAMILY RENTAL MARKET CONDITIONS

On a national level, the rental apartment market industry continues to strengthen due principally to two current economic conditions: (1) households that have faced a short sale or foreclosure of a home; and (2) stricter mortgage lending standards that have caused young and/or newly formed households to postpone homeownership. This demand has caused decreases in vacancy rates and increases in rents. In the long-term, there are strong fundamentals supporting attached housing development in in-fill locations. Scarcity of land, rising housing costs, and the increase in non-family households will continue to generate demand for townhomes, condominiums, and apartments. In addition, increasing life expectancy and changing lifestyle patterns will generate demand for alternative residential development types among the baby boomers/empty nesters and Generations X and Y. Industry research has demonstrated value premiums for higher-density residential developed as part of walkable, amenitized, mixed-use districts.

Similar to the national housing market, the San Antonio housing market seems to have hit bottom, and recovery is underway in well-located submarkets close to employment centers. The following presents key market factors for the San Antonio rental housing market:

- According to the Real Estate Center at Texas A&M University, the apartment market has remained steady since significant improvement in 2008. Effective apartment rents in Downtown San Antonio increased 12% in 2008 and have hovered in the low $1.00 per SF range over the past four years. By comparison, apartment rents in the entire City have remained steady over the past six years, as shown below:

Apartment Rents per SF (Overall)	2006	2007	2008	2009	2010	2011
Downtown San Antonio	$0.95	$0.97	$1.09	$1.06	$1.03	$1.05
City of San Antonio	$0.83	$0.85	$0.86	$0.87	$0.87	$0.88

Source: Market Report 2012, San Antonio/New Braunfels, Real Estate Center at Texas A&M University.

- Class A rents for the apartment market in San Antonio are much higher than the overall average shown in the table above. Average rent has remained steady since 2008 in Downtown and the City at $1.34 per SF and $1.04 per SF, respectively.

- Vacancy rates in Downtown San Antonio were abnormally high in 2008 at 25.4%. Vacancy in the City during the same time period was 11.2%. Since 2008, Downtown San Antonio, as well as the City, have experienced annual decreases in vacancy.

Apartment Vacancy (Overall)	2006	2007	2008	2009	2010	2011
Downtown San Antonio	12.0%	12.9%	25.4%	15.5%	13.0%	10.5%
City of San Antonio	9.9%	9.2%	11.2%	12.4%	9.8%	8.7%

Source: Market Report 2012, San Antonio/New Braunfels, Real Estate Center at Texas A&M University.

- Vacancy for Class A apartment buildings are significantly lower than the overall market. In Downtown San Antonio, Class A apartment vacancy averaged 7.2% in 2011, compared to 5.5% for Class A apartments Citywide.

- On a Citywide basis, one-bedroom units comprise nearly half (46%) of all units in multi-family rental developments, with an average size of 666 SF and rent of $645 per month.

- Two-bedroom units comprise 39% of multi-family rental units Citywide, with an average size of 983 SF and an average monthly rent of $844.

- Studio units average 460 SF and have an average rental rate of $511 per month.

- According to Marcus and Millichap, average asking rents in San Antonio can be expected to reach $745 per month this year, marking an annual increase of 3.0% over 2011.

- Well-located, highly amenitized apartment communities command higher market rents. For example, most new rental developments in Downtown are achieving market rents for some or all units at rates of $1.50 per SF per month and higher.

Recent Downtown Rental Developments	Year Built	Typical Rent per SF per Month (1)
Pearl – Can Plant	2012	$1.80
Steel House Lofts	2012	$1.65
The Mosaic (2)	2013	$1.61
Vistana	2009	$1.55
Cevallos Lofts	2011	$1.50
1221 Broadway	2011	$1.50
St. Benedict's	2009	$1.50
1800 Broadway (2)	2012	$1.43
The 1010 (2)	2012	$1.30

(1) Per teleconferences with developers, pro forma submittals, market studies, and Internet research.
(2) Projected rent for projects currently under construction.

VI. OVERVIEW OF LOCAL COLLEGES/UNIVERSITIES

A. Survey of Colleges/Universities

KMA surveyed ten colleges/universities in the San Antonio metropolitan area (see map in Exhibit VI-1). In aggregate, total enrollment at the ten colleges and universities comprises nearly 94,000 students. Additionally, the colleges and universities employ thousands of faculty and staff members. These schools include public and private colleges and universities ranging in size from 1,800 to 25,000 students. The campuses are spread across the metropolitan area, with only one -- the UTSA Downtown campus – located in or adjacent to Downtown. UTSA Downtown has a current total enrollment of 6,860 students, including 5,243 undergraduates and 1,617 graduate/professional students. Table VI-1 presents the detailed KMA survey.

The following chart summarizes the types of colleges/universities, distances from Downtown, and mix of undergraduate vs. graduate/professional students.

College/University	Distance from Downtown Core (1)	Under-graduate Students	Graduate/ Professional Students	Total Enrollment (2)
Downtown				
UTSA Downtown	0.9 miles	**5,243**	**1,617**	**6,860**
Less than Five Miles from Downtown				
San Antonio College	1.7 miles	25,178	n/a	25,178
Trinity University	3.7 miles	2,426	204	2,630
University of the Incarnate Word	3.9 miles	4,210	878	5,088
Our Lady of the Lake University	3.2 miles	1,363	477	1,840
St. Mary's University	4.9 miles	2,437	1,668	4,105
St. Philip's College	3.2 miles	11,049	n/a	11,049
Subtotal	--	**46,663**	**3,227**	**49,890**
Five Miles or More from Downtown				
Palo Alto College	8.9 miles	9,382	n/a	9,382
Texas A&M San Antonio	9.4 miles	2,604	950	3,554
UTSA Main Campus	14.2 miles	21,025	3,083	24,108
Subtotal	--	**33,011**	**4,033**	**37,044**
Total		**84,917**	**8,877**	**93,794**

(1) From the intersection of Main Avenue and Commerce Street.

(2) Reflects enrollment for 2010 or 2011 based on telephone interviews with colleges and universities.

As shown in the table below, over 60% of the students attend a college/university located less than five miles from Downtown. Approximately one-quarter of all students in the KMA survey attend San Antonio College.

College/University by Distance	Enrollment	Percent
UTSA Downtown	6,860	7.3%
Less than Five Miles from Downtown	49,890	53.2%
Five Miles or More from Downtown	37,044	39.5%
Total	**93,794**	**100.0%**

In addition, the Downtown area boasts two non-degree educational institutions: The Culinary Institute of America (CIA) and Southwest School of Art (SSA). The CIA is located at the Pearl Brewery and offers an Associate's degree in Culinary Arts. The CIA San Antonio campus is one of three campuses in the U.S.; the other two being in Hyde Park, NY and St. Helena, CA. SSA is a private institution with part-time and older students who reside throughout the San Antonio area. SSA plans to initiate a Bachelor of Fine Arts accreditation in Fall 2013. SSA anticipates having 20 students per class, with 100 students by the time the first class graduates in 2017. Although Downtown student housing is likely to be attractive to SSA students, KMA has not included the SSA enrollment projections in our demand forecast due to the relatively small numbers.

B. Enrollment Trends

Nearly half of the San Antonio area college students are community college students, while relatively few are graduate/professional students, as summarized below:

Educational Level	Enrollment	Percent
Community College Students	45,609	48.6%
Undergraduate Students at Four-Year College/University	39,308	41.9%
Graduate/Professional Students	8,877	9.5%
Total	**93,794**	**100.0%**

As shown in Table VI-2, the San Antonio area college/university population has been growing at an annual rate of 3.25%. This growth rate exceeds regional population growth, which has been trending at 2.01% per year. (Multi-year enrollment trends are based on annual statistics from the Texas Higher Education Coordinating Board, which differs slightly from the 2010/2011 figures reported by the colleges/universities.)

As shown in Table VI-3, the colleges/universities located less than five miles from Downtown have grown at a slower pace than the colleges/universities beyond five miles. Trinity and Our

Lady of the Lake universities have experienced slight declines in enrollment. On the other hand, Texas A&M University San Antonio has grown at an average rate of 23.16% since opening in 2009.

College/University by Distance	2006-2011
Less than Five Miles from Downtown	2.76%
Five Miles or More from Downtown	4.10%
Total	**3.25%**

C. Enrollment Growth Projection

KMA projected enrollment for the ten colleges/universities to reach approximately 127,000 over the next ten years, reflecting an average annual growth rate of 2.75%. The KMA projections assumed:

- No growth for those universities that have recently experienced declining enrollment
- A conservative 10% growth rate for Texas A&M University San Antonio
- Growth rates for both the UTSA campuses of 0.36%, as forecasted by the University
- For the remaining colleges/universities, each institution's actual historical growth rate

College/University by Distance	Total Enrollment 2021	Percent of Total Increase
UTSA Downtown	7,111	5.6%
Less Than Five Miles from Downtown Core	74,008	58.2%
Five Miles or More from Downtown Core	46,124	36.2%
Total Increase	**127,243**	**100.0%**

D. College/University Student Housing Conditions

KMA researched the supply of campus-controlled housing at each of the ten surveyed colleges/universities. Housing supply and housing policy vary widely among the ten schools. Many of the colleges/universities currently have no campus-controlled student housing, and the rest have fewer student beds than the total number of undergraduates. Only one – Trinity University – has an on-campus housing requirement for most undergraduates (all but seniors are required to live on-campus). Others require out-of-state freshmen only to live on-campus.

The following presents an overview of the campus-controlled student housing supply situation at each school relative to its current student population:

	No Student Housing		Existing Student Housing Supply	
	No Housing Planned	**Future Housing Planned**	**Below 50% of Undergraduate Population**	**Exceeds 50% of Undergraduate Population**
UTSA Downtown	**X**			
St. Philip's College	**X**			
Palo Alto College	**X**			
San Antonio College		**X** Tobin Lofts 553 beds		
Texas A&M San Antonio		**X** Verano 170 units		
Our Lady of the Lake University			**X** Only 70% of beds on campus occupied	
University of the Incarnate Word			**X** 150 beds rented at Marriott Courtyard; 200 new on-campus beds about to break ground	
UTSA Main Campus			**X** New dorm with 200 beds opening in Fall 2013	
Trinity University				**X** Only seniors allowed to live off-campus
St. Mary's University				**X** Excess demand for dorms resulting in triple-rooming

The above summary highlights the degree to which the ten surveyed colleges/universities rely on off-campus student housing. Of particular note:

- Five schools currently have no campus-controlled housing. Two of these have plans for on-campus apartments, but the proposed units represent an extremely small percent of enrollment.

- The other five schools offer campus-controlled housing. However, three of these – including UTSA Main with 21,025 enrolled undergraduate students – offer far fewer beds than the number of undergraduates. Only Trinity University has sufficient beds for all freshmen, sophomores, and juniors.

Interviews with college/university housing officials indicate that students who reside off-campus tend to concentrate in the following neighborhoods:

- *Campus Corridor* – This area stretching from San Antonio College to Trinity University and the University of the Incarnate Word houses many students from all three schools in older houses and apartments. The area includes the Mulberry Avenue, Hildebrand Avenue, and St. Mary's Street corridors.

- *Quarry Village* – The area around the Quarry Village shopping center is attractive to students from many of the colleges/universities. Apartment complexes such as Keystone at Alamo Heights, The Crescent, and Artessa at Quarry Village are popular with students.

- *Interstate 10 & Huebner Road* – UTSA Main Campus students are drawn to apartment complexes in this neighborhood conveniently located a few miles from campus and well-served by retail and restaurants.

- *Community Colleges* – Many community college students live at home with their families or are working adults/part-time students with their own households.

E. Potential Demand for Student Housing in Downtown

For each college/university, KMA assessed the likelihood of generating potential Downtown student housing demand. In addition to the analyses of enrollment trends and housing supply conditions summarized above, KMA considered the appeal/accessibility of Downtown relative to each campus, and probable financial capability of students to afford Downtown rental apartments.

The table below presents an evaluation matrix of these factors, and ranks each school as Low, Medium, or High with respect to the following factors supporting Downtown student housing demand:

(A) enrollment
(B) unmet housing demand – current conditions
(C) unmet housing demand – anticipated conditions
(D) appeal/accessibility of Downtown
(E) financial capability

	Unmet Housing Demand		Existing Student Housing Supply	
	Current Conditions	**Anticipated Conditions**	**Appeal/Accessibility of Downtown**	**Financial Capability**
UTSA Downtown	High	High	High	Medium
St. Philip's College	High	High	Low	Low
Palo Alto College	High	High	Low	Low
San Antonio College	High	Medium	High	Low
Texas A&M San Antonio	High	Medium	Low	Medium
Our Lady of the Lake University	Low	Low	Medium	High
University of the Incarnate Word	Medium	High	Medium	High
UTSA Main Campus	High	High	Medium	Medium
Trinity University	Low	Low	Medium	High
St. Mary's University	Medium	Medium	Medium	High

As shown above, half of the colleges scored at least Medium or High on all factors: UTSA Downtown Campus, UTSA Main Campus, University of the Incarnate Word, St. Mary's University, and San Antonio College. In KMA's view, these are the colleges/universities most likely to generate demand for Downtown student housing. They are located less than five miles from Downtown or, in the case of UTSA Main campus, are affiliated with a Downtown campus. Although San Antonio College and St. Philip's College are located within five miles of Downtown, KMA does not consider them to be a driver of student housing demand, since many students live at home with their parents.

Based on the foregoing, KMA prepared an estimate of the potential capture of student housing beds in Downtown over the next 10 years. The KMA projection is based on existing enrollment, plus projected increases through 2011, for six schools:

- UTSA Downtown
- The universities located less than five miles from Downtown: Trinity, Incarnate Word, Our Lady of the Lake, and St. Mary's
- UTSA Main Campus

These universities have a current total enrollment of 47,979 students; KMA projects 2021 enrollment at 58,234 students. KMA applied low/high capture rate assumptions to determine the potential demand for student beds in Downtown from each of the above groups of universities. On this basis, KMA estimates the potential to capture between 775 and 1,100 students in a Downtown "student village" over a ten-year period. Assuming an average of 2.00 students per unit, this translates to 388 to 550 units. (Refer to Table VI-4 for the detailed demand projection.)

Source of Demand: College/University	Projection of Downtown Ten-Year Student Housing Capture	
UTSA Downtown	450 - 600	Beds
Universities Less than Five Miles from Downtown (1)	200 – 300	Beds
UTSA Main Campus	125 - 200	Beds
Total Beds	**775 – 1,100**	**Beds**
Assuming 2.0 Students Per Unit	**388 – 550**	**Student Units**

(1) Includes Trinity University, University of the Incarnate Word, Our Lady of the Lake University, and St. Mary's University.

F. Near West Side Development Potential

As noted in the Findings and Recommendations, the key opportunity area for student housing within Downtown is the Near West Side area around the UTSA Downtown campus. UTSA Downtown is the only college or university located directly in, or adjacent to, Downtown. The UTSA Downtown Campus conducted a student housing survey in May 2012. The findings indicate that half of UTSA Downtown students live in off-campus apartments and most students would like to live close to the campus. According to the preliminary survey results:

- Approximately 25% students report living at home with parents, while 50% live in an apartment off campus.

- About 85% indicated an interest in living close to the UTSA Downtown Campus. Of these students, 69% expressed a preference to live within six blocks of campus.

- Students also indicated a preference for protected parking (62%), high speed Internet (85%), and in-unit washer/dryer (75%).

- Students were split almost 50/50 regarding living alone vs. sharing an apartment, and 45% preferred a one-bedroom apartment.

While students were clear regarding their preferred housing location, type, and amenities, they are also looking for affordable rents – 70% expect to pay no more than $650 for a one-bedroom apartment. This rent level is substantially lower than rents charged for new apartment developments in the Downtown area.

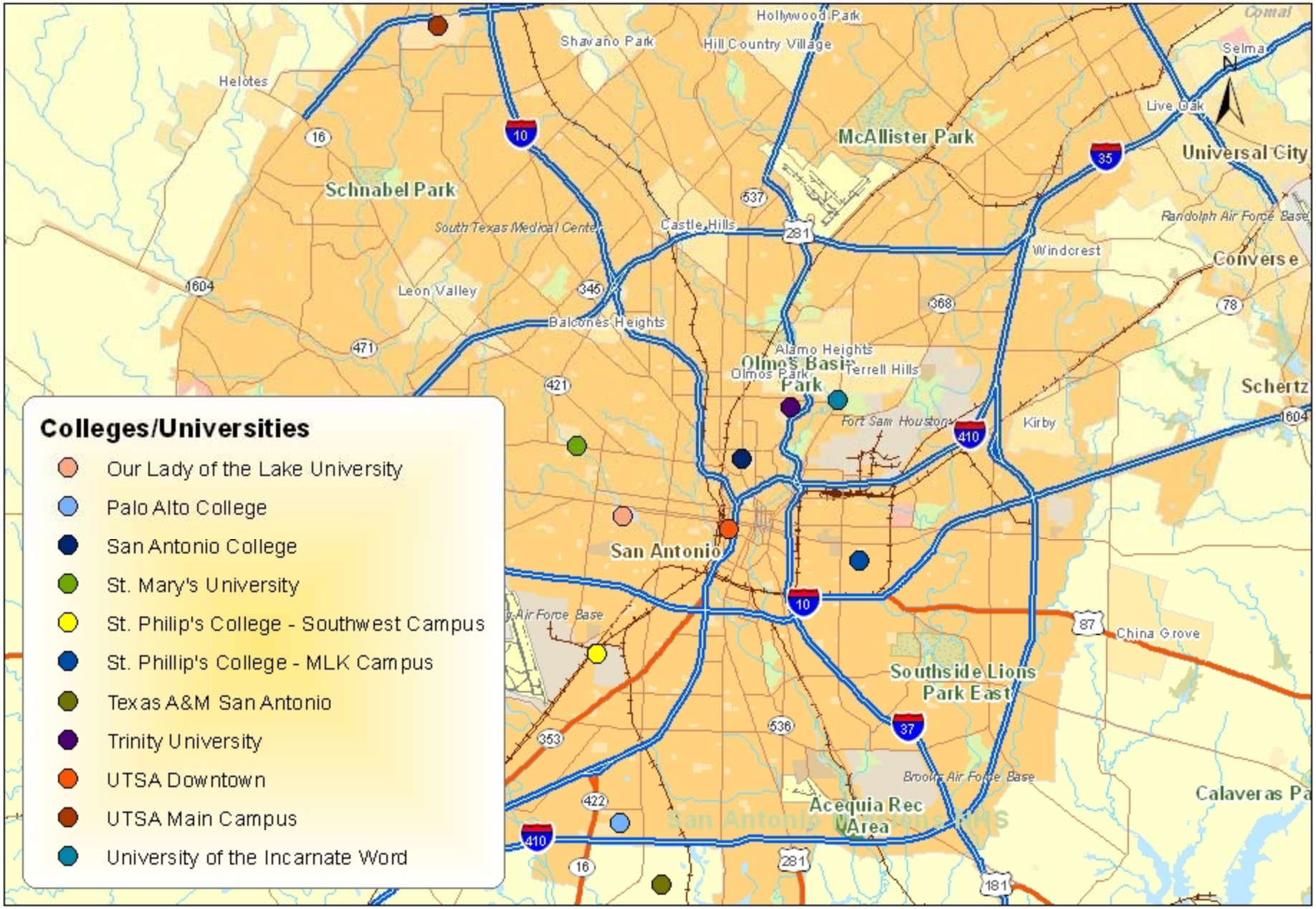
KMA recommends a strategy focused on creation of an urban residential/mixed-use neighborhood with a particular emphasis on college/university students. Initial residential development should attempt to capture a broad range of urban professionals, college/university employees, health care workers, and other segments. In KMA's view, an appropriate target percentage of students to total residents for a Downtown "student village" might be on the order of 33%. This target recognizes the potential attractiveness of multi-family housing in the Near West Side area to other market segments due to the area's access to transit and proximity to numerous major employers. Using this ratio of students to total residents would result in a total absorption target for the district in the range of 1,175 to 1,670 units over a ten-year timeframe.

Assuming a typical urban density of 60 units per acre, the required acreage to support this amount of residential development over a ten-year timeframe is estimated as 20 to 28 acres, as shown below:

	Low Scenario	**High Scenario**
Student Units	388 Units	550 Units
Target Percentage of Students	33%	33%
Total Units (rounded)	1,175 Units	1,670 Units
Average Density	60 Units/Acre	60 Units/Acre
Total Land Area Required (rounded)	**20 Acres**	**28 Acres**

EXHIBIT VI-1

LOCATIONS OF COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO



Source: Keyser Marston Associates, Inc.

TABLE VI-1

COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET
DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	University of Texas, San Antonio (Downtown Campus)	University of Texas, San Antonio (Main Campus)
A. Address	501 Cesar E. Chavez Blvd.	One UTSA Circle
B. College Type	Public State University [non-traditional students]	Public State University
C. Campus Size	18.4 acres	725 acres
D. Student Enrollment	Fall 2011	Fall 2011
Undergraduate	5,243	21,025
Graduate	1,617	3,083
Total Enrollment	6,860	24,108
E. Degree Programs		
Undergraduate	18 Programs	63 Programs
Master's	8 Programs	51 Programs
Doctoral	0 Programs	24 Programs
	College of Public Policy: 800 Majors College of Architecture: 1,000 Majors	(8 Colleges)
F. Student to Faculty Ratio	n/a	32 to 1
G. Faculty and Staff	163 Faculty 418 Staff	1,435 Faculty 2,700 Staff [fast facts 2011-2012]
H. Housing Facts	• No existing student housing • Until last year contract with VIA, now rely on passes instead (too expensive for UTSA) • On campus parking for 2,200 vehicles, including more than 300 garage spaces • 60% of the Downtown Campus students also take classes at the Main Campus • 1/3 of students are full-time • Architecture students need access to studios 24/7 • Greater capacity for growth than Main campus; shifting toward graduate and doctorate programs • Housing developers want money and undeveloped land • Will be linked by streetcar and BRT	• There are 3,642 existing beds in Chaparral Village, Laurel Village, Chisholm Hall, and University Oaks • 1,682 beds opened in 2006, 2008 • A new dorm, San Saba Hall, with 618 beds currently under construction (Fall 2013) • Campus Living Villages (private developer) has 2,000 beds on campus land (quasi-private) • 6,000 private market beds in vicinity (American Campus Communities, Inc.) • Off-campus concentration of students at the De Zavala Road corridor and I-10 and Heubner • 6,000 beds served by campus shuttle • BRT will link the Main Campus to Downtown

TABLE VI-1

COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET
DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Trinity University	University of the Incarnate Word
A. Address	One Trinity Place	4301 Broadway
B. College Type	Private Independent Liberal Arts College [traditional students]	Private Catholic University [traditional students]
C. Campus Size	117 acres	154 acres
D. Student Enrollment	2011-2012	Current
Undergraduate	2,426	4,210
Graduate	204	878
Total Enrollment	2,630	5,088
	no anticipated student growth	
E. Degree Programs		
Undergraduate	3 Programs	75 Majors
Master's	5 Programs	25 Majors
Doctoral	no	yes
		(9 Colleges)
F. Student to Faculty Ratio	9 to 1	18 to 1
G. Faculty and Staff	234 Full Time Faculty 82 Part Time Faculty [as of 8/31/10]	219 Full Time Faculty [as of 8/31/10]
H. Housing Facts	• 1,859 beds • Only seniors aren't required to live on campus • Of the seniors, about 25% live on campus; leaves about 400 students living off-campus • Never a vacant room; maybe a vacant bed when students go out of the country for classes • VIA bus is only public transportation, but not a great need since so many students live on campus • Last student housing built in 1987 • Talks of private developer building apartments adjacent to campus, but not only for Trinity seniors	• 1,200 undergraduate students live on-campus • For two years, university has entered agreement with Marriott Courtyard Hotel on Broadway and I-410 for 150 beds. Anticipate needing another 100 next fall • By 2020 targeted to be largest private university in Texas • Parents of traditional students want campus controlled or partnered housing • Shuttle transportation all over • 200 beds planned to break ground ASAP • Urban living potential: grad/professional students

TABLE VI-1

COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET
DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Our Lady of the Lake University	St. Mary's University
A. Address	411 SW 24th Street	One Camino Santa Maria
B. College Type	Independent Private Catholic University [non-traditional students; mainly older]	Private Catholic and Marianist Liberal Arts University [traditional students]
C. Campus Size	72 acres	135 acres
D. Student Enrollment	Fall 2011	2010-2011
Undergraduate	capacity for 4,000 students 1,363	2,437
Graduate	477	1,668
Total Enrollment	1,840	4,105
E. Degree Programs		
Undergraduate	33 Programs	120 Programs Total
Master's	14 Programs	
Doctoral	2 Programs	
F. Student to Faculty Ratio	13 to 1	13 to 1
G. Faculty and Staff	108 Full Time Faculty 121 Part Time Faculty 334 Staff [as of 2009; factbook]	196 Full Time Faculty 157 Part Time Faculty 441 Full Time Staff 22 Part Time Staff
H. Housing Facts	• Admissions have continued to increase since 2008 • 600 beds on campus, of which only 425 are occupied • Demand is low mainly because facilities are old; do not fill rooms • Students live near Quarry Market • Large commuter population	• Opened a new dorm in 2009 • Currently have 1,402 beds • Freshmen 50+ miles away must live on campus • For past three years, have had to triple-room students to accommodate capacity • Maximum capacity of 1,700 beds • Most nearby housing is old homes built in 40's and rented to students • Woodlawn Ranch, a private apartment development near campus, is scheduled to open in Fall 2012 • Board looking at feasibility of opening a residence hall for upper class students; last hall built in 2009 was for freshmen

TABLE VI-1

COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET
DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	San Antonio College	St. Philip's College	Palo Alto College
A. Address	1300 San Pedro Avenue	1801 Martin Luther King Dr.	1400 W. Villaret Boulevard
B. College Type	Community College	Community College	Community College
C. Campus Size	37 acres	52 acres	126 acres
D. Student Enrollment	Spring 2012	Spring 2012	Spring 2012
Undergraduate	25,178	11,049	9,382
Graduate	n/a	n/a	n/a
Total Enrollment	25,178	11,049	9,382
E. Degree Programs			
Undergraduate	Associates	Associates	Associates
Master's	No	No	No
Doctoral	No	No	No
F. Student to Faculty Ratio	19 to 1	16 to 1	22 to 1
G. Faculty and Staff	432 Full Time Faculty 975 Part Time Faculty [as of 8/31/10]	213 Full Time Faculty 481 Part Time Faculty [as of 8/31/10]	129 Full Time Faculty 400 Part Time Faculty [as of 8/31/10]
H. Housing Facts	• No existing student housing • Oldest public two-year college in Texas • NRP building Tobin Lofts; scheduled to open in Fall 2013 • Bus service: Main, San Pedro, McCullough	• No existing student housing • Only college to be federally designated as both a historically black college and a Hispanic-serving institution • The Southwest Campus was added in 1987. The 68-acre campus located at 800 Quintana Road serves as the hub for technical training programs and was formerly part of the Kelly Air Force Base. The campus specializes in technical education and specialized training.	• No existing student housing

TABLE VI-1

COLLEGES/UNIVERSITIES
STUDENT HOUSING MARKET
DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Texas A&M University San Antonio
A. Address	One University Way
B. College Type	Public University
C. Campus Size	700 acres
D. Student Enrollment	Fall 2011
Undergraduate	2,604
Graduate	950
Total Enrollment	3,554
E. Degree Programs	
Undergraduate	Yes
Master's	Yes
Doctoral	No
F. Student to Faculty Ratio	n/a
G. Faculty and Staff	n/a
H. Housing Facts	• No existing student housing • Stand alone starting 2009; 3-5 year expansion plan • Fall 2011 1st permanent building • Only juniors, seniors, grad students • School of business, currently at Brooks City Base, planned to consolidate into main campus • Mostly part time students; 31 years old; married with children • Interest from apartment developers • Developer Verano Land Group (NRP) plans to develop a 170-unit apartment complex near the core of the Main Campus. The first two buildings, comprised of retail, housing, and entertainment, are in the early planning stages.

TABLE VI-2

HISTORICAL ENROLLMENT (1)
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Fall 2006	Fall 2007	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Average Annual Increase	
1. UTSA Main & Downtown	28,379	28,533	28,413	28,955	30,258	30,968	518 Students	1.76%
2. Trinity University	2,594	2,581	2,588	2,565	2,498	2,532	(12) Students	-0.48%
3. University of the Incarnate Word (2)	5,388	5,698	6,289	6,744	7,214	7,753	473 Students	7.55%
4. Our Lady of the Lake University (2)	2,783	2,608	2,642	2,610	2,703	2,570	(43) Students	-1.58%
5. St. Mary's University	3,798	3,869	3,868	3,870	4,082	4,156	72 Students	1.82%
6. San Antonio College	21,750	21,439	21,766	24,135	25,269	25,567	763 Students	3.29%
7. St. Philip's College	9,895	9,844	10,335	11,008	10,828	10,710	163 Students	1.60%
8. Palo Alto College	8,036	8,021	7,829	8,335	8,965	9,163	225 Students	2.66%
9. Texas A&M University San Antonio (3)	-	-	-	2,343	3,120	3,554	606 Students	23.16%
Total/Average	**82,623**	**82,593**	**83,730**	**90,565**	**94,937**	**96,973**	**2,870 Students**	**3.25%**

(1) Source: Market Report 2012, Real Estate Center at Texas A&M University.
(2) Reflects two-year trend.
(3) Pending enrollment clarification from university.

TABLE VI-3

COLLEGE/UNIVERSITY GROWTH PROJECTIONS
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Fall 2006	Fall 2011	Average Annual Increase: Actual 2006-2011	Average Annual Increase: Projected 2011-2021	Fall 2021	Increase 2011-2021
A. Colleges/Universities Located Less than 5 miles from Downtown Core						
• UTSA Downtown (1)	6,286	6,860	1.76%	0.36% (2)	7,111	251
• Trinity University	2,594	2,532	-0.48%	0.00% (3)	2,532	0
• University of the Incarnate Word	5,388	7,753	7.55%	7.55%	16,053	8,300
• Our Lady of the Lake University	2,783	2,570	-1.58%	0.00% (3)	2,570	0
• St. Mary's University	3,798	4,156	1.82%	1.82%	4,977	821
• San Antonio College	21,750	25,567	3.29%	3.29%	35,329	9,762
• St. Philip's College	9,895	10,710	1.60%	1.60%	12,547	1,837
Subtotal/Average	**52,494**	**60,148**	**2.76%**	**3.04%**	**81,119**	**20,971**
B. Colleges/Universities Located More than 5 miles from Downtown Core						
• UTSA Main Campus (1)	22,093	24,108	1.76%	0.36% (2)	24,991	883
• Palo Alto College	8,036	9,163	2.66%	2.66%	11,914	2,751
• Texas A&M University San Antonio (4)	0	3,554	23.16%	10.00% (5)	9,219	5,665
Subtotal/Average	**30,129**	**36,825**	**4.10%**	**2.28%**	**46,124**	**9,299**
GRAND TOTAL	**82,623**	**96,973**	**3.25%**	**2.75%**	**127,243**	**30,270**

(1) UTSA enrollment figures for 2006 extrapolated based on current pro rata percentage of enrollment at the Downtown and Main campuses.
(2) Based on actual forecasts of future enrollment at UTSA.
(3) Adjusted downward based on declining enrollment over the past five years.
(4) Opened in 2009.

Prepared by: Keyser Marston Associates, Inc.
Filename: San Antonio_College Overview and Demand Projections;10/10/2012;rks

TABLE VI-4

STUDENT HOUSING CAPTURE POTENTIAL (1)
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Projected Fall 2021 Enrollment	Low Scenario Potential Capture Percent	Low Scenario Potential Capture Students	High Scenario Potential Capture Percent	High Scenario Potential Capture Students
A. Colleges/Universities Located in Downtown					
• UTSA Downtown	7,111	6.3%	450 Students	8.4%	600 Students
B. Colleges/Universities Located Less than 5 miles from Downtown Core (2)	26,132	0.8%	200 Students	1.1%	300 Students
C. Colleges/Universities Located More than 5 miles from Downtown Core					
• UTSA Main Campus	24,991	0.5%	125 Students	0.8%	200 Students
GRAND TOTAL/AVERAGE	**58,234**	**1.33%**	**775 Students**	**1.89%**	**1,100 Students**

(1) Survey excludes the Alamo Colleges and Texas A&M San Antonio.
(2) Includes Trinity University, University of the Incarnate Word, Our Lady of the Lake University, and St. Mary's University.

TABLE VI-5

10-YEAR DEMAND PROJECTIONS
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Low Scenario		High Scenario	
1. 10-Year Demand: Student Units				
Total	775	Students	1,100	Students
Bedrooms Per Unit	2.0	Bedrooms/Unit	2.0	Bedrooms/Unit
Total Units for Students	**388**	**Units**	**550**	**Units**
2. 10-Year Demand: Total Units				
Target Percentage of Students	33%	Students	33%	Students
Total Units	**1,175**	**Units**	**1,670**	**Units**
3. Acreage Needed to Support Units				
Average Density (1)	60	Units/Acre	60	Units/Acre
Total Acreage Required	**20**	**Acres**	**28**	**Acres**

(1) Assumes density range from 40 to 80 units per acre.

VII. CASE STUDIES

Urban planners and economic developers have found that student housing can be a strong catalyst in stimulating reinvestment in, and redevelopment of, urban neighborhoods. KMA researched case studies of off-campus housing developments in other cities/regions. The purpose of these case studies was to focus on situations where off-campus multi-family housing developed for, or marketed to, students formed part of larger community revitalization efforts. KMA attempted to identify examples where off-campus student housing, and associated "student villages", are being developed in urban in-fill locations. Virtually all of the "student villages" identified by KMA are located in either close proximity to a college/university and/or linked by high frequency public transit. In addition, KMA profiled cities that had successful student housing developments located far (more than three miles) from a university campus, as discussed below.

A. Tucson, Arizona

The University of Arizona (U of A) is located two miles northeast of downtown Tucson. U of A is home to 30,665 undergraduate students. The Regional Transportation Authority is developing the Sun Link modern streetcar route, which will connect U of A, Downtown, and the Mission District. The Sun Link streetcar line is currently under construction and will be fully operational beginning 2014. Currently, there are five student housing developments under construction or planned that will potentially bring more than 2,000 students within walking distance of the Sun Link streetcar. Apartment developers and U of A housing officials expect the rise in students living in the downtown to lead to increased retail/restaurant sales to help strengthen and revitalize the Tucson core.

The District on 5th – Campus Apartments' five-story building with 756 beds just completed construction and is leasing units to students for the Fall 2012 semester. The development sits on three acres approximately one mile away from U of A.

The Retreat at Tucson – Located 2.5 miles south of U of A, The Retreat is a 774-bed upscale apartment development, with 183 craftsman-style cottages on 21 acres, featuring a 10,000-SF clubhouse, private spa, and saltwater pool. The Developer, Landmark Properties, estimates a completion date of August 2013.

1020 Tyndall – Upon completion, this will be a 14-story mixed-use development with housing for 586 students, parking, and ground floor retail. The development is situated approximately 2.5 miles south of U of A in the same neighborhood as The Retreat. It is scheduled to open in August 2013. The Developer, Campus Acquisitions, has started planning for a second housing project on Park Avenue, adjacent to 1020 Tyndall.

The Cadence – Upon completion, The Cadence will total of 456 beds to house students. The Cadence will be located on Congress Street, southwest and under two miles away from U of A directly on the streetcar line. The project will feature an L-shaped, six-story building for 287 students with 10,000 SF of ground floor retail. The second building, a new parking garage across the street (Centro Garage), will have three floors of housing for 169 students, as well as 10,000 SF of ground floor retail. The Developer is Oasis Tucson/Capstone Development. The project is scheduled for completion August 2013.

The Junction at Iron Horse – Located 1.5 miles from U of A, this four-story, 198-bed student housing development is planned for a site directly on the streetcar line, adjacent to downtown. Construction on The Junction at Iron Horse will begin Fall 2012.

Mission District – Another area in the midst of revitalization is the Mission District, located approximately 3.5 miles away from the U of A and west of downtown. Gasden Development has acquired 14 acres of land in The Mission District and is planning the development of The West End Apartments and Monier Apartments. The two residential developments will be situated along the streetcar route and are anticipated to be completed by early 2014. Future phases of the development will include a hotel, office building, retail, and residential towers.

B. East Lansing, Michigan

Michigan State University (MSU) planning officials and the East Lansing City Council are anticipating the development of two new upscale student housing buildings will attract a portion of the 48,000 MSU undergraduate students and also post-graduate students to the downtown area. Both projects are underway in the middle of downtown and adjacent to the MSU. Neither project will have on-site parking, as the residents will have access to nearby public parking facilities.

The Residences at 200 Albert Avenue – Upon completion, this eight-story mixed-use development with ground floor retail will sit on a 0.23-acre site. The 42-unit building comprises of one-, two-, and three-bedroom units that will accommodate a total of 84 residents. The building is anticipated to be complete by Summer 2013.

St. Anne Lofts – This four-story mixed-use development with 31 loft-style apartments is being developed by Infinity Companies on a 0.24-acre site. The building will have retail space and a restaurant with outdoor seating.

C. Austin, Texas

The University of Texas (UT) is home to over 50,000 students and 24,000 faculty and staff on a 350-acre campus situated north of downtown Austin. The primary concentration of undergraduate students is in the West Campus area, where they can either walk to campus or take a 3-10 minute shuttle. Graduate and professional students prefer the quieter neighborhoods of North Campus and Hyde Park, also a short shuttle ride away from campus. Downtown Austin is approximately 1.5 miles south of UT Austin, or a 25-minute walk to campus, with several loft-style apartments and condominiums.

South of downtown Austin, approximately five miles away from UT Austin, are three student housing developments recently acquired by TriBridge Residential. All three of their acquisitions, The Zone at East End, The Edge at East End, and ION at East End, are targeted to students, with shuttles that operate from the apartment communities to UT Austin.

The Edge and The Zone at East End – With 522 units (1,494 beds), these communities were built in 1996 and acquired by TriBridge Residential in 2010. TriBridge invested $2.15M in renovations to clubhouses, bocce ball, game room, fitness centers, and a stage.

ION at East End – Acquired by TriBridge Residential in 2011, this 288-unit building features 792 beds. Recently renovated units are fully furnished with a full-size washer and dryer.

D. Columbia, Missouri

Downtown Columbia has seen several student-centric apartment complexes built over the past decade. These complexes often come with many amenities, and are a transition space between traditional apartments and community-oriented residence halls. Students from the University of Missouri (MU) have several off-campus housing choices, many within walking distance of MU and some several miles away with shuttle or bus lines to take them to campus. The District, a cultural and entertainment center is located in downtown Columbia just a few blocks from MU. With retail, restaurants, and residential uses, the District is also a draw for students to live in the downtown area.

The Lofts at 3085 Ninth – Located in downtown and one mile from MU, this five-story, 64-unit apartment building marketed to students is currently under construction.

The Grove – Campus Crest developed this 632-bed apartment complex. The Grove opened in Fall 2011 and is a heavily amenitized student housing development located approximately two miles away from MU, with a shuttle that runs to and from MU. Campus Crest builds in college towns where universities are "underserved" in housing options, are experiencing enrollment growth, and/or have enrollments of 7,500 to 15,000 students.

VIII. FINANCIAL FEASIBILITY ANALYSIS

As described elsewhere in this report, KMA has identified the Near West Side as the key opportunity area in Downtown San Antonio for student housing. It is the KMA view that initial residential development efforts in this area should not be limited to student renters, nor should building amenities, unit features, and other project characteristics be designed solely for the student market. Rather, new residential developments should cast a wider net to capture urban professionals, college/university employees, health care workers, and other segments – in addition to a strong focus on attracting and serving students.

KMA formulated two recommended development concepts for urban in-fill multi-family rental apartments as follows:

- *Development Concept #1* - A 45-unit/acre, three- to four-story development with courtyard surface, tuck-under, and on-street parking

- *Development Concept #2* - A 70-unit/acre, four- to five-story development with wrap parking

KMA based the prototype development concepts on review of comparable projects, discussions with real estate developers, and the potential building efficiencies associated with larger projects. The Near West Side area will need a strong catalyst project to kick-start the creation of a residential/mixed-use district. The area currently lacks neighborhood amenities, is not pedestrian-friendly, and suffers from a perceived lack of public safety. If existing under-utilized institutional properties are made available for development, one or more catalyst projects could proceed, resulting in a significant positive "placemaking" impact. Smaller projects -- both adaptive re-use and new construction -- are also appropriate and could potentially be developed more quickly.

For each development concept, KMA formulated project descriptions and illustrative financial pro forma models, including:

- development costs, including land acquisition, direct construction costs, and indirect/financing costs
- projected operated income and expenses at stabilization
- achievable sources of financing
- developer rate of return

KMA compiled these inputs and assumptions based on review of recently completed projects in San Antonio, comparable developments in other cities, interviews with housing developers, and

apartment industry standards. Key variables which affect project feasibility include achievable rental rates, target return on investment (ROI), and land acquisition costs. Each of these is briefly reviewed below.

- *Achievable Rental Rates:* KMA has assumed average market rents of $1.45 per SF per month for Development Concept #1 and $1.55 per SF per month for Development Concept #2. These estimates reflect the relatively high rents currently achieved in the Near River South and River North/Midtown areas, with a downward adjustment for the pioneering nature of the Near West Side area. The difference in rent between the two development concepts reflects premium rent for structured parking and the superior views of the taller building.

- *Target Return on Investment:* KMA has assumed an ROI of 8.0%, based on prevailing investor return targets in the apartment industry. Review of national industry data indicates that apartment investors are accepting lower returns in established, high-end submarkets. However, the 8.0% target seems appropriate for an untested area like the Near West Side.

- *Land Acquisition Cost:* KMA has assumed a land acquisition cost of $30 per SF of land. This translates to approximately $29,000 per unit for Development Concept #1 and $19,000 per unit for Development Concept #2. While there are a number of sites in the Near West Side area that are under-utilized or occupied by obsolete facilities, there is no significant vacant land. It is possible that the value of existing improvements, and/or associated demolition and site preparation costs, will result in higher land acquisition costs than the KMA assumption. In that event, the financing gaps presented below for each development concept would be correspondingly higher.

The detailed KMA pro formas are presented in following pages (Table VIII-1). As summarized below, the KMA pro forma analysis indicates that the recommended development concepts will likely experience financing gaps in the range of $10,000 to $23,000 per unit (allow for rounding error).

Per Unit Estimates	**Development Concept #1: 45-Unit/Acre, 3-4 Stories Courtyard Surface Parking**	**Development Concept #2: 70-Unit/Acre, 4-5 Stories Wrap Parking**
Maximum Private Investment (1)	$127,000	$132,000
Estimated Development Costs (2)	($108,000)	($137,000)
Residual Land Value	$19,000	($5,000)
Estimated Land Acquisition	($29,000)	($19,000)
Estimated Financing Gap	**($10,000)**	**($23,000)**

(1) Based on 8.0% target return.
(2) Excluding acquisition.

TABLE VIII-1

FINANCIAL PRO FORMA MODELS OF DEVELOPMENT CONCEPTS
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Development Concept #1 3 - 4 Stories w/Tuck-Under and Courtyard Surface Parking				Development Concept #2 4 - 5 Stories w/Wrap Parking			
I. Project Description								
A. Site Area	3.5	Acres			3.5	Acres		
B. Density	45	Units/Acre			70	Units/Acre		
C. Gross Building Area								
Net Residential	138,250	SF	89%		214,250	SF	86%	
Retail / Flex Space	10,000	SF	6%		10,000	SF	4%	
Common Area / Circulation	7,803	SF	5%		24,917	SF	10%	
Total GBA	156,053	SF	100%		249,167	SF	100%	
D. Unit Mix								
One Bedroom	79	Units	750 SF	50%	123	Units	750 SF	50%
Two Bedroom	79	Units	1,000 SF	50%	122	Units	1,000 SF	50%
Total Unit Mix	158	Units	875 SF	100%	245	Units	874 SF	100%
E. Parking	198	Spaces			306	Spaces		
	1.25	Spaces/Unit			1.25	Spaces/Unit		

II. Total Development Costs	Total	$/Unit	Comments	Total	$/Unit	Comments
A. Direct Costs	$12,172,000	$77,000	$78 /SF GBA	$24,418,000	$99,700	$98 /SF GBA
B. Indirect/Financing						
Permits & Fees	$468,000	$3,000	$3 /SF GBA	$748,000	$3,100	$3 /SF GBA
Developer Fee	$730,000	$4,600	6.0% of Directs	$1,465,000	$6,000	6.0% of Directs
Indirect Costs	$1,217,000	$7,700	10.0% of Directs	$1,953,000	$8,000	8.0% of Directs
Financing Costs	$2,434,000	$15,400	20.0% of Directs	$4,884,000	$19,900	20.0% of Directs
C. Total Development Costs excluding Acquisition	**$17,021,000**	**$107,700**	**$109 /SF GBA**	**$33,468,000**	**$136,600**	**$134 /SF GBA**

Prepared by: Keyser Marston Associates, Inc.
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TABLE VIII-1

FINANCIAL PRO FORMA MODELS OF DEVELOPMENT CONCEPTS
STUDENT HOUSING MARKET DEMAND ASSESSMENT
CITY OF SAN ANTONIO

	Development Concept #1 3 - 4 Stories w/Tuck-Under and Courtyard Surface Parking			Development Concept #2 4 - 5 Stories w/Wrap Parking		
III. Net Operating Income	$/Month	$/SF	Annual	$/Month	$/SF	Annual
A. One Bedroom	$1,088	$1.45	$1,031,000	$1,163	$1.55	$1,715,900
Two Bedroom	$1,450	$1.45	$1,374,600	$1,550	$1.55	$2,269,200
B. Gross Scheduled Income	$1,269	$1.45	$2,405,600	$1,355	$1.55	$3,985,100
Other Income	$15	/Unit/Mo.	$28,440	$20	/Unit/Mo.	$58,800
Rent Premium/Parking/Storage	$20	/Unit/Mo.	$37,920	$35	/Unit/Mo.	$102,900
Retail/Flex Income	$1.45	/SF Retail	$174,000	$1.55	/SF Retail	$186,000
Vacancy/Loss	5.0%		($132,300)	5.0%		($216,600)
Effective Gross Income			$2,513,700			$4,116,200
C. (Less) Operating Expenses	$5,500	/Unit	($869,000)	$6,000	/Unit	($1,470,000)
(Less) Reserves	$250	/Unit	($39,500)	$250	/Unit	($61,300)
Total Expenses	$5,750	/Unit	($908,500)	$6,250	/Unit	($1,531,300)
D. Net Operating Income			**$1,605,000**			**$2,585,000**
IV. Residual Land Value						
A. NOI			$1,605,000			$2,585,000
Target Return on Investment			8.00%			8.00%
			Per Unit			Per Unit
B. Supportable Investment			$20,063,000			$32,313,000
			$127,000			$131,900
(Less) Development Costs			($17,021,000)			($33,468,000)
			($107,700)			($136,600)
C. Residual Land Value			**$3,042,000**			**($1,155,000)**
			$19,300			**($4,700)**
Per SF Site Area			**$20**			**($8)**
V. Financing Gap						
A. Residual Land Value			$3,042,000			($1,155,000)
			$19,300			($4,700)
B. (Less) Land Acquisition Costs @	$30	/SF Site Area	($4,574,000)			($4,574,000)
			($28,900)			($18,700)
C. Total Financing Gap			**($1,532,000)**			**($5,729,000)**
			($10,000)			**($23,000)**

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IX. LIMITING CONDITIONS

1. KMA has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the possible effect on development of current or future federal, state, or local legislation including environmental or ecological matters.

2. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project-specific data, and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.

3. The findings are based on economic rather than political considerations. Therefore, they should be construed neither as a representation nor opinion that government approvals for development can be secured.

4. Development opportunities are assumed to be achievable during the specified time frame. A change in development schedule requires that the conclusions contained herein be reviewed for validity.

5. The analysis, opinions, recommendations and conclusions of this document are KMA's informed judgment based on market and economic conditions as of the date of this report. Due to the volatility of market conditions and complex dynamics influencing the economic conditions of the building and development industry, conclusions and recommended actions contained herein should not be relied upon as sole input for final business decisions regarding current and future development and planning.

6. Market feasibility is not equivalent to financial feasibility; other factors apart from the level of demand for a land use are of crucial importance in determining feasibility. These factors include the cost of acquiring sites, relocation burdens, traffic impacts, remediation of toxics (if any), and mitigation measures required through the approval process.

7. The analysis assumes that neither the local nor national economy will experience a recession. If an unforeseen change occurs in the economy, the conclusions contained herein may no longer be valid.

8. Any estimates of development costs, capitalization rates, income and/or expense projections are based on the best available project-specific data as well as the experiences of similar projects. They are not intended to be projections of the future for the specific project. No warranty or representation is made that any of the estimates or projections will actually materialize.