

Market Assessment – Single Family Residential

In assessing the residential market in the SW Bryan Study Area and B/CS as a whole the CDS | Spillette team toured these areas in order to get a better understanding of the housing in the area. During the tours, the team visited multiple areas of town, including new subdivisions, and observed the type and condition of housing stock and the overall arrangement of housing with respect to the layout of the city. This field research complemented data from external sources and interviews both in person and by phone with other local real estate experts.

Existing Conditions

The B/CS housing market can be characterized as a market with a much larger amount of rental products than most. This is due to the amount of turnover in population of the community generated by the university. With the high concentration of students in the B/CS market, the nearly 60 percent renter share of housing units is not surprising. The other figure that can be expected in a market with a large portion of college students is a high share of multifamily units, which is also illustrated in the adjacent table.

Relative age of the housing stock in B/CS is fairly new, with an estimated 35.9% being constructed since 1990. This 66.1% change over the period from 2000 to 2008 shows the abundance of recent construction activity in this market. At the same time the decline of 4.6% of housing stock older than 1970, and 3.1% in homes built from 1970 to 1990,

illustrates the elimination of some older structures from the housing inventory. The recent addition of new construction in the market has increased the count of owner occupied units in the B/CS area by 14.6% in the illustrated period.

Single family properties within the SW Bryan Study Area somewhat follow the trend illustrated for the B/CS area. While the vast majority of the housing in this area is fairly new and would fall into the 1990

Bryan/College Station Household Trends – Housing Units

Housing Unit Characteristics

Total Housing Units	2000 Census		2008 Estimate		Change 2000 - 2008	
	Count	Shares	Count	Shares	Count	% Change
Occupied						
Renter occupied	28,839	59.5%	30,125	57.3%	1,286	4.5%
Owner occupied	19,611	40.5%	22,484	42.7%	2,873	14.6%
Units in Structure						
1, detached	2,248	4.3%	2,571	4.4%	323	14.4%
1, attached	22,967	44.3%	27,035	46.0%	4,068	17.7%
2 units	3,367	6.5%	3,714	6.3%	347	10.3%
3 or more units	19,931	38.5%	21,729	36.9%	1,798	9.0%
Mobile home/other	14,199	27.4%	15,613	26.5%	1,414	14.9%
Year Structure Built						
Built 1990 or Newer	12,719	24.6%	21,121	35.9%	8,402	66.1%
Built 1970 to 1990	1,496	2.9%	10,317	17.5%	8,821	-3.1%
Built 1969 or earlier	6,185	11.9%	5,962	10.1%	-223	-4.6%
Total Housing Units	51,788	100%	58,813	100%	7,025	13.6%

Source: Claritas and PCensus for MapInfo

or newer category, there is very little rental property in the Study Area. According to multiple local realtors, factors affecting this include the price point of some products offered (mainly Traditions Club) and the location relative to the University.

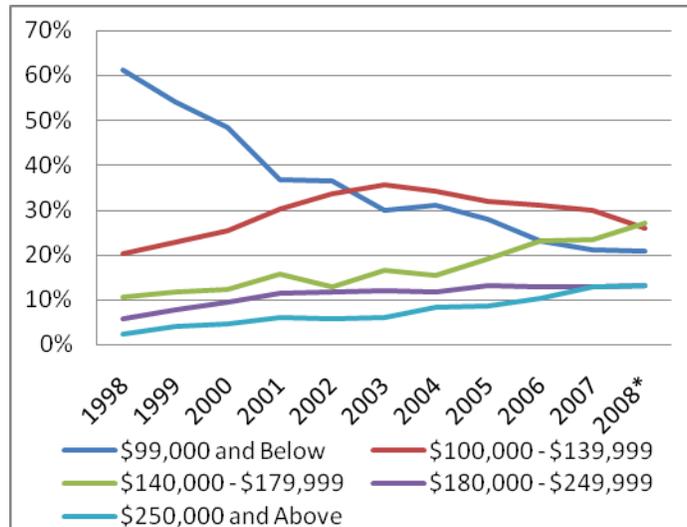
While the majority of the single family housing in the Study Area consists of recent subdivision construction there are other properties which are on large lots or acreage that are located within the Study Area as well. These properties are located mainly in the west and southwest portions of the Study Area.

Existing Property Performance

The percent distribution of homes sold through the MLS in B/CS has encountered a significant change in course over the past 10 year period illustrated in the chart below. Since 1998 the market segment including homes in the \$99,000 and below range has declined from 61.1% of sales in the market to 20.8%. The next price point of \$100,000 to \$139,999 peaked at 35.6% in 2003 and has since declined to only 26% of the market today. All price segments above \$139,999 have seen a gradual pattern of increase in the past 10 year period. These trends have changed the makeup of the market from being mostly comprised of lower cost housing to a market that is now fairly balanced across all price points.

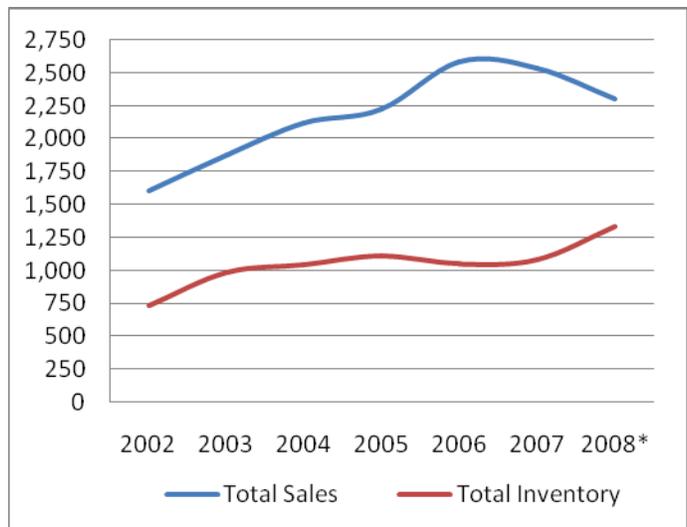
The graphic to the right depicts historical and projected home sales volume in B/CS. This data accounts for all single family homes sold through the MLS. B/CS enjoyed a strong upward trend in sales volume until the year 2006. The following year's sales totals were slightly down but a trend of record setting sales per month continued through 2007, when monthly sales records were broke five times. Data currently available for 2008 includes two months of record sales as well. However, as mentioned, overall sales pace has slowed since its height in 2006. Total home inventory closely follows the trend of sales throughout the entire period illustrated. This includes an up-tick in the inventory in recent period where home sales have declined.

Bryan/College Station Home Sales by Price Range



Source: Texas A&M Real Estate Center
* Year to date estimate

Bryan/College Station Home Sales Volume



Source: Dan Jones (Stylecraft Builders), CDS | Spillette
* Projected based on current year performance and historical trends

Major Issues Affecting Development Opportunities

Prevalent in most conversations with realtors and single family home developers was the mention of the disparity in the quality of schools within the SW Bryan Study Area. The dominant sentiment was that the perception of inferior public school quality beyond elementary grades limited the single family market. Though the negative reputation of the schools may not correspond with factual reality, most parents within the Study Area either send their children to private institutions for junior high and high school, or move their residences to different school districts.

One other development issue which was brought to the attention of the CDS | Spillette team is that there is a lack of infrastructure in place in the SW Bryan Study Area. While this did not seem to be a factor of most crucial importance to single family development, it is something that came up during interviews and research efforts. It is logical to conclude that the more infrastructure burden placed upon single family developers, the more difficult it is to provide quality homes within an affordable price range.

Additionally, the national downward economic trend and credit crisis likely will have an effect on the single family home market in the Study Area. Although Texas as a whole has fared much better than the national as a whole, the current credit crunch and consumer confidence levels will probably continue to slow the pace of home sales and appreciation in the B/CS market.

Projected Trends and Demand

Population growth projections combined with success of single family residential projects in the Study Area bodes well for further potential single family housing product. Tampering the current success however is the slight downward trend in sales overall, the lack of adequate infrastructure to all locations in the Study Area, and the perception of public school quality. Finally, the traditional growth of Bryan to the east and College Station to the south, especially regarding upscale housing, is a factor which works against some types of new housing development in the Study Area.

In spite of these challenges, current trends show that the Study Area can enlarge its market opportunities for housing development. CDS | Spillette believes that the success of recent single family developments and positive influence expected from construction of the HSC will overcome negative factors. With improvements in public school performance and infrastructure enhancements, the area will become more and more attractive to single family developers and the depth and breadth of the currently limited market will increase.

These factors plus the return of more positive national economic and consumer confidence levels should result in the SW Bryan Study Area becoming more attractive to developers and homebuyers alike. Homes with mid-range pricing would likely be supportable in the Study Area in addition to the product types recently offered, as mid-priced homes are gaining market share and acceptance in the overall market. This would begin to happen in a 5 to 10 year time frame. In addition, mid-priced units targeted at empty nesters, possibly consisting of townhomes or patio homes, would be supportable as well, most likely locating in close proximity to Traditions.

In the near term, demand for entry-level housing in the Villa Maria corridor will continue; the oncoming economic difficulties being experienced across the nation may slow down absorption somewhat, but existing absorption provides a reasonable guide as to near-future expectations. However, as mid-priced

housing becomes more feasible and the market desirability of Study Area properties increases, land prices will rise so as to render development of entry-level housing infeasible.

CDS | Spillette projects the following supportable single family unit quantities for various price ranges in the Study Area over time:

Land Use Category	Period in Years				
	0 to 5	5 to 10	10 to 15	15 +	Total
Single Family Housing (units)					
Under \$150,000	135	100	20	0	255
\$150,000 - \$249,999	20	75	150	150	395
\$250,000 and above	120	120	75	100	415

Market Assessment – Senior Residential Housing

Most metropolitan housing markets include some quantity of senior housing. Products offered to seniors can vary widely depending on the size and demographics in the area. Due to the location, demographics, retiring former Texas A&M student population, amount of attention and courting that the Study Area has received the CDS | Spillette team views it appropriate to speak to this particular category of residential land use.

Existing Conditions

Currently in the B/CS market there are several options for seniors to live in physically focused community. These options include active adult communities such as The Cove of Nantucket, Carriage Inn, Briar Meadows and others. Some of the assisted living options in the area are Arbor on the Brazos and the Millican House. Other, more campus type facilities, such as Crestview Retirement Community offer services from independent living to full nursing capabilities. These campus type facilities are sometimes known as continuing care retirement communities (CCRC) facilities, offering a spectrum of services depending on the level of medical assistance desired.

Interviews with both local professionals and out of town developers in the B/CS area about senior residential housing produce two principal findings. The first finding is that multiple out-of-town developers are very anxious to have the opportunity to build near the HSC in the SW Bryan Study Area. These developers are confident in the market, particularly Aggie alumni from outside B/CS, and are eager to build a CCRC-style campus in the Study Area. The other outlook expressed to the CDS | Spillette team is a bit more cautious and questions the depth of the B/CS local market. This comes from B/CS realtors and professionals, who think that while there is some demand in the market area, that the numerical significance of the market demand for senior or age restricted housing is fairly small.