FARMINGTON CITY

City Council Staff Report

To: Honorable Mayor and City Council

From: Dave Millheim, City Manager

Date: May 26, 2016

SUBJECT: UPDATE ON NORTH STATION DEVELOPMENT, RESULTS OF MARKET STUDY AND REQUEST FOR CONSIDERATION OF COMMUNITY REINVESTMENT PROJECT AREA

RECOMMENDATIONS

1. Hear presentation from staff on the current status of the planned business park project including steps taken to date.
2. Hear presentation on Market Study conducted by consultant Kimley Horn on market conditions for Farmington City and Davis County regarding absorption rates for office, retail and multi-family uses.
3. Hear presentation from consultant retained by Chartwell Capital Partners on the potential formation of a community reinvestment project area.

BACKGROUND

For many years the City has planned for a Business Park in the area north of Station Park. At the recent strategic planning session held with the City Council, planning for this project was set as a high priority for the City. We are currently calling this the "North Station" project area. This area is 200+ acres in total. Multiple property owners exist in this project area. Chartwell Capital Partners is the largest property owner in the area. Chartwell has been working with the City on a land use analysis and market study that addresses anticipated absorption rates for office, retail and multifamily uses. The City agreed to fund 20% of this study per certain conditions which have been met. One of the primary purposes of the market study is it will aid the City and area property owners in preparing an infrastructure plan based on proposed uses. It also begins to help us address issues of wetlands, open space, buffering, road placement, storm drainage and other public infrastructure questions which will need additional study.

In cooperation with a third party consultant (Kimley Horn), Chartwell has completed this market analysis. Staff made corrections to the study draft and at the work session, Chartwell representatives will be providing the Council an update of the study results. It is critical for the City that we only proceed with assistance and/or approvals of such a large project based on land planning consistent with current and future market conditions. To do otherwise would allow for disjointed piecemeal development which would work against a unified plan. We can color any land use type we want on a masterplan but the market will be the ultimate controlling factor. The more in depth market analysis was done to validate the assumptions we will be starting to make with more specificity as this project moves forward. This will insure long term project success for all property owners.

Chartwell has also done some initial master planning and will be discussing a 30,000 foot view of the proposed project area as related to the consultant's absorption estimates. This will include the request for a proposed community reinvestment project area and the associated tax increment, project costs and future assessed valuation totals. Staff has done some very preliminary analysis of the proposed project area. If we include all the undeveloped parcels east of the D&RG trail ROW to I-15 and south from Shepard Lane to the developed area near Park Lane, we come up with **267 acres, 29 parcels and 20 different owners**. Ten (10) property owners represent over 92% of the total land area.

Total annual property tax revenues being received from this area are $45,808. The City receives $5,955 of this amount on an annual basis with the remainder going to the school district, county and smaller agencies. It is easy to see the potential for a huge increase in both assessed values and tax revenues if the property is converted to development. The key is master planning the project such that it will look like a unified project even if this takes many years for the market to absorb.

The project area is three (3) times the size of Station Park in total acreage and over four (4) the total in estimated future assessed valuation. Early estimates by the consultants of assessed valuation for the project area when completed total $$853 million. These assessed valuation estimates do not include holdings of Millenium Real Estate nor E&H Land (Evans). When these parcels are added to the estimated future assessed valuation the total will exceed $1,000,000,000. Yes, that is not a typo but one billion dollars. With current assessed valuation for the area at only $11 million you quickly see the potential for a huge amount of tax increment.

Station Park currently sits at around $250 million assessed valuation so you have a sense of scale. This 250+ acres (depending on how we draw the project boundaries) will have significant office, residential and retail uses. The totals of these new uses could easily exceed a few million square feet over several years' time. Infrastructure is almost nonexistent and will need to be built and paid for. The eventual decision on WDC greatly affects the planning but it is a mistake to stick our heads in the sand and wait for that decision at the expense of the City, property owners and the potential lost economic development opportunities.

There is no question that Station Park, Cabela's, Vista and the U of U Medical Center have set the bar very high for the area. There is tremendous development potential and pressure on this area. Infrastructure development is going to be very costly to handle traffic, water, sewer, storm drainage, etc. which is estimated at $32,000,000 (not including the Evans parcels).

We should also note, the City is also working with a property owner in the area (Millenium Real Estate) who will shortly be submitting an assisted living center proposal for approximately 15 acres in the area immediately north of Burke Lane and east of the DRWG trail. The regulating plan would need to be modified to accommodate this project. Such a modification should not be done in a vacuum but should be considered in light of all the proposed uses in the immediate area. Staff has also explained to this developer that traffic from their project (while likely minimal) will have to be considered in light of the continuing traffic pressures in the Park Lane area. Multiple other developers are "sniffing the wind" as to what may or may not be allowed in the project area. The City's primary concerns are that we do not plan the area one small parcel at a time. We must have a unified plan which at the end of the day will assist all property owners in the area with an orderly development process.

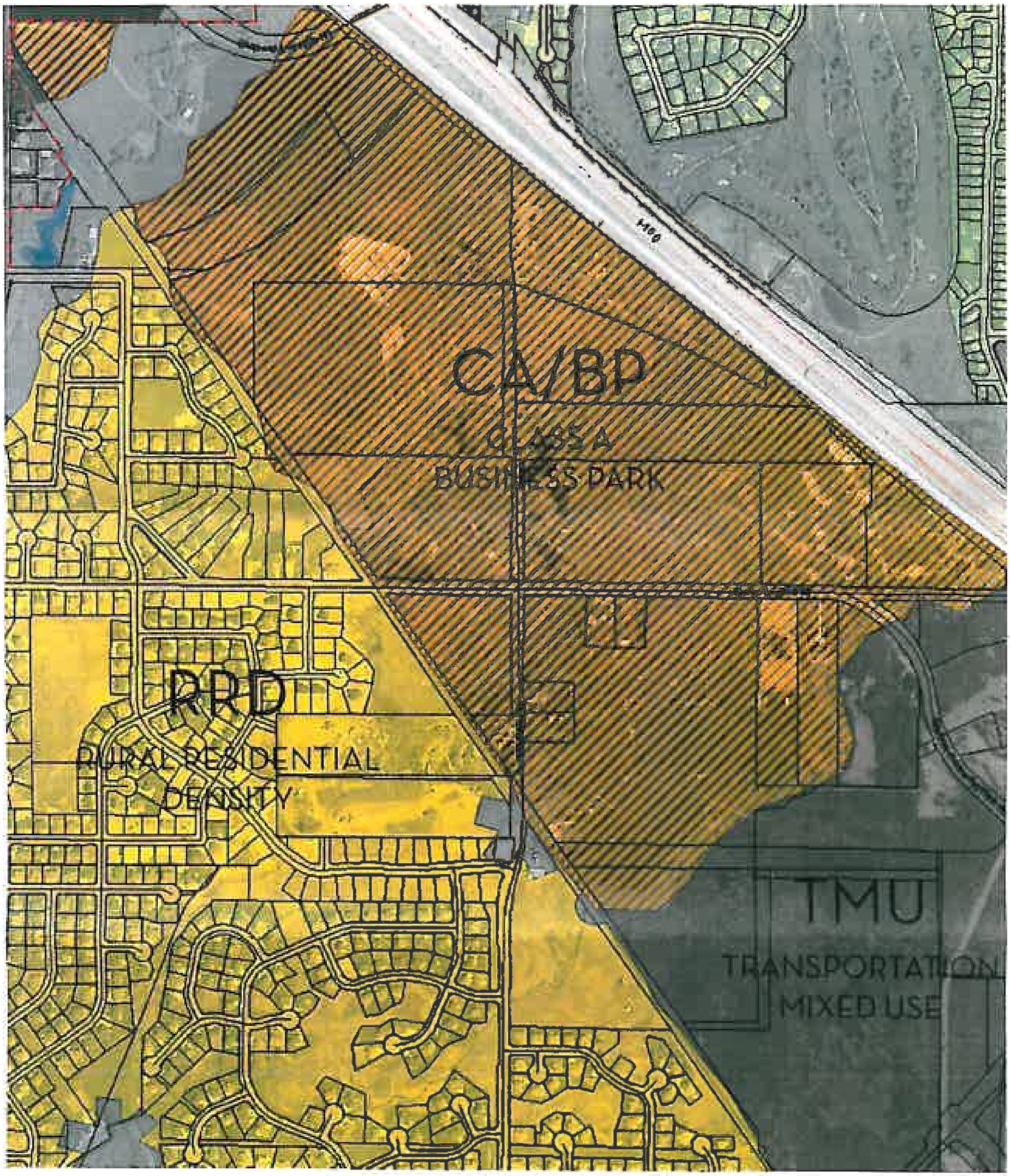
Suffice it to say this is a very large project which will require years of careful effort. This update and discussion will likely be the first of many in the coming months and years.

Respectfully Submitted

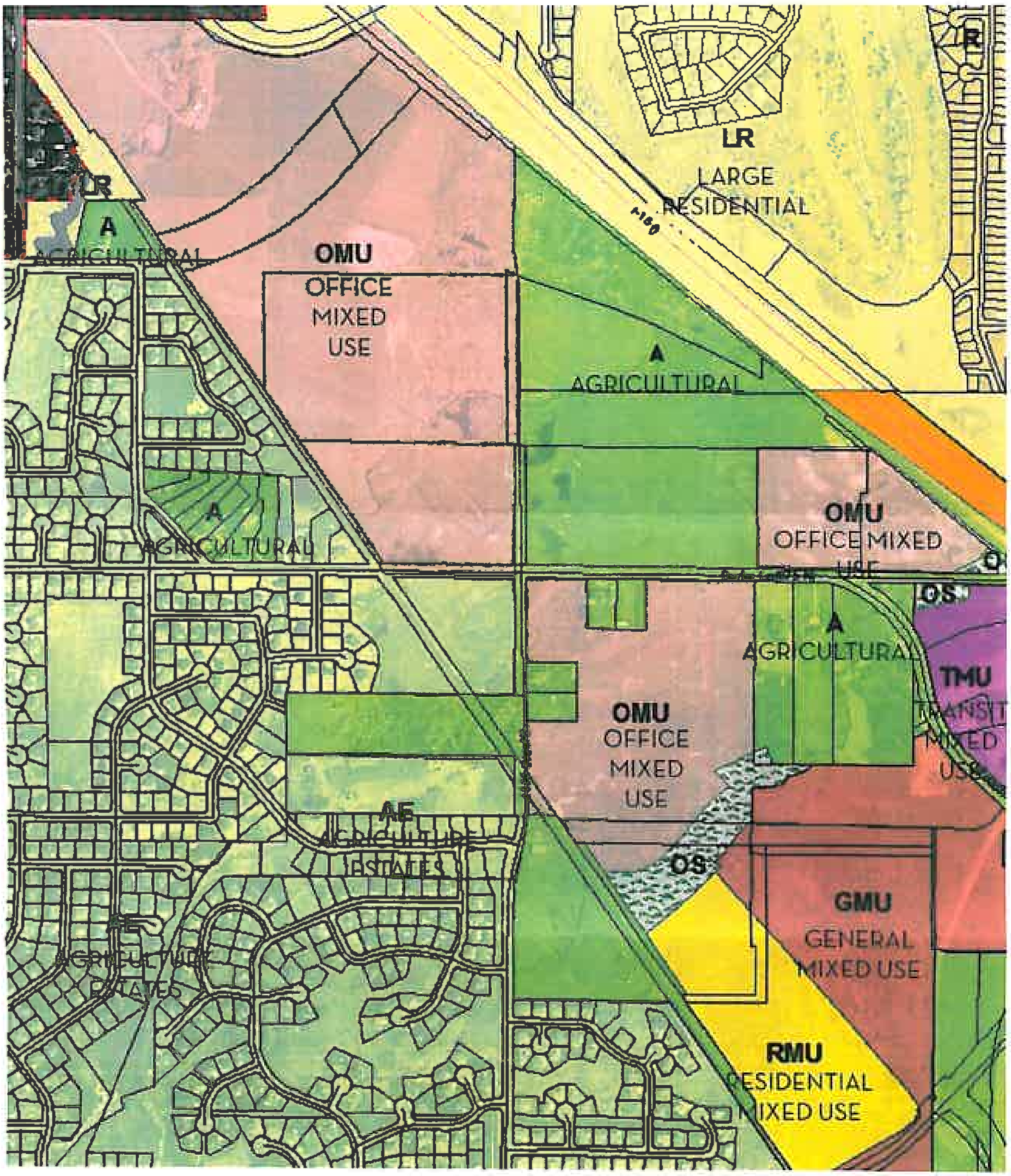
Dave Millheim

Dave Millheim
City Manager

NORTH STATION LAND USE MAP



NORTH STATION ZONING MAP

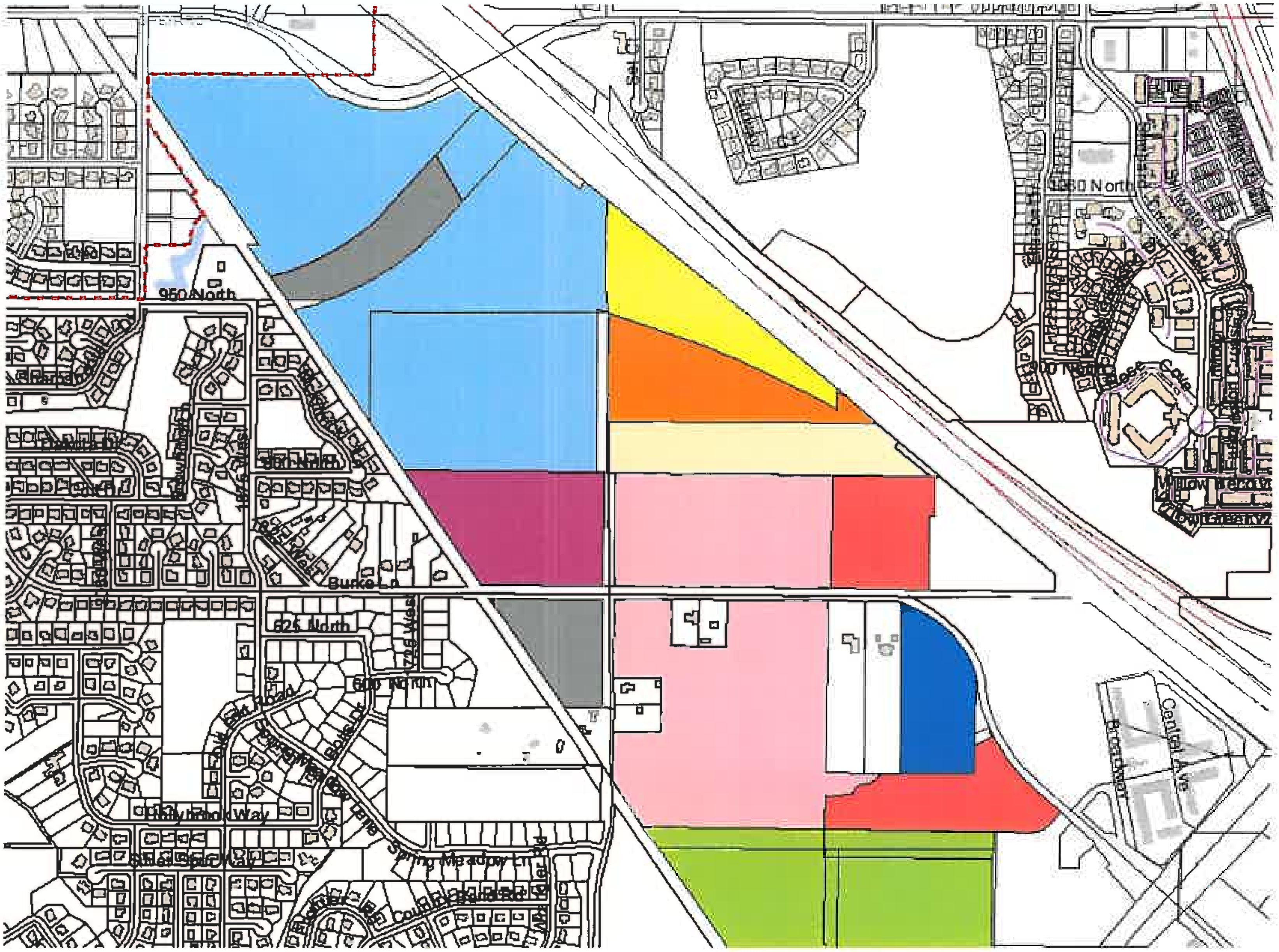


NORTH STATION AERIAL

-North Station Site Area-

Property Tax and Parcel Info

Parcel Map – North Station



- Chartwell Capital Partners
- Amenti Inc.
- Farmington City
- C Limited Partnership
- Red Barn Farms/Farmington Square
- E & H Land LTD
- Farmington Land LLC
- Millennium Real Estate Holdings LLC
- Clark, Nathan George Jr. – Trustee
- Bailey, Darrell & Gayle – Trustees

6/2/2016

Parcel Info – North Station

Parcel ID	Property Owner	Acres	Area (%) of Project	Assessed Value	2015 Property Tax Total
80600034	AMENTI INC	35.03	13.13%	$689,703	$9.21
80570045	CCP FARMINGTON LLC C/O CHARTWELL CAPITAL PARTNERS LLC	28.85	10.81%	$667,335	$99.73
80570015	CCP FARMINGTON LLC C/O CHARTWELL CAPITAL PARTNERS LLC	27.35	10.25%	$652,407	$0.00
80570053	CCP FARMINGTON LLC C/O CHARTWELL CAPITAL PARTNERS LLC	24.46	9.17%	$622,745	$50.99
80600003	AMENTI INC	20.26	7.59%	$577,151	$5.32
80590042	MILLENNIUM REAL ESTATE HOLDINGS LLC ATTN: JULIE F HALTMAN	14.49	5.43%	$508,104	$7,246.58
80720005	E & H LAND LTD C/O MARK EVANS	14.13	5.30%	$201,373	$3.71
80580016	BAILEY, DARRELL G & GAYLE H - TRUSTEES	12.29	4.61%	$478,982	$11.34
80600026	FARMINGTON LAND COMPANY LLC	12.06	4.52%	$475,787	$3.17
80580020	CLARK, NATHAN GEORGE JR - TRUSTEE	11.86	4.44%	$331,053	$10.03
80600045	FARMINGTON SQUARE LLC	9.41	3.53%	$437,551	$379.40
80600042	C LIMITED PARTNERSHIP	8.41	3.15%	$422,092	$2.21
80570048	FARMINGTON CITY A MUNICIPAL CORPORATION	7.42	2.78%	$646,430	$0.00
80600046	RED BARN FARMS	6.78	2.54%	$625,255	$8,950.54
80590045	FARMINGTON CITY	6.57	2.46%	$473,411	$0.00
80600029	BENSON, MICHAEL R & CHRISTIE N	4.85	1.82%	$575,200	$5,132.36
80600043	JONES F PROPERTY LLC	4.84	1.81%	$626,299	$7,793.05
80600008	E & H LAND LTD C/O MARK EVANS	3.53	1.32%	$132,124	$0.00
80570046	CCP FARMINGTON LLC C/O CHARTWELL CAPITAL PARTNERS LLC	3.02	1.13%	$127,141	$31.62
80570020	STATE ROAD COMMISSION OF UTAH	2.39	0.90%	$2,029	$0.00
80570019	BOYCE, MARK R & DEBBIE	2.10	0.79%	$253,002	$3,450.90
80600012	ROMNEY, MICHAEL H	1.01	0.38%	$476,100	$3,855.95
80600016	TURPIN, ROLAND & DEBRA C	1.01	0.38%	$297,400	$2,496.77
80600013	ROMNEY, MICHAEL H & ROBYN F	1.01	0.38%	$213,564	$3,142.73
80600018	COX, STEVEN GARY	1.01	0.38%	$75,400	$1,260.50
80590041	FARMINGTON CITY	1.00	0.37%	$500	$0.00
80590013	FLANDERS, STEPHEN M & SUSAN D	0.84	0.31%	$246,200	$1,872.58
80600041	ICO MULTIFAMILY HOLDINGS LLC	0.62	0.23%	$197,222	$0.00
80600027	FARMINGTON CITY	0.23	0.09%	$117,380	$0.00
		266.83	100.00%	$11,148,940	$45,808.69

*Highlighted cells show parcels that may contain acreage outside of the site area

Major Owners

	Property Owner	Acres	Area Percentage of Project	Assessed Value
1	CCP FARMINGTON LLC C/O CHARTWELL CAPITAL PARTNERS LLC	83.68	31.36%	$2,069,628
2	AMENTI INC	55.29	20.72%	$1,266,854
3	E & H LAND LTD C/O MARK EVANS	17.66	6.62%	$333,497
4	FARMINGTON SQUARE LLC or RED BARN FARMS	16.19	6.07%	$1,062,806
5	FARMINGTON CITY	15.22	5.70%	$1,237,721
6	MILLENNIUM REAL ESTATE HOLDINGS LLC ATTN: JULIE F HALTMAN	14.49	5.43%	$508,104
7	BAILEY, DARRELL G & GAYLE H - TRUSTEES	12.29	4.61%	$478,982
8	FARMINGTON LAND COMPANY LLC	12.06	4.52%	$475,787
9	CLARK, NATHAN GEORGE JR - TRUSTEE	11.86	4.44%	$331,053
10	C LIMITED PARTNERSHIP	8.41	3.15%	$422,092
	Totals	**247.15**	**92.62%**	**$8,186,524**

Property Tax Info - North Station

Total Assessed Value of Site Area	$11,148,940
Total Property Tax of Site Area	$45,808
Total Portion of Site Area Property Tax to Farmington City	$5,955

*Figures based on 2015 data collected from Davis County Assessors/Treasurers Office

CHARTWELL
CAPITAL PARTNERS

ABOUT US

Chartwell Capital Partners is a private equity real estate investment firm, offering investments of commercial real estate to Accredited Investors, Funds, RIAs, Corporations and Family Offices through acquisition and development.

Chartwell's principals have an average of 25 years of real estate/finance experience and have broad-based, substantive industry relationships with investors, institutions, operating partners, advisors, agents and lenders.

Since beginning their careers, the principals of Chartwell and their advisors have developed more than 1,000 commercial buildings, raised more than $600 Million in equity and transacted over $4 Billion in total real estate sales/development in 34 cities throughout the U.S.

CHARTWELL REAL ESTATE ACQUISITIONS

2013	$61,700,000
2014	$107,200,000
2015	$200,000,000

PORTFOLIO FOCUS

MEET OUR PRINCIPALS

JEFF HAWKES

Mr. Hawkes is responsible in overseeing acquisitions, entitlement, strategic planning, and asset and property management and has developed real estate for more than 30 years.

Jeff started his career in Financial Services Industry where he successfully grew and sold a financial services marketing firm to a Fortune 100 company. Mr. Hawkes completed his bachelor's degree from Brigham Young University in Finance, and became a Certified Financial Planner.

TOM STUART

Mr. Stuart, for more than three decades has constructed and/or developed more than 1,000 commercial buildings and currently has more than 1.5 Million sq ft under construction; including multi-family, industrial, and retail buildings with a highlight being the FIRST concrete tilt-up apartments in Utah.

Mr. Stuart holds a Bachelor of Science in Accounting from the University of Utah. He also holds a General Contractor's License in the State of Utah.

RICH DAY

Mr. Day is responsible for raising equity for the CPP's investments; Rich has raised equity, for real estate, since 2005 and helped raise more than $525 million for Institutional Real Estate for various sponsor clients over the last decade.

Mr. Day holds a Bachelor of Arts degree from the University of Utah and an MBA from the Gore School of Business at Westminster College. Mr. Day passed the Series 7 Exam in 2007.

BRIAN KARREN

Mr. Karren is responsible for business development, deal sourcing, due diligence, acquisitions, and acts as general counsel to the Chartwell Capital family.

Brian spent a number of years as an operating executive of a security company with principal oversight over operations and finance. He started his career as a transactional attorney at Snell & Wilmer.

Mr. Karren has a JD from the University of Utah's Law School (Order of the coif) and a Bachelor of Science degree in Finance from the University of Utah (magna cum laude).

360 North 700 West, Suite H, North Salt Lake, UT 84054 | 801.232.8313 | www.ChartwellCP.com

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Project Resume

Chartwell Capital Partners and its principals have wide experience in the entitlement and development of real estate. With over 250 projects built during their careers the principals of Chartwell have the experience and expertise to development large multi-use projects. While not an exhaustive list below is a sampling of some the projects that Chartwell and its principals have developed.

Hawks Landing
Ammon, Idaho
Owned and developed by Jeff Hawkes

Hawkes Landing, LLC purchased 98.653 acres of land in the foothills of Ammon Idaho earlier in 2006. The acreage consists of four parcels. The largest parcel approximately 73.453 acres is annexed in the City of Ammon and is zoned RP with a current conditioned density of two residential units per acre. The remainder of the acreage approximately 25.2 acres is in the county of Bonneville with an agricultural zoning.

Jeff successfully received unanimous approval from the Ammon City Council to develop this site under a Planned Unit Development (PUD). Hawks Landing was approved for 235 residential units and 6.8 acres of commercial land.

Jeff completed all offsite requirements which included 1.5 miles of 30" sewer trunk line and a two-million-gallon culinary water reservoir. We have also improved phase one which includes 55 lots, 8 acres of landscaped open space, and .5 miles of 10' wide perimeter walking, jogging and biking trail with approximately 1.5 miles of interior 5' sidewalks for interior pedestrian circulation. He have planted 300 trees and installed the following amenities:

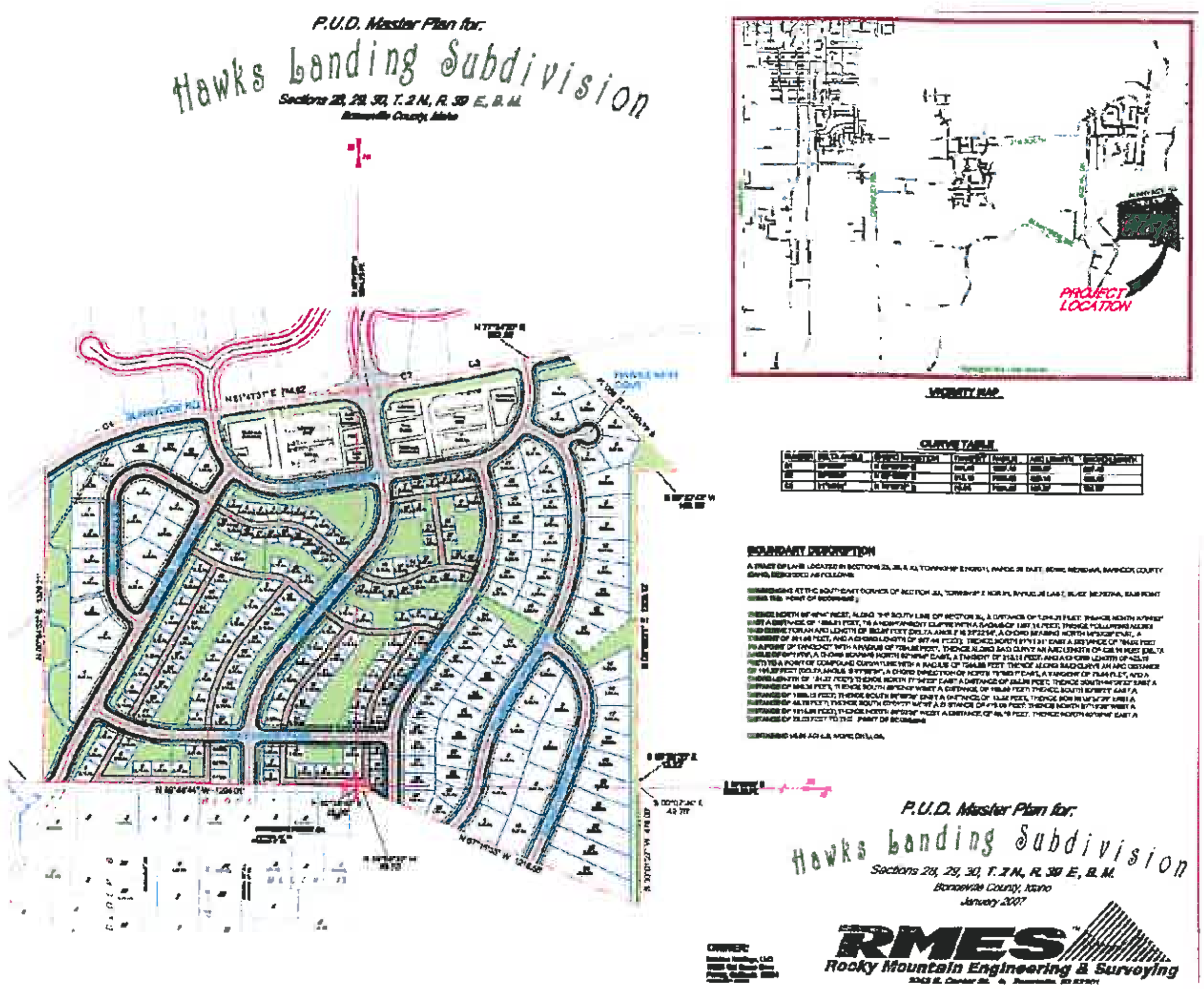
- Tot Lot
- Dog Wash
- Community Garden
- Volleyball court

The development plan is a, mixed-use, new urbanism community in this very vibrant community. The population of Ammon has doubled in the last eight years. The City of Ammon has been very progressive in their comprehensive plan and has embraced thoughtful growth and development.

Hawks Landing is some of the first organized development with water and sewer in the foothills of Ammon on the East side of the Snake River Valley. With full utility services to the property, Hawk's Landing has created a rich lifestyle community with commercial services, parks, open space, walk able trails and mixed residential densities to accommodate a varying demographic of buyer. This is coupled with unobstructed views from most lots overlooking the valley with the horizon of the Sawtooth mountain range (Sun Valley, Idaho) in the background.

The property is located on Sunnyside Road approximately 9 miles east of a new interchange off of I-15 and Sunnyside Road. Sunnyside is the newest major East/West transit corridor serving the South area of Idaho Falls and Ammon. Nearly 8 miles of Sunnyside Road from I-15 to Ammon Road was widened to a five-lane road within the two years. This dynamic establishes our property as the primary site for commercial services to service the foothill development off of Sunnyside.

Jeff sold Hawks Landing in October, 2012 on an installment sale to Jerry Ward, the owner of C-A-L Ranch stores. Jerry was a resident of Hawks Landing and loved the development. His son is a contractor and Jerry saw Hawks Landing as his son's future.




The Master Plan
of HAWKS LANDING
Welcome to Hawks Landing
Hawks Landing, the first residential lifestyle community to be developed in southeastern Idaho, is designed to bring together the most important aspects of life - family, nature and tradition. Careful land planning, meticulously crafted Design Guidelines, plenty of open space and the right commercial mix all play critical roles in this atmosphere.
We welcome you to explore all the planned features and amenities of Hawks Landing, including:
208.525.9500
www.myhawkslanding.com

Clubhouse

Hawthorne Garden Apartments
Chubbuck, Idaho
Owned and developed by Jeff Hawkes

Jeff Hawkes spent two years rezoning this property to a high density residential PUD. Many complexities were encountered. Jeff's relationship with the mayor of Chubbuck and political involvement was essential to final approval of the application. Jeff was also able to negotiate reduced impact fees and property tax relief with the county that saved $750,000 in costs, making the project economically feasible.

Simultaneously, Jeff processed a loan application for HUD 221(d)4 financing. Jeff was successful in securing this financing after nearly two years. SHJH, LLC locked a 3.25 rate, 40-year amortization, 16 months to construct.

Construction began in March of 2013 and was completed in August of 2014. The property is 100% occupied with a long waiting list. The management is working through lease renewals currently with an average 9.8% increase in rents.

Hawthorne Gardens Building A

CCP Vineyard, LLC
Vineyard, Utah

Chartwell purchased this 16-acre parcel in August, 2014. This is an apartment development project. It's located in a strong A market. Chartwell entitled 414 multi-family units.
The purchase price was $4,000,000. Chartwell is currently in escrow to sell this property. One-half of the buyer's deposit went non-refundable and was released to Chartwell. This transaction closes on June 13, 2015.

Heritage Hills Memory Care
Oceanside, California
Jeff Hawkes Developer

Hawkes O-Side I, LLC currently owns 3.47 acres of fully entitled land zoned C-1 commercial in the City of Oceanside, California. The subject property is located 6/10's of a mile North of I-78 on El Camino Real. Hawkes O-Side I, LLC received unanimous approval from Planning Commission in May of 2008 on a specific plan to build a commercial professional office building. Those entitlements are approved through May of 2014.

Jeff Hawkes processed a CUP to include memory care to the current zoning. The CUP was unanimously approved by Planning Commission to proceed with a 48-unit, 64-bed memory care facility. This project is currently under construction. Projected completion is September, 2016. Independent Senior Living has been retained to lease up and operate/manage the facility.

Assisted Living Memory Care—Successful Eight-year entitlement approvals and under construction with pre-leasing activity under way.

hpi hill partnership, inc.

exterior elevation A.4

Komatsu
Salt Lake City, UT
Developed by Tom Stuart

A 102,000 square foot intermountain headquarters and repair facility for the second largest heavy equipment manufacturer in the world. The 6-month time frame to FF&E installation is impressive considering the scope of work on this project: 101,996 square feet of building area; two story executive office space; 11.54 acres of excavation; and, associated landscaping and hardscaping; 4, 30-ton bridge cranes; 9 jib cranes; two paint booths (one drive in); a dynamometer for heavy equipment and associated cooling tower; a transmission testing system with construction starting in mid-winter. Tom Stuart Construction (TSC) has been involved in commercial and industrial construction for the past 30 years. TSC is one of the largest Commercial Contractors in Utah in both total dollar volume and total number of permits issued. TSC is Utah's largest and most experienced concrete tilt-up contractor in the state. TSC has over 250 tilt-up projects under their resume, including over a dozen that have won local and national awards for excellence. Tom Stuart Construction has been the General Contractor in over 1,000 projects and the design/build contractor in over 250 projects that range in size from a few thousand feet to over 500,000 square feet.

Yesco Sign Company
Salt Lake City, UT
Developed by Tom Stuart

This building was the winner of numerous awards for quality, including national tilt-up of the year award, best of award and ACI excellence in concrete. Just over 100,000 square feet, this building functions as the corporate headquarters and Salt lake Division manufacturing facility. YESCO is one of the largest sign makers in the world.

Matthew Godfrey
Founder

Background: Mr. Godfrey is the founder of Better City. Prior to forming Better City, Mr. Godfrey was the Mayor of Ogden, Utah. During his twelve years in office, the City recruited over $1.2 billion of investment, added almost 1 million square feet of new office space, revitalized over 130 acres of the downtown, redeveloped 1,100 acres from a closed military base and reduced crime by 33%.

Mr. Godfrey lead efforts to recruit over 6,000 jobs and changing Ogden from an old railroad and military based economy to the global capital of outdoor recreation. In his last year in office, Ogden led the country in job growth and is ranked by Forbes magazine as one of the top 10 cities to raise a family.

Prior to Mr. Godfrey's time as Mayor he was the president of a real estate holding and management company.

Adam Hughes
Chief Executive Officer

Background: Since joining the firm in 2012, Mr. Hughes has worked with both public and private clients in creating redevelopment strategies, recruiting businesses, and financing projects. He has secured multiple million-dollar Federal, State, and local incentives for various development projects. Mr. Hughes currently has tens of millions of dollars of projects currently underway.

Prior to joining Better City, Mr. Hughes worked for PEG Development, Property Reserve, Inc. and was a CPA and Manager in KPMG's Transaction Services Practice Group in McLean, VA.

Malorie Brask
Staff Associate

Background: Mrs. Brask attended the Goddard School of Business at Weber State University on a full-ride scholarship. She was a sponsored attendee at the Leadership Northern Utah Academy, hosted by the Ogden Weber Chamber of Commerce. Mrs. Brask was a finalist in the Business and Marketing Sterling Scholar competition for the Northern Utah Region. She recently helped transact a project that will generate tens of millions of dollars in tax revenue in the coming years through a Community Redevelopment Area (CRA).

She previously worked as a Financial Controller and Accountant under a CPA. Mrs. Brask is a licensed Real Estate Agent and is a member of ICSC.

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Chartwell Capital Partners

North Station

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Managing Partners

Jeff Hawkes, CEO

Tom Stuart, President

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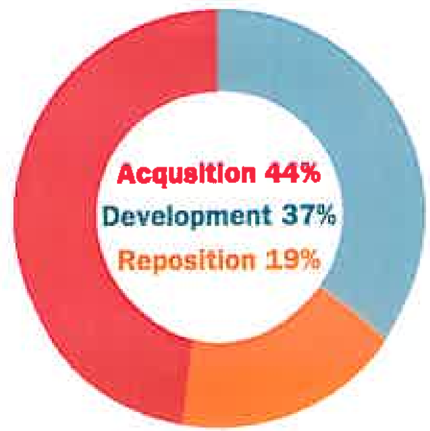
Investment Summary

CHARTWELL REAL ESTATE ACQUISITIONS

PORTFOLIO FOCUS



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Presentation Objectives

- Review Market Study Report
- Identify Land Uses
- Analyze Tax Revenues
- Review Project Gap
- Analyze CRA Viability

Market Study

Kimley»Horn	Market Study Findings	
Ten Year Findings	Davis County	North Station
Retail	1,090,400 sf	650,000 sf
Office	1,851,400 sf	650,000 sf
Residential	1,200 units	800 units

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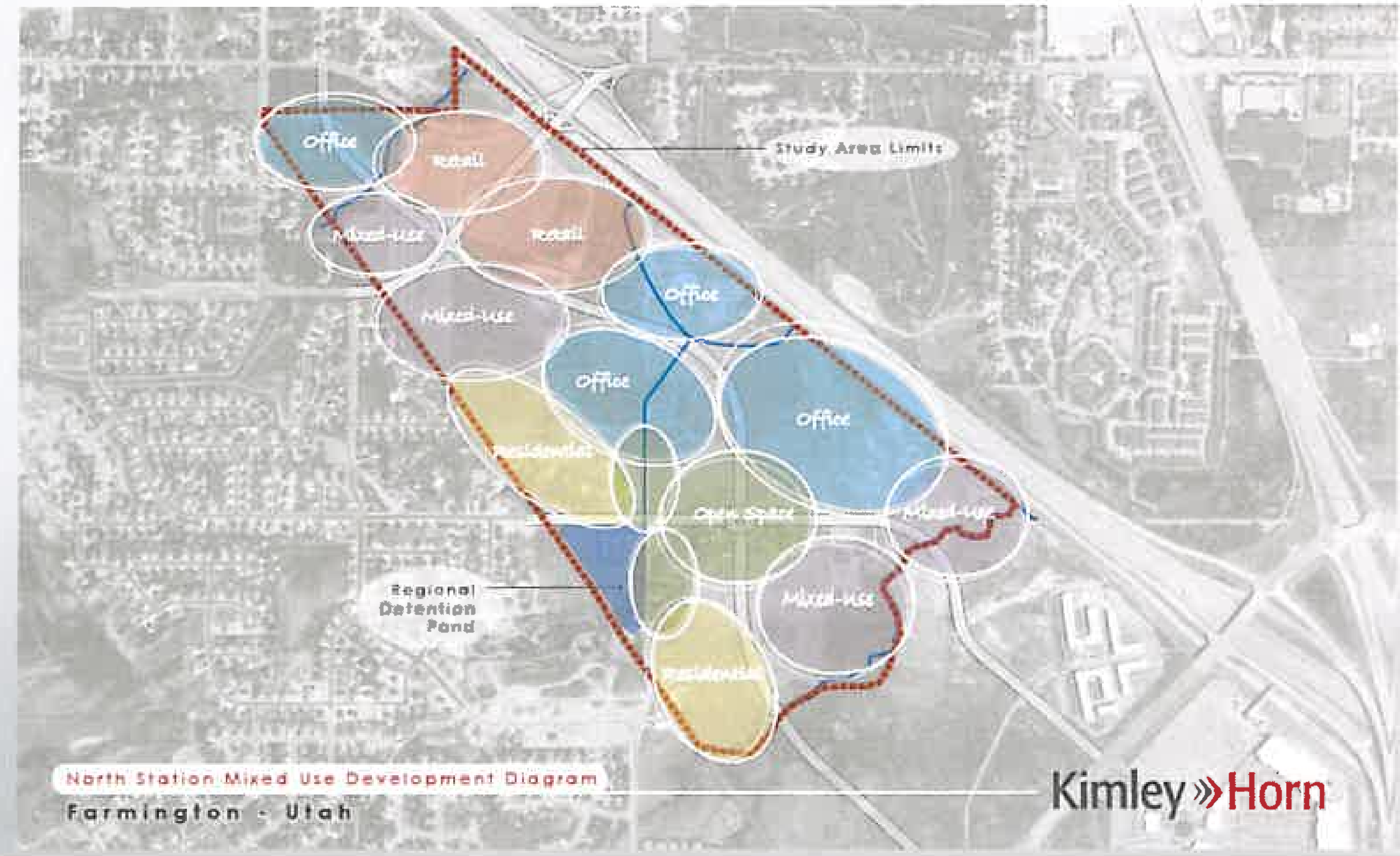
Kimley»Horn



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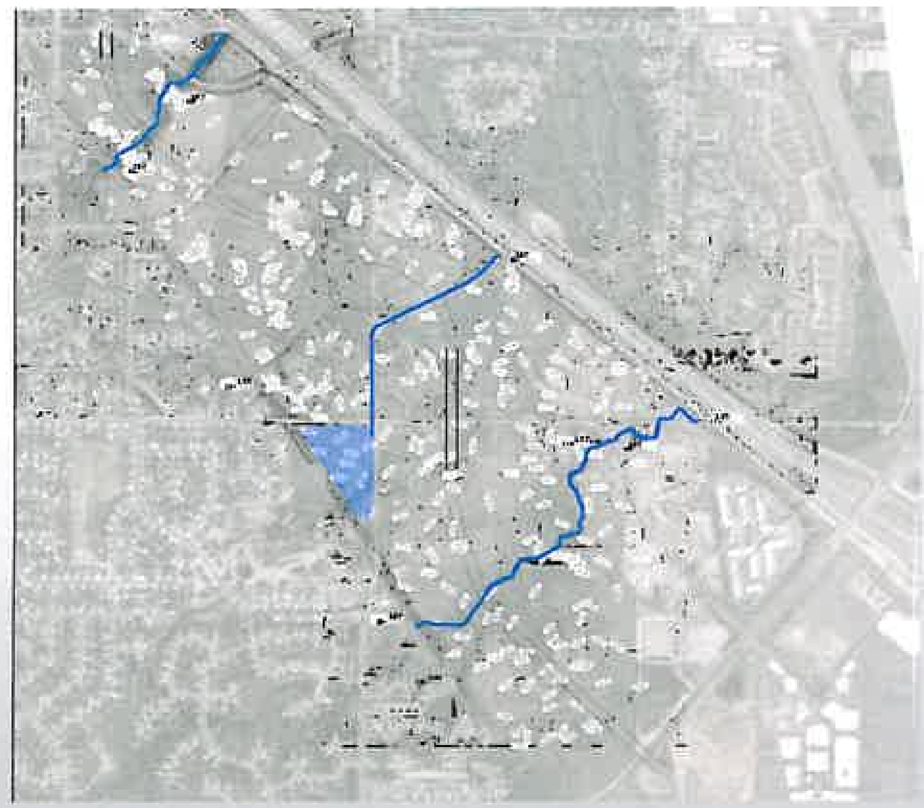
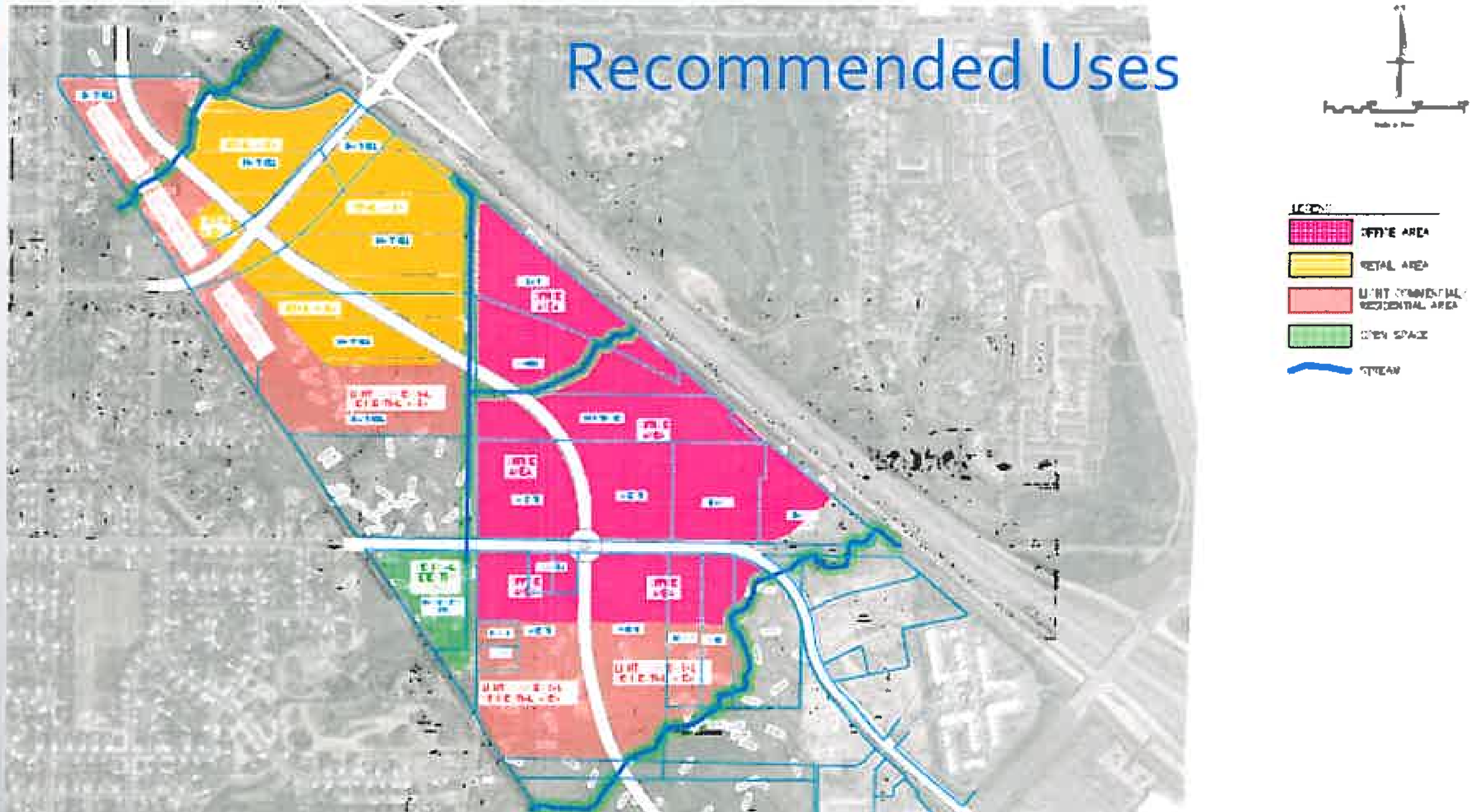
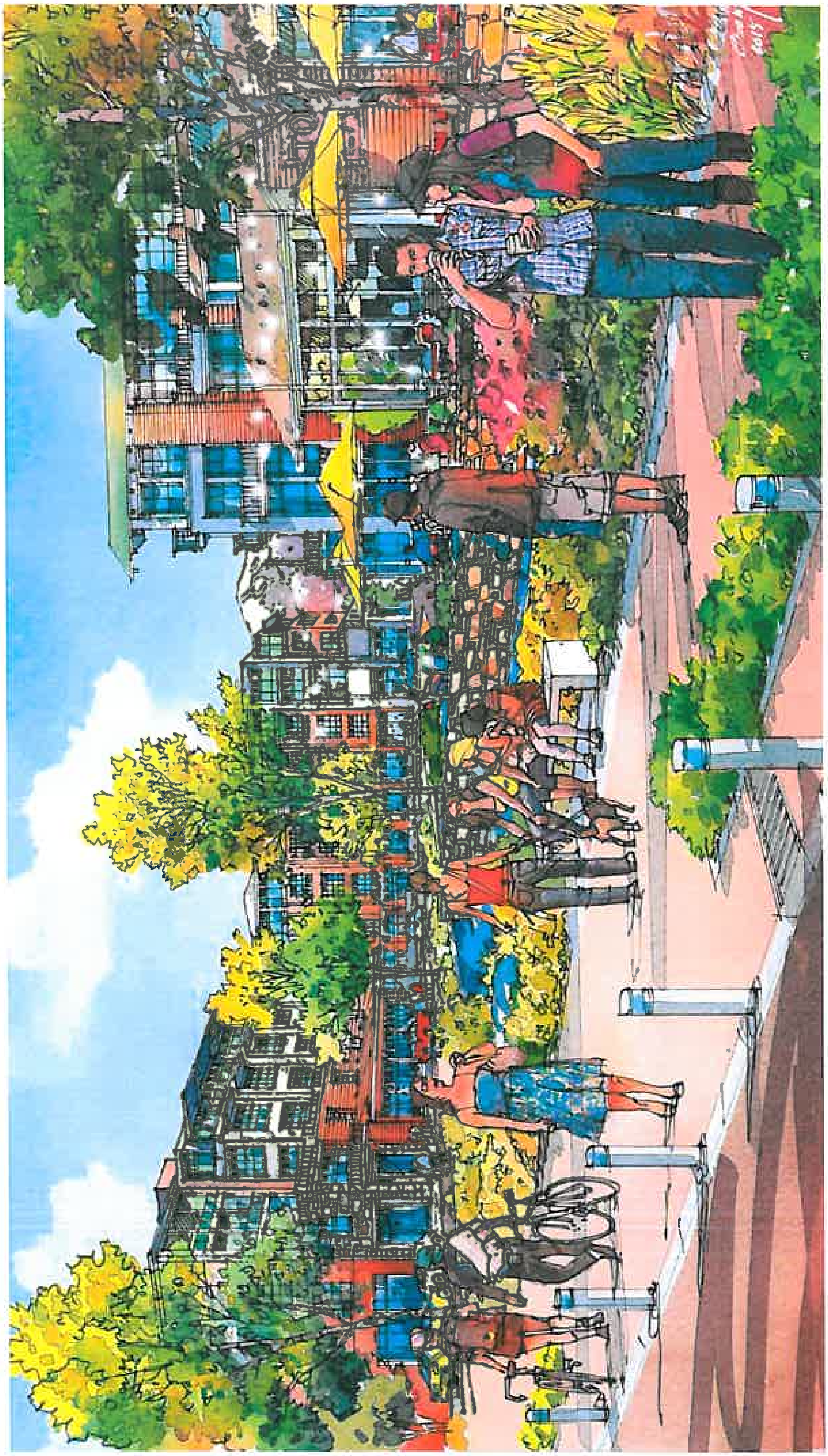
Topographical

- Shows Natural Street Location
- Drives Regional Storm Drain
- Helps Define Land Uses



Recommended Uses





Thanksgiving Point

Cottonwood Heights

RiverPark Corporate Center

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Real Estate Investment

	SF	Cost	Cost PCT
Land	192 AC	$67,076,148	7.9%
Multifamily	57,600	$9,216,000	1.1%
Class A Office	2,367,518	$378,802,880	44.4%
Retail	2,367,518	$378,802,880	44.4%
Hotel	120,000	$19,200,000	2.3%
Total Investment	**4,912,636**	**$853,097,908**	**100.0%**

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Infrastructure Investment

Projects	Unit	Quantity	Total Cost	PCT
Land	AC	48	$16,559,052	51.4%
Road (C/G/SW)	LF	10,600	$4,642,800	14.4%
Lighting	EA	53	$344,500	1.1%
Sewer (18")	LF	10,600	$2,014,000	6.3%
Water (12")	LF	10,600	$985,800	3.1%
Storm Sewer	LF	10,600	$996,400	3.1%
Power Underground	LF	10,600	$349,800	1.1%
Fiber Optics	LF	10,600	$349,800	1.1%
Substations	LS	1	$2,500,000	7.8%
Open Space	AC	25	$3,448,027	10.7%
Total Infrastructure Investment			**$32,190,179**	**100.00%**

Relieve Traffic Congestion

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Cost Summary

	Amount	PCT
Real Estate Cost	$853,097,908	96.4%
Infrastructure Cost	$32,190,179	3.6%
Total Investment	$885,288,087	100.0%
Stabilized Investment Shortfall	$36,120,003	4.1%

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Investment Schedule

Infrastructure	Yr 1	Yr 2	...Yr 19	Yr 20
Land	827,953	827,953	827,953	827,953
Road (C/G/SW)	928,560	195,486	195,486	195,486
Lighting	68,900	14,505	14,505	14,505
Sewer (18")	402,800	84,800	84,800	84,800
Water (12")	197,160	41,507	41,507	41,507
Storm Sewer	199,280	41,954	41,954	41,954
Power Underground	69,960	14,728	14,728	14,728
Fiber Optics	69,960	14,728	14,728	14,728
Substations	500,000	105,263	105,263	105,263
Open Space	1,724,013	90,738	90,738	90,738
Total Infrastructure Investment	**4,988,586**	1,431,663	1,431,663	**1,431,663**
PCT	*15.5%*	*4.4%*	*4.4%*	*4.4%*

Tax Increment

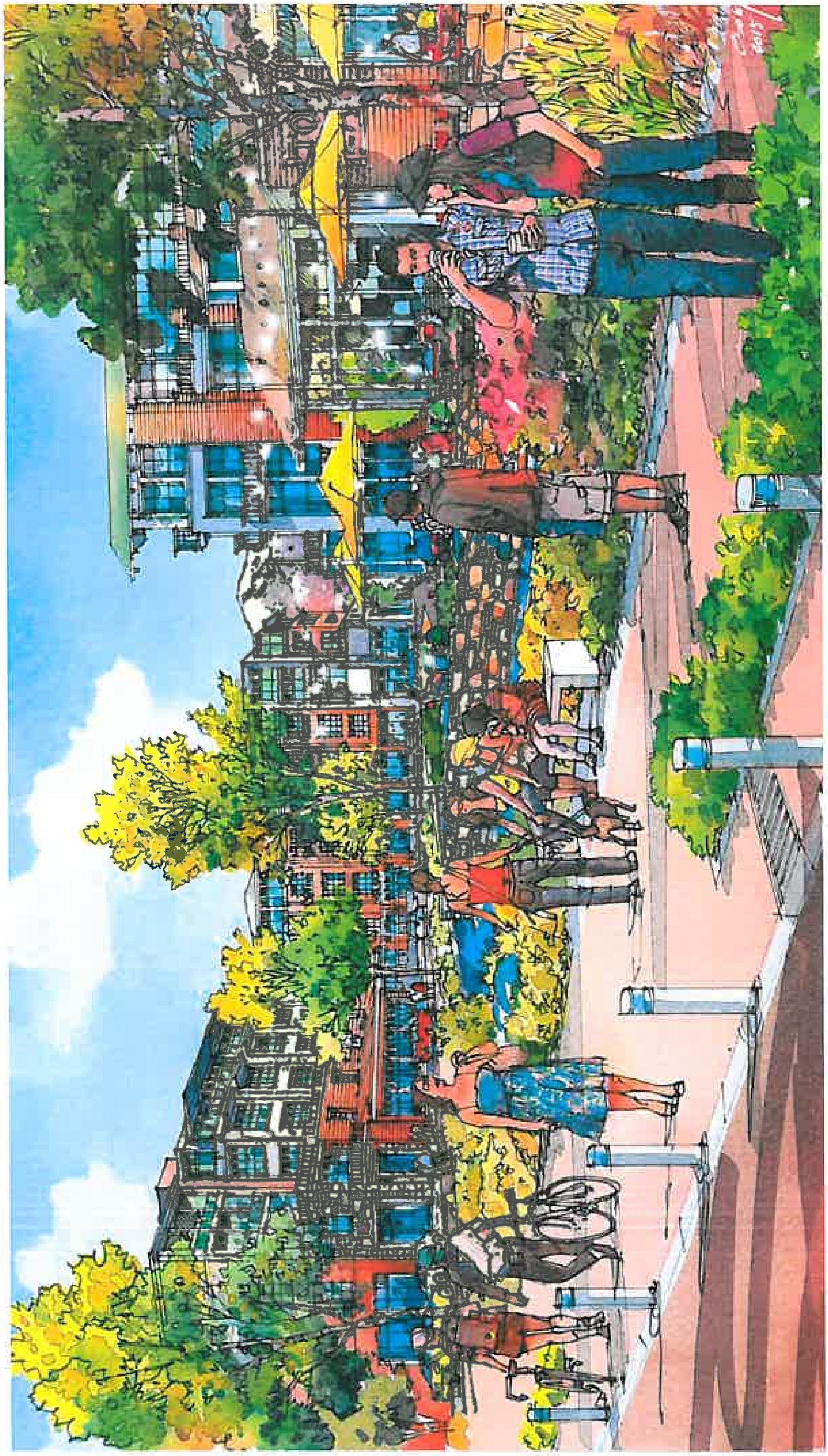
	Yr 1	Yr 2	...Yr 5	Yr 20	Total
Total Prop Tax Increment	0	262,597	7,726,796	7,939,609	**77,166,958**
Total Sales Tax	2,027,187	4,054,375	10,135,936	40,543,746	**591,879,500**
City Sales Tax (POS)	147,970	295,940	739,849	2,959,398	**48,816,654**
Total Tax Increment	147,970	532,277	2,382,613	10,105,045	**125,983,612**
Financial Gap	4,988,586	1,431,663	1,431,663	1,431,663	**32,190,179**

Summary

- Project can pay for itself with CRA
- 10,000 jobs
- $853,097,908 investment
- $4.3 mm of annual City tax revenue at build-out—tax diversity
- $5 mm bond and then $1.43 mm annually for 20 years (26%)
- Continues mixed-use development to redefine Farmington

Next Steps

- Meet with County, School District and other taxing entities
- Set up CRA
- Finalize market study, design and phasing
- Secure funding for Shepherd Lane interchange and connection



North Station Mixed-Use Site Market Feasibility Analysis

Farmington, UT

Farmington City
800 Municipal Drive
Farmington, UT 87401

CCP Farmington LLC
360 North 700 West
Suite H
North Salt Lake, UT 84054

APRIL 2016 I VERSION 2

Kimley»Horn

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1. INTRODUCTION

Kimley-Horn was hired by the CCP Farmington LLC and Farmington City to prepare a mixed-use market feasibility analysis for property encompassing approximately 240 acres on the west side of I-15 in Farmington, Utah. As shown in *Map 1*, the proeprty roughly extends from the mixed-use Station Park commercial center, north along I-15, to Shepard Lane. The Farmington City is located in Davis County, less than 20 miles north of Salt Lake City and 22 miles south of Ogden.

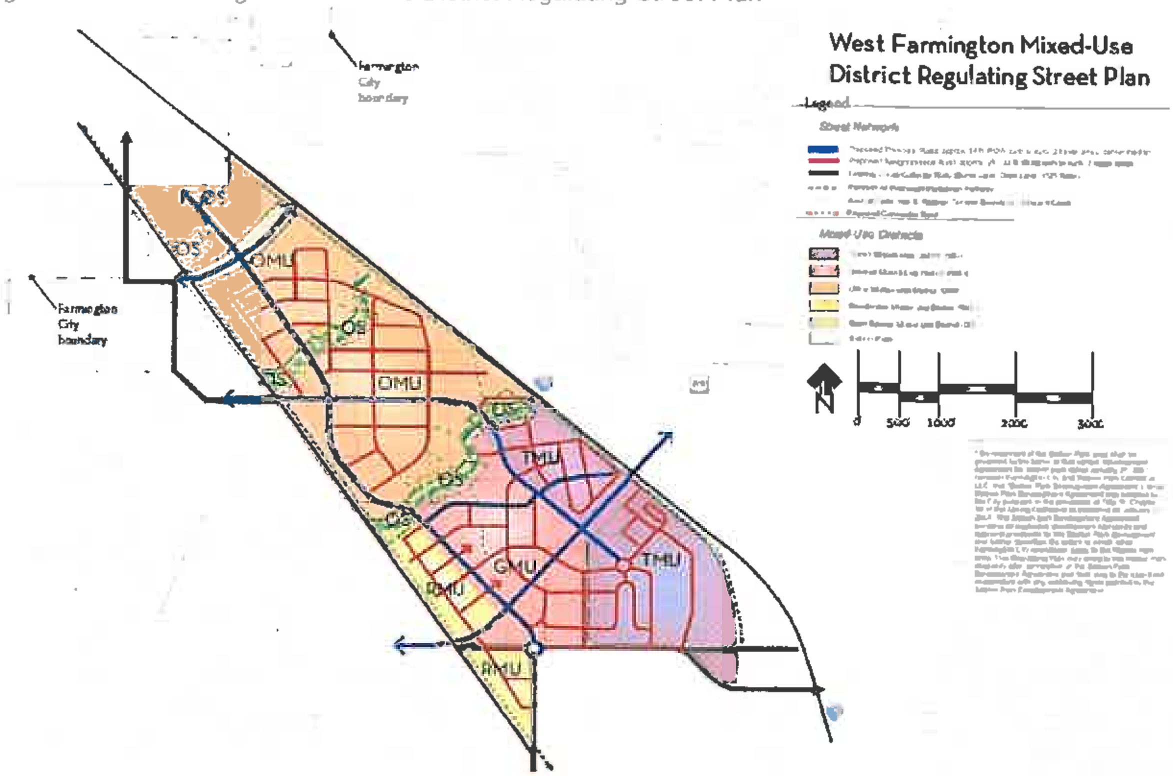
Map 1: Aerial of North Station Site, 2016

Land area within Farmington City is constrained by Great Salt Lake to the west and the Wasatch Range to the east. The 240-acre North Station site represents a significant development opportunity for the City to increase tax base with non-residential uses. Momentum in the area has been catalyzed by Station Park, a mixed-use develompent offering high-density residential, retail, office, and civic uses adjacent to the FrontRunner transit corridor. The FrontRunner system has exceeded ridership projections, transporting over 13,500 travelers per weekday in 2013. Farmington's FrontRunner station opened in April 2008.

Located across I-15, Lagoon Amusement Park is one of the largest tourist attractions in Utah, drawing large crowds in the summer months. An estimated 80% of Lagoon's customers come from a 50-mile radius of Farmington. Starting in 2013, the Utah Transit Authority (UTA) began offering a free shuttle service during summer months, connecting riders at the Farmington FrontRunner Station with Lagoon.

Farmington City has developed a Transit Oriented Development Ordinance to facilitate a logical and predictable pattern of growth. As shown in *Figure 1*, zoning districts for the North Station area include Office Mixed-Use, General Mixed-Use, Transit Mixed-Use, Residential Mixed-Use, and Open Space.

Figure 1: West Farmington Mixed-Use District Regulating Street Plan



Given the flexibility provided by the Mixed-Use Districts Ordinance, market potential outlined in this analysis will help to inform future land use decisions for the North Station site. This analysis provides market-based trend and forecast details to determine the highest and best development pattern for the 240-acre property. Real estate market potential for the site is provided, including demand forecasts and recommended price points for residential, retail, office, and hospitality uses.

2. AREA INVESTMENTS AND ECONIOMC ANCHORS

This section profiles major area investments and economic anchors that could impact development potential at the North Station site.

2.1 STATION PARK

Station Park is regional mixed-use activity center located directly south of the North Station site. The 62-acre property that is now Station Park was historically farmland owned by the Richards family. Following assemblage and entitlement, CenterCal began developing what is now Station Park in 2007.

Station Park offers connectivity to the UTA FrontRunner commuter rail, I-15, US-89, and Legacy Parkway. At full build-out, Station Park will offer over 1.2 million square feet of commercial space, including Class A office, restaurants, retail, and other services. Currently Station Park has over 715,000 square feet of retail, 170,000 square feet of office, 53,000 square feet of theatre space, and 1,300 square feet of recreation pavilions.

2.1.1 RESIDENTIAL

Currently, Park Lane Village is the only apartment community open near Station Park. Located on the north side of Park Lane, the community has 324 total apartment units. Two additional market-rate apartment communities are planned:

- *Clark Lane Village* is a 142-unit apartment complex that is currently under construction immediately south of Station Park; it will have seven apartment buildings on approximately 4.4 acres.
- A second phase of *Park Lane Village* is planned to add more than 400 units to the existing complex; it is expected to break ground this year.

In addition to the two market-rate apartment complexes, Legacy Village of Park Lane is planned on the north side of Park Lane. Legacy will be a 125-unit assisted living community developed by The Haws Company and Western States Lodging.

Thackeray Garn Company controls a property in Station Park adjacent to the FrontRunner Station. Initial conceptual plans for this site included high-density residential development, wrapping a parking deck. Based on feedback from Thackeray, the company has no plans to move forward with this site in the near future. Development feasibility is currently limited by a requirement for structured parking based on agreements with UTA to provide parking for riders. At this time, Thackeray has deemed this to not be cost efficient and plans on re-evaluating market potential for the site in the future.

2.1.2 COMMERCIAL

Station Park offers a mixture of inline retail space, a regional power center anchored by Harmon's and Nordstrom Rack, and a vertically integrated lifestyle center with a "main street" feel. Anchor tenants at Station Park's lifestyle center are Cinemark, the Apple Store, H&M, and Banana Republic. Overall, Station Park currently has over 715,000 square feet of retail space.

Station Park also has approximately 170,000 square feet of multi-tenant Class A office. Pluralsight is the anchor tenant, but a wide array of professional-service firms are represented. Pluralsight provides an online learning marketplace for education in technical topics, as well as a culinary school. They moved their headquarters to Station Park in 2014. Non-residential development highlights include:

Retail and Hospitality

- An 80,000-square-foot, 108-room *Hyatt Place* hotel is currently under construction and with an expected completion date of July 2016.
- South and north of Park Lane, *CenterCal* has plans for an additional 110,000 square feet of retail, about one-third of which is currently under construction as part of the Hyatt Place development. Space under construction will be partially occupied by restaurants, including Blue Lemon, Chipotle, and Fire House Subs.
- Located on the north-side of Park Lane, *Cabela's* is another new retail addition to the Station Park area. The new 70,000-square-foot store is set to open at the end of April. This Cabela's is one of two retail locations in Utah, and is expected to bring 175 jobs.
- Additional retail planned north of Park Lane could total 20,000 square feet.

Office and Employment

- Currently, *Pluralsight* is expanding and will take on an additional 100,000 square feet of space in a separate building adjacent to the lifestyle center.
- *Vista Outdoor* will occupy a new 35,000-square-foot headquarters facility in Station Park, which is expected to open this year. Vista Outdoor designs, manufactures, and markets outdoor sporting goods and recreation products.

Additionally, the University of Utah Medical Center is set to open in Fall 2016, which will add 180,000 square feet of a medical-focused office, treatment areas, and classroom space to Station Park. The medical center will include clinics, same-day surgeries, and a pharmacy.

2.1.3 COMMUNITY OFFERINGS

Not only is Station Park a booming real estate development, it is also a gathering space for the Farmington community. Station Park's amenities include an event lawn, show fountain, outdoor living spaces, and children's play area. The event lawn hosts events such as a Fourth of July celebration and children's Easter egg hunt. Running from July through September, Station Park hosts a free summer concert series on Thursday evenings, which draws large crowds supporting retailers and restaurants at the commercial center.

Additionally, there are several recreational amenities that service Station Park, including the Legacy Parkway Trail and Denver and Rio Grande Western Rail Trail.

- The *Legacy Parkway* trail is a 14-mile multipurpose trail that runs adjacent to the Legacy Parkway, travelling south from the FrontRunner Farmington Station to the Jordan River Parkway Trail at I-215 in North Salt Lake.
- The *Denver and Rio Grande Western Rail Trail* is 23.5 miles long that travels south from Hinckley Drive in Roy to W. 400 N. in West Bountiful.

In addition to trails, Farmington City has plans to create a 50-acre park to the west side of 650 West, east of Farmington Creek, and south of Station Park. Upon completion, the park will feature a gym, ball fields, pavilions, and trail connections.

2.2 LAGOON AMUSEMENT PARK

Lagoon is a 120-acre seasonal amusement park offering rides and attractions in Farmington; it is located on the east side of I-15 across from the North Station site. Originally called Lake Park, the 130-year old amusement park attracts visitors from all over the region and greater-Utah; however, about 80% of Lagoon's customers come from a 50-mile radius of Farmington. Prior to Station Park, Lagoon was the main attraction in Farmington. Lagoon has four main entertainment areas, offering a children's play area, roller coasters, and a water park. Lagoon also offers a RV park/campground, and Farmington City owns and maintains a walking trail around the park.

Lagoon Corporation Inc. employs between 1,000 and 2,000 people, making it the largest private employer in Davis County. Lagoon is open from the end of March through October. However, the water amusement park, Lagoon-A-Beach, is only open through end of September. Beginning in 2013, the UTA started offering Route 667 during the summer months, a free shuttle service connecting riders at Farmington FrontRunner with Lagoon.

2.3 FARMINGTON UTA FRONTRUNNER STATION

The Farmington UTA FrontRunner Station is located adjacent to Station Park to the southeast of the North Station site. FrontRunner is an 88-mile commuter rail line with service to Pleasant View in northern Weber County to Provo in central Utah County. FrontRunner provides rail to the entire Wasatch Front, where roughly 80% of Utah's population resides. The first half of the commuter rail, FrontRunner North, opened in 2008. In 2013, FrontRunner South, an extension between Salt Lake City and Provo opened and doubled the length of the line. The projected ridership of the rail was 12,700 per weekday. However, the FrontRunner system exceeded ridership projections, transporting over 13,500 travelers per weekday in 2013.

Farmington Station opened in 2008. Station Park was planned in conjunction with the coming of the FrontRunner Farmington Station as a TOD mixed-use project. Farmington Station experiences a seasonal increase in ridership during summer seasons due to the close proximity to Lagoon, which is why UTA has provided a free shuttle for FrontRunner riders to transport them from the station to Lagoon.

2.4 WEST DAVIS CORRIDOR

When constructed, the 23-mile West Davis Corridor would be a four-lane north-south highway traversing west Davis County to alleviate traffic on I-15. The corridor is planned to create an alternative connection from Farmington to West Haven.

The purpose of the $440 to $480 million corridor is to improve regional mobility for automobile, transit, and freight trips by reducing user delay on the road system and to enhance peak-period mobility during the a.m. and p.m. hours. There have been two alternatives set by Utah Department of Transportation (UDOT), Alternatives A and B. Both A and B have versions that contemplate a southern start at Glovers Lane in Farmington versus Shepard Lane. Alternative versions that have their southern start at Shepard Lane would require far more land area to accommodate a higher traffic volume; these could eliminate the potential for prime commercial real estate near and around the newly created quadrant.

The two alternatives diverge near 1500 W and 3700 S in Syracuse. Alternative B travels east and roughly follows Bluff Road and 5100 W north. Whereas Alternative A, travels farther west and is more practical for pro-development considerations. Environmental Impact Statement analyses have been prepared for both alternatives. Although no official annoucement has been made regarding the selection of an alternative, input from local officials and real estate professionals indicate a preference for the alternative that starts further south at Glovers Lane.

Assuming a starting point at Glovers Lane, a new interchange at I-15 and Shepard Lane is an identified project in the State's transportation plans. As shown in the figure to the right, removing the Shepard Lane interchange from the West Davis Corridor alignment allows for a more urban footprint, maximizing development potential on the site.

2.5 HILL AIR FORCE BASE

Hill Air Force Base (AFB) is a U.S. military base located just south of the City of Ogden, near Layton, UT, approximately 10.5 miles from the North Station site. Hill opened in 1940 and is the third largest Air Force base in the county by population and size.

Hill AFB is the largest employer in Davis County and the sixth-largest employer in the State of Utah. As outlined in a 2014 economic impact report, the base has a population of 23,969 people. In addition, there are 20,461 jobs at "Hill"- 4,131 active duty military positions, 967 reserve, guard and trainee positions, 11,736 federal civilian positions, and 3,637 non-federal civilian and contractor positions. Thus, almost 60% of jobs at Hill are civilian positions. Unsurprisingly, the largest portion of the Base's annual payroll goes to civilians, nearly $960 million out of $1.23 billion. Military members account for nearly $260 million, while non-federal civilians and contractors make up just above $12 million.

Hill creates an additional 27,772 indirect jobs that contribute a total of $1.2 billion to the Utah economy. Further, the base spends nearly $907 million on services and procurement of materials, equipment, and supplies. Construction costs are expected to increase in the coming years at Hill due to the arrival of F-35A. Hill AFB will be the first operational base for F-35A fighter jets set to open in mid-late 2016. Between the payroll, expenditures, and estimated dollar value of indirect jobs, the report estimates that Hill's total economic impact to the State of Utah is $3.3 billion.

2.6 CLEARFIELD STATION

Clearfield Station is a commuter rail stop on the FrontRunner line, connecting Ogden to Provo. The station was anticipated to provide transit access to employees at Hill AFB. It is located on approximately 73 acres of land that has been targeted as a transit oriented development through a partnership between Thackeray Garn Company and Utah Transit Authority.

As currently planned, the development would include 40,000 square feet of flex/business space, 488,700 square feet of Class A office space, 10,500 square feet of retail, and 550 multi-family residential units. There will also be community space with a civic component. The $122 million project has experienced delays due to funding of up-front infrastructure. Feedback from Thackeray indicates that while no permits or approvals have been granted to date, the development is expected to gain momentum in the coming year. When complete, Clearfield Station is projected to generate 1,600 jobs, 940 of which could be new to Davis County.

2.7 SALT LAKE CITY INTERNATIONAL AIRPORT

Salt Lake City International Airport (SLC) is located 23 miles from the North Station site, just 15 minutes west of downtown Salt Lake City. It is estimated that approximately 22 million people fly through the SLC airport annually. SLC is Delta's 5th largest hub and is the 24th busiest airport in the nation. There are two terminals, five concourses and 83 aircraft gates at SLC. The airfield holds three air carrier runways and a general aviation runway. SLC is connected to downtown Salt Lake City via the UTA TRAX light rail's Green Line, and I-80.

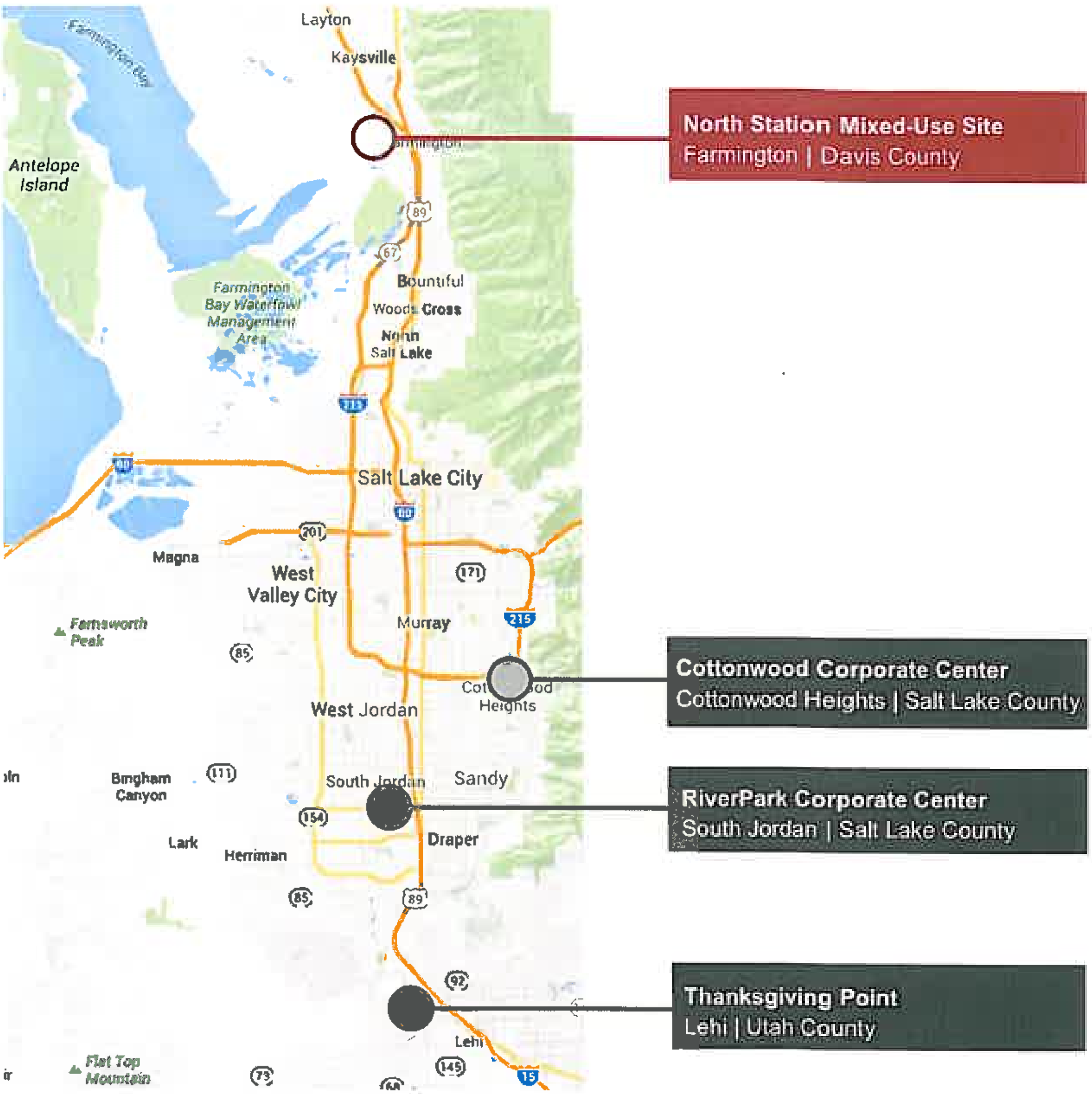
Salt Lake City Airport is undergoing a $1.8 billion terminal and linear concourse redevelopment project (TRP). A three-story terminal and concourse will be under construction for the next eight to 10 years to replace the current Salt Lake City International Airport with a new airport. Plans also call for a new parking facility, a new terminal and half of the concourse to be completed by 2020 after the existing terminals and parking garage are demolished. Development will continue in phases through 2023.

Demolition of the existing terminal began in early-2016. The airport redevelopment is planned to accommodate an estimated 1.5% growth in passengers on a yearly basis and any future runway expansion projects. In addition, the project is expected to generate nearly 24,000 full-time jobs and $1 billion in income, according to airport officials.

SLC's 2013 Economic Impact Analysis states that there are 35,290 full-time airport-related jobs, which generate an estimated $1.1 billion in wages and income. Of those full-time jobs 96% are with companies that conduct business at or with the Airport or are in the general economy providing goods and services to employees and subcontractors of the Airport and its nonairline tenants. Only 4% of those full-time jobs that are generated by the Airport are Department of Airports employees. All spending considered, the airport annually contributes an estimated $1.9 billion to Gross Domestic Product (GDP), which is 1.5% of the 2011 State of Utah's GDP. Overall, the airport contributes $3.3 billion annually in total economic output.

3. BENCHMARK DEVELOPMENTS

For the North Station Site Mixed-Use Market Analysis, three comparable developments were profiled to investigate attributes of large employment centers with characteristics similar to the North Station Site. The selected sites include three properties in the greater Salt Lake City region as shown in the map below. These properties—Cottonwood Corporate Center, RiverPark Corporate Center, and Thanksgiving Point—vary in size but have access and visibility from an Interstate highway, feature office as a primary use, and include various secondary and complimentary uses. As available, the comparative analysis highlights location and size, transportation access, current occupancy and tenant mix, and phasing.



3.1 COTTONWOOD CORPORATE CENTER

The Cottonwood Corporate Center is located in Cottonwood Heights southwest of Salt Lake City and approximately 30 miles south of the North Station Mixed-Use Site. Developed by Cottonwood Partners, the master planned office complex sits on approximately 45 acres along I-215 near the interchange at Big Cottonwood Road (Highway 190). Development began in the mid- to late-1990s on the site of a former gravel pit. The first building was completed in 1997, and buildout is expected with the completion of two Class A buildings currently under construction. Structured parking is provided. The corporate center also incorporates extensive open spaces on its grounds, including a system of walking and biking paths tied into trails leading up Big Cottonwood Canyon.

3.1.1 OFFICE OVERVIEW

In 2005, the original four Class A office buildings in Cottonwood Corporate totaling 471,348 square feet Center were acquired by Hines, an international real estate firm:

- 2855 East Cottonwood Parkway – 5 stories; 104,872 square feet; Completed in 1997
- 2825 East Cottonwood Parkway – 5 stories, 104,934 square feet, Completed in 1998
- 2795 East Cottonwood Parkway – 6 stories, 130,762 square feet, Completed in 1999
- 2755 East Cottonwood Parkway – 6 stories, 130,780 square feet, Completed in 2000

These buildings were preceded in the development cycle by two additional structures totaling approximately 223,000 square feet. Cottonwood Partners sold approximately 13 acres within the corporate center to Regence BlueCross BlueShield (BCBS), then led a design-build arrangement to construct the insurer's Utah corporate headquarters. Office floorplates at Cottonwood average 20,000 square feet.

The final development opportunities within the Cottonwood Corporate Center include two Class A office buildings referred to as Cornerstone I and II. The six-story Cornerstone I opened in summer 2015, and construction of the four-story Cornerstone II is scheduled to begin in 2016. The two buildings will provide approximately 268,068 rentable square feet of office space on a parcel slightly less than nine acres in size. The buildings will share a three-story lobby that includes a two-story atrium entrance and office space on the third level. The project is anticipating LEED Gold Certification.

3.1.2 RETAIL OVERVIEW

During the initial phases of development, Cottonwood Partners sold a parcel within the corporate center and along Big Cottonwood Creek to a local investment and restaurant operator. That site currently is home to Market Street Grill and Oyster Bar.

3.1.3 HOTEL OVERVIEW

A Residence Inn and Hyatt Place are located nearby, however no hotels are located on the 45-acre site.

3.1.4 RESIDENTIAL OVERVIEW

Cottonwood Corporate Center does not include residential units, though a large residential neighborhood borders the site to the south and west. No road connections are provided, however a multiuse trail network provides bicycle and pedestrian connectivity.

3.1.5 PHASING

Phasing occurred incrementally over a 20-year development period.

3.1.6 MISCELLANEOUS AMENITIES

- Tenant showers
- Bike racks
- Deli (Cornerstone lobby)
- Bicycle and walking trail network surrounding the Cottonwood Corporate Center, connecting to the adjacent neighborhoods, and linking with the Cottonwood Canyons trail systems

3.2 RIVERPARK CORPORATE CENTER

The RiverPark Corporate Center is located in South Jordan approximately 15 miles south of Salt Lake City and 33 miles from the North Station Mixed-Use Site. Developed by the Argent Group, the master planned office campus sits on approximately 120 acres, less than one-half mile west of I-15 along South Jordan Parkway. The campus consists of 15 office and retail structures totaling approximately 1.2 million square feet. The campus was developed via design-build with Layton Construction.

3.2.1 OFFICE OVERVIEW

RiverPark includes more than 1 million square feet of leasable office space. The office park currently includes 12 buildings that range in size from four to six stories.

3.2.2 RETAIL OVERVIEW

Retail uses within RiverPark include a variety of restaurants such as Market Street, Tsunami, Brick Oven, Zupa's, and Red Mango. The restaurants are located at the north end of the office park adjacent to South Jordan Parkway. Lifetime Fitness, the largest fitness center in Utah, is located within the site. South Towne Center, a shopping center located in the northeast quadrant of the I-15 / South Jordan Parkway interchange and less than a mile from RiverPark, includes 1.3 million square feet of retail space.

3.2.3 HOTEL OVERVIEW

A Home 2 Suites by Hilton opened in late 2013 within the office park. Additional hotels are located near the interchange of I-15 and South Jordan Parkway.

3.2.4 RESIDENTIAL OVERVIEW

RiverPark Corporate Center does not include residential units, though a variety of housing types are located within a half-mile of the site. A single-family neighborhood is located west of the site, however only bicycle and pedestrian connections are provided. Several apartment communities are located east of the site between the Jordan River and I-15.

3.2.5 PHASING

The construction of RiverPark Corporate Center began in the early 2000s with the construction of RiverPark One. RiverPark Two was completed a couple years later and by 2007, seven buildings were competed and an additional one (RiverPark Five) was under construction. The most recent building (RiverPark Eleven) was constructed between 2010 and 2011.

3.2.6 MISCELLANEOUS AMENITIES

- Internal pedestrian facilities with connections to the Jordan River Parkway Trail and Beckstead Canal Trail
- Top floor balconies
- Waterscape and landscaping
- Multiple provider fiber optic connectivity
- Expansion capability

3.3 THANKSGIVING POINT

Thanksgiving Point is located in Lehi (Utah County) approximately 25 miles south of Salt Lake City and 40 miles from the North Station Mixed-Use Site in Farmington. For the purposes of this comparative profile, Thanksgiving Point refers to the area surrounding the confluence of I-15 and Utah State Highway 92 (Timpanogos Highway). Numerous development interests in the area have contributed to the fast growth of Lehi by leveraging its location between Provo (20 miles to the south) and Salt Lake City (25 miles to the north). A unique feature of the area is the Thanksgiving Point Institute, which is a nonprofit educational complex that includes 55-acre garden that opened in 2000 followed by a 45,000 square foot natural science museum in 2014.

3.3.1 OFFICE OVERVIEW

A defining feature of the Thanksgiving Point area is the diverse set of companies choosing to locate headquarters or satellite facilities. In 2013, Adobe completed a 280,000-square-foot headquarters. The software company immediately began planning a 120,000-square-foot addition. At full buildout, the Adobe campus could exceed 600,000 square feet. Adobe represented just one piece in the creation of "Silicon Slope", which includes other tech companies moving into large spaces such as Xactware (200,000 square feet), Vivint (100,000 square feet), and AtTask (75,000 square feet). Office space in Thanksgiving Point is a blend of single-user facilities such as Adobe and multi-tenant Class A offices, which are predominately located in a cluster along Ashton Boulevard.

3.3.2 RETAIL OVERVIEW

Thanksgiving Point has proven to be attractive to new retail and dining opportunities. Major retail facilities include a Cabela's and the Outlets at Traverse Mountain. The 225,000-square-foot outlet center opened in 2012 on a 50-acre site. It was the first Cabela's in Utah; the second facility opened in April 2016 in Farmington, adjacent to the North Station site. Numerous restaurants, spanning fast food to fast casual to upscale establishments, have opened in the last five years.

3.3.3 HOTEL OVERVIEW

Hotels have been attracted to Thanksgiving Point due to its location between Salt Lake City and Provo, the ease of access to I-15 and major east-west routes, and the concentration of complementary office and retail uses. New hotels including a Hyatt, Hampton Inn and Courtyard Marriott all have locations at Thanksgiving Point.

3.3.4 RESIDENTIAL OVERVIEW

Most residential is located in the northwest quadrant of the area and includes both single-family detached and multifamily apartments in the vicinity of Pilgrims Landing Park. Additional housing units are located northeast of the Outlets at Traverse Mountain and Cabela's. In general, residential uses in the area are separated from non-residential uses with only limited vehicular connections provided.

3.3.5 PHASING

Development in the Thanksgiving Point area began in 2000 with the opening of the gardens. Thanksgiving Point Golf Course opened during a similar timeframe. Smaller office complexes came on board around 2002, though most of the existing Class A office buildings were built post-2010. In 2005-2006, Cabella's was the first large-scale retail site to open in the area. The Outlets at Traverse Mountain opened in November 2012.

3.3.6 MISCELLANEOUS AMENITIES

Given Thanksgiving Point is a larger-scale disaggregated development, amenities such as those associated with single-owner office complexes such as Cottonwood Corporate Center and RiverPark Corporate Center are not relevant. Individual sites within Thanksgiving Point area includes access to competitive amenities, and the area as a whole benefits from its proximity to the TRAX light rail system.

4. EMPLOYMENT PROFILE

This section analyzes annual employment and wage trends by industry over the last five years for the ten-county Salt Lake City-Provo-Orem Combined Statistical Area (CSA), and more specifically for Davis County, describing overall growth and shifts between sectors. The Salt Lake City CSA includes the following counties:

- Box Elder
- Davis
- Juab
- Morgan
- Salt Lake
- Summit
- Tooele
- Utah
- Wasatch
- Weber

This analysis relies on the Davis County boundary to represent a more specific competitive submarket surrounding the North Station site. The Wasatch Range and Great Salt Lake define the boundaries of Davis County to the east and west, respectively. Bisected by US-15, Davis County runs roughly from Clinton and Sunset to the north, down to North Salt Lake on the south.

4.1 MAJOR EMPLOYERS

Table 1 demonstrates public and private employers in Davis County with at least 1,000 employees. With more than 20,000 active-duty and civilian employees, Hill Air Force Base is the largest employer in Davis County. Three of the eight largest employers in the County are government-related, including military, education, and public administration. Both Smith's Foods and Wal-Mart have employees dispersed in multiple locations across the County. The closest major employer to the North Station site is Lagoon Amusement Park, with heavy employment concentration occurring in the summer months.

Table 1: Major Employers, Davis County, 2014

Company	Industry	Employment Range
Hill Air Force Base (Dept. of Defense)	Federal Government	15,000+
Davis County School District	Local Government	7,000-9,999
ATK Space Systems/Alliant	Aerospace Manufacturing	1,000-1,999
Smith's Food and Drug/Marketplace	Grocery Stores	1,000-1,999
Wal-Mart	Warehouse Clubs and Supercenters	1,000-1,999
Lifetime Products	Sports and Athletic Equipment Manufacturing	1,000-1,999
Lagoon Corporation	Amusement and Recreation	1,000-1,999
Davis County	Local Government	1,000-1,999

Source: Utah Department of Workforce Services

4.2 EMPLOYMENT TRENDS BY INDUSTRY

As shown in *Table 2*, employment in the ten-county Salt Lake City CSA increased by 123,560 jobs, or 12.2%, between 2009 and 2014. The gain was primarily attributable to the strong growth reported in the Health Care and Social Assistance, Administrative and Waste Services, and Professional and Technical Services sectors. The sectors experiencing the strongest growth in the last five years are service industries, targeting strong population growth in the region in the last decade. Job gains were recorded all but two of the industry sectors reported.

In the five-year period between 2009 and 2014, the sectors that added the most jobs included:

- Health Care and Social Assistance (+18,309)
- Administrative and Waste Services (+17,096)
- Professional and Technical Services (+16,789)
- Educational Services (+16,768)
- Accommodation and Food Services (+11,688)

Table 2: Annualized Employment by Industry, Salt Lake City CSA, 2009-2014

Industry	2009	2014	2009-2014 Δ #	2009-2014 Δ %
Health Care and Social Assistance	108,686	126,725	18,039	16.6%
Administrative and Waste Services	59,010	76,106	17,096	29.0%
Professional and Technical Services	59,547	76,333	16,786	28.2%
Educational Services	108,396	125,164	16,768	15.5%
Accommodation and Food Services	74,700	86,388	11,688	15.6%
Retail Trade	117,206	127,200	9,994	8.5%
Construction	59,870	67,368	7,498	12.5%
Manufacturing	96,618	103,097	6,479	6.7%
Information	28,061	31,816	3,755	13.4%
Arts, Entertainment, and Recreation	19,091	22,304	3,213	16.8%
Transportation and Warehousing	46,145	49,335	3,190	6.9%
Wholesale Trade	41,083	44,066	2,983	7.3%
Other Services, Ex. Public Admin	29,857	32,721	2,864	9.6%
Finance and Insurance	50,707	53,257	2,550	5.0%
Real Estate and Rental and Leasing	14,625	15,918	1,293	8.8%
Mining	3,110	3,576	466	15.0%
Agriculture, Forestry, Fishing & Hunting	2,445	2,850	405	16.6%
Management of Companies and Enterprises	18,966	19,310	344	1.8%
Utilities	5,517	5,266	(251)	-4.5%
Public Administration	65,195	63,595	(1,600)	-2.5%
Total	**1,008,835**	**1,132,395**	**123,560**	**12.2%**

Source: UT Department of Workforce Services; Kimley-Horn

In 2014, the largest employment sectors in the Salt Lake City CSA included Retail Trade, Healthcare and Social Assistance, and Education. The nearly 380,000 jobs reported in these three sectors made up approximately one-third of the total jobs in the region.

Davis County, including Farmington City and the North Station Site, had nearly 115,000 jobs in 2014, a 14.5% increase from 2009 (*Table 3*). Overall, jobs in Davis County comprise approximately 10% of the regional total. Public Administration, Retail Trade, and Healthcare and Social Assistance were Davis County's largest sectors in 2014. It should be noted that active-duty military jobs at Hill Air Force Base are excluded from industry-sector data sets provided by the Department of Workforce Services. Industries experiencing the greatest increases in Davis County since 2009 included:

- Health Care and Social Assistance (+2,810)
- Manufacturing (+2,410)
- Educational Services (+2,204)
- Professional and Technical Services (+2,033)
- Administrative and Waste Services (+1,383)

Table 3: Annualized Employment by Industry, Davis County, 2009-2014

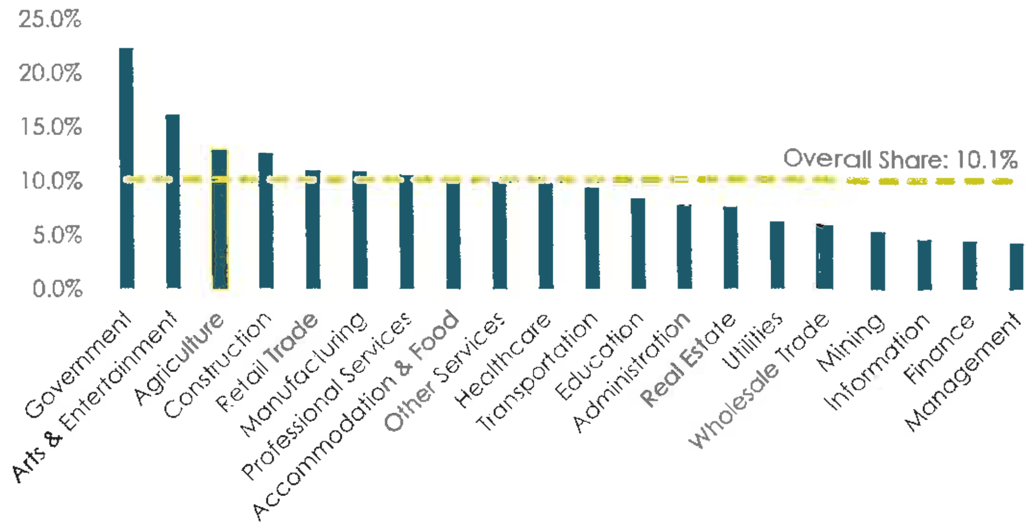
Industry	2009	2014	2009-2014 Δ #	2009-2014 Δ %
Health Care and Social Assistance	9,672	12,482	2,810	29.1%
Manufacturing	8,894	11,304	2,410	27.1%
Educational Services	8,368	10,572	2,204	26.3%
Professional and Technical Services	6,057	8,090	2,033	33.6%
Administrative and Waste Services	4,527	5,910	1,383	30.6%
Accommodation and Food Services	7,398	8,621	1,223	16.5%
Construction	7,383	8,469	1,086	14.7%
Retail Trade	13,018	14,019	1,001	7.7%
Arts, Entertainment, and Recreation	2,923	3,603	680	23.3%
Information	1,200	1,506	306	25.5%
Other Services, Ex. Public Admin	3,037	3,262	225	7.4%
Agriculture, Forestry, Fishing & Hunting	260	366	106	40.8%
Real Estate and Rental and Leasing	1,158	1,217	59	5.1%
Mining	163	196	33	20.2%
Wholesale Trade	2,639	2,640	1	0.0%
Utilities	361	332	-29	-8.0%
Management of Companies and Enterprises	906	848	-58	-6.4%
Transportation and Warehousing	4,850	4,646	-204	-4.2%
Public Administration	14,560	14,197	-363	-2.5%
Finance and Insurance	2,797	2,411	-386	-13.8%
Total	**100,171**	**114,691**	**14,520**	**14.5%**

Source: UT Department of Workforce Services; Kimley-Horn

Five of the 20 industry sectors posted declines in Davis County over the last five years, although losses in each sector were minor. Those with the greatest losses included Finance and Insurance (-386), Public Administration (-363), and Transportation and Warehousing (-204). Sectors that were heavily impacted from the 2007-2009 Recession, most notably Construction and Manufacturing, have had positive momentum in Davis County, opposite national trends.

With nearly 115,000 jobs in 2014, approximately 10.1% of the total jobs in the Salt Lake City CSA were located in Davis County (*Graph 1*). Six of Davis County's employment sectors reported more than 10% of total regional jobs. The highest shares were for Public Administration or Government (22.3%), Arts, Entertainment, and Recreation (16.2%), and Agriculture (12.8%). Higher than average shares for Arts, Entertainment, and Recreation is driven largely by Lagoon Amusement Park. Industries with the lowest shares, including Management of Companies, Finance, and Information, have traditionally located elsewhere in the region, with a focus on Salt Lake City and areas to the south including Provo and Orem.

Graph 1: Davis County Share of Salt Lake City CSA Jobs by Industry, 2014

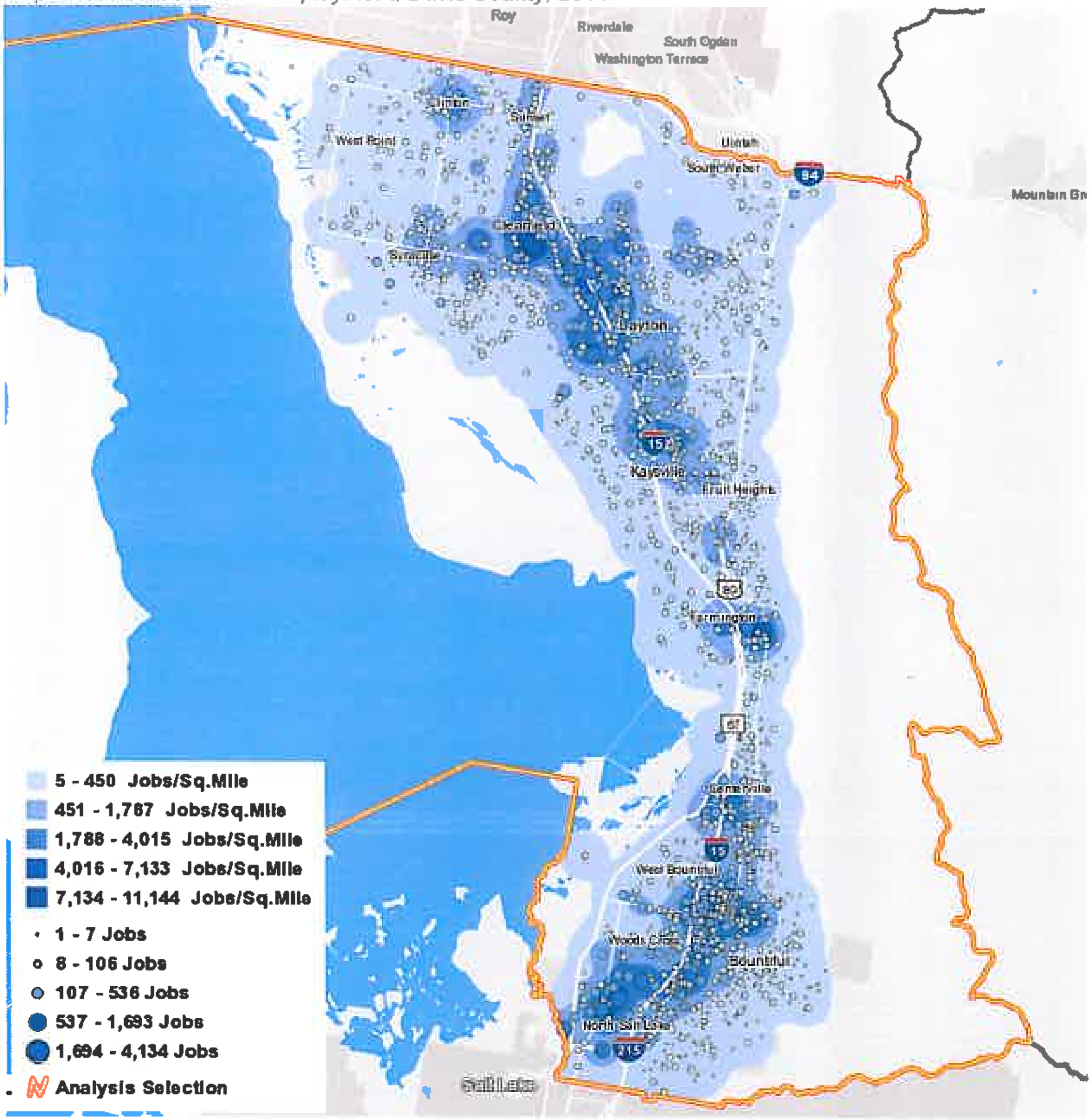


4.3 CONCENTRATIONS OF EMPLOYMENT IN DAVIS COUNTY

As demonstrated in *Map 2*, employment concentrations in Davis County are largely located along the I-15 corridor, which bisects the County. Similar to at-place of employment industry jobs presented above, active-duty military positions at Hill Air Force Base are not included in the data set provided by the US Census used to create the concentration map below. Moving from north to south, key employment concentrations include:

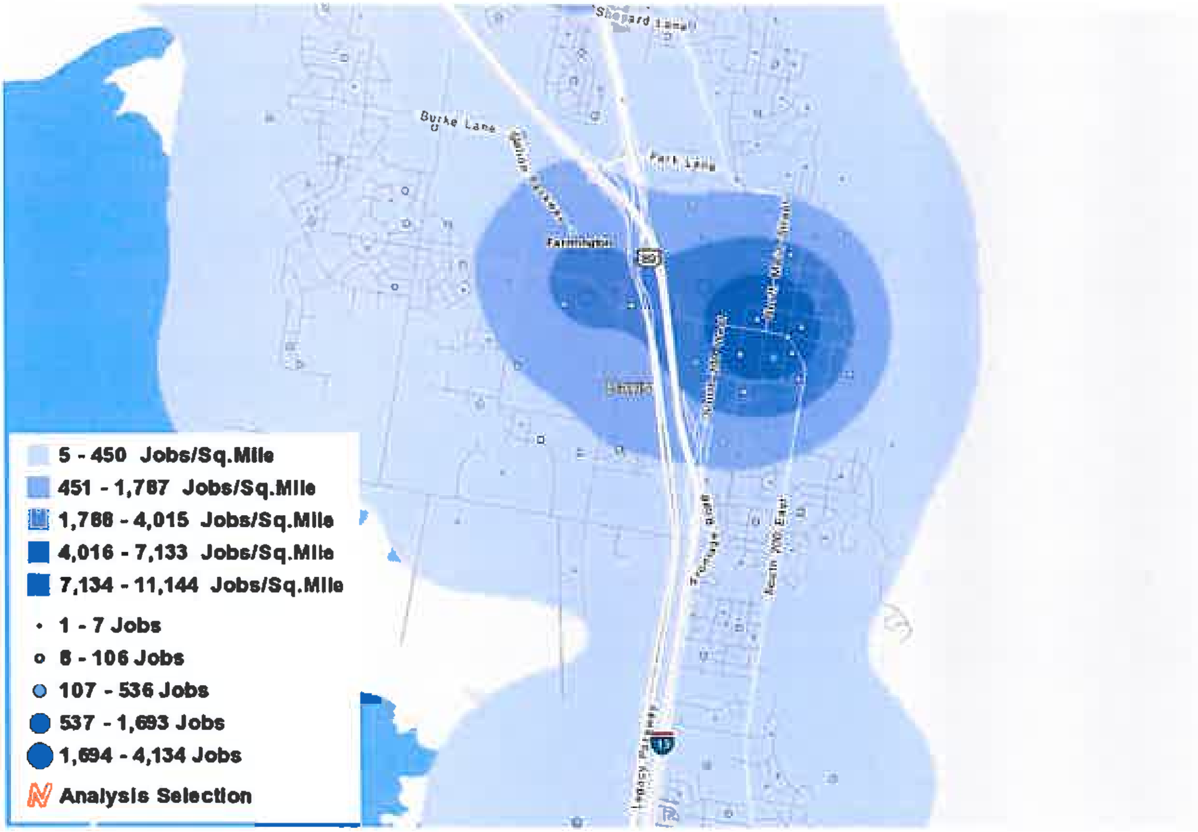
- ***Davis Hospital and Medical Center***, along with related medical user and services, in Clearfield, immediately west of I-15
- Employment opportunities in ***Layton***, largely focused in the service-related sectors and civilian military support jobs; this also includes Layton Hills Mall on the east side of I-15
- ***Lagoon Amusement Park*** and ***Station Park*** employment centers in Farmington, both located at the Park Lane interchange, accessible off of I-15 and US-89
- Service-related and trade industries capitalizing on proximity to downtown Salt Lake City, as well as the Salt Lake City International Airport, in ***Centerville***, ***Bountiful***, and ***North Salt Lake***

Map 2: Concentrations of Employment, Davis County, 2014



As highlighted above, employment concentrations in the Farmington area are located on both sides of I-15, but largely fed by the Park Lane interchange. Data used to create concentration maps is from 2014. Station Park, west of I-15, hosts a blend of retail trade and professional service jobs (Map 3). Since 2014, employment concentrations at Station Park have likely increased as construction on the development has expanded the footprint. East of I-15, Lagoon Amusement Park, as well as government functions in downtown Farmington, represent the largest concentration of jobs.

Map 3: Concentrations of Employment, Farmington Area, 2014



4.4 EMPLOYMENT FORECAST BY INDUSTRY

Employment forecasts are based on interpretations of datasets prepared by Woods & Poole Davis County. These forecasts will be used later in the analysis as a basis to forecast office demand for Davis County and, more specifically, for the North Station site.

Based on data provided by Woods & Poole, Davis County is expected to reach nearly 137,500 total jobs by 2025, an 18.2% increase from an estimated 116,650 jobs in 2015 (*Table 4*). With more than 16,000 total jobs, the Retail Trade sector is expected to remain the largest industry in 2025. All industries are expected to experience growth over the ten-year period with the strongest growth sectors forecasted to be:

- Educational Services (+2,873)
- Healthcare and Social Assistance (+2,614)
- Retail Trade (+2,406)
- Professional and Technical Services (+2,026)
- Construction (+1,750)

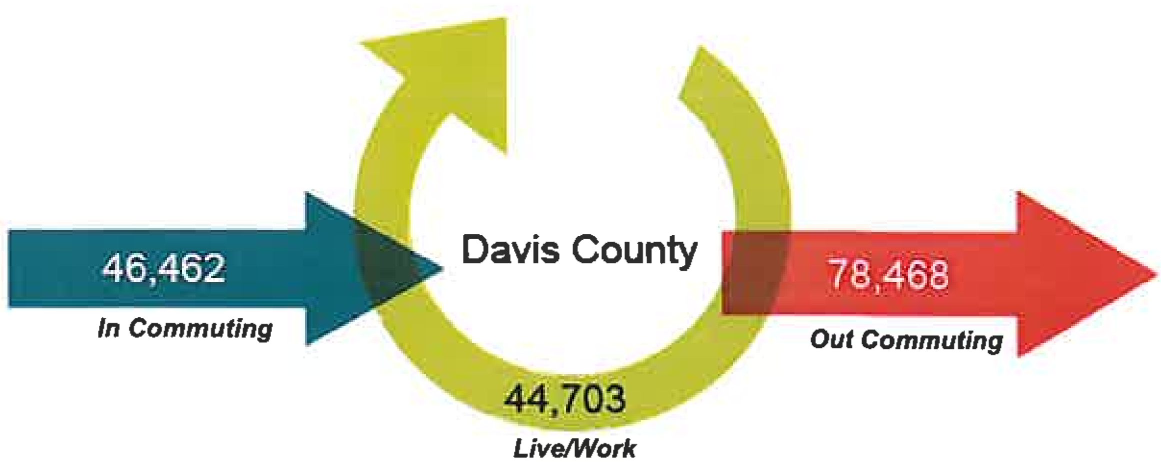
Table 4: Forecast of Annualized Employment by Industry, Davis County, 2015-2025

Industry	2015	2020	2025	2015-2025 Δ #	2015-2025 Δ %
Educational Services	10,836	12,236	13,710	2,873	26.5%
Health Care and Social Assistance	12,727	13,999	15,341	2,614	20.5%
Retail Trade	14,251	15,434	16,657	2,406	16.9%
Professional and Technical Services	8,275	9,246	10,301	2,026	24.5%
Construction	8,633	9,482	10,383	1,750	20.3%
Accommodation and Food Services	8,752	9,429	10,137	1,385	15.8%
Administrative and Waste Services	6,020	6,594	7,204	1,183	19.7%
Public Administration	14,304	14,830	15,344	1,040	7.3%
Other Services, Ex. Public Admin	3,347	3,798	4,293	946	28.3%
Arts, Entertainment, and Recreation	3,686	4,125	4,609	923	25.0%
Manufacturing	11,402	11,870	12,312	911	8.0%
Transportation and Warehousing	4,711	5,040	5,374	663	14.1%
Finance and Insurance	2,470	2,778	3,111	641	26.0%
Information	1,554	1,817	2,119	565	36.3%
Real Estate and Rental and Leasing	1,259	1,490	1,760	501	39.8%
Wholesale Trade	2,669	2,811	2,950	281	10.5%
Mining	203	237	274	72	35.3%
Agriculture, Forestry, Fishing & Hunting	368	380	392	24	6.6%
Management of Companies and Enterprises	851	862	870	19	2.2%
Utilities	334	340	344	10	2.9%
Total	**116,650**	**126,798**	**137,484**	**20,834**	**18.2%**

Source: UT Department of Workforce Services; Woods & Poole; Kimley-Horn

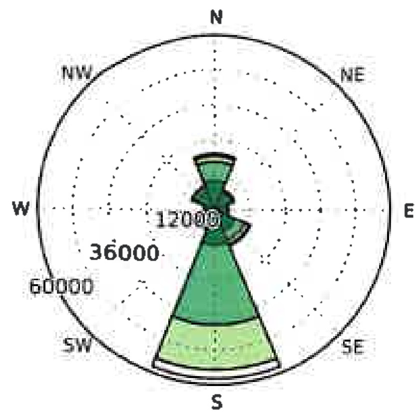
4.5 COMMUTING PATTERNS

As of 2014, more than 46,000 people regularly travel into Davis County for employment. However, approximately 78,500 of the County's employed population commuted out. Davis County has an estimated 44,700 people that live and work there, making up only 36.3% of the total employed population, estimated at 123,171 in 2014.



An estimated 40.9% of the 123,171 employed residents in Davis County traveled to Salt Lake County for jobs in 2014. As previously mentioned, 36.3% of the employed residents live and work in Davis County, the second most common employment destination.

Approximately 45.5% of employed residents travel less than ten miles to their employment. The graphic to the right demonstrates the direction of travel for employed residents in Davis County reaching their place of employment. South is by far the most common direction, reaching jobs in Salt Lake City, as well as further destinations along the I-15 corridor.



4.5 WAGES BY INDUSTRY

In 2014, the average annual wage in the Salt Lake City CSA was $43,844, an increase of $4,222 or 10.6% from $39,662 in 2009 (*Table 5*). Every industry sector posted an increase over the five-year period, with the strongest growth as follows:

- Mining (+$15,365)
- Management of Companies and Enterprises (+$14,022)
- Information (+$14,006)
- Finance and Insurance (+$12,906)
- Wholesale Trade (+$8,081)

Table 5: Annualized Wages by Industry, Salt Lake City CSA, 2009-2014

Industry	2009	2014	2009-2014 Δ #	2009-2014 Δ %
Mining	$70,651	$86,016	$15,365	21.7%
Management of Companies and Enterprises	$63,913	$77,936	$14,022	21.9%
Information	$48,484	$62,490	$14,006	28.9%
Finance and Insurance	$53,057	$65,963	$12,906	24.3%
Wholesale Trade	$54,785	$62,866	$8,081	14.7%
Real Estate and Rental and Leasing	$35,578	$42,737	$7,159	20.1%
Professional and Technical Services	$61,526	$67,491	$5,964	9.7%
Manufacturing	$49,306	$54,747	$5,440	11.0%
Transportation and Warehousing	$41,277	$46,441	$5,164	12.5%
Utilities	$58,043	$62,642	$4,598	7.9%
Agriculture, Forestry, Fishing & Hunting	$25,145	$29,628	$4,482	17.8%
Construction	$42,468	$46,233	$3,766	8.9%
Other Services, Ex. Public Admin	$39,493	$43,191	$3,698	9.4%
Retail Trade	$26,174	$29,788	$3,614	13.8%
Administrative and Waste Services	$27,900	$31,467	$3,567	12.8%
Public Administration	$48,900	$51,609	$2,709	5.5%
Health Care and Social Assistance	$39,916	$41,885	$1,968	4.9%
Accommodation and Food Services	$14,559	$16,158	$1,599	11.0%
Arts, Entertainment, and Recreation	$21,303	$22,550	$1,247	5.9%
Educational Services	$33,101	$33,778	$677	2.0%
Average	**$39,662**	**$43,884**	**$4,222**	**10.6%**

Source: UT Department of Workforce Services; Kimley-Horn

Davis County reported an average annual wage of $40,140 in 2014, an increase of 9.1% since 2009 (Table 6). Public Administration had the highest average wage of $67,080 in 2014; those jobs made up the largest industry in Davis County comprising only 22.3% of the total. The next two largest sectors, Retail Trade and Health Care and Social Services, had annual average wages of $25,296 and $35,916, respectively. The largest increases in annual wages were in the following sectors:

- Mining (+$18,768)
- Manufacturing (+$10,968)
- Finance and Insurance (+$9,900)
- Real Estate and Rental and Leasing ($9,444)
- Wholesale Trade (+$7,188)

Table 6: Annualized Wages by Industry, Davis County, 2009-2014

Industry	2009	2014	2009-2014 Δ #	2009-2014 Δ %
Mining	$34,824	$53,592	$18,768	53.9%
Manufacturing	$42,816	$53,784	$10,968	25.6%
Finance and Insurance	$35,784	$45,684	$9,900	27.7%
Real Estate and Rental and Leasing	$29,772	$39,216	$9,444	31.7%
Wholesale Trade	$46,560	$53,748	$7,188	15.4%
Public Administration	$60,348	$67,080	$6,732	11.2%
Construction	$41,532	$46,404	$4,872	11.7%
Management of Companies and Enterprises	$50,328	$54,768	$4,440	8.8%
Retail Trade	$22,680	$25,296	$2,616	11.5%
Other Services, Ex. Public Admin	$25,344	$27,552	$2,208	8.7%
Educational Services	$28,140	$30,324	$2,184	7.8%
Arts, Entertainment, and Recreation	$12,300	$14,292	$1,992	16.2%
Information	$42,168	$43,848	$1,680	4.0%
Health Care and Social Assistance	$34,620	$35,916	$1,296	3.7%
Administrative and Waste Services	$24,348	$25,464	$1,116	4.6%
Professional and Technical Services	$58,860	$59,892	$1,032	1.8%
Accommodation and Food Services	$12,312	$12,756	$444	3.6%
Transportation and Warehousing	$39,384	$39,744	$360	0.9%
Agriculture, Forestry, Fishing & Hunting	$20,304	$19,680	-$624	-3.1%
Utilities	$65,208	$61,176	-$4,032	-6.2%
Average	**$36,792**	**$40,140**	**$3,348**	**9.1%**

Source: UT Department of Workforce Services; Kimley-Horn

5. DEMOGRAPHICS

This section analyzes population and household trends by age, income, and tenure for the Salt Lake City CSA and more specifically for Davis County. Ten-year population and household forecasts are also provided.

5.1 POPULATION

5.1.1 TRENDS

As depicted in *Table 7*, Davis County had 329,925 residents in 2015, an increase of nearly 23,500 people or 7.7% from 2010. Comparatively, the Salt Lake City CSA grew 6.8% between 2010 and 2015, equating to an absolute increase of over 155,000 residents. The Compound Annual Growth Rate (CAGR) was 1.5% for Davis County, and a slightly slower 1.3% for the larger combined statistical area. Overall, Davis County captured 15.1% of the total growth in the region between 2010 and 2015.

Table 7: Comparison of Population Trends, 2010-2015

			2010-2015 Δ		
Area	**2010**	**2015**	**#**	**%**	**CAGR**
Davis County	306,479	329,925	23,446	7.7%	1.5%
Salt Lake City CSA	2,272,291	2,427,915	155,624	6.8%	1.3%
County % CSA	**13.5%**	**13.6%**	**15.1%**		

Source: ESRI; Kimley-Horn

Davis County reported strong growth in population between the age of 55 and 74 from 2010 to 2015 (*Table 8*). This grouping, also known as the Baby Boomer generation, added over 8,300 new residents in the five-year analysis period. However, school-aged children, less than 14 years of age, comprise the largest age cohort, with over 28.9% of the total population. The concentration of young children in Davis County is consistent with larger regional trends indicating a continued desire for young families to live in the Salt Lake City market.

Table 8: Population by Age Cohort, Davis County, 2010-2015

			2010-2015 Δ	
Cohort	**2010**	**2015**	**#**	**%**
0-14	89,798	95,348	5,550	6.2%
15-24	44,439	45,530	1,090	2.5%
25-34	47,811	51,138	3,328	7.0%
35-44	38,310	44,210	5,900	15.4%
45-54	35,245	33,652	-1,593	-4.5%
55-64	25,744	30,353	4,609	17.9%
65-74	13,792	17,486	3,694	26.8%
75-84	7,968	8,578	610	7.7%
85+	3,065	3,299	234	7.7%
Total	**306,479**	**329,925**	**23,446**	**7.7%**

Source: ESRI; Kimley-Horn

Nationally, residents aged 15-34, otherwise referred to as Millennials or Generation Y, have overtaken the Baby Boomers as the largest cohort. This group is expected to continue to grow due to immigration. With over 96,000 residents in Davis County, Millennials make up 29.2% of the total County-wide population. It should be noted that this generation generates a diverse demand for housing product. Many of the younger segment of the Millennials continue to live at home with family or in housing that targets secondary education students, while older population in this cohort (aged 25 to 34) drive demand for a mixture of rental multi-family and first-home for-sale units. With a comparatively higher share of young families in the Salt Lake City CSA, the older segment of the Millennial generation are more likely to seek out larger, for-sale units than in other markets.

5.1.2 FORECASTS

As shown in *Table 9*, Davis County is expected to reach 383,573 residents by 2025, an increase of over 53,000 people, or 16.3%, over ten years. The Salt Lake City CSA is expected to increase 15.5%, adding an estimated 375,000 new residents in the same time period. Based on these forecasts, based on interpretations of US Census data provided by Environmental Systems Research Institute (ESRI), Davis County would capture 14.3% of the net population growth in the region through 2025. The County and CSA are forecasted to have 2015-2025 CAGRs of 3.1% and 2.9%, respectively.

Table 9: Comparison of Population Forecasts, 2015-2025

				2015-2025 Δ		
Area	2015	2020	2025	#	%	CAGR
Davis County	329,925	355,739	383,573	53,648	16.3%	3.1%
Salt Lake City CSA	2,427,915	2,608,941	2,803,464	375,549	15.5%	2.9%
County % CSA	13.6%	13.6%	13.7%	14.3%		

Source: ESRI; Kimley-Horn

Davis County is forecasted to experience growth in all age cohorts between 2015 and 2025 (*Table 10*). The strongest increases in the County over the next ten years are expected to be in children less than 14 years old and adults between 35 and 44. The strong increase in the 35 to 44 age cohort is a result of the aging of the Millennial population. These residents are likely to begin to form families, driving the count of young children up within the County.

Table 10: Population by Age Cohort, Davis County, 2015-2025

				2015-2025 Δ	
Cohort	2015	2020	2025	#	%
0-14	95,348	102,097	110,085	14,737	13.4%
15-24	45,530	46,602	50,248	4,718	9.4%
25-34	51,138	54,784	59,070	7,932	13.4%
35-44	44,210	51,938	56,002	11,792	21.1%
45-54	33,652	33,439	36,056	2,403	6.7%
55-64	30,353	31,661	34,138	3,785	11.1%
65-74	17,486	21,344	23,014	5,528	24.0%
75-84	8,578	9,961	10,740	2,162	20.1%
85+	3,299	3,913	4,219	920	21.8%
Total	329,925	355,739	383,573	53,648	16.3%

Source: ESRI; Kimley-Horn

Residents over the age of 65 are expected to show the largest percentage increases, growing by 8,610 new people through 2025. Many of these residents are seeking opportunities to age in place; locations near shopping, dining, and medical services, as well as cultural and recreation amenities are popular targets for this cohort.

5.2 HOUSEHOLDS

5.2.1 TRENDS

Households in Davis County increased 8.5% from 2010 to 2015, while the Salt Lake City CSA experienced 7.1% growth. The CAGRs for the County and larger CSA were 1.7% the 1.4%, respectively. As a result, the County's share of regional households increased slightly from 13.1% to 13.2% over the five-year period. Households measured a higher rate of growth than population, indicating a declining household size, consistent with national trends. The average household size in Davis County decreased from 3.24 in 2010 to 3.22 in 2015.

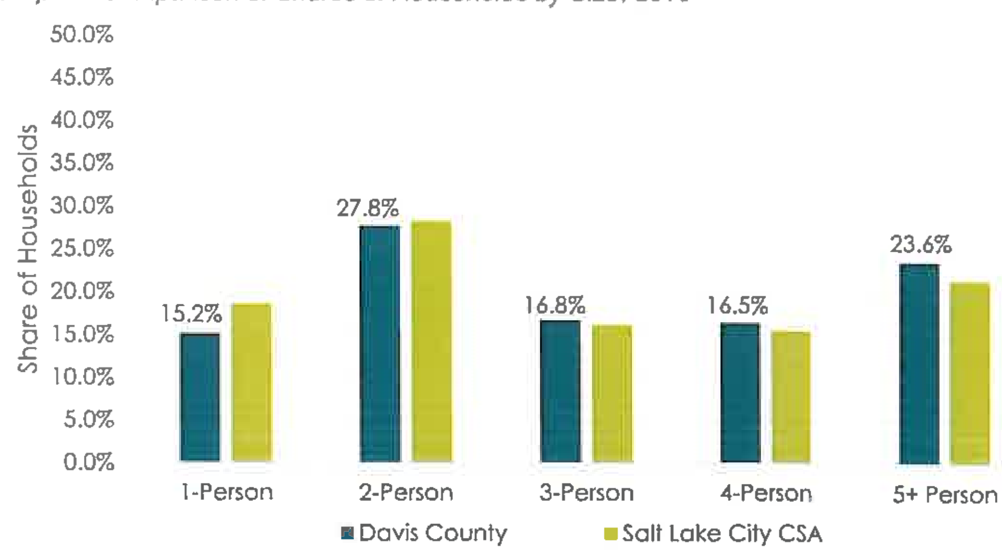
Table 11: Comparison of Household Trends, 2010-2015

			2010-2015 Δ		
Area	**2010**	**2015**	**#**	**%**	**CAGR**
Davis County	93,545	101,532	7,987	8.5%	1.7%
Salt Lake City CSA	715,919	767,102	51,183	7.1%	1.4%
County % CSA	**13.1%**	**13.2%**	**15.6%**		

Source: ESRI; Kimley-Horn

Two-person households are the most commonly represented size in both Davis County and the Salt Lake City CSA, representing approximately 28% of the total in each geography (*Graph 2*). Large households, with more than five residents, make up the second highest concentration by size. Although both analysis areas generally have the same distribution, Davis County has slightly higher shares of larger household sizes, while the CSA has more single-person households. This is representative of the stronger presence of students and young professionals living in or near the urbanized core of Salt Lake City, while couples, single parent households, and families favor more suburban locations.

Graph 2: Comparison of Shares of Households by Size, 2010



Davis County experienced declines in all income cohorts earning less than $75,000 annually, the decline is partially due to nominal wage inflation. There are over 42,000 households in Davis County earning between $50,000 and $100,000 per year, comprising the largest combined cohort in 2015, at approximately 41.7% (Table 12). While cohorts representing households earning more than $75,000 annually all experienced an increase since 2010, the largest impact was in those earning between $75,000 and $99,999. The roughly 6,900 new households in this income cohort represented 86.6% of the total net increase over the five-year period.

Table 12: Households by Income Cohort, Davis County, 2010-2015

Cohort	2010	2015	2010-2015 Δ #	2010-2015 Δ %
<$15,000	5,613	5,483	-130	-2.3%
$15,000-$24,999	5,800	5,077	-723	-12.5%
$25,000-$34,999	7,577	6,904	-673	-8.9%
$35,000-$49,999	14,032	11,169	-2,863	-20.4%
$50,000-$74,999	21,983	21,017	-966	-4.4%
$75,000-$99,999	14,406	21,322	6,916	48.0%
$100,000-$149,999	15,809	18,580	2,771	17.5%
$150,000-$199,999	4,771	6,701	1,930	40.5%
$200,000+	3,461	5,178	1,717	49.6%
Total	**93,545**	**101,532**	**7,987**	**8.54%**

Note: 2010 shares calculated from ACS 2009-2013 data sets

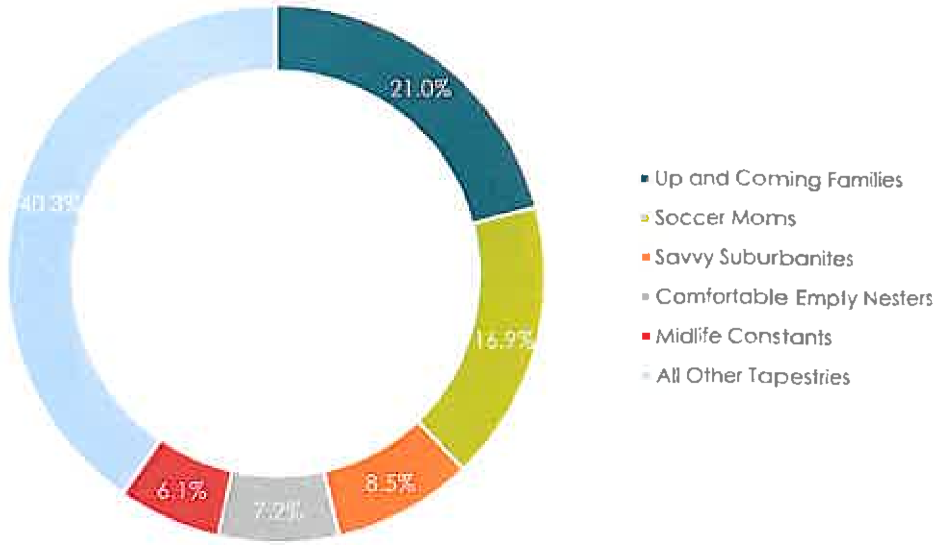
Source: ESRI; Kimley-Horn

5.2.2 TAPESTRY SEGMENTATION

Tapestry segmentation, provided by Environmental Systems Research Institute (ESRI), divides households into 67 groups based on consumer spending patterns and lifestyle attributes. Data provided in this type of analysis is increasingly being used by developers, builders, and retail tenants in the site selection and due diligence process. Brief descriptions of the two most common tapestries in Davis County, comprising 37.9% of the total households, are provided below.

The top five tapestry segments in Davis County comprise nearly 60% of all households, with the most common segment being *Up and Coming Families* with 21.0% representation (Graph 3). The *Soccer Moms* segment has the next highest concentration at 16.9%.

Graph 3: Tapestry Segmentation Shares, Davis County, 2015



UP AND COMING FAMILIES (21.0%)

Households are younger and more mobile and ethnically diverse than the previous generation. Defined by ambitious, hardworking go-getters that are willing to take some risks to achieve goals. Homes are typically new and families are young. Growth markets occur in the suburban periphery.

Distinguishing Traits

- Prefers single-family homes; median value of $174,000
- Cost of affordable new housing is at expense of long commute times
- Highly-educated: 66% have some college education or degree
- Labor force participation is high at 71% and most households have two or more workers
- Median income averages $64,000, and net worth is approximately $96,000
- Seek the latest and best in technology

SOCCER MOMS (16.9%)

Affluent, family-oriented households that typically prefer new, single-family detached housing in suburban settings. Labor force participation is high, leading to selection of housing within a reasonable drive of job centers. Most households are married couples with children.

Distinguishing Traits

- Median home value is $226,000, with strong preference for single-family units
- Approximately 74% of all households hold a mortgage
- Have a comparatively high level of debt
- Highly educated households; more than 70% have at least some college education
- Employed in Management, Office and Administrative Support, and Sales jobs
- Retail sales are concentrated in family-oriented purchases

Representing nearly 60% of all households in Davis County, the top two tapestry segments feature many commonalities including housing preferences, family composition, labor force participation and education, and shopping styles. The next three most common segments, Savvy Suburbanites, Comfortable Empty

Nesters, and Bright Young Professionals, also follow suit with similar preferences. These segments each make up less than 10% of the total households in Davis County. The most notable difference is in family composition of Comfortable Empty Nesters, most of which do not have children living at home.

5.2.3 FORECAST

Between 2015 and 2025, Davis County is expected to add over 17,000 households, an increase of 17.0% (*Table 13*). The CAGR is forecasted at 3.2% over the next five years, roughly consistent with annual growth rates between 2010 and 2015. The Salt Lake City CSA is expected to increase at a rate of 15.8%, which equates to a 3.0% CAGR.

Table 13: Comparison of Household Forecasts, 2015-2025

				2015-2025 Δ		
Area	**2015**	**2020**	**2025**	**#**	**%**	**CAGR**
Davis County	101,532	109,803	118,748	17,216	17.0%	3.2%
Salt Lake City CSA	767,102	825,448	888,232	121,130	15.8%	3.0%
County % CSA	**13.2%**	**13.3%**	**13.4%**	**14.2%**		

Source: ESRI; Kimley-Horn

By 2025, households earning between $100,000 and $149,999 annually are expected to become the largest cohort, following growth of over 9,200 new households over the ten-year period (*Table 14*). Similar to previous trends, household increases are expected to be largely concentrated in income cohorts above $50,000 per year. Losses in lower income cohorts will be partially related to nominal wage inflation.

Table 14: Households by Income Cohort, Davis County, 2015-2025

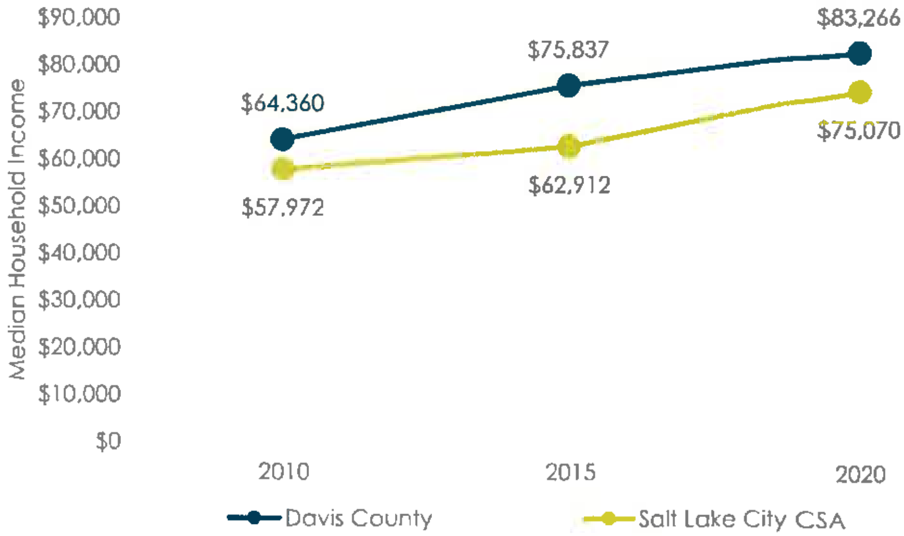
				2015-2025 Δ	
Cohort	**2015**	**2020**	**2025**	**#**	**%**
<$15,000	5,483	5,161	5,581	98	1.8%
$15,000-$24,999	5,077	3,733	4,037	-1,039	-20.5%
$25,000-$34,999	6,904	5,710	6,175	-729	-10.6%
$35,000-$49,999	11,169	9,992	10,806	-362	-3.2%
$50,000-$74,999	21,017	20,094	21,731	714	3.4%
$75,000-$99,999	21,322	24,376	26,362	5,040	23.6%
$100,000-$149,999	18,580	25,694	27,787	9,207	49.6%
$150,000-$199,999	6,701	8,784	9,500	2,799	41.8%
$200,000+	5,178	6,259	6,769	1,590	30.7%
Total	**101,532**	**109,803**	**118,748**	**17,216**	**17.0%**

Source: ESRI; Kimley-Horn

5.3 MEDIAN HOUSEHOLD INCOME

Davis County has consistently reported a higher median household income than the Salt Lake City CSA (*Graph 4*). The median household income in 2015 for Davis County was $75,837, with a forecast of $83,266 by 2020. The Salt Lake City CSA reported a more moderate income level of $62,912 in 2015. It should be noted that while the income premium for Davis County was estimated at 20.5% in 2015, it is expected to be lower in 2020, largely due to household growth south of Salt Lake City. These households are likely following high-tech jobs in developments like Vista Station and Thanksgiving Point.

Graph 4. Comparison of Median Household Income, 2010-2020



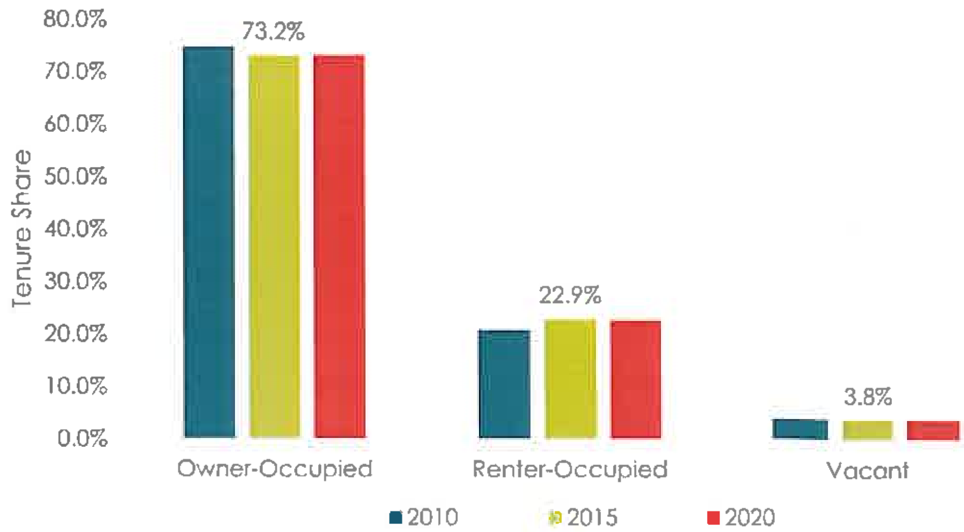
5.4 HOUSING TENURE

Tenure trends and forecasts have been prepared for both housing units and households. Housing unit tenures take into consideration both occupied and vacant structures. Household tenure excludes vacant housing units, focusing only on occupied dwellings.

5.4.1 HOUSING UNIT TENURE

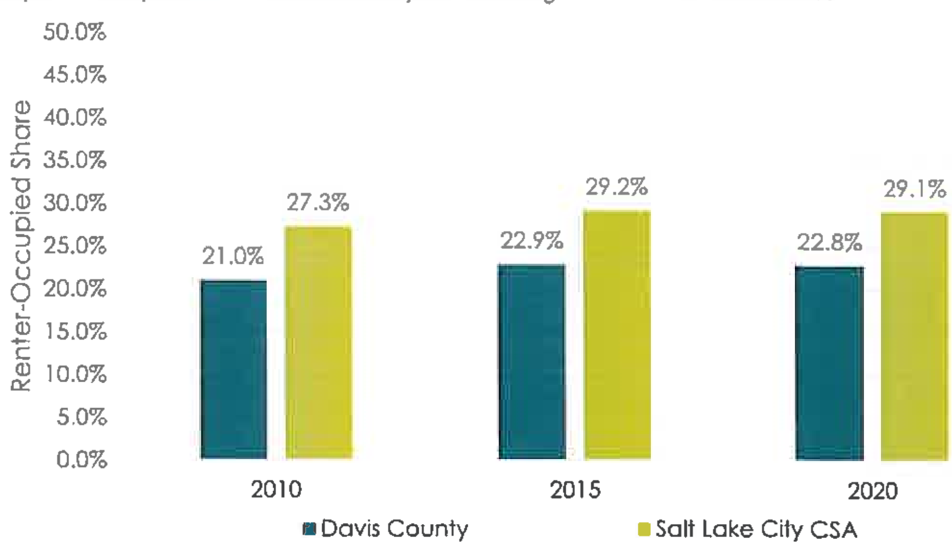
As shown in *Graph 5*, Davis County has an owner-occupied share of 73.2% and a renter-occupied share of 22.9%. These shares are generally consistent with descriptions of housing preferences provided in the tapestry segmentation analysis. Consistent with national trends, the owner share in 2015 experienced a decline from 2010. This shift in ownership was likely related to affects from the 2007-2009 Recession and mortgage crisis. Conversely, the share of renter-occupied housing units increased. Davis County had an extremely low vacancy rate of 3.8% in 2015. Shares are expected to remain constant through 2020.

Graph 5: Housing Unit Tenure Trends, Davis County, 2000-2020



Attracting a higher share of families in a suburban setting, Davis County consistently has a lower renter-occupied share than the larger Salt Lake City CSA (*Graph 6*). Although both geographies experienced a modest increase between 2010 and 2015, renter-occupied shares are forecasted to remain stable between through 2020.

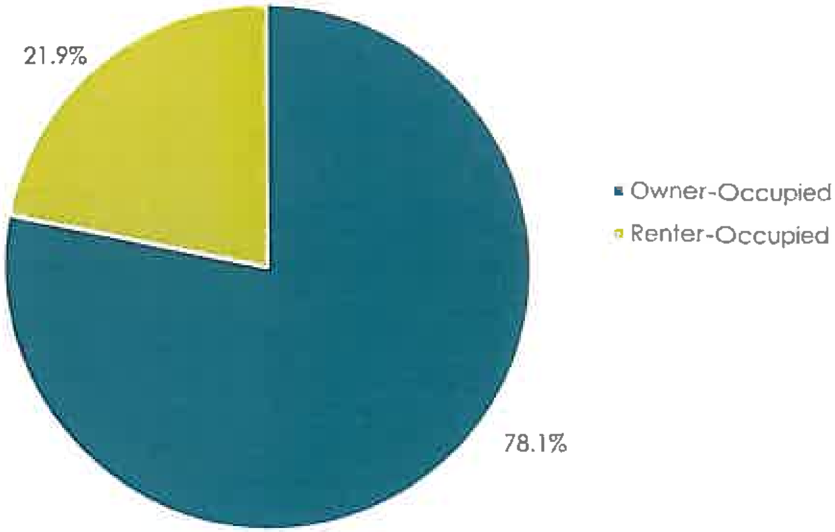
Graph 6: Comparison of Renter-Occupied Housing Unit Tenure, 2000-2020



5.4.2 HOUSEHOLD TENURE

Excluding vacant housing units, the household tenure in Davis County in 2010 was 78.1% owner-occupied and 21.9% renter-occupied (*Graph 7*). These measures are important factors when equating household growth to unit demand, particularly for apartments.

Graph 7. Household Tenure, Davis County, 2010



6. OFFICE PERFORMANCE OVERVIEW

Office performance trends are based on regional and submarket information provided by REIS, a third-party data source that tracks commercial real estate markets across the United States. REIS divides the Salt Lake City market into nine separate office submarkets:

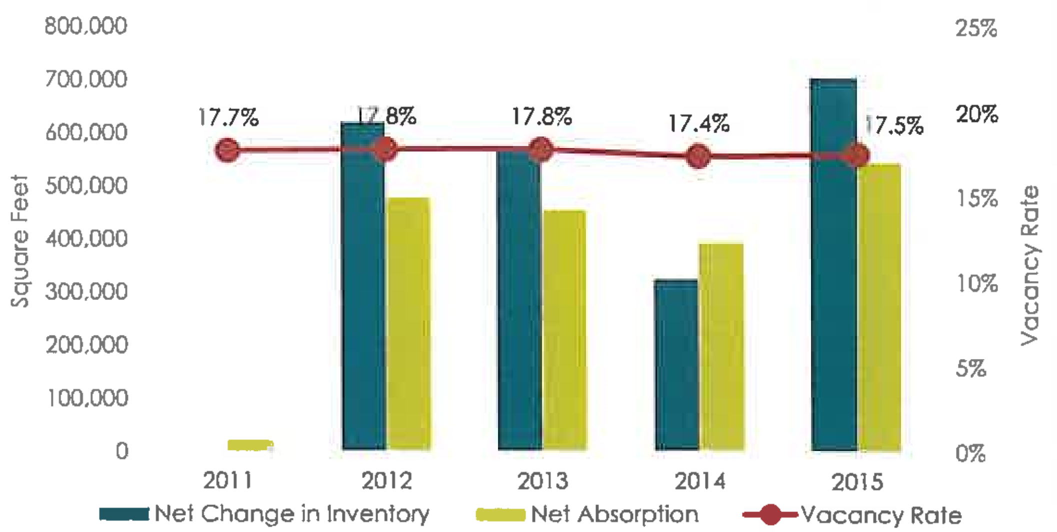
- Central Business District
- Davis County
- Midvale/Murray
- Millcreek
- Ogden/Weber County
- Periphery
- South Salt Lake City
- Southeast Valley
- West/Northwest

This section presents office performance measure trends including completions, net absorption, vacancy and average rent per square foot for Davis County. Performance metrics are compared to the larger Salt Lake City market. A summary of the most competitive office product in Davis County has also been prepared to determine current lease rates and occupancy for newer product.

6.1 SALT LAKE CITY MARKET OFFICE PERFORMANCE TRENDS

There was 2.2 million square feet of new office space completed in the Salt Lake City market between 2011 and 2015. As shown in *Graph 8*, deliveries were distributed between 2012 and 2015; the roughly 700,000 square feet completed in 2015 marketed the highest annual delivery in recent history. Five-year net absorption was nearly 1.9 million square feet. Overall, the Salt Lake City market had a slight five-year office over-supply of approximately 328,000 square feet. As a result, the market-wide vacancy rate stayed relatively constant at between 17.4% and 17.8%.

Graph 8: Office Market Performance, Salt Lake City Market, 2011-2015



6.2 DAVIS COUNTY OFFICE PERFORMANCE TRENDS

There is an estimated 1.28 million square feet of multi-tenant office space in Davis County, representing 3.9% of the regional total of 32.5 million square feet (*Table 15*). Approximately two-thirds of the multi-tenant office inventory was completed since 2000, with nearly 300,000 square feet delivered in the last five years. Nearly one-half of the newest inventory was completed as part of the Station Park development.

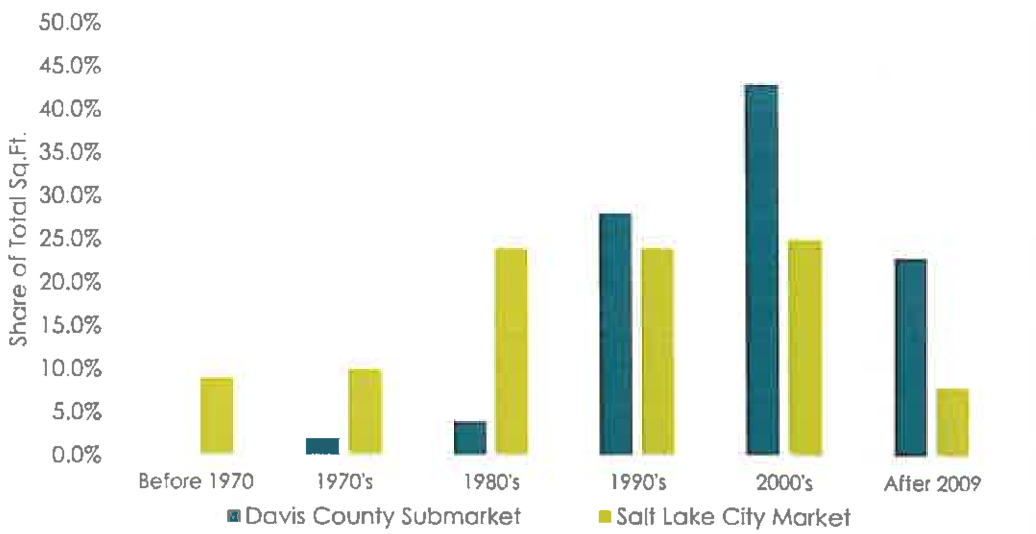
Table 15: Inventory by Decade Completed, Davis County, 2015

Decade Completed	Inventory (Units)	Share of Total
Before 1970	0	0.0%
1970's	25,620	2.0%
1980's	51,240	4.0%
1990's	358,680	28.0%
2000's	550,830	43.0%
After 2009	294,630	23.0%
Total	**1,281,000**	**100.0%**

Source: REIS; Kimley-Horn

As shown in *Graph 9*, Davis County has a notably higher share of office inventory completed since 2000 when compared to the larger Salt Lake City market. Approximately 66% of Davis County's multi-tenant office inventory has been completed since 2000, compared to 33% for the larger region.

Graph 9: Comparison of Shares of Inventory by Decade Completed, 2015



As shown in *Table 16*, there was approximately 217,000 square feet of office space completed in Davis County since 2011, 146,000 square feet was built in 2013 with another 71,000 square feet in 2014. The majority of the office square footage completed in 2013 was part of the lifestyle center at Station Park. Five-year net absorption totaled 99,000 square feet, ranging from -18,000 square feet in 2011 to 91,000 square feet of demand in 2013.

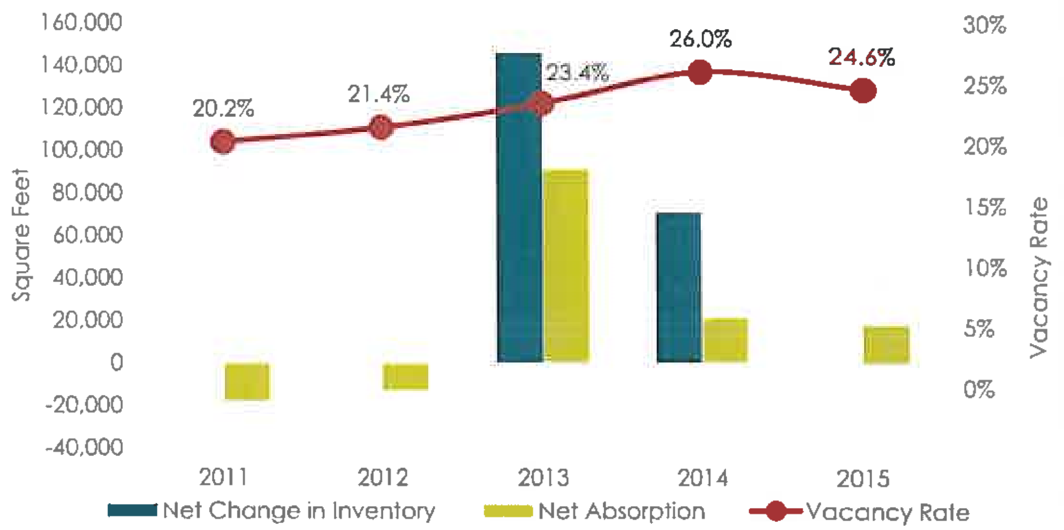
Table 16: Completion and Net Absorption Trends, Davis County, 2011-2015

Year	Net Change in Inventory	Net Absorption	(Over)/ Under Supply
2011	0	-18,000	(18,000)
2012	0	-13,000	(13,000)
2013	146,000	91,000	(55,000)
2014	71,000	21,000	(50,000)
2015	0	18,000	18,000
Total	**217,000**	**99,000**	**(118,000)**
Ann. Avg.	**43,400**	**19,800**	**(23,600)**

Source: REIS; Kimley-Horn

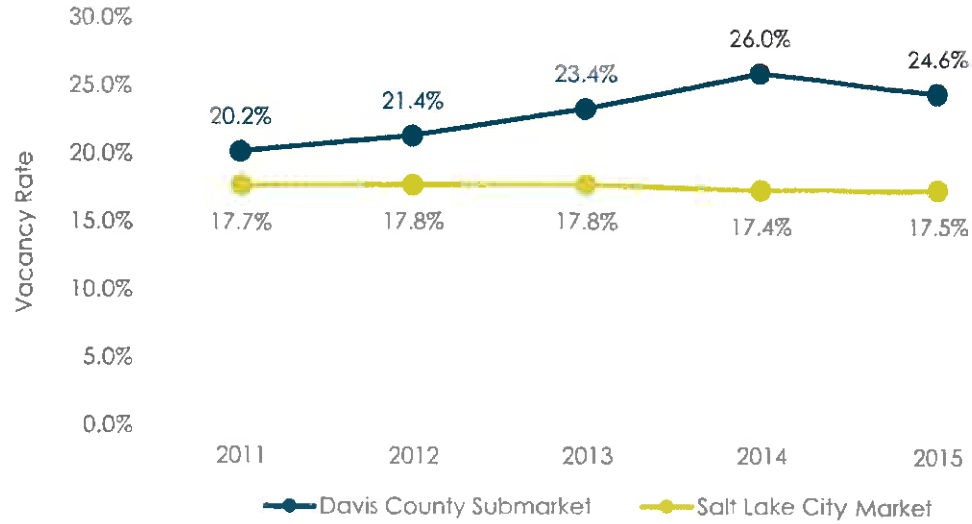
The vacancy rate in Davis County increased over the five-year period, from 20.2% in 2011 to 24.6% at year-end 2015 (*Graph 10*). Vacancy peaked at 26.0% in 2014 following two years of net absorption falling behind new deliveries. However, a lack of new supply coupled with modest net absorption in 2015 resulted in vacancy declining by 140 basis points in a 12-month period.

Graph 10: Office Market Performance, Davis County, 2010-2014



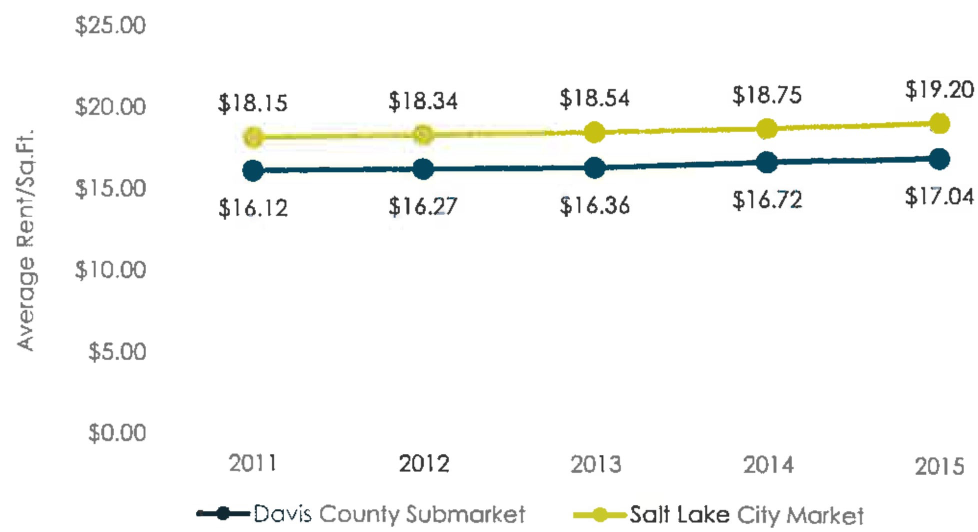
Graph 11 compares vacancy rate trends in Davis County to the larger Salt Lake City market between 2011 and 2015. Davis County has historically reported a comparatively higher vacancy rate. New deliveries in 2013 and 2014 caused the vacancy to increase in Davis County, creating a larger differential between the two geographies. It should be noted that the smaller overall inventory in Davis County is more reactive to changes in supply and demand than the larger market area. Vacancy in the Salt Lake City market has remained largely unchanged over the last five years.

Graph 11: Comparison of Vacancy Rate Trends, 2011-2015



The average rent per square foot in Davis County was $17.04 in fourth-quarter 2015, representing a modest increase from $16.12 at year-end 2011 (*Graph 12*). Historically, the larger Salt Lake City market has maintained premiums over Davis County ranging from 12% to 13%.

Graph 12: Comparison of Average Rent/Sq.Ft. Trends. 2010-2015



6.3 COMPETITIVE DAVIS COUNTY OFFICE PRODUCT

Competitive office developments in Davis County were selected to determine current office performance of the most relevant product. The 16 identified developments represent a mixture of Class A and Class B/C space and were selected based on location, age, and size of building. Class A space represents the most prestigious buildings, offering high-quality standard finishes, state of the art technology systems, and exceptional accessibility. Building finishes in Class B/C buildings are fair to good, but lease rates are lower than Class A. These buildings are typically competing for tenants requiring functional space at rents below the average for the area.

The 16 competitive office developments have a total of nearly 570,000 square feet (Table 17). The aggregate vacancy rate is approximately 10.9%, lower than the combined average of 24.6% for all multi-tenant office space in Davis County. Average quoted lease rates average $21.10, 23.8% higher than the County-wide average of $17.04 per square foot. The competitive developments have all been completed since 2000.

Table 17: Competitive Office Developments, Davis County, 2016

Map Key	Development Name	Address	Jurisdiction	Year Built	Leasable Area Total	Leasable Area Available	Vacancy Rate	Lease Rate/SqFt	Floors	Class	Average Floorplate
1	Marketplace Business Park 1	500 N Market Place Dr	Centerville	2000	80,000	2,910	3.6%	$22.00	4	A	20,000
2	Legacy Crossing	1100 West Legacy Crossing	Celnerville	2013	72,000	9,475	13.2%	$22.50	4	A	18,000
3	Station Park (Building J)	142 N Central Ave	Farmington	2013	66,000	6,600	10.0%	$24.50	2	A	33,000
4	Marketplace Business Park 2	520 N Market Place Dr	Centerville	2001	50,905	17,278	33.9%	$22.50	3	A	16,968
5	Station Park (Building E)	N Union Ave	Farmington	2013	36,000	0	0.0%	$25.54	2	A	18,000
6	Station Park (Buiding F)	142 N Union Ave	Farmington	2013	36,000	3,600	10.0%	$24.02	3	A	12,000
7	PMB Building	707 W 700 S	Woods Cross	2003	15,000	0	0.0%	$28.67	2	A	7,500
Class A Subtotal/Average					355,905	39,863	11.2%	$23.48			17,795
8	Lexington Commons	1576-1596 S 500 W	Bountiful	2000	47,000	7,144	15.2%	$16.14	2	BC	23,500
9	Grandview Corporate Center 1	1645 E Hwy 193	Layton	2000	35,000	0	0.0%	$16.38	2	BC	17,500
10	Colonial Square	533 W 2600 S	Bountiful	2001	29,456	1,944	6.6%	$17.43	4	BC	7,364
11	Kaysville Business Campus	498 N 900 W	Kaysville	2001	22,000	924	4.2%	$17.12	2	BC	11,000
12	Eagle Ridge Office Building	39 E Eagle Ridge Dr	North Salt Lake	2000	22,000	5,720	26.0%	$17.40	2	BC	11,000
13	University Park Professional Center	938 University Park Blvd	Clearfield	2007	20,000	4,100	20.5%	$18.77	2	BC	10,000
14	Main and Center Building	25 S Main St	Centerville	2001	15,862	1,396	8.8%	$20.00	2	BC	7,931
15	Layton Professional Office	2363 N Hillfield Rd	Layton	2006	12,152	0	0.0%	$16.11	2	BC	6,076
16	Hidden Cove Office Building	2071 N Main St	Layton	2002	10,148	863	8.5%	$16.46	2	BC	5,074
Class BC Subtotal/Average					213,618	22,091	10.3%	$17.13			10,681
Overall Subtotal/Average					569,523	61,954	10.9%	$21.10			

Source: Kimley-Horn; RES; LoopNet, Local Brokerage Firms

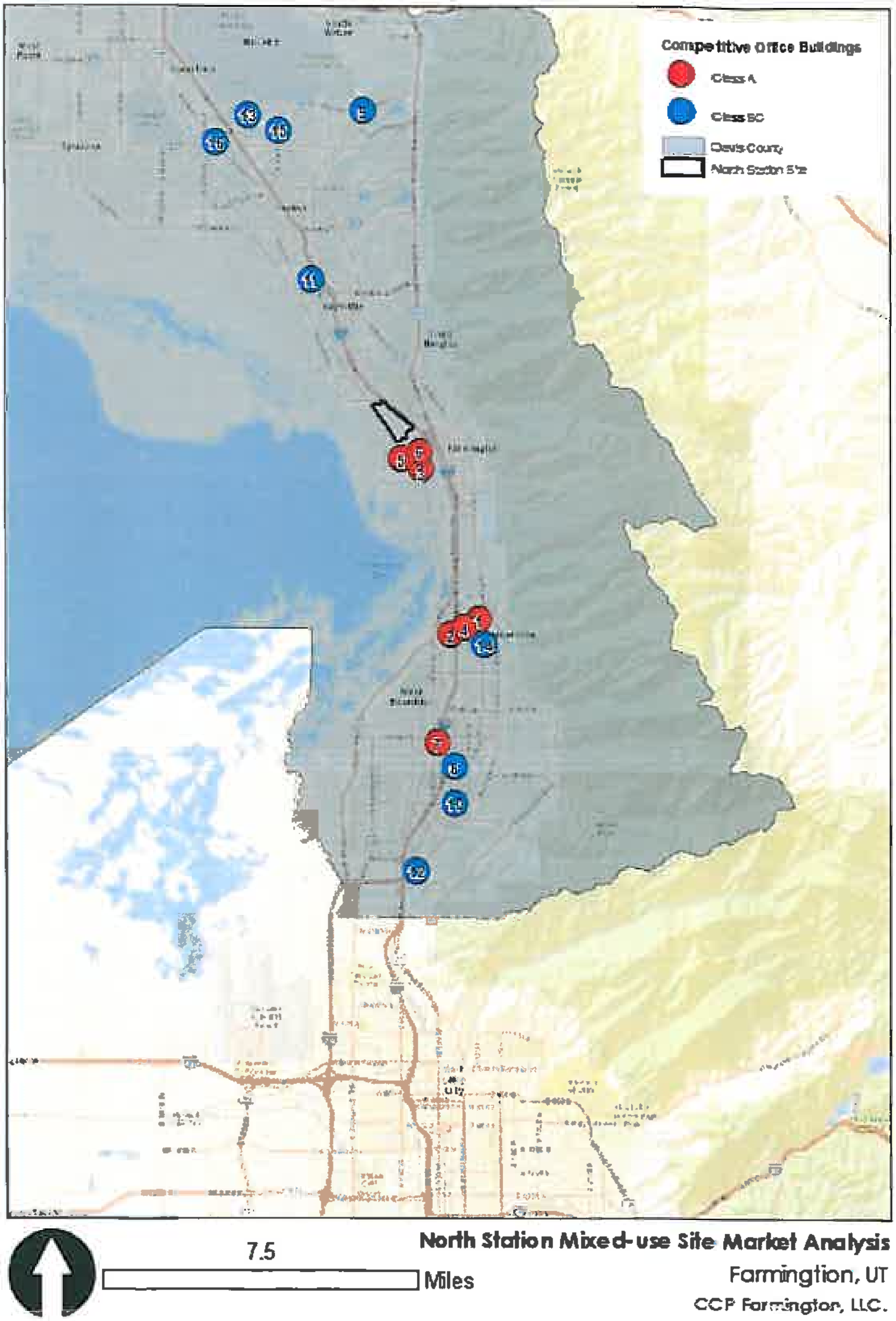
There were seven competitive Class A office buildings that were classified as Class A buildings, completed between 2000 and 2013. Four of the seven buildings were completed in 2013, with three developed as part of Station Park. The seven Class A buildings contain over 355,000 square feet, and are 11.2% vacant. Vacancy rates range from no available space to 33.9% at Marketplace Business Park. Overall, there is less than 40,000 square feet of office space available for lease. Quoted lease rates for Class A space in Davis County range from $22.00 to $28.67. Office space at Station Park leases at $24.00 to $25.54 per square foot, representing some of the highest rates in the County.

Nine newer Class B/C buildings were also identified as competitive office product. The Class B/C buildings contain nearly 215,000 square feet with an aggregate vacancy rate of 10.3%. Lease rates at the individual properties roughly range from $16.00 to $20.00 per square foot, demonstrating an approximate 37.1% premium for Class A space.

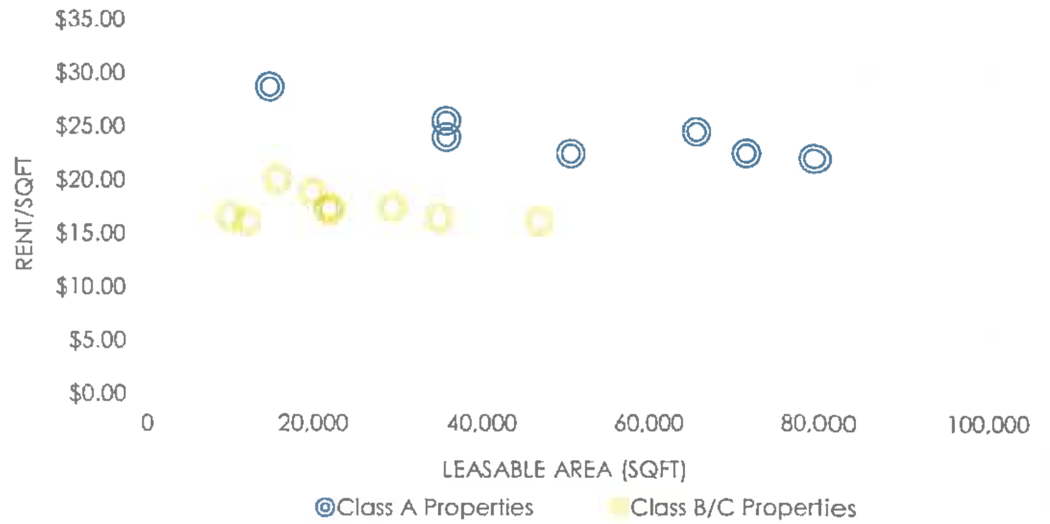
Class A buildings have an average floorplate size of nearly 18,000 square feet, larger than 10,681 square feet for Class B/C properties. The largest competitive office property in Davis County is Marketplace Business Park 1, representing a four-story, 80,000-square-foot building. Station Park offers the most integrated product of any development in Davis County, with a vertically mixed-use format that provides easy access to retail services and dining options for employees.

As demonstrated in Graph 13, competitive Class A office buildings achieve a notable rent premium over Class B/C space at approximately 37.1% on average. However, generally, rents within Class type are consistent regardless of building size.

Map 4: Competitive Office Developments, Davis County, 2016



Graph 13: Building Size v. Rent/Sq.Ft. in Competitive Properties, 2016



6.4 OFFICE DEVELOPMENT

This section highlights under construction and proposed office developments in Davis County. All of the office development that is currently under construction is in or near Station Park. Tenants for both buildings are already in place. As noted in Section 2, the two office buildings nearing completion include:

- Currently, *Pluralsight* is expanding and will take on an additional 100,000 square feet of space in a separate four-story building adjacent to the lifestyle center.
- *Vista Outdoor* will occupy a new 35,000-square-foot headquarters facility in Station Park, which is expected to open this year. Vista Outdoor designs, manufactures, and markets outdoor sporting goods and recreation products.

Three additional office developments have also been identified as in the planning stages:

- Approximately 488,700 square feet of office space and 40,000 square feet of flex/business space are planned as part of *Clearfield Station*. No definitive timeframe for the development is in place, but build-out will likely occur over a five- to ten-year period.
- *Legacy Crossing II* is a 28,244-square-foot multi-tenant building planned at 1055 West Legacy Crossing Boulevard in Centerfield.
- New multi-tenant office space to be developed by *The Haws Companies* will be located near Red Barn Recovery on the north side of Park Lane. At full-build out it will add another 12,000 square feet of multi-tenant space.

Overall, 135,000 square feet of office space is currently under construction in Davis County, all located in Station Park. Tenants have already been identified for this space, expected to be complete before year-end 2016. As such, its delivery is not expected to negatively impact current vacancy rates. An additional 570,000 square feet of office space is proposed in three developments, with over 90% planned to be part of the Clearfield Station development. As previously mentioned, development timing for Clearfield Station is unclear, with full build-out of the property at least ten years away. All combined, there is over 700,000 square feet of office space in the pipeline in Davis County.

6.5 DAVIS COUNTY OFFICE DEMAND FOREAST

Office demand for Davis County is based on the employment forecasts presented in Section 4.4. This section converts these forecasts into office-occupying jobs and, ultimately, future demand through 2025. Captures of the forecasted demand for the North Station site are presented in Section 10.

6.5.1 OFFICE-OCCUPYING EMPLOYMENT FORECAST

To forecast the increase in office-occupying employment, office shares were applied to each industry projection for Davis County. Finance and Insurance, Professional and Technical Services, Management of Companies and Enterprises, and Real Estate and Rental and Leasing have the highest shares of office-occupying employment, ranging from 85% to 90%. As shown in *Table 18*, Davis County is projected to have an increase of more than 7,300 office-occupying employees, or 18.3%, between 2015 and 2025. Office-occupying jobs in Professional and Technical Services and Administrative and Waste Services could account for over one-third of the 10-year increase.

Table 18: Office-Occupying Employment Forecast, Davis County, 2015-2025

Industry	Office Share	2015	2020	2025	2015-2025 Δ #	2015-2025 Δ %
Agriculture, Forestry, Fishing & Hunting	5.0%	18	19	20	1	6.6%
Mining	5.0%	10	12	14	4	35.3%
Utilities	15.0%	50	51	52	1	2.9%
Construction	10.0%	863	948	1,038	175	20.3%
Manufacturing	5.0%	570	594	616	46	8.0%
Wholesale Trade	30.0%	801	843	885	84	10.5%
Retail Trade	10.0%	1,425	1,543	1,666	241	16.9%
Transportation and Warehousing	30.0%	1,413	1,512	1,612	199	14.1%
Information	60.0%	933	1,090	1,271	339	36.3%
Finance and Insurance	90.0%	2,223	2,500	2,800	577	26.0%
Real Estate and Rental and Leasing	75.0%	944	1,118	1,320	376	39.8%
Professional and Technical Services	90.0%	7,447	8,321	9,271	1,824	24.5%
Management of Companies and Enterprises	90.0%	766	776	783	17	2.2%
Administrative and Waste Services	80.0%	4,816	5,275	5,763	947	19.7%
Educational Services	15.0%	1,625	1,835	2,056	431	26.5%
Health Care and Social Assistance	30.0%	3,818	4,200	4,602	784	20.5%
Arts, Entertainment, and Recreation	15.0%	553	619	691	138	25.0%
Accommodation and Food Services	10.0%	875	943	1,014	138	15.8%
Other Services, Ex. Public Admin	30.0%	1,004	1,139	1,288	284	28.3%
Public Administration	70.0%	10,013	10,381	10,740	728	7.3%
Total		**40,168**	**43,720**	**47,502**	**7,334**	**18.3%**

Source: UT Department of Workforce Services; Woods & Poole; Kimley-Horn and Associates

6.5.2 OFFICE DEMAND FORECAST

Forecasted office-occupying jobs have been used to estimate demand for square footage in Davis County. National trends indicate a declining amount of office space per employee, with companies seeking to more efficiently utilize space. Estimates for office demand are based on a 225-square-foot per employee average between 2015 and 2020 and 220 square feet per employee between 2020 and 2025.

Davis County is forecasted to add over 7,300 new office jobs between 2015 and 2025. At an average space per employee of 220 to 225 square feet, this equates to demand of approximately 1.6 million square feet of net new single- and multi-tenant office space over the ten-year period (*Table 19*). It is important to have vacant space offerings for inter- and intra-market moves. This analysis uses an average vacancy rate of 10% to show total net new office space demand. Based on this vacancy measure, Davis County could support the development of nearly 1.8 million square feet of new office space over the next ten years.

Table 19: Net New Office Demand, Davis County, 2015-2025

Measure	New Office Demand 2015-2020	New Office Demand 2020-2025	2015-2025 Total
Office-Occupying Jobs	3,552	3,782	7,334
Square Feet/Employee	225	220	
Net Demand (Sq.Ft.)	799,199	831,968	1,631,168
Net Office Space Demand	879,119	915,165	1,794,285

Source: Kimley-Horn

As shown in *Table 20*, excluding development pipeline of approximately 703,900 square feet equates to a total net development potential of nearly 1.1 million square feet in Davis County through 2025. This is likely a conservative measure since the timing and development pace of Clearfield Station, which comprises approximately 70% of the pipeline total, is unknown.

Table 20: Net Office Development Potential, Davis County, 2015-2025

Measure	Net Sq.Ft. Demand
Supportable Office Development	1,794,285
Less Current and Proposed Development	(703,900)
Net Development Potential	1,090,385

Source: Kimley-Horn

7. RETAIL PERFORMANCE OVERVIEW

This section presents retail performance measure trends including completions, net absorption, vacancy and average rent per square foot. Similar to office space, retail performance in Davis County has been compared to the larger Salt Lake City region. Additionally, a summary of competitive shopping centers, as well as an inventory of grocery stores and pharmacies has been prepared to demonstrate the current retail framework in the County.

Retail performance trends are based on regional and submarket information provided by REIS, which divides the Salt Lake City market into five separate submarkets:

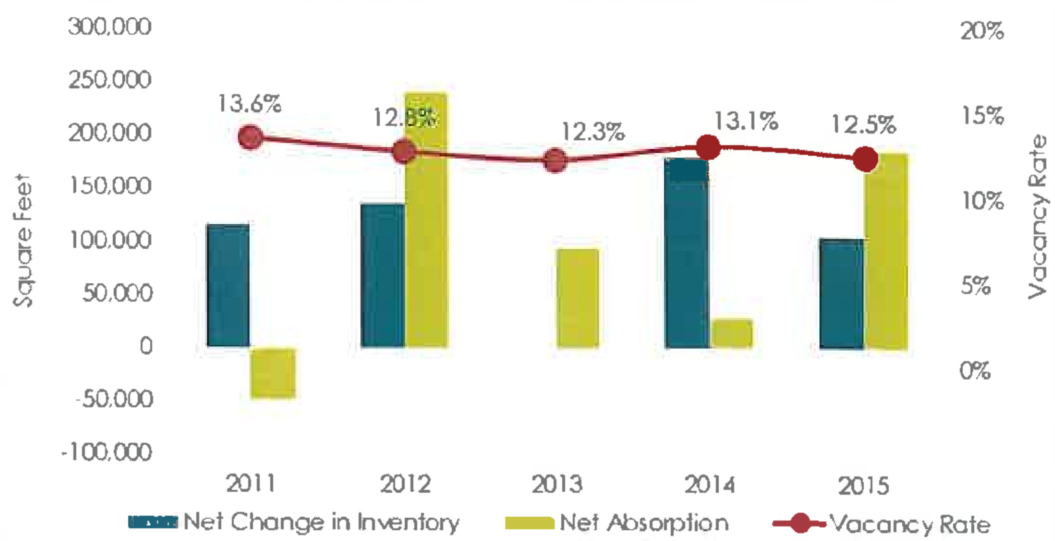
- Midvale/Sandy
- Salt Lake City
- South Central
- Southwest
- Upper Counties

Submarket performance trends for retail rely on the Upper Counties Submarket, which includes both Davis and Weber counties. The retail framework analysis helps to provide more detailed performance metrics specific to Davis County and Farmington.

7.1 SALT LAKE CITY MARKET RETAIL PERFORMANCE TRENDS

As shown in *Graph 14*, from 2011 to 2015 the multi-tenant retail vacancy rate in the Salt Lake City market gradually decreased from 13.6% to 12.5%. New retail space was added in four of the five years analyzed, totaling 534,000 square feet. Net absorption totaled 497,000 square feet, equating to a slight oversupply of 37,000 square feet, or 7,400 square feet annually. Vacancy was lowest in 2013 at 12.3%, following two years of net absorption outpacing new deliveries.

Graph 14: Retail Market Performance, Salt Lake City Market, 2011-2015



7.2 UPPER COUNTIES RETAIL PERFORMANCE TRENDS

The Upper Counties Submarket, including Davis and Weber counties, had approximately 3.2 million square feet of multi-tenant retail space as of year-end 2015. As shown in *Table 21*, over 1.0 million square feet of space was completed in the 1990s, making it the most active decade for retail development. Another 800,000 square feet of multi-tenant retail space has been completed since 2000, largely concentrated in the Station Park development.

Table 21: Inventory by Decade Completed, Upper Counties Submarket, 2015

Decade Completed	Inventory (Sq.Ft.)	Share of Total
Before 1970	32,040	1.0%
1970's	672,840	21.0%
1980's	608,760	19.0%
1990's	1,089,360	34.0%
2000's	576,720	18.0%
After 2009	224,280	7.0%
Total	**3,204,000**	**100.0%**

Source: REIS; Kimley-Horn

According to REIS, there were no multi-tenant retail completions in the Upper Counties Submarket in the last five years (*Table 22*). The large majority of multi-tenant retail components at Station Park were completed prior to 2011. Net absorption totaled only 7,000 square feet over five years, largely due to negative absorption of 72,000 square feet in 2014. The other four years experienced relatively consistent leasing.

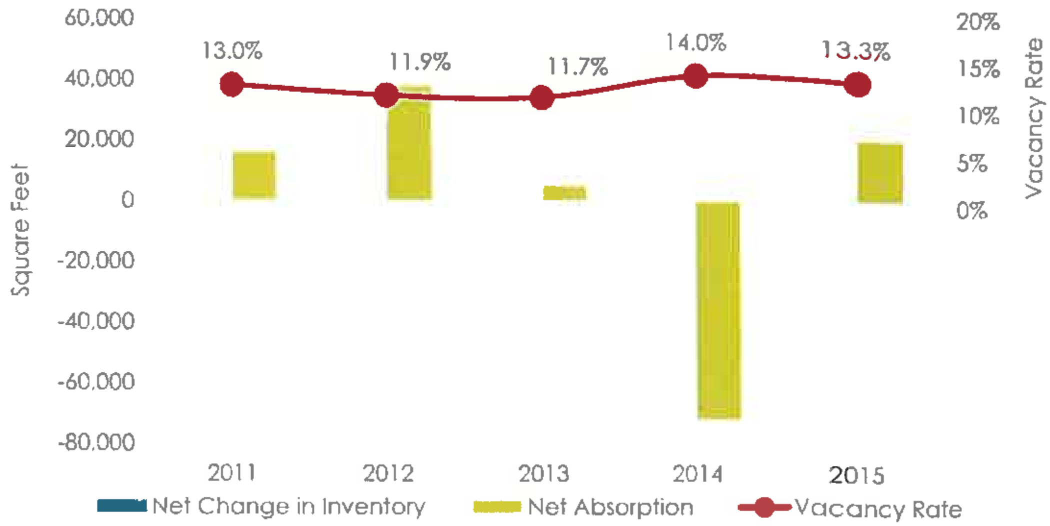
Table 22: Completion and Net Absorption Trends, Upper Counties Submarket, 2011-2015

Year	Net Change in Inventory	Net Absorption	(Over)/ Under Supply
2011	0	16,000	16,000
2012	0	38,000	38,000
2013	0	5,000	5,000
2014	0	-72,000	(72,000)
2015	0	20,000	20,000
Total	**0**	**7,000**	**7,000**
Ann. Avg.	**0**	**1,400**	**1,400**

Source: REIS; Kimley-Horn

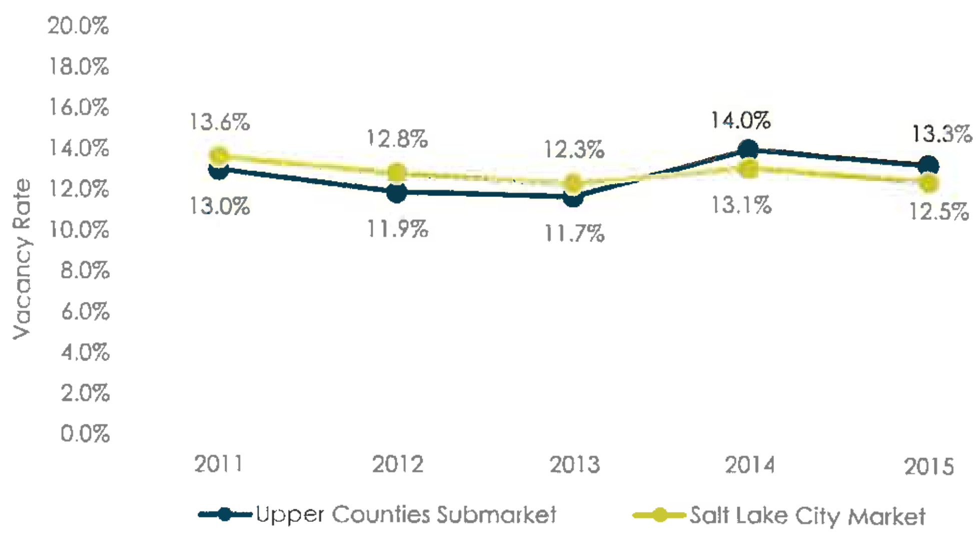
The end-of-year vacancy rate for retail space in the Upper Counties Submarket was 13.3% in 2015. As shown in *Graph 15*, vacancy rates in the Submarket have remained relatively consistent over the last five years, ranging from 14.0%, following a year of negative net absorption, to 11.7% in 2012.

Graph 15: Retail Market Performance, Upper Counties Submarket, 2011-2015



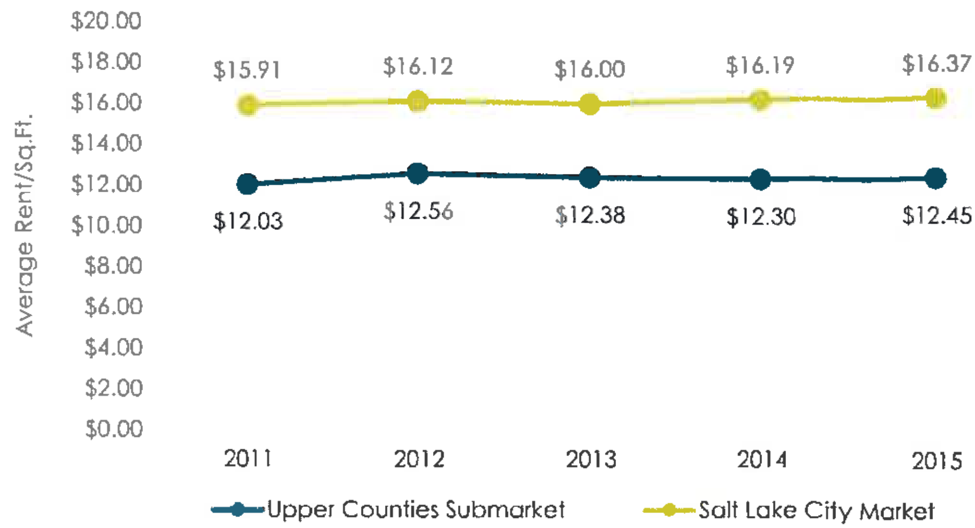
As shown in *Graph 16*, the Upper Counties Submarket has followed a similar retail vacancy pattern when compared to the larger Salt Lake City market. Both geographies experienced overall declines between 2011 and 2015, coupled with a slight uptick in vacancy in 2014 and recovery by 2015. At year-end 2015, the 13.3% vacancy rate in the Upper Counties Submarket was 0.8% higher than the larger market.

Graph 16: Comparison of Vacancy Rate Trends, 2011-2015



Average lease rates for multi-tenant retail spaces in the Submarket increased 3.5% from $12.03 in 2011 to $12.45 in 2015 (*Graph 17*). The most recently reported average rent per square foot measure for retail space in the Upper Counties Submarket was $12.45 at year-end 2015, 31.5% lower than $16.37 for the larger market. It should be noted that lease rates at Station Park, which are profiled in the next section, are notably higher than the Submarket average.

Graph 17: Comparison of Rent/Sq.Ft. Trends, 2011-2015



7.3 COMPETITIVE RETAIL FRAMEWORK

7.3.1 COMPETITIVE MULTI-TENANT SHOPPING CENTERS

This section profiles competitive shopping centers in Davis County. There were 13 competitive multi-tenant shopping centers identified for this analysis (Table 23). The oldest center is Antelope Plaza, located in Clearfield, completed in 1955. The newest shopping center is the power-center component of Station Park, completed in 2011. It should be noted that het mixed-use lifestyle component of Station Park has been profiled separately below.

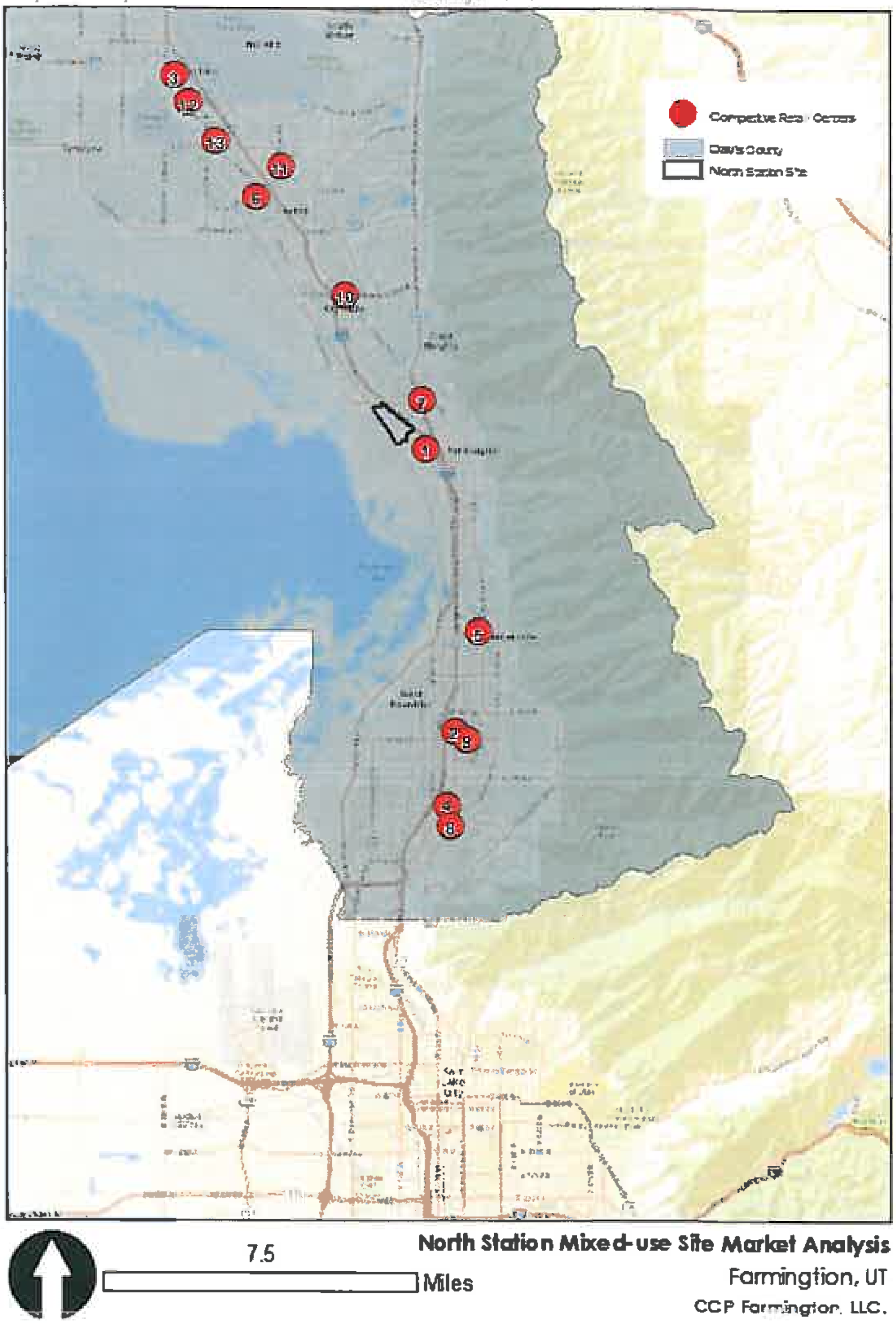
Table 23: Competitive Retail Centers, Davis County, 2016

Map Key	Development Name	Address	Jurisdiction	Year Built	Leasable Area Total	Leasable Area Available	Vacancy Rate	Lease Rate/Sq.Ft. Anchor	Lease Rate/Sq.Ft. Non-Anchor	Key Tenants
1	Station Park (Power)	Station Pkwy	Farmington	2011	320,000	0	0.0%	$17.50	$27.50	Harmons, Nordstrom Rack
2	Gateway Crossing	200 S 500 W	Bountiful	1992	303,683	11,844	3.9%	$23.50	$27.00	Shopko, TJ Maxx, Michaels, Theater
3	Lakeside Square	360 S/375 S State St	Clearfield	1974	121,592	21,522	17.7%	$4.56	$7.96	Theater
4	Woods Crossing	680 W 2600 S St	Woods Cross	1988	116,438	94,082	80.8%	$12.31	$19.60	n/a
5	Parrish Square	184 W Parrish Ln	Centerville	1992	114,544	7,216	6.3%	$10.21	$16.00	Fresh Market
6	Layton Crossing Shopping Ce	1010 W Hillfield Rd	Layton	1994	76,802	25,268	32.9%	$8.21	$10.72	Goodwill
7	Floxglove Shopping Center	1316 N Highway 89	Farmington	1986	76,500	2,525	3.3%	$13.08	$16.00	Smith's Food & Drug
8	Winegars Center Shops	3200 Orchard Dr	Bountiful	1980	76,255	0	0.0%	$8.79	$16.58	Winegar's
9	5th South Plaza	273 W 500 S	Bountiful	1998	38,505	3,812	9.9%	-	$19.50	n/a
10	Kaysville Commons	200 N 300 W	Kaysville	2005	25,875	2,639	10.2%	-	$21.07	n/a
11	Layton Hills Plaza	1550 N Hillfield Rd	Layton	1988	25,000	8,700	34.8%	-	$10.20	n/a
12	Maceys Retail Center	618 S State St	Clearfield	1992	20,600	7,725	37.5%	-	$15.16	n/a
13	Antelope Plaza	1580 S State St	Clearfield	1955	20,000	3,760	18.8%	-	$14.10	n/a
Total/Average					1,335,794	189,092	14.2%	$15.09	$20.62	

Source: Kimley-Horn; RES, LoopNet; Local Brokerage Firms

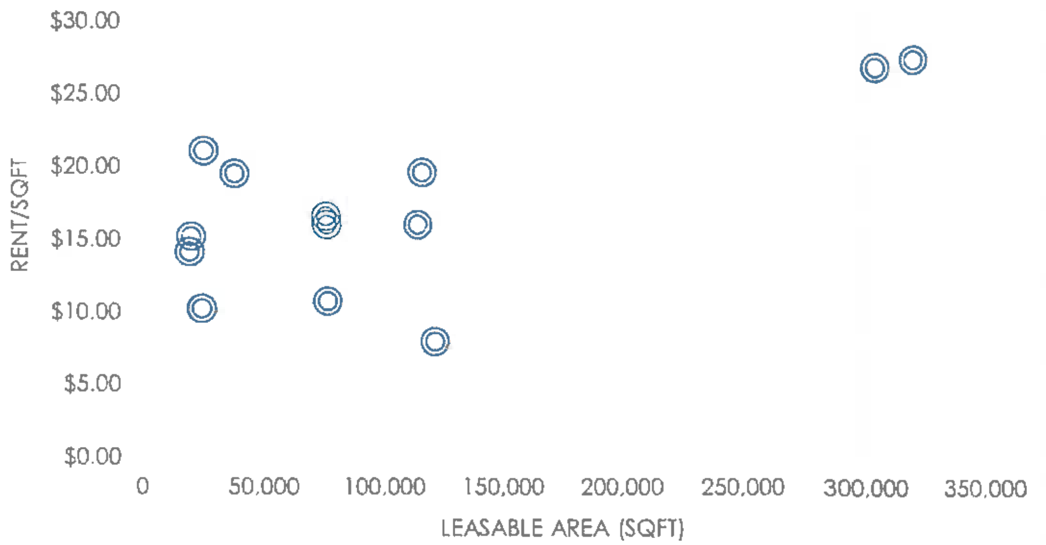
The 13 competitive centers have over 1.3 million square feet of multi-tenant retail space, and range in size from 20,000 square feet to approximately 320,000 square feet. The smaller centers with less than 40,000 square feet of space are typically unanchored, offering only in-line spaces. The aggregate vacancy rate is 14.2%. It should be noted that over 94,000 square feet of the available space is concentrated at the Woods Crossing shopping center in Woods Cross. The nearly half of the available space at Woods Crossing is located in two vacant anchor spaces. Excluding Woods Crossing, the aggregate vacancy rate for the other centers is considerably lower at 7.8%.

Map 5: Competitive Retail Centers, Davis County, 2016



The average anchor space lease rate in the 13 competitive centers is $15.09, ranging from $23.50 at Gateway Crossing to $4.56 at Lakeside Square in Clearfield. As shown in Graph 18, non-anchor retail space ranges from $7.95 per square foot at Lakeside Square to $27.50 per square foot at the power center component of Station Park. The weighted average rent per square foot for non-anchor space is $20.62. Station Park and Gateway Crossing achieve a strong premium over any other competitive space in Davis County.

Graph 18: Building Size v. Non-Anchor Rent/Sq.Ft. Davis County, 2016



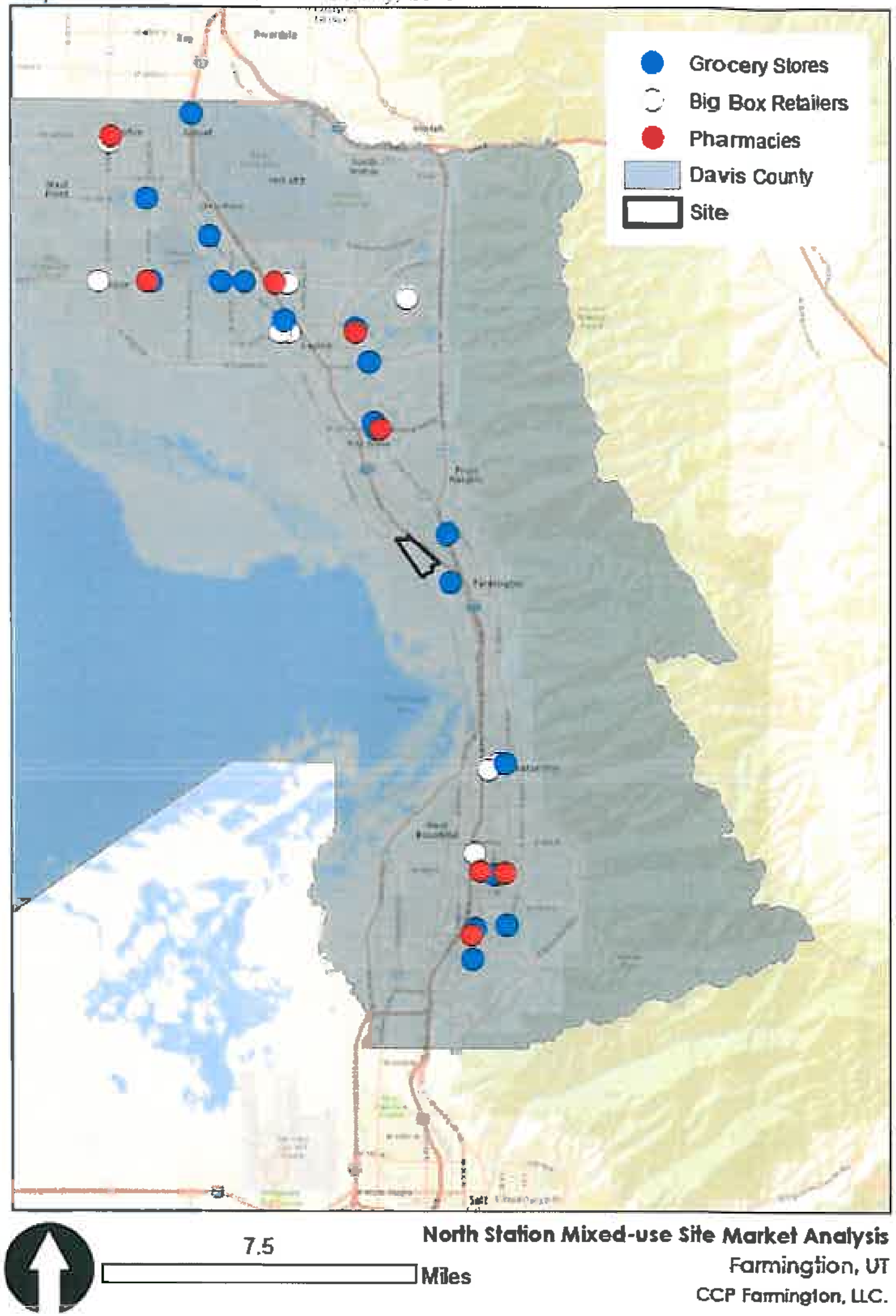
Station Park also hosts over 400,000 square feet of additional retail space as part of a vertically mixed-use lifestyle center. The lifestyle center is a strong regional draw, with key tenants like Apple, H&M, J.Crew, and Banana Republic. Many of these stores are unique to the northern side of the Salt Lake City region, drawing from a much larger trade area than a typical anchored shopping center. Commercial space in the lifestyle center is approximately 90% occupied and achieves lease rates at a premium over the power center, especially for premier sites.

7.3.2 RETAIL FRAMEWORK AND DISTRIBUTION

This section provides a high-level inventory of key national and regional chain retailers to demonstrate presence and distribution throughout Davis County. Retail services are generally concentrated along the I-15 corridor, bisecting the County. Map 6 shows the spatial distribution of key retailers.

Davis County is well-served by a variety of national retailers, as well as locally-owned and operated shops. Station Park represents one of the largest concentrations of retail space in the market, and has attracted a highly coveted tenant mix. Four key supercenters are located in Davis County: Walmart, Target, Sam's Club, and Costco. There are six national and regional chain grocers in Davis County, as well as smaller chains with a more local presence. Smith's Food & Drug is the most common grocery store, with six locations in the County. The closest grocery to the North Station site is Harmon's, which opened in 2011 as a key anchor for the Station Park development. Additionally, two national pharmacy chains were also identified, Walgreens and Rite Aid.

Map 6: Retail Framework, Davis County, 2016



7.4 MULTI-TENANT RETAIL DEVELOPMENT

This section highlights under construction and proposed multi-tenant retail developments in Davis County. It does not include single-tenant outparcel construction. Similar to the office profile, the majority of retail development activity is concentrated in or near Station Park. Current construction activity is limited to approximately 35,000 square feet that is being completed as part of the *Hyatt Place* hotel development in Station Park. Space under construction will be largely occupied by restaurants, including Blue Lemon, Chipotle, and Fire House Subs.

Planned projects are relatively limited, with the majority of the space planned as building-out the remaining square footage at Station Park. Planned multi-tenant projects include:

- *CenterCal* has plans for an additional 75,000 square feet of multi-tenant retail.
- Approximately 10,500 square feet of retail space has been announced as part of the transit oriented development at the *Clearfield* UTA FrontRunner station. No specific timing for this project has been announced.

Overall, there is 120,500 square feet of retail space either under construction or approved in Davis County. More than 90% of the future pipeline for retail space is part of Station Park.

7.5 DAVIS COUNTY RETAIL DEMAND FORECAST

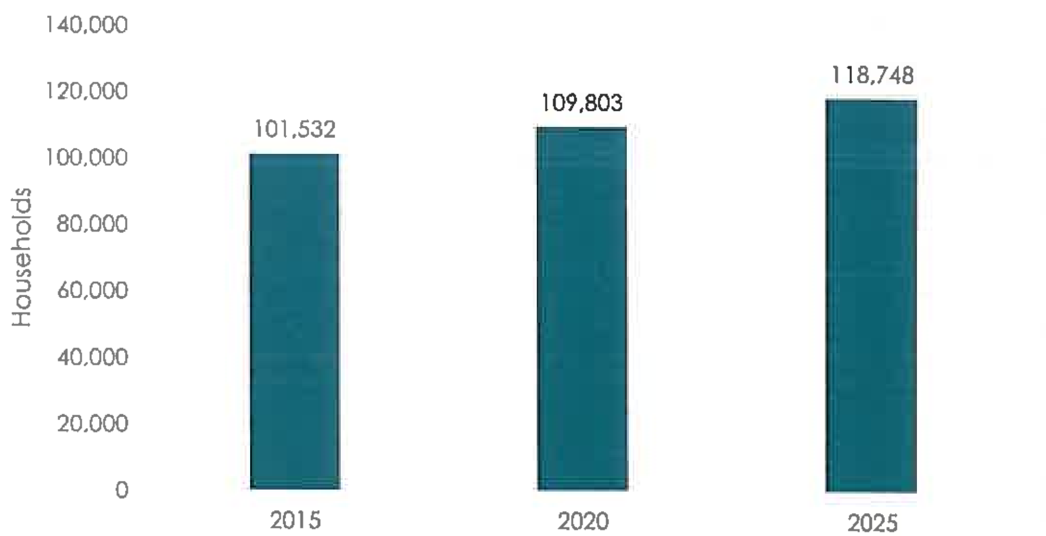
This section presents future demand for retail space in Davis County. The 2015-2025 demand was forecasted using the following method:

1. Calculating the County's total household income in 2015 and 2025 by applying the forecasted households to average income projections derived from ESRI
2. Estimating the County's expenditure potential based on reported data that indicates the percentage of income spent on various retail goods and services
3. Determining Davis County's sales through 2025, taking into account leakage resulting from resident commuting patterns
4. Estimating sales inflow from non-County residents, include those who work there and commuters traveling through the County Area to reach other destinations
5. Converting retail sales to square feet based on sales per square feet data by type of retail

7.5.1 HOUSEHOLD AND INCOME FORECASTS

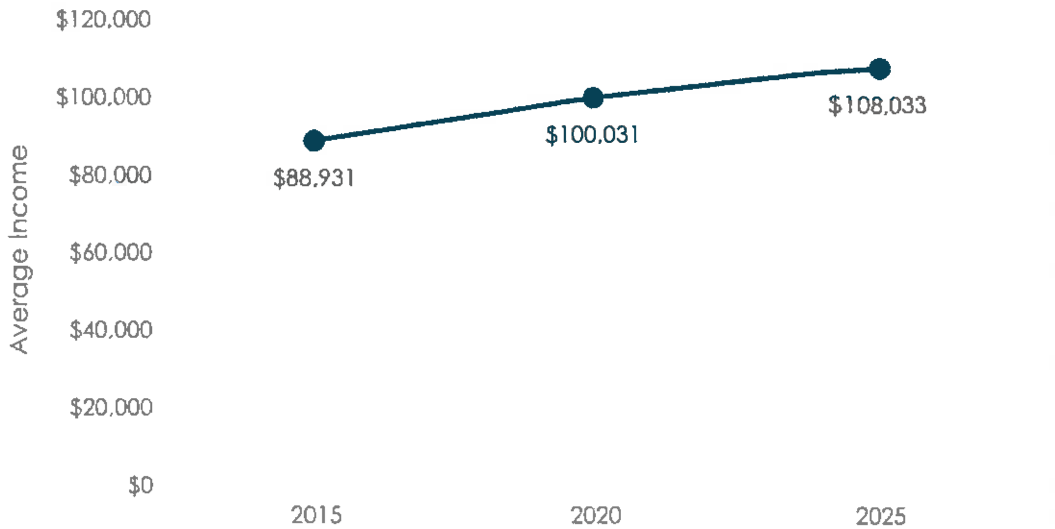
As shown in *Graph 19*, Davis County had an estimated 101,532 households in 2015. This analysis forecasts the addition of 17,216 households over the next ten years, reaching a total of 118,748 in 2025. This equates to a 17.0% growth rate, or 1.6% annually.

Graph 19: Comparison of Household Forecasts, Davis County, 2015-2025



Retail demand forecasts generally rely on average household income, which is typically higher than the median household income statistics reported previously in this analysis. According to ESRI, Davis County had an estimated average household income of nearly $89,000 in 2015. Based on income projections derived from US Census and ESRI trends, the County is expected to have an average household income of more than $108,000 by 2025 (*Graph 20*).

Graph 20. Average Household Income, Davis County, 2015-2025



7.5.2 RETAIL DEMAND FORECAST

Based on the methodology outlined above, Davis County has a forecasted demand of nearly 2.0 million square feet of retail space between 2015 and 2025. New retail demand could be accommodated in existing center vacancies, but also through development of new activity nodes. It is also possible that consumers would travel outside the County if supply is constrained by lack of available product. As shown in *Table 24*, Restaurants (16.6%), Building Materials and Supply Dealers (16.1%), Discount Stores (14.7%), and Supermarkets (12.3%) make up the largest demand categories for net new demand in the County.

Table 24: Retail Forecast, Davis County, 2015-2025

Retail Category	Net New Retail Sq.Ft.		2015-2025	% of
	2015-2020	2020-2025	Change	Total
Food Services - Restaurants	166,665	160,755	327,420	16.6%
Building Material & Supply Dealers	161,271	155,553	316,824	16.1%
Discount Stores	147,162	141,944	289,107	14.7%
Supermarkets & Other Groceries	123,438	119,061	242,500	12.3%
Other General Merchandise Stores	66,019	63,678	129,696	6.6%
Clothing Stores	62,851	60,622	123,473	6.3%
Department Stores	49,054	47,315	96,369	4.9%
Furniture Stores	30,659	29,572	60,231	3.1%
Pharmacies & Drug Stores	23,958	23,109	47,067	2.4%
Sporting Goods and Toy Stores	25,485	24,582	50,067	2.5%
All Other Categories	147,170	141,952	289,122	14.7%
Total	**1,003,732**	**968,142**	**1,971,874**	**100.0%**

Source: Kimley-Horn

Demand for 242,500 square feet in the Supermarket & Other Groceries classification would be supportive of three to five stores given the average size of approximately 50,000 square feet. Additional demand for grocery could be accommodated through other categories, such as discount stores and other general merchandise stores.

As shown in *Table 25*, excluding development pipeline of approximately 120,500 square feet equates to a total net development potential of over 1.8 million square feet in Davis County through 2025. It is likely that unannounced retail developments will enter the pipeline given the measured household growth and higher than average income levels demonstrated in recent trends.

Table 25: Net Retail Development Potential, Davis County, 2015-2025

Measure	Net Sq.Ft. Demand
Supportable Retail Development	1,971,874
Less Current and Proposed Development	(120,500)
Net Development Potential	1,851,374

Source: Kimley-Horn

8. APARTMENT PERFORMANCE OVERVIEW

This section analyzes market conditions and trends for apartments in Davis County, as well as the larger Salt Lake City market. The analysis includes inventory, net absorption, and vacancy rates, and rents. Apartment data was provided by REIS, which tracks trends for ten different submarkets in the Salt Lake City region.

In addition to performance trends, current snapshots of rents and vacancy for six comparable apartment communities in Davis County have also been provided. This analysis demonstrates performance at the newest, most competitive properties in the County, including Park Lane Village, located on the north side of Park Lane adjacent to the North Station site.

8.1 SALT LAKE CITY MARKET APARTMENT PERFORMANCE TRENDS

Inventory in the Salt Lake City apartment market increased by an average of 1,312 units annually over the last five years, ranging from 1,104 units in 2015 to 1,646 units in 2013 (*Table 26*). Annual deliveries were generally consistent in each year between 2011 and 2015. The Salt Lake City market averaged 1,606 units of net absorption annually, equating to a five-year under supply of nearly 1,500 units. Demand exceeded supply in three of the five years analyzed.

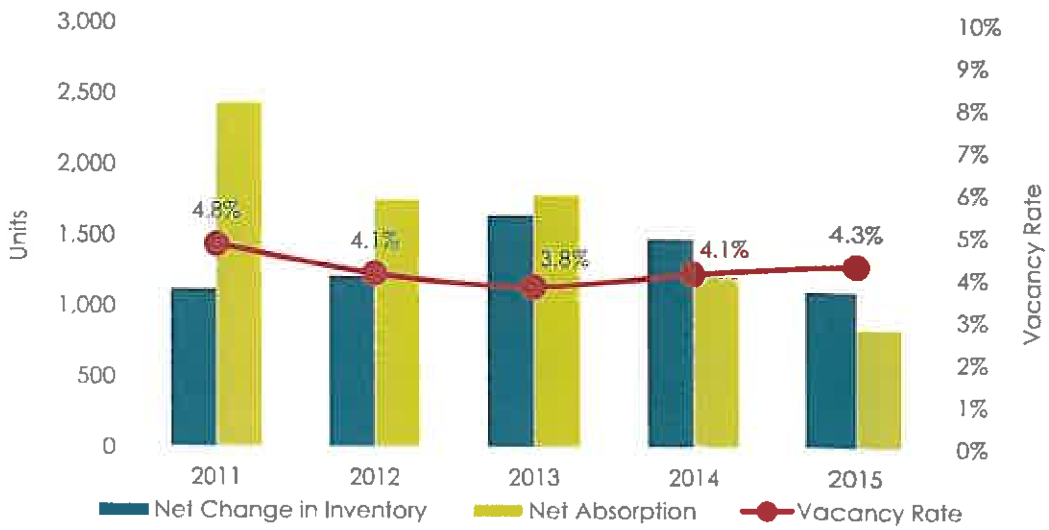
Table 26: Net Change in Inventory and Net Absorption, Salt Lake City Market, 2011-2015

Year	Net Change in Inventory	Net Absorption	(Over)/ Under Supply
2011	1,117	2,437	1,320
2012	1,215	1,752	537
2013	1,646	1,784	138
2014	1,478	1,217	(261)
2015	1,104	842	(262)
Total	**6,560**	**8,032**	**1,472**
Ann. Avg.	**1,312**	**1,606**	**294**

Source: REIS; Kimley-Horn

The highest vacancy rate in the Salt Lake City market over the last five years was reported at year-end 2011 at 4.8% (*Graph 21*). Robust net absorption in the following three years caused the vacancy rate to decline to a period-low of 3.8% by 2013. The vacancy rate has increased slightly to 4.3% in 2015, following the delivery of over 2,500 new units into the market. Net absorption outpaced completions in the first three years of the five-year analysis period. It should be noted that all five years analyzed were below the industry-standard 7% stabilized equilibrium for apartment vacancy.

Graph 21: Vacancy Rate Trends, Salt Lake City Market, 2011-2015



8.2 DAVIS COUNTY APARTMENT PERFORMANCE TRENDS

There are an estimated 10,181 market-rate apartments in Davis County in communities of 50 units or more (*Table 27*). Approximately one-third of the inventory has been completed since 2000, including over 2,700 units delivered in the last five years. The addition of nearly 4,400 units makes the 1980s the most active decade of apartment development. The 10,181 apartments in Davis County represented 11.8% of the regional total.

Table 27: Inventory by Decade Completed, Davis County, 2015

Decade Completed	Inventory (Units)	Share of Total
Before 1970	0	0.0%
1970's	814	8.0%
1980's	4,378	43.0%
1990's	1,629	16.0%
2000's	611	6.0%
After 2009	2,749	27.0%
Total	**10,181**	**100.0%**

Source: REIS; Kimley-Horn

For the five-year period from 2011 to 2015, there were over 1,600 new apartments delivered in Davis County or an average of 335 units annually (*Table 28*). Deliveries in Davis County represented approximately 25.6% of the regional total. Annual net absorption peaked at 698 units in in 2013, rebounding from the 76 units in 2011. The rebound in 2013 is reflective of larger national trends toward rental housing and corresponding declines in homeownership. During the five-year period, Davis County experienced a slight over supply of 125 units over five years, or only 25 units annually.

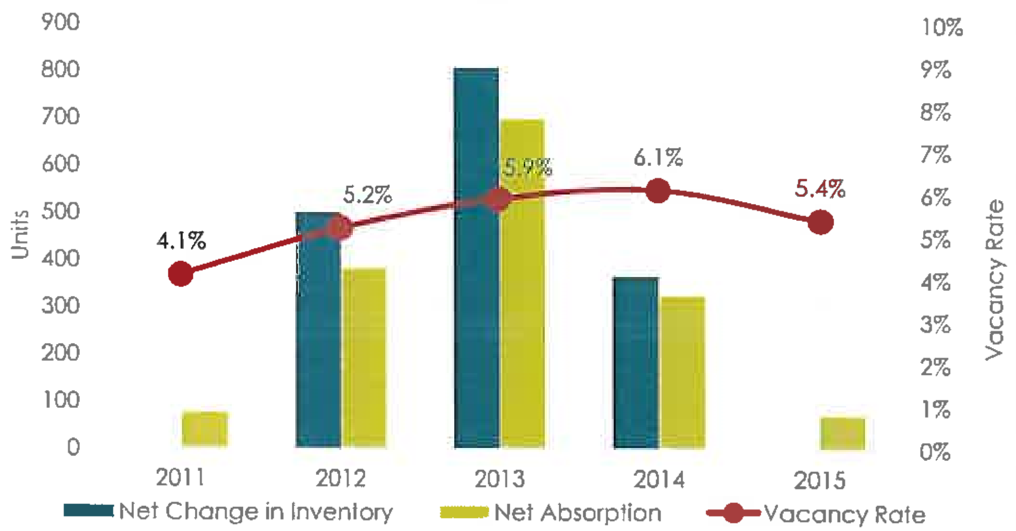
Table 28: Net Change in Inventory and Net Absorption, Davis County, 2011-2015

Year	Net Change in Inventory	Net Absorption	(Over)/ Under Supply
2011	0	76	76
2012	502	383	(119)
2013	809	698	(111)
2014	366	324	(42)
2015	0	71	71
Total	1,677	1,552	(125)
Ann. Avg.	335	310	(25)

Source: REIS; Kimley-Horn

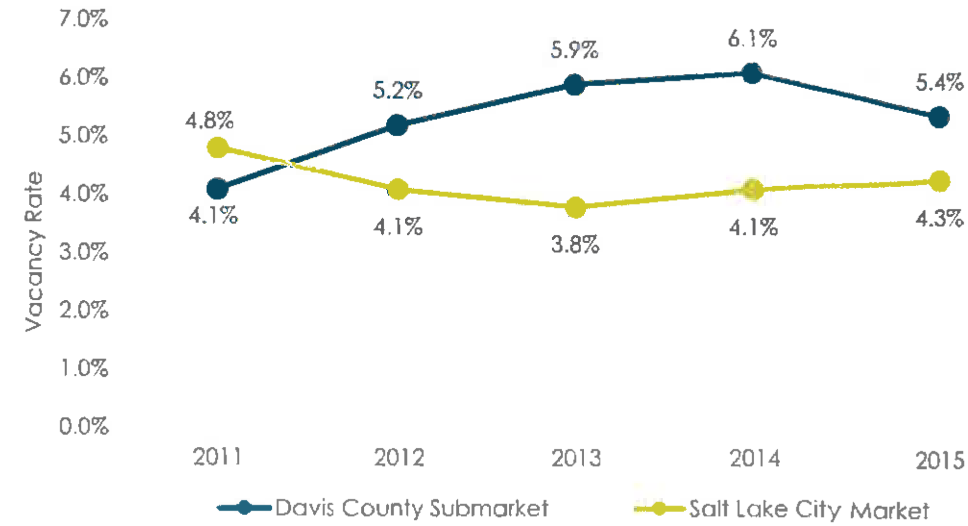
Following the delivery of nearly 1,700 over three years, vacancy in Davis County reached a five-year peak of 6.1% (*Graph 18*). The lack of new supply in 2015 allowed vacancy to decrease to 5.4% by year-end. Similar to the larger Salt Lake City market, all five years analyzed were below the industry-standard 7% stabilized equilibrium for apartment vacancy.

Graph 22: Vacancy Rate Trends, Davis County, 2011-2015



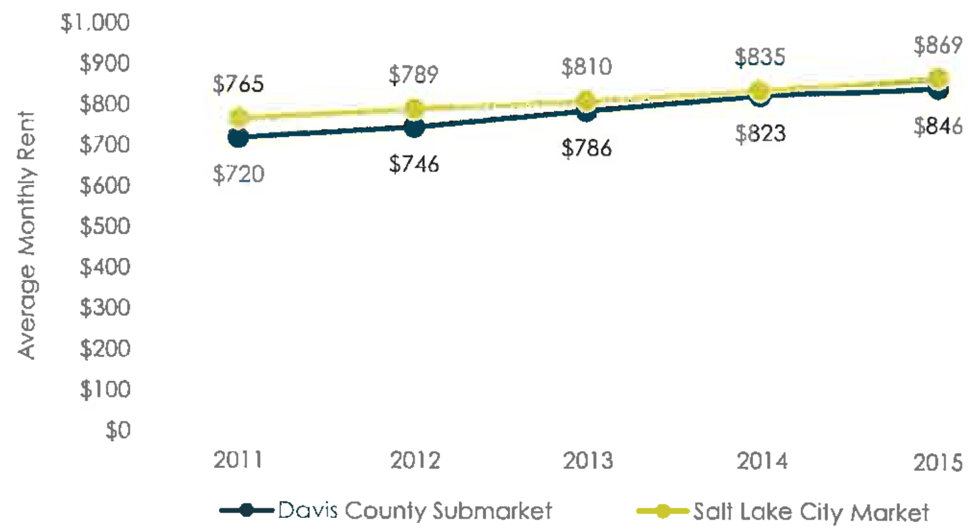
Graph 9 compares the vacancy rate trends in Davis County to the larger Salt Lake City apartment market between 2011 and 2015. Davis County's 5.4% rate at year-end 2015 was slightly higher than 4.3% reported for the Salt Lake City market.

Graph 23: Vacancy Rate Comparison, 2011-2015



The average monthly rent of $846 for Davis County at year-end 2015 was roughly comparable to $869 for the larger Salt Lake City market (*Graph 20*). The two geographies demonstrated a similar increase of approximately 13% to 15% between 2011 and 2015.

Graph 24: Comparison of Average Monthly Rent, 2011-2015



8.3 COMPARABLE APARTMENT COMMUNITIES

This section analyzes current vacancy rates and rents for six comparable communities in Davis County. The comparables, which are shown on *Map 7*, were selected based on date of completion, location, and construction quality.

The six comparable communities contain a total of 1,283 units (*Table 29*). Communities range in size from 92 units at Farmington Crossing to 410 units at Eaglewood Lofts, which recently delivered a new phase. The average 926-square-foot unit currently rents for $1,098, or $1.19 per square foot. The overall aggregate unit mix is 50.7% one-bedrooms, 30.9% two-bedrooms, and 18.4% three-bedrooms. There are no studio or efficiency units currently offered in the six comparable communities.

Table 29: Comparable Apartment Communities, Davis County, 2015

Map Key	Community	Location	Jurisdiction	Management	Status	Year Open	Unit Mix 1BR	2BR	3BR	Total	Avg. Sq.Ft.	Avg. Rent	Rent/ Sq.Ft.
1	Eaglewood Lofts	325 South Orchard Drive	North Salt Lake	Alliance Residential	Stabilized/Lease-up	2013/2015	201	86	123	410	943	$1,139	$1.21
2	Park Lane Village	500 N Broadway	Farmington	Alliance Residential	Stabilized	2012	216	98	10	324	808	$1,045	$1.29
3	Legacy Crossing	1162 W 200 N	Centerville	AMC Management LLC	Stabilized	2012	144	62	0	206	819	$979	$1.20
4	The Villas on Main Street	1475 N Main Street	Layton	Alliance Residential	Stabilized	2013	36	72	36	144	997	$1,073	$1.08
5	The Hills at Renaissance	467 West 1875 South	Woods Cross	AMC Management LLC	Stabilized	2013	50	40	17	107	1,017	$1,080	$1.06
6	Farmington Crossing	985 West Willow Garden Paseo	Farmington	Tree Rentals & Sales	Stabilized	2013	4	38	50	92	1,271	$1,424	$1.12
Total/Avg.							651	396	236	1,283	925	[illegible]	$1.19
Share							50.7%	30.9%	18.4%				

Source: ALN Apartment Data; Kimley-Horn and Associates

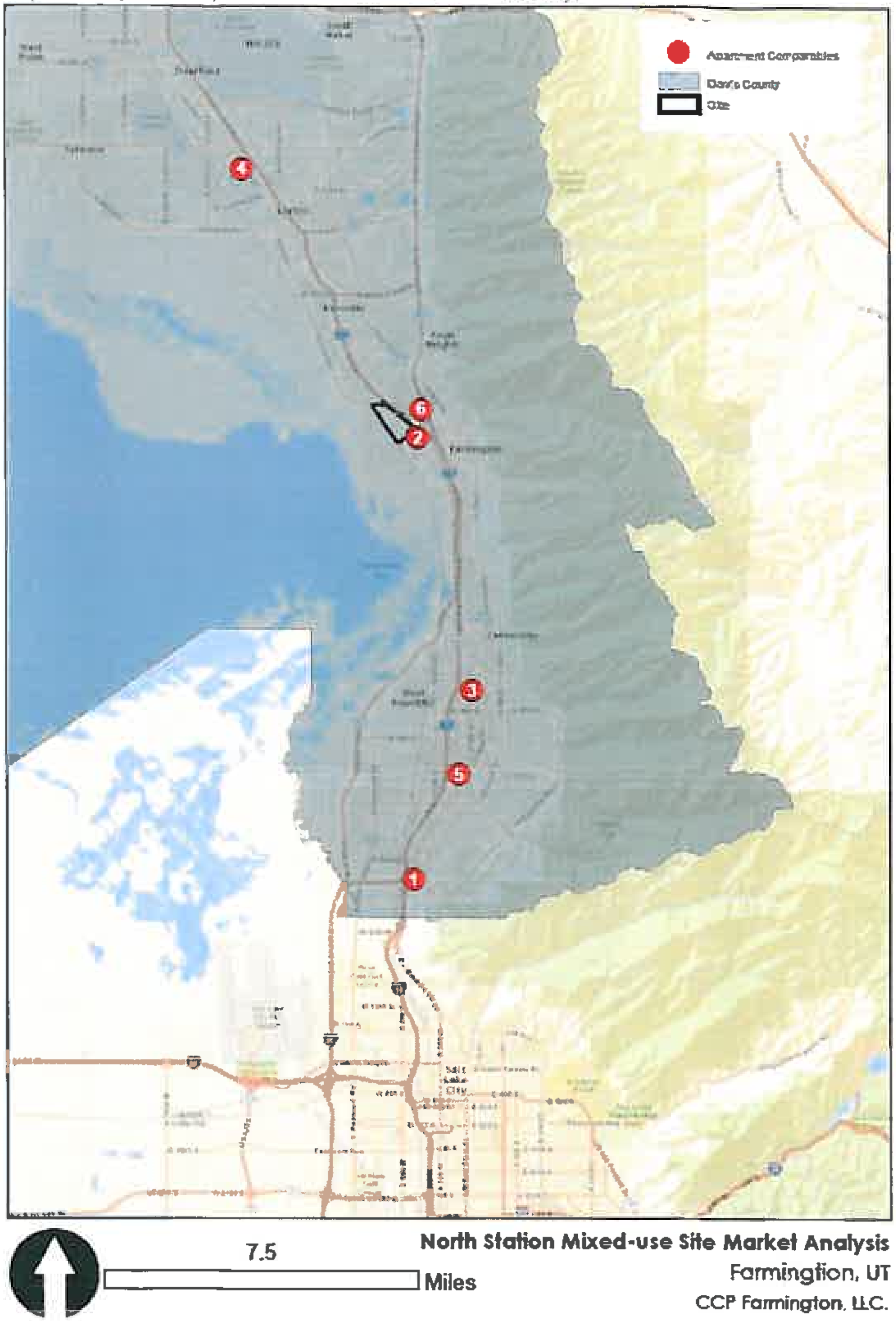
All of the communities were completed within the last four years, with Park Lane Village and Legacy Crossing representing the oldest developments. A new phase of Eaglewood Lofts was recently completed, and lease-up is underway. Combined, the two phases total 410 units, making Eaglewood Lofts the largest comparable development. Farmington Crossing is the smallest, offering 92 one-, two-, and three-bedroom units. The average size for the most competitive apartment properties in Davis County is approximately 200 to 250 units.

One-bedroom units comprise approximately half of the total apartment inventory, resulting in a smaller aggregate average unit size of 925 square feet. Average community unit sizes range from 819 square feet at Legacy Crossing, which is 70% one-bedroom, to 1,271 square feet at Farmington Crossing, which has a comparatively high share of three-bedrooms. Farmington Crossing is unique in that it is a townhouse-style community, including for-sale condominiums and rental apartments. It was built in 2013 and is made up of 500 total units, 92 of which are for-rent.

Park Lane Village is the closest comparable community, adjacent to the North Station site. This community is the only one that offers pedestrian accessibility to a FrontRunner transit station. This proximity, along with access to retail and entertainment at Station Park, are key contributing factors to Station Park having the highest average rent per square foot at $1.29 (*Graph 25*). The Villas at Main Street and Hills at Renaissance have the lowest average lease rates at $1.08 and $1.06, respectively.

Graph 25: Average Unit Size v. Average Rent/Sq.Ft., 2016

Map 7: Comparable Apartment Communities, Davis County, 2016



The overall vacancy rate in the six comparable apartment communities is currently 5.5% (Table 30). Generally, vacancy rates are relatively consistent, ranging from 2.8% at The Hills at Renaissance to 9.0% at Eaglewood Lofts. Eaglewood Lofts' first phase was built in 2013, followed by a second phase completed last year, which is still in lease-up. The first phase of Eaglewood is at 100% occupancy, whereas Phase 2 is at 81% occupancy. Excluding Eaglewood Lofts, the stabilized average vacancy rate in the comparable communities is only 3.8%.

Table 30: Vacancy at Comparable Apartment Communities, Davis County, 2016

Community	Location	Owner/ Manager	Year Open	Total Units	Vac. Units	Vac. Rate
Eaglewood Lofts	325 South Orchard Drive	Alliance Residential	2013/2015	410	37	9.0%
Park Lane Village	500 N Broadway	Alliance Residential	2012	324	12	3.7%
Legacy Crossing	1162 W 200 N	AMC Management LLC	2012	206	6	2.9%
The Villas on Main Street	1475 N Main Street	Alliance Residential	2013	144	10	6.9%
The Hills at Renaissance	467 West 1875 South	AMC Management LLC	2013	107	3	2.8%
Farmington Crossing	985 West Willow Garden Paseo	Treo Rentals & Sales	2013	101	3	3.0%
Total				**1,292**	**71**	**5.5%**

Source: ALN Apartment Data; Kimley-Horn and Associates

The apartments covered in this performance review offer similar interior and community features. Of the six communities in the review, half offer stainless steel appliances and half offer black appliances. All communities offer built-in microwaves. In addition, the majority of apartment communities include washer and dryers as part of the base monthly rent. All apartments reviewed have granite or solid surface countertop finishes and a combination of faux hardwood and carpeting flooring.

Most of the comparable communities are walk-up, garden-style communities; however, Park Lane Village and Legacy Crossing have elevators. Apartment community amenities that all communities offer include: a club house, swimming pool, and fitness center. A majority of the communities offer outdoor living spaces, children's playground, grilling stations, a fire pit or outdoor fireplace, a dog park, and trail or park access. Other common amenities include a business center, game room, controlled access to the property, and a running track.

8.4 APARTMENT DEVELOPMENT PIPELINE

Three apartment communities were identified as being either under construction or proposed in Davis County, two are part of Station Park. *Clark Lane Village* is currently under construction offering a total of 142 units. This community will have seven buildings on 4.4 acres, immediately south of Station Park on Clark Lane. The community is expected to be complete in early-2017.

In addition to Clark Lane Village, there are two additional apartment developments in the planning stages:

- The second phase of *Park Lane Village* is planned for at least 400 units; the new units are expected to break ground this year
- The *Clearfield Station* development is planned to have a total of 550 multi-family units

The three new communities could add a total of 1,092 market-rate apartments to the inventory in Davis County. Clark Lane Village should be completed in 2017, followed by full completion of Park Lane Village in 2018. The start of construction at Clearfield Station is uncertain, but at least a portion of the planned units are likely to be open within five years.

8.5 DAVIS COUNTY APARTMENT DEMAND FORECAST

Future apartment demand has been forecasted by analyzing household growth in Davis County between 2015 and 2025. The 2010 U.S. Census reported a 21.9% renter share in the County (see Section 5.4.2). It should be noted that this analysis relies on the measure for household tenure, which excludes vacancy housing units.

As shown in *Table 31*, this analysis uses a 22.0% renter household share, holding the 2010 measure relatively constant to provide a conservative forecast. Davis County experienced a modest increase in renter-occupancy between 2010 and 2015, consistent with national trends. Many market areas continue to experience shifts toward renter tenure with an uptick in new apartment construction. Applying the 22% share to forecasted household growth from ESRI indicates that Davis County could add approximately 3,787 rental households through 2025.

Table 31: Net Multi-Family Demand, Davis County, 2015-2025

			2015-2025 Δ	
	2015	2025	#	%
Davis County Household Forecast	101,532	118,748	17,216	17.0%
Davis County Household Growth			17,216	
Forecasted Renter Share			22.0%	
Davis County Rental Household Growth			3,787	
Forecasted Apartment Share			60.0%	
Estimated Davis County Apartment Capture			**2,272**	

Source: Kimley-Horn

According to the US Census' American Community Survey, structures with at least three units comprised 53.1% of the total rental inventory. This analysis assumes that approximately 60% of the total renter household growth would be accommodated in traditional multi-family development. The higher share is due to housing preferences often quoted by both the Millennial and Baby Boomer generations, typically seeking highly-amenitized communties with proximity to shopping, dining, and recreation options. While investor-owned single-family product will still fulfill a portion of the total rental population, a majority of the incremental new demand over the next ten years will gravitate to multi-family development.

As shown in *Table 32*, excluding development pipeline of approximately 1,090 units equates to a total net new development potential of nearly 1,200 apartments in Davis County through 2025. Locations with proximity to transit will be highly attractive for higher-density residential development.

Table 32: Net Apartment Development Potential, Davis County, 2015-2025

Measure	Net Unit Demand
Supportable Apartment Development	2,272
Less Current and Proposed Development	(1,090)
Net Development Potential	1,182

Source: Kimley-Horn

9. HOSPITALITY PERFORMANCE OVERVIEW

This section provides performance trends for hotels in Davis County. Base trend data was provided by Smith Travel Research (STR), a national hospitality third-party source. Under construction and proposed hotel deals in Davis County have also been profiled.

9.1 DAVIS COUNTY HOTEL PERFORMANCE TRENDS

9.1.1 ROOM INVENTORY

As of March 2016, there were 1,825 hotel rooms in Davis County (*Table 33*). Approximately 51.6% of the rooms were completed in the 1990s, making it the most active decade of construction. Another 31.1% were completed in the 2000s, followed by 11.7% in the 1980s. There have only been 83 hotel rooms completed in the County since 2010, located at the Hampton Inn and Suites in Farmington.

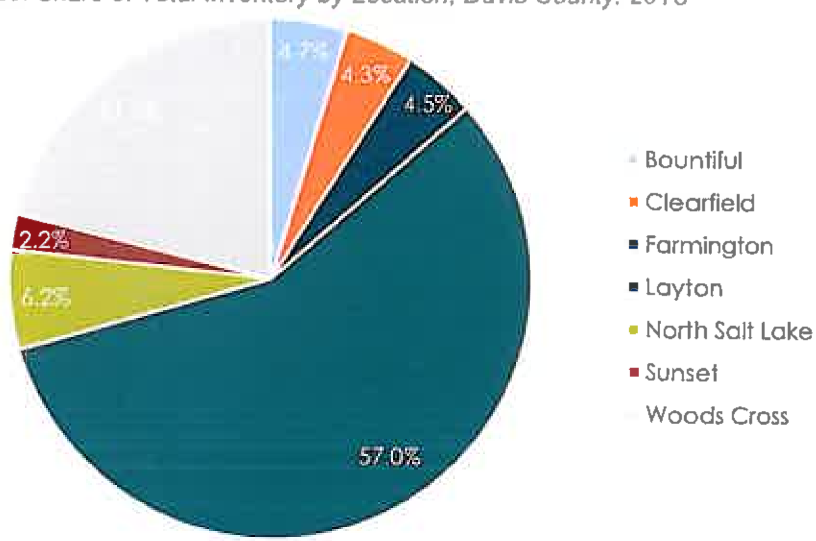
Table 33: Hotel Rooms by Decade Completed, Davis County, 2016

Decade Opened	# of Rooms	Share of Total
Before 1980	20	1.1%
1980s	213	11.7%
1990s	941	51.6%
2000s	568	31.1%
After 2010	83	4.5%
Total	**1,825**	**100.0%**

Source: STR

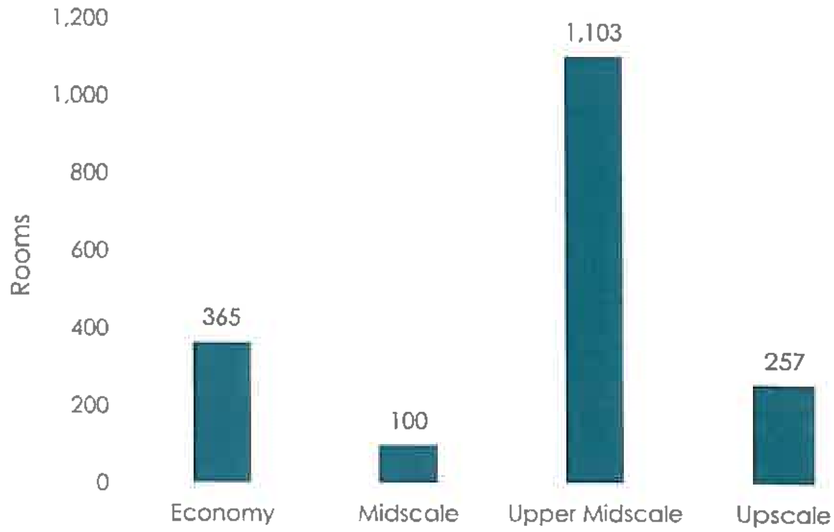
Approximately 57.0% of the hotel rooms in Davis County are located in Layton, largely driven by the presence of Hill Air Force Base (*Graph 26*). Woods Cross has the second highest share of rooms at 21.0%, followed by North Salt Lake at 6.2%. According to STR, the only hotel in Farmington is the new Hampton Inn; offering 83 rooms, Farmington captures 4.5% of the total inventory.

Graph 26: Share of Total Inventory by Location, Davis County, 2016



Graph 27 breaks out the inventory of hotel rooms in Davis County by class. Approximately 60% of the rooms in the County are classified as Upper Midscale, representing the largest market segment. The 365 Economy rooms make up another 20%. There are only two hotels classified as Upscale in the County, a Courtyard and a Hilton Garden Inn, both located in Layton.

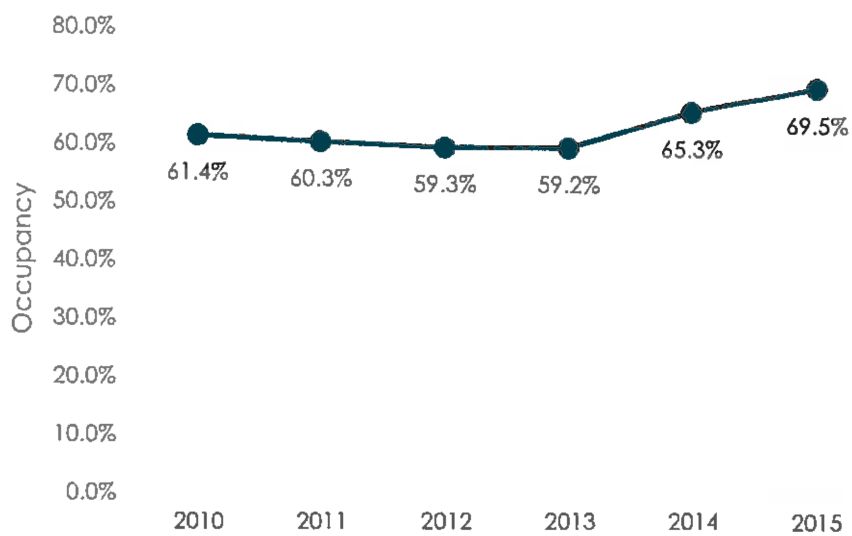
Graph 27: Hotel Rooms by Class, Davis County, 2013



9.1.2 OCCUPANCY TRENDS

Occupancy is defined as the number of rooms sold divided by the total rooms available in the County. Occupancy in Davis County was lowest in 2009 at 54.8% (Graph 16). After a decline following the 2007-2009 Recession, occupancy has quickly recovered to 69.5% in 2015. The lowest occupancy measured was in 2013 at 59.2%. Occupancy in March 2016 reached 70.7%.

Graph 28: Hotel Occupancy, Davis County, 2010-2015



9.1.3 RATE TRENDS

Average daily rate (ADR) is the room revenue divided by the total rooms sold. The measure is displayed as the average rental rate for a single room. As shown in *Graph 29*, the ADR in Davis County has increased each year since 2010, growing from $70.63 to $81.23. Over the six-year period, average daily rates increased by 15%.

Graph 29: Average Daily Rates, Davis County, 2010-2015

Graph 30 demonstrates the trend in revenue per available room, or RevPAR, in Davis County since 2010. RevPAR is defined as room revenue divided by the number of rooms available. Hoteliers rely on RevPAR to strike a performance balance between occupancy and rate. Davis County reported a RevPAR of $56.44 in 2015, the highest in the last six years. RevPAR remained relatively constant between 2010 and 2013, before increasing by 26.9% in the two-year period between 2013 and 2015.

Graph 30: Average RevPAR, Davis County, 2010-2015

9.2 HOTEL DEVELOPMENT PIPELINE

The only hotel under construction in Davis County is the 108-room Hyatt Place in Station Park. Expected to open in the spring, the Hyatt Place is classified as an upscale hotel. It will join the Hampton Inn and Suites as the second flagged hotel in Farmington. The Hyatt Place will also have 35,000 square feet of ground-level retail. No other hotels have recently been announced in Davis County.

10. NORTH STATION SITE RECOMMENDATIONS

This section relies on the market-based trend and forecast details to determine the highest and best uses for the North Station property. Real estate market potential for the site is provided, including demand forecasts and recommended price points for office, retail, multi-family, and hospitality uses.

10.1 DAVIS COUNTY DEMAND SUMMARY

Projections for the North Station site are based on captures of Davis County demand forecasts by use presented earlier in this analysis. Based on future employment growth, demand for office space in Davis County is expected to exceed 1.0 million square feet between 2015 and 2025. This net measure excludes office developments that are under construction or proposed in Davis County.

Land Use	Projected 10-Year Net Demand	Measure
Office	1,090,400	Square Feet
Retail	1,851,400	Square Feet
Multi-Family	1,200	Units

Retail and apartment unit growth projections are based on forecasted population and household growth in Davis County over the next ten years. Strong population projections, coupled with above average household incomes, could support more than 1.8 million square feet of new retail space in Davis County. The County also has projected net demand for 1,200 new apartments over the next ten years. Similar to office projections, forecasts presented above exclude demand allocated to projects already in the development pipeline.

10.2 NORTH STATION MARKET POTENTIAL

Based on current market conditions, development potential for the office, retail, apartment, and hospitality market sectors in Davis County will vary as the market continues to grow. The following rating system has been applied to demand projects by real estate sector to indicate timelines for potential development opportunities for the North Station site.

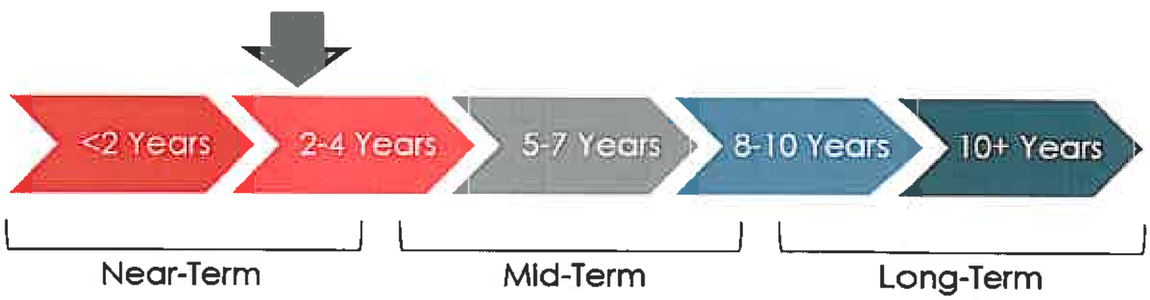
This analysis assumes that a new interchange is constructed at Shepard Lane, opening up access to the north portion of the site. Traffic congestion on Park Lane continues to grow, and could limit development potential at the site with no alternative access points. Based on feedback from local officials and real estate professionals, this analysis assumes that the preferred alignment for the future West Davis

Corridor will have a southern starting point at Glovers Lane. This would allow for an interchange at Shepard Lane that utilizes a more urban footprint, maximizing development potential on the site.

It is important to note that the site potential outlined in this section is for a ten-year period. Based on research into the three benchmark developments, full build-out of the North Station site is likely to extend beyond a ten-year period. As such, longer-range land planning for the North Station site will be an important component of the development process, setting aside key properties for future opportunities.

10.2.1 OFFICE

Given increased development momentum at Station Park, market conditions indicate short-term opportunities for new office space. Offering the one of the few remaining large-tract sites for development with access to I-15, North Station would be a highly coveted location for employment uses. In recent years, traditional employer location preferences have begun to shift, focusing on desires of employees as a way to attract top talent. Employers anticipate that their employees are more satisfied in places that offer diverse, connected land uses. The North Station site's proximity to shopping, dining, and entertainment, as well as the FrontRunner transit corridor, will elevate demand at property above many others in Davis County.



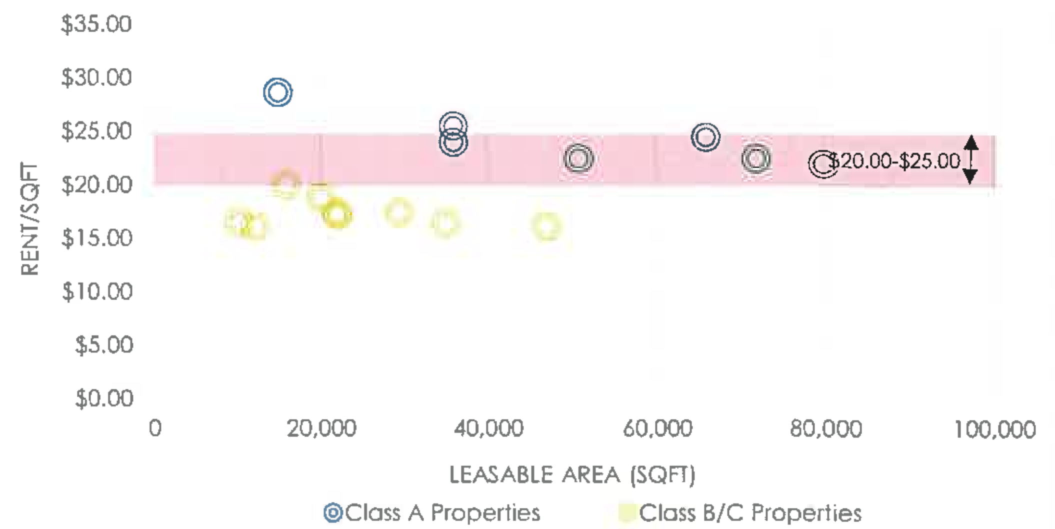
Davis County currently represents 3.9% of the office inventory in the Salt Lake City market. However, feedback from local brokers and economic development professionals indicate that the office market is strengthening in Davis County. This is further exhibited by the relocation of Vista Outdoor headquarters, as well as expansions at Pluralsight in Station Park. Overall, occupancy for office space in Station Park is higher than the County-wide average. Farmington's ease of access into downtown Salt Lake City, as well as the Salt Lake City International Airport, can be used as key marketing strategies to potential tenants.

Based on future employment growth, demand for net new office space in Davis County is projected at nearly 1.1 million square feet. Few locations in Davis County offer the level of visibility and accessibility, in addition to proximity to transit and retail services. As such, this analysis projects that the North Station site could capture between 50% and 60% of the County-wide demand total. Once under construction Clearfield Station could offer a similar level of access to transit in a mixed-use development format. However, Farmington's proximity to the airport and Salt Lake City will likely drive development to this area sooner than Clearfield. At these capture rates, the North Station site could support between 545,000 and 655,000 square feet of office space over the next ten years.

Office space should be considered in a wide variety of product types including Class A space, as well as flex/business space catering to research, development, and technology companies. Additionally, medical office space could be a consideration given the near completion of the University of Utah Medical Center building across Park Lane. Class A buildings would be competitive at three to five stories in height with 20,000- to 25,000-square-foot floorplates. Although smaller than the floorplates that are being built in campuses south of Salt Lake City, this size would allow more flexibility for companies looking to locate in Farmington. Flex/business building product should have a modern design and be two stories in height with a similar 20,000-25,000 square-foot floorplate.

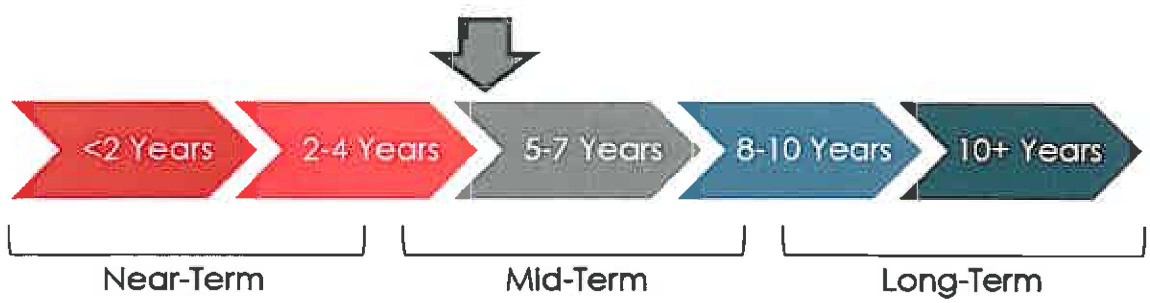
Based on competitive properties, Class A office space at the North Station site would be competitive at $20.00 to $25.00 per square foot (*Graph 31*). Recommended lease rates are based on 2016 dollars. Multi-tenant Class A office space at Station Park is currently leasing for approximately $25 per square foot. This office space above or adjacent to the lifestyle center would likely generate a premium over the North Station site, at least until supporting land uses are underway.

Graph 31: Recommended Class A Office Lease Rates, North Station Site, 2015-2025



10.2.2 RETAIL

Station Park is a highly successful retail activity node attracting customers from all over the region. However, the success of the development has led to traffic and congestion issues along Park Lane. While some additional retail space could be accommodated on the north side of Park Lane, any significant retail development potential would be attracted to a new interchange at Shepard Lane. The mid-term development potential for retail at the North Station site is not a reflection of perceived demand, only an acknowledgement that constructing a new interchange will take time.

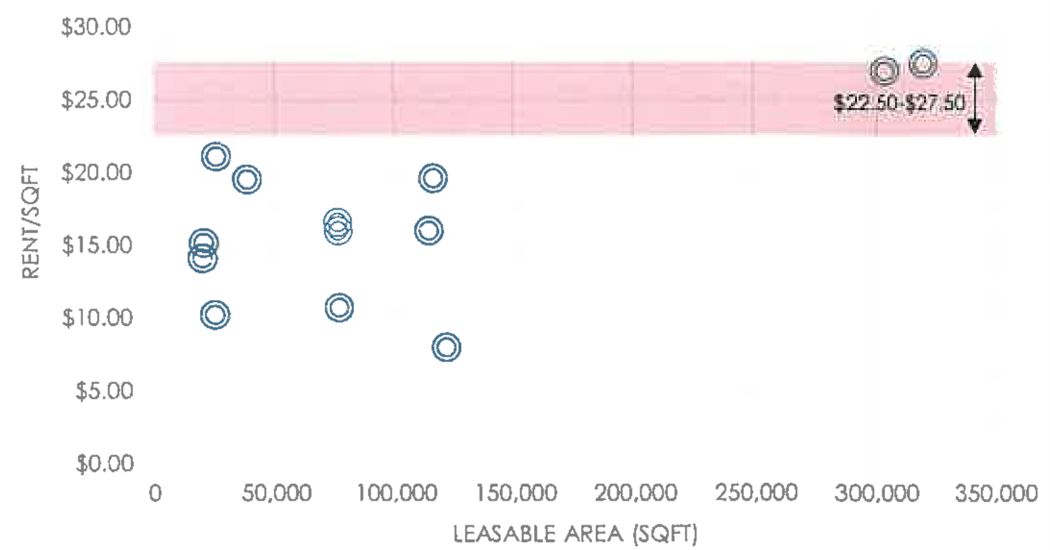


Given a forecast of over 17,000 new households in Davis County through 2025, a return to retail development is forthcoming. The expanding population, coupled with an increasing labor force, will support strong retail demand in the coming years. Only 120,500 square feet of retail space was identified as being under construction or proposed, with most of the new space located at Station Park. Over the next ten years demand for retail in Davis County is forecasted at over 1.8 million square feet. Much of the new development will locate near concentrations of new residential, seeking to be close to potential customers.

Capitalizing on a new interchange, North Station could capture between 25% and 35% of the total Davis County retail demand. Based on these captures, the site could accommodate between 460,000 and 650,000 square feet of new retail space. With a location at the northern end of the property, retail space at North Station could be differentiated from Station Park, either in development form or tenants. Again, these forecasts are based on the assumption that a new interchange at Shepard Lane will be completed with a relatively urban footprint that allows for easy access to the site. Deviations from this assumption could reduce the capture for retail space at North Station.

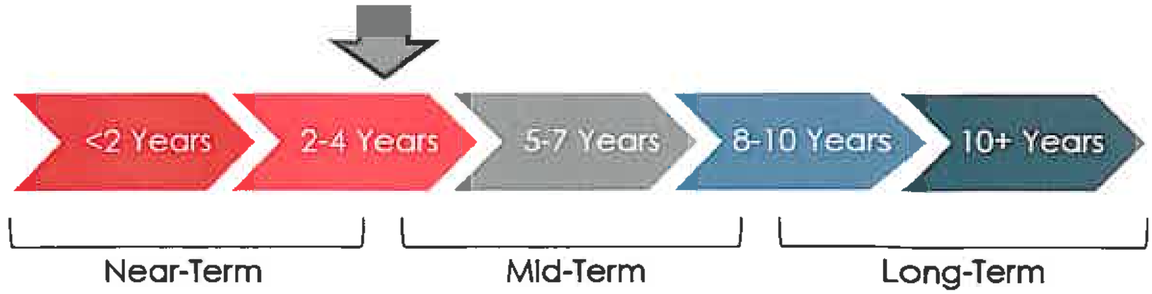
Based on the competitive shopping centers serving Davis County, retail rents for the North Station site could range from $22.50 to $27.50 per square foot (*Graph 32*). Depending on development pattern, rents could be higher or lower than projected. For example, vertically mixed-use retail product is likely to achieve a premium over a single-use suburban center design. However, rents should be roughly comparable to measures achieved at Station Park.

Graph 32: Recommended Retail Lease Rates, North Station Site, 2015-2025



10.2.3 MULTI-FAMILY

With low vacancy rates and rents averaging $1.20 per square foot, the North Station area is likely to attract multi-family development as part of a mixed-use concept. There are currently 142 units under construction adjacent to Station Park, and another 400+ units planned as a second phase of Park Lane Village adjacent to the site. The near- to mid-term horizon suggested in this analysis considers construction, lease-up, and stabilization at these new nearby communities. Additionally, new office development at the site would be an important driver of demand for apartments.

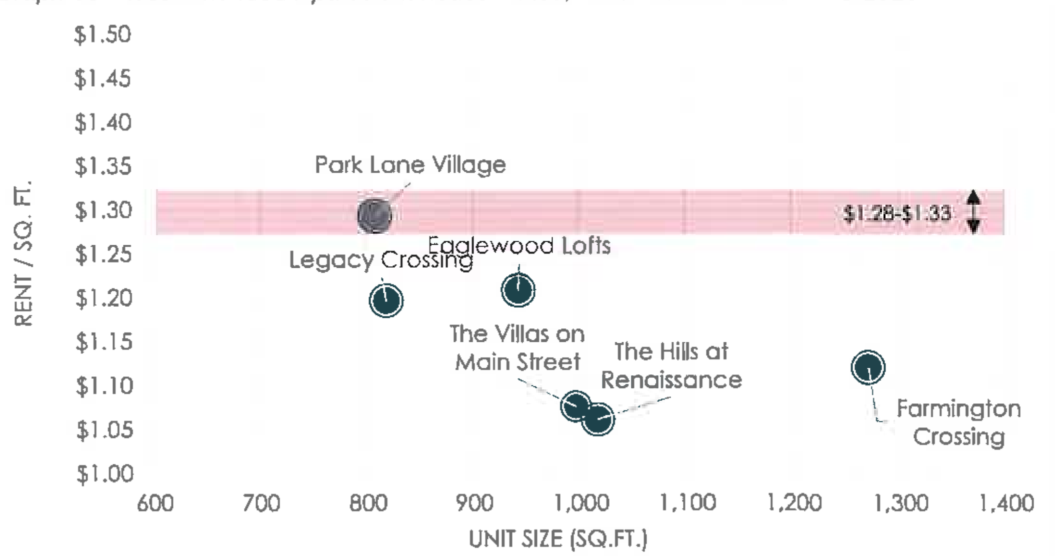


Nationally, apartments are a leading real estate sector capitalizing on pent-up demand following the 2007-2009 Recession, as well as shifting lifestyle preferences driven by Millennials and Baby Boomers seeking to downsize. While the Salt Lake City market has one of the lowest median ages in the United States, many of these younger residents are starting families and seeking single-family detached houses. As such, the share of renter-occupied households in Davis County is low at approximately 22%. However, even with a lower renter share, strong population growth would support 1,200 new apartments in the County over the next ten years in addition to product already in the pipeline.

Based on the North Station site's access to transportation options and retail services, but weighed against the 540-unit pipeline for development, a capture of 35% to 50% of Davis County's future apartment demand is appropriate. This equates to 400 to 600 new units over the next ten years in addition to what is already under construction and proposed. Based on average community sizes, the new unit demand could be accommodated in two to three new communities.

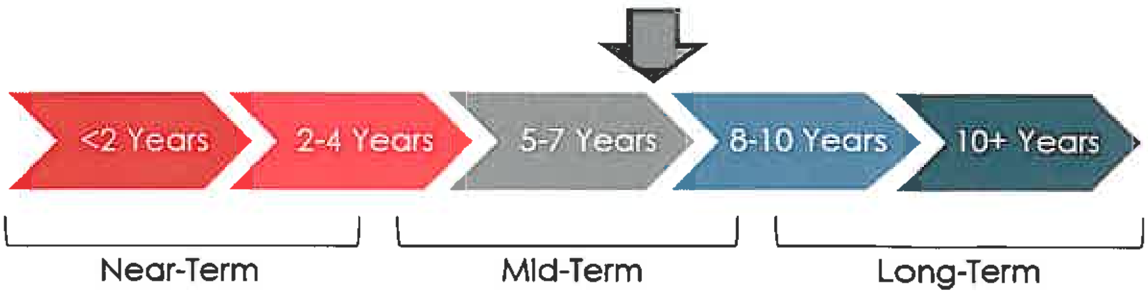
The six comparable communities identified in this analysis have an average rent per square foot of $1.19. As shown in *Graph 33*, lease rates at the North Station site would be competitive at $1.28 to $1.33 per square foot. However, as additional development occurs on the site offering a mixture of uses on the north side of Park Lane, lease rates could be competitive at the top of the market. Currently, Park Lane Village has the highest average rent per square foot of any community at $1.29.

Graph 33: Recommended Apartment Lease Rates, North Station Site, 2015-2025



10.2.4 HOSPITALITY

The Hyatt Place hotel is nearing completion at Station Park, one of the last uses to be built as part of the mixed-use development. The mid- to long-term market potential for hospitality uses at the North Station site acknowledges the need for employers and retailers to activate the property to help generate demand for hotel stays.



Hotel demand in Davis County can be measured by increasing occupancy and rate trends for hotel rooms in the last three years. In total, Davis County has over 1,800 hotel rooms, however, only one new hotel has been completed since 2010 – a Hampton Inn & Suites in Farmington. The Hyatt Place at Station Park will provide a new upscale option in the County, with pedestrian accessibility to shops, dining, entertainment, and employers. Occupancy and average daily rates at the Hyatt Place are expected to out-perform County-wide averages.

The Davis County hotel market has been traditionally dependent on transient stays related to Hill Air Force Base. However, as commercial activity nodes, such as Station Park, evolve demand from corporate transients and tourists will expand. The corporate transient market consists of those who are traveling for business purposes, except for large meetings, convention and tradeshows. Sales visits, research, small training sessions, and executive education are all considered to be in the corporate transient segment. This is particularly relevant as the PluralSight expansion and new construction at Vista Outdoor and University of Utah's medical facility are completed. Although only 20% of the visitors of Lagoon are from outside the region, these tourists will drive demand for hotel stays.

As the North Station site builds out, adding employees, retail customers, and additional residents, one to two new hotels could be accommodated. The hotels would likely be limited or full service, categorized as Upper Midscale or Upscale. Hotels would gravitate towards retail nodes, seeking to provide customers with options for shopping and dining. As such, development would most likely occur initially near the new Shepard Lane interchange.

Average Daily Rates (ADR) and RevPar have grown steadily in the last six years, with notable increases since 2013, as travel and tourism rebound from the 2007-2009 Recession. In fact, RevPAR increased by 26.8% between 2013 and 2015. Forecasts project that rates in and near Farmington will generate a premium over the County-wide average, driven by attractions such as Lagoon and Station Park. Occupancy and rates Davis County, and more specifically in Farmington, will continue to experience positive momentum in the future.

10.3 NORTH STATION SITE RECOMMENDATIONS

Based on real estate market potential described above, Kimley-Horn has prepared a conceptual bubble diagram of potential future land uses on the North Station site. The bubble diagram considers how various real estate sectors gravitate to location attributes, most notably access and visibility. Potential internal street alignments depicted on the development concept were provided by Chartwell Capital Partners. From a land-planning perspective, the following considerations are made:

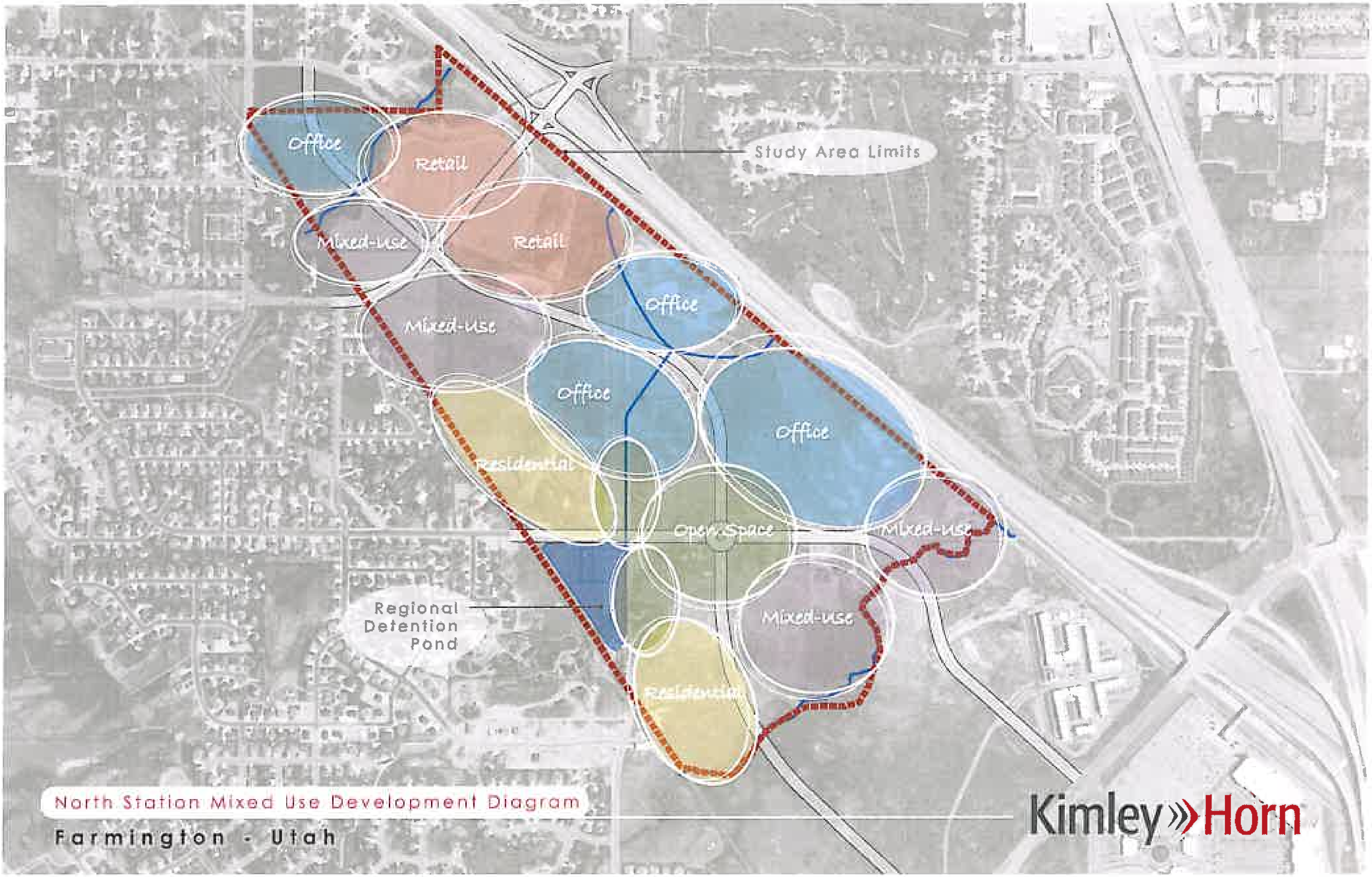
- Given the high traffic counts currently measured on Park Lane, land surrounding a new interchange at Shepard Lane would be most appropriate or future retail demand at the North Station site. The interchange would offer immediate accessibility for retailers, without adding more vehicle trips to Park Lane. With the addition of a new interchange, this area provides the highest levels of accessibility and visibility, coveted by retail tenants.

- With a new internal street network connected to an interchange at Shepard Lane, office tenants would be attracted to land central to the North Station site, capitalizing on visibility from I-15. Office space should be considered in a wide variety of product types including Class A space, as well as flex/business space catering to research, development, and technology companies. Additionally, medical office space could be a consideration given the near completion of the University of Utah Medical Center building across Park Lane. Medical users would be most likely to gravitate to properties with proximity to the new University of Utah facility; this could be a target tenant for land immediate north of Park Lane.

- Mixed-use bubbles have been provided to demonstrate important transition zones between the North Station site and surrounding land uses. These nodes could be used to gradually step down development intensity to buffer existing single-family residential neighborhoods or allow for flexibility of use to respond to market-demand over the course of the next ten years. Mixed-use nodes would be appropriate for a variety of land uses, but are particularly relevant for multi-family residential and hospitality development supported by smaller scale retail and professional office space.

- Although for-sale residential product was not a focus of this analysis, pockets of single-family detached and attached units (townhouses) could be appropriate on the periphery of the site in order to protect and buffer existing residential neighborhoods. Multi-family product would also be attracted to these areas.

- Open space and greenways should be incorporated throughout the development to provide future retail customers, employees, and residents access to outdoor amenities. Greenway trails through the site, should connect to larger regional systems like Legacy Parkway and the Denver Rio Grande Western Rail Trail, allowing for alternative transportation options besides single-occupant vehicles. The creation of an internal connection to the UTA FrontRunner Station is critical.


Study Area Limits
Office
Retail
Mixed-use
Retail
Office
Mixed-use
Office
Office
Residential
Open Space
Mixed-use
Mixed-use
Regional Detention Pond
Residential
North Station Mixed Use Development Diagram
Farmington - Utah
Kimley»Horn

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