

May 28, 2020

Dear Planning and Zoning Commission,

Planning and
Zoning Commission
City of Plano
Plano Municipal Center
1520 K Avenue
Plano, TX 75074

We are coming to you to request a change in our PD Ordinance No. 2014-11-7 regarding the retail spaces under the multifamily on Beacon Square Blvd. This is an interior street and spinal road without visibility. We do not believe retail can be leased or succeed in this location in today's world. There are several reasons why this is true.

RE: Beacon Square Blvd

Successful retailers have visibility to major streets and lots of traffic, or are in major centers that should be magnets themselves.

Lucy Billingsley
Partner

We also all know that the retail business is going through major transformations where the winners have high experience retail or major online presences.

Restaurants clearly are leaders in the experience category. In January, we were told by one major local restaurateur that we are so over restaurant-ed that in the future he may require that the developers see him as an amenity and pay him to operate from their developments. Their margins are thin and the competition intense. All of this was very true before COVID-19. As we all know the number of restaurant spaces that will be vacant after the pandemic will take a very long time to refill. Though there will be a large overhang of vacancy in the market; hopefully, those restaurants that survive will have less competition and, therefore, succeed.

With this knowledge, we are firm believers that the current standard of our bringing retail onto Beacon Square Blvd will not be successful. We have tried this precise approach at Austin Ranch; and the retail facing the high traffic street has been steady, but that on the interior street has been hugely problematic. Further, the units that are on top of the retail have consistently high turnover. What is seen as a unit that initially feels urban over a store front becomes a living experience with smells and noises. Lastly, having unsuccessful retail at our main entry damages the entire development with vacancies or turnover.

Following are some statistics from February 2020 that are pertinent to our market. Again, I am sure these will be worse today.

- **DFW Retail Vacancy:** 5%
 - Strip Centers are at 6.8%
 - Neighborhood centers are at 8.9%
- **Central Plano:** 7.6%, which means it's ranked 59th out of 71 submarkets in DFW.
 - Strip Centers are at 12.3%
 - Neighborhood Centers are at 12.3%

- **Custom Polygon of North of 190, East of Parkwood, South of Spring Creek and West of 75:**
22% vacant
 - This is ~850k in about 187 different spaces in about 96 different buildings.
- **Central Market Center:**
 - Building 1: 17k sf, 9.8k sf available
 - Building 2: 13.6k sf, 2.8k sf available
 - Building 3: 38.9k sf, 8.8k sf available
 - Building 4: 14.4k sf, 4.5k sf available
 - **Total: 83.9k sf, 25.9 sf available (31% vacant)**
- **Traffic Counts**
 - a. Coit Road when crossing Bush: 48,629 cars per day
 - i. This is a strong number. IBP Retail is some of our best retail and Park gets about 45k cars per day.
 - ii. CVS got excited at Cypress Waters over a similar traffic count along Beltline.
 - b. Mapleshade when crossing Coit: 5,000 cars per day

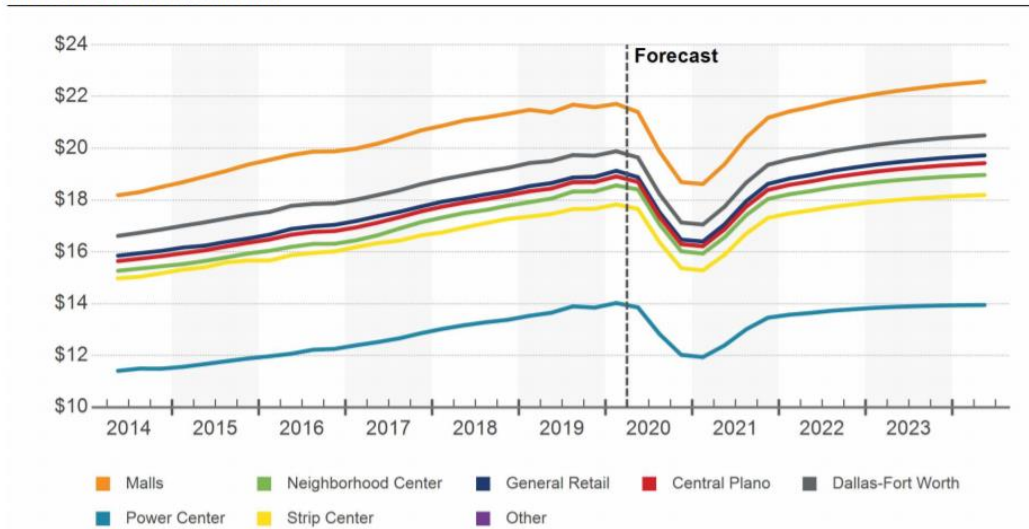
Our exact requests can be seen on the provided site plan **Exhibit A** showing original versus proposed uses. We are holding true to the tertiary requirements in the PD but changing the fulfillment of that from retail to live workspaces.

As of February, Rosas was highly successful as you will note in the chart below, referring to the CMI column. Any CMI under 100 is known to be under performing the market. The Central Market development and others on Coit not only have big vacancies, but some weak performers in the individual restaurants. Vacancies for Market Plaza are outlined in **Exhibit B**.

Nearby QSR: These sales are **SPECIFIC** to our site and are **ANNUAL** sales as of February.

| QSR Name: | Distance: | Drive Distance: | Annual Sales: | CMI: |
|----------------------------|-----------|-----------------|---------------|------|
| (1) Taco Cabana | 0.07 | 0.12 | \$1,834,000 | 106 |
| (2) Taco Casa | 0.07 | 0.09 | \$651,000 | 46 |
| (3) McDonald's-Tr | 0.21 | 0.28 | \$2,499,000 | 86 |
| (4) Chipotle Mexican Grill | 0.30 | 0.37 | \$1,135,000 | 60 |
| (5) Subway | 0.30 | 0.37 | | |
| (6) KFC-Tr | 0.35 | 0.45 | \$890,000 | 88 |
| (7) Taco Bell-Nt | 0.35 | 0.45 | \$646,000 | 117 |
| (8) Sonic | 0.36 | 0.50 | \$1,213,000 | 96 |
| (9) Rosa's Cafe | 0.38 | 0.38 | \$6,109,000 | 135 |
| (10) Steak 'N Shake | 0.41 | 0.56 | \$1,230,000 | 87 |

MARKET RENT PER SQUARE FEET



Retail rental rates are predicted to drop 10-15% for a few years to come. We have no idea if construction costs will also drop nor how much.

Our request is to replace the retail space on Beacon Square Blvd. with work live units. These should be more likely to lease and at more reliable rental rates. The work live units still upholds the mixed-use status of the property.

We appreciate your review of the data and helping us work towards creating a development that has positive momentum from the beginning. This change lets us focus all our attention to ensure the success of the retailers facing Coit Rd. This, too, will be a challenge in this time period and this submarket.

Thank you for helping us to make this a successful development of which we are all proud.

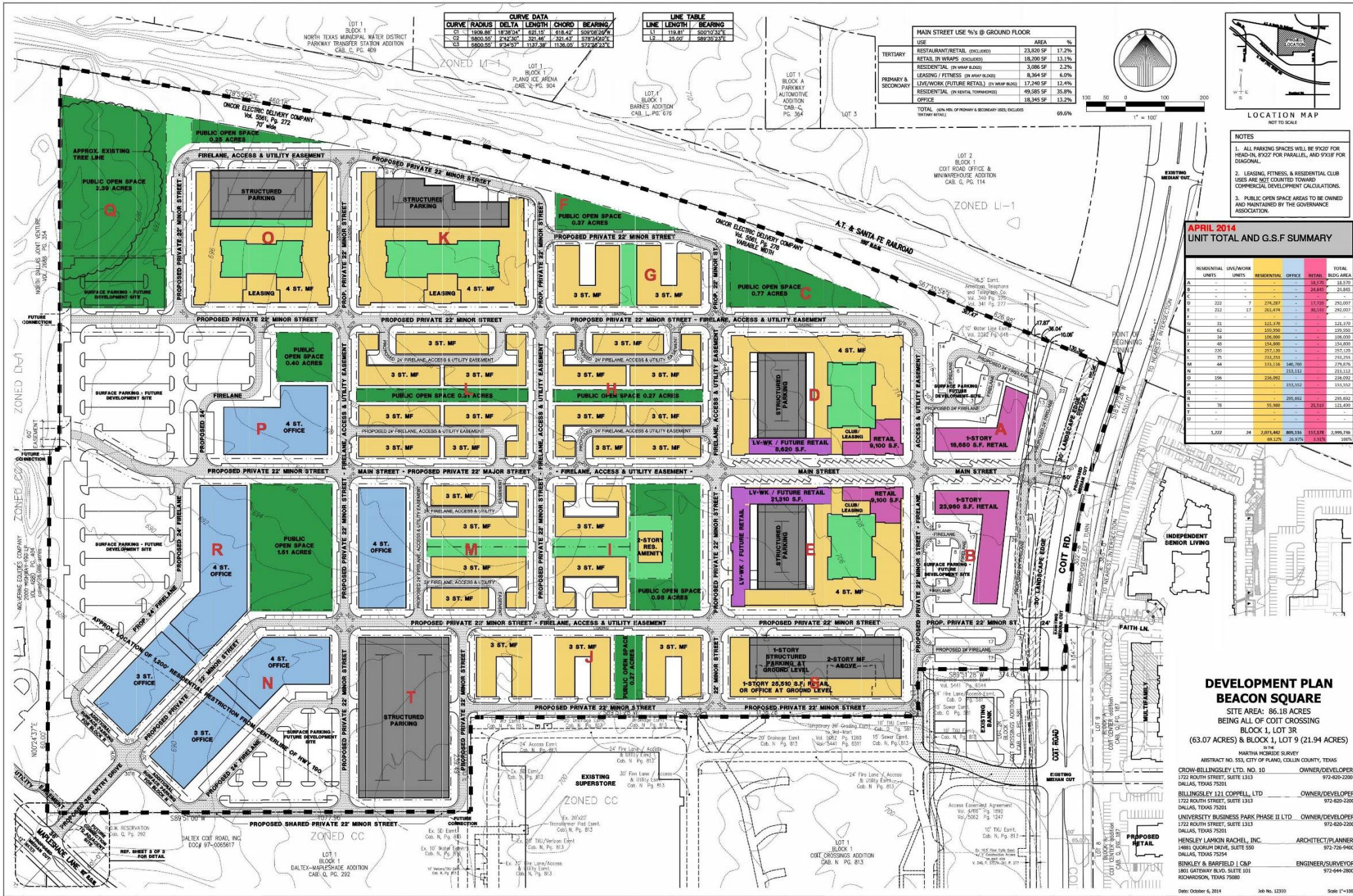
Regards,

Lucy Billingsley
Partner
Billingsley Company

/LB

Attachments

EXHIBIT A



DEVELOPMENT PLAN BEACON SQUARE

SITE AREA: 86.18 ACRES
BEING ALL OF COIT CROSSING
BLOCK 1, LOT 3R
(63.07 ACRES) & BLOCK 1 (21.94 ACRES)

MARTHA KOWDIE SURVEY
ABSTRACT NO. 153, CITY OF PLANO, COLLIER COUNTY, TEXAS

CROW-BILLINGSLEY LTD. NO. 10 OWNER/DEVELOPER
1722 SOUTH STREET, SUITE 1313 DALLAS, TEXAS 75201 972-420-2200

BILLINGSLEY 121 COPPELL, LTD OWNER/DEVELOPER
1722 SOUTH STREET, SUITE 1313 DALLAS, TEXAS 75201 972-420-2200

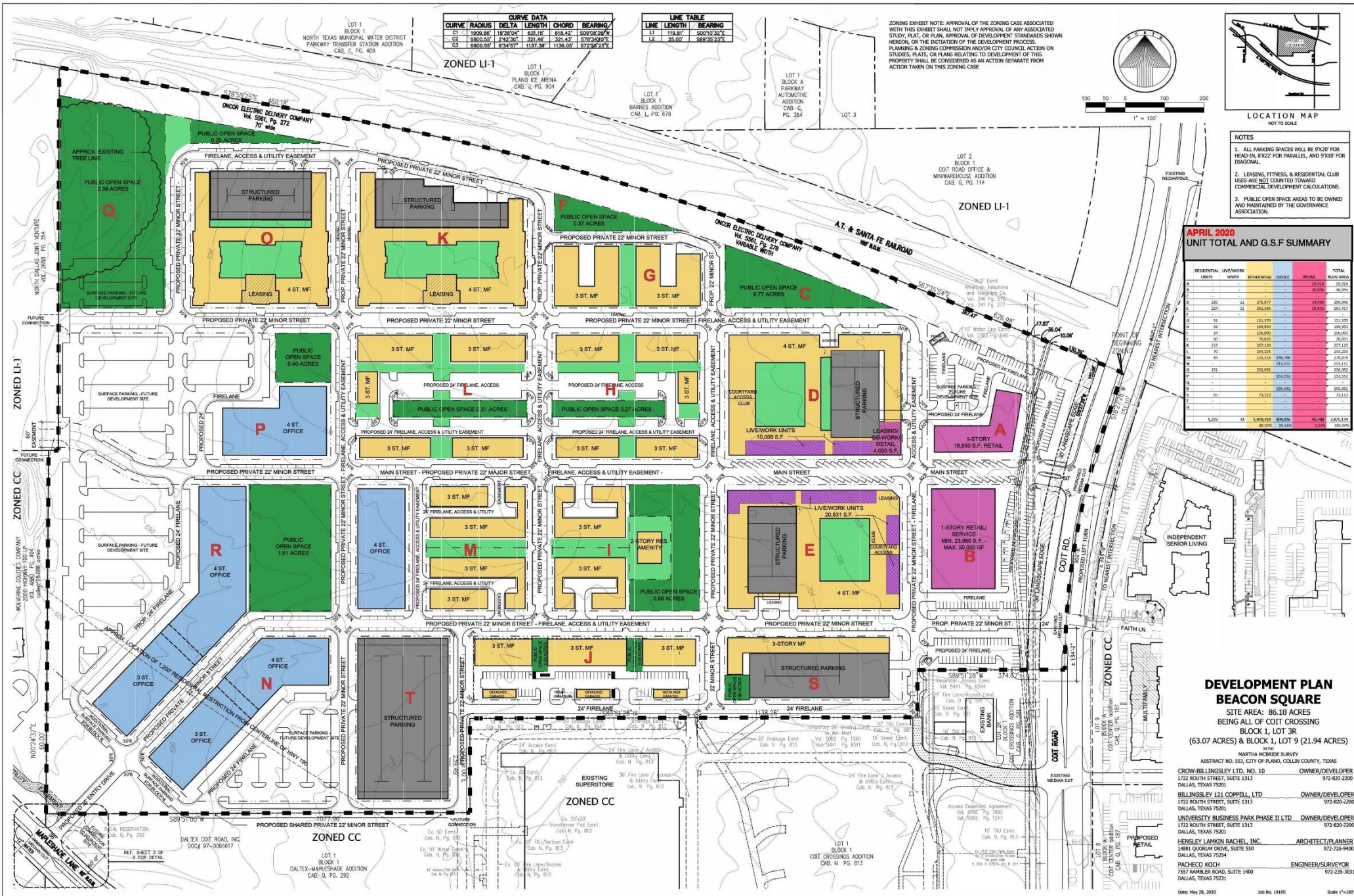
UNIVERSITY BUSINESS PARK PHASE II LTD OWNER/DEVELOPER
1722 SOUTH STREET, SUITE 1313 DALLAS, TEXAS 75201 972-420-2200

HENSLEY LAMON RACHEL, INC. ARCHITECT/PLANNER
44881 QUORUM DRIVE, SUITE 500 DALLAS, TEXAS 75254 972-726-9400

BINKLEY & BARFIELD | CAP ENGINEER/SURVEYOR
1801 GATEWAY BLVD, SUITE 101 RICHARDSON, TEXAS 75080 972-644-2800

Date: October 6, 2014 Job No. 12310 Scale 1"=100'

EXHIBIT A



DEVELOPMENT PLAN BEACON SQUARE

SITE AREA: 86.18 ACRES
BEING ALL OF COIT CROSSING
BLOCK 1, LOT 3R
(63.07 ACRES) & BLOCK 1, LOT 9 (21.94 ACRES)

MARTHA MCBRIDE SURVEY
ABSTRACT NO. 353, CITY OF PLANO, COLLIN COUNTY, TEXAS
CROW-BILLINGSLEY LTD. NO. 10 OWNER/DEVELOPER
1722 ROUTE STREET, SUITE 1313 DALLAS, TEXAS 75201 972-620-2200
BILLINGSLEY 121 COPPELL, LTD. OWNER/DEVELOPER
1722 ROUTE STREET, SUITE 1313 DALLAS, TEXAS 75201 972-620-2200
UNIVERSITY BUSINESS PARK PHASE II LTD. OWNER/DEVELOPER
1722 ROUTE STREET, SUITE 1313 DALLAS, TEXAS 75201 972-620-2200
HENSLEY LAMON RACHEL, INC. ARCHITECT/PLANNER
14881 QUORUM DRIVE, SUITE 550 DALLAS, TEXAS 75244 972-726-9400
PACHECO KODR ENGINEER/SURVEYOR
7507 PARKVIEW ROAD, SUITE 1400 DALLAS, TEXAS 75231 972-335-3531

Date: May 28, 2020 Job No. 19165 Scale 1"=100'

EXHIBIT B



Market Plaza

200-340 Coit Road @ 3801 George Bush Turnpike, Plano, TX - 75075 (33.0017, -96.7676)

GLA: 162,661

Major Tenants: H.E.B Central Market

Major Tenants (not a part): McDonald's (N.A.P.)



| Unit | Retailer | Sq. Ft. |
|--------|------------------------------|---------|
| 01 | H.E.B Central Market | 64,843 |
| 02 | Bath Junkie | 1,320 |
| 03 | Available | 2,264 |
| 04 | Available | 1,316 |
| 05 | Available | 2,800 |
| 06 | Pappagallo | 2,572 |
| 07 | Steven Maxx Salon | 3,400 |
| 07A | Available | 2,497 |
| 08 | Hyperbaric Healing Center | 3,600 |
| 09 | Available | 3,500 |
| 10 | Available | 6,056 |
| 11 | State Farm | 1,200 |
| 12 | Indian Restaurant | 2,784 |
| 13 | Available | 2,500 |
| 14 | Available | 6,740 |
| 15 | Available | 1,700 |
| 16 | Dental One | 2,700 |
| 17 | Available | 2,160 |
| 18 | Available | 8,493 |
| 19 | Cafe Brazil | 4,500 |
| 20 | Gesha Japanese Steak & Sushi | 4,250 |
| 21 | Available | 1,200 |
| 22 | Available | 2,189 |
| 23-A | Fabrique! | 5,670 |
| 23-B | Available | 1,200 |
| 24 | Available | 1,200 |
| 25 | SuperCuts | 1,200 |
| 26 | Hawk's Electronics | 4,337 |
| 27 | Gold Max | 1,435 |
| 28 | Good Feet Plano | 1,200 |
| 29 | Subway | 1,286 |
| 30 | Tin Star Restaurant | 3,000 |
| 31 | Pet Land | 4,491 |
| 32 | Available | 2,978 |
| N.A.P. | McDonald's (N.A.P.) | 0 |
| N.A.P. | Wells Fargo | 0 |