

The Coldwell Banker Commercial

ADVANTAGE

SUMMER
2015



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of the INSIGHT
Market Report**

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in Lubbock Retail
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for Hub City
Industrial Property**



Office • Retail • Multi-Family • Industrial • Land Development



RICK CANUP, REALTORS®



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OUR TEAM



Eric Eberhardt Jef Conn CCIM Taylor Tucker CCIM Chase Tucker James Smith Beau Tucker CCIM Nick Eyhorn CCIM
Jordan Wood Barry Forrest CCIM Rick Canup CCIM Alex Eberhardt Scott Womack Parker Carroll CCIM Ethan Offenbecher CCIM



~ 2014 Texas & Global Award Winners ~



Beau Tucker

- Platinum Circle of Distinction
- #1 in the State of Texas
- #3 out of 3,000 CBC agents globally
- Chosen by Real Estate Forum as one of the 50 best and brightest professionals in commercial real estate under the age of 40.



Parker Carroll

- Platinum Circle of Distinction
- #3 in the State of Texas
- Top 2% out of 3,000 CBC Agents globally
- Selected by Real Estate Forum as a 2015 Emerging Leader in Retail from among hundreds of nominees.



Ethan Offenbecher

- Gold Circle of Distinction
- #5 in the State of Texas
- Top 2% out of 3,000 CBC Agents globally



Scott Womack

- Gold Circle of Distinction
- #9 in the State of Texas
- Top 2% out of 3,000 CBC Agents globally



Taylor Tucker

- Bronze Circle of Distinction
- #22 in the State of Texas

Coldwell Banker Commercial INSIGHT

INSIGHT 2015 Market Report

Coldwell Banker Commercial Rick Canup Realtors in Lubbock is pleased to present the inaugural edition of the INSIGHT 2015 Market Report, enclosed in this issue of Advantage. The report includes up-to-date market data on six Lubbock commercial real estate markets: retail, office, industrial, apartments, student housing and land development.

INSIGHT offers an exclusive glimpse into the Lubbock commercial real estate market and an economic update on the city of Lubbock. Our research team surveyed 320 properties totaling 26.8 million square feet. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate "snapshot" of the condition of the Lubbock commercial real estate market today. The results of our survey, including analysis of the market trends and a "take-away" for each market, are included in the following pages.

We believe INSIGHT will prove to be an invaluable resource for everyone with ties to the Lubbock commercial real estate market. Developers, property owners, investors, tenants, lenders, property managers, and many others will benefit from the valuable data found within this report.

After reading this report, please feel free to contact any of our Coldwell Banker Commercial specialists, whose contact information is listed at the end of each section.

"Lubbock's economy is healthy and growing!"

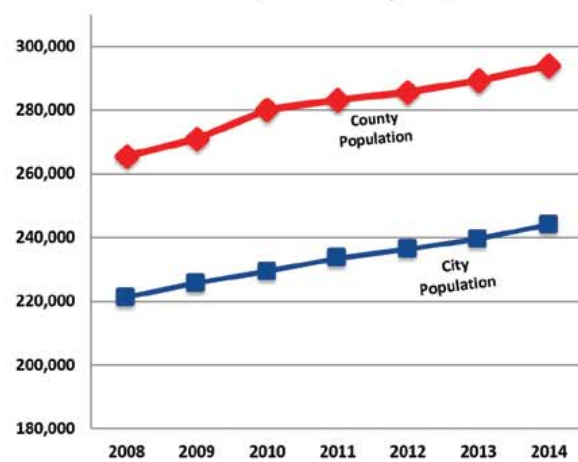
INSIGHT 2015 Market Report

- City of Lubbock
- Retail
- Office
- Industrial
- Apartment
- Student Housing
- Land Development



Lubbock 2015 Market Trends: **Economic Update**

Lubbock City & County Population

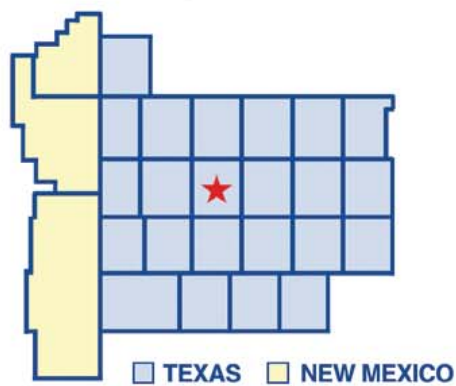


LUBBOCK COUNTY SOARING POPULATION

Lubbock county rebounded dramatically from the national economic downturn of 2007-2009. The city's economy and population have both experienced marked growth, which has fueled significant development in Lubbock's commercial real estate markets. These factors have created abundant opportunities for real estate investments across the Lubbock market.

Lubbock's population is expected to continue reaching new heights in the years ahead. Since 2000, Lubbock County has added approximately 50,000 residents, and strong growth is projected for the future. According to the Texas State Data Center, Lubbock County's population will likely near 400,000 by 2050. Today, the nearest city with a population greater than Lubbock is Fort Worth, which is 260 miles away.

26 County Trade Area



LUBBOCK IS THE HUB TO A 26 COUNTY TRADE AREA

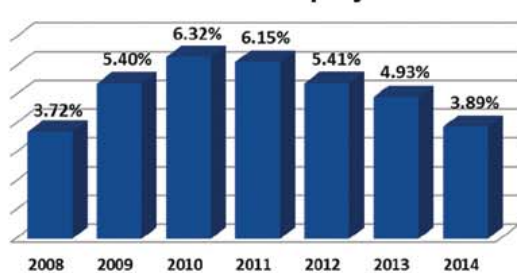
Lubbock is located near the center of a 26-county trade area. According to the U.S. Census Bureau, the trade area's population was 608,000 in 2010; however, it is now approximately 630,000. Population projections from the Texas State Data Center and the New Mexico Bureau of Business and Economic Research indicate that the trade area's population will reach 675,000 by 2020 and 815,000 by 2040.

LUBBOCK UNEMPLOYMENT

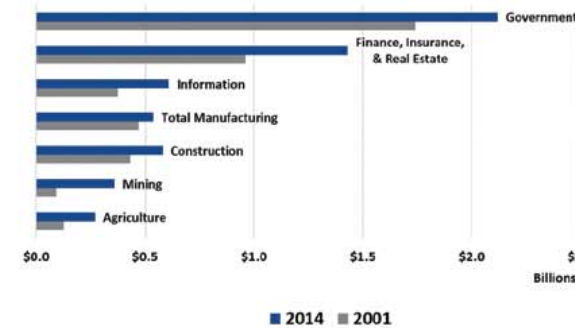
Like most of Texas, Lubbock weathered the recent economic recession much better than many regions of the country. While many cities across the U.S. struggled with unemployment rates as high as 15% during the recent economic downturn, Lubbock's unemployment rate never reached above 7.5%, peaking at 7.3% in June 2011. Lubbock's labor force has steadily increased from 137,000 in 2007 to over 150,000 today, and the city's unemployment rate remained well under 5.0% throughout 2014, dropping to 3.0% at the end of 2014. In just the past seven years, the Lubbock Metropolitan Statistical Area (MSA) has added 13,000 jobs.

Though most of Texas continues to thrive economically, West Texas has consistently maintained exceptionally low unemployment rates. In early 2014, Lubbock boasted the fourth lowest unemployment rate in Texas. Then, in August 2014, the Lubbock MSA experienced the state's largest unemployment rate drop. As the graph shows, the city's unemployment rate is currently on a downward trend.

Lubbock Unemployment



Lubbock Industry Growth

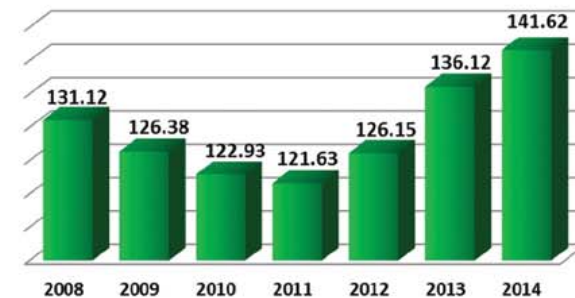


LUBBOCK ECONOMIC GROWTH

Several key economic indicators have shown continued growth and are projected to increase in the years ahead. According to data from The Perryman Group, the Lubbock MSA's Real Gross Product (RGP) is now approximately \$11.5 billion—a 14% increase since 2001. The RGP is projected to reach nearly \$14 billion by 2019. Most individual industry types have seen rapid RGP growth since 2001, according to figures from The Perryman Group.

According to Lubbock National Bank, the Lubbock Economic Index has risen 17% since late 2010. The bank noted that general spending, auto spending, and home sales and prices were all higher in the fourth quarter of 2014. "The employment situation continues to improve with the steady addition of jobs and decline in the unemployment rate," the bank noted in their February 2015 report, adding: "There is much to celebrate in terms of economic growth and expansion in Lubbock with ten straight month-to-month increases (March – December) in the Lubbock Economic Index to finish out the year."

Lubbock Economic Index



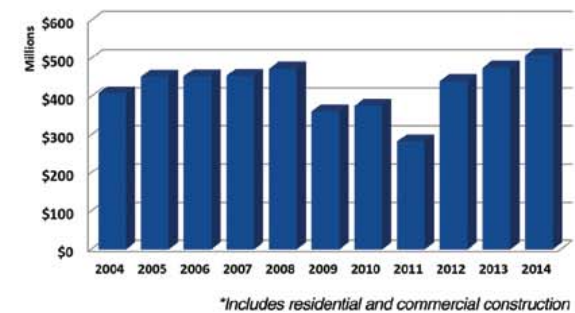
OTHER ECONOMIC INDICATORS

Median home price: According to the Lubbock Association of Realtors, annual residential property sales decreased by 1.7% from 2013 to 2014. However, the average single-family sales price in Jan-Dec 2014 was \$163,436, which is 9.0% higher than the Jan-Dec 2013 average of \$150,000.

New home permits: According to Lubbock National Bank, 815 new home permits were issued in Lubbock during 2014, which is an 11.6% decrease from the number of new home permits in 2013. However, the 2014 total marks a 42.7% increase from Lubbock National Bank's base year of 1996.

Construction permits: According to Lubbock National Bank, the value of all construction permits in Lubbock increased from \$476 million in 2013 to \$508 million in 2014. This equates to a 6.8% increase between 2013 and 2014, and a 312.0% increase from Lubbock National Bank's base year of 1996.

Total Value of Lubbock Construction Permits



The information in this report is the result of a comprehensive analysis of the Lubbock commercial real estate market. In addition to extensive firsthand research, Coldwell Banker Commercial, Rick Canup Realtors obtained information from a variety of sources, such as CoStar Realty Information Inc., Lubbock National Bank's Economic Report and various government databases.

Lubbock 2015 Market Trends: Retail

ZONE MAP



ZONE DESCRIPTIONS

Our retail specialists designated three zones for our survey of multi-tenant shopping centers: North, Central, and South. The North zone includes properties west of Interstate 27 and along or north of 19th Street. As shown on the map, the Central zone includes mostly older properties near 34th Street, 50th Street, and South Loop 289. Lastly, the South zone includes mostly newer properties along Slide Road and outside and West of South Loop 289.

METHODOLOGY

The total Lubbock shopping center market within our three zones consists of 179 centers with 6.7 million square feet, according to CoStar. Our retail specialists selected 100 sample properties that they believe best represent the shopping center market. Our sample set includes 4.9 million square feet, with properties ranging in size from 5,300 to 642,305 square feet. The sample set does not include the South Plains Mall, nor does it include single tenant or freestanding properties. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate “snapshot” of the condition of the Lubbock retail real estate market today.

RENTAL RATES

Current rental rates in the Lubbock shopping center market vary significantly based on property age and location. The least aggressive rental rates are in our Central zone, especially along 34th Street and 50th Street. The most aggressive rental rates are predominantly located in the South zone, where ongoing development continues to bring new properties to the market. Aggressive rental rates can also be found near 19th Street and Quaker Avenue, where recent development has propelled the retail market. Overall, the weighted average of triple-net rental rates in our survey is \$14.55, which is a marked increase from last year’s weighted average of \$13.98 and continues a recent upward rental rate trend.

OCCUPANCY

The weighted average occupancy of shopping centers in our sample set is 90.3%. Of the three survey zones, occupancy is presently highest in the South—95.7%. Occupancy in the North is 89.4%, while occupancy in the Central zone is 81.8%. One of the factors contributing to high occupancy in the South is the age of the properties. The average year built for properties in the South zone is 1996, compared to averages of 1991 and 1975 in the North and Central zones, respectively.

ABSORPTION

According to data from CoStar, net absorption in our sample of multi-tenant retail properties has been positive in six of the past seven years (the only exception being 2011, when net absorption was negative). In 2014, net absorption totaled nearly 50,000 square feet.

MARKET TRENDS

Multi-tenant shopping center occupancy rates have quickly rebounded after a 2011 low of 88.6%. The market has sustained occupancy near 90% for the past several years. Meanwhile, rental rates have recovered from a recent dip in 2011 and have been trending upward for four years in a row.

GROSS RETAIL SALES

According to data from the Texas State Comptroller, retail trade in Lubbock County has seen sustained growth over the past decade. Between 2008 and 2013, gross annual retail trade rose from \$4.1 billion to \$5.0 billion—an increase of 22%. Retail trade in 2014 likely neared \$5.2 billion. Economist Dr. Ray Perryman projects retail sales in the Lubbock MSA to exceed \$6 billion in 2016.

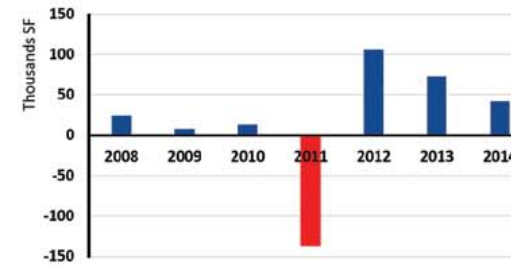
NEW CONSTRUCTION

The Lubbock shopping center market will see hundreds of thousands of square feet of new retail space in the coming years. The largest development currently under construction is the Promenade at West End, located at the northwest corner of 34th Street and West Loop 289. Already anchored by Costco, Cabela’s, and Marshalls/HomeGoods, the center will eventually house a number of other restaurants and retailers, as well as a high-rise hotel. Another new shopping center under development is The Hub, located on Milwaukee Avenue between Spur 327 and 82nd Street. When completed, The Hub will bring 50,000 square feet of retail space to the Lubbock market. Finally, Canyon West along the Marsha Sharp Freeway and Milwaukee Avenue will be adding additional retail space this year, including a number of freestanding retail properties.

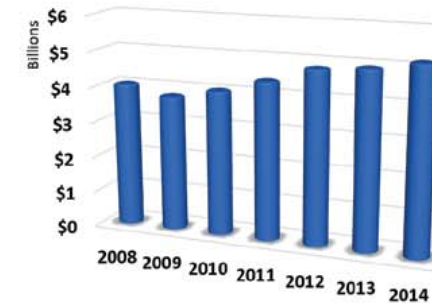
TAKE-AWAY

Lubbock’s increasing retail sales volume and growing population should drive the retail market to new heights in the years ahead. The relatively high occupancy rates and increasing rental rates will likely provide ample opportunities for shopping center investments. Furthermore, with the new shopping centers coming to the market, Lubbock consumers will benefit from additional shopping options at a wide diversity of retail establishments.

Retail Net Absorption



Lubbock County Gross Retail Sales



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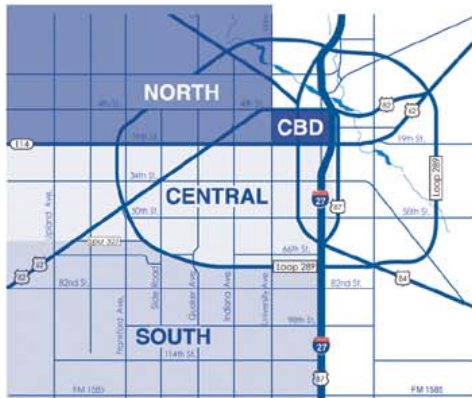
Total Average Occupancy **90.3%**

South Zone Occupancy	North Zone Occupancy	Central Zone Occupancy
95.7%	89.4%	81.8%

South Zone Average Rent	North Zone Average Rent	Central Zone Average Rent
\$16.17	\$15.21	\$11.74

Lubbock 2015 Market Trends: Office

ZONE MAP



ZONE DESCRIPTIONS

Our office specialists divided the city into four zones for our multi-tenant office property survey: North, Central, South, and Central Business District (CBD). The North zone includes office properties north of 19th Street and west of University Avenue. The Central zone includes properties south of 19th Street, west of Interstate 27, and north of the South Loop 289/Spur 327 corridor. The South zone includes properties south of the South Loop 289/Spur 327 corridor. Finally, the CBD zone includes properties east of University Avenue, west of Interstate 27, south of the Marsha Sharp Freeway, and north of 19th Street.

METHODOLOGY

The total Lubbock multi-tenant office market within our four zones consists of 365 properties with 5.9 million square feet, according to CoStar. Our office specialists selected 84 multi-tenant properties that they believe best represent the office market. Our sample set includes 2.3 million total square feet, with properties ranging in size from 4,000 to 245,000 square feet. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate "snapshot" of the condition of the Lubbock office real estate market today.

RENTAL RATES

Our survey of multi-tenant office properties found a full service rental rate weighted average of \$16.05. Unlike the retail market, rental rates have not risen significantly in the past three years, although they are currently higher than pre-2013 rates. The least aggressive rental rates are located in our Central and CBD zones, where many older properties are located. The majority of multi-tenant office properties in our sample set use a full service rent structure, though we found a few modified gross and triple-net rents that were adjusted accordingly for our survey.

OCCUPANCY

Occupancy in our multi-tenant office sample set is currently 85.4%. This figure marks a 2.4% increase in the Lubbock office market occupancy since 2011, and a 1.1% increase since last year. Many of the highest occupancy rates are in the South zone, where the occupancy is 93.3%. Occupancy in the Central zone is 84.0%, followed by the CBD zone at 76.3%, and the North zone at 55.7%. Our North zone features far fewer properties than the other four zones, and not one of the properties surveyed in that zone is fully occupied.

Current Full-Service Lease Average

\$16.05

2013 Full-Service Lease Average
\$16.20

2014 Full-Service Lease Average
\$16.42

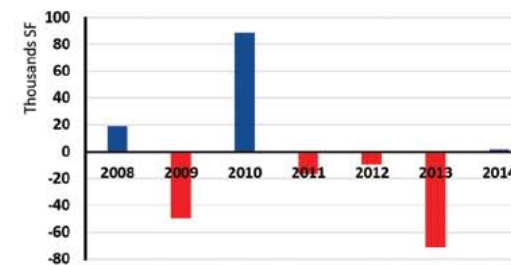
MARKET TRENDS

The occupancy level in the Lubbock office market has increased for three years in a row. Currently, the market's occupancy level is 85.4%, which is 1.1% higher than last year. Current rental rates, however, are slightly lower than the previous two years. The weighted full-service lease average is now \$16.05, compared to \$16.42 in 2014 and \$16.20 in 2013.

ABSORPTION

According to data from CoStar, net absorption in our sample set of multi-tenant office properties has been mixed in recent years. After over 80,000 sq. ft. of positive net absorption in 2010, the period of 2011-2013 saw negative absorption in the Lubbock multi-tenant office market as supply outpaced demand. In 2014, supply and demand were nearly equal in our office sample set, resulting in near-zero net absorption.

Office Net Absorption



NEW CONSTRUCTION

Though occupancy levels in the Lubbock multi-tenant office market are not as high as the other product types, new office projects will be coming online in the years ahead. Several of the office properties under development are located along Quaker Avenue, between 98th Street and 114th Street. The Suites at the Reserve and The Suites at Orchard Park will each bring 7,562 square feet of new office space to the Lubbock market with six office suites, each averaging approximately 2,520 sq. ft.. Another office property currently under construction is the new four-story Happy State Bank location near the southwest corner of Quaker Avenue and 98th Street. The first and fourth floors have already been leased with two remaining floors available for lease.



The Suites at the Reserve Now Leasing
10607 Quaker Ave

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TAKE-AWAY

Occupancy and rental rates within our survey's south zone remain steady. However, the other three zones have struggled some with negative absorption and unsteady rental rates in recent years. Though the office market may not currently support aggressive development opportunities like the other commercial real estate markets, Lubbock's growing population will lead to a sustained need for office spaces, as long as new development does not outpace demand.

OFFICE



Total Average Occupancy **85.4%**

South Zone Occupancy **93.3%**
Central Zone Occupancy **84.0%**

CBD Zone Occupancy **76.3%**
North Zone Occupancy **55.7%**

Lubbock 2015 Market Trends: **Industrial**

ZONE MAP



ZONE DESCRIPTIONS

Our industrial specialists divided Lubbock into four zones for our industrial market survey: Northwest, Northeast, Southwest, and Southeast. The boundary between the northern and southern zones was 50th Street, while the boundary between the eastern and western zones was Interstate 27.

METHODOLOGY

The total Lubbock industrial market within our four zones consists of 744 properties with 28.1 million square feet, according to CoStar. Our industrial specialists selected 65 sample properties that they believe best represent the industrial market. Our sample set includes 5.9 million total square feet, with properties ranging in size from 12,500 to 494,000 square feet. Our sample set includes both single-tenant and multi-tenant properties. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate "snapshot" of the condition of the Lubbock industrial real estate market today.

RENTAL RATES

Our survey of Lubbock industrial properties revealed rapidly-increasing rental rates in the industrial market. After a 2010 low of \$2.33 per square foot triple-net, weighted average rental rates increased to \$3.72 in 2014. Our research found that this pronounced jump in rental rates corresponded to a noteworthy increase in occupancy levels. Both of these measurements indicate a healthy industrial market.

OCCUPANCY

According to historical data from CoStar, occupancy within our sample set has mostly fluctuated around 96% and 97%, though it dipped down to near 90% in 2011 and 2012. Our market survey this year found the current occupancy level to be 98.3%. Nearly all of the properties in our sample were fully occupied. The Southwest zone has the lowest occupancy level (87.1%). Both the Northeast and Southeast zones have 100% occupancy in our sample set.

ABSORPTION

According to data from CoStar, net absorption in our sample of industrial properties has remained mostly positive in recent years. One notable exception was 2011, when the market experienced nearly 400,000 square feet of negative absorption but 2012, 2013, and 2014 all had strong positive absorption which indicates continued demand for industrial properties in Lubbock.

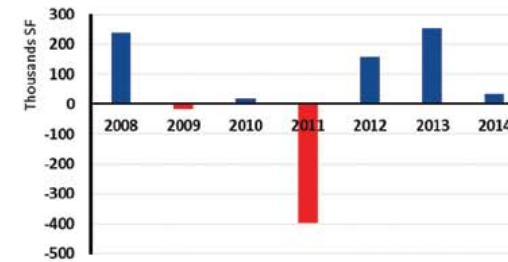
MARKET TRENDS

Occupancy in the Lubbock industrial market has steadily risen for three years in a row, increasing from 90.1% in 2012 to 98.3% today. Our survey of average rental rates indicates a weighted average of \$3.72, which is noticeably higher than pre-2014 values.

NEW CONSTRUCTION

The consistently high occupancy levels in the Lubbock industrial market indicate strong demand and a favorable environment for new property development. In fact, a number of new projects are currently in the works. In south Lubbock, the South I-27 Industrial Park at Highway 87 and 98th Street broke ground in January. The 316-acre park features numerous lots for build-to-suit warehouses. Other new industrial properties are either under development or planned for south and southwest Lubbock. Then, in north Lubbock, the Lubbock Business Park continues to attract new clients. The 586-acre park, located on Interstate 27 between North Loop 289 and Lubbock Preston Smith International Airport, is currently advertising available land tracts for additional tenants.

Industrial Net Absorption



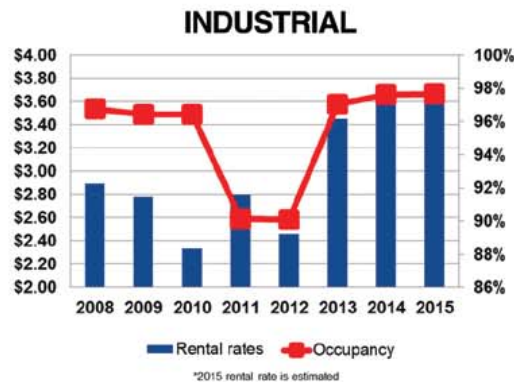
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TAKE-AWAY

Unlike the other product types in our market survey, very few industrial properties are currently available either "For Sale" or "For Lease". Nearly all of the properties in our sample set are fully occupied. These exceptionally high occupancy levels will create a favorable scenario for industrial investments and new industrial properties. Until new properties come on the market or demand decreases, the positive absorption levels and a lack of available industrial spaces should allow owners and investors to collect aggressive rental rates this year.



Total Occupancy* **98.3%**
* In our sample set

NW Zone Occupancy **98.4%**
NE Zone Occupancy **100%**

SW Zone Occupancy **87.1%**
SE Zone Occupancy **100%**

Lubbock 2015 Market Trends: **Apartments**

ZONE MAP



ZONE DESCRIPTIONS

Our Multi-Family specialists designated four zones for our apartment survey: West, Central, East, and South. The West zone includes properties west of Frankford Avenue and west of West Loop 289. The Central zone includes properties north of South Loop 289, west of Indiana Avenue, and east of the Frankford Avenue/West Loop 289 corridor. The East zone includes properties east of Indiana Avenue and north of South Loop 289. Finally, the South zone includes properties east of Frankford Avenue and south of South Loop 289.

METHODOLOGY

The total Lubbock conventional apartment market within our four zones consists of 132 total apartment communities with 20,451 units and 21.0 million square feet. Our apartment specialists selected 49 apartment communities that they believe best represent the multi-family market. Our sample set includes 49 properties, 9,158 units, and 7.8 million square feet. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate "snapshot" of the condition of the Lubbock apartment real estate market today.

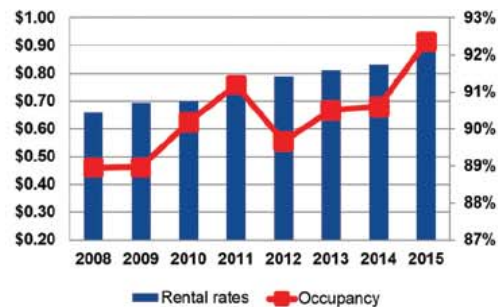
RENTAL RATES

Our apartment market survey found a monthly rental rate spread of \$0.60 to \$1.12 per square foot. The highest rents are currently in our West zone, where many new properties can be found. Our survey found low rental rates in the Central and South zones, where many older apartment complexes are located. The weighted average rental rate of our entire survey is \$0.88.

OCCUPANCY

Occupancy of individual apartment complexes within our sample set currently ranges from 76.0% to 100.0%. Total occupancy in the Central, South, and West zones are all above 90.0%, but occupancy in the East zone is 85.6%. The weighted average occupancy of our entire sample set is 92.4%.

Rental Rates & Occupancy



Total Average Occupancy **92.4%**

South Zone Occupancy **93.9%**
Central Zone Occupancy **93.5%**

West Zone Occupancy **91.1%**
East Zone Occupancy **85.6%**

Completed in 2014



Stonebridge at Ironton
66th Street and Ironton Avenue

Completed in 2014-15



Crystal Cove
82nd Street and Avenue P

Completed in 2014-15



The Reserves at South Plains
98th Street and Avenue U

APARTMENT MARKET TRENDS

Occupancy in the Lubbock apartment market has steadily increased in recent years. Following a period of low occupancy in 2008-2009, occupancies have made a modest comeback, reaching 92.4% this year, according to our market survey. Meanwhile, average rental rates per square foot have increased significantly, rising from \$0.66 in 2008 to \$0.88 this year.

NEW CONSTRUCTION

A number of new conventional apartment complexes have come online in recent years, with one still under construction. In 2013, Anatole at City View (45th Street and Ironton Avenue) brought 150 new units to the market. Then, the 154-unit Stonebridge at Ironton complex (66th Street and Ironton Avenue) was constructed in 2014. In far south Lubbock, Stonebridge at Kelsey Park (130th Street and Memphis Avenue) recently brought 152 units online. This property is an affordable rental property partly funded by the Texas Department of Housing and Community Affairs. Also in south Lubbock, Crystal Cove (82nd Street and Avenue P) and The Reserves at South Plains (98th Street and Avenue U) were built earlier this year. In west Lubbock, the Portofino Apartments (34th Street and Milwaukee Avenue) brought 210 units to the Lubbock multifamily market, and the Escondido Apartments (28th Street and Quincy Avenue) are currently under construction.

TAKE-AWAY

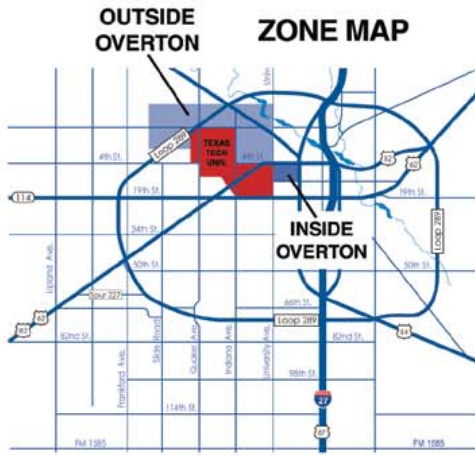
Average rental rates continue to climb steadily in the Lubbock apartment market, while aggregate occupancy levels have increased for four years in a row. These recent increases in rental rates and occupancy should create an attractive environment for investors looking to introduce new multi-family projects to the market. At the same time, it remains to be seen if the hundreds of new units already coming to Lubbock will outpace demand, or if the demand will remain sufficiently strong to support the new complexes.

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Lubbock 2015 Market Trends: Student Housing



ZONE DESCRIPTIONS

Our student housing specialists simply defined two zones for our student housing survey: Inside Overton and Outside Overton. The Inside Overton zone includes student housing properties east of University Avenue, west of Avenue Q, south of the Marsha Sharp Freeway, and north of Broadway. This 325-acre zone has seen aggressive development in the past 15 years and is now home to over 5,125 student housing beds, with additional complexes currently under construction. The Outside Overton zone includes student housing properties to the north and west of the Texas Tech campus. The Outside Overton zone in our survey includes nearly 8,000 beds. Most of the Outside Overton properties are concentrated either along 4th Street or North Loop 289.

METHODOLOGY

Our entire student housing sample set features 12,838 total beds and 5.9 million square feet. The smallest property in our sample set has 112 beds, while the largest has 876 beds. By on-site visual property inspection, direct communication with owners, and many other sources as well as referencing our extensive in-house records, the Coldwell Banker Commercial research team obtained an accurate “snapshot” of the condition of the Lubbock student housing market today.

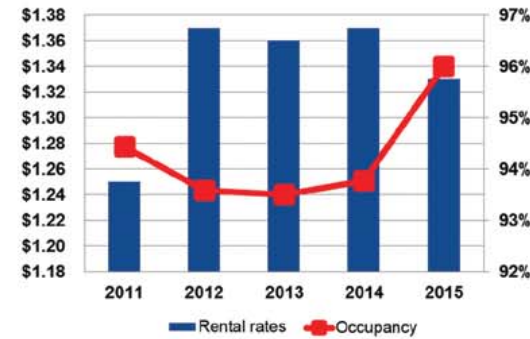
TEXAS TECH’S DYNAMIC GROWTH - OVER 35,000 STUDENTS

The single most important factor in Lubbock’s student housing market is Texas Tech University. Texas Tech’s enrollment continues to increase steadily with each passing year. In September of 2014, Texas Tech officials announced that total enrollment had jumped to 35,135—an increase of 2,000 students since the previous semester and an increase of over 10,000 students since 2000. Texas Tech also announced a record 5% enrollment increase between spring 2014 and spring 2015. The university aims to reach the 40,000 enrollment milestone by 2020 and is also seeking to achieve Tier One status.

ADDITIONAL UNIVERSITIES - OVER 10,000 STUDENTS

Texas Tech University is not the only Lubbock school attracting tenants for the student housing market. The Texas Tech University Health Sciences Center, South Plains College at Reese Center, Lubbock Christian University, Wayland Baptist University, and several small colleges enroll a total of over 10,000 students on their Lubbock campuses.

Student Housing



RENTAL RATES

The entire spread of rental rates per square foot within the individual properties in our student housing sample is \$0.81 to \$1.78, with a weighted average of \$1.33. Average rental rates within our Inside Overton zone—where many new complexes are located—are significantly higher than rental rates within our Outside Overton zone. The average rental rate per square foot of the Inside Overton zone is \$1.45, which is nearly identical to the average rental rate of the past three years. The average rental rate of the Outside Overton zone is \$1.29. This rate is slightly higher than the average rates of the past three years.

OCCUPANCY

Our survey revealed consistently high occupancy levels in nearly all student housing properties. Of the 22 properties in our sample set, only two have occupancies below 90%, and six of the properties are 100% occupied.

ABSORPTION

The Lubbock student housing market has maintained positive absorption for over 10 years, absorbing several thousand units since 2000. As the absorption graph indicates, the most student housing units were absorbed in 2008 and 2011, with less dramatic absorption in the past three years.

MARKET TRENDS

During 2012-2014, Lubbock student housing average occupancy dipped downward to below 94%. However, occupancies have since increased considerably, reaching 96% this year. This sudden increase in market occupancy represents strong demand for student housing beds in the Lubbock market. Meanwhile, average rental rates have remained mostly steady in recent years, though they have decreased from \$1.37 last year to \$1.33 this year.

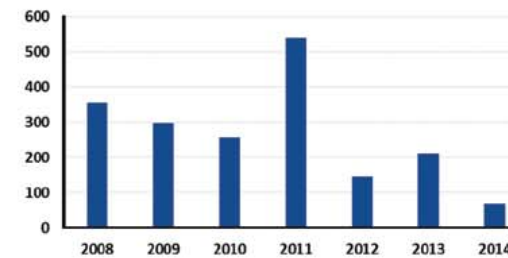
NEW CONSTRUCTION

Additional student housing complexes will be entering the Lubbock market within the next few years, including two in our Inside Overton zone. One project, to be located at the southeast corner of Glenna Goodacre Boulevard and Avenue S, will bring an additional 700 beds to the market next year. Another project is planned for Avenue S and Mac Davis Lane. Additional projects are also expected in the Outside Overton zone, especially in the new Northpark development near Slide Road and Erskine, where a number of tracts are zoned for multi-family use.

Average Total Occupancy 96%

Inside Overton Occupancy	Outside Overton Occupancy
98.4%	95.3%
Inside Overton Average Rent	Outside Overton Average Rent
\$1.45 per sq ft	\$1.29 per sq ft

Student Housing Net Absorption



For more information related to the student housing market, please contact our specialists:

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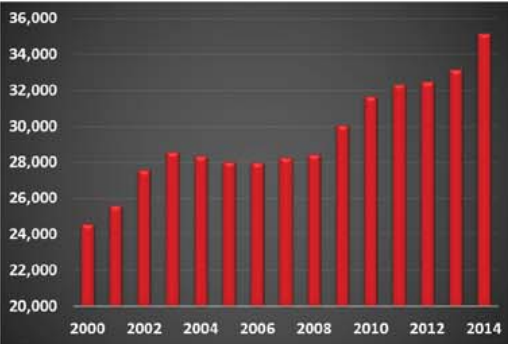
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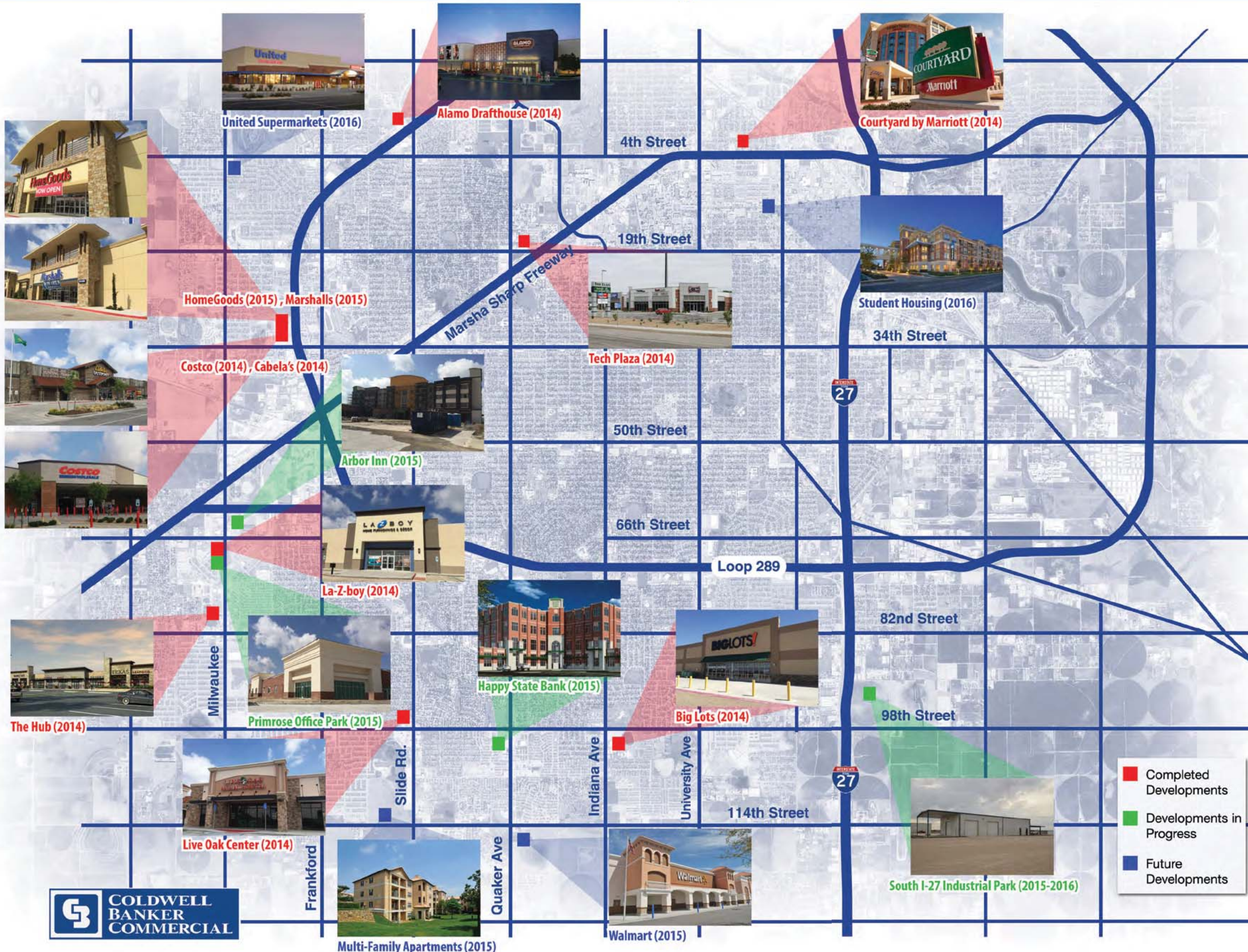
TAKE-AWAY

The Lubbock student housing market remains one of the top-performing commercial real estate markets in West Texas. Texas Tech’s ambitious enrollment goals will drive demand for student housing beds in the foreseeable future. Though hundreds of new beds have come online in recent years, the market has consistently sustained positive absorption, which indicates a healthy market.



Texas Tech University Enrollment





COMPLETED DEVELOPMENTS

Several notable developments were completed across Lubbock in 2014 and 2015. Many of these developments brought freestanding commercial properties to the market, such as Courtyard by Marriott and Alamo Drafthouse in north Lubbock. A number of shopping centers were also constructed in the past two years, including The Hub, Tech Plaza, and West End. These shopping centers—a few of which are still under construction—have attracted many new tenants to the Lubbock market.

DEVELOPMENTS IN PROGRESS

Most of the major commercial developments currently in progress are located in south Lubbock, outside of Loop 289. These include a hotel project (Arbor Inn), two multi-tenant office complexes (Primrose Office Park and Happy State Bank), and a multi-tenant industrial complex (South I-27 Industrial Park). These projects are all currently under construction and expected to be completed later this year.

FUTURE DEVELOPMENTS

A number of planned projects will bring new commercial properties to the Lubbock market in the years ahead. For example, a new Walmart and a new multi-family apartment complex will be built in 2015. Both of these properties will be located on 114th Street. Then, in 2016, a United Supermarkets in northwest Lubbock and a student housing property near Texas Tech will be developed. We expect Lubbock's strong economy and increasing population to sustain demand for commercial land development in the years ahead.

For more information related to the purchasing and selling of land, please contact our land specialist:

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