WE’VE CHANGED OUR NAME
but not our focus... our commitment to YOU!

Coldwell Banker Commercial

RICK CANUP, REALTORS

CAPITAL ADVISORS

Coldwell Banker Commercial Rick Canup Realtors, with corporate offices in Lubbock and Austin, has provided quality commercial real estate solutions throughout Texas for over 40 years. This year, to reflect our company’s growth and expanding market area, we are changing our name to Coldwell Banker Commercial Capital Advisors, also referred to at times as CBC Capital Advisors.

Our leadership, our professional team, our corporate values, and our commitment to our clients remain unchanged. We look forward to providing profitable solutions and unparalleled opportunities for you in the years ahead as Coldwell Banker Commercial Capital Advisors.

“Commercial to the Core!”

(806) 793-0888
CBCCapitalAdvisors.com
Second Annual Insight Market Report

Coldwell Banker Commercial Capital Advisors is pleased to present the INSIGHT 2016 Market Report. The report includes up-to-date market data on six Lubbock commercial real estate markets: retail, office, industrial, apartments, student housing, and land development.

In this edition we provide exclusive, up-to-date information on the Lubbock commercial real estate market, as well as relevant economic data and population statistics. By perusing the 2016 INSIGHT report, you will be able to learn the latest Lubbock market trends, including rental rates, occupancy levels, absorption, and new construction. INSIGHT offers an inside glimpse into the Lubbock commercial real estate market like no other.

To compile the 2016 INSIGHT report, our research team surveyed 355 properties through on-site visual property inspection, direct communication with owners, and many other sources. We collected the data, analyzed the data, and—in the following pages—report and interpret the data. The result is an invaluable “snapshot” of the Lubbock commercial real estate market that provides an accurate synopsis of the market’s current condition.

We believe INSIGHT will be an invaluable resource for developers, property owners, investors, tenants, lenders, property managers, and anyone else with ties to the Lubbock commercial real estate market.

If you would like additional information about Lubbock commercial real estate opportunities, please feel free to contact our Coldwell Banker Commercial specialists, whose contact information is listed within the pages of this report.
Lubbock 2016 Market Trends: Economic Update

LUBBOCK COUNTY POPULATION

According to estimates from the U.S. Census Bureau, the city of Lubbock’s population was 243,839 in 2014, making Lubbock the 85th most populous city in the U.S. and the 11th biggest city in Texas. Though census projections for 2015 have not yet been released, they will likely show Lubbock’s population increasing to above 245,000. Lubbock County’s population is now just under 300,000, and the population of the Lubbock Metropolitan Statistical Area (MSA), which is made up of three counties (Crosby, Lubbock, and Lynn), is now approaching 310,000. Fueled by a healthy economy, the Lubbock MSA has seen annual population increases of 2,000-6,000 people for 15 years in a row. The Texas Water Development Board projects the Lubbock MSA’s population to add another 50,000 inhabitants by 2030 and reach 500,000 by 2070.

LUBBOCK IS THE HUB TO A 26 COUNTY TRADE AREA

The nearest city to Lubbock with a population greater than Lubbock is Fort Worth, which is 300 miles distant. As a result, dozens of neighboring counties and hundreds of small communities rely on Lubbock for shopping, entertainment, medical care, and other services and commodities. Lubbock’s 26-county trade area covers 40,000 square miles, stretching from eastern New Mexico to the Rolling Plains of Texas. Approximately 630,000 people currently live in this area.

LUBBOCK UNEMPLOYMENT

The Lubbock MSA unemployment rate hovered between 3.0% and 4.0% during 2015, which is about 2.0% lower than the national unemployment rate. That is a slight improvement from 2014’s unemployment rates (which were between 3.0% and 5.0%). This exceptionally low unemployment rate creates a favorable environment for job-seekers. As of January 2016, the only metropolitan areas in Texas with unemployment rates lower than Lubbock’s were Amarillo and Austin-Round Rock. Last year, WalletHub.com named Lubbock the most “recession-recovered” city in the country. Also last year, Nerdwallet.com recognized Lubbock as one of the best places in the country for recent graduates to find jobs, noting the following:

“Though often overshadowed by larger cities in Texas, Lubbock holds its own economically. Driven by a diverse economy that doesn’t necessarily rise and fall with the oil industry, Lubbock has plenty of opportunities for recent graduates.

Job seekers should also factor in Lubbock’s affordability. Here, rent as a percentage of earnings among those with bachelor’s degrees is 22.78%, a healthy notch below the goal of not spending more than 30% of your earnings on rent or mortgage.”
LUBBOCK ECONOMIC GROWTH

2015 was a good year economically for Lubbock. Commercial construction in Lubbock boomed consumer spending increased, and thousands of jobs were created. The Lubbock Economic Index, reported on a monthly basis by Lubbock National Bank, has risen steadily for over four years. After bottoming out in 2011 near 120, the index has increased by 27 points (a 22% increase). The Lubbock Economic Index was 143.4 at the beginning of 2015. By December 2015, the index was 147.7, meaning the index climbed by 3% last year. In the four years since the index’s lowest recession value of 120.6 in August 2011, it has increased by more than 22%.

NEW CONSTRUCTION

Fueled by the favorable economic conditions, commercial real estate development is moving full steam ahead. The city’s newest shopping centers (The Esplande at City View, West End, The Hub, Slide Road Galleria, The Commons West) will continue attracting retailers and restaurants. A number of restaurants and retail establishments will be opening in the months ahead. For more information on new commercial real estate development, please see the new construction paragraphs in the following pages.

OTHER ECONOMIC INDICATORS

According to the 2015 Lubbock Economic Outlook from Lubbock Economic Development Alliance, many industries in Lubbock are experiencing impressive growth and net job gains. Three industries picked up 2,000 or more net job gains between September 2010 and September 2015: Leisure and Hospitality (2,500), Retail Trade (2,400), and Education and Health Services (2,000). The Lubbock MSA gross regional product posted significant gains in 2012, 2013, and 2014, rising from $10.4 billion in 2011 to $13.1 billion in 2014. 2015 numbers were not yet released at the time of publication.

Average home prices: The average home sale price for 2015 in Lubbock was $167,291, according to the Lubbock Association of Realtors, which is a 2.9% increase over last year. Since 2010, the average home sale price in Lubbock has increased by 21.4%. That equates to an average annual increase of 4.3% over that five year period.

New home permits: 814 new home permits were issued in Lubbock in 2015 according to Lubbock Land Company, marking a 10% increase from the previous year’s number of new home permits (740).

Construction permits: The value of all construction permits rose substantially in 2015, totaling $664 million by the end of the year, according to the City of Lubbock and Lubbock National Bank. That means the value of Lubbock’s construction permits soared upward 31% from 2014.
Lubbock 2016 Market Trends: Retail

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 240 centers with 8.1 million square feet, according to CoStar. Our retail specialists selected 103 sample properties that they believe best represent the shopping center market. Our sample set this year includes 5.2 million square feet, including West End and Canyon West. The sample set does not, however, 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

The most common rent structure in Lubbock’s multi-tenant retail market is triple-net. About three-fourths of the properties within our sample set are currently under triple-net leases, while nearly all the others have some type of modified gross lease structure. The retail rents in our sample set range from $6.00 to $25.13 triple-net. The overall weighted average of rental rates within our survey is $14.58 triple-net, which is nearly identical to last year’s weighted average of $14.55. Unsurprisingly, the most aggressive rental rates are in our South zone, where the bulk of the new development is located and the triple-net rent average is $17.47. Average rents in the South zone have increased since last year but average rents in both the Central and North zones have decreased slightly.

OCCUPANCY

The weighted average occupancy of shopping centers in our sample set in 2016 is 90.3%. Our survey found the highest overall occupancy levels in the South zone (91.0%), with slightly lower occupancy levels in the Central (90.2%) and North (88.3%) zones. Compared to last year, the overall occupancy level in the Lubbock multi-tenant retail market has remained unchanged. Our analysis of occupancy levels by zone and property age revealed generally high occupancies in older, well-established retail properties and a large range of occupancy levels in newer properties; some new retail properties are already fully occupied, others are still in lease-up status.
Lubbock 2016 Market Trends: Retail

OCCUPANCY ANALYSIS
by building age and zone

<table>
<thead>
<tr>
<th>Year Built</th>
<th>North Zone</th>
<th>Central Zone</th>
<th>South Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>New 2015</td>
<td>N/A*</td>
<td>N/A*</td>
<td>34%**</td>
</tr>
<tr>
<td>2000-2014</td>
<td>71%</td>
<td>100%</td>
<td>88%</td>
</tr>
<tr>
<td>1980-1999</td>
<td>94%</td>
<td>94%</td>
<td>96%</td>
</tr>
<tr>
<td>1960-1979</td>
<td>99%</td>
<td>88%</td>
<td>98%</td>
</tr>
<tr>
<td>Pre-1960</td>
<td>N/A*</td>
<td>92%</td>
<td>N/A%</td>
</tr>
</tbody>
</table>

*Accurate analysis unavailable due to small sample size
**In lease-up stage

ABSORPTION

According to data from Costar, net absorption in the entire Lubbock shopping center market was positive for seven of the past nine years. Last year, the market absorbed nearly 70,000 square feet of multi-tenant retail space.

MARKET TRENDS

Overall, Lubbock's shopping center market is healthy and in good condition. The ongoing economic and population growth increased occupancy and rental rates over the past year in the South zone, where supply and demand remain high. In the Central and North zones, occupancy and rental rates both decreased slightly. This market growth in the South zone, combined with the decreased occupancy and rental rates in the Central and North zones, have resulted in relatively stable market conditions for the city overall, with mostly unchanged net occupancy and rental rates since last year.

GROSS RETAIL SALES

One important measurement of Lubbock's retail market is gross retail sales, which are published quarterly by the Texas Comptroller. Growth of retail sale volume in Lubbock County during 2015 has been mixed: 1Q 2015 retail sales were $81 million above the 1Q 2014 total, but 2Q 2015 retail sales fell short of 2Q 2014 sales by $6 million, and 3Q 2015 retail sales were down $138 million compared to 3Q 2014 sales. We project gross retail sales for 2015 will be near $5.8 billion, which is a 37% increase since 2010.

NEW CONSTRUCTION

2016 will be an exciting year in the Lubbock shopping center market, as new properties and new tenants come to town. The bulk of the new development continues to take place in south and west Lubbock. On West Loop 289, the West End shopping center brought various retailers and restaurants online in the past year and remains under construction, with additional pad sites available. Additional shopping centers are also being constructed along Milwaukee Ave. and Slide Road, such as the 100,000 sq. ft. Esplande at City View center. Furthermore, a number of noteworthy retail establishments are either under construction or planned for construction, including a Walmart Neighborhood Market at 98th and University Ave., and a United Supermarkets at 130th and Indiana Ave. New restaurants coming to town include Chick-fil-A, Panera Bread, Walk-On's Bistreaux and Bar, Saltgrass Steakhouse, Dion's, and many others.

TAKE-AWAY

Lubbock's shopping center market has shown signs of resilience, even in the midst of some recent volatility in the U.S. economy. Lubbock's growing population, increasing retail sales volume, and many new retailers create a favorable environment for both investors and consumers. The steady occupancy levels and rental rates provide further evidence of the stability of the retail market, which is a good sign for the Lubbock economy and commercial real estate market.
Lubbock 2016 Market Trends: Office

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 400 properties with 6.4 million square feet, according to CoStar. Our office specialists selected 91 multi-tenant properties that they believe best represent the office market. Our sample set this year includes 2.4 million total 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

The Lubbock multi-tenant office market now includes a variety of lease structures, including full service, modified gross, and triple-net. Full service remains the most popular lease structure. Of the properties within our sample set that have space available, nearly half of them have full service leases. Modified gross is the next most common lease structure, but triple-net is commonly found in many of the newer office properties that have come online recently. Our survey of multi-tenant office properties found a full service rental rate weighted average of $16.20, which is $0.15 higher than the weighted average last year. This aggregate rental rate increase is due primarily to increased rental rates in the South zone. Average rental rates were down in the other three zones, most notably in the CBD zone, where—like last year—the least aggressive rental rates are located.

OCCUPANCY ANALYSIS by building age

<table>
<thead>
<tr>
<th>Year Built</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>New 2015</td>
<td>46.0%*</td>
</tr>
<tr>
<td>2000-2014</td>
<td>86.1%</td>
</tr>
<tr>
<td>1980-1999</td>
<td>89.0%</td>
</tr>
<tr>
<td>1970-1979</td>
<td>93.9%</td>
</tr>
<tr>
<td>Pre-1970</td>
<td>90.1%</td>
</tr>
</tbody>
</table>

*in lease-up stage

OCCUPANCY

In three of our four office market zones, occupancy has ticked upward, resulting in an overall occupancy increase of 3.8% since our survey last year. Our analysis of office property occupancies by property age showed consistently high occupancy levels in older office properties and lower occupancies in many newer office properties. Although some office properties built in the past decade are fully occupied, others have struggled to find tenants for all available office space.
RENT ANALYSIS
by rental type

<table>
<thead>
<tr>
<th>Type</th>
<th>Average Rent</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>NNN</td>
<td>$10.65</td>
<td>$6.00 - $18.00</td>
</tr>
<tr>
<td>Modified gross</td>
<td>$12.77</td>
<td>$9.72 - $18.25</td>
</tr>
<tr>
<td>Full service</td>
<td>$16.63</td>
<td>$10.50 - $24.00</td>
</tr>
</tbody>
</table>

MARKET TRENDS

The Lubbock multi-tenant office market has struggled to keep pace with the impressive growth of other commercial real estate markets. Even as recently as last year, negative net absorption indicated that supply outpaced demand across the entire Lubbock office market. However, the increased occupancy and rental rates within our sample set are good signs for 2016, showing that the Lubbock office market is poised for a period of modest growth and stability.

ABSORPTION

Net absorption trends in the Lubbock office market have been more volatile and unpredictable than other markets. In both 2012 and 2014, the entire Lubbock multi-tenant office market absorbed around 50,000 square feet. However, net absorption was negative in 2013 and 2015. These ups-and-downs in net office absorption are evidence of a slightly unstable market.

NEW CONSTRUCTION

In south Lubbock, Happy State Bank has completed the construction of its four-story, 46,000-square-foot location near 98th Street and Quaker Avenue. Also in south Lubbock, a number of smaller office properties have been developed along Quaker Avenue, especially between 98th Street and 114th Street. Furthermore, office property development is ongoing along and near Milwaukee Avenue in southwest Lubbock. For example, 8713 Milwaukee Avenue and 6123 79th Street (Heritage Trace) are new office properties in lease up stage.

TAKE-AWAY

Overall occupancy and rental rates in the Lubbock multi-tenant office market both increased this year compared to 2015, but other market indicators within our zones were mixed. Absorption in recent years has been unsteady, and several new developments have struggled to fill in dark spaces. Nevertheless, Lubbock’s growing economy and population should provide sustained support for the office market and continued demand for office space.
Lubbock 2016 Market Trends: Industrial

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 756 properties with 28.3 million square feet, according to CoStar. Our industrial specialists selected 64 sample properties that they believe best represent the industrial market. Our sample set this year includes 6.0 million total square feet. The 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 mostly steady rental rates in the industrial market. The weighted average of rental rates this year is $3.66 triple-net, which is a slight $0.06 decrease since last year. Nevertheless, rental rates are significantly higher than they were in 2010, when the weighted average was $2.33. Our market survey of current rental rates showed that the most aggressive rental rates are in southwest Lubbock and the least aggressive rental rates are in southeast Lubbock.

OCCUPANCY
Our 2016 survey of the Lubbock industrial market revealed impressively high occupancy levels. In fact, all the properties within our Northeast, Southeast, and Southwest zones are fully occupied. The only zone with occupancy below 100% was Northwest, where there is currently some vacant space. Overall, the aggregate occupancy of the entire market is 97.9%, which is 0.4% below last year’s occupancy level. From a big picture perspective, however, these consistently high occupancy levels reflect a strong industrial market and a sustained demand for industrial space in Lubbock.
OCCUPANCY ANALYSIS
by building size

<table>
<thead>
<tr>
<th>Sq. Ft.</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>100,000+</td>
<td>98%</td>
</tr>
<tr>
<td>75,000-99,999</td>
<td>100%</td>
</tr>
<tr>
<td>50,000-74,999</td>
<td>100%</td>
</tr>
<tr>
<td>30,000-49,999</td>
<td>95%</td>
</tr>
<tr>
<td>&lt; 30,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

ABSORPTION

Net absorption in the Lubbock industrial market was positive in 2012-2014, but it was negative in 2015. After absorbing approximately 600,000 square feet during the 2012-2014 period, absorption in the market was negative by more than 350,000 in 2015. This negative absorption reflects a sharp increase in the availability of industrial buildings across Lubbock, according to CoStar. However, this increased inventory has not measurably affected occupancy levels within our sample set.

MARKET TRENDS

Occupancy in the Lubbock industrial market decreased in 2011 and 2012, when market vacancy hovered around 10%. Since then, however, industrial market trends have improved significantly, with occupancy remaining near 98%. Likewise, average rental rates jumped upward in the past three years, reaching $3.72 last year and settling down at $3.66 this year.

NEW CONSTRUCTION

Many newly-constructed industrial properties are located near or just outside the Lubbock city limits. Sundown Station near 130th Street and Frankford Avenue, 12213 University at 122nd Street and University Avenue, and South I-27 Industrial Park at 98th Street and I-27 are all large industrial developments currently under construction or in the lease-up stage. Earlier this year, the Lubbock Economic Development Alliance announced that Monsanto, one of the world’s largest sustainable agriculture companies, will be building a new cotton seed processing facility in north Lubbock along I-27.

TAKE-AWAY

Like last year, occupancy in the Lubbock industrial market is exceptionally high, with only a couple vacancies in our entire sample set. Plus, with the exception of last year, industrial absorption in the entire Lubbock industrial market has been positive since 2012. Average rental rates decreased by a few cents between 2015 and 2016, though this slight change is negligible. The combination of high occupancy and stable rental rates in the Lubbock industrial market create promising opportunities for investors and real estate owners.
Lubbock 2016 Market Trends: Apartments

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 195 total apartment communities with 24,895 units and 26.4 million square feet. Our sample set this year consists of 73 apartment communities that represent the multi-family market. 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
The weighted average rental rate of our entire multi-family survey is $0.88 per square foot, which is unchanged from our survey last year. The most aggressive rents can be found in our West zone, where the weighted average rental rate is now $1.02. Conversely, the South and East zones have the least aggressive rents, with averages of $0.84. Apartment communities built since 2000 have the highest rental rates, while older communities have comparatively lower rental rates. The highest rental rate per square foot across the entire market is currently $1.14.

OCCUPANCY
Average occupancy levels throughout our multi-family sample set are relatively high, ranging from 92.7% in our East zone to 94.9% in our Central zone. The overall occupancy in all four zones is 94.3%, which is 1.9% higher than the overall occupancy last year. Properties with the lowest occupancy levels tend to be older.
OCCUPANCY & RENT ANALYSIS
by building age

<table>
<thead>
<tr>
<th>Year Built</th>
<th>Occupancy</th>
<th>Avg. rent/SF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-present</td>
<td>95.1%</td>
<td>$1.00</td>
</tr>
<tr>
<td>1980-1999</td>
<td>95.1%</td>
<td>$0.87</td>
</tr>
<tr>
<td>1960-1979</td>
<td>94.3%</td>
<td>$0.85</td>
</tr>
<tr>
<td>Pre-1960</td>
<td>76.9%</td>
<td>$0.82</td>
</tr>
</tbody>
</table>

APARTMENT MARKET TRENDS

Occupancy in the Lubbock apartment market experienced a three-year upswing between 2012 and 2015, rising from 89.7% in 2012 to 94.3% last year. Although average rental rates remain unchanged from last year’s survey, they are currently higher than previous years. Since 2008, rental rates in the Lubbock apartment market have increased by an average of 4% per year. As shown in the table to the left, the most aggressive rental rates can be found in properties developed in recent years. Conversely, less aggressive rental rates are common in older properties.

NEW CONSTRUCTION

A number of new multifamily properties across the city are either under development or recently delivered—most notably in the West and Central zones. In the Elm Park subdivision, the Portofino Apartments brought over 200 units to the market last year and are now 97.1% occupied. Also in Elm Park, Phase I of the Escondido Apartments (156 units) came online last year and Phase II (80 units) will be completed this year. In south Lubbock, the Brickstone Villas brought 202 units online last year. Two apartment communities on 114th Street (one near Indiana Avenue and another near Slide Road) are currently under construction and should bring an additional 400 units to the market.

TAKE-AWAY

In last year’s INSIGHT report, we speculated if the hundreds of new apartment units coming to the Lubbock market would outpace demand, or if the demand would remain sufficiently strong to support the new complexes. Based on this year’s survey, the latter scenario appears to be playing out. Although average rental rates within our sample set remain unchanged from last year, occupancy ticked upward by nearly 1.9%. These consistently high occupancy levels and aggressive rental rates continue to create a favorable environment for new multi-family developments.
Lubbock 2016 Market Trends: Student Housing

ZONE DESCRIPTIONS

Our student housing specialists 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. The Inside Overton zone in our zone includes nearly 6,000 student housing beds. 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 7,600 beds. Most of the Outside Overton properties are concentrated either along 4th Street or North Loop 289.

TEXAS TECH UNIVERSITY

As we mentioned in last year’s INSIGHT report, Texas Tech University is the single most important factor in Lubbock’s student housing market. Consequently, increases in Texas Tech’s total student enrollment drive demand for student housing properties. Last year, Texas Tech announced that total fall enrollment reached a record-breaking 35,859, which is an increase of 701 since the fall 2014 semester. Total enrollment for the spring 2016 semester was 33,136, which is an increase of 696 over spring 2015. The university remains on target to reach its goal of 40,000 students by 2020. Plus, Texas Tech’s recent designation as a Carnegie Tier One university will likely attract additional students and funds to Lubbock.

OTHER COLLEGES & UNIVERSITIES

Although Texas Tech is the largest university in Lubbock, it is not the only upper-level educational institution attracting students to Lubbock. South Plains College at Reese Center and the Lubbock campus of the Texas Tech University Health Sciences Center each enroll over 3,000 students. Lubbock Christian University enrolls over 1,000 students and Wayland Baptist University enrolls over 500 students on their Lubbock campus. Other schools in Lubbock include Kaplan College, Virginia College, Vista College, and Covenant School of Nursing.

OCCUPANCY

Overall occupancy within the Lubbock student housing market dipped slightly between 2015 and 2016, falling by a percentage point since last year to 94.7%. Like last year, occupancies are higher in the Inside Overton zone than the Outside Overton zone (97.6% and 92.7%, respectively). Of the 23 properties in our sample set, four are fully occupied, two have occupancy levels below 90%, and the other properties all have occupancy levels between 90% and 100%.
RENTAL RATES
Our 2016 survey found a rental rate spread within our sample set of $0.80 to $1.87 per square foot, with the most aggressive rental rates found in newer properties near Texas Tech University. The weighted average of our entire sample set is $1.39—an increase of $0.06, or 4.5%, since last year. In the Inside Overton zone, the weighted average is $1.51 (a $0.06 increase since last year). In the Outside Overton zone, the weighted average is $1.26 (a $0.03 decrease since last year).

ABSORPTION
According to data from Costar, net absorption in the Lubbock student housing has been positive for nine years in a row. As our chart shows, at least 300 units were absorbed each year between 2008 and 2011. Since then, net absorption has decreased to more modest levels (100-200 units per year), though still remaining positive. The ongoing positive absorption is due primarily to Texas Tech’s aggressive enrollment growth; since 2007, the university’s total enrollment has grown by an average of 870 students per year.

MARKET TRENDS
After dipping down to near 93.5% during 2012-2014, Lubbock student housing occupancy levels have recovered and are holding steady between 94% and 96%. Vacancies are more widespread in the Outside Overton zone, as many of the Inside Overton properties near campus remain nearly fully occupied. The modest increase in average rental rates suggests that the Lubbock student housing market remains healthy.

NEW CONSTRUCTION
Lubbock’s high student housing occupancy levels continue to drive new development as the market attempts to keep up with the demand. Two of the newest student housing communities are being developed by Haven Campus Communities. The first, 18Nineteen, located at Glenna Goodacre Boulevard and Avenue S, will bring 732 beds to the market once it is delivered this August. The second, located at Glenna Goodacre Boulevard and Avenue T, will likely be completed in 2017 or 2018.

TAKE-AWAY
Driven by Texas Tech’s growth and a steady demand for student housing beds, the Lubbock student housing markets continues to perform admirably. The increasing rental rates and relatively high occupancy levels reflect the market’s health. Assuming Texas Tech continues to grow and Lubbock’s economy remains strong, the future of Lubbock’s student housing market looks bright.
**COMPLETED DEVELOPMENTS**

A number of commercial developments were completed in Lubbock during 2015 and early 2016. These include a couple new multi-story hotels. One block east of Texas Tech University, Hyatt Place opened in February of this year. Another completed hotel development is Arbor Hotel and Conference Center in southwest Lubbock. In south central Lubbock, Happy State Bank opened their new corporate headquarters, Taco Villa opened a new location, and Walmart celebrated the grand opening of a new supercenter at 114th Street and Quaker Avenue.

**DEVELOPMENTS IN PROGRESS**

As our map shows, several major developments are currently in progress across the city. These include new ER clinics in central Lubbock, a student housing project (18Nineteen) near Texas Tech, the South I-27 Industrial Park in southeast Lubbock, a multi-family project in southwest Lubbock, and a new Covenant clinic in northwest Lubbock. Retail properties currently in the development stage include a number of restaurants at West End, a Wendy's on Milwaukee Avenue, an Academy in far south Lubbock, and a couple new shopping centers.

**FUTURE DEVELOPMENTS**

Commercial real estate development shows no signs of slowing down in the future. We anticipate a variety of new projects to begin construction in the months ahead, including several not marked on our map. A Residence Inn is planned for southwest Lubbock. Chick-fil-A plans to open several new Lubbock locations over the next few years, including one at West End. Other well-known restaurants are also looking to soon open new locations in Lubbock.

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

Beau Tucker, CCIM
“The Land Man”
606.784.3298
BTucker@CBCWorldwide.com
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Rick Canup, CCIM
CEO
806.784.3204
RCanup@CBCWorldwide.com

Jef Conn, CCIM
Industrial & Office Specialist
806.784.3216
JConn@CBCWorldwide.com

Alex Eberhardt
Investment Sales Specialist
806.784.3258
AlexE@CBCWorldwide.com

Eric Eberhardt, CCIM
Investment Sales Specialist
806.784.3239
EricE@CBCWorldwide.com

Nick Eyhorn, CCIM
Office & Industrial Specialist
806.784.3215
NEyhorn@CBCWorldwide.com

Beau Tucker, CCIM
Land and Investment Specialist
806.784.3298
BTucker@CBCWorldwide.com

Taylor Tucker, CCIM
Multi-Family Director
806.784.3260
TTucker@CBCWorldwide.com

Chase Tucker, CCIM
Multi-Family Director
806.784.3268
CTucker@CBCWorldwide.com

Scott Womack
Office & Retail Brokerage & Leasing
806.784.3256
SWomack@CBCWorldwide.com

Jordan Wood, CCIM
Investment Sales Specialist
806.784.3224
JordanWood@CBCWorldwide.com

Parker Carroll, CCIM
AUSTIN, TX OFFICE
Managing Director
512.382.5564
PCarroll@CBCWorldwide.com

Kevin Cordova
NM QB LIC. #19145
AUSTIN, TX OFFICE
Investment Sales Specialist
512.382.5564
KCordova@CBCWorldwide.com

Blake Matheus
AUSTIN, TX OFFICE
Investment Sales Specialist
512.382.5564
BlakeM@CBCWorldwide.com

Ethan Offenbecher, CCIM
AUSTIN, TX OFFICE
Investment Sales Specialist
512.382.5564
EthanO@CBCWorldwide.com

Garrett Wood
AUSTIN, TX OFFICE
Investment Sales Specialist
512.382.5564
GWood@CBCWorldwide.com

MAIN: 806.793.0888
www.CBCCapitalAdvisors.com