

Frontier Parkway & DNT

Gateway Development

Market Analysis & Economic
Feasibility Presentation

Presented to Prosper City Council | January 2026



Project Overview

Executive Summary

Project Vision: Mixed-use retail development at Prosper’s northern gateway, designed to maximize fiscal impact while positioning the site for long-term evolution.

\$1.6M-2.0M

Annual Tax Revenue

550-650

FTE Jobs Created

18-24

Months To Opening

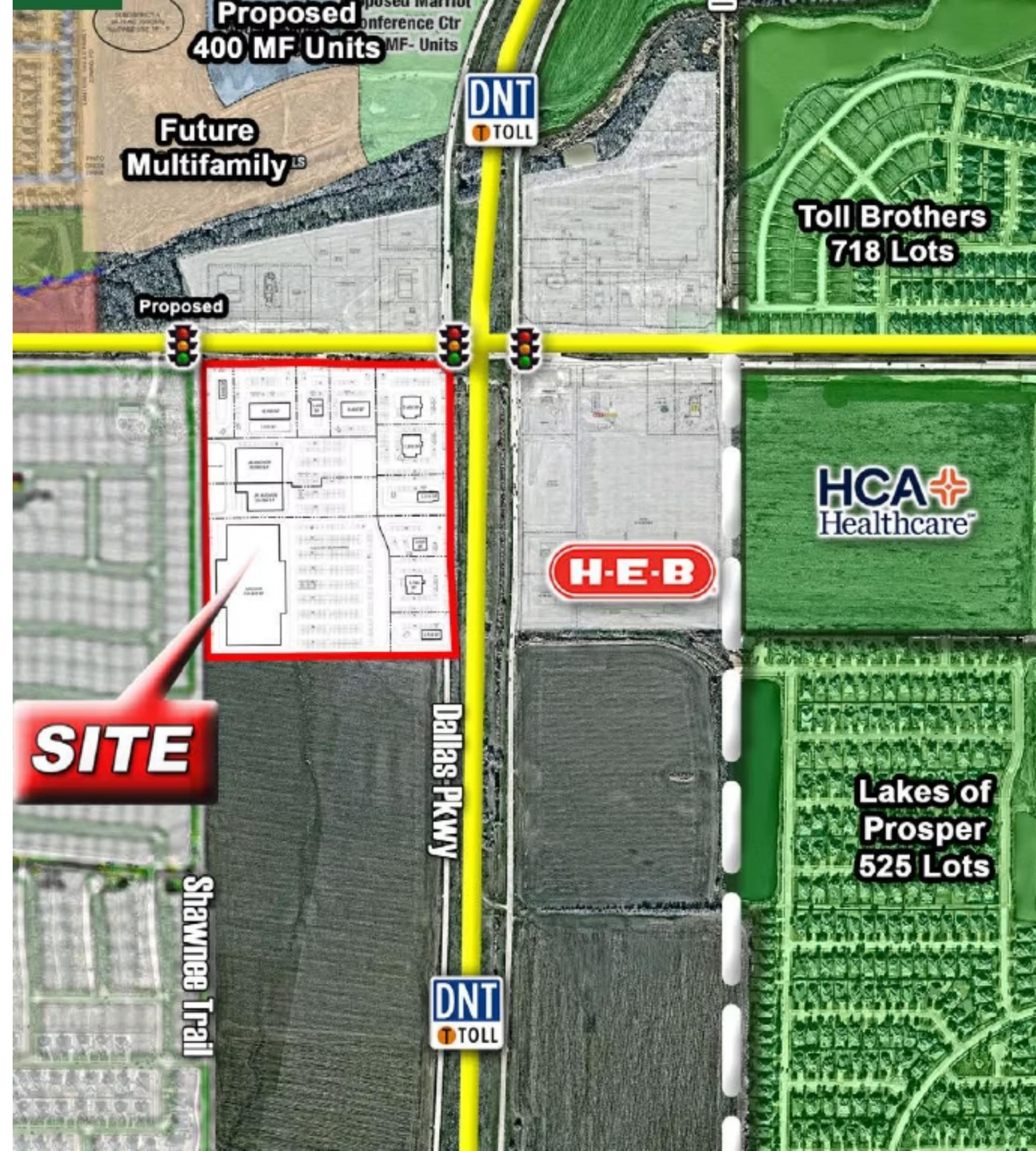
❏ Key Finding: Market analysis shows retail development is economically optimal. Office development is not viable due to insufficient demand and lack of tenant commitments.

Site Context: Prosper's Northern Gateway

Strategic Location

- First impression of Prosper from the north.
- SW corner of Frontier Parkway & Dallas North Tollway
- Adjacent to future 100,000+ daily vehicles.
- Near Prosper High School and growing residential areas.

Site complies with all zoning guidelines and ordinances





Site Context: Prosper's Northern Gateway

Development Features

- Multiple retail buildings with varied architecture.
- Independent pad sites for national tenants.
- Walkable pedestrian environment.*
- Extensive landscaping and greenery.*
- Detention pond as water feature amenity.*

Site complies with all zoning guidelines and ordinances

* Further improved in the final submission made based on input from City staff

Our Comprehensive Analysis

We explored every development option to honor Council's vision for this gateway site:

✓ Market Research

- DFW office market analysis
- Collin County demand patterns
- Competitive site assessment with renowned broker consultations

✓ Financial Modeling

- Retail development pro forma
- Office feasibility analysis
- Medical office evaluation
- Mixed-use scenarios

✓ Tenant Outreach

- Corporate office requirements
- Medical group survey
- Professional services firms
- Zero commitments received

CONCLUSION

Retail development maximizes fiscal benefit today while positioning the site for future evolution as Prosper's market matures.

DFW Office Market Reality

Current Market Conditions

24-25% DFW office vacancy rate

Construction at decade lows

Pipeline at lowest level since 2013

70% pre-leased

Banks won't finance speculative office

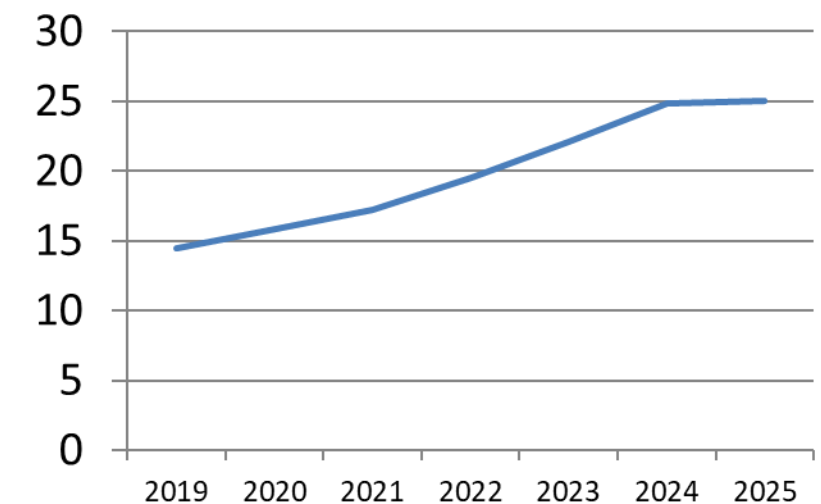
Flight to quality

Demand concentrated in Class A buildings

Established corridors only

Preston Center 9% vs market 25%

DFW Office Vacancy Rate
Trend



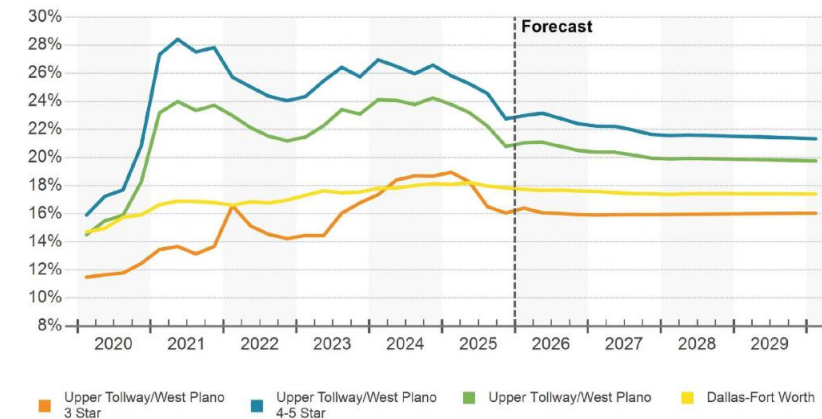
Upper Tollway / West Plano Office

Current Market Conditions

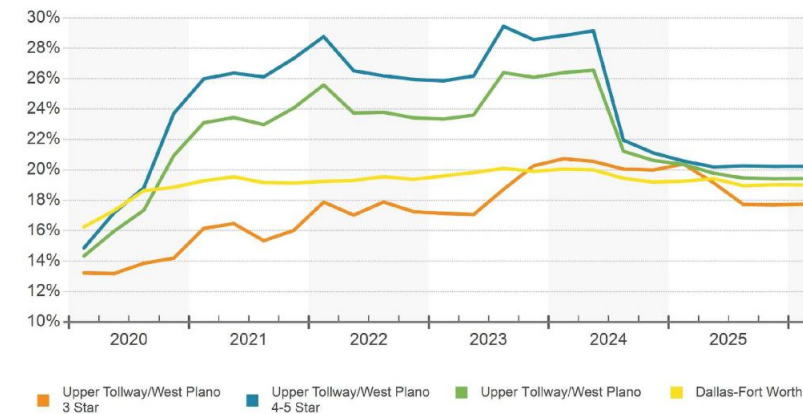
20.7% vacancy rate

- The magnetic pull to the suburbs has led to a greater share of speculative development. In turn, vacancies in Upper Tollway/West Plano are elevated as 20.7%, above the 10-year average of 18.8% and the Dallas-Fort Worth norm of 18.0%.
- Despite newer office buildings in prime suburban locations, and resetting demand with smaller leases and occupiers becoming more discerning about their spaces, have kept vacancy and availability elevated.

VACANCY RATE



AVAILABILITY RATE



Where Office Development Succeeds

Successful Office Locations

9% Preston Center
vacancy vs 25%
DFW average

Strong performance ONLY in established corridors:

- Legacy/West Plano: 15+ years, major corporate presence
- Preston Center/Uptown: Lowest vacancy in region at 9-23%
- Frisco/The Colony: The Star, corporate relocations

What Office Requires

Critical Success Factors:

- Existing corporate cluster (peer companies)
- Immediate workforce within 10-mile radius
- Supporting retail, dining, services nearby
- Major tenant pre-commitments (60-80%)
- 10-15 year track record in market

Our Location Today:

- X No existing office infrastructure
- X No corporate cluster or peer companies
- X Zero pre-leasing commitments

North Collin County **Retail Submarket**

+520K

12 Month deliveries in SF

+481K

12 Month net absorption
in SF

+2.2%

Vacancy Rate

+3.7%

Market Asking Rent
Growth

Retail Market Strength

- N Collin County Outlying's vacancy rate of 2.2% compares to the submarket's five-year average of 3.2% and the 10-year average of 4.0%. Retail occupancy 95%, vacancy only 4.9%
- The N Collin County Outlying retail submarket has roughly 210,000 SF of space listed as available, for an availability rate of 3.9%.
- Market rents in N Collin County Outlying are \$31.00/SF. Rents have changed by 3.6% year over year in N Collin County Outlying, compared to a change of 3.4% across Dallas-Fort Worth as a whole.

Prosper's Retail Momentum

+106%

Prosper sales tax growth 2019-2023

Prosper Retail Success

- Outpacing population growth significantly
- H-E-B, Target, Kroger, Home Depot, Costco etc
- Gates of Prosper opened successfully
- Peak revenue during PISD sports seasons

DFW Regional Strength

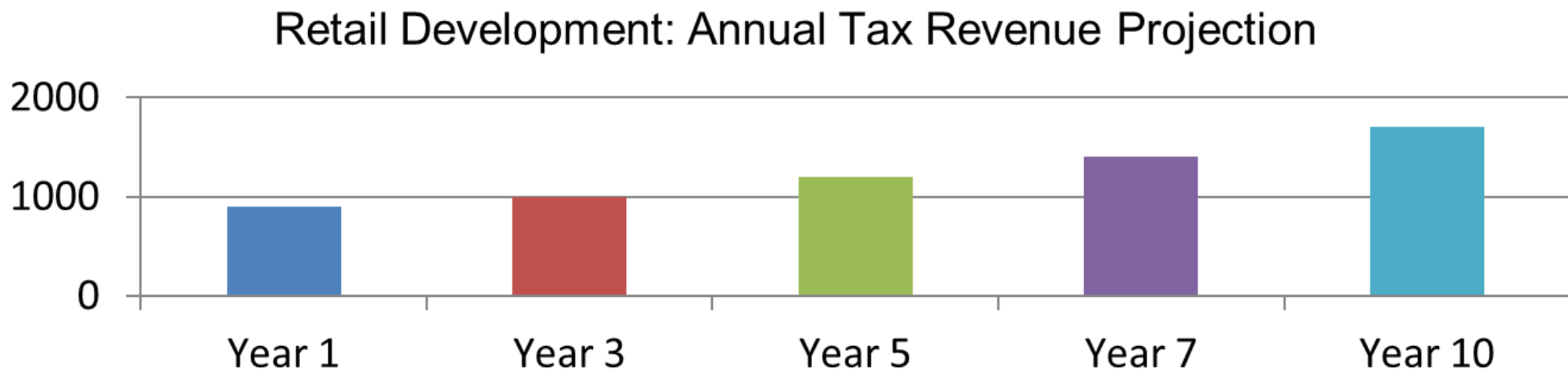
- 7M SF DFW retail under construction (leads nation)
- 65% in northern suburbs: Denton & Collin counties
 - Retail occupancy 95%, vacancy only 4.9%
 - Rents growing 4-5% annually despite construction costs

This Location's Advantages

- 100,000+ cars/day projected on DNT
- High household incomes in bedroom community
- Undersupplied categories available

Fiscal Impact Analysis

Projected annual tax revenue by development type:



Retail: \$17.2M
10-year cumulative revenue

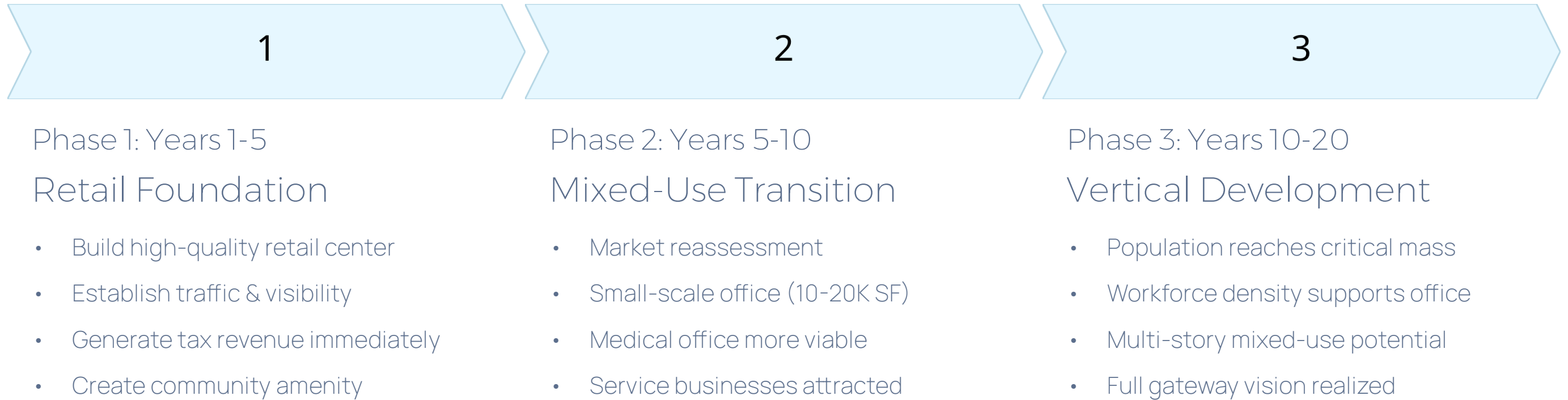
Medical: \$4-6M
10-year cumulative (if viable)

Office: \$0
No viable tenants identified

Analysis based on market rental rates, sales projections, and property valuations

Long-Term Evolution Roadmap

This is Phase 1 of a 20-year vision, not the final state:



❏ Every successful mixed-use development in North Texas started with retail first. We're not foreclosing office development—we're creating the foundation that makes it viable.

Timeline based on comparable gateway evolution patterns

Alternatives Thoroughly Evaluated

Every alternative was analyzed for economic feasibility:



X Speculative Office

- Zero active tenant requirements
- Banks won't finance without pre-leasing
- High risk of vacancy

VERDICT: Not financially viable



Δ Medical Office

- Tenants offer \$18-22/SF rent
- Project requires \$32-38/SF
- Subsidy gap: \$3-5M

VERDICT: Requires significant subsidy



X Delayed Development

- Wait 10-15 years for office market
- Zero tax revenue during holding
- Significant carrying costs

VERDICT: Lost opportunity cost too high



✓ Proposed Retail

- Proven market demand
- Immediate tax revenue
- Fast timeline (18-24 months)

VERDICT: Economically optimal today

Our Request to Council

Approve Proposed Prosper's Gateway Vision

We share your vision for an exceptional gateway development. The market data clearly shows retail is the right path today—financially sound, community-serving, and fiscally responsible.

\$1.6M-2.0M

Annual Tax Revenue

550-650

Jobs for Community

18-24

Months To Grand Opening

Ten years from now, this site and areas to the south could include office and vertical mixed-use—but only if we establish the retail foundation today.

Thank you for your consideration | Questions & Discussion

Enclosers:

- Project renderings with views from different angles (further improved. Final submission set has revised changes site plan and landscape plans)
- Preliminary Site Plan
- Open Space Plan
- Landscape Architect rendered site plan
- Preliminary Drainage Plan
- Preliminary Utility Plan
- CoStar Report – Upper Tollway / West Plano office submarket
- CoStar Report – North Collin County Outlying Retail

Thank you for your consideration | Questions & Discussion