Downtown El Paso

Market Assessment

Area-Wide Planning Study

El Paso, Texas

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Project Team

City of El Paso Downtown Management District

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Chapter 1 - Executive Summary

1.1   Report Purpose and Methods

The El Paso Downtown Management District (DMD) received an Environmental Protection Agency (EPA) Brownfields Community-Wide Assessment (CWA) grant to conduct Area-Wide Planning (AWP) activities, including an inventory and analysis of brownfield sites within Downtown El Paso. This grant was used to create a community and data driven action plan to identify strategic redevelopment opportunities that support critical economic activities, particularly international tourism and commerce, existing and emerging employment clusters, and expanded mobility and residential options.

The AWP Focus Area (or also referred to as "the Target Area" in other project deliverables) encompasses approximately 45 acres within the 18-block area bounded by El Paso Street to the west, Mills Avenue to the north, Kansas Street to the east, and Paisano Drive to the south (Figure 1). Quantum Engineering Consultants, Inc. (Quantum) partnered with Stantec Consulting Services, Inc. (Stantec) to conduct a market study of the Focus Area to support the AWP process through the development of key findings and implementation guidance. This report shares findings related to trends in population, housing, employment, the real estate market, and transportation. Additionally, Quantum developed demand for residential, commercial, industrial, and recreational land uses within the Focus Area based on historical and projected population growth, international travel trends, and employment growth. The analysis incorporated data from multiple sources including the City of El Paso, El Paso Metropolitan Planning Organization, Texas Workforce Solutions, US Census Bureau, American Community Survey, and ESRI.
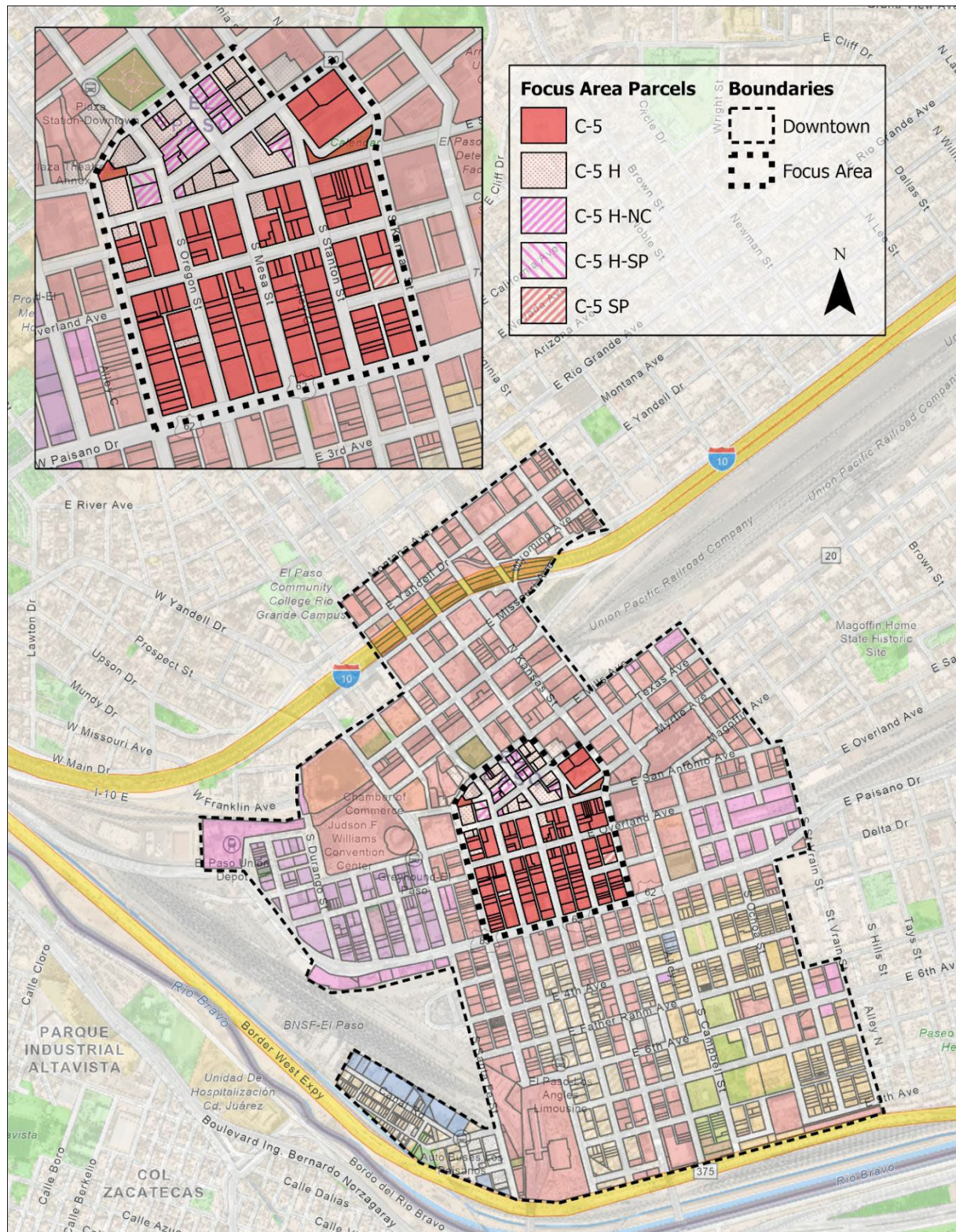
1.2 Focus Area Overview

Figure 1) Downtown El Paso and Focus Area (Focus Area inset)

Since its founding in 1873, El Paso has been an important and strategic gateway between the United States and Mexico. For over a century, Downtown El Paso has been a vibrant hub of industry, commerce, and social interaction for the region. Located between Ciudad Juarez and the Franklin Mountains along the banks of the Rio Grande, Downtown El Paso has the potential to capitalize on the economic and cultural energy of the region through strategic investments and incentives that support a growing desire for urban living, high-quality multimodal transportation options, and resilient employment opportunities in existing and emerging sectors. Downtown El Paso has direct access to I-10, the nation's only all-weather trucking route between California and Florida and the ability to bypass congestion along I-10 via direct access to Loop 375.

1.3   Recommendations for Funding and Implementation

Redevelopment of the Focus Area will require community action and involvement, public investments in capital projects and programming, and private redevelopment and reuse of existing buildings by the private sector. Community action, involvement, and advocacy are critical to building and maintaining support for increased public and private investments in the area that align with the needs and vision of the neighborhood. Public investments in capital projects often spur private development efforts, particularly through street improvements, utility service upgrades, parks and public space improvements, and comprehensive maintenance programs.

There is a current market demand and opportunities for new housing, office, and commercial services in the Focus Area. The revitalization strategies should accommodate the existing population/business tenants in the Focus Area to avoid displacement. At the same time, the strategies include more diverse housing/commercial tenant spaces to entice new businesses/residents to locate in Downtown – this should include larger, modernized housing units and commercial tenant spaces. New housing, more residents, and diverse household structures are key to supporting a commercial market in Downtown (and filling empty storefronts with new vital businesses). Successful downtowns are usually mixed-use and mixed-income districts, diversity in options will be key to bring more vitality to El Paso and the Focus Area.

1.3.1   Public Improvements

Public projects that improve parks, streets, accessibility, and multimodal transportation access provide direct benefits to residents and users of the Focus Area. Additionally, these investments act as a signal to private developers that there is long-term support for redevelopment that can promote private investment. Public improvements are not just capital projects but can also take the form of facility programming, in which unique and/or regular events are scheduled and promoted to attract a diverse range of user groups to the Focus Area. An example of these two components of public improvements would be a capital project that adds outdoor dining space and ambient lighting within Aztec Calendar Park coupled with programming of live music and event promotion.

1.3.2 Public-Private Partnerships

Strategic resource and cost sharing programs can be used to offset remediation costs for developers and reduce maintenance or development costs for publicly funded projects. Private investment and redevelopment within the Focus Area can be encouraged through previously described public improvements, though cities often find that additional efforts and incentives may be required to attract specific development targets or expedite private investment. Incentives should be carefully constructed to ensure a rate of return that leverages public investments to primarily benefit the Focus Area, Downtown El Paso, and the broader City of El Paso through the following goals:

- Increased affordable and market rate housing options

- Additional employment clusters that create new jobs with livable wages

- Increased sales tax, hotel occupancy tax, and consumption tax receipts

- Improved quality-of-life through expanded entertainment, retail, and recreationalopportunities

- Transit-oriented development that increases public transportation ridership

- Additional funds for maintenance to ensure both the public and private realms are clean and attractive

Developer incentives can sometimes be perceived as negative by community members, though this can be overcome through outreach that provides information on the need and benefit for such funding mechanisms. Incentives are particularly effective in brownfields projects, as remediation costs can often far outweigh the marketability of a facility. This is especially true in the case of affordable housing development as incentives, offsets, and public-private partnerships may be the differentiating factor to justify investment in below-market and market-value residential units within the Focus Area. In addition to the basic value of equity and accessibility, promoting affordable redevelopment helps to address community concerns of gentrification and displacement.

Oftentimes, a single targeted partnership can create demand in an area and spur additional private investments that further the impact of the initial public investment.

Chapter 2 – Community Overview

2.1   Demographic and Population Characteristics

When planning for revitalization, it is important to examine the existing demographic characteristics for the current, city-wide, and regional populations so that the recommended actions accommodate current households and attract a proportionate share of the projected growth. The following subsections summarize the demographic characteristics for the Focus Area and the region. The DMD and its community partners can use this information to plan for a housing mix that accommodates a wide variety of households.

2.1.1   Population

The El Paso metro-region has not kept pace with the rest of the state of Texas in terms of population growth over the past two decades, and particularly between 2010 and 2019. Both the Focus Area and Downtown El Paso saw declines in population, with populations down 72.6% and 30.1% respectively since 2000.

Much of the growth within the region has occurred far from the Focus Area and Downtown along the periphery of city limits and particularly near Horizon City in El Paso County. Between 2010-2019 the City of El Paso's population grew at 0.9% compared to El Paso County at 0.5%.
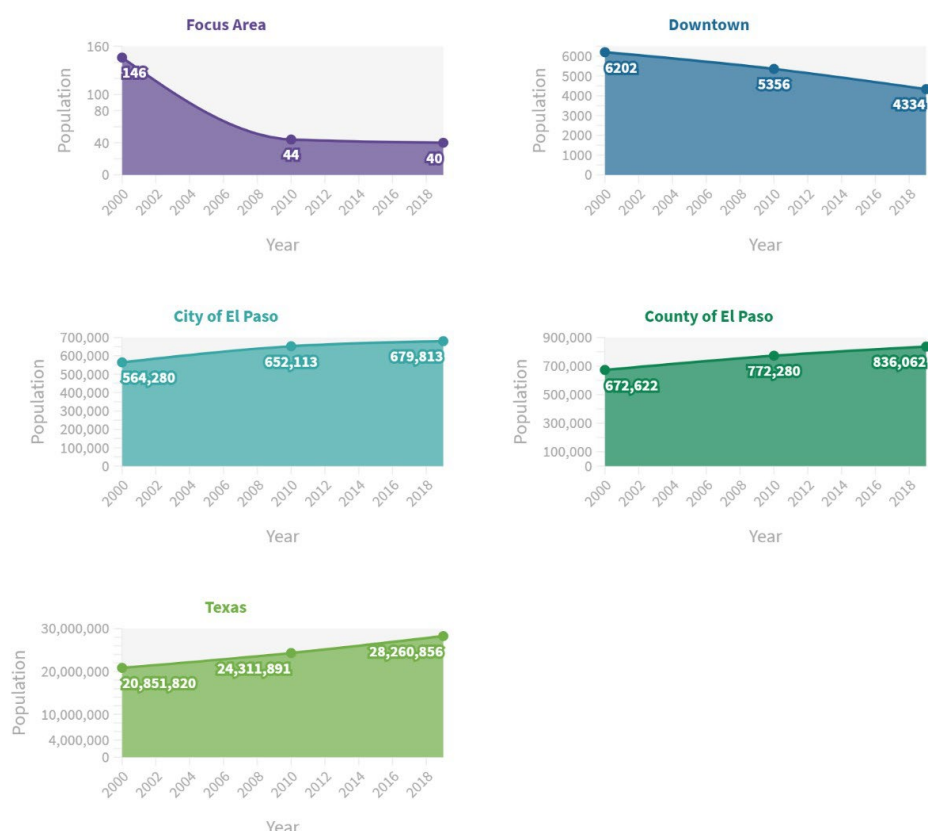
Source: US Census Bureau, American Community Survey, Esri • 2000-2019

Figure 2) Population trend comparison

Project Population - The population in the El Paso region is expected to grow by 32,781 people between 2021 and 2026. Most of the growth is anticipated in the City of El Paso and El Paso County at 22,065 people and 10,570 people respectively, accounting for a combined 99.6% of growth within El Paso County. The Focus Area is expected to account for only 0.01% of growth in the same period, adding just four people. Additional population growth could be attracted to the Focus Area through public investments in quality-of-life projects, multimodal infrastructure expansion, and additional green space. Private investments in diversified entertainment options, a variety of housing options, and new retail spaces could also increase the share of the anticipated regional population growth (32,781 people) who may choose to live within El Paso's urban districts such as the Focus Area.
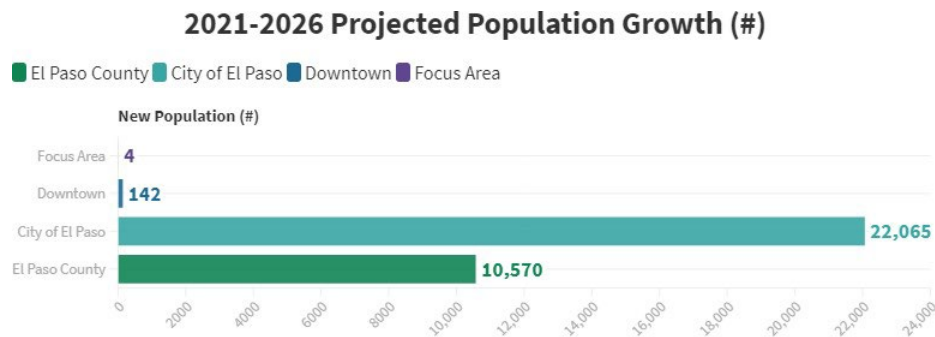
Figure 3) Projected population growth between 2021-2026 per geographic segment within El Paso County

2.1.2 Age

The median age for the Focus Area and Downtown has a historical precedent as being much higher than the broader region (Figure 4). In 2021, the median age of 38.8 years old in the Focus Area is 10% higher than the Texas median age of 35.3 years old. This may be due to a reduced automotive dependency associated with living within the urban core, helping to retain older residents seeking to maintain independence. The median age drops significantly in the City of El Paso and El Paso County, at 33.9 years old and 32.9 years old respectively, both of which are below the Texas median age of 35.3 years old. This may be due to new families and first-time home buyers seeking newer construction and larger yards within the suburban areas of the region.
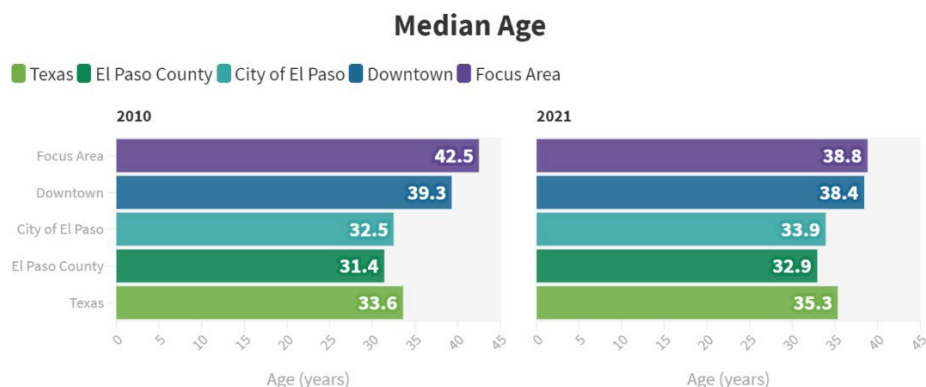
Figure 4) Median age in 2010 and 2021 per geographic segment within El Paso

Generational Characteristics - The generational distribution of the Focus Area is projected to see massive changes between 2021 and 2026. The combined proportion of Baby Boomers and Generation X (people born between 1946 and 1980) will stay relatively constant, comprising 39% in 2021 and an expected 37.2% in 2026.

Generation Z's population share will also remain relatively stable and is projected to increase by 3.5% between 2021 and 2026. One of the primary factors in generational shifts is due to an anticipated boom in the population of Millennials by 13.2% to account for 41.9% of the Focus Area population in 2026. The second major generational shift is due to parents of the of the youngest generation, Alpha, relocating outside of the Focus Area, as well as the oldest generation, the Greatest Generation, which together account for 12.2% of the population in 2021.

This Millennial population explosion is important for several reasons, particularly as it concerns residential availability. Millennials will be between 28 and 45 years old in 2026, within the peak homebuying age, though a growing proportion of Millennials have chosen to rent in recent years.[3] This indicates a demand for increased residential units within the Focus Area, with a likely preference for rental units.
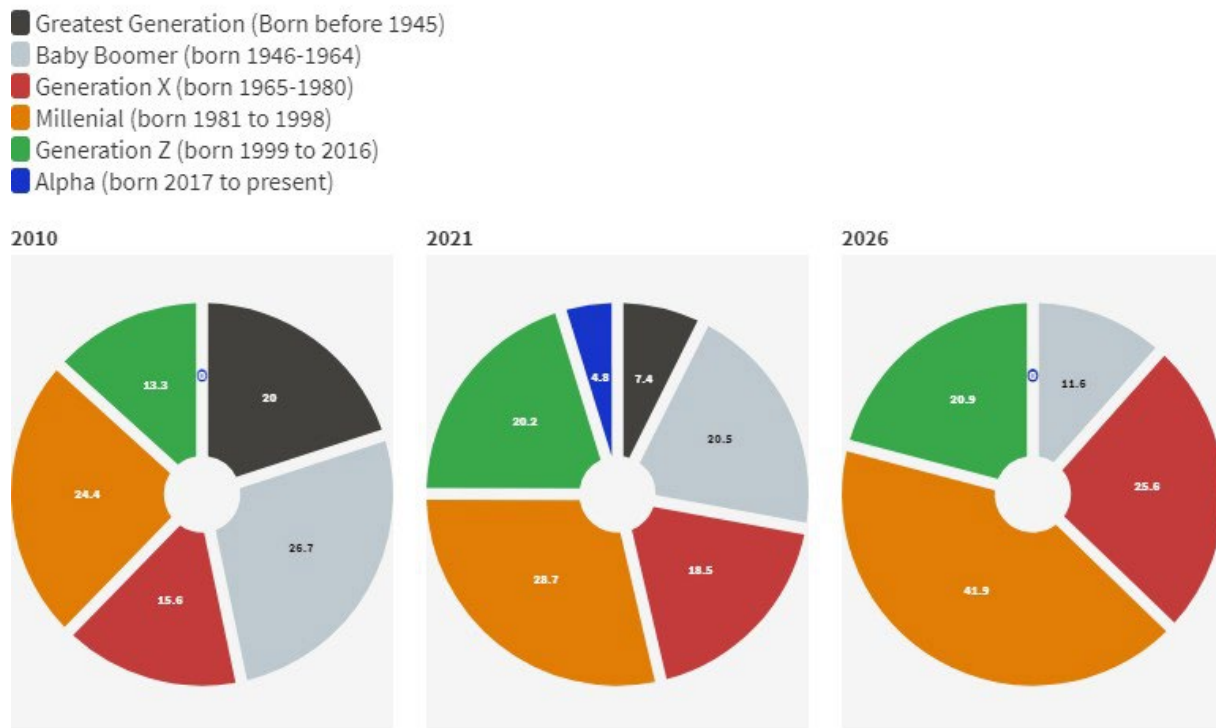
Figure 5) Historic and projected generational distribution for the Focus Area

2.1.3 Race and Ethnicity

The El Paso regional population identifying as Hispanic or Latino composes 86.1% of the Focus Area population, 87.8% of Downtown, 81.4% of the City of El Paso, and 82.6% of El Paso County. Each of these areas is more than double the 39.3% of Texas residents that identify as Hispanic or Latino. The Focus Area and Downtown populations that identify as Non-Hispanic White at 6.1% and 5.1% respectively, approximately half of the rate in the City of El Paso (12.8%) and El Paso County (12%); all are significantly less than the state of Texas rate of 42%. The Focus Area and Downtown have a higher rate of Black identifying residents, 4.3% and 6.2% respectively, as compared to the City of El Paso (3.2%) and El Paso County (3%); approximately 50%-70% less than the Texas rate of 11.8%. While small, the American Indian population within the Focus Area (0.9%) is triple that of Downtown, the City of El Paso, El Paso County, and Texas (0.3%).

Racial Demographics

Focus Area ■ Downtown ■ City of El Paso ■ El Paso County ■ Texas

Hispanic or Latino

Focus Area	86.1%
Downtown	87.8%
City of El Paso	81.4%
El Paso County	82.6%
Texas	39.3%

White*

Focus Area	6.1%
Downtown	5.1%
City of El Paso	12.8%
El Paso County	12%
Texas	42%

Black*

Focus Area	4.3%
Downtown	6.2%
City of El Paso	3.2%
El Paso County	3%
Texas	11.8%

American Indian*

Focus Area	0.9%
Downtown	0.3%
City of El Paso	0.3%
El Paso County	0.3%
Texas	0.3%

Asian*

Focus Area	0.9%
Downtown	0.3%
City of El Paso	1.3%
El Paso County	1.1%
Texas	4.7%

Other**

Focus Area	1.7%
Downtown	0.3%
City of El Paso	1%
El Paso County	1%
Texas	1.9%

Source: US Census Bureau, American Community Survey • 2015-2019 • *Non-Hispanic or Latino
**Native Hawaiian and Pacific Islander, Some other race, Two or more races

Figure 6) Racial demographic comparison across geographic segments within Texas

2.1.4 Educational Attainment

The El Paso region has significantly lower levels of educational attainment compared to the rest of the state of Texas. The Focus Area demonstrates the highest disparities with 19.1% of adults having not received their High School Diploma or GED, which is almost 50% more than Downtown (13.1%) and more than twice the rate for the City of El Paso (8.4%), El Paso County (8.8%), and the state of Texas (8.1%). This likely accounts for the much lower levels of Focus Area residents with some college education (16%) as compared to the City of El Paso (24%), El Paso County (23.2%), and the State of Texas (21.6%).

Educational Attainment

Focus Area

Degree	Value
Some High School	19.1
GED	8.5
High School Diploma	10.6
Some College	16
Associates	5.3
Bachelors	2.1
Masters, Professional, Doctoral	2.1

Downtown

Degree	Value
Some High School	13.1
GED	7.7
High School Diploma	14
Some College	13.8
Associates	3.2
Bachelors	6.5
Masters, Professional, Doctoral	3.9

City of El Paso

Degree	Value
Some High School	8.4
GED	5.4
High School Diploma	17.7
Some College	24
Associates	8.2
Bachelors	16.7
Masters, Professional, Doctoral	8.4

El Paso County

Degree	Value
Some High School	8.8
GED	5.8
High School Diploma	17.9
Some College	23.2
Associates	8.2
Bachelors	15.8
Masters, Professional, Doctoral	7.6

Texas

Degree	Value
Some High School	8.1
GED	4.4
High School Diploma	20.6
Some College	21.6
Associates	7.2
Bachelors	19.5
Masters, Professional, Doctoral	10.3

Source: US Census Bureau, American Community Survey • 2015-2019

Figure 7) Educational attainment by degree

Grouped Educational Attainment

Focus Area

College Degree	9.5%
Some College	16%
HS Diploma/GED	19.1%
No HS Diploma/GED	19.1%

0% 5% 10% 15% 20% 25% 30% 35% 40%

Downtown

College Degree	13.6%
Some College	13.8%
HS Diploma/GED	21.7%
No HS Diploma/GED	13.1%

0% 5% 10% 15% 20% 25% 30% 35% 40%

City of El Paso

College Degree	33.3%
Some College	24%
HS Diploma/GED	23.1%
No HS Diploma/GED	8.4%

0% 5% 10% 15% 20% 25% 30% 35% 40%

El Paso County

College Degree	31.6%
Some College	23.2%
HS Diploma/GED	23.7%
No HS Diploma/GED	8.8%

0% 5% 10% 15% 20% 25% 30% 35% 40%

Texas

College Degree	37%
Some College	21.6%
HS Diploma/GED	25%
No HS Diploma/GED	8.1%

0% 5% 10% 15% 20% 25% 30% 35% 40%

Source: US Census Bureau, American Community Survey • 2015-2019

Figure 8) Completed level of educational attainment

Higher Education – Residents of the Focus Area are also significantly underrepresented in higher education, with only 9.5% earning a College Degree (Associates, Bachelors, Masters, Professional, or Doctorate). This is 30% less than the broader Downtown region (13.6%) and 70%-75% less than the City of El Paso (33.3%), El Paso County (31.6%), and the state of Texas (37%).

2.2 Household and Housing Characteristics

2.2.1 Household and Housing Size

The Focus Area and Downtown have a lower household size as compared to the City of El Paso, El Paso County, and the state of Texas. The Focus Area average household size decreased 11.5% between 2010 and 2021, from 1.13 people to 1.00 person, while Downtown average household size increased by 6.1% during the same time period. The City of El Paso, El Paso County, and the state of Texas average household size changed by less than 1% between 2010 and 2021.

Average Household Size (2010-2026)

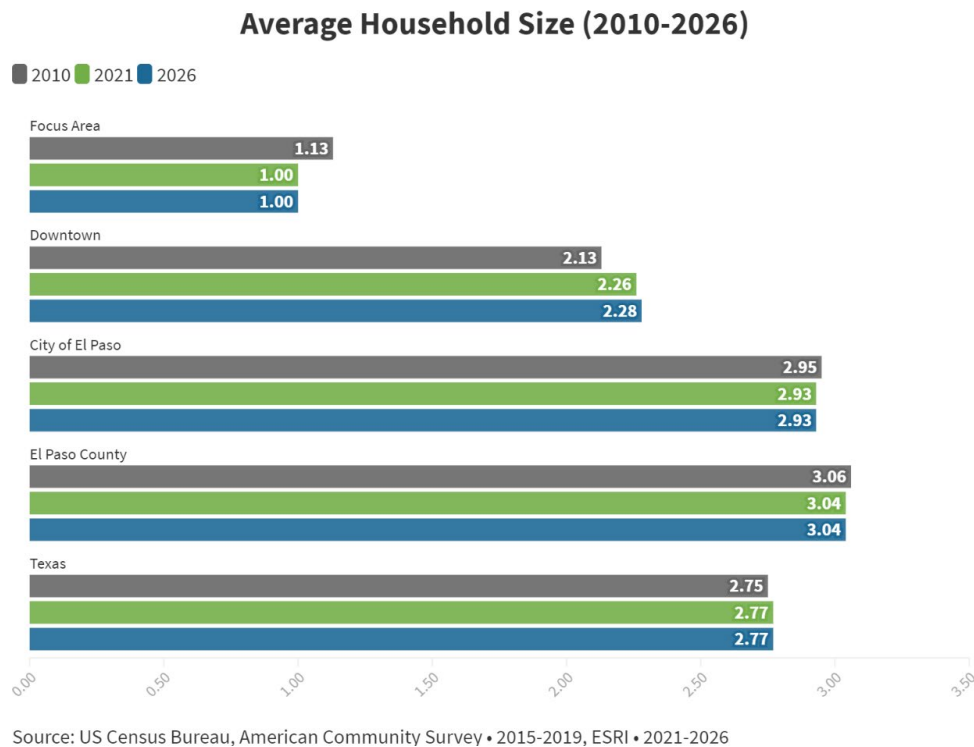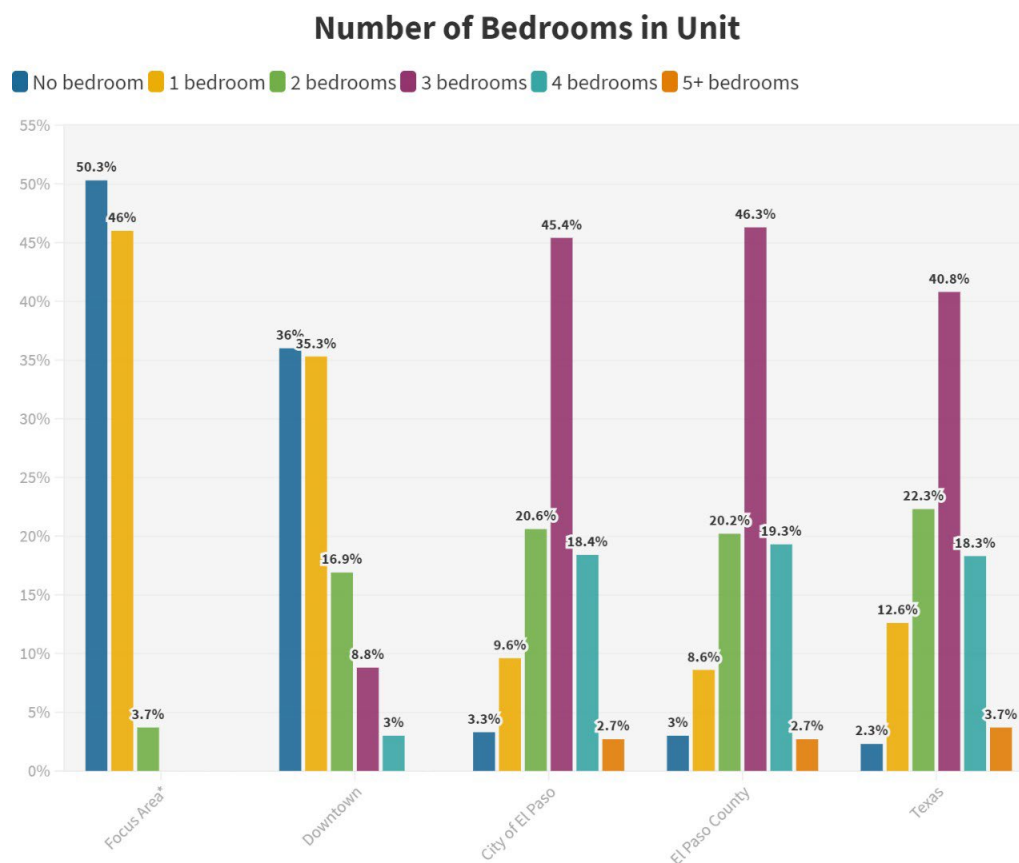Source: US Census Bureau, American Community Survey • 2015-2019, ESRI • 2021-2026

Figure 9) Historic and projected average household size

Unit Size / Bedrooms - An examination of the number of bedroom units provides a reasonable explanation for the large differences in average household size. The Focus Area has 3.7% of units with more than one bedroom and Downtown has 28.7% of units with more than one bedroom, restricting the number of people that can comfortably live within a majority of the available units. The City of El Paso, El Paso County, and the state of Texas respectively have 87.1%, 88.5%, and 85.1% of units with more than one bedroom. **New residential development should consider units with two or three bedrooms to attract larger households. Residential development could benefit from additional bedrooms that may be used as home office space to accommodate shifting workplace preferences and habits, including work from home and hybrid schedules.** This is especially important within the Focus Area as Millennials and Generation Z are expected to compose 61.8% of the population in 2026. A 2020 Gallup study found that 60% of managers intend to permit at least some telework post-pandemic and that only 26% of remote-working Millennials want to go back to working at the office as much as they did prior to the COVID-19 pandemic.

Number of Bedrooms in Unit

Legend: ■ No bedroom ■ 1 bedroom ■ 2 bedrooms ■ 3 bedrooms ■ 4 bedrooms ■ 5+ bedrooms

| Category	No bedroom	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms	5+ bedrooms
Focus Area*	50.3%	46%	3.7%			
Downtown	36%	35.3%	16.9%	8.8%	3%	
City of El Paso	3.3%	9.6%	20.6%	45.4%	18.4%	2.7%
El Paso County	3%	8.6%	20.2%	46.3%	19.3%	2.7%
Texas	2.3%	12.6%	22.3%	40.8%	18.3%	3.7%

Source: US Census Bureau, American Community Survey • 2014-2019
*Census data not available for Focus Area. Unit totals based on property owner verification for Savy Lofts and ElectriCity. Blue Flame Apartments 120 units were equally divided between No bedroom and 1 bedroom due to lack of response.

Figure 10) Number of bedrooms per apartment unit (%)

Housing with Pet Accommodations - In addition to people, many households also have cats and/or dogs. Dog ownership within the Focus Area (28.2%) and Downtown (25.2%) is much lower than within the City of El Paso (39.8%), El Paso County (40.4%), and the state of Texas (41.6%). This is likely influenced by the prevalence of studio and one bedroom apartment units within the Focus Area and Downtown, as well as apartment restrictions on dog ownership. Only 14.4% of units within the Focus Area are pet-friendly, all of which are subject to weight and breed restrictions. The Focus Area and Downtown have approximately 30%-40% lower Market Potential Index (MPI) for dogs in 2026 as compared to the broader El Paso region. This is likely due to the limited number of dog-friendly units and lack of dog parks/green spaces within the Focus Area to walk, exercise, and socialize dogs. Cat ownership is generally consistent across the various study areas, though the Focus Area does have the highest Market Potential Index (MPI) for cats as compared to the broader El Paso region. The American Veterinary Medical Association reports that of pet-owning Millennials and Generation Z, more than 80% own dogs. **Dog-friendly residential units, businesses, and public spaces may be critical to attracting and providing satisfactory quality of life for the anticipated dominance of Millennials and Generation Z within the Focus Area population in 2026.**

Pet Ownership (2021) and MPI (2026)

■ Cat MPI* (2026) ■ Dog MPI* (2026) ■ Households with Cats (2021) ■ Households with Dogs (2021)
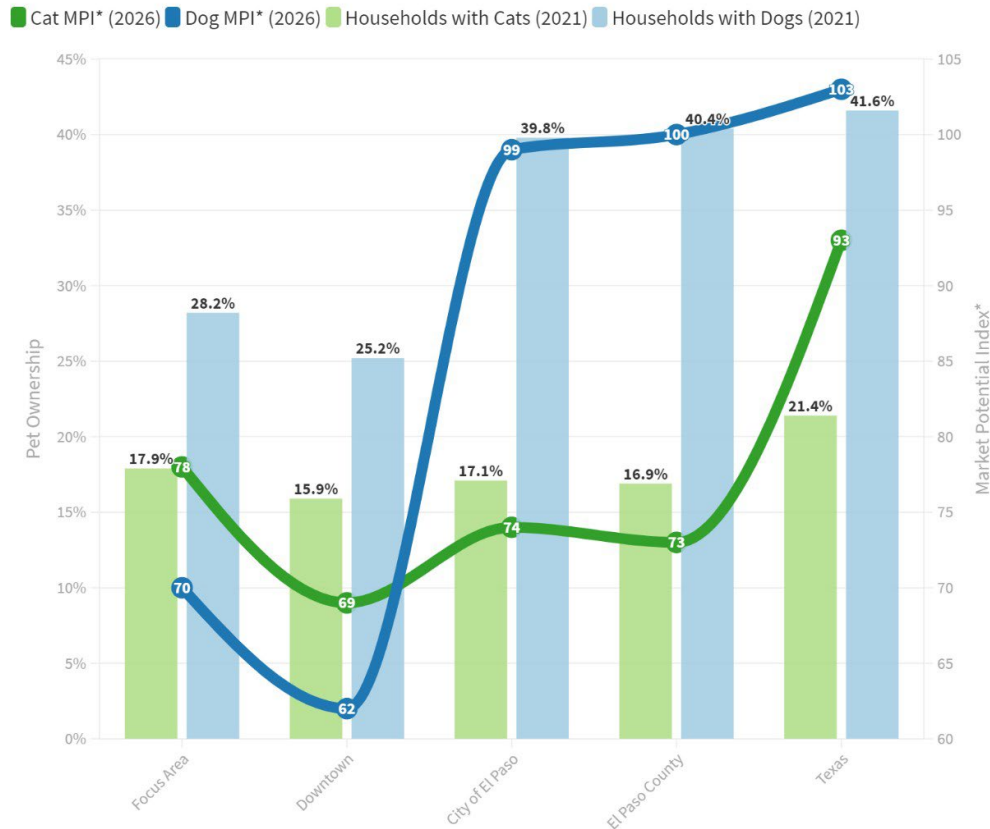
Source: These data are based upon national propensities to use various products and services, applied to local demographic composition. Usage data were collected by GfK MRI in a nationally representative survey of US households. Esri • 2021-2026

*An MPI (Market Potential Index) measures the relative likelihood of households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the US. An MPI of 100 represents the US average.

Figure 11) Current and projected pet ownership and Market Potential Index between 2021-2026

2.2.2 Household Income and Home Ownership/Rental

Average household per capita income for 2021 within the Focus Area ($8,976) and Downtown ($9,600) are less than 50% of the City of El Paso ($21,663) and El Paso County ($20,388) and less than 25% of the state of Texas ($32,007). The Focus Area and Downtown are projected to see the highest annual growth rate between 2021 and 2026, 1.77% and 2.13% respectively, as compared to the City of El Paso (1.27%) and El Paso County (1.46%). All areas of the El Paso region are anticipated to grow per capita income slower than the state of Texas (2.15%).
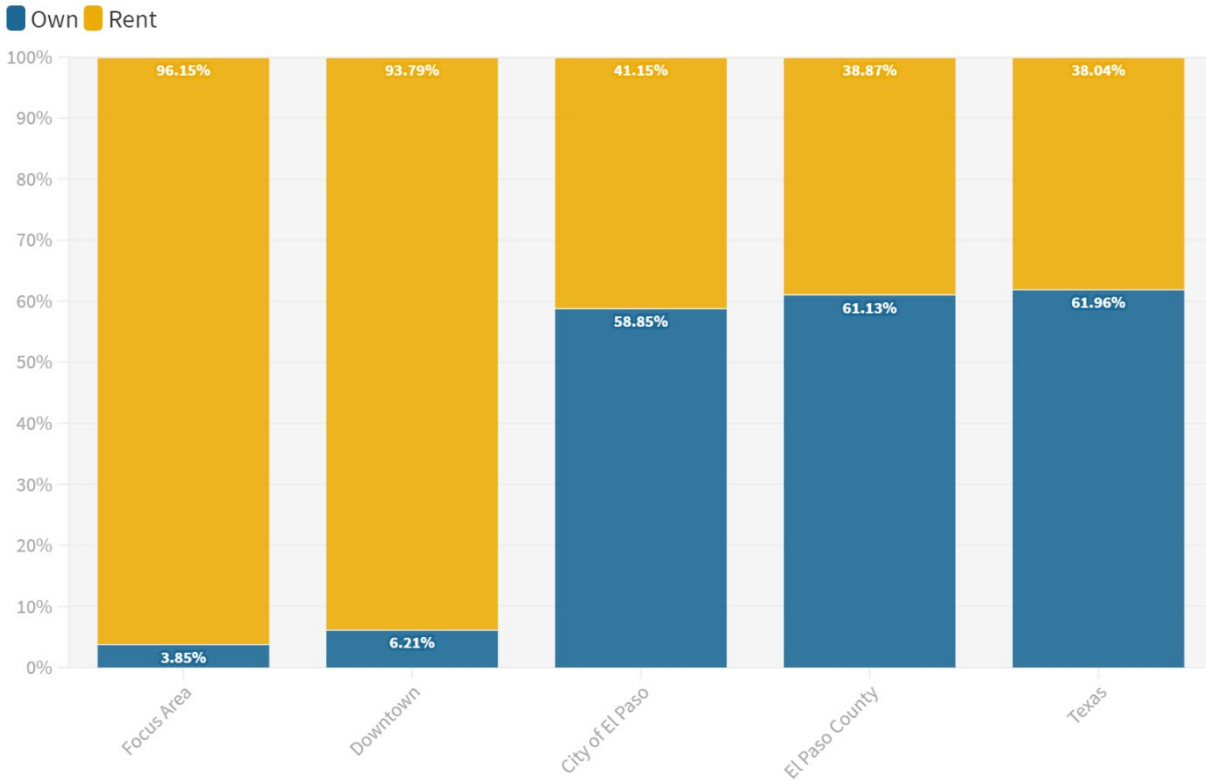
Average Per Capita Income (2021-2026)
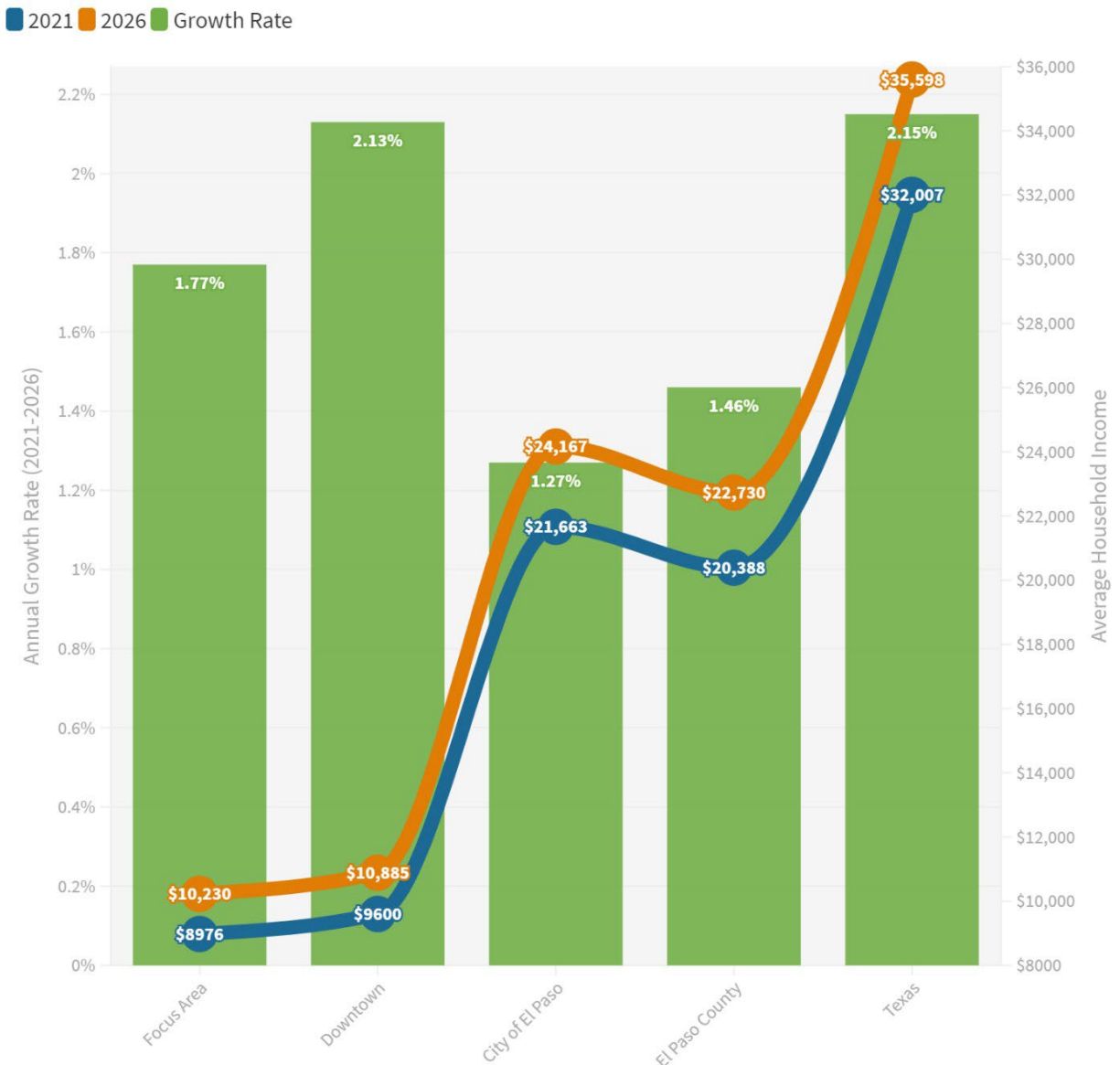
■ 2021 ■ 2026 ■ Growth Rate

Figure 12) Current and projected average per capita income and average annual growth rate between 2021-2026

Home Ownership - Home ownership is approximately 90% less common in the Focus Area (3.85%) and Downtown (6.21%) as compared to the City of El Paso (58.85%), El Paso County (61.13%), and the state of Texas (61.96%). **This is most likely due to the general limited availability of residential properties within the Focus Area and Downtown as well as the lower income for these areas as compared to the broader region and state.** Millennials and Generation Z are nearly three times as likely to rent than own their home, due in part to the Great Recession, delayed marriage and childbirth, and the recent home sales price increase during the COVID-19 pandemic. Millennials have begun to enter their peak homebuying age though ownership trends may change over the next few years.

Home Rental vs Ownership Status (%)

Own **Rent**

	Focus Area	Downtown	City of El Paso	El Paso County	Texas
Rent	96.15%	93.79%	41.15%	38.87%	38.04%
Own	3.85%	6.21%	58.85%	61.13%	61.96%

Source: US Census Bureau, American Community Survey • 2015-2019

Figure 13) Home ownership status (%)

Rental Rates – Average rent in the Focus Area is $548, approximately 10% higher than the average rent of $499 in Downtown. It should be acknowledged that the average rental rates may be skewed by Downtown's large supply of older units with lower monthly rents when compared to new construction. Notably, Downtown has experienced recent residential construction whose unit rental rates (typically $832.5 per month) are much higher than older units (also see subsection "New Construction" below). Downtown (including the Focus Area) is approximately 40% cheaper on average than the City of El Paso ($870) and El Paso County ($874) and more than 50% cheaper than the average Texas rent of $1125. These figures were obtained from publicly available data such as census data, developer websites, posted rental rates, and real estate databases.
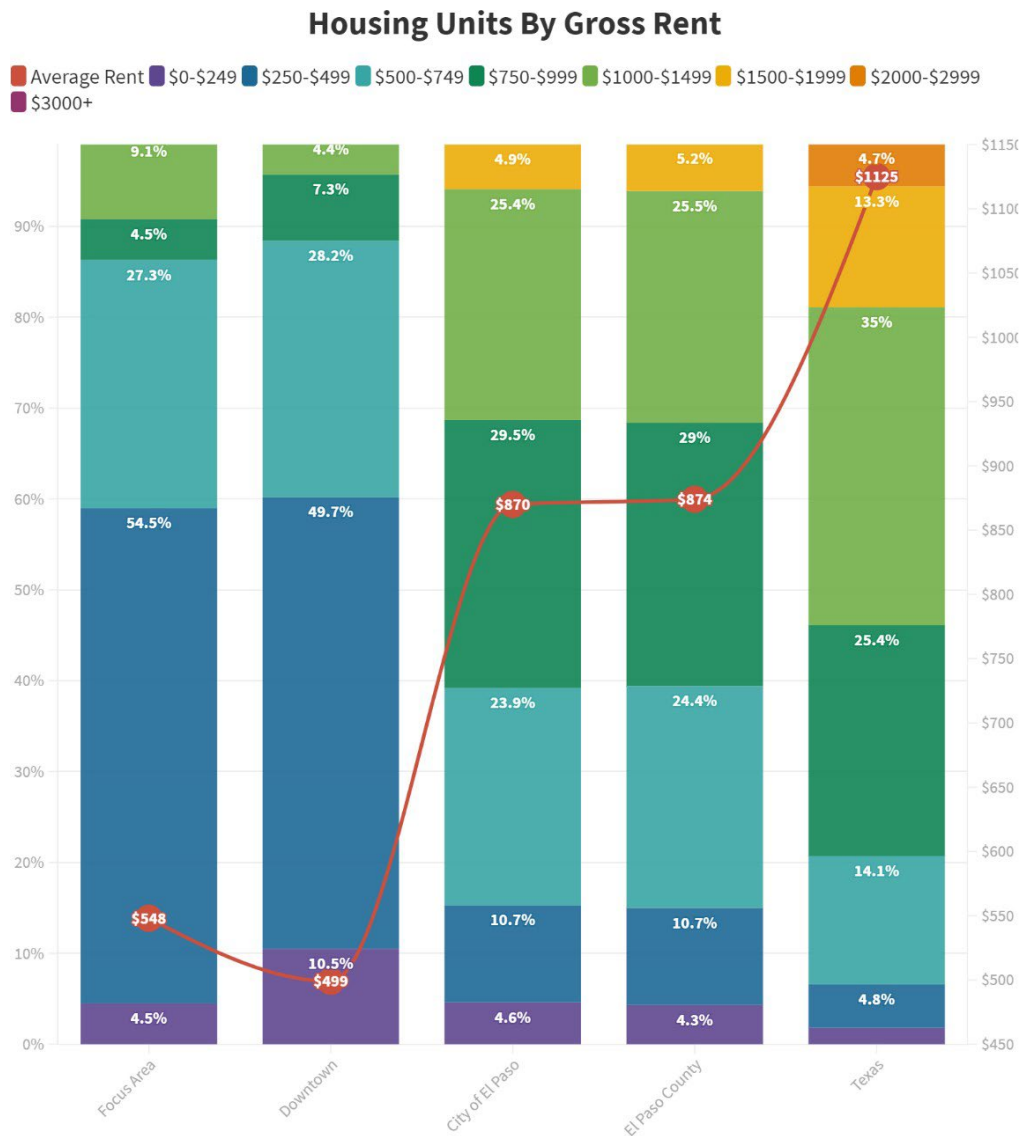
Market preferences within the Focus Area are likely to remain towards the lower end of the pricing spectrum due to relatively low projected wage growth and unit age. New unit construction, remodeling of existing units, and introduction of larger units could create demand for more expensive units which may achieve a more diverse household make-up.

Housing Supply and Vacancy – Downtown has 858 housing units and maintains a 14% vacancy rate, whereas the Focus Area has 115 housing units with a 29% vacancy rate. A healthy vacancy rate is closer to 5%, which is considered to be a good balance between too many vacant units and enough units available for people looking for new housing.

Affordability Considerations - Housing is considered "affordable" when its occupants/households pay less than 30% of their income on rent/mortgage. The average household income in El Paso is $50,141 , Downtown is $18,279, and $27,333 in the Focus Area.   The maximum affordable rent is $1,103/month in El Paso, $402/month in Downtown, and $600/month in the Focus Area. It will be important to ensure there is affordable housing for the individuals who currently reside in the Focus Area but also plan for new housing that is affordable enough to attract from the greater region. For the Focus Area, it is important to note that refurbished housing units or introducing new residential spaces to existing buildings could potentially achieve rents between $400 and $600 to accommodate lower wage households. At the same time, new residential projects could be a means to attract households from the larger El Paso region to relocate Downtown so long as the asking rents do not exceed the maximum affordable rent for those individuals.

New Construction - New residential developments in Downtown have demonstrated an average rent of $832.5 (or $1.18 per square foot) – based on the data available, this does not distinguish between market rate and subsidize projects. As the community plans for new housing, it will be essential to monitor the cost of construction compared to the rental rates that the market can support.   Where there is an economic gap between the cost of construction and the rental rates, new housing will not occur in the Focus Area unless there are certain incentives in place to bridge this gap (e.g., tax abatements, low-cost financing, etc.). Low-rise timber frame construction (over high-rises) may be a development option to consider minimizing costs and to achieve affordable rents to accommodate the current population while enticing new urban dwellers from the broader region.

Notably, the City's zoning regulations allow for parking reductions (or elimination) – this is a significant strategy to reduce new construction costs, especially in transit-supported central business districts like El Paso. Additionally, adaptive reuse of existing buildings may be one more strategy to lessen the gap between construction vs rental rates. **Note, *this scope of work did not include a proforma analysis for new development projects, this analysis did not examine whether there is an economic gap between new construction costs and a developer's ability to obtain enough rent to cover the improvements.*

Housing Units By Gross Rent

Legend: Average Rent ● $0-$249 ● $250-$499 ● $500-$749 ● $750-$999 ● $1000-$1499 ● $1500-$1999 ● $2000-$2999 ● $3000+

Category	Focus Area	Downtown	City of El Paso	El Paso County	Texas
$1000-$1499 / top	9.1%	4.4%	4.9%	5.2%	4.7% ($1125)
		7.3%	25.4%	25.5%	13.3%
	4.5%	28.2%			35%
	27.3%		29.5%	29%	25.4%
	54.5%	49.7%	23.9%	24.4%	14.1%
		10.5% ($499)	10.7%	10.7%	4.8%
	4.5% ($548)		4.6%	4.3%	

Average rent points: $548 (Focus Area), $499 (Downtown), $870 (City of El Paso), $874 (El Paso County)
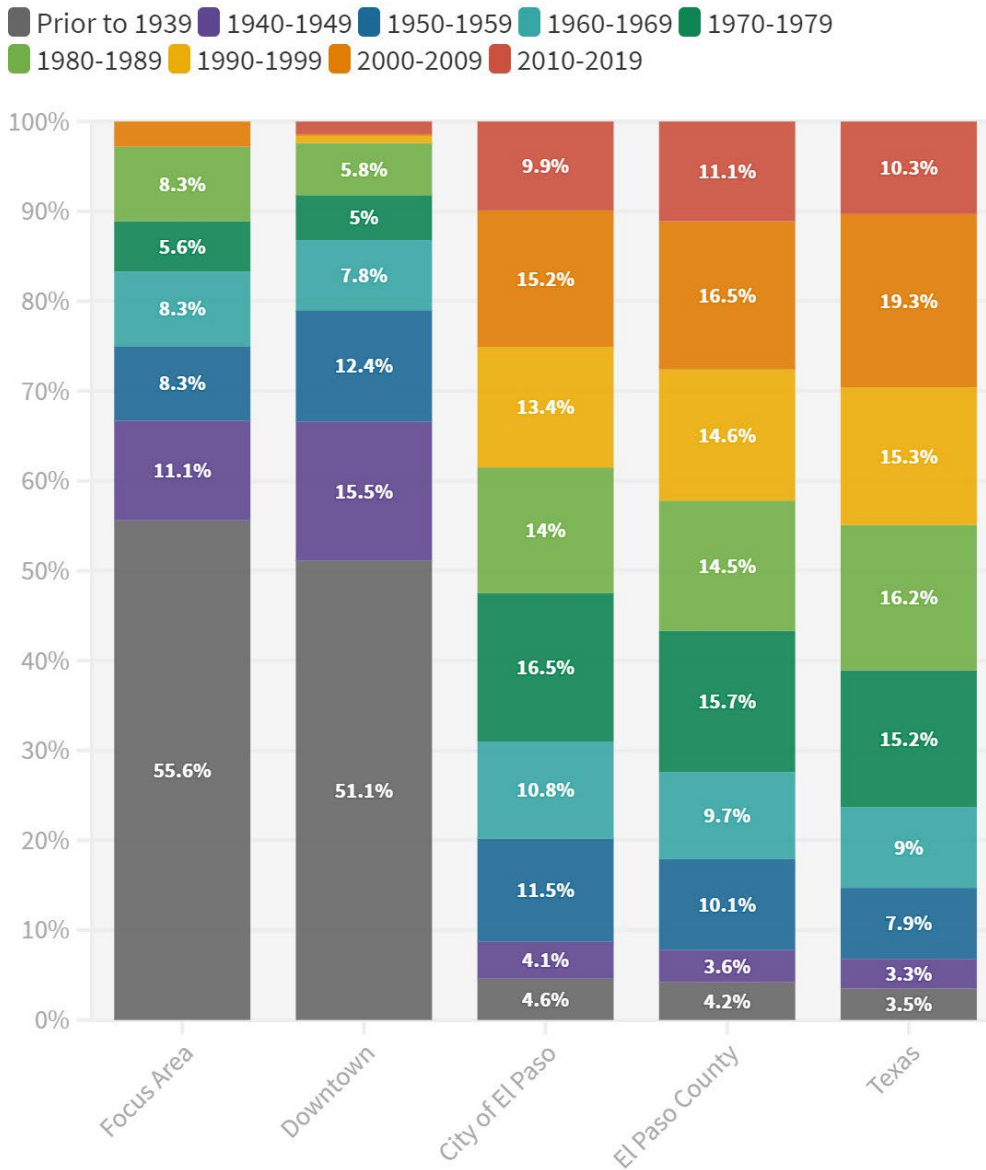
Source: US Census Bureau, American Community Survey • 2015-2019

Figure 14) Housing units by gross rent (%) per geographic segment within Texas and average unit rental price

Unit Age - The average housing unit in the Focus Area and Downtown was built in 1940, as compared to the average of 1982 for the City of El Paso, 1985 for El Paso County, and 1987 for the state of Texas. This is particularly important as federal regulations require special remediation training and certification when remodeling buildings constructed before 1978. Nearly 90% of units within the Focus Area were constructed prior to 1980, potentially reducing private investments in remediation due to concerns of lead and asbestos. Partnerships and incentives may be required to ensure affordable and market rate rental units for buildings that require significant remediation efforts.

Housing Units by Year Built

Legend:
- Prior to 1939
- 1940-1949
- 1950-1959
- 1960-1969
- 1970-1979
- 1980-1989
- 1990-1999
- 2000-2009
- 2010-2019

Year Built	Focus Area	Downtown	City of El Paso	El Paso County	Texas
1980-1989	8.3%	5.8%			
1970-1979	5.6%	5%			
1960-1969	8.3%	7.8%			
1950-1959	8.3%	12.4%			
1940-1949	11.1%	15.5%			
Prior to 1939	55.6%	51.1%			
2010-2019			9.9%	11.1%	10.3%
2000-2009			15.2%	16.5%	19.3%
1990-1999			13.4%	14.6%	15.3%
1980-1989			14%	14.5%	16.2%
1970-1979			16.5%	15.7%	15.2%
1960-1969			10.8%	9.7%	9%
1950-1959			11.5%	10.1%	7.9%
1940-1949			4.1%	3.6%	3.3%
Prior to 1939			4.6%	4.2%	3.5%

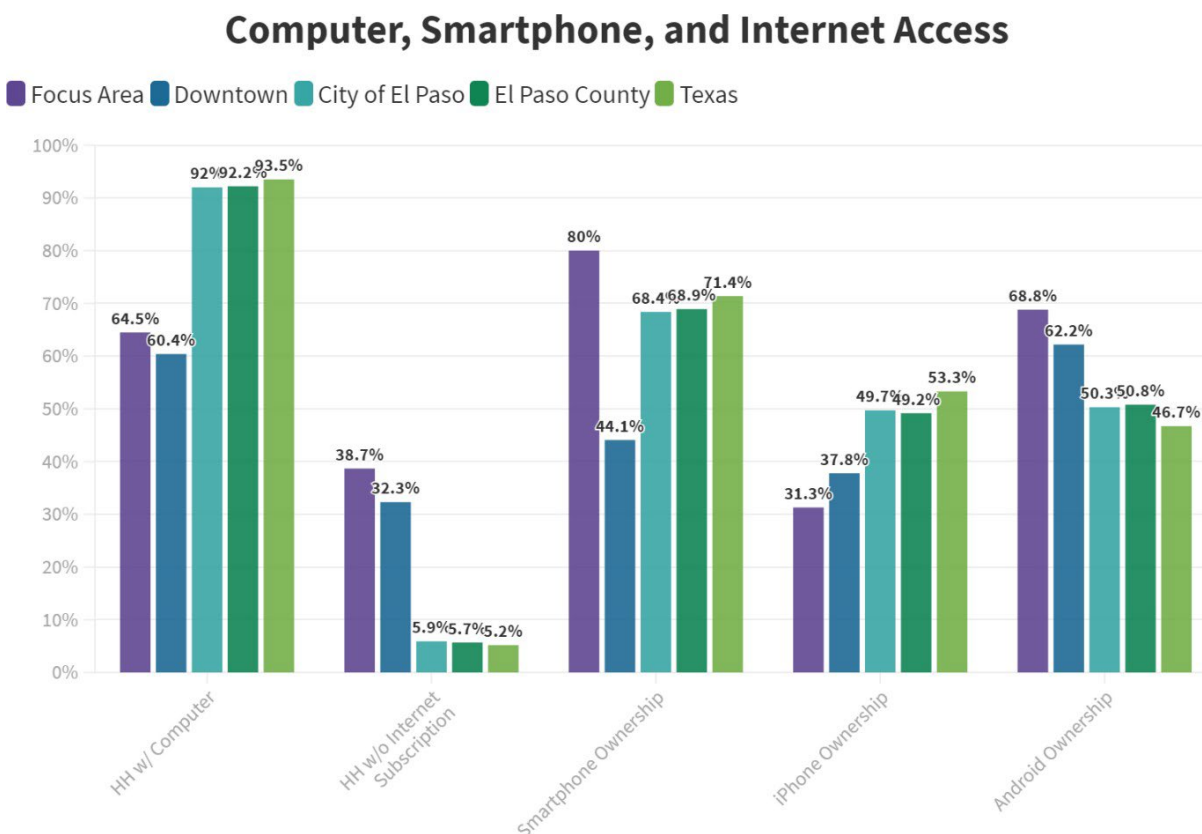Source: US Census Bureau, American Community Survey • 2015-2019

Figure 15) Housing units by year built

2.2.3 Computer, Smartphone, and Internet Access

Internet access is a critical service that allows residents to pay bills easily and conveniently; stream music, television, and video entertainment; access remote learning and work opportunities; video chat with friends, family, and healthcare professionals; and purchase goods and services. These tasks have historically been conducted through desktop and laptop computers with a home internet subscription, though a combination of affordability, more reliable 4G and 5G cellular connectivity, and free Wi-Fi hotspots have shifted this trend towards smartphone usage in recent years, particularly among the younger and population segments with less income. While this has increased accessibility

to internet services, smartphones and mobile data cannot typically replace a desktop or laptop computer for online education and remote work.

Approximately 30% less households have a computer within the Focus Area (64.5%) and Downtown (60.4%) as compared to the City of El Paso (92.0%), El Paso County (92.2%), and the state of Texas (93.5%). Households within the Focus Area (38.7%) and Downtown (32.3%) are more than six times as likely to lack a home internet subscription when compared to the City of El Paso (5.9%), El Paso County (5.7%), and the state of Texas (5.2%).

Computer, Smartphone, and Internet Access

Focus Area ▪ Downtown ▪ City of El Paso ▪ El Paso County ▪ Texas

Source: US Census Bureau, American Community Survey • 2015-2019, Esri and GfK MRI • 2021

Figure 16) Computer, Smartphone, and Internet Access

Smartphone ownership is much higher within the Focus Area (80%) than Downtown (44.1%), the City of El Paso (68.4%), El Paso County (68.9%), and the state of Texas (71.4%). Android smartphone ownership is also significantly higher among residents of the Focus Area (68.8%) and Downtown (62.2%) as compared to the City of El Paso (50.3%), El Paso County (50.8%), and the state of Texas (46.7%). This is important, as studies have shown that Android users are 17% more likely to live in the suburbs and 86% more likely to live in the country/rural areas, while iPhone users are 27% more likely to live in a city. Android users are 29% more likely to prefer saving their money, while iPhone users are 26% more likely to prefer spending their money. iPhone ownership is associated with higher wages, higher levels of discretionary income, increased propensity for spending, and a preference for

quality and/or brand over price. These trends are relevant when examining commercial trends and demand, as discussed in Chapter 3.

2.2.4 Spoken Language

The Focus Area and Downtown have the highest rates of Spanish-only speakers at 17.2% and 19.4% respectively, as compared to 5.3% for the City of El Paso, 6.1% for El Paso County, and 2.6% for the state of Texas. The El Paso region has approximately 65%-70% English and Spanish speakers, more than double the statewide average of 30.4%. English-only speakers represent approximately 65% less of the population in the Focus Area (11.9%) and Downtown (10.3%) as compared to the City of El Paso (30.2%) and El Paso County (28.1%). English-only speakers represent approximately 85% less of the population in the Focus Area (11.9%) and Downtown (10.3%) as compared to the state of Texas (67%).
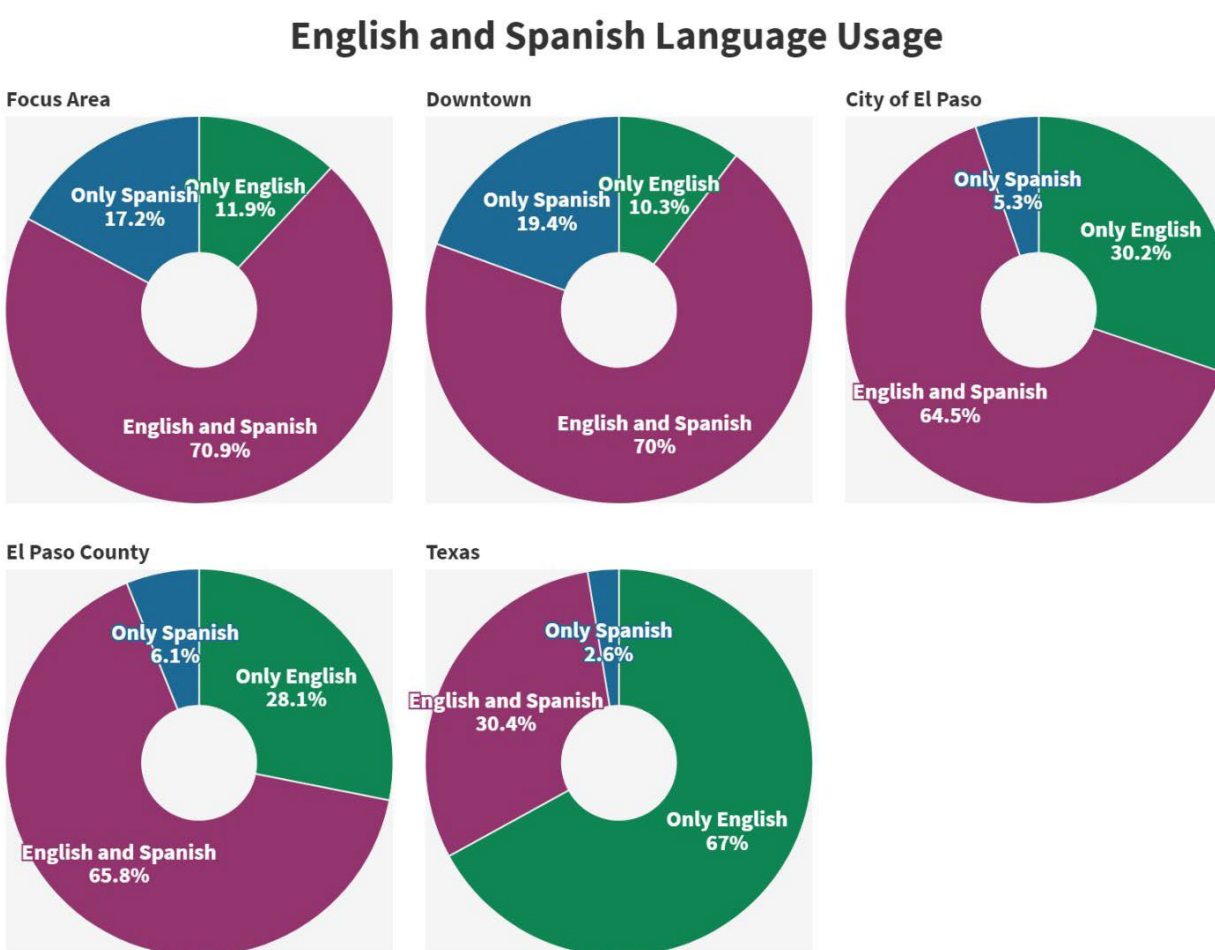
Figure 17) English and Spanish language usage in geographic segments within Texas

2.3   Land Use Summary

2.3.1   Zoning Designations

The Downtown area contains 1,056 parcels with a variety of zoning designations, though Regional Commercial Districts are the dominant designation, accounting for 45.2% of all parcels. Downtown has 20 properties with the Historic overlay, accounting for 1.9% of all parcels as compared to 24.5% of parcels in the Focus Area with the Historic or Historic Non-Contributing overlay. The Focus Area includes 159 parcels, all of which are designated as some form of Central Business District commercial zoning.

Focus Area:

Zoning	Description	Parcels (#)	Parcels (%)
C5*	Central Business District	119	74.8%
C5 SP	Central Business District Special Permit	1	0.6%
C5 H	Historic Central Business District	21	13.2%
C5 H-SP	Historic Central Business District Special Permit	1	0.6%
C5 H-NC	Historic Central Business District Non-Contributing	17	10.7%

*Two of these parcels, Aztec Calendar Park and Pioneer Plaza, are public parks.

C5 – Central Business District - Most of the parcels (74.8%) are designated as C5 – Central Business District. Chapter 20.06 – Zoning Districts and Map of the El Paso Municipal Code states that this zoning designation is intended to provide locations for the most intensive commercial uses that serve the entire City of El Paso. These districts are intended to permit heavy commercial uses characterized by automotive and light warehousing. C5 areas are intended to provide a transition from general business areas to industrial and manufacturing uses as well as accommodate major locations of commerce, service, and employment activities. Notably, the C5 zone allows for residential uses which is particularly important for the City/community to attract housing and mixed-use projects to Downtown (and the Focus Area). Within the Central Business District, more intensive commercial uses are allowed, the predominant of which are retail trade and services uses, providing less restrictive height and area regulations.

SP – Special Permit - The Focus Area includes two parcels (1.2%) with the Special Permit designation. Chapter 20.08 – Permissible Uses in the El Paso Municipal Code states that a use is only permitted within a zoning district when the development includes a detailed site plan that has been approved by City Council. Permissible uses can be found in Appendix A – Table of Permissible Uses within Chapter 20 of the El Paso Municipal Code.

H – Historic - The Focus Area includes 22 parcels (13.8%) with Historic or Historic Special Purpose overlays. Chapter 20.20 – Historic Landmark Preservation of the El Paso Municipal Code states that the protection, enhancement, and use of historic landmarks is a public necessity and is required in the interest of theculture, prosperity, education, safety, and general welfare of the people. Historic overlays are intended to:

- Protect, enhance and perpetuate historic landmarks which represent or reflect distinctiveand important elements of the city's, region's, state's or nation's architectural, archaeological, cultural, social, economic, ethnic and political history and to develop appropriate settings for such places

- Safeguard the city's historic and cultural heritage, as embodied and reflected in suchhistoric landmarks by appropriate regulations

- To stabilize and improve property values in such location

- Foster civic pride in the beauty and accomplishments of the past

- Protect and enhance the city's attractions to tourists and visitors and provide incidentalsupport and stimulus to business and industry

- Strengthen the economy of the city

- Promote the use of historic landmarks for the culture, prosperity, education and generalwelfare of the people of the city and visitors to the city

- Prevent the uprooting of architectural products of distinct periods, which may occur without regard to the feasibility of preserving and continuing the use of such landmarks, and without consideration of the irreplaceable loss to the people of the city of the cultural,historic and aesthetic values represented by such landmarks.

H-NC – Historic Non-Contributing - The Focus Area contains 17 parcels (10.7%) that are designated as noncontributing properties within a Historic district. Chapter 20.20 – Historic Landmark Preservation of the El Paso Municipal Code definesa noncontributing property as a building, object, site, or structure in an historic district which does notcontribute to the district's or cluster's historical significance through location, design, setting, material, workmanship, feeling, and association, but due to its proximity to historic landmarks and contributing properties, has the potential to affect the character of the historic district or cluster that it is located in.

A3 – Medium Density Residential Apartment District - Downtown includes 235 parcels (22.2%) with the Medium Density Residential Apartment District. These districts allow single-family attached dwellings (townhouse or condominium), duplex, triplex, quadplex, and apartments with more than 5 units. The purpose of these districts is to promote and preserve residential development within the city associated with a landscape more urban in appearance and permitting a mixture of housing types. It is intended that the district regulations allow for medium densities of dwelling units supported by higher intensity land uses located at the periphery of single-family neighborhoods providing that the overall character and architectural integrity of the neighborhood is preserved. The regulations of the districts will permit building types designed for transition from areas of low-density residential neighborhoods to other residential areas, and certain nonresidential uses and support facilities.

C1 – Neighborhood Commercial District - Downtown includes 16 parcels (1.5%) with the C1 Neighborhood Commercial District designation. These districts serve the needs of surrounding residential neighborhoods by providing compatible neighborhood convenience goods and services that serve day-to-day needs. The regulations of the districts will permit location of business and professional offices and retail category uses within adjacent residential areas of medium and high densities.

C2 and C3 – Community Commercial Districts - Downtown includes four parcels (0.4%) and one parcel (0.1%) designated as C2 and C3 Community Commercial Districts. The purpose of these districts is to accommodate establishments providing goods or rendering services which are used in support of the community's trade and service establishments and serving multi-neighborhoods within a planning area of the city. The regulations ofthe districts will permit intensities designed to be compatible with each other and to provide for a wide range of types of commercial activity, including light automobile related uses.

C4 – Regional Commercial District - Downtown includes 345 parcels (32.4%) with the C4 Regional Commercial District designation. These districts are intended to provide for locations for the most intensive commercial uses intended to serve the entire city. It is intended that the district regulations permit heavy commercial uses characterized by automotive and light warehousing. The regulations of this district are intended to provide a transition from general business areas to industrial and manufacturing uses, and to accommodate major locations of commerce, service, and employment activities.

C5 – Central Business District - Downtown includes 136 parcels (12.8%) designated as C5 – Central Business District. Chapter 20.06 – Zoning Districts and Map of the El Paso Municipal Code states that this zoning designation is intended to provide locations for the most intensive commercial uses that serve the entire City of El Paso. These districts are intended to permit heavy commercial uses characterized by automotive and light warehousing. C5 areas are intended to provide a transition from general business areas to industrial and manufacturing uses as well as accommodate major locations of commerce, service, andemployment activities. Within the Central Business District, more intensive commercial uses are allowed, the predominant of which are retail trade and services uses, providing less restrictive height and area regulations.

G-MU – General Mixed Use - Downtown includes 31 parcels (2.1%) with the General Mixed Use District designation. Chapter 20.08 –Permissible Uses in the El Paso Municipal Code states that the purpose of this district is to accommodate, encourage, and promote innovatively designed developments involving the combining and mixing of uses allowed in various zoning districts with appropriate regulations, which together form an attractive and harmonious unit of the city. It is intended to permit flexibility and encourage more creative, efficient, and aesthetically desirable design and placement. The regulations of this district are intended to allow for:

- Large-scale developments that can function as individual neighborhoods or an integrated collection (two or more) of individual neighborhoods supported by civic, commercial, and recreational uses

- Small-scale developments requiring flexibility because of unique design characteristics

- Transitional areas between dissimilar land uses.

S-D Special Development Districts - Downtown includes five parcels (0.5%) designated as Special Development Districts. These districts are intended to provide an opportunity for mixed-use projects, integrated in design, in certain older residential areas where there is a desire to permit a variety of nonresidential uses while maintaining the established residential appearance and landscaping of the area. For the purpose of this district, older areas of the city shall be deemed those areas where development has existed for at least twenty-five years. The regulations of this district are designed to:

- Ensure compatibility with existing uses in the district

- Permit the production, exhibit, or sale of goods and the providing of services to the public in such older residential areas

- Protect the traffic capacity of streets serving such older residential areas

- Encourage flexibility by prescribing general performance standards for such older residential areas

- Protect the environment of adjacent areas

SRR - Special Residential Revitalization District - Downtown includes 159 parcels (14.9%) with the Special Residential Revitalization District designation. Chapter 20.08 – Permissible Uses in the El Paso Municipal Code states that these mixed use, multimodal districts are established in recognitions that developments containing both residential andcommercial uses can create an appealing and vital urban environment when carefully designed.

Developments approved for this district shall be designed to eliminate potential use conflicts through creative design methods. The SRR district allows for mixing residential environments with workplaces and services. Development in the SRR district must accommodate transportation systems, surrounding environments, and pedestrian movements.

U-P – Union Plaza District - Downtown includes 92 parcels (8.6%) designated as Union Plaza District. The purpose of this district is to:

- Create a unique mixed-use environment with the provision of standards and guidelines designed to encourage the preservation of existing building architecture

- Ensure that reconstruction of existing buildings or new construction projects is consistent with the architectural and design guidelines adopted for the Union Plaza District

- Encourage a variety of commercial and residential uses that coexist in a mixed-use area

Overlay Districts - Please refer to section 2.3.1 for a description of Historic, Historic Non-Contributing, and Special Permitoverlay designations.

Downtown

Zoning	Description	Parcels (#)	Parcels (%)
A-3 & A-O	Medium Density Residential Districts	236	22.2%
C-1	Neighborhood Commercial District	16	1.5%
C-2 & C-3	Community Commercial Districts	5	0.5%
C-4 & C-5	Regional Commercial Districts	481	45.2%
C-4 H & C-5 H	Historic Regional Commercial Districts	6	0.6%
M-1	Light Manufacturing District	39	3.7%
G-MU	General Mixed Use Residential District	31	2.9%
G-MU H	Historic General Mixed Use Residential District	13	1.2%
S-D	Special Development District	5	0.5%
SRR	Special Residential Revitalization District	159	14.9%
SRR H	Historic Special Residential Revitalization District	1	0.1%
U-P	Union Plaza District	92	8.6%

2.3.2 Vacant, Underutilized, and Surface Parking Lots

The Focus Area includes over 3.2 acres of surface parking lots, accounting for approximately 6% of land use. The City of El Paso Parking Study found that there is ample parking within the broader Downtown Area, with a surplus of off-street parking generally available. Within the Focus Area there are 226 publicly accessible off-street surface parking stalls as well as a brand new six-story parking garage at South El Paso Street and East San Antonio Avenue with 529 parking stalls. Immediately surrounding the Focus Area are five publicly accessible parking garages with 2,295 parking stalls, including Mills Plaza Garage (850), Wells Fargo Parking Garage (625), Kansas Parking Garage (600), El Paso County Parking Garage (768), and West San Antonio Parking Garage (220). These garages offer a variety of parking solutions, with some charging hourly rates that are competitive with on-street and off-street surface parking and others offering monthly passes starting at $85.

Redevelopment of surface parking lots should be incentivized as these properties are significantly underperforming potential property and sales tax revenue for the City of El Paso and pose opportunities for much needed housing and employment space. Chapter 20.14.070 of the El Paso Municipal Code details parking reductions for new Development in Redevelopment Areas, specifically identifying the Downtown Area encompassing the Focus Area. This allows for an automatic 100% reduction in parking without needing administrative review or City Council approval. Replacement of surface level parking stalls can be accommodated through creative partnerships with surrounding parking garages that more effectively utilize available parking. For example, new residential development could partner with surrounding parking garages to allow residents to park in the garages that typically serve office workers during the day, allowing residential access between 6:00 pm and 8:00 am on weekdays and any time on weekends.

It should be noted that promoting existing levels of reduced automobile ownership should be a priority, due primarily to the walkable nature of the Focus Area in conjunction with various mixed-use zoning designations in the surrounding Downtown area and the abundance of transit service (including the BRIO bus rapid transit lines and the El Paso Streetcar).
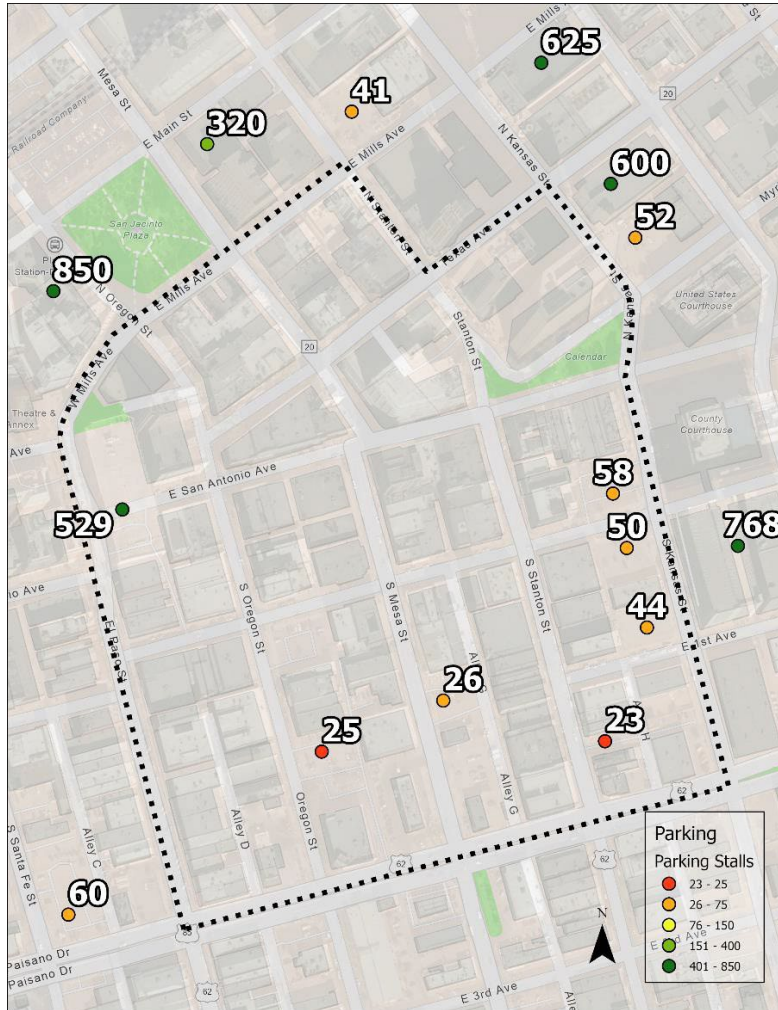
Figure 18) Parking availability near the Focus Area

2.3.4 Transportation Options and Walkability

The Focus Area is highly connected to Sun Metro public transit routes including bus service, Brio Bus Rapid Transit (BRT) service, and the Streetcar. The Focus Area is perfectly positioned to directly benefit from over $245 million in combined transit construction investments including the Mesa Brio ($27.1 million), Alameda Brio ($38.3 million), Dyer Brio ($35.9 million), Montana Brio ($47 million), and the El Paso Streetcar ($97 million). These investments should be fully leveraged by encouraging large-scale and high-density, mixed-use development within the Focus Area. Transit routes within and immediately surrounding the Focus Area include:

- **Route 4** – Union Plaza Circulator This route provides local service throughout the Downtownarea between Union Plaza, El Segundo Barrio, and Chihuahuita.

- **Route 50 –** Montana Outbound This route provides local service between the DowntownTransit Center and the El Paso International Airport. The route connects to the Five PointsTransfer Center and Eastside Transfer Center.

- **Alameda, Dyer, Mesa, and Montana Brio BRT Routes** - All four of these routes originate at the Downtown Transfer Center and provide express service to West, Northeast, Central, and EastEl Paso with service every 10 minutes during weekday peak hours, every 15 minutes during

weekday non-peak hours, and every 20 minutes on Saturdays. The Montana route is currently under construction and is expected to begin service in late 2022.

- **El Paso Streetcar -** This project included the restoration of six streetcars from the City of El Paso's historic streetcar system. The route connects the historic Downtown neighborhoods ofEl Segundo Barrio and Chihuahuita, and the historic Uptown neighborhoods of Sunset Heights, Rim, Kern Place, as well as the University of Texas at El Paso, Las Palmas Medical Center, and The Hospitals of Providence Memorial Campus. Streetcar services recently resumed on a limited weekend schedule after over a year of pandemic-related closures and is being heavily programmed to attract and increase ridership. The City of El Paso has expressed interest in extensions of the streetcar system.

In addition to transit, the Focus Area is well connected to a number of existing and planned active transportation networks including bike lanes, cycle tracks, and shared use paths to promote walkability and connectivity. An examination of the Focus Area's Walk Score (a commonly used indicator of neighborhood walkability, bikeability, and transit service) finds that neighborhoods immediately surrounding the Focus Area, Chihuahuita, Union Plaza, and El Segundo Barrio, are the most walkable neighborhoods in El Paso.

There are numerous El Paso BCycle bike share stations within Downtown El Paso, including a fleet of electric models that enable zero-pedal traveling. Downtown El Paso also allows e-scooters from three companies, many of which are regularly placed by operators within the Focus Area.

Chapter 3 – Employment and Commerce

3.1 Employment Trends

Texas and the Border region have experienced steady growth in recent years and this trend is expected to continue through the 2020s. The Federal Reserve Bank of Dallas developed projections for employment growth by sector for 2018-2028. Applying this projected rate to the number of jobs by sector from the American Community Survey 5-year estimates for 2019 yields employment number projections by sector for 2029, as shown in the figure below.

Sector	Borderplex Projected 10-Year Growth Rate (%)*	Focus Area 2019 Employment	Focus Area 2029 Employment	Downtown 2019 Employment	Downtown 2029 Employment	City of El Paso 2019 Employment	City of El Paso 2029 Employment
Agriculture/Fishing/Hunting	6.8%	1	1.07	10	11	504	538
Mining/Oil & Gas Extraction	15.4%	0	0.00	0	0	1,849	2,134
Construction	9.3%	2	2.19	76	83	16,559	18,099
Manufacturing	2.4%	3	3.07	61	62	18,789	19,240
Wholesale Trade	7.3%	0	0.00	22	24	7,591	8,145
Retail Trade	9.3%	2	2.19	42	46	34,547	37,760
Transportation/Warehousing	13.9%	0	0.00	44	50	17,122	19,502
Utilities	17.0%	0	0.00	0	0	2,524	2,953
Information	-0.2%	0	0.00	8	8	5,360	5,349
Finance/Insurance	7.7%	1	1.08	33	36	10,005	10,775
Real Estate/Rental/Leasing	10.6%	0	0.00	4	4	4,720	5,220
Professional/Scientific/ Technical Services	11.9%	1	1.12	5	6	13,683	15,311
Management of Companies and Enterprises	18.9%	0	0.00	0	0	339	403
Administrative/Support/ Waste Management Services	21.6%	2	2.43	65	79	18,445	22,429
Educational Services	3.3%	0	0.00	26	27	35,563	36,737
Health Care/Social Assistance	17.7%	1	1.18	80	94	40,843	48,072
Arts/Entertainment/ Recreation	-0.8%	0	0.00	16	16	4,516	4,480
Accommodation/Food Services	27.4%	1	1.27	77	98	23,162	29,508
Other Services (excluding Public Administration)	10.0%	1	1.10	39	43	12,371	13,608
Public Administration	14.1%	0	0.00	2	2	21,508	24,541
Total		15	16.69	610	689	290,000	324,805

Sectors with a projected growth rate greater than 10%, and with current employees living within the Focus Area include Professional, Scientific, and Technical Services; Administrative, Support, and Waste Management Services; Health Care and Social Assistance; Accommodation and Food Services; and Other Public Services.

3.1.1 Estimated Employment by Industry

The services industry is the largest employer in the City of El Paso, Downtown and the Focus Area. This industry cluster includes education/library, sales, business/financial, health practices, food preparation, office/administration, building maintenance, social service, among other services. The significance of the service industry in this region goes beyond the population growth that the area has seen over the past years. This industry cluster is directly involved in the economic shift and urban class structure by enabling an urban culture evolution that can have a long-lasting impact. The importance of this industry cluster is also acknowledged by the Texas Economic Development Corporation which believes that El Paso's economy has diversified into automotive, biomedical, defense, electronics, finance/business services and medical device sectors while continuing to branch into new industries.

Within the Focus Area, the rest of the industry sectors that employ residents include retail trade finance, insurance, real estate, and government. Pay ranges by industry are not available; however, the median household income in El Paso is $44,947 and $14,445 in the Downtown area. The fastest growing industry in the Focus Area is Accommodation/Food Services industry, which will significantly impact employment trends in the area. Additionally, the growth of the Administrative/Support/Waste Management industry will create additional jobs to address the growing population in the Downtown area.

3.2 Potential Target Employment Sectors

Target sectors for development may include Wholesale Trade, Retail Trade, Health Care and Social Assistance, and Accommodation and Food Services.

3.2.1 Wholesale and Retail Trade

The Focus Area's exclusive commercial zoning is ideal for high-density development of retail and trade businesses. The Focus Area's proximity to the Paso del Norte and Stanton Street Ports of Entry as well as investments in multiple high-end and boutique hotels can attract a variety of shoppers across a wide range of income levels.

3.2.2 Healthcare and Social Assistance

The Focus Area is approximately one mile south of the Las Palmas/Hospitals of Providence Medical Center and three miles west of Texas Tech University Medical Center. There are a variety of multimodal transit options between the medical centers and the Focus Area, including multiple Sun Metro bus and Brio Bus Rapid Transit (BRT). The Mesa Brio and The Stanton Street cycle track, which the City will be extending south of I-10, provide direct access from the Focus Area to the Las Palmas/Hospitals of Providence Medical Center. The Streetcar provides access between the Focus Area and Las Palmas/Hospitals of Providence Medical Center, though it is currently running a limited schedule on weekends and during large events. The Paso del Norte Trail, of which some segments currently exist, will eventually provide a shared use path between the Focus Area and Texas Tech University Medical Center. Recent actions by El Paso's City Council regarding the Economic Development Association's Build Back Better Regional Challenge have resulted in a coordinated effort to foster an advanced biomedical and manufacturing sector within the El Paso region. This will leverage investments and skills associated with the University of Texas at El Paso and its advanced aerospace, research, and manufacturing programs as well as Texas Tech University's medical research and design programs.

3.2.3 Accommodation and Food Services

According to the City of El Paso, Downtown has seen over $170 million invested in redevelopment of iconic buildings into boutique hotels, with over $78 million spent to renovate the Plaza Hotel within the Focus Area. Supporting additional investment in hotels and lodging, restaurants, and bars will increase hotel occupancy and sales tax receipts for the City of El Paso.

3.3 Commercial Trends

3.3.1 2021 Consumer Spending

The following data are based on the American Community Survey and ESRI projections, and include information on spending habits of households living within the Focus Area. These spending habits provide insight into potential sectors for development and growth between 2021-2026. Specifically, these data findings reveal how current Focus Area households spend their money.

Apparel and Services

Household spending within the Focus Area indicates a strong preference for Women's and Children's apparel, as well as Footwear. Spending on Women's apparel ($10,327) was almost twice as much as spending on Men's apparel ($5,912).

Entertainment

Household spending on Cable and Satellite Television Services ($11,527) is 11.6 times higher than spending on Rental/Streaming/Downloaded Video and accounts for 28.2% of all Entertainment- related expenses within the Focus Area. This is in-line with findings of computer ownership and internet access data discussed in Section 2.2.3 and indicates a much-lower rate of "cord-cutting" as compared to general trends.

Spending on Pets accounts for 28.2% of all Entertainment-related spending and is the second largest Entertainment-related expense. This is noteworthy as less than 15% of apartment units in the Focus Area allow pets with only 17.9% of residents owning cats and 28.2% of residents owning dogs. The Market Potential Impact for pets as described in Section 2.2.2 indicates higher potential for cat- related spending within the Focus Area as compared to the broader El Paso region as well as higher potential for dog-related spending as compared to Downtown.

Food

Spending on Food at Home represent 60% of all Food-related household expenses, indicating a preference for homecooked meals that may be related to the low per capita income for the Focus Area.

Financial

Household Credit Card debt is 4.5 times higher in the Focus Area ($35,879) compared to the national average ($7,854). Value of Retirement Plans within the Focus Area is $24,344 per household on average, far behind traditional financial guidance for retirement savings for the population average of 38.8 years old.

Health

Health-related expenses account for the second smallest category of total household spending within the Focus Area, with an average of $204 per household. Nearly 60% of Health-related spending was on Prescription Drugs. Households spend nearly 8 times more on Health Insurance than on Nonprescription Drugs, Prescription Drugs, and Eyeglasses and Contact Lenses combined. This indicates severe under-utilization of Health Insurance benefits.

Household Operations

Child Care spending accounted for $2,701 per child on average within the Focus Area, accounting for approximately 13.5% of median household income.

3.3.2 2026 Forecasted Demand

Commercial spending is expected to increase by 70.1% between 2021 and 2026 within the Focus Area – these forecasts include households living in the Focus Area and consumers living outside the area. The largest increases by dollar amount will be focused on the Apparel and Services, Entertainment and Recreation, Food, and Transportation sectors. These sectors should be targeted for development to support increased spending on these categories within the Focus Area. The following sections are based on data from GfK MRI and projections from Esri. Market Potential Index measures the relative likelihood that adults or households in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the US. An MPI of 100 represents the US average. Most behaviors and purchasing patterns for the Focus Area are less than 100, in-line with projections of slow population growth for the Focus Area and Downtown El Paso. These numbers are still important when compared relative to other MPIs within similar trade areas in the Focus Area. Areas with MPI over 100 should be paid particular attention since they indicate growth rates faster than the US average.

Retail Gap

The Focus Area has a retail potential (demand) of $503,553 and retail sales (supply) of $40,398,963, resulting in a retail gap of -$39,895,410. This means that only 1.25% of sales are generated by households living within the Focus Area. A majority of the retail gap is within Retail Trade (84.7%) as compared to Food and Drink (15.3%).

Clothing and Clothing Accessories Stores represent the largest retail category within the retail gap at approximately $12.1 million, of which Clothing Stores comprise 76.6% of sales. This indicates a successful apparel and accessory retail sector that is attracting a majority of the shoppers traveling to the Focus Area.

There are multiple retail sectors with 100% leakage, meaning that households within the Focus Area are completing all purchases in that sector outside of the Focus Area. This can actually be a positive indicator as it relates to land use and promoting neighborhood walkability. Households within the Focus Area are completing 100% of purchases on Motor Vehicle Dealers, Motor Vehicle Parts Dealers, and Gasoline outside of the Focus Area. Each of these sectors promote and support car ownership, parking demand, and are not appropriate within a walkable urban neighborhood. These sectors are also inefficient uses of land in terms of property tax revenue per square foot for the City and have a much higher ratio of concrete and asphalt paving per square foot than most other sectors. This contributes to the urban heat island effect, which is most pronounced in the dense urban core and reduces quality of life and impacts outdoor recreation during the summer months.

Retail sectors with 100% leakage that should be supported within the Focus Area include Electronics and Appliance Stores; Building Material, Garden Equipment, and Supply Stores; Book, Periodical, and Music Stores; and Used Merchandise Stores. As the Focus Area generational distribution shifts towards majority Millennial and Generation Z, Electronics Stores and Used Merchandise Stores may be particularly well-positioned to capture preferred spending habits.

Apparel

Purchases of Fine Jewelry and Watches have the highest MPI in the sector at 84 and 88 respectively, though Men's Clothing and Women's Clothing also have relatively high MPIs at 84 and 74. As Clothing and Clothing Accessories Stores account for 30.0% of total retail sales within the Focus Area, it is critical that these sectors are supported through general advertisement campaigns and regularly programmed events and activities that continue to attract and expand shoppers coming from outside of the Focus Area.

Electronics

Household spending trends and forecasts on computers is insightful as nationwide spending habits on laptops and desktops has accelerated rapidly over the course of the COVID-19 pandemic and is expected to continue for at least the next few years. 100% of households living within the Focus Area purchased their most recent computer outside of the Focus Area, with only 1/3 of households completing this purchase online. This could indicate a strong preference to conduct large electronics purchases in person and/or a need for immediate replacement that cannot be conducted within the Focus Area due to a lack of Electronics Stores.

Over 40% of households most recent computer purchase are within the budget category of less than $500. Nearly 15% of households most recent computer purchases are within the higher-end category between $1,500-$1,999. Both price ranges have MPIs over 100, with the budget category of particular note as these tend to be replaced more often due to overall quality and performance decline.

Laptops within the $1,500-$1,999 are typically capable of running high performance graphics, data analysis, and design programs associated with professionals, students, and video game enthusiasts. The behavioral MPI associated with playing a video game console is 135, meaning demand for console video gaming will be 35% higher within the Focus Area as compared to the US. While consumer spending habits are shifting to more digital sales of console video games, this high market potential could be captured through an arcade, virtual reality experiences, and used video games stores. Another trending business is the video game bar/lounge, in which patrons can rent a table or room with multiple console options to play with friends. These facilities can also be used to host gaming tournaments and e-sports events, markets that have seen rapid growth in recent years.

Groceries

Nearly 25% of households within the Focus Area have not purchased fresh fruit or vegetables within the last six months and only likely due to a lack of grocery shopping options in the immediate and surrounding Downtown area. The market potential for fresh fruit, vegetables, milk, and organic food is relatively high for this area, all within 10% of the US average by 2026.

Spending Habits

Nearly 70% of households within the Focus Area indicate having used a credit or debit card within the past twelve months, though only 10% stated that they usually buy items on credit rather than wait. There is a slight preference for prioritizing product price over quality or brand name, though market trends are expected to shift towards prioritizing quality over price by 2026.

Households interested in how to help the environment are expected to grow nearly 50% faster and be slightly more likely to pay more for an environmentally safe product as compared to the US average. Interestingly, households are expected to value green products over convenience 54% than the US average.

More than 1/3 of households within the Focus Area are likely to buy a brand that supports a charity, a trend that is expected to increase slightly faster than the US average. This could provide an opportunity for businesses within the Focus Area to establish strategic partnerships with community organizations and local nonprofits that support additional investment and revitalization of the Focus Area and surrounding Downtown.

3.4 Commercial Conditions

Retail spaces are considered commercial properties used by a company that sells goods or services directly to buyers, such as malls, power centers, neighborhood centers, strip centers, and general retail. In the Downtown area there are 52,528 SF of rentable building area for strip centers with an average market rent of $11.36/SF and 2,437,980 SF of rentable building area for general retail with an average market rent of $14.17/SF. These types of properties are traded with regularity with an average market price of $108/SF that constantly attracts investors due to its pricing being considerably lower than the region's average pricing.

As of 2020, the Focus Area has a slight oversupply of retail space when compared to current demand and considering the 7.1% vacancy rate for commercial spaces. However, this oversupply has the potential to be absorbed in the future market due to regional population increase and current retail leakages in the Focus Area. It will be key to create a captivating urban environment that entices new residents, visitors, and shoppers to locate in Downtown which will create additional demand for retail services.

A significant increase in projected construction of retail spaces in the Downtown area, and a growth in retail investment sales, small and large, are clear indicators that a recovery is on track for this area; however, with the growing demand of online shopping, retailers compete with traffic and new retail strategies need to be implemented such as in-store pick-up, curbside pick-up and product customization. Like the entire retail sector, Downtown commercial enterprises must respond to the changes in customer spending and preferences to stay competitive. Additionally, there is opportunity to introduce commercial services that are only available outside Downtown today (e.g., grocery and electronics stores), and entice new shops that are unique to Downtown (and not readily found in outlying suburban settings).

Office spaces are typically divided into three main categories, Class A, Class B and Class C with Class A being the nicest space in the market and Class C usually being a dated space with minimal amenities. However, within the commercial real estate community there is a general understanding that a wider spectrum of quality exists among office buildings. The CoStar Research team established the Building Rating System that bases ratings on specific elements such as architectural design, structure/systems, amenities/management, site/landscaping/exterior spaces, and certifications. After considering all these elements, a building is given a Star rate ranging from one star to five stars. A five-star building is exemplary of a state-of-the-art, category defining structure that represents the latest trends and quality in design and construction, prominent in its context or of a landmark status, and very likely a certified sustainable and energy efficient building. Buildings rated to exhibit the nation's current set of highest quality structures and form the benchmark of current excellence in office buildings. A one-star building is practically uncompetitive with respect to the needs of a typical office tenants, may require significant renovation, possibly functionally obsolete. The building may have been originally constructed for non-office use.

The Downtown area contains about 5.4 million SF of office space, with 1,679,638 SF being 4 and 5 Star-rated buildings, 3,188,887 SF 3-star rated buildings, and 539,360 SF of 1 and 2 star rated buildings. The average market rate for these buildings are $22.05/SF, $17.20/SF, and $19.76/SF, respectively. Overall inventory has increased by 5.1% over the past three years, and investment has been steady among these types of properties, particularly for 1 and 2 Star-rated buildings. This investment pattern in 1 and 2 Star-rated buildings is likely due to potential redevelopment and building renovations to increase its rating and attract high-paying tenants to the buildings. The increased popularity of remote work poises a significant threat to office space leasing and inventory. Several strategies can be used to offset this impact, strategies such as hybrid work schedules can significantly aid companies.

Industrial spaces in the Downtown area are scarce with a total of 370,000 SF of rentable building area. This area cannot be considered an industrial hub or a major center for industrial growth; however, this area contains some of each industrial subtype such as logistics, specialized industrial and flex. The logistics subtype of the industrial market in the Downtown area is comprised of 328,937 SF of rentable building area with an average market rent of $8.36/SF. An industrial flex building is a type of building that can adapt to the needs of a wide range of companies. They are blank canvas that can be designed to house desk-based staff and employees, to fully functional breweries. In the Downtown area there are 37,897 SF of rentable build area under the industrial flex subtype with an average market price of $11.42/SF. Lastly, in this area there are 4,680 SF of rentable build area for the specialized industrial subtype with an average market price of $6.29/SF. Current economic trends suggest that inventory will shrink for industrial spaces and no new projects have been built or delivered in the past ten (10) years. By 2025 it is expected for all industrial spaces in the Downtown area to either reach capacity or be demolished, thus, decreasing availability and increasing market rent per square feet.

Rental Rates

Retail – In the Downtown area, overall retail average rent has been $14.18/SF for 2021, compared to $12.36/SF in 2010. It is estimated that by 2025 the average rent will be $15.68/SF.

Office – In the Downtown area, overall office space average rent has been $19.01/SF for 2021, compared to $16.34/SF in 2010. It is estimated that by 2025 the average rent will be $21.10/SF

Industrial – In the Downtown area, overall industrial average rent has been $8.73/SF for 2021, compared to $5.67/SF in 2010. It is estimated that by 2025 the average rent will be $10.21/SF

Supply and Vacancy

Retail –In the Downtown area, current retail space inventory is 2,490,508 SF and it is estimated that by 2025 the inventory will increase to 2,609,605 SF. Overall retail vacancy has been 172,094 SF or 7.1% for 2021, compared to 282,020 SF or 11.6%. in 2010. It is estimated that by 2025 the average vacancy will be 165,603 SF or 6.5%. These data findings are based on Downtown as a whole (and were not captured for specific geographic subareas). It is acknowledged that some legacy retail establishments have shifted (or relocated) from one Downtown area to the next to respond to changes in consumer activity, new major destination openings (e.g., the Plaza Hotel, and the museums), and newly commercial renovations. However, as the regional population grows, there is opportunity to attract a proportion of this growth to Downtown, which would create additional demand for retain and commercial services.

Office -In the Downtown area, current office space inventory is 5,406,207 SF and it is estimated that by 2025, the inventory will increase to 5,463,499 SF. Overall office space vacancy has been 208,284 SF or 3.9% compared to 557,140 or 10.9% in 2010. It is estimated that by 2025 the average vacancy will be 199,955 or 3.7%

Industrial - In the Downtown area, current industrial space inventory is 371,514 SF and it is estimated that by 2025 the inventory will decrease to 370,255 SF. Overall industrial space vacancy has been 901 SF or 0.2% for 2021, compared to 34,040 or 8.8% in 2010. It is estimated that by 2025 the average vacancy will be 0 SF or 0%

Chapter 4 – Key Findings and Recommendations

4.1 Population and Housing

4.1.1 Key Findings

- Slow population growth is anticipated within the Focus Area. Population growth, and total population, is expected to be slower than the City of El Paso and El Paso County. Only four new residents are projected to live in the Focus Area in 2026. Future investment in the Focus Area and in Downtown by the public and private sector can drastically impact this growth.

- International travelers headed to the Focus Area are expected to continue shifting from private vehicles towards walking. The Paso del Norte Port of Entry (PdNPOE) is the region's most heavily- used pedestrian crossing between Juarez and El Paso, accounting for an average of 63% of all

- pedestrian activity across the region's eight ports of entry. Northbound crossing data at the PdNPOE shows a widening gap between the number of people crossing via private vehicles and those crossing on foot.1 This is particularly important as pedestrians crossing via the PdNPOE have direct access to the Focus Area via a ¼-mile walk along South El Paso Street. It should be noted that data for 2019 was severely impacted by federal action and mandates at ports of entry across the US-Mexico border in late 2018 and throughout 2019. This highlights a potential vulnerability to the region as a whole since access for international tourists is not entirely within the control of the City of El Paso or El Paso County. The US announced that international travelers will be permitted in the country beginning in November 2021 subject to restrictions.

- Housing variety, size, and restrictions limit potential to attract new residents. 96% of units within the Focus Area are studios or one bedroom apartments and there are no units with more than two bedrooms. Less than 15% of units within the Focus Area allow pets, all of which include breed and weight restrictions.

4.1.2 Recommendations

- To attract Millennials and Generation Z, additional residential amenities and features should be considered by developers. These may include off-street, covered bicycle parking; electric vehicle charging access; additional pet-friendly units with fewer breed and weight restrictions; and mixed-use zoning with specific service providers such as childcare or preschool.

- Additional housing options may encourage faster population growth. Limited housing availability and floorplan variety within the Focus Area is a barrier to faster population growth. Larger, more flexible floorplans that accommodate families and working or learning from home will be critical to attracting Millennials and Generation Z in the coming years.

- To preserve and produce affordable housing to accommodate and not displace the existing population, the adoption of policies to preserve affordability should be considered. These policies may include the use of the Rental Assistance Demonstration and the use of Small Area Fair Market Rents incentives by the Department of Housing and Urban Development. Additional strategies include adaptive reuse projects to yield potential tax generation and employment opportunities as well as integrating income-restricted apartments in the community to ensure affordability for low-income residents.

4.2 Redevelopment, Amenities, and Services

4.2.1 Key Findings

- There are 755 publicly accessible parking stalls and an additional 3,536 parking stalls within ¼-mile of the Focus Area. There are multiple parking garages that offer monthly parking passes, withsome priced as low as $85. Many of the parking garages and nearby surface lots are priced competitively with on-street parking and surface parking within the Focus Area.

- The Focus Area is currently zoned exclusively to support high-density commercial development through C-4 and C-5 zoning designations.

- Nearly ¼ of parcels within the Focus Area are designated as Historic or Historic Non-Contributing.

- The Focus Area's only two parks, Aztec Calendar Park, and Pioneer Plaza, offer very little green space especially for active recreation and exercising pets. Aztec Calendar Park has seen little investment in recent years, particularly as compared to Pioneer Park, and provides an opportunity to anchor surrounding restaurants, bars, and entertainment options.

[1] El Paso Metropolitan Planning Organization, Ports of Entries Northbound Crossings 2015-2019

4.2.2 Recommendations

- Incentivize redevelopment of surface parking lots with large-scale, high-density mixed-use and commercial properties that increase property and sales tax revenues for the City of El Paso and provide affordable and market rate residential, office, and commercial units that attract and support locally-owned startup businesses.

- Revise current zoning standards to allow flexibility and support mixed-use development within theFocus Area, as large swaths of surrounding Downtown parcels currently allow mixed use development.

- Promote shared parking opportunities between developers and parking garage owners to develop creative solutions to support parking in Downtown.

- Redevelopment of the Aztec Calendar Park/El Paso Electric Headquarters transit stop provides an opportunity for increased recreational space and multimodal connectivity. Restricting access to bus-only along Myrtle Avenue between North Kansas Street and North Stanton Street could allowfor the expansion and amenitization of the parkway in front of the El Paso Electric building, as wellas expansion of Aztec Calendar Park by reclaiming on-street parking.

- Install street trees and a high quality bicycle network within Downtown to support and active pedestrian and bicycling environment and promote active living within the Focus Area.

- The City of El Paso should increase funding for Aztec Calendar Park and Pioneer Plaza to introduce more greenery, including trees and shrubs, as well as consider additional open/green space within the Focus Area.

- The City should invest in "green corridors" that include street trees and landscaping to connect the Focus Area to surrounding parks, such as along Oregon Street to connect to San Jacinto Plazaand the El Paso Public Library Main Branch. San Antonio Street provides another opportunity to connect the Focus Area to the greenspace at the courthouses near Campbell Street. This could tie-in to one additional "green corridor" along Campbell Street to connect to Armijo Park, ArmijoRecreation Center, and Armijo Swimming Pool.

4.3 Employment and Commerce

4.3.1 Key Findings

- The largest sectors of employment by percentage within the Focus Area are construction (13.3%);manufacturing (20%); retail trade (13.3%); and administrative, support, and waste management services (13.3%).

- The largest sectors of employment within Downtown are construction (12.5%); manufacturing (10.0%); administrative, support, and waste management services (10.7%), health care and social services (13.1%); and accommodation and food services (12.6%).

- Large employment increases in construction, retail trade, and transportation/warehousing sectors can be directly supported through high-density commercial development in the Central Business District zoning already in place within the Focus Area. Proximity to Paso del Norte and Stanton Street Ports of Entry will directly support these sectors.

4.3.2 Recommendations

- Leverage investments in transit and highlight Focus Area connectivity, both internationally and intracity, to attract new businesses and residential development that support local employment.

- Invest in health care, science, and technical training programs to support citywide efforts to grow the biomedical and advanced manufacturing sectors.

- Partner with The University of Texas at El Paso's Executive MBA program to explore opportunities to grow and enhance the Healthcare, Science, and Technological training programs in Downtown.

- Invest in active transportation infrastructure and amenities, specifically shared use paths, shade trees, pedestrian-scale lighting, and wayfinding signage to increase access to employment opportunities.

- Promote the City's allowances to eliminate parking for redevelopment projects; this would reduce construction costs and support tenant spaces that foster locally- owned startups, small businesses, and potential housing units.

Appendices

Appendix A: Chapter 380 Agreements

A 380 agreement is an agreement authorized by the Chapter 380 of the Texas Local Government Code to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity, this can include extension of utilities as well as direct financial rebates and credits. There have been several 380 agreements executed between the City of El Paso and building owners downtown. As shown in the chart below, hotels and apartments in the Focus Area have received incentives for improvements.

Current and Previous 380 Agreements				
Count	Name of Development	Original 380 Activation Date	Type/Use	Physical Location
1	Campbell Apartments	2/27/2014	Residential	501-513 Campbell
2	Cesar Scott Wire Harnesses & Cable Management Products	10/21/2014	Commercial	1731 Myrtle Ave.
3	Franklin Avenue Apartments	7/21/2015	Residential	617 W. Franklin Ave.
4	Artspace Lofts	8/3/2015	Subsidized Artist Housing & First Floor Retail	601 N. Oregon
5	Aloft Hotel	8/25/2015	Hospitality & Tourism/Retail	301 Texas
6	Stanton House Hotel	6/27/2016	Hospitality & Tourism/Retail	209 Stanton
7	Hestra	7/31/2016	Commercial	2020 Mills Ave.
8	Courtyard Marriot Hotel	8/11/2016	Hospitality & Tourism	616-618 Santa Fe
9	Carl Daniel Architects	10/17/2016	Business Services/ Commercial	305 Leon
10	Lomaland West LLC	10/28/2016	Residential	909 E. San Antonio
11	Martin Building & Annex - Apartments	12/1/2016	Commercial	215 Stanton
12	Park Tavern Restaurant	12/12/2016	Retail	204 Mills
13	Plaza Hotel	3/1/2017	Hospitality & Tourism	106 W. Mills Ave.

14	Parkhill Smith & Cooper Architectural and Engineering Firm	4/15/2017	Business Service	501 San Antonio
15	Hotel Paso Del Norte	5/9/2017	Hospitality & Tourism	101 South El Paso St.
16	Hong Kong Express - Chinese Restaurant	7/14/2017	Retail	601 El Paso St.
17	Stanton Street Development LLC - Parking Garage	8/1/2017	Business Services	601 Texas
18	Hotel Indigo	8/5/2017	Hospitality & Tourism	325 North Kansas
19	Summit 11 Investment Group LLC	8/17/2017	Residential	300 E. Main
20	Essex Alley Apartments	9/19/2017	Residential / Retail	513 W. San Antonio
21	Black Walnut Investments LLC	12/19/2017	Residential / Retail	108 South Stanton
22	West Star Tower	12/30/2017	Business Services	601 N. Mesa
23	Great River Commercial	5/1/2018	Office/ Commercial	1125 Texas
24	Anderson Immigration Law Group LLC	6/25/2019	Commercial	213 S. El Paso Street
25	2227 Texas Avenue	2/4/2020	Commercial	2227 Texas Avenue
Prospective 380 Agreements				
1	1031 Texas Avenue	Pending	Commercial	1031 Texas Avenue
2	309 Mills	Pending	Mixed Use	309 Mills
3	105 N. Oregon	Pending	Mixed Use	105 N. Oregon
4	533 W. Franklin	Pending	Commercial	533 W. Franklin

Sources

1. [El Paso reaps higher sales tax revenue during pandemic, despite border closure - El Paso Matters](#)

2. [Dollar-Sensitive Mexican Shoppers Boost Texas Border Retail Activity - Southwest Economy, Fourth quarter 2012 - Dallas Fed](#)

3. [Millennials Infographic (goldmansachs.com)](#)