

McAllen CityCenter

*The bullseye in McAllen's Retail
and Hospitality Market Place*



McAllen CityCenter

McAllen CityCenter is the bullseye in the McAllen retail and hospitality market and will soon be among the premier commercial centers in McAllen and the entire Rio Grande Valley. The property is directly across I-2 from Simon's La Plaza Mall, and close to McAllen International Airport, McAllen Convention & Performing Arts Centers, and many of McAllen's fine dining & hospitality venues. The site with its excellent access to I-2, will be easily accessible to all neighboring cities throughout the region as well as Mexico.

McAllen CityCenter is planned to have two Marriott products, including a 6-story, 200-room hotel with banquet/meeting rooms and potentially a small, boutique hotel. In addition, sites for two notable restaurants, a quick service restaurant, an office podium and retail space are planned. Sites for specialty anchors are also a key component to the overall site.

Within a 10-mile radius of the site:

- The 2020 population exceeds 605,000.**
- 184,000 household with an average household income of \$64,000.**
- There are over 2.1 million people occupying over 2,000 hotel room nights annually.**
- McAllen Gross Retail Sales increased from \$3.2 Billion in 2010 to \$4.3 Billion in 2021, a 34.1% increase over the time period.**
- McAllen MSA Gross Retail sales increased from \$7.9 Billion in 2010 to \$13.6 Billion in 2021, a 41.8% increase over the time period.**

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To understand the unique nature of the McAllen retail economy, one must first understand the regional geography and demographics.

- The principal cities of McAllen, Brownsville and Harlingen combine to form the northern half of the Borderplex and are among the most rapidly growing regions in America.
- The 2020 Census places the population of the McAllen MSA at 860,661, a 9.5% increase over 2010.
- The 2020 Census places the population of the Brownsville Harlingen MSA at 423,725, a 3.5% increase over 2010.
- When Willacy and Starr County are added to the population of the two Valley MSAs, the combined population in 2020 is estimated to be 1,370,632 people. That places the region in the top 50 MSA's in the country.

The southern half of Borderplex includes the Mexico border cities of Matamoros, Rio Bravo and Reynosa, which contribute at least another 2.7 million to the region's population. This brings the total population of this bi-national, bicultural, bilingual, international metropolitan area to 4 million people.

The land development company is led by Michael Fallek, Larry Fallek, and others (the "Developers"). The Developers have a 30-year history of successfully developing office parks, retail centers and industrial parks, as well as restaurants and hotels. The Developers' hotel company, Castle Hospitality, is a full-service hotel management company based in McAllen and has built and managed nearly 20 Marriott and Hilton branded hotels in Central and South Texas over the past decades. With a well-earned reputation and focus on return on investment, Castle Hospitality relentlessly pursues its goal of providing exceptional experiences and high standards of service to its guests, local communities, business partners, and associates.

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CONCEPTUAL PROJECT RENDERING



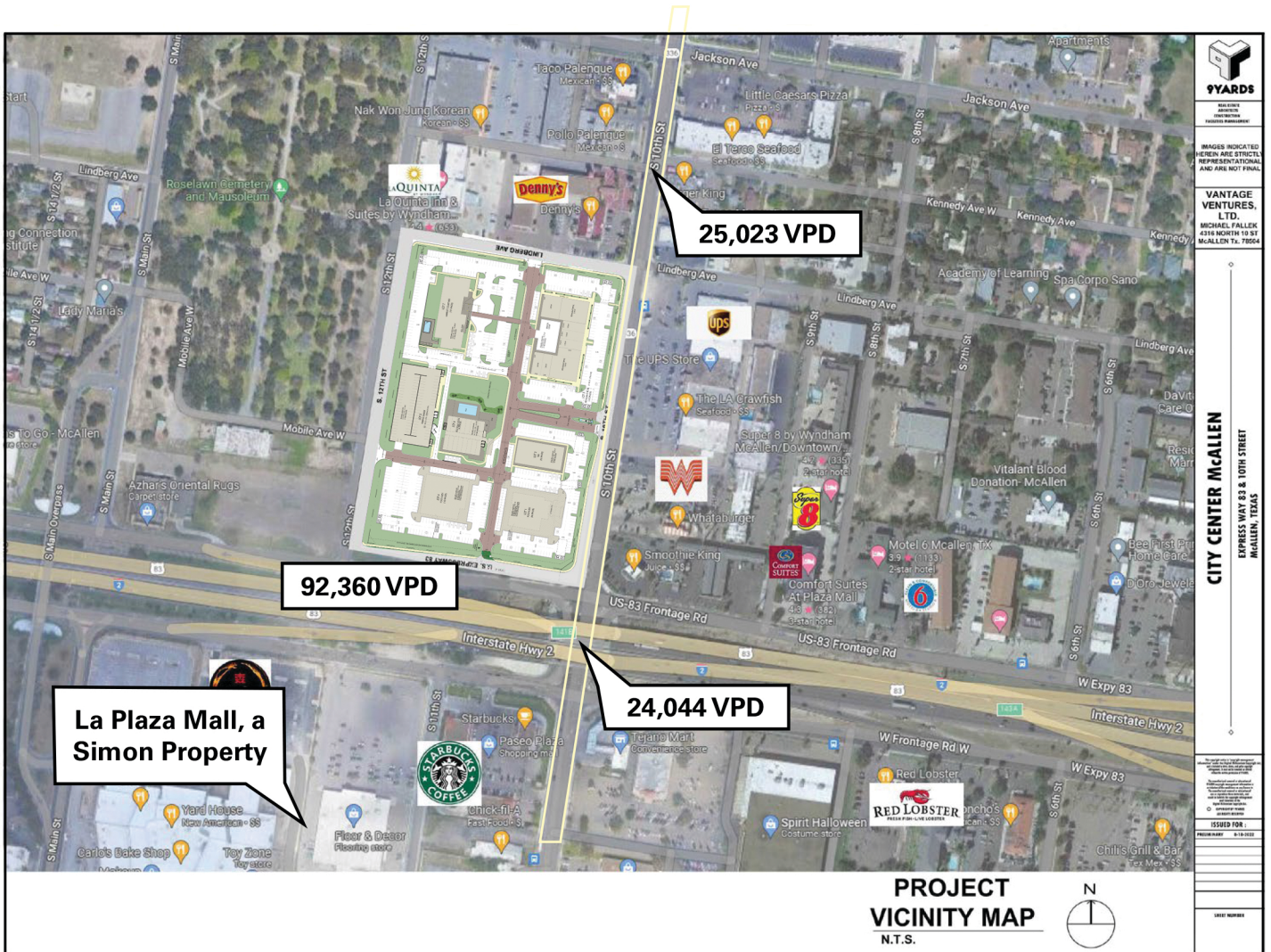
DEMOGRAPHICS

	2 MILE	5 MILE	10 MILE
2022 Population Projection	41,296	238,567	605,423
Avg. Household Income	\$53,164	\$66,686	\$64,160

Source: CoStar Group.

McAllen CityCenter

SITE PLAN/VICINITY MAP/TRAFFIC COUNTS



McAllen CityCenter

VICINITY MAP



(* Data acquired from the Texas Department of Transportation 2020)

RETAIL AND HOSPITALITY MAP

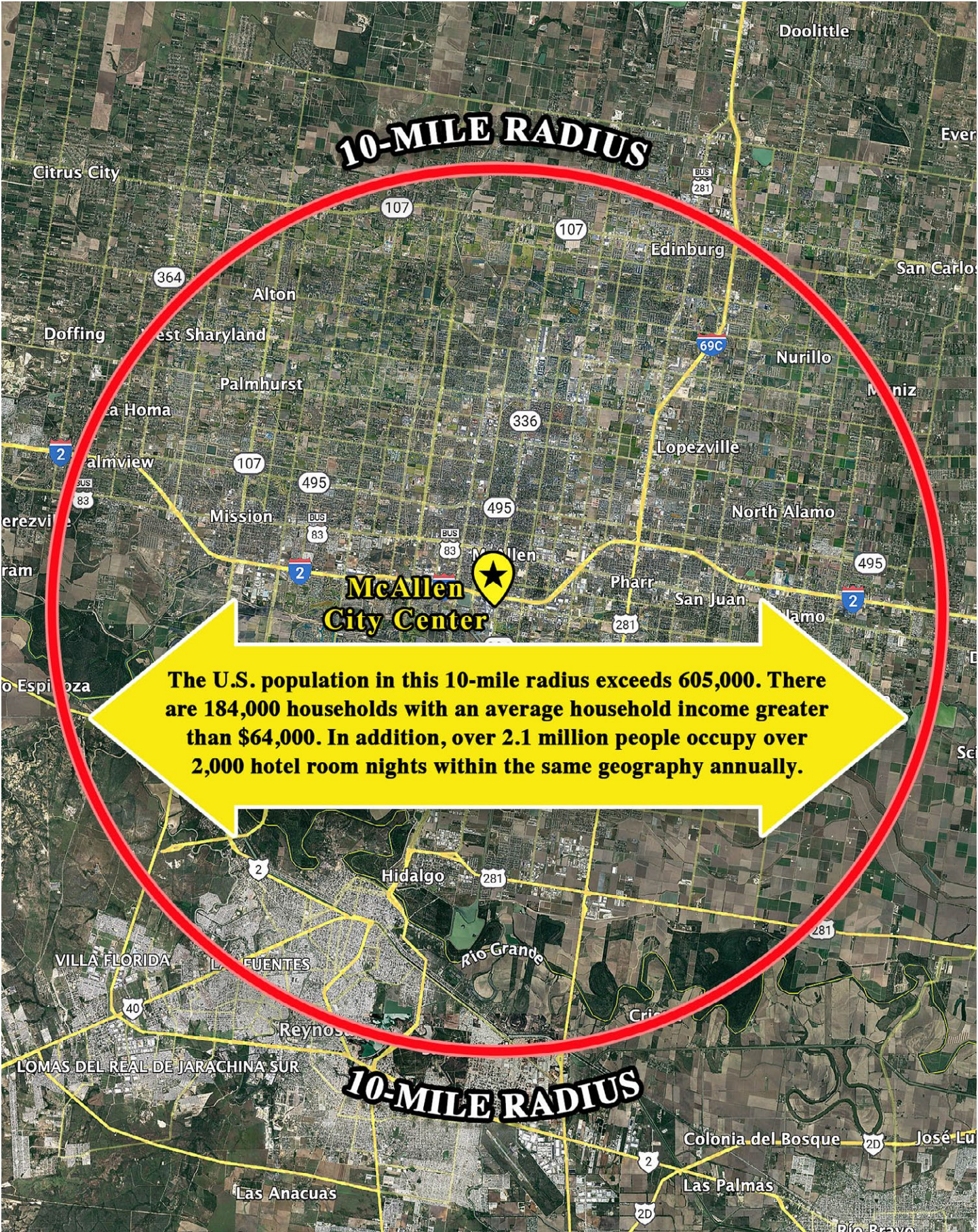


INTERNATIONAL TRADE AREA AND MARKET PLACE MAP



THE RETAIL BY MSA

MSAs	Projected Gross Sales 2022	2020 U.S. Population	Per Capita Sales
McAllen-Edinburg-Mission	\$11,189,056,904	870,781	\$12,849
Brownsville-Harlingen	\$5,113,543,325	421,017	\$12,146
Combined Regional Data	\$16,302,600,229	1,291,798	\$12,620



MCALLEN'S HOTEL DATA

50

**HOTELS
IN MCALLEN**

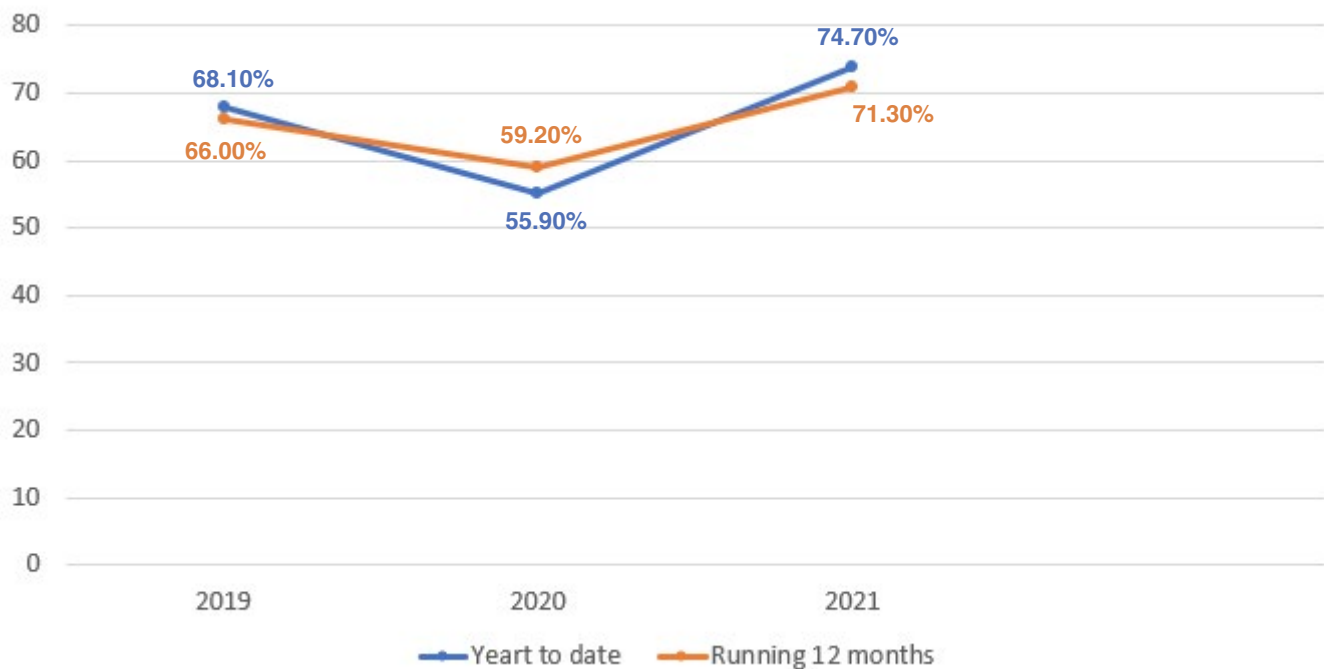
7,490

**HOTEL ROOMS
IN THE MCALLEN
MSA**

53%

**OF THE METRO
AREA HOTELS ARE
IN MCALLEN**

OCCUPANCY RATE



Source: City of McAllen, [visitmcallen.com. https://reservations.arestravel.com/hotel/list/13541](https://reservations.arestravel.com/hotel/list/13541)

With 3,956 hotel rooms in McAllen, how does that impact the economics of a new mixed-use retail/hospitality development in the city? Put simply, “heads in beds” is a way to measure this. 3,956 hotel rooms, at two visitors per room and at the market occupancy rate of 74.7%, equates to an annualized population of 2,157,246 people visiting, eating, drinking, renting cars and shopping in McAllen through the year.

The table below shows the Top 20 cities in Texas in Sales Tax Collections for the period January through September 2022. This table also shows the 2020 Census population for each of these cities. As shown in the chart, **McAllen ranks 2nd among the top 20 cities in Texas in Sales Tax Collected Per Capita**. The reason for this ranking is clear: McAllen’s trade area is clearly much larger than its city limits. As the leading commercial center in South Texas, McAllen is the hub for all business activity throughout South Texas and Northern Mexico. McAllen’s commercial reach includes not only the Rio Grande Valley, but also all communities south of the international border, including Monterrey, Mexico, which has a population exceeding that of the DFW region.

SALES TAX COLLECTIONS JAN-SEP 2022					
	City	2020 Population	Payment YTD	% Change	Per Capita
1	Conroe	98,081	\$48,552,804	15.38%	\$495.03
2	McAllen	144,744	\$61,711,205	19.09%	\$426.35
3	Sugar Land	117,910	\$50,129,365	15.36%	\$425.15
4	Midland	153,768	\$63,235,046	15.41%	\$411.24
5	Round Rock	142,418	\$57,342,608	32.77%	\$402.64
6	Grand Prairie	195,651	\$68,442,732	13.35%	\$349.82
7	Amarillo	199,747	\$69,041,985	7.64%	\$345.65
8	McKinney	214,035	\$72,605,536	12.38%	\$339.22
9	Frisco	224,566	\$72,993,283	20.43%	\$325.04
10	Irving	236,546	\$74,668,439	9.59%	\$315.66
11	Lubbock	263,648	\$81,662,442	17.45%	\$309.74
12	Plano	285,537	\$87,184,664	14.63%	\$305.34
13	Corpus Christi	327,144	\$96,193,601	12.92%	\$294.04
14	Houston	2,323,660	\$632,562,389	14.54%	\$272.23
15	Arlington	400,316	\$102,365,938	24.57%	\$255.71
16	Austin	1,011,790	\$247,776,941	23.43%	\$244.89
17	Dallas	1,347,120	\$303,608,845	14.90%	\$225.38
18	San Antonio	1,581,730	\$348,571,633	14.01%	\$220.37
19	El Paso	685,434	\$145,491,817	28.67%	\$212.26
20	Fort Worth	942,323	\$161,979,414	16.10%	\$171.89

Strengths

- Low cost of living
- Synergistic manufacturing cluster/process between countries
- Available land and open spaces for development
- Business-friendly environment
- No winter season
- Educational infrastructure including University of Texas Rio Grande Valley, Texas A&M University, South Texas College, Texas State Technical College, Texas Southmost College, and Laredo College
- Five modes of connectivity: road, railroad, air, sea, and space
- Vast natural setting with outdoor amenities
- Competitive state incentives and Foreign Trade Zone benefits

Opportunities

- There's a renewed interest to align economic development efforts in the region
- Private businesses can be further engaged in economic development
- Increase collaboration between the United States and Mexico
- Pivot towards more business expansion of key industries
- Provide more entrepreneurial support
- National and international marketing campaigns to promote the region
- Further education/training program options to fill the shortage of technical and trade skills
- Develop new retail and tourism strategies to draw more people across the border
- Leverage new onshoring mandates for manufacturing

Source: COSTEP, Economic Development Assessment

Two countries, working together in complementary efforts, could deliver exponential growth. There's a fascinating interplay happening between the United States and Mexico at the regional level, driven by state entities, local organizations, and private business leaders. Whether it's Brownsville and Matamoros, McAllen and Reynosa, Laredo and Nuevo Laredo, or the communities in between, a synergy is happening that leverages each country's talent base, business clusters, education/training offerings, promotional budgets, distribution networks, and quality of life features. In addition, as the leading industrial center in South Texas with hundreds of manufacturing facilities located on both sides of the international border and near the Property, McAllen and the RGV are poised for future growth as the trend of rehomeing industrial and logistics hubs takes further hold.

Strengths and Opportunities

Assessing the region's strengths and opportunities and threats provide context to make business development, talent development, and infrastructure decisions. This analysis is presented to advance business development efforts in the United States by leveraging the assets of the combined region.

Source: COSTEP, Economic Development Assessment

Link to full document: https://drive.google.com/file/d/1V2ueJIC1C3jZS_IWXGRsDucAU_KFD_FG/view?usp=sharing

Strengths

- Strategic geographic location between two countries, leveraging talent, customers and trade agreements
- Young workforce that is growing significantly
- Land ports (including the busiest international bridge) and sea ports that enable commerce. In addition, the expansion of local international bridge capacity will bring more people and commerce to the region
- Available, low-cost workforce