WHARTON, TX

MARKET ANALYSIS

February 28 2020

PCAV

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INTRODUCTION

CITY OF WHARTON, TX

In early 2020, the Wharton Economic Development Corporation engaged PGAV to conduct a market analysis of the City of Wharton and surrounding areas to understand the existing conditions in the area and to plan for future development. With pending construction projects to reduce flooding hazards and extend highway access, there is a need for comprehensive and coordinated land use planning and development feasibility analysis.

This report contains a broad review of market potential around the City of Wharton through analysis of Wharton County, the Houston MSA, the state of Texas, and the national market. Flood mitigation projects will soon bring large areas of land out of the 100-year floodplain, creating opportunities for new development. The Texas Department of Transportation is also preparing to construct a road extension of FM 1301, extending it west to connect with US Highway 59. Upon completion of both projects, large areas of semi-developed or agricultural land will be prime for potential development. The Planning Area, referenced throughout this study, is located in the extraterritorial jurisdiction of Wharton, roughly located between US Highway 59 and Richmond Avenue, around the extended FM 1301, as seen on the map to the left. The goal of the market study detailed on the following pages is to understand the area and adequately plan for potential future development in the Planning Area.

INTRODUCTION

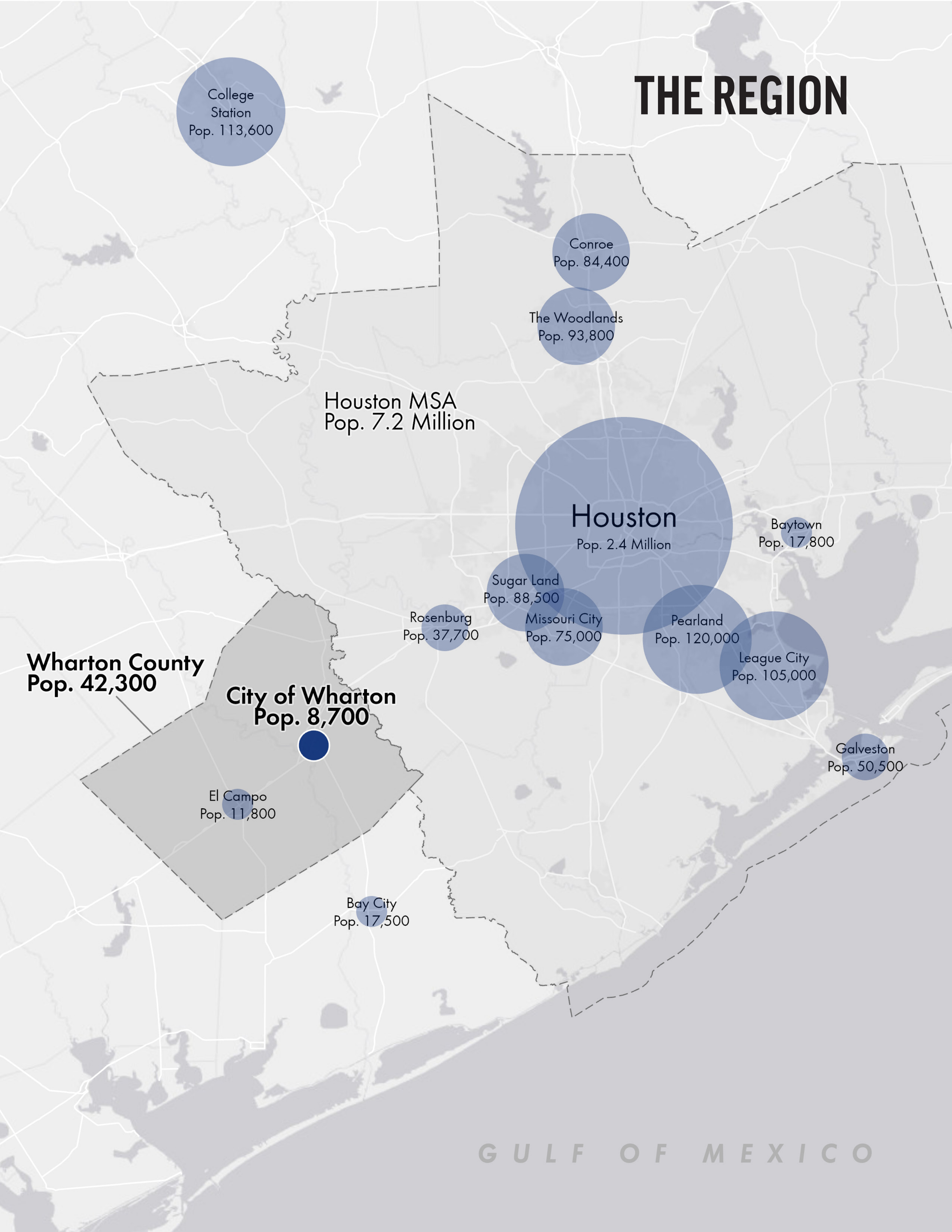
The City of Wharton, Texas is located about 60 miles southwest of the Houston Metropolitan Statistical Area (MSA) and is the seat of Wharton County. Settled in the mid 1800's, Wharton has a long history and retains much of its historic character today.

The City is just over seven square miles in area and includes a central Downtown with commercial and residential development on the edges of the City. The municipal boundaries also encompass Highway 59 stretching to the north and south of town. The southern end includes the Wharton Regional Airport. The City is located on the Colorado River surrounded by mostly agricultural land. The City does have extraterritorial jurisdiction within a half mile radius around the municipal boundaries, providing for additional control of planning and development decisions.

Wharton is home to nearly 30 buildings on the National Register of Historic Places, mostly in the historic downtown, southeast of the Planning Area. The Courthouse Historic Commercial District, a 21-acre historic district encompassing much of Downtown Wharton, is listed and includes 46 contributing buildings in the blocks surrounding the Courthouse. While some of the historic buildings have fallen into disrepair, the street network and building footprints are intact and represent a dense, mixed-use commercial district, distinguishing Wharton from many surrounding communities.

In addition to Downtown development, the City includes a hospital, several industrial buildings, Wharton County Junior College, and several highway-oriented businesses located at the intersection of US 59 and FM 102.

THE REGION

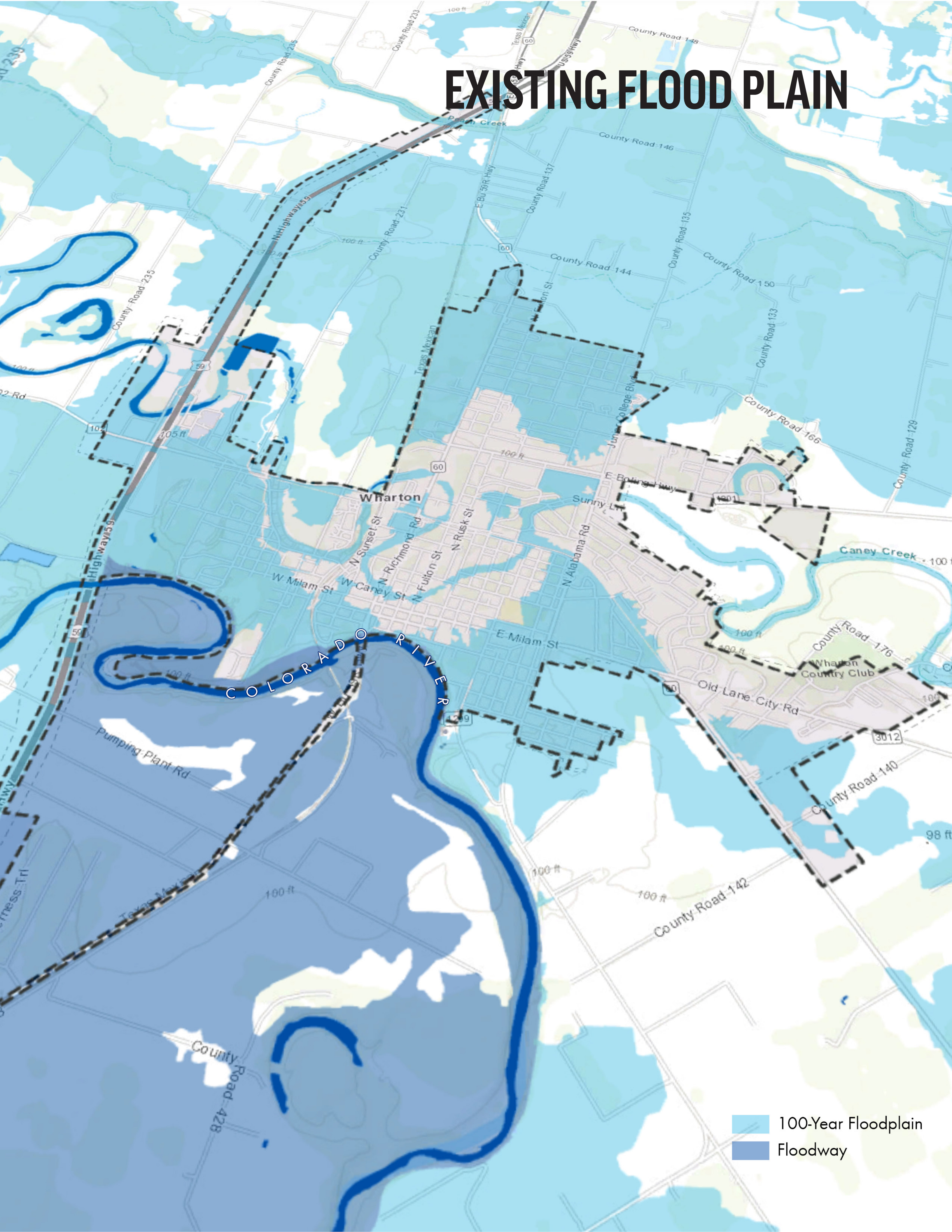

College Station
Pop. 113,600
Conroe
Pop. 84,400
The Woodlands
Pop. 93,800
Houston MSA
Pop. 7.2 Million
Houston
Pop. 2.4 Million
Baytown
Pop. 17,800
Sugar Land
Pop. 88,500
Missouri City
Pop. 75,000
Rosenburg
Pop. 37,700
Pearland
Pop. 120,000
League City
Pop. 105,000
Wharton County
Pop. 42,300
City of Wharton
Pop. 8,700
Galveston
Pop. 50,500
El Campo
Pop. 11,800
Bay City
Pop. 17,500
GULF OF MEXICO

The City of Wharton is located at the intersection of US 59 and State Highway 60, southwest of the City of Houston. Wharton County is directly adjacent to the nine-county Houston Metropolitan Statistical Area, though remains relatively rural as compared to the suburban areas outside of Houston.

As the map to the left indicates, Wharton County is home to the City of Wharton, located about 20 miles from the edge of the Houston MSA. Farther outside of Houston to the southwest on US 59 is El Campo, the largest city in the County, which is home to 11,800 residents. Unlike Wharton, El Campo has a north-south connection via State Highway 71, creating additional connections to nearby towns. Wharton is connected to the south via State Highway 60, but is otherwise isolated geographically.

For the purpose of this market study, Wharton's relationship to several surrounding areas was considered. The trade area, defined later in this report, Wharton County, and the City of Wharton were analyzed. In addition, the market study uses the Houston MSA as a comparison. Despite being outside of the MSA boundaries and much smaller in size, due to proximity, the market is relevant and helps to provide a comparison to Wharton. In addition, the study compares the analysis of Wharton to that of the State of Texas and US as a whole.

EXISTING FLOOD PLAIN



The City of Wharton is located along the Colorado River. Flooding from the river has impacted Wharton since the 1800s, causing varying degrees of destruction and significantly impacting development and land use decisions. Seven of the past eighteen major flooding events have been federally declared disasters, creating impacts across the City.

Hurricane Harvey, the most recent major disaster, hit the region in 2017 and caused flooding damage across Texas, impacting almost 300 communities. The category 4 hurricane caused a river surge that covered parts of the City of Wharton in water for several days after the event. While the City of Wharton and surrounding area was sigficiantly impacted by Harvey, chronic flooding has been an issue far longer. The West End Neighborhood is often the most effected by the chronic over-bank flooding of the Colorado River, Caney Creek, and Peach Creek. Rain events upstream cause rivers to flow over the banks, and inundate the drainage systems, which causes water to flow over ground in the West End area. The existing floodplain is shown on the map to the left, with the West End area shown just north of the river.

In 1998, a study was funded through a joint effort by the City, Lower Colorado River Association (LCRA), US Army Corps of Engineers (USACE), and the Texas Water Development Board to analyze the flooding issues. In 2006, conceptual flood protection plans were published. In 2018, less than one year after Hurricane Harvey, the USACE allocated $73 million dollars to Wharton to fund the flood mitigation project.

The current flood mitigation project includes the construction of levee and sump systems. Approximately 61 percent of the City's land area is currently located within the 100-year floodplain. Land uses in the floodplain vary from residential to commercial, including buildings of varying size and age. According to a land use survey completed as part of the 2018-2028 Comprehensive Plan, 24 multi-family properties are located in the floodplain, along with 1,489 single family homes within the City boundary, and another 389 single-family homes within the Wharton Extraterritorial Jurisdiction floodplain area. After construction of the flood protection measures, a significant reduction in floodplain area will occur, reducing the annual chance of flooding to less than one percent. The USACE estimates projects that 2,900 structures within Wharton will not longer be located in a 100-year floodplain after completion of the project. Approximately 35,600 feet of levees, 2,300 feet of floodwalls, 7,000 feet of channel modifications, and additional drainage system features will be constructed as part of the Lower Colorado River Phase 1 project. The flood protection projects will also create new recreational and public open spaces areas along the Colorado River.

EXISTING PLANS

In recent years multiple studies have been conducted on the area including the City of Wharton and Wharton County. Many of the studies have been completed in connection to recovery from flooding events, including Hurricane Harvey in 2017. Others were conducted prior to the event and therefore are outdated.

2018-2028 Comprehensive Plan

In 2018, the City of Wharton published the 2018-2028 Comprehensive Plan, which provides analysis of existing conditions and goals for future growth and development. The Comprehensive Plan has sections covering population, housing, land use, water supply and distribution, wastewater collection and treatment systems, storm drainage systems, street systems, economic development, recreation and open space, central business district, capital improvement programs, funding sources, and the subdivision ordinance.

The land use study revealed that the largest category of existing land use is agricultural/undeveloped (22 percent), followed by right-of-way (21 percent), and single family residential (18 percent). The high percentage of land devoted to right-of-way use is likely due to US 59. The future land use plan shows a goal of converting additional undeveloped or semi-developed land to residential, commercial, and mixed-use development. In the area adjacent to the planned road extension of Richmond to US 59, the existing land use map shows mostly semi-developed land uses along with some commercial, single family residential, and public land uses. The future land use map calls for the development of a large mixed-use area and expansion of the existing commercial uses along US 59.

Recovery Planning Assistance Teams: After the Floods: Planning for Community, Connections, and Resilience

The American Planning Association completed a Community Assistance Team (CPAT) Program in Wharton, publishing the report in December of 2019. The CPAT completed an analysis of the proposed floodplain projects looking for opportunities to expand the engineered plans to connect to other goals and potential community benefits. Recommendations are organized into three categories: historical and cultural resources, flood protection, and mobility/accessibility. The report highlights where the engineering projects have outcomes that align with goals or policies of the City's Comprehensive Plan as well as opportunities to enhance these connections. An implementation section connects the goals and smaller projects with a potential timeline, funding sources and responsible parties. The plan does list the road extension of Richmond to US 59, which is the subject of this study. The road extension is listed under the Texas Department of Transportation projects and is recommended to include trail, sidewalk, or appropriate bicycle facilities as part of the corridor extension.

Technical Assistance Panel Report: Wharton's West End Corridor: A Roadmap Forward

The Urban Land Institute sent a technical assistance panel to Wharton to study the West End and Spanish Camp Corridor and provide recommendations for redevelopment and investment. The final report was published in August 2018 and includes recommendations for housing development, corridor placemaking, and re-use of commercial buildings. The study found that approximately 50 percent of the housing stock in the area is beyond repair or was destroyed during the flooding events. Replacing the lost housing stock with affordable options is a major recommendation. Along with replacing the housing stock, the report recommends re-using some of the smaller, vacant commercial buildings to provide neighborhood scale services such as grocery stores or restaurants. A Tax Increment Reinvestment Zone (TIRZ) is recommended as a potential method to generate funding for the infrastructure projects needed throughout the corridor, such as sidewalks, streetlights, and pavement improvements.

Wharton Housing Demand Study

In 2016, results of a housing demand study were published showing a demand for new single-family homes, more multi-family options, and senior living facilities. This report was completed and published prior to Hurricane Harvey and therefore, some of the circumstances have changed within the housing market. The recommendations included in the study are still relevant and similar to findings in this report, however, the projected demand and population growth from the 2016 report have been reduced.

January 2020 City of Wharton Housing Report

As part of a continued effort to understand the housing market in the area and prepare for future investment and growth, the City published a housing update in 2020. Based on permit data maintained by the City, there has been in increase in the number of permits related to demolition and repairs over the past two years. Many of the construction projects aiming to replenish the housing stock are working on a small scale and, therefore, the City expects that the gap in housing needs will remain, especially for affordable housing options.

DEMOGRAPHICS

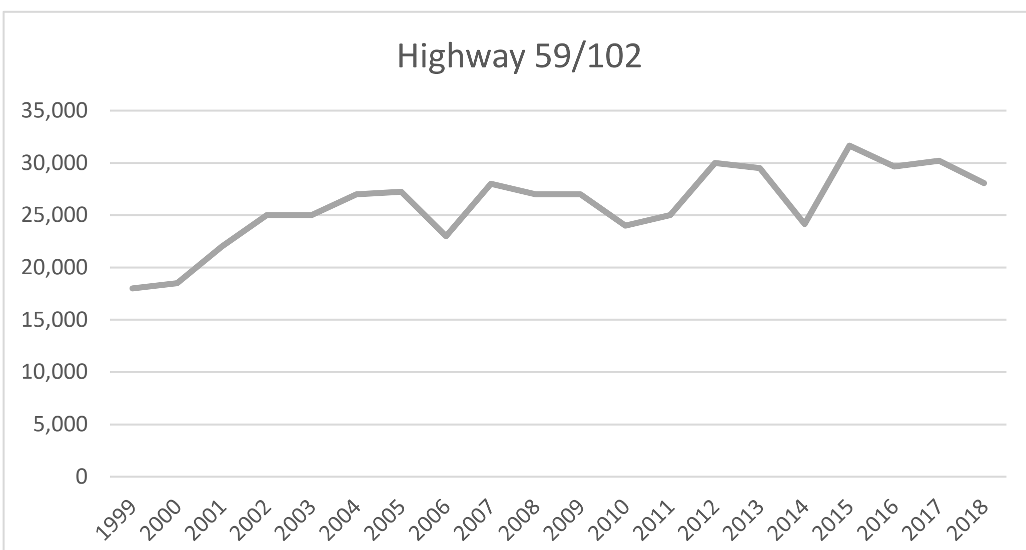
To understand the market in Wharton, an in-depth review of population demographics was conducted. This includes a review of demographics in the City of Wharton, Wharton County, the Houston MSA, and the State of Texas. In addition, for population trends and market information, this analysis relies on a 30-minute trade area. This trade area includes both the City and the surrounding area within a 30-minute drive time from the Planning Area. Using this trade area boundary helps to understand the geography from a more holistic sense, and it helps to encompass residents of other areas that might come to Wharton for goods and services.

The trade area can be viewed on the following page, indicated as the shaded boundary.

Because US Highway 59 runs through the City of Wharton southwest from the Houston area, the trade area extends north to Rosenberg and south past El Campo. This provides an additional customer base for businesses in Wharton and an additional population to draw from for market research.

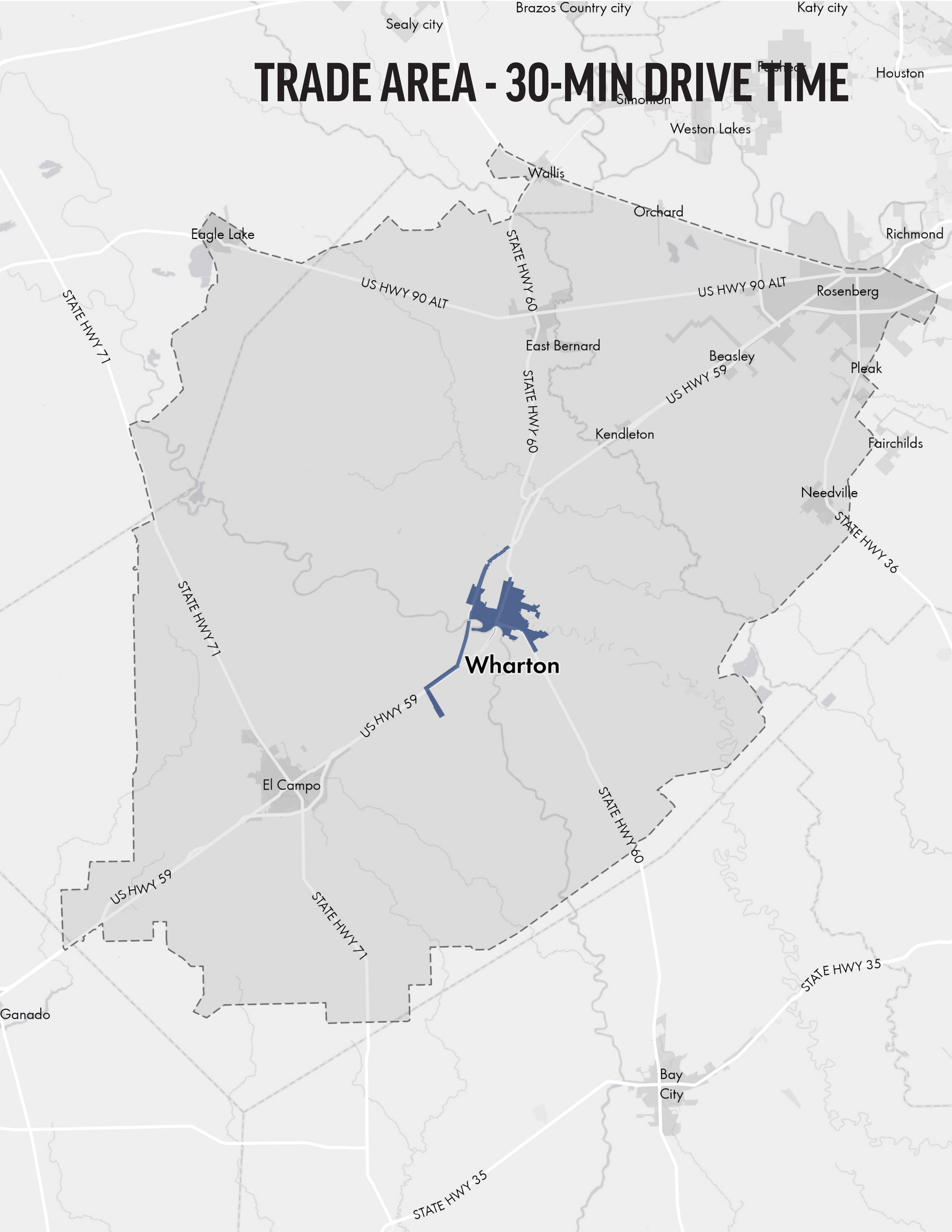
Looking at the traffic counts on US 59, there have been steady increases since 1999. With decreases in certain years, the overall trajectory for vehicles per day on Highway 59 has increased, with nearly 30,000 per day in 2018, representing a more than 10,000 vehicle increase in 20 years.

TRAFFIC COUNT HISTORY



Source: Texas Department of Transportation

TRADE AREA - 30-MIN DRIVE TIME



A historic city settled in the 1800's, Wharton has seen population growth and decline of various degrees. The City experienced its greatest growth in the 1930s, almost doubling its population and beginning a several decade long streak of strong population growth and development. During this time, much of the City's historic district was developed. This population increase continued until 2000, when the City reached its highest population of just over 9,000 residents. The area has seen slight declines in recent years due to flooding impacts, pushing residents to other nearby towns due to destruction. Despite that, population has stayed relatively consistent, with an estimated 2018 population of 8,654 residents.

The chart below displays population trends in the 30-minute drive-time trade area, the City of Wharton, Wharton County, the Houston MSA, and the state of Texas.

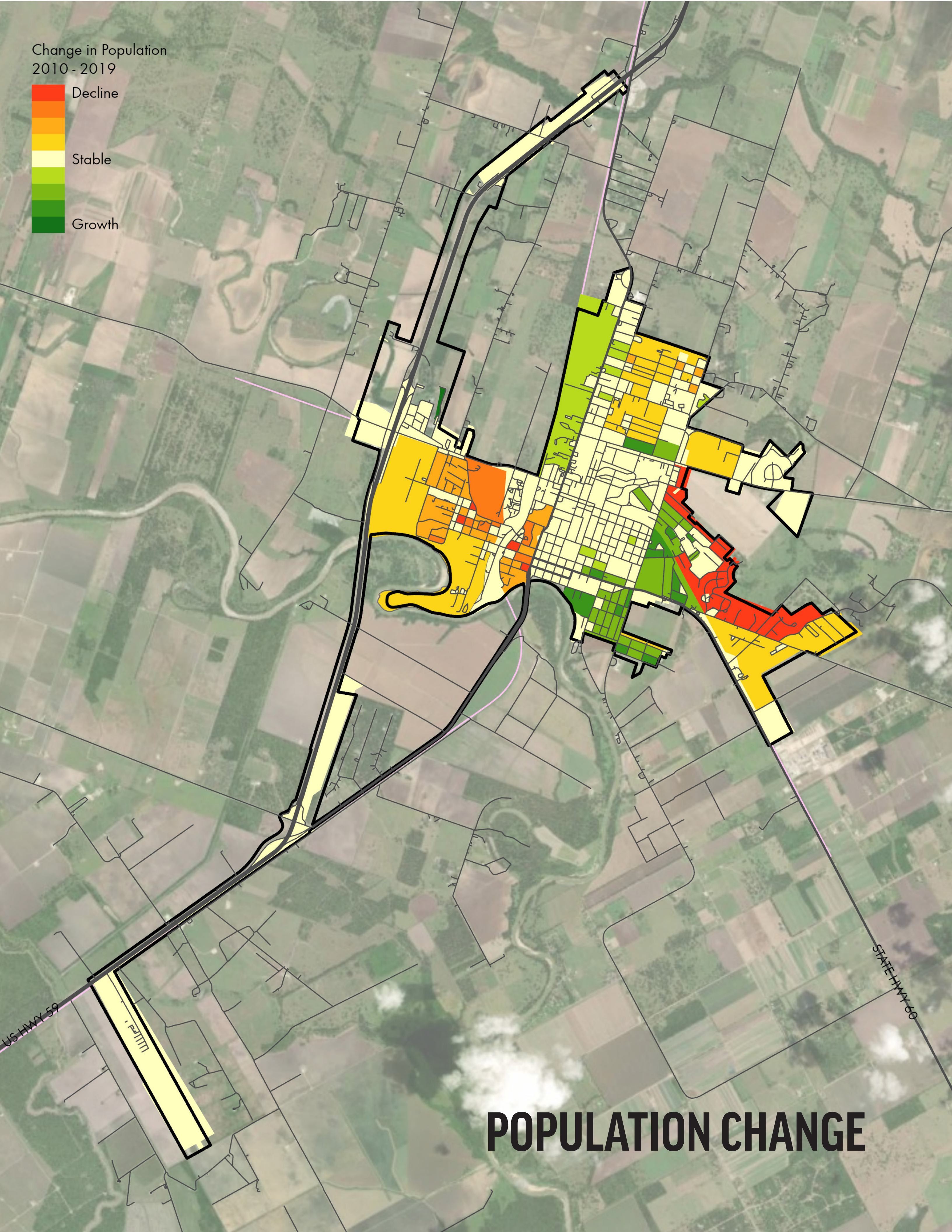
POPULATION TRENDS

	Trade Area	City of Wharton	Wharton County	Houston MSA	Texas
Population Totals					
2000 Population	78,784	9,163	41,188	4,693,161	20,851,820
2010 Population	88,547	8,832	41,280	5,920,416	25,145,561
2019 Population	101,227	8,742	42,341	7,154,526	29,443,411
2024 Population (Est.)	110,593	8,730	42,817	7,854,337	31,853,753
Population Change					
Annual Pop Growth Rate 2000 - 2019	1.4%	-0.3%	0.2%	2.4%	1.9%
Annual Pop Growth Rate (Est.) 2019 - 2024	1.8%	0.0%	0.2%	1.9%	1.6%
Household Size					
2019 Household Size	2.86	2.51	2.71	2.86	2.78
Housing Units Needed					
Est. Additional Residents by 2024	9,366	(12)	476	699,811	2,410,342
Housing Units Needed	3,275	(5)	176	244,689	867,029
Growth 2000 - 2019	28%	-5%	3%	52%	41%
# new residents 2000 - 2019	22,443	-421	1,153	2,461,365	8,591,591

Source: U.S. Census, ESRI (2020)

By 2024, population in the Trade Area is expected to grow by almost 10 percent. This is likely due to the growing population of the Houston MSA which is also projecting strong growth. The City of Wharton has slowly lost population and is not projected to grow in the next five years. Wharton County is expected to grow nominally, adding about 476 residents.

The map to the right displays the change in population within Wharton between 2010 and 2019. The decrease in population seen on the west side of town is a result of the flooding and relocation of residents. Some areas of Wharton display no population at all due to the lack of residential in the area.



Change in Population
2010 - 2019
Decline
Stable
Growth
US HWY 59
STATE HWY 60
POPULATION CHANGE

In terms of age, just over half of the population in the trade area is between the ages of 25 and 64 which is on par with the State of Texas as a whole. Seniors make up almost 15 percent of the population in the trade area. Children up to age 14 comprise slightly more than 20 percent of the population a percentage similar to the City of Wharton, Houston MSA and the State.

AGE TRENDS

	Trade Area	City of Wharton	Houston MSA	Texas
2019 Median Age	35.9	37.3	34.6	35
Children (0 - 14 Years)	21.9%	0.0%	21.9%	21.2%
Youth (15 - 24 Years)	12.6%	13.1%	13.2%	13.8%
Adults (25 - 64 Years)	50.9%	48.6%	53.3%	51.8%
Seniors (65 and older)	14.7%	17.9%	11.7%	13.2%

Source: ESRI (2020)

The table below looks at income related trends in the trade area, Wharton, and surrounding areas. The City of Wharton's household income is the lowest of all areas studied, at about $37,000 in 2019. This number is expected to grow 1.3 percent in the next five years, roughly consistent with the growth rate expected in Wharton County, but less than the growth rate expected in other areas. More than 60 percent of Wharton residents have a household income of less than $50,000. This is significantly more than the surrounding area, indicating a relatively high number of residents living below the average income levels in the state.

Looking at the trade area, incomes increase, with a median income of $15,000 more annually. The trade area income is almost the same as the Wharton County household income average. Both of these are less than the Houston MSA and Texas as a whole. Household income is projected to grow across all geographies studied, though at a much higher rate in the trade area, MSA, and State.

INCOME TRENDS

	Trade Area	City of Wharton	Wharton County	Houston MSA	Texas
Income by Range					
Less than $25,000	23.2%	36.8%	25.5%	17.6%	19.6%
$25,000 to $49,999	24.4%	26.6%	9.6%	20.0%	21.8%
$50,000 to $74,999	19.2%	19.0%	19.3%	17.6%	17.9%
$75,000 to $99,999	11.0%	6.6%	10.2%	12.1%	12.5%
$100,000 to $149,999	13.6%	7.5%	12.6%	16.4%	15.1%
$150,000 or more	8.6%	3.7%	8.5%	16.3%	13.2%
Median Household Income					
2019 Per Capita Income	$24,680	$19,643	$24,918	$33,020	$30,194
2019 Median Household Income	$52,146	$37,262	$50,490	$65,606	$59,676
Household Income Trends					
2024 Median Household Income (Est.)	$58,866	$39,728	$53,737	$75,430	$67,509
2019 - 2024 Estimated Annual Increase	2.5%	1.3%	1.3%	2.8%	2.5%

Source: U.S. Census, ESRI (2020)

MARKET ANALYSIS

RETAIL


PLAZA
ALWAYS...PATSY CLINE
AUDITIONS NOV 12&14
WWW.WHARTONPLAZATHEATRE.ORG
PLAZA
THE ODD COUPLE
979-282-2226

NATIONAL RETAIL FORECAST

Real Gross Domestic product (GDP) increased 2.1 percent in the fourth quarter of 2019, according to the "advance" estimate released by the Bureau of Economic Analysis. The increase in real GDP in the fourth quarter reflected positive contributions from personal consumption expenditures (PCE), federal government spending, state and local government spending, residential fixed investment, and exports, that were partly offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports, which are a subtraction in the calculation of GDP, decreased. (Source: https://www.bea.gov/news/2020/gross-domestic-product-fourth-quarter-and-year-2019-advance-estimate)

The graph below shows monthly nationwide retail sales (seasonally adjusted and excluding vehicles and parts dealers' sales). The source information for this figure is the US Department of Commerce and the Census Bureau's monthly "Advance Monthly Sales for Retail and Food Services" release.

Source: US Census Bureau, Advance Retail Sales: Retail and Food Services Excluding Motor Vehicles and Parts Dealers [RSFSXMV], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/RSFSXMV, February 24, 2020.

Key economic indicators remain strong, including unemployment at a 50-year low. Consumer spending, which accounts for almost 2/3 of US economic activity, has a reasonably good outlook in 2020. This is due in part to low inflation, low interest rates, and a 50-year low in unemployment. (Source: The National Retail Federation)

RETAIL CENTERS

Retail-only may no longer be the highest and best use for many struggling malls and oversized retail assets that are well-positioned to transform into mixed-use town centers in the heart of communities where people want to live, work, and play. Integrated new uses beyond traditional multifamily residential, office, and hotel are flourishing. Co-living, coworking, recreation and entertainment, sports complexes, universities, public event space, and green space are complementing shopping and dining destinations, creating dynamic urban and suburban environments and enhanced community connection.

LOCAL RETAIL MARKET

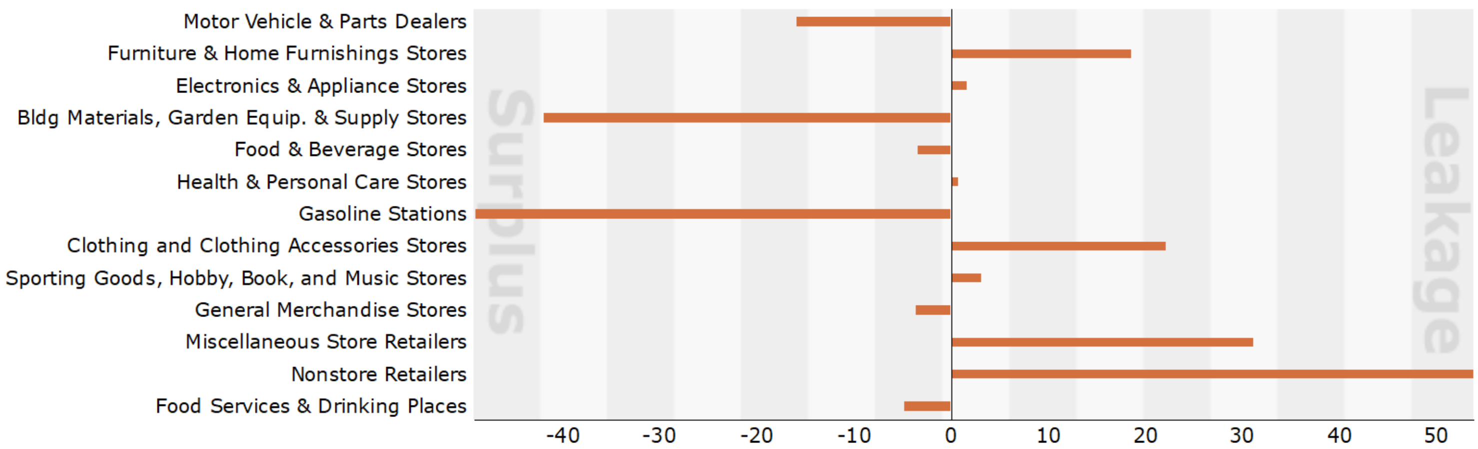
Retail Demand Analysis

Understanding the supply and demand conditions of Wharton is an important aspect of trying to understand what the City is missing, has too much of, or could support additional investment in. Because the Planning Area is located 60 miles from the Houston MSA, on Highway 59, this retail demand analysis looks at the demand and supply within a 30 minute radius to understand who is spending money there and what categories of commercial businesses could support additional investment.

Looking at the retail demand within a 30-minute drive of the planning area shows a negative retail gap in 7 categories with the largest being gas stations, food & beverage stores, and motor vehicles & parts dealers. This negative retail gap indicates that there is more supply than the demand within the area calls for. In other words, people are coming from outside of Wharton to use these services and spend money in these industries. The population of Wharton alone could not support this amount of retail.

Industry Group	Demand	Supply	Retail Gap
Motor Vehicle & Parts Dealers	$242,334,772	$33,442,5522	-$92,090,750
Furniture & Home Furnishing Stores	$35,642,175	$24,449,994	$11,192,181
Electronics & Appliance Stores	$37,031,141	$35,817,295	$1,213,846
Building Materials, Garden Equipment, & Supply	$90,383,835	$68,270,716	-$106,690,231
Food & Beverage Stores	$194,188,828	$207,811,154	-$13,622,326
Health & Personal Care Stores	$63,022,640	$62,123,629	$899,011
Gasoline Stations	$111,577,020	$327,718,007	-$216,140,987
Clothing & Clothing Accessories Stores	$45,275,473	$156,64,156	$16,451,359
Sports Goods, Hobby, Book & Music Stores	$35,548,902	$33,421,036	$2,127,866
General Merchandise Stores	$18,282,3335	$196,880,142	-$14,056,807
Miscellaneous Store Retailers	$43,219,880	$22,655,362	$20,564,518
Nonstore Retailers (e.g. e-commerce)	$16,573,393	$4,963,840	$11,609,553
Food Services & Drinking Places	$112,552,204	$124,072,215	-$11,520,011

LEAKAGE/SURPLUS FACTOR BY INDUSTRY SUBSECTOR



Estimated Commercial Retail Building Space Supported by Unmet Retail Demand

In the review of the retail market fundamentals associated with the Trade Area, PGAV analyzed estimated household demand (labeled "Demand" in the table on the previous page) and estimated sales at retail locations (labeled "Supply" in the table on the previous page). In the course of the analysis, there was unmet demand and opportunity for retail development in the more than 50% of the industry groups (indicated in green). PGAV applied to this information to estimates of average sales per square foot for the types of retailers typical of each identified sector. In light of this information, the Trade Area could support up to an additional 210,000 square feet in retail building area.

Industry Group	Ave. Sales per Sq Ft	Retail Building Area
Furniture & Home Furnishing Stores	$200	55,961 SF
Electronics & Appliance Stores	$300	4,046 SF
Health & Personal Care Stores	$800	1,124 SF
Clothing & Clothing Accessories Stores	$325	50,620 SF
Sports Goods, Hobby, Book & Music Stores	$200	10,639 SF
Miscellaneous Store Retailers	$235	87,509 SF

Retail Spending Growth

The consumer spending data in the table below is household-based and represents the amount spent for a product or service by all households within a 30 minute drive time radius of the planning area. As the chart below indicates, 2024 forecasted demand is projected to increase significantly. This translates into more than $128 million additional dollars in spending within the trade area in the next five years.

Retail Category	2019 Consumer Spending	2024 Forecasted Demand	Projected Spending Growth
Apparel & Services	$61,750,586	$78,365,277	$16,614,691
Computer	$5,399,904	$6,873,440	$1,473,536
Entertainment & Recreation	$95,525,007	$120,973,220	$25,448,213
Food	$261,254,681	$331,044,938	$69,790,257
Health	$18,828,578	$23,762,241	$4,933,663
Household Furnishings & Equipment	$40,202,674	$50,986,010	$10,783,336

Source: Esri forecasts for 2019 and 2024; Consumer Spending data are derived from the 2016 and 2017 Consumer Expenditure Surveys, Bureau of Labor Statistics.

The Food category can be further broken down into Food at Home with a projected spending growth of $40,911,293 and Food Away from Home with a projected $29,878,964 in growth by 2024. Apparel & Services has a projected spending growth across all categories: Men's, Women's, Children's, Footwear, Watches and Jewelry, and Apparel Products and Services. This indicator suggests that a Clothing Store may be supported in the Planning Area. The Household Furnishings & Equipment category projects $4.8 million in projected spending on Furniture and almost $3 million spending in Major Appliances.

TRADE AREA CHARACTERISTICS

100,462
Population

2.9
Average Household Size

36.0
Median Age

$52,005
Median Household Income

$160,642
Median Home Value

$8,246
Average Spent on Mortgage & Basics

To give perspective to the trade area's socioeconomic characteristics, this market analysis consulted **Esri's Tapestry Segmentation**. The Tapestry Segmentation system divides residential areas into 65 segments based on socioeconomic and demographic characteristics to provide a detailed description of neighborhoods and their residents. These categories pair qualitative analysis with quantitative analysis so that the reader can understand the predominant socioeconomic and demographic characteristics of the residents of the trade area. The top ranked **Tapestry Segments** for residents in the trade area are:

1. Approximately 15% of Trade Area households are married with children, predominantly Hispanic suburban community dwellers. The average household size is 3.62, which is higher than the national average. Almost 60% of these households own their own home. Median household incomes of $38,000 and median net worth of $26,000 are lower than the national median. Most residents live in single-family homes, balance their budgets carefully, but also indulge in the latest trends and name-brands.

2. Approximately 14% of Trade Area households are young couples with children. They are comfortable with the latest in technology for convenience and entertainment. They are price-conscious consumers that tend to buy American and their spending priorities are family-oriented.

3. Approximately 10% of households are married couples, most of whom (70%) own their home and have no children. These married couples have a median household income of approximately $47,800, which is less than the US median household income of $56,100. These folks are employed in manufacturing, healthcare, retail trade, construction with higher proportions in mining and agriculture than the rest of the country. Residents enjoy country living, and are regular Walmart shoppers.

4. Approximately 10% of households are new families living in new housing subdivisions. Residents are younger, ethnically diverse, and hard-working. Their median net worth is 25% higher than the national median, and 73% own their home. With a median household income of $72,000 (higher than the US median of $56,100) these up-and-coming families spend more of their household budget than the US average on apparel and services, healthcare, and entertainment and recreation. They spend their leisure time in family activities, movies at home, trips to theme parks or the zoo, and sports.

5. Approximately 8% of the households in the Trade Area are predominantly self-employed farmers, married and without children. Although the median household income for this group ($54,300) is equivalent to the national average, the median net worth ($154,000) for households in this group is more than 50% higher than the national median. They own pets and enjoy fishing, hunting, boating, and camping. Their average household budget spending on entertainment and recreation is 35% above the national average.

WHARTON RETAIL CENTERS

Eastgate Plaza

Eastgate Plaza located at 115 E Boling Highway was built in 1980. Its total land area is 20.78 acres with 115,239 of gross leasable area. Current tenants include Grand Buffet, Tractor Supply Co., Palais Royal, Dollar Tree, Cricket Wireless, Hibbett Sports, Sherwin Williams, Domino's Pizza, Best Texas Wireless, All Beauty Supply, and Family Dollar. The center has 12,410 SF of retail space available which translates to a 10.8 percent vacancy rate. This is a typical amount of vacancy for a retail center.

Based on this search, the following properties have retail space available:

Property Address	Rentable Building Area	Rent Per Sq/Ft
105-325 E. Boling Highway	1,725	$12-$15
105-325 E. Boling Highway	1,600	$12-$15
105-325 E. Boling Highway	1,515	$12-$15
105-325 E. Boling Highway	1,480	$12-$15
105-325 E. Boling Highway (1st floor, ste 207)	5,250	$12-$15

Wharton Retail Center

Wharton Retail Center is located at the northeast corner of Highway 59 & FM 102 (21,103 vehicles per day) and is shadow anchored by a Walmart Supercenter (151,000 SF) and a 37,000 SF Bucee's store. The retail center is currently for sale. The offering consists of two adjacent buildings, each on its own one acre lot which must be purchased together. One building is 4,329 SF and occupied by La Casona Mexican Restaurant. The second building is 10,678 SF and is currently 50 percent occupied by 3 tenants (One Main Financial, Hartz Chicken Buffet and a tobacco shop). The property is being sold via online auction starting February 10, 2020. The starting bid is $600,000.

The following properties have retail space available in the Shopping Center:

Property Address	Rentable Building Area	Rent Per SF
10314 US 59 Hwy, Suite E	2,300 SF	$6-10
10314 US 59 Hwy Suite B	1,200 SF	$6-10
10314 US 59 Hwy, Suite G	820 SF	$6-10
10314 US 59 Hwy Suite D	1,350 SF	$6-10
10314 US 59 Hwy, Suite C	1,008 SF	$6-10

If the center's retail vacancies remain for an extended period of time it may be due to the fact that the center is for sale or may be a failure on the part of the property's managers to find the right tenants. It is recommended that the Wharton Economic Development Corporation promote the opportunity and support recruiting efforts for new tenants. It is anticipated that the Wharton Retail Center will more easily attract retail tenants to the vacant spaces as they are shadow anchored by the Walmart Supercenter. According to the property's real estate broker, Retail Solutions, the Walmart Supercenter had estimated annual sales of $55,250,000 in 2018. Over the past decade, Walmart stores have averaged 1.2 percent annual growth in comparable store sales.

Should a commercial retail center be constructed in the Planning Area, it is anticipated that the retail businesses will benefit from the agglomeration effect that Walmart creates as its consumers may also shop at other retailers in proximity.

Downtown Wharton Retail

Since the 2017 flooding, Downtown Wharton has been rebounding. The formation of the Downtown Business Association in 2019 signifies the collaborative spirit of the downtown merchants. The nonprofit seeks to promote the economic, social, and civic welfare of the Downtown district. They have planned events such as Downtown Block Party, Snow on the Square, and Third Thursday Walk About.

Surrounding the county courthouse the businesses of Monterey Square provide distinct eateries and shops including Selections on the Square, Blue Moon Antiques, Bohemian Rhapsody, and Alyssa's Kisses. Provisions Bistro & Market opened in 2019 in a historic building.

It is important that any new development in the Planning Area promote uses that will bring outside users to the area to generate revenue to help continue the revitalization of the historic downtown and its retail businesses.

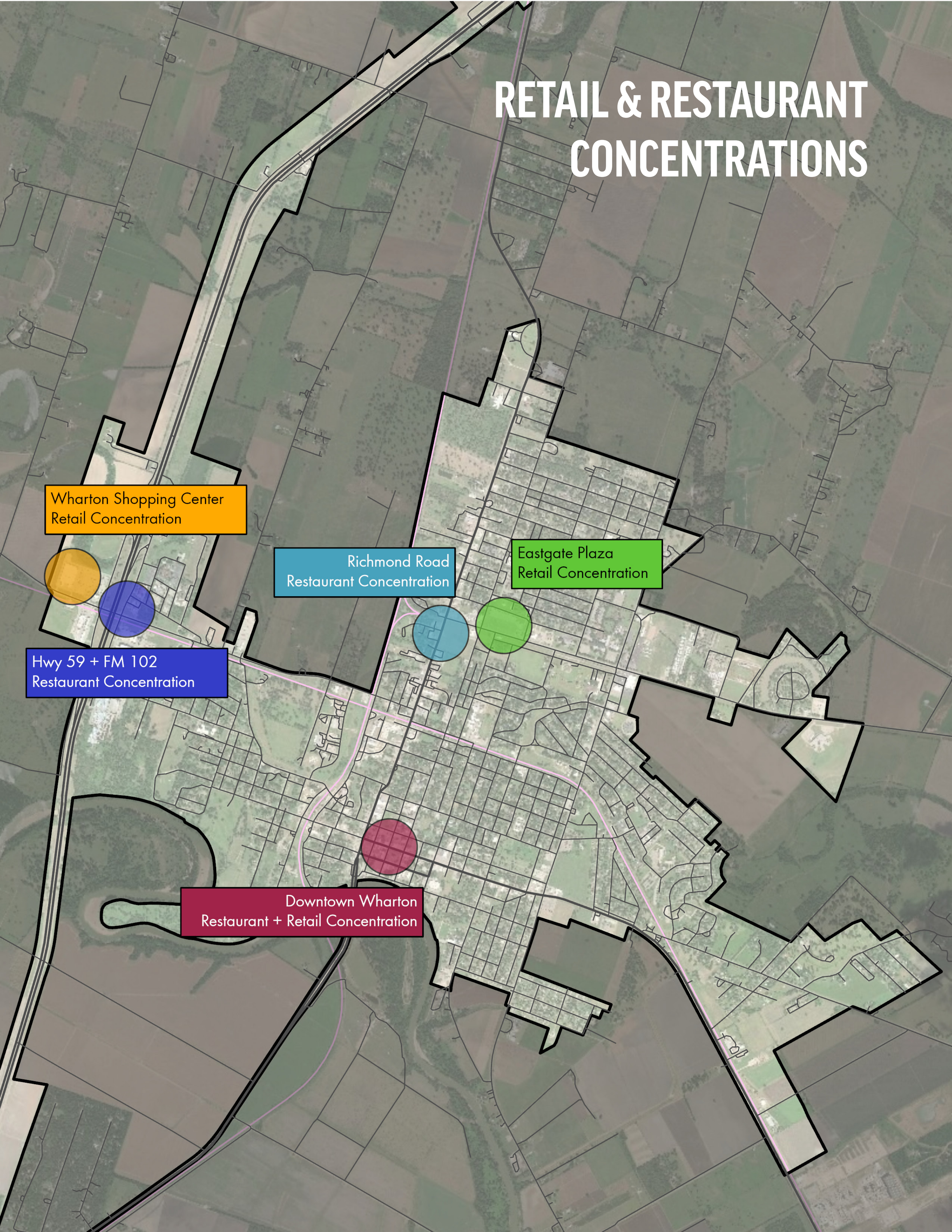
RESTAURANTS

Wharton's dining scene is geared toward family restaurants and fast food and it is evident from the retail market profile that the dining scene attracts consumers from outside of the municipal boundary. As trends reshape dining, significant opportunities exist to become more creative with the restaurant scene and continue to capitalize on the customers and visitors coming from outside of Wharton.

There are three restaurant agglomeration economies in Wharton. Located at Highway 159 and FM 102 are a Denny's, Hartz Chicken Buffet, La Casona Mexican Restaurant, Subway, and Whataburger. Nearby, on Business 59 (Richmond Road), is another restaurant cluster with a Church's Chicken, Pizza Hut, Hinze's Bar-B-Que, Subway, 9ers Grill Wharton, Domino's Pizza, Grand Buffet, Little Caesar's Pizza, Wharton Seafood, Jack in the Box, Sonic Drive-In, and Dairy Queen. The third restaurant cluster is located in proximity of and within Downtown Wharton. These restaurants include Taqueria Las Regias, Cuevas Mexican Restaurant, Los Cucos Mexican Cafe, CJ's Taqueria Larry's Texas Cafe & Cantina, Dragonfly Cafe, Milam Street Coffee, and Provisions Bistro & Market.

These concentrations can be seen on the map to the right.

RETAIL & RESTAURANT CONCENTRATIONS



Restaurant Market Potential

The MPI (Market Potential Index) measures the relative likelihood of the adults in the specified trade area to exhibit certain consumer behavior or purchasing patterns compared to the US average. An MPI of 100 represents the US average. A higher number indicates that the area participates in the activity at higher rates, and a number lower than 100 indicates they participate less than the average US adult.

DEMOGRAPHIC SUMMARY 30 MIN RADIUS

	2019	2024
POPULATION	100,462	109,724
MEDIAN HOUSEHOLD INCOME	$52,005	$58,773

Within the trade area the MPI was significantly higher than the national average in the following consumer behavior categories:

- Visiting a Logan's Roadhouse in the last 6 months (MPI of 144)
- Visiting a Golden Corral in the last 6 months (MPI of 127)
- Visiting a Waffle House in the last 6 months (MPI of 124)
- Visiting a Cici's in the last 6 months (MPI of 124)
- Visiting a Denny's in the last 6 months (MPI of 118)

Looking at trends in more casual restaurants, the data showed adults in the trade area did the following:

- Fast food/drive-in last 6 months: take-out/drive-thru (MPI of 106)
- Fast food/drive-in last 6 months: eat in (MPI of 103)
- Spent between $51 and $100 at a fast food restaurant in the last 30 days (MPI of 106)
- Spent between $101 and $200 at a fast food restaurant in the last 30 days (MPI of 107)

When considering higher-scale, fine dining restaurants within the trade area, consumers exhibited the following:

- Went to a fine dining restaurant within the past month (MPI of 66)
- Went to fine dining restaurant 3+times in the past month (MPI of 65)

High MPI associated with a family restaurants, steak houses, and fast food, combined with agglomeration of dining options on Highway 59, Business 59 (Richmond Road), and Downtown indicate that additional restaurants may find success in the Planning Area. Because of its location adjacent to Highway 59, motorists passing through the Area from outside the municipal limits may support additional restaurants. Wharton has seen a recent addition in proximity of the Planning Area with the opening of Yara's Bakery and Cafe located next to the 9er's Grill on Boling Highway.

The data shows less support for fine dining as the MPI was well below the national average at 66. With fine-dining restaurant goers seeking an experience, rather than just a meal, it is likely that more sit-down restaurants would find more success in the historic Downtown area than in the Planning Area. Wharton's Downtown has seen some new economic development in its restaurant market. Provisions BIstro & Market (pictured on the following page) is located in an adaptive reuse of a bank building and features a menu that focuses on local ingredients. The restaurant supports local food producers such as Lirra Rossa an artisan cheese producer in Moulton, Texas. With slightly more expensive menu items, Provisions has very positive reviews and is, as one Yelp customer stated, "worth the cost".

National Restaurant Trends

According to the National Restaurant Association, purchasing power is shifting to diners between the ages of 22 and 36. The restaurant industry is witnessing an interest in meals that are more healthy, gentler on the environment, and aesthetically pleasing. Dining out is less of a luxury and more a means of socializing and connecting with like-minded peers and there is greater demand for inventive, exciting meals. The Association's annual survey of restaurateurs lists the top trends for 2019, among these are a growing emphasis in veggie-centric/vegetable-forward cuisine, chef-driven fast-casual concepts, and craft/ artisan/locally produced spirits.

Based on national trends, these restaurant and culinary concepts are growing and could be worth considering for Wharton

- Chef-driven fast casual concepts
- Pop-up temporary restaurants
- Commissaries (e.g.. shared commercial kitchen space)
- Small-plate menus/ restaurant concepts
- Food halls
- Cannabis/ CBD-infused food
- Zero-waste cooking (elevated cuisine using food scraps)
- Hyper-local (e.g.. restaurant gardens, on-site beer brewing, house-made items)
- Veggie-centric/ vegetable-forward cuisine

Conclusion

Based on the existing conditions and retail market analysis, Wharton should explore attracting the following types of retail businesses to the Planning Area:

Fast Food and/or Family Restaurant

As indicated by the Retail Demand Analysis, restaurants draw customers from outside of the Trade Area creating a retail gap of $13,342,586. Based on this information and the Restaurant Market Potential data, it is believed that additional fast food and family restaurants/steak houses would be supported in the Planning Area. Examples of fast food restaurants include Burger King, KFC, Long John Silvers, Wendy's, Panera. Family restaurants/steak houses include Chili's, Cracker Barrel, Olive Garden, Ruby Tuesday, and Outback Steakhouse.

Gas Station & Convenience Mart

As indicated by the Retail Demand Analysis, gas stations draw customers from outside of the Trade Area creating a retail gap of more than $216 million. With a traffic count of 29,753 cars on Highway 59 at FM 102, the forecasted growth in population and household income, and the anticipated completion of FM 1301 at Highway 59, it is likely that an additional gas station would be supported in the Planning Area.

Family Entertainment Center

Retail demand is projected to grow within the trade area for entertainment and recreation. The demographic analysis of the Trade Area also shows a large population segment of children and families. As a result, a family entertainment center could be a good fit for the Planning Area.

Family Entertainment Centers (FECs) are miniature indoor or outdoor amusement parks that offer a wide variety of entertainment for all ages. Bowling alleys, miniature golf courses, museums, water parks and zoos are some of the many FECs that have endured for decades. Indoor centers range from 15,000 to 20,000 square feet in size. They primarily offer some combination of at least three participatory activities (including but not limited to go-karts, batting cages, miniature golf, arcades, video games, trampolines, climbing walls, laser tag, etc.) as well as some type of food concession or service. They are often located within a commercial, tourist, or entertainment complex.

The Global Association for the Attractions Industry, IAAPA, is the premier trade association representing the attractions industry. According to their Family Entertainment Center Benchmark Report, IAAPA statistics show that North American families go to FECs three to five times per year at an average cost of $12 to $22 per visit. FECs usually appeal to the 8 to 14 age group and their parents while certain businesses, such as bowling, command broader demographics. The FEC industry mostly relies on repeat customers. Unless the facility is a nationally known tourist attraction, chances are it targets the regional market and depends on word of mouth reviews by patrons who spread excitement with family and friends.

The Houston MSA has numerous FECs, but there are none within the Trade Area. The closest location to Wharton is Altitude Trampoline Park in Sugar Land.

Clothing Store

With an unmet retail demand in the 30-minute drive time of $16.4 million and a projected spending growth in Apparel of $16.6 million by 2024, it is likely that an additional clothing store will be supported in the Planning Area. Based on median household income and consumer spending patterns, it is likely that an additional off-price clothing retailer would find an ample customer base in the Planning Area. Examples of such discounted retailers are Ross Dress for Less or Marshalls. Ross is the largest off-price apparel and home fashion chain in the US with 1,550 stores in 39 states offering brand name products at 20 to 60 precent off department store prices. In its fiscal year 2018, Ross produced an average sales per square foot of approximately $422. The company added 14 new stores in Texas in 2018.

HOUSING

J.H. Speaker House

HOUSING MARKET ANALYSIS

National Housing Market

The national housing market has been trending positively. The "Housing Market Indicators Monthly Update," published by the US Department of Housing and Urban Development (HUD) in January of 2020, showed that national sales of new single family homes are up 10.5 percent from the same time period last year. The 682,000 new homes sold in 2019 is the highest number since 2007. The National Association of Realtors reported a 10.8 percent increase in the sale of existing single family and multi-family residential units in December of 2019; however, the increase at the end of 2019 only brought the total sales of existing residences in 2019 equal to the total sales in 2018. HUD notes that lower mortgage rates support increases in sales, but that the overall supply of homes for sale is still insufficient. The rate of homeownership has remained relatively stagnant since the second quarter of 2017 at around 64.8 percent, until rising to 65.1 percent in the fourth quarter of 2019. During the same time (fourth quarter of 2019), HUD reported a raise in the Rental Affordability Index; however, rental affordability in many cities remains an issue.

HUD published the "National Housing Market Summary" in December of 2019. The summary highlighted an increase in construction of new single family homes, but relatively stable production for multi-family options. The Mortgage Bankers Association reported a decrease in the overall mortgage delinquency rate during the third quarter of 2019. Low mortgage delinquency rates are a positive sign for the homeownership market. The national market showed a stronger ability to absorb multi-family rental units than multi-family owner units during most of 2019 (as shown in the table below).

UNIT TYPE	3Q 2019	2Q 2019	3Q 2018
Rental Units	58%	55%	57%
Owner-Occupied Units	55%	73%	63%

Source: "National Housing Market Summary" December 2019

Texas Housing Market

Texas has one of the fastest growing populations of all states. The majority of population growth can be attributed to economic development in Austin, Houston, and Dallas areas. As the population grows, the creation of new housing units also grows. The "Market at a Glance Report," created for Texas by the Southwest Regional Office of Policy Development and Research, shows that approximately 1,124,062 housing units were constructed in Texas from 2010 through 2018. Over these years, more single family units have been constructed than multi-family units. However, from 2018 to 2019, the number of single family units constructed decreased, while the number of multi-family units constructed increased. As show in the table above, the majority of the units in Texas are owner occupied.

Absorption Rate of New Multi-Family Residential Units

Percent of Units Rented or Purchased within Three Months

	Trade Area	City of Wharton	Wharton County	Houston MSA	Texas
Occupancy					
Owner-Occupied	69%	50%	68%	62%	64%
Renter-Occupied	31%	50%	32%	38%	36%
Housing Unit Vacancy					
Total Housing Units	38,731	3,962	17,739	2,691,488	11,440,256
Vacant Housing Units	9.3%	14.1%	12.9%	8.0%	9.2%
Median Housing Value					
2018 Median Home Value	$161,398	$93,785	$130,115	$216,690	$190,473
Housing Value by Range					
Less than $100,000	26.7%	53.9%	38.4%	14.2%	22.5%
$100,000 to $199,999	37.9%	34.2%	36.2%	31.5%	30.5%
$200,000 to $299,999	19.1%	9.6%	13.9%	22.8%	21.1%
$300,000 to $399,999	8.1%	0.6%	5.9%	13.6%	11.8%
$400,000 to $499,999	3.9%	1.0%	2.2%	7.0%	6.0%
$500,000 to $999,999	2.7%	0.2%	2.4%	8.4%	6.5%
$1,000,000 or Greater	1.5%	0.5%	0.9%	2.4%	1.6%

Source: U.S. Census, ESRI (2020)

Houston MSA Market

The Houston MSA is the fifth largest MSA in the country. The area has experienced significant growth economically, as discussed in other sections of this report. HUD published a "Comprehensive Housing Market Analysis of Houston, TX" in April of 2018. The analysis found that in a twelve month period, March 2017 to March 2018, home sales increased by three percent and during the same time, the sale price of homes has increased by two percent. Based on population growth and other economic indicators, HUD projected demand for 113,950 new homes from 2019 through 2021. The Houston MSA has a lower vacancy rate, eight percent, than the state of Texas, 9.2 percent, and a higher median home value. There has been an increase in construction of multi-family units in the Houston area, which could lead to a temporary increase in the vacancy rate. However, HUD forecasted that supply is still lower than demand, and therefore, the vacancy rate could likely decrease.

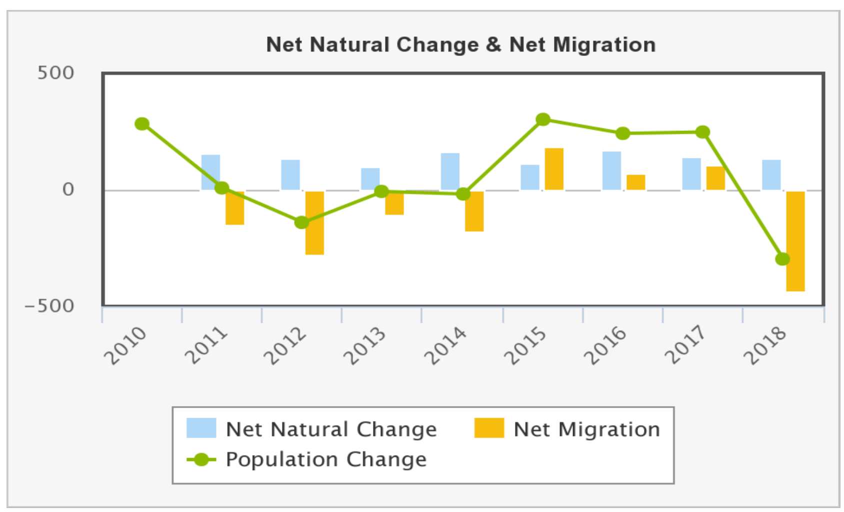
Wharton County, City of Wharton and Trade Area

The housing market in and around Wharton is quite different from the Houston MSA area. The job opportunities and commercial market is not experiencing the same growth and demand as Houston needed to create the same level of housing demand.

The housing market in Wharton has been hit hard by flooding events. Flooding events in 2004, 2015, and 2016 are responsible for serious damage to approximately 300 homes. There is not an exact count of the number of residential units lost as a result of Hurricane Harvey. The Comprehensive Plan estimates that 178 single-family homes and seven multi-family complexes located within the West End neighborhood alone are considered dilapidated due to flooding damage. Based on data collected during the Comprehensive Plan, roughly one-third of the housing stock is in sub-standard conditions, meaning deteriorating or dilapidated. The majority of this sub-standard housing is occupied and consists of manufactured or mobile homes. There is also a history in Wharton of homes being passed down through families without proper titles, which creates a barrier for homeowners trying to obtain funding or aid for disaster recovery. Without assistance in clearing the title, many owners cannot afford to make repairs and therefore continue to live in sub-standard homes.

Based on the January 2020 Housing Report for the City of Wharton, most new house construction has been small scale, in-fill housing. Non-profit groups, disaster recover teams, and local small-scale developers have been constructing one to two homes at a time across the City. There are a couple larger scale housing developments proposed, however, these developments still focus on single family options. The US Census Bureau tracks building activity in areas using a Building Permits Survey. The data for Wharton County shows that at least 61 single family homes have been constructed each year since 2009. The highest number of single-family homes constructed was 145 in 2013. The preliminary data for 2019 shows the number is on the rise again with 111 single family homes constructed. Construction trends in Wharton County for multi-family units have not been consistent over the past ten years. The data only shows multi-family units being constructed in 2010, 2015, and 2018.

While only low to moderate growth is predicted for the trade area, there is still a demand for new housing. The existing sub-standard housing should be replaced along with additional multi-family and affordable single family units. Studies into the housing market after the recent flooding events found that people left the area for temporary housing but have not returned. US Census Bureau Population Estimates, see chart to the right, show there was a migration out of Wharton from 2017 to 2018. This data supports the local accounts that residents left the area after Hurricane Harvey in search of housing. While many claim that the migration was intended to be temporary, without replacement of housing options within the City of Wharton, the population loss could likely become permanent.



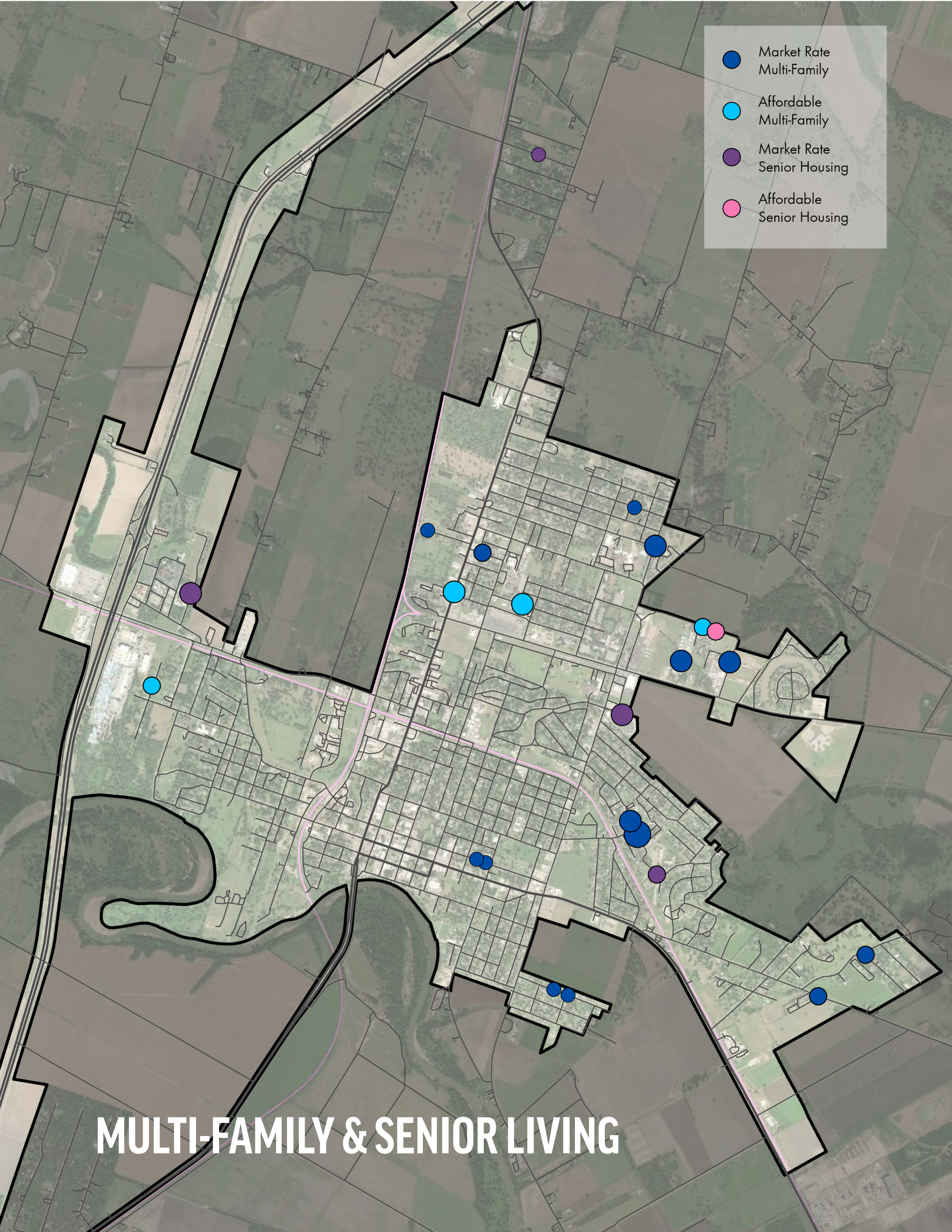
Exploration of residential units available for occupancy revealed a low number of choices for anyone looking to move into the City of Wharton. US Census data lists 3,962 total residential units in the City of Wharton with a 14.1 percent vacancy rate or 558.6 residential units. Looking through listings for sale or rental of units only produces a total of 31 units available for purchase and 17 units available for rent. Even with the smaller population, the number of units listed as available for occupancy is quite low. Based on US Census data, it is projected that an additional 3,275 residential units will be needed in the trade area by 2024. A portion (10%) of demand in the trade area could be met with increased supply in the City of Wharton. Locating additional units, especially multi-family units, around the central business district or near US 59 would help combat the population loss in the City. Replacing all of the dilapidated residential units in Wharton would require approximately 249 units, just under 1,000 units are also considered deteriorating. To provide options for residents of sub-standard housing along with options for new residents to locate in Wharton, approximately 1,000 units should be added through either repair of existing units or construction of new and replacement units.

		CITY OF WHARTON		WHARTON COUNTY	
		2018 ACS 5-Year Estimates	2015 Data from Comprehensive Plan	2018 ACS 5-Year Estimates	2015 Data from Comprehensive Plan
	Total Occupied Housing Units	3,309	3,357	15,256	14,979
	Percent Owner Occupied Units	48%	48%	67%	68%
	Percent Renter Occupied Units	52%	52%	33%	32%
	Median Monthly Household Income	$2,925.17	-	$4,134.92	-
Median Monthly Housing Costs	Owner Occupied with Mortgage	$1,046	-	$1,267	-
Median Monthly Housing Costs	Owner Occupied without Mortgage	$383	-	$434	-
Median Monthly Housing Costs	Renter Occupied	$582	$671	$560	$699

According to US Census data, 53.9 percent of residents of the City of Wharton live in housing with a value of $100,000 or less. Median household income (2019) for the City of Wharton is $37,263, which is below the trade area median household income of $52,146. The annual increase in household income for the City of Wharton from 2019-2024 is only 1.3 percent, compared to 2.5 percent in the trade area. The 2018-2028 Comprehensive Plan for Wharton included a study of 2015 American Community Survey data to determine the need for affordable housing. The table below compares 2015 data with the updated 2018 American Community Survey estimates. It is widely accepted that housing is affordable when monthly housing costs are less than 30 percent of monthly income. In both the City of Wharton and Wharton County, average monthly costs for owner occupied units with a mortgage are greater than 30 percent of the median monthly income, which means that home ownership is generally not affordable. The affordability of housing has not changed significantly since 2015. Based on income projections and the concentration of existing residents living in sub-standard classified housing, the future housing demand for affordable options in both the rental and owner market is likely to increase.

The supply of senior living facilities is very low in Wharton. There are five facilities listed as providing senior housing in the City. National housing trends include offering more options for aging in place. As people live longer, there is also a trend of

MULTI-FAMILY & SENIOR LIVING



people working later into life. The combination of these trends has led to more people looking to stay in their homes longer or move into senior living facilities within the same area. Adults age 25 to 64 represent 48.6 percent of the population in the City of Wharton, and 50.9 percent of the population in the trade area are in this same age range. Without additional options for aging in place or senior living facilities, the area will likely lose a majority of this population group as it ages. In line with the Comprehensive Plan, a goal for housing development in the area should target multi-family facilities of different formats to support senior living options.

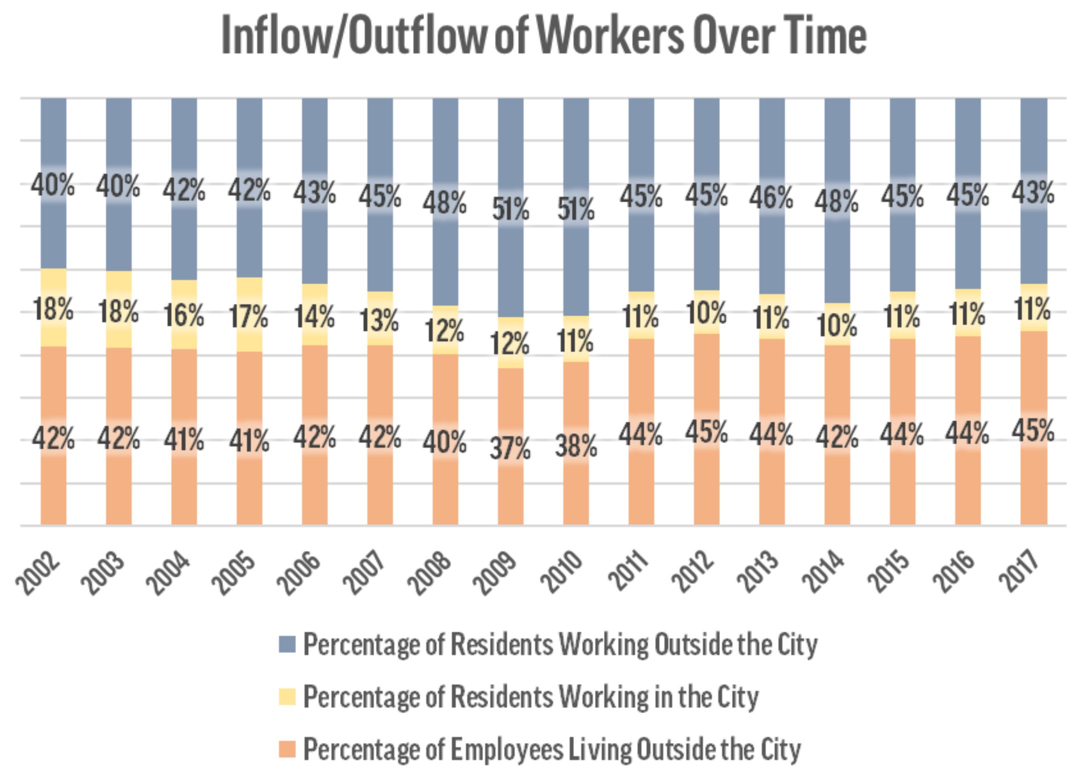
Conclusion

The housing market in Wharton shares trends and patterns with the Houston MSA, state, and national housing markets, albeit on a much-reduced scale. The population and income levels in the area have remained relatively stable, which somewhat reduces the pressure for large scale housing construction. There is still a market in the Wharton area for new construction. To strengthen and grow the housing market, the City should:

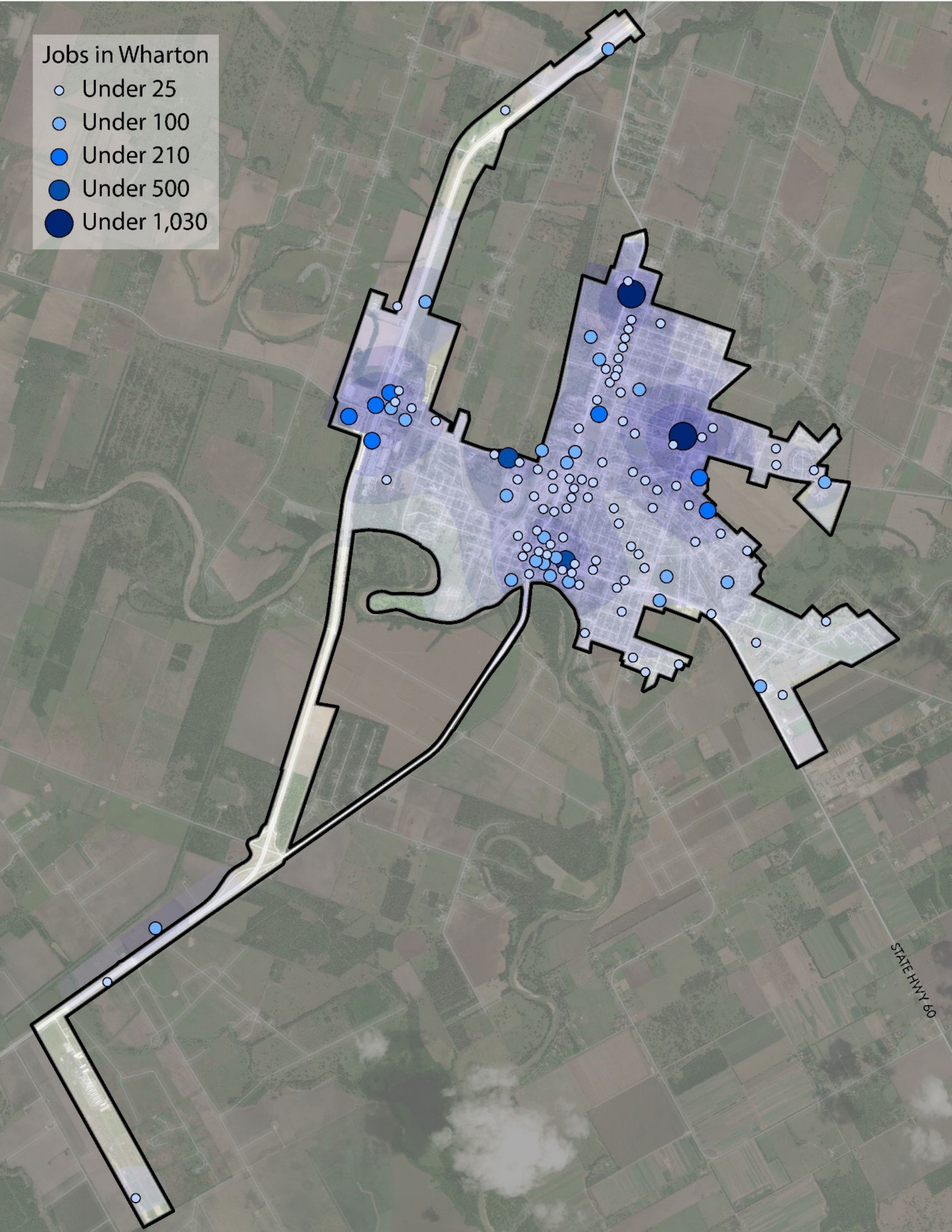
- Look for opportunities to develop new multi-family housing options and senior living housing options
- Affordable rental and ownership single family housing options
- Devote local resources to continue replacement or repair assistance programs for existing single family housing

COMMUTE PATTERNS

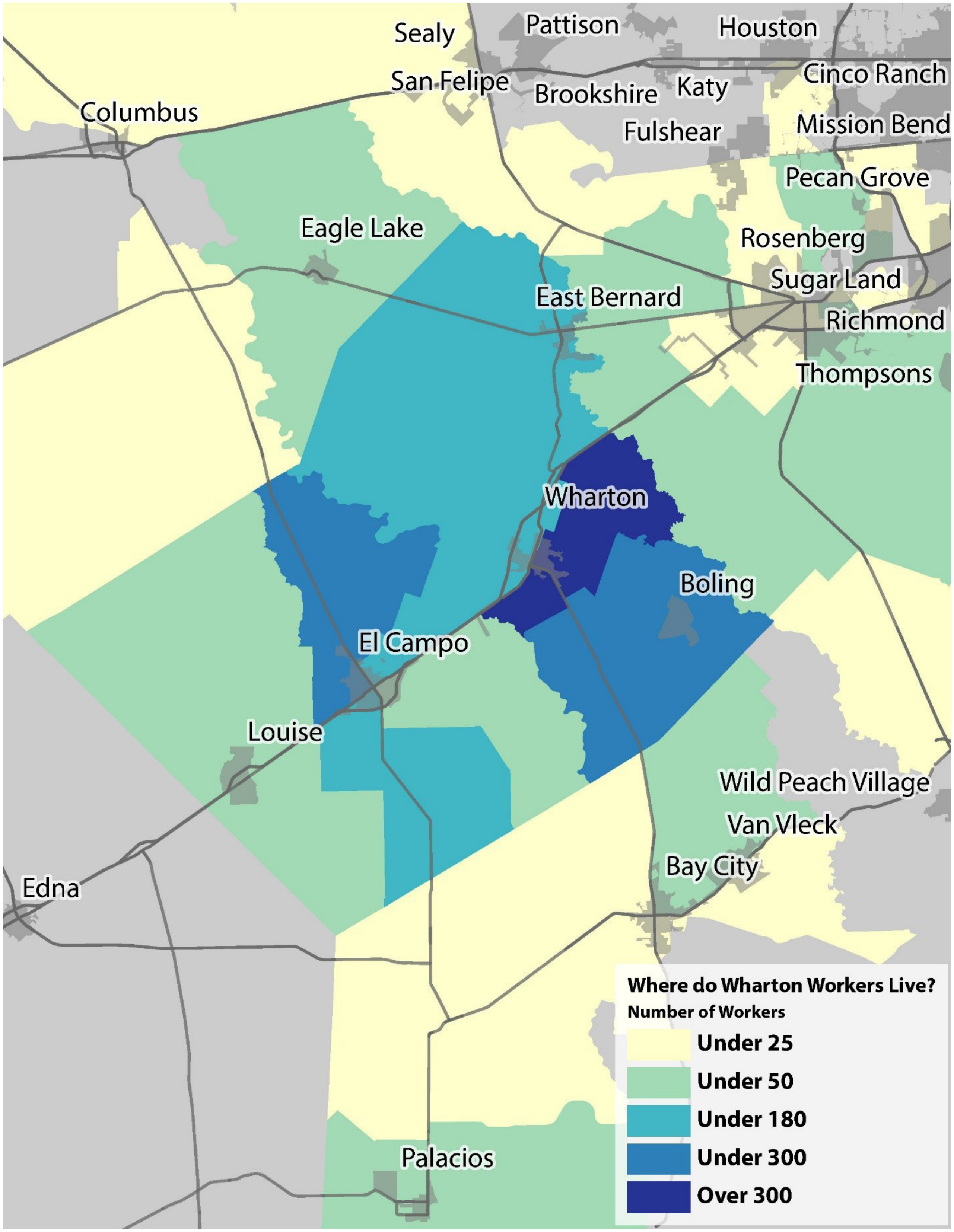
Wharton is a net importer of workers from the surrounding areas. Out of a total of 4,921 employees, Around 3,945 employees in Wharton live outside the City, up from 3,018 in 2010. Slightly less (3,758) than that live in the City and work elsewhere. That leaves 976 employees who live and work in the City. The percentage of employees who live and work in the City has decreased over time, as shown in the graph below. From 2002 to 2010, the decline in live/work employees mirrored the decline in employees commuting to the City for work. However, in recent years, the trend in the percentage of employees living outside the City has exceeded pre-recession levels. Even with the increase in commuters, the percentage of live/work employees (11%) remains lower than pre-recession levels (18%).



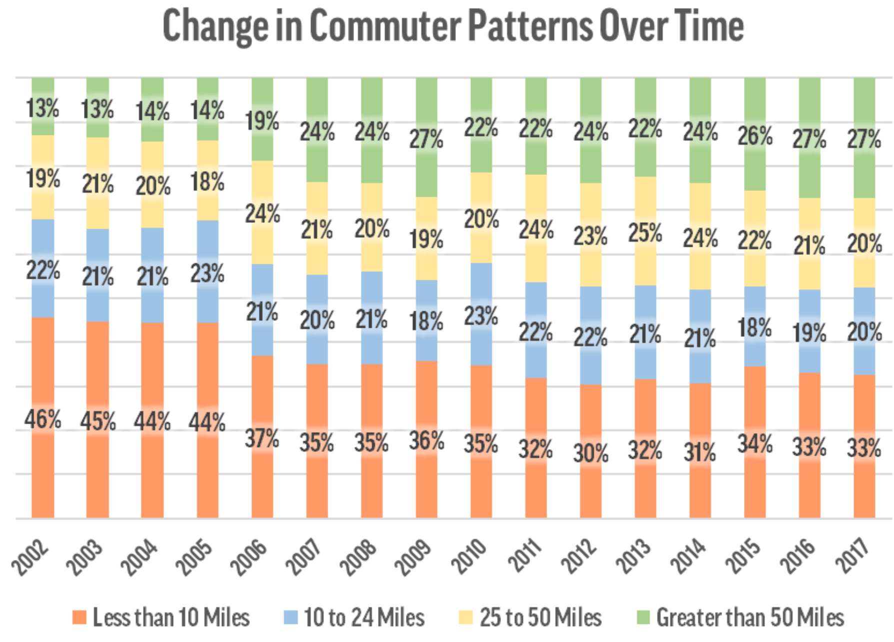
The employees in Wharton are concentrated in the areas shown in the map below. The four primary concentrations of employment are around the intersection of US Route 59 and State Route 102, in and around downtown, along N Richmond Road past Columbus Dr, and around the public schools and junior college in the northeastern part of town.


Jobs in Wharton
Under 25
Under 100
Under 210
Under 500
Under 1,030
STATE HWY 60

Another way to look at commuting patterns is by analyzing where workers are coming from. The map below displays where workers are coming from by Census Tracts. Many employees in Wharton travel from census tracts near, or overlapping, the City limits. However, there is evidence that this pattern has shifted over time, as shown in the graph below.



The percentage of workers commuting from between 10 to 50 miles to the City is virtually unchanged from 2002 (39%) to 2017 (40%). However, the percentage of workers commuting more than 50 miles to the City has more than doubled between 2002 (13%) to 2017 (27%). Commuters from 50 or miles away now make up around one quarter of, or 1,342, employees working in the City.



A Note on Commuter Data: The Longitudinal Employer-Household Dynamics ("LEHD"), produced by the US Census Bureau, is used to characterize workforce dynamics for locations throughout the United States. Part of this dataset is known as LODES, or LEHD Origin-Destination Employment Statistics. LODES, last updated in 2017, can be used to track commuter patterns for workers and residents in Wharton. Jobs tracked in the LODES dataset are based on unemployment insurance reporting and federal worker earnings records.

Conclusion

Three quarters of Wharton's employees (3,579) travel less than 50 miles to work. The percentage of workers traveling more than 50 miles to work has been increasing in recent years. Additionally, the percentage of workers living and working in the City has been declining in recent years. There is an opportunity to attract people that currently work in the City and live within a reasonable distance from their jobs.

Number of Workers by Commute Distance

Commute Distance	Number of Workers	Percent of Total
Less than 10 Miles	1,610	33%
Between 11 and 24 Miles	975	20%
Between 26 and 50 Miles	994	20%
Greater than 50 Miles	1,342	27%

It can be assumed that workers who live within 50 miles of the City do so because they prefer to live in or near Wharton County and near the Houston metropolitan area. That means that an opportunity exists to attract some of the 1,969 workers that live between 10 and 50 miles from Wharton as new residents by following the recommendations posed in the housing section of this report. Furthermore, following the recommendations for industrial, office, and retail development may increase employment opportunities and encourage workers to live in the City.

OFFICE

OFFICE MARKET ANALYSIS

To understand the office market in Wharton, Texas, this market analysis first looks at the sector's performance nationally, in the State of Texas, and then in the nearby Houston MSA. All provide necessary context for understanding the dynamics in Wharton.

National Office Market

The office market in the United States has seen fluctuating performance in recent years. With a 1.5% growth rate from 2018 to 2019, the predicted growth is slower going into 2020, with just 0.3% growth expected. It is expected than the market will slow in 2020, with predicted office completions representing 51.1 million square feet. This is down from 2019's total of 56.4 million. According to CBRE Econometric Advisors 2019 Report, completions are set to outpace absorption, particularly impacting suburban and downtown markets, likely increasing vacancy rates and slowing rent growth.

Certain sectors continue to see strong growth, even when the overall picture is inconsistent. The technology industry, for example, accounted for more than 20% of leasing activity in 2019 and is expected to continue to dominate the office market in 2020. After technology, the biggest office leasing industries include finance and insurance, co-working, healthcare, government, and law firms.

The gross asking rent for office in the US was $34.77 per square foot, on average. For Downtowns nationally, this number is more than $50 per square foot, and for suburban office markets it is just over $26. Both are expected to continue to grow, with the Downtown office market predicting the strongest positive growth, as compared to suburban office markets.

Nationally, office-using jobs grew 1.7% in 2019, resulting in more than 460,000 jobs. With continued job growth in office using sectors across the country, the market continues to produce product. While absorption rates vary, it is expected that the US office market will continue at a relatively stable pace.

Statewide Office Market

Based on estimates released by the US Census Bureau in late 2019, Texas saw the biggest population jump of any state, bringing the state's total population to more than 28 million people. With the overall population growth in the United States slowing significantly in recent years, the continued, sharp increases in the Texas population are notable. They have and will continue to create a distinct market, behaving differently than much of the US due to their unique population characteristics.

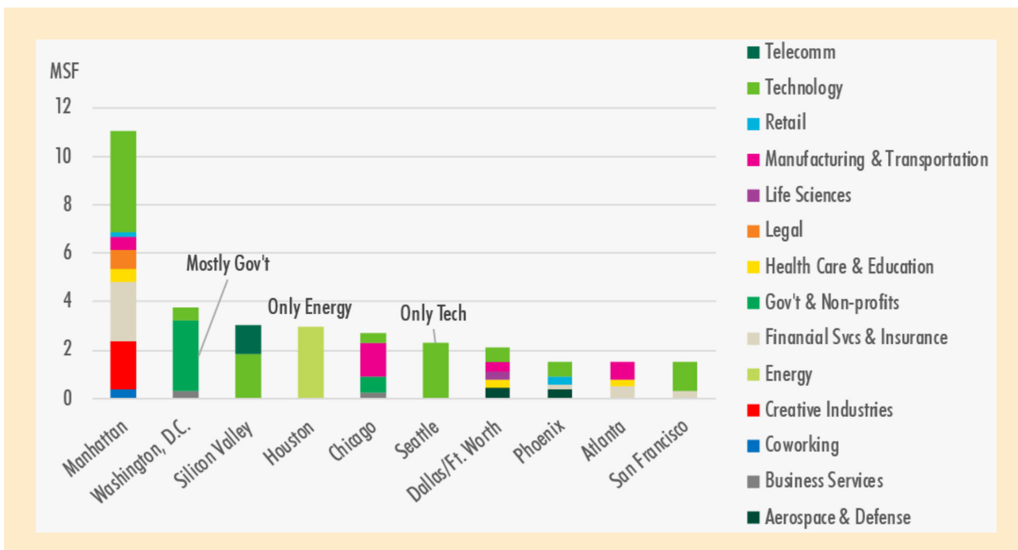
Given the recent success and strong growth around the state, it is not shocking that the top three office markets in 2020 for job growth are expected to be Austin, Dallas, and Houston, all growing, major cities in Texas. Austin leads the pack with an expected job growth rate of 2.4%, followed by Dallas at 1.9% and Houston at 1.6%. In 2019, Dallas alone added 50,000 office-using jobs, with Houston adding nearly 30,000 in the same period.

Houston MSA

The Houston MSA, located just northeast of Wharton County, has seen strong growth over the past decade. The region gained nearly 100,000 residents in 2019 and is expected to grow steadily over the next several years. With a strong economy and continued population growth, the region's office market has continued to strengthen.

With an overall office vacancy rate of 21.1 percent, it is significantly higher than some major cities. This is likely due to the 2014 oil crisis which impacted the Houston metro area sharply, triggering a decline in occupancy, asking rents, and increases in vacancy and unemployment. That being said, with continued growth and construction, absorption rates have risen in recent years and the existing office surplus is expected to continue to fill up. Of the 3.3 million square feet of office space under construction at the end of 2019, about 38% of it was pre-leased. This square footage is located in just 22 buildings, of which half are in the Central Business District. The average full-service asking rent has also grown consistently in recent years to a current rate of nearly $30 per square foot. In the Central Business District of Houston, average rents are $41.28 per square foot.

The Houston office market is more highly receptive to market changes because the economy is less diversified. As the chart to the right indicates, of the top 10 office markets across the US, Houston's largest leases are dominated by one industry – energy. This is particularly relevant as nearby Dallas/Ft. Worth has a diversified economy, relying on several industries and making it more resilient during economic stress.



Source: CBRE Research, Q4 2019

While strong, because Houston's economy is dominated by one industry, the strength of the office-market is more fragile and harder to predict in the future.

The same report by CBRE compared the near-term outlook for the top 100 office leases around the US and noted that the energy sector is likely to contract, with lower than their share of 2019 leasing volume, suggesting slower activity in the near term. The technology industry is comparison is identified as a likely gainer, an industry that has more tenants seeking space than the current share supports.

Looking to suburban Houston, the average asking rent was $26.08 per square foot in 2019, significantly lower than the Central Business District, but still representing increased asking rents compared to the previous year and higher than the national average for suburban markets.

Due to the continued growth of the region, both in population and in construction, job growth has maintained a healthy upward trajectory. The Houston metro area created 85,500 jobs in 2019, a 2.7% increased over the year. Looking at the job growth broken down by industry, the Professional and Business Services sector saw the most jobs, followed by the Education and Health Services sectors. In addition, more than 10,000 jobs were created in the construction sector. Growth in these non-energy sectors are a sign of significant growth in the economy as a whole. Given the strong job growth, the unemployment rate in the Houston Metro has remained quite low, at 3.6% at the end of 2019.

While the Houston metro area is large, spanning nine counties and 10,000 square miles, because of its continued population and job growth and economic diversification, it is a city to watch. Given Wharton's relative proximity, the performance of Houston's office market will be important.

Wharton Market Overview

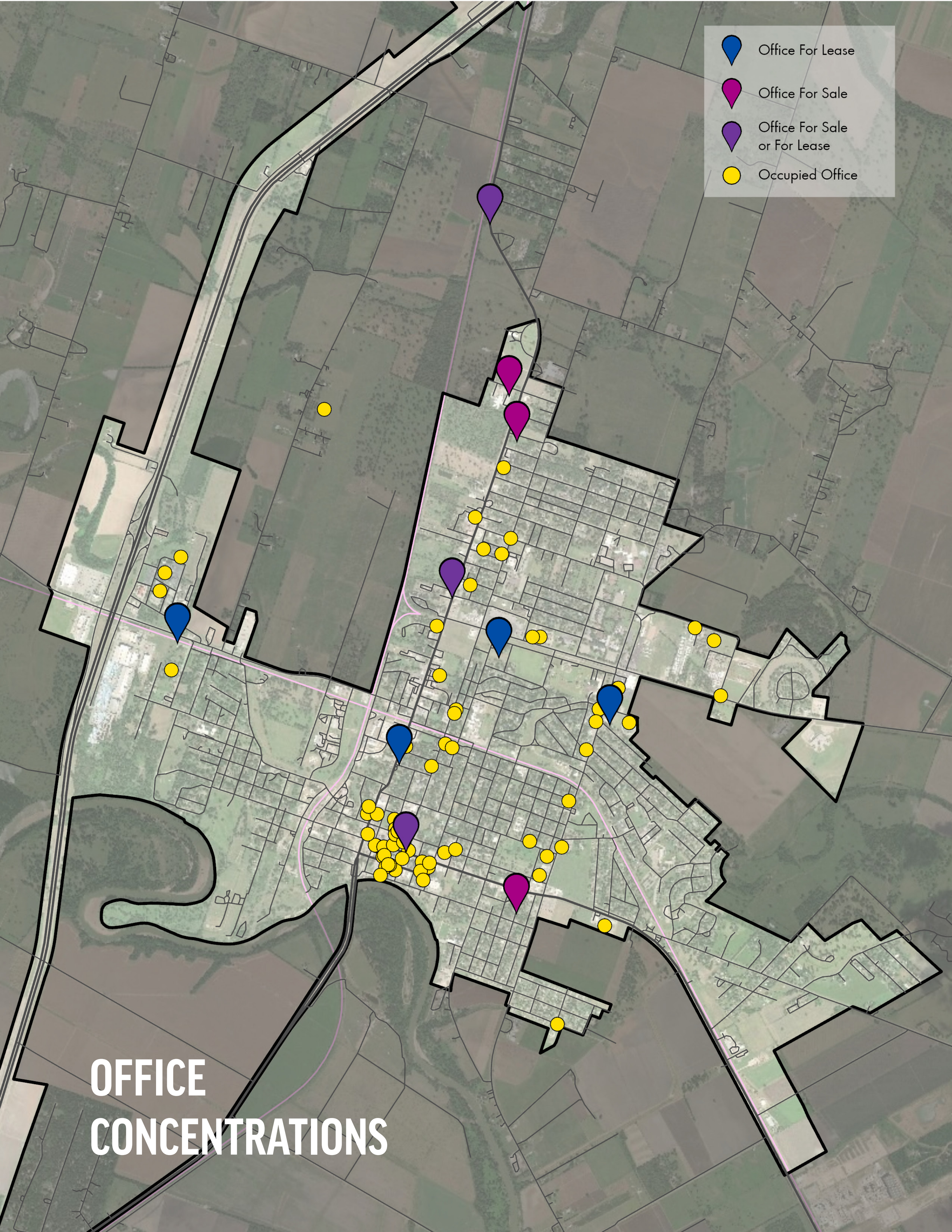
The Wharton office market is notably different than the Houston MSA market. With more than 60 miles between Downtown Houston and Downtown Wharton, the two markets operate within different contexts and are influenced by different dynamics. While the Houston population and office market continues to grow, the Wharton market has seen little growth in recent years. The Houston market is also subject to more international trade dynamics due to its involvement in major industries such as energy, oil, and gas.

While the dynamics are relevant due to proximity, given that the Wharton office market operates almost entirely on its own, an in-depth review was conducted. On the following page is a map showing the existing office supply in Wharton. This includes everything from small scale real estate offices to larger, medical offices with numerous employees.

As the map displays, the City of Wharton is home to many offices, with the largest concentration in its historic Downtown. The area around the County Courthouse in particular is home to historic buildings with ample office space for smaller needs. In addition, the proximity to the governmental offices adds an additional population and incentive for co-location. For example, there are several law offices and bail bonds businesses adjacent to the courthouse. The map also shows several vacant office spaces in the City, although they are located mostly outside of the historic Downtown area, indicating that market is relatively strong and has maintained high occupancy rates and little vacancy.

Also shown are the several medical related office uses near Highway 59. After Gulf Coast Medical Center closed in 2016, OakBend Medical Center reopened the space in 2018 as a regional hospital providing emergency care, in patient surgery, and other medical services. The reopening of the hospital provided a possible revival of the area, allowing for other medical uses to co-locate and benefit from Wharton serving as the medical services hub for residents of more rural areas surrounding the City. During the closure, residents were routed to another hospital in El Campo, more than 20 miles away and far outside of the City of Wharton. With the hospital open and providing care, other services such as pathology and laboratory office space, eyecare, nursing home services, and other adjacent doctor's offices have prospered due to co-location.

OFFICE CONCENTRATIONS



Based on the 2019 CBRE report of industry performance nationally, the health care and education sectors are expected to see growth and need additional office space. Identified as industries where office tenant needs are exceeding available space, they are expected to see growth in the near term. With open land in this part of Wharton, creating a small-scale medical center adjacent to the successful OakBend Medical Center is something worth considering.

In addition to Downtown and near the hospital, there is another stretch of office space on N Alabama Road on the eastern side of Wharton with several professional offices in both free-standing buildings and in shared complexes. Other offices are spread out around the City in various types of buildings, both on major roads attracting pass-through business, and in previously residential structures that are now being used as offices.

With relatively equal supply and demand dynamics, the City of Wharton should concentrate on office uses adjacent to the hospital and put resources towards filling the currently vacant office spaces throughout the City.

Employment Trends

The City of Wharton has about 4,500 employees working within the city limits. The industry breakdown is displayed on the following page.

Looking at employment dynamics as it relates to the office market in Wharton, the industry breakdown shows the healthcare sector has strong representation with 782 employees representing about 17% of the Wharton job market. This further supports the idea of additional office space in conjunction with the existing medical industry in Wharton. The 11% in the public administration sector is likely due to Wharton being the County seat and home to the Courthouse and several other county services, providing key government jobs within Wharton. Educational services are also represented well, likely due to Wharton Community College. While a smaller number in total, the finance, insurance, real estate, and legal sectors also provide more than 350 jobs, utilizing many of the smaller office spaces in the area, particularly in Downtown.

Unlike nearby Houston, Wharton has a relatively diversified office economy, home to both a strong educational sector and a strong health sector, providing more than a quarter of the jobs in Wharton.

INDUSTRY	NUMBER OF EMPLOYEES	PERCENT OF EMPLOYMENT
Retail Trade	879	19.2%
Health Care & Social Assistance	782	17.1%
Public Administration	518	11.3%
Accommodation & Food Services	510	11.1%
Educational Services	404	8.8%
Manufacturing	359	7.%
Agriculture, Forestry, Fishing & Hunting	11	0.2%
Mining	0	0%
Utilities	5	0.1%
Construction	152	3.3%
Wholesale Trade	166	3.6%
Transportation & Warehousing	54	1.2%
Information	90	2%
Finance & Insurance	178	3.9%
Real Estate, Rental & Leasing	75	1.6%
Professional, Scientific & Tech Services	116	2.5%
Management of Companies & Enterprises	0	0%
Administrative & Support & Waste Management & Remediation Services	40	0.9%
Arts, Entertainment & Recreation	38	0.8%
Other Services (except Public Administration)	202	4.4%
Unclassified Establishments	4	0.1%

Conclusion

The Wharton office market displays different behaviors than the nearby Houston MSA, the state of Texas, or the US as a whole. With a much smaller supply of workers and a more remote location, the market fails to attract large office users. That being said, office performance has remained steady and represents a diversity of users. To strengthen the local office market, the city should:

1. Direct attention toward filling existing vacant office space.
2. Concentrate on the benefits of co-location for the medical office sector.

INDUSTRIAL

INDUSTRIAL MARKET ANALYSIS

To understand the existing industrial market in Wharton and gauge its potential for future growth,, a market analysis of the US market, Texas market, Houston MSA, and the City itself was conducted.

National Industrial Market

The US industrial market is expected to remain relatively stable in 2020. With consistent occupancy and low vacancy, the industrial sector has remained stable despite global instability. The 2020 CBRE market report predicts a rent growth of about 5% in 2020, consistent with previous years. These rising rents are being driven by newer product in growing markets.

With a strong demand for quick service, there is an opportunity for additional growth in the logistics and transportation sectors. Light-industrial Class-A warehouse space of less than 120,000 square feet has seen sharp growth as e-commerce continues to grow, demanding quick service and same-day delivery for customers. These properties, particularly those that are centrally located, have seen rising rents in the past five years, often at a much quicker pace than the overall industrial sector. This is expected to continue.

The US industrial market as a whole is very susceptible to changing global dynamics. With a US-China conflict always a possibility, the economic growth and success of the industrial and transportation logistics market is hard to predict. Trade with China is a large portion of the US sector and any impacts on that relationship would have ripple effects on the US market. That being said, other factors such as consumer spending and supply chain restructuring can also impact the performance of the industrial sector in the future. This uncertainly drives a continued desire for third-party logistics to facilitate distribution, warehousing, and fulfillment services.

Statewide Industrial Market

Based on data from 2018, the Texas industrial market is continuing to grow. With more than 37 million square feet under construction and a vacancy rate of 5.9%, the industrial market across the state has seen stable gains. The Dallas/Ft. Worth metro and Houston metro are both considered primary markets for the industrial sector while the non-primary markets with a significant sector include Austin, El Paso, McAllen, and San Antonio. Across the state, about 50% of industrial activity is in the transportation, distribution, and logistics and materials manufacturing sub-sectors.

As the chart below displays, the supply, vacancy, absorption, and average asking rent vary widely in the various Texas sub-markets for the industrial sector. For example, the average asking rent in Austin is significantly higher than the other markets at almost $8 per square foot. Similarly, the vacancy rate in McAllen, a much smaller market, is much lower than the major markets. Though all in a strong, growing state, the industrial markets behave differently in each of these cities depending on factors like location, other industries present, and global trade impacts.

	AUSTIN	DALLAS/FT. WORTH	EL PASO	HOUSTON	MCALLEN	SAN ANTONIO
RENTABLE AREA (SF)	53,294,683	770,065,368	57,237,014	514,137,544	23,950,152	45,964,526
VACANCY RATE	9.9%	5.8%	7.9%	5.1%	3.5%	9%
ABSORPTION (NET SF)	82,633	5,980,988	436,979	1,212,766	(7,891)	134,351
AVERAGE ASKING RENT	$7.96	$4.23	$4.06	$4.80	$5.38	$4.72

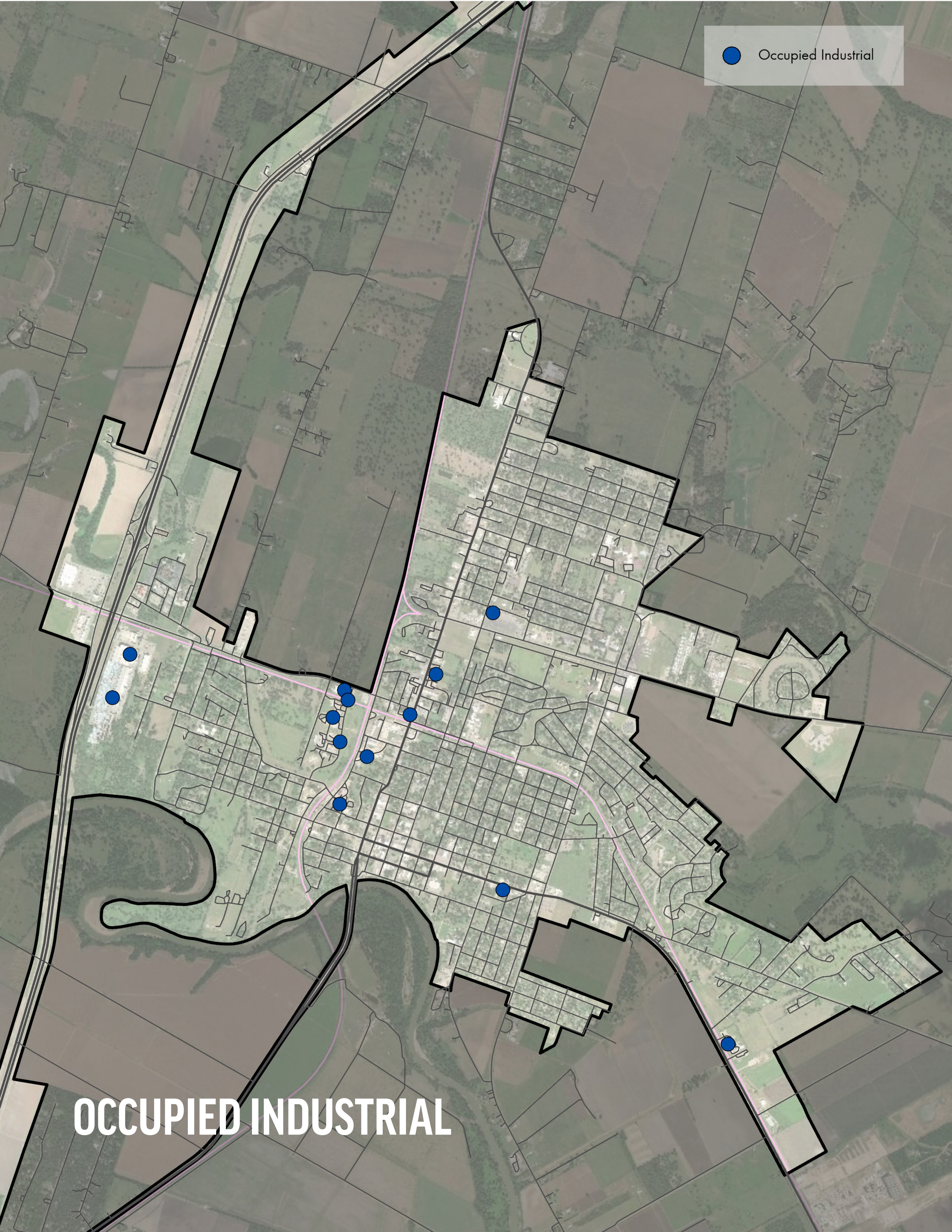
Houston MSA

This analysis took a look at the Houston MSA, the closest large industrial market to Wharton. Based on data gathered by the Texas Workforce Commission, more than 6,000 manufacturing businesses in the Houston metro employed a quarter million people in 2018. Based on current population, this equates to about 1 in 13 people in Houston working in the manufacturing sector, which has seen strong growth in recent years. Annual wages for manufacturing employees topped out at $89,000, and the industry as a whole accounted for $82.6 billion in 2017, or 17% of the region's total GDP.

Ranked as the sixth largest industrial market in the US, the Houston industrial sector had more than 500 million square feet of rentable area with a 95% occupancy rate. In 2018, more than 16 million square feet of industrial space was under construction with more than 10 million of that absorbed.

The chart below shows the industrial market in the Houston metro over time, showing growth and variation between 2010 and 2018. Still recovering from the economic downturn of 2008, the numbers in 2010 are by far the bleakest, with a more than 7% vacancy rate and asking rents of $0.26. As the decade continued, vacancy lowered and has been steady, while asking rents have increased. Construction and absorption have varied widely from year to year. Overall, the vacancy rate is lower in the Houston metro than the state as a whole, and the market has remained strong for the industrial sector.

	ABSORPTION	**ASKING RENT**	**DELIVERED CONSTRUCTION**	**VACANCY**
2010	3,507,550	$0.26	2,040,920	7.1%
2011	3,844,569	$0.29	1,741,620	5.6%
2012	6,446,240	$0.31	4,693,995	5.1%
2013	5,779,515	$0.32	11,095,100	5.3%
2014	8,114,176	$0.45	11,990,089	5%
2015	6,295,008	$0.48	9,058,505	4.9%
2016	10,746,969	$0.39	13,599,898	5.1%
2017	7,014,323	$0.40	9,102,389	5.4%
Q2 2018	4,883,543	$0.46	3,614,858	5.1%



OCCUPIED INDUSTRIAL

Wharton Market Overview

As the map on the preceding page displays, the Wharton industrial market is primary centered west of Downtown, with a large concentration to the west off Ogden Street. In addition, two large industrial developments are located adjacent to Highway 59. With a relatively dense downtown, the industrial sector maintains agglomerations off major roadways outside of the denser areas of Wharton, where there is land available for the larger development needed for industrial businesses. These areas are also distanced from the Colorado River, mitigating the concern of flooding. The largest industrial businesses in Wharton are J.M. Eagle and Nan Ya Plastics, which are co-located off Highway 59.

J.M. Eagle is the world's largest plastic pipe manufacturer. With 22 manufacturing plants in North America, the company manufactures high-density polyethylene pipes used in a variety of industries including utility, plumbing, natural gas, drainage, and sewage. Nan Ya Plastics is a division of Formosa Plastics and also owned by the Wang family, owners of J.M. Eagle. Nan Ya Plastics Corporation manufactures PGVC and APET rigid films from several manufacturing plants in both the US and Taiwan. The US operations are concentrated in the south, with locations in Wharton, Houston, Louisiana, and South Carolina. Because both of these businesses are heavily tied to both the energy market and global trade, they are highly susceptible to changes in the global economy. In 2018, when oil prices fell sharply and an economic downturn set in, both Nan Ya Plastics and J.M. Eagle were impacted.

Both companies bring large, positive impacts to Wharton and its residents. That being said, because they are owned by a foreign company, they are subject to less stable dynamics. They also represent a relatively small industrial sector in the city and therefore do not bring the benefits of agglomeration that having several more large industrial businesses might. With ample land for development though, industrial development remains a growth opportunity for the city. There is little industrial space available in Wharton of a significant size. The availability of land and opportunity to build-to-suit is Wharton's advantage in the market, particularly compared to nearby Houston with higher land costs. The City should concentrate on promoting expansion of the existing industrial businesses, rather than attracting new businesses. With variable industrial growth, the likelihood of new industrial or manufacturing locating in Wharton is not strong. Instead, the City should concentrate on the potential expansion of J.M. Eagle or Nan Ya Plastics, continuing the company's presence in Wharton and adding new jobs and tax revenue to the City's economy.

While there are few economic development organizations that have a formal business retention and expansion strategy, and even fewer have a way to measure or publicize the results of their strategy, there are several reasons why it makes sense to focus more on maintaining and expanding existing businesses and less on recruiting new ones. First, proactively listening and responding to existing businesses can reveal opportunities to expand facilities and/or create or retain additional jobs. Second, because they are already located within the City limits, it is likely cheaper to expand their current location rather than move elsewhere. By listening to the needs of local businesses, the City can try to respond by offering assistance or facilitating a relationship between the business and a regional or state agency that can provide assistance. Because cities and economic development organizations are only able to control local factors such as land use regulation, incentives, and infrastructure, cities should ensure they are in constant communication with existing businesses. Without this step, cities often lose existing businesses or opportunities for expansion to other nearby cities.

Reasons for moving may include factors outside of the control of local agencies including changing market dynamics, supply chain disruption, and failing to locate an adequate supply of labor. However, by creating a formal business retention and expansion strategy, cities and economic development organizations may be able to identify problems early and respond accordingly. These programs usually consist of several components including visitation, surveys, clearinghouse, and networking, all geared towards increasing communication between the City and major businesses.

According to a report produced by the International Economic Development Council, these retention and expansion programs answer two primary questions:

1. What businesses can I help grow to expand local employment and the tax base?
2. What businesses are at risk of closing or moving that I can help remain open or retain them in the community?

A strategy that concentrates on business retention and expansion often prioritizes businesses based on size, risk, and importance to the community regarding tax base impact, wages, supply chain connections, and other factors. This approach is likely to yield a smaller number of issues and an equally small number of solutions, potentially creating concrete next steps to encourage retention and expansion.

For Wharton's industrial sector, the City and economic development organization should concentrate on communication with Nan Ya Plastics and J.M. Eagle. Both owned by the same parent company, the two represent the largest industrial employers in the City and should be a primary focus. By engaging in these intentional conversations about retention and expansion, Wharton can ensure they are in the position to be prepared for the changing economy.

Employment Trends

To understand the industrial market in Wharton, an analysis of industrial employment was conducted. Based on information gathered by Infogroup, this study includes manufacturing, utilities, wholesale trade, and transportation and warehousing as the sectors classified as "Industrial" and included in this analysis. For Wharton, the employment in each sub-sector are shown in the chart on the following page.

INDUSTRY	NUMBER OF JOBS	PERCENT OF EMPLOYMENT
MANUFACTURING	359	7.8%
UTILITIES	5	0.1%
WHOLESALE TRADE	166	3.6%
TRANSPORTATION & WAREHOUSING	54	1.2%
TOTAL	**584**	**12.7%**

What this information shows is that about 13% of jobs in Wharton are in the industrial sector, representing just under 600 jobs, most of which are in manufacturing. Looking at this same information for the area around Wharton, these numbers change. Within a 15-minute drive time of Wharton, the industry still represents about 13% of the jobs, in this case about 800 employees. Within a 30-minute drive though, the share increases to 17% or 6,000 employees. Looking at a 45-minute radius around the City of Wharton, there are 1,630 industrial businesses which accounts for more than 26,000 jobs. Often requiring a lot of land and access to highways, the City of Wharton could easily capitalize on this market more, investing in additional industrial businesses and bringing more jobs to the area.

Conclusion

The industrial sector represents an opportunity for the city of Wharton to create additional revenue and jobs. With ample land, the city should work to incentivize locating in Wharton versus nearby cities or suburban Houston markets. To do this, the city should:

1. Identify key sites for industrial development with access to the highway and in areas free of flooding.
2. Continue conversations with J.M. Eagle and Nan Ya Plastics about potential expansion opportunities.
3. Incentivize mid-size industrial operations to move to Wharton.

By concentrating on developing additional industrial development in Wharton, the city can generate additional jobs and revenue to support the residents and downtown infrastructure.

RECOMMENDATIONS

Based on the market study conducted of Wharton and the surrounding area, the following are recommended:

HOUSING

To strengthen and grow the housing market, the City should look for opportunities to:

- Develop new multi-family housing options
- Develop new senior living housing options
- Develop new affordable rental and owned single family housing options
- Devote local resources to continue replacement or repair assistance programs for existing single family housing.

RETAIL

Based on the existing conditions and retail market analysis, Wharton should explore attracting the following types of retail businesses to the Planning Area:

- Fast Food and/or Family Restaurant
- Gas Station
- Family Entertainment Center
- Clothing Store

OFFICE

The Wharton office market displays different behaviors than the nearby Houston MSA, the state of Texas, or the US as a whole. With a much smaller supply of workers and a more remote location, the market fails to attract large office users. That being said, office performance has remained steady and represents a diversity of users. To strengthen the local office market, the City should:

- Direct attention toward filling existing vacant office space.
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PANDEMIC ADJUSTMENT PERIOD ADDENDUM

As the world navigates the global challenge presented by the Covid-19 pandemic, consideration must be paid to the current and potential future impacts of the pandemic. Local governments throughout the United States grapple with these impacts on their economies. The pandemic will impact economies at different scales. Globally, nations will leverage sovereign financial power to protect themselves; global supply chains may be disrupted and reorganized as a result. Within the United States, and reginonally, the depth and length of economic impacts depends upon the concentration within each community of industry sectors that may be more sensitive to global disruptions. Certain parts of the country, and certain localities, may feel the impact of the pandemic more than others. In Wharton, particular attention should be paid to the impact on local industrial sector employers and retail activity. The economic pandemic adjustment is fluid and changing on a daily basis. It is difficult to know what conditions might be in the coming months, but it is important to focus on what we can know in order to anticipate what might become.

In this brief addendum, we provide facts and observations. This section is meant to be updated regularly as conditions change.

The State of Texas imposed a stay-home order on April 2 and lifted it on April 30. This month-long action to protect the public's health had direct economic repurcussions during the month of April.

RETAIL

PGAV reviewed cellular phone tracking data to understand how traffic changed at major retail centers; comparing April 2019 traffic to April 2020 traffic:

- Walmart Supercenter: 5% decline in traffic
- Eastgate Plaza: 40% decline in traffic
- CVS (1710 N Richmond Rd): 17% decline in traffic
- Dollar General (209 N Alabama Rd): 24% increase in traffic
- Valero Corner Store (405 E Bolng Hwy): 20% decline in traffic
- Valero Corner Store (2202 N Richmond): 63% decline in traffic

Traffic at retailers that sell food or other essentials (such as CVS, Walmart, and Dollar General) declined slightly in the month of April. Traffic at restaurants was down significantly, with the noted exception of Sonic, whose business model is well-suited to drive-up, near contact-less transactions. Sonic's traffic declined 10% April 2020 over April 2019 while traffic at other restaurants declined 50% or more. Traffic in the last couple weeks of April indicated increases in traffic at some restaurants, perhaps as consumers began to feel more comfortable going out. The impact of this month-long stay-home order on retail activity in Wharton appears to be relatively short-lived and normal traffic patterns should re-establish along with a return to normal patterns of daily life.

INDUSTRIAL

Wharton is home to manufactuing activity on the part of J.M. Eagle and Nan Ya Plastics. These firms employ many in the region. These firms are also owned by a foreign company and susceptible to global dynamics. These employers should be considered at high-risk to global economic disruptions caused by the Covid-19 pandemic. The long-term impact upon these manufacturers and significant employers may not come into focus until some time has passed. Nonetheless, efforts should be undertaken to understand their situation, anticipate disruptions, and plan for contingencies in the near-term. In the long-term, diversification of Wharton's employment base via diversification and expansion of business activity should be encouraged to protect against changes at one employer drastically impacting Wharton's overall condition. In short, Wharton should be aggressive in developing additional industrial assets to attract more industrial employers to create a diversified, more stable employment base.

HOUSING

Any changes to the local housing economy will lag changes to other sectors of the economy. If conditions worsen overall, then the housing market will respond negatively; similarly, if conditions improve, then so will housing prices in demand. Currently, as this study recommends taking housing actions that may take some time to implement and are based on nascent, un-met demand, there does not appear to be any material reason to deviate from a position of developing more housing to accomodate the labor pool that travels to Wharton for employment. As with any real estate development endeavour, stakeholders should proceed with caution into the future.

ONGOING ACTIVITIES

The Wharton Economic Development Corporation has been proactive in providing information about financial assistance and other resources for members of the local business community. Partnering with the Economic Development Corporation of El Campo to conduct a survey of businesses to understand their current situation and needs is an important part of learning what we can know now in order to anticipate what might be come and make sure plans and preparations are adequate for future needs. Also, as local, regional, and federal assistance programs are implemented, changed, or amended; the Wharton EDC has shown it is paying attention and providing information as it becomes available in order to line its business community up to receive assistance from appropriate programs and partners.

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