RESIDENTIAL AND GOLF COURSE MARKET ANALYSIS AND FINANCIAL FEASIBILITY STUDY

APPLETREE GOLF COURSE

FOUNTAIN, COLORADO

PREPARED FOR:

CITY OF FOUNTAIN

Fountain

Pure Colorado

thk associates, inc

Economic & Market Research / Land & Development Planning
Landscape Architecture / Community Planning & Design
Golf Feasibility Analysis

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APRIL 18, 2014

PREPARED BY:

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EXECUTIVE SUMMARY

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The Appletree Golf Course in its current condition provides minimal benefit to the surrounding neighbors and the City of Fountain. The purpose of this study is to determine the economic viability of reconstructing the Appletree Golf Course, potentials for residential development on adjoining land and to form the basis for financing through a bond issuance funded by the formation of a metropolitan taxing district.

THK Associates, Inc. has reviewed historical socio-economic trends in El Paso County and the primary residential trade areas and has projected the future growth in employment, population and housing units. The residential trade area is currently at 155,366 persons living in 55,918 households and is projected to grow by 2,250 persons in 840 households over the next ten years. This household growth amount for the primary residential trade area represents 22.3% of the household growth that is expected in El Paso County. With this anticipated household growth, THK anticipates 899 new housing units on average each year of which 631 will be single family detached, 84 will be single family attached and 184 will be rental units.

Based on income distributions and existing sales activity at competitive residential projects in the primary residential trade area THK anticipates the subject Appletree Metropolitan District to grow on average by 88 single family detached units and 35 single family attached units per year over the next ten years.

Furthermore, THK has determined a primary golf trade area and has projected population growth in this area by age and gender. These projections are detailed in Section V of the report. Additionally, THK has completed a comprehensive review of golf participation rates by age and gender and has determined there to be 21,328 golfers in the primary golf trade area today. By 2024 the estimate of golfers in the area will reach 23,661. Based on historical averages of the number of rounds a golfer plays and the projections of the number of golfers in the primary golf trade area, THK anticipates 255,133 18 Hole Equivalent rounds to be demanded by 2024. Based on existing golf course competition in the trade area, estimates of those golfers who will play at a public course, and additional demand coming from outside the trade area, THK anticipates that the Appletree Golf Course will have demand for 18,846 rounds in 2016 and 29,061 rounds by 2024.

Additionally, THK has estimated a revenue stream for 20 years and determined that the operations of the Appletree Golf Facility could support bond proceeds of approximately $1,070,917.

These conclusions are supported by the following detailed analysis.

I. INTRODUCTION

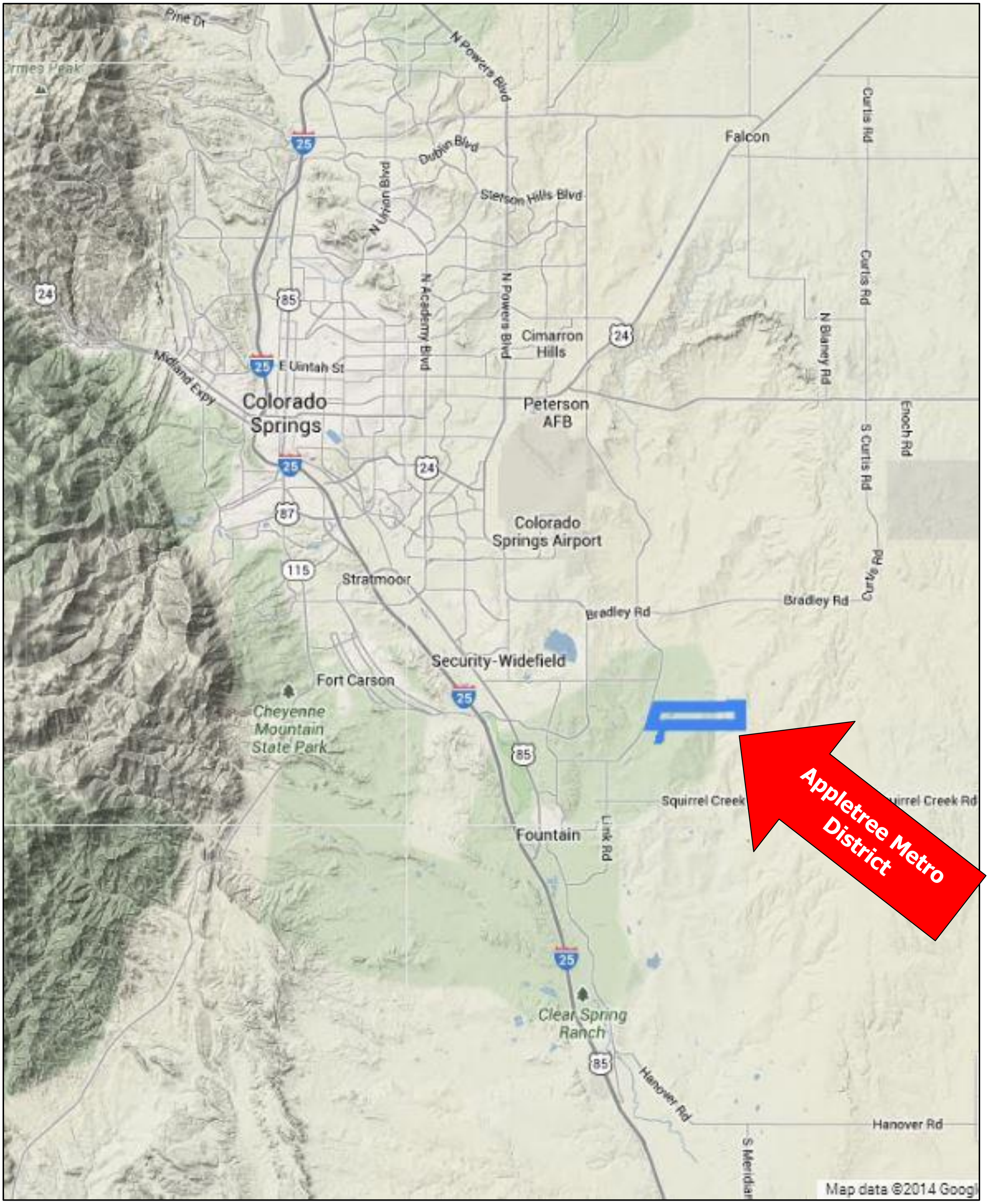
I. STUDY INTRODUCTION

The purpose of this analysis was to review the housing demand over the next decade within the Appletree Metropolitan District to determine the feasibility of forming a metro district to support the re-construction of the Appletree Golf Course. The results of these efforts have been designed to make specific recommendations to the City of Fountain regarding housing demand, housing absorption, golf trends and metropolitan district bond sizing.

In order to perform this market and feasibility analysis the following has been undertaken:

- Performed an economic base analysis of the City of Fountain/Colorado Springs/El Paso County area and the surrounding regional environs of the Appletree Golf Course
- Conducted trade area profiles for primary markets within the projected service area of Appletree to include population, household growth, income and age characteristics, golf participation rates, and other relevant data
- Inventoried available golf courses to note key operational features including playing conditions, character of course, specific amenities and features. Proposed golf courses will also be inventoried and impact on demand assessed
- Based on a synthesis of macro- and micro-level supply and demand factors provided an assessment of public golf potentials in the City of Fountain and Appletree area
- Reviewed and evaluated the economic, social and demographic factors influencing the demand for residential housing and lot sales in the regional Appletree environs
- Profiled the competitive single family detached and attached projects along with lots sales programs in the Appletree regional environs and in the vicinity of the potential residential sites
- Identified projects that are not only locationally competitive but conceptually competitive
- Projected the specific demand for residential units and lots within a golf course/residential community in the City of Fountain/Colorado Springs/El Paso County area
- Physically inspected the Appletree site
- Reviewed the historical financial and operating performance of the Appletree golf facilities
- Conducted a review of the entire El Paso County golf supply in terms of rounds and fees
- Provided an overview of the golf industry
- Estimated demand for golf in the primary trade area of the Appletree golf facilities
- Inventoried primary competition of each facility
- Profiled golf facilities competitive to the Appletree course to provide detailed data such as fees, rounds played, etc
- Positioned the Appletree golf facilities in the market and estimated future performance
- Prepared a cash flow estimate for Appletree golf facilities for the next decade

Figure 1- REGIONAL LOCATION MAP



II. SITE & AREA DESCRIPTION

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A. Regional Description

The subject Appletree Metropolitan District is located in City of Fountain, El Paso County, Colorado approximately 14 miles from central Colorado Springs and one and about 90 minutes south of Denver. Pueblo, the major population center for southern Colorado, is located approximately 30 minutes to the south. Additional neighbors include the Patterson Air Force Base, Fort Carson, the Air Force Academy, and several smaller communities to the south of Fountain.

B. District Description

The Appletree Metro District is roughly 1,200 acres in size. A map of the district is show in Figure 3. Within the district and south of Peaceful Valley Road there is approximately 167.5 acres of land available for development and some acreage located in the 100 year flood plain. To the north of Peaceful Valley Road and to the west of Rolling Ridge Road, the district is improved with the Appletree Golf course and single family homes. To the East of Rolling Ridge Road, the district is improved with estate type lots with approximately 15 of these lots available for development.

As shown in Figure 3, the majority of the land located in the Appletree Metro District that is available for development is located in the City of Fountain while the remaining portions of the district are located in unincorporated El Paso County. The developable parcels with in the district boundary area zoned PUD in the City of Fountain and according to the City of Fountain 2005 Comprehensive Plan these parcels are designated as Single Family for future use. . The estate type lots in unincorporated El Paso County are zoned RS-20000 for residential and a minimum of 20,000 square foot lots while a portion of this area is zoned A-5 for Agriculture on a minimum of 5 acres and another smaller portion is designated RR 2.5 for Rural Residential on a minimum of 2.5 acres.

C. Golf Course Description

The Appletree facility was built in in the early 1970's and was designed by Lee Trevino. For many years the course operated successfully. In 2007 a major renovation of the facility was undertaken with 13 holes being re-designed and 5 holes built as new. The course was never re-opened. Much of the fairways, irrigation system, greens, tees and other features can be renovated without significant re-construction, according to Neibur Golf.

Figure 2- APPLETREE ENVIRONS MAP

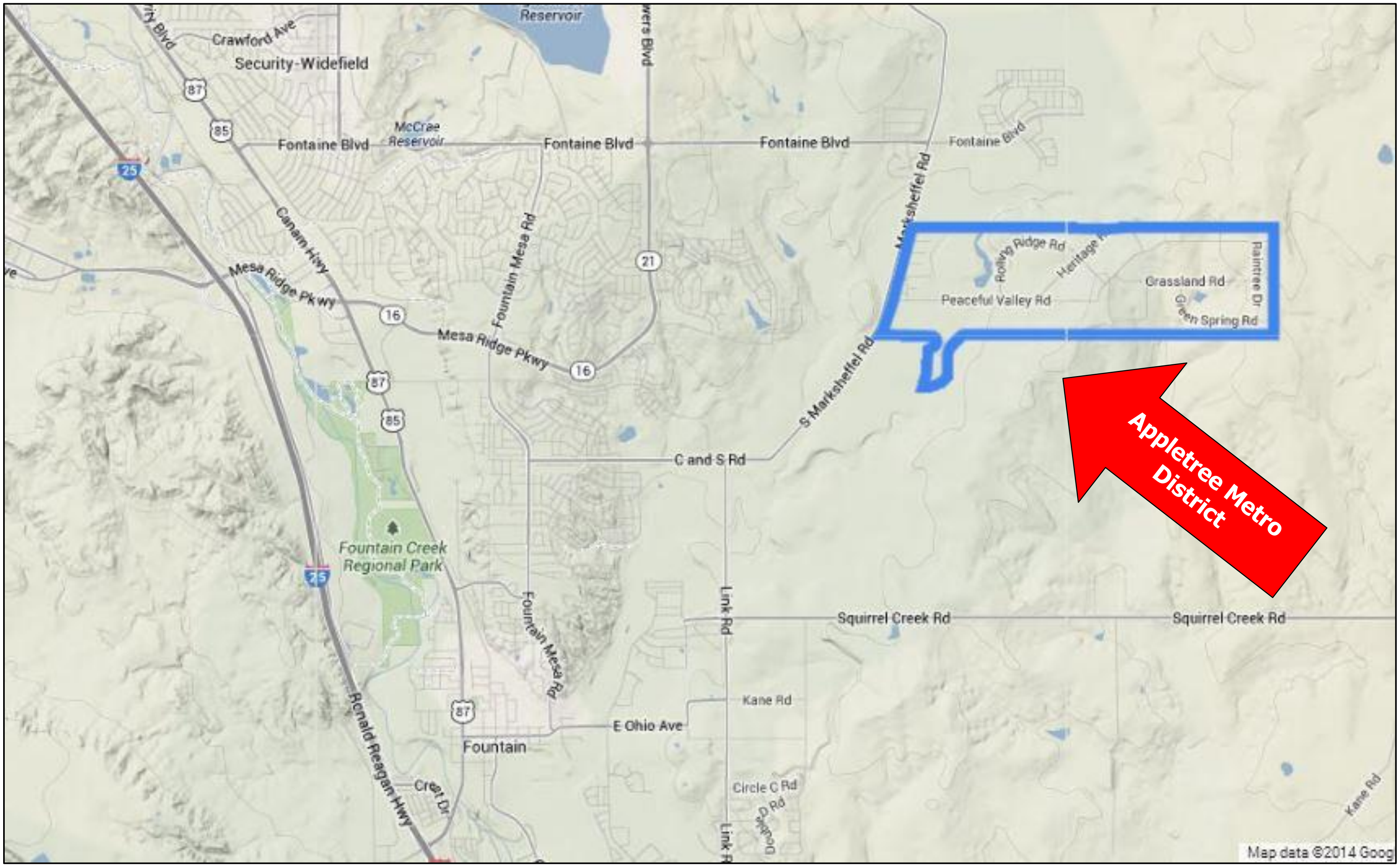

Figure 3- APPLETREE METROPOLITAN DISTRICT BOUNDARIES

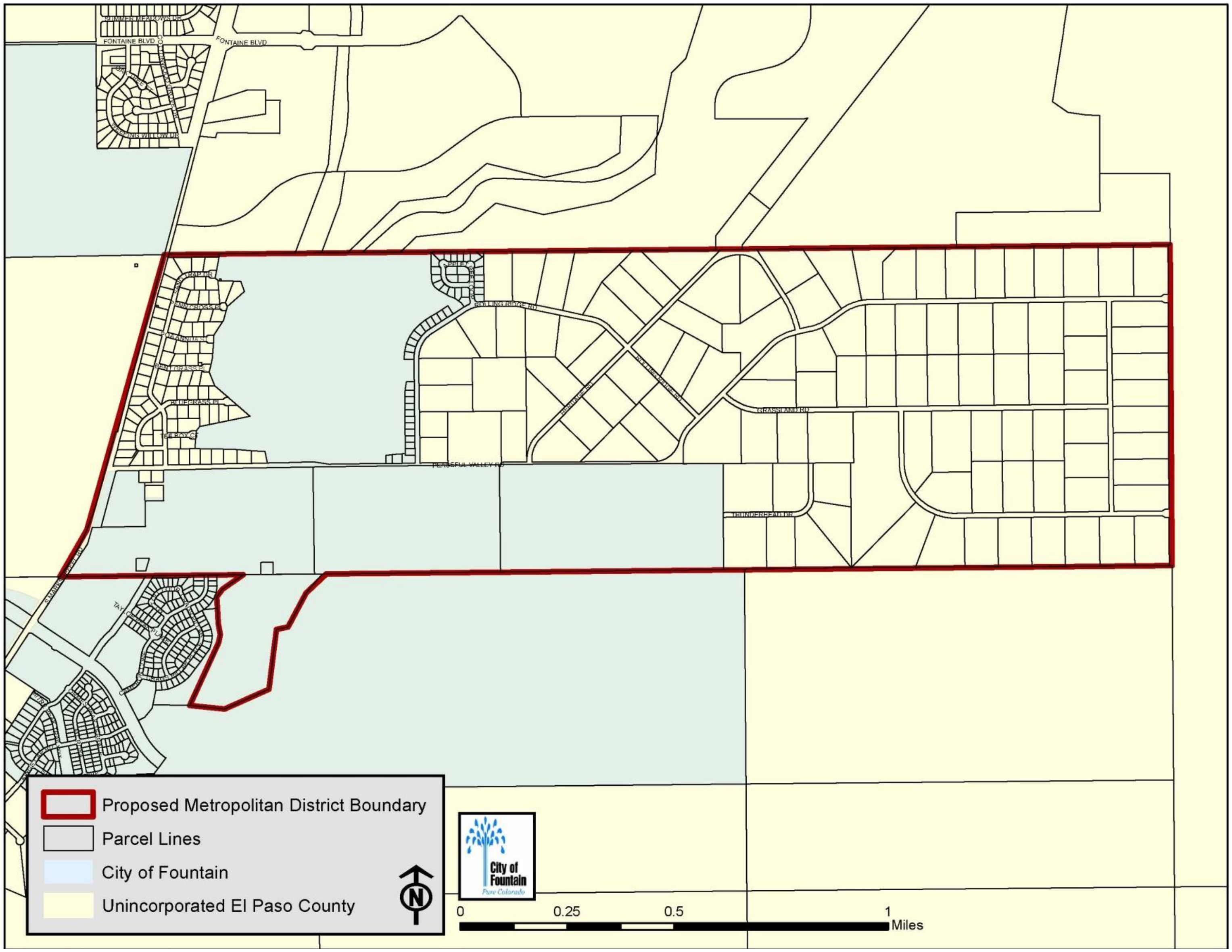

Figure 4- APPLETREE METRO DISTRICT AERIAL

Figure 5- FOUNTAIN FUTURE LAND USE PLAN

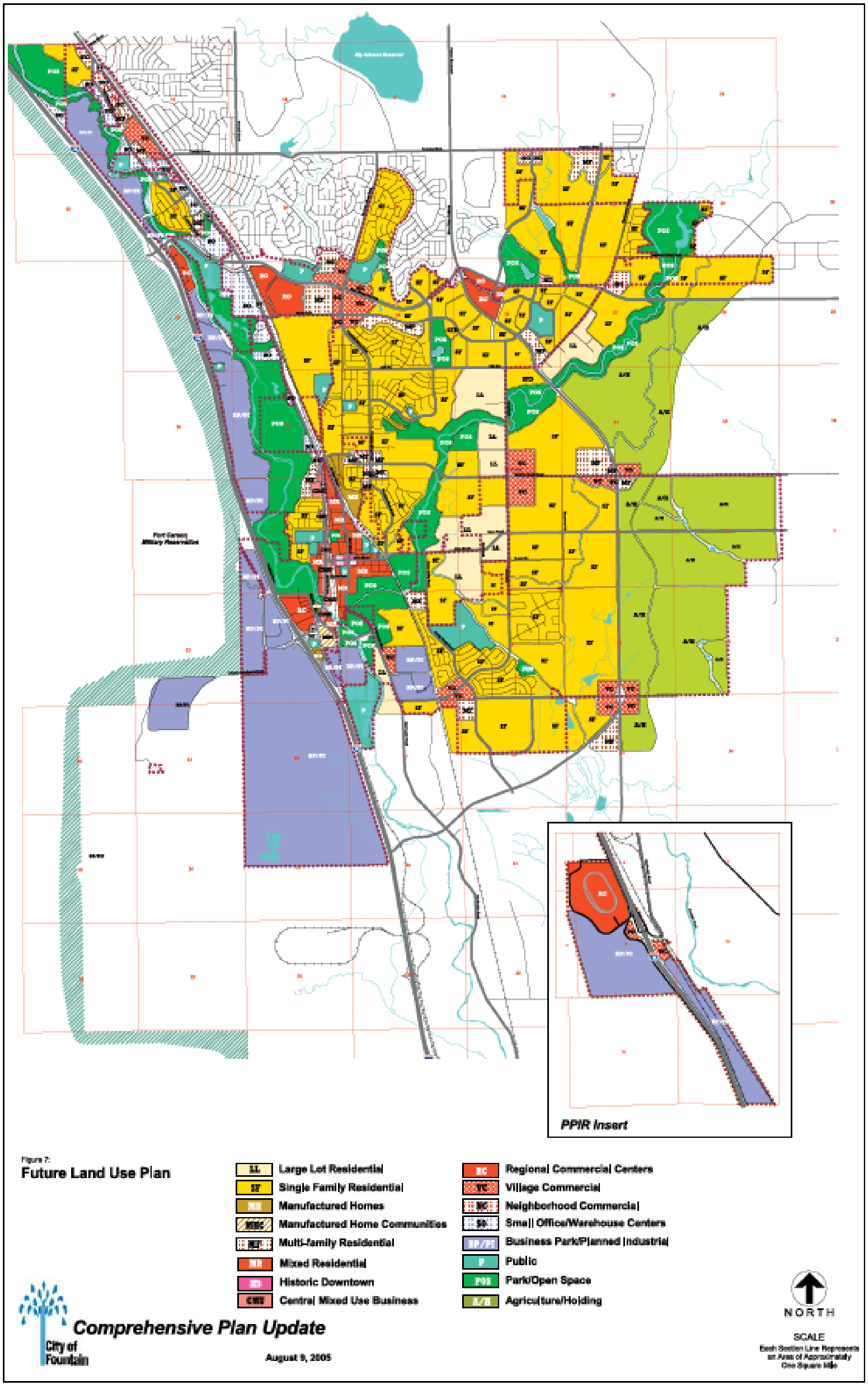

Figure 6-   APPLETREE GOLF COURSE AERIAL

Figure 7- APPLETREE GOLF SITE PHOTOS

III. ECONOMIC BASE ANALYSIS

III. ECONOMIC BASE ANALYSIS

A. Employment Growth Trends

Employment trends are prime indicators of the economic growth of an area. Increases in employment generate growth for most sectors of the local economy and dictate the rate at which it will expand. This section looks at the region's various employment figures and projects their course over the next decade. Table III-1 below illustrates employment growth in the El Paso County market area. Over a 33-year period, total employment rose from 115,292 in 1980 to 367,328 in 2013 -- an annual average of 7,637 jobs. Estimates for 2014 using data through February show an increase of 1,470 jobs in El Paso County in a one year period. Between 2004 and 2013, El Paso County gained an average of 3,571 jobs on an annual basis. El Paso County has seen several years of double-digit growth, most recently in 2006. The largest recorded loss was in 2010, with 5,725 jobs lost.

Since 2003, El Paso County has experienced growth in several key employment sectors, but has also lost a number of jobs in other industries. Like many other areas of the country, the El Paso County market area has seen significant losses in construction, manufacturing, and retail trade. The information sector has also seen significant losses with more than 400 jobs per year lost over the past decade. Meanwhile, the health care, government, accommodation and food services, and real estate fields all saw significant growth with several hundred jobs added each year over the last decade. Growth in the last three years across all industries has been considerable, with about 2,446 jobs added each year in the county. This is a significant improvement over the five-year period, which only saw 542 jobs added per year. Table III-2 shows the market area's employment growth by industry from 1970 to 2013.

Fueling the El Paso County market area's growth is the presence of multiple military bases in and around Colorado Springs. Over the last ten years, the military has added 532 jobs per year in turn created many support jobs around El Paso County. The military sector has increased hiring significantly, with 1,190 jobs added on average per year since 2010.

B. Military Employment Growth Trends

Military employment makes up a large percentage of the labor force in El Paso County and its growth is very important to the local economy. Table III-3 shows the military employment trends in El Paso County since 1970. While the percentage of total employment that the military makes up in El Paso County has dropped from 31.6% in 1970 to 11.1% in 2013, the total number of military jobs has increased from 36,375 to 40,655. Large decreases in military employment were realized in El Paso County in the 1970s as well as the 1990s. Recent expansions to El Paso County's military bases and personnel have brought an average of 1,281 jobs per year to the area in the last decade and an average of 1,340 jobs per year to El Paso County since 2009. El Paso County saw its largest annual increase in military jobs in the past 40 years in 2009, when 3,373 jobs were added. The largest annual decrease in military jobs occurred in 2006, when the area lost 1,855 jobs.

Table III-4 illustrates some of the major employers in El Paso County and breaks down the importance of the four major military installations in the county. The four largest employers in El Paso County are military installations. With 26,000 military employees, Fort Carson Army Base alone employs more than four times the amount of people than Memorial Health System, which employs 4,700. In addition to those employed by the military at each individual base, there are thousands more Federal and civilian workers that are also employed at the bases. Since 2004, Fort Carson Army Base has realized the largest expansion of any of the bases increasing from 15,757 employees to 26,000 employees in 2013. Of the four major military installations in El Paso County, the U.S. Air Force Academy is the only one to experience a decrease in military jobs since 2004, dropping from 6,410 employees to 5,193.

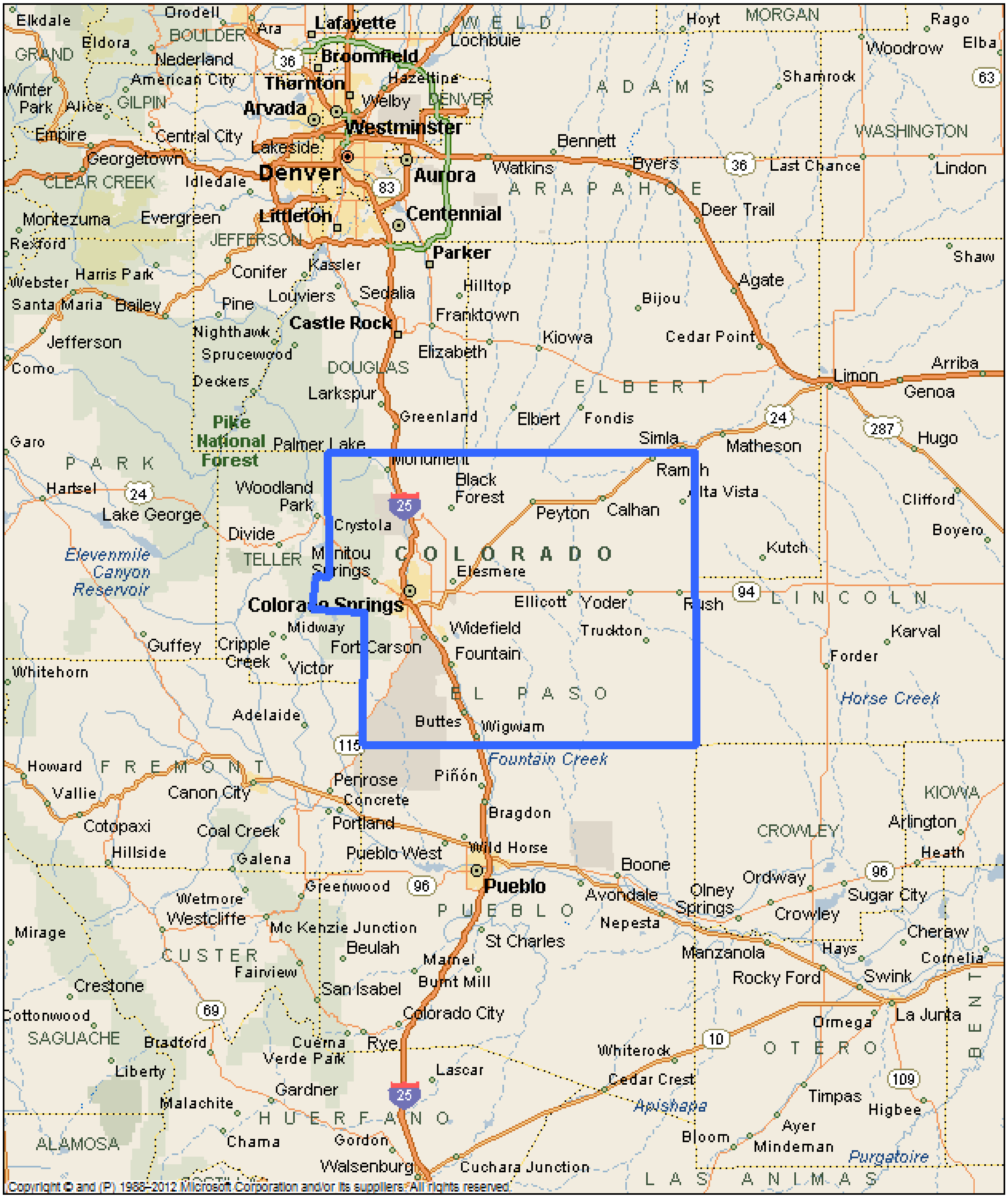

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Table 1: El Paso County Market Area Employment Trends, 1970-2014*

Year	Total Employment	Annual Change Numerical	Annual Change Percent
1970	115,292	--	--
1980	167,702	52,410	45.5%
1981	175,989	8,287	4.9%
1982	182,605	6,616	3.8%
1983	189,524	6,919	3.8%
1984	206,821	17,297	9.1%
1985	218,162	11,341	5.5%
1986	223,897	5,735	2.6%
1987	227,065	3,168	1.4%
1988	233,399	6,334	2.8%
1989	236,004	2,605	1.1%
1990	232,820	-3,184	-1.3%
1991	238,503	5,683	2.4%
1992	246,642	8,139	3.4%
1993	257,343	10,701	4.3%
1994	273,402	16,059	6.2%
1995	284,137	10,735	3.9%
1996	296,528	12,391	4.4%
1997	307,700	11,172	3.8%
1998	318,630	10,930	3.6%
1999	327,738	9,108	2.9%
2000	337,980	10,242	3.1%
2001	337,532	-448	-0.1%
2002	334,722	-2,810	-0.8%
2003	335,192	470	0.1%
2004	342,123	6,931	2.1%
2005	352,650	10,527	3.1%
2006	358,119	5,469	1.6%
2007	365,632	7,513	2.1%
2008	365,716	84	0.0%
2009	359,991	-5,725	-1.6%
2010	359,534	-457	-0.1%
2011	365,839	6,305	1.8%
2012	367,328	1,489	0.4%
2013	368,425	1,097	0.3%
2014*	369,899	1,474	0.4%
Annual Ave. Change			
1980-2013		6,083	3.6%
2004-2013		2,922	1.1%
2009-2013		2,109	0.2%
2011-2013		1,293	0.8%

* Estimate based upon first 2 months

Source: Bureau of Economic Analysis, and THK Associates, Inc.

Table III-2: Employment by Industry for El Paso County, 1970-2013

Industry	1970	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Wage & Salary														
(By Place of Work)	114,356	166,620	217,133	231,836	237,607	245,770	256,348	272,381	283,145	295,485	306,587	317,517	326,641	336,857
Agricultural Services, Forestry, & Fisheries	268	730	1,358	1,599	1,570	1,567	1,819	2,156	2,240	2,433	2,700	2,898	3,181	3,205
Mining	178	372	788	581	690	650	589	658	570	500	583	553	553	529
Construction	5,227	8,936	14,702	9,343	9,688	11,417	12,546	14,251	14,972	16,974	17,652	18,788	19,893	21,454
Manufacturing	6,615	16,347	25,024	23,976	22,832	22,878	24,085	25,473	25,954	26,465	27,593	28,908	28,807	29,817
Transportation & Utilities	3,328	5,029	6,221	6,855	7,040	7,526	8,945	10,324	11,382	12,993	13,583	13,415	15,715	15,862
Wholesale Trade	1,607	3,796	4,543	6,285	6,456	6,614	6,044	6,236	6,401	6,684	7,342	7,744	7,806	8,241
Retail Trade	13,763	25,556	34,273	37,967	39,014	40,556	42,697	46,308	49,274	52,338	52,917	53,256	54,753	55,809
Finance, Insurance, Real Estate	8,268	15,897	20,329	17,722	17,180	17,557	17,937	18,011	20,696	22,248	25,070	28,550	29,199	31,406
Services	19,700	35,223	49,640	64,959	69,946	72,919	77,578	83,137	86,336	90,742	94,766	97,437	100,271	103,443
Government	19,027	23,658	26,111	30,677	30,773	31,281	31,657	32,555	33,875	34,458	35,186	36,419	37,428	38,227
Military	36,375	31,076	34,144	31,872	32,418	32,805	32,451	33,272	31,445	29,650	29,195	29,549	29,035	28,864
Farm	936	1,082	1,029	984	896	872	995	1,021	992	1,043	1,113	1,113	1,097	1,123
Total Employment	**115,292**	**167,702**	**218,162**	**232,820**	**238,503**	**246,642**	**257,343**	**273,402**	**284,137**	**296,528**	**307,700**	**318,630**	**327,738**	**337,980**

Industry	Sector Code	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average Annual Change '03-'13	'08-'13	'10-'13
Wage & Salary																	
(By Place of Work)		336,064	333,222	309,568	340,676	351,226	356,720	364,039	364,142	358,439	357,963	364,271	365,759	367,029	**5,746**	**577**	**3,022**
Forestry, fishing, and related activities	11	325	339	292	316	331	350	409	420	430	370	377	373	327	**4**	**-19**	**-14**
Mining	21	613	544	703	695	772	835	895	1,200	1,667	1,439	1,622	1,770	1,715	**101**	**103**	**92**
Utilities	22	540	643	599	592	593	610	644	701	723	665	635	629	553	**-5**	**-30**	**-37**
Construction	23	22,387	21,521	21,514	22,152	23,573	24,748	24,439	22,770	20,073	18,166	17,442	16,498	13,858	**-766**	**-1,782**	**-1,436**
Manufacturing	31-33	26,205	23,429	21,272	20,700	19,895	19,622	18,453	16,899	14,631	13,648	13,761	12,911	10,758	**-1,051**	**-1,228**	**-963**
Wholesale trade	42	7,416	7,072	6,900	6,719	6,938	7,048	7,231	7,301	6,612	5,960	5,865	5,622	4,786	**-211**	**-503**	**-391**
Retail Trade	44-45	36,554	36,627	37,081	38,148	38,888	39,394	39,651	38,391	36,442	36,208	36,791	36,449	32,068	**-501**	**-1,265**	**-1,380**
Transportation and warehousing	48-49	5,124	5,020	4,911	5,482	5,955	6,167	6,243	5,922	5,559	5,084	5,061	4,909	4,228	**-68**	**-339**	**-285**
Information	51	15,438	13,668	11,572	11,342	10,624	9,467	9,358	9,191	8,645	8,471	8,706	8,388	7,177	**-439**	**-403**	**-431**
Finance and insurance	52	17,393	18,470	18,861	18,712	19,589	19,539	20,101	20,591	21,479	20,626	21,438	21,641	19,401	**54**	**-238**	**-408**
Real estate and rental and leasing	53	12,995	13,343	13,551	14,295	15,571	16,255	17,280	17,065	16,724	17,103	17,345	17,590	15,842	**229**	**-245**	**-420**
Professional and technical services	54	25,645	24,699	25,407	27,090	28,099	28,985	30,418	31,531	31,696	30,814	30,525	30,562	27,175	**177**	**-871**	**-1,213**
Management of companies and enterprises	55	1,195	1,010	1,008	1,007	974	957	1,101	1,021	1,063	1,007	1,051	1,039	913	**-9**	**-22**	**-31**
Administrative and waste services	56	20,329	19,905	20,668	21,693	22,049	23,964	25,369	24,165	23,286	23,437	23,129	23,049	20,399	**-27**	**-753**	**-1,013**
Educational services	61	4,968	5,473	5,822	6,354	6,942	7,155	6,995	7,229	7,301	7,630	8,081	8,385	7,727	**190**	**100**	**32**
Health care and social assistance	62	24,027	24,348	24,745	25,029	25,673	26,369	27,564	28,807	29,259	29,997	31,001	31,726	28,835	**409**	**6**	**-387**
Arts, entertainment, and recreation	71	7,253	7,573	7,500	7,581	7,859	8,040	8,403	8,843	8,662	8,313	8,646	8,702	7,778	**28**	**-213**	**-178**
Accommodation and food services	80	24,057	24,234	310	24,747	25,058	26,137	26,336	25,982	25,048	25,151	26,278	26,405	23,563	**2,325**	**-484**	**-529**
Other services, except public administration	81	16,241	16,423	17,003	17,279	17,637	17,390	17,713	17,492	16,809	17,004	17,058	16,981	15,012	**-199**	**-496**	**-664**
Government and government enterprises	90	38,842	40,203	41,096	41,615	42,535	43,872	45,502	46,697	47,033	47,811	48,436	49,041	84,261	**4,317**	**7,513**	**12,150**
Military	--	28,517	28,678	28,753	29,128	31,671	29,816	29,934	31,924	35,297	39,059	41,023	43,089	40,655	**1,190**	**1,746**	**532**
Farm	--	1,468	1,500	1,523	1,447	1,424	1,399	1,593	1,574	1,552	1,571	1,568	1,570	1,396	**-13**	**-36**	**-58**
Total Employment		**337,532**	**334,722**	**311,091**	**342,123**	**352,650**	**358,119**	**365,632**	**365,716**	**359,991**	**359,534**	**365,839**	**367,328**	**368,425**	**5,733**	**542**	**2,446**

Source: Bureau of Economic Analysis and THK Associates, Inc.

Table III-3: Military Employment Trends in El Paso County, 1970-2013*

Year	Total Civilian Employment	Military Employment	Total Employment	Military as a % Percent of Total Employment	Annual Change - Military Employment Numerical	Annual Change - Military Employment Percent
1970	78,917	36,375	115,292	31.6%	--	--
1980	136,626	31,076	167,702	18.5%	-530	-1.6%
1990	204,132	31,872	236,004	13.5%	80	0.3%
2000	298,874	28,864	327,738	8.8%	-301	-1.0%
2001	309,463	28,517	337,980	8.4%	-347	-1.2%
2002	308,854	28,678	337,532	8.5%	161	0.6%
2003	305,969	28,753	334,722	8.6%	75	0.3%
2004	306,064	29,128	335,192	8.7%	375	1.3%
2005	310,452	31,671	342,123	9.3%	2,543	8.7%
2006	322,834	29,816	352,650	8.5%	-1,855	-5.9%
2007	328,185	29,934	358,119	8.4%	118	0.4%
2008	333,708	31,924	365,632	8.7%	1,990	6.6%
2009	330,419	35,297	365,716	9.7%	3,373	10.6%
2010	320,932	39,059	359,991	10.8%	3,762	10.7%
2011	318,511	41,023	359,534	11.4%	1,964	5.0%
2012	322,750	43,089	365,839	11.8%	2,066	5.0%
2013 *	327,770	40,655	368,425	11.0%	-2,434	-5.6%
Annual Change						
1970-2013*	5,787	100	5,887	-0.5%	100	0.3%
1980-2013*	5,792	290	6,083	-0.2%	290	0.8%
1990-2013*	5,376	382	5,757	-0.1%	382	1.1%
2004-2013*	2,412	1,281	3,693	0.3%	1,281	3.8%
2009-2013*	-662	1,340	677	0.3%	1,340	3.6%
2011-2013*	4,629	-184	4,446	-0.2%	-184	-0.4%

* Estimated through November

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, Colorado Springs Regional Economic Development Corporation and THK Associates, Inc.

Table III-4: Major Employers in the Colorado Springs MSA (2013)

	Company Name	Business	Employed in Colorado Springs
1	Memorial Health System	Healthcare & Pharmaceuticals	4,700
2	School District #11 - Colorado Springs	School	3,980
3	School District #20 - Air Academy	School	2,750
4	Penrose-St. Francis Health Services	Healthcare & Pharmaceuticals	2,650
5	City of Colorado Springs	Government	2,300
6	El Paso County	Government	2,000
7	Colorado Springs Utilities	Utilities	1,819
8	Broadmoor Hotel	Hospitality	1,774
9	School District #49 - Falcon	School	1,454
10	School District #2 - Harrison	School	1,421
11	United States Automobile Association	Insurance	1,199
12	School District #3 - Widefield	School	1,100
13	Pikes Peak Community College	School	989
14	Goodwill Industries of Colorado	Non-Profit, Retail	987
15	The Colorado College	Private School	919
16	Wells Fargo	Banking	803
17	YMCA of the Pikes Peak Region	Youth Sports	800

17 Major Employers Subtotal	**31,645**
17 Major Employers as % of Total Employment	**8.5%**

Labor Force Employment, Military

	Military Installation*	2004 Employed in Colorado Springs	2013 Employed in Colorado Springs
1	Fort Carson (Army)	15,757	26,000
2	Peterson Air Force Base (Includes NORAD)	5,542	9,264
3	Schriever Air Force Base	2,107	6,445
4	US Air Force Academy	6,410	5,174
	Total	**29,816**	**43,888**

Average Annual Growth 2004-2013	**1,564**
Military Employers as % of Total Employment	**11.8%**

*Employment numbers do not include federal, civilian employees at individual bases

Source: Colorado Springs Regional Economic Development Corporation, Colorado Springs Chamber of Commerce, and THK Associates, Inc.

C. Shift-Share Analysis

Overview

A shift-share analysis is one way to account for the competitiveness of a region's industries and to analyze the local economic base. This analysis is primarily used to dissect employment changes within an economy over a specific period of time into mutually exclusive factors. It paints a picture of how well the region's current industries are performing by systematically examining the national, local, and industrial components of employment change. A shift-share analysis will provide a dynamic account of total regional employment growth that is attributable to growth of the national economy, a mix of faster or slower than average growing industries, and the competitive nature of the local industries.

It should be noted that shift-share analysis is a simple analytical technique and does not account for many factors. Most notably, it minimizes the impact of issues such as business cycles, identification of actual comparative advantages, and differences caused by levels of industrial detail. The analysis should be interpreted with caution, given limitations of the methodology, and used in conjunction with other regional analysis techniques to come to a more complete representation or accurate picture. It should also be noted that the shift-share analysis cannot explain the causes of each component.

It is very important to keep in mind that shift-share analysis is highly sensitive to the stretch of time being examined, and that the results of an analysis on a particular region can vary greatly depending upon the health of the economic environment at the particular time period. For example, if one were to examine a region during a period of a national economic recession, one could expect the regional shift-share results to reflect the impact of the national influence. Similarly, if one were to run an analysis of a region using a time period where the nation as a whole was experiencing an economic expansion, we would expect the results of the analysis to reflect positive employment conditions in several industries. In other words, it is important to keep in mind the economic trends that were prevalent during the analyzed time period, since they will directly influence the outcome of the shift-share model. A shift-share industrial analysis is a "snap-shot" of two particular time frames and may not give an entirely clear picture of the local and national economies because the results are sensitive to the period of time chosen. As a general rule of thumb it is useful to limit the time period of analysis to five years or less.

Components of the Shift-Share Analysis

The shift-share analysis divides the change in local industry employment into three components of regional industry employment change:

National Growth Share – This component measures the number of jobs created locally due to national economic trends. Specifically, if the nation as a whole is experiencing employment growth, ("a rising tide lifts all boats"), one would expect total national growth to exert a positive growth influence on the local area. This factor describes the change that would be expected simply by virtue of the fact that the local area is part of a changing national economy. In the analysis, we first examine the *national growth share*, or the number of jobs lost or gained in a region if total employment in the region had changed at the same rate as overall total national employment. To calculate this component, you simply multiply the base year employment for each industry by the national average employment growth rate over the time period.

Industrial Mix Share – The second factor is the change in a local industry that would be attributable to the growth or decline of the industry nationally. This component isolates the fact that nationwide, some industries have grown faster or slower than others. The *industrial mix share* component helps you determine if the local industry is weighted toward industries that are growing faster or slower than the national average. This component is calculated multiplying the base year local employment in each industry by the difference between the sector's national growth rate and the national economy's overall growth rate.

Local Share – This component helps you determine whether local industries are growing faster or slower than similar industries at the national level. We observe that even during periods of general prosperity, some regions and still some industries grow faster than others do. This is usually attributed to some local comparative advantage such as natural resources, linked industries, or favorable local labor situations. The *local share* component aids in identifying a local area's economic strengths. This element of the analysis is a representation of how a region's competitive position can contribute to regional job growth. The *local share* component can point to industries that enjoy local comparative advantage; however, it cannot identify what the actual comparative advantage is. This component is calculated by multiplying employment in the base year by the difference between the local and national industry growth rates.

The column following the three components of regional industry employment change labeled **Abs. Chg.** represents the absolute change in employment by industry for the time period under study and is also the sum of the three components of regional industry employment change.

Shift-Share Analysis Results

As shown on the following tables, certain industries display the greatest employment potential. Other industries display positive growth and may exhibit some local potential comparative advantage, but not quite as high as industries in the first group. Still other industries are less promising in terms of employment growth, they display negative employment growth, or they display no definite growth pattern at all. Where the local share is larger than the industrial mix share, and both figures are positive, this is an indication that the local area may have some comparative advantage.

In total, there are 20 NAICS major industry sectors. These 20 industry sectors have been grouped into four categories: greatest likelihood for potential job opportunities, potential comparative advantage, less likely to offer employment opportunity, and indeterminate/no defined pattern.

- **Greatest Likelihood for Potential Job Opportunities** – These industries all displayed a positive national growth share, industry mix share, and local share during the time period.
- **Potential Comparative Advantage** – These industries displayed a positive national growth share and local share during the time period, but a negative industry mix share. This is an indication that the local area may have some comparative advantage in these industries, despite sub-par national performance.
- **Less Likely to Offer Employment Opportunity** – These industries displayed a positive national growth share during the time period, but a negative industry mix share and local share.
- **Indeterminate / No Defined Pattern** – As the title describes, these industries do not show a defined pattern during the time period.

El Paso County Market Shift-Share Results

Total employment in El Paso county study area grew by 18,126 jobs from 2003 to 2013, a change of 6.0%. In comparison, total employment in the United States grew by 14,741,200 jobs from 2003 to 2013, a change of 9.1%. Therefore El Paso county area underperformed the national average. Within El Paso county, there were five industries that showed the greatest likelihood for potential job opportunities, two industries that showed a potential comparative advantage, six industries that were less likely to offer employment opportunity, and seven industries where no defined pattern could be determined.

Table III-5: Shift-Share Analysis for El Paso County Market Area

NAICS Sector Code	NAICS Industry Sectors	El Paso County Employment 2003	El Paso County Employment 2013	El Paso County Growth Rate (%)	National Employment 2003	National Employment 2013	National Growth Rate (%)	Nat'l Share	Indust Mix	Local Share	Abs. Chg.
Greatest Likelihood for Potential Job Opportunities											
21	Mining	544	1,770	225%	748,000	1,328,700	78%	49	373	803	1,226
54	Professional and technical services	24,699	30,562	24%	10,158,200	12,244,700	21%	2,244	2,829	790	5,863
56	Administrative and waste services	19,905	23,049	16%	9,617,300	11,087,500	15%	1,808	1,234	101	3,144
61	Educational services	5,473	8,385	53%	3,178,600	4,196,400	32%	497	1,255	1,160	2,912
62	Health care and social assistance	24,348	31,726	30%	15,726,000	19,855,000	26%	2,212	4,181	986	7,378
Potential Comparative Advantage											
11	Forestry, fishing, and related activities	339	373	10%	831,700	864,700	4%	31	-17	20	34
92	Government and government enterprises	40,203	49,041	22%	23,600,000	24,101,000	2%	3,653	-2,799	7,985	8,838
Less Likely to Offer Employment Opportunities											
23	Construction	21,521	16,498	-23%	9,678,800	8,830,900	-9%	1,955	-3,841	-3,138	-5,023
31-33	Manufacturing	23,429	12,911	-45%	15,753,700	12,596,500	-20%	2,129	-6,824	-5,823	-10,518
42	Wholesale trade	7,072	5,622	-21%	6,101,800	6,300,100	3%	643	-413	-1,680	-1,450
44-45	Retail Trade	36,627	36,449	0%	18,194,100	18,184,800	0%	3,328	-3,346	-160	-178
48-49	Transportation and warehousing	5,020	4,909	-2%	5,359,300	5,838,400	9%	456	-7	-560	-111
51	Information	13,668	8,388	-39%	3,715,200	3,257,900	-12%	1,242	-2,924	-3,597	-5,280
Indeterminate / No Defined Pattern											
22	Utilities	643	629	-2%	599,600	575,200	-4%	58	-85	12	-14
52	Finance and insurance	18,470	21,641	17%	7,873,300	9,985,200	27%	1,678	3,276	-1,783	3,171
53	Real estate and rental and leasing	13,343	17,590	32%	5,676,000	8,243,200	45%	1,212	4,823	-1,788	4,247
55	Management of companies and enterprises	1,010	1,039	3%	1,809,000	2,166,800	20%	92	108	-170	29
71	Arts, entertainment, and recreation	7,573	8,702	15%	3,265,200	3,997,600	22%	688	1,011	-570	1,129
72	Accommodation and food services	24,234	26,405	9%	10,926,200	12,798,500	17%	2,202	1,951	-1,982	2,171
81	Other services, except public administration	16,423	16,981	3%	9,444,100	10,544,200	12%	1,492	421	-1,355	558
	Overall	**304,544**	**322,670**	**6.0%**	**162,256,100**	**176,997,300**	**9.1%**				

Source: Bureau of Economic Analysis, & THK Associates, Inc.

D. Projected Employment Growth

Fueling El Paso County's employment growth is a relatively diverse economic base. Table III-5 projects employment by industry for El Paso County from 2014 through 2024. El Paso County is projected to experience an increase of 2,444 jobs in 2014 as the market continues to recover, and gain 3,213 jobs in 2015. This is largely as a result of military employment expanding in the area, as local officials indicate that Fort Carson is expected to grow by 2,700 new jobs by year end 2014. However, many officials believe that military employment will stabilize or decrease slightly after this initial ramp up, and therefore military employment will remain relatively stable in the area between 2015 and 2024. Healthcare will be another major contributor to the Colorado Springs economy with the expected addition of more than 900 jobs annually through 2024.

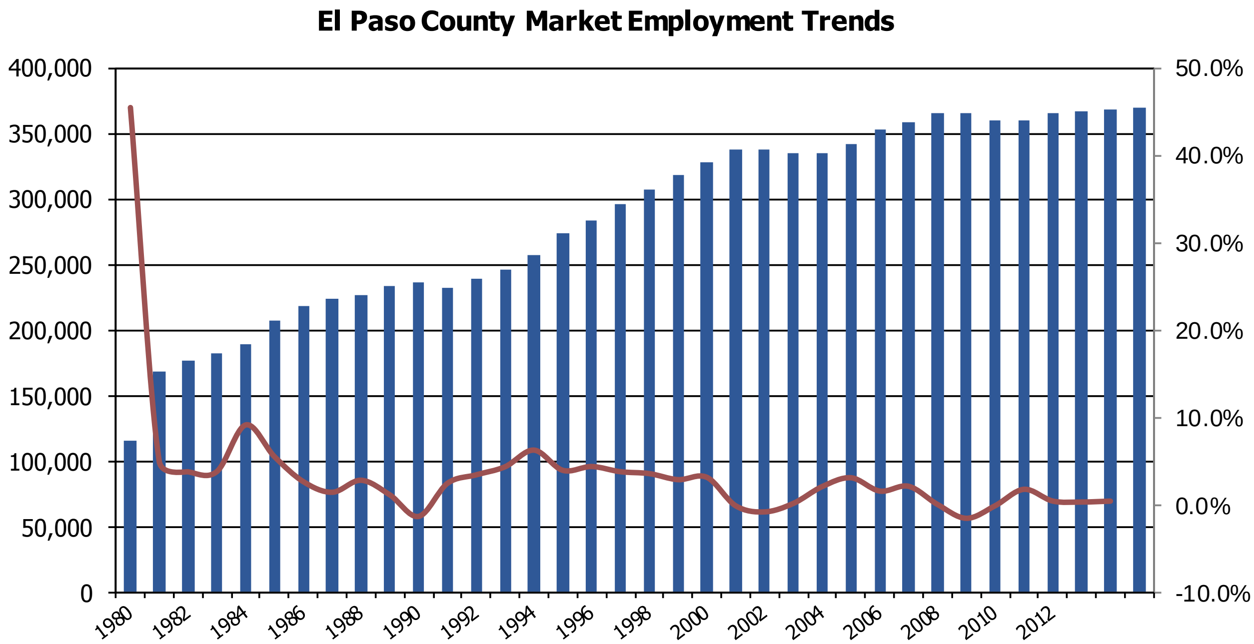

El Paso County Market Employment Trends
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
0
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
1980
1982
1984
1986
1988
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012

Table III-6: Projected El Paso County Employment, 2014-2024

Industry	Annual Rate of Change	Historical 2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Average Annual Change
Total Non Farm														
(By Place of Work)	1.4%	367,029	329,735	333,932	338,595	343,373	348,269	353,288	358,436	363,717	369,138	374,704	380,422	**5,069**
Forestry, fishing, and related activities	3.0%	327	335	344	354	365	376	387	399	411	423	436	449	**11**
Mining	9.9%	1,715	1,843	2,013	2,214	2,436	2,679	2,947	3,242	3,566	3,923	4,315	4,747	**290**
Utilities	0.5%	553	555	558	561	564	566	569	572	575	578	581	584	**3**
Construction	2.0%	13,858	14,066	14,324	14,611	14,903	15,201	15,505	15,815	16,132	16,454	16,783	17,119	**305**
Manufacturing	0.5%	10,758	10,798	10,848	10,902	10,957	11,011	11,066	11,122	11,177	11,233	11,289	11,346	**55**
Wholesale trade	0.5%	4,786	4,804	4,826	4,850	4,874	4,899	4,923	4,948	4,972	4,997	5,022	5,047	**24**
Retail Trade	0.5%	32,068	32,188	32,336	32,498	32,660	32,823	32,988	33,152	33,318	33,485	33,652	33,820	**163**
Transportation and warehousing	0.5%	4,228	4,244	4,263	4,285	4,306	4,328	4,349	4,371	4,393	4,415	4,437	4,459	**22**
Information	0.0%	7,177	7,178	7,179	7,179	7,180	7,181	7,181	7,182	7,183	7,184	7,184	7,185	**1**
Finance and insurance	2.0%	19,401	19,692	20,054	20,455	20,864	21,281	21,707	22,141	22,584	23,036	23,496	23,966	**427**
Real estate and rental and leasing	3.0%	15,842	16,198	16,645	17,145	17,659	18,189	18,734	19,296	19,875	20,472	21,086	21,718	**552**
Professional and technical services	2.0%	27,175	27,583	28,090	28,652	29,225	29,809	30,406	31,014	31,634	32,267	32,912	33,570	**599**
Management of companies and enterprises	1.0%	913	920	928	938	947	956	966	976	985	995	1,005	1,015	**10**
Administrative and waste services	1.0%	20,399	20,552	20,741	20,948	21,158	21,369	21,583	21,799	22,017	22,237	22,459	22,684	**213**
Educational services	4.0%	7,727	7,958	8,251	8,581	8,925	9,282	9,653	10,039	10,441	10,858	11,292	11,744	**379**
Health care and social assistance	3.0%	28,835	29,484	30,297	31,206	32,142	33,107	34,100	35,123	36,177	37,262	38,380	39,531	**1,005**
Arts, entertainment, and recreation	1.5%	7,778	7,866	7,974	8,094	8,215	8,339	8,464	8,591	8,719	8,850	8,983	9,118	**125**
Accommodation and food services	1.5%	23,563	23,828	24,157	24,519	24,887	25,260	25,639	26,024	26,414	26,810	27,213	27,621	**379**
Other services, except public administration	0.5%	15,012	15,068	15,137	15,213	15,289	15,365	15,442	15,519	15,597	15,675	15,753	15,832	**76**
Government and government enterprises	0.5%	84,261	84,577	84,966	85,391	85,818	86,247	86,678	87,112	87,547	87,985	88,425	88,867	**429**
Military	1.0%	40,655	40,960	41,337	41,750	42,168	42,590	43,015	43,446	43,880	44,319	44,762	45,210	**425**
Total employment	1.4%	367,029	370,695	375,269	380,346	385,541	390,858	396,304	401,881	407,597	413,457	419,466	425,632	
Job growth/(losses)		1,097	3,666	4,574	5,077	5,195	5,318	5,445	5,578	5,716	5,860	6,009	6,166	**5,494**
Job growth rate		0.3%	1.0%	1.2%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.5%	1.5%	

Source: BEA, BLS, and THK Associates, Inc.

E. Per Capita Personal Income

Table III-7 illustrates the growth of per capita personal income El Paso County since 1990. Since 1990, residents have experienced an average annual increase of $1,053 or 3.8%. The average annual per capita increase in El Paso County has been $918 or 2.5% in the last decade and more than $1,100 or 2.8% over the past three years. The only year where there was a decrease in earnings was in 2009, but incomes have since recovered and have held steady at a 2.2% increase over the past two years.

Table III-7: Per Capita Personal Income by County for the El Paso County Area, 1990-2013

	El Paso	
Year	Income	Annual Change
1990	$17,583	--
1991	$18,470	5.0%
1992	$19,266	4.3%
1993	$19,740	2.5%
1994	$20,446	3.6%
1995	$21,780	6.5%
1996	$23,220	6.6%
1997	$24,352	4.9%
1998	$26,264	7.9%
1999	$27,833	6.0%
2000	$30,173	8.4%
2001	$31,673	5.0%
2002	$31,698	0.1%
2003	$32,623	2.9%
2004	$33,528	2.8%
2005	$35,106	4.7%
2006	$36,456	3.8%
2007	$38,086	4.5%
2008	$38,414	0.9%
2009	$38,144	-0.7%
2010	$38,493	0.9%
2011	$40,019	4.0%
2012	$40,893	2.2%
2013	$41,793	2.2%
Average Annual Change		
1990-2013	**$1,053**	**3.8%**
2004-2013	**$918**	**2.5%**
2009-2013	**$1,100**	**2.8%**

Source: U.S. Dept. of Commerce, Bureau of Economic Analysis, & THK Associates, Inc.

F. Population and Household Growth Trends in the El Paso County Market Area

Trends in population and household growth are principal indicators of the potential demand for real estate development. Population and household data for El Paso County are shown in Table III-8. Population growth in El Paso County has been strong since 1990. Since 1990, the population in the El Paso County market area has increased by 11,890 people annually from 381,460 to 501,533 in 2013. The number of households increased by 4,112 annually during the same period, jumping from 107,791 in 1990 to 243,471 in 2013. The compound annual growth rate for population in the market area over the last 23 years was 2.5% per year; households also grew at a compound rate of 2.5%. However, since 2000 the El Paso County population has slowed its rate of growth to 2.1% annually, with household growth slowing even more and growing by 2.2% per year.

The City of Fountain has experienced modest growth since 2000, increasing from a population of 15,197 in 2000 to a population of 26,891 in 2012. Over the past 12 years, the City's population has increased by an average of 945 people per year.

The City of Colorado Springs has experienced a significant and steady increase in population over the past 12 years. In 2000, the population of the City was 360,890. It has since increased to 431,834 in 2012, an increase of 70,944, or 16.4%.

Table III-8: Residential Building Permits Issued by Type and Tenure in the El Paso County Market Area, 1980-2014

Year	Single Family Units	Percent of Total	Multi-Family Units	Percent of Total	Total	Percent of Total
1980	2,171	81.4%	496	18.6%	2,667	100.0%
1981	2,452	89.6%	285	10.4%	2,737	100.0%
1982	3,380	82.8%	704	17.2%	4,084	100.0%
1983	5,324	49.9%	5,352	50.1%	10,676	100.0%
1984	4,336	46.7%	4,942	53.3%	9,278	100.0%
1985	4,367	66.6%	2,191	33.4%	6,558	100.0%
1986	5,423	84.4%	1,006	15.6%	6,429	100.0%
1987	2,255	82.8%	468	17.2%	2,723	100.0%
1988	1,461	93.2%	107	6.8%	1,568	100.0%
1989	863	98.4%	14	1.6%	877	100.0%
1990	749	71.4%	300	28.6%	1,049	100.0%
1991	1,183	95.9%	50	4.1%	1,233	100.0%
1992	2,857	100.0%	0	0.0%	2,857	100.0%
1993	3,638	97.9%	77	2.1%	3,715	100.0%
1994	3,661	96.2%	145	3.8%	3,806	100.0%
1995	3,447	73.0%	1,278	27.0%	4,725	100.0%
1996	4,067	76.9%	1,225	23.1%	5,292	100.0%
1997	3,823	79.7%	972	20.3%	4,795	100.0%
1998	4,266	86.1%	687	13.9%	4,953	100.0%
1999	4,389	79.3%	1,148	20.7%	5,537	100.0%
2000	5,098	81.4%	1,166	18.6%	6,264	100.0%
2001	5,260	73.9%	1,856	26.1%	7,116	100.0%
2002	5,031	73.7%	1,796	26.3%	6,827	100.0%
2003	5,069	96.8%	169	3.2%	5,238	100.0%
2004	6,179	95.3%	306	4.7%	6,485	100.0%
2005	6,348	93.6%	434	6.4%	6,782	100.0%
2006	4,151	93.8%	273	6.2%	4,424	100.0%
2007	2,723	88.3%	361	11.7%	3,084	100.0%
2008	1,553	78.2%	432	21.8%	1,985	100.0%
2009	1,325	99.4%	8	0.6%	1,333	100.0%
2010	1,634	95.1%	84	4.9%	1,718	100.0%
2011	1,563	70.4%	657	29.6%	2,220	100.0%
2012	2,377	79.9%	597	20.1%	2,974	100.0%
2013	2,856	81.8%	636	18.2%	3,492	100.0%
2014 *	361	100.0%	0	0.0%	361	100.0%
33 Year Average 1980-2013	3,391	79.2%	889	20.8%	4,279	100.0%
Average between 2003-2013	3,071	89.0%	379	11.0%	3,450	100.0%
Average between 2009-2013	1,951	83.1%	396	16.9%	2,347	100.0%
3-Year Average 2011-2013	2,265	78.2%	630	21.8%	2,895	100.0%

Source: U.S. Department of Commerce, C-40 Reports and THK Associates, Inc.

G. Residential Construction Trends in the El Paso County Market Area

Residential housing construction by type and tenure is displayed in Table III-9. As shown, single-family and duplex construction has driven historical permit activity in El Paso County, ranging from 79.2% of permits issued over the last 33 years to 89.0% of permits issued since 2003. Multi-family construction activity has been all over the board in the last 33 years, but has held fairly steady at 657, 597, and 636 in 2011, 2012, and 2013 respectively.

Table III-9 tracks the permit activity in the Cities of Fountain and Colorado Springs. Of the 3,391 permits authorized annually since 1980 in El Paso County, 2,293 per year were issued by the City of Colorado Springs. Fountain issued an average of 279 single-family residential building permits annually during the 2004-2013 period. More recently, between 2011 and 2013, Fountain issued an average of just 166 single-family permits annually or 5.7% of the market activity.

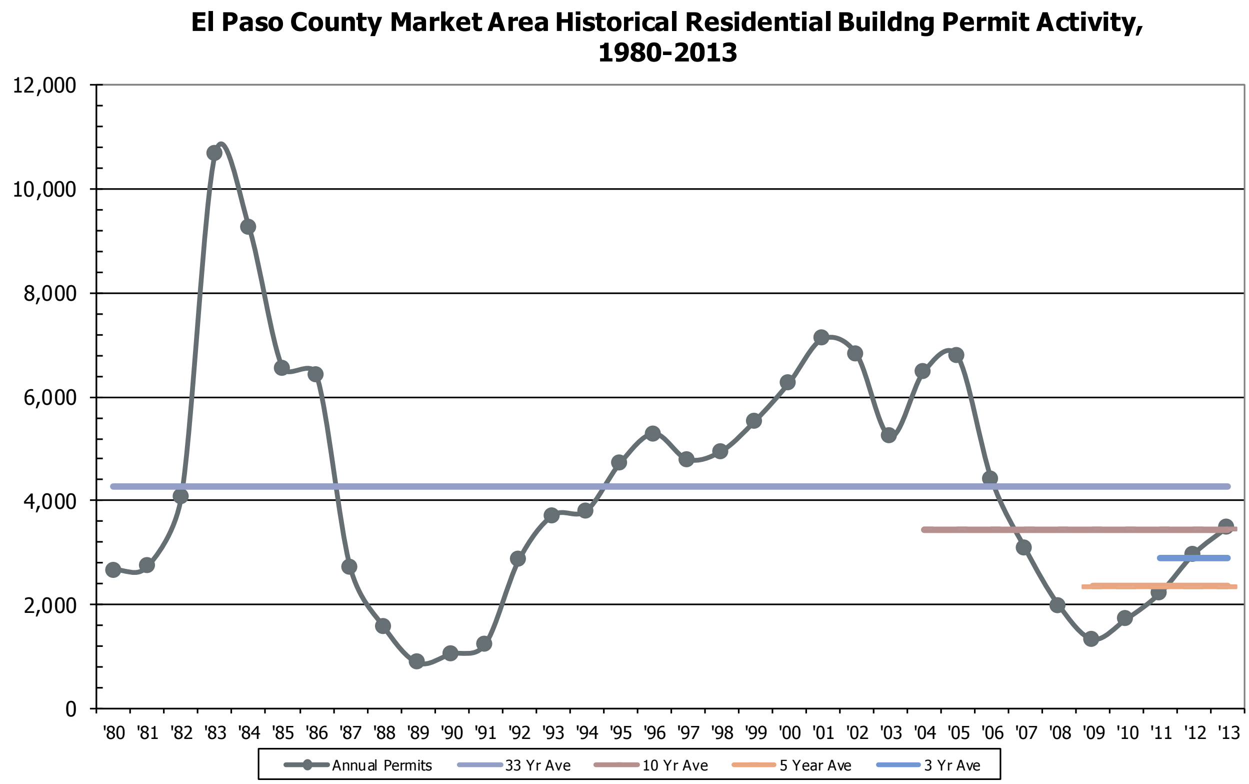

El Paso County Market Area Historical Residential Buildng Permit Activity,
1980-2013
12,000
10,000
8,000
6,000
4,000
2,000
0
'80 '81 '82 '83 '84 '85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13
Annual Permits
33 Yr Ave
10 Yr Ave
5 Year Ave
3 Yr Ave

Table III-9: Residential Building Permits Issued by Major City/Town in the El Paso County Area, 1980-2014

Single Family					
	Fountain		**Colorado Springs**		**El Paso County Total**
Year	Permits	Percent of Total	Permits	Percent of Total	**Permits**
1980	NA	-	2,167	81.3%	**2,667**
1981	NA	-	2,452	89.6%	**2,737**
1982	NA	-	3,380	82.8%	**4,084**
1983	NA	-	5,324	49.9%	**10,676**
1984	NA	-	4,336	46.7%	**9,278**
1985	224	3.4%	4,367	66.6%	**6,558**
1986	350	5.4%	5,423	84.4%	**6,429**
1987	60	2.2%	2,255	82.8%	**2,723**
1988	45	2.9%	1,461	93.2%	**1,568**
1989	10	1.1%	863	98.4%	**877**
1990	4	0.4%	749	71.4%	**1,049**
1991	0	0.0%	776	62.9%	**1,233**
1992	13	0.5%	1,962	68.7%	**2,857**
1993	91	2.4%	2,268	61.0%	**3,715**
1994	62	1.6%	2,216	58.2%	**3,806**
1995	75	1.6%	2,155	45.6%	**4,725**
1996	176	3.3%	2,777	52.5%	**5,292**
1997	155	3.2%	2,551	53.2%	**4,795**
1998	191	3.9%	2,757	55.7%	**4,953**
1999	272	4.9%	2,877	52.0%	**5,537**
2000	258	4.1%	2,957	47.2%	**6,264**
2001	328	4.6%	3,102	43.6%	**7,116**
2002	316	4.6%	3,157	46.2%	**6,827**
2003	364	6.9%	2,843	54.3%	**5,238**
2004	442	6.8%	3,454	53.3%	**6,485**
2005	692	10.2%	3,178	46.9%	**6,782**
2006	490	11.1%	1,855	41.9%	**4,424**
2007	354	11.5%	1,395	45.2%	**3,084**
2008	122	6.1%	889	44.8%	**1,985**
2009	131	9.8%	672	50.4%	**1,333**
2010	62	3.6%	826	48.1%	**1,718**
2011	60	2.7%	813	36.6%	**2,220**
2012	264	8.9%	1,202	40.4%	**2,974**
2013	173	5.0%	1,541	44.1%	**3,492**
2014*	27	7.5%	311	86.1%	**361**
29-Year Average 1985-2013	199	5.0%	2,474	61.8%	**4,002**
10-Year Average 2004-2013	279	8.1%	2,104	61.0%	**3,450**
5-Year Average 2009-2013	138	5.9%	1,372	58.4%	**2,347**
3-Year Average 2011-2013	166	5.7%	1,372	47.4%	**2,895**

Source: Pikes Peak Regional Building, C-40 Reports and THK Associates, Inc.

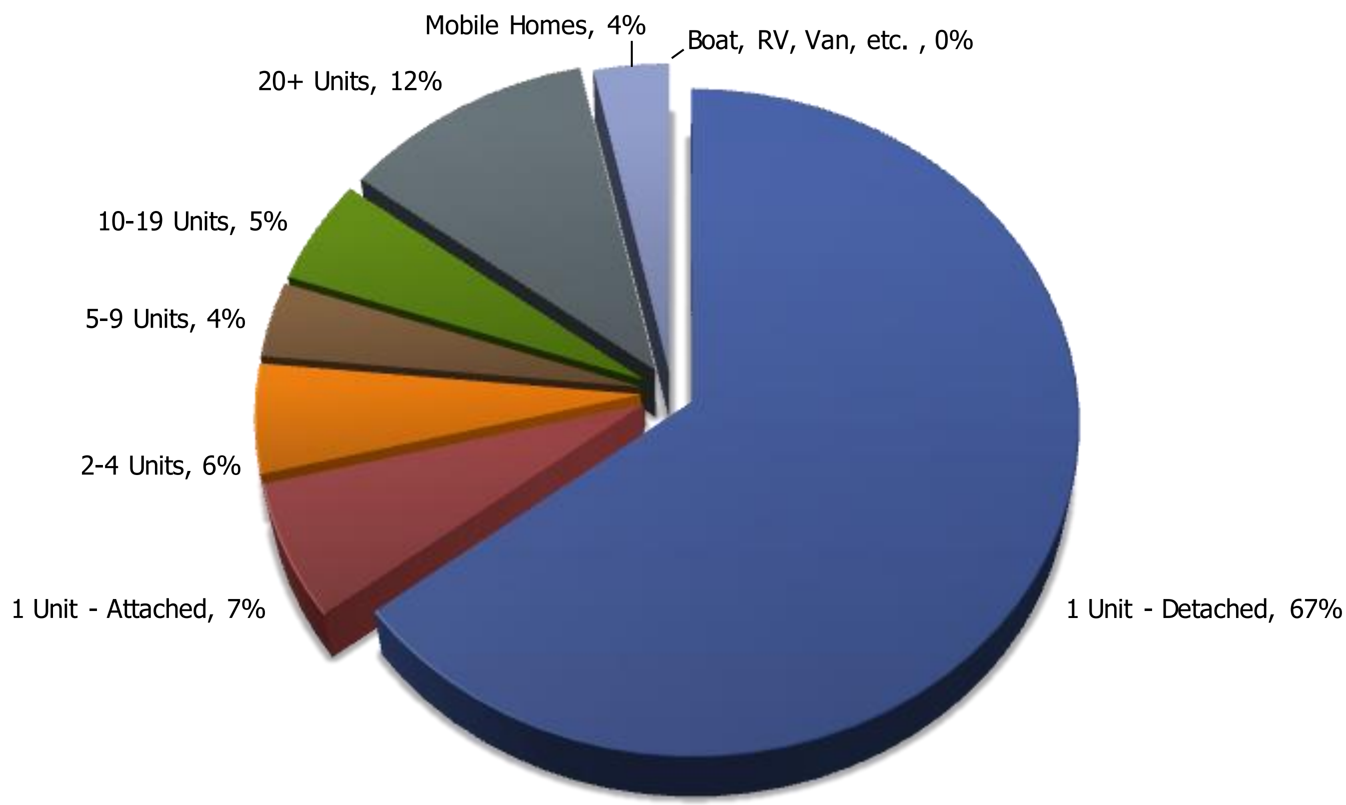
Table III-10: Total Housing Units and Type, 2000 & 2010 US Census, 2014 Estimate

	2000 US Census				2010 US Census				2014 Estimate			
	El Paso County	% of Total	Fountain City	% of Total	El Paso County	% of Total	Fountain City	% of Total	El Paso County	% of Total	Fountain City	% of Total
Total # of Housing Units	202,428	100%	4,910	100%	252,852	100%	9,052	100%	263,428	100%	9,549	100%
Occupied Units	192,409	95%	4,755	97%	235,959	93%	8,434	93%	244,988	93%	8,833	93%
Owner Occupied	124,433	61%	3,387	69%	152,293	60%	5,998	66%	154,759	59%	6,111	64%
Renter Occupied	67,976	34%	1,368	28%	83,666	33%	2,436	27%	108,669	41%	3,438	36%
Unit Type Breakdown												
Single-Family	141,315	70%	3,715	76%	186,347	74%	7,364	81%	193,883	74%	8,002	84%
Multi-Family	51,690	26%	775	16%	57,317	23%	1,075	12%	69,282	26%	1,165	12%
Miscellaneous*	9,423	5%	420	9%	9,055	4%	613	7%	9,220	4%	382	4%
1 Unit - Detached	129,317	64%	3,602	73%	164,544	65%	6,691	74%	175,970	67%	7,525	79%
1 Unit - Attached	11,998	6%	113	2%	21,803	9%	673	7%	17,913	7%	477	5%
2-4 Units	14,753	7%	351	7%	14,703	6%	672	7%	14,489	6%	668	7%
5-9 Units	8,397	4%	153	3%	9,762	4%	292	3%	10,010	4%	325	3%
10-19 Units	10,040	5%	76	2%	13,276	5%	74	1%	13,962	5%	95	1%
20+ Units	18,500	9%	195	4%	19,576	8%	37	0%	30,821	12%	76	1%
Mobile Homes	9,135	5%	409	8%	9,055	4%	613	7%	9,220	4%	382	4%
Boat, RV, Van, etc.	288	0%	11	0%	0	0%	0	0%	0	0%	0	0%

*Miscellaneous housing includes mobile homes, RV's, vans, boats, etc.

Source: US Census Bureau and THK Associates, Inc.

El Paso County Market Housing Breakdown, 2014



H. Population and Household Trends

The employment participation rate, typically expressed as a decimal, has been increasing steadily during recent years as more women have entered the workforce. A rising employment participation rate is a good indicator of improving conditions in the regional economy. First, a large number of people are employed in the workforce, which has a corresponding effect on unemployment levels. Secondly, a larger number of workers in a low wage market provides an ample labor supply for expanding firms or new firms relocating to the area. Finally, more workers earning salaries will boost the area's volume of disposable income available for new retail, housing, and related expenditures.

Population, household, and employment data for the El Paso County market area are compared in Table III-12. In 1980, the permanent population of the market area was 293,720 and resident employment was 115,292 for an employment participation rate of .3925. By 1990, the market area's resident employment had increased to 236,004 with a population of 381,460 for an employment participation rate of .6187. In Table III-9, the population growth of El Paso County is projected based on the anticipated employment growth. With a projected 2024 resident employment of 425,142 the estimated 2024 permanent population for the market area will be 693,720 with a projected employment participation rate of 0.6128. The El Paso County population is projected to grow by 4,090 persons per year through 2024, while adding 5,390 jobs annually.

Table III-12 also shows the projected trends in new household formations for the El Paso County market area. The population per household in the County market area declined from 2.5828 in 1980 to 2.4908 in 1990. Population per household increased slightly to to 2.5961 in 2013.

During the next decade household size will decline, but at a very modest rate. New household formations in the El Paso County market area are projected to grow by an average of 1,415 annually during the next decade, with the average household size declining to 2.5677.

Table III-: Estimates of Population and Households in the El Paso County Market Area 1980-2014

	City of Fountain		El Paso County	
Year	Pop	HH	Pop	HH
1980	8,324	2,703	309,424	107,791
1990	9,984	3,243	397,014	146,965
2000	15,197	5,202	516,929	192,409
2010	25,846	8,724	622,263	235,959
2014 *	27,130	9,166	650,161	246,273
(1980-2014):				
Numerical	550	190	10,020	4,073
Percent	3.5%	3.7%	2.2%	2.5%
(1990-2014):				
Numerical	710	247	10,550	4,138
Percent	4.3%	4.4%	2.1%	2.2%
(2000-2014):				
Numerical	852	283	9,517	3,847
Percent	4.2%	4.1%	1.7%	1.8%

*Estimate

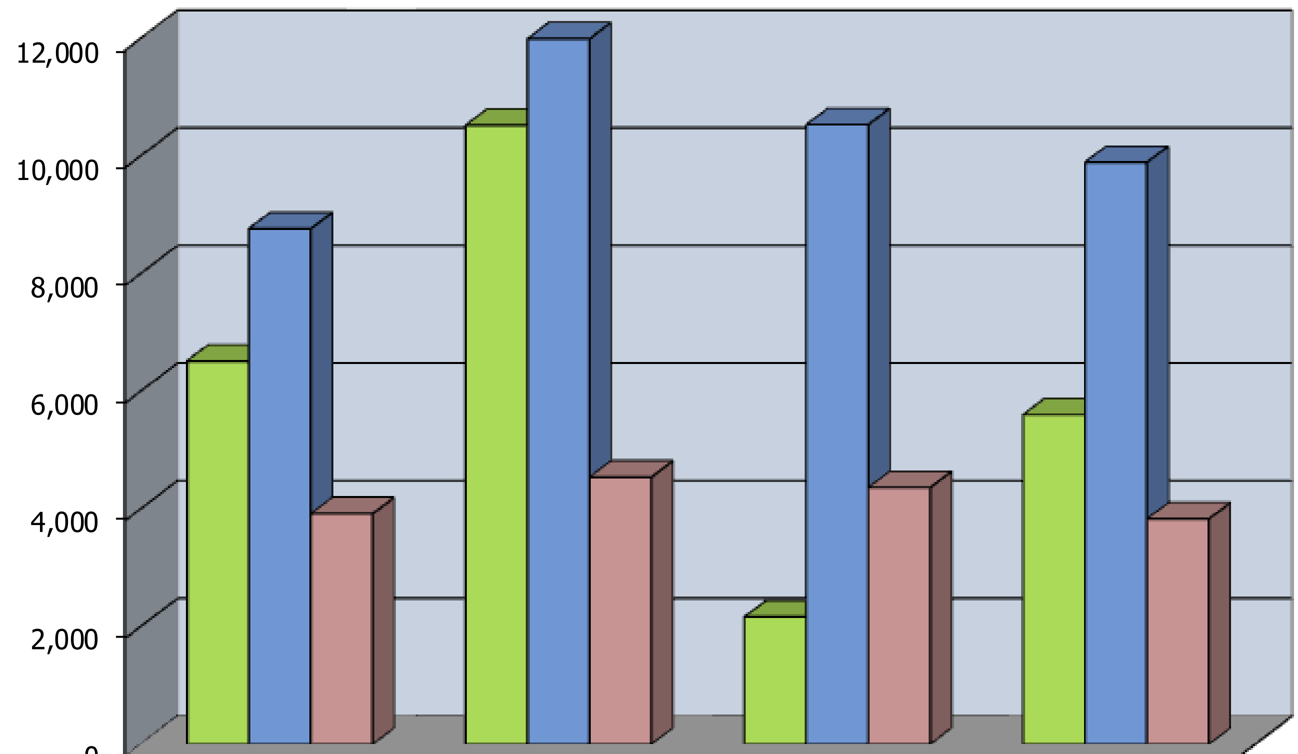
Source: Bureau of Census, City of Fountain and THK Associates, Inc.

Table III-12: Projected Permanent Population and Households in the El Paso County Market Area, 2015-2024

Year	Total Employment	Employment Participation Ratio	Permanent January 1, Population*	Annual Population Change	Population in Group Quarters**	Permanent Population In Households	Permanent Population Per Household	Households	Annual Household Change
1980	167,702	0.5420	309,424	---	15,320	294,104	2.7285	107,791	--
1990	232,820	0.5864	397,014	8,760	15,400	381,614	2.5966	146,965	3,920
2000	337,980	0.6538	516,929	11,990	15,422	501,507	2.6065	192,409	4,540
2010	359,534	0.5778	622,263	10,530	19,141	603,122	2.5560	235,959	4,360
2014	370,695	0.5702	650,161	6,970	19,284	630,877	2.5617	246,273	2,580
2015	375,269	0.5701	658,250	8,970	19,427	638,823	2.5614	249,400	3,471
2016	380,346	0.5700	667,220	9,180	19,572	647,648	2.5612	252,870	3,553
2017	385,541	0.5700	676,400	9,400	19,718	656,682	2.5609	256,423	3,639
2018	390,858	0.5699	685,800	9,620	19,865	665,935	2.5607	260,063	3,725
2019	396,304	0.5699	695,420	9,860	20,013	675,407	2.5604	263,788	3,819
2020	401,881	0.5698	705,280	10,100	20,162	685,118	2.5602	267,607	3,914
2021	407,597	0.5698	715,380	10,360	20,312	695,068	2.5599	271,521	4,015
2022	413,457	0.5697	725,740	10,620	20,463	705,277	2.5596	275,536	4,117
2023	419,466	0.5696	736,360	10,900	20,616	715,744	2.5594	279,654	4,227
2024	425,632	0.5696	747,260	11,190	20,769	726,491	2.5591	283,881	4,341
Average Annual Change (2015-2024)									
Numerical:	**5,600**		**9,890**		**150**	**9,740**		**3,830**	
Percent:	**1.4%**		**1.4%**		**0.7%**	**1.4%**		**1.4%**	

Source: Dept of Commerce, Bureau of the Census and THK Associates, Inc.

Population and Household Growth in the El Paso County Market



	1980-1990	1990-2000	2000-2010	2015-2024
Average Annual Employment Growth	6,510	10,520	2,160	5,600
Average Annual Population Growth	8,760	11,990	10,530	9,890
Average Annual Household Growth	3,920	4,540	4,360	3,830

*** Projected**

IV. RESIDENTIAL MARKET ANALYSIS

IV. RESIDENTIAL MARKET ANALYSIS

Part I. RESIDENTIAL DEMAND

A. Projected Residential Demand by Unit Type

The potentials for new residential development are subject to a variety of pressures including interest rates; inflation; and social, political, and other economic influences. THK has projected the overall growth in population and household formations for the county and the residential trade area, which will create the aggregate demand for new housing construction. Historical trends in new housing construction were also examined to show how past construction trends have coincided with population and demographic changes and economic conditions. These projections and trends are detailed in the appendix of the report.

Table IV-1 demonstrates the El Paso area residential demand by tenure and unit type. During the time period 2014-2024, the area is expected to add an average of 3,764 permanent households per year, reaching a total of 283,881 households in 2024. This household increase will give rise to a demand for the construction of 4,027 new housing units annually after accounting for vacancies and demolition activity. THK has assumed that initially 79.5% of these potential units will be persons that will opt to own their home and 20.5% will go into the rental market. THK expects the ownership percentage to gradually decrease to approximately 76.8% by 2024. This percentage is an average ownership rate based on historical levels. Thus, an average of 3,142 (78%) total ownership units will be demanded annually, of which 2,932 (72.8%) will be detached single-family units, 210 (5.2%) will be attached single family units, and the remaining housing demand will be for an annual average of 886 (22%) rental housing units.

These projections for the broader El Paso county market are further used to arrive at total household projections for the residential trade area as defined by the boundaries shown in Figure 6. Table IV-2 shows the population and household relationship between El Paso County and the primary residential trade area. From 1980 to 2014, nearly 22.1% of the household formation and 20.2% of the population growth in El Paso County has come from the primary residential trade area. Since 2000, the primary residential trade area has represented 23.6% of the county's population growth and 22.6% of the county's household formation. THK expects a similar relationship going forward and as shown in Table IV-3, the residential trade area is expected to add an annual average of 2,250 (23.2% of county) new persons in 840 (22.3% of county) new households.

Finally, Table IV-4 shows the anticipated ten year growth in housing units for the primary residential trade area and the breakdown of that anticipated growth by unit type. Accordingly, it is projected that an annual average of 899 new housing units will be demanded in the primary residential trade area. Of which 631 (70%) will be single family detached, 84 (9%) will be single family attached, and 184 (20%) will be for rental housing.

Figure 8- EL PASO COUNTY TRADE AREA MAP

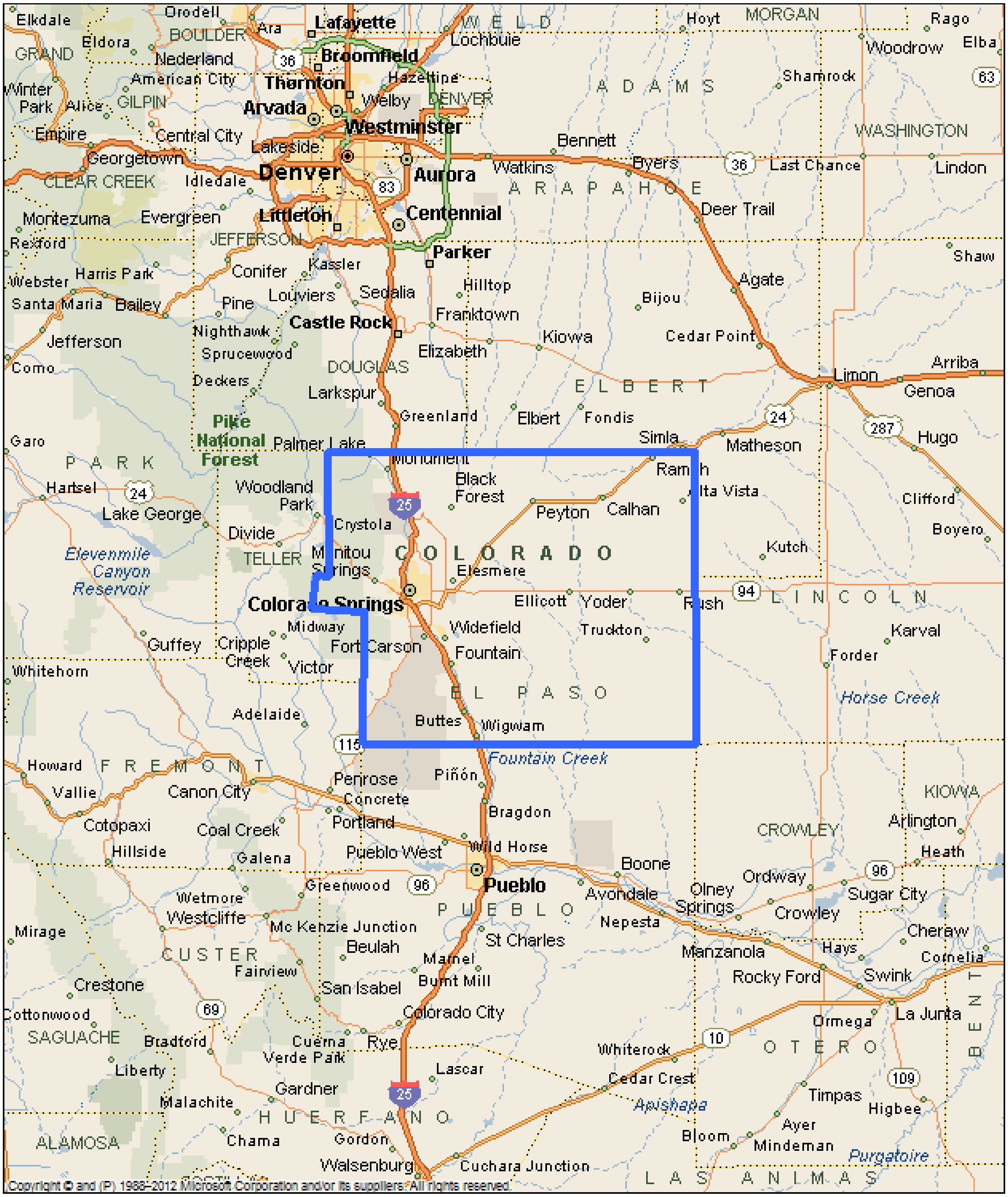


Table IV-1: Projected Total El Paso County Residential Demand, 2014-2024

Year	Households	Annual Household Growth	Total Housing Unit Demand	Ownership Units: Total Owner-ship	Ownership Units: Detached Single Family	Ownership Units: Attached Single Family	Rental Housing
2014	246,273	2,580	2,761	2,195	2,045	149	566
2015	249,400	3,471	3,714	2,942	2,743	199	772
2016	252,870	3,553	3,802	3,001	2,798	203	800
2017	256,423	3,639	3,894	3,063	2,857	206	831
2018	260,063	3,725	3,986	3,125	2,915	210	861
2019	263,788	3,819	4,087	3,193	2,979	214	894
2020	267,607	3,914	4,187	3,260	3,042	217	928
2021	271,521	4,015	4,297	3,333	3,111	222	964
2022	275,536	4,117	4,406	3,406	3,180	226	1,000
2023	279,654	4,227	4,523	3,484	3,254	230	1,039
2024	283,881	4,341	4,645	3,565	3,331	235	1,079
Average Annual Demand (2015-2024)	**3,764**		**4,027**	**3,142**	**2,932**	**210**	**886**
		% of Total	**100.0%**	**78.0%**	**72.8%**	**5.2%**	**22.0%**
Total Demand (2015-2024)			**41,540**	**32,372**	**30,210**	**2,162**	**9,168**

Source: THK Associates, Inc.

Figure 9- APPLETREE RESIDENTIAL TRADE AREA MAP

Table IV-2: Historic Population and Household Estimates, 1990-2014

						Annual Average							
						1980-2014		1990-2014		2000-2014		2010-2014	
	1980	1990	2000	2010	2014	Num.	Per.	Num.	Per.	Num.	Per.	Num.	Per.
El Paso County													
Population	309,424	397,014	516,929	622,263	650,161	10,022	2.2%	10,548	2.1%	9,517	1.7%	6,974	1.1%
Households	107,791	146,965	192,409	235,959	246,273	4,073	2.5%	4,138	2.2%	3,847	1.8%	2,579	1.1%
Appletree Environs PTA													
Population	86,639	100,832	123,898	143,871	155,366	2,021	1.7%	2,272	1.8%	2,248	1.6%	2,874	1.9%
Households	25,331	35,879	43,765	51,836	55,918	900	2.4%	835	1.9%	868	1.8%	1,021	1.9%
Appletree Environs PTA as a percent of the El Paso County													
Population	28.0%	25.4%	24.0%	23.1%	23.9%	20.2%		21.5%		23.6%		41.2%	
Households	23.5%	24.4%	22.7%	22.0%	22.7%	22.1%		20.2%		22.6%		39.6%	

Source: U.S. Bureau of the Census, Sitewise Tetrad STI Data and THK Associates, Inc.

Table IV-3: Projected Population and Household Estimates, 2014-2024

				Annual Average			
				2014-2019		2014-2024	
	2014	2019	2024	Num.	Per.	Num.	Per.
El Paso County							
Population	650,161	695,420	747,260	9,050	1.4%	9,710	1.4%
Households	246,273	263,788	283,881	3,500	1.4%	3,760	1.4%
Appletree Environs PTA							
Population	155,366	166,241	177,878	2,180	1.4%	2,250	1.4%
Households	55,918	59,972	64,320	810	1.4%	840	1.4%
Appletree Environs PTA as a percent of the El Paso County							
Population	23.9%	23.9%	23.8%	24.1%		23.2%	
Households	22.7%	22.7%	22.7%	23.1%		22.3%	

Source: U.S. Bureau of the Census, Sitewise Tetrad STI Data and THK Associates, Inc.

Table IV-4: Projected Total Residential Demand in Appletree Environs PTA 2014-2024

Year	Households	Annual Household Growth	Total Housing Unit Demand*	Ownership Units: Total Owner-ship	Ownership Units: Detached Single Family	Ownership Units: Attached Single Family	Rental Housing
2014	55,918	799	859	696	612	84	163
2015	56,706	788	847	684	602	82	163
2016	57,506	799	859	691	609	82	168
2017	58,317	811	871	698	615	83	173
2018	59,139	822	884	706	622	84	178
2019	59,972	834	896	713	629	84	183
2020	60,818	845	909	721	636	85	188
2021	61,675	857	922	728	643	85	193
2022	62,544	869	935	736	650	86	199
2023	63,426	882	948	744	657	87	204
2024	64,320	894	961	752	664	87	209
Average Annual Demand (2014-2024)	**840**		**899**	**715**	**631**	**84**	**184**
		% of Total	100%	80%	70%	9%	20%
Total Demand (2014-2024)			**9,891**	**7,870**	**6,941**	**929**	**2,022**

*Assumes 92.5% occupancy

Source: THK Associates, Inc.

B. Residential Purchasing Capacity, Rental Capacity and Demand by Price Range

To better quantify the demand for new residential units in a residential trade area, THK breaks down the residential primary trade area's existing households by income range and then converts those income ranges to home purchasing capacity and monthly rental capacity. Home purchasing capacity is calculated using estimated monthly payments (principle, interest, taxes and insurance) based on a 30-year fixed rate mortgage with a 5% interest rate and a 20% down payment. In determining monthly rental capacity it's assumed - as available statistics indicate - that households that rent spend on average 30% of their gross income on housing. Households that own their homes typically allot approximately 25%-32% of their income to mortgage payments. It should be noted that no allowances have been made to account for the greater purchasing capacity that may be derived from adjustable rate mortgages (ARMs) or other alternative financing mechanisms. Also, spending on new homes is generally much higher than for re-sales. Further, this does not account for or factor in second home buying power. For that reason the home purchasing capacity estimates shown in Table IV-5 are likely conservative.

Based on a median household income of $44,334, residents in the residential trade area could likely afford a $258,100 home or pay $1,110 of monthly rent toward a rental.

Shown in Table IV-6 are demand levels for detached single family and attached single family homes within the residential trade area. Accordingly, of the estimated 631 single family detached homes demanded annually in the residential trade area, 10% or 63 units will be demanded from the under $203,700 price point, 227 (36%) in the $203,700 to $291,099 price range, 177 (28.0%) in the $291,100 to $378,399 price range, 101 (16.0%) in the $378,400 to $465,699 price range and 63 (10.0%) in the over $465,700 price range

Of the 84 single family attached units demanded annually in the primary trade area, 4 units (5.0%) will be demanded annually in the under $145,500 price range, 42 units (50.0%) in the $145,500 to $203,699 price range, 30 units (35.0%) in the $203,700 to $291,099 price range and 8 units (10.0%) in the over $291,100 price range.

Table IV-5: Residential Purchasing and Rental Capacity in the Appletree Environs PTA

Income Range	Percent of Households	Number of Households	Home Purchasing Capacity	Estimated Monthly Payment (PITI)*	Monthly Rental Capacity**
Under $15,000	13.3%	7,457	Under $87,300	$340	Under $380
$15,000 - $24,999	11.2%	6,237	$87,300 - $145,500	$570	$380 - $629
$25,000 - $34,999	12.8%	7,174	$145,500 - $203,700	$800	$630 - $879
$35,000 - $49,999	18.2%	10,186	$203,700 - $291,100	$1,140	$880 - $1,249
$50,000 - $64,999	14.2%	7,925	$291,100 - $378,400	$1,480	$1,250 - $1,629
$65,000 - $79,999	10.6%	5,922	$378,400 - $465,700	$1,820	$1,630 - $1,999
$80,000 - $99,999	9.2%	5,158	$465,700 - $582,100	$2,280	$2,000 - $2,499
$100,000 - $124,999	5.2%	2,898	$582,100 - $727,700	$2,850	$2,500 - $3,129
$125,000 - $174,999	4.1%	2,293	$727,700 - $1,018,700	$3,990	$3,130 - $4,379
$175,000 & Above	1.2%	669	$1,018,700 & Above	$4,220	$4,380 & Above
Median* $44,334	**100.0%**		**$258,100**		**$1,110**

* Assumes 30% of income used for housing, 20% down payment, 30 yr term, 5% interest rate
** Assumes 30% of income used for rental payment

Source: Sitewise Tetrad STI Data and THK Associates, Inc.

Table IV-6: Annual Average New Unit Demand by Price Range in the Appletree Environs PTA

Price Range			Number of Units	Percentage
Detached Single-Family				
Under		$203,700	63	10.0%
$203,700	-	$291,099	227	36.0%
$291,100	-	$378,399	177	28.0%
$378,400	-	$465,699	101	16.0%
$465,700	-	Higher	63	10.0%
Total Annual Average SF-Detached Demand			**631**	**100.0%**
10-Year Total SF-Detached Demand			**6,941**	
Attached Single-Family				
Under		$145,500	4	5.0%
$145,500	-	$203,699	42	50.0%
$203,700	-	$291,099	30	35.0%
$291,100	-	Higher	8	10.0%
Total Annual Average SF-Attached Demand			**84**	**100.0%**
10-Year Total SF-Attached Demand			**929**	

Source: U.S. Bureau of the Census and THK Associates, Inc.

Part II. RESIDENTIAL SUPPLY

A. Existing Single Family Detached Supply

Within the residential trade area, there is an estimated 13 development projects that will likely have lots available for sale or construction at the time the subject property comes on line. These projects range in size from 35 lots to 3,009 lots. Of the sample projects shown in table IV-18, there are 735 lots that have been developed but are currently vacant. Additionally, there are 4,936 lots reported as "planned", but there is always uncertainty with the developer's ability to develop these "planned" lots. Of the developments that are currently selling homes, the range of prices spreads from $157,000 to $439,000 but the average range of sale prices is between $188,538 and $314,538. The average home area for those developments who have reported, ranges from 1,624 square feet to 3,129 square feet and averages 2,170 square feet. The competitive projects range in lot frontage from 45 feet to 70 feet with an average of 56 feet. Furthermore, there have been 553 new homes started in the last 12 months and 553 homes closed during that same period.

Table IV-7 shows the number proposed single family detached projects in the trade area based on selling price ranges. Table IV-9 shows the proposed single family detached projects within the residential trade area. Accordingly, there are 18 planned projects totaling an additional 23,816 lots within the trade area. These projects have been proposed but there is always uncertainty around whether they'll be developed and when.

Table IV-7 Single Family Detached Competitive Projects Summary

Ave. Offered Price Ranges			# of Competitive Projects	Monthly Sales #	%
Under	-	$ 203,700	10	1	2.4%
$ 203,700	-	$ 291,099	12	43	93.5%
$ 291,100	-	$ 378,399	7	2	4.2%
$ 378,400	-	$ 465,699	3	0	0.0%
$ 465,700	-	Higher	0	0	0.0%

Source: Metro Study & THK Associates, Inc.

B. Existing Single Family Attached Supply

Within the residential trade area, there is an estimated 11 development projects that will likely have single family attached lots available for sale or construction at the time the subject property comes on line. These projects range in size from 35 lots to 3,009 lots. Of the sample projects shown in table IV-18, there are 735 lots that have been developed but are currently vacant. Additionally, there are 4,936 lots reported as "planned", but there is always uncertainty with the developer's ability to develop these "planned" lots. Of the developments that are currently selling homes, the range of prices spreads from $157,000 to $439,000 but the average range of sale prices is between $188,538 and $314,538. The average home area for those developments who have reported, ranges from 1,624 square feet to 3,129 square feet and averages 2,170 square feet. The competitive projects range in lot frontage from 45 feet to 70 feet with an average of 56 feet. Furthermore, there have been 553 new homes started in the last 12 months and 553 homes closed during that same period.

Table IV-8: Representative Active Single-Family Detached Residential Projects in the Appletree Environs

			Total Units/Lots														
	Map #	**Project Name**	**Total**	**Occupied Homes**	**Model Homes**	**Finished Vacant Homes**	**Under Const.**	**Vacant Developed Lots**	**Future Lots Planned**	**Ave. Lot Frontage (feet)**	**Home Price Range**	**Average Price**	**Average Sq. Ft.**	**Average Price/ Sq. Ft.**	**Start Quarter**	**Prior 12 Mos. Const. Starts**	**Prior 12 Month Home Closings**
1	1	Countryside North	155	110	1	3	4	37	-	70	$160,000 - $386,000	$307,577	3,129	$106	1Q07	20	19
2	2	Cuchares Ranch	418	228	1	3	15	46	125	60	$198,000 - $384,000	$262,841	2,460	$111	2Q10	57	65
3	3	Cumberland Green	861	276	2	6	7	56	514	55	$214,000 - $439,000	$317,986	2,293	$150	2Q06	26	23
4	4	Fountain Valley Ranch	197	185	-	-	1	11	-	60	$200,000 - $287,000	$243,746	2,063	$129	3Q01	7	9
5	5	Hometown @ Fountain	35	1	-	-	6	28	-	60	$160,000 - $200,000	-	-	-	3Q06	1	0
6	6	Lorson Ranch	882	255	4	39	24	179	381	48	$205,000 - $307,000	$262,920	2,054	$131	2Q12	150	138
7	7	Mesa Ridge	1,514	286	3	18	8	64	1,135	50	$205,000 - $370,000	$260,570	2,098	$130	1Q06	78	75
8	8	Mesa Village	354	115	1	-	16	32	190	50	$191,000 - $288,000	$250,914	1,920	$136	2Q07	42	43
9	9	Painted Sky @ Waterview	659	396	1	4	-	93	165	55	$190,000 - $265,000	$238,086	1,782	$134	4Q07	91	119
10	10	Security Commons	58	13	1	3	8	33	-	50	$183,000 - $223,000	$199,200	1,644	$128	1Q13	25	13
11	11	Spring Creek	500	243	2	2	4	70	179	45	$157,000 - $372,000	$231,248	1,624	$162	1Q03	9	12
12	12	Stratmoor Heights	58	31	1	1	4	21	-	60	$188,000 - $281,000	$241,825	2,625	$99	2Q04	10	8
13	13	Widefield	3,009	678	2	6	11	65	2,247	60	$200,000 - $287,000	$245,823	2,344	$120	1Q02	37	29
		TOTAL	**8,700**	**2,817**	**19**	**85**	**108**	**735**	**4,936**							**553**	**553**
		% of TOTAL		32%	0.2%	1.0%	1.2%	8%	57%								
		AVERAGE								**56**	**$188,538 $314,538**	**$255,228**	**2,170**	**$127.97**			
		MINIMUM	**35**	**1**	**0**	**0**	**0**	**0**	**0**	**45**	**$157,000 $200,000**	**$199,200**	**1,624**	**$98.72**		**0**	**0**
		MAXIMUM	**3,009**	**678**	**4**	**39**	**24**	**179**	**2,247**	**70**	**$214,000 $439,000**	**$317,986**	**3,129**	**$162.03**		**150**	**138**

Sources: Metro Study & THK Associates, Inc.

Table IV-9: Representative Planned Single-Family Detached Residential Projects in the Appletree Environs

Map #	Project Name	Developer	Future Lots Planned
1	Almagre	Ventana Capital, LLC	1,729
2	Appletree	Rialto	603
3	Aspen Ranch	Charles Graff & Associates	159
4	Countryside South	Rialto	680
5	Crescent Canyon	Classic Homes, LTD	650
6	Cross Creek II	Cross Creek II, LLC.	137
7	Fountain Valley	Rialto	255
8	Johnson Ranch	NES, Inc.	414
9	Kane Ranch	Classic Homes, LTD	4,838
10	Lorson Ranch	Landhuis Development Company	5,128
11	Mira Vista	Ventana Capital, LLC	310
12	Rancho Colorado	Marksheffel-Woodmen Investments LLC.	1,635
13	RiverBend Crossing	Pikes Peak Community Foundation	208
14	Rolling Hills Ranch	Oakwood Homes	5,841
15	Rolling Hills Ranch / Homestead	Oakwood Homes	659
16	South Academy Station	Oakwood Homes	201
17	Ventana	Challenger Homes, Inc.	283
18	Windmill Gulch	Michael Hassell	86
	TOTAL		**23,816**

Sources: Metro Study & THK Associates, Inc.

Table IV-10: Representative Active Single-Family Attached Residential Projects in Appletree Environs PTA

		Total Units/Lots												
Map #	Project Name	Total	Occupied Homes	Model Homes	Finished Vacant Homes	Under Construction	Vacant Developed Lots	Future Planned Lots	Average Price	Average Sq. Ft.	Average Price/ Sq. Ft.	Start Quarter	Prior 12 Mos. Const. Starts	Prior 12 Month Home Closings
1	**Fountain Village**	37	11	-	14	12	-	-	-	-	-	1Q06	-	-
2	**Legacy Ridge Condos**	90	75	-	-	-	15	-	-	-	-	1Q02	-	-
3	**Lowell**	22	11	-	3	-	8	-	-	-	-	4Q06	-	-
4	**Mesa Vista**	43	27	-	4	-	12	-	-	-	-	2Q03	-	-
5	**Residences @ Stratmoor Valley**	88	10	-	-	-	78	-	-	-	-	3Q07	-	-
6	**Sierra Mesa**	64	44	-	-	-	20	-	-	-	-	4Q02	-	-
7	**Silver Hawk Condos**	96	48	-	-	-	48	-	-	-	-	4Q04	-	-
8	**Soaring Eagles / Canyon Springs**	160	80	1	2	17	60	-	$159,550	1,756	$92	1Q08	70	59
9	**Spring Creek**	325	167	-	-	-	120	38	$179,300	1,575	$117	1Q03	-	-
10	**Stonecrest**	154	123	-	3	-	28	-	$136,850	1,422	$98	1Q06	15	13
11	**Trailside Manor Condos**	32	8	-	-	-	24	-	-	-	-	1Q04	-	-
	TOTAL	**1,111**	**604**	**1**	**26**	**29**	**413**	**38**					**85**	**72**
	AVERAGE								**$158,567**	**1,584**	**$102.10**			
	MINIMUM	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**$136,850**	**1,422**	**$91.83**	**-**	**-**	**-**
	MAXIMUM	**325**	**167**	**1**	**14**	**17**	**120**	**38**	**$179,300**	**1,756**	**$116.80**	**-**	**70**	**59**

Sources: Metro Study & THK Associates, Inc.

Table IV-11: Representative Planned Single-Family Attached Residential Projects in Appletree Environs PTA

Map #	Project Name	Developer	Product Type	Future Planned Lots
1	**Almagre**	Ventana Capital, LLC	Condominium	505
2	**Appletree**	Rialto	Condominium	185
3	**Commons @ Mosaic Heights Condos**	Premier Land Development Corp.	Condominium	37
4	**Cumberland Green**	Oakwood Homes	Townhouse	120
5	**Fountain Ridge**	Hartman & Fitzsimmons	Townhouse	26
6	**Hancock Commons**	Harmony Homes	Townhouse	156
7	**Independence Place**	NES, Inc.	Condominium	276
8	**Johnson Ranch Condos**	NES, Inc.	Condominium	100
9	**Kane Ranch**	Classic Homes, LTD	Condominium	2,326
10	**Lincoln Commons**	Harmony Homes	Townhouse	87
11	**Lowell**	Lowell Development Partners, LLC	Condominium	120
12	**Mesa Ridge**	Nor-wood Limited, Inc.	Condominium	261
13	**Mesa Vista**	Premier Land Development Corp.	Townhouse	170
14	**Rancho Colorado**	Marksheffel-Woodmen Investments LLC.	Condominium	1,277
15	**Rolling Hills Ranch Condos**	Oakwood Homes	Condominium	1,500
16	**Sonador Ranch**	Delford Inc.	Townhouse	44
17	**South Academy Station**	Oakwood Homes	Condominium	740
18	**Southmoor Ridge**	T-Bone Construction	Townhouse	134
19	**Windmill Gulch**	Michael Hassell	Townhouse	83
	TOTAL			**8,147**

Sources: Metro Study & THK Associates, Inc.

Part III. RESIDENTIAL POTENTIALS

Based on the preceding analysis of residential supply and demand in the Appletree Residential Trade Area, the following illustrates the recommendations for residential uses in the proposed Appletree Metro District.

In this part of the analysis, close scrutiny is given to capture rates. Capture rate can be defined as the percentage of the market share that can be allocated to the subject property. A Generic Capture rate is calculated to provide guidance in the analysis. The generic capture rate is calculated simply by dividing one by the number of competing sites plus the subject site like this; *1/(number of competitors + the subject site) = Generic Capture Rate*. For example, if there is only one competitor to the subject site, then the calculation would be as follows; 1/(1+1)=50%. In this example, the generic capture rate is 50%, meaning if all things are equal between the competing and subject site, then each site should naturally capture 50% of any new demand. If there were four competing sites, then each site including the addition of a subject site would capture 20% of the new demand. This generic capture rate is calculated for each price category used in the analysis by determining the number of active competitive sites selling product in each price category.

Once a generic capture rate is calculated, THK will use this rate as a guide to estimate the projected capture rate for the Appletree Metro District. This is typically accomplished by comparing the attributes of the Appletree Metro District to the attributes of the surrounding competition. Attributes that are compared may include: access to amenities such as a golf course, community center, walking paths and open space, proximity to employment and commercial centers, accessibility to the site, general site layout and finish product offered. If the Appletree Metro District is generally superior to the competition, the projected capture rate will be adjusted higher than the generic capture rate; if the subject site is generally inferior to the competition, the projected capture rate will be adjusted lower than the generic capture rate. If the Appletree Metro District is generally similar in all material respects to the competition, then the projected capture rate is set equal to the generic capture rate.

With the annual new demand for residential uses in the primary trade area determined in Part I of this analysis and the projected capture rate for the Appletree Metro District determined by a thorough analysis of the competitive supply found in Part II, THK is able to project the demand potential for the Appletree Metro District by applying the projected capture rate for each price category at the subject site to the annual demand in the primary trade area.

A. Single Family Detached Demand and Absorption

Table IV-12 illustrates the projected single-family detached demand at the subject Appletree Metro District for the 2014-2024 time periods. Based on the current income levels and sales activity in the Appletree environs our analysis has positioned the district in five pricing categories: Less than $203,700, $203,700-$291,099, and $291,100-$378,399, $378,400-$465,699 and $465,700 or higher.

THK expects the subject Appletree Metro District to capture between 8.0% and 25.0% of all the pricing segments. Accordingly, of the average annual units demanded in the residential trade area for the under $203,700 price range, the subject Appletree Metro District is expected to capture 10 of those units each year on average. In the second price range, the subject Appletree Metro District is expected to capture an annual average of 56 units. In the third price range, the subject Appletree District is expected to capture 9 units annually, in the fourth price range the Appletree District will capture 5 units annually and in the fifth price category the Appletree District will capture 7 units annually.

B. Single Family Attached Demand and Absorption

Table IV-13 illustrates the projected single-family attached demand at the subject Appletree Metro District for the 2014-2024 time periods. Based on the current income levels and sales activity in the Appletree environs our analysis has positioned the district in four pricing categories: Less than $145,500, $145,500-$203,699, $203,700-$291,099 and $291,100 or higher.

THK expects the subject Appletree Metro District to capture between 33.3% and 50.0% of all the pricing segments. Accordingly, of the average annual units demanded in the residential trade area for the under $145,500 price range, the subject Appletree Metro District is expected to capture 2 of those units each year on average. In the second price range, the subject Appletree Metro District is expected to capture an annual average of 14 units. In the third price range, the subject Appletree District is expected to capture 15 units annually and in the fourth price range the Appletree District will capture 4 units annually.

Overall, THK estimates that the Appletree Metro District will absorb 123 lots on average compared to Rialto's projection of 88 per year.

Table IV-12: Projected Detached Single-Family Lot Demand and Absorption by Price Range in the Appletree Metro District, 2014-2024

Unit Prices:	Under $203,700	$203,700 $291,099	$291,100 $378,399	$378,400 $465,699	$465,700 Higher	Annual Total	Cumulative Total
Annual Avg. Unit Demand in the Primary Trade Area:	63	227	177	101	63	631	--
Annual Avg. Lot Demand in the Primary Trade Area:	95	341	265	151	95	946	--
Number of Competitors:	10	12	7	3	0	--	--
Generic Capture Rate:	9.1%	7.7%	12.5%	25.0%	100.0%	--	--
Projected District Capture Rate:	10.0%	8.0%	12.5%	25.0%	15.0%	--	--
Annual Absorption (Lots):							
2014		***Planning and Site Preparation***					
2015	10	53	9	5	7	84	84
2016	10	54	9	5	7	85	168
2017	10	55	9	5	7	86	254
2018	10	55	9	5	7	87	340
2019	10	56	9	5	7	87	428
2020	10	56	10	5	7	88	516
2021	11	57	10	5	7	89	606
2022	11	58	10	5	7	90	696
2023	11	58	10	5	7	91	788
2024	11	59	10	5	7	92	880
Total	**104**	**562**	**95**	**47**	**71**	**880**	**880**
Annual Average	**10**	**56**	**9**	**5**	**7**	**88**	
Monthly Sales Average/Ten Years	**0.9**	**4.7**	**0.8**	**0.4**	**0.6**	**7.3**	

Source: THK Associates, Inc.

Table IV-13: Projected Single-Family Attached Residential Lot Demand and Absorption by Price Range in the Appletree Metro District, 2014-2024

Unit Prices:	Under $145,500	$145,500 $203,699	$203,700 $291,099	$291,100 Higher	Annual Total	Cumulative Total
Annual Avg. Unit Demand in the Primary Trade Area:	4	42	30	8	84	--
Annual Avg. Lot Demand in the Primary Trade Area:	4	42	30	8	84	--
Number of Competitors:	1	2	0	0	--	--
Generic Capture Rate:	50.0%	33.3%	100.0%	100.0%	--	--
Projected District Capture Rate:	50.0%	33.3%	50.0%	50.0%	--	--
Annual Absorption (Lots)						
2014	***Planning and Site Preparation***					
2015	2	14	14	4	34	34
2016	2	14	14	4	34	68
2017	2	14	15	4	35	103
2018	2	14	15	4	35	138
2019	2	14	15	4	35	173
2020	2	14	15	4	35	208
2021	2	14	15	4	36	244
2022	2	14	15	4	36	280
2023	2	14	15	4	36	316
2024	2	15	15	4	36	352
Total	**21**	**141**	**148**	**42**	**352**	**352**
Annual Average	**2**	**14**	**15**	**4**	**35**	
Monthly Sales Average/Ten Years		**2.9**				

Source: THK Associates, Inc.

V. GOLF COURSE MARKET ANALYSIS

V. GOLF COURSE MARKET ANALYSIS

Part I. GOLF SUPPLY IN THE EL PASO COUNTY MARKET AREA

A. Overall Golf Market Characteristics

Research conducted by the National Golf Foundation indicates the golf industry has been declining in recent years. The declines have been due to decreasing participation rates and the effects of the recent recession. Combined with over building of golf courses the industry has struggled to gain traction. Financing is extremely difficult to obtain.

B. Standard Golf Term Definitions

In order to gain a better understanding of the current operating conditions of the local golf industry, an inventory of area courses was completed. Included in this inventory are golf courses in the city of Fountain and El Paso County. Twenty-two golf courses were surveyed to obtain information concerning the critical elements in the operation of golf courses in the regional environs.

The ownership and operation of golf courses in the region are additional considerations that are critical in determining which type of golf course is in demand. Courses are classified in four categories, each of which is defined as follows;

Daily Fee Golf Courses. THK has defined a daily fee golf course as one that is privately owned but open for public play.

Municipal Golf Courses. A municipal golf course is defined as a course that is owned or operated by a government entity and is open to the general public.

Private Golf Courses. There are two operating characteristics unique to a truly private golf facility. First, it is owned privately either by individuals or corporations. Secondly, membership in the club is limited and there are typically large initiation fees or property purchases required to join.

Semi-private Golf Courses. These are similar to private country clubs in that memberships are offered. There is, however, limited public play allowed on the golf course.

Two further distinctions to be made in assessing the current facilities in the region are the playability and character of the course. Is it an 18-hole facility or a 9-hole facility? Is it a Par 3 or executive golf course? The definitions for par and the common designations for golf courses are shown below.

Par -- the par for a hole is defined by the number of strokes needed to reach the green from the tee. Once the green is reached, it is assumed that it will take two strokes to finish the hole. Thus, a par-3 course will consist completely of greens that can be reached with one stroke from the tee.

Regulation -- regulation golf courses are defined by the parameters set forth from the first golf course built in Scotland; this set the standards for identifying what is considered regulation in a golf course. The par for a regulation golf course is between 69 and 73 with the norm considered to be 72. This also presumes that yardage from the back tees will approach 7,000 yards.

Executive -- an executive course is typically a course with par of 68 or less. It is an abbreviated course that will likely include fewer holes of par 4 or par 5 length.

Par 3 -- as the name suggests, par 3 courses consist of all holes being par 3's; thus, an 18-hole course has a total par of 54.

C. Profile of Existing Golf Course Facilities

Table V-1 shows all courses within El Paso County and details the courses by name, address, year built, and par. Table V-2 profiles the Golf Courses by year constructed. Table V-3 displays the 22 golf courses by type of facility, length, and number of holes for each course. All of the courses, except two (Cherokee Ridge Par-3 and Sand Creek Executive), are regulation length, and 80% of the 22 courses are public. Proposed and dormant golf courses are listed in Table V-4. Appletree Golf Course is currently dormant. An additional course at the Club at Flying Horse and a potential course at the Colorado Springs Airport are in the planning stage however these courses are unlikely to be built in the near future.

TABLE V-1: Golf Courses in the El Paso County Market Area

	Golf Course	Holes Type Length Year Built	Par Mens Womens		Yardage	Rating	Slope
1	Antler Creek	18	72	Forward	5,393	70.2	129
	9650 Antler Creek Drive	Daily Fee	72	Middle	7,007	72.7	135
	Falcon, CO	Regulation		Back	8,114	77.5	150
	719-494-1900	2004					
2	Broadmoor East	18	72	Forward	5,996	74.1	126
	1 Lake Circle	Resort	72	Middle	6,551	70.6	121
	Colorado Springs, CO 80906	Regulation		Back	7,091	73.0	129
	719-577-5790	1918					
3	Broadmoor West	18	72	Forward	5,609	71.6	122
	1 Lake Circle	Resort	72	Middle	6,109	69.5	127
	Colorado Springs, CO 80906	Regulation		Back	6,937	73.0	133
	719-577-5790	1965					
4	Broadmoor South	18	72	Forward	5,609	72.5	122
	1 Lake Circle	Resort	72	Middle	6,108	69.1	125
	Colorado Springs, CO 80906	Regulation		Back	6,781	72.1	135
	719-577-5790	2005 - rebuilt					
5	Cherokee Ridge	9	27	Forward	2,969	35.8	126
	1850 Tuskequee Place	Daily Fee	27	Middle	3,171	34.1	109
	Colorado Springs, CO 80915	Regulation		Back	3,255	34.3	110
	719-597-2637	1972					
6	Cherokee Ridge Par 3	9	27	Forward	1077	27.0	100
	1850 Tuskequee Place	Daily Fee	27	Middle	1077	27.0	100
	Colorado Springs, CO 80915	Par 3		Back			
	719-597-2637	1984					
7	Cheyenne Shadows	18	72	Forward	5,864	70.4	115
	7800 Titus Blvd	Military	73	Middle	6,599	70.0	123
	Fort Carson, CO 80913	Regulation		Back	6,919	71.6	130
	719-526-4122	1971					
8	Colorado Springs C.C.	18	71	Forward	6,014	73.0	119
	3333 Templeton Gap Road	Private	73	Middle	6,456	69.4	115
	Colorado Springs, CO 80907	Regulation		Back	6,681	70.4	118
	719-473-1782	1954					
9	The C.C. of Colorado	18	71	Forward	5,357	69.9	120
	125 East Clubhouse Drive	Resort	71	Middle	6,469	69.5	123
	Colorado Springs, CO 80906	Regulation		Back	7,059	72.2	134
	719-538-4095	1973					
10	Divide at King's Deer	18	72	Forward	5,054	68.7	124
	19255 Royal Troon Drive	Daily Fee	72	Middle	6,271	71.1	126
	Monument, CO 80132	Regulation		Back	6,813	72.0	136
	719-481-1518	2000					
11	Eisenhower Blue	18	72	Forward	6,091	68.6	127
	Parade Loop Bldg 3170	Military	72	Middle	6,516	70.6	128
	Colorado Springs, CO 80840	Regulation		Back	6,966	72.7	136
	719-333-2606	1963					
12	Eisenhower Silver	18	72	Forward	5,523	65.1	109
	Parade Loop Bldg 3170	Military	72	Middle	5,997	68.0	120
	Colorado Springs, CO 80840	Regulation		Back	6,402	69.9	124
	719-333-2606	1975					

TABLE V-1: Golf Courses in the El Paso County Market Area

Golf Course	Holes Type Length Year Built	Par Mens Womens		Yardage	Rating	Slope
13 Kissing Camels	27	70	Forward	5,454	69.8	118
3320 Mesa Road	Private	70	Middle	6,541	70.0	119
Colorado Springs, CO 80904	Regulation		Back	7,106	71.7	121
719-632-5541	1961					
14 Patty Jewett	27	106	Forward	8,872	72.3	125
900 East Espanola Street	Municipal	112	Middle	9,469	69.1	117
Colorado Springs, CO 80907	Regulation		Back	9,971	70.3	120
719-385-6934	1898					
15 Pine Creek	18	72	Forward	5,314	69.0	113
9850 Divot Trail	Daily Fee	72	Middle	6,040	68.0	123
Colorado Springs, CO 80920	Regulation		Back	6,579	70.4	132
719-594-9999	1988					
16 Shining Mountain Golf Club*	18	70	Forward	5,887	69.8	127
100 Lucky Lady Drive	Daily Fee		Middle	6,193	70.6	131
Woodland Park, Colorado 80863	Regulation		Back	6,464	71.6	136
719-687-7587	2000					
17 Silver Spruce (Peterson AFB)	18	72	Forward	6,092	73.2	119
401 Glasgow Bldg 1054	Military	72	Middle	6,476	69.3	117
Colorado Springs, CO 80914	Regulation		Back	6,833	71.1	123
719-556-7414	1973					
18 Springs Ranch	18	72	Forward	5,004	67.2	112
3525 Tutt Blvd	Daily Fee	72	Middle	6,057	68.6	119
Colorado Springs, CO 80922	Regulation		Back	7,107	72.9	136
719-573-4863	1997					
19 Valley Hi	18	71	Forward	5,397	69.3	120
610 South Chelton Road	Municipal	73	Middle	6,392	69.3	112
Colorado Springs, CO 80910	Regulation		Back	6,806	71.1	116
719-385-5968	1956					
20 Woodmoor C.C.	18	72	Forward	5,670	72.9	126
18945 Pebble Beach Way	Private	72	Middle	6,325	69.8	124
Monument, CO 80132	Regulation		Back	6,709	71.4	131
719-481-2266	1969					
21 Sand Creek	9	29	Forward	1,326		
6865 Galley Road	Daily Fee	29	Middle	1,653		
Colorado Springs, CO 80915	Executive		Back			
719-597-5489	1991					
22 The Golf Club at Flying Horse	18	72	Forward	5,132	68.7	125
13850 Highway 83	Private	72	Middle	6,386	70.1	126
Colorado Springs, CO 80921	Regulation		Back	7,295	73.9	138
719-487-2620	2005					

*Course located in Teller County

Source: THK Associates, Inc.

Table V-2: Date of Construction for Golf Courses in the El Paso County Market Area

Date of Construction	Number of Courses*	Percent	Number of Holes	Percent
Unavailable		0.0%		
Before 1940	2	9.1%	45	11.6%
1940 - 1944	0	0.0%	0	0.0%
1945 - 1949	0	0.0%	0	0.0%
1950 - 1954	1	4.5%	18	4.7%
1955 - 1959	1	4.5%	18	4.7%
1960 - 1964	2	9.1%	45	11.6%
1965 - 1969	2	9.1%	36	9.3%
1970 - 1974	4	18.2%	63	16.3%
1975 - 1979	1	4.5%	18	4.7%
1980 - 1984	1	4.5%	9	2.3%
1985 - 1989	1	4.5%	18	4.7%
1990 - 1994	1	4.5%	9	2.3%
1995 - 1999	1	4.5%	18	4.7%
After 2000	5	22.7%	90	23.3%
Total	22	100.0%	387	100.0%

*Excludes Appletree

Source: THK Associates, Inc.

Table V-3: Type of Golf Courses by Length and Operation in the Market Area, 2014

Type	Regulation	Executive	Par 3	Total Number of Courses	Percent	Number of Holes	Percent
Daily Fee/Resort							
9 Holes	1	1	1	3	14%	27	7%
18 Holes	10	-	-	10	45%	180	47%
Total	11	1	1	13	59%	207	53%
Municipal							
9 Holes	-	-	-	-	0%	-	0%
18 Holes	-	-	-	-	0%	-	0%
27 Holes	1	-	-	1	5%	27	7%
Total	1	-	-	1	5%	27	7%
Military							
9 Holes	-	-	-	-	0%	-	0%
18 Holes	4	-	-	4	18%	72	19%
Total	4	-	-	4	18%	72	19%
Semi-Private							
9 Holes	-	-	-	-	0%	-	0%
18 Holes	-	-	-	-	0%	-	0%
Total	-	-	-	-	0%	-	0%
Private							
9 Holes		-	-	-	0%	-	0%
18 Holes	3	-	-	3	14%	54	14%
27 Holes	1	-	-	1	5%	27	7%
Total	4	-	-	4	18%	81	21%
Total Courses							
9 Holes	1	1	1	3	14%	27	7%
18 Holes	17	-	-	17	77%	306	79%
27 Holes	2	-	-	2	9%	54	14%
Total	20	1	1	22	100%	387	100%
Total Holes							
9 Holes	9	9	9	27			
18 Holes	306	-	-	306			
27 Holes	54	-	-	54			
Total	369	9	9	387			

Source: THK Associates, Inc

TABLE V-4: Proposed and Dormant Golf Courses in the El Paso County Market Area

Course Name	Location	Type	Holes	New or Addition	Status
1 The Club at Flying Horse	Colorado Springs	Private	18	Addition	Planning
2 Colorado Springs Airport	Colorado Springs	Daily Fee	18	New	Planning

Source: THK Associates, Inc.

C. Number of Rounds and Green Fees at El Paso Area Golf Courses

Figure 10 details the number of 18-hole equivalent rounds that have historically been played at Front Range area golf courses from 2009 to 2013. Among the 94 golf courses surveyed along the Front Range, the average course played 26,580 18-hole equivalent rounds in 2013. In comparison, the average golf course in the Colorado Springs region played an average of 32,415 18-hole equivalent rounds in 2013.

Over the past five years, the number of 18-hole equivalent rounds played at Front Range area courses decreased from 2009, recovered slightly in 2012 and decreased slightly again in 2013, due to the downturn of the national economy, local economy, and golf economy. There are signs however that the number of 18-hole equivalent rounds have hit bottom and should begin to increase over the next couple of years.

Figure 10 illustrates average 18-hole green fees among golf courses along the Front Range.

Figure 10- COLORADO 2014 18 HOLE EQUIVALENT ROUND SURVEY RESULTS

Colorado Front Range - Public Golf Course Rounds and Revenue Survey 2014

Region	Course	Tee Time Interval (min.)	18 Hole Equivalent Rounds 2009	2010	2011	2012	2013	5 Year Average	Green Fee Revenue per 18 Hole Round 2009	2010	2011	2012	2013
NORTH REGION	Boomerang Links, Greeley*	Alternate 7/8	25,988	23,513	24,284	26,000	26,000	25,157	21.73	23.67	21.63	--	--
	City Park Nine, Ft. Collins (9)	9	17,130	16,231	16,309	18,654	16,909	17,046	25.40	26.99	26.66	27.53	28.17
	Collindale, Ft. Collins	8	32,599	30,952	29,927	33,011	30,422	31,382	25.00	26.29	26.17	27.19	27.33
	Colorado National	9	36,850	38,300	38,569	42,438	35,996	38,431	not provided	not provided	not provided	not provided	not provided
	Haystack Mtn. (Exec 9) Niwot*	none	13,675	13,425	12,739	12,800	12,800	13,088	25.08	25.26	24.48	--	--
	Highland Hills, Greeley*	8	29,138	23,729	23,191	27,000	27,000	26,011	21.18	23.91	23.41	--	--
	Indian Peaks, Lafayette	9 wk/10 wknd	32,671	30,517	31,454	32,625	30,757	31,604	38.29	40.61	38.61	40.30	43.07
	Mariana Butte, Loveland	7.5/9	36,543	34,060	41,065	35,867	29,447	35,396	34.42	36.23	29.58	36.01	35.70
	Olde Course at Loveland	7.5/8.5	44,708	41,670	41,000	42,400	36,969	41,349	22.13	30.40	--	23.13	24.10
	Pelican Lakes, Windsor (27)*	10	25,000	25,000	25,808	32,446	32,000	28,051	--	--	25.70	23.58	--
	Quail Dunes (Formerly Fort Morgan)	9	15,330	16,986	13,775	14,076	16,000	15,233	15.27	12.35	14.72	15.93	30.00
	Saddleback, Firestone	9	21,626	22,541	23,875	25,239	22,744	23,205	28.17	29.31	31.01	30.96	34.15
	Southridge, Ft Collins	8	29,394	31,424	31,603	35,177	30,482	31,616	28.74	27.58	27.29	28.32	27.97
	Sunset, Longmont (9)	8	14,466	14,721	14,720	16,529	14,531	14,993	23.01	21.91	21.27	21.26	21.68
	Twin Peaks, Longmont	Alternate 7/8	27,576	24,690	26,090	30,637	24,720	26,742	24.16	23.30	23.75	22.62	23.72
	Ute Creek, Longmont	8	30,479	28,491	27,605	32,377	29,754	29,741	28.07	29.15	27.90	29.57	29.70
	TOTAL YEARLY ROUNDS --->		**433,169**	**416,248**	**422,010**	**457,275**	**416,528**	**Average -->**	**25.76**	**26.93**	**25.87**	**27.20**	**29.60**
METRO DENVER REGION	Applewood	9	30,000	30,000	29,240	29,300	45,007	32,709	--	--	14.80	--	21.24
	Arrowhead*	9wk/10wknd	27,000	26,500	29,951	30,000	29,000	28,490	--	--	not provided	--	--
	Aurora Courses		**202,281**	**190,253**	**186,590**	**195,765**	**173,968**	189,771					
	Aurora Hills	8	44,492	42,178	40,881	43,531	37,719	41,760	24.64	24.20	23.83	24.66	26.35
	Fitzsimons	8 am/10 pm	32,352	31,573	30,529	31,004	28,327	30,757	21.72	21.12	21.03	22.87	22.58
	Meadow Hills	9	39,839	38,743	37,937	38,579	32,475	37,514	30.25	29.42	29.05	29.45	31.22
	Murphy Creek	10	28,693	26,113	26,680	27,350	26,635	27,094	36.45	35.62	33.54	34.97	38.43
	Saddle Rock	10	29,211	26,224	27,912	29,485	27,759	28,118	38.47	38.54	36.74	38.47	39.47
	Springhill (Executive)	10	27,694	25,424	22,653	25,818	21,054	24,529	21.53	20.78	20.07	20.96	22.83
	Broadlands	8	39,750	36,800	34,863	38,386	31,824	36,325	18.11	23.04	23.18	22.72	25.19
	Broken Tee at Englewood	Alternate 8/9	33,457	33,859	34,212	36,451	35,401	34,676	27.03	26.59	27.37	28.68	27.88
	Buffalo Run	8.5	34,746	31,815	30,309	29,758	27,274	30,780	23.91	26.25	26.42	27.06	30.16
	CommonGround	10	25,489	30,161	28,442	33,441	26,465	28,800	38.24	36.56	37.37	36.72	37.76
	Coyote Creek	8	20,076	20,000	19,628	21,509	19,914	20,225	23.34	--	22.84	22.46	22.12
	Deer Creek*	8 wk/10 wknd	25,000	24,000	24,000	24,000	24,000	24,200	--	--	--	--	--
	Denver Courses		**219,947**	**205,387**	**212,774**	**222,486**	**214,052**	214,929					
	City Park	9	37,139	33,508	32,931	35,620	34,914	34,822	28.08	28.44	29.75	29.05	28.49
	Evergreen (Executive)	8	17,691	16,500	16,500	16,500	15,878	16,614	26.93	--	--	--	21.76
	Kennedy (27)	9	48,737	44,543	47,398	48,204	50,203	47,817	32.03	32.21	30.62	31.58	28.02
	Overland	9	38,427	37,220	39,752	39,149	33,652	37,640	25.89	27.09	25.14	26.90	26.74
	Wellshire	10	42,148	37,828	38,235	39,989	39,699	39,580	27.15	27.52	28.04	28.61	26.96
	Willis Case	9	35,806	35,788	37,959	43,025	39,708	38,457	27.48	28.97	27.73	27.93	27.10
	Flatirons	10	31,347	28,118	29,333	32,499	26,755	29,610	26.18	27.20	28.32	28.45	30.23
	Foothills	Alternate 8/9	36,495	37,663	37,310	39,582	35,993	37,409	38.45	37.62	28.97	32.44	33.58
	Foothills - (Executive 9)	Alternate 8/9	15,704	15,333	14,637	15,490	14,087	15,050	25.47	25.07	24.93	24.95	24.95
	Fossil Trace	10	32,521	32,934	34,249	38,851	33,680	34,447	52.27	51.12	50.45	48.68	49.74
	Fox Hollow (27)	9	60,589	59,780	57,128	62,118	60,495	60,022	32.61	32.94	32.42	31.86	31.86
	Green Valley Ranch Golf Club	9	33,544	34,227	34,053	37,497	33,104	34,485	34.43	34.83	36.93	34.65	35.79
	Heather Gardens*	8	14,500	15,026	15,000	15,000	14,000	14,705	22.67	20.71	--	--	--
	Heather Ridge	9	--	--	30,112	30,200	24,790	28,367	--	--	16.06	--	21.21
	Heritage Eagle Bend	10	32,000	25,941	26,764	31,391	29,900	29,199	--	31.61	not provided	not provided	28.43
	Todd Creek Golf Club*	10	25,000	25,241	25,000	25,000	25,000	25,048	--	39.95	--	--	--
	Heritage at Westmoor	10	22,155	23,890	23,095	27,709	28,837	25,137	36.79	34.90	35.59	34.84	32.59
	Highlands Ranch	10	26,223	26,000	26,760	31,215	30,697	28,179	not provided	not provided	not provided	not provided	not provided
	Homestead (Exec) Lakewood	9	36,382	36,754	36,039	40,008	37,710	37,379	23.51	22.90	22.69	22.45	22.93
	Hyland Hills (27)	10	46,000	44,905	44,529	50,669	52,257	47,672	--	26.10	24.14	24.34	26.46
	Indian Tree	10	38,514	38,000	33,194	38,355	26,504	34,913	19.11	--	22.77	15.68	23.38
	Lake Arbor	8	38,448	38,000	40,407	42,562	38,175	39,518	15.71	--	17.17	16.89	16.31
	Legacy Ridge	10	24,663	26,040	24,161	28,433	28,691	26,397	36.63	34.17	36.20	36.24	34.73
	Links at Highlands Ranch*	9	34,000	33,000	33,000	33,000	33,000	33,200	--	--	--	--	--
	Littleton (Executive)	9	27,558	27,000	27,000	29,474	26,522	27,511	25.79	--	--	25.29	27.32
	Lone Tree	10	27,903	26,962	24,599	26,724	32,803	27,798	44.75	47.07	52.03	52.37	42.66
	Meadows	9	33,475	32,533	29,359	33,367	30,647	31,876	35.68	34.27	32.17	31.78	35.49
	Omni Interlocken*	9	--	--	--	38,459	38,000	38,230	not provided	not provided	not provided	54.39	--
	Park Hill	Alternate 7/8	37,054	38,630	37,473	41,646	33,348	37,630	22.59	24.20	23.38	22.01	23.15
	Raccoon Creek*	9	34,000	35,000	38,442	41,360	41,000	37,960	--	--	33.02	32.62	--
	Red Hawk Ridge @ Castle Rock	9	25,000	24,500	30,990	35,033	32,825	29,669	--	--	43.27	42.71	44.93
	Ridge at Castle Pines North	10	30,000	30,000	30,000	30,000	24,496	28,899	not provided	--	--	76.67	91.46
	Riverdale Dunes	9.5	31,000	30,000	30,000	31,812	33,647	31,292	--	--	--	38.31	34.55
	Riverdale Knolls	8.5	37,000	36,000	36,000	50,266	34,990	38,851	--	--	--	16.02	23.40
	So Sub Family Sports Ctr Exec (9)	9	14,863	14,130	11,203	13,016	13,183	13,279	28.39	25.87	28.35	26.53	26.17
	South Suburban Golf Course	Alternate 8/9	41,245	42,208	39,067	40,944	38,322	40,357	32.67	34.22	34.73	30.05	29.50
	Spring Valley Golf Course*	9	28,000	27,500	26,706	26,800	26,000	27,001	--	--	25.69	25.60	--
	Thorncreek	8	34,000	33,000	33,000	33,000	30,178	32,636	--	--	--	--	25.01
	West Woods (27)	9	42,618	40,000	36,969	41,676	36,421	39,537	29.89	--	33.24	33.37	32.66
	TOTAL YEARLY ROUNDS --->		**1,649,540**	**1,607,084**	**1,625,583**	**1,794,245**	**1,672,955**	**Average -->**	**29.48**	**30.75**	**29.35**	**31.20**	**30.75**
CO SPRINGS	Cherokee Ridge	8	14,799	14,000	20,900	22,254	19,150	18,221	22.68	--	16.15	8.98	17.75
	Golf Club at Bear Dance	9	--	--	--	--	30,000	30,000	--	--	--	--	74.73
	Patty Jewett (27)	Alternate 7/8	60,260	57,992	55,618	61,546	53,853	57,854	28.43	28.25	28.13	28.11	28.28
	Valley Hi	Alternate 7/8	34,123	31,425	30,888	32,728	26,655	31,164	28.34	27.98	28.37	28.03	28.00
	TOTAL YEARLY ROUNDS --->		**109,182**	**103,417**	**107,406**	**116,527**	**129,658**	**Average -->**	**26.48**	**28.12**	**24.22**	**21.71**	**37.19**
SOUTH REGION	Desert Hawk @ Pueblo West*	10	28,700	25,864	26,500	24,500	24,000	25,913	not provided	20.93	19.94	19.80	--
	Elmwood (27)	Alternate 7/8	38,590	36,974	38,694	38,551	38,181	38,198	19.03	19.17	19.39	30.77	21.96
	Hollydot (27)	8	16,459	17,675	13,653	15,525	12,040	15,070	19.77	18.18	18.67	16.10	17.24
	Walking Stick	10	26,750	25,544	23,129	28,031	27,714	26,233	26.34	27.49	23.22	20.03	24.60
	TOTAL YEARLY ROUNDS --->		**110,499**	**106,056**	**101,976**	**106,606**	**101,935**	**Average -->**	**21.71**	**21.44**	**20.30**	**21.67**	**21.27**
WEST REGION	Lincoln Park Golf Course	9	16,457	16,000	13,496	16,535	11,091	14,716	27.93	--	26.59	22.40	27.95
	Redlands Mesa, Golf Club at*	10	19,300	17,973	17,500	18,763	18,000	18,307	58.32	not provided	--	not provided	--
	Tiara Rado Golf Club*	9	33,010	33,000	33,363	33,350	33,000	33,145	26.02	--	26.34	26.90	--
	TOTAL YEARLY ROUNDS --->		**68,767**	**66,973**	**64,359**	**68,648**	**62,091**	**Average -->**	**37.42**	**--**	**26.46**	**24.65**	**27.95**

FRONT RANGE PAR 3 - GOLF COURSE SURVEY (18 Hole Equivalents)

Region	Course	Tee Time Interval (min.)	2009	2010	2011	2012	2013	5 Year Average	2009	2010	2011	2012	2013
FRONT RANGE PAR 3 COURSES	Broken Tee(Metro)	10	10,979	10,481	9,727	11,117	10,010	10,463	17.20	16.89	17.33	17.09	17.17
	Cattail Creek (North)	10	13,152	11,990	11,500	12,217	10,447	11,861	16.26	27.44	--	15.85	17.63
	Centre Hills (Metro)	10	12,199	10,917	8,632	9,174	5,867	9,358	15.49	15.68	15.23	17.14	18.36
	Cherokee Ridge (CoSpgs)	FCFS	8,853	8,000	8,788	8,467	6,775	8,176	16.13	--	13.47	14.50	14.48
	CommonGround (Metro)	FCFS	1,272	1,609	1,435	1,785	1,743	1,569	12.72	13.11	13.16	14.01	14.28
	Denver Courses		**28,065**	**24,137**	**24,173**	**25,043**	**22,522**	24,788					
	Kennedy (Metro)	10	11,065	9,671	10,000	9,524	8,084	9,669	--	22.00	not provided	18.25	19.30
	Harvard Gulch (Metro)	10	17,000	14,467	14,173	15,519	14,438	15,119	--	15.72	16.18	16.52	14.99
	Elmwood		7,785	7,070	7,082	7,188	6,792	7,183	20.46	20.31	20.40	20.68	20.74
	Emerald Greens (Metro)*	10	7,000	6,500	6,250	7,661	7,000	6,882	--	--	19.68	18.80	--
	Foothills (Metro)	Alternate 8/9	14,097	13,779	12,646	13,858	13,134	13,503	16.57	16.76	16.12	15.51	15.18
	Green Valley Ranch (Metro)	9	1,811	1,850	1,636	1,817	1,613	1,745	15.87	14.32	14.86	14.38	16.88
	Hyland Hills, South (Metro)	FCFS	11,000	9,920	7,287	6,938	8,195	8,668	--	14.56	14.87	15.64	14.70
	Indian Tree (Metro)	10	12,115	12,000	8,976	10,162	8,096	10,270	13.60	--	16.95	16.96	16.91
	South Suburban (Metro)	10	11,425	20,929	11,533	13,358	13,199	14,089	not provided	not provided	not provided	17.54	17.08
	TOTAL YEARLY ROUNDS --->		**139,751**	**139,180**	**119,663**	**128,784**	**115,390**	**Average -->**	**16.03**	**17.68**	**16.20**	**16.63**	**16.75**

*Note: *the rounds in italics are estimates, based on the performance of the other courses in their group.*

Figure 11- COLORADO 2014 FEE SURVEY RESULTS

Colorado Front Range - Public Golf Course Rounds and Revenue Survey 2014

Region	Course	City	Type	Holes	RESIDENT Wk DAY	RESIDENT Wk END	NON-RESIDENT Wk DAY	NON-RESIDENT Wk END	Sr Wk DAY	Jr Wk DAY
NORTH REGION					NORTH REGION - 18 HOLE GREEN FEE					
	Colorado National Golf Club	Erie	DF	18	75.00	85.00	75.00	85.00	45.00	30.00
	Pelican Lakes (27)	Windsor	DF	27	50.00	66.00	50.00	66.00	45.00	22.00
	Indian Peaks	Lafayette	M	18	42.00	49.00	42.00	49.00	37.00	27.00
	Mariana Butte	Loveland	M	18	43.00	43.00	43.00	43.00	43.00	43.00
	Ute Creek	Longmont	M	18	36.00	41.00	36.00	41.00	29.00	22.00
	Saddleback	Firestone	DF	18	34.00	42.00	34.00	42.00	28.00	15.00
	Collindale	Ft. Collins	M	18	34.00	37.00	34.00	37.00	29.00	15.00
	Southridge	Ft. Collins	M	18	34.00	37.00	34.00	37.00	29.00	25.00
	Boomerang Links	Greeley	M	18	33.00	33.00	33.00	33.00	30.00	20.00
	Highland Hills	Greeley	M	18	33.00	33.00	33.00	33.00	30.00	20.00
	Olde Course at Loveland	Loveland	M	18	33.00	33.00	33.00	33.00	33.00	33.00
	Twin Peaks	Longmont	M	18	29.00	31.00	29.00	31.00	23.00	18.00
	Quail Dunes (Formerly Fort Morgan)	Ft. Morgan	M	18	26.00	26.00	31.00	31.00	21.00	21.00
	Sunset (9)	Longmont	M	9	21.00	22.00	21.00	22.00	16.00	12.00
	City Park Nine, (9)	Ft. Collins	M	9	18.00	18.00	18.00	18.00	16.00	13.00
	Haystack Mtn. (Exec)	Niwot	DF	9	14.00	16.00	14.00	16.00	11.00	14.00
CO SPRINGS REGION					CO SPGS REGION - 18 HOLE GREEN FEE					
	Golf Club at Bear Dance	Larkspur	DF	18	95.00	115.00	95.00	115.00	45.00	45.00
	Silver Spruce Course	Co Springs	Mil	18	35.00	35.00	35.00	35.00	35.00	11.00
	Cheyenne Shadows @ Ft Carson	Fort Carson	Mil	18	30.00	35.00	30.00	35.00	19.00	19.00
	Patty Jewett (27)	Co Springs	M	27	28.00	30.00	28.00	30.00	28.00	30.00
	Valley Hi	Peterson AFB	M	18	28.00	30.00	28.00	30.00	28.00	30.00
	Cherokee Ridge (9)	Co Springs	M	9	27.00	30.00	28.00	30.00	27.00	27.00
SOUTH REGION					SOUTH REGION - 18 HOLE GREEN FEE					
	Walking Stick	Pueblo	M	18	28.00	30.00	34.00	36.00	24.00	12.00
	Elmwood (formerly City Park) (27)	Pueblo	M	27	26.00	28.00	32.00	34.00	22.00	12.00
	Desert Hawk @ Pueblo West	Pueblo	M	18	27.00	29.00	27.00	29.00	27.00	19.00
	Hollydot (27)	Colorado City	M	27	19.00	26.00	19.00	26.00	19.00	8.00
WEST REGION					WEST REGION - 18 HOLE GREEN FEE					
	Redlands Mesa, Golf Club at	Grand Junction	DF	18	61.00	61.00	89.00	89.00	61.00	32.00
	Tiara Rado Golf Club	Grand Junction	M	18	35.00	38.00	35.00	38.00	34.00	13.00
	Lincoln Park Golf Course (9)	Grand Junction	M	9	25.00	25.00	25.00	25.00	25.00	12.00
METRO DENVER REGION REGULATION 18					METRO DENVER REGION - 18 HOLE GREEN FEE					
	Omni Interlocken (27)	Broomfield	R/SP	27	130.00	130.00	130.00	130.00	130.00	40.00
	Ridge at Castle Pines North	Castle Rock	DF	18	85.00	125.00	115.00	145.00	115.00	59.00
	Arrowhead	Littleton	DF	18	80.00	95.00	100.00	120.00	100.00	Free
	Red Hawk Ridge @ Castle Rock	Castle Rock	M	18	62.00	72.00	72.00	82.00	55.00	32.00
	Highlands Ranch	Highlands Ranch	Semi	18	52.00	64.00	60.00	72.00	48.00	31.00
	Heritage Eagle Bend	Aurora	DF	18	48.00	54.00	62.00	68.00	48.00	20.00
	Lone Tree	Littleton	M	18	47.00	50.00	61.00	66.00	32.00	25.00
	Fossil Trace	Golden	M	18	43.00	53.00	58.00	68.00	33.00	29.00
	Green Valley Ranch Golf Club	Denver	DF	18	42.00	57.00	52.00	67.00	41.00	30.00
	Deer Creek	Littleton	Semi	18	45.00	55.00	45.00	55.00	45.00	55.00
	CommonGround Golf Course	Denver	DF	18	42.00	42.00	52.00	52.00	32.00	16.00
	Saddle Rock	Aurora	M	18	40.00	51.00	40.00	51.00	30.50	24.00
	Fox Hollow (27)	Lakewood	M	27	15.00	50.00	52.00	57.00	33.00	20.00
	Murphy Creek	Aurora	M	18	38.00	48.00	38.00	48.00	28.50	22.00
	Heritage Todd Creek	Thornton	DF	18	30.00	40.00	42.00	52.00	42.00	44.00
	Legacy Ridge	Westminster	M	18	37.00	42.00	40.00	45.00	28.00	10.00
	The Heritage at Westmoor	Westminster	M	18	37.00	42.00	40.00	45.00	25.00	10.00
	Riverdale Dunes	Adams County	M	18	35.00	42.00	39.00	46.00	39.00	39.00
	Raccoon Creek	Littleton	DF	18	35.00	45.00	35.00	45.00	28.00	28.00
	South Suburban Golf Course	Centennial	M	18	33.00	37.00	44.00	46.00	22.00	18.00
	West Woods (27)	Arvada	M	27	37.00	43.00	37.00	43.00	28.00	19.00
	Meadows, The	Littleton	M	18	34.00	40.00	37.00	43.00	27.00	15.00
	Buffalo Run	Commerce City	M	18	32.00	37.00	40.00	44.00	27.00	13.00
	Broadlands	Broomfield	DF	18	31.00	40.00	35.00	45.00	27.00	27.00
	Meadow Hills	Aurora	M	18	33.00	39.00	33.00	39.00	24.00	19.00
	Thorncreek	Thornton	DF	18	28.00	35.00	35.00	44.00	24.00	16.00
	Flatirons	Boulder	M	18	33.00	38.00	33.00	38.00	27.00	23.00
	Foothills (36)	Denver	M	18	30.00	37.00	33.00	40.00	25.00	15.00
	Eagle Trace Golf Club	Broomfield	DF	18	29.00	41.00	29.00	41.00	26.00	19.00
	Applewood	Golden	DF	18	28.00	37.00	28.00	37.00	22.00	10.00
	Indian Tree	Arvada	M	18	30.00	30.00	35.00	35.00	26.00	18.00
	Hyland Hills (27)	Westminster	M	27	25.00	25.00	37.00	37.00	37.00	14.00
	City Park	Denver	M	18	26.00	35.00	26.00	35.00	20.00	13.00
	J.F. Kennedy (27)	Denver	M	27	26.00	35.00	26.00	35.00	20.00	13.00
	Overland	Denver	M	18	26.00	35.00	26.00	35.00	20.00	13.00
	Wellshire	Denver	M	18	26.00	35.00	26.00	35.00	20.00	13.00
	Willis Case	Denver	M	18	26.00	35.00	26.00	35.00	20.00	13.00
	Park Hill	Denver	DF	18	25.00	35.00	25.00	35.00	25.00	10.00
	Coyote Creek	Ft Lupton	DF	18	27.00	33.00	27.00	33.00	21.00	21.00
	Aurora Hills	Aurora	M	18	28.00	32.00	28.00	32.00	22.00	17.00
	Spring Valley	Elizabeth	DF	18	25.00	34.00	25.00	35.00	28.00	20.00
	Fitzsimons	Aurora	M	18	26.00	30.00	26.00	30.00	20.00	17.00
	Broken Tee at Englewood	Englewood	M	18	24.00	28.00	26.00	33.00	18.00	15.00
	Heather Ridge	Aurora	DF	18	24.00	30.00	24.00	30.00	20.00	16.00
	Riverdale Knolls	Adams County	M	18	25.00	28.00	25.00	28.00	24.00	24.00
	Lake Arbor	Arvada	M	18	23.00	26.00	23.00	26.00	22.00	10.00
METRO EXEC 18					METRO DENVER REGION - 18 HOLE GREEN FEE					
	The Homestead	Lakewood	M	18	36.00	39.00	39.00	42.00	28.00	17.00
	Links at Highlands Ranch	Highlands Ranch	DF	18	27.00	33.00	29.00	35.00	22.00	22.00
	Littleton	Littleton	M	18	26.00	30.00	31.00	35.00	21.00	18.00
	Evergreen	Denver	M	18	22.00	32.00	22.00	32.00	18.00	13.00
	Springhill	Aurora	M	18	24.00	28.00	24.00	28.00	18.00	15.00
METRO EXEC 9					METRO DENVER REGION - 9 HOLE GREEN FEE					
	So Suburban Family Sports Center	Centennial	M	9	16.00	18.00	17.00	19.00	13.00	12.00
	Foothills (36)	Denver	M	9	13.00	14.00	14.00	15.00	12.00	9.00
	Heather Gardens	Aurora	DF	9	7.50	7.50	15.00	15.00	9.50	6.50
FRONT RANGE PAR 3 COURSES					ALL REGIONS - PAR 3 GREEN FEE					
	Elmwood (Pueblo)	Pueblo	M	9	13.00	13.00	16.00	16.00	11.00	8.00
	South Suburban (Metro)	Centennial	M	9	10.00	12.00	13.00	15.00	9.00	5.00
	Cattail Creek (North)	Loveland	M	9	11.00	11.00	11.00	11.00	8.00	8.00
	J.F. Kennedy (Metro)	Denver	M	9	11.00	11.00	11.00	11.00	8.00	7.00
	CommonGround GC (Metro)	Denver	M	9	10.00	10.00	10.00	10.00	10.00	0.00
	Green Valley Ranch (Metro))	Denver	DF	9	10.00	10.00	10.00	10.00	10.00	6.00
	Indian Tree (Metro)	Arvada	M	9	10.00	10.00	10.00	10.00	10.00	5.00
	Emerald Greens (Metro)	Denver	DF	9	8.00	8.00	11.00	11.00	11.00	7.00
	Cherokee Ridge (CoSpgs)	Co. Springs	M	9	9.00	9.00	9.00	9.00	7.00	7.00
	Broken Tee(Metro)	Englewood	M	9	8.00	8.00	10.00	10.00	6.00	6.00
	Foothills (36) (Metro)	Denver	M	9	8.00	8.00	9.00	9.00	9.00	6.00
	Hyland Hills South (Metro)	Westminster	M	9	7.00	7.00	9.00	9.00	9.00	4.00
	Harvard Gulch (Metro)	Denver	M	9	8.00	8.00	8.00	8.00	7.00	7.00
	Hyland Hills North (Metro)	Westminster	DF	9	7.00	7.00	9.00	9.00	9.00	4.00

Part II. GOLF DEMAND IN THE PRIMARY TRADE AREA

A. Socio-Economic Profile of the Appletree Golf Trade Area

In the analysis to determine demand for golf facilities, it is necessary to identify the primary area from which the facility typically will attract its patrons.

The trade area is a function of population density, natural barriers, golfer distance/travel time habits, accessibility of the site, and the location of competitive facilities. THK has defined the trade area as the area within an approximate 15 to 20 minute drive of the Appletree Golf Course. After driving this area and reviewing where competitive facilities are located, physical characteristics and conditions that impact increased or decreased travel time, the primary trade area boundaries were refined. The geographic delineation of the primary trade area is shown in Figure 12.

Having determined the appropriate trade area, THK then researched population, household, income, age and other demographic trends in the trade area using STI data as found in Sitewise/Tetrad which tracks census data. As shown in Table V-5 in 1980, there were 121,013 people living in the trade area. Since then the trade area has experienced a 1.7% annual growth in the population with 2,719 new residents annually. Household growth has continued throughout this time period at a 1.9% growth rate, or 1,092 new households annually. Since 1980 the trade area has captured 27.1% of total population growth and 26.8% of total household growth in the region. Since 2000 these capture rates have been 25.5% and 25.6% respectively.

Based on the historical development activity in the area and the economic forecast for the area, it is possible to project future population levels in the trade area. The Appletree golf trade area's 2014 population of 213,466 residing in 77,980 households will experience annual average population growth of 2,750 and household growth of 1,150 through 2024. Thus, the population in the Appletree golf trade area will increase to 228,426 by 2019 and 240,945 by 2024 as shown in Table V-6.

Based on the aforementioned population growth projections, THK has projected this population growth by age cohort and gender as shown in Table V-7. These population projections by age and gender will be used further in this analysis to determine the number of potential golfers in the Appletree golf trade area.

Figure 12- APPLETREE GOLF COURSE TRADE AREA

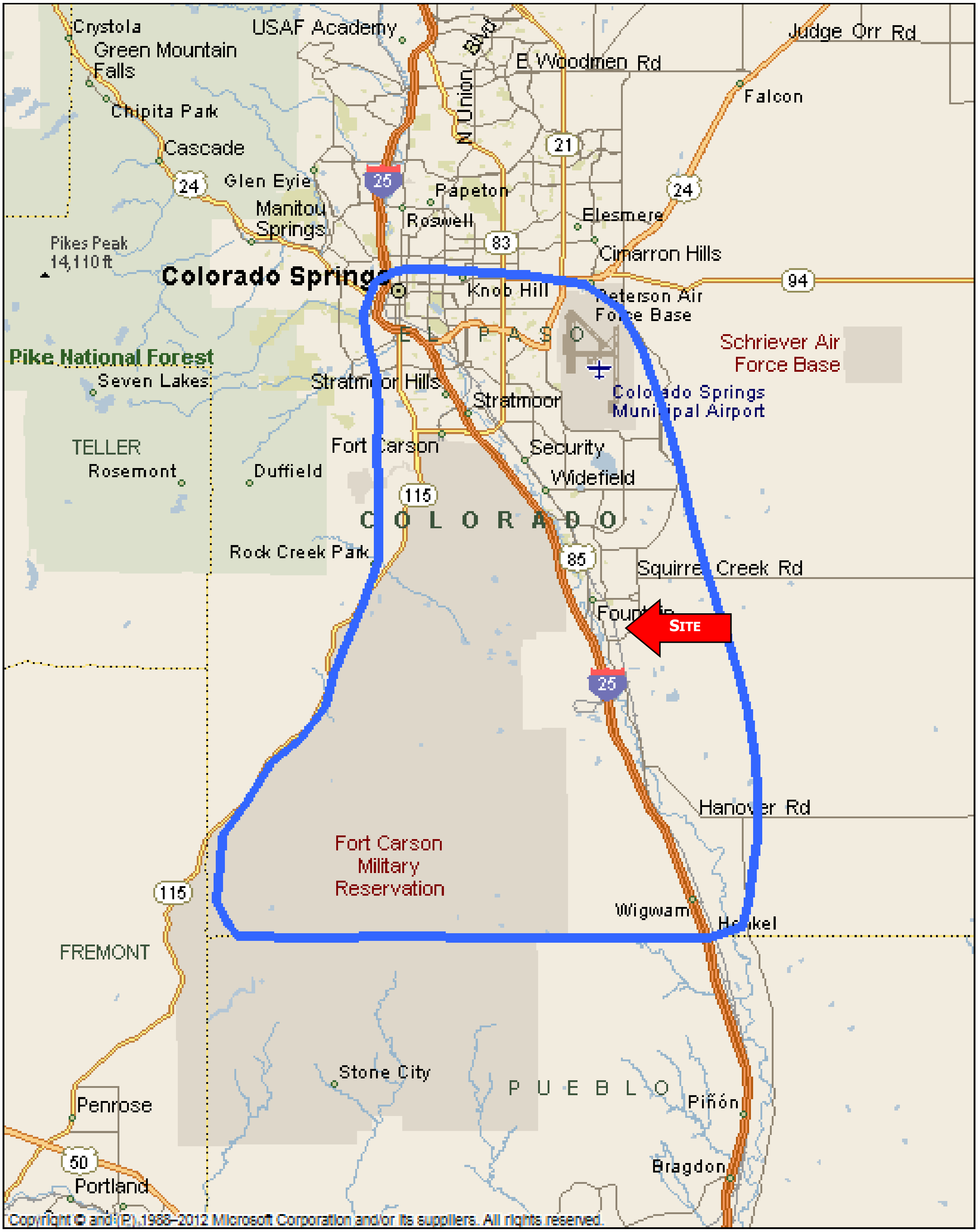


Table V-5: Historic Population and Household Estimates, 1990-2014

						Annual Average							
						1980-2014		1990-2014		2000-2014		2010-2014	
	1980	1990	2000	2010	2014	Num.	Per.	Num.	Per.	Num.	Per.	Num.	Per.
El Paso County													
Population	309,424	397,014	516,929	622,263	650,161	10,022	2.2%	10,548	2.1%	9,517	1.7%	6,974	1.1%
Households	107,791	146,965	192,409	235,959	246,273	4,073	2.5%	4,138	2.2%	3,847	1.8%	2,579	1.1%
Appletree Golf PTA													
Population	121,013	147,486	179,486	203,138	213,466	2,719	1.7%	2,749	1.6%	2,427	1.2%	2,582	1.2%
Households	40,853	52,368	64,193	74,330	77,980	1,092	1.9%	1,067	1.7%	985	1.4%	913	1.2%
Appletree Golf PTA as a percent of the El Paso County													
Population	39.1%	37.1%	34.7%	32.6%	32.8%	27.1%		26.1%		25.5%		37.0%	
Households	37.9%	35.6%	33.4%	31.5%	31.7%	26.8%		25.8%		25.6%		35.4%	

Source: U.S. Bureau of the Census, Sitewise Tetrad STI Data and THK Associates, Inc.

Table V-6: Projected Population and Household Estimates, 2014-2024

				Annual Average			
				2014-2019		2014-2024	
	2014	2019	2024	Num.	Per.	Num.	Per.
El Paso County							
Population	650,161	695,420	747,260	9,050	1.4%	9,710	1.4%
Households	246,273	263,788	283,881	3,500	1.4%	3,760	1.4%
Appletree Golf PTA							
Population	213,466	228,426	240,945	2,990	1.4%	2,750	1.2%
Households	77,980	83,561	89,511	1,120	1.4%	1,150	1.4%
Appletree Golf PTA as a percent of the El Paso County							
Population	32.8%	32.8%	32.2%	33.0%		28.3%	
Households	31.7%	31.7%	31.5%	32.0%		30.6%	

Source: U.S. Bureau of the Census, Sitewise Tetrad STI Data and THK Associates, Inc.

Table V-7: Age and Gender Distribution of the Appletree Golf Trade Area, 2000-2024

	2000		2014		2019		2024	
Male	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
0-4	20,582	7.9%	8,641	8.0%	9,362	8.1%	10,139	8.3%
5-11	29,180	11.2%	12,422	11.5%	13,523	11.7%	14,537	11.9%
12-17	22,927	8.8%	9,073	8.4%	9,362	8.1%	9,528	7.8%
18-29	52,888	20.3%	22,251	20.6%	24,157	20.9%	25,653	21.0%
30-39	41,425	15.9%	16,850	15.6%	17,915	15.5%	18,690	15.3%
40-49	39,080	15.0%	13,070	12.1%	12,714	11.0%	12,460	10.2%
50-59	27,356	10.5%	11,882	11.0%	12,945	11.2%	13,926	11.4%
60-64	9,119	3.5%	3,564	3.3%	3,699	3.2%	3,787	3.1%
65+	17,977	6.9%	10,261	9.5%	11,905	10.3%	13,438	11.0%
Total	**260,532**	**100.0%**	**108,014**	**100.0%**	**115,584**	**100.0%**	**122,159**	**100.0%**

	2000		2014		2019		2024	
Female	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
0-4	20,255	7.9%	8,436	8.0%	9,140	8.1%	9,253	8.2%
5-11	27,434	10.7%	11,705	11.1%	12,751	11.3%	12,977	11.5%
12-17	22,819	8.9%	8,331	7.9%	8,802	7.8%	8,463	7.5%
18-29	43,331	16.9%	18,138	17.2%	19,747	17.5%	19,860	17.6%
30-39	38,460	15.0%	16,134	15.3%	17,039	15.1%	16,588	14.7%
40-49	35,126	13.7%	12,760	12.1%	12,413	11.0%	11,059	9.8%
50-59	27,178	10.6%	11,494	10.9%	12,638	11.2%	12,864	11.4%
60-64	12,307	4.8%	4,745	4.5%	4,965	4.4%	4,852	4.3%
65+	29,486	11.5%	13,709	13.0%	15,347	13.6%	16,926	15.0%
Total	**256,397**	**100.0%**	**105,452**	**100.0%**	**112,843**	**100.0%**	**118,786**	**100.0%**

	2000		2014		2019		2024	
Total	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**
0-4	40,837	7.9%	17,077	8.0%	18,503	8.0%	19,392	8.0%
5-11	56,614	11.0%	24,127	11.3%	26,275	10.3%	27,514	10.3%
12-17	45,746	8.8%	17,404	8.2%	18,164	9.5%	17,992	9.5%
18-29	96,219	18.6%	40,389	18.9%	43,904	16.2%	45,514	16.2%
30-39	79,884	15.5%	32,984	15.5%	34,955	15.3%	35,278	15.3%
40-49	74,206	14.4%	25,829	12.1%	25,127	15.4%	23,519	15.4%
50-59	54,534	10.5%	23,376	11.0%	25,584	12.7%	26,790	12.7%
60-64	21,426	4.1%	8,310	3.9%	8,664	3.7%	8,639	3.7%
65+	47,462	9.2%	23,970	11.2%	27,252	8.8%	30,364	8.8%
Total	**516,929**	**100.0%**	**213,466**	**100.0%**	**228,426**	**100.0%**	**240,945**	**100.0%**

Source: U.S. Bureau of the Census, and THK Associates, Inc.

B. Golf Participation Rates

In order to accurately gauge demand, the participation rate by age group needs to be established for the trade area. Accordingly, THK applies the estimated participation rates for the primary trade area to the area demographics. To further evaluate participation rates, golfers have been designated as either core or occasional players. Core golfers play eight or more 18-hole rounds each year.

As shown in Table V-8 the overall golf participation rate for those aged 5 and above in the United States is 11.0%. The golf participation rate for males is 18.5% and for females 4.1%. The Mountain states have an overall golf participation rate of 11.4%, with the male participation rate being 17.2% and the female participation rate being 5.9%. The Colorado/Colorado Springs environs have an overall golf participation rate of 11.7%; the male participation rate in the state is 17.8% compared to 5.9% for females.

Men in the Colorado/Colorado Springs environs aged 30-39 have the highest golf participation rate of 23.4% followed by the 40-49 age group at 18.9%. Men between ages 5 and 11 have the lowest rate at 6.8%; females between 30-39 have the highest participation rate at 8.5% with the 40-49 group at 7.1%. The female age groups of 5-11 have the lowest rate at 2.1%.

Table V-8: Golf Participation Rates by Age and Gender in the U.S., Mountain States and Colorado

United States

	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
Age Range	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	2.1%	3.9%	6.0%	0.4%	0.9%	1.3%	0.6%	2.6%	3.2%
12-17	5.9%	7.5%	13.4%	0.7%	0.8%	1.5%	4.0%	3.9%	7.9%
18-29	8.7%	9.1%	17.8%	1.0%	2.6%	3.6%	4.4%	6.2%	10.6%
30-39	12.0%	11.1%	23.1%	1.7%	3.7%	5.4%	5.8%	8.0%	13.8%
40-49	10.6%	8.6%	19.2%	1.7%	3.0%	4.7%	5.3%	5.9%	11.2%
50-59	9.9%	6.4%	16.3%	2.2%	2.3%	4.5%	5.6%	4.2%	9.8%
60-64	10.5%	5.2%	15.7%	2.7%	1.7%	4.4%	6.1%	3.4%	9.5%
65+	9.1%	3.3%	12.4%	1.9%	1.2%	3.1%	4.7%	1.9%	6.6%
Total	**9.8%**	**8.7%**	**18.5%**	**1.5%**	**2.6%**	**4.1%**	**5.4%**	**5.7%**	**11.0%**

Mountain

	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
Age Range	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	1.7%	4.6%	6.3%	0.5%	1.5%	2.0%	0.5%	3.4%	3.9%
12-17	4.6%	8.7%	13.3%	0.9%	1.4%	2.3%	2.8%	5.0%	7.8%
18-29	6.9%	10.6%	17.5%	1.1%	4.4%	5.5%	3.1%	8.0%	11.1%
30-39	9.5%	12.9%	22.4%	1.9%	6.3%	8.2%	4.0%	10.2%	14.2%
40-49	8.5%	9.9%	18.4%	1.9%	5.1%	7.0%	4.6%	7.5%	12.1%
50-59	7.9%	7.5%	15.4%	2.5%	3.8%	6.3%	4.8%	5.4%	10.2%
60-64	8.3%	6.1%	14.4%	3.2%	2.8%	6.0%	5.3%	4.3%	9.6%
65+	7.2%	3.9%	11.1%	2.1%	2.1%	4.2%	4.0%	2.4%	6.4%
Total	**7.5%**	**9.7%**	**17.2%**	**1.6%**	**4.2%**	**5.9%**	**4.4%**	**7.0%**	**11.4%**

Colorado

	Male Golf Participation Rate			Female Golf Participation Rate			Total Golf Participation Rate		
Age Range	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**	**Serious***	**Occasional****	**Total**
0-5	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5-11	1.4%	5.4%	6.8%	0.4%	1.7%	2.1%	0.5%	3.9%	4.4%
12-17	3.9%	10.3%	14.2%	0.6%	1.5%	2.1%	2.8%	5.8%	8.6%
18-29	6.0%	12.4%	18.4%	0.9%	4.9%	5.8%	3.1%	9.1%	12.2%
30-39	8.2%	15.2%	23.4%	1.4%	7.1%	8.5%	4.1%	11.7%	15.8%
40-49	7.2%	11.7%	18.9%	1.4%	5.7%	7.1%	3.7%	8.6%	12.3%
50-59	6.7%	8.7%	15.4%	1.8%	4.3%	6.1%	3.9%	6.1%	10.0%
60-64	7.1%	7.0%	14.1%	2.4%	3.2%	5.6%	4.3%	5.0%	9.3%
65+	6.1%	4.5%	10.6%	1.6%	2.4%	4.0%	3.4%	2.8%	6.2%
Total	**6.3%**	**11.4%**	**17.8%**	**1.2%**	**4.7%**	**5.9%**	**3.6%**	**8.1%**	**11.7%**

* Participation rates indicate the percentage of each population group that golfs at least eight times per year
** Participation rates indicate the percentage of each population group that golfs less than eigth times per year

Source: THK Associates, Inc.

C. Number of Trade Area Golfers

The next step in the analysis is to apply the participation rates to the primary trade area population using the age and gender breakdowns. For example, in 2014, there are 16,850 male residents between the age of 30 and 39 in the primary trade area (see Table V-7). As shown in Table V-8, 12.0% of this population group is serious participants in golf and 11.1% are occasional participants: 16,850 x 12.0% = 2,022 serious golfers and 16,850 x 11.1% = 1,870 occasional golfers. Thus, the total number of male golfers between the ages of 30-39 is 2,022 plus 1,870 or 3,892. By repeating this process for each age and gender group, the number of golfers is calculated.

This exercise is important because the primary indicators for golf participation are age and gender, as they are for all recreational activities. Any variations in the demographic profile of the local area have important impacts on the demand for golf, because of the differences in golf participation between age groups. Table V-9 shows the number of male and female golfers in the primary trade area in 2014, 2019, and 2024. There are presently 21,328 golfers within the trade area boundaries. In 2019, it is anticipated that 22,958 golfers will reside in the primary trade area and by the year 2024, there should be 23,661 golfing residents in the trade area.

Table V-9: Number of Golfers by Age and Gender in the Appletree Golf Trade Area, 2014-2024

2014	Male			Female			Total		
Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	-	-	-	-	-	-	-	-	-
5-11	174	671	845	47	199	246	221	870	1,091
12-17	354	935	1,289	50	125	175	404	1,060	1,464
18-29	1,335	2,759	4,094	163	889	1,052	1,498	3,648	5,146
30-39	1,382	2,561	3,943	226	1,146	1,372	1,608	3,707	5,315
40-49	941	1,529	2,470	179	727	906	1,120	2,256	3,376
50-59	796	1,034	1,830	207	494	701	1,003	1,528	2,531
60-64	253	250	503	114	152	266	367	402	769
65+	626	462	1,088	219	329	548	845	791	1,636
Total	**5,861**	**10,201**	**16,062**	**1,205**	**4,061**	**5,266**	**7,066**	**14,262**	**21,328**

2019	Male			Female			Total		
Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	-	-	-	-	-	-	-	-	-
5-11	190	734	924	54	231	285	244	965	1,209
12-17	367	969	1,336	56	141	197	423	1,110	1,533
18-29	1,457	3,010	4,467	219	1,190	1,409	1,676	4,200	5,876
30-39	1,476	2,737	4,213	252	1,278	1,530	1,728	4,015	5,743
40-49	920	1,495	2,415	179	728	907	1,099	2,223	3,322
50-59	872	1,132	2,004	234	559	793	1,106	1,691	2,797
60-64	264	260	524	89	119	208	353	379	732
65+	730	538	1,268	191	287	478	921	825	1,746
Total	**6,276**	**10,875**	**17,151**	**1,274**	**4,533**	**5,807**	**7,550**	**15,408**	**22,958**

2024	Male			Female			Total		
Age Range	Serious*	Occasional**	Total	Serious*	Occasional**	Total	Serious*	Occasional**	Total
0-5	-	-	-	-	-	-	-	-	-
5-11	206	793	999	52	223	275	258	1,016	1,274
12-17	375	991	1,366	51	128	179	426	1,119	1,545
18-29	1,555	3,213	4,768	181	983	1,164	1,736	4,196	5,932
30-39	1,548	2,869	4,417	235	1,190	1,425	1,783	4,059	5,842
40-49	906	1,472	2,378	156	637	793	1,062	2,109	3,171
50-59	942	1,224	2,166	234	559	793	1,176	1,783	2,959
60-64	272	268	540	118	157	275	390	425	815
65+	828	611	1,439	274	410	684	1,102	1,021	2,123
Total	**6,632**	**11,441**	**18,073**	**1,301**	**4,287**	**5,588**	**7,933**	**15,728**	**23,661**

* Participation rates indicate the percentage of each population group that golfs at least eight times per year
** Participation rates indicate the percentage of each population group that golfs less than eigth times per year

Source: THK Associates, Inc

D. Trade Area Golf Rounds in Demand

As shown in Table V-10 the number of 18-hole equivalent rounds that the average golfer plays by age level. The national golfer averages 18.1 (18-hole equivalent) rounds per year, while golfers over 65 average 41.7 (18-hole equivalent) rounds of golf per year. Young golfers average only 6.8 (18-hole equivalent) rounds per year nationally. In the Colorado/Colorado Springs area, it is estimated that the average golfer is currently playing 16.2 (18-hole equivalent) rounds, while seniors are averaging 37.3 (18-hole equivalent) rounds of golf per year. The number of rounds in Colorado/Colorado Springs area is expected to increase to 16.4 (18-hole equivalent) rounds for the average player in 2024.

The number of rounds of golf generated by each group in the trade area is shown in Table V-11. The 18-hole equivalent rounds per golfer for each age (Table V-10) are multiplied by the number of golfers in the trade area and are then adjusted for an 18-hole equivalent round. In 2014, residents of the trade area will demand 187,279 (18-hole equivalent) rounds of 18-hole golf. A large percentage of those rounds will come from seniors (65+) who will account for nearly 43,177 (18-hole equivalent) rounds of golf. By the year 2024, there will be a demand for 221,470 (18-hole equivalent) rounds of golf in the trade area.

The next step in the analysis is to determine the total demand for golf rounds as shown in Table V-12. Resident golfers will demand 149,823 (18-hole equivalent) public rounds in 2014 of which 134,841 (18-hole equivalent) rounds will be captured by public golf courses in the primary trade area. Secondary support will demand another 47,194 (18-hole equivalent) public rounds. A total of 182,035 (18-hole equivalent) public rounds will be demanded in 2011. In 2019, there will be demand for 199,544 (18-hole equivalent) public rounds. By the year 2024, 215,269 (18-hole equivalent) public rounds will need to be accommodated by trade area courses to satisfy trade area demand.

Table V-10: Average Number of Rounds for Golfers by Age

	2014	National		2014	Colorado	
Age Range	**Serious**	**Occasional**	**Total**	**Serious**	**Occasional**	**Total**
5-11	10.9	1.5	6.8	10.3	1.6	6.1
12-17	23.9	2.2	14.2	21.4	2.0	12.7
18-29	21.9	2.0	13.0	19.6	1.8	11.6
30-39	23.2	2.1	13.8	20.8	1.9	12.4
40-49	26.7	2.4	15.9	23.9	2.2	14.2
50-59	43.6	3.9	25.9	39.0	3.6	23.2
60-64	68.9	6.3	41.0	61.7	5.7	36.7
65+	70.1	6.4	41.7	62.7	5.8	37.3
Total	**27.7**	**2.8**	**18.1**	**24.8**	**2.5**	**16.2**

	2019	Colorado		2024	Colorado	
Age Range	**Serious**	**Occasional**	**Total**	**Serious**	**Occasional**	**Total**
5-11	10.6	1.4	6.1	10.0	1.4	6.1
12-17	22.1	2.0	12.8	22.2	2.0	12.8
18-29	20.2	1.8	11.7	20.3	1.8	11.8
30-39	21.5	1.9	12.4	21.6	1.9	12.5
40-49	24.7	2.2	14.3	24.9	2.2	14.4
50-59	40.3	3.6	23.3	40.5	3.6	23.4
60-64	63.8	5.7	36.9	64.1	5.7	37.1
65+	64.9	5.8	37.5	65.2	5.8	37.7
Total	**24.9**	**2.5**	**16.3**	**25.0**	**2.5**	**16.4**

Source: THK Associates, Inc.

Table V-11: Number of 18-Hole Equivalent Round per Golfer by Age
For the Appletree Golf Trade Area, 2014-2024

2014

Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	10.3	221	1,707	1.6	870	1,044	**2,751**
12-17	21.4	404	6,484	2.0	1,060	1,590	**8,074**
18-29	19.6	1,498	22,021	1.8	3,648	4,925	**26,946**
30-39	20.8	1,608	25,085	1.9	3,707	5,282	**30,367**
40-49	23.9	1,120	20,076	2.2	2,256	3,722	**23,798**
50-59	39.0	1,003	29,338	3.6	1,528	4,126	**33,464**
60-64	61.7	367	16,983	5.7	402	1,719	**18,702**
65+	62.7	845	39,736	5.8	791	3,441	**43,177**
Total	**24.8**	**7,066**	**161,430**	**2.5**	**14,262**	**25,849**	**187,279**

2019

Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	10.6	244	1,936	1.4	965	1,013	**2,949**
12-17	22.1	423	7,008	2.0	1,110	1,645	**8,653**
18-29	20.2	1,676	25,419	1.8	4,200	5,698	**31,117**
30-39	21.5	1,728	27,821	1.9	4,015	5,782	**33,603**
40-49	24.7	1,099	20,386	2.2	2,223	3,689	**24,075**
50-59	40.3	1,106	33,420	3.6	1,691	4,571	**37,991**
60-64	63.8	353	16,885	5.7	379	1,622	**18,507**
65+	64.9	921	44,807	5.8	825	3,590	**48,397**
Total	**24.9**	**7,550**	**177,682**	**2.5**	**15,408**	**27,610**	**205,292**

2024

Age Range	Rounds Per Serious Golfer	Number of Serious Golfers	18 Hole Equivalent Rounds	Rounds Per Occasional Golfer	Number of Occasional Golfers	18 Hole Equivalent Rounds	Total 18 Hole Equivalent Rounds
5-11	10.0	258	1,930	1.4	1,016	1,070	**3,000**
12-17	22.2	426	7,090	2.0	1,119	1,670	**8,760**
18-29	20.3	1,736	26,460	1.8	4,196	5,720	**32,180**
30-39	21.6	1,783	28,850	1.9	4,059	5,880	**34,730**
40-49	24.9	1,062	19,800	2.2	2,109	3,520	**23,320**
50-59	40.5	1,176	35,710	3.6	1,783	4,840	**40,550**
60-64	64.1	390	18,750	5.7	425	1,830	**20,580**
65+	65.2	1,102	53,880	5.8	1,021	4,470	**58,350**
Total	**25.0**	**7,933**	**192,470**	**2.5**	**15,728**	**29,000**	**221,470**

Source: National Golf Foundation and THK Associates, Inc

Table V-12: Demand for Golf in the Appletree Golf Trade Area, 2014-2024

Item	2014	2019	2024
Total Rounds From Primary Trade Area	187,279	205,292	221,470
Private Rounds/1	37,456	41,058	44,294
Public Rounds	149,823	164,234	177,176
Capture of Rounds	162,933	178,604	192,679
Private Rounds/2	28,092	30,794	33,221
Public Rounds/3	134,841	147,810	159,458
Secondary Support /4	52,813	57,892	62,455
Private Rounds	5,618	6,159	6,644
Public Rounds	47,194	51,734	55,810
Total Rounds	215,745	236,496	255,133
Private Rounds	33,710	36,953	39,865
Public Rounds	182,035	199,544	215,269

1\ Assumes 20% of demand is for private golf
2\ Assumes a capture rate of 75% of private resident rounds
3\ Assumes a capture rate of 90% of public resident rounds
4\ Assumes secondary support is 24.5% of total resident demand

Source: THK Associates, Inc.

E. Golf Supply Trends in the Appletree Primary Trade Area

In order to further isolate the operating conditions that exist in the Appletree primary trade area, THK has singled out the primary trade area's existing facilities. Appletree's competition is located generally within a 15 minute drive time of the Appletree facility. Within the primary trade area, THK inventoried a total of 12 golf courses and 198 golf holes. The 12 golf courses are comprised of 8 public/military and 4 are private or exclusive resort courses. THK obtained round data from the Colorado Golf Association and inventories of courses. It is estimated, by the Colorado Golf Association and the individual courses, that primary trade area courses played a total of approximately 295,749 18-hole equivalent rounds in 2013, 229,749 (18-hole equivalent) of which were public rounds and 66,000 (18-hole equivalent) were private rounds. On average, there were 24,646 (18-hole equivalent) rounds of golf played at the 12 area courses in 2013. The 8 public/military golf courses played an average of 32,821 (18-hole equivalent) golf rounds in 2013 while the 4 private/resort courses averaged 16,500 (18-hole equivalent) rounds.

Overall, the primary trade area has the equivalent of 7.0, 18-hole public (excluding Appletree) and 4.0 private/resort courses. The 12 golf course's fees in the primary trade area are profiled on the following two tables. These fees have been researched as a check of reasonableness for the potential rates at the Appletree facility. Of the 12 golf courses there was an 18-hole weighted weekday fee of $24.79 per round and weighted weekend fee of $26.50 per round.

TABLE V-13: GOLF COURSES IN THE APPLETREE PTA

	Course	Holes	Type	Length	2013 Estimated 18-Hole Rounds Played
	Subject Course				
	Appletree Golf Course	18	Public	Regulation	-
	Total	18			
	Course Equivilant	1.0			
	Public Courses				
1	Patty Jewett	27	Municipal	Regulation	63,853
2	Cherokee Ridge	9	Public	Regulation	19,150
3	Cherokee Ridge Par 3	9	Public	Par 3	6,775
4	Cheyenne Mountain Resort	18	Public	Regulation	24,000
5	Valley Hi	18	Municipal	Regulation	26,655
6	Sand Creek	9	Public	Executive	25,000
	Total	90			165,433
	Course Equivilant	5.0			33,087
	Military Courses				
7	Cheyenne Shadows	18	Military	Regulation	37,000
8	Silver Spruce	18	Military/Public	Regulation	27,316
	Total	36			64,316
	Course Equivilant	2.0			32,158
	Total with Play from Public				
	Private Courses				
9	Broadmoor East	18	Private/Resort	Regulation	15,000
10	Broadmoor West	18	Private/Resort	Regulation	12,500
11	Broadmoor South/Mountain	18	Private/Resort	Regulation	12,500
12	The Country Club of Colorado	18	Private/Resort	Regulation	26,000
	Total	72			66,000
	Course Equivilant	4.0			16,500
	Total with Play from Private				
	Public Competitors	5.0			165,433
	Military Competitors	2.0			64,316
	Private Competitors	0.0			66,000
	Total Competitors	12.0			295,749
	Rounds per Course				24,646

Source: THK Associates, Inc.

Figure 13- COMPETITIVE GOLF COURSE LOCATION MAP

TABLE V-14: Summary of Public Golf Course Green Fees in the Appletree Primary Trade Area

Golf Course	9-Hole Weekday	18-Hole Weekday	9-Hole Weekend	18-Hole Weekend	High Season Rate	Low Season Rate	Weekday Weighted Fee	Weekend Weighted Fee	2013 Overall 18-Hole Weighted Fee
Appletree Golf Course	dormant								
1 Patty Jewett Golf Course		$28.00		$30.00			$22.40	$24.00	$22.96
2 Cherokee Ridge	$13.50	$27.00	$14.50	$30.00			$27.00	$29.80	$27.98
3 Cherokee Ridge Par 3	$9.00	$9.00	$9.00	$9.00			$10.80	$10.80	$10.80
4 Cheyenne Mountain Resort					$125.00	$75.00			
5 Valley Hi	$14.50	$28.00	$15.50	$30.00	$22.75	$21.25	$28.20	$30.20	$28.90
6 Sand Creek	$11.00	$16.50	$11.00	$16.50	$11.00	$16.50	$17.60	$17.60	$17.60
7 Cheyenne Shadows	$19.00	$30.00	$20.00	$35.00			$31.60	$36.00	$33.14
8 Silver Spruce	$20.00	$35.00	$20.00	$35.00			$36.00	$36.00	$36.00
9 Broadmoor East	$150.00		$150.00		$255.00	$181.25	$60.00	$60.00	$60.00
10 Broadmoor West	$120.00		$120.00		$215.00	$162.50	$48.00	$48.00	$48.00
11 Broadmoor South	$150.00		$150.00		$215.00	$180.00	$60.00	$60.00	$60.00
12 The Country Club of Colorado									
Average	**$56.33**	**$24.79**	**$56.67**	**$26.50**	**$140.63**	**$106.08**	**$34.16**	**$35.24**	**$34.54**

Source: THK Associates, Inc.

F. Supply and Demand for Golf in the Primary Trade Area

The table below shows a comparison of supply and demand for golf rounds in the area. Currently, THK shows a moderate over-supply of both public and private. Demand will continue to increase however and by 2024, there will be an excess supply of only 14,480 public rounds. Demand will not justify and significant amount of new course construction and golf will remain competitive in the trade area. The overall market and Colorado Springs environs appear to be bottomed and stabilized and golf rounds should begin to increase at a healthy pace over the coming decade. Even with the demand increasing the Appletree facility will need to be aggressively marketed and managed to achieve market share. Lack of additional supply may allow existing courses to increase rates and rounds played in coming years.

Table V-15: Compariosn of Supply and Demand for Golf Rounds in The Appletree Primary Trade Area, 2014-2024

DEMAND	**2014**	**2019**	**2024**
Total Rounds	215,745	236,496	255,133
Private Rounds	33,710	36,953	39,865
Public Rounds	182,035	199,544	215,269
SUPPLY	**2014**	**2019**	**2024**
Current Rounds Played	295,749	295,749	295,749
Private Rounds Played	66,000	66,000	66,000
Public Rounds Played	229,749	229,749	229,749
EXCESS DEMAND	**2014**	**2019**	**2024**
Total Rounds	(80,004)	(59,253)	(40,616)
Private Rounds	(32,290)	(29,047)	(26,135)
Public Rounds	(47,714)	(30,205)	(14,480)
CAPACITY	**2014**	**2019**	**2024**
Private Rounds	30,000	30,000	30,000
Public Rounds	37,500	37,500	37,500
COURSE DEMAND	**2014**	**2019**	**2024**
Private Courses	-1.1	-1.0	-0.9
Public Courses	-1.3	-0.8	-0.4
Total Courses	-2.3	-1.8	-1.3

G. Projected Round Play at the Appletree Facility

THK has calculated total demand for golf in the Fountain/Appletree environs to determine how many rounds should be played annually at the golf facility. THK's market analysis accounts for golf demand from permanent residents as well as secondary support. These figures are based on unit counts, golf participation rates, occupancies, and frequency of play. There is demand for approximately 182,035 (18-hole equivalent) public rounds of golf in the Appletree primary trade area in 2014. This demand is estimated to grow to 215,269 (18-hole equivalent) public rounds by 2024. The Appletree facility is adequately positioned to attract a wide range of golfer. The capture rate for the Appletree facility was based on the number of competitors in the trade area. We have allowed for the military facilities to be 100% public.

The capture rates for the Appletree course were calculated as follows:

Appletree Course

Number of Competitors	7.0 (18-hole equivalent)
Proposed additions	0.0
Total Competitors	7.0
Appletree Addition	1.0
Total Supply	8.0
Suggested Capture Rate	12.5%
Applied Capture Rate	10.0% to 13.5%

These capture rate are applied to the projected demand for public golf rounds in the primary trade area over the next decade in the following tables.

Table V-16: Market Potentials for the 18-Hole Regulation Appletree Golf Course

Year	2014	2015	2016	2017	2018
Demand for Public Golf Rounds	182,035	185,221	188,462	191,760	195,116
Capture Rate	0.0%	0.0%	10.0%	12.5%	13.5%
Total 18 Hole Public Rounds Demanded at The APPLETREE Golf Course	**-**	**-**	**18,846**	**23,970**	**26,341**
9 Hole Public Players	-	-	13,192	16,779	18,438
18 Hole Public Players	-	-	12,250	15,581	17,121
Total Public Players	-	-	25,442	32,360	35,560
Course Utilization*	**0.0%**	**0.0%**	**53.8%**	**68.5%**	**75.3%**

Year	2019	2020	2021	2022	2023	2024
Demand for Public Golf Rounds	199,544	203,036	206,589	210,204	213,883	215,269
Capture Rate	13.5%	13.5%	13.5%	13.5%	13.5%	13.5%
Total 18 Hole Public Rounds Demanded at The APPLETREE Golf Course	**26,938**	**27,410**	**27,890**	**28,378**	**28,874**	**29,061**
9 Hole Public Players	18,857	19,187	19,523	19,864	20,212	20,343
18 Hole Public Players	17,510	17,816	18,128	18,445	18,768	18,890
Total Public Players	36,367	37,003	37,651	38,310	38,980	39,233
Course Utilization*	**77.0%**	**78.3%**	**79.7%**	**81.1%**	**82.5%**	**83.0%**

* Based on an 18-hole course utilization of 35,000 18 Hole Rounds

Source: THK Associates, Inc.

VI. CASH FLOW ANALYSIS & VALUATION

VI. CASH FLOW ANALYSIS & VALUATION

A. System and Specific Course Income Potentials

Based on the previous analysis THK has prepared a cash flow projection for the Appletree facility, assuming it is re-opened and ready for play in 2016. We have allowed for operating expenses for management and utilities during 2014 and 2015 prior to the course opening. Other than the rates and charges set forth in the following table, THK has assumed that there will be an annual lease expenses for a new cart fleet and maintenance equipment. Expenses for operating the facility have been based on a review of the limited historical financials for Appletree, expenses at other facilities and our experience with similar facilities. For the cost of the water THK has assumed that ditch rights can be leased for approximately $100 per year per acre foot. For the "grow-in" year approximately 300 acre feet will be required then usage will be more stable at 250 acre feet per year. Increases in water costs above this amount will directly impact the net operating income projected from the operation of the golf course.

As shown in the following table the facility is expected to have negative cash flow for 2014, 2015 and 2016. Upon stabilization the facility should be self-supportive and provide positive net income.

Table VI-1: Projected Cash Flow Operations for the Appletree Golf Facility

YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Rounds Played											
Regulation Course	0	0	18,846	23,970	26,341	26,938	27,410	27,890	28,378	28,874	29,061
Average Revenue per Round											
Regulation Course	$36.50	$37.23	$37.97	$38.73	$39.51	$40.30	$41.10	$41.93	$42.77	$43.62	$44.49
REVENUES											
Green Fees/1	$0	$0	$362,741	$470,588	$527,472	$550,230	$571,057	$592,671	$615,104	$638,385	$655,373
Food and Beverage	$0	$0	$129,961	$170,253	$192,703	$202,989	$212,737	$222,954	$233,661	$244,883	$253,864
Merchandise	$0	$0	$59,982	$78,578	$88,940	$93,687	$98,186	$102,902	$107,844	$113,023	$117,168
Cart Rentals	$0	$0	$117,646	$152,623	$171,072	$178,453	$185,208	$192,218	$199,493	$207,044	$212,553
Misc/Range	$0	$0	$40,988	$53,695	$60,776	$64,019	$67,094	$70,316	$73,693	$77,232	$80,065
Total Revenues	$0	$0	$711,316	$925,737	$1,040,963	$1,089,379	$1,134,282	$1,181,061	$1,229,795	$1,280,567	$1,319,022
EXPENSES											
Water Expense	$0	$30,000	$25,000	$25,750	$26,523	$27,318	$28,138	$28,982	$29,851	$30,747	$31,669
Utilities	$5,000	$45,000	$46,350	$47,741	$49,173	$50,648	$52,167	$53,732	$55,344	$57,005	$58,715
Administrative Expenses	$50,000	$50,000	$51,500	$53,045	$54,636	$56,275	$57,964	$59,703	$61,494	$63,339	$65,239
Pro Shop Labor	$0	$0	$150,000	$154,500	$159,135	$163,909	$168,826	$173,891	$179,108	$184,481	$190,016
F & B Labor	$0	$0	$84,474	$110,664	$125,257	$131,943	$138,279	$144,920	$151,880	$159,174	$165,011
Golf Course Maintenance	$0	$0	$260,000	$267,800	$275,834	$284,109	$292,632	$301,411	$310,454	$319,767	$329,360
Cost of Goods Sold	$0	$0	$123,463	$161,740	$183,068	$192,839	$202,100	$211,806	$221,978	$232,639	$241,170
Replacement Reserves	$0	$0	$14,226	$18,515	$20,819	$21,788	$22,686	$23,621	$24,596	$25,611	$26,380
Total Expenses	$55,000	$125,000	$755,013	$839,754	$894,445	$928,829	$962,792	$998,066	$1,034,704	$1,072,762	$1,107,561
TOTAL OPERATING INCOME	**-$55,000**	**-$125,000**	**-$43,697**	**$85,983**	**$146,518**	**$160,550**	**$171,489**	**$182,994**	**$195,090**	**$207,805**	**$211,462**

Assumptions	**2014 Regulation**
Weighted Green Fee	$18.50
Cart Rentals	$6.00
Merchandise/Round	$3.00
Range/Round	$2.00
F&B/Round	$6.50
Misc/Round	$0.50
Total Revenue/Round	$36.50
Inflation	3%

Source: THK Associates, Inc.

B. Facility Values and Supportable Debt for Appletree Facility

By taking the estimated cash flows that are expected from the operation of the Appletree facility, THK is able to determine the value of the facility as well as the potential estimated supportable debt.

It is estimated that the facility, using a 6% discount rate (municipal cost of money) and an 11% capitalization rate, the Appletree facility could have a market value of $1,574,560.

Assuming a 20 year bonding period, 6% cost of money, 2 years of interest reserves and 2% issuance costs, the facility could support approximately $1,070,900 in debt.

Table V-2: Discounted Cash Flow Analysis for the Appletreet Golf Facility

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Operating Income	($55,000)	($125,000)	($43,697)	$85,983	$146,518	$160,550	$171,489	$182,994	$195,090	$207,805
Reversion										$1,889,138
Annual Present Value	($51,887)	($111,250)	($36,689)	$68,106	$109,486	$113,181	$114,050	$114,813	$115,473	$116,037
Discount Rate	6.0%									
Present Value of Income Stream	$551,320									
Reversion										
10th Year Revenues	$1,280,567									
10th Year Expenses	$1,072,762									
10th Year Net Income	$207,805									
Cap Rate	11.0%									
Net sales Price *	$1,832,464									
Present Value of Reversion Sale	$1,023,240									
Total Present Value	**$1,574,560**									

* 11.0% cap rate minus 3% cost of sale

Table V-3: Preliminarily Supportable Debt for the Appletree Facility

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Operating Income	($55,000)	($125,000)	($43,697)	$85,983	$146,518	$160,550	$171,489	$182,994	$195,090	$207,805
Net Income Afetr 1.2 Coverage	($45,833)	($104,167)	($36,414)	$71,652	$122,098	$133,792	$142,908	$152,495	$162,575	$173,171
Present Value at 6.0%	($43,239)	($92,708)	($30,574)	$56,755	$91,239	$94,318	$95,042	$95,677	$96,228	$96,698

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Net Operating Income	$211,462	$217,805	$224,340	$231,070	$238,002	$245,142	$252,496	$260,071	$267,873	$275,909
Net Income Afetr 1.2 Coverage	$169,169	$174,244	$179,472	$184,856	$190,401	$196,114	$201,997	$208,057	$214,299	$220,727
Present Value at 6.0%	$89,116	$86,594	$84,143	$81,762	$79,448	$77,199	$75,014	$72,891	$70,828	$68,824

Total Present Value	**$1,245,253**
Interest Reserve (2 yrs @ 6%)	$149,430
Issue Costs (2%)	$24,905
Remaining Funds	**$1,070,917**

Source: THK Associates, Inc.

END OF REPORT