



# Broken Arrow Innovation District Feasibility & Impact Study

PRELIMINARY FINDINGS  
& RECOMMENDATIONS

■ September 5, 2023



# Introduction & Study Overview

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Broken Arrow Chamber of Commerce engaged Beck Architects to complete planning and design services for Broken Arrow's proposed Innovation District (Project). As a part of this Project, Hunden Partners was engaged as a subconsultant to Beck to conduct a market and financial feasibility study on the proposed 90-acre site within Broken Arrow. The following goals and objectives outline Hunden's analysis:

- **Analyze** the local market for class A office, residential, retail/restaurant, hotel, meetings and event space, and entertainment and public gathering space,
- **Identify** best practices of other innovation and mixed-use districts and how these lessons learned can be applied to the Broken Arrow Innovation District,
- **Determine** the optimal mix of uses that maximizes the potential of success for the Project with the focus of generating and retaining high-paying jobs in Broken Arrow.



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## Executive Summary

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# Headlines

## Innovation District

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**Innovation District Focus & Opportunity:** Innovation districts have one primary thing in common; there is a set mission or goal, and the organizations and built environment focuses on achieving the set mission. Broken Arrow has defined their mission of generating and retaining high paying jobs in the city that aligns with the core industries of the city and the Tulsa region. Thus, the opportunity for a dynamic environment of Class A Office Space, Flex-Light Industrial and an Innovation Hub is strong. However, the current office space environment is challenged, with much uncertainty in terms of space needs from many employers. Hunden emphasizes that speculative office development is highly risky and not recommended. Attracting a developer of built-to-suit office space that builds off the surrounding development activity, which would be in process first, and aligns with the overall innovation district marketing strategy and mission is recommended.

**Organization Structure:** As the project proceeds, an organization must be created that governs, manages and promotes the Broken Arrow Innovation District. This organization would likely be the operator of the central innovation, incubator and coworking space. Funding for these initiatives is largely grant funded, philanthropic, fundraised and/or city funded.

**Flight to Quality & Attracting Top Talent:** The current office environment is challenged in many places across the country; however, many employers have realized the benefits and efficiencies of having their workforce in-person. The challenge has been creating an environment where employees want to be in the office. The result is a flight to quality for top employers where there are strong quality of life amenities both within the office space and right when you step out of the door. When companies are located within these environments it proves to be much easier to attract and retain top talent.

**Built-Out Strategy:** The innovation district will not all be developed together. Hunden recommends a strategy of constructing the recommended phase one elements that are the most market supported: residential, flex-light industrial, restaurant/retail, hotel and the initial build-to-suit office space for an anchoring district tenant. This will create activity within the district and with a strong marketing strategy, the additional build-to-suit office developments can be developed on shovel ready pad sites.

# Headlines

## Walkable Mixed-Use Districts

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Today, visitors, employees and residents want **authentic, walkable districts of restaurants, bars, shops, entertainment and recreation options** at one central location.

**Walkability & Support Uses:** In order to create a cohesive, lively environment within the Broken Arrow Innovation District, there needs to be a density of residential, retail, hospitality and community space to drive consistent activity and critical mass into the district. Hunden emphasizes that successful districts have an array of offerings covering many income levels or price points.

**Authenticity:** Successful innovation districts and mixed-use districts as a whole infuse local authenticity into the design or tenant mix of development to conjure local pride and to give the overall development a unique feel that cannot be found elsewhere. It is important that the district not just be for tourist, but for workers and residents simultaneously. Otherwise, it will fail financially, but also culturally. The district must include a critical mass of housing and eventually, office as well. Hunden recommends a number of key attributes that will create a comprehensive district. There will likely be an upfront investment by the City to induce developers to build certain uses.

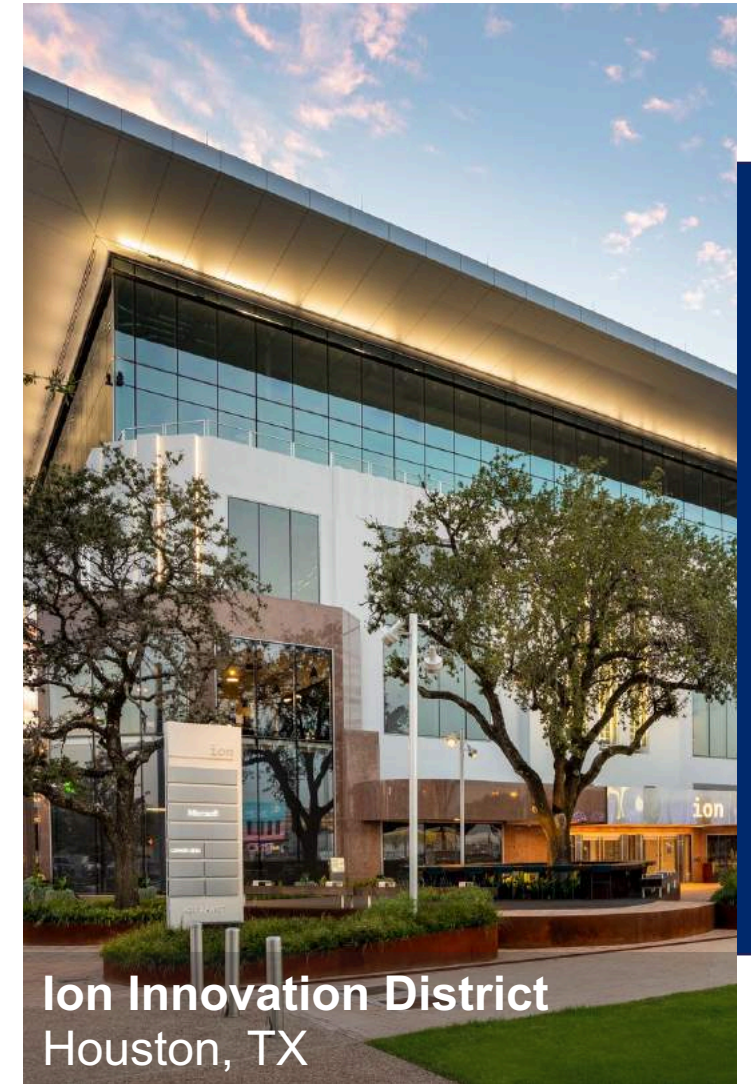
**Case Studies:** There are many examples of successful mixed-use and entertainment districts in cities of all sizes, with more and more being developed. These include the Domain in North Austin, TX, Cypress Waters in Dallas, TX, FLIGHT in Tustin, CA, the Pearl District in San Antonio, TX, Mosaic in Fairfax, VA, Watters Creek in Allen, TX and many others. Hunden assessed these in detail for their use of space, overall development strategy and their funding mechanism to understand how these districts have come to be and what drives their success.

**Ripple Effect:** Creating a district will also enhance the value of surrounding land and likely result in more development that, over time, will help merge this district with the downtown area. Additionally, surrounding developments that are currently underway, Aspen Ridge and Aspen Creek, will elevate the value and opportunity of the Broken Arrow Innovation District.



# Innovation District

## Case Study Interviews





# Mixed-Use District

## Case Studies



# Recommendations Matrix

## Broken Arrow Innovation District



	Class A Office Space & Innovation	Flex / Light Industrial	Residential	Hotel	Retail & Restaurant	Meetings & Event Space	Entertainment & Public Gathering Space
Supply	<b>Minimal</b>	<b>Moderate – Good</b>	<b>Good</b>	<b>Moderate</b>	<b>Strong</b>	<b>Moderate</b>	<b>Moderate</b>
Demand	<b>Moderate</b> (Challenged in the short-term)	<b>Strong</b>	<b>Strong</b>	<b>Good – Strong</b>	<b>Strong</b>	<b>Moderate</b>	<b>Good – Strong</b>
Phase I	<b>330,000 SF</b> Build-to-Suit Office <b>20,000 SF</b> Incubator & Multi-Use Space <b>5,000 SF</b> Coworking Space	<b>45,000 SF</b> Class A Light Industrial	<b>200</b> Multifamily Units <b>30</b> Townhomes <b>15</b> Live-Work Units	<b>105-Room</b> Select-Service Hotel	<b>92,000 SF</b> Retail & Restaurant Space	<b>20,000 SF</b> Multi-Use Incubator & Event Space	<b>30,000 SF</b> Outdoor Entertainment Plaza & Public Gathering Space
Phase II	<b>245,000 SF</b> Build-to-Suit Office	-	<b>200</b> Multifamily Units <b>15</b> Townhomes	<b>80-Room</b> Boutique Hotel	<b>50,000 SF</b> Retail & Restaurant Space	-	-



# Recommendations

<i><b>BROKEN ARROW INNOVATION DISTRICT RECOMMENDED Building Use:</b></i>	<b>Building Size (GLA Sq. Ft.)</b>	<b>Stories / Floor</b>	<b>Number of Units</b>
<b><u>PHASE ONE</u></b>			
<b>Office</b>	<b>345,000</b>		
Office 1 (Anchor Tenant)	75,000	5	-
Office 2 (Build-to-Suit)	125,000	6	-
Office 3 (Build-to-Suit)	85,000	5	-
Office 4 (Build-to-Suit)	35,000	2	-
Incubator & Multi-Use Event Space (501c3 Managed)	20,000	1	-
Coworking Space (501c3 Managed)	5,000	1	-
<b>Flex - Light Industrial</b>	<b>45,000</b>	<b>1</b>	<b>-</b>
Flex - 1	15,000	1	-
Flex - 2	15,000	1	-
Flex - 3	15,000	1	-
<b>Retail</b>	<b>92,000</b>		
Retail / Restaurant (Ground Floor)	65,000	1	-
Restaurant / Retail - Food Hall (Standalone)	15,000	1	-
Restaurant 1 (Standalone)	6,000	1	-
Restaurant 2 (Standalone)	6,000	1	-
<b>Residential</b>	<b>263,500</b>		
Multifamily	160,000	5	200
For-Sale Townhomes	66,000	-	30
Live-Work Residential Units	37,500	-	15
<b>Hotel (Select-Service)</b>	<b>70,875</b>	<b>6</b>	<b>105</b>
Hotel Parking	-	-	84
<b>Outdoor Entertainment Plaza &amp; Public Gathering Space</b>	<b>30,000</b>	<b>-</b>	<b>-</b>
<b>Subtotal - Phase 1</b>	<b>816,375</b>	<b>-</b>	<b>-</b>
<b>Parking</b>	<b>-</b>	<b>-</b>	<b>324</b>
<b>Acreage</b>	<b>90</b>	<b>-</b>	<b>-</b>
<b>Square Footage Per Acre</b>	<b>9,071</b>	<b>-</b>	<b>-</b>

Source: Hunden

Hunden recommends a multi-phased approach which consists of delivering a density in phase one to achieve critical mass in the district. The delivery of the build-to-suit office in phase one is expected to be a slower delivery compared to other uses, however, as activity within the district is created, high-caliber tenants can be isolated.

<i><b>BROKEN ARROW INNOVATION DISTRICT RECOMMENDED Building Use:</b></i>	<b>Building Size (GLA Sq. Ft.)</b>	<b>Stories / Floor</b>	<b>Number of Units</b>
<b><u>PHASE TWO</u></b>			
<b>Office</b>	<b>245,000</b>	<b>-</b>	<b>-</b>
Office 5 (Build-to-Suit)	125,000	6	-
Office 6 (Build-to-Suit)	75,000	5	-
Office 7 (Build-to-Suit)	45,000	2	-
<b>Boutique Hotel</b>	<b>80,000</b>	<b>4</b>	<b>80</b>
Boutique Hotel Parking	-	-	64
<b>Retail</b>	<b>50,000</b>	<b>-</b>	<b>-</b>
Retail/Restaurant	50,000	1	-
<b>Residential</b>	<b>193,000</b>	<b>-</b>	<b>-</b>
Multifamily	160,000	5	200
For-Sale Townhomes	33,000	-	15
<b>Subtotal - Phase 2</b>	<b>568,000</b>	<b>-</b>	<b>-</b>
<b>TOTAL - ALL PHASES</b>	<b>1,384,375</b>		
<b>Acreage</b>	<b>90</b>		
<b>Square Footage Per Acre</b>	<b>15,382</b>		

Source: Hunden

# Next Steps

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**Written Report Delivery & Feedback**

**Including Demand & Financial Projections**

**Including Economic, Fiscal and Employment Impact Analysis**

**Implementation Plan**





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**Hunden Strategic Partners is a full-service real estate development advisory practice specializing in destination assets.**

**With professionals in Chicago, San Diego, Indianapolis and Minneapolis, HSP provides a variety of services for all stages of destination development in:**

- Real Estate Market & Financial Feasibility
- Economic, Fiscal & Employment Impact Analysis (Cost/Benefit)
- Organizational Development
- Public Incentive Analysis
- Economic and Tourism Policy/Legislation Consulting
- Research & Statistical Analysis
- Developer Solicitation & Selection

The firm and its principal have performed more than 750 studies over the past 20 years, with more than \$5.5 billion in built, successful projects.

# Innovation District Case Studies

## Summary of Key Findings

**There is no ‘instruction manual’ on what makes and innovation district an innovation district. Successful innovation district focus intensely on the primary goal of the district and then what organizational structure and built environment is necessary to execute on the defined goals of the district.**



### Real Estate

- The built environment varies substantially within innovation districts
- To align with Broken Arrow’s goal of generating and retaining high paying jobs in the areas core industry segments, Hunden recommends a mixture of build-to-suit class A office, flex-light industrial, and an innovation hub consisting of incubator/training space and coworking space

### Management & Operations

- Commonly, there is an organization that focuses on the management, marketing and operations of the incubator, coworking, workforce training, or innovation space. This organization promotes, markets and drives initiatives within the district
- Engagement with the Global Institute on Innovation Districts (GIID)

### Interviews & Opportunity

- Hunden has interviewed the OKC Innovation District, South Lake Union in Seattle and Ion Innovation District in Houston, with more to come





# **Appendix: Market Summary Slides**

# Class A Office

## Summary of Key Findings

The office market has struggled not only in the overall Tulsa market but nationally. However, a **flight to quality exists** and compelling developments with **strong amenities** have the potential of inducing high-caliber tenants. **Speculative development continues to be extremely risky; built-to-suit is advised.**



### Supply & Demand

- The Southeast submarket consists of 2.7 million square feet of office space with a reported vacancy of 2.6 percent.
- Three-star properties represent the majority of the submarket's supply. However, four- and five-star properties show the strongest demand with a limited existing supply.

### Spec Office Space Risk

- Speculative space is rare in the Tulsa metro, and with the lack of expansions, developers will likely remain hesitant to introduce these development to the area.
- Built-to-suit developments represent the majority of the construction that took place in recent years and perform generally well.

### Opportunity

- Built-to-suit development surrounded by density of walkable commercial uses to attract a higher caliber of tenants looking for high-quality Class A offerings.



# Residential

## Summary of Key Findings

The residential market is performing well in Broken Arrow. Single family development has dominated the pipeline of new development. To create a true mixed-use dense environment a mixture of multifamily, for-sale townhomes and live-work units is recommended.



### Supply & Demand

- The relationship between deliveries and absorption is favorable
- Absorption of multifamily is strong although rent growth has been moderate

### Development Pipeline

- The development pipeline of single-family homes in South Broken Arrow is robust
- Multifamily development has not seen as many deliveries, however, there are a few signature development that have gone up that are performing well

### Opportunity

- There is an opportunity to introduce a density of varying residential offerings in the Innovation District, which will drive consistent activity to the area
- Multifamily, lofted over restaurant and retail space, for-sale townhomes, and live-work units, specifically for local small businesses

# Hotel

## Summary of Key Findings

For the size of Broken Arrow, there is a limited supply of hotel offerings. The supply of hotels in Broken Arrow are clustered adjacent to Highway 51. Hunden expects the Innovation District to create a demand for hotel offerings from the high-caliber tenants in the development.



### Supply

- There are 14 hotels in Broken Arrow, accounting for 1,143 rooms
- The newest hotels include the Hilton Garden Inn, La Quinta and Stoney Creek Hotel & Conference Center which were all delivered in 2017 and 2018

### Demand Drivers

- Demand in Broken Arrow is primarily driven by local industry and drive through leisure travel
- The Stoney Creek Hotel & Conference Center added a new type of hotel product to the market with its substantial function space. This has induced strong meetings and events business to the market

### Opportunity

- Modern, elevated select-service upper upscale product that supports the demand generated by the office tenants
- A boutique hotel in phase two that offers some meeting and event space and brings authenticity to the district



# Retail & Restaurant

## Summary of Key Findings

Retail in Broken Arrow has performed very well. However, much of the retail environment is traditional national chain retail, outside of the Rose District. Broken Arrow lacks elevated retail and restaurants offerings and there is an opportunity to introduce these offerings in the Innovation District. National chains, although in high demand, will detract from the overall district.



### Performance

- The average vacancy rate is very low in the submarket, which captures most of Broken Arrow, and is currently 1.9%
- Rents average \$15, with newly developed and proposed retail reaching upwards of \$30

### Supply & Demand

- A majority of the proposed deliveries are in South Broken Arrow, adjacent to the Innovation District
- Large distribution of the market supply consists of national chains and big box stores, outside of the Rose District
- Absorption has tracked or outpaced inventory growth

### Opportunity

- Walkable, local more elevated retail and restaurant offerings
- Varying price points and time-of-day tenants driving activity 10-hours a day

# Meetings & Event Space

## Summary of Key Findings

The Tulsa metropolitan area offers a variety of meeting and event spaces that can accommodate a wide range of events. **Flexible multi-use event space** is attractive for any mixed-use district to **supplement visitation and activate the space later** in the day or on weekends.



### MSA Supply

- The local supply offers two large conference hotels near the Project.
- This includes the Stoney Creek Hotel & Conference Center and the Renaissance Tulsa Hotel & Convention Center approximately 6.9 and 6.5 miles from the Project, respectively.

### Synergistic District

- Successful districts achieve a mix of tenants and uses that create critical mass and fill activity at all times of the day, creating a sense of live, work, play.
- An all-inclusive setting is attractive for office tenants and residents.

### Opportunity

- Incubator space should be flexible and open for special events in order to act as ancillary space as well as to induce visitation during non-peak times for the district.
- Multi-use, flexible space can aid in filling incubator space during a ramp-up period.



# Entertainment & Public Gathering Space

## Summary of Key Findings

**Open-air public gathering space that anchors the district is critical to creating a sense of place and driving activity into the center of the district. These spaces can host small concerts, public gatherings, small festivals and events and outdoor fitness classes.**



### Current Supply

- The majority of dedicated entertainment venues currently exist within downtown Tulsa and the surrounding area.
- The Rose District in downtown Broken Arrow is the closest development that offers a mix of uses similar to the Project, although it emphasizes the historic nature of the area focusing on community events.

### Activated Space

- Activated outdoor / green space is also an important element to these developments, providing both recreational opportunities as well as a place to host ongoing community events and festivals.

### Opportunity

- Food halls have become increasingly popular and work extremely well in a development such as the Project. The assortment of food options combined with entertainment nodes attract large groups of people from all age groups.
- Public gathering / green space throughout the district.