



ECONOMIC DEVELOPMENT REPORT



2020 EDITION

UP TO THE CHALLENGE

With the world gripped by a global pandemic in 2020, governments and businesses alike entered a period of cautious deceleration. For the first time in a century, everyday activities like travel and retail shopping became risky decisions.

Pockets of the local economy were hit undeniably hard by the ensuing precautions. With the nature of both the coronavirus and available containment measures, some level of economic pain was a given. But now, the city appears to be in position to rebound. Key vendors have survived and even thrived under these difficult conditions, and the diversity of stakeholders within city limits appears to have insulated it against massive losses.

There's good cause for optimism in Grapevine. While many states and cities are expecting a

years-long recovery, early projections show key sectors like retail, accomodation, and entertainment rebounding in 2021, some by margins roughly equal to the losses taken this year. While some of the city's biggest sales tax contributors will move more slowly as consumers ease back into hotel occupancy and large gatherings, it appears a hidden diversity will sustain the overall budget.

Thanks to several new acquisitions and a variety of existing stakeholders, Grapevine has the economic backbone to weather the storm and come back stronger. Companies like Hotel Vin, Grapevine Mills, Henry Schein, and the Trade Group give us reason to expect resilience in the market, serving to highlight some of Grapevine's promising economic trends.

FORT-WORTH.
ARLINGTON.
GRAPEVINE MD

2020
VS.
2021
(FORECAST)

ACCOMODATION & FOOD SERVICE

-17%

11%

ARTS & ENTERTAINMENT

-17%

10%

FINANCE & INSURANCE

3%

3%

HEALTH CARE & SOCIAL ASSISTANCE

-7%

4%

MANUFACTURING

-7%

3%

PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES

-2%

3%

RETAIL TRADE

-2%

3%

WHOLESALE TRADE

-6%

3%

HOTEL VIN

GRAPEVINE'S NEWEST HOTEL OUTPERFORMS PANDEMIC-ADJUSTED EXPECTATIONS

LIKE almost anyone else in Hospitality, Tom Santora is open about how difficult 2020 has been. As the Managing Director of Hotel Vin and the Chief Commercial Officer at Coury Hospitality, he's had a first-hand look at the unpredictable ebb and flow of travel during the coronavirus pandemic. Like most people in the hotel space, he considers the market to consist of three basic segments: Group, Business Travel, and Leisure bookings.

Santora says that COVID-19 has largely drained those first two buckets, but Leisure travel began to pick up again during the summer and has maintained momentum as people look for safe escapes from home quarantine. Thanks largely to that trend, Hotel Vin has exceeded expectations since opening day.

"We're already seeing occupancy rates that are exceeding our COVID-19 expectations," Santora said. "Currently, in Grapevine, the market is running around 24% occupancy where our hotel is running in the mid-forties on a weekly basis. I'm sure the 'new factor' plays into this, but our location in Grapevine as well as our proximity to DFW has helped.

"Fortunately, we've had the revenue to support [full service]. In most cases other hotels have not had the business volumes to support their restaurants or other outlets... This is a tricky balance as it relates to staffing and profitability. Looking back, I think we were smart about our approach. For us, it was more about the people. Making sure we were staffed appropriately not only on our side but for the customer, to ensure that they felt good about the experience but they also felt safe staying at the hotel."

In the end, the local market provided everything they could possibly need. Experienced, quality staff were just a short drive or even train ride away, and the relative affluence of the Dallas/ Fort Worth suburbs provides a steady stream of "staycationers" on the weekends.

Corporate trainings and events keep the hotel about a third of the way full during the week, with weekend surges that see occupancy exceed 70%. A good portion of those numbers come from the city's Christmas events and Hotel Vin's direct access to DFW International Airport. Grapevine is the most popular weekend stop along the TEXRail commuter rail line, and currently ranks second behind only the

airport during the week.

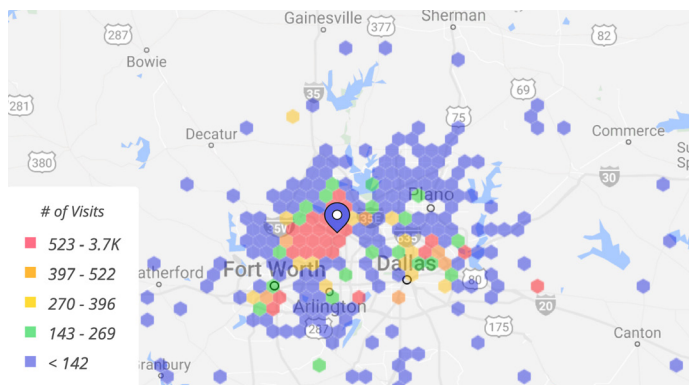
"The relationship with the city, TEXRail, and Coury has really been seamless," Santora said.

"To me, it's about all boats rising. I think, when the initial project was proposed years ago, there was some hesitation amongst other shops and restaurants along Main Street that this edifice would be too big and that it might not be helpful to them. Early stats have proven that this will be a catalyst to drive new business into the marketplace, whether it is business travel, meetings and conventions, or even additional leisure travelers."

When the pandemic threatened to stall or even shut down the development, the team at Hotel Vin put together a special food truck program called "Harvest Hall on Wheels." The collaborative project combined future Harvest Hall menu items with trucks owned by two future operators to generate buzz for the upcoming installation as well as revenue for the struggling restaurants.

"We all supported each other. These people could easily have gone out of business," he recalled. "We tried to ensure that they were still generating some revenue because it was tight there, come March or April when nobody knew what was going on."

In the end, only one of the original six partners had to back out of their agreement. The empty stand was filled within a week, and both Coury and the City of Grapevine are eagerly anticipating the food hall's grand opening, on track for 2021. Early indicators suggest that the symbiotic relationship between the local government and stakeholders will pay off handsomely: the new development has drawn an estimated 61.5k visitors since opening in September. ♦



GRAPEVINE MILLS

INNOVATION & STRATEGIC VISION KEY TO MALL RECOVERY

As stores close and retail brands declare bankruptcy, it's easy to hear the steady rhythm of a funeral dirge for retail. Malls, we've been told, are dying: soon to stand, eerily vacant, as mausoleums for tradition in the digital age; especially in the wake of the 2020 coronavirus pandemic. But some, like SIMON's Grapevine Mills, take issue with the dying mall stereotype. They prefer their own drumbeat to the glib noise of misconception.

The Mills rest comfortably in the top one percent of malls for foot traffic in the United States. Placer.ai ranks it as a top-ten mall in unique visitors within a 50-mile radius, but trade area analysis suggests that 1 in 5 Grapevine Mills shoppers come from between 50-250 miles away.

While SIMON keeps certain data proprietary, General Manager Joe Szymaszek says the 1.8 million-square-foot shopping center is among the top Entertainment & Retail venues in the property group's portfolio. That emphasis was their recipe for success pre-pandemic.

"Over the years, we've gone from entertainment that appealed to a certain spectrum of folks to more overarching entertainment that is family-friendly; that doesn't distract from the shopping experience. Entertainment that does not consume the whole day," Szymaszek said.

That balance has established Grapevine Mills as a staple in both the city and the region. Moreover, Szymaszek's vision of the mall seems to have at least partially insulated it from the effects of a virus that shuttered most stores for several weeks and drastically reduced annual foot traffic at the mall. He anticipates a solid recovery, buoyed by a respectable quarter at the close of the year.

Retailers in the mall survived in part by embracing the changes brought by online shopping. During the pandemic, stores converted floor space from traditional retail to online order fulfillment. But they also found ways to prioritize the in-person experience because that's their best competitive leverage. Store hours were limited, but wary customers could set one-on-one appointments before or after posted shopping times. Some vendors even offered personal shoppers and stylists who could deliver goods directly to a customer's door.

"We believe that there are just certain things that a consumer will always want to come in, taste, touch, sense, smell, try on, et cetera. We have seen, certainly, an increase in stores that are doing online fulfillment. And I think, as a retailer looks at how they preserve their future, online has to be a big part of that," Szymaszek said.

That trend holds across the Retail sector: brick-and-mortar retailers have needed to embrace online fulfillment, but online-only retailers are also increasingly interested in creating a physical building. The future, it would seem, lies in combining the two worlds.

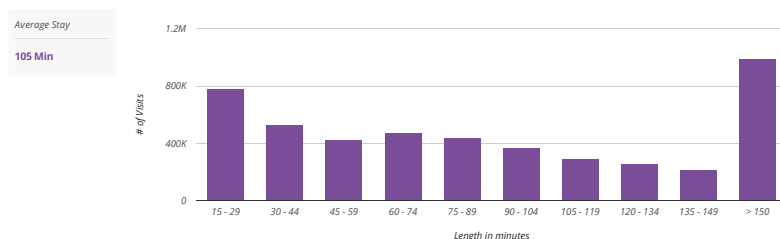
In that way, the pandemic has affirmed the core belief in personal experience that defines Grapevine Mills. Unique storefronts shifted their approach, catering to families faced with unplanned Distance Learning or Homeschool curriculum. Both Sea Life Aquarium and the LEGO Land Discovery Center offered STEM learning attractions and online worksheets to support parents in search of a fun educational activity to supplement their new approach to school.

A glance at visitor patterns in the last year shows that the innovations largely worked: the average visit to Grapevine Mills clocks in at 104 minutes; plenty of time to visit multiple stores and an attraction or two, and only ten minutes less than the 2019 average.

While the city's biggest retail cluster isn't completely out of the woods yet, current trends suggest that Grapevine Mills will be well positioned for recovery once the virus is contained, thanks to the mall's strategic focus and willingness to innovate. Things may not look the same in 2021, but they won't look as different as we may have feared, either. ♦

Length-Of-Stay

● Grapevine Mills Main Mall / Grapevine Mills Pkwy Suite 302A



STRATEGICALLY located near a convergence of highways and an international airport in Grapevine, Texas, Henry Schein, Inc may be the secret powerhouse of the local economy. The healthcare supply distributor is the city's single largest sales tax contributor in any given year, providing much-needed stability during a pandemic that threatens to cripple municipal budgets across the country. Thanks in part to skyrocketing demand for their services, Henry Schein is one of a select few companies that can provide an early glimpse at what it will take to get America back to work during and after a game-changing pandemic.

Like many businesses in the United States, Henry Schein furloughed a portion of their workforce in March 2020. With pandemic protocols in place and the future uncertain, the company scaled back on hours and personnel to reduce costs and protect employees. Demand for medical products such as Personal Protective Equipment (PPE), sanitary wipes, and SARS-CoV-2 test kits exploded shortly thereafter, and the Grapevine distribution center went from processing 4,500 orders per day to 10,000. Demand for facemasks ballooned by 650%.

Thanks to the center's strong economic setting and a well-executed corporate vision, Director of Distribution Arnie Roberts was able to shift gears and rapidly hire, train, and install a record number of employees to meet the challenge of a shifting market.

About 16% of Henry Schein's overall U.S. business flows through Grapevine on the way across Texas and to Alabama, Kansas, Oklahoma, Colorado, Arizona, and even a segment of Montana. But the city's geographic advantage is only part of what makes it a good home for Henry Schein. There's a deep talent pool in North Texas, providing just about every kind of employee one could imagine within a roughly 20-minute commuting window around Grapevine.

More importantly, team members are proud to be part of Henry Schein. So much so that they eagerly recruited their friends and family when the hiring surge began. Roberts remembers offering an increased referral bonus in the early weeks of the re-staffing effort, but both he remembers that step becoming redundant almost as soon as it was announced. Finding people -- even with the high bar the company sets -- wasn't a challenge.

Thanks to their team's creativity and flexibility, the



Grapevine distribution center not only returned to work but did so without dipping in any key metrics. A broad group of employees were called upon to train or shadow with a new hire at some point. At the same time, the warehouse team reorganized their inventory to maximize order fulfillment efficiency in light of the evolution of order profiles as customers began to better understand the virus. Those adjustments weren't easy to make, but they happened because the team united around them.

High-ranking managers stepped onto the warehouse floor to pick and pack products during the surge, and the company remained committed to its policy of voluntary overtime hours. Employees who chose to work over the weekend were rewarded -- especially if they opted to report on both Saturday and Sunday -- but no one was required to do so. Now that orders and profits are trending upward, Roberts is hopeful that a mixture of revenue growth and excellent service will sustain their expanded workforce.

"We want to continue to grow, so our goal is that as that demand for PPE subsides, we still grow the business. What we've been able to do successfully is take care of those customers when maybe their other suppliers haven't been. So we use that to grow our business, thus offsetting that labor demand that may slide if PPE drops down some, we'll offset it with normal business. And then, we would hold onto the people," he said.

Only time will tell if Henry Schein can turn short-term excellence into long-term growth, but for now they stand atop a short list of local businesses who hardly missed a beat in 2020. ♦



THE TRADE GROUP

FACING THE COMPLETE SHUT DOWN OF
THEIR INDUSTRY, THIS FAMILY BUSINESS
DIDN'T JUST PIVOT TO STAY ALIVE... THEY
POSITIONED FOR A COMEBACK BY
MOVING TO THE CITY OF GRAPEVINE

IT'S taken 34 years, but Chris Stone and his founding partners managed to grow The Trade Group from a three-person sales team into an exhibit design and fabrication company with event production tools that holds down a roughly \$60-million share of the multi-billion-dollar trade show industry. Over the last few fiscal years, The Trade Group boasted an impressive 20% growth rate, topping out at just under 200 employees in early 2020. Anticipating the need for a long-term office home that could accommodate their growth, Stone and his executive team signed on to build over 300,000 square feet of headquarters space in Grapevine, Texas.

Their move just happened to fall in the middle of a once-in-a-century pandemic that shuttered businesses around the world.

2020 is a trying year for most entrepreneurs, but trade shows face an exceptional challenge. The sector is dependent on everything that isn't safe right now, from enclosed spaces to large crowds to interpersonal contact. Still, the Trade Group President is con-

fident that his company will rebound in 2021. In fact, he sees this unanticipated lull as a great chance to reposition.

More than most of their competitors, Trade Group is equipped for such a time as this. The company has always leaned heavily into vertical integration, which allowed them to pivot from convention floors to Personal Protective Equipment (PPE) manufacturing with relative ease.

Moreover, their new Grapevine headquarters will soon be complete, offering a more affordable and efficient home as well as the perfect environment for a 2021 resurgence.

"Going into the mid-to-late nineties, it became apparent -- because we weren't manufacturers, we were just selling -- that other people were making all of our stuff. We were like 'you know what? We need to control more of our own destiny.' So we started bringing the fabrication inside," Stone said.

Clients asked for more and more diverse products, and the Trade Group expanded their capacity enough that they were able to drop most third-party distribution and focus entirely on in-house production. Now, the company employs just about every kind of talent: graphic designers, 3D model-

**"SO MANY CITIES
DON'T UNDERSTAND
THE VALUE OF THEIR
HERITAGE. THE WAY THAT
GRAPEVINE HAS SUPPORTED
IT. ENCOURAGED IT. AND HAD
A PLAN TO REALLY DEVELOP
IT HAS JUST BEEN AWESOME
TO SEE."**

**CHRIS STONE
TRADE GROUP PRESIDENT**

ers, welders, and carpenters mix in with the usual office staff and sales teams. So when the industry shut down and the nation pivoted to PPE manufacturing, Trade Group had all the right people and machinery to make the swap.

“On the manufacturing side, the only thing that really changed was the output of the end product,” Stone said. “We’re still using all the same skill sets, all the same equipment. Rather than constructing an exhibit, we are constructing PPE products.”

Trade Group has operated out of the Dallas-Fort Worth market in North Texas for a long time, in part because of a vast ground shipping and aviation network that makes it easy to buy and move materials as well as reach clients all over the world. The market has been good to them, providing a wealth of talent that matches their myriad workforce needs. But the City of Grapevine also offered something no one else in the area could: the right culture.

“That local charm and culture, I mean, it’s fun to be around. For us and our business, it’s nice to be a part of it. It has a very warm feeling about it, and I think you don’t see a lot of that,” Stone said. “So many cities don’t understand the value of their heritage. The way that Grapevine has supported it, encouraged it, and had a plan to really develop it has just been awesome to see... what they do with the convention center, [hotels], hospitality; it fits our world extremely well.

“This is very personal for us. In one sense, we live here. This is where we work, but it’s just like our residence. It’s very personal at this level and having the support of the city, feeling like we fit in with the city, it means something.”

Stone says the Trade Group team “clicked” with the city from the first meeting, in part because of the economic incentives that came with moving into Grapevine. But just as important, in his mind, was the municipality’s reputation for creativity. It’s rare to find a small town with such a big cultural footprint, and Grapevine’s emphasis on events, hospitality, and convention space made it a perfect partner for a company built around bringing people together.

For what it’s worth, Stone and his team are using the COVID-19 slowdown to transition into the

next phase of their development. Things look a little different than they might have hoped -- they’re looking to sublet 100,000 square feet of the new building that they won’t need as soon as expected -- but he remains optimistic. It’s an unusual attitude for someone forced to furlough half his staff in the middle of a corporate relocation to the first building they’ve ever constructed during what should have been the busy season. But Stone thinks the opportunity to move came at just the right time to “save what little hair I have left.”

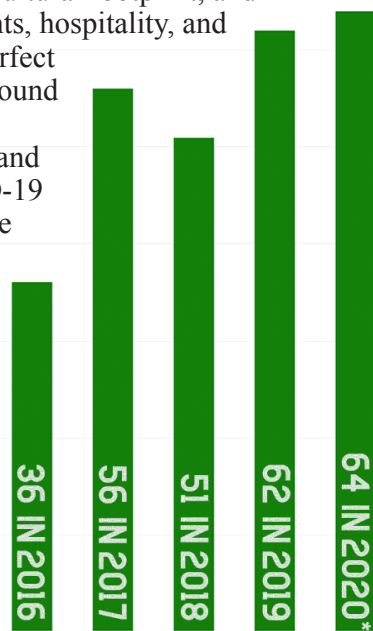
With vaccine distribution on the horizon, he’s hopeful that events and face-to-face business will return in 2021, which puts a ray of light at the end of the tunnel. For now, the Trade Group can focus on staying connected with clients while putting down the roots needed to make a resurgence. That’s why Stone is grateful to have the support of new allies in Grapevine: Mayor William Tate, Director of Economic Development Bob Farley, and City Manager Bruno Rumbelow.

“This is new territory for us. Doing a development like this and dealing with all of the laws and the codes, the proper way to do it -- just the legal aspect of everything -- having Bob and the team [to remind us about incentives and timelines], it’s kind of cool. They’re doing whatever they can to help us be successful,” Stone said.

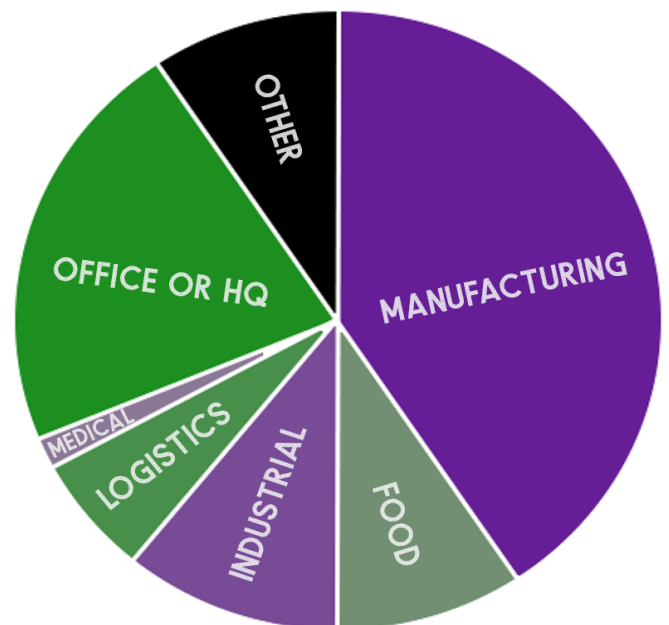
“Once we got into the construction, it was just amazing. The entire staff has been so unbelievable to work with. We’ve had challenges along the way, and they’ve been right there with us to help us figure it out. It’s been unbelievable, frankly.”

With the final installation in progress, the Trade Group expects to bring everyone together under one roof soon. When they do, it will be in a city positioned for a successful recovery that will support them as they recover, too. Then, finally, all of their innovating and dreaming will be rewarded. ♦

LAND USAGE INTEREST IN GRAPEVINE AS REFLECTED BY REQUESTS FOR INFORMATION.



*EXCLUDES DECEMBER





2020 CITY COUNCIL:

MAYOR William D. Tate

PLACE 1 Paul Slechta

PLACE 3 Leon Leal

MAYOR PRO TEM/ PLACE 4 Darlene Freed

PLACE 2 Sharron Rogers

PLACE 5 Chris Coy

PLACE 6 Duff O'Dell