Appendix 1:
Market Analysis

Douglas County-Highway 92 LCI Study:

Economic and Market Analysis

Prepared for:

Glatting Jackson

Douglas County

Prepared by:

Market + Main, Inc.

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Purpose of Analysis

The purpose of this analysis is to examine the socioeconomic and real estate market trends in the Douglas County-Highway 92 LCI Study Area, and determine how they may impact the potential for redevelopment and revitalization. Both the positive and negative influences affecting the area are considered in this analysis for the purpose of identifying opportunities to enhance declining areas and to capitalize on positive trends. Market + Main, Inc. is contracted with Glatting Jackson Kercher Anglin to deliver the Economic and Market Analysis component within the Douglas County-Highway 92 LCI Study.

This document has nine sections, as outlined below.

Study Area Challenges & Assets: Listing of challenges and assets that need to be addressed or leveraged related to the Study Area.

Market Definition: Details the market areas that are examined, including the Study Area, Primary Market Area, and Secondary Market Area, and how they are defined.

Socioeconomic Analysis: Examines population and employment trends related to the metro Atlanta Region and the Study Area. Also reviews demographics for the Study Area, Primary Market Area, and Secondary Market Area.

Residential Market Analysis: Reviews metro Atlanta market and Study Area characteristics related to residential development trends and inventory. Forecasts demand based on household growth and recommends product type by tenure in five-year increments.

Retail Market Analysis: Reviews metro Atlanta market and Study Area characteristics related to retail development trends and inventory. Forecasts demand based on household growth and potential retail sales, and recommends scale of retail along with type of goods in five-year increments.

Office Market Analysis: Reviews metro Atlanta market and Study Area characteristics related to office development trends and inventory. Forecasts demand based on household growth ratio of population to employment and employees to square footages and recommends space allotments for office in five-year increments.

Industrial Market Analysis: Reviews metro Atlanta market and Study Area characteristics related to industrial development trends and inventory. Forecasts demand based on current usage patterns, as appropriate.

Catalyst Projects: Description of recommended priority projects to be undertaken in order to effectively leverage public investments to spur further private investment.

Appendix: Tables and charts that provide statistical detail for analyses contained in this document; also provides longer-term forecasts than those highlighted in the narrative analysis.

Study Area Challenges & Assets

There is potential for development and redevelopment in the Study Area. However, as in every community, there are challenges that need to be addressed and assets that need to be recognized. A consistent circumstance in terms of planning, market analysis, and economic development is that, many times, issues are just opportunities in hiding. Meaning that what seems like a negative might easily be turned into a positive for the community with an adjustment in perspective and a leveraging of resources. That is why it is important to face challenges, recognize them, come to understand them, and implement actions to change them in order to move the Highway 92 corridor forward in the long-term. These issues and opportunities are based on stakeholder interviews, market assessment, and feedback at public meetings.

Challenges

- Travel distance to quality goods and services
- Small range in housing prices
- Little high-end retail amenities in area
- Perceived political environment
- Public sentiment and lack of education on quality high-density and mixed-use development
- Few for-lease options in housing
- Public sentiment perceives spot rezonings
- Strong retail competition nearby – Arbor Place Mall area
- Underutilized footprints
- Lack of connectivity
- Development activity not consistent throughout area

Assets

- Undeveloped land can be proactively planned for
- Proximity to hospital
- County staff responsive
- Transportation improvements underway
- Schools
- Sense of community
- Proximity and direct access to Interstate 20
- Deer Lick Park

Market Definition

To determine the potential for new uses or support for existing and expanding uses, it is important to first understand who the market is. Understanding the demographic and economic characteristics of the residents and workers in the area is critical in understanding why the market is where it is, how the market can develop, whether it is under-served or saturated, and what would be supportable. It is also important to review the historic trends that have occurred in the area, as well as considering what is currently being projected to happen in the area in the future. All of these characteristics go into formulating what kind of development can be supported and how much can be supported. While the numbers begin to craft the backdrop for the story of the Study Area, they certainly can not effectively convey the entire story. The final recommendations will be based on a mixture of quantitative and qualitative analyses. Maps of these areas are on following pages.

Study Area

The Study Area is one-quarter mile deep on each side of Highway 92 from Interstate 20 to Lake Monroe Road.

Primary Market Area

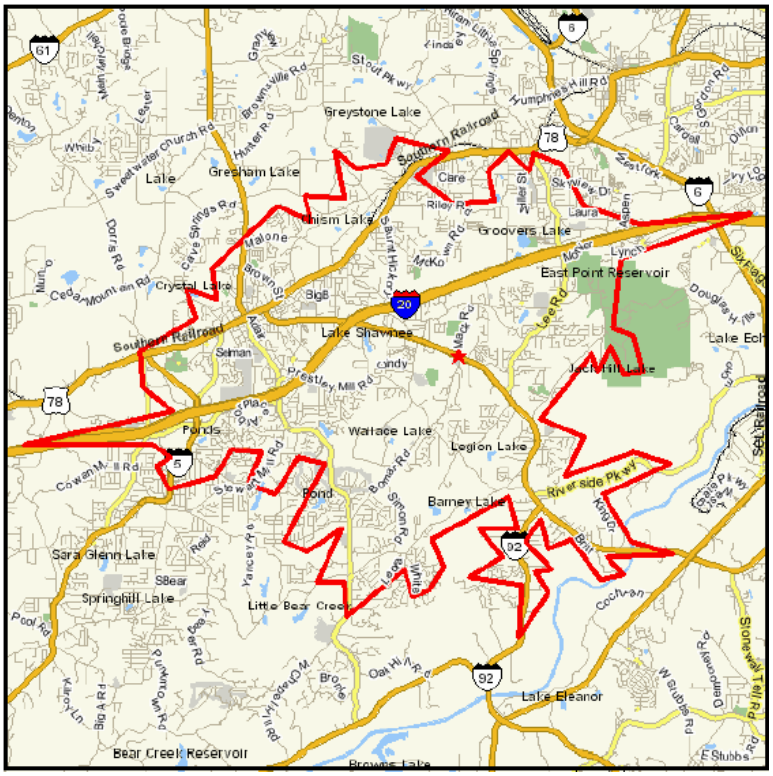
The Primary Market Area is defined by a 10-minute drive time from the intersection of Fairburn Road/Highway 92 and Mack Road. On average, residents are willing to drive less than ten minutes (usually between two and three miles) for convenience retail, such as groceries, sundry items, dry cleaners, etc. This drive is usually at the maximum of this range for suburban/exurban areas where uses are traditionally more spread out. This area is primarily comprised of residents of the immediate area, or workers from businesses located in the area, in search of convenience-related goods and services. Restaurant customers would most likely be those making spontaneous decisions to eat out or pick something up for dinner that evening.

Secondary Market Area

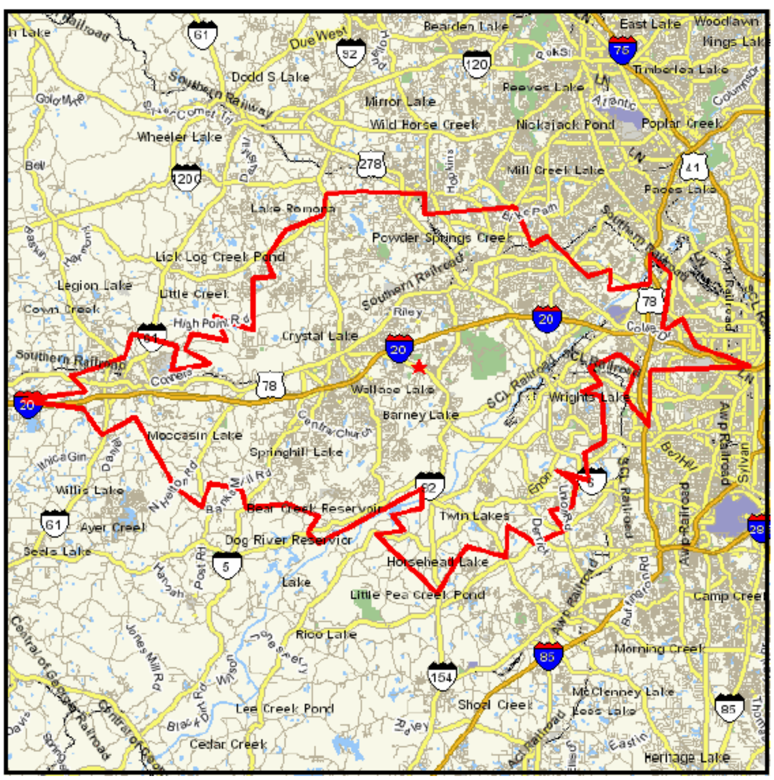
The Secondary Market Area is defined by a 20-minute drive time from the intersection of Fairburn Road/Highway 92 and Mack Road. This area is where the majority of customers will come from. These consumers will be looking for some convenience retail, but will also be searching for community and even regional retail options; these will be planned or destination-related shopping trips. These customers will be willing to travel further distances for unique goods and services, something they cannot find close to their own homes or businesses. Restaurant customers will be looking for the same elements: unique foods or selections; unusual atmospheres; white-tablecloth restaurants; or popular meeting places.

Study Area Map

Primary Market Area Map



Secondary Market Area Map



Socioeconomic Analysis

Regional Population and Employment Trends

As is well documented, the Atlanta Region experienced dramatic and consistent growth during the 1990s. Between 1990 and 2000, the Atlanta Region grew by 34%, averaging to an annual growth rate of 3.4%, or adding about 87,000 new residents per year. The Atlanta Region was able to move out of the recession of the early 1990s pretty quickly, based on a diversified economic base. In fact, the Region doubled its size between 1980 and 2006, as its total population has reached about 3.9 million. The increase between 2005 and 2006 is actually the greatest single-year increase since 1999 to 2000, making it the fourth largest single year increase in the history of the Region. Further, the Atlanta Region has actually been the fastest growing metro area nationwide since 2000.

The Atlanta Region experienced a similar phenomenon in job growth, more than doubling during the same time period, to about two million jobs. It is widely known that Atlanta's population growth has been fueled primarily by people moving to the Region for jobs. As the national recession slowed job growth, so did Atlanta see a slowing in their population growth until just this year.

Historically, most of the growth within the Region was seen in more suburban locations. During the 1980s and 1990s, the north side of town experienced roughly 75% of the Region's total growth. In terms of employment, most of the Region's job growth happened along the GA400 corridor, in the Perimeter Center area, and in northern Gwinnett and Forsyth counties. Since the mid-1990s, growth has accelerated on the south side (with I-20 as the demarcation line) as congestion has increased and land has become more expensive on the north side. The Region's areas with the greatest population increases between 2000 and 2005 are all located outside I-285.

The closer-in counties in metro Atlanta have continued to add new residents, but their overall population share has declined relative to further out counties. Incorporated cities in the Region account for less than a third of the region's population gains between 2000 and 2005. Population density across the metro area continues to be low, in comparison to other large metropolitan cities, but it is increasing.

The expectation across the Region is for growth to continue, both in population and employment, but at slower rates than the enormous expansion that was seen during the 1990s. Jobs are expected to increase by 1.2 million by 2030. Population is expected to increase by 2.3 million by 2030. Net in-migration is expected to account for just over half the growth in the Region. Suburban counties are expected to experience the highest growth rates over the next 25 years, in terms of both population and employment. However, while the "external" 10 counties are forecast to grow the fastest in percentage terms, the "core" 10 counties will still account for 76% of the total 20-county population in 2030. ARC's forecasts indicate that the Region's economy will still outpace the nation in terms of growth, even though we are not expected to see the phenomenal rates of growth that were experienced in the late 1990s.

STUDY AREA POPULATION AND EMPLOYMENT OVERVIEW

The Study Area has grown approximately 50% since 1990; clearly demonstrating that the area has received a share of the phenomenal growth the Atlanta Region saw during this time. Between 1990 and 2000, the Study Area experienced it's most significant growth, indicating the transition it was undergoing from rural to exurban; since 2000 the Study Area has transformed to suburban. The population growth in the Study Area since 2000 is two-and-a-half times the growth seen in the Atlanta MSA[1] as a whole. The growth in the Study Area expected over the next five years is greater than the Atlanta MSA average and the national average. However, the growth rates projected for Douglas County and both the market areas are even higher.

			CENSUS-BASED				ARC	
	1990	2000	2007	2012	Change 2000-2007	Change 2007-2012	Change 2000-2005	Change 2005-2010
Study Area	1,071	1,362	1,610	1,808	18.2%	12.3%	7.1%	12.9%
Primary Market Area	32,696	43,549	56,540	66,066	29.8%	16.8%	N/A	N/A
Secondary Market Area	167,826	211,247	271,078	311,810	28.3%	15.0%	N/A	N/A
Atlanta MSA/Region	3,069,411	4,247,981	5,122,861	5,709,771	20.6%	11.5%	6.0%	7.7%

Census-based statistics primarily use a straight-line projection methodology based on historic trends. This does not always paint an accurate picture of what is actually happening in a community, but is usually better suited for rapidly suburbanizing areas like the Study Area. Thus, estimates and forecasts from the Atlanta Regional Commission (ARC) were also reviewed. ARC's projections provide a local perspective on what is happening in the Study Area. An annual household growth was determined using a combination of Census-based and ARC forecasts and supplemented with local on-the-ground interviews and building permit information.

While employment growth is projected to be moderate for the Region, it is expected to be witnessed primarily in existing employment centers. The daytime population within the Study Area is very small, but when considering the Primary Market Area, that number increases substantially. The Study Area constitutes only one percent Douglas County's total employment. Also interesting to note is that the jobs to housing ratio for the Study Area is .52, which demonstrates it is overwhelmingly a residential area, not a center of employment.

[1] 20-county Metropolitan Statistical Area, made up of Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton counties.

	Study Area	Primary Market Area	Secondary Market Area
Daytime Population	838	28,361	132,225
Change in Employment Since 2000	22.7%	31.6%	30.4%

Economies do not function locally, economics is a regional phenomenon. Trying to isolate detailed employment numbers and still retain meaning for them is a difficult endeavor. In terms of sector employment, the Study Area's largest industry sectors are Services, Retail Trade, and Construction. The Atlanta MSA's top three industry sectors, in terms of employment, are Services, Retail Trade, and Transportation/Communications/Utilities. The Study Area has a larger proportion of Services than the Atlanta MSA as a whole. Because the Services sector is so large in the Study Area, there are some other sectors that are unusually small, such as Manufacturing, Transportation/Communications/Utilities, and Wholesale Trade.

Industry Sector	Study Area	Atlanta MSA
Construction	7.5%	5.3%
Manufacturing	2.2%	9.0%
Transportation/Communications/Utilities	3.4%	6.4%
Wholesale Trade	2.6%	5.2%
Retail Trade	27.7%	21.7%
Finance/Insurance/Real Estate	7.4%	8.2%
Services	48.6%	37.0%
Public Administration	0.0%	6.1%

Workers in the Study Area are predominately employed in sales and office occupations, production, transportation, and material moving occupations, and professional and related occupations. These rankings are different than the Atlanta MSA, as its largest proportion of occupations is in the sales and office segment, then professional and related, then management, business, and financial. The biggest difference is that the Study Area is about nine percent greater in production, transportation, and material moving occupations and the Atlanta MSA is about four percent larger in professional and related occupations.

Study and Market Area Demographic Overview

As mentioned earlier, across the Atlanta Region, there has been a continuing push to develop further out. As development happens in previously rural or exurban areas, many people continue to move outward in an effort to recapture some of those elements. According to long-time residents, the Study Area had some of these features that people found enticing, but is now facing issues of disinvestment. The Study Area does have good access to the metro area's assets as well. As such, the Corridor has become a commuting corridor for much of Douglas County and some residents of Fulton County.

On the next page is a table that illustrates the key demographic and economic elements of the markets being considered in this analysis. Those that deserve specific highlighting include the following.

- The Study Area is expected to grow 12% between 2007 and 2012. This is nearly three times the national average and slightly above the Atlanta MSA[2] average. However, the Study Area's growth rate is below Douglas County and both market areas.
- The Atlanta Regional Commission's and the Census-based projections are quite different for the Study Area. The Atlanta Regional Commission has a larger starting residential base, but projects it at a slower growth rate while the Census-based projections show a much higher projected growth rate.
- The growth projections for the both the market areas being considered are above the Atlanta MSA and national averages as well; they are better performing, in terms of growth rates, than the Study Area.
- The three largest age groups in the Study Area are 35 to 44, 5 to 14, and 25 to 34 years of age. These statistics demonstrate established families and people starting families in the area. The average age of the Study area is 33.2, about four years younger than the national average.
- There are few retirement age and elderly people in the Study Area. However, the largest growth in the next five years is expected in the age groups of over age 55; the three largest, in order, are 75 to 84, 65 to 74, and over 85 years of age. In terms of recent growth, in the last five years, the 55 to 64, 18 to 24, over 85 age groups were the ones that saw the largest increase.
- It is projected that there will be an approximately two percent loss in the 25 to 34 age group over the next five years. This projected loss is likely tied to the unprecedented mobility of this age group nationwide.
- Just under 20% of the population within the Study Area has not graduated from high school. The proportion of residents with a high school degree is above both the Atlanta MSA and national averages. The proportion of the Study Area's residents that have college degrees is less than the MSA and national averages.
- The per capita income (perhaps the most important statistic to review in terms of understanding how a community is *really* doing) in the Study Area ($21,054) is 83% of the national average, a difference of about $4,400 annually. While the Study Area being below both the national and Atlanta MSA per capita income averages is troubling, what is alarming is that the Study Area is expected decline in this income standard over the next five years.
- Both market areas' per capita incomes (PCI) are also less than the national and MSA averages. However, it is worth noting that both market areas perform better than the Study Area.

[2] 20-county Metropolitan Statistical Area, made up of Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton counties.

- About 15% of the Study Area's households earn less than $25,000 annually. This is nine percent less than the national average and three percent below Atlanta MSA average.
- Nearly 50% of the households in the Study Area earn under $50,000 annually. A small percentage (12%) of the Study Area's households earns over $100,000 on a yearly basis. The household income in the greater market areas mirrors the per capita income trend; both market areas perform better than the Study Area.
- The average household income in the Study Area is $59,992, which is less than the MSA ($76,863) and national ($66,670) averages. However, the Study Area is projected to decline in this income standard over the next five years, which is quite disconcerting.
- The average household size of the Study Area is larger than the national, Atlanta MSA, and market area averages.
- The ratio of single-person households in the Study Area (16.9%) is well under the national (26.3%) and just over the Atlanta MSA (22.9%) averages.
- The Study Area has a smaller proportion of renters than both the national and Atlanta MSA averages.

	Study Area	**Primary Market Area**	**Secondary Market Area**
SIZE OF MARKET			
Residents	1,610	56,540	271,078
Households	556	20,176	97,534
Daytime Population	838	28,361	132,225
CHARACTERISTICS OF MARKET			
AGE			
Under 18	28.1%	27.8%	27.8%
Between 25 & 35	15.5%	15.9%	15.0%
Over 65	6.3%	6.9%	8.5%
INCOME			
Per Capita Income (PCI)	$21,054	$23,497	$22,312
PCI as % of National Average	82.6%	92.2%	87.5%
Change in PCI since 2000	12.8%	13.4%	14.3%
Household Incomes $25,000 - $49,999	33.8%	28.4%	27.7%
Household Incomes Above $100,000	12.2%	16.2%	14.9%
Average Household Income	$59,992	$65,092	$61,568
Change in Avg. HH Income Since 2000	10.8%	11.9%	14.2%
HOUSEHOLDS			
Average Household Size	2.89	2.77	2.76
Single-Person Households	16.9%	19.3%	20.9%
Owner-Occupied Households	84.4%	73.9%	70.3%

	Study Area	Primary Market Area	Secondary Market Area
PROJECTED GROWTH OF MARKET			
Census-Based, 2007-2012	12.3%	16.8%	15.0%
ARC, 2005-2010	12.9%	N/A	N/A

There is opportunity for these numbers, and the trends they represent, to change as continued development and redevelopment takes place in the Study Area. The potential types of uses that are supportable in this market lend themselves to more of a mixed use development scenario, which would increase potential market capture and help to make the area a destination.

Detailed demographic and economic information can be found in the Appendix.

Residential Market Analysis

Overview

Like the rest of the country, housing sales and values in metro Atlanta have begun to experience a flattening market, following a period of historic gains over the past 10 years. Across the metro area, a major housing slowdown has occurred. While the number of closings are down substantially, records are being set for expired and withdrawn sales listings, and the number of days on the market is the highest since 1998, some recent statistics are showing early, minor indications of the decline taking a turn. Without question, there has been a clear shift to a buyers market for residential properties in metro Atlanta.

Nationally, building permits issued through November 2007 were down 24% over the same period in 2006, while permits in the Atlanta MSA[3] were down 33%. Residential developers in the Atlanta MSA have begun to adjust to this slowing market, as evidenced by reports of decreasing building permit applications. Building permits for single family homes fell 41% through November 2007, as compared with the same period in 2006. Until recently, multi-family building permits had actually continued to increase in the Atlanta MSA. While they have begun to decline, it is at a much lower rate than single-family homes. Building permits for between two and four units have now fallen 14% and permits for five or more units have declined four percent through November 2007, as compared with the same period in 2006.

The median sales price for single-family homes in the Atlanta MSA was at $171,800 for 2006, according to the National Association of Realtors. The Atlanta MSA median sales price gained 9.5% since 2004. But, growth in median sales prices has begun to be affected by the overall downturn in the market, decreasing 0.5% through third quarter 2007 from the same time in 2006. However, the median sales price increased by three percent between first quarter 2007 to third quarter 2007. Yet, Atlanta is still considered affordable in comparison to prices in other regions, at 79% of the national median price. Condominium sales prices grew at a slower pace between 2004 and 2006, increasing 6.5% since 2004. The median sales price for the Atlanta MSA was at $153,000 for condos in 2006, according to the National Association of Realtors. However, condominium prices fell between the first and third quarters of 2007, decreasing by five percent.

The historically low interest rates and creative financing offers that have been seen in the last few years served to make renters into first-time homebuyers. As interest rates continue to increase, the mortgage industry reorganizes, and the economy rebounds, more potential renters are emerging, creating a higher demand for rental housing. The boom in the for-sale housing market over the past 10 years essentially served to suppress the rental market; thus, it is now experiencing strong gains and vitality in the market.

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3 20-county Metropolitan Statistical Area, made up of Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton counties.

Study Area Characteristics

In general, residential sales are stronger and median prices are higher in those zip codes south of Interstate 20 and in the eastern parts of Douglas County, where the Study Area is located. These are the areas in close proximity to existing commercial and employment centers, including Arbor Place Mall. With the amount of undeveloped land in the area, this trend is expected to continue.

Building Permits

For Douglas County, residential building permit activity grew by just over 100% from 2000 to 2006. The sheer pace of building activity across the County is marked when comparing the last several years. The peak in building permits was seen in 2002. The number of residential building permits increased approximately three percent between 2004 to 2006. Over the last year there has been a marked drop in building permit activity, similar to the rest of the metro area and nation. Between 2006 and 2007, residential building permits declined by 51%. Single-family permits are all that can be judged during this timeframe, as Douglas County has not permitted any type of multi-family since 2004. In fact, less than 1,700 multi-family units have been permitted county-wide since 2000.

When looking a bit more closely at the building permit information, it is also important to consider the value created by the issuance of the permit. While this is an estimation at the time of application, it is still interesting to consider any trends obvious in this information. The total construction value of building permits in 2006 was over three times higher than the value in 2000. The average permit value has been somewhat inconsistent in the County since 2000; but has been relatively steadily increasing since 2003. Even while the number of residential building permits has declined in the last year, the value of the average permit actually appreciated by one-and-a-half percent between 2006 and 2007.

Residential Sales

The 2006 median sales price for Douglas County ($184,250) increased 11% over the previous year. The largest increase was in new home prices, which increased 13%. This growth is faster than the Atlanta MSA. Sales of homes also increased during this period, approximately 10% in 2006.[4] Existing home sales actually grew at a slightly higher pace than new home sales over the previous year. The average sales price for new homes in Douglas County in 2007 was $250,265.[5]

The Study Area is located in the 30135 zip code. The zip code is obviously larger than the Study Area. It stretches from Highway 92 westward to almost reach Highway 5, so it includes much of the new product that is located in the Chapel Hill area. The average sales price ($281,000) for the 30135 zip code is up significantly (33%) from 2004. The average sales price for 30135 zip code has been steadily increasing over the last few years. The average sales price in the Study Area's zip code is 12% higher than the county as a whole; most likely a reflection that more than half the sales in this zip code are new homes as opposed to resales. The

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4 Source: Atlanta Journal-Constitution Home Sales Report, Market Data Center.
5 Source: Smart Numbers.

number of residential closings is down 45% since 2004; much of that loss occurring between 2006 and 2007, which reported a single-year decline of 55%. The proportion of house supply on the market is a bit lower than the metro average in the 30135 zip code.

In the 30135 zip code, the most stagnant supply of homes is priced over $500,000. The most sales activity, and the least amount of supply, is taking place in the market with homes priced between $150,000 and $175,000 and $250,000 and $275,000.[6]

Existing Residential

There is little residential actually on Highway 92, most is located off the corridor in subdivisions. Housing in the Study Area is primarily constituted by single family detached homes. To date, there has been a lack of market pressure to develop higher density housing. Lower land costs in Douglas County, compared with areas closer to downtown Atlanta, are a primary reason. In addition, real estate brokers active in the Study Area report that the young families in the area prefer single-family detached housing. Much of the housing stock adjacent to the Study Area is entry-level or first home-type product. There is no high-end residential in or near the Corridor. Much of the residential product was built in the 1980s and 1990s. Of the newer product that is being constructed near the Study Area, but not directly in, it is still entry-level product, with price points under $200,000.

There are two specifically active adult communities in and near the Corridor. Active adult communities are geared for those aged 55 and over, are usually one-level living with high-level amenities, and are oriented towards baby boomers looking to downsize. The one in the Study Area, Legacy Park, is located at Old Lee Road and Highway 92, in the southern/eastern portion of the Study Area. Only a few units have been built out and this development has not sold well. It seems to face significant locational disadvantages, with direct proximity to Highway 92 frontage and immediately adjacent to low-end housing. There is a relatively new active adult community this is being built just outside of the Study Area, The Haven at Slater Mill. This development seems to be selling better largely due to locational advantages; it is off the Highway 92 corridor and is near the western end, close to Interstate 20 access, but in a well-established residential area.

There is only one apartment community in the Study Area. Home Ridge Apartments is a 200-unit complex with one-, two-, and three-bedroom units. Units range from 700 to 1,150 square feet, and rents range from $675 to $940.

Planned Residential

There is no planned or approved residential development within the Study Area currently.

Demand Analysis

It was determined that using new household growth produced from the Study Area itself was the best route for the residential market demand forecast. While some consideration was given to the capture of new residents from outside the Study Area, this analysis is not conducted at a

[6] Source: Smart Numbers.

level that accurately details the exact target market potential. Thus, there is a very real possibility that these estimates could ultimately underestimate what happens in this market, similar to the residential activity in other rapidly growing suburban areas that have outpaced expectations the last few years. The focus should realistically be on the next five years, and then the marketplace should be re-assessed since there could be opportunity to capture more growth, depending on the way development continues to occur in the Corridor.

Assumptions

In order to determine the level of demand for residential product that the Study Area can support, some assumptions had to be made. The addition of 24 households annually was used, based on the combination of forecasts from the Atlanta Regional Commission and Census-based projections. Using only new household growth as a market determination can produce conservative estimates, as demand also comes from turnover within the market. This means there are residents in the Study Area that might move into another location within the Study Area, thus producing a new customer, but not a new household.

Key assumptions were also made about the tenure characteristics and housing preferences. An effort was made to bring them more inline with the consumer preferences shown in areas that are slightly further along in their development process. For instance, the national average and the Atlanta MSA have renter occupancy rates around 30%. The primary and secondary market areas report renter occupancies at about 26% and 30%, respectively.

Moving forward with assumptions on annual household growth; tenure characteristics (owner versus renter), housing preferences, and residential product trends were then reconciled to produce the final residential demand preferences.

	Tenure Proportion		Annual Demand		Five-Year Demand		Ten-Year Demand	
	Owner HH	Renter HH	Owner HH	Renter HH	Owner HH	Renter HH	Owner HH	Renter HH
Single-Family Detached	25%	5%	4	0	21	2	42	4
Single-Family Attached	75%	50%	13	4	63	18	126	36
Multi-Family (Condo/Apt)	0%	45%	0	3	0	16	0	32
Total Units			17	7	84	36	168	72
			24		**120**		**240**	

These projections are on the conservative side; as new projects start, particularly if they add product diversity, more interest and momentum will be developed. Thus, it is feasible that more demand will also be developed for residential product within the Study Area.

Recommended Development

As was explained in the preceding section, assumptions about tenure characteristics and housing preferences were made to produce potential demand. These assumptions are critical to our recommendations. An increase in both multi-family units and single-family attached units are crucial to ensure quality development in the Study Area in the future. More densification of the residential base in the Study will help to attract more amenities and services to the area.

The reality of the Study Area is that there is not an extensive market pressure to move towards mixed-use development and higher densities. This is really a key time for County leadership to make important decisions about the future of this area. The last multi-family permitted in the County was in 2004, but that still did not permit a significant amount of product. The impact of this is starting to show across the County. In interviews, concerns about workforce size and availability for service and retail jobs were cited.

Further, without the addition of multi-family development, this area would likely have a market to fill based solely on single-family home development. But, the long-term consequences of that, in a County that is predominated by single-family homes at present, is creating yet another bedroom community, with few amenities, longer drive times for residents, and a smaller tax base to fund County programs, improvements, and initiatives from.

Single-family residential is still a needed and viable component of recommended future development, but it should be as one part of an overall housing program. Housing product diversification is key for the future of this area, in order to attract commercial uses that will help fund its existence. Given its suburban location, and still notable proportion of undeveloped land compared to much of the metro area, it is a logical and sustainable approach to the residential market to create more choices for residents.

There is a clear consumer preference shift happening in the greater metro residential market, as more and more people want to buy a lifestyle in a neighborhood, not simply a house in a subdivision. Again, by increasing that customer base, it increases the commercial development that will want to make its way into that area based on target market characteristics.

Retail Market Analysis

Overview

The metro Atlanta retail market suffered from the recession of the 1990s, as did the rest of the nation. It has been making a slow recovery, due in large part to its sprawling boundaries. Given the nature of retail development across such a sizable metropolis, it is feasible for different submarkets to have completely different and isolated experiences within this recovery period. There are certainly many reasons that industry experts are expecting consumer spending and retail leasing activity to slow down, such as increasing gas prices and rising interest rates, among others. However, the metro economy seems to still be creating jobs at at least a moderate rate and wages are still reporting increases in many sectors. Thus, construction of shopping centers is concentrated in fast-growing suburbs, infill sites in mature trade areas, in downtown areas that have had considerable condo construction, and in areas with ethnic concentrations that have growing sales potential. Not surprisingly, upscale and discount retailers are reporting better performance results than middle-market retailers, according to Grubb & Ellis.

During these last few years, retail space in metro Atlanta has continued to grow. Specialty lifestyle centers are a hot and proven product in Atlanta, with examples like Camp Creek Marketplace and The Forum at Peachtree Parkway. More and more retail space is showing up as components of large mixed-use developments, such as Atlantic Station. Not surprisingly, grocery-anchored retail centers and neighborhood centers continue to be solid products in the metro area.

As a whole, the retail market in Atlanta has a total of 8,553 shopping centers, representing approximately 235.9 million square feet, with an 8.4% vacancy rate. The average rent per square foot is $15.66. The total space can be classified into two categories: shopping centers (69.7%) and general retail (30.3%).[7]

The Study Area is located within the Villa Rica/West Outlying retail submarket.

> The Villa Rica/West Outlying retail submarket has a total of 273 shopping centers, reflecting approximately 7.5 million square feet of retail space. The vacancy rate in this submarket is similar to the metro area, at 8.2%. The average rent per square foot is $15.06, which is on par with the metro average. The net absorption for this submarket was only 6,411 square feet as of December 2007. Approximately 165,025 square feet have been delivered in this submarket this year, with another 10,000 square feet under construction currently, according to CoStar.

[7] Source: *The Retail Report: Atlanta Retail Market*, CoStar Group, Year-End 2007.

Study Area Characteristics

The retail in this market area is anchored around Arbor Place Mall, particularly along the Chapel Hill Road and Highway 5 corridors. Approximately 1.1 million square feet of this space is in Arbor Place Mall, located just 2.5 miles from the Study Area. This area has been able to, and continues to, attract the majority of big box and regional tenants in the market. Due to this proximity, the Study Area has mostly secondary and tertiary retail tenants. Highway 92 is a significant corridor in Douglas County, but it is mostly used as a commuter corridor. Most of the basic resident and employees needs are not served in the Study Area. The large-scale retail uses located around Arbor Place Mall serve most customers in the greater market areas as well.

There are basically three types of retail functionalities at work in any given market.

1. **Convenience** – grocery and drug store purchases, as well as some apparel and home items. Usually purchased close to home, based on available selection. Can also include restaurants.
2. **Regional/Chain** – more likely to be shoppers goods, such as apparel, home items, hobby-related goods, etc., and restaurants. Consumers travel to specific stores based on the consistency of selection and types of goods. The same consistency and familiarity with product is the driving force behind dining out at chain restaurants as well.
3. **Regional/Unique** – most likely shoppers goods and restaurants. Consumers will drive long distances to go to stores and restaurants that provide goods and services unlike anywhere else. This uniqueness can be specific products, the environment/atmosphere, or the ability to go to a place that clusters similar goods and services in a hard-to-find fashion.

In short, having all three types of retail functions within the Primary Market Area helps to keep more money in the local economy by meeting all residents' and workers' consumer needs within one area.

Existing Retail

There is no true destination retail located within the Study Area. The large-scale retail concentration in the greater market area is located not far from the Study Area, around Arbor Place Mall. The Study Area does not have a significant proportion of retail space. The Study Area is characterized by secondary and tertiary retail uses; this simply means these are not premier businesses, marquee services, or national tenants. The area has both free-standing retail establishments and strip shopping centers.

The average age of retail development in the Study Area is 18.2 years, and very few renovations have been done. Most rents are between $8 and $20 per square foot; the overall average rent for the Study Area is $15 per square foot. There is approximately 367,000 square feet of retail space in the Study Area. Overall, the vacancy rates reported for the active retail sites are relatively low; with some properties full and some individual sites with high rates. There was actually negative absorption reported for the Study Area year-to-date for December 2007. This means property has sat vacant and not become occupied; a negative absorption of -4,548 square feet.

Planned Retail

There are three projects that are planned, and have been approved, within the Study Area, as detailed below.

Douglasville Depot – Lee Road (Extension) at Highway 92

Site is cleared and graded, but no construction in progress. Originally approved on 30-acre site for approximately 175,000 square feet of retail space. Now larger parcel assembly in negotiation, up to potentially 46 acres, with an increase to approximately 400,000 square feet of retail space. Potentially to be anchored by discount big box tenant.

Shoppes at Sweetwater Creek – Highway 92 (across from Old Lee Road)

Under construction. 20,000 square feet of retail in pre-leasing. Mini-storage facility also part of development.

C.D. Truitt Business Park – Highway 92 between Lee Road and Old Lee Road

Site is cleared and graded, but no construction in progress. 30-acre site that has been subdivided into seven tracts. Office, church, retail, and restaurant uses are planned. 20,000 square feet of retail space reportedly in pre-leasing.

Demand Analysis

Demand analysis was conducted in relation to two types of retail development: neighborhood serving and community serving. Neighborhood serving retail usually includes convenience goods and personal services for day-to-day needs of the immediate area. Community serving retail serves a slightly larger area, and provides a wider variety of shops, making merchandise available in a greater array of styles and prices, as well as providing convenience goods and personal services.

Assumptions

In order to determine the amount of retail space that the Study Area can support, some assumptions had to be made. Demand analysis used the Study Area for the neighborhood serving retail population base; the Primary Market Area was used for the community serving retail population base, and then the proportion the Study Area could realistically support was determined. The addition of new households computed earlier using the combination of forecasts from the Atlanta Regional Commission and Census-based projections was also utilized here. This growth was then used in calculating supportable retail space by reviewing potential retail sales for the areas and estimating target sales per square feet based on national trends.

A total of approximately 14,470 square feet of new retail space is supportable in the Study Area currently, based on existing demographics. The bulk of retail demand in this case is driven by the Primary Market Area, not the Study Area. A breakdown of the components of this total is shown in the table below, as well as projections for five-year demand. Convenience Goods are primarily grocery store and drug store purchases. Shopper Goods are the balance of retail items, such as apparel, home furnishings, hobby-related goods, etc. Food and Beverage is primarily restaurants.

	Convenience Goods	Shoppers Goods	Food & Beverage	*New Retail Demand*	
	Existing	**Existing**	**Existing**	***Existing***	***Five-Year***
Neighborhood Serving	1,070	2,330	950	*4,350*	*27,560*
Community Serving	2,780	5,390	1,950	*10,120*	*65,370*
Totals	**2,900**	**6,160**	**2,340**	***14,470***	***92,930***

The table above shows isolated increments of retail demand for the time periods shown. Since the Study Area and the Chapel Hill area both pull from the same demand area, there is currently not enough demand for significant additional regional development along Highway 92. However, if there were significantly higher density residential developed along Highway 92, there may be opportunities to develop additional neighborhood shopping centers or to replace existing aging centers. Not all of the existing retail space in the Study Area is competitive stock based on its configuration, quality, and location.

The retail space under construction and planned and approved, as outlined in the prior section, is more than the projected five-year demand. However, the most substantial of these developments will be oriented to leverage commuter traffic from the greater market areas, as opposed to Study Area demand. Additionally, there is also a strong assumption of the Lee Road Extension going through to support this scale of retail and earning target market capture well outside of the existing demand today.

Recommended Development

The Corridor should remain commercial, but the tenant mix needs to be upgraded and diversified. There is opportunity for two types of retail mentioned in the preceding section: Convenience and Regional/Unique. Convenience retail will most likely continue to develop, and in some cases redevelop, as the residential base increases. There is little opportunity in the Study Area for Regional/Chain, based on competitive locations of Regional/Chain uses in the Chapel Hill/Arbor Place Mall area.

As explained in the *Residential Market Analysis* section, the reality of the Study Area is that there is not an extensive market pressure to move towards mixed-use development. This is really a key time for County leadership to make important decisions about the future of this area. The area could run the traditional track of increased single-family residential development, which will eventually attract some additional Convenience retail. But, that will be long-term development that would, again, create longer drive times for residents and a sprawled development lay-out that does not efficiently use land or increase quality of life.

There seems to be potential opportunity for Regional/Unique retail. This is about creating destination retail that increases the choices that people have both inside the Study Area and outside. Mixed-use development that confirms the existing customer base and increases the Primary Market Area draw is what is needed. The idea of a village concept with multiple purposes for destination can help to leverage retail tenant attraction. Having a central location that allows residents, employees, and visitors at all different times of day and times of the week to have a purpose to be there can leverage other trips to adjacent uses. Because of the undeveloped land, the access to Interstate 20, and the improving transportation network, there is a distinct opportunity to create mixed-use development on this emerging corridor.

Office Market Analysis

Overview

The metro Atlanta office market is undergoing a recovery that is long due. The last two years have brought improvement in terms of net absorption, vacancy, and subleases. Over the course of 2007 that trend has continued, with lease rates increasing, vacancy rates stabilizing, and sublease space steadily going down. The fourth quarter of 2007 marks the fourteenth consecutive quarter of positive growth in the Atlanta office market. While Atlanta seems to be in an expansion mode for office, there is still a significant proportion of vacant space on the market.

The overall Atlanta office market has continued to absorb large amounts of space throughout 2006 and 2007, according to data from CoStar.[8] Net absorption for the overall Atlanta market was over four million square feet in 2006. However, the rate of absorption has begun to slow somewhat in 2007. Over of the course of 2007, the market absorbed slightly more than three million square feet. In addition, there is approximately six million square feet under construction.

The market recovery is certainly more gradual that many past cycles. Some question how accurately a comparison can be made with the record low vacancy rates that occurred seven years ago in metro Atlanta as a result of the technology boom. There is an expectation that supply will outweigh demand as more new construction continues. However, job growth is expected to continue, and as that happens, rents should remain stable as concessions decline. In fact, Forbes ranked Atlanta as the third best city in the nation for young professionals, which speaks to the area's young and well educated workforce. The office market is clearly tightening; the brokerage community's confidence levels are up and activity is not showing any signs of slowing down, according to Grubb & Ellis.

The Atlanta office market has 9,255 buildings, comprising about 254.5 million square feet. The average rental rate is $20.06 per square foot, and the vacancy rate is at 13.8%. The total space can be classified into three categories: Class A (40.4%), Class B (44.2%), and Class C (15.3%).[9]

The Study Area is located within the Douglasville/Lithia Springs office submarket.

> The Douglasville/Lithia Springs office submarket has 182 buildings, comprising about 1.7 million square feet. The average rental rate is 20% below the metro average, at $16.52 per square foot. The vacancy rate is 13.9%, which is on par with the metro average. The net absorption for this submarket was 23,517 square feet as of December 2007. Approximately 36,560 square feet have been delivered in this submarket this year, and 25,800 square feet is currently under construction, according to CoStar.

[8] Source: *The CoStar Office Report: Atlanta Office Market*, CoStar Group, Year-End 2007.
[9] Source: *The CoStar Office Report: Atlanta Office Market*, CoStar Group, Year-End 2007.

Study Area Characteristics

The majority of office space within this submarket is located in Douglasville and Lithia Springs. Tenants in this market are typically smaller, local firms and the market is dominated by relatively small spaces (average building size is less than 20,000 square feet). Large, multi-tenant office developments are not a major part of the Douglasville/Lithia Springs submarket. Brokers in the area report that although the overall office market is not strong, activity has improved in the medical segment over the past several years.

Existing Office

There is not any significant office development within the Study Area. Of the office space that is in the Study Area, most is housed in free-standing buildings or in former single-family residential buildings. There are no multi-tenant, multi-story office buildings.

The small proportion of office space (five properties) that is located in the Study Area is located directly on Highway 92. The bulk of the office located in the Study Area is small-scale. The average age of office development in the Study Area is 30.8 years, and no renovations on record. The overall average rent for the Study Area is $10.50 per square foot. There is approximately 59,000 square feet of office space in the Study Area. Overall, the vacancy rates reported for the active office properties are relatively low; with some properties full and some individual sites with high rates. There was actually negative absorption reported for the Study Area year-to-date for December 2007. This means property has sat vacant and not become occupied; a negative absorption of -1,200 square feet.

Planned Office

There is one development that is under construction within the Study Area currently.

C.D. Truitt Business Park – Highway 92 between Lee Road and Old Lee Road

Site is cleared and graded, but no construction in progress. 30-acre site that has been subdivided into seven tracts. Office, church, retail, and restaurant uses are planned.

Demand Analysis

In order to determine the amount of small-scale, local-serving office uses that the Study Area can support, some assumptions had to be made.

Assumptions

Demand analysis was actually conducted on the Primary Market Area and then the capture rate of the Study Area was determined. The addition of new households computed earlier using the combination of forecasts from the Atlanta Regional Commission and Census-based projections was also utilized here, with an assumption that office employment has a ratio of about 0.020 to total population, which is based on national averages. Further, office employment was then translated to square footage based on a ratio of 275 square feet to each employee, again based on national averages. Finally, a capture rate of the Primary Market Area was determined to be 5%.

Existing Demand	Five-Year Demand	Ten-Year Demand
500 SF	8,130 SF	13,330 SF

The table above shows isolated increments of office demand for the time periods shown.

RECOMMENDED DEVELOPMENT

The Study Area has very little demand for new office space. Within the small amount that could be supported, small-scale, local-serving office uses are what is likely in the area. Small-scale, local-serving office uses are supported by those seeking office locations close to home, those that require clients to visit them and find their customer base within a residential community, and those that seek convenient regional access. Interestingly, office space is actually one of the most difficult land uses to recruit. There are stringent requirements for access, amenities, location, and agglomeration that are used as guidelines. This basically means that office begets office; office is a use that most often clusters together. As alluded to earlier, the trend sequence is usually that residential helps to lead to retail that in turn helps to beget office.

Industrial Market Analysis

Overview

Much like the office market, the industrial market in metro Atlanta has been making a slow recovery over the last few years, inching towards its peak seen during the 1990s. The fourth quarter of 2007 marks the fourteenth consecutive quarter of positive growth in the Atlanta industrial market. Net absorption continues to be positive and rental rates continue to increase. Vacancy rates have been relatively stable over the last two years. The pace of construction starts has also slowed, indicating that developers are cautious about the likelihood of over-supply.

As is well-known, Atlanta has many characteristics that have made it the southeastern hub for transportation, distribution and logistics, such as interstate highways, rail lines, and the airport. For all these reasons, metro Atlanta is still a strong location choice for industry. The industrial market is expected to continue to experience a strong recovery, but at a more subdued pace as over-supply is a risk as new development is completed. New construction is expected to be focused in outlying distribution corridors throughout the metro area; especially in the Northeast corridor. The trend of industrial firms consolidating into larger and more modern facilities is projected to continue, as companies find it more convenient to put all operations under one roof, according to Grubb & Ellis.

The Atlanta industrial market has 11,264 buildings and about 593.2 million square feet. The average rental rate is $4.24 per square foot. The vacancy rate averages to 11.2% for the metro market as a whole. The total space can be split into two dominant sub-types: Flex (10.8%) and Warehouse (90.2%).[10]

The Study Area is located within the Interstate 20 West/Douglasville industrial submarket.

> The Interstate 20 West/Douglasville industrial submarket has 565 buildings, comprising about 35.1 million square feet. The average rental rate is below the metro average, at $3.95 per square foot. The vacancy rate is 10.5%, which is slightly below the metro average. Approximately 1.9 million square feet has been delivered in this submarket this year, and about 937,000 square feet of space is currently under construction, according to CoStar.

Study Area Characteristics

There is not any significant industrial development within the Study Area. However, the greater market area for industrial is one of the fastest growing in the overall Atlanta market due to lower land costs, interstate access, and the availability of large contiguous sites. Within Douglas County, the majority of industrial development is located along Thornton Road near

[10] Source: *The CoStar Industrial Report: Atlanta Industrial Market*, CoStar Group, Year-End 2007.

the Interstate 20 interchange and along Riverside Parkway, near the border with Fulton and Cobb counties.

Existing Industrial

The industrial businesses in the Study Area are not considered heavy industrial; they are more geared towards automotive and storage facilities. The average age of industrial development in the Study Area is 26.0 years. Rents average to $3 per square foot. There is approximately 165,600 square feet of industrial space in the Study Area. There are no vacancies reported for the six active industrial properties in the Study Area. There was no square feet absorbed for the Study Area year-to-date for December 2007. This is because there has been no new space to come onto the market through turnover or new construction.

Planned Industrial

There is no planned or approved industrial space within the Study Area currently.

Demand Analysis

There does not seem to be discernable demand for additional industrial space within the Study Area in the near-term. It would seem that a natural progression would be to develop large industrial sites farther west into Douglas County, as the Thornton Road and Riverside Drive areas mature. However, the Highway 92 area is constrained by the amount of residential development that is in the area, along with traffic concerns along Highway 92. There would have to be conscious policy decisions made for industrial development to make its way to Highway 92 from Riverside Parkway. There is strong demand for industrial product in this submarket; however, there is still enough land left in other already established industrial areas that it seems with the residential in the Highway 92 area, industrial will continue to easily find space elsewhere unless strategic decisions are made to attract and/or recruit industrial to Highway 92. If industrial were to make its way to Highway 92, it would likely be south/east of the Study Area, closer to the intersection with Riverside Parkway. Additionally, new demand in the Study Area does not seem likely currently as there has been a significant amount of product delivery in the last 18 months, and leasing up this space has been taking longer than some anticipated.

Catalyst Projects

There are many projects and initiatives that can be undertaken in efforts to improve upon the assets of the Douglas County-Highway 92 LCI Study Area and continue development and redevelopment efforts in their infancy. But, it is important to strategically use public resources to leverage private investments. There are some projects that, when begun, can send the message to private developers, future residents, brokers and realtors, future businesses and existing area residents and workers that something is *really happening* in the Study Area. The problem continually cited with developing plans and studies is that they sit on the shelf.

With that said, the projects suggested below should be viewed as the key projects that need to be priorities for Douglas County in relation to the Study Area. These projects have the ability to set the Study Area apart, define its character, help it to become a destination and continue positive economic trends. Some are new developments that will be long-term efforts and some are leveraging existing assets to their fullest potential. Regardless of the horizon or development timeline, action must be taken today to get these projects underway. Again, there are a multitude of projects and programs that can help to move the Study Area forward, the projects below were selected based on market conditions, stakeholder interviews, potential to spur continued development, and leveraging strategic public investments.

Overall Direction: Creating Choices

As mentioned throughout this document, the reality is that there is not an extensive market pressure to move towards mixed-use development and higher densities in the Study Area. What is a reality is that this is really a key time for County leadership to make important decisions about the future of this area.

A decision could be made to take the traditional route of development. The Study Area would certainly have a market to fill based solely on single-family home development, most likely at entry-level price points. But, the long-term consequences of that, in a County that is predominated by single-family homes, is creating another bedroom community, with few amenities, longer drive times for residents, and a smaller tax base to fund County programs, improvements and initiatives from. Further, retail would ultimately develop, but very slowly, and at a low level. Workforce issues would surface that could limit any kind of commercial development. Office development would continue to be slow in the area. The bottom line of this approach is that there would be missed opportunities to create a balanced approach and diversified tax base.

Another possibility is a decision to take a more balanced approach to development in the Study Area. In the LCI application, it was clearly stated that the idea for this area is to move towards more mixed-use development and increased residential diversity. Given its suburban location and its current position as an emerging corridor, along with a large proportion of undeveloped land, it is a logical and sustainable approach to the marketplace to create more choices for residents and businesses alike. This approach does not preclude single-family residential development. It simply increases the number and types of choices that people can have in the area. As that happens, interest in the area increases and momentum is built.

These two paths are basically equal choices now; choosing to take one direction or another. However, these are not equal choices in terms of long-term development. The more traditional route mentioned usually means that when people want other choices, they move to another place. The more balanced direction mentioned provides enough choices to allow people to have other options and still remain part of the community they are in. What is seen as balanced now is, in truth, the more sustainable and viable option in the long-run. It is the one that offers a higher quality of life to residents and businesses alike, and will sustain its ability to be a destination for many years to come.

Market + Main advises a directional change for this area. The Study Area is basically a corridor that got "leap frogged" when Arbor Place Mall located at Chapel Hill Road. Most likely due to annexation and financial incentives, development essentially "skipped over" this area and kept going westward. If no changes in direction and policy happen in the Corridor, it is likely that some single-family home development will continue. Little to moderate retail change might occur based on the performance of the market area, with some potential "trickling down" to the Study Area. Little office development would occur. Industrial would potentially develop to the south/east of the Study Area. With no policy change at the County-level, the Study Area will likely remain the same, and decline is quite feasible, particularly in the western-most portion.

Since the Study Area is largely undeveloped, and most of its existing commercial uses have been declining, a spark is needed to bring people to the area. While improvements are being made, both transportation- and development-oriented, there has to be a key catalyst to help re-focus people on the area and its potential. The key here is to fight the natural inertia to keep doing the same thing, because it seems to work in the short-term. Instead, it is crucial to start to think through decisions based on long-term vision and desires to achieve economic sustainability over many years.

Housing Product Diversification

One of the primary catalysts for redevelopment and growth for the Study Area will be the diversification of housing. This is a critical factor in the area's future success and sustainability. In the LCI application, it was clearly stated that increasing housing choice was a key goal for conducting the LCI Study, "The land use changes envisioned for this emerging corridor include mixed-use and mixed-income developments that will provide additional residential choices for the community. This would need to include some medium density developments to assist in supporting transportation alternatives along the corridor. These types of developments would also help to provide a diversity of housing that is necessary for supporting individuals of various age groups."

In order to provide opportunities that will have an impact on the marketplace in terms of customer base, single-family residential alone will not achieve that. Instead, some level of what could be characterized as medium density is needed to allow for enough room for new residents. There is a need for a housing product diversification in this area; this simply means allowing mixed products and a variety of price points. This diversity is what can make an area thrive. Single-family homes, townhomes, condos, and apartments should all be allowed to develop here. They should be co-located, and not separated into clusters. This will enable life cycle housing, meaning allowing recent college grads with their first job to couples starting families to retirees to live in the same community, and in close proximity to each other.

Another important component of housing product diversification in this area would include capitalizing on the trend towards active adult communities. This is ideal for baby boomers that are aging that might desire to be near their children and grandchildren, and still be part of their greater community. The key to this type of development being successful is ensuring desirable location, high level of amenities, and strong connections to community assets. Considering assisted living options within these settings would also be advisable for the Study Area as well. Townhomes are also an accepted and known product that can help bridge the gap between single-family and multi-family. They are a variable product type because they will provide a comparable scale that can help to transition to the existing surrounding single-family developments.

Not unique to the Study Area, there is a dearth of quality, leased product across Douglas County. It is important to keep in mind the value of rental or leased residential space. The lack of permitting for apartments that Douglas County has implemented for several years has actually artificially suppressed the rental market, and provided a disincentive for existing apartments to remain competitive in the type and quality of product they deliver to the market. The lack of quality rental, combined with the low interest rates of recent years, pushed would-be renters into starter homes. This market mismatch is what has pressed so much of the County's housing market towards for-sale starter homes. Increasing diversity in housing product means adding quality leased product, which could allow other parts of the housing market to diversify as well.

Create Mixed-Use Anchor

A mixed-use development with housing, commercial, and open space would be a substantial catalyst to ignite this area. Similar to housing product alone, diversifying the type of commercial product in the Study Area is key for competitive advantage. The seemingly best location for some village-type development would be in the eastern-most portion of the Corridor, near the Lee Road intersection. The potential of the Lee Road Extension is significant here. Development pressure in the Study Area is coming from the south/east, where residential development has been the strongest in County. Contrary to some assumptions, it is not coming from the west and the Interstate 20 interchange. That is why the development that is occurring around this intersection is of utmost importance to the future of the whole Study Area. Establishing a different type of development here could be a differentiating factor in the market, and thus, provide the Study Area with a competitive advantage it does not have currently.

The diversification of residential to include mid-density and rental options is a critical cornerstone. Convenience and destination retail should be considered, for both neighborhood-serving and community-serving needs. The key will be that this area is not a direct competitor with the Arbor Place Mall area, but actually different from that area. Restaurants are a must in this area. Unique destinations, such as a children's museum, theatres or galleries, could be additional amenities.

Additionally, having housing within this village concept helps to provide more street life for longer hours, which helps to improve the attractiveness of the area to both residents and consumers, as well as developers and retailers. Further, there is a need for informal greenspace in the Study Area. Certainly the facilities at Deer Lick Park are impressive, but these are recreational facilities that are heavily programmed. Parks should be developed, both small and large scale. Small parks could be an asset for shoppers or diners that take a stroll through the village after their meal or shopping trip.

The village concept is particularly important for long-term sustainability and viability. It helps to provide a reason to stay and re-invest in the community in this time of transience and mobility; opening options to people of every walk of life. The village itself becomes the amenity and identity that holds value for the community, both financially and emotionally.

Strategic Public Investment

As mentioned earlier, the market pressure in the Study Area is on the eastern portion of the Corridor. The western portion of the Corridor, near Interstate 20, is more of a challenge. This area began to develop at least a couple of decades ago. When Arbor Place Mall, and all its ancillary development, went in at Chapel Hill, the existing retail on Highway 92 suffered. What stands in the western portion now includes auto services that remain viable due to commuter traffic. The retail that in this area is secondary and tertiary and has suffered from disinvestment. Redevelopment is the issue in this portion of the Corridor, not new development.

Given that the market pressure is in the eastern portion, it is likely that some sort of public investment or public-private partnership will be needed to ignite redevelopment in the western portion of the Corridor, closer to the Interstate 20 interchange. The potential relocation of Douglas County police and/or Douglas County administrative offices could be a significant catalyst in this location within the Study Area. The vacancies in the Midway Village shopping center in particular and some surrounding vacant property could be a win-win for both the County's needs and the Corridor's need for a sign of reinvestment. This sort of public investment could also help to establish a much-needed gateway in the western portion of the Study Area.

Appendix

Below are definitions/references that are used throughout this document and in the subsequent detailed tables and charts found in this section.

Study Area – The Study Area is one-quarter mile deep on each side of Highway 92 from Interstate 20 to Lake Monroe Road.

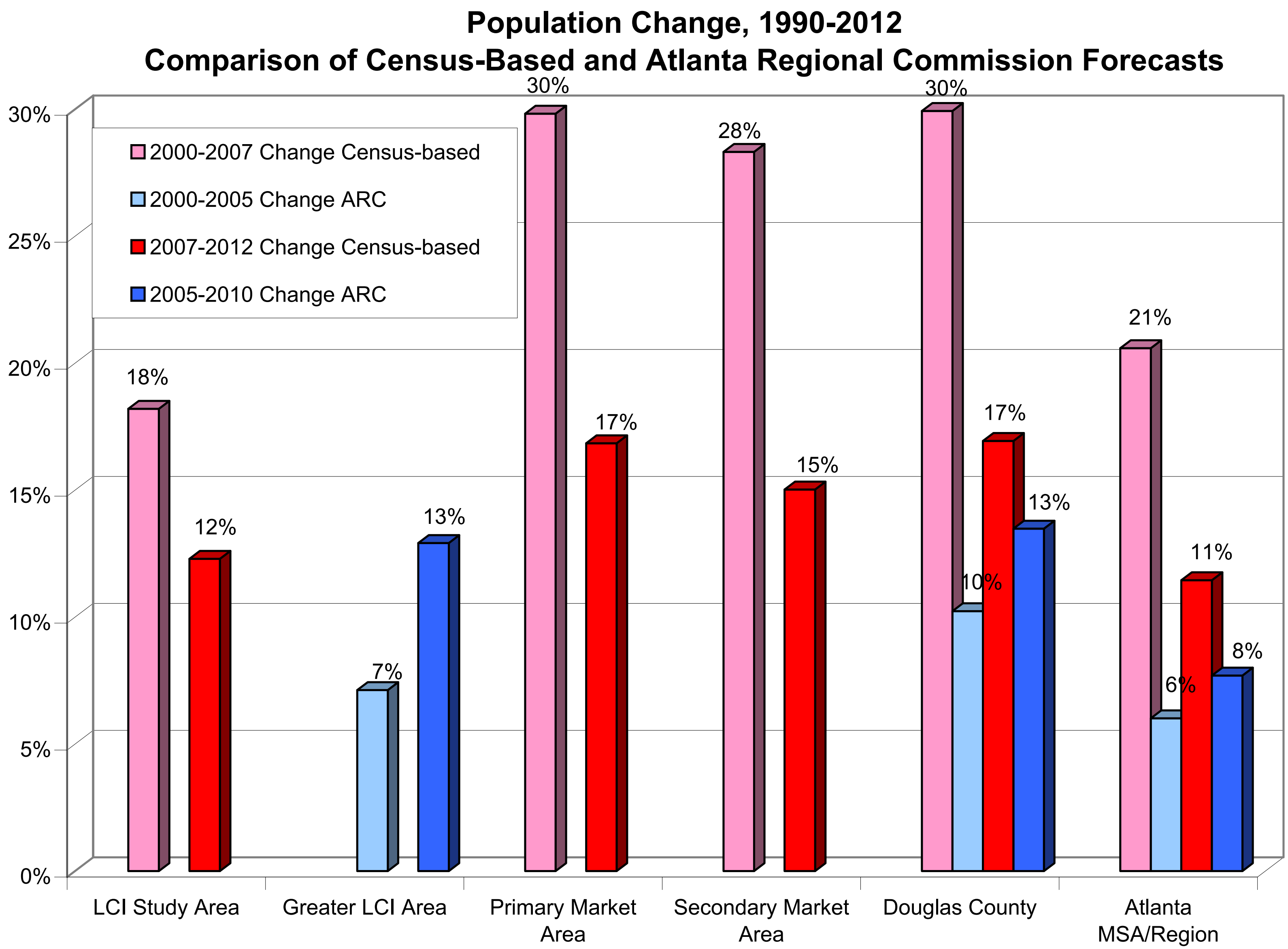
Primary Market Area – defined by a 10-minute drive time from the intersection of Fairburn Road/Highway 92 and Mack Road.

Secondary Market Area – defined by a 20-minute drive time from the intersection of Fairburn Road/Highway 92 and Mack Road.

Atlanta Region – Atlanta Regional Commission's 13-county jurisdiction, made up of Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Paulding, and Rockdale counties.

Atlanta MSA – 20-county metropolitan statistical area, made up of Barrow, Bartow, Carroll, Cherokee, Clayton, Cobb, Coweta, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, Newton, Paulding, Pickens, Rockdale, Spalding, and Walton counties.

LISTING OF APPENDICES

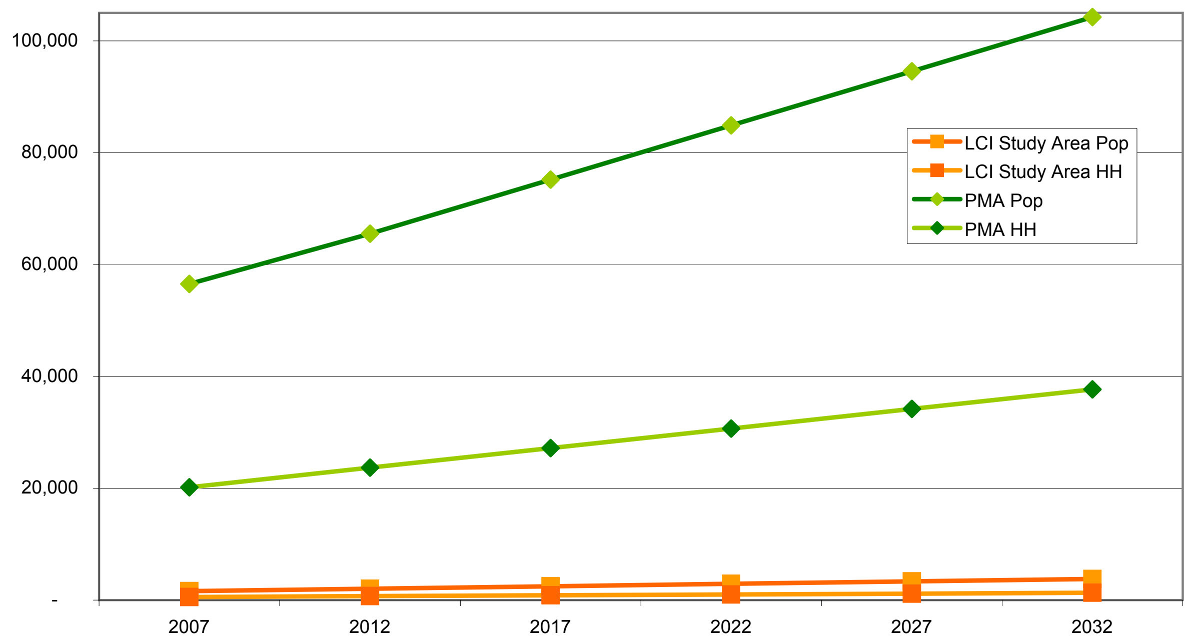


Source: US Census Bureau, Claritas, Atlanta Regional Commission

Population and Household Change Forecasts, LCI Study Area and Primary Market Area, 2007-2032

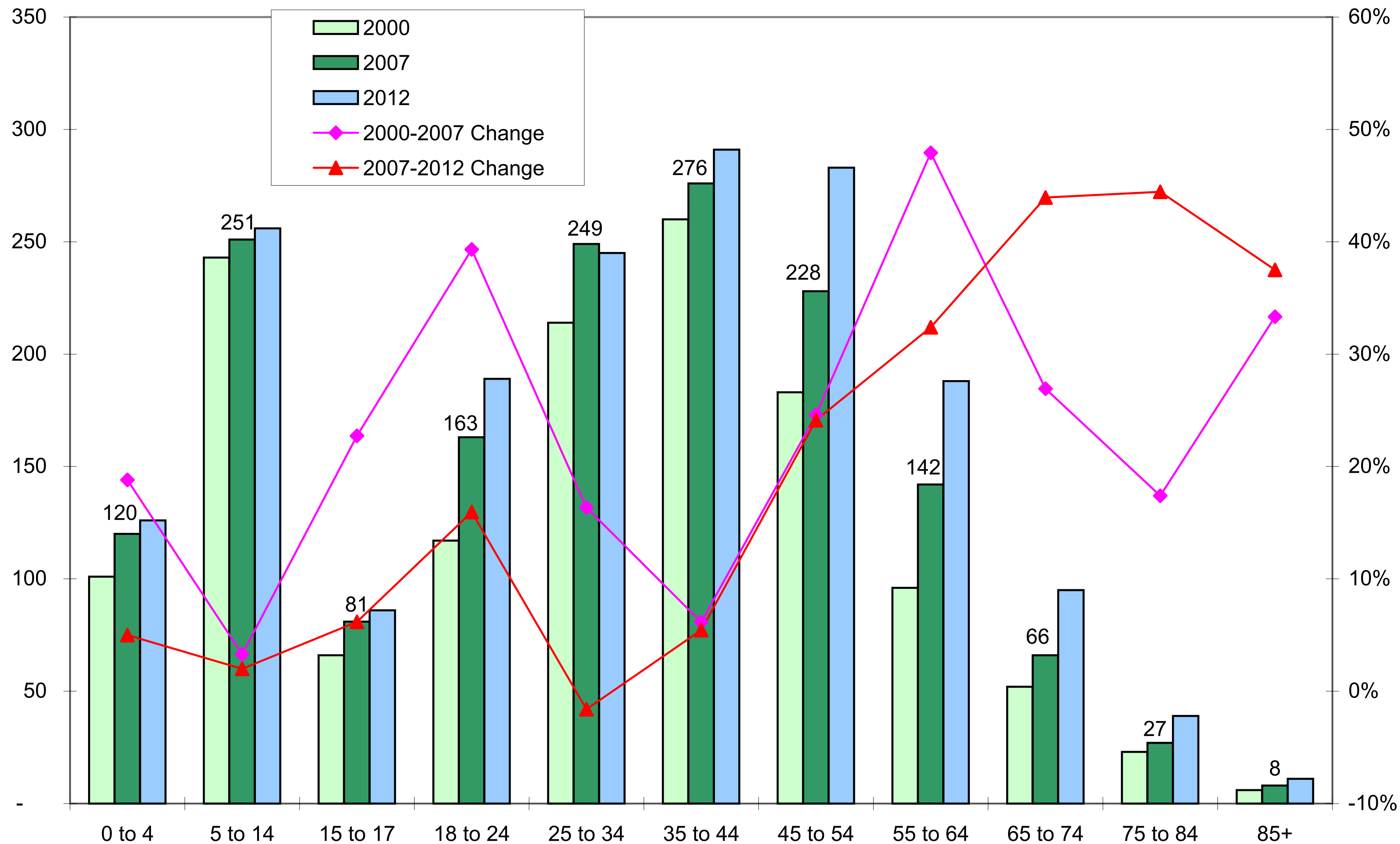
	Total Change						Average Annual Percent Change				
	2007	2012	2017	2022	2027	2032	2007-2012	2012-2017	2017-2022	2022-2027	2027-2032
LCI Study Area											
Population	1,610	2,040	2,474	2,907	3,341	3,774	5.3%	4.2%	3.5%	3.0%	2.6%
Households	556	706	856	1,006	1,156	1,306					
Primary Market Area											
Population	56,540	65,514	75,199	84,884	94,569	104,253	3.2%	3.0%	2.6%	2.3%	2.0%
Households	20,176	23,676	27,176	30,676	34,176	37,676					

Population and Household Growth Projections, 2007-2032



Source: US Census Bureau, Claritas, Market + Main, Inc.

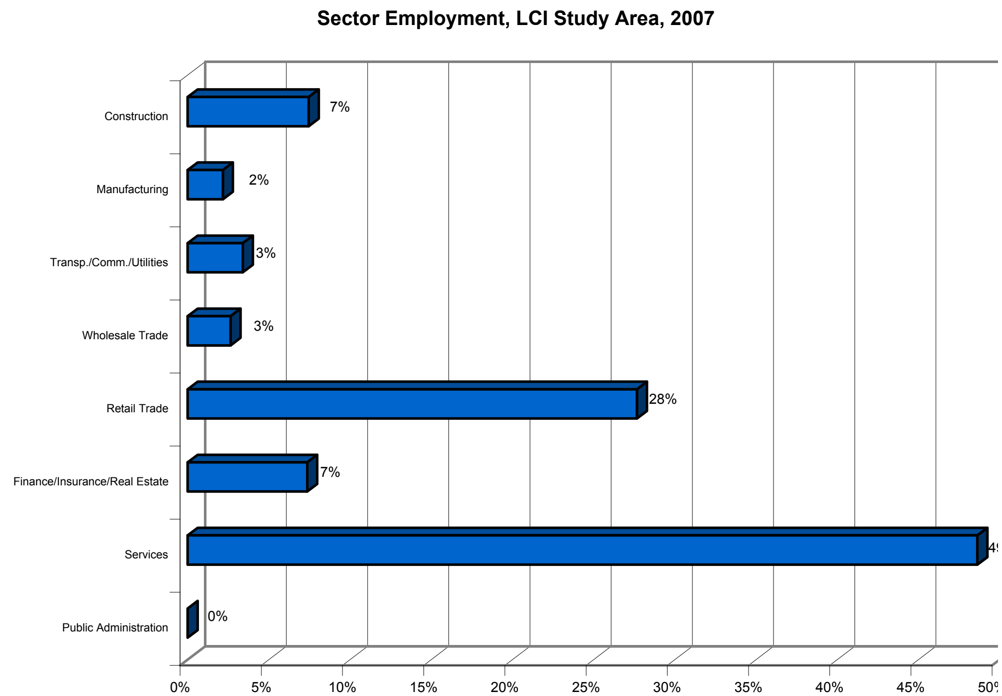
Age Distribution and Change Trends, LCI Study Area, 2000-2012



Source: US Census Bureau, Claritas, Market + Main, Inc.

Occupations and Sector Employment, LCI Study Area and Atlanta MSA, 2007

	LCI Study Area	Atlanta MSA
OCCUPATION		
Management, business, and financial occupations	14.1%	17.1%
Professional and related occupations	15.5%	19.8%
Service occupations	8.1%	11.9%
Sales and office occupations	28.3%	28.6%
Farming, fishing, and forestry occupations	0.1%	0.2%
Construction, extraction, and maintenance occupations	12.9%	10.3%
Production, transportation, and material moving occupations	21.0%	12.0%
INDUSTRY SECTOR		
Construction	7.5%	5.3%
Manufacturing	2.2%	9.0%
Transp./Comm./Utilities	3.4%	6.4%
Wholesale Trade	2.6%	5.2%
Retail Trade	27.7%	21.7%
Finance/Insurance/Real Estate	7.4%	8.2%
Services	48.6%	37.0%
Public Administration	0.0%	6.1%

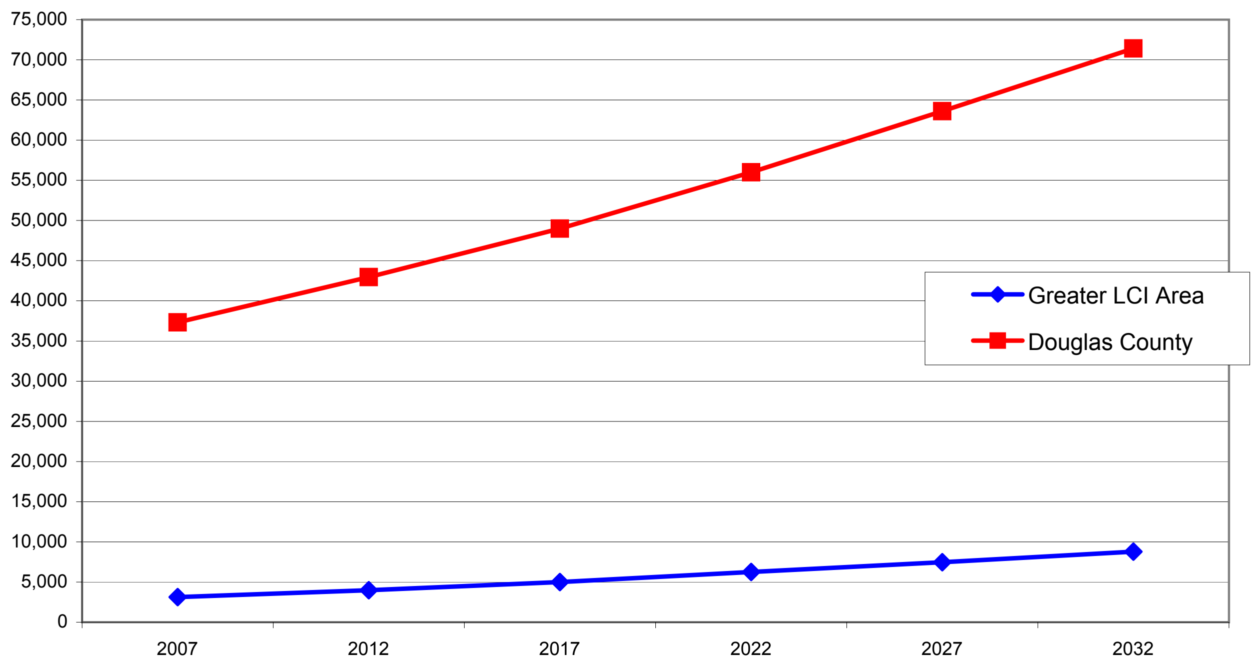


Source: Claritas

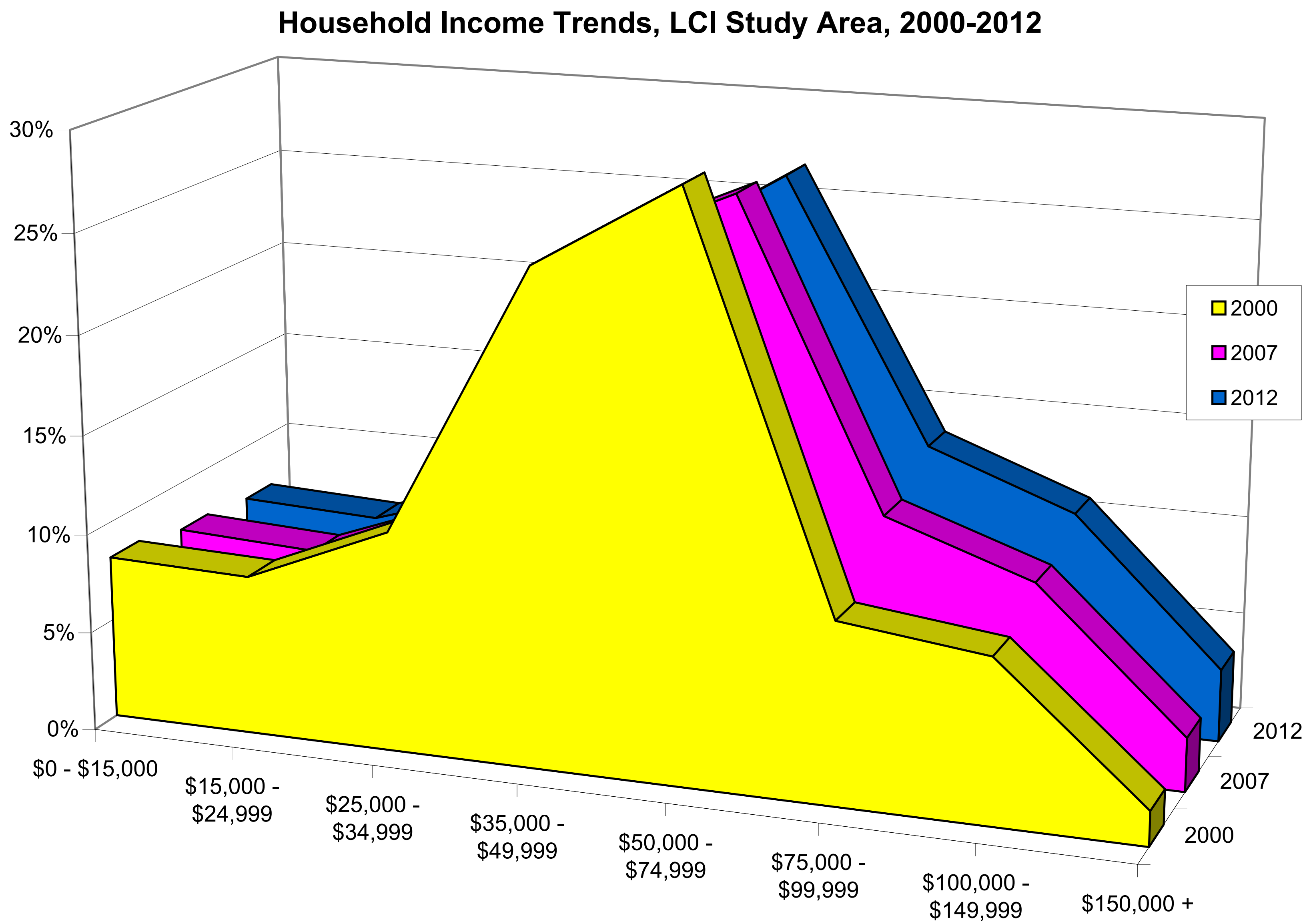
Employment Change Forecasts, Greater LCI Area, Douglas County and Atlanta Region, 2007-2032

	Total Change						Average Annual Percent Change				
	2007	2012	2017	2022	2027	2032	2007-2012	2012-2017	2017-2022	2022-2027	2027-2032
Greater LCI Area	3,132	3,978	4,990	6,248	7,469	8,786	5.4%	5.1%	5.0%	3.9%	3.5%
Douglas County	37,315	42,947	49,000	56,005	63,617	71,408	3.0%	2.8%	2.9%	2.7%	2.4%
Atlanta Region	2,197,012	2,385,619	2,599,161	2,845,466	3,104,205	3,310,004	1.7%	1.8%	1.9%	1.8%	1.3%

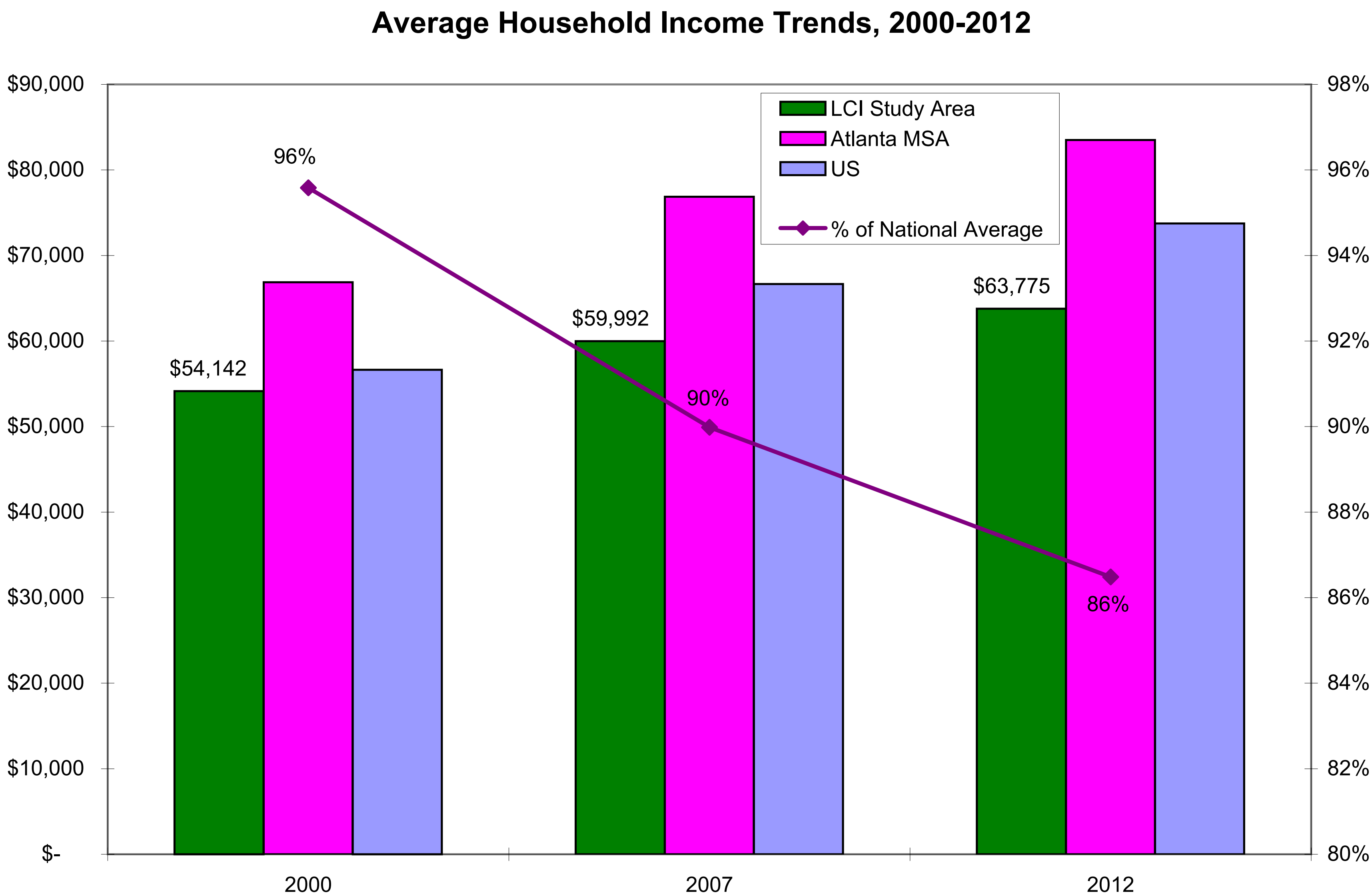
Employment Growth Projections, 2007-2032



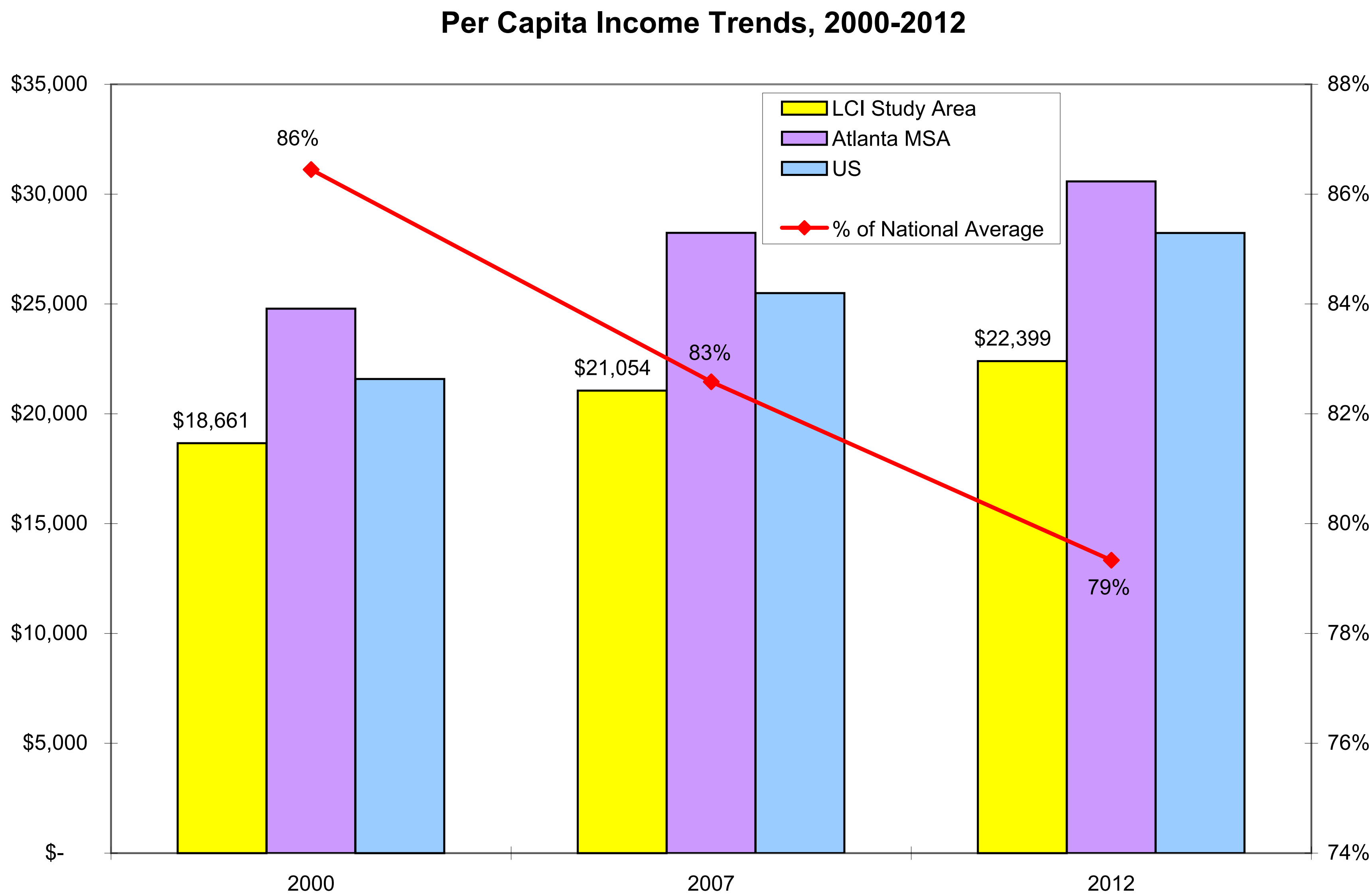
Source: Claritas, Atlanta Regional Commission, Market + Main, Inc.



Source: US Census Bureau, Claritas

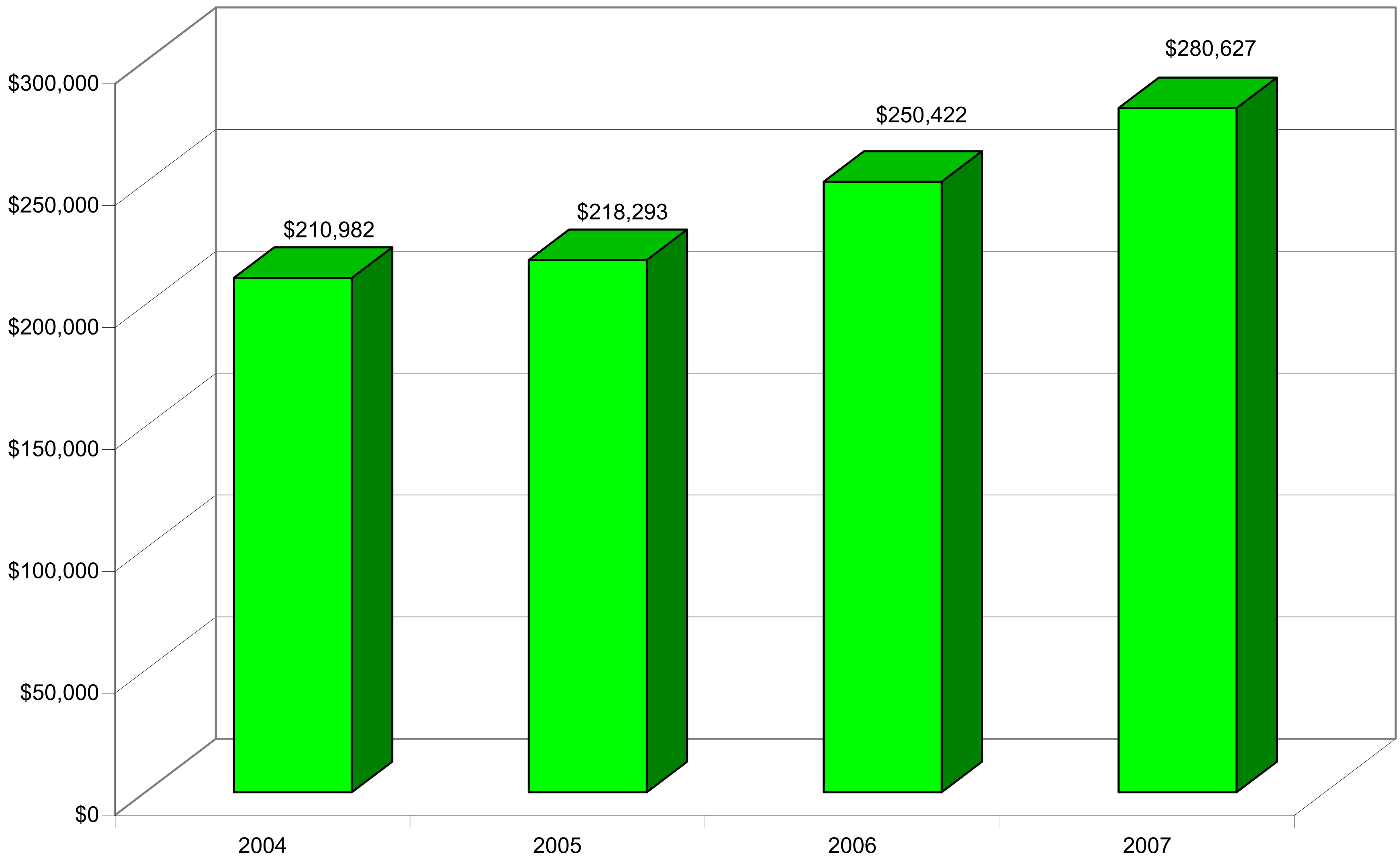


Source: US Census Bureau, Claritas, Market + Main, Inc.



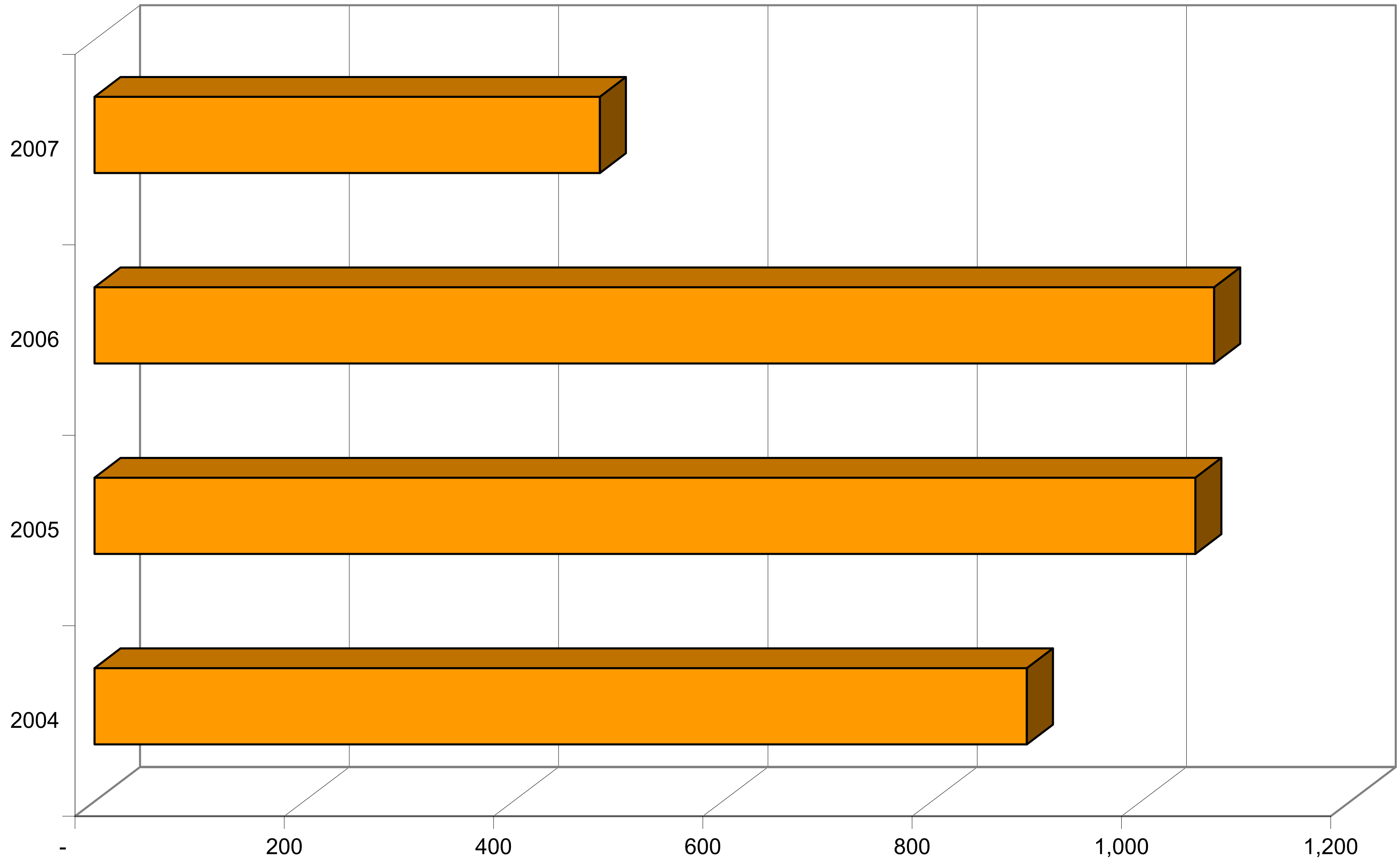
Source: US Census Bureau, Claritas, Market + Main, Inc.

Average Home Sales Prices, Zip Code 30135, 2004-2007



Source: Smart Numbers

Number of Residential Closings, Zip Code 30135, 2004-2007



Source: Smart Numbers

Housing Demand Forecast by Type, Study Area, 2007-2032

Avg. Annual New Households	24
Owner HH	16.8
Renter HH	7.2

Percentage Distribution by Type

	Owner HH	Renter HH
Single-Family Detached	25%	5%
Single-Family Attached	75%	50%
Apartments	0%	45%
	100%	100%

Total Units Annually by Type

	Owner HH	Renter HH
Single-Family Detached	4	0
Single-Family Attached	13	4
Apartments	-	3
	17	7

Housing Units Forecasts by Type

	2012		2017		2022		2027		2032	
	Owner HH	Renter HH	Owner HH	Renter HH	Owner HH	Renter HH	Owner HH	Renter HH	Owner HH	Renter HH
Single-Family Detached	21	2	42	4	63	5	84	7	105	9
Single-Family Attached	63	18	126	36	189	54	252	72	315	90
Apartments	-	16	-	32	-	49	-	65	-	81
	84	36	168	72	252	108	336	144	420	180
Total Housing Units Forecasts	**120**		**240**		**360**		**480**		**600**	

Potential Supportable Neighborhood Serving Retail Space, Study Area, 2007

	Retail Sales Potential	Avg. HH Expenditure	Target Sales $/SF	Total Potential Retail Space	Study Area Capture Rate	Study Area Potential Supportable Retail Space
Furniture and Home Furnishings Stores	$623,507	$1,121	$163	3,814	3%	114 SF
Electronics and Appliance Stores	$555,042	$998	$153	3,624	3%	109 SF
Building Material, Garden Equip Stores	$2,965,611	$5,334	$143	20,695	2%	414 SF
Food and Beverage Stores	$2,785,895	$5,011	$343	8,120	10%	812 SF
Health and Personal Care Stores	$1,166,489	$2,098	$322	3,625	7%	254 SF
Clothing and Clothing Accessories Stores	$1,144,507	$2,058	$168	6,797	3%	204 SF
Sporting Goods, Hobby, Book, Music Stores	$414,937	$746	$147	2,828	7%	198 SF
General Merchandise Stores	$2,860,497	$5,145	$128	22,346	5%	1,117 SF
Miscellaneous Store Retailers	$594,588	$1,069	$166	3,582	5%	179 SF
Foodservice and Drinking Places	$2,225,141	$4,002	$233	9,537	10%	954 SF
Total Retail	**$15,336,214**	**$27,583**		**84,968**		**4,355 SF**

Major Retail Categories:	
Convenience Goods	1,066 SF
Shoppers Goods	2,335 SF
Food & Beverage	954 SF

Potential Supportable Community Serving Retail Space, Study Area, 2007

	Retail Sales Potential	Avg. HH Expenditure	Target Sales $/SF	Total Potential Retail Space	Study Area Capture Rate	Study Area Potential Supportable Retail Space
Furniture and Home Furnishings Stores	$23,271,063	$1,153	$184	126,763	1%	634 SF
Electronics and Appliance Stores	$20,627,258	$1,022	$270	76,513	1%	383 SF
Building Material, Garden Equip Stores	$102,790,855	$5,095	$315	326,476	0%	653 SF
Food and Beverage Stores	$100,937,463	$5,003	$339	298,041	1%	2,086 SF
Health and Personal Care Stores	$42,717,310	$2,117	$309	138,094	1%	690 SF
Clothing and Clothing Accessories Stores	$42,372,893	$2,100	$222	190,964	1%	955 SF
Sporting Goods, Hobby, Book, Music Stores	$15,586,793	$773	$207	75,437	1%	377 SF
General Merchandise Stores	$104,707,521	$5,190	$163	641,590	0%	1,925 SF
Miscellaneous Store Retailers	$22,385,431	$1,110	$242	92,594	1%	463 SF
Foodservice and Drinking Places	$84,297,308	$4,178	$303	278,485	1%	1,949 SF
Total Retail	**$559,693,895**	**$27,741**		**2,244,955**		**10,115 SF**

Major Retail Categories:	
Convenience Goods	2,777 SF
Shoppers Goods	5,389 SF
Food & Beverage	1,949 SF

Neighborhood Serving Retail Space Forecasts, Study Area, 2012-2032

	2012		2017		2022		2027		2032	
	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space
Furniture and Home Furnishings Stores	$ 703,127	129	$ 837,697	154	$ 972,267	178	$ 1,106,837	203	$ 1,241,407	228
Electronics and Appliance Stores	$ 625,920	123	$ 745,713	146	$ 865,506	170	$ 985,299	193	$ 1,105,093	216
Building Material, Garden Equip Stores	$ 3,344,313	467	$ 3,984,373	556	$ 4,624,433	645	$ 5,264,493	735	$ 5,904,553	824
Food and Beverage Stores	$ 3,141,648	916	$ 3,742,920	1,091	$ 4,344,192	1,266	$ 4,945,465	1,441	$ 5,546,737	1,617
Health and Personal Care Stores	$ 1,315,447	286	$ 1,567,207	341	$ 1,818,968	396	$ 2,070,728	450	$ 2,322,488	505
Clothing and Clothing Accessories Stores	$ 1,290,658	230	$ 1,537,674	274	$ 1,784,690	318	$ 2,031,706	362	$ 2,278,722	406
Sporting Goods, Hobby, Book, Music Stores	$ 467,924	223	$ 557,478	266	$ 647,033	309	$ 736,588	351	$ 826,143	394
General Merchandise Stores	$ 3,225,776	1,260	$ 3,843,150	1,501	$ 4,460,523	1,742	$ 5,077,897	1,983	$ 5,695,270	2,225
Miscellaneous Store Retailers	$ 670,516	202	$ 798,844	241	$ 927,172	279	$ 1,055,501	318	$ 1,183,829	357
Foodservice and Drinking Places	$ 2,509,287	1,076	$ 2,989,533	1,281	$ 3,469,779	1,487	$ 3,950,025	1,693	$ 4,430,272	1,899
Total Retail	**$ 17,294,615**	**4,911**	**$ 20,604,590**	**5,851**	**$ 23,914,564**	**6,791**	**$ 27,224,538**	**7,731**	**$ 30,534,512**	**8,670**
Major Retail Categories:										
Convenience Goods		1,202		1,432		1,662		1,892		2,122
Shoppers Goods		2,634		3,138		3,642		4,146		4,650
Food & Beverage		1,076		1,281		1,487		1,693		1,899

Community Serving Retail Space Forecasts, Study Area, 2012-2032

	2012		2017		2022		2027		2032	
	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space	Retail Sales Potential	Study Area Potential Supportable Retail Space
Furniture and Home Furnishings Stores	$ 27,410,627	747	$ 27,549,035	750	$ 27,687,444	754	$ 27,825,852	758	$ 27,964,261	762
Electronics and Appliance Stores	$ 24,296,530	451	$ 24,419,214	453	$ 24,541,898	455	$ 24,664,582	457	$ 24,787,266	460
Building Material, Garden Equip Stores	$ 121,075,767	769	$ 121,687,132	773	$ 122,298,497	777	$ 122,909,862	781	$ 123,521,227	785
Food and Beverage Stores	$ 118,892,685	2,457	$ 119,493,027	2,470	$ 120,093,368	2,482	$ 120,693,710	2,495	$ 121,294,052	2,507
Health and Personal Care Stores	$ 50,316,062	813	$ 50,570,130	817	$ 50,824,198	822	$ 51,078,266	826	$ 51,332,335	830
Clothing and Clothing Accessories Stores	$ 49,910,379	1,125	$ 50,162,398	1,130	$ 50,414,418	1,136	$ 50,666,438	1,142	$ 50,918,457	1,147
Sporting Goods, Hobby, Book, Music Stores	$ 18,359,444	444	$ 18,452,149	447	$ 18,544,854	449	$ 18,637,559	451	$ 18,730,263	453
General Merchandise Stores	$ 123,333,378	2,267	$ 123,956,143	2,279	$ 124,578,908	2,290	$ 125,201,672	2,302	$ 125,824,437	2,313
Miscellaneous Store Retailers	$ 26,367,455	545	$ 26,500,596	548	$ 26,633,737	551	$ 26,766,878	554	$ 26,900,019	556
Foodservice and Drinking Places	$ 99,292,502	2,296	$ 99,793,874	2,308	$ 100,295,246	2,319	$ 100,796,618	2,331	$ 101,297,989	2,343
Total Retail	**$ 659,254,828**	**11,915**	**$ 662,583,698**	**11,975**	**$ 665,912,567**	**12,035**	**$ 669,241,436**	**12,095**	**$ 672,570,306**	**12,155**
Major Retail Categories:										
Convenience Goods		3,271		3,287		3,304		3,320		3,337
Shoppers Goods		6,348		6,380		6,412		6,444		6,476
Food & Beverage		2,296		2,308		2,319		2,331		2,343

Total Retail Space Forecasts, Study Area, 2007-2032

	2007	2012	2017	2022	2027	2032
Furniture and Home Furnishings Stores	748	876	904	933	961	989
Electronics and Appliance Stores	491	573	599	625	650	676
Building Material, Garden Equip Stores	1,067	1,236	1,329	1,422	1,516	1,609
Food and Beverage Stores	2,898	3,373	3,561	3,748	3,936	4,124
Health and Personal Care Stores	944	1,099	1,158	1,217	1,276	1,335
Clothing and Clothing Accessories Stores	1,159	1,355	1,404	1,454	1,504	1,553
Sporting Goods, Hobby, Book, Music Stores	575	668	713	758	802	847
General Merchandise Stores	3,042	3,527	3,780	4,032	4,285	4,537
Miscellaneous Store Retailers	642	747	789	830	872	913
Foodservice and Drinking Places	2,903	3,372	3,589	3,807	4,024	4,241
Total Retail SF	**14,470**	**16,825**	**17,825**	**18,826**	**19,826**	**20,826**

Major Retail Categories:						
Convenience Goods	3,842	4,472	4,719	4,966	5,212	5,459
Shoppers Goods	7,724	8,981	9,517	10,053	10,590	11,126
Food & Beverage	2,903	3,372	3,589	3,807	4,024	4,241

Office Space Demand Forecast, Study Area, 2007-2032

	2007	2007-2012	2012-2017	2017-2022	2022-2027	2027-2032
Primary Market Households	627	10,225	16,770	21,024	14,725	12,516
Primary Market Population-Est.	1,812	29,551	48,466	60,760	42,556	36,172
Office Employees-Est.	36	591	969	1,215	851	723
Total Demand-Potential Office SF	9,966	162,528	266,563	334,181	234,057	198,944
Demand Increments	0	112,697	236,664	304,282	214,124	169,045
Study Area Capture-Total SF	**498**	**8,126**	**13,328**	**16,709**	**11,703**	**9,947**

Summary of Selected Retail Centers, Study Area
Fourth Quarter 2007

Address	Year Built	% Leased	Gross Leasable Area
2145-2175 W County Line Rd	1984	71.43	14,000
Fairburn Rd			15,000
2038 Fairburn Rd		100	2,542
2060-2068 Fairburn Rd	1986	100	11,410
2060 Fairburn Rd		100	2,600
2074 Fairburn Rd		100	1,100
2078 Fairburn Rd	1987	95	12,000
2080 Fairburn Rd	1973	100	11,000
2086 Fairburn Rd		100	1,100
2090 Fairburn Rd		100	2,065
2100 Fairburn Rd		100	1,496
2112 Fairburn Rd	1999	100	6,160
2115 Fairburn Rd	1985	96.29	64,728
2123 Fairburn Rd	1993	100	5,324
2134 Fairburn Rd		100	1,900
2140 Fairburn Rd	1990	100	1,679
2148 Fairburn Rd	1998	100	6,838
2156 Fairburn Rd	2001	100	2,598
2165-2187 Fairburn Rd	1989	95.21	62,626
2165 Fairburn Rd		95.29	57,290
2191 Fairburn Rd	2000	100	8,000
2198 Fairburn Rd	1982	100	2,400

Summary of Selected Retail Centers, Study Area
Fourth Quarter 2007

Address	Year Built	% Leased	Gross Leasable Area
2400 Fairburn Rd	1990	100	1,750
2475 Fairburn Rd		80	20,000
2710 Fairburn Rd	2003	100	13,813
2675 Lee Rd	2000	93.58	65,470
2805 Lee Rd		100	4,350
2285 Mack Rd	1962		2,298

Summary of Selected Office Buildings, Study Area
Fourth Quarter 2007

Address	Building Class	Year Built	% Leased	Total Space
2065 Fairburn Rd	C		100	1,700
2110 Fairburn Rd	C		73.33	9,000
2253 Fairburn Rd	C	1982	100	4,000
2096 Highway 92	C		100	1,100

Summary of Selected Industrial Buildings, Study Area
Fourth Quarter 2007

Address	Property Type	Year Built	% Leased	Total Space
2072 Fairburn Rd	Flex	1980	100	3,000
2108 Fairburn Rd	Flex		100	12,600
2170 Fairburn Rd	Industrial	1963	100	30,500
2376 Fairburn Rd	Industrial	2000	100	52,700
4170 Vansant Rd	Industrial	1986	100	34,000
4179 Vansant Rd	Industrial	1980	100	32,800