

SOUTHWEST CHEROKEE AREA PLAN MARKET STUDY

FINAL DELIVERABLE

Prepared for:
Cherokee County Government
Department of Planning and Zoning

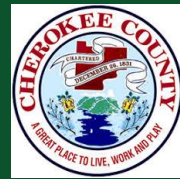
May 15, 2019



BleaklyAdvisoryGroup



INTRODUCTION



In early 2019, the Cherokee County Planning and Zoning Department retained Bleakly Advisory Group, Inc. (BAG) to analyze demographic, housing, and commercial development trends within an approximate 6,000-acre study area located in the Southwest Corner of Cherokee County, Georgia. (SW Cherokee or the “study area”). As stated by the Department, the purpose of this study was to “create a realistic evaluation of current and potential future market forces that may affect this area over the next 20 years.” This information was requested to support the development of an “Area Plan” for this important part of unincorporated Cherokee County.

To accomplish this task, BAG studied trends driving recent residential, retail, office and industrial development within the study area and forecast future demand potential over the next 20 years. We also evaluated existing land uses and the availability of suitable sites to accommodate future demand. As an early task, BAG interviewed a representative sample of stakeholders to understand varying opinions on issues, challenges and opportunities within the study area. From those interviews and during the public meetings that followed, several consistent questions emerged, which helped to focus the market research. These questions include:

- How much additional housing is likely to be developed in SW Cherokee?
- How much additional industrial and warehousing can be developed if all sites are built out as allowed by zoning?
- Can the area support more retail development – particularly a grocery store?

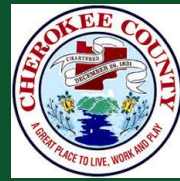
- Where are the best locations along the SR 92 corridor for new commercial development to occur?
- Is mixed-use development, possibly including multi-family rental housing, feasible or desirable in the study area?

To address these and other questions, the scope of the study effort included the following tasks. Findings from those tasks are summarized in this report.

Nonresidential Markets

- BAG evaluated the study area in terms of its current and future potential to support additional retail development, focusing on key demand drivers of household growth, demographic characteristics, income levels, and job growth. Based upon forecasts of local household and employment growth developed in other tasks, BAG addressed the study area’s potential to support an additional grocery-anchored shopping center.
- We documented the performance of the existing retail, office and industrial real estate markets in terms of developed square footage, lease rates, tenant mix, absorption rates and other key metrics.
- We also quantified demand forecasts for future industrial, office and general retail development, in terms of potential annual absorption (square feet), tempered by remaining supplies of undeveloped parcels available for those land uses.

INTRODUCTION



Residential Markets

- BAG analyzed demographic (demand) and competitive market (supply) data to understand the characteristics of the local residential market.
- BAG gathered sales information on the largest active residential projects in the study area in terms of location, number and size of homes, absorption rates, target markets, prices points, project amenities, etc. We assessed the pipeline of proposed housing in the area and the impact of the pipeline on the future competitive environment.
- BAG characterized future residential demand potential by tenure, residential unit type, and broad pricing ranges. The demand forecast was also tempered by remaining supplies of significantly undeveloped parcels available to support future housing development.

It should be noted that the geography of SW Cherokee totals nearly 6,000 acres. Within a study area this large, covering a 20-year planning horizon, developments not feasible today may become feasible in the future. Market analysis also focuses on the demand side of potential growth. SW Cherokee is subdivided into more than 5,100 separate parcels, most of which are already developed. The study area is therefore already beginning to exhibit supply constraints, which could make it difficult to satisfy demand. Effective “build out” for most land uses is likely to be reached long before 20 years.

Finally, it is beyond the scope of this market study to measure

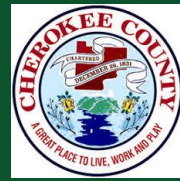
environmental constraints on future land development, to determine how much land might be sold or made available for development, or when those transactions might occur. Some longer-term market opportunities identified in this report are also only feasible for limited locations within the study area. Suitable sites may no longer be available for development in those locations by the time those opportunities become feasible to pursue.

This report details the results of the preceding tasks and summarizes their implications to the development of a long-range plan for SW Cherokee County. The report also makes several recommendations to influence the performance of the local real estate market and discusses alternatives to support economic growth and enhance the quality of life for current and future residents within the study area.

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EXECUTIVE SUMMARY



■ Summary Findings: Land Use

- The study area is located adjacent to Cherokee County's southwest border, extending northward toward Lake Allatoona and eastward from I-75 to Wade Green Road. The study area encompasses roughly 6,035 total acres, including 5,355 acres that are subdivided into 5,136 tax parcels.
- Of the total study area acreage, nearly 20% is owned by governmental or tax-exempt entities, and is unlikely to be developed in the future, more than 3,000 acres are already developed, primarily with single family homes, and the remaining 1,276 acres (24%) are undeveloped.
- Of the total undeveloped acreage, roughly 651 acres consist of parcels greater than 5 acres, which are zoned for residential land uses, 188 acres (also on parcels larger than 5 acres) are zoned to allow commercial or industrial buildings, and the balance of 436 acres is already subdivided into parcels smaller than 5 acres.
- The inventory of smaller undeveloped parcels is estimated to include up to 214 buildable home sites. Much of the remaining acreage appears to have very limited development potential based on taxable value.
- A preliminary evaluation of existing land use and remaining sites available for development indicates that the study area's supply of suitable residential and industrial land is likely to be exhausted long before the end of the 20-year demand forecast. The supply of undeveloped commercial land may be adequate to accommodate more than 20 years of demand based on historical growth rates.

■ Summary Findings: Demographics and Housing

- The SW Cherokee study area contains an estimated current population of approximately 12,500 residents in 4,400 households. The area has added an average of 221 residents and 86 households

per year since 2000, representing impressive percentage growth by regional and national standards but slower growth than Cherokee County and the immediate surroundings. Residential growth has accelerated post-recession, both in the study area and County-wide.

- The study area is solidly "middle class" with an above average home ownership rate, a high percentage representation of married couple families and households with children. There are comparatively fewer households in either the lowest or highest income brackets. The study area also exhibits high labor force participation rates and relatively low unemployment. Resident adults are comparatively well educated, are predominantly employed in white-collar occupations, and commute significant distances (by car) to work.
- The study area's housing stock is primarily single family, with limited numbers of townhomes and mobile homes. Multi-family housing is virtually non-existent, with no conventional apartment communities. The median home value in the study area is 26% lower and the age of housing is six years older than the County.
- Study area households possess substantial retail spending power, making estimated annual purchases of more than \$235.2 million, while total annual retail sales by stores serving the study area total only \$112.2 million. The annual net surplus of demand over supply approaches \$123.4 million, averaging nearly \$27,900 per existing household. However, grocery stores represent the only store type where current sales exceed demand. The absence of leakage in the grocery store category is a challenge to attracting other store types as well, particularly those which tend to locate within or near grocery store anchored shopping centers and rely on grocers to generate customer traffic.

EXECUTIVE SUMMARY



■ Summary Findings: Residential Market

- Demand for new home construction county-wide continues to increase and is likely to remain strong, provided supply and average home prices remain relatively stable. Total County sales of single-family homes increased by more than 31% from 2013 to 2018, reaching a combined total of more than 5,600 units last year, with new construction growing faster than resales. Of the total number of homes sold throughout Cherokee County in 2018, more than 1,600 units (29.2%) were new construction. County-wide townhome sales have increased at an even faster rate than the single-family market, starting from a much smaller base. Townhome sales grew by nearly 123% from 2013 to 2018, reaching a combined total of 577 units last year with 35% (208 units) being new construction.
- New home prices county-wide have been trending 30% to 38% higher than resales, while price “premiums” achieved by new townhomes have been even higher at more than 50%, due in part to limited supplies of existing resale units. The average price of new homes marketed in 2018 exceeded \$386,000, while the price of new townhomes averaged more than \$297,600.
- Within SW Cherokee, overall sales have followed a similar rate of increase, with single-family homes accounting for 70% of sales. Combined annual rates of new housing sales since 2013 (127/year) have exceed the study area’s historical rate of household growth since 2000 (86/year) by a factor of nearly 48%. Sales of new single-family homes within the study area have accounted for 6.6% of County wide new home sales, while townhomes sold in the study area have accounted for nearly 25% of the county-wide total over the same period. These trends suggest strong market acceptance for this part of the region. Demonstrated demand indicates that it has the potential to capture a larger share of county-wide growth, provided adequate supply remains available.
- New housing in SW Cherokee remains relatively affordable, with average new home prices more than 18% lower, and townhomes 33.5% lower

than their respective county averages in 2018. Average appreciation rates for new single-family homes and townhomes within the study area have averaged 4.4% and 5.6% per year, respectively, since 2013. Recent rates of housing turnover have been high, with roughly 1,600 units, a third of all residential property in the study area changing ownership within the past three years.

- Most new residential construction in the study area since 2013 has been concentrated in Centennial Lakes, which has been the largest and fastest selling residential development in Cherokee County since 2013. When that project is soon completed, it is unlikely that new sites will be developed in comparable numbers to sustain recent rates of new construction, particularly within the lower price points that project was able to maintain.
 - In terms of rental demand, suitable locations for conventional apartments within the study area are currently limited to sites near I-75, as nearly all recent new rental housing within the county has been confined to locations near highway corridors. The county-wide apartment market is currently highly active. Rates of new apartment construction suggest that new supply is likely to satisfy or possibly exceed demand for the next few years.
 - All of the above trends indicate that the study area is an attractive location for for-sale housing, is changing demographically, and is becoming more affluent.
- ## ■ Summary Findings: Retail Market
- The study area is growing, possesses solid household incomes and has under-served spending potential for several store types. Yet there are significant challenges to near-term retail growth due to supply competition from existing nodes that are immediately outside of the study area. The area lacks population density and is well served by existing shopping centers. Significant additional household growth is needed to support new retail development in locations that are more convenient to area residents.

EXECUTIVE SUMMARY



Summary Findings: Commercial/Retail Market (continued)

- SW Cherokee contains more than 137 acres of remaining undeveloped commercial (700 coded) land. The rate of commercial development since 2010 has consumed an average of less than 4.5 acres/year, which indicates that it would take nearly 31 years to consume the entire inventory if recent growth rates were to continue.
- Relative to historical demand the existing supply of commercial zoned land is substantially greater than either residential or industrial zoning. This suggests that unless commercial demand increases dramatically, over time the County will be pressured to allow much of this acreage to be developed for other land uses.

Summary Findings: Industrial Market

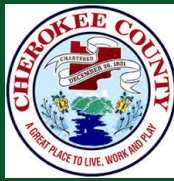
- In contrast to the commercial market, demand for light industrial and warehousing space has been strong, with SW Cherokee being one of the fastest growing industrial locations on the north side of Metro-Atlanta. The study area now contains more than 212 developed acres and 2.16 million SF of space, 46% of which has been developed since 2013. SW Cherokee has been developing roughly 16.5 acres and 135,800 SF of buildings per year during the current decade, with most of that growth occurring within the past 3 years alone. CoStar estimates the industrial market vacancy rate to be 3% and evidence suggests that demand will continue provided suitable locations remain available for development.
- However, the inventory of remaining undeveloped industrial land totals only 108 acres and is subdivided into 25 parcels, including several which cannot be developed and only 3 that are larger than 10 acres. While some of the other smaller parcels may be able to support flex, office or general commercial construction, they are clearly unsuitable for the light manufacturing or warehousing uses they are currently zoned for.
- BAG estimates that at most, roughly 50 acres of SW Cherokee's remaining undeveloped industrial land, including less than 40 acres still owned by the Development Authority, are suitable for the types of buildings developed since 2010. The potential additional building space associated with that land totals roughly 450,000 SF, including acreage owned by the CCDA, which might support a maximum of 250,000 to 300,000 square feet and other land owned by private entities, which

might support another 150,000 SF of buildings. Absent of assembling and zoning additional land for industrial use, SW Cherokee's supply of industrial zoned land could be effectively exhausted within the next 3 to 4 years.

- Demand and build out Forecasts are summarized in the following table

Land Use	Estimated Remaining Supply		Average Annual Demand		Years to Build-Out
	Acres	Units/SF [1]	Acres	Units or SF	
Residential	746.0	1,811	46-70	112-172	10.5 - 16
<i>Acreage total includes already subdivided lots and undeveloped parcels larger than 5 acres. Unit counts assume 30% townhomes.</i>					
Commercial/Retail	145.0	936,000	4.5	27,800	32
<i>Assumes no remaining commercial land will be rezoned to allow other uses.</i>					
Industrial/Warehousing	50.0	457,000	15	135,000	3.5
<i>Includes only private and CCDA-owned sites that are suitable for larger buildings. Some remaining parcels under 5 acres could be developed for commercial, office or flex space. Forecasts also exclude expansion potential on existing developed sites.</i>					
[1] Estimated total number of housing units or non-residential building square footage that could be accommodated on remaining land at similar density to existing development.					

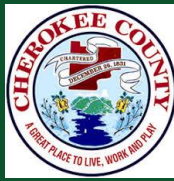
- Study conclusions and planning implications are summarized at the end of this report.



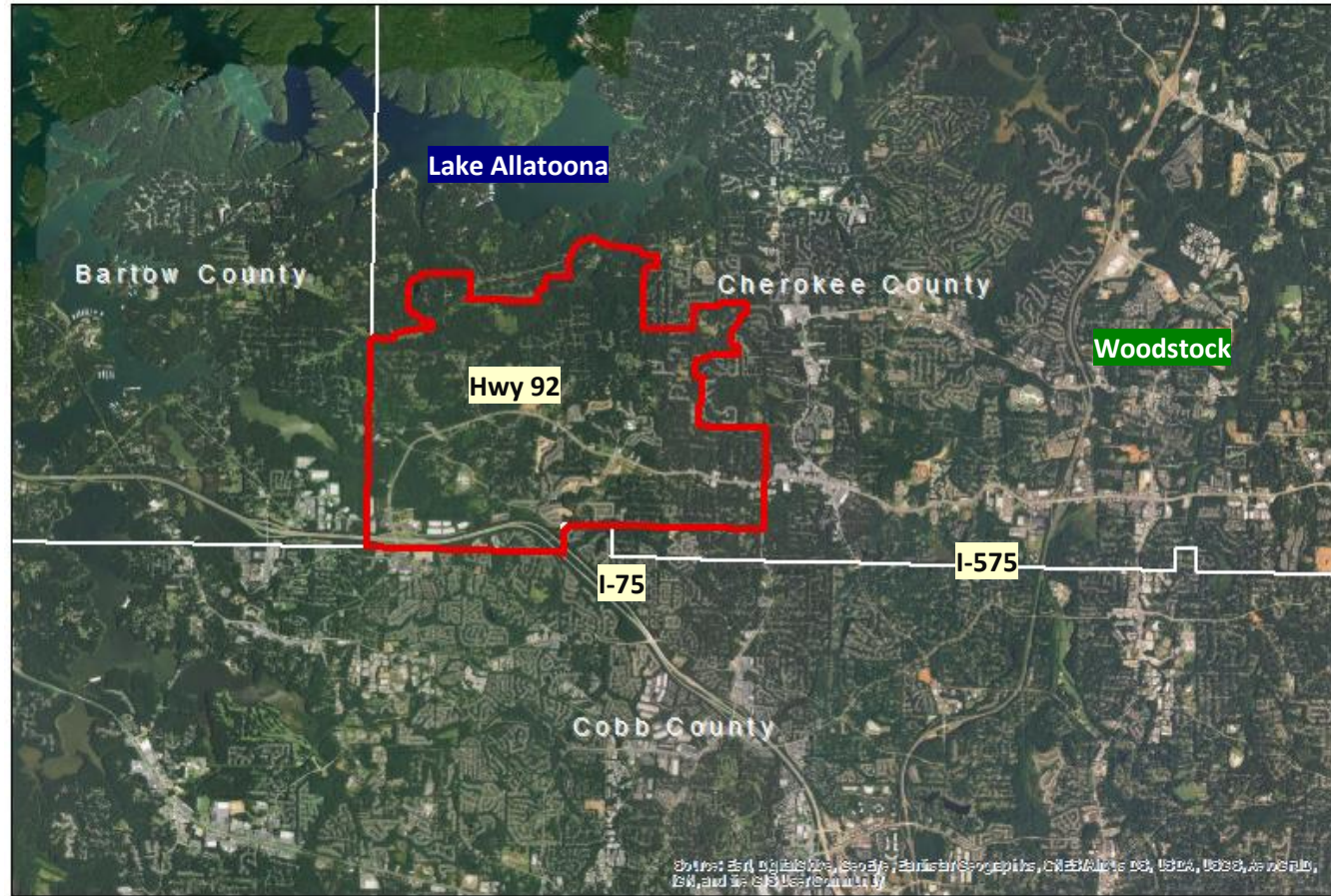
Existing Land Use Characteristics

This section discusses existing conditions within the SW Cherokee Study Area, focusing on existing land use patterns and remaining inventories of undeveloped land. Its purpose is to profile the characteristics of existing development and estimate remaining land capacity to accommodate future growth. These findings will be used to moderate the growth forecasts reported in later sections of the market study, as it appears that residential and industrial land uses, in particular, may reach effective “build-out” well within the 20-year planning horizon established for the study. The primary source of land use information reported in this section is Cherokee County property tax assessment records.

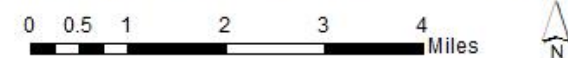
LOCATION



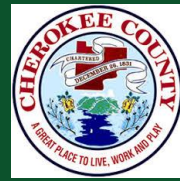
- The study area is in the southwest corner of Cherokee County, adjacent to its borders with Bartow and Cobb Counties, South of Lake Allatoona and West of Bells Ferry Road.
- Highway 92 is the primary highway corridor serving the study area. SR 92 extends 4.9 miles from Exit 277 at I-75 to Wade Green Road.
- The study area encompasses roughly 6,035 total acres including water bodies and public rights of way.
- Of this total area 5,355 acres are subdivided into 5,136 tax parcels. The following analysis of land use patterns focuses on existing tax parcels.



Legend
Southwest Cherokee Study Area



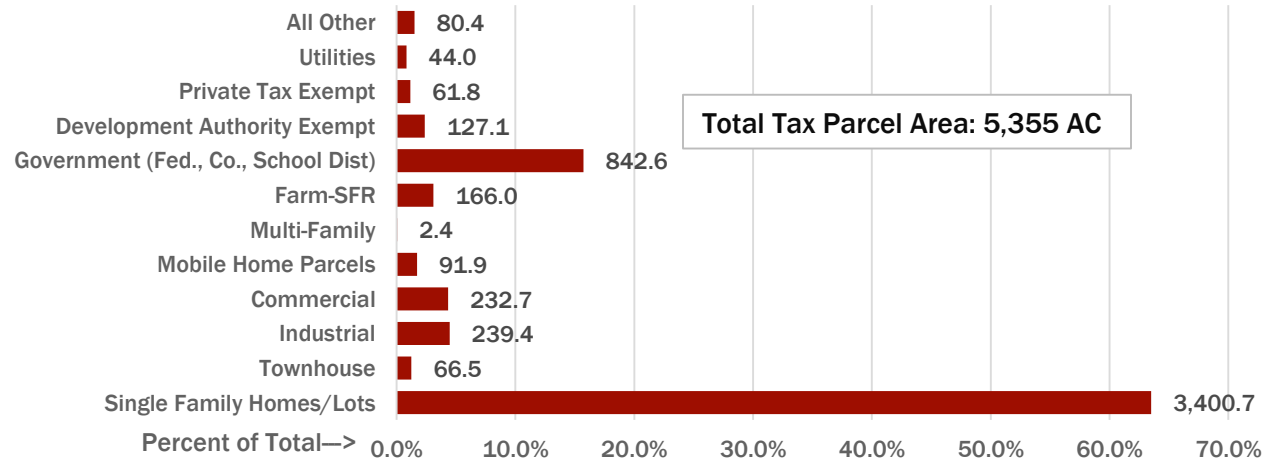
SW CHEROKEE LAND USE CHARACTERISTICS



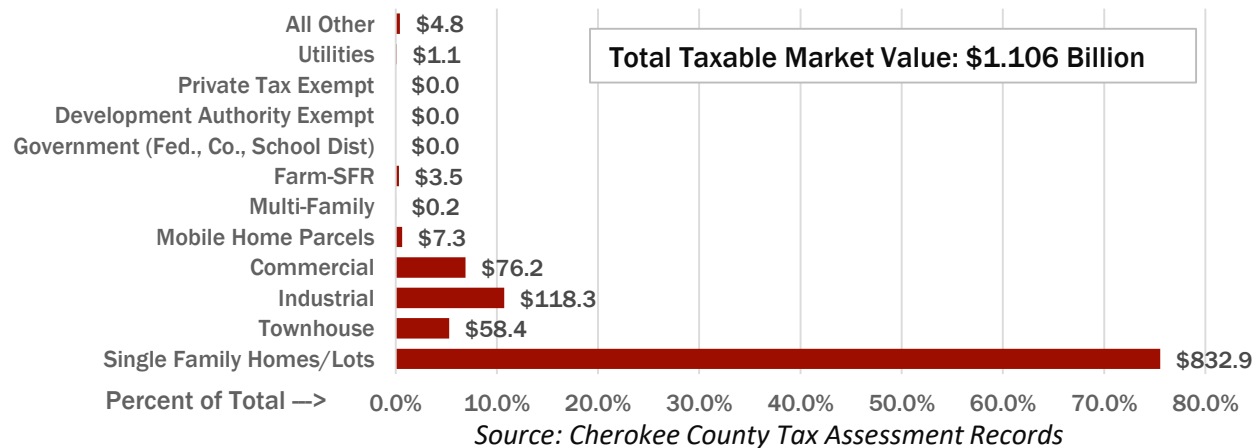
The distribution of existing study area land use by acreage and taxable value is summarized in these graphs. Highlights include:

- 65% of study area acreage and nearly 81% of its taxable real estate value is classified as SF residential or Townhomes – including 4,429 existing homes and 464 vacant or underdeveloped residential parcels.
- 15.7% of study area acreage is owned by the Federal government, County or School District, and is used for public purposes.
- Nearly 20% of total study area acreage is tax exempt, including 127 acres owned by the Cherokee County Development Authority. A small portion of the Authority’s acreage remains available for future development.
- Developed commercial and industrial properties occupy less than 9% of the study area acreage but represent nearly 18% of the area’s taxable real estate value.
- The total taxable real estate value of SW Cherokee exceeded \$1.1 billion in 2018, generating \$12.6 million in real estate taxes.

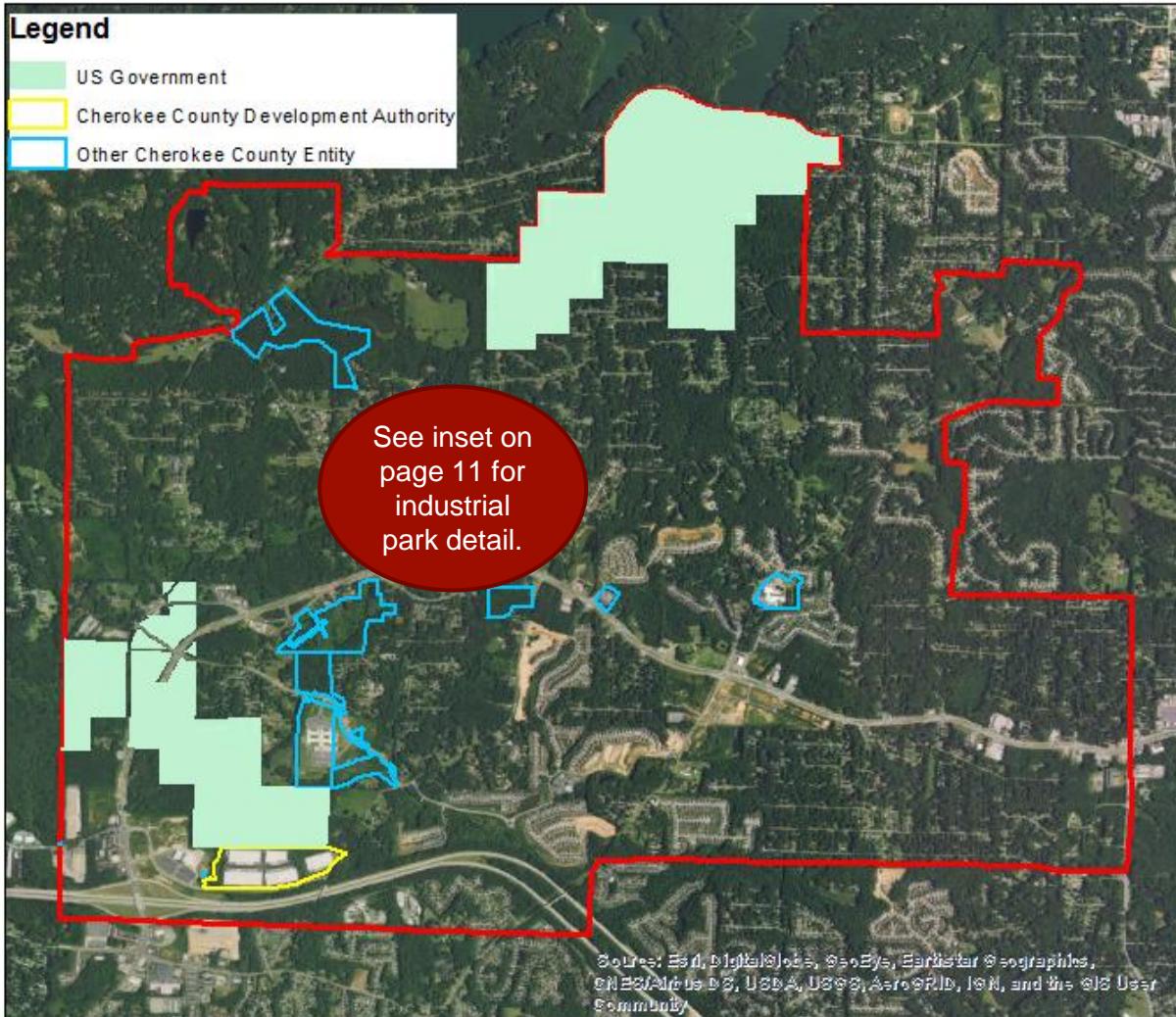
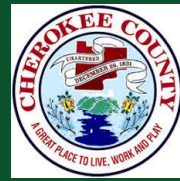
Distribution of Total SW Cherokee Acreage by Land Use



SW Cherokee Taxable Assessed Value by Land Use - 2018



PUBLICLY OWNED PARCELS



Source: Cherokee County Tax Assessment Records

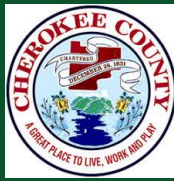
Tax Exempt Parcels	Acres	% of Study Area Total
US Government (GSA)	676.9	12.6%
Cherokee County	103.9	1.9%
Cherokee County School District	61.8	1.2%
Development Authorities [1]	127.1	2.4%
Private Tax Exempt [2]	89.6	1.7%
Utilities [3]	7.5	0.1%
Total	1,066.7	19.9%

NOTES:

- [1] Includes the Cherokee County Development Authority and Water & Sewer Authority parcels.
- [2] Includes churches, private schools & cemeteries.
- [3] Includes gas, telephone and railroad parcels.

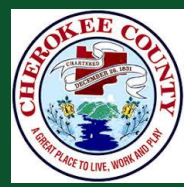
- Federal, County, School District, and Development Authority-owned parcels are shown on the map and the distribution of tax-exempt and utility-owned land is highlighted in the table.
 - Roughly 13% of the total acreage is owned by the Federal Government alone
 - Most of the nearly 1,067 acres (20% of total study area) identified in the table, including both publicly owned and private tax-exempt parcels, is unlikely to change in the future

PARCEL DETAIL – CHEROKEE 75 INDUSTRIAL PARK

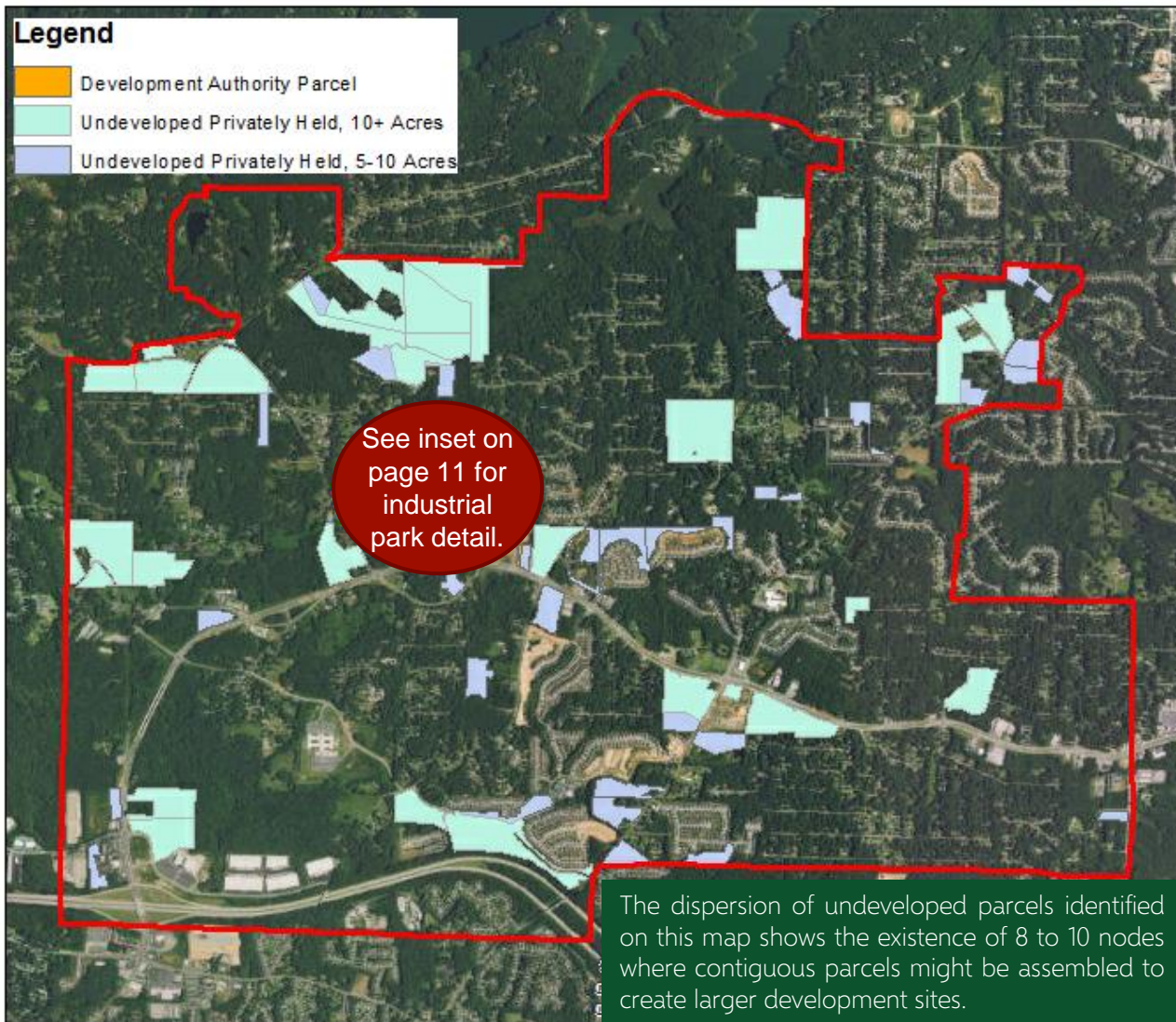


- The Cherokee County Development Authority has master planned roughly 223 acres within /near the Cherokee 75 Industrial Park.
- The Development Authority:
 - Retains partial leasehold ownership in 5 completed buildings on 91 acres (shown in red)
 - Owns roughly 84 undeveloped acres of which, 42.2 usable acres in 5 locations that can support new development
 - (The balance of Authority-owned land is undevelopable)
 - Another 4 properties are privately owed (blue)
 - Yan Mar of America owns 51.7 acres on 2 parcels adjacent to the industrial park
- The Authority also owns other land/buildings in the Study Area

Parcel Characteristics	Parcel Data	
	# Parcels	Acres
Cherokee County Development Authority Properties		
Buildings - Partially Tax Exempt	6	91.50
Potential Future Development Sites	10	42.16
Other DACC Vacant/Undevelopable	5	42.14
Other Privately Owned	5	46.95
TOTALS	26	222.75



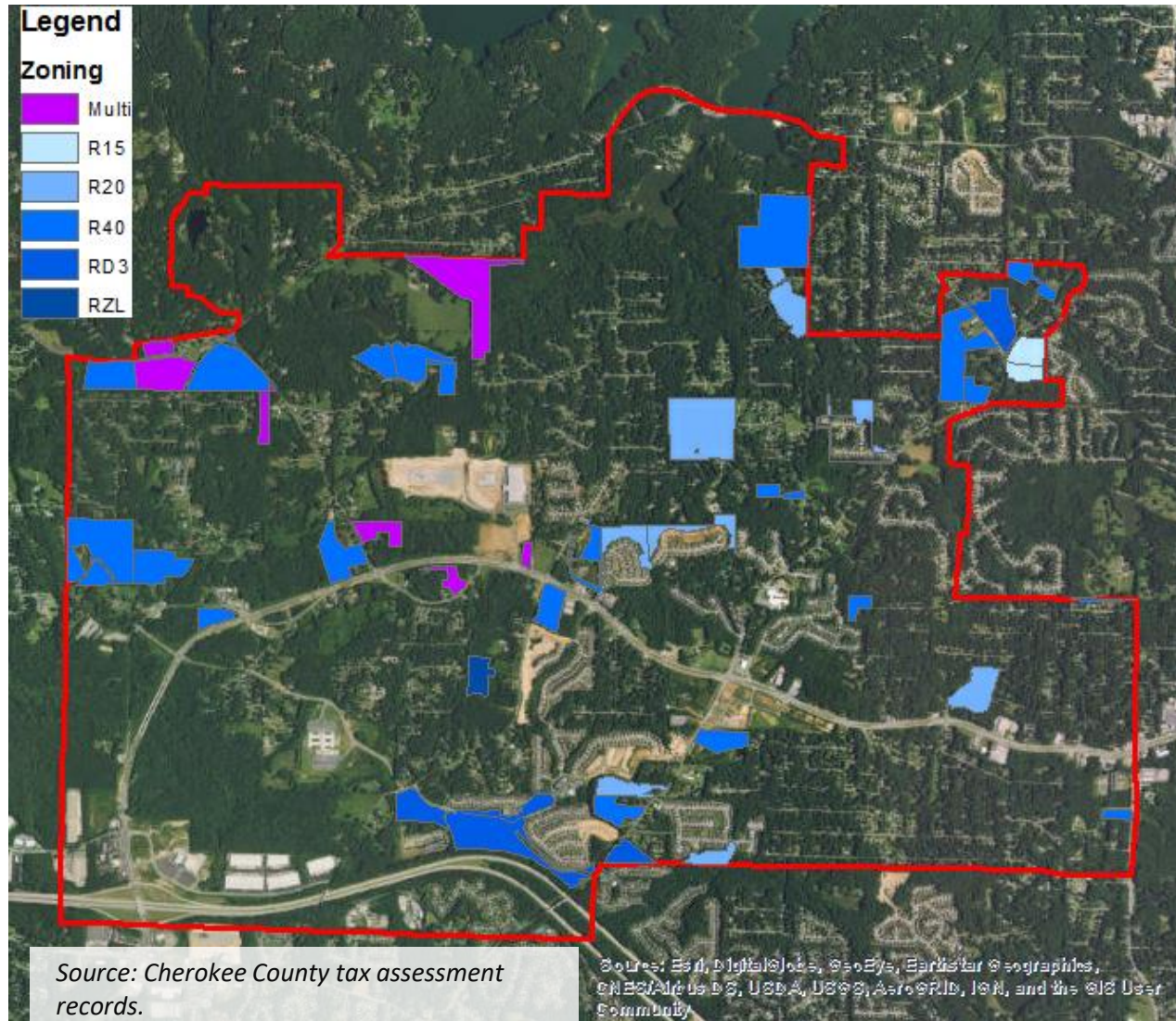
LARGER UNDEVELOPED PARCELS (>5 ACRES)



- This map identifies parcels greater than 5 acres in size, which are either vacant or sufficiently under-developed to support significant new construction
 - The Development Authority owns 4 remaining sites in this category - the largest contains 12.2 usable acres.
 - Excluding sites with environmental constraints, it can be assumed that these parcels are the most likely (but not necessarily the only) locations to support future development over time.
 - Approximately 82.5 acres in 11 parcels are owned by various homeowners' associations and are assumed to be unavailable for future development. Another 24.5 acres owned by Dempsey Funeral Services are also assumed to be unavailable.
 - The remaining 45 parcels total 651.5 acres, averaging 14.5 acres per parcel with an average taxable full value of \$57,600 per acre. This total represents roughly 12.2% of the total study area acreage

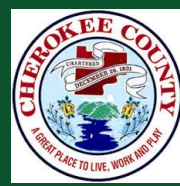
Source: Cherokee County Tax Assessment Records

LARGE RESIDENTIAL PARCELS (>5 ACRES) AVAILABLE FOR DEVELOPMENT

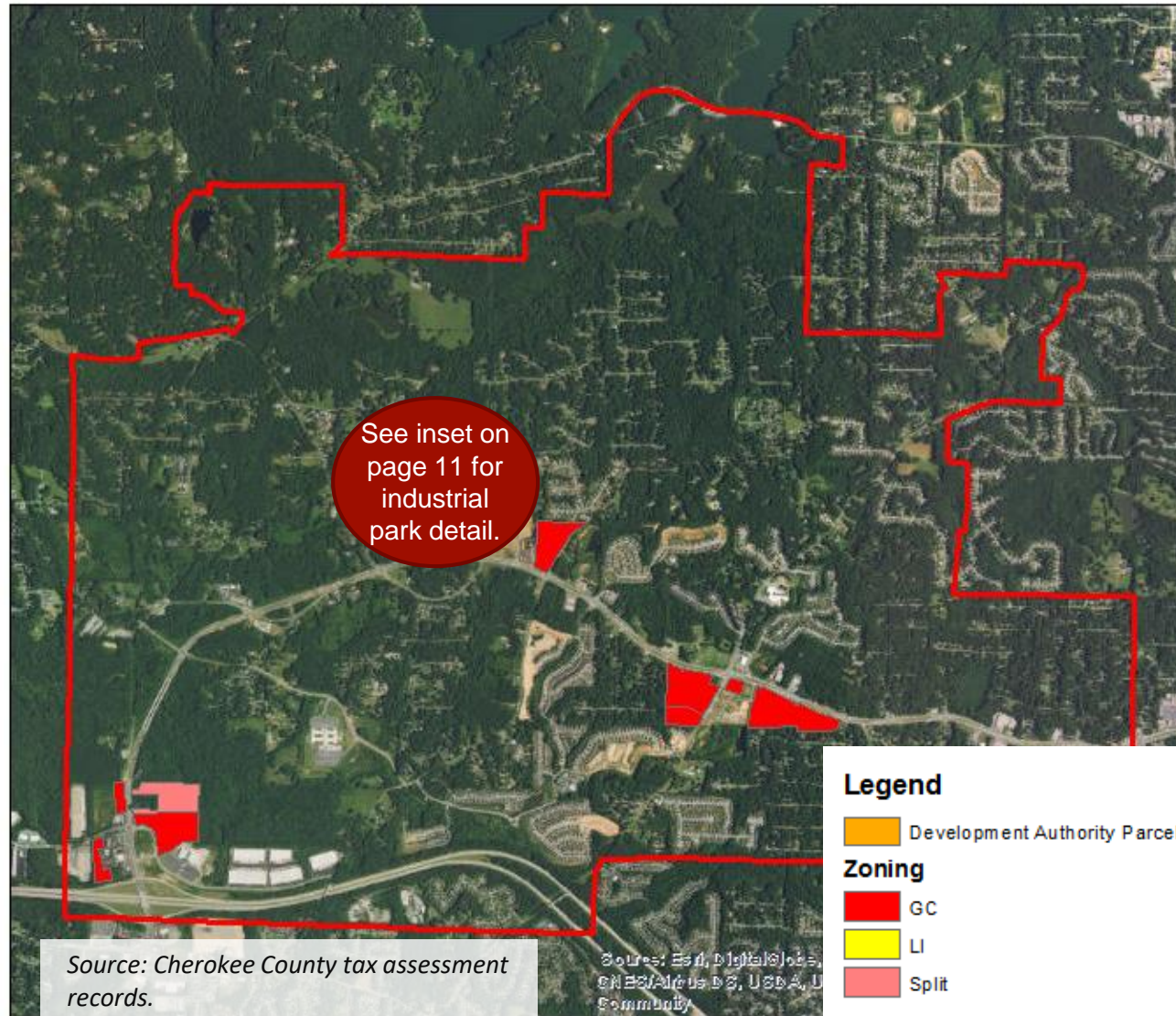


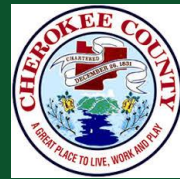
- This map identifies those “undeveloped” parcels greater than 5 acres in size, that are currently zoned to allow for residential development
 - Excluding approximately 82.5 acres owned by various homeowners’ associations, which are assumed to be unavailable for future development, only 29 undeveloped parcels greater than 5 acres, are coded in tax assessment records as suitable for residential development
 - These larger undeveloped residential sites total just over 463 acres, averaging 16.0 acres per parcel.
 - These parcels have an average taxable full value of \$23,900 per acre and represent 8.6% of the study area’s total land area

LARGER UNDEVELOPED PARCELS – COMMERCIAL AND INDUSTRIAL ZONED



- This map identifies “undeveloped” parcels greater than 5 acres in size, that are currently zoned to allow for commercial or industrial development
 - Only 16 undeveloped parcels greater than 5 acres, totaling just under 188.5 acres, are coded in tax assessment records as commercial or industrial development (C&I) sites
 - (Another 24.5 acres owned by Dempsey Funeral Services are assumed to be unavailable.)
 - These undeveloped C&I parcels tend to be clustered near existing developed nodes
 - The Development Authority owns 42 acres that can support future development. Four of those (assembled) sites are larger than 5 acres.
 - Undeveloped C&I sites average 11.8 acres per parcel with an average taxable full value of \$140,250 per acre. These larger undeveloped C&I parcels represent only 3.5% of the study area’s total land area

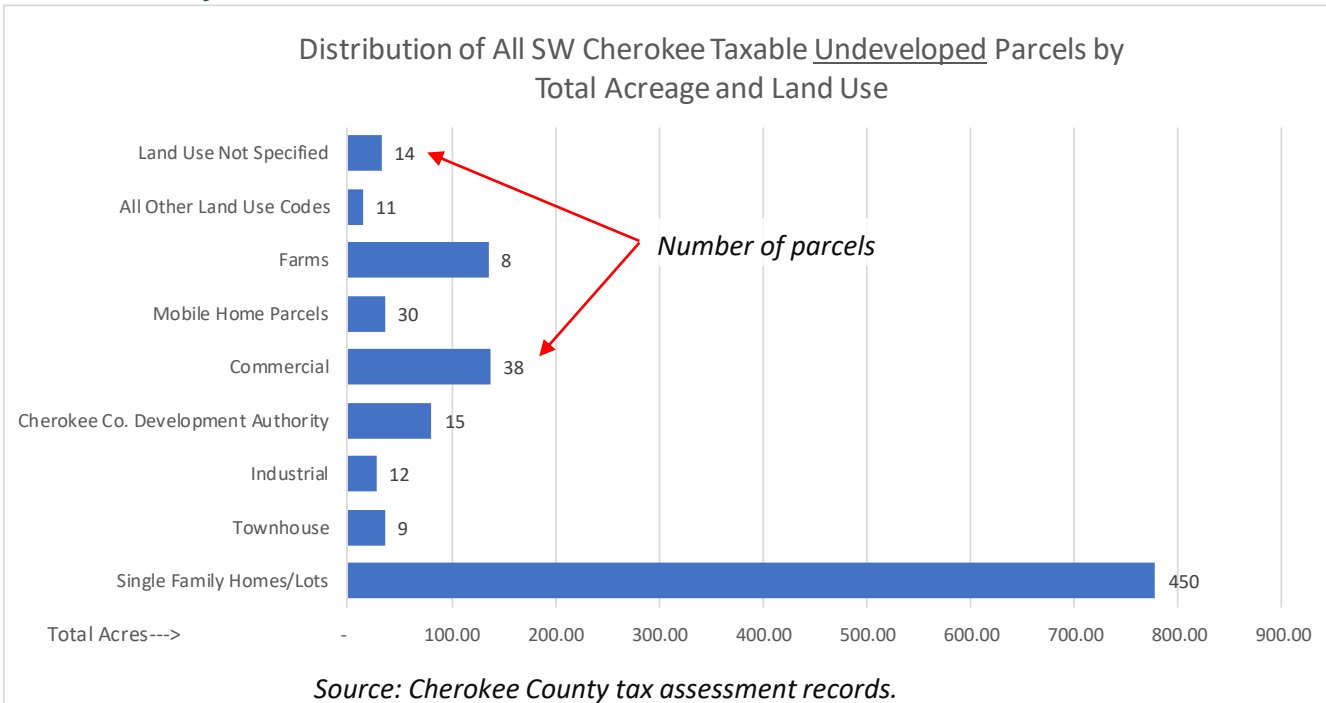




POTENTIALLY DEVELOPABLE LAND AREA

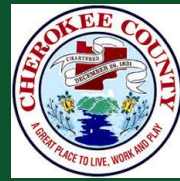
- While the previous maps focus only on vacant or under-developed parcels larger than 5 acres, the graph below distributes all undeveloped parcels and acreage by land use code, regardless of size
 - Federal, County, School District, cemeteries, churches and utility-owned parcels are excluded
 - SW Cherokee was found to contain a total of 587 parcels and 1,276.3 undeveloped acres in all land use codes, representing 23.8% of the total study area acreage

- Of the total undeveloped acreage with “single family” land use codes, BAG estimates that 214 parcels and 283 acres (5.3% of the study area’s total acreage) appear to be individual “buildable” home sites (based on land value). The remainder are either owned by homeowners’ associations or unlikely to be buildable based on their minimal taxable value
 - These home sites average 1.3 acres in size, with an average taxable value of roughly \$56,300 per parcel
 - 84 parcels totaling 112 acres (40% of the inventory) are owned by 5 entities, all of which appear to be residential developers



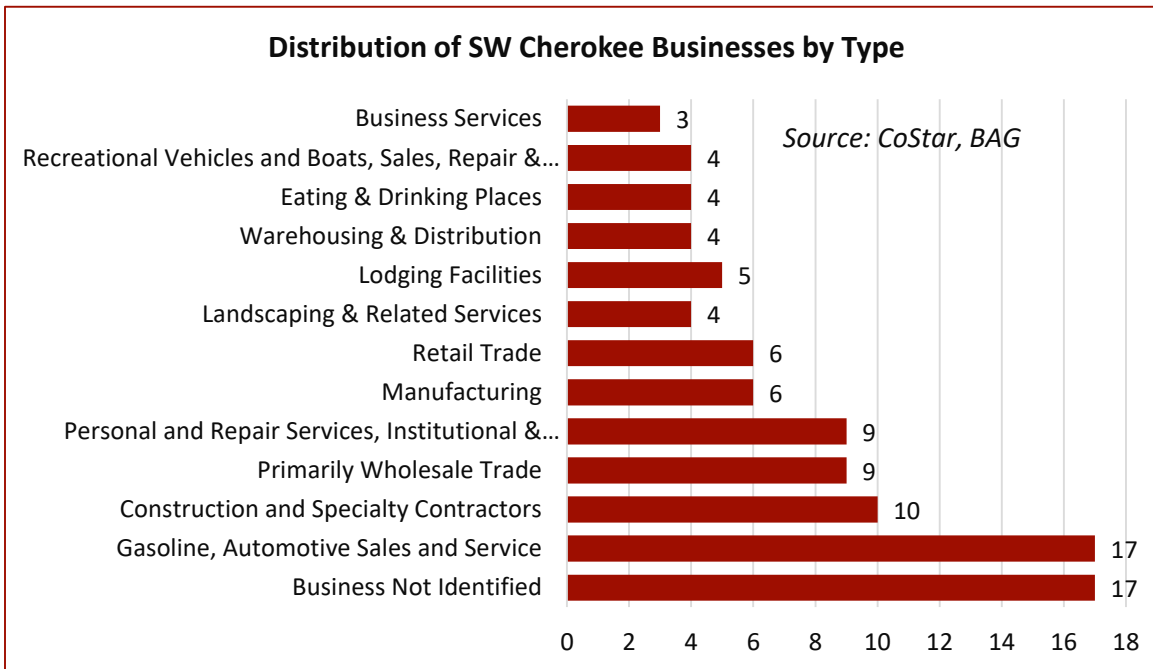
This total undeveloped land inventory represents a snapshot in time as of early 2019. Due to assessing time lag effects, a significant percentage of these parcels/acres may already be developed or have buildings currently under construction.

EXISTING NONRESIDENTIAL LAND USE

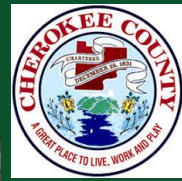


- The characteristics of developed residential land uses will be addressed in the next section on study area demographic and housing characteristics. Because the number of developed commercial and industrial parcels in the study area is relatively small, BAG was able to compile an inventory of existing land use by business type and building square footage.
 - The County has identified roughly 100 businesses located within the study area using business license records.
 - 17.3% of business addresses could not be associated with an establishment, indicating that most business at those locations may no longer be operating

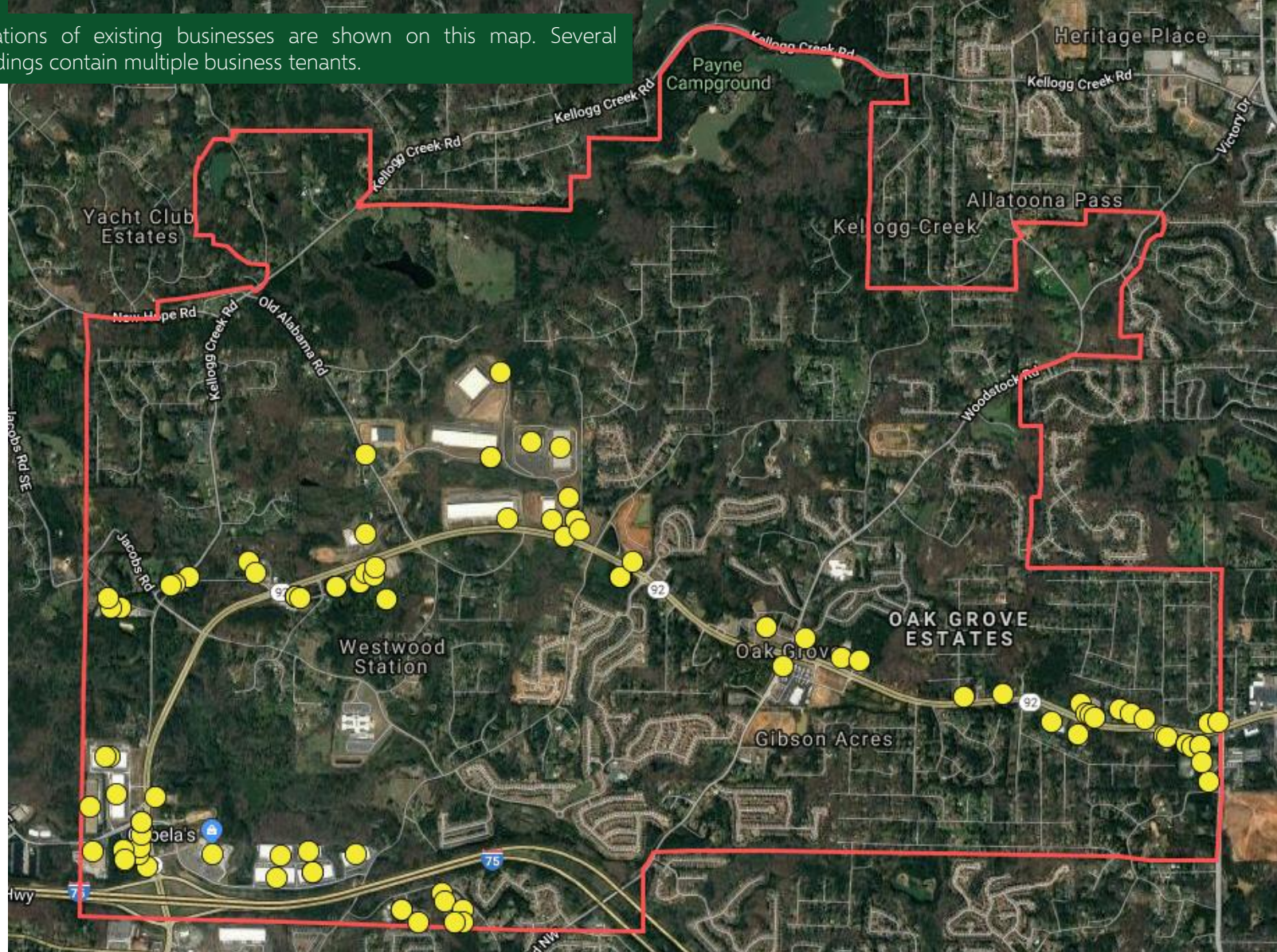
- In terms of the total establishments, gasoline, automotive sales and service businesses have the largest presence in the study area, followed by construction companies, wholesale trade and service business
- With the exception of Cabela's, retail uses tend to be specialized and serve business rather than consumer markets
- Lodging, dining and consumer retail establishments are all clustered near I-75, SW Cherokee's only defined commercial node
- Most of the larger industrial, warehousing and flex buildings in the study area are occupied by tenants in wholesale trade industries (9) followed by manufacturing firms (6—including some with distribution components) and warehousing and storage facilities (4)
- Secondary source employment data for individual study area companies is inconsistent, unavailable for the smallest businesses, and tends to lag actual current employment by several months or more.



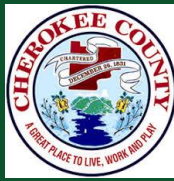
LOCATIONS OF EXISTING BUSINESSES



Locations of existing businesses are shown on this map. Several buildings contain multiple business tenants.



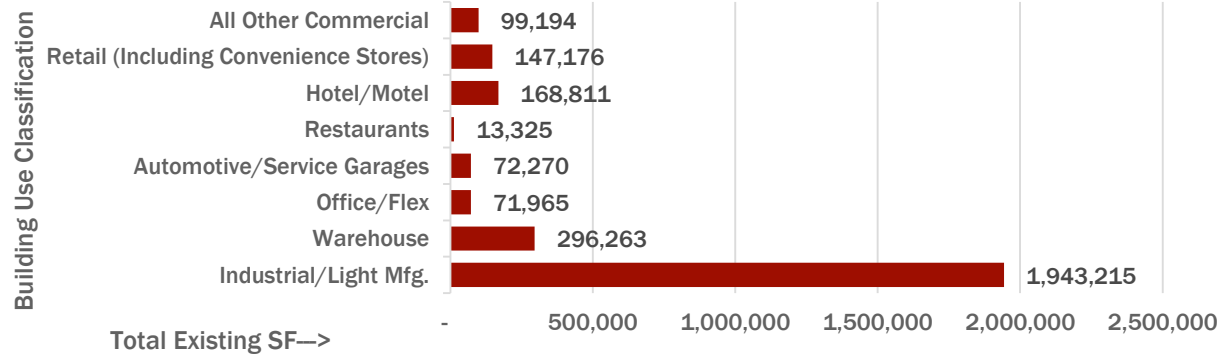
NON RESIDENTIAL LAND USE DETAIL



- Using tax assessment records BAG identified 64 developed industrial and commercial tax parcels (including multi-family) which contain roughly 2.8 million SF of existing building space. The distribution of SF and taxable value by land use is profiled in these graphs. Observations include:

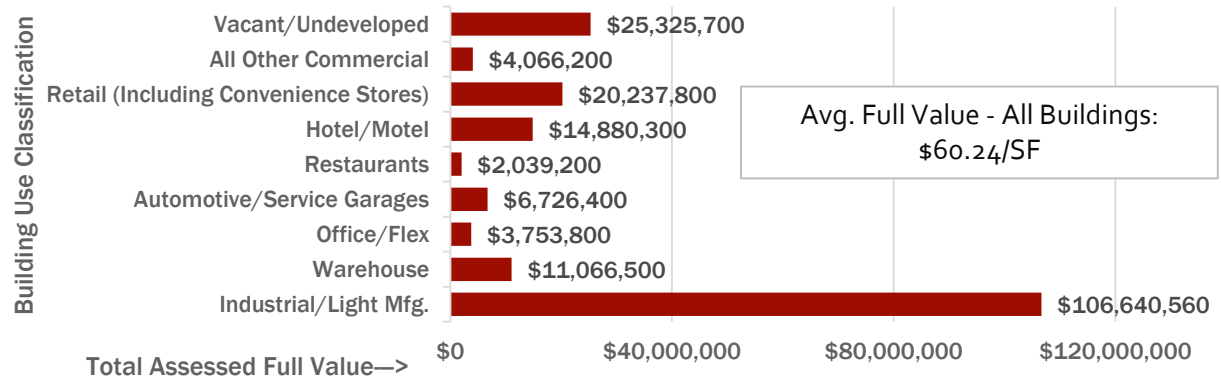
- Industrial and light manufacturing buildings total more than 1.9 million SF, representing more than 69% of all existing non-residential building square footage in the study area, while occupying 41% of the total developed land area
- By comparison, buildings classified strictly as warehousing, total less than 300,000 SF
- 36 buildings with commercial land use codes occupy 92 acres and total less than 650,000 SF. Commercial buildings are smaller, with a median size of under 6,300 SF
- The median age (year built) of all buildings is 20 years (1999)
- The average of all existing industrial and commercial development is built to a floor area ratio (FAR) of 0.21, meaning that there is an average of 9,068 SF of building space per developed acre

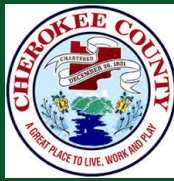
Total SW Cherokee Commercial and Industrial Building Square Footage by Building Type/Use



Source: Cherokee County tax assessment records.

Total SW Cherokee Commercial/ Industrial Market Value by Land Use (Including Vacant Land)

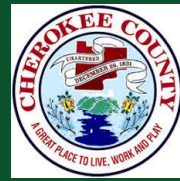




Demographics and Housing

This section discusses existing demographic, economic and housing characteristics within the study area. Its purpose is to document the spending power of study area residents to support new retail development. Demographic information was compiled primarily from data obtained from Environics Analytics, Inc., which was compiled from US Department of Commerce, Bureau of the Census and American Community Survey (ACS) data.

POPULATION AND HOUSEHOLDS



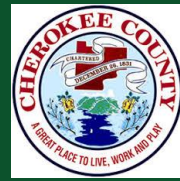
SW Cherokee Population and Household Trends

	SW Study Area	Cherokee County
Population		
2000 Census	8,344	141,915
2010 Census	10,390	214,346
2019 Estimate	12,554	255,817
2024 Projection	13,455	276,534
Households		
2000 Census	2,784	49,499
2010 Census	3,616	75,936
2019 Estimate	4,428	91,468
2024 Projection	4,767	99,174

Source: Environics Analytics, Spotlight Report

Significant characteristics of the study area’s population are summarized in the following exhibits.

- The SW Cherokee study area contains an estimated current population of approximately 12,500 residents in 4,400 households
 - Represents 5% of Cherokee County’s total population.
- The study area has grown rapidly over the past two decades, adding 4,000 people since 2000 – more than a 50% increase in less than two decades
 - Represents an average increase of 221 residents and 86 households per year
- Cherokee County overall has generally grown at a faster rate than the study area, adding nearly 114,000 people (an 80%- increase) and 42,000 households (2,200 per year) since 2000
- While the study area exhibits strong growth and market demand indicators when compared to the region and the nation, it is also ringed by even faster growing and more affluent populations to the south and east, which have influenced retail location patterns



Trade Area: SW Cherokee Study Area

POPULATION

12,554

HOUSEHOLDS

4,428

ETHNICITY



11.6%

Index: 63

Hispanic/Latino

HISPANIC ORIGIN*



65.0%

Index: 105

Mexican

HOME LANGUAGE*

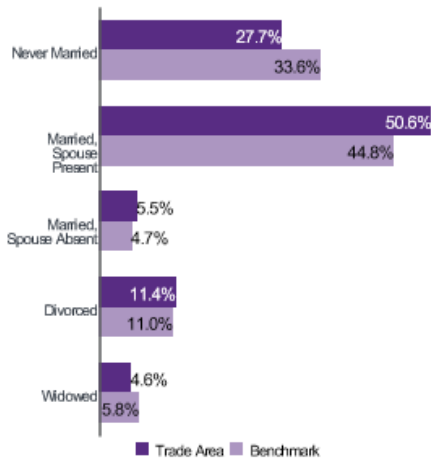


85.2%

Index: 108

Only English

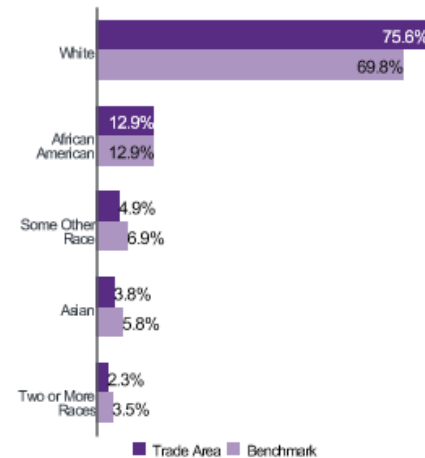
MARITAL STATUS



POPULATION BY AGE

Age	Count	%	Index
0 - 4	774	6.2	101
5 - 9	828	6.6	107
10 - 14	899	7.2	114
15 - 17	506	4.0	104
18 - 20	449	3.6	86
21 - 24	562	4.5	83
25 - 34	1,611	12.8	95
35 - 44	1,955	15.6	124
45 - 54	1,815	14.5	114
55 - 64	1,638	13.0	101
65 - 74	1,047	8.3	86
75 - 84	384	3.1	66
85+	86	0.7	35

POPULATION BY RACE**



Benchmark: USA

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- The study area is more racially diverse than the County as a whole:
 - 13% African American
 - 12% Hispanic
- The median age of SW Cherokee's population is 38.4 years – slightly younger than the County as a whole – (39.2)
- 37.5% of all households are in SW Cherokee are married couple families
- 50.6% of the population over age 15 lives in married couple families – where the spouse is present in the home
- Average length of residence among homeowners is 13.2 years – renters 5 years



Trade Area: SW Cherokee Study Area

Population: 12,554 | Households: 4,428

MEDIAN AGE OF HOUSEHOLDER

50

Index: 94

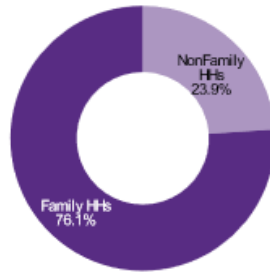
PRESENCE OF CHILDREN*



41.1%

Index: 122

HOUSEHOLD TYPE



HOUSING TENURE



Own

84.5%

Index: 130



Rent

15.5%

Index: 44

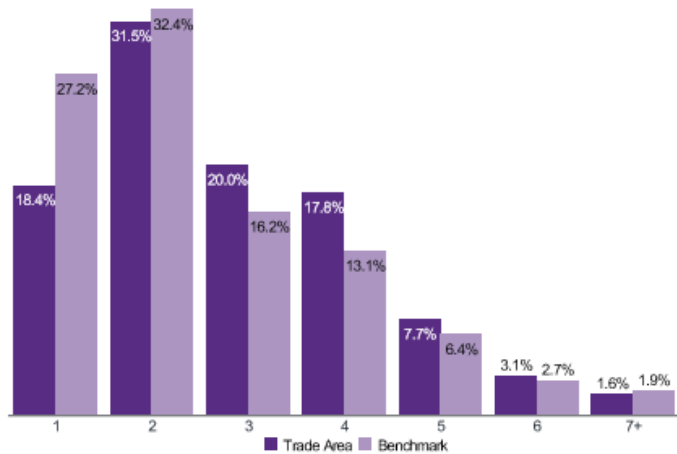
AGE OF HOUSING**



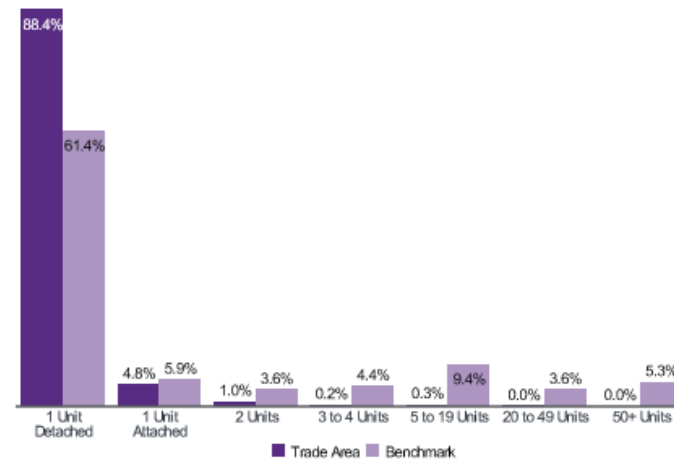
9 - 18 years old

% Comp: 25.6 Index: 177

HOUSEHOLD SIZE



HOUSING UNITS IN STRUCTURE



Benchmark: USA

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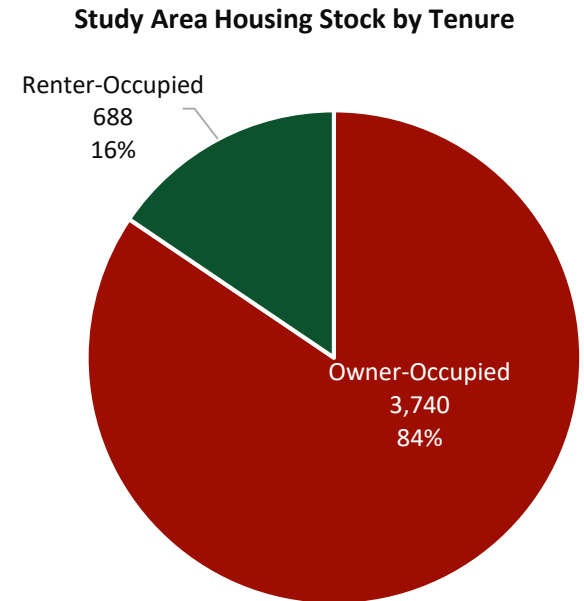
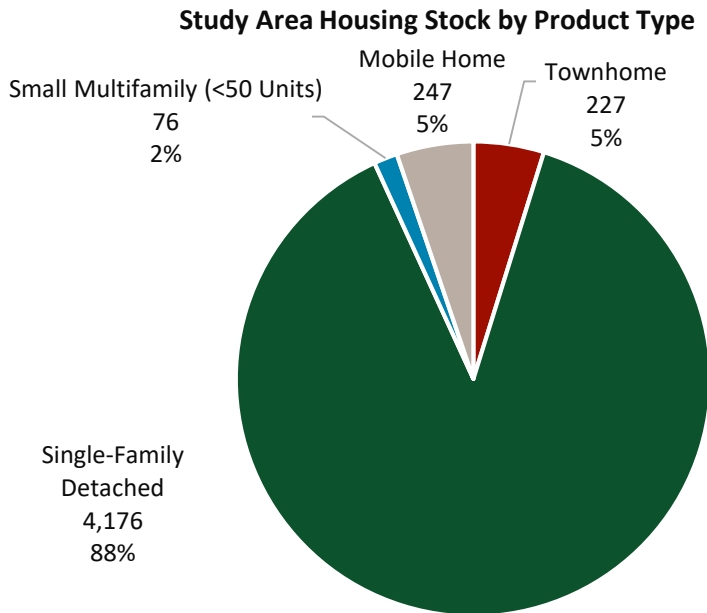
- Average household size is relatively large at 2.82 persons per household – 49.8% of households consist of 2 persons or less, 30.2% contain 4 persons or more
- More than 76% of households are families, including 41% with children under age 18 living at home

- 84.5% of all households are homeowners – significantly higher than and County as a whole
- Virtually no existing multi-family housing, including no units in structures containing 20 or more units
- The median age of existing housing is 25.4 years

SW CHEROKEE HOUSING CHARACTERISTICS

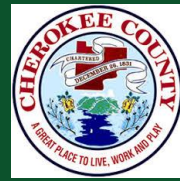


- A more detailed overview of study area's existing housing stock is illustrated below:
 - SW Cherokee's housing stock consists primarily of single-family homes, which account for nearly 90% of all existing housing units.
 - The remainder of the housing stock is split between townhomes and mobile homes, with virtually no units in multi-family structures.
 - An estimated 16% of occupied housing units in the study area (688 in total) are rented.
- With the absence of conventional multi-family apartments, study area renters appear to be occupying single-family homes, mobile homes and townhomes



Source: Environics Analytics, Spotlight Report.

HOUSING STOCK COMPARISON: STUDY AREA AND CHEROKEE COUNTY

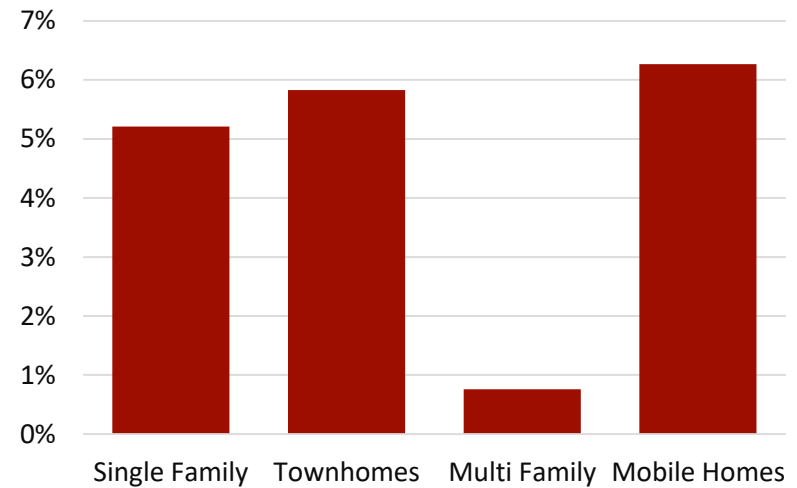


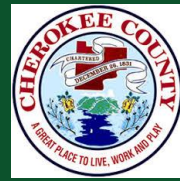
- The differences in housing characteristics between SW Cherokee and the County as a whole, are illustrated in these exhibits:
 - As shown, home ownership in the study area is higher than Cherokee County overall
 - The study area contains approximately 5% of Cherokee County’s population, and a proportionate share of the county’s single-family, townhome, and mobile home housing. The study area has fewer multifamily units than its share of total population would suggest, accounting for only 0.8% of the County’s total supply of multi-family units.
 - SW Cherokee’s median home value of just below \$195,000 is approximately \$70,000 (26%) lower than the countywide median. The age of housing may be a factor, with the typical home in the study area being six years older than the County median. SW Cherokee is also more distant from the I-575 corridor, where most new residential development, at higher price points, has tended to concentrated over the past two decades.

	Study Area	Cherokee Co.
Housing Tenure, Value and Age		
Owner Occupied	3,740	72,544
Renter Occupied	688	18,924
Percent Owner Occupied	84.5%	79.3%
Median Home Value	\$194,677	\$264,573
Median Age of Housing (Year Built)	1994	2000
Housing Type		
Single Family Homes	4,176	80,186
Townhomes	227	3,895
Multi-Family (2 to 50+ Units)	76	10,041
Mobile Homes/Other	247	3,942

Source: Envirionics Analytics, Spotlight Report.

Study Area Share of County Housing Stock by Product Type





Trade Area: SW Cherokee Study Area

Population: 12,554 | Households: 4,428

EDUCATIONAL ATTAINMENT: TOP 2*



26.9%
Index: 130

Some College, No Degree



24.3%
Index: 89

High School Graduate



2.3%
Index: 100

Bachelor's degree or higher



94.1%
Index: 105

At or above poverty

HOUSEHOLD INCOME



Median Household Income

\$78,975

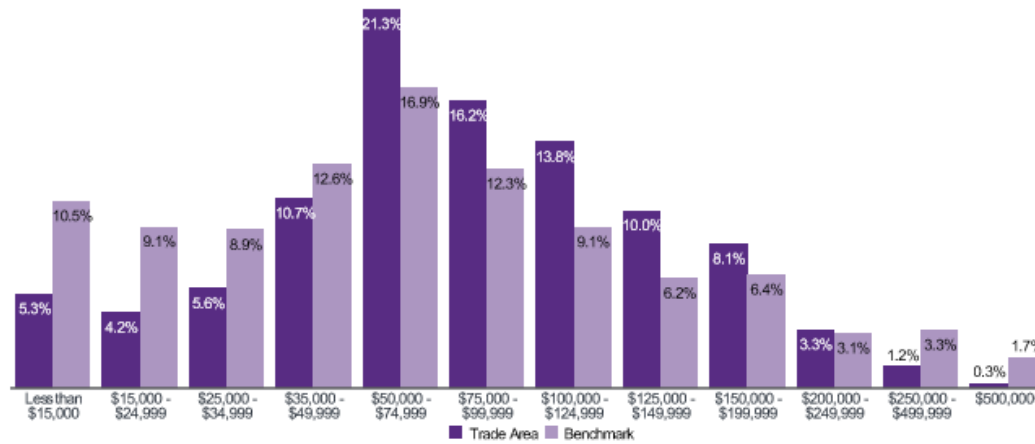
Index: 127

Average Household Income

\$91,520

Index: 102

HOUSEHOLD INCOME DISTRIBUTION



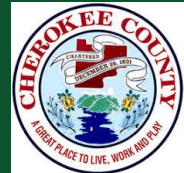
Benchmark: USA

Copyright © 2019 by Environics Analytics (EA). Source: ©Claritas, LLC 2019

- 36% of the study area adult population is college educated (smaller % than the County at 44%). Nearly 27% of the adult population possesses a 4-year degree or higher.
- The study area is solidly middle class with 54.1% of all households earning between \$50,000 to \$125,000/year.
- Median household income is nearly \$79,000 – 10% below

the county but higher than Metro-Atlanta and the national average.

- Less than 6% of households have incomes below the poverty level – half the poverty rate for Metro-Atlanta as a whole and lower than the national average.



Trade Area: SW Cherokee Study Area

Population: 12,554 | Households: 4,428

OCCUPATIONAL CLASS*



63.0%

Index: 104

White Collar

UNEMPLOYMENT RATE



5.0%

Index: 83

Percent of civilian labor force unemployed

METHOD OF TRAVEL TO WORK: TOP 2*



78.8%

Index: 103

Travel to work by **Driving Alone**

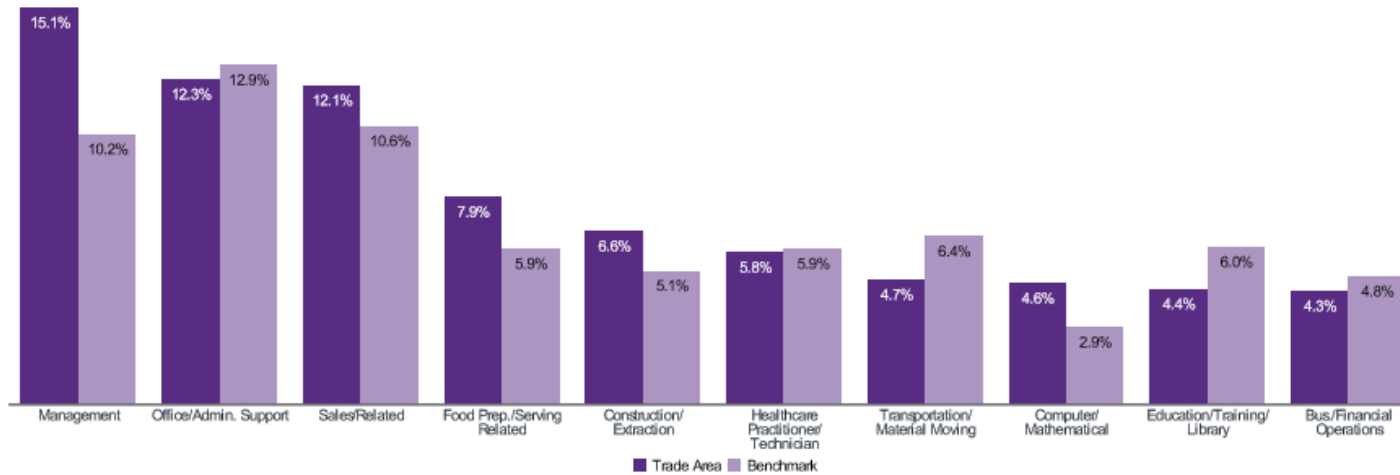


12.6%

Index: 139

Travel to work by **Carpooling**

OCCUPATION: TOP 10*



Benchmark: USA

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- SW Cherokee's resident labor force is comparatively skilled, with 63% working in white collar occupations
- High labor force participation (68.8% - 65.3% employed) and low local unemployment (5%)
- More than half of the resident labor force commutes more than 30 minutes to work, with an average commuting time of more than 37 minutes. A map showing the commuting patterns of the resident labor force appears in the next exhibit.
- 91.5% of study area residents commute by car, either alone or by car pool
- Only 5.8% of the employed labor force works at home

WHERE STUDY AREA RESIDENTS WORK

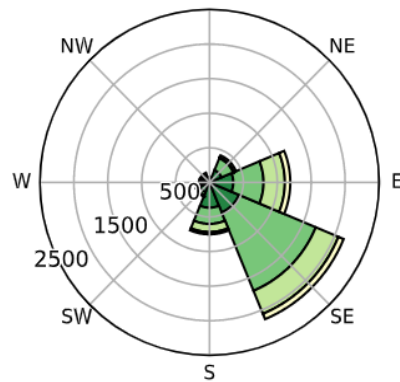


- SW Cherokee residents access a large commuting shed containing several hundred thousand jobs. As illustrated below, most residents commute to job locations to the southeast and east, along I-75 and I-285, or Highway 92 to Woodstock and several job centers along the Georgia 400 corridor. Study area workers also commute into Atlanta,

which is beyond the boundaries shown on this map.

- Access to regional job centers is an important driver of housing demand. This map suggests that the study area is an attractive housing location, particularly for households with multiple wage earners.

Job Counts by Distance/Direction in 2015
All Workers

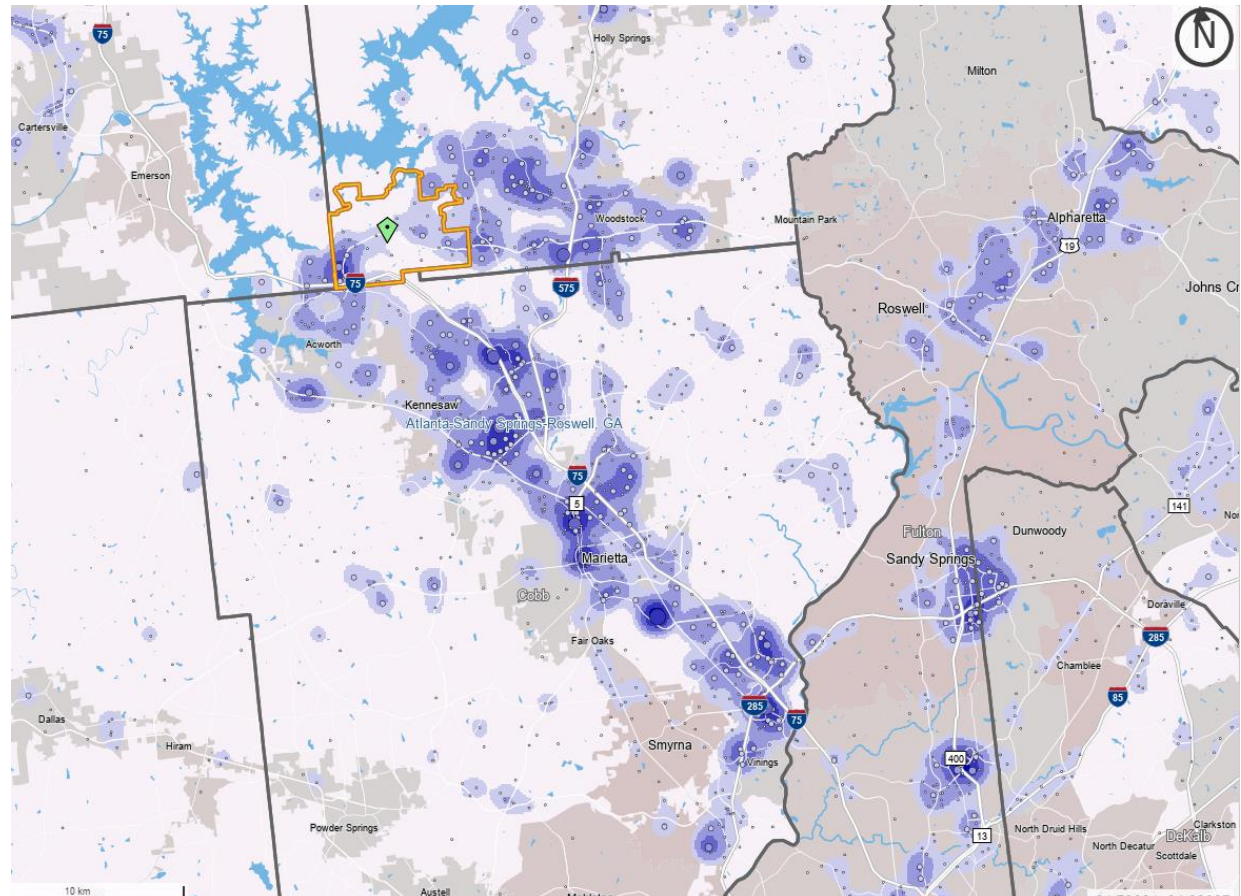


View as

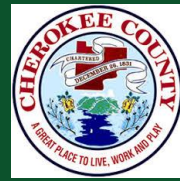
Jobs by Distance - Home Census Block to Work
Census Block

	2015	
	Count	Share
Total All Jobs	5,103	100.0%
■ Less than 10 miles	1,647	32.3%
■ 10 to 24 miles	2,278	44.6%
■ 25 to 50 miles	899	17.6%
■ Greater than 50 miles	279	5.5%

Source: Census on the Map.



RETAIL SPENDING POTENTIAL



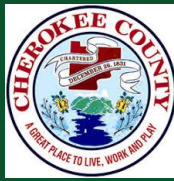
- The graph at right calculates the net difference between household retail spending potential (demand) and annual sales of local stores (supply) serving the study area population, by major store type

- All measured store sales may not be physically located within the study area – but are convenient to the local population.
- Total annual retail spending potential by study area households (demand) totals \$235,242,338, while total annual retail sales by establishments serving the study area (supply) total only \$112,159,824.
- The annual net surplus of demand over supply approaches \$123.4 million, averaging nearly \$27,900 per existing household.
- The existence of sales “leakage” confirms that resident households are currently making most of their retail purchases outside of the study area. The potential exists to capture some of that leakage by developing newer stores that are more convenient to the study area population than existing offerings.
- Sales of most store types indicate net sales leakage, with the largest gaps occurring in general merchandise, restaurants, and other “shoppers’ goods” stores.
- However, grocery stores represent the only store type where current sales exceed demand. Because most retailers locate within or near grocery store anchored shopping centers, the absence of leakage in the grocery store category poses a major challenge to successful retail development in the study area

SW Cherokee Household Retail Spending by Store Type



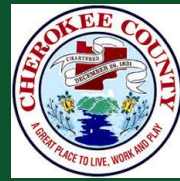
Source: Environics Analytics, Spotlight Report



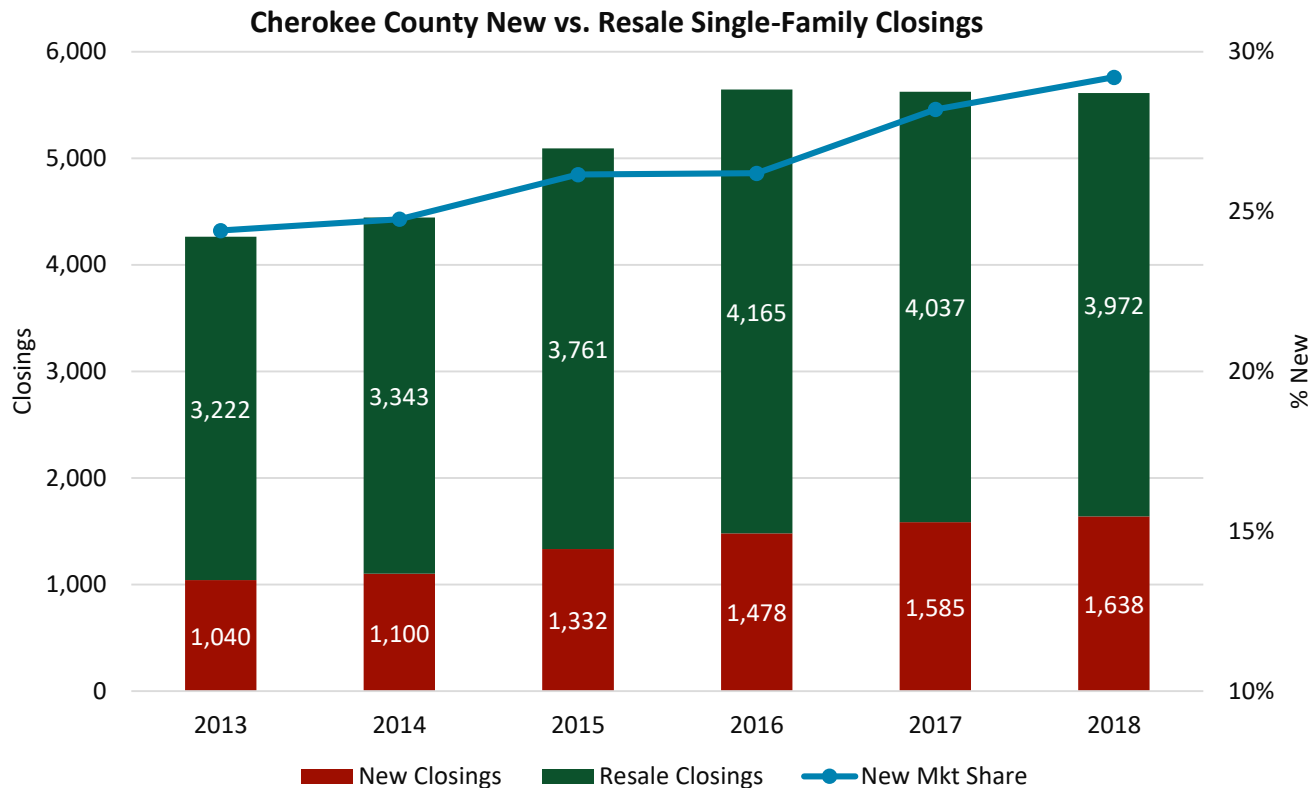
Residential Market Indicators

This section focuses on housing sales and pricing trends, including trends in new construction and resales of single-family homes and townhomes. Sales and pricing information was compiled using data supplied by SmartRE, a research firm that monitors new home construction throughout the Atlanta Region. BAG also supplemented this information with sales data included within County tax assessment records. Real estate trends for Cherokee County are presented first, followed by a similar presentation focusing on the SW Cherokee Study Area. Residential demand forecasts are addressed at the conclusion of the report.

COUNTY-WIDE HOUSING DEMAND: NEW AND RESALE SINGLE-FAMILY HOMES

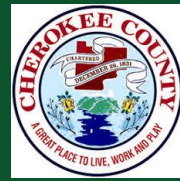


- The next two slides address County-wide sales of single-family homes and townhomes over the past five years, followed by similar data for the study area alone.
- As shown in this graph, total sales of new and resale single-family homes increased by more than 31% from 2013 to 2018, reaching a combined total of more than 5,600 units last year.
- Sales of new single-family homes exhibited an even larger (57.5%) percentage increase. Of the total number of single-family homes sold throughout Cherokee County in 2018, roughly 29.2% were new construction, up from 24.4% in 2013. Sales of existing homes also increased over the period, by a slightly smaller (23%) percentage.



- This 5-year trend line, which represents a period of recovery from the 2009-10 housing recession, suggests that demand for new home construction county-wide continues to increase and is likely to remain within this range, provided supply and average home prices remain relatively stable.
- With new SF home sales averaging roughly 1,360 units per year since 2013, the study area's expected capture rate, based on its existing (5.2%) share of the County's SF housing stock, would be 71 units per year.

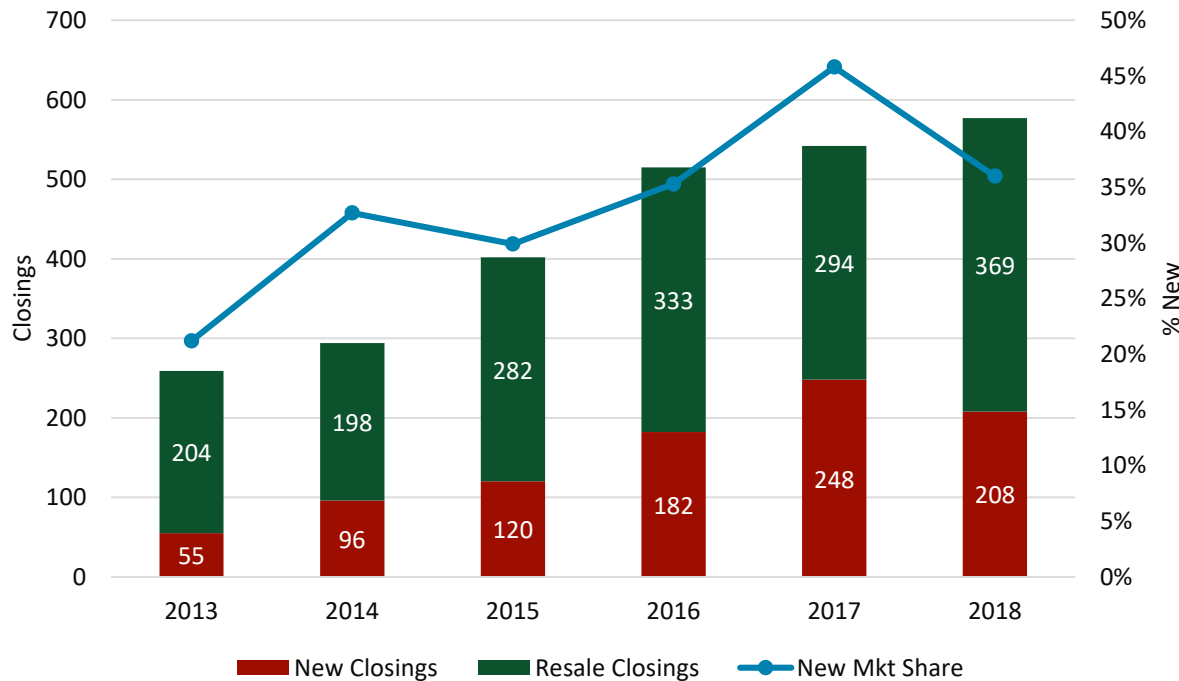
COUNTY-WIDE HOUSING DEMAND: NEW AND RESALE TOWNHOMES



- Sales of new and resale townhomes have increased at an even faster rate than the single-family home market, starting from a much smaller base. Townhome sales grew by nearly 123% from 2013 to 2018, reaching a combined total of 577 units last year.
- Sales of new townhomes exhibited a faster (278%)

percentage increase. Of the total number of townhomes homes sold throughout Cherokee County in 2018, roughly 36% were new construction, up from 21.2% in 2013. Sales of existing townhomes also increased over the period, by a healthy (80.9%) percentage.

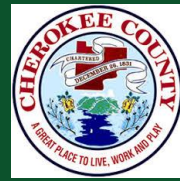
Cherokee County New vs. Resale Townhome Closings



Source: SmartRE

- This 5-year trend line suggests that county-wide demand for townhomes continues to increase. Demand for new townhomes has been bolstered by consumer desire to live closer to downtown areas like Woodstock, the rising cost of single-family homes, and the lack of inventory and range of choice available in the townhome resale market.
- The available supply of new townhome construction is also likely to grow, particularly as land costs and single-family home prices continue to rise, encouraging developers to build at higher densities.
- With new County-wide townhome sales averaging 151 units per year since 2013, the study area's expected capture rate, based on its current (5.8%) share of the County's existing townhome inventory, would be only 9 units per year.

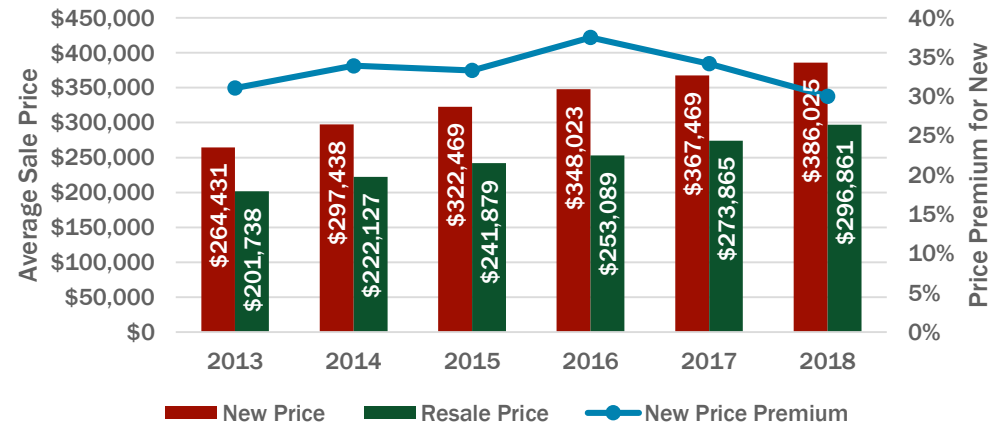
COUNTY-WIDE PRICING TRENDS: SINGLE FAMILY HOMES AND TOWNHOMES



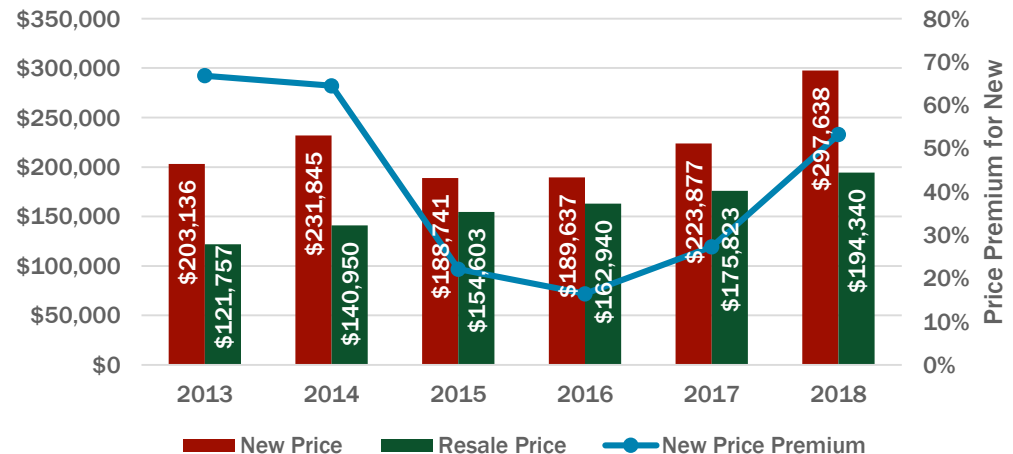
5-year trend data supplied by Smart RE also provides detail on the appreciation of new and resale prices. Observations from this information include the following:

- County-wide prices for new and resale single-family homes have increased steadily, averaging 6.5% and 6.7% per year, respectively, since 2013. The average sale price of single-family resales has increased by more than \$95,000, reaching \$296,900 in 2018, while the average price of new homes has increased by almost \$121,600 - to \$386,000 in 2018.
- The average price differential between new construction and resale homes peaked at 38% in 2016 and has since fallen to 30%. This price "premium" of new construction over resales has consistently remained in the mid 30% range throughout the period.
- County-wide prices for new and resale townhomes homes have followed a similar pattern, averaging 6.6% for new construction and an even higher 8.1% annual rate for resales since 2013. The average sale price of townhome resales has increased by nearly \$72,600, reaching \$194,300 in 2018, while the average price of new townhomes has increased by more than \$92,500 – exceeding \$297,600 in 2018.
- The average price differential between new construction and resale townhomes has been more volatile and is significantly larger than the single-family market, averaging 53% in 2018. This is likely to be due in part to the recent development of higher priced townhomes as a lifestyle alternative to single-family construction, in places like Downtown Woodstock.

New vs. Resale Single-Family Pricing: Cherokee Co.

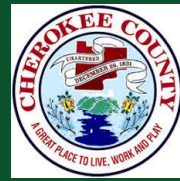


New and Resale Townhome Pricing: Cherokee Co.



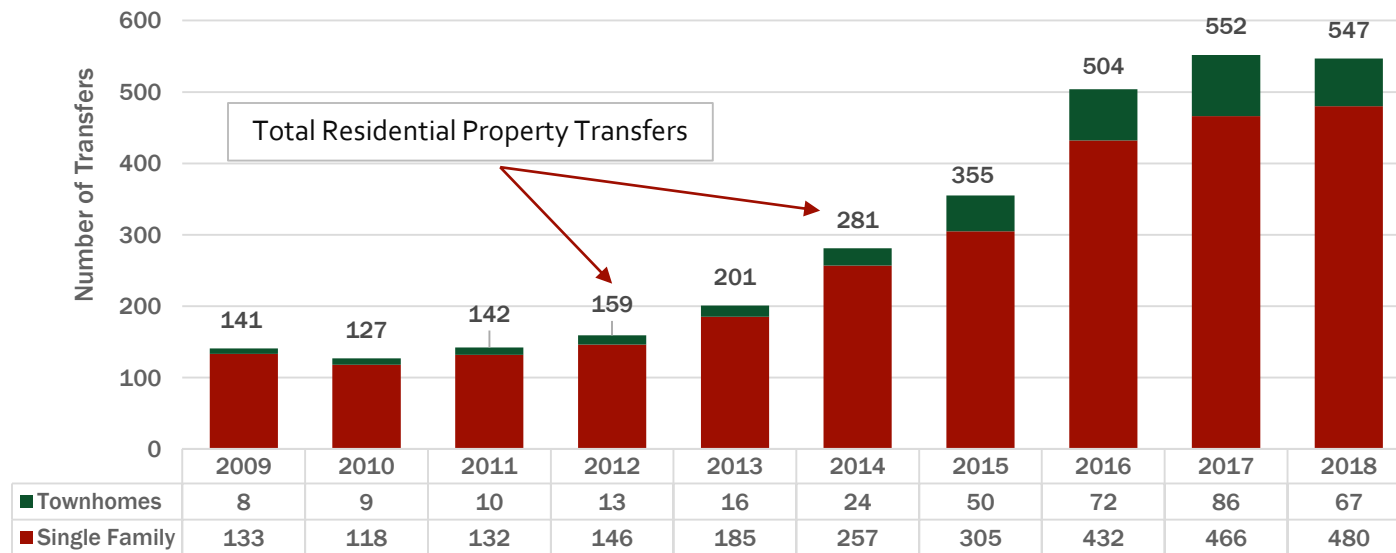
Source: SmartRE

10-YEAR HISTORY OF ANNUAL RESIDENTIAL PROPERTY TRANSFERS: SW CHEROKEE



- The graph below uses County tax assessment records to track the total number of residential property transfers within the study area over the past decade, by the last year of sale
 - Totals include both resales and new construction. It is also possible that some vacant parcels and non arms-length transfers are included in these totals
- County tax assessment records indicate an increasing volume of real estate transfers for both single family and townhome units, consistent with County-wide trends
 - In 2018, 10.8% of all existing single-family and 16.1% of all townhome parcels changed ownership. Over the past three years more that 1,600 residential properties have changed owners, representing a third of all residential tax parcels in the study area
 - Trends also show that townhomes are becoming an increasing share of total study area transactions, increasing from 5.7% of the total in 2009 to a peak of 15.6% in 2017.
 - The decline in townhome sales in 2018 is largely explained by a drop in new construction, as some active developments sold out in 2017.

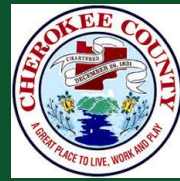
Annual Residential SF and Townhome Property Transfers by Last Sale Year



Source: Cherokee County Assessment Records

■ Single Family ■ Townhomes

STUDY AREA HOUSING SALES AND PRICING TRENDS: NEW SINGLE-FAMILY AND TOWNHOMES

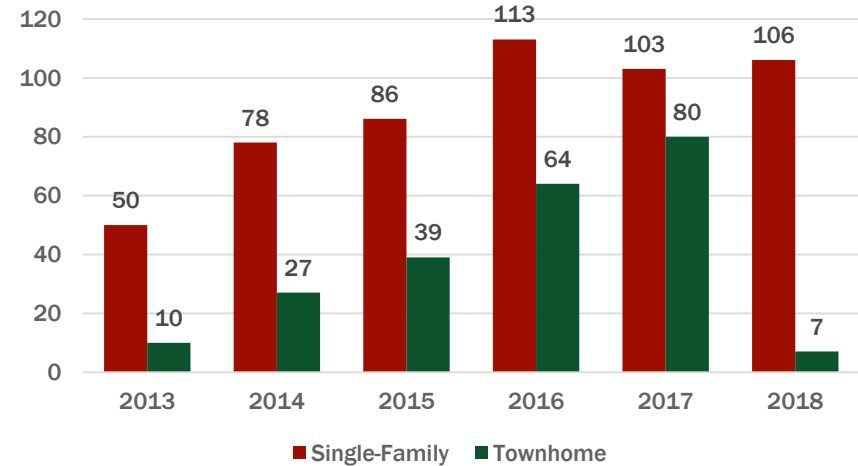


SmartRE provides less information on housing resales within custom geographies, so data for the study area is limited to new construction only. The graphs at right show trends in new single-family and townhome sales and average pricing from 2013 to 2018.

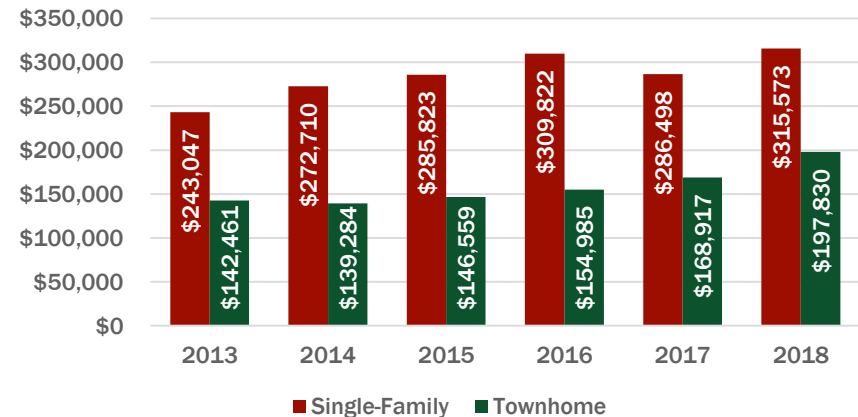
Observations include the following:

- An estimated 763 new housing sales occurred over the period, an average of 127 units per year. Of those sales 536 (70%) were single-family detached and 227 (30%) were townhomes.
- Combined sales peaked in 2017 at 183 units before falling 38% last year. The decline in sales has corresponded to the build-out of existing developments, particularly townhomes, last year.
- Since 2013 SW Cherokee accounted for nearly 8.4% of county-wide new housing sales, including 6.6% all single-family detached and 24.8% of new townhomes. Both capture rates are significantly greater than the study area's current share of county population and housing.
- Prices for new homes and townhomes in the study area have also increased steadily, but at a slower rate than the county. The average appreciation rate for new homes in the study area has been 4.4%, compared to the county average of 6.5% per year since 2013, while the average sale price of new townhomes has risen at a 5.6% annual rate compared to 6.6% county-wide. New study area SF home prices have increased by more than \$72,500, reaching \$315,600 in 2018, while the average price of new townhomes has risen by nearly \$55,400 - to \$197,800.
- Compared to County-wide averages, SW Cherokee remains significantly more affordable, a factor that has likely driven recent sales. In 2018, the average study area single-family sale price was nearly \$70,500 (18.3%) below and the average townhome price was \$99,800 (33.5%) below their respective County averages.

New SF and TH Sales - SW Cherokee

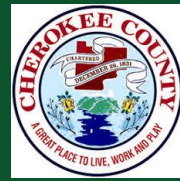


New SF and TH Pricing - SW Cherokee

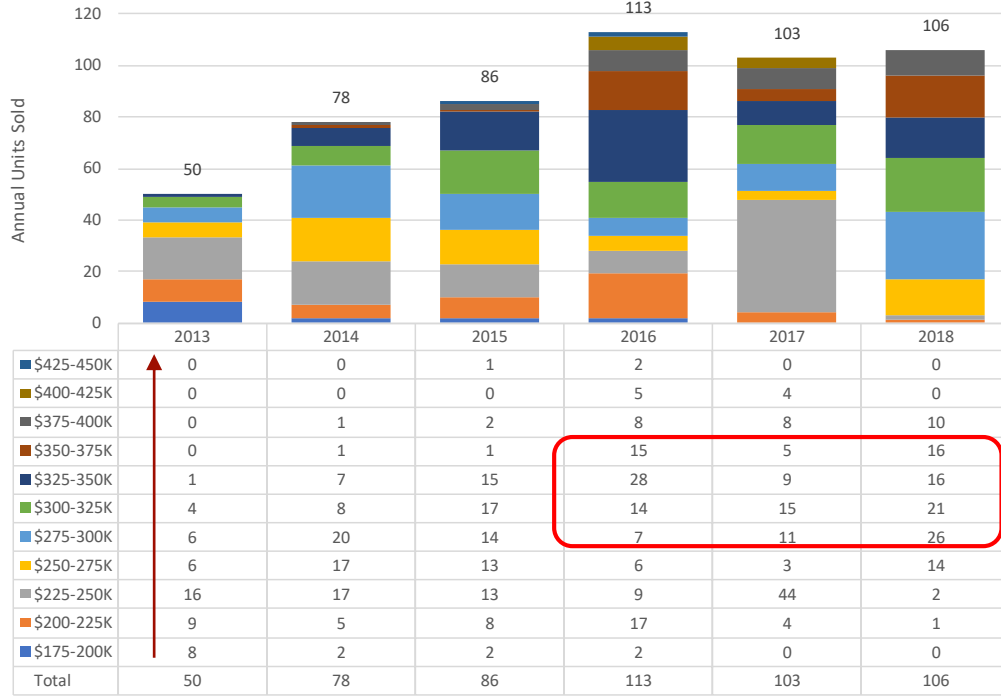


Source: SmartRE

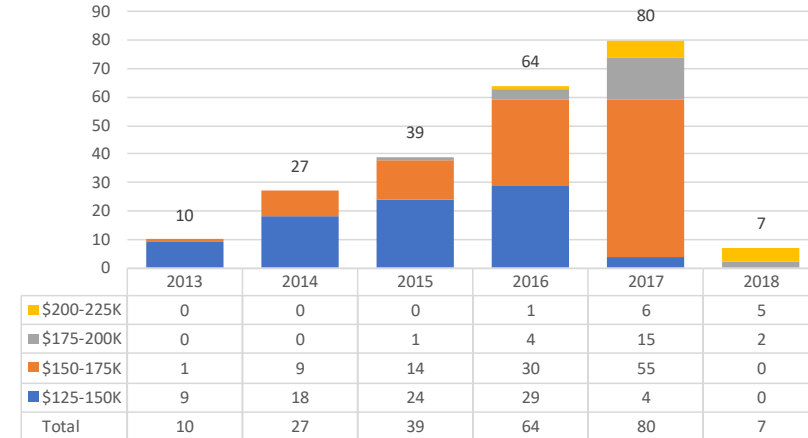
NEW CONSTRUCTION PRICING TRENDS



New Study Area Single-Family Home Sales by Price Range



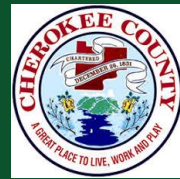
Study Area New Townhome Sales by Price



Source: SmartRE

- These charts further illustrate the recent evolution of new home prices within the study area. The data show how price points for new housing have increased since 2013, particularly in the single-family market.
 - From 2013 to 2015, more than 37% of all new SF homes sold in SW Cherokee were priced below \$250,000. In 2018 only 3 units sold in that price range and virtually no new supply is now available at price points below \$275,000. Over the same time periods the percentage of new homes sold above \$300,000 rose from 27% of the total from 2013-15, to more than 59% of total sales last year.

- Despite solid appreciation, more than 75% of all new homes sold in the study area in 2018 were priced below \$350,000 and no units sold above \$400,000. The strength of the single-family market is in the \$275-\$325,000 range, which accounted for 44% of total sales in 2018. This chart further illustrates that SW Cherokee remains relatively affordable compared to nearby alternatives.
- Townhomes have been marketed within a much narrower price band, with very few units selling at prices above \$200,000. Before 2016, 67% of new townhomes sold for less than \$150,000. Since 2016 that ratio dropped to 22%. The strength of the SW Cherokee townhome market remains in the \$150-\$200,000 range, which accounted for 83% of total sales over the past 2 years.



ACTIVE SINGLE-FAMILY SUBDIVISIONS

- The next three exhibits on for-sale housing focus on active subdivisions in the study area, which have accounted for nearly all new single family and townhome sales since 2013.
 - (Total unit counts reported in these exhibits are slightly larger than the pricing distributions reported previously and may include unsold units.)
- The first table below summarizes all homes that have been built in the study area since January of 2013, while the second only shows subdivisions that were actively selling units in 2018. The latter table reflects the current pricing of new homes in the study area. Key observations include:
 - The number of active subdivisions in the study area is very limited. Centennial Lakes by D.R. Horton has dominated new construction activity, accounting for nearly 90% of all new single-family deliveries since 2013. Centennial Lakes has in fact achieved both the most closings (477) and

average sales pace (6.4/month) of any subdivision in Cherokee County since 2013. As that project reaches build out it is uncertain where future lot supplies will be created.

- Grace 55 has been the most aggressive in terms of average pricing at nearly \$350,000 per unit but has delivered limited numbers of units within this range, averaging slightly more than 2 sales per month in 2018.
- Due to its size, Centennial Lakes has been able to offer product across a wide range of pricing, while maintaining an average price point below \$300,000. Smaller projects necessarily lack this flexibility and must market units within narrower bands. Given the limited availability of larger undeveloped parcels within the study area, the recent pace of new home construction will be difficult to sustain once the County's best performing subdivision reaches build-out. This will be particularly true if lower-priced homes can no longer be offered due to rising land, site development and construction costs.

New Study Area Townhome Development by Project, 2013-2018

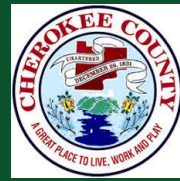
Subdivision	Builder	Closings	Study Area Mkt Share	Min Price	Max Price	Avg Price	Sales Volume
Centennial Lakes	D R Horton	477	88.7%	\$177,990	\$445,000	\$289,242	\$137,968,474
Grace 55	Windsong Properties	32	5.9%	\$275,000	\$394,000	\$322,132	\$10,308,233
Sable Trace Ridge	RW Construction	16	3.0%	\$248,000	\$378,312	\$305,208	\$4,883,326
Woodland Trace	Reminisce Residential	12	2.2%	\$229,900	\$319,900	\$276,200	\$3,314,400
Waterford Oak	N/A	1	0.2%	\$193,000	\$193,000	\$193,000	\$193,000
Total/Weighted Average		538	100%	\$177,990	\$445,000	\$291,203	\$156,667,433

Actively Selling Communities, January 2018 – December 2018

Subdivision	2018 Sales	Avg Price	Avg SF	Price/SF	Lot Size	Basement	Stories	Garage	Beds	Baths
Centennial Lakes	36	\$290,873	2,903	\$108	0.26	44%	2	2.2	4.3	3.1
Grace 55	27	\$342,687	1,986	\$175	0.25	33%	1.3	2	3	2.7
Total/Wtd Average	63	\$313,079	2,510	\$125	0.26	39%				

Source: SmartRE

ACTIVE TOWNHOME DEVELOPMENTS



- This exhibit provides similar information on townhome sales since 2013. As with subdivisions, the number of projects/locations marketing townhomes is very limited. Only two communities within the study area are responsible for delivering all townhomes that have been built within the past five years, with one of those also being part of Centennial Lakes.
- Centennial Lakes has now built out its townhome district, as reflected by the low number of sales there in 2018. The final phase of townhomes were offered at approximately \$200,000, or \$104/SF.
- Unlike single-family homes, the overall range and upper end price points achieved by townhome developments has been modest at less than \$225,000. Townhome sales in SW Cherokee have been more price-driven than lifestyle amenity-driven. Townhome developments that have been successful in achieving higher pricing

elsewhere in the County have generally been limited to downtown or mixed-use settings. It is unlikely that higher end products can be marketed in the study area, in significant numbers, without being part of a larger mixed-use development.

- Rising new home prices reported in these tables further indicate that new study area homeowners are likely to be more affluent than existing households, which over time will make the study area more attractive for retail development.

New Townhomes in Study Area by Project: 2013-2018

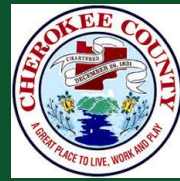
Subdivision	Closings	Study Area Mkt Share	Min Price	Max Price	Avg Price	Sales Volume
Ridge Mill	133	57%	\$125,400	\$167,150	\$146,564	\$19,493,006
Centennial Lakes	99	43%	\$136,357	\$220,580	\$172,001	\$17,028,095
Total/Wtd Average	232	100%	\$125,400	\$220,580	\$157,419	\$36,521,101

Actively Selling Communities, January 2018 – December 2018

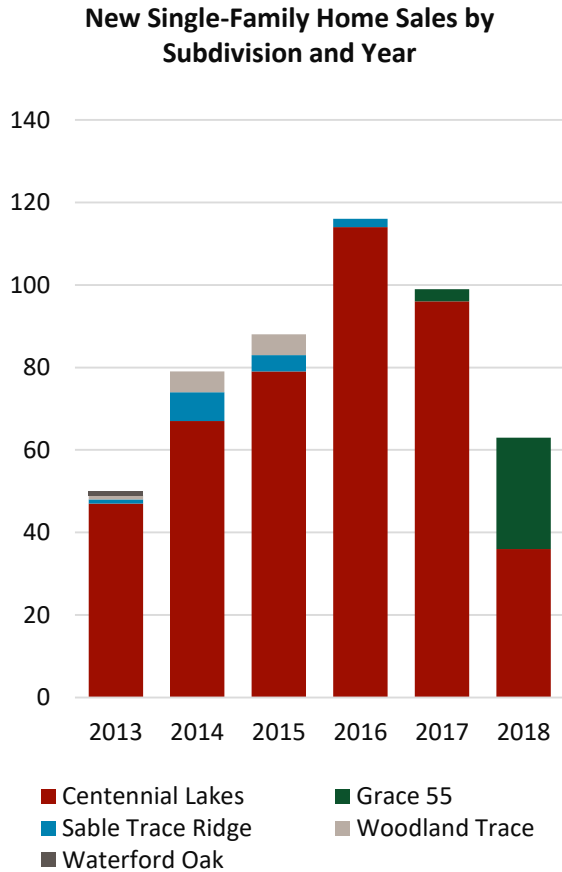
Subdivision	2018 Sales	Avg Price	Avg SF	Price/SF	Basement	Stories	Garage	Beds	Baths
Centennial Lakes Townhomes	7	\$206,289	1,981	\$104	0	2	1	3.8	3.5
Total/Wtd Average	7	\$206,289	1,981	\$104	0	2	1	3.8	3.5

Source: SmartRE

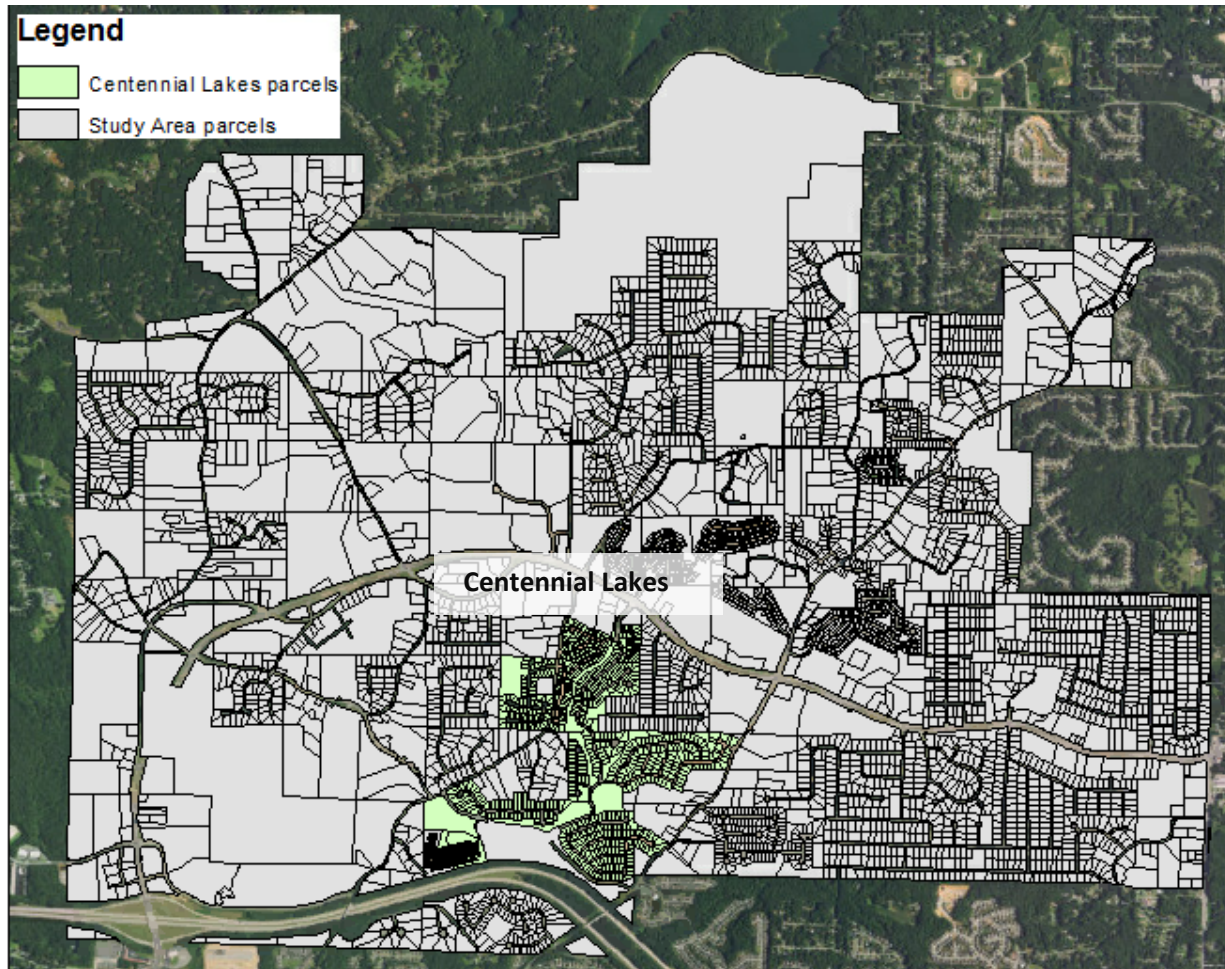
NEW SINGLE-FAMILY ABSORPTION BY LOCATION



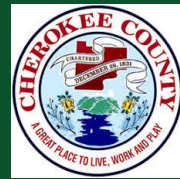
- This final exhibit shows the general locations of recent subdivision activity, further illustrating the geographic concentration of residential development since 2013 and the physical challenges to building future new home communities on a comparable scale.



Data source: SmartRE



Data source: Cherokee County



COUNTYWIDE NEW APARTMENT SUPPLY

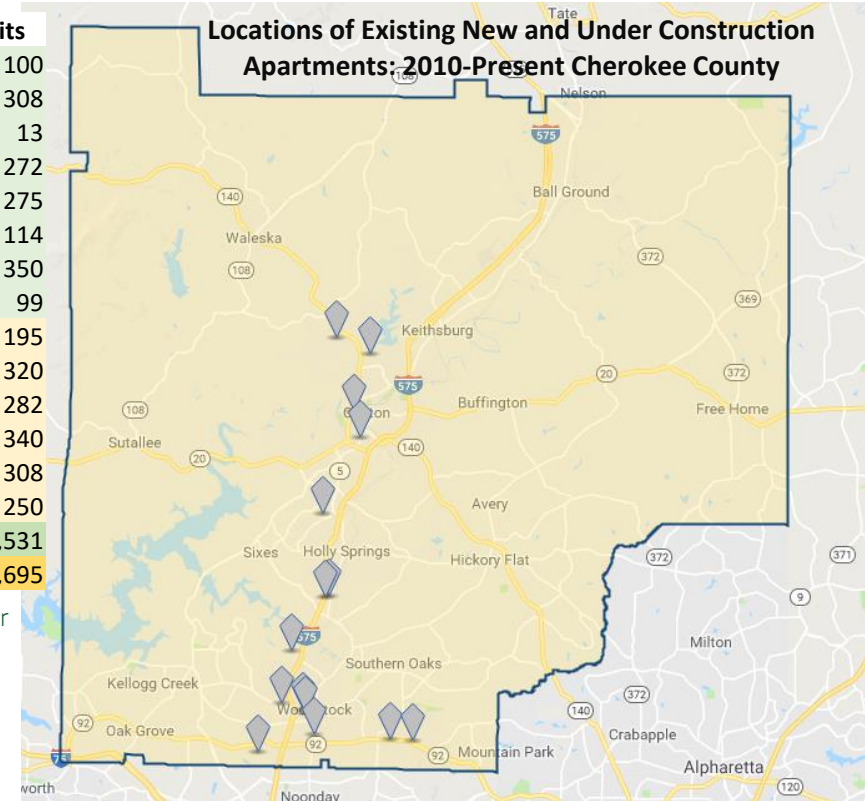
As shown here, recent apartment development in Cherokee County has concentrated along the I-575 corridor and along SR 92 east toward Roswell. Apartment data indicate the following:

- There are no existing apartment communities in the study area, although one has been proposed near I-75/Cabela's.
- The number of units currently under construction exceeds the entire inventory that has been developed and occupied since 2010. This suggests that absorption of

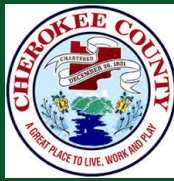
new apartments may take time and the market risks a temporary over-supply of apartment units.

- Excepting new units developed in/near downtown Woodstock, new apartment communities are primarily marketing price, convenient highway access and proximity to services - over lifestyle choice. Aside from sites near I-75, the study area currently lacks attributes that would enable it to compete with apartments being developed in other parts of the County.

Building Name	City	Building Status	Year Built	Units
Hearthside Towne Lake - Adult 62+	Woodstock	Existing	2011	100
Woodstock West by Walton	Woodstock	Existing	2013	308
N/A	Canton	Existing	2013	13
Station 92	Woodstock	Existing	2015	272
Park 9 Apartments	Woodstock	Existing	2015	275
Merrill Gardens at Woodstock	Woodstock	Existing	2016	114
The Crest at Laurel Canyon	Canton	Existing	2017	350
Woodstock West by Walton Phase II	Woodstock	Existing	2017	99
Holbrook of Woodstock	Woodstock	Under Construction	2019	195
Worthing Woodstock	Woodstock	Under Construction	2019	320
The Darby	Canton	Under Construction	2019	282
Sixes Ridge	Holly Springs	Under Construction	2019	340
The Grand Reserve at Canton	Canton	Under Construction	2019	308
Mill on Etowah Lofts	Canton	Under Construction	2020	250
Total Existing				1,531
Total Under Construction				1,695



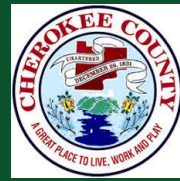
- Without the ability to achieve comparable market rents (in the near term), new study area apartments would need to compete on price alone, possibly including subsidized rents. Longer-term, it may be possible to overcome existing competitive disadvantages by integrating rental housing within a larger mixed-use development that offers nearby services and amenities which renters desire.



Non-Residential Market Indicators

This section focuses on demand growth for non-residential development within the study area, including recent trends in new industrial and commercial construction. The first part of this section examines the study area's potential to attract and support additional commercial development. Much of the analysis centers on grocery store demand, as supermarkets are typically required to anchor shopping centers in suburban locations. The second portion estimates the amount of additional new light industrial and warehousing construction that can be accommodated along the SR-92 corridor, given the remaining supply of developable land to support those uses. Data on recent new construction of commercial and industrial buildings was compiled from County assessment data, information supplied by the Cherokee County Development Authority, and CoStar.

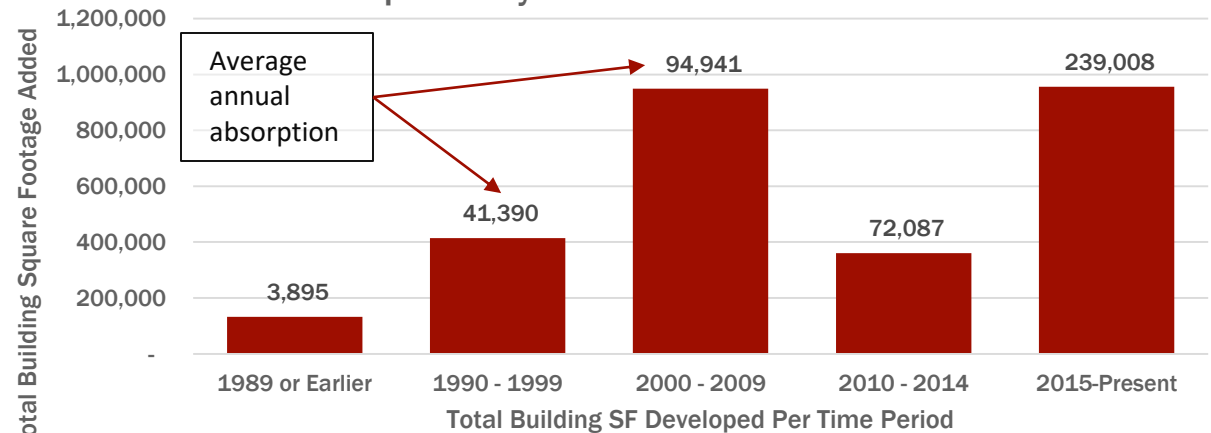
NON-RESIDENTIAL GROWTH PATTERNS



- Earlier slides in the land use section quantified the total amount of industrial and commercial development in SW Cherokee at 2.8 million SF. This exhibit profiles the amount and current taxable real estate value of development by time period. Findings include:

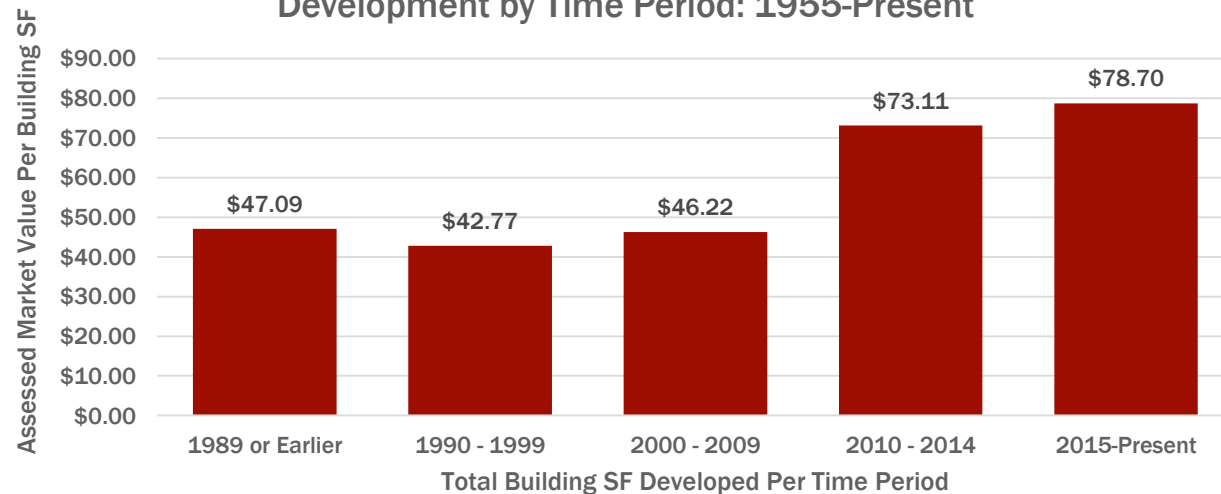
- The study area has added more than 1.3 million SF of combined new industrial and commercial development since 2010, meaning that more than 46% of all existing building square footage was developed in this decade. The annual rate of new construction has averaged 165,000 SF per year over the period. Development activity has sharply increased since 2015 – adding more than 950,000 SF in less than 4 years.
- Building values have also increased, as the per SF value of new construction since 2015 is 70% higher than buildings constructed prior to 2010.
- The following exhibits present this data in more detail, separating commercial (retail, office and services) from industrial (manufacturing and warehousing) buildings.

Total and Annual Average Industrial and Commercial Development by Time Period: 1955-Present

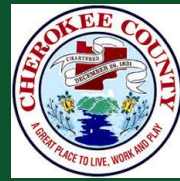


Source: Cherokee County Assessment Records

Average Taxable Value Per SF: Industrial and Commercial Development by Time Period: 1955-Present



COMMERCIAL DEVELOPMENT TRENDS



- According to tax assessment records SW Cherokee currently contains 232.7 acres in commercially classified (700) land use codes. Of that total, 95 acres have been developed with 42 buildings totaling a combined 647,700 SF. Without any existing shopping centers, this commercial development consists almost entirely of single-user buildings including offices, automotive uses, restaurants, hotels and miscellaneous retail and service businesses.
- Aside from Cabela's, which accounts for 17% of the total developed commercial building area and 27% of the taxable value of all buildings, the study area has a very limited inventory of existing retail, commercial and office development. CoStar maintains leasing data on 17 retail properties in the study area containing 263,000 total SF. According to that source, there is virtually no vacancy or available space for lease, as most buildings are occupied by owner/end-users.
- The table below profiles the amount of new commercial development that has occurred within the study area since 2010.

Findings include:

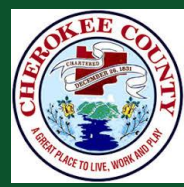
- More than 229,700 SF, 35% of the study area's total existing commercial building inventory, has been built within the past 8+ years. Roughly 48% of that total square footage is attributable to Cabela's alone. The rate of new development since 2010 has averaged 28,200 SF per year and the taxable value has been comparatively high at nearly \$132/SF. At an average density (FAR) of .148 across all building types, recent development has averaged only 6,445 SF of buildings per developed acre.
- While significant in the aggregate, recent commercial development is small relative to the supply of remaining undeveloped commercially zoned land in SW Cherokee. Development since 2010 has consumed an average of less than 4.5 acres/year. With more than 137 acres of undeveloped commercial (700 coded) land, it would take nearly 31 years to consume the entire inventory at recent growth rates.
- The supply of commercial zoned land relative to historical demand is substantially greater than either residential or industrial zoning, suggesting that much of this acreage could be consumed by other uses if commercial demand does not dramatically increase.

SW Cherokee Commercial Development Trends: 2010-2018

Land Use	Parcels Developed	Acres Developed	Building SF	2018 Taxable Market Value	Market Value Value/SF	Average FAR[1]
Auto Sales & Service	1	13.2	37,450	\$5,352,500	\$142.92	0.065
Drug Store	1	2.1	16,506	\$2,000,600	\$121.20	0.183
Hotel/Motel High Rise	1	0.8	52,485	\$6,979,700	\$132.98	1.436
Restaurant	1	1.4	6,665	\$1,027,300	\$154.13	0.113
Shop Ctr-Big Box Store	1	16.5	109,367	\$14,748,400	\$134.85	0.153
Warehouse - Prefab	1	1.7	7,280	\$201,300	\$27.65	0.098
Grand Total	6	35.7	229,753	\$30,309,800	\$131.92	0.148
Average Absorption (8 Years)	0.75	4.5	28,719.1	\$3,788,725	<i>Source: Cherokee County Tax Assessment Records.</i>	
Vacant Commercial Parcels	38	137.3	-	\$21,039,900		

- This table addresses only real estate value. The taxable value of commercial personal property is also likely to be substantially higher in newer properties
- The next several exhibits address commercial demand, centering on discussion of grocery-anchored shopping centers.

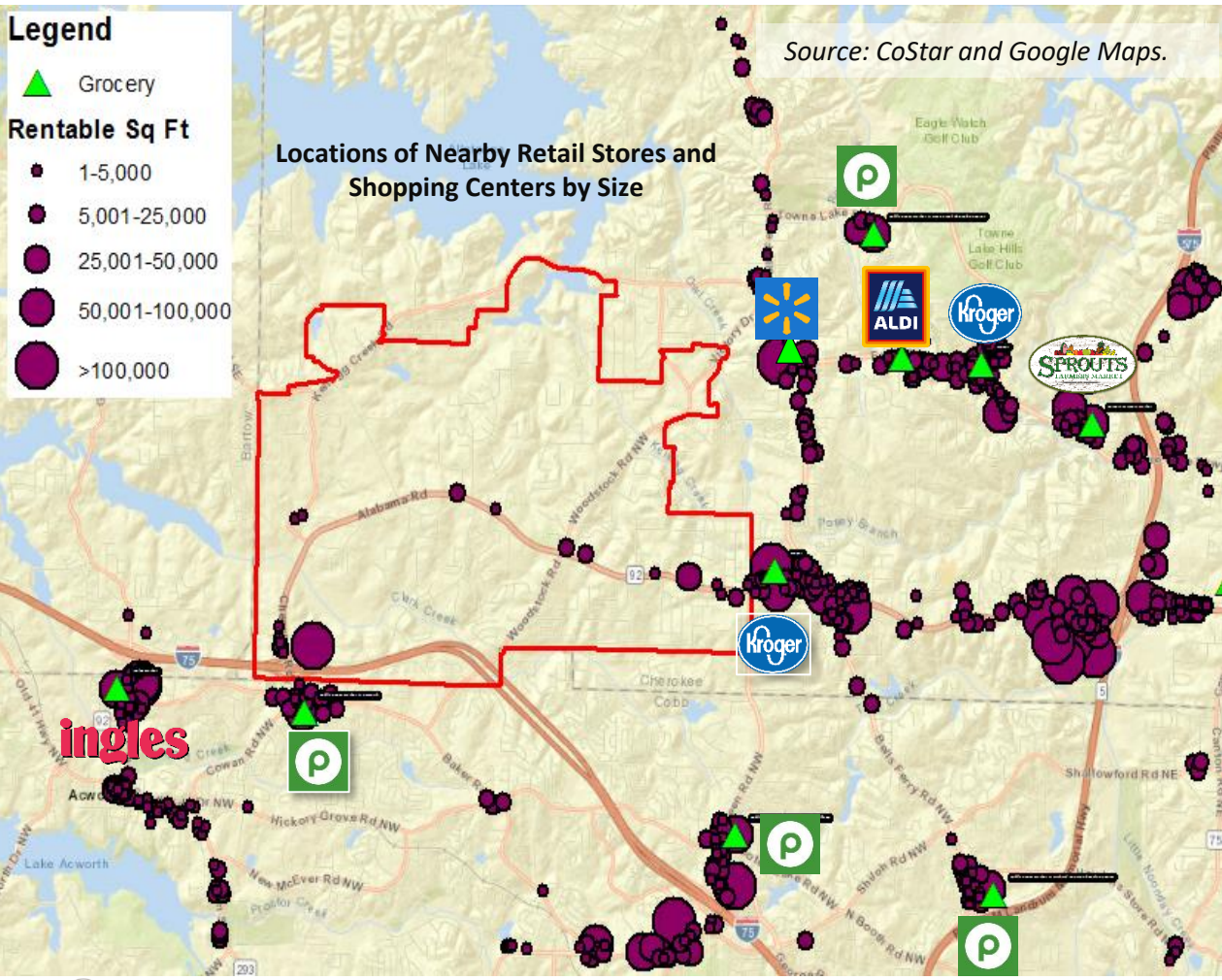
[1] Floor Area Ratio (FAR) is the ratio of total building area divided by the parcels' land area, in square feet.

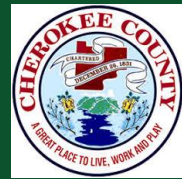


EXISTING AREA RETAIL INVENTORY

- The following exhibits help to explain the near-term challenges associated with attracting new retail development to the study area.

- Except for a Cabela's at I-75 and a small number of hotels and restaurants nearby that exit, the study area has little existing retail product today.
- This first map illustrates nearby options available for area residents to make grocery and other retail purchases. Grocery stores either anchor or follow retail clusters. This map shows that the study area is ringed by competing retail nodes, including several supermarkets located just to the east and south.
 - Identified grocery store locations exclude two a Target and two wholesale clubs located near I-575 and Hwy 92, which also sell food.
- The closest grocers serving this area are a Publix-anchored shopping center at I-75 in Acworth (Cobb County) and a Kroger-anchored center on Highway 92, just east of Wade Green Road, which bookend the study area. Residents of the northeast corner can also access a Wal-Mart super center and other grocers in Towne Lake.





POPULATION DENSITY

This map shows that the study area is less densely populated than surrounding census tracts to the east and south, which have established retail inventory.

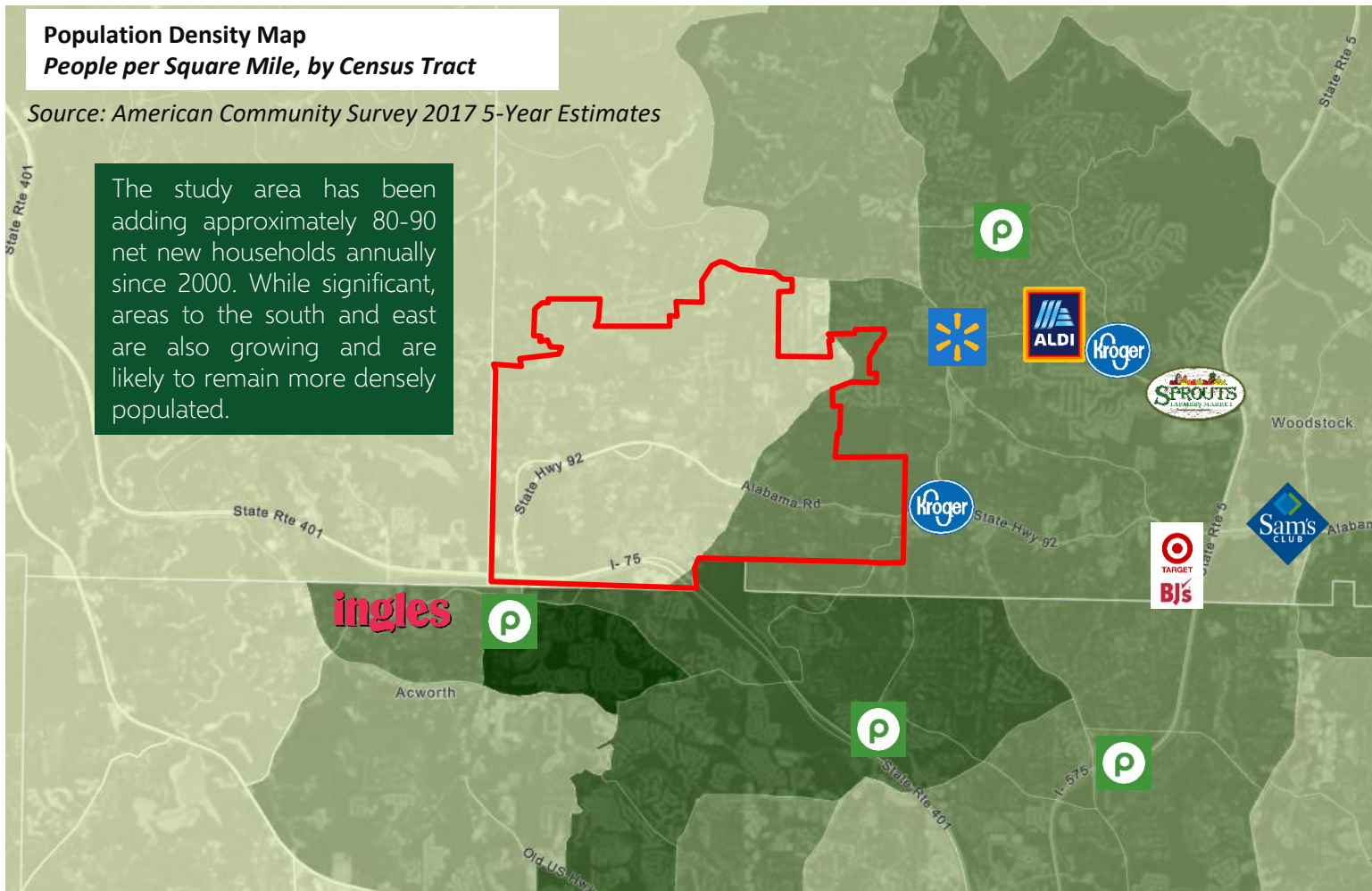
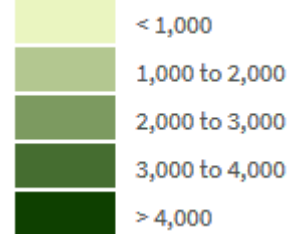
As illustrated by the locations of nearby grocers, retailers cluster where population density is highest, making them convenient and accessible to as many potential customers as possible.

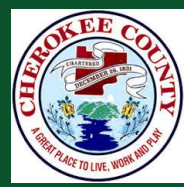
Population Density Map People per Square Mile, by Census Tract

Source: American Community Survey 2017 5-Year Estimates

The study area has been adding approximately 80-90 net new households annually since 2000. While significant, areas to the south and east are also growing and are likely to remain more densely populated.

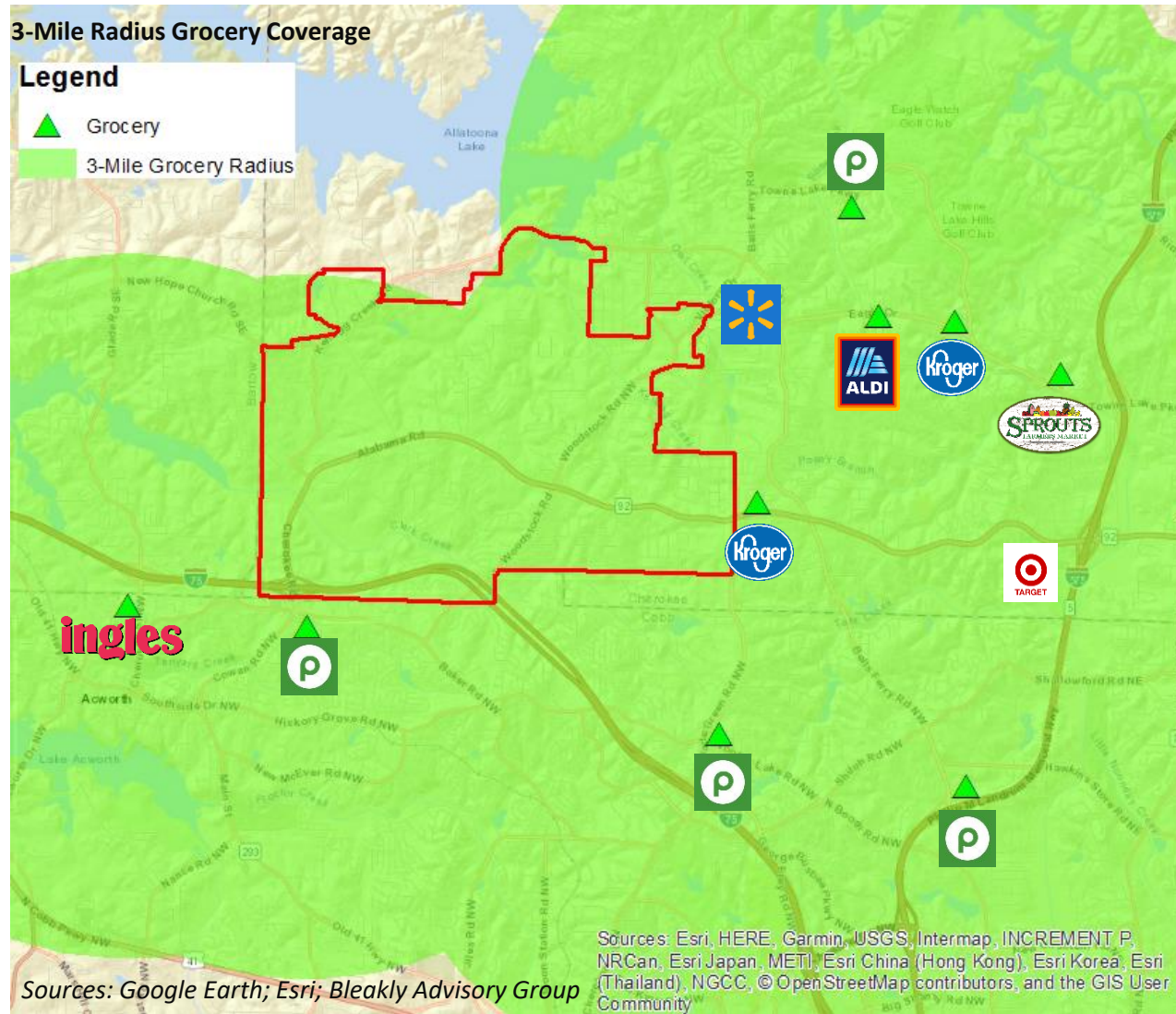
People per Square Mile



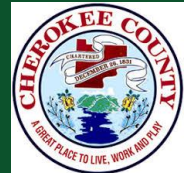


TRADE AREA COVERAGE

- In suburban locations the industry standard trade area for grocery and neighborhood retail stores is 3 miles. This means that a typical household will tend to make most of their grocery purchases at a location that is within three miles of their home.
 - Trade areas can also be influenced by road patterns, natural barriers and other factors, and may be larger in rural areas or locations with limited competition due to zoning or other constraints.
- Applying a 3-mile radius from existing grocery-anchored shopping centers shows that the entire study area is within 3 miles of at least one grocery store, while the eastern portion is accessible to 2 or more stores.
- The map also shows that any new store location within the study area itself would have minimal potential to access customers who are not already served by existing grocers. The only mapped locations not adequately served are either sparsely populated or poorly accessible due to Lake Allatoona.



TRAFFIC COUNTS AND VISIBILITY

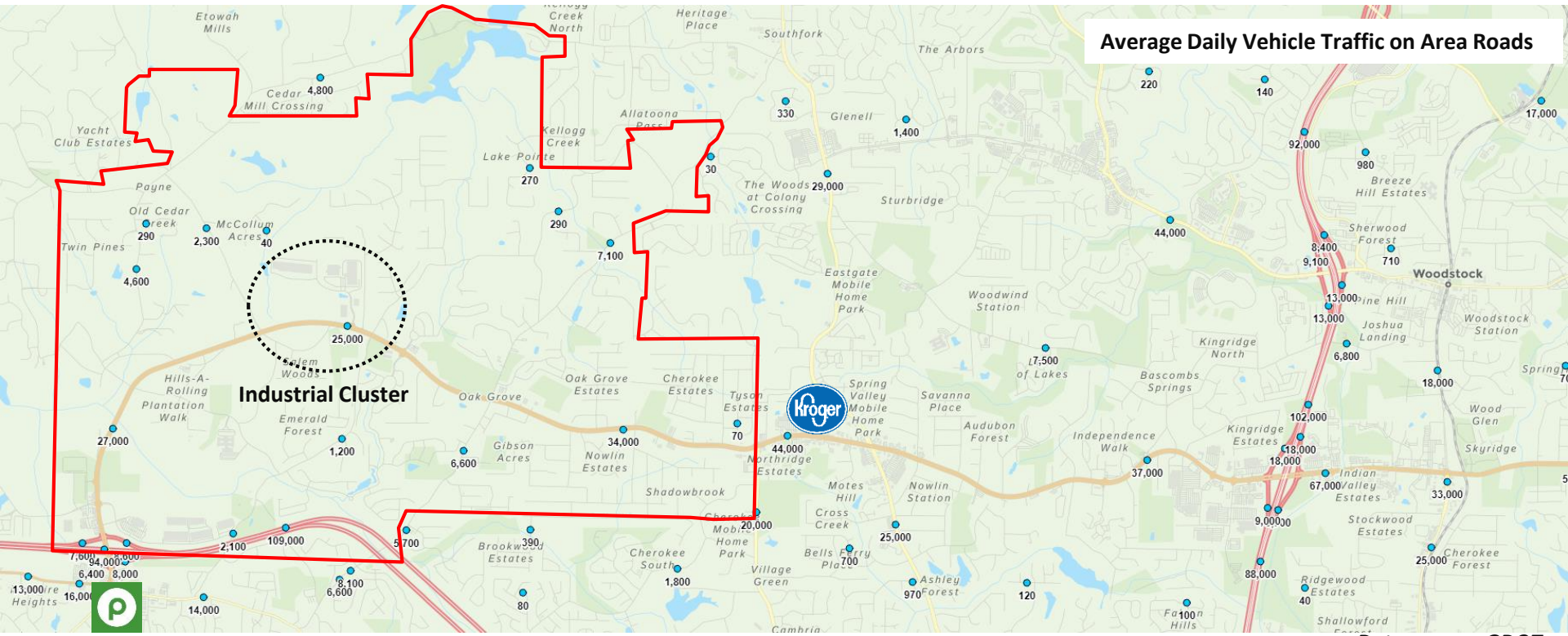


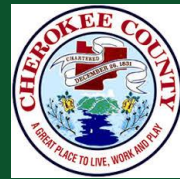
The traffic count map below shows that traffic counts on SR 92 are adequate to interest retailers. The route carries 25,000 to 44,000 vehicles per day between I-75 and Bells Ferry Rd. However, the highest traffic intersections on Highway 92 are already developed retail nodes, anchored by Publix and Kroger supermarkets.

Given the concentration of existing grocers to the east, the most likely future location for a new shopping center serving the study area would be either at I-75 to compete with Publix and Ingles for

Acworth based customers, on SR 92 midway between the existing retail nodes.

In addition to the lack of population density previously noted, the middle section of Highway 92 has both the lowest traffic counts on the corridor and has been developed as a 130+ acre industrial park, which limits potential future development of immediate nearby households.





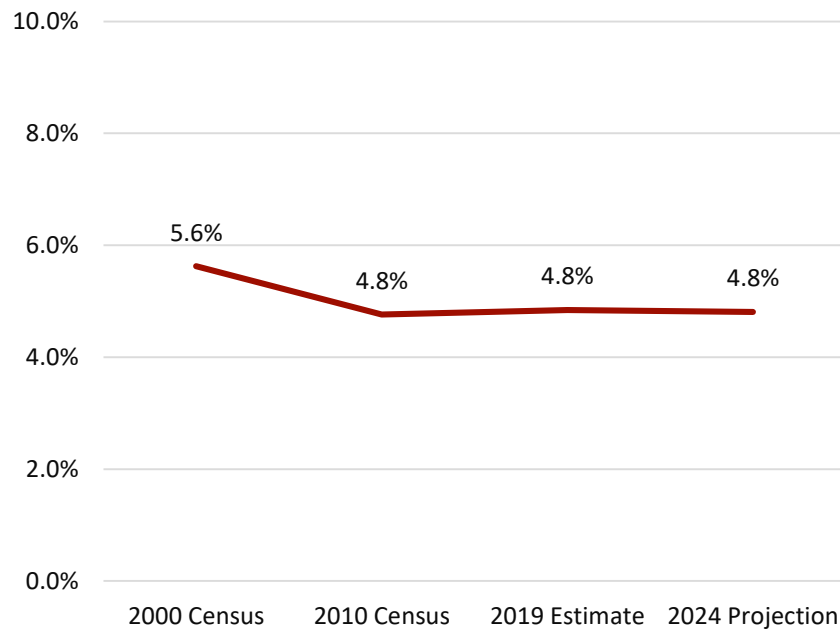
RETAIL LOCATION FACTORS - HOUSEHOLDS

- Household growth is one of the primary metrics retailers consider when evaluating new locations, as captured by the by the industry saying, “retail follows rooftops.”
- As previously noted, the study area has added approximately 80-90 net new households annually since 2000, and significantly more since 2015. While this is a strong growth rate for a relatively a small geographic area, the gross numbers may not be adequate to attract new retailers.
- Cherokee County as a whole, as well as northern portions of Cobb County have been growing as fast or faster than the study area. When evaluating location opportunities, retailers tend to locate in the highest-growth and/or most densely populated areas, where their customer base is expanding the most.

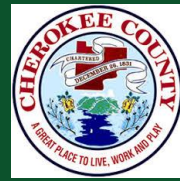
	Study Area	Cherokee County
Population		
2000 Census	8,344	141,915
2010 Census	10,390	214,346
2019 Estimate	12,554	255,817
2024 Projection	13,455	276,534
Households		
2000 Census	2,784	49,499
2010 Census	3,616	75,936
2019 Estimate	4,428	91,468
2024 Projection	4,767	99,174
Average Annual Household Growth		
2000 to 2010	83	2,644
2010 to 2019	90	1,726
2019 to 2024	68	1,541
Average Annual Household Growth Rate		
2000 to 2010	2.6%	4.4%
2010 to 2019	2.3%	2.1%
2019 to 2024	1.5%	1.6%

Data source: Claritas

Study Area Share of County Households



RETAIL LOCATION FACTORS - SPENDING POWER



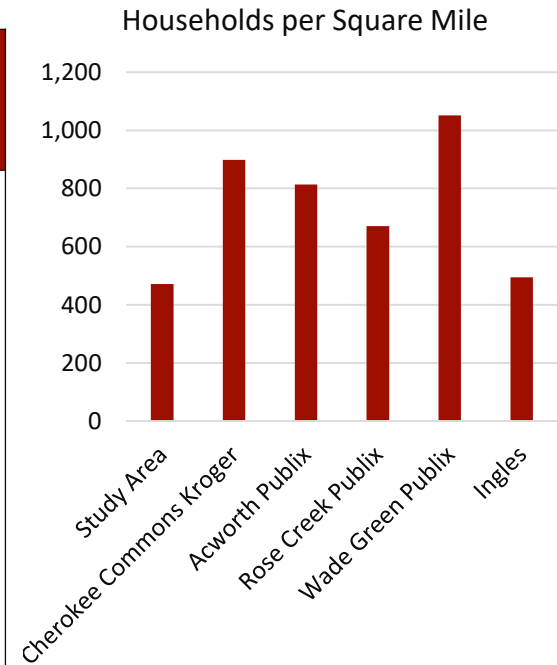
- Retailers also choose locations based on the income levels and spending power of their potential customer base. When evaluating potential locations for new grocery, drug, or other convenience retail stores, retailers will examine the demographics within the 3-mile trade area, where they expect to draw most of their customers.
- Analyzing the demographics of the study area relative to the

trade areas of nearby existing grocery-anchored shopping centers suggests that it has comparable household incomes and spending power, but those strengths are offset by fewer households.

- While the 4 most established competitors serve substantially larger populations, the study area's profile is very comparable to the new Ingles that recently opened in Acworth. This suggests some basis for optimism that at some point in the future, the study area could have enough households to attract a grocer.

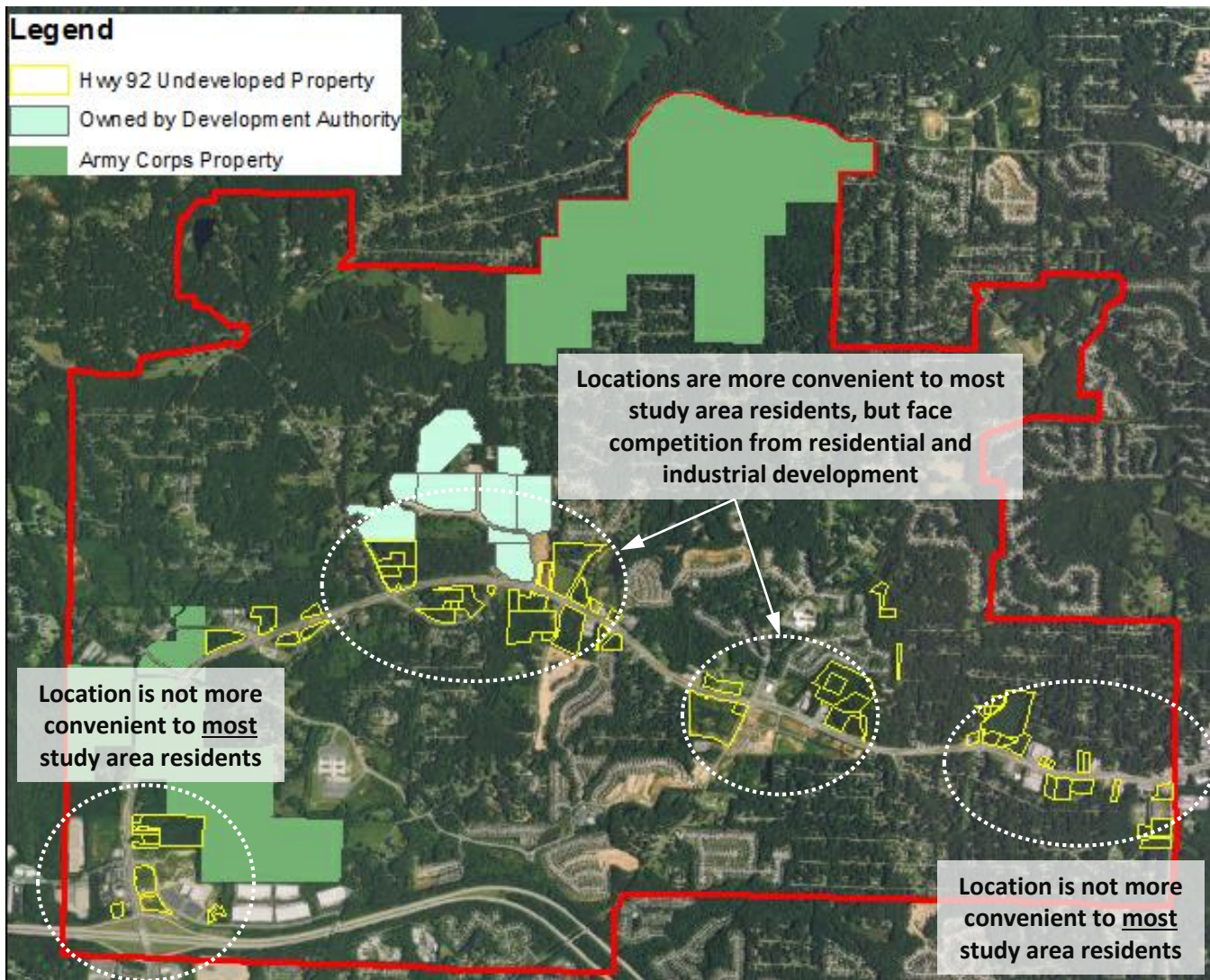
Study Area vs. 3-Mile Trade Area Statistics for Nearby Grocery-Anchored Retail Centers

	Study Area	Cherokee Commons Kroger	Acworth Publix	Rose Creek Publix	Wade Green Publix	Ingles
Households per Square Mile	471	898	814	671	1,052	494
Avg. Household Income	\$91,520	\$94,958	\$89,056	\$107,097	\$90,394	\$86,193
Median Household Income	\$78,975	\$76,900	\$74,974	\$88,243	\$72,361	\$70,381
% Own	84%	73%	77%	78%	69%	59%
Median Home Value	\$194,677	\$206,303	\$198,668	\$240,661	\$200,091	\$196,556

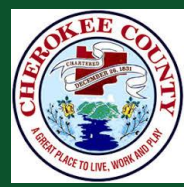


Source: Environics Analytics, Spotlight Report.

NOT ALL AVAILABLE RETAIL SITES ARE CONVENIENT TO SW CHEROKEE HOUSEHOLDS



- Yellow outlined parcels on this map represent vacant commercial parcels with frontage on or close enough to SR 92 to become potential retail sites.
- Locations at the east and west borders of the study area offer suitable sites but are not significantly more convenient to most residents than existing retail centers.
- Those retail sites that would be more convenient to most residents-face competition from other land uses, particularly townhome and light industrial development.
- Unless sites can be preserved until the study area adds enough households to support a new shopping center, retail opportunities could be preempted by nearer-term residential and industrial growth.



INDUSTRIAL DEVELOPMENT TRENDS

- According to tax assessment records SW Cherokee currently contains a combined 320 acres in industrially classified (600) and Cherokee County Development Authority (CCDA - 8600) land use codes. Of that total, 212 acres have been developed with 33 buildings totaling a combined 2.16 million square feet. Another 25 parcels containing 108 acres are classified as “undeveloped”.
- The table below profiles the amount of new industrial development that has occurred within the study area since 2010. Findings include:
 - Nearly 1.1 million SF, 50.3% of the study area’s total existing industrial building inventory, has been built within the past 8+ years. The rate of new development since 2010 has averaged 135,800 SF per year and the taxable value has been averaged \$65.59/SF. At an average density (FAR) of .19 across all building types, recent development has averaged 8,256 SF of buildings per developed acre and the average parcel size for recently developed buildings has averaged 18.8 acres.
 - CoStar maintains leasing data on 26 industrial properties in the study area containing a total of 2.6 million SF. According to that source, only 3% of this inventory is vacant or available for lease. Strong absorption since 2010, coupled with very low vacancy, strongly indicates that recent rates of demand could continue if suitable building sites were made available. Input from commercial real estate brokers confirms this observation.
 - Unlike commercial development, the supply of remaining undeveloped industrially zoned land in SW Cherokee is relatively small. Development since 2010 has

consumed an average of 16.5 acres/year. With only 108 acres of undeveloped industrially classified land (including private and CCDA-owned parcels), it would take only 6.5 years to consume the entire inventory at post-2010 growth rates, possibly supporting an additional 894,000 SF of buildings if constructed at a similar density (FAR) to recent development.

- However, the table also shows that the undeveloped inventory of remaining industrial land is subdivided into comparatively small parcels averaging only 4.3 acres each. Several of these parcels are used for stormwater detention, right of way or are otherwise unable to support the construction of additional large-scale, single-story industrial and warehousing buildings, which have typically required sites of 15 acres or more. While some of these smaller parcels may be able to support flex, office or general commercial construction, they are clearly unsuitable for light manufacturing or warehousing uses.
- If it is assumed that only 50 +/- acres of SW Cherokee’s remaining undeveloped industrial land is suitable for the types of large buildings developed since 2010, potential additional building space associated with that land totals roughly 450,000 to \$460,000 SF. Most of that acreage is owned by the CCDA, which estimates that its remaining property might support a maximum of 250,000 to 300,000 square feet. Another 150,000 SF might be constructed on land owned by private entities.
- The characteristics of recent new industrial buildings are presented in more detail in the next exhibit.

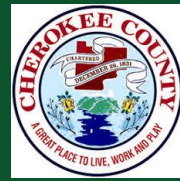
SW Cherokee Industrial Development Trends: 2010-2018

Land Use	Parcels Developed	Acres Developed	Building SF	2018 Taxable Market Value	Market Value Value/SF	Average FAR[1]
Industrial	3	41.0	411,793	\$21,938,690	\$53.28	0.235
Light Mfg	4	90.6	674,919	\$49,337,810	\$73.10	0.197
Grand Total	7	131.6	1,086,712	\$71,276,500	\$65.59	0.190
Average Absorption (8 Years)	0.875	16.5	135,839.0	\$8,909,563	<i>Source: Cherokee County Tax Assessment Records.</i>	

■ This table addresses only real estate value. The taxable value of commercial personal property is also likely to be substantially higher in newer properties

[1] Floor Area Ratio (FAR) is the ratio of total building area divided by the parcels' land area, in square feet.

RECENT NEW INDUSTRIAL CONSTRUCTION



■ This table further profiles the eight most recent industrial buildings developed in the study area, which collectively total nearly 1.087 million SF. The average new building is 155,000 SF and built to a FAR of 0.21, requiring an average of 18.8 acres per parcel. Given that few parcels or assemblies of parcels in the study area can create 18 sites,

it is doubtful that many more industrial buildings of this type can be feasibly developed on the remaining undeveloped land. It is unlikely that anything more than 450,000 SF on two or three remaining sites would be possible, absent of rezoning commercial parcels to allow industrial uses.

New Light Manufacturing and Industrial Development in Study Area Since 2013

Address	Acres	Year Built	Building SF	FAR	Buildings	Use	Zoning	Owner
3389 Hwy 92	25.35	2017	312,275	0.28	1	Light Mfg	LI	CIVF V-GA1M01 LLC
1389 Hwy 92 Ste 102	13.76	2016	196,325	0.33	1	Industrial	LI	NM MAJESTIC HOLDINGS LLC
1000 Cherokee Pkwy	16.8	2013	227,280	0.31	2	Light Mfg	LI	CHEROKEE COUNTY DEVELOPMENT AUTHORITY C/O JOHN ROOKER
601 Cherokee Pkwy	10.98	2017	76,066	0.16	1	Light Mfg	LI	CHEROKEE COUNTY DEVELOPMENT AUTHORITY
N/A	37.45	2017	59,298	0.04	1	Light Mfg	R40	YANMAR AMERICA CORPORATION
600 Cherokee Pkwy	4.17	2015	36,468	0.20	1	Industrial	LI	INFRA, INC
1800 Cherokee Pkwy	23.11	2016	179,000	0.18	1	Industrial	LI	CHEROKEE COUNTY DEV AUTHORITY C/O PAUL ERLANDSON
AVERAGE	18.8		155,245	0.21				

Source: Cherokee County tax assessment records

STUDY AREA EMPLOYMENT - COMMUTING PATTERNS

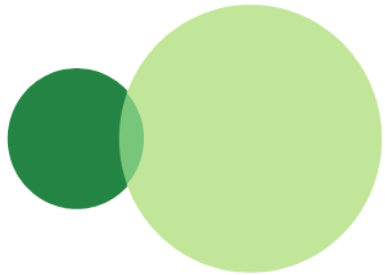


- The following the maps are included to provide insight into employment associated with existing industrial and commercial development. Census data (from 2015) identifies existing jobs (including school district employment) located the study area, residents who are in the labor force, and commuting patterns into and out of the study area.
- This source indicated that in 2015, there were roughly 1,300 jobs within the study area, with 93% of those 1,300 employees living outside of it and commute in. Also 98% of the 4,850 employed residents who lived

in the study area at that time, work at jobs outside of it and commuted out, while only 2% of residents both lived and worked in the study area.

- More recent data indicates that the number of jobs (and workers) in SW Cherokee have increased substantially since 2015. Locally based employment now approaches or exceeds 2,000 and could easily expand to 3,000 or more, as existing employers continue to expand and remaining undeveloped parcels are built out.

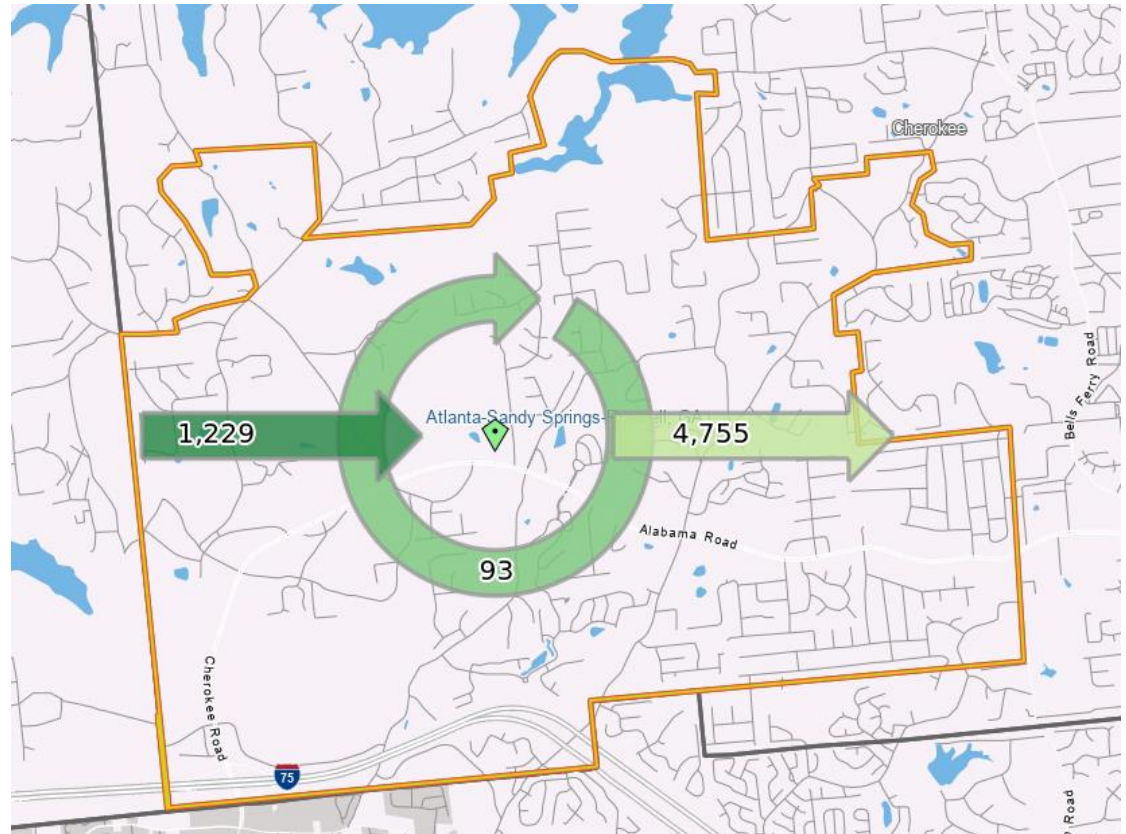
Worker Inflow and Outflow Statistics



- 1,229 - Employed in Selection Area, Live Outside
- 4,755 - Live in Selection Area, Employed Outside
- 93 - Employed and Live in Selection Area

Source: OnTheMap

Inflow/Outflow Job Counts (Primary Jobs)		
2015		
	Count	Share
Employed in the Selection Area	1,322	100.0%
Employed in the Selection Area but Living Outside	1,229	93.0%
Employed and Living in the Selection Area	93	7.0%
Living in the Selection Area	4,848	100.0%
Living in the Selection Area but Employed Outside	4,755	98.1%
Living and Employed in the Selection Area	93	1.9%

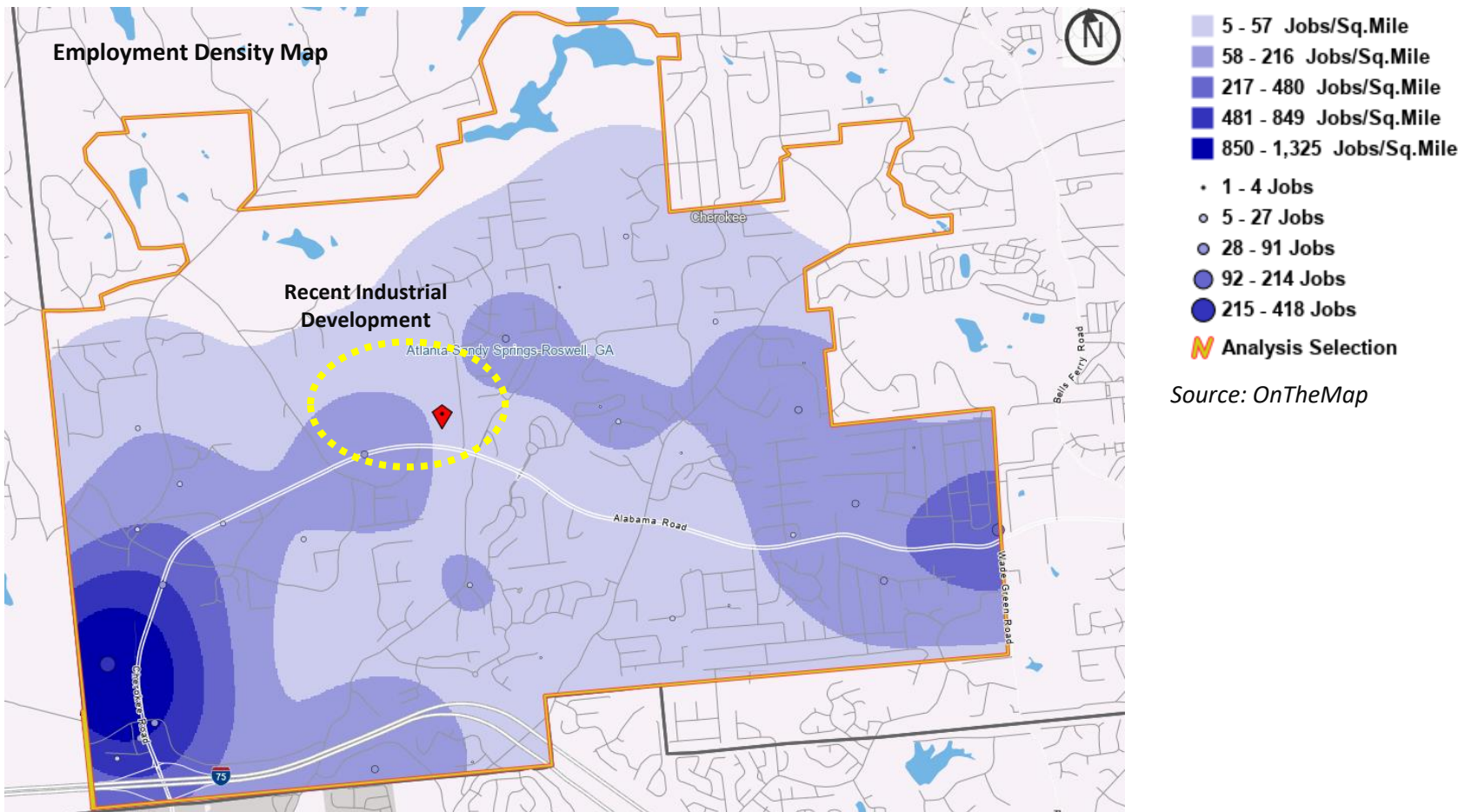




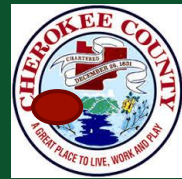
STUDY AREA EMPLOYMENT PATTERNS

- In 2015, the highest concentration of study area jobs were located near the existing retail clusters, older commercial/industrial buildings located at the west and east edges of the SR 92 corridor, and the two existing public schools. The central part of the study area, where recent industrial growth has concentrated, showed

minimal job density at the time, as most of existing employers had either not yet located there, or were in the very early stages of hiring when the source data was collected. These patterns have continued since 2015, with virtually all employment gains concentrated between the Cherokee 75 industrial park and I-75.



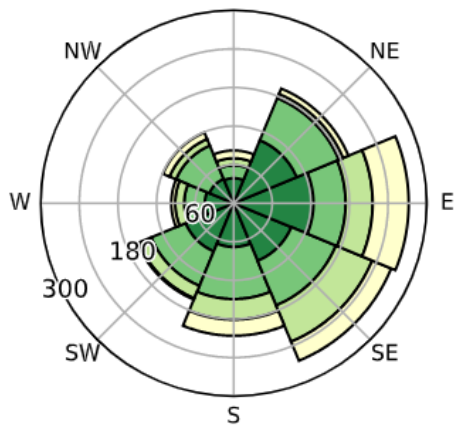
COMMUTING DISTANCE TO STUDY AREA JOBS



- The map below shows origin work destination pairs for jobs located within the study area in 2015. At that time employers within the study area attracted labor from a comparatively small commuter shed, with nearly 75% of workers drawn from within 25 miles.

- Most employees of SW Cherokee businesses tend to live nearby in the northwest Atlanta metro, with commuters split between Northwest Cobb and Southwest Cherokee County, near Woodstock. A smaller share of in-commuters resided in Bartow and Paulding Counties.

Job Counts by Distance/Direction in 2015
All Workers

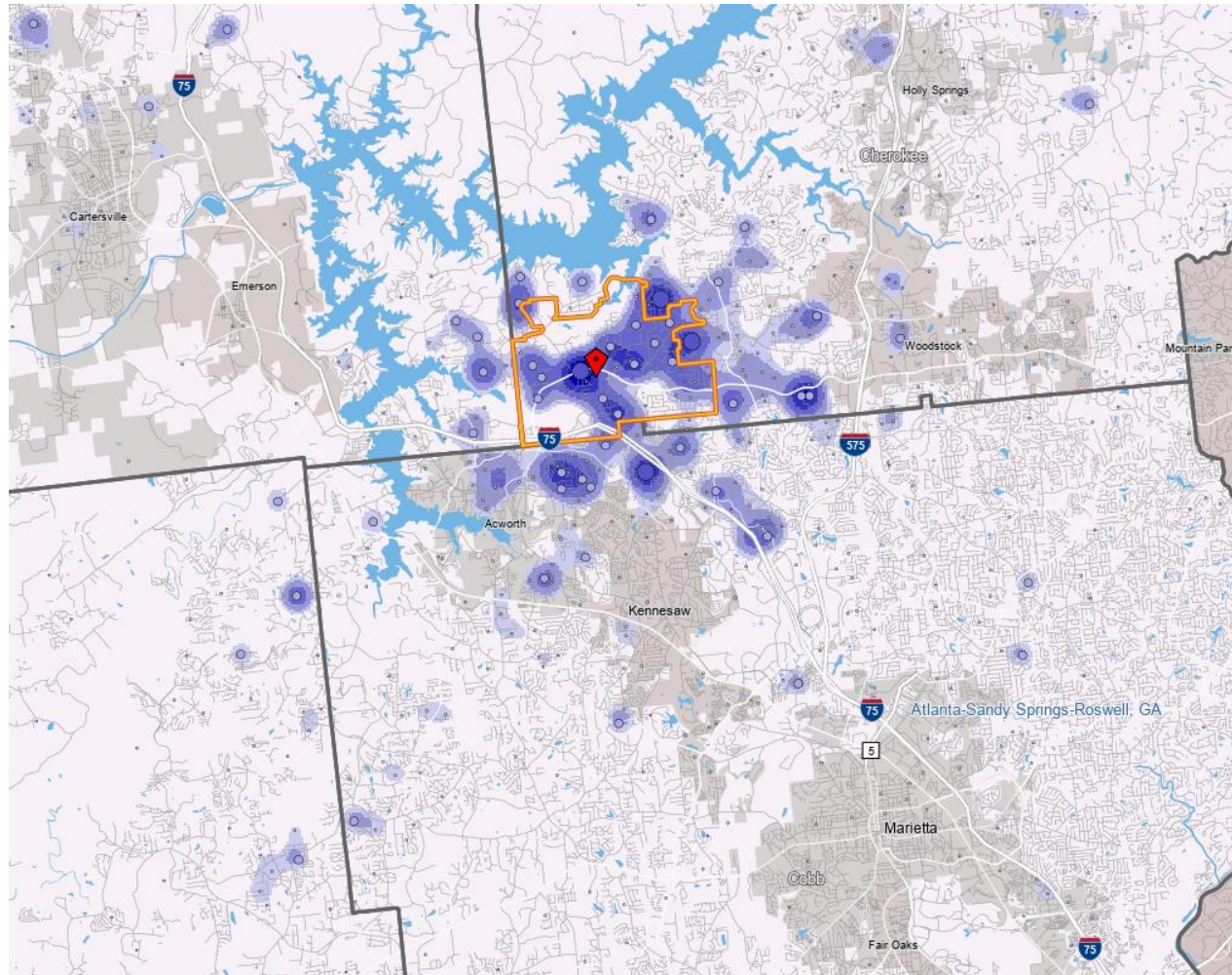


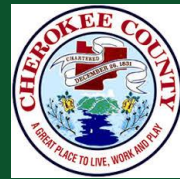
View as

Jobs by Distance - Work Census Block to Home Census Block

	2015	
	Count	Share
Total All Jobs	1,396	100.0%
■ Less than 10 miles	601	43.1%
■ 10 to 24 miles	443	31.7%
■ 25 to 50 miles	199	14.3%
■ Greater than 50 miles	153	11.0%

Source: OnTheMap



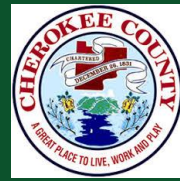


Development Forecasts

This final section uses findings presented above to develop demand forecasts for residential, commercial (retail/office/service/flex) and industrial (light manufacturing and warehousing) development. Overall findings, conclusions and planning implications for the study area are presented at the end of this section.

As concluded above, the SW Cherokee does not possess sufficient inventories of undeveloped residential and industrial land to accommodate 20-years of future demand and are expected to be fully built out well before that time. The supply of commercially zoned land could potentially support nearly 30 years of development based on the recent pace of growth. As residential and industrial land supplies are exhausted, the County is likely to face pressure to rezone commercial parcels for other land uses.

RESIDENTIAL DEMAND FORECAST



■ Single-Family Homes and Townhomes

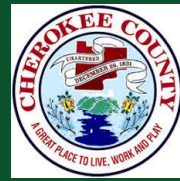
- Assuming a continuation of stable market conditions and adequate land availability to support future construction, recent residential market trends indicate that Cherokee County has achieved a “stabilized” rate of new housing sales of between 1,800 to 1,850 units per year. BAG expects that the share townhomes in this inventory may increase from 12% (currently) to 15% of future new construction, as land costs and lifestyle choice make townhomes a more attractive product in Cherokee County. **This results in a stabilized county-wide market demand forecast of approximately 1,575 single-family homes and 280 townhomes annually.** Demand can obviously be impacted by numerous factors including general economic conditions, land availability, mortgage interest rates, construction cost inflation and the County’s relative affordability to other parts of the region. However, averaged over a long-term (20-year) planning horizon, these annual demand estimates are reasonable given historical growth trends.
- Over the past 6 years SW Cherokee has captured about 8.5% of County-wide demand, including 6.6% of all new single-family home sales and 24.8% of townhome sales. Supply was unconstrained during much of this period, as the study area contained the County’s largest and fastest selling subdivision. However by 2018, local sales began to decline, particularly as townhome developments were completed and no new replacement product was brought on line.
- As previously presented, BAG estimates that SW Cherokee contains roughly 746 acres of residentially zoned land that is the most suitable for new development. This inventory includes roughly 278 acres that has already been subdivided into 214 individual parcels, plus 463 acres in parcels larger than 5 acres.
- Assuming no change in zoning or density, BAG estimates that this acreage could support the development of roughly 1,800 total units of which 1,270 might be single-family and 540 townhomes, based on the recent (30% share) of townhomes to single-family new construction. These estimates assume that this entire land inventory will be both sold for development and is environmentally suitable. The realistic capacity of this acreage to support new housing could be much less than 1,800 units.

■ The table on the next page estimates the number of years that

may be required to fully build out the study area’s residentially zoned land under two scenarios:

- Scenario 1 - “Unconstrained Demand” forecast is based on the study area’s demonstrated capture rate of stabilized county-wide housing sales. This scenario assumes that the rate of new construction will be determined only by consumer demand, and that lot inventories will be delivered in sufficient numbers and price points to satisfy that demand.
 - Scenario 2 – “Supply Constrained” forecast assumes that over time the rate of new construction will be increasingly determined by the actual number units that can realistically be delivered to meet consumer demand. This scenario factors in the effects of land scarcity. For example, when Centennial Lakes is (soon) completed, it may be difficult for developers to deliver new homes and townhomes in the total numbers and range of price points necessary to satisfy demand. As land (particularly large tracts) become more scarce, new construction will be increasingly dictated by the availability (and cost) of land rather than the depth of demand (i.e., interested buyers). In such case, the study area’s capture rate of county-wide home sales can be expected to drop.
 - These two scenarios are intended to present a realistic range of years over which the study area’s existing supply of undeveloped, residentially zoned land can effectively accommodate new construction until reaching the “build out” of 1,800 units on 746 acres. BAG’s calculations indicate that build out is likely to be reached within a window of 10 to 16 years.
- ## ■ Multi-Family
- As previously reported, more than 3,300 apartments have been either completed since 2011 or are currently under construction within Cherokee County. Nearly all of these newer units are located along the I-575 corridor, including 52% in nearby Woodstock. With a county-wide delivery rate of 300 to 350 units per year, it is probable that the study area could attract one or more 300+ unit projects over a 20-year horizon. The more desirable locations for apartments would be close to I-75, near the City of Acworth, which has also experienced a recent boom in multi-family construction. We understand that a multi-family project has already been proposed within the study area, near I-75, and may be under construction by 2020.

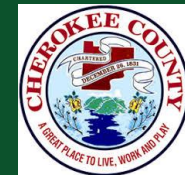
RESIDENTIAL BUILDOUT SCENARIOS



Potential Build Out of Residentially Classified Land	Total Undeveloped Acres	Estimated Single-Family Homes	Estimated Total Townhome Units	Total For-Sale Housing Units	Average Gross Units/ Acre [1]
Estimated SW Cherokee Residential Build Out					
Land Availability Assumptions: Estimated 283 acres already subdivided into +/- 214 buildable lots plus an estimated 463 acres of developable, residentially zoned land in lots larger than 5 acres. Assumes 95% of this acreage would be developed as single-family detached at 3 units/gross acre and 5% as townhomes at 12 units/gross acre. Additional townhome development could be accommodated by allowing rezoning of some commercial parcels on SR 92.	746.0	1,534	278	1,811	2.43
Scenario Descriptions	Single-Family Homes	Townhomes	Total Annual Sales	Acres Developed Annually	Years to Buildout [2]
Potential "Unconstrained" SW Cherokee Housing Demand					
2016 was the last year when sales did not appear to be constrained by lack of lot supply; therefore, it may represent the upper end of potential annual demand for new single-family and townhome units. Future land availability/supply is not a constraint.					
Southwest Cherokee Stabilized Capture Rate of County-wide Demand	6.5%	25.0%	9.3%		
Annual Unconstrained Demand	102	69	172	70.7	10.6
"Supply Constrained" Housing Production					
2017-2018 sales levels reflect the SW Cherokee market during a period when the supply of lots (particularly townhome pads) began to limit the number of sales below demand during those years. In the future, construction is also likely to shift from high-production homebuilders like D.R. Horton to smaller builders who will fill in remaining sites, but at a slower pace and at higher likely price points.					
Southwest Cherokee Stabilized Capture Rate of County Wide Demand	5.0%	12.0%	65.2%		
Annual Development	79	33	112	46.1	16.2
Notes:					
[1] Units per gross acre, including right-of-way and common areas. The average is driven down by the relatively low density of already created lots, which average more than 1.0 acre each.					
[2] Estimated number of years until all suitable, currently undeveloped residential land is fully consumed. This estimate assumes no significant increase to recent density and no rezoning of commercial or industrial land to residential use.					

- The above table summarizes calculations and assumptions used to estimate a 10- to 16-year timeline to reach effective build out of residentially zoned land in SW Cherokee.
- Potential measures to change this forecast, if desired, could include rezoning additional (commercial or industrial) land for residential development, particularly for townhomes) or increasing permitted density.

SHOPPING CENTER DEVELOPMENT OPPORTUNITIES



- As presented earlier, the best location for a grocery-anchored neighborhood shopping center, which would improve convenience to most of SW Cherokee’s households and employment, would be at or near the intersection of Highway 92 and Woodstock Road.
- This location has comparable 3-mile statistics to its nearest competitors in terms of average household income and home values but is nearly \$85 million short in terms of aggregate purchasing power due to its lower population density. The study area would likely need to add 800 households within 1 mile of this location, and 1,700 households within the 3-mile ring to become comparable to the existing populations served by the nearest competitors.
- The 1-mile statistic is probably the most significant, because it represents that part of the trade area from which retailers could be expected to capture nearly 100% of the market. Average household incomes surrounding the SR 92/Woodstock Rd. site are also likely to increase significantly, possibly exceeding competitive

locations, as more affluent households within Centennial Lakes and other new developments are more accurately reflected after the 2020 Census.

- Based on the residential build out analysis, BAG estimates that that the study area could add another 1,800 households before reaching build-out. This falls within the range needed to support an additional shopping center within the 3-mile trade area. Roughly 45% of those new households (800) would need to be located within a mile of the site to make it comparable to the nearest competition.
- The question then becomes whether a suitable commercial parcel large enough to contain a grocery anchored shopping center will still be available within the 10 to 16-year window needed to reach build out. Steps could be taken by the County to either preserve a such a commercial site for the future or accelerate the addition of nearby households by permitting increased density.

Estimated Additional Households Needed to Support a New Shopping Center in the Study Area

Shopping Center Indicators	Study Area	Comparable Shopping Center Properties			
	Best Remaining Shopping Center Site @ SR 92 and Woodstock Rd	Cherokee Commons Kroger	Acworth Publix	Average Existing Competition	Average Deficit SR 92 @ Woodstock Rd vs. Existing Centers
3-Mile Radius Statistics					
Total Households	22,485	25,388	22,990	24,189	(1,704)
Average Household Income	\$90,800	\$94,958	\$89,056	\$92,007	(1,207)
Median Household Income	\$76,227	\$76,900	\$74,974	\$75,937	\$290
Aggregate Non-Automotive Retail Purchases (Millions 2019 \$ @ 45% of household Income)	\$918.7	\$1,084.9	\$921.3	\$1,003.1	-\$84.4
% Homeowners	75%	73%	77%	75%	0.0%
Median Home Value	\$196,370	\$206,303	\$198,668	\$202,486	-\$6,116
1-Mile Statistics					
Households	2,489	2,960	3,574	3,267	(778)

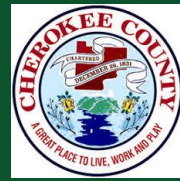
Source: Environics Analytics, Spotlight Report.

+/- 1,800 Additional Households in Study Area at Build-Out increases 3-mile ring households to 24,300 and retail purchasing power by \$84.6 million in 2019 \$

+/- 45% of build out within 1 mile adds roughly 800 households and retail purchasing power by \$38.1 million

Population density, incomes and purchasing power surrounding SR 92 @ Woodstock Rd. reaches/exceeds existing markets served by nearest competitors before build out is reached.

INDUSTRIAL BUILD-OUT



As previously reported, SW Cherokee contains 2.8 million SF of existing industrial and commercial buildings. BAG estimates that the remaining undeveloped, buildable industrial, commercial, and Development Authority-owned land totals approximately 195 acres. If fully developed, this acreage could potentially support a maximum addition of nearly 1.4 million SF of non-residential development along the SR 92 corridor. This represents a potential 49.7% increase over existing conditions, assuming:

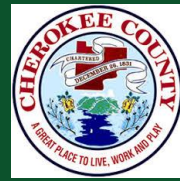
- No additional land will be zoned for commercial or industrial use.
- Remaining Development Authority land is allocated to a mix of industrial and commercial uses, including office and retail space.
- At an average absorption rate of 136,000 SF/year (the rate of development since 2010) – less than 500,000 SF of remaining industrial space would be quickly developed, probably in less than 4 years.
- At slower rates of commercial development (28,700 SF/year since 2010), commercially zoned land would take more than 32 years to reach build out.
- A site for a single grocery-anchored neighborhood shopping center with restaurant out-parcels may consume 80,000 to 120,000 SF, leaving more than 800,000 SF for scattered, infill locations. This inventory exceeds realistic demand.

Industrial and Commercial Build Out Estimates

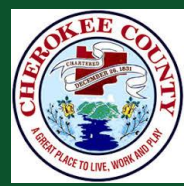
Land Use	Developed Acres	Existing FAR [1]	Existing Building SF
Developed Industrial (Code 600)	212.09	0.23	2,158,435
Developed Commercial (Code 700)	95.3	0.16	647,708
Total Developed Building SF	307.41	0.21	2,806,143
Land Use	Undeveloped Acres	Projected FAR	Potential Additional SF
Undeveloped Industrial [2]	50.0	0.21	457,380
Undeveloped Commercial [3]	145.0	0.15	936,024
Total Potential Additional Development	195.0	0.16	1,393,404
Possible Increase Over Existing Conditions			49.7%
Industrial			21%
Commercial			145%
Notes:			
[1] FAR: Floor Area Ratio = ratio of average building sq. ft. per acre of land area.			
[2] Includes privately owned 600 coded acres plus CCDA developable Land.			
[3] Includes privately owned 700 coded acres plus 25% of CCDA developable Land.			

- A portion of this “excess” commercial acreage could be developed for future apartments, which would both support a grocery anchor sooner than 10 years, increase the total amount of commercially zoned land developed over the period and increase the retail value of remaining parcels. Allowing the development of townhomes on other commercial sites may also be beneficial to supporting an additional grocery store in the study area.

SUMMARY CONCLUSIONS: NON-RESIDENTIAL DEVELOPMENT



- The following points summarize the conclusions and planning implications drawn from the previous exhibits:
- Demand Indicators:
 - Demographic and spending power indicators in SW Cherokee are strong in comparison to Metro Atlanta – but weaker than immediate surroundings. Greater population density in nearby locations accounts for the concentration of development immediately outside of the study area boundaries.
 - Growth trends are positive – including employment, households and income growth. Recent trends indicate that the study area has been capturing an increasing share of housing and industrial demand relative to the County and region. Those trends have not yet impacted commercial/retail growth. Increasing population and employment density on SR 92 will eventually help to support new retail development.
- Industrial/warehousing market:
 - Contrary to some perceptions, employment densities and average wages resulting from recent industrial development in the study area have been above average for Metro Atlanta. Building size, quality, value and employment densities are also increasing in newer properties.
 - Suitable sites for 150,000+ SF industrial buildings are diminishing rapidly. Remaining undeveloped sites can physically support less than 500,000 SF of new industrial development a 21% increase over existing conditions. (This estimate excludes expansion potential on partially developed sites.)
 - Consideration could be given to holding/reserving some smaller industrial parcels for office/flex or mixed-use development, particularly sites closer to I-75.
- Commercial/retail market:
 - In sharp contrast to industrial land, the study area has an over supply of commercially zoned land, capable of supporting more than 900,000 SF of future growth and a 145% increase over existing conditions.
 - Existing retail nodes bookend the study area and today study area residents are adequately served by grocery-anchored shopping centers. BAG estimates that another 1,700 households, including 800 households within a one-mile radius, would be sufficient to support a grocery store site in SW Cherokee. Achieving this density would take another 10+ years at recent growth rates. Creating a higher density node along the SR-92 corridor, allowing multi-family and/or mixed-use development, could possibly accelerate the timing and density of future commercial development.
 - Smaller, non-supermarket anchored retail strip centers can be supported near employment nodes, but the potential for this type of growth is limited without a supporting anchor to generate local customer traffic.
- There is a “danger” that residential development, particularly townhomes, are a more viable near-term alternative for several commercially zoned parcels than retail or commercial uses. Development of commercially zoned land for other purposes could eliminating the best locations, before desired commercial development opportunities emerge. Sites large enough, and in the appropriate locations to support a supermarket-anchored shopping center or mixed-use development, could be developed for less desirable uses in the short term, removing any possibility of changing the existing character of the SR 92 corridor.
- The County and/or Development Authority should consider options to preserve one or more nodes for retail development, and surround that node(s) with higher allowable residential densities.



Bleakly Advisory Group

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- **Accuracy of Report:** *Every reasonable effort has been made to ensure that the data developed in this assignment reflect the most accurate and timely information possible and is believed to be reliable. This consulting assignment was based on estimates, assumptions and other information developed by Bleakly Advisory Group (“BAG”) from its independent research efforts, general industry knowledge and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study. The research and reports are based on information that is current as of the date of the report. BAG assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described on our research and report and variations may be material. Therefore, nor warranty or representation is made by BAG that any of the projected values or results contained in the work product from this assignment will actually be achieved.*
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