East Point Transit-Oriented Development Plan – LCI Study: Market Assessment and Demand Projections

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East Point Market and Demand Assessment

The purpose of this analysis is to arrive at an informed understanding of the existing economic strengths and challenges within the defined TOD Transit-Oriented (TOD) Development TOD Area of the City of East Point. The analysis is expressed in the economic context of the overall City, the TOD Area's total potential market area and greater Metropolitan Atlanta so as to understand East Point's relative position within this context, as well as to highlight potential competitive advantages during ten-year and twenty-five-year timeframes.

I. Definitions of East Point Study/TOD Area and Market Areas

The demographic profiles and market-demand analyses contained within this report are based on several geographically-defined areas. The analyses of current and projected demographic profile of the LCI Study Area, as well as the potential market-driven development growth are based fundamentally on the market areas that the real estate market – office, industrial, retail and residential for purposes of this analysis – depend upon for support and growth. In this analysis, each industry type has a related market area.

For purposes of these analyses, the following definitions are applied to the areas referenced in both the Demographic Profile section, as well as the subsequent

1. **"TOD Area"** is the same as the LCI Study Area as determined by the City of East Point in its successful LCI application to the Atlanta Regional Commission. While technically there are two separate TOD areas under study – one around each of the two MARTA stations that are either within the Study Area (the East Point MARTA Station) or immediately adjacent to it (the Fort McPherson station) – this report defines the entire LCI Study Area as the "TOD Area" in the Demographic and Income Profile (Section II).

2. **"East Point"** is the same as the City of East Point and references the Demographic and Income Profile data within the city limits of East Point and is used only for purposes of comparison.

3. **"Market Area"** is defined below and references the area that development within the TOD Area will draw upon for a major portion of its retail and residential demand.

4. **"Metro Atlanta"** refers to the 28-county Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area and is used only for purposes of comparison.

5. **"Employment Area"** used in the projections of office and industrial demand, which are both dependent upon employment growth, refers to the group of ARC-defined Superdistricts (listed below) that collectively represent the geographic area that the East Point TOD Area will draw upon for the major portion of its demand for office and industrial space.

These areas are described geographically and in more narrative detail below.

TOD Area and City of East Point

Obviously, the East Point LCI "TOD Area" (Figure 1) represents only a portion of the City of East Point (Figure 2).

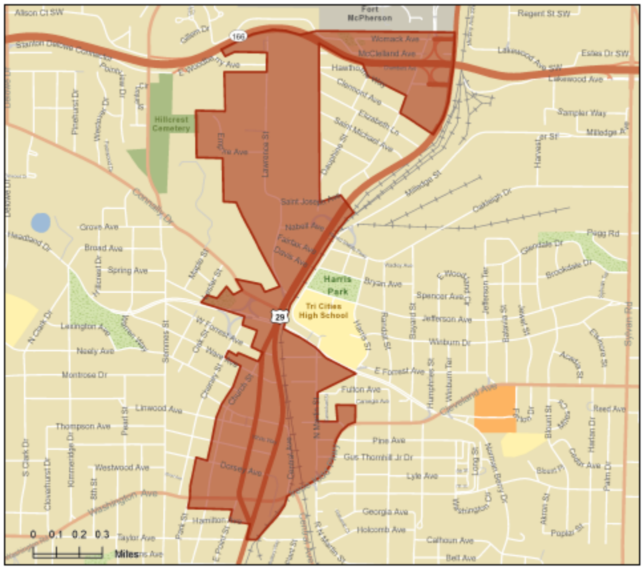


Figure 1: East Point LCI Study Area Boundaries

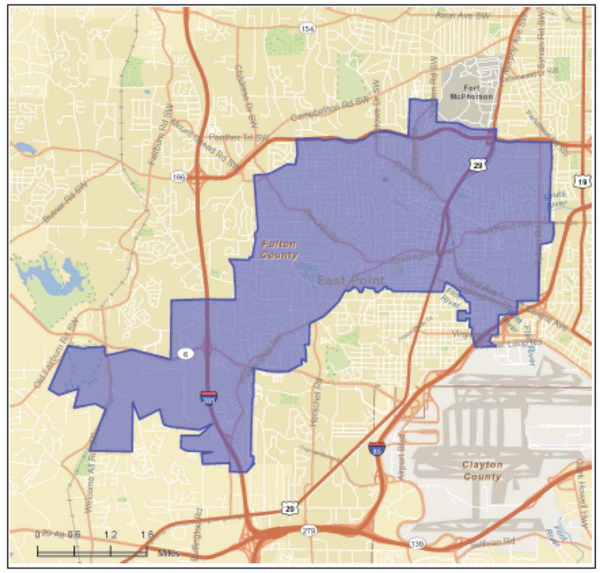


Figure 2: City of East Point Boundaries

Retail Demand Market Area: The City of East Point obviously is defined by its formal boundaries (Figure 2). The local resident market area – the basis for a major portion of retail demand – is often defined by major retailers by "drive-time," or the time it takes to get from a residence to the center point of the specified location. The drive-time map above shows the 5-, 8- and 12-minute drive times for the East Point market area. Prospective retailers usually rely more on drive-time analyses than any form of radius analysis.

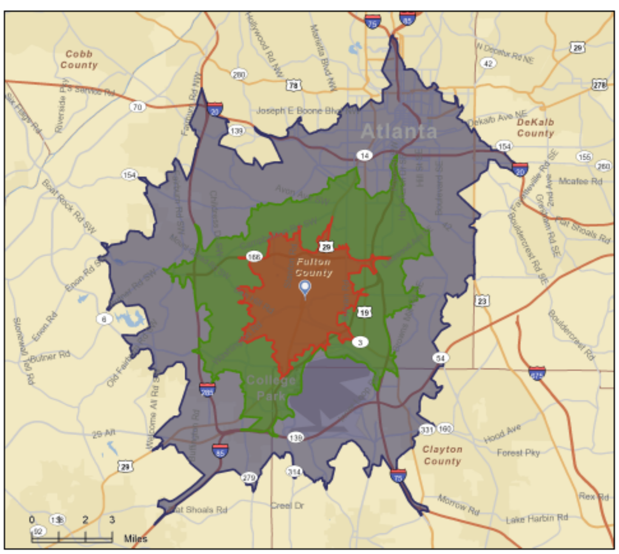


Figure 3: East Point "Drive-time" Market Area

In this case, however, this radius analysis comprising three separated ring segments corresponds very closely to the 5-, 8- and 12-minute drive-time analysis approach with respect to key demographic and income characteristics, yet it allows a more precise analysis of the characteristics of those individual Primary, Secondary and Tertiary markets. For that reason, it is used in assessing current and potential demand for retail and, to a lesser extent, residential demand from those markets.

Thus, for purposes of this analysis, the “East Point Market Area” is defined as the combination of three “levels” of market area (Figure 4): a **Primary Market Area** defined as that area **within two miles** of the assigned center point of East Point, a **Secondary Market Area** defined as the area **2-4 miles** from the East Point center, and a Tertiary Market Area extending **4-6 miles** from that center. The East Point “center” for market-area purposes is at the intersection of Main Street and White Way.

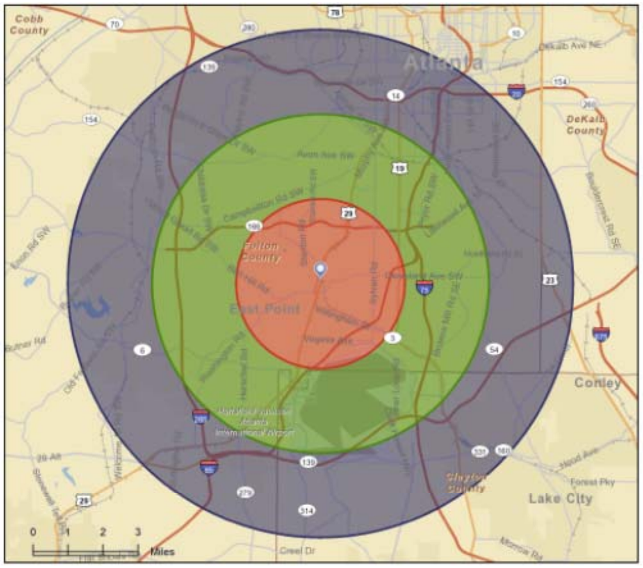
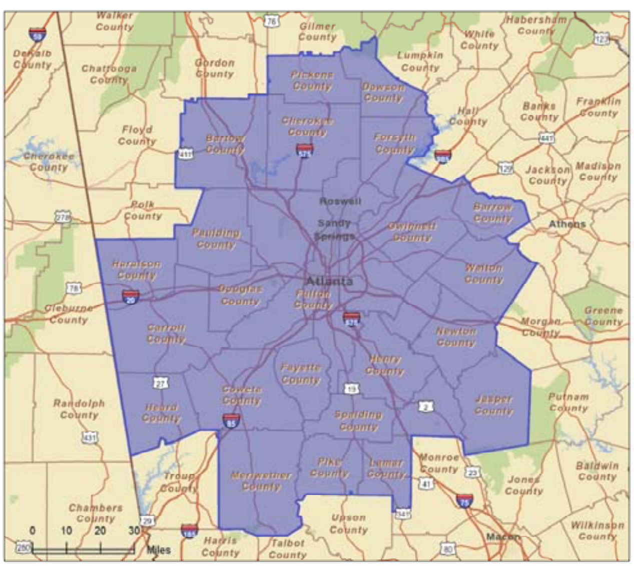


Figure 4: East Point Primary, Secondary and Tertiary Markets – Radius Analysis

Retail demand from area employees is also incorporated into the demand projections. Other sources of retail demand that typically are analyzed include visitor markets (e.g. tourists, business-related visitors), meetings/conference attendees, and non-local “pass-through” traffic. None of these markets are included in the East Point retail demand projections due to a lack of evidence of significant impact from any of these potential retail markets. For instance, while commuter traffic is relatively heavy through the East Point LCI area at certain times of the day, it is very likely that the vast majority of that traffic consists of market-area (overall 6-mile radius) residents who are already incorporated into the demand analysis.



As indicated above, the 28-county Metro Atlanta MSA is used primarily for purposes of comparison, particularly with respect to income indicators and trend analyses.

Figure 5: Metro Atlanta MSA

Office: Demand for office space is driven fundamentally by employment growth. A particular submarket's (e.g. East Point's) ability to capture that demand is primarily based on its location strengths, existing inventory size, industry mix and "address" – an intangible combination of perceived image, quality, safety, convenience, culture, visual appeal and emotional satisfaction. With respect to the fundamental driver, area employment growth, the East Point office market's primary employment engine is an aggregate of the ARC's following Superdistricts:

- Tri-Cities
- Airport
- Tri-Cities
- Southwest Atlanta
- Southeast Atlanta
- East Douglas
- South Fulton

Figure 6: East Point-area Superdistricts
Note: Color shadings on the above map indicate relative population density, with yellow representing the highest density, light blue moderate density and white (Airport) low population density.

The ***East Point Employment Projections*** in Section III reflect estimated employment growth within this collection of ARC Superdistricts.

Industrial: The East Point area is considered a major industrial market and is dependent upon the aforementioned ARC-defined collection of Superdistricts for industrial-related employment conditions and growth. As with the Office demand projections, the ***East Point Employment Projections*** in Section III reflect estimated employment growth within this collection of Superdistricts as it relates to Industrial demand.

Industrial market conditions in East Point can be found generally within **Colliers International's** South Atlanta Industrial submarket. Other sources of current conditions and trend data for the Retail, Office and Industrial markets include REIS, ESRI Business Summaries, Grubb & Ellis, Dorey's, Jones Lang LaSalle, CBRE, Cushman Wakefield, and the Atlanta Business Chronicle, among others.

II. East Point Demographic and Income Profile

The demographic section of this report provides an inventory and analysis of demographic data defining significant trends and attributes to help determine service needs, public facility needs and employment opportunities necessary to support the existing and the future population base. Promoting the welfare of existing and future residents and businesses of East Point is, in part, determined by the aggregate number and type of population the City has and will have in the future. This information forms the basis for many strategies that involve land use and zoning, economic development and capital improvement planning. The path the City chooses should be predicated on management and encouragement of an appropriate amount and type of development and redevelopment without sacrificing quality of life and services for citizens. Additionally, educational attainment and income contribute to the types of service programs the

City needs and the type of employment possibilities the community can target. The information may also assist in establishing and development patterns consistent with goals and policies established by the Mayor and City Council.

A. Key Defining Demographic Characteristics – Summary

East Point, and its related local residential market areas, has not been spared from the impact of the national recession that began in 2007 and, while technically over, still affects significantly the Metro Atlanta region and, to varying degrees, its various submarkets. However, East Point and its retail and residential market areas have not been as impacted negatively as most other areas of Atlanta due to a number of basic demographic and income strengths that those market areas – collectively the “East Point Market Area” – share. Individual demographic and income components support this profile of a strong, affluent surrounding community and adjacent retail and housing East Point Market Area with strong growth potential.

A summary of key demographic and income data comparing the East Point TOD Area with the City of East Point, the TOD Area’s 6-mile total Market Area and Metro Atlanta is provided in the table below.

Observations

- Indicators of affluence - Average Household Income and Per Capita Income - are weaker in the TOD area than the City as a whole and much weaker when compared to Metro Atlanta.
- Average Home Value is somewhat strong in relation not only to the City, but to Metro Atlanta overall; Average Home Values are very strong in the Market Area.
- Percentage of housing that is rented in TOD area is less than the City.
- Housing vacancies are somewhat higher than in the City and nearly three times as high as Metro Atlanta.

Summary Profile: 2010					LCI Area as % of	
	TOD Area	*East Point*	*Mkt Area*	*Metro Atl*	*City*	*Metro*
Population	**1,678**	33,712	252,322	5,268,680	5%	
Households	**718**	13,333	97,346	1,937,225	5%	
Avg Household Income	**$ 37,418**	$ 45,530	$ 41,770	$ 73,267	82%	51%
Per Capita Income	**$ 15,861**	$ 18,397	$ 16,543	$ 27,473	86%	58%
Avg Home Value	**$ 91,397**	$ 81,409	$ 94,478	$ 189,450	112%	48%
Housing Units	**968**	17,225	122,404	2,165,495	6%	
Owner Households	**38.8%**	37.3%	32.0%	59.1%	104%	66%
Renter Households	**36.3%**	41.1%	48.5%	31.4%	88%	116%
Vacant Housing Units	**24.8%**	21.6%	19.5%	9.5%	115%	260%

During the next decade, average home value in the TOD area is projected to increase at a very small rate compared with the rest of the study areas. Population and Household growth are projected to decline while the other study areas increase. Average household income and per capita income will grow at moderately strong annual rates of 2.21% and 2.59% respectively, but will not match similar growth rates within the overall Market Area or Metro Atlanta.

Summary Profile: Annual Growth Rate 2010-2022	TOD Area	East Point	Mkt Area	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
Population	**-1.08%**	0.45%	0.59%	1.06%	-240%	-102%
Households	**-0.65%**	0.80%	0.92%	1.10%	-81%	-59%
Avg Household Income	**2.21%**	2.63%	2.59%	2.56%	84%	86%
Per Capita Income	**2.59%**	2.87%	2.49%	2.54%	90%	102%
Avg Home Value	**0.58%**	3.30%	1.13%	1.03%	18%	56%
Housing Units	**-1.28%**	0.25%	0.39%	0.86%	-512%	-149%

Observations

- While population and household growth is projected to decrease at a moderate pace, as is the decrease in new housing units.
- In absolute dollars, the projected increase in Per Capita Income through 2022 is similar to the increases in all comparative areas. The increase in Average Household Income is approximately equal to the increases in the County and Metro Atlanta overall; the increase within the Market Area exceeds the City and the Metro area.

Summary Profile: Net Growth 2010-2022	TOD Area	East Point	Mkt Area	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
Population	**(205)**	1,866	18,336	710,661		
Households	**(54)**	1,338	11,325	271,766		
Avg Household Income	**$ 11,221**	$ 15,731	$ 14,028	$ 24,390	71%	46%
Per Capita Income	**$ 5,701**	$ 7,212	$ 5,463	$ 9,114	79%	63%
Avg Home Value	**$ 6,552**	$ 38,835	$ 13,597	$ 24,666	17%	27%
Housing Units	**(139)**	524	5,811	234,359		

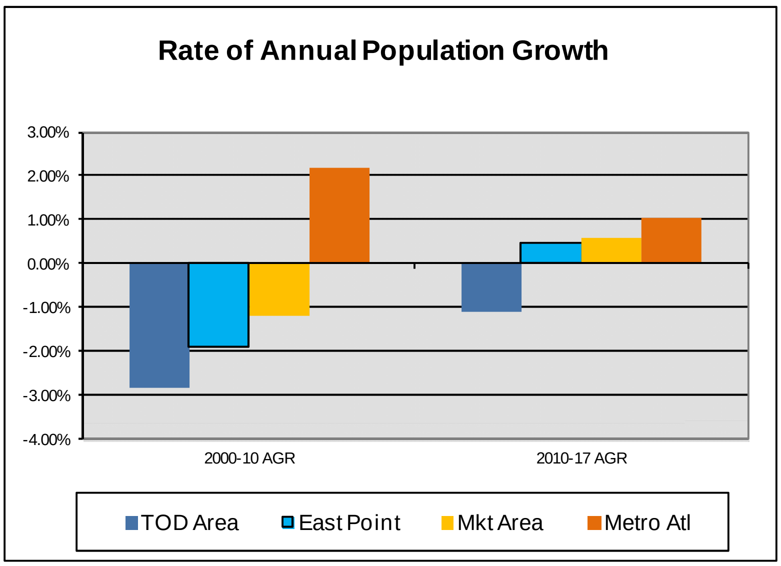
B. Key Defining Demographic Characteristics – Major Category Details

1. Population Profile

Population Growth

Population growth identifies several trends, ranging from the volume of in migration, as well as death and fertility rates. In 2010, the population of the City stood at 34,016, representing a negative annual growth rate from 2000; the TOD Area decreased at an average 2.83% annually during the same period. By comparison, the population of City decreased at an average annual rate of 1.92% during the same time period. Between 2012 and 2017, the TOD Area is projected to decrease at half the previous rate annually.

Population	TOD Area	East Point	Mkt Area	Metro Atl
2000	2,236	40,919	284,602	4,247,981
2010	1,678	33,712	252,322	5,268,680
2012	**1,642**	**34,016**	**255,286**	**5,380,968**
2017	1,555	34,788	262,855	5,672,270
2022	1,473	35,578	270,658	5,979,341
2037	1,252	38,057	295,544	7,003,945
2000-10 AGR	-2.83%	-1.92%	-1.20%	2.18%
2010-17 AGR	-1.08%	0.45%	0.59%	1.06%
2010-17 Growth	(123)	1,076	10,533	403,590
2017-22 Growth	(82)	790	7,803	307,072
2010-22 Growth	(205)	1,866	18,336	710,661
2010-37 Growth	(426)	4,345	43,222	1,735,265



Age

At an average age of 36.5 years in 2012, the residents of the Study Area are older than those within any of the other comparative areas. Residents within the overall Market Area are relatively younger than those within the overall City or Metro Area.

Median Age	TOD Area	East Point	Mkt Area	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	32.2	30.0	29.9	33.0	107%	98%
2011	**36.5**	**33.2**	**32.5**	**35.0**	110%	104%
2016	36.9	33.6	33.1	35.1	110%	105%

Educational Attainment

The City's educational attainment refers to the final level of education achieved within the adult population (age 25 and up), as identified by categories representing various levels of education. Ideally, communities would prefer a greater percentage of their populations achieving much higher education levels, surpassing high school and possibly graduating college.

Educational Achievement: 2010					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
HS Graduate	34.9%	33.2%	32.6%	26.3%	105%	133%
Bach'lor Degree	14.9%	16.4%	13.1%	22.8%	91%	65%
Grad Degree	2.8%	8.0%	7.8%	11.6%	35%	24%

In 2010, nearly 15% of the TOD Area's population attained a four year college degree compared with 13% in the Market Area and almost 23% in the Metro Atlanta. Surprisingly, the percentage of TOD Area residents with graduate degrees is only 2.8%, but the percentage of residents with graduate degrees within the overall Metro Atlanta is a very high 11.6%.

Ethnicity

In 2000, persons of Hispanic origin comprised 7.6% of East Point's population; in 2010, the percentage of the City's population of persons of Hispanic origin grew by almost four percentage points to 11.5%, mirroring the increase in Metro Atlanta. The TOD Area, however, saw an increase in the Hispanic population of less than 1.0% during the same period. By 2016, the TOD Area's and the City's Hispanic populations are projected to rise to 14.5% and 12.6%, respectively. The Asian population in the TOD Area remained stable between 2000 and 2010 and is projected remain about the same in 2016.

Ethnicity	TOD Area	East Point	Mkt Area	Metro Atl
Ethnicity: 2000				
Black alone	66.9%	78.2%	83.0%	28.6%
White alone	24.1%	16.1%	11.3%	63.5%
Asian	0.7%	0.7%	1.6%	3.3%
Hispanic Origin	12.0%	7.6%	5.7%	6.4%
Ethnicity: 2010				
Black alone	**62.4%**	**74.6%**	**82.9%**	**32.4%**
White alone	**27.7%**	**16.1%**	**10.3%**	**55.4%**
Asian	**0.6%**	**0.8%**	**1.1%**	**4.2%**
Hispanic Origin	**12.3%**	**11.5%**	**7.0%**	**10.4%**
Ethnicity: 2016				
Black alone	59.2%	74.0%	82.2%	33.3%
White alone	29.2%	15.9%	10.3%	53.7%
Asian	0.8%	0.9%	1.1%	4.6%
Hispanic Origin	14.5%	12.6%	8.1%	11.9%

2. Housing Profile

Housing Units

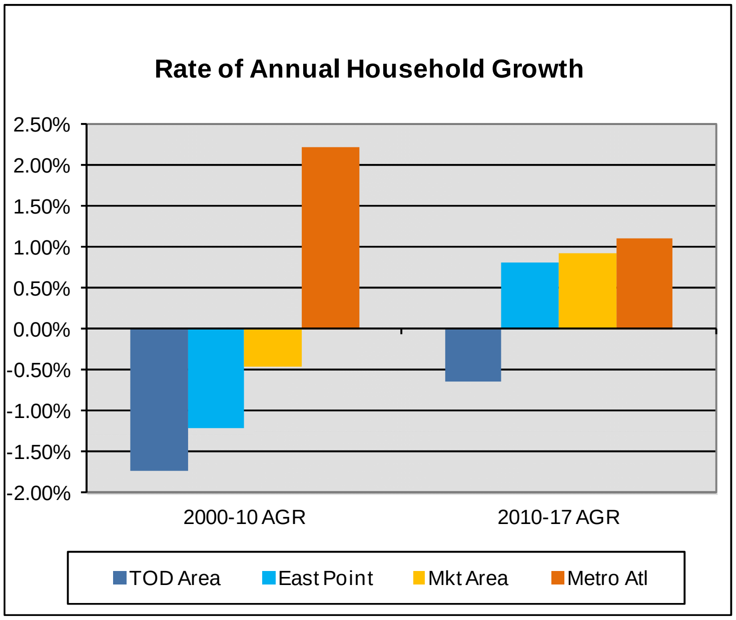
Local governments, such as East Point, typically examine housing data as a way to plan for meeting their existing and projected housing needs, as well as their share of the regional housing need. In 2000, the number of housing units in East Point was 16,163; for the TOD Area it was 982. Annual growth 2000-2010, however, was negative in the TOD Area, and grew by only 0.64% in the City. The negative trend is expected to continue in the TOD Area and will reduce slightly to an annual rate of 0.25% in the City as a whole from 2010-2017.

Housing Units	LCI Area	East Point	Mkt Area	Metro Atl
2000	982	16,163	111,110	1,644,572
2010	968	17,225	122,404	2,165,495
2012	**943**	**17,311**	**123,352**	**2,202,902**
2017	885	17,529	125,758	2,299,270
2000-10 AGR	-0.14%	0.64%	0.97%	2.79%
2010-17 AGR	-1.28%	0.25%	0.39%	0.86%
2010-17 Growth	(83)	304	3,354	133,775

At -1.28%, the projected annual decrease in housing units in the TOD Area through 2017 will result in an additional 83 housing units being lost. It should be noted, however, that a decrease in housing units within a given area is not necessarily negative, particularly when the “lost” units are generally older, marginalized units that have lost market relevance and are no longer propped up by the strong market conditions that immediately preceded the downturn that hit in 2008.

The more serious concern is whether the projected decrease in housing units is a longer-term downward spiral or a relatively short-term cyclical trend. Based on available data at this point, one could conclude either that (1) the LCI/TOD area is undergoing a fundamental disinvestment in housing that reflects – or at least will eventually impact – the area’s non-residential components or (2) the downward trend is actually cyclical – reflecting the abysmal economic conditions of the past three years – and relatively short-term. Of these two possible conclusions, the demand analysis presented in following sections of this report support the second conclusion: that the negative trend is short-term.

However, the decrease does underscore the critical importance of public investment in this area at this time in order to avoid what could become a negative “tipping point” for the LCI/TOD area – a point that, if reached, could transform a short-term cyclical market condition into a long-term downward spiral.



Housing Tenure

The TOD Area has a lower percentage of renters than the City and the overall Market Area, though it is lower than Metro Atlanta. The Study Area has a greater percentage of vacant units than the City as a whole and almost three times as many vacant units as Metro Atlanta. The trend toward rental occupant in the next five years will grow for the TOD Area and the city as will the trend of increased homeownership. This likely signals the absorption of vacant units in both segments of the market. The key issues to be addressed at the policy level are the (assumed) continued match of available rental housing to all income levels and the location and pricing (rent levels) of existing multifamily housing within the City.

Housing Units: 2012 Occupancy Status					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
Owner-occupied	366	6,459	39,531	1,302,051		
Renter-occupied	343	7,114	59,804	690,667		
Vacant	234	3,738	24,017	210,184		
Owner-occupied	38.8%	37.3%	32.0%	59.1%	104%	66%
Renter-occupied	36.3%	41.1%	48.5%	31.4%	88%	116%
Vacant	24.8%	21.6%	19.5%	9.5%	115%	260%

Occupied Housing Units				
	TOD Area	East Point	Mkt Area	Metro Atl
2010 Owned	52.4%	48.2%	40.3%	66.1%
2012 Owned	**51.7%**	**47.6%**	**39.8%**	**65.3%**
2017 Owned	50.3%	46.4%	38.8%	63.9%
2010 Rented	47.6%	51.8%	59.7%	33.9%
2012 Rented	**48.3%**	**52.4%**	**60.2%**	**34.7%**
2017 Rented	49.7%	53.6%	61.2%	36.1%

In sheer numbers, few new owned and rental units will be introduced into the City as there seems to be an oversupply of existing units. From the numbers alone, it is difficult to know if the existing supply of housing matches the needs of renters and owners. After the experience of the past few years, it appears doubtful that there will be many new housing starts, especially in market that has an oversupply.

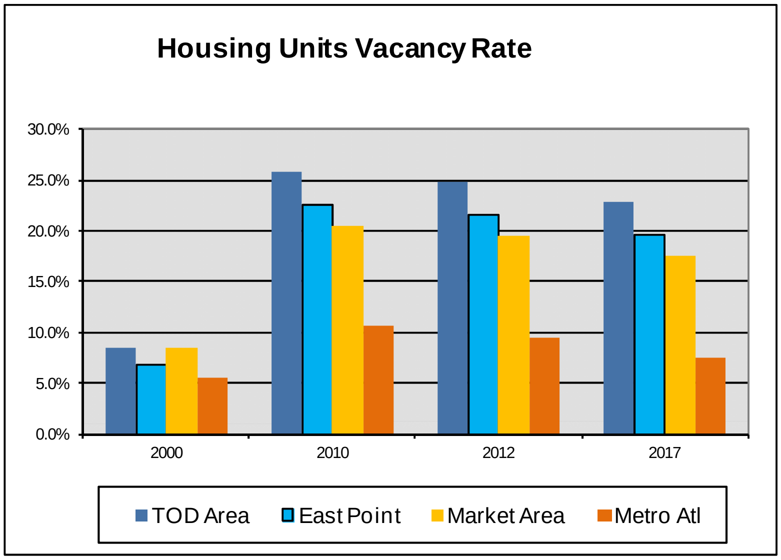
Occupied Housing Units: Owned				
	TOD Area	East Point	Mkt Area	Metro Atl
2000	423	6,603	41,446	1,037,404
2010	376	6,427	39,225	1,279,941
2012	**366**	**6,459**	**39,531**	**1,302,051**
2017	344	6,540	40,309	1,359,010
2022	322	6,622	41,103	1,418,461

Occupied Housing Units: Rented				
	TOD Area	East Point	Mkt Area	Metro Atl
2000	469	7,950	60,989	516,750
2010	342	6,906	58,121	657,284
2012	**343**	**7,114**	**59,804**	**690,667**
2017	339	7,554	63,483	766,866
2022	507	11,126	87,112	981,392

Vacant Housing Units					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
2000	84	1,084	9,388	90,418		
2010	250	3,892	25,058	228,270		
2012	234	3,738	24,017	210,184		
2017	202	3,435	21,966	173,393		
Housing Units: % Vacant						
2000	8.6%	6.7%	8.4%	5.5%	128%	156%
2010	**25.8%**	**22.6%**	**20.5%**	**10.5%**	114%	245%
2012	24.8%	21.6%	19.5%	9.5%	115%	260%
2017	22.8%	19.6%	17.5%	7.5%	116%	303%

Housing Status

- The TOD Area has a large number of vacant units.
- Fairly balanced ratio of owner-to-renter in occupied housing units throughout East Point and the TOD Market Area
- The City should not expect any significant new housing stock in the next five years.



Household Size

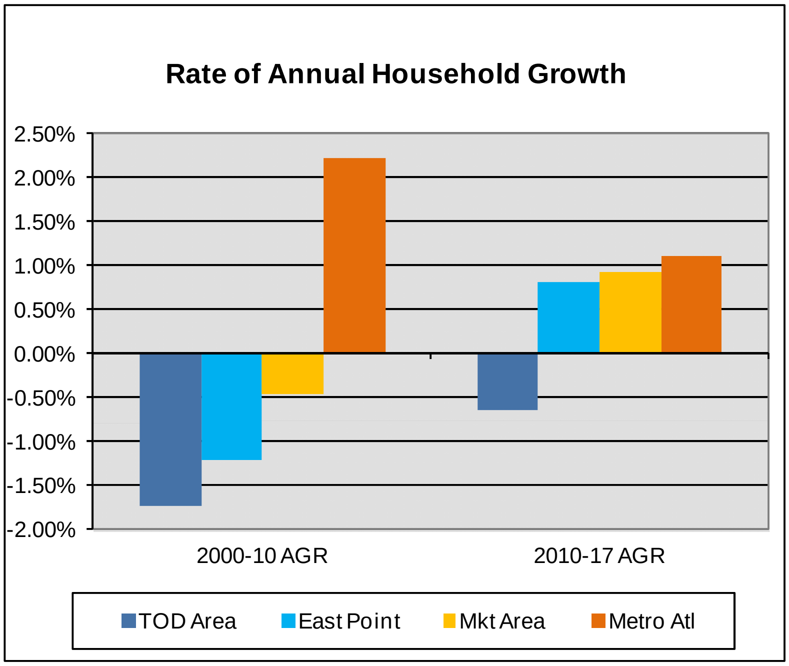
Household size in the City decreased from 2000 to 2010 and is slightly lower than the Metro Atlanta. The TOD Area's household size – at 2.34 already much lower than household size with the City, Market Area and Metro area – is projected to decrease further to 2.32 by 2022.

Household Size					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
2000	2.61	2.71	2.79	2.73	96%	96%
2010	2.34	2.53	2.59	2.72	92%	86%
2012	**2.32**	**2.51**	**2.57**	**2.72**	92%	85%
2017	2.27	2.47	2.53	2.71	92%	84%
2022	2.22	2.43	2.49	2.71	91%	82%

Household Growth

Households				
	LCI Area	East Point	Mkt Area	Metro Atl
2000	856	15,082	101,869	1,554,154
2010	718	13,333	97,346	1,937,225
2012	**709**	**13,547**	**99,147**	**1,980,078**
2017	686	14,098	103,799	2,091,405
2000-10 AGR	-1.74%	-1.23%	-0.45%	2.23%
2010-17 AGR	-0.65%	0.80%	0.92%	1.10%
2010-17 Growth	(32)	765	6,453	154,180

The rate of annual growth in new households in East Point was much lower than the Metro Area during the period 2000 – 2010 and is projected to be lower during the next five years, as well. As already stated, negative growth undercuts the ability of East Point to continue to attract new families to the area.

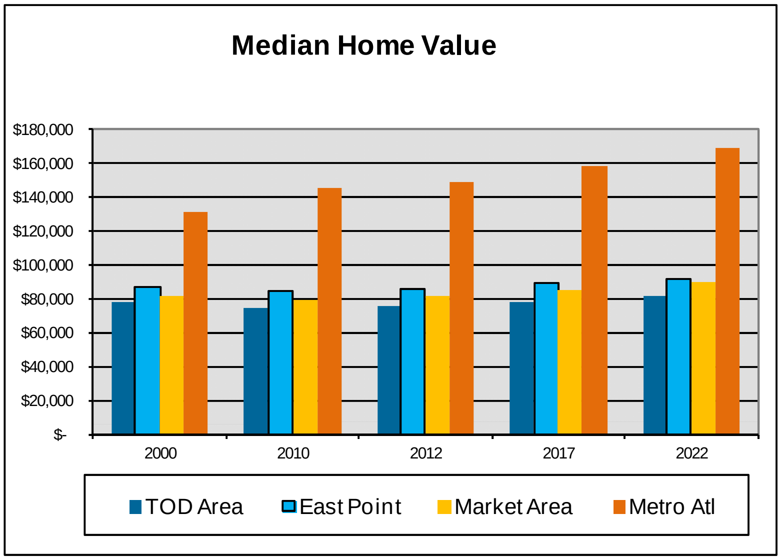


3. Level of Affluence Indicators

Home Values

TOD Area home values are lower than the City overall and Metro Atlanta. While projected appreciation of home values is minimal, it is approximately in line with projections that have become much more conservative over the past 2-3 years due to the severe downtown in the housing market.

Median Home Value					LCI Area as % of	
	TOD Area	*East Point*	*Mkt Area*	*Metro Atl*	*City*	*Metro*
2000	$ 77,895	$ 86,579	$ 81,995	$ 130,800	90%	60%
2010	$ 74,947	$ 84,122	$ 79,470	$ 145,533	89%	51%
2012	**$ 75,947**	**$ 85,407**	**$ 81,018**	**$ 149,161**	**89%**	**51%**
2017	$ 78,507	$ 88,707	$ 85,022	$ 158,633	89%	49%
2022	$ 81,153	$ 92,134	$ 89,223	$ 168,705	88%	48%
2000-10 AGR	-0.39%	-0.29%	-0.31%	1.07%	134%	-36%
2010-17 AGR	0.67%	0.76%	0.97%	1.24%	87%	54%
2010-17 Growth	$ 3,560	$ 4,585	$ 5,552	$ 13,100		
2017-22 Growth	$ 2,646	$ 3,427	$ 4,201	$ 10,073		
2010-22 Growth	$ 6,206	$ 8,012	$ 9,753	$ 23,172		

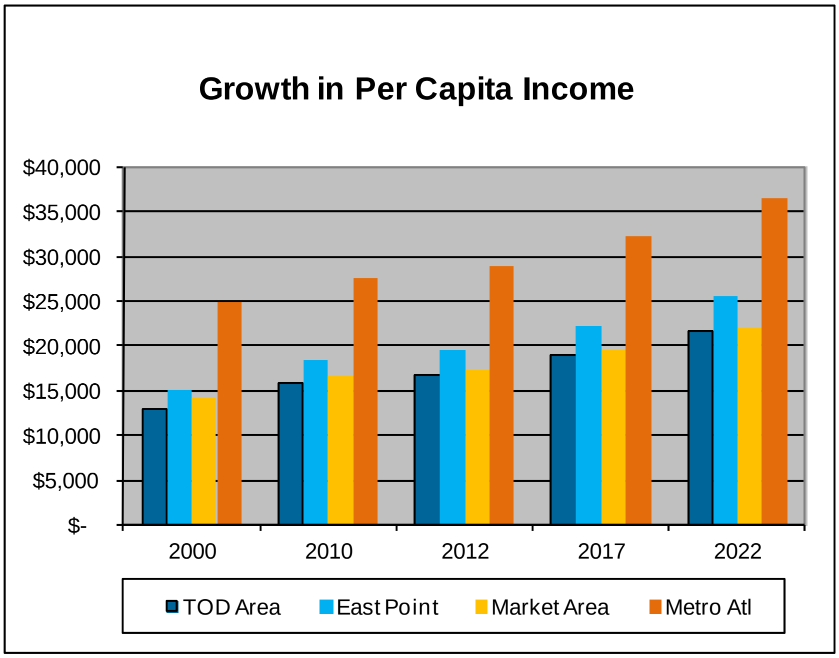


Median Home Value *As % of Metro Atlanta*				
	TOD Area	*East Point*	*Mkt Area*	*Metro Atl*
2000	60%	66%	63%	100%
2010	51%	58%	55%	100%
2012	**51%**	**57%**	**54%**	**100%**
2017	49%	56%	54%	100%
2022	48%	55%	53%	100%

Per Capita Income

Measuring income levels provides an indication of the economic health of the population. Just as education levels can offer insight into employment conditions and the quality of the labor pool, per-capita and household income levels measure the financial stability of the population, and how the local economy is responding to the educational climate. Higher income levels suggest a thriving economy, and offer a good indicator as to the success of a community. The City of East Point's income levels are higher than those in the TOD area and the overall Market Area, and the rate of growth is projected to be higher than the same two entities as well as Metro Atlanta overall. Once again, however, the TOD Area presents a much less affluent profile, with Per Capita Income levels being 14% lower than the City as a whole.

Per Capita Income					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
2000	$ 12,939	$ 15,175	$ 14,229	$ 24,785	85%	52%
2010	$ 15,861	$ 18,397	$ 16,543	$ 27,473	86%	58%
2012	**$ 16,694**	**$ 19,469**	**$ 17,376**	**$ 28,888**	**86%**	**58%**
2017	$ 18,972	$ 22,228	$ 19,462	$ 32,271	85%	59%
2022	$ 21,562	$ 25,609	$ 22,006	$ 36,587	84%	59%
2000-10 AGR	2.06%	1.94%	1.52%	1.03%	106%	199%
2010-17 AGR	2.59%	2.87%	2.49%	2.54%	90%	102%
2010-17 Growth	$ 3,111	$ 3,831	$ 2,919	$ 4,798		
2017-22 Growth	$ 2,589	$ 3,381	$ 2,544	$ 4,317		
2010-22 Growth	$ 5,701	$ 7,212	$ 5,463	$ 9,114		



Median Household Income

In 2000, TOD Area Median Household Income stood at $30,090 and decreased slightly by 2010. It is projected to reach $35,829 during the next five years and reach $40,895 by 2022. By comparison, Median Household Income grew by only .75% annually in Metro Atlanta from 2000-2010 although it is projected to grow at a very strong 4.07% annually over the next ten years, reaching $83,518 in 2022. The TOD Market Area is projected to grow 2.68% annually during the next five years.

Median Household Income					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
2000	$ 30,090	$ 32,203	$ 28,299	$ 51,657	93%	58%
2010	$ 29,774	$ 34,574	$ 29,253	$ 55,642	86%	54%
2012	**$ 31,391**	**$ 36,694**	**$ 31,059**	**$ 60,263**	86%	52%
2017	$ 35,829	$ 40,414	$ 34,093	$ 68,416	89%	52%
2022	$ 40,895	$ 46,897	$ 39,600	$ 83,518	87%	49%
2000-10 AGR	-0.11%	0.71%	0.33%	0.75%	-15%	-14%
2010-17 AGR	2.68%	3.02%	3.04%	4.07%	89%	66%
2010-17 Growth	$ 6,055	$ 5,840	$ 4,840	$ 12,774		
2017-22 Growth	$ 5,065	$ 6,482	$ 5,507	$ 15,103		
2010-22 Growth	$ 11,121	$ 12,323	$ 10,347	$ 27,876		

Median Household Income *As % of Metro Atlanta*				
	TOD Area	East Point	Mkt Area	Metro Atl
2000	58%	62%	55%	100%
2010	54%	62%	53%	100%
2012	**52%**	**61%**	**52%**	**100%**
2017	52%	59%	50%	100%
2022	49%	56%	47%	100%

Average Household Income

Average household income in the City grew by .80% between 2000 and 2010, and grew by a slightly higher rate in Metro Atlanta of .86% during the same time period. Projected household income increases to $48,639 by 2022 in the TOD Area and $95,657 by 2022.

Average Household Income					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
2000	$ 34,554	$ 40,675	$ 38,359	$ 66,876	85%	52%
2010	$ 37,418	$ 45,530	$ 41,770	$ 73,267	82%	51%
2012	**$ 39,090**	**$ 47,956**	**$ 43,960**	**$ 77,069**	82%	51%
2017	$ 43,604	$ 53,805	$ 49,107	$ 86,056	81%	51%
2022	$ 48,639	$ 61,261	$ 55,798	$ 97,657	79%	50%
2000-10 AGR	0.80%	1.13%	0.86%	0.92%	71%	87%
2010-17 AGR	2.21%	2.63%	2.59%	2.56%	84%	86%
2010-17 Growth	$ 6,186	$ 8,275	$ 7,337	$ 12,789		
2017-22 Growth	$ 5,035	$ 7,456	$ 6,691	$ 11,601		
2010-22 Growth	$ 11,221	$ 15,731	$ 14,028	$ 24,390		

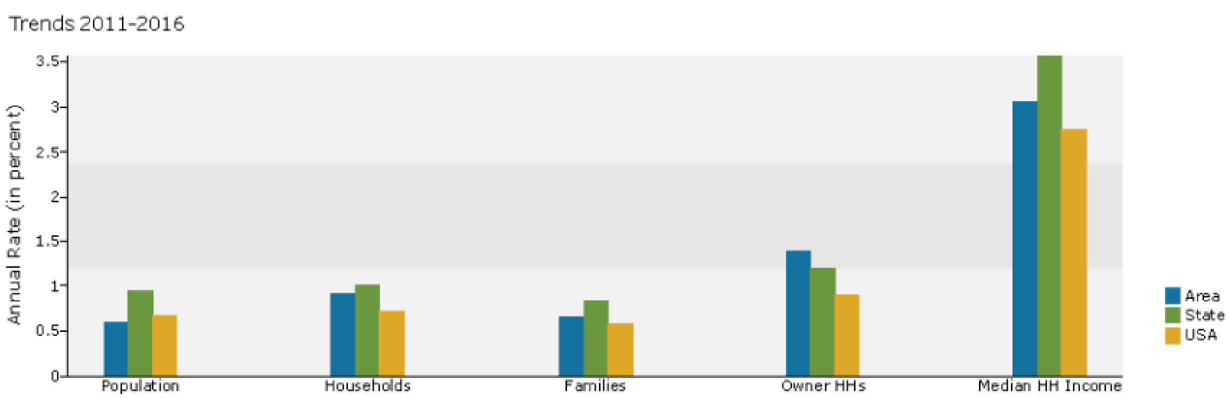
Average Household Income *As % of Metro Atlanta*				
	TOD Area	***East Point***	***Mkt Area***	***Metro Atl***
2000	52%	61%	57%	100%
2010	51%	62%	57%	100%
2012	**51%**	**62%**	**57%**	**100%**
2017	51%	63%	57%	100%
2022	50%	63%	57%	100%

Household Income Observations

- TOD Area household income lower than City as a whole.
- Projected growth during the next 10-15 years much lower than Metro Atlanta overall.

4. Summary of Trends

The "Trends 2012-2016" chart below reflects the extent to which the East Point TOD Area's projected annual household income growth should be considered relative strong compared to state and national trends.



III. Economic Development Indicators

The Economic Development section of the TOD effort identifies the variety of employment categories and though analysis determines a community's assets and liabilities/ strengths and weaknesses, and needs of local businesses. A portrait of the City's economic condition is the foundation for assessing the performance of wages and job skills, employment and industry patterns, and the programs and efforts designed to improve local economies.

A. Economic Base

This type analysis is used to identify local significance for each industrial sector. The kinds of industry within a community, total earnings those industries produce, and wage distribution in the resident population are examined. Economic base studies can direct recruitment toward businesses that complement existing industry or require the skills of residents currently exporting labor to other regions. This information is basic, but vital, for more effective decisions concerning the health of the local economy.

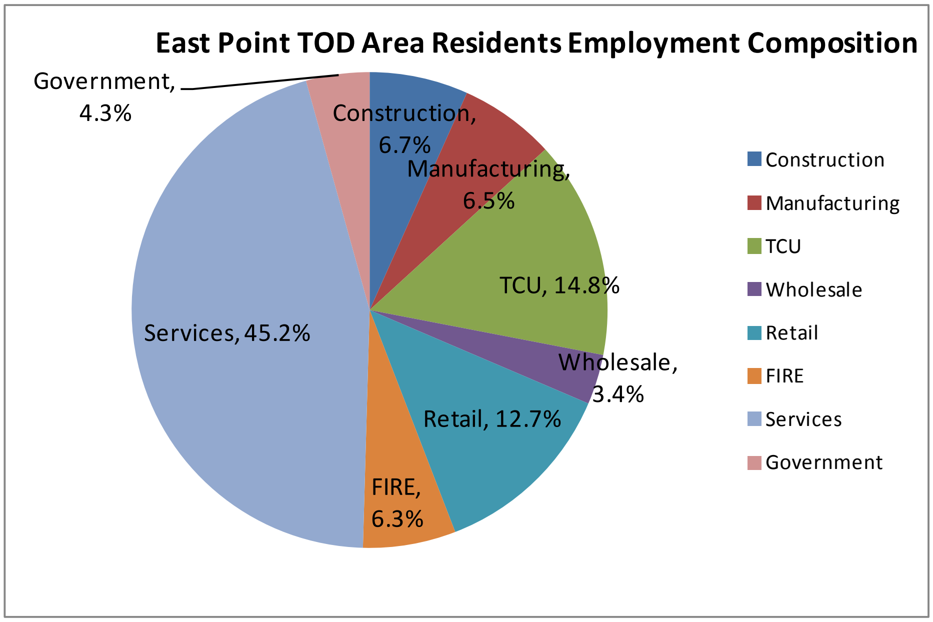
1. Employment by Economic Sector

The primary measure of an industry's value to a local economy is the number of people it employs. An economy grows stronger as it increases any form of gainful employment in the local population, redistributing wealth and encouraging economic growth.

Resident Employment: 2010					LCI Area as % of	
	TOD Area	East Point	Mkt Area	Metro Atl	City	Metro
Construction	**6.7%**	6.9%	6.4%	7.5%	97%	89%
Manufacturing	**6.5%**	4.8%	5.2%	7.0%	135%	93%
TCU	**14.8%**	13.4%	12.7%	10.2%	110%	145%
Wholesale	**3.4%**	3.2%	2.9%	3.8%	106%	89%
Retail	**12.7%**	10.5%	9.7%	11.5%	121%	110%
FIRE	**6.3%**	7.3%	6.9%	8.1%	86%	78%
Services	**45.2%**	47.0%	49.7%	47.1%	96%	96%
Government	**4.3%**	6.5%	6.0%	4.4%	66%	98%

TOTAL	**983**	**16,609**	**110,910**	**2,350,787**
Construction	66	1,146	7,118	176,309
Manufacturing	64	797	5,712	164,555
TCU	145	2,226	14,097	239,780
Wholesale	33	531	3,179	89,330
Retail	125	1,744	10,718	270,341
FIRE	62	1,212	7,702	190,414
Services	444	7,806	55,151	1,107,221
Government	42	1,080	6,686	103,435

TCU: Transportation, Communications and Utilities
FIRE: Financial, Insurance and Real Estate



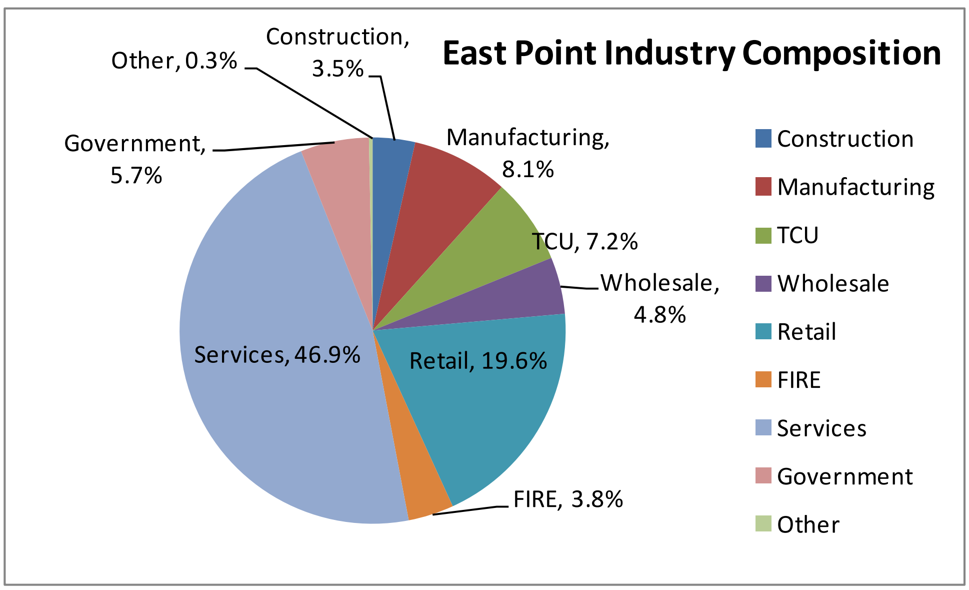
Resident Employment Observations

- High proportion of residents work in service and blue collar jobs within East Point itself, reflecting the strip center market base that already exists
- Very high percentages of White Collar jobs within the TOD Area reflecting the area's overall affluence (critical to retail demand) as well as the local labor force that can fuel future local office employment growth
- Extremely high percentage residents work in construction indicative of lower salary, perhaps temporary employment

2. City Industry Composition

A breakdown by sector of jobs within the City itself, whether filled by residents or persons coming into East Point to work while residing outside the City limits, shows the extent to which the City's economic base is shifting over time toward Retail and Services, as well as Wholesale occupations.

Industry Composition within Areas by Type of Jobs					LCI Area as % of	
	LCI Area	East Point	Mkt Area	Metro Atl	City	Metro
Construction	**4.5%**	3.5%	9.1%	7.5%	128%	60%
Manufacturing	**4.8%**	8.1%	6.5%	7.0%	59%	68%
TCU	**6.2%**	7.2%	8.4%	10.2%	86%	61%
Wholesale	**3.6%**	4.8%	4.5%	3.8%	76%	95%
Retail	**14.5%**	19.6%	12.0%	11.5%	74%	126%
FIRE	**4.7%**	3.8%	8.9%	8.1%	123%	58%
Services	**39.9%**	46.9%	47.6%	47.1%	85%	85%
Government	**21.6%**	5.7%	2.7%	4.4%	376%	491%
Other	**0.2%**	0.3%	0.3%	4.4%	62%	4%
TOTAL	**1,614**	**13,342**	**140,921**	**2,350,787**		
Construction	73	473	12,824	176,309		
Manufacturing	77	1,084	9,160	164,555		
TCU	100	958	11,837	239,780		
Wholesale	58	635	6,341	89,330		
Retail	234	2,611	16,911	270,341		
FIRE	76	510	12,542	190,414		
Services	644	6,264	67,078	1,107,221		
Government	349	767	3,805	103,435		
Other	3	40	423	9,403		



B. Existing Real Estate Market Conditions

The impact of the on-going global recession continues to be felt by commercial and industrial real estate markets around the world. Rising vacancy rates and declining rental rates defined nearly every market and sector here in the United States through most of 2010 and into 2012. Some signs of stabilization emerged in the first half of 2012, with indications of moderately-strong growth emerging in the Fourth

Quarter of 2012. While 2012 is being greeted with cautious optimism by industry experts, external events in the Euro Zone, Middle East and Asia continue to threaten what can only be described as a fragile recovery that is expected – barring the realization of those global threats – to continue through 2013, with 2014-2015 seeing a return to a relatively stable "new normal" of moderate growth.

Through most of the past several years, however, eroding demand and increasing supplies of sublease space further impacted the market, leading to a near standstill in transaction volume. Banks and financial institutions have continued to focus on cleaning up their balance sheets and are moving aggressively to dispose of commercial real estate loans and financially distressed real estate assets – included residential mortgages – in the coming year or two. The extent to which surplus residential inventories are reduced in 2012 will play a major factor in the timing and strength of recovery in that critical industry.

1. Office Market

Metro Office Market

As it relates to the office market recovering, Atlanta remains in a holding pattern. The Atlanta office market is still waiting for consistent signs of stabilizing. A record amount of available office space exists in the market. This byproduct of the economic downturn and overzealous spec developers will require years of sustainable growth in order to return to a more balanced market. The good news is the economy is beginning to strengthen and Atlanta office leasing is more active now than it was twelve months ago. In addition, no significant speculative construction has taken place in the market for two years. Heading into 2012, office leasing activity is expected to intensify with a number of large space requirements likely to be signed. The majority of these requirements, however, will be lateral moves within the market, meaning modest absorption will persist. Outside of these transactions though, Atlanta will maintain its significance as a regional hotspot for companies to consolidate their offices.

Office Market Conditions: Metro Atlanta Office Market							
Period	*Total RSF*	*Vacant RSF*	*Vacancy Rate*	*Net Absorption*	*Delivered RSF*	*RSF Under Construct*	*Quoted Rates*
2011	**280,150,529**	**48,608,786**	**17.4%**	**811,398**	**19,015**	**450,000**	**$ 18.90**
2010	280,131,514	49,420,184	17.6%	(590,194)	48,543	327,198	$ 18.88
2009	275,834,058	46,388,924	16.8%	(3,271,941)	2,888,914	1,733,970	$ 19.14
2008	272,958,613	40,241,538	14.7%	328,449	4,524,504	4,391,954	$ 20.31
2007	268,643,420	36,254,794	13.5%	3,532,302	5,945,998	6,930,874	$ 20.27
2006	263,183,273	34,326,949	13.0%	5,161,563	4,395,897	6,390,701	$ 18.77
2005	259,014,423	35,319,662	13.6%	5,557,006	3,775,347	5,807,300	$ 18.42
2004	255,596,720	37,458,965	14.7%	5,103,666	2,935,247	4,352,067	$ 18.02

Sources: CoStar, Colliers, Grubb & Ellis, Jones Lang LaSalle

The consensus among local and regional forecasters is that, while economic fundamentals remain solid, Atlanta is likely to lag other major markets in restoring occupancy rates. Although service producing jobs are expected to show improvement by the second half of 2012, banking and housing industry woes will continue to counterbalance Atlanta office market growth in the coming year. In addition, the City saw the delivery of three large office buildings in Buckhead totaling 1.6 million square feet in 2010, over 60% of which is currently vacant. The imbalance this created between supply and demand means the Atlanta market will be saturated potentially with a six-year supply of office space.

East Point Office Market
The potential office market for East Point draws from several different Metro Atlanta submarkets that collectively are defined by Colliers International as the South Atlanta Office Submarket.

Current office inventory and other conditions within this East Point Office Market Area are summarized in the following table, which includes total rentable square feet (RSF), vacant square feet (VAC square feet), vacancy rate (VAC%), year-to-date net absorption of space (ABSORP), square feet of new office space delivered year-to-date (DELIVER), space currently under construction (U/C), and quoted rent rates per square foot (RATES).

Office Market Conditions: East Point Market Area							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
Class A	1,302,124	361,661	27.8%	51,177	-	-	$ 20.96
Class B	8,190,807	1,150,376	14.0%	(76,003)	19,015	-	$ 16.18
Class C	2,307,869	404,648	17.5%	35,348	-	-	$ 13.73
TOTAL	11,800,800	1,916,685	16.2%	10,522	19,015	-	$ 16.23

Sources: Dorey's, Colliers

As with all submarkets within Metro Atlanta, the East Point office market will benefit from the almost-total lack of new space being brought onto the market. Some improvement should begin to be seen this year and next, but recovery in the office market will likely not occur until 2013-14 in East Point.

2. Industrial Market

Metro Industrial Market
While vacancy remains severely elevated—an effect of the freewheeling development typical for Atlanta—the emerging trend features both a downward movement in the rate of vacancy and a marked decline in construction, including the virtual elimination of speculative endeavors. The severe rental declines of the past two years also have reached, or soon will reach, their end. Optimism is growing; near-term prospects have improved as Atlanta maintains its position as the Southeast's dominant distribution market.

According to **Colliers International**, for the second consecutive year, tenants in Atlanta's industrial market occupied more space than vacated. Over 9 million square feet of industrial space was absorbed in 2012. This is the highest amount of occupancy gain since before the Great Recession. Almost 70% of the space absorbed this year occurred in the last six months. During this time, expansions and regional consolidations by large corporations, along with the return of small business growth filled over 5.6 million square feet of vacant space in the Atlanta market. As a result, the overall industrial vacancy rate in Atlanta dropped to 13.6%, down from 14.8% at the end of 2010. In conjunction with strong absorption levels, the absence of new spec development factored into the decrease in vacancy.

Metro Atlanta Industrial Market Conditions							
Period	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
2011	**622,027,607**	**81,670,850**	**13.1%**	**9,020,538**	**2,216,998**	**204,250**	**$ 3.84**
2010	619,810,609	88,474,390	14.3%	(1,504,456)	2,794,918	2,102,229	$ 4.03
2009	611,527,717	74,172,753	12.1%	(1,632,337)	1,582,510	188,560	$ 4.34
2008	609,945,207	70,957,906	11.6%	(2,149,462)	1,981,333	1,714,690	$ 4.37
2007	603,608,888	62,430,673	10.3%	12,052,748	9,440,022	4,733,910	$ 4.33
2006	594,223,606	65,098,139	11.0%	14,066,338	21,200,186	8,059,734	$ 4.25
2005	573,336,361	58,277,232	10.2%	13,556,390	9,146,280	17,664,494	$ 4.28
2004	564,351,988	62,849,249	11.1%	15,452,673	10,121,609	7,805,143	$ 4.16

Sources: CoStar, Colliers, REIS, Cushman-Wakefield, CBRE, Grubb & Ellis

Excluding delivered product, Atlanta's industrial market over the past couple of years has managed to backfill almost 100% of the space vacated during the Great Recession. However, when factoring in the 17.2 million square feet of industrial deliveries during this same time frame, the more realistic percentage of space recovered from the economic downturn falls somewhere closer to 21%; still significant nonetheless.

East Point Industrial Market

The East Point site is situated to draw from several industrial submarkets in the Metro Atlanta area. The basic East Point Industrial Market Area, however, is the South Atlanta Industrial Submarket as defined and tracked by Colliers International.

End-of-year 2012 conditions of the East Point industrial market area are summarized in the following table.

Industrial Market Conditions: East Point Market Area							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
Flex	4,946,928	375,022	7.6%	37,290	-	-	$ 6.70
Warehouse	139,627,447	20,689,748	14.8%	5,104,815	1,620,006	-	$ 2.98
TOTAL	144,574,375	21,064,770	14.6%	5,142,105	1,620,006	-	$ 3.11

Sources: Dorey's, Colliers, Grubb & Ellis

The East Point industrial market began to show signs of significant improvement during 2012, as did the Metro market overall, experiencing a return to strong absorption, a slight decrease in vacancies, and a leveling if not increase in rates. The amount of vacant space, however, is significant at over 21 million square feet, with the overwhelming majority being in the Warehouse category. There are no indications that industrial space within the City of East Point – approximately 5% of the total submarket inventory – is faring better than that within the balance of the submarket.

3. Retail Market

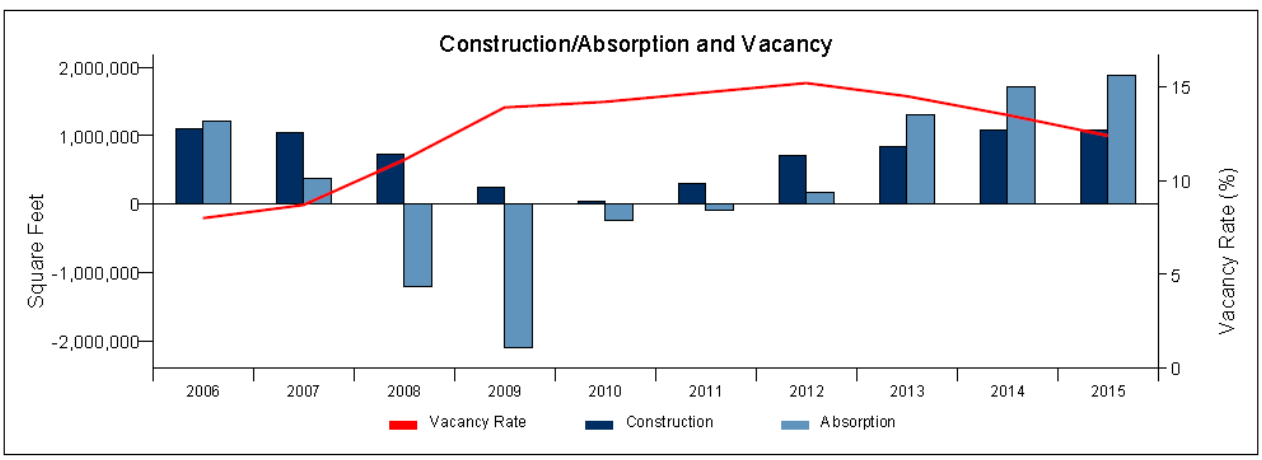
Metro Retail Market

A slow economic recovery and timid consumer spending along with large volumes of empty retail space, a residue of Atlanta's latest development cycle, make for a slow recovery and persistent soft conditions. Elements of gradual improvement, however, are discernible.

Retail Market Conditions: Metro Atlanta Retail Market							
Period	*Total RSF*	*Vacant RSF*	*Vacancy Rate*	*Net Absorption*	*Delivered RSF*	*RSF Under Construct*	*Quoted Rates*
2011	**348,189,283**	**35,515,307**	**10.2%**	**(352,909)**	**221,592**	**716,400**	**$ 13.28**
2010	321,906,822	34,082,241	10.6%	(602,189)	30,580	592,598	$ 13.77
2009	316,005,164	33,129,095	10.5%	(2,240,147)	3,753,560	451,810	$ 14.77
2008	312,269,403	27,081,187	8.7%	2,755,077	7,519,920	3,488,210	$ 15.82
2007	304,765,201	22,332,062	7.3%	6,031,687	7,174,248	5,687,469	$ 15.83
2006	297,708,228	21,306,776	7.2%	7,928,044	9,853,339	5,593,887	$ 14.54
2005	287,911,345	19,437,937	6.8%	6,163,582	9,481,130	6,940,355	$ 14.08
2004	278,514,263	16,204,437	5.8%	5,407,299	7,253,126	9,184,214	$ 14.42

Source: REIS

According to the **Marcus & Millichap 2012 Annual Retail Report**, projected job growth and a resulting rise in retail spending will help modestly strengthen retail property performance in Atlanta this year. High vacancy and torpid rents, though, will linger for several more quarters. Space demand continues to recover at a tempered pace as the metro's soft single-family housing market limits new store openings and forces many merchants to close locations in areas where household growth has not materialized. While existing single-family home sales have recovered from their recessionary lows, the increase has not ignited a surge of new store openings, sustaining elevated vacancy in many retail trade areas. With space demand slowly regaining its footing, limited construction will be the primary driver of a decrease in the vacancy rate this year.



Source: REIS

East Point Retail

The basic East Point retail submarket market is located primarily within the larger South Atlanta Retail Submarket. Conditions within that South Atlanta Submarket are basically indicative of those currently existing within the smaller East Point retail market area, which is defined as the 6-mile-radius combined Primary, Secondary and Tertiary markets described above and throughout this analysis.

East Point Market Area: Current Retail Market Conditions							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
General	2,548,176	250,087	9.8%	(33,899)	-	-	$ 8.71
Mall	817,743	15,517	1.9%	107,100	-	-	$ 22.50
Power Cntr	-	-	0.0%	-	-	-	$ -
Shop Cntr	3,974,828	361,556	9.1%	17,812	-	-	$ 10.56
Specialty	-	-	0.0%	-	-	-	$ -
TOTAL	7,340,747	627,160	8.5%	91,013	-	-	$ 16.51

Sources: CoStar, Dorey's

Relative to overall Metro Atlanta retail conditions, the East Point retail submarket ("College Park/SW Atlanta" in CoStar's database) is performing well, with vacancies at a moderately healthy 8.5% and quoted rates at $16.51 per square foot, well above Metro's $13.77. Rates within the "Mall" category are particularly impressive at $22.50, as is that retail category's vacancy rate of only 1.9%.

4. Residential Market

Metro Atlanta Residential Market

Atlanta, like the rest of the nation, is weathering an "unusually slow" economic recovery as it struggles with previous overbuilding of residential real estate according to RealtyTrac. Atlanta led the nation in new single-family home construction every year between 1995 and 2005, so it took a big beating when housing turned down during the second half of the decade. Housing prices rose only modestly during the boom years, but lending was overly aggressive and many homebuyers had little equity in their homes to begin with. A high proportion of mortgage loans made during the housing boom were either subprime or Alt-A. The net result has been a surge in mortgage delinquencies and foreclosures, and the problem is likely to linger for some time to come.

The recession and its aftermath, meanwhile, have ravaged Atlanta's once-hot housing market. According to RealtyTrac, the MSA ranked 26th among the nation's top 206 Metro areas in rate of foreclosure for third quarter 2010 as fully 1.38% of existing ownership stock (29,824 residences) received notifications. This nearly doubles the 0.72% national rate calculated for the period. "The market still has to deal with a lot of foreclosures, which are both a symptom of the fragile economy and the hangover from bad loans," an executive with Harry Norman Realtors informed the *Atlanta Business Chronicle* in January 2012. While there are reasons to believe the market has bottomed out, "there is still a lot of downward pressure on pricing resulting from foreclosures and short sales." Over the 12-month span concluding with November, data from First Multiple Listing Service (FMLS) indicate a 6.0% drop off in sales volume year-over-year. According to Standard & Poor's S&P/Case- Shiller Home Price Index as reported by the *Chronicle*, Atlanta was one of six Metro areas in which the average selling price has fallen "beyond the recent lows seen in most other markets in the spring of 2009."

5. Current Excess Inventory in East Point

In each of the four major categories of real estate products – retail, office, industrial and residential – the City of East Point itself holds approximately 20-32% (depending on the industry) of the total supply within each industry's respective market area: the East Point Superdistrict area for office and industrial supply, and the 0-6 mile Total Market area for retail and residential supply as well as neighborhood services space.

"Excess inventory" is not the same as vacant supply. Rather, it is the amount of vacant space or housing units in excess of what can be considered a healthy level of vacancies within a given type of real estate. Similar to unemployment rates, a certain level of vacancy is not only acceptable but necessary for a market to be stable, with supply and demand balanced and "in equilibrium." Otherwise, too little vacant supply results in purchase prices or rent rates that are too high for a given market, driving away (or not attracting in the first place) otherwise desirable residents (consumer markets) and businesses.

Thus, estimating the amount of "excess inventory" – or vacant supply that should be considered in excess of a stable balance of supply and demand – involves taking 50% of the identified vacant space or housing units within the market area in question, determining what share of the level/percentage of those vacancies are in excess of a stable market, then applying that excess vacancy level to the current-vacant space or units. "Stable" vacancy rates for each type of real estate market are generally accepted to be as follows:

- Retail: 8% vacancy rate
- Local Office: 9% vacancy rate
- Office: 10% vacancy rate
- Industrial: 8% vacancy
- Residential: a 6-month supply of housing

Since Local Office is not tracked separately but does represent a hybrid of the Office and Retail categories, a mid-point stable-market vacancy rate of 9% is assumed. Residential market equilibrium is assumed to be a six-month supply of housing units.

Current Excess Inventory within East Point City and LCI Study Area					
City as % of Total Submarket:	**Retail =**	**115%**	**LCI as % of City:**	**Retail =**	**9%**
	Neigh Services =	**95%**		**Neigh Services =**	**13%**
	Office =	**11%**		**Office =**	**14%**
	Industrial =	**5%**		**Industrial =**	**10%**
	City Vacant SF	**Vac %**	**Excess @**	**Excess SF**	**LCI Excess SF**
Retail: Stable Vacancy @ 8%	724,244	8.5%	6%	46,077	4,129
Neighborhood Services	1,317	12.4%	27%	361	46
Office: Stable @ 10%	208,165	16.2%	38%	80,000	11,341
Industrial: Stable @ 8%	985,607	14.6%	45%	444,444	43,457
Residential	**LCI Vacant Units**		**Excess @**		**LCI Excess Units**
Total Vacant Units	234		82%		191
SFD % of Vacant Units	44%				84
Townhouses % of Vacant Units	6%				11
Rental % of Vacant Units	50%				95

Vacancy data is primarily from CoStar, Colliers International and Grubb & Ellis, with supporting data from Dorey's various guides. Office data for the East Point Market Area is contained in the table on page 22; industrial data on page 23; and retail data on page 25. The respective proportions of Market Area inventory contained in the City of East Point and the LCI study area are based on the proportional number of jobs within each defined area under the assumption that employment will generally reflect physical inventory within given types of job categories. The table and graph on page 20 reflect job numbers and proportion by category.

It should be noted that vacancies in the three major categories of retail, office and industrial space within the City and, correspondingly, the LCI area are not particularly excessive, especially when compared to many other areas of Metro Atlanta. In fact, the retail market is very close to being in equilibrium.

Where excess inventory is identified, this excess supply will be incorporated into the demand projections in the following section in order to determine "net" demand projections for retail, office, industrial, local/community office and residential.

C. Economic Trends: East Point Projected Market Demand

1. Looking Forward - Recovery Timing

Clearly the entire Metro Atlanta Region has suffered from the national economic downturn that began in 2007. Given the severity of the current "Great Recession," economists have generally lowered expectations of what a recovery may look like and what a return to normal growth will be. These lowered expectations are summed up by the media's use of the phase "a return to the new normal" in describing an economic recovery that stabilizes at much lower – but hopefully less volatile and more sustainable – growth rates than those experienced in the heady economic expansions and associated bubbles that characterized recoveries in the past several decades.

As applied to Metro Atlanta's recovery to levels of "new normal" growth, a weak consensus (major differences of opinion remain as to the timing and extent of recovery) has emerged pointing to recoveries in the markets for major types of development as follows:

- **Residential:** Slight improvement in housing sales through 2012 coupled with continuing declines in sale prices as sellers – particularly banks writing down foreclosure inventories – increasingly prioritize moving product over pricing. Slight improvement in sales and prices is anticipated through 2012 with some degree of stabilization in the market being achieved by the end of 2013. The "new normal" is for the overall residential market is projected to be achieved in mid-to-late 2013 and early 2014 for sale properties. Rental properties are beginning to strengthen with respect to both occupancy and effective rates, with the "new normal" for apartments being reached in 2012.

- **Retail:** Declining rates and occupancy continuing and perhaps temporarily accelerating through mid-2012, with market stabilization in late-2012 and continuing through 2013. However, a "new normal" is not anticipated until 2014.

- **Office:** Basically the same pattern of recovery as retail, but with larger inventories and longer lead times for new development than retail, “new normal” stabilization occurring in 2014-2015.

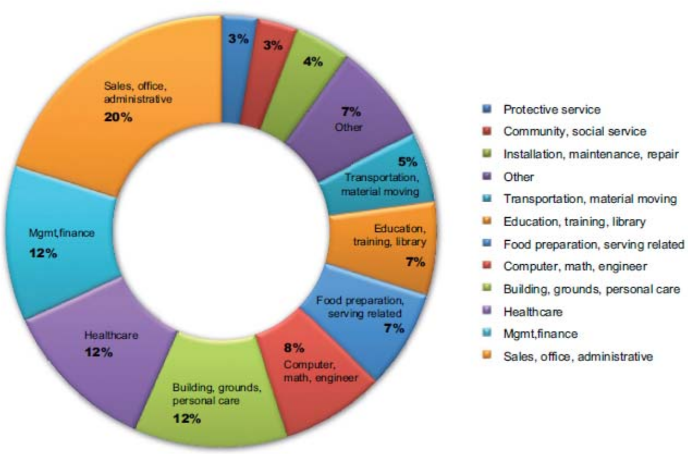
- **Hotels:** New location-specific deals will continue during 2012 even with overall declines in rates and occupancy. The hospitality market should see signs of substantive recovery as reflected in the increasing availability of capital in 2012, building to the “new normal” in 2013.

2. Employment Growth Projections

Metro Atlanta

Recovery across all industries will occur only as employment grows. In its most-recent (February 2012) 2010-2040 regional population and employment projections, the Atlanta Regional Commission lowered its estimates of job growth in the 20-County Atlanta region, last published in 2009. Nonetheless, the ARC’s population and employment forecasts show moderately-strong long-term growth for the 20-County Atlanta region. ARC expects that 8.3 million people will call the region home by the year 2040, an increase of roughly three million people from today. Job growth, although not as robust as in the 1990s, will remain strong in the long-term, as well. ARC forecasts the region to have 3.65 million jobs by 2040, an addition of about 1.5 million jobs from today. One of the more significant trends ARC expects is the shrinking of the labor force participation rate (LFPR) over the coming decades. The labor force participation rate is expected to fall from a high of almost 74% in 2000, to around 62% by 2040.

In terms of specific occupations, then, it should be no surprise that healthcare occupations will be one of the leaders in percentage change between 2010 and 2040. Sales, office and administrative occupations will capture the bulk of the growth between 2010 and 2040. Management and finance occupations, healthcare occupations and occupations in building, landscape and other personal services will each capture approximately 12% of all growth in occupations between now and 2040.



In the short-term, according to Dr. Rajeev Dhawan, Director of the *Economic Forecasting Center of Georgia State University*, the Atlanta Metro area, after losing 271,400 jobs during 2008 to 2012, will experience a slight gain of 10,300 jobs in 2012. In 2013, Dhawan is projecting a gain of 29,700 jobs (a 0.9% growth rate) and 40,300 jobs in 2014.

Expected Growth by Occupation 2010 – 2040

East Point Market Area Employment Projections

Overall employment growth in these submarkets is projected from Atlanta Regional Commission (ARC) employment growth forecasts, considered to be the most comprehensive and detailed database in the region. The projections are based on employment growth in a collection of ARC-defined Superdistricts that encompass the overall East Point Market Area, which will generate the bulk of the demand for office space that the City of East Point itself will draw upon. The baseline East Point Superdistrict employment estimates for 2009 (the most recent from ARC at that geographic level) are increased or reduced by the number of jobs estimated to be gained or lost in 2010 within major employment categories and adjusted to confirm to the county-level employment estimates recently released (February 2012) by ARC. ARC's projections have been supplemented over the next five years with data from a variety of sources, with the EFC's recent projections being the primary driver.

East Point Employment Area: Change in Employment by Sector 2009-2016								
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV
2009	**4,014**	**9,913**	**51,517**	**10,050**	**9,745**	**10,894**	**47,872**	**11,586**
2010	-9.9%	-2.7%	-1.2%	-1.4%	-1.1%	-3.8%	0.3%	-2.0%
2011	-8.4%	2.4%	0.0%	-0.4%	-0.5%	-5.6%	0.9%	-4.1%
2012	-5.0%	1.1%	0.6%	0.2%	0.1%	-1.1%	1.3%	-2.0%
2013	-0.5%	1.2%	0.6%	0.9%	1.0%	-0.3%	1.6%	-0.3%
2014	5.2%	1.1%	2.1%	2.1%	0.6%	0.0%	2.2%	1.0%
2015	5.0%	4.0%	3.0%	3.0%	2.5%	3.5%	4.0%	1.5%
2016	4.0%	3.0%	2.5%	2.5%	3.0%	3.5%	3.5%	1.5%
Stable	2.0%	2.5%	2.0%	2.0%	2.5%	3.0%	2.5%	1.0%

Sources: ARC, GSU EFC, Huntley Partners

Applying growth projections to the 2009 base numbers and adjusting for the recent ARC County-level estimates, employment in the East Point Superdistrict through 2037 is estimated as follows:

East Point Employment Area: Employment									
Year	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
2009	4,014	9,913	51,517	10,050	9,745	10,894	47,872	11,586	155,591
2011	3,311	9,879	50,909	9,872	9,591	9,886	48,472	10,888	152,809
2012	3,147	9,988	51,213	9,892	9,603	9,774	49,083	10,675	153,375
2017	3,671	11,219	56,650	10,978	10,554	10,751	56,255	11,188	171,265
2022	4,053	12,693	62,546	12,120	11,941	12,464	63,648	11,758	191,223
2027	4,475	14,361	69,056	13,382	13,510	14,449	72,011	12,358	213,602
2032	4,940	16,249	76,243	14,775	15,285	16,750	81,474	12,989	238,705
2037	5,454	18,384	84,178	16,312	17,294	19,418	92,181	13,651	266,873
Sources: ARC, GSU EFC, Huntley Partners								2009-2037 Increase =	71.5%

East Point City: Employment 2010									
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
City Employs	473	1,084	958	635	2,611	510	6,264	767	13,342
% Empl Area	13%	11%	2%	6%	27%	5%	13%	7%	9%
% 2 miles	57%	120%	43%	105%	115%	54%	70%	44%	72%
% 6 miles	10%	21%	7%	7%	13%	10%	13%	2%	9%

Sources: ARC, ESRI, Huntley Partners

East Point Market Area: Employment 2010									
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
2 miles	832	905	2,238	607	2,261	942	8,996	1,736	18,586
%Tot Mkt	18%	17%	17%	6%	11%	19%	19%	5%	13%
2-4 miles	1,002	1,448	3,842	2,151	6,805	1,047	10,156	2,734	29,694
%Tot Mkt	22%	28%	29%	22%	34%	21%	21%	8%	21%
4-6 miles	2,710	2,843	7,198	6,887	11,133	2,965	28,453	29,708	92,641
%Tot Mkt	60%	55%	54%	71%	55%	60%	60%	87%	66%
Total Mkt	4,544	5,196	13,278	9,645	20,199	4,954	47,605	34,178	140,921

Sources: ARC, ESRI, Huntley Partners

D. Projected Demand in the East Point Market

The potential for new office, retail and residential development within the City of East Point and its LCI TOD Area does refer specifically to development demand that could occur within the boundaries of the East Point based purely on:

1. identification and definition of the market areas from which demand is generated
2. projected growth in demand within these market areas, and
3. share of the total market demand (share of market or "SOM") that the City of East Point could reasonably be expected to attract.

1. Projected Demand for Office, Industrial, Retail and Housing Development

CoStar, among others, compiles data on the amount of office and industrial space as measured in square feet that is occupied by each employee within a given industry. The table contains data from 4Q 2012.

SF of Space per Employee	
Profession	***SF/Employ***
Prof/Business Services	**356.0**
FIRE	**339.6**
Wholesale/Retail	**335.5**
Manufacturing	**318.3**
Government	**311.2**
TCU	**292.6**
Construction	**306.8**

a. Office Space Demand Projections

Of the eight major employment categories, four generate demand for office space:

- **TCU** (Transportation, Communications, Utilities) – 15% of TCU employment generates demand for office space
- **FIRE** (Finance, Insurance, Real Estate)
- **SVCS** (Business and Professional Services)
- **GOV** (Government, including Education)

The other categories of employment, with the exception of Construction (**CONST**) also generate demand for space, but generally that space is considered Industrial Space. Retail (**RETL**) employment-generated space is considered in the Retail Demand section.

New Demand for Office Space within East Point Primary Market Area

Five-year gains in office-related employment in the Market Area are reflected below, with the majority of gains being in the Business and Professional Services. During the ten-year 2012-21 period, a total of 20,038 office-related jobs are expected to be added to the East Point Employment Area economy, with an additional 40,025 added in the following 15-year period 2022-37, for a total increase of 60,663 employees in office-related industries in the Employment Area by 2037.

East Point Employment Area: Office-related Job Gain/-Loss							
Year	TCU*	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
2012							
2017	815	977	7,173	513	9,478	9,478	1,896
2022	884	1,712	7,392	571	10,560	**20,038**	2,112
2027	976	1,985	8,364	600	11,925	31,963	2,385
2032	1,078	2,301	9,463	630	13,473	45,436	2,695
2037	1,190	2,668	10,706	663	15,227	**60,663**	3,045

**15% of TCU requires enclosed Office space*

Based on space (square feet) requirements per employee within each job category ("SF/Employ"), employment gains within the overall East Point Office Market will generate the following demand for net new office space in five-year increments through 2037.

East Point Employment Area: Office Space (SF) Demand Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
SF/Employ	**293**	**340**	**356**	**311**			
2012							
2017	238,603	331,892	2,553,301	159,497	3,283,292	3,283,292	656,658
2022	258,771	581,532	2,631,511	177,597	3,649,411	**6,932,703**	729,882
2027	285,704	674,154	2,977,314	186,656	4,123,828	11,056,532	824,766
2032	315,440	781,530	3,368,557	196,178	4,661,705	15,718,236	932,341
2037	348,271	906,007	3,811,213	206,185	5,271,677	**20,989,913**	1,054,335

Sources: ARC, GSU EFC, Huntley Partners

Thus, during the next five years, demand in the East Point Office Market Area for additional office space based on office-related employment growth is projected to total 3,283,292 square feet. An additional 3,649,411 square feet in demand will be generated in the five-year period 2017-22, for a total of **6,932,703** square feet over the next ten years. Through 2037, gross demand for office space within the East Point Market Area will total **20,989,913** square feet.

New Demand for Office Space within City of East Point

Based on data on jobs within the East Point Superdistrict and the City itself, it appears that the City's current "Shares of Market" (SOM) of the overall Superdistrict for each major industry category are as follows:

- TCU 14% (Transportation, Communication, Utilities - 15% requires office space)
- FIRE 25% (Finance, Insurance, Real Estate)
- SVCS 20% (Services)
- GOV 25% (Government, excluding Education)

Based on an estimated **2,136** new office employees being added to the City's economy by 2022 and a total of **6,386** by 2037, the projected demand for this type of space with the City is estimated at **752,940** square feet over the 10-year period 2012-22 and **2,250,522** square feet over the 25-year period 2012-37.

East Point City: Office Employees Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
Area SOM	1.9%	4.9%	13.0%	6.8%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	15	48	936	35	1,033	1,033	207
2022	17	83	964	39	1,103	**2,136**	221
2027	18	97	1,091	41	1,247	3,383	249
2032	20	112	1,234	43	1,409	4,792	282
2037	22	130	1,397	45	1,594	**6,386**	319

Sources: ARC, GSU EFC, Huntley Partners

East Point City: Office Space (SF) Demand Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
Area SOM	1.9%	4.9%	13.0%	6.8%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	4,492	16,158	333,061	10,780	364,491	364,491	72,898
2022	4,872	28,311	343,263	12,003	388,449	**752,940**	77,690
2027	5,379	32,820	388,371	12,615	439,185	1,192,125	87,837
2032	5,939	38,047	439,406	13,259	496,651	1,688,775	99,330
2037	6,557	44,107	497,147	13,935	561,747	**2,250,522**	112,349

Sources: ARC, GSU EFC, Huntley Partners

New Demand for Office Space within East Point LCI Area

Based on data on jobs within the East Point Superdistrict and the City itself, it appears that the East Point LCI TOD Area's current overall share of the City's office market is approximately 14%. Based on this SOM, the 10-year demand within the East Point LCI for office space is projected to be **106,735** square feet and 25-year demand to **319,030** square feet.

Total Demand for Space/Units within East Point LCI 2012-2037			
		Yrs 1-10 *2012-2022*	*Total 25 Yrs* *2012-2037*
Office (from employment growth)	**SF =**	**106,735**	**319,030**

New Demand for Office Space within East Point LCI Net of Excess Inventory

As indicated in the discussion of excess inventory in the East Point LCI area, there is 11,341 square feet of excess office inventory identified in the East Point LCI Area. Thus, under the reasonable assumption that this excess square footage should be absorbed over the next 5-10 years, the demand for new office space within the LCI should be reduced by that amount. Thus, the demand for office space within the LCI net of excess demand is reduced to **95,395** square feet over the next ten years and to **307,690** square feet by 2037.

Total East Point LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Office (from employment growth)	SF =	95,395	307,690

b. Neighborhood Services Space Demand Projections

New Demand for Neighborhood Services Space within East Point

The increase in households within the various market areas will in itself create demand for space for business, professional (e.g. legal, medical, financial, real estate) and other services directed toward the local residential community. Based on an industry standard of demand for 15 square feet of such space per household, the total new Neighborhood Services space required in the City of East Point by 2022 will total **72,194** square feet over the next ten years and **153,917** square feet through 2037 based on the projected increase in households by 2037.

Existing Supply: Neighborhood Services within East Point City					
Market Area	Existing Households	Local Office SF/HH	Total SF Supply		
East Point City	13,547	15	203,208		
Demand for New Neighborhood Services within East Point City					
Market Area	New Households	Local Office SF/HH	Total SF Demand	Share of Market	Total New SF Demand
City 2012-22	4,813	15	72,194	100%	72,194
City 2012-37	10,261	15	153,917	100%	153,917
Total SF Demand from New Household Formation: 2012-22					72,194
Total SF Demand from New Household Formation: 2012-37					153,917

Each new household supports ***15*** *SF of Neighborhood-serving office*

While this type of space is typically considered office space, it is often found in smaller retail centers. However, since demand is based on the number of households in an area rather than trackable sales, it is not included in retail demand projections. It remains a separate class of space.

New Demand for Neighborhood Services Space within East Point LCI Area

Based on an industry standard of demand for 15 square feet of such space per household, the total new Neighborhood Services space required in the East Point LCI area by 2022 will total **9,259** square feet over the next ten years and **24,108** square feet through 2037 based on the projected increase in households by 2037.

Existing Supply: Neighborhood Services within East Point LCI					
Market Area	Existing Households	Local Office SF/HH	Total SF Supply		
East Point-Study Area	709	15	10,630		
Demand for New Neighborhood Services within East Point LCI					
Market Area	New Households	Local Office SF/HH	Total SF Demand	Share of Market	Total New SF Demand
Study Area 2012-22	617	15	9,259	100%	9,259
Study Area 2012-37	1,607	15	24,108	100%	24,108
Total SF Demand from New Household Formation: 2012-22					**9,259**
Total SF Demand from New Household Formation: 2012-37					**24,108**
Each new household supports	***15***	*SF of Neighborhood-serving office*			

New Demand for Neighborhood Services Space within East Point LCI Net of Excess Inventory

Based on the Excess Inventory analysis, there is currently only 46 square feet of excess Neighborhood Services space within the East Point LCI area. Reducing demand by this amount yields a net 10-year demand within the City of East Point for Neighborhood Services space to **9,213** square feet and 25-year demand to **24,061** square feet.

Total East Point LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Neighborhood Services (from household growth)	**SF =**	**9,213**	**24,061**

c. Industrial Space Demand Projections

Of the eight major employment categories, four generate demand for industrial space:

- **CONST** (Construction) – 20% of Construction employment generates demand for enclosed industrial space, usually flex space, but also some basic warehouse space
- **TCU** (Transportation, Communications, Utilities) – 65% of TCU employment generates demand for enclosed industrial space, usually flex space office space
- **MFG** (Manufacturing) – including light manufacturing, assembly and processing
- **WHOL** (Wholesale) – primarily storage and distribution; some processing

New Demand for Industrial Space within East Point Employment Area

ARC projects that 12,481 industrial-related jobs will be added to the East Point Employment Area over the next ten years, with an additional 24,224 projected over the following 15 years for a total of 36,705 over the 25-year period 2012-2037. These projections clearly reflect the continued significant role of industrial-based employment in the East Point area.

East Point Employment Area: Industrial-related Job Gain/-Loss							
Year	CONST*	MFG	TCU*	WHOL	TOTAL	CUMUL	ANN INC
2012							
2017	105	1,232	3,534	1,086	5,956	5,956	1,191
2022	76	1,474	3,832	1,143	6,526	**12,481**	1,305
2027	84	1,668	4,231	1,261	7,245	19,727	1,449
2032	93	1,887	4,672	1,393	8,045	27,772	1,609
2037	103	2,135	5,158	1,538	8,934	**36,705**	1,787

**20% of CONST requires enclosed Industrial space*

65% of TCU requires enclosed Industrial space

Based on the average amount of space as measured in square feet that are required in these Industrial-related occupations, the demand in the East Point Market Area over the next ten years (to 2022) for additional industrial space based on industrial-related employment growth is projected to total **5,202,475** square feet. Through 2037, gross demand for industrial space within East Point will total of **15,179,641** square feet.

East Point Employment Area: Industrial Space (SF) Demand Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
SF/Employ	**307**	**318**	**293**	**336**			
2012							
2017	160,623	391,995	1,590,683	364,227	2,507,528	2,507,528	501,506
2022	117,213	469,262	1,725,139	383,333	2,694,947	**5,202,475**	538,989
2027	129,413	530,927	1,904,693	423,230	2,988,263	8,190,738	597,653
2032	142,882	600,695	2,102,935	467,280	3,313,793	11,504,530	662,759
2037	157,753	679,632	2,321,810	515,915	3,675,110	**15,179,641**	735,022

Sources: ARC, GSU EFC, Huntley Partners

<u>New Demand for Industrial Space within City of East Point</u>

Comparing total industrial employment in the East Point Employment Area to that identified as being within the City itself, it appears that the City's shares of overall Employment Area jobs within each major industrial job category are as follows:

- Construction: 13.1%
- Manufacturing: 11.2%
- TCU: 1.9%
- Wholesale Trade: 6.4%

Based on these percentages, the projected increase in industrial employment within the City is projected to be 609 jobs over the next ten years and 1,818 jobs over the next 25 years to 2037.

East Point City: Industrial Employees Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
City SOM	13.1%	11.2%	1.9%	6.4%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	14	138	67	70	288	288	58
2022	10	166	72	73	321	**609**	64
2027	11	187	80	81	359	968	72
2032	12	212	88	89	401	1,369	80
2037	13	240	97	99	449	**1,818**	90

Sources: ARC, GSU EFC, Huntley Partners

These job increases will support demand for industrial space within the City of **243,421** square feet over the 10-year period 2012-22 and **712,426** square feet over the 25-year period 2012-37.

East Point City: Industrial Space (SF) Demand Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
City SOM	13.1%	11.2%	1.9%	6.4%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	21,012	44,039	29,948	23,332	118,332	118,332	23,666
2022	15,334	52,720	32,480	24,556	125,089	**243,421**	25,018
2027	16,929	59,648	35,860	27,112	139,549	382,970	27,910
2032	18,691	67,486	39,592	29,934	155,703	538,673	31,141
2037	20,637	76,354	43,713	33,049	173,753	**712,426**	34,751

Sources: ARC, GSU EFC, Huntley Partners

New Demand for Industrial Space within East Point LCI

Data indicate that the East Point LCI Area contains approximately 9.8% of all industrial property within the City of East Point. This produces a proportionate 10-year demand of **23,801** square feet and a total 25-year demand of **69,659** square feet within the LCI area.

Total Demand for Space/Units within East Point LCI 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Industrial (from employment growth)	SF =	23,801	69,659

New Demand for Industrial Space within East Point LCI Net of Excess Inventory

Based on the Excess Inventory analysis, of the total 444,444 square feet of excess inventory estimated within the City of East Point, there are currently 43,457 square feet of excess industrial space within the East Point LCI area. Reducing demand by this amount yields a net 10-year demand within the East Point LCI for industrial space of **-19,656** (negative) square feet over the next ten years and a total 25-year demand of only **26,203** square feet.

Total East Point LCI Demand Net of Current Excess Inventory 2012-2037		Yrs 1-10 2012-2022	Total 25 Yrs 2012-2037
Industrial (from employment growth)	SF =	(19,656)	26,203

d. Retail Demand Projections

As described above, retail demand is based primarily on growth in households and income within a defined market area, not on projected employment growth within a Superdistrict or group of census tracts – although such employment growth is directly related to both household and income growth. However, in some markets, there is a significant amount of retail demand currently unmet by existing retail within that market.

Current Unmet Retail Demand within Primary Market

There are indications that there is a significant amount of pent-up demand within the 6-mile East Point Market Area that is currently unmet by existing retail offerings. This unmet demand is reflected in amounts of sales dollars that are spent outside that market area by East Point residents. There appears to be sufficient unmet retail demand to support **197,456** square feet of new retail in the East Point 0-2 mile Primary Market. Based on the amount of "leaked" consumer dollars being spent outside that 2-mile area, the major types of currently-supportable retail stores are included in the table below, with the most significant unmet retail needs summarized as follows:

Total Market Area Current Unmet Retail Demand

	Total Area	Area Share of Sales			
Category - Retail	Sales Leakage	*Share of Mrkt	Additional Spending	Sales Per SF	Additional SF
Full-service Restaurants	$ 10,155,900	40%	$ 4,045,260	$ 350	11,558
Limited-service Eating	$ -		$ -	$ 350	-
Special Food Services	$ 3,736,782	70%	$ 2,615,747	$ 350	7,474
Specialty Food Stores	$ 53,913	70%	$ 37,739	$ 350	108
Beer, Wine, Liquor	$ -		$ -	$ 350	-
Drinking Places	$ 1,979,757	46%	$ 900,789	$ 350	2,574
Grocery Stores	$ 18,027,101	49%	$ 8,833,279	$ 350	25,238
Bldg Material, Lawn, Garden	$ 38,956,024	33%	$ 12,724,122	$ 300	42,414
HH Furnishings/Equipment	$ 23,866,668	21%	$ 5,123,635	$ 300	17,079
Electronics & Appliances	$ 42,263,979		$ 8,440,454	$ 300	28,135
Florists	$ 384,550	49%	$ 188,430	$ 300	628
Office Supply/Stationary	$ 388,519	28%	$ 108,995	$ 300	363
Used Merchandise Stores	$ -		$ -	$ 300	-
Other Misc Store Retailers	$ 6,724,570	37%	$ 2,474,034	$ 300	5,166
Sports, Hobbies, Books, Music	$ 4,453,105	38%	$ 1,697,440	$ 300	5,658
Dept. Stores	$ 49,376,204	24%	$ 11,956,554	$ 300	39,855
Apparel & Accessories	$ 12,797,873	25%	$ 3,193,845	$ 300	10,646
Health & Personal Care	$ 320,923	53%	$ 168,485	$ 300	562
Misc. General Merchandise	$ -		$ -	$ 300	-
TOTAL UNMET DEMAND	$ 213,485,868	29%	$ 62,508,808		**197,456**

Sources: ESRI, Huntley Partners, ICSC

- **Building Materials, Lawn and Garden:** The major alternative to the Superstores in this category – Home Depot, Lowe's and, to a lesser extent, Pike's – is the neighborhood hardware store, particularly one with a garden center. There appears to be more than enough unmet demand in this category to support an additional hardware store (perhaps with a garden center) in the LCI area.

- **Community-oriented Grocery Store:** While the East Point Market Area apparently could not support a major supermarket (e.g. Kroger, Publix) at this time based on unmet retail alone, there appears to be support for smaller-scale, community-oriented grocery stores such as Trader Joe's (not likely due to income levels), Aldi's or a true neighborhood-oriented store such as Savi (in Inman Park) or the Candler Park Market. These types of stores were practically made extinct two decades ago by the emergence of specialty departments/offerings within Publix, Kroger and, in particular, Whole Foods and Fresh Market, which leveraged purchasing power and distribution networks into completely overpowering small local chains, small floor-plate, and "mom-and-pop" markets. The recent emergence of neighborhood farmers markets has given rise to specialty grocery stores focusing primarily on local produce, "butcher shop" meat and fish, counter sandwiches and specialty take-out items, and wine.

- **Full-service Restaurants:** The East Point LCI has a relatively strong critical mass of restaurants and bar-grill-pub offerings. With respect to establishing a dining destination, more restaurants are always better, particularly if (1) the variety of offerings can be increased, (2) a noteworthy local chain with individually-named restaurants (e.g. Fifth Restaurant Group) opens in the area and/or (3) a unique restaurant can be established with a "name" or "new star" chef at its helm.

- **Apparel and Accessories:** Small boutique shops are critical to creating a balance to food within a neighborhood or town center. There appears to be support for such specialized shops, but their success will depend on the operators' ability to cater to local tastes while also appealing to other-than-primary markets.

- **Electronics and Appliances:** While there appears to be significant unmet demand for electronics and appliances in the area, there is enough to support the superstore model that is dominating these retail categories, particularly with the addition of appliances to the offerings of home improvement superstores such as Home Depot and Lowe's. Smaller boutique electronics stores might find a market within the LCI downtown area, but chances of long-term success are slim at best.

Retailers with Most Unmet Net Demand in East Point Market Area*								
Rank: Retailers with Most Unmet Demand	Gross Mkt Area Unmet Demand	GMA SOM	Net Demand	Sales PSF	Supportable Retail SF	# of Stores	Avg SF per Store	Examples**
1 Bldg Material, Lawn, Garden	$ 38,956,024	21%	$ 12,724,122	$ 300	42,414	0	100,000	Home Depot, Lowes
Hardware Store						14	3,000	Ace Hardware
2 Dept. Stores								
Standard Dept. Stores	$ 49,376,204	70%	$ 11,956,554	$ 300	39,855	0	125,000	JC Penny, Sears, Macys
Junior Dept. Stores						1	60,000	Ross, TJMaxx
Smaller Gen Merch Store						2	20,000	
3 Electronics & Appliances	$ 42,263,979	0%	$ 8,440,454	$ 300	28,135	1	50,000	Frye's
4 Grocery Stores	$ 18,027,101	0%	$ 8,833,279	$ 350	25,238			
Supermarkets						0	70,000	Publix, Kroger
Specialty Grocery Stores						2	15,000	Trader Joe's, Savi, Aldi's
5 HH Furnishings/Equipment	$ 23,866,668	25%	$ 5,123,635	$ 300	17,079	1	30,000	Amer Signature Furn
6 Full-service Restaurants	$ 10,155,900	24%	$ 4,045,260	$ 350	11,558	2	7,500	Outback, Dominick's
7 Apparel & Accessories	$ 12,797,873	40%	$ 3,193,845	$ 300	10,646	4	2,500	Boutique, Shoes
8 Special Food Services	$ 3,736,782	53%	$ 2,615,747	$ 350	7,474	5	1,500	Catering
9 Sports, Hobbies, Books, Music	$ 4,453,105	37%	$ 1,697,440	$ 300	5,658	0	30,000	Barnes&Noble
						2	2,500	Boutique Music, Books
10 Other Misc Store Retailers	$ 6,724,570	49%	$ 2,474,034	$ 300	5,166	5	1,000	Gifts, Occasions
11 Drinking Places	$ 1,979,757	70%	$ 900,789	$ 350	2,574	1	3,000	Bar with limited menu
12 Florists	$ 384,550	46%	$ 188,430	$ 300	628	1	800	
13 Health & Personal Care	$ 320,923	33%	$ 168,485	$ 300	562	1	1,000	Salon, Spa, Exercise
14 Office Supply/Stationary	$ 388,519	38%	$ 108,995	$ 300	363	0	10,000	Office Max/Depot
15 Specialty Food Stores	$ 53,913	0%	$ 37,739	$ 350	108	0	1,500	Chocolat/Candy Shop

* *"East Point Market" same as 2-mile Primary Market*

** *Examples of types of retailers, some of which are already in the market; not necessarily recommendations for the East Point area*

"SOM": Share of Market = Percentage of Unmet Demand that the East Point Area can expect to attract assuming recommended improvements

New Demand for Retail Space within Primary Market from Household Growth

Rather than relying primarily on current excess demand within the East Point' overall market area to support the need for new or repositioned retail, such demand may be found in the significant increase in households with its Primary, Secondary and Tertiary markets. Projected increases in population and households within the three East Point market areas are particularly relevant to the retail demand analysis. Estimates of incremental demand over the 10-year 2012-22 period for retail and related services incorporate available demographic and income data, as well as growth projections over that 10-year time-frame.

Based on 2012-2022 new household growth and the increase in per-household disposable income, an additional **477,107** square feet of new retail offerings could be supported within the 2-mile East Point Primary Market Area by 2022 from new demand attracted from the Primary, Secondary and Tertiary Market Areas.

Potential New Demand for Retail Space within Primary Market From Household and Income Growth: 2012-2022		
Primary Market Area	**105,292**	SF
Secondary Market Area	**151,655**	SF
Tertiary Market Area	**220,161**	SF
Retail Demand from Market Area Growth	**477,107**	**SF**

Anticipated increases in demand for specific types of retail in the East Point based on its potential Share of Market within each of its retail market areas reveal that new demand over the next ten years will be sufficient to support additional retail stores in all major retail categories, as indicated in the table below.

Additional Retail SF Demand from Household Growth: 2012-22 Total Market Area (0-6 miles)					
	Total Area	Area Share of Sales			
	Additional		Additional	Sales	Additional
Selected Retail Categories	Spending	Share	Spending	Per SF	SF
Food Away from Home	$ 94,756,638	28%	$ 26,344,768	$ 350	75,271
Food at Home	315,959,262	26%	82,092,524	350	234,550
HH Furnishings/Equipment	48,503,654	26%	12,435,181	300	41,451
Computers & Accessories	6,232,758	21%	1,330,133	300	4,434
TV/Video/Sound Equipment	36,706,850	26%	9,431,623	300	31,439
Entertainment/Rec - Stores	88,864,118	15%	13,308,791	300	44,363
Apparel & Accessories	49,196,099	28%	13,680,271	300	45,601
Vehicle M & R	26,685,744	0%	-	300	-
SELECTED RETAIL TOTALS	$ 666,905,123	24%	$ 158,623,291	$ 332	**477,107**

Retail categories of particular relevance to East Point include the following:

- **Supermarkets/Grocery Stores** (as reflected in "Food at Home" expenditure projections) = 234,550 SF additional demand
- **Restaurants** (as reflected in "Food Away from Home" expenditure projections) = 75,271 SF additional demand
- **Apparel and Accessories** = 45,601 SF additional demand
- **Entertainment & Recreation** = 44,363 SF additional demand
- **Household Furnishings and Equipment =** 44,451 SF additional demand

Grocery, restaurants and apparel have been noted in the "unmet retail" section above. Growth projections clearly support additional demand for the types of LCI-oriented offerings within these categories. New demand for Entertainment and Recreation may provide support for community-oriented theater and music venues, and Household Furnishings and Equipment may lend support for specialty stores (e.g. kitchen/cooking).

New Retail Demand from Area Employees

Area employees – primarily daytime employees – represent an additional source of significant demand for retail in the East Point. Average annual retail expenditures by daytime employees as estimated by the International Council of Shopping Centers (ICSC) and the Urban Land Institute (ULI) equal approximately $3,200 per employee, with approximately 65% being spent within the East Point Market. Based on projected growth of employment within the East Point, new (additional) retail demand based on-site employment and per-employee retail expenditures is estimated at **19,545** square feet by 2022.

Additional Retail SF Demand from Area Job Growth: 2012-22 0-2 mile Market Area					
	Total Area	Area Share of Sales			
Selected Retail Categories	Additional Spending	Share	Additional Spending	Sales Per SF	Additional SF
All Retail: Current Employees	$ 5,993,022	65%	$ 3,895,464	$ 332	11,717
All Retail: New Area Employees	$ 4,004,302	65%	$ 2,602,797	$ 332	7,829
TOTALS	$ 9,997,325	65%	$ 6,498,261		**19,545**

Total New Demand for Retail Space 2012-2022 within the Primary Market

Based on the above assumptions and calculations, by 2022 there will be enough new demand for store-based retail from (1) current unmet demand, (3) household and income growth within the East Point 6-mile Total Market Area and (3) growth in employees within the East Point Superdistrict-based Primary Market to support **694,109** square feet of additional retail space.

Total New Demand 2012-2022 for Space/Units within Primary Market Area		
Retail		
From Current Unmet Demand	**197,456**	SF
From New Area Employees	**19,545**	SF
From All Market Areas 10-year Growth	**477,107**	SF
Total Retail	**694,109**	**SF**

New Demand for Retail Space within City of East Point

Due to the shape and extent of the City's boundaries, and the location of the Camp Creek Marketplace within the City but outside the Primary Market Area, there actually appears to be more retail within the City limits of East Point than within its 2-mile Primary Market Area. The data actually indicate that the City of East Point contains retail demand that is equal to **115%** of the total retail demand within the 2-mile Primary Market. Thus, it appears that demand for retail within the City from all sources could support an additional **801,556** square feet of retail over the 10-year 2012-22 period.

Total Demand for New Space/Units within East Point City 2012-2022			
Retail: City as % of Primary Area	**115%**		
From Current Unmet Demand		**228,022**	SF
From New Area Employees		**22,571**	SF
From All Market Areas 10-year Growth		**550,963**	SF
Total Retail		**801,556**	**SF**

New Demand for Retail Space within East Point LCI Area

Based on the data, only 9**%** of the total retail demand within the City of East Point is contained within the East Point LCI Area. This produces a demand for retail within the LCI area from all sources that could support an additional **71,836** square feet of retail over the 10-year 2012-22 period.

Total Demand for New Space/Units within East Point LCI 2012-2022			
Retail: LCI Study Area as % of City	9%	71,836	SF

New Demand for Retail Space within East Point LCI Net of Excess Inventory
While the total demand for new retail space over the next ten years is estimated at 71,836 square feet, a relatively small **4,129** square feet of "excess" vacant retail space is estimated to exist currently within the LCI Area. It is assumed that this excess supply will be absorbed over the next five years so that the retail market can return to equilibrium by 2017 even as new retail space is developed.

Total East Point LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10	*Total 25 Yrs*
		2012-2022	*2012-2037*
Retail	SF =	67,707	149,025

Thus, the net demand for new retail development over the next ten years (2012-2022) is **67,707** square feet. This same amount is deducted from the 25-year demand projections, resulting in an estimated **149,025** square feet of demand for new retail development by 2037.

e. Housing Demand Projections

New Demand for Housing with the East Point Primary Market Area
Housing demand for a specific development/redevelopment site is projected according to the same basic approach as retail demand: a likely market area is defined, growth within that market area is projected, the site's share-of-market assumption is made and housing preferences (ownership or rental, single-family or multi-family unit, etc.) are applied to determine the number, types and timing of potential new demand for housing. In the case of a standard geographic unit such as a City, County or state, projections are made using basic census data historical and trend analyses.

The projections of household increases as well as the preferences for types of housing contained in the Demographic Profile section of this report are incorporated into the projections of demand for new housing units within the East Point Primary Market Area.

Summary of Demand for Households within Primary Area	
2012-2022	*Primary Area*
Total Average Annual Owner Demand for Townhouses	13
Total Average Annual Owner Demand for Single Family	143
Total Average Annual Owner Demand	156
Total Average Annual Renter Demand	353
Total 2012-2022 Demand: Townhouses	129
Total 2012-2022 Demand: Single Family	1,432
Total 2012-2022 Demand: All Ownership	1,561
Total 2012-2022 Demand: Rental	3,526
Total Residential Units 2012-2022	**5,087**

Over the next ten years, a demand for a total increase of **5,087** housing units is projected within the 2-mile East Point Primary Market Area City, of which 1,561 (31%) are anticipated to be owned units and 3,526 (69%) are anticipated to be rental units.

New Demand for Housing with the City of East Point

Over the next ten years, a demand for a total increase of **4,813** housing units is projected within the City, of which 1,477 (31%) are anticipated to be owned units and 3,336 (69%) are anticipated to be rental units. Of the ownership units, 1,355 are anticipated to be single-family detached housing and 122 are anticipated to be townhouse or condominium units. Over the 25-year period 2012-37, a demand for a total of **10,261** new housing units is anticipated, with 3,149 being ownership units and 7,112 being rental units.

Summary of Demand for Households City of East Point	
2012 Total Households: East Point City	13,547
2012 Total Households: Primary Market Area	14,319
2012 City as % of Primary Market Households	94.6%
Premium SOM % due to City: Townhomes, Apts	0.0%
Total Anticipated SOM % in East Point City	94.6%
2012-2022	***in City***
Total Average Annual Owner Demand for Townhouses	12
Total Average Annual Owner Demand for Single Family	135
Total Average Annual Owner Demand	148
Total Average Annual Renter Demand	334
Total 2012-2022 Demand: Townhouses	122
Total 2012-2022 Demand: Single Family	1,355
Total 2012-2022 Demand: All Ownership	1,477
Total 2012-2022 Demand: Rental	3,336
Total Residential Units 2012-22: City Demand	**4,813**
Total Residential Units 2012-37: City Demand	**10,261**

New Demand for Housing with the East Point LCI Area

Given the percentage – 4.9% – of Primary Area housing that actually exists within the LCI Area but adding a "TOD" premium share of market due at the this time to the proximity of two MARTA stations to the LCI area, a ten-year demand for **617** new housing units is projected within the LCI Area, of which 90 (15%) are anticipated to be owned units and 527 (85%) are anticipated to be rental units. Of the ownership units, 71 are anticipated to be single-family detached housing and 19 are anticipated to be townhouse or condominium units. Over the 25-year period 2012-37, a demand for a total of **1,607** new housing units is anticipated, with 235 being ownership units and 1,372 being rental units.

Summary of Demand for Households East Point LCI Study Area	
2012 Total Households: East Point TOD	**709**
2012 Total Households: Primary Market Area	**14,319**
2012 TOD as % of Primary Market Households	**4.9%**
Premium SOM % due to TOD: Townhomes, Apts	**10.0%**
Total Anticipated SOM % in TOD Study Area	**14.9%**
2012-2022	***in Study Area***
Total Average Annual Owner Demand for Townhouses	**2**
Total Average Annual Owner Demand for Single Family	**7**
Total Average Annual Owner Demand	**9**
Total Average Annual Renter Demand	**53**
Total 2012-2022 Demand: Townhouses	**19**
Total 2012-2022 Demand: Single Family	**71**
Total 2012-2022 Demand: All Ownership	**90**
Total 2012-2022 Demand: Rental	**527**
Total Residential Units 2012-22: Study Area Demand	**617**
Total Residential Units 2012-37: Study Area Demand	**1,607**

Net New Demand for Housing within the East Point LCI Area

As with net demand for additional office, industrial and retail space, the total demand for new housing units must take into account the amount of excess housing inventory that is currently on the market. Surprisingly, given the excess of residential inventory throughout most Metro Atlanta communities and data indicating significantly worse housing market conditions in the East Point area, there appears to be just over two years of excess housing currently in East Point.

With respect to the East Point LCI Area, there appear to be 191 “excess” housing units on the market: 84 single-family houses, 11 townhouse/condominium units, and 95 rental units. Incorporating this excess inventory data over the next twelve years, there will be a net demand in the East Point LCI Area for **458** housing units through 2022. Of these, only **11** will be ownership units and **448** will be rental units. Due to the excess supply of such housing currently on the market, the demand for single-family detached homes sufficient to warrant the construction of new units will essentially be zero.

Over the 25-year period 2012-2037, there will be demand for a total of **1,416** new units, of which **139** will be for owned units (101 single-family detached and 39 townhouse/condo units) and **1,277** will be for rental units (assumed to be overwhelmingly multifamily units – i.e. apartments).

Summary of Demand for Households within East Point LCI Net of Excess Inventory		
	2012	
2012 Total Vacant Units	234	
Excess Vacant Units %	82%	
Total Excess Vacant Units 2012	191	
% of Vacant Units: Ownership	50%	
% Single-Family Detached	88%	
% Townhouse/Condo	12%	
% of Vacant Units: Rental (Apartments)	50%	
Excess Vacant Units: Ownership	95	
Single-Family Detached Units	84	
Townhouse/Condo Units	11	
Excess Vacant Units: Rental (Apartments)	95	
Projected Demand Net of Excess Units	2012-22	2012-37
Ownership Households	11	139
Single-Family Detached	1	101
Townhouse/Condo	10	39
Rental Households/Multifamily Apartments	448	1,277
Total Net Demand: Housing Units	458	1,416

2. Total Demand for Office, Industrial, Retail and Housing Development

Based on the analyses above, East Point could experience new development in the amounts given below over an initial 10-year 2012-2022 period, as well as the total 25-year period 2012-2037. Several caveats bear repeating, however:

- There are "excess" inventories in most market categories. For purposes of converting total area demand into feasible, demand-supported new development, one must assume that at least a sizeable portion of currently vacant commercial space or dwelling units will absorb an amount of new demand over the next ten years approximately equal to 50% of the excess vacant inventories in the East Point Market Area.

- Some products – demand notwithstanding – will not be built/developed in East Point due to (1) the lack of available land for the type of product envisioned and/or (2) community policies which put constraints on such development. An example of the first is single-family detached residential homes, due primarily to the amount of land each requires. An example of the second is multi-family rental units, apartments not being viewed favorably in communities where rental units appear to dominate ownership units. However, in areas with proximity to MARTA stations – TOD areas such as the East Point LCI area – rental units may be a preferred type of residential product.

a. Total Primary Market Demand

Based on household, income and employment growth, total projected demand for retail, office and residential product within retail and residential 2-mile Primary Market, as well as the office and industrial

"East Point Superdistrict" market, the amount of development that could be supported within those respective Primary and Superdistrict markets over the next ten years (2012-2022) is summarized in the following table.

Total New Demand 2012-2022 for Space/Units within Primary Market Area		
Retail		
From Current Unmet Demand	**197,456**	SF
From New Area Employees	**19,545**	SF
From All Market Areas 10-year Growth	**477,107**	SF
Total Retail	**694,109**	**SF**
Neighborhood Services (from household growth)	**76,305**	**SF**
Office (from Employment Area growth)	**6,932,703**	**SF**
Industrial (from Employment Area growth)	**5,202,475**	**SF**
Residential: Single Family Detached Houses	**1,432**	**Units**
Residential: Townhouses	**129**	**Units**
Residential: Multi-family Rental/Apartments	**3,526**	**Units**
Total Residential Units: All Types	**5,087**	**Units**

b. Total Demand within the City of East Point

Based on household, income and employment growth, total projected demand for retail, office and residential product within the City of is summarized in the following table.

Total Demand for New Space/Units within East Point City 2012-2022			
Retail: City as % of Primary Area	**115%**		
From Current Unmet Demand		**228,022**	SF
From New Area Employees		**22,571**	SF
From All Market Areas 10-year Growth		**550,963**	SF
Total Retail		**801,556**	**SF**
Neighborhood Services: City as % of Primary Area	**95%**	**72,194**	**SF**
Office: City as % of Primary Area	**11%**	**752,940**	**SF**
Industrial: City as % of Primary Area	**5%**	**243,421**	**SF**
Residential: City as % of Primary Area	**95%**		
Residential: Single Family Detached Houses		**1,355**	**Units**
Residential: Townhouses		**122**	**Units**
Residential: Multi-family Rental/Apartments		**3,336**	**Units**
Total Residential Units: All Types		**4,813**	**Units**

c. Total Demand within the East Point LCI TOD Area

Based on household, income and employment growth, total projected demand for retail, office and residential product within the LCI Area is summarized in the following table.

Total Demand for New Space/Units within East Point LCI 2012-2022			
Retail: LCI Study Area as % of City	9%	71,836	SF
Neighborhood Services: LCI Study Area as % of City	13%	9,259	SF
Office: LCI Study Area as % of City	14%	106,735	SF
Industrial: LCI Study Area as % of City	10%	23,801	SF
Residential: Single Family Detached Houses	5%	71	Units
Residential: Townhouses	16%	19	Units
Residential: Multi-family Rental/Apartments	16%	527	Units
Total Residential Units: All Types	13%	617	Units

d. Excess Inventory within City of East Point and East Point LCI TOD Area

"Excess inventory" is defined as the portion of vacant supply that is in excess of a "normal" amount of vacant supply that one would find in a stable, balanced community where supply and demand are in relative equilibrium – is reflected in the following table. Based on current levels of vacant retail, office and industrial space, as well as the number of months of housing unit supply on the market, the City has an overabundance of existing retail, neighborhood services, office and industrial space, as well as residential units as indicated in the far-right column in the table below.

Current Excess Inventory within East Point City and LCI Study Area						
City as % of Total Submarket:	Retail =	115%	LCI as % of City:		Retail =	9%
	Neigh Services =	95%			Neigh Services =	13%
	Office =	11%			Office =	14%
	Industrial =	5%			Industrial =	10%
	City Vacant SF		Vac %	Excess @	Excess SF	LCI Excess SF
Retail: Stable Vacancy @ 8%	724,244		8.5%	6%	46,077	4,129
Neighborhood Services	1,317		12.4%	27%	361	46
Office: Stable @ 10%	208,165		16.2%	38%	80,000	11,341
Industrial: Stable @ 8%	985,607		14.6%	45%	444,444	43,457
Residential	LCI Vacant Units			Excess @		LCI Excess Units
Total Vacant Units	234			82%		191
SFD % of Vacant Units	44%					84
Townhouses % of Vacant Units	6%					11
Rental % of Vacant Units	50%					95

e. Net 10-year and 25-year Demand within East Point LCI Area

Taking into account the excess inventory that current exists in the East Point market area across product categories, the net demand for new retail and office space is over the next ten years (2012-2022) is relatively strong. During the 25-year period through 2037, that demand becomes even more significant.

East Point LCI New Demand Net of Current Excess Inventory 2012-2037		Yrs 1-10 2012-2022	Total 25 Yrs 2012-2037
Retail	SF =	67,707	149,025
Neighborhood Services (from household growth)	SF =	9,213	24,061
Office (from employment growth)	SF =	95,395	307,690
Industrial (from employment growth)	SF =	(19,656)	26,203
Residential: Single Family Detached Houses	Units =	1	101
Residential: Townhouses/Condos	Units =	10	39
Residential: Multi-family Rental/Apartments	Units =	448	1,277
Total Residential Units: All Types	Units =	458	1,416

f. Key Demand Findings

Moderately strong retail demand: Current unmet retail demand and the projected growth in both households and the income within those households within the East Point LCI retail market area should generate demand for almost 68,000 square feet of net (of current excess vacancies) new retail space within the East Point LCI area over the next ten years, and almost 150,000 square feet through 2037 – almost all of which should be located in the “downtown” or “town center” TOD area adjacent to the East Point MARTA station.

Moderately strong office demand: Although not known as an office market, employment growth projections by ARC indicate moderately strong demand for professional and business services office space in East Point. Over the next ten years, net demand for over 95,000 square feet of new office space is anticipated in the LCI area, with that demand increasing to almost 308,000 square feet by 2037. As with retail most of this demand could be met within the TOD area.

Minimal near-term new industrial demand: Based on ARC’s projections through 2040 in those employment classifications generally considered as “industrial” jobs, there is likely to be negative net new demand for industrial space in the East Point LCI area over the next ten years. Through 2037, net demand is projected to be only 26,000 square feet.

Mixed residential demand: Based on population growth within the city, net new demand for housing units in the East Point LCI area by 2022 is projected to total 458 units – all but 11 of them rental units. Over the 25-year period through 2037, net demand within the LCI area is projected to equal 1,348 units, with the overwhelming preference being for rental units due basically to the large excess inventory of single-family ownership houses in the area. However, TOD development could enhance the demand for townhouse and condominium units.

g. Housing, Population and Job Projections: 2012-2037

Housing Projections

Housing projections are based on the introduction of new housing units into the TOD area based on demand projections for multifamily (owned and rented) and townhouse residential units only. The assumption is that development will equal the projected demand, summarized in the following table:

Projected Housing by Type: 2012-2037	
Total Housing Units	1,417
Single-family Detached	101
Townhouses/Condos	39
MF Rental	1,277

New housing projections are through 2037 and anticipate that all multi-family units supported by projected demand will be built net of excess-inventory currently on the market.

HOUSING PROJECTIONS	2010	2012	2017	2022	2027	2032	2037
Existing Households	718						
Current Population	1,678						
Household Size per Occupied Unit	2.34						
Baseline Households: 2012		709	709	709	709	709	709
Projected New Housing Units during 5-yr Periods		-	229	229	285	330	334
Cumulative New Housing Units at Designated Year			229	458	743	1,073	1,407
Total Net Housing Units at Designated Year	**718**	**709**	**938**	**1,167**	**1,452**	**1,782**	**2,116**

Population Projections

Population increases within the TOD area is based on an anticipated 1.87 persons per household 2012-2037. The population increase due to new residential development is added to the baseline LCI-study area population of 709 in 2012 and is projected to reach 4,312 in 2037.

POPULATION PROJECTIONS	2010	2012	2017	2022	2027	2032	2037
Baseline Household Units		709	709	709	709	709	709
Additional Household Units due to Projected New Housing		-	229	229	285	330	334
Additional Population due to New Housing @ 1.87 per unit		**-**	**429**	**429**	**534**	**618**	**625**
Projected Baseline Population	1,678	1,678	1,678	1,678	1,678	1,678	1,678
Additional Population due to Projected Development		-	429	429	534	618	625
Total Projected Population at 5-year Intervals	**1,678**	**1,678**	**2,107**	**2,535**	**3,069**	**3,687**	**4,312**

Job Projections

Net new job growth is based on the introduction of new types of development that represent new FTE (full-time-equivalent) jobs: retail and office (both professional and local-serving). Employment in the 0.68-square-mile TOD area is projected to grow from 1,614 in 2012 to 3,220 in 2037.

JOB PROJECTIONS	2010						
Existing Jobs	1,614						
		2012	2017	2022	2027	2032	2037
Baseline Jobs		1,614	1,614	1,614	1,614	1,614	1,614
Net New FTE Jobs from Projected Development (5 yrs)			288	307	308	336	367
Cumulative New Jobs at Designated Year			288	595	903	1,239	1,606
Total Net Projected Jobs at Given Year	**1,614**	**1,614**	**1,902**	**2,209**	**2,517**	**2,853**	**3,220**

These job projections are based on the projected non-residential demand and summarized in the table below combined with square-footage-per-employee measures from *CoStar* and the *GSU Economic Forecasting Center*:

Projected Non-residential Development (SF)			2010	2012	2017	2022	2027	2032	2037
Retail	149,025	SF			32,878	34,829	26,971	27,106	27,242
Neighborhood Services	24,061	SF			4,607	4,607	4,774	4,947	5,127
Office	307,690	SF			46,000	49,397	62,258	70,404	79,632
Industrial	26,203	SF			-	-	-	9,214	16,989

Jobs-to-Housing Ratio

Over the next 25 years, the TOD area is projected to add significant numbers of mid-to-high density multifamily (stacked-flat condominiums and rental apartments) and townhouse units that will decrease the jobs-to-housing ratio significantly. The ratios are projected to decrease from 2.25 in 2010 to 1.89 by 2022 and 1.52 by 2037 – assuming that multifamily and townhouse development equals projected demand.

	2010	2012	2017	2022	2027	2032	2037
Jobs:Housing Ratio (Jobs per Housing Unit)	**2.25**	**2.28**	**2.03**	**1.89**	**1.73**	**1.60**	**1.52**

h. Development Concept Observations

The demand projections strongly support a TOD-oriented development concept in the area immediately adjacent to the East Point MARTA station. Given the current physical build-out of the area, the sites with the most potential for such development include the following:

- **The "Commons" site –** An assemblage that would extend north across Ware Avenue to West Forrest Avenue
- **The MARTA station main parking lot** – development that could combine structured parking, on-ground new development and/or air-rights development over portions of the existing surface lot
- **The MARTA station "overflow" parking lot** – development on the underutilized lot south of Irene Kidd Parkway

Additionally, there should be opportunities for development with TOD densities and mixed uses on each of the three blocks between Main Street and East Point Street immediately south of White Way to Washington Road. Similarly, opportunities could exist – particularly for residential development – on the three blocks bordered by Linwood Avenue, East Point Street, Washington Road and Church Street.

Demand should be sufficient to support the continued development on the east side of the MARTA and railroad lines from the Wagon Works site north to Jefferson Station. The major issue with respect to that development, as well as development on the main and overflow MARTA parking lots, is the extent to which noise and vibration from the rail lines would diminish the appeal of these sites as residential and hotel opportunities.

The amount of demand over the next ten years (through 2022) appears sufficient to "jump start" TOD-oriented mixed-use development on The Commons site. In fact, there appears to be enough demand over the next five years to support almost 33,000 square feet of new retail space, 46,000 square feet of office space and 224 apartment units. This demand more than doubles over the next five years (2018-2022), reaching almost 70,000 square feet of retail, 95,000 square feet of office and almost 450 apartment units.

Net Demand for New Space/Units within East Point 2012-2037

	2012-17	2018-22	2023-27	2028-32	2033-37	Totals
Retail SF	32,878	34,829	26,971	27,106	27,242	149,026
Services SF	4,607	4,607	4,774	4,947	5,127	24,062
Office SF	46,000	49,397	62,258	70,404	79,632	307,691
Industrial SF	-	-	-	9,214	16,989	26,203
Apartment Units	224	224	254	282	293	1,277
Town/Condo Units	5	5	8	10	11	39
Single-family Units	-	1	22	38	40	101

A key question is whether the overall demand for new retail includes support for the types of retail that are desired as components of not only a TOD development, but also a healthier, stronger overall downtown "core" of existing restaurants and miscellaneous retail shops. The "Unmet Retail" demand analysis indicated relatively strong demand for the following types of retail:

- Building, lawn and hardware
- General merchandise stores
- Electronics, appliances and household furnishings stores
- Community-size grocery store
- Full-service restaurants
- Apparel and accessories

The projected demand for new retail – "future" rather than "unmet" demand based primarily on residential and income growth – shows additional support for all of the "unmet" categories above, with significant additional demand over the next ten years for one or more grocery stores. This combination of current unmet demand and projected near-term (5-to-10 years) demand shows reasonably strong support for the contemplated development of retail on the Commons site.

The projected size of the grocery store, however, may present a problem with respect to finding a suitable name-brand national tenant. Generally, a 40,000 square foot store would be considered too small by most mainstream supermarket chains (e.g. Publix, Kroger) and too large by specialty grocers (e.g. ALDI, Trader Joe's). Walmart has recently opened a 27,000 square foot "Neighborhood Market" store in Chicago and plans a roll-out of urban-oriented, food-focused stores in the 15,000-40,000 square foot range in several cities, including Atlanta.

The demand for office space should be sufficient to support either initial development on The Commons site or additional development on the Buggy Works or Wagon Works site. In the long-term, office demand should be able to support demand on all three sites and perhaps additional sites, such as on or above the existing MARTA parking lot.

Apartment demand should be strong for the foreseeable future. The key question related to apartment development is whether the quality of the developments will attract the new residential markets that will themselves support the type of retail and non-retail businesses that characterize a vibrant town center and TOD urban community.

i. Development Incentives

In order to spur development in the downtown/TOD area, the City should consider a combination of improvements and financing that can make a potential development site and/or the economics of a potential development itself more attractive. Some specific sources and uses of funds for such development incentives include the following:

- **Parking:** Sufficient on-site or convenient off-site parking is a basic requirement of a successful private development, even if it is built along TOD guidelines and is the direct beneficiary of accessible public transit. Sites that are appropriate for TOD development often require structured parking in order to conform to site constraints and/or density requirements. Structured parking is significantly more expensive than surface parking and often proves to be the key cost factor that turns an otherwise-feasible project into a marginal or financially-unfeasible one. Public parking that is located near private developments can provide office, retail and service tenants with needed daily/monthly employee parking, as well as parking for visitors, customers and patrons.

- **Streetscapes and Lighting:** Private developments benefit greatly from off-site improvements that increase the visual appeal or perception of safety of the specific project site or its general surrounding area.

- **Tax Allocation District Financing:** East Point established its "East Point Corridors Tax Allocation District" at the end of 2006. This TAD includes the southern portion of the LCI Study Area, encompassing the total TOD portion. While recent tax digest valuations within the TAD boundaries have been insufficient to fund eligible economic development activities, new development itself – such as the Commons development – could provide significant funding in support of the specific Commons redevelopment or area public improvements that would directly impact the downtown TOD area and indirectly impact the Commons development itself. Public parking structures have been a major recipient of TAD funding in Georgia and throughout the nation, where Tax Increment Financing – the generic name for Georgia's TAD financing – has been used in 48 states. TAD funds can be used for other parking improvements, including land acquisition, streetscape and landscape improvements impacting surface parking lots, lighting, sidewalk improvements, greenspace and pocket-park development, and matching funds for street improvements. TAD funds may also be used to directly pay for most costs related to private development such as The Commons or MARTA station site or air-rights development.

- **Affordable, Workforce and Mixed-income Housing:** It is critical to the long-term health of East Point's downtown area generally, as well to the successful development of one or more Transit Oriented Developments specifically on The Commons site and the MARTA station parking lot, that new residential development with higher densities and price points be incorporated into those developments. However, it is equally critical that new residential development – in combination with existing area housing – offers a range of housing options, particularly with respect to potential residents seeking affordable and/or workforce housing. While the City may require developers to simply incorporate such housing into whatever residential product they develop, the economic reality is that such housing could negatively impact the financial feasibility of these TOD projects. The City should be aware of the costs of such affordable/workforce housing – including both independent and assisted living units for seniors – and attempt to find direct or indirect ways to mitigate their negative impacts on a project's overall viability. TAD financing provides one vehicle for supporting the development of affordable and workforce housing either within a given TOD project – leading to mixed-income housing on the same site – or outside the project but within the downtown area, with the affordable/workforce housing being developed as a new TOD projects occurs. For example, in approving its participation in TADs within Fulton County, the County has consistently required that 20% of the TAD bonds issued within these TADs be used to support the development of affordable housing. In some cases the affordable housing is required to be included in any TAD-supported residential development; in other cases – such as the Atlanta BeltLine – the 20% is set aside for the development of affordable housing either within a market-rate project or separately.

- **Community (or Downtown) Improvement District:** A Community Improvement District (CID) is an excellent means for a community of businesses to augment County services it receives. It also allows a CID entity, with its own Board of Directors and staff, to specify how the funds it generates can be used. Unfortunately, a CID is a special self-taxing district. The only funds it raises come from a millage assessment on real property owned by CID members/participants – any amount from 1/8 mill to a State maximum of 5.0 mills, with most CIDs in Georgia assessing an additional 1.25-1.75 mill.

  Georgia law authorizes property owners in commercial areas to establish special tax districts to pay for infrastructure enhancement. These Community Improvement Districts (CIDs) do not replace traditional city and county infrastructure improvement programs but supplement them by providing a means to pay for required facilities in densely developed areas such as those around large shopping malls. Projects which can be funded by a CID include street and road construction and maintenance, sidewalks and streetlights, parking facilities, water systems, sewage systems, terminal and dock facilities, public transportation, and parks and recreational areas.

  A CID is created through local legislation passed by the General Assembly with the approval by resolution of the city or county government which has jurisdiction over the area in which the CID would be located. Any law creating or providing for the creation of a CID shall require the adoption of a resolution consenting to the creation of the CID by the City if the CID is located wholly within the incorporated area of a municipality, as would be the case in East Point.

In addition, written consent to the creation of the CID must be given by:

- The owners of real property within the proposed CID which will be subject to taxes, fees, and assessments levied by the administrative body of the CID; and
- The owners of real property within the CID which constitutes at least 75% by value of all real property within the CID which will be subject to taxes, fees, and assessments levied by the administrative body of the CID.

The administrative body of each CID is authorized to levy taxes, fees and assessments on all property subject to the tax up to a level which amounts to 2.5% of the assessed value of the property, i.e., 25 mills. Bonded debt is permitted but such debt may not be considered an obligation of the state or any other unit of government other than the CID.

The only problem with establishing a CID in the East Point downtown/TOD area has primarily to do with timing. It is questionable whether the business community within East Point's downtown is healthy enough to afford to tax itself (over and above all other taxes it pays) a sufficiently-large amount to make more than minor improvements in the area. There is also the possibility that major commercial businesses in the area may choose not to participate.

- **New Markets Tax Credit Program:** The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to spur new or increased investments into operating businesses and real estate projects located in low-income communities. The NMTC Program attracts investment capital to low-income communities by permitting individual and corporate investors to receive a tax credit against their Federal income tax return in exchange for making equity investments in specialized financial institutions called Community Development Entities (CDEs). The credit totals 39 percent of the original investment amount and is claimed over a period of seven years (five percent for each of the first three years, and six percent for each of the remaining four years). The investment in the CDE cannot be redeemed before the end of the seven-year period.

  Each of the four census tracts in which the LCI Study Area is located qualify for New Market Tax Credits. Unfortunately, the NMTC program expired at the end of 2011 and is currently waiting reauthorization.

  In Atlanta, SunTrust Bank – though its SunTrust Community Development Enterprises, LLC – has received $340,000,000 in NMTC allocations since 2005, with $45,000,000 being awarded in 2011.

- **Bank Enterprise Award:** The Bank Enterprise Award (BEA) Program was created in 1994 to support FDIC-insured financial institutions around the country that are dedicated to financing and supporting community and economic development activities. The BEA Program complements the community development activities of insured depository institutions (i.e., banks and thrifts) by providing financial incentives to expand investments in CDFIs and to increase lending, investment, and service activities within economically distressed communities. Providing monetary awards for increasing community development activities leverages CDFI Fund dollars and puts more capital to work in distressed communities throughout the nation. The BEA Program provides formulabased grants to applicants for increasing qualified activities from a Baseline Period to an Assessment Period. Awards are based on activities within three categories:

- **CDFI Related Activities:** Equity Investments, Equity-like Loans, Grants, Loans, Deposits/Shares, and Technical Assistance to Qualified CDFI Partners.
- **Distressed Community Financing Activities:** Affordable Home Mortgage Loans, Affordable Housing Development Loans, Small Business Loans, Home Improvement Loans, Education Loans, and Commercial Real Estate Loans.
- **Service Activities:** Deposits, Community Services, and Financial Services.

Of the four census tracts in which the LCI Study Area is located, only one qualified completely: census tract 13121011000, which is bordered on the north by E. Cleveland Avenue and on the west by Main Street. As such, it would encompass the Wagon Works and the MARTA station, including the MARTA overflow parking lot. The census tract to the north of E. Cleveland Avenue and east of Main Street does not qualify for the BEA program. The two census tracts to the west of Main Street, however, do partially qualify.

In Atlanta, Citizens Trust Bank was awarded BEA program funds in each of the past three years, the most recent being a $500,000 allocation in 2011. It is unclear whether any of its 2010 $600,000 award or 2009 $289,000 award remains, but the Bank should be contacted for further information regarding its BEA program.

- **ARC Implementation Funds:** As it certainly intends to do, the City may apply for additional ARC Implementation Funds.