HIGHWAY 20 CORRIDOR LAND USE MARKET ANALYSIS

February 2017

Prepared by: Bleakly Advisory Group

Prepared for: City of Sugar Hill

REPORT OVERVIEW

- The City of Sugar Hill engaged Bleakly Advisory Group (BAG) to provide an analysis of key demographic, economic and real estate market trends impacting the future demand for real estate development in the Georgia Highway 20 corridor of the city.
- This market analysis is intended to assist in the development of a master plan and work plan for the corridor.

- **Report Contents**
  - Study Area Overview
  - Executive Summary
  - Residential Conclusions
  - Commercial Conclusions
  - Demographic Analysis
  - Economic Analysis
  - Residential Real Estate Analysis
  - Commercial Real Estate Analysis

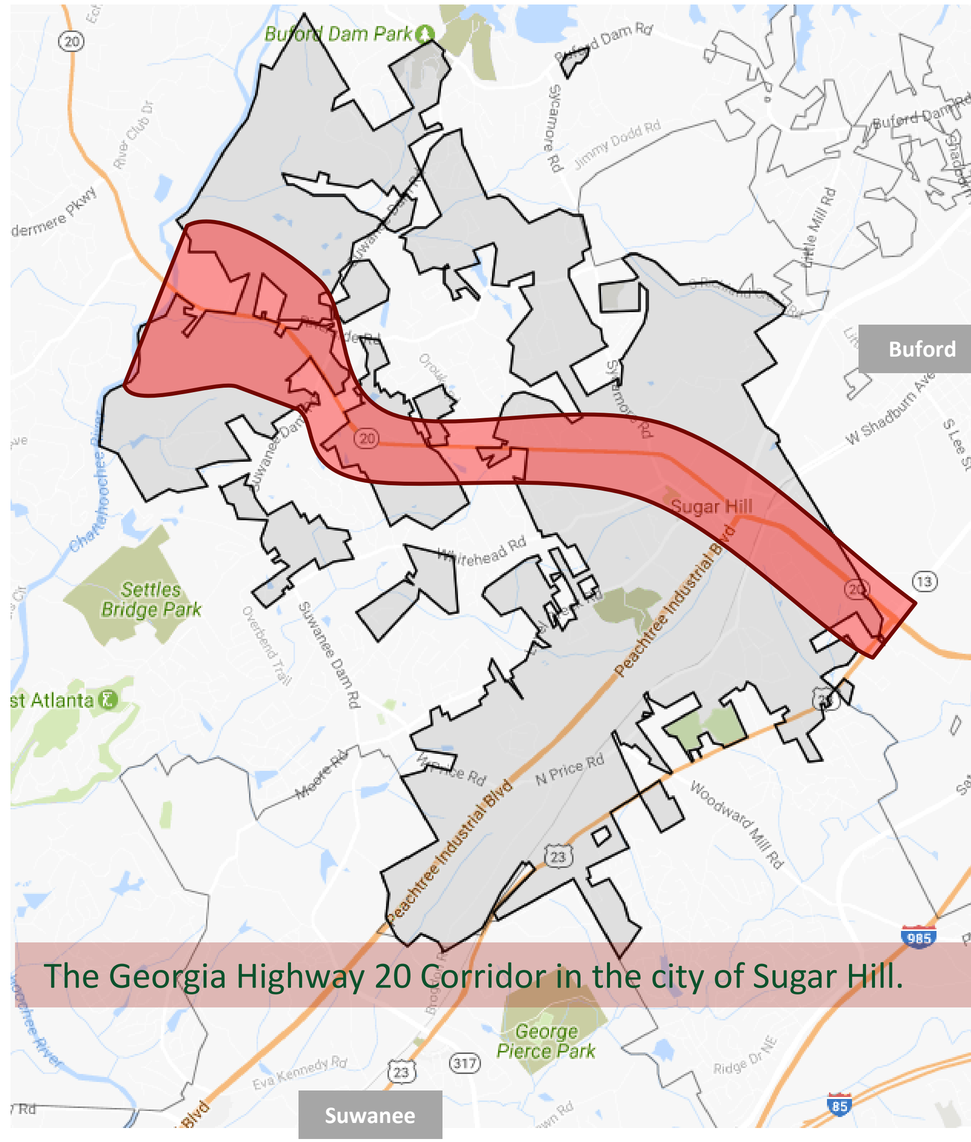
Study Area Overview

STUDY AREA OVERVIEW

- This real estate market analysis assessed future development opportunities along the Georgia Highway 20 corridor from the Chattahoochee River to Highway 23/Buford Highway. Although some of this land is currently outside of the Sugar Hill city limits, the analysis looked at the corridor in its totality.

Sugar Hill City Limits

Sugar Hill Highway 20 Corridor Study Area

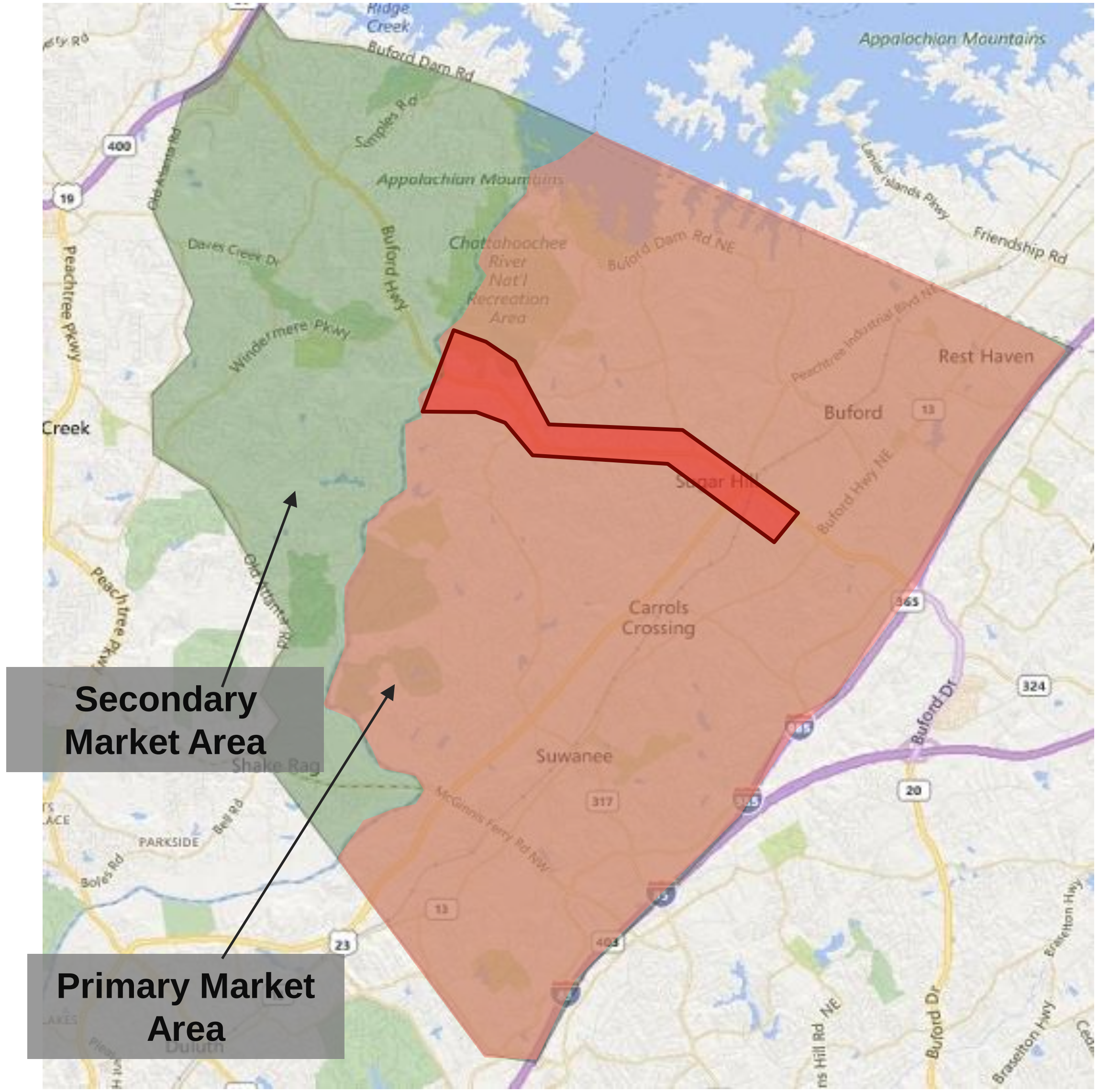


The Georgia Highway 20 Corridor in the city of Sugar Hill.

HIGHWAY 20 AERIAL OVERVIEW

PRIMARY MARKET AREA FOR ANALYSIS

- The Primary Market Area (PMA) is the area from which the majority of household demand is expected to emanate.
- The Secondary Market Area is the area within an approximately 10-minute drive of the intersection of Highway 20 and Suwannee Dam Rd. that will provide additional retail demand support along the Highway 20 corridor.



Executive Summary

EXECUTIVE SUMMARY

- Due to population and household growth in the local area, as well as the current roadway widening, properties adjacent to and near the Georgia Highway 20 Corridor in Sugar Hill (Hwy. 20) are poised to undergo significant additional development.
- This future development along Hwy. 20 has the potential to impact the City of Sugar Hill in various ways including its tax digest growth and enhancement of its already positive image. Further development along Hwy. 20 can complement the potential for success of the downtown core redevelopment, which is currently underway just south of Hwy. 20.

Sugar Hill City Hall

EXECUTIVE SUMMARY

- The City has the opportunity to shape the nature of the future development along Hwy. 20, outside of the downtown core, through its land use controls, development incentives and land ownership in the corridor.
- If employed properly these tools can be used to help create a unique and desirable corridor that would be home to land uses attractive to current and future Sugar Hill residents, other nearby residents and visitors.
- This analysis excludes conclusions regarding the level of feasible current and future development in the immediate downtown area along Broad Street.

Artist rendering of the E Center

- In addition to the city hall and amphitheater already in place downtown, the redevelopment includes the E Center mixed use municipal project that is currently under construction, as well as other redevelopment projects slated for completion in the near future.

EXECUTIVE SUMMARY

- While market forces will likely drive development to the corridor, the City can harness these forces to ensure that the development is built in a manner consistent with responsible and desirable land uses that enhance the City's reputation and tax base for the long term.
- The opportunity for the City of Sugar Hill is to encourage development along Hwy. 20 that takes into account real estate best practices of corridor development. The City can promote opportunities for a higher-intensity mix of uses at strategic intersections, encourage residential and recreational uses in appropriate places and tactically preserve undeveloped land.
- To realize the opportunity at hand, the City should consider the following strategies when planning for new development along the corridor*:
  - Diversify character by allowing for a mix of uses, including housing and a mix of housing types
  - Prune back retail zoned land
  - "Pulse" nodes of development
  - Create "place."
- The benefits of promoting development in this manner to the City of Sugar Hill and its constituents include:
  - More efficient use of land
  - Lower cost of infrastructure
  - Additional green space
  - Expanded housing options
  - Improved quality of life

*Adapted from *Ten Principles for Reinventing America's Suburban Strips*, ULI

LAND USE OPPORTUNITY SUMMARY

Land Use	Description	Market Trends	Opportunities	Potential Challenges	Potential Opportunity
Residential – single-family detached (SFD)	Single-family detached homes designed to be utilized as primary residences.	For-sale housing market in the PMA shifting away form entry level pricing (<$300K) to “move up" pricing (>$300K).	New developments along Hwy. 20 in Sugar Hill avg. new home prices $350K-$400K @ 10-20 sales per year. The potential to expand this market certainly exists.	Demand for higher price points (>$400K) currently appears somewhat limited in Sugar Hill/Lanier HS district. For conventional homes on mid-size and large lots. However, housing in unique formats (e.g. mixed use, river views) currently unavailable could change the market dynamics.	Potential for additional conventional SFD. Possible opportunity for SFD product at >$400K in unique setting (mixed use, river views).
Residential – attached / townhouse (TH)	Attached “townhome” residential with one or more shared walls.	TH have typically been 10-20% of all home sales in the area. Prior to 2015 <$250K price points prevailed in the PMA. Sales at those prices have diminished. Sales >$250K have emerged but overall volume is down with higher prices.	TH have the opportunity to fill the mid-market price points, particularly in walkable locations. Executed properly, TH could also attract older down-sizing households.	TH are typically seen as lower price alternative in the local area. Consumers will need to see quality product in unique locations to push prices higher.	Moderate opportunity for additional conventional TH. Likely opportunity product at >$250K in walkable and/or senior-oriented locations.
Residential – active adult and/or senior	Active adult communities targeting residents in the 55-70 year age range. Senior housing focused on 70+ years old.	There is a growing population of residents over 55 years old in Sugar Hill and the Primary Market Area. Active adult rental communities are rapidly expanding in Gwinnett.	Quality of life, cost of living, and access to various amenities could make this a potentially attractive location for both active adult and senior housing.	Competition in the local market area is increasing for this product.	Senior-focused housing could be a key to help diversify and densifying new development along Hwy 20.
Multifamily	Rental apartments.	Recently, suburban apartment developers are often seeking sites within or near walkable downtowns and/or very near or adjacent attractive amenities such as new grocery stores.	There may be pent-up demand for new middle-income rental housing in the area. Walkable locations are more likely to attract higher-end multifamily.	Current rents in the area do not support higher-end apartment development, nor apartments with structured parking.	Apartments in unique walkable environments have the potential to push rents above current levels.

LAND USE OPPORTUNITY SUMMARY

Land Use	Description	Market Trends	Opportunities	Potential Challenges	Potential Opportunity
Retail	Includes neighborhood-serving retail developments with such uses as grocery, food and beverage stores, personal care stores, general merchandise stores, gas and auto care.	Expansion of non-gas/auto brick-and-mortar retail has been muted by the impact of changes in consumer shopping habits. Currently, development of new retail is focused almost exclusively on grocery-anchored centers, discount retailers and/or walkable “experiential” retail mixed use developments.	High traffic counts, household growth and high median incomes in the market area creates demand for more retail along Hwy 20.	Grocery stores and other big box stores are prevalent within and near the local market area. Additional large-scale additions may prove challenging, but not impossible, due to competitive landscape. Without a plan to steer quality retail to strategic nodes, lower-quality discount stores and gas stations will emerge as the “default” retail development options.	The Hwy. 20 corridor is potentially ripe for additional retail at strategic nodes.
Office	Local, service-focused office buildings or small campus settings.	Broader trends have moved toward providing office space that is convenient (i.e, walkable) to restaurants or located in secure office campus environment. Large-scale regionally-serving office typically locates in areas near/adjacent to regional transportation options and/or high-end suburban residential areas.	The most likely office opportunities are for smaller-scale local-serving office use as part of larger mixed use development. Medical/medical office opportunities are likely, either as stand-alone use(s) and/or as part of a mixed use development.	Although the potential for smaller-scale office exists, the Hwy 20 area in Sugar Hill lacks potential as a regional-serving office location, outside of medical uses.	Office could serve as a small portion of a larger mixed use development and/or medical office could serve as an anchor.
Industrial/Flex	Includes manufacturing, warehouse, and distribution space. Flex combines limited office with industrial use.	Industrial is one of the hottest development types, with a focus on warehouse and distribution. Occupancy rates nearby have been strong for industrial.	Businesses moving north from more costly southern Gwinnett areas may be attracted to the area, seeking good highway access.	As apposed to the Sugar Hill Buford Hwy corridor, land along the Hwy. 20 corridor has the potential for higher-value uses (residential and retail) other than industrial. There are likely limited land parcels available in the Hwy. 20 corridor for industrial due to size/configuration and/or topography	While the market opportunity may exist for industrial in the market area, industrial development along Hwy. 20 may not serve the City’s long-term land use vision.

FUTURE REAL ESTATE DEMAND

- The Hwy. 20 Corridor's future real estate demand potential by land use is shown below.
- These estimates are based on analyzing historic and future supply and demand conditions and do not take into account other factors that impact the likelihood of development such as zoning, development costs, local appetite for growth, unknowable national/international economic trends, etc.
- These future potential demand estimates do not include the potential demand for the immediate downtown Sugar Hill area along Broad Street.

Demand Potential

	Owner Residential (Units)	Owner Senior (Units)	Rental Residential (Units)	Rental Senior (Units)	Retail (Sq. Feet)	Office* (Sq. Feet)
Annual	176	42	200-210	70-75	20,000	25,000
5-Year	880	210	600-650**	350-375	100,000	125,000

Potential Development Timeline

	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Owner Single-family	123	123	123	123	123	**615**
Owner Townhome	53	53	53	53	53	**265**
Owner Senior Single-family	29	29	29	29	29	**145**
Owner Senior Townhome	13	13	13	13	13	**65**
Rental Residential**	100	100	200	100	100	**600**
Rental Senior	70	70	70	70	70	**350**
Retail (Sq. Feet)			50,000	50,000		**100,000**
Office (Sq. Feet)				62,500	62,500	**125,000**

The analysis used to derive these future demand estimates is detailed later in this report.
*Includes local-serving office and medical office/facilities.
**Assumes 100 units of market rate absorption annually, and an additional 100 affordable units absorbed over the 5-year period.

Source: Bleakly Advisory Group

Residential Conclusions

HWY 20 POTENTIAL SINGLE-FAMILY OWNER PRODUCT

	Home Type	Target Market	Price Points	Potential Hwy. 20 Annual Absorption
	Conventional	Entry Move-Up Upper Market	Mid $200s – Mid $500s	60 - 65
	Walkable	Entry Move-Up Upper Market Luxury Senior	Mid $200s – Mid $600s	40 - 45
	Premium (River/Golf View)	Luxury	Mid $600s – $900s+	5 - 10
	Senior/ Active Adult (55+ Households)	Mid-to-Upper Downsizing HHs Market	Mid $200s – Mid $400s	25 - 30

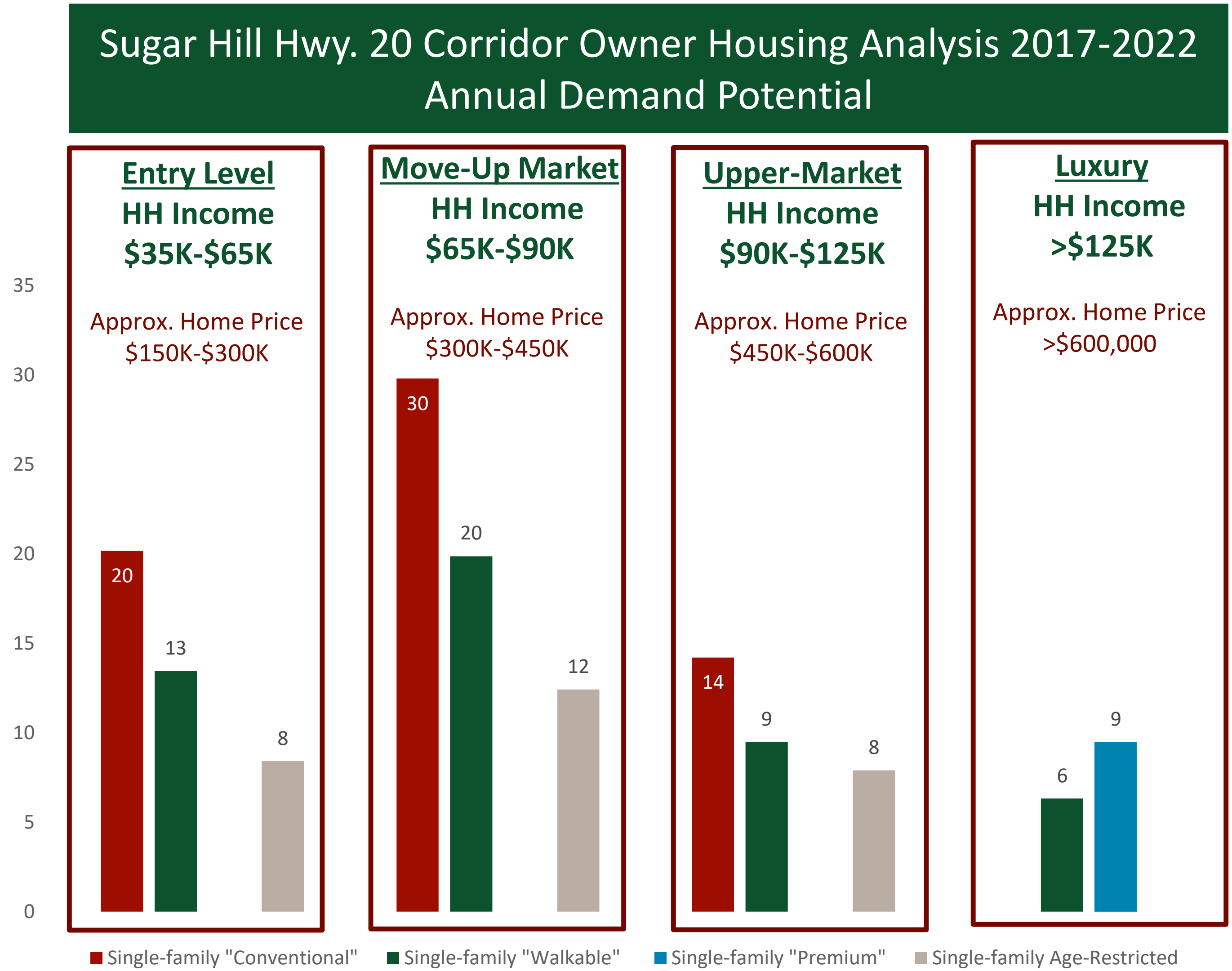
SINGLE-FAMILY OWNER RESIDENTIAL DEMAND: HWY 20 CORRIDOR

New Owner Single-family Residential

- Annual Demand Potential:
  - 151 Market Rate Units

  (exclusive of Downtown)

Conventional – 64 Units
Walkable – 49 Units
Premium – 9 Units
Age-Restricted – 29 Units



Source: Bleakly Advisory Group

TOWNHOME FOR-SALE RESIDENTIAL DEMAND: HWY 20 CORRIDOR

New Owner Townhome Residential

- Annual Demand Potential:
  - 66 Market Rate Units

  (exclusive of Downtown)

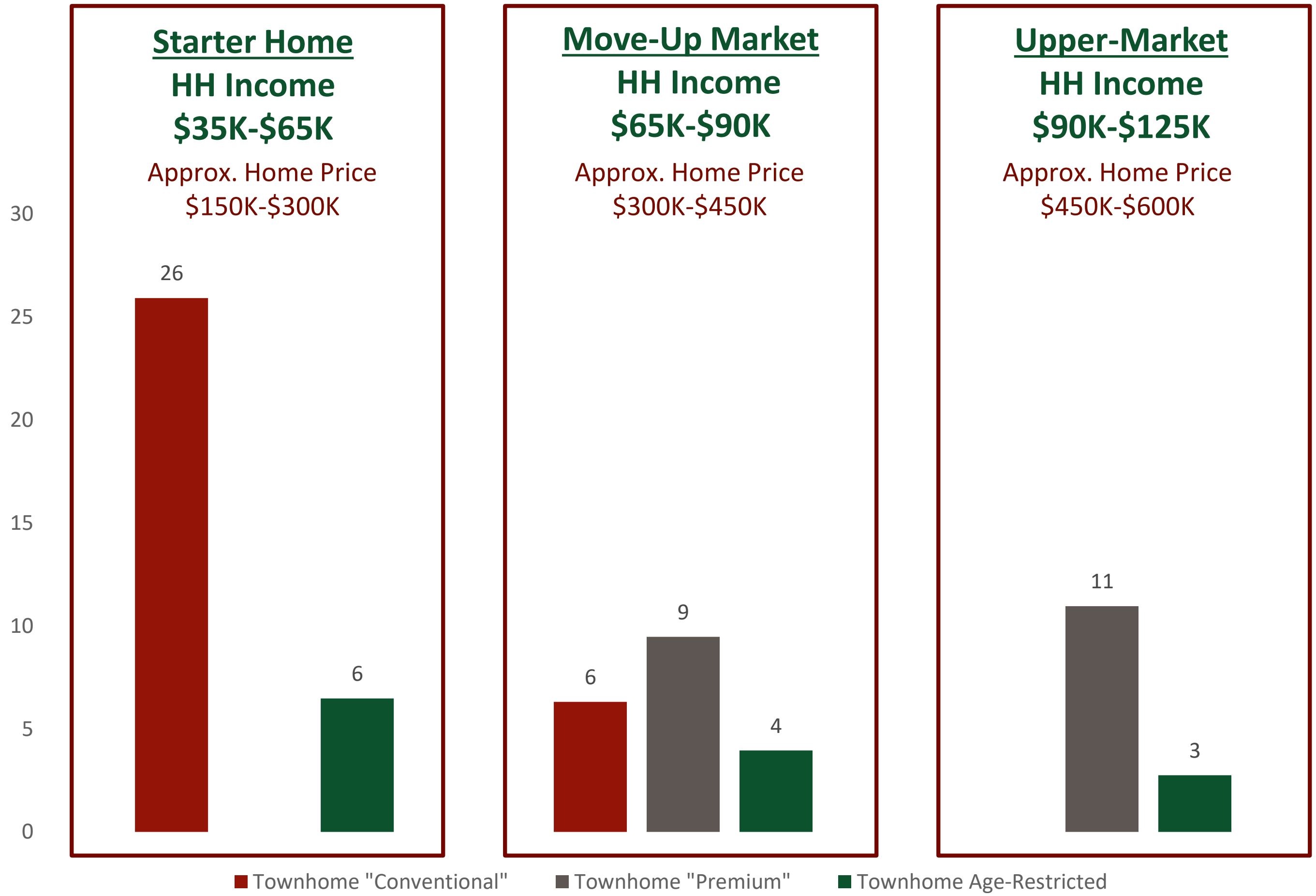
Conventional – 32 Units

Premium* – 20 Units

Age-Restricted – 13 Units

*Premium townhomes would likely be located in walkable and/or golf/view settings.

Sugar Hill Hwy. 20 Corridor Townhome Analysis 2017-2022
Annual Demand Potential



Source: Bleakly Advisory Group

RENTAL DEMAND: HWY 20 CORRIDOR

New Rental Residential

- Annual Demand Potential:
  - 283 Total Units

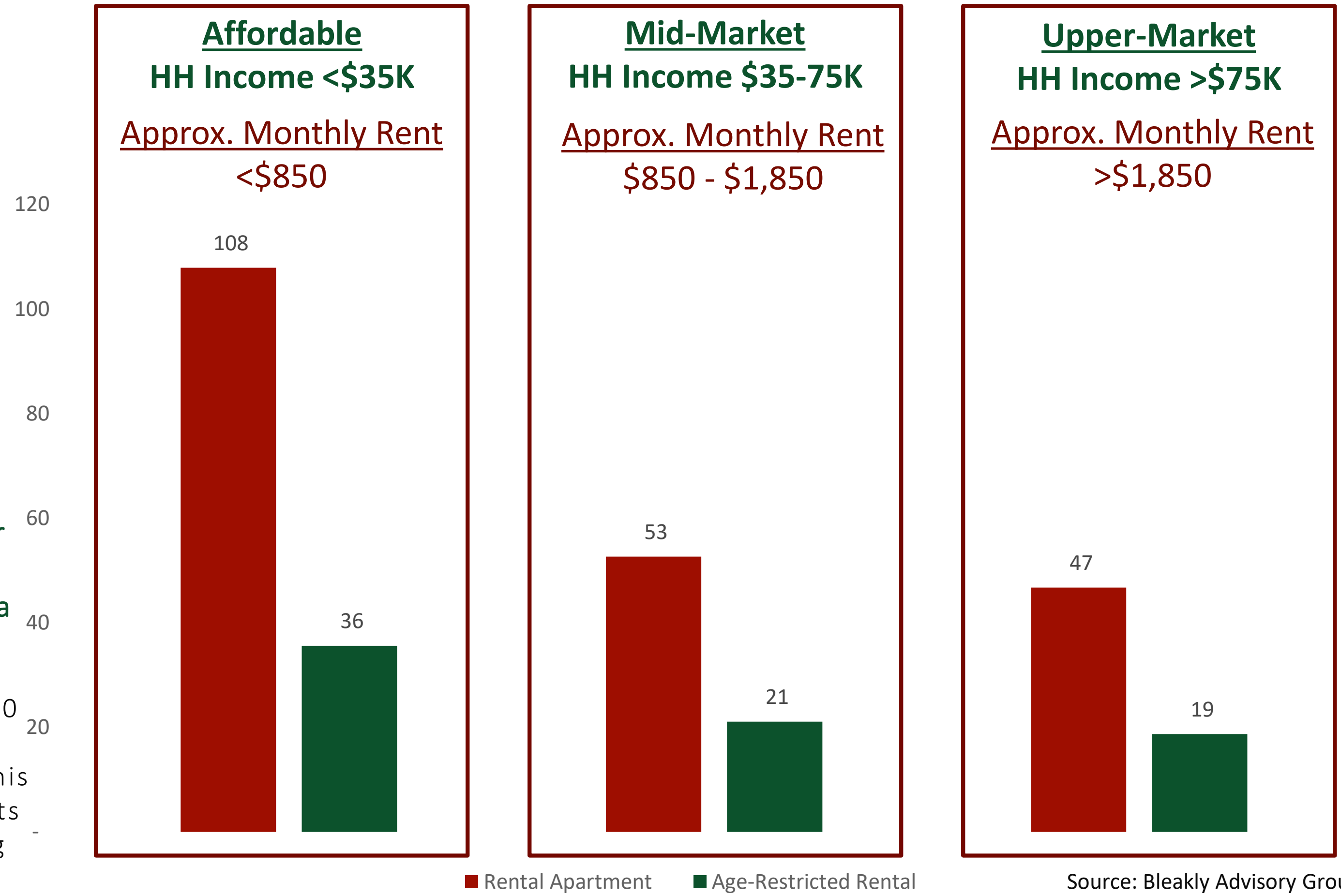
(exclusive of Downtown)

Market-Rate – 100 Units
Affordable* – 108 Units
Age-Restricted – 75 Units

To meet the current demand for market-rate renters, the rental units will likely be delivered in a walkable format.

*While demand exists for over 100 affordable units annually it is expected that only a portion of this demand can be met with new units due to the difficultly of delivering new affordable product.

Sugar Hill Hwy. 20 Corridor Rental Housing Analysis 2017-2022 Annual Demand Potential



Source: Bleakly Advisory Group

Commercial Conclusions

RETAIL DEMAND POTENTIAL

- The potential likely exists for one new retail-anchored mixed use development in the Hwy. 20 corridor over the next five years.
- Assuming continued growth, the potential may exist for an additional similar retail-anchored mixed use development in the corridor in the following five years (2023-2028).
- Most likely these developments will be horizontally integrated mixed use projects with single-story retail boxes serving as anchors adjacent to stick-built multifamily buildings with smaller amounts of in-line shops and local-serving office space.
- The examples at right illustrate the concept, but actual developments along Hwy. 20 may vary.


North Decatur Square (Not currently built)

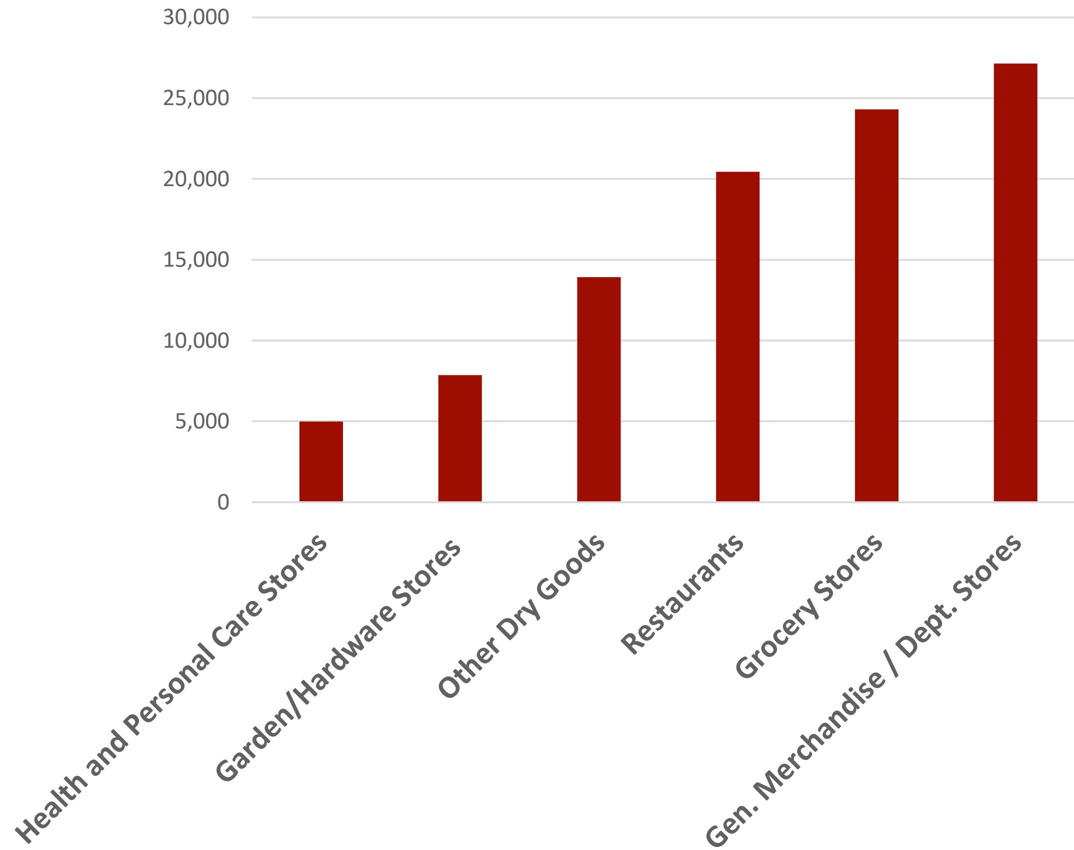

Decatur Crossing (Under construction)

Renderings provided for illustrative purposes only

RETAIL DEMAND POTENTIAL

- Total New Retail Demand Potential through 2022:
  - 90,000 – 100,000 SF
- The competition for grocery retail is intense in the local market area but potential exists for adding currently out-of-market grocers with smaller footprint stores such as Sprouts, Aldi, etc.
- A smaller footprint discount General Merchandise store such as TJ Maxx has the potential to serve as a "junior anchor" in new mixed use retail development.

Retail Square Feet Demand Potential by Store Type, 2017-2022



Source: Bleakly Advisory Group

OFFICE DEMAND POTENTIAL

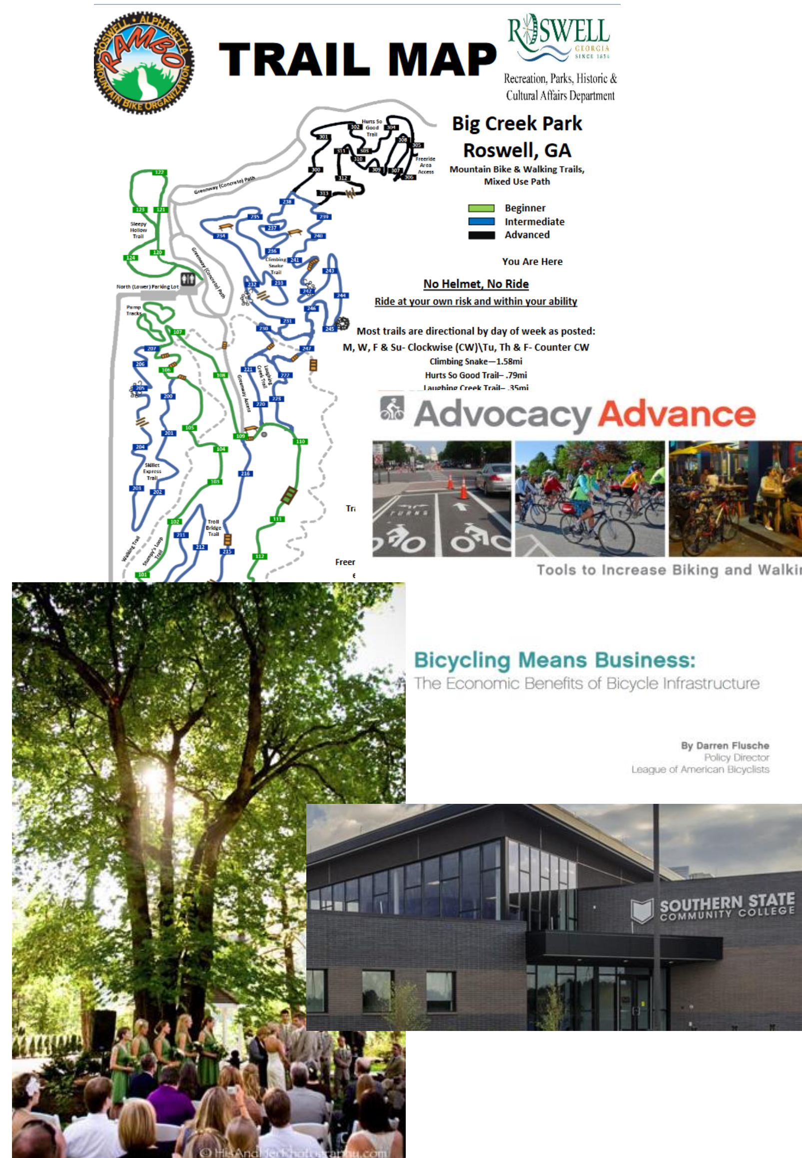
- Total New Office Demand Potential through 2022:
  - 100,000 – 125,000 SF
- While large regional-serving professional office development along the Hwy. 20 corridor is unlikely, other potential office development could occur to meet the demand for:
  - Local-serving office with tenants such as doctors, real estate agents, household financial advisors, etc.
  - Co-working office space for early-stage and/or small companies seeking flexible office situations.
  - Medical Office: This could take the form of traditional medical office buildings as shown at right, or possibly larger medical facilities built by a regional hospital group seeking to service the growing populous.

The examples above illustrate potential office concepts, but actual development along Hwy. 20 may vary.

Office uses could be built as stand-alone buildings or occupy a portion of a larger mixed use development.

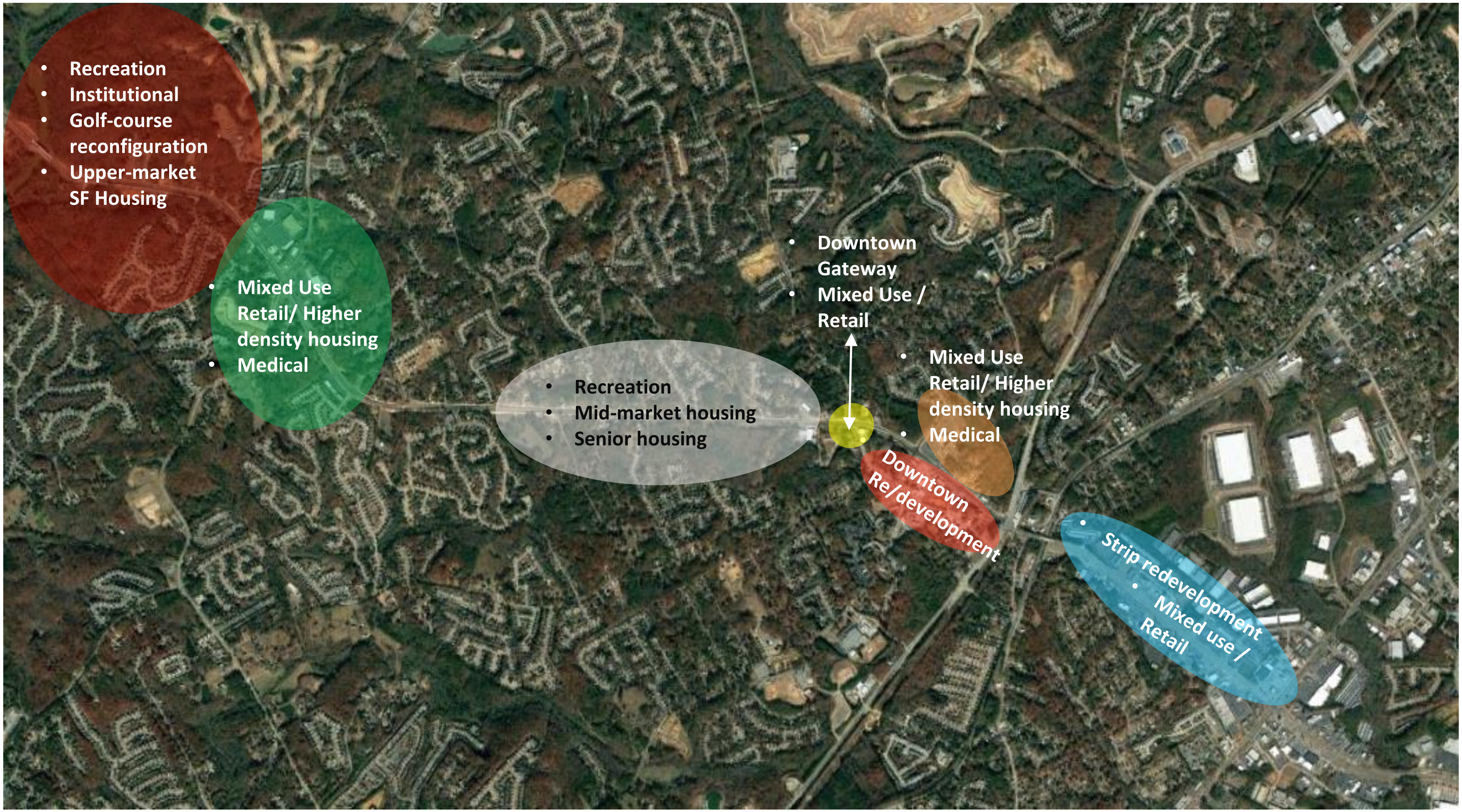
ADDITIONAL POTENTIAL LAND USES

- Recreational
  - Event Facility
  - Conference Center
  - Corporate Retreat/Lodging
  - Mountain Bike Park
  - Passive Parks
- Institutional
  - City Services
  - Child Care
  - Education
- Senior Care
  - Nursing Home/Memory Facility



While the size and scale of these opportunities were not quantified in this report, the conditions may be right for development of one or more of these uses along the corridor. The City may be in a position to entice and/or lead these types of developments due to its substantial land holdings in the area.

DEVELOPMENT CHARACTER AREAS

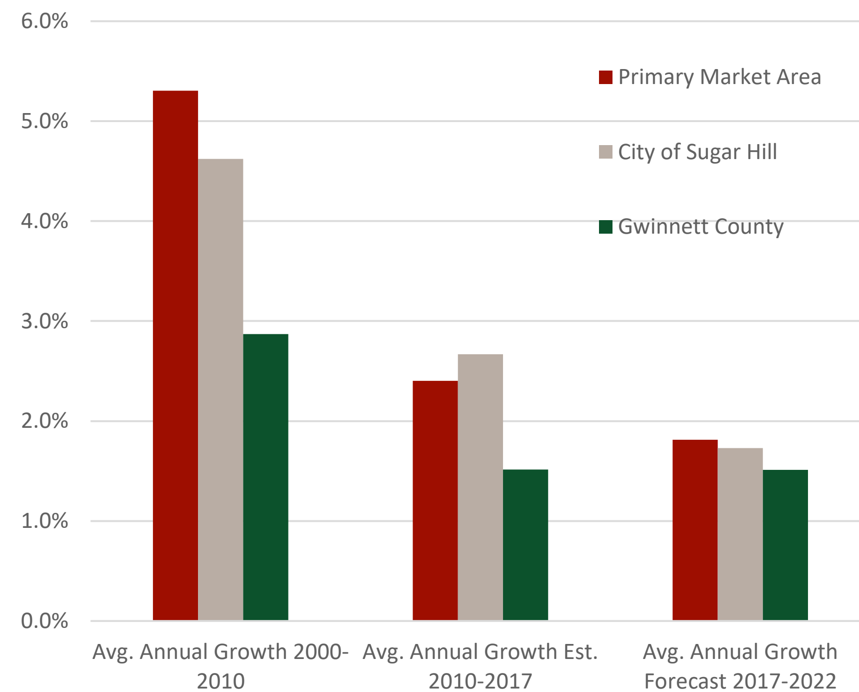


Demographic Analysis

DEMOGRAPHICS: POPULATION

Population	Primary Market Area	Secondary Market Area	City of Sugar Hill	Gwinnett County
2000 Census	44,195	16,129	11,045	588,456
2010 Census	76,367	29,627	18,522	805,321
2017 Estimates	92,190	39,431	22,894	905,164
2022 Forecast	101,656	43,997	25,175	979,323

Households	Primary Market Area	Secondary Market Area	City of Sugar Hill	Gwinnett County
2000 Census	15,261	5,601	3,890	202,319
2010 Census	25,591	9,523	6,113	268,519
2017 Estimate	30,216	12,501	7,351	298,314
2022 Forecast	33,055	13,898	8,009	321,545



Source: Nielsen

- Population growth in the local market area has been robust and will likely continue throughout the next decade.

DEMOGRAPHICS: AGE AND INCOME

- Currently in the Primary Market Area higher-income "mid-career" households proliferate.
- The prevalence of these households bodes well for the potential future growth of the Hwy. 20 corridor, as they are a desirable target market.

Households by Age and Income, Primary Market Area, 2017

Age / Income	< 25	25-34 Young Households	35-44 Move-Up Households	45-54 Prime Earners/ Empty Nesters	55-64 Prime Earners/ Empty Nesters	> 64 Boomers+	TOTAL
< $35K	269	751	989	990	933	1,590	5,522
$35K-$65K	241	812	1,237	1,605	1,234	1,099	6,228
$65-$100K	101	833	1,450	2,053	1,389	894	6,720
> $100K	32	1,273	3,367	3,714	2,204	1,157	11,747
TOTAL	644	3,668	7,043	8,362	5,759	4,740	30,216

Source: Nielsen

Young Households

Move-Up Households

Prime Earners / Empty Nesters

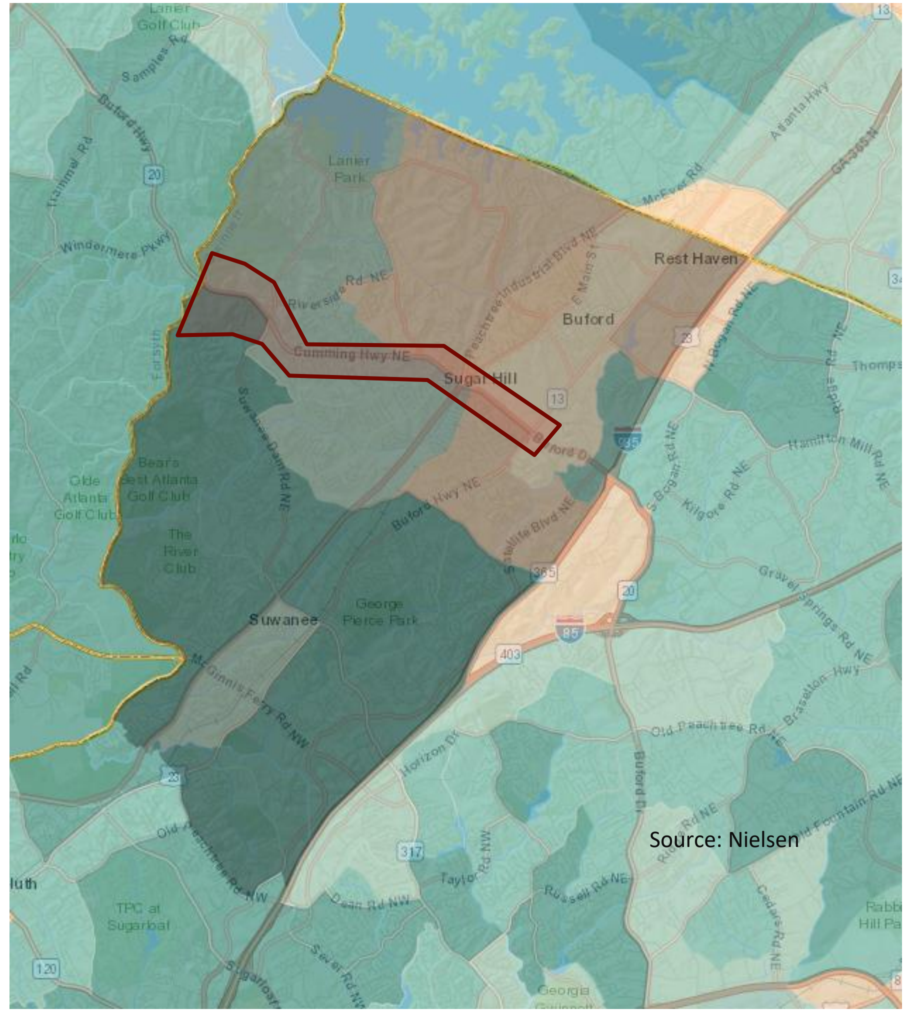
Boomers

DEMOGRAPHICS: INCOME DISTRIBUTION

- In the PMA there is a distinct variation in median incomes, with the more affluent areas in the southern half of the PMA and more modest incomes concentrated on the northern portion of the PMA.

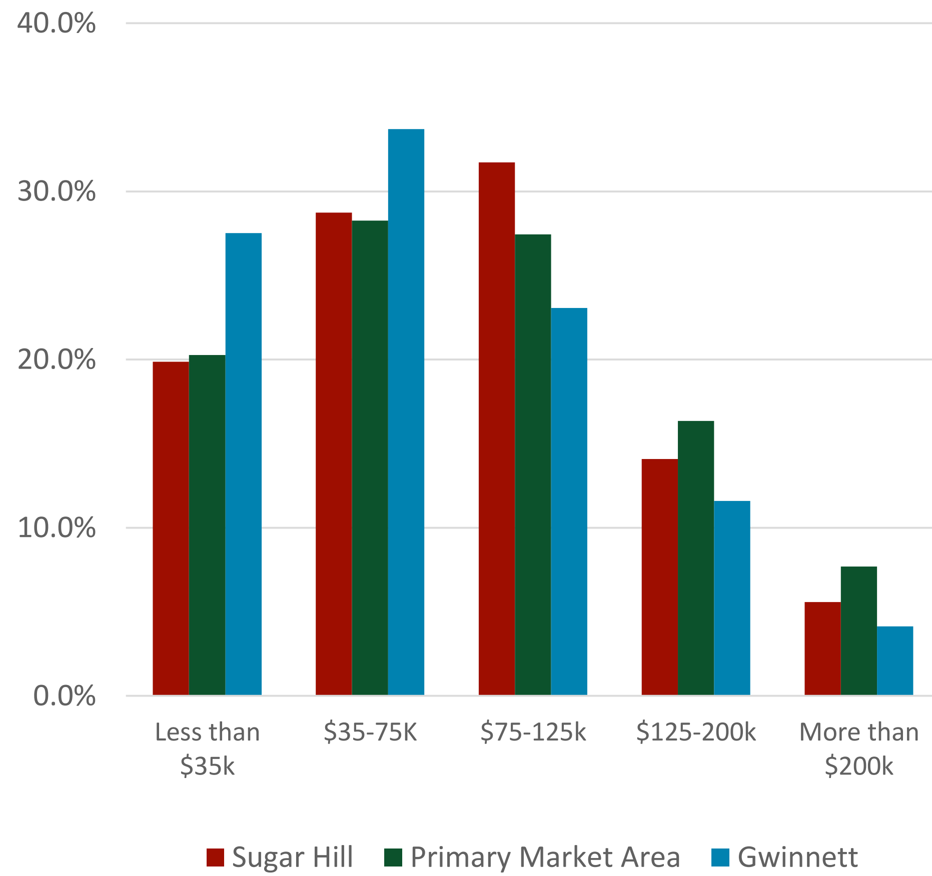
Median Income
by Census Tract

- More than $82,000
- $68,001 to $82,000
- $53,001 to $68,000
- $39,001 to $53,000
- $24,001 to $39,000
- $24,000 or less



DEMOGRAPHICS: HOUSEHOLD INCOME

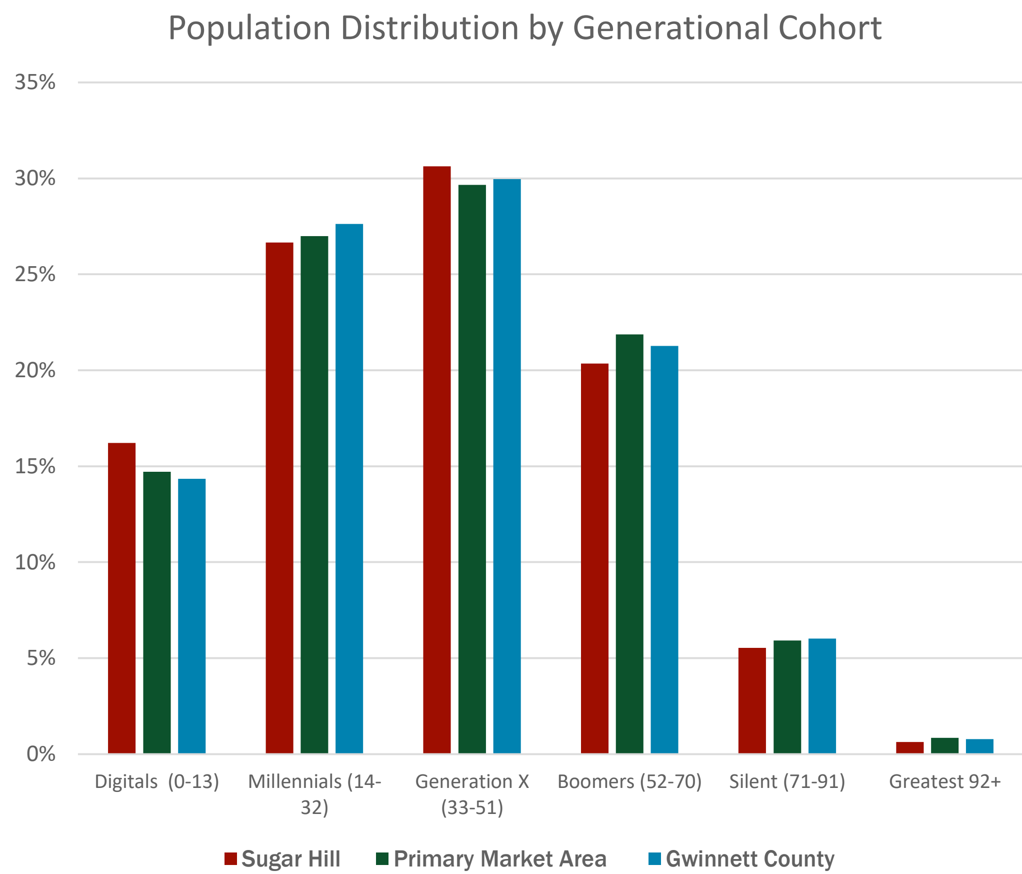
- Affluent households earning over $125,000 represent 24% of all households in the PMA.
- These higher-income household make up a larger share of the PMA than Gwinnett County overall.
- These higher incomes attract the attention of residential and commercial developers.



Source: Nielsen

DEMOGRAPHICS: GENERATIONAL ANALYSIS

- Combined, Generation X and Millennial households represent 48% of the households in the PMA.

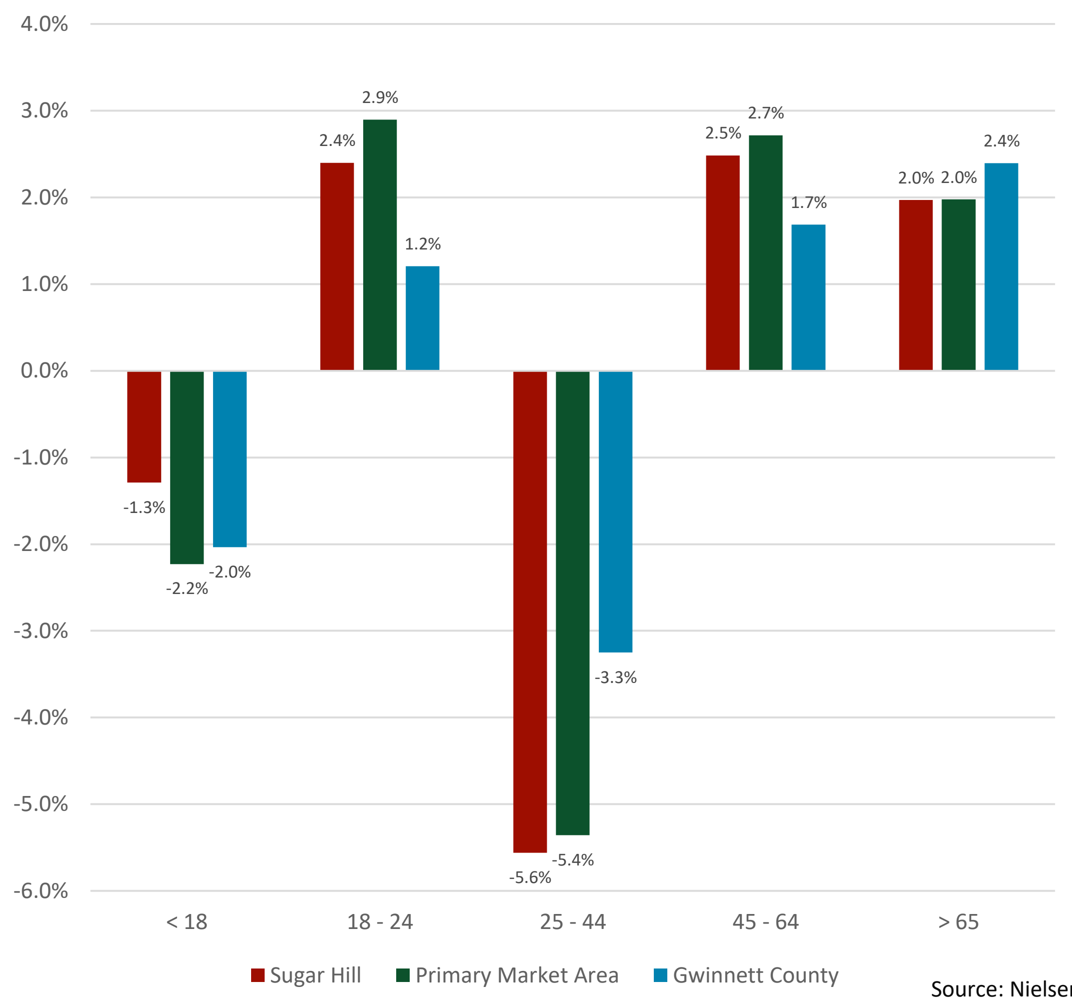


Source: Nielsen

DEMOGRAPHICS: AGE

- While, Generation X residents represent a large portion of the current population in Sugar Hill, younger Millennials (age 18-24) and Baby Boomers (age 60+) have grown at greater rates since 2010.
- These growth trends signify an evolving populous, and the transition of Sugar Hill from a bedroom community for families to a more well-rounded location for households in a variety of age cohorts.

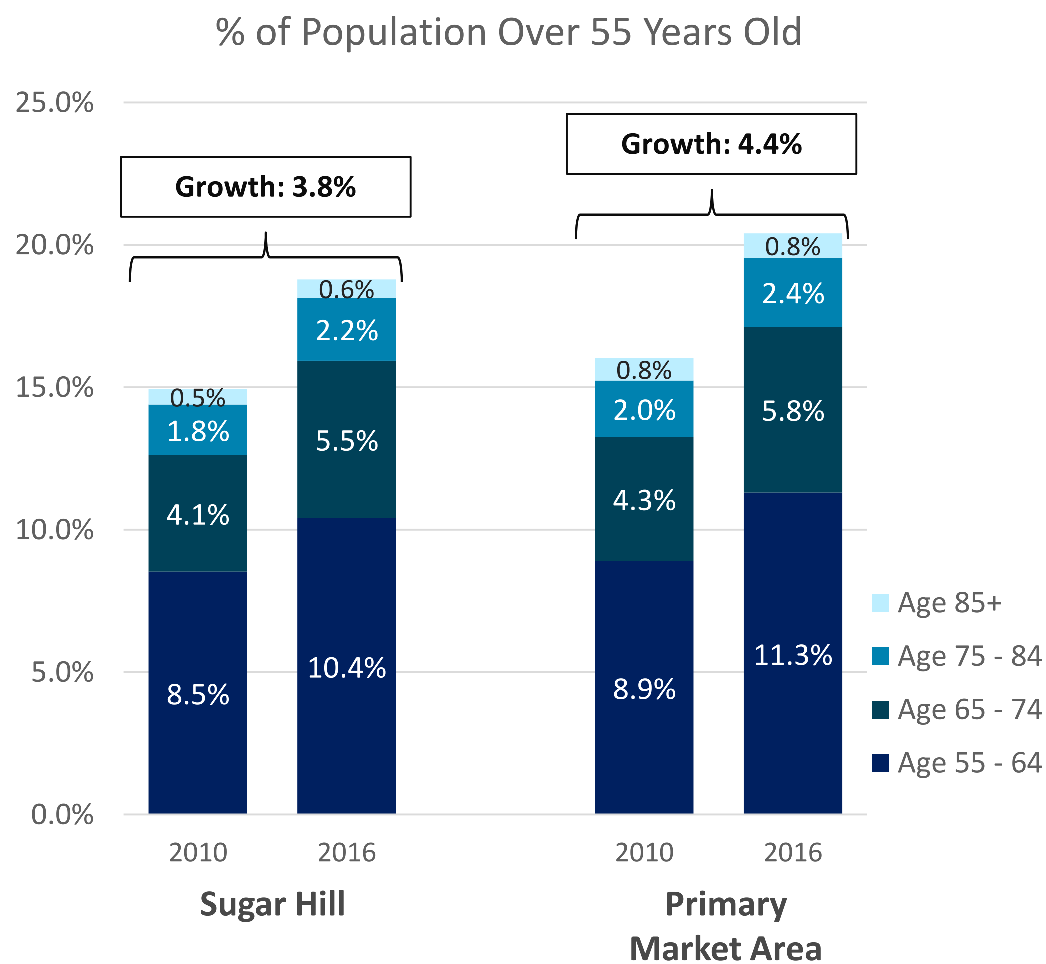
Change in Population Age, 2010 vs. 2016



Source: Nielsen

DEMOGRAPHICS: TRENDING OLDER

- The demographics of the PMA are trending older in the last five years.
- In the PMA persons 55+ have grown from 16% of the population in 2010 to 20% currently.
- The target demographic for active adult and senior housing (55-74 years) has grown from 13% to 17% of the population in the PMA.

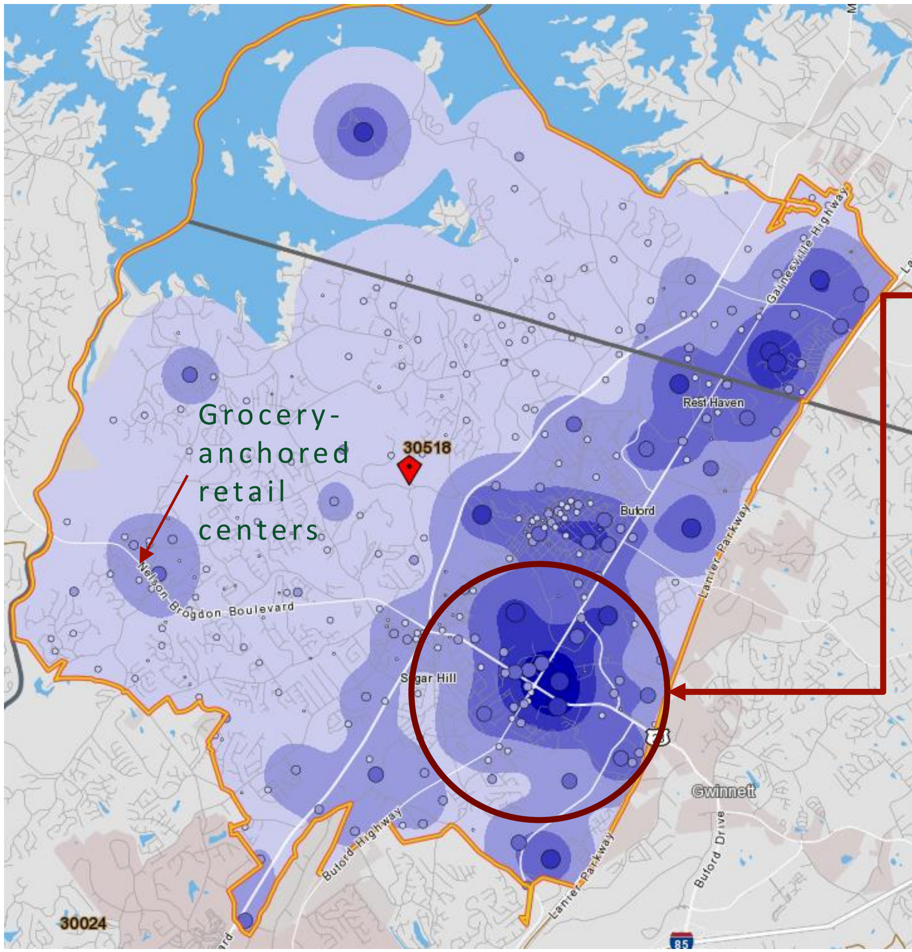


Source: Nielsen

Economic Analysis

EMPLOYMENT PROFILE

ZIP 30518



- Within the 30518 ZIP code, the largest cluster of jobs is at the corner of Buford Highway and Hwy. 20.
- West of Buford Highway, the Hwy. 20 corridor lacks other large employment centers.

Source: US Census

- 5 - 229 Jobs / Sq. Mile
- 230 - 903 Jobs / Sq. Mile
- 904 - 2,027 Jobs / Sq. Mile
- 2,028 - 3,600 Jobs / Sq. Mile
- 3,601 - 5,623 Jobs / Sq. Mile

EMPLOYMENT BY INDUSTRY SECTOR

- The largest concentration of jobs in Sugar Hill are in the construction, educational, and manufacturing sectors.
- In Sugar Hill, accommodations and food services and retail are less prevalent than in the surrounding zip code and in Gwinnett.

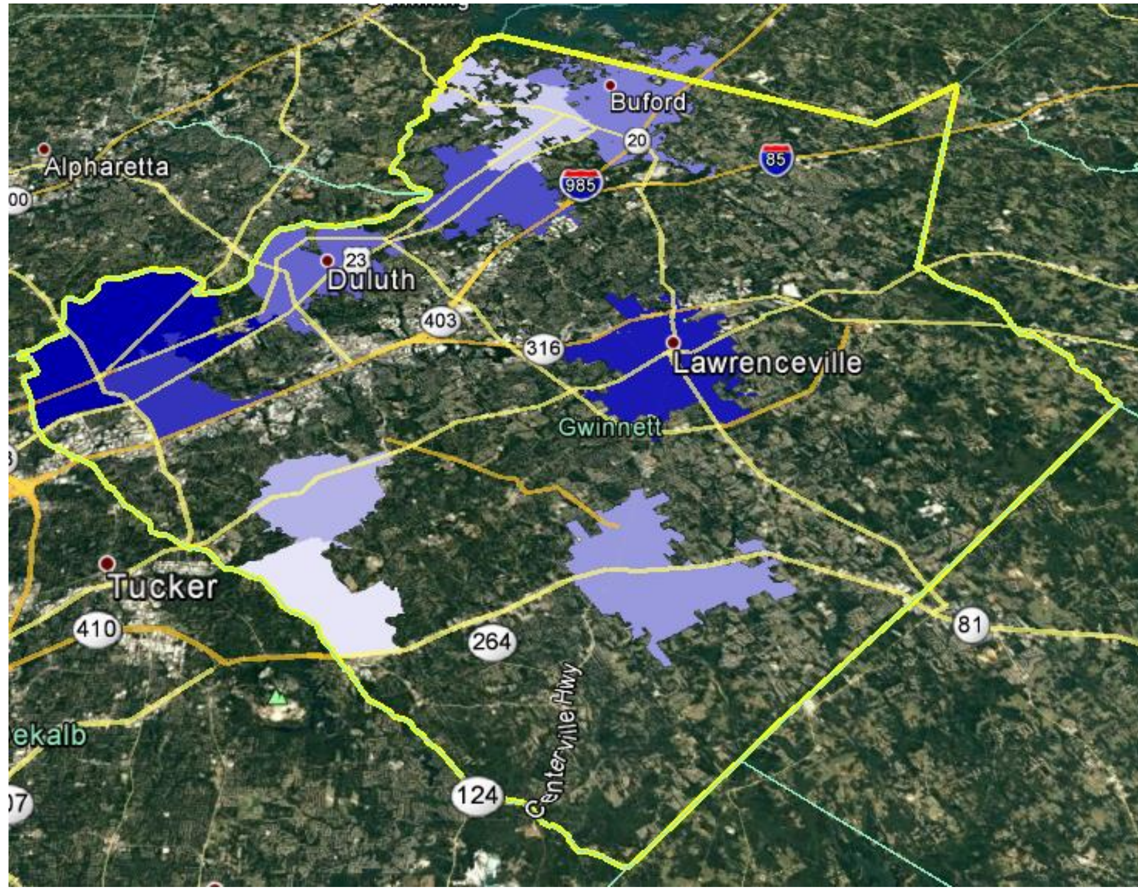
Jobs by NAICS Industry Sector	Sugar Hill	ZIP 30518	Gwinnett
Construction	***18.6%***	11.0%	5.4%
Educational Services	***11.6%***	5.8%	8.2%
Manufacturing	***10.7%***	***12.7%***	7.9%
Retail Trade	9.5%	***15.3%***	***15.0%***
Health Care and Social Assistance	8.3%	5.4%	8.6%
Wholesale Trade	7.7%	10.8%	***9.7%***
Administration & Support, Waste Management and Remediation	6.2%	7.9%	***9.0%***
Professional, Scientific, and Technical Services	5.5%	4.1%	8.3%
Accommodation and Food Services	5.2%	***11.7%***	8.7%
Transportation and Warehousing	4.2%	1.5%	2.0%

Note: Sectors are sorted in descending order by the Sugar Hill column. The top three sectors in each column are highlighted in *bold blue* font.

Source: US Census

JOB COUNTS ACROSS GWINNETT COUNTY

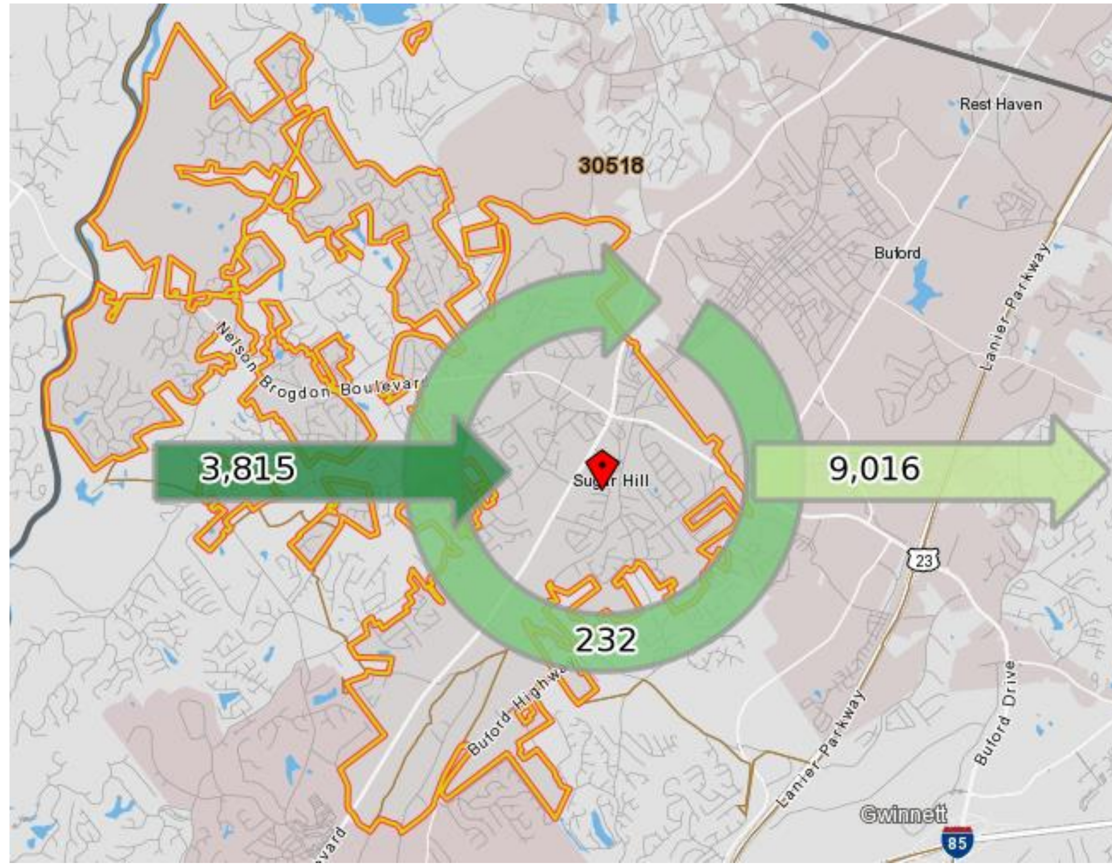
Job Counts by Places in Gwinnett County (2014)	#	% Change from 2011
All Places (Cities, CDPs, etc.)	159,480	5.8%
Peachtree Corners City, GA	39,450	5.0%
Lawrenceville City, GA	26,053	-6.9%
Norcross City, GA	19,333	-1.0%
Suwanee City, GA	16,399	41.4%
Duluth City, GA	15,029	4.2%
Buford City, GA	14,257	17.8%
Snellville City, GA	10,763	-0.2%
Lilburn City, GA	5,648	1.1%
Sugar Hill City, GA	**4,047**	**1.9%**
Mountain Park CDP, GA	3,164	9.7%
All Other Places	5,337	23.7%



Source: US Census

COMMUTING PATTERNS

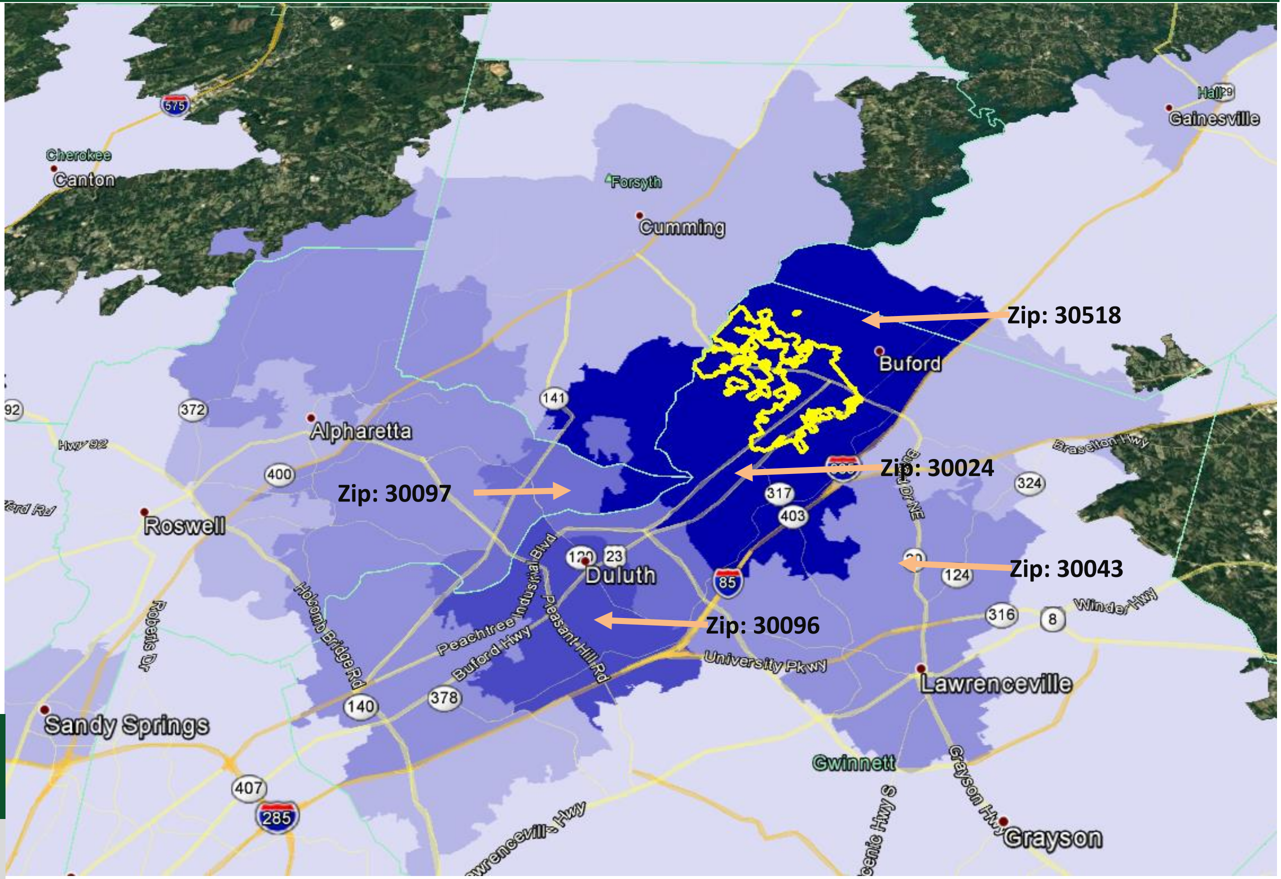
- 9,016 Sugar Hill residents commute from the city to jobs elsewhere.
- 3,815 employees who work in Sugar Hill commute into the city for their jobs.
- 232 people both live and work in Sugar Hill.
- This pattern of high mobility of the workforce is very typical of the Atlanta region and is a major factor in our traffic congestion.
- Sugar Hill is not a major employment center but rather a bedroom suburb—with 2.3 working residents for every job based in the city.



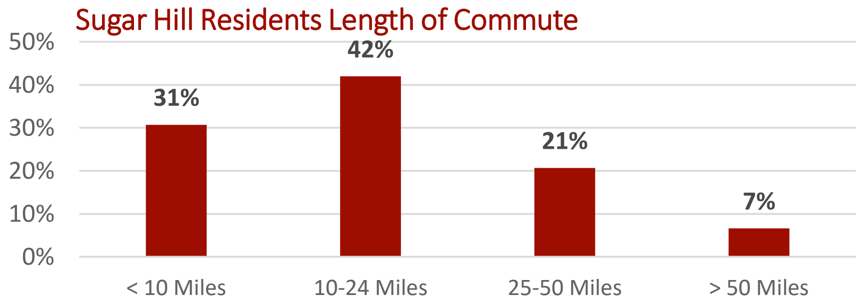
Source: US Census

DEMOGRAPHICS: COMMUTING PATTERNS

- Sugar Hill residents tend to live close to their work with nearly one third (31%) of residents commuting less than 10 miles and 42% commute between 10 and 24 miles to work.



Jobs Counts by Leading ZIP Codes Where Sugar Hill Residents are Employed		
Zip Code	Count	Share
30024	747	8.1%
30518	672	7.3%
30096	432	4.7%
30097	351	3.8%

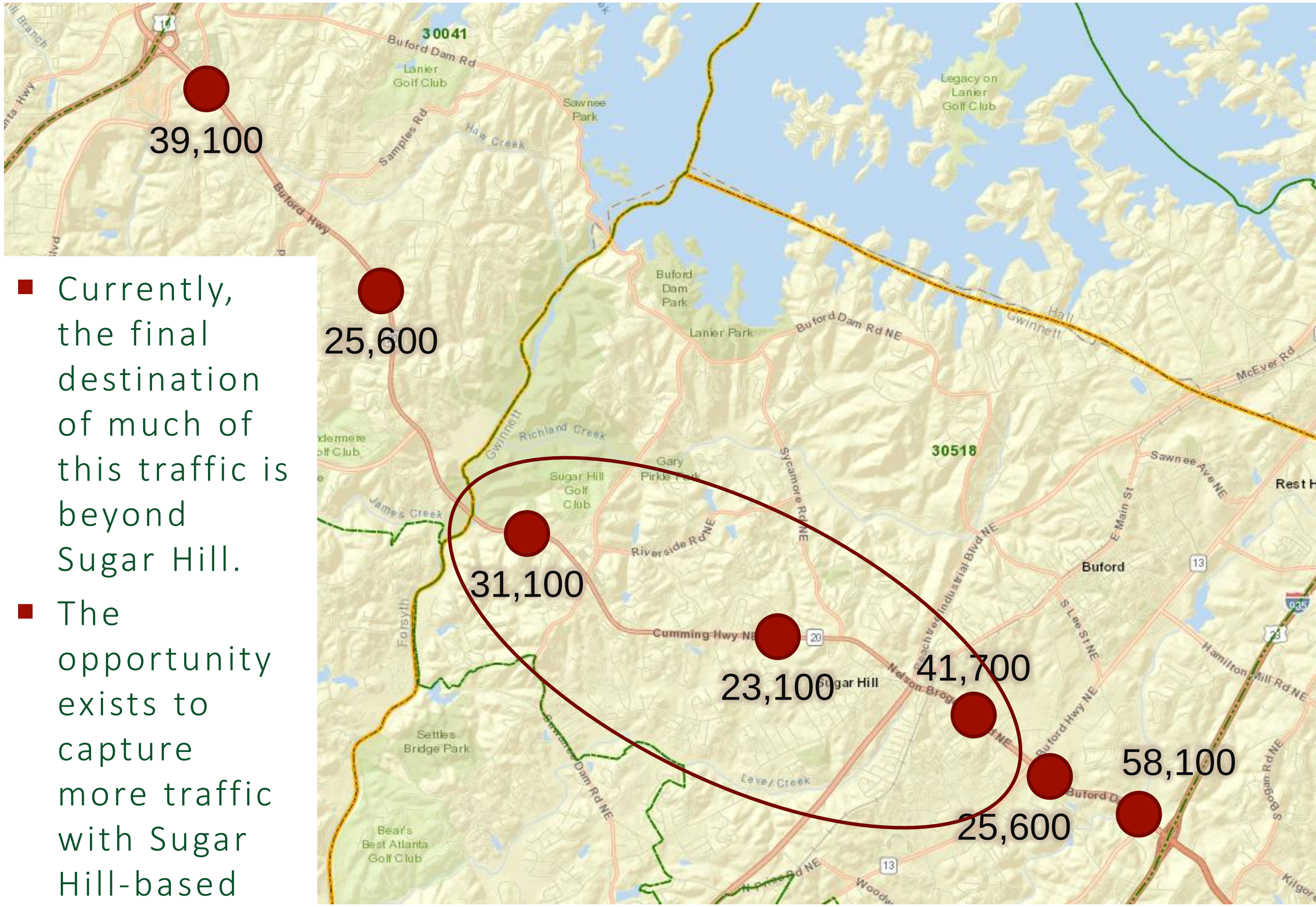


Source: US Census

TRAFFIC COUNTS

- The traffic counts shown at right represent Average Daily Trips (ADT).
- The counts within Sugar Hill are likely to increase with the current road-widening project and should continue to attract attention from retailers and others seeking high-visibility locations.

- Currently, the final destination of much of this traffic is beyond Sugar Hill.
- The opportunity exists to capture more traffic with Sugar Hill-based destinations.

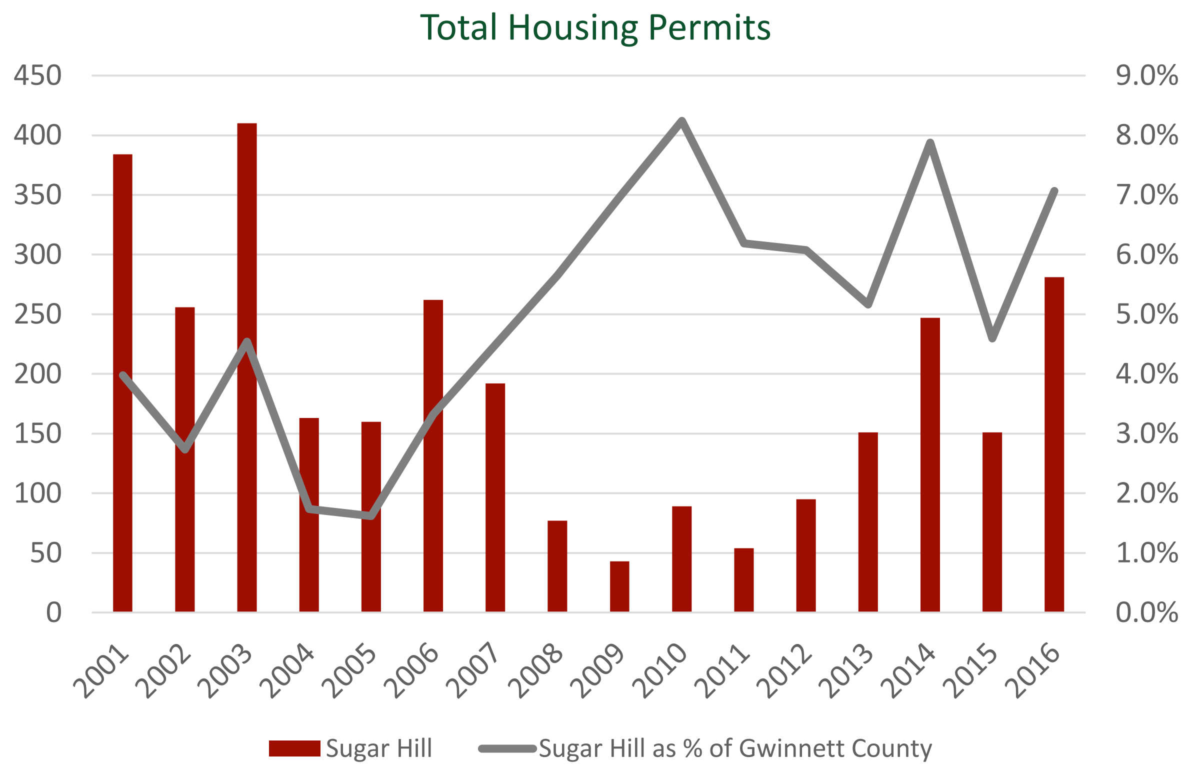


Based on data from Georgia DOT

Residential Real Estate Analysis

HOUSING PERMITS

- Post recession, Sugar Hill has captured(on average) 5.7% of total housing permits and 6.5% of single family permits in Gwinnett County.
- In 2016, the number of housing permits were at their highest in over a decade.

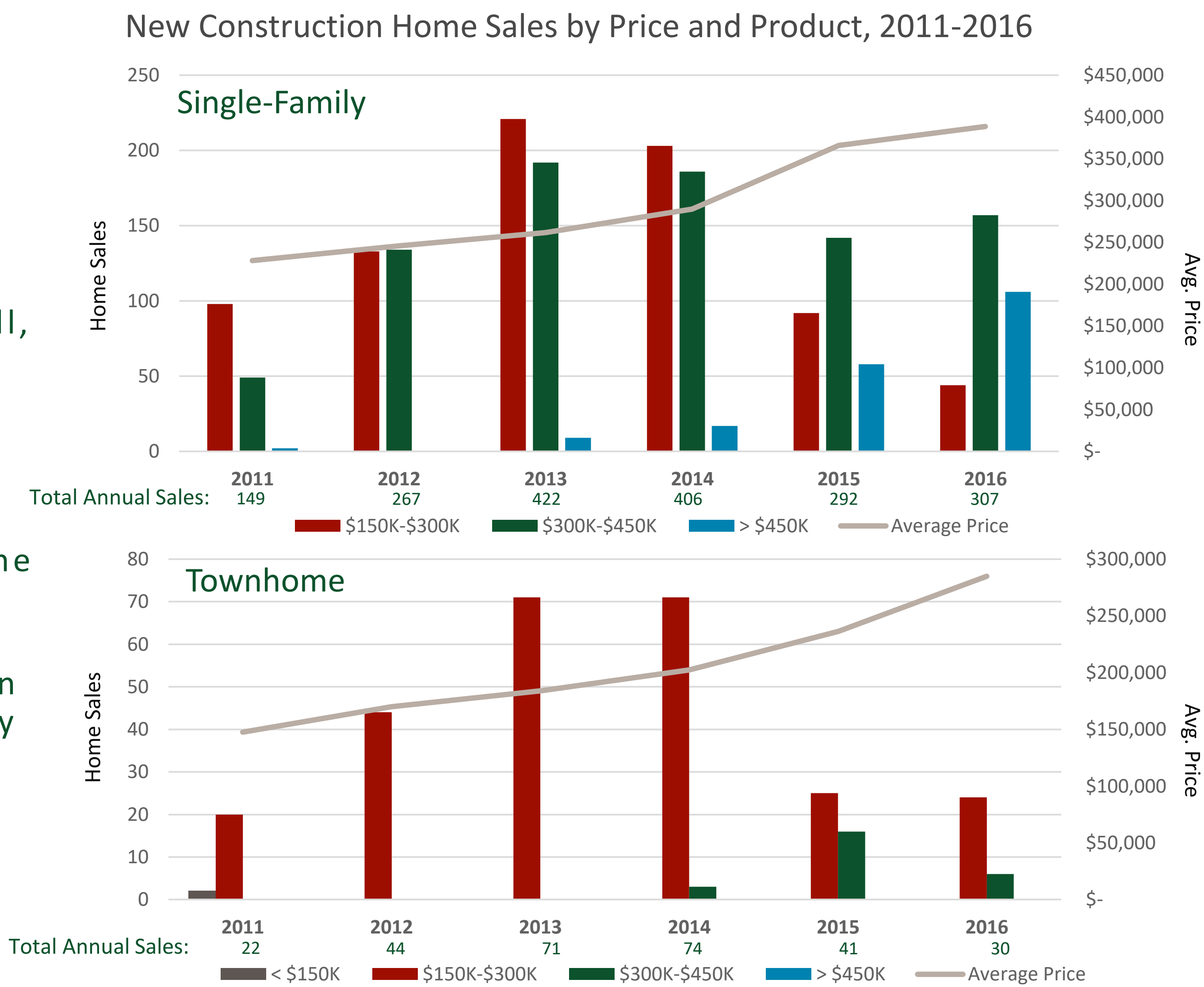


	2009	2010	2011	2012	2013	2014	2015	2016
Sugar Hill	43	89	54	95	151	247	151	281
Gwinnett Co. (Excluding Sugar Hill)	676	1,150	819	2,374	3,196	3,132	3,767	3,696
Sugar Hill as % of Gwinnett – *Total Units*	6.0%	7.2%	6.2%	3.8%	4.5%	7.3%	3.9%	7.1%
Sugar Hill as % of Gwinnett – *Single Family Units*	7.0%	8.2%	6.2%	6.1%	5.2%	7.9%	4.6%	6.9%

Source: SOCDS Building Permits Database

NEW HOME SALES: PRIMARY MARKET AREA

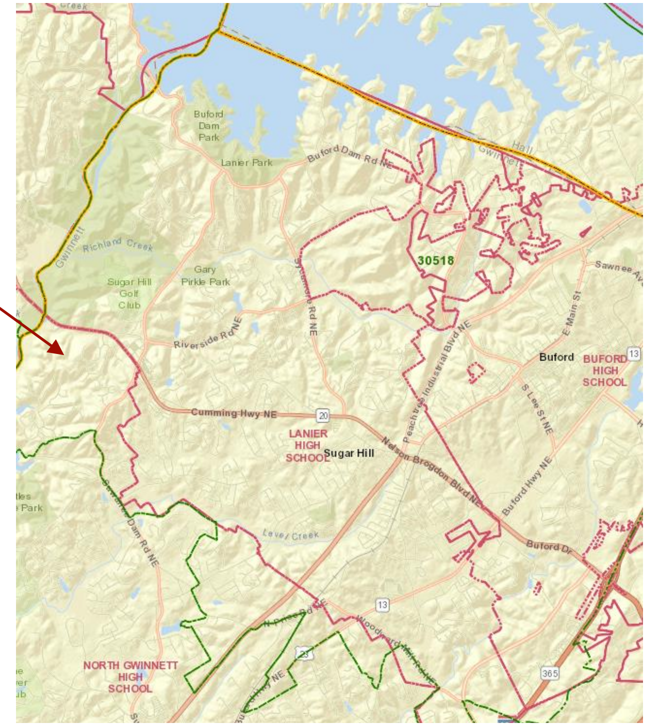
- As new construction home prices have consistently risen for both single-family and townhomes in the local market area, sales volumes have slowed.
- The new home market, particularly in Sugar Hill, is transitioning from a lower-price entry-level market to more of a move-up market.
- As this transition continues, the new home market will continue to seek equilibrium.
- As new buyers appear in the market, this is likely an opportune time to introduce new product types such as small-lot single-family homes located within an easy walk of amenities and commercial offerings.



Based on data from SmartREData

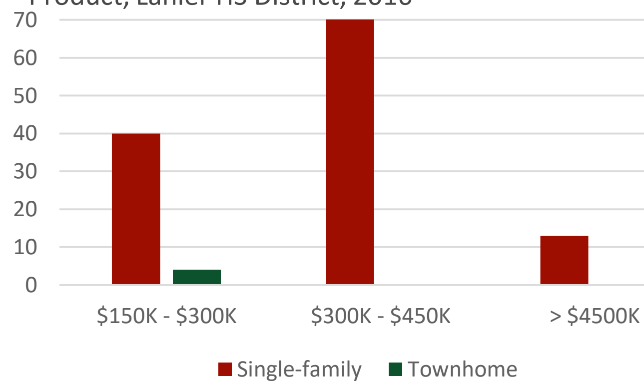
NEW HOME SALES BY HIGH SCHOOL DISTRICT

- Most of the Hwy. 20 corridor is zoned for the Lanier High School District of Gwinnett Co. Schools.
- As shown in the graphs below, the Lanier District attracts new home buyers at lower price points than the North Gwinnett District.
  - Most single-family home sales in the Lanier District in 2016 were below $400K.
- The southwest section of the corridor near the Chattahoochee River is zoned for North Gwinnett. There is opportunity in this area for luxury single-family home development.

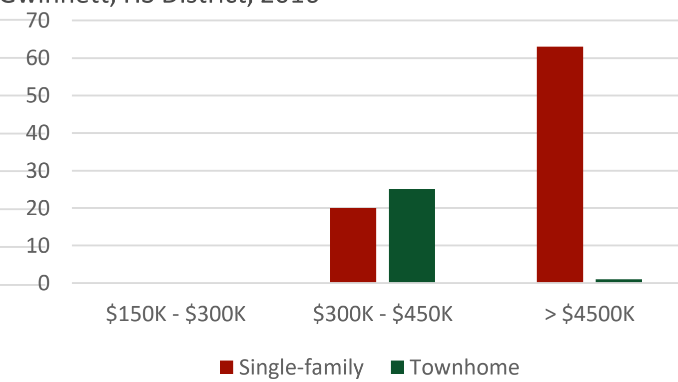


Based on data from SmartREData

New Construction Home Sales by Price and Product, Lanier HS District, 2016



New Construction Home Sales by Price and Product, North Gwinnett, HS District, 2016

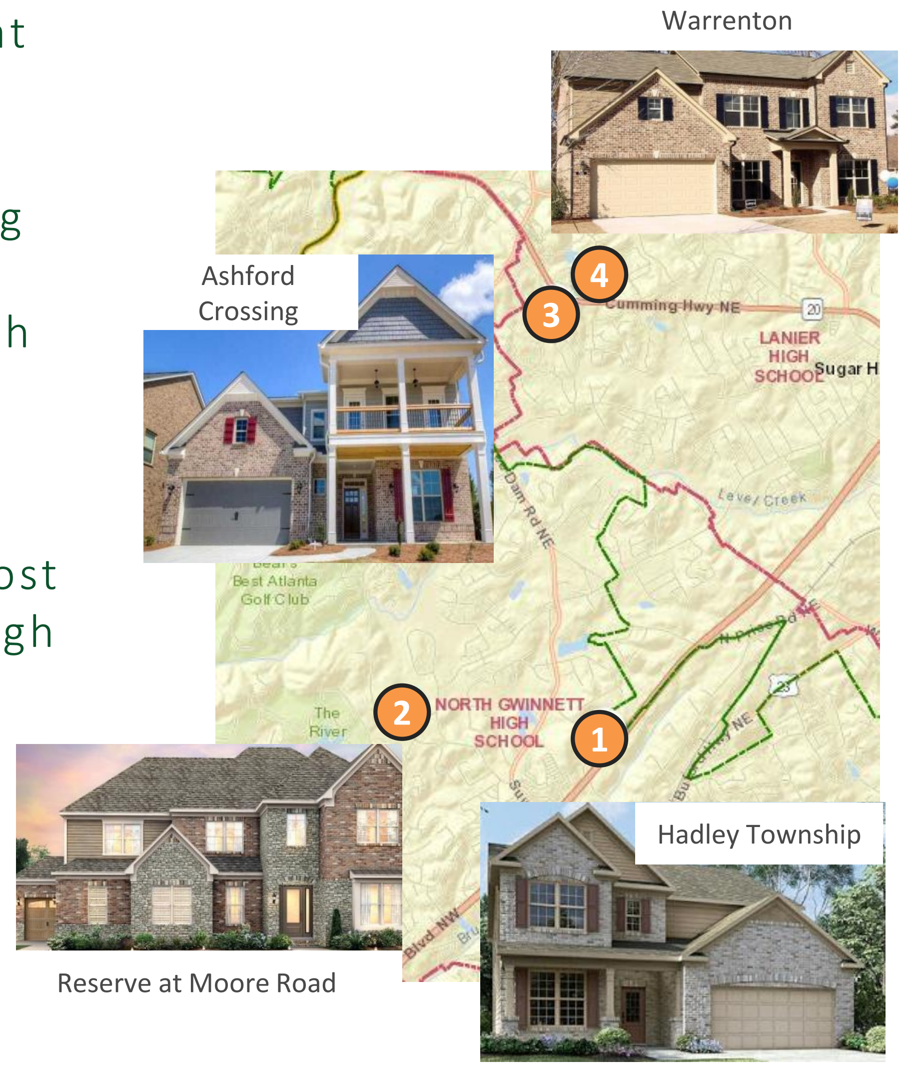


NEW HOME SALES

- Select leading new home sales communities in the local area shown at right provide examples of the current marketplace.
- Ashford Crossing and Warrenton, along the Hwy. 20 corridor in the Lanier HS District, sold homes in 2016 in the high $300Ks on average.
- The communities to the south in the North Gwinnett District sell homes starting in the low $400Ks with the most desirable locations averaging in the high $600Ks.

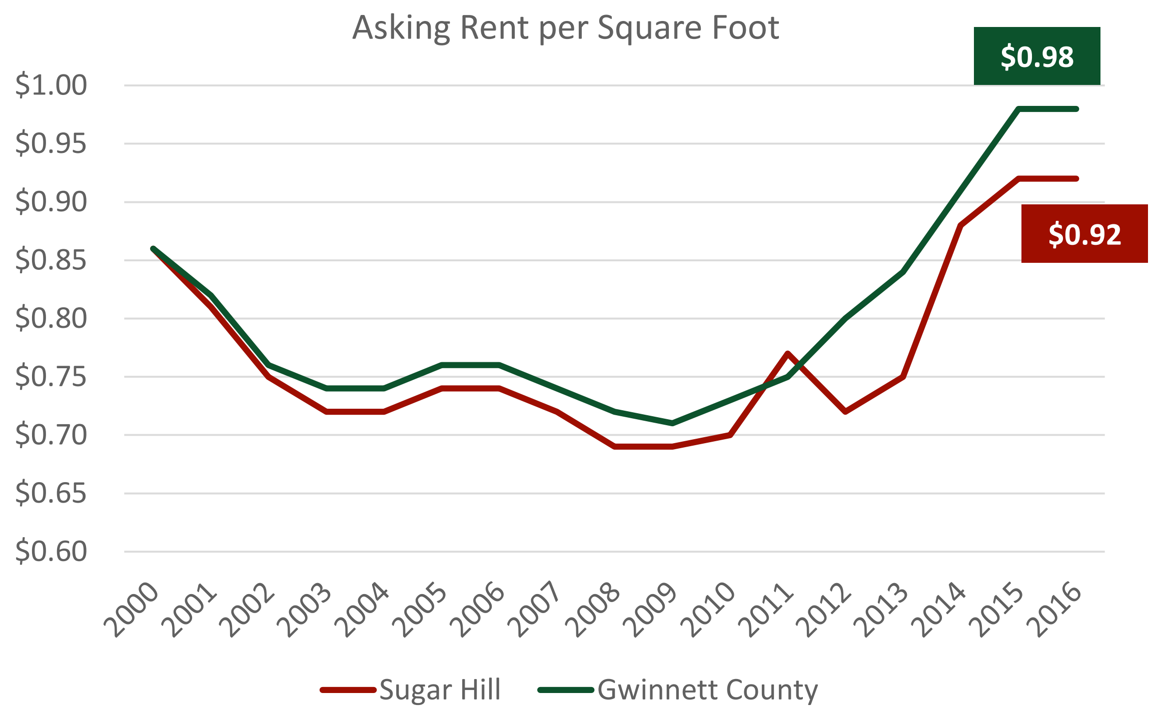
	Community	2016 Sales	Avg. $	Avg. $/SF
1	Hadley Township	33	$403,095	$128
2	Reserve @ Moore Road	25	$667,329	$152
3	Ashford Crossing	22	$357,159	$105
4	Warrenton	13	$382,161	$107

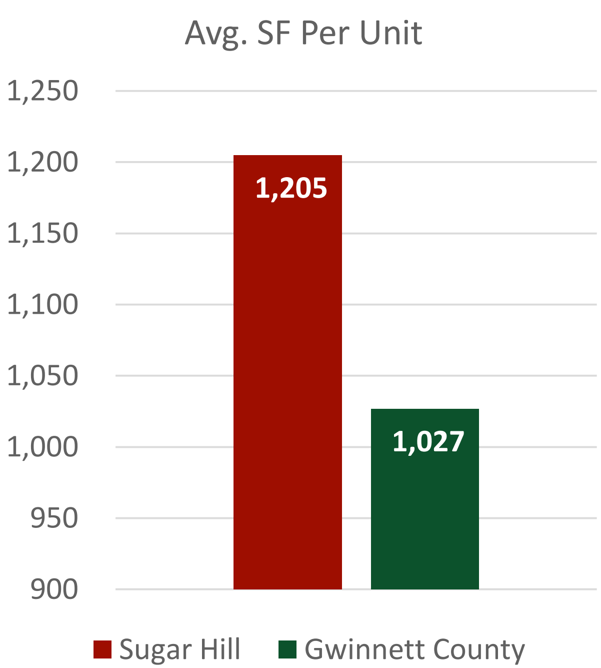
Based on data from SmartREData

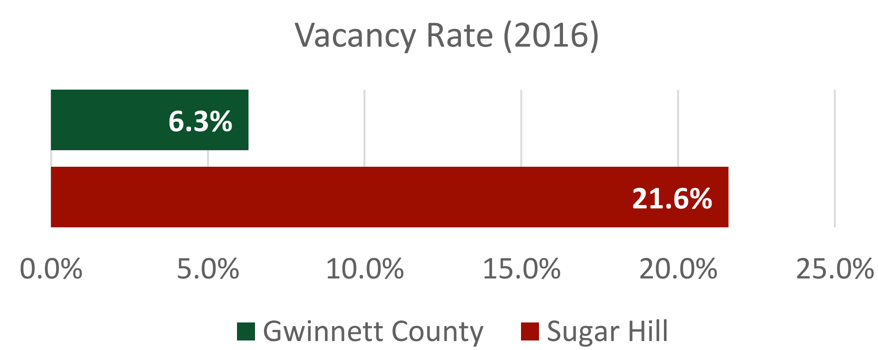


MULTIFAMILY MARKET ASSESSMENT

- There are 437 multifamily units in 4 apartment communities in Sugar Hill.
- With larger unit sizes in Sugar Hill, the per square foot rent price is lower.
- Vacancy rates in Sugar Hill are higher (at 21.6%).

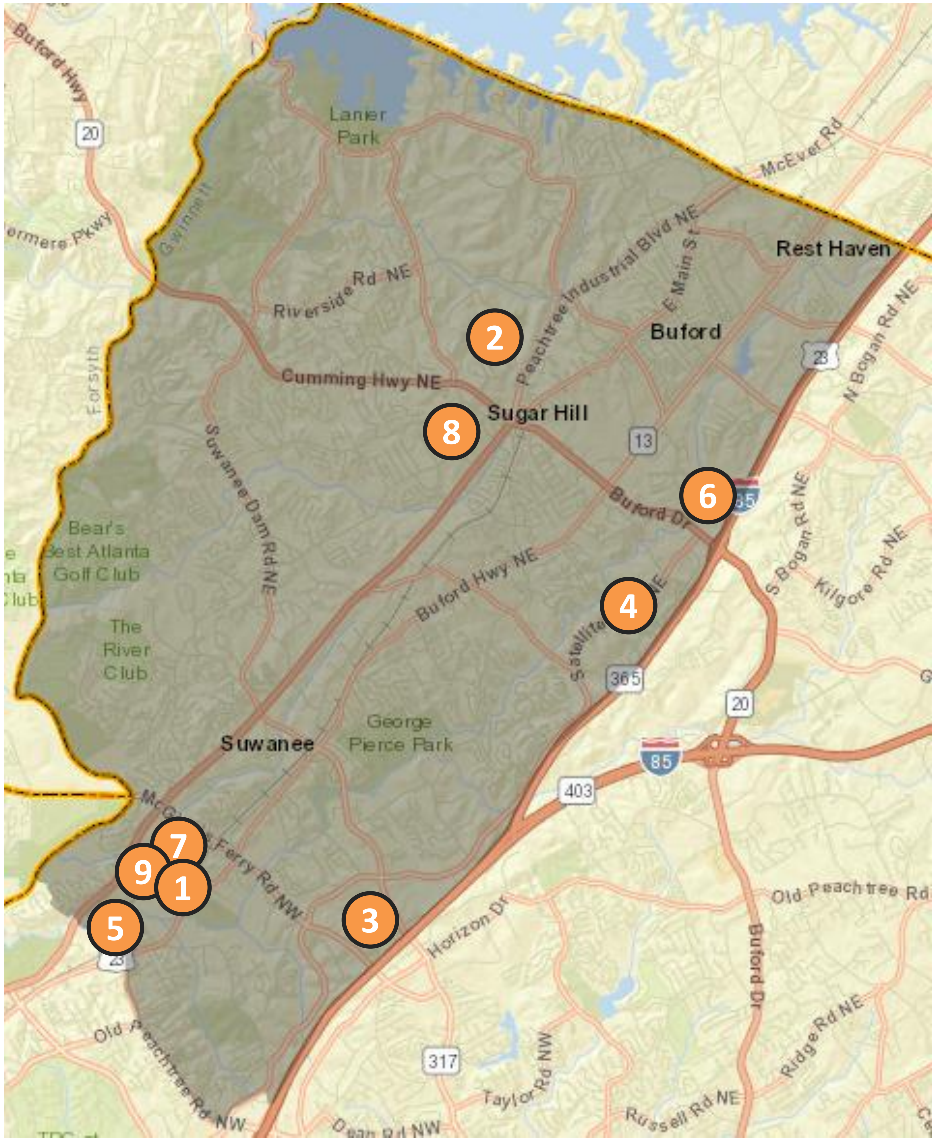






Based on data from CoStar

MULTIFAMILY MARKET ASSESSMENT



- New rental units at Sugar Hill Overlook (#2 on the map) are townhome format and achieving higher rents on average than more conventional apartments in the market area. Their larger unit size, however, brings down their per square foot pricing.

#	Apartment Complex	Year Built	Units	Average Asking Rent	Average $ / SF
1	Avonlea at Suwanee Station	2016	227	$ 1,347	$ 1.30
2	Sugar Hill Overlook	2015	131	$ 1,469	$ 0.97
3	The Terraces at Suwanee Gateway	2013	335	$ 1,306	$ 1.26
4	Waterstone	2011	296	$ 1,204	$ 1.06
5	The Pointe at Suwanee Station	2006	336	$ 1,341	$ 1.22
6	Huntington Court	2005	152	$ 1,041	$ 1.18
7	The Residences on McGinnis Ferry	1999	696	$ 1,288	$ 1.06
8	Plantation Ridge Apartments	1999	218	$ 985	$ 0.88
9	Landmark at Grand Oasis	1997	434	$ 1,109	$ 0.95
	AVERAGE	2005		$ 1,237	$ 1.09

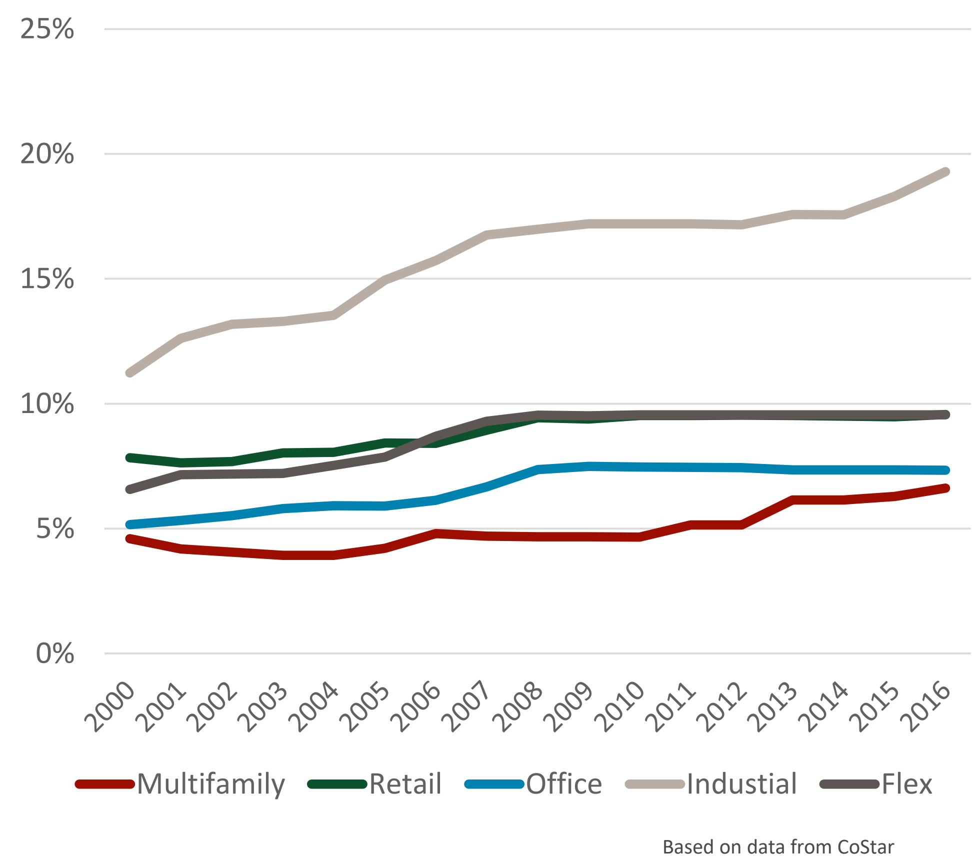
Based on data from CoStar

Commercial Real Estate Analysis

COMMERCIAL REAL ESTATE OVERVIEW

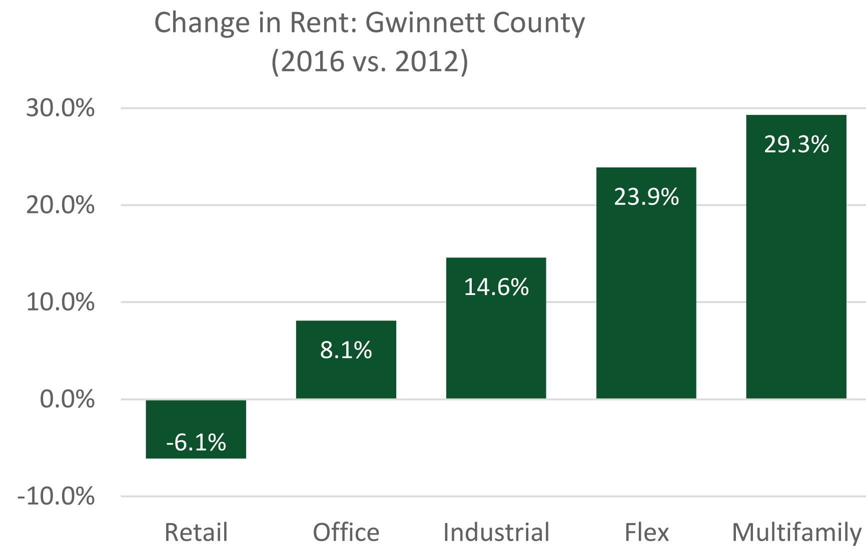
- The Primary Market Area has established a growing presence in the Gwinnett County commercial real estate marketplace over the past 15 years.
- The multifamily market in the local area is now home to 6% of the county's overall unit count.
- Industrial space in the Primary Market Area has increased most significantly as a share of Gwinnett County's total.
  - Industrial development opportunities are potentially likely along Hwy. 20, however, other uses, such as residential and retail, fit better with the long-term vision for the corridor.

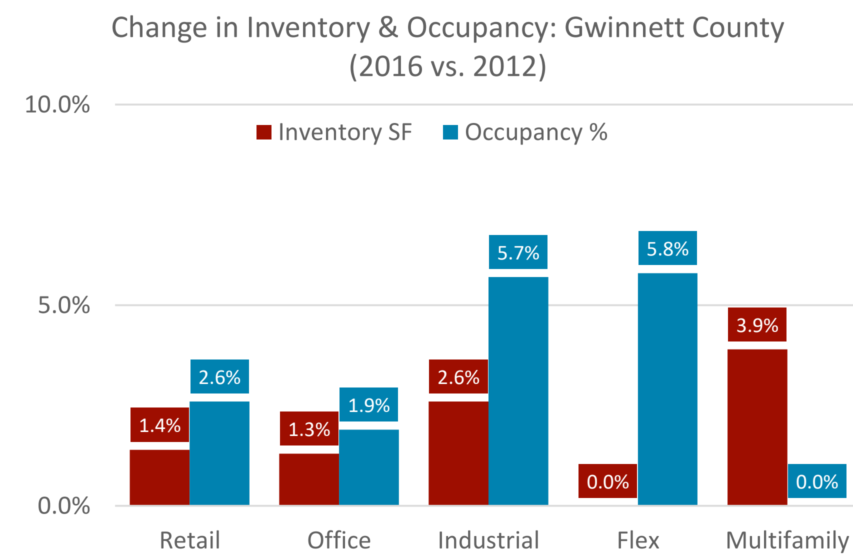
Primary Market Area Share of Gwinnett County Commercial Real Estate



COMMERCIAL REAL ESTATE

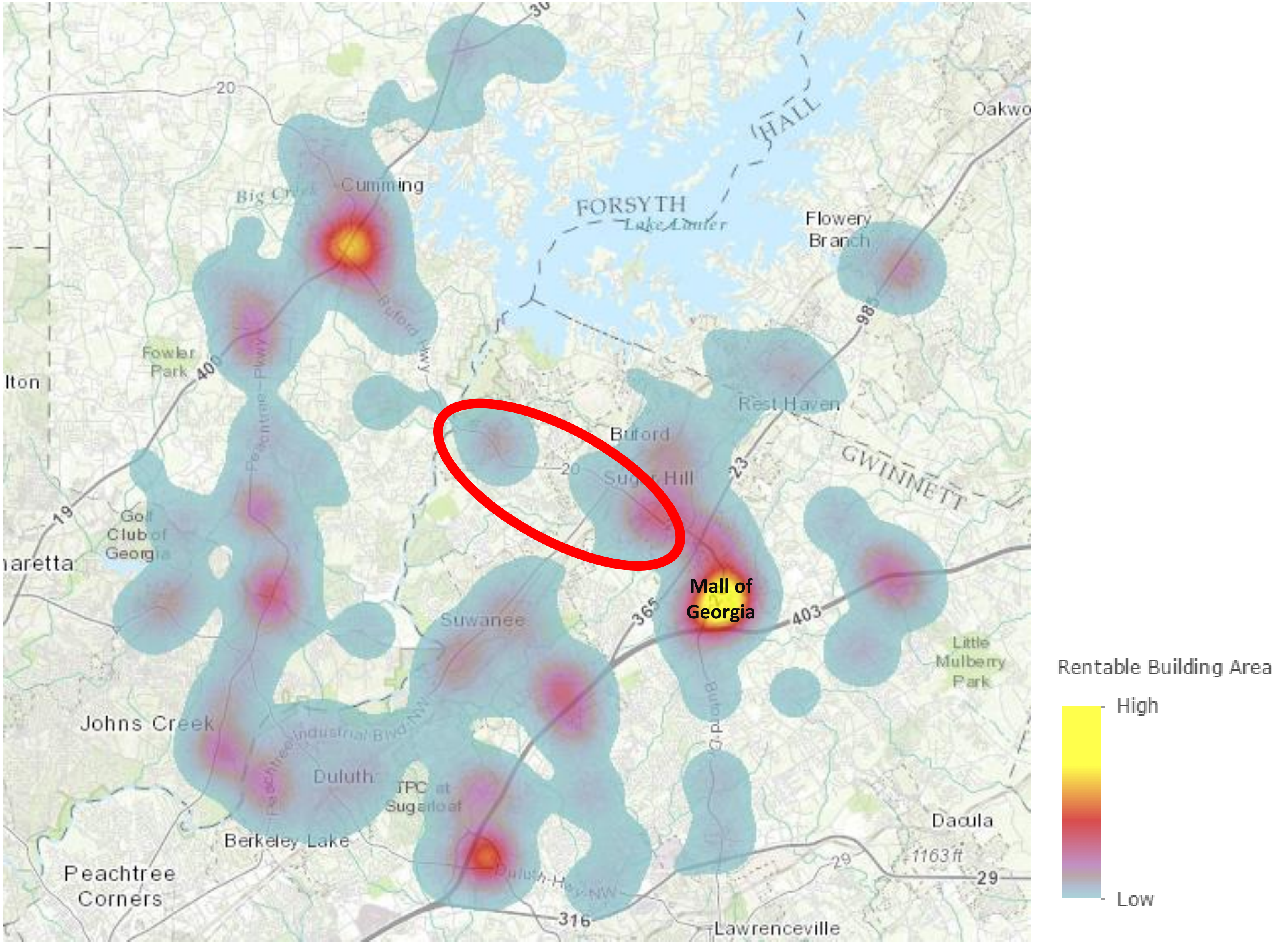
- Multifamily and Flex space have been the strongest commercial real estate product types in Gwinnett County over the past four years in terms of rent growth.
- Occupancies in the Industrial/Flex sector have performed well over the past five years. Signifying a potential for the county to add more space.
- While occupancy has grown in the Flex market, effectively no supply has been added since 2012.



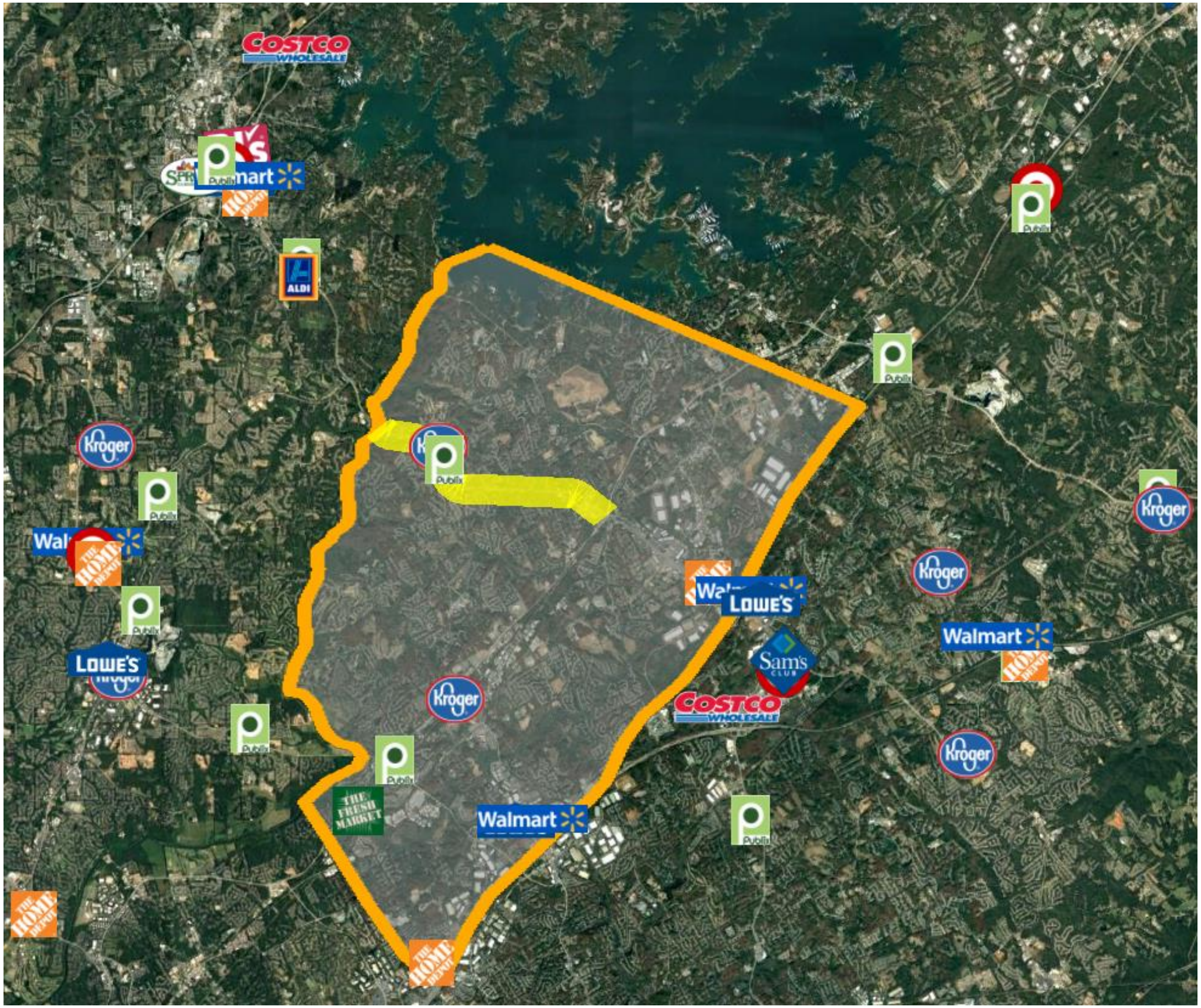


Based on data from CoStar

RETAIL SPACE "HEAT MAP"

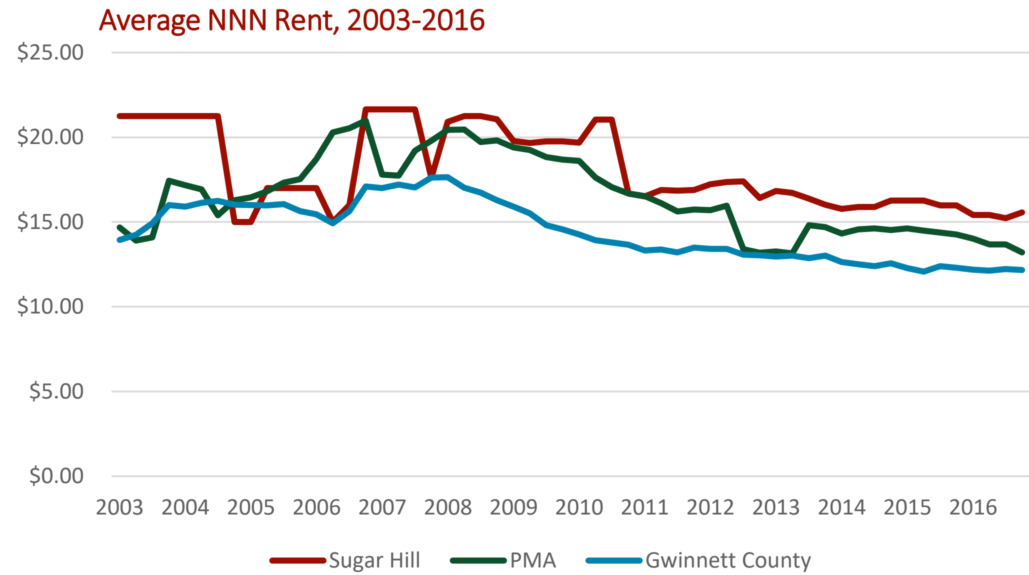


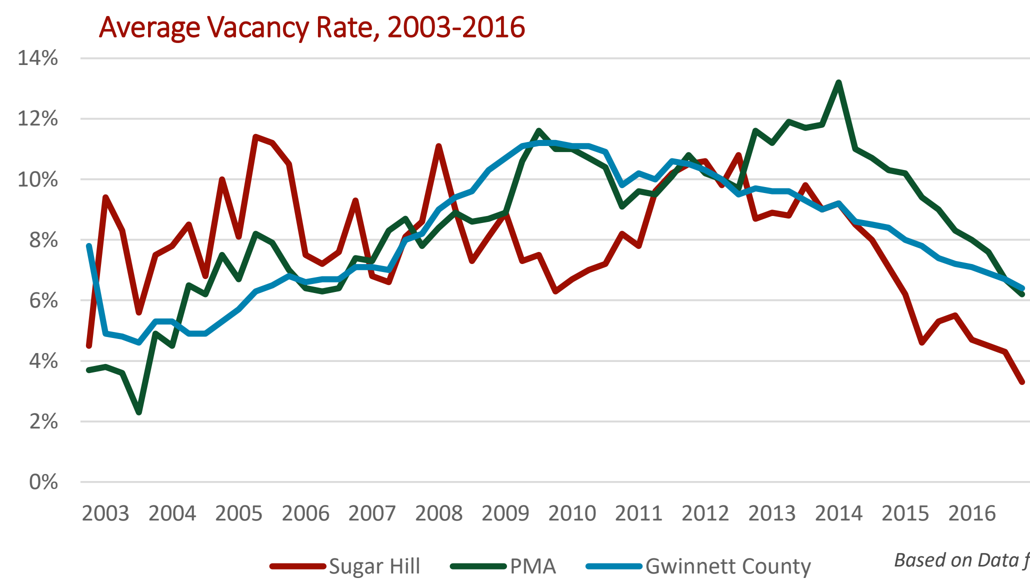
COMPETITIVE MARKET AREA: RETAIL



RETAIL MARKET

- The Primary Market Area contains nearly 5.7 million SF of retail space accounting for 9.6% of total Gwinnett County retail space.
- Since 2008 rents across all areas have decreased while the average vacancy rate in Sugar Hill (4.3%) has remained below the PMA and countywide rate (6.7%) over the past three years.

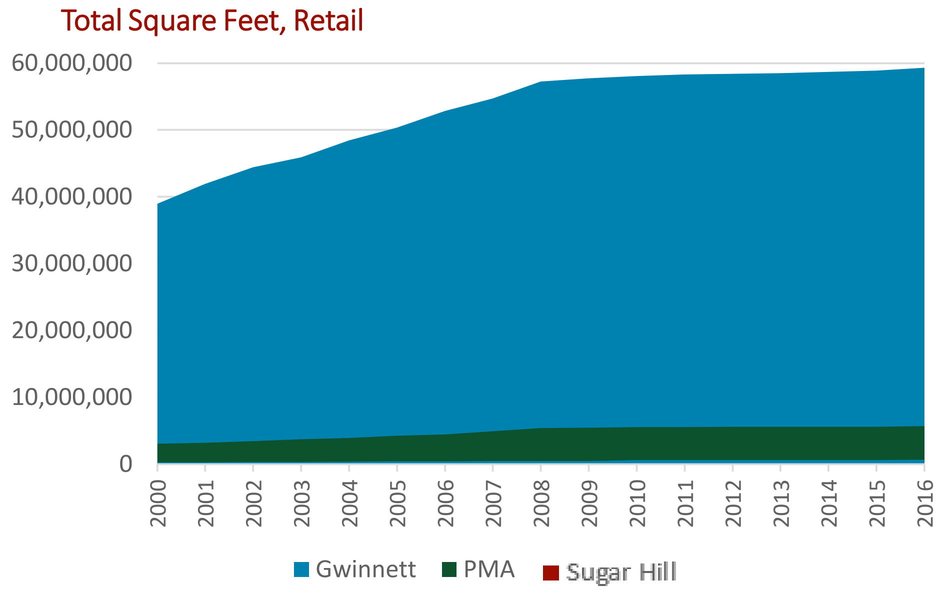




Based on Data from CoStar

RETAIL MARKET

- In addition to capturing an increasing share of the county's retail space, the 5.7 million square feet of retail space in the Primary Market Area outperforms Gwinnett County in terms of overall occupancy and asking rents.
- Sugar Hill's retail space performs well relative to the overall market with Publix and Kroger anchoring key shopping centers.

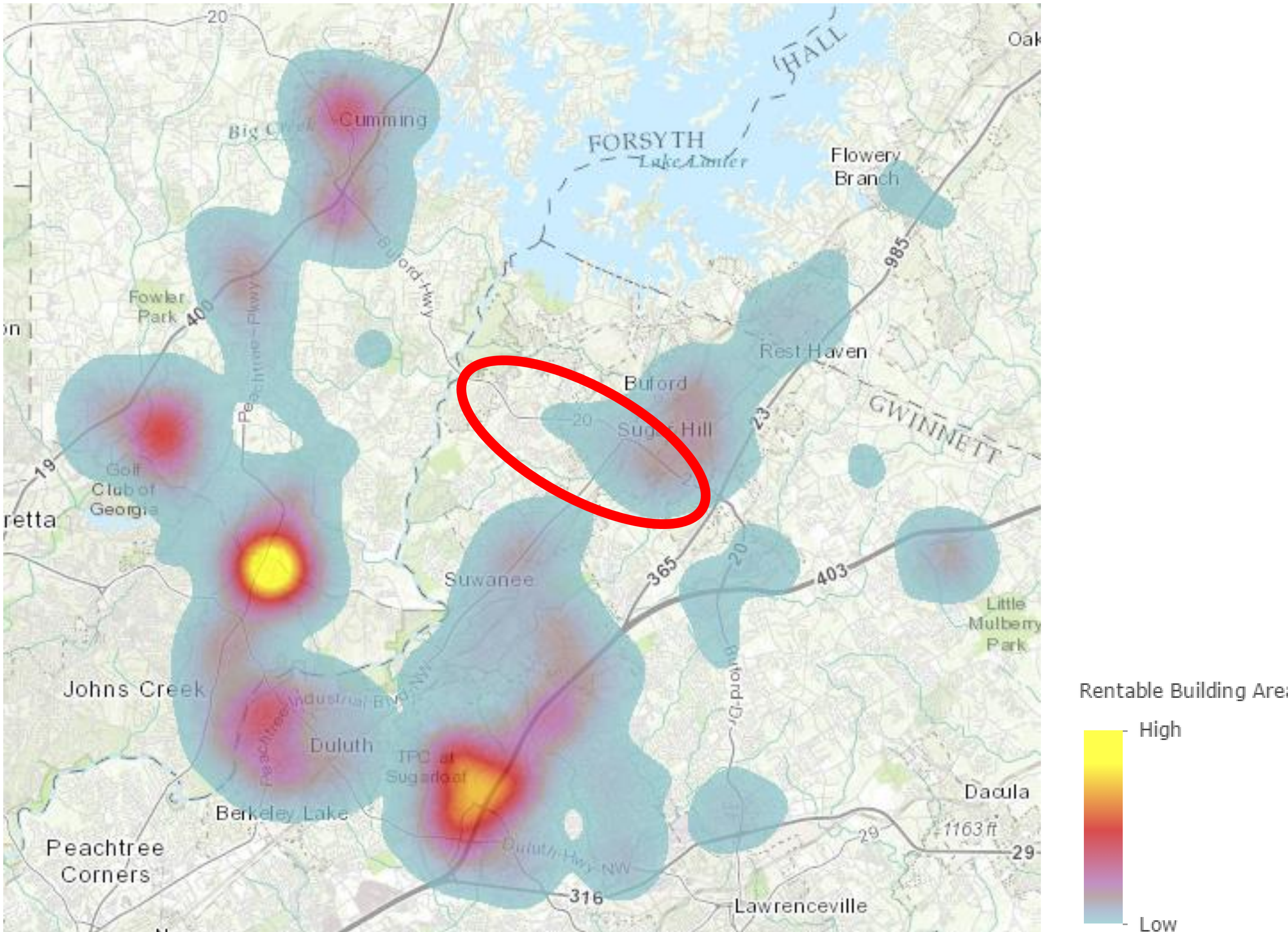


	Sugar Hill	PMA	Gwinnett County
Existing SF	648,198	5,674,671	59,314,010
Occupancy	95.7%	93.3%	93.3%
Avg. $/SF	$15.22	$13.67	$12.23

Based on data from CoStar

Sugar Hill Corner is an 88,280 SF neighborhood shopping center anchored by Publix Supermarket at the intersection of Hwy. 20 and Suwanee Dam Rd.

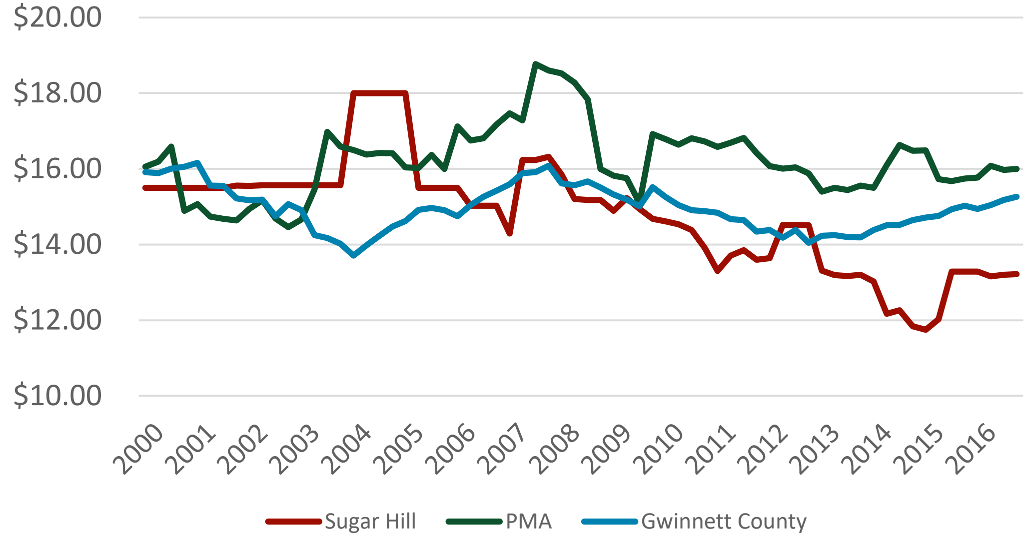
OFFICE SPACE "HEAT MAP"



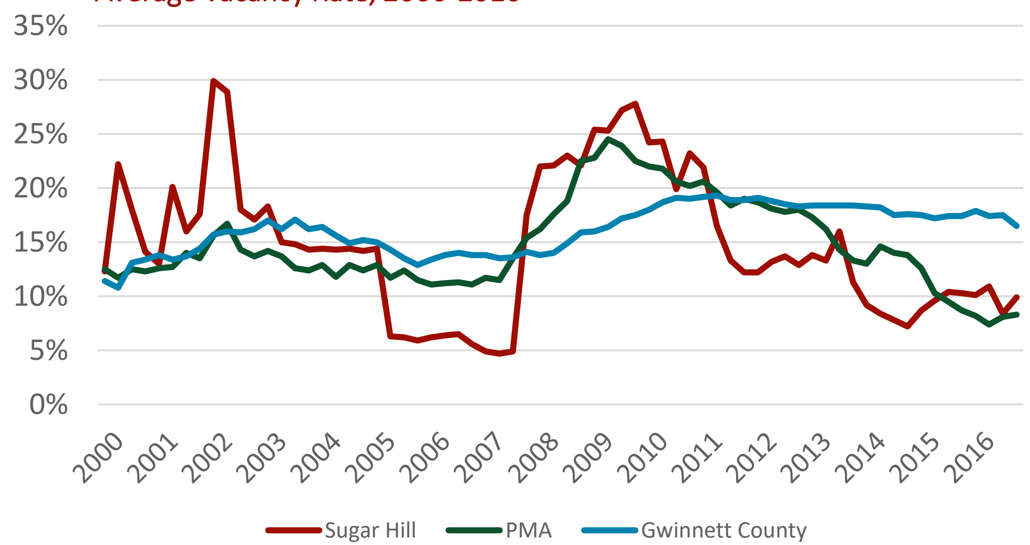
OFFICE MARKET

- Average office rents in the Primary Market Area have been consistently higher than the city or county since 2005.
- Primary Market Area average vacancies have fallen, along with those in Sugar Hill, over the past six years.

Average Office Rent, 2000-2016

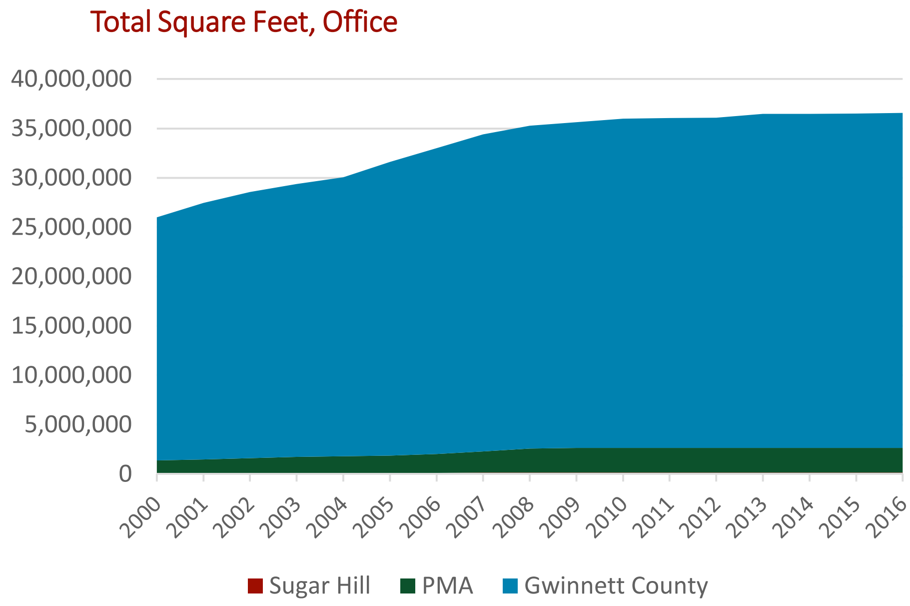


Average Vacancy Rate, 2000-2016



OFFICE MARKET

- The Primary Market Area's office space has increased as a share of the county's overall office square footage slightly since 2008.
- The 2.5 million square feet of space in the Primary Market Area now asks $16.00/SF on average, higher than the city and county overall.



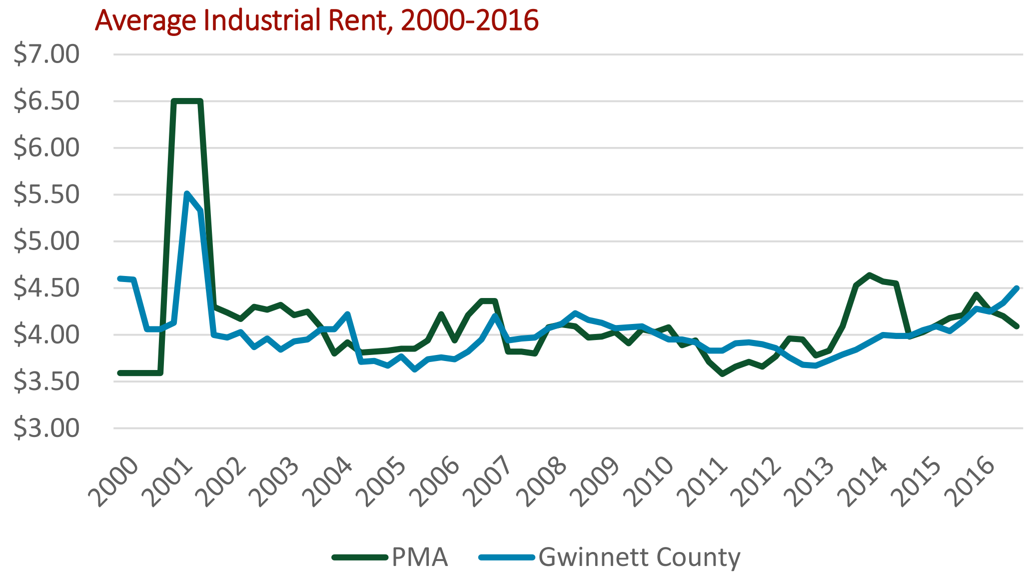
The Suite Spot in downtown Sugar Hill is leasable office space intended "to help the rapidly growing business community, over 80% of which are home-based. The Sugar Hill Downtown Development Authority has repurposed the old two-story Sugar Hill City Hall originally built in 1939," according to the Suite Spot.

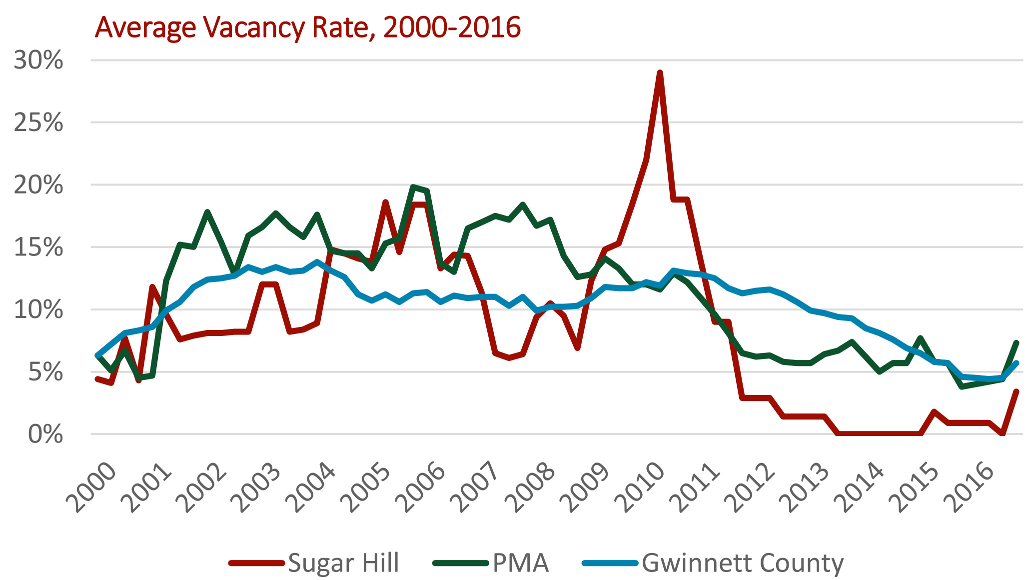
	Sugar Hill	PMA	Gwinnett County
Existing SF	153,391	2,489,238	33,925,292
Occupancy	89.3%	91.1%	83.2%
Avg. $/SF	$13.22	$16.00	$15.26

Based on data from CoStar

INDUSTRIAL MARKET

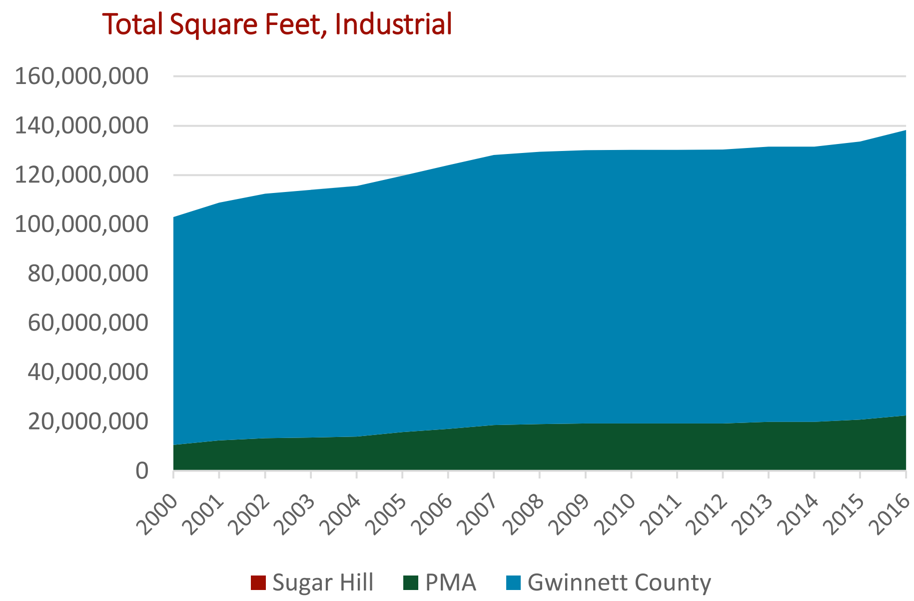
- Average industrial rents, excluding flex space, in the Primary Market Area have been similar to the county as a whole since the early 2000’s.
- Primary Market Area average vacancies have fallen, along with those in the county overall, over the pas six years.





INDUSTRIAL MARKET

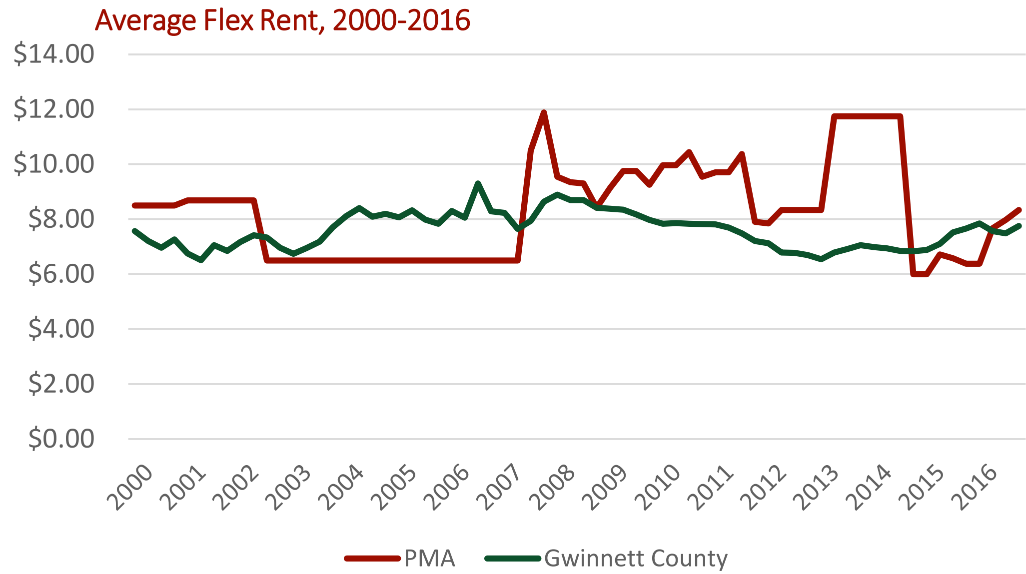
- The Primary Market Area's industrial market has increased significantly as a share of the county's overall industrial square footage.
- The 22.3 million square feet of space in the Primary Market Area industrial market now asks $4.09/SF on average, slightly lower than the Gwinnett County average.

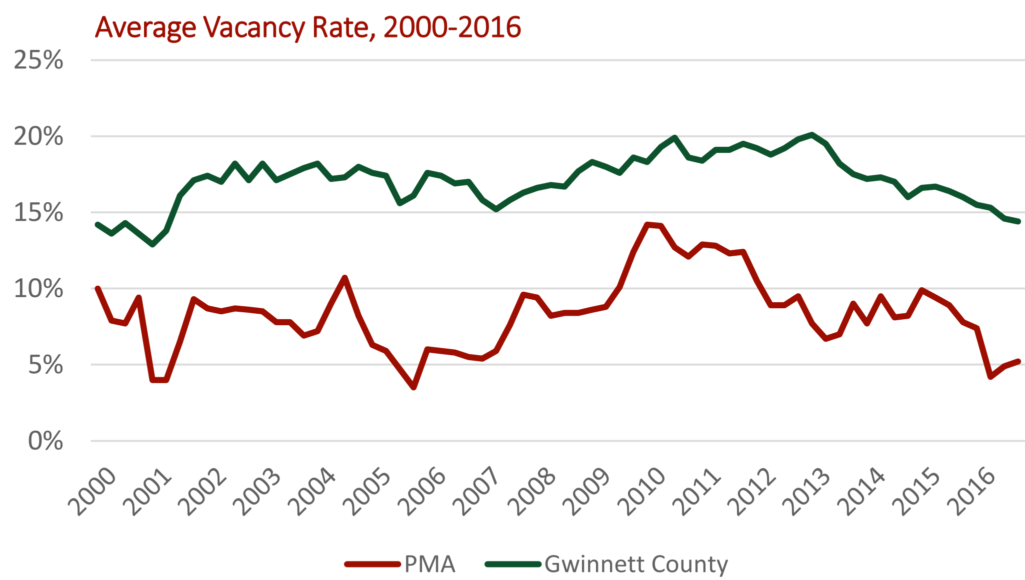


	Sugar Hill	PMA	Gwinnett County
Existing SF	238,061	22,300,636	115,683,645
Occupancy	96.6%	92.7%	94.3%
Avg. $/SF	N/A	$4.09	$4.50

FLEX MARKET

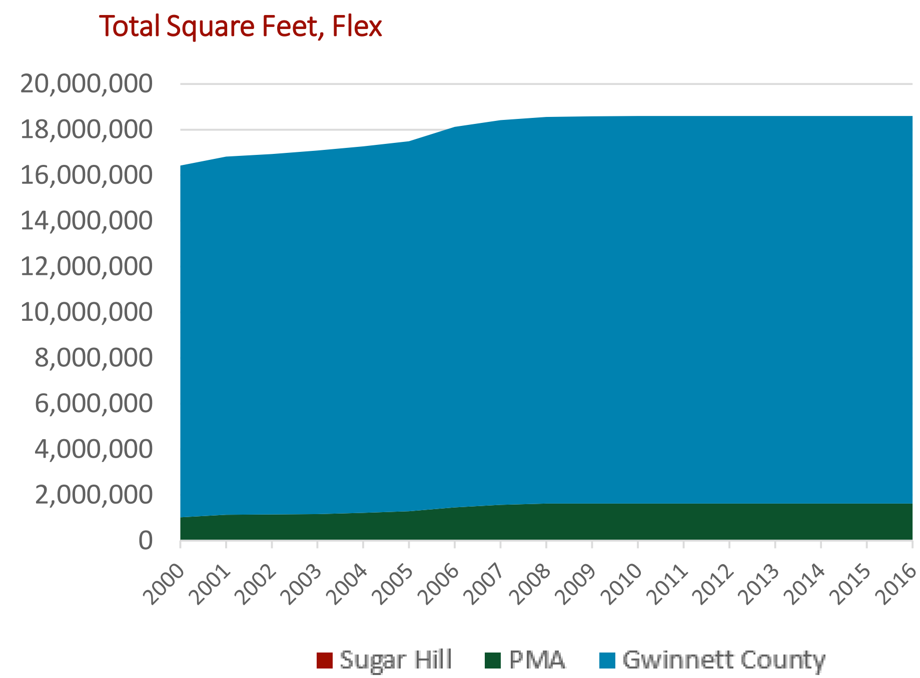
- Average flex rents in the Primary Market Area were higher than the county as a whole from 2007 to 2015.
- Primary Market Area's average vacancies have fallen, along with those in the county overall, over the past four years.





FLEX MARKET

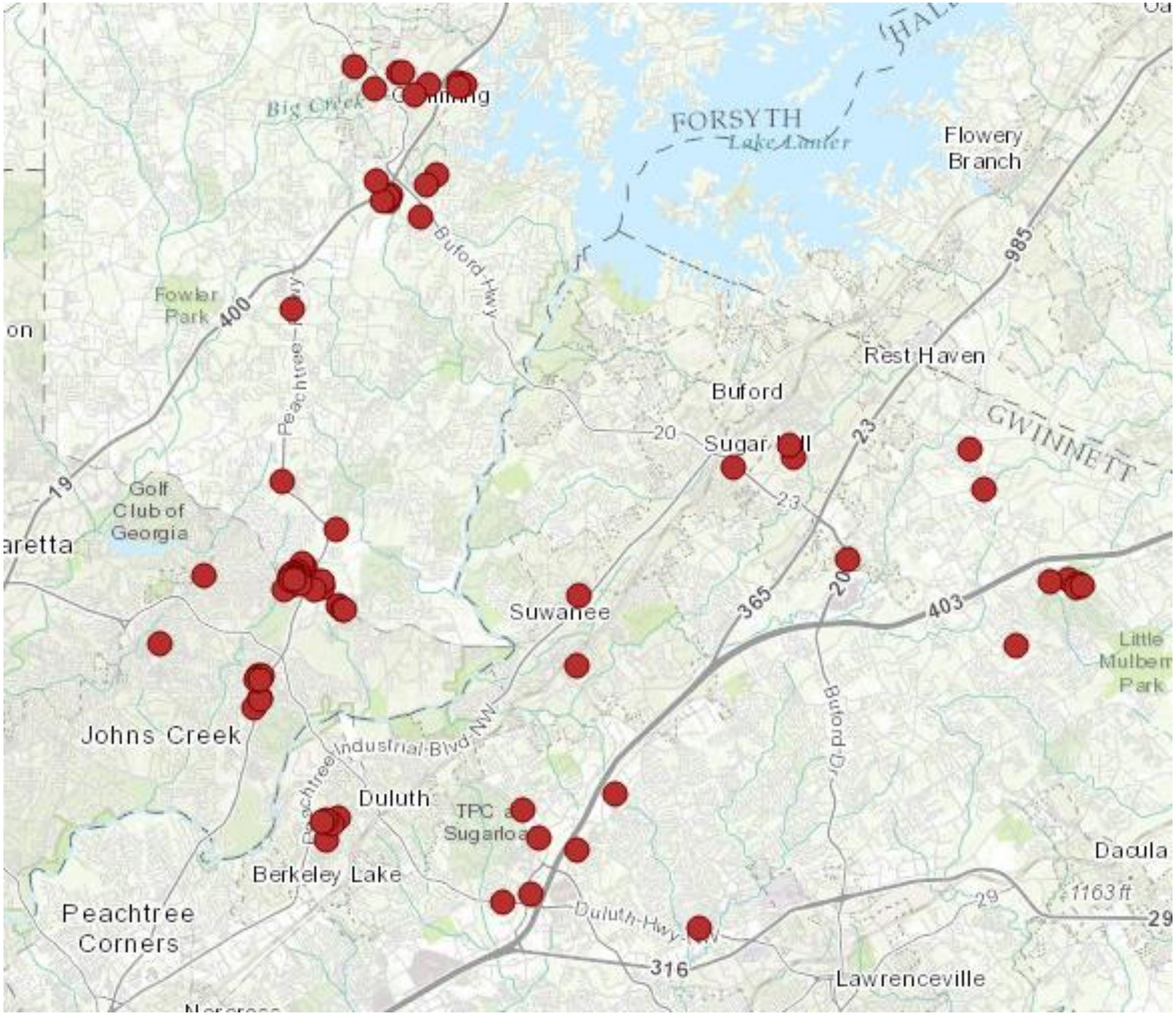
- The Primary Market Area's flex space has increased as a share of the county's overall flex square footage.
- The 1.6 million square feet of space in the Primary Market Area flex market now asks $8.34/SF on average, higher than the county overall



	Sugar Hill	PMA	Gwinnett County
Existing SF	9,329	1,620,873	16,970,740
Occupancy	100%	94.8%	85.6%
Avg. $/SF	N/A	$8.34	$7.75

Based on Data from CoStar

MEDICAL OFFICE BUILDINGS 10-MILE RADIUS



Hospitals

1. Northside Hospital – Forsyth
2. Emory Johns Creek
3. Gwinnett Medical Center – Duluth

Medical Offices > 10,000 SF

1. Suwanee Dental Care
   11,150 SF
2. North Gwinnett Medical Plaza
   30,205 SF
3. The Mason Building (Buford Dental)
   10,000 SF
4. NGPG (Northeast Georgia Physicians Group) Buford
   22,629 SF