

Sugar Hill RiverLands

Market Analysis



May 2024

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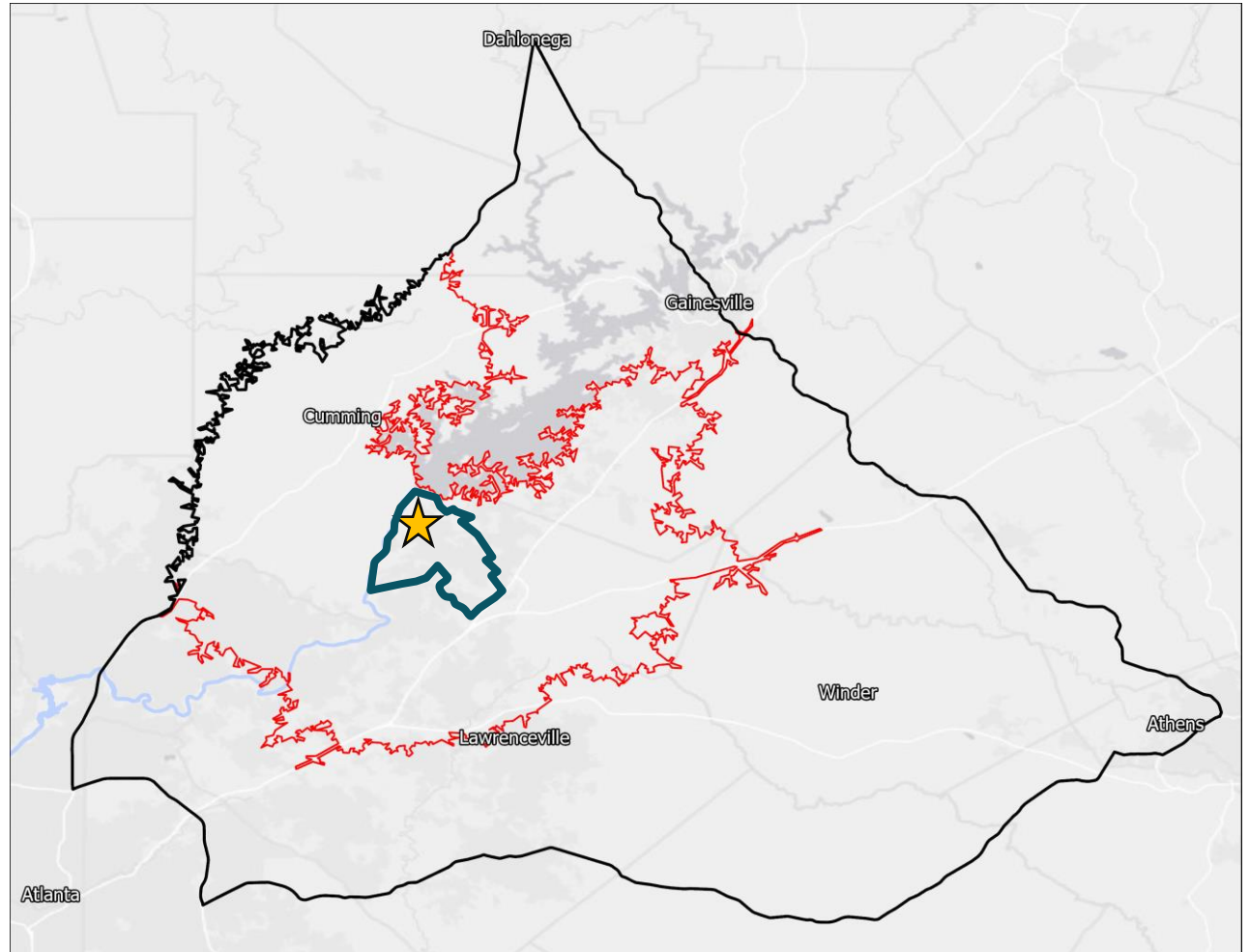
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Introduction

Market Context

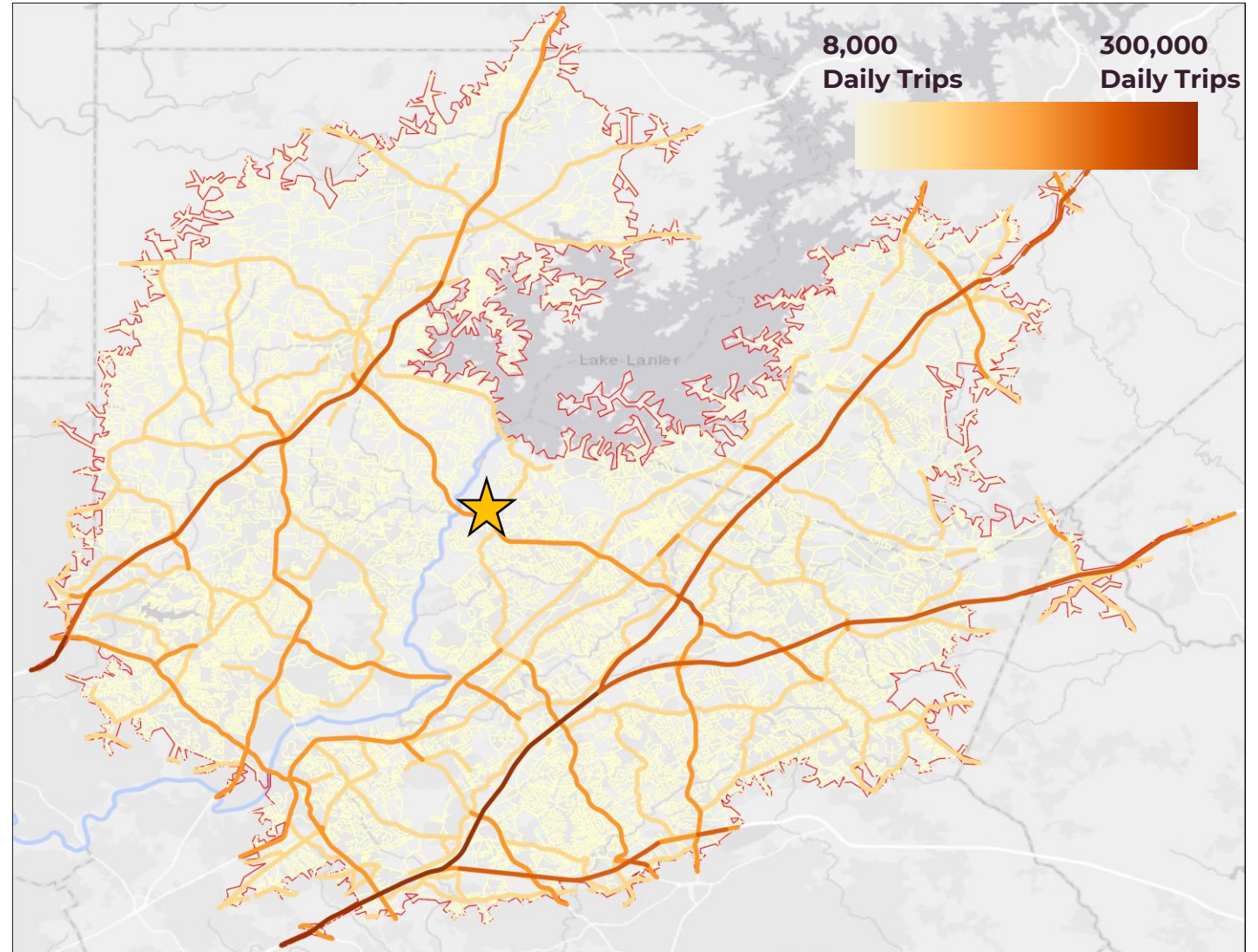
- The analysis throughout this report is conducted on three primary geographies.
 - Greater Sugar Hill – the census-designated area encompassing the City of Sugar Hill and adjacent unincorporated areas.
 - Local Trade Area – also known as the Primary Market Area (or PMA) where a majority of the market demand is derived. The Local Trade Area represents a modeled 30-minute drive time from the subject site.
 - Regional Trade Area – this much larger geography is where secondary demand is derived. The regional appeal of the development on-site is likely to attract visitors and consumers from a larger regional area that extends from Dahlonega to Athens, to the I-285 Perimeter.



Introduction

Average Daily Traffic Counts

- The segment of Highway 20 that bisects the subject site has an annual average daily traffic volume near the median for local roadways in the trade area.
- Highway 20 has an annual average traffic volume of 41,900 trips daily.

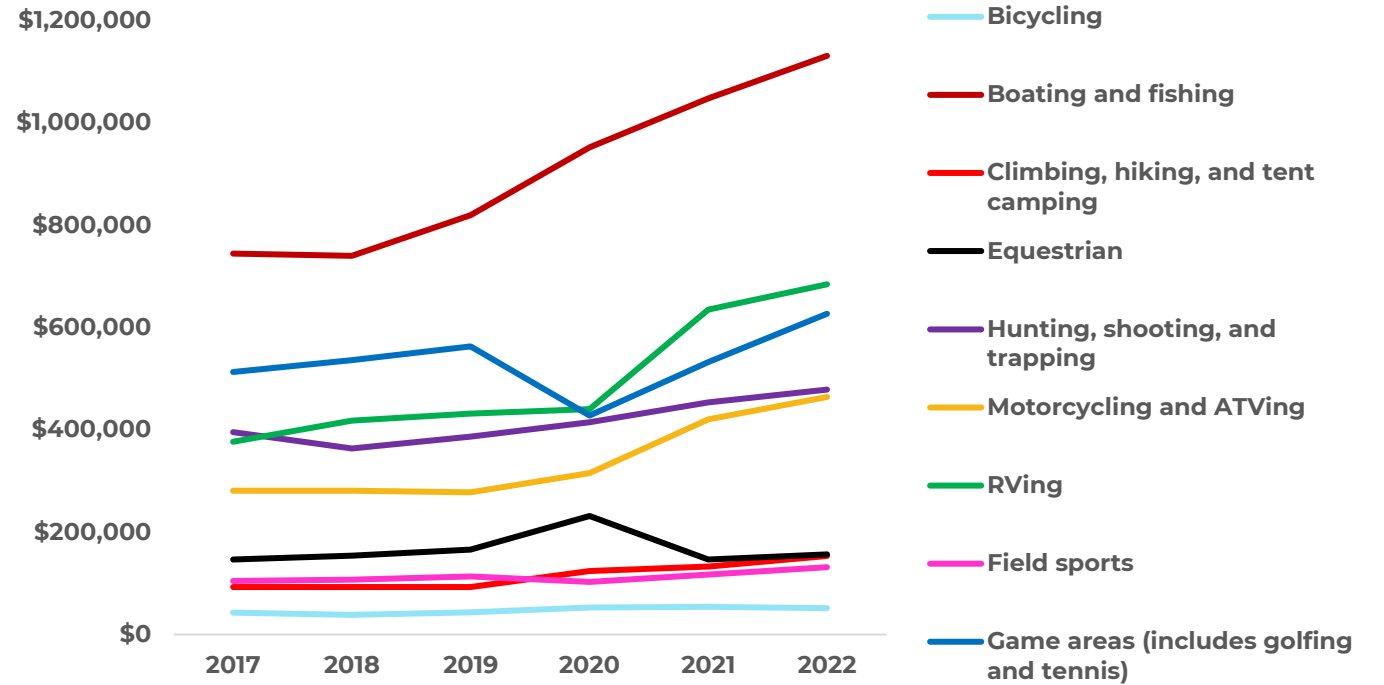


Introduction

The Case for Recreation Oriented Development

- The value of outdoor recreation (contribution to total GDP) increased significantly with the onset of and in the period following the pandemic.
- Participants craving more space and a safe setting explored a variety of outdoor recreational activities.
- This trend of heightened outdoor recreational participation has continued as workers with a less rigid work and commuting schedule are spending more time outdoors.
- The opportunity to meet participants outdoors where they spend their leisure time has never been greater for new commercial and hospitality development.

Georgia Outdoor Recreation Value Added 2017 - 2022 (in thousands of 2022 dollars)



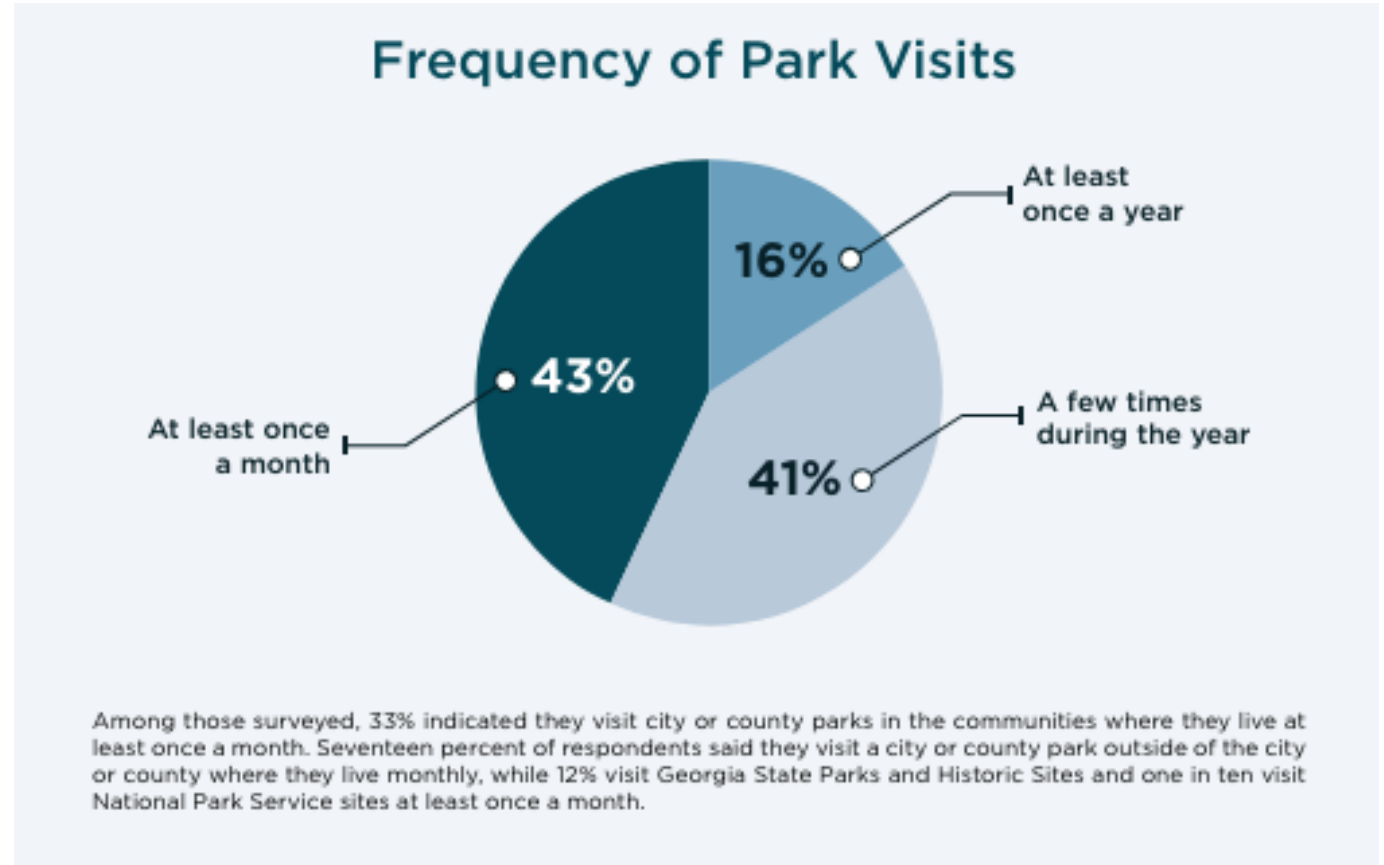
Outdoor Recreation Activity	% Increase in Value in Georgia Since 2019
Bicycling	18.8%
Boating and fishing	38.0%
Climbing, hiking, and tent camping	65.2%
Equestrian	-5.9%
Hunting, shooting, and trapping	23.9%
Motorcycling and ATVing	67.0%
RVing	58.5%
Field sports	15.5%
Game areas (includes golfing and tennis)	11.3%
Outdoor Recreation Overall	21.9%

Source: Bureau of Economic Analysis Outdoor Recreation Satellite Account

Introduction

Outdoor Recreation in Georgia

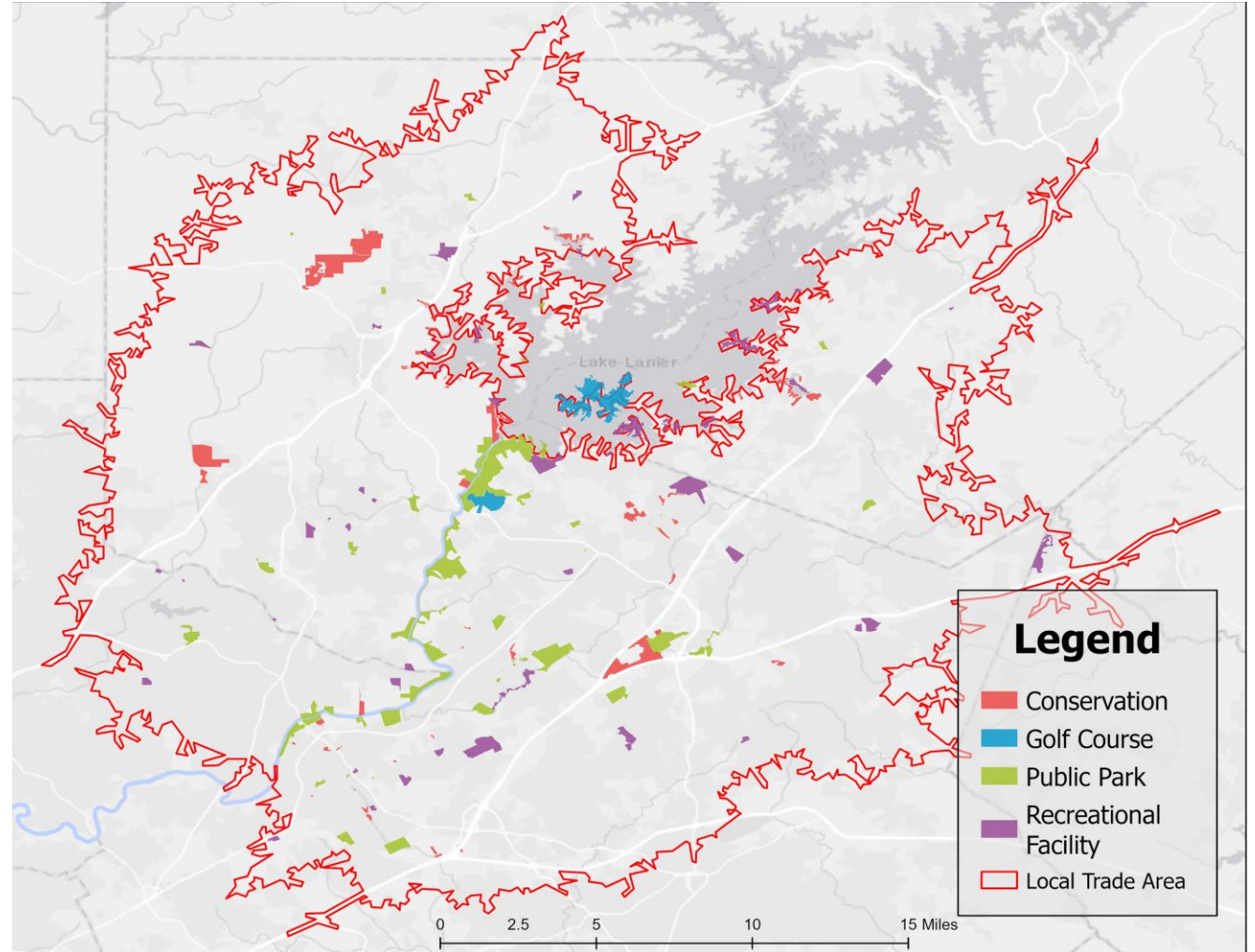
- Outdoor recreation in the state of Georgia contributes \$27.3 billion to the state's overall GDP.
- Georgia's Plan for Outdoor Recreation (2022-2026) highlights an unmet demand for park and recreation improvements that exceeds \$123 million.
- Locally Georgia residents visit parks and recreation facilities frequently – nearly half of all Georgians visit parks at least once a month.



Introduction

Local Outdoor Recreation

- There are roughly 9,500 acres of greenspace within the local trade area, comprised of a variety of facilities.
- The two main concentrations of these facilities are centered around Lake Lanier and the Chattahoochee River.
- The available recreation opportunities locally support activities like golf, walking and hiking, fishing, swimming and boating, and organized sports.
- The Riverlands Site in Sugar Hill provides our community with the opportunity to bring a diverse range of recreation options not currently available in the area.



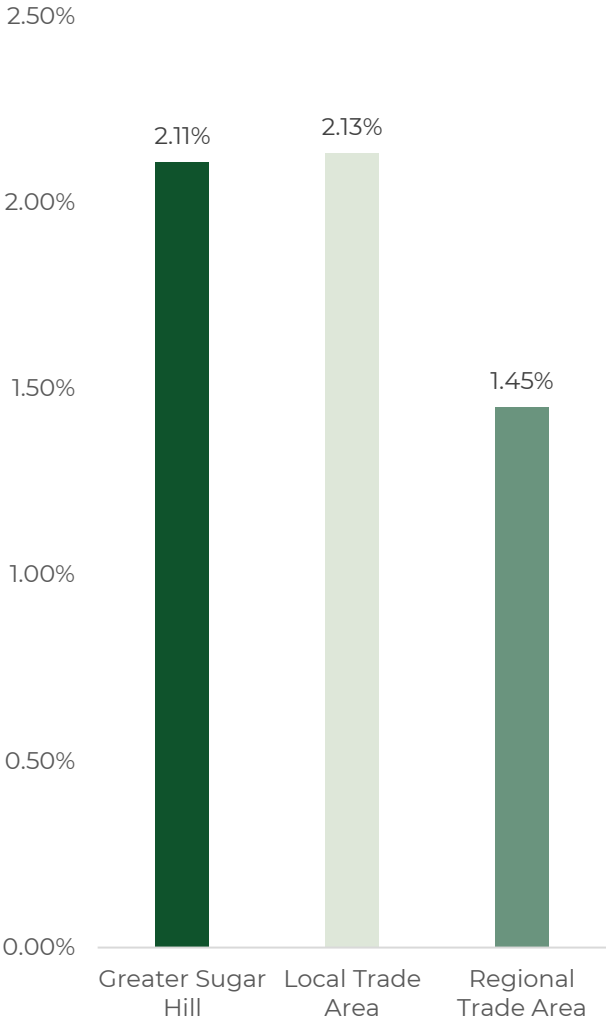
Demographic Baseline



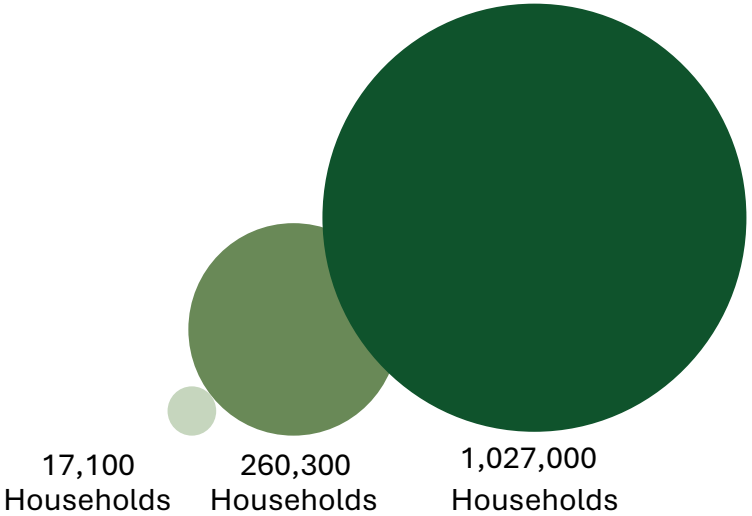
Demographic Analysis

Population Growth

- Population and household growth are both key drivers of real estate demand. Growth in Sugar Hill and the local trade area has been robust over the last decade.



Population	Greater Sugar Hill	Local Trade Area	Regional Trade Area
2010 Census	40,561	572,387	2,267,207
2020 Census	49,977	722,946	2,662,903
2024 Est.	54,329	769,156	2,773,897



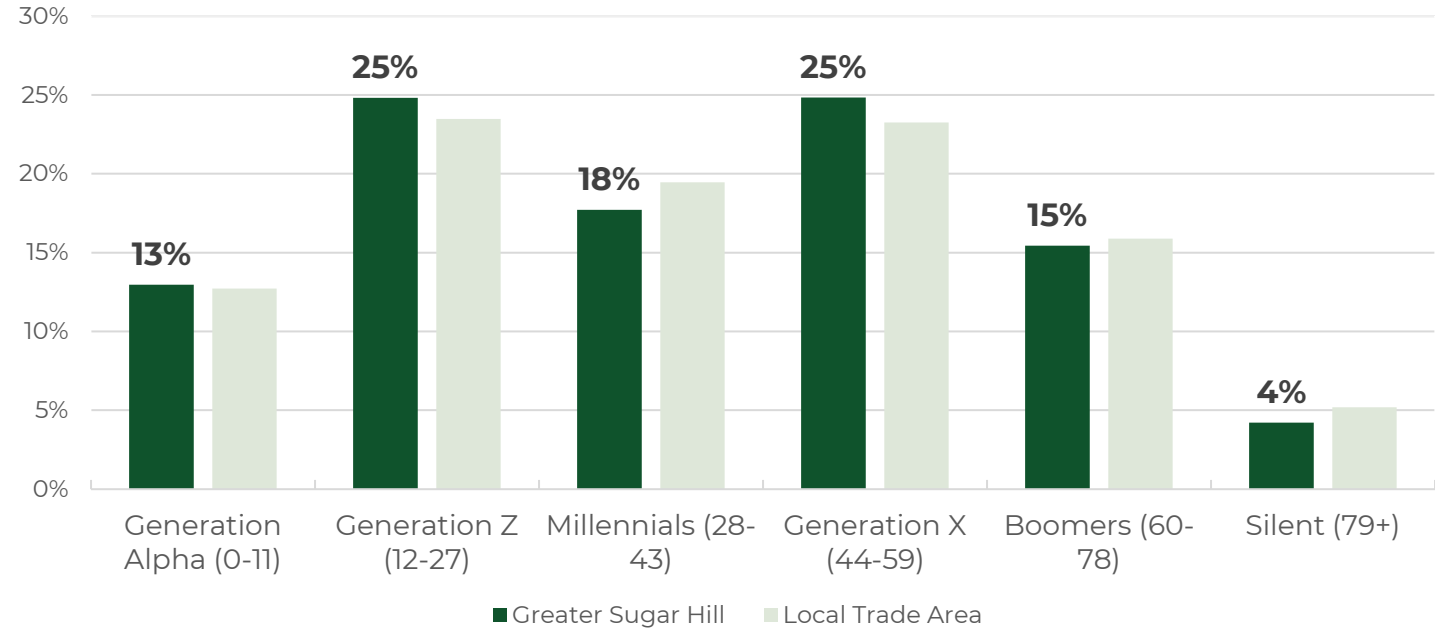
Source: U.S. Census Bureau ACS 5-Year Estimates

Demographic Analysis

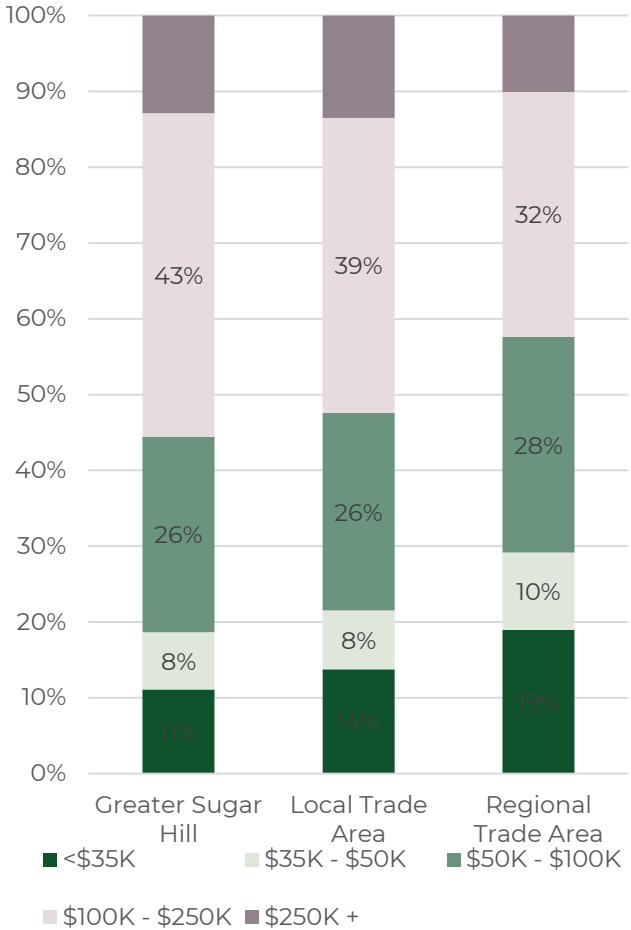
Age

Greater Sugar Hill and the Local Trade Area have a wide range of ages and incomes. Both areas trend older, with large populations of middle-aged residents and children. Area incomes trend more affluent – with large percentages of households earning more than \$100,000 annually.

Age Distribution



Income Distribution



Source: U.S. Census Bureau ACS 5-Year Estimates

Retail Leakage – Greater Sugar Hill

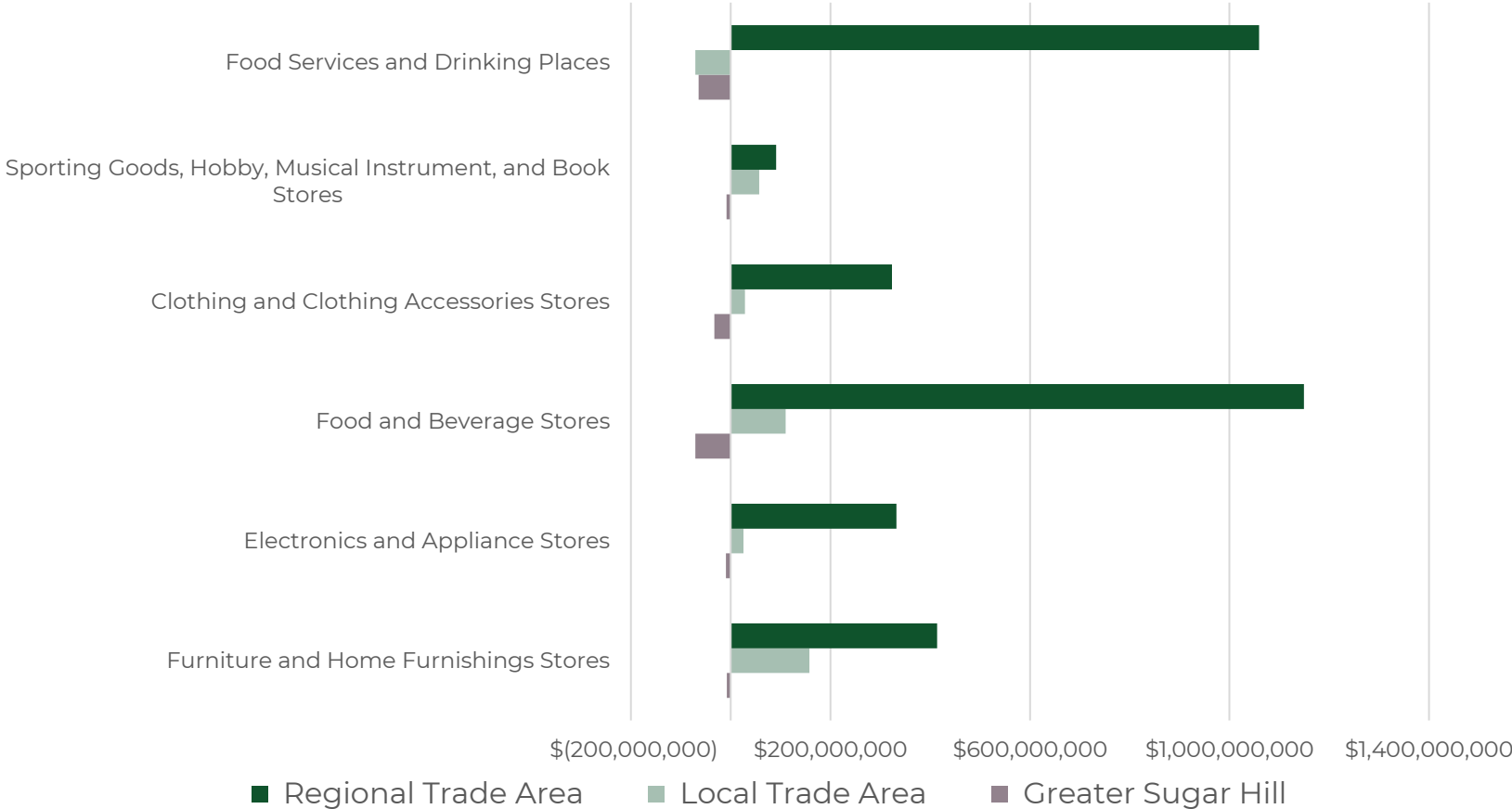
Opportunity

- The breadth of the regional trade area provides ample opportunity to capture regional retail demand. However, retail demand within the local Sugar Hill area is currently met by existing supply across most categories. Therefore, the success of retail onsite will depend on attracting visitors and consumers within a 30-minute drive and beyond.

Leakage

- The categories illustrated in the chart to the right show the retail segments with the greatest opportunity. Some segments that are oversupplied locally and regionally are auto-oriented uses like dealerships and gas stations, online shopping, and general merchandise purveyors.

Retail Leakage – Opportunities & Surplus



Source: Claritas

Supply Analysis

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Supply Analysis - Retail

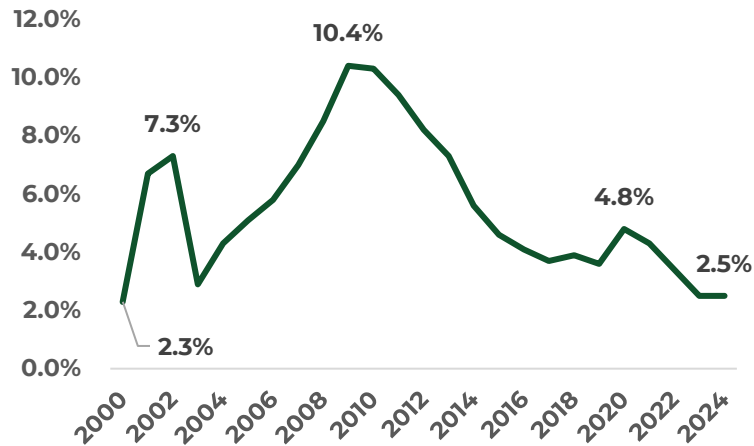
Local Trade Area

Vacancy

Retail vacancy within the LTA has demonstrated market strength and resiliency over the last decade. The peak in vacancies shortly after the 2008 financial crisis was likely a confluence of both macroeconomic factors, and a high level of retail deliveries saturating the market.

Over the last decade vacancies have fallen to below 5% for most years, demonstrating resiliency even amidst the pandemic.

LTA Retail Vacancy, 2000 - 2024 YTD



Source: CoStar

LTA Retail Rents, 2000 - 2024 YTD



Rents

Retail rents have steadily risen over the last decade within the LTA. Rents bottomed out in 2015 averaging \$13.72 per square foot, a low that coincided with both the tail-end of the economic recovery period following the financial crisis, and an uptick in retail deliveries.

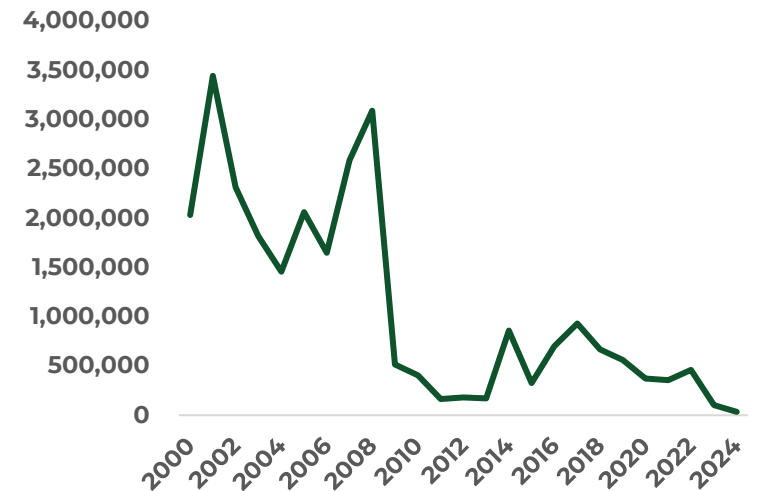
Since 2015, rents have grown by nearly 7% annually, reflecting both the strength of the local consumer base and constricted retail supply caused by a decline in recent retail deliveries.

Deliveries

The coincidence of a LTA delivery peak and the financial crisis has left a lasting impact on the market, as there have been relatively few retail deliveries since 2008.

The lack of deliveries has had the effect of restricting supply within the LTA where demand may now exceed retail availability, as evidenced by near-zero vacancy and rapidly growing rents.

LTA Retail Deliveries, 2000 - 2024 YTD



Supply Analysis - Retail

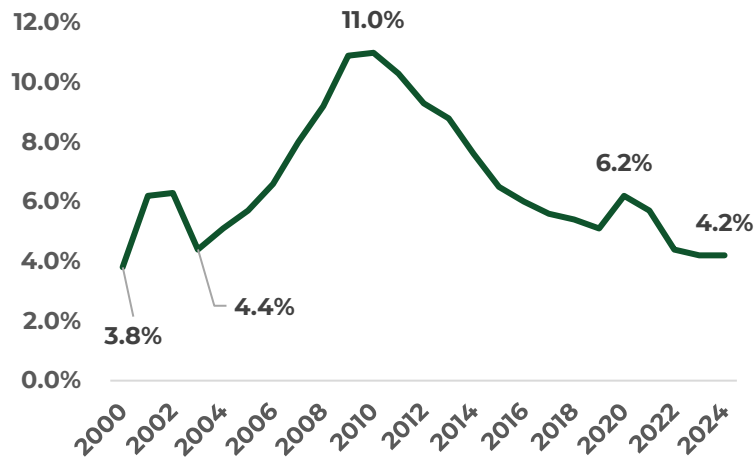
Regional Trade Area

Vacancy

Retail vacancy trends within the larger RTA closely resemble those within the LTA, revealing slightly better performance between 2000 and 2004, but experiencing slightly higher vacancy in the wake of the 2008 financial crisis and during the COVID-19 pandemic.

Despite the impact of major macroeconomic shocks on the RTA, vacancy has generally declined and remained low since 2011.

RTA Retail Vacancy, 2000 - 2024 YTD



Source: CoStar

RTA Retail Rents, 2000 - 2024 YTD



Rents

RTA retail rent trends have nearly mirrored those within the LTA with notably less significant fluctuations and lower peaks.

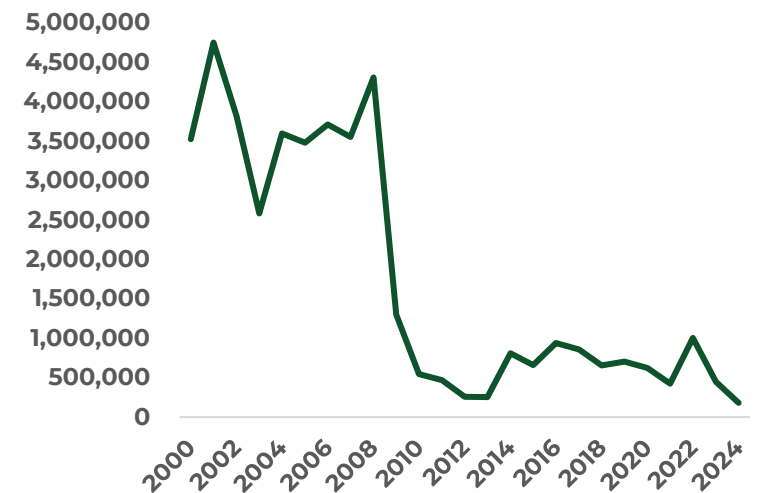
These differences may suggest a rent premium within the LTA relative to other retail markets within the RTA.

Deliveries

The RTA has experienced similar trends in deliveries to the LTA, with a general lack of deliveries in the years following the 2008 financial crisis relative to the pace of deliveries prior to 2008.

While deliveries prior to 2008 may have oversaturated the retail market to some degree, both the LTA and the RTA have successfully absorbed those deliveries and are now experiencing incredibly low vacancies and exponential rent growth.

RTA Retail Deliveries, 2000 - 2024 YTD



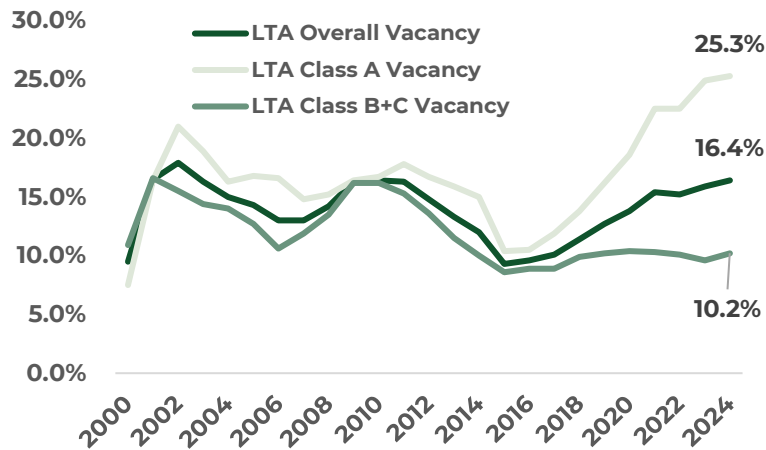
Supply Analysis - Office

Local Trade Area

Vacancy

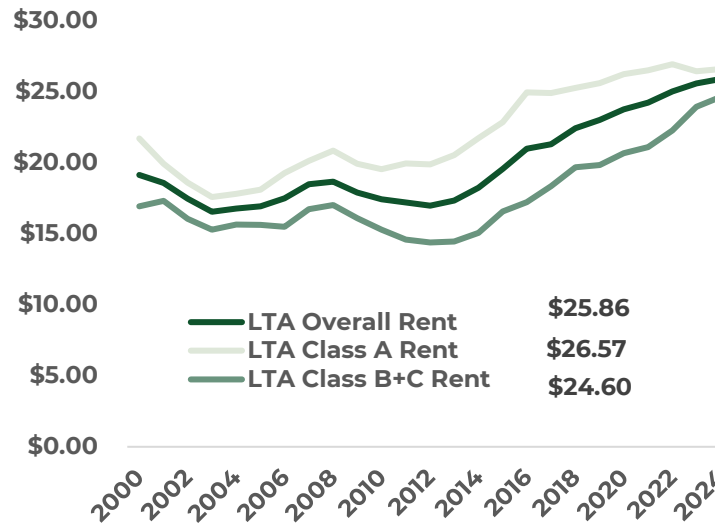
Office vacancy within the LTA has increased steadily since 2015 across all classes of office, however the most substantial increase in vacancy was among Class A office within the LTA. In other markets within the region, Class A office has been the only viable office class and the elevated vacancy among this property class within the LTA may suggest that there is a lack of local market acceptance of the higher rents associated with Class A office and that Class A office within the LTA may be losing out to Class A office in more centralized locations.

Vacancy by Office Class, 2000 - 2024 YTD



Source: CoStar

Rents by Office Class, 2000 - 2024 YTD



Rents

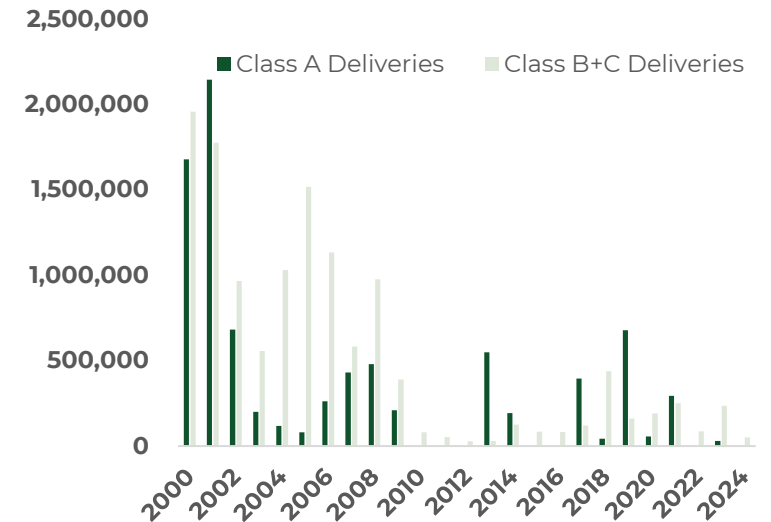
Office rents within the LTA have steadily increased since 2012, growing by roughly 53% across all classes of office. Class A office rents grew by roughly 34% over that same period and Class B and C office rents grew by over 71%. As of 2024, there is only a slight difference in the average rents for Class A and Class B and C office space. This trend, coupled with wide differences in vacancy and relatively few deliveries for all office classes may suggest that the LTA is highly price sensitive.

Deliveries

Office deliveries within the LTA have declined significantly in the years since the 2008 financial crisis, with nearly 17,000,000 square feet constructed between 2000 to 2008 and less than 5,000,000 square feet constructed since that time.

The office space delivered since 2008 has been evenly distributed between spaces defined as Class A and as Class B and C.

Deliveries by Office Class, 2000 - 2024 YTD



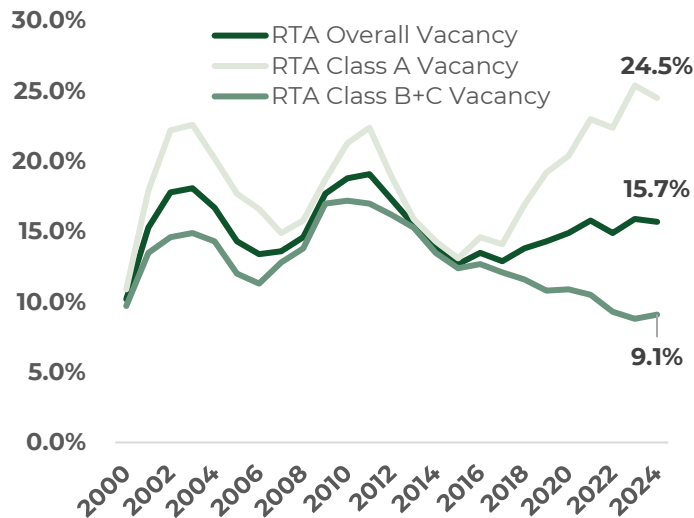
Supply Analysis - Office

Regional Trade Area

Vacancy

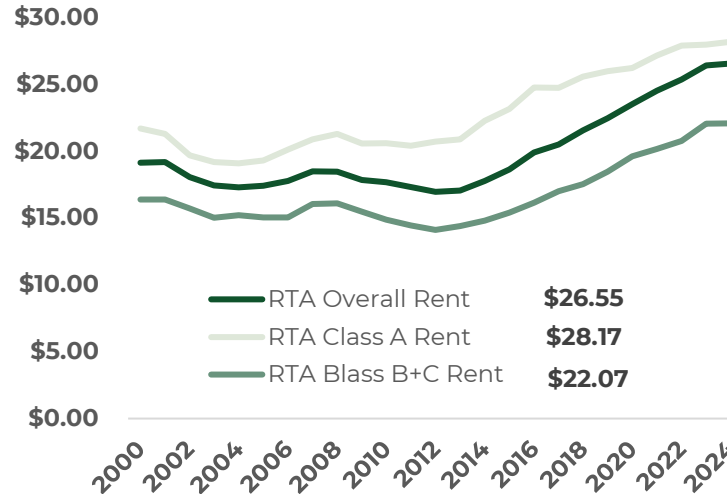
Though office vacancy within the RTA began to increase later than in the LTA, trends in office vacancy across all classes of office largely mirror office vacancy trends within the LTA. The disparity between Class A vacancy with other classes of office within the RTA, which includes many of the suburban markets to the north and east of the perimeter, may suggest that lower rent products are generally more successful and easier to absorb in suburban and exurban office markets.

Vacancy by Office Class, 2000 - 2024 YTD



Source: CoStar

Rent by Office Class, 2000 - 2024 YTD



Rents

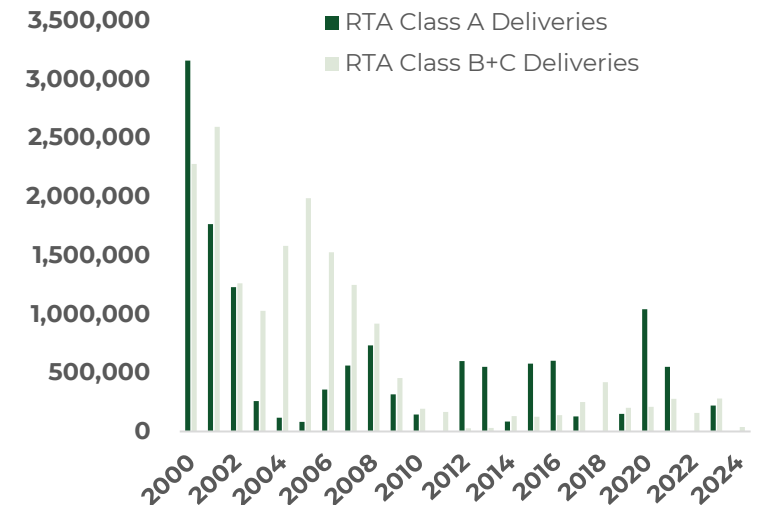
Office rents within the RTA have grown in a way that closely resembles rent growth within the LTA. The spread between Class A and Class B and C office space within the RTA is wider than the spread between these classes of office within the LTA, indicating a wider variety of office spaces that are more differentiated than the office products available within the LTA.

Deliveries

The RTA has experienced similar trends in deliveries to the LTA, with the majority of the office space delivered since 2000 delivering between 2000 and 2008. Deliveries up to 2008 represent nearly 23,000,000 square feet, while deliveries after 2008 represent roughly 8,100,000 square feet.

More than 60% of the office space constructed in the RTA since 2008 is classified as Class A, indicating a greater prevalence of higher-end office products within the RTA beyond the LTA.

Deliveries by Office Class, 2000 - 2024 YTD



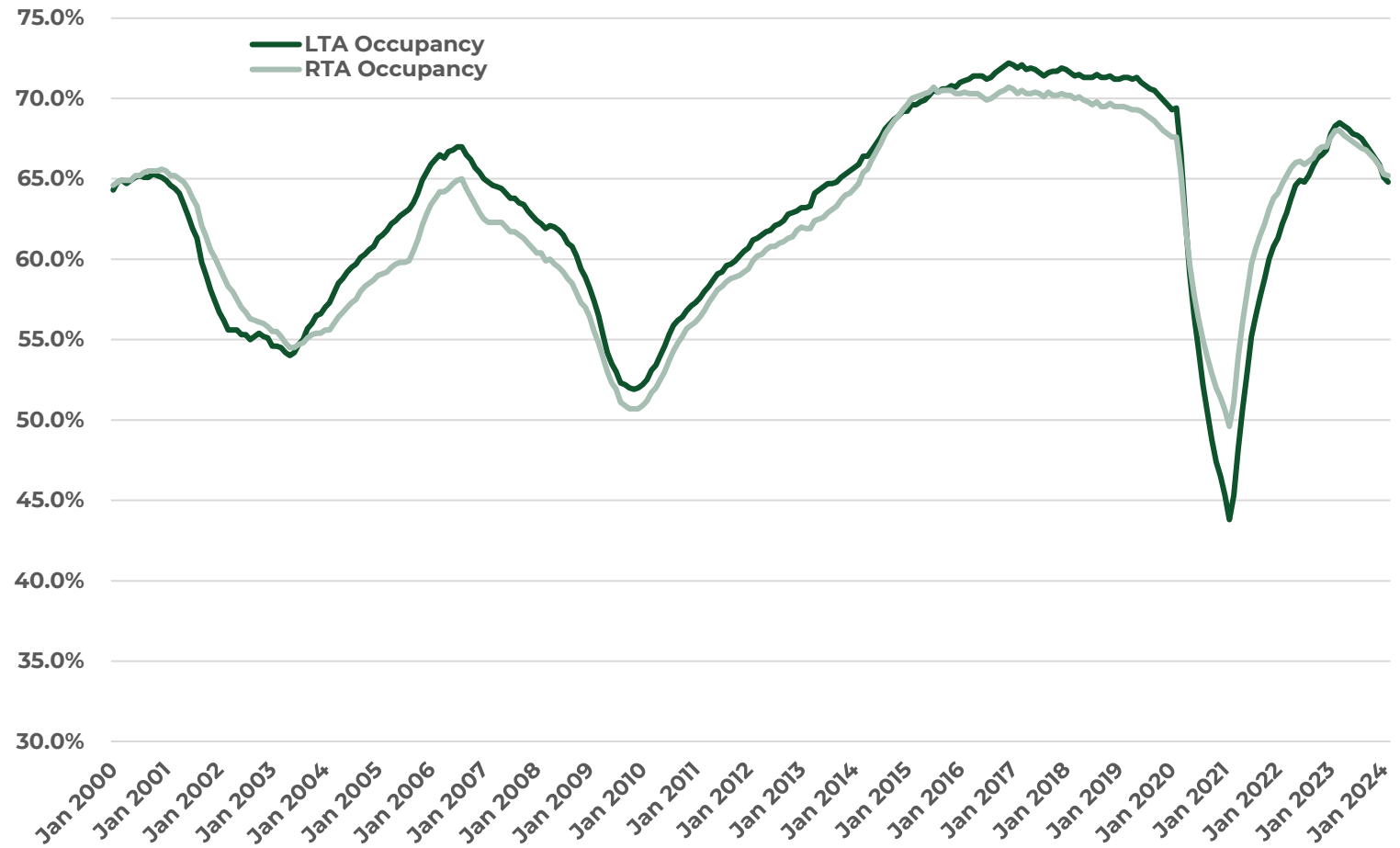
Supply Analysis - Hospitality

Occupancy

Trends in hotel occupancy within both the local and regional trade areas have closely resembled one another since 2000, with the RTA experiencing less dramatic fluctuations than the LTA over the last two decades.

Neither the local or regional trade areas have fully returned to pre-pandemic levels of occupancy. While both markets have recovered from the record low levels of occupancy experienced during the height of the pandemic, occupancy rates have been steadily falling since the early months of 2023.

12 Month Average Occupancy, 2000 - 2024 YTD



Source: CoStar

Supply Analysis - Hospitality

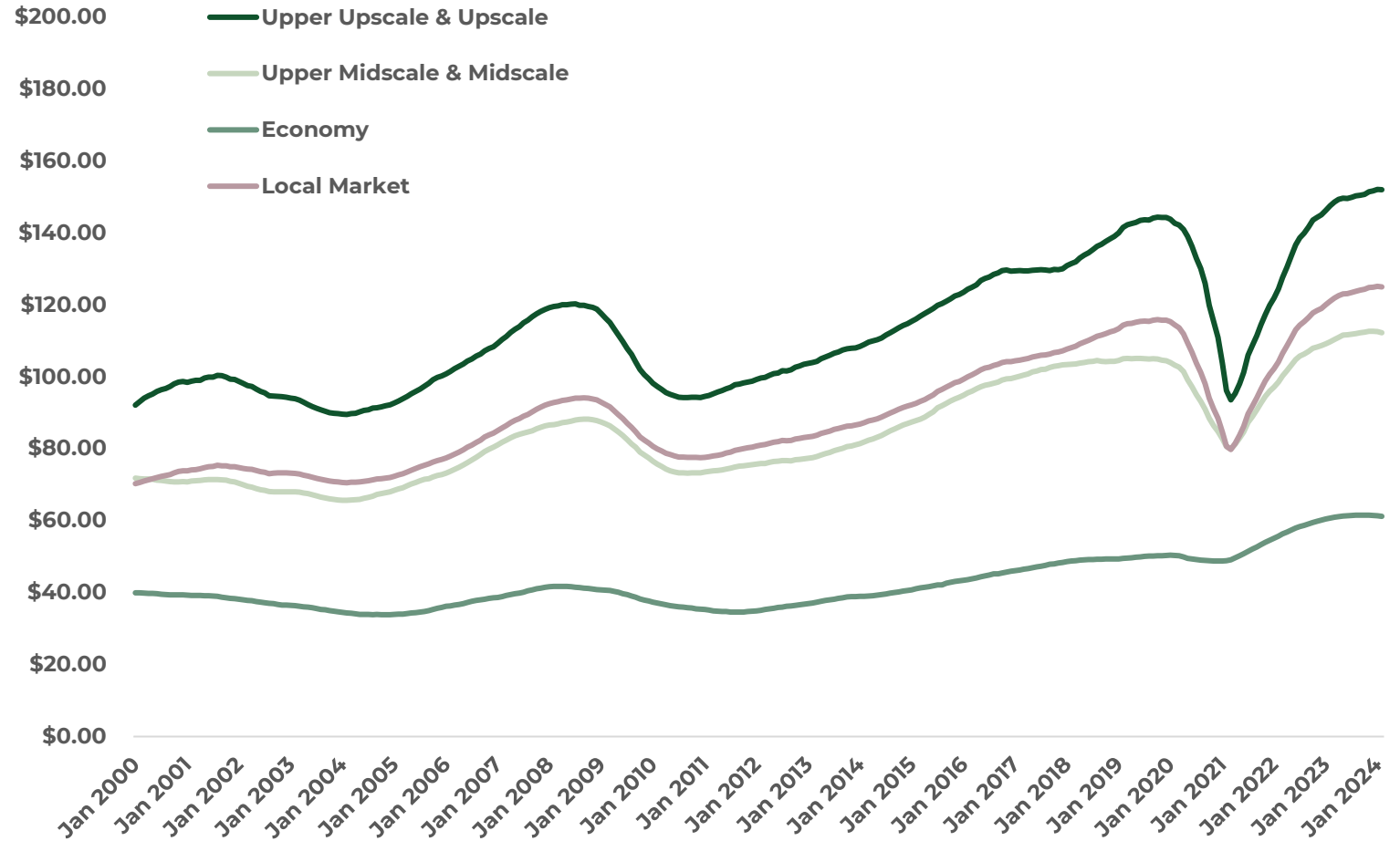
Local Trade Area

Average Daily Rate

The average daily rate of hotel rooms within the local trade area has fluctuated across the last two decades due to two major economic shocks but have generally grown since 2011. Rates have grown at a slightly faster rate in the post-pandemic period, likely as occupancy has fallen and operators have attempted to compensate.

Price growth has been most significant among the upper upscale and upscale hotel products, a scale which experienced the most severe fluctuations in price during the pandemic. Conversely, the rates for economy scale products experienced very little fluctuation during the pandemic and have grown little since the pandemic.

LTA ADR by Scale



Source: CoStar

Supply Analysis - Hospitality

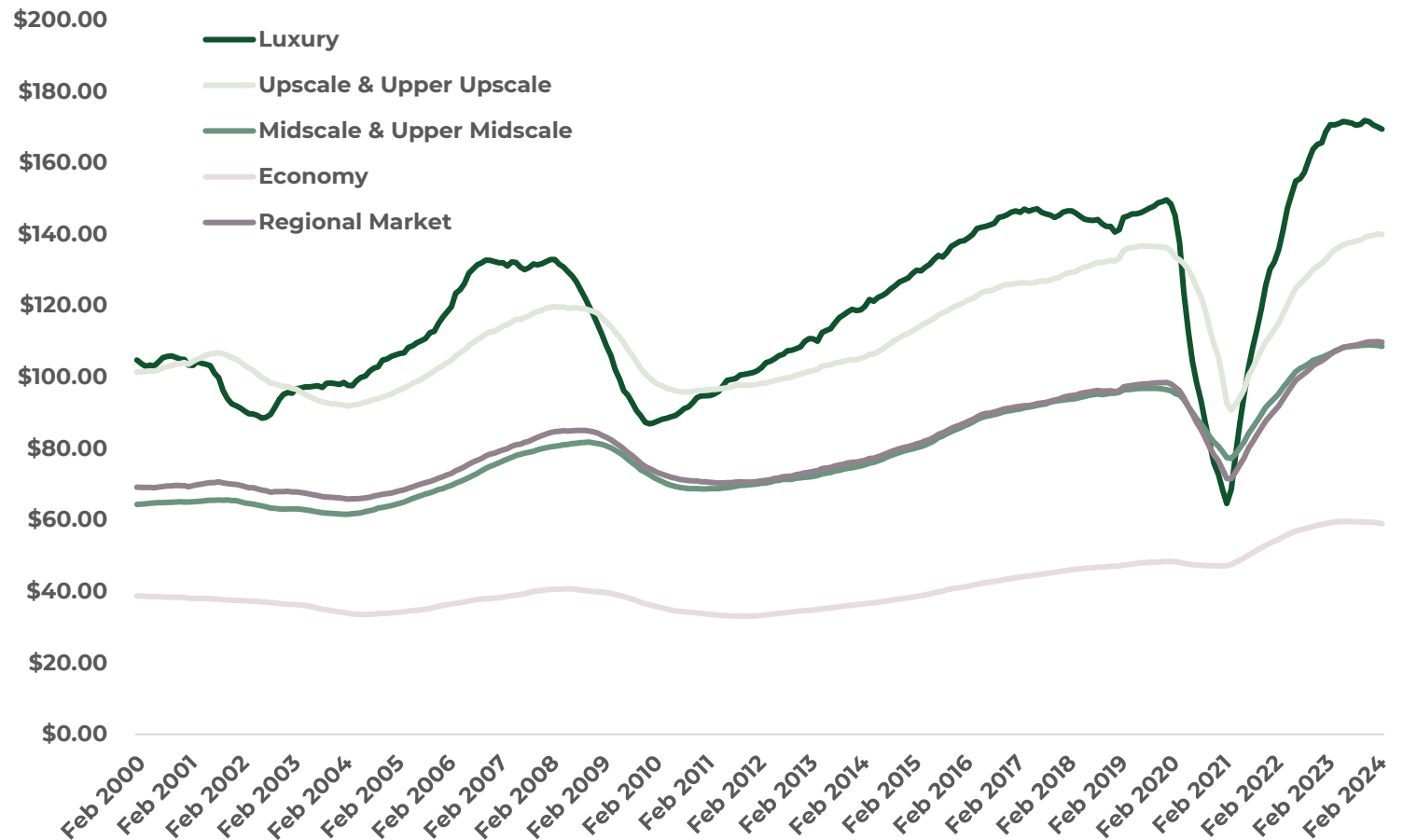
Regional Trade Area

Average Daily Rate

Daily rates within the regional trade area have followed trends similar to those within the local trade area with fluctuations around the two major economic crises that have occurred over the last two decades. A notable difference within the RTA is the presence of luxury scale hotel products, which experienced the sharpest relative decline in prices during the pandemic and have seen the most significant price growth since the pandemic.

Notably, all scales except for upscale and upper upscale products have begun to experience declining average daily rates, suggesting that there is stable demand for elevated products over lower-end products, however there is a loss of momentum in the rates for luxury products.

RTA ADR by Scale

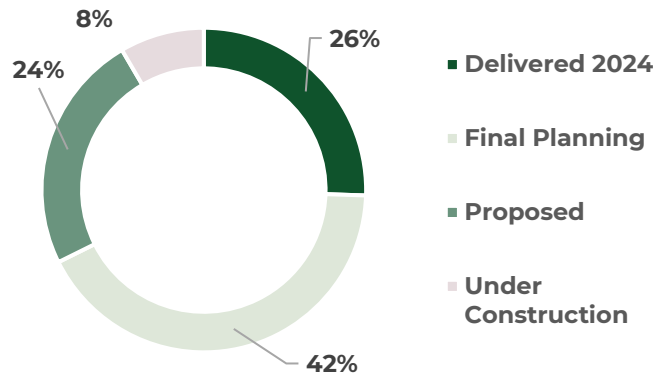


Source: CoStar

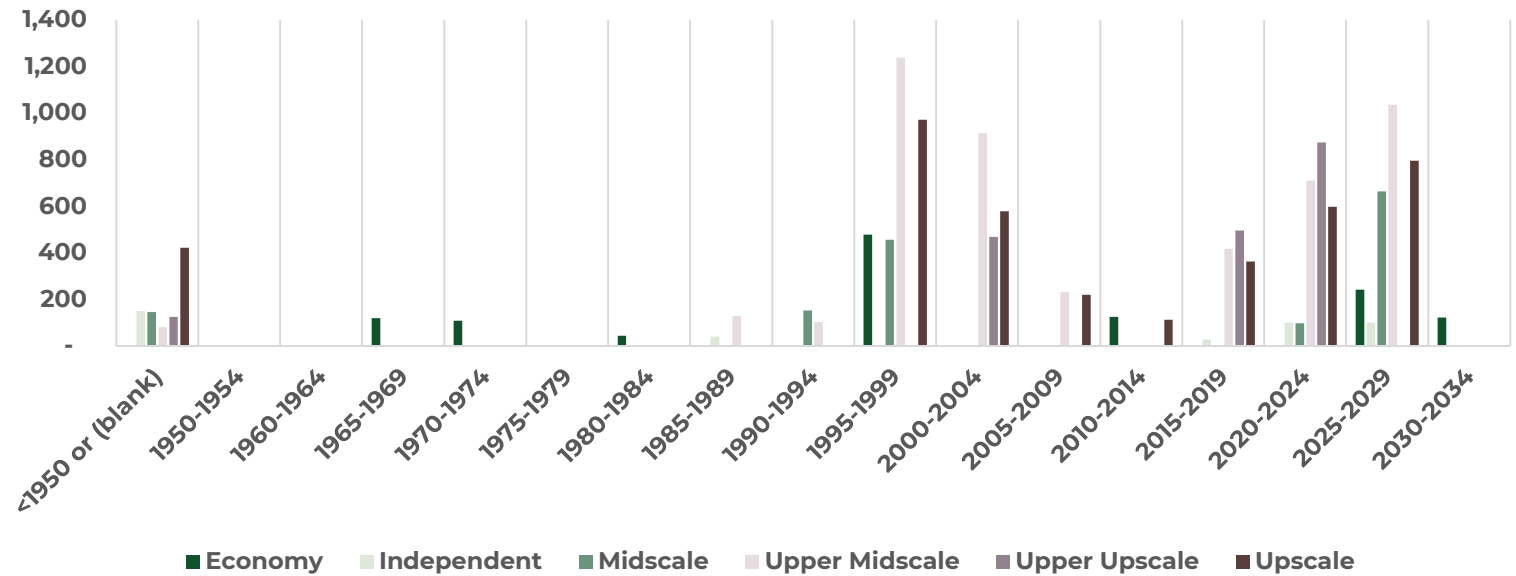
Supply Analysis - Hospitality

Local Trade Area

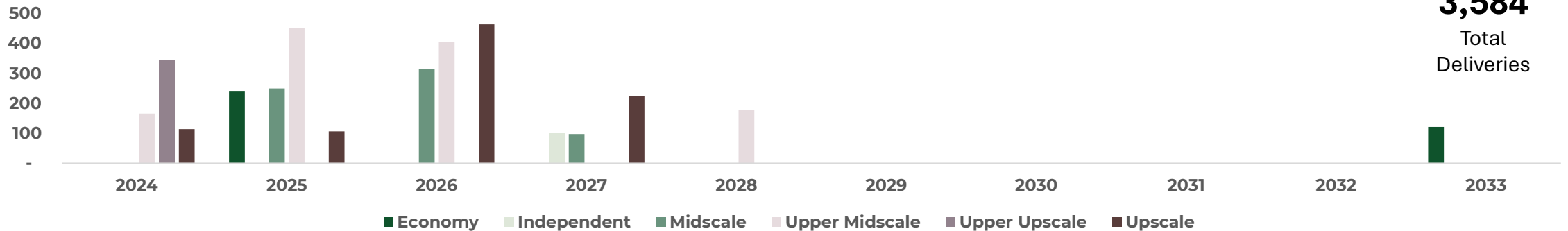
Historic Deliveries & Pipeline



LTA Hotel Deliveries by Scale



LTA Pipeline Deliveries by Year, 2024 - 2033

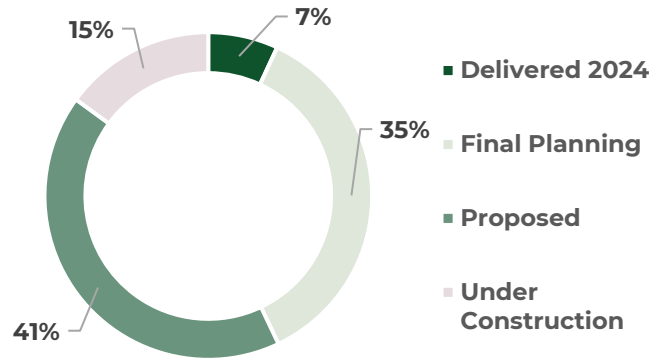


Source: CoStar

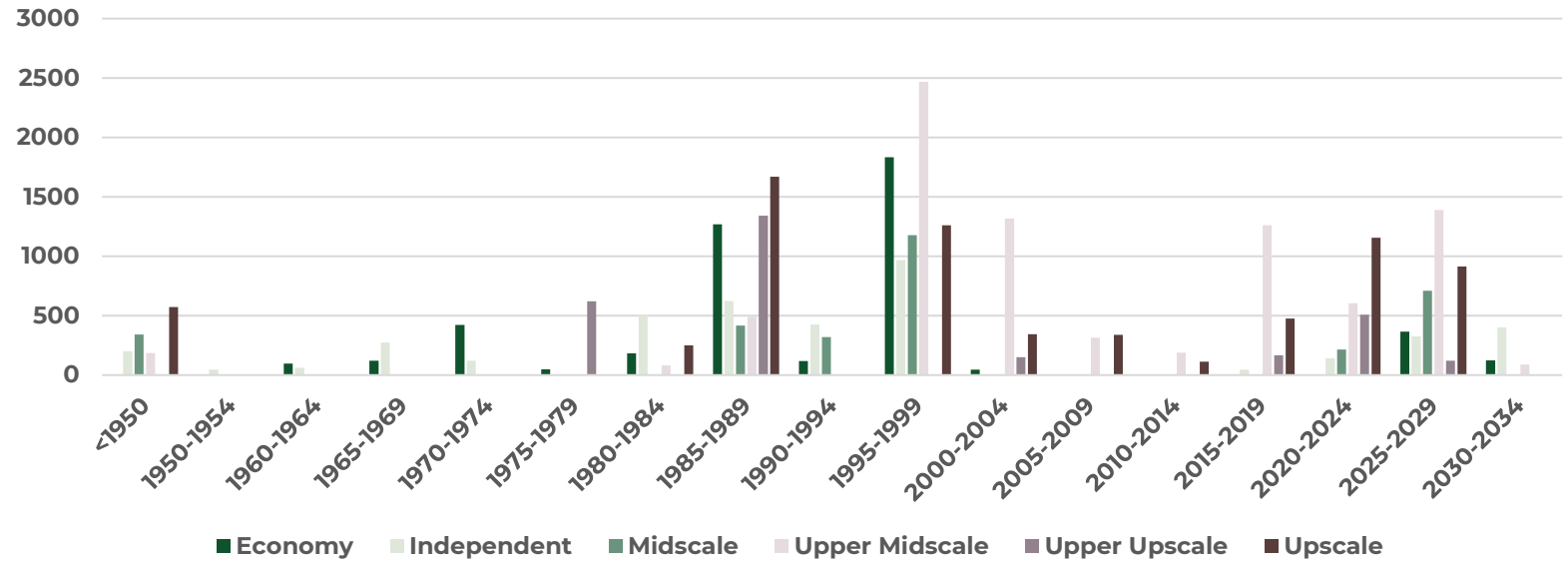
Supply Analysis - Hospitality

Regional Trade Area

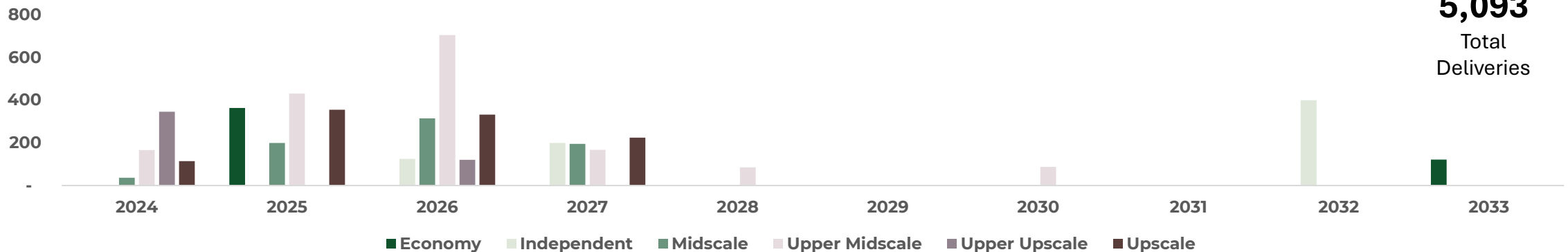
Historic Deliveries & Pipeline



RTA Hotel Deliveries by Scale



RTA Pipeline by Delivery Year, 2024 - 2033



Source: CoStar

Case Studies & Analogs

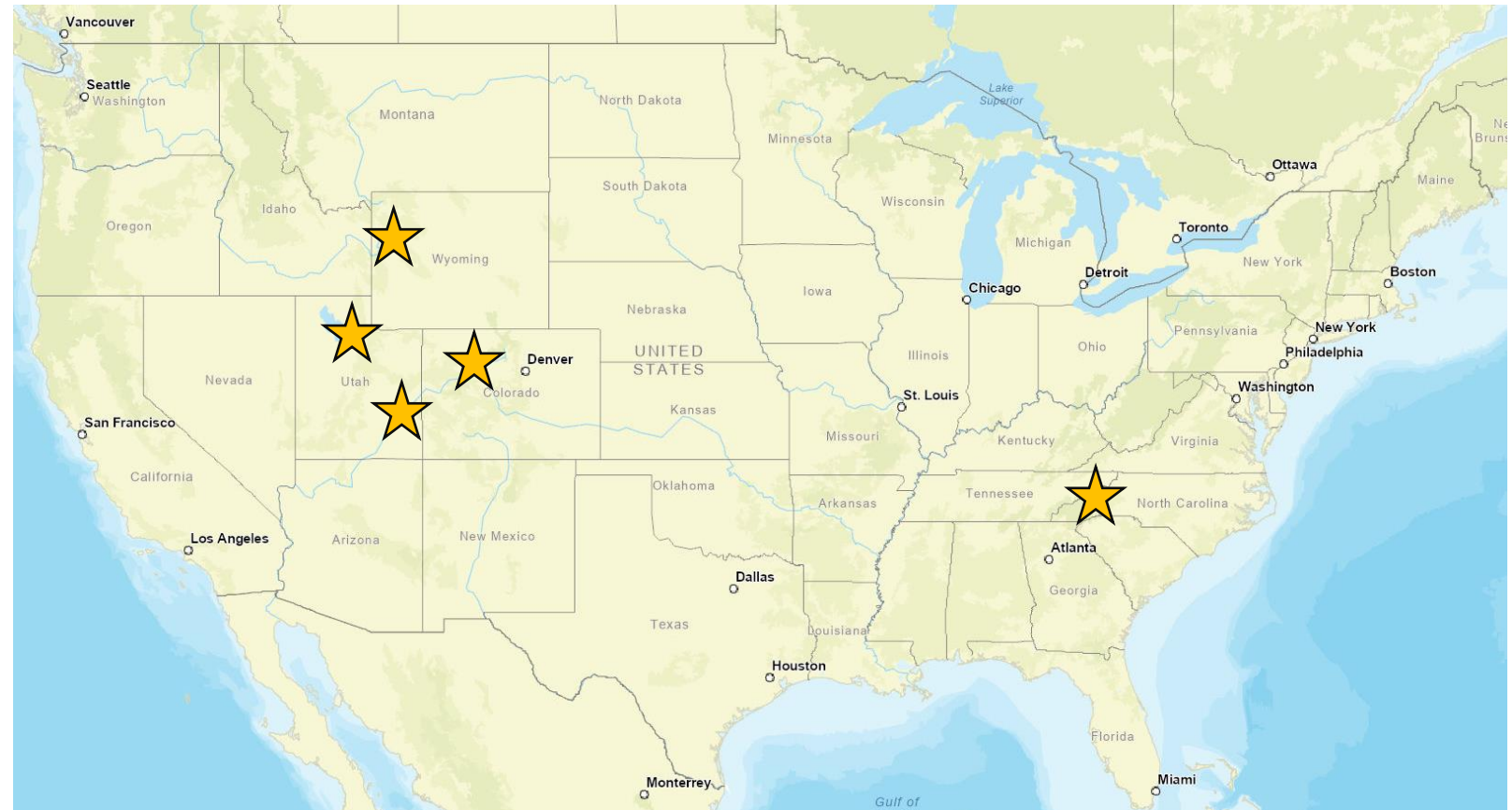


Case Study Context

Introduction

Examining existing developments which embrace a similar outdoor recreation-focused concept can provide crucial insight into the market potential and possible visitor experience at the Riverlands site.

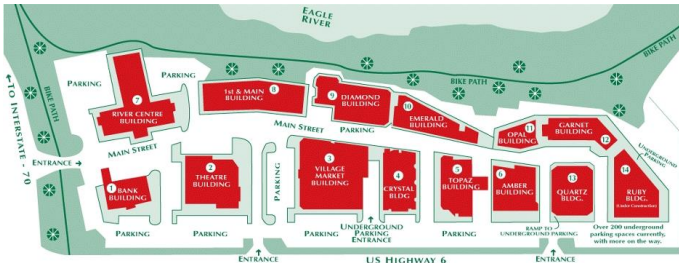
Every development is linked to its unique site context, and none of the following projects are an exact match for Sugar Hill's Riverlands. However, they have successfully incorporated concepts which are key components of the proposed Riverlands experience, including a mix of uses and immersion with surrounding environment.



Analogous Concepts

Riverwalk at Edwards Edwards, Colorado

Riverwalk at Edwards is a live, work, play district fronting the Eagle River just east of Vail, Colorado. The 6.5 acre, mixed-use area has regional and national draw providing recreational entertainment. With Eagle Valley Trail access, visitors can access 100+ miles of biking and hiking trails.



Source: CoStar, Placer.ai, Pictures from CoStar and Riverwalk website

Hospitality	25,000 SF	5%
Hotel	68 rooms	
Office	54,810 SF	13%
Loft/Creative Space	14,810 SF	
Traditional Office		
Condos	40,000 SF	
Retail	395,759 SF	83%
Bank	12,352 SF	
Restaurant	16,000 SF	
Storefront	52,000 SF	
Retail	132,830 SF	
Storefront Retail	182,577 SF	

Hospitality

The Inn at Riverwalk has 68 rooms, a pool, spa, and gym as well as event and wedding space.

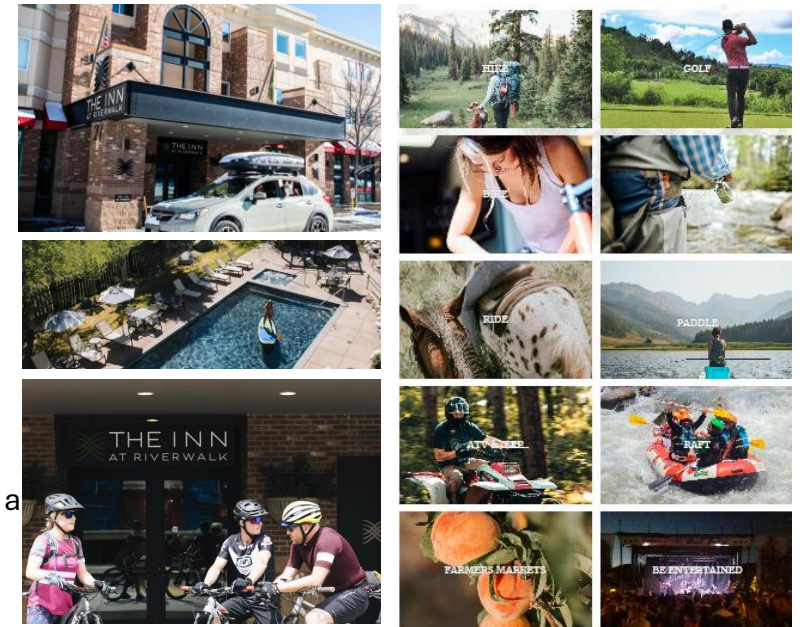
Office

The majority of office tenants serve the tourism and travel industry. Financial, insurance, real estate, and legal services comprise much of the office tenancy.

Retail

Offering a diverse mix of retailers, the retail tenants include health and wellness, fitness, and sporting goods stores with a heavy concentration of F&B.

Developed from 1993-2006, the retail offering is a bit dated, but maintains above market rents and maintains zero vacancy as of Q1 2024.



Enjoy Even More at [theinnatriverwalk](http://theinnatriverwalk.com)

Analogous Concepts

Granary Campus Salt Lake City, Utah

The Granary Campus is an adaptive reuse development with close proximity to Salt Lake City's mountain biking trailhead. Although located in central Downtown, the recreation and adventure focused retail and hospitality mix offer insight and inspiration for Sugar Hill's Riverlands.

Originally five separate buildings, the campus fosters space for outdoor enthusiasts, artists, and within minutes of popular ski resorts and outdoor hiking and biking activities.



Source: CoStar, Placer.ai, Pictures from Costar and Mark Weinberg and from evohotel.com, Site plan from Mountain West Commercial Real Estate

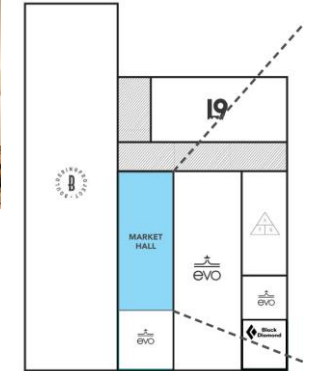
Hospitality	25,777 SF	12%
Hotel	50 rooms	
Entertainment	31,400 SF	14%
All Together Skate Park	5,000 SF	
Granary Bouldering Project	26,400 SF	
Retail	167,830 SF	75%
Market Hall	6,000 SF	
Black Diamond	6,000 SF	
Level 9 Sports	23,000 SF	
evo	132,830 SF	

Hospitality

evoHotel is the first hospitality concept from the outdoor company- blending a skate park, bouldering gym, and retail spaces within a 100,000 SF campus setting. A rooftop bar, Publik Coffee Roasters, and mezzanine hospitality spaces connect campus.

Retail

Along with an evo , an outdoor outfitter, a 6,000 SF Market Hall hosts smaller F & B centric options. Black Diamond and Level 9 Sports specialize in skiing, biking, and skating gear and merchandise.



Analogous Concepts

AutoCamp Asheville, NC

AutoCamp is an outdoor hospitality group with locations nationwide. Focusing on glamping, AutoCamps offer Airstream, cabins, and luxury tent accommodations near recreation areas.

AutoCamp Asheville features a main clubhouse as well as indoor and outdoor event spaces to accommodate retreats, weddings, and other gatherings. A riverside lawn with access to the French Broad River hosts programming and events year round. A General Store and Kitchen provides breakfast, snacks, and light meals.



Experiences

AutoCamp offers a wide variety of programming for guests. Located near recreation destinations, activities often include guided hikes, yoga, live music, brewery tastings, cultural tours, and health and wellness related excursions.



Source: CoStar, Placer.ai, Pictures from AutoCamp.com

Analogous Concepts

FieldStation Moab, Utah

Operated by AutoCamp, there is currently one Field Station location in Moab, Utah with another location under construction in Joshua Tree. Similar to AutoCamp, Field Station is a true hospitality concept that aims to bring together the ruggedness of the western outdoor experience with amenities and retail offerings that cater to national park visitors and others enjoying the great outdoors.

FieldStation Moab consists of a few different components including both rooms and van life posts as available lodging choices, in addition to a coffee shop, kitchen station, and a gear shop.



Source: CoStar, Placer.ai, Pictures from AutoCamp.com



Experiences

FieldStation Moab's location permits it to partner with a number of local experience providers, including Bighorn Mountain Biking and Moab Cliffs, which offer mountain biking and canyoneering experiences to FieldStation guests at a range of prices. Additionally, FieldStation offers live music and wayfinding sessions for guests.



Analogous Concepts

Gravity Haus Jackson Hole, Wyoming

Gravity Haus is a hospitality brand and membership club focused on outdoor culture and adventure hospitality with locations in the western US. Their offering includes a coworking membership (StarterHaus), a gear rental service (Haus Quiver), and on-demand travel and adventure concierge.

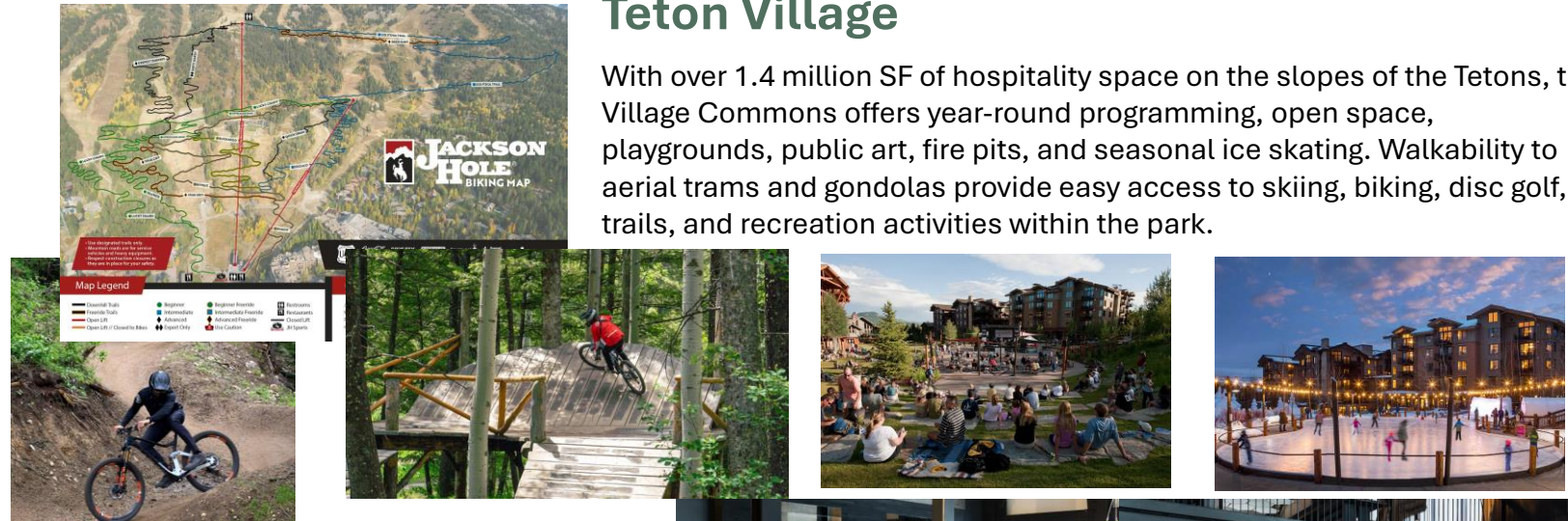
Its Jackson Hole location is situated in Teton Village, Wyoming at the base of Grand Teton National Park.



Source: CoStar, Pictures from gravityhaus.com, jacksonhole.com, and tetonvillagewy.com

Teton Village

With over 1.4 million SF of hospitality space on the slopes of the Tetons, the Village Commons offers year-round programming, open space, playgrounds, public art, fire pits, and seasonal ice skating. Walkability to aerial trams and gondolas provide easy access to skiing, biking, disc golf, trails, and recreation activities within the park.



Hospitality

Gravity Haus at Jackson Hole hosts 87 rooms, a heated outdoor pool and hot tub, fitness facilities, gear lockers, co-working space, and event/gathering space.



<p>RECOVERY + WELLNESS</p> <p>Start or end your epic adventure with our heated outdoor pool + hot tub complete with iconic views of Wyoming's majestic landscape.</p>	<p>WILD PINE</p> <p>A fresh culinary concept, Wild Pine blends the best of the region's culture, flavors, and wild vibe in a warm setting.</p> <p><i>Open to the public.</i></p>	<p>UNRAVEL COFFEE</p> <p>Unravel Coffee in Jackson Hole offers signature coffee drinks and delectable lite bites to power your everyday adventures.</p> <p><i>Open to the public.</i></p>	<p>FITNESS FACILITY</p> <p>Train for your next adventure at our in-Haus fitness facility – equipped with everything you need to get your sweat on.</p>
<p>GROUPS + EVENTS</p> <p>Gravity Haus Jackson Hole offers the perfect space for hosting large groups, gatherings, and events on our private and indoor mezzanine balcony.</p>	<p>PREMIER ACCESS</p> <p>Located just steps from Jackson Hole Mountain Resort's aerial tram, the Haus provides both premier mountain access and the best amenities available in Teton Village.</p>	<p>CO-WORKING</p> <p>Enjoy the perfect mix of work, fun, and outdoor thrills, while also making sure you have a comfy spot to get stuff done during your stay.</p>	<p>GEAR LOCKERS</p> <p>Take advantage of private ski lockers to keep everything in one place. Lockers are available for seasonal purchase for Gravity Haus Members.</p>

Food & Beverage

The farm-to-table restaurant Wild Pine is open to both hotel guests and to the public which draws inspiration from Wyoming's untamed wilderness and rich history. Unravel Coffee, a coffee chain local to Jackson Hole offers signature coffee drinks and on-the-go bites perfect for active Gravity Haus guests.

Market Outlook



Recommended Programming



Adventure

- Gear lockers & workshop
- Gear rental & shop
 - Fishing, biking, kayaking, tubing
- Tubing access
- “Adventure Concierge”



Stay

- 40-60 room hotel
- 25 campsites
- 5 group campsites
- 15 cabins (couples and families)
- EV charging stations
- Dog park



Create

- Corporate Events & meetings
- Retreats & workshops
- Co-working

Celebrate

- Weddings
 - Bridal suite, 6 guest rooms
- Parties
- Reunions



Enjoy

- Full-service Restaurant
- Hotel lobby bar/coffee shop/small bites
- Beer garden/brewery
 - Live music
- Wellness
 - Yoga
 - Spa with hot tub/pool
- Fitness (rock wall, gym, cycle studio)



USE	TOTAL SPACE	SHARE OF TOTAL SPACE
Hospitality	18,000 – 22,000 SF	
Hotel	40-60 rooms	~30%
Event / Lobby / Cafe	3,000 – 4,000 SF	
Campsite / Cabin	30 – 40	
Office	3,500 – 6,000 SF	~10%
Coworking & Meeting Space		
Retail	33,000 – 40,000 SF	~60%
Restaurant		
Brewery		
Outdoor Outfitter		
Local Retailer / Boutiques		
Fitness & Wellness Retail		

Source: CoStar, KBA Group

Market Outlook

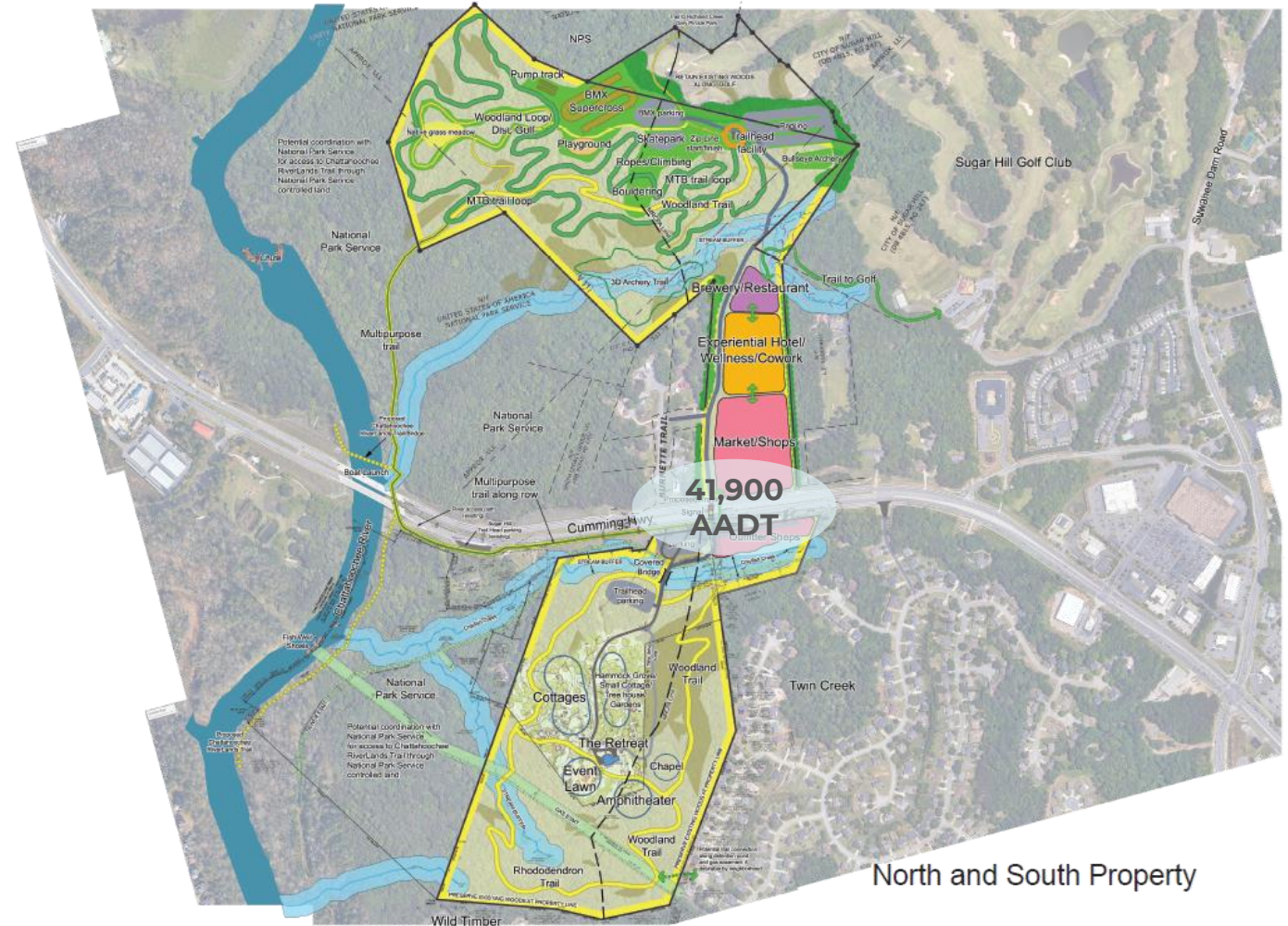
Challenges and Opportunity

The subject site, while within the Riverlands district, possesses numerous challenges to potential development which must inform the overall strategy for developing commercial space on the site if said development is to be successful.

The site is divided by Highway 20, which disrupts access for visitors of the attractions planned on the southern half of the site to easily access the attractions planned for the northern half of the site. While the corridor provides great visibility, improving connectivity between the northern and southern portions of the site has the potential to improve the success of both components of the subject site.

Additionally, the majority of both the northern and southern portions of the subject site are not developable due to the restrictions imposed by the Metropolitan River Protection Act. For this reason, in addition to site constraints imposed by site topography and limited views, most of this land will ultimately be used for park and recreation space which may bolster the attractiveness of well-executed commercial developments with curated tenancies on the subject site.

The implications of these site challenges is that any commercial development that occurs on the subject site must be highly intentional, curated and contextual to the vision of the Sugar Hill Riverlands masterplan.



Source: CoStar, GDOT, City of Sugar Hill

Market Outlook

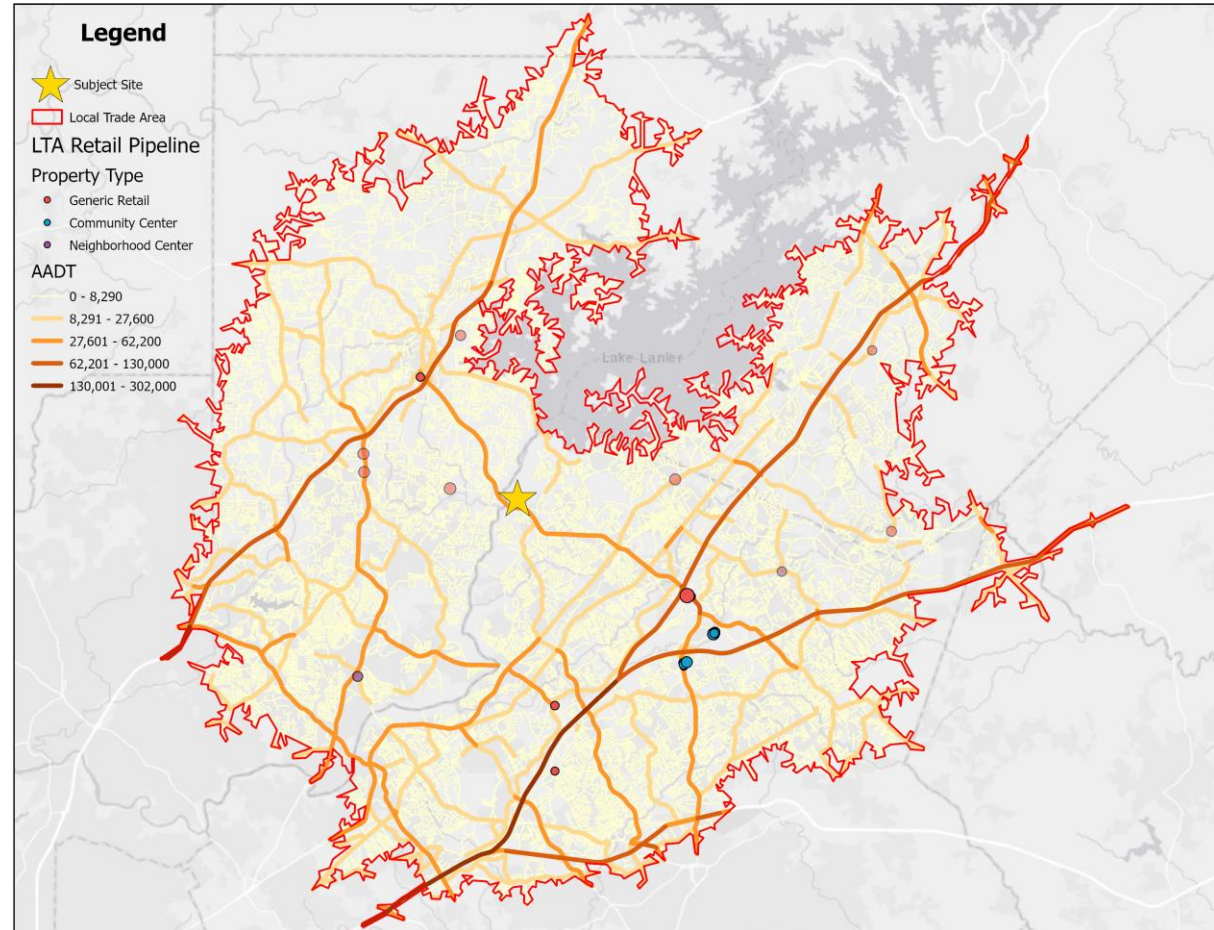
Retail

The retail pipeline within the local trade area represents 107,000 square feet of recently delivered retail space and plans for an additional 50,000 square feet.

Planned or recently delivered retail space is centered around either the Highway 400 or I-85/I-985 corridors with a notable lack of development activity along Highway 20.

The nearest retail development to the subject site is a planned strip center on S.R. 141 beginning construction July 2024. Overall, the local trade area pipeline is relatively sparse even despite the last decade, which experienced a relatively low volume of retail deliveries.

These conditions present an opportunity to deliver a retail experience locally that is differentiated by its newness and finish quality.



Delivery Year	Generic Retail	Community Center	Neighborhood Center	Total
2023	27,700	50,688	-	78,388
2024	62,091	-	20,455	82,546
Total	89,791	50,688	20,455	160,934

Source: CoStar

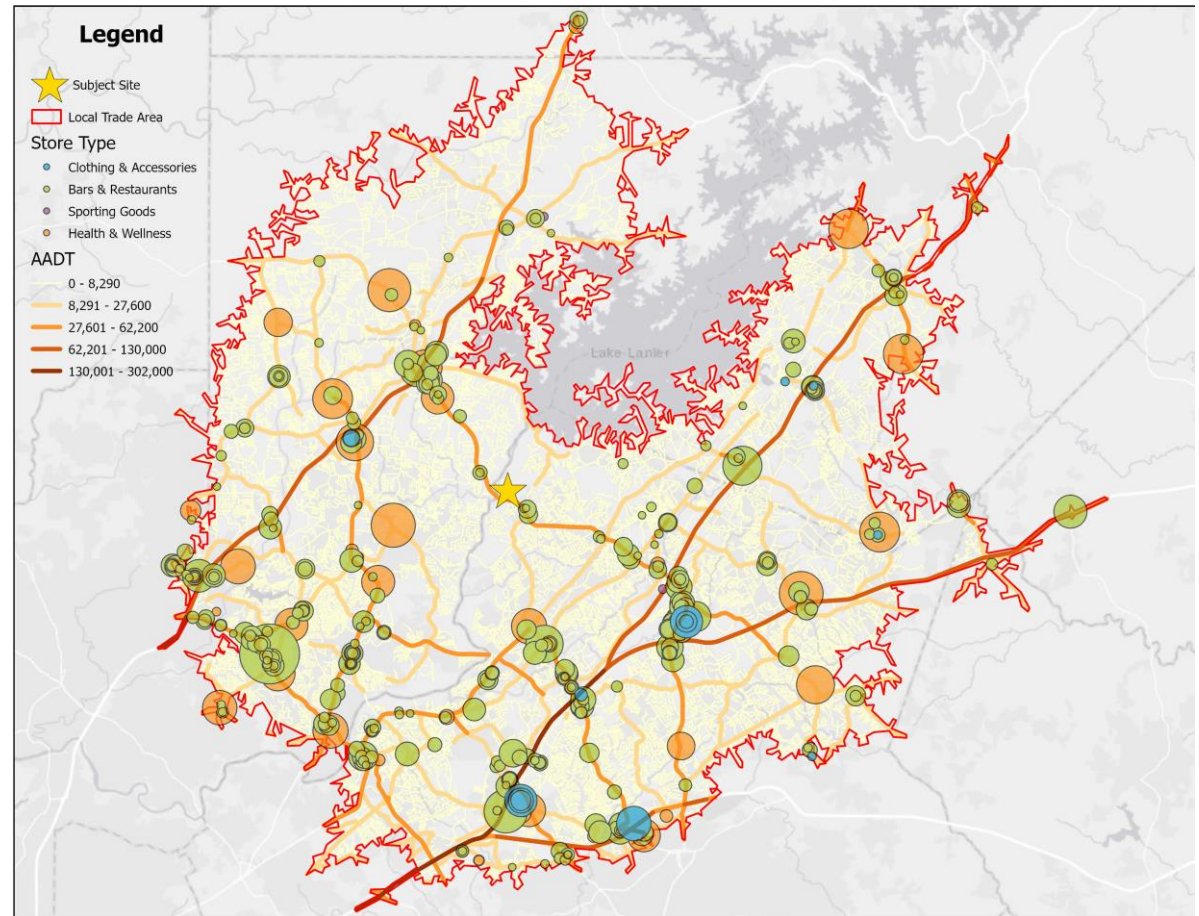
Market Outlook

Retail

There is a clear opportunity for retail on the subject site, driven by favorable demographics and spending habits locally, however the execution of a potential retail component on the subject site must be well conceived and contextual. The subject site enjoys a favorable and relatively untapped position along Highway 20 between major retail nodes centered around Highway 400 and I-85, however, the retail opportunity categories and the overall vision for the site are not necessarily highway-traffic-driven retail varieties.

The specific retail categories and the corresponding opportunity for each are described in the table to the right, and include sports and outdoors stores, bars and restaurants as well as clothing and health and wellness stores. The overall retail demand forecast that the subject site has the potential to capture falls somewhere between 33,000 and 40,500 square feet.

While an auto-centric retail offering might thrive on the site, such offerings would not be compatible with the overall vision for the Riverlands, which aims to activate community greenspace through the development of numerous park and outdoor recreation assets at a human scale. The economic drivers of opportunity for retail constitute only a piece of a successful retail strategy for the site, which will also require high-quality leasing professionals who can match the developed space with concept-compatible tenants.



Retail Category	Greater Sugar Hill	Site Capture Low End (SF)	Site Capture High End (SF)
Sporting & Outdoors	20,500	13,000	16,000
Health & Wellness	130,000	6,000	7,000
Clothing & Accessories	73,000	6,500	8,000
Bars & Restaurants	106,000	7,500	9,500
Total	329,500	33,000	40,500

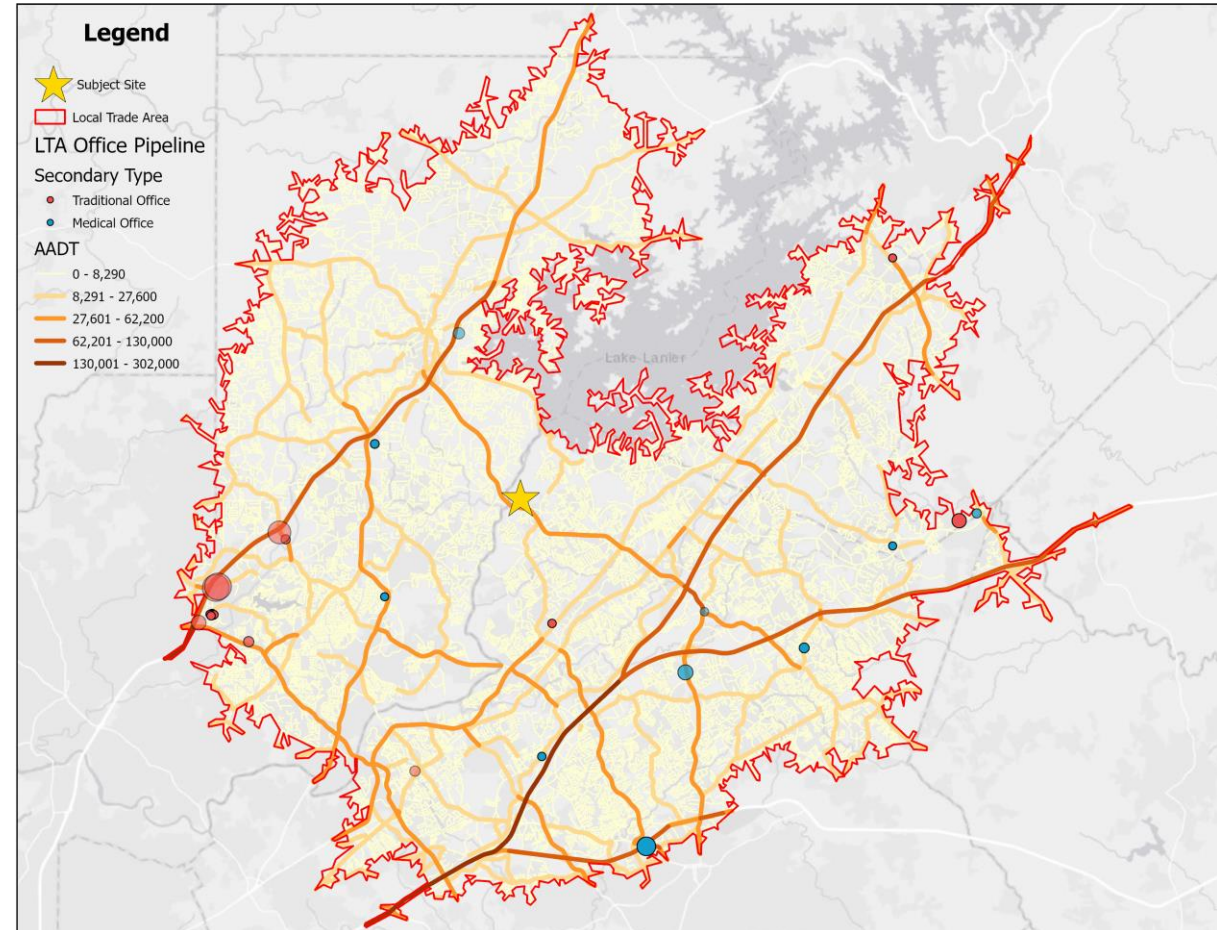
Source: CoStar

Market Outlook

Office

The office pipeline within the local trade area represents roughly 600,000 square feet of office that has been delivered in the last year or is set to be delivered by the end of 2024. Nearly 60% of the space that has recently been delivered is classified as medical office and is concentrated around the Highway 400 and I-85/I-985 corridors, reflecting the growth of both the general population and the population of older adults in need of medical services in exurban Atlanta.

Looking forward, from 2025 to 2027, nearly one million square feet of office space is set to be delivered, 95% of which is classified as traditional office space. The most significant planned deliveries of office space are concentrated in North Fulton, where tech jobs have continued to cluster in recent years.



Delivery Year	Traditional Office	Medical Office	Total
2023	177,189	217,546	394,735
2024	85,302	124,000	209,302
2025	831,580	64,488	896,068
2026	-	-	-
2027	70,000	-	70,000
Total	1,164,071	406,034	1,570,105

Source: CoStar

Market Outlook

Office

The opportunity for the development of traditional office on the subject site is relatively limited. The local and regional trade areas which represent the northern metro are highly price sensitive markets for office, meaning that the best and most expensive office is not necessarily the best performing, with office tenants preferring marginally cheaper office spaces.

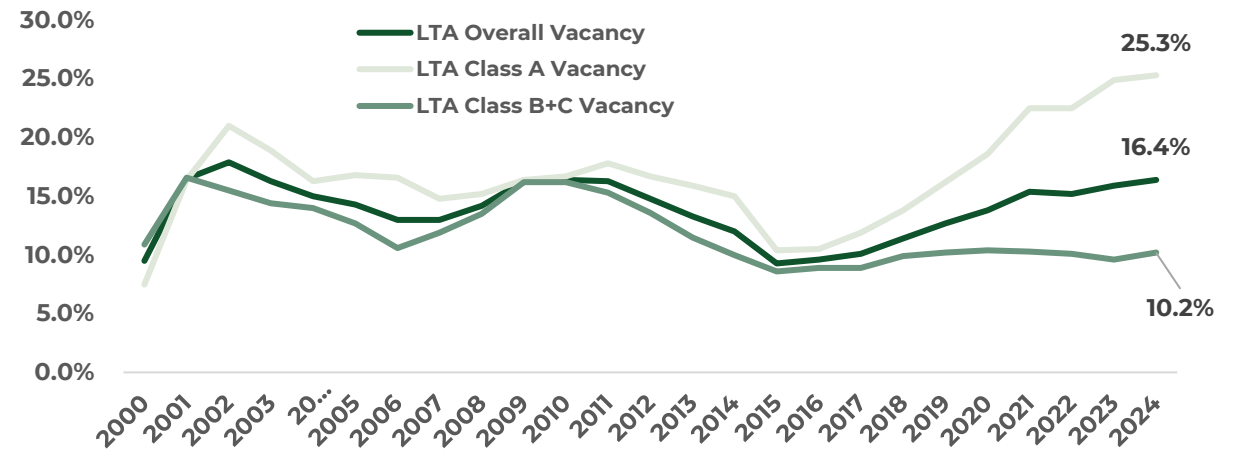
Due to the lack of purely market-driven demand for Class A office products within the local and regional trade area, the limited opportunity for the development of office space on the subject site presents an opportunity to integrate 3,500 to 6,000 square feet of coworking space into a larger hospitality and retail destination.

While traditional Class A office space has experienced skyrocketing vacancy within the trade area over the last few years, smaller, highly amenitized coworking offices have proliferated across the northern metro. Brands such as Thrive are achieving success as cohesive components of planned mixed-use developments and historic suburban and exurban downtowns.

A coworking offering within a boutique hotel geared towards corporate retreats, executive leadership meetings, and other similar events could help to augment the growing but understudied demand for coworking space that is emerging within the local and regional trade area.

Source: CoStar, Pictures from CoStar

Vacancy by Office Class, 2000 - 2024 YTD

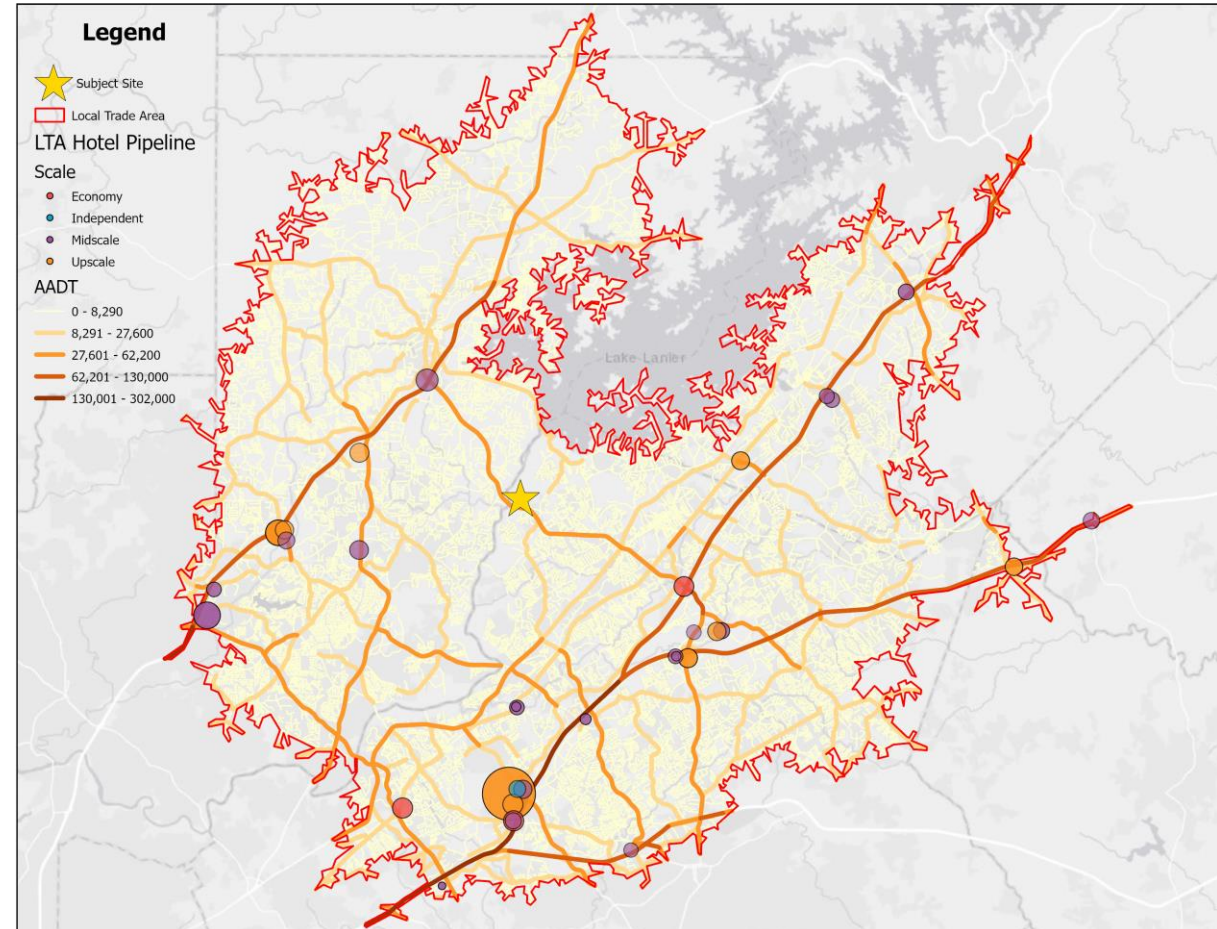


Market Outlook

Hospitality

New hospitality within the regional trade area represents nearly 1,000 hotel keys added over the last year or planned to be delivered before the end of 2024. Roughly 80% of these recently or soon to be delivered hospitality products are classified as Upscale products; the most notable of which was the delivery of the Westin at the Gas South District, which added 346 hotel keys to the regional trade area.

Between 2025 and 2028, it is currently anticipated that more than 4,000 hotel keys will be added to the regional trade area's supply of hospitality products, with roughly half of these products classified as Midscale developments with another quarter classified as Upscale, reflecting the relative stability of Midscale and Upscale hospitality products post-pandemic. All the hospitality pipeline projects are centered around the Highway 400 and I-85/I-985 corridors.



Year Delivered	Economy	Independent	Midscale	Upscale	Total
2023	-	-	-	290	290
2024	-	-	202	460	662
2025	364	-	404	356	1,124
2026	-	525	1,142	458	2,125
2027	-	200	479	224	903
2028	-	-	85	-	85
Total	364	725	2,312	1,788	5,189

Source: CoStar

Market Outlook

Hospitality

In light of generally strained performance of hospitality assets post-pandemic and a relatively full regional pipeline, the development of a hospitality product on the subject site must be limited in scale and differentiated from other products in the region through curated and thoughtful amenities and finishes.

While there are market challenges for a potential hotel on the subject site, a clear vision and strategy for such a product, mimicking recreation hospitality trends outlined previously, will help to ensure its success. What this vision and strategy looks like will differ depending on the goals of Sugar Hill as it spearheads the development of the site.

Two potential strategies for the site might include a hospitality-lite option that would include thirty to forty rental cabins, campsites, or other elevated glamping options. A second option should include a boutique hotel with forty to sixty units.

The first strategy’s viability is derived from the complimentary nature of cabin-style, short-term rental options with the other planned recreational uses of the site, whereas the second strategy is one that would be driven by a more intentional approach which would focus on catering to corporate retreats, executive leadership meetings and other similar events, all of which would utilize the outdoor recreation facilities and the hotel meeting space. Room nights at a boutique hotel might also be supported by the creation of a wedding venue on the southern portion of the subject site.

Source: CoStar, Pictures from AutoCamp.com

Hospitality Components	Low End (SF)	High End (SF)
Hotel	15,000	18,000
Event Space	3,000	4,000
Total	18,000	22,000

1



2



Appendix



Definitions

Office Classes

The office building class designation is a way of differentiating buildings of the same building type into different categories of quality. These classes represent a combination of a subjective and objective quality rating of buildings that indicates the competitive ability of each building to attract similar types of tenants. Assigning class codes allows us to compare individual buildings within a market as well as across markets, and also to compare office market conditions between areas in peer groups. For the purposes of comparison, CoStar groups office buildings into four classes. The options are Class A, B, C, or F, with assignment depending on a variety of building characteristics, such as total rentable area, age, building finishes and materials, mechanical systems standards and efficiencies, developer, architect, building features, location/accessibility, property manager, design/tenant layout, and much more. Once assigned, a building's class reflects not only characteristics and attributes evaluated objectively, but also the subjective evaluations of finishes and amenities.

Source: CoStar

Hospitality Classes

Chain scale segments are a method by which branded hotels are grouped based on the actual average room rates. Class is an industry categorization which includes chain-affiliated and independent hotels. The class for a chain-affiliated hotel is the same as its chain scale. An independent hotel is assigned a class based on its ADR, relative to that of the chain hotels in its geographic proximity. The classes are:

- Luxury
- Upper upscale
- Upscale
- Upper midscale
- Midscale
- Economy

Office Class Examples

Class A

5328 Lanier Islands Parkway
The Pinnacle at Friendship Corners



Typically, newly constructed, Class A buildings stand out with unique features, excellent locations, and a strong market presence. It may have been built within the last 5-10 years, but if it is older, it has been renovated to maintain its status and provide it many amenities. A building meeting this criteria is often considered to be a landmark, either historical, architectural or both. Class A office attract national and international investors.

Class B

Unlike Class A properties, Class B buildings don't flaunt abundant amenities or prime locations. They're more of a speculative investment, appealing to a broader tenant base. They lack prestige and must depend chiefly on lower price to attract tenants and investors. Typical investors are some national but mostly local.



3850 Windermere Parkway
Windermere Professional Park

Class C



2274 Azalea Drive

In general, a class C building is a no-frills, older building that offers basic space. The property has below-average maintenance and management, a mixed or low tenant prestige, and inferior elevators and mechanical/electrical systems. As with Class B buildings, they lack prestige and must depend chiefly on lower price to attract tenants and investors.

Hospitality Class Examples

Luxury



7000 Lanier Islands Parkway
Lanier Islands Legacy Lodge

At the high end of the hotel scales, luxury hotels usually include multiple restaurants or lounges/bars, meeting space, and a higher level of service. A more robust amenity offering can include fitness facilities, spa, and elevated functional spaces.

Average room rates represent the top 15% of the market.

Upscale



11695 Medlock Bridge Rd
Hilton Garden Inn Atlanta North/Johns Creek

Hotels within this class still feature some meeting or event space, fitness center, and a pool. The food and beverage offering is generally more scaled back and can feature fast casual restaurants.

Average room rates represent the next 15% of the market.

Midscale



915 Ronald Reagan Boulevard
Hampton Inn Cumming

Limited-service hotels which offer little to no meeting spaces and may have a pool or a fitness center. Usually, only self-service breakfast is available.

Average room rates represent the middle 30% of the market.

Economy



3103 Lawrenceville Suwanee Rd
Red Roof Inn Atlanta Suwanee Mall Of Georgia

Economy hotels generally offer little amenity spaces and are highway or convenience oriented. If available, food and beverage is only self-serve.

Average room rates represent the lowest 40% of the market.



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