DOWNTOWN AUBURN REAL ESTATE MARKET OVERVIEW & ANALYSIS

August 2018

PREPARED FOR:

AUBURN
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PREPARED BY:

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INTRODUCTION

- This report provides an inventory and assessment of demographic, economic, and real estate market trends relevant to future residential and commercial development in downtown Auburn.
- The findings are intended to provide a framework for potential future opportunities for downtown residential and retail development in Auburn.
- These findings are also intended to address today's market conditions as they relate to the City's long-range vision for downtown.

Report Contents

INTRODUCTION

REAL ESTATE MARKET ANALYSIS OVERVIEW

This market analysis document is a first step, designed to help the planning, design, and project management team for the City of Auburn, GA . . .

. . . take stock of what they have to work with.

- Understand the mix of uses in the current built environment.

. . . understand reasonable expectations for the future.

- Project the growth of new population, households, and jobs.
- Assess how many, what kind, and at what price points new housing units will be needed.
- Determine how much and what kind of new commercial space will be needed, and where it should be located.

. . . understand how people's wants, needs, and expectations are changing in terms of the way they live, shop, and work.

. . . ensure that the vision of the proposed plan fits with the market realities.

INTRODUCTION

DOWNTOWN AUBURN

FUTURE DEVELOPMENT CONTEXT

REAL ESTATE MARKET ANALYSIS

GEOGRAPHY

Market Area for future downtown Auburn development

- Primary Market Area (PMA) is a five-mile radius from downtown Auburn, GA.
- The population of this area includes those who are likely to provide the majority of demand for various new development.
  - About 75% of the PMA is in Barrow Co., with the remainder in Gwinnett.
  - Additional real estate demand is come from outside the PMA.
- For comparison and context this analysis also looks at:
  - The City of Auburn
  - Barrow County

Auburn Development Primary Market Area

KEY FINDINGS

KEY FINDINGS

THE VISION

- We recommend a development vision for downtown Auburn that enhances the town's historic attributes and creates a sense of community for residents and visitors.
- The overall development pattern for new real estate offerings in the downtown area should include:
  - New for-sale housing, and rental housing in later phases
  - Varied and unique residential housing types including small lot homes with front porches that face an open lawn at multiple price points
  - A central gathering space for concerts, farmers markets, festivals, etc. that is constantly programmed with activities
  - A trail system that connects the central gathering space to neighborhoods and new pocket parks.

KEY FINDINGS

RESIDENTIAL OPPORTUNITIES

For-Sale

Downtown Auburn can expect to absorb 25 – 30 new for-sale units annually.

- The majority should be priced between $200,000 - $250,000.
- A new development could also offer some mid-priced ($250,000 - $350,000) units, as well as some higher-priced ($350,000+) units.

This new development could achieve higher prices than the current Barrow County median if located in or near a vibrant downtown.

- These "walkable" offerings would be a new product type not currently available in this area.
- This new development will tap into the eastward growth of Gwinnett County.

Rental

Longer-term, Downtown Auburn could also benefit from rental development.

- As the downtown community develops, Auburn could capture a portion of Barrow County's rental demand (currently ~450 new units annually).
- This would support the development of a small apartment complex in Downtown Auburn.

KEY FINDINGS

COMMERCIAL

Retail

Short-term (1 -5 years)

Downtown Auburn could absorb:

- 8,000 – 10,000 SF of restaurant space in a walkable setting
- Up to 5,000 SF of specialty local retailers in a walkable setting

Longer-term

Downtown Auburn could additionally absorb:

- 8,000 – 10,000 SF of additional restaurants
- 10,000 – 12,000 SF of additional specialty local retailers
- ~5,000 SF drug store

Office

As Downtown Auburn matures, there will likely be opportunity for small-scale office development.

- New office development would capitalize on the vibrancy and walkability of a revitalized downtown.
- These offices would likely be targeted towards smaller, local businesses.
- Likely opportunity for 10,000 – 20,000 SF

KEY FINDINGS

SUMMARY – NEW REAL ESTATE DEVELOPMENT OPPORTUNITIES

Potential Development Timeline
Based on Potential Absorption Analysis

	Year 1 - 5	Year 6+	TOTAL
Owner (Units)	125	125	**250**
Rental (Units)		100	**100**
Senior (Units)		100	**100**
Retail (Sq. Feet)	15,000	25,000	**40,000**
Office (Sq. Feet)		15,000	**15,000**

- Phase 1 (Years 1-5)
  - Establish the area adjacent to the new city hall site as a residential location
  - Build off the initial success of the Whistlestop Shops as way to continue to incubate small-scale experiential retail in the historic downtown area.
  - There is likely some opportunity for additional office development in Phase 1.
- Phase 2
  - Opportunity to expand housing types
  - Consider current Whistlestop Shops location for new development and shift Whistlestop Shops program to site adjacent to new city hall to help to incubate new retail there.

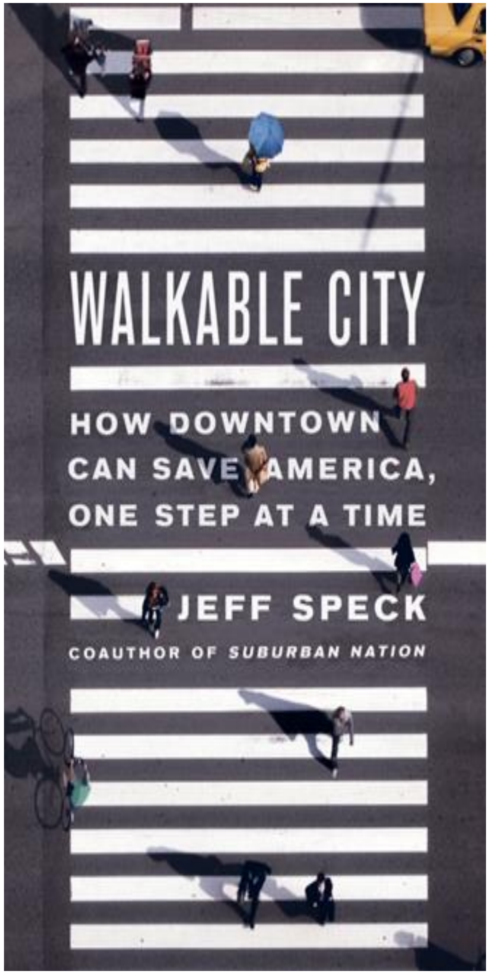
Potential Residential Product Types

	Home Type	Price Points* ** 2018 $*
	Owner (Walkable)	High $100s – Mid $200s +
	Rental	$1,250 - $2,000 / month
	Senior	$1,250 - $2,000 / month

POTENTIAL ABSORPTION FORECAST

HARNESSING CHANGING REAL ESTATE TRENDS

- "Walkability" has emerged as one of the most important trends in community development.
- Downtown Auburn can become an emerging walkable mixed use area, creating a special place for people to live, shop, work and recreate—built around the pace of people-powered transportation.
- Jeff Speck, author of *Walkable City*, which is the most comprehensive look at the concept of walkability and how it is reshaping our environment, explains that a walk must be **useful, safe, comfortable and interesting** to be considered desirable by pedestrians. Speck defines these four principles:
  - "**Useful**—most aspects of daily life are located close at hand and organized in a way that walking serves them well.
  - **Safe**—the street has been designed to give pedestrians and bicyclists a fighting chance . . . they must not only be safe but feel safe.
  - **Comfortable**—buildings and landscape shape urban streets into outdoor living rooms in contrast to wide open spaces . . . .
  - **Interesting**—sidewalks are lined by unique buildings with friendly faces and signs of humanity abound."



THE WALKABILITY PREMIUM

- Consumer demand has shifted in recent years to favor the benefits and amenities provided by walkable town center-style development.
  - **70% of Americans** place a high value on **walkability** when choosing a new community.
  - **61%** would accept a **smaller home** in exchange for a shorter commute.
  - **54%** of Americans **prefer** three or more community **attributes** associated with **compact development.**

Source: ULI

- The demand for walkable town centers has pushed their real estate performance well above traditional suburban land use in terms of property values, sale/lease rates, and return investment. For example:
  - Bleakly research has demonstrated that housing and commercial real estate set in walkable locations in the Atlanta area can achieve 15% - 30% higher rent per square foot versus comparable car-dependent locations.

REAL ESTATE ABSORPTION FORECAST

OVERVIEW OF REAL ESTATE DEMAND ASSESSMENT

- Real estate demand forecasting is based on a series of assumptions and questions.
  - What has happened in the past?
  - Will those trends continue into the future?
  - How much demand for real estate will be driven by simple population, household, and employment growth?
  - How will changing market trends and consumer preferences shift the demand patterns of the past?
  - Will aging and obsolete buildings be redeveloped or updated?
  - As the character of Downtown Auburn changes, will people and businesses be induced to change the way they have done things in the past?
  - What share of the overall demand for real estate could potentially be "captured" by downtown Auburn?

- We have prepared demand forecasts for two sectors:
  - Residential
  - Retail
- These forecasts look at market absorption potential (future demand) for the Primary Market Area, defined as a 5-mile radius from downtown Auburn, and then determine the potential "capture" that downtown can achieve of that overall PMA absorption potential.

REAL ESTATE DEMAND & ABSORPTION FORECAST

RESIDENTIAL DEMAND

- Residential demand is driven by:
  - Population and household growth;
  - Consumer preferences;
  - Available land and sites;
  - Latent demand (existing demand that is unmet);
  - Induced demand.
- Based on current trends, the Primary Market Area is expected to add 486 new households annually over the next five years from household growth.
- In addition to those households we can expect to see aging and obsolete housing units replaced by newer units.
- New housing growth will likely follow slightly different patterns than past development. Based on land availability and market trends, we expect that:
  - Demand for new types of single family homes will increase.
  - Demand for townhomes and multifamily will follow.
- The Downtown Auburn area will become more desirable over time.
  - This will induce new demand from outside the county and market area.
  - Many of these households will be specifically attracted to the downtown area's unique and walkable character.
  - The conclusions outlined below regarding potential real estate performance assume that downtown Auburn continues to evolve into a well-executed compact walkable environment.

REAL ESTATE DEMAND & ABSORPTION FORECAST

RESIDENTIAL DEMAND

- The table at right summarizes the statistical demand analysis employed in this engagement. This analysis determines potential demand from three key sources in the PMA:

1. New Households
2. Owners in Turnover
3. Renters in Turnover

- The proposed development in a walkable downtown Auburn could likely expect to absorb/sell 25–30 for-sale units annually at price points of $200,000 and above.
  - Approximately half of this potential (12 – 15 units) is for homes priced in the $150,000 - $250,000 range. We expect initial pricing to begin in the low $200's.
  - 30% of this potential (7 – 10 units) is for homes priced $250,000 - $350,000.
  - The remainder of potential demand comes from households that can afford homes priced above $350,000.

Forecast of New Home For-Sale Absorption Potential

Home Price: / Income:	Below $150,000 / Below $35,000	$150,000 $250,000 / $35,000 $60,000	$250,000 $350,000 / $60,000 $80,000	$350,000 and above / $80,000 and above	
New Household Growth, 2018 - 2023					
Total Annual New Households					**486**
x Income Qualified	19%	22%	15%	44%	
= Income Qualified	93	108	73	212	
x Owner Propensity	42%	58%	63%	82%	**78%**
= Qualified New Households	39	63	46	174	**322**
Existing Owner Household Annual Turnover					
Total Households					**16,426**
x Income Qualified	19%	22%	15%	44%	
= Income Qualified	3,146	3,637	2,465	7,178	**16,426**
x Owner Propensity	42%	58%	63%	82%	**66%**
Total Owner Households	1,334	2,116	1,564	5,879	**10,894**
x Annual Turnover Rate					**3%**
= Qualified Owners in Turnover	43	68	50	188	**348**
x Estimated % Continue to Own	73%	60%	60%	77%	**71%**
= Estimated Owners in Turnover Who Own	31	41	30	145	**247**
Existing Renter Household Annual Turnover					
Total Households					**16,426**
x Income Qualified	19%	22%	15%	44%	
= Income Qualified	3,146	3,637	2,465	7,178	**16,426**
x Renter Propensity	58%	42%	37%	18%	**34%**
Total Renter Households	1,812	1,521	900	1,299	**5,532**
x Annual Turnover Rate					**36%**
= Qualified Renters in Turnover	653	548	324	468	**1,992**
x Estimated % Shift to Ownership	22%	23%	23%	27%	**24%**
= Estimated Renters in Turnover Who Own	144	126	75	126	**470**
Total Qualified Households/ Demand Potential	214	229	151	445	**1,039**
New Home Propensity	-	31%	26%	25%	**21%**
Primary Market Area Demand	-	**70**	**39**	**109**	**219**
Subject Site Potential Overall Capture	-	20%	20%	5%	
Subject Site Overall Absorption	-	**14**	**8**	**5**	**27**

LOCATION AND AMENITIES

DRIVING VALUE

- How can the proposed downtown Auburn site experience similar new home sales volume to nearby subdivisions?
  - Amenities and Features:
    - Nearby new-home subdivisions include pools and playgrounds, and home have modern appliances, fixtures, and furnishings.
  - Experiences:
    - Location near retail and restaurant opportunities are valued experiences for residents.
  - Differentiation:
    - A product not seen in the market nearby, such as TND (Traditional Neighborhood Development) product, will set itself apart from competition and likely drive value.
      - TND neighborhoods accentuate community walkability with homes that are set-back close to the street with front porches and rear-entry, or no, garages. Streets are typically narrow with sidewalks and laid-out in a grid format.
      - While a majority of new home demand in the PMA is likely for conventional, rather than TND, homes, because the market lacks any TND options, downtown Auburn can capture greater than its fair share of demand by providing homes in a unique walkable setting.

REAL ESTATE DEMAND & ABSORPTION FORECAST

RESIDENTIAL DEMAND

- The table at right summarizes the statistical demand analysis employed in this engagement. This analysis determines potential demand from three key sources in the PMA:

1. New Households
2. Owners in Turnover
3. Renters in Turnover

- Barrow County shows market demand potential of 450 new units of rental housing per year across all price points.
- As the downtown Auburn area matures, the area could likely absorb a portion of this demand.
- Assuming downtown Auburn could capture 20% of the Barrow Co. rental demand in the longer-term, there is likely potential for a 150-200 unit market-rate apartment and a 80-100 unit senior rental community.

Forecast of Residential For-Rent Absorption Potential

Monthly Rent:	Below $625	$625 $1,250	$1,250 $1,875	$1,875 $2,500	$2,500 and above	
Income:	Below $25,000	$25,000 $50,000	$50,000 $75,000	$75,000 $100,000	$100,000 and above	
New Household Growth, 2018-2023						
Total Annual New Households						**408**
x Income Qualified	18%	14%	19%	13%	36%	
= Income Qualified	73	58	77	52	148	
x Renter Propensity	52%	32%	36%	15%	10%	**26%**
= Qualified New Households	38	18	28	8	14	**106**
Existing Owner Household Annual Turnover						
Total Households						**27,137**
x Income Qualified	18%	14%	19%	13%	36%	
= Income Qualified	4,856	3,875	5,124	3,427	9,842	**27,124**
x Owner Propensity	48%	68%	64%	85%	90%	**74%**
Total Owner Households	2,328	2,650	3,265	2,912	8,889	**20,045**
x Annual Turnover Rate						**6%**
= Qualified Owners in Turnover	149	170	209	186	569	**1,282**
x Estimated % Shift to Rent	22%	23%	23%	25%	27%	**25%**
= Estimated Owners in Turnover Who Rent	33	39	48	47	154	**320**
Existing Renter Household Annual Turnover						
Total Households						**27,137**
x Income Qualified	18%	14%	19%	13%	36%	
= Income Qualified	4,856	3,875	5,124	3,427	9,842	**27,124**
x Renter Propensity	52%	32%	36%	15%	10%	**26%**
Total Renter Households	2,528	1,225	1,860	515	953	**7,080**
x Annual Turnover Rate						**36%**
= Qualified Renters in Turnover	910	441	670	185	343	**2,550**
x Estimated % Continue Renting	77%	78%	78%	78%	73%	**77%**
= Estimated Renters in Turnover Who Rent	701	344	522	145	250	**1,963**
Total Qualified Households/ Demand Potential	772	401	598	199	418	**2,389**
Est. % New Apartments	15%	15%	20%	25%	25%	**19%**
Barrow County New Apartment Demand	**116**	**60**	**120**	**50**	**105**	**450**
Subject Site Potential Overall Capture	20%	20%	20%	20%	20%	20%
Subject Site Overall Absorption	**23**	**12**	**24**	**10**	**21**	**90**

REAL ESTATE DEMAND & ABSORPTION FORECAST

RETAIL DEMAND

- Demand for retail space is driven by household consumer spending.
- Downtown Auburn has the potential to capture retail spending leakage occurring within five miles of the city.
- The combined retail spending potential of market area households is $222 million in selected categories.
- This spending demand, if captured in Auburn, can account for nearly 40,000 SF of new retail space.
  - We anticipate that Downtown Auburn could immediately absorb 8-10k SF of restaurant and ~5K SF of specialty local retailers, with the remaining retail coming in later phases.

REAL ESTATE DEMAND & ABSORPTION FORECAST

RETAIL DEMAND

Forecast of Retail Space Potential

Retail Category	5-Mile Spending Leakage	Potential Subject Site Sales Per SF	SF Supported by Leakage	Potential Subject Site Capture	Potential Subject Site SF
Clothing and Clothing Accessories Stores	$30,653,144	$238	128,795	5%	6,440
Foodservice and Drinking Places	$60,739,964	$350	173,543	10%	17,354
Food and Beverage Stores	-$239,243,425	$349	(685,511)	0%	-
Electronics and Appliance Stores	$9,662,734	$302	31,996	0%	-
Furniture and Home Furnishings Stores	$11,814,090	$215	54,949	5%	2,747
Miscellaneous Store Retailers	$15,413,467	$152	101,404	5%	5,070
Sporting Goods, Hobby, Book, Music Stores	$10,205,351	$195	52,335	5%	2,617
General Merchandise Stores	$53,507,691	$146	366,491	0%	-
Building Material, Garden Equip Stores	-$13,848,414	$251	(55,173)	0%	-
Health and Personal Care Stores	$29,701,168	$300	99,004	5%	4,950
TOTAL DEMAND					**39,179**

Source: Environics Analytics, CoStar, Inc., ULI, ICSC

HOUSING ASSESSMENT

HOUSING ASSESSMENT

DETACHED SINGLE FAMILY SUMMARY

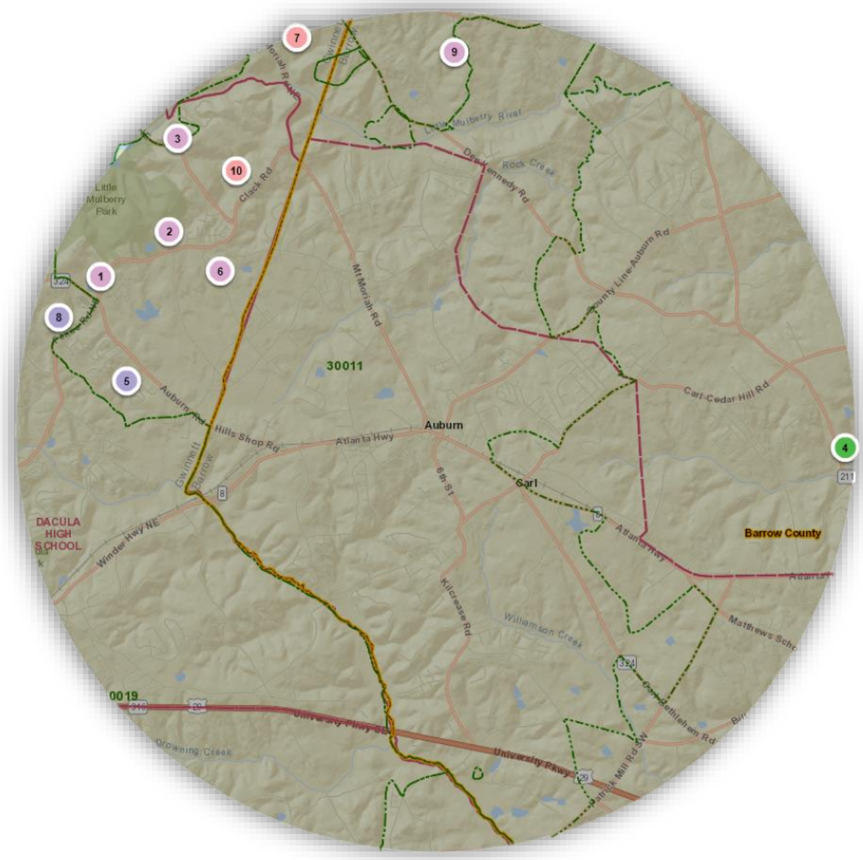
- Within the Primary Market Area, most households own their homes.
  - 92% of all residential units are owner occupied.
  - The nearest multifamily properties are outside the Primary Market Area along I-85, in Lawrenceville, and in Winder.
- The City of Auburn has seen few new homes come to market in the past decade, due to a lack of construction.
- Most residential sales in the Primary Market Area are located within Gwinnett County.
  - Due to Auburn's close proximity to these sales, similar developments could likely capture higher price points than Barrow County averages.
- Based on conversations with real estate agents, consumers in this area value education, amenities, distances to retail, and modernized interiors.

HOUSING ASSESSMENT

2017 HOME SALES

- The map at the right shows all new construction home sales within the Primary Market Area in 2017.
  - There were no new home sales near the City of Auburn in 2017.
  - Generally, the sales occurring in the Gwinnett County portion of this Market Area are higher value and volume.
- The City of Auburn can tap into the demand for new homes in this market area through investment in a vibrant downtown with new housing options.
- An attractive downtown area will help create the amenity-rich atmosphere that potential homeowners seek.

Primary Market Area



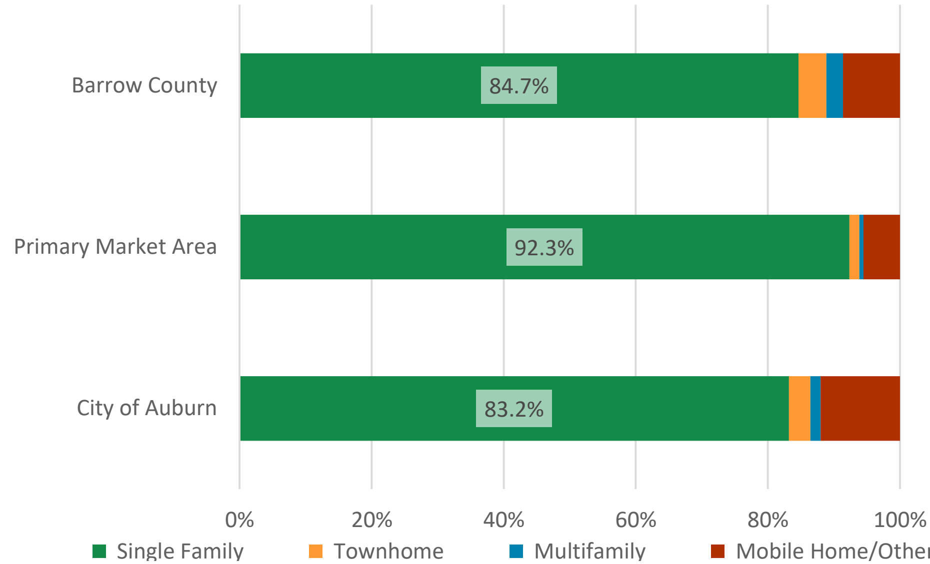
Data Source: SmartREData

HOUSING ASSESSMENT

INVENTORY

- While all studied regions are dominated by detached single-family homes, the Primary Market Area has a high of 92% of housing stock in single-family homes.
  - 85% of all homes in the County and 83% of homes in the City of Auburn are single-family detached.
- Barrow County and the City of Auburn have a small subset of Townhomes (4.2% and 3.2%, respectively).
- All studied areas lack a presence of multifamily housing properties. Overall Barrow County has the highest amount of multifamily units at 2.5%.

Type of Housing, 2018



Household Characteristics	City of Auburn	Primary Market Area	Barrow County
Single Family	83.2%	92.3%	84.7%
Townhome	3.2%	1.5%	4.2%
Multifamily	1.6%	0.7%	2.5%
Mobile Home/Other	12.0%	5.5%	8.6%

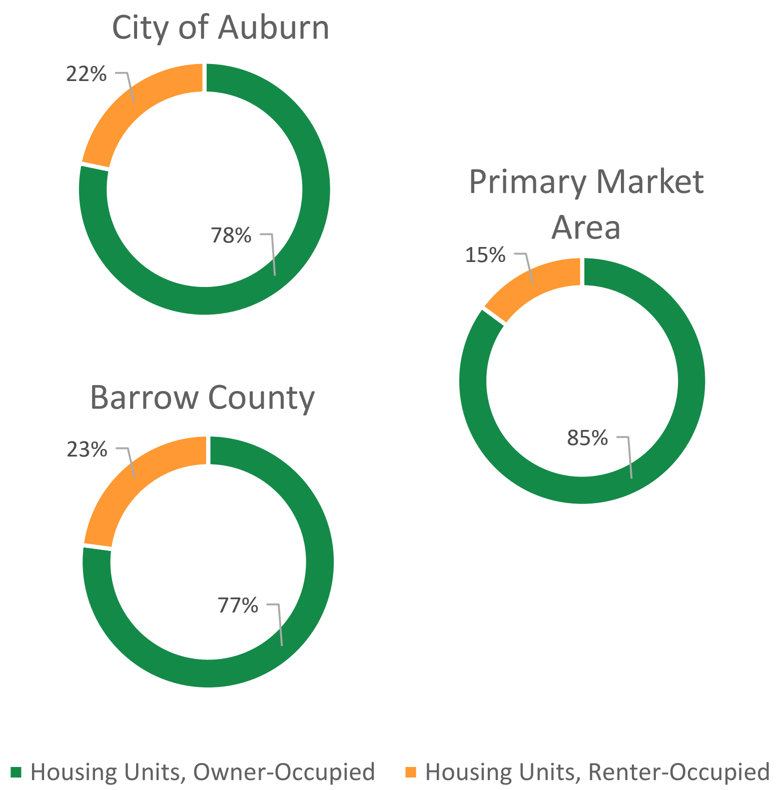
Source: Environics Analytics

HOUSING ASSESSMENT

TENURE

- Housing in the Primary Market Area is dominated by owner-occupied homes: 85% compared to 77% in Barrow County.
- Though the City of Auburn and Barrow County both have high homeownership rates, residents are more likely to rent than in the Primary Market Area.
    - 22% of homes in the City of Auburn and 23% in Barrow County are renter-occupied.

Housing Tenure: Renter vs. Owner Occupied, 2018



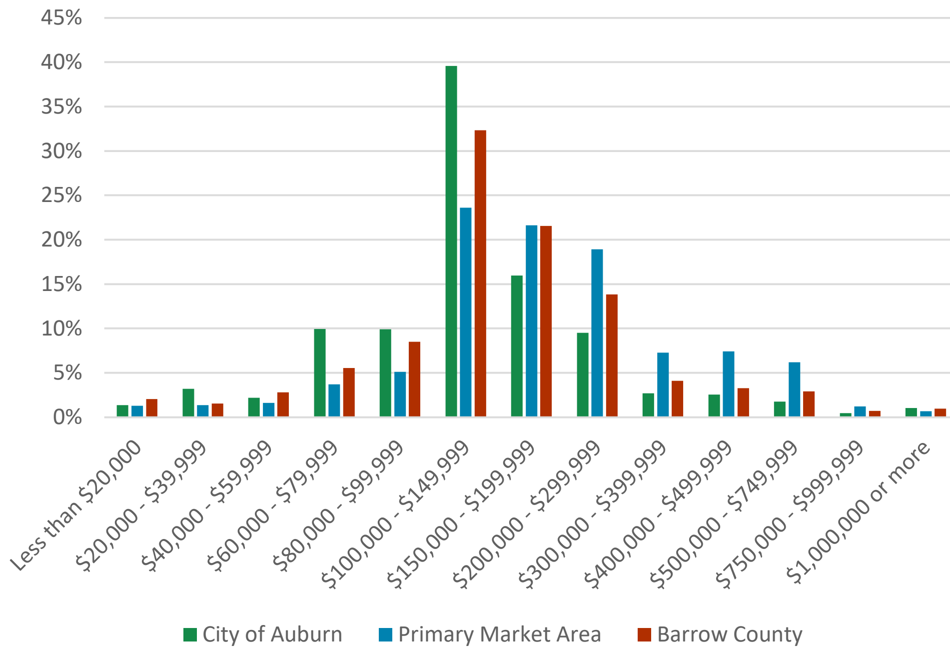
Source: Environics Analytics

HOUSING ASSESSMENT

MARKET AREA HOUSING TRENDS

- The housing market in the Primary Market Area is dominated by owner-occupied single-family homes which tend to be in the $100,000 to $300,000 range.
- 92% of all homes in the Primary Market Area are single-family detached, compared to 84% regionally.
  - 0.7% of households are multi-family units.
  - 1.5% of households are townhome units.
- 85% of households are owner-occupied, while 15% rent in the Primary Market Area.
- Home values in the Primary Market Area tend to be higher than elsewhere in Barrow County and Auburn.
  - The median owner-occupied home in the Primary Market Area is valued at $179,232, nearly $35,000 higher than the Barrow County median and more than $50,000 higher than the City of Auburn median.
- Much of the region's housing stock is relatively recent:
  - 46% homes between 1980 and 2000.
  - 32% of homes have been built since 2000.

Source: Environics Analytics, CoStar



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Mobile Home/Other	12.0%	5.5%	8.6%

Housing Statistics	City of Auburn	Primary Market Area	Barrow County
% Owner	78%	85%	77%
% Renter	22%	15%	23%
Median Value	**$128,886**	**$179,232**	**$145,555**

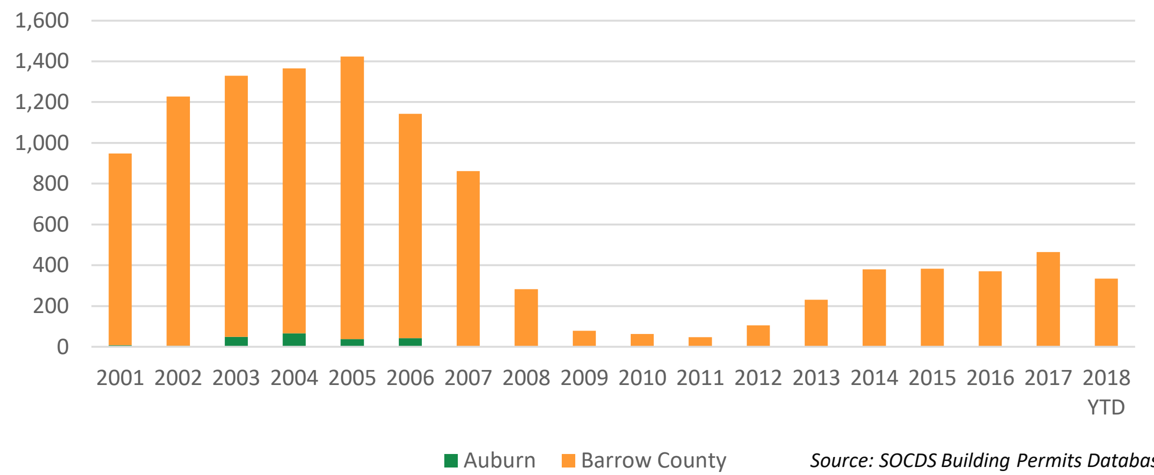
HOUSING ASSESSMENT

BUILDING PERMIT ISSUANCES

A review of residential building permit history reveals that Barrow County's housing market is slowly recovering.

- Single-family permit issuances have risen to a post-Recession high of 465 in 2017.
- The City of Auburn has seen little of this growth.

Single-Family Building Permits – Barrow County



Source: SOCDS Building Permits Database

HOUSING ASSESSMENT

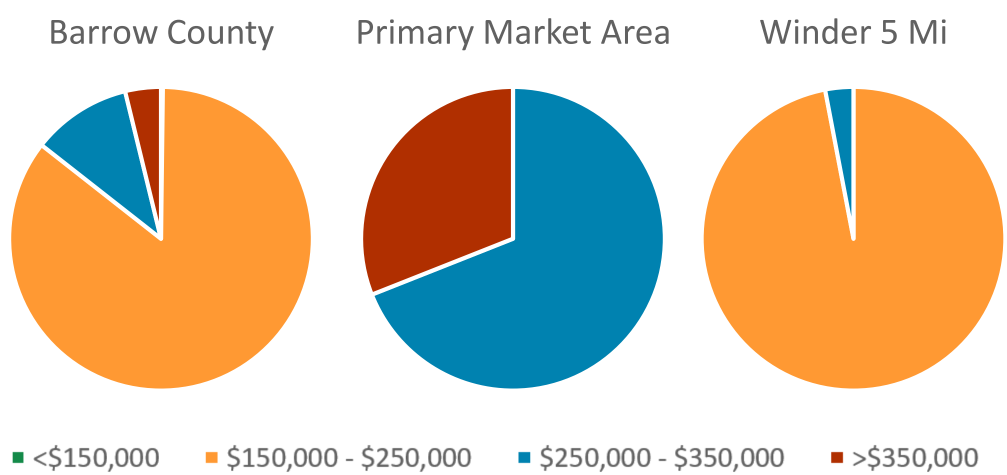
- The City of Auburn has experienced few new home sales, primarily due to lack of new inventory as evidenced by the dearth of building permits.
- In the Primary Market Area, a total of 87 new homes were sold between June 2017 and June 2018.
  - 60 units (69%) were sold with a value between $250,000 and $350,000.
  - 27 units (31%) were sold with a value above $350,000.
- In Barrow County, a total of 443 new homes were sold between June 2017 and June 2018.
  - 378 units (85%) were valued between $150,000 and $250,000.
  - Approximately 14% of new homes sold were valued above $250,000.

Home Value Brackets by Region

Barrow County	<$150,000	$150,000-$250,000	$250,000-$350,000	>$350,000
Distribution	0.2%	85.3%	10.6%	3.8%
Quantity	1	378	47	17
W. Average SF	1,750	2,140	2,707	2,945

Primary Market Area	<$150,000	$150,000-$250,000	$250,000-$350,000	>$350,000
Distribution	0.0%	0.0%	69.0%	31.0%
Quantity	-	-	60	27
W. Average SF	-	-	2,873	3,378

Winder 5mi	<$150,000	$150,000-$250,000	$250,000-$350,000	>$350,000
Distribution	0.0%	97.0%	3.0%	0.0%
Quantity	-	194	136	-
W. Average SF	-	2,108	2,847	-



Data Source: SmartREData

HOUSING ASSESSMENT

NEW CONSTRUCTION HOME SALES

- Although Auburn is within Barrow County, selling prices within a 5-mile radius are considerably higher.
  - This is prevalent partly due to the strong demand on the eastern border of Gwinnett County.
  - It is not unreasonable to assume that, with competitive properties, Auburn could capture a portion of this eastward-moving demand from Gwinnett County, although Gwinnett's quality schools ensure that some demand will not cross the county line.
- In 2018, the average sales price in the Primary Market Area was 63% higher than Barrow County overall.

Data Source: SmartREData

HOUSING ASSESSMENT

VALUE/SF FOR STUDIED REGIONS

- New Home Sales
  - Houses in Winder achieve less for larger homes. On the other hand, Gwinnett County charges far more for houses of increasing sizes.

2017	Primary Market Area	Barrow County	Gwinnett County	Winder 5mi
Avg. Sale Price	$328,028	$211,666	$315,602	$191,107
Avg. SF	2,827	1,651	2,868	1,983
Avg. $/SF	$122.66	$78.88	$108.69	$97.55

Data Source: SmartREData

HOUSING ASSESSMENT

COMPETITIVE SUBDIVISIONS – BARROW COUNTY

- Sales prices in Winder, on an aggregate level, are relatively lower than the Primary Market Area, but notable subdivisions push value upward for the region.
- Offering similar amenities, access to retail and restaurants, and quality building fixtures can bring activity and induce high values.
- In doing so, the proposed site could compete with the subdivisions shown at right and below.

Yargo Township

Sutherland Homes

HOUSING ASSESSMENT

COMPETITIVE SUBDIVISIONS – BARROW COUNTY

Yargo Township

- Average Price: $209,220
- Average SQFT: 2,128
- Average Lot Size: 0.22 Acres
- Amenities:
    - Four to five bedrooms, five minute drive to downtown Winder, located near Fort Yargo State Park, two and a half miles off Highway-316.

Sold 17 homes in 2018 and 93 in 2017

Sutherland Homes

- Average Price: $206,869
- Average SQFT: 1,829
- Average Lot Size: 0.2 Acres
- Amenities:
    - Pine Hills Golf Club (four minute drive), subdivision pool, clubhouse, playground, energy efficient homes, granite countertops, brushed nickel hardware/fixtures.

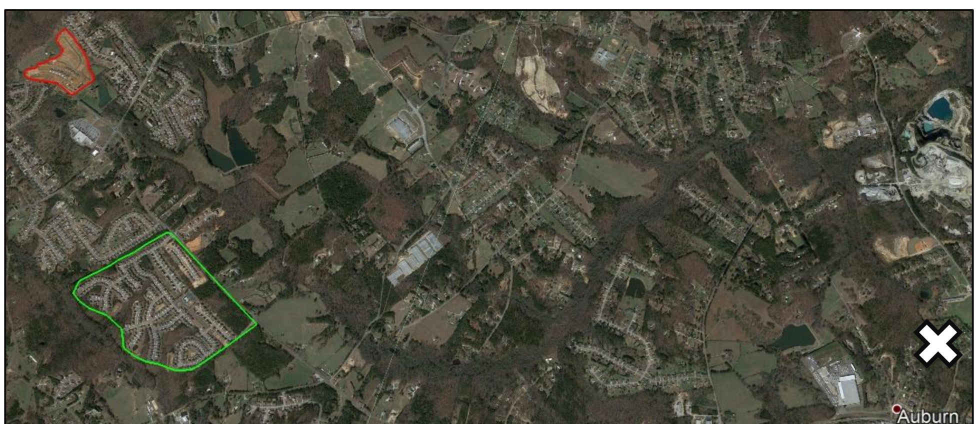
Sold 21 homes in 2018 and 46 in 2017

Imagery as of March 2017

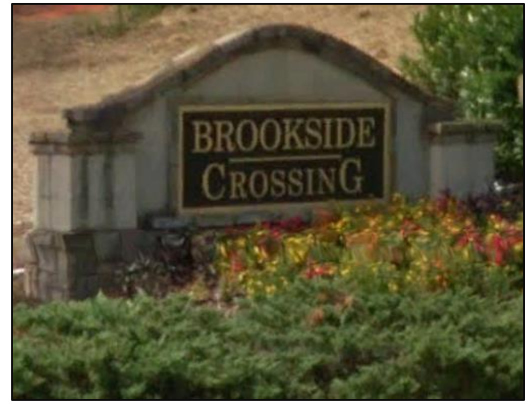
HOUSING ASSESSMENT

COMPETITIVE SUBDIVISIONS – PRIMARY MARKET AREA, GWINNETT COUNTY

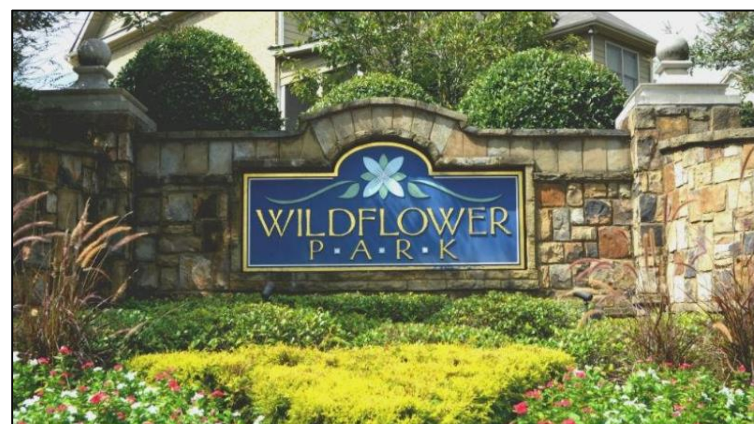
- Due to a lack of sales immediately near Auburn, sales data from subdivisions near the perimeter of the Primary Market Area have been studied.
- Compared to Barrow County and other areas like Winder, most houses in Gwinnett are sold at a premium.
  - Homes in the northwestern portion of the Primary Market Area are the subdivisions driving average value upward for the area.
- Depicted below are the two aforementioned communities with red illustrating the location of Wildflower Park and green Brookside Crossing.



Brookside Crossing



Wildflower Park



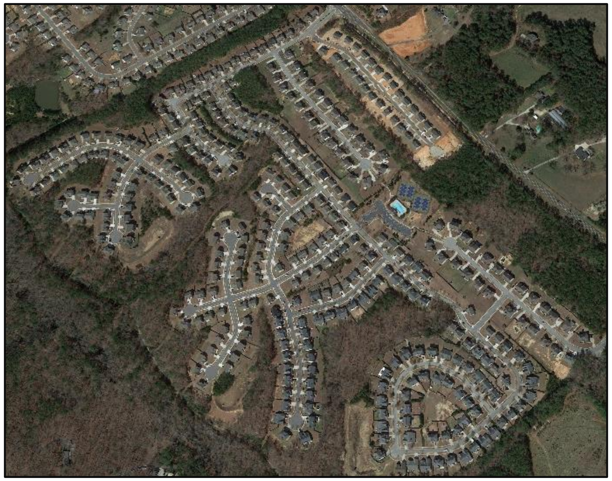
HOUSING ASSESSMENT

COMPETITIVE LARGER-LOT SUBDIVISIONS – PRIMARY MARKET AREA

Brookside Crossing

- Average Price: $288,844
- Average SQFT: 2,865
- Average Lot Size: 0.28 Acres
- Amenities:
  - Up to five bedrooms, swimming and tennis community, within Dacula school districts.

Sold 6 homes in 2018 and 21 in 2017



Wildflower Park

- Average Price: $319,493
- Average SQFT: 3,266
- Average Lot Size: 0.25 Acres
- Amenities:
  - Houses with granite counters, and gourmet kitchen appliances within a community with pool, tennis, and playground amenities.

Sold 16 homes in 2018 and 16 in 2017

Imagery as of March 2017

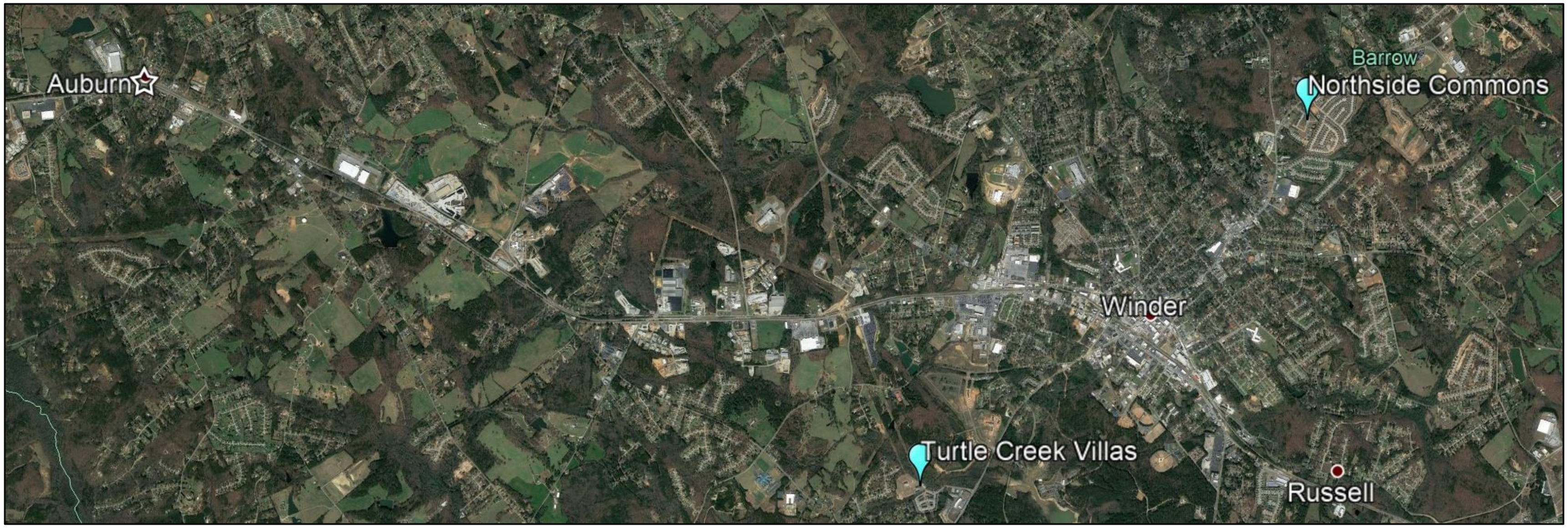
HOUSING ASSESSMENT

NEW TOWNHOMES

- In Barrow County, there is a lack of available townhome properties for sale.
- There are currently only two relevant townhome subdivisions in the Barrow County Market: Turtle Creek Villas and Northside Commons.
- In 2018 and 2017, Turtle Creek Villas has accounted for all new townhome sales.

Townhomes	Barrow County
Wgt. Avg. Price	$150,055
Wgt. Avg. SF	1,500
Wgt. Avg. Price/SF	$100

Year Sold	Subdivision	Quantity	Avg. Price	Avg. SF	Price/SF
2018	TURTLE CREEK VILLAS	17	$151,368	1,502	$101
2017	TURTLE CREEK VILLAS	19	$148,881	1,498	$99



HOUSING ASSESSMENT

TOWNHOME HOUSING MARKET

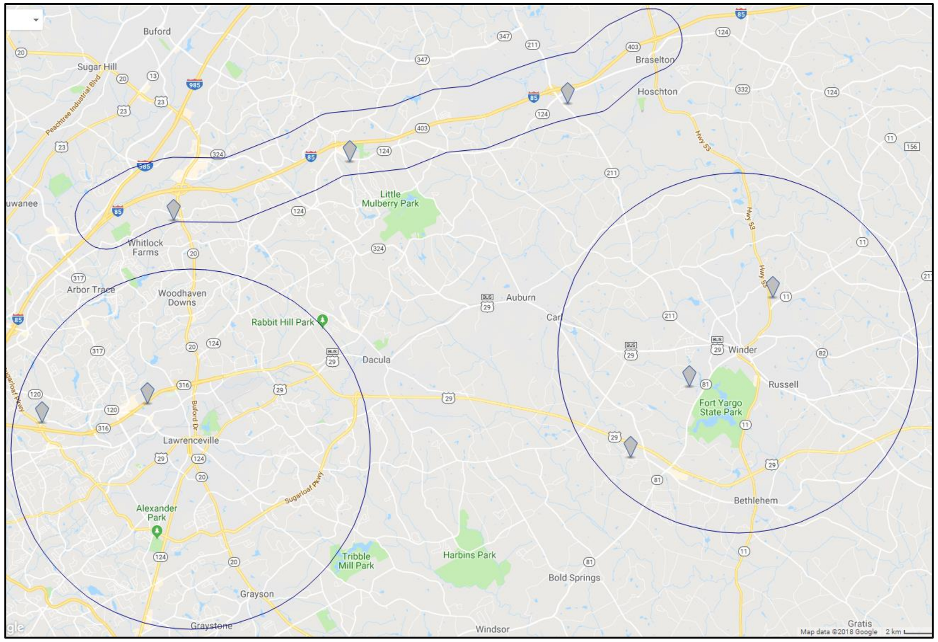
- Turtle Creek Villas
  - Located in Winder, these townhomes have three bedrooms, two bathrooms, and amenities offered.
  - On average, they have sold for $152,392 and have recently been developed. They are approximately 1,502 square-feet per unit.
  - There have been 17 sold in 2018 and 28 sold in 2017.
- Northside Commons
  - Located in Winder, these townhomes have three bedrooms, three bathrooms, and amenities offered. They are approximately 2,023 square-feet per unit.
  - They are currently being sold for $189,900.
  - This site is an on-going production, as new units have come to market in 2018.

HOUSING ASSESSMENT

APARTMENT MARKET

- Auburn and the Primary Market Area currently have no market-rate apartment complexes.
  - There is one 64-unit senior living complex within the City of Auburn.
- The closest market-rate apartment complexes are located in Winder, Lawrenceville, and alongside I-85.
- Due to a lack of properties surrounding the site (no market-rate multifamily units), the scope for competitive and comparable units were found in the following regions:
  - A 5-mile radius surrounding Lawrenceville
  - A 5-mile radius surrounding Winder
  - A highlighted corridor of I-85 from Lanier Parkway to Old Winder Highway
- The comparable set encompasses properties built since 2008.

Studied Regions



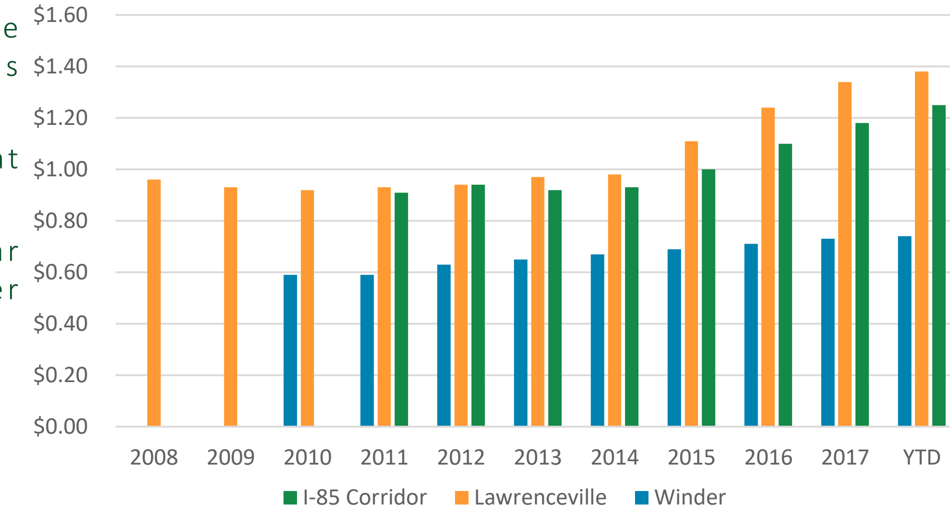
Source: CoStar Inc.

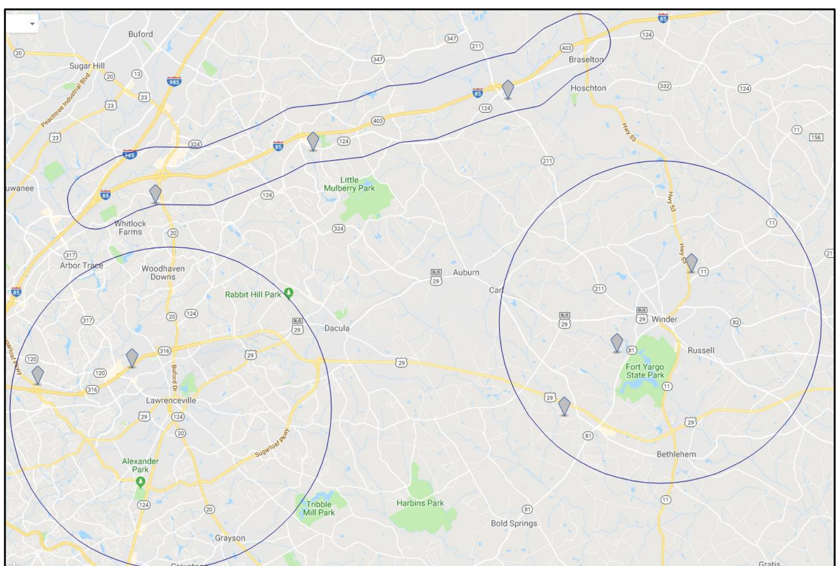
HOUSING ASSESSMENT

APARTMENT MARKET

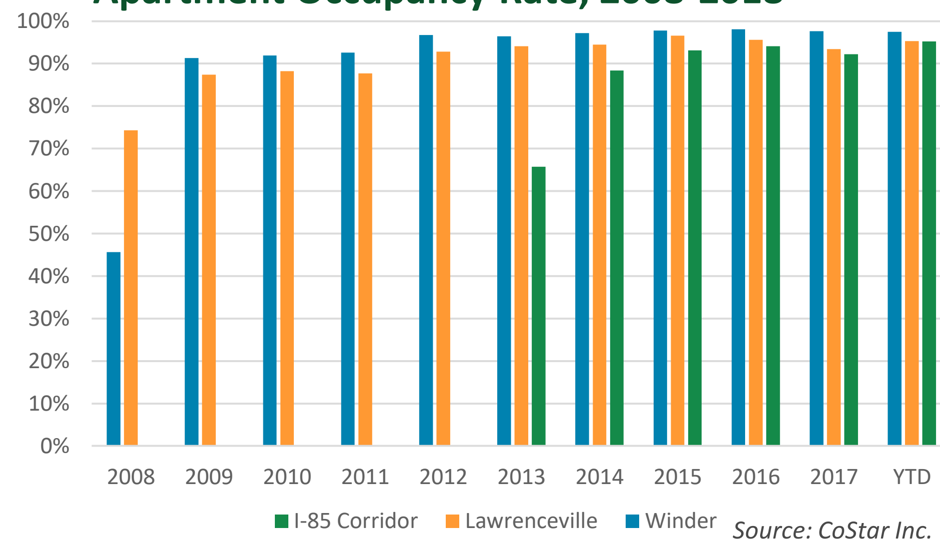
- While apartment rents across the region have increased since 2014, average rent/SF remains highest in the Lawrenceville area ($1.38/SF).
- Rents in Winder have been consistently lower—at $0.74 per square-foot in the current year.
- Apartment occupancy rates have remained near 95% for all studied locations, with Winder averaging even higher levels.

Apartment Rent/SF, 2008-2018





Apartment Occupancy Rate, 2008-2018



Source: CoStar Inc.

HOUSING ASSESSMENT

APARTMENT MARKET

- Few new market-rate apartment units have come online in the last ten years in any of the three areas studied.
- The number of apartment units within 5 miles of Winder increased by nearly 50% from 2010-2013, but no new apartments have been developed since.

Units Constructed Since 2008

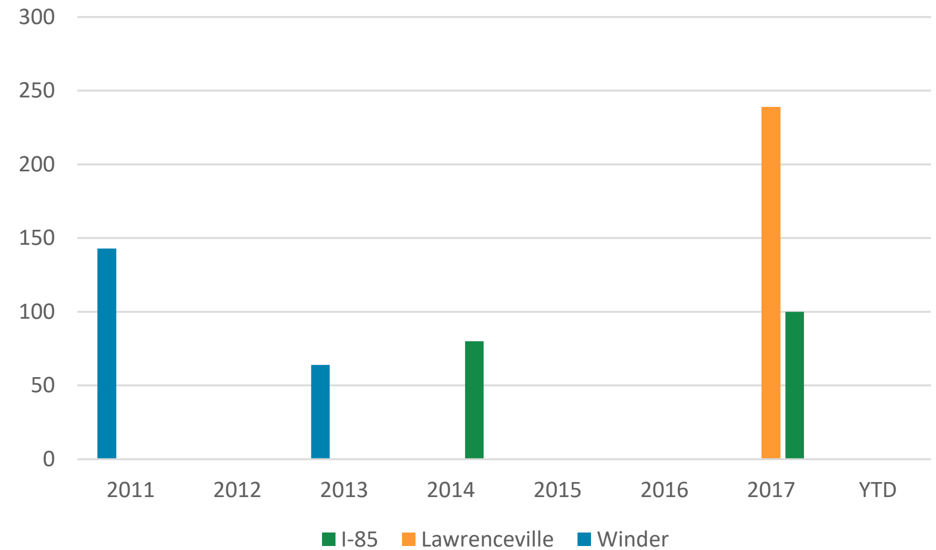
Apartment Overview	I-85 Corridor	Lawrenceville	Winder
Existing Buildings	3	2	3
Existing Units	428	527	223
Avg. SF/Unit	1,041	986	1,007
Asking Rent	$1,303	$1,362	$750
Asking Rent/SF	$1.25	$1.38	$0.74
Vacancy %	5%	5%	3%

Total Multifamily Units

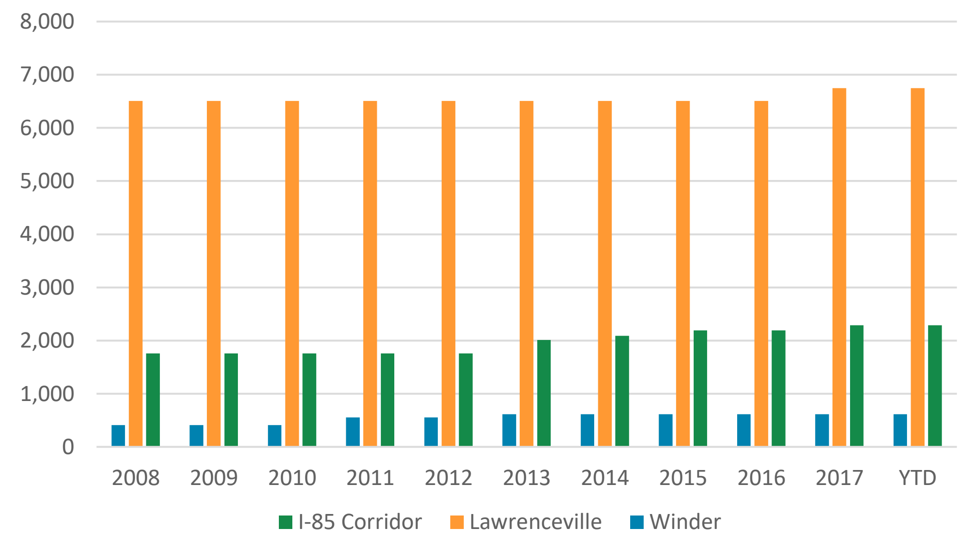
Apartment Overview	I-85 Corridor	Lawrenceville	Winder
Existing Buildings	9	51	17
Existing Units	2290	6747	617
Avg. SF/Unit	1,067	1,039	955
Asking Rent	$1,209	$1,105	$745
Asking Rent/SF	$1.10	$1.06	$0.78
Vacancy %	5%	5%	4%

Source: CoStar Inc.

New Multifamily Units Created



Total Multifamily Units



HOUSING ASSESSMENT

EDUCATION

- Gwinnett County’s school district generally has higher performance and a better reputation than Barrow County Schools, which contributes to higher demand and higher home prices in Gwinnett County.

Barrow County Schools

Performance Snapshot

- Barrow County's overall performance **is higher than 76% of districts**.
- Its elementary students' academic growth **is higher than 88% of districts**.
- Its middle school students' academic growth **is higher than 56% of districts**.
- Its high school students' academic growth **is higher than 34% of districts**.
- **59.1% of its 3rd grade students are** reading at or above the grade level target.
- **76.3% of its 8th grade students are** reading at or above the grade level target.
- **Its four-year graduation rate is 82.6%**, which **is higher than 26% of districts**.
- **57.9% of graduates are** college ready.

THE GOVERNOR’S OFFICE OF
STUDENT ACHIEVEMENT
Georgia School Grades Reports

Gwinnett County Schools

Performance Snapshot

- Gwinnett County's overall performance **is higher than 86% of districts**.
- Its elementary students' academic growth **is higher than 84% of districts**.
- Its middle school students' academic growth **is higher than 77% of districts**.
- Its high school students' academic growth **is higher than 59% of districts**.
- **58.2% of its 3rd grade students are** reading at or above the grade level target.
- **81.8% of its 8th grade students are** reading at or above the grade level target.
- **Its four-year graduation rate is 80.9%**, which **is higher than 17% of districts**.
- **65.0% of graduates are** college ready.

COMMERCIAL REAL ESTATE ASSESSMENT

RETAIL MARKET ASSESSMENT

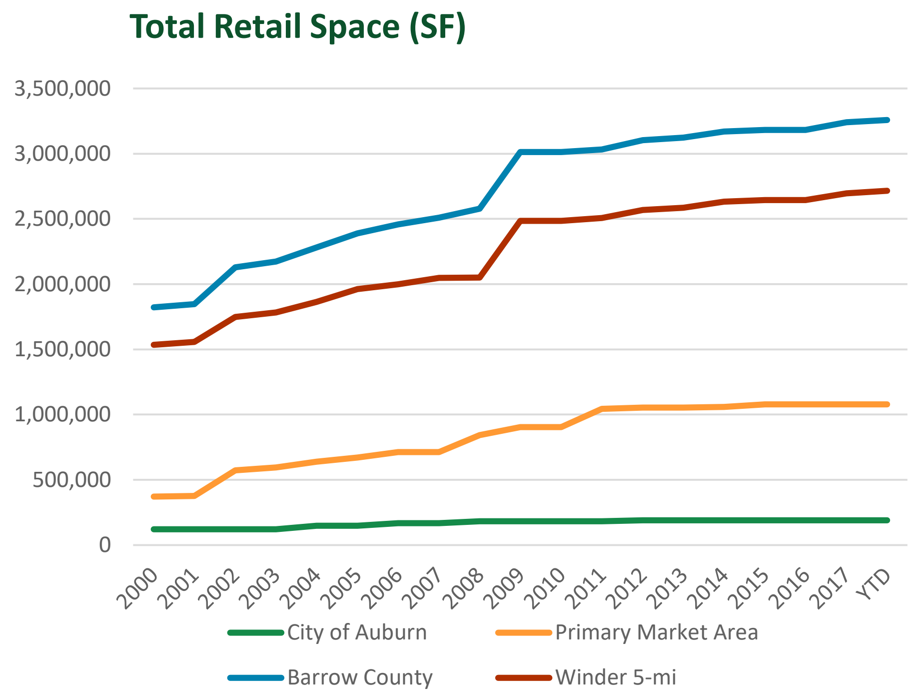
SUMMARY

- Retail rents have decreased in the City of Auburn and the Primary Market Area while increasing in the five mile area around Winder.
- The retail supply within the Primary Market Area has remained relatively unchanged since 2011, and currently encompasses 1.1 million SF of retail space.
- The five mile area around Winder commands significantly higher retail rents, and accounts for the majority of Barrow County’s retail space.

RETAIL MARKET ASSESSMENT

RETAIL MARKET

- The Primary Market Area has 101 retail buildings, with 1.1 million SF of space.
- The Primary Market Area retail space supply has remained relatively unchanged since 2011. Just 34,000 SF of space has been added in last seven years inside the market area.
- The City of Auburn has seen no additional retail space created since 2011.
- The five mile area around Winder accounts for the majority of Barrow County's retail space, also commanding much higher rents.



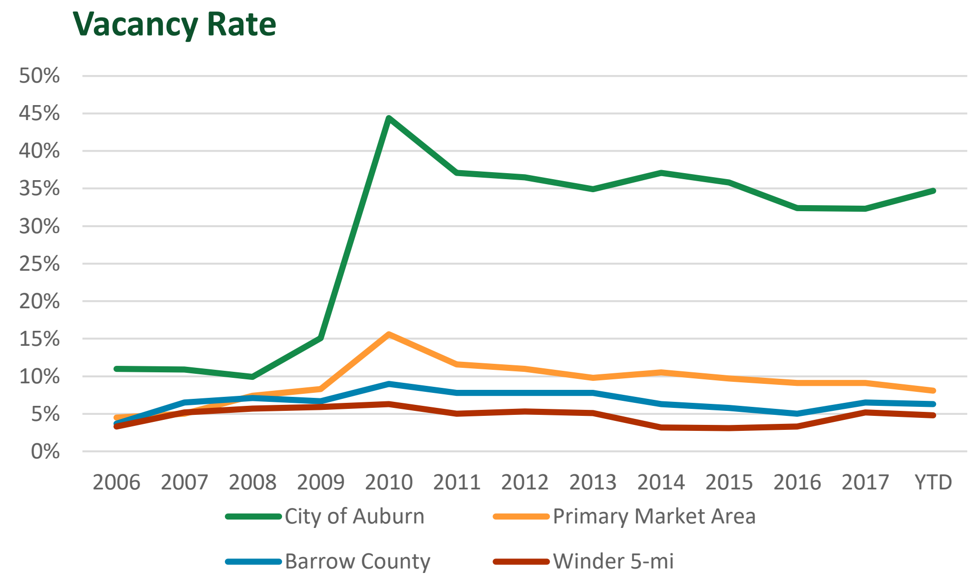
Retail Market	Downtown Auburn	Primary Market Area	Barrow County	Winder 5 mi
Existing Buildings	24	101	307	249
Existing SF	190,113	1,078,115	3,258,044	2,714,350
Vacancy %	34.7%	0.1%	0.1%	4.8%
Avg. NNN Rent	$8.59	$8.64	$13.01	$19.77

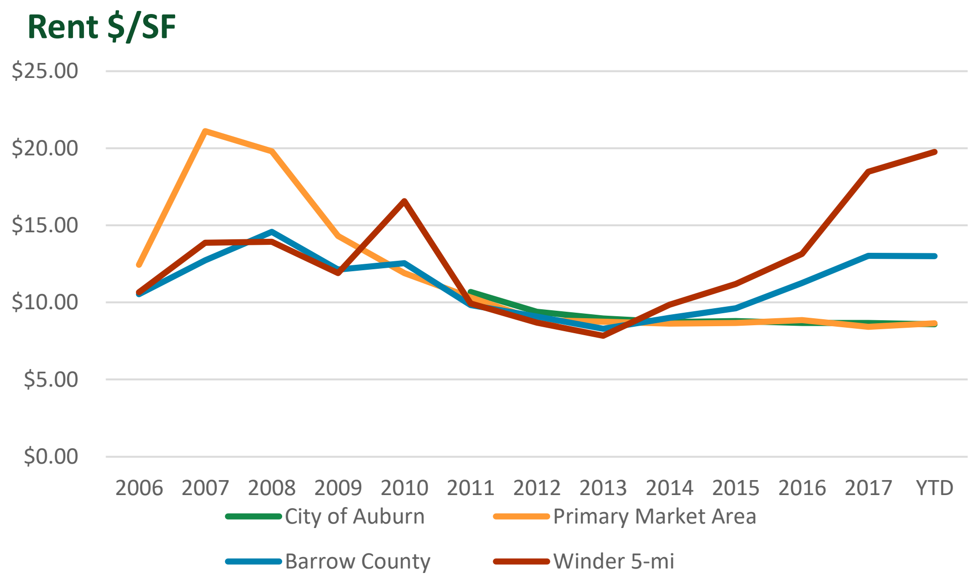
Source: CoStar Inc.

RETAIL MARKET ASSESSMENT

RETAIL MARKET

- Vacancy rates in the City of Auburn spiked during the Recession. While slowly recovering, vacancies in the city have remained much higher (35%) than elsewhere in the region (5-8%).
- The NNN Rent / SF in Winder and Barrow County have recovered from the Recession to new highs of $19.77/SF in Winder. Rents in Auburn have continued to trend downward, reaching a new low of $8.59 in 2018.





Source: CoStar Inc.

OFFICE MARKET ASSESSMENT

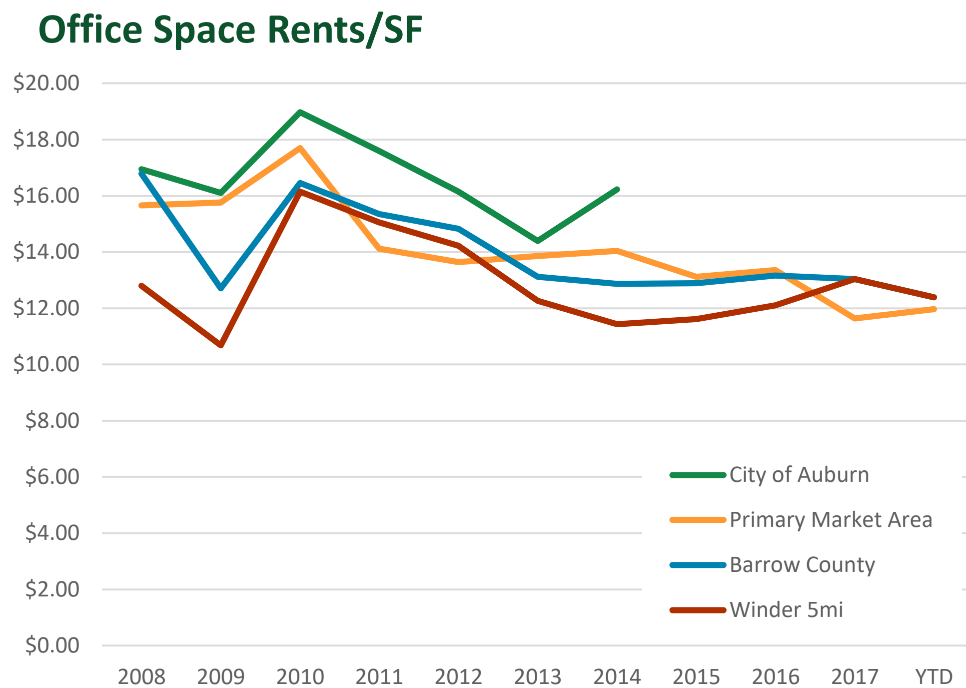
SUMMARY

- Rent has decreased in the Primary Market Area, Barrow County, and Winder over the past decade.
- Currently standing office space in the studied regions can be considered outdated and, therefore, less desired amongst new potential tenants.
- Only 2,200 new square-feet of office space have been developed in the Primary Market Area since 2006.
  - The average office building within the Primary Market Area was built in 1963.

OFFICE MARKET ASSESSMENT

MARKET OVERVIEW

- Rents in all studied regions have been on a general decline since 2010 highs.
- Decreasing rents can be attributed to the lack of perceived value that is associated with old buildings.
  - An inherent disadvantage is present within this market: new office tenants will go elsewhere for better office alternatives.
- New office offerings could have positive effects on the Primary Market Area and the City of Auburn as a whole.



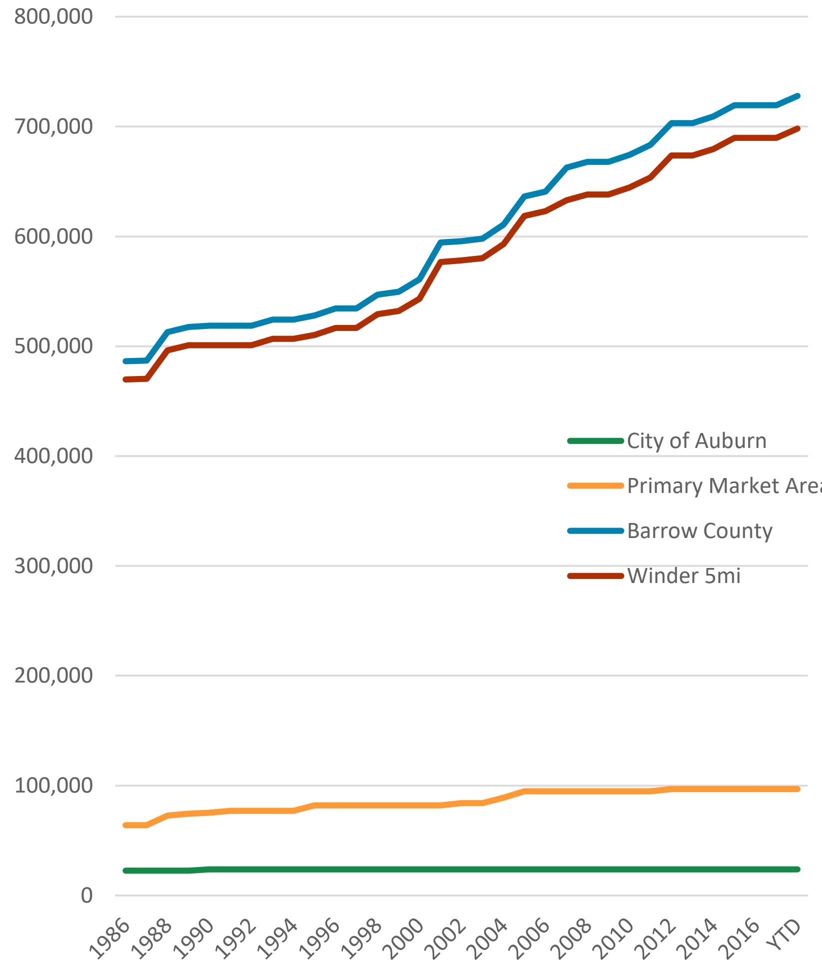
Office Overview	City of Auburn	Primary Market Area	Barrow County	Winder 5mi
Existing Buildings	12	40	158	146
Existing SF	23,627	96,927	727,914	698,246
Vacancy %	18.4	8.7	8	8.5
Rent/SF	-	$11.97	$12.39	$12.39
Average Year Built	1955	1963	1957	2001

OFFICE MARKET ASSESSMENT

MARKET OVERVIEW

- Barrow County, containing the Primary Market Area and Winder 5mi Radius, has had steady growth of office space since the 1980s.
  - Most of the additional supply has been developed within the Winder 5mi Radius.
  - Very little growth, compared to Winder, has been experienced in the Primary Market Area in terms of office supply.
- Only 2,200 new square-feet of office space has been developed in the Primary Market Area since 2006.

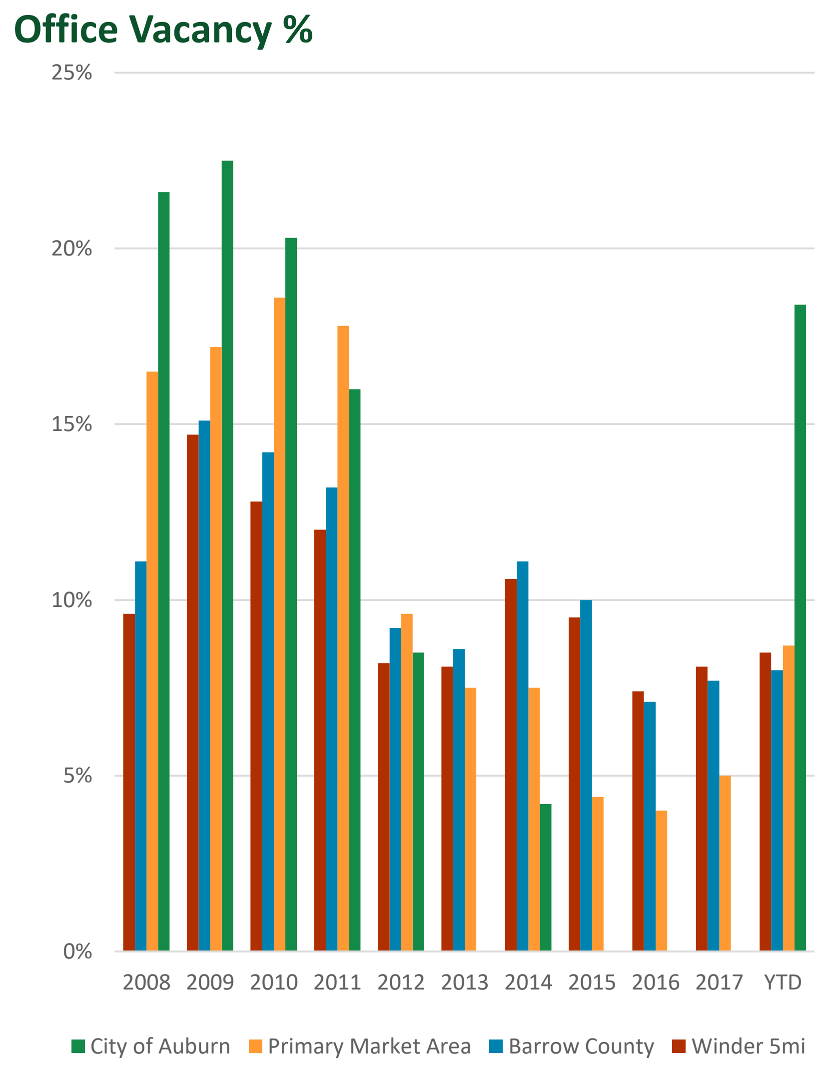
Office Inventory by SF



OFFICE MARKET ASSESSMENT

MARKET OVERVIEW

- Office vacancy within all regions has operated within the 0%—10% range in the last three years.
- The City of Auburn has experienced a recent spike in office vacancy.
- Low vacancy may be attributable in these regions due to low monthly rates.
  - Added supply at a significant premium to current market rates may show leasing difficulty.

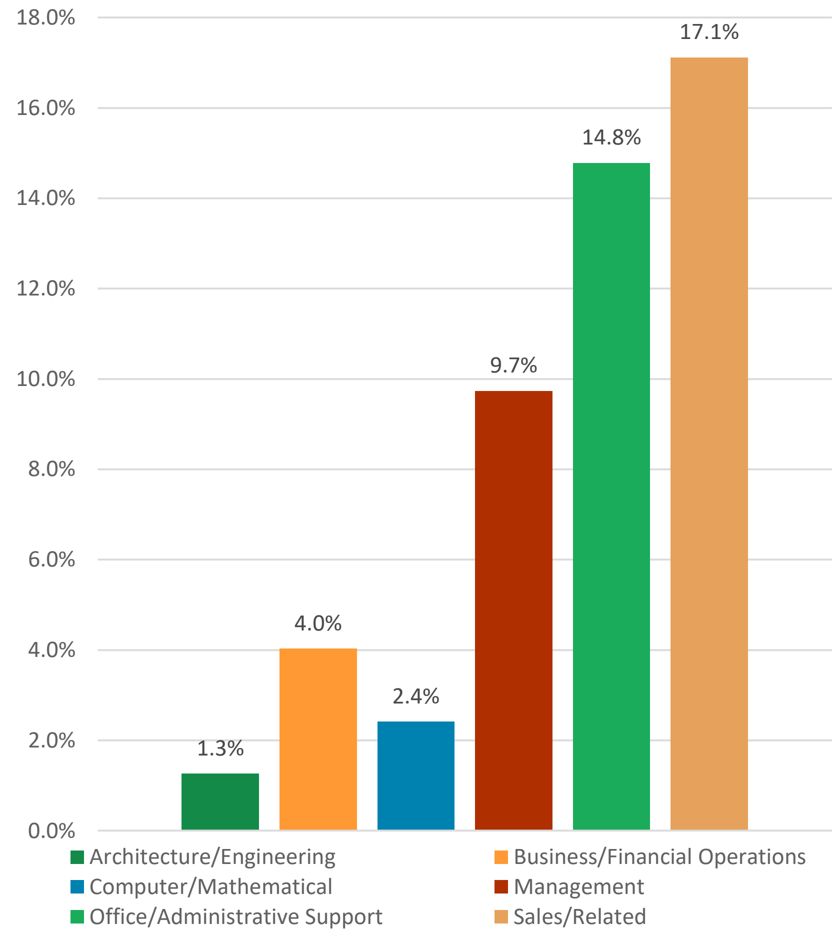


OFFICE MARKET ASSESSMENT

MARKET OVERVIEW

- Demand for office space is predominantly related to the composition of office jobs in a given area.
- In the Primary Market Area, 49.3% of all jobs require office space.
- Leading the job sectors are Sales/Related at 17.1% of the Primary Market Area's total jobs.
- Nearing 14.8% are Office/Administrative Support jobs.

Office-Based Jobs in Primary Market Area



DEMOGRAPHIC AND EMPLOYMENT TRENDS

DEMOGRAPHICS

SUMMARY

- The Primary Market Area has grown at a faster rate than Barrow County and is forecasted to experience more growth than Barrow County throughout the next five years.
- Households in the Primary Market Area have grown at a faster rate than Barrow County and are expected to continue to grow at high rates for the next five years.
- Household income in the Primary Market Area is about $20,000 above Barrow County's median income—a favorable indication for future development of retail, office, and residential property.
- Employment in the City of Auburn has more than doubled over the past ten years.

DEMOGRAPHICS

POPULATION AND HOUSEHOLDS

- The Primary Market Area has 51,003 residents in 16, 427 households.
- The Primary Market Area has grown at a faster rate (3.6%) than Barrow County (3.3%), both of which are more than twice as fast as the City of Auburn (1.4%).

Population	City of Auburn	Primary Market Area	Barrow County
2000 Census	5,897	27,867	46,145
2010 Census	6,887	42,960	69,367
2018 Estimate	7,529	51,003	79,738
2023 Projection	8,002	55,383	86,198
CAGR Growth2000-2018	1.4%	3.6%	3.3%
CAGR (Fcst) 2018-2023	1.2%	1.7%	1.6%
New Population 2000-2018	473	4,380	6,460

Households	City of Auburn	Primary Market Area	Barrow County
2000 Census	1,995	9,468	16,357
2010 Census	2,331	14,090	23,971
2018 Estimate	2,572	16,427	27,137
2023 Projection	2,743	17,732	29,176
CAGR Growth 2000-2018	1.5%	3.3%	3.0%
CAGR (Fcst) 2018-2023	1.3%	1.5%	1.5%
New Households 2000-2018	171	1,305	2,039

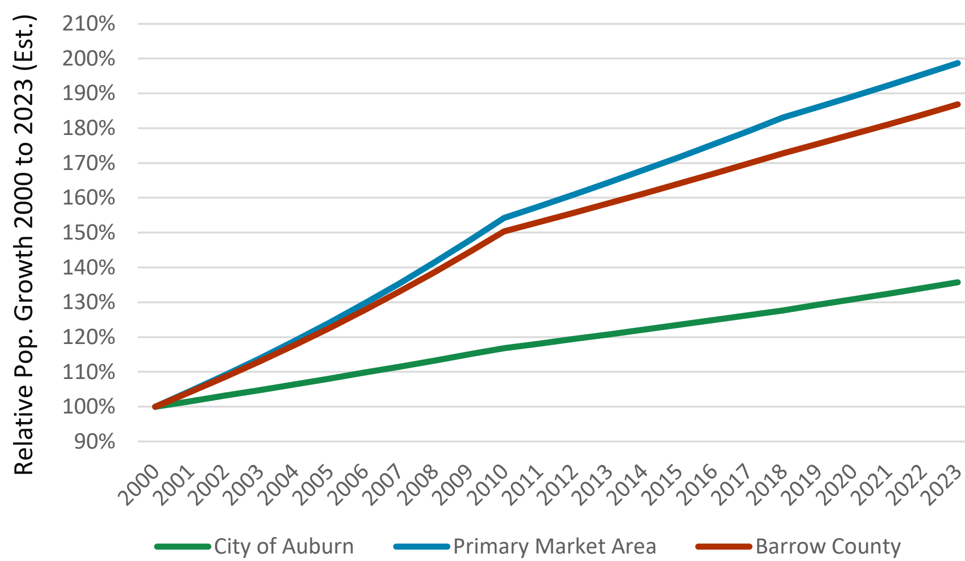
Source: Environics Analytics

DEMOGRAPHICS

POPULATION AND HOUSEHOLDS

- The Primary Market Area has grown by more than 23,136 people since 2000, and it is expected to add an additional 4,380 people by 2023.
- The Primary Market Area's population has grown at a faster rate than the Barrow County. This increased growth rate is expected to continue into the future.

Relative Population Growth 2000 to 2023 (Est.)



Population Growth	City of Auburn	Primary Market Area	Barrow County
2000	5,897	27,867	46,145
2010	6,887	42,960	69,367
2018	7,529	51,003	79,738
2023	8,002	55,383	86,198

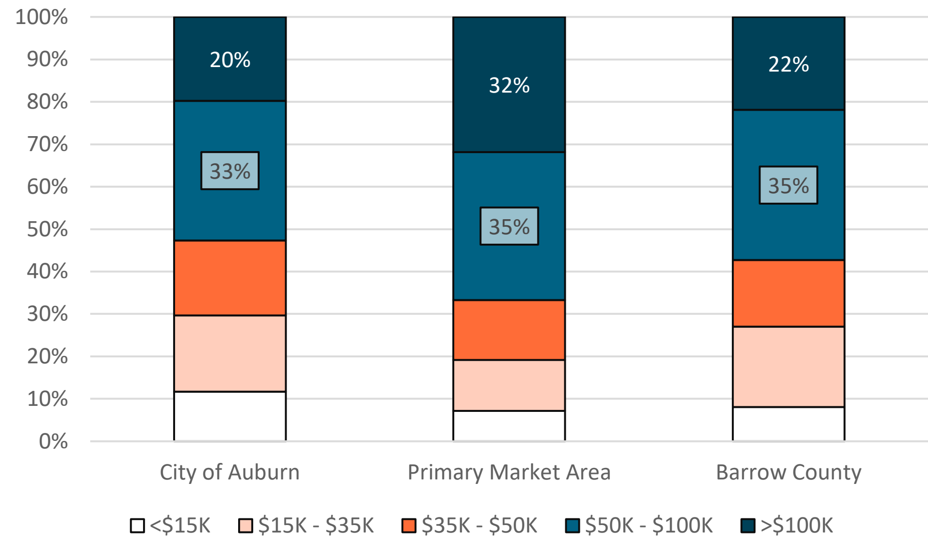
Historical growth normalized at 100% in 2000 to measure relative growth.
Source: Environics Analyitics

DEMOGRAPHICS

HOUSEHOLD INCOME

- The Primary Market Area has a relatively high household median income of $70,383, well above Barrow County's median of $57,856 and the City of Auburn's median of $52,871.
- Over 10,000 households, or 67% of the Primary Market Area's households, earn $50,000 or more.
- 5,228 households, or 32% of market area household, earn more than $100,000.

Households by Income, 2018



Households by Income, 2018

Household Income	City of Auburn	Primary Market Area	Barrow County
2018 Est. Median Household Income	52,871	70,383	57,856
% of Regional Median Income	91%	122%	100%
Households by Income			
<$15K	300	1,178	2,194
$15K - $35K	463	1,968	5,132
$35K - $50K	454	2,319	4,258
$50K - $100K	847	5,733	9,615
>$100K	508	5,228	5,938

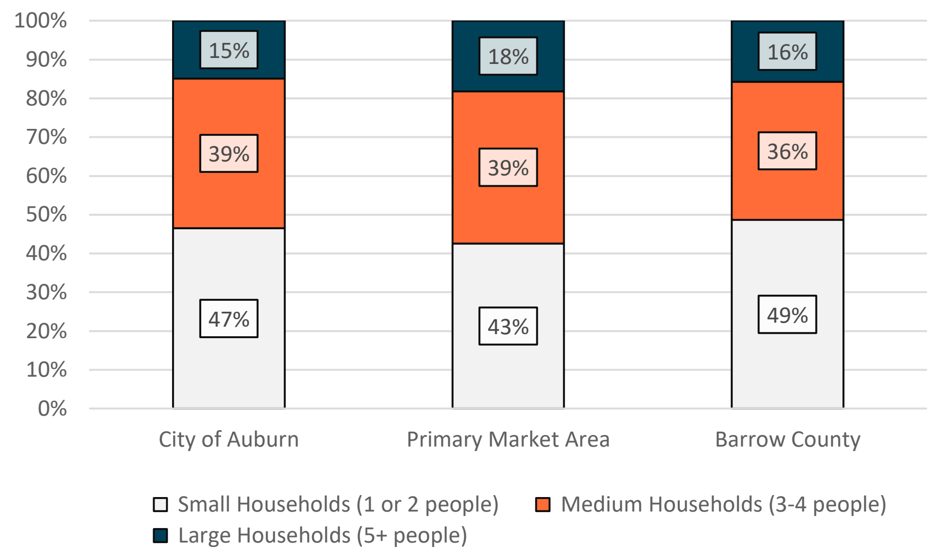
Source: Environics Analytics

DEMOGRAPHICS

HOUSEHOLD CHARACTERISTICS

- The Primary Market Area's household characteristics are generally similar to the those of Barrow County, although households in the Market Area tend to be slightly larger.
  - The Primary Market Area's households average 3.12 persons compared to 2.93 persons for Barrow County and 2.93 persons for the City of Auburn.
- This is likely attributable to the Market Area's higher share of households with children (48% vs 43% in Barrow County).

Household Size, 2018



Household Characteristics, 2018

Household Characteristics	City of Auburn	Primary Market Area	Barrow County
Est. Households	2,572	16,427	27,137
Small Households (1 or 2 people)	1,196	6,997	13,203
Medium Households (3-4 people)	993	6,445	9,666
Large Households (5+ people)	383	2,985	4,268
Households with Children	1,114	7,869	11,565
Households without Children	1,458	8,558	15,572
Non-Family Households	589	3,052	6,505
2018 Est. Average Household Size	2.93	3.12	2.93

DEMOGRAPHICS

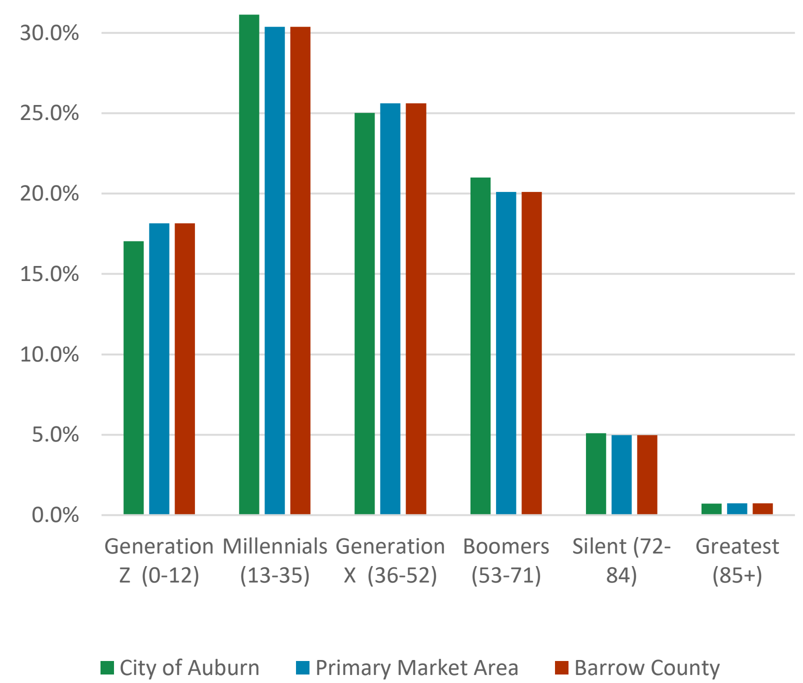
AGE DISTRIBUTION

- Residents in the Primary Market Area have a median age of 36.1 years, slightly older than the median age of Barrow County.
  - This median age is slightly above that of urban centers such as Augusta (34), Atlanta (35), and Charlotte (35).
  - The Millennial generation represents the Primary Market Area's largest generational cohort, with a 30.4% share of Primary Market Area residents, generally consistent with the County and Region.
  - 25.6% of Primary Market Area residents are Generation X, and an additional 20.1% are Baby Boomers.

Population by Age, 2018

Age & Generational Cohort	City of Auburn	Primary Market Area	Barrow County
Generation Z (0-12)	17.0%	18.2%	18.2%
Millennials (13-35)	31.1%	30.4%	30.4%
Generation X (36-52)	25.0%	25.6%	25.6%
Boomers (53-71)	21.0%	20.1%	20.1%
Silent (72-84)	5.1%	5.0%	5.0%
Greatest (85+)	0.7%	0.7%	0.7%
Children (0-17)	24.4%	26.3%	40.9%
Seniors (65+)	11.0%	10.7%	19.5%
Median Age	36.3	36.1	35.9

Population by Age, 2018

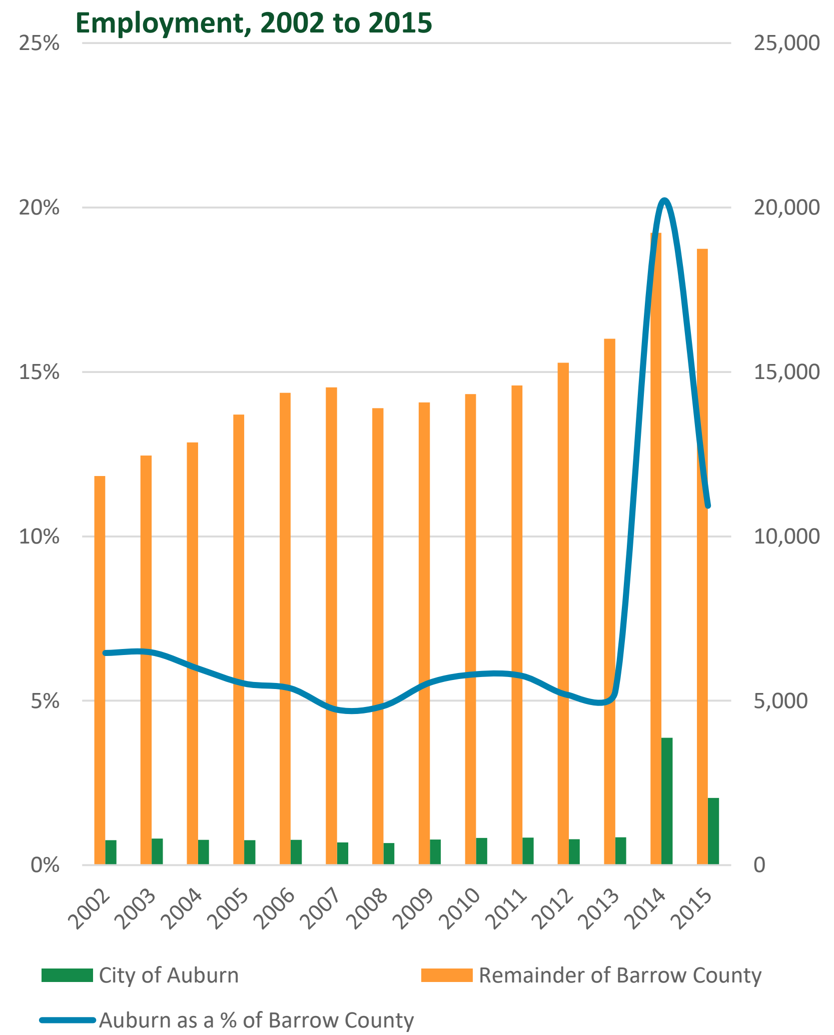


Source: Environics Analytics

DEMOGRAPHICS

REGIONAL EMPLOYMENT

- Employment within the City of Auburn has more than doubled since 2002.
- In 2014, employment in Auburn spiked, falling the following year but remaining well above levels over the past decade.
- Employment within the City of Auburn currently makes up just over 10% of Barrow County's total employment.

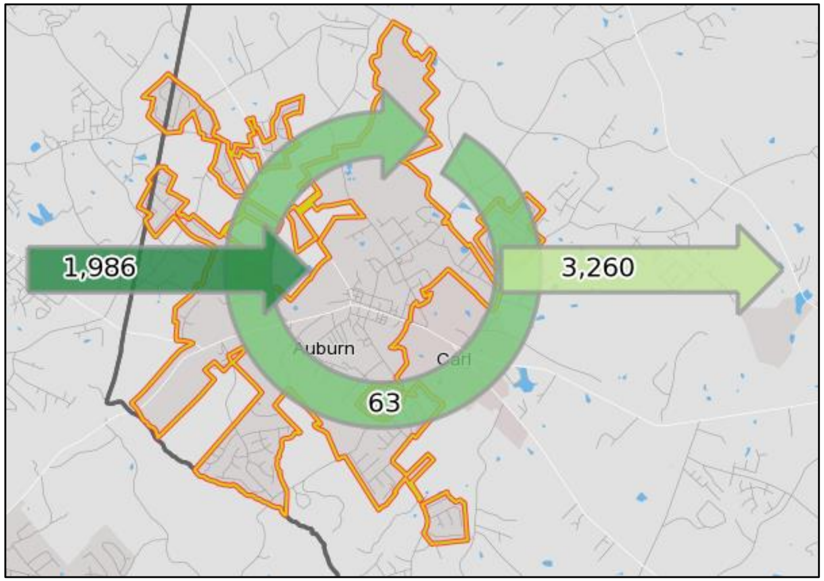


BUSINESS & EMPLOYMENT

REGIONAL EMPLOYMENT

- There are 2,049 employees in the City of Auburn.
  - 1,986 of these employees (97%) live outside of Auburn.
  - 63 employees (3%) work and live in Auburn.
- There are 3,323 residents in the City of Auburn.
  - 3,260 residents (98%) who live in Auburn are employed elsewhere.

City of Auburn Commuting Patterns



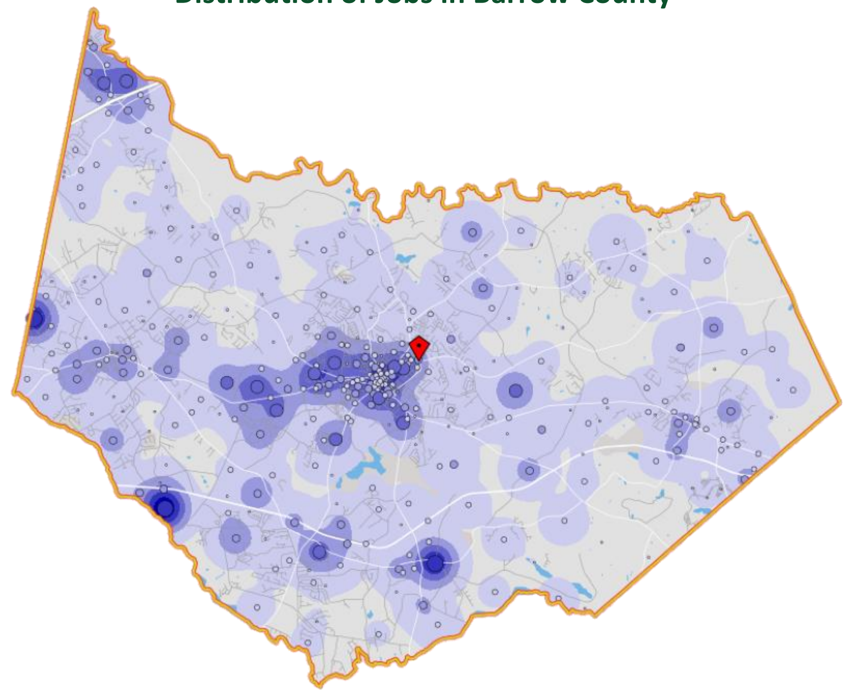
Source: US Census Longitudinal Employer-Household Dynamics

BUSINESS & EMPLOYMENT

REGIONAL EMPLOYMENT

- This map shows the density of current of employment in Barrow County
- This distribution of jobs illustrates that employment and development tends to expand along "Favored Corridors"
  - A strong growth corridor is Highway—29 as it links Gwinnett County to Barrow and other eastward Counties
  - The Atlanta Highway Northwest is another strong corridor for the area. Many businesses are situated alongside this route connecting Auburn to Dacula and Winder

Distribution of Jobs in Barrow County

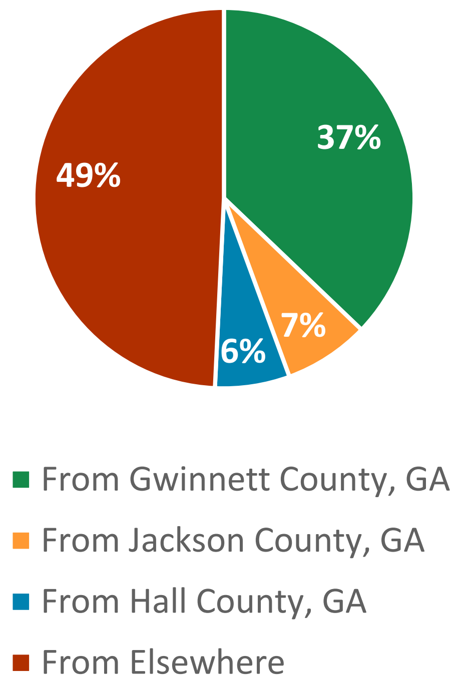


Source: US Census Longitudinal Employer-Household Dynamics , BAG

DEMOGRAPHICS

BARROW COUNTY IN-MIGRATION, 2015-2016

- Over one-third of Barrow in-migration comes from Gwinnett Co., pointing to an opportunity for Auburn to capture additional demand from nearby areas.



Barrow County Migration 2015-16	
Total	**2,839**
From Outside US	-
From US Outside GA	543
From US Inside GA	2,296
Net Migration For Barrow County	**611**

TERMS AND CONDITIONS

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