Norcross Town Center: LCI Update Market Assessment and Demand Projections

Huntley Partners, Inc.
229 Peachtree Street, NE
Suite 525
Atlanta, GA 30303

June 14, 2012

Norcross Market and Demand Assessment

I. Definitions of Norcross Town Center LCI Study Area and Market Areas 1

II. Norcross Demographic and Income Profile 3

A. Key Defining Demographic Characteristics – Summary 4

B. Key Defining Demographic Characteristics – Major Category Details 6

1. Population Profile 6
2. Housing Profile 8
3. Level of Affluence Indicators 13
4. Summary of Trends 17

III. Economic Development Indicators 18

A. Economic Base 18

1. Employment by Economic Sector 18
2. City Industry Composition 19

B. Existing Real Estate Market Conditions 20

1. Office Market 21

2. Industrial Market 22

3. Retail Market 23

4. Residential Market 25

5. Current Excess Inventory in Norcross 25

C. Economic Trends: Norcross Projected Market Demand 27

1. Looking Forward - Recovery Timing 27

2. Employment Growth Projections 28

D. Projected Demand in the Norcross Market **30**

1. Projected Demand for Office, Industrial, Retail and Housing Development **30**

a. Office Space Demand Projections 30
b. Neighborhood Services Space Demand Projections 33
c. Industrial Space Demand Projections 34
d. Retail Demand Projections 36
e. Housing Demand Projections 41

2. Total Demand for Office, Industrial, Retail and Housing Development **43**

a. Total Primary Market Demand 44
b. Total Demand within the City of Norcross 44
c. Total Demand within the Norcross Town Center Study Area 45
d. Excess Inventory within the City of Norcross and Norcross Town Center Area 45
e. Net 10-year and 25-year Demand within Norcross Town Center Study Area 46
f. Key Demand Findings 46
g. Housing, Population and Job Projections 47
h. Development Concept Observations 48
i. Development Incentives 53

Norcross Market and Demand Assessment

The purpose of this analysis is to arrive at an informed understanding of the existing economic strengths and challenges within the defined LCI Town Center Study Area of the City of Norcross. The analysis is expressed in the economic context of the overall City, the Study Area's total potential market area, Gwinnett County, and Metropolitan Atlanta so as to understand Norcross's relative position within this context, as well as to highlight potential competitive advantages during ten-year and twenty-five-year timeframes.

I. Definitions of Norcross Town Center LCI Study Area and Market Areas

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

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

1. **"LCI Area"** is the same as the LCI Study Area as determined by the City of Norcross in its successful LCI application to the Atlanta Regional Commission.

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

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

4. **"Gwinnett"** is Gwinnett County and is used only for purposes of comparison.

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

6. **"Employment Area"** used in the projections of office and industrial demand, which are both dependent upon employment growth, refers to the ARC-defined Norcross Superdistrict that represents the geographic area that the Norcross LCI Area will draw upon for the major portion of its demand for office and industrial space.

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

1. Definitions of Norcross Market Areas

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

Study Area and City of Norcross

Obviously, the Norcross Town Center LCI Study Area (Figure 1) represents only a portion of the City of Norcross (Figure 2).

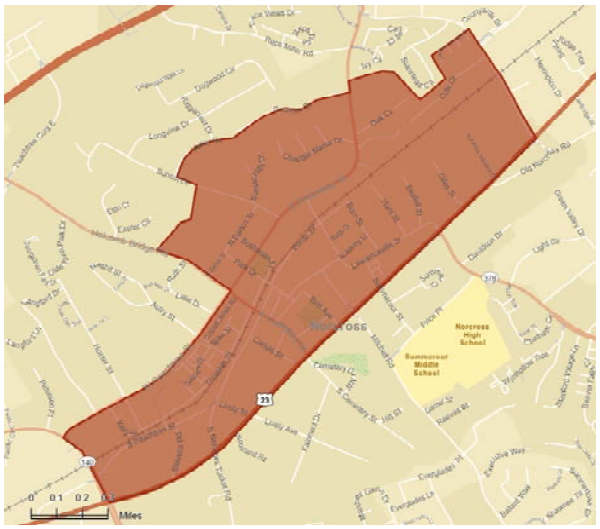


Figure 1: Norcross Town Center Boundaries

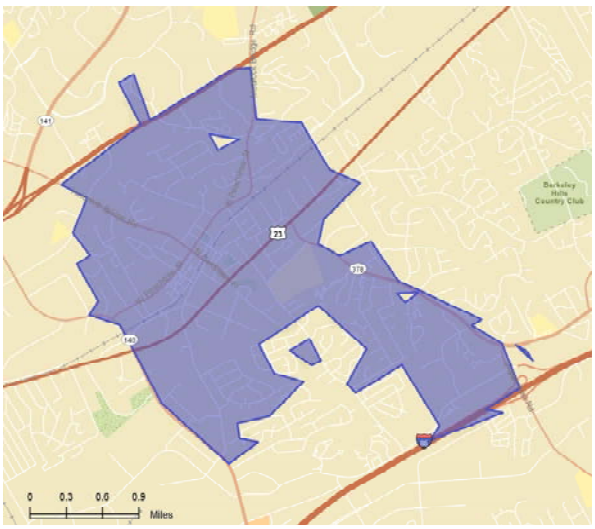


Figure 2: City of Norcross Boundaries

Retail Demand Market Area: The City of Norcross obviously is defined by its formal boundaries (Figure 2). The local resident market area – the basis for a major portion of retail demand – is often defined by major retailers by "drive-time," or the time it takes to get from a residence to the center point of the specified location. The drive-time map above shows the 6-, 9- and 12-minute drive times for the Norcross market area. Prospective retailers usually rely more on drive-time analyses than any form of radius analysis.

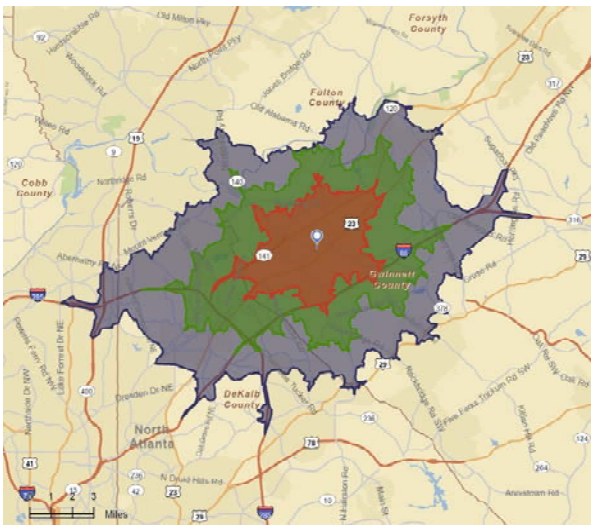


Figure 3: Norcross "Drive-time" Market Area

In this case, however, this radius analysis comprising three separated ring segments corresponds very closely to the 6-, 9- and 12-minute drive-time analysis approach with respect to key demographic and income characteristics, yet it allows a more precise analysis of the characteristics of those individual Primary, Secondary and Tertiary markets. For that reason, it is used in assessing current and potential demand for retail and, to a lesser extent, residential demand from those markets.

Thus, for purposes of this analysis, the "Norcross Market Area" is defined as the combination of three "levels" of market area (Figure 4): a **Primary Market Area** defined as that area **within two miles** of the assigned center point of Norcross, a **Secondary Market Area** defined as the area **2-4 miles** from the Norcross center, and a Tertiary Market Area extending **4-6 miles** from that center. The Norcross "center" for market-area purposes is at the intersection of Jones Street and South Peachtree Street.

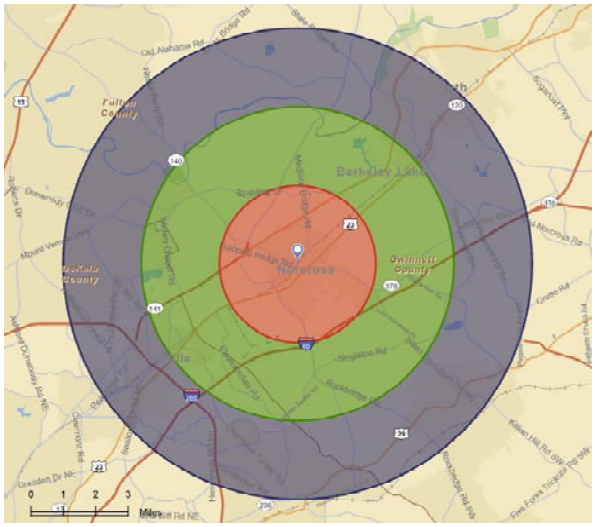


Figure 4: Norcross Primary, Secondary and Tertiary Markets – Radius Analysis

Retail demand from area employees is also incorporated into the demand projections. Other sources of retail demand that typically are analyzed include visitor markets (e.g. tourists, business-related visitors), meetings/conference attendees, and non-local "pass-through" traffic. None of these markets are included in the Norcross retail demand projections due to a lack of evidence of significant impact from any of these potential retail markets.

Office: Demand for office space is driven fundamentally by employment growth. A particular submarket's (e.g. Norcross's) ability to capture that demand is primarily based on its location strengths, existing inventory size, industry mix and "address" – an intangible combination of perceived image, quality, safety, convenience, culture, visual appeal and emotional satisfaction. With respect to the fundamental driver, area employment growth, the Norcross office market's primary employment engine is the ARC's "Norcross Superdistrict 74." The ***Norcross Employment Projections*** in the previous section reflect estimated employment growth within this Superdistrict.

Industrial: The Norcross area is considered a major industrial market and is dependent upon the aforementioned ARC's defined Norcross Superdistrict 74 for industrial-related employment conditions and growth. As with the Office demand projections, the ***Norcross Employment Projections*** in the previous section reflect estimated employment growth within this Superdistrict as it relates to Industrial demand.

Industrial market conditions in Norcross can be found generally within CoStar's Norcross Industrial submarket. Other sources of current conditions and trend data for the Retail, Office and Industrial markets include, REIS, Moody's Economics, ESRI Business Summaries, Jones Land LaSalle, CBRE, Cushman Wakefield, Colliers International and the Atlanta Business Chronicle, among others.

II. Norcross Demographic and Income Profile

The demographic section of this report provides an inventory and analysis of demographic data defining significant trends and attributes to help determine service needs, public facility needs and employment opportunities necessary to support the existing and the future population base. Promoting the welfare of

existing and future residents and businesses of Norcross is, in part, determined by the aggregate number and type of population the City has and will have in the future. This information forms the basis for many strategies that involve land use and zoning, economic development and capital improvement planning. The path the City chooses should be predicated on management and encouragement of an appropriate amount and type of development and redevelopment without sacrificing quality of life and services for citizens. Additionally, educational attainment and income contribute to the types of service programs the City needs and the type of employment possibilities the community can target. The information may also assist in establishing and development patterns consistent with goals and policies established by the Mayor and City Council.

A. Key Defining Demographic Characteristics – Summary

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

A summary of key demographic and income data comparing the Norcross Town Center LCI Study Area with the City of Norcross, the Study Area's 6-mile total Market Area, Gwinnett County and Metro Atlanta is provided in the table below.

Summary Profile: 2010						LCI Area as % of	
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	City	Metro
Population	**1,306**	9,116	327,061	805,321	5,268,680		
Households	**556**	3,161	118,135	268,519	1,937,225		
Avg Household Income	**$ 83,372**	$ 68,490	$ 80,201	$ 83,232	$ 73,267	122%	114%
Per Capita Income	**$ 35,598**	$ 23,008	$ 29,021	$ 27,988	$ 27,473	155%	130%
Avg Home Value	**$ 191,622**	$163,739	$225,186	$ 195,209	$ 189,450	117%	101%
Housing Units	**615**	3,576	130,673	291,547	2,165,495		
Owner Households	**70.6%**	50.1%	46.6%	64.9%	59.1%	141%	119%
Renter Households	**20.8%**	39.3%	44.9%	28.2%	31.4%	53%	66%
Vacant Housing Units	**8.6%**	10.6%	8.6%	6.9%	9.5%	81%	90%

Observations

- Indicators of affluence - Average Household Income and Per Capita Income - are relatively stronger than its Market Area, significantly stronger than the City of Norcross overall and Metro Atlanta, and approximately equal to the County overall
- Average Home Value is particularly strong in relation not only to the City, but to Metro Atlanta overall; Average Home Values are very strong in the Market Area
- Percentage of housing that is rented is significantly smaller than all comparative areas

- Housing vacancies are somewhat higher than in Gwinnett County overall, but lower than vacancies in the City overall or Metro Atlanta

During the next decade, average home value is projected to increase at a moderately strong 1.46% annually as compared to the City's overall 1.78%, the County's 1.87% and Metro Atlanta's 1.27%. Population and Household growth are projected to be significantly higher than the City, County, Market Area or Metro area. Average household income and per capita income will grow at moderately strong annual rates of 2.23% and 2.16%, respectively, but will not match those growth rates within either the overall Market Area or Metro Atlanta.

Summary Profile: Annual Growth Rate 2010-2022	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
Population	**1.43%**	0.91%	1.03%	1.32%	1.06%	157%	135%
Households	**1.54%**	0.82%	0.88%	1.15%	1.10%	188%	140%
Avg Household Income	**2.23%**	2.19%	2.58%	2.32%	2.56%	102%	87%
Per Capita Income	**2.16%**	2.12%	2.46%	2.16%	2.54%	102%	85%
Avg Home Value	**1.46%**	1.78%	1.20%	1.87%	1.27%	82%	115%
Housing Units	**1.23%**	0.71%	0.82%	1.12%	0.86%	173%	143%

Observations

- While population and household growth is projected to continue at a moderate pace, the increase in new housing units will not grow as fast as the formation of new households, decreasing the current excess supply of housing in the City, as well as the County.
- In absolute dollars, the projected increase in Per Capita Income through 2022 exceeds the increases in all comparative areas. The increase in Average Household Income is approximately equal to the increases in the County and Metro Atlanta overall; the increase within the Market Area exceeds the City, County and Metro area.

Summary Profile: Net Growth 2010-2022	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
Population	**243**	1,047	42,599	137,244	710,661		
Households	**112**	325	13,079	39,492	271,766		
Avg Household Income	**$ 25,215**	$ 20,354	$ 28,705	$ 26,383	$ 25,982	124%	97%
Per Capita Income	**$ 10,384**	$ 6,597	$ 9,156	$ 7,812	$ 9,114	157%	114%
Avg Home Value	**$ 29,980**	$ 31,685	$ 28,422	$ 39,661	$ 25,578	95%	117%
Housing Units	**97**	317	13,482	41,690	234,359		

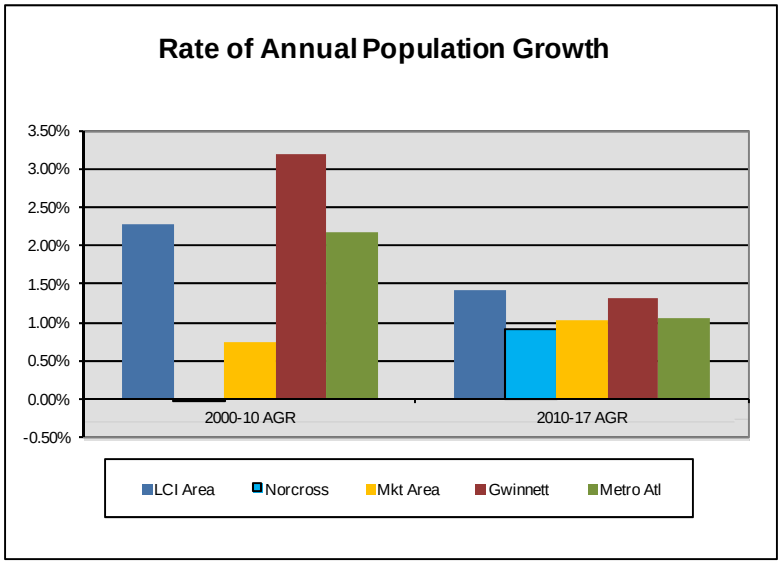
B. Key Defining Demographic Characteristics – Major Category Details

1. Population Profile

Population Growth

Population growth identifies several trends, ranging from the volume of in-migration to death and fertility rates. In 2010, the population of the City stood at 9,116, representing a negative annual growth rate from 2000; however, the LCI Area grew at an average 2.26% annually during the same period. By comparison, the population of Gwinnett County grew at an average annual rate of 3.19% during the same time period. Between 2012 and 2017, however, the LCI Area is projected to grow at a strong 1.43% annually, outpacing even the County's 1.32% growth rate.

Population					
	LCI Area	*Norcross*	*Mkt Area*	*Gwinnett*	*Metro Atl*
2000	1,044	9,136	303,475	588,448	4,247,981
2010	1,306	9,116	327,061	805,321	5,268,680
2012	**1,344**	**9,283**	**333,797**	**826,722**	**5,380,968**
2017	1,442	9,713	351,262	882,745	5,672,270
2022	1,549	10,163	369,660	942,565	5,979,341
2037	1,916	11,642	430,981	1,147,464	7,003,945
2000-10 AGR	2.26%	-0.02%	0.75%	3.19%	2.18%
2010-17 AGR	1.43%	0.91%	1.03%	1.32%	1.06%
2010-17 Growth	136	597	24,201	77,424	403,590
2017-22 Growth	106	450	18,398	59,820	307,072
2010-22 Growth	243	1,047	42,599	137,244	710,661
2010-37 Growth	610	2,526	103,920	342,143	1,735,265



Age

At an average age of 39.3 years in 2011, the residents of the LCI Area are significantly older than those within any of the other comparative areas. Residents within the overall Market Area are relatively younger than those within the overall County or Metro Area.

Median Age	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	39.5	29.6	31.7	32.5	33.0	133%	120%
2011	**39.3**	**31.8**	**32.5**	**33.7**	**35.0**	124%	112%
2016	39.5	32.0	32.5	33.8	35.1	123%	113%

Educational Attainment

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

Educational Achievement: 2010	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
HS Graduate	31.4%	20.7%	18.6%	23.0%	26.3%	152%	119%
Bach'lor Degree	27.1%	18.6%	28.0%	24.9%	22.8%	146%	119%
Grad Degree	6.8%	5.5%	14.0%	11.0%	11.6%	124%	59%

In 2010, nearly 27.1% of the LCI Area's population attained a four year college degree compared with almost 25% in the County and almost 23% in the Metro Atlanta. Surprisingly, the percentage of LCI Area residents with graduate degrees is only 6.8%, but the percentage of residents with graduate degrees within the overall 6-mile Market Area is a very high 14.0%.

Ethnicity

In 2000, persons of Hispanic origin comprised 19.0% of Norcross's population; in 2010 the percentage of the City's population of persons of Hispanic origin grew by almost seven percentage points to 25.8%, nearly mirroring the increase in the County. The LCI Area, however, only saw an increase in the Hispanic population from 4.0% in 2000 to 5.2% in 2010. By 2016, the City's Hispanic population is projected to rise to 30.5%. The Asian population in the LCI Area tripled between 2000 and 2010, but is projected to grow only slightly from 17.2% in 2010 to 18.2% in 2016. The difference in the ethnic profiles in the LCI Area and the City overall is significant.

Ethnicity	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
Ethnicity: 2000					
Black alone	21.4%	20.8%	17.7%	13.3%	28.6%
White alone	68.6%	53.5%	59.9%	72.7%	63.5%
Asian	5.6%	15.4%	11.0%	7.2%	3.3%
Hispanic	4.0%	19.0%	11.0%	6.5%	6.4%
Ethnicity: 2010					
Black alone	**17.5%**	**19.8%**	**19.7%**	**23.6%**	**32.4%**
White alone	**60.0%**	**40.8%**	**48.9%**	**53.3%**	**55.4%**
Asian	**17.2%**	**12.8%**	**12.1%**	**10.6%**	**4.2%**
Hispanic	**5.2%**	**25.8%**	**18.4%**	**11.9%**	**10.4%**
Ethnicity: 2016					
Black alone	21.4%	17.9%	19.8%	25.4%	33.3%
White alone	53.2%	39.1%	45.8%	48.5%	53.7%
Asian	18.2%	11.5%	12.0%	10.9%	4.6%
Hispanic	7.1%	30.5%	21.5%	14.6%	11.9%

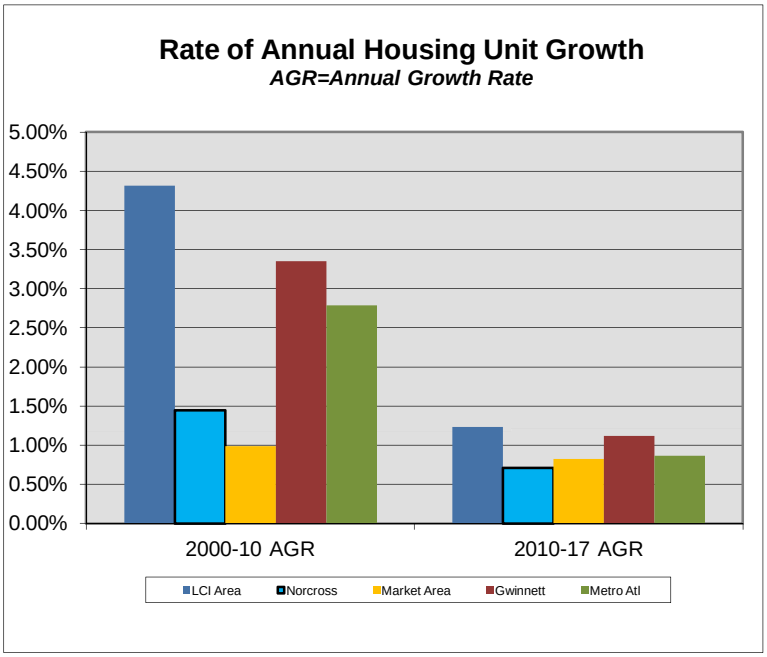
2. Housing Profile

Housing Units

Local governments, such as Norcross, typically examine housing data as a way to plan for meeting their existing and projected housing needs, as well as their share of the regional housing need. In 2000, the number of housing units in Norcross was 3,098; for the LCI Area it was 403. Annual growth, however, grew by more than 4% in the LCI Area but only 1.45% in the City.

Housing Units	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	403	3,098	118,432	209,682	1,644,572		
2010	615	3,576	130,673	291,547	2,165,495		
2012	**630**	**3,627**	**132,826**	**298,114**	**2,202,902**		
2017	670	3,758	138,371	315,187	2,299,270		
2022	712	3,893	144,155	333,237	2,399,854		
2037	856	4,329	163,050	393,830	2,728,784		
2000-10 AGR	4.32%	1.45%	0.99%	3.35%	2.79%	299%	155%
2010-17 AGR	1.23%	0.71%	0.82%	1.12%	0.86%	173%	143%
2010-17 Growth	55	182	7,698	23,640	133,775		
2017-22 Growth	42	135	5,784	18,050	100,584		
2010-22 Growth	97	317	13,482	41,690	234,359		
2010-37 Growth	241	753	32,377	102,283	563,289		

Not surprisingly, the annual increase in housing units in the LCI Area, County and Metro Atlanta over the next five years – and possibly much longer – is projected to be approximately one-third of the rate of increase 2000-2010. In relative terms, however, the LCI Area's projected 1.23% annual growth rate should be considered relatively strong when compared to projected increases in the City, County and Metro area.



Housing Tenure

While the LCI Area has a significantly lower percentage of renters than the City, County or Metro Atlanta, the overall Market Area is almost evenly split between owned and rented housing. The City has a greater percentage of renters than the County and will likely continue to have more than 10% more renter than owners in the foreseeable future. The key issues to be addressed at the policy level are the (assumed) continued match of available rental housing to lower-skill, lower-income workers, and the location and pricing (rent levels) of new multifamily rental units within the City.

Housing Units: 2012 Occupancy Status	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
Owner-occupied	445	1,818	61,840	193,428	1,302,051		
Renter-occupied	131	1,425	59,594	84,121	690,667		
Vacant	54	385	11,393	20,566	210,184		
Owner-occupied	70.6%	50.1%	46.6%	64.9%	59.1%	141%	119%
Renter-occupied	20.8%	39.3%	44.9%	28.2%	31.4%	53%	66%
Vacant	8.6%	10.6%	8.6%	6.9%	9.5%	81%	90%

Occupied Housing Units	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2010 Owned	78.1%	56.7%	51.5%	70.4%	66.1%
2012 Owned	**77.2%**	**56.1%**	**50.9%**	**69.7%**	**65.3%**
2017 Owned	75.6%	54.8%	49.8%	68.2%	63.9%
2010 Rented	21.9%	43.3%	48.5%	29.6%	33.9%
2012 Rented	**22.8%**	**43.9%**	**49.1%**	**30.3%**	**34.7%**
2017 Rented	24.4%	45.2%	50.2%	31.8%	36.1%

In sheer numbers, new owned and rental units will continue to be introduced into the City in proportionately equal numbers. After the experiences of the past several years, it is difficult to understand a lending-and-development attitude that would encourage this increasing gap in supply and demand. It is more likely that new housing units will be introduced in lower numbers than currently projected.

Occupied Housing Units: Owned	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2000	245	1,348	59,138	146,543	1,037,404
2010	434	1,792	60,850	189,167	1,279,941
2012	**445**	**1,818**	**61,840**	**193,428**	**1,302,051**
2017	473	1,883	64,388	204,505	1,359,010
2022	503	1,951	67,045	216,217	1,418,461

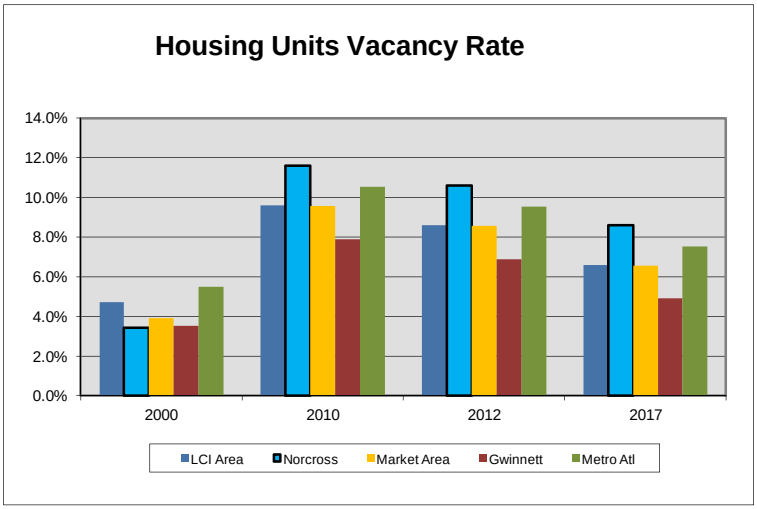
Occupied Housing Units: Rented	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2000	68	1,296	53,693	55,774	516,750
2010	122	1,369	57,315	79,352	657,284
2012	**131**	**1,425**	**59,594**	**84,121**	**690,667**
2017	153	1,551	64,864	95,242	766,866
2022	210	1,942	77,111	117,020	981,392

Vacant Housing Units	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	19	106	4,625	7,365	90,418		
2010	59	415	12,508	23,028	228,270		
2012	54	385	11,393	20,566	210,184		
2017	44	323	9,119	15,440	173,393		
Housing Units: % Vacant							
2000	4.7%	3.4%	3.9%	3.5%	5.5%	138%	86%
2010	**9.6%**	**11.6%**	**9.6%**	**7.9%**	**10.5%**	83%	91%
2012	8.6%	10.6%	8.6%	6.9%	9.5%	81%	90%
2017	6.6%	8.6%	6.6%	4.9%	7.5%	77%	87%

Housing Unit Occupancy Status

- The LCI Area has solid core of home ownership
- Fairly balanced ratio of owner-to-renter in occupied housing units throughout Norcross and the LCI Market Area

- Higher vacancies in Norcross compared with rest of the County



Household Size

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

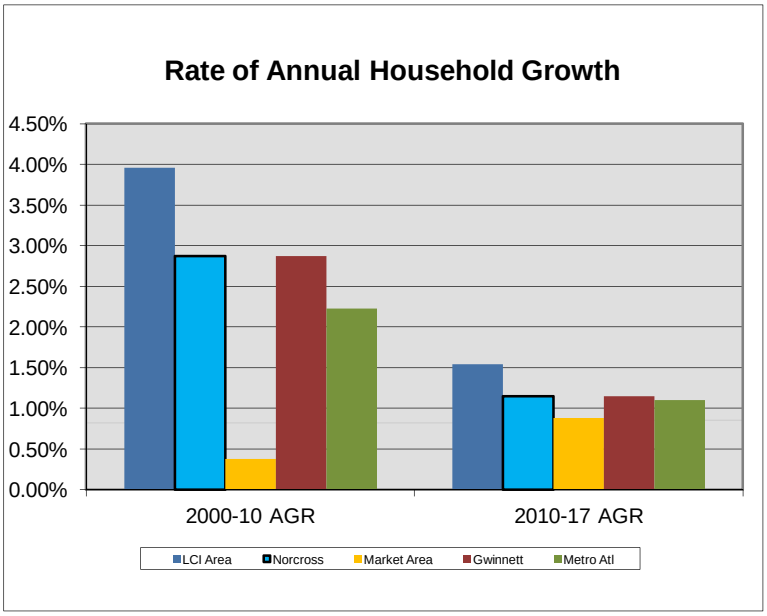
Household Size						LCI Area as % of	
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	City	Metro
2000	2.77	3.46	2.67	2.91	2.73	80%	101%
2010	2.35	2.88	2.77	3.00	2.72	81%	86%
2012	**2.34**	**2.89**	**2.78**	**3.01**	**2.72**	81%	86%
2017	2.33	2.90	2.80	3.03	2.71	80%	86%
2022	2.32	2.91	2.82	3.06	2.71	80%	86%

Household Growth

The rate of annual growth in new households in Norcross was much lower than the County's during the period 2000 – 2010 and is projected to be higher during the next five years than the County. As already stated, such growth is in line with population increases and does underscore the ability of Norcross to continue to attract new families to the area.

Households						LCI Area as % of	
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	City	Metro
2000	377	2,644	113,745	202,317	1,554,154		
2010	556	3,161	118,135	268,519	1,937,225		
2012	**573**	**3,213**	**120,219**	**274,730**	**1,980,078**		
2017	619	3,347	125,595	290,895	2,091,405		
2022	668	3,486	131,214	308,011	2,208,991		
2037	840	3,941	149,649	365,640	2,602,923		
2000-10 AGR	3.96%	1.80%	0.38%	2.87%	2.23%	220%	178%
2010-17 AGR	1.54%	0.82%	0.88%	1.15%	1.10%	188%	140%
2010-17 Growth	63	186	7,460	22,376	154,180		
2017-22 Growth	49	139	5,619	17,116	117,586		
2010-22 Growth	112	325	13,079	39,492	271,766		
2010-37 Growth	284	780	31,514	97,121	665,698		

Households					
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2000	377	2,644	113,745	202,317	1,554,154
2010	556	3,161	118,135	268,519	1,937,225
2012	**573**	**3,213**	**120,219**	**274,730**	**1,980,078**
2017	619	3,347	125,595	290,895	2,091,405
2022	668	3,486	131,214	308,011	2,208,991
2037	840	3,941	149,649	365,640	2,602,923
2000-10 AGR	3.96%	1.80%	0.38%	2.87%	2.23%
2010-17 AGR	1.54%	0.82%	0.88%	1.15%	1.10%
2010-17 Growth	63	186	7,460	22,376	154,180
2017-22 Growth	49	139	5,619	17,116	117,586
2010-22 Growth	112	325	13,079	39,492	271,766
2010-37 Growth	284	780	31,514	97,121	665,698

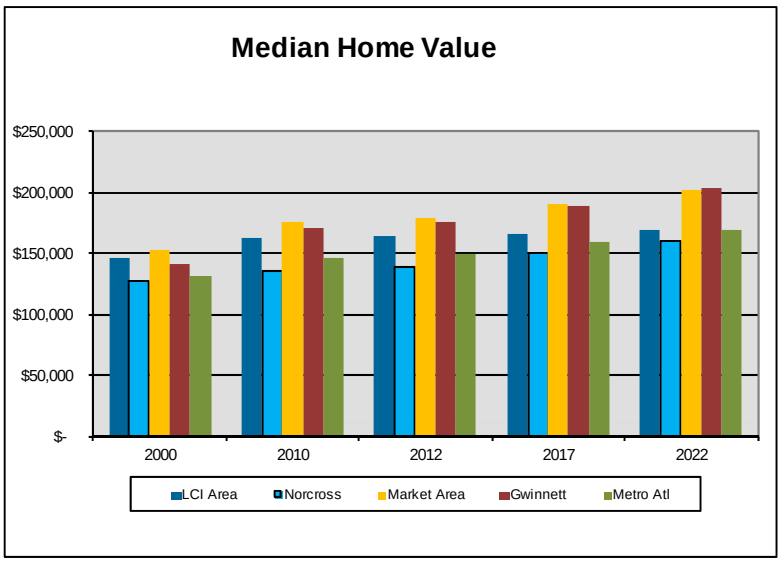


3. Level of Affluence Indicators

Home Values

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

Median Home Value						LCI Area as % of	
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	City	Metro
2000	$ 145,427	$126,754	$151,832	$ 140,620	$ 130,800	115%	111%
2010	$ 162,963	$135,170	$175,126	$ 170,504	$ 145,533	121%	112%
2012	**$ 163,827**	**$139,119**	**$179,378**	**$ 175,554**	**$ 149,161**	**118%**	**110%**
2017	$ 166,008	$149,504	$190,465	$ 188,845	$ 158,633	111%	105%
2022	$ 168,217	$160,664	$202,237	$ 203,141	$ 168,705	105%	100%
2000-10 AGR	1.14%	0.64%	1.44%	1.95%	1.07%	178%	107%
2010-17 AGR	0.26%	1.45%	1.21%	1.47%	1.24%	18%	21%
2010-17 Growth	$ 3,045	$ 14,334	$ 15,339	$ 18,341	$ 13,100		
2017-22 Growth	$ 2,210	$ 11,160	$ 11,772	$ 14,296	$ 10,073		
2010-22 Growth	$ 5,254	$ 25,494	$ 27,111	$ 32,637	$ 23,172		

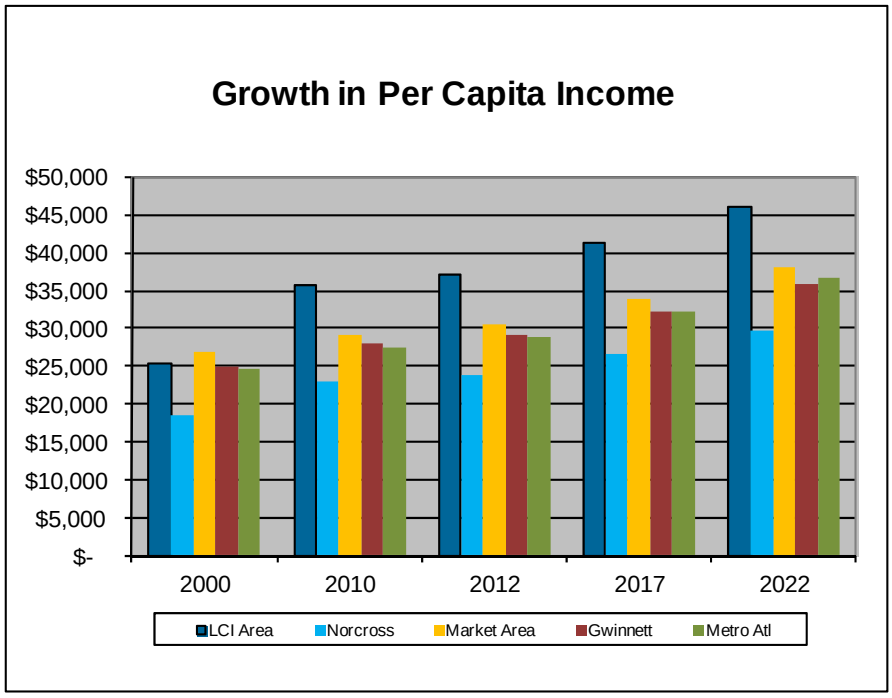


Median Home Value *As % of Metro Atlanta*	*LCI Area*	*Norcross*	*Mkt Area*	*Gwinnett*	*Metro Atl*
2000	111%	97%	116%	108%	100%
2010	112%	93%	120%	117%	100%
2012	**110%**	**93%**	**120%**	**118%**	**100%**
2017	105%	94%	120%	119%	100%
2022	100%	95%	120%	120%	100%

Per Capita Income

Measuring income levels provides an indication of the economic health of the population. Just as education levels can offer insight into employment conditions and the quality of the labor pool, per-capita and household income levels measure the financial stability of the population, and how the local economy is responding to the educational climate. Higher income levels suggest a thriving economy, and offer a good indicator as to the success of a community. While Norcross's income levels are less than the County's and Metro Atlanta's, the rate of growth was higher than the same two entities. Once again, however, the LCI Area presents a much more affluent profile, with Per Capita Income levels being significantly higher than the City, County and Metro Atlanta, and the Market Area also showing higher income levels and strong projected growth.

Per Capita Income	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	$ 25,334	$ 18,573	$ 27,022	$ 25,006	$ 24,785	136%	102%
2010	$ 35,598	$ 23,008	$ 29,021	$ 27,988	$ 27,473	155%	130%
2012	**$ 37,149**	**$ 23,994**	**$ 30,465**	**$ 29,209**	**$ 28,888**	**155%**	**129%**
2017	$ 41,330	$ 26,658	$ 33,812	$ 32,174	$ 32,271	155%	128%
2022	$ 45,982	$ 29,605	$ 38,177	$ 35,800	$ 36,587	155%	126%
2000-10 AGR	3.46%	2.16%	0.72%	1.13%	1.03%	160%	334%
2010-17 AGR	2.16%	2.12%	2.46%	2.16%	2.54%	102%	85%
2010-17 Growth	$ 5,732	$ 3,650	$ 4,791	$ 4,186	$ 4,798		
2017-22 Growth	$ 4,651	$ 2,947	$ 4,364	$ 3,626	$ 4,317		
2010-22 Growth	$ 10,384	$ 6,597	$ 9,156	$ 7,812	$ 9,114		



Median Household Income

In 2000, LCI Area Median Household Income stood at $52,345 and grew 2.03% annually to $64,012 in 2010. It is projected to reach $80,183 over the next five years and reach $94,178 by 2022. By comparison, Median Household Income grew by only 1.23% annually in Gwinnett County 2000-2010 although it is projected to grow at a very strong 3.81% annually over the next ten years, reaching $97,549 in 2022. The LCI Market Area is projected to grow at an even-faster 4.0% annually over the next five years.

Median Household Income	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	$ 52,345	$ 44,738	$ 53,567	$ 60,523	$ 51,657	117%	101%
2010	$ 64,012	$ 53,861	$ 58,906	$ 68,364	$ 55,642	119%	115%
2012	**$ 68,267**	**$ 56,248**	**$ 63,713**	**$ 73,673**	**$ 60,263**	121%	113%
2017	$ 80,183	$ 61,345	$ 72,353	$ 80,915	$ 68,416	131%	117%
2022	$ 94,178	$ 68,370	$ 88,029	$ 97,549	$ 83,518	138%	113%
2000-10 AGR	2.03%	1.87%	0.95%	1.23%	0.75%	109%	272%
2010-17 AGR	3.27%	2.19%	4.00%	3.81%	4.07%	149%	80%
2010-17 Growth	$ 16,171	$ 7,484	$ 13,447	$ 12,551	$ 12,774		
2017-22 Growth	$ 13,996	$ 7,025	$ 15,676	$ 16,634	$ 15,103		
2010-22 Growth	$ 30,166	$ 14,509	$ 29,123	$ 29,185	$ 27,876		

Median Household Income As % of Metro Atlanta	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2000	101%	87%	104%	117%	100%
2010	115%	97%	106%	123%	100%
2012	**113%**	**93%**	**106%**	**122%**	**100%**
2017	117%	90%	106%	118%	100%
2022	113%	82%	105%	117%	100%

Average Household Income

Average household income in the City grew by 2.39% between 2000 and 2010, and grew by a lower rate in the County of 1.49% during the same time period. Projected household income increases to $88,844 by 2022; the LCI Area has a much higher household income at present and in the future at figure more than $20,000 higher.

Average Household Income	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	LCI Area as % of City	LCI Area as % of Metro
2000	$ 69,304	$ 54,088	$ 71,500	$ 71,800	$ 66,876	128%	104%
2010	$ 83,372	$ 68,490	$ 80,201	$ 83,232	$ 73,267	122%	114%
2012	**$ 87,126**	**$ 71,525**	**$ 84,397**	**$ 87,141**	**$ 77,069**	122%	113%
2017	$ 97,266	$ 79,716	$ 95,871	$ 97,734	$ 87,458	122%	111%
2022	$ 108,587	$ 88,844	$108,906	$ 109,615	$ 99,249	122%	109%
2000-10 AGR	1.87%	2.39%	1.16%	1.49%	0.92%	78%	203%
2010-17 AGR	2.23%	2.19%	2.58%	2.32%	2.56%	102%	87%
2010-17 Growth	$ 13,894	$ 11,226	$ 15,670	$ 14,502	$ 14,191		
2017-22 Growth	$ 11,321	$ 9,128	$ 13,035	$ 11,881	$ 11,790		
2010-22 Growth	$ 25,215	$ 20,354	$ 28,705	$ 26,383	$ 25,982		

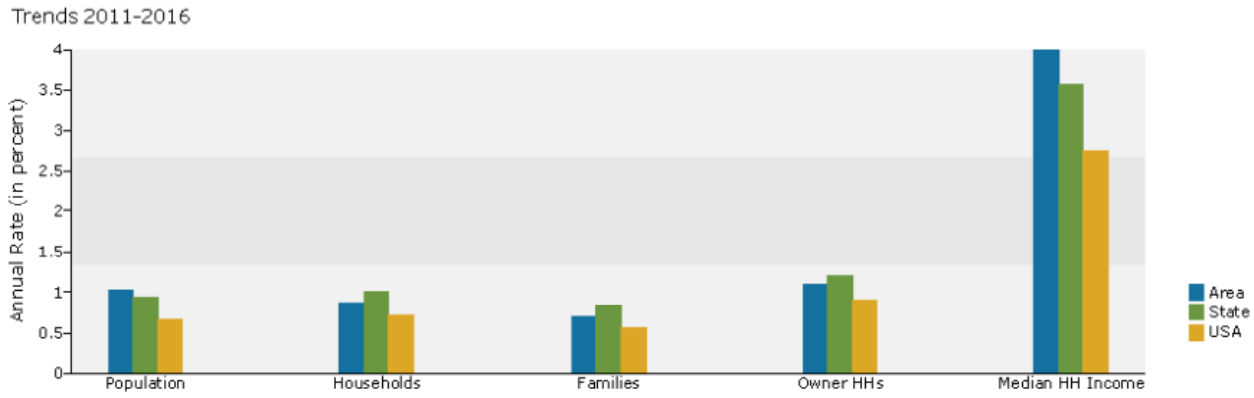
Average Household Income *As % of Metro Atlanta*	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl
2000	104%	81%	107%	107%	100%
2010	114%	93%	109%	114%	100%
2012	**113%**	**93%**	**110%**	**113%**	**100%**
2017	113%	93%	110%	113%	100%
2022	111%	91%	110%	111%	100%

Household Income Observations

- LCI A area income extremely high
- Projected growth during the next 10-15 years is better than Metro Atlanta overall
- Percent dollar increases strong

4. Summary of Trends

The "Trends 2010-2015" chart below reflects the extent to which the Norcross Town Center LCI Market Area's projected annual household income growth should be considered extremely strong relative to state and national trends.



III. Economic Development Indicators

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

A. Economic Base

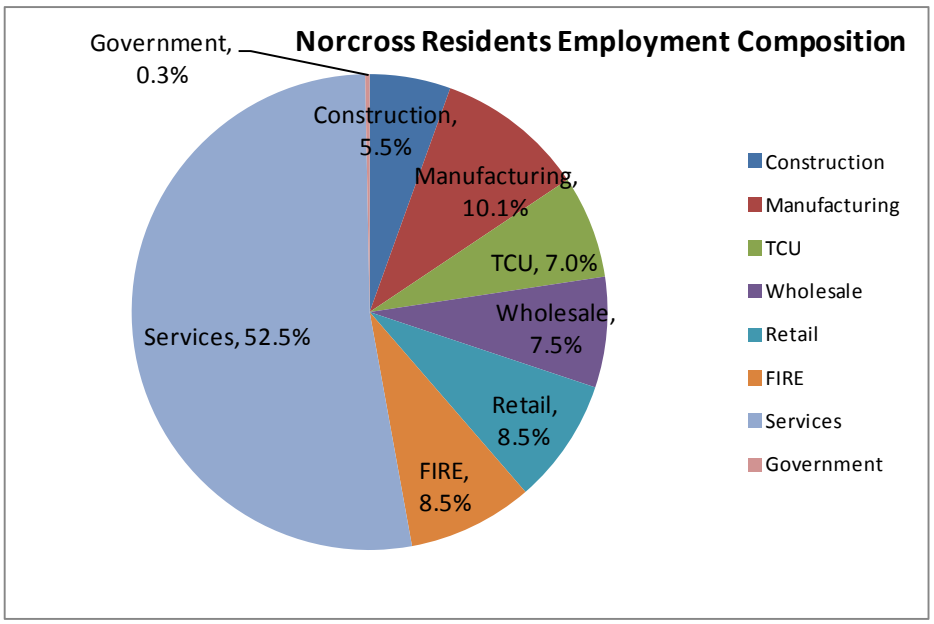
This type analysis is used to identify local significance for each industrial sector. The kinds of industry within a community, total earnings those industries produce, and wage distribution in the resident population are examined. Economic base studies can direct recruitment toward businesses that complement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

1. Employment by Economic Sector

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

Resident Employment: 2010						LCI Area as % of	
	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	City	Metro
Construction	**5.5%**	19.2%	9.1%	8.0%	7.5%	29%	73%
Manufacturing	**10.1%**	8.4%	6.5%	7.3%	7.0%	120%	144%
TCU	**7.0%**	7.1%	8.5%	8.1%	10.2%	99%	69%
Wholesale	**7.5%**	4.3%	4.6%	5.2%	3.8%	174%	197%
Retail	**8.5%**	10.4%	11.9%	13.1%	11.5%	82%	74%
FIRE	**8.5%**	6.4%	8.9%	8.6%	8.1%	133%	105%
Services	**52.5%**	42.6%	47.6%	46.2%	47.1%	123%	111%
Government	**0.3%**	1.6%	2.7%	3.3%	4.4%	19%	7%

TOTAL	**398**	**3,729**	**154,211**	**359,343**	**2,350,787**
Construction	22	716	14,067	28,747	176,309
Manufacturing	40	313	10,046	26,232	164,555
TCU	28	265	13,086	29,107	239,780
Wholesale	30	160	7,035	18,686	89,330
Retail	34	388	18,410	47,074	270,341
FIRE	34	239	13,744	30,903	190,414
Services	209	1,589	73,415	166,016	1,107,221
Government	1	60	4,207	11,858	103,435



Resident Employment Observations

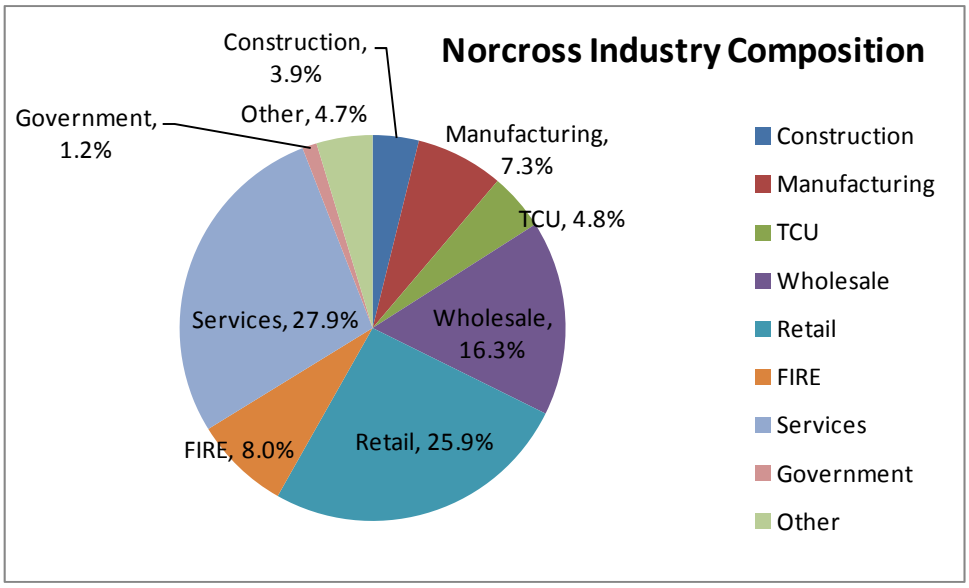
- High proportion of residents work in service and blue collar jobs within Norcross itself, reflecting the strip center market base that already exists
- Very high percentages of White Collar jobs within the LCI Area reflecting the area's overall affluence (critical to retail demand) as well as the local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

2. City Industry Composition

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

Industry Composition within Areas by Type of Jobs	LCI Area	Norcross	Mkt Area	Gwinnett	Metro Atl	Mrkt Area as % of City	Mrkt Area as % of Metro
Construction	**1.9%**	3.9%	9.1%	**8.0%**	7.5%	236%	121%
Manufacturing	**10.9%**	7.3%	6.5%	7.3%	7.0%	88%	93%
TCU	**3.5%**	4.8%	8.4%	8.1%	10.2%	176%	82%
Wholesale	**14.5%**	16.3%	4.5%	5.2%	3.8%	28%	118%
Retail	**40.1%**	25.9%	12.0%	13.1%	11.5%	46%	104%
FIRE	**3.3%**	8.0%	8.9%	8.6%	8.1%	111%	110%
Services	**23.0%**	27.9%	47.6%	46.2%	47.1%	171%	101%
Government	**0.9%**	1.2%	2.7%	3.3%	4.4%	224%	61%
Other	**1.9%**	4.7%	0.3%	0.2%	4.4%	6%	7%
TOTAL	**3,753**	**11,218**	**181,335**	**359,343**	**2,350,787**	**50%**	
Construction	73	433	16,501	28,747	176,309	57%	
Manufacturing	410	824	11,787	26,232	164,555	45%	
TCU	131	535	15,232	29,107	239,780	52%	
Wholesale	544	1,833	8,160	18,686	89,330	44%	
Retail	1,505	2,901	21,760	47,074	270,341	46%	
FIRE	122	903	16,139	30,903	190,414	52%	
Services	862	3,125	86,315	166,016	1,107,221	52%	
Government	34	135	4,896	11,858	103,435	41%	
Other	70	528	544	719	9,403	76%	

Source: ARC



B. Existing Real Estate Market Conditions

The impact of the 2007-2009 global recession continues to be felt by commercial and industrial real estate markets around the world. Rising vacancy rates and declining rental rates defined nearly every market and sector here in the United States through most of 2010 and into 2011. Some signs of stabilization

emerged in the first half of 2011, with indications of moderately-strong growth emerging in the Fourth Quarter of 2011. While 2012 is being greeted with cautious optimism by industry experts, external events in the Euro Zone, Middle East and Asia continue to threaten what can only be described as a fragile recovery that is expected – barring the realization of those global threats – to continue through 2013, with 2014-2015 seeing a return to a relatively stable "new normal" of moderate growth.

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

1. Office Market

Metro Office Market

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

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

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

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

Norcross Office Market

The Norcross office market represents only about 25% of the total Norcross/Peachtree Corners Office Submarket. Historically Norcross has not been viewed as a major location for office-based businesses, particularly Professional Services, although there is a significant office concentration inside the City's northern border along Peachtree Industrial Avenue. As additional mixed-use development occurs, the City's office market should experience a significant increase in inventory, increasing its appeal among a very attractive employment demographic: Professional and Business services, representing a higher-income segment of white-collar industry.

Office Market Conditions: Norcross/Peachtree Corners OfficeSubmarket							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
Class A	2,340,066	418,914	17.9%	(25,417)	-	-	$ 18.72
Class B	6,515,670	1,724,710	26.5%	(155,919)	-	-	$ 14.28
Class C	1,565,460	300,399	19.2%	(22,745)	-	-	$ 12.16
TOTAL	10,421,196	2,444,023	23.5%	(204,081)	-	-	$ 15.28

Sources: CoStar, Dorey's, Colliers, Jones Lang LaSalle, Grubb&Ellis, Bowers, CBRE, Cushman-Wakefield

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

2. Industrial Market

Metro Industrial Market

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

According to **Colliers International**, for the second consecutive year, tenants in Atlanta's industrial market occupied more space than vacated. Over 9 million square feet of industrial space was absorbed in 2011. This is the highest amount of occupancy gain since before the Great Recession. Almost 70% of the space absorbed this year occurred in the last six months. During this time, expansions and regional consolidations by large corporations, along with the return of small business growth filled over 5.6 million square feet of vacant space in the Atlanta market. As a result, the overall industrial vacancy rate in Atlanta dropped to 13.6%, down from 14.8% at the end of 2010. In conjunction with strong absorption levels, the absence of new spec development factored into the decrease in vacancy.

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

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

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

Norcross Industrial Market

To the extent that the Norcross market starts to show significant signs of improvement during the current year, as is anticipated for the Metro market overall, it should experience a return to positive absorption, a slight decrease in vacancies, and a leveling if not increase in rates. The amount of vacant space, however, is significant at over 4.5 million square feet. There are no indications that industrial space within the City of Norcross – approximately 20% of the total submarket inventory – is faring better than that within the balance of the submarket.

Industrial Market Conditions: Norcross Industrial Submarket							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
Flex	6,745,170	1,158,121	17.2%	(51,994)	-	-	$ 8.15
Warehouse	26,272,212	3,435,913	13.1%	(883,091)	-	-	$ 4.53
TOTAL	33,017,382	4,594,034	13.9%	(935,085)	-	-	$ 5.34

Sources: CoStar, Dorey's, Colliers, Gubb & Ellis, CBRE, Cushman-Wakefield

3. Retail Market

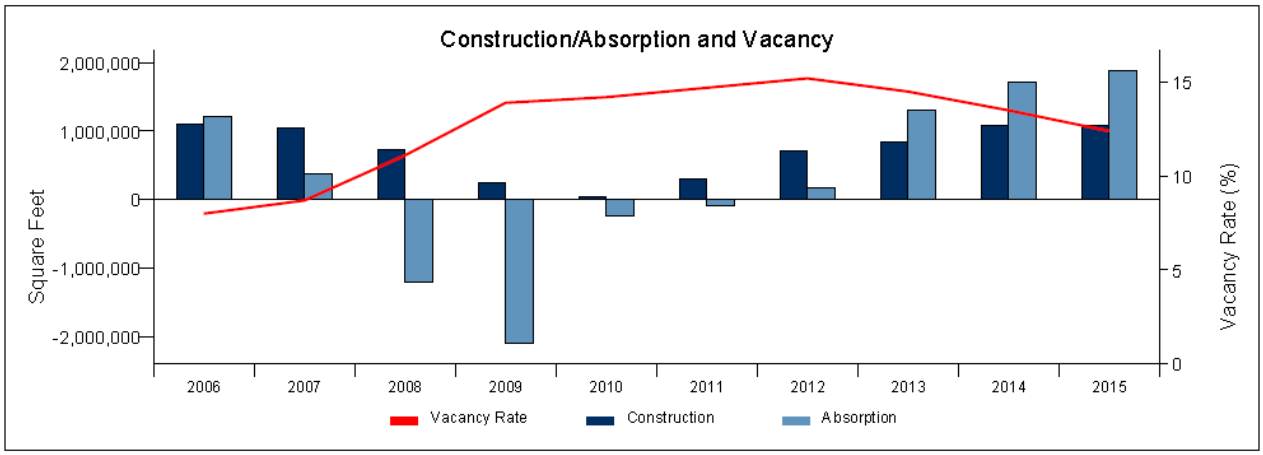
Metro Retail Market

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

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

Source: REIS

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



Source: REIS

Norcross Retail

Retail Market Conditions: Norcross/Peachtree Corners Retail Submarket							
Category	Total RSF	Vacant RSF	Vacancy Rate	Net Absorption	Delivered RSF	RSF Under Construct	Quoted Rates
General	4,249,197	169,167	4.0%	18,456	-	-	$ 12.66
Mall	324,484	57,732	17.8%	(9,696)	-	-	$ -
Pow er Cntr	251,947	-	0.0%	-	-	-	$ -
Shop Cntr	5,877,535	1,101,787	18.7%	(105,116)	-	-	$ 13.18
Specialty	-	-	0.0%	-	-	-	$ -
TOTAL	10,703,163	1,328,686	12.4%	(96,356)	-	-	$ 13.10

Sources: CoStar, Dorey's

4. Residential Market

Metro Atlanta Residential Market

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

The recession and its aftermath, meanwhile, have ravaged Atlanta's once-hot housing market. According to RealtyTrac, the MSA ranked 26th among the nation's top 206 Metro areas in rate of foreclosure for third quarter 2010 as fully 1.38% of existing ownership stock (29,824 residences) received notifications. This nearly doubles the 0.72% national rate calculated for the period. "The market still has to deal with a lot of foreclosures, which are both a symptom of the fragile economy and the hangover from bad loans," an executive with Harry Norman Realtors informed the *Atlanta Business Chronicle* in January 2011. While there are reasons to believe the market has bottomed out, "there is still a lot of downward pressure on pricing resulting from foreclosures and short sales." Over the 12-month span concluding with November, data from First Multiple Listing Service (FMLS) indicate a 6.0% drop off in sales volume year-over-year. According to Standard & Poor's S&P/Case- Shiller Home Price Index as reported by the *Chronicle*, Atlanta was one of six Metro areas in which the average selling price has fallen "beyond the recent lows seen in most other markets in the spring of 2009."

5. Current Excess Inventory in Norcross

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

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

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

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

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

Current Excess Inventory within Norcross City and Town Center						
City as % of Total Submarket:	Retail =	30%	LCI as % of City:	Retail =	52%	
	Neigh Services =	32%		Neigh Services =	28%	
	Office =	22%		Office =	24%	
	Industrial =	14%		Industrial =	32%	
		City Vacant SF	Vac %	Excess @	Excess SF	LCI Excess SF
Retail: Stable Vacancy @ 8%		396,351	12.4%	36%	140,928	73,112
Neighborhood Services		1,542	17.9%	50%	768	217
Office: Stable @ 10%		537,086	23.5%	57%	308,075	-
Industrial: Stable @ 8%		643,165	13.9%	43%	273,370	87,328
Residential		**City Vacant Units**			**Excess Units**	**LCI Excess Units**
Total Vacant Units		59		0%	-	-
SFD % of Vacant Units		44%			-	-
Townhouses % of Vacant Units		6%			-	-
Rental % of Vacant Units		50%			-	-

Two points should be made regarding the excess inventory situation in both the City of Norcross as well as the Norcross Town Center LCI Study Area: (1) While the pure data suggest that the LCI Study Area should be experiencing a relative degree of the excess inventory in office space that appears to be occurring in the overall market and the City itself, site surveys have not identified what would be considered by the definition above as excess inventories – or vacancies – in the office category. At this time, no excess office inventory is being incorporated into the LCI Study Area's – the Town Center's – net office demand. (2) As with the office market, recent sales and inventory data from Zillow indicate a residential market that is in

relative equilibrium, with a supply of housing and apartments currently on the market that appear to suggest that no excess inventory exists in the Town Center Study Area's residential market.

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

C. Economic Trends: Norcross Projected Market Demand

1. Looking Forward - Recovery Timing

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

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

- **Residential:** Slight improvement in housing sales through 2011 coupled with continuing declines in sale prices as sellers – particularly banks writing down foreclosure inventories – increasingly prioritize moving product over pricing. Slight improvement in sales and prices is anticipated through 2012 with some degree of stabilization in the market being achieved by the end of 2013. The "new normal" is for the overall residential market is projected to be achieved in mid-to-late 2013 and early 2014 for sale properties. Rental properties are beginning to strengthen with respect to both occupancy and effective rates, with the "new normal" for apartments being reached in 2012.

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

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

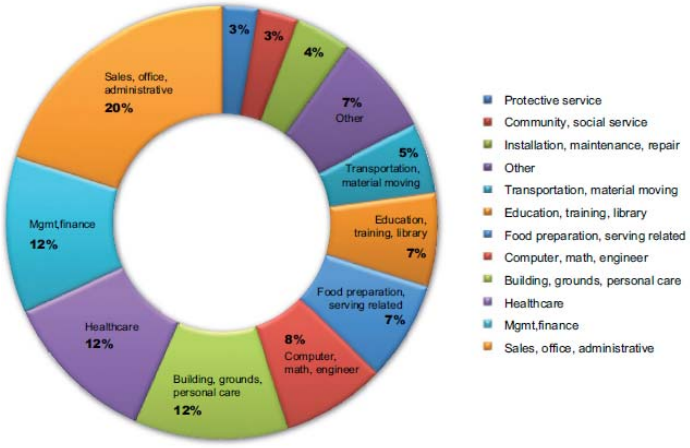
- **Hotels:** New location-specific deals will continue during 2012 even with overall declines in rates and occupancy. The hospitality market should see signs of substantive recovery as reflected in the increasing availability of capital in 2012, building to the "new normal" in 2013.

2. Employment Growth Projections

Metro Atlanta

Recovery across all industries will occur only as employment grows. In its most-recent (February 2011) 2010-2040 regional population and employment projections, the Atlanta Regional Commission lowered its estimates of job growth in the 20-County Atlanta region, last published in 2009. Nonetheless, the ARC's population and employment forecasts show moderately-strong long-term growth for the 20-County Atlanta region. ARC expects that 8.3 million people will call the region home by the year 2040, an increase of roughly three million people from today. Job growth, although not as robust as in the 1990s, will remain strong in the long-term, as well. ARC forecasts the region to have 3.65 million jobs by 2040, an addition of about 1.5 million jobs from today. One of the more significant trends ARC expects is the shrinking of the labor force participation rate (LFPR) over the coming decades. The labor force participation rate is expected to fall from a high of almost 74% in 2000, to around 62% by 2040.

Expected Growth by Occupation 2010 – 2040



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

In the short-term, according to Dr. Rajeev Dhawan, Director of the *Economic Forecasting Center of Georgia State University*, the Atlanta Metro area, after losing 271,400 jobs during 2008 to 2011, will experience a slight gain of 10,300 jobs in 2012. In 2013, Dhawan is projecting a gain of 29,700 jobs (a 0.9% growth rate) and 40,300 jobs in 2014.

Norcross Superdistrict Employment Projections

Overall employment growth in these submarkets is projected from Atlanta Regional Commission (ARC) employment growth forecasts, considered to be the most comprehensive and detailed database in the region. However, the projections are based on employment growth in the "Norcross Superdistrict," which will generate the bulk – approximately 90% - of the demand for office space that redevelopment within the City of Norcross itself and the Town Center area will draw upon. The baseline Norcross Superdistrict employment estimates for 2009 (the most recent from ARC at that geographic level) are increased or reduced by the number of jobs estimated to be gained or lost in 2010 within major employment categories and adjusted to confirm to the County-level employment estimates recently released (February 2011) by ARC. ARC's projections have been supplemented over the next five years with data from a variety of sources, with the EFC's recent projections being the primary driver.

Norcross Superdistrict: Change in Employment by Sector 2009-2016								
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV
2009	**6,196**	**8,682**	**7,833**	**14,171**	**6,846**	**18,736**	**19,650**	**636**
2010	-9.9%	-2.7%	-1.2%	-1.4%	-1.1%	-3.8%	0.3%	-2.0%
2011	-8.4%	2.4%	0.0%	-0.4%	-0.5%	-5.6%	0.9%	-4.1%
2012	-5.0%	1.1%	0.6%	0.2%	0.1%	-1.1%	1.3%	-2.0%
2013	-0.5%	1.2%	0.6%	0.9%	1.0%	-0.3%	1.6%	-0.3%
2014	5.2%	1.1%	2.1%	2.1%	0.6%	0.0%	2.2%	1.0%
2015	5.0%	4.0%	3.0%	3.0%	2.5%	3.5%	4.0%	1.5%
2016	4.0%	3.0%	2.5%	2.5%	3.0%	3.5%	3.5%	1.5%
Stable	2.0%	2.5%	2.0%	2.0%	2.5%	3.0%	2.5%	1.0%

Sources: ARC, GSU EFC, Huntley Partners

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

Norcross Superdistrict: Employment									
Year	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
2009	6,196	8,682	7,833	14,171	6,846	18,736	19,650	636	82,750
2011	5,111	8,652	7,741	13,919	6,738	17,002	19,896	598	79,658
2012	4,858	8,747	7,787	13,948	6,746	16,810	20,147	586	79,629
2017	5,666	9,826	8,613	15,479	7,414	18,491	23,091	614	89,195
2022	6,256	11,117	9,510	17,090	8,389	21,436	26,125	645	100,568
2027	6,907	12,578	10,500	18,869	9,491	24,850	29,559	678	113,431
2032	7,626	14,231	11,593	20,833	10,738	28,808	33,443	713	127,984
2037	8,420	16,101	12,799	23,001	12,149	33,396	37,837	749	144,453
Sources: ARC, GSU EFC, Huntley Partners							2009-2036 Increase =		74.6%

Norcross City: Employment 2010									
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
City Employs	413	824	536	1,833	2,901	903	3,125	135	11,218
% Superdist	7%	10%	7%	13%	43%	5%	16%	22%	14%
% 2 miles	14%	14%	24%	27%	30%	32%	24%	58%	25%
% 6 miles	4%	5%	7%	9%	7%	6%	5%	10%	6%

Norcross Market Area: Employment 2010									
	CONST	MFG	TCU	WHOL	RETL	FIRE	SVCS	GOV	TOTAL
2 miles	2,957	5,855	2,211	6,726	9,725	2,823	13,167	231	45,495
%Tot Mkt	26%	36%	28%	32%	23%	20%	21%	17%	25%
2-4 miles	4,250	5,226	3,334	8,019	12,526	3,345	18,780	387	57,496
%Tot Mkt	38%	32%	42%	38%	30%	24%	30%	28%	32%
4-6 miles	4,114	5,174	2,326	6,367	19,420	7,839	30,765	776	78,344
%Tot Mkt	36%	32%	30%	30%	47%	56%	49%	56%	43%
Total Mkt	11,321	16,255	7,871	21,112	41,671	14,007	62,712	1,394	181,335

D. Projected Demand in the Norcross Market

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

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

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

CoStar, among others, compiles data on the amount of office and industrial space as measured in square feet that is occupied by each employee within a given industry. The table contains data from 4Q 2011.

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

a. Office Space Demand Projections

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

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

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

New Demand for Office Space within Norcross Primary Market Area (Superdistrict)

Five-year gains in office-related employment in the Market Area are reflected below, with the majority of gains being in the Business and Professional Services. During the ten-year 2011-21 period, a total of 10,922 office-related jobs are expected to be added to the Norcross Superdistrict economy, with an

additional 24,270 added in the following 15-year period 2022-37, for a total increase of 35,192 employees in office-related industries in the Market Area (Superdistrict 74) by 2037.

Norcross Superdistrict: Office-related Job Gain/-Loss							
Year	TCU*	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
2012							
2017	124	1,681	2,944	28	4,777	4,777	955
2022	134	2,945	3,034	31	6,145	**10,922**	1,229
2027	148	3,414	3,433	33	7,029	17,951	1,406
2032	164	3,958	3,884	35	8,041	25,992	1,608
2037	181	4,588	4,395	36	9,200	**35,192**	1,840

**15% of TCU requires enclosed Office space*

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

Norcross Superdistrict: Office Space (SF) Demand Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
SF/Employ	**293**	**340**	**356**	**311**			
2012							
2017	36,279	570,803	1,048,053	8,755	1,663,889	1,663,889	332,778
2022	39,345	1,000,145	1,080,155	9,749	2,129,394	**3,793,284**	425,879
2027	43,440	1,159,442	1,222,097	10,246	2,435,225	6,228,509	487,045
2032	47,962	1,344,111	1,382,690	10,769	2,785,532	9,014,040	557,106
2037	52,954	1,558,193	1,564,387	11,318	3,186,852	**12,200,892**	637,370

Sources: ARC, GSU EFC, Huntley Partners

Thus, during the next five years, demand in the Norcross Office Market Area for additional office space based on office-related employment growth is projected to total 1,663,889 square feet. An additional 2,129,394 square feet in demand will be generated in the five-year period 2017-22, for a total of **3,793,284** square feet over the next ten years. Through 2037, gross demand for office space within the Norcross Market Area will total **12,200,892** square feet.

New Demand for Office Space within City of Norcross

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

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

Based on an estimated **2,403** new office employees being added to the City's economy by 2022 and a total of **7,831** by 2037, the projected demand for this type of space with the City is estimated at **833,592** square feet over the 10-year period 2012-22 and **2,711,156** square feet over the 25-year period 2012-37.

Norcross City: Office Employees Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
Area SOM	14.0%	25.0%	20.0%	25.0%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	17	420	589	7	1,033	1,033	207
2022	19	736	607	8	1,370	**2,403**	274
2027	21	854	687	8	1,569	3,972	314
2032	23	989	777	9	1,798	5,770	360
2037	25	1,147	879	9	2,060	**7,831**	412

Sources: ARC, GSU EFC, Huntley Partners

Norcross City: Office Space (SF) Demand Gain/-Loss							
Year	TCU	FIRE	SVCS	GOV	TOTAL	CUMUL	ANN INC
Area SOM	14.0%	25.0%	20.0%	25.0%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	5,079	142,701	209,611	2,189	359,579	359,579	71,916
2022	5,508	250,036	216,031	2,437	474,013	**833,592**	94,803
2027	6,082	289,860	244,419	2,562	542,923	1,376,515	108,585
2032	6,715	336,028	276,538	2,692	621,973	1,998,487	124,395
2037	7,414	389,548	312,877	2,830	712,669	**2,711,156**	142,534

Sources: ARC, GSU EFC, Huntley Partners

New Demand for Office Space within Norcross Town Center

Based on data on jobs within the Norcross Superdistrict and the City itself, it appears that the Town Center LCI Study Area's current overall share of the City's office market is approximately 24%. Based on this SOM, the 10-year demand within the Norcross Town Center for office space is projected to be **52,315** square feet and 25-year demand to **662,973** square feet.

Total Demand for Space/Units within Norcross Town Center 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Office (from employment growth)	**SF =**	**52,315**	**662,973**

New Demand for Office Space within Norcross Town Center Net of Excess Inventory

As indicated in the discussion of excess inventory in the Norcross Town Center area, there is no excess office inventory identified. Thus, the demand for office space within the Town Center net of excess demand is equal to the gross demand indicated above: **52,315** square feet over the next ten years and **662,973** square feet by 2037.

Total Norcross LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Office (from employment growth)	**SF =**	**52,315**	**662,973**

b. Neighborhood Services Space Demand Projections

New Demand for Neighborhood Services Space within Norcross

The increase in households within the various market areas will in itself create demand for space for business, professional (e.g. legal, medical, financial, real estate) and other services directed toward the local residential community. Based on an industry standard of demand for 15 square feet of such space per household, the total new Neighborhood Services space required in the City of Norcross by 2022 will total **26,039** square feet over the next ten years and **56,996** square feet through 2037 based on the projected increase in households by 2037.

Existing Supply: Neighborhood Services within Norcross City					
Market Area	Existing Households	Local Office SF/HH	Total SF Supply		
Norcross City	3,213	15	48,196		
Demand for New Neighborhood Services within Norcross LCI					
Market Area	New Households	Local Office SF/HH	Total SF Demand	Share of Market	Total New SF Demand
City 2012-22	1,736	15	26,039	100%	26,039
City 2012-37	3,800	15	56,996	100%	56,996
Total SF Demand from New Household Formation: 2012-22					**26,039**
Total SF Demand from New Household Formation: 2012-37					**56,996**

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

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

New Demand for Neighborhood Services Space within Norcross Town Center LCI Study Area

Based on an industry standard of demand for 15 square feet of such space per household, the total new Neighborhood Services space required in the Norcross Town Center area by 2022 will total **7,343** square feet over the next ten years and **16,074** square feet through 2037 based on the projected increase in households by 2037.

Existing Supply: Neighborhood Services within Norcross LCI					
Market Area	Existing Households	Local Office SF/HH	Total SF Supply		
Norcross-Study Area	573	15	8,599		
Demand for New Neighborhood Services within Norcross LCI					
Market Area	New Households	Local Office SF/HH	Total SF Demand	Share of Market	Total New SF Demand
Study Area 2012-22	490	15	7,343	100%	7,343
Study Area 2012-37	1,072	15	16,074	100%	16,074
Total SF Demand from New Household Formation: 2012-22					7,343
Total SF Demand from New Household Formation: 2012-37					16,074
Each new household supports		***15***	*SF of Neighborhood-serving office*		

New Demand for Neighborhood Services Space within Norcross Town Center Net of Excess Inventory

Based on the Excess Inventory analysis, there are currently 217 square feet of excess Neighborhood Services space within the Norcross Town Center area. Reducing demand by this amount yields a net 10-year demand within the City of Norcross for Neighborhood Services space to **7,127** square feet and 25-year demand to **15,857** square feet.

Total Norcross LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Neighborhood Services (from household growth)	SF =	7,127	15,857

c. Industrial Space Demand Projections

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

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

New Demand for Industrial Space within Norcross Superdistrict

ARC projects that 6,911 industrial-related jobs will be added to the Norcross Superdistrict over the next ten years, with an additional 13,466 projected over the following 15 years for a total of 20,377 over the 25-year period 2012-2037. These projections clearly reflect the continued significant role of industrial-based employment in the Norcross area.

Norcross Superdistrict: Industrial-related Job Gain/-Loss							
Year	CONST*	MFG	TCU*	WHOL	TOTAL	CUMUL	ANN INC
2012							
2017	162	1,079	537	1,531	3,308	3,308	662
2022	118	1,291	583	1,611	3,603	**6,911**	721
2027	130	1,461	643	1,779	4,013	10,924	803
2032	144	1,653	710	1,964	4,471	15,395	894
2037	159	1,870	784	2,168	4,981	**20,377**	996

**20% of CONST requires enclosed Industrial space*
65% of TCU requires enclosed Industrial space

Based on the average amount of space as measured in square feet that are required in these Industrial-related occupations, the demand in the Norcross Market Area over the next ten years (to 2022) for additional industrial space based on industrial-related employment growth is projected to total **2,741,429** square feet. Through 2037, gross demand for industrial space within Norcross will total of **7,937,084** square feet.

Norcross Superdistrict: Industrial Space (SF) Demand Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
SF/Employ	**307**	**318**	**293**	**336**			
2012							
2017	247,937	343,317	241,858	513,578	1,346,690	1,346,690	269,338
2022	180,930	410,989	262,302	540,518	1,394,739	**2,741,429**	278,948
2027	199,761	464,997	289,603	596,776	1,551,136	4,292,565	310,227
2032	220,552	526,101	319,745	658,889	1,725,286	6,017,851	345,057
2037	243,507	595,235	353,024	727,466	1,919,233	**7,937,084**	383,847

Sources: ARC, GSU EFC, Huntley Partners

New Demand for Industrial Space within City of Norcross

Based on the data indicating that approximately 14% of the total employment growth driving demand for industrial space in the Superdistrict will be from within Norcross's City limits, the projected demand for this type of space with the City is estimated at **383,800** square feet (from **968** additional jobs) over the 10-year period 2012-22 and **1,111,192** square feet over the 25-year period 2012-37.

Norcross City: Industrial Employees Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
City SOM	**14.0%**	**14.0%**	**14.0%**	**14.0%**			
+Induced	**0.0%**	**0.0%**	**0.0%**	**0.0%**			
2012							
2017	23	151	75	214	463	463	93
2022	17	181	82	226	504	**968**	101
2027	18	205	90	249	562	1,529	112
2032	20	231	99	275	626	2,155	125
2037	22	262	110	304	697	**2,853**	139

Sources: ARC, GSU EFC, Huntley Partners

Norcross City: Industrial Space (SF) Demand Gain/-Loss							
Year	CONST	MFG	TCU	WHOL	TOTAL	CUMUL	ANN INC
City SOM	14.0%	14.0%	14.0%	14.0%			
+Induced	0.0%	0.0%	0.0%	0.0%			
2012							
2017	34,711	48,064	33,860	71,901	188,537	188,537	37,707
2022	25,330	57,538	36,722	75,673	195,263	**383,800**	39,053
2027	27,967	65,100	40,544	83,549	217,159	600,959	43,432
2032	30,877	73,654	44,764	92,244	241,540	842,499	48,308
2037	34,091	83,333	49,423	101,845	268,693	**1,111,192**	53,739

Sources: ARC, GSU EFC, Huntley Partners

New Demand for Industrial Space within Norcross Town Center

Data indicate that the Norcross Town Center LCI Study Area contains approximately 32% of all industrial property within the City of Norcross. This produces a proportionate 10-year demand of **122,604** square feet and a total 25-year demand of **354,968** square feet within the Town Center area.

Total Demand for Space/Units within Norcross Town Center 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Industrial (from employment growth)	**SF =**	**122,604**	**354,968**

New Demand for Industrial Space within Norcross Town Center Net of Excess Inventory

Based on the Excess Inventory analysis, of the total 273,370 square feet of excess inventory estimated within the City of Norcross, there are currently 87,328 square feet of excess industrial space within the Norcross Town Center area. Reducing demand by this amount yields a net 10-year demand within the Norcross Town Center for industrial space to **35,277** square feet over the next ten years and a total 25-year demand of **267,641** square feet.

Total Norcross LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Industrial (from employment growth)	**SF =**	**35,277**	**267,641**

d. Retail Demand Projections

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

Current Unmet Retail Demand within Primary Market

There are indications that there is a significant amount of pent-up demand within the Norcross Market Area that is currently unmet by existing retail offerings. This unmet demand is reflected in amounts of sales dollars that are spent outside the market area by Norcross residents.

There appears to be sufficient unmet retail demand to support **752,925** square feet of new retail in the Norcross 0-2 mile Primary Market. Based on the amount of "leaked" consumer dollars being spent outside that 2-mile area, the major types of currently-supportable retail stores are included in the table below, with the most significant unmet retail needs summarized as follows:

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

Total Market Area Current Unmet Retail Demand

Category - Retail	Total Area Sales Leakage	Area Share of Sales *Share of Mrkt	Additional Spending	Sales Per SF	Additional SF
Full-service Restaurants	$ 103,589,273	30%	$ 31,060,153	$ 350	88,743
Limited-service Eating	$ 159,214,915	45%	$ 72,148,788	$ 350	206,139
Special Food Services	$ 43,234,719	31%	$ 13,413,135	$ 350	38,323
Specialty Food Stores	$ 617,578	25%	$ 151,307	$ 350	432
Beer, Wine, Liquor	$ 5,654,967	23%	$ 1,286,505	$ 350	3,676
Drinking Places	$ 7,206,656	29%	$ 2,125,112	$ 350	6,072
Grocery Stores	$ 118,544,552	36%	$ 42,474,910	$ 350	121,357
Bldg Material, Lawn, Garden	$ 30,748,817	21%	$ 6,457,252	$ 300	21,524
HH Furnishings/Equipment	$ 19,477,627	12%	$ 2,386,009	$ 300	7,953
Electronics & Appliances	$ -		$ -	$ 300	-
Florists	$ 1,274,977	25%	$ 312,369	$ 300	-
Office Supply/Stationary	$ 43,862	60%	$ 26,317	$ 300	88
Used Merchandise Stores	$ -		$ -	$ 300	-
Other Misc Store Retailers	$ 3,695,020	25%	$ 905,280	$ 300	-
Sports, Hobbies, Books, Music	$ 9,122,076	24%	$ 2,212,145	$ 300	7,374
Dept. Stores	$ 92,832,746	27%	$ 25,224,617	$ 300	84,082
Apparel & Accessories	$ 46,582,780	25%	$ 11,463,660	$ 300	38,212
Health & Personal Care	$ 49,710,263	42%	$ 20,720,260	$ 300	69,068
Misc. General Merchandise	$ 51,326,733	35%	$ 17,964,357	$ 300	59,881
TOTAL UNMET DEMAND	$ 742,877,561	34%	$ 250,332,175		**752,925**

Sources: ESRI, Huntley Partners, ICSC

- **Full-service Restaurants:** The Norcross Town Center has a strong critical mass of restaurants and bar-grill-pub offerings. With respect to establishing a dining destination, more restaurants are better, particularly if (1) the variety of offerings can be increased, (2) a noteworthy local chain with individually-named restaurants (e.g. Fifth Restaurant Group) opens in the area and/or (3) a

unique restaurant can be established with a "name" or "new star" chef at its helm.

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

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

Retailers with Most Unmet Net Demand in Norcross Market Area*

Rank: Retailers with Most Unmet Demand	Gross Mkt Area Unmet Demand	GMA SOM	Net Demand	Sales PSF	Supportable Retail SF	# of Stores	Avg SF per Store	Examples**
1 Limited-service Eating	$ 159,214,915	36%	$ 72,148,788	$ 350	206,139	82	2,500	Chipotle, Zaxbys, BBQ
2 Grocery Stores	$ 118,544,552	45%	$ 42,474,910	$ 350	121,357			
Supermarkets						2	70,000	Publix, Kroger
Specialty Grocery Stores						8	15,000	Trader Joes, Savi
3 Full-service Restaurants	$ 103,589,273	27%	$ 31,060,153	$ 350	88,743	12	7,500	Outback, Dominick's
4 Dept. Stores								
Standard Dept. Stores	$ 92,832,746	31%	$ 25,224,617	$ 300	84,082	1	125,000	JC Penny, Sears, Macys
Junior Dept. Stores						1	60,000	Ross, TJMaxx
Smaller Gen Merch Store						4	20,000	
5 Health & Personal Care	$ 49,710,263	21%	$ 20,720,260	$ 300	69,068	69	1,000	Salon, Spa, Exercise
6 Misc. General Merchandise	$ 51,326,733	35%	$ 17,964,357	$ 300	59,881	0	200,000	Walmart, Target
7 Special Food Services	$ 43,234,719	42%	$ 13,413,135	$ 350	38,323	26	1,500	Catering
8 Apparel & Accessories	$ 46,582,780	30%	$ 11,463,660	$ 300	38,212	15	2,500	Boutique, Shoes
9 Bldg Material, Lawn, Garden	$ 30,748,817	12%	$ 6,457,252	$ 300	21,524	0	100,000	Home Depot, Lowes
Hardware Store						7	3,000	Ace Hardware
10 HH Furnishings/Equipment	$ 19,477,627	25%	$ 2,386,009	$ 300	7,953	0	30,000	Amer Signature Furn
11 Sports, Hobbies, Books, Music	$ 9,122,076	25%	$ 2,212,145	$ 300	7,374	0	30,000	Barnes&Noble
12 Drinking Places	$ 7,206,656	25%	$ 2,125,112	$ 350	6,072	2	3,000	Bar with limited menu
13 Beer, Wine, Liquor	$ 5,654,967	60%	$ 1,286,505	$ 350	3,676	1	2,500	Wine, Package Store
14 Other Misc Store Retailers	$ 3,695,020	25%	$ 905,280	$ 300	-	-	1,000	Gifts, Occasions
15 Florists	$ 1,274,977	29%	$ 312,369	$ 300	-	-	800	
16 Specialty Food Stores	$ 617,578	23%	$ 151,307	$ 350	432	0	1,500	Chocolat/Candy Shop
17 Office Supply/Stationary	$ 43,862	24%	$ 26,317	$ 300	88	0	10,000	Office Max/Depot
18 Electronics & Appliances	$ -	0%	$ -	$ 300	-	-	50,000	Frye's
19 Used Merchandise Stores	$ -	0%	$ -	$ 300	-	-	1,000	Antiques

* *"Norcross Market" same as 2-mile Primary Market*

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

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

New Demand for Retail Space within Primary Market from Household Growth

Rather than relying primarily on current excess demand within the Norcross' overall market area to support the need for new or reposition retail with the Community, such demand may be found in the significant increase in households with its Primary, Secondary and Tertiary markets. Projected increases in population and households within the three Norcross market areas are particularly relevant to the retail demand analysis. Estimates of incremental demand over the 10-year 2011-21 period for retail and related services incorporate available demographic and income data, as well as growth projections over that 10-

year time-frame.

Based on 2012-2022 new household growth and the increase in per-household disposable income, an additional **989,075** square feet of new retail offerings could be supported within the Norcross by 2022 from new demand attracted from the Primary, Secondary and Tertiary Market Areas.

Potential New Demand for Retail Space within Primary Market From Household and Income Growth: 2012-2022		
Primary Market Area	**134,026**	SF
Secondary Market Area	**322,318**	SF
Tertiary Market Area	**532,731**	SF
Retail Demand from Market Area Growth	**989,075**	**SF**

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

Additional Retail SF Demand from Household Growth: 2012-22 Total Market Area (0-6 miles)					
	Total Area	Area Share of Sales			
Selected Retail Categories	Additional Spending	Share	Additional Spending	Sales Per SF	Additional SF
Food Away from Home	$ 210,383,915	25%	$ 52,864,420	$ 350	151,041
Food at Home	711,886,489	24%	173,249,074	350	494,997
HH Furnishings/Equipment	114,855,234	23%	26,424,161	300	88,081
Computers & Accessories	14,664,196	19%	2,834,268	300	9,448
TV/Video/Sound Equipment	79,249,085	23%	18,374,171	300	61,247
Entertainment/Rec - Stores	205,474,280	13%	27,576,508	300	91,922
Apparel & Accessories	110,462,664	25%	27,701,769	300	92,339
Vehicle M & R	55,776,103	0%	-	300	-
SELECTED RETAIL TOTALS	$ 1,502,751,966	22%	$ 329,024,371	$ 333	**989,075**

Retail categories of particular relevance to Norcross include the following:

- **Supermarkets/Grocery Stores** (as reflected in "Food at Home" expenditure projections) = 494,997 SF additional demand
- **Restaurants** (as reflected in "Food Away from Home" expenditure projections) = 151,041 SF additional demand
- **Apparel and Accessories** = 92,339 SF additional demand
- **Entertainment & Recreation** = 91,922 SF additional demand
- **Household Furnishings and Equipment =** 88,081 SF additional demand

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

New Retail Demand from Area Employees

Area employees – primarily daytime employees – represent an additional source of significant demand for retail in the Norcross. Average annual retail expenditures by daytime employees as estimated by the International Council of Shopping Centers (ICSC) and the Urban Land Institute (ULI) equal approximately $3,200 per employee, with approximately 65% being spent within the Norcross Market. Based on projected growth of employment within the Norcross, new (additional) retail demand based on-site employment and per-employee retail expenditures is estimated at **36,038** square feet by 2022.

Additional Retail SF Demand from Area Job Growth: 2012-22 0-2 mile Market Area					
	Total Area	Area Share of Sales			
Selected Retail Categories	Additional Spending	Share	Additional Spending	Sales Per SF	Additional SF
All Retail: Current Employees	$ 13,624,312	65%	$ 8,855,803	$ 333	26,621
All Retail: New Area Employees	$ 4,819,492	65%	$ 3,132,670	$ 333	9,417
TOTALS	$ 18,443,804	65%	$ 11,988,473		**36,038**

Total New Demand for Retail Space 2011-2022 within the Primary Market

Based on the above assumptions and calculations, by 2022 there will be enough new demand for store-based retail from (1) current unmet demand, (3) household and income growth within the Norcross 6-mile Total Market Area and (3) growth in employees within the Norcross Superdistrict-based Primary Market to support **1,778,038** square feet of additional retail space.

Total New Demand 2012-2022 for Space/Units within Primary Market Area		
Retail		
From Current Unmet Demand	**752,925**	SF
From New Area Employees	**36,038**	SF
From All Market Areas 10-year Growth	**989,075**	SF
Total Retail	**1,778,038**	**SF**

New Demand for Retail Space within City of Norcross

Based on the supportable assumption that approximately **30%** of the total retail demand within the 2-mile Primary Market is contained within the City of Norcross, demand for retail within the City from all sources could support an additional **530,395** square feet of retail over the 10-year 2012-22 period.

Total Demand for New Space/Units within Norcross City 2012-2022			
Retail: City as % of Primary Area	**30%**		
From Current Unmet Demand		**224,600**	SF
From New Area Employees		**10,750**	SF
From All Market Areas 10-year Growth		**295,044**	SF
Total Retail		**530,395**	**SF**

New Demand for Retail Space within Norcross Town Center LCI Study Area

Based on the data, approximately **52%** of the total retail demand within the City of Norcross is contained within the Norcross Town Center LCI Study Area. This produces a demand for retail within the Town Center area from all sources that could support an additional **275,162** square feet of retail over the 10-year 2012-22 period.

Total Demand for New Space/Units within Norcross Town Center 2012-2022			
Retail: LCI Study Area as % of City	52%	275,162	SF

New Demand for Retail Space within Norcross Town Center Net of Excess Inventory

While the total demand for new retail space over the next ten years is estimated at 275,162 square feet, **73,112** square feet of "excess" vacant retail space is estimated to exist currently within the LCI Study Area. It is assumed that this excess supply will be absorbed over the next five years so that the retail market can return to equilibrium by 2017 even as new retail space is developed.

Total Norcross LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Retail	SF =	202,050	529,180

Thus, the net demand for new retail development over the next ten years (2012-2022) is **202,050** square feet. This same amount is deducted from the 25-year demand projections, resulting in an estimated **529,180** square feet of demand for new retail development by 2037.

e. Housing Demand Projections

New Demand for Housing with the Norcross Primary Market Area

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

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

Over the next ten years, a demand for a total increase of **5,511** housing units is projected within the 2-mile Norcross Primary Market Area City, of which 2,081 (38%) are anticipated to be owned units and 3,430 (62%) are anticipated to be rental units.

Summary of Demand for Households within Primary Area	
2012-2022	*Primary Area*
Total Average Annual Owner Demand for Townhouses	**17**
Total Average Annual Owner Demand for Single Family	**191**
Total Average Annual Owner Demand	**208**
Total Average Annual Renter Demand	**343**
Total 2012-2022 Demand: Townhouses	**167**
Total 2012-2022 Demand: Single Family	**1,914**
Total 2012-2022 Demand: All Ownership	**2,081**
Total 2012-2022 Demand: Rental	**3,430**
Total Residential Units 2012-2022	**5,511**

New Demand for Housing with the City of Norcross

Over the next ten years, a demand for a total increase of **1,736** housing units is projected within the City, of which 665 (38%) are anticipated to be owned units and 1,080 (62%) are anticipated to be rental units. Of the ownership units, 603 are anticipated to be single-family detached housing and 53 are anticipated to be townhouse or condominium units. Over the 25-year period 2012-37, a demand for a total of **3,800** new housing units is anticipated, with 1,444 being ownership units and 2,356 being rental units.

Summary of Demand for Households City of Norcross	
2012 Total Households: Norcross City	**3,213**
2012 Total Households: Primary Market Area	**10,200**
2012 City as % of Primary Market Households	**31.5%**
Premium SOM % due to City: Townhomes, Apts	**0.0%**
Total Anticipated SOM % in Norcross City	**31.5%**
2012-2022	*in City*
Total Average Annual Owner Demand for Townhouses	**5**
Total Average Annual Owner Demand for Single Family	**60**
Total Average Annual Owner Demand	**66**
Total Average Annual Renter Demand	**108**
Total 2012-2022 Demand: Townhouses	**53**
Total 2012-2022 Demand: Single Family	**603**
Total 2012-2022 Demand: All Ownership	**655**
Total 2012-2022 Demand: Rental	**1,080**
Total Residential Units 2012-22: City Demand	**1,736**
Total Residential Units 2012-37: City Demand	**3,800**

Net New Demand for Housing within the Norcross Town Center Study Area

As with net demand for additional office, industrial and retail space, the total demand for new housing units must take into account the amount of excess housing inventory that is currently on the market. Surprisingly, given the excess of residential inventory throughout most Metro Atlanta communities, there appears to be approximately 6-7 months' supply of housing currently in Norcross, or approximately that

of a healthy, stable market. Given this data, one may conclude that there is no excess housing inventory in the Norcross area.

Incorporating these assumptions, the net demand for housing within the Norcross Town Center Study Area is reflected in the following table.

Summary of Demand for Households Norcross Town Center Study Area	
2012 Total Households: Norcross Town Center	**573**
2012 Total Households: Primary Market Area	**10,200**
2012 Town Center as % of Primary Market Households	**5.6%**
Premium SOM % due to Town Center: Townhomes, Apts	**5.0%**
Total Anticipated SOM % in Town Center Study Area	**10.6%**
2012-2022	***in Study Area***
Total Average Annual Owner Demand for Townhouses	**2**
Total Average Annual Owner Demand for Single Family	**11**
Total Average Annual Owner Demand	**13**
Total Average Annual Renter Demand	**36**
Total 2012-2022 Demand: Townhouses	**18**
Total 2012-2022 Demand: Single Family	**108**
Total 2012-2022 Demand: All Ownership	**125**
Total 2012-2022 Demand: Rental	**364**
Total Residential Units 2012-22: Study Area Demand	**490**
Total Residential Units 2012-37: Study Area Demand	**1,296**

Over the next ten years, there will be a net demand in the Norcross Town Center LCI Study Area for **490** housing units. Of these, **125** will be ownership units and **364** will be rental units. Of the 125 ownership units, 108 will be single-family detached units and 18 townhouse or condominium units.

Over the 25-year period 2011-2037, there will be demand for a total of **1,296** new units, of which **332** will be for owned units (285 single-family detached and 47 townhouse/condo units) and **964** will be for rental units (assumed to be overwhelmingly multifamily units – i.e. apartments).

2. Total Demand for Retail, Office and Residential Development

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

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

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

a. Total Primary Market Demand

Based on household, income and employment growth, total projected demand for retail, office and residential product within retail and residential 2-mile Primary Market, as well as the office and industrial "Norcross Superdistrict" market, the amount of development that could be supported within those respective Primary and Superdistrict markets over the next ten years (2012-2022) is summarized in the following table.

Total New Demand 2012-2022 for Space/Units within Primary Market Area		
Retail		
From Current Unmet Demand	**752,925**	SF
From New Area Employees	**36,038**	SF
From All Market Areas 10-year Growth	**989,075**	SF
Total Retail	**1,778,038**	**SF**
Neighborhood Services (from household growth)	**82,659**	**SF**
Office (from Superdistrict employment growth)	**3,793,284**	**SF**
Industrial (from Superdistrict employment growth)	**2,741,429**	**SF**
Residential: Single Family Detached Houses	**1,914**	**Units**
Residential: Townhouses	**167**	**Units**
Residential: Multi-family Rental/Apartments	**3,430**	**Units**
Total Residential Units: All Types	**5,511**	**Units**

b. Total Demand within the City of Norcross

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

Total Demand for New Space/Units within Norcross City 2012-2022			
Retail: City as % of Primary Area	**30%**		
From Current Unmet Demand		**224,600**	SF
From New Area Employees		**10,750**	SF
From All Market Areas 10-year Growth		**295,044**	SF
Total Retail		**530,395**	**SF**
Neighborhood Services: City as % of Primary Area	**32%**	**26,039**	**SF**
Office: City as % of Primary Area	**22%**	**833,592**	**SF**
Industrial: City as % of Primary Area	**14%**	**383,800**	**SF**
Residential: City as % of Primary Area	**32%**		
Residential: Single Family Detached Houses		**603**	**Units**
Residential: Townhouses		**53**	**Units**
Residential: Multi-family Rental/Apartments		**1,080**	**Units**
Total Residential Units: All Types		**1,736**	**Units**

c. Total Demand within the Norcross Town Center Study Area

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

Total Demand for New Space/Units within Norcross Town Center 2012-2022			
Retail: LCI Study Area as % of City	**52%**	**275,162**	**SF**
Neighborhood Services: LCI Study Area as % of City	**28%**	**7,343**	**SF**
Office: LCI Study Area as % of City	**24%**	**203,843**	**SF**
Industrial: LCI Study Area as % of City	**32%**	**122,604**	**SF**
Residential: Single Family Detached Houses	**18%**	**108**	**Units**
Residential: Townhouses	**34%**	**18**	**Units**
Residential: Multi-family Rental/Apartments	**34%**	**364**	**Units**
Total Residential Units: All Types	**28%**	**490**	**Units**

d. Excess Inventory within City of Norcross and Norcross Town Center Area

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

Current Excess Inventory within Norcross City and Town Center						
City as % of Total Submarket:	Retail =	30%	LCI as % of City:		Retail =	52%
	Neigh Services =	32%			Neigh Services =	28%
	Office =	22%			Office =	24%
	Industrial =	14%			Industrial =	32%
	City Vacant SF		Vac %	Excess @	Excess SF	LCI Excess SF
Retail: Stable Vacancy @ 8%	396,351		12.4%	36%	140,928	73,112
Neighborhood Services	1,542		17.9%	50%	768	217
Office: Stable @ 10%	537,086		23.5%	57%	308,075	-
Industrial: Stable @ 8%	643,165		13.9%	43%	273,370	87,328
Residential	City Vacant Units				Excess Units	LCI Excess Units
Total Vacant Units	59			0%	-	-
SFD % of Vacant Units	44%				-	-
Townhouses % of Vacant Units	6%				-	-
Rental % of Vacant Units	50%				-	-

e. Net 10-year and 25-year Demand within Norcross Town Center Study Area

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

Total Norcross LCI Demand Net of Current Excess Inventory 2012-2037			
		Yrs 1-10 2012-2022	*Total 25 Yrs 2012-2037*
Retail	SF =	202,050	529,180
Neighborhood Services (from household growth)	SF =	7,127	19,221
Office (from employment growth)	SF =	203,843	662,973
Industrial (from employment growth)	SF =	35,277	267,641
Residential: Single Family Detached Houses	Units =	108	285
Residential: Townhouses/Condos	Units =	18	47
Residential: Multi-family Rental/Apartments	Units =	364	964
Total Residential Units: All Types	Units =	490	1,296

f. Key Demand Findings

Strong retail demand: Current unmet retail demand and the projected growth in both households and the income within those households within the Norcross Town Center retail market area should generate demand for over 200,000 square feet of net (of current excess vacancies) new retail space within the Norcross city limits over the next ten years, and almost 530,000 square feet through 2037.

Moderately strong office demand: Although not known as an office market, employment growth projections by ARC indicate moderately strong demand for professional and business services office space in Norcross. Over the next ten years, net demand for almost 204,000 square feet of new office space is anticipated, with that demand increasing to just over 660,000 square feet by 2037.

Minimal near-term new industrial demand: Based on ARC's projections through 2040 in those employment classifications generally considered as "industrial" jobs, there will be minimal (35,000 square feet) net new demand for industrial space in Norcross over the next ten years. Through 2037, net demand is projected to be almost 268,000 square feet.

Moderately strong residential demand: Based on population growth within the city, net new demand for housing units in the Norcross Town Center LCI area by 2022 is projected to total 490. Three-quarters (74%) of the demand is anticipated to be for multifamily rental units based on identified trends in housing preferences. The city must make every attempt to introduce new retail, services and public amenities into the Norcross Town Center area that will provide a stronger and more-varied critical mass of retail within the area, which in turn will add to the area's appeal as a place to live.

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

Housing Projections

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

Projected Housing by Type: 2012-2037	
Total Housing Units	1,296
Single-family Detached	285
Townhouses/Condos	47
MF Rental	964

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

HOUSING PROJECTIONS	2010						
Existing Households	556						
Current Population	1,306						
Household Size per Occupied Unit	2.33	2012	2017	2022	2027	2032	2037
Baseline Households: 2012		573	573	573	573	573	573
Projected New Housing Units during 5-yr Periods		-	245	245	253	268	284
Cumulative New Housing Units at Designated Year			245	490	743	1,011	1,296
Total Net Housing Units at Designated Year	**556**	**573**	**818**	**1,063**	**1,316**	**1,584**	**1,868**

Population Projections

Population increases within the TOD area is based on an anticipated 1.86 persons per household 2012-2037. The population increase due to new residential development is added to the baseline LCI-study area population of 1,344 in 2012 and is projected to reach 3,759 in 2037.

POPULATION PROJECTIONS	2010						
Baseline Household Units		573	573	573	573	573	573
Additional Household Units due to Projected New Housing		-	245	245	253	268	284
Additional Population due to New Housing @ 1.86 per unit		**-**	**457**	**457**	**472**	**500**	**529**

Projected Baseline Population	1,306	1,344	1,344	1,344	1,344	1,344	1,344
Additional Population due to Projected Development		-	457	457	472	500	529
Total Projected Population at 5-year Intervals	**1,306**	**1,344**	**1,800**	**2,257**	**2,729**	**3,228**	**3,759**

Job Projections

Net new job growth is based on the introduction of new types of development that represent new FTE (full-time-equivalent) jobs: retail and office (both professional and local-serving). Employment in the 0.87-square-mile TOD area is projected to grow from 3,753 in 2012 to 8,222 in 2037.

JOB PROJECTIONS	2010						
Existing Jobs	3,753						
		2012	2017	2022	2027	2032	2037
Baseline Jobs		3,753	3,753	3,753	3,753	3,753	3,753
Net New FTE Jobs from Projected Development (5 yrs)			706	819	893	978	1,073
Cumulative New Jobs at Designated Year			706	1,525	2,418	3,396	4,469
Total Net Projected Jobs at Given Year	**3,753**	**3,753**	**4,459**	**5,278**	**6,171**	**7,149**	**8,222**

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

Projected Non-residential Development (SF)		2010	2012	2017	2022	2027	2032	2037
Retail	529,180 SF			98,113	103,937	106,449	109,023	111,658
Neighborhood Services	19,221 SF			3,564	3,564	3,788	4,026	4,280
Office	662,973 SF			87,930	115,913	132,764	152,094	174,272
Industrial	267,641 SF			16,564	18,713	69,371	77,160	85,833

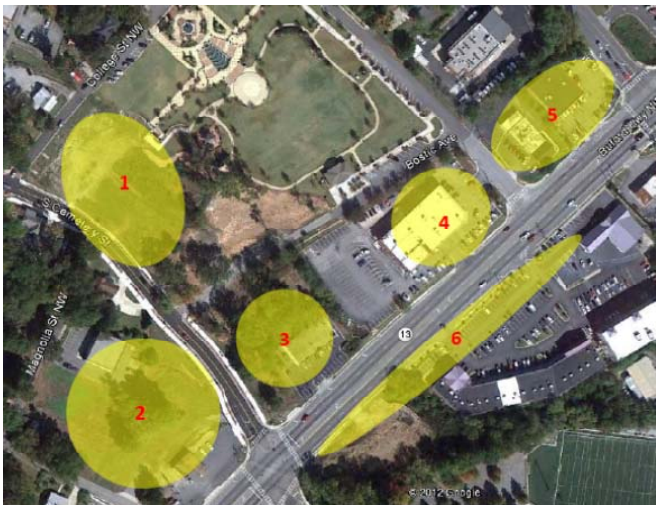
Jobs-to-Housing Ratio

Over the next 25 years, the TOD area is projected to add significant numbers of mid-to-high density multifamily (stacked-flat condominiums and rental apartments) and townhouse units that will decrease the jobs-to-housing ratio significantly. The ratios are projected to decrease from 6.75 in 2010 to 4.96 by 2022 and 4.40 by 2037 – assuming that multifamily and townhouse development equals projected demand.

	2010	2012	2017	2022	2027	2032	2037
Jobs:Housing Ratio (Jobs per Housing Unit)	**6.75**	**6.55**	**5.45**	**4.96**	**4.69**	**4.51**	**4.40**

h. Development Concept Observations

The demand projections strongly support a development concept that is built around the following basic types of development in the general areas recommended by the Consulting Team:



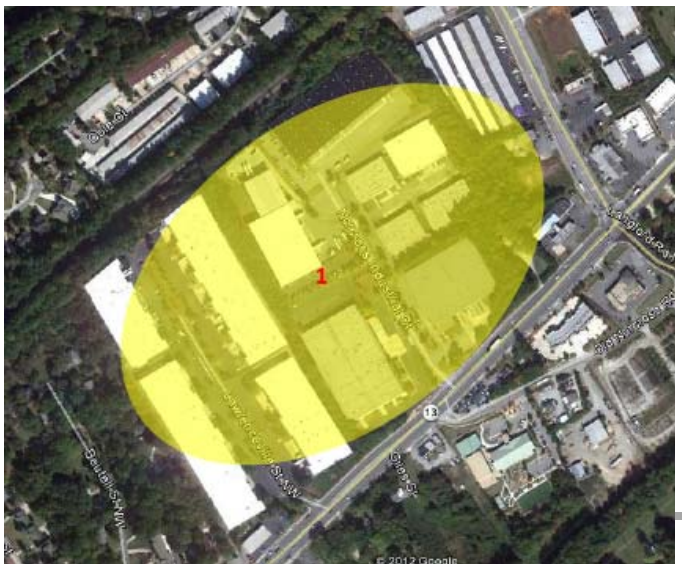
Buford Gateway Development

1. Single-family homes [19 units]
2. Street-level retail [24,000 SFT], second-story office [22,000), and 3rd-5th floor Apartments/Condos [54 units]
3. Retail/restaurant(s) [24,000SF]
4. Retail/restaurant(s) [23,450 SF]
5. Ground floor retail/office [20,000 SF] with residential above [150 units]
6. Retail outparcels [7,500 SF]



Buford Front Development Assemblage

1. Mid-rise mixed-use Apartments [100 Units] or Office [50,000 SF] with street-level retail [10,000 SF]



"Modern/New Industry" Node

1. Marketing of vacant industrial complex toward "new industry" enterprises: High-tech and life sciences design, manufacture, assemblage and/or distribution; information and design software [150,000 SF]



Jimmy Carter Boulevard Node

1. Mid-rise Office [225,600 SF]
2. Mid-rise Office [227,200 SF], Residential (66 units), Ground floor retail (10,000 SF)



Skin Alley

1. Retail, restaurants [1,800 SF]
2. Residential (6 units)



Retail Site Assemblage

1. Retail, restaurants, services [10,000 SF]

The development concept generally calls for the type and density of development that would generate the following amounts of development:

- Multifamily Apartments 275-375 units
- Townhomes 20 units
- Retail and Restaurants 68,500 SF
- Office 85,000-135,000 SF
- Industrial 150,000 SF

Comparing this amount of projected development with demand projections leads to the following conclusions:

Net Demand for New Space/Units within Norcross LCI 2012-2037

	2012-17	*2018-22*	*2023-27*	*2028-32*	*2033-37*	*Totals*
Retail SF	98,113	103,937	106,449	109,023	111,658	529,180
Services SF	3,564	3,564	3,788	4,026	4,280	19,222
Office SF	87,930	115,913	132,764	152,094	174,272	662,973
Industrial SF	16,564	18,713	69,371	77,160	85,833	267,641
Apartment Units	182	182	189	200	211	964
Town/Condo Units	9	9	9	10	10	47
Single-family Units	54	54	56	59	62	285

- **Multifamily Apartments:** The 275-375 units anticipated in the development concept should be supported by demand within ten years, given that total residential demand is projected at 490 total new housing units by 2022, with 245 of those projected by 2017. It is likely that most housing development over the next ten years will be multifamily rental. Thus, the 275-375 units could be reached within 7-8 years. Overall, demand is more than sufficient to support multifamily development.

- **Townhomes:** While townhomes account for only a small portion of projected housing demand, the approximately 20 units anticipated in the development concept should be easily attainable in a single development within five years. If additional sites are available, the appeal of townhome products should be strong over the next 5-10 years, as they offer a "middle" alternative to single-family detached housing (which has moderately strong appeal in this market, but is severely restricted due to the scarcity of land for such development) and multifamily rental products.

- **Retail and Restaurants:** Demand for retail is strong, and the approximately 68,500 square feet of retail, restaurants and retail-oriented services anticipated in the development concept could actually be achieved within five years. The major constraint on new or repositioned retail, including restaurants, is the availability of sites. An additional constraint is the positioning or type of retail currently offered along Buford Highway. Current owners could be quite hesitant to replace existing retailers and/or retail offerings with higher-priced restaurants, particularly if that

entailed either selling their properties or investing in developing new restaurant facilities. The same may be said for new or repositioned retail in the existing Town Center area along S. Peachtree Street and Skin Alley. Current property and/or business owners would likely be hesitant to reposition their properties or sell them. In either location, however, demand is not the problem.

- **Office:** Demand for office space for professional and business services, including legal and medical services, is strong in the Norcross Town Center area. The lower end of the 85,000-135,000 square feet reflected in the development concept could be achieved within five years, and the full 135,000 square feet within ten years.

- **Industrial:** Demand for new industrial space within the Town Center study area over the next ten years is minimal due to (1) the excess inventory current on the market and (2) the longer-term transition of industrial property out of this higher-priced portion of Norcross. The only significant industrial node in the study area is the one off Norcross Industrial Court, where aging warehouse facilities are in need of major repositioning to attract "Modern Industry" businesses based on information and software design technologies. While there is less than 40,000 square feet of demand for new industrial space over the next ten years, this particular industrial node could see a significant reduction in its excess inventory over the next 5-10 years if "new" industrial businesses can be successfully targeted. Absorbing 150,000 square feet will, however, be difficult.

Special Issue: Community Grocery Store

Based on both the analysis of current unmet retail demand in the area, as well as projected future demand based on area household and income growth, it appears that demand could support a major supermarket such as a Publix or Kroger in the area. Due to store size and related parking requirements, such a store would have to be located along Buford Highway. Both Publix and Kroger have stores within several miles of the Norcross Town Center. However, neither is adverse to located stores relatively close to their other stores, and the access afforded by Buford Highway could be attractive to such mainstream supermarkets.

It is difficult to attract smaller "community-size" stores in the 20,000-40,000 square foot range into an area such as the Norcross Town Center. The major supermarket chains find this size too small. Specialty grocers are more likely to be attracted to the area's demographics. Trader Joe's has already entered the market, and ALDI's appeal is somewhat restricted. Fresh Market, however, does offer a range of products similar to Trader Joe's, and its 25,000 square foot model could work on available land within the study area. There are stores in the Buckhead-Roswell markets, but Norcross could offer an attractive opportunity.

i. Development Incentives

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

- **Parking:** Sufficient on-site or convenient off-site parking is a basic requirement of a successful Town Center. Parking is constrained enough in the Norcross Town Center area to warrant consideration of high-density structured parking, although the costs of such construction may be prohibitive. In the near-term, improvements in public parking signage combined with a coordinated program of public parking that incorporates locations, hours, rates (if any), visual identification and landscaping themes could improve the effectiveness of existing surface parking.

- **Tax Allocation District Financing:** Norcross should seriously consider re-establishing its Tax Allocation District now that the area's tax digest value has (hopefully) reached bottom. The newly-created TAD should include the frontage along both sides of Buford Highway as well as portions of the Town Center around Lillian Webb Park. Obviously, the industrial node and the Jimmy Carter Boulevard node – in conjunction with the Gwinnett Village TAD – should also be included. TAD funds can be used for parking improvements, land acquisition, streetscape and landscape improvements, lighting, sidewalk improvements, greenspace and pocket-park development, and matching funds for street improvements. TAD funds may also be used to directly pay for most costs related to private development.