THE SOUTH BROAD DISTRICT MARKET OVERVIEW

Chattanooga Design Studio
KEY DEMOGRAPHIC TRENDS

- Strong growth in households earning $50,000 - $150,000 annually
- 55-64 year olds have experienced the strongest growth in all income cohorts
- Losing households earning under $25,000 annually

Source: Nielsen, US Census Data, Chattanooga Fun Facebook, Downtown Chattanooga Facebook
POPULATION DENSITY

2000 Population Density (per sq. mile)
- North Shore: 3,392
- Center City: 2,230
- Riverfront: 1,907-2,003
- Southside: 1,111
- S. Broad District: 1,483
- St Elmo: 699
- MLK/University: 3,804-6,078
- Eastside: 2,122
- Chattanooga: 885
- Other areas: 3,859-5,459

2015 Population Density (per sq. mile)
- North Shore: 5,183
- Center City: 2,325
- Riverfront: 1,987
- Southside: 1,128
- S. Broad District: 557
- St Elmo: 914
- MLK/University: 4,001
- Eastside: 1,163
- Chattanooga: 7,217-7,827
- Other areas: 1,499
- MLK/University: 4,853-8,363
- Chattanooga: 4,748-4,805

Source: US Census
18 TO 34 YEARS OF AGE

Source: US Census
MORE THAN 55+

Source: US Census
BACHELOR'S DEGREE OR MORE

Source: US Census
MEDIAN HOUSEHOLD INCOME

Source: US Census

2000
Median household income in 1999 Dollars

North Shore: $34,792
Center City: $16,528
Southside: $13,293
Riverfront: $8,793
St Elmo: $14,154
S. Broad District: $7,614
$15,000
$30,000
$45,000
$60,000
$75,000
$90,000
$105,000
$120,000

2015
Median Household Income (In 2015 Inflation Adjusted Dollars)

North Shore: $69,107
Center City: $42,396
Southside: $47,813
Riverfront: $9,888
Eastside: $31,172
$15,000
$30,000
$45,000
$60,000
$75,000
$90,000
$105,000
$120,000

Source: US Census
MEDIAN HOME VALUE

Source: US Census
MEDIAN RENT

2000 Median Gross Rent

2015 Median Gross Rent

Source: US Census
MSA EMPLOYMENT GROWTH

1,124 New Jobs Annually

2,301 New Jobs Annually

Chattanooga MSA Job Growth

Historical Job Growth

Projected Job Growth

Source: Bureau of Labor Statistics, Moody's
LOCAL AREA EMPLOYMENT

Employment w/in 10 Miles of Study Area - Top 5 Industry Sectors

- Health Care and Social Assistance: 7%
- Retail Trade: 5%
- Manufacturing: 5%
- Accommodation and Food Services: 5%
- Educational Services: 4%

Total Employment by Distance from Study Area

- 10 Mile: 169,528
- 5 mile: 91,127
- 3 Mile: 62,071
- 1 Mile: 6,603

Source: OnTheMap and U.S. Census Bureau (2011)
## OFFICE DEMAND SUMMARY IN AREA

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Intown Capture of Metro</strong></td>
<td>71.4%</td>
<td>52.6%</td>
<td>92%</td>
</tr>
</tbody>
</table>

Source: NCG
## Manufacturing Demand Summary in Area

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Intown Capture of Metro</strong></td>
<td>-6.4%</td>
<td>-8.5%</td>
<td>-10.8%</td>
</tr>
</tbody>
</table>

Source: NCG
COMMERCIAL PRODUCT TYPES

Class A Office
$16-$18/SF SF
Mod Gross

Medical Office
$18-$20/SF
Mod Gross

Creative Office
$10-$12/SF
Mod Gross

Light Industrial/Flex
$6/SF Mod Gross
Community makerspace with workspaces and educational centers that provide individuals with necessary tools for design and fabrication of projects

- Interested parties purchase membership for access to resources and personal workspace

- Strengthens climate for small manufacturing businesses

- Educational for exposure to new tools and techniques

- Living wages with low educational requirements

Sommerville, MA
Artist Asylum
85,500 SF
- Bike manufacturing
- Screen printing
- Brewery
- Design firms
- Rock climbing gym

Source: Mass Economics
**Rationale for Industrial Uses**

- **Economic development infrastructure**: B2B Blue Collar supports virtually all firms by offering capabilities in facilities maintenance, catering, repair services, etc.
- **Land absorption**: B2B Blue Collar has minimal location and infrastructure demands, utilizes a wide range of building types and land sizes.
- **Repurposing existing buildings**: Small-scale manufacturing and B2B firms can absorb Class C space.
- **Economic inclusion**: Two of only three target clusters with good wages and high utilization of workers without some college.
- **Social inclusion**: Many segments require little start-up capital; historically has provided entrepreneurship opportunities for Minority- and Women-Owned Business Enterprises (M/WBE).
- **Fiscal**: Industrial firms can have low expenditures per revenue.

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Expenditures Associated with Every Dollar of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$1.06 – $1.15</td>
</tr>
<tr>
<td>Non-Industrial</td>
<td>$0.77 – $0.94</td>
</tr>
<tr>
<td>Industrial</td>
<td>$0.60 – $0.69</td>
</tr>
</tbody>
</table>

Source: Mass Economics

**Average Wage vs. Educational Requirements**

- High Value Professional + Management Services
- Applied Comp. Processing + Engineering
- Digital Arts / New Media
- Advanced Logistics
- Bio / Life Science
- Local B2B White Collar
- Manufacturing
- Local B2B Blue Collar
- Neighborhood Health Services
- Hospitality + Tourism
- Retail

**Percent of Jobs Requiring a High School Diploma or Less**

Sources: QWI, QCEW, BLS Employment Projections Program, ICIC, Interface, Mass Economics analysis.
<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>MSA Avg. Ann. HH Growth</td>
<td>446</td>
<td>1,279</td>
<td>1,923</td>
<td>1,249</td>
</tr>
<tr>
<td>Jobs/HH</td>
<td>NA</td>
<td>1.76</td>
<td>2.61</td>
<td>1.39</td>
</tr>
</tbody>
</table>

Source: US Census, NCG
### Growth Increasingly in City and Intown Core

<table>
<thead>
<tr>
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<td>446</td>
<td>1,279</td>
<td>1,923</td>
<td>1,249</td>
</tr>
<tr>
<td>City Avg. Ann. HH Growth</td>
<td>560</td>
<td>229</td>
<td>1,404</td>
<td>2,144</td>
</tr>
<tr>
<td>City Capture of Metro</td>
<td>126%</td>
<td>18%</td>
<td>73%</td>
<td>172%</td>
</tr>
<tr>
<td>Intown Core Avg. Ann. HH Growth</td>
<td>-27</td>
<td>165</td>
<td>624</td>
<td>1,033</td>
</tr>
</tbody>
</table>

Source: US Census, NCG
WHAT TYPE OF HOUSING DOES THIS GROWTH NEED?

<table>
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<tr>
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<tr>
<td>Intown Core Avg. Ann. HH Growth</td>
<td>165</td>
<td>624</td>
<td>1,033</td>
</tr>
<tr>
<td>Net New Apartment Units/Year</td>
<td>94 (57%)</td>
<td>400 (64%)</td>
<td>600 (58%)</td>
</tr>
<tr>
<td>New Home Sales/Year</td>
<td>90 (55%)</td>
<td>200 (32%)</td>
<td>400 (39%)</td>
</tr>
<tr>
<td>Other</td>
<td>-19</td>
<td>24 (4%)</td>
<td>33 (3%)</td>
</tr>
</tbody>
</table>

Source: Costar, Hamilton County Tax Assessor, NCG
NEW RESIDENTIAL PRODUCT TYPES

Small Lot Single Family
$325K - 400K

Market Rate Apartments
One Bedroom
$950/mo.

Duplex/Townhomes
$275K - $325k

Condominiums
$250K - $450K

Affordable Apartments
1 Bedroom
$550/mo.
SOUTHSIDE GARDENS
EXISTING HOUSING STOCK

Recently Sold $75K-$100K
### Populations Growth Drives Retail

<table>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Intown Capture of Metro</strong></td>
<td>2.0%</td>
<td>9.9%</td>
<td>32.7%</td>
</tr>
</tbody>
</table>

Above numbers are based on historic growth, trended for population growth, but do not include large-format retailers that Chattanooga has not witnessed Intown yet such as Target, Home Improvement, Entertainment, etc. which could represent up to an additional 200,000 SF in the next 5-years.

Source: NCG
LOCAL SHOPPING HEATMAP

Source: Yelp, NCG
LOCAL DINING HEATMAP

Source: Yelp, NCG
RETAIL PRODUCT TYPES

Regional Retail Centers
$18-$20 NNN

Neighborhood Retail/Restaurant
$16-$18 NNN

Neighborhood Services
$12-$14/sf Mod. Gross

Unique Retail – Food Hall Concept

Entertainment – Cinema, bowling, music venue, etc.
-71% of retail businesses have less than 10 employees

-93% of Americans agree that it is important to support local businesses

But they all feed off financial strength, brand loyalty, customer attraction, and trip generation of large national tenants – many in big-boxes

Mom and pop businesses can harness the market brought to them by nationals, by offering alternative product lines and greater customer service

Source: NCG
## HOTEL DEMAND

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Intown Core New Hotel Room Demand</td>
<td>74 Rooms</td>
<td>874 Rooms</td>
<td>910 Rooms</td>
</tr>
</tbody>
</table>

Source: STR, NCG
Development Activity

- 3,071 Apartments
- 1,481 Student housing beds
- 890 Hotel rooms
- 257 Condos/THs
- 697,000 SF Retail/Office

Total of 6 cores, but development primarily in 4 cores today

Can we become a 5th core?

Do Northshore and Downtown loose capture as they approach build-out?

Could we be one of four primary competing cores?

Source: NCG
## SOUTH BROAD DISTRICT DEMAND CAPTURE

<table>
<thead>
<tr>
<th></th>
<th>For-Sale Units</th>
<th>Apartments</th>
<th>Hotel</th>
<th>Retail</th>
<th>Office</th>
<th>Manuf.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intown Core Demand</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals 2018-2023</td>
<td>1,400</td>
<td>2,400</td>
<td>1,053</td>
<td>*211,000</td>
<td>514,000</td>
<td>Negative Overall but pockets</td>
</tr>
<tr>
<td><strong>South Broad</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15%</td>
<td>210</td>
<td>360</td>
<td>158</td>
<td>31,650</td>
<td>77,100</td>
<td>7,500</td>
</tr>
<tr>
<td>20%</td>
<td>280</td>
<td>480</td>
<td>210</td>
<td>42,200</td>
<td>102,800</td>
<td>10,000</td>
</tr>
<tr>
<td>25%</td>
<td>350</td>
<td>600</td>
<td>264</td>
<td>52,750</td>
<td>128,500</td>
<td>12,500</td>
</tr>
</tbody>
</table>

New development totals range from approximately 800,000 SF to nearly 1.3 M SF based on the potential capture ranges shown.

*Retail does not include the potential of up to 200,000 SF of additional big-box formats that the South Broad District could accommodate.

Source: NCG
# Development Impacts

<table>
<thead>
<tr>
<th>Pros</th>
<th>Single Family / Townhome</th>
<th>Multifamily Rental</th>
<th>Condo</th>
<th>Retail</th>
<th>Office/ Manuf.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Low intensity use in/near neighborhood</td>
<td>• Greater retail support</td>
<td>• More residents frequenting establishments</td>
<td>• More services / amenities in area</td>
<td>• More jobs</td>
</tr>
<tr>
<td></td>
<td>• Opportunities for affordability</td>
<td>• More eyes on street</td>
<td>• More eyes on street, increased safety</td>
<td>• Local jobs</td>
<td>• Living wages</td>
</tr>
<tr>
<td></td>
<td>• More eyes on street</td>
<td>• Greatest opportunities for affordability</td>
<td>•</td>
<td></td>
<td>• Workers frequent retail</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cons</th>
<th>Single Family / Townhome</th>
<th>Multifamily Rental</th>
<th>Condo</th>
<th>Retail</th>
<th>Office/ Manuf.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Low intensity use in urban environment</td>
<td>• Traffic</td>
<td>• Traffic</td>
<td>• Might get undesirable retail such as bars</td>
<td>• Creates dead zones at night</td>
</tr>
<tr>
<td></td>
<td>• Does not significantly help local demand for retail</td>
<td>• Transient population</td>
<td>• Increased density</td>
<td>• Traffic</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Increased density</td>
<td>• Often geared towards wealthy due to costs</td>
<td>• Jobs are not high wages</td>
<td></td>
</tr>
</tbody>
</table>
IF WE BUILD IT WILL THEY COME?
WHY CONSIDER A NEW STADIUM?

1. Design challenges
2. Prime economic development site
3. Catalyst for development in South Broad District

Source: Brace Hemmelgarn
Durham Bulls AAA 10,000 Seat, Opened 1995
City of Durham population 263,016

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>0</td>
<td>1,006</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>0</td>
<td>22,282</td>
</tr>
<tr>
<td>Office</td>
<td>82,523</td>
<td>487,135</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>0</td>
<td>134</td>
</tr>
</tbody>
</table>

*Approx. 1.66 M square feet of new development
75,454 SF/year

Source: Costar, NCG
Oklahoma City Dodgers AAA 9,000 Seat (current), Opened 1998
Oklahoma City population 638,367

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>294</td>
<td>250</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>0</td>
<td>45</td>
</tr>
<tr>
<td>Retail</td>
<td>85,312</td>
<td>93,563</td>
</tr>
<tr>
<td>Office</td>
<td>112,900</td>
<td>50,000</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>220</td>
<td>855</td>
</tr>
</tbody>
</table>

*Approx. 1.47 M square feet of new development 77,368 SF/year

Source: Costar, NCG
**BALLPARKS AS CATALYST FOR DEVELOPMENT**

Louisville Bats AAA 13,131 Seat, Opened 2000  
City of Louisville population 253,128

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>0</td>
<td>291</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>216</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>15,000</td>
<td>0</td>
</tr>
<tr>
<td>Office</td>
<td>102,009</td>
<td>200,000</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>140</td>
<td>0</td>
</tr>
</tbody>
</table>

*Approx. 0.89 M square feet of new development 52,353 SF/year*
BALLPARKS AS CATALYST FOR DEVELOPMENT

Greensboro Grasshoppers A 7,499 Seat, Opened 2005
City of Greensboro population 287,027

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>0</td>
<td>563</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>218</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>0</td>
<td>13,000</td>
</tr>
<tr>
<td>Office</td>
<td>4,831</td>
<td>24,000++</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

*Approx. 0.87 M square feet of new development 72,500 SF/year

Source: Costar, NCG
Fort Wayne TinCaps A 8,100 Seat, Opened 2009  
City of Fort Wayne population 264,488

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>44</td>
<td>163</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>33,300</td>
<td>0</td>
</tr>
<tr>
<td>Office</td>
<td>60,000 Conv.</td>
<td>0</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>250</td>
<td>0</td>
</tr>
</tbody>
</table>

*Approx. 0.40 M square feet of new development 50,000 SF/year

Source: Costar, NCG
**BALLPARKS AS CATALYST FOR DEVELOPMENT**

Birmingham Barons AA 8,500 Seat, Opened 2013  
City of Birmingham population 212,157

![Map of 1/4-Mile Radius around Birmingham Barons stadium](source: Costar, NCG)

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<thead>
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<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>548</td>
<td>NA</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>0</td>
<td>NA</td>
</tr>
<tr>
<td>Retail</td>
<td>0</td>
<td>NA</td>
</tr>
<tr>
<td>Office</td>
<td>21,000</td>
<td>NA</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>0</td>
<td>NA</td>
</tr>
</tbody>
</table>

*Approx. 0.57 M square feet of new development 142,500 SF/year
BALLPARKS AS CATALYST FOR DEVELOPMENT

Average of All Analogs Examined
City populations: 319,697 v. Chattanooga at 177,571

<table>
<thead>
<tr>
<th></th>
<th>First 5 Years</th>
<th>Beyond</th>
<th>Est. Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Units</td>
<td>148</td>
<td>455</td>
<td>603</td>
</tr>
<tr>
<td>For-Sale Units</td>
<td>72</td>
<td>9</td>
<td>81</td>
</tr>
<tr>
<td>Retail</td>
<td>22,269</td>
<td>25,769</td>
<td>48,038</td>
</tr>
<tr>
<td>Office</td>
<td>63,877</td>
<td>152,227</td>
<td>216,104</td>
</tr>
<tr>
<td>Hotel Rooms</td>
<td>102</td>
<td>218</td>
<td>320</td>
</tr>
</tbody>
</table>

*Approx. 1.1 M square feet of new development
Average of 78,363 SF/year

Source: Costar, NCG
preliminary illustrative plan