

Appendix B

Final Market Report

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BleaklyAdvisoryGroup

Fulton Industrial CID Master Plan Industrial and Retail Market Study

This report is intended to provide data and analysis on the current and potential future conditions of the industrial and retail real estate sectors in the Fulton Industrial Community Improvement District (CID) Master Plan study area. This market study is designed to support the recommendations of the overall master planning effort in terms of future land uses and opportunities for redevelopment and renewal in the FIB area.

The market study is organized into the following sections:

1. Description of the Fulton Industrial Boulevard Area
2. Mega Trends Affecting the Industrial Sector Over the Next Decade
3. Analysis of Current Industrial Market Conditions in the Fulton Industrial Boulevard Area
4. Labor Market Area Characteristics
5. Future Industrial Demand
6. Retail Market Conditions and Future Demand
7. Competitive Assessment—Fulton Industrial Boulevard S.W.O.T. Analysis
8. FIB Implementation Strategy and Public Private Partnership
9. Economic Analysis of Catalyst Development Concepts

The key findings of the market analysis are presented in the following sections.

1. Description of the Fulton Industrial Boulevard Area

The Fulton Industrial Boulevard (FIB) area long enjoyed a history as the largest industrial and business complex in the Atlanta region. It has been a major contributor in the dynamic growth of the Atlanta regional economy over the last forty years, and home many of the major industrial and business enterprises that created economic wealth for the region and employment for thousands of residents.

Changing economic conditions, shifts in global and regional manufacturing and distribution trends, and intensified competition have all, over time, taken a toll on the pre-eminence of the Fulton Industrial area. Nevertheless, because of its advantageous locational and infrastructure attributes the area remains competitive for industrial users and possesses a potential to further improve its current positioning in a very active regional marketplace.

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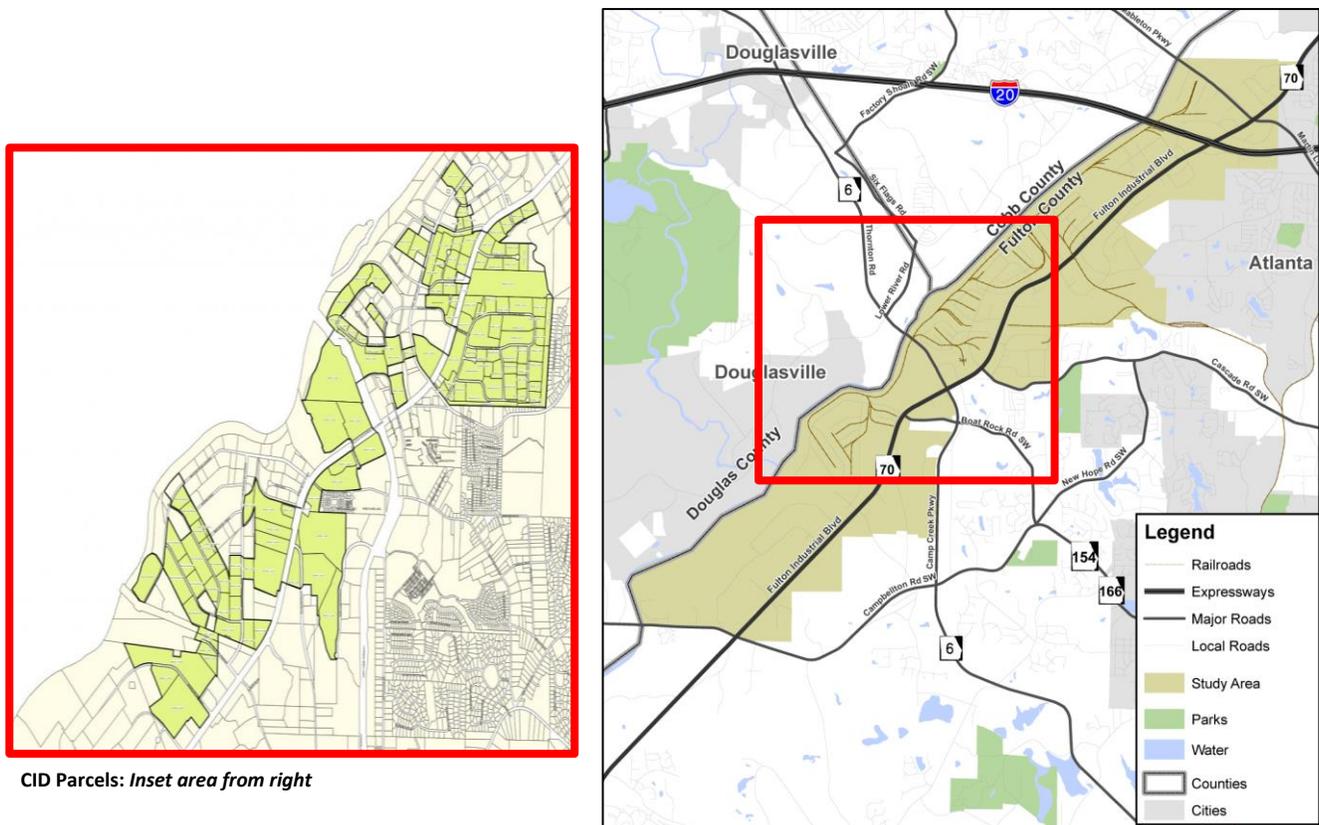
Tel: 404-845-3550 • Fax: 404-795-0707 • Cell: 404-316-8990 • Email: ken@blagroup.com

Currently more than 46 million SF of industrial space is located within the Fulton Industrial CID Master Plan study area boundaries, based on data from CoStar. It largely developed over the period from the 1970s through the 1990s, as only roughly a quarter of the current space has been built since 1990.

Location

The Master Plan study area is located in the unincorporated portion of southwest Fulton County. It is roughly bordered by the Chattahoochee River to the West, Interstate 285 to the North, Campbellton Road to the South and Camp Creek Boulevard and the residential areas to the east of Fulton Industrial Boulevard to the East. The Fulton Industrial study area is shown on the below map with the boundaries of the Boulevard CID also shown.

Figure 1: Fulton Industrial CID Master Plan Study Area and CID Parcels



Access

FIB is the “spine” roadway that serves the entire corridor. It is approximately 9.5 miles in length as it transverses the industrial area and is the main access point into the various industrial areas that constitute the overall FIB area. Other key access points:

- FIB is approximately 9 miles to the west of the Hartsfield-Jackson Atlanta International Airport.
- FIB is approximately 10 miles from the heart of downtown Atlanta.



- FIB is bisected by Interstate 20 (I-20), a major interstate connecting the Atlanta region with Birmingham, AL to the west and Augusta GA, and Charleston, SC to the East.
- FIB is approximately two miles from the intersection of I-20 and Interstate 285 (I-285), Atlanta's Perimeter Highway, which provides ready access to I-20, I-75 and I-85, major southeastern interstates.
- Major east-west access to FIB occurs along Campbellton Road, Camp Creek Highway, and Martin Luther King Jr. Drive.
- A second interchange on I-20 can be reached via Camp Creek Parkway/Thornton Road to the Northwest.
- In general, the Fulton Industrial area enjoys excellent access to the Atlanta region and the broader Southeast US through the web of interstates that serve the area.

Visibility

The "front door" to the Fulton Industrial area, which provides the main regional visibility of the area, is via the intersection of FIB with I-20. This interchange provides visibility into the southern and northern portions of the area. Unfortunately, the area around the interchange is currently home to some of the oldest and most run-down commercial areas in the FIB area and as a result, does not provide the best first impression of the area to businesses and visitors to FIB. Remedying these issues is a major focus of the Boulevard CID's master planning process. Also, since the majority of the industrial inventory is located along FIB, some distance from I-20, the size and scale of the industrial concentration in this area is not readily visible to those passing through the area on I-20. There is also good visibility of the FIB area from Camp Creek Parkway and Campbellton Road areas, which are major arterials serving the South Fulton Area, and MLK Jr. Drive serving Atlanta and South Fulton.

Size

The Fulton Industrial Study Area encompasses roughly 4,800 acres of land. Within that area there is approximately 46.1 million SF of industrial inventory. There are approximately 553 industrial buildings in the inventory. The largest employer in the area, McMaster-Carr Supply Company, employs 600, according to Hoover's. See the Figure 2 on the next page for the top 10 employers in the area.



Figure 2: Fulton Industrial Blvd. Top Employers

Company Name	Employees at this Location	Primary Industry
McMaster-Carr Supply Company	600	Industrial Supply Wholesalers
MacDermid Printing Solutions	599	Machinery Manufacturing
Cleveland Electric Co.	550	Electrical Contractors
National Distributing Company, Inc.	500	Beer, Wine & Distilled Spirits Wholesalers
Geiger International, Inc.	450	Office Furniture, Fixtures & Equipment Manufacturing
The Quaker Oats Co.	450	Soft Drink Manufacturing
Miller Zell, Inc.	399	Sales Promotion Services
Tie Down Engineering Inc.	320	Automobile Parts Manufacturing
Geiger Group Inc.	320	Office Furniture, Fixtures & Equipment Manufacturing
Diaz Wholesale & Manufacturing Co. Inc.	300	Food Wholesalers
United Natural Foods, Inc.	300	Food Wholesalers

Source: Hoover's

Developers

The study area is characterized by the presence of many individual owners and projects in buildings of a wide range of sizes, but also some large institutional, as well as large tenant owners. The three largest industrial buildings in the study area in terms of built square footage are sized between 600,000 and 700,000 SF. Three others are greater than 500,000 SF. The majority of these largest buildings in the area are used as food and/or beverage warehouse and distribution centers.

Many of the region and nation's top industrial developers and brokers are active in the local area. As shown below, Clarion Partners, a worldwide real estate investment firm headquartered in New York, owns more industrial square footage than the next three largest owners combined.

Figure 3: Top Industrial Owners within FIB Study Area

Owner	Estimated SF
Clarion Partners	4,890,642
IndCor Properties, Inc.	1,240,567
Selig Enterprises, Inc.	1,233,711
Prologis	1,193,451
Quaker Oats	992,865
Cobalt Capital Partners, LP	976,821
McDonald Development Co.	902,067
AmeriCold Logistics, LLC	852,918
DCT Industrial Trust	779,891

Based on CoStar data



Traffic

Given the substantial industrial presence in the area there is significant traffic volumes both at the Intersection with I-20 and along Fulton Industrial Boulevard.

Figure 4: Average Daily Traffic Counts at Key FIB Locations

Location	AADT
Interstate 20 East of FIB intersection	146,330
Interstate 20 west of FIB Intersection	125,850
FIB at Patton Drive	36,650
FIB north of Camp Creek Intersection	32,850
FIB at Wendel Drive	24,450

Based on Georgia DOT data

I-20 handles approximately 146,000 cars and trucks daily east of the interchange with FIB. West of the interchange the total volume on I-20 declines to 126,000 vehicles per day, indicating that approximately 20,000 vehicles exit at the Fulton Industrial Boulevard interchange. Along FIB, there are substantial traffic volumes, increasing from 32,000 vehicles per day at the lower end of the FIB corridor at Camp Creek Parkway, increasing to 37,000 vehicles per day at the northern end of the southern portion of FIB at Patton Drive. Traffic volumes on FIB are substantially less north of I-20 with 24,000 vehicles per day at the intersection of FIB and Wendell Drive.

Thus, the Fulton Industrial Area represents one of the largest concentrations of industrial space and key employment center in the Atlanta region. It has a long history as an industrial location as a result of its central location on the interstate system (including nearby I-285, the perimeter highway that provides access throughout the Atlanta region), and proximity to Hartsfield-Jackson International Airport. FIB benefits from its ready access for businesses seeking to serve the Atlanta region as well as clients throughout the Southeast.



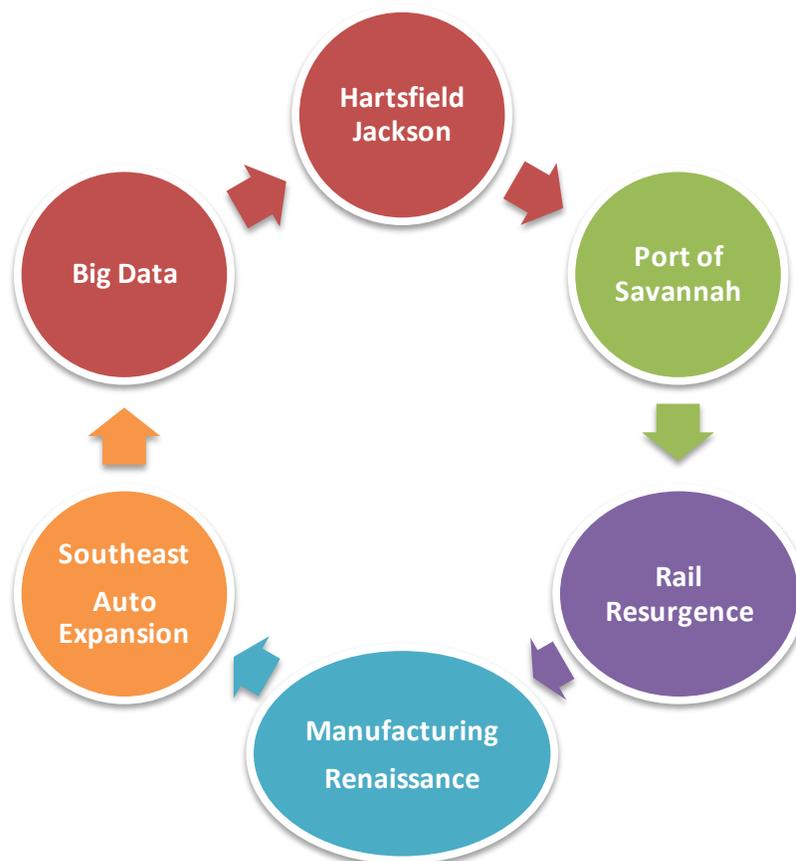
2. “Mega Trends” Impacting the Fulton Industrial Area Market

The Fulton Industrial CID Master Plan study area will be affected, not only by the micro trends impacting the industrial market in and around its immediate area, but also by “Mega Trends” that will impact the character of the industrial marketplace regionally and nationally over the coming decade. These trends will impact industrial development in the Atlanta region, as a whole, and also present opportunities for growth in the Fulton Industrial market area.

Six Mega Trends impacting the regional industrial market are:

- The growth and expansion of Hartsfield Jackson-Jackson Atlanta International Airport
- The growth of the Port of Savannah as a global portal in to the Southeastern U.S. economy
- The resurgence of rail as freight transportation option
- The renaissance of manufacturing
- The growth of the Southeast as a major automotive manufacturing center
- The impact of Big Data on a wide range of industries

Figure 5: Mega Trends Impacting the Regional Industrial Market



Mega Trend #1: Growth and Expansion of Hartsfield Jackson Atlanta International Airport

Hartsfield-Jackson Atlanta International Airport (H-JAIA) is a global portal for the Atlanta region and the Southeast connecting our economy with the four corners of the world and provides a major economic stimulus to the regional economy.

- More than 58,000 people work at the H-JAIA facility and its operation impacts over 440,000 jobs in the 28-county metro region according to a study conducted by the Economic Development Research Group and CH2M Hill.
- Since 1998, Hartsfield-Jackson has been the busiest passenger airport in the world with over 95 million passengers handled annually.
- On average, there are approximately 2,500 arrivals and departures daily with over 250,000 passengers using the facility.
- The regional impact from its business operations is over \$32.5 billion per year to the regional economy.
- Atlanta Mayor Kasim Reed has placed a major emphasis on expanding the air cargo operations at Hartsfield-Jackson.
- Hartsfield-Jackson has major impacts both on-airport and off-airport. Its off-airport impacts include the tourism industry, airport-related businesses that serve the facility from off-site locations, and industries that use the facility for cargo and freight shipping.

Implications for Fulton Industrial—the presence of the world’s busiest airport with a mandate for rapid expansion of its air cargo operations creates future opportunities for Fulton Industrial in at least three areas:

- As a location for businesses servicing on-airport operations and personnel.
- As a location for businesses servicing the airline operations, maintenance and personnel.
- As a location for industries seeking access to the airport’s air cargo capabilities to ship products to the global marketplace.

Mega Trend # 2: Expansion of the Port of Savannah

The Port of Savannah is the complementary global portal to H-JAIA for sea-borne shipping. It has been an economic juggernaut in the state’s economy for many years, but during the past decade, it has experienced a period of unprecedented growth. With the widening of the Panama Canal by 2015 and the arrival of the much larger Panamax ships that will result, the Port of Savannah is expected to see substantial future growth.

- The Port of Savannah is the fourth busiest container port in the U.S. and the busiest in the Southeast.
- It is the fastest growing container port in the nation.
- Between 2001 and 2010 the Port experienced growth of 158% in its container throughput.



- The state and federal government are funding a major deepening of the Savannah River to allow the port to accommodate the arrival of the Panamax very large ships (more than twice as large as the size of ships that can currently use the Panama Canal).
- According to a study commissioned by the port, it is responsible for 352,000 jobs in the state of Georgia, which is over 8% of the state's total employment.

Implications for Fulton Industrial—*The continued expansion of the Port of Savannah has statewide economic impacts which can benefit Fulton Industrial and its industries in several ways:*

- *Fulton Industrial's location and access to key interstates makes it a competitive location for import and export industries seeking ready access to the Port access to key southeastern markets. It is also an ideal distribution point for global companies to serve the 5.5 million-person, 28-county Atlanta regional market.*
- *Fulton Industrial's proximity to H-JAIA provides companies that require access to both the Port and the airport a convenient location to serve both global portals for their operations.*
- *Expansion of intermodal capabilities at Fulton Industrial could further enhance its potential to serve global commerce.*

Mega Trend #3: Rail Resurgence

Railroads traditionally played a major role in industrial development in the region and nation as a key mode for carrying both raw materials and finished products to market. Over the last several decades the use of rail as a mode of transport for industrial users declined with increasing reliance on the trucks and the main means of transport for industrial and warehouse operations. Due to a combination of a decade of investment by the railroads in their networks and equipment and the increase in fossil fuel costs, the balance of which had long favored truck transport over rail, has begun to shift significantly. Some key trends:

- The boom in import/export services has been a major boost to rail—60% of intermodal traffic involves import/export goods.
- Intermodal transportation has become increasingly important for hauling goods over long distances, say between a west coast port to an east coast port, combining the advantages of both rail and truck transit.
- Investments in new equipment have made railroads much more efficient in their energy consumption—in 1990 a freight train could carry a ton of goods 332 miles on a gallon of fuel, in 2010 it was up to 484 miles per gallon of fuel consumed.
- As of 2010, rail carried the largest percentage, 39.5%, of all freight in the U.S. versus 28.6% by truck (water, pipelines and air accounted for the balance of freight shipments), according to the US Department of Transportation.
- While much of the growth in rail freight shipments over the last decade has been energy related (shipping coal, oil and gas), the increasing importance of rail as a “land bridge” for international



shipments across the country and the rising use of intermodal transport all point to increasing use of rail as a key component of industrial shipping in the future.

Implications for Fulton Industrial—the resurgence in rail can provide an opportunity for Fulton Industrial. FIB has a number of locations that are currently served by rail or could easily gain access to rail. Upgrading and expanding rail access to meet specific industry requirements could serve a broader range of industries with intermodal requirements.

Mega Trend #4: Manufacturing Renaissance

Over the past several decades the U.S. has experienced a “hollowing out” of the economy, particularly in the manufacturing sector. Off-shoring of jobs and companies has seen much of the U.S. manufacturing sector undergo a period of prolonged decline, although we are still having the largest manufacturing industrial base of any country in the world. Atlanta, which historically has not been a major manufacturing location, has experienced a similar decline in its base of manufacturers. The loss of three major auto assembly plants and their related suppliers has had a major impact of the manufacturing sector of the region. Further reductions in the telecom sector have also impacted the industrial sector the region; however, a strong reliance on food processing, various fabrication industries, and auto suppliers has been strength in the overall manufacturing sector.

As labor rates have increased in China and other key off-shore locations, there is evidence of a modest resurgence in key manufacturing industries in the national economy in key segments such as pharmaceuticals, technology, bioscience and select fabrication industrial categories. Some key trends driving this manufacturing revival:

- Boston Consulting Group has noted that with 15 to 20% annual wage increases occurring in China, by 2015-2016 the gap between U.S. wages and Chinese wages in key manufacturing centers will be only 40%, which, given the higher productivity of U.S. workers and other factors noted below, makes the U.S. competitive for manufacturing in key industries.
- Due to the decreasing percentage of manufacturing costs that are labor related as automation of manufacturing continues to occur, the importance of labor costs to final product cost is declining, making the U.S. more competitive.
- Logistics and transportation costs from overseas add additional costs to production that are far lower in the U.S.
- The rising cost of fossil fuels also dramatically impacts the cost of production, and this, along with the rapid expansion of the supply of natural gas in the U.S. at very attractive prices, provide a major competitive edge over production in China and other foreign countries with high energy costs.



- McKinsey & Co. has identified a dozen disruptive technologies that will power economic development and manufacturing transformations in the future, these provide opportunities for the U.S. to assume a leadership role in these emerging technologies. They are:
 - Mobile internet
 - Automation of knowledge work
 - The internet of things
 - Cloud technology
 - Advanced robotics
 - Autonomous and near-autonomous vehicles
 - Next generation genomics
 - Energy storage
 - 3D printing
 - Advanced materials
 - Advanced oil and gas exploration and recovery
 - Renewable energy
- Components of each of these disruptive technologies could have benefits for the larger Atlanta regional economy as well as direct applicability to the Fulton Industrial area through the creation of a new universe of manufacturing and support structures for each of these industries.

Implications for Fulton Industrial—the manufacturing renaissance, which appears to be just starting in the U.S. economy, can provide new opportunities for the Fulton Industrial area, building off its long history as a manufacturing location.

- *Much of the existing built inventory in the Fulton Industrial CID Master Plan study area was initially designed for manufacturing operations and will continue to work well as such. There is strong potential to build off the food processing cluster of businesses to serve the expanding Atlanta, Georgia and Southeastern consumer markets.*
- *The impact of disruptive technologies will likely result in a new wave of manufacturing operations to serve these industries; this may create opportunities in 3D printing technology, advanced materials, energy storage and renewable energy technologies, and automotive technologies.*

Mega Trend #5: Southeast Auto Expansion

During the past decade, the auto industry has undergone a period of profound transition, due to a combination of factors relating to the globalization of the industry, the surging global demand for autos and the impacts of the Great Recession on America's Big Three auto companies. The transition was wrenching and created great economic dislocations. In the 1990s, Atlanta was home to three major auto assembly plants with General Motors facilities at Lakewood and Doraville, and Ford at Hapeville. With the closing of the Doraville facility in 2008, the Big Three have exited the Atlanta regional market.



Yet during the last several decades a key countertrend was occurring: the on-shoring of foreign auto production for the domestic market. Many of the foreign auto companies have chosen sites in the Southeast for the plants which has created an auto renaissance in the area. Along the I-85 corridor and I-75 corridors there have been major auto production facilities created by BMW in South Carolina, Mercedes in Alabama, Nissan and most recently Volkswagen, in Tennessee and Kia in Georgia. Along with these major manufacturing facilities has come an array of suppliers and support industries with additional growth in these facilities projected over the coming decade. The benefits of this expansion of the auto industry in the southeast have been numerous:

- It has created a demand for skilled labor which provides a technical pool of workers with the ability to attract other high skill, employment, such as the expansion of the aerospace operations like Airbus in Alabama and Boeing in South Carolina.
- It provides a critical mass of production facilities which adds to the market demand for suppliers to locate facilities to serve this expanding cluster of production facilities, increasing the depth and breadth of the automotive industry cluster in the region, making easier to attract the next wave of facilities.
- Many of the high level machining and manufacturing techniques used in the auto industry provide opportunities for technology transfer to other industries expanding the intellectual capital of the labor force of the region for a wide range of industry applications.
- Major labor cost savings associated with auto production in the southeast will likely assure its strong continued presence in the regional economy as the on-going global consolidation of the auto industry continues.

Implications for Fulton Industrial—the increasing presence of the auto industry in Georgia and along the I-85 and I-75 corridors provides a great opportunity to attract suppliers given the central location of FIB in the web of interstates that provides ready access to all parts of the Southeast auto industry; allowing just in time delivery, and ready access to the two global portals of Savannah and HJAIA for shipment and servicing.

- *Fulton Industrial area also provides access to one of the largest skilled labor markets in the southeast and the major educational institutions clustered in the Atlanta region. This provides unmatched intellectual capital needed to serve the increasing technological needs of the auto industry.*

Mega Trend #6: Big Data

As the role of digital communication and information expands at exponential rates the management and storage and analysis of massive amounts of data has evolved into one of the major technological industries of the 21st century. As a 2011 report from the McKinsey Global Institute (MGI) (*Big Data: The Next Frontier for Innovation, Competition, and Productivity*) has noted:



“Big data refers to datasets whose size is beyond the ability of typical database software tools to capture, store, manage and analyze. ...Big data in many sectors today will range from a few dozen terabytes to multiple petabytes (thousands of terabytes.)

There are many ways that Big Data can be used to create value across sectors of the global economy. Indeed our research suggests that we are on the cusp of a tremendous wave of innovation, productivity and growth as well as new modes of competition and value capture—all driven by big data as consumers, companies and economic sectors exploit this potential.”

The advent of the next generation of the internet, the rapid deployment of smart phones, tablets, and other media devices, and the creation of a wide range of social media have all worked to accelerate the amount of data that is being generated and accessed in the public domain. Companies like Amazon, Google, Facebook, Instagram, Groupon and many others have created ways to provide additional services based on accessing and sharing the information that is generated by Big Data. Another major player has been the Federal government both from the perspective of national security with enhanced monitoring of the flow of communications and internet traffic and through the need to use Big Data to manage its major social initiative like the implementation of healthcare reform. The emergence of the information economy has created the demand to manage and manipulate massive amounts of information at an unheard of scale in the past. According to MGI, Big Data is being driven by a number of factors:

- There are now over 5 billion mobile phones in use globally.
- Data generation is growing at a rate of 40% per year while growth in information technology spending is only growing at 5% per year.
- There are 30 billion pieces of content shared in Facebook every month.
- Management of Big Data for the U.S. healthcare industry is estimated to be worth \$300 billion annually, more than Spain’s entire budget for healthcare.
- Over 1.5 million jobs for Big Data managers and employees will be created in the US over the next decade.

Implications for Fulton Industrial—the explosive growth of Big Data over the next several decades will create new opportunities for Fulton Industrial in a number of areas dealing with data storage, data manipulation, data analysis and other creative applications.

- *The need for massive facilities for data storage should be a sweet spot for Fulton Industrial given its available sites, access to high quality utilities and fiber optics and water for cooling. Secure and redundant power is a major concern of industry operations which Fulton Industrial can provide.*
- *Access to labor to manage and operate the facilities is also a key advantage given Fulton Industrial’s proximity to the network of colleges and universities and their talent pool which can provide the staffing needed to man these facilities.*
- *The emergence of the Atlanta region as a hub of Big Data for the healthcare industry is also another opportunity to attract a segment of this rapidly growing industry into the Fulton Industrial area.*



3. Analysis of Current Industrial Market Conditions in the Fulton Industrial Boulevard Area

Currently, the Master Plan study area is home to 46,116,000 square feet (SF) of industrial space, according to real estate data provider CoStar. This industrial space includes manufacturing, warehouse, and flex buildings located along Fulton Industrial Boulevard within the CID study area. Manufacturing and warehouse space makes up a vast majority (98% or 45 million SF) of the overall industrial space in the study area, whereas only 1,080,000 SF of flex space exists in the study area.

The square footage in the study area represents over 90% of the space in what CoStar defines as the “Fulton District Ind” submarket. This submarket trails only the Airport submarket in total industrial square footage in the Atlanta region. By comparison, the neighboring I 20 W/Douglasville submarket contains 41,626,000 SF of industrial space.

Industrial Building Types
CoStar Definition:

Flex Building - A type of building that may be used in combination with office, research and development, quasi-retail sales, and industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door.

Figure 6: CoStar “Fulton District Ind” and Fulton Industrial CID Master Plan Study Area

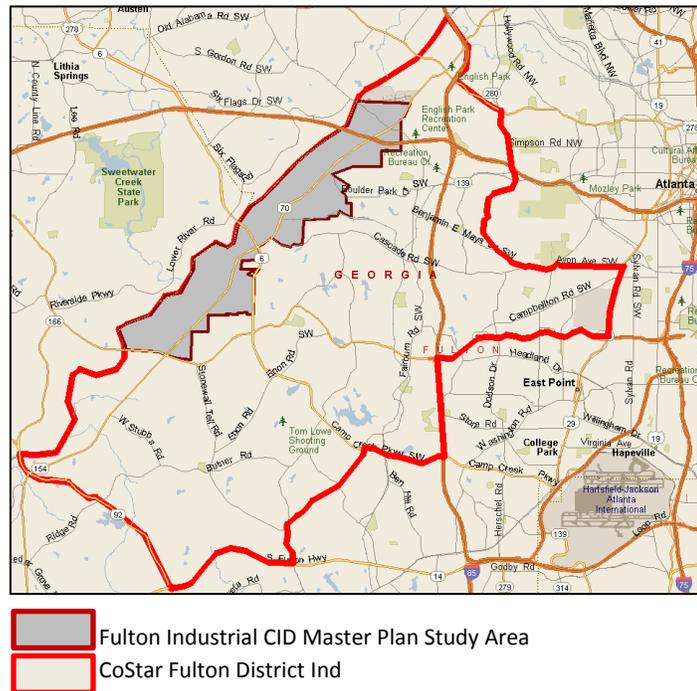
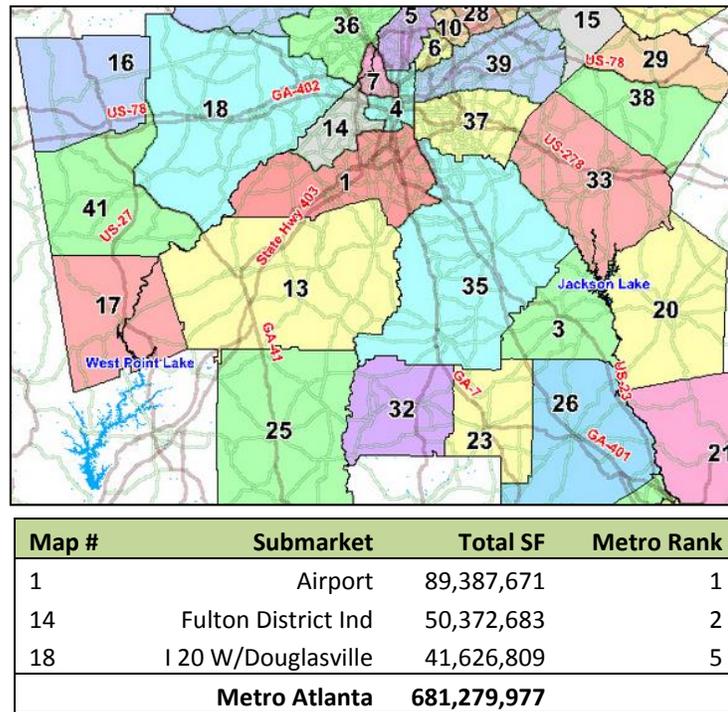


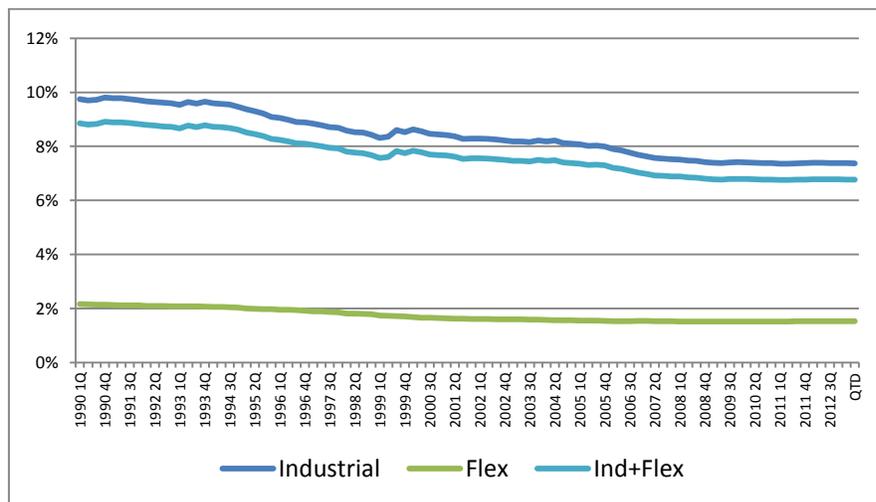
Figure 7: Atlanta CoStar Industrial Submarkets



Source: CoStar

Because much of the space in the FIB study area is older, the average age of all the industrial buildings is 35 years, the area can be characterized as mature. Therefore, it captured much of its market share decades ago. Since that time many newer areas on the outskirts of the Atlanta region, such as Jackson County along I-85, have attracted large amounts of industrial development and, therefore, eroded FIB's market share. To wit, in 1990 FIB was home to 8.9% of the region's industrial space, as compared to 6.8% today.

Figure 8: FIB Square Feet as % of Atlanta Region



Data Source: CoStar



By comparison, the Airport submarket held 12% and I-20/Douglasville 4% of the region’s industrial space in 1990. In contrast to FIB, these submarkets improved their market share and are currently 13% and 6% respectively.

Industrial Real Estate Market Indicators

The competitive market performance of the industrial buildings in the FIB study area suffered a “lost decade” from 2000-2010. During that time, as the overall economy ebbed and flowed, with dramatic upswings and downturns, as rents dropped and the study area consistently lost market share to other areas in metro Atlanta; however, since the beginning of 2012 the study area has improved, outperforming the region as whole in terms of absorption and rent growth.

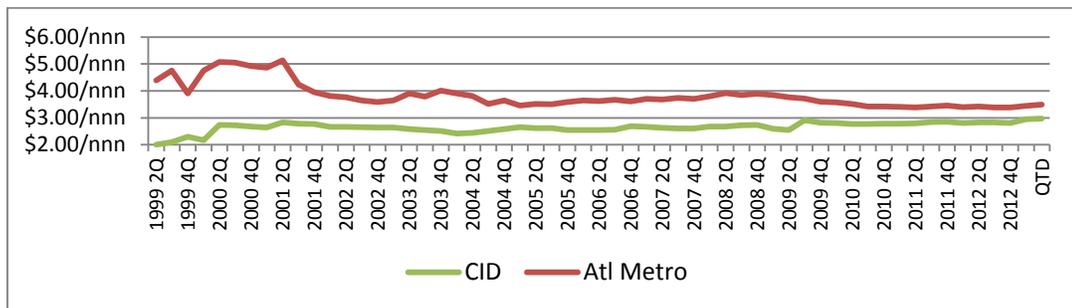
Absorption

FIB has seen a strong improvement in industrial absorption over the past 18 months. Over 1.8 million SF of the region’s absorption total of 10.1 million SF occurred within the study area since the beginning of 2012. This 19% of the region’s total far surpasses the performance during the 2000-2011 time frame. During that time FIB saw negative 395,000 SF of absorption, whereas the region as a whole absorbed 75 million SF over those 11 years. Of the space that has been absorbed in FIB since the beginning of 2012, 96% of it has been manufacturing and warehouse space, the remainder was flex.

Rental Rates

With an older stock of building, the FIB study area rental rates are, on average, the most affordable of any submarket in the Atlanta region. Currently, rates average just under \$3 per SF (\$2.97/nnn), whereas all other submarkets average over \$3, with the northern suburbs averaging, in some cases, over \$6 per SF. Overall the metro region averages just under \$3.50 per SF for industrial space according to CoStar. Unlike most areas, the flex space in the study area leases at cheaper rates (\$1.83/nnn) that the manufacturing and warehouse space (\$2.98/nnn).

Figure 9: Total Avg. Rents (NNN)



Data Source: CoStar

Note: Rates are expressed triple net (NNN); tenant pays all real estate taxes, building insurance, and maintenance



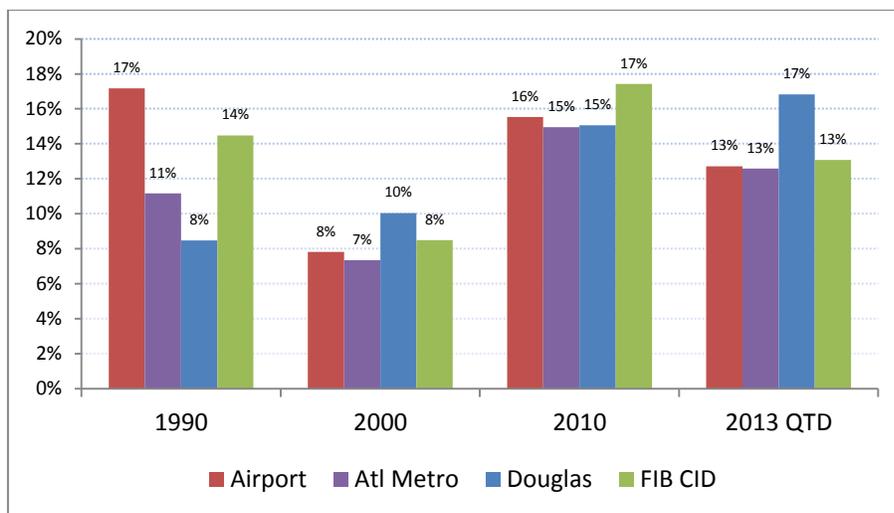
Vacancy

Similar to, and because of, improving absorption at FIB, the vacancy rates in the area have improved recently. Whereas the vacancy rate has historically been higher than that of the region as a whole in, FIB has improved to a current level of under 13%, which is nearly in-line with the overall market and the Airport submarket and much lower than nearby Douglas County's rate.

These vacancy and absorption rate improvements have occurred as no significant amount of new industrial product has been added to the FIB inventory since 2005.

The overall vacancy rate (2%) of the small amount of flex space at FIB is much lower than that of the warehouse and manufacturing space (13.3%).

Figure 10: Industrial Vacancy Rates



Data Source: CoStar

The majority of the building stock in the FIB study area is categorized as Class C or lower. CoStar defines these older buildings as typically having “below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings must depend chiefly on a lower price to attract tenants and investors.” Within the study area these buildings are also typically much smaller than their higher prestige counterparts, averaging 56,000 SF. Despite their lower classification these buildings appear to be performing relatively well, as they are nearly 90% occupied with typical rents averaging about \$2 per SF.

CoStar defines Class A buildings as having “above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.” While Class B buildings, “typically have average to good maintenance, management and tenants.” They too “lack prestige and



must depend chiefly on a lower price to attract tenants and investors.” About one-third of the buildings, but over half of the overall square footage, in the FIB study area are classified as A or B and are occupied at rates near the Class C and below industrial buildings. Rents for the higher classified buildings average approximately \$3 per SF but range up to \$9 per SF in a few cases.

This analysis verifies the findings from interviews with brokerage representatives that work in the area that typically agree that the FIB area is the region’s “low cost provider” for industrial space.

Figure 11: Building Characteristics by Classification

Building Classification	# of Properties	Total SF	Avg. Prop. SF	% Occupancy	Avg. Year Built
A/B	191	25,604,789	134,056	87.1	1981
C/D	362	20,286,887	56,041	88.6	1975

Data Source: CoStar



4. Labor Market Area Characteristics

Fulton Industrial Boulevard (FIB) is located near the core of the Atlanta metro area in south Fulton County. The characteristics of the labor force in the area are an important predictor of the ability of employers to find an adequate supply of skilled workers to meet their employment requirements. Presented below is a summary of the key characteristics of the labor market in within a 10-mile and 15-mile radii around the FIB area contrasted with labor market characteristics in the Atlanta metropolitan region.

Figure 12: Labor Force Characteristics

	10 Mile Radius	15 Mile Radius	Atlanta Region
Population			
Population 2013	695,930	1,449,305	5,464,971
Population 2018	746,981	1,542,938	5,787,210
Growth Rate 2013-2018	7.34%	6.46%	5.90%
Race (%)			
White	34	41	53
African-American	55	47	34
Other	11	12	13
Hispanic	10	12	11
Age (%)			
18-24	11	10	9
25-54	46	46	43
Educational Attainment (%)			
Graduate Degree	15.3	15.4	11.9
4 Years College	24.2	24.7	22.4
Associates Degree/Some College	24.4	24.7	28.1
High School Graduate	22.8	22.4	25.2
Lack High School Diploma	13.2	12.8	12.4

Source: Nielsen

Population--As shown above, the total population within 10 miles of the FIB is substantial at 695,930 residents, and projected to grow by 7.3% over the next five years to a total of 746,981 residents. Within 15 miles of the FIB there are 1.45 million residents, also projected to grown significantly over the next five years. As these statistics demonstrate FIB is located in one of the most densely populated portions of the Atlanta metro area that provides access for employers to a significant market just outside their facilities as well as a very large pool of potential labor to draw from for employment. In addition to the ease of interstate access to FIB, most of these employees can reach their place of work via bus transit provided by MARTA in the populous counties of Fulton and DeKalb.



Racial Composition of Labor Force--The 10-mile radius labor market is very racially diverse with African-Americans the largest segment followed by Whites and other races. The 15-mile labor market is more equally balanced between African-American and White population with a significant segment of other racial groups and Hispanics much like the Atlanta region as a whole.

Age of Labor Force--The two key age categories in the local labor force are the pool of young persons age 18-24 and the bulk of the labor force age cohort from 25 to 54 years of age. The 10-mile and 15-mile labor markets have a slightly higher percentage of residents in the 18-24 age group and have a higher percentage of residents in the key 25-54 age group than the Atlanta region as a whole. These are both desirable aspects of the location labor market for FIB.

Educational Attainment--this is an important barometer of the skill levels of a labor force. On this critical measure the FIB labor market performs well. In terms of persons with four-year college degrees and graduate degrees the FIB labor market out performs the region. Within the 10-mile labor market 39% of residents age 25+ have a four-year college degree or post graduate degree versus 33% in the Atlanta region. Among the residents an additional 47% have some college or an associate's degree or have graduated from high school. Only 13% of the residents lack a high school diploma or equivalent. These rates are generally consistent with trends region-wide. Thus, FIB's labor market characteristics compare favorably with regional trends on this critical dimension.

Labor Force Participation--Figure 6 below highlights other important aspects of the FIB labor market area. Roughly two-thirds of the population age 16 and older is either employed or considered unemployed but actively looking for work. Within the 10-mile radius 59% of the population is employed and 9% are unemployed by seeking employment. An additional 32% of the population is not in the labor force either due to age, retirement, disability or other factors. These trends are generally consistent with the Atlanta region as a whole, with slightly lower employment and non-participation rates in the immediate labor market area than across the region.

Type of Employer--Among those employed in the FIB labor market area, the vast majority work for private employers (70%) with 7% working in the non-profit section 14% in local, state or federal government, and 9% self-employed. These trends in the local labor market track trends across the Atlanta region.

Occupations--The occupations in the larger FIB labor market are highly diverse—the four largest occupational categories include Office and Administrative (13%), Management (18%), Sales (13%) and Other Services (11%). Most relevant to FIB, only 3% of the labor force in the 10-mile radius works in Production. These trends are generally consistent across the 10-mile, 15-mile and regional labor market. This indicates that employers locating in FIB have a highly diverse labor market from which to draw the particular set and level of skills they require for their operations. This ready access to a vast and diverse talent pool of potential workers is one of the key advantages of location in FIB for an employer.



Within the 10-mile labor shed, the labor force occupations can be grouped into three larger categories with two thirds of all workers in White Collar occupations, about 1/6th of workers in Blue Collar occupations and 1/6th in service occupations. These trends are generally consistent across the 15-mile and regional labor markets as well, with a somewhat higher percentage of Blue Collar workers in the regional labor market.

Commuting Times--Within the 10-mile market the average commuting time is 29.8 minutes, which is somewhat less than in the broader Atlanta region of 33.3 minutes, no doubt reflecting the more ready access to employment in this dense labor market.

Figure 13: FIB Labor Force Characteristics

	10 Mile Radius		15 Mile Radius		Atlanta Region	
Employment Status (%)						
Employed	59		60		61	
Unemployed	9		9		8	
Not in workforce	32		31		31	
Type of Employer (%)						
For-Profit Private Workers	70		68		70	
Non-Profit Private Workers	7		8		6	
Government	14		14		14	
Self-Employed	9		10		10	
Occupation						
Professions	14,265	4%	28,390	4%	75,746	3%
Scientific and Technical	15,576	5%	32,885	5%	113,859	4%
Management	61,859	18%	129,413	18%	470,298	18%
Office and Administrative	43,288	13%	91,639	13%	368,480	14%
Production	11,438	3%	23,491	3%	118,298	4%
Sales	43,249	13%	87,803	12%	341,959	13%
Transportation	21,052	6%	43,736	6%	167,894	6%
Government	28,141	8%	58,950	8%	205,398	8%
Healthcare	19,611	6%	44,610	6%	164,282	6%
Other services	38,695	11%	81,584	11%	323,705	12%
Construction	15,046	4%	36,425	5%	139,998	5%
Arts and Entertainment	11,754	3%	22,286	3%	53,653	2%
Food and Preparations	20,046	6%	42,507	6%	139,687	5%
Total	344,020	100%	723,719	100%	2,683,257	100%
Occupation Classification						
Blue Collar	16.2		16.6		19.1	
White Collar	67.7		67.1		65.3	
Service	16.1		16.3		15.6	
Travel time to Work						
Average Minutes	29.8		30.4		33.3	

Source: Nielsen

An additional key aspect of the FIB labor market is current wage levels for key professions. As shown below, data on wage rates for key occupations in Fulton County is presented. There is wide range of wages paid by occupation.



Figure 14: Fulton County, Georgia Employment and Wages

Industry Category	Total Employment	Weekly Wage
Goods Producing	41,580	\$ 1,635
Construction	14,221	\$ 1,331
Manufacturing	27,086	\$ 1,797
Food Processing	9,030	\$ 2,816
Printing and Related	1,799	\$ 1,163
Plastics and Rubber Products	1,858	\$ 936
Nonmetallic Mineral Product	1,588	\$ 1,132
Fabricated Metal Product	1,490	\$ 959
Transportation Equipment	778	\$ 1,266
Service Providing	610,536	\$ 1,327
Utilities	3,255	\$ 1,895
Wholesale Trade	38,749	\$ 1,878
Retail Trade	57,467	\$ 607
Accommodations and Food Service	70,490	\$ 499

Source: Georgia Department of Labor

The average weekly wage in Fulton County for goods producing industries, which would include many of the companies in FIB, was \$1,635 in 2012. The highest weekly wage was in Food Processing at \$2,816 (likely due to the presence of Coca Cola headquarters) and the lowest was fabricated metal products at \$959 per week. Within the Service Providing occupations, the average weekly wage is \$1,347, with the highest weekly wage in utilities at \$1,895 and the lowers in accommodations and food service at \$499. The average wage for all industries in Fulton County was \$1,320, which is substantially higher than the average weekly wage statewide of \$1,087. The Fulton labor market area is one of the highest wage areas in the State of Georgia and region.

The FIB area is extremely important to the economic vitality of the region. According to the US Census just over 19,500 employees currently work in the area. These employees in the area make up 1% of the total 28-county Atlanta region employed labor force and 3% of all employees in Fulton County. The largest employment sector in FIB, the 5,850 employees that work in Wholesale Trade jobs, make up 4% of the total Wholesale Trade workers in the Atlanta region and 14% of the Wholesale Trade workers in Fulton County. Fully 19% of Fulton County’s Transportation and Warehouse workers and 17% of the county’s Manufacturing workers are employed in the FIB study area.

Figure 15: Current Employment Totals, FIB Study Area Comparison to Fulton County and Atlanta MSA

Employment Sector	FIB Employees	% of Total	Fulton County	% of Total	FIB Share of County	Atlanta MSA	% of Total	FIB Share of MSA
Manufacturing	4,386	22.4%	25,901	3.7%	16.9%	148,558	6.6%	3.0%
Wholesale Trade	5,854	30.0%	42,680	6.1%	13.7%	146,551	6.5%	4.0%
Transportation and Warehousing	4,762	24.4%	25,031	3.6%	19.0%	126,496	5.6%	3.8%
TOTAL EMPLOYEES	19,544		675,844			2,260,515		

Data Source: Atlanta Regional Commission (ARC)



Beyond the three major industrial employment sectors in the area, the remaining FIB employees work in various sectors, with the plurality employed in the Administration, Waste Management and Remediation sector, which according to the US Census perform, “routine support activities for the day-to-day operations of other organizations.”

Figure 16: 2011 FIB CID Labor Profile

	Employ. Count	CID Share
Utilities	10	0%
Construction	428	2%
Manufacturing	4,386	22%
Wholesale Trade	5,854	30%
Retail Trade	831	4%
Transportation and Warehousing	4,762	24%
Information	115	1%
Finance and Insurance	29	0%
Real Estate and Rental and Leasing	312	2%
Professional/Scientific/Technical Services	344	2%
Management of Companies	179	1%
Admin., Waste Management & Remediation	1,332	7%
Educational Services	78	0%
Health Care and Social Assistance	27	0%
Arts, Entertainment, and Recreation	23	0%
Accommodation and Food Services	286	2%
Other Services	502	3%
Public Administration	46	0%
Total/Avg.	19,544	

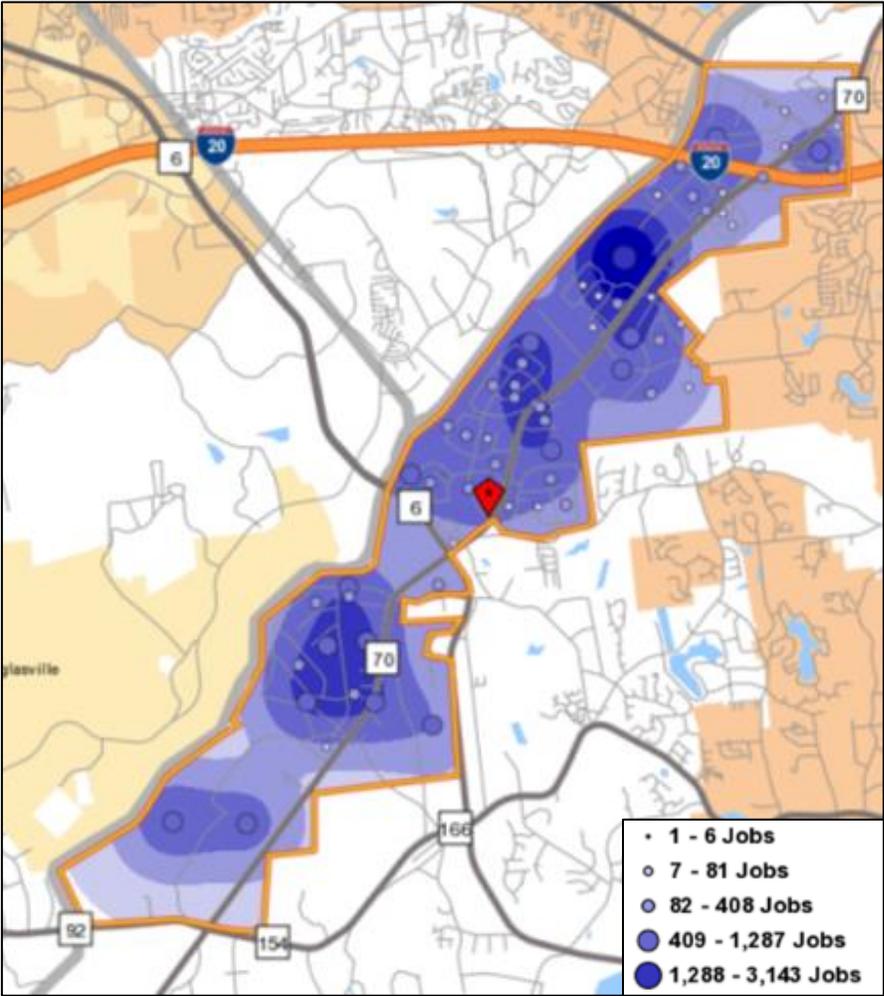
Source: US Census

The average salary in the study area, according to US Census estimates is \$47,448, slightly higher than the state of Georgia’s average salary of \$45,084 but significantly lower than that overall Fulton County average of \$64,480. The overall annual payroll in the area is estimated to be \$927,178,000.

According to the Census, the FIB area is home to 579 business establishments. Most of the employers in the area cluster at points south of Interstate 20, northeast of Camp Creek Parkway (GA Highway 6), with less dense employment nodes to the south.



Figure 17: Employment Location/Density



Source: US Census



5. Future Industrial Demand

The results of the market feasibility analysis for the Fulton Industrial Boulevard area indicate that there is opportunity for FIB to define a future that will allow it to enjoy a decade or more of accelerated growth as it capitalizes on its many assets in the larger Atlanta industrial market.

Achieving the potential growth in the Fulton Industrial market in the future should be based on several key principals:

- **Preserve the Spine**—The Fulton Industrial market area is unique in the region in its concentration of industrial uses along a key arterial highway, Fulton Industrial Boulevard. This orientation along this major roadway is one of the defining characteristics of FIB and should be preserved and enhanced in terms of the ease of traffic flow for goods, services, and employees.
- **Concentrate on Industrial Development/Land Uses**—The lessons of other industrial corridors is clear: concentrate on preserving the industrial character of the area by limiting mixed uses intruding on the area. Other land uses should be incorporated only to where local services are needed. Large scale inclusion of commercial or residential uses in the corridor will increase congestion and will quickly diminish the appeal of this as an industrial and business corridor.
- **Occupy, Build-out, and Redevelop** —These principles should serve as the three legs of the future FIB development strategy. The expansion of the businesses locating in the area can be accomplished by **occupying** a significant proportion of the current vacant inventory of industrial space, **building out** the significant remaining inventory of zoned industrial sites, and **renovating or redeveloping** outmoded industrial sites with new industrial inventory designed for the current market.
- **Coordinated Marketing**— Due to its diverse real estate ownership, the FIB area has not been marketed in a coordinated way as a location with a distinct identity and message. A marketing campaign that coordinates the efforts of economic developers, the brokerage community, individual building owners and existing companies can offer great benefits to all involved in the area. This will create a consistent message to a very competitive regional industrial marketplace and leverage limited marketing resources from each participant in a way that has not been done to date. The CID should play the lead role in coordinating this effort (think: Midtown Alliance).

Industrial Market Future Demand & Absorption Analysis

FIB can aim to capture a similar share of future new regional growth upon improvements to the area as specified above and in the other portions of the master planning process. Without improvements the area's capture rate can be expected to decrease.

FIB's fair share of Atlanta regional total industrial space has remained at 6.8% since 2009 and the fair share of regional absorption has remained at 6.6% since 2009. These figures serve as guide-posts and goals for future capture of the region's industrial space. Because the FIB area is mature and one of Atlanta's original favored industrial locales, it captured a large portion of its share of industrial square



footage decades ago. With limited sites for new product, and because much regional growth is moving outward toward greenfield sites, capturing the historical average will be challenging, but certainly an achievable goal.

This capture rate meant that FIB has, on average since 2002, absorbed 65,000 SF of space annually. In 2005 FIB absorbed over 650,000 SF of industrial space, the best year on record since prior to the early 2000's recession. While the area could rapidly expand based on the proposed changes, we would not expect that type absorption to be typical on an on-going basis, even when the economy fully rebounds.

Figure 18: FIB Industrial Market Trends

FIB Industrial Space	Total SF	Occup. SF	Absorption
Net Growth 02-13	690,467	609,162	788,157
Avg. Ann. Growth 02-14	62,770	55,378	65,680

Based on CoStar data

Using employment projections from the Atlanta Regional Commission (ARC), we estimate, based on projected employment growth, that FIB could add approximately 2 million SF of industrial space by 2030, or about 100,000 SF annually. This projection is considered the “base case” assuming FIB competes regionally at a similar level as the last decade. With improvements to the area and a growth strategy in place, FIB can expect to absorb greater levels of industrial space.

Figure 19: FIB Future Industrial Demand

Industrial Related Employment Sectors	Total Employed 2010	Proj. Ann. Growth Rate	Total Employed 2030	Net Growth	% of Workers in		Industrial Employment Growth SF/Worker	Growth in Industrial Demand (SF)	Annual Growth in Industrial Demand (SF)
					Industrial Space	Industrial Employment			
Transport and Warehouse	5,173	0.3%	5,624	451	80%	361	2,500	902,000	45,100
Manufacturing	4,743	0.1%	4,831	88	100%	88	2,500	220,000	11,000
Wholesale	6,254	0.2%	6,618	364	100%	364	2,500	910,000	45,500
Total	10,460		13,528	3,068		813		2,032,000	101,600

Based on ARC data

Capturing FIB's historical “fair share” of future metro growth at historical rates (6.8%) should serve as the area's “stretch goal,” or a goal that is challenging but achievable with the proper improvements and growth strategy allow. Assuming these improvements and strategies are well-executed we project that FIB can absorb about 6 million SF of industrial space by 2030, or average annual growth of approximately 338,000 SF.



Figure 20: Industrial SF Projections

Year	Metro Total SF	FIB Total SF
2013	682,375,979	46,116,433
2014	689,299,700	46,872,380
2015	696,415,740	47,356,270
2016	703,255,567	47,821,379
2017	709,676,370	48,257,993
2018	714,492,749	48,585,507
2019	718,546,634	48,861,171
2020	722,092,151	49,102,266
2021	725,919,323	49,362,514
2022	729,926,658	49,635,013
2023	734,399,066	49,939,136
2024	739,282,072	50,271,181
2025	744,455,354	50,622,964
2026	749,469,504	50,963,926
2027	754,292,573	51,291,895
2028	758,932,301	51,607,396
2029	763,410,113	51,911,888
2030	767,857,146	52,214,286
Total New	85,481,167	6,097,853
Annual New	4,748,954	338,770

BAG Projections assume regional SF growth based on a 10-year rolling average.

According to Jacob’s analysis nearly one-third of the study area (1,100 acres) is vacant or undeveloped land (approximately 21% of the vacant area is undevelopable; 13% of vacant area is buffer along Chattahoochee River). About 450 acres of undeveloped land within the study area is classified as vacant industrial land. Assuming that about half of that vacant industrial land is potentially buildable and, if built, a new industrial building would have a Floor Area Ratio (FAR) of .2; one acre of land can yield 10,000 SF of industrial space. Thus the remaining developable acres can support up to 2.5 million SF.

Over time, the future new demand will be absorbed in the study in three ways:

- New construction,
- New leasing of older, currently un-occupied buildings, and
- Renovation of older buildings and complete redevelopment of industrial properties.

Figure 21: Future FIB Area Absorption Analysis

<u>Build New</u>	
Developable acres	450
Buildable industrial acres	225
Potential new industrial SF	2.5 million
<u>Lease Existing</u>	
Current vacancy absorbed to get to 10%	1.4 million SF
<u>Renovate/Redevelop</u>	
Renovate existing space or redevelop	2 million SF
FIB Capacity for Future Growth	5.9 million SF

BAG



6. Retail Market Conditions and Future Demand

Although the future of the Fulton Industrial Boulevard area will be largely focused on the continuing vitality of the industrial uses in within the district, current and future retailers in the area will also play an important role.

Currently the range of retail options in the Study Area varies widely from struggling older strip retail centers on very visible parcels near Interstate 20, to newer neighborhood retail centers with national credit tenants in the southern portion of the corridor. Overall, the Study Area contains 326,355 SF of retail space in 52 buildings, according to CoStar. The vacancy rate stands at 7.1% with lease rates currently averaging \$13.14. Similar to the overall Atlanta retail market, the local market conditions experienced a slight improvement in market in the second quarter of 2013. CoStar reports that that region ended the second quarter of 2013 at \$12.91 per square foot per year on average, with a 9.7% vacancy.

Most of FIB’s retail offerings are small in scale, with only five retail properties larger than 10,000 SF, and only two larger than 50,000 SF. The largest retail building is a 70,000 SF former office supply store at the corner of Patton and Fulton Industrial Blvd., most of which is currently used as a discount warehouse store for household furniture.

Because the FIB generally lacks retail offerings that cater to customers looking to purchase household items, most of the retail properties tend to offer convenience products for travelers and nearby businesses. This lack of household retail emanates from a lack of demand from households within a three-mile radius of the area, typically the metric used by retailers such as grocery stores. As shown in the table below, according to Nielsen, households located within the three-mile radius trade area have a demand potential for \$589 million worth of retail goods annually. However, the retailers in the same area supply just over \$594 million worth of goods. Thus, a surplus of retail exists within the typical three-mile trade area, pointing to a lack of opportunity for large amounts of new retail offerings in the area.

Figure 22: FIB Area Three-Mile Radius Trade Area Retail Opportunity Analysis

	2013 Demand (Consumer Expenditures)	2013 Supply (Retail Sales)	Opportunity Surplus
Total Retail Sales	\$588,953,211	\$593,084,934	(\$4,131,723)

The current demand for retail emanates from five groups:

1. Employees of FIB
2. Expenditures from area businesses
3. Business visitors to FIB
4. Tourists traveling I-20
5. Truckers to FIB



As shown in the table below, it appears that the current 326,355 SF of retail space in the area slightly exceeds the estimated 315,806 SF of demand potential. This would point to a need to reconfigure some of the retail offerings into modern viable spaces that add to the vitality of FIB. No additional retail square footage appears needed at this time. However, as the demand generators grow, so too will the need for more retail space along the corridor. These generators will grow with the improved quality of the industrial offerings that are expected due to the execution of this master plan and the efforts of The Boulevard CID and local economic development officials.

Figure 23: FIB Current Retail Demand Analysis

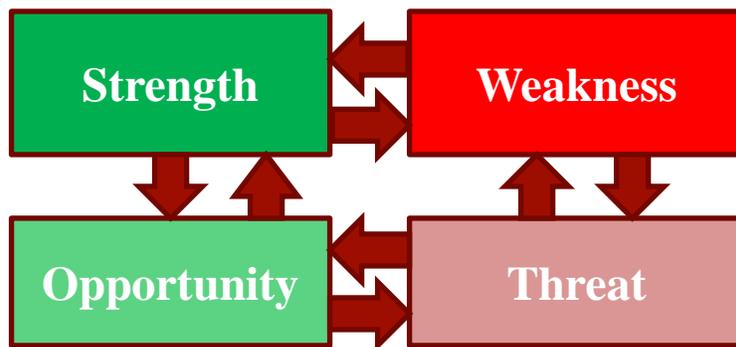
Daytime Retail Demand Source	Demand Generator	Expenditure Level	Estimated Annual Retail Demand	Capture Rate	FIB Daytime Retail Potential
Employees of FIB	19,500 Employees 40,089,000 SF	\$20 per employee per week	\$ 19,500,000	25%	\$ 4,875,000
Business Expenditures	Occupied 475 Occupied	\$4 per SF per annum	\$ 160,356,000	15%	\$ 24,053,400
Business Visitors to FIB	Buildings 146,330 AADT on	5 visitors per day /\$10 per day	\$ 6,175,000	25%	\$ 1,543,750
Tourists from I-20	I-20 4,159 Trucks per	10% of traffic tourist/ \$20 per day	\$ 106,820,900	15%	\$ 16,023,135
Truckers to FIB	Day	\$193 per day on fuel and incidentals	\$ 292,980,755	10%	\$ 29,298,076
Total Retail Potential			\$ 585,832,655		\$ 75,793,361
Supportable Retail Space @\$240/SF					315,806

Source: BAG



7. Competitive Assessment—Fulton Industrial Boulevard S.W.O.T. Analysis

Developing a coherent and targeted economic development strategy for the Fulton Industrial Boulevard (FIB) area begins with a frank self-assessment of both current conditions in the area and the range of opportunities and threats that face the area's economic future. By taking a critical look at FIB's strengths, weaknesses, opportunities and threats, one can understand the area's current and future competitive position and then recommend targeted strategies for improving that position. This type of analysis is commonly known as a S.W.O.T. (Strengths, Weaknesses, Opportunities, Threats) analysis.



What is meant by the terms Strengths, Weaknesses, Opportunities and Threats?

- **Strengths** of FIB are what make it appealing as a business location both for current businesses and for attracting new employers to the area.
- **Weaknesses** are the factors which are detrimental to businesses operating in FIB and could be a deterrent to attracting new businesses to the area.

Both of these are internal factors about the conditions found in FIB and its labor market and define the area both for its present companies and for prospects looking at the area. They are typically a relative measure of how the area ranks in comparison with its main competition, for example, average lease rates, average wage rates and crime rates of FIB versus its competitors.

- **Opportunities** are those factors occurring in the local, regional, state, national and global economy that provide opportunity for FIB to grow and prosper in the future, such as the impact of the growth exports in the U.S. economy.
- **Threats** are those trends in the local, regional, state, national, or global economy that could negatively impact the competitive position of FIB. For example, the off-shoring of a large segment of the U.S. manufacturing base has had a negative impact on Georgia' and the U.S. economy as well as FIB.



This S.W.O.T. analysis will frame the questions that are vital to establishing an economic development strategy for FIB, for example:

- Where does FIB stand in relation to its peers in terms of other major industrial locations?
- What actions can FIB take to capitalize on its existing strengths and maximize the opportunities available?
- What actions can FIB take to mitigate weaknesses and minimize the potential threats?
- How can FIB organize its resources and assets to best compete in a highly competitive marketplace?

The challenge for FIB is to understand both the opportunities and threats to the area from these external factors and to find ways to improve its competitive position by capitalizing on the opportunities for the area while minimizing and or adjusting to the external threats.

In consideration of both opportunities and threats to the FIB area it is important to focus on those that can be addressed by reasonable policy actions within the resources of the CID and its supporters. For example, if there appears to be demand for another deep water harbor due to the opportunities being created by the widening of the Panama Canal, creating a deep water port on the Chattahoochee would be a very difficult and costly engineering challenge. However, improving the rail and truck access of FIB to an expanded Port of Savannah or Brunswick would be a more achievable way to address the same opportunity. Unfortunately, in our experience, many communities try to focus on the first option and fail in seizing the achievable opportunities before them.

Fulton Industrial Boulevard S.W.O.T. Analysis:

This section outlines the strengths, opportunities, weaknesses and threats facing FIB that emerged from the competitive assessment process. This was a collaborative process involving the input of dozens of individuals. Key inputs were derived from a wide variety of qualitative and quantitative sources, including:

- The consulting team
- The project management team
- Core Team (Steering Committee) Public meetings & input
- Stakeholder interviews
- Baseline assessment data.

The results of the S.W.O.T. analysis are summarized in the exhibit on the following two pages.



Fulton Industrial Boulevard S.W.O.T. Analysis

Strengths

Large base of existing industries (550+) that can expand and grow

- Expand existing operations
- Tapping supply chain relationships for potential FIB businesses

Excellent regional interstate network access to SE and National markets

Hartsfield Jackson Atlanta International Airport (HJIA) proximity without airport noise

Fulton County - Brown airport as hub for corporate flights

Fulton Industrial Boulevard provides strong access throughout corridor

Very competitive industrial lease rates

Manufacturing presence

Strong food-related industry presence

Direct, if limited, MARTA bus service

Presence of services and retail for businesses, employees

Large, well trained workforce

Higher wage rates than other portions of region

Redevelopment/development sites available

Active & dedicated business community/large firm presence

Existing ED partnerships and organizations:

- Fulton County Board of Commissioners
- Community Improvement District
- Development Authority of Fulton County
- South Fulton Chamber of Commerce
- South Fulton Economic Development Initiative

Opportunity Zone in place

Weaknesses

Perception of crime and public safety issues in corridor

Gateway entrance at I-20 interchange is unappealing to businesses due to:

- Vacant buildings
- Run down hotels, motels
- Adult business presence
- Commercial clutter
- Signs of disinvestment and deterioration
- Interchange area reflects poorly on quality of rest of FIB

Aging stock of industrial buildings, many in outdated configurations

Lack of updated retail options in key parts of corridor

No coordinated marketing of FIB, focus on individual buildings, areas

Skills deficiency in labor force for certain jobs in FIB

Telecom services are inadequate for many businesses, big data uses

Perception of FIB as a low cost, low tech industrial market

FIB not on the “radar screen” of regional economic developers for prospects

Water costs are high, barrier for large users

Underperforming local schools not providing needed labor

MARTA service to area is limited relative to potential use/need

Rail network underdeveloped, not marketed as asset

No leveraging of Brown Field asset to corporate market



Fulton Industrial Boulevard S.W.O.T. Analysis (Cont.)

Opportunities

- Strong regional job grow over coming decade—creating demand
- Expansion of Cargo at HJAI creating demand for industrial development in surrounding counties
- Expansion of Port of Savannah as global portal for South East U.S.—arrival of Panamax shipping in 2015
- Continued growth in global commerce, European firms bringing production to U.S.
- Southeast Auto Industry Expansion
- Manufacturing on-shoring occurring in key industries
- The storage needs for the vast collection of information publicly available online , otherwise known as “Big Data”
- Entertainment industry and related production
- Growth of Atlanta Region/Georgia as consumer market
- Logistics industry growth for Southeast and National market
- Emergence of I-85 Corridor Birmingham to Charlotte as Economic Mega Region—Atlanta the Hub
- CID as evidence of FIB ownership/businesses working together to better position the area in the marketplace

Threats

- Heightened competition in industrial sector—regionally 681 million SF exists, having added 70 SF over the last decade
- Heightened local competition from Douglas, Airport East and I-85 submarkets, Camp Creek area
- Continued decline in overall manufacturing sector, growth confined to certain subsectors
- Increasing obsolescence of portions of FIB industrial inventory for new industrial demand
- High drop-out rate and low educational achievement of local schools impacts skills of future labor force
- Transformative technologies will accelerate turnover rate of businesses, need to be recruiting new companies in new industries to grow and succeed
- Lack of a tools to support redevelopment of older industrial inventory
- Environmental justice policy is potential regulatory hurdle for existing, expanding and new prospects



Implications of S.W.O.T. Analysis for Fulton Industrial Boulevard

Strengths

FIB needs to capitalize on its strengths and use them as the core of its development strategy going forward. A review of the strengths suggests several ideas in terms of strategy for FIB:

- **Focus on expanding the substantial existing base of businesses**—with over 500 industrial tenants and owners, this major presence can most easily be expanded by helping existing companies expand their current operations and working their supply chain relationships to attract key suppliers to locate in the area.
- **Expand key industrial clusters in Food Processing and Manufacturing**—both of these sectors have a strong presence in FIB already and may offer strong prospects for future growth an expansion.
- **Attract Big Data users to the area**—by enhancing the fiber optic network, FIB would be an excellent location for Big Data firms such as server farms, data centers, call centers, etc. These uses do not require significant truck access and may require a secure site, which could easily be provided at FIB. They would be excellent additions to the county’s tax digest and could be users of the ample grey water available in the area for cooling purposes.
- **Preserve excellent access to FIB by keeping Fulton Industrial Boulevard uncongested**—this a major long term objective, as many established industrial areas begin to suffer from increasing commercial traffic intrusion over time, lessening the initial appeal of the area for industrial uses. Fulton Industrial Boulevard needs to have as its priority purpose serving the industries in the area.
- **Leverage the CID as the “landlord” of FIB**—having the CID in place is a major organizational and management advantage for the area. Given its singular focus on FIB it is the logical organization to focus on creating a strategy for the economic future of the area and taking the lead role in coordinating both public sector and private sector initiatives to achieve that vision. Given the multiple ownerships of the industrial inventory in the area, having this overall coordinating body is essential and can pay great dividends as is evident in the action of the Perimeter CID and Cobb Galleria CID, for example.

Weaknesses

In the analysis a number of weaknesses of the FIB were identified that could be remedied through concerted action in the future:

- **Develop a unified identity, property data base and central website to market FIB to prospects**—as a by-product of its long development history and multiple owners, FIB lacks a unified “brand” and marketing portal. Create a website for FIB which would provide ready access to the building inventory, key broker contacts and descriptive information on the CID’s efforts and labor force characteristics for future clients. Also, a description of who already is based in FIB and key industry clusters would be useful to prospects.
- **Focus on fixing the “front door” to FIB**—many of the problems of the FIB area—deteriorated



retail and hotel establishments, vacancies, prostitution, adult businesses, crime--- are most evident in the area around the intersection with I-20. An effort to clean up and redevelop this area of the FIB corridor will create a better environment for businesses along the corridor and create a better first impression for prospects considering the area for investment and employment.

- **Get FIB back on the radar screen of regional and state economic developers**—in our research and discussions with economic developers in the region and state it was clear that FIB is not a location that comes to mind when they have a major prospect. Establishing a program of regular contact with regional and state economic developers to share the good things occurring at FIB could pay dividends down the road when major projects of statewide impact are being considered. Planning process participants and leaders agree that agrees this is one of the best located industrial concentrations in the state, but its potential needs to be continually refreshed in their minds.
- **Create a career academy to provide a path to employment**-- involving Fulton County Schools, a local community college, and three to five major employers to create a pathway for skilled workers needed for existing jobs in the area and a pathway to employment. This can be a very productive model for the 30% of local high schoolers who are not graduating and looking for help finding the first step on the ladder to economic independence.
- **Using a tax allocation district and the programs of the Development Authority of Fulton County to develop workable templates for the redevelopment of outmoded industrial properties.** Using TAD as an incentive to help bridge the additional costs of redevelopment in a low rent environment it should be possible to make redevelopment as cost effective as greenfield development, thereby enhancing the competitive advantages of locating at FIB.
- **Upgrade the telecom services in FIB**—if the area is going to attract Big Data users as well as maintain its current large data users, efforts should be made to invest in the telecommunications and fiber optic capacity serving the area. This is considered a “must have” when competing for the industries of the future and Fulton Industrial Boulevard right of way can provide the channel for re-wiring the area in a very efficient manner.

Opportunities

- **Focus on capturing a higher percentage of regional industrial growth**—ARC estimates, the Atlanta region will add 1.1 million jobs over the twenty years from 2010 to 2030. An estimated 25% to 33% of those jobs are in industries with the potential to locate in FIB. As a goal the CID should seek to attract more of its fair share of regional growth than it has in the past decade. An achievable rate of 3 to 5% would represent a net addition of 150,000 to 300,000 SF of industrial space absorbed annually from the vacant inventory, new construction or redevelopment/renovation.
- **Capturing more of the opportunities from Georgia’s two global portals—Hartsfield Jackson Atlanta International Airport and Port of Savannah**—With the renewed focus at HJIA on expanding cargo and air freight operations and the continued growth of the Port of Savannah, which will be positively impacted by the deepening of the Savannah River to handle the much



larger Panamax freighters, Georgia is poised for a steady growth in global trade and commerce. Given FIB's location in the heart of the largest regional market in the Southeast, this should result in a number of new opportunities for the area. Cordele is gaining traction as an inland port serving shippers from Mississippi and Alabama seeking alternatives to trucking goods to the Port of Savannah. Might FIB's location in the hub of the Southeast automotive cluster provide a similar opportunity for FIB leaders to explore?

- **Invest in education and special training in key industries to attract higher value firms to the area**—the ability to provide a high-skilled manufacturing labor force could be a major competitive advantage in competing for higher skill/higher wage industries in the future in advanced manufacturing, big data and logistics.
- **Explore creation of an Applied Research/Technology Transfer Campus near I-20 Interchange focused on innovation in key industries with an FIB presence.** This could include a small institute focusing on food manufacturing, local food production and distribution affiliated with UGA/Griffin campus, an advanced logistics center involving Georgia Tech and key regional leaders in logistics, or advanced manufacturing tied to FIB's industrial base. The presence of one or more of these facilities would be very attractive to European companies seeking U.S. production facility locations.
- **The entertainment industry is booming in Georgia and would be a logical fit with FIB**—The entertainment industry generated \$3.1 billion in the Georgia economy in 2012 which was a 29% increase over the previous year and is showing no signs of slowing down in the near future due to a combination of the state tax credit, easy air access, our skilled labor pool and moderate costs relative to other production areas. The central location of FIB in the Atlanta region, close to many potential filming locations, the availability of low cost existing facilities for production purposes and its proximity to the region's skilled entertainment production labor force would seem to make it a strong candidate for attracting aspects of the expanding entertainment industry in Georgia.
 - The growth of this industry is based solely on the tax credits afforded it by the Georgia General Assembly. This situation must be monitored as the legislature has made no guarantees to the permanence of the tax credits or to their continuation of the current levels that make them popular in the industry.

Threats

- **FIB faces intense competition**—the competitive playing field for industrial prospects is vast and getting more so every day. FIB is facing strong competition regionally from Douglas County, the Airport and I-85 South and North Submarkets. In addition, the South I-75 corridor with its positioning between HJAIA and Port of Savannah is increasingly challenging. Over the coming decade the level of competition will only likely intensify, regionally, statewide and globally. This means FIB will have to create a more effective brand, more seamless marketing of its building and sites and other assets and aggressive in the use of incentives and training efforts to attract the companies it seeks.

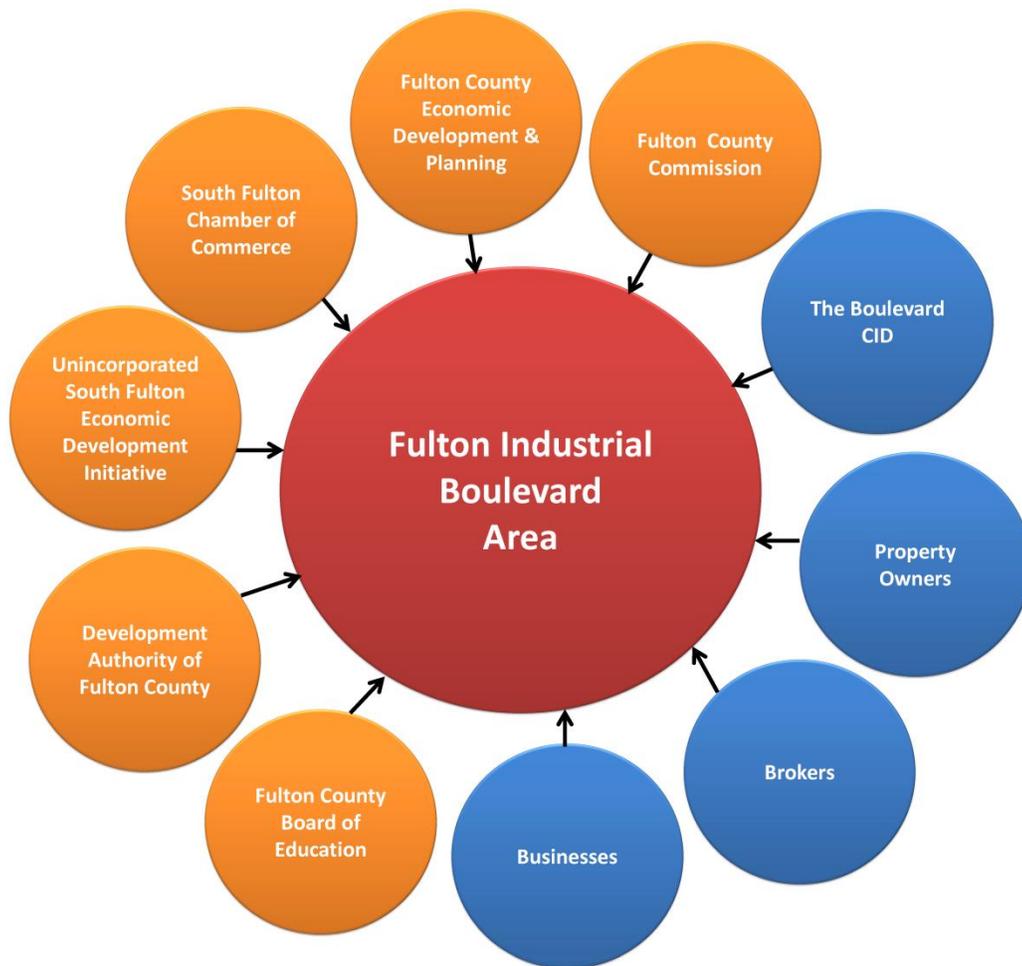


- **Approximately 2-3% of the FIB's Industrial Inventory will become outmoded annually**—as industry requirements evolve over time a portion of FIB's industrial inventory will become outmoded by new technologies and new requirements annually. This requires that current owners working in partnership with the CID and local officials use all of the tools available to provide the updated infrastructure and incentive policies needed to continually refresh the industrial inventory for the needs of future businesses seeking to locate and expand in the area.
- **Creating the skilled job ready workforce is critical to future success**—FIB benefits from being in the heart of the Atlanta region, which provides ready access for a large potential workforce to companies located at FIB; however, more than 30% of area high school students in the city of Atlanta and south Fulton County are not graduating. In addition, employers indicate many higher-skill positions are hard to fill. Developing a process for creating a future labor force that it is work ready and has the training that higher skill jobs require would be a major competitive edge for FIB going forward and should be a long term objective of the owners and businesses that make up the FIB community. It should also receive the highest level of attention and commitment from local leadership in Fulton County government and education.
- **The accelerating pace of global competition will mean higher turnover of FIB businesses**—with the pace of change accelerating across industries as a result of the telecommunications revolution and other factors of globalization, business is engaged in an unprecedented level of competition. As a result companies are continuing to merge, downsize, reorganize and realign their operations. (See an excellent discussion of these issues in Thomas Friedman's *The World is Flat* and *Hot, Flat and Crowded*) This means that the mix of companies located in FIB will be constantly evolving. The key to future success is having more prospects moving into the area than companies moving out. This will require an aggressive market effort engaging all of the county's economic development resources, the CID and the owners of the industrial facilities and the brokerage community in a well-coordinated effort to position and sell FIB continually to the outside world. This has not occurred in the FIB area to date, but the creation of the CID was a catalytic decision that provides the organizational platform for this to occur in the future.



8. FIB Implementation Strategy and Public Private Partnership

The implementation of the development vision for the Fulton Industrial Boulevard CID Master Plan should be based on the creation of a cooperative public private partnership between the key participants/stakeholders in order to increase the chance of success. The key participants are both in the public and private sector and the successful implementation of the master plan vision for FIB will require forming partnerships among all of the entities that can bring unique skills and abilities to determine the future of FIB.



The key participants are:

Private Sector

- **The Boulevard CID**— having an existing entity in the form of the Boulevard CID focused on the future economic health and well-being of the study area will be a major institutional advantage in implementing the Master Plan. Every successful redevelopment effort has a champion that coordinates its implementation and can bring the needed focus and resources to coordinate the



many details that need to be accomplished to convert a large redevelopment plan into reality. As a first step the, executive board of the CID needs to embrace the master plan recommendations and commit to provide the leadership, administrative support and leverage its funding sources to implement the plan over the next decade. This may require an expansion of its current staffing and a reallocation of its future funding to support several key elements of plan implementation.

- **Property Owners**— the existing property owners play an essential role in the implementation of the vision for the master plan area. Owners of the substantial inventory of older industrial space that are experiencing vacancies will have to either 1) renovate their facilities themselves; 2) embrace the need to redevelop their current property in-line with the vision for the master plan area; or, 3) be willing to sell their property to developers interested in implementing the redevelopment vision for the area.
- **Brokers**-- implementing the vision for the study area will depend on a new cooperative model for promoting the area. Rather than market individual buildings and sites independently, FIB must develop a coordinated marketing plan built around a common website where prospects can learn about FIB as a whole, and then when a building or site has been identified, work directly with the brokers representing those assets. This cooperative approach will increase the awareness and visibility of FIB to future prospects and regional economic developers and site locators working with prospects.
- **Businesses**— the future success of FIB will also depend on networking with existing businesses to determine if there are opportunities for them to expand their businesses in FIB, or attract new operations from their parent companies to the area as well as key suppliers in their supply chain. The 500+ businesses in the area offer the greatest potential for growth and expansion of managed and marketed effectively. The CID can play a key coordinating role in this process.

Public Sector

- **Fulton County Commission**— The County has a tremendous amount to gain from the successful implementation of the master plan recommendations for the study area. The proposed plan would provide a major economic stimulus to the FIB area and reverse the decline in property values and sluggish growth that have characterized the last several years. FIB is one of the largest concentrations of employment in unincorporated Fulton County and represents a major component of the County's tax digest. The County's role should be to provide the infrastructure needed to support the study area's transformation and implement a series of land use policies that will encourage the creation of the vision articulated in the master plan. Fulton County may also have to contribute to the seed funding for the public improvements needed to trigger the initial round of revitalization in the area.
- **Fulton County Economic Development and Planning Departments**—As part of County government, these two organizations play vital roles in the future development and growth of FIB. County economic development can assist in the promotion and growth of the area by being a proactive advocate for helping existing employers expand their operations and helping to recruit new businesses to the area. Planning plays a critical role in providing the regulatory



framework that will encourage the long term vitality of this critical job center and prevent commercial intrusion from lessening the appeal of the area. Through overlay zoning it will also be possible to encourage higher-quality development over time in the corridor. In addition, Planning can prevent the intrusion of incompatible residential uses into this industrial area thereby protecting the residents and securing the future of the area as a home to clean and technology-based industry.

- **South Fulton Unincorporated Economic Development Initiative**—This special initiative supported by the County is targeted to the economic development needs of unincorporated South Fulton, and FIB is a major part of this initiative. Having a small team of highly experienced economic developers working every day on economic development issues in the area is a major asset to FIB and all of unincorporated South Fulton. The ability of this team to work collaboratively with the CID, area businesses, property owners and the brokerage community is a key resource for the future implementation of the master plan vision for the area.
- **Development Authority of Fulton County**--can be a major financial ally in the implementation of the plan, particularly in the transformation of older industrial uses with new facilities and businesses. In addition, Fulton County should play a central role by creating a TAD district for the I-20 interchange area as a key incentive to make the transition of the existing land uses into a more viable and appealing “front door” to this vital business district. Further, the County’s economic development efforts can provide the public support to market and promote the area to existing businesses and future prospects.
- **South Fulton Chamber of Commerce**—The South Fulton Chamber represents the business interests of all of South Fulton, a major portion of which is the FIB area and businesses. Working collaboratively with the other economic development entities in the area the South Fulton Chamber is another important resource for the promotion and growth of FIB as it implements the master plan.
- **Fulton County Board of Education**—Fulton County Board of Education plays a critical role in preparing the workforce for the future of FIB. Graduates of its area high schools are a major component of the labor force for FIB. Developing ways for a closer linkage between the School Board and its programs and the needs of the employers in FIB would both benefit the student population and help provide better skilled future workers for the employers at FIB. A career academy, and/or special training programs for students in industries with a presence at FIB could provide a valuable path to economic prosperity for the students and their families. Fostering a better linkage between Fulton County Schools and FIB could create an important competitive advantage for the area in its retention and recruitment of new businesses.



Key Implementation Steps

The following steps should be considered in implementing the vision detailed in the FIB master plan:

- The FIB master plan should be adopted by the Boulevard CID as its “roadmap” for the future development of the FIB area over the next decade.
- The Boulevard CID should use the master plan to promote the vision for the area and build a framework of success as small incremental steps in its implementation are achieved. This is model used so successfully by the Midtown Alliance in the promotion of Blueprint Midtown. It created a sense of momentum and inevitability around the plan that was critical in getting the many property owners and developers with interest in the area to follow its key concepts and vision. When any new investment or development occurs in Midtown the Midtown Alliance claims it as being “in the Blueprint” or “according to the Blueprint”--this is important in creating a sense in the community of buy-in and commitment to the broader vision. It also makes it difficult for the next project to deviate from the plan.
- The Boulevard CID should consider creating a non-profit development entity under its leadership to facilitate the implementation of the redevelopment activities in the plan. This entity could hold land on an interim basis, take lead responsibility for managing the TAD and recruit businesses and developers to bring new projects to the area.
- The Boulevard CID should consider providing “seed funding” to support the implementation of key initiatives detailed in the Master Plan. This could include funds for administration, consulting and special studies needed to advance the implementation of the plan, as well as matching funding for key infrastructure and amenities of the plan.
- The CID should play the leadership role in the redevelopment of the area around the I-20 interchange, since private development efforts are unlikely to be sufficient to accomplish this goal on their own. We believe an effective public private partnership on key sites in this area will be essential to success. The major ownership entities active in FIB can play a leadership role in this redevelopment process, given their experience with development around the state and region.
- The CID, through a development entity, should work with willing property owners to identify key catalyst sites for redevelopment in the I-20 interchange area and solicit development interest in the redevelopment of the sites through an RFP process with the property owners’ involvement. The commitment of TAD funding by the County for the creation of key infrastructure/site preparation to support the redevelopment should be pre-determined for these sites.
- Fulton County needs to adopt the proposed zoning changes that will encourage the flexible set of land policies that can support the creation of the vision detailed in the master plan.
- The County should seek funding from ARC for a catalytic infrastructure project that would help initiate the implementation of the redevelopment of the I-20 interchange area.
- The CID needs to coordinate the creation of a branding program for FIB that will result in a new website to include data on space for lease, buildings and sites for sale throughout the FIB area. The site should be the principal marketing tool for the entire area, and link interested prospects to the individual sites of the brokers representing assets in the CID. This website would help create a unified presence and tell the story of FIB to potential prospects. It should result in



more business inquiries and activity for all participants. Off the shelf technology exists for automating the building and site inventory for accessibility on the website. This should be a joint project of the CID, building owners, brokers and businesses.

Financing the Public Private Partnership

Implementing the plan for the study area will require an effective melding of a variety of financing sources from both the public and private sector. The basic approach is to use public funding to provide the infrastructure and amenity framework to attract and support the much greater amount of private capital, both in the form of debt and equity that will be needed to fund the commercial and industrial redevelopment. A shorthand way of thinking of the financing approach is that the public sector's role is to help with the **horizontal development** --infrastructure and amenities like streetscape, transportation improvements, site demolition and prep costs and the private sector will finance the new **vertical development** built in the area.

There are three key funding sources that should be combined to help finance the public portion of the public private partnership to achieve the redevelopment components of the master plan:

- **FIB Tax Allocation District**—perhaps the most useful financial tool to support redevelopment in Georgia is the creation of a Tax Allocation District to fund key public infrastructure. TAD funding financed the environmental clean-up, site prep work and creation of the parking superstructure that supports the development at Atlantic Station. Achieving the redevelopment of the I-20 Interchange area will also require some level of public support and would be an ideal application of TAD. This incentive can be used to create the public infrastructure in terms of green space, streetscapes, and other public amenities and can be used to defray some or all of the cost of demolishing existing structures, doing environmental clean-up and other site prep costs to make redevelopment of industrial sites economically feasible.
- **FIB Opportunity Zone**—the recent creation of the FIB Opportunity Zone allows employers who create two or more jobs to receive a \$3,500 tax credit on their Georgia taxes for five years. This incentive is widely used in the state to attract new employment and should be a major asset to the redevelopment effort and for helping existing employers expand in the FIB area as well to attract new prospects to locate at FIB
- **Boulevard CID**—another key financing tool that is already in place in the master plan area is the Boulevard Community Improvement District. The creation of the CID, for the FIB area provides not only a key administrative structure for implementation of the redevelopment plan but generates a stream of revenue annually from commercial property owners in the CID to help fund needed improvements to the area. While the amount of funding that can be dedicated to implementation of the plan is limited due to a broad range of existing programmatic commitments, other CID's, such as Perimeter, Gwinnett Place and Cumberland, have shown how effectively seed and matching funding can be used to create key public amenities and support redevelopment initiatives. For example, the CID's streetscape efforts can be targeted to



support the redevelopment of specific blocks or areas within the I-20 Interchange redevelopment area.

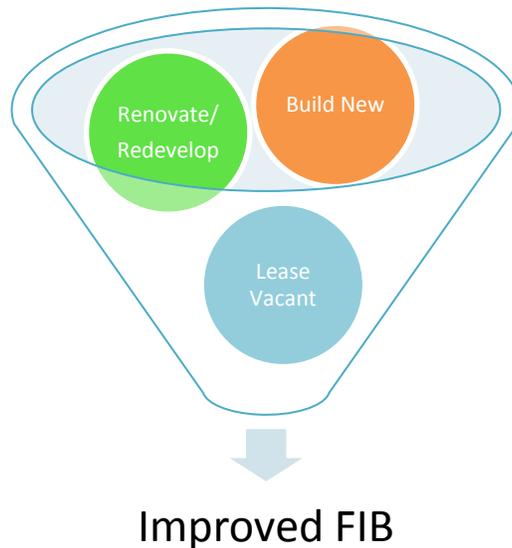
Having a plan that links together these sources of public funding into an overall public-private financing strategy will add significant credibility to the efforts to implement the master plan. And, combined with the needed commitment and focus from the Boulevard CID and potentially its development entity to manage the day-to-day redevelopment tasks, will go a long way to seeing the vision created in the FIB master plan become a reality.



9. Economic Analysis of Catalyst Development Concepts

The collective results of the consulting team’s work, including the market feasibility analysis for the Fulton Industrial Boulevard area, indicate that there is opportunity for FIB to define a future that will allow it to enjoy future accelerated growth as it capitalizes on its many assets. The future expansion of businesses locating in the area can be accomplished by:

- **Re-occupying** a significant proportion of the current vacant inventory of buildings,
- **Building out** the remaining inventory of zoned industrial sites, and
- **Renovating or redeveloping** outmoded industrial sites with new inventory designed for the current market.



Re-occupying

With a current vacancy rate of 13%, absorbing approximately 1.5 million additional SF into currently unoccupied space will allow FIB to return to a healthy 10% level of overall occupancy. A key to this will be for the CID to institute a “clearinghouse” internet location where local brokers place listings for their vacant properties. This will allow “one-stop shopping” for interested leases and an avenue for the CID to improve marketing efforts. Additionally, much of the retail uses along the corridor, particularly many parcels near I-20, should be targeted for successful redevelopment.

Building Out

The southern portion of the corridor is home to the majority of the vacant land parcels that will become more desirable for ground-up development as momentum in the district grows. About 450 acres of undeveloped land within the study area is classified as “vacant industrial.” About 225 acres can likely be developed with industrial buildings sized 25,000 to possibly 250,000 SF or more. In total the vacant land along the corridor can support up to approximately 2.5 million SF. Given that new users to the area will seek current vacant buildings as well as new buildings, raw industrial land inventory should be available for the next decade or more (see vacant property map).



Renovating or Redeveloping

Generally, the retail and industrial uses on land near the I-20 interchange are older and thus are more likely candidates for redevelopment. The current development farther south, particularly between Camp Creek Parkway and Campbellton Road, is newer and more likely to see re-occupation of current vacancies and development of vacant land.

The redevelopment of the I-20 interchange area will likely take place over a five-to-ten year, or longer, time horizon, as property owners working with the CID and Fulton County identify opportunities to capitalize on redevelopment momentum. The redevelopment of private property can benefit from public investments for infrastructure and from public incentives such as an Opportunity Zone, which is already in place near the I-20 interchange and a new Tax Allocation District (TAD), which we recommend to be put into place as a key incentive.

The average building in the study area is 35 years old, according to CoStar data. Buildings of this age are potentially nearing the end of their lifespan as viable industrial structures. For example, potential occupants of older properties are often assessing a building's "clear height" to determine its viability, according to area real estate brokers in Atlanta. Clear height is the height from the floor to the bottom of any device such as a light fixture hanging from the ceiling. Increasingly, logistics and warehouse users are demanding higher clear heights, as they offer more cubic capacity for stacking goods, often 32 feet or higher in today's market. Based on a review of CoStar data, an estimated fewer than 5% of the square footage in the buildings in the FIB study area is equipped with clear heights greater than 30 feet.

Because the oldest buildings along FIB are near I-20, a disconnect exists between the buildings with the nearest access to the interstate and those best suited for warehouse and logistics uses. That is, generally the area nearest I-20 is the area with the most obsolete building stock. Owners of these buildings are faced with the issue of investing resources into these buildings to upgrade or fundamentally change the nature of the buildings, with little evidence that the upgrade will prompt rents to raise enough to achieve greater profitability. Further, many of the buildings have turned over to commercial uses, which even when underperforming, garner higher rents than average industrial rents.

Therefore, for redevelopment to occur, and in order to spur momentum in the area, involvement from the public sector may be necessary. This involvement could take the form of physical improvements to the public spaces, such as roads and sidewalks, and/or could take the form of public development incentives. Using TAD as an incentive to help bridge the additional costs of redevelopment in a low rent environment should make redevelopment as cost effective as greenfield development, thereby enhancing the competitive advantages of locating at FIB.



Catalytic Sites

The most impactful redevelopment in the study area will occur near the I-20 interchange. In order to assess the potential for redevelopment the CID, through a development entity, should work with willing property owners to identify key catalyst sites for redevelopment in the interchange area and solicit development interest in the redevelopment of the sites through a Request for Proposal (RFP) process with the property owners' involvement.

The commitment of potential TAD funding by the County for the creation of key infrastructure/site preparation to support the redevelopment should be pre-determined for these sites. This incentive can be used to create the public infrastructure in terms of green space, streetscapes, and other public amenities and can be used to defray some or all of the cost of demolishing existing structures, conducting environmental clean-up and other site prep costs to make redevelopment of industrial sites economically feasible.

In order to examine the economic feasibility of development in the study area, Bleakly Advisory Group chose three catalyst sites near the I-20 interchange. These hypothetical redevelopment projects could feasibly occur on parcels all along the corridor. The following programs are purely hypothetical and are used for financial modeling purposes only. They do not represent any proposal or recommendations regarding design or development of actual sites or projects. These development programs are based on feasible land use, density, zoning, and the available acreages of the redevelopment parcels.

For each hypothetical redevelopment concept Bleakly Advisory Group estimated the total market value of the development concept at build out. From the market value the estimated maximum land contribution can be determined for the development prototype. (This is estimated at 15% of total market value.) This maximum land contribution is then compared to the estimated land purchase price for the parcel, based on the current land values, to determine if the prototype development will support land costs sufficient to acquire the site for the estimated purchase price. This is the analysis that a property owner will do to determine if they can afford to redevelop the site themselves, or sell to a third party.

Further, an estimate of the potential TAD for each development concept was calculated. The TAD estimate is based on the estimated market value for the project from which the TAD proceeds available to the development was generated. The estimated TAD funding has been shown as a potential incentive to the project to help fund needed infrastructure and/or to fund any gaps between what the projects can support in land costs and the actual land purchase price.



Site 1: Mosley Motel / Telecommunications Center

The first hypothetical development scenario is at the Mosley Motel site, which is 10.4 acres at the northwest corner of the Fulton Industrial Boulevard/Interstate 20 interchange (outlined in red below). This site is ideal for a state-of-the-art industrial building, possibly focused on Big Data storage or telecommunications. This could include a call center, data center, or other similar function. Other industrial uses, particularly those seeking high visibility along the interstate could also be a possibility. Assuming a market value of \$90/SF for the building, which is approximately the current estimated construction cost, and \$4 million, or 40% of construction costs for the machinery and personal property within the building, a 100,000 SF building would have a market value of \$12.6 million, with a potential land contribution from the developer of \$1.89 million (15% of total value of the building).

We estimate based on current sales and listings in the area and the site’s high visibility, the fair market land price for the site would be \$200,000 per acre or \$2.1 million. Factoring in demolition of the on-site building at \$200,000 (\$5/SF for approximately 40,000 SF) the total up-front developer contribution to acquire the land and prepare it for redevelopment would be approximately \$2.3 million. The land cost is \$390,000 more than a developer would likely be willing to pay, based on a 15% land contribution, making acquisition not economically feasible based on current market values without incentives.

The land is currently assessed at \$400,000, which we estimate would increase to \$5 million assuming the hypothetical development scenario succeeds. With that increment level, the TAD proceeds could reach over \$1.5 million, which, if included in the land contribution, could make the project economically feasible.

Figure 24: Mosley Motel / Telecommunications Center Economic Analysis of Development Scenario

	Without TAD	With TAD
Site Acquisition Cost @ \$200K/Acre	\$2,080,000	\$2,080,000
Site Demolition @ \$5/SF	\$200,000	\$200,000
TOTAL	\$2,280,000	\$2,280,000
Industrial Facility Value @ 100,000 SF	\$9,000,000	\$9,000,000
Industrial Personal Property (FF&E)	\$3,600,000	\$3,600,000
TOTAL	\$12,600,000	\$12,600,000
Maximum Land Acquisition Cost @ 15% Project Cost	\$1,890,000	\$1,890,000
Land Acquisition Cost Difference	(\$390,000)	(\$390,000)
Potential TAD	\$0	\$1,560,000
Site Project Costs Covered	(\$390,000)	\$1,170,000



Figure 25: Mosley Motel / Telecommunications Center Location



Site 2: 4425 Fulton Industrial Boulevard / Retail

The hypothetical scenario at 4425 Fulton Industrial Boulevard is envisioned as a future retail/commercial redevelopment. At 3.4 acres at the northwest intersection of Fulton Industrial Boulevard and Frederick Dr. (south of the I-20 interchange and outlined in red below). This site could become home to retail users catering to local business, as well as restaurant and other convenience commercial offerings.

The development scenario assumes a 45,000 SF commercial center eventually replaces the current uses, which are a strip club and truck service center. The new market value of the commercial buildings would likely be about \$115/SF—approximately the current estimated construction cost. Therefore, the development would have a market value of \$5.175 million, with a potential land contribution from the developer of \$776,250 (15% of total value).

We estimate based on current sales and listings in the area and that the site currently houses existing business, the fair market land price for the site would be \$300,000 per acre or \$1,020,000. Factoring in demolition of the on-site buildings at \$25,000 (\$5/SF for approximately 5,000 SF) the total up-front developer contribution to acquire the land and prepare it for redevelopment would be approximately \$1,045,000. The land cost is \$268,750 more than a developer would likely be willing to pay, based on a 15% land contribution, making acquisition not economically feasible based on current market values without incentives. The land is currently assessed at \$1,000,000, which we estimate would increase to \$2.5 million assuming the hypothetical development scenario succeeds. With that increment level, the TAD proceeds could reach over \$600,000, which, if included in the land contribution, could make the project economically feasible.



Figure 26: 4425 Fulton Industrial / Retail Economic Analysis of Development Scenario

	Without TAD	With TAD
Site Acquisition Cost @ \$200K/Acre	\$1,020,000	\$1,020,000
Site Demolition @ \$5/SF	\$25,000	\$25,000
TOTAL	\$1,045,000	\$1,045,000
Facility Value @ 30,000 SF	\$5,175,000	\$5,175,000
Maximum Land Acquisition Cost @ 15% Project Cost	\$776,250	\$776,250
Land Acquisition Cost Difference	(\$268,750)	(\$268,750)
Potential TAD	\$0	\$ 621,000
Site Project Costs Covered	(\$268,750)	\$352,250

Figure 27: 4425 Fulton Industrial Boulevard / Retail



Site 3: Wendell/Interchange Block

The third hypothetical redevelopment scenario is 10.3 acres of the entire block bounded by Waddell, Interchange Drive SW and Fulton Industrial Blvd., northwest of the Interstate 20 interchange (outlined in red below). This site is envisioned as the signature gateway industrial building to a redeveloped industrial super block between Martin Luther King Jr. Drive and I-20. Approximately 100,000 SF of new modern industrial space could be developed at this location, in a single or multiple buildings.

Assuming a market value of \$90/SF for the building, which is approximately the current estimated construction cost, and \$4 million, or 40% of construction costs for the machinery and personal property within the building, a 100,000 SF building would have a market value of \$12.6 million, with a potential land contribution from the developer of \$1.89 million (15% of total value of the building).

We estimate based on current sales and listings in the area and that the site currently houses existing business, the fair market land price for the site would be \$250,000 per acre or \$2.4 million. Factoring in



demolition of the on-site buildings at \$425,000 (\$5/SF for approximately 85,000 SF) the total up-front developer contribution to acquire the land and prepare it for redevelopment would be approximately \$2.8 million. The land cost is \$927,000 more than a developer would likely be willing to pay, based on a 15% land contribution, making acquisition not economically feasible based on current market values without incentives.

The total tax assessed value of all the parcels in the block is \$2.25 million. Proceeds from a TAD could reach over \$1.5 million, which, if included in the land contribution, could make the project economically feasible.

Figure 28: Wendell/Interchange Block Economic Analysis of Development Scenario

	Without TAD	With TAD
Site Acquisition Cost @ \$250K/Acre	\$2,392,500	\$2,392,500
Site Demolition @ \$5/SF	\$424,570	\$424,570
TOTAL	\$2,817,070	\$2,817,070
Facility Value @ 100,000 SF	\$12,600,000	\$12,600,000
Maximum Land Acquisition Cost @ 15% Project Cost	\$1,890,000	\$1,890,000
Land Acquisition Cost Difference	(\$927,070)	(\$927,070)
Potential TAD	\$0	1,512,000
Site Project Costs Covered	(\$927,070)	\$584,930

Figure 28: Wendell/Interchange Block



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