



# SIX FLAGS SPECIAL SERVICE DISTRICT MARKET ANALYSIS

PRESENTED FOR:



PRESENTED BY:



**Bleakly**AdvisoryGroup

Board Summary

May 2020

# COVID-19 DISCLAIMER

Generally, this data reflects local and national economic conditions prior to the widespread external economic shock caused by the COVID-19 pandemic. The conclusions developed in this assignment reflect the research and analysis of data collected prior to Q2 2020. The assumptions reported herein do not account for the possibility of a drawn-out economic downturn. These assumptions should be considered valid under a reasonably-likely scenario in which the general economy and real estate markets stabilize within the 2021 calendar year. Under that scenario, most currently planned private and public building projects, job growth, consumer confidence, tax laws, and the availability/cost of capital and mortgage financing, among other factors, will stabilize and normalize 12 months of this writing. The data and the corresponding conclusions and recommendations herein should be reviewed and adjusted should any major changes to the above scenario occur.



**Bleakly**AdvisoryGroup



- ▶ **Real estate and economic development consulting firm.**
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## **SIX FLAGS SPECIAL SERVICES DISTRICT COMPREHENSIVE MARKET STUDY**



# EXECUTIVE SUMMARY

## Existing Land Use

- The SSD area is comprised of 130 parcels on 2,593 acres
  - 81% of the SSD land is designated industrial
  - 15% residential
  - 3% commercial
- According to Cobb County records approximately 312 acres (43 parcels) are undeveloped and 73 acres (4 parcels) are under development.

## Demographics

- Approximately 6,650 people live in the SSD area, which is 10% of the total South Cobb population and approximately 1% of Cobb County's total population.
- The median income in the SSD is estimated at \$36,787, which is 54% of that of the SCRA area and 45% of Cobb County overall.
- The SSD area has a significantly higher presence of younger residents than the SCRA, Cobb County, and the Atlanta MSA.
  - 62% of the SSD residents are in the youngest generational cohort.
- SSD population is 41% Black and 41% Hispanic or Latino. Only 19% of the population is White or another ethnicity.

## Economics and Workforce

- The SSD has an estimated 9,239 Primary Jobs
- This represents the addition of 4,845 primary jobs in the past 10 years.
- Jobs increases from 2014 to 2017 doubled nominal employment growth from 2002 to 2014. Much of the growth can be attributed to the growth in the warehousing sector in the area.
- Nearly all the workers in the SSD commute in from elsewhere in the region.

## Housing

- An estimated 74% of the homes in the SSD are multifamily and 26% are mobile homes.
- 92% of the homes in the SSD are renter-occupied, with the remainder owner-occupied mobile homes.

## Real Estate

- Other than the industrial sector, little commercial real estate development activity has occurred in the SSD area in the past five years.
- The SCRA area's share of Cobb County's industrial space within has expanded by 10% since 2000, while the share of other commercial real estate space has remained flat over the past 20 years. Much of the industrial expansion in the SCRA area has occurred in the SSD.

# EXECUTIVE SUMMARY

## Real Estate Development Opportunity

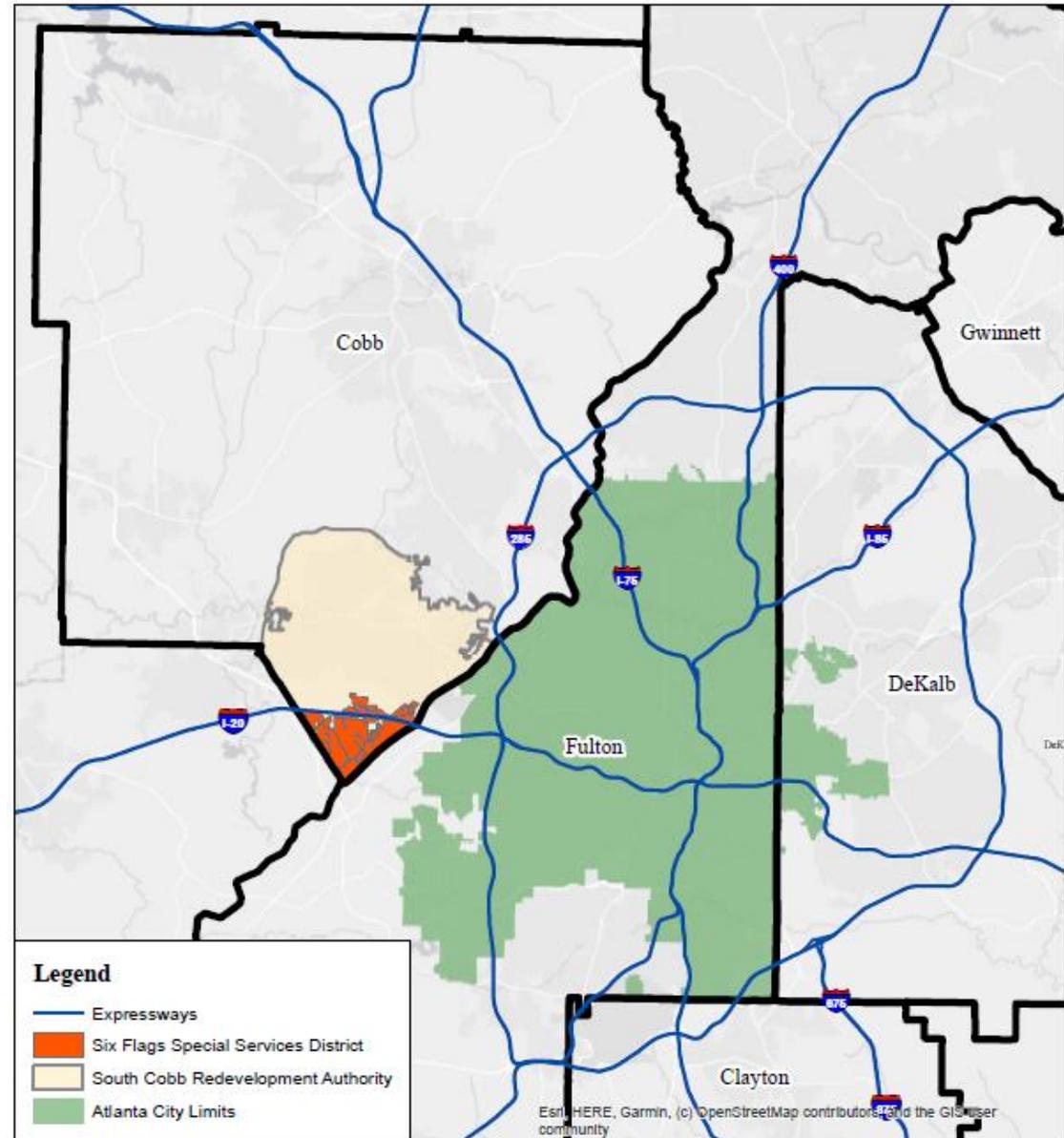
- This study undertook demand opportunity forecasts based on analyzing historic and future supply and demand conditions.
- The results of this analysis are indicative, rather than predictive. That is, they represent potential outcomes of the future real estate development cycles, but are not intended to forecast actual development outcomes.
- Given the recent development environment and the planned land use conditions, the real estate market is most likely to continue to seek industrial development throughout the SSD area.
- Opportunities for residential development are also present in the SSD, in the right locations and formats, and at appropriate price points.
- Additionally, while the opportunity for Class A professional office in the area is non-existent, medical office development could occur in select locations.
- The market-driven demand for additional real estate development in the SSD is based on estimates of potential future activity given current trends. However, non-market forces, such as actions by the public sector (including the SCRA), have the ability to alter the course of future demand scenarios.
- Guiding development using land ownership options, economic development initiatives, and community engagement can modify the local real estate development cycle on particular parcels and throughout the area.

## SCRA-Owned Property

- The SCRA owns 50.6 acres near the intersection of Riverside Parkway and Factory Shoals Road within the SSD area.
- The conclusion of this analysis is that while development opportunities do exist on the SCRA-owned site, it lacks the attributes necessary to attract a large market-driven “catalyst” real estate development. Thus public and community actions are needed to grow demand.
- The site provides a unique opportunity to help to grow the community connections and the local economy through both real estate activities, and social activities.
- In order to unlock the site’s potential, aggressive action is necessary. Potential action items are to provide a robust economic development toolbox for potential developers of the site. The SCRA should be an active participant in the development of the property in order to for the site to serve as a “catalyst” for change in the greater South Cobb area.
- To begin, the SCRA should pursue a development partner through an RFQ/P process.
- An ideal partner would have experience in “mission-driven” community development, as well as successful “market-driven” real estate development.
- Other initiatives for the site could be to activate the site prior to the development through “creative placemaking,” establish a philanthropically-funded community development corporation, and/or create a Tax Allocation District (TAD) for the area.

# DISTRICT CONTEXT

- South Cobb County has an abundance of opportunities and resources for development and the establishment of a community’s “sense of place.”
- To guide this implementation process, Cobb County created both the South Cobb Redevelopment Authority (SCRA) and Six Flags Special Services District (SSD) in 2012 and 2014, respectively.
- The SSD is located mostly between I-20, Fulton and Douglas Counties, with a small portion north of I-20, including a 50-acre parcel along Riverside Parkway.
- SCRA’s boundaries extend north to the East-West Connector encompassing all property between the cities of Austell and Smyrna, otherwise known as Mableton (unincorporated).



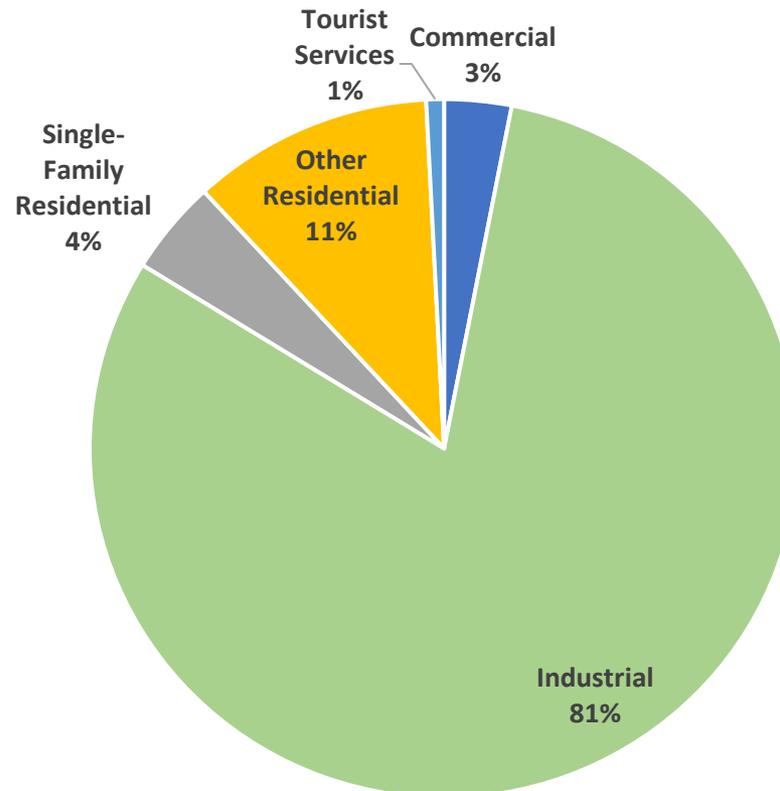
# EXISTING LAND USE

## Summary

- According to Cobb County land use data, the SSD area is comprised of 130 parcels on 2,593 acres.
- Significant land use characteristics include:
  - Approximately **81% of the SSD land is designated industrial** (heavy, light, and future). These 74 parcels account for 2,093 acres.
  - **15% of the SSD acreage is zoned residential**. Of that, 5% is zoned multifamily, 4% single-family, 4% mobile home park, and 2% “planned village community,” which will also allow some commercial. These 33 parcels account for 399 acres.
  - **3% of the SSD land is zoned commercial**, which is 16 individual parcels, or 12% of the 130 total, on 80 acres.

Source: Bleakly Advisory Group based on parcel level land use data from Cobb County

Distribution of SSD Parcels by Zoning District Acreage

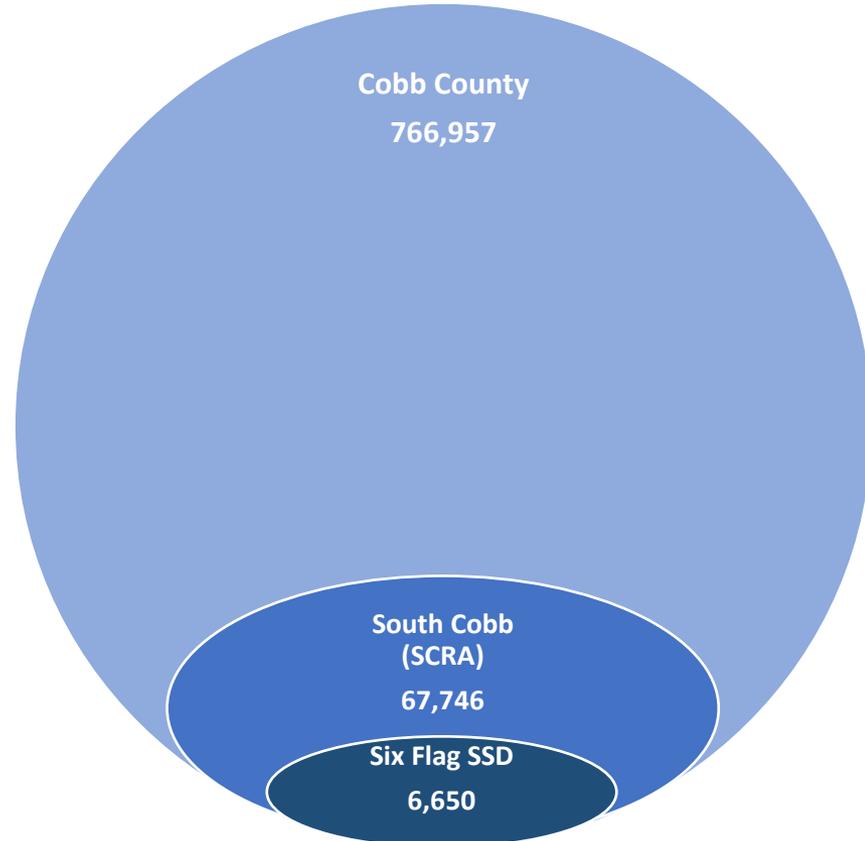


# DEMOGRAPHIC ASSESSMENT

## Population Summary

- While the SSD was formed to help administrate the commercial development district near Six Flags, it does include approximately 2,000 housing units contained in eight multifamily apartment communities and one mobile home park.
- Through a detailed analysis of the area demographics for this study, we estimate that there are approximately 6,650 people living in the SSD area.
- As shown at right, the SSD comprises approximately 10% of the total South Cobb population and approximately 1% of Cobb County's total population.
- This amount of people and households in the area helps to drive the demand for retail offerings and other services in the area, but because the focus of the area has historically been on industrial and entertainment development in the area, consumer demand is somewhat limited.
- The demographics of these areas are detailed in the following section of the report.

## Population, 2020 Estimates

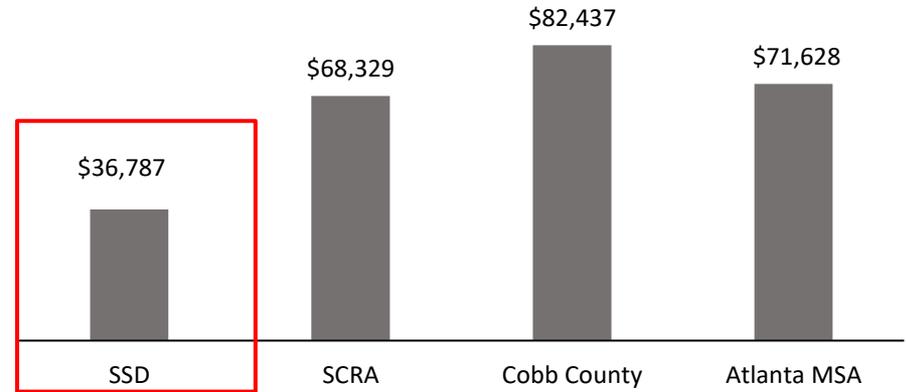


# DEMOGRAPHIC ASSESSMENT

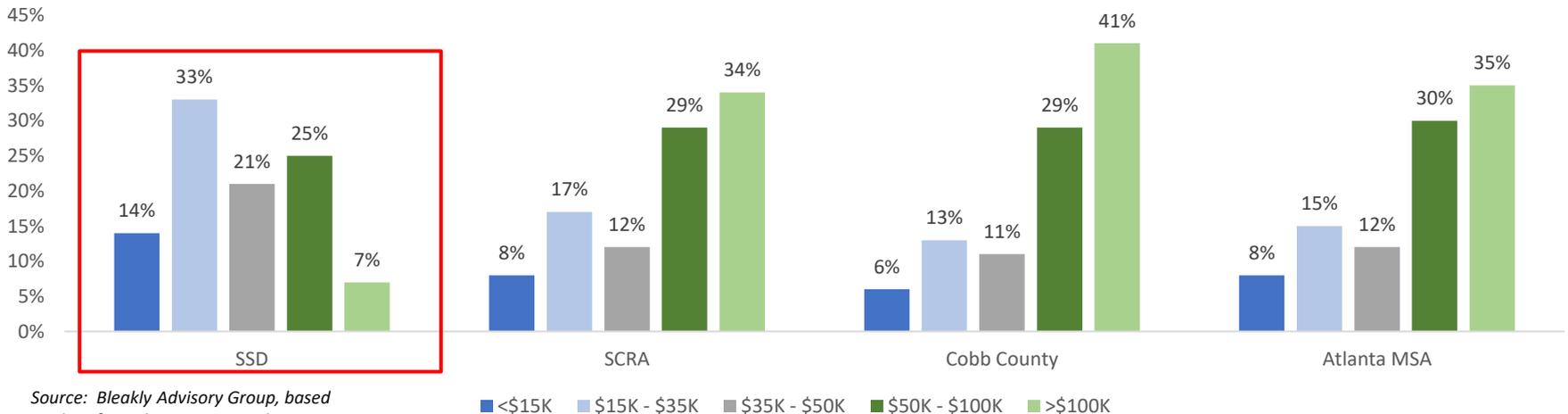
## Household Income

- The median income in the SSD is estimated at \$36,787, based on a detailed analysis of demographic data for this study.
- The SSD's median income is 54% of that of the SCRA area and 45% of Cobb County overall.
- 68% of SSD households have an income of \$50,000 or less, compared to 37% in the SCRA, 30% in Cobb County, and 29% in the Atlanta MSA.
- 26% of residents in the SSD live below poverty level.

2020 Est. Median Household Income



2020 Est. Household Income Distribution



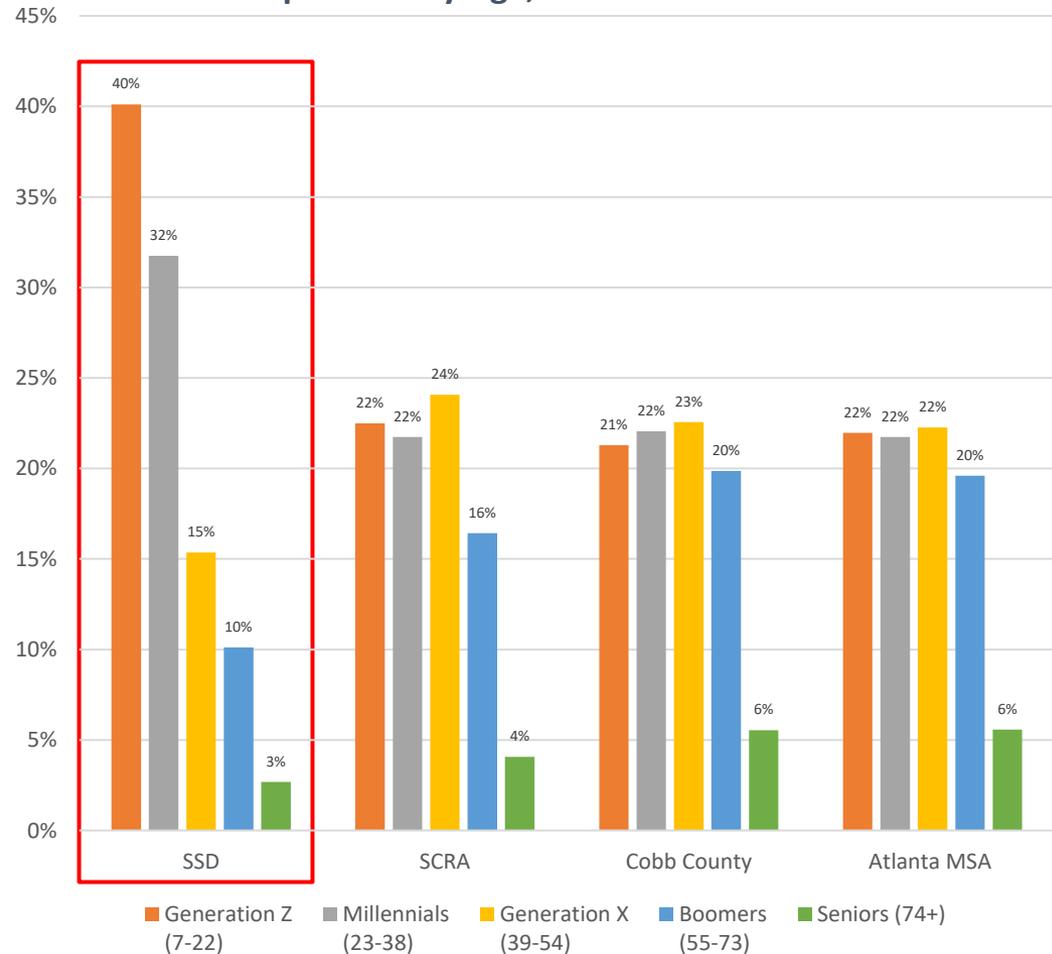
Source: Bleakly Advisory Group, based on data from the US Census, Claritas

# DEMOGRAPHIC ASSESSMENT

## Generation Analysis

- The presence of such a young populace in the SSD is an anomaly compared to the surrounding area and the larger region.
- Through a detailed analysis of the area demographics for this study, we estimate that the SSD area has a significantly higher presence of younger residents than the SCRA, Cobb County, and the Atlanta MSA.
- 62% of the SSD residents are in the youngest generational cohort (Gen Z), compared to 44% in the SCRA, 43% in Cobb County, and 44% in the Atlanta MSA.
- Over 35% of SSD residents are children (17 and under), compared to 28% of the SCRA, 23% of Cobb County, and 32% of the Atlanta MSA.

Population by Age, 2020 Estimates



Source: Environics Analytics 2019, Bleakly.  
Generations based on Pew Research Center standards.

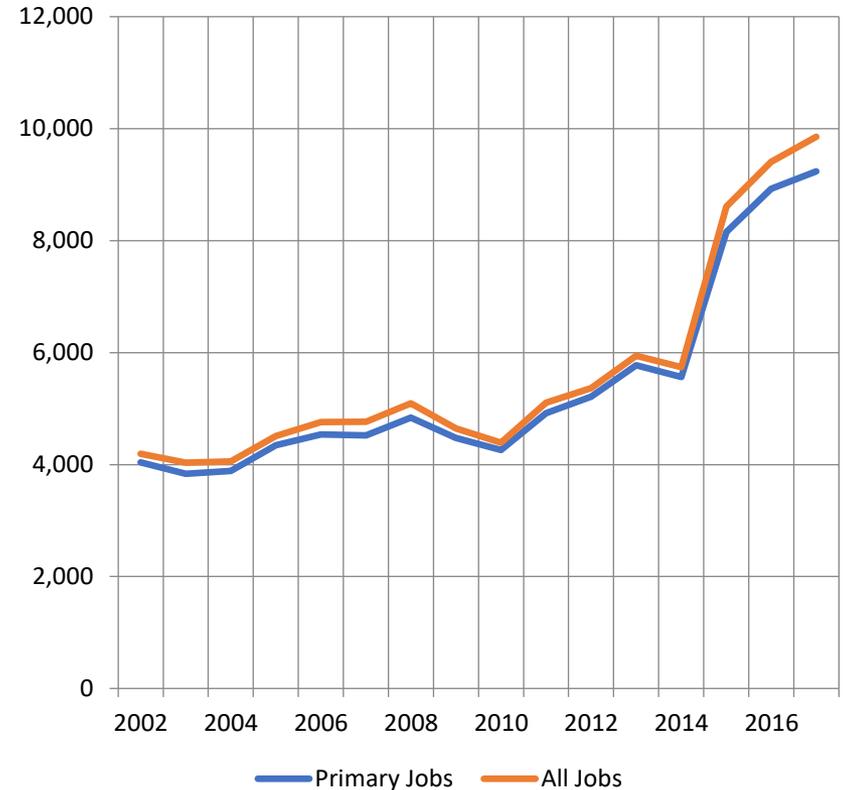
# EMPLOYMENT

## SSD Employment Trends

### The SSD has an estimated 9,239 Primary Jobs

- This represents the addition of 4,845 primary jobs in the past 10 years.
- Jobs increases from 2014 to 2017 (3,674) doubled nominal employment growth from 2002 to 2014 (1,526). Much of the growth can be attributed to the growth in the warehousing sector in the area.
- Whereas the average annual employment growth rate in the SSD area from 2002-14 was 3.3%, it was 16.5% from 2014-17, pointing to the area’s emergence as an important job center in the post-Great Recession Atlanta regional economy.
  - The average annual wage for warehousing jobs in Cobb County is approximately \$47,500, according to the Georgia Department of Labor.
- Prior to 2014, employment levels stayed relatively consistent, weathering the 2007-08 financial crisis.

Data Note: US Census Longitudinal Employer-Household Dynamics] data infrastructure tracks jobs as its primary unit instead of people. As such, the system naturally captures more than one job per person when available in the data. The dominant (or primary) job for an individual is defined as the job that earned the individual the most money. Constructed this way, the number of primary jobs should be equal to the number of workers. [The data includes] “Primary” jobs and “All” jobs so that “Non-primary” jobs can be calculated through subtraction. –US Census, Data Overview LODES Version 7



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Primary Jobs</b>	4,039	3,836	3,889	4,349	4,539	4,522	4,841	4,476	4,264	4,916	5,213	5,772	5,565	8,156	8,926	9,239
<b>All Jobs</b>	4,194	4,035	4,057	4,511	4,759	4,765	5,094	4,648	4,394	5,104	5,368	5,944	5,738	8,611	9,409	9,854

# EMPLOYMENT AND WORKFORCE

## Commuting Patterns - SSD

### Study Area Jobs and Residents

- There are 9,845 primary jobs located in the SSD.
- It's estimated that 3,271 people live in the SSD, of which an estimated 1,304 are employed.

### Who Commutes In?

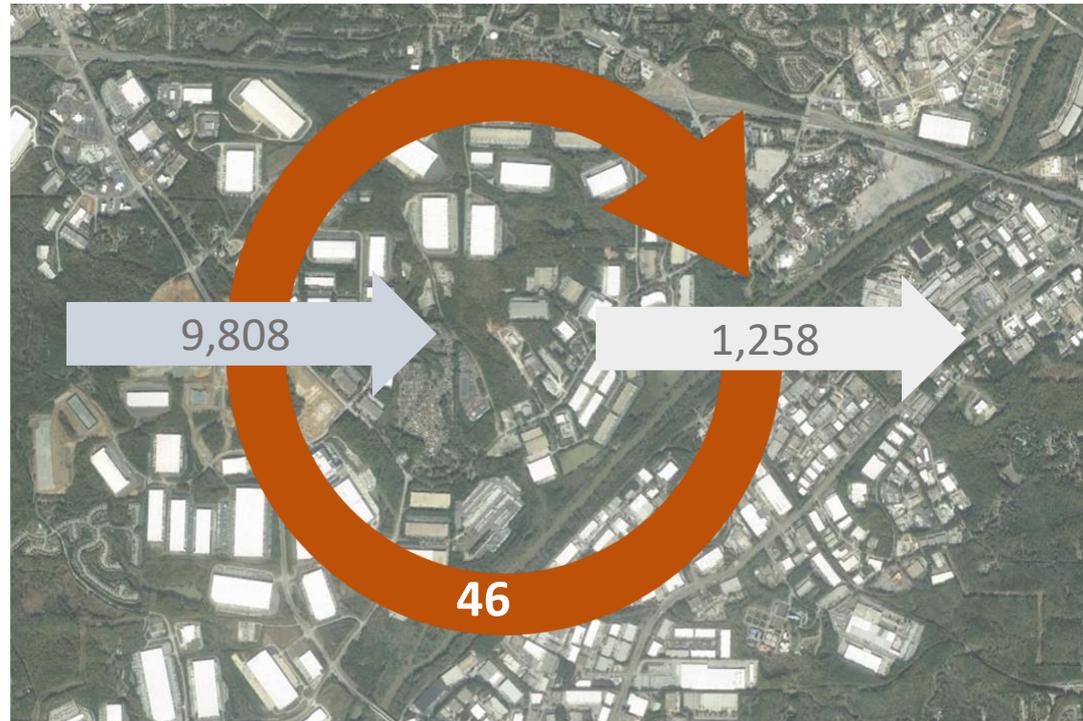
- 9,808 people commute into the SSD each day for work.
- This represents 97% of people who work in the SSD.
- Only 46 SSD workers already live in the SSD.

### Who Commutes Out?

- An estimated 1,258 SSD working residents (96%) commute out of the SSD to jobs elsewhere in the region.

9,845 Jobs

1,304 Working Residents



Source: US Census longitudinal employer-household dynamics

# REAL ESTATE ASSESSMENT

## Housing Type

- Because of the limited nature of residential land uses in the SSD, its housing characteristics are skewed compared to other nearby areas.
- Analysis for this study estimates that 74% of the homes in the SSD are multifamily and 26% are mobile homes.
- 92% of the homes in the SSD are renter-occupied, with the remainder being owner-occupied mobile homes.

Type of Housing	SSD		SCRA		Cobb County		Atlanta MSA	
 1 Unit Detached (SF)	0	0%	18,710	67%	208,309	65%	1,654,492	67%
 1 Unit Attached (TH)	0	0%	2,291	8%	27,273	9%	128,432	5%
 Small Multi-Family (2-4 Units/Bldg.)	1,634	74%	910	3%	9,059	3%	95,882	4%
 Lg Multi-Family (5+ Units/Bldg.)			4,414	16%	70,041	22%	525,650	21%
 Trailer, RV & Boat	587	26%	1,403	5%	4,405	1%	74,290	3%
<b>Total Housing Units</b>	2,221		27,728		319,087		2,478,746	
<b>% Renter</b>	92%		33%		33%		34%	
<b>% Owner</b>	8%		67%		67%		66%	

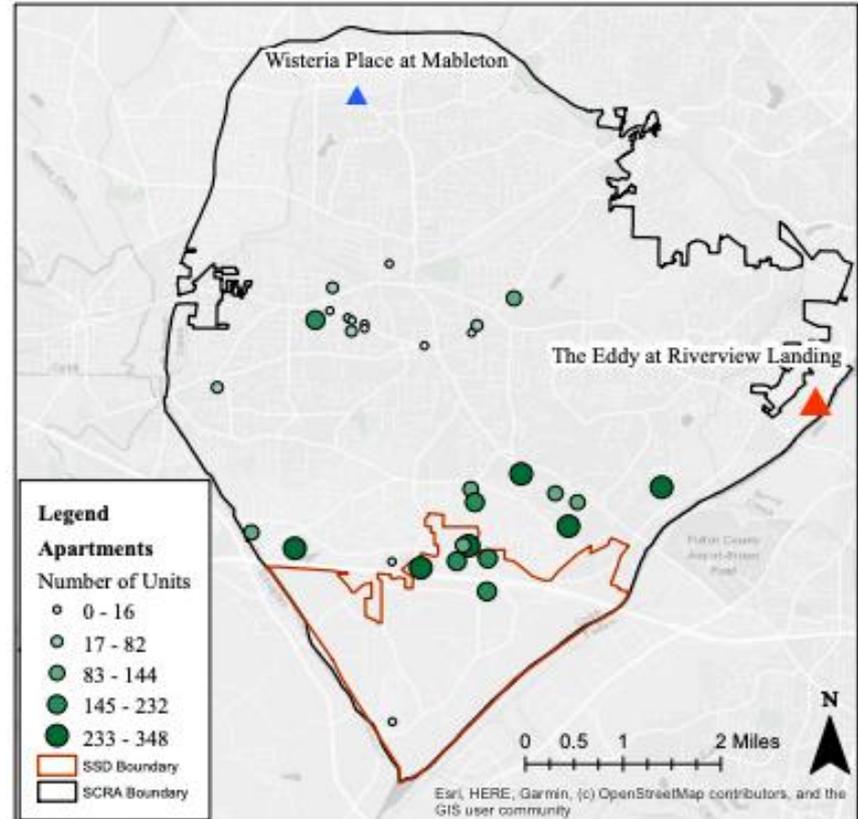
# REAL ESTATE ASSESSMENT: RESIDENTIAL

## Apartment Inventory: Inventory Overview

- While the Atlanta region has seen robust growth in the multifamily sector, with 964 multifamily projects representing 197,000 units delivered since 1999, multifamily activity in the local market area has been very slow, with just 1,092 added units since 2000.

### Apartment Inventory

	SSD	SCRA	Cobb County
<b>Multifamily</b>			
<b>Locations</b>	8	29	365
<b>Existing Units</b>	1,634	4,616	69,400
<b>Vacancy %</b>	11.30%	12.40%	7.80%
<b>Avg. Rent/ SF</b>	\$0.90	\$1.02	\$1.20

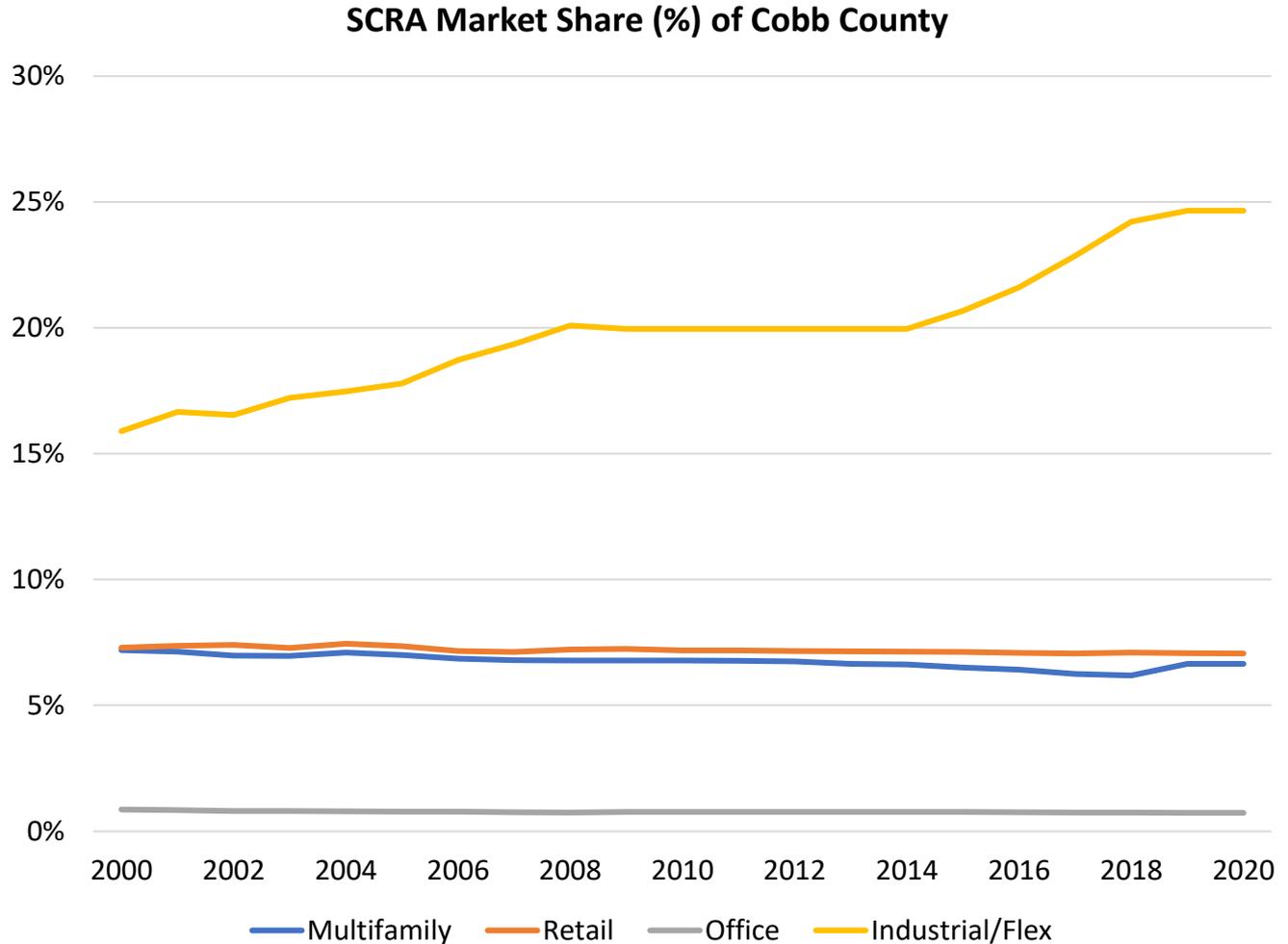


# COMMERCIAL REAL ESTATE

The SCRA area's share of industrial/ flex space within Cobb County has expanded by an impressive 10% since 2000, while the share of multifamily and retail space have remained flat over the past 20 years.

This points to the fact that industrial has been the only commercial real estate development type that has been active in South Cobb, including in the SSD over the past two decades.

This fact begins to reveal the challenges for new commercial development in the SSD.



# COMMERCIAL REAL ESTATE

## Real Estate Inventory Comparative Overview

- **Average commercial rental rates** within the SSD and the SCRA lag Cobb County:
  - **Retail – SSD is 13% lower, whereas the SCRA is 17% lower** than average rents in Cobb County.
  - **Office – SCRA is 24% lower** than average rents in Cobb County
- Since 2010, only a handful of new commercial buildings have been built in the SCRA:
  - Two new multi-family development
  - Eight new retail space
  - No new office space
  - Three new spaces for Industrial/ Flex
- Vacancy rates in the SSD and SCRA tend to be relatively higher than desired, showing that the space could be better utilized.

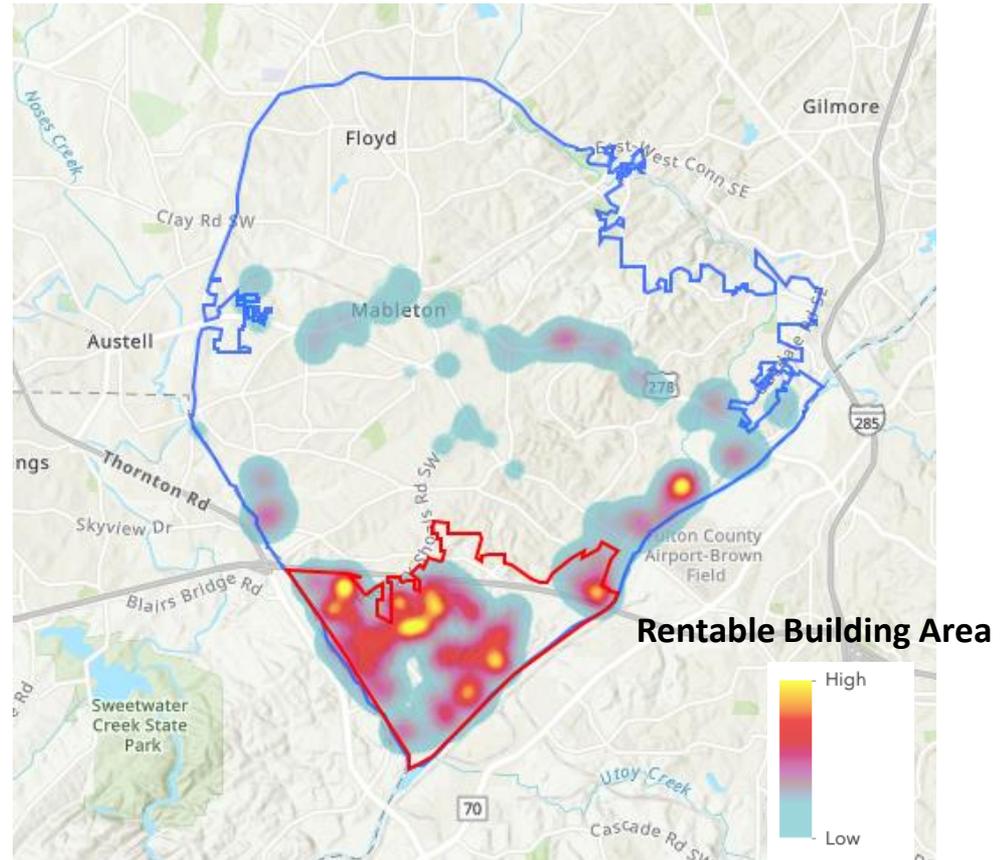
	SSD	SCRA	Cobb County
<b>Retail</b>			
Existing Locations	15	260	3,372
Existing SF	100,961	3,348,244	47,390,015
Vacancy %	7.50%	5.40%	4.20%
Avg. NNN Rent	\$12.36	\$11.72	\$14.08
<b>Office</b>			
Existing Locations	1	63	2,407
Existing SF	10,200	308,085	41,970,177
Vacancy %	0.00%	2.40%	11.30%
Avg. Base Rent	N/a	\$18.00	\$23.56
<b>Industrial/ Flex</b>			
Existing Locations	102	266	2,009
Existing SF	13,521,138	17,546,667	71,180,832
Vacancy %	5.80%	4.90%	4.30%
Avg. NNN Rent	\$3.97	\$4.11	\$6.17

*Based on data from CoStar*

# COMMERCIAL REAL ESTATE: INDUSTRIAL & FLEX

## Industrial & Flex Inventory

- The SCRA is home to approximately 25% of Cobb County's Industrial/Flex space.
- The SSD accounts for 77% of the SCRA's Industrial/Flex space and 19% of Cobb's.
- The area is essential to the Cobb County and Atlanta region's economy because of the elevated amount of industrial real estate in the area.



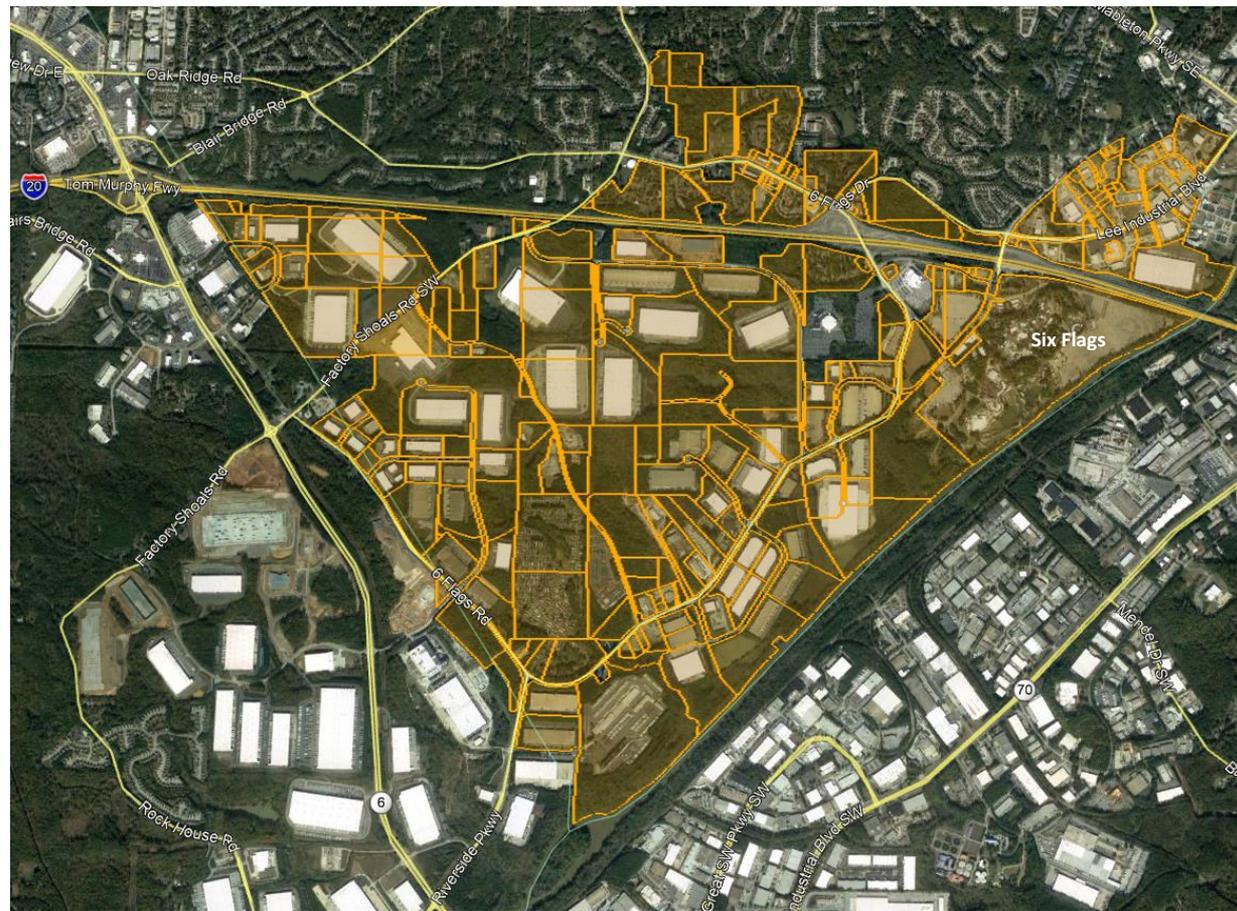
Industrial/Flex Inventory Overview	SSD	SCRA	Cobb County
Locations	102	266	2,009
Square Feet Total	13,521,138	17,546,667	71,180,832
12 Month Net Absorption	1,590,026	1,716,436	4,277,592
Vacancy Rate	5.80%	4.90%	4.30%
Average NNN Rent (Asking \$/SF)	\$3.97	\$4.11	\$6.17

# REAL ESTATE DEMAND FORECAST

## Real Estate Demand Opportunity Assessment, 2020-2025

### • This assessment is summarized in this document includes:

- An assessment of demographic and economic trends that have driven, and will drive, demand in the SSD real estate market:
  - Population and household growth
  - Employment growth
  - Household characteristics
- An assessment of the real estate supply/existing inventory in terms of total square feet by land use type, occupancy, absorption trends, rental rates, sales prices, etc.
- The demand opportunity forecasts are based on analyzing historic and future supply and demand conditions and do not take into account other factors that impact the likelihood of development such as zoning, development costs, local appetite for growth, unknowable national/international economic trends, etc.



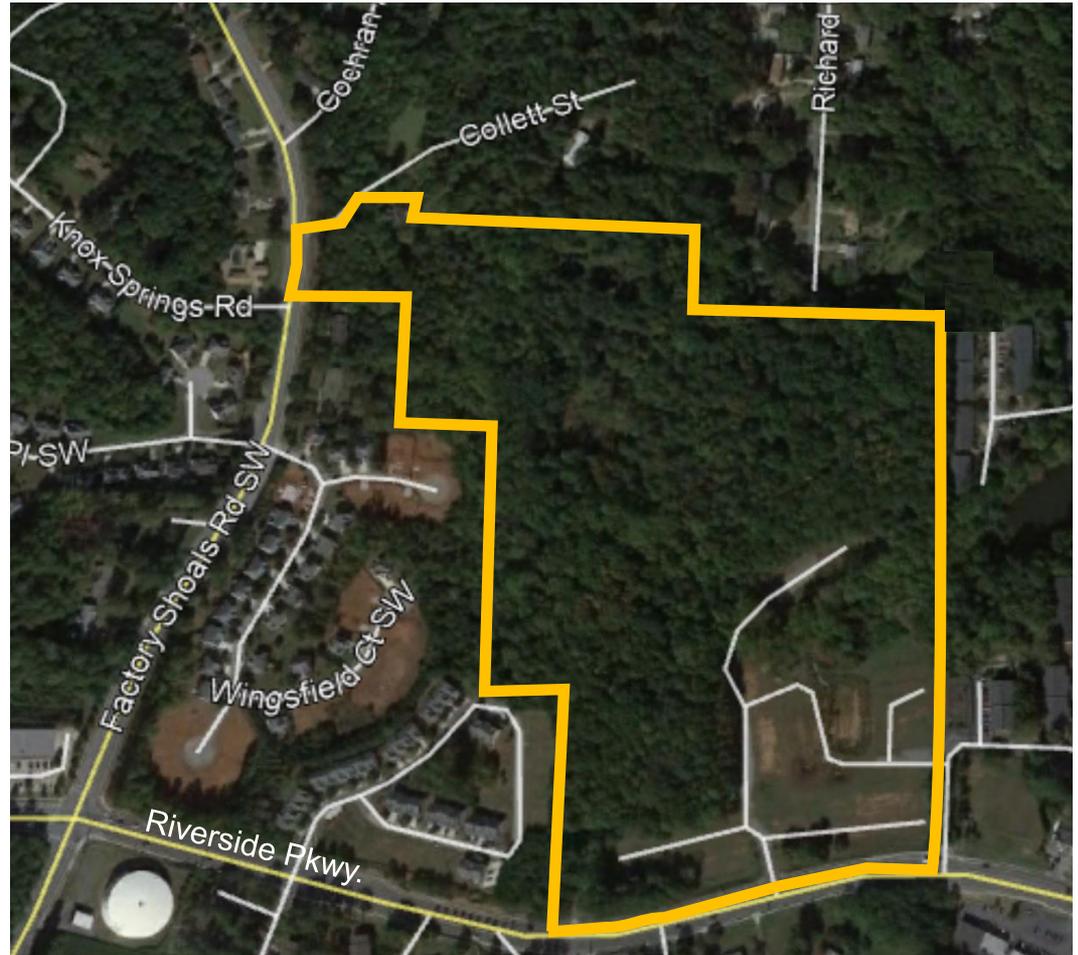
# REAL ESTATE DEMAND FORECAST

## Real Estate Demand Opportunity Assessment, 2020-2025

	Residential			Commercial		
	New For Rent Residential (Units)	New For Sale Single-Family Residential (Units)	New For Sale Attached Residential (Units)	Retail (Sq. Feet)	Industrial (Sq. Feet)	Medical Office (Sq. Feet)
2020-2025	983	107	430	44,000	475,000	97,900
Market Opportunity Assessment by Land Use:	 <p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Job growth in the local area and larger region provide potential for additional rental units in the SSD.</li> <li>Subsidized affordable and senior units provide best opportunity. Market-rate units would likely need some form of subsidy as well.</li> </ul>	 <p><b>MODERATE-LOW</b></p> <ul style="list-style-type: none"> <li>While single-family demand likely exists in SSD north of I-20, opportunities are greatest for price-points that are difficult to deliver for single-family units.</li> <li>The area could attract first-time homebuyers of all ages at the appropriate price-points.</li> </ul>	 <p><b>MODERATE-HIGH</b></p> <ul style="list-style-type: none"> <li>Townhomes provide the best for-sale residential development opportunities because of the difficulty to deliver single-family units at lower price-point at which the largest demand pools exist in the area.</li> </ul>	 <p><b>LOW</b></p> <ul style="list-style-type: none"> <li>Should jobs and new residents continue to locate to the area, small-scale retail development opportunities could exist in select locations in the SSD.</li> <li>Best opportunities are to utilize existing retail to foster entrepreneurship energy of local residents.</li> <li>Any larger-scale retail opportunities would need to attract demand from outside the area.</li> </ul>	 <p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>The area is home to Cobb County's newest and largest collection of industrial/warehouse/distribution space. The market opportunity for continued development of this type of space in the SSD is the greater than all other property types.</li> </ul>	 <p><b>MODERATE-HIGH</b></p> <ul style="list-style-type: none"> <li>While the opportunity for Class A professional office in the area is non-existent, medical office development could occur in select locations.</li> <li>The realization of this demand in the SSD will likely depend on positive shifts in national health-care trends to allow for better community health delivery.</li> </ul>

# SCRA-OWNED PROPERTY

- The SCRA owns 50.6 acres at 490 Riverside Parkway in unincorporated Cobb County, outlined at right.
- The 12.5 acres in the southeast corner of the site was developed in 1972 as Magnolia Crossing, a 146-unit apartment complex, demolished in 2016, upon purchase by SCRA.
- The remaining acreage was previously owned by the Yancey family, never developed in the modern era.
- The property is tax exempt but appraised at approximately \$2.4 million by Cobb County, based on the sale history.
- The follow pages assess the current conditions and market-based development potential for this site, based on the research conducted and reported in earlier sections of this report.



# SCRA-OWNED PROPERTY

## S.W.O.T. Analysis: Real Estate Development Market Potential

### Strengths

- Publicly-owned allows for potential to “guide” development
- No structures on the site
- Visibility: frontage on important thoroughfares allows for potential regional access
- Two access points
- Flexible zoning allows for mixed uses
- Verdant vegetative coverage

### Opportunities

- Some real estate demand exists in the area
- Community medical services are needed locally
- Could serve as a location for additional needed community services
- Given zoning, potential to create on-site demand through mixed uses
- The area needs a development catalyst and the owner is seeking to catalyze the area’s development

### Weaknesses

- Limited local trade area, particularly for retail
- Only minimum necessary traffic counts for national/regional retailer
- Frontage at “mid-block” significantly diminishes retail opportunities
- Air Installation Compatible Use Zone

### Threats

- Other potential development sites in the area can also provide similar opportunities
- Lack of new commercial invest in SSD north of I-20
- Surrounding land uses limit drawing demand as a walkable destination.
- Uncertainty caused by COVID-19

# SCRA-OWNED PROPERTY

## Real Estate Demand Opportunity Assessment, 2020-2025

	Residential			Commercial		
	New For Rent Residential (Units)	New For Sale Single-Family Residential (Units)	New For Sale Attached Residential (Units)	Retail (Sq. Feet)	Industrial (Sq. Feet)	Medical Office (Sq. Feet)
<b>SSD Overall Market Opportunity Assessment:</b>	HIGH	MODERATE-LOW	MODERATE-HIGH	LOW	HIGH	MODERATE-HIGH
<b>SCRA-Owned Property Market Opportunity Assessment:</b>	<p><b>MODERATE-HIGH</b></p> <p>The site could attract a large number of subsidized affordable and senior units. Market-rate units would likely need some form of subsidy</p>	<p><b>MODERATE</b></p> <p>The site could attract first-time homebuyers of all ages at the appropriate price-points in the mid- \$200K to mid \$300K range, but lower density limit land revenue opportunity</p>	<p><b>HIGH</b></p> <p>Given the surrounding land uses, townhomes provide the best for-sale residential development opportunity in the mid-to-high \$200K range</p>	<p><b>LOW</b></p> <p>Opportunity to explore how the site can help foster the entrepreneurship energy of local residents</p>	<p><b>MODERATE-HIGH</b></p> <p>Developers could be attracted to the site, but it lacks the most desirable attributes or industrial. This use would change the residential character of the immediate area</p>	<p><b>MODERATE-HIGH</b></p> <p>A “mission-driven” health entity could find the site attractive to serve the local community</p>

**Additional Considerations:** The SCRA-owned site lacks the attributes necessary to attract a large market-driven “catalyst” real estate development. Market opportunities are limited, and thus public and community actions are needed to grow demand.

Local resident input for this study confirmed that the area generally lacks essential elements that foster cohesive community connections (see below for additional details). While the examination and implementation of these connections exceeds the scope of a real estate market study, it is clear that the further development of these connections can help to drive demand necessary for an expansion of real estate demand into the area.

The SCRA-owned property provides a unique opportunity to help to grow the community connections and the local economy through both real estate activities, and social activities. The site is positioned so that it can become a “catalyst” for community and economic development.



**Bleakly**AdvisoryGroup

### **TERMS AND LIMITING CONDITIONS**

- **Accuracy of Report:** *Every reasonable effort has been made to ensure that the data developed in this assignment reflect the most accurate and timely information possible and is believed to be reliable. This consulting assignment was based on estimates, assumptions and other information developed by Bleakly Advisory Group (“BAG”) from its independent research efforts, general industry knowledge and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study. The research and reports are based on information that is current as of the date of the report. BAG assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described on our research and report and variations may be material. Therefore, nor warranty or representation is made by BAG that any of the projected values or results contained in the work product from this assignment will actually be achieved.*
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