Noell Consulting Group

DOWNTOWN CHATTANOOGA MARKET ANALYSIS

RIVER CITY COMPANY
December 2015

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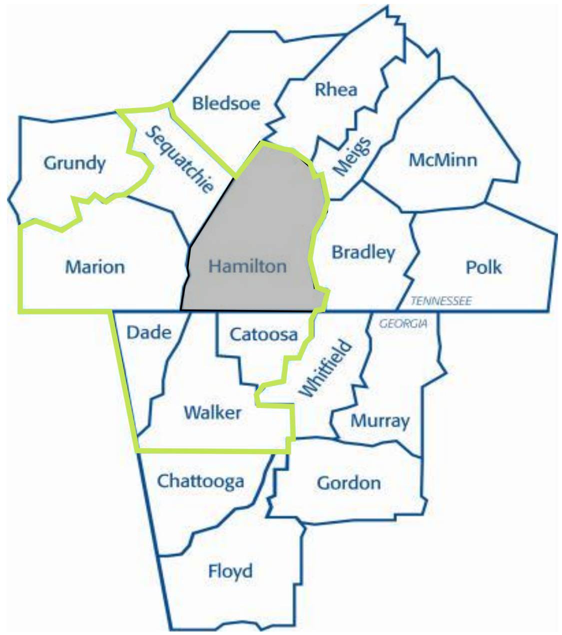
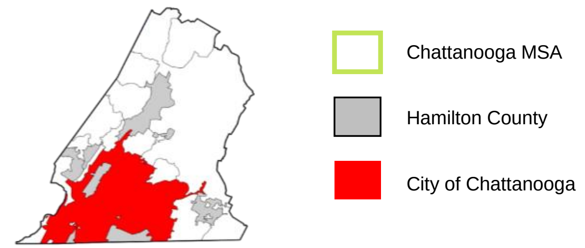
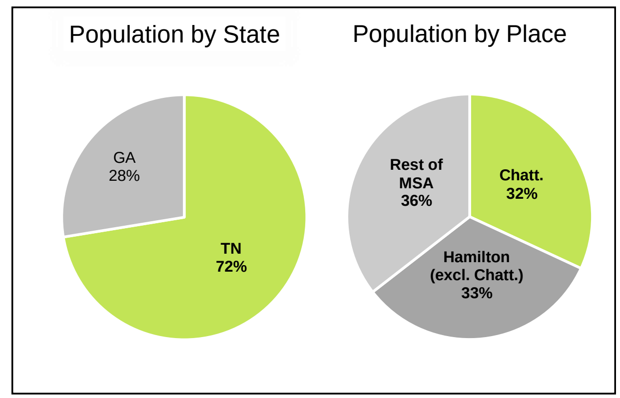
Exhibit 1
Overview of Chattanooga Metro Area Population Trends

The Study Area is within the Chattanooga MSA, which includes six counties across Northeast Georgia and Southeast Tennessee. The City of Chattanooga is the core of the MSA, holding up almost a third of the population. Chattanooga is the 4th largest city in Tennessee, with a population of 173,778. Almost two thirds of the metro population lives in Hamilton County, while 89% live in Hamilton, Catoosa, and Walker County.

The City of Chattanooga has grown slightly faster than the metro area the last four years, but the fastest growing areas of the region are suburban Hamilton County and Sequatchie County. Hamilton County has captured almost all (90%) of the population growth in the metro area the last four years after only capturing 55% from 2000 to 2010. The majority of Hamilton County growth has occurred outside of the City of Chattanooga.



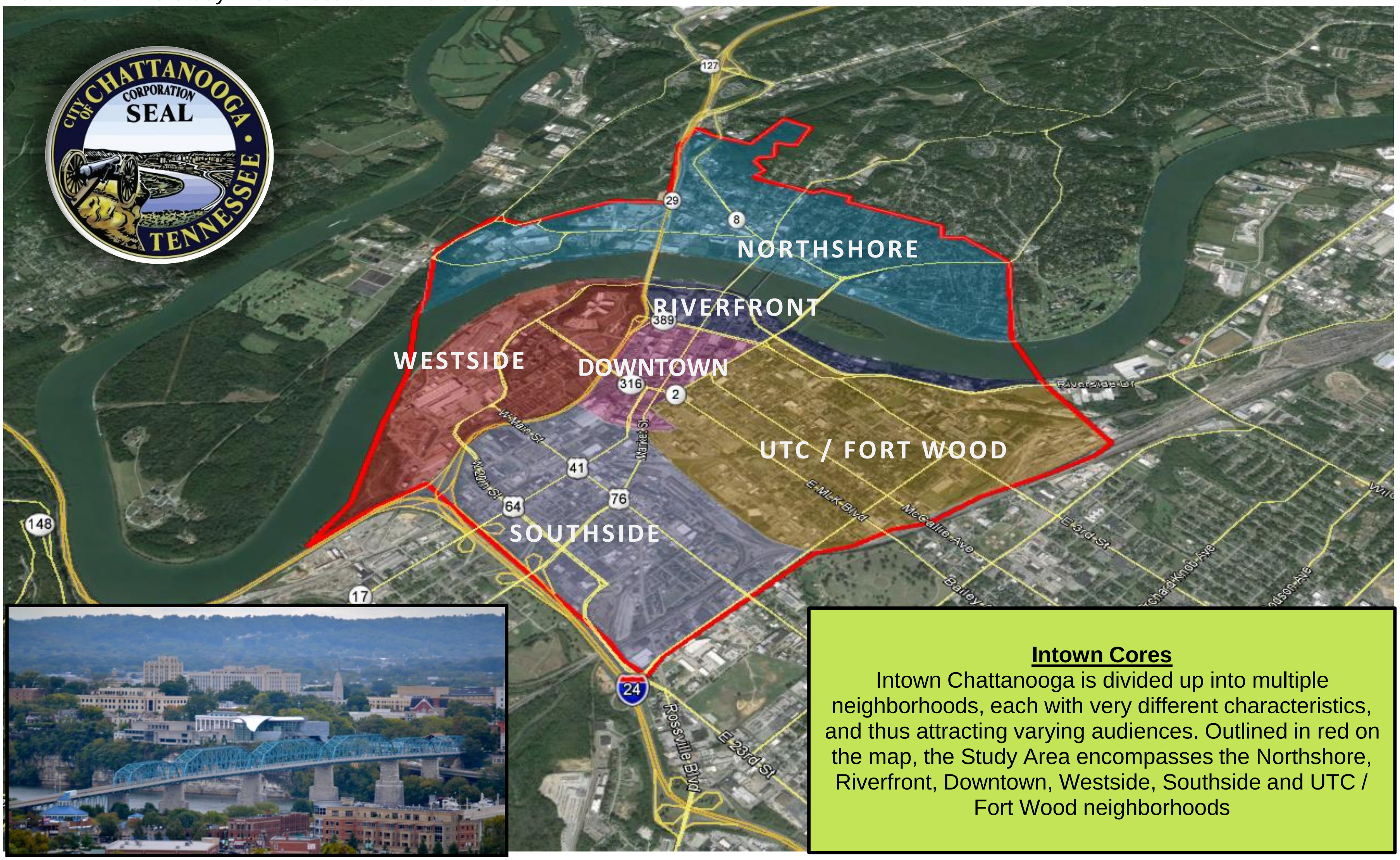




COUNTY/PLACE	LAND AREA SQ MILES	LAND AREA % MSA	POPULATION 2014	POPULATION % MSA	POPULATION Pop./Sq Mi	ANNUAL GROWTH 2000-10	ANNUAL GROWTH 2010-14	ANNUAL % GROWTH 2000-10	ANNUAL % GROWTH 2010-14	CAPTURE OF MSA GROWTH 2000-10	CAPTURE OF MSA GROWTH 2010-14
Catoosa County	162	7.8%	65,621	12.1%	405	1,066	420	2.0%	0.7%	20.7%	10.2%
Dade County	174	8.3%	16,389	3.0%	94	148	-61	1.0%	-0.4%	2.9%	-1.5%
Walker County	446	21.4%	68,218	12.5%	153	770	-135	1.3%	-0.2%	14.9%	-3.3%
Hamilton County	**542**	**26.0%**	**351,220**	**64.5%**	**648**	**2,857**	**3,689**	**0.9%**	**1.1%**	**55.3%**	**89.9%**
Marion County	498	23.8%	28,407	5.2%	57	46	43	0.2%	0.2%	0.9%	1.0%
Sequatchie County	266	12.7%	14,704	2.7%	55	274	148	2.4%	1.0%	5.3%	3.6%
CHATTANOOGA MSA	**2,089**	**100%**	**544,559**	**100%**	**261**	**5,161**	**4,104**	**1.1%**	**0.8%**	**100%**	**100%**
City of Chattanooga	**135**	**6.5%**	**173,778**	**31.9%**	**1,285**	**1,212**	**1,526**	**0.8%**	**0.9%**	**23.5%**	**37.2%**
Hamilton County (excl. Chat.)	407	19%	177,442	32.6%	436	1,645	2,163	1.1%	1.3%	32%	53%

SOURCE: Noell Consulting Group, U.S. Census Bureau

Exhibit 2
Overview of the Study Area's Location in the Market



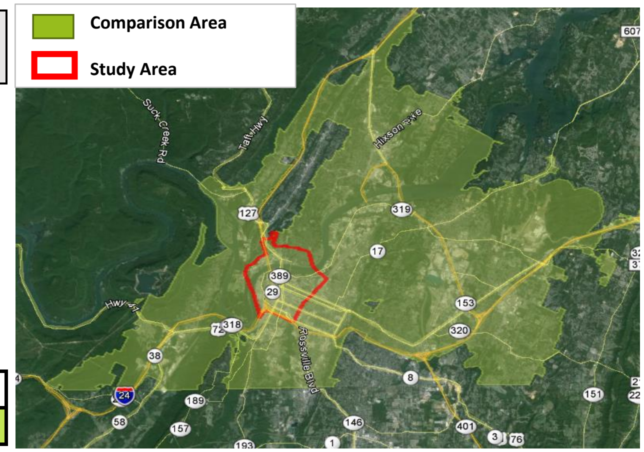
Intown Cores

Intown Chattanooga is divided up into multiple neighborhoods, each with very different characteristics, and thus attracting varying audiences. Outlined in red on the map, the Study Area encompasses the Northshore, Riverfront, Downtown, Westside, Southside and UTC / Fort Wood neighborhoods

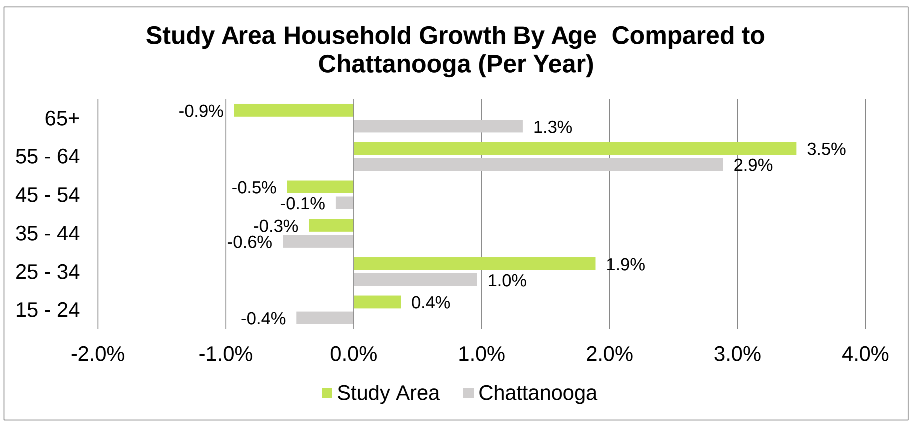
SOURCE: Noell Consulting Group, Google Earth

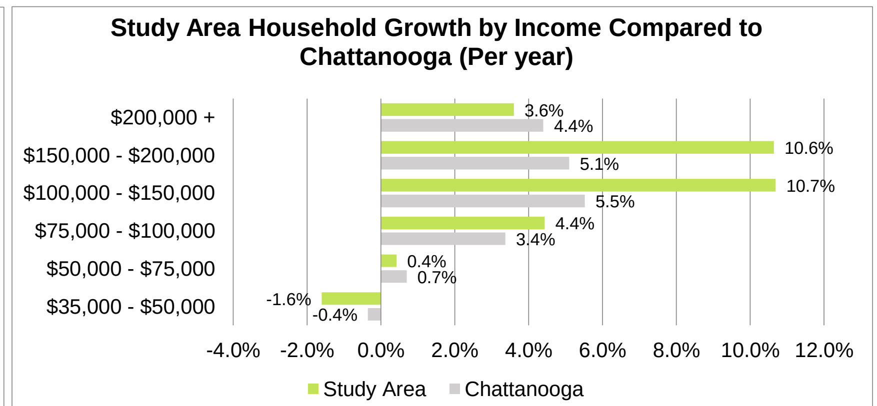
Exhibit 3
Age and Income Analysis of the Study Area and Comparison to City of Chattanooga
2000 - 2015 (estimates)

Study Area Total Household Growth 2000 - 2015	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65+	Total
$0 - $25,000	30	68	-127	-135	276	-407	-295
$25,000 - $35,000	6	25	-31	-39	25	48	34
$35,000 - $50,000	-14	-18	-37	-49	-16	4	-130
$50,000 - $75,000	-11	61	2	-47	-2	30	33
$75,000 - $100,000	2	34	28	57	70	-13	178
$100,000 - $150,000	17	105	54	98	76	84	434
$150,000 - $200,000	0	32	39	48	25	9	153
$200,000 +	1	14	24	-2	16	31	84
Total	**31**	**321**	**-48**	**-69**	**470**	**-214**	**491**
The study area added 491 households since 2000, or 33 HH/yr							



While the study area has only added 491 households since 2000, the make up of residents in the area has changed significantly, growing older and wealthier. The study area has added 55 to 64 year old households, and has seen an increase in 25 to 35 year olds. It has added households making between $100,000 and $200,000 at a faster rate than the rest of the city, likely attributed to the empty nester/retirees buying condos and townhomes in Riverfront.





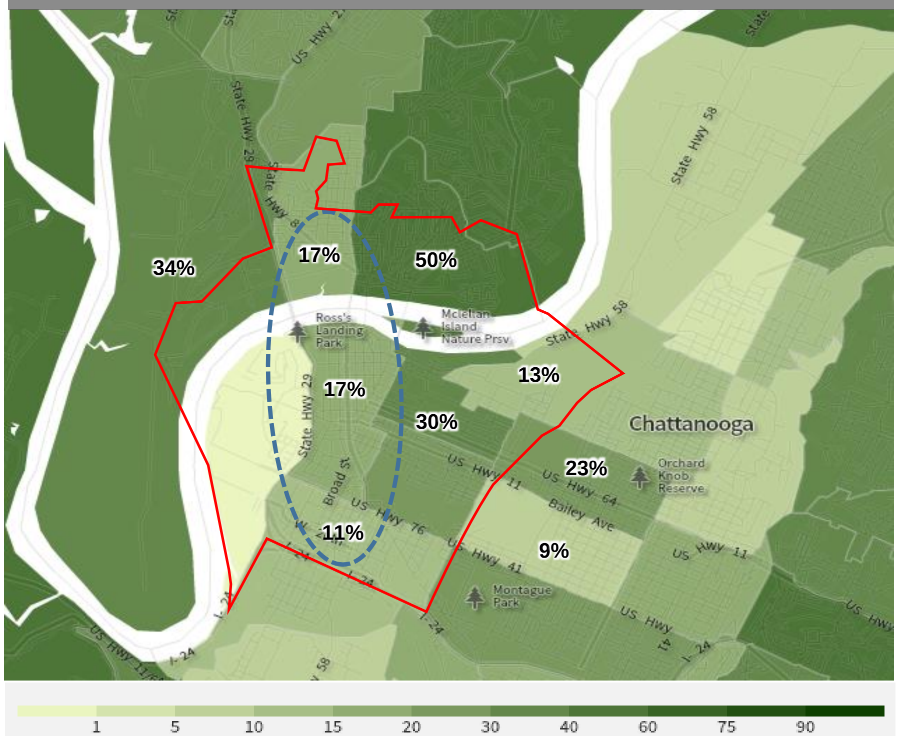
Source: Noell Consulting Group based on data obtained from Claritas, Inc.

Exhibit 4
Household Income Trends

Household income levels around the Study Area (located in red) are on the rise. Every census tract but one that encompasses the Study Area has increased the number of households w/ annual incomes above $50,000. The Study Area added roughly 653 households earning above $50,000 between 2009 and 2014 (the most recent year that American Community Survey data is available at the census tract level). It should be noted that the largest increases in households earning over $50,000 occurred across the Study Area and are in blue on the maps below.

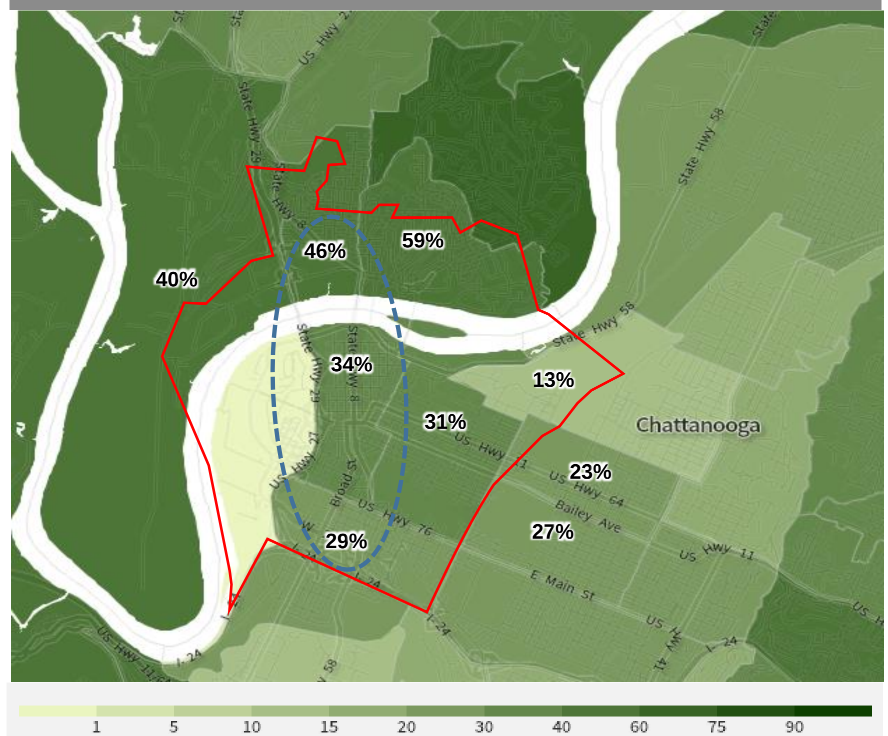
2009

Concentration of Households w/ Annual Incomes Above $50,000 (%)



2014

Concentration of Households w/ Annual Incomes Above $50,000 (%)



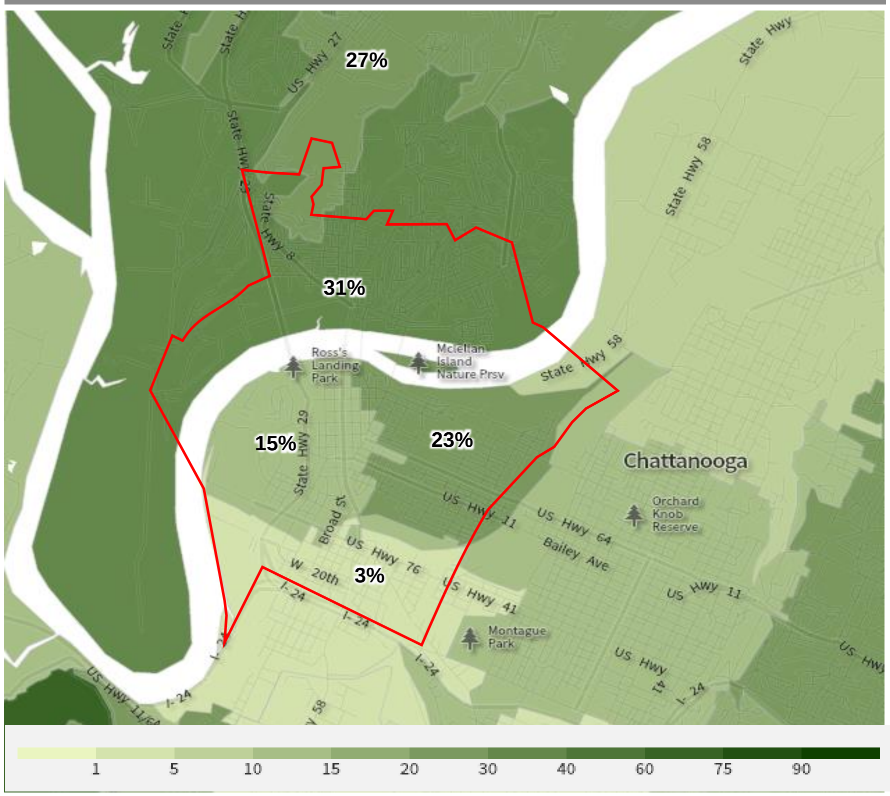
SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 5
Educational Attainment Trends

The maps below show the share of the population age 25 years and older that possess a bachelor's degree or higher. Since 2000, this population has grown in the zip codes most proximate to the Study Area. Northshore, UTC Fortwood and Southside have see the largest increases, adding 2,709 individuals who posses a bachelor's degree or higher. Higher educational attainment levels corresponds directly with the area's increasing household incomes and is also one of the primary site selection characteristics for desirable retail establishments such as Whole Foods.

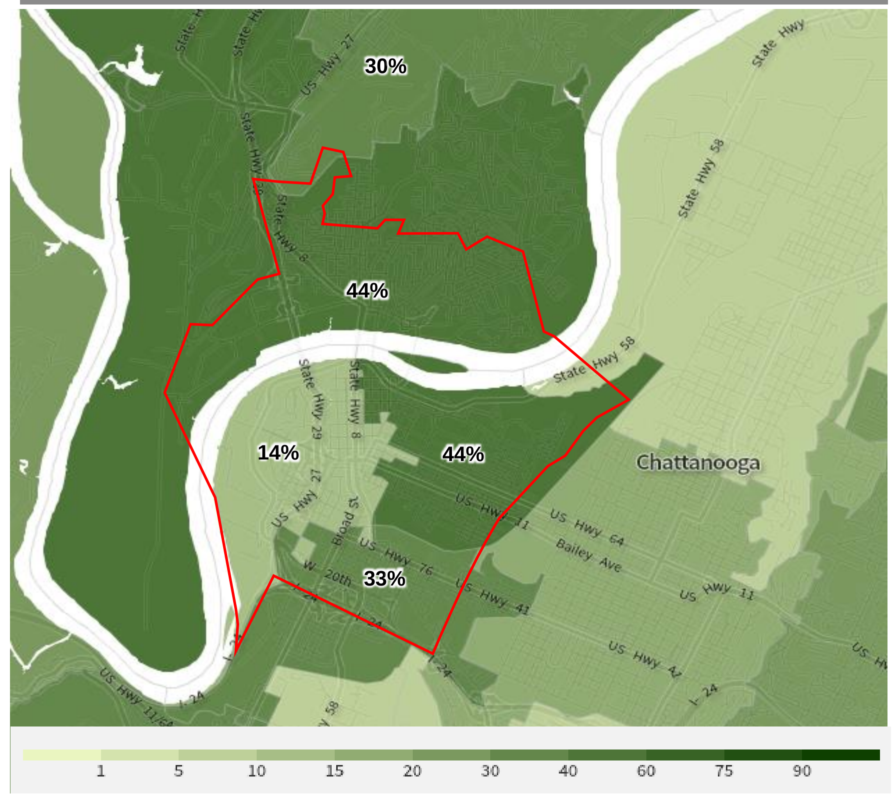
2000

Concentration of Population 25+ w/ Bachelor's Degree of Higher (%)



2014

Concentration of Population 25+ w/ Bachelor's Degree of Higher (%)

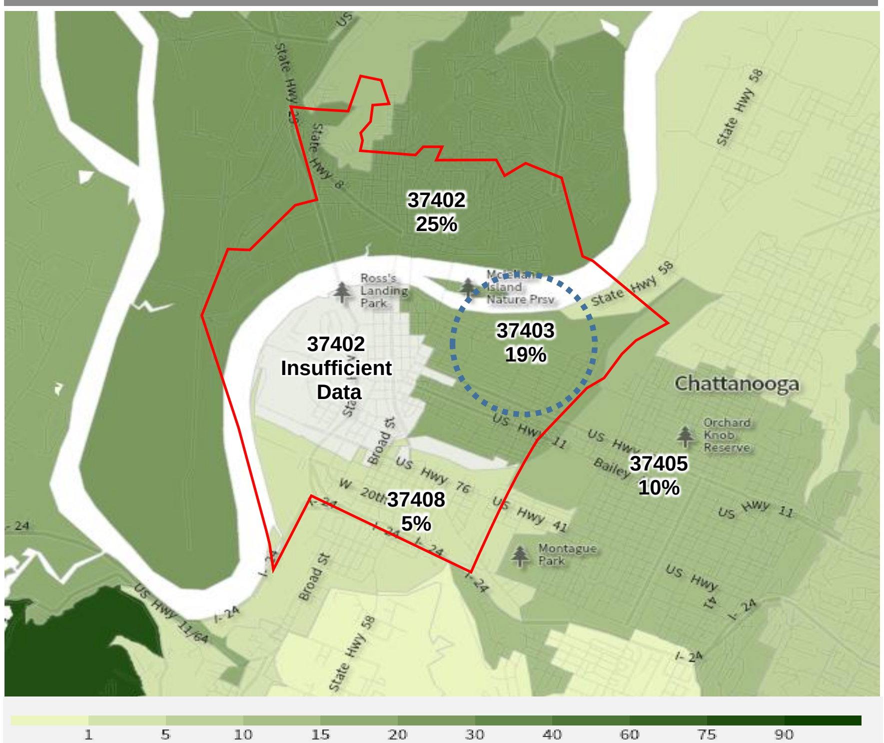


SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

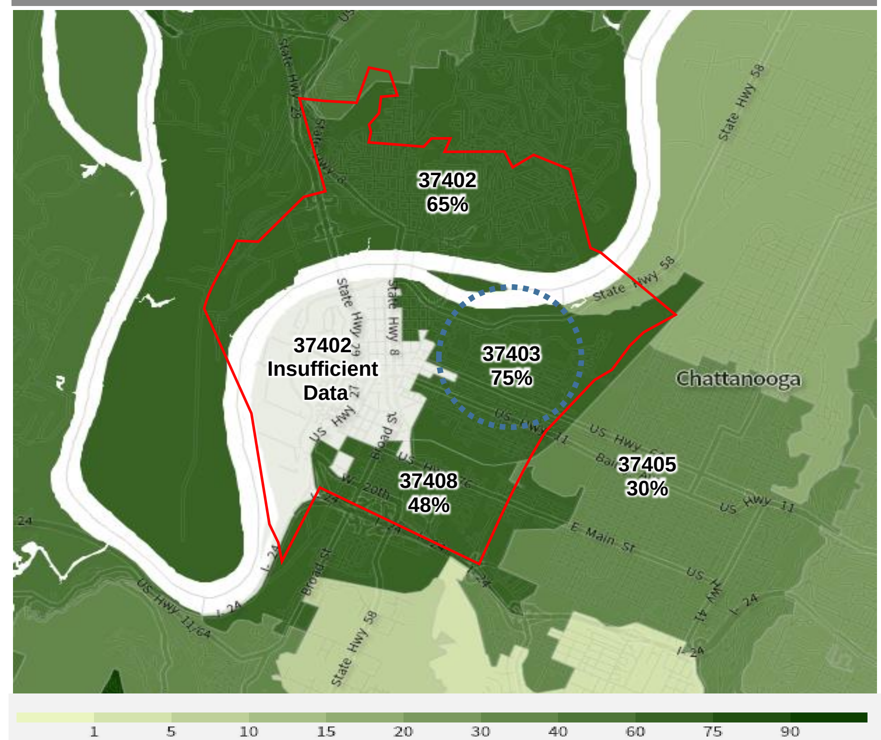
Exhibit 6
Home Value Trends

Along with the steady increase of affluent and educated households has come a corresponding increase in home values in the area surrounding the Study Area. The percentage of homes valued at over $150,000 increased by over 2,078 homes in the zip codes that encompass the study area, where data is available. The Southside area shown in zip code 37408 has seen close to 100 homes valued at over $150,000 added. The Northshore, shown in zip code 37402, has added over 1,400 homes valued at over $150,000.

2000
Concentration of Homes Valued $150,000+ (%)



2014
Concentration of Homes Valued $150,000+ (%)

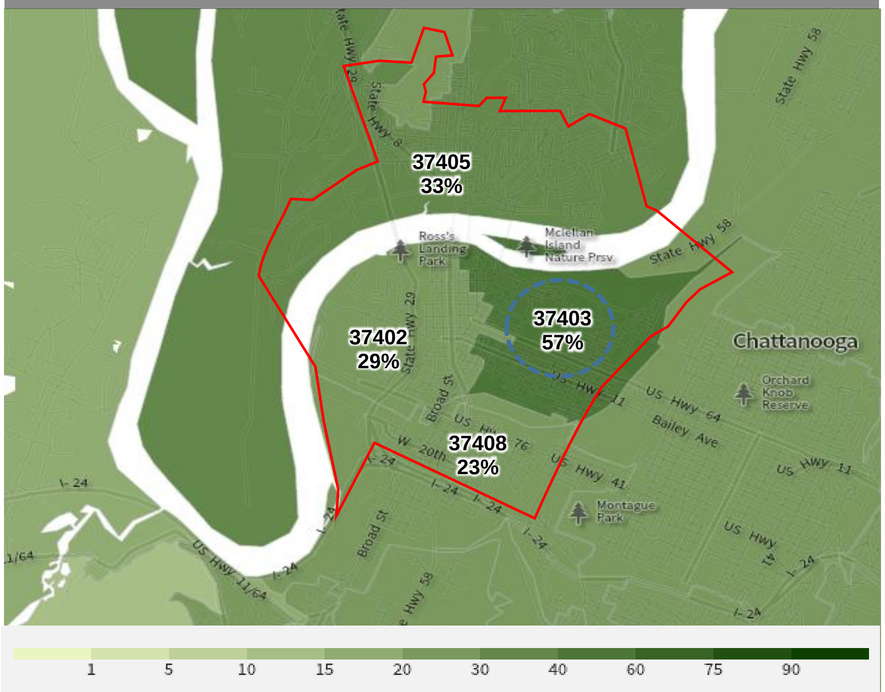


SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 7
Young Professional Population Trends

The area around and including the Study Area has witnessed an overall increase in the concentration of people age 18-34, which is the time in people's lives that they are most likely to be renters or first time home buyers. The most notable change was seen in zip code 37403, which gained over 2,000 people age 18-34.

2000
Concentration of Population Age 18-34 (%)

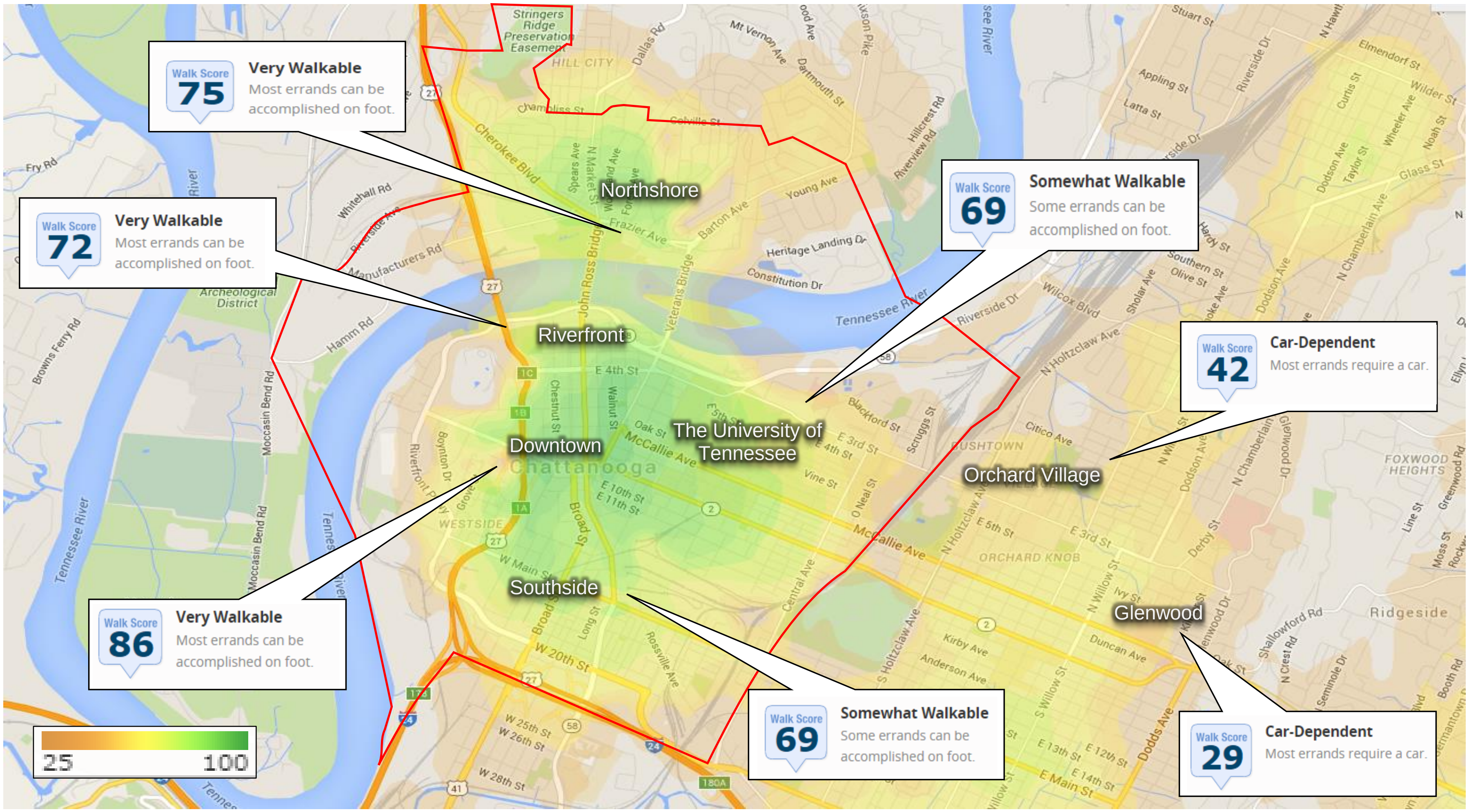


2014
Concentration of Population Age 18-34 (%)

SOURCE: Noell Consulting Group, US Census Bureau, Social Explorer

Exhibit 8
Walkability

The map below is a heat map showing the walkability of the Study Area and surrounding neighborhoods. The walkability of an area or address is determined by nearby amenities (restaurants, bars, groceries, parks and schools). As expected the closer to the UTC campus and Riverfront area, the more walkable it becomes.

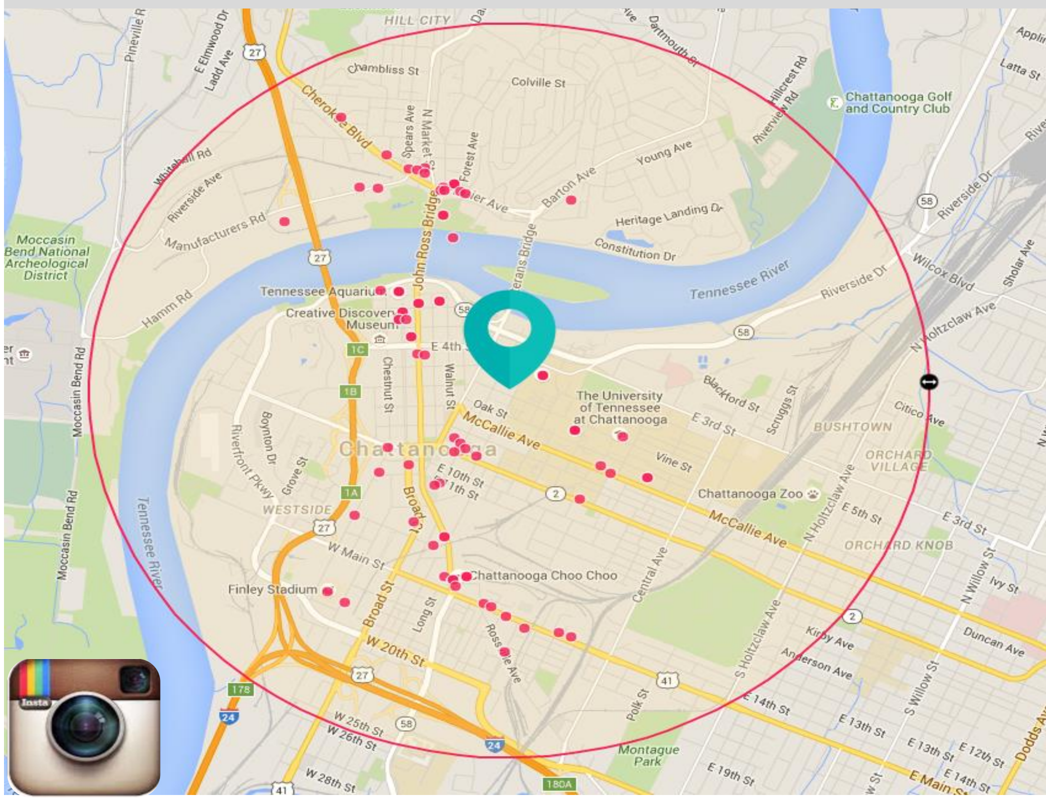


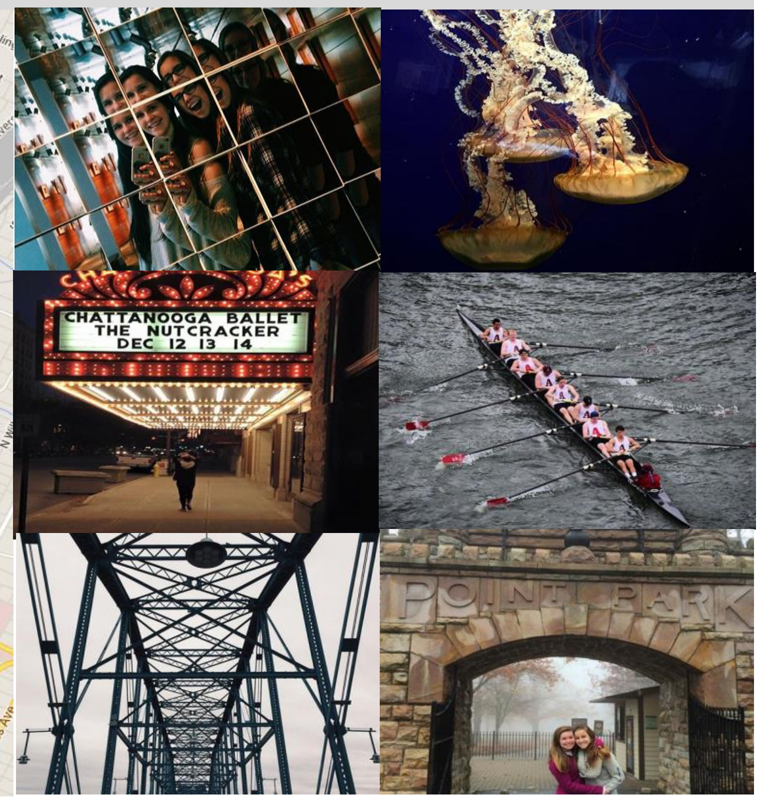
SOURCE: Noell Consulting Group, Walkscore

Exhibit 9
Instagram Hot Spots

Posts from social media sites can show hot spots and trending locations among its users. This map shows hot spots for Instagram users. As expected the Riverfront area is very popular. Given that over half of people age 18-29 use Instagram, the heat map is a good indication of where the Gen Y demographic likes to hang out.

According to Statista.com, the following percentage of cell phone users falling within the identifies age ranges use Instagram:
- Age 18-29 (55%)
- Age 30-49 (28%)
- Age 50-64 (11%)
- Age 65+ (4%)





SOURCE: Noell Consulting Group, Walkscore

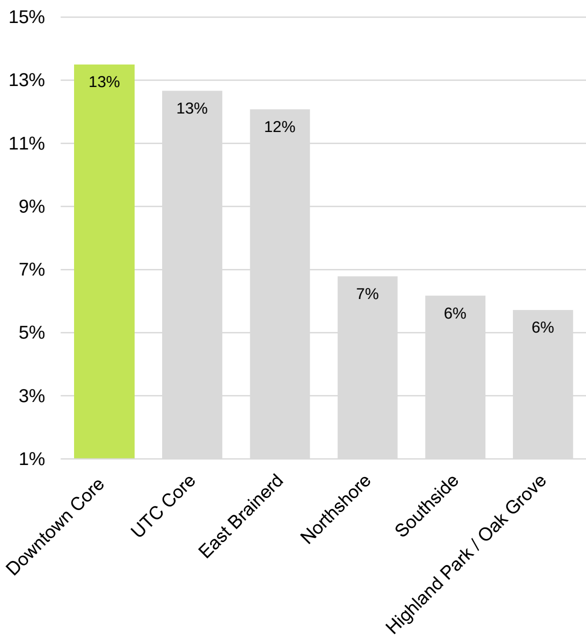
Exhibit 10
Study Area Resident Work Destinations, All Jobs

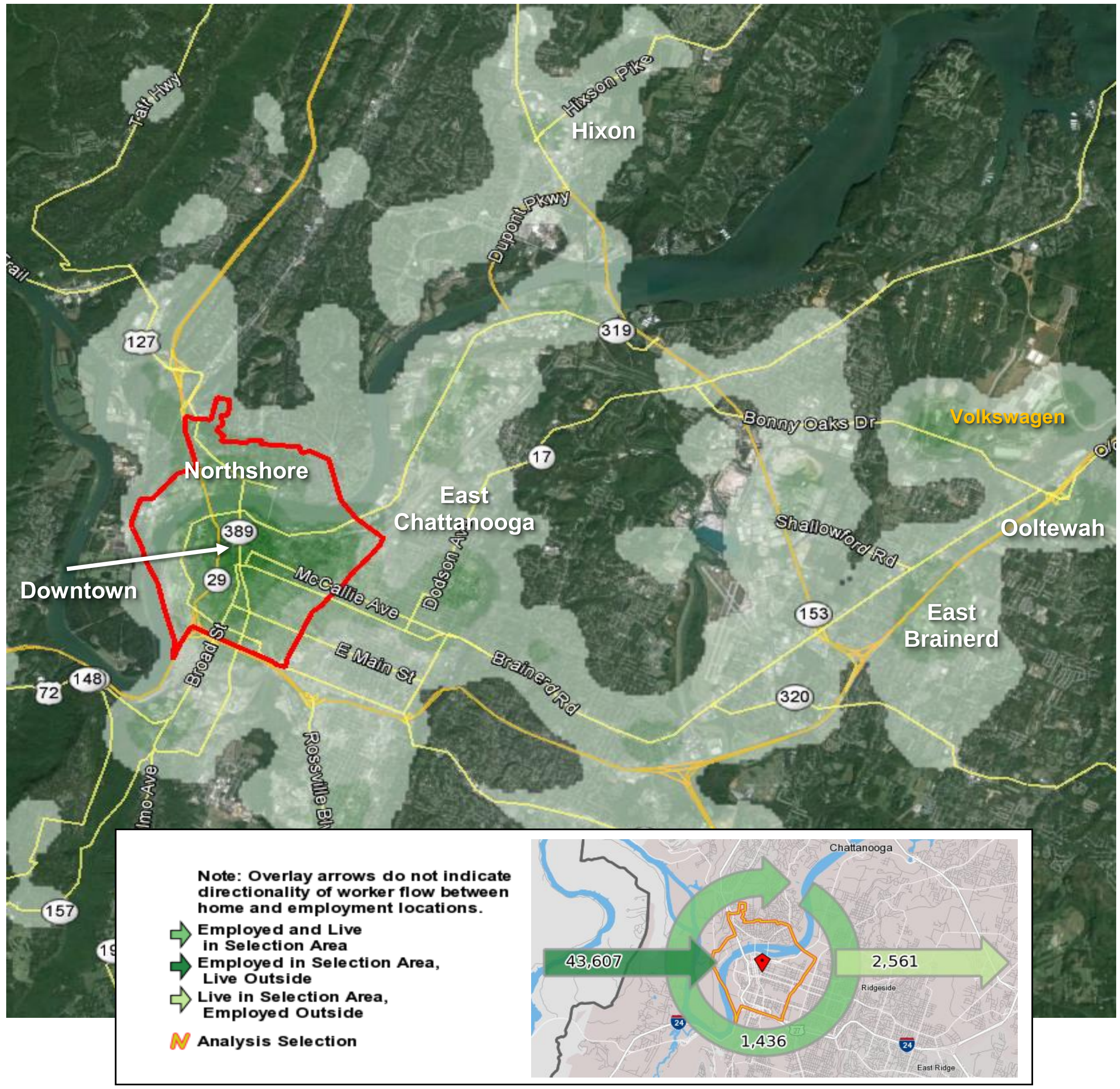
The graphic to the right illustrates the commuting patterns of individuals that currently reside within the Study Area. On the map, areas highlighted in darker green indicate a stronger concentration of workers commuting from the Study Area.

The top 3 workplace locations include East Brainerd, Downtown Core and UTC Core. The 2nd largest location is the Downtown Core which includes Unum, Cigna and SunTrust Bank.

The daytime population of the study area is more than 11 times larger than the permanent population, as more than 43,607 workers commute into the Study Area daily. 36% of residents work within the Study Area, while 2,561 commute to work outside the Study Area.

Top Workplace Locations (By Zip Code)





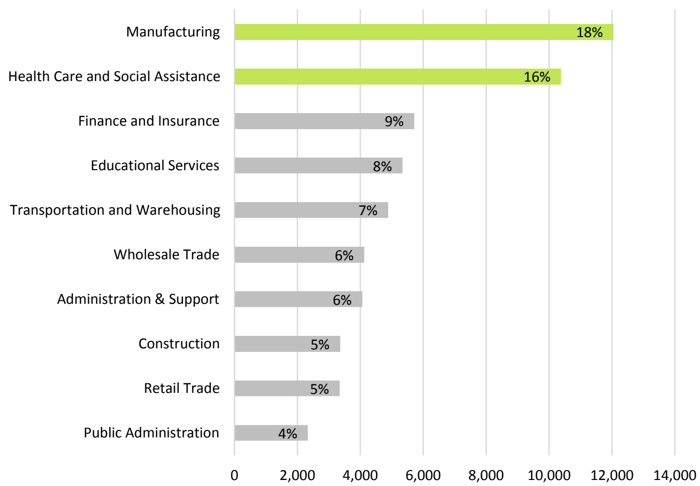
SOURCE: Noell Consulting Group, Google Maps, US Census

Exhibit 11

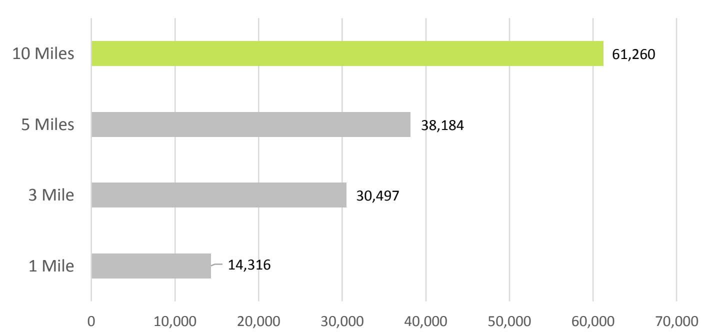
Proximity and Connection of the Study Area to Jobs

Proximity to work is a key factor for selecting a place to live and the Study Area is well positioned to provide quick access to the Central Business District and the multiple medical centers in the area. Manufacturing and Health Care/Social Assistance are the largest industries with over 30% of the jobs that pay over $40,000/yr.

Employ. w/in 10 Miles - Top 10 Industry Sectors



Total Employment by Distance from Study Area



SOURCE: Noell Consulting Group, Google Maps, US Census, OntheMap

Density of Jobs over $40k/year within 20 miles of the Subject Site (2013)

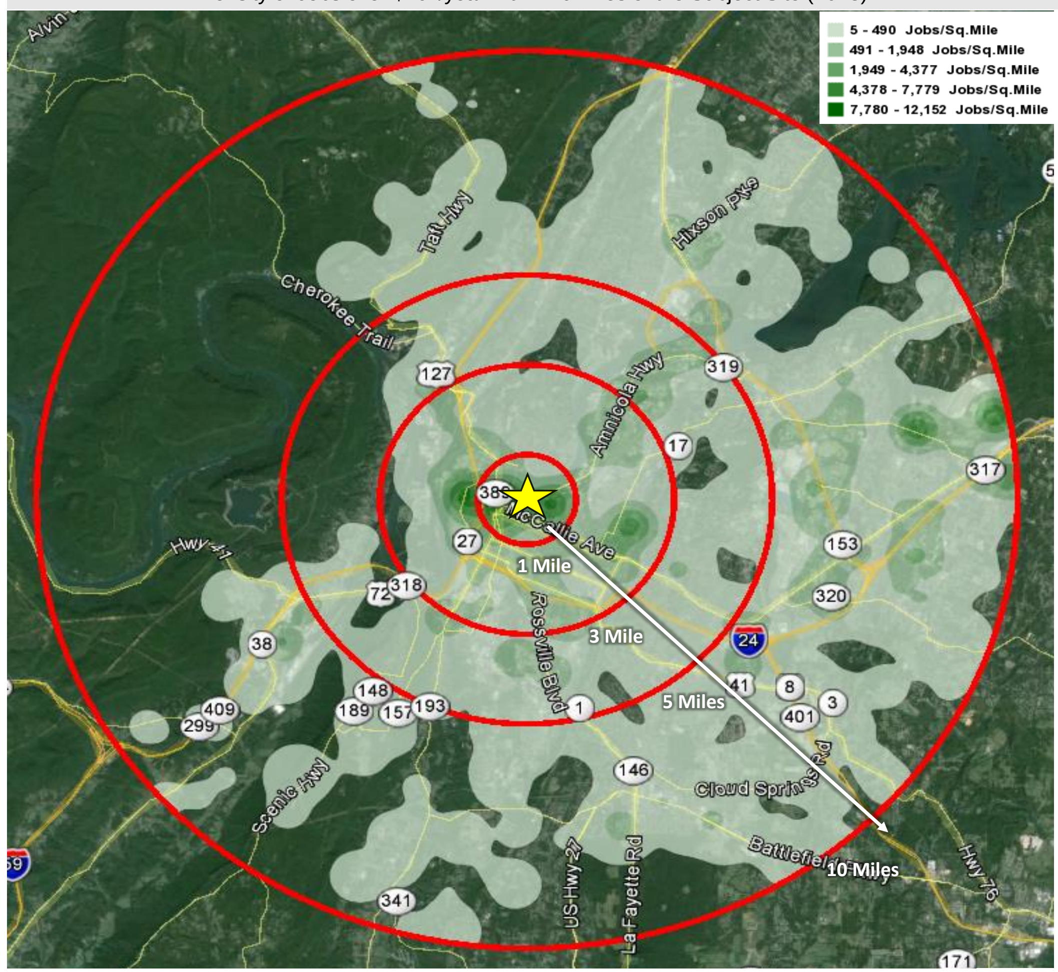
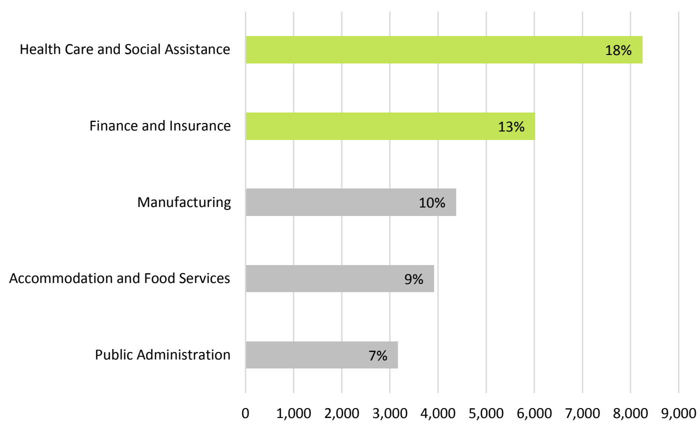


Exhibit 12
Jobs within Study Area

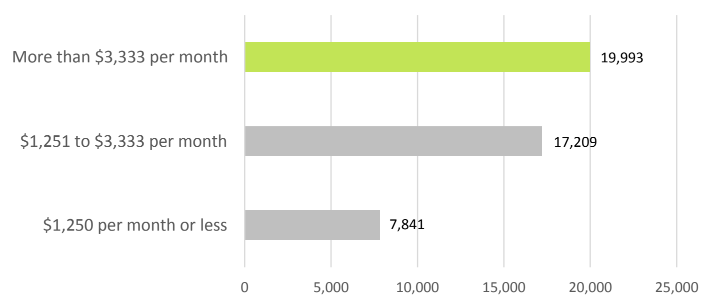
There are over 45,000 jobs within the Study Area alone. The top two industries are in Health Care/ Social Assistance (18%) and Finance and Insurance (13%). It is home to some of the largest employers in Chattanooga including:

- BlueCross BlueShield 4,437 employees
- Erlanger Health System 3,977 employees
- Unum 2,800 employees
- Pilgrim's Pride Corporation1,300 employees
- UTC 1,257 employees

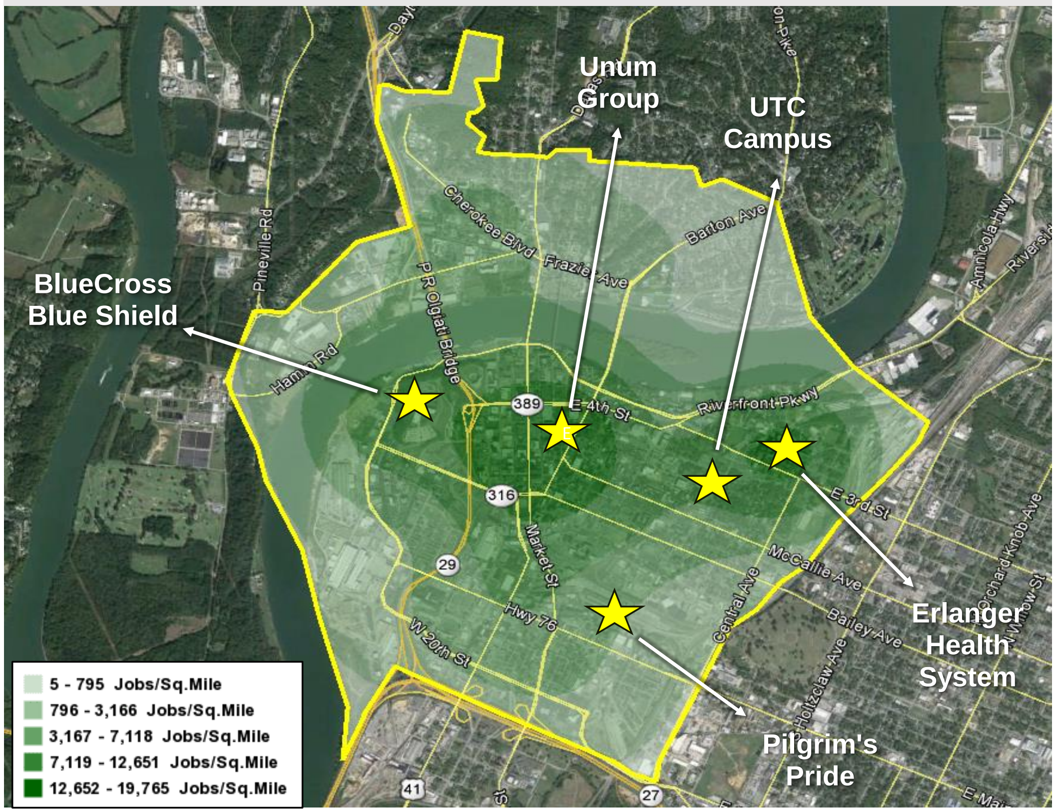
Top 5 Industry Sectors in Study Area



Total Employment by Distance from Subject Site



Density of All Jobs in the Study Area (2013)



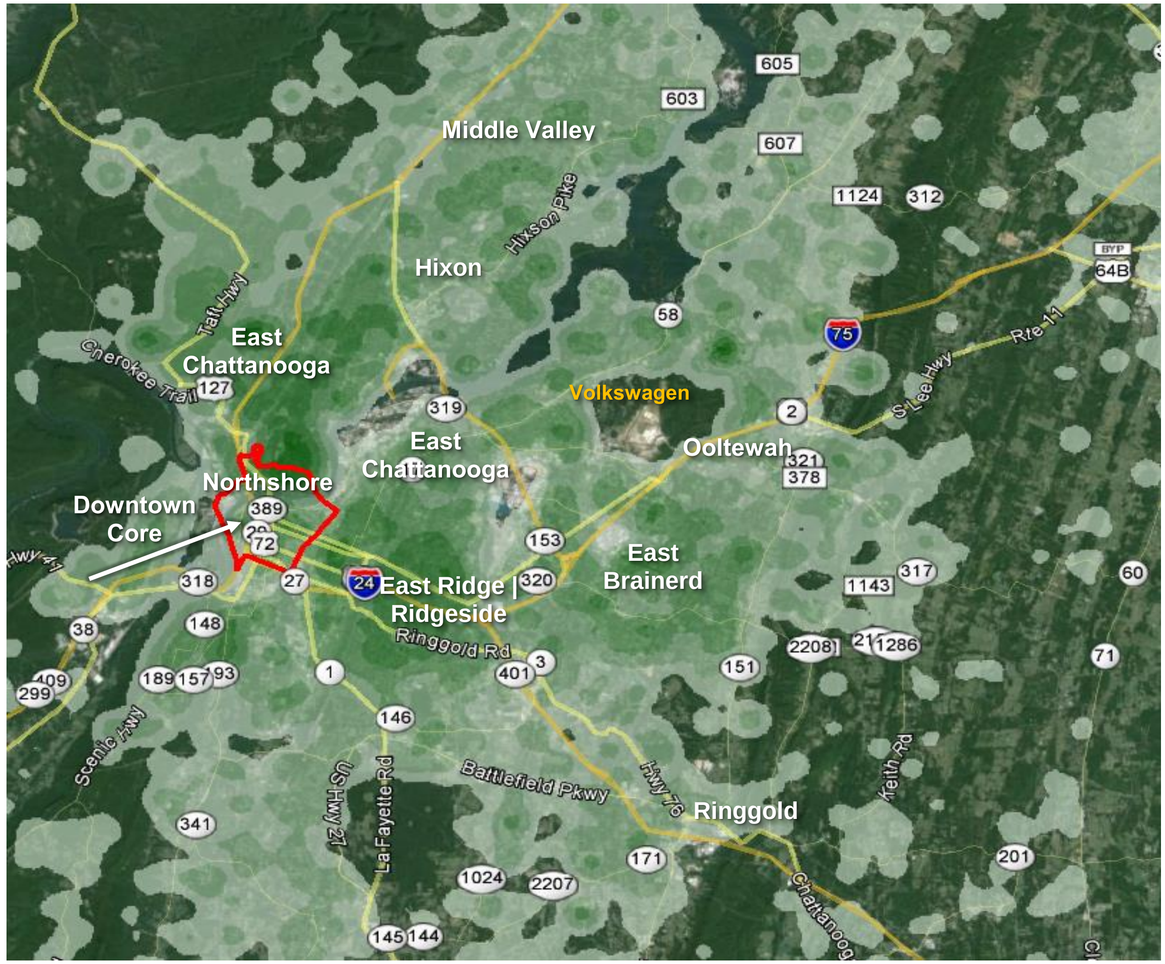
SOURCE: Noell Consulting Group, Google Maps, US Census, OntheMap, Chattanooga Chamber of Commerce

Exhibit 13
Study Area Resident Home Destinations, All Jobs

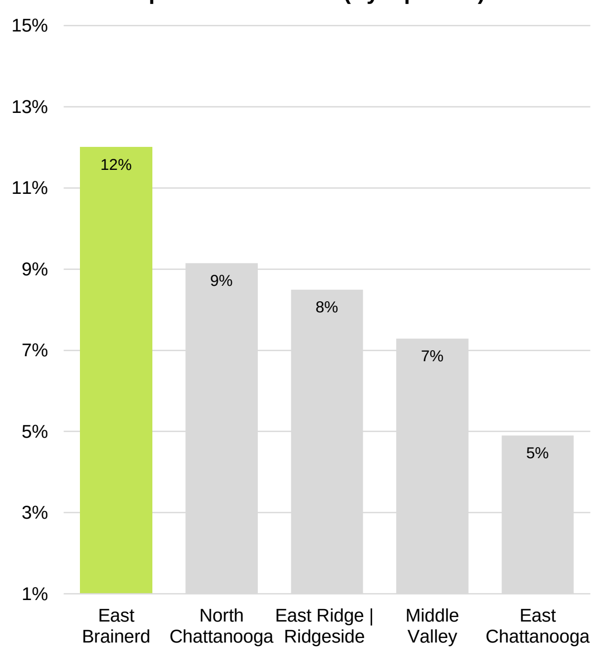
The graphic to the right illustrates where individuals live that currently work inside the Study Area. On the map, areas highlighted in darker green indicate a stronger concentration of workers commuting to the Study Area.

The top 3 home locations include East Brainerd, North Chattanooga and East Ridge | Ridgeside.

Zip code 37421 was the largest home location for those who work inside the Study Area, with 3,354 individuals residing there.



Top Home Locations (By Zip Code)



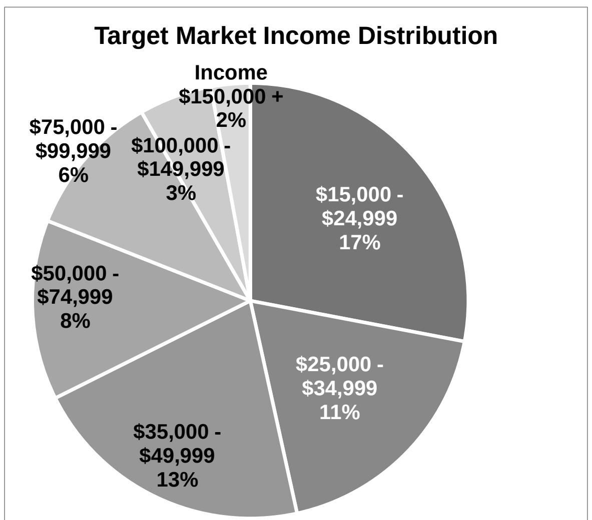
SOURCE: Noell Consulting Group, Google Maps, US Census

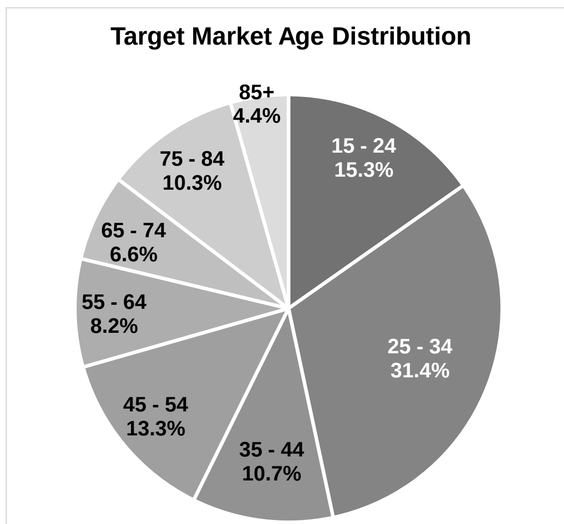
RENTAL HOUSING MARKET ANALYSIS

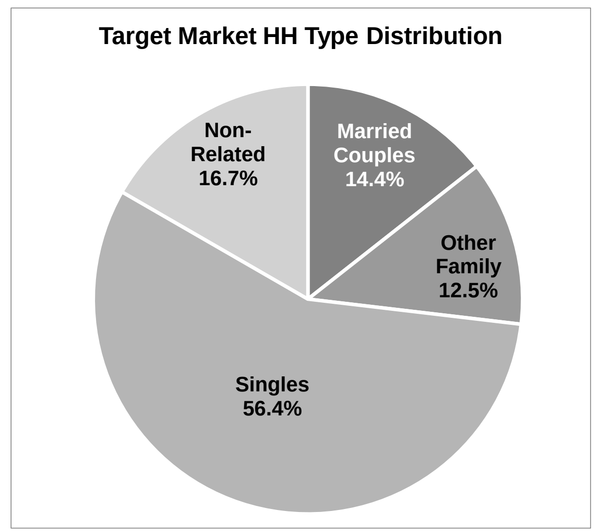
Exhibit 14
Summary of Renter Households in the Study Area, 2015

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total
Less than $15,000	378	296	95	205	150	103	181	82	1,490
$15,000 - $24,999	71	226	71	54	38	47	90	42	640
$25,000 - $34,999	72	152	50	37	23	26	45	20	424
$35,000 - $49,999	23	215	70	60	35	30	37	13	481
$50,000 - $74,999	19	147	50	34	16	18	18	4	305
$75,000 - $99,999	7	99	40	61	26	7	5	1	244
$100,000 - $149,999	7	36	16	31	11	11	8	4	124
Income $150,000 +	0	16	11	20	8	6	5	1	66
Total	576	1,185	403	501	308	248	389	165	3,775

Renter households in the study area are very poor - almost two thirds make less than $25,000/year. Many of these household are young however - 12% of household making less than $25,000 are under 24 and are more likely to be students. More than half of renters are single, while a quarter are single parents and married couples.



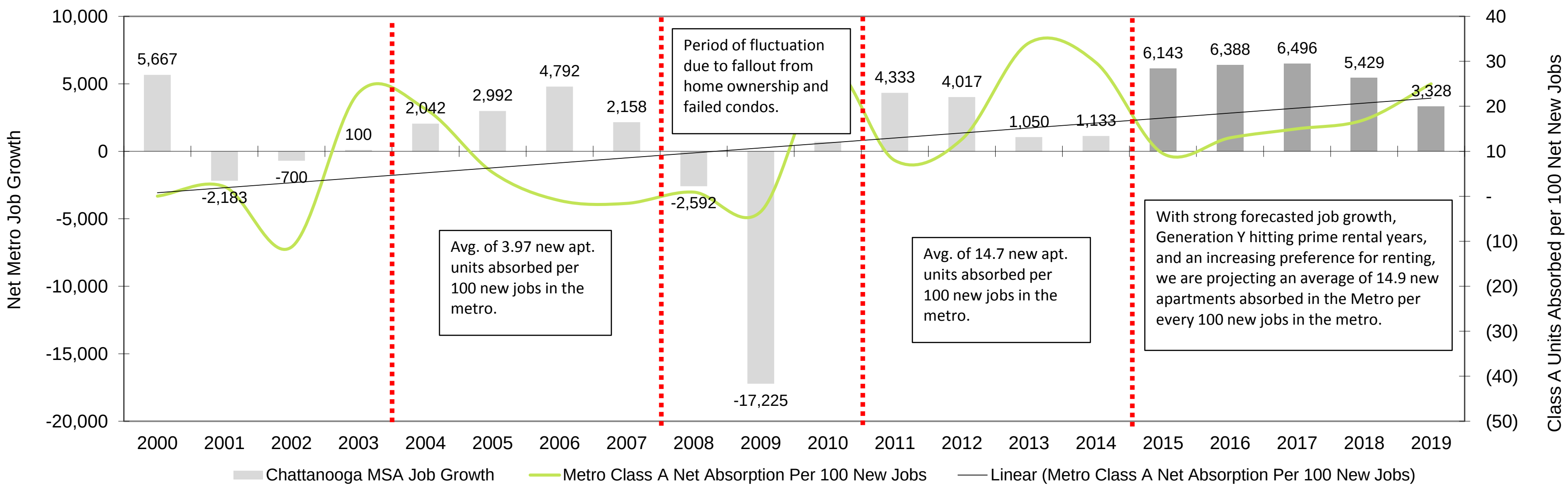




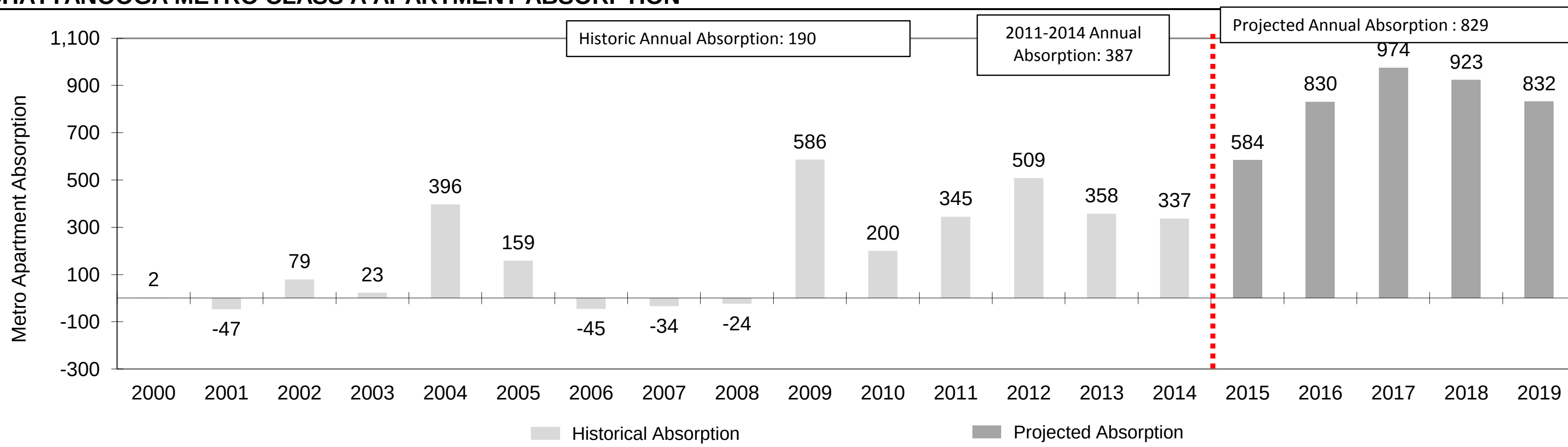
SOURCE: Noell Consulting projections based on data obtained from the US Census and Claritas, Inc.

Exhibit 15
Historical and Projected Job Growth to Apartment Absorption Relationship

CHATTANOOGA MSA JOB GROWTH



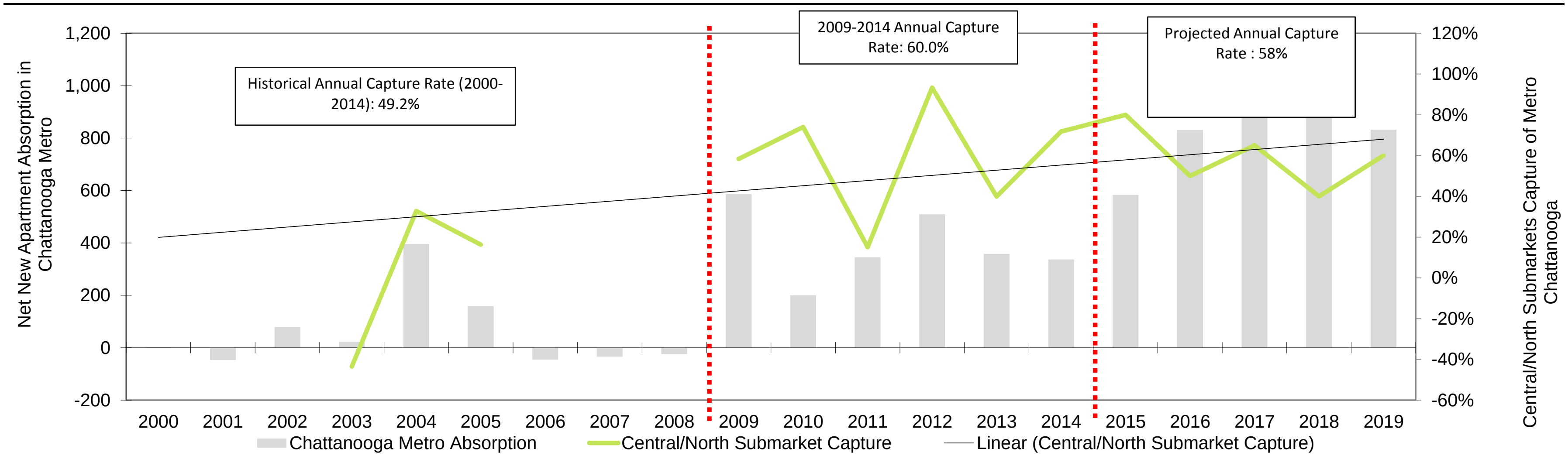
CHATTANOOGA METRO CLASS A APARTMENT ABSORPTION



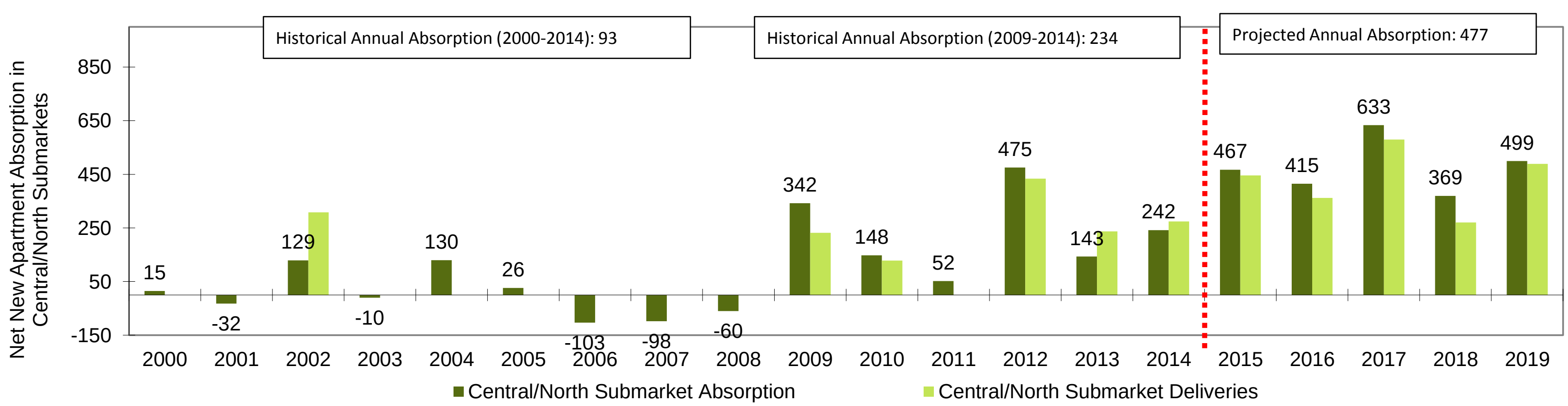
SOURCE: Noell Consulting Group, REIS, and Economy.com | Moody's Analytics

Exhibit 16
Central Submarket Capture of Chattanooga Metro Apartment Absorption

CHATTANOOGA METRO CLASS A APARTMENT ABSORPTION AND CENTRAL SUBMARKET CAPTURE



CENTRAL AND NORTH SUBMARKETS CLASS A ABSORPTION



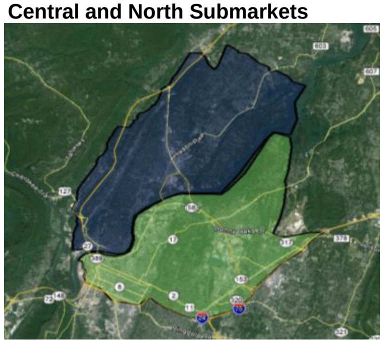
*Adjusted for planned Hixon/Red Bank area deliveries

SOURCE: Noell Consulting Group, REIS, and Economy.com

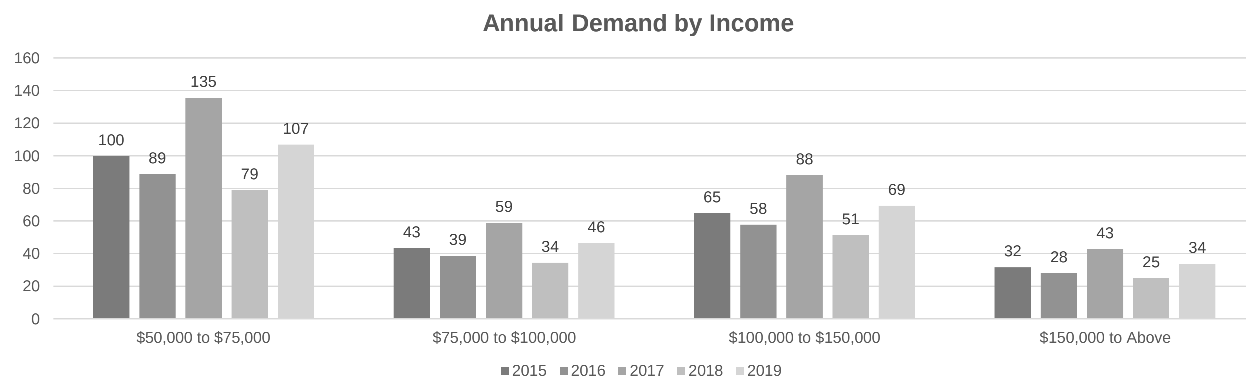
Exhibit 17 (Page 1 of 2)
Study Area Apartment Supply and Demand Analysis

	2000-2014 Average	2014	Projected 2015	2016	2017	2018	2019	2015-2019 Average
Chattanooga Metro Area Employment Growth /1	419	1,133	6,143	6,388	6,496	5,429	3,328	5,557
Projected Jobs to New Apartment Absorption In Chattanooga Metro	45.3	29.7	9.5	13.0	15.0	17.0	25.0	14.9
Estimated Supportable New Apartment Absorption in Chattanooga Metro /2	**190**	**337**	**584**	**830**	**974**	**923**	**832**	**829**
Central Submarket Capture of New Apt. Absorp. in Metro /3	**49.2%**	**71.8%**	**80.0%**	**50.0%**	**65.0%**	**40.0%**	**60.0%**	**57.5%**
Forecasted Central/North Submarket Absorption	**93**	**242**	**467**	**415**	**633**	**369**	**499**	**477**

Central and North Submarkets



Income Range:	**\$35,000 \$50,000**	**\$50,000 \$75,000**	**\$75,000 \$100,000**	**\$100,000 \$150,000**	**\$150,000 Above**	
Rent Range (Avg. 16-30% of Gross Inc.) /4:	**\$875 \$1,042**	**\$1,042 \$1,250**	**\$1,250 \$1,500**	**\$1,500 \$1,875**	**\$1,875 Above**	**Total w/in Rent Range**
Annual Demand Dist. By Rent Range /5:	48.6%	21.4%	9.3%	13.9%	6.8%	
2015 Demand By Rent Range	227	100	43	65	32	**467**
2016 Demand By Rent Range	202	89	39	58	28	**415**
2017 Demand By Rent Range	308	135	59	88	43	**633**
2018 Demand By Rent Range	180	79	34	51	25	**369**
2019 Demand By Rent Range	243	107	46	69	34	**499**
% Available for New Product Delivery	100%	100%	100%	100%	100%	



1/ Moody's/Economy.com

2/ Noell Consulting Group analysis based on larger analysis and trends of the market.

3/ The submarket is comprised of the Central and North submarkets as defined by REIS and shown to the above.

4/ Noell Consulting Group based on US Census data for renter HH growth in the metro.

5/ Based on data from Claritas, Inc. for HHs within the PMA. Redistributed for just \$35k+ HHs.

SOURCE: Noell Consulting Group, REIS, US Census, and Claritas

Exhibit 17 (Page 2 of 2)
Study Area Apartment Supply and Demand Analysis

	2015	2016	2017	2018	2019	Total
Estimated Annual Demand Potential, New Projects in Central Submarket	**467**	**415**	**633**	**369**	**499**	**2,384**

5 Year Pipeline						**Total**
Market and Main	0.50					63
Passenger Flats	0.25	0.75				98
Cameron Harbor	1.00					235
The Clemons	0.50					50
Fleetwood Coffee Building		0.25				30
Lofts at Renaissance		0.25	0.25			84
110 Tremont		0.50	0.50			53
Future Building		0.50				43
1st TN Building		0.25	0.50			80
Maclellan Building		0.50				72
1920 Chestnut			1.00			112
700 Block			1.00			98
Mayfield Annex			1.00			16
1400 Chestnut			1.00			183
Finely Stadium			0.50	0.50		179
Loft Restaurant site			0.50	1.00		185
Unum				1.00		235
Gorman Building				0.25		6
501 East MLK				0.25		24
Broad and W 17th Street				1.00		139
Cowert Street					1.00	140
400 Block MLK					1.00	250
Hixson						
Oyler Lane					1.00	308
Hillock Farm					1.00	280
Total, Projects Known	**1.50**	**2.25**	**6.25**	**4.00**	**2.00**	**2,963**
Matriculation Factor	**100%**	**100%**	**75%**	**67%**	**50%**	**2,147**
Total, All Projects w/Matriculation	**1.5**	**2.3**	**4.7**	**2.7**	**1.0**	**2,147**

Demand, 2015 to 2019	**2,384**
Hixson Matriculated Supply	**-294**
Net Downtown Demand	**2,090**
Total Units Under Construction/Planned, Net of Hixson	**2,375**
Estimated Matriculation Factor	**-522**
Total Units	**1,853**
Unmet Demand 2015-2019	**236**

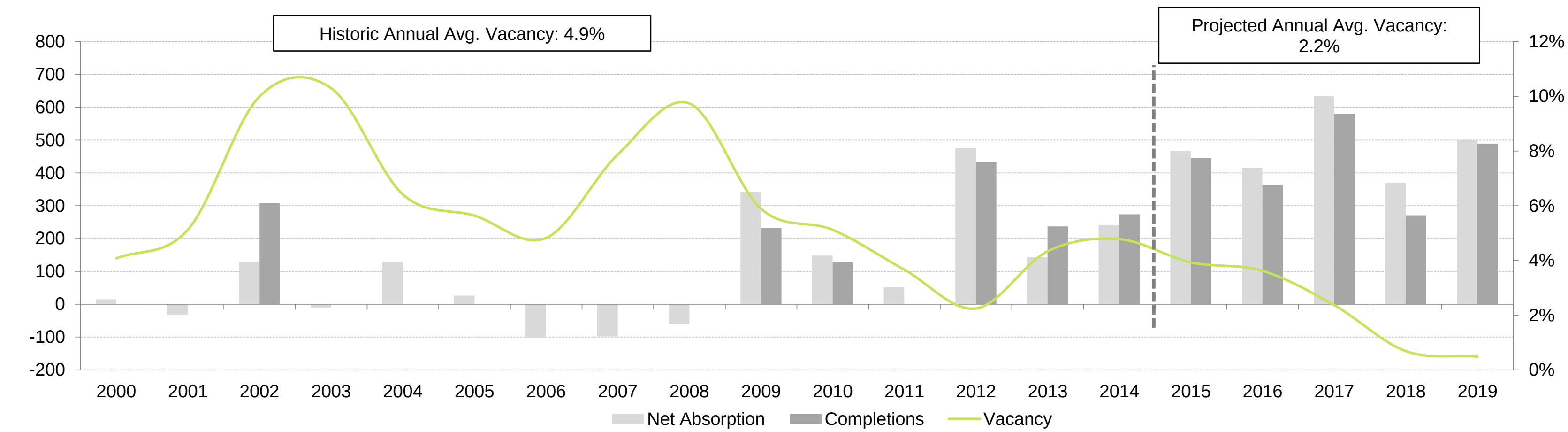
NOTES:

1. The numbers indicate the percentage of the year that the projects are expected to be in lease-up. Unit counts are market rate only (where # of affordable units are known).
2. Projects that are currently under construction are designated in green.
3. There are 656 units in North and Central submarkets under construction, with an additional 2,307 units planned.
4. The matriculation factor shown below indicates our estimate of units currently planned that will be changed, delayed, canceled, or converted to condominiums. Often these delays or cancelations are unexpected, and this model does not make assumptions about which projects will be affected.
5. There are 588 units are planned in two developments within the Hixson area. We have netted out this expected supply (after accounting for the matriculation factor described above) to determine the total demand potential for Downtown Chattanooga.
6. **We estimate there is potential for up to 2,090 units of demand in this geography.**
7. **After matriculation, we estimate that there is roughly 236 units of unmet demand for market rate apartments in the North and Central Submarkets in the next five years. This demand is focused on River North, where which has accounted for a significant amoung historical demand but has limited supply planned.**

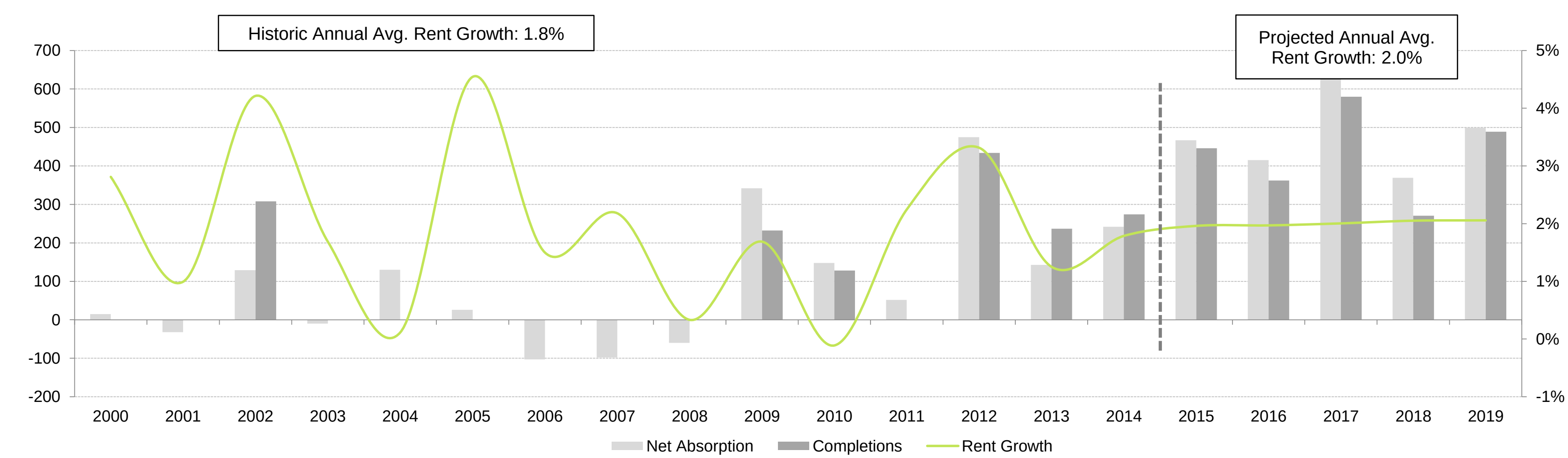
SOURCE: Noell Consulting Group

Exhibit 18
Historic and Projected Vacancy and Rent Growth in the Central Submarket

CENTRAL SUBMARKET VACANCY TRENDS - VACANCY RATES VS COMPLETIONS

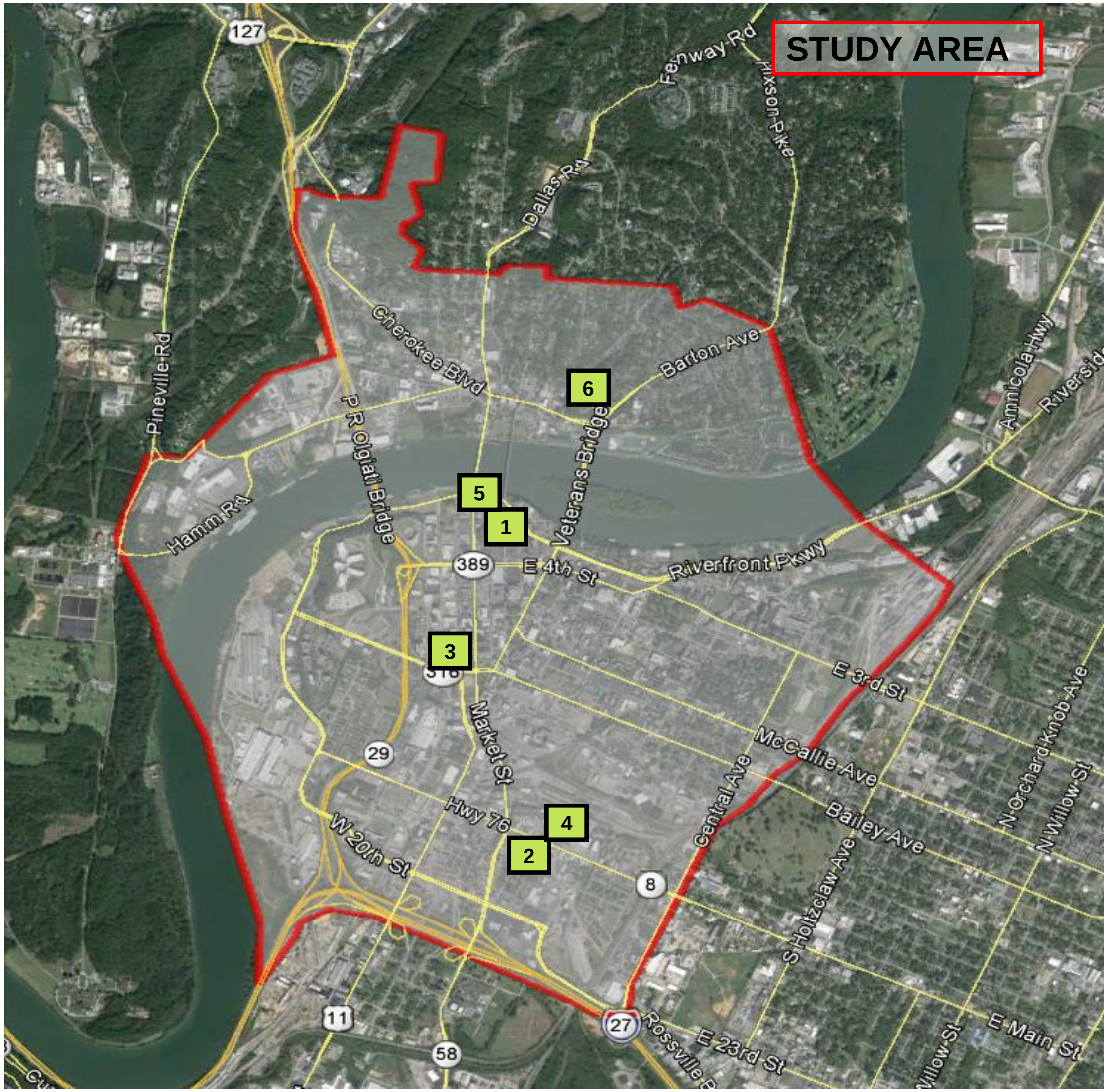


CENTRAL SUBMARKET RENT TRENDS - % CHANGE IN RENTS VS COMPLETIONS



SOURCE: Noell Consulting Group based on data obtained from REIS

Exhibit 19
Map of Apartment Communities



MULTI FAMILY		UNITS	$/SF
1	Walnut Street Commons	100	$1.47
2	Mission at Main	63	$1.41
3	The Clemons	55	$1.65
4	Chattanooga Choo Choo	97	$1.93
5	Riverset	41	$1.58
6	Lofts at Tremont	52	$1.46
	Average	**68**	**$1.58**






SOURCE: Noell Consulting Group, Google Earth

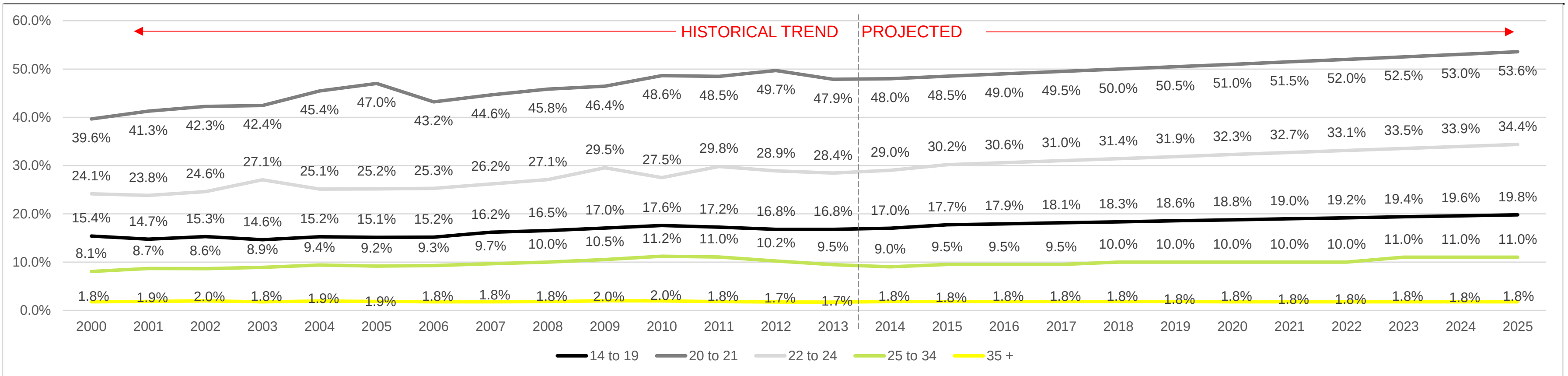
Exhibit 20
Summary of Apartment Communities

Photo	Project	Year Building / Product	Unit Count	% Occ.	Market Absolute Rent Range	Avg. Rent	Market Size Range	Avg. Size (SF)	Avg. Rent $/SF	Comments / Finishes / Amenities
	Walnut Street Commons	Built 2013 / 5 Story	100	99%	$800 - $1,475	$1,138	540 - 1,011	776	$1.47	Location downtown. Views of downtown skyline and riverfront. Covered parking, fitness center, roof top deck, grilling area
	Mission at Main	Under Construction / Open date Jan.2016	63	5%	$840 - $1,400	$1,197	461 - 1,081	878	$1.41	New units being built in Southside. Stained concrete and hardwood floors. Located on Main St, the main artery into downtown Chattanooga.
	The Clemons	Under rehab / 2016	55	0%	$1,075 - $1,720	$1,352	590 - 1,040	828	$1.65	Rehab existing building downtown. 12'-16' ceilings. Rooftop deck and dog walk. Free parking. Retail/Restaurant space available at street level
	Chattanooga Choo Choo	Under rehab / 2016	97	0%	$680 - $730	$681	350 - 650	356	$1.93	Unique location in Historic Hotel, The Chattanooga Choo Choo. Currently turning existing hotel rooms into small downtown apartments.
	Riverset	Built 1994/ 4 Stories	41	100%	$1,139 - $1,789	$1,464	600 - 1,250	925	$1.58	Located on the Tennessee River. Centrally located to all downtown attractions. Walk to Walnut Street Bridge, restaurants, museums and shops. Very low turn over
	Lofts at Tremont	Opened in 2015	52	98%	$815 - $1,600	$1,208	506 - 1,145	826	$1.46	Newly constructed and located in Northshore. Offers walkable to shops/ restaurants and greenspace.
Multi Family Summary:			**68**		**$680 - $1,789**		**350 - 1,250**	**762**	**$1.58**	

SOURCE: Noell Consulting Group.

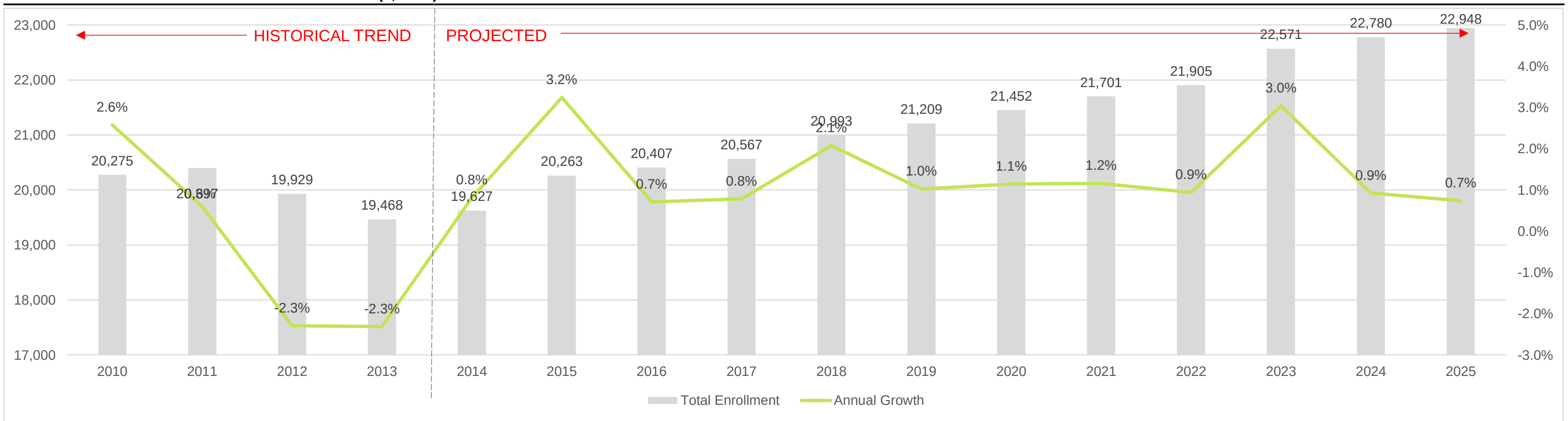
Exhibit 21
Historical and Projected United States College Enrollment (Public and Private)

US COLLEGE ENROLLMENT RATES BY AGE



College enrollment rates have declined since 2010, although rates are still up since 2000. We expect these larger trends to continue, especially among the population aged 22 and over as more students enroll in graduate school and take longer to finish undergrad. Combined with demographic trends, we expect the college aged enrollment to grow slowly over the next ten years.

PROJECTED US COLLEGE ENROLLMENT (1,000's)



SOURCE: Noell Consulting Group, US Census

Exhibit 22
UT Chattanooga Student Housing Supply and Demand Analysis

UT Chattanooga Enrollment (Fall, FTE)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Undergraduate	8,367	8,845	9,045	9,334	9,177	9,029	9,137	9,320	9,553	9,791	10,036
Graduate	964	1,004	966	893	903	888	893	901	910	920	929
Total Enrollment	9,331	9,849	10,010	10,227	10,080	9,917	10,029	10,221	10,463	10,711	10,965
Enrollment by Type											
Full Time	8,866	9,305	9,523	9,676	9,632	9,369	9,516	9,695	9,931	10,163	10,409
Part Time	1,915	2,113	2,137	1,998	2,038	2,019	2,063	2,104	2,138	2,173	2,238
Total Headcount Enrollment	10,781	11,418	11,660	11,674	11,670	11,388	11,579	11,799	12,070	12,336	12,647
Full Time Enrollment by Level											
Freshman	2,522	3,139	3,165	3,200	2,897	2,550	2,664	2,812	2,979	3,151	3,227
Sophomores	2,290	1,704	1,777	1,853	1,990	1,938	1,903	1,842	1,887	1,931	1,978
Upperclassmen	3,418	3,783	3,962	4,013	4,098	4,275	4,315	4,396	4,404	4,405	4,511
Graduate	636	679	619	610	647	606	634	645	661	677	693
On-Campus Housing											
On-Campus Beds	3,001	3,001	3,143	3,143	3,143	3,143	3,743	3,743	3,743	3,743	3,743
FT Freshman (req. on campus)	2,522	3,139	3,165	3,200	2,897	2,550	2,664	2,812	2,979	3,151	3,227
FT Upperclassmen in On-Campus Beds	479	0	0	0	246	593	1,079	931	764	592	516
FT Students Not in On-Campus Housing	**5,865**	**6,166**	**6,358**	**6,476**	**6,489**	**6,226**	**5,773**	**5,952**	**6,188**	**6,420**	**6,666**
Private Rental Market											
Walk2Campus	191	191	191	191	191	191	279	279	279	279	279
Green Real Estate (Vine 324 & 422)						31	99	99	99	99	99
Big Ben's BBQ							11	11	11	11	11
8th Street Fraternity Lodge								48	48	48	48
Douglas Heights							691	691	1,500	1,500	1,500
Total Private Market Student Housing	**191**	**191**	**191**	**191**	**191**	**222**	**1,080**	**1,128**	**1,937**	**1,937**	**1,937**
Percentage of Students Living at Home	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%	21%
Students Living at Home	1,818	1,908	1,952	1,984	1,975	1,921	1,951	1,988	2,036	2,083	2,134
Excess Demand for on-campus housing	**3,856**	**4,067**	**4,215**	**4,301**	**4,323**	**4,083**	**2,742**	**2,837**	**2,216**	**2,400**	**2,595**
Percentage Paying over $500	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%	27%
Demand for New Construction	**1,041**	**1,098**	**1,138**	**1,161**	**1,167**	**1,103**	**740**	**766**	**598**	**648**	**701**

New UTC Dorm

422 Vine

Douglas Heights

UTC's January 2013 Housing Master Plan Demand and Market Analysis establishes a 13,000 enrollment goal, which we have projected UTC to steadily grow towards that figure over the next five years. After factoring in existing supply, UTC's planned dormitories, and all planned student-oriented properties, we estimate excess demand for 2,595 beds serving UTC students. However, according to the UTC Market Analysis, only 27% of students report paying more than $500 per month in rent, with average utility costs of $121/month, for a total housing cost on par with what is being charged at new construction student housing properties. After accounting for students who are currently willing to pay new construction rents, we estimate excess demand of 701 beds. It is unclear, however, if students can afford to pay more but do not see a strong enough benefit to living close to campus - as additional retail and lifestyle amenities are developed in the study area, more students may be willing to pay higher rents. Creative property designs that reduce the price per bed to $300 to $500 per month will also help meet UTC students' pricing needs.

SOURCE: Noell Consulting Group, UTC, Chattanooga Times Free Press

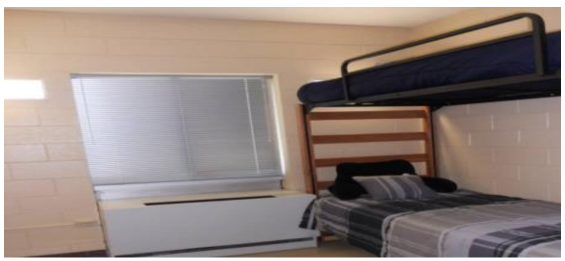
Exhibit 23
University of Tennessee Chattanooga Housing

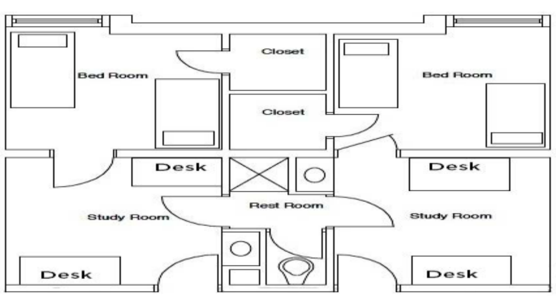
NCG looked at comparable rents at the student housing provided by The University of Tennessee. The university's housing facilities have 3,145 beds located in 838 units. UTC is planning 600 additional units on the site of the Racquet Center. The rates listed below are for the Fall 2015/Spring 2016 academic year.

STAGMAIER
Freshmen

2B/1b
2 bedrooms 1 bath for 4 Residents
(Shared kitchen on Main floor)

Semester Cost per bed: $2,192
Monthly Cost per bed: $548
Included: Internet, cable, electricity, water, & trash

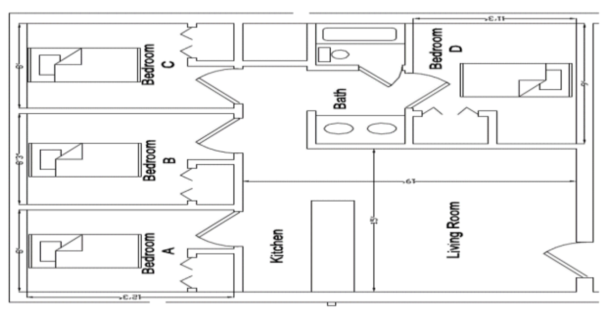




BOLING
Freshmen/Upperclassmen

4B/1b
Private bedroom and shared bath
(Includes full kitchen)

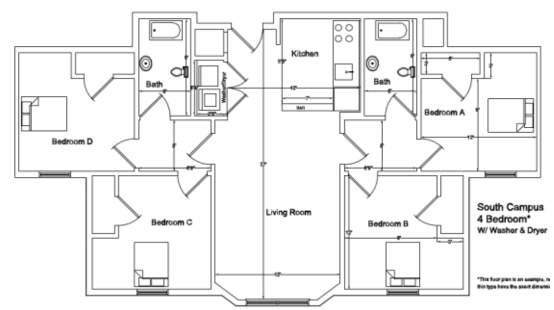
Semester Cost per bed: $2,397
Monthly Cost per bed: $599.25
Included: Internet, cable, electricity, water, & trash



UC FOUNDATION
Upperclassmen

4B/2b
Private bedroom and shared bath
(Includes full kitchen & washer/dryer)

Semester Cost per bed: $3,500
Monthly Cost per bed: $875
Included: Internet, cable, electricity, water, & trash



SOURCE: Noell Consulting Group, www.utc.edu

Exhibit 24
UTC Off Campus Housing

NCG looked at comparable rents at the off campus student housing. The demand for student housing is very strong with multiple developments occurring around the UTC Campus. Below are several off campus options students have in close proximity to campus.

DOUGLAS HEIGHTS
(Under Construction – Open Fall 2016)

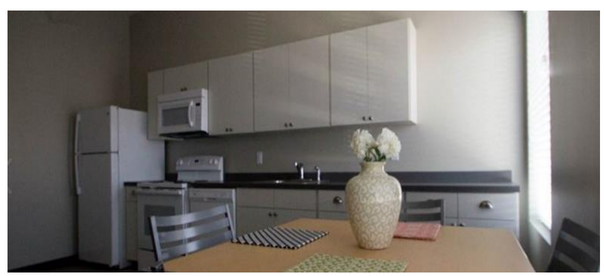
2B/2b, 3B/3b, 4B/2b,4B/4b
Private bedroom and private/shared bath
(Includes full kitchen)

Semester Cost per bed: $2,600-$2,800
Monthly Cost per bed: $650-$700
Included: Fully furnished, washer/dryer, high-speed internet

VINE 324
(Opened Fall 2015)

3B/2b & 4B/2b
Private bedroom and shared bath
(Includes full kitchen)

Semester Cost per bed: $2,800-$3000
Monthly Cost per bed: $700-$750
Included: Fully furnished, all utilities, cable/internet, 42 inch TV, washer/dryer



Walk2Campus
E 5th ST/ Lindsay St / Under Construction

Studio, 1B, 2B
Private bedroom and shared bath
(Includes full kitchen)

Semester Cost per bed: $2,400-$3340
Monthly Cost per bed: $600-$835
Included: Washer/dryer, internet, trash, cable

Pictures below are from similar properties

SOURCE: Noell Consulting Group, Vine324.com, walk2campus.com

Exhibit 25
Off Campus Away from UTC Housing

With the shortage of available housing for students, NCG also looked at comparable rents at the off campus student housing that was across the bridge from UTC. This included several properties in the Northshore and Signal Mountain area. These properties are within a 15 minute drive to campus. It should be noted that the apartments below do not include the amenities that UTC dorms and off campus properties close to the school offer.

Prices below are for 12 month lease term

TRAILS OF SIGNAL MT
(Signal Mountain Area)

Studio or 1 BD w/ private bath
Semester Cost: $2,400-$2,920
Monthly Cost per bed: $600-$730

2B/2b w/ private bath
Semester Cost per unit: $3360-$3904
Monthly Cost per bed: $420-$488

3B/2.5 w/ shared bath
Semester Cost per unit: $4,000-$4800
Monthly Cost per bed: $333-$400

LAKESHORE ON THE HILL
(Northshore Area)

1B/1b w/ private bath
Semester Cost: $ 2,800 -$3,196
Monthly Cost per bed: $700-$799

2B/2b w/ private bath
Semester Cost per unit: $3,120-$3,760
Monthly Cost per bed: $390-$470

3B/3b w/ private bath
Semester Cost per unit: $5,000-$5,400
Monthly Cost per bed: $417-$450

MOUNTAIN BROOK
(Signal Mountain Area)

1B/1b w/ private bath
Semester Cost per unit: $2,860-$3,040
Monthly Cost per bed $715-$760

2B/2b w/ private bath
Semester Cost per unit: $3,260-$3,440
Monthly Cost per bed: $408-$430

SOURCE: Noell Consulting Group, offcampushousing.utc.edu

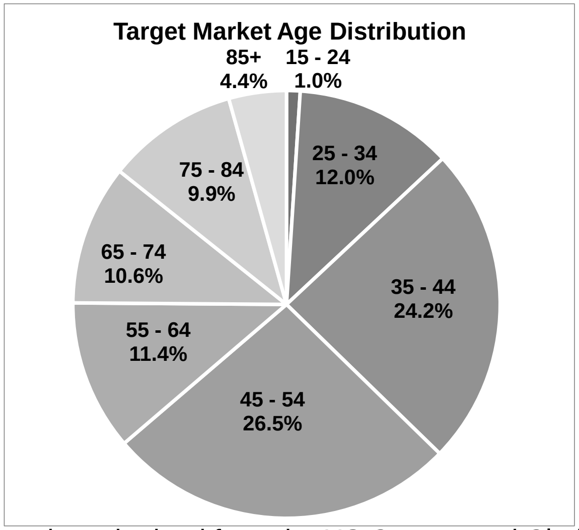
FOR SALE HOUSING MARKET ANALYSIS

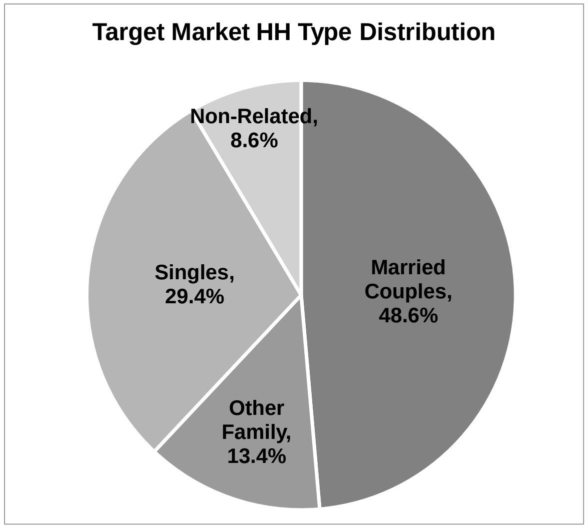
Noell Consulting Group

Exhibit 26
Summary of Owner Households in the Study Area, 2015

Income/Age	15 - 24	25 - 34	35 - 44	45 - 54	55 - 64	65 - 74	75 - 84	85+	Total
Less than $15,000	7	13	21	39	26	21	32	17	176
$15,000 - $24,999	3	23	37	24	16	23	36	21	183
$25,000 - $34,999	5	23	40	25	14	19	27	15	168
$35,000 - $49,999	2	43	73	53	28	29	30	12	270
$50,000 - $74,999	4	75	130	76	33	42	36	9	406
$75,000 - $99,999	1	47	99	128	51	16	10	2	354
$100,000 - $149,999	3	45	101	167	58	63	40	24	502
Income $150,000 +	0	25	90	136	52	46	32	6	386
Total	25	294	592	647	278	259	243	107	2,445

Owner households in the study area are dominated by married couples (48.6%), people between ages of 35-54 (50%), and households with a mix of annual incomes. Almost 70% of the households have annual incomes ranging from $50,000-$150,000+, with 36% earning more than $100,000. Additionally, singles and other family (heavily single parents) each represent fairly sizable segments and account for 42% of the households



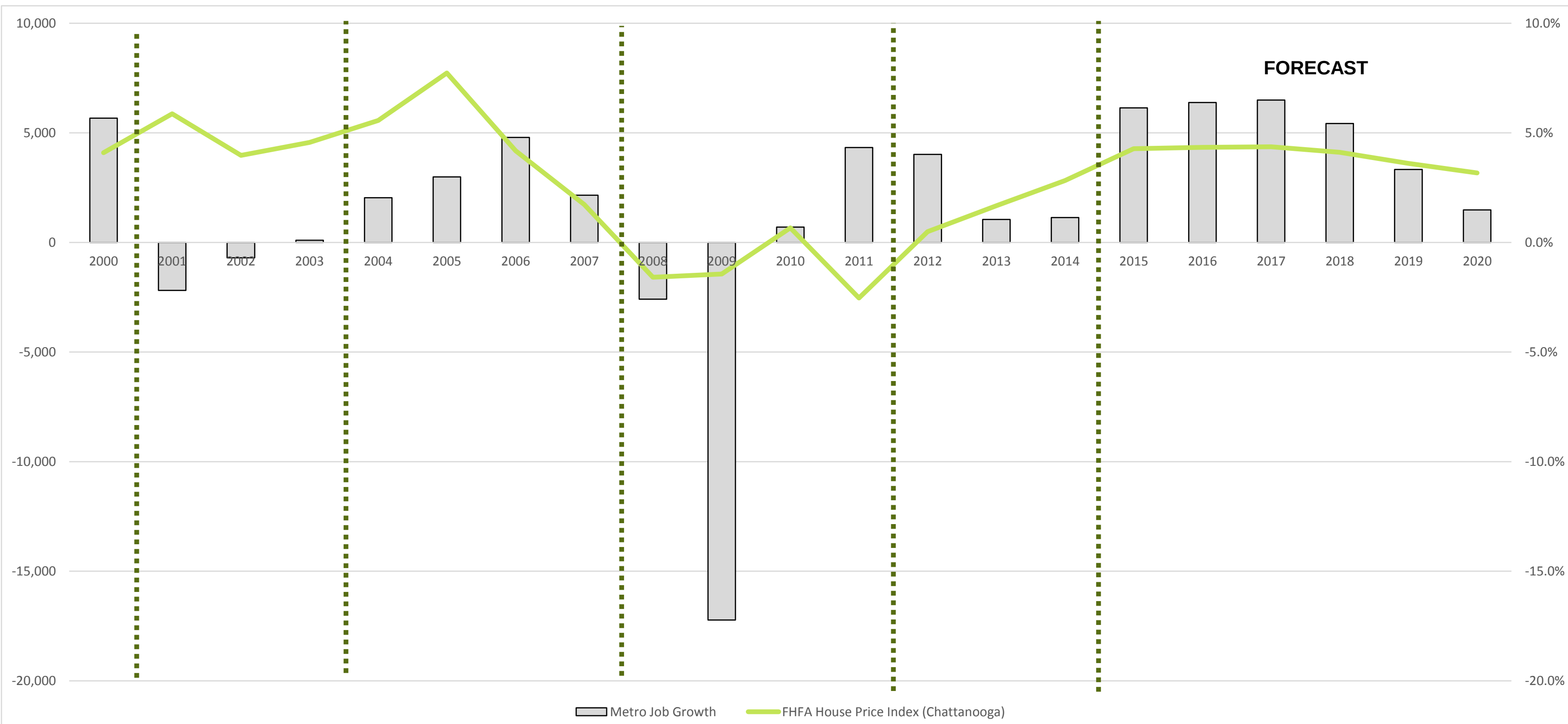


SOURCE: Noell Consulting projections based on data obtained from the US Census and Claritas, Inc.

Exhibit 27

Historical Home Price Trends - Chattanooga Metro Job Growth versus FHFA Home Price Index

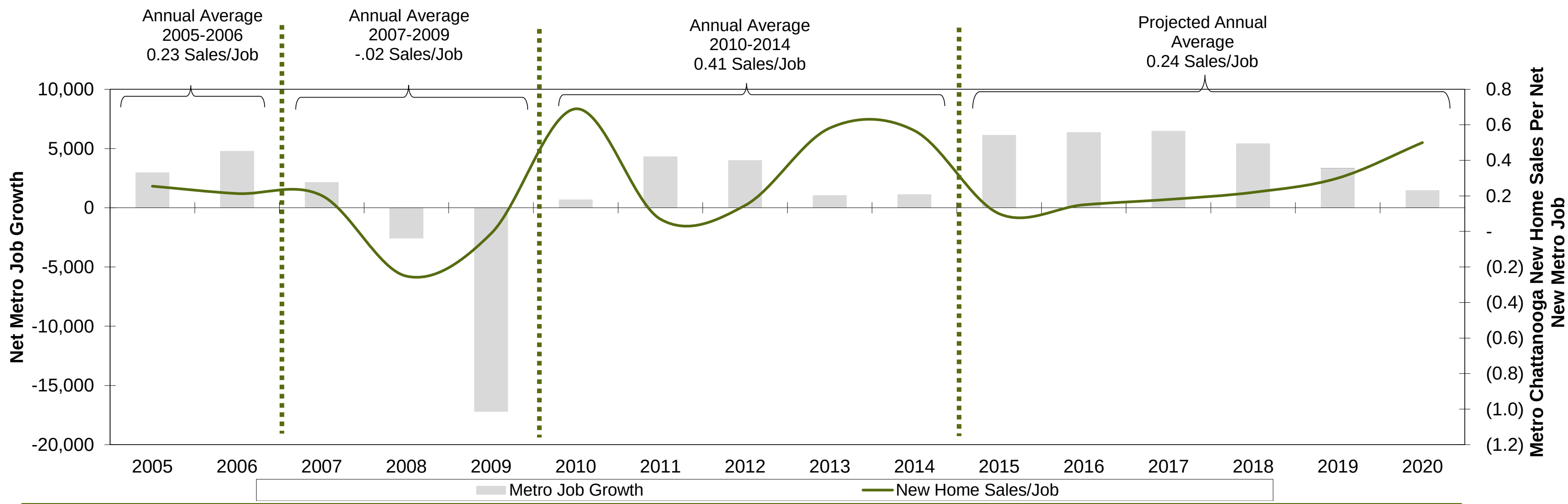
Market Situation	During the early 2000s Chattanooga went through a small recession, yet home prices continued reasonable growth levels.	From 2004 through 2007 the Chattanooga market witnessed strong job growth averaging nearly 3,000 new jobs per year. Home price appreciation surged regionally ramping close to 5% before the crash.	In 2008-2010 Chattanooga was hit by the financial recession losing nearly 20,000 net jobs before rebounding in 2011. Chattanooga saw less of a hit to home prices than many regions, however, losing a total of 4.8% from peak value.	Chattanooga began to recover home values in 2012, and by year end 2014 home values had recovered to the peak reached in 2007.	With strong future job growth projections averaging nearly 5,000 per year we forecast the next five year cycle to be very strong for home values continuing a steady 4% annual average increase until 2019/2020 when the next economic slowdown will likely occur.
Home Price App.	Average 4.6%	Average 4.8% (pre-2007 crash)	Average -1.2%	Average 1.7%	Average 4.0%



SOURCE: Noell Consulting Group, Case-Shiller, Moody's/Economy.com

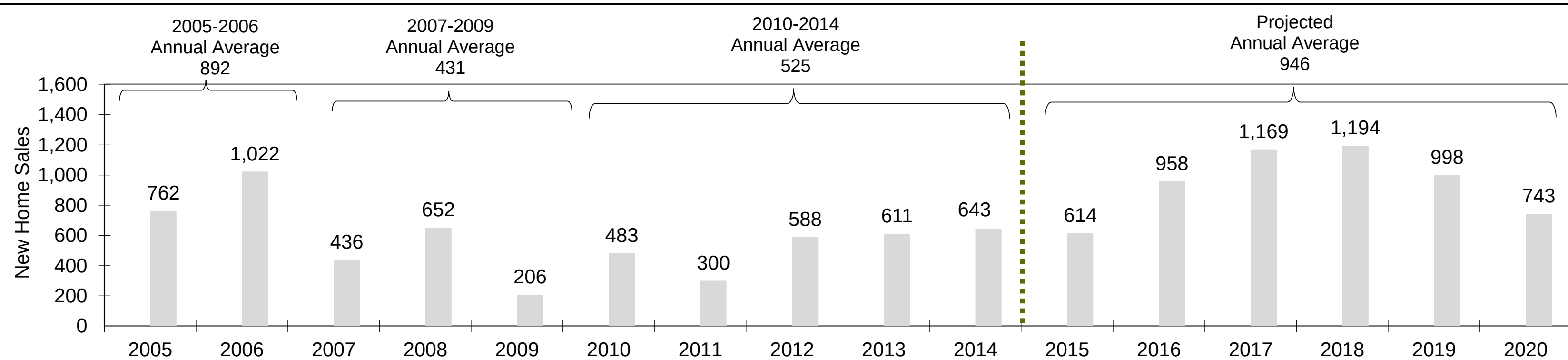
Exhibit 28
Historical and Projected Metro Chattanooga Job Growth to New Home Sales

METRO CHATTANOOGA JOB GROWTH AND NEW HOME SALES/NET NEW JOB



Because Chattanooga did not see as high a housing bubble as other metro areas, it has not seen quite as hard a reduction in home sales volume the last eight years. We expect home sales volume to return to 2005-2006 levels based strong job growth projections and the historical relationship between job growth and home sales.

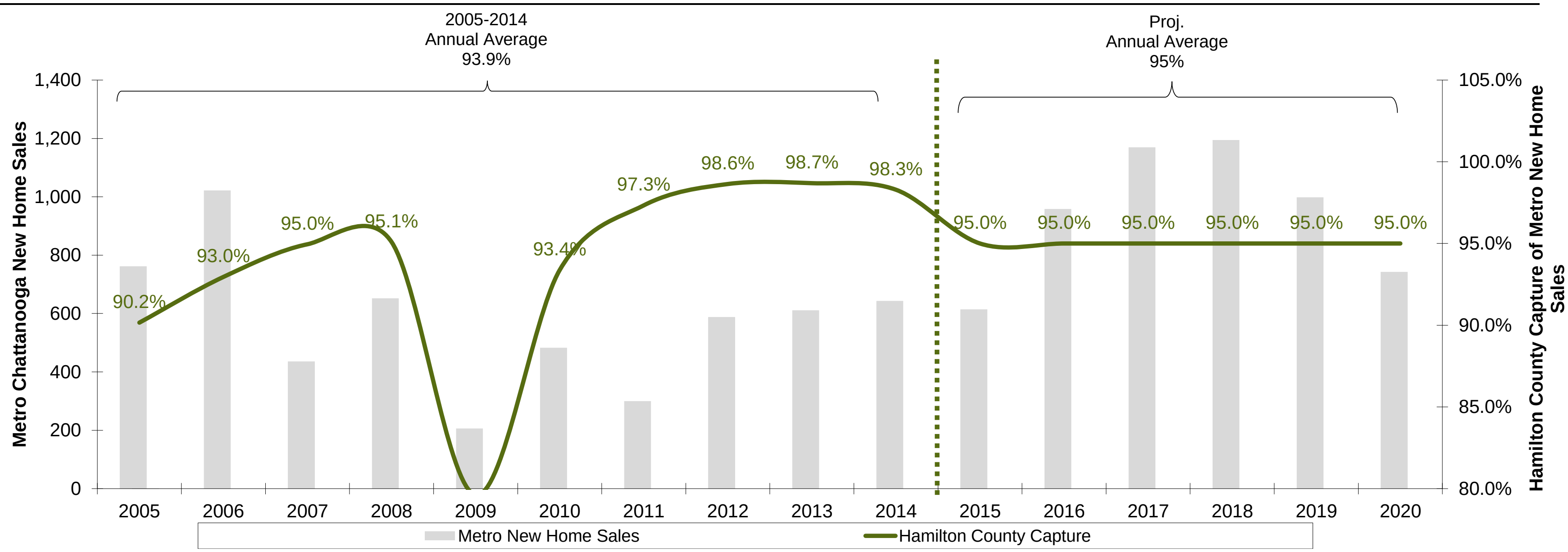
METRO CHATTANOOGA NEW HOME SALES



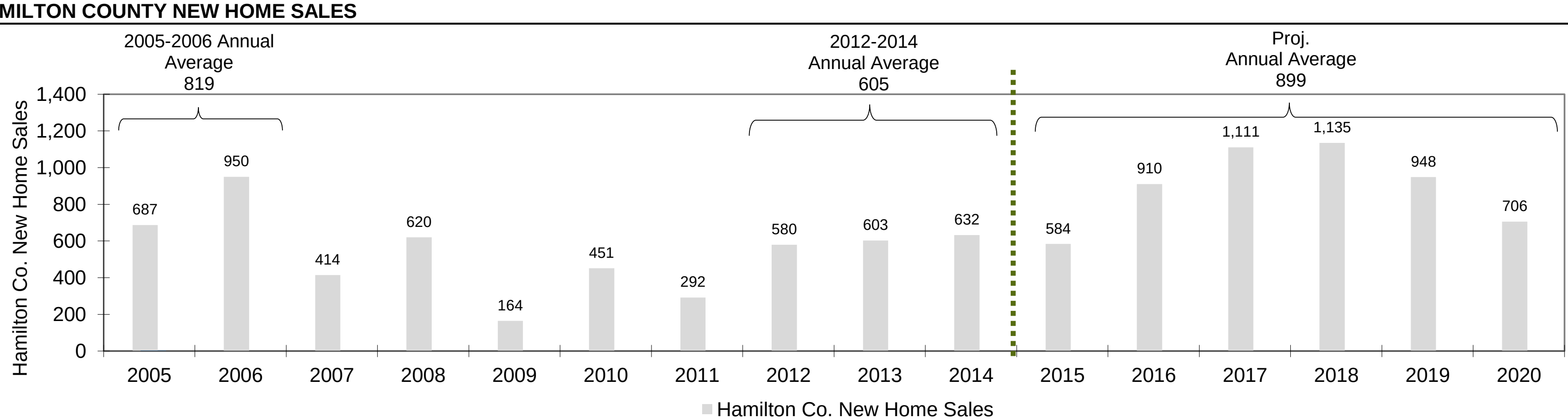
SOURCE: Noell Consulting Group, Moody's/Economy.com, Housing Intelligence Pro

Exhibit 29
Historical and Projected Hamilton County Capture of Metro New Home Sales

HAMILTON COUNTY CAPTURE OF METRO NEW HOME SALES



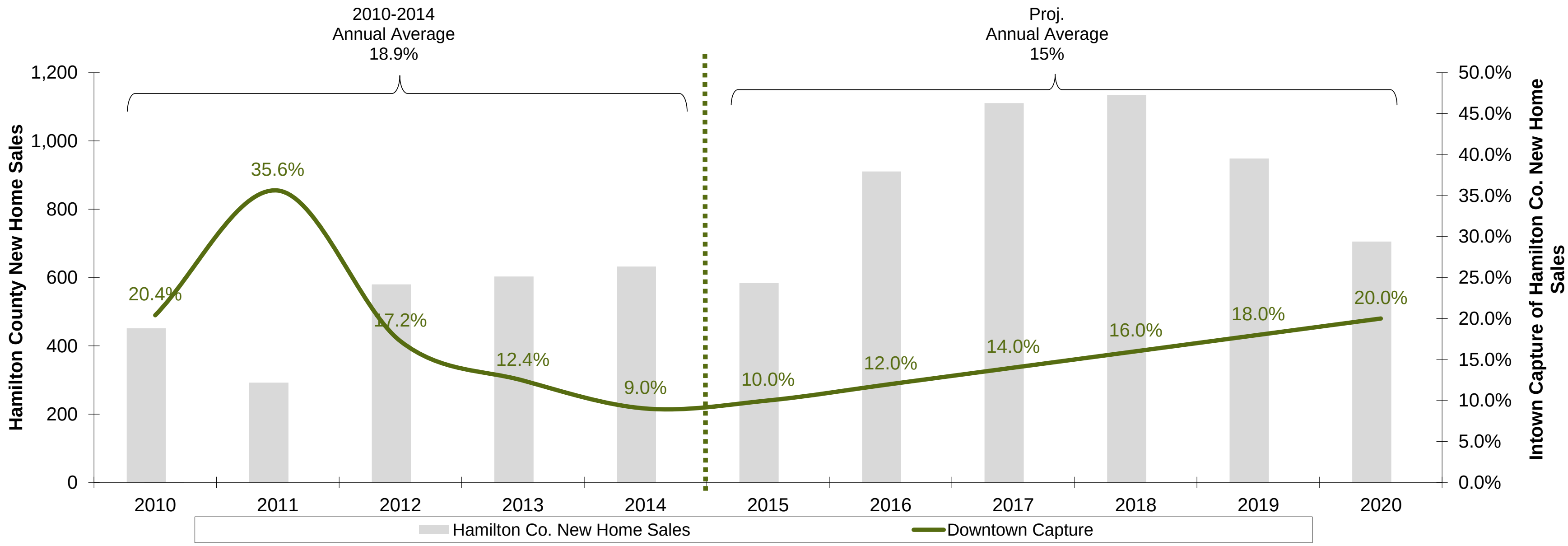
HAMILTON COUNTY NEW HOME SALES



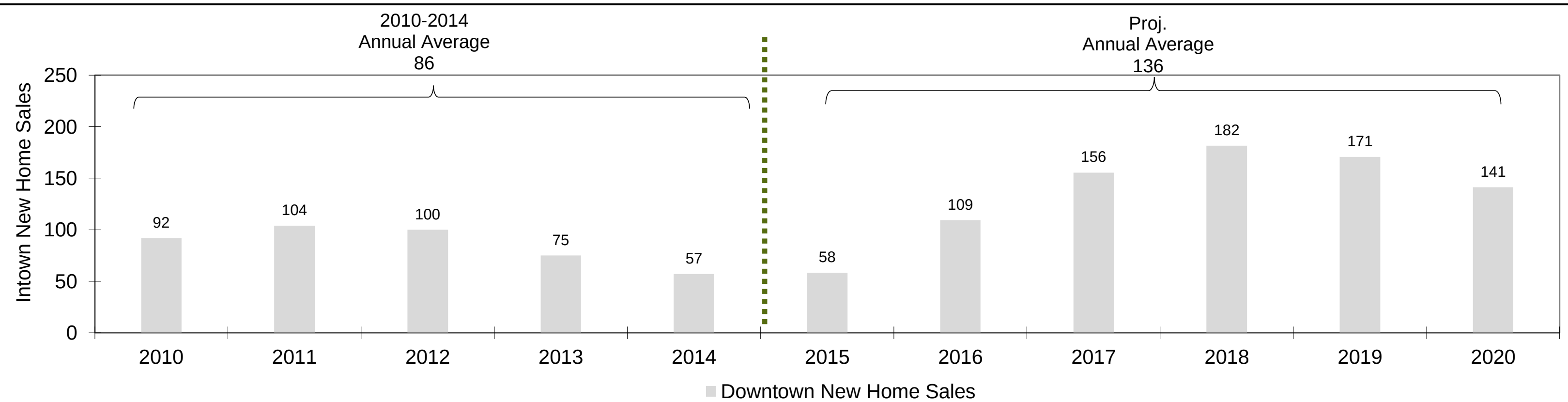
SOURCE: Noell Consulting Group, Moody's/Economy.com, Housing Intelligence Pro

Exhibit 30
Historical and Projected Intown Capture of Hamilton County New Home Sales

DOWNTOWN ZIP CODE CAPTURE OF HAMILTON COUNTY NEW HOME SALES



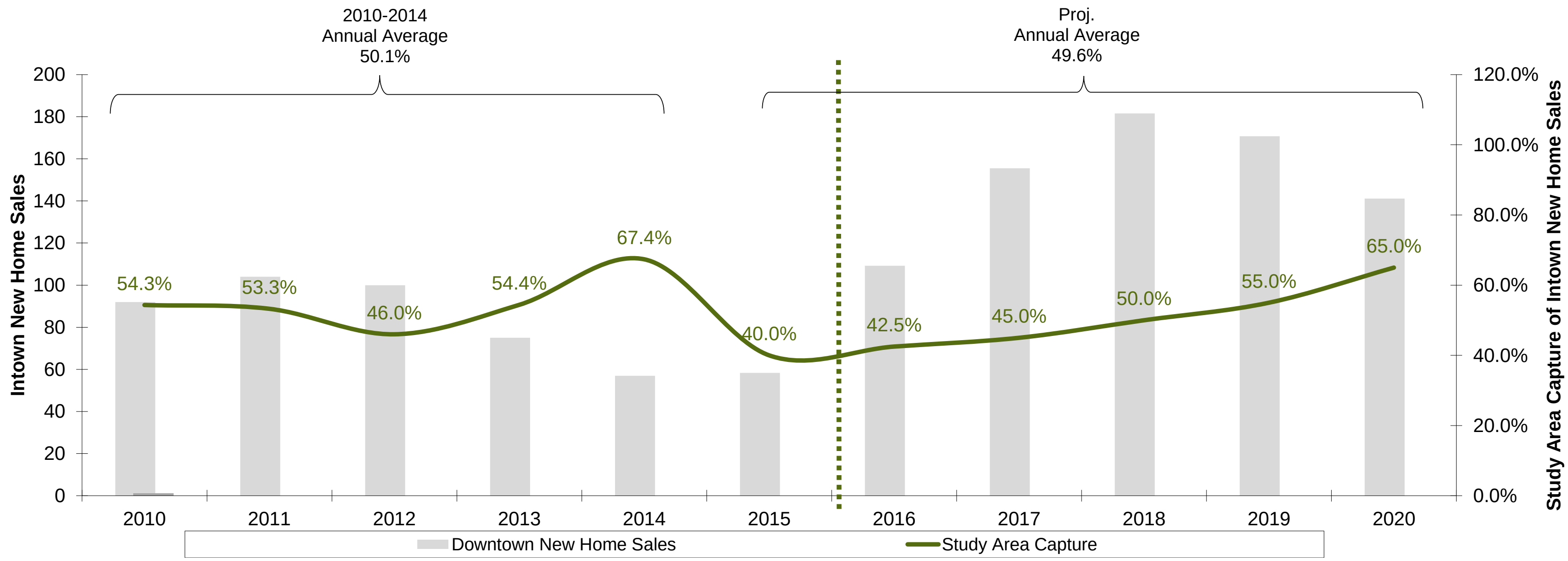
DOWNTOWN ZIP CODE NEW HOME SALES



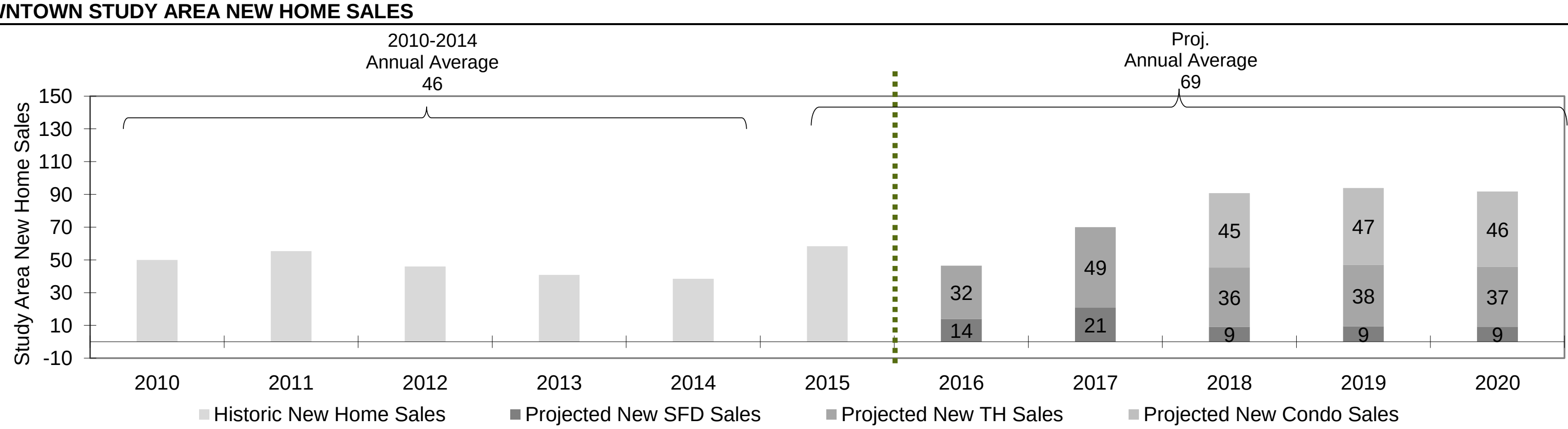
SOURCE: Noell Consulting Group, Moody's/Economy.com, Housing Intelligence Pro. "Intown" defined as Zip Codes 37402, 37403, 37405, 37408

Exhibit 31
Historical and Projected Study Area Capture of Intown New Home Sales

DOWNTOWN STUDY AREA CAPTURE OF INTOWN NEW HOME SALES

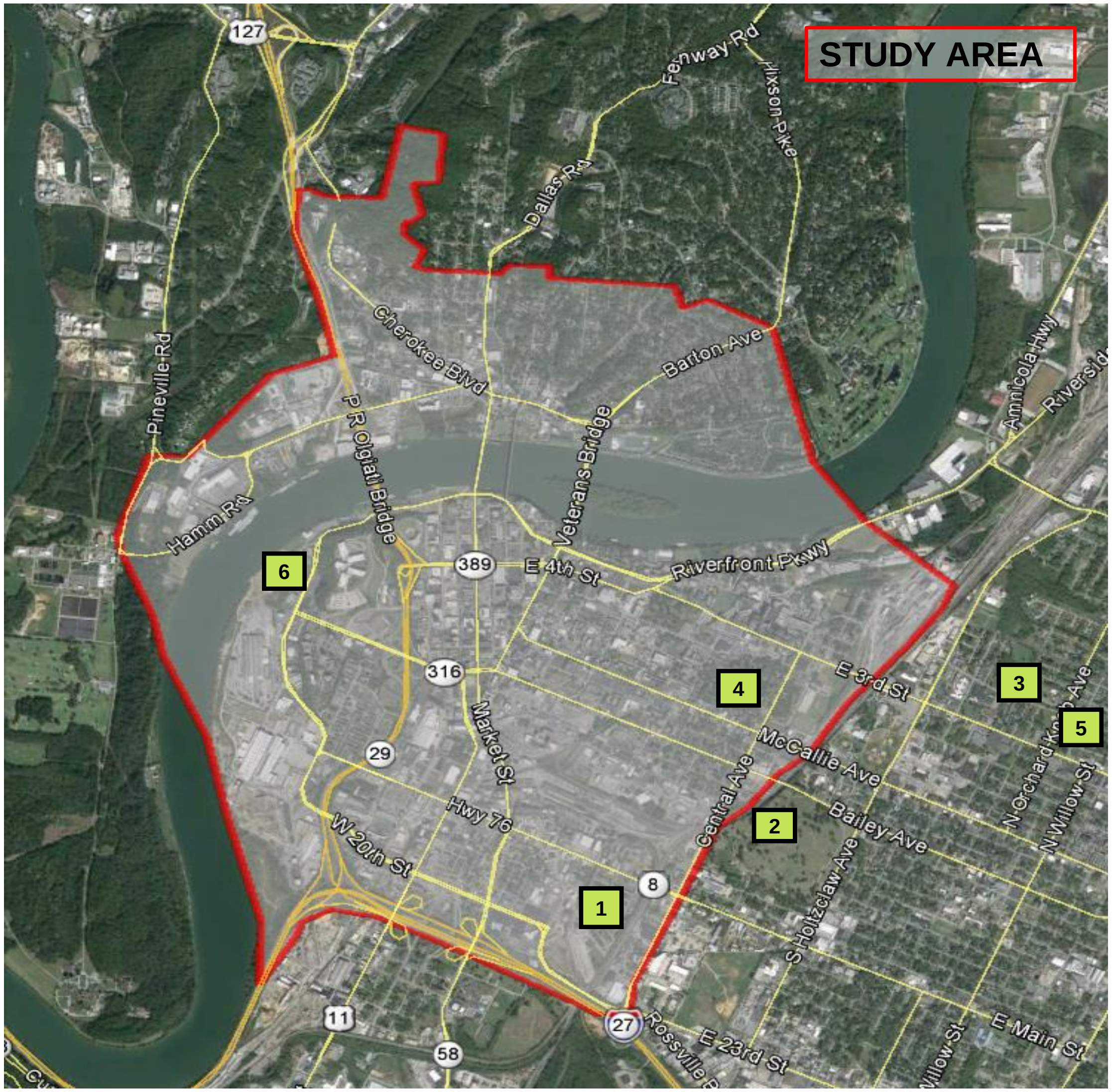


DOWNTOWN STUDY AREA NEW HOME SALES



SOURCE: Noell Consulting Group, Moody's/Economy.com, Housing Intelligence Pro

Exhibit 32
Map of Single-Family Communities



	SINGLE FAMILY	AVG. SIZE	$/SF
1	Jefferson Heights	2,075	$140
2	Highland Park	1,630	$107
3	Infill Homes	1,279	$91
4	Fort Wood	2,349	$132
5	Glenwood	1,826	$76
6	Cameron Harbor PH. I	2,187	$196
	Average	**1,891**	**$124**

SOURCE: Noell Consulting Group, Google Earth

Exhibit 33

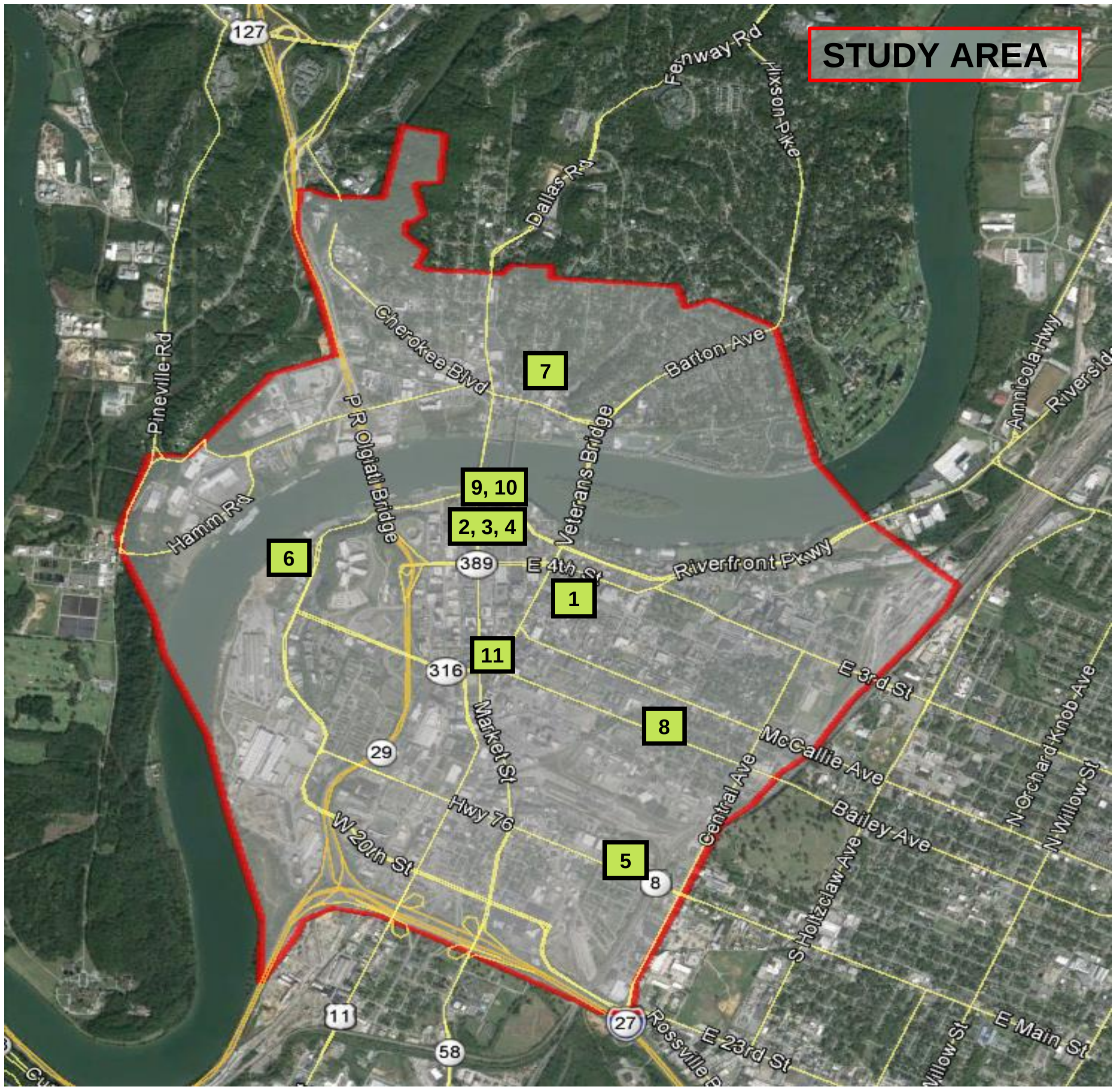
Summary of Single Family Detached Communities

Photo	Name	Year Built	Homes Built	Current Price Range	Current Avg Price	Unit Size Range	Avg Size	$/SF Range	Avg $/SF	Comments & Amenities
	Jefferson Heights	2011-2014	28+	$205,000 - $392,933	$289,502	1,056 - 3010	2,075	$116 - $195	$140	Located in Southside neighborhood. 9ft ceilings, wood floors, euro-chic cabinets
	Highland Park	Renovated	N/A	$112,000 - $249,900	$174,664	1,163 - 2100	1,630	$74 - $151	$107	One of the city's largest urban neighborhoods. Large concentration of historic residences
	Infill Homes	2010-2015	19+	$100,000 - $130,000	$116,092	1,120 - 1545	1,279	$68 - $109	$91	Spread out between the neighborhoods of Glenwood, Orchard Knob and Orchard Village.
	Fort Wood	Renovated	N/A	$131,000 - $490,000	$322,493	1,348 - 2966	2,349	$93 - $187	$132	Once one of the city's finest. Large homes being renovated or converted to apts for UTC students.
	Glenwood	Renovated	N/A	$114,000 - $125,000	$118,000	1,308 - 1826	1,826	$63 - $87	$76	Vastly low income neighborhood. Memorial Hospital / Parkridge Medical Center are here.
	Cameron Harbor PH. I	2015/ Under Const.	20+	$319,000 - $529,525	$435,898	2,020 - 2320	2,187	$158 - $228	$196	Craftsman homes. Located on the banks of Ten. River. Private two car garages. ***Est. price/size***
Summary:				**$100,000 - $529,525**		**1,056 - 3,010**		**$63 - $228**	**$124**	

SOURCE: Noell Consulting Group, assessor.hamiltontn.gov

Noell Consulting Group

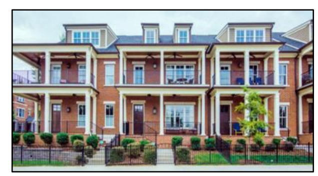
Exhibit 34
Map of Townhome & Condo Communities



SOURCE: Noell Consulting Group, Google Earth

	TOWNHOME	UNITS	$/SF
1	Lindsay Ct.	14	$172
2	Cherry St. Townhomes	14	$270
3	Walnut Hill PH.I	12	$265
4	Walnut Hill PH.II	10	$243
5	Adams Street	7	$135
6	Cameron Harbor	5	$301
	Average	**10**	**$231**

	CONDO	UNITS	$/SF
7	Terrace at Frazier	17	$274
8	Palmetto 8 PH 1&2	36	$142
9	Museum Bluffs Riverside	26	$369
10	Museum Bluffs Parkview	107	$244
11	Loverman's on Market	25	$200
	Average	**42**	**$246**
	Average All	**26**	**$238**



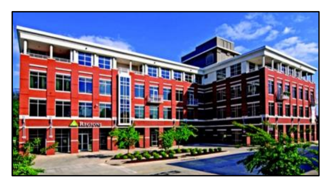


Exhibit 35
Summary of Townhome & Condo Communities

Photo	Project	Year Building / Product	Total Units	Sales Pace	Current Price Range	Current Avg Price	Unit Size Range	Avg. Size (SF)	Avg $/SF	Comments / Finishes / Amenities
	Lindsay Ct.	1997-2002	14	N/A	$360,000 - $630,000	$474,700	2,150 - 3,868	2,807	$172	Older townhomes. Parking-garage/surface lot. Located on the edge of UTC campus.
	Cherry St. Townhomes	2005-2006	14	3.5/yr	$700,000 - $1,150,000	$918,000	3,400 - 3,400	3,400	$270	Downtown. Directly across from Walnut Hill. Hardwood/tile floors. 2 car garage, private rooftop w/ views of downtown
	Walnut Hill PH.I	2009-2012	12	3/yr	$650,000 - $830,000	$766,250	2,464 - 3,462	2,915	$265	Downtown. Private gated community. Granite, high-end appliances. Attached 2 car garage.
	Walnut Hill PH.II	2014-2015 (11 lots left)	10 (5 Sold)	3/yr	$605,000 - $615,000	$608,367	2,502 - 2,505	2,504	$243	Downtown. Private gated . Covered porch/2nd floor balcony. Granite, high-end appliances. Attached 2 car garage.
	Cameron Harbor	2015 / Under Construction	5 (3 Sold)	N/A	$1,200,000 - $1,200,000	$1,200,000	3,989 - 3,989	3,989	$301	Riverfront luxury townhomes. Private elevator and garage. Rooftop patio, private balcony and sunken garden. 2 Units remaining. ***Est. price/size***
	Adams Street	2008	7	N/A	$198,700 - $200,000	$199,567	1,476 - 1,476	1,476	$135	Southside. Private walkout roof top terrace. Communal greenspace. 8+ spaces remaining.
Townhome Summary:					**$198,700 - $1,200,000**	**$694,481**	**1,476 - 3,989**	**2,849**	**$231**	

SOURCE: Noell Consulting Group. assessor.hamiltontn.gov

Exhibit 36
Summary of Townhome & Condo Communities

Photo	Project	Year Building / Product	Total Units	Sales Pace	Current Price Range	Current Avg Price	Unit Size Range	Avg. Size (SF)	Avg $/SF	Comments / Finishes / Amenities
	Loveman's on Market	2003	25	N/A	$385,000 - $950,000	$615,200	2,028 - 3,829	2,432	$200	Former dept. store converted into condos located downtown. Original brick walls and claw foot tubs. Office space ground level
	Terrace at Frazier	2010-2015	17	3/yr	$224,629 - $769,193	$409,849	979 - 2,552	1,447	$274	North Shore. 1st floor retail, 2nd office, 3rd/4th condos. 1 Parking space per BD. Hardwood/tile flooring. Balcony/terrace. 5 Units available
	Palmetto 8 PH 1&2	2006-2007 / 3 Story	36	N/A	$85,000 - $199,000	$139,817	724 - 1,495	986	$142	Condo - 2 building. 2 reserved parking spaces. 10ft ceilings, hardwood stainless steel appliances. Located next to UTC.
	Museum Bluffs Riverside	2006	26	N/A	$310,000 - $1,250,000	$728,000	1,300 - 2,353	1,840	$369	Downtown. Luxury condos. 46 car garage in basement. Large balcony overlooking river/mountain.
	Museum Bluffs Parkview	2008	107	N/A	$159,000 - $500,000	$262,997	608 - 1,773	1,102	$244	Downtown. Urban mixed development. 190 car garage. Ground level retail. Hardwood floors, granite countertops, stainless steel appliances.
Condo Summary:					**$85,000 - $1,250,000**	**$385,166**	**608 - 2,552**	**1,344**	**$258**	

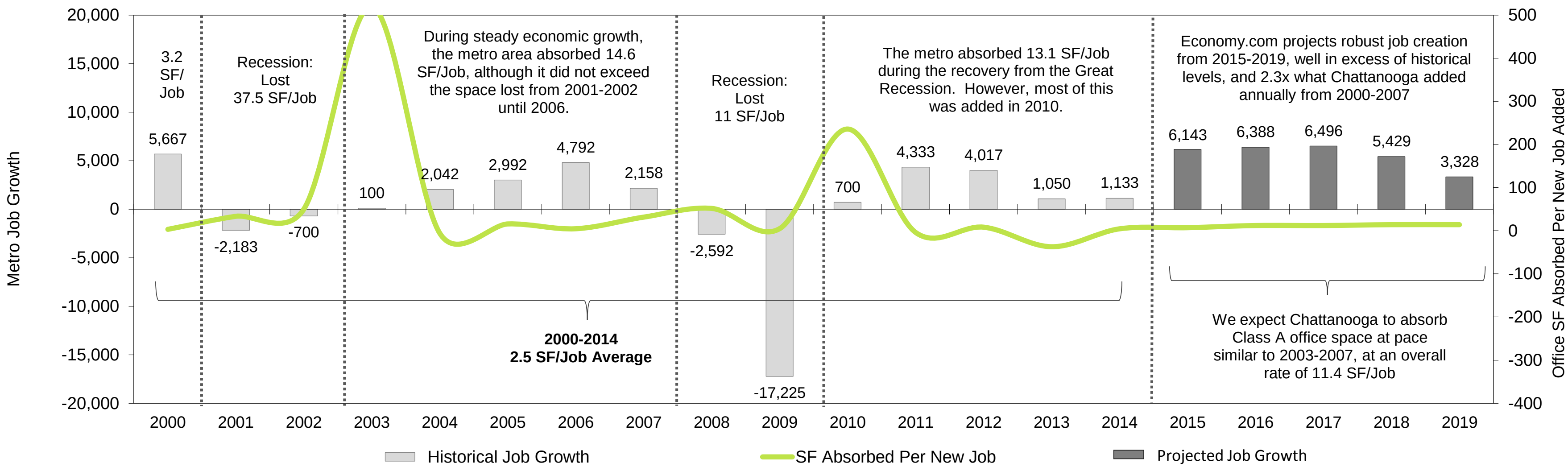
SOURCE: Noell Consulting Group. assessor.hamiltontn.gov

OFFICE MARKET ANALYSIS

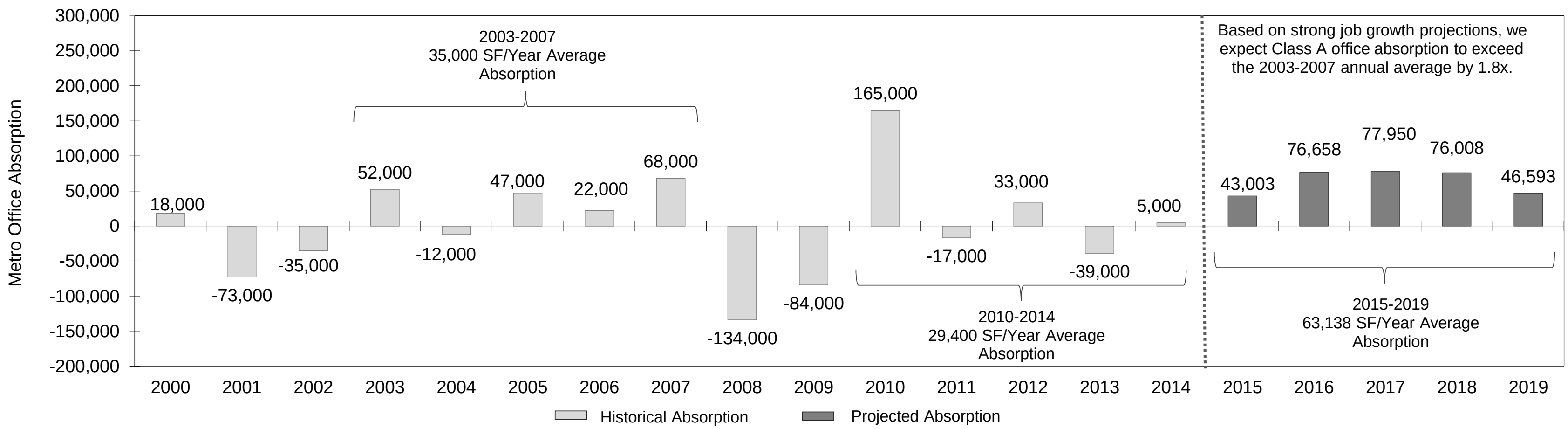
Exhibit 37

Historical and Projected Job Growth to Office Absorption Relationship in Chattanooga Metro

METRO JOB GROWTH



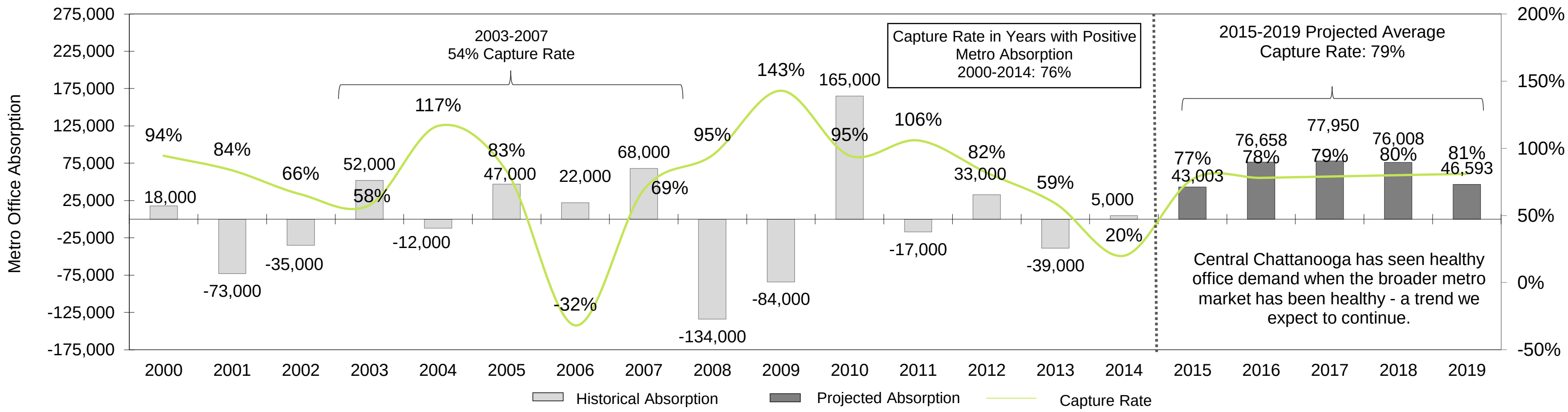
METRO OFFICE ABSORPTION



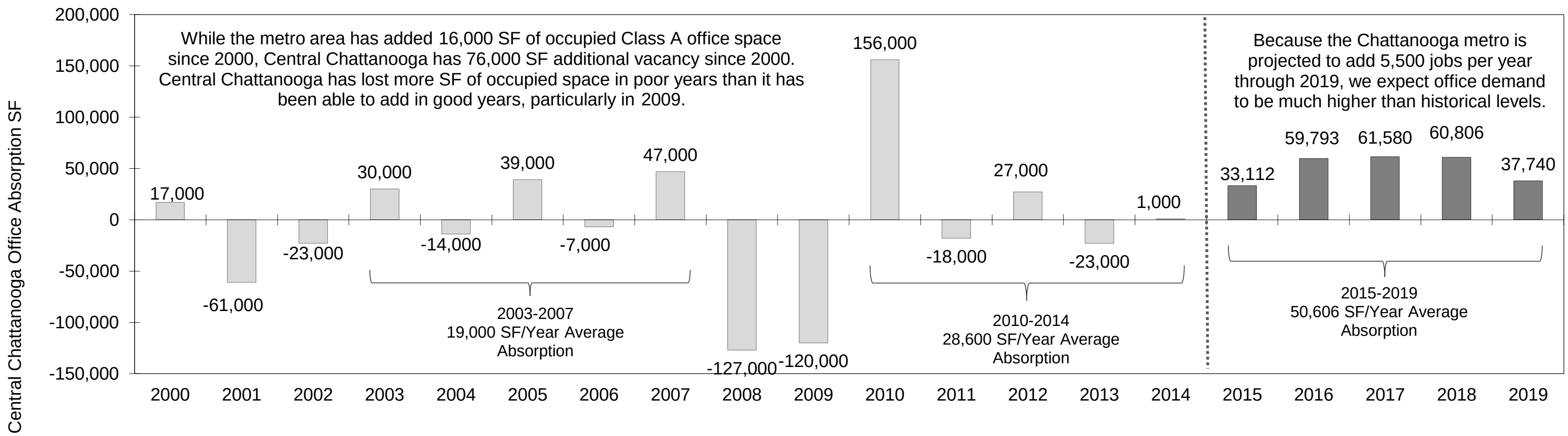
SOURCE: Noell Consulting Group, Economy.com | Moody's Analytics, and Colliers International

Exhibit 38
Historical and Projected Metro and Central Chattanooga Office Absorption Relationship

METRO OFFICE ABSORPTION



CENTRAL CHATTANOOGA OFFICE ABSORPTION



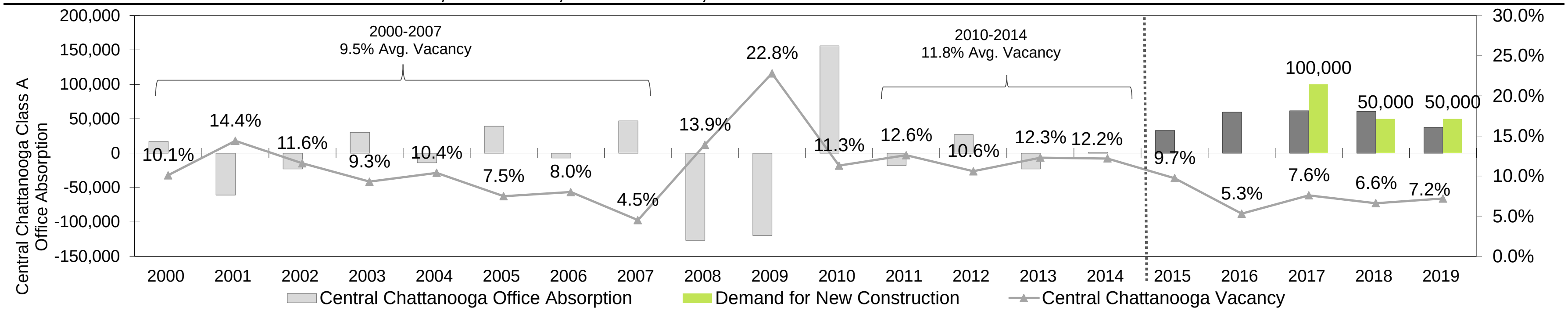
SOURCE: Noell Consulting Group, and Colliers International

Exhibit 39

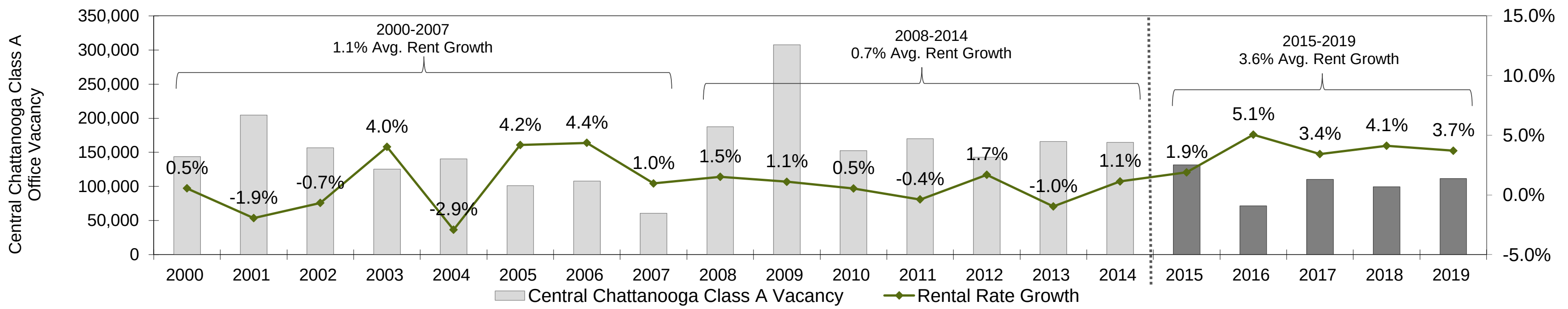
Central Chattanooga Office Submarket Vacancy and Rate Growth

Downtown Chattanooga should be able to support 200,000 SF of new Class A office space through 2019.

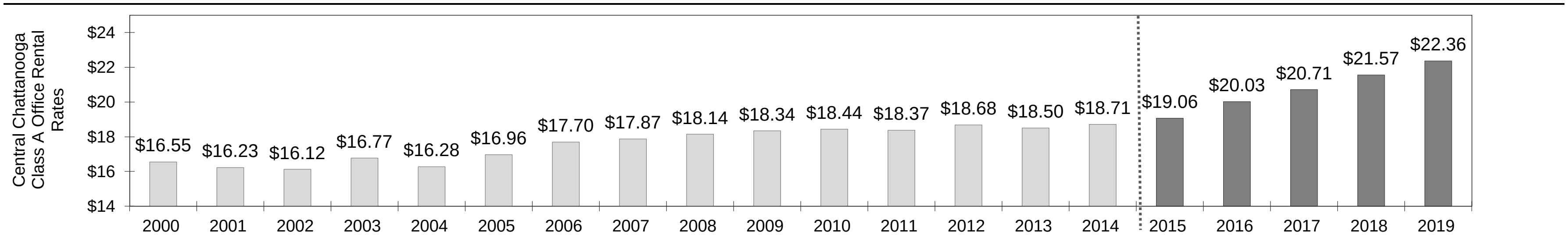
CENTRAL CHATTANOOGA OFFICE ABSORPTION, DELIVERIES, AND VACANCY, ALONG WITH UNMET DEMAND POTENTIAL



CENTRAL CHATTANOOGA OFFICE TOTAL VACANCY VERUS RENTAL RATE GROWTH



CENTRAL CHATTANOOGA OFFICE RENTAL RATES



SOURCE: Noell Consulting Group, and Colliers International

Noell Consulting Group

Exhibit 40
Medical Office, Small Service-Oriented Office & Retail Space Demand, 2015

Industry Code	Industry Code Description	County Firms Less Than 50 Empls	Metrowide SF	Metrowide Approx. SF Per Capita	Local Firms Less Than 50 Empls	Approx. SF Per Capita	Potential Unmet Demand	Average Tenant Size	Estimated Tenants	Estimated Demand By SF	Capture, Subject Site
Typical Office Users										64,691	57,298
531	Real Estate	285	385,640	1.13	42	2.44	0	2,500	0	0	0
532	Rental and Leasing Services	79	198,555	0.58	1	0.03	14,210	2,500	6	14,210	14,210
523	Securities, Financial Investments	99	206,150	0.60	7	0.80	0	2,500	0	0	0
524	Insurance Carriers and Related Act.	201	326,895	0.96	16	0.77	4,832	2,500	2	4,832	4,832
5414	Specialized Design Services	21	34,100	0.05	2	0.06	0	2,500	0	0	0
6115	Technical and Trade Schools	12	27,435	0.08	0	0.00	2,071	3,500	1	2,071	0
6116	Other Schools and Instruction	28	75,020	0.22	1	0.08	3,492	3,500	1	3,492	0
6211	Office of Physicians	295	960,225	2.82	48	7.17	0	2,000	0	0	0
6212	Office of Dentists	163	375,255	1.10	8	0.71	10,031	2,000	5	10,031	10,031
6213	Office of Other Health Practitioners	181	281,945	0.83	16	1.12	0	2,000	0	0	0
6214	Outpatient Care Centers	42	218,860	0.64	5	0.84	0	2,000	0	0	0
6215	Medical and Diagnostic Laboratories	18	74,090	0.22	1	0.03	4,817	2,500	2	4,817	4,817
6216	Home Health Care Services	22	120,125	0.35	2	0.59	0	2,500	0	0	0
8122	Death Care Services	27	82,770	0.24	0	0.00	6,247	2,000	3	6,247	6,247
52231	Mortgage and Non Mortgage Loan Brokers	6	6,045	0.02	0	0.00	456	2,000	0	0	0
54111	Offices of Lawyers	171	286,130	0.21	32	1.57	0	2,500	0	0	0
54194	Veterinary Services	33	157,015	0.46	3	0.00	11,850	2,000	6	11,850	11,850
541211	Offices of CPAs	54	121,520	0.18	9	0.96	0	2,500	0	0	0
541213	Tax Preparation Services	27	70,370	0.21	0	0.00	5,311	2,000	3	5,311	5,311
541380	Testing Laboratories	10	53,010	0.16	1	0.08	1,831	2,000	1	1,831	0
541519	Computer Related Services	3	2,325	0.01	0	0.00	175	2,000	0	0	0
Typical Retail Users										25,107	25,107
5172	Wireless Telecommunication Carriers	17	140,826	0.41	0	0.00	10,628	1,500	7	10,628	10,628
6244	Child Day Care Facilities	64	569,772	1.67	5	3.03	0	4,900	0	0	0
8123	Dry Cleaning and Laundry Services	42	215,208	0.63	5	1.11	0	1,500	0	0	0
52211	Commercial Banking	113	559,482	1.64	8	1.69	0	3,000	0	0	0
52212	Savings Institutions	0	0	0.00	0	0.00	0	3,000	0	0	0
52213	Credit Unions	37	200,802	0.59	2	0.39	5,159	3,000	2	5,159	5,159
71394	Fitness and Other Rec. Centers	42	214,326	0.63	8	1.59	0	10,000	0	0	0
81211	Hair, Nail, and Skin Care Services	86	311,346	0.91	14	2.39	0	1,500	0	0	0
81219	Other Personal Services	24	123,480	0.36	6	0.00	9,319	1,500	6	9,319	9,319
Total, Office and Retail Users			**6,398,722**	**17.91**	**242**	**27.45**	**90,430**		**45**	**89,798**	**82,405**

SOURCE: Noell Consulting Group, US Census for Hamilton County and Zip Codes 37403, 37402, 37405, 37408, and 37450

Exhibit 41
Medical Office, Small Service-Oriented Office & Retail Space Demand, 2020

Industry Code	Industry Code Description	Metro Employees	Metro Firms	Avg. Metro Empl/Firm	Total Metro SF	Local Firms less than 50	Avg. Local Empl/ Firm	Est. Local SF	2015 Share of Metro SF	Metro Demand Growth, 2015-2020	Local Capture (2015-2020)
					2015-2020 Metro Health Care Industry Growth Rate (Total)					18.8%	
6211	Offices of Physicians	4,810	315	15.3	995,670	43	11.7	103,845	10%	187,588	19,565
6212	Offices of Dentists	1,300	164	7.9	269,100	8	7.4	12,213	5%	50,700	2,301
6213	Offices of Other Health Practitioners	1,244	183	6.8	257,508	16	5.8	19,251	7%	48,516	3,627
6214	Outpatient Care Centers	875	43	20.3	181,125	6	24.1	29,912	17%	34,125	5,635
6215	Medical and Diagnostic Laboratories	360	20	18.0	74,520	1	2.5	518	1%	14,040	97
6216	Home Health Care Services	1,984	30	66.1	410,688	2	24.5	10,143	2%	77,375	1,911
TOTAL		**10,573**	**755**	**134.5**	**2,188,611**	**76**	**75.9**	**175,881**	**8%**	**412,343**	**33,137**
										Annual Capture	**6,627**

Industry Code	Industry Code Description	Avg. Metro SF Per Capita	New Local SF Demand	Annual Demand
531	Real Estate	1.13	1,099	220
532	Rental and Leasing Services	0.58	566	113
523	Securities, Financial Investments	0.60	588	118
524	Insurance Carriers and Related Act.	0.96	932	186
5414	Specialized Design Services	0.05	49	10
6115	Technical and Trade Schools	0.08	78	16
8122	Death Care Services	0.24	236	47
52231	Mortgage and Non Mortgage Loan Brokers	0.02	17	3
54111	Offices of Lawyers	0.21	204	41
54194	Veterinary Services	0.46	448	90
541211	Offices of CPAs	0.18	173	35
541213	Tax Preparation Services	0.21	201	40
541380	Testing Laboratories	0.16	151	30
541519	Computer Related Services	0.01	7	1
5172	Wireless Telecommunication Carriers	0.41	401	80
6244	Child Day Care Facilities	1.67	1,624	325
8123	Dry Cleaning and Laundry Services	0.63	614	123
52211	Commercial Banking	1.64	1,595	319
52212	Savings Institutions	0.00	0	0
52213	Credit Unions	0.59	572	114
71394	Fitness and Other Rec. Centers	0.63	611	122
81211	Hair, Nail, and Skin Care Services	0.91	888	178
81219	Other Personal Services	0.36	352	70
			11,406	**2,281**

While Downtown Chattanooga has less than 1% of the metro population, it has a much higher share of medical office space due to the presence of Siskin and Erlanger Hospitals. As the metro area grows, we estimate these hospitals will capture a similar share of the metro medical office demand as they do currently, or around 33,000 SF of medical office space.

As the downtown area grows, it will also generate more space for small office and retail providers. We estimate that this population growth will generate more than 60,000 SF of small office and retail demand in Dowtown and North Shore.

Exhibit 42
Creative Office Space Demand, 2015-2020

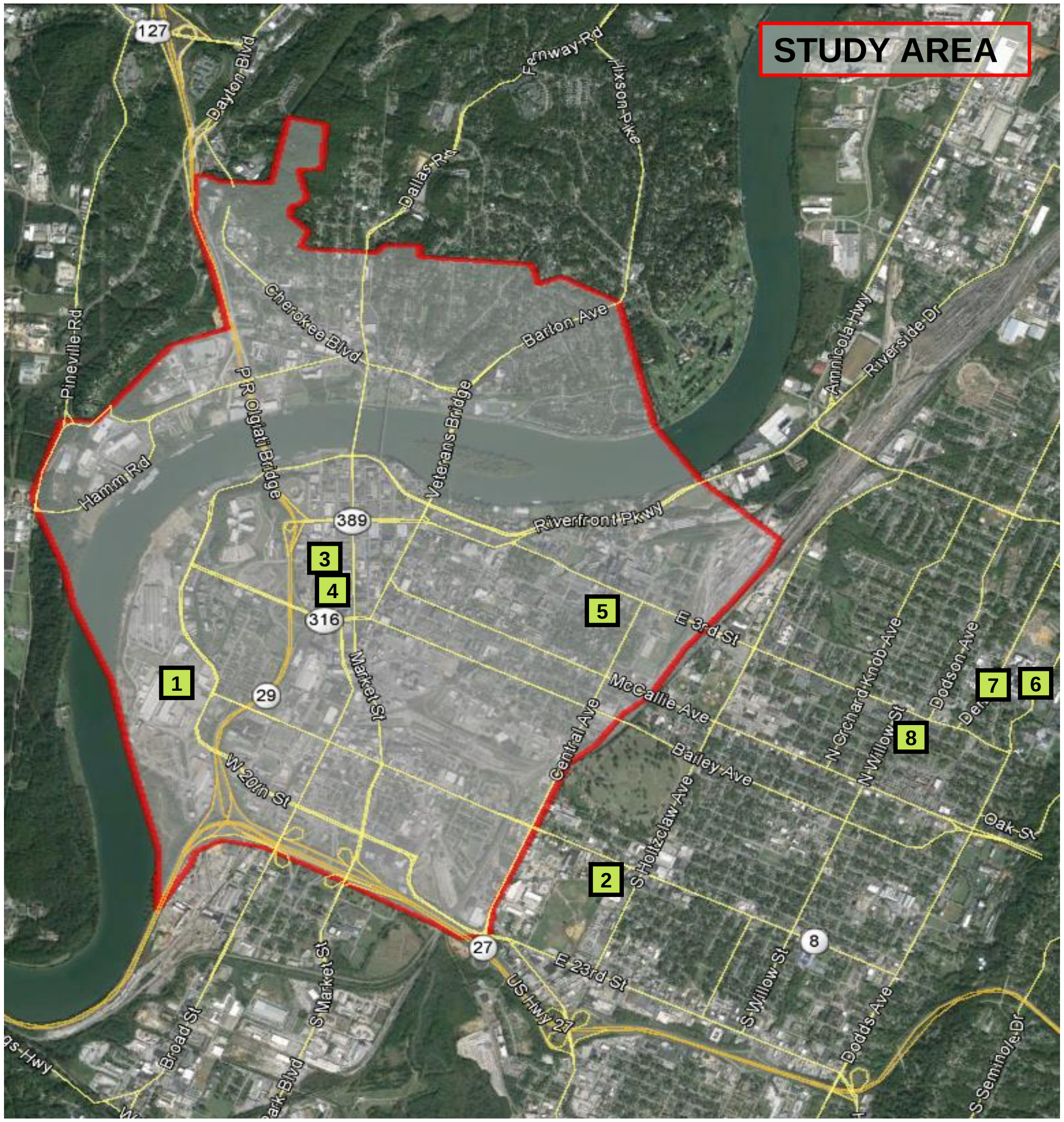
Industry Code	Industry Code Description	County Firms Less Than 50 Empls	Metrowide SF	Metrowide Approx. SF Per Capita	Local Firms Less Than 50 Empls	Approx. SF Per Capita	Potential Unmet Demand	Average Tenant Size	Estimated Tenants	Estimated Demand By SF	Capture, Study Area
Current Unmet Demand at Current Capture Rates											
51913	Internet Publishing and Broadcasting and We	6	21,080	0.06	2	0.59	0	1,306	0	0	0
531	Real estate	338	457,405	1.34	70	4.91	0	1,306	0	0	0
54131	Architectural services	143	392,305	1.15	9	0.78	9,613	3,651	3	9,613	9,613
54132	Landscape architectural services	6	9,765	0.03	0	0.00	737	1,575	0	0	0
54134	Drafting services	5	5,270	0.02	0	0.00	398	1,020	0	0	0
5414	Specialized design services	30	41,075	0.12	4	0.12	0	1,325	0	0	0
541511	Custom computer programming services	63	140,120	0.41	15	1.25	0	2,937	0	0	0
541512	Computer systems design services	29	31,310	0.09	7	0.27	0	1,045	0	0	0
541613	Marketing consulting services	21	39,990	0.12	3	0.09	693	4,139	0	0	0
5418	Advertising & related services	46	125,705	0.37	13	0.79	0	2,645	0	0	0
541921	Photography studios, portrait	30	48,825	0.14	3	0.23	0	1,524	0	0	0
541922	Commercial photography	1	775	0.00	1	0.03	0	750	0	0	0
Total		**718**	**1,313,625**		**127**		**11,441**		**3**	**9,613**	**9,613**

Industry Code	Industry Code Description	Total Metro SF	Est. Current Local SF	Current Local Capture	1.2x Capture Rate	Unmet Demand at 1.2x Capture	Metro Demand Growth, 2015-2020	Capture Rate of Future Growth	Local Capture of Future Growth
Unmet Demand at Aspirational Capture Rate and Future Growth									
51913	Internet Publishing and Broadcasting and Web Search Portals	21,080	3,609	17%	21%	722	1,951	21%	401
531	Real estate	457,405	126,325	28%	33%	25,265	42,324	33%	14,027
54131	Architectural services	392,305	19,995	5%	6%	3,999	36,300	6%	2,220
54132	Landscape architectural services	9,765	0	0%	0%	0	904	0%	0
54134	Drafting services	5,270	0	0%	0%	0	488	0%	0
5414	Specialized design services	41,075	3,100	8%	9%	620	3,801	9%	344
541511	Custom computer programming services	140,120	51,731	37%	44%	10,346	12,965	44%	5,744
541512	Computer systems design services	31,310	6,820	22%	26%	1,364	2,897	26%	757
541613	Marketing consulting services	39,990	19,065	48%	57%	3,813	3,700	57%	2,117
5418	Advertising & related services	125,705	40,300	32%	38%	8,060	11,632	38%	4,475
541921	Photography studios, portrait	48,825	6,045	12%	15%	1,209	4,518	15%	671
541922	Commercial photography	775	775	100%	120%	155	72	120%	86
Total, Office and Retail Users			**277,766**			**55,553**			**30,842**

The above analysis estimates "creative office" demand based on industry categories with a demonstrated preference for non-traditional office space. Demand is estimated for both existing gaps (based on current capture rates for Downtown Chattanooga) and at a higher capture rate (1.2 times the current rate) to account for a historical lack of supply. We estimate up to 30,842 SF of creative office demand at this aspirational capture rate after factoring in future metro job growth

SOURCE: Noell Consulting Group, US Census for Hamilton County and Zip Codes 37403, 37402, 37405, 37408, and 37450

Exhibit 43
Map of Actively Leasing Office Buildings



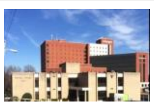
OFFICE		SQFT	$/SF
1	Tennessee Valley Tech Center	112,547	$19.00
2	The Mill	26,571	$11.00
3	Liberty Tower	201,712	$23.75
4	Historic James Building	112,200	$18.50
	Average	**113,258**	**$18**

MEDICAL		SQFT	$/SF
5	Medical Towers	30,000	$18.50
6	Memorial Plaza	72,149	$21.00
7	Mission Surgery Center	44,979	$21.00
8	Lyerly Medical Pavilion	42,842	$20.00
	Average	**47,493**	**$20**

	Average, All Comps	**85,737**	**$19**

SOURCE: Noell Consulting Group, Google Earth

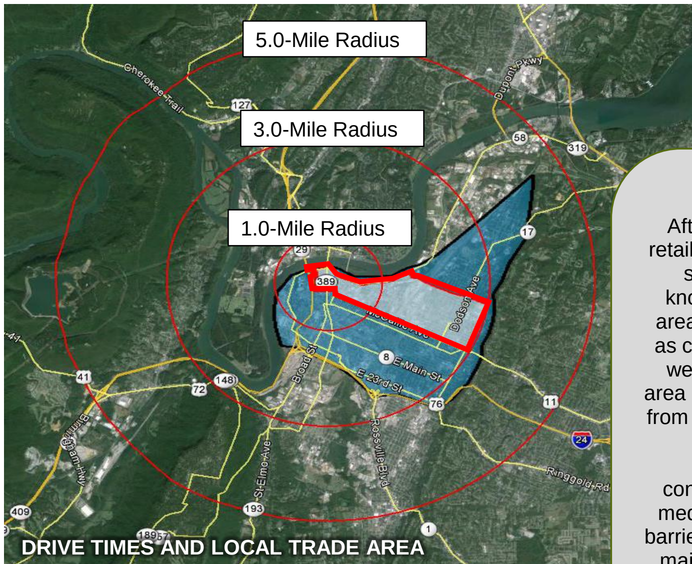
Exhibit 44
Summary of Actively Leasing Office Buildings

Photo	Office Name	Year Built	Total Square Feet	Available Square Feet	Quoted Lease Rates	Lease Type	Key Tenants / Tenant Types	Comments
	Tennessee Valley Tech Center	2012 complete renovation	112,547	6,972	\$17.00 - \$21.00	Modified Gross	50% gov't offices, insurance agency, structural engineering	Class A building. 4 parking spaces per 1,000sqft. Ample parking. Marble and hardwood floors. Convenient to downtown
	The Mill	Built 1912 Renovated 2003	26,571	3,262	\$10.00 - \$12.00	Modified Gross	Event hall, digital marketing agency, software consulting firm	Refurbished building. Large windows and hardwood floors. Exposed brick walls, high ceiling. Total parking spaces 78
	Liberty Tower	Built 1976 Renovated 2012	201,712	81,668	\$22.50 - \$24.00	Modified Gross	Insurance, banking, law firm	17 Story. 80 - windows per floor. Connects to Liberty Garage. Common meeting rooms and break area. 1,100 parking spaces
	Historic James Building	Built 1906	112,200	23,295	\$18.00 - \$19.00	Modified Gross / Full Service	Law firms, travel agency, men's clothier	12 story - First skyscraper in town. Marble floors in lobby, skylights, originally doors. Nightly janitorial service, on-site maintenance.
Office Summary:			**600,420**	**115,197**	**\$10 - \$24**			
	Medical Towers	Built 1968	30,000	10620	\$16.00 - \$21.00	Modified Gross	Gyn-Oncology	Medical office building. Multiple offices, exam rooms, waiting area, nurses station, reception area. Next to Erlanger. Free surface lot
	Memorial Plaza	Built 1995	72,149	957	\$21.00 - \$21.00	Full Service	Internal medicine physicians, oncology	Located on the campus of Memorial Hospital. Building is attached to hospital. Cafeteria on site. Parking ratio 4.5/1,000sqft.
	Mission Surgery Center	Built 2004	44,979	7,936	\$21.00 - \$21.00	Full Service	Internal medicine physicians, surgery center	2 floor-class A building on campus of Memorial Hospital. Parking garage. Property mgmt./building maintenance on site.
	Lyerly Medical Pavilion	Built 2008	42,842	6,783	\$20.00 - \$20.00	NNN	Medical, internal medicine, nephrology	Class A Medical building. Located near Parkridge Medical Center.
Medical Office Summary:			**189,970**	**26,296**	**\$16 - \$21**			

SOURCE: Noell Consulting Group. LoopNet

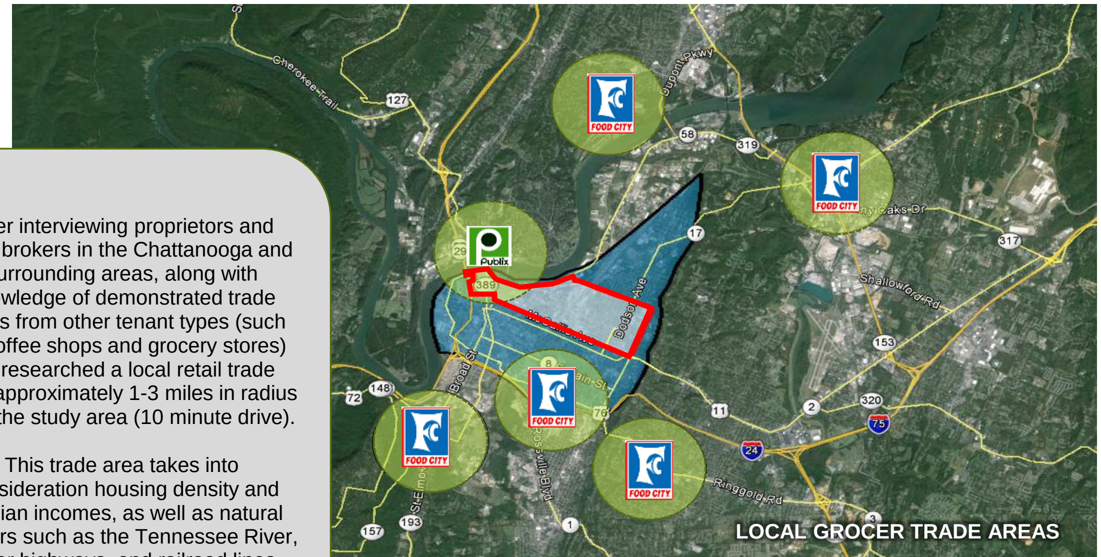
RETAIL MARKET ANALYSIS

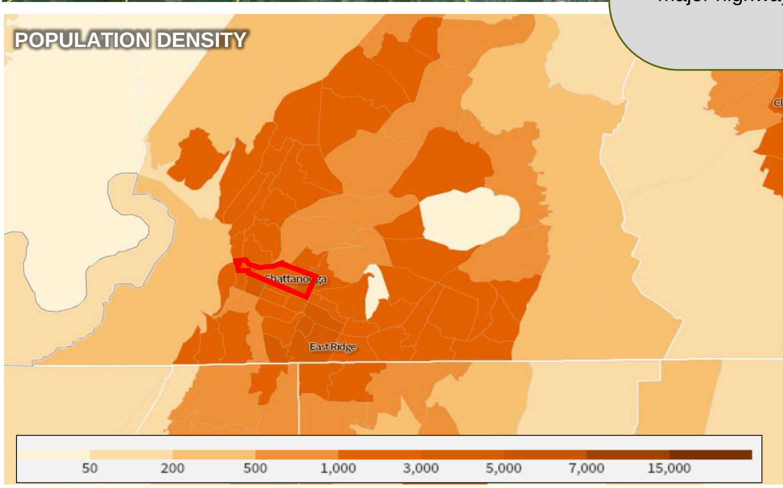
Exhibit 45
Estimating the Local Trade Area

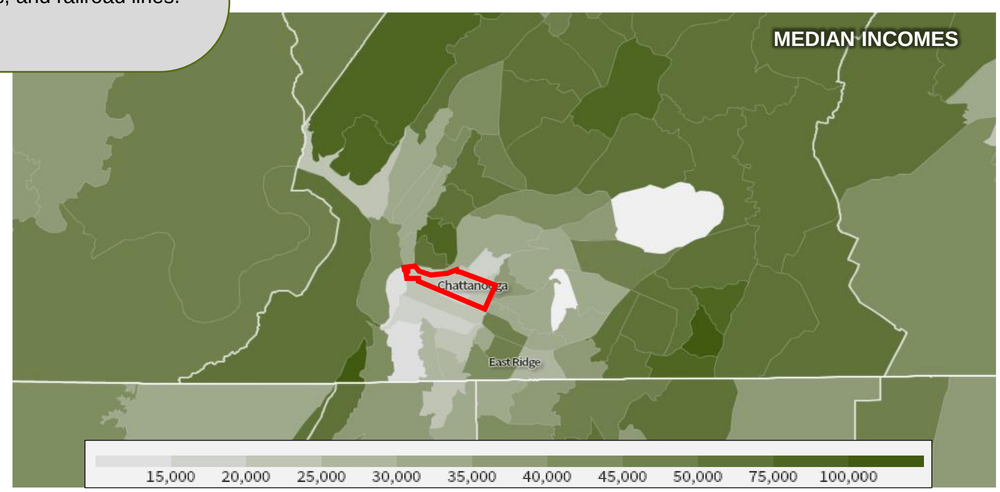


After interviewing proprietors and retail brokers in the Chattanooga and surrounding areas, along with knowledge of demonstrated trade areas from other tenant types (such as coffee shops and grocery stores) we researched a local retail trade area approximately 1-3 miles in radius from the study area (10 minute drive).

This trade area takes into consideration housing density and median incomes, as well as natural barriers such as the Tennessee River, major highways, and railroad lines.

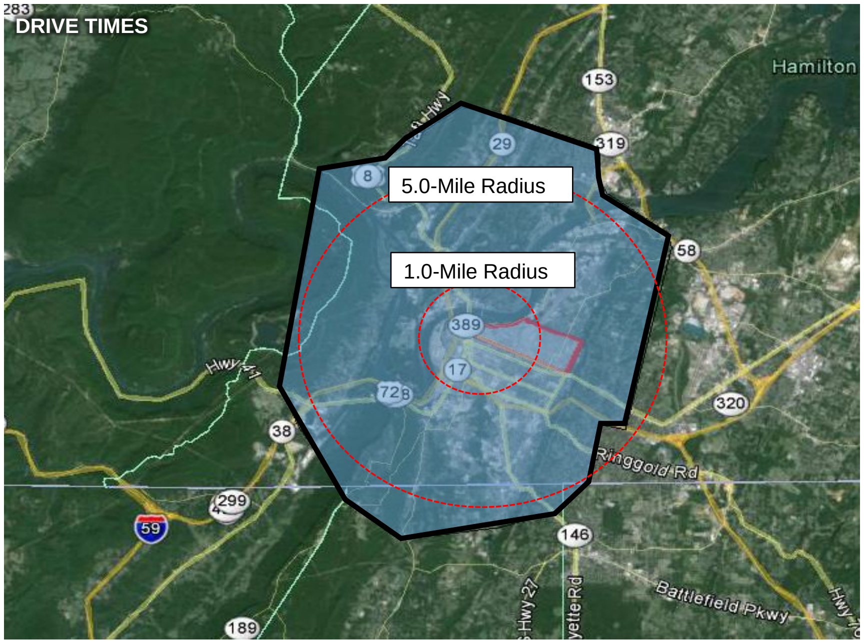


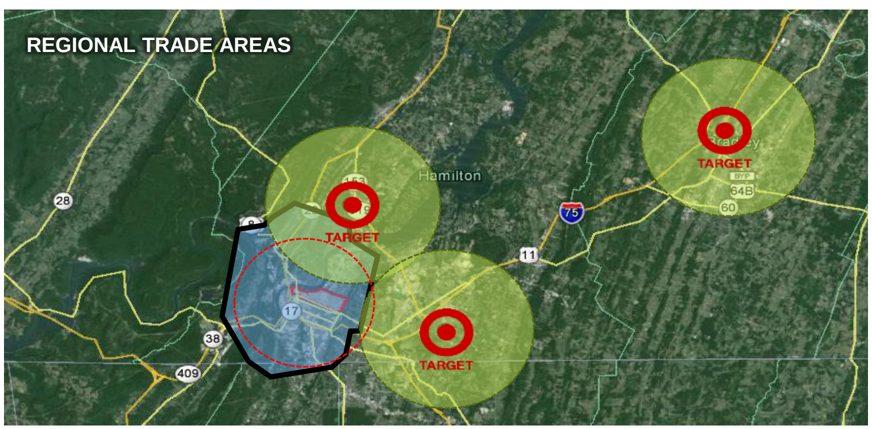




SOURCE: Noell Consulting Group, Google Earth, Yelp, Social Explorer.

Exhibit 46
Regional Trade Area Definition





SOURCE: Noell Consulting Group, Walkscore.com

The regional retail trade area for the study area is based on interviews with local retailers, demonstrated trade areas for similar store types (such as the Target locations seen below), and existing regional shopping locations. We have researched a 15-minute drive time, which is roughly a five mile radius from Downtown Chattanooga.

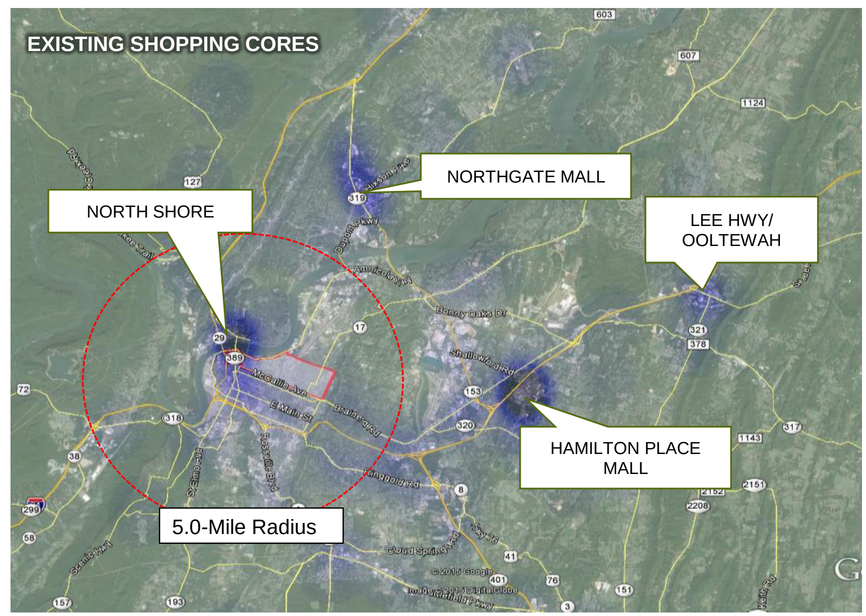


Exhibit 47
Matrix of Retail Demand Sources For the Study Area

	Local Trade Area	Regional Population	Evening & Weekend Reg. Destination	Local Employees	Tourists	Students
Example Picture						
Description	A local trade area population of 31,848, with a median income of $21,479, with an expected increase of 1,203 persons through 2020, with an estimated median income for new residents of $45,000.	A population of 130,915 within a fifteen minute drive, with a median income of $34,710. Expected increase of 4,459 persons through 2020, with an estimated median income of $50,000.	Regional population of 47,653 with incomes above $50,000, driving in for dinner or weekend activities.	54,830 workers within the local trade area. These local employees will be shopping/dining during their commute or on lunch breaks.	3.5 million visitors annually to Chattanooga, staying or stopping in town for shopping and dining. This also includes convention attendees.	Estimate of 4,500 students living on or near campus, shopping and dining nearby.
Expenditure Categories	All	All	Destination type retailers, restaurants (mostly full service but some limited as well), drinking establishments	Full and limited service restaurants and drinking establishments both during commute, lunchtime, and happy hour/dinner, along with some retail shopping (mostly grocery or	Full and limited service restaurants, grocery, health/personal care, destination type retailers	Grocery, health/personal care, office supplies, full and limited service restaurants, drinking establishments
Estimated Mix of Total Demand	14%	28%	3%	6%	49%	1%
Estimated Mix of Rest./Bar Demand	9%	2%	5%	8%	76%	1%
Estimated Mix of Retail (Dry goods) Demand	13%	45%	2%	4%	37%	0%

SOURCE: Noell Consulting Group

Exhibit 48
Estimated Retail Demand from the Local Trade Area Today

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% in Non-Regional Ctrs[2]	Sales in Non-Reg Ctrs	% Local Sales[2]	Local Sales in Non-Reg Ctrs	Est. Sales/ SF	Capture Rate of Subject Core[3]	Subject Core Capture in SF	Mix By Store Categories
	2015 Population	*31,848*	Median HH Income $21,419							
Furniture and Home Furnishings	$6,986,335	$219	35%	$2,432,406	78%	$1,891,605			6,877	3%
Furniture Stores	$3,621,284	$114	30%	$1,086,385	75%	$814,789	$156	70%	3,656	
Home Furnishing Stores	$3,365,051	$106	40%	$1,346,020	80%	$1,076,816	$234	70%	3,221	
Electronics & Appliance Stores	$8,537,954	$268	20%	$1,707,591	20%	$341,518	$370	70%	646	0%
Bldg Mats., Garden Equip & Supply	$35,680,269	$1,120	30%	$10,704,081	83%	$8,895,948			17,991	8%
Bldg Materials & Supply Stores	$30,135,539	$946	30%	$9,040,662	80%	$7,232,529	$389	70%	13,015	
Lawn & Garden Equipment	$5,544,730	$174	30%	$1,663,419	100%	$1,663,419	$234	70%	4,976	
Food & Beverage Stores	$55,975,116	$1,758	88%	$52,312,012	83%	$43,361,030			75,243	34%
Grocery Stores	$35,743,688	$1,122	95%	$33,956,504	80%	$27,165,203	$455	70%	41,793	
Specialty Food Stores	$4,321,739	$136	75%	$3,241,304	80%	$2,593,043	$193	70%	9,405	
Beer, Wine & Liquor Stores	$15,909,689	$500	95%	$15,114,205	90%	$13,602,784	$396	70%	24,045	
Health & Personal Care	$23,531,318	$739	90%	$21,178,186	80%	$16,942,549	$458	70%	25,895	12%
Clothing & Clothing Accessories	$19,662,323	$617	20%	$3,932,465	60%	$2,359,479			5,260	2%
Clothing Stores	$11,062,366	$347	20%	$2,212,473	60%	$1,327,484	$287	70%	3,238	
Shoe Stores	$1,879,452	$59	20%	$375,890	60%	$225,534	$205	70%	770	
Jewelry, Luggage & Leather Goods	$6,720,505	$211	20%	$1,344,101	60%	$806,461	$451	70%	1,252	
Sporting Gds, Hobby, Book & Music	$9,380,236	$295	25%	$2,078,842	60%	$1,247,305			4,445	2%
Sporting Goods, Hobby, Musical Inst	$7,352,287	$231	20%	$1,470,457	60%	$882,274	$195	70%	3,167	
Book & Music Stores	$2,027,949	$64	30%	$608,385	60%	$365,031	$200	70%	1,278	
General Merchandise Stores	$51,769,850	$1,626	0%	$0	95%	$0	$300	20%	0	
Miscellaneous Store Retailers	$12,269,530	$385	70%	$5,776,549	86%	$4,977,741			19,497	9%
Florists	$352,720	$11	100%	$352,720	100%	$352,720	$226	70%	1,092	
Office Supplies, Stationery & Gifts	$5,507,001	$173	30%	$1,652,100	95%	$1,569,495	$202	70%	5,439	
Used Merchandise Stores	$1,133,648	$36	100%	$1,133,648	95%	$1,076,966	$202	70%	3,732	
Other Miscellaneous Store Retailers	$5,276,161	$166	50%	$2,638,081	75%	$1,978,560	$150	70%	9,233	
Food Service & Drinking Places	$42,054,107	$1,320	95%	$38,494,778	57%	$21,846,609			64,151	29%
Full-Service Restaurants	$18,947,173	$595	90%	$17,052,456	50%	$8,526,228	$308	70%	19,378	
Limited-Service Eating Places	$16,646,120	$523	90%	$14,981,508	60%	$8,988,905	$199	70%	31,619	
Special Food Services	$4,549,880	$143	100%	$4,549,880	70%	$3,184,916	$200	70%	11,147	
Drinking Places	$1,910,934	$60	100%	$1,910,934	60%	$1,146,560	$400	70%	2,006	
TOTAL	**$265,847,038**	**$8,347**	**52%**	**$138,616,909**	**73%**	**$101,863,785**			**220,004**	

1 Based on data obtained from Claritas.
2 Estimates via NCG based on ICSC data. Excludes shopping at local establishments outside the area while on destination trips/vacations/near workplace.
3 Based on a fair share capture analysis of competing cores within local trade area.
SOURCE: Noell Consulting Group, Claritas, Inc.

Exhibit 49

Estimated Retail Demand from the New Population Growth in the Trade Area 2015 - 2020

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% in Non-Regional Ctrs[2]	Sales in Non-Reg Ctrs	% Local Sales[2]	Local Sales in Non-Reg Ctrs	Est. Sales/ SF	Capture Rate of Subject Core[3]	Subject Core Capture in SF	Mix By Store Categories
2015 - 2020 Population Growth:		*1,203*	Median HH Income $45k Est.							
Furniture and Home Furnishings	$554,429	$461	35%	$193,034	78%	$150,116			546	3%
Furniture Stores	$287,382	$239	30%	$86,215	75%	$64,661	$156	70%	290	
Home Furnishing Stores	$267,047	$222	40%	$106,819	80%	$85,455	$234	70%	256	
Electronics & Appliance Stores	$677,564	$563	20%	$135,513	20%	$27,103	$370	70%	51	0%
Bldg Mats., Garden Equip & Supply	$2,831,554	$2,354	30%	$849,466	83%	$705,975			1,428	8%
Bldg Materials & Supply Stores	$2,391,530	$1,988	30%	$717,459	80%	$573,967	$389	70%	1,033	
Lawn & Garden Equipment	$440,025	$366	30%	$132,007	100%	$132,007	$234	70%	395	
Food & Beverage Stores	$4,442,135	$3,693	88%	$4,151,435	83%	$3,441,093			5,971	34%
Grocery Stores	$2,836,587	$2,358	95%	$2,694,758	80%	$2,155,806	$455	70%	3,317	
Specialty Food Stores	$342,969	$285	75%	$257,227	80%	$205,782	$193	70%	746	
Beer, Wine & Liquor Stores	$1,262,579	$1,050	95%	$1,199,450	90%	$1,079,505	$396	70%	1,908	
Health & Personal Care	$1,867,424	$1,552	90%	$1,680,682	80%	$1,344,546	$458	70%	2,055	12%
Clothing & Clothing Accessories	$1,560,384	$1,297	20%	$312,077	60%	$187,246			417	2%
Clothing Stores	$877,900	$730	20%	$175,580	60%	$105,348	$287	70%	257	
Shoe Stores	$149,152	$124	20%	$29,830	60%	$17,898	$205	70%	61	
Jewelry, Luggage & Leather Goods	$533,333	$443	20%	$106,667	60%	$64,000	$451	70%	99	
Sporting Gds, Hobby, Book & Music	$744,407	$619	25%	$164,975	60%	$98,985			353	2%
Sporting Goods, Hobby, Musical Inst	$583,471	$485	20%	$116,694	60%	$70,017	$195	70%	251	
Book & Music Stores	$160,936	$134	30%	$48,281	60%	$28,969	$200	70%	101	
General Merchandise Stores	$4,108,409	$3,415	0%	$0	95%	$0	$300	20%	0	
Miscellaneous Store Retailers	$973,699	$809	70%	$458,422	86%	$395,029			1,547	9%
Florists	$27,992	$23	100%	$27,992	100%	$27,992	$226	70%	87	
Office Supplies, Stationery & Gifts	$437,031	$363	30%	$131,109	95%	$124,554	$202	70%	432	
Used Merchandise Stores	$89,965	$75	100%	$89,965	95%	$85,467	$202	70%	296	
Other Miscellaneous Store Retailers	$418,711	$348	50%	$209,356	75%	$157,017	$150	70%	733	
Food Service & Drinking Places	$3,337,376	$2,774	95%	$3,054,911	57%	$1,733,727			5,091	29%
Full-Service Restaurants	$1,503,631	$1,250	90%	$1,353,268	50%	$676,634	$308	70%	1,538	
Limited-Service Eating Places	$1,321,021	$1,098	90%	$1,188,919	60%	$713,351	$199	70%	2,509	
Special Food Services	$361,074	$300	100%	$361,074	70%	$252,752	$200	70%	885	
Drinking Places	$151,650	$126	100%	$151,650	60%	$90,990	$400	70%	159	
TOTAL	**$21,097,384**	**$14,122**	**52%**	**$11,000,514**	**73%**	**$8,083,819**			**17,459**	

1 Based on data obtained from Claritas.
2 Estimates via NCG based on ICSC data. Excludes shopping at local establishments outside the area while on destination trips/vacations/near workplace.
3 Based on a fair share capture analysis of competing cores within local trade area.
SOURCE: Noell Consulting Group, Claritas, Inc.

Exhibit 50

Estimated Retail Demand from the Regional Trade Area Today

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% in Regional Ctrs[2]	Sales in Reg Ctrs	% Regional Sales[2]	Regional Sales in Reg Ctrs	Est. Sales/ SF	Capture Rate of Subject Core[3]	Subject Core Capture in SF	Mix By Store Categories
	2015 Population	*130,915*	Median HH Income $34,710							
Furniture and Home Furnishings	$37,758,917	$288	65%	$24,637,279	78%	$19,016,148			34,500	8%
Furniture Stores	$19,819,289	$151	70%	$13,873,502	75%	$10,405,127	$156	33%	22,233	
Home Furnishing Stores	$17,939,628	$137	60%	$10,763,777	80%	$8,611,021	$234	33%	12,266	
Electronics & Appliance Stores	$37,422,062	$286	80%	$29,937,650	20%	$5,987,530	$370	33%	5,394	1%
Bldg Mats., Garden Equip & Supply	$200,011,859	$1,528	70%	$140,008,301	83%	$116,202,644			111,482	24%
Bldg Materials & Supply Stores	$170,040,406	$1,299	70%	$119,028,284	80%	$95,222,627	$389	33%	81,596	
Lawn & Garden Equipment	$29,971,453	$229	70%	$20,980,017	100%	$20,980,017	$234	33%	29,886	
Food & Beverage Stores	$252,596,881	$1,929	12%	$16,575,354	83%	$13,601,553			14,224	3%
Grocery Stores	$164,615,281	$1,257	5%	$8,230,764	80%	$6,584,611	$455	33%	4,824	
Specialty Food Stores	$19,727,550	$151	25%	$4,931,888	80%	$3,945,510	$193	33%	6,814	
Beer, Wine & Liquor Stores	$68,254,050	$521	5%	$3,412,703	90%	$3,071,432	$396	33%	2,585	
Health & Personal Care	$121,239,788	$926	10%	$12,123,979	80%	$9,699,183	$458	33%	7,059	2%
Clothing & Clothing Accessories	$90,292,522	$690	80%	$72,234,018	60%	$43,340,411			45,213	10%
Clothing Stores	$48,691,425	$372	80%	$38,953,140	60%	$23,371,884	$287	33%	27,145	
Shoe Stores	$7,772,503	$59	80%	$6,218,002	60%	$3,730,801	$205	33%	6,066	
Jewelry, Luggage & Leather Goods	$33,828,594	$258	80%	$27,062,875	60%	$16,237,725	$451	33%	12,001	
Sporting Gds, Hobby, Book & Music	$39,066,487	$298	75%	$30,682,092	60%	$18,409,255			31,366	7%
Sporting Goods, Hobby, Musical Ins	$33,355,511	$255	80%	$26,684,409	60%	$16,010,645	$195	33%	27,369	
Book & Music Stores	$5,710,976	$44	70%	$3,997,683	60%	$2,398,610	$200	33%	3,998	
General Merchandise Stores	$236,263,954	$1,805	100%	$236,263,954	95%	$224,450,756	$300	20%	149,634	
Miscellaneous Store Retailers	$56,201,250	$429	30%	$30,066,918	86%	$26,081,730			48,363	11%
Florists	$1,934,922	$15	0%	$0	100%	$0	$226	33%	0	
Office Supplies, Stationery & Gifts	$25,225,297	$193	70%	$17,657,708	95%	$16,774,823	$202	33%	27,681	
Used Merchandise Stores	$4,222,610	$32	0%	$0	95%	$0	$202	33%	0	
Other Miscellaneous Store Retailers	$24,818,421	$190	50%	$12,409,211	75%	$9,306,908	$150	33%	20,682	
Food Service & Drinking Places	$191,036,370	$1,459	5%	$16,203,567	57%	$8,865,129			12,309	3%
Full-Service Restaurants	$85,701,060	$655	10%	$8,570,106	50%	$4,285,053	$308	33%	4,638	
Limited-Service Eating Places	$76,334,605	$583	10%	$7,633,461	60%	$4,580,076	$199	33%	7,672	
Special Food Services	$21,000,499	$160	0%	$0	70%	$0	$200	33%	0	
Drinking Places	$8,000,206	$61	0%	$0	60%	$0	$400	33%	0	
TOTAL	**$1,261,890,090**	**$9,639**	**48%**	**$608,733,111**	**80%**	**$485,654,341**			**459,544**	

1 Based on data obtained from Claritas.
2 Estimates via NCG based on ICSC data. Excludes shopping at local establishments outside the area while on destination trips/vacations/near workplace.
3 Based on a fair share capture analysis of competing cores within local trade area.
SOURCE: Noell Consulting Group, Claritas, Inc.

Exhibit 51

Estimated Retail Demand from the New Population Growth in the Regional Trade Area, 2015-2020

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% in Regional Ctrs[2]	Sales in Reg Ctrs	% Regional Sales[2]	Regional Sales in Reg Ctrs	Est. Sales/ SF	Capture Rate of Subject Core[3]	Subject Core Capture in SF	Mix By Store Categories
	2015-2020 Population Growth	*4,459*	Median HH Income $50,000							
Furniture and Home Furnishings	$1,852,606	$415	65%	$1,208,805	78%	$933,009			1,693	8%
Furniture Stores	$972,415	$218	70%	$680,690	75%	$510,518	$156	33%	1,091	
Home Furnishing Stores	$880,191	$197	60%	$528,115	80%	$422,492	$234	33%	602	
Electronics & Appliance Stores	$1,836,078	$412	80%	$1,468,863	20%	$293,773	$370	33%	265	1%
Bldg Mats., Garden Equip & Supply	$9,813,393	$2,201	70%	$6,869,375	83%	$5,701,373			5,470	24%
Bldg Materials & Supply Stores	$8,342,872	$1,871	70%	$5,840,010	80%	$4,672,008	$389	33%	4,003	
Lawn & Garden Equipment	$1,470,521	$330	70%	$1,029,365	100%	$1,029,365	$234	33%	1,466	
Food & Beverage Stores	$12,393,428	$2,779	12%	$813,254	83%	$667,347			698	3%
Grocery Stores	$8,076,693	$1,811	5%	$403,835	80%	$323,068	$455	33%	237	
Specialty Food Stores	$967,914	$217	25%	$241,978	80%	$193,583	$193	33%	334	
Beer, Wine & Liquor Stores	$3,348,821	$751	5%	$167,441	90%	$150,697	$396	33%	127	
Health & Personal Care	$5,948,516	$1,334	10%	$594,852	80%	$475,881	$458	33%	346	2%
Clothing & Clothing Accessories	$4,430,117	$994	80%	$3,544,094	60%	$2,126,456			2,218	10%
Clothing Stores	$2,388,999	$536	80%	$1,911,199	60%	$1,146,719	$287	33%	1,332	
Shoe Stores	$381,351	$86	80%	$305,080	60%	$183,048	$205	33%	298	
Jewelry, Luggage & Leather Goods	$1,659,768	$372	80%	$1,327,814	60%	$796,689	$451	33%	589	
Sporting Gds, Hobby, Book & Music	$1,916,760	$430	75%	$1,505,388	60%	$903,233			1,539	7%
Sporting Goods, Hobby, Musical Ins	$1,636,557	$367	80%	$1,309,245	60%	$785,547	$195	33%	1,343	
Book & Music Stores	$280,204	$63	70%	$196,143	60%	$117,686	$200	33%	196	
General Merchandise Stores	$11,592,068	$2,600	100%	$11,592,068	95%	$11,012,465	$300	20%	7,342	
Miscellaneous Store Retailers	$2,757,461	$618	30%	$1,475,205	86%	$1,279,675			2,373	11%
Florists	$94,935	$21	0%	$0	100%	$0	$226	33%	0	
Office Supplies, Stationery & Gifts	$1,237,655	$278	70%	$866,359	95%	$823,041	$202	33%	1,358	
Used Merchandise Stores	$207,178	$46	0%	$0	95%	$0	$202	33%	0	
Other Miscellaneous Store Retailers	$1,217,692	$273	50%	$608,846	75%	$456,635	$150	33%	1,015	
Food Service & Drinking Places	$9,373,019	$2,102	5%	$795,013	57%	$434,959			604	3%
Full-Service Restaurants	$4,204,842	$943	10%	$420,484	50%	$210,242	$308	33%	228	
Limited-Service Eating Places	$3,745,285	$840	10%	$374,529	60%	$224,717	$199	33%	376	
Special Food Services	$1,030,370	$231	0%	$0	70%	$0	$200	33%	0	
Drinking Places	$392,523	$88	0%	$0	60%	$0	$400	33%	0	
TOTAL	**$61,913,447**	**$13,885**	**48%**	**$29,866,916**	**80%**	**$23,828,172**			**22,547**	

1 Based on data obtained from Claritas.
2 Estimates via NCG based on ICSC data. Excludes shopping at local establishments outside the area while on destination trips/vacations/near workplace.
3 Based on a fair share capture analysis of competing cores within local trade area.
SOURCE: Noell Consulting Group, Claritas, Inc.

Noell Consulting Group

Exhibit 52
Estimated Retail Demand from Additional Non-Local Sources

Evening & Weekend Destination Demand

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% in Non-Regional Ctrs[2]	Sales in Non-Reg Ctrs	% Dest. Sales[2]	Dest. Sales in Non-Reg Ctrs	Est. Sales/ SF	Capture Rate of Core[3]	Local Capture
		47,653	*Population w/ HH Incomes $50k+, living in regional trade area. From Claritas, Inc.						
Home Furnishing Stores	$19,798,683	$415	40%	$7,919,473	20%	$1,583,895	$234	38%	2,538
Specialty Food Stores	$10,344,034	$217	75%	$7,758,025	20%	$1,551,605	$193	38%	3,015
Clothing Stores	$25,531,084	$536	20%	$5,106,217	40%	$2,042,487	$287	38%	2,669
Shoe Stores	$4,075,470	$86	20%	$815,094	40%	$326,038	$205	38%	596
Office Supplies, Stationery & Gifts	$13,226,747	$278	30%	$3,968,024	5%	$198,401	$202	38%	368
Used Merchandise Stores	$2,214,103	$46	100%	$2,214,103	5%	$110,705	$202	38%	206
Other Miscellaneous Store Retailers	$13,013,404	$273	50%	$6,506,702	25%	$1,626,676	$150	38%	4,067
Full-Service Restaurants	$44,936,885	$943	90%	$40,443,197	50%	$20,221,598	$308	38%	24,620
Limited-Service Restaurants	$40,025,636	$840	90%	$36,023,072	10%	$3,602,307	$199	38%	6,788
Drinking Places	$4,194,865	$88	100%	$4,194,865	25%	$1,048,716	$200	38%	1,966
TOTAL									**46,834**

Local Employee Demand

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% Sales To/From or While at Work[2]	Est. Sales Near Work	Est. Sales/ SF	Capture Rate of Core[4]	Local Capture
		54,830	*Local Employees, working in within local trade area				
Grocery Stores	$129,285,186	$2,358	11%	$14,221,370	$455	80%	25,005
Specialty Food Stores	$15,631,762	$285	5%	$781,588	$193	80%	3,240
Health & Personal Care	$85,112,953	$1,552	13%	$11,064,684	$458	80%	19,327
Florists	$1,275,791	$23	5%	$63,790	$226	80%	226
Office Supplies, Stationery & Gifts	$19,918,864	$363	5%	$995,943	$202	80%	3,944
Full-Service Restaurants	$68,532,066	$1,250	13%	$8,909,169	$308	80%	23,141
Limited-Service Eating Places	$60,209,140	$1,098	15%	$9,031,371	$199	80%	36,307
Drinking Places	$6,911,863	$126	5%	$345,593	$200	80%	1,382
TOTAL							**111,189**

1. Based on data obtained from Claritas.
2. Estimates via NCG based on ICSC data.
3. Assumes Subject Site is three of eight primary destinations for regional shoppers within the Regional Trade Area.
4. Assumes Subject Site is four of five primary destinations for shopping/dining/drinking among local employees within the trade area.

SOURCE: Noell Consulting Group, ICSC, Claritas

Exhibit 53
Estimated Retail Demand from Additional Non-Local Sources

Tourist Demand

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita		Est. Sales/ SF	Capture Rate of Core[3]	Local Capture
		3,500,000	*Annual visitors to Chattanooga			
Home Furnishing Stores	$3,951,082	$1		$234	75%	12,664
Grocery Stores	$10,492,132	$3		$455	75%	17,295
Specialty Food Stores	$2,537,190	$1		$193	75%	9,860
Beer, Wine & Liquor Stores	$4,670,099	$1		$396	75%	8,845
Health & Personal Care	$38,681,086	$11		$397	75%	73,075
Clothing Stores	$25,977,801	$7		$287	75%	67,886
Shoe Stores	$4,413,525	$1		$205	75%	16,147
Jewelry, Luggage & Leather Goods	$15,781,791	$5		$451	75%	26,245
Book & Music Stores	$4,762,241	$1		$200	75%	17,858
Office Supplies, Stationery & Gifts	$1,616,514	$0		$202	75%	6,002
Used Merchandise Stores	$332,769	$0		$202	75%	1,236
Other Miscellaneous Store Retailers	$7,743,770	$2		$150	75%	38,719
Full-Service Restaurants	$81,746,476	$23		$308	75%	199,058
Limited-Service Eating Places	$71,818,717	$21		$199	75%	270,674
Special Food Services	$19,630,193	$6		$200	75%	73,613
Drinking Places	$8,244,614	$2		$400	75%	15,459
TOTAL						**854,634**

Student Demand

Store Type (Excl. General Merch. & Gas)	Demand Potential[1]	Per Capita	% Non-Regional Sales Locally	Est. Sales in Local Trade Area	Est. Sales/ SF	Capture Rate of Core[4]	Local Capture
		4,500	*Estimated students living in Local Trade Area				
Grocery Stores	$2,525,223	$561	76%	$1,919,169	$455	83%	3,515
Health & Personal Care	$1,662,442	$369	72%	$1,196,959	$458	83%	2,178
Office Supplies, Stationery & Gifts	$389,059	$86	29%	$110,882	$202	83%	457
Full-Service Restaurants	$1,338,581	$297	45%	$602,362	$308	83%	1,630
Limited-Service Eating Places	$1,176,016	$261	54%	$635,049	$199	83%	2,659
Drinking Places	$270,008	$60	60%	$162,005	$200	83%	675
TOTAL		*** Sales Per Capita at 50% of Local Trade Area**					**10,439**

1. Based on data obtained from Claritas.
2. Estimates via NCG based on ICSC data.
3. Assumes the Study Area includes 3 of 4 primary destinations for tourist shoppers within the Regional Trade Area.
4. Assumes the Study Area includes 5 of 6 primary destinations for shopping/dining/drinking among students within the trade area, including UTC on-campus retail.

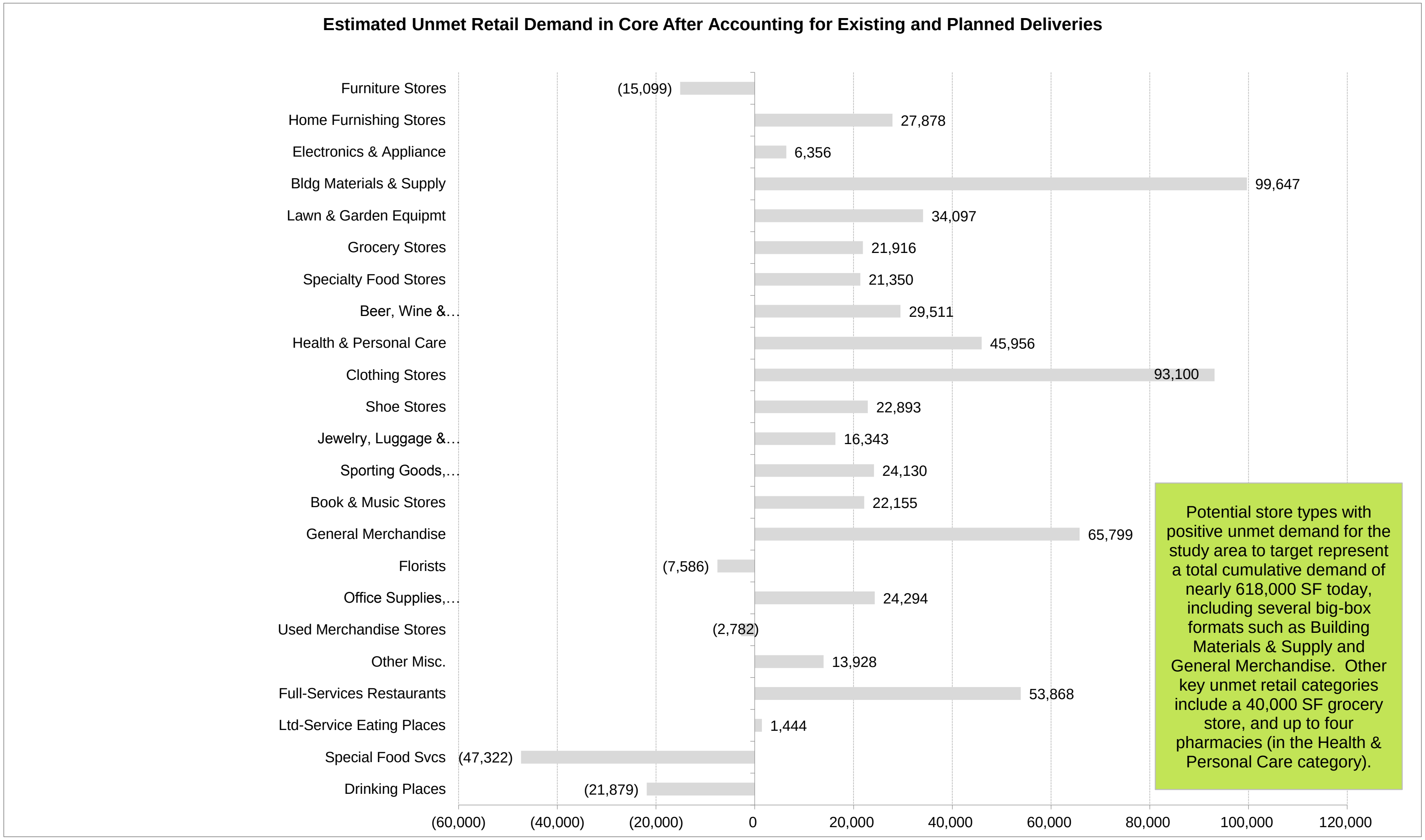
SOURCE: Noell Consulting Group, ICSC, Claritas

Exhibit 54
Summary of Estimated Retail Demand (By Source) and Supply By Store Type

Store Type (Excl. General Merch. & Gas)	Existing Population in Local Trade Area	New Pop. Growth in Local Trade Area (2020)	Existing Regional Population	New Regional Pop. Growth (2020)	Evening & Weekend Reg. Destination	Local Employees	Tourists	Students	Combined Demand From All Sources	Estimated Existing and Planned Supply	Net Excess Demand	Market Depth For Adequate Store Size
Furniture and Home Furnishings	6,877	546	34,500	1,693	2,538	0	12,664	0	58,817	46,039	12,779	27,878
Furniture Stores	3,656	290	22,233	1,091	-	-	-	-	27,270	42,369	-15,099	0
Home Furnishing Stores	3,221	256	12,266	602	2,538	-	12,664	-	31,547	3,669	27,878	27,878
Electronics & Appliance Stores	646	51	5,394	265	0	0	0	0	6,356	0	6,356	0
Bldg Mats., Garden Equip & Supply	17,991	1,428	111,482	5,470	0	0	0	0	136,371	2,626	133,744	133,744
Bldg Materials & Supply Stores	13,015	1,033	81,596	4,003	-	-	-	-	99,647	0	99,647	99,647
Lawn & Garden Equipment	4,976	395	29,886	1,466	-	-	-	-	36,723	2,626	34,097	34,097
Food & Beverage Stores	75,243	5,971	14,224	698	3,015	28,244	35,999	3,515	166,909	94,132	72,777	72,777
Grocery Stores	41,793	3,317	4,824	237	-	25,005	17,295	3,515	95,984	74,069	21,916	21,916
Specialty Food Stores	9,405	746	6,814	334	3,015	3,240	9,860	-	33,414	12,063	21,350	21,350
Beer, Wine & Liquor Stores	24,045	1,908	2,585	127	-	-	8,845	-	37,511	8,000	29,511	29,511
Health & Personal Care	25,895	2,055	7,059	346	0	19,327	73,075	2,178	129,935	83,979	45,956	45,956
Clothing & Clothing Accessories	5,260	417	45,213	2,218	3,265	0	110,278	0	166,651	34,315	132,336	132,336
Clothing Stores	3,238	257	27,145	1,332	2,669	0	67,886	-	102,527	9,427	93,100	93,100
Shoe Stores	770	61	6,066	298	596	0	16,147	-	23,939	1,046	22,893	22,893
Jewelry, Luggage & Leather Goods	1,252	99	12,001	589	-	-	26,245	-	40,186	23,843	16,343	16,343
Sporting Gds, Hobby, Book & Music	4,445	353	31,366	1,539	0	0	17,858	0	55,561	9,276	46,285	46,285
Sporting Goods, Hobby, Musical Inst	3,167	251	27,369	1,343	-	-	-	-	32,130	8,000	24,130	24,130
Book & Music Stores	1,278	101	3,998	196	-	-	17,858	-	23,431	1,276	22,155	22,155
General Merchandise Stores	0	0	149,634	7,342	0	0	0	0	156,975	91,176	65,799	65,799
Miscellaneous Store Retailers	19,497	1,547	48,363	2,373	4,641	4,170	45,956	457	127,004	99,151	27,853	38,222
Florists	1,092	87	0	0	-	226	-	-	1,405	8,991	-7,586	0
Office Supplies, Stationery & Gifts	5,439	432	27,681	1,358	368	3,944	6,002	457	45,682	21,388	24,294	24,294
Used Merchandise Stores	3,732	296	0	0	206	0	1,236	-	5,469	8,251	-2,782	0
Other Miscellaneous Store Retailers	9,233	733	20,682	1,015	4,067	0	38,719	-	74,448	60,521	13,928	13,928
Food Service & Drinking Places	64,151	5,091	12,309	604	33,375	60,830	558,803	4,964	740,128	754,017	-13,889	55,312
Full-Service Restaurants	19,378	1,538	4,638	228	24,620	23,141	199,058	1,630	274,230	220,361	53,868	53,868
Limited-Service Eating Places	31,619	2,509	7,672	376	6,788	36,307	270,674	2,659	358,605	357,161	1,444	1,444
Special Food Services	11,147	885	0	0	-	-	73,613		85,645	132,967	-47,322	0
Drinking Places	2,006	159	0	0	1,966	1,382	15,459	675	21,648	43,528	-21,879	0
TOTAL	**220,004**	**17,459**	**459,544**	**22,547**	**46,834**	**112,572**	**854,634**	**11,114**	**1,744,708**	**1,214,711**	**529,996**	**618,309**

SOURCE: Noell Consulting Group, Claritas, Inc.

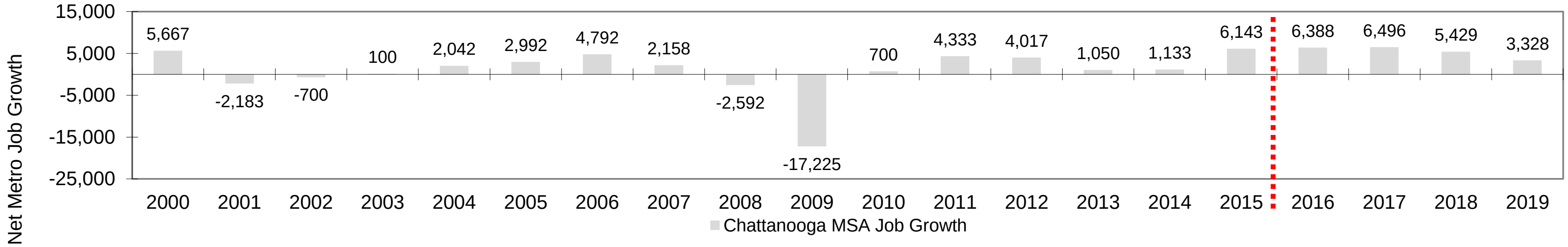
Exhibit 55
Summary of Retail Demand in the Study Area



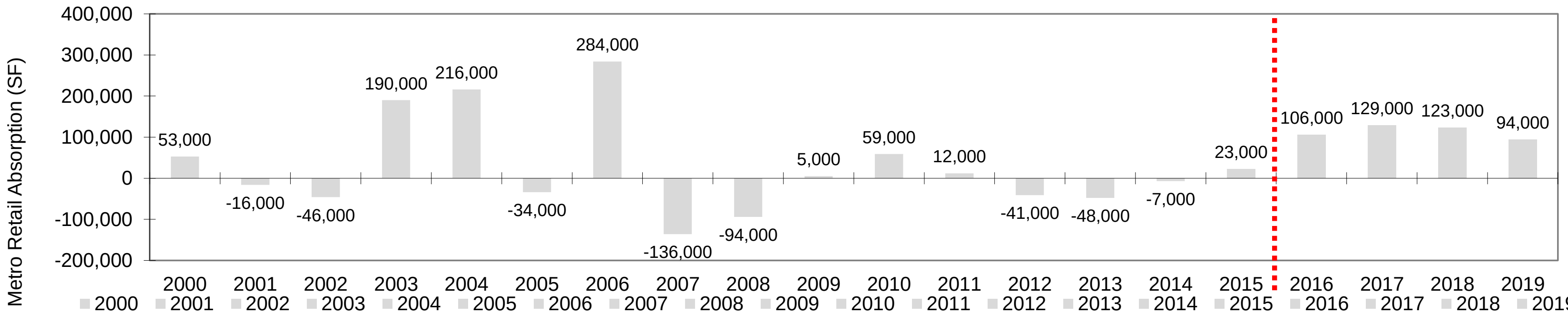
SOURCE: Claritas, Inc.

Exhibit 56
Chattanooga Retail Trends

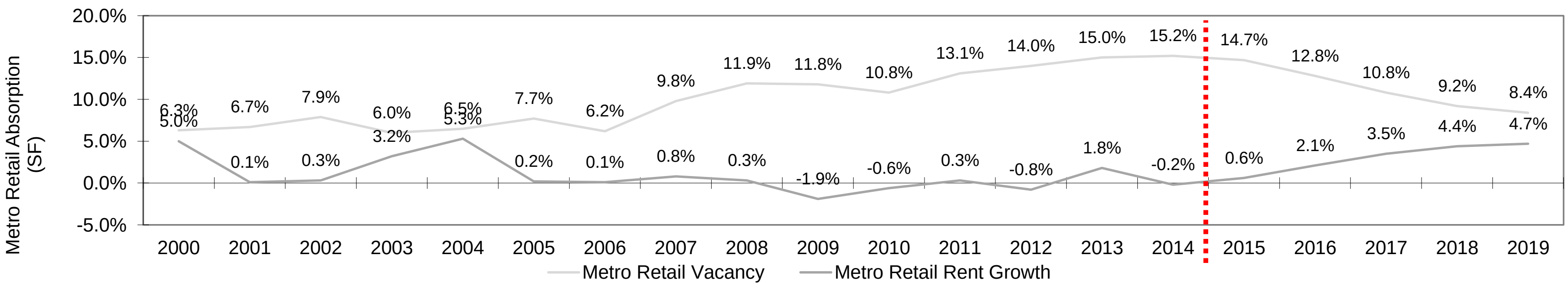
CHATTANOOGA MSA JOB GROWTH



CHATTANOOGA METRO RETAIL ABSORPTION AND COMPLETIONS

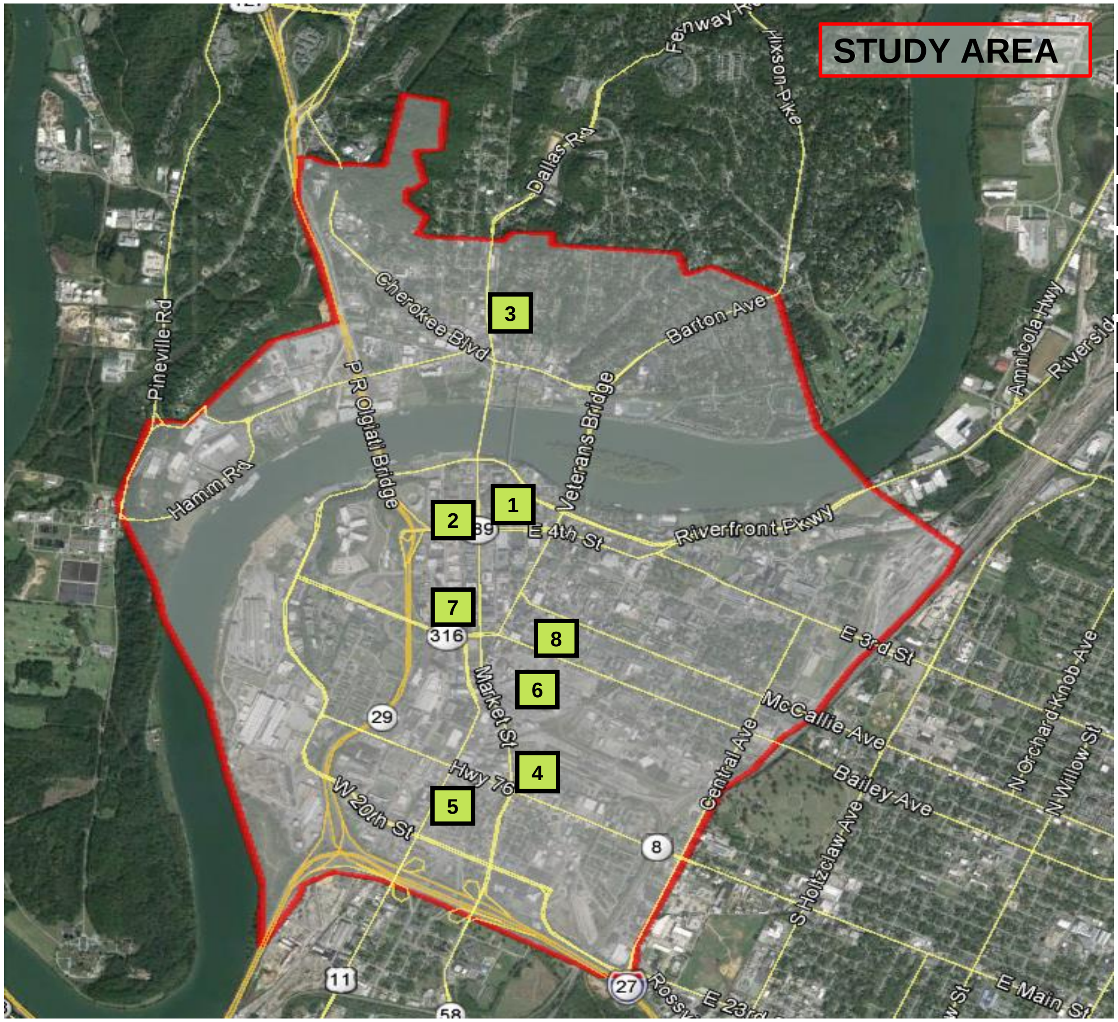


CHATTANOOGA METRO RETAIL VACANCY AND RENT GROWTH



SOURCE: Noell Consulting Group, REIS, and Economy.com | Moody's Analytics

Exhibit 57
Map of Select Retail Comparables



	RETAIL	SQFT	$/SF
1	Walnut Commons	1,140	$21.50
2	Chattanooga Lifestyle Center	52,385	$20.00
3	502 N Market Street	6,500	$26.50
4	Mission at Main	11,000	$19.00
5	Southside Centre	38,850	$17.50
6	Fleetwood Coffee Building	18,000	$15.00
7	The Clemons	8,500	$17.50
8	235 E ML King Blvd	6,935	$15.00
	Average, All Comps	**15,092**	**$20.10**

SOURCE: Noell Consulting Group

Exhibit 58
Summary of Select Retail Comparable

Photo	Center Name	Built	Total Square Feet	Avail. Square feet	% Leased	Current Lease Rates (NNN)	Current Tenants / Typical Tenants	Comments
	Mission at Main	Under Construction	11,000	5,660	49%	$17.00 - $21.00	Planned restaurant and nail salon	Located at a vibrant intersection on the Southside. Apartment units located above retail or restaurant
	Southside Centre	Built 1951. Renovated 2014	38,850	17,656	55%	$17.00 - $18.00	Architects. Planned restaurant.	Located in Chattanooga's Southside. Includes parking - 4 spaces per 1,000sqft. Terrazzo floors, exposed brick, high ceilings.
	Fleetwood Coffee Building	Built 1908. Currently being renovated	18,000	18,000	0%	$14.00 - $16.00	Mixed use building - Office space	Built in 20th century. Loft apartments on the upper floors of the building. Warehouse Row is next door.
	235 E ML King Blvd	Built 1893. Currently being renovated	6,935	6,935	0%	$14.00 - $16.00	Office / Restaurant	3 - 1st floor commercial spaces. 2nd Floor apts/office. Walking distance to UTC Campus and Downtown Chattanooga.
	The Clemons	Built 1920. Renovated 2016	8,500	8,500	0%	$17.00 - $18.00	Office / Restaurant	Street level space currently under renovation. 55 apartments above.
	Walnut Commons	Built 2013	1,140	1,140	0%	$21.00 - $22.11	Convenience store, Restaurant, Street Retail,	Ground floor retail among mixed use development. Great views of surrounding area.
	Chattanooga Lifestyle Center	Renovated 2015	52,385	7,304	86%	$20.00 - $20.00	Erlanger offices, tech. learning center, allergy clinic, coffee shop	Downtown, surrounded by restaurants/bars
	502 N Market Street	Built 2014	6,500	1,600	75%	$24.00 - $29.00	Retail or office space	Northshore, 4 blocks from Frazier Ave. 2nd/3rd floor residential units
Inside Summary:			**62,700**	**12,719**		**$14.00 - $29.00**		

SOURCE: Noell Consulting Group, LoopNet

SUMMARY OF DEVELOPMENT PROGRAM BY LAND USES

Exhibit 59
Residential Development Product Matrix

Land Use	Estimated Annual Demand		Pricing	Notes/Comments
Rental Apartments	2,090 units total 236 units unmet demand over existing supply		\$1.50/SF - \$1.70/SF	At this price point, it will be difficult for developers to build structured parking or utilize existing parking decks (as some recent projects have). Some of the best sites may support structured parking, however, especially in Northshore.
Student Housing	598 beds of unmet demand, and 51 beds/year due to future growth		\$650-\$750 per bed	Current student housing developments support structured parking when built at scale, while smaller projects have limited parking available. There is also room within this market for specialized housing (e.g. fraternity and sorority housing)
For-Sale Attached Condos	138 units total 46 units per year starting in 2018		\$250/SF+	Demand for condominiums is focused around Downtown, Riverfront, and Northshore, where lifestyle amenities and view premiums are highest. These units should be able to support structured parking costs.
For-Sale Attached Townhomes	192 units total 38 units per year		\$250/SF for Luxury product, \$150/SF for Entry Level product	Equal demand for high end product in Downtown/Northshore and entry level product in Southside.
For Sale Detached Single Family	63 units total 13 units/years		\$130/SF - \$200/SF \$250,000 - \$350,000 Southside \$350,000 - \$550,000 Cameron Harbor and Northshore	Downtown can support a wide variety of homes, from starter homes in Southside to more expensive homes in Fort Wood and Northshore. The overall demand is limited

SOURCE: Noell Consulting Group.

Exhibit 60
Office / Retail / Commercial Development Product Matrix

Land Use	Estimated Annual Demand		Pricing	Notes/Comments
Class A Office	200,000 within the next five years		$20/SF-$22 Mod. Gross	This office space will be mid-rise construction type in the CBD, most likely in smaller buildings (25,000 to 50,000 SF).
Creative Office	55,000 unmet demand plus 6,000 SF/year		$12/SF-$15/SF Mod. Gross	The majority of demand for this space is Downtown, although these tenant types care as much about the building type as they do about location, so there are opportunities in Southside and Northshore as well.
Regional Retail	406,000 SF plus 3,400 SF/year		$20-$22/SF NNN	Regional retail should be located Downtown along major thoroughfares, such as Market St, Broad St, 3rd St, or a re-aligned Riverside Dr. Manufacturers Rd in Northshore will continue to be a popular area as well
Neighborhood Retail	212,000 SF plus 2,800 SF/year		$19/SF NNN	The majority of this will need to be located Downtown and near UTC where it can serve both daily workers and the student population. Southside will continue to generate demand for new retail as more households move in.
Neighborhood Commercial	67,000 SF plus 2,200 SF/year		$16-30 SF Mod. Gross	This commercial space can be spread throughout the study area in mixed-use developments and in stand-alone space.
Medical Office	14,000 SF current gap plus 6,600 SF/year		$20-$22/SF Mod. Gross	This will be focused around Erlanger hospital. This demand does not include replacement space in the event that aging medical office near Erlanger is demolished.

SOURCE: Noell Consulting Group.