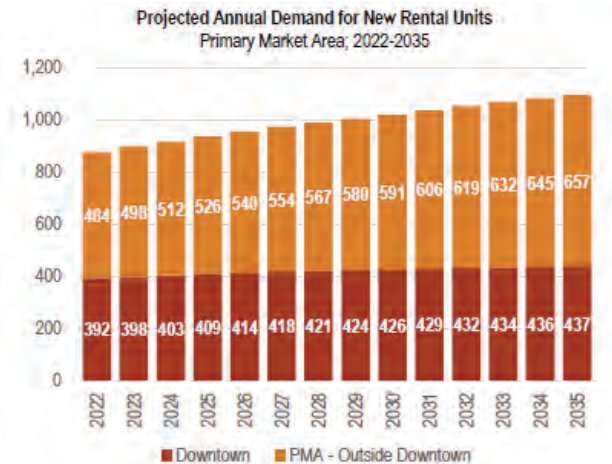
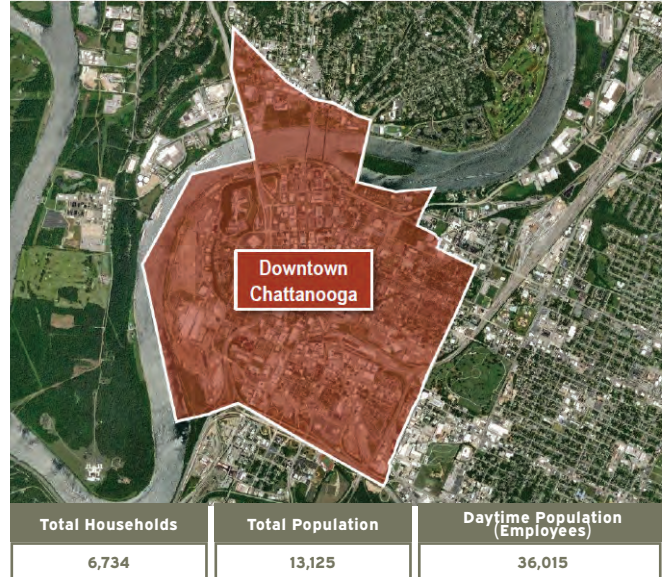


MARKET ANALYSIS DOWNTOWN CHATTANOOGA

River City Company engaged RCLCO for a comprehensive market analysis to assess the market opportunities for residential, office, retail and hotel development in greater Downtown, to include:

- ▶ Target Market
- ▶ Market Potential
- ▶ Market Demand
- ▶ Market Evolution

A lively, attractive downtown has been the main driver of Chattanooga's robust economic growth. **Job growth** since 2010 **has largely outpaced the national average**, particularly through the pandemic-induced transition of work from home. There remains **a strong opportunity to bring residents to historically commercial districts** of Downtown and **create a truly mixed-use neighborhood** with places where residents and visitors can live, work, and play.



RENTAL HOUSING

STRONG AND IMMEDIATE OPPORTUNITY FOR NEW RENTAL PRODUCTS, ESPECIALLY MULTI-FAMILY

There is a **severe lack of new product**. Development **opportunities are strong in rental housing across all sectors and price points**, most notably affordable housing.

Opportunities exist for **adaptive reuse and office-to-residential conversions**, particularly in the City Center and Riverfront Districts.

A significant portion of projected demand will go unmet without the addition of large-scale developments to the pipeline, with one to two new buildings per year until 2035.



FOR SALE HOUSING

STRONG OPPORTUNITY FOR NEW SUPPLY, PARTICULARLY CONDOMINIUM CONVERSION OR ADAPTIVE REUSE

Product type preferences among homebuyers has evolved with **condominiums becoming a growing share**. Opportunities exist for small-scale office-to-residential conversion and new, ground up development of smaller condo buildings.

OFFICE

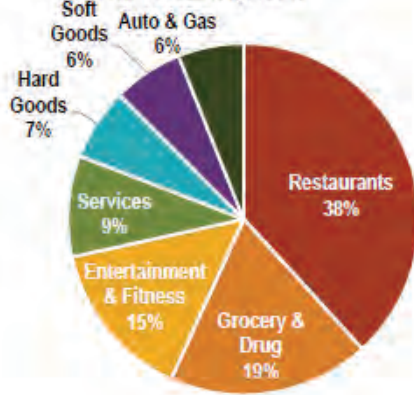
OLDER BUILDINGS ARE AT RISK OF UNDERUTILIZATION OR VACANCY; NEW PRODUCT NECESSARY TO MAXIMIZE RETENTION

Look to innovative approaches to protect office market and seize on strong opportunities for new residential.

Planned delivery of new office will likely threaten older office stock. There is an opportunity to convert these buildings to **creative office with smaller floor plans and residential conversion**.



Future Retail Demand (SF) by Store Type
Downtown Chattanooga, 2040



RETAIL

MARKET IS BROADLY BALANCED, BUT LACK OF DAILY NEEDS RETAIL IS A MAJOR WEAKNESS

There are notable gaps in Chattanooga's current retail supply, including **resident focused retail**, and grocery options. Focus should be towards **grocery, drug store, and restaurants**, and less emphasis on soft goods services and entertainment.



HOTEL

ON TRACK WITH CURRENT PIPELINE; ATTRACTING BUSINESS TRAVEL IS KEY

Weekend occupancy has fully recovered but weekday travel has yet to rebound to pre-pandemic levels, while **average daily rates have risen to fill the gap**. Plans for the Convention Center and efforts to increase weekday travel should be a key area of focus when considering hotel supply additions.

CRITICAL SUCCESS FACTORS

**MARKET-DRIVEN
ADAPTIVE
REUSE**

**RETAIL-RESIDENTIAL
SYNERGY**

**ATTRACTING
BUSINESS
TRAVEL**

**EFFECTIVE
PUBLIC
TRANSIT**

**EFFECTIVE
PLACEMAKING**