

# PITTSBURGH YARDS

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MTAP PRESENTATION

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# Our Team



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## ABOUT URBAN LAND INSTITUTE CENTER FOR LEADERSHIP (CFL)

*The Center for Leadership provides a powerful local resource to help guide the responsible development of the Atlanta region by strengthening connections among area organizations that guide and influence Atlanta real estate development. The mission is to cultivate leadership and life-strategy skills by teaching emerging leaders in the real estate and land use industries how the Atlanta region gets built and how their decisions shape the future of the built environment.*

## MINI TECHNICAL ASSISTANCE PROGRAM (MTAP)

*Provides an opportunity to offer leadership on a critical Atlanta regional issue. Participants are responsible for sharing their expertise and advice to develop recommendations for a sponsor organization.*





# Our Objective

## PITTSBURGH YARDS

### MISSION

Pervasive inequities prevent many children and families of color from accessing the opportunities necessary for them to fully contribute to, and benefit from, Atlanta's growing economy. Pittsburgh Yards can spur a more equitable distribution of income, wealth, jobs and entrepreneurship opportunities for residents in southwest Atlanta neighborhoods by:

- Catalyzing **living-wage employment, long-term career paths** and entrepreneurship opportunities for local residents including those in need of second chances
- Using building design, streetscape and landscaping techniques to encourage community engagement and innovation
- Incorporating sustainable design principles and best practices for energy and water efficiency
- Cultivating local benefits, such as access to the Atlanta beltLine, healthy foods, green space, community gathering space, arts and culture

## THE mTAP REQUEST

### ANNIE E. CASEY FOUNDATION

Prepare a marketing package to be used by the Client and Client's brokerage team to assist in attracting a master developer and prospective end users.

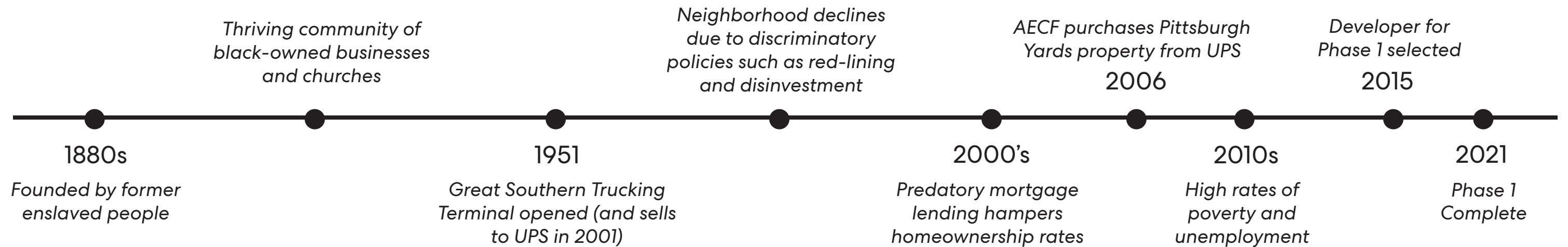
This marketing package will:

- Reflect ULI Atlanta's review & synthesis of existing studies, market research, plans.
- Consist of a highest and best use plan based on the previously stated objectives. This will include an integrated site plan, design and programming concepts that balance market demands and the Client's goals.





# Neighborhood & Site History





# Previous Site Study

## TD&L - LAST MILE

Last mile distribution hub:  
1-story, 250,000 sf building,  
570-1,410 employees per day

Integrated Service Center:  
1-story, 140,000 sf building,  
110-160 employees

Apx 1,200 parking spaces



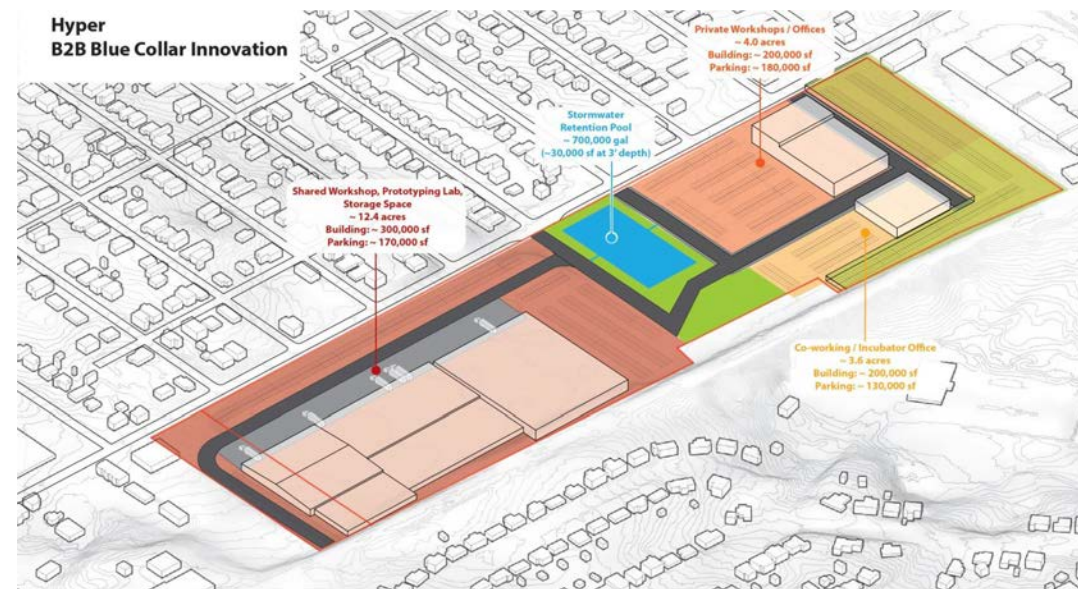
## MIXED WHITE / BLUE COLLAR

Blue Collar Uses: 266,000  
sf of single story buildings,  
370-910 employees

White Collar Uses: 340,000  
sf o multi-story buildings,  
1,000-1,100 employees

Retail: 15,000 sf (in mixed-  
use building with offices),  
100-200 employees

Apx. 1,730 parking spaces  
underground



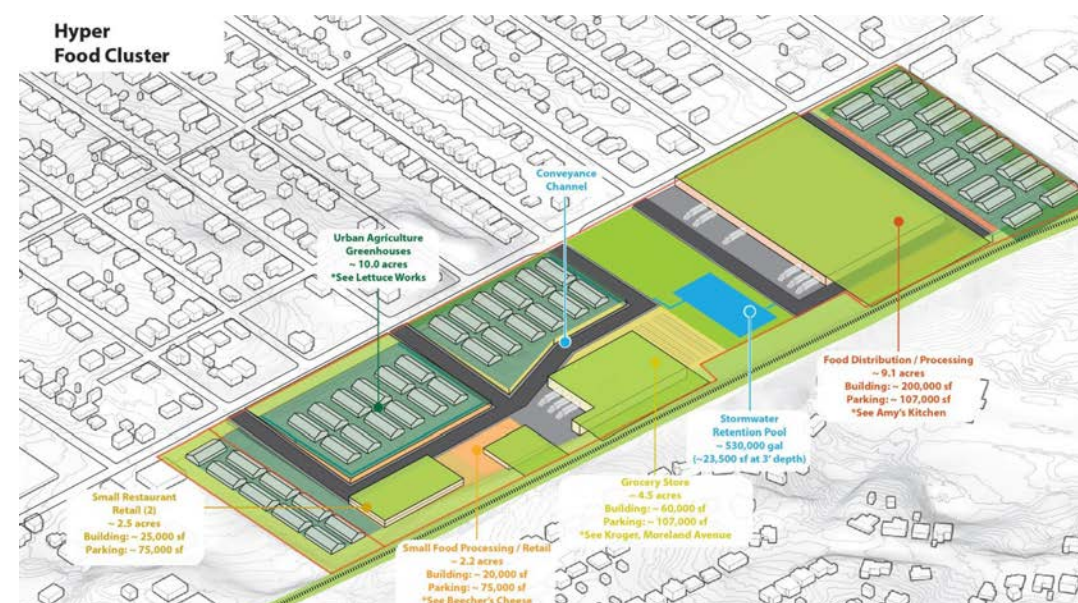
## BLUE COLLAR INNOVATION HUB

Shared workshop, protoyping  
lab, 300,000 SF 1-story  
building, 900-1,100 employees

Private office space: 200,000  
SF multi-story building, 600-  
1,600 employees

Co-working/incubator space:  
100,000 SF, multi-story  
building, 100-300 employees

Apx. 1,490 parking spaces



## MIXED-USE FOOD

Food processor/distributor:  
200,000 SF single-story  
building, 100-200 employees

Small food processing/retail  
facility: 20,000 SF single-story  
building, 20-35 employees

Grocery store: 60,000 SF  
single-story building, 85-150  
employees

Restaurants/small retail:  
25,000 SF single-story, 160-  
360 employees

Apx 1,340 parking spaces



# Previous Market Study

## STRENGTHS

- Located between two major employment cores - Downtown and Hartsfield Jackson Airport
- Strong access off I-75/85
- Limited quality retail
- Located close to southern Grant Park
- Demand from Atlanta Tech College / Metropolitan Univ

## CHALLENGES

- Very low household incomes
- Concentration of underutilized and blighted properties along with unsightly uses across University Ave
- Lack of private sector investment in area

## OPPORTUNITIES

- Leverage moderate income household in larger trade area along with affluent households in Grant Park
- Deliver convenience retail on BeltLine/Interstate that is of higher quality than currently available
- Acquire parcels between site and I-75/85 for increased visibility

## RETAIL

- Challenged market economics will necessitate typical suburban format
- 120,000 SF of retail across 12 acres
- Grocery store would be a loss leader, requiring lowest lease rates.





# Pittsburgh Neighborhood

## DEMOGRAPHICS

11%

2010-2021  
Population Growth

88%

African American  
Population

67%

Renter-Occupied  
Households

23%

Bachelor's Degree  
or Higher

7%

Projected 5-Year  
Population Growth

34

Median Age

\$33,704

Median HH Income

40%

Households Earning  
Less than \$25k



# Zoning Review

## I-MIX AND I-1 ZONING

Most of the property was rezoned to I-MIX constrained to an approved site plan. The parcel to the East remains I-1. Height constraints are not an issue for either rezoning. Most uses will require a parking variance to avoid a large portion of the site being devoted to parking.

### I-MIX USES

Industrial uses (30% FAR min.):

- Brewery, distillery
- Greenhouses
- Laboratories
- Manufacturing, distribution
- Technical school
- Warehousing, showroom

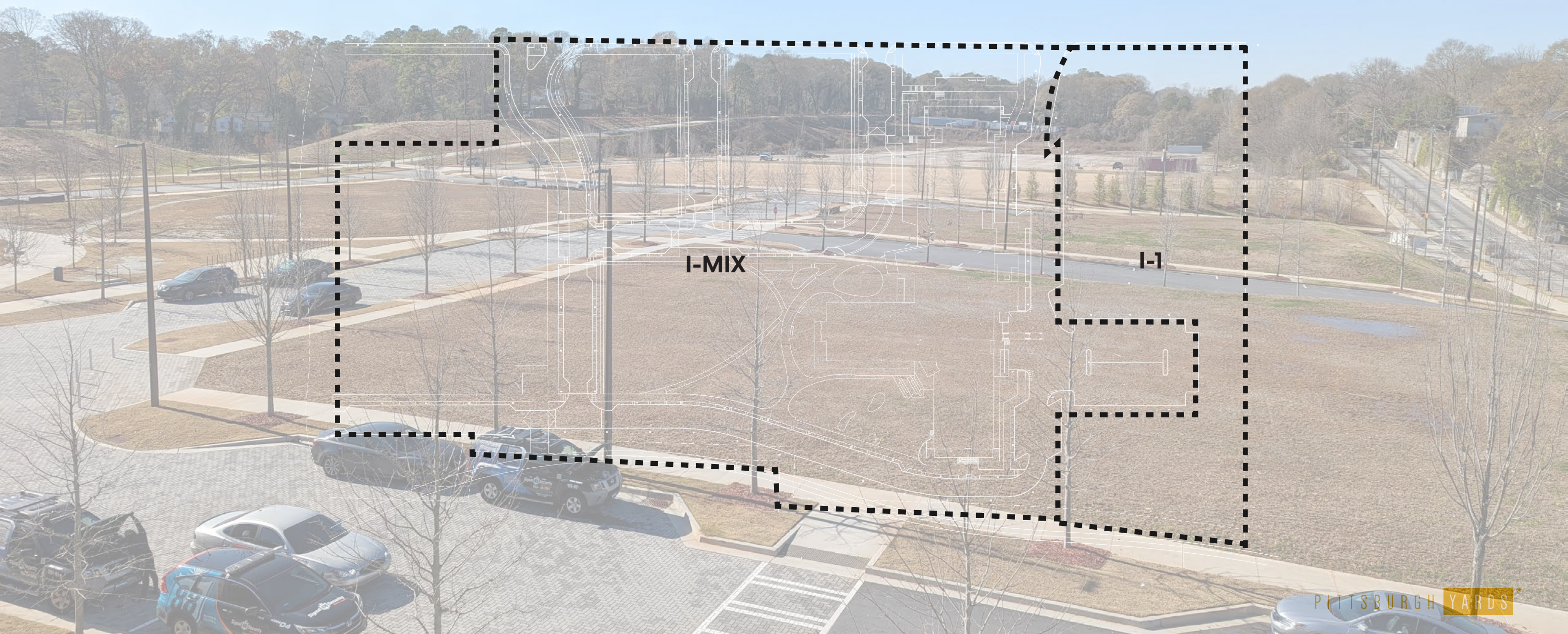
Residential uses:

- Single, duplex, multi-family
- Non-Resi, Non-Indust Uses:
- Business Services, Offices
- Restaurants
- Museums, hotels
- Professional services

### I-1 USES

- Business Services,
- Offices, Clinics
- Laboratories, Studios
- Manufacturing
- Wholesale
- Auto Shop, Service Center
- Trade school

- Warehousing
- Distribution
- Storage Yard
- Urban Garden
- Sales Agencies
- Professional Services
- Parking Structures





# Current Site Plan

## EXISTING CONDITIONS

### PAD 1

0.83 Acres  
17 on-street parking spaces  
Pad slopes down toward University Ave  
Sewer Easement clips corner of site

### PAD 2

0.66 Acres  
10 on-street parking spaces  
Pad slopes down toward University Ave  
Sewer Easement splits pad  
Pad slopes down toward University Ave

### PAD 3

0.90 Acres  
13 on-street parking spaces

### PAD 4

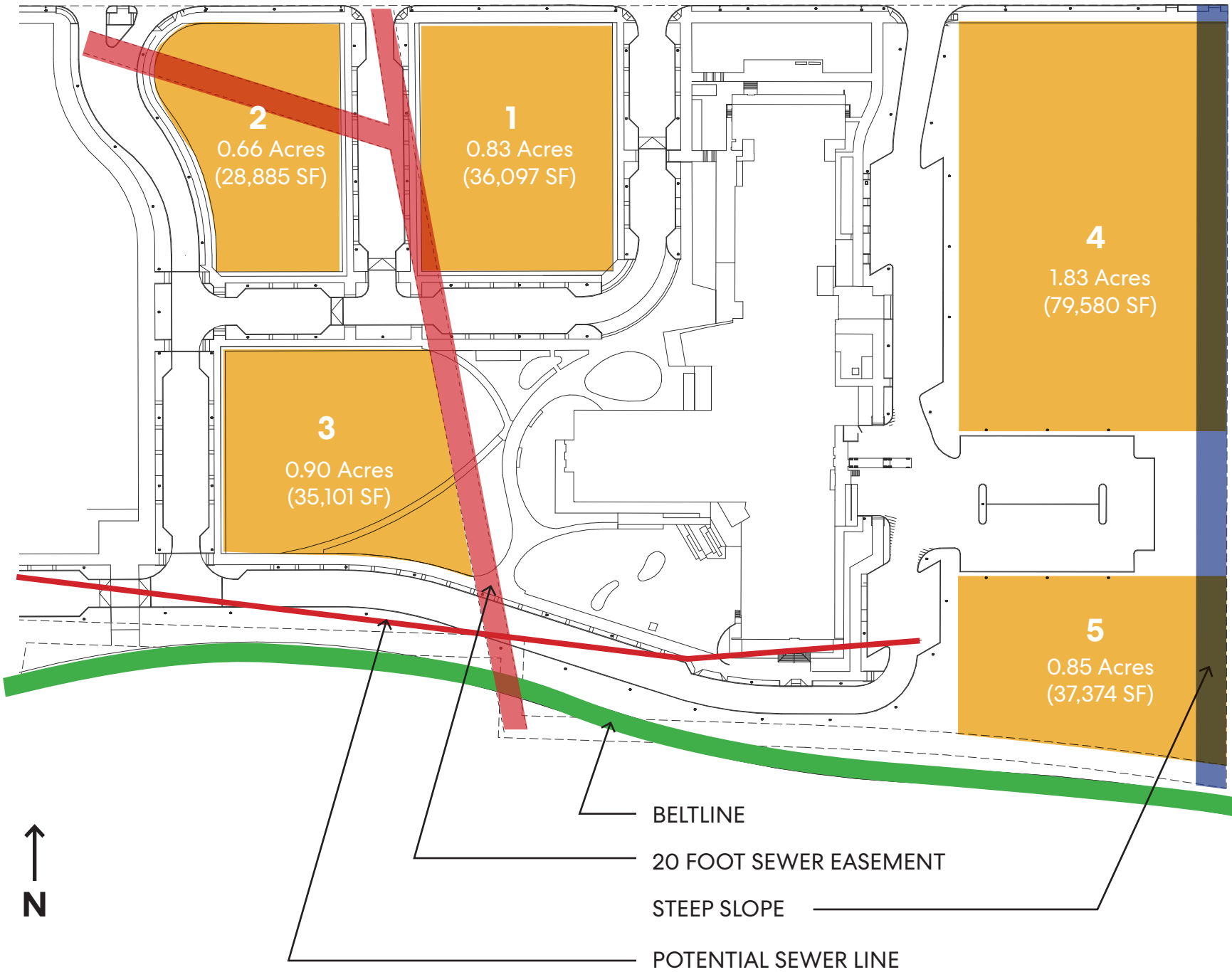
1.83 Acres  
20 feet of high topographical slope at Eastern boundary

### PAD 5

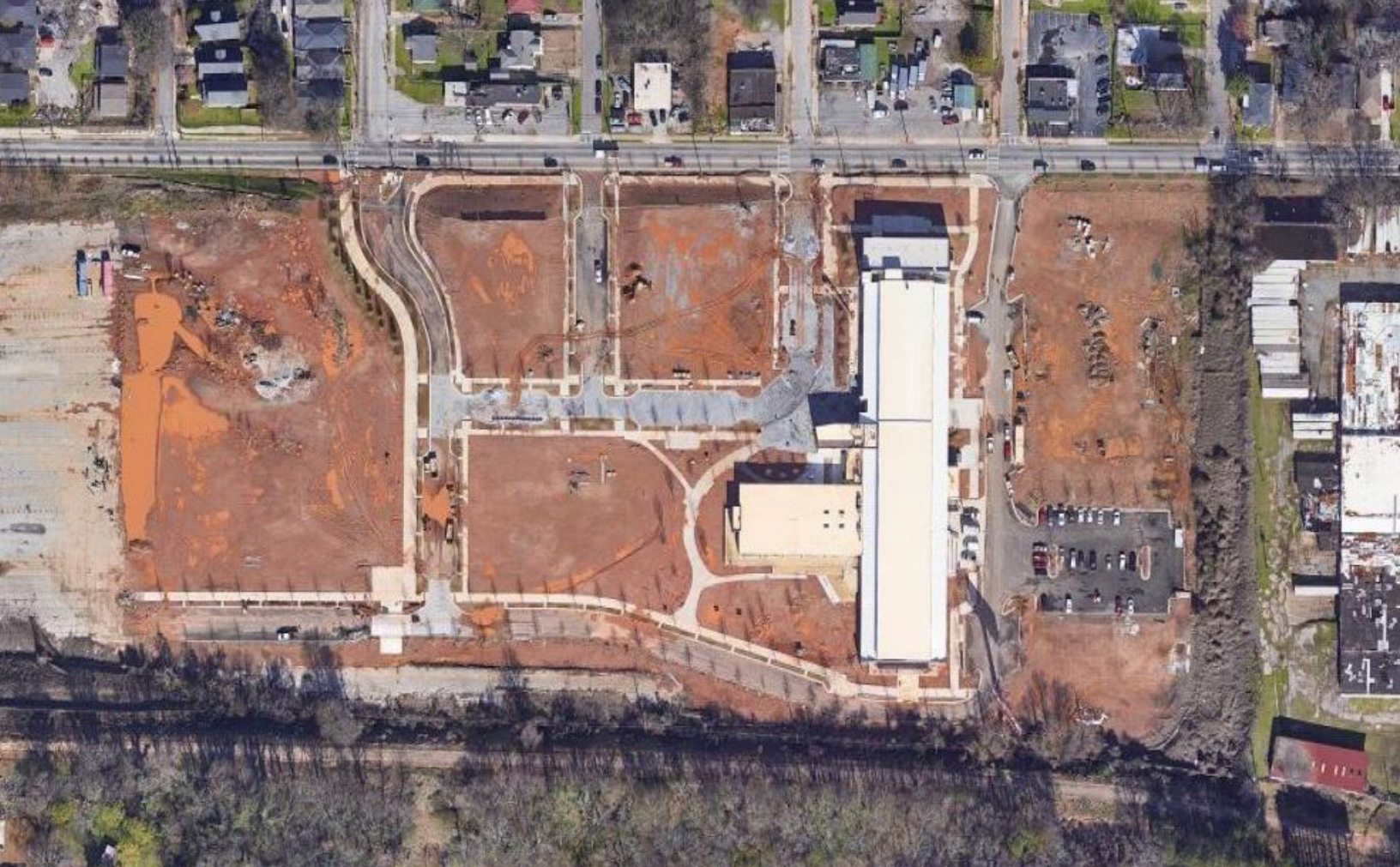
0.85 Acres  
20 feet of high topographical slope at Eastern boundary

### TOTAL

5.07 Acres



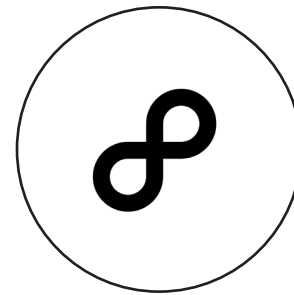




# Site Analysis

## PHYSICAL CHARACTERISTICS

### STRENGTHS



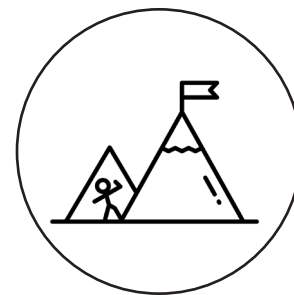
Water and sewer lines are in place and stubbed for each pad

On site storm-water detention vault meets capacity for fully-developed property

Pads are generally flat, already graded

Roads meet tractor-trailer turn radius requirements

### CHALLENGES



Limited parking and loading spaces available

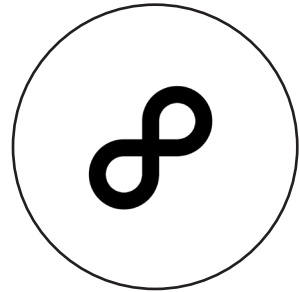
Large sewer easement cuts through the western half of the property, limiting develop-able pad area

Pad sites are relatively small for most industrial users



# Site Analysis

## ECONOMIC MARKET



### STRENGTHS

Well-located between downtown ATL and the airport.

Over 2,000 feet of frontage on the recently-completed southwest beltLine segment

Excellent access to I-75/85

~3,000 for-sale and rental housing units planned or under construction along or near southside beltLine trail

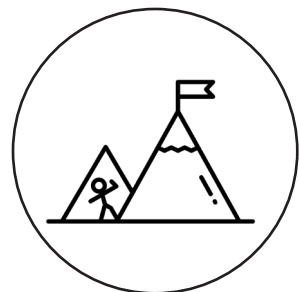
Located in a Federal Opportunity Zone, providing prospective investors with preferential tax treatment

### CHALLENGES

Relatively low household income in Pittsburgh and adjacent Capitol View Manor neighborhood

Concentration of underutilized and blighted properties in close proximity

Limited retail and grocery options nearby





# Site Analysis

## GOALS AND OBJECTIVES



### RETAIN CONTROL

Strength: Retain control of the pads through long-term ground leases creates an opportunity to recognize value of the land while maintaining long-term control

Challenge: Significantly limits the pool of prospective tenants and investors, particularly smaller industrial users

### ATTRACT LIVING-WAGE EMPLOYMENT

Strength: Attracting smaller-scale industrial uses that provide living-wage employment, long-term career paths and entrepreneurship opportunities for local residents facilitates equitable outcomes for legacy neighborhood residents

Challenge: Eliminates many of the economic “highest and best” uses for the site such as housing and retail, and generates truck traffic that may pollute the neighborhood and harm nearby property values

### SUSTAINABLE USE OF LAND

Strength: Provides for complementary and diverse tenants, low parking requirements, multi-story versus single story which allows for more SF devoted to jobs.

Challenge: LEED Certification or certain sustainable measures can be costly for a new company. Low parking requirements won't satisfy some tenants realistic needs. Multi-story can be cost prohibitive, particularly for industrial uses that are traditionally single-story.



# Site Analysis

## GOALS AND OBJECTIVES



### POSITIVE COMMUNITY IMPACT

Strength: Provide goods useful to the community and contribute to community activities

Challenge: Restricts type of goods that can be produced. Puts financial burden on potential tenants to offer job shadowing, workforce development programs. Requires past record of community involvement.



### PROVIDE ECONOMIC OPPORTUNITIES FOR RESIDENTS

Strength: Allows for second-chance hires, education of residents, long term career growth, upward mobility, and wage progression which are all areas Pittsburgh and surround neighborhoods struggle with.

Challenge: Puts burden of job-force training on tenant.



### FINANCIALLY STABLE TENANTS

Strength: Guarantees lower turnover, higher potential for success

Challenge: Requires budding companies to have a succession plan, financial readiness, and strong business model which may limit the pool of tenants.



# Market Research

## RETAIL MARKET ANALYSIS

TOTAL RETAIL	TOTAL CENTERS	TOTAL SF	AVG. SIZE	TOTAL AVAIL. SPACE	OCCUPANCY
5 Mile Radius	158 Centers	6,529,988 SF	41,329 SF	240,061 SF	96.32%
3 Mile Radius	75 Centers	3,337,839 SF	44,505 SF	170,952 SF	94.88%
1 Mile Radius	8 Centers	53,002 SF	6,625 SF	0 SF	100.00%

RETAIL > 25,000 SF	TOTAL CENTERS	TOTAL SF	AVG. SIZE	TOTAL AVAIL. SPACE	OCCUPANCY
5 Mile Radius	51 Centers	5,509,721 SF	108,034 SF	211,361 SF	96.16%
3 Mile Radius	25 Centers	2,851,624 SF	114,065 SF	154,742 SF	94.57%
1 Mile Radius	-	-	-	-	-

MOST RELEVANT COMP:

Creative Loft Office and Retail Opportunities at

LEE+WHITE

\$32.50 PSF NNN ASKING RATE



# Market Research

## INDUSTRIAL MARKET ANALYSIS (>15,000 SF)

	5 MILE RADIUS	3 MILE RADIUS	1 MILE RADIUS
Buildings	430 Bldgs.	174 Bldgs.	35 Bldgs.
Total SF	27,323,198 SF	11,950,751 SF	1,326,982 SF
Avg. Size	63,542 SF	68,682 SF	37,914 SF
Total Avail. Space	1,887,848 SF	1,316,299 SF	18,920 SF
Occupancy	93.09%	88.99%	98.57%
Avg. Rent	\$6.95 PSF	\$7.13 PSF	\$8.25 PSF

5 MILE RADIUS	CLASS A	CLASS B	CLASS C-F	3 MILE RADIUS	CLASS A	CLASS B	CLASS C-F	1 MILE RADIUS	CLASS A	CLASS B	CLASS C-F
Buildings	9 Bldgs.	99 Bldgs.	322 Bldgs.	Buildings	2 Bldgs.	33 Bldgs.	139 Bldgs.	Buildings	-	4 Bldgs.	31 Bldgs.
Total SF	1,874,542 SF	7,112,884 SF	18,335,772 SF	Total SF	581,060 SF	2,512,325 SF	8,857,366 SF	Total SF	-	93,047 SF	1,233,935 SF
Avg. Size	208,282 SF	71,847 SF	56,943 SF	Avg. Size	290,530 SF	76,131 SF	63,722 SF	Avg. Size	-	23,262 SF	39,804 SF
Total Avail. Space	0 SF	589,957 SF	1,297,891 SF	Total Avail. Space	0 SF	323,534 SF	992,765 SF	Total Avail. Space	-	0 SF	18,290 SF
Occupancy	100.00%	91.71%	92.92%	Occupancy	100.00%	87.12 %	88.79%	Occupancy	-	100.00%	98.47%
Avg. Rent	\$5.58 PSF	\$7.17 PSF	\$8.32 PSF	Avg. Rent	\$5.96 PSF	\$7.33 PSF	\$7.12 PSF	Avg. Rent	-	\$7.70 PSF	\$8.32 PSF



# Market Research

## INDUSTRIAL MARKET ANALYSIS (>50,000 SF)

	5 MILE RADIUS	3 MILE RADIUS	1 MILE RADIUS
Buildings	155 Bldgs.	64 Bldgs.	8 Bldgs.
Total SF	19,793,284 SF	9,004,287 SF	626,359 SF
Avg. Size	127,699 SF	140,692 SF	78,295 SF
Total Avail. Space	1,583,587 SF	1,168,304 SF	0 SF
Occupancy	92.00%	87.03%	100.00%
Avg. Rent	\$5.72 PSF	\$6.20 PSF	\$6.66 PSF

5 MILE RADIUS	CLASS A	CLASS B	CLASS C-F	3 MILE RADIUS	CLASS A	CLASS B	CLASS C-F	1 MILE RADIUS	CLASS A	CLASS B	CLASS C-F
Buildings	9 Bldgs.	43 Bldgs.	103 Bldgs.	Buildings	1 Bldg.	14 Bldgs.	49 Bldgs.	Buildings	-	-	8 Bldgs.
Total SF	1,896,172 SF	5,475,206 SF	12,421,906 SF	Total SF	538,500 SF	2,002,881 SF	6,642,906 SF	Total SF	-	-	626,359 SF
Avg. Size	210,686 SF	127,330 SF	120,601 SF	Avg. Size	538,500 SF	143,063 SF	131,896 SF	Avg. Size	-	-	78,295 SF
Total Avail. Space	0 SF	486,251 SF	1,097,336 SF	Total Avail. Space	0 SF	280,534 SF	887,770 SF	Total Avail. Space	-	-	0 SF
Occupancy	100.00%	91.12%	91.17%	Occupancy	100.00%	85.99%	86.26%	Occupancy	-	-	100.00%
Avg. Rent	\$5.75 PSF	\$5.89 PSF	\$5.65 PSF	Avg. Rent	\$4.37 PSF	\$7.69 PSF	\$5.87 PSF	Avg. Rent	-	-	\$6.66 PSF

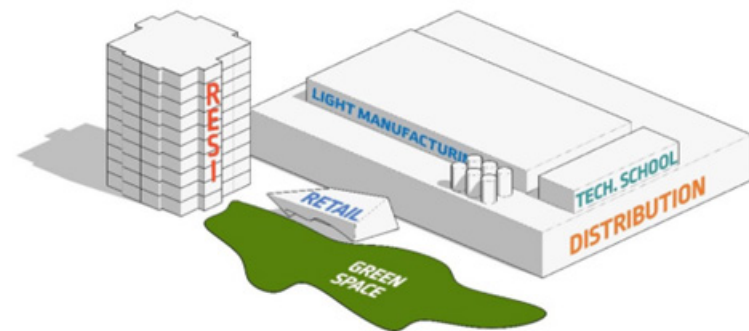


# Case Studies

## THE CASE FOR A MIXED-USE INDUSTRIAL COMMUNITY

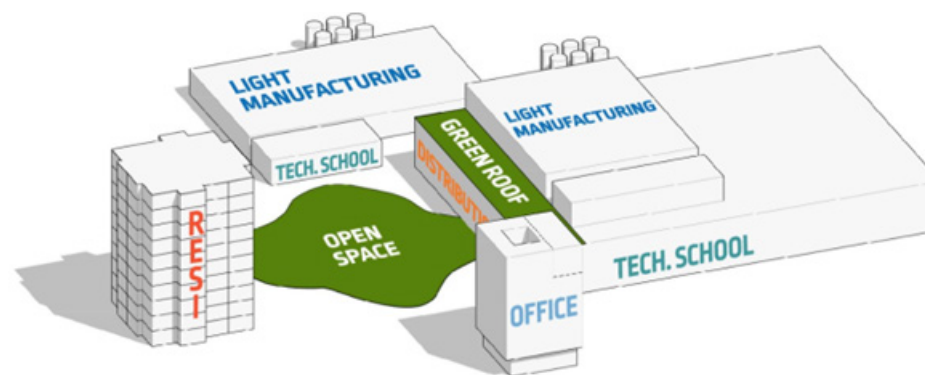
### WORKFORCE ECOSYSTEM

This ecosystem is oriented around people. Light manufacturing requires people, who need goods, education, and a place to live. This model harkens back to the factory town of the past — it is a modern incarnation of an old idea.



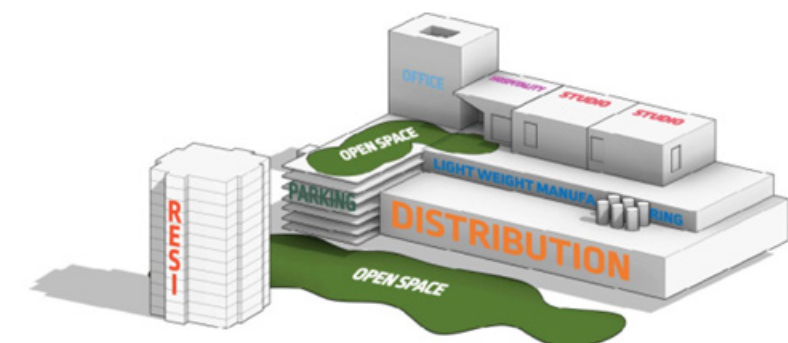
### INNOVATIVE ECOSYSTEM

This development is oriented around the process of designing, manufacturing, and distributing goods. Added to the foundation of the distribution center is light manufacturing and creative office space for the design and corporate team. The increased need for labor makes it symbiotic with residential and the driver of innovation creates the opportunity for education.



### CREATIVE ECOSYSTEM

This development is oriented toward creative content such as film and television. Content comes to life in studio and is screened and celebrated in public space. Office space offers a home base for studio heads and corporate activities like marketing and HR. Distribution is needed to store sets as well as to accommodate trucks coming in and out.



As demonstrated through these examples, industrialized uses are building blocks for community. Industry, especially at it works now in ways that are more sustainable and resilient, is no longer relegated to a boxy building on the edge of town. Instead, it has the potential to act as the foundation for vibrant communities that bring economic value to those within them.



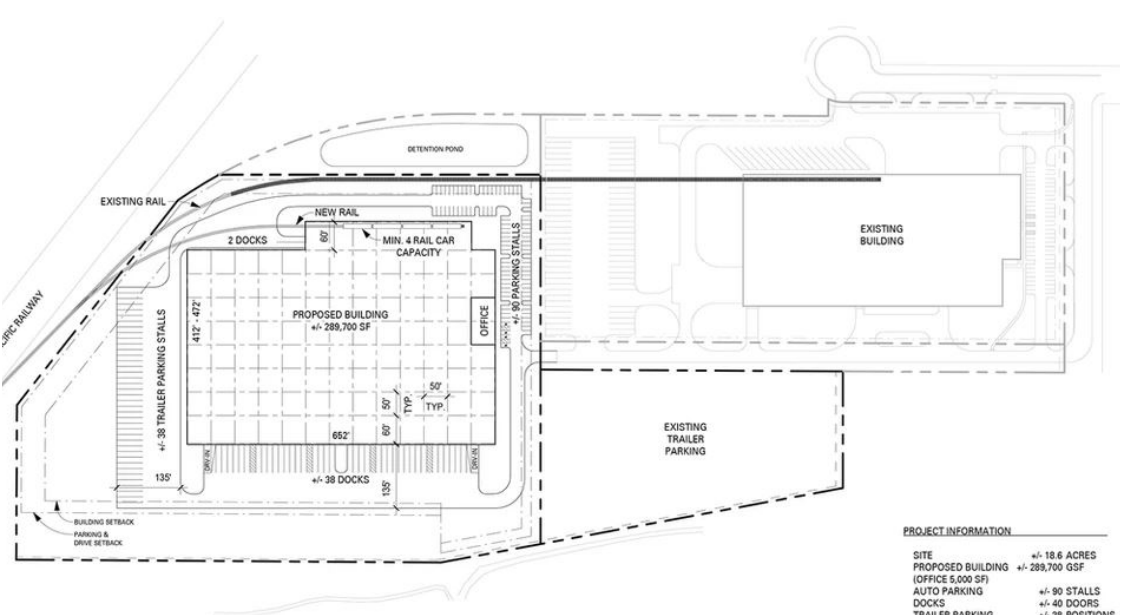
# Case Studies

## SOUTHEAST INDUSTRIAL PARK



### PROPERTY FEATURES

- Built-to-suit options for 15,000 - 325,000 square feet
- I-5 Railroad Access Industrial District (Heavy Industrial Zoning)
- Outdoor storage available
- Minnesota Shovel-Ready Certified Site
- Environmental Assessment Worksheet (EAW) completed
- No assessments owed/pending
- Public utilities stubbed to site
- Stormwater in place
- Potential city incentives available



## LEE & WHITE



## TENANT ROSTER

<p>Monday Night Brewing produces award-winning beers that can be found in restaurants, bars and markets across the Southeast. At Lee + White, The Garage is Monday Night Brewing's second brewery, and is home to barrel-aged sour beers and experimentation. The Garage pours year-round, small batch and seasonal beers on tap, offers the DAS BBQ food truck and hosts an assortment of events (approximately 200 in 2019).</p>	<p>Boxcar At Hop City was born out of a passion for food and beer. The restaurant offers a menu of familiar food with variety of regional twists. With a rotating 28-tap draft list from Hop City's cellar of amazing beer – and a deep wine and cocktail list to match – Boxcar aims to provide the ideal pairing to make your meal memorable.</p>	<p>MacStadium is a provider of enterprise-class Apple Mac infrastructure for systems. Whether it's a Mac cloud for large-scale CI/CD or testing an iOS app for a single Mac, MacStadium offers comprehensive solutions for Mac development requirements.</p>	<p>The fourth location of the popular beer and wine seller, the Lee + White location offers an outstanding variety of beers and wines for sale, and countless beers on tap. Guests can also head upstairs to Boxcar for a delicious appetizer or meal.</p>
<p>Following the success of its first Atlanta whiskey distillery, ASW Exchange opened a West End location, featuring a barrel house, bar and tasting room. ASW offers varieties of bourbon, rye, single malt-whiskey, double-malt whiskey and more.</p>	<p>Both a brewery and full-service restaurant, Best End Brewing Co. specializes in Southeast coastal cuisine, offering a combination of raw bar, fresh seafood, small plates and family-style meals. The 20-barrel and three-barrel brewing systems produce a variety of ales, pilsners, porters, lagers, IPAs and sours offered on tap in the bar.</p>	<p>Funded by the non-profit organization's events and donors, Plywood People provides social entrepreneurs, creatives and non-profit leaders with content, curriculum and community as they launch and sustain their endeavors.</p>	<p>Proudly opening their first gym in their hometown of Atlanta at the Lee + White development, the Overlook Boulder+Fitness will offer world-class indoor rock climbing, providing a challenging and fun experience for people of all ages and fitness levels.</p>
<p>Doux South is the creation of Atlanta farm-to-table chef Nick Melvin, who has been pickling since his childhood in New Orleans and throughout his professional culinary career. Every product Doux South offers is hand packed with pride at their Lee + White production kitchen.</p>	<p>Resurgence is a group of Atlanta United FC supporters that prides itself on the love of the game and the city. This group works hard to maintain a grassroots love of the game, united for the sole purpose of supporting the Atlanta United Major League Soccer (MLS) club, which won one the MLS Cup in 2018.</p>	<p>In addition to the brewery, the West End location features a large taproom, two private event spaces, and a 12,000-square-foot patio and lawn overlooking the Beltline. FINA, Wild Heaven's restaurant, cooks up Latin fare including tacos and flatbreads.</p>	<p>Golda founder Melanie Wade debuted her family's kombucha recipe in 2013 at local farmer's markets and by 2017 Golda was sold in over 100 Kroger locations. Golda's kombucha taproom and brewery at Lee + White is the very first of its kind in Georgia and only the third in the southeast.</p>
<p>Carbice produces multi-functional material solutions from Carbice® Carbon that set the standard for performance, reliability, and low-cost assembly within the world's most important electronic, energy, and industrial products.</p>	<p>Founded by acclaimed Chefs Todd Richards &amp; Joshua Lee, L&amp;O BBQ intends to bring neighborhoods together. Chefs Richards &amp; Lee have a combined 40+ years in the hospitality business, working in celebrated kitchens together for over 5 years. Both Chefs live locally with their families.</p>	<p>Operating a production facility at Lee + White, Honeysuckle Gelato sells its gelato at restaurants and local grocers across the Southeast. They also have brick-and-mortar locations at Ponce City Market in Atlanta, Optimist Hall in Charlotte and Pinewood Forest in Fayetteville, GA. Planned locations include Fenton in Cary, NC and Revel in Duluth, GA.</p>	<p>The Atlanta BeltLine Path Force is a dedicated unit of the Atlanta Police Department that patrols the Atlanta BeltLine's trails, as well as adjacent parks and neighborhoods.</p>



# Expert Feedback



**MARKET  
RESEARCHERS**



**DEVELOPERS**



**BROKERAGE / SITE  
SELECTION**



**OTHERS**





# Key Takeaways

## GROUND LEASE

Severely limits the site's development potential and attractiveness



## LAND USE

Small-scale industrial is likely not the highest and best use for the property. It also limits the potential of creating a community oriented environment.

The current site plan turns its back on the BeltLine which is an asset for this property.

## COHESIVE THEME

The entire site should be marketed under a cohesive theme that provides synergies among users and tells a story.



## SIZE OF PADS AND TENANTS

The pads as developed are small and limiting.

The type and size of companies attracted to these size lots do not have the capacity to develop and build on their own.



# Action Recommendations



## ONE

Pursue alternatives to ground-lease transaction structure



## TWO

Develop a marketing plan based on a cohesive theme for the site



## THREE

Create proactive strategy to target ideal companies



## FOUR

Employ interim programming and activation strategies



## FIVE

Alter pad sites to make more attractive to potential tenants and allow for more mixed-use environment





# Recommendation

## ONE

### **PURSUE ALTERNATIVES TO GROUND-LEASE TRANSACTION STRUCTURE**

Record Restrictive Covenants that “run with the land” to limit the nature and purpose of all future uses to align with AECF’s mission, and then subdivide and sell fee-simple

Create master association and name NIA building as owner

Sell one pad site and use proceeds to self-develop or highly incentivize remaining pad leases



# Recommendation

TWO

## DEVELOP A MARKETING PLAN BASED ON A COHESIVE THEME FOR THE SITE

Market the property as a “Health and Wellness” ecosystem to attract like-minded users that align with the vision of Pittsburgh Yards and can find synergies among adjacent uses.



**LIBRARY/EDUCATION**



**CSA DISTRIBUTION**



**MEDICAL MANUFACTURING**



**LOCAL GOODS**



**GHOST KITCHEN**



**WIFI ACCESS**



**FITNESS**



**BIKE MANUFACTURING**



**GROCERY**



**PHARMACY**



**URBAN FARMING**



**SELF CARE**





# Recommendation

## THREE

### **CREATE PROACTIVE STRATEGY TO TARGET IDEAL COMPANIES**

Attend and present at conferences

Setup relationships with local universities such as Georgia State or The Atlanta University Center Consortium (AUCC)

Build network of city and statewide economic development officer relationships (Ex. Georgia Power, Atlanta Chamber, etc)

Consider attending trade shows that generally attract target companies

Expand broker network and encourage collaboration amongst a broader group of individuals



# Recommendation

FOUR

## EMPLOY INTERIM PROGRAMMING AND ACTIVATION STRATEGIES

CATEGORY	TYPE OF ACTIVITY
Fitness	Aerobic: cardio, running, Zumba, martial arts
	Strength: boot camp, HIIT, calisthenics
	Low impact: tai chi, walking club, senior fitness
	Rec sports: kickball, soccer
Games	Lawn games: croquet, cornhole, mini golf, bocce
	Table games: ping pong, foosball, pool/billiards
	Board games: chess, Candyland, Settlers of Catan
	Card games: anything with playing cards, Uno, Apples to Apples, Cards Against Humanity
Music	Small/vocal: singer-songwriter, local bands, cabaret
	Popular: country, pop, rock, rap
	Small/instrumental: jazz combos, string quartets, Dixieland
	Soloists: piano, violin, guitar, accordion
Entertain-ment	International: Latin dance, African pop/drumming
	Screened: movies, sports, concert films
	Performances: large concerts, dance, theater
	Children/families: magic shows, puppet shows, concerts
Culture	Participatory dancing: salsa, ballroom, swing
	International: food tastings, art, performance
	Visual arts: sculpture, live artists
	Participatory: arts and crafts, photography classes, book club, writers club
Commerce	Literary: author talks, poetry readings, outdoor library
	Business: Business Talks, Entrepreneurs Club, Industry Talks, Coordination with NIA Building
	Farmers Market
	“Makers” / Craftsman Instructional Series - Coordination with NIA Building
Pets	Dog Owner Socials
	Pet Fashion Show
	Pet washing stations





# Recommendation

## FIVE

### **Alter pad sites to make more attractive to potential tenant**

Make modifications to combine pads and/or eliminate redundant streets to provide more marketable land



#### **BASELINE**

Uses existing site plan



#### **ALTERNATIVE ONE**

Move NIA parking to West

Combines pads 1 & 2

Reduce amount of surface streets for bigger pads



#### **ALTERNATIVE TWO**

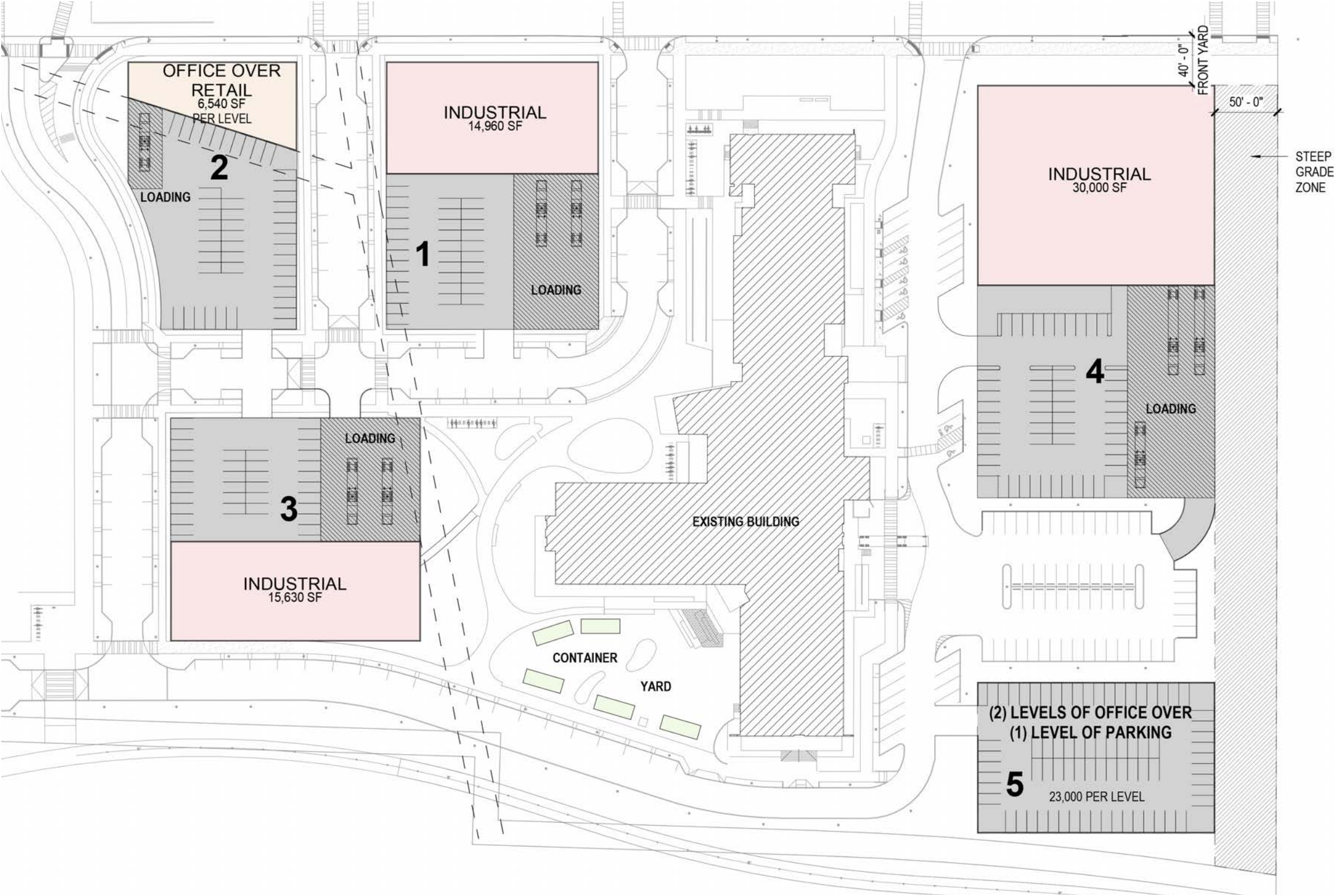
Build centralized parking garage

Remove surface street and consolidate pads 1 & 2



# Site Scheme

## BASE



SITE DATA LEGEND	
<b>PAD 1:</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	0.83 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	14,960SF
<b>PARKING PROVIDED:</b>	34 SPACES 2 LOADING SPACES
<b>PAD 2:</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	0.66 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	OFFICE OVER RETAIL
<b>BUILDING AREA:</b>	13,080SF
<b>PARKING PROVIDED:</b>	46 SPACES 1 LOADING SPACE
<b>PAD 3:</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	0.90 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	15,630SF
<b>PARKING PROVIDED:</b>	34 SPACES 2 LOADING SPACES
<b>PAD 4:</b>	
<b>ZONING:</b>	I-1
<b>PAD AREA:</b>	1.83 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	40'-0"
SIDE:	50'-0"
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	30,000SF
<b>PARKING PROVIDED:</b>	54 SPACES 3 LARGE LOADING SPACES
<b>PAD 5:</b>	
<b>ZONING:</b>	I-1
<b>PAD AREA:</b>	0.85 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	50'-0"
REAR:	NONE
<b>BUILDING TYPE:</b>	OFFICE
<b>BUILDING AREA:</b>	46,000SF
<b>PARKING PROVIDED:</b>	75 SPACES





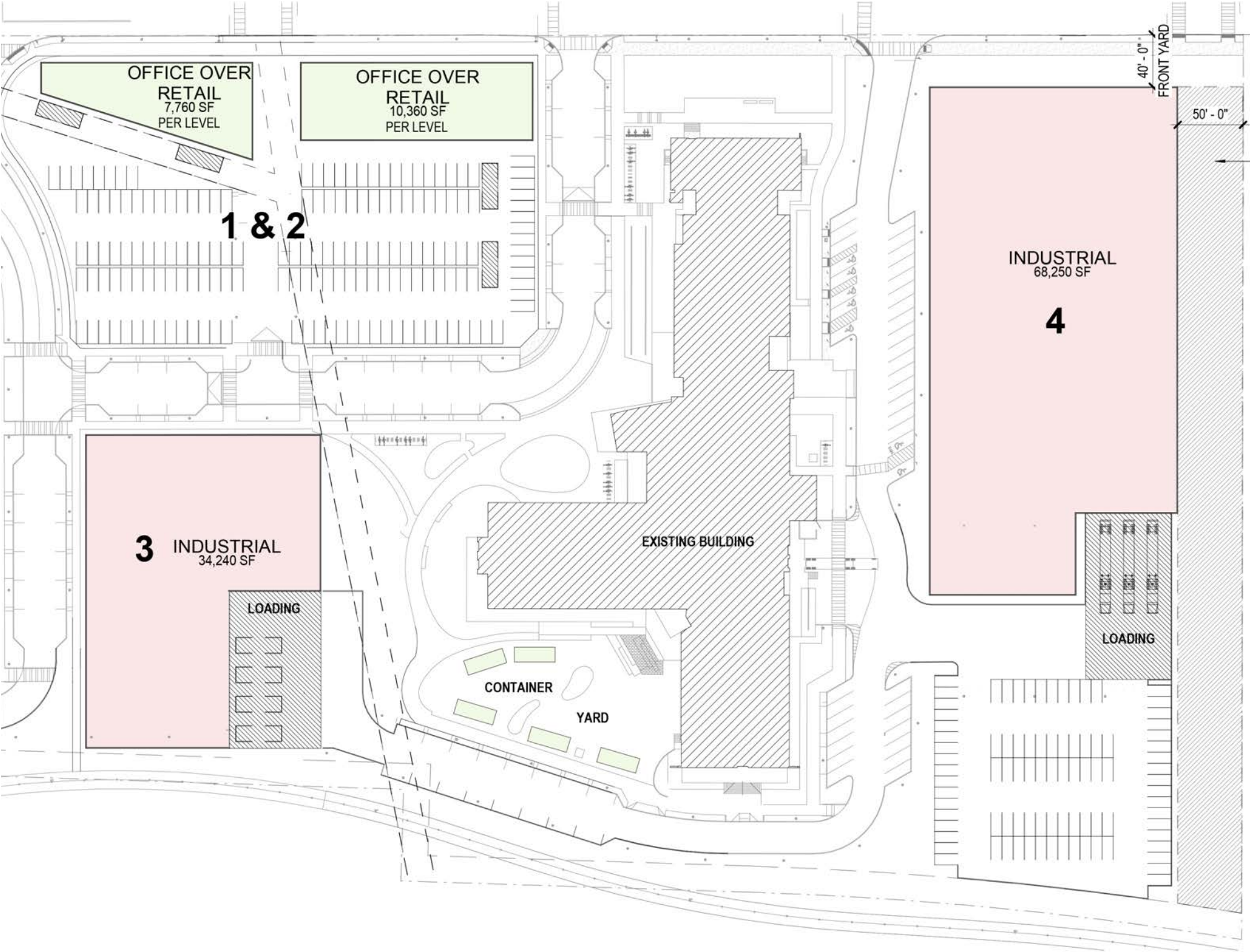






# Site Scheme

## ALTERNATIVE ONE



SITE DATA LEGEND	
<b>PAD 1 &amp; 2 (COMBINED):</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	1.96 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	OFFICE OVER RETAIL
<b>BUILDING AREA:</b>	36,240SF (COMBINED)
<b>PARKING PROVIDED:</b>	167 SPACES 4 LOADING SPACES
<b>PAD 3:</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	0.90 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	34,240SF
<b>PARKING PROVIDED:</b>	PARKING SHARED W/ PAD 1 & 2 5 LOADING SPACES
<b>PAD 4:</b>	
<b>ZONING:</b>	I-1
<b>PAD AREA:</b>	2.67 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	40'-0"
SIDE:	50'-0"
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	68,250SF
<b>PARKING PROVIDED:</b>	89 SPACES 3 LARGE LOADING SPACES





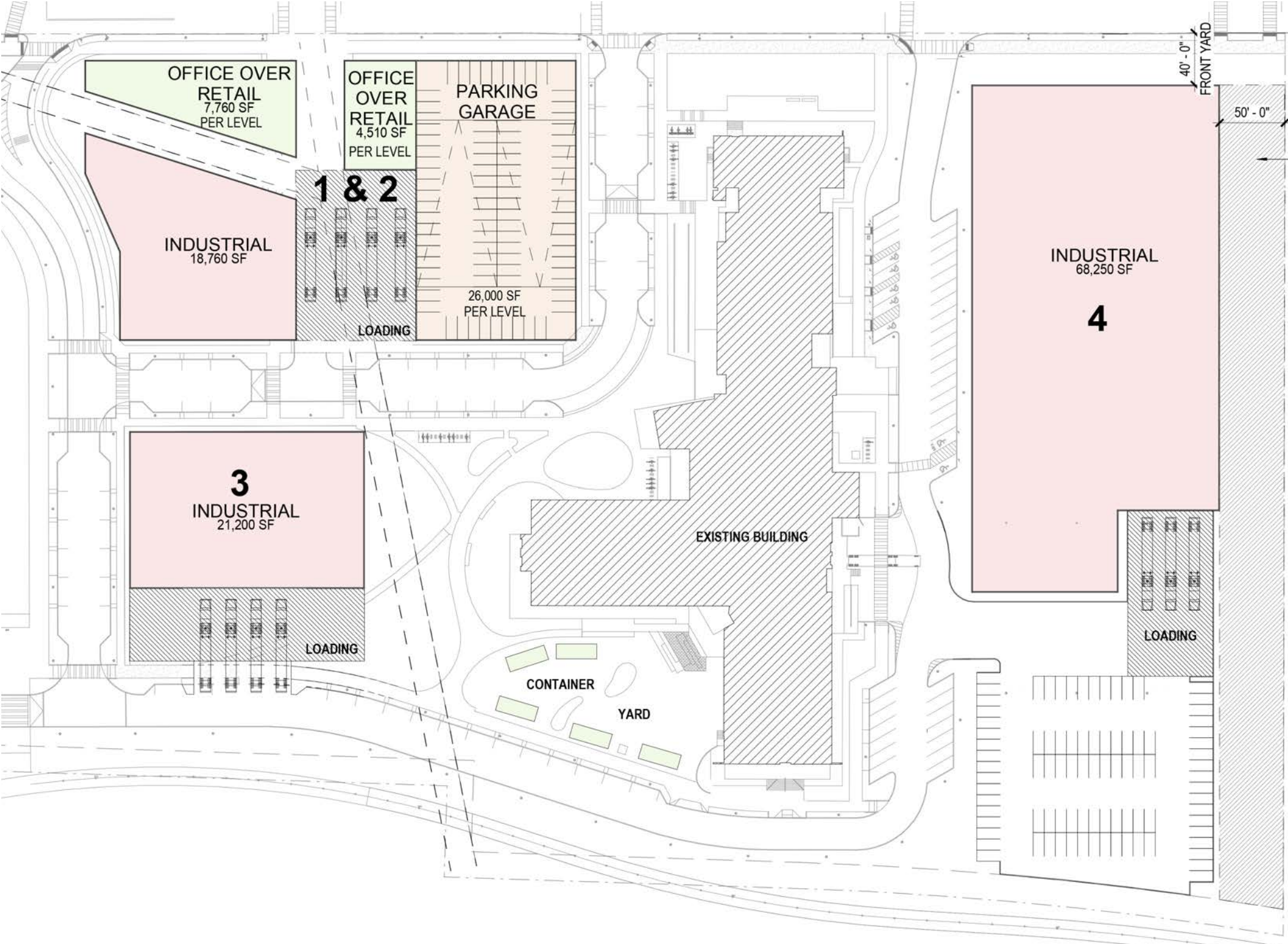






# Site Scheme

## ALTERNATIVE TWO



SITE DATA LEGEND	
<b>PAD 1 &amp; 2 (COMBINED):</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	1.96 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	OFFICE OVER RETAIL INDUSTRIAL
<b>BUILDING AREA:</b>	43,300SF (COMBINED)
<b>PARKING PROVIDED:</b>	250 SPACES (GARAGE) 4 LARGE LOADING SPACES
<b>PAD 3:</b>	
<b>ZONING:</b>	I-MIX
<b>PAD AREA:</b>	0.90 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	NONE
SIDE:	NONE
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	21,200SF
<b>PARKING PROVIDED:</b>	PARKING SHARED W/ PAD 1 & 2 5 LARGE LOADING SPACES
<b>PAD 4:</b>	
<b>ZONING:</b>	I-1
<b>PAD AREA:</b>	2.67 ACRES
<b>BUILDING SETBACKS:</b>	
FRONT:	40'-0"
SIDE:	50'-0"
REAR:	NONE
<b>BUILDING TYPE:</b>	INDUSTRIAL
<b>BUILDING AREA:</b>	68,250SF
<b>PARKING PROVIDED:</b>	89 SPACES 3 LARGE LOADING SPACES











This model was constructed for the purposes of evaluating future ground lease proposals. The goal of this model is to provide the Annie E Casey Foundation with a tool that will quickly and concisely allow them to review proposals, run various sensitivities, and compare the impact of ground leases vs. traditional construction. A comprehensive walk-through of this model is beyond the scope of this presentation, but we would be happy to find another time to walk through the model with any interested parties. Below are a series of screenshots that capture various features of the model.

BUILDING ASSUMPTIONS					
	SF	% of NRA	Market Rents	Discount Rates	Exit Caps
Office Over Retail	24,540	56.67%	\$30.00	8.00%	6.00%
Industrial	18,760	43.33%	\$8.25	8.00%	4.50%
Total	43,300	100.00%			

INDUSTRIAL

Pittsburgh Yards - Alternative 2 Scenario - Pads 1 & 2: Construction Budget			
Category	\$ Amount	PSF	% Category
Land Cost	\$532,481	\$28.38	17.2%
Hard Cost	\$1,725,920	\$92.00	55.7%
Soft Cost	\$431,480	\$23.00	13.9%
Contingency	\$147,445	\$7.86	4.8%
Interest Cost	\$83,021	\$4.43	2.7%
Operating Deficit (6 Mos)	\$77,385	\$4.13	2.5%
Development Fee	\$98,610	\$5.26	3.2%
Total Building Costs	\$3,096,342	\$165.05	100.0%
Parking	\$0	\$0.00	0.0%
Total Project Costs	\$3,096,342	\$165.05	100.0%

Parking Deck Construction Budget			
Type	Cost Per Space	# Spaces	Total Cost
Surface: Low Estimate	\$3,000	-	-
Surface: High Estimate	\$5,000	-	-
Precast: Low Estimate	\$15,000	-	-
Precast: High Estimate	\$20,000	-	-
Cast-In-Place: Low Estimate	\$30,000	-	-
Cast-In-Place: High Estimate	\$35,000	-	-

Construction Debt Assumptions		
Construction Loan	65.0%	\$2,012,622
Equity	35.0%	\$1,083,720
Loan Fees	1.0%	\$20,126
Interest Rate		5.50%
Monthly Debt Service (IO)		\$9,225
Construction Timeline		18 Months
Months Interest Drawn		9 Months

5.0%

4.0%

# FINANCIAL MODEL

## GROUND LEASE VALUATION MODEL

OFFICE OVER RETAIL

Pittsburgh Yards - Alternative 2 Scenario - Pads 1 & 2: Construction Budget			
Category	\$ Amount	PSF	% Category
Land Cost	\$696,540	\$28.38	4.7%
Hard Cost	\$6,135,000	\$250.00	41.8%
Soft Cost	\$1,472,400	\$60.00	10.0%
Contingency	\$698,915	\$28.48	4.8%
Interest Cost	\$393,533	\$16.04	2.7%
Operating Deficit (6 Mos)	\$368,100	\$15.00	2.5%
Development Fee	\$537,718	\$21.91	3.7%
Total Building Costs	\$10,302,205	\$419.81	70.2%
Parking	\$4,375,000	\$178.28	29.8%
Total Project Costs	\$14,677,205	\$598.09	100.0%

Parking Deck Construction Budget			
Type	Cost Per Space	# Spaces	Total Cost
Surface: Low Estimate	\$3,000	-	-
Surface: High Estimate	\$5,000	-	-
Precast: Low Estimate	\$15,000	250	\$3,750,000
Precast: High Estimate	\$20,000	250	\$5,000,000
Cast-In-Place: Low Estimate	\$30,000	-	-
Cast-In-Place: High Estimate	\$35,000	-	-

5.0%

4.0%

Construction Debt Assumptions		
Construction Loan	65.0%	\$9,540,183
Equity	35.0%	\$5,137,022
Loan Fees	1.0%	\$95,402
Interest Rate		5.50%
Monthly Debt Service (IO)		\$43,726
Construction Timeline		18 Months
Months Interest Drawn		9 Months



# FINANCIAL MODEL

## GROUND LEASE VALUATION MODEL

PROPERTY DESCRIPTION		
Property Name	Pittsburgh Yards - Alternative 2 Scenario - Pads 1 & 2	
Address	352 University Ave SW, Atlanta, GA 30310	
Land Size (SF)	1.96 Acres	85,378 SF
Leasehold Net Rentable Area (SF)	50.72% Coverage Ratio	43,300 SF

INVESTMENT TIMING		
Ground Lease Start Date		Jan-23
Next Ground Lease Payment		Jan-23
Ground Lease Length (Years)	600 Months Total	50.0 Years
Ground Lease End Date	600 Months Remaining	Dec-72
Analysis Start Date		Jan-23
Analysis Period	600 Months Analysis Length	50.0 Years
Analysis End Date		Dec-72

GROUND LEASE TERMS		
Start Date		Jan-23
Original Lease Term	600 Months	50.0 Years
Ground Lease Term Remaining	600 Months	50.0 Years
Initial Payment Amount (Annual)	\$1.15 PSF NRA	\$50,000
Lease Increase Method		% Inc.
Increase Frequency	Once every 5 year(s)	5
Increase Amount (% Inc.)	One 10.00% increase every 5 year(s)	10.00%
Payment Frequency		Annually
Next Payment Amount (Annual)		\$55,000

VALUATION (FEE & LEASEHOLD)		
Ground Lease Reversion Value		
PSF NRA		
Current NOI (Annual Before Ground Lease Payment)	\$20.58	\$890,970
Market Cap Rate		5.35%
Current Property Value	\$384.60	\$16,653,285
- Retenancing Costs (Nominal)	\$35.00	\$1,515,500
Net Reversion Value (Nominal)	\$349.60	\$15,137,785
Reversion Value Growth Rate (Per Year)		1.00%
Reversion Value (Adjusted for Growth)		\$24,896,084
Ground Lease PV Valuation		
PSF Land		
Discount Rate		8.00%
Present Value	\$14.40	\$1,229,021
Ground Lease Cap Rate		4.48%
Leasehold Valuation		
PSF NRA		
Current Property Value (Fee Simple Interest)	\$384.60	\$16,653,285
Ground Lease Present Value	\$28.38	\$1,229,021
Net Leasehold Value	\$356.22	\$15,424,265

GROUND LEASE RETURNS (UNLEVERED)	
Ground Lease Investment Cost	\$1,229,021
Unlevered IRR	8.32%
Unlevered Equity Multiple	23.50x
Net Profit	\$27,651,419

GROUND LEASE RETURNS (LEVERED)	
Ground Lease Investment Cost	\$1,229,021
Ground Lease Loan Amount	65.0% \$798,863
Annual Interest Rate	5.50%
Months IO	600 Months
Amortization	50 Years
Loan Maturity	Dec-72
Levered IRR	9.66%
Levered Equity Multiple	60.17x
Net Profit	\$25,454,545

GROUND LEASE NET CASH FLOW (UNLEVERED)											
Analysis Year	-	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
Analysis Month	-	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	
Analysis Date	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	
Ground Lease Cost	(\$1,229,021)	-	-	-	-	-	-	-	-	-	-
Lease Payments	-	\$50,000	-	-	-	-	-	-	-	-	-
Reversion Value	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(\$1,229,021)	\$50,000	-	-	-	-	-	-	-	-	-

GROUND LEASE NET CASH FLOW (UNLEVERED)											
Analysis Year	-	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1	Year 1
Analysis Month	-	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	
Analysis Date	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	
Ground Lease Cost	(\$1,229,021)	-	-	-	-	-	-	-	-	-	-
Loan Funding	\$798,863										
Lease Payments	-	\$50,000	-	-	-	-	-	-	-	-	-
Debt Service	-	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)
Reversion Value	-	-	-	-	-	-	-	-	-	-	-
Loan Payoff	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(\$430,157)	\$46,339	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)	(\$3,661)



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# Financial Model

## REVIEW OF GROUND LEASE STRUCTURES

**Owner:** The Annie E. Casey Foundation

**Developer:** TBD

**Property:** Leasehold interest of 5.069 acres located at 352 University Ave SW, Atlanta, GA 30310 and the air rights over the existing Pittsburgh Yards site

Base Rent and Escalations: \$TBD per year starting rent commencement date

Annual Escalation: 1-2%

**Term:** 99 years

**Ground Lease Closing:** To occur upon Developer obtaining the following (collectively the “Approvals”): (i) all permits and approvals required to construct the Project, (ii) agreement on final plans, specifications and other construction drawings, (iii) a final construction budget for each component thereof based on such construction documents, (iv) the GMP as shall be in a form and with a contractor reasonably acceptable to the parties, to be executed at Closing, (v) the availability of construction financing to build the Project based on such construction documents and budget, and (vi) such other matters as are agreed by the parties.

**Rent Commencement:** Upon receipt of a certificate of occupancy for the Project

Capital Event Participation: 1% of the amount actually received by Developer from a Capital Event (i.e., gross sale price to an unrelated third party or net proceeds (after loan payoff) from refinancing of such Project Improvements); the Participation Rent shall after (a) return to Developer of all cash invested by Developer as verified and confirmed by audited financial statements (which Developer shall make available to The Annie E. Casey Foundation for review), (b) payment of required amounts to Developer’s equity investors, as disclosed to The Annie E. Casey Foundation prior to execution of the applicable arm’s length equity agreement or amendments thereto with unrelated third parties, and arm’s length lenders, and (c) all reasonable expenses due third parties and incurred in connection with the Capital Event transaction. Capital event participation expires after the first arm’s length sale to an unrelated third party, excluding foreclosures or a transfer in lieu of foreclosure. Upon payment of Participation Rent upon a sale/transfer of the Air Rights Lease or Ground Lease, Developer shall be released from the requirement to pay additional Participation Rent

**Due Diligence/Inspection Period:** 120 - 180 days after execution of Definitive Agreements

**Good Faith Deposit:** \$TBD to be held by The Annie E. Casey Foundation negotiations of Definitive Agreements

**Timing:** Developer’s right to the site shall run for a period which shall expire on the date that is 10 years from the effective date of the Definitive Agreements, which may be extended with the approval of The Annie E. Casey Foundation



# PITTSBURGH YARDS

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## APPENDIX

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# Market Research

## DETAILED FEEDBACK FROM INDUSTRY EXPERTS

- Retail rates don't support new construction - either adaptive use or need other use to carry the load or significant incentive dollars to offset the gap. For example, multifamily is supporting the retail like in Chosewood - \$20/sf
- Without residential, you don't have anchor use
- The only users that can make sense are groups building their own facility versus developer building spec and leasing to someone
- Probably 15,000 count road, national probably wouldn't consider but given location off beltLine and highway - there is demand for target or grocer if incentives are given. Economically, those use demands are not high enough to really want to get in - will still need incentive.
- Job creation, urban manufacturing - great for logistics but not what AECF wants
- Industrial sites needed whole site - not just pads
- Key is to bring in Master Developer to run the process
- Initial community engagement process has been streamlined over time - the initial process was very broad ranging, almost too broad before realities were put in place.
- Residents were allowed to dream big before easements, zoning, contamination were outlined.
- Why no housing on site?
- Number of residents has drastically reduced
- AECF doesn't want to lose opportunity to do the industrial where the potential for growth exists
- How do you allow for people without high levels of education to be employed?
- Look at film industry, custom set design, sewing, furniture
- Growth of health sector in Atlanta - last mile in terms of health/ hospitals.
- Mechanics
- Groceries - not great career trajectory, low wages, takes huge amount of land
- Master developer might be interested if end users were identified. Matchmaking would be needed as most end users won't develop their own buildings.
- Ideal partner would be urban developer, adaptive use, used to challenging tight sites. Someone not intimidated by economic risk.
- No to jobs that require bachelor or masters degree. Tech jobs no - unless they're entry level.
- Urban League, Atlanta Tech, Tech Bridge, etc can work with companies to prepare people for those positions with employers.
- Consider Capitol Manor - those residents would likely not support variance or rezoning - would have concerns with it being too high. No concerns with foundation in terms of height.
- It is different land, not large enough to be full scale manufacturing plant. More suitable for smaller size companies 10k or 20k feet but they don't want to build their own space.
- Consumer facing - neighborhood doesn't want traffic and parking is limited, might need to rely on programming. Consumer facing

- activities look completely different today - what does it mean to bring these offerings to under served neighborhoods? Ghost kitchens? Ghost stores? Vertical farming?
- Reach out to Meals on Wheels or Food Bank to have a satellite location, last mile to better serve the neighborhood and area
  - Urban health and wealth theme - exercise? Need density so not sure but should explore
  - Is there a CVS minute clinic nearby?
  - Would be good to have opportunities to scale up from NIA building
  - Don't sell it, use longer leases as attractor
  - Four pads need to speak to larger investment and needs to tell a story.
  - Urban mobility - custom bike manufacturer? City repair area?
  - Food is a good theme. Something that folks could access groceries not in cars. Last mile drop off for groceries like Amazon lockers. Maybe not brick and mortar but get creative on delivery front for grocery delivery. Partnership with Fresh Harvest??
  - A use such as modular construction facility might be truck and materials intensive, if you can't get manufacturing there, could you find something else with the theme? Perhaps training or other use? Techniques for land maintenance? Affordable housing is suffering from lack of labor force - could we train to add to workforce?
  - Capitol View Manor - very vocal, NIMBY at the time of the study, not on board with manufacturing. Concern about on/off for the highway even difficult for box trucks.
  - There's basically no surrounding or complimentary retail in this location
  - That's going to be one of your biggest challenges - the lack of retail in the area;
  - Anyone interest in expanding would go across the highway or move up towards Lee & White
  - "I don't know who is doing ground leases these days other than car washes and Seven Eleven (but they make you build to a 6.25% yield)"
  - The problem with this is that it's a mid-block location on a road that is predominately surrounded by lower income housing so there's really nothing that's going to attract prospective tenants
  - Other than a dollar store or an oil-change store, it's going to be hard to attract any major retailers down here; You could get a fast food restaurant (Popeyes has been expanding)
  - Problem with all of these concepts is that they're heavily franchise-driven so you have to talk to corporate to get in touch with the franchiser, and then go talk to the franchiser and then convince them to do a ground lease
  - Almost no examples of industrial guys doing ground leases in their experience (infill markets)
  - Historically there hasn't been a need to do ground leases because industrial land wasn't valuable enough to necessitate a ground lease; nowadays developers want to control their land
  - Not large enough to have a traditional warehouse
  - Area isn't dense enough to warrant a last - mile distribution center;
  - All of the strong last-mile / van pool sites are in high-demographic areas
  - Access to highway is good but only groups that really need to be next to the

- highway is the bulk groups (Amazon, FedEx, UPS, etc.) but those sites needs to be accommodate 225,000 - 1,000,000 SF; the 225,000 SF deals are state-of-the-art facilities that are super efficient;
- This isn't a target market
  - 30-40% FAR for industrial development is typical; the best developers can do 15-20% FAR and reserve the rest for van parking, but that's pretty rare and only on the best sites; Faropoint is doing mainly 40-45% FAR
  - Even if you do get an industrial use there, the sheer amount of traffic that will be generated by that use will harm the neighborhood, not help
  - Putting an industrial use near these neighborhoods actually hurts the neighborhood - create lots of traffic, pollution, beats up streets, dangerous for children, noise, doesn't help home values, etc.
  - Look at what Lee & White did for the home values in that neighborhood - home value appreciation is one of the number one ways to create generational wealth
  - The number one thing they should put at this size is a grocery store; Second is a daycare center or a small library with free WIFI
  - Ground leases aren't common but some folks will do them
  - In order to calculate the rent for the ground lease you take the ultimate sale price of the building and then back out your construction costs and that gives you your land basis; from that point you want to discount your land value back at your exit cap and that's your annual payment
  - Biggest problem is the size - the pads are too small to make it work; 30% coverage is really high (if you have a 100,000 SF bldg., you need like 400,000 SF of land to make it work); 20%-25% coverage is more normal
  - Once you net out set backs, drive ins, van aisles, dock aprons, you end up at like 25-30% land coverage, which makes the size of these pads very difficult for any sizable development; if they had interest in combining several of the pads, that may attract more developers
  - Regardless this isn't a good location for industrial, especially last mile where you want to be close to affluent demographics;
  - Van traffic will erode the value of the homes around this location
  - Waste of beltLine frontage to put industrial on this location
  - For a modular construction facility, the pads are too small, Greenville site is 170,000 sf and in technology park and has abundant storage.
  - In urban area, would need 10-12 acres for just in time storage (max 2-3 week storage)
  - Might need a staging area, economics = every time you pick up the container and put it somewhere, it costs money - so you want as few picks as possible. Would add cost. And would not do on a long-term basis - would find a place that could just rent for length of the project only.
  - Murphy crossing was close to being too small
  - These lots are very, very small - and really don't know of any industrial use for which they could be developed.
  - Users need to be Whole Foods-esque to execute a ground lease
  - No current sports team or university draw
  - Chase Bank could be attracted
  - Autozone, QT, Fetch dog park, music venue, library, county fitness center, rehab facility, art gallery are possible uses



# Market Research

## DETAILED FEEDBACK FROM INDUSTRY EXPERTS

- Hard to attract outpatient services given the demographics of the market
- Smaller industrial tenants - siding companies, HVAC companies, etc - may pay \$12/SF but can't build their own buildings
- Smaller groups can't pay more than \$30k/month
- Putting the NIA building right in the middle hurt the whole property - makes parking very difficult
- Add a parking deck to one of the pads?
- Partner with Georgia Tech or other university?
- One of the challenges has been identifying prospective tenants who have capacity and technical know-how that can do ground lease and construct a building. Basically need to have development and financing skills.
- Inquiries include charter schools, residential developer, pet care business, art center, mixed use, two theaters, ice cream company, bottle recycling facility
- They do their own research and realize it's much too large a challenge
- Constructing building on 50-year lease was too much know-how
- Suggest putting together marketing package for master developer
- Attend economic conference, associated collateral material
- Possibly advertising somewhere
- A lot of requirements on potential tenants including past record of community contributions such as employees sponsoring activity, meaning community engagement, job shadowing, commitment to partnering with local work force development organizations, show track record of hiring from local labor pool. Commitment to hiring second chance employees, reporting data on continuous basis
- Pad sites are very small compared to average size of manufacturing facility, not room to maneuver truck traffic and loading dock
- The pad sites are too small to accommodate a manufacturing facility
- Suggest reconfiguring the site plan and combining the pad sites to create larger footprints and make them more attractive to users
- Previous potential tenant was a company that makes nanotubes - small carbon filaments, didn't have the money and PY wasn't ready yet. Would be ideal company.
- Something small that employs local people - what would that look like for advanced manufacturing? Like place out of Tech but there are sites that are closer to tech that are more ideal.
- Things that may come out of Georgia State -incubator side. Just a mile from Georgia State expansion at the stadium. Get relationship with GSU and incubator companies.
- Not a great location for commercial site
- How do we use BeltLine effectively? Could there be a commercial opportunity now like restaurants and brewpubs that do create jobs.
- Bakery on Murphy - recently lost which is unfortunate. 400 jobs left. Perhaps opportunity here for a similar use?
- Atlanta is losing industrial everywhere b/c it's all getting commercial and residential.
- They're swimming upstream - the desire target is not being created in the numbers and the capital needed to build out those sites.
- If you build 25,000 sf building, probably \$100/sf or \$150/sf to build out. What kind of cash flow do you need to make that work? How much does the company have to pay for rent? Rent 6-7% of cash flow. Would need this size and space - then go backwards from there.
- GP team could help go backward and generate target list that might be viable and are minority companies and willing to hire local.
- What are local people skilled to do and what do businesses need? Concern there is a disconnect there
- Ground lease opinion - it makes land affordable at least, but do you want a 50-year land lease for something that lasts 20 years?
- Risk is too high - don't own the property. From a tax standpoint does it even make sense?
- Site coverage opinion - 35% not bad for coverage
- Multi story opinion - looking at two story building to be able to fit what they need
- Who wants to spec build? Too much risk especially when you don't know what will be there. Brewery? Bakery?
- BeltLine masterplan required street grid into the property, but was every street required?
- A lot of surface area devoted to streets
- Challenges with topography and connecting University Avenue
- Road behind - for tractor trailer to be able to navigate the pads, allows for vehicular accessibility to the Western site
- Curation of tenants for pad sites: installed storm-water detention vault and its already accounted for. Already stubbed for sanitary and water - street lights, sidewalks, and streetscaping are all in place.
- Foundation criteria for attracting tenants: a lot of focus on the defensive approach
- Needs offensive approach: Who are the ideal tenants and how do we secure those tenants.
- Large number of tenants - too large of industrial operations/manufacturing that could cause desolation when tenant leaves.
- Engaged broker is necessary
- Guide them to a motivated broker - had three individuals and there wasn't a concentrated or motivated effort.
- Past interest - attracted the philanthropic groups, hesitancy to make the campus a non-profit hub. Want for-profit operators. Some didn't provide high enough density of jobs. 1 job for every 5,000 sf wasn't appealing. Tone may be a different than 3 years ago - not desperation but more open to variety of ideas now.
- Future parcels should have more of the same as NIA at larger scales.
- Present other real estate means of ensuring the goals go with the land by covenants, CCRs, restrictions etc to be able to get rid of ground lease.
- Can job creation and density be on the western half of the site? Retail activations on the inner 3 pads?
- An acre of land on beltLine went up 500k in the last year - the longer they wait the more valuable the land becomes
- Philanthropic or capitalistic?
- Combining pads could be possible - a lot of bedrock on site so burying utilities is expensive.
- Can't sell/rearrange to the west or the parking lot to the east until 2025
- Large shared use kitchen operator for food entrepreneurs - PrepATL, ghost kitchen/shared kitchen space. Didn't require much parking b/c workers took public transportation or walk. Didn't pan out b/c they landed somewhere else more incentivized.
- Last mile prep and delivery - food prep, ghost kitchens. Benefit from close proximity.
- GA power is getting a lot of requests for building space due to the headaches around the logistics, cost, and time of constructing a building
- Users are less likely to build their own building due to their size and the logistics of building a building
- Typically the sites that GA Power is working on is larger than the sites available at Pittsburgh Yards
- Some smaller companies coming out of Western Europe that are looking for interesting places and BeltLine location is attractive
- Hartsfield is a huge driver for many of the companies that they're talking to; Incentives are not as important anymore - its more about workforce and access to talent
- Tenant sizes ranging from 2,000 SF to 50,000 SF
- There is definitely a need for space of sizes that we have at Pittsburgh Yards
- Look at Candler Warehouse for examples of prospects (staging, arts, film, etc.)
- Smaller sites do not benefit from economies of scale so it creates difficulties in attracting tenants (especially from the rate side of things)
- Steve thinks that ground leases may be an impediment
- Could foundation form an LLC and contribute the land to the venture?
- This is a hard sale right now (small sites, high costs, parking constraints, tight corners from a trucking perspective)
- If you get into that 50,000 - 100,000 SF tenants then you get into a different subset of company and will allow them to grow into that space
- Less than 50,000 SF really restricts growth potential of tenants
- The more flexibility, the better; the larger the floor plates, the more you can subdivide or combine
- There's a huge demand for commercial space on the beltLine







The image is an aerial photograph of a large retail site located at the intersection of University Ave SW and I-75/85. The site is outlined in yellow. Several callouts provide information:

- Top Left (Green Callout):** "We estimate the 120,000 SF of supportable retail will take up 12 acres of the site. Without either hard corner (on Metropolitan or I-75/85) we recommend the retail component be placed at the mid point of the site with primary ingress/egress from the existing signalized intersection at McDaniel Street. With challenged market economics the development will likely need to take on a fairly typical suburban format."
- Top Right (Blue Callout):** "The subject site is currently used for commercial purposes and is not a high-visibility site. The subject site is currently used for commercial purposes and is not a high-visibility site. The subject site is currently used for commercial purposes and is not a high-visibility site."
- Right (Yellow Callout):** "262,200 AADT" (Average Annual Daily Traffic).
- Center:** Various retail logos are overlaid on the map, including ALDI, CVS/pharmacy, FRIEDS, Red Lobster, Kroger, ACE Hardware, FIVE GUYS, and WILLY'S MEXICANA GRILL.
- Bottom Left (Green Callout):** "A Key Note About Grocery Anchored Centers. Retail sales are driven by patron traffic to the center. With less than ideal traffic counts along University Avenue an anchor tenant capable of drawing in patrons is an important component of capturing this traffic. In the above example the grocery store is the anchor and will be the primary draw for patron traffic to the development. Grocery stores understand they are the anchors/drivers and as such (along with their larger footprint) get the lowest lease rates resulting in very little owner profit margin on their space. Given this, it is critical that any grocery store (loss leader anchor) be accompanied with a minimum of 20,000 SF of small shop space in which for the owner to make their profit margin on."
- Bottom Center (Green Callout):** "A key component of the site is the future connection to the BeltLine. We believe the market will require the retail component to be in a fairly typical surface parked suburban format, however if possible connections and potential dual entrances should be planned for the grocery and limited-service restaurants on to the BeltLine. Perhaps the addition of rear patio spaces off the restaurants adjacent to the BeltLine."
- Bottom Right (Green Callout):** "This program leaves approximately 12 acres including most of the unique remaining structure on the site for community/cultural enhancing uses. There is potential to leverage the retail demand for grocery and or specialty food, foregoing the conventional tenant/operators, and attempt to create a unique farmers market or co-op experience. Such an innovative concept would benefit from placement within an adaptive re-use of the existing structure. More on this on the following exhibit."

One of the greatest barriers to enticing private development to build conventional retail on the site will be the adjacent unsightly uses across University Avenue and in the approach off I-75/85. Additionally the parcels between the subject site and I-75/85 represent a prime opportunity to drastically increase the subject site's visibility through signage. We recommended targeted acquisition of both when feasible.

**\*\*\*A Key Note About Grocery Anchored Centers**

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With less than ideal traffic counts along University Avenue an anchor tenant capable of drawing in patrons is an important component of capturing this traffic. In the above example the grocery store is the anchor and will be the primary draw for patron traffic to the development. Grocery stores understand they are the anchors/drivers and as such (along with their larger footprint) get the lowest lease rates resulting in very little owner profit margin on their space. Given this, it is critical that any grocery store (loss leader anchor) be accompanied with a minimum of 20,000 SF of small shop space in which for the owner to make their profit margin on.

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There is potential that the grocery store demand could be met in a non-traditional layout such as an open or partially open air market and/or regional indoor farmers market (such as DeKalb Farmer's Market). The challenge however to such a non-traditional layout is the lack of operators for such in the Atlanta market. Examples exist for temporary or weekend pop-up outdoor market operators, but only two operators exist for more permanent, full-time concepts - the State and DeKalb Farmer's Market. Getting either of these operators on this site is unlikely given their existing facilities and DeKalb's planned expansion.

