



# **GATEWAY MARIETTA CID**

Existing Conditions, Impact, and Future Growth Analysis

Prepared for Gateway Marietta CID

By Bleakly Advisory Group



**Bleakly**AdvisoryGroup

September 2019



**GATEWAY  
MARIETTA**

COMMUNITY IMPROVEMENT DISTRICT

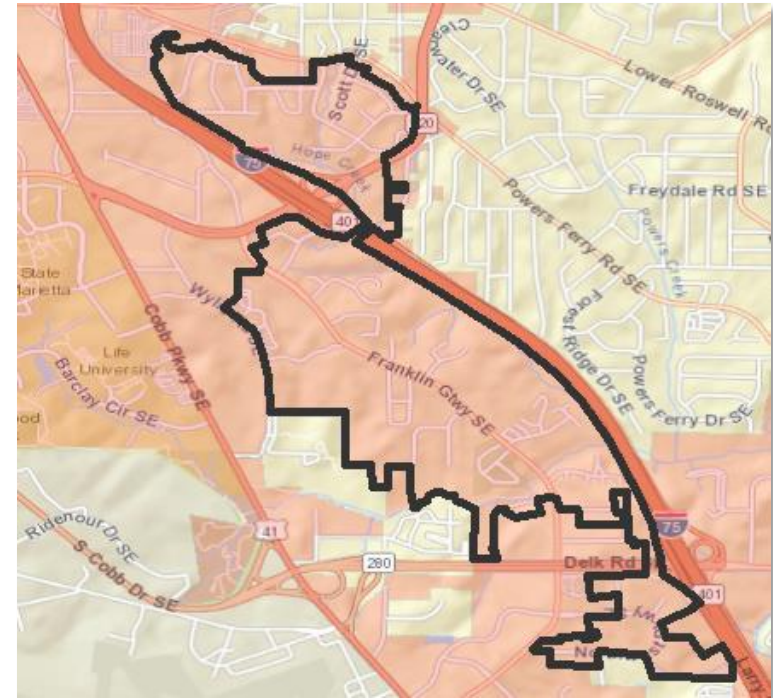
# INTRODUCTION

- This report examines the Gateway Marietta CID, its workforce and employment profile, commercial real estate inventory, and its impact on the jurisdictions to which it contributes:
  - City of Marietta
  - Cobb County
  - Marietta Public Schools
  - State of Georgia
- The impact assessment includes:
  - Economic impact—which measures economic activity, both direct and indirect.
  - Fiscal impact—which assesses the public revenues generated by the area.
- In addition, the report forecasts potential growth scenarios within the district to better understand the potential CID revenue growth over a ten-year horizon.

Bleakly Advisory Group, Inc. is an Atlanta-based real estate and economic development consulting firm, founded in 2001, that provides advisory services to public and private sector clients throughout Georgia and the Southeast.

This engagement was led by Geoff Koski, Bleakly's President.

## Gateway Marietta CID



 CID Boundary  City of Marietta

## REPORT CONTENTS

- Executive Summary
- Summary of Activity in the CID
- CID Impact Assessment
- Future Growth Forecast
- Conclusions

# EXECUTIVE SUMMARY

## Summary of Economic Activity in the CID

- The Gateway Marietta CID area is the location of 6,000 jobs, which is 6% of the workforce in the City of Marietta.
- On 4% of the property within Marietta, the CID area is home to 9% of the amount of commercial real state square feet in the city.
- The CID operates in a small geographical area and, thus, the amount of commercial space and tax base is relatively limited compared to the other two Cobb County CIDs.
- The land usage is generally efficient within the CID boundaries, which is typical for a commercially-oriented district with higher-density building types.
- 29% of the land in the CID boundary is devoted to commercial or industrial uses. The City of Marietta owns 11% of the land in the CID.
- The nature of the land use and ownership in the Gateway Marietta CID boundary is generally a limiting factor in revenue generation for the CID.
- In order to remain competitive as a regionally-significant commercial center, new commercial real estate development in the CID is likely going to be necessary in the near future.

## CID Impact Assessment

- The employment sector driving the most payroll activity in the CID area is the Professional and Technical Services sector.
- Professional and Technical Services jobs are some of the highest paying jobs in the Atlanta metro economy, the region, and the CID, continues to attract companies in this sector during this economic cycle.
- Private commercial property owners in Gateway Marietta CID area contribute \$3.5 million in property taxes to the City of Marietta, Cobb County, and the CID.
- Last year within GMCID there were an estimated \$66.5 million in retail sales. This generates estimated sales taxes of \$665,000 for Cobb County, of which \$52,500 would be allocated for City of Marietta, \$665,000 for City of Marietta Schools, and \$2.7 million for the State of Georgia.
- Business activity within the Gateway Marietta CID generated a direct contribution of \$426 million in 2019, inducing additional indirect impact of \$277 million, **for a total economic output of \$703 million.**

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# **SUMMARY OF ACTIVITY IN THE CID: REAL ESTATE**

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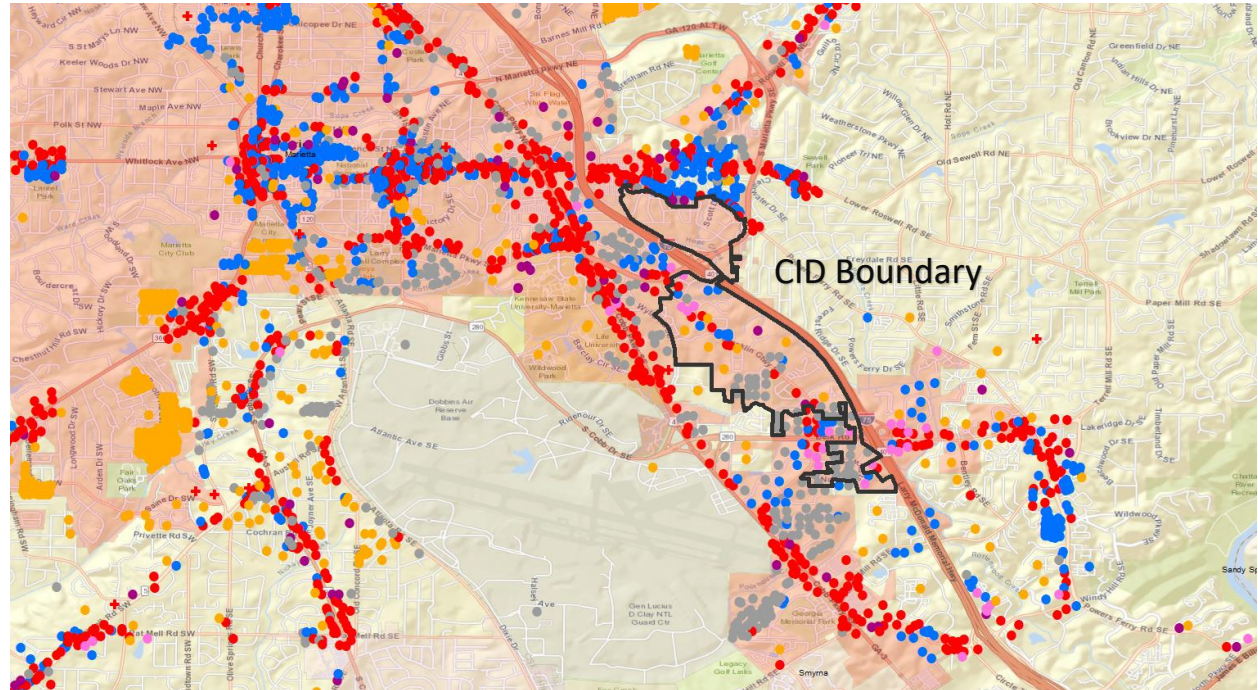


# REAL ESTATE ASSESSMENT

## GEOGRAPHY

- The Gateway Marietta Community Improvement District (CID) represents 580 acres within the limits of the City of Marietta, in Cobb County Georgia, one of the core counties of the Atlanta Metropolitan Statistical Area.
- The CID's major thoroughfare is Franklin Gateway.
- Most of the real estate, economic, and demographic data in this report is compiled for the boundaries of the Gateway Marietta CID. For context and comparison, data is also provided for the City of Marietta and in some cases the Atlanta metro region.

Location of Commercial Space within City of Marietta & Gateway Marietta CID



Source: Bleakly Advisory Group based on data from CoStar

- The map above shows the distribution of commercial buildings in and around the CID, color-coded by land use. The CID has a balanced mix of retail, flex/industrial, office, multifamily, as well as single-family homes.



# LAND USE & OWNERSHIP

Land Use	Parcels	Acres	Pct. Of CID
<b>Commercial</b>	31	101.3	17%
<b>Industrial</b>	31	106.2	18%
<b>Residential</b>	677	312.2	54%
<b>Other</b>	11	60.5	10%
<b>Total</b>	750	580	100%

- The Gateway Marietta CID contains 750 land parcels totaling 580 acres.
- 36% of the land in the CID boundary is devoted to commercial (retail, office, or industrial) uses.
- 54% of the land is devoted to residential uses. Georgia law exempts owners of residential properties from paying CID taxes.
- As shown in the table at right, the largest property owner in the CID by acreage is the City of Marietta, with approximately 11% ownership. This land is also tax exempt.
- The nature of the land use and ownership in the Gateway Marietta CID boundary is generally a limiting factor in revenue generation for the CID.
  - While residential properties do not directly contribute to the CID, local residents create commercial activity that supports local businesses, stores, restaurants, and office, which in turn do contribute to CID revenue.

Owner	Parcels Owned	Acres Owned
MARIETTA CITY OF	7	64.536
IKEA PROPERTY INC	1	34.43
AVISTONE NORTHWEST H LLC & ET	5	32.856
ORP GALLERY MARIETTA LLC	1	26.842
MARIETTA GATEWAY LLC	6	26.108
ATLANTA INDUSTRIAL OWNER LLC	7	24.379
NAVA CROSSINGS LLC	1	23.363
58 NOTTING HILLS LLC	2	23.069
MAIN STREET RESIDENTIAL FAIRCH	1	19.522
BELLA GRAND LLC	1	14.213
LIBERTY POINTE LLC	1	14.096
FRANKLIN NEWCO LLC	1	13.785
DELK ROAD INVESTORS LTD	5	13.051
PARKWAY CENTER PROPERTIES LLLP	2	12.142
BENTLEY FARM PROPERTIES LLLP	1	11.866
TAURUS CD 197 SE INDUSTRIAL PO	3	11.662
FG PARTNERS WEST LLC	2	9.577
KINGSTON COURT BUSINESS PARK	5	9.381
CASTLEBROOK OWNER LLC	1	8.105
FRANKLIN FOREST INVESTORS LLC	1	7.322
MCMULLAN RUBE G	3	6.162
CROW FAMILY HOLDINGS INDUSTRIA	1	5.149
PARKWAY CENTER LAND DEVELOPMEN	1	5.114
NAZARETH PLAZA LLC	1	4.637
RGM PROPERTIES PARTNERSHIP LLL	15	4.235
814 LIVINGSTON LLC	1	4.189
LLJ FRONTERA ATLANTA VENTURES	1	3.73
MARIETTA HOTEL INVESTMENTS LLC	1	2.562
ERBE INC	1	2.554
MCMULLAN PARTNERS LLC	9	2.465
MAVERICK MANAGEMENT COMPANY LL	1	2.417
HWSM LLC	1	2.251
C1VF1 GA1WA3 GA1W12 & GA1W11 L	1	2.183
UNNATI CORPORATION	1	2.132
DELK INDUSTRIAL I LLC	1	2.085
FRANKLIN ROAD LLC	1	2.046

# REAL ESTATE ASSESSMENT

Commercial Real Estate	Gateway Marietta CID	City	CID % of City
Office	529,818	7,499,909	7%
Retail	133,103	7,926,221	2%
Industrial & Flex	1,491,162	17,097,231	9%
Multifamily	1,982,314	14,038,563	14%
<b>Total Square Feet</b>	<b>4,136,397</b>	<b>46,561,924</b>	<b>9%</b>
<b>Land Area</b>	<b>CID</b>	<b>City</b>	<b>CID Share</b>
<b>Acreage</b>	640	14,382	4%

Source: Bleakly Advisory Group based on data from Cobb County and CoStar

- On 4% of the property acreage within Marietta, the CID represents 9% of the amount of commercial real state square feet in the city.
  - The Gateway Marietta CID represents 2.8% of the number of buildings and 8.4% of the amount of square feet of commercial real estate within the City of Marietta.
- Thus the land usage is generally efficient within the CID boundaries, which is typical for a commercially-oriented district with higher-density building types.

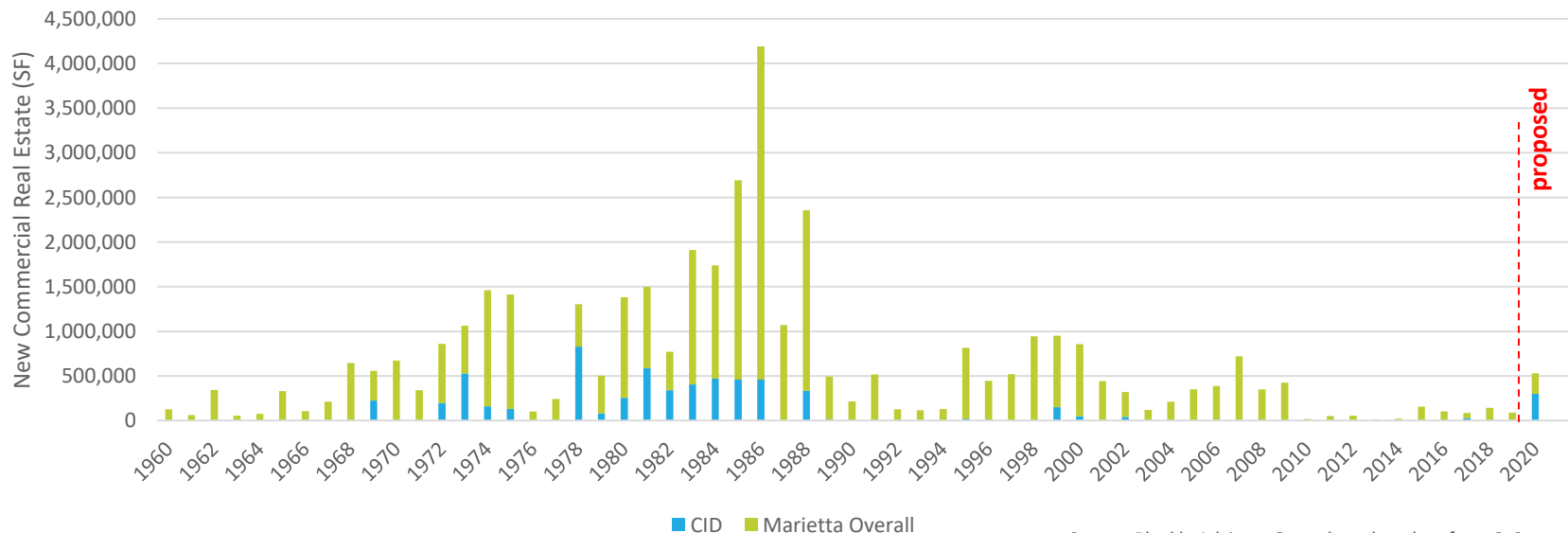
# REAL ESTATE ASSESSMENT

- Commercial real estate development activity within the CID boundaries has been relatively modest over the past 30 years.
  - The early 1970s to late 1980s brought the biggest development boom as all sectors experienced growth within this time period – including office, retail, multi-family, and industrial/ flex spaces.
  - Between 1990 and 2010 steady development activity added approximately 200,000 SF of

new space annually on average in Marietta, but very little within the CID boundary. Since 2010, very little development has occurred in the city, and none reported within the CID.

- Without the development of new commercial real estate development in the near future, it will be difficult for the CID to remain competitive as a premiere business district and a regionally-significant commercial center.

**Commercial Space History & Pipeline – All Commercial Types**



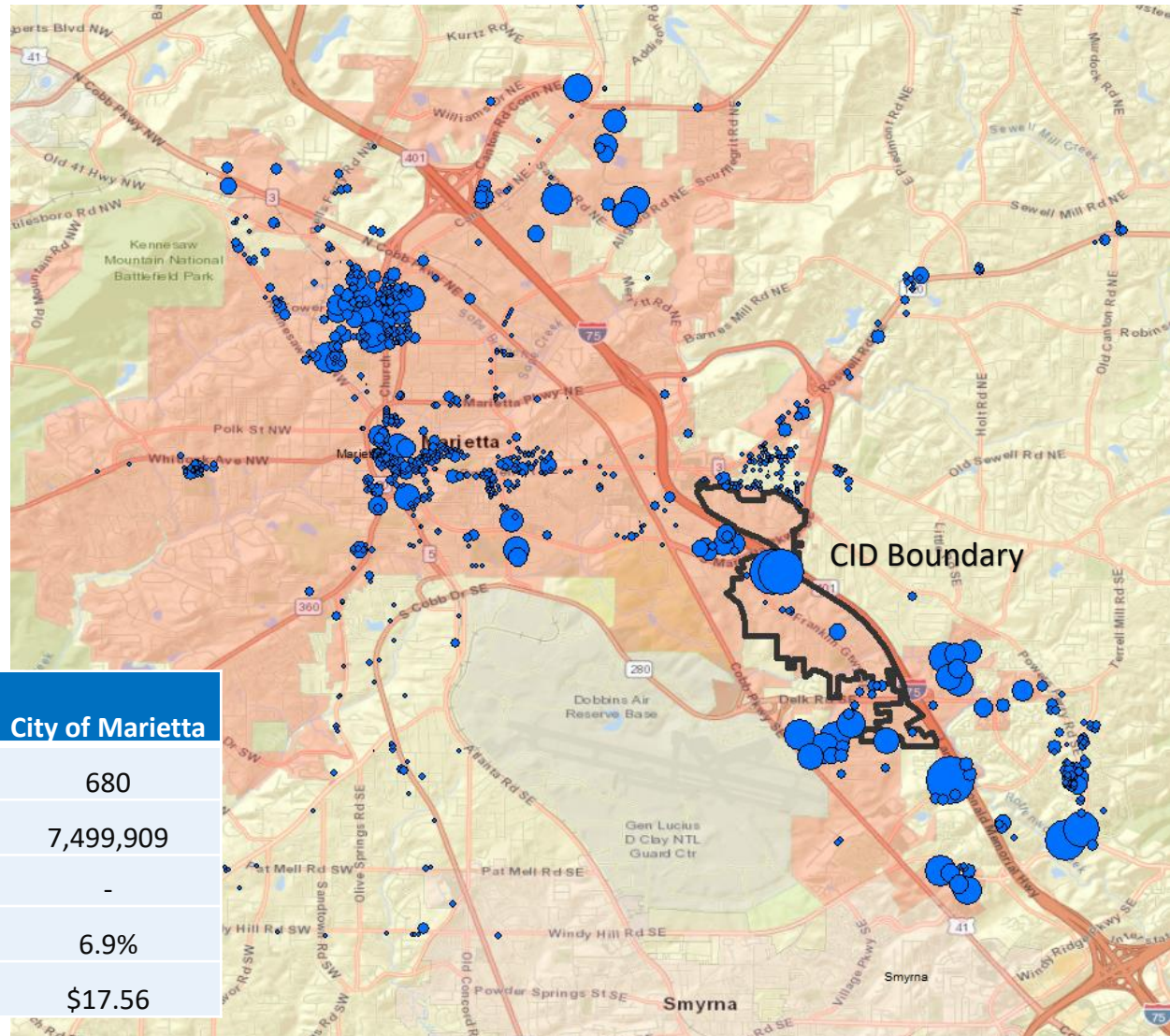
Source: Bleakly Advisory Group based on data from CoStar



# ECONOMIC GEOGRAPHY

## OFFICE SPACE

At right is a visual representation of office buildings in Marietta, with each dot sized to reflect the size of the building.



Office Summary	Gateway Marietta CID	City of Marietta
Buildings	10	680
SF	529,818	7,499,909
CID % of Marietta SF	7.1%	-
Vacancy Rate	7.0%	6.9%
Average Gross Rent (\$/SF)	\$15.42	\$17.56

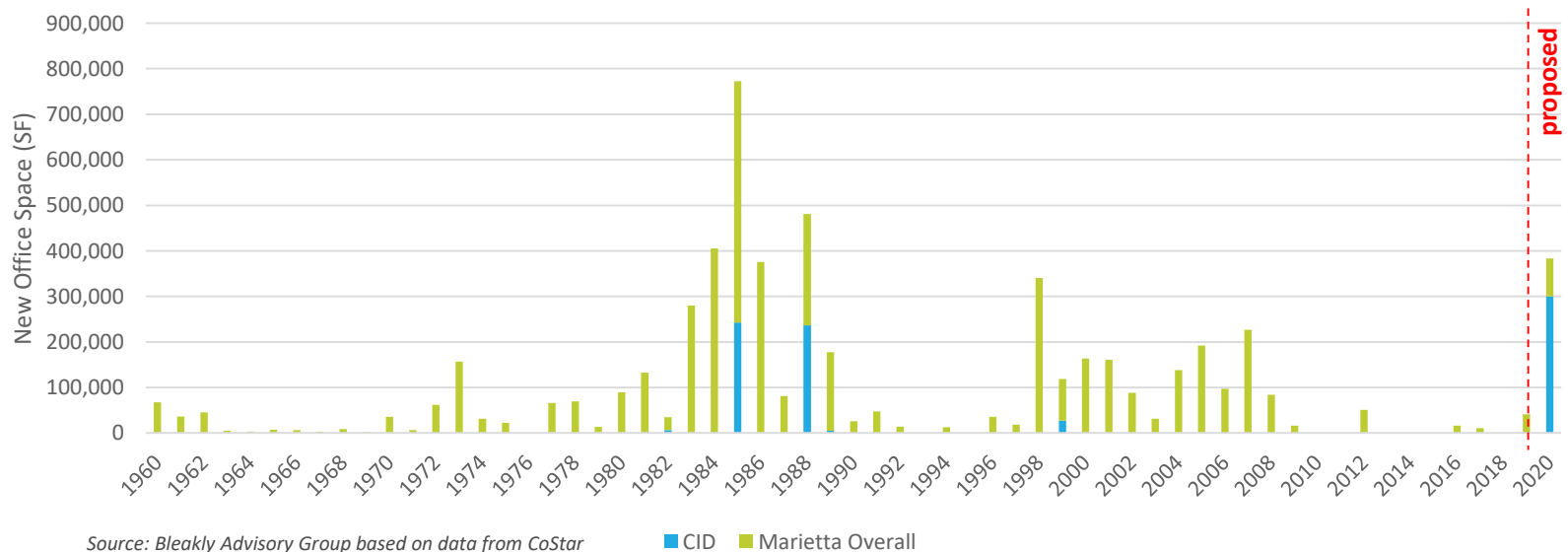
Source: Bleakly Advisory Group based on data from CoStar

# REAL ESTATE ASSESSMENT

## OFFICE MARKET

- The 10 office buildings within the Gateway Marietta CID represent 7.1% of the total amount of office square feet in the City of Marietta.
- The CID's vacancy rate of 7%, equating to 37,000 SF of vacant rentable area, is slightly higher than the City of Marietta overall, based on data from CoStar.
- The average rent (gross) in the Gateway Marietta CID is \$15.42/ SF, nearly 15% lower than the overall City of Marietta average.
- The CID area saw tremendous office growth in the late 1980s, as 94% of its existing office building stock was developed during this period.
- A planned 300,000 SF office development in the pipeline is the largest office pipeline project in the city, however no firm plans or completion dates for that project have been announced.

Office Space History & Pipeline



Source: Bleakly Advisory Group based on data from CoStar

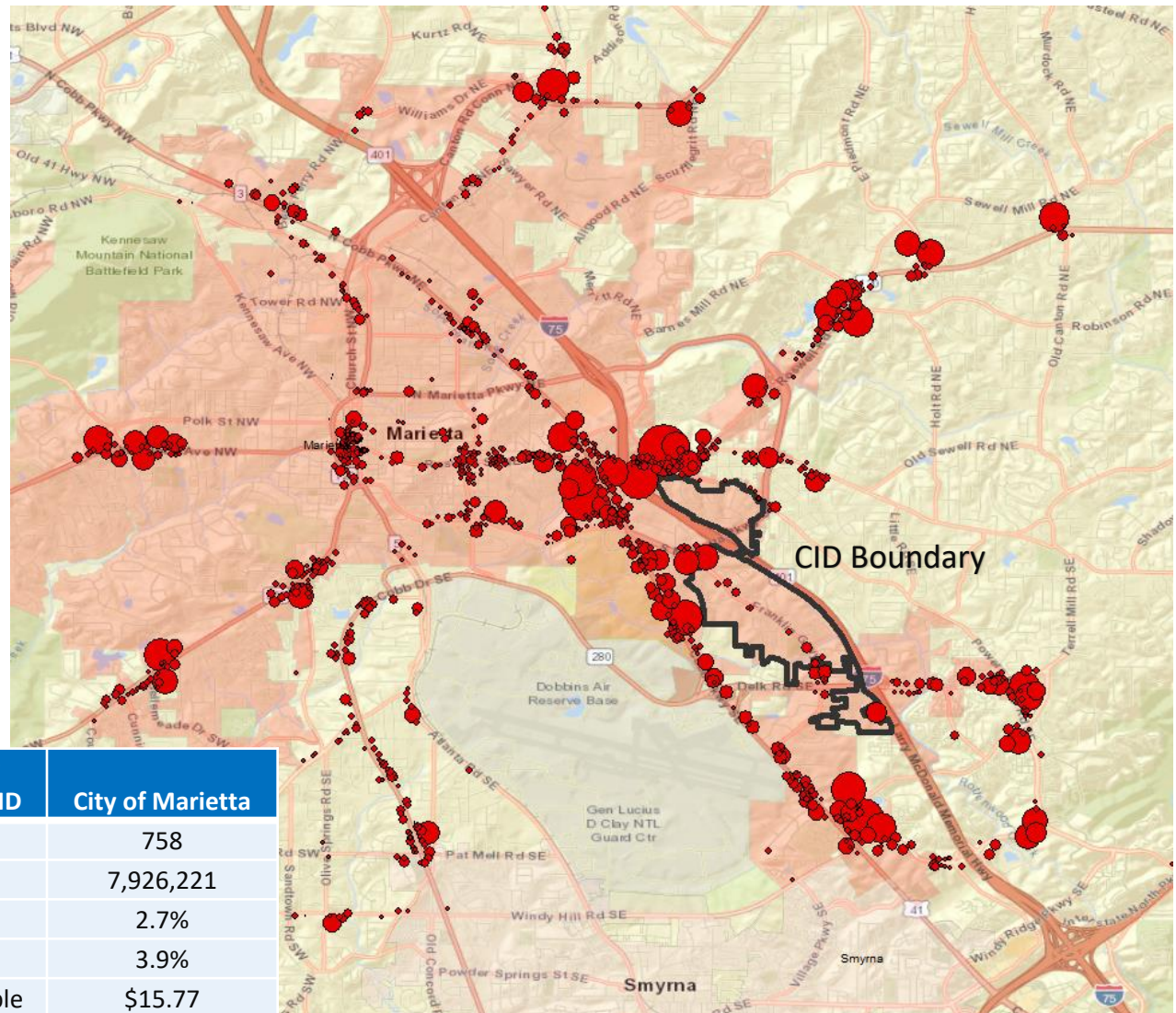
■ CID ■ Marietta Overall



# ECONOMIC GEOGRAPHY

## RETAIL SPACE

At right is a visual representation of all retail buildings in Marietta, with each dot sized to reflect the size of the building.



Retail Summary	Gateway Marietta CID	City of Marietta
Buildings	9	758
SF	133,103	7,926,221
CID % of Marietta SF	-	2.7%
Vacancy Rate	4.1%	3.9%
Average NNN Rent (\$/SF)	Not Available	\$15.77

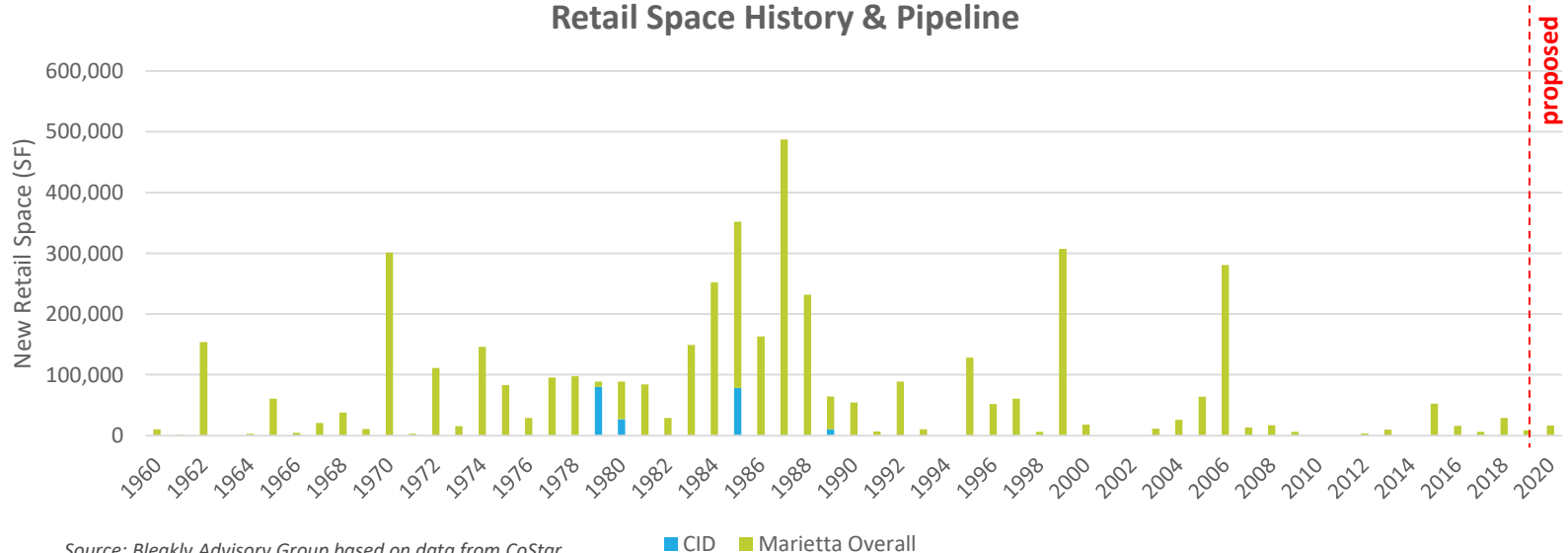
Source: Bleakly Advisory Group based on data from CoStar

# REAL ESTATE ASSESSMENT

## RETAIL MARKET

- The Gateway Marietta CID currently includes 133,103 SF of retail space, accounting for 2.7% of the city's retail space.
- Retail space within the CID has a slightly higher vacancy rate at 4.1% than in the city overall.
- The average retail asking rent (NNN) in Marietta is \$15.77/SF. The average rent (NNN) in the CID area is not currently available but given the age and condition of the spaces observed in this study, the asking rents are likely lower than in the city overall.
- There has been no new retail space added in the CID boundary since the 1980s – existing stock is 30+ years old.
- In December 2017, Swedish furniture retail company IKEA announced plans for a 338,000 SF store on the former home of the Marquis Place apartment complex, however development has yet to occur and no timeline is currently available.
  - IKEA canceled at least three proposed new locations in the U.S. in 2018, according to the Marietta Daily Journal.

Retail Space History & Pipeline



Source: Bleakly Advisory Group based on data from CoStar

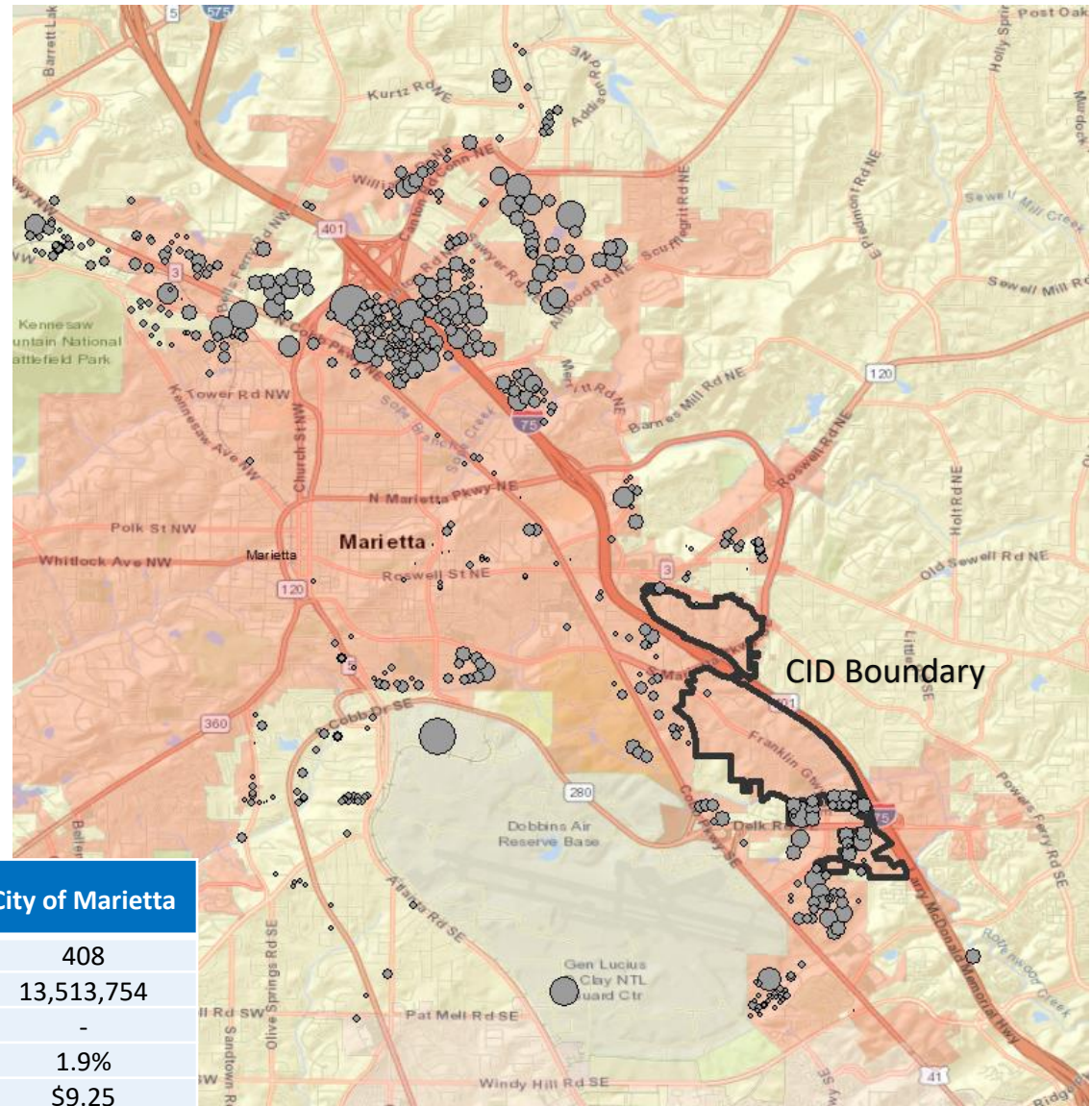
■ CID ■ Marietta Overall



# ECONOMIC GEOGRAPHY

## INDUSTRIAL SPACE

This map shows a visual representation of all industrial buildings in Marietta, with each dot sized to reflect the size of the building.



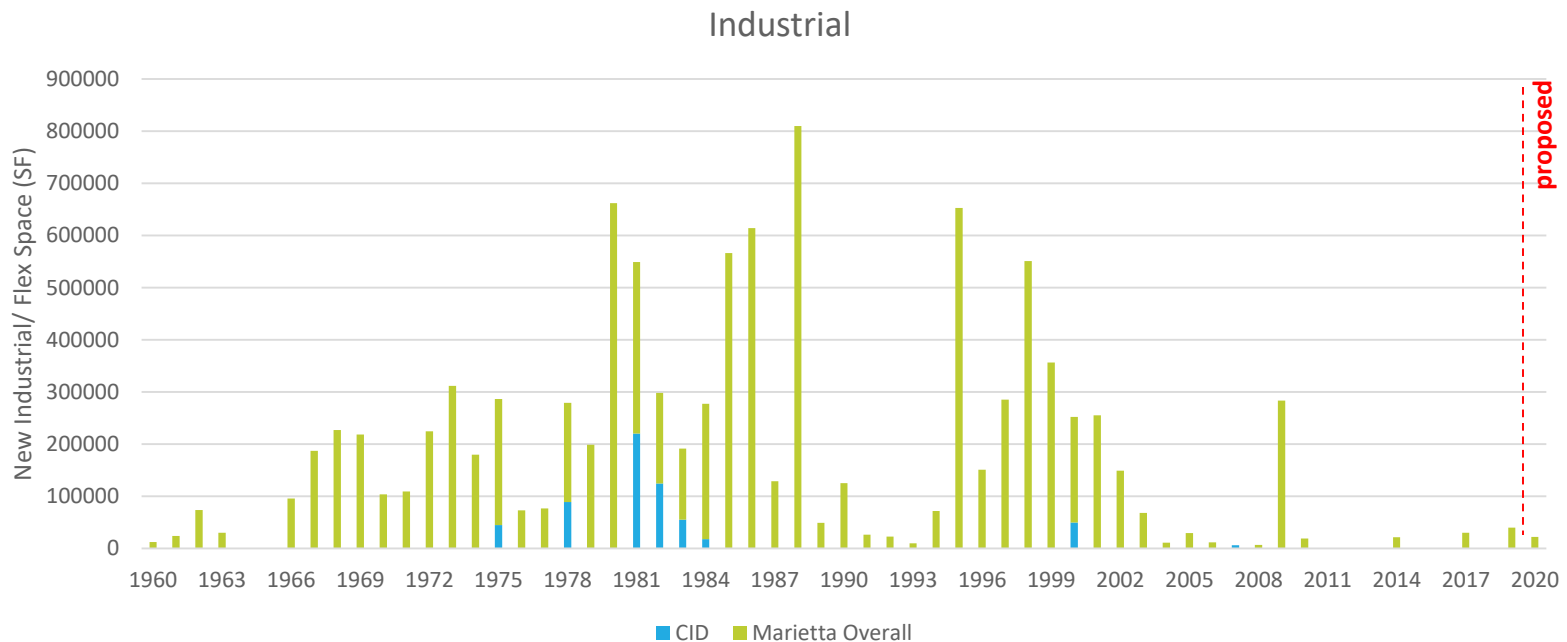
Industrial Summary	Gateway Marietta CID	City of Marietta
Buildings	16	408
SF	626,093	13,513,754
CID % of Marietta SF	4.6%	-
Vacancy Rate	1.8%	1.9%
Average Gross Rent (\$/SF)	not available	\$9.25

Source: Bleakly Advisory Group based on data from CoStar

# REAL ESTATE ASSESSMENT

## INDUSTRIAL MARKET

- The industrial development boom in Marietta, evident from the 1960s through the 1990s, cooled off significantly as evidenced by the relative lack of new construction since the early 2000s.
- The Gateway Marietta CID accounts for 4.6% of the City of Marietta's industrial space, with 626,100 SF within the CID boundaries.
- Industrial space within the CID has slightly lower vacancy (1.8%) than the city overall.

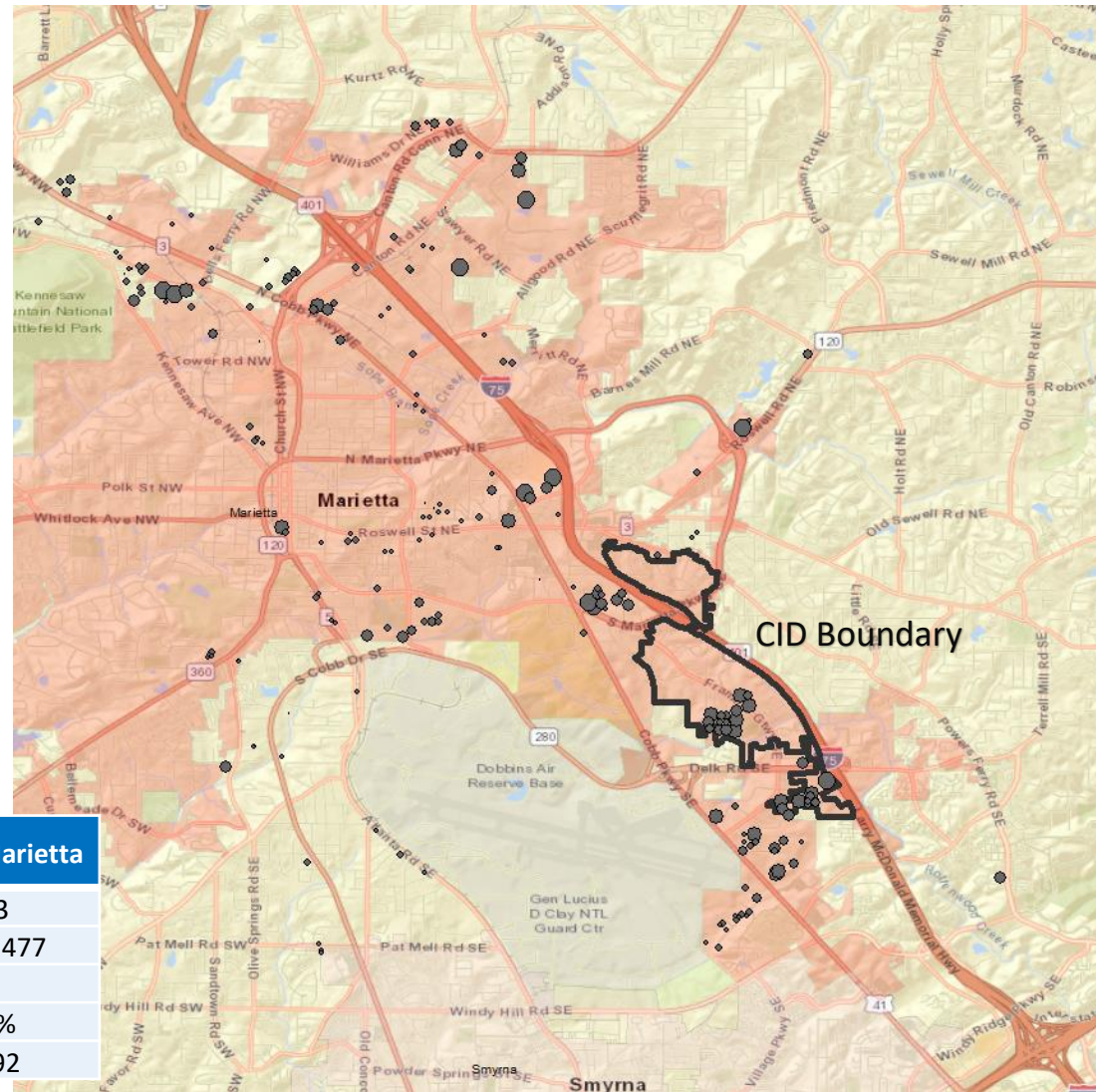


Source: Bleakly Advisory Group based on data from CoStar

# ECONOMIC GEOGRAPHY

## FLEX-INDUSTRIAL SPACE

This map shows a visual representation of all flex-industrial buildings in Marietta, with each dot sized to reflect the size of the building.



Flex Summary	Gateway Marietta CID	City of Marietta
Buildings	23	173
SF	865,069	3,583,477
CID % of City SF	24.1%	-
Vacancy Rate	4.8%	7.6%
Average Gross Rent (\$/SF)	\$8.50	\$8.92

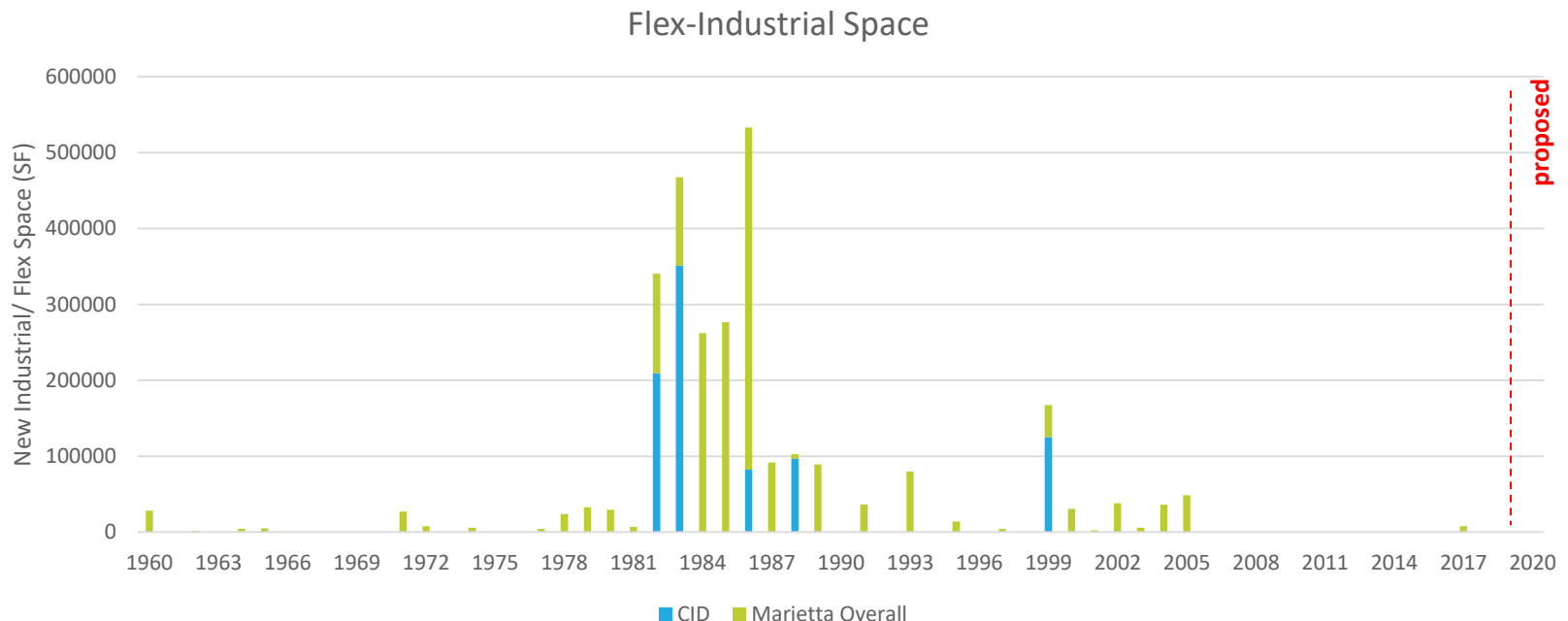
Source: Bleakly Advisory Group based on data from CoStar



# REAL ESTATE ASSESSMENT

## FLEX-INDUSTRIAL MARKET

- The Gateway Marietta CID accounts for 24.1% of the City of Marietta's Flex-Industrial space, with 865,100 SF of flex space within CID boundaries.
- Flex space within the CID has significantly lower vacancy (4.8%) than the city overall (7.6%).
- Like most suburbs in the 1980s, Marietta and the CID area benefited from suburbanization and the huge demand of flex spaces that came with it.
- However, due to shifting demands, Flex spaces in their original form are increasingly becoming obsolete – as evidenced by higher than normal vacancy rates and hardly any new building stock since pre-recession.



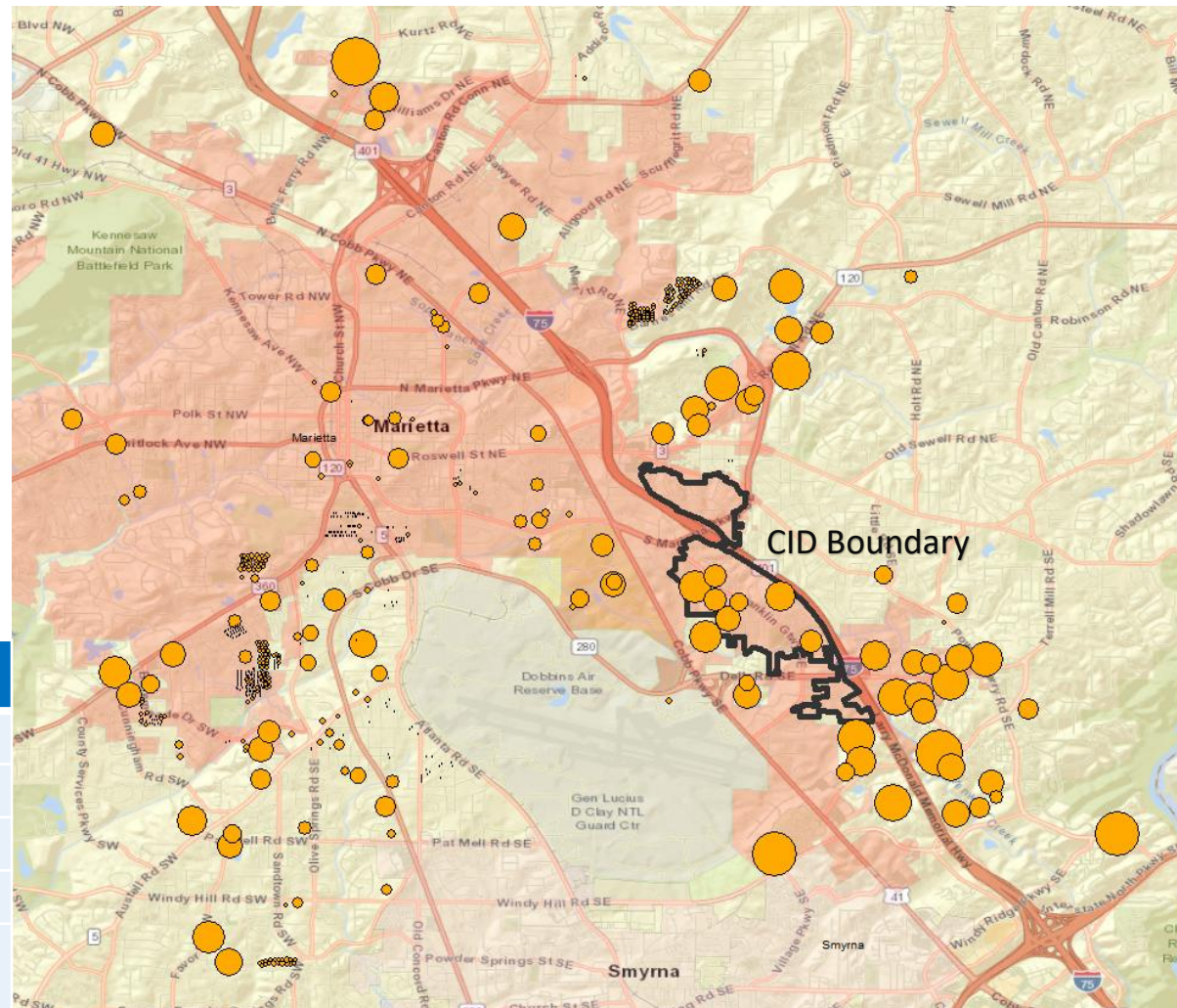
Source: Bleakly Advisory Group based on data from CoStar



# ECONOMIC GEOGRAPHY

## MULTIFAMILY BUILDINGS

This map provides a visual representation of all multifamily buildings in the City of Marietta, with each dot sized to reflect the size of the building.



Multifamily Summary	Gateway Marietta CID	City of Marietta
Buildings	7	386
SF	1,982,314	14,038,563
CID % of Marietta SF	14%	
Vacancy Rate	4.7%	5.4%
Average Effective Rent (\$/SF)	\$0.94	\$1.11

*\*Includes multifamily properties of 10 or more units*

*Source: Bleakly Advisory Group based on data from CoStar*

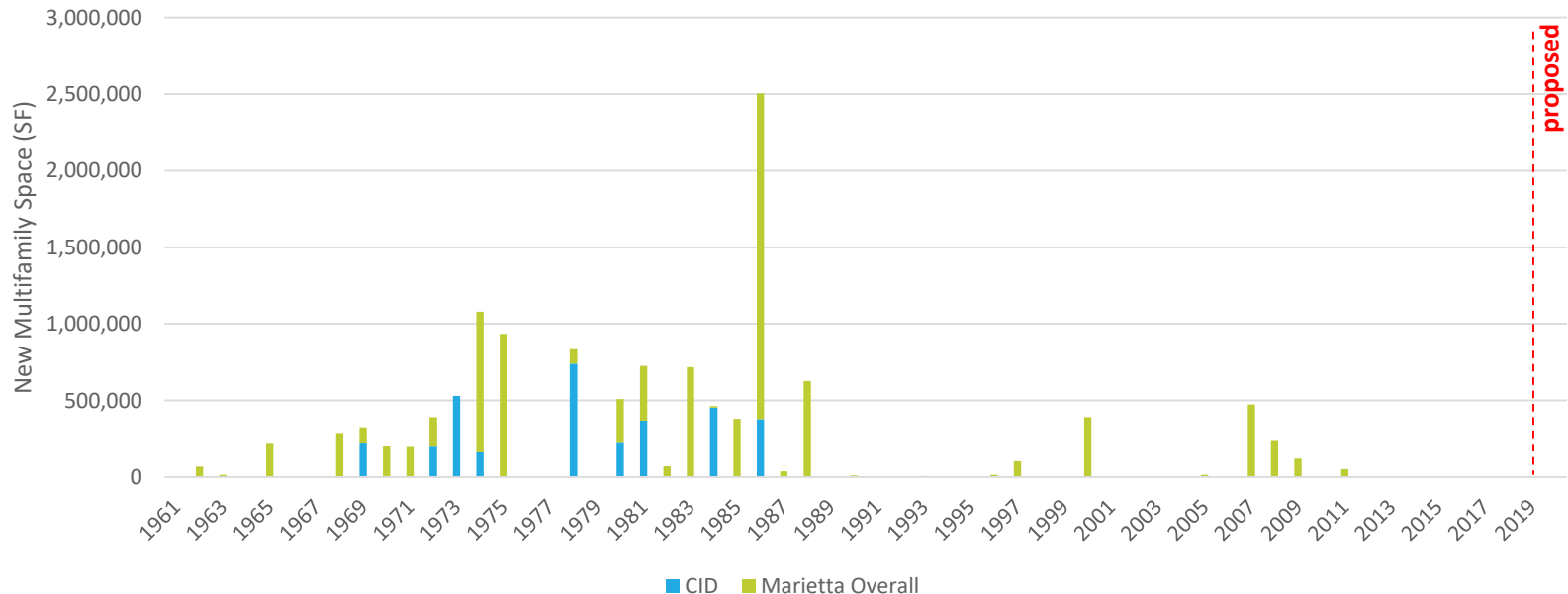
*Source: Bleakly Advisory Group based on data from CoStar*

# RESIDENTIAL REAL ESTATE ASSESSMENT

## MULTIFAMILY MARKET

- The Gateway Marietta CID boundaries include seven multifamily properties, which represent 14% of the multifamily square footage within Marietta.
- Vacancy in the CID's multifamily property is slightly lower than the overall city, at 4.7%.
- Average effective rents for multifamily within the CID boundaries are 18% lower than the overall city, averaging \$0.94/SF.
- The newest multifamily property within the CID boundaries was developed in 1986.
- No additional multifamily developments are currently planned within the CID boundaries.

**Multifamily Space History & Pipeline**



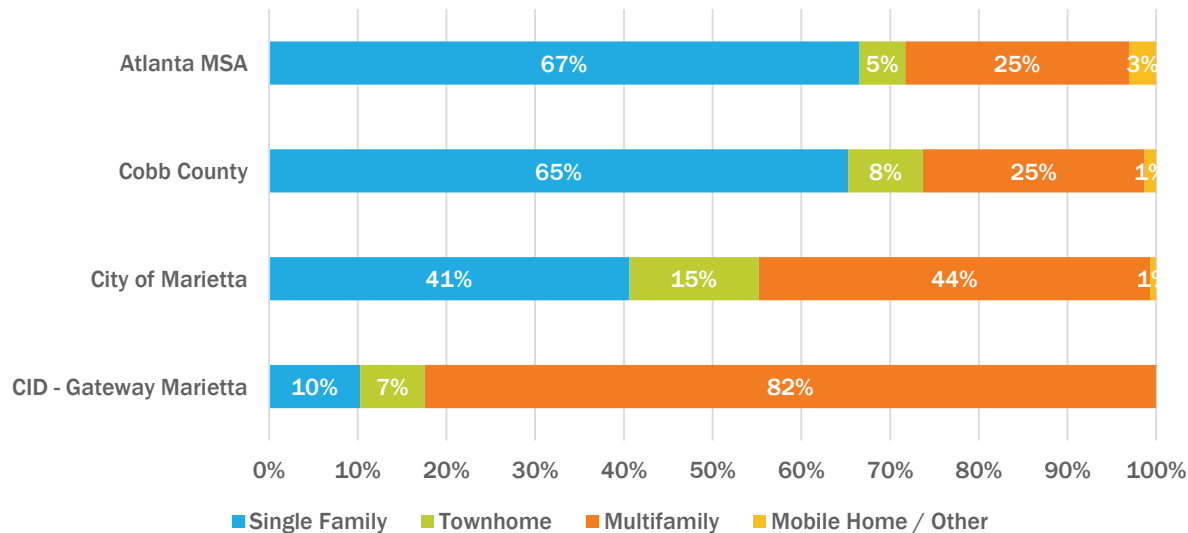
Source: Bleakly Advisory Group based on data from CoStar

# RESIDENTIAL REAL ESTATE ASSESSMENT

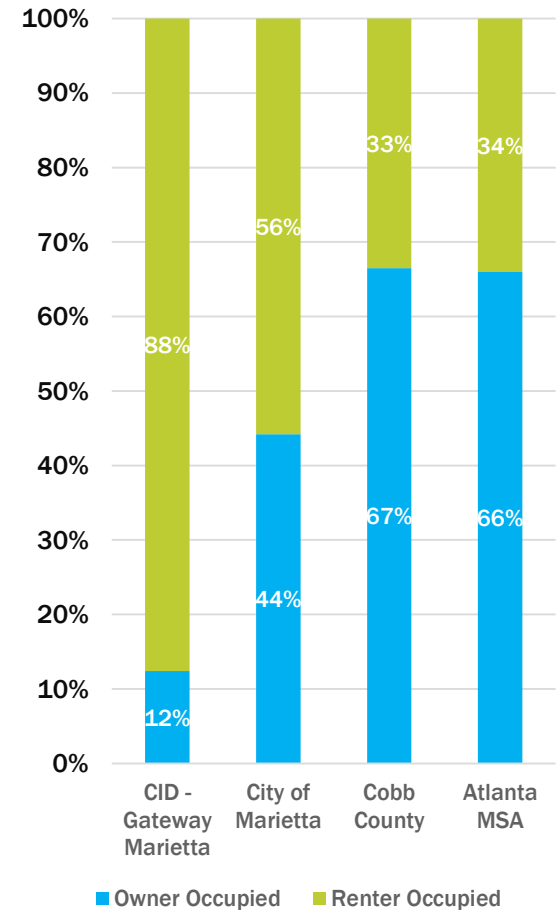
## HOUSING TYPE

- The Gateway Marietta CID has an abundance of multifamily housing (82%) within its boundaries, much higher than elsewhere in the City of Marietta or the Atlanta region.
- Similarly, the Gateway Marietta CID also has a significantly higher rental rate (88%) than elsewhere in the city or region.

Occupied Housing Unit Type, 2019



Tenure of Occupied Housing Units, 2019

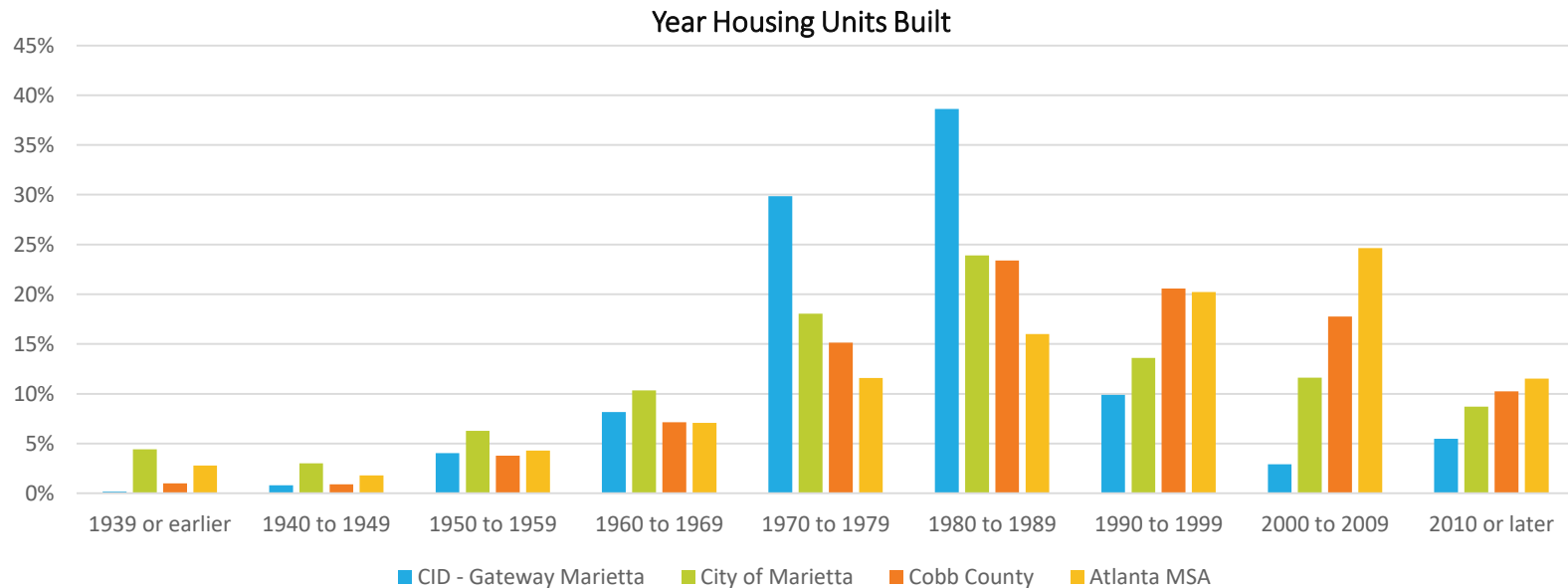


Source: Bleakly Advisory Group based on data from Environics Analytics

# RESIDENTIAL REAL ESTATE ASSESSMENT

## AGE OF HOUSING

- Housing available in the Gateway Marietta CID shows an aging housing stock – 43% of housing units were built before 1980.
- More recent construction, built since 2000, accounts for just over 8% of housing units in the CID.



Source: Bleakly Advisory Group based on data from Environics Analytics



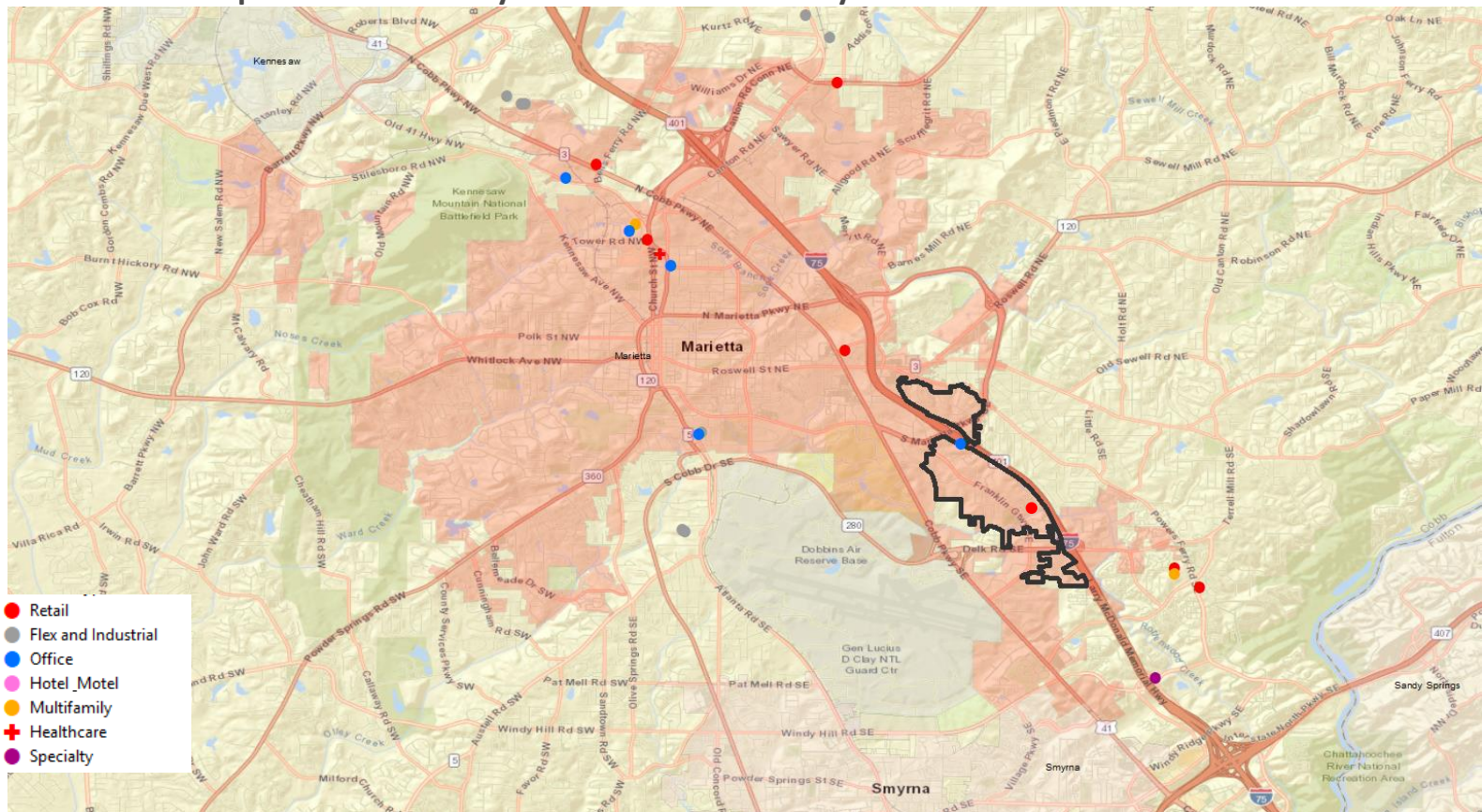
# ECONOMIC GEOGRAPHY

## REAL ESTATE PIPELINE

This map shows a visual representation of the area's "real estate pipeline"- all commercial buildings that are planned, proposed, or under construction.

- Of the 10 currently-planned projects, only 2 (an office project and the proposed IKEA) are within the Gateway Marietta CID boundary.

### Planned Developments within City of Marietta & Gateway Marietta CID



Source: Bleakly Advisory Group based on data from CoStar

# REAL ESTATE ASSESSMENT

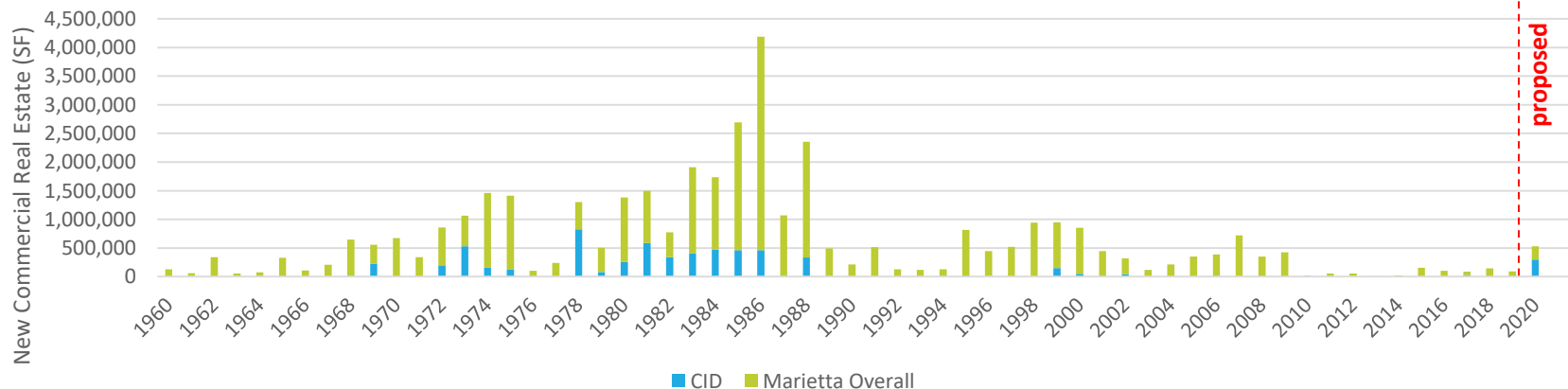
## SUMMARY CONCLUSIONS

- The early 1970s to late 1980s saw the biggest development boom in Marietta over the past 60 years, as all sectors experienced growth within this time period – including Office, Retail, Multi-Family, and Industrial/ Flex Space.
- Due to a steadily growing economy, the Atlanta metro area has experienced a commercial real estate development boom since the end of the Great Recession, particularly since 2015. Development has occurred in most corners of the region, including urban infill and suburban greenfield developments, as well as significant development in other areas of Cobb County.

However, Marietta overall, and the Gateway Marietta CID have generally not participated in the development boom, with only approximately 500,000 SF of commercial space (including multifamily residential) added in the last five years in the city.

- Thus, in a competitive economic environment, the commercial building stock in the CID stands to age and the area will become less competitive overtime without significant new additions.

Commercial Space History & Pipeline – All Commercial Types



# RECENT INVESTMENTS

- In 2013 the City of Marietta residents approved the \$68 million Marietta Redevelopment Bond initiative.
- Initiative activities began with demolition of the former Woodlands Park Apartments on Franklin Gateway and have continued with additional purchases, demolitions, and in the summer of 2017, the opening of the \$11 million Franklin Gateway Sports Complex.



*Marietta Mayor Steve Tumlin opens the sports complex – from MDJOnline.com*



In 2017 the Atlanta United MLS professional soccer team opened the Children's Healthcare of Atlanta Training Ground. Located in the Gateway Marietta CID on Franklin Gateway, the 33-acre site features a 30,000 square-foot headquarters building and six full-size fields.

This project represents more than \$50 million in new investment by Atlanta United to the area and approximately 80 high-paying jobs, according to the team.

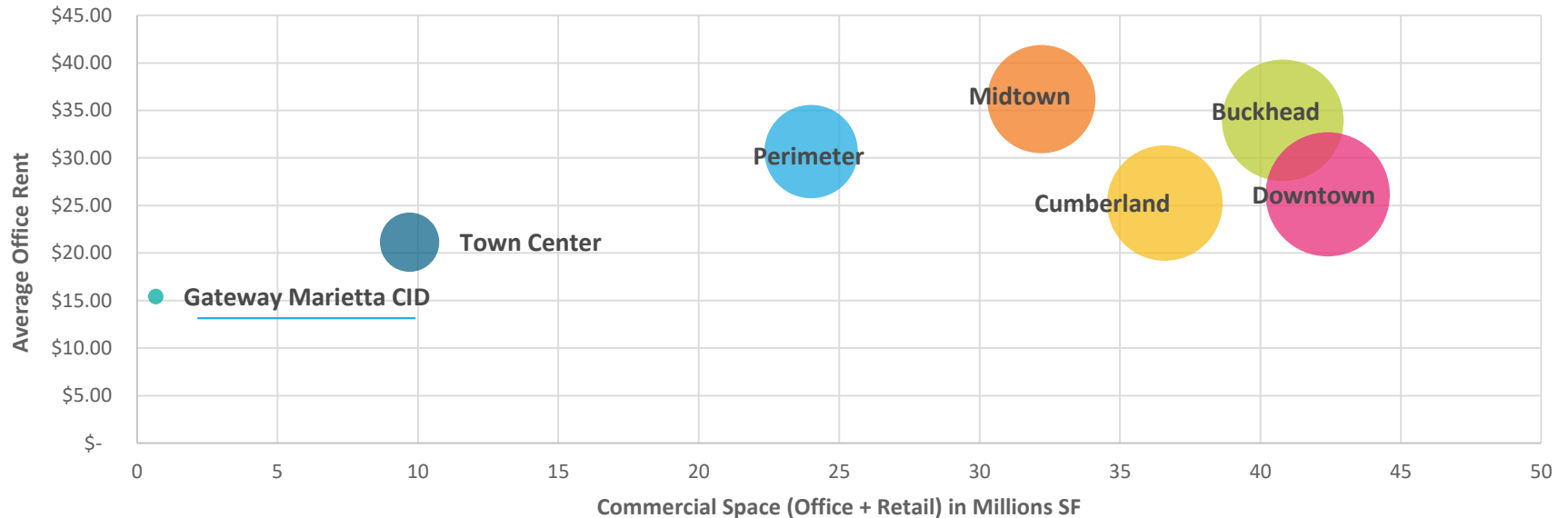
This represents the largest single private sector investment in the GMCID area in decades.

In 2019 Atlanta United purchased an adjacent 17-acre parcel from the City of Marietta. Plans for the additional property have not been announced at the time of this writing.

# REAL ESTATE COMPARISON

## PUTTING THE CID INTO CONTEXT

Select Atlanta Area CIDs / Office Submarkets



- Gateway Marietta CID is home to a relatively small collection of commercial real estate compared to the largest CIDs in the Atlanta area. In addition, asking rents for office space in the Gateway Marietta area lag those in other major CIDs.
- Certainly, the comparable CIDs shown above play different roles in the economy of the Atlanta region, but all have attracted development activity within their borders in order to remain

relevant in the current economic cycle. A major initiative of each of these CID areas has been to attract more mixed-use/multifamily residential development in order to complete the desired land uses of a “21<sup>st</sup> Century Business District.”

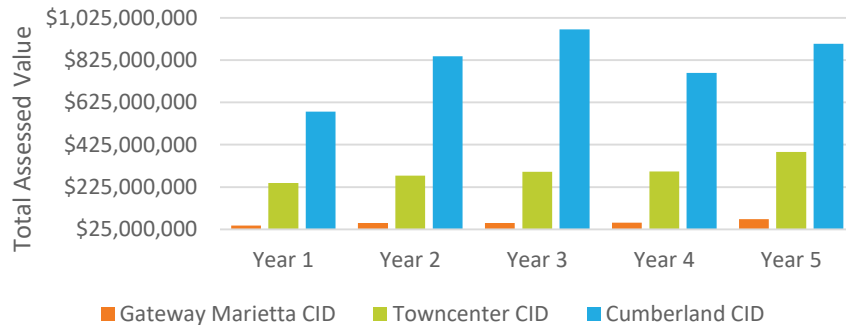
- That is, a premier business center today includes more than just a place to do business.



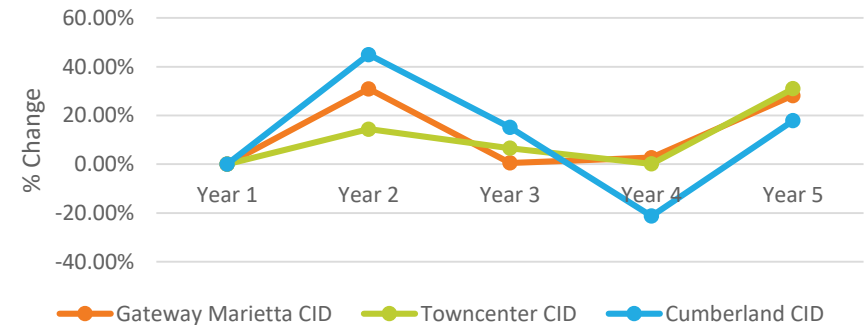
# COBB COUNTY CID COMPARISON

- The Gateway Marietta CID operates in a small geographical area with limited amount of commercial space and limited tax base compared to the other two Cobb County CIDs.
- On a per acre basis, real estate tax values are on par with Town Center.
- At Year 5 of its existence, the Gateway Marietta CID has experienced similar growth rates in its real estate assessment history compared to the other two Cobb County CIDs.

Assessment Growth, Years 1-5



Growth Rate, Years 1-5



CID Comparison					
Cobb CID	Total Acres*	Commercial Square Feet	Comm. SF/Acre	Tax Assessed Value	Tax \$/Acre
Cumberland	1,138	42,400,000	32,162	\$1,396,986,326	\$1,227,580
GW Marietta	223	662,921	2,973	\$72,604,076	\$325,579
Town Center	2,065	9,740,261	4,717	\$714,356,148	\$345,935

\*includes only commercial land that participates in the CID

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# **SUMMARY OF ACTIVITY IN THE CID: EMPLOYMENT**

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# EMPLOYMENT ASSESSMENT

## GATEWAY MARIETTA CID

- The Gateway Marietta CID (GMCID) area is home to approximately 6,000 employees
  - 6% of Marietta's workforce
  - Top employment sectors:

■ Professional & Tech	28%
■ Construction	16%
■ Transp. & Logistics	11%
■ Administrative	11%
  - Average wage in CID is estimated at \$69,000 vs. \$60,300 in Cobb
  - Combined annual payroll in the CID boundaries is \$408 million

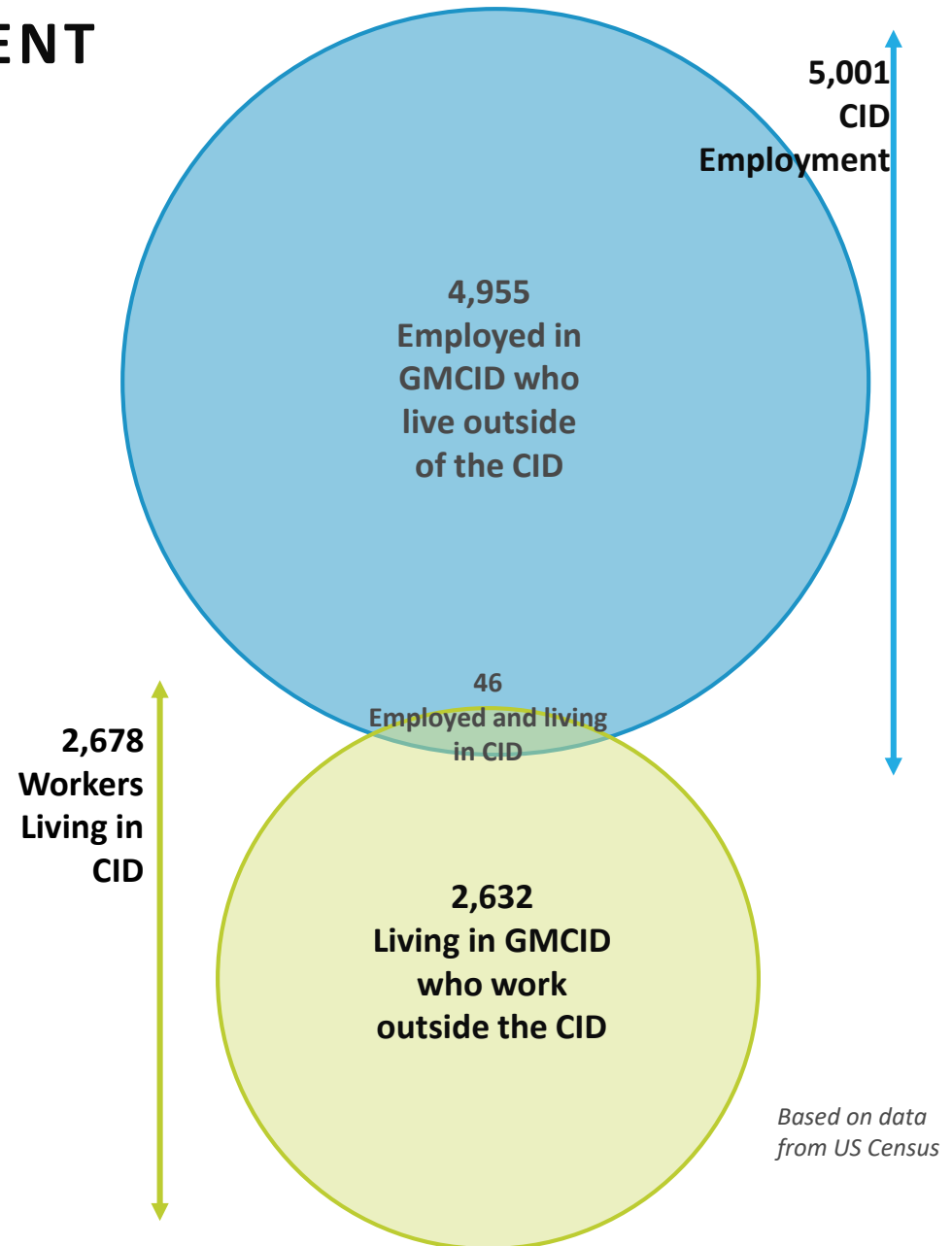


Source: unsplash.com

# EMPLOYMENT ASSESSMENT

## GMCID INFLOW/OUTFLOW

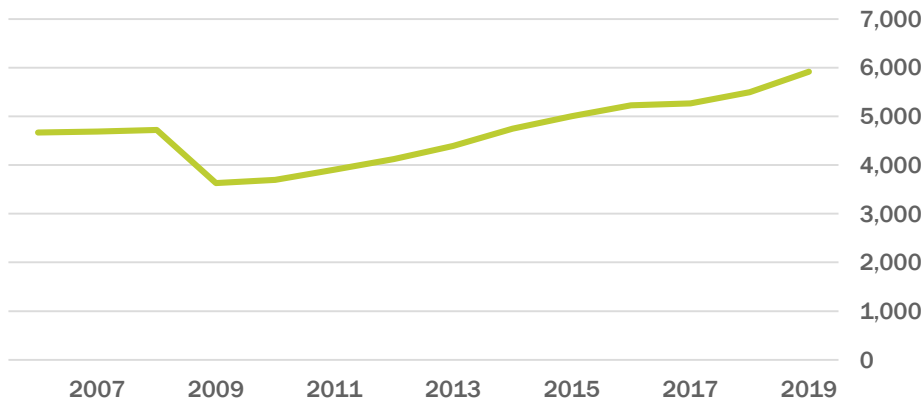
- Of the approximately 6,000 employees working in the Gateway Marietta CID area, about 99% live outside the district
- Similarly, 98% of working residents who live in the GMCID work outside of the City
  - That means only 2% of employed GMCID residents are employed within the district.
- One impact of the in/outflow of employees is the fact that so few workers living in the district near their jobs, adds to vehicular traffic counts on Franklin Gateway and other nearby roads.
- The numbers at right are provided by the US Census from 2015, the latest year data available.
- The area has added approximately 1,000 new employees since this time.





# EMPLOYMENT ASSESSMENT

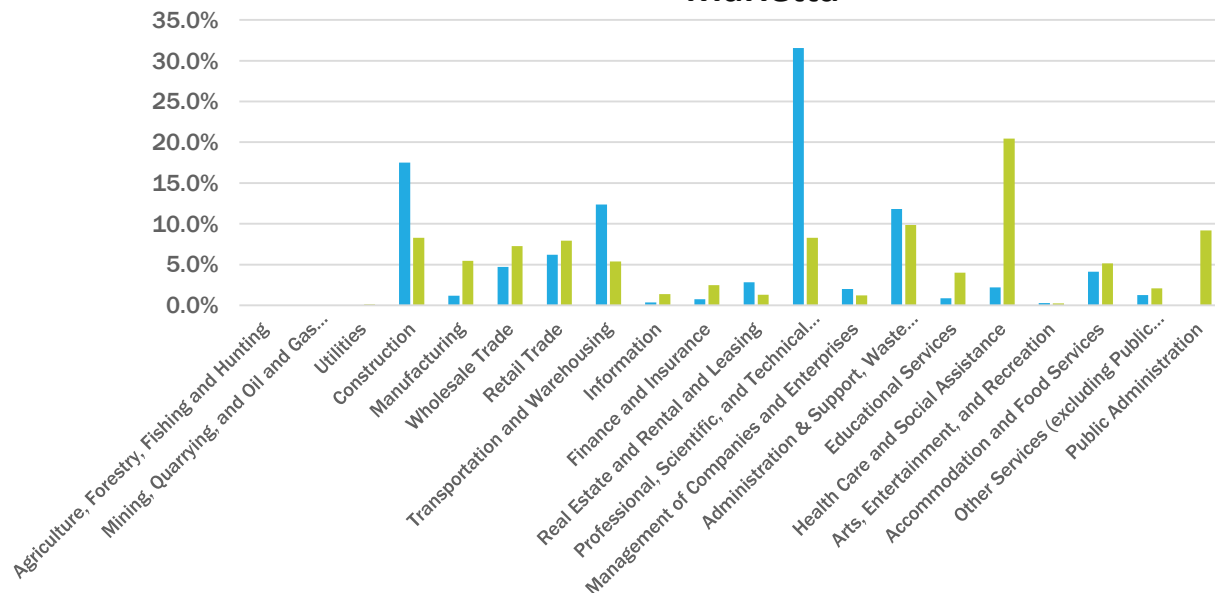
## Total Jobs in GMCID



- Employment in the GMCID declined sharply during the Great Recession but has continued to recover – growing by 38% since 2009-10.

- 61% of all employees work in the GMCID's three leading employment sectors:
  - Construction
  - Transportation and Warehousing
  - Professional, Scientific, and Technical Services
- The prevalence of these sectors is much more pronounced in the CID than in Marietta overall.

## Job Sectors of Employees in GMCID vs. City of Marietta



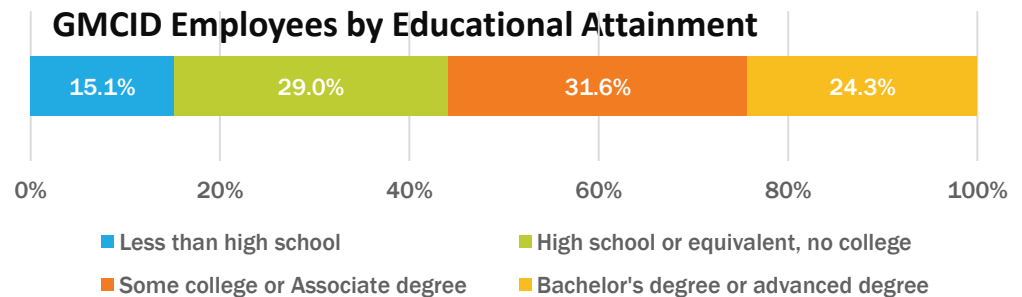
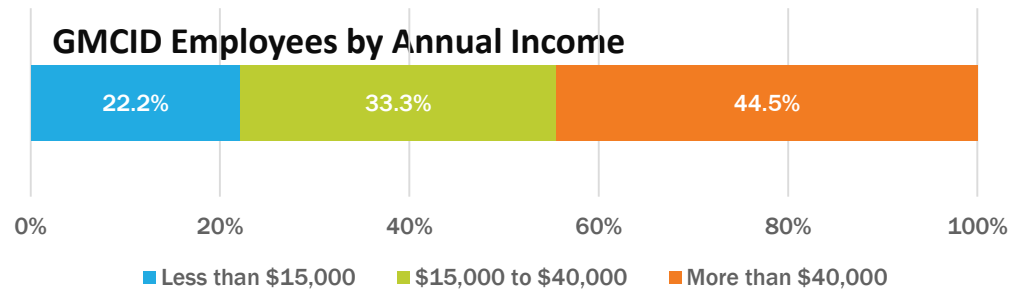
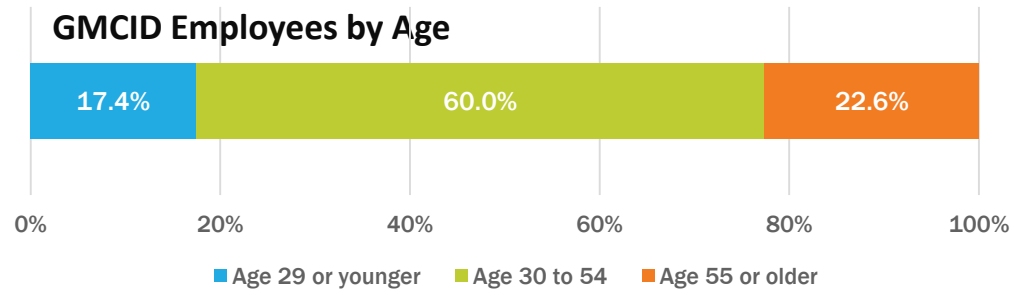
■ GMCID ■ City of Marietta

Based on data from US Census

# EMPLOYMENT ASSESSMENT

## GMCID EMPLOYMENT PROFILE

- The typical employee in the Gateway Marietta CID is between the age of 30-54.
- 44.5% of GMCID employees earn more than \$40,000 annually (similarly to City of Marietta at 47%)
- About a quarter of those employed in the GMCID have at least a bachelor's degree



*Based on data from US Census, 2015*

# EMPLOYMENT ASSESSMENT

## Jobs Located in the Gateway Marietta CID 2019 (Estimate)

- The employment sector driving the most payroll activity in the CID area is the Professional and Technical Services sector.
- These jobs are some of the highest paying jobs in the Atlanta metro economy, and the region, and the CID, continue to attract companies in this sector during this economic cycle.
- Of the \$408 million in estimated annual payroll earned in the CID area, over one-third (36%) is earned in the Professional and Technical Services sector.

Sector	Jobs in CID	% of CID Jobs	Avg. Wage	Total Payroll
NAICS 11 Agriculture, forestry, fishing and hunting	0	0%	\$42,068	\$0
NAICS 21 Mining, quarrying, and oil and gas extraction	2	0%	\$56,576	\$113,152
NAICS 22 Utilities	0	0%	\$85,176	\$0
NAICS 23 Construction	928	16%	\$82,628	\$76,678,784
NAICS 31-33 Manufacturing	108	2%	\$73,996	\$7,991,568
NAICS 42 Wholesale trade	300	5%	\$92,248	\$27,674,400
NAICS 44-45 Retail trade	435	7%	\$35,880	\$15,607,800
NAICS 48-49 Transportation and warehousing	654	11%	\$47,476	\$31,049,304
NAICS 51 Information	47	1%	\$87,308	\$4,103,476
NAICS 52 Finance and insurance	54	1%	\$85,852	\$4,636,008
NAICS 53 Real estate and rental and leasing	357	6%	\$88,244	\$31,503,108
NAICS 54 Professional and technical services	1686	28%	\$86,840	\$146,412,240
NAICS 55 Management of companies and enterprises	173	3%	\$95,940	\$16,597,620
NAICS 56 Administrative and waste services	626	11%	\$40,924	\$25,618,424
NAICS 61 Educational services	61	1%	\$38,428	\$2,344,108
NAICS 62 Health care and social assistance	115	2%	\$59,748	\$6,871,020
NAICS 71 Arts, entertainment, and recreation	16	0%	\$24,232	\$387,712
NAICS 72 Accommodation and food services	222	4%	\$19,916	\$4,421,352
NAICS 81 Other services, except public administration	92	2%	\$39,312	\$3,616,704
92: Public Administration	20	0%	\$47,736	\$954,720
NAICS 99 Unclassified	21	0%	\$70,200	\$1,474,200
<b>Total</b>	<b>5917</b>	<b>100%</b>	<b>\$68,963</b>	<b>\$408,055,700</b>

Source: Environics Analytics, BLS 2019

"The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice

and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services."

*North American Industry Classification System via BLS*

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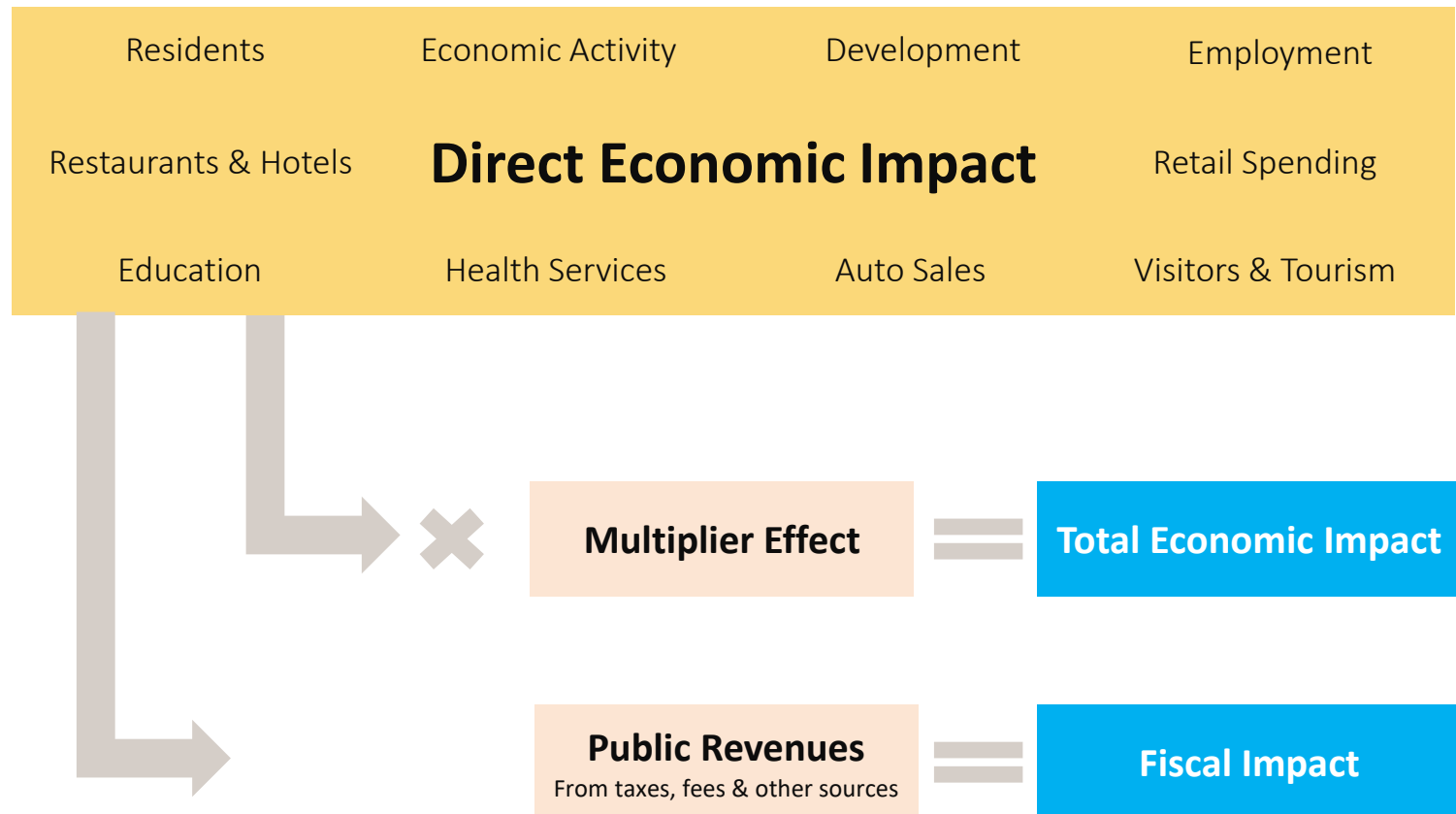
# IMPACT ASSESSMENT

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# ECONOMIC AND FISCAL IMPACT METHODOLOGY

THE APPROACH USED TO MEASURE THE ECONOMIC AND FISCAL IMPACTS OF GATEWAY MARIETTA COMMUNITY IMPROVEMENT DISTRICT:



# ECONOMIC IMPACT METHODOLOGY

Economic Impact Analysis examines how investments in a program project or series of projects affect the economy of a given area. The area studied in an EIA can be a specific site or defined geography, a city, county, multi-county region, state, or national economy. When focused at a regional state or national level, EIAs will usually focus on measuring the following types of impacts from the economic activity.

- **Output:** The estimated change in the total annual sales of all goods and services produced in the region.
- **Gross Regional Product:** The change in final value of all goods and services produced within the region. A component of output, GRP measures only the locally-generated, or “value-added” portion of total sales.
- **Employment:** The total number of jobs supported by the economic activity measured, including direct, indirect, and induced employment, often referred to as “multiplier effects”.
- **Earnings:** The total compensation paid because of changing economic activity, including wages, salaries, and proprietors’ income.
- Calculation of the total economic impacts are made using the Regional Input Output Modeling System (RIMS II) developed by the U.S. Department of Commerce, Bureau of Economic Analysis. All multipliers used in the analysis were taken from *RIMS II Multipliers (2007/2015) Table 1.5 Total Multipliers for Output, Earnings, Employment and Value Added by Detailed Industry (Type II)* for the Atlanta–Sandy Springs–Roswell, GA Metropolitan Statistical Area.

# ECONOMIC IMPACTS

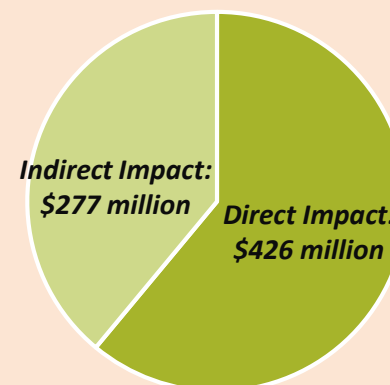
## Summary of Economic Impacts

- Business activity within the Gateway Marietta CID has a significant impact on the economy of Cobb County, both in terms of the direct employment and sales that occur within the area, as well as indirect and induced impacts generated by that activity.
- Businesses and institutions within the Gateway Marietta CID will an estimated 5,917 direct jobs, which in turn indirectly stimulate 4,475 indirect jobs within the Cobb County, for a total employment impact of 10,392 jobs.
  - An estimated 30% of those jobs are be office-based jobs with an estimated annual wage of \$76,068
  - The combined direct payroll in 2026 is estimated to be \$408 million (2019 dollars), indicating an average wage of approximately \$68,963 across all industries.
- **Business activity within the Gateway Marietta CID generated a direct contribution of \$426 million in 2019, inducing additional indirect impact of \$277 million, for a total economic output of \$703 million.**

Source: US Census , BLS & ARC, RIMS II Economic Impact on Cobb County Direct Output (Sales) 3-Digit NAICS Report on the CID area from Environics Analytics.

## Economic Impacts of the Gateway Marietta CID

Estimated Direct Jobs (2020)	5,917
Indirect and Induced Jobs (2020)	4,475
<b>Total Employment Effect</b>	<b>10,392</b>
<b>Direct Industry Contribution to Final Demand</b>	<b>\$425,984,108</b>
<b>Indirect/Induced Economic Impacts</b>	<b>\$277,411,888</b>
<b>Total Economic Impact (Output) including Multiplier effects</b>	<b>\$703,395,996</b>



**Total Impact: \$703 million**

# PROPERTY TAX IMPACTS

## FROM GMCID AREA

- Private commercial property owners in Gateway Marietta CID area contribute \$3.5 million dollars in property taxes\* to the City of Marietta, Cobb County, and the CID.
  - \$1.0 Million to Cobb
  - \$506K to Marietta
  - \$1.6 million to Marietta Schools
  - \$363,000 reinvested in CID
- CID members represent 3.1% of County, City & Schools Revenue

*\* Assessment includes estimated personal property tax for City, County & Schools, not applied to CID*

*Source: Environics Analytics, Georgia Dept. of Revenue*

Property Taxes from Gateway Marietta CID			
<b>Cobb County</b>	County General	\$	761,646
	County Bond	\$	11,704
	County Fire	\$	257,483
	<b>County Total</b>	<b>\$</b>	<b>1,030,833</b>
<b>City of Marietta</b>	City General	\$	251,001
	City Other	\$	254,692
	<b>City Total</b>	<b>\$</b>	<b>505,693</b>
<b>City Schools</b>		<b>\$</b>	<b>1,617,822</b>
<b>CID</b>		<b>\$</b>	<b>363,020</b>
<b>Total Property Taxes</b>			<b>\$ 3,517,368</b>



# REVENUES

## SALES TAX

- The CID currently has 133,000 SF of retail space.
- Last year within GMCID there were an estimated \$66.5 million in retail sales.
- This generates estimated sales taxes of:
  - \$665,000 for Cobb County, of which \$52,500 would be allocated for City of Marietta
  - \$665,000 for City of Marietta Schools
  - \$2.7 million for the State of Georgia.



## BUSINESS LICENSES

- The CID currently an estimated 276 Businesses generating an estimated \$408 million in sales.
- This generates estimated business tax revenue of \$337,000 annually for Cobb County/Marietta.

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# GROWTH FORECAST

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# GROWTH FORECAST

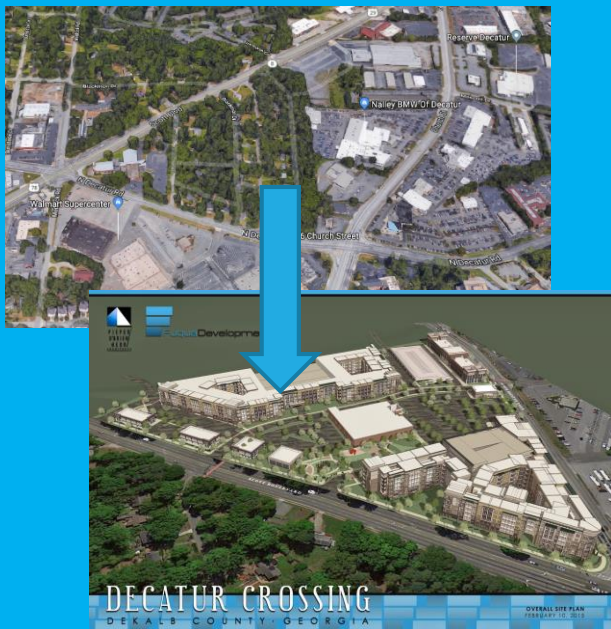
- Based on the data gathered in this analysis, Bleakly Advisory Group forecasted the future real estate values and property tax valuations of the land within the district.
- Because no definite commercial development is currently in the pipeline, other than the announced, but to-date uncertain IKEA project, the forecast contemplated the additions of transformative mixed-use redevelopment to provide one scenario of future growth to the Gateway Marietta CID revenues. The forecast also includes a 1.5% annual “inflationary growth” assumption.
- Applying the current CID millage rate to the future aggregated commercial property tax valuations of a transformative mixed-use scenario provides a vision of CID’s growth potential over 30 years.



Source: Loopnet

# FUTURE POTENTIAL

- The Gateway Marietta CID area has not seen significant new private commercial development since the 1980s.
- Many aging parcels, buildings, and shopping centers appear to be approaching obsolescence and may soon be opportunities for redevelopment.
- Currently there are no major development or redevelopment projects on the immediate horizon other than an announced IKEA store. Few plans or timelines are available for that store development.
- Opportunities for transformative catalytic investment currently exist in the area.
- New commercial development will likely be necessary to allow the area to remain competitive for significant economic development that will benefit the CID and the City's revenues.
- In order to catalyze additional investments and provide positive transformation in the GMCID area, new development will need to be of higher densities and a greater mix of modern uses than are currently found in the CID.
- New higher density, higher-value value uses would tend to bring greater revenues to the CID and the City, as detailed on the following page.



New medium-density mixed use development examples that could be appropriate for the Gateway Marietta CID area, and would certainly transform the area, providing up-to-date improvements beneficial to local public revenues and useful to keep the area economically competitive, can be found throughout the Atlanta region. Many of these developments have recently been completed or are under construction, including in DeKalb County along North Decatur Road, a corridor somewhat similar to Cobb Parkway, adjacent to the CID.

Recent additions in that area include approximately 1,000 new apartments and hundreds of thousands of square feet of retail.

The commercial tenants include Whole Foods, Sprouts, and numerous other national chains. These additions are intended to complement, rather than compete with, the independent shops and restaurants found in nearby downtown Decatur.

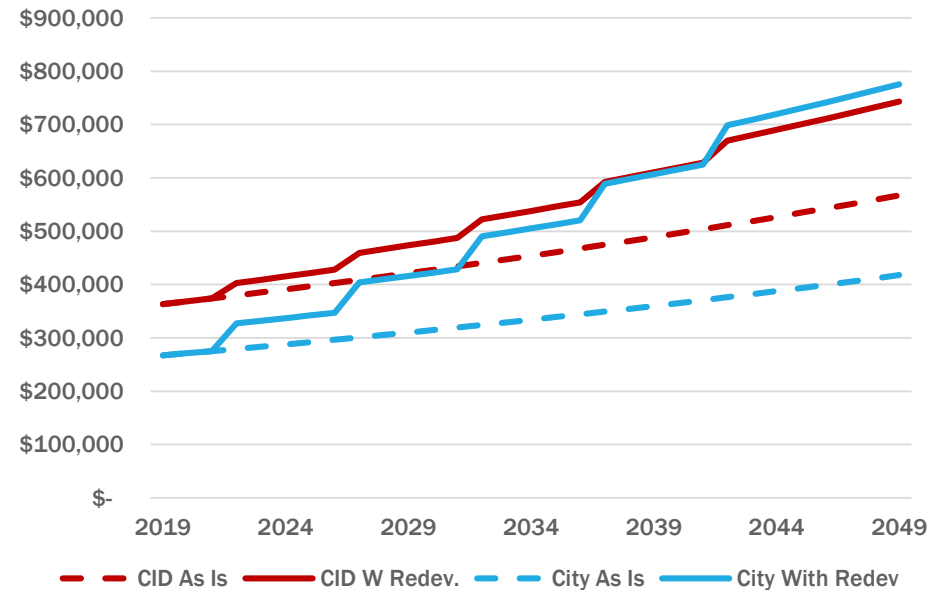


# REVENUES

## GROWTH AND REVENUE FORECAST

- How would property tax revenue to the CID and the City of Marietta change in a more robust redevelopment environment?
- Assume that one six-acre shopping center were to be redeveloped into a moderate-density mixed use project every five years, starting in 2022.
- A typical moderate-density mixed-use six-acre mixed development could reasonably support:
  - 20,000+ SF Retail
  - 65,000 SF Office
  - 160 Multifamily residential units.
- This project would have a market value of approximately \$50 million in 2019, or approximately 4% of the CID's current property value.
- Six redeveloped shopping centers would add \$321 million (market rate) of taxable property value over 30 years.
- GMCID revenue would be 31% higher in 2049 with this redevelopment compared to the no-build case (assuming 1.5% annual inflation).
- City of Marietta property tax revenue from CID properties would be 86% higher in 2049.

Property Tax Revenues from the Gateway CID With and Without Redevelopment



Property Tax Revenue by Year	CID As Is	CID W Redev.	City in CID As Is	City in CID With Redev
2019	\$363,020	\$363,020	\$267,152	\$267,152
2024	\$391,076	\$415,265	\$287,798	\$336,982
2029	\$421,300	\$473,416	\$310,041	\$416,010
2034	\$453,860	\$538,075	\$334,002	\$505,241
2039	\$488,936	\$610,354	\$359,815	\$606,702
2044	\$526,723	\$690,103	\$387,623	\$719,834
2049	\$567,430	\$743,437	\$417,580	\$775,466

# FUTURE POTENTIAL

- This forecast assumes that net tax increments from a new moderate-density mixed use development would be 66% (i.e. \$20M shopping center would become \$60M mixed use).
- A typical six-acre mixed-use redevelopment in the CID would generate estimated annual property taxes of:
  - \$130-\$200K to Cobb County
  - \$42-\$65K to City of Marietta
  - \$270-\$415K to Marietta Schools
  - \$75K - \$116K to Gateway Marietta CID.
- One acre of modern, moderate density typically contains 10,000 to 20,000 SF of retail space.
- One acre of modern, moderate-density mixed use development in the CID would generate estimated annual property taxes of:
  - \$20-\$30K to Cobb County
  - \$13-\$20K to City of Marietta
  - \$12-\$20K to Marietta Schools
  - \$6K - \$10K to Gateway Marietta CID.
- Assuming Sales/SF of \$500, one acre of new mixed-use development could generate sales taxes of:
  - \$50,000 for Cobb County, of which \$4,000 would be allocated for Marietta
  - \$50,000 for Marietta schools
  - \$200,000 for the State of Georgia



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# CONCLUSIONS

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# DISCUSSION OF CID GOALS

## CID MISSION STATEMENT

- “The Gateway Marietta CID was founded [...] with the mission to help establish the area as a premier business center in Metro Atlanta.”

CID Projects



Landscape Improvements



Public Safety



Infrastructure Improvements

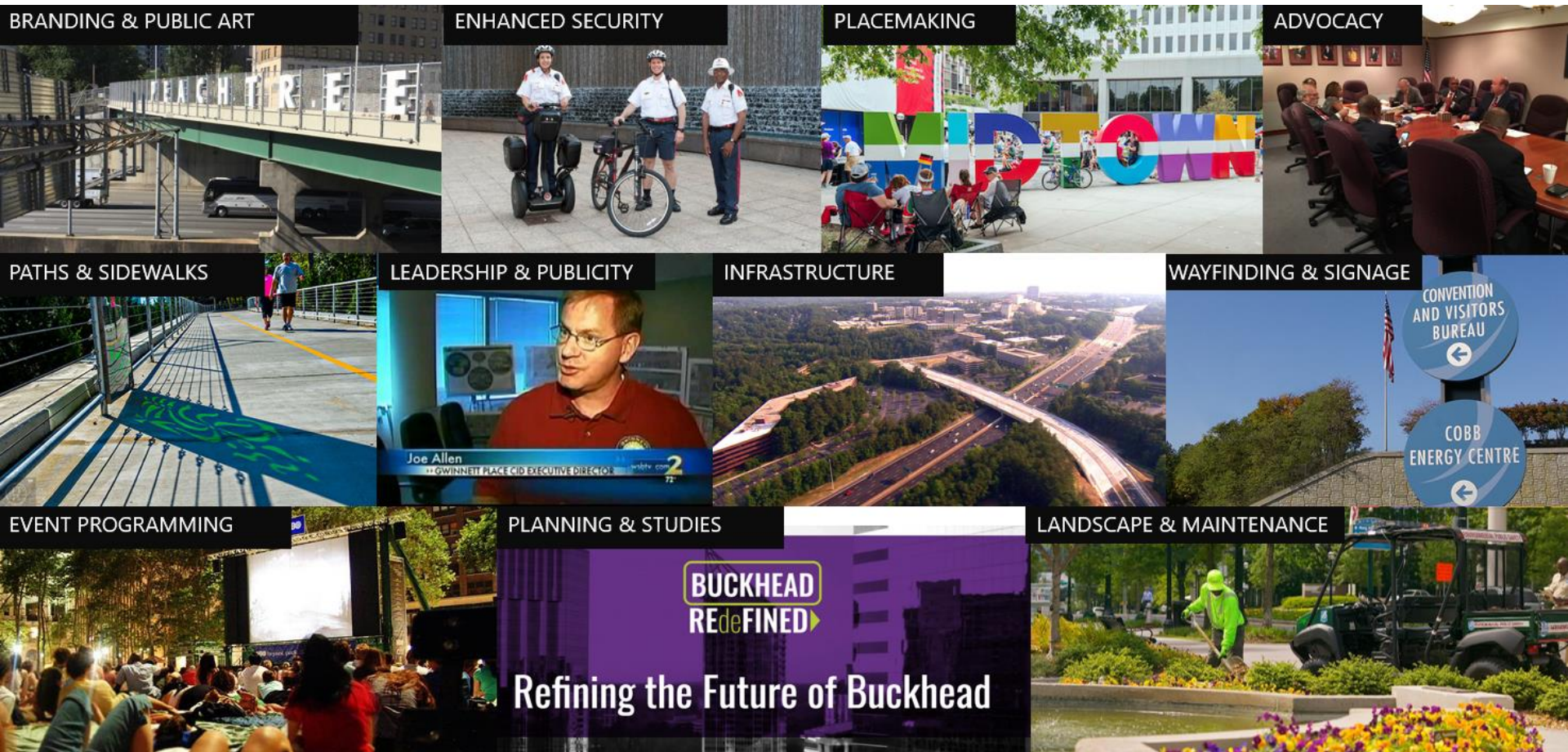
- What does it mean to “help establish the area as a premier business center in Metro Atlanta”?
- How can the CID leverage its economic assets to accomplish its mission?
- Given the limited resources of the CID, strategic partnerships with the City of Marietta, Cobb County, the Cobb Chamber and others will be necessary to accomplish goals.
- Initiatives such as marketing, branding, wayfinding, etc. are relatively low-cost ways to provide value for CID members by increasing the visibility of their properties and providing a sense of activity and momentum. These types of initiatives are hard to quantify in terms of monetary return on investment, but essential for the CID to accomplish its goals.



# CID GOAL-SEEKING

## WHAT ACTIVITIES DOES A CID TYPICALLY ENGAGE IN?

- How do those activities serve a CID's mission?



# CONCLUSIONS

Typical CID Activity	Comments / Recommendations
<b>Landscaping &amp; Maintenance</b>	This has been GMCID's most successful visible activity. Continue to expand operations and plan for on-going maintenance.
<b>Enhanced Security</b>	In partnership with the Marietta Police Department, the CID has helped to fund safety and prevention measures that have helped to significantly reduce crime along the Franklin Gateway corridor.
<b>Placemaking / Public Art</b>	Placemaking is an established successful trend among other CIDs. Identifying and soliciting public art projects and other placemaking initiatives is a relatively affordable way to enhance the area's aesthetics and create a sense of vibrancy. Consider collaborating with the City of Marietta to establish goals and a plan for enhanced placemaking endeavors within the CID.
<b>Branding</b>	In today's competitive environment, updated branding is essential for districts to remain relevant. Consider a brand re-fresh and enhanced social media strategy in order to allow the brand to make favorable impressions in the Atlanta region.
<b>Leadership / Advocacy</b>	Advocacy may be limited with limited CID resources. However, it is appropriate for board members to undertake initiatives on behalf of the CID, with board consent, in which they provide leadership in an outward, public-facing capacity.
<b>Paths &amp; Sidewalks</b>	Multi-use trails are the most emergent initiative for CIDs throughout the region. CIDs are partnering with local jurisdictions and transportation agencies to provide trails that enhance quality of life for residents, workers, and visitors. Trail-adjacent real estate is known to garner property value premiums. Through partnerships, consider using CID resources to enhance the planned local trail network.

# CONCLUSIONS

Typical CID Activity	Comments / Recommendations
Large Infrastructure	It is often necessary for Georgia CIDs, even those with more resources, to development strategic partnerships to bring large infrastructure projects to life. Establish a dialog with the City of Marietta and Cobb County about future planned infrastructure needs and desires in the district and seek beneficial projects to be included in upcoming SPLOSTs.
Wayfinding / Signage	Combined with a branding re-fresh, a wayfinding/signage program for key intersections and locations in the district is essential. Consider partnerships with the City of Marietta and other transportation agencies to initiate a signage plan and execute using CID resources.
Event Programming	Consider regular event programming executed in partnership with CID business, property owners, the City of Marietta.
Planning / Studies	In order to clarify short- and long-term CID board goals and identify projects for enhancements and preferred locations for development/redevelopment, consider partnering with local public entities to conduct a strategic plan for the CID. One possible avenue could be a partnership with the Atlanta Regional Commission (ARC)'s Livable Centers Initiative (LCI) to help alleviate the financial burden of the planning process on the CID.

## TERMS AND LIMITING CONDITIONS

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



**Ken Bleakly, Founder**

**Geoff Koski, President**

**404.845.3350    [www.bleaklyadvisory.com](http://www.bleaklyadvisory.com)**