Southside Market Demographic Overview

Real Estate Data from Fletcher and Company Valuation Services

July 28, 2010

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Traveling down I-75 from Atlanta to Macon or other points south leads one through the Southside Market of Atlanta's Metropolitan Statistical Area, which includes Spalding, Butts, Pike and Lamar Counties. From the market's largest city, Griffin in Spalding County, to tiny towns like the 98-resident Aldora in Lamar County, the region is characterized by historical town squares and rolling, country terrain. This report offers a valuable and comprehensive demographic overview of the Southside Market, including:

- Census data
- Education
- Employment and unemployment
- Major industries & business climate
- Income distribution
- Transportation and infrastructure
- Growth patterns

This table summarizes the County Seat, distance from Atlanta, size and population density for each county.

Southside Market

	County Seat	Distance from Atlanta (Miles)	Size (Sq. Miles)	Population	Population Density (#/sq. mi.)
Spalding Co.	Griffin	40	200	64,848	324
Butts Co.	Jackson	48	190	24,849	131
Lamar Co.	Barnesville	54	186	17,708	95
Upson Co.	Thomaston	65	328	27,806	85
Pike Co.	Zebulon	50	219	18,695	85
Subtotals			*1,123*	*153,906*	*137 (avg.)*

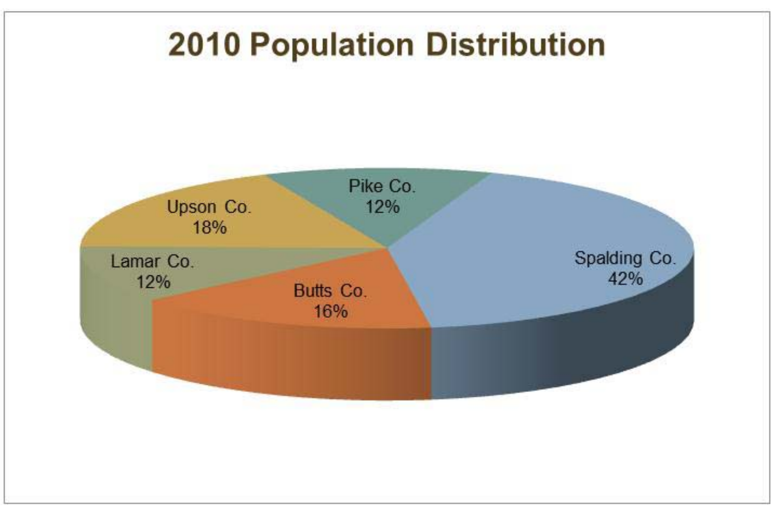
There is one interstate serving these counties, I-75. **Lamar County** is directly served with a single I-75 interchange at High Falls Park Road (Exit 198). Other primary roadways serving Lamar

County include US 41, Georgia Highway 36, Yatesville Road and US 341. The most notable geographic landmark is the 1,020-foot Hog Mountain, near Barnesville. High Falls State Park and lake is located just east of Lamar County in Monroe County. Lamar County is located in the Piedmont region of Georgia and can generally be described as gently rolling. Steep slopes are abnormal for this part of the state. There are no navigable waters in Lamar County, but numerous creeks. The three cities in this County are Aldora, Milner and Barnesville, which is the county seat.

Butts County has two full diamond interchanges with I-75; SR 16/Arthur K. Bolton Parkway (Exit 205) and Georgia Highway 36/Barnesville Road (Exit 201). US 23/ State Highway 42 and State Highway 401 also serve this county. The eastern Butts County line is the Ocmulgee River. The river was dammed at the Jackson/Butts County line to form Jackson Lake. The Oconee National Forrest borders the east side of Butts County in Jasper County. Indian Springs State Park is located near the center of the County, south of the county seat, Jackson. Other cities in this county are Flovilla and Jenkinsburg. Butts County is the location for Georgia's maximum security prison housing death row inmates and was, until its replacement with lethal injection, the location of the electric chair. The prison is the county's largest employer.

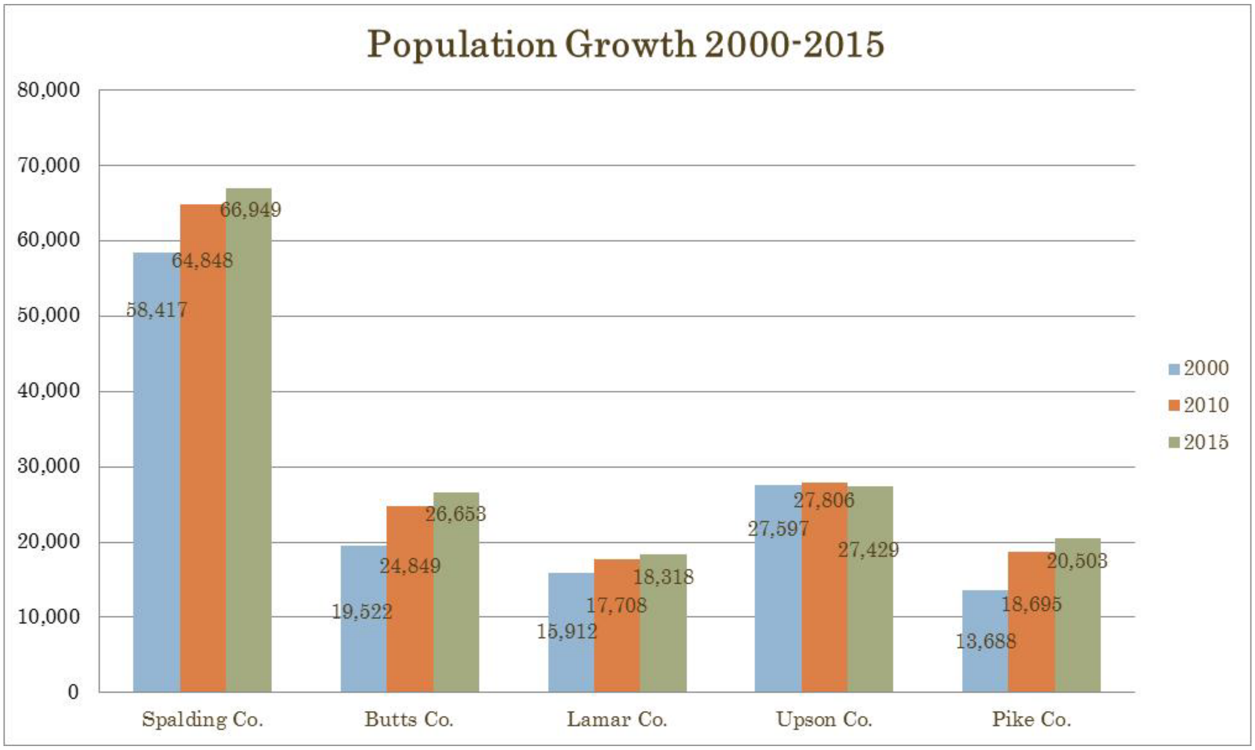
Upson County is between Interstates 75 and 185. There is no direct access to an interstate from this county. The major roads are US 19 and State Highways 36 and 74. US 19 is the primary north-south route running through the middle of the county and the city and its county seat, Thomaston. State Highway 36 and 74 runs east and west through Thomaston. Other cities and towns in Upson County include Sunset Village and Yatesville. The primary geographical landmarks in Upson County are the Flint River and the surrounding Sprewell Bluffs, which form the western boundary. Sprewell Bluffs State Park is a 1,372-acre state park partially located in Upson County.

Pike County is east of Lamar County and north of Upson County. The Flint River forms the western boundary of this county and is the primary geographic landmark in the area. The primary north-south route through Pike County is US 19. State Highways 18, 74, 109 and 362 all generally run east and west through Pike County. There are a number of cities and towns in Pike County, including Concord, Meansville, Molena, Williamson and Zebulon, which is the county seat.



Spalding County has the highest population and development density in the Southside Market. The county line is about one mile west of the US 16/ Arthur K. Bolton interchange with I-75, but there is no interchange in Spalding County. US 19/41 is the main north-south route through Spalding County and State Highway 16 is the main east-west route. Jackson and Locust Grove Roads also travel in a generally east-west direction and serve the east side of the county. State Route 155 runs north and south through the middle of the county. State Route 3 is part of US 19/41 through most of the county, but splits near the south end of the county. It connects Griffin with Zebulon to the south. Griffin is the county seat and largest city in Spalding County. Other cities and towns are Sunnyside and Orchard Hill. Heads Creek Reservoir is the largest body of water in the county. The Flint River forms the western boundary of the county and the Towilaga River flows generally south through the center of the county.

Population Growth



As shown in the table above, the population in Upson County grew by only 209 persons in the preceding decade. Population is expected to decline 6.34% to 27,429 over the next five years. This would suggest there is very little if any need for additional construction in Upson County.

Lamar County grew by a modest 9.57% or an average of 0.957% per year during the 10 year period between 2000 and 2010. Population growth is expected to grow faster over the next five years at an average of 2.052% annually. This would result in population increase of 610 persons by 2015. The population growth estimate is equal to an average of 122 persons per year, which suggests a low need for additional construction in the immediate future.

Pike County grew 26.68% during the first decade of this century. The population increased from 13,688 to 18,695 which is a total of 5,007 persons. The average rate of increase over the last 10 years was 2.668% per year. This is expected to increase significantly to 6.082% per year or a total of 30.41% over the next five years. The population of Pike County is expected to grow by 1,808 by 2015 or 362 persons per year on average. The population growth projection is slightly greater for Pike County and will support a modest to low amount of additional construction in the immediate future.

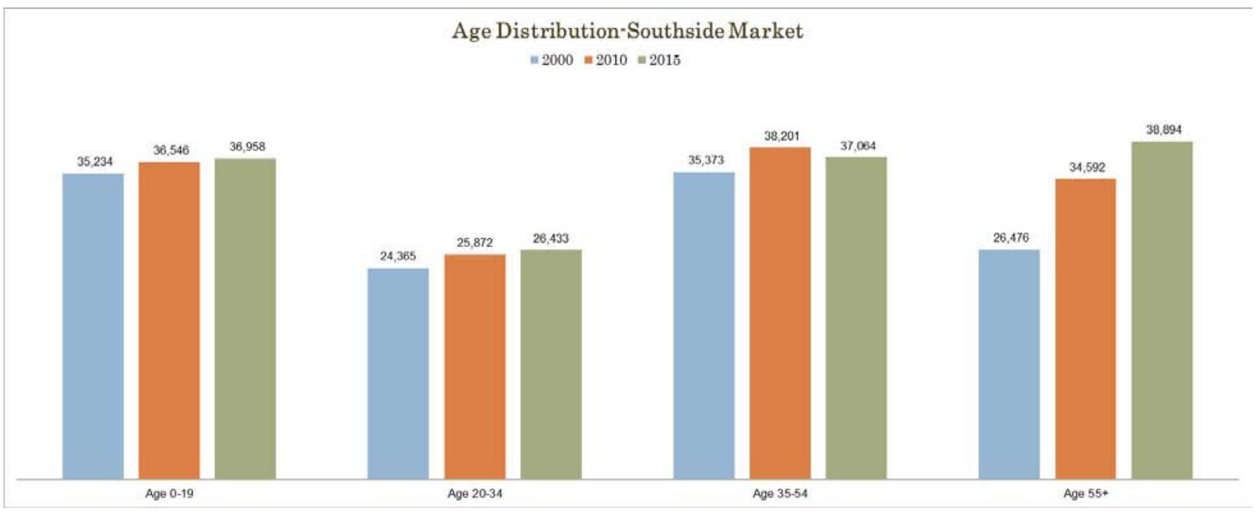
The population of Butts County grew by 5,327 or 28.38% over the last decade. This was equal to an average increase of 2.838% per year. Over the next five years, population is expected to increase another 30.34% to a total of 26,653 persons. This would be equal to an average increase of 6.068% or 361 persons per year. While the rate of growth is very high as a percentage, in terms of whole numbers the population growth is actually projected to be quite modest. The population data suggests there will be good demand for existing real estate, but only modest demand for additional production.

Spalding County is the largest county in this market in terms of population. The population grew by 6,431 total or 643 persons per year over the last 10 years. The rate of growth is also strongest for Spalding when compared to the rest of the Southside Market. The rate of growth for Spalding County was about 34.26% or 3.426% per year for the last decade. This population growth is expected to continue over the next five years. By 2015, the population of Spalding is expected to reach 66,949 persons. This would be a growth rate of 420 persons per year for the next five years. The population increase in Spalding County is expected to support modest demand for additional real estate development.

Population Age Distribution

The distribution of the population across income levels and age bracket also has a strong influence on the need for different types of real estate. Is a community going to need more senior housing or daycares? Is the current mix of age brackets expected to remain about the same, suggesting the existing mix of building types will remain stable? Population growth is the most obvious source of demand for additional real estate, but a shift within a population can have a strong influence on demand as well.

The table below demonstrates the shift within the population over the last 10 years and over the next five years.



In 2000 the school age group (19 and under) made up 29.01% of the total population. This decreased to 27.03% in 2010 and is expected to continue declining to 26.52% of the total population by 2015. In whole numbers, the 19 and under population increased by only 1,312 persons in the five-county Southside Market over the last 10 years. An additional 412 students are expected over the next five years in the Southside Market. An increase of 412 students translates into only 23 new classrooms at 18 pupils per room in this five-county area over the next five years across all education levels. We expect little to no educational facility development in this market in the foreseeable future.

The college and young professional age group is also expected to shrink in relation to the other groups. In 2000, the 20-34 year old age group represented 20.06% of the total population. This decreased to 19.13% in 2010 and is expected to decrease to 18.97% of the total population by 2015. In whole numbers, the young professional age bracket is expected to grow modestly from

24,365 in 2000 to 25,872 in 2010 and another 561 persons over the next five years to 26,433, total. Spread across five counties, the population increase in this age bracket is very modest.

At the same time, Generation Y (ages 13-33) is entering the work force. Many companies which formerly required 300-500 square feet of office space plus one parking space per employee now find themselves downsizing their real estate requirements. This generation has grown up with the computer and their employers have spent hard earned capital to improve their information technology infrastructure. The payoff to this capital investment is a reduced need for traditional office real estate. Based on the modest population growth estimates for the young professional age group and reduced square footage requirements for this part of the work force, we expect stable to reduced demand for office property in this market in the foreseeable future.

The middle age/young family bracket (35-54) had the only decline over the last decade. This age bracket is expected to continue losing ground in terms of proportion and whole numbers. The middle age bracket declined from 29.13% of the population in 2000 to 28.25% in 2010. During this period, the actual population increased by 2,828 persons. Over the next five years, however, this group is expected to decline to 37,064 persons in the Southside Market, or 26.6% of the total population. This data suggests that suburban style tract housing, which is geared toward this age bracket, will not be as popular in the coming years. The downward trend for this age bracket also negatively impacts demand for office property and retail property.

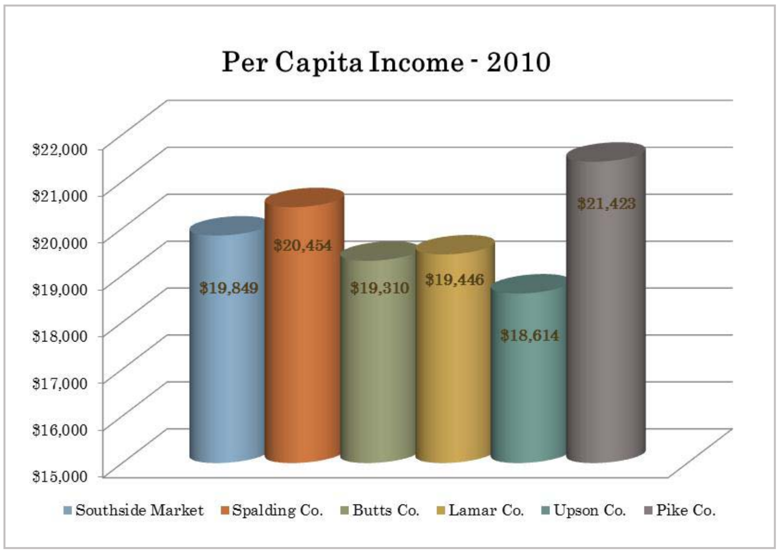
The 55 and over age bracket is the only group expected to increase in terms of whole numbers and percentage of the population. In 2000 roughly 21.8% of the population was 55 and over. This increased by 8,116 persons over the last decade to about 25.58% of the total population. Over the next five years, the proportion of seniors is expected to increase to 27.91% of the population or 38,894 persons. This group is expected to represent the largest portion of the population increase. At an average of 860 persons per year, this group will probably provide the greatest pressure for new development in this market.

The statistical data mimics our general expectations for "the aging of America". The proportion of seniors in our population will cause increased demand for goods and services that cater to this age group and a decrease in demand for structures geared toward a younger population. Medical facilities, low impact leisure activities like golf and museums and hospitality facilities should all benefit from the coming shift.

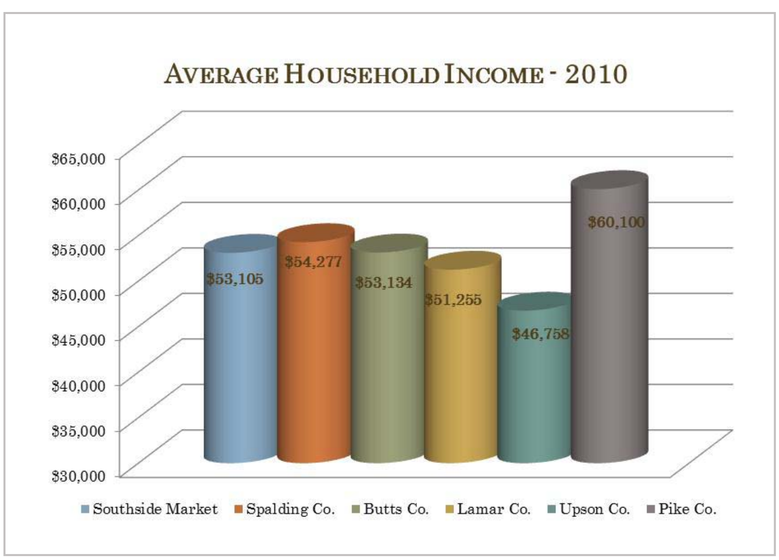
Income Distribution

A clear understanding of the Southside Market income levels is also required to project the need for additional development in this area. The following charts display the differences between the per capita and average household income levels for the five-county market.

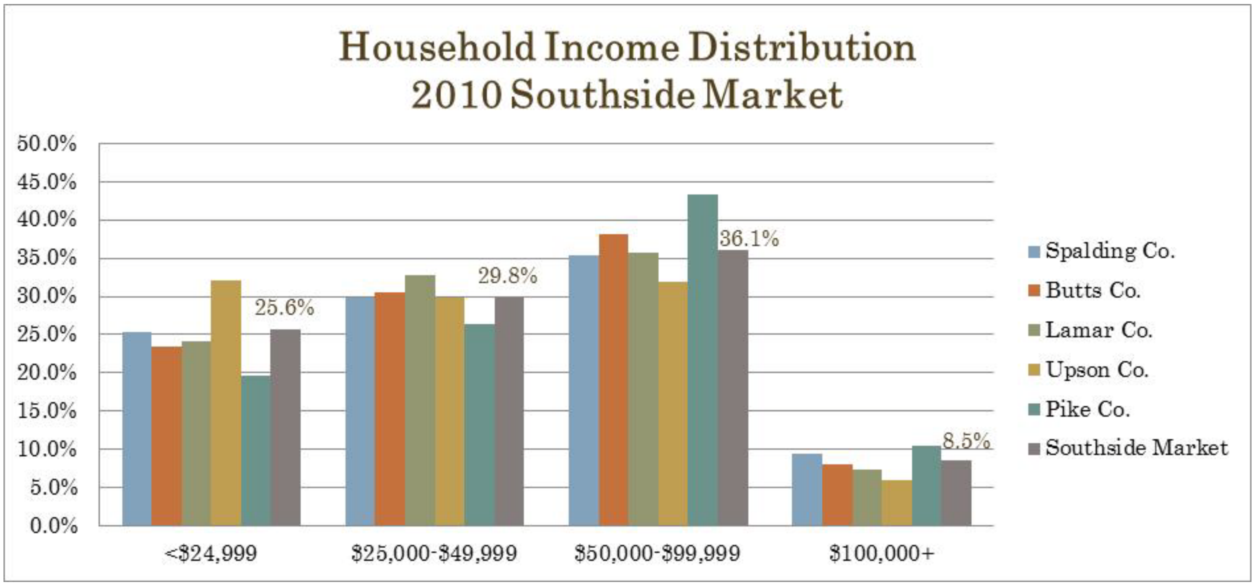
As shown in the table below, per capita income is greatest in Pike County. Spalding is also above the Southside Market average of $19,849 at $20,454. Butts, Lamar and Upson Counties are below average.



Household income in the area is more homogeneous than the per capita income. The household income averages $53,105 in the Southside Market. Pike County outperforms the market significantly at $60,100 in 2010. The household income is $6,995 per year or 13.17% greater than the market average. Spalding and Butts Counties are slightly above average while Lamar and Upson Counties fall below the average. Upson County household income is $6,347 or 11.95% less than the average per year than the market average.



The table below illustrates the distribution of the income brackets in the Southside Market. Within the five-county market, the largest income bracket is the $50,000 to $99,999 household income segment. Roughly 36.1% of the population falls within this income bracket. Only 8.5% of the total population falls within the $100,000 and over income bracket. Slightly greater than one quarter of the population falls in the $24,999 and under household income bracket.

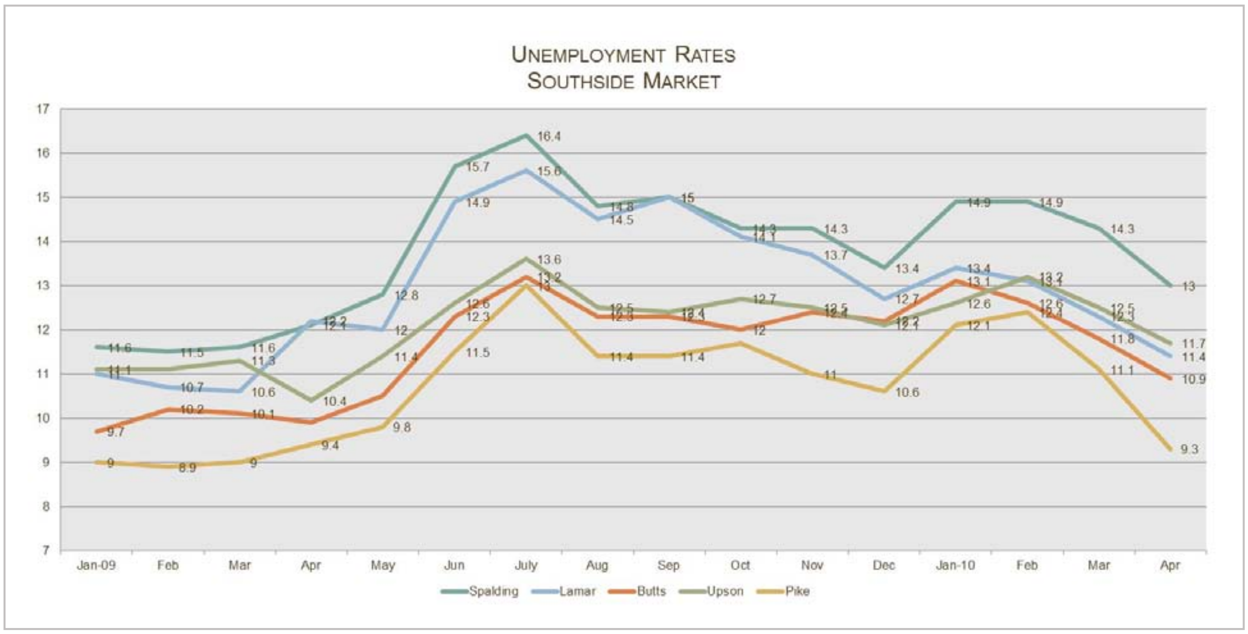


Spalding County has the strongest household income distribution. Spalding County falls below the market average in the lower income brackets and above average in the two higher income brackets. Upson County has the largest percentage of households below $25,000 at 32.1% of the total population. Upson County also has the fewest households over $100,000 at 6%.

The average household income in Georgia is $72,432. This is slightly above the national average of $71,437. In contrast, the average household income in the Southside Market is $53,105. The average household income levels range from a high of $60,100 in Pike County to $46,758 in Upson County. This market has below average income characteristics.

Employment

Unemployment in this market appears to have peaked in July 2009. The downward trend in unemployment persisted in this submarket from August to December of 2009. During the first month of 2010, the five counties in the Southside Market experienced a slight uptick in unemployment. For the most recent three month period, all five counties have been trending downward.



Currently, Spalding County has the highest rate of unemployment at 13.00%. Pike County, at 9.3% has the lowest unemployment rate as of April 2010. The national average was 9.3% as of April 2010 and the statewide unemployment rate was 9.8%. Spalding, Lamar, Butts and Upson Counties all have greater unemployment than the state and national average.

Southside Market Conclusions

Spalding County is expected to capture the majority of population growth in this market. The five-county area is expected to add 5,946 residents over the next five years, 35.33% of which will move to Spalding County. Upson County on the other hand is expected to experience negative 6.34% population growth. Butts and Pike Counties are expected to add roughly 1,800 residents each while Lamar will add a modest 610 residents over the next five years.

Over the next five years, the population in this market is expected to age. The school age, young professional and middle age groups will all decline in proportion to the total population. The 55 and over age group is the only portion of the population that is expected to increase as a percentage of the whole. In whole numbers, the school aged population will increase modestly, but not enough to warrant the production of additional education and child care facilities in significant quantities. The largest population increase is expected in the 55 and over age group.

The $19,849 average per capita income for the Southside Market is lower than the state and national averages of $26,980 and $27,277, respectively. The average household income in the area is $53,105, which is also lower than the state and national averages at $72,432 and $71,437, respectively. Pike County has the strongest income figures within the five-county market. The per capita income in Pike County is $21,423 and the average household income is $60,100. Upson County has the weakest income figures, with a per capita income of $18,614 and an average household income of $46,758. Pike County also has the greatest proportion of households in the $50,000 to $99,999 household income bracket.

The employment situation has improved in this area since mid-2009. With the exception of a slight uptick in January 2010, unemployment has generally been trending downward. Pike County is currently performing better than the national average of 9.8% unemployment and equal to the state at 9.3%. The other counties have greater unemployment than both the state and national averages.

This market provides an interesting mix of opportunities for developers and real estate investors. The shift in the age distribution coupled with fairly modest population growth projections suggest that conversion or the repurposing of existing structures will be more advantageous than new, speculative development. Caution should be exercised before proceeding with additional tract housing development. Household incomes are generally soft and the age groups that usually prefer this style of housing are shrinking. There is a growing need for senior housing, senior services and recreational outlets geared toward older patrons. There is no demographic data to support the addition of high-end retail centers, but the modest population increases should support good demand for the existing stock. Likewise, there is no clear need for additional office real estate, but the modest population growth should help generate the demand needed for continued use of the existing stock. We rate the economic outlook for this area as neutral to slightly positive.