

Rainbow City Master Plan

ECONOMIC AND REAL ESTATE MARKET ANALYSIS

Prepared for:



Prepared by:



KB | ADVISORY GROUP
2001-2021 *20th Anniversary*

Under the Direction of:

**Chambless King
Architects**

March 2022



Introduction

This report provides a summary of key demographic economic, and real estate trends impacting the future development in Rainbow City, Alabama.

KB Advisory Group authored this report, serving as a subconsultant to Chambless King Architects, who is leading the creation of the Rainbow City Master Plan.

This document is expected to help inform the physical planning portions of the master plan as well as the recommendations regarding policies to encourage the desired mix of land uses benefiting local residents, employees, and businesses.

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Executive Summary: Geographic Context

This study focuses on three *areas of study*: **Rainbow City, Etowah County, and Alabama**, order to place findings regarding Rainbow City in context.

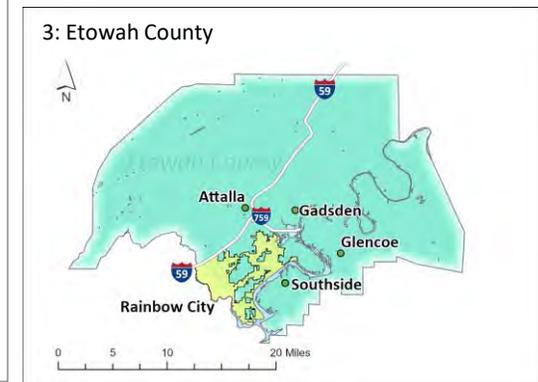
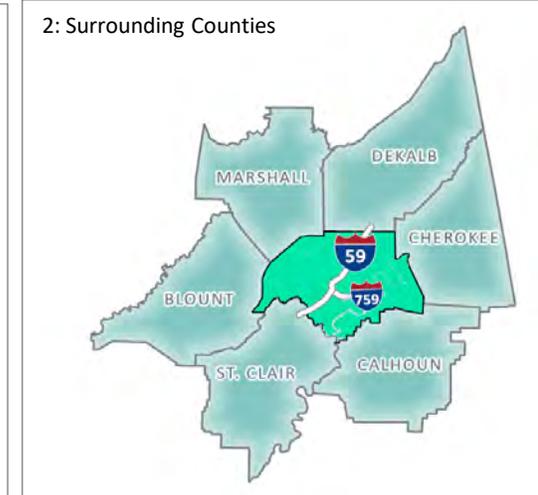
Rainbow City is in southwestern Etowah County. The City is situated on I-59, which runs north to Chattanooga, TN and south to Birmingham, AL. Rainbow City is also serviced by I-759, a spur highway that runs across the north side of the city.

Etowah County is in Northeast Alabama just north of I-20. It borders the counties of Marshall, Dekalb, Cherokee, Calhoun, St. Clair, and Blount. Etowah County shares the same political boundaries as the Gadsden Metropolitan Statistic Area.

Etowah County is positioned in between three major Southeastern cities. Birmingham lies to the southwest, and Atlanta to the southeast. Huntsville is approximately 75 miles to the northwest.

The City of Gadsden is directly north of Rainbow City and I-759. Gadsden is the most populated city in Etowah County. Nearby cities include Southside, Glencoe, and Attalla.

The Coosa River stretches from the southern extent of Rainbow City to the northeastern border of Etowah County. The winding waters of the Coosa River naturally delineate a boundary between Rainbow City and Southside.



Executive Summary: Trends

Based on the data and analysis detailed in this document the following provides a high-level summary of demographic, economic, and real estate trends that currently impact Rainbow City's built environment and its local economy.

Demographics

The 2020 Census revealed that Rainbow City's population now exceeds 10,000. The City's population growth rate is higher than average for Etowah County.

The estimated median household income in Rainbow city is nearly \$58,700, about \$9,500 greater than Etowah County's overall median income.

Compared to Etowah County, Rainbow City proportionally has more households with income above \$50k, and fewer households with income below \$50k.

Employment

A significant number of Etowah County's jobs (10%) are in Rainbow City.

In 2018, for the first time in 15 years, the number of high-paying jobs exceeded the number of low-paying jobs available in Rainbow City.

While white-collar job growth has been strong recently, overall, blue-collar and service jobs still widely outnumber white-collar jobs in Rainbow City.

Each day nearly the same number of employees commute into Rainbow City for work as do those who commute out.

Housing Supply

Approximately 7 out of 10 homes in Rainbow City are single-family detached, similar to the state of Alabama overall.

The median owner-reported housing value in Rainbow City is approximately \$195,000. Homes are valued nearly \$56,000 higher on average in Rainbow City than in Etowah County.

About two-thirds of Rainbow City homes are occupied by owners. The remaining one-third of the City's housing units are occupied by renters.

Compared to the surrounding region, Rainbow City has a significantly higher percentage of renters.

Within Etowah County, Rainbow City's multifamily apartment inventory commands a slightly above average per-unit asking rent.

Commercial Real Estate

Retail businesses in Etowah County, including Rainbow City are currently paying historically high property leases. Average asking retail rents in Etowah County have nearly doubled since the end of 2019.

The combination of rising rents and low vacancy potentially suggest the presence of unmet demand for additional retail development.

Office vacancy rates in Rainbow City and Etowah County are at 10-year lows.

Executive Summary: REAL ESTATE DEMAND FORECAST

As part of the **Rainbow City Master Plan Market Study**, KB Advisory Group prepared 15-year development potential forecasts for the key land uses:

- New For Rent Residential**
- New Single-Family For Sale Residential**
- New Attached (Townhome) For Sale Residential**
- New For Rent Residential**
- Retail**
- Industrial**
- Office**

Each real estate development potential forecast utilizes population and employment projections for growth in Rainbow City under various assumptions, including the area’s recent market history and demonstrated capture of its fair share of Etowah County’s and population and household growth, employment growth, and real estate development.

Hotel demand assumptions relied largely upon a recent hotel feasibility study prepared for Rainbow City by Core Distinction Group in 2021.

Rainbow City, AL 15-Year Real Estate Demand Forecast

New Residential	Units
For-Sale Detached (Single-family)	661
For-Sale Attached (Townhome/Condo)	117
TOTAL FOR-SALE	778
For-Rent Conventional Attached (Apartment/Townhome)	410
For-Rent Walkable Attached (Apartment/Townhome)	202
TOTAL FOR-RENT	612
New Commercial	Sq. Feet
Retail	234,135
Office	15,246
Industrial	241,241
New Hospitality	Rooms
Hotel	180

DEMOGRAPHIC ANALYSIS

Demographic Assessment

POPULATION & HOUSEHOLDS OVERVIEW

The 2020 Census revealed that Rainbow City’s population now exceeds 10,000. The City’s population is projected to surpass 10,300 in the year 2025. This population growth rate is higher than average for Etowah County.

Population, 2000-2025

	Rainbow City	Etowah County	Alabama
2000 Census	8,699	103,458	4,447,092
2020 Census	10,191	103,436	5,024,279
2025 Projection	10,308	102,971	5,087,397
New Population 2000-2020	1,492	(22)	577,187
Avg. Annual Growth Rate 2000-2020	0.79%	0.00%	0.61%
Avg. Annual Growth (Fcst.) 2020 - 2025	0.23%	-0.09%	0.25%

Rainbow City added about 600 households between 2000 and 2020. Households in Rainbow City contain 2.37 people on average. Household count is expected to keep growing into 2025.

Households, 2000-2025

	Rainbow City	Etowah County	Alabama
2000 Census	3,657	41,614	1,737,079
2020 Census (Est.)	4,259	41,636	1,989,959
2025 Projection	4,291	41,149	2,017,975
New Households 2000-2020 (Est.)	602	22	252,880
New Households 2020-2025 (Est.)	32	-487	28,016
Avg. Annual Growth Rate 2000-2020	0.76%	0.00%	0.68%
Avg. Annual Growth (Fcst.) 2020 - 2025	0.15%	-0.09%	0.28%
Average Household Size 2021 (Est.)	2.37	2.43	2.46

Demographic Assessment

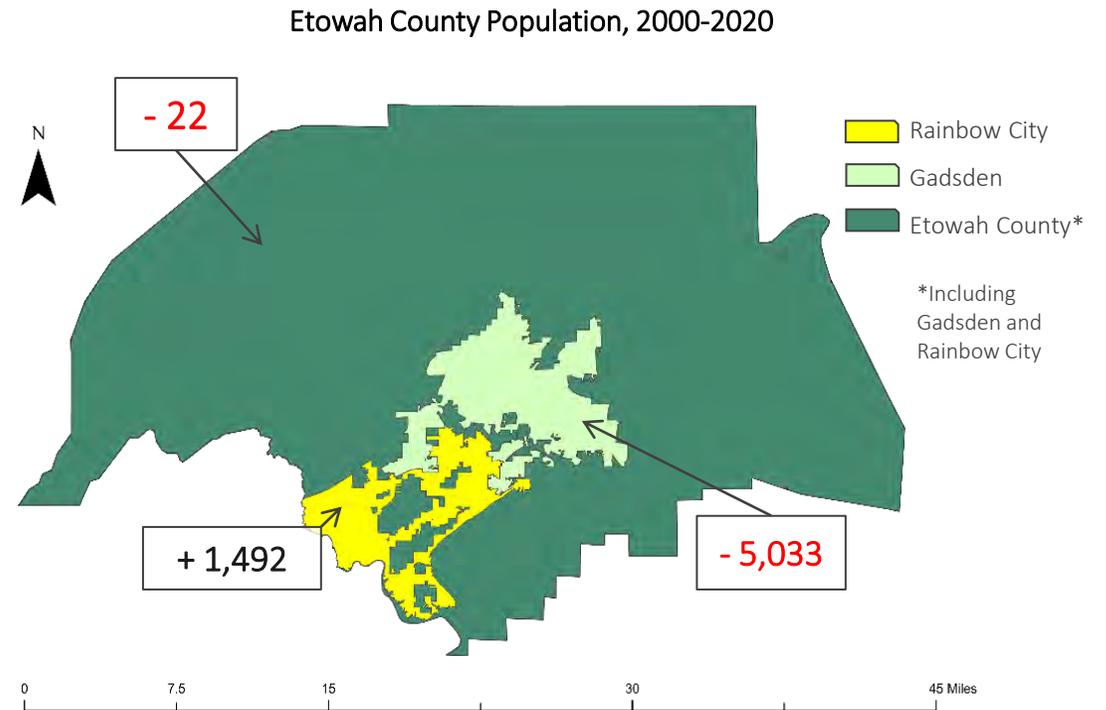
POPULATION

Rainbow City's population grew, but Etowah County's population stagnated.

Rainbow City added nearly 1,500 residents over the last two decades. The City grew at an average annual rate of 0.79% each year between 2000 and 2020.

Gadsden's population declined by approximately 5,000 people since 2000. Etowah County overall struggled with population growth. The County has not seen a significant overall increase or decrease in population since 2000.

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Source: KB Advisory Group with data from U.S. Census Bureau

Demographic Assessment

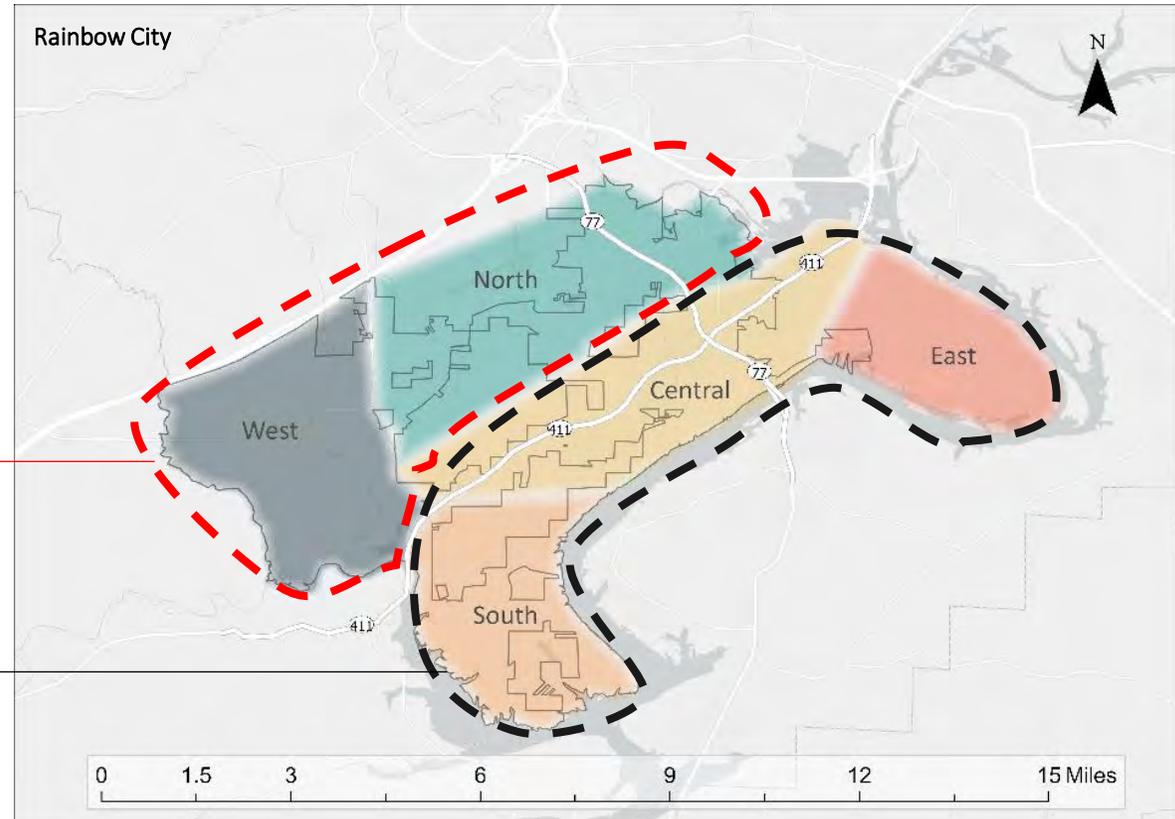
HOUSEHOLDS

Between 2000 and 2020, Rainbow City grew by approximately 600 households. The City had an average annual household growth rate of 0.76%.

Meanwhile, household growth stagnated in Etowah County. The County is projected to lose nearly 500 households between 2020 and 2025.

A decrease in number of households occurred in the North and West regions of the City between 2000 and 2020. These regions are primarily zoned for agriculture.

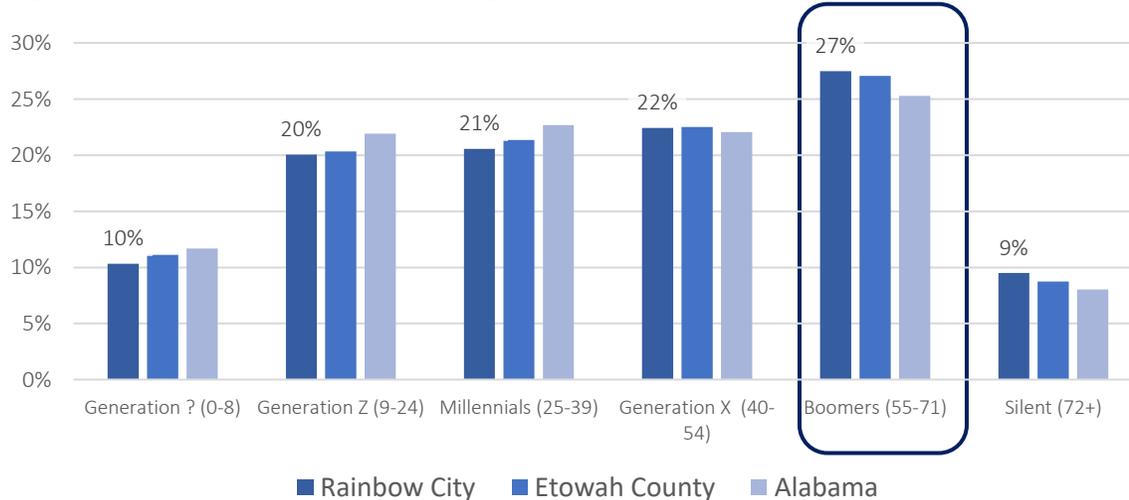
The greater South, Central, and East regions of Rainbow City had *growth* in households between 2000 and 2020.



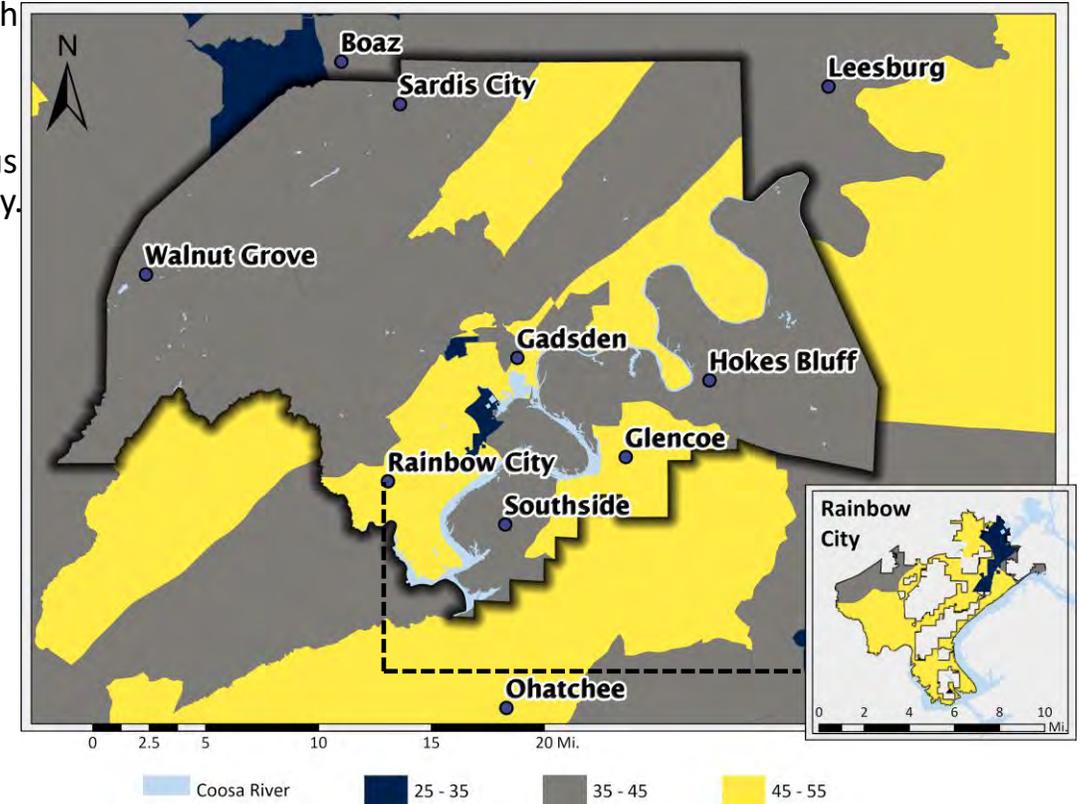
Demographic Assessment

POPULATION BY AGE

- The median age in Rainbow City is 43.4. Approximately 24% of Rainbow City residents are senior citizens (ages 65+) and 22% are children. Rainbow City residents on average tend to be a few years older than the residents of other towns in Etowah County.
- The “Baby Boom” generation makes up 27% of Rainbow City’s population, accounting for the largest age cohort in the City. Yet, Etowah County’s largest census tract in which the median age is between 25 and 35 is in northeastern Rainbow City. In this sense, Rainbow City is a distinctly age-diverse city within Etowah County.
- Across the nation, most new construction built for older adults is for higher-income buyers or renters. In response, an increasing number of older adults are opting to “age in place”. This can limit the supply of homes available for sale to younger buyers who may be seeking to trade up.



Median Age by Census Tract

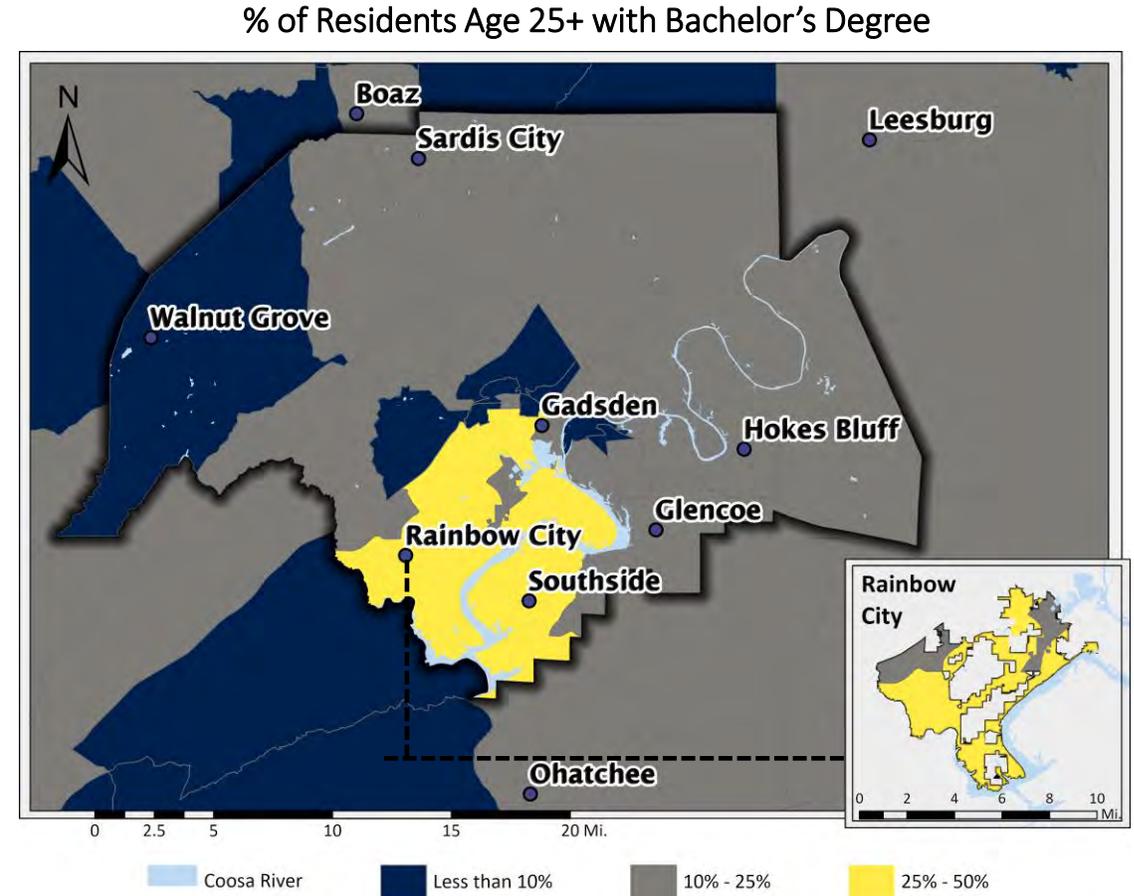
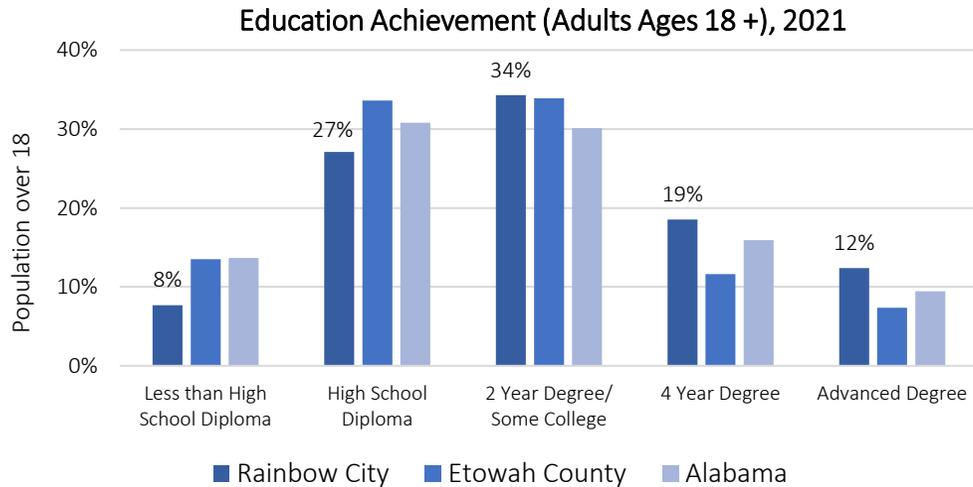


Source: KB Advisory Group, U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates

Demographic Assessment

EDUCATION

Rainbow City has a relatively high level of post-secondary education achievement for the region. Compared to Etowah County and Alabama as a whole, **households within Rainbow City are more likely to be made up of residents with a 4-year degree**. Two-thirds of the City's population age 25+ is educated beyond the high school level.



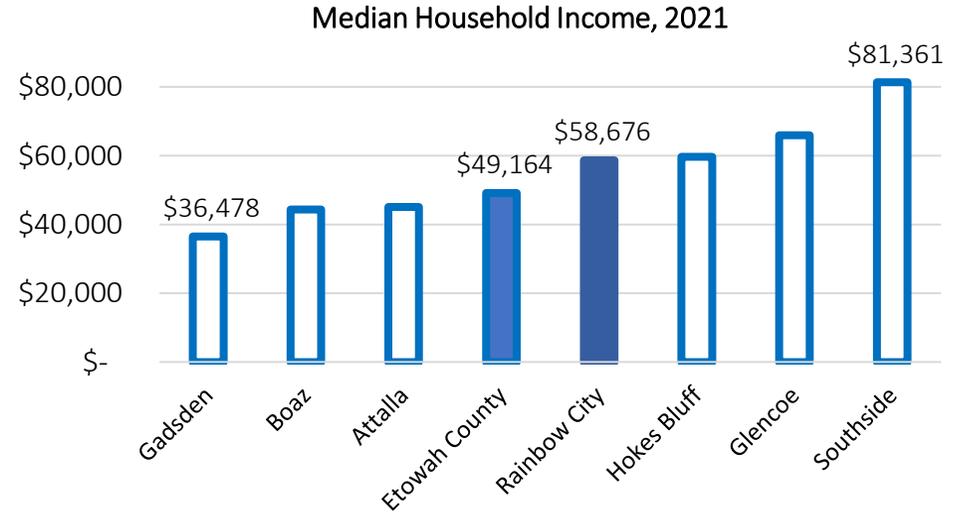
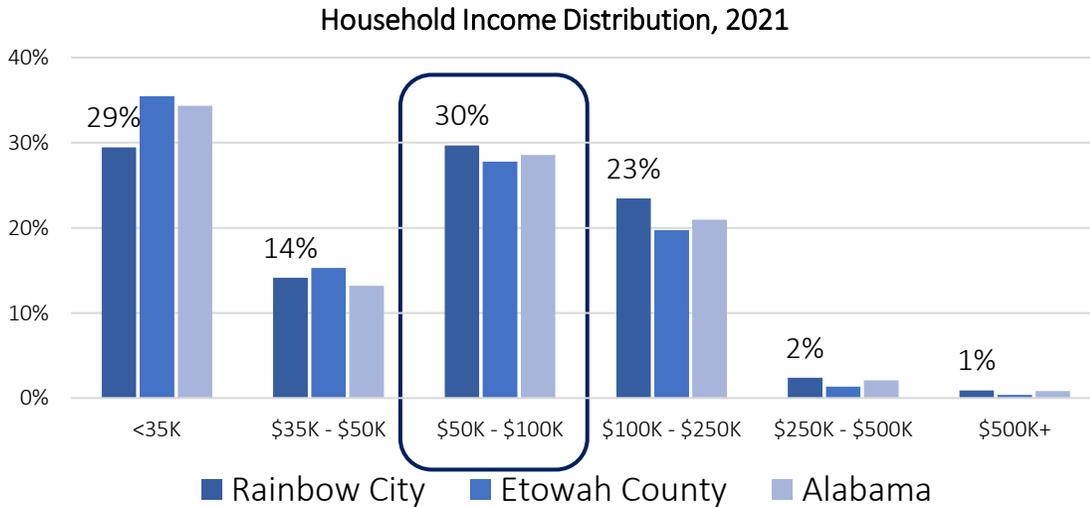
Source: KB Advisory Group with data from the U.S. Census Bureau, ACS 5-year 2019

Demographic Assessment

HOUSEHOLD INCOME

Households with a median household income of less than \$35,000 are common throughout Alabama and Etowah County. Rainbow City resists the regional trend; proportionally, **fewer households earn less than \$35,000** and **more households earn between \$50k and \$100k.**

The est. median household income in Rainbow city is \$58,676, about \$9,500 greater than Etowah County's overall median income. Compared to Etowah County, Rainbow City proportionally has more households with income above \$50k, and fewer households with income below \$50k.



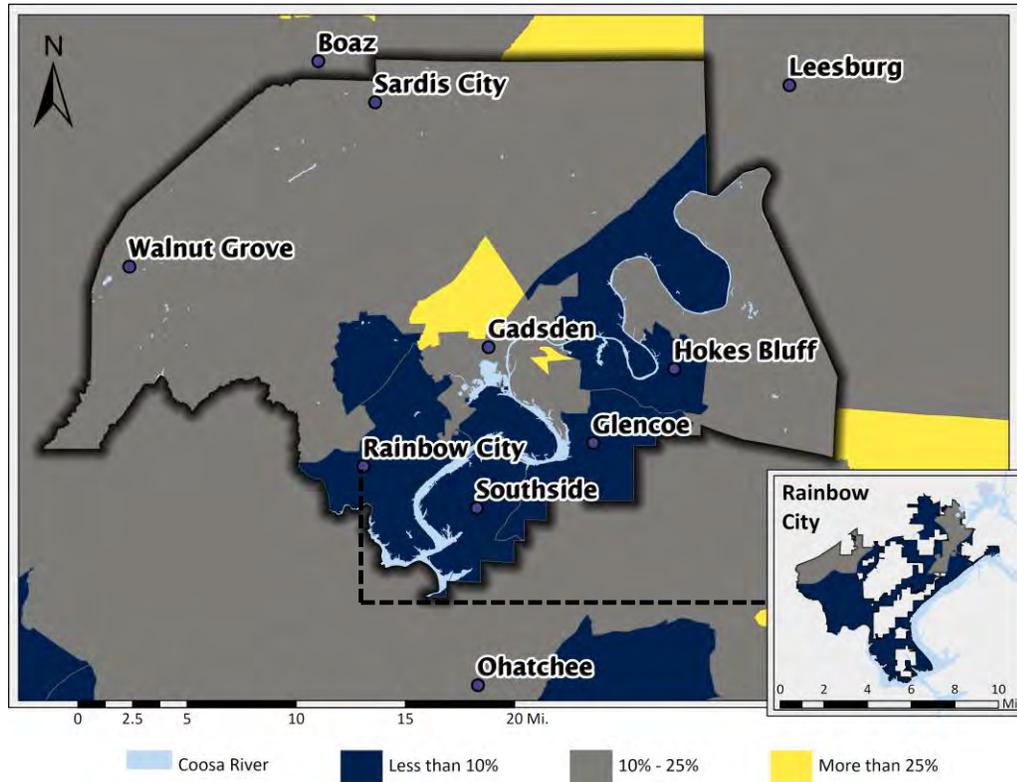
Source: KB Advisory Group, U.S. Census Bureau, Claritas

Rental Affordability	
HH Income	Rent @30% Income
\$35K-\$50K	\$875-\$1,250/mo.
\$50K-\$75K	\$1,250-\$1,875/mo.
\$75K-\$100K	\$1,875-\$2,500/mo.
\$100K+	\$2,500+/mo.

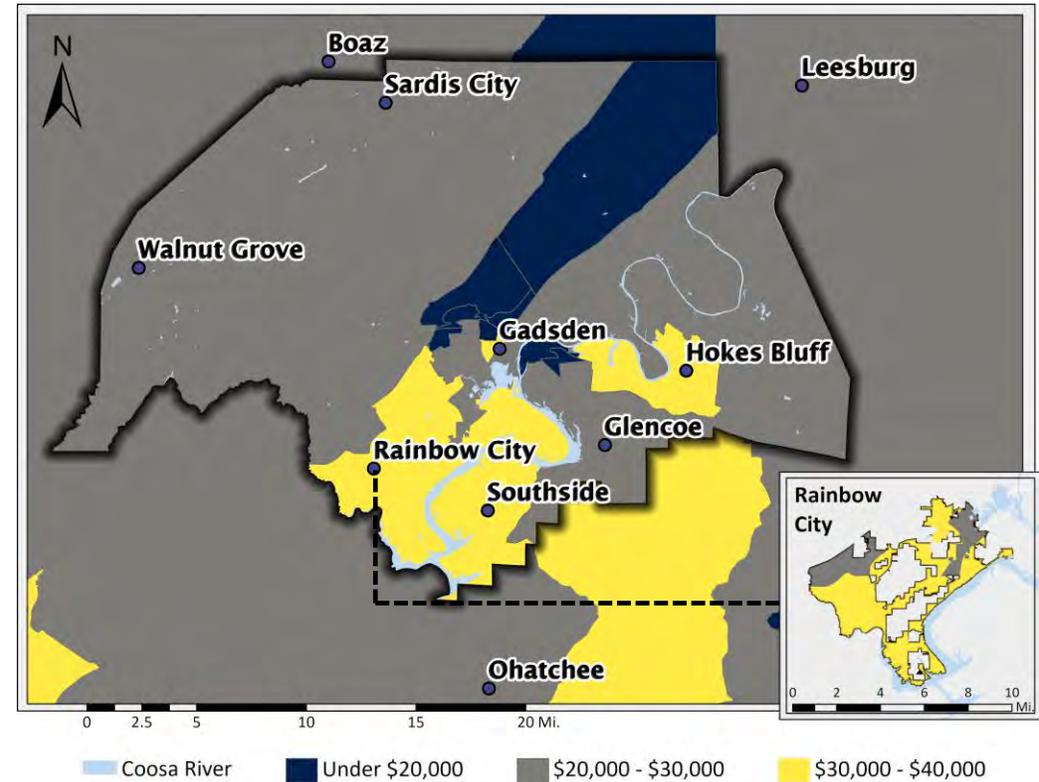
Demographic Assessment

POVERTY & INDIVIDUAL INCOME

% of Population Living Below Poverty



Median Individual Income by Census Tract



Source: KB Advisory Group, U.S. Census Bureau ACS 5-year 2019

EMPLOYMENT ANALYSIS

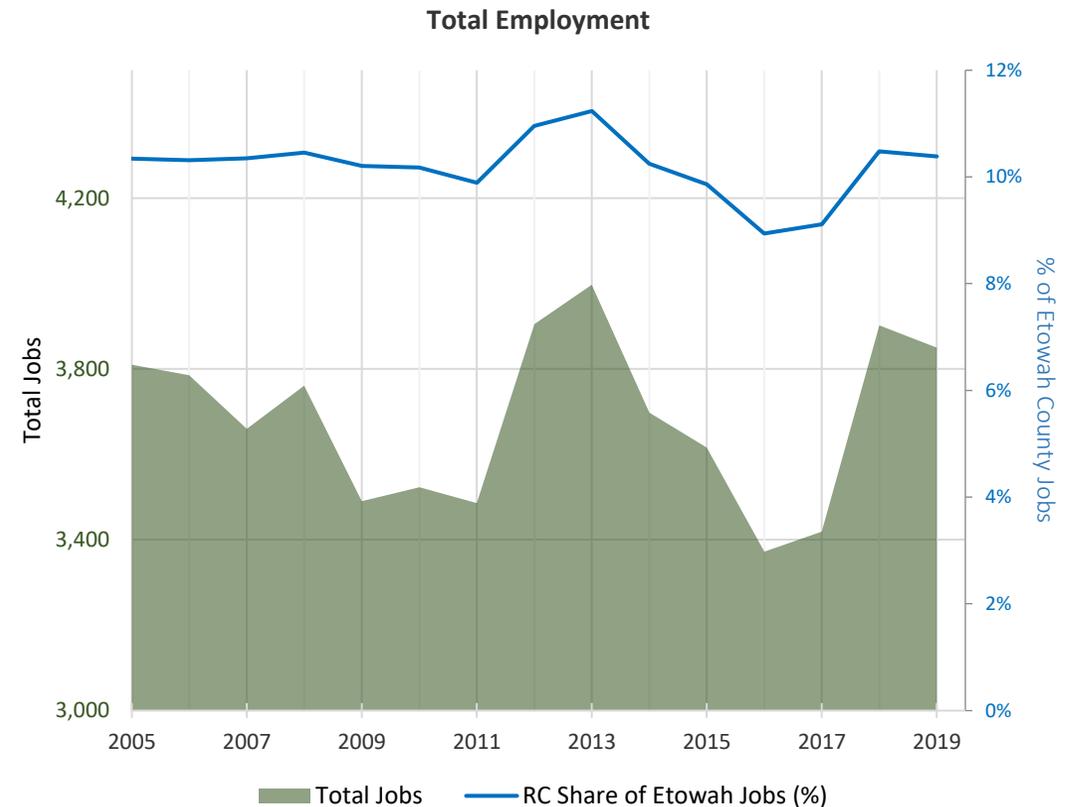
EMPLOYMENT ANALYSIS

EMPLOYMENT CHARACTERISTICS: JOBS LOCATED IN RAINBOW CITY

A significant number of Etowah County's jobs (10%) are in Rainbow City.

- Estimated total employment* in Rainbow City currently stands at approximately 3,810 jobs.
- While this number of jobs is similar to the number in 2005, in the 15-year period since 2005. . .
 - The minimum estimated total employment was 3,370 (year 2016)
 - The maximum estimated total employment was 4,000 (year 2013)
 - Fluctuations in the number of local jobs can be seen in the chart at right.

***Total employment** = Jobs located within Rainbow City's limits.



Source: KB Advisory Group based on data from the U.S. Bureau of Labor Statistics

EMPLOYMENT ANALYSIS

EMPLOYMENT CHARACTERISTICS: JOBS LOCATED IN RAINBOW CITY

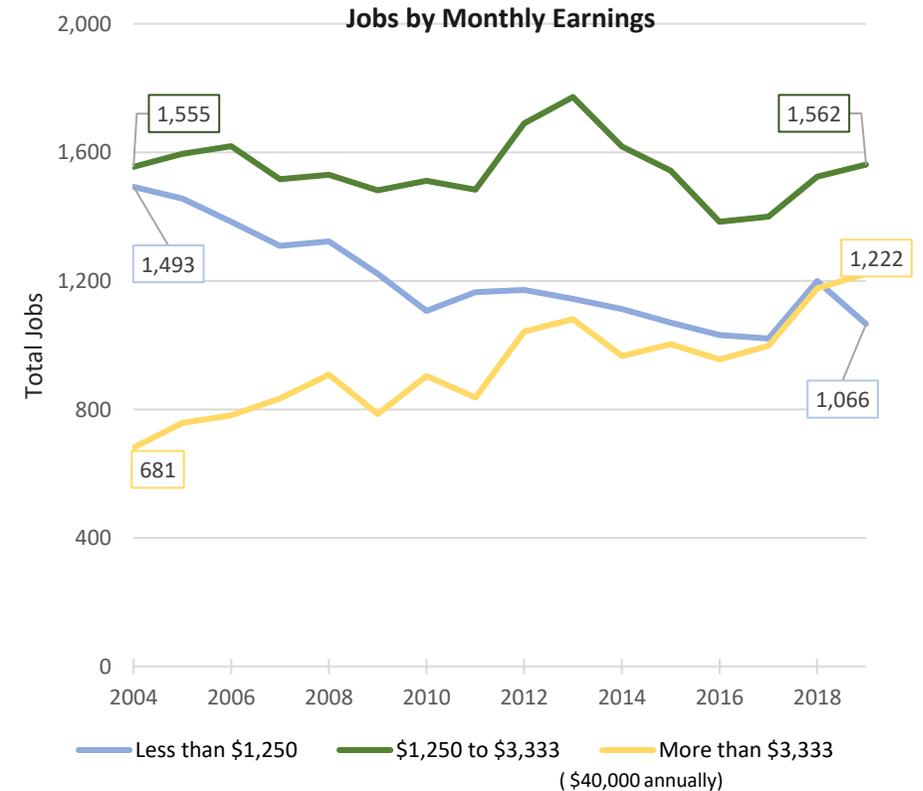
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***Total employment** = Jobs located within Rainbow City’s limits.

Over the past 15 years, earnings for jobs *within* Rainbow City’s limits:

- Jobs with **mid-range wages** (between \$1,250 and \$3,333 per month) **held steady** with no significant gains or reductions.
- The number of **high-paying jobs** (earning more than \$3,333 per month) in Rainbow City **nearly doubled** from 681 to 1,222 jobs.
- The number of **low-paying jobs** (earning less than \$1,250 per month) in Rainbow City **reduced** from 1,493 to 1,066 jobs.
- In 2018, for the first time in 15 years, the number of high-paying jobs exceeded the number of low-paying jobs available in Rainbow City.



Source: KB Advisory Group based on data from the U.S. Bureau of Labor Statistics

EMPLOYMENT ANALYSIS

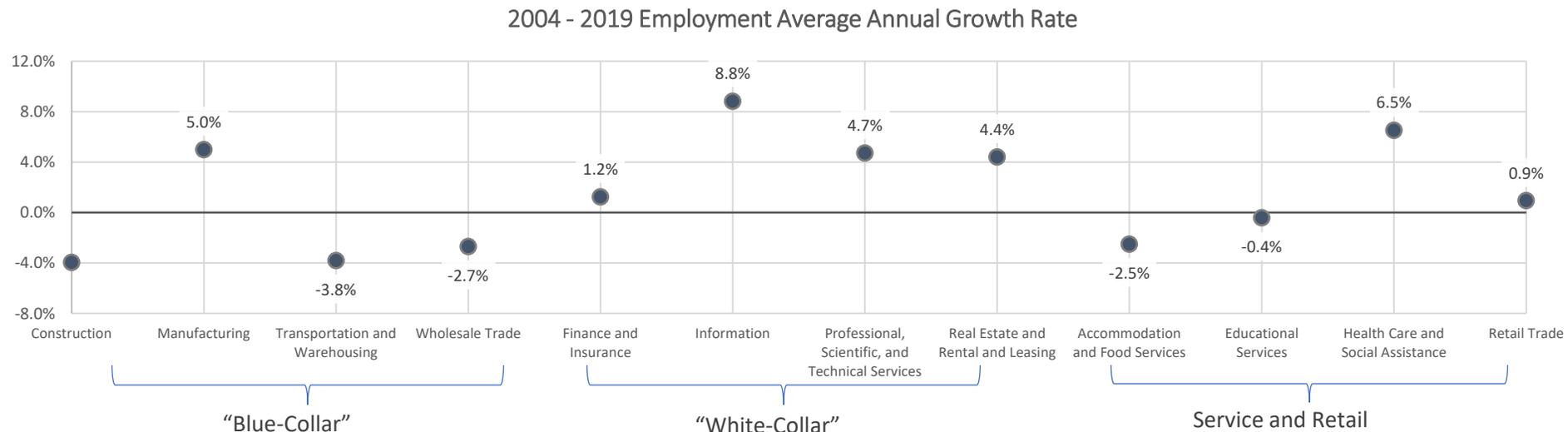
EMPLOYMENT CHARACTERISTICS: JOBS LOCATED IN RAINBOW CITY

Some residents refer to Rainbow City as a “tool-and-die” city due to its significant concentration of skilled manufacturers. Rainbow City’s Manufacturing sector had strong growth from 2004-2019, creating jobs at an average rate of 5% annually.

Rainbow City’s other “blue-collar” industries struggled to capture this same level of growth. Bureau of Labor Statistics data reveals that the City’s Construction, Transportation and Warehousing, and Wholesale Trade sectors experienced a gradual decrease in total employment over the last 15 years.

Meanwhile, “white-collar” trades exhibited strong average annual growth. The Information sector’s total employment, though small overall, grew by an average of nearly 9% annually. Professional, Scientific, and Technical Services as well as Real Estate grew by an average of over 4% each year between 2004- 2009. In the “Service” sectors, Healthcare and Social Services saw 6.5% annual growth while Accommodation and Food Services employment reduced by an average of 2.5% annually.

White-collar jobs showed strong growth. Overall, blue-collar and service jobs still widely outnumber white-collar jobs in Rainbow City.



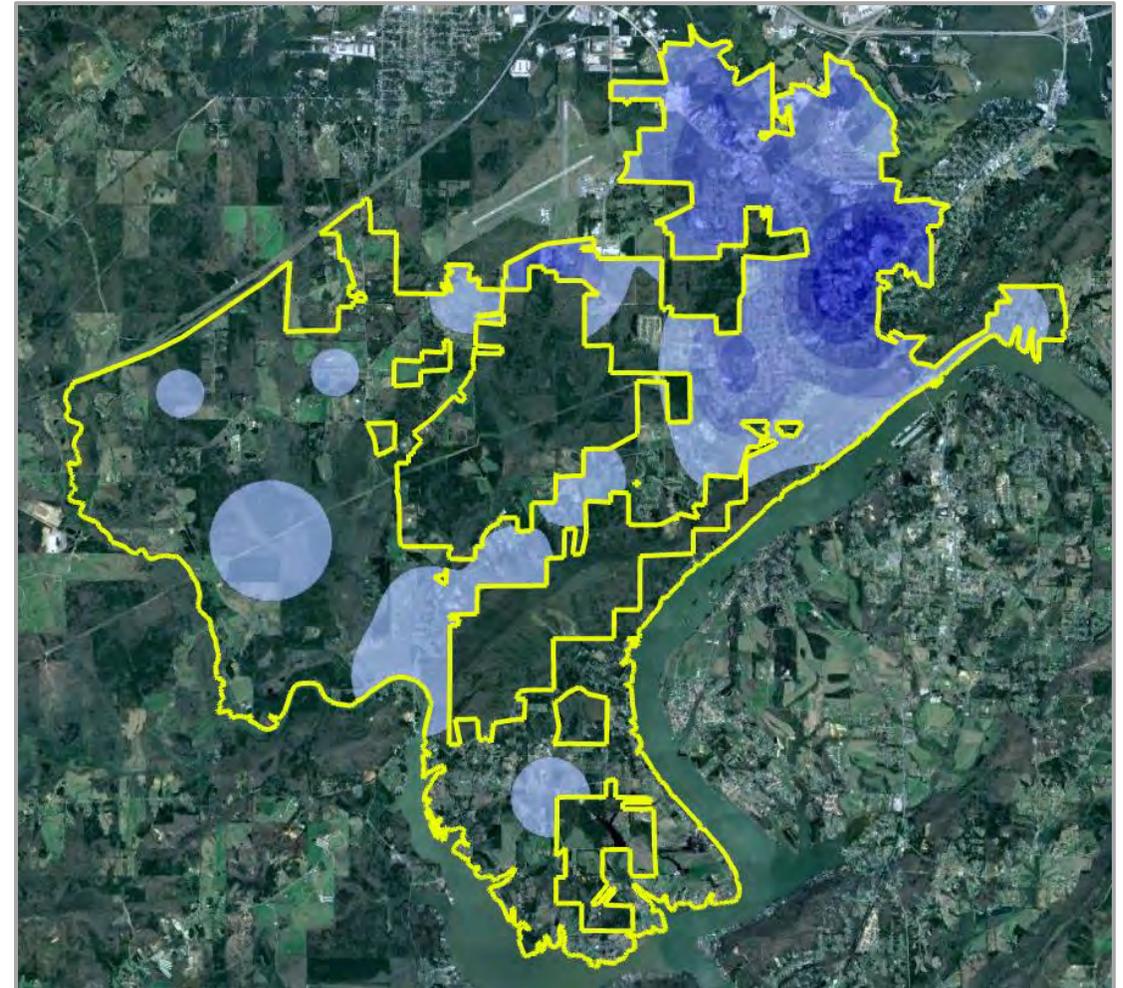
Source: KB Advisory Group based on data from the U.S. Bureau of Labor Statistics

EMPLOYMENT ANALYSIS

EMPLOYMENT CHARACTERISTICS: JOBS LOCATED IN RAINBOW CITY

- The highest concentration of jobs in Rainbow City is in the northeast of the City (indicated by dark blue shading in the ancillary map.)
- Employment in Rainbow City is heavily concentrated along Highway 411.
- There is a dense pocket of employment in the north-central part of the city where Steele Station Road and Lumley Road intersect. This is likely fueled by the Northeast Alabama Regional Airport.

Employment Density, 2020



Source: KB Advisory Group based on data from the U.S. Bureau of Labor Statistics

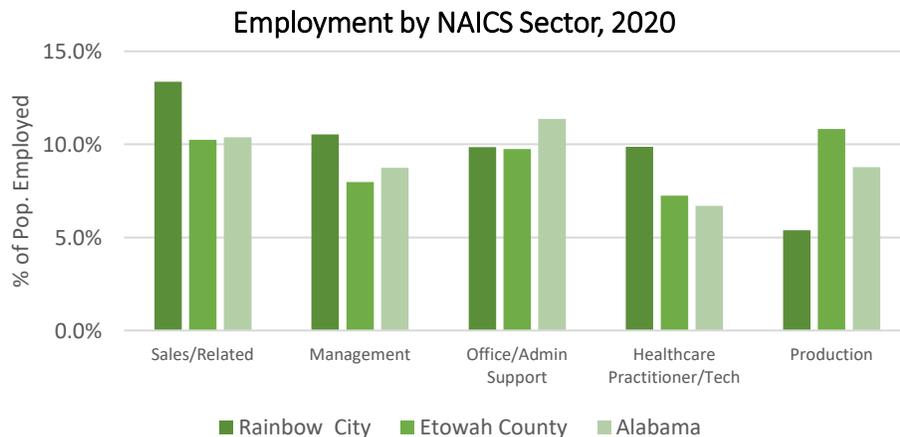
EMPLOYMENT ANALYSIS

EMPLOYMENT CHARACTERISTICS: LOCAL WORKFORCE

Residents of Rainbow City most commonly work in:

- **Sales / Related** (13.4%)
- **Management** (10.5%)
- **Office / Administrative Support** (9.9%)
- **Healthcare Practitioner / Technician** (9.9%).

Compared to the surrounding region, Rainbow City has a significantly higher share of residents with **Healthcare Practitioner / Technician** occupations. These five employment sectors account for over half of Rainbow City residents' jobs. Jobs in these sectors tend to offer above-average wages, which stimulates local investment and retail spending.



2020 Est. Employed Pop 16+ by Occupation	Rainbow City	Etowah County	Alabama
Architecture/Engineering	2.6%	1.7%	2.1%
Arts/Design/Entertainment/Sports/Media	1.3%	1.3%	1.4%
Building/Grounds Cleaning/Maintenance	2.3%	3.7%	3.9%
Business/Financial Operations	4.5%	3.4%	4.4%
Community/Social Services	0.9%	1.2%	1.7%
Computer/Mathematical	0.6%	0.7%	2.4%
Construction/Extraction	4.2%	5.3%	5.3%
Education/Training/Library	7.4%	5.2%	6.0%
Farming/Fishing/Forestry	0.8%	0.3%	0.5%
Food Preparation/Serving Related	6.0%	6.8%	5.2%
Healthcare Practitioner/Technician	9.9%	7.2%	6.7%
Healthcare Support	2.8%	3.6%	2.6%
Installation/Maintenance/Repair	5.6%	3.6%	4.0%
Legal	0.7%	1.3%	0.9%
Life/Physical/Social Science	0.6%	0.3%	0.7%
Management	10.5%	8.0%	8.7%
Office/Administrative Support	9.9%	9.8%	11.4%
Production	5.4%	10.8%	8.8%
Protective Services	1.9%	2.2%	2.0%
Sales/Related	13.4%	10.2%	10.4%
Personal Care/Service	0.6%	2.5%	2.5%
Transportation/Material Moving	8.3%	10.9%	8.7%

Source: KB Advisory Group based on Claritas, U.S. Census Bureau

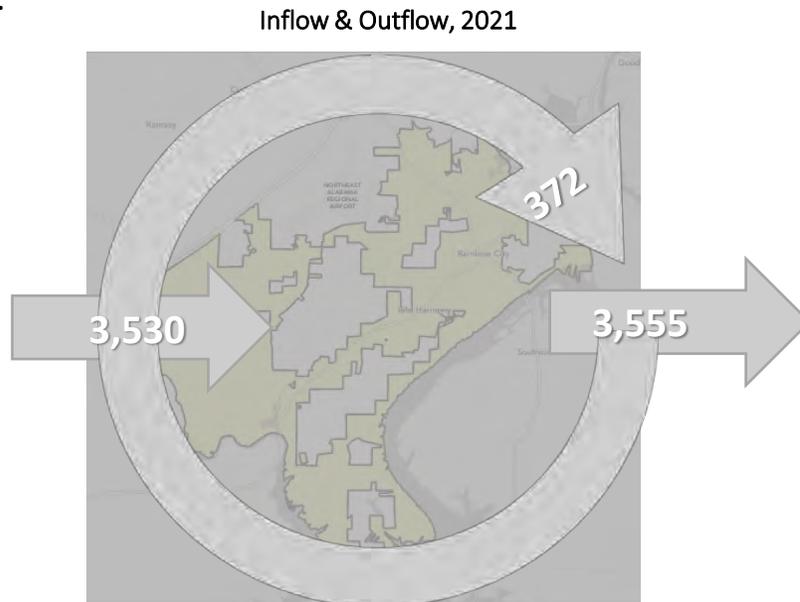
EMPLOYMENT ANALYSIS

COMMUTING

Each day, approximately . . .

- 3,530 people commute into Rainbow City.
- 3,555 Rainbow City residents commute out.
- 372 Rainbow City residents live and work in the city.

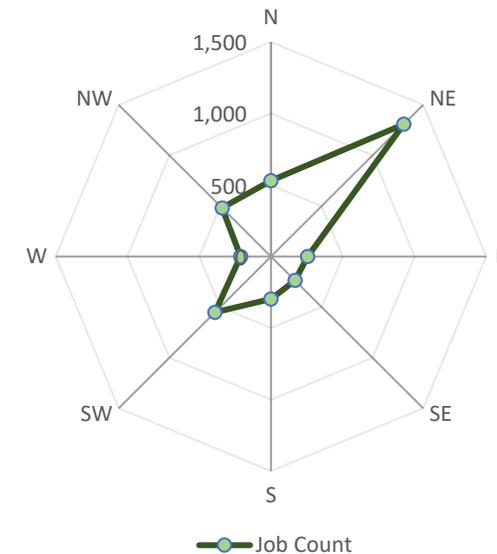
Rainbow City's daily commuter inflow is nearly identical to its outflow.



Commuters from Rainbow City tend to travel northeast of home for work. This travel direction leads commuters to Rainbow city's commercial core, and eventually to the City Gadsden.

Approximately 500 Rainbow City residents have northwest commutes, and another 500 commute to the southwest. Many Rainbow City residents make the hour-long drive to Birmingham or Huntsville every day.

Direction: Home to Work (Rainbow City Residents)



Source: KB Advisory Group, U.S. Census Commuter Data

HOUSING SUPPLY ANALYSIS

Housing Supply Analysis

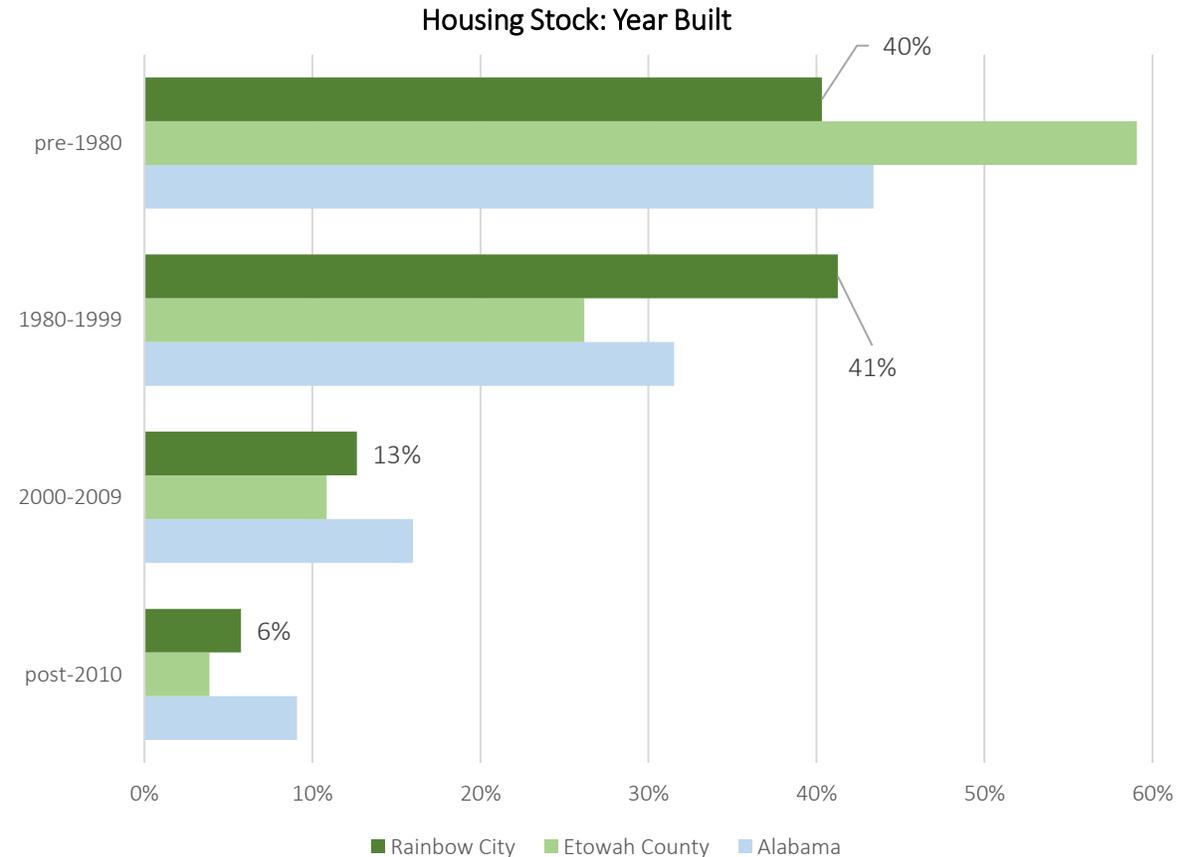
HOUSING TYPES

Over 80% of Rainbow City's housing stock built in the 20th century, with 40% built pre-1980.

Compared to Etowah County, the housing in Rainbow City is newer. Etowah County's housing stock is nearly a decade older than Rainbow City's on average.

Nevertheless, the age of Rainbow City's housing stock points to an opportunity for additional new housing from a unit replacement standpoint.

Median Housing Unit Age, 2021	
Rainbow City	33
Etowah County	43
Alabama	32



Source: KB Advisory Group based on data from Claritas

Housing Supply Analysis

HOUSING TYPES

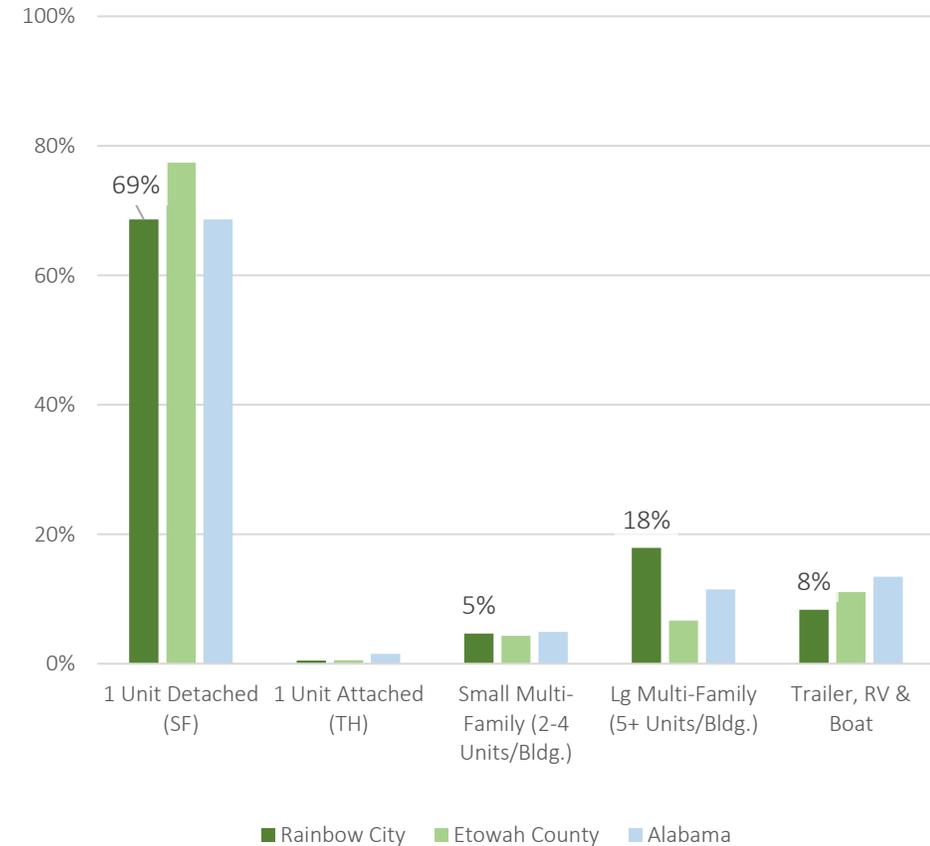
Approximately 7 out of 10 homes in Rainbow City are single-family detached, similar to the state of Alabama overall.

Nearly one quarter of Rainbow City's housing units are in multifamily buildings.

This is a large share of multifamily units for the region, as only 11% of Etowah County homes are in multifamily buildings.

Very few townhomes currently exist in Rainbow City, only a slightly lower proportion than that of the state overall.

Housing Type Distribution



Source: KB Advisory Group based on data from Claritas

Housing Supply Analysis

HOUSING VALUE

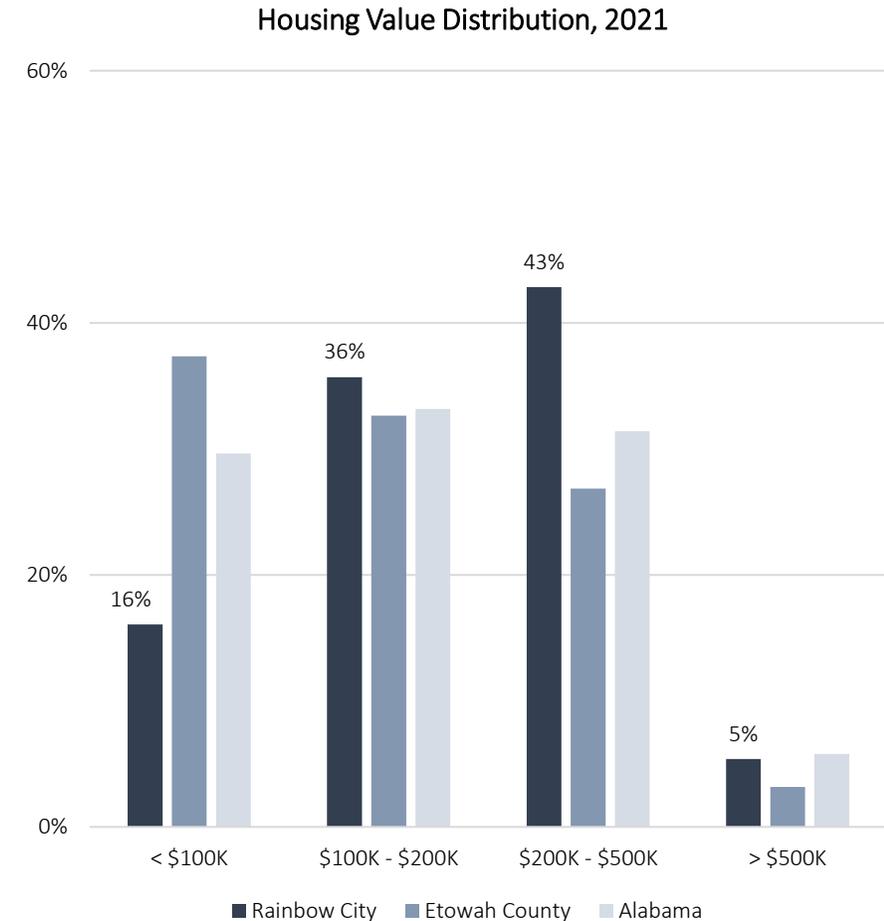
The median owner-reported housing value in Rainbow City is approximately \$195,000.

Median Owner-Reported Housing Value, 2021	
Rainbow City	\$195,244
Etowah County	\$139,517
Alabama	\$159,849

Homes are valued nearly \$56,000 higher on average in Rainbow City than in Etowah County.

Rainbow City's inventory has a small share of homes valued at under \$100,000 (15%) compared to the surrounding region.

A large proportion of Rainbow City homes (43%) are valued between \$200,000-\$500,000. About 5% of Rainbow City's homes are worth over \$500,000. This ratio is statistically normal in the State of Alabama's home market.



Source: KB Advisory Group based on data from Claritas

Housing Supply Analysis

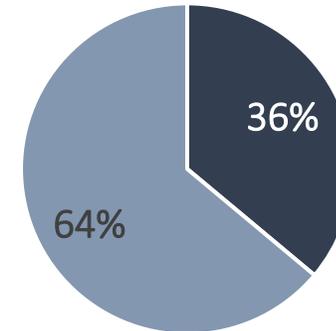
TENURE

About two-thirds of Rainbow City homes are occupied by owners. The remaining one-third of the City's housing units are occupied by renters.

Compared to the surrounding region, Rainbow City has a significantly higher percentage of renters. Nevertheless, Rainbow City residents have incomes that are, on average, higher than residents of other parts of the region.

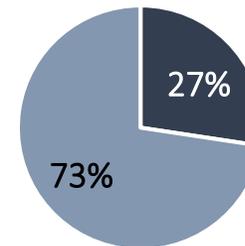
Renters with high incomes are oftentimes “renters by choice”. This growing class of renters often choose higher-amenity rental developments. These renters may also be “holdovers” from the foreclosure crisis, unable to qualify for mortgage financing despite being income-qualified.

Rainbow City

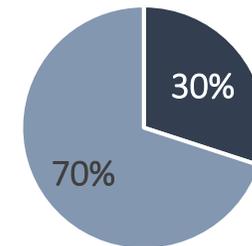


■ Renter-Occupied Units ■ Owner-Occupied Units

Etowah County



Alabama



Source: KB Advisory Group based on data from Claritas

Housing Supply Analysis

MULTIFAMILY MARKET

Within Etowah County, Rainbow City's multifamily apartment inventory commands a slightly above average per-unit asking rent.

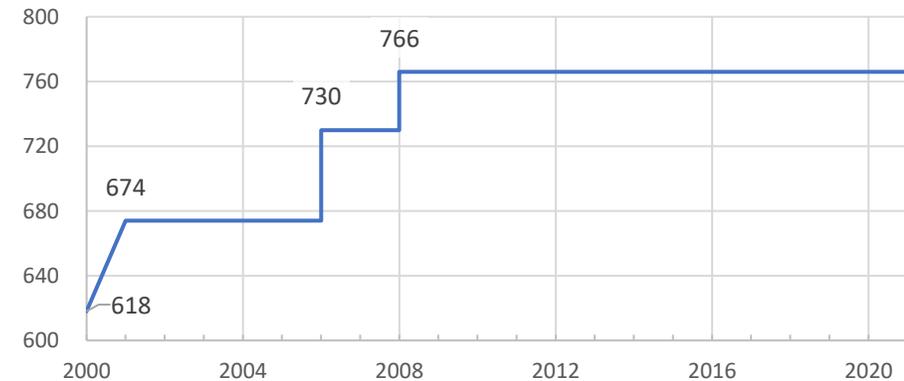
Rainbow City's multifamily units tend to offer more square footage. The average asking rent for multifamily units is the same in Rainbow City and Etowah County (\$0.77/SF).

Rainbow City's multifamily housing market has higher vacancy (5.6%) than Etowah County (3.9%).

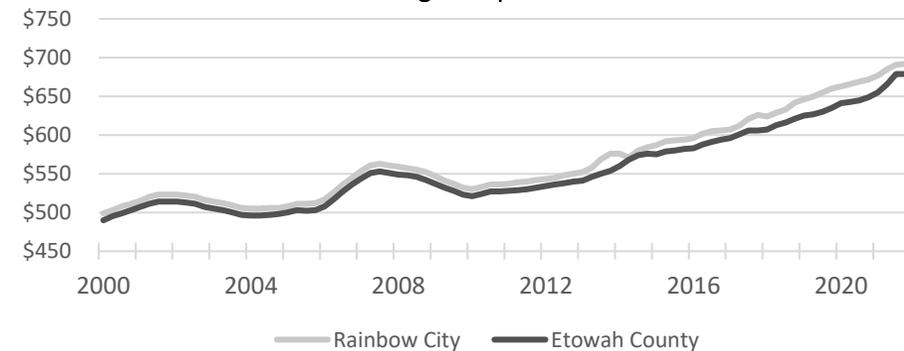
Multifamily Inventory Comparison

	Rainbow City	Etowah County
Existing Units:	766	2,739
Existing Buildings:	11	45
Vacancy:	5.60%	3.90%
Avg. SF / Unit:	898	876
Avg. Rent / SF:	\$0.77	\$0.77
Avg. Rent / Unit:	\$692	\$679

Rainbow City Multifamily Inventory Units



Asking Rent per Unit



Source: KB Advisory Group based on data from Costar

Housing Supply Analysis

MULTIFAMILY MARKET

There are eleven multifamily housing complexes in Rainbow City. Four of them offer affordable housing units.

The oldest multifamily development in Rainbow City, Sutton Bridge Apartments, commands some of the highest asking rents per unit.

The Wildhaven apartments on Sutton Bridge Road have the lowest average asking price per unit, yet they are not classified as affordable housing.

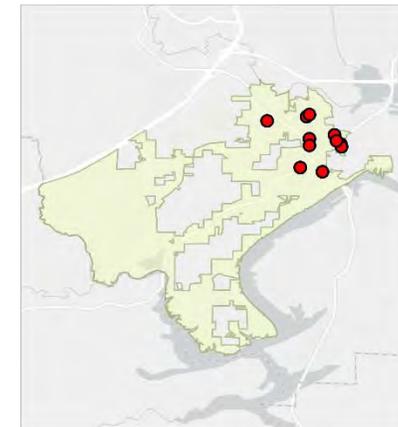


Rainbow City Multifamily Inventory

Legend

-  Multifamily Building
-  Multifamily Building with Affordable Housing

Locator Map: Multifamily Buildings



Source: KB Advisory Group based on data from Costar

Housing Supply Analysis

MULTIFAMILY MARKET

Rainbow City Multifamily Inventory

	Address	Year Built	Avg Asking/Unit	Avg Asking/SF	Units	Affordable Type
Sutton Bridge Apartments	98 Sutton Circle	1972	\$ 884	\$ 0.87	108	
Columbia Square	316 Chewalca Drive	1973	\$ 565	\$ 0.65	100	Rent Restricted
Spring Lake Lodge Apartments	3715 Rainbow Drive	1978	\$ 733	\$ 0.89	148	
Wildhaven	1463 Sutton Bridge Road	1979	\$ 482	\$ 0.74	28	
Rainbow Apartments	120 Doris Street	1981	\$ 651	\$ 0.79	52	Rent Subsidized
Black Creek Apartments	1465 Sutton Bridge Road	1981	\$ 508	\$ 0.74	70	
Dogwood Trace Apartments	164 Christopher Street	1993	\$ 716	\$ 0.82	80	
Meadow Oaks	3010 Jones Street	2001	\$ 512	\$ 0.47	56	Rent Subsidized
Crown Pointe	207 Hollingsworth Ave.	2006	\$ 1,004	\$ 1.04	56	
Greystone Apartments	2950 Jones Street	2008	\$ 534	\$ 0.45	36	Rent Subsidized
Hidden Creek Apartments	105 Nichols Ave.		\$ 803	\$ 0.80	32	

Source: KB Advisory Group based on data from Costar

COMMERCIAL REAL ESTATE ANALYSIS

Commercial Real Estate Analysis

RETAIL REAL ESTATE

Rainbow City is currently home to about 930,000 square feet of retail space, which accounts for just over 15% of Etowah County's retail space.

Rainbow City and Etowah County's retail space has grown at nearly the same pace over the past 15 years, with Rainbow City achieving a slightly higher share of space within the county over time.



Source: KB Advisory Group based on data from Costar

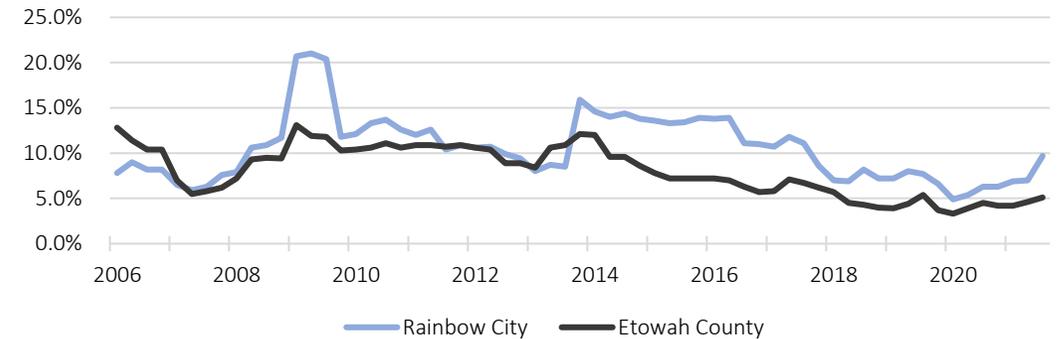
RETAIL REAL ESTATE

Retail businesses in Etowah County are currently paying historically high property leases. Average asking retail rents in Etowah County have nearly doubled since the end of 2019. This spike in the county was foreshadowed in Rainbow City between 2014 and 2019, as retail's NNN Rate* took a steep climb.

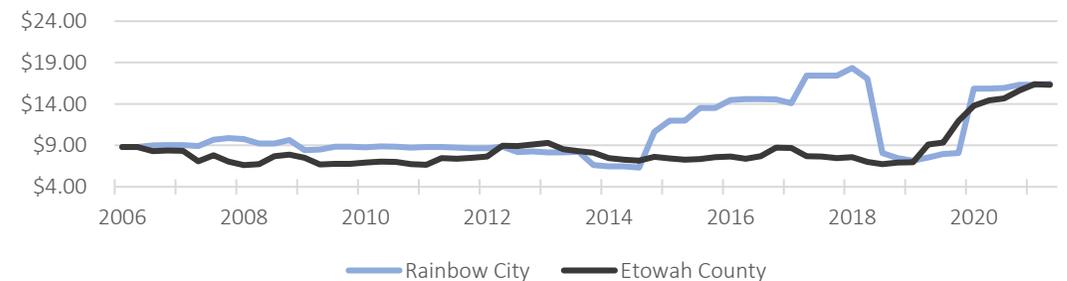
At the first quarter of 2020, retail vacancy rates in Rainbow City and Etowah County were at historic lows (under 5.0%). The combination of rising rents and low vacancy potentially suggest the presence of unmet demand for additional retail development.

Average retail rents in Rainbow City (\$16.42/SF) are about 20% lower than in Etowah County overall. Vacancy in Rainbow City's retail spaces (9.7%) is higher than vacancy in the county's retail spaces (5.1%).

Retail Vacancy Rate, 2006-2021



Retail NNN* Rate, 2006-2021



*NNN: Triple Net Lease. all the expenses of the property, including real estate taxes, building insurance, and maintenance. These expenses are in addition to the cost of rent and utilities.

Source: KB Advisory Group based on data from Costar

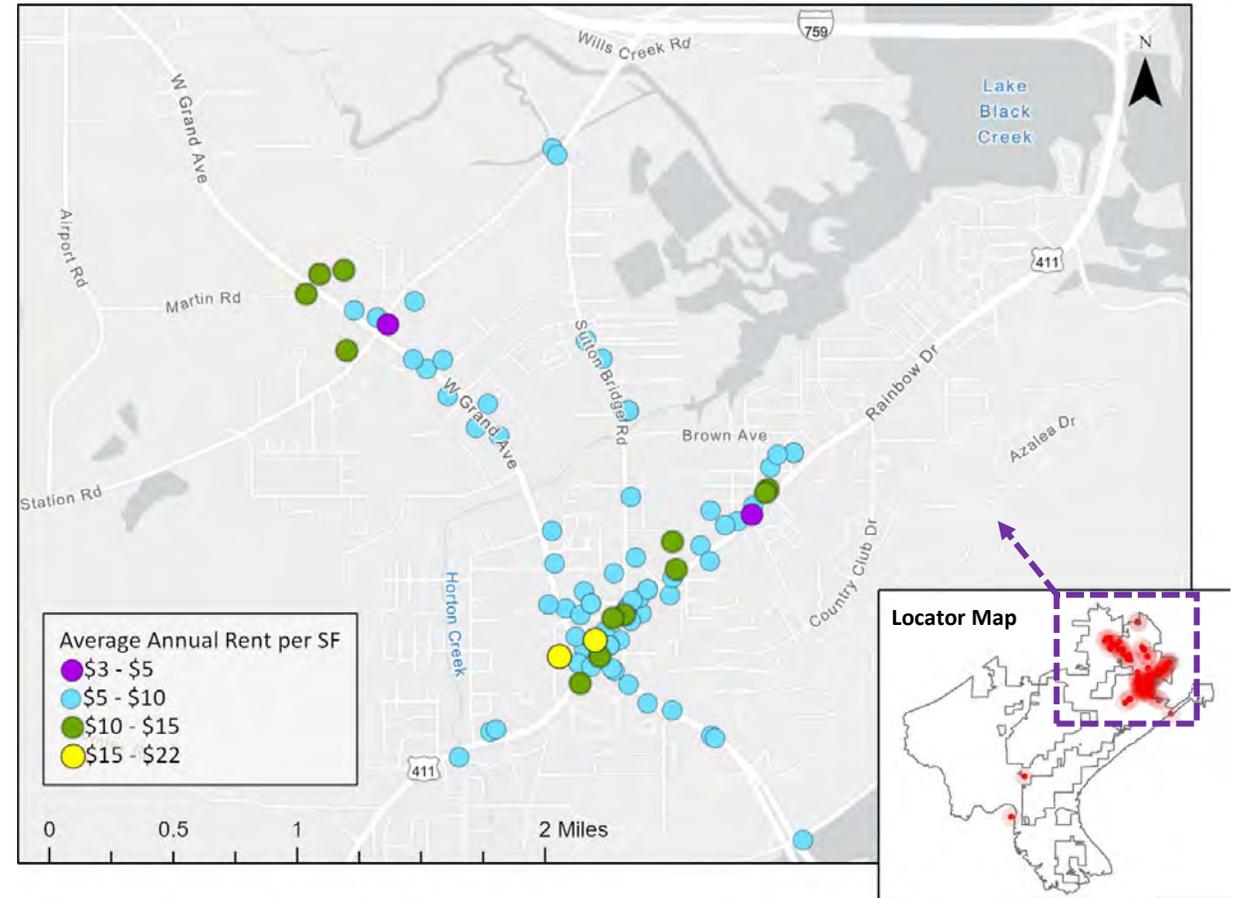
COMMERCIAL REAL ESTATE ANALYSIS

RETAIL

2021 Q3	Rainbow City	Etowah County
Existing Buildings	90	569
Existing SF	933,665	6,143,875
Vacancy	90,699 (9.7%)	310,724 (5.1%)
Average NNN Rent	\$16.42	\$20.56



Retail Properties in Rainbow City, 2021



Source: KB Advisory Group based on 2021 Q3 data from Costar

COMMERCIAL REAL ESTATE ANALYSIS

RETAIL SPENDING

The table at right displays the difference between demand and supply for retail by store type in Rainbow City.

- The largest opportunity gap in Rainbow City’s retail currently exists for Clothing and Electronics / Appliances.
- The market for restaurants and bars in Rainbow City is currently experiencing nearly \$12,000,000 in supply surplus. Meaning that these local eateries are largely supported by customers from outside of Rainbow City, as well as local residents.
- While the surplus is statistically evident, to the extent that Rainbow City can continue to attract support for restaurants from “out of town” customers, additional opportunities for new restaurants may exist.



Sector	Opportunity Gap / Surplus Estimates
Clothing / Accessories	\$ 2,414,609
Electronics / Appliances	\$ 2,302,628
Miscellaneous Retail	\$ 1,354,908
Sports / Hobby / Books	\$ 851,447
Furniture	\$ 651,839
Restaurants	\$ -929,112
Gasoline Stations	\$ -5,957,289
Building Material / Garden	\$ -6,166,249
Food Service / Bars	\$ -11,885,846
Health / Personal Care	\$ -13,124,566
General Merchandise	\$ -15,702,088
Vehicle / Parts Dealers	\$ -56,800,614

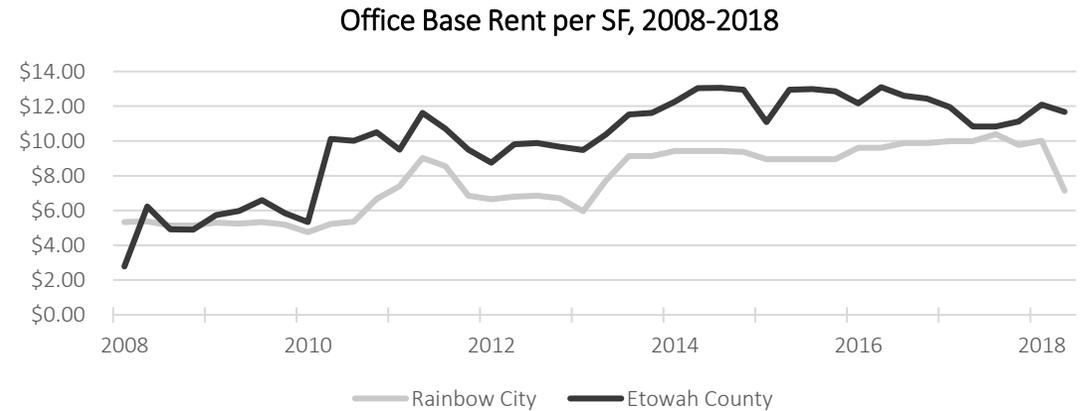
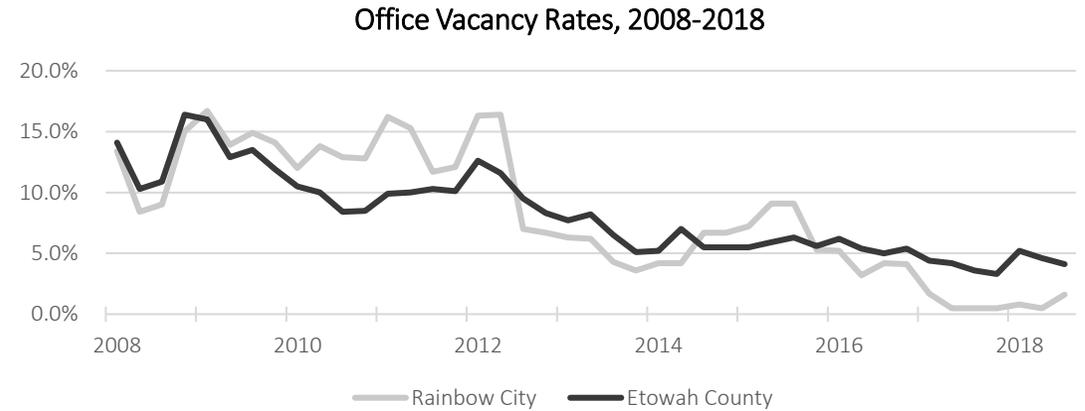
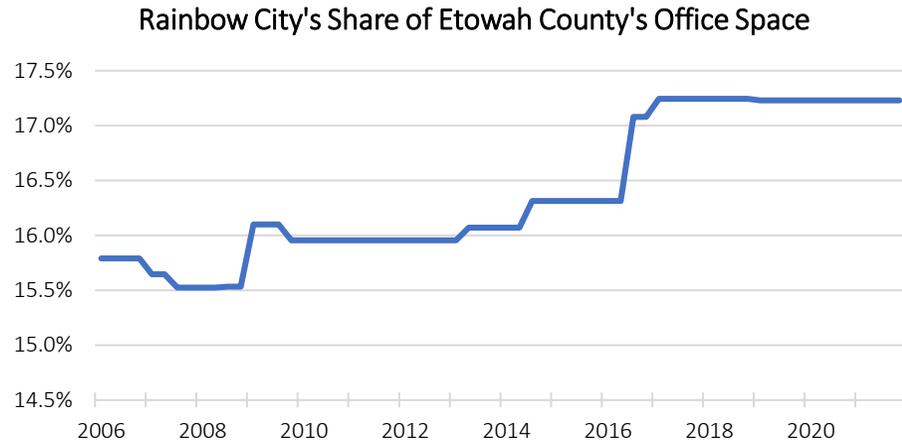
- A positive value signifies an opportunity gap (“leakage”) where demand from local residents exceeds supply.
- A negative value signifies a surplus, where demand from local residents is lower than supply.

Source: KB Advisory Group based on data from Claritas

OFFICE REAL ESTATE

In 2019 office vacancy rates in Rainbow City and Etowah County were at 10-year lows. More than 98% of Rainbow City’s office space was occupied by businesses. Meanwhile, average office base rents in Rainbow City and Etowah County grew to historic highs. Rising rents and shrinking vacancy hints at the presence of unmet demand for additional office space.

Of the 226,381 SF of office space in Rainbow City, only 1,600 SF (0.7%) is currently vacant and available for rent. Rainbow City holds a 17.25% share of Etowah County’s total office space. This number trends upward as Rainbow City’s growth continues to outpace its region.



Source: KB Advisory Group based on data from Costar

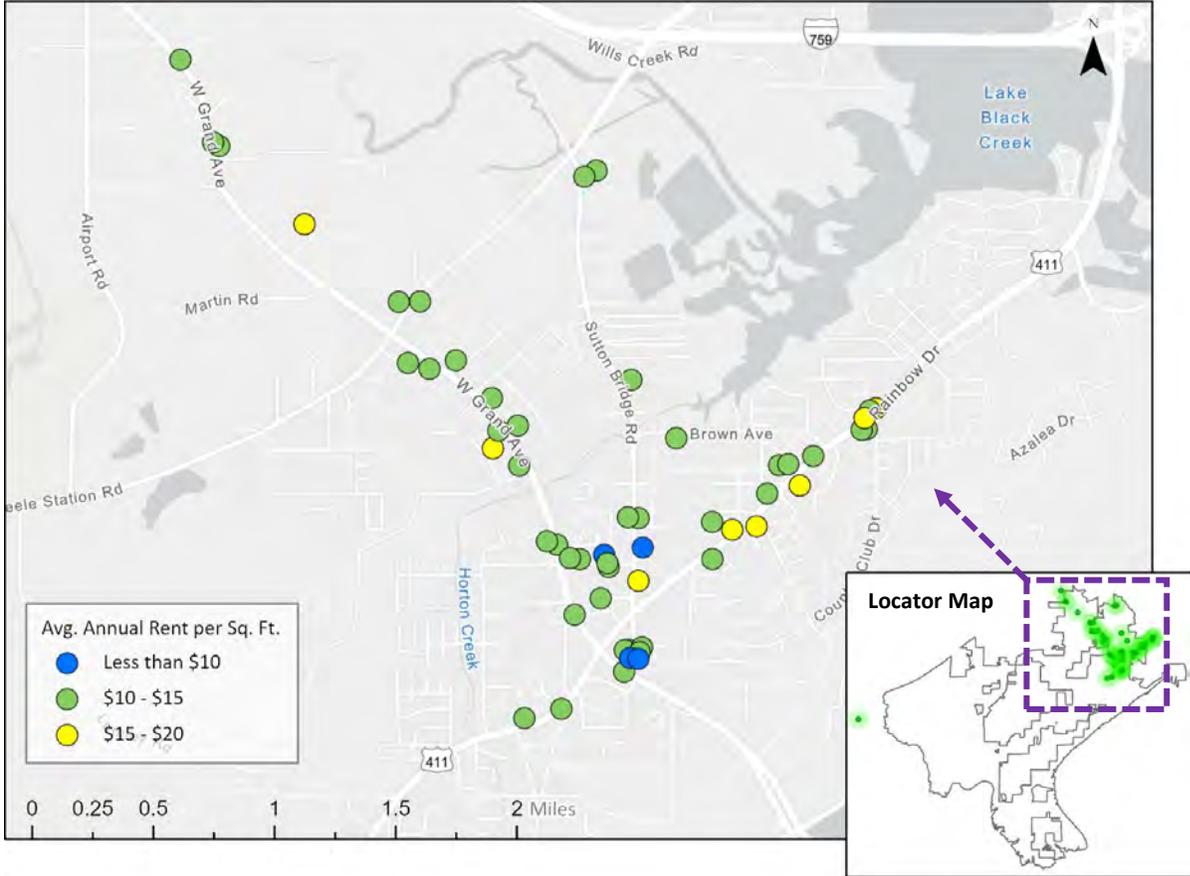
Commercial Real Estate ANALYSIS

MAP OF OFFICE PROPERTIES

2021 Q3	Rainbow City	Etowah County
Existing Buildings	56	253
Existing SF	226,381	1,313,869
Vacancy	1,600 (0.7%)	26,410 (2.0%)



Office Properties in Rainbow City, 2021

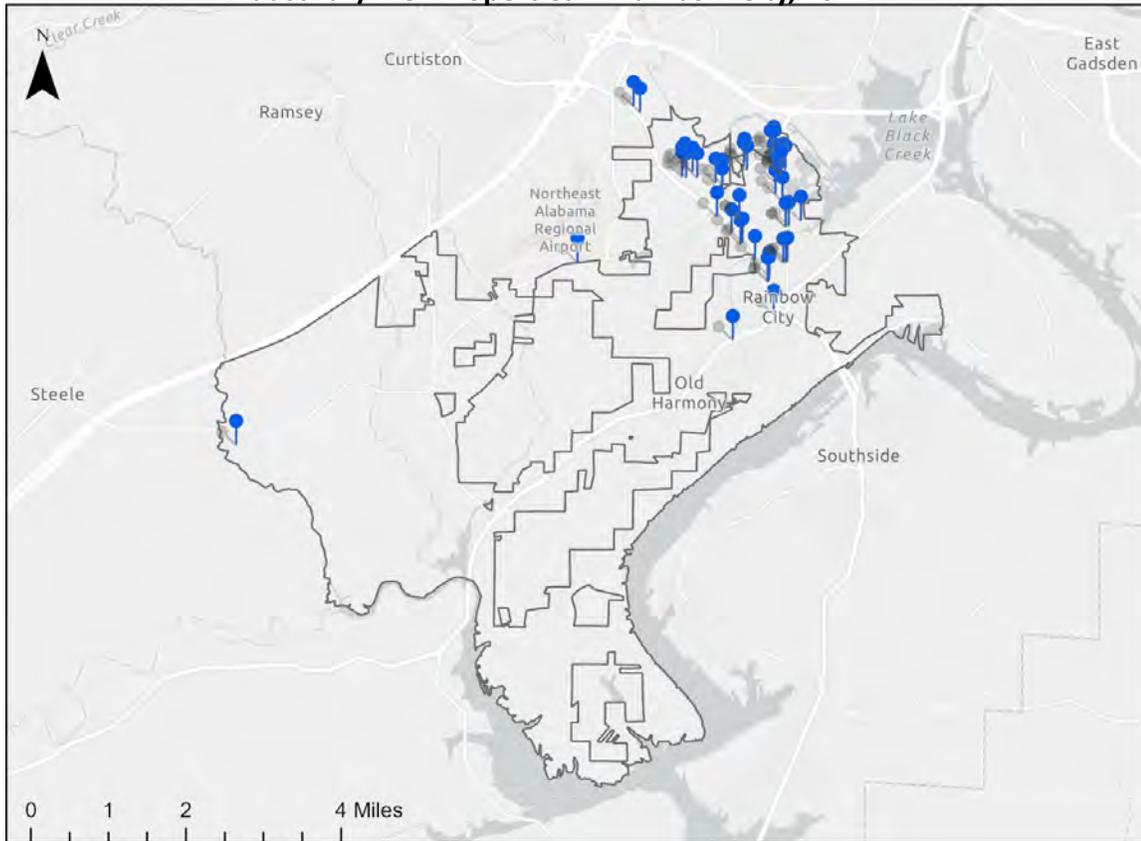


Source: KB Advisory Group based on 2021 Q3 data from Costar

COMMERCIAL REAL ESTATE ANALYSIS

INDUSTRIAL / FLEX

Industrial / Flex Properties in Rainbow City, 2021



Industrial/Flex Properties	
Existing Buildings	51
Existing SF	596,507
Vacancy	0%

Source: KB Advisory Group based on 2021 Q3 data from Costar



REAL ESTATE DEMAND FORECAST

REAL ESTATE DEMAND FORECAST

As part of the **Rainbow City Master Plan Market Study**, KB Advisory Group prepared 15-year development potential forecasts for the key land uses:

- New For Rent Residential**
- New Single-Family For Sale Residential**
- New Attached (Townhome) For Sale Residential**
- New For Rent Residential**
- Retail**
- Industrial**
- Office**

Each real estate development potential forecast utilizes population and employment projections for growth in Rainbow City under various assumptions, including the area’s recent market history and demonstrated capture of its fair share of Etowah County’s and population and household growth, employment growth, and real estate development.

Hotel demand assumptions relied largely upon a recent hotel feasibility study prepared for Rainbow City by Core Distinction Group in 2021.

The results of the analysis are shown at right with details on the following pages.

Rainbow City, AL 15-Year Real Estate Demand Forecast

New Residential	Units
For-Sale Detached (Single-family)	661
For-Sale Attached (Townhome/Condo)	117
TOTAL FOR-SALE	778
For-Rent Conventional Attached (Apartment/Townhome)	410
For-Rent Walkable Attached (Apartment/Townhome)	202
TOTAL FOR-RENT	612
New Commercial	Sq. Feet
Retail	234,135
Office	15,246
Industrial	241,241
New Hospitality	Rooms
Hotel	180

RESIDENTIAL FORECAST

Housing demand originates from **three consumer buyer segments**:

- new households moving to the local area,
- current owner households in turnover, and
- current renter households in turnover who will chose to stay in the area.

This analysis qualifies the three demand segments for Rainbow City by income levels, tenure, annual turnover, preference to buy/rent new, and preference to buy/rent detached/attached homes.

The results of the analysis show demand for approximately 90-100 new homes sold or rented each year on average over the next 10-15 years.

Residential Demand

	Rainbow City	15 Year		
I. Estimated Housing Demand Due to Growth				
Households 2010	4,121			
Households 2020	4,374			
Households 2035	4,782			
Net growth households 2020-2035	409			
Percentage Growth	9.3%			
Estimated percentage owner occupied	63.9%			
Estimated percentage renter occupied	36.1%			
Estimated Annual Owner Demand (2020-2035)	17			
Estimated Annual Renter Demand (2020-2035)	10			
II. Estimated Housing Demand Due to Turnover				
Total occupied housing units	4,147			
Total owner occupied housing units	2,650			
% Owner HH earning \$50K+	62%			
Total Owner HH earning \$50K+	1,655			
% of owners who moved, 2015-2016	9.8%			
Annual Owner Turnover	163			
Annual turnover owner to owner (49.7%)	81			
Annual turnover owner to renter (21.0%)	34			
Total renter occupied housing units	1,497			
% Renter HH earning \$50K+	33%			
Total renter occupied housing units	499			
% of renters who moved, 2015-2016	18.5%			
Annual Renter Turnover	92			
Annual turnover renter to owner (46.4%)	46			
Annual turnover renter to renter (75%)	69			
Annual Owner Demand due to Turnover	127			
Annual Renter Demand due to Turnover	104			
Annual Turnover Demand for Owner Housing	127			
Annual Turnover Demand for Rental Housing	104			
Total Demand				
Owner				
I. Annual demand from household growth	17			
II. Annual demand from turnover of existing units	127			
III. Other demand @20%	29			
New housing unit (30%)				
Total annual demand for new owner housing	52	778	661	117
Renter				
I. Annual demand from household growth	10			
II. Annual demand from turnover of existing units	104			
III. Other demand @ 20%	23			
New housing unit (30%)				
Total annual demand for rental housing	41	612	410	202

COMMERCIAL FORECAST

Assuming new population and employment growth in the area, Rainbow City can likely support over 200,000 additional square feet of retail space over the next 15 years.

This new space would need to be located in desirable locations that are able to attract spending from both local residents and visitors.

Additional commercial space demand in retail locations can come from demand for office space for local-serving professionals.

Further, approximately 250,000 SF of industrial space has the potential to be absorbed into the Rainbow City market over the next 15 years. This analysis excludes high-profile capture of large-scale industries due to state-level economic development efforts, which function outside of the local supply/demand dynamics.

Retail Forecast	Rainbow City
2022-2037 New Households	927
Average Annual Household Expenditures (Source: Claritas, 2021)	\$ 42,090
Additional Retail Demand	\$ 39,022,570
Retail Demand (Sq. Ft.) **	195,113
Additional Regional Demand (20%)	39,023
Total New Retail Demand	234,135

** Assumes \$200 sales per square foot.

	2020	2035	Growth 2020-2035	Growth in Office Demand (sf)
Total Employment	3,681	4,341	660	
Office Related Employment Growth				
Information	67	82	15	3,030
Real Estate, Finance, Insurance	200	205	5	1,001
Professional, Scientific, Technical	91	113	21	4,291
Mgmt of Companies	18	24	6	1,249
Services	116	144	28	5,675
Public Administration	91	88		
Total	583	656	73	15,246

**75% of Services employment is considered office-related

**75% of Professional, Sci, Tech is considered office related

***Assumes 200 s.f. per employee

	2020	2035	Growth 2020-2035	Growth in Demand (sf)
Total Employment	3,681	4,341	660	
Industrial Related Employment Growth				
Utilities	16	18	2	946
Manufacturing	456	489	33	16,378
Construction	223	588	364	182,003
Wholesale Trade	89	213	124	37,186
Services	39	48	9	4,729
Total	823	1,355	532	241,241

* 25% of Services employment is considered industrial-related.

** Assumes 500 s.f. per employee



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Our goal is to help clients maximize the benefits of their economic development and real estate activities within five core capability areas:

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3. **Public Financing/Tax Increment Financing**
4. **Economic Impacts**
5. **Housing Strategies**



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