

Commercial Real Estate Guide

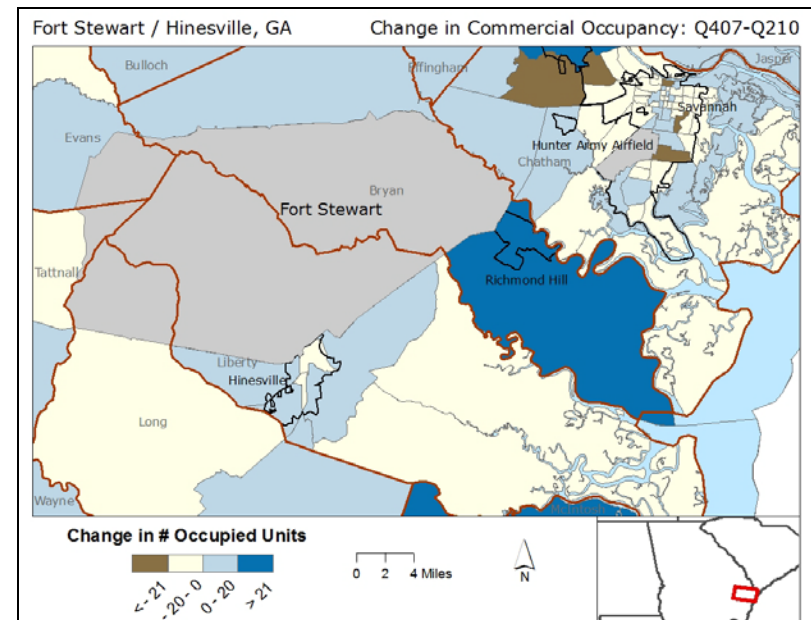
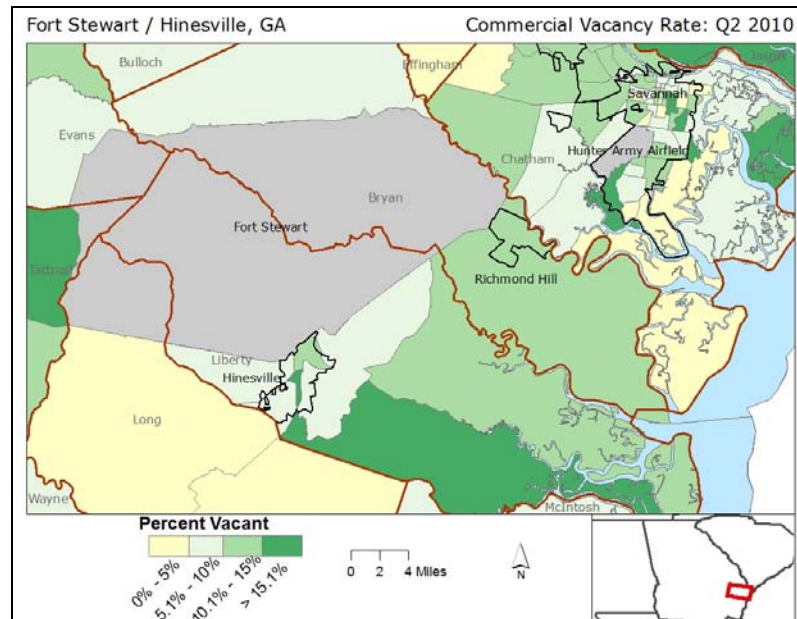
Fort Stewart: Hinesville, GA Area

At a Glance: Business Location

This issue guide tracks changes to the commercial vacancy rate and number of occupied commercial units, and assesses underlying trends in commercial real estate development. A commercial unit may be a retail, industrial or office use. Each commercial establishment address is counted as one unit, regardless of the physical or business size. Areas with a high vacancy rate are experiencing a lack of demand, whereas areas with an increasing number of occupied units are experiencing an increase in demand.

At a Glance: 2007-2010

- Many census tracts within built-up areas surrounding Fort Stewart experienced vacancy rates greater than 15% in Q2 2010.
- Business growth was strongest to the East of Fort Stewart, with the number of occupied units increasing by more than 20 in the Richmond Hill area during the period.
- Demand for commercial real estate has fallen, with the vacancy rate increasing by 1.5% and the number of occupied units declining by 4.0%.



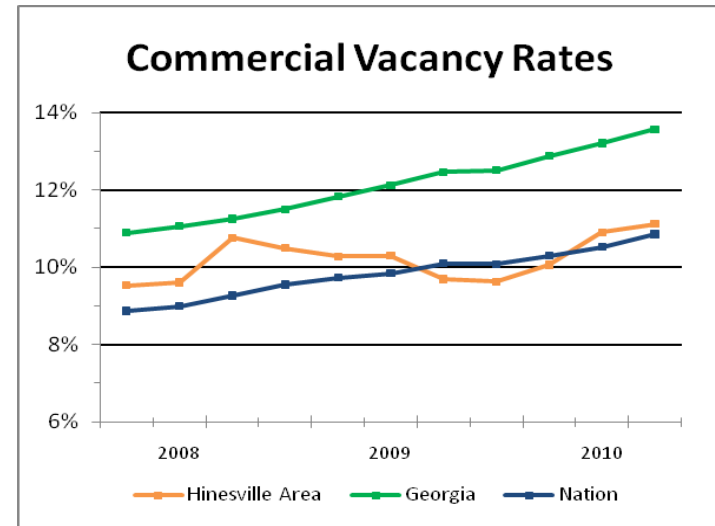
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Issues & Analysis

Vacancy Rate: 2007-2010

From the fourth quarter of 2007 to the second quarter of 2010, commercial vacancy rates in the Hinesville area fluctuated, remaining close to the U.S. Average. By the second quarter of 2010, the commercial vacancy rate in the Hinesville area was 11.0% -- slightly higher than the U.S. average, but significantly lower than the Georgia-wide rate of 13.4%. The total inventory of commercial units on the market grew during the period, and the total number of occupied units fell in 2010.

- Multiple census tracts within Hinesville, Riceboro, Richmond Hill, and Savannah experienced high vacancy rates greater than 15% in Q2 2010.
- Commercial vacancy rates increased by 1.7% in Liberty County, rising to 11.3%.
- Vacancy rates also increased in neighboring Bryan and Chatham Counties, rising by 1.9% and 2.3%, respectively.



Commercial Vacancy Rate – Quarterly Average per Year					
	2007 (Q4)	2008	2009	2010 (Q1 & Q2)	% Change, 2007-2010
Nation	8.9%	9.4%	10.1%	10.7%	1.8%
Georgia	10.9%	11.4%	12.5%	13.4%	2.5%
Hinesville Area	9.5%	10.3%	9.9%	11.0%	1.5%
Liberty County	9.7%	10.4%	10.1%	11.3%	1.7%
Bryan County	8.8%	9.4%	10.3%	10.7%	1.9%
Chatham County	8.1%	8.5%	9.6%	10.4%	2.3%

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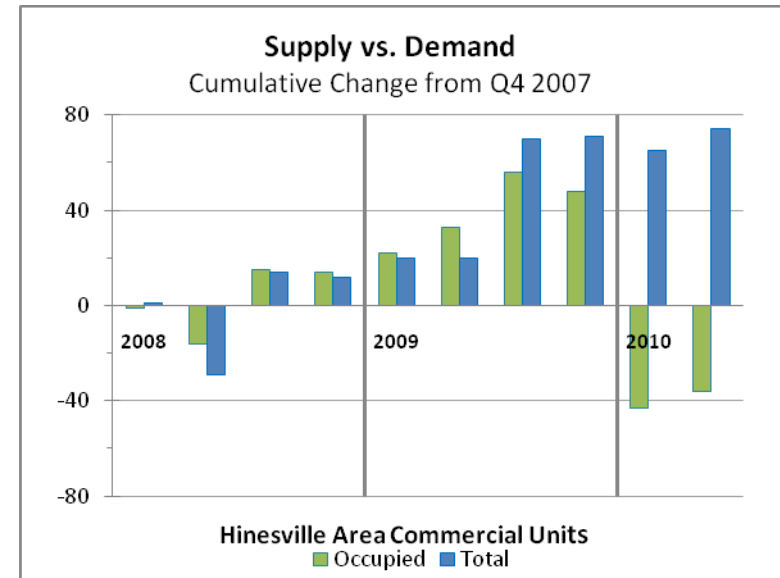
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Absorption Rate: 2007-2010

The fortunes of the commercial real estate market changed significantly in 2010. In the recession years of 2008 and 2009, the Hinesville area outperformed national trends. Demand for commercial real estate (i.e., occupied units) grew steadily, and the growth in the number of completed units hitting the market did not significantly add to the vacancy rate.

However, demand fell to below pre-recession levels in Q1 2010. As of the middle of the year, the Hinesville area had added nearly 80 new units to its pre-recession-stock. Combined with the sharp decline in commercial demand, this made the absorption rate – the rate at which vacant units are occupied by new tenants each month – negative.

The significant fluctuation in commercial real estate demand suggests that the market may be especially sensitive to changes in troop strength at Fort Stewart. As a means of anticipating market trends after troop counts have stabilized, local analysts may benefit from estimating market trends in the absence of mission changes at fort Stewart.



Commercial Units – Quarterly Average per Year						
Area	2007 (Q4)	2008	2009	2010 (Q1 & Q2)	Change	% Change, 2007-2010
Nation						
Total	10,439,246	10,439,246	10,439,246	10,439,246	537,301	5.1%
Occupied	8,033,553	8,033,553	8,033,553	8,033,553	-51,582	-0.6%
Vacant	925,837	925,837	925,837	925,837	247,278	26.7%
Georgia						
Total	355,147	357,797	370,043	381,548	26,401	7.4%
Occupied	257,263	254,239	253,700	256,197	-1,067	-0.4%
Vacant	38,691	40,831	46,238	51,090	12,399	32.0%
Hinesville Area						
Total	1,311	1,311	1,356	1,381	70	5.3%
Occupied	998	1,001	1,038	959	-40	-4.0%
Vacant	125	135	135	152	27	21.6%

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Frequently Asked Questions

Q: What do the maps show?

A: The vacancy map shows the proportion of commercial units (retail, industrial and other non-residential uses) that were vacant for more than 90 days. The occupancy map shows the change in number of occupied units over the time period. These data are displayed on the map by Census tract.

Q: What time period does this information cover?

A: This information represents the time period from the fourth quarter of 2007 (October, 2007) to the second quarter of 2010 (June, 2010).

Q: Where is this information from?

A: This information comes from the United States Postal Service (USPS) via the U.S. Department of Housing and Urban Development (HUD).

Q: What is a Census tract?

A: A Census tract is a geographic unit designated by the U.S. Census Bureau for reporting demographic information. Each Census tract is designed to contain an area representing around 1,500 households or 4,000 individuals. Census tracts help to identify "small area" trends that are not visible in data sources collected at the County or State level.

Q: How reliable is this information?

A: This information is collected nationwide by the U.S. Postal Service. The information provides a good picture of the number of commercial units that have been vacant for a long period of time. However, the reliability of this

information is dependent upon the accuracy of postal carriers' determination. Users of the data have reported favorably on the results.

Q: What does the data tell about the businesses in these units?

A: These data do not provide additional information about the physical size of the commercial units or the size, operation, or number of businesses. Each commercial establishment address is counted as one unit, whether it is an automotive assembly plant, a corner store, or an office building. Multiple business tenants within an address are counted as one unit. On-the-ground knowledge about the area is essential for analyzing the maps provided here.

Q: Does the USPS track on-post mailings in the same way that they track standard commercial mailings?

A: For the most part, the U.S. Postal Service tracks on-post mailings in the same way that they track standard commercial mailings. But security issues and the uneven coverage of bases by the USPS mean that on-post Census tracts are often absent or of unreliable quality. We exclude on-post Census tracts from the maps for this reason.

Q: Other information I have read says our vacancy rate is higher than this information shows. Why?

A: The U.S. Postal Service's method for collecting information has the effect of excluding recently vacated units from the data sample. As a result, the reported vacancy rate is generally lower than in other data sets. First, units must be continuously vacant for more than 90 days to be reported as vacant. Second, the USPS does not count units currently under construction but which have not yet been occupied. However, because these data are uniformly collected and reported nationwide, they provide a valuable tool for comparing vacancies within and across communities.