



# Gateway Project

## Commercial Feasibility Study Results

THE CONCORD GROUP

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# TCG Experience

- The Concord Group (“TCG”) is a leading national real estate consulting firm, providing a range of market analysis, land use programming, and asset and portfolio valuation services.
- Developers, investors, and public agencies rely on The Concord Group for guidance through all phases of real estate planning, financing, development, and operations.
- TCG is an internationally recognized authority on commercial feasibility studies with deep experience in the region
- For the Gateway project, TCG has teamed with Rosenow Spevacek Group (“RSG”) to bolster our local understanding of implementation strategies and challenges.



# Scope of Work



Market Opportunity for  
Office, Retail, Residential and  
Hospitality Product Types

Mix

Positioning

Absorption

# For-Sale Residential Conclusions

## Supply Results

- The Oroville market has supported **less than thirty new home sales per year** over the past decade
- All new developments have stopped sales – either mothballed by the developer or in receivership
- Home prices at  $\pm$ \$100 per square foot make **new construction financially infeasible**

## Demand Results

- Demographic growth and turnover in the Primary Market Area (“PMA”) should support up to **110 units per year** above \$110,000
  - City of Oroville capture  $\pm$  50% of the PMA
  - Households lifestyle-qualified for “urban” living is 6% - majority of households in the area desire suburban or rural-style homes on large lots
  - TCG sees demand for approximately **20 attached or cluster single family units per year**

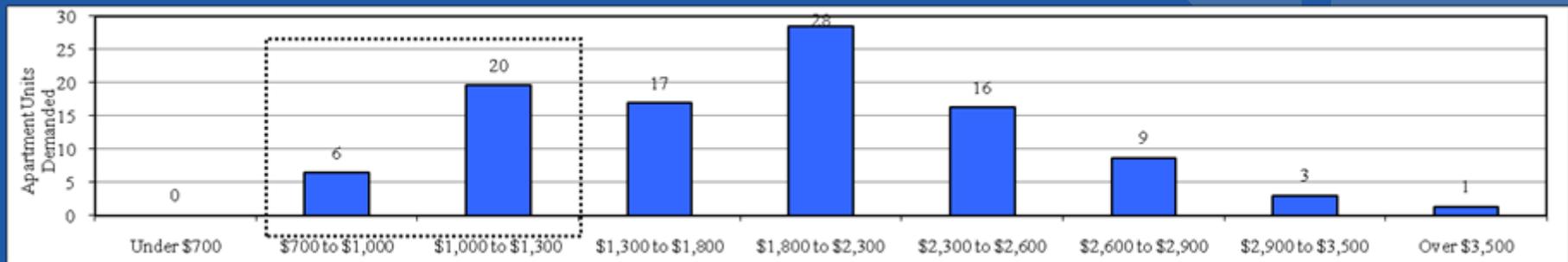
# For-Rent Residential Conclusions

## Supply Results

- The apartment market in Oroville is relatively **stable but unsophisticated**, all rental products are small non-managed apartment communities owned by individuals
- Vacancies are healthy** ( $\pm 5\%$ )
- Asking rents **below \$900 per month**, making new development exceedingly difficult as rental revenue is insufficient to support construction costs

## Demand Results

- Demographic growth and owner/renter trends demonstrate **demand for 26 units per year** between \$700 and \$1,300 per month in rent
  - “Urban” capture is 6 per year
  - Attached/Cluster product capture is **5 per yr**



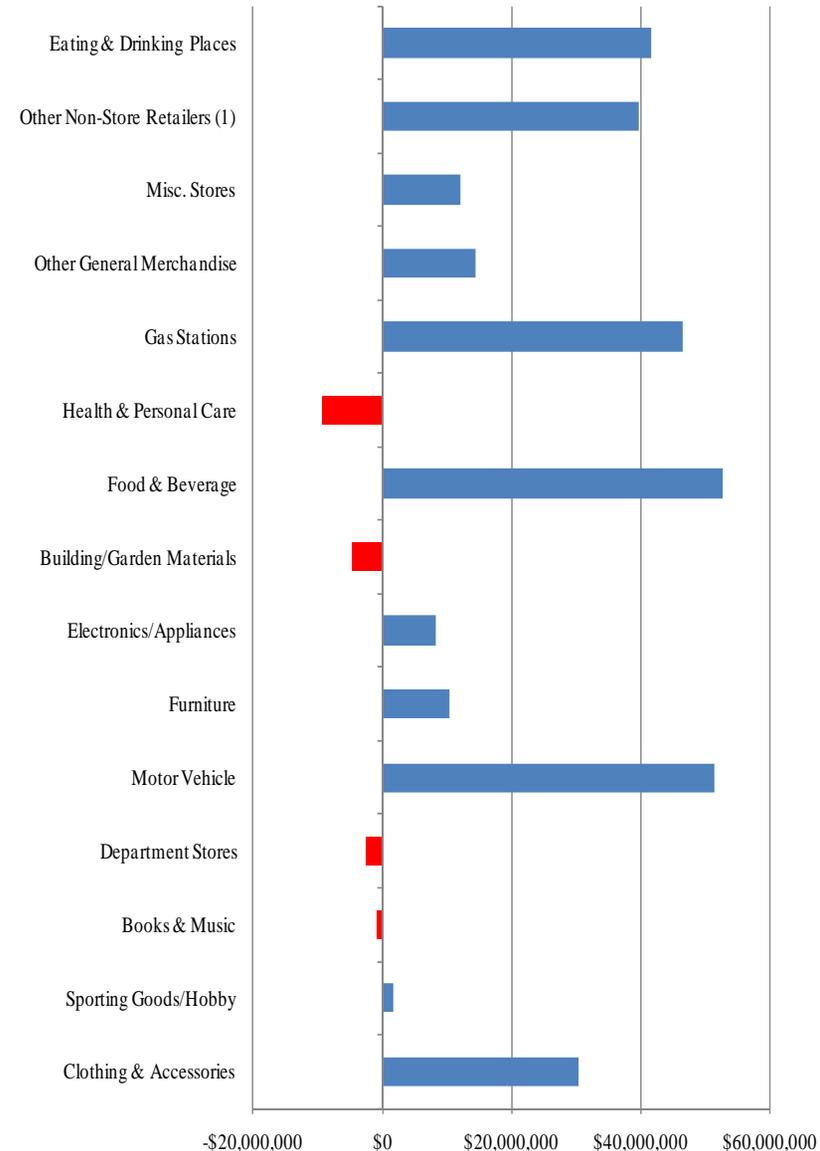
# Retail Conclusions

## Supply Results

- Greater Oroville is home to **1.6 million square feet of retail**, the majority of which is concentrated along key traffic corridors (Feather River and Oro Dam)
- Given national recession, **vacancies currently exceed 10%**
- Rents **average \$1.00 per square foot** – best comparables range from \$0.70 to over \$2.50
- Retail in **Downtown Oroville clearly struggling** (vacancies, low asking and contract rents)

## Demand Results

- Current market can support **15,000 square feet of in-line specialty** and restaurant space and an additional **20,000 square feet of neighborhood anchor**



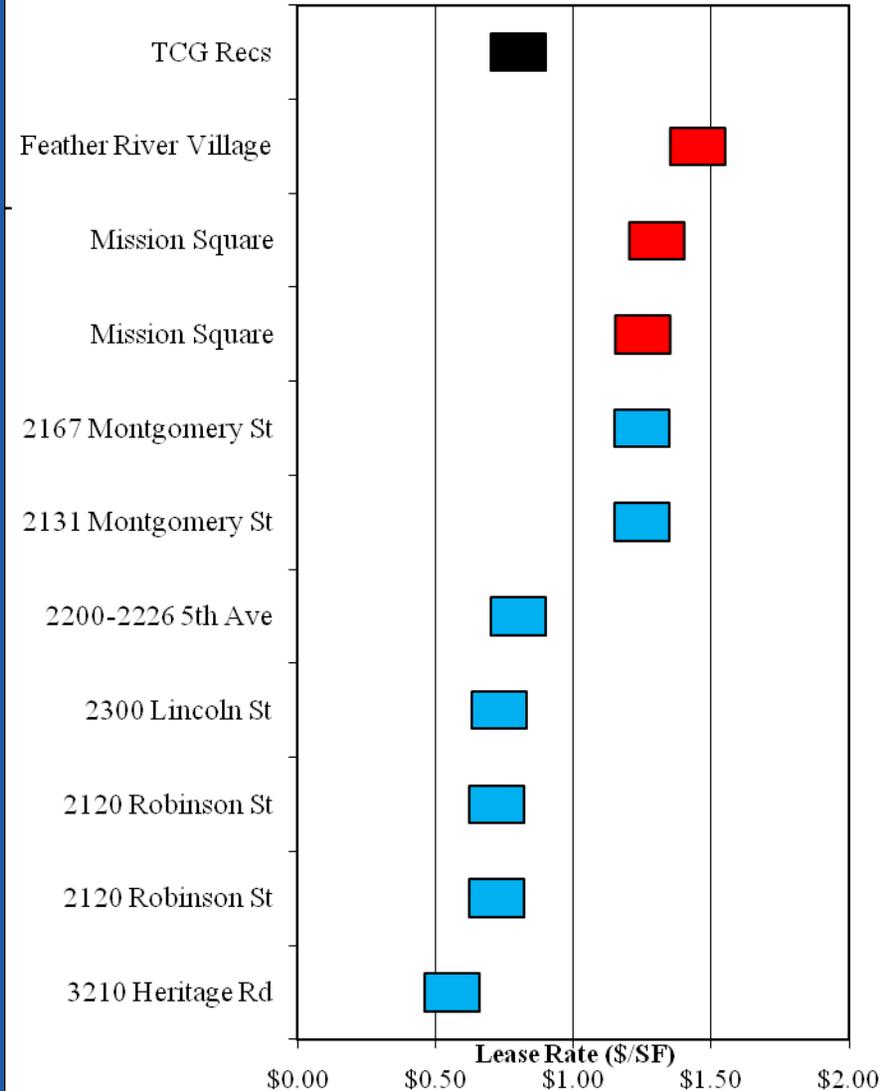
# Office Conclusions

## Supply Results

- Office in Greater Oroville **relatively stagnant**
  - Total of 330,000 square feet
  - Vacancies in high single digits
  - Rental rates at **\$0.80 per square foot**
- **Downtown offices are struggling** as activity has shifted to outlying areas
- Government by far largest office user

## Demand Results

- Demand is limited but Gateway site could have follower use of **25,000 square feet** assuming strong economic development strategy



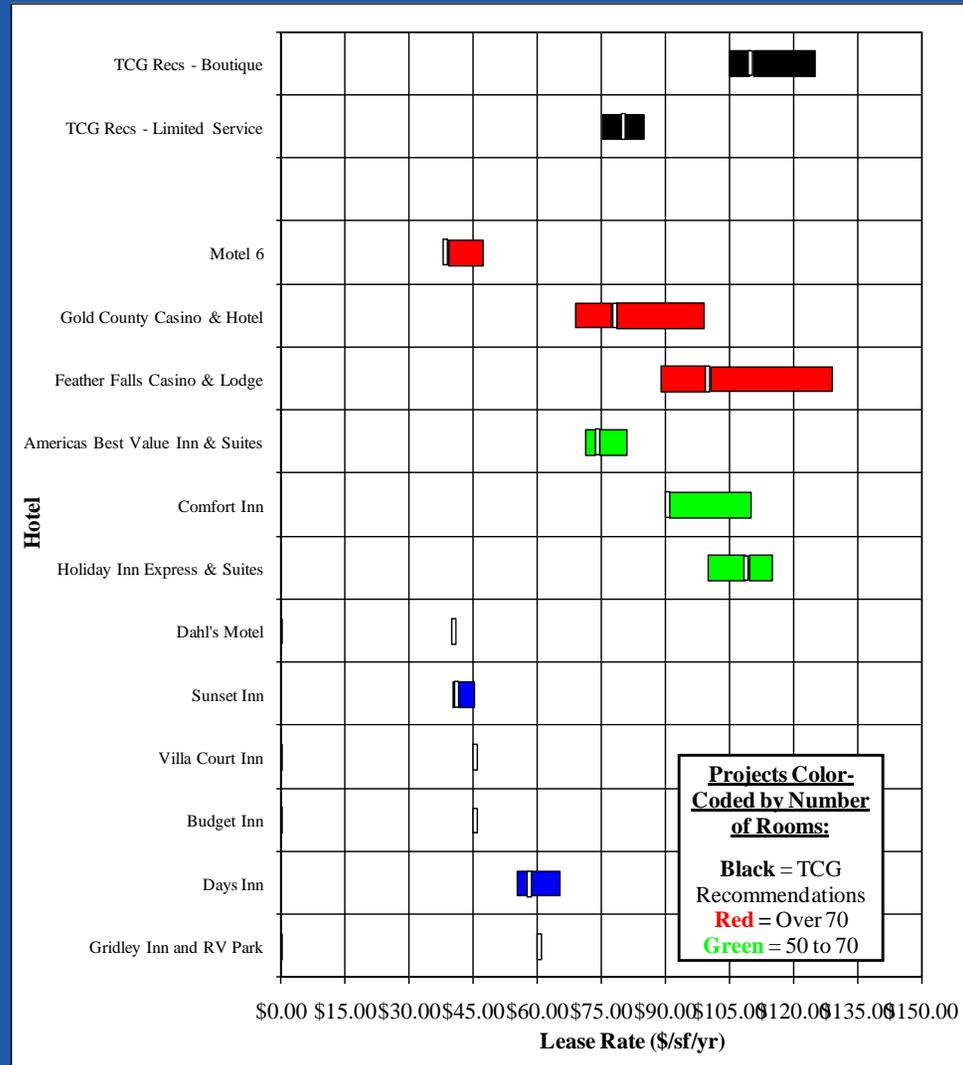
# Hotel Conclusions

## Supply Results

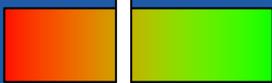
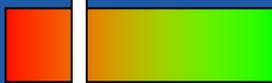
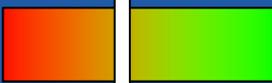
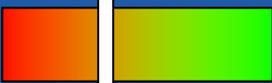
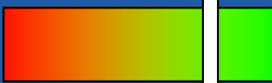
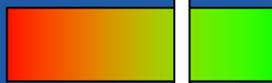
- Oroville already offers 620 hotel rooms in 12 establishments
- Average occupancies well below 50% - difficult to find demand for any additional limited service hotel rooms

## Demand Results

- If promoted – through economic development strategies leveraging the recreation options in the area, potential for a **25-room boutique hotel** on the Gateway Site.



# Product Menu & Recommendations

Product Type	For Sale Resi	Multi-Fam	Retail	Office	Hotel
Scale	40 units	35 units	35,000sf	25,000sf	25 keys
Acreage	2.5 Acres	1.6 Acres	3.7 Acres	1.4 Acres	1.0 Acre
Absorption Period	20 Months	42 Months	36 Months	60 Months	12 Months
Market Risk					
Catalytic Potential					
Critical Success Factors	<ul style="list-style-type: none"> <li>➤ Home price recovery</li> <li>➤ Desirability of Downtown</li> <li>➤ Lending</li> </ul>	<ul style="list-style-type: none"> <li>➤ Flexibility in product</li> <li>➤ Desirability of Downtown</li> </ul>	<ul style="list-style-type: none"> <li>➤ Visibility &amp; Traffic</li> <li>➤ Build 18hr Environment</li> <li>➤ Economic Dev'pment Strategy for "Key" Tenants</li> </ul>	<ul style="list-style-type: none"> <li>➤ Combat oversupply</li> <li>➤ Follower-use</li> </ul>	<ul style="list-style-type: none"> <li>➤ Boost occupancies</li> <li>➤ Need regional anchor</li> <li>➤ Follows successful retail program</li> </ul>