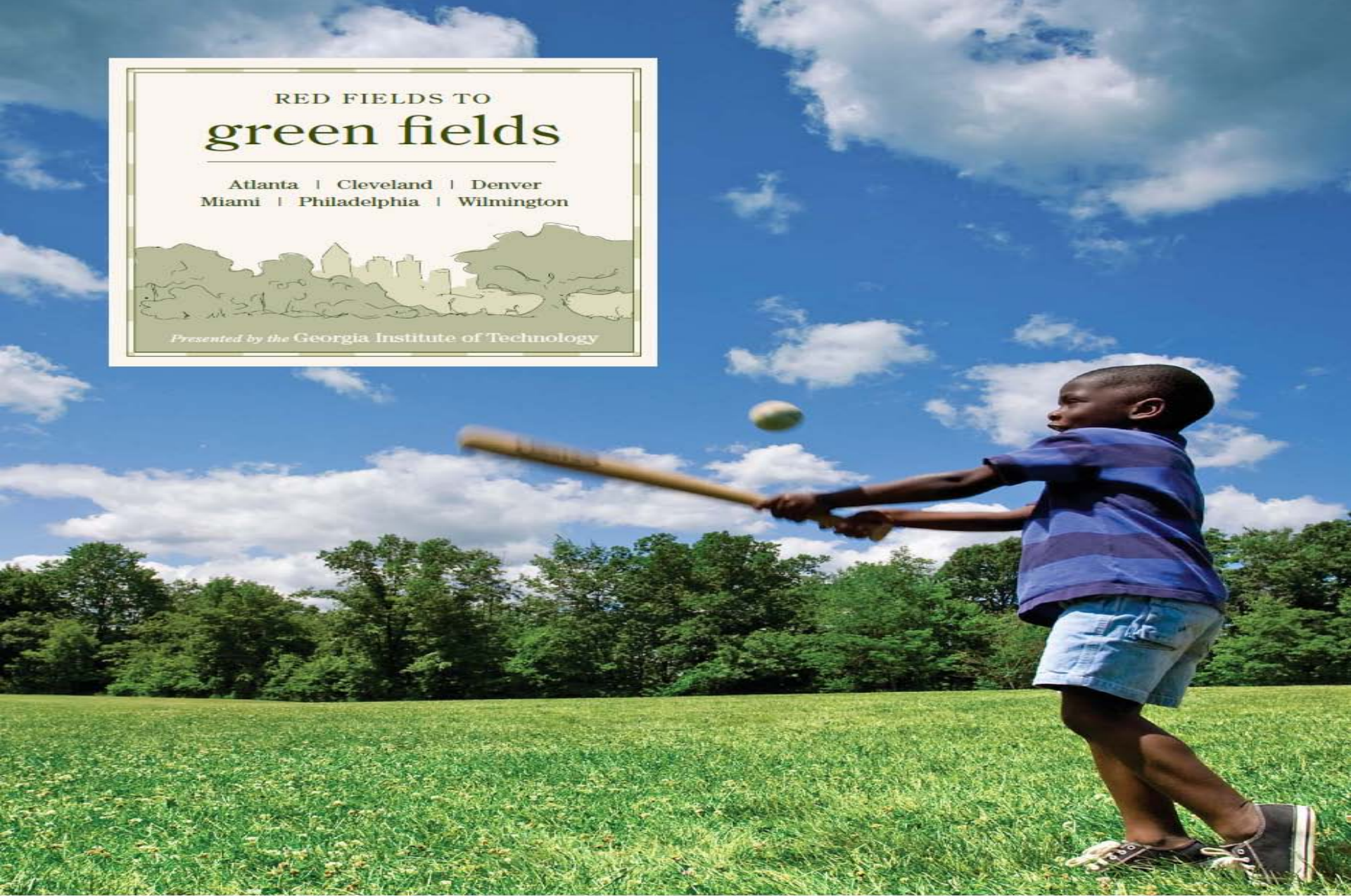


RED FIELDS TO  
**green fields**

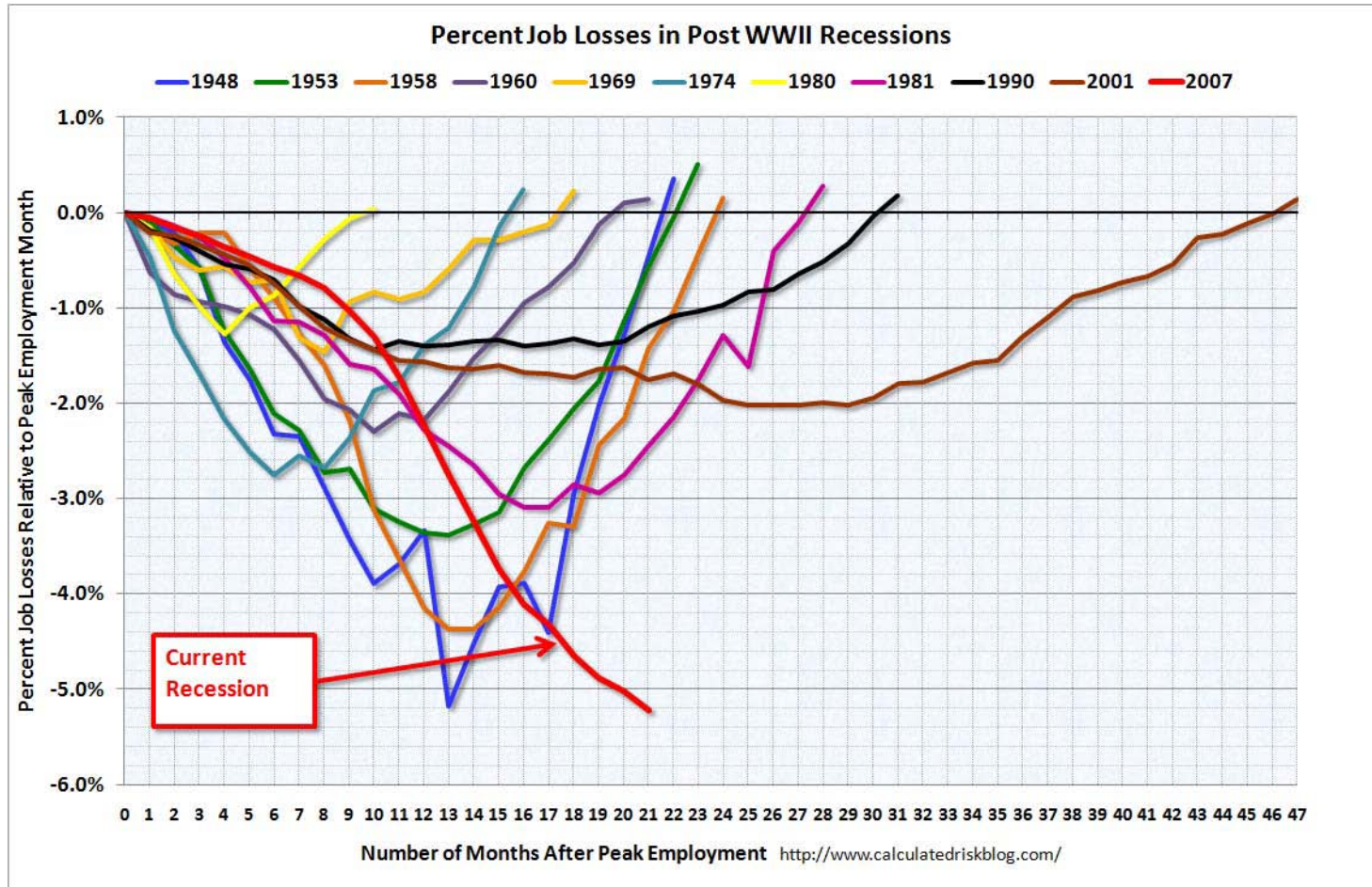
Atlanta | Cleveland | Denver  
Miami | Philadelphia | Wilmington



*Presented by the Georgia Institute of Technology*



This time it really is different—the worst job losses since the Depression



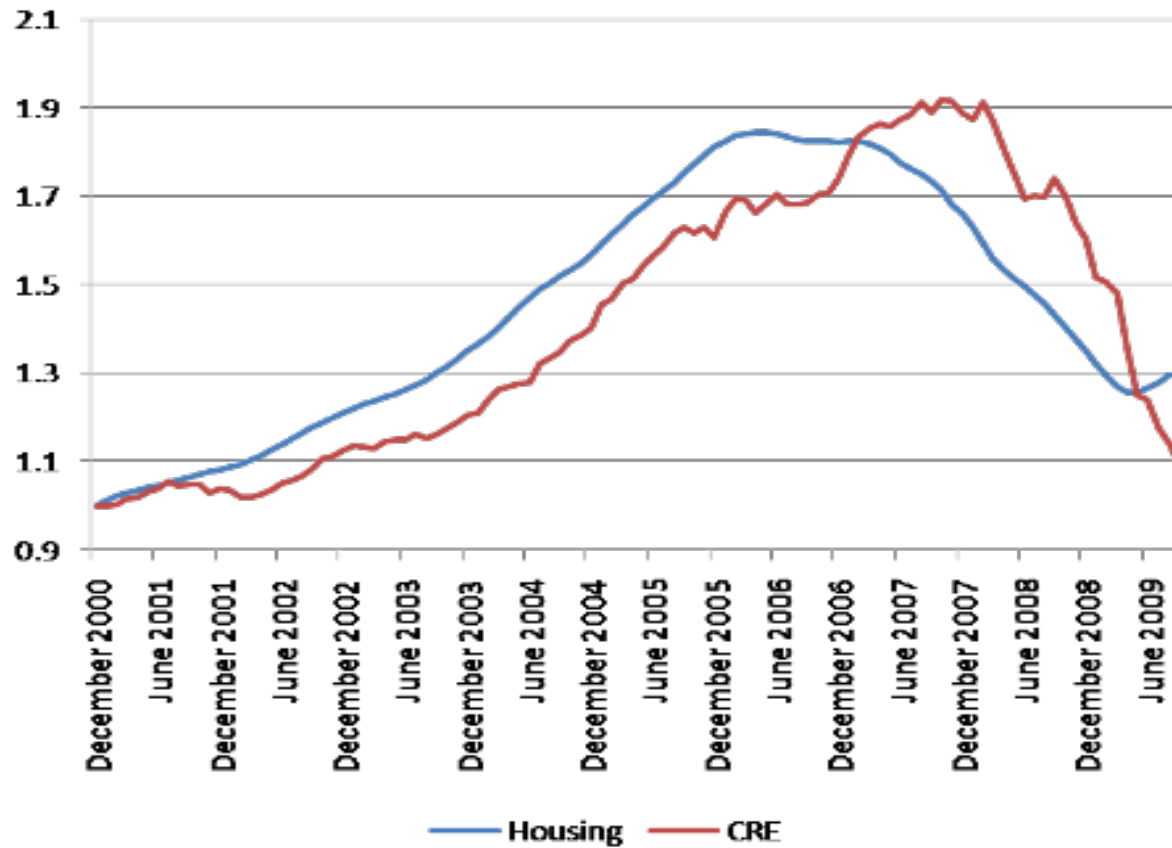


- **Britain's recession the steepest for 88 years**
- Argentina-default
- Iceland-default
- Greece-near bankruptcy
- Germany-economy fell a record 5% in 2009
- US-36 states with severe budget deficits

**US Retail sales drop 0.3 percent in December as sales for all of 2009 plunge by record amount**

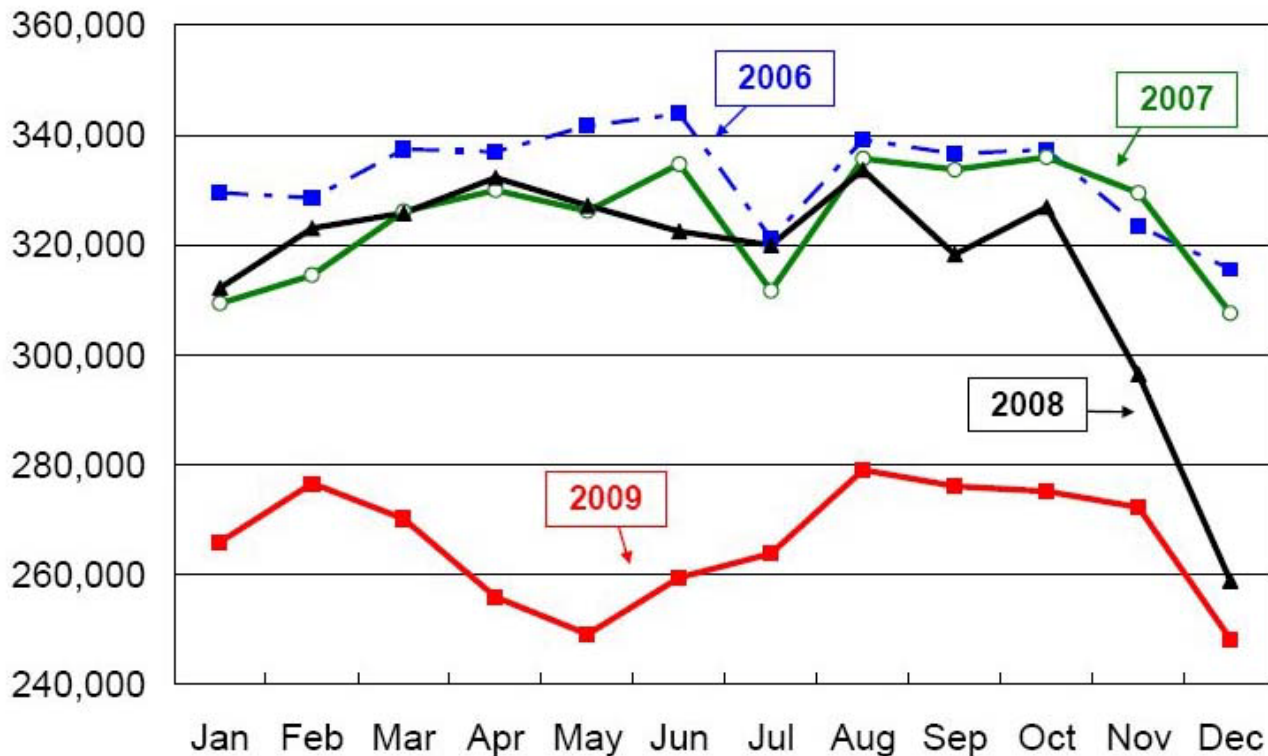


## Prices of housing and commercial real estate, Dec. 2000 = 1



# Rail Traffic in 2009: Lowest since at least 1988

## Average Weekly U.S. Rail Carloads: All Commodities



Data are weekly average originations for each month, exclude U.S. operations of CN and CP, and reflect revisions from original reporting. Source: AAR *Weekly Railroad Traffic*



# How We Got Here

- Pre-March 2008
  - Cheap money and rapid urbanization led to overbuilt housing, non-bank entities entering markets, and unsustainable home price appreciation
  - Result is subprime mortgage defaults that created widespread financial stress
- Mid-March to mid-Sept 2008
  - Takeover of Bear Stearns, other countries impacted, liquidity crisis hits
  - Lehman Brothers heads toward bankruptcy



# How We Got Here (cont.)

- Mid-September to late October 2008
  - Sept 15 demise of Lehman triggers a run on key funding markets
  - Loss of confidence affects markets and countries globally; bailouts start (AIG, GE, Bank of America, Citigroup, etc.)
  - Great Depression 2.0 was looming; “economic 9/11”
- Late October 2008 to mid-March 2009
  - Global downturn continues
- Late March 2009-November 2009
  - Downturn deepens but loses speed
  - Wall Street recovers; Main Street has not



# The Rescue Program

- The Federal Reserve, Treasury, and FDIC allocated **\$11.4 Trillion** (**\$11,400,000,000,000**)
- This money is for bad loans and paper assets
- A plan is needed to address *physical* assets

## All Federal Reserve, Treasury and FDIC Financial Rescue Program Allocations

Federal Reserve Program Allocations		
	Allocated Amount (\$BN)	Size
Commercial Paper Funding Facility LLC (CPFF)	1,800.00	15.8%
Term Auction Facility (TAF)	900.00	7.9%
Other Assets	601.96	5.3%
Unnamed MBS and GSE Program	1,450.00	12.7%
Money Market Investor Funding Facility (MMIFF)	540.00	4.7%
Term Securities Lending Facility (TSLF)	250.00	2.2%
Term Asset Backed Securities Loan Facility (TALF)	1,000.00	8.8%
Discount Window	139.21	1.2%
Other Credit Extensions (AIG)	122.80	1.1%
ABCP Money Market Fund Liquidity Facility (AMLF)	61.90	0.5%
Net Portfolio Maiden Lane LLC (Bear Sterns)	28.80	0.3%
Securities Lending Overnight	10.30	0.1%
Secondary Credit	0.12	0.0%
Purchase of Treasury	300.00	2.6%
<b>TOTAL: FEDERAL RESERVE</b>	<b>7,205.09</b>	<b>63.1%</b>
FDIC Program Allocations		
FDIC Liquidity Guarantees	1,400.00	12.3%
Loan Guarantee to Citigroup	249.30	2.2%
Loan Guarantee to Lending arm of General Electric	139.00	1.2%
<b>TOTAL: FDIC</b>	<b>1,788.30</b>	<b>15.7%</b>
Treasury & FHA Program Allocations		
TREASURY DEPARTMENT		
Troubled Asset Relief Program (TARP)	700.00	6.1%
Fannie Mae / Freddie Mac Bailout	400.00	3.5%
Stimulus Package and Bank Tax Breaks	197.00	1.7%
Treasury Exchange Stabilization Fund (ESF)	50.00	0.4%
Recovery and Reinvestment Act	780.00	6.8%
Auto Supplier Support Program	5.00	0.0%
<b>TOTAL: TREASURY</b>	<b>2,132.00</b>	<b>18.7%</b>
<b>Federal Housing Administration - Hope For Homeowners</b>	<b>300.00</b>	<b>2.6%</b>
<b>TOTAL: FED AND TREASURY PROGRAMS</b>	<b>11,425.39</b>	<b>100%</b>

*Yes-these are real numbers confirmed by the Federal Reserve, November 13, 2009.*

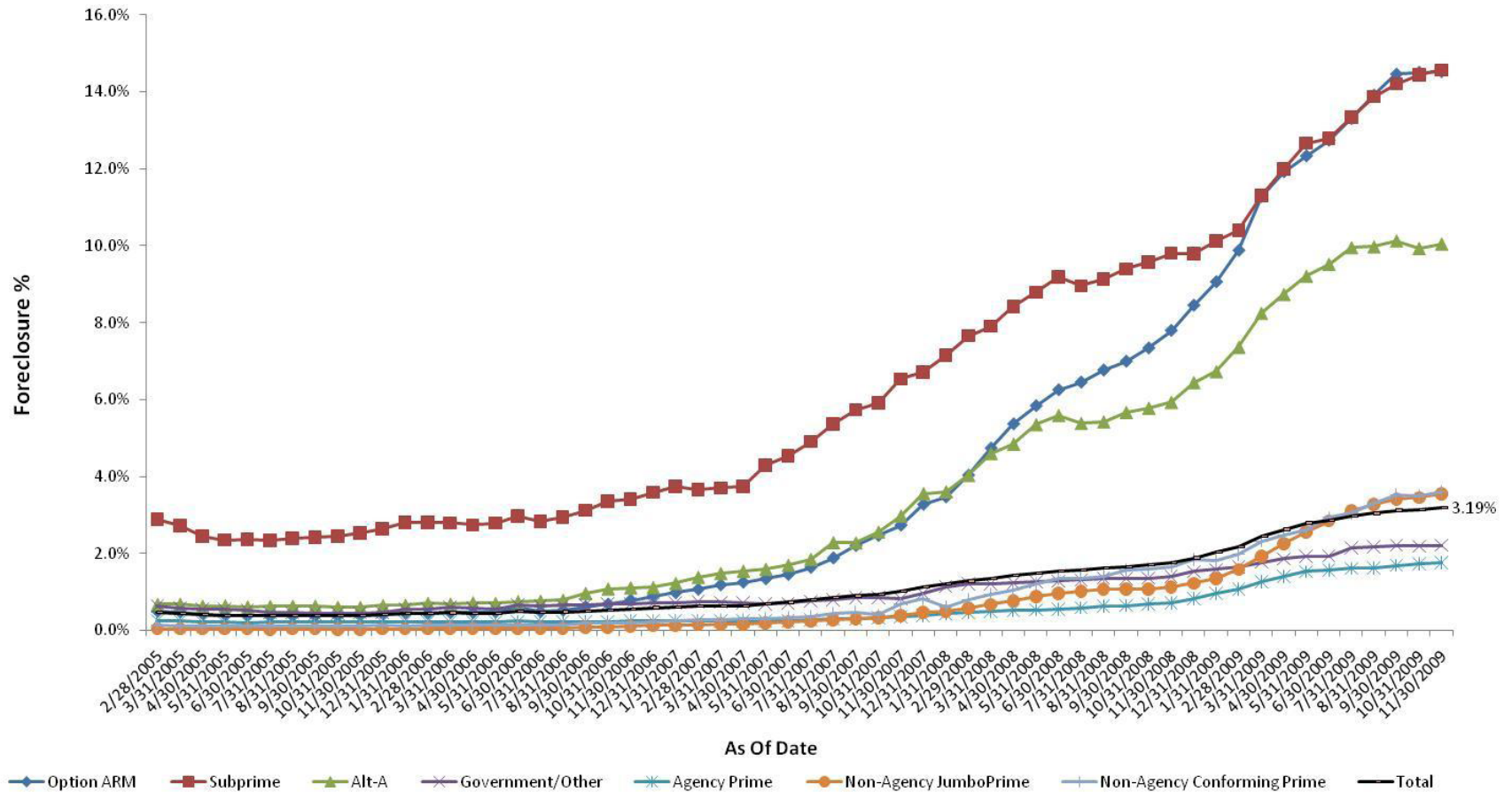






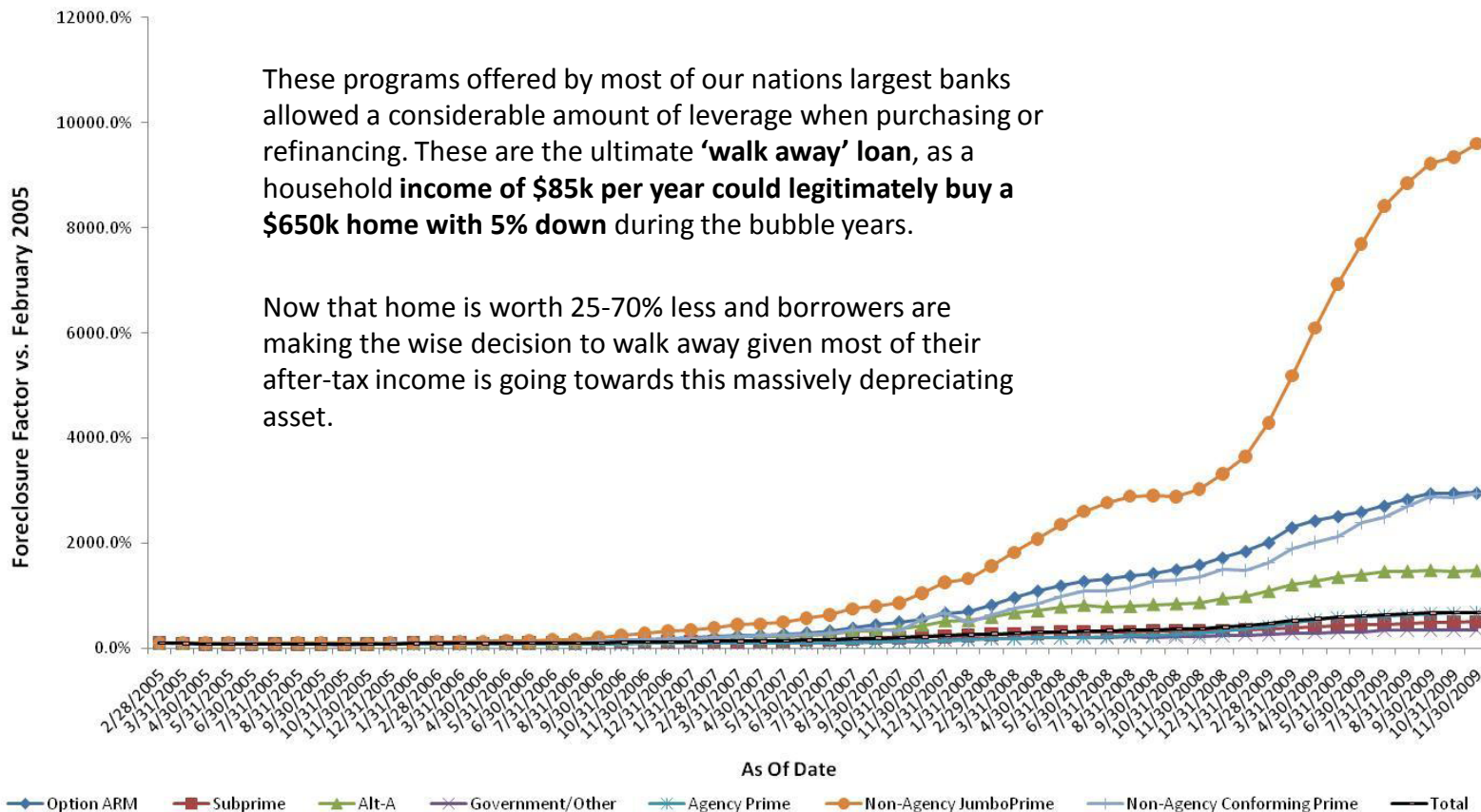
**Foreclosure inventories continue to climb to record highs. November Foreclosure Rate = 3.19%. Month over Month Increase of 1.46%, Year over Year Increase of 81.41%**

**Total Foreclosure % by Product Type**



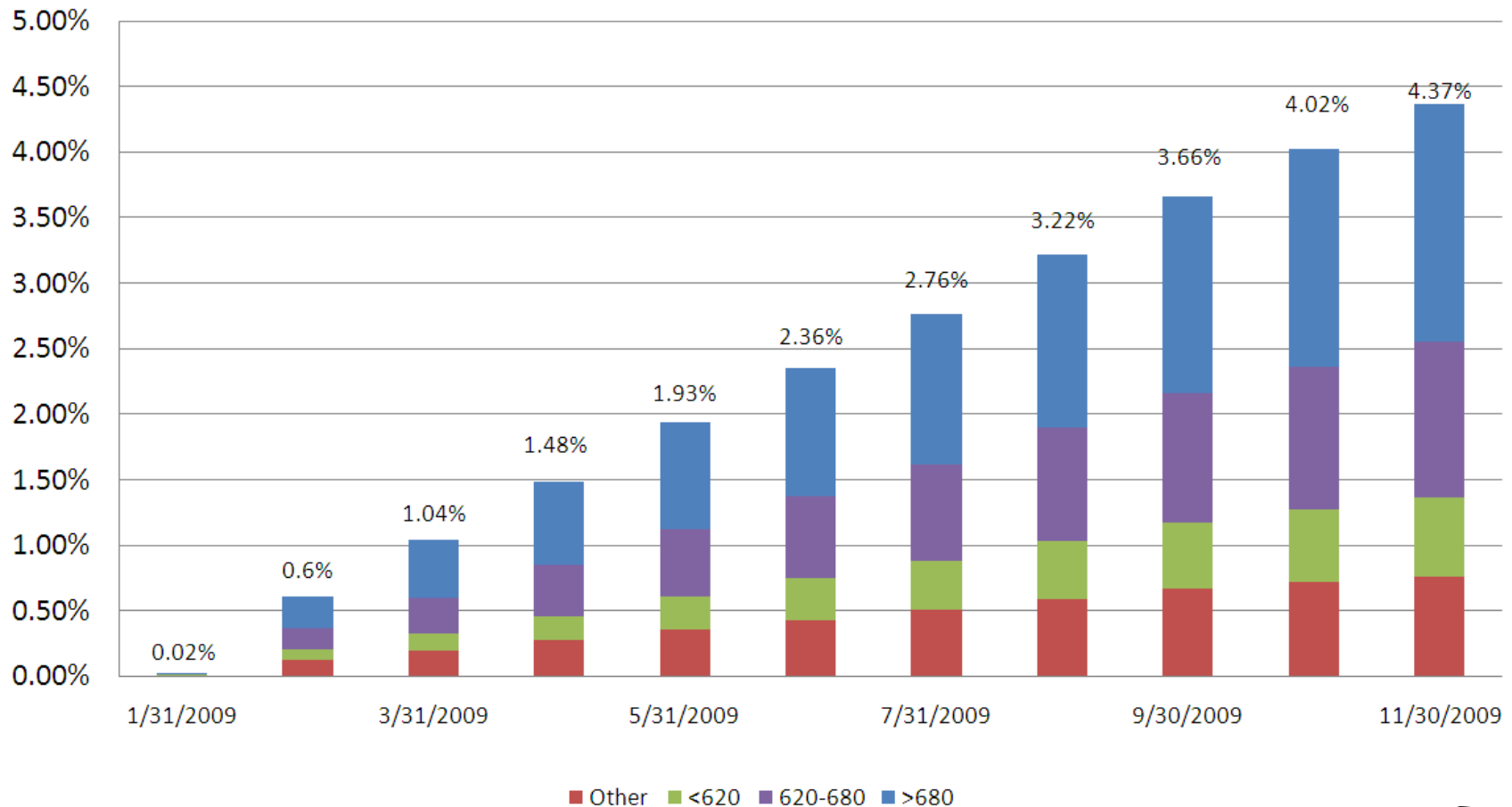
# As a factor vs. February 2005, foreclosure inventories are almost seven times higher across all loans. For Jumbo prime, foreclosure inventories are almost 100 times 2005 rates.

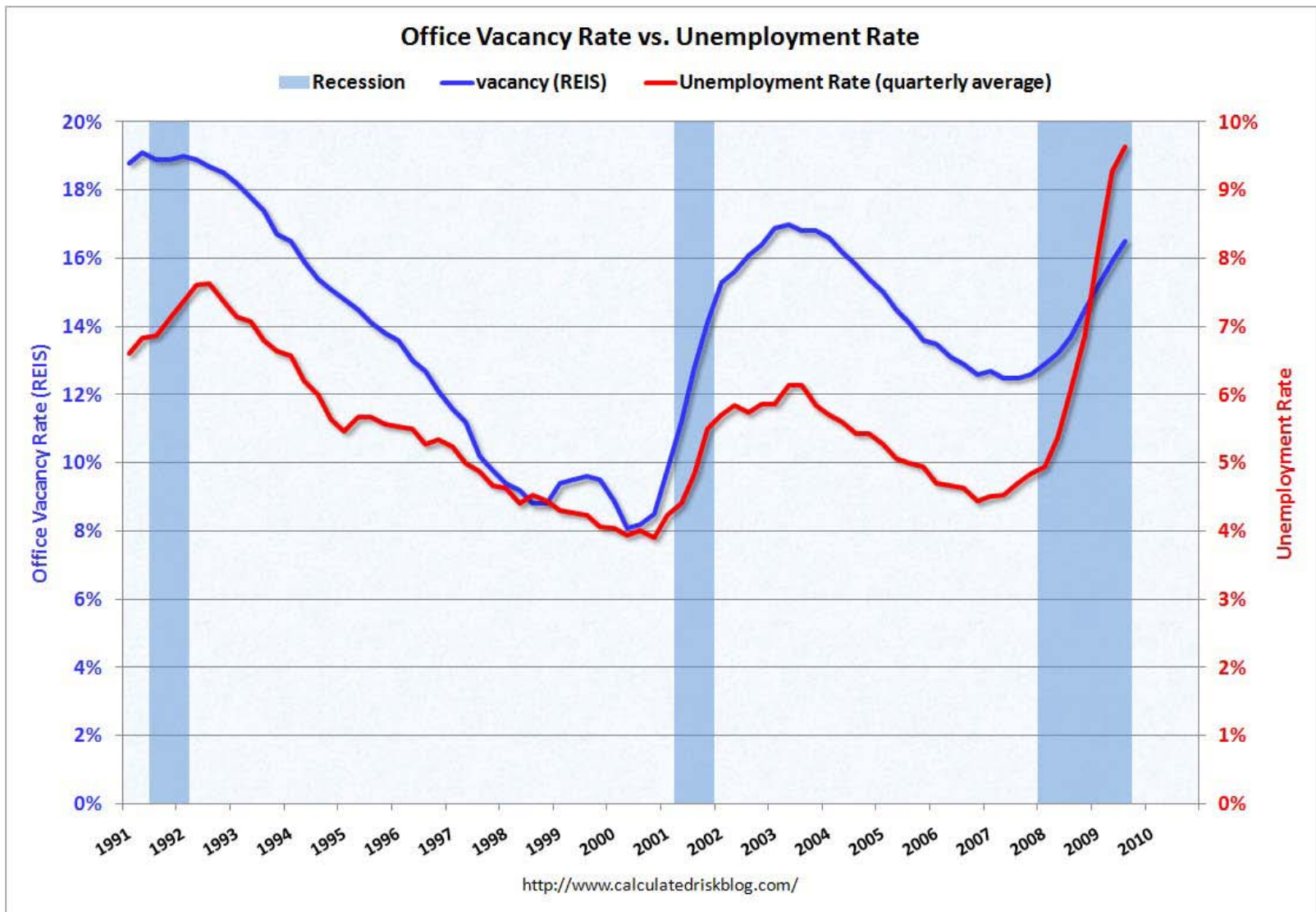
Foreclosure Factor vs. February 2005 by Product Type



***Deterioration within loans that were current as of December 2008 has been relatively linear over the course of the last year.***

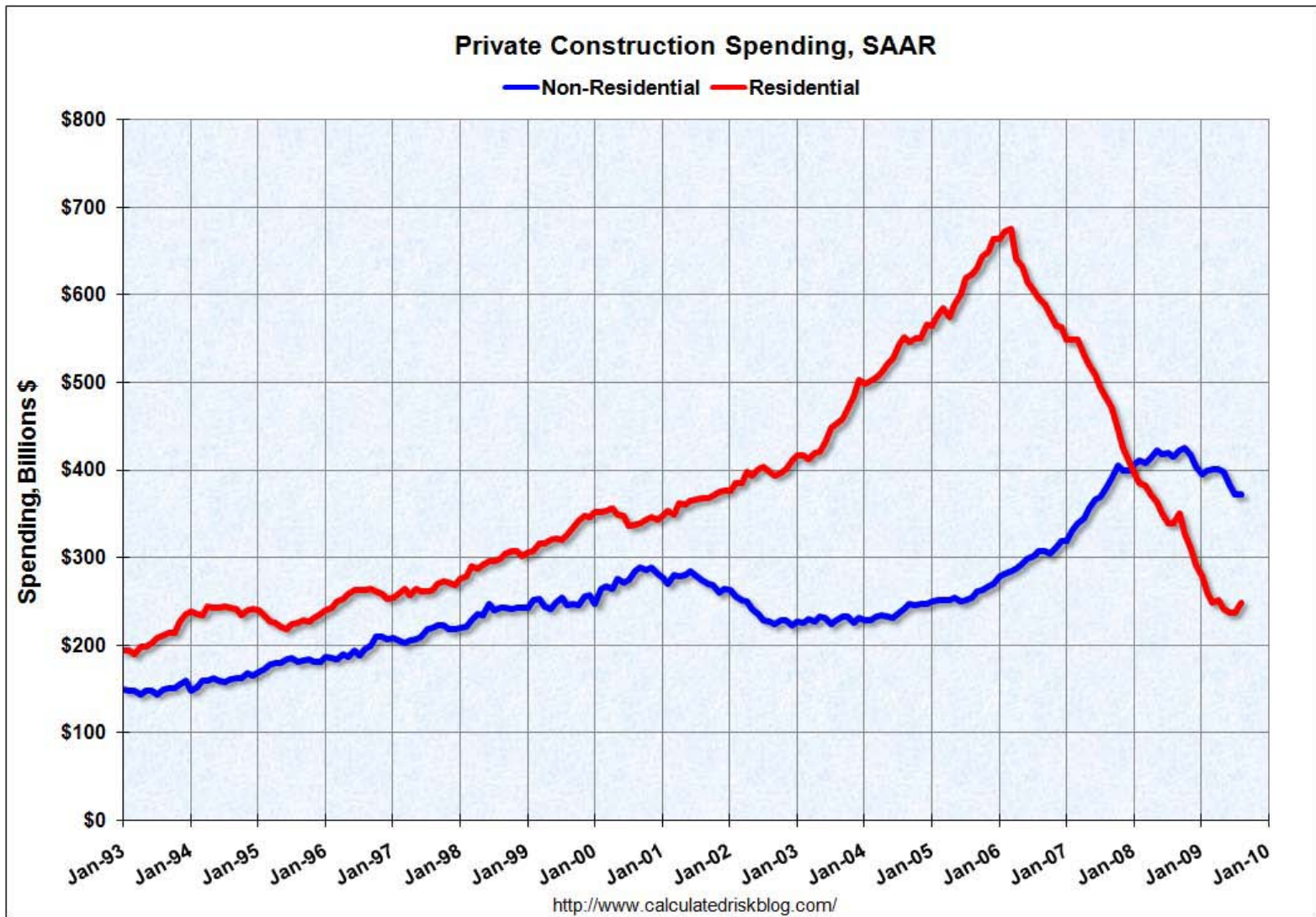
**Static Pool Analysis: Percentage of loans current as of year-end 2008 that are 60+ or in Foreclosure today (by FICO)**





Offices are emptying; official unemployment is now 10.2%,  
(including discouraged and part-time workers the figure is **17.3%**)





Residential housing starts have plunged. “Retail follows rooftops” and commercial construction continues to fall.



# A few things we've learned...

- Congress-focused on healthcare and not on the economy
- Federal Reserve-lowered interest rates to near zero, Congress trying to reduce their powers; preparing for 700 bank failures in 2010 (compare with 150 in 2009)
- FDIC-increasing their budgets and hiring to prepare for bank failures
- Big Banks-repaying bailout funds, under scrutiny from Congress and hesitant to lend



# Local Impacts

- 31 bank failures in Georgia; 57+ more Georgia banks show signs of trouble
- 12-year supply of office space, totaling 24 million square feet vacant
- From 1995-2005 Atlanta led the nation in single family housing starts every year; single family permits plummeted more than 90%, and multi-family permits are down nearly 95% from their peak in 2005 *(Mark Vitner, Senior Economist, Wells Fargo Securities)*
- Lot prices are back to 2002 levels
- 10-month supply of houses, 6-7 months is normal
  - Outside the Perimeter, 150,000 lots larger than one-acre are vacant (Sept 2009)
  - Inside the Perimeter, 4,700 developed lots are currently vacant (Sept 2009)





# The Drinking Will Continue



***Until The Economy Improves***

# Problem Statement

- Given \$5B, what could be done in Atlanta and within the metro region to:
  - Purchase non-performing real estate assets
  - Create parks
- What impact would be realized?



# Background on Atlanta

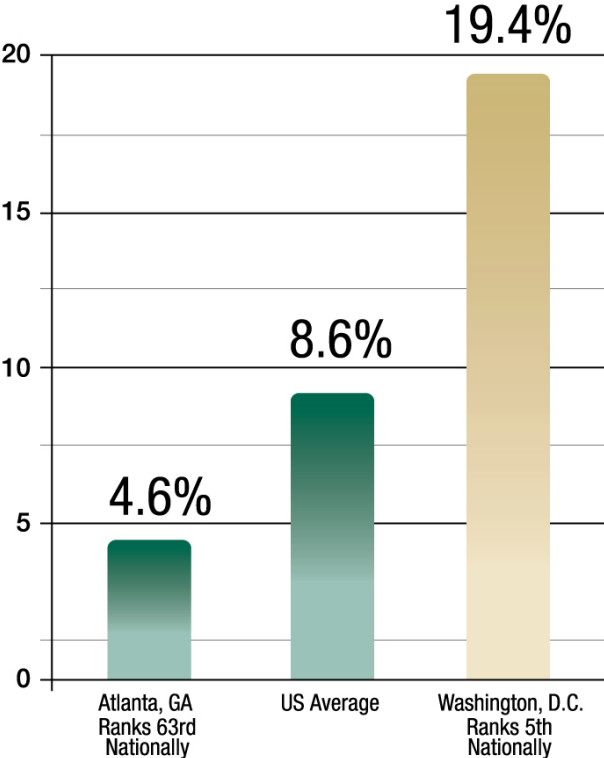
- Metro-region comprised of ~26 counties, pop. 5.5 million
- Park deficient; tri-state water war needs quick resolution
- 12-year supply of office space, totaling 24 million square feet vacant
- 10+ (?) year supply of retail
- From 1995-2005 Atlanta led the nation in single family housing starts every year; single family permits plummeted more than 90%, and multi-family permits are down nearly 95% from their peak in 2005 (Mark Vitner, Senior Economist, Wells Fargo Securities)



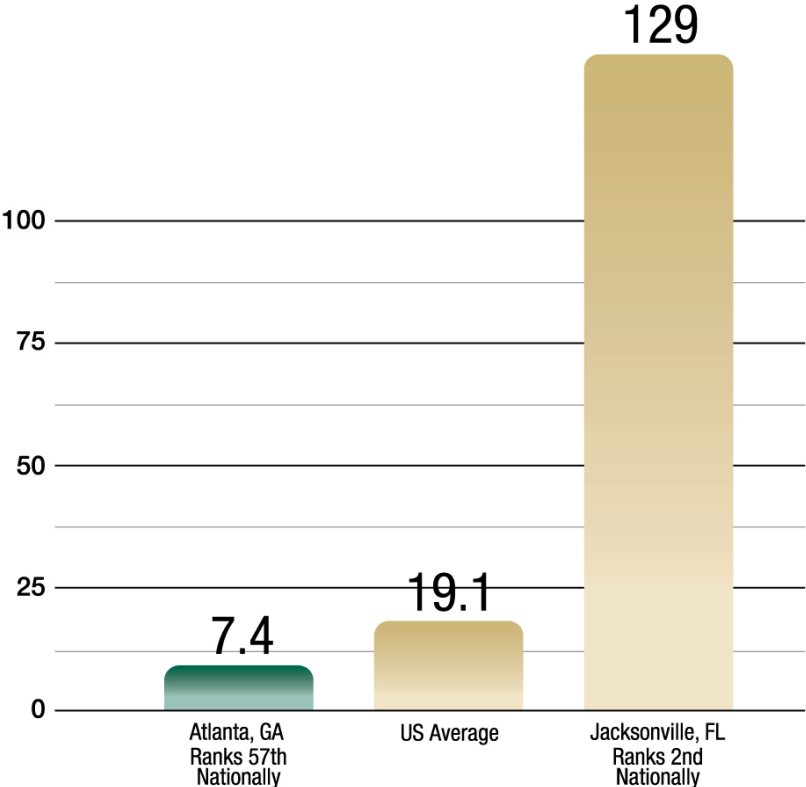
# Atlanta Park Data

As evidenced by the two graphs on this page, as well as every other statistical measurement, the city of Atlanta is woefully lacking in public parks and green space. Parkland covers only 4.6% of Atlanta's total area, and no public green space is larger than one-third of a square mile.

## Park Acres as a Percent of Land Area



## Acres of Park Land Per 1,000 Residents



Source: Trust for Public Land



# ATLANTA PARK & GREENSPACE ACREAGE

Categories	Number	Total Acreage per Category	Percentage of Total Acreage	Type of Park
100 + acres	8	1,182	35%	Regional
30 - 100 acres	14	789	23%	Community
15 - 30 acres	12	323	9%	Regional, Neighborhood and/or Community
Less than 15 acres	314	717	22%	Neighborhood/Misc.(including garden and/or triangle blocks)
Nature preserves	7	392	11%	Greenspace
<b>TOTAL</b>	<b>355</b>	<b>3,403</b>	<b>100%</b>	

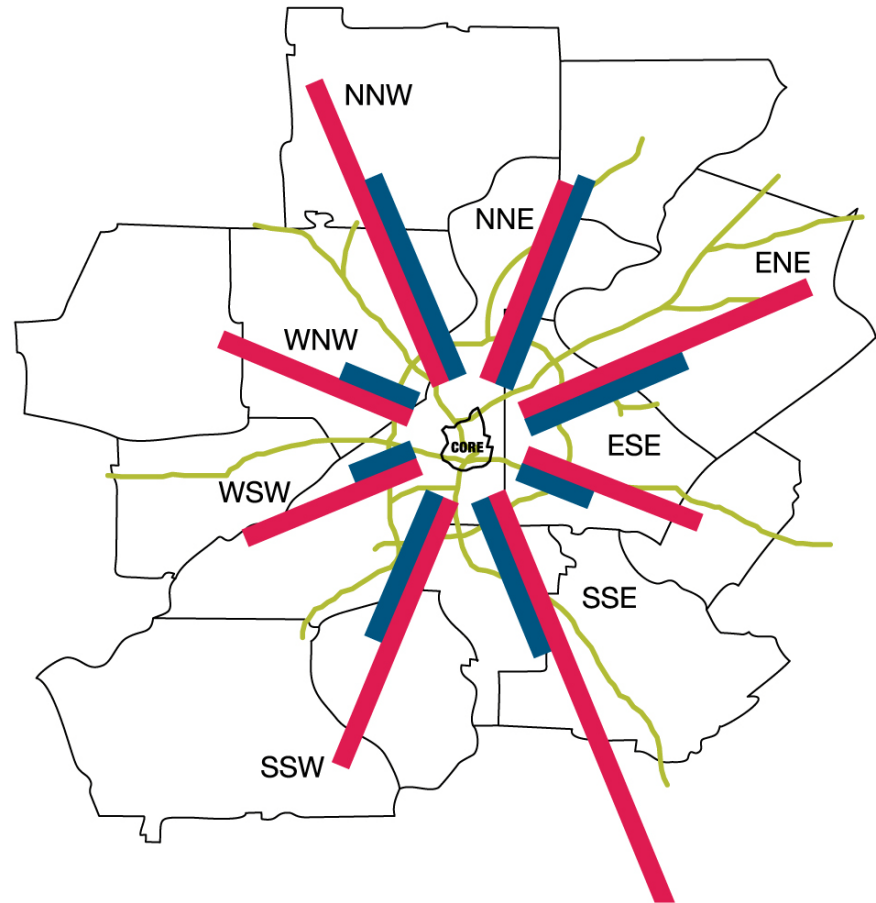


## Atlanta Region Directions of Growth

Atlanta continues to be the center of population growth in the state and the south with predictions of an additional 2.3 million people moving into the metro area over the next two decades. Bringing these residents closer to the city through a better quality of life is critical to the city's future.

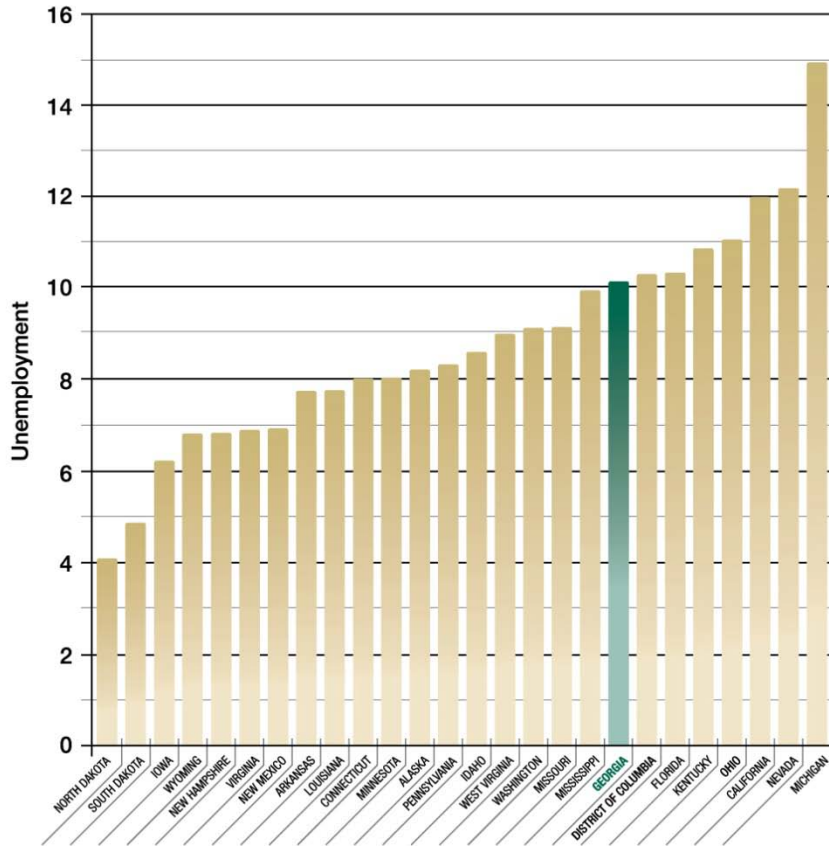
	2000-2030 Pop. Change	2000-2030 Emp. Change
ENE	313,605	173,620
ESE	191,502	81,453
NNE	217,125	228,935
NNW	333,526	220,832
SSE	479,190	169,795
SSW	297,084	167,331
WNW	208,663	79,822
WSW	191,663	65,235
CORE	74,251	55,981
<b>Region</b>	<b>2,306,609</b>	<b>1,243,004</b>

- █ 2000-2030 Employment Change
- █ 2000-2030 Population Change
- █ Interstate System



## Unemployment

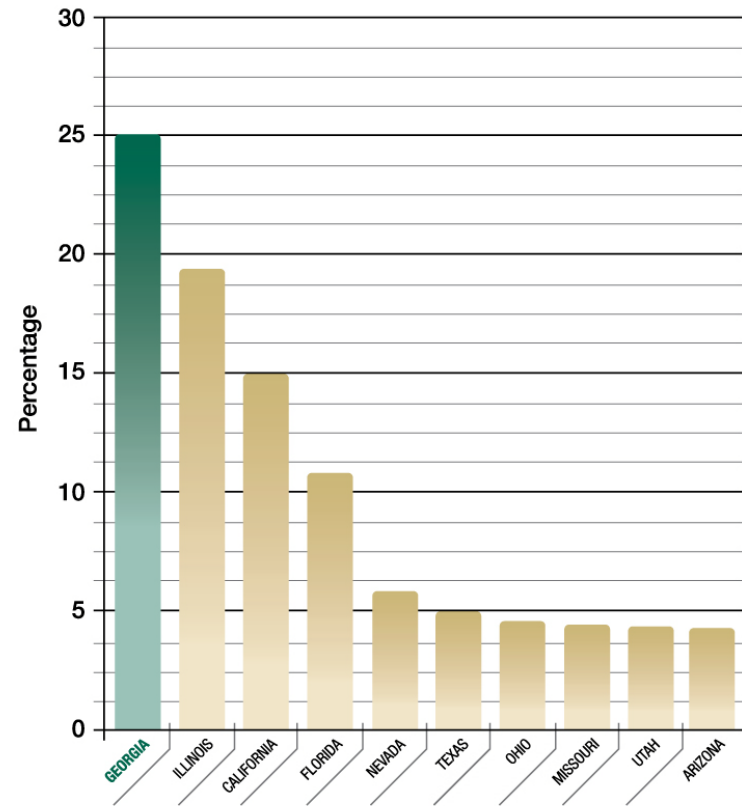
The unemployment rate in the state of Georgia ranks 8th in the nation topping 10%. Economic indicators predict that this rate will continue to rise for the remainder of 2009.



<http://www.bls.gov/web/laumstrk.htm>

## Bank Failure

Georgia leads the nation in bank failures, accounting for 25% of the total number.



[http://s.wj.net/public/resources/documents/info-Failed\\_Banks-sort.html](http://s.wj.net/public/resources/documents/info-Failed_Banks-sort.html)



# Approach

- Technical feasibility assessment for project delivery
- Gather information from leaders in the community
- Develop conceptual process and costing
- Use CoStar data bases to get market information
- Leverage existing projects when possible
- Subdivide region:
  - Inside Perimeter (I-285)
  - Outside Perimeter

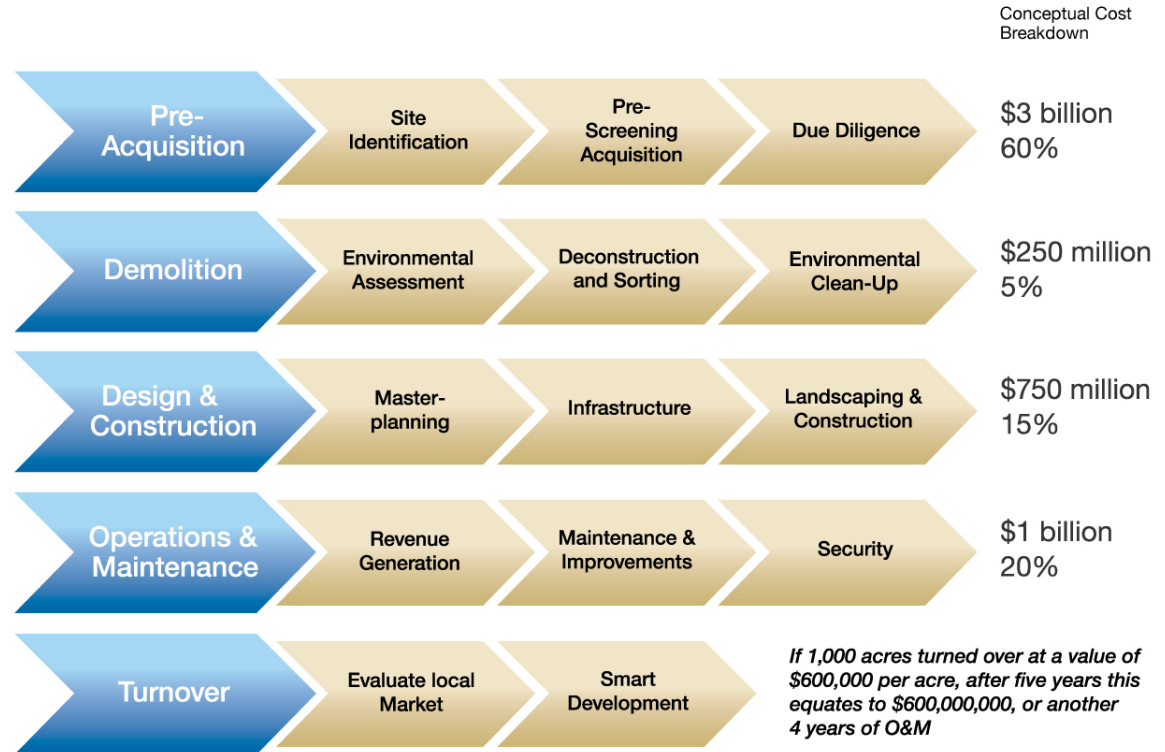




# Process and Costing

## Process

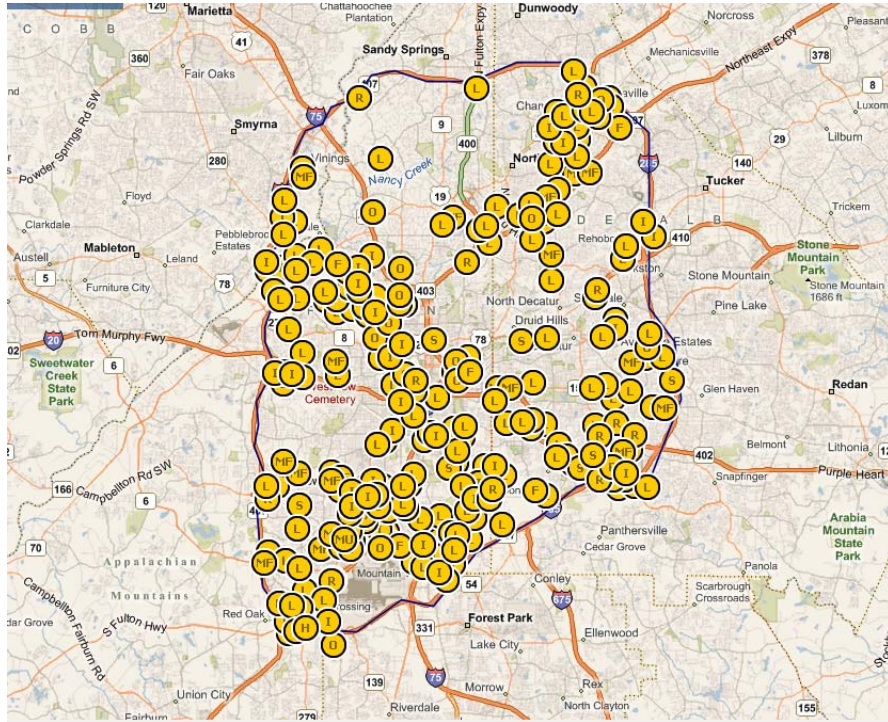
Looking at the scope of this project from an engineering perspective, turning Red Fields to Green Fields is a fundamental part of the profession. From the pre-acquisition phase to park creation to operation and maintenance activities, public/private partnerships provide the impetus for job creation and sustained economic development. Through smart development, bad assets can be turned over, property values can climb and a sufficient return on investment is generated to ensure a safe, vibrant recreation site.



\$5 billion investment purchases 10,000 acres and includes ~ 10 years of O&M and security.



# Inside the Perimeter Market



## 5 YEAR HISTORICAL

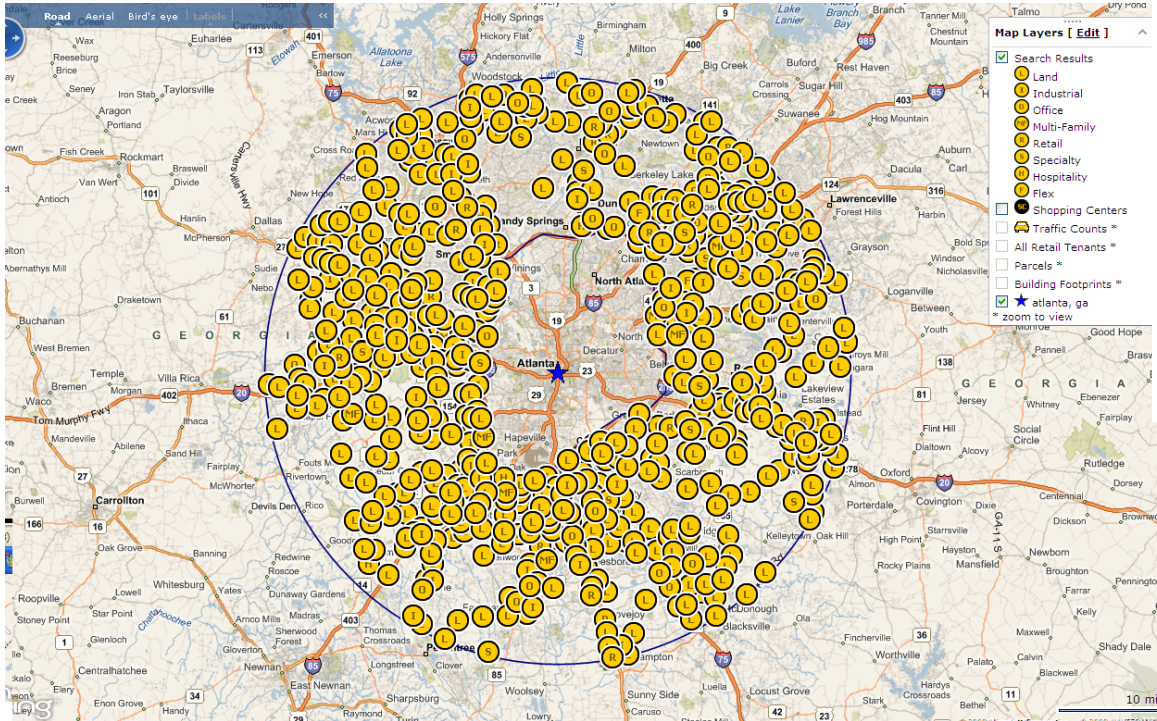
	Average (\$/acre)	Total (acres)
Improved	1,757,402	5714
Land Only	416,819	3370

## ON MARKET

	Average (\$/acre)	Total (acres)
Improved	370,913	846
Land Only	592,734	1,193

- Historical 5-yr price per acre average, improved lot: \$1.76 MM
- Current market listed price per acre, average: \$371,000 per acre—a **79%** discount
- Many potential sellers are not listing properties due to market conditions

# Outside the Perimeter Market



## 5 YEAR HISTORICAL

	Average (\$/acre)	Total (acres)
Improved	582,914	29,416
Land Only	71,912	52,974

## ON MARKET

	Average (\$/acre)	Total (acres)
Improved	428,810	3726
Land Only	153,369	21,804

CoStar Data on two-acre properties

Nearly 22,000 acres of vacant land listed at an average price of \$154,000 per acre

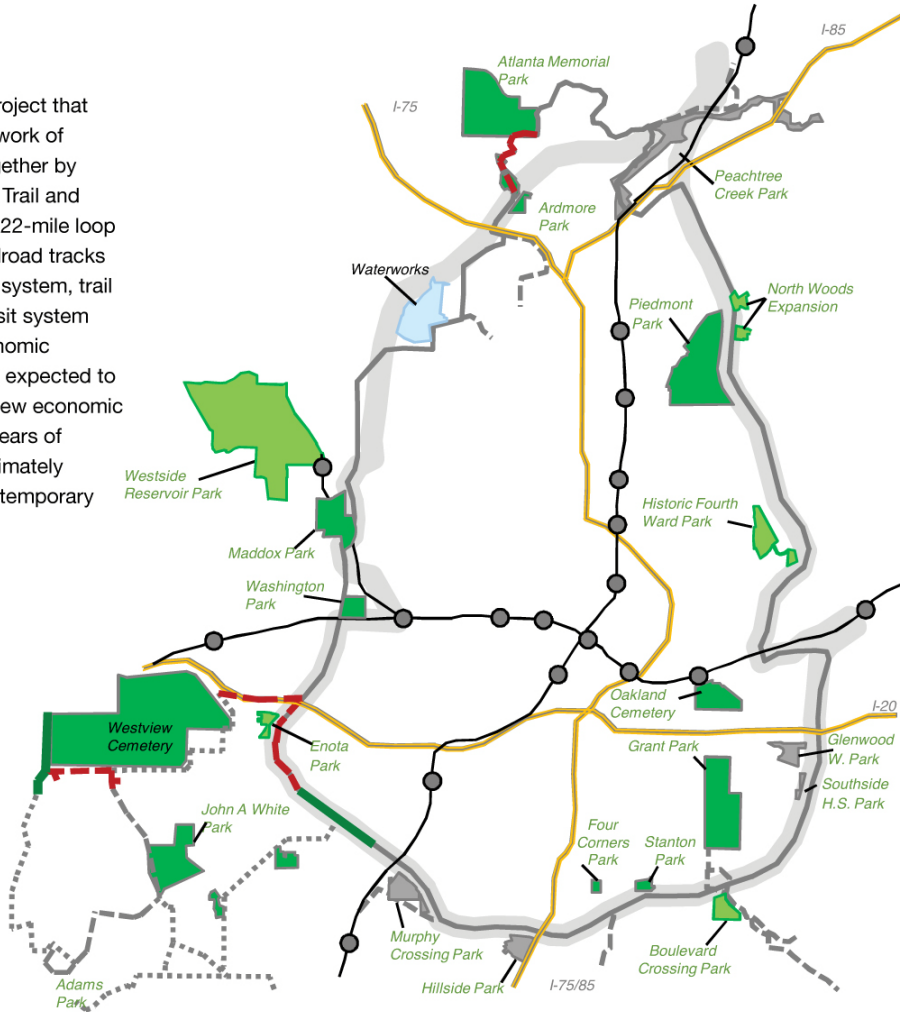




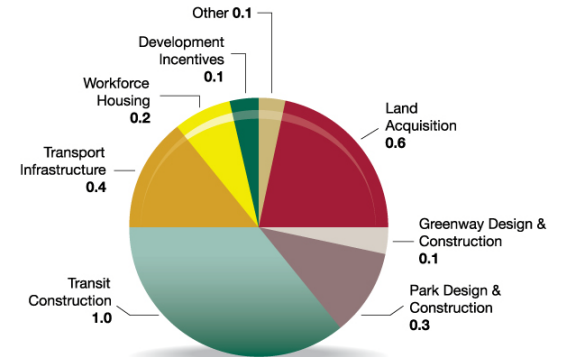
# The Process in Action: Atlanta at Work

## The BeltLine

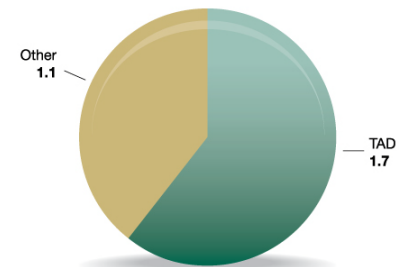
The BeltLine is an ongoing project that consists of an integrated network of urban greenspace, linked together by an easily accessible BeltLine Trail and BeltLine Transit System. The 22-mile loop of largely unused, historic railroad tracks can accomplish a new parks system, trail system, and low-impact transit system and act as a catalyst for economic development. The BeltLine is expected to generate over \$20 billion of new economic development during the 25-years of the project as well as approximately 30,000 new jobs and 48,000 temporary construction jobs.



## Uses of Funds (\$2.8B)



## Sources of Funds (\$2.8B)



Gap of \$1.1 billion needed to be met by "other" funding; over \$150 million identified to date:

- Federal
- Local/State
- Private

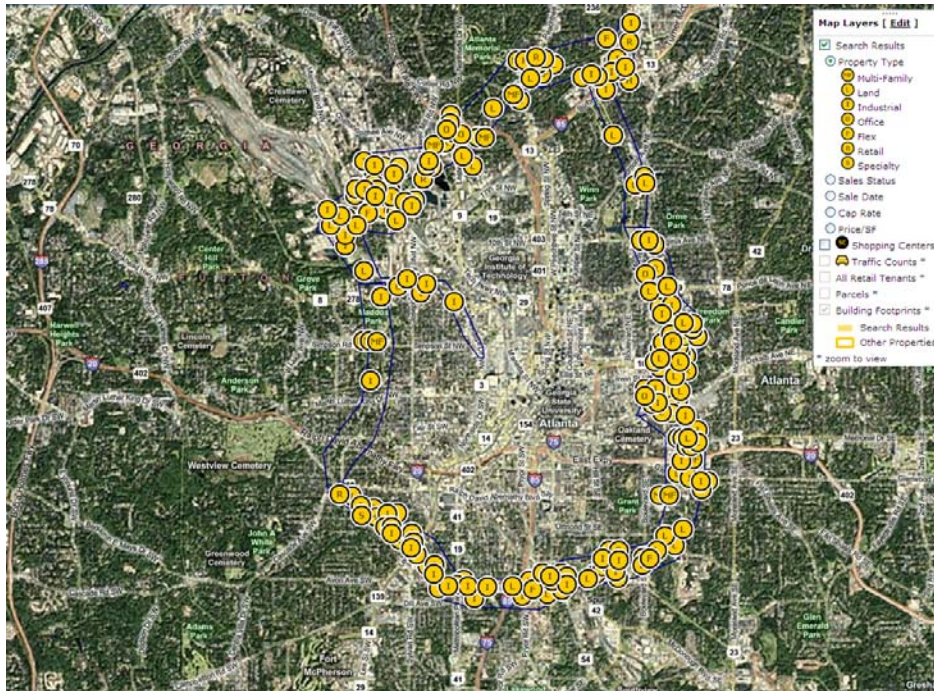
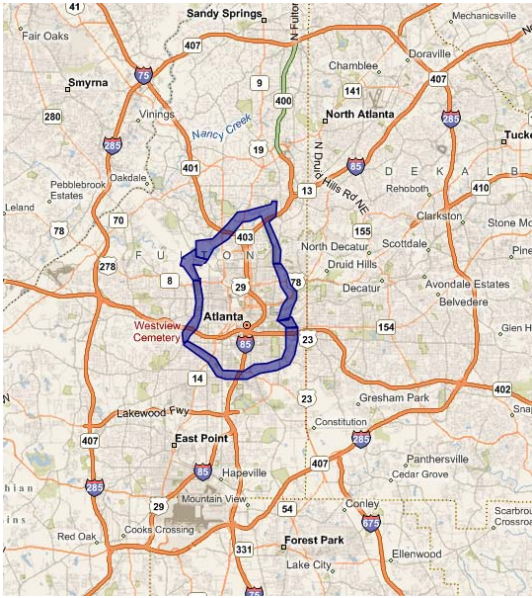
Note: "other" uses of funds include administration, contingency funds and other bond requirements



<http://www.youtube.com/watch?v=tyZKz24-OcY> YouTube - BeltLine  
West End Trail



# Atlanta Beltline



## 5 YEAR HISTORICAL

	Average (\$/acre)	Total (acres)
Improved	1,067,800	371.1
Land Only	761,269	163.5

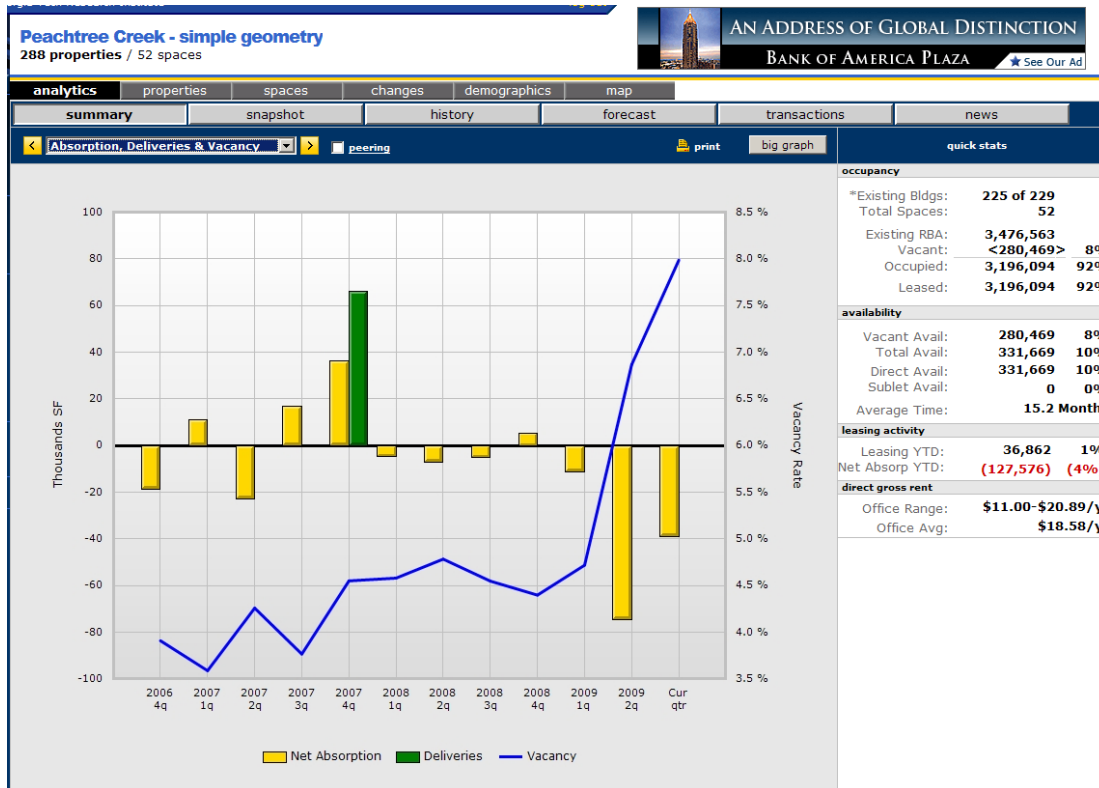
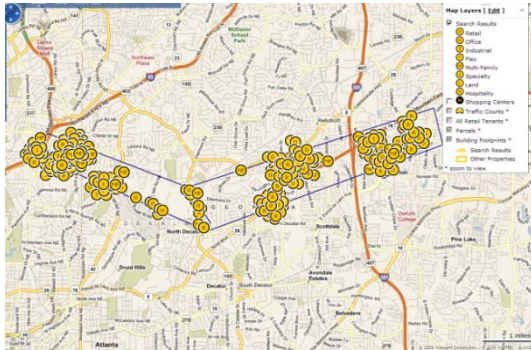
## ON MARKET

	Average (\$/acre)	Total (acres)
Improved	1,143,319	23.2
Land Only	1,209,035	22.58

750+ acres of park planned,  
50% already acquired



# Peachtree Creek Greenbelt

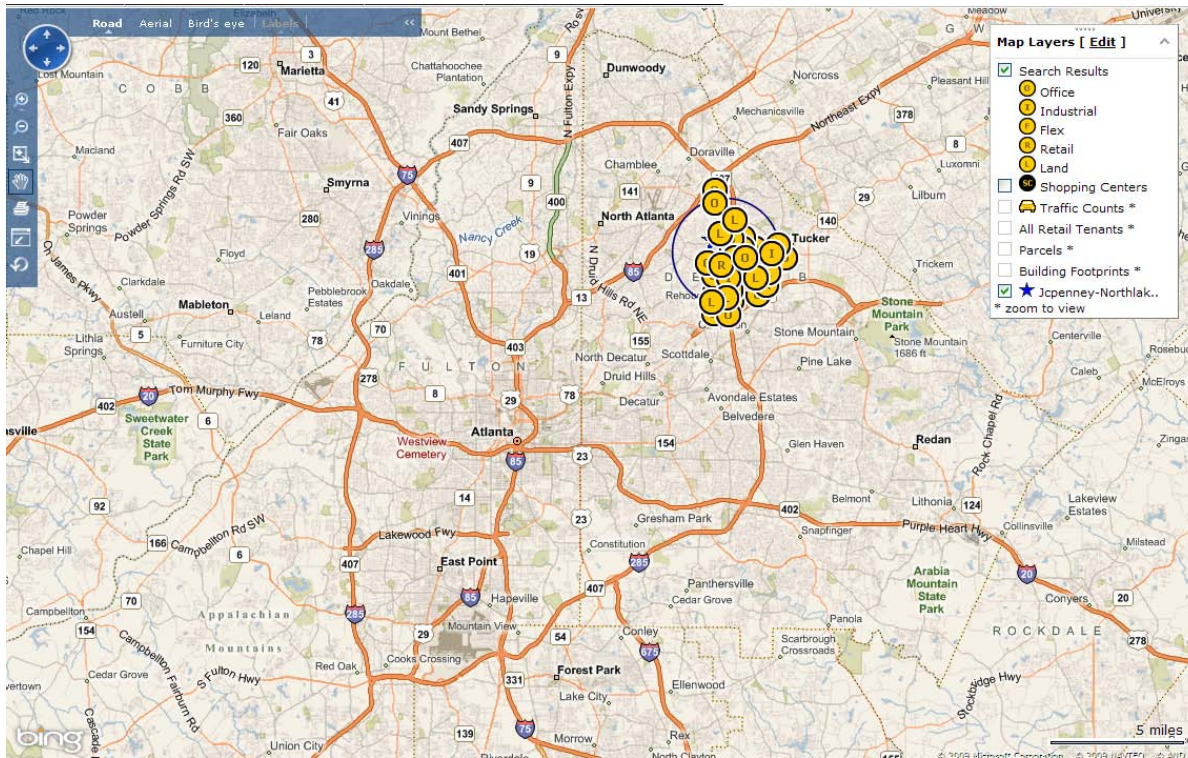


- 1500 acres identified for 36 miles of connected trail and watershed buffer zones
- Links Beltline, 3 major distressed malls, numerous parks, and Emory/CDC (largest employer in Dekalb County)





# Northlake Mall



## 5 year Historical

	Average (\$/acre)	Total (Acres)
Improved	\$ 1,211,017	90.8
Land Only	\$ 1,457,471	8.7

## On Market

	Average (\$/acre)	Total (Acres)
Improved	\$ 746,175	11.06
Land Only	\$ 208,097	19.02

- Distressed mall with surrounded distressed strip malls
- Nearly 100 acres; asking price of \$50 million
- Surrounding land values have declined by 85%



# The Impacts

- 2,850 acres of parkspace created within the Perimeter (equivalent of over 15 Piedmont Parks)

AND

- 50% of the land currently for sale outside the Perimeter would be removed from the market to create over nearly 13,000 acres of greenspace

OR

- 6,500 acres of parks within 20 miles of Atlanta and 780 miles of greenbelt throughout Georgia



# Findings

- Atlanta real estate market would be transformed
- The proposed projects are technically feasible
- Initial research suggests the adjacent lands benefit tremendously
- The projects are scalable on a national basis



# Observations

- The economic and unemployment problems are broad, deep, and will be here for many years
- As a nation, we are solution deficient
- The red fields to green fields concept resonates clearly with politicians, developers, bankers, builders, parks officials, and communities



RED FIELDS TO  
**green fields**

Atlanta | Cleveland | Denver  
Miami | Philadelphia | Wilmington



*Presented by the Georgia Institute of Technology*

QUESTIONS?

