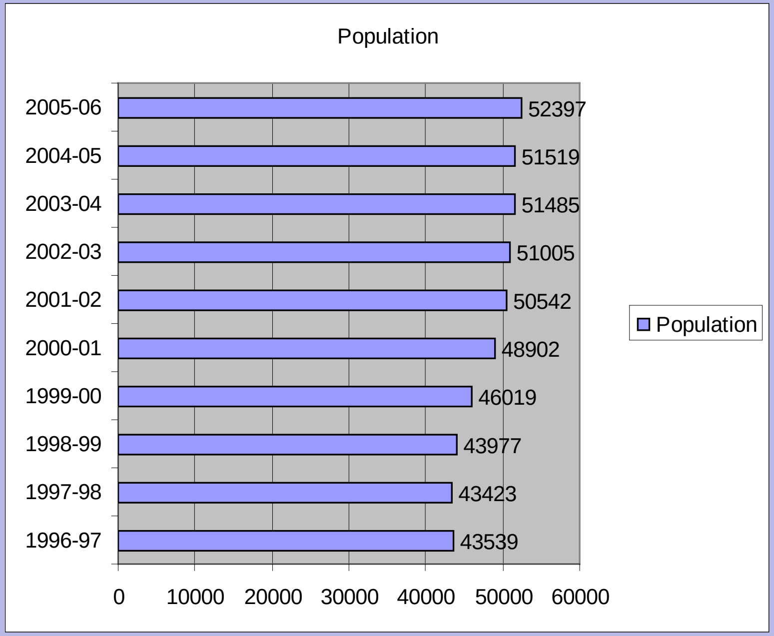
"Economy is the method by which we prepare today to afford the improvements of tomorrow"

Calvin Coolidge, 30th American President

Population



We are projected to grow to a population 81,000 by 2035, an additional 28,603 citizens.

Year	Population	Growth	Annual Growth	Area (Sq. Miles)	Density (Persons/Acre)
1900	1,623	NA	NA	1.3	1.95
1910	1,951	328	1.90%	1.3	2.34
1920	2,972	1,021	4.30%	1.3	3.57
1930	5,796	2,824	6.90%	1.3	6.97
1940	7,995	2,199	3.30%	1.3	9.61
1950	9,177	1,182	1.30%	1.3	11.03
1960	12,573	3,396	3.30%	3.7	5.31
1970	26,199	13,626	7.60%	8.5	4.82
1980	32,421	6,222	2.20%	13.2	3.84
1990	38,719	6,298	1.80%	18.3	3.31
2000	*48,715	9,996	2.10%	20.2	3.77
2005	52,397	3,682	1.5%	21.3	3.84
2010	56,446	4,049	1.5%	NA	NA
2015	60,809	4,362	1.5%	NA	NA
2020	65,508	4,700	1.5%	NA	NA
2025	70,571	5,063	1.5%	NA	NA
2030	76,025	5,454	1.5%	NA	NA
2035	81,901	5,876	1.5%	NA	NA

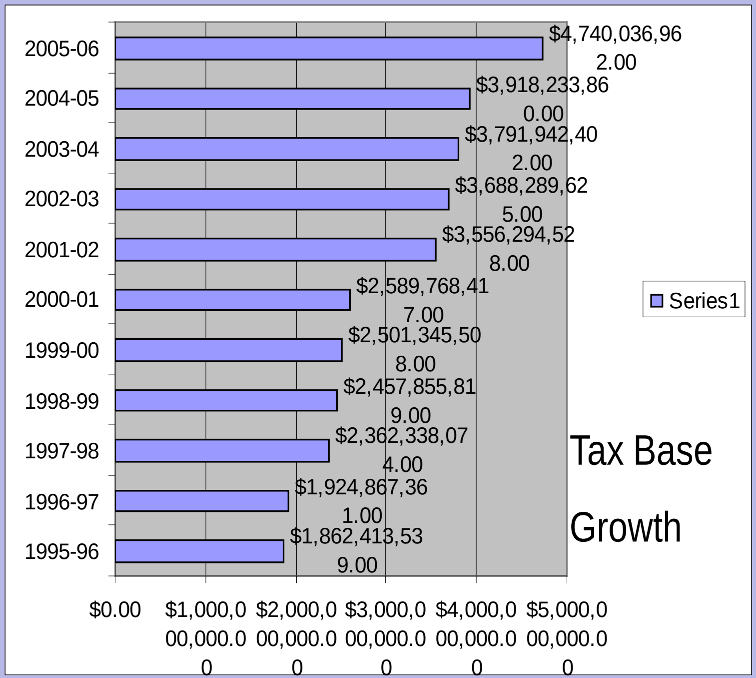
Source: US Census Bureau, NC Office of State Planning (2005 estimate)
Projections for years 2010 through 2035 based on annual 1.5% growth rate

Estimates in 1970 and later combine Town and UNC population.

* Revised by US Census to 46,019 September 2003

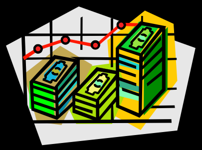
2000 Census, 1990 Census, Town of Chapel Hill Finance Report 2005-2006

Tax Base Growth



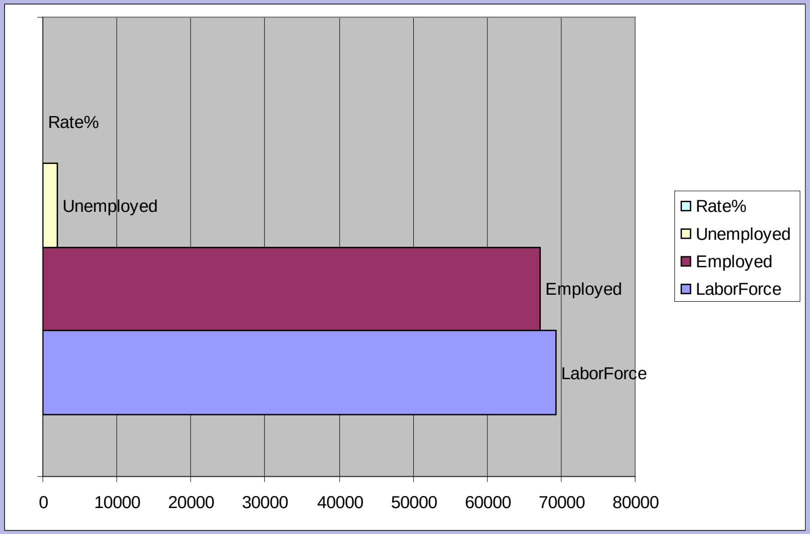
Town of Chapel Hill Finance Report 2005-2006

The Tax Base has grown an average of 8% annually and includes three revaluations and one annexation.



Workforce

Orange County Workforce



(2007 Employment Security Commission)

Chapel Hill's workforce is 27,470.

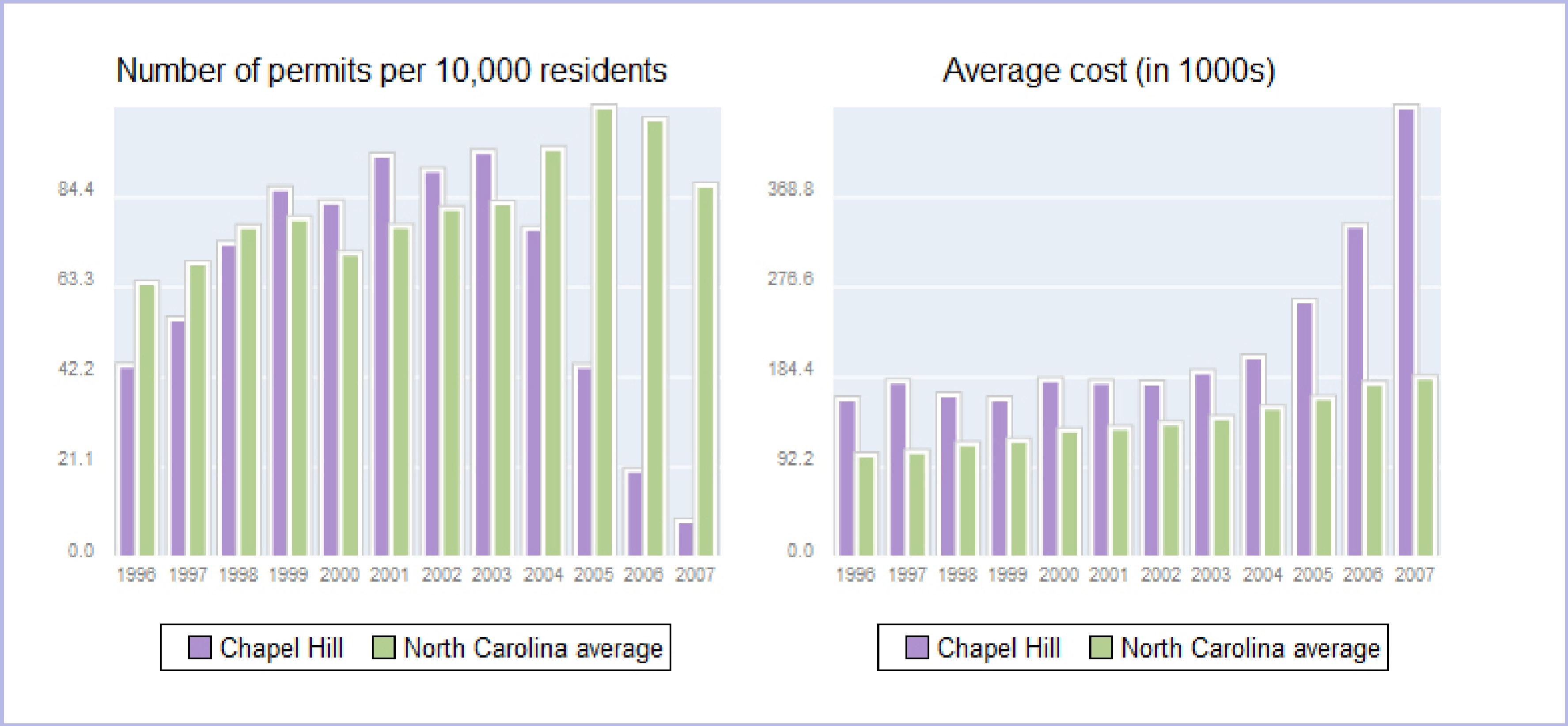
(April 2007 Employment Security Commission)

Construction Dollars

- 1997: 272 buildings, average cost: $179,800
- 1998: 358 buildings, average cost: $165,800
- 1999: 421 buildings, average cost: $162,200
- 2000: 405 buildings, average cost: $181,400
- 2001: 459 buildings, average cost: $179,700
- 2002: 442 buildings, average cost: $178,200
- 2003: 463 buildings, average cost: $189,600
- 2004: 375 buildings, average cost: $205,300
- 2005: 218 buildings, average cost: $262,100
- 2006: 99 buildings, average cost: $339,800
- 2007: 41 buildings, average cost: $460,800

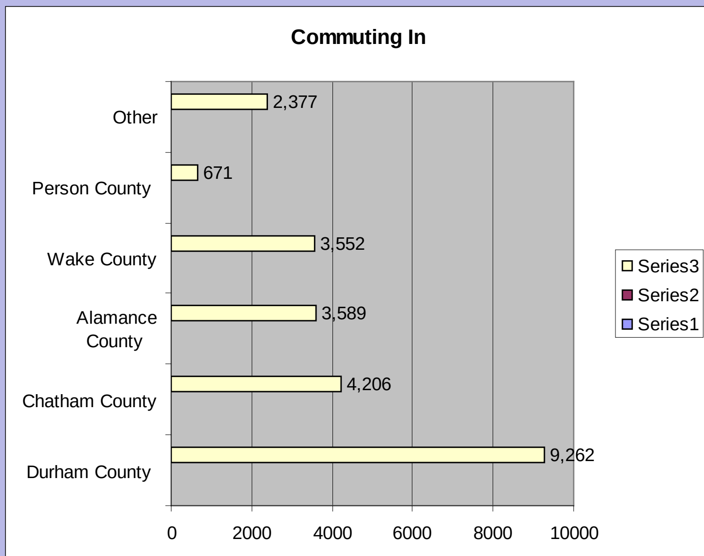
http://www.city-data.com/city/Chapel-Hill-North-Carolina.html

Permits and Averages

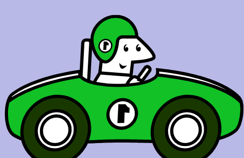


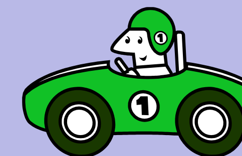
http://www.city-data.com/city/Chapel-Hill-North-Carolina.html

Commuting patterns

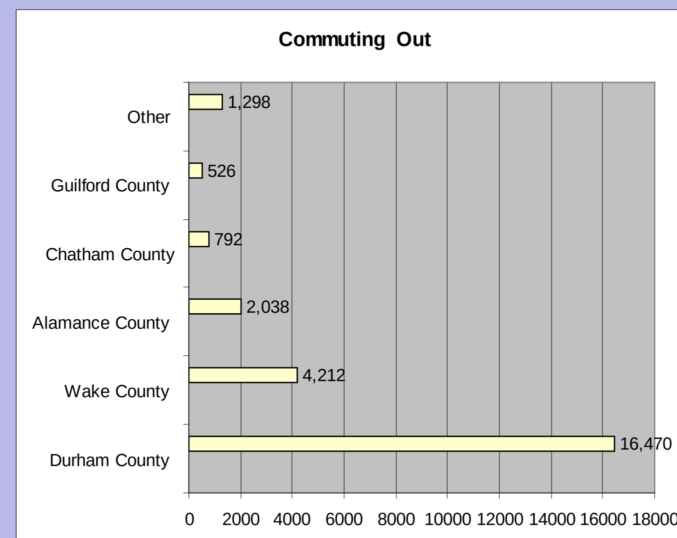


TOTAL Commuting in 23,657





TOTAL Commuting out 25,336



Source: US Census Data, 2000

Office Market

By Submarket (All Classes)	Total (1) SF	Vacant (2) SF	Vacant %	Net Absorption Current Qtr.	Net Absorption Year-to-Date	Under Const. (3) SF	Asking Rent (4) Class A	Asking Rent (4) Class B
Downtown Raleigh	3,493,249	311,690	8.9%	(23,200)	38,024	317,000	$21.08	$18.30
CBD Total	**3,493,249**	**311,690**	**8.9%**	**(23,200)**	**38,024**	**317,000**	**$21.08**	**$18.30**
Cary	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chapel Hill	1,634,583	142,428	8.7%	(4,229)	(1,375)	290,607	$22.69	$19.92
Durham	5,319,807	935,553	17.6%	20,845	73,128	600,236	$21.98	$16.89
Cameron Village	591,909	44,752	7.6%	8,291	12,109	-	$22.00	$18.75
Capital Boulevard	1,786,876	191,782	10.7%	20,287	38,019	-	$20.91	$16.55
East Raleigh/I-64	253,796	58,866	23.2%	(1,665)	(4,174)	-	-	$17.30
Glenwood/Creedmoor	2,961,396	434,849	14.7%	29,160	191,952	292,270	$22.40	$18.59
Six Forks Road	2,457,292	286,206	11.6%	(34,006)	38,178	131,000	$20.89	$16.29
Falls of Neuse	2,773,447	463,713	16.7%	(28,191)	(5,293)	20,190	$20.44	$18.20
West Raleigh	4,950,792	377,933	7.6%	21,899	368,107	323,330	$21.11	$18.75
Research Triangle Park	9,215,220	1,931,627	21.0%	(65,038)	(59,824)	681,851	$20.13	$16.78
Suburban Total	**36,752,687**	**5,413,178**	**14.7%**	**(6,495)**	**798,559**	**2,637,500**	**$21.04**	**$17.52**
Totals	**40,245,936**	**5,724,868**	**14.2%**	**(29,695)**	**836,583**	**2,954,500**	**$21.05**	**$17.59**

By Class (All Submarkets)							Available for Sublease CBD	Available for Sublease Suburban
Class A	24,791,641	3,430,835	13.8%	70,741	707,674	2,804,500	67,580	533,974
Class B	12,504,971	1,906,907	15.2%	(110,631)	80,145	150,000	-	144,717
Class C	2,949,324	387,126	13.1%	10,195	48,764	-	-	4,088
Totals	**40,245,936**	**5,724,868**	**14.2%**	**(29,695)**	**836,583**	**2,954,500**	**67,580**	**682,779**

(1)Inventory includes multi-tenant and single-tenant buildings with at least 10,000 SF.
(2)Vacant SF includes space available for sublease.
(3)Space under construction includes speculative and build-to-suit for lease projects.
(4)Asking rates are per square foot per year full service. Rates for each building are weighted by the size of the building.
**Grubb & Ellis statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

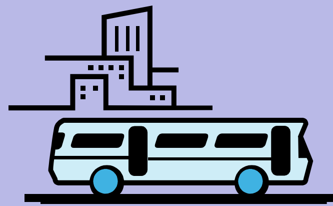
Density and Cost of Living Compare

	Charlottesville, VA	Chapel Hill	Athens, GA	Ann Arbor, MI	Burlington, VT	Princeton, NJ
PEOPLE	41,425	50,394	103,716	115,135	37,884	16,744
Pop. Density	4033.3	2556.8	879.1	4257.9	3593	1019.9
Pop. Change	-8.10%	3.70%	3.20%	0.90%	-2.40%	4.30%
Median Age	29.5	27.7	28.6	30.4	32.1	41.3
Households	15,425	18,356	40,896	46,582	15,728	6,267
Household Size	2.2	2.2	2.3	2.2	2.2	2.6
Male Population	46.19%	45.60%	49.00%	49.62%	48.57%	48.30%
Female Population	53.81%	54.40%	51.00%	50.38%	51.43%	51.70%
Married Population	30.46%	34.98%	39.93%	39.38%	34.92%	66.10%
Single Population	69.54%	65.02%	60.07%	60.62%	65.08%	33.90%
Overall	104	127	87	99	109	149
Grocery	96.8	102.2	102.1	103.2	106.5	110
Health	100	100	106	105	105	112
Housing	118	175	62	96	105	209
Utilities	84	93	93	97	151	125
Transportation	96	92	104	100	103	117
Miscellaneous	98	107	99	97	109	113

What does it all mean?

- There is little land for growth in our population, most new growth will come from mixed-use redevelopment projects and densification of existing areas.
- Our density level, per square mile is lower than that of comparable cities. We need to find ways through redevelopment and new developments that can add to our density to support transit.
- Our cost of housing is 75% above the national average and our over-all cost-of-living is 27% higher than compared cities.
- Our Personal Incomes are outpacing the state and nation in growth. Our Household incomes under $49,000 have grown over 250%.
- Chapel Hill has a strong Creative Class population and we must work to retain it.
- We need to reduce our out-commuting patterns and provide a larger number of private jobs locally.
- Out retail base has diminished due to out-shopping. We are losing approximately 30% of retail sales which could support an additional 1,000,000 SF of space. (See www.townofchapelhill.org/economic_development)

Economic Development Strategy



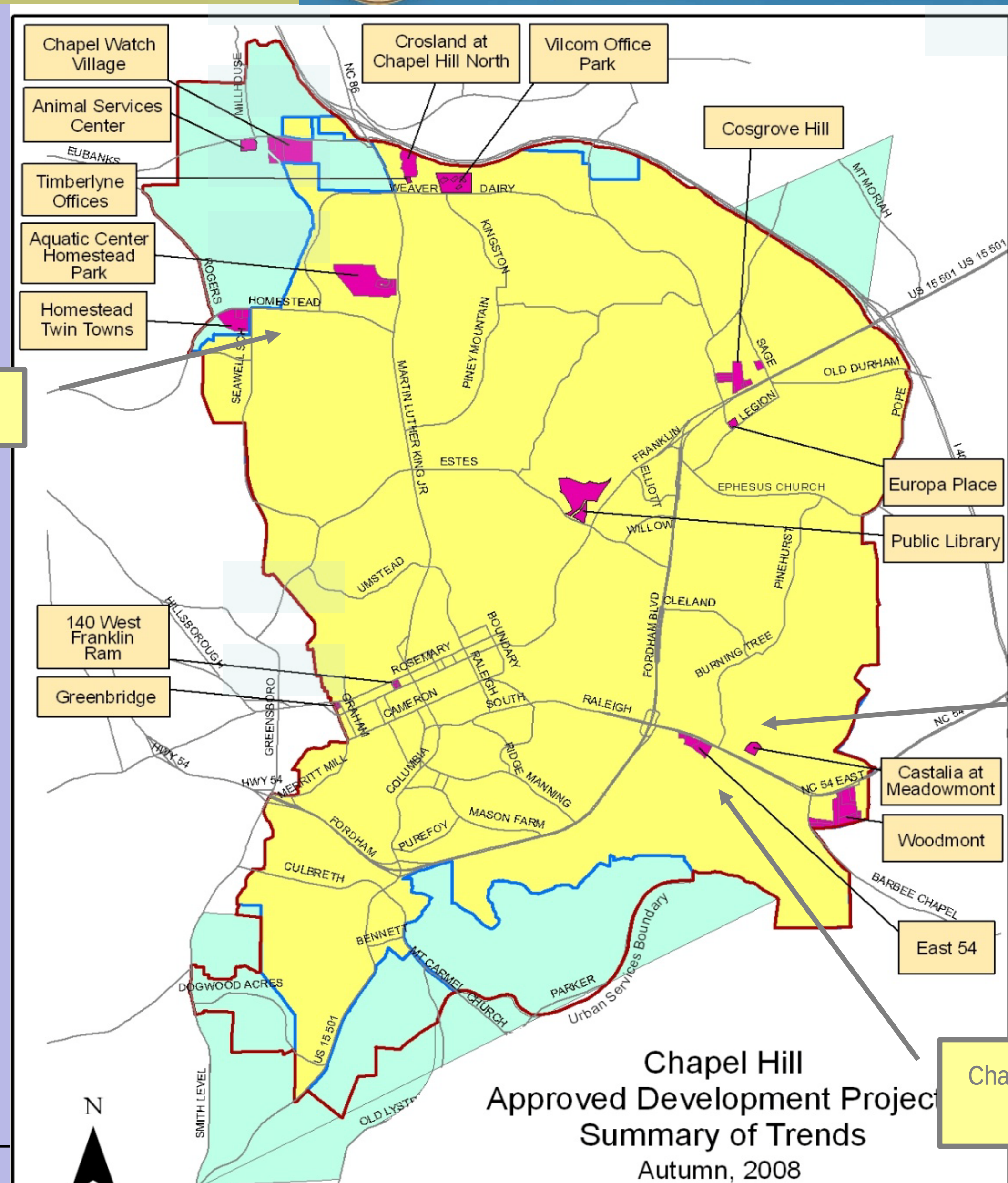
"The Town of Chapel Hill will innovatively and proactively diversify local economic opportunities by retaining and supporting existing jobs, and attracting new, desirable jobs in locations convenient to transit and housing. Our goal is to build a sustainable economy within the context of the Town's adopted Comprehensive Plan which places importance on the built and natural environment, community character, transit orientation, social equity and quality of life ."

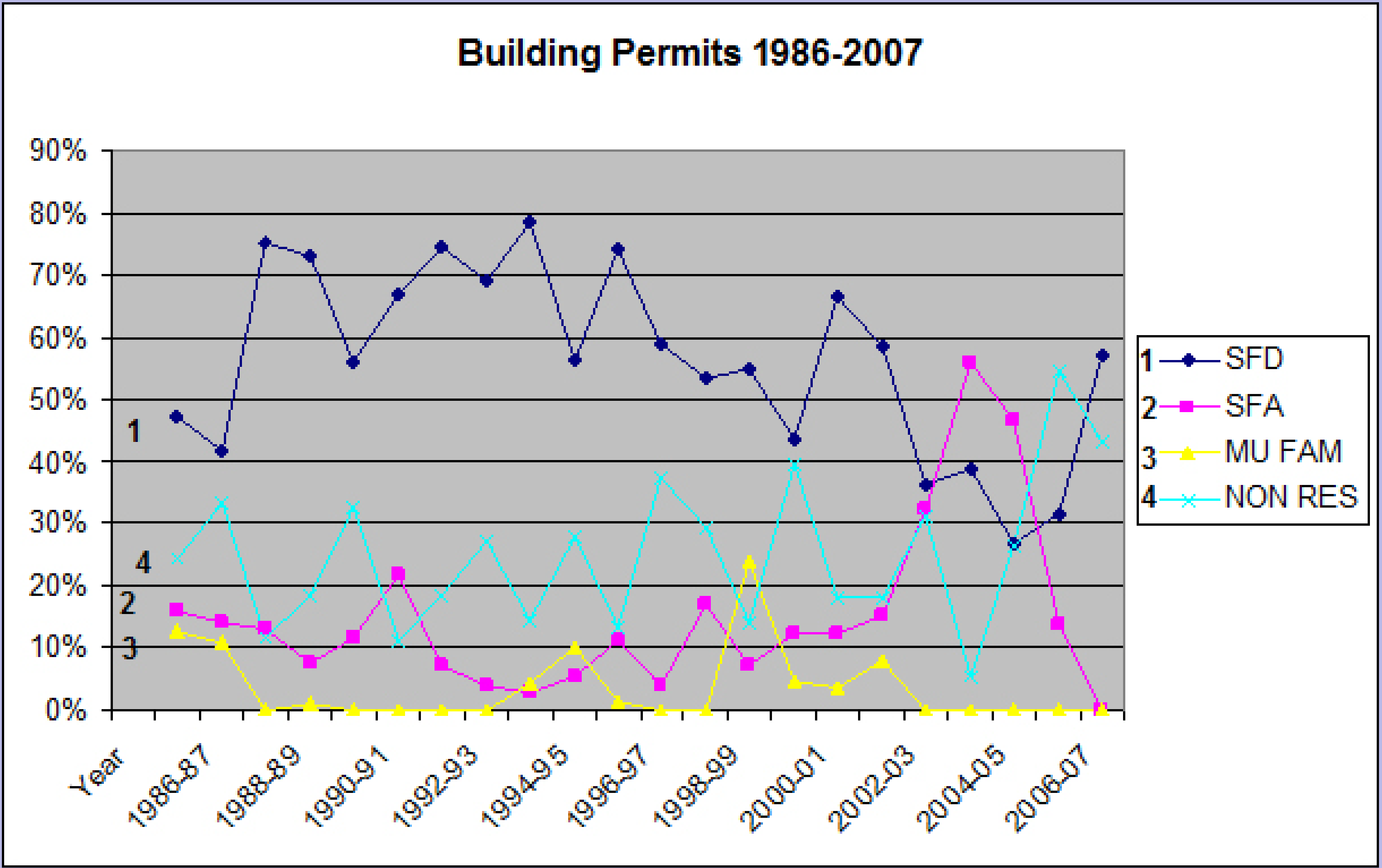
Goal Statements

1. Grow the non-residential tax base consistent with the principles of the Town's Comprehensive Plan.
2. Develop educational and employment opportunities to expand workforce skills and reduce commuting.
3. Focus on locally owned and/or oriented businesses.
4. Maintain an open and collaborative relationship with the University.
5. Welcome green and ecologically sound businesses and developments.
6. Maintain a community character that promotes economic vitality, environmental protection and social equity.

Town of Chapel Hill
THE SOUTHERN PART OF HEAVEN

Developments




Building Permits 1986-2007
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1
4
2
3
Year
1986-87
1988-89
1990-91
1992-93
1994-95
1996-97
1998-99
2000-01
2002-03
2004-05
2006-07
1 SFD
2 SFA
3 MU FAM
4 NON RES

Projects approved or under-construction

Project (approved or in const.) section 1	Residential SF	Office SF	Commercial SF	TOTAL	Residential %	Non-Residential %	Res Units
East 54	238,904	120,214	128,487	487,605	49.00%	51.00%	203
Greenbridge	182,540	15,731	22,116	220,387	82.83%	17.17%	90
140 West	176,000	0	30,690	206,690	85.15%	14.85%	140
Chapel Hill North (unbuilt section)(1)	150,000	0	0	150,000	100.00%	0.00%	123
Chapel Hill Watch Village (2)	182,000	0	0	178,725	101.83%	0.00%	123
Castalia at Meadowmont	24,000	52,000	0	76,000	31.58%	68.42%	10
Europa Office Building	0	38,000	0	38,000	0.00%	100.00%	0
Wilson Assemblage/Cosgrove Hill (3)	169,000	48,000	0	217,000	77.88%	22.12%	120
Residences at Grove Park	492,634	0	0	492,634	100.00%	0.00%	346
Bridgepoint	50,167	0	27400	77,567	64.68%	35.32%	
UNC Imaging		31078		31,078	0.00%	100.00%	
Rizzo Center			90000	90,000	0.00%	100.00%	
Animal Services Center			24000	24,000	0.00%	100.00%	
Timberlyne Offices		10000		10,000	0.00%	100.00%	
Homestead Twin Towns	125,000	0	0	125,000	100.00%	0.00%	
Woodmont	88,900	484,400	0	573,300	15.51%	84.49%	60
TOTAL	1,122,444	273,945	181,293	2,289,686	51%	50%	809

Chapel Hill Watch Village – not in Town limits

Neighborhood Commercial Center

Town of Chapel Hill
THE SOUTHERN PART OF HEAVEN

Transit-Oriented Areas

Industrial Sites

The End!

Cities and metropolitan regions need to embrace the qualities (complexity, density, diversity) that make cities unique.

Bruce Katz, Brookings Institute