

The logo features a large blue stylized letter 'E' on the left side of a white rectangular background. The text is positioned to the right of the 'E'.

Effingham County Industrial Development Authority

Effingham Markets
Presentation
January 2008

A thick, dark blue horizontal bar with rounded ends, positioned below the text.

Presented By
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3 Markets of Concern to Effingham

- Industrial
- Commercial
- Residential

In this presentation I plan to discuss 3 markets affecting the future of Effingham County.

Industrial Market

- Effingham Industrial Market Driven By Georgia Ports Authority Growth
- Highest Demand Ever
- Primary Industries: Warehousing/Distribution & Manufacturing
- Growth Markets: Assembly and Manufacturing

The Effingham Industrial Market is a subset of the Savannah Market. This market is being driven by the Growth of the Georgia Ports in Savannah.

Due to the growth of the ports, Effingham County is seeing the highest demand ever for industrial properties. Over the past several years the Savannah market has seen most of the top ten industrial developers acquire property in the region.

Warehousing and Distribution has accounted for most of the market demand in recent years. Several large (500+ job) manufacturers have been looking in the Savannah market over the past year.

Issues with accommodating the Warehousing Market include transportation access. This industry is very truck reliant and suitable locations are hard to find. However, this industry does provide good capital investment rates, medium to high wage jobs and has limited resource consumption requirements (i.e. water needs are low).

I anticipate that as the ports grow and transportation costs continue to increase, manufacturers and assembly operations will find it more cost effective to locate near the port. This will create a “second wave” of demand. Also, convenience to the ports will be very advantageous in attracting international companies that rely heavily upon imports and exports.

GPA Sets Record for Containers, Tonnage in Fiscal Year 2007

07/30/2007 - Savannah, Georgia

Savannah, GA – July 30, 2007 – At the Georgia Ports Authority (GPA) Board Meeting held in Savannah today, the GPA released its fiscal year end results showing that the Port of Savannah set new annual records for containers handled and total tonnage. **The Port of Savannah further established itself as the second busiest container facility on the East Coast and fourth in the nation.**

"In fiscal year 2007, the Port of Savannah handled 2.338 million Twenty foot Equivalent Unit containers (TEUs)," said Stephen S. Green, Chairman of GPA's Board of Directors. "This is an impressive 14.5 percent increase over last year and clearly establishes Savannah as a gateway for American commerce."

"Our ten-year strategic plan was developed in part to address the record growth of international trade in Georgia," said Green. "As we continue to move forward with our **\$1.2 billion capital investment program at Georgia's ports**, the results of these investments are already beginning to be felt throughout the region. We are on track to **triple our container capacity at the Port of Savannah** and more than double the number of automobiles handled at the Port of Brunswick due to ongoing expansion programs."

GPA Executive Director Doug J. Marchand said: **"Georgia continues to attract container volume faster than any other state in the nation.** This is the result of strategic marketing, aggressive expansion and significant market share increases in trades like India, South and Northeast Asia, Europe and the Mediterranean, further diversifying our portfolio of services."

During the last ten years of Marchand's leadership at the GPA, TEU containers have increased from 697,259 in FY97 to 2,338,300 in FY07, a 235 percent increase. **In just the past five years, intermodal lifts have grown from 99,858 in FY02 to 235,448 in FY07, a 136 percent increase.**

Georgia's deepwater ports and inland barge terminals support more than 286,476 jobs throughout the state annually and contribute \$14.9 billion in income, \$55.8 billion in revenue and \$2.8 billion in state and local taxes to Georgia's bustling economy.

This recent news release from the Georgia Ports Authority illustrates the growth of the ports facilities and provides some assurances of continued growth.

Effingham County Industrial Projects

Announced in 2007:

- EFACEC: 600 High Skill, High Wage Manufacturing Jobs, \$100 Million Plus Capital Investment. High Rate of return (215%) on Local Government Expenditures!
- D.P. Partners: 2,500 to 5,000 Jobs in 10 to 15 years. \$250 Million Plus Capital Investment. Over 6,000,000 sq. ft. of Industrial Buildings. To be called *LogistiCenter at Savannah*.
- Currently Working 7 projects that have potential for 2,300 plus Jobs and over \$1B Capital Investment!! ALL MANUFACTURING.

The Effingham County Industrial Development Authority announced projects with the potential for nearly 6,000 jobs in 2007. The EFACEC project plans to be operational in 4Q 2009 and reach full employment levels by 2015. The average annual salaries for this project are in excess of \$50,000. It will require a significant proportion of Electrical Engineers.

Effingham County is poised for strong growth in the industrial market with more and more manufacturers looking to locate here. Our strategic location on the eastern seaboard midway between Washington, DC and Miami with easy interstate connections to the populations centers in the southeast make us a key market for continued growth. The growth of international trade via the Georgia Ports Authority is further insurance that our market will remain extremely viable and attractive for the next decade.

Challenges in Industrial Market

- Effingham Transportation Routes
- Lack of Suitable Locations
- Lack of Available Resources
- NIMBY Perceptions
- Timing of Bringing Suitable Land To Market
- Associated Costs

As with any growth community, Effingham County has its share of issues. We are not alone in this, we just have to be first in order to capitalize on the opportunity's and we must have support of the citizens.

Transportation is always an issue. Those areas having ideal transportation networks are already developed. Proper planning and the ability to recognize future demands is required. In order to efficiently capitalize on future industrial markets adequate consideration must be given to the industrial sector. Support of new routes including the Effingham Parkway and the Old Augusta Road Corridor is imperative.

Locations for industry and the availability of resources such as water and wastewater must also be considered.

The NIMBY perceptions that are present in every community must not be simply dismissed. The true issues must be addressed and adequately considered. Appropriateness of any siting for industrial purposes must be considered.

One of the biggest issues that we have is the timing. It is impossible to be truly proactive without having a good crystal ball to know what to anticipate. We are trying to address this issue by planning early with a lot of flexibility.

As with planning, it is impossible to determine what resources will be available in the future. Basic Infrastructure is a necessity, water, sewer, access roads and land all require funding. As a taxpayer funded authority we must attempt to most efficiently utilize the resources that are available to provide infrastructure, acquire land and attract industry all while being good stewards of the taxpayer's money.

Private developers are realizing the potential of the industrial market and should be bringing more land resources online. This will allow for continued growth in the best locations of the county, but local governments must be wary of the zoning allowed in areas that will place further strains on transportation routes and other community resources.

What Is The IDA Doing To Capitalize On The Market?

- Land Acquisition
- Utilization Planning
- Financing
- Marketing
- Cooperative Marketing with Private Entities
- Leveraging Private Capital for Infrastructure

The IDA has acquired nearly 4,300 acres of property over the past two years. Land acquisition is the first step in attracting industry and our continued ability to capitalize on the growing market.

We have entered into an agreement with D.P. Partners (a top-ten national industrial developer) to develop a logistics-based industrial park at I-16. This 1,700+ acre development will accommodate around 5 to 6 million square foot of warehousing/distribution space and light manufacturing operations. We must get water, sewer, power and adequate road work infrastructure to the site in order to make the project successful. This project is anticipated to create hundreds of millions of dollars in private capital investment and create thousands of jobs.

LogistiCenter at Savannah, Effingham (as it will be called) will allow us to avail the county of the high demand in the warehousing/distribution market with a world-class development while leveraging private capital to pay for the infrastructure and development.

We also acquired 2,600 acres near Rincon. This property will be utilized for heavy industrial, light industrial and possibly some commercial uses. It is currently being master planned.

We have created a financial package to cover the costs of acquisition and development that will allow us to eliminate most of our debt within 5 to 7 years.

We continue to market Effingham and have had great success. We are currently working with a manufacturer for our existing industrial park that could add hundreds of jobs to our community. However, we do have some issues related to the site and some infrastructure concerns. I will continue working with this company to address those concerns. I have very positive feelings about this project. I hope to have more information in the near future.

Commercial Market

- Thriving! (*Will always follow the market.*)
- Adequate Locations and Infrastructure Required
- Ease Into the Market
- Future Looks Very Positive
- We Can Provide Help (Demographics, Maps, Etc.)
- General Population and Daytime Populations

The Commercial Market in Effingham has never been stronger. Recent attractions such as Lowe's, Tractor Supply Company and others will create even more demand. However, commercial development has one requirement above and beyond all others...consumer demand. There must exist a demand for the products offered in quantities suitable to make the investment profitable. Commercial enterprises will always follow the market; meaning that if the populations and demographics do not illustrate a sufficient demand, then it probably will not come. There are many variables that play into this, that is why the "ease into the market" is extremely important.

As our population nears 50,000 more attention will be paid to the market.

Still have the tremendous need for national chain "sit-down" restaurants, family entertainment facilities (theaters, bowling, etc.).

The IDA and Chamber are always willing to help attract commercial clients.

Current State of Residential Market

- Mortgage Delinquencies Rising
- Sub-Prime Lending Fallout
- Tightening Credit
- Mortgage Companies Laying Off
- Bankruptcies...Foreclosures
- Home Prices Fall
- New Home Starts Lowest In Years

You know the bad news. The “bubble” in the residential market has finally burst. There are few lights at the end of the tunnel.

How Effingham Can Survive The Crisis

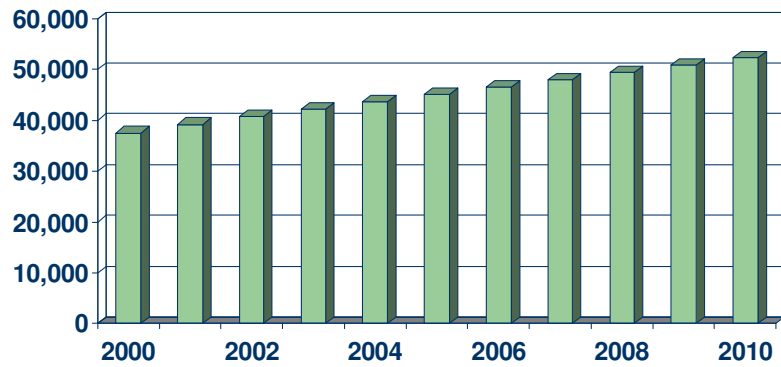
- Continued Residential Demand from Retiring Baby Boomers
- “Macro” and “Micro” Picture
- Mitigating Occurrences (New Jobs, New Commercial, etc.)

We are aware of the residential real estate crisis. The question that most market analysts are struggling with is whether this is a market correction or a complete market downturn. The answer is probably somewhere in between. I cannot speak to this as I have not analyzed this market sufficiently at a macro or micro level. I do believe that the heyday has ended, but in the short run Effingham will fair better than most other markets. In the long run we should expect continued growth, but at slower rates.

The certainties are that first-time homebuyer's will be fewer and further between, and that credit markets are going to be tighter. The retiring baby-boomers offer a market that will continue to thrive. Some issues with Effingham County are that we have few amenities to offer, as opposed to a resort area or a county with a beach, great golfing, etc. It may be necessary to “build-in” our own amenities and market Effingham as a more affordable alternative to living on the water or near the beach in Hilton Head or Savannah or St. Simon's.

There are some mitigating factors that could help to buffer the housing recession. Adding new jobs, new recreation a better quality of life all of these things will create inducement for homebuyers to choose Effingham over some other area.

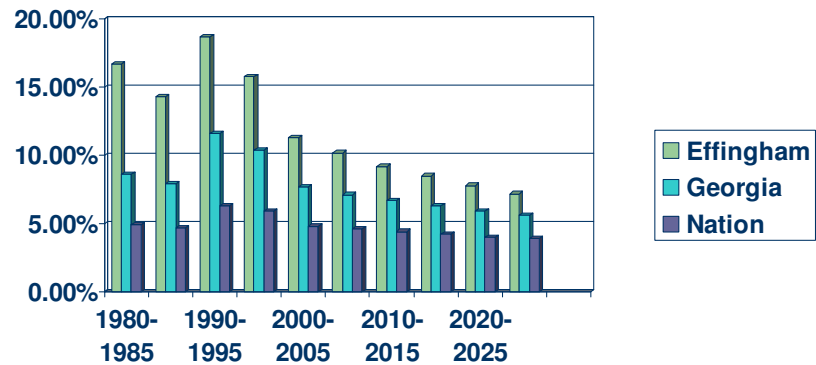
Population Trend 2000-2010 39.2% Growth This Decade



Source: http://www.gadata.org/information_services/Census_Info/2010residentialprojections.htm

Population is expected to continue to increase in Effingham County through 2010. However, the “Rate of Growth” will lessen.

Population Growth Rates Compared



Original Source: U.S. Bureau of the Census (SF1)
 NOTE: The projections are based on the average rate of change from 1980 to 2000. The base multiplier of 1 means that it will follow the same trend.

We can see the significance of the growth rates when we compare the state and national growth rates with those experienced and projected for Effingham County.

You will notice that this forecast predicts a downward trend in the growth rate. This is a common growth pattern wherein rates peak over a short period of time and then level off as the capacity to accommodate this growth becomes strained.

Why The Growth?

Effingham County has seen very high net migration rates over the past decade.

- Excellent Public School System offers a low-cost alternative to private schools
- Easy commute to I-95, I-16 and business centers in Savannah
- Affordable housing alternatives
- Lower Crime and Cost of Living
- Baby Boomers, Coastal Life, Being in the South, etc..

There are still many advantages to living in Effingham. Good public school system, easy commutes, affordable housing, low crime and cost of living always attract people out of more urbanized areas. These combine to create the “bedroom” community draw of Effingham County. More generally growth is occurring along the coast especially in the south and by retiring baby boomers.

Comparative Demographics By Zip Code

	RINCON (31326)	SAVANNAH (31499)	NATIONAL AVG
Population	12,264	21,789	11,571
Median Age	33.3 years	33.3 years	37.41 years
Median Household Income	\$51,698	\$17,947	\$39,727
Percentage of Single Households	32.6%	80.9%	44.72%
Percentage of Married Households	67.4%	19.1%	55.27%
Percentage Families (households with children)	80.2%	46.5%	69.28%
Average Household Size	2.88 People	2.29 People	2.57 People
Percentage College or Better	25.6%	27.1%	25.99%
Percentage White Collar	45.3%	43.6%	47.07%

How do Effingham Municipalities compare to Savannah and National Averages? When you compare Rincon with Downtown Savannah and the National Average you see that we have a Population dominated by higher incomes and more families.

Be Wary of “Gloom and Doom”

There are always a handful that will foresee “gloom and doom” in every situation.

I follow the presumption that educating yourself on the issues and developing strategies to deal with or mitigate the problems goes a lot further than constantly complaining about the situation.

QUESTIONS or COMMENTS??

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Feel free to contact me with any questions or concerns at your convenience. I am always happy to discuss our projects with the people that I work for, the citizens of Effingham County.