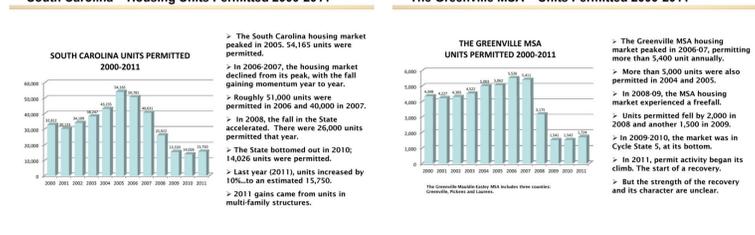
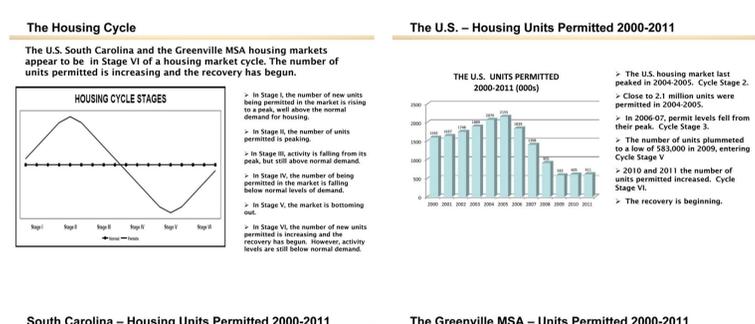


SUMMARY OF MARKET FINDINGS

Summary of Market Study

- As of early 2012, the national housing market appeared to be in an upswing. Trends could characterize the market as entering the "Recovery" stage of the housing cycle;
- Greenville is the central economic, entertainment and social center for the Greenville-Mauldin MSA (and to a large extent the Greenville-Spartanburg-Anderson CSA), but has experienced a very limited share of the regional growth. This is likely due to a combination of limited areas for easy development, a relatively small share of product preferred by the marketplace, and undesirable concentrations of poverty and distressed neighborhoods;
- The caveat to this growth potential is that Housing Cycles revolve around "normal" levels of demand, which are found in household formation, replacement demand (or removals) and vacancy need. Vacancy need is usually a positive force in housing markets - but not now. Vacant housing is abundant across Greenville and Greenville County, and this vacancy needs to be absorbed before normal levels of demand are achieved. Overall, the high levels of housing vacancy is likely to hold back market activity - or at least result in high vacancy rates in less preferred locations while new product is absorbed elsewhere;
- Between 2000 and 2010, the City of Greenville experienced its first major intercensus growth since 1960;
- Anticipated future demand for housing is very low - 40-70 units annually for the next 5-10 years. This basically represents replacement level demand. If expectations for near-term housing development for Greenville exceeds this amount, then the city will need to "capture" market from outside the community - particularly from areas of Greenville County immediately to the north and south;
- Multi-family housing will be a strong market segment for Greenville in the future - as it has been in the past. Focus in the short term will be on rental product, and this is likely to be a strong segment over the next decade. Depending on the ability to successfully deliver product based on various hurdles (financing, land assembly, etc.) this is a key segment where the city can capture a significant portion of demand from suburban areas;
- Despite short-term shifts to rental product due to the difficulties in the for-sale market, the majority (70-80%) of future demand should be expected to choose for-sale units, by a combination of immigration and the formation of family households. Based on past trends 5-7% of this could be attached product, though demand (or at least the ability to generate supply through financing) for attached units may not yield this percentage for several years;
- By far, the preferred for-sale product in the Greenville region has been 3 bedroom detached homes, followed by 4 bedroom homes. Greenville has a very small share (7%) of this market, including only 7% of new units built in Greenville County. The city also has a high market share of 2 bedroom homes, which are much less desirable for-sale units;
- Preferred market-rate price points for for-sale housing are clustered in the \$100,000 - \$200,000 range. Not only is this a somewhat difficult price point to deliver new product without cost efficiencies, but it is more difficult to produce new infill housing at this cost - particularly the \$100,000 - \$150,000 price band;
- Greenville has a wide range of price points for rental and for-sale units, but the only units available to a large percentage of the population (30%+) can be characterized as very low value, low quality housing located in distressed neighborhoods;
- Considerable portions of the city have extremely troublesome property and housing values. These areas include most of the special emphasis neighborhoods, as well as other near the Downtown area.

The National Housing Market

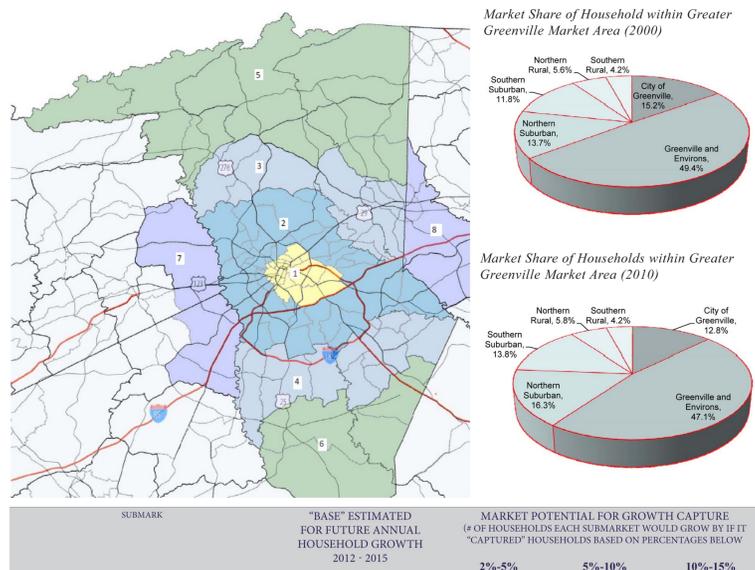


Issues / Hurdles for Housing Strategy

- The following list represents key issues and hurdles to implementing a market-based housing strategy in the city of Greenville. It consists of findings from the market study for the City-Wide Housing Strategy, as well as initial SWOT assessments administered to the project's steering committee and attendees of the initial public meeting. It is not intended to be inclusive of all possible issues within the community. Full descriptions of each issue can be found on page 40 of the Issues and Opportunities Report.
- The economy and economic recovery** - uncertainly as to when economic growth will return to normality, replace the numerous jobs lost during the recession, and support sustainable housing growth;
 - Homownership / for-sale product** - related to the slow post-recession economic growth and general uncertainty surrounding the economy, when will the for-sale housing market - the largest segment of the regional housing market - return to stability and growth;
 - Housing demand and the ability to capture growth** - low historic and projected demand means limited opportunity to deliver housing at a scale necessary for several likely development initiatives around the community - the city will need to capture additional demand;
 - Competition for development** - multiple areas of the community compete for what limited housing growth is projected for the city, including the unique circumstances surrounding the Verdae development;
 - High Levels of Vacancy** - Greenville's housing vacancy rate of 13% is high and represents a large inventory of housing that must be absorbed into the market before sustainable development can occur;
 - Distressed neighborhoods** - large concentrations of distressed neighborhoods and low income households provide a challenge to drawing the market into the city and creating a sustainable housing market;
 - Affordability of quality housing** - most of the existing market-rate product available to lower income bands is of limited quality or size necessary to support certain types of households;
 - Minority home ownership** - Greenville has a significantly lower percentage of minority households who are homeowners than found in other major South Carolina cities or in comparable metropolitan areas;
 - Supply of market preferred single family units and price points** - Greenville has a low market share of product preferred by consumers of for-sale detached units - namely 3/4 bedrooms;
 - Transportation / mobility** - the lack of good public transit and pedestrian infrastructure was discussed as a hurdle to successful neighborhood development and access to employment;
 - Readily available land / redevelopment** - mostly built out, the city lacks large tracts of development ready land (with the exception of Verdae) to compete with suburban areas. Numerous redevelopment opportunities exist, but the costs associated with infill development tend to drive up housing costs beyond preferred price points;
 - Funding and capacity** - successful public private partnerships and funding models for affordable housing and infill development are in jeopardy as changing to federal funding sources and local organizations force different strategies;
 - NIMBYism / Neighborhood support for infill development** - The need for redevelopment / infill development has - and likely will - come into conflict with neighborhood groups who are concerned with the impacts of new development, despite sensitivities to context and user groups;
 - Employment and Gentrification** - Greenville's employment base is imbalanced compared to both the state and the nation in terms of professional service jobs (much higher percentage) and goods producing jobs (much lower). This has been good for the local economy, but it threatens to create an imbalance in the types of jobs readily accessible to large portions of Greenville's population.
 - Distressed Neighborhoods / Communities in the County** - Distressed neighborhoods found within the county threaten the revitalization potential of neighborhoods within the city.

Regional Growth Analysis

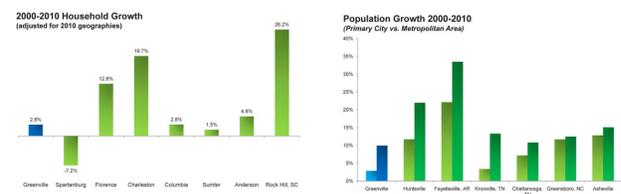
Housing Submarkets Determined for Greenville and its Environs



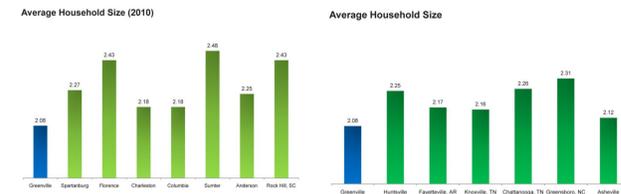
City Comparisons

Comparison of select indicators for the City of Greenville with other major cities in South Carolina (left) and comparable metropolitan areas (right)

Growth Rates 2000-2010



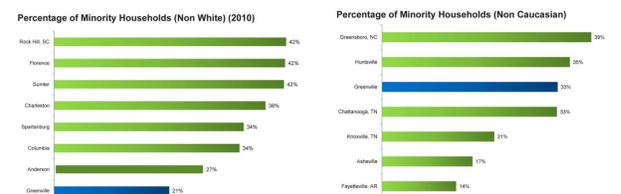
Average Household Size (2010)



Home Ownership Affordability Ratio

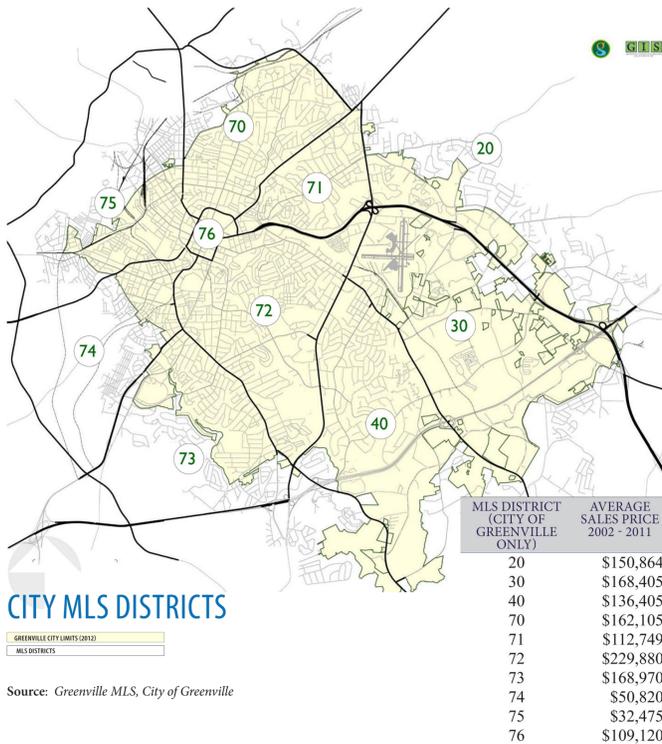


Percentage of Minority Homeowners



For Sale Housing Trends

Sales Trends of Single Family Homes (Excludes Condominiums) in the City of Greenville 2002 - 2012



Opportunities

The following opportunities are meant to describe broad opportunities for housing in Greenville as identified through the market study. They are not meant to indicate opportunities that should or must be followed by the community, nor are they meant to be inclusive of all opportunities available to the city.

- Economic development / economic recovery** - despite uncertainties in the national economy, Greenville potentially stands in the vanguard of the economic recovery, which could generate faster activity in the housing market and strategies to take advantage of this;
- Short / long term multi-family development** - multi-family will be a key market segment for the city in the future, especially over the next several years as the for-sale market is stagnant, generating a huge demand for rental product;
- Ability to establish and expand urban districts** - the short and long term demand for multi-family units can be utilized to create high density nodes throughout the city that support more pedestrian and transit oriented amenities and services;
- Neighborhood revitalization** - Successful past redevelopment partnerships can be leveraged to focus on continued efforts to revitalize distressed neighborhoods;
- Verdae / detached housing** - While the Verdae development represents somewhat of a competitor to general housing development within the city, it is also an ideal location within the city to deliver cost-effective detached units that can make the city more competitive with suburban areas.

Housing Affordability

Assessment of Housing Affordability

