

# **HOBGOOD BUSINESS TECHNOLOGY PARK & STUDIO**

60.9 acres, Light Industrial (M-1)

July 28, 2022

## **Executive Summary:**

EastGroup Properties is under contract on 60.9 acres located along the east side of Highway 74 between Sandy Creek Road and Jenkins Road. The subject property is currently zoned M-1 with a Planned Industrial District (PID) overlay. The existing PID places a limitation whereby tenants and end-users shall be related to the movie production industry. EastGroup is pleased to present the following opportunity to the Town of Tyrone and its local businesses to benefit from a 5-building, 738,882 square foot business technology park and studio. Architectural and design elements will be consistent with the Town's standards. We expect to attract mostly smaller tenants (30,000 to 60,000 square feet) in industries such as technology, health care, aviation, movie production, homebuilder showrooms, and others.

With this application, we are requesting a development plan amendment that would allow for a broader range of industries to lease space in the proposed business park. On February 24, 2022 the Planning Commission for the Town of Tyrone unanimously approved this development plan, but it was later requested that a DRI be completed prior to a review by Town Council. In summary, the proposed development plan (i) maintains the property's current M-1 zoning, (ii) is in line with the Town of Tyrone's Comprehensive Land Use Plan, (iii) produces less traffic than the prior development plan (traffic study comparison included herein), and (iv) benefits the Town of Tyrone and its citizens by providing a much-needed business park that will attract and keep companies and their employees in town limits.

## **Description of Ownership and Zoning:**

The property is currently owned by Hobgood Family, LP and is under contract for acquisition by EastGroup Properties. EastGroup Properties, Inc. is a publicly traded (NYSE: EGP) real estate investment trust (REIT) focused on the development, acquisition, and operation of multi-tenant business parks. EastGroup has a regional office in Atlanta and owns 51 million square

feet located across the Sunbelt. As stated above, the subject property is currently zoned M-1 with a Planned Industrial District (PID) overlay district, and the development plan proposed herein maintains the current M-1 zoning.

It is also important to point out that EastGroup Properties is a long-term owner. As a REIT we do not sell properties after developing them like most real estate developers. It is expected that we would own this property for decades, and as such, we become true stakeholders within the communities in which we develop. One outcome of this long-term ownership view is that we invest heavily in quality construction materials, superior architectural standards, and well above code-minimum landscaping.

**Proposed Development:**

EastGroup proposes to develop on a spec basis (with no preleasing requirements) a business technology park with five (5) buildings totaling 738,882 square feet. The buildings are constructed with tilt-up, cast in place concrete panels that will contain architectural features and attractive paint schemes for visual enhancement. The front elevations will show extensive storefront glass and above-code minimum landscaping in addition to a landscaped berm along Highway 74. Across EastGroup's portfolio, the typical tenant is between 30,000 and 60,000 square feet. The front elevations are single-story with glass across the front of the office and showroom areas. The buildings will be designed with multiple entries since we will typically have multiple tenants per building. The business park will feature a mixture of business types. We expect to serve companies in the following industries: technology, health care, aviation, movie production, homebuilder showrooms, and others. Service courts will be in the rear and will be screened using landscaping. Park and building signage will conform to the Town standards to ensure uniformity.

EastGroup has engaged Eberly & Associates to assist with civil engineering as well as Randall-Paulson Architects to help with the architectural design of the park. EastGroup Properties is committed to ensuring that the project maintains the aesthetic standard which Tyrone's residents demand and deserve. This project's design is an intentional blending of quality and innovative design concepts along with the natural beauty of Tyrone.

#### Environmental Stewardship:

The overall Project will be developed with substantial green space incorporated into the overall design. The frontage of the property along Jenkins Road and Highway 74 will be meticulously landscaped and bermed to maintain the natural elements and character of the area. Stormwater management ponds and enhanced swales will provide bio- filtration and attenuation of surface runoff. The facilities and surrounding landscape will be designed to incorporate indigenous materials. Energy efficient construction methods will be implemented. Stream buffer impacts will comply with all permitting requirements from the appropriate jurisdictions.

#### Ingress and Egress:

The Project will have two points of vehicular access on Highway 74, with one being the main entrance that will front Highway 74. A secondary ingress will be fronting Jenkins Road, a minor arterial road.

#### Parking:

The vehicle circulation and parking plan/layout is based on the engineer's design experience and comparative analysis of permanent parking constructed for similar projects. The project is expected to include approximately 700 parking spaces, which will allow for automotive parking and an additional parking area that will accommodate service trucks as necessary.

#### Operations:

The business park will consist of a variety of industries. At no time are the operations associated with the park anticipated to cause unnecessary traffic congestion along Jenkins Road or Highway 74. Furthermore, all operations shall strictly comply with all applicable public safety standards and the life safety code, including, but not limited to, building capacity restrictions. All operations will be designed to, and shall comply with, Fayette County and Tyrone ordinances and all other applicable local, state, or federal regulations, and procedures will be in place to ensure a safe and healthy environment for the people working on site. It should be noted that EastGroup met in-person with the

representatives of the Fayette County School Board, who indicated that they were supportive of the proposed development and foresaw no significant conflicts of interest.

### **Traffic Study:**

Kimley-Horn and Associates, Inc., a third-party, professional traffic consultant, studied the proposed development and reported that this project “is expected to generate less daily traffic, and significantly less peak hour traffic” than the previously approved studio plan. The presence of internal traffic circulation, available parking, and staggered arrival and departure times of employees located at the park will act to reduce the traffic impact. Our business parks are one of the lowest traffic generators of any commercial use. The number of cars is typically double the number of service vehicles, and the service vehicles will typically have a high percentage of panel truck (UPS and FedEx) for local deliveries. The chart below compares the traffic study from the 2018 Approved Movie Studio to EastGroup’s proposed development.

### **Summary of Kimley-Horn's Traffic Study**

#### **2018 Approved Movie Studio vs 2022 Proposed Tech Park & Studio**

<b>Project Name</b>	<b>Square Feet</b>	<b>Daily Traffic</b>	<b>AM Peak Hour</b>	<b>PM Peak Hour</b>
2018 Approved Movie Studio	462,500	1,240	148	136
2022 EastGroup's Tech Park & Studio	738,882	1,212	114	116
<b>Percent Change in Traffic</b>		<b>-2 %</b>	<b>-23 %</b>	<b>-15 %</b>
Source: Kimley Horn's traffic report and memo dated 1/10/22 for DRI review by Atlanta Regional Commission (ARC)				

### **TAKEAWAYS:**

1. EastGroup’s proposed site plan generates less traffic than the approved movie studio site plan.
2. EastGroup’s proposed site plan creates 23% less AM Peak Hour traffic and 15% less PM Peak Hour traffic than the approved movie studio site plan.
3. Prior to the movie studio, the zoning was Office-Institutional (O-I). An office park of similar size would generate six times the traffic (1,212 daily trips versus 7,394 daily trips).
4. EastGroup’s proposed site plan complies with the long-term comp plan for the Town of Tyrone.

### **Development of Regional Impact (DRI):**

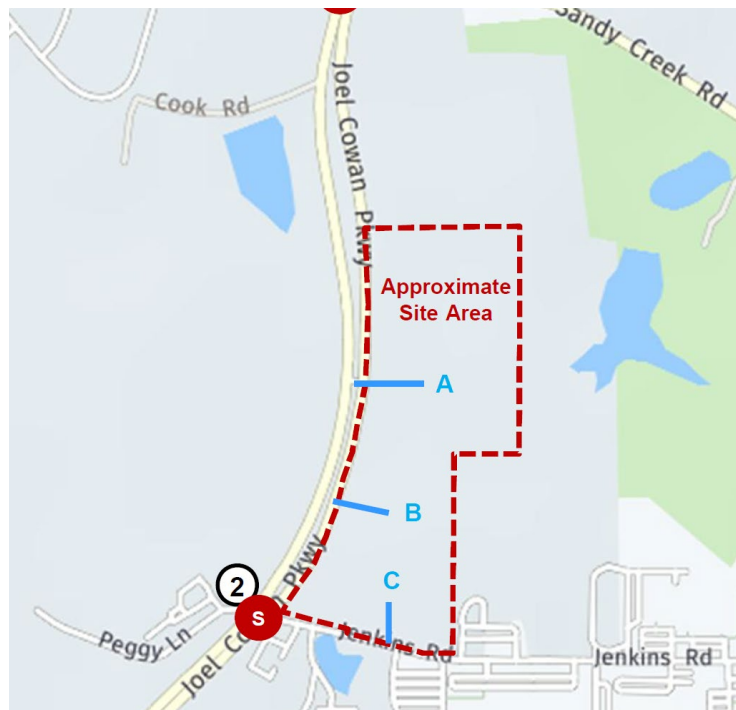
On June 28, 2022 the Georgia Regional Transportation Authority (GRTA) completed its Notice of Decision and **approved the proposed development with the following conditions:**

#### **General Conditions of Approval to GRTA Notice of Decision:**

- Pedestrian, Bicycle and Transit Facilities
  - o Provide pedestrian connectivity between all buildings and uses.

#### **Roadway & Site Access Improvement Conditions to GRTA Notice of Decision:**

- Joel Cowan Parkway (SR 74) at Site Driveway A
  - o On the site, construct a driveway with one (1) ingress lane entering the site, and one (1) egress lane exiting the site.
- Joel Cowan Parkway (SR 74) at Site Driveway B
  - o On the site, construct a right-in/right-out driveway with one (1) ingress lane entering the site, and one (1) egress lane exiting the site.
  - o Construct one (1) northbound right-turn lane along Joel Cowan Parkway (SR 74) into site driveway B.
- Jenkins Road at Site Driveway C
  - o On the site, construct a driveway with one (1) ingress lane entering the site, and one egress lane exiting the site.



It should be noted that EastGroup Properties is addressing GRTA's conditions with the proposed site plan herein. It is unfortunate that the Atlanta Regional Commission (ARC) mischaracterized the proposed development as a warehouse distribution facility. As described throughout our application, the proposed development is a high-quality business technology park that will comply with and fulfill the Community Gateway goals and requirements.

### **Demand and Market Overview:**

There is currently a significant lack of flex space in the Fayette County submarket to support Fayette's rapidly growing industries. As such, Fayette County's current vacancy rate is below 2% of like kind product. The tenant mix that we consistently see in the Atlanta South market looking for space are 1) film production companies and film support 2) technology companies needing both office and warehouse space under one roof, 3) pharmaceutical companies needing lab, pharmacy, and warehouse space under one roof, 4) aviation companies that would typically locate to Hartsfield, but prefer to be closer to their labor and executive base in Fayette county, and 5) local companies that need the ability to grow their businesses. This development would serve as a local "relief valve" for existing industries in Fayette County that desperately need additional space to expand operations. Currently, if an existing industry in Fayette needs 20,000 to 50,000 square feet, they would have no choice but to expand into a neighboring county.

### **Proposed Development Schedule:**

EastGroup's improvements will be constructed through a process that is generally phased as follows:

Approval Phase: Prepare and submit required documents for local Governmental Authority approvals for the Project, including all permitting and zoning requirements.

Site Grading and Infrastructure Phase: This phase will include site grading, the installation of site utilities, sewer system, and stormwater management system, as well as the construction of the access roads.

Construction Phase: This phase is expected to take place over two years and will consist of constructing the business tech park on a spec basis, meaning there are no preleasing requirements for the development. It should be noted that the Hobgood Family (current owner and seller) maintains its intention to provide for a mixed-use development (to comply with the prior DRI) on its roughly 42-acre site just north of this proposed 60.9 acre development.

### **Community Impact:**

EastGroup's business parks attract tenants in a variety of industries that will create local jobs for the residents of Tyrone in many different industries, including the technology industry, health

care industry, aviation industry, movie/production industry, retail and commercial services, and other professional services. EastGroup will also support the local economy by creating and maintaining jobs through the construction, operation, and maintenance of the 738,882 square foot business park. In total this project is expected to create 2,000 – 3,000 jobs (i.e. construction, tenant employees, supporting businesses, etc.).

Additionally, annual property taxes would help fund local schools, roadways, emergency services, libraries, and other local needs. This project is expected to generate \$7 million in property taxes over a 10-year period with \$1.3 million allocated to the Town of Tyrone. Leasing our facilities to top-tier companies will bring significant economic development, tax revenue, and job creation to the Town of Tyrone.

**Tyrone Comprehensive Plan:**

The Hobgood Family and EastGroup Properties believe that the proposed 738,882 square foot business tech park and studio development is in conformity with the policy and intent of Comprehensive Land Use Plan for the Town of Tyrone. The property is located within the “Hwy 74 Community Gateway”, which states that M-1 zoning is an “appropriate zoning classification” for the area. The Plan states that the Community Gateway “will be planned with the highest-quality architectural and landscape standards”, which we believe is demonstrated in the numerous photos provided as part of this application. The Plan also describes the Community Gateway as an area regarded as a “prime location for future medical, entertainment, and other emerging high-tech industries”, which fits well with EastGroup’s current portfolio of tenants described in the supplemental materials with this application.