



ERA

Economics Research Associates

Final Report

Demographic and Market Overview

Submitted to:

Woolpert / City of Brentwood

Submitted by:

Economics Research Associates

October 6, 2005

ERA Project Number: 15765

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Market Assessment

Introduction

ERA was engaged by Woolpert, Inc., through their contract with the City of Brentwood to perform a market assessment to assist in the city's comprehensive planning effort. ERA's approach in this assignment is to assess the demographic, economic, and real estate development context for Brentwood, with emphasis on the following elements:

- Demographics—Historical trends for population change, median age, and educational attainment in Brentwood, compared to other local jurisdictions and state/national benchmarks.
- Economic Base—Employment trend information for local markets, with comparisons to national benchmarks.
- Real Estate Market Overviews—ERA's approach looks at overall development trends for office, retail, industrial, and residential development, noting Brentwood's current share of these markets.

These inputs are collected and analyzed with the goal of putting Brentwood in a proper regional context. Trends, supported by interviews and professional judgment, are used to frame alternative development forecasts for Brentwood. These scenarios will be used to support land use development scenarios for Brentwood as part of the comprehensive planning process.

Perceptions, Issues, and Opportunities

As part of the project introduction, ERA conducted interviews with stakeholders associated with the process. These interviews identified a number of relevant factors that have influence over this project:

Retail Market

- Within the past 5 to 8 years, Brentwood has developed into a significant retail destination, supporting about 1 million square feet of retail space. In addition, related retail offerings in the adjacent communities of Maplewood and Richmond Heights draw additional regional retail spending.

Fiscal Policy

- Brentwood government operations rely extensively on retail sales tax collections; there currently is no local (i.e., city level) residential property tax, and only modest commercial/industrial property taxes.

Economic Development

- Brentwood benefits from immediate proximity to higher income areas, including Ladue and Clayton.
- Stakeholders indicated relative concerns about the Brentwood School District, which has seen its enrollment decline over time, raising issues of sustainability under its current structure.

- Brentwood benefits from a close-in location to downtown St. Louis, and has become an attractive community for younger “white-collar” professionals.

Transportation

- While retail development has been very helpful in sustaining the city budget, related traffic congestion on Brentwood Boulevard, Eager Road, Hanley Road, and the I-170/I-64 interchange area has become an issue. ERA understands that the Missouri Department of Transportation (MoDOT) has a major improvement planned for the I-64/I-170 area, which will significantly alter traffic patterns, and hopefully reduce traffic congestion.
- A new MetroLink light rail station is under construction south of Eager Road, creating opportunities for higher density transit oriented development. City officials have encouraged higher density residential development along key corridors, along with proposals for the Hanley Station TOD development, and other projects.

Industrial Development

- One area of particular interest is the Hanley Industrial Court, located west of Hanley Road. This district, covering about 1.7 million square feet of generally older industrial space, is well located in the region, and is favored by service companies. Despite the generally average to poor condition of some buildings, related vacancy levels are notably low, at a reported 10%. Related assessments by ERA and Woolpert noted that about 600,000 square feet of inventory is potentially impacted by stormwater flooding.
- The northern portion of the Hanley Industrial Court is under pressure to be redeveloped for retail use. At the same time, however, there are several larger heavy industrial users in this area that cannot be re-located inexpensively.

Residential Development

- Residential redevelopment in Brentwood is occurring slowly, as builders target older smaller single-family homes for demolition and replacement. Issues associated with teardowns in the community have provoked some concern. ERA notes several related points:
 1. Housing prices vary across the community, albeit with a general trend toward increasing values moving from the southeast side to the northwest side of Brentwood.
 2. The current typical lot width in Brentwood is 40 feet, which is reportedly too narrow to build a larger home with a two-car garage within current setback requirements. The lack of larger homes is one reason why younger residents who choose to have families typically feel compelled to move elsewhere in search of larger homes.
 3. There is considerable debate about finish standards for homes, particularly the amount of brick façade coverage, which has obvious cost and home price implications.
 4. The community supports a notable preponderance of 2-bedroom, 1-bath homes with a 1-car garage. Based on ERA reviews, this product appears less competitive in the current regional market for families in particular.
- Brentwood’s residential redevelopment market has been sustained recently by individual owners of double lots (improved with one house) selling to a developer who then demolishes the single home and builds two new homes. City officials indicate that there are only about 20 to 30

remaining double lots in the community. Once the supply of double lots has been exhausted, a key local supply constraint will emerge, driven by the reality that developers reportedly need a minimum 50-foot wide lot to build a competitive (i.e., larger) home. As such, developers will increasingly look to assemble multiple adjacent lots. The economics of this situation will dictate future rates of housing redevelopment in Brentwood, and impact future rates of population change.

- On a broader level, concern was noted as to the lack of continuum of housing products that would allow people to stay in Brentwood as they age. Specific emphasis was placed on senior housing, larger homes for families, and higher density condominium products.
- Market assessments noted a number of new residential developments in proximity to Brentwood that will impact demand and supply relationships.

Demographic Assessment

The following table summarizes population change factors for noted jurisdictions between 1970, 1990, 2000, and 2003. The table indicates that the compound growth rate for the St. Louis MSA is below the national and state benchmarks. Within the Metropolitan Statistical Area (MSA), St. Charles County has seen the most rapid compound annual growth rates (4.23% and 2.97%) with the addition of about 218,577 residents over the 33-year period from 1970 to 2003. The tremendous growth in St. Charles County, along with other counties such as Jefferson County, offset the loss of 290,013 residents in St. Louis City over the same period and kept the MSA at a small positive growth rate.

Population Change, 1970 to 2003

Population	1970	1990	2000	2003	1970-1990		1990-2003	
					Total Change	CAGR	Total Change	CAGR
United States	203,302,037	248,709,873	281,421,906	290,809,777	45,407,836	1.01%	42,099,904	1.21%
State of Missouri	4,677,623	5,117,073	5,595,211	5,704,484	439,450	0.45%	587,411	0.84%
St. Louis MSA - IL, MO	2,551,274	2,600,070	2,721,491	2,759,440	48,796	0.09%	159,370	0.46%
St. Louis County	951,671	993,529	1,016,315	1,013,123	41,858	0.22%	19,594	0.15%
City of St. Louis	622,236	396,685	348,189	332,223	-225,551	-2.23%	-64,462	-1.35%
St. Charles County	92,954	212,907	283,883	311,531	119,953	4.23%	98,624	2.97%
Jefferson County	105,248	171,380	198,099	206,786	66,132	2.47%	35,406	1.46%
Brentwood	11,248	8,150	7,693	7,519	-3,098	-1.60%	-631	-0.62%
Richmond Heights	13,802	10,448	9,602	9,438	-3,354	-1.38%	-1,010	-0.78%
Webster Groves	27,457	22,987	23,230	23,164	-4,470	-0.88%	177	0.06%
Maplewood	12,785	9,962	9,228	8,972	-2,823	-1.24%	-990	-0.80%
Ladue	10,306	8,847	8,645	8,359	-1,459	-0.76%	-488	-0.44%
Rock Hill	6,815	5,217	4,765	4,765	-1,598	-1.33%	-452	-0.69%
Clayton	16,100	13,874	15,935	15,974	-2,226	-0.74%	2,100	1.09%

Source: US Census

The above table indicates that Brentwood, along with the surrounding communities of Richmond Heights, Ladue, Rock Hill, and Maplewood, experienced population decline from 1970 to 2003. However, the table shows that all the populations decreased more slowly from 1990 to 2003 than from 1970 to 1990. For example, Brentwood's compound annual growth rate was -1.6% from 1970 to 1990 with a 155 resident decrease annually while the compound annual growth rate from 1990-2003 was -.62 with a 49 resident decrease annually. According to a 2001 Brentwood Housing Study, the population decline was not a result of resident dissatisfaction. The loss between 1970 and 1980 can be partially attributed to changes in housing options. For example, Brentwood Forest Apartments switched to condominiums, which attracted younger singles and retirees, at the expense of families.

Net migration is a key driver of population growth as shown in the following table. The net migration for St. Charles County was impressive, accounting for 46% of Missouri's total net migration for 2000 to 2003. St. Louis City and St. Louis County had significant net migration losses for Missouri at -47% and -28%, respectively. According to the St. Charles Economic Development Office, the main reasons for the influx of residents to the area were road improvements and job opportunities. Two new bridges were added over the Missouri River, doubling accessibility to St. Louis County. In the past, General Motors was the largest employer in the area, but in recent years CitiMortgage, Nexstar, Mastercard, MCI WorldCom, and Boeing have opened offices in St. Charles County. Although much of the in-migration to St. Charles County comes from surrounding areas in Missouri, many people have also moved from Chicago and Seattle to work for Boeing.

Missouri MSA County Net Migration

County	1990-2000	Annual	% Of State Net Migration	2000-2003	Annual	% Of State Net Migration
Missouri	258,585	25,859		43,115	3,317	
Crawford	3,018	302	1%	599	46	1%
Franklin	8,546	855	3%	1,849	142	4%
Jefferson	13,356	1,336	5%	5,169	398	12%
Lincoln	7,894	789	3%	4,454	343	10%
St. Charles	45,743	4,574	18%	19,649	1,511	46%
Warren	3,787	379	1%	1,944	150	5%
Washington	2,039	204	1%	164	13	0%
St. Louis City	-65,337	-6,534	-25%	-20,154	-1,550	-47%
St. Louis County	-21,312	-2,131	-8%	-12,052	-927	-28%

Source: OSEDA

Per Capita Income Change

The following table summarizes per capita income trends, indicating that Brentwood's estimated 2003 per capita income level at about \$35,334 fell below Richmond Heights, Webster Groves, Clayton, and Ladue. Brentwood's compound annual growth rate for per capita income was the lowest in the region, falling behind the national rate as well as the state and MSA rates. Although Brentwood started with a relatively high per capita income in 1989, it did not keep pace with the neighboring communities. For example, Webster Groves' per capita income level was slightly lower than Brentwood's in 1989 but grew at a compound annual growth rate of 4.47% to surpass Brentwood's per capita income level in the 2003 estimate. Other notable per capita compound annual growth rates are Rock Hill at 6.24% and Richmond Heights at 5.49%.

Per Capita Income Trends, 1989 to 2003

Jurisdiction	1989	1999	2003 Est	CAGR 89 - 99
United States	\$14,420	\$21,587	\$25,368	4.12%
State of Missouri	\$12,989	\$19,936	\$23,663	4.38%
St. Louis MSA	\$14,917	\$22,698	\$26,848	4.29%
St. Louis County	\$18,625	\$27,595	\$32,394	4.01%
City of St. Louis	\$10,798	\$16,108	\$18,903	4.08%
Brentwood	\$21,468	\$30,645	\$35,334	3.62%
Richmond Heights	\$21,799	\$37,217	\$46,096	5.49%
Webster Groves	\$20,238	\$31,327	\$37,309	4.47%
Maplewood	\$12,264	\$19,087	\$22,781	4.52%
Ladue	\$61,925	\$89,623	\$103,906	3.77%
Rock Hill	\$14,084	\$25,803	\$32,874	6.24%
Clayton	\$31,122	\$48,055	\$57,175	4.44%

Source: US Census

Median Age/ Avg. HH Size

The following table summarizes median age and average household size comparisons for noted jurisdictions across the market. The table shows that Missouri and the St. Louis region have smaller average household sizes and older median ages than the nation, with the exception of St. Louis City (33.7 years) and Maplewood (33.8 years). The St. Louis MSA has the largest average household size, supported by high county household averages, such as St. Charles County (2.76) and Jefferson County (2.74). Brentwood's average household size of 1.96 is smaller than the national and state averages, as well as the surrounding communities with the exception of Maplewood. Brentwood's small household size is further explored in the total population by age table.

Median Age / Household Size, 2000

Jurisdiction	Median Age	Avg HH size
United States	35.3	2.59
State of Missouri	36.1	2.48
St. Louis MSA - IL, MO	36	2.52
St. Louis County	37.5	2.47
City of St. Louis	33.7	2.3
Brentwood	35.6	1.96
Richmond Heights	35.8	2.04
Webster Groves	39.7	2.39
Maplewood	33.8	1.92
Ladue	47.7	2.51
Rock Hill	37.9	2.33
Clayton	36.7	2.09
St. Charles County, MO	34.30	2.76
Jefferson County, MO	34.90	2.74

Source: US Census

The following table summarizes the population by age in 2000. Brentwood had the largest percentage of residents in the 25 to 34-age bracket at 22.4%. The nation, State of Missouri, St. Louis County, St. Louis City and the St. Louis MSA all had their largest percentages, around 20-22%, in the Under 14 age bracket. Brentwood also had the largest percentage of residents in the 35 to 44 age bracket (17.8%) and the 75 and above age bracket (7.4%).

Population by Age 2000

Age Group	United States	Missouri	St. Louis County	Brentwood	St. Louis city	St. Louis MSA
Under 14	21.4%	21.1%	20.8%	16.4%	21.6%	21.8%
15-24	13.9%	14.0%	12.7%	10.0%	14.7%	13.3%
25-34	14.2%	13.2%	12.6%	22.4%	15.6%	13.3%
35-44	16.0%	15.9%	16.3%	17.8%	15.3%	16.6%
45-54	13.4%	13.3%	14.4%	11.6%	11.8%	13.5%
55-64	8.6%	9.1%	9.1%	7.4%	7.2%	8.6%
65-74	6.5%	7.0%	7.2%	6.9%	6.6%	6.7%
75 and above	5.9%	6.5%	6.8%	7.4%	7.1%	6.1%

Source: US Census

The following table indicates that Brentwood's compound annual growth rate for all age brackets is below the national, state, and MSA benchmarks. Brentwood's compound annual growth rates are also below St. Louis County's rates with the exception of the 35-44 age bracket. Brentwood's strongest compound annual growth rate is in the 45-54 age bracket with 2.5%. Although the 25-34 age bracket was the largest age group in 2000, the percentage was higher in 1990.

Population by Age CAGR 1990-2000

Age Cohort	United States	Missouri	St. Louis County	Brentwood	St. Louis	St. Louis MSA
Under 14	1.2%	0.6%	0.2%	-0.1%	-1.2%	0.4%
15-24	0.6%	0.8%	0.1%	-0.1%	-0.9%	0.5%
25-34	-0.8%	-1.4%	-2.7%	-2.3%	-2.9%	-2.1%
35-44	1.9%	1.9%	0.6%	1.6%	0.5%	1.7%
45-54	4.1%	3.6%	2.9%	2.5%	2.6%	3.6%
55-64	1.4%	1.0%	-0.2%	-2.2%	-3.0%	0.4%
65-74	0.2%	0.0%	-0.1%	-2.5%	-3.7%	0.0%
75 and above	2.4%	1.1%	2.3%	-1.4%	-2.7%	1.5%

Source: US Census

Educational Attainment

The following table indicates that compared to the United States, Missouri, St. Louis MSA, and St. Louis City, Brentwood's residents are well educated with 31.39% having Bachelor's degrees and 23.74% having Advance degrees. If you compare Brentwood to the surrounding communities, the percentages of highly educated residents are much closer. Ladue has the highest percentage of Bachelor's degrees (39.8%) and Clayton has the highest percentage of Advance degrees (36.3%). Webster Groves and Richmond Heights also have educated residents. Overall the residents in and around Brentwood are highly educated compared with national and state benchmarks.

Educational Attainment, 2000 25+ yrs

Jurisdiction	0-Some High School	High school graduate	Some college	Associate degree	Bachelor's degree	Advance Degree
United States	19.6%	28.6%	21.0%	6.3%	15.5%	8.9%
Missouri	18.7%	32.7%	21.9%	5.1%	14.0%	7.6%
St.Louis County	12.0%	24.0%	22.7%	5.8%	22.0%	13.4%
MSA	16.6%	28.7%	23.2%	6.2%	16.1%	9.2%
St. Louis city	28.7%	27.5%	20.3%	4.4%	11.5%	7.6%
Brentwood	8.0%	15.4%	18.2%	3.3%	31.4%	23.7%
Clayton	3.5%	11.1%	13.3%	2.4%	33.3%	36.3%
Maplewood	15.0%	23.9%	26.1%	7.6%	17.3%	10.1%
Richmond Heights	6.7%	12.4%	20.3%	3.9%	32.1%	24.6%
Webster Groves	6.6%	13.4%	17.9%	5.3%	31.9%	24.9%
Ladue	1.6%	5.5%	18.4%	2.7%	39.8%	32.0%

Source: US Census

Employment

The following table summarizes employment growth factors for St. Louis County. The table shows that St. Louis County's unemployment rate at 5.1% in 2003 was below national (6%), state (5.6%), and MSA (5.9%) rates. Notably, the overall job growth across the County between 1998 and 2003 was below comparable growth rates for the nation and slightly below state rates. St. Louis County recorded an annual compound growth rate of about .48%, compared to the national benchmark of .94% and the Missouri state benchmark of .53%. The St. Louis MSA had a similar CAGR to St. Louis County at .49%.

St. Louis County Employment Trends

Year	Labor force	Employment	Unemployment	% Of unemployment
2004(sept)	584,356	553,898	30,458	5.2%
2003	579,331	550,004	29,327	5.1%
2002	566,442	539,173	27,269	4.8%
2001	577,356	555,420	21,936	3.8%
2000	573,043	557,406	15,637	2.7%
1999	550,975	535,667	15,308	2.8%
1998	555,187	537,037	18,150	3.3%

Source: Missouri Economic Research and Information Center

Demographic Conclusions

- While Brentwood's population decreased from 1970 to 2003, it decreased at a lower compound annual growth rate from 1990-2003. The overall population decline between 1990 and 2000 amounted to 457 residents, or about 45 residents per year.
- Although Brentwood's 2003 estimated per capita income is high in comparison to national, state, and MSA benchmarks, Brentwood's rate of annual income growth is the lowest in the surrounding area, which reflects in part Brentwood's relative high standard of living beginning back in 1990.
- Consistent with the adjacent communities of Richmond Heights, Clayton and Ladue, Brentwood's residents are highly educated compared to the national, state, and MSA benchmarks.
- Brentwood's average household size of 1.96 is significantly lower than the national and state benchmarks as well as the surrounding area.
- Brentwood's largest age group in 2000 was the 25-34 age bracket with 22.4% of its residents, while the largest age groups of national, state, MSA, and St. Louis County residents were the under 14 age bracket. This trend relates to the lower average household size in Brentwood, which is sustained by a notable concentration of younger, well-educated "white collar" professionals who are choosing Brentwood based on its immediate proximity to the St. Louis region.
- While the unemployment rate in St. Louis County is lower than the national, state, and MSA unemployment rates, ERA research shows that job growth in the St. Louis County area is relatively slow.

Real Estate Market Assessment

ERA's approach includes evaluation of residential, retail, office and industrial markets for Brentwood. The approach leads to identification of key market drivers, and near-term market demand factors for each segment, with reference to the competitive position of Brentwood.

Residential Market Overview

ERA was asked to look at the Brentwood residential market. Households, housing units, occupancy, and building permit census statistics were the main sources of data used in the analysis. The following table shows the change in the number of households from 1990 to 2000. The compound annual growth rates of Brentwood and the surrounding communities were significantly lower than national and state benchmarks. Brentwood lost about 10 households annually from 1990 to 2000. Rates of decline also occurred in Richmond Heights, Maplewood, Clayton and Rock Hill, offset by growth in households for Ladue and Webster Groves who saw increases of 11 and 55 households per year, respectively. St. Charles Co. with a compound annual growth rate of 3.2% had notably the fastest growth followed by Jefferson Co. (1.9%).

Households

Jurisdiction	1990	2000	Total Change	Annual	CAGR
United States	91,947,410	105,480,101	13,532,691	1,353,269	1.4%
State of Missouri	1,961,206	2,194,594	233,388	23,339	1.1%
St. Louis MSA - IL, MO	924,733	1,012,419	87,686	8,769	0.9%
St. Louis County	380,110	404,312	24,202	2,420	0.6%
City of St. Louis	164,931	147,076	-17,855	-1,786	-1.1%
St. Charles County	74,331	101,663	27,332	2,733	3.2%
Jefferson County	59,199	71,499	12,300	1,230	1.9%
Brentwood	4,025	3,929	-96	-10	-0.2%
Richmond Heights	4,728	4,647	-81	-8	-0.2%
Webster Groves	8,949	9,498	549	55	0.6%
Maplewood	4,884	4,815	-69	-7	-0.1%
Ladue	3,304	3,414	110	11	0.3%
Rock Hill	2,068	2,048	-20	-2	-0.1%
Clayton	5,384	5,370	-14	-1	0.0%

Source: US Census

The following table shows the change in housing units between 1990 and 2000 for Brentwood and neighboring jurisdictions. Of the noted jurisdictions, Maplewood saw the largest decrease in housing units, followed by Brentwood.

Total Housing Units

Jurisdiction	1990	2000	Change	CAGR 90-00
United States	102,263,678	115,904,641	13,640,963	1.26%
State of Missouri	2,199,129	2,442,017	242,888	1.05%
St. Louis MSA - IL, MO	1,006,011	1,092,915	86,904	0.83%
St. Louis County	401,839	423,749	21,910	0.53%
City of St. Louis	194,919	176,354	-18,565	-1.00%
Brentwood	4,183	4,088	-95	-0.23%
Richmond Heights	4,988	4,931	-57	-0.11%
Webster Groves	9,394	9,903	509	0.53%
Maplewood	5,432	5,266	-166	-0.31%
Ladue	3,384	3,557	173	0.50%
Rock Hill	2,126	2,126	0	0.00%
Clayton	5,800	5,852	52	0.09%

Source: US Census

Brentwood and the surrounding communities all had lower compound annual growth rates for housing units than the national, state, and MSA benchmarks, largely due to the fact that there is little land left undeveloped in these areas. In the future, most housing changes will come from infill or redevelopments projects.

The following table summarizes key housing market indices, including owner occupancy and median year of home construction. The table shows that the St. Louis MSA and St. Louis County have owner occupancy rates above the national and state benchmarks. Brentwood and neighboring communities also have high owner occupancy rates. Brentwood's 74.9% owner occupancy is above national, state, county, and MSA benchmarks, but below the occupancy rates of many of the surrounding areas. Ladue had the highest percentage of owner occupied units at 87.9%, followed by Rock Hill at 81.8%. Maplewood had the lowest owner occupancy at 38%. The table also shows that homes in and around Brentwood are notably older than the national, state, and county benchmarks. However, Brentwood's median year of housing built (1954) is younger than some of the surrounding communities including Richmond Heights at 1943 and Clayton at 1944. St. Charles County at 1984 and Jefferson County at 1977 have much newer homes.

Housing Related Statistics

Jurisdiction	Total Housing Units 2000	Occupied	Occupancy	Owner occupied Units	% Occupied by Owner	Median Year Built
United States	115,904,641	105,480,101	91.0%	69,815,753	60.2%	1971
State of Missouri	2,442,017	2,194,594	89.9%	1,542,149	63.2%	1970
St. Louis MSA	1,092,915	1,012,419	92.6%	722,542	66.1%	1966
St. Louis County	423,749	404,312	95.4%	299,670	70.7%	1966
St. Charles County	105,514	101,663	96.4%	83,363	79.0%	1984
Jefferson County	75,586	71,499	94.6%	59,624	78.9%	1977
City of St. Louis	176,354	147,076	83.4%	68,939	39.1%	1941
Brentwood	4,088	3,929	96.1%	3,061	74.9%	1954
Richmond Heights	4,931	4,647	94.2%	2,646	53.7%	1943
Webster Groves	9,903	9,498	95.9%	7,669	77.4%	1947
Maplewood	5,266	4,815	91.4%	2,003	38.0%	1948
Ladue	3,557	3,414	96.0%	3,126	87.9%	1954
Rock Hill	2,126	2,048	96.3%	1,740	81.8%	1953
Clayton	5,852	5,370	91.8%	2,964	50.6%	1944

Source: US Census

The following table explores the percentage of houses built in certain time periods in Brentwood and the surrounding communities. The table indicates that Brentwood has the highest percentage (30.7%) of its houses built between 1950 and 1959, followed by 22% built in 1940 to 1949. Richmond Heights, Webster Groves, Maplewood, and Clayton all have the highest percentage of houses built in 1939 or earlier. Rock Hill has a notable 41% of housing units built from 1950 to 1959. The table emphasizes Brentwood's relatively recent growth as a suburban community, compared to most of its neighbors.

Housing Units by Year Built

Jurisdiction	1939 or earlier	1940 to 1949	1950 to 1959	1960 to 1969	1970 to 1979	1980 to 1989	1990 to 1994	1995 to 1998	1999 to March 2000
Brentwood	16.1%	22.0%	30.7%	11.1%	9.5%	8.5%	0.6%	1.5%	0.0%
Richmond Heights	45.0%	16.7%	21.8%	7.9%	4.3%	1.7%	0.8%	0.5%	1.4%
Webster Groves	40.2%	13.3%	21.5%	7.2%	3.3%	6.2%	4.0%	3.6%	0.6%
Maplewood	40.7%	11.4%	14.0%	18.6%	10.5%	4.1%	0.2%	0.5%	0.0%
Ladue	23.5%	14.1%	28.3%	15.1%	7.3%	5.0%	4.3%	1.0%	1.3%
Rock Hill	14.3%	21.4%	41.0%	12.3%	5.2%	1.9%	1.7%	1.5%	0.6%
Clayton	43.6%	15.9%	14.0%	10.2%	5.3%	3.1%	2.6%	4.1%	1.2%

Source: US Census

The following tables summarize building permit data from the US Census from 2000 to 2004. St. Charles County had the majority of new building permits in the region with 31.7% of the single-family permits and 31.6% of the multi unit permits. The tables point to an overall regional market that has seen a surge in new housing construction, driven by lower interest rates. As this cycle appears to be ending, ERA anticipates that overall new housing construction levels will decrease from levels recorded in 2004/2005.

Single Family Housing Building Permit Trend

Jurisdiction	2000	2001	2002	2003	2004	Total	Annual	% Of Total
Illinois Counties MSA	2,312	2,545	3,212	3,336	2,796	14,202	2,840.4	26.7%
City of St. Louis	162	126	150	167	127	732	146.4	1.4%
St. Louis County	1,993	1,868	1,673	1,969	1,711	9,214	1,842.8	17.3%
St. Charles County	2,963	3,202	3,632	3,752	3,307	16,856	3,371.2	31.7%
Jefferson County	1,242	1,403	1,548	1,745	1,308	7,246	1,449.2	13.6%
Rest of MSA	915	902	1,027	1,133	1,012	4,989	997.8	9.4%
Total MSA	9,587	10,046	11,245	12,104	10,265	53,248	10,649.6	100.0%

Multi Family Housing Building Permit Trend

Jurisdiction	2000	2001	2002	2003	2004	Total	Annual	% Of Total
Illinois Counties MSA	496	455	772	788	548	3059	611.8	24.8%
City of St. Louis	235	52	141	1,048	455	1,931	386.2	15.7%
St. Louis County	698	586	507	288	431	2,510	502	20.4%
St. Charles County	1,038	647	1,360	314	534	3,893	778.6	31.6%
Jefferson County	30	67	33	29	62	221	44.2	1.8%
Rest of MSA	118	165	226	103	93	705	141	5.7%
Total MSA	2,615	1,972	3,039	2,570	2,123	12,319	2,463.8	100.0%

Source: US Census

The following table summarizes building permits issued for new residences, remodeling projects, and demolition in Brentwood. The table indicates that 2001 was a notable year for building activity, with the upscale Villas project adding 335 new units, offset by the demolition of 50 housing units that year. From 1999 to 2003, there was significantly more remodeling of existing homes than new construction in Brentwood. For 2004, ERA understands that a total of 18 new homes were built, offset by about 10 home demolitions. Estimates for 2005 fall in this range as well. Assuming an inventory of 4,088 units at the beginning of 2000, and incorporating all of the adjustments noted below, ERA estimates a current 2004 inventory of about 4,300 housing units in Brentwood.

Building Permits Issued and Construction Costs 1999-2003

	1999		2000		2001		2002		2003	
	Permits	Costs	Permits	Costs	Permits	Costs	Permits	Costs	Permits	Costs
New Residential	3	\$380,000	1	\$200,000	335	\$20,845,000	4	\$726,500	10	\$1,620,100
Residential Remodeling	51	\$1,581,753	36	\$791,964	44	\$1,951,641	49	\$1,959,893	47	\$2,066,507
Demolition	2		76		50		7		12	
Total	56	\$1,961,753	113	\$991,964	429	\$22,796,641	60	\$2,686,393	69	\$3,686,607

Source: City of Brentwood

The above table highlights Brentwood's total of 368 new residential units between 2000 and 2004. This total represents about 3% of total new single-family and multi-family housing units built across St. Louis County over the five-year period (11,724 new units).

The following table breaks down the total population by household type in 1990 and 2000. Though Brentwood had the largest percentage of its population in the Family Household category in 1990 and 2000, Brentwood had a lower percentage of family households than the national, state, MSA, and County. The table indicates that Brentwood had a larger percentage of non-family households at 32.7% than the national, state, MSA, and County. Brentwood's family households decreased from 1990 to 2000, while non-family households increased. Richmond Heights and Maplewood had similar household type breakdowns to Brentwood in both 1990 and 2000, though Richmond Heights had slightly more residents

living in group quarters. Clayton had a notably higher percentage of residents living in group quarters in 2000, though the percentage actually decreased from 1990. The group quarters element includes college dorm residents, prison populations, and people living in nursing homes and other institutions. Ladue had a significantly higher percentage of residents living in family households compared to the surrounding communities in 1990 and 2000.

Household By Type (total population) 1990 and 2000

Jurisdiction	1990			2000		
	Family households	Nonfamily households	Group quarters	Family households	Nonfamily households	Group quarters
United States	83.7%	13.6%	2.7%	82.2%	15.0%	2.8%
State of Missouri	83.5%	13.7%	2.8%	81.6%	15.5%	2.9%
St. Louis MSA	84.8%	13.4%	1.8%	82.8%	15.2%	2.0%
St. Louis County	85.2%	13.0%	1.8%	82.5%	15.6%	1.9%
City of St. Louis	75.7%	21.6%	2.7%	73.0%	24.0%	3.1%
Brentwood	73.3%	26.7%	0.0%	67.2%	32.7%	0.1%
Richmond Heights	73.7%	25.2%	1.1%	67.7%	30.9%	1.3%
Webster Groves	84.8%	12.9%	2.3%	80.7%	16.9%	2.4%
Maplewood	71.2%	28.8%	0.0%	64.4%	35.6%	0.0%
Ladue	92.5%	7.2%	0.3%	89.1%	9.9%	1.0%
Rock Hill	86.6%	13.4%	0.0%	82.1%	17.9%	0.0%
Clayton	58.2%	21.9%	19.9%	63.8%	23.7%	12.5%

Source: US Census

The following tables show the breakdown of housing units by number of rooms in 1990 and 2000. The table indicates that the largest percentage of Brentwood's housing inventory covered homes with up to five rooms in 1990, accounting for 64% of total housing inventory. For comparative purposes, Richmond Heights comparative supply of homes with up to five rooms was 57%, Clayton (51%), and Rock Hill (53.7%). Ladue had a notable 47.3% of housing units with nine or more rooms in 2000. While Maplewood supports a larger percentage of housing with up to five rooms (75%), ERA understands that Maplewood officials have recently moved to more aggressively redevelop residential areas, as is evidenced by the Maplewood Commons project, which replaced housing with a Wal-Mart, Sam's, and Lowe's.

Housing Units by # of Rooms 1990

Jurisdiction	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms	9 + rooms
United States	1.8%	3.9%	10.2%	18.7%	21.8%	18.7%	11.4%	6.9%	6.5%
State of Missouri	1.0%	2.5%	9.0%	19.9%	25.1%	19.1%	11.2%	6.6%	5.6%
St. Louis MSA - IL, MO	0.8%	2.2%	9.8%	20.1%	24.8%	17.8%	11.2%	7.3%	5.9%
St. Louis County	0.4%	1.6%	7.0%	15.7%	24.2%	19.0%	14.0%	10.0%	8.1%
City of St. Louis	2.1%	4.5%	21.4%	24.8%	22.7%	12.4%	5.2%	2.8%	4.2%
Brentwood	0.0%	0.6%	6.5%	20.0%	36.6%	18.8%	10.8%	4.4%	2.3%
Richmond Heights	0.7%	1.8%	10.5%	21.4%	23.0%	15.6%	13.2%	6.5%	7.2%
Webster Groves	0.4%	1.3%	6.1%	8.2%	19.2%	26.2%	17.2%	11.7%	9.8%
Maplewood	2.0%	6.3%	27.5%	21.6%	18.5%	12.6%	6.6%	3.3%	1.7%
Ladue	0.0%	0.0%	0.4%	0.4%	2.2%	12.7%	20.7%	17.0%	46.5%
Rock Hill	0.4%	0.7%	3.4%	16.1%	33.1%	27.3%	12.9%	3.0%	3.0%
Clayton	0.8%	1.1%	8.2%	18.3%	22.4%	13.2%	13.5%	9.3%	13.2%
St. Charles County	0.5%	1.8%	5.3%	16.8%	24.5%	19.7%	13.9%	10.5%	7.0%

Rooms include living room, dining room, kitchen, bedroom, recreation room, enclosed porch

Source: US Census

For 2000, ERA notes Brentwood's continuing relative oversupply of five-room houses, at 37% of total inventory, which is an increase in this segment's share of total inventory since 1990. The modest increase was driven in part by reductions in inventory for homes smaller than five rooms. The number of four-room houses decreased from 20% to 14% of inventory. The number of homes larger than five rooms also

increased, including homes with more than nine rooms, which saw increases from 2.3% to 5% of inventory.

Housing Units by # of Rooms 2000

Jurisdiction	1 room	2 rooms	3 rooms	4 rooms	5 rooms	6 rooms	7 rooms	8 rooms	9 + rooms
United States	2.2%	4.8%	9.8%	16.0%	20.9%	18.5%	12.1%	8.1%	7.7%
State of Missouri	1.2%	2.7%	7.8%	16.8%	24.2%	19.6%	12.3%	8.1%	7.4%
St. Louis MSA - IL, MO	1.0%	2.5%	8.0%	16.4%	24.0%	18.8%	12.2%	9.1%	8.0%
St. Louis County	0.7%	2.2%	6.9%	13.6%	21.8%	18.6%	14.4%	11.7%	10.0%
City of St. Louis	2.8%	5.2%	17.2%	22.0%	23.7%	13.7%	6.2%	3.9%	5.2%
Brentwood	0.0%	1.7%	5.2%	14.1%	37.2%	20.0%	13.3%	3.5%	5.0%
Richmond Heights	0.6%	3.2%	10.0%	17.6%	23.7%	18.4%	11.9%	7.0%	7.5%
Webster Groves	1.4%	2.8%	5.6%	8.4%	17.9%	20.0%	17.7%	13.8%	12.3%
Maplewood	4.0%	9.5%	23.5%	19.7%	17.3%	12.1%	7.7%	3.4%	2.7%
Ladue	0.0%	1.3%	2.8%	1.2%	3.3%	12.6%	12.1%	19.4%	47.3%
Rock Hill	0.7%	1.5%	3.0%	13.1%	30.1%	28.8%	13.3%	7.6%	1.8%
Clayton	1.3%	1.8%	9.0%	14.8%	20.2%	14.1%	12.1%	10.7%	16.1%
St. Charles County	0.5%	1.3%	4.4%	11.1%	23.1%	20.1%	14.1%	13.8%	11.6%

Rooms include living room, dining room, kitchen, bedroom, recreation room, enclosed porch

Source: US Census

Residential Market Implications

Looking to the future from a market perspective, ERA notes key drivers of housing demand:

- The St. Louis Metropolitan Area household growth rate between 1990 and 2000 of 0.9% reflected annual growth of about 8,800 new households per year across the metro area. Through 2000, St. Louis County was competitive for about 27% of new households (2,420 per year), falling behind other counties, such as St. Charles, which captured about 31% of new households (2,730 per year).
- Across the market as a whole, current expectations for increased interest rates will eventually dampen demand for new housing. Indications from the market would suggest that this slow-down has already started.
- Within the context of current economic conditions, ERA does not expect that regional population growth will either increase or decrease significantly, looking forward to 2010 and beyond. At the same time, competitive pressures between counties for new residents will remain. As such, St. Louis County will see its share of new housing decrease.
- Brentwood's competitive position in capturing new households in the future begins with its attractive location in the region, proximate to downtown, the airport, and other key regional destinations. This location remains a benefit to younger households looking for access to urban amenities and places of employment, and to older empty nester households.
- Over the near term, ERA expects increased competition in the region, particularly on the multi-family apartment/condominium front, based on industry reports driven by several key projects:
 1. The Draper & Kramer development called Manhasset Heights, located in Richmond Heights, is expected to include 432 townhome and condominium units priced at between \$250,000 and \$500,000 developed over four phases.
 2. In Rock Hill, the city is working on a tax increment financing project that could include about 200 new multi-family housing units.

3. In Richmond Heights, the new Boulevard-St. Louis project will include a multi-family component with between 100 and 150 apartment units.
4. In Brentwood, the Hanley Station project includes a phase I approval for 171 units.
5. In downtown Clayton, a new condominium tower called Maryland Walk is under construction that will deliver 99 high-end units with prices from \$339,000 to over \$1 million. A second high-rise project, called the Plaza at Clayton, will include 82 units. Both projects have seen strong pre-construction sales.

The aforementioned projects represent a total of over 1,100 new multi-family housing units to be delivered over the next 1 to 3 years. Given that St. Louis County has historically absorbed about 500 multi-family units per year, the above inventory alone would appear to represent up to three future years of new supply.

Demand Prediction

With respect to future demand for new housing, ERA identifies two primary sources of demand:

- Generated internally by Brentwood residents.
- Generated by attracting new residents to Brentwood.

Regarding demand from existing residents, ERA notes that the community has historically lost an average of 45 residents per year since 1990, or about 23 households (at 1.9 residents per household). According to comments from city officials and developers, a reported 75% of homeowners who chose to leave did so because of a lack of larger homes suitable for families. These 20 to 25 households per year represent the first priority market to serve.

Looking to the regional housing market, ERA noted an annualized total of 13,112 new single-family and multi-family housing units built per year across the St. Louis region between 2000 and 2004. This level of demand reflects a five-year period during which interest rates went through a complete high to low cycle, and is considered by ERA to be a reasonable predictor of potential demand. The following table summarizes five-year trend data for the St. Louis region, St. Louis County and the City of Brentwood. The table shows that Brentwood has sustained a very small share of county-level single-family housing demand (about .4% of new units), and a larger share of county level multi-family housing demand (about 13%) over the past five years.

Housing Demand Capture

Segment	5-Year Annualized Trend			Brentwood Share Of	
	MSA	STL County	Brentwood	STL Market	Regional Market
Single Family	10,649	1,842	7	0.4%	0.07%
Multi Family	2,463	502	66	13%	3.0%
Total Units	13,112	2,344	73	3.0%	1.0%

The aforementioned demand levels for single-family housing are notable in that they are low relative to Brentwood's share of county population (.76%) and households (0.97%). If Brentwood could capture a county share of single-family housing equal to its share of county population, this would drive demand for 18 single-family homes per year. The multi-family segment is more complicated, as the Villas project represents a significant share of the overall county market over the past five years. The ability to sustain

the noted level of multifamily demand (66 units per year) into the future would have interesting land use implications. Specific policy questions include:

- City Council decisions regarding design standards for new homes.
- Tolerance for additional multi-family development.
- School district sustainability questions.
- Conversion of residential to other higher and better uses, based on demand.

Retail Market Overview

ERA was asked to look at the retail market for Brentwood and surrounding areas. According to the Colliers International 2004 Commercial Real Estate Report, retail remains the strongest of the St. Louis commercial real estate sectors. There are major development and redevelopment projects underway throughout the metropolitan area. Recent projects include:

- **Boulevard-St. Louis**—This main street style development at the southeast corner of Brentwood Blvd. and Galleria Parkway in Richmond Heights is scheduled for completion in 2005. The first phase includes 100,000 SF of retail stores and restaurants including Crate & Barrel, Maggiano's, and P.F. Chang's.
- **Maplewood Commons**—Houses and businesses were cleared on this 51-acre property located at Hanley Road south of I-64/US 40 to make way for a 142,000 SF Wal-mart, a 138,000 SF Sam's Club, and a 135,000 SF Lowe's Home Improvement. 28,000 SF of small shops as well as a gas station and two restaurants are also planned. The project should be fully complete by May 2005.
- **Chesterfield Commons**—Located at Chesterfield Airport Road and Boones Crossing in Chesterfield, about 20 minutes from Brentwood, this retail development is expanding eastward with the addition of Target, Pier 1, Golf Galaxy, and Factory Card Outlet. Together Chesterfield Commons and Chesterfield East now have 1.2 million SF. Chesterfield West is also expanding, adding Home Depot and a cinema.
- **Station Plaza**—40,000 SF of retail and restaurant space located at South Kirkwood Rd. and Madison Ave. in Kirkwood is scheduled for completion in 2005. This development, located about 10 minutes from Brentwood, will also have 215 multi-family units, 24 townhouses and a central plaza.
- **St. Louis Mills**—1.1 million SF retail center opened in 2003 on Taussig & Park 370 Boulevard in Hazelwood, about 30 minutes from Brentwood. The center includes 200 stores and 12 anchors. The largest anchors are Off 5th Saks Fifth Avenue Outlet, Marshalls, and Bed, Bath & Beyond. The center's entertainment offerings include a NASCAR Speed Park, an ESPN Skatepark, as well as areas for children to play and learn. In addition, there will be an eighteen-screen movie complex.
- **Shoppes at Cross Keys**—This 360,000 SF open-air center, located at Highway 67 and New Halls Ferry Road in Florissant, about 30 minutes from Brentwood, has Home Depot, Marshalls, Schnucks Supermarket, Pier 1 Imports, Barnes & Noble, PetsMart, Qdoba Mexican Grill, Cold Stone Creamery, Chili's, and O'Charley's.

The distribution of commercial square footage in Brentwood is illustrated on page 28. The following table shows the 2004 regional, neighborhood and community, and big box retail inventories within a 5-mile radius of Brentwood. The table indicates that the total inventory for the area is 11,158,113 SF. Using the estimated 2004 population for the 5-mile radius of 299,957 residents; ERA found that there are about 37.2 SF of shopping center space per capita in the area, which is above the 20 SF per capita average for the nation. Note that this number does not take into consideration stand-alone retail, including some big box development.

Total Inventory (SF): Brentwood 5-mile radius 2004

Regional	4,007,114
Neighborhood and Community	4,128,814
Big Box	3,022,185
Total Inventory	11,158,113

Source: National Research Bureau 2004 Shopping Center Directory,
Pace Properties 2003 St. Louis Shopping Centers

The following table shows retail inventory only in Brentwood. The large shopping centers in Brentwood are Brentwood Pointe, Brentwood Square, and the Promenade. Brentwood's total inventory is 968,604 SF. Using the 2003 estimated population for Brentwood of 7,519 residents, ERA found that the Brentwood area had a SF per capita of 128.8, which far exceeds the national average of 20 SF per capita, and is significantly above the five-mile-radius figure.

Brentwood Retail Inventory (SF) 2004

Brentwood Point	163,830
Brentwood Square	200,268
Meridian at Brentwood	82,868
Promenade	255,632
Schnucks Center	55,946
Independent Strip	23,500
Stand Alone Retail	152,560
Stand Alone Restaurants	34,000
Total	968,604

Source: National Research Bureau 2004 Shopping Center Directory, Brentwood City Staff
Pace Properties 2003 St. Louis Shopping Centers

The following is a list of major tenants in the Brentwood 5-mile radius. The table indicates that the area has essentially all of the standard mid to upscale retail establishments that are available.

Selection of Tenants in the Brentwood 5-mile Radius

Neiman Marcus	JCPenney	J. Jill	Schnucks Supermarket
Saks Fifth Avenue	Lord & Taylor	Lane Bryant	Franks Nursery
Ann Taylor	Nordstrom	The Limited	Hobby Lobby
Banana Republic	Abercrombie & Fitch	Nine West	Wal-Mart
B.C.B.G	Aldo	Victoria's Secret	Lowe's Target
Brookstone	American Eagle Outfitters	Borders	TJ Maxx
Coach	Apple Computer Center	Barnes & Noble	Marshalls
Cole Haan	August Max Woman	Dillard's	Walgreens
Enzo	Aveda	Sears	Dierbergs Supermarket
GAP	Bebe	Old Navy	Office Depot
J. Crew	Bath & Body Works	Best Buy	Burlington Coat Factory
Johnston & Murphy	Benetton	The Sports Authority	Maggiano's
Oilily	The Body Shop	Party City	Sams Club
Passport Luggage	Brooks Brothers	PETCO	Home Depot
Pottery Barn	Eddie Bauer	Pier 1 Imports	Crate & Barrel
Talbots	Express	Target	Bombay Company
Williams-Sonoma	Foot Locker	Petsmart	Value City
Tiffany & Co	GNC	Bed, Bath & Beyond	Toys R Us
Famous-Barr	Godiva Chocolatier	Whole Foods	CompUSA
Galyan's Trading Company	Guess	Circuit City	Kmart
California Pizza Kitchen	Panera Bread	Trader Joes	TGI Fridays
Starbuck's	PF Chang's	Orvis	Viking Culinary Arts Center
REI	Best Buy	Arhaus Furniture	Golf Galaxy

Source: National Research Bureau 2004 Shopping Center Directory
Pace Properties 2003 St. Louis Shopping Centers

Retail Market Implications

The above tables and text reinforce the reality that Brentwood has emerged as a regional retail destination, supported by proximity to additional retail development in Maplewood, Richmond Heights, and Clayton. In as much as recent retail development has generated issues with traffic, ERA notes more basic concerns:

- The retail market within five miles appears to offer just about every major retail tenant imaginable.
- Limited opportunities in terms of larger format wholesale stores, perhaps a movie theater, or additional restaurants, would be possible. As well, retailers continue to look for locations where they can be next to competitors; furniture and home accessories is one example (Crate and Barrel, Z-Gallerie, Pottery Barn, Container Store, and Restoration Hardware). Notably, all of these tenants are already in the market.
- There is very limited vacant land available for new development. In most cases, a new retail project could only occur with partial demolition of existing uses, particularly residential or business services/light industrial.

Demand Prediction

In terms of specific opportunities, ERA notes the following potential opportunities:

1. New warehouse club format—100,000 to 150,000 square feet (Costco)
2. Multiplex theater complex—50,000 to 75,000 square feet
3. Larger destination retail format—Unique to retailer (examples include Bass Pro, Cabela's, and Ikea, covering anywhere from 100,000 to 300,000 square feet of floor area)
4. Restaurants, sized between 5,000 and 10,000 square feet.
5. Community service retail in a walkable environment

Within the context of these options, ERA notes that broader concerns about traffic may impact the ability of Brentwood to develop additional retail space.

Office Market Overview

ERA was asked to look at the overall St. Louis office market using a number of data sources, including:

- The Costar Office Report
- Colliers International Market Report

This approach uses the Costar Group's space definitions for Class A, B, and C space:

- Class A – Classified as investment grade projects, generally non-speculative in nature, supporting the highest rents in the market with above average mechanical systems, amenities, and interior finishes.
- Class B – Considered to be more speculative investments compared to Class A, with average to good quality tenants, finishes, and amenities. Class B space attracts tenants more on price than on prestige.
- Class C – Includes older “no-frills” space with below average internal mechanical systems, elevators, and related amenities.

The assessment highlighted positive trends for the St. Louis office market in 2004. According to the Costar Office Report, between 1982 and 2004 the market saw annual increases averaging around 1.6 million SF per year. At the end of the third quarter of 2004, the St. Louis office market vacancy rate was around 12%, which represented about 11.9 million SF out of a total inventory of about 98.6 million SF. Class C projects had the lowest vacancy rate at 6.6%, Class A projects had a vacancy rate of 12.5%, and Class B projects had the highest vacancy rate at 15.4%. A total of 11 buildings (181,107 SF) were delivered to the market during the quarter, with 790,368 square feet still under construction at the end of the quarter.

Office Inventory Trends

The following table summarizes office inventory trends for noted submarkets around St. Louis. The table shows that about 60% of total inventories are contained in St. Louis City and Central (St. Louis) County, with the majority of overall space being in St. Louis City. The table also shows, however, that St. Louis City has 42% of Class C space. Most relevant to Brentwood is the Central County, which has 24% of the total office inventory and an average vacancy rate of 13%. South County has a notably low vacancy rate at 7%.

St. Louis Office Market Statistics, 3rd Quarter 2004

Market	Class A	Class B	Class C	Total Inventory	%Of Total	Vacancy SF	Vacancy Rate
Central County	7,745,543	10,816,415	5,383,102	23,945,060	24%	3,071,864	13%
Illinois	381,811	1,808,100	3,201,746	5,391,657	5%	456,739	8%
North County	2,841,482	5,672,545	3,133,980	11,648,007	12%	946,130	8%
South County	590,636	2,717,460	1,566,660	4,874,756	5%	321,363	7%
St Charles County	2,088,845	2,560,653	1,760,968	6,410,466	7%	789,258	12%
St Louis City	8,075,949	15,090,371	11,825,645	34,991,965	36%	4,847,016	14%
West County	5,297,225	4,801,208	1,197,519	11,295,952	11%	1,471,949	13%
Total	27,021,491	43,466,752	28,069,620	98,557,863	100%	11,904,319	12%

Source: Costar Office Report, 3rd Quarter 2004

The following table shows a breakdown of office inventory in Central County. Brentwood only accounts for 6% of the total Central County inventory. The majority of the offices in Brentwood are Class C projects. Clayton has 37% of Central County's total inventory and the largest share of Class A projects.

According to county tax records, Brentwood supports about 1 million square feet out of the total of 1.4 million square feet of inventory for the Brentwood / Maplewood submarket.

Central (St. Louis) County Office Market, 3rd Quarter 2004

Market	Class A	Class B	Class C	Total Inventory	% Of Total
Brentwood / Maplewood	0	574,555	886,157	1,460,712	6%
Clayton	4,324,100	2,542,845	2,052,892	8,919,837	37%
Creve Coeur/ Hwy-67	0	2,537,576	849,607	3,387,183	14%
I-270/ Maryland Heights	1,177,648	1,783,647	763,238	3,724,533	16%
I-270 Olive Blvd	2,018,140	2,486,042	418,246	4,922,428	20%
Kirkwood/Frontenac	225,655	891,750	412,962	1,530,367	6%
Total	7,745,543	10,816,415	5,383,102	23,945,060	100%

Source: Costar Office Report, 3rd Quarter 2004

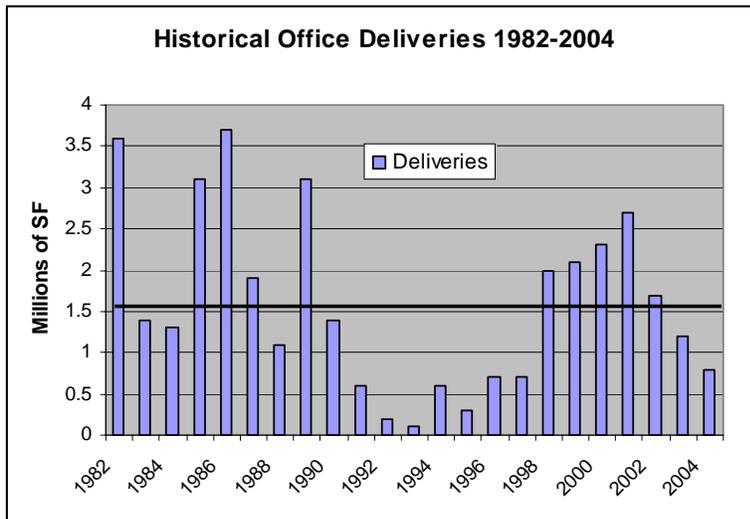
According to the following table, the majority of new construction at the end of the third quarter of 2004 was occurring in St. Charles County. West County remained strong at 24%. Central County had no construction activity in the third quarter of 2004. Current projects in North County and St. Louis City have 100% of their new office space pre-leased.

Construction Activity, 3rd Quarter 2004

Market	RBA	%Total Construction	Preleased	Preleased %
St Charles County	270,745	34%	164,200	61%
West County	188,300	24%	83,500	44%
North County	148,000	19%	148,000	100%
St. Louis City	110,000	14%	110,000	100%
Illinois	60,623	8%	8,510	14%
South County	12,700	2%	5,715	45%
Central County	0	0%	0	0%
Total	790,368	100%	519,925	66%

Source: Costar Office Report, 3rd Quarter 2004

The following chart shows historical deliveries from 1982 to 2004. St. Louis averaged 1.6 million square feet of deliveries per year over the 23-year period. The years 1982, 1985, 1986, and 1989 had notably high deliveries of over 3 million square feet. Between 1991 and 1997 very few buildings were delivered, but the number peaked again in 2001 at 2.7 million square feet.



Source: Costar Office Report, 3rd Quarter 2004

Inventory Growth Trend

The following table summarizes the past four years of total inventory growth by submarket, noting an overall increase in inventory of about 1.4 million square feet per year, with 38% captured by St. Charles County, and about 20% captured by Central County, which includes Brentwood. The table is notable in that average annual deliveries since 2000 have fallen below the historic 20-year trend of 1.6 million square feet per year.

4-Year Inventory Growth Trend, STL Office Market

Sub Market	2000 4th Quarter	2004 3rd quarter	Total Inventory	Per Year	% of Total
West County	10,273,451	11,295,952	1,022,501	255,625	18.3%
City of St. Louis	34,888,903	34,991,965	103,062	25,766	1.8%
St Charles County	4,248,828	6,410,466	2,161,638	540,410	38.7%
South County	4,699,952	4,874,756	174,804	43,701	3.1%
North County	11,113,827	11,648,007	534,180	133,545	9.6%
Illinois	4,874,598	5,391,657	517,059	129,265	9.3%
Central County	22,874,873	23,945,060	1,070,187	267,547	19.2%
Totals	92,974,432	98,557,863	5,583,431	1,395,858	100.0%

Source: Costar Office Report, 3rd Quarter 2004

Office Market Implications

The above discussion highlights several relevant factors associated with the local office market, and Brentwood's future position in that market:

- The overall market has shown an overall ability to support construction of an average of about 1.6 million square feet of new office space per year, between 1982 and 2004. As deliveries above this benchmark average occurred consistently between 1998 and 2002, it appears as though the market still needs to work through a moderate vacancy situation. Improving employment levels are expected to aid in the improvement.
- Assuming that the overall annual growth rate for office space across the region (1.96% or about 1.4 million square feet per year) is supportable over the next 15 years, overall inventory growth of up to 20 million additional square feet of new office space is possible.
- Brentwood currently supports about 6% of current inventory in the Central County market, or about 1.4 million SF out of a total submarket inventory of about 24 million SF.
- While all of Brentwood's inventory is in class B and C space, reported vacancy levels are low, at 4.3% for Class B and 5.9% for Class C space. According to Costar, Magna Place is considered to be Class B space, in part because Brentwood is not seen as a Class A office market.
- Clayton appears to be nearing build-out as an office market, with very few vacant/parking lots available, suggesting that the Central County market for new suburban office space will eventually shift elsewhere, driven by the availability of infill sites.
- The Meridian project in Brentwood includes a significant proposed office component, reportedly up to 250,000 square feet, but pre-leasing and absorption has been slow.

Demand Prediction

ERA concludes that at a minimum, Brentwood could be a competitive location for Class B and C office development, subject to the twin assumptions that sites are available and lead tenants are interested. The order of magnitude market that Brentwood could compete for begins with the above estimate of future annualized inventory growth for metro St. Louis of about 1.4 million square feet per year. Assuming that Central County sustains its market share at 24% of the overall market (equal to about 267,000 square feet per year), Brentwood would be competitive at minimum for its current market share of existing inventory (about 6%) or about 16,000 square feet per year. Within the context of this estimate, ERA notes several additional variables:

- Land availability with interstate frontage and visibility are key constraints.
- The availability of lead tenants to pre-lease 50% of a building is critical; as such, tenants need to be sold on a Brentwood location.

Industrial Market Overview

ERA was asked to look at the overall industrial market in the St. Louis area. According to the Costar Market Report, the St. Louis industrial market ended the third quarter of 2004 with a vacancy rate of around 7.7%, down from around 7.8% in the second quarter of 2004, and 8.5% in the third quarter of 2003. Flex projects had a much higher vacancy rate (around 18%) than Warehouse projects (around 7%). From 1982 to 2004 the market saw annual increases averaging around 2.2 million SF per year with a notable 5.3 million SF of deliveries in 2001. Eight buildings were delivered to the market in the third quarter of 2004 totaling 387,423 SF, with 1,825,522 SF still under construction at the end of the quarter. The average quoted rental rate for available industrial space decreased 5.2% to \$4.22 per square foot per year at the end of the third quarter 2004. The Flex sector average rental rate decreased to \$7.29 per square foot from \$8.22 in the second quarter, while Warehouse rates decreased slightly to \$3.91.

The following table summarizes industrial inventory trends for noted submarkets around St. Louis. Total industrial inventory was 240,066,235 SF, with Flex inventory at 11,953,147 SF and Warehouse inventory at 226,445,840 SF. St. Louis City contained 35% of total industrial inventory, followed by North County at 16.7%. Central County, which contains Brentwood, had 12% of the total inventory and around 9% vacancy rate. Central County's inventory was balanced with around 12% of the Flex properties and 12% of the Warehouse properties in St. Louis.

St. Louis Industrial Market Statistics, 3rd quarter 2004

Market	Flex	Warehouse	Total	% Of Total	Vacant SF	Vacancy Rate
Central County	1,486,177	27,337,539	28,823,716	12.0%	2,621,725	9.1%
Illinois	754,320	18,475,054	19,229,374	8.0%	2,199,131	11.4%
North County	2,164,687	38,036,652	40,201,339	16.7%	2,871,322	7.1%
South County	830,581	17,940,367	18,770,948	7.8%	970,209	5.2%
St Charles County	1,120,316	23,417,135	24,537,451	10.2%	2,255,589	9.2%
St Louis City	3,351,610	81,116,592	84,468,202	35.2%	5,391,266	6.4%
West County	2,245,456	21,789,749	24,035,205	10.0%	2,231,910	9.3%
Totals	11,953,147	228,113,088	240,066,235	100.0%	18,541,152	7.7%

Source: Costar Industrial Report, 3rd Quarter 2004

The following table shows average size for Flex and Warehouses in the noted markets. St. Louis City has the largest buildings at 53,200 SF for Flex and 57,611 SF for Warehouse properties. Central County industrial building sizes are significantly less than the average for the St. Louis area.

St. Louis Avg Industrial Building Size

Market	Flex	Warehouse
Central County	29,141	35,048
Illinois	39,701	68,426
North County	36,690	65,694
South County	33,223	48,884
St Charles County	27,325	41,011
St Louis City	53,200	57,611
West County	26,417	36,621
Total	34,849	49,915

Source: Costar Industrial Report, 3rd Quarter 2004

According to the following table, 64% of construction activity in the third quarter of 2004 occurred in Illinois, though only 9% of Illinois' total 1,162,250 RBA is preleased. North County had no construction activity. Central County had only 1% of total construction activity with 48% preleased.

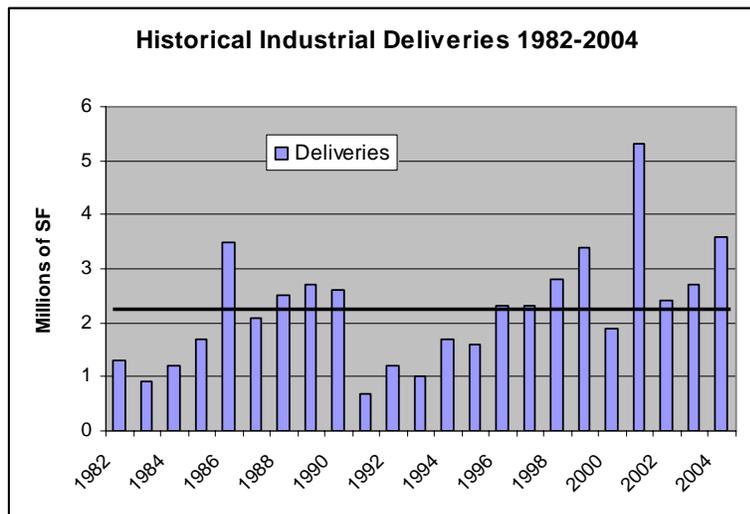
Construction Activity, 3rd Quarter 2004

Market	RBA	% Total	Preleased	Preleased
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	Construction		%	
Illinois	1,162,250	64%	105,000	9%
South County	252,337	14%	184,843	73%
St Charles	185,335	10%	102,132	55%
West County	130,000	7%	130,000	100%
St. Louis City	85,600	5%	85,600	100%
Central County	10,000	1%	4,800	48%
North County	0	0%	0	0%
Total	1,825,522	100%	612,375	34%

Source: Costar Industrial Report, 3rd Quarter 2004

The following chart shows historical industrial deliveries for St. Louis from 1982 to 2004. The average delivery was 2.2 million square feet per year over the 23-year period. There was a notable peak in 2001 with 5.3 million square feet of deliveries.



Source: Costar Industrial report, 3rd Quarter 2004

Industrial Market Implications

Several key trends are driving industrial development in St. Louis:

- In general, industrial projects are growing larger and higher, with buildings covering between 430,000 and 1 million square feet recently delivered in 2004. Buildings are also offering higher clear ceiling heights, allowing space to be used more efficiently.
- Hilly topography around the St. Louis market makes it harder to assemble flat sites for larger industrial buildings. For this reason, industrial development has tended to concentrate in northern St. Louis County along the Missouri River floodplain, where the flat terrain is more conducive to industrial development.
- For the central St. Louis County region in particular, the lack of flat sites (along with higher property values) has tended to place emphasis on higher value residential, retail and office projects. Reflective of this, ERA notes that the Central County region saw the smallest increase in overall inventories since 2000, adding only 78,000 square feet of space, while the overall market added 11.4 million square feet of inventory.
- Local economic development officials are looking at a major industrial development effort for an area immediately east of Lambert International Airport. The project emerged after numerous

homes in airport flight paths were bought out. The 600-acre area is now being targeted for industrial and business development.

- For Brentwood the key opportunity rests with Flex or office showroom/warehouse space, essentially a warehouse space with a larger office buildout, up to 75%. These properties command higher lease rates compared to industrial buildings, but are less expensive to build compared to office buildings. According to Costar, the Central County submarket is already a significant area for Flex space, supporting about 12% of total market inventory in this category.
- The Flex market in St. Louis has grown by about 1.2 million square feet between 2000 and 2004, representing inventory growth of about 240,000 square feet per year. Importantly, vacancy levels for flex space remain significantly high, above 17% in 2004, representing a near-term issue in terms of demand for new space.
- Brentwood's competitive position for Flex/business services development focuses primarily on the Hanley Industrial Court, which currently supports about 1.7 million square feet of improved space. Portions of the court have flooding issues, which may impact up to 600,000 square feet of existing inventory. Despite the older age of space in Hanley, overall vacancy levels are generally consistent with broader market averages, pointing to a location that continues to support a strong base of tenants and owner-occupants.

Development Prediction

Brentwood's ability to compete for additional flex space development will depend largely on the extent to which sites in the Hanley Industrial Court can be assembled and redeveloped in a cost effective manner. Planning assessments should focus on the ability of the area to support larger multi-tenant flex buildings covering 25,000 to 40,000 square feet.

Physical constraints aside, it is clear that the Hanley Industrial Court is filling a regional need for well located space with good interstate access. As well, it appears that there are few other competing locations with comparable access in Central County. ERA estimates that Brentwood would be in position to compete for a meaningful share of the regional flex space market. With year to year inventory growth of about 240,000 square feet per year across the region, Brentwood's competitive share would be modest, representing perhaps 25,000 square feet developed every two years.

Discussion regarding the future of the Hanley Industrial Court should focus on several related points:

- The condition of existing buildings.
- Order of magnitude costs to revitalize and modernize the industrial court, in relation to fiscal returns on public investment (e.g., do taxes collected relate to needed infrastructure improvements).

Population Projections

As part of the comprehensive plan approach, ERA also examined future population implications for Brentwood. Looking to the future, prediction of population change factors for Brentwood must reflect a number of critical policy choices made by the City.

- Brentwood's recent population decrease reflects in part broader regional trends relating to decreasing household size, which decreased from 2.02 in 1990 to 1.96 in 2000. Within the overall decrease, ERA also notes a significant disparity in household size between family and non-family households (2.9 versus 1.1 people per household). Looking to the future, policy decisions made to focus on single family housing versus multi family housing will have commensurate impacts on population change.
- Since 2000, population change has also been impacted by housing unit inventory growth, with 368 net new housing units built, with the Villas apartment project accounting for the majority of new inventory. This upscale development, catering to singles and retirees primarily, is likely supporting a majority of single person households, further reducing Brentwood's average household size. The development of a new light rail station in Brentwood offers similar opportunities and constraints.
- Rates of single-family home redevelopment offer the potential to offset reductions in the average household size, allowing younger singles and couples without kids to move up to a larger home in Brentwood. While the city's notable share of younger 22 to 34 aged residents is a key opportunity, the reality is that current housing stock limitations ensure that a majority of these residents will choose other communities to raise a family.
- ERA also notes discussion of theories to expand commercial corridors along Brentwood Boulevard and Manchester Road. Importantly, expansion of these corridors can only come at the cost of existing single-family homes.

Approach

ERA worked with Woolpert and City officials to develop a set of three alternative five-year population projections for Brentwood, extending out to 2020. The alternatives incorporate specific assumptions regarding:

- Future residential unit development (single family versus multi-family).
- Changes in the average household size.

The generalized alternatives incorporate the following elements:

1. Baseline Approach - Assumes that current rates of residential replacement continue, specifically a net increase of 5 single-family housing units per year, along with renovations / expansions to 5 existing units per year. The approach assumes that while existing housing units will see a decrease in household size, the new or expanded single-family units will have a larger average household size of 3.1 people per household.
2. Middle Range – This option assumes a net increase of 5 new single-family homes per year, along with a higher rate of home renovation / expansion (15 per year), both linked with the larger average household size.

3. Aggressive Approach—Incorporates the above middle range single-family assumptions for net new homes and renovations, along with development of multi-family / mixed use projects. The additional multifamily component includes the addition of 450 additional units through 2020 (30 per year beginning in 2006). These units are linked with a non-family household size of 1.83 people per household.

Implications

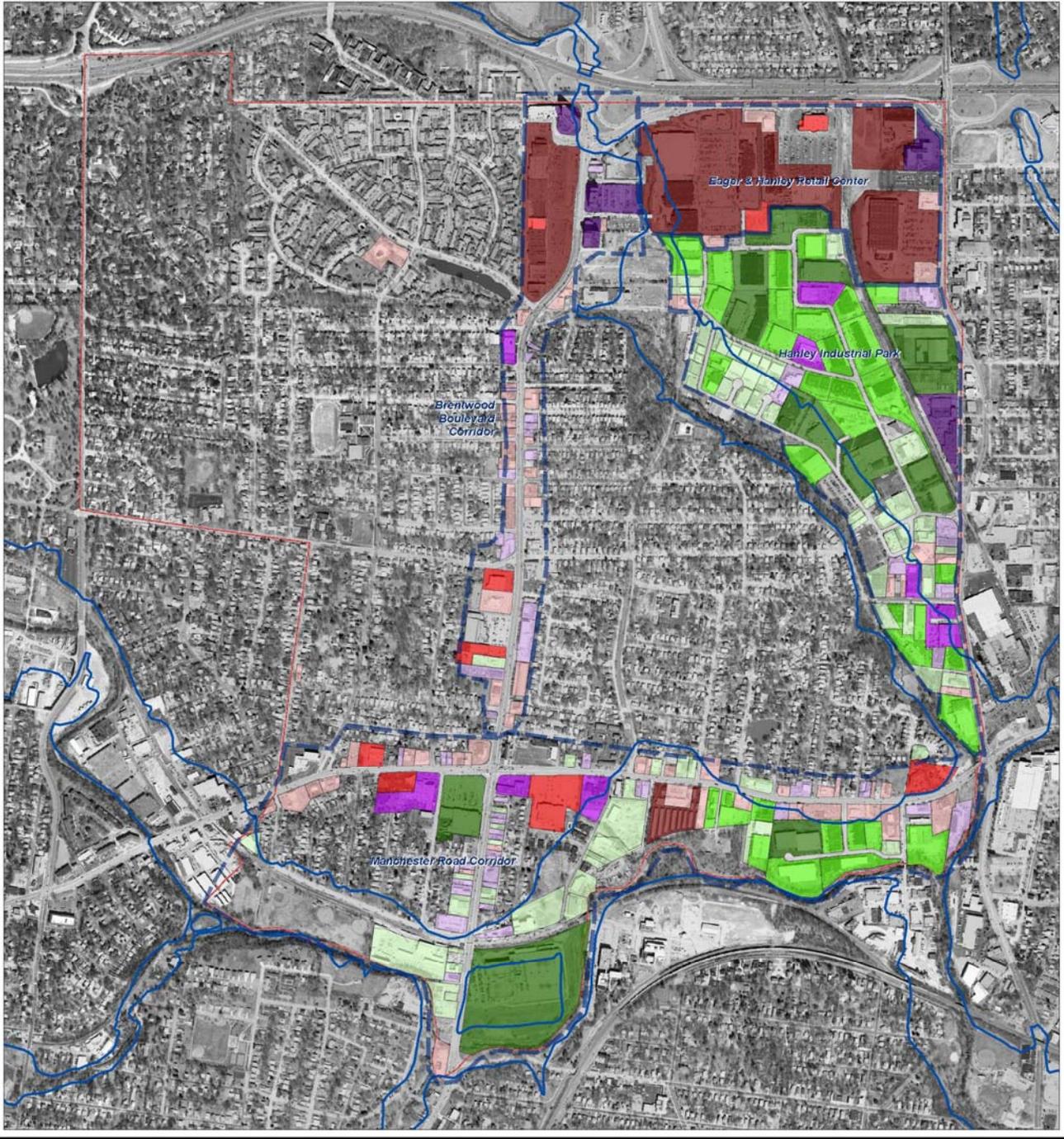
The following table summarizes the elements of the analysis, highlight population growth projections for Brentwood under the three options.

Population Estimates, Brentwood

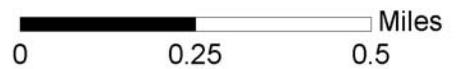
Year	Base Line	Middle Range	Aggressive
2005	8,028	8,028	8,028
2010	8,000	8,064	8,327
2015	7,977	8,107	8,634
2020	7,957	8,156	8,947
Total Change	-71	128	919

The above table indicates that while the baseline approach points to population decline, the middle range approach points to population stability, with a slight increase

Commercial/Industrial Square Footage



Industrial Square Footage	Office Square Footage	Retail Square Footage	
Up to 15,000	Up to 15,000	Up to 15,000	100-Year Floodplain
15,001 - 50,000	15,001 - 50,000	15,001 - 50,000	
50,001 - 134,586	50,001 - 165,995	50,001 - 173,865	



Source: St. Louis County
Department of Revenue
July 2004

Appendix

General Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible, and they are believed to be reliable. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent, and representatives or any other data source used in preparing or presenting this study. No warranty or representation is made by Economics Research Associates that any of the project values or results contained in this study will actually be achieved.

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