

hunden partners

City of Hoover, Alabama

Riverchase Galleria Redevelopment

Final Analysis

September 2025



Who We Are

We are the leading global advisor in place strategy—where tourism development, economic development, and real estate development intersect.

With professionals in Chicago, New York, Dallas, and Minneapolis, Hunden provides a variety of services for all stages of destination development in:



\$20B

in projects successfully developed and/or in progress

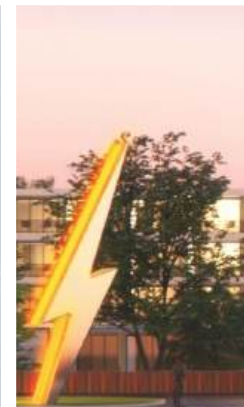
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studies & processes. Of these, **over 80%** are for public sector or DMO clients



200+

youth sports complex, professional stadium & arena studies



600+

conference, convention, event center & hotel studies



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Executive Summary Overview



Project
Overview & Site
Analysis



Industry Trends
& Case Studies



Market Findings &
Recommendations



Financial &
Impact
Projections



Conceptual
Drawings &
Renderings

Project Introduction

The City of Hoover engaged the Hunden Partners team to complete a market feasibility and redevelopment strategy for Central Hoover, with a focus on the Riverchase Galleria, collectively referred to as “The Galleria Campus.” The City of Hoover wishes to acknowledge the funding partners that contributed to the study: Brookfield Properties, Jim Wilson & Associates, Associa McKay Management, and Hyatt Regency Birmingham – The Wynfrey Hotel.

The study will explore the market opportunity to transform The Galleria Campus into a vibrant and walkable city center for Hoover and will include potential development scenarios and guidance on an approach for their implementation. The foundation of the study includes a market demand, financial feasibility, and economic impact study to determine the optimal mix of uses and to stimulate advantageous economic development in the future.

Beyond Hunden’s market analysis, our approach is distinguished by the inclusion of both Cooper Carry, an award-winning architectural, urban design, and planning firm; and Hoar Construction, a Birmingham-based firm with more than 80 years of construction experience.

PROJECT TEAM



Key Questions



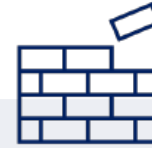
Current Riverchase Galleria & Hoover Assessment

- What is Riverchase Galleria's history and how is it performing today?
- How is Riverchase Galleria positioned in the local and regional market?
- Are property owners and key stakeholders interested in redevelopment scenarios?
- How is the Galleria situated in terms of accessibility, and economic and demographic trends?



Market Analysis and Case Study Assessments

- How do community leaders, stakeholders, brokers, developers, researchers, and economic development authorities view this opportunity?
- How are the local and regional commercial real estate markets performing?
- What have other municipalities and developers done to reposition similar complexes?
- What are the key takeaways and lessons learned?



What are the opportunities?

- What is the market opportunity for residential, retail, dining, office, hospitality, and entertainment space?
- What mix and volume of space is both optimal and feasible?
- How should the site be laid out physically?
- What competitive advantages can we leverage with the Galleria and Hoover's current position?



How do we get there?

- What strategy is optimal to maximize the future of both the complex and Hoover?
- What is the economic and fiscal impact of the recommended strategy?
- What can the City of Hoover do to support next steps in development?
- What are the opportunities for placemaking that this project could target?

Riverchase Galleria Historical Profile

Riverchase Galleria opened in 1986 with 1.2 million square feet of retail, a 15-story hotel tower, and 17-story office tower, making it one of the the largest mixed-use projects in the Southeast. The complex was developed by Jim Wilson & Associates, and Wilson still owns the office tower today. In addition to its scale, the mall's design was notable for its innovative integration of mixed uses and expansive glass atrium.

Riverchase was initially anchored by Parisian, JCPenney, Rich's, and Pizitz, which was acquired by McRae's the following year. In 1996, a new wing anchored by Sears was added, bringing the complex to 2.4 million square feet. The mall has served as a very popular regional destination, attracting both residents and visitors to Hoover.

Competition from the market primarily driven by the opening of the Summit in 2009, the property replaced the Galleria as the desired location for higher end retail in the Birmingham region.

A \$60-million renovation was completed in 2013 including the opening of Von Maur and the renovation, rebranding, and takeover of the Wynfrey Hotel by the Hyatt Regency. In 2019, Sears announced it was closing its Galleria location.

Closure of anchor tenants and turnover with the internal storefronts have led to a decline in visitation and overall shift in the customer demographics. There is a safety concern and perception of crime due to incidents within the Galleria that have deterred local users, ultimately limiting the property's ability to be a community asset with its current composition.



Riverchase Galleria Historical Visitation

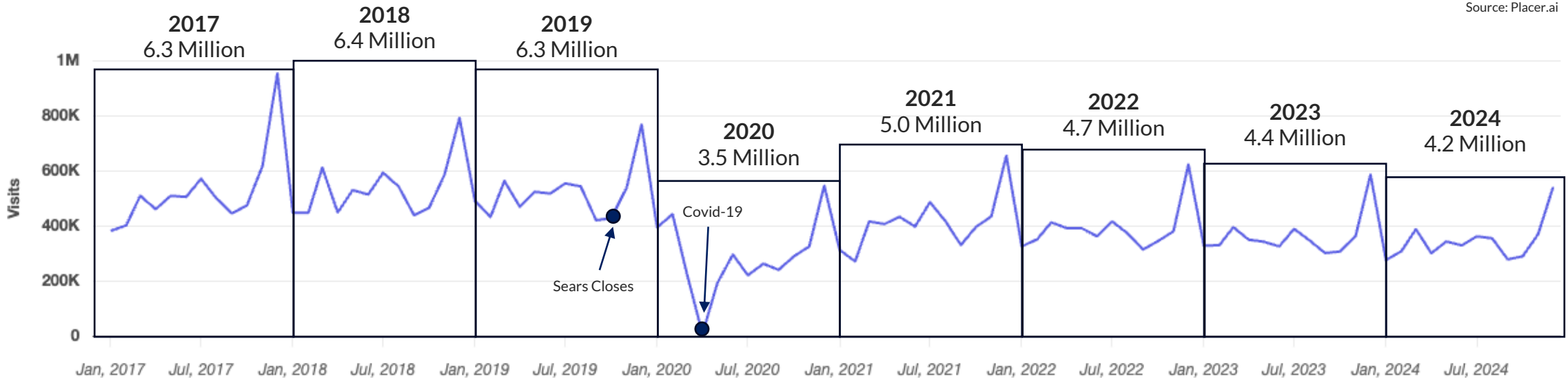
Key Takeaways:

- Visitation at Riverchase Galleria has declined significantly in recent years, with 2024 visits down 33% from 2019.
- A major factor in declining visitation has been a weakened holiday season peak, likely due to online shopping preferences and crime perception.

Note: Visitation is derived from the main Galleria complex, including the Hyatt Regency and office space. Galleria Circle assets such as Costco and The Home Depot are not included.

Visitor Origins by Distance from Site	2017 Total Visits		2024 Total Visits	
	Est # of Visits	% of Total Visits	Est # of Visits	% of Total Visits
Locals Within 25 miles	4,200,000	67%	2,800,000	67%
Regional Distance Between 25 and 100 miles	1,300,000	21%	838,900	20%
Long Distance Over 100 miles	767,100	12%	541,100	13%
Total Visits	6,300,000	100%	4,200,000	100%

Source: Placer.ai



Riverchase Galleria Sales Tax Generation

Approximate real sales tax loss due to decline in mall demand (2007-2024):

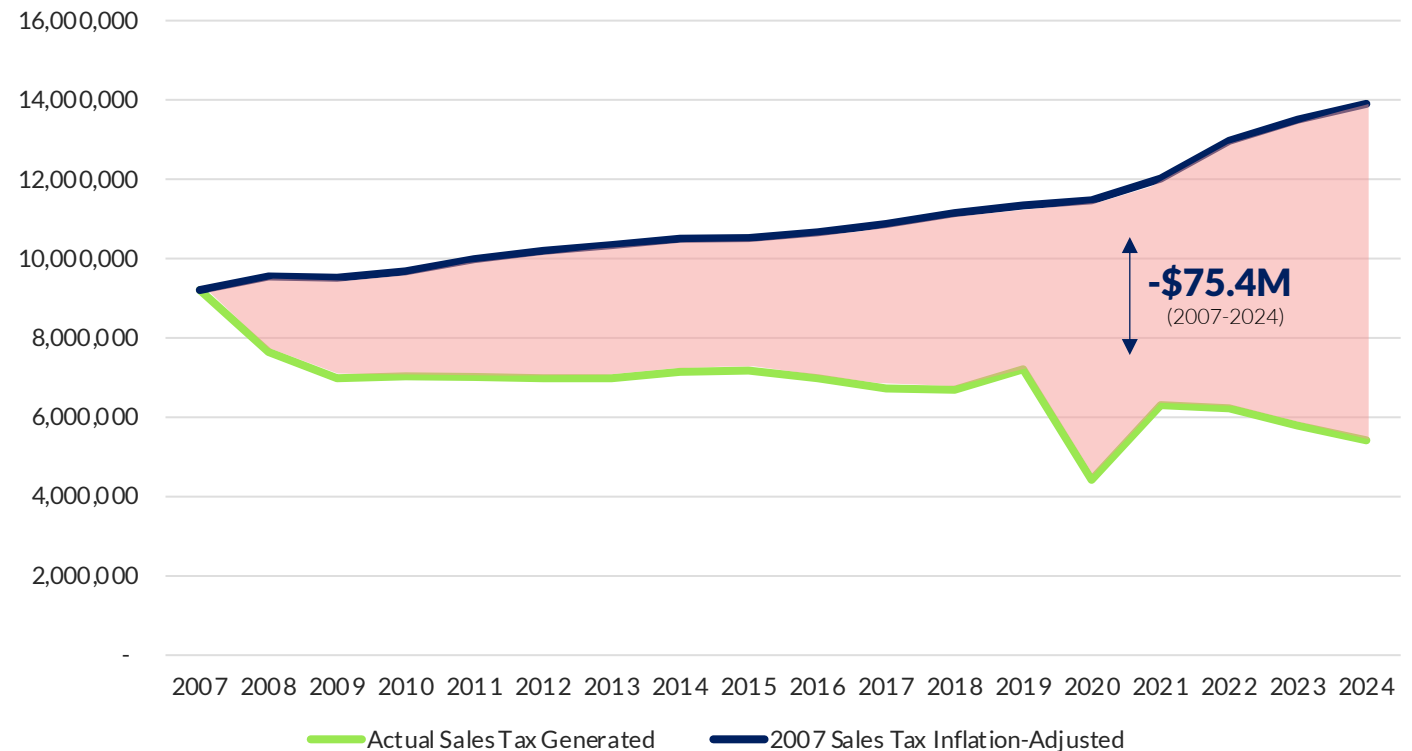
-\$75.4M

Sales tax generated by the enclosed Riverchase Galleria mall has declined from about \$9.2 million in 2007 to about \$5.4 million in 2024, which is a drop of 41 percent. When adjusted for inflation, this decline is 61 percent.

This decline in mall demand stems from the rise of online shopping, as well as weakened quality, perception, and tenant mix at the mall.

The 2007-2024 delta between actual sales tax generated and sales tax generation if 2007 benchmark continued pace with inflation is a loss of about \$75.4 million. In 2024, this delta totaled about \$8.5 million. These figure, which will continue to grow annually, represent the opportunity cost of not redeveloping the Riverchase Galleria site.

Riverchase Galleria Sales Tax: Actual vs. Inflation-Adjusted 2007 Generation



Site Overview

The Galleria is located directly next to I-459 and Route 31, allowing for immense visibility and convenient access.

The main Riverchase Galleria structure is surrounded by a ring road called “Galleria Circle,” which hosts 18 standalone restaurants and retail assets including Costco and The Home Depot.

Located west of the Galleria, Patton Creek Shopping Center is headlined by Dick’s Sporting Goods, World Market, and an AMC Theater, making it a retail destination in its own right for the local community.



Site Advantages & Constraints

Riverchase Galleria is located on a vast swath of land in one of the most accessible locations in the Birmingham metro area. The existing structure is both an advantage and challenge, providing ample parking and a mix of uses, but also an outdated design with too much retail space.

Advantages



**Abundance of
Parking**



Mixed-Use Complex



**Strong Highway
Accessibility**



**Robust Adjacent
Retail**



Vast Site

Constraints



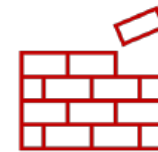
**Outdated & Aged
Structure**



**Inefficient
Volume of Indoor
Retail**

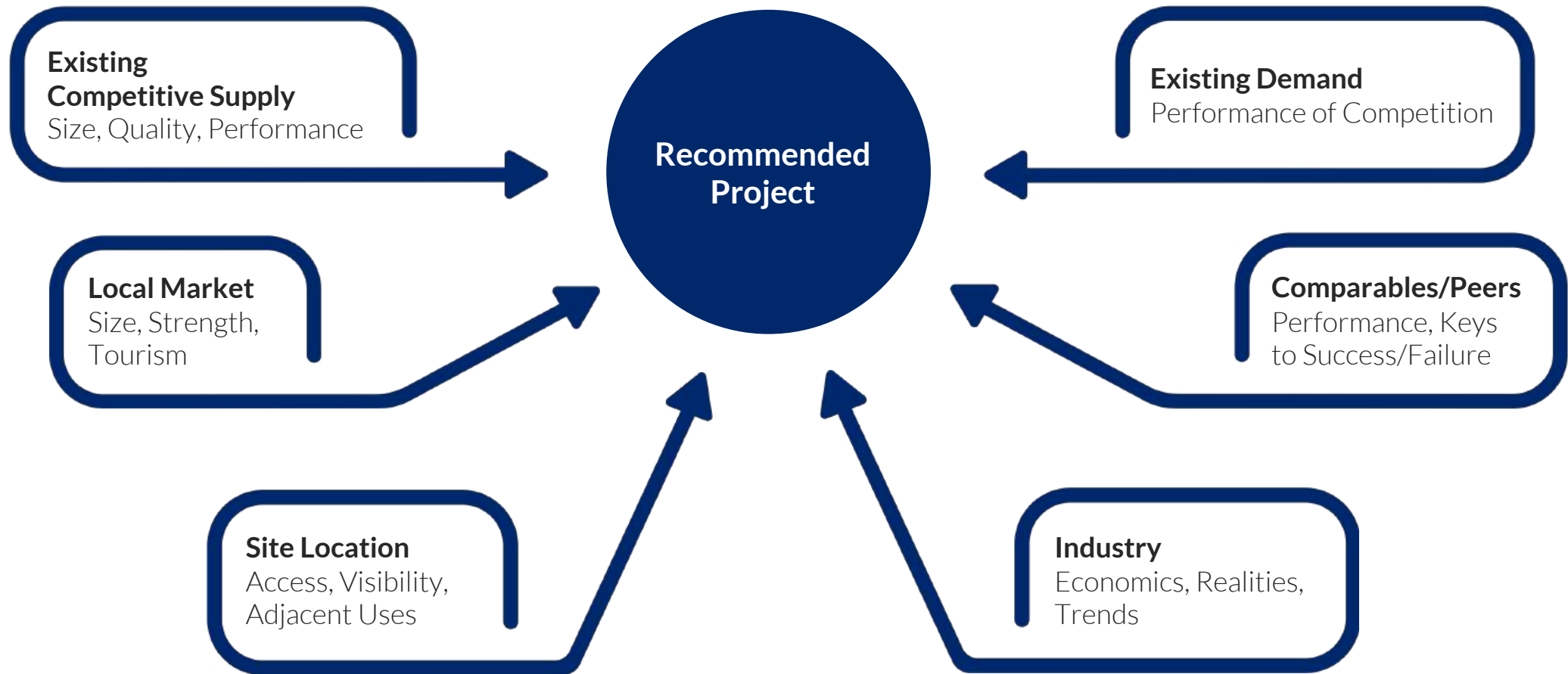


**Minimal Outdoor
Walkability**



**Expansive Existing
Operational
Buildings**

What Influences Viability and Recommendations?



Mall Redevelopment Trends

Many traditional indoor malls are being transformed into dense, walkable districts with housing, retail, entertainment, green space, and civic uses, shifting from enclosed formats to open-air environments that resemble urban neighborhoods. Few redevelopments have been completed to date due to logistical and ownership challenges, though the pandemic accelerated anchor closures and revenue loss, pushing more properties toward optimal redevelopment.

Key mall redevelopment trends include:

- 1 Housing-Driven Redevelopment**
Apartments and townhomes are replacing dead anchors and parking lots, creating built-in demand and constant visitation for on-site retail and amenities.
- 2 Green and Public Spaces**
Central parks, plazas, and trails anchor the site, improving walkability and community appeal.
- 3 Retail, Dining, and Hospitality Integration**
Retail is reimagined as street-facing shops and food halls, often supported by hotels and entertainment venues.
- 4 Connected Street Grid and Mobility**
Superblocks are broken up with new roads, sidewalks, and bike infrastructure to better connect the site to its surroundings.



Belmar – Lakewood, CO



Hawthorn Mall Redevelopment – Vernon Hills, IL

Case Study Assessment

Mall Redevelopments & Repositioning

Hawthorn Mall

Vernon Hills, IL

Lulah Hills

Decatur, GA

Flatiron Crossing

Broomfield, CO

MainPlace Mall

Santa Ana, CA

Crossroads Mall

Omaha, NE

Briarwood Mall

Ann Arbor, MI

Fox Valley Mall

Aurora, IL

Inspirational Mixed-Use Districts & City Centers

Avalon

Alpharetta, GA

Halcyon

Alpharetta, GA

City Springs

Sandy Springs, GA

The Greene

Beavercreek, OH

MidCity District

Huntsville, AL

Watters Creek Village

Allen, TX



Mall Redevelopment Case Studies Overview

Public funding, such as TIFs and infrastructure reimbursements are an important tool to enable major mall redevelopments.

Density of residential is a consistent driver of financial viability, alongside dining, entertainment, and daily-needs retail.

Experiential anchors, such as entertainment venues and activated public spaces are helpful to be positioned as a destination.

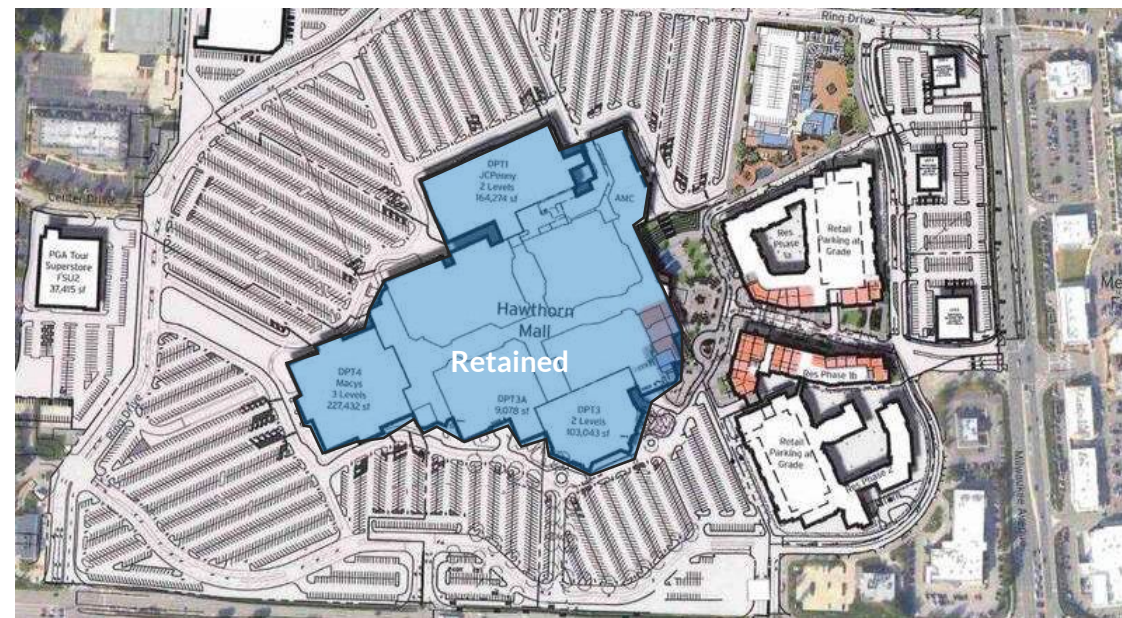
Case Study Assessment

Name	Location	Site Acres	Original Opening	Project Years	Cost	Owner
Hawthorn Mall	Vernon Hills, IL	75	1973	2021-Present	\$252 million	Centennial
North DeKalb Mall/Lulah Hills	Decatur, GA	45	1965	2022-Present	\$843 million	EDENS
Flatiron Crossing	Broomfield, CO	111	2000	2021-Present	\$240 million	Macerich
MainPlace Mall	Santa Ana, CA	55	1987	2019-Present	\$500 million	Centennial
Crossroads Mall	Omaha, NE	46	1960	2020-Present	\$900 million	Woodbury Corp.
Briarwood Mall	Ann Arbor, MI	83	1973	2023-Present	Not Disclosed	Simon Property Group
Fox Valley Mall	Aurora, IL	104	1975	2019-Present	Not Disclosed	Centennial
Average	--	74	1976	2021-Present	\$547 million	--
Riverchase Galleria	Hoover, AL	62	1986	--	--	Brookfield Properties

Sources: CoStar, Placer.ai

Hawthorn Mall

Location	Vernon Hills, IL
Original Opening	1973
Project Years	2021-Present
Size	75 acres
Cost	\$252 million
Redevelopment	"Hawthorn 2.0" involves demolishing former Sears and Carson's stores to create a mixed-use development featuring 561 multifamily residences, a 25,000-square-foot grocery store, 109,000 square feet of open-air retail, and an activated plaza with a multilevel indoor park experience.
Takeaways	• The project utilized TIFs to fund infrastructure and vertical development. • The redevelopment adds substantial residential density with a mix of general market and senior housing. • Grocery and dining components shift the center's purpose toward daily needs and local services.



Mixed-Use Case Studies Overview

Dense, walkable entertainment-anchored districts encourage visitors to spend more time and money in the destination

To draw a critical mass of people to a district, it is important to have a density of live-work-play offerings

Districts that emphasize placemaking, including the infusion of local culture, frequently perform better

Case Study Assessment									
Name	Location	Acres	Residential Units	Hotel Rooms	Office SF	Retail & Restaurant SF	2024 Visits	2024 Visitors	% of Visits 100+ Miles
Avalon	Alpharetta, GA	86	637	330	208,000	570,000	7.8 million	1.7 million	9%
Halcyon	Alpharetta, GA	30	690	160	208,000	200,000	2.2 million	605,600	9%
City Springs	Sandy Springs, GA	14	295	0	95,000	35,000	831,800*	359,700*	6.5%*
The Greene	Beavercreek, OH	72	206	0	125,000	1,100,000	5.5 million	1.1 million	5%
MidCity District	Huntsville, AL	100	1,865	925	400,000	350,000	4.5 million	1.1 million	11%
Watters Creek Village	Allen, TX	52	285	135	170,000	520,000	4.2 million	977,900	7%
Average	--	59	663	258	201,000	462,500	4.8 million	1.1 million	8%

City Springs

Location	Sandy Springs, GA
Opened	2018
Cost	\$180 million
Size	14 acres
2024 Visits	831,800 (excluding City Hall)
Features	City Springs features 35,000 square feet of retail and restaurant space, 295 residential units, a 1,000-seat performing arts center, a 95,000-square-foot City Hall, and a central green space with outdoor event areas and a conference center.
Takeaways	- Combining government offices with cultural, residential, and retail uses can anchor a downtown district and stimulate year-round activity. - The project was made possible through a strong public-private partnership, with the City leading the development to catalyze civic identity. - Ample outdoor space and public investment enhance walkability and promote community gathering.



Hoover Mixed-Use Market Findings Summary



RESIDENTIAL

There is demand for high-end multifamily, senior housing, condominiums, and townhomes.

The robust new supply delivered in the Birmingham MSA since 2021 has been slow to absorb. New deliveries should be strategic.



HOTEL

There is not demand for a new hotel in an initial phase. This is due to the hotel market plateauing since 2022, significant new local supply being built, and the 329-room Hyatt Regency already providing a hospitality anchor for the district.

There may be future demand for a unique, boutique hotel experience onsite.



RETAIL & RESTAURANT

New retail space should be built in a walkable, mixed-use environment with an emphasis on dining, experiential concepts, and daily-needs tenants.

A significant portion of square footage of the Galleria's retail space should be removed.



OFFICE

There is not demand for additional office space in an initial phase. There may be future demand for life sciences or medical space, depending on absorption at Riverwalk Village.

The City of Hoover could move office space to the site.

Creating a more attractive live-work-play environment at the Galleria will support leasing at 3000 Riverchase.



ENTERTAINMENT

A center for the arts would be an ideal entertainment anchor for the project. The City would benefit from the sales tax generated within the district before/after shows.

An additional family entertainment concept could be incorporated into existing or new retail space.

Program Recommendations

Based on market and physical feasibility.

	Phase I	Phase II	Total
Retail (Square feet)	28,000 SF	16,000 SF	44,000 SF
Residential (For-Rent Units)	282 Units	260 Units	542 Units
Center for the Arts (Capacity)	1,100-seat	--	1,100-seat
Greenspace (Square Feet)	~25,000 SF	~19,000 SF	~44,000 SF

Project assumes demolition of an estimated 225,000-square-foot floor plate, which would total roughly 550,000 square feet of retail space within the two-story enclosed mall, including the closed Sears space.



Phases Introduction

Development phases are a **projection of the potential feasibility of a redevelopment**. In order to comprehensively evaluate potential feasibility, phases consider the utilization of private property that may not be available, including the former Sears box, owned by TransformCo, and current Macy's box. This projection assumes the land could be obtained or taken control of.

Both phases consist of a redevelopment of the south side of the Riverchase Galleria site. Phase One is a smaller-scale redevelopment that does not utilize Macy's current retail space. Phase Two is a full build-out of the redevelopment with additional residential and retail space.

Phase One

- Demolition of former Sears box
- Construction of:
 - 282 apartments
 - 28,000 square feet of retail
 - 1,100-seat center for the arts
 - 25,000-square-foot public plaza & greenspace

Phase Two

- Demolition of current Macy's box and adjacent triangular corridor of the mall
- Construction of:
 - 260 apartments
 - 16,000 square feet of retail
 - 19,000-square-foot public plaza & greenspace

Demand & Financial Projections Summary

Phase One of this conceptual redevelopment project would generate an estimated 15.5 percent IRR (Internal Rate of Return), which is narrowly below the targeted IRR of 16 percent and would leave a \$1.8 million financial feasibility gap. Phase Two generates a 10.4 percent IRR, which leaves a \$12.8 million feasibility gap. These feasibility gaps are related to the private construction cost and do not consider the site infrastructure costs or Center for the Arts costs.

Phase One		Phase Two	
Est. Private Construction Cost	\$85.0 M	Est. Private Construction Cost	\$87.8 M
Est. Infrastructure Construction Cost	\$9.6 M	Est. Infrastructure Construction Cost	\$7.3 M
Est. Center for the Arts Construction Cost	\$51.0 M	Levered IRR	10.4%
Levered IRR	15.5%	Financial Gap	\$12.8 M
Financial Gap	\$1.8 M		

Impact Overview

Hunden uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the economy due to additional inputs. For example, for every dollar of direct new spending locally, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

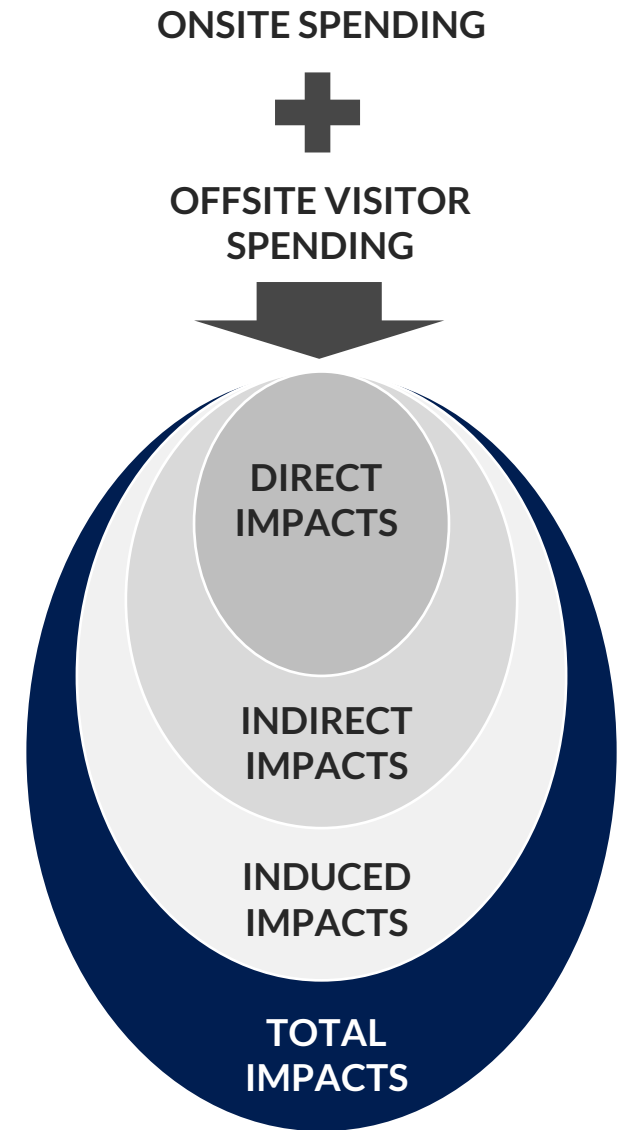
The new and recaptured direct spending (both onsite and offsite) is considered to be the Direct Impact. From the direct spending figures, further impacts are determined.

Indirect Impacts are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

Induced Impacts embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the induced customer's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

Employment Impacts include the incremental employment provided not only onsite, but offsite due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will estimate the number of ongoing jobs supported by the development and provide the resulting income generated.

Fiscal Impacts represent the incremental tax revenue collected by the City or State due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit.



Impacts Summary

In total, this conceptual redevelopment project would generate an estimated \$396 million in net new spending, \$74 million in net new earnings, 156 full-time equivalent jobs, and \$9.2 million in new city taxes over a 10-year period. This does not include the potential impact of the redevelopment on the existing mall, office, and hotel complex, such as increased visitation or tenancy.

Phase One 10 Year Summary		Phase Two 10 Year Summary		Phases One & Two 10 Year Summary	
Net New Spending	\$274 M	Net New Spending	\$122 M	Net New Spending	\$396 M
Net New Earnings	\$52 M	Net New Earnings	\$22 M	Net New Earnings	\$74 M
Net New Total Jobs	110	Net New Total Jobs	46	Net New Total Jobs	156
Hoover Hotel Tax	\$6.1 M	Hoover Hotel Tax	\$0 M	Hoover Hotel Tax	\$6.1 M
Hoover Sales Tax	\$0.2 M	Hoover Sales Tax	\$2.9 M	Hoover Sales Tax	\$3.1 M

Impact to Existing Riverchase Galleria

While financial projections for the impact of a redevelopment for the existing mall, Hyatt Regency, and office tower are not included, the redevelopment will have a substantial positive impact on the performance of the existing retail, office, and hotel space by attracting thousands of new visitors to the site annually, activating the site, and modernizing its layout.

If no redevelopment occurs, Hunden projects sales tax generated would continue to decline over the next 10 years. A substantial redevelopment would likely lead to sales tax growth due to higher visitation and new retailers on-site.

Projected Impacts to Existing Complex

Retail



A redevelopment would increase foot traffic and position the mall to develop a renewed reputation, likely attracting new retailers and generating additional sales tax.

Hotel



Building the Galleria into a regional destination once again will attract more hotel visitors to the Hyatt Regency, generating additional hotel tax for the city. Improved performance allows the hotel to explore future capital improvements.

Office



New, desired tenants in a live-work-play environment would make the office tower more desirable, supporting leasing activity.

Examples

1

Memorial City Mall (Houston, TX)

After a 2003 redevelopment, retail rents at Memorial City Mall more than doubled.

2

Hawthorn Mall (Vernon Hills, IL)

Hawthorn 2.0 has already attracted six new retail tenants: Sephora, Anthropologie, FP Movement, The Lovesac Company, Perry's Steakhouse & Grille, and Dom's Kitchen & Market.

3

Monmouth Mall (Eatontown, NJ)

New retailers including Cava, Offshore Coffee, Strong Pilates, Van Leeuwen Ice Cream, and Prince Street Pizza have all signed leases as part of Monmouth's ongoing \$500 million partial demolition, and town center redevelopment.

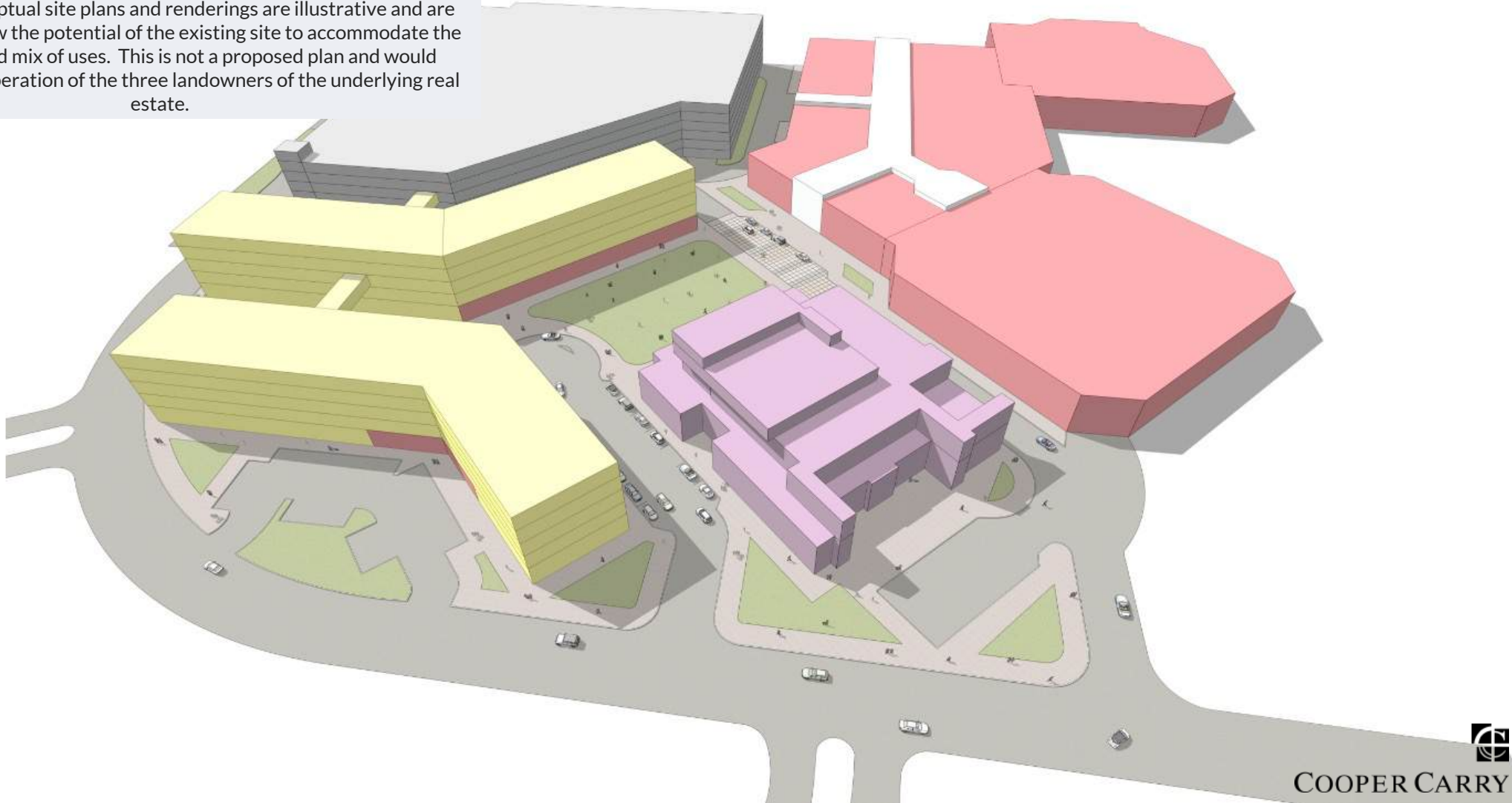
Conceptual Drawings – Potential Phase One

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



Massing Diagram – Potential Phase One

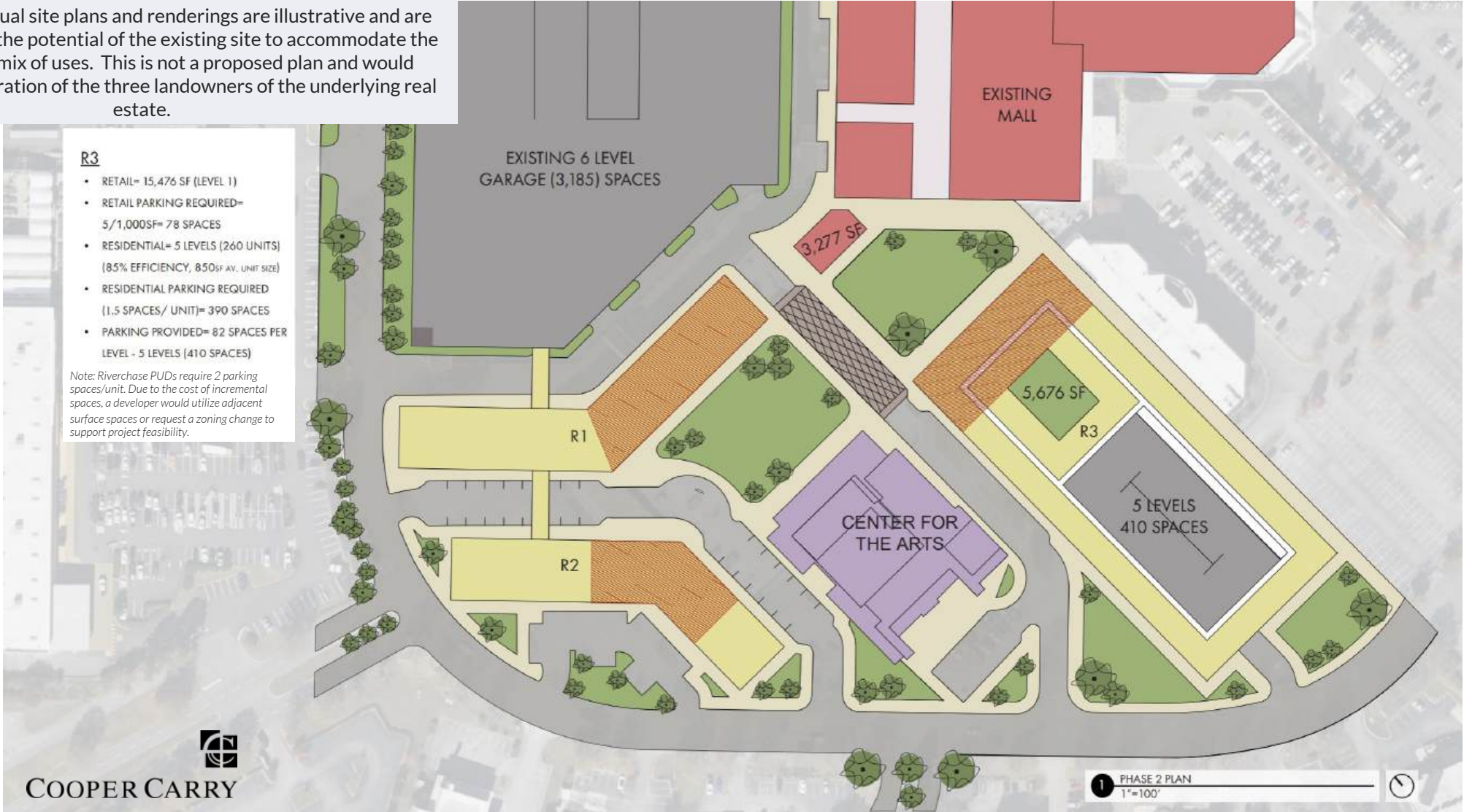
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COOPER CARRY

Conceptual Drawings – Potential Phase One & Two

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COOPER CARRY

Rendering – Potential Phase One

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Development Implementation Roadmap

This roadmap serves as a high-level outline for the steps needed to engage key partners, evaluate investment opportunities, and advance the concept toward implementation.

1. Begin exploratory conversations with existing property owners to create a development strategy and approach.
 - a) Considerations include land ownership, investment, and development responsibilities.
 - b) Strategy and approach will identify necessary public funding.
2. Establish business plan and development approach for the Center for the Arts.
3. Review proposed overall strategy and approach with City of Hoover for conceptual approval.
4. Negotiate and finalize a development agreements with partners, including public investment.

Project & Riverchase Galleria Profile



Riverchase Galleria Historical Profile

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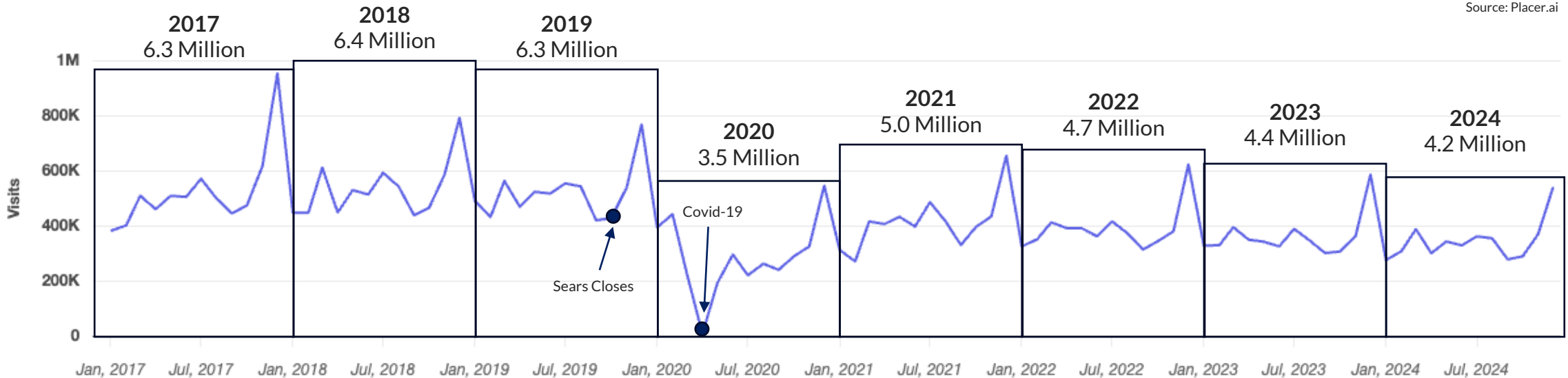
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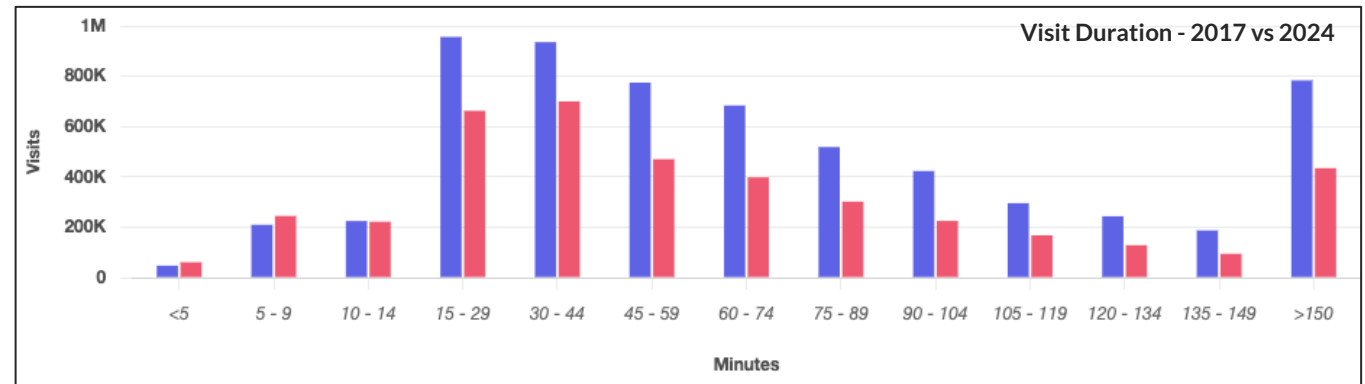
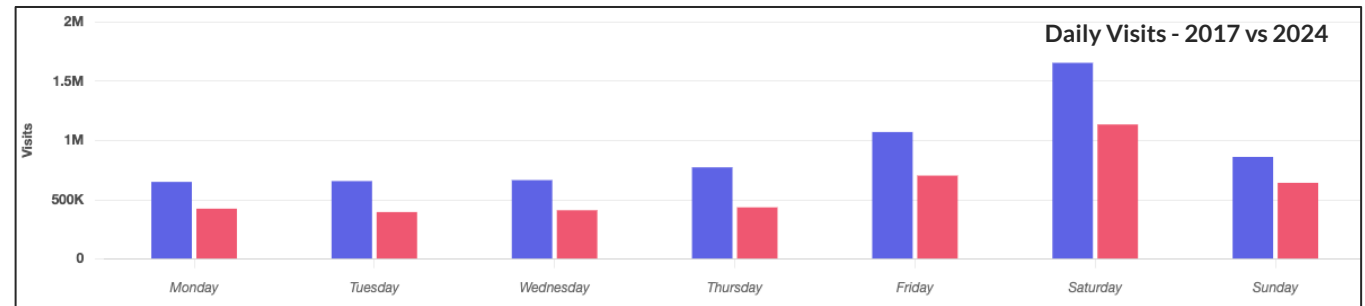
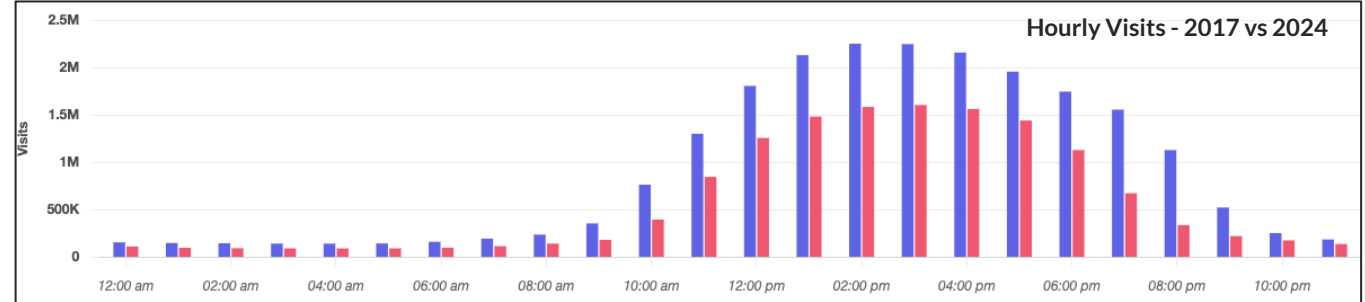


2017 vs. 2024 Visitation



Comparing 2024 visitation to 2017 visitation can offer insights into consumer behavior changes, particularly regarding the decline of mall visitation. The following are key takeaways from these comparisons:

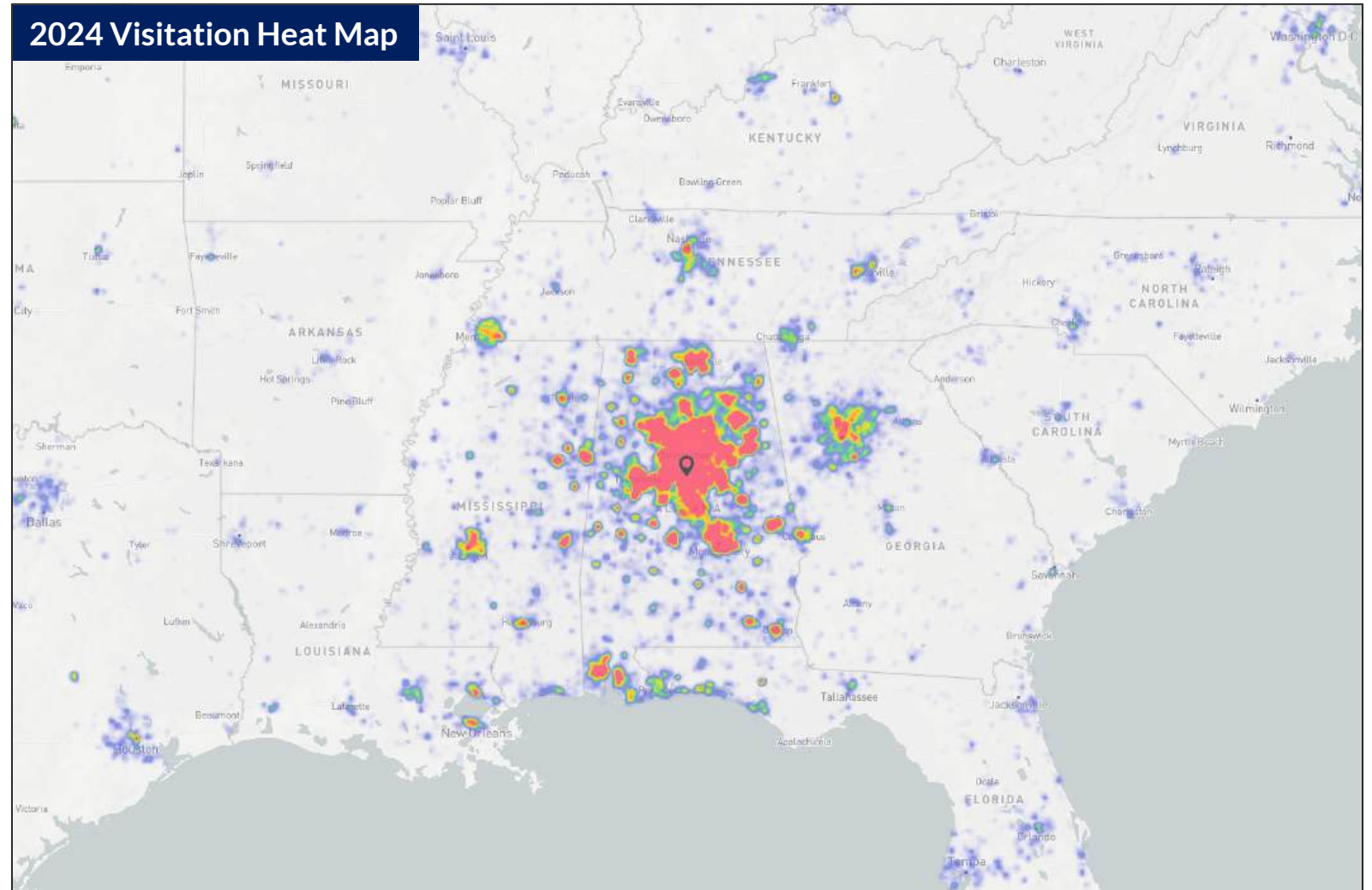
- Visits to the Galleria have decreased at each hour of the day and each day of the week since 2017.
- Average visit duration has shrunk from 93 minutes in 2017 to 84 minutes in 2024, which demonstrates shoppers' lessened desire to stay and enjoy additional shops or restaurants.
- The visit duration category with the largest drop has been "visits over 150 minutes". The loss of an anchor tenant like Sears and the overall lack of entertainment and experience-based retail prevent visitors from coming in-person and staying longer.



Riverchase Galleria Trade Area

Key Takeaways:

- Riverchase Galleria is a powerful local destination. It attracts an immense number of visits from the Birmingham metropolitan area.
- Outside of Birmingham, the Galleria has a significant audience in other major Alabama cities including Tuscaloosa, Huntsville, Montgomery, and Mobile.
- The accessibility and major highway connection allows for a continued regional draw, creating an ease of access for visitors.
- While the Galleria's visitation is not largely comprised of long-distance visitors, it is a popular shopping destination for residents of Southeastern cities such as Memphis, Jackson, Nashville, and Atlanta.



Riverchase Galleria Sales Tax Generation

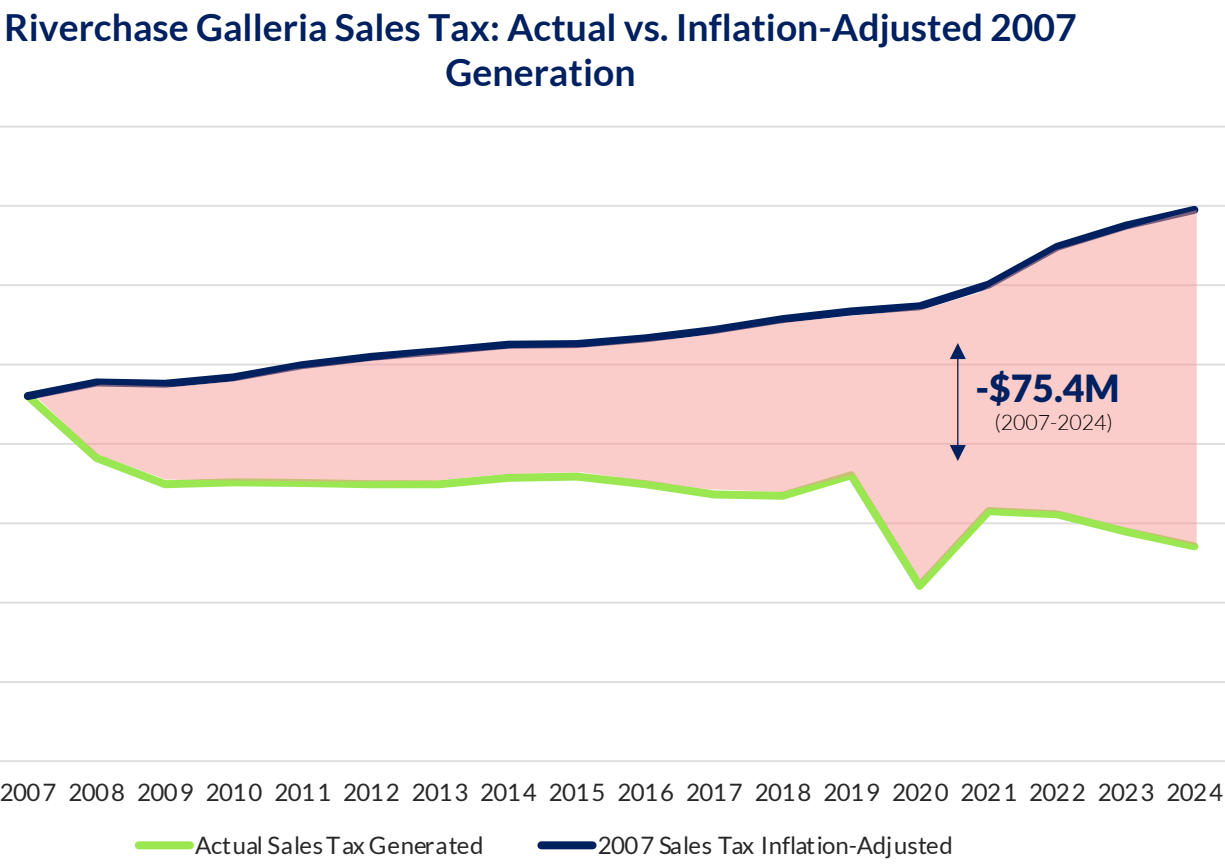
Approximate real sales tax loss due to decline in mall demand (2007-2024):

-\$75.4M

Sales tax generated by the enclosed Riverchase Galleria mall has declined from about \$9.2 million in 2007 to about \$5.4 million in 2024, which is a drop of 41 percent. When adjusted for inflation, this decline is 61 percent.

This decline in mall demand stems from the rise of online shopping, as well as weakened quality, perception, and tenant mix at the mall.

The 2007-2024 delta between actual sales tax generated and sales tax generation if 2007 benchmark continued pace with inflation is a loss of about \$75.4 million. In 2024, this delta totaled about \$8.5 million. These figure, which will continue to grow annually, represent the opportunity cost of not redeveloping the Riverchase Galleria site.



Site Analysis



Site Overview

The Galleria is located directly next to I-459 and Route 31, allowing for immense visibility and convenient access.

The main Riverchase Galleria structure is surrounded by a ring road called “Galleria Circle,” which hosts 18 standalone restaurants and retail assets including Costco and The Home Depot.

Located west of the Galleria, Patton Creek Shopping Center is headlined by Dick’s Sporting Goods, World Market, and an AMC Theater, making it a retail destination in its own right for the local community.



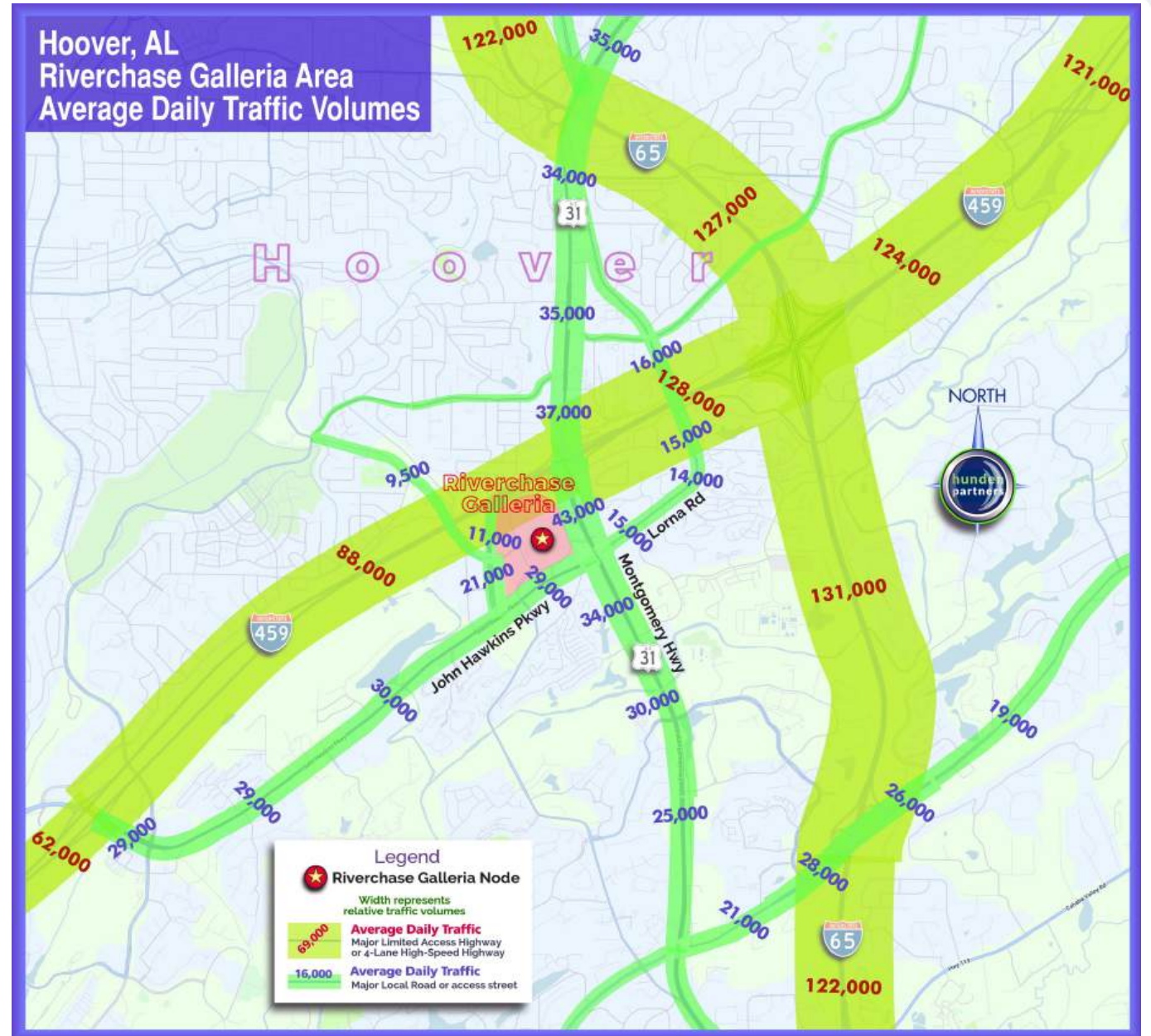
Site Traffic Counts

Riverchase Galleria is strategically located at the intersection of Interstate 459 and U.S. Highway 31, two of the most heavily traveled thoroughways in the Birmingham-Hoover metropolitan area.

Less than two miles northeast of the property, I-459 intersects with I-65 — a major regional connector that sees an average daily traffic volume of approximately 130,000 vehicles. These highways serve as critical access points for the Birmingham MSA and the broader Central Alabama region, significantly enhancing the property's regional draw.

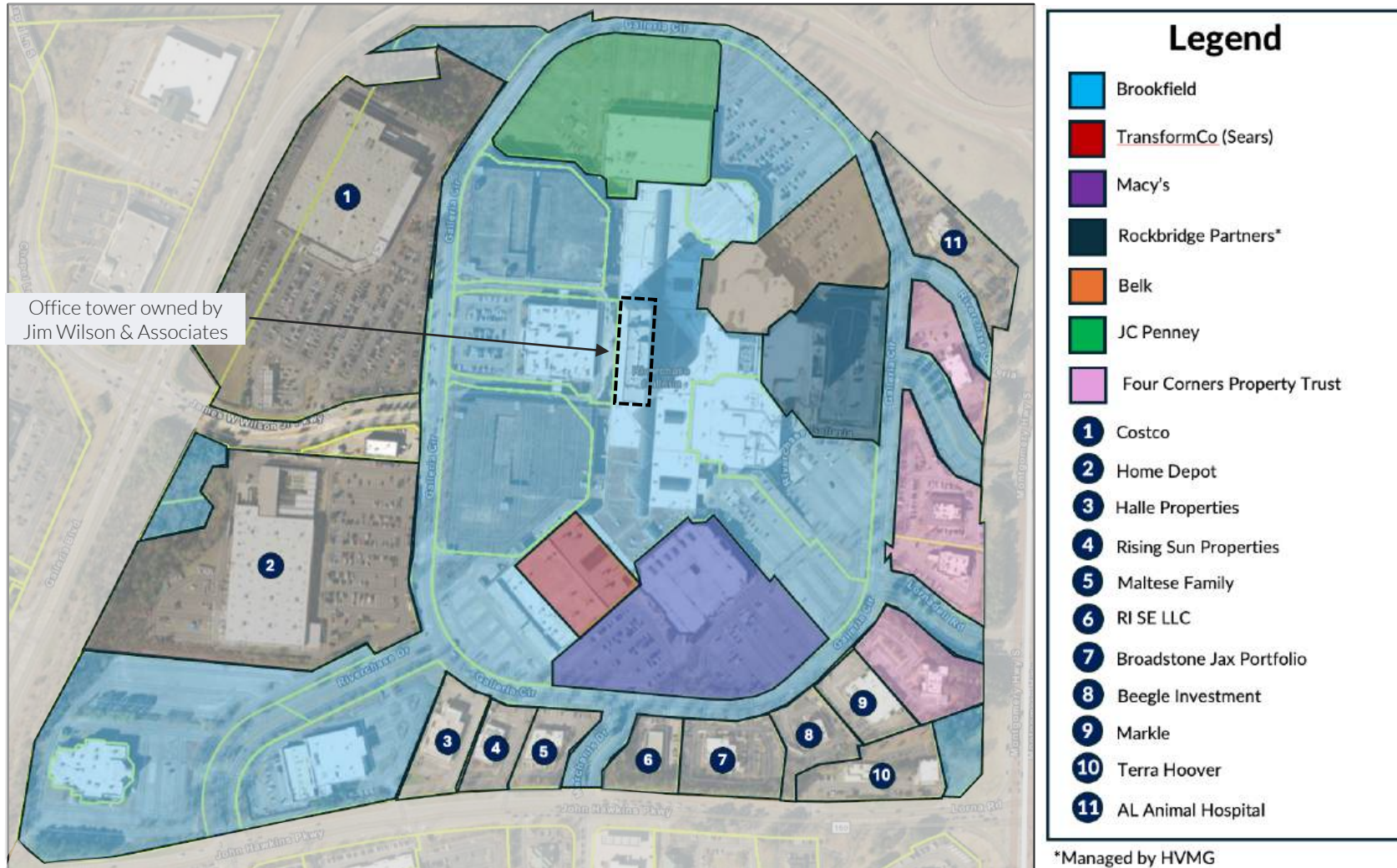
Immediately surrounding Riverchase Galleria, U.S. Highway 31, which runs north-south adjacent to the property, carries an average of 43,000 vehicles per day. To the south, John Hawkins Parkway, another highly traveled thruway, has approximately 29,000 vehicles per day.

The mall's strong accessibility provides a major strategic advantage. High exposure to these heavily-trafficked roadways not only provides convenient access for the local demographic but also captures a steady stream of out-of-town visitors. Constant visibility from major highways increases the likelihood that travelers along these thoroughfares will choose Riverchase Galleria over smaller, less visible retail centers.



Site Ownership Map

The following color-coded map indicates the respective owners of each parcel on the Riverchase Galleria site.



Brookfield Properties

- Primary owner of the enclosed mall.
- One of the world's largest real estate investment firms and among the top U.S. mall owners, with more than 100 shopping centers.

TransformCo

- Owner of the former Sears box.
- Formed in 2019 by Eddie Lampert, the former CEO of Sears, to acquire Sears and Kmart out of bankruptcy and retain their real estate holdings.

Macy's

- Owner of the operating Macy's box and surrounding surface parking lots.
- Has anchored Riverchase Galleria since 2005.

Site Advantages & Constraints

Riverchase Galleria is located on a vast swath of land in one of the most accessible locations in the Birmingham metro area. The existing structure is both an advantage and challenge, providing ample parking and a mix of uses, but also an outdated design with too much retail space.

Advantages



**Abundance of
Parking**



Mixed-Use Complex



**Strong Highway
Accessibility**



**Robust Adjacent
Retail**



Vast Site

Constraints



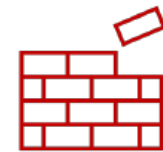
**Outdated & Aged
Structure**



**Inefficient
Volume of Indoor
Retail**



**Minimal Outdoor
Walkability**



**Expansive Existing
Operational
Buildings**

Economic, Demographic, and Tourism Analysis

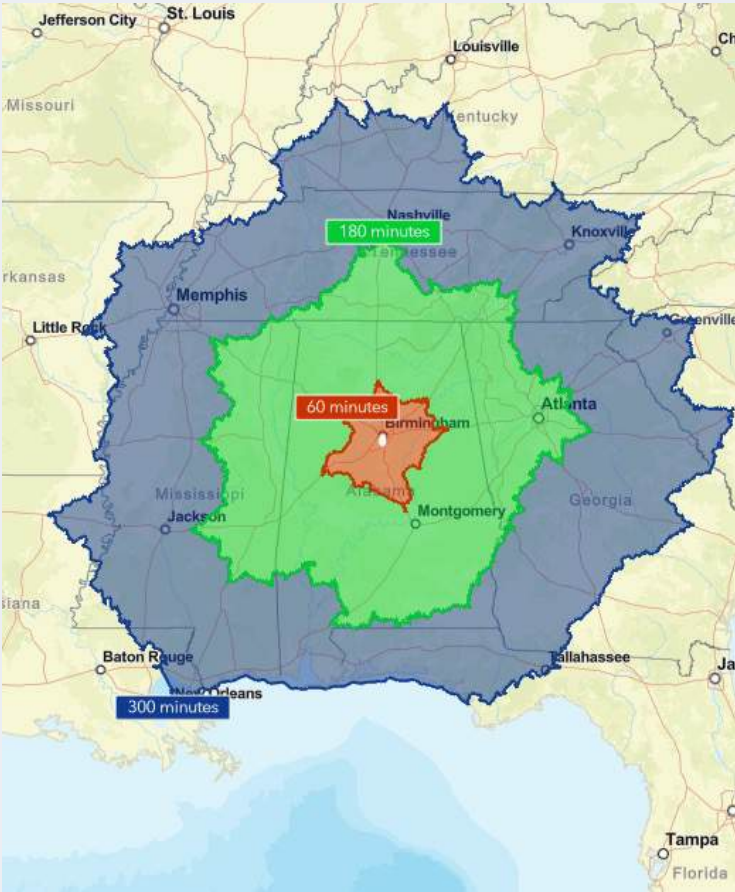


Regional Drive Time

The regional drive-time map to the right illustrates the drivable markets within a 1-hour, 3-hour, and 5-hour drive of Hoover, Alabama.

Within a one-hour drive, Hoover reaches a population of approximately 1.4 million people, encompassing the entire Birmingham MSA.

Expanding to a three-hour drive, the population rises to 12.7 million, capturing major markets such as Montgomery and Atlanta, Georgia. While this broader market is more affluent, Riverchase Galleria primarily competes with other regional malls in these markets to attract visitors. This competitive landscape highlights both the opportunity to tap into a consumer base with higher disposable incomes and the need for differentiated offerings, strong marketing strategies, and an attractive visitor experience to drive regional traffic.



Source: ESRI

Drive-time population

The three-hour drive reaches the major market of Atlanta, while a five-hour drive extends to Memphis, Nashville, Jackson, and New Orleans.



Estimated drive-time statistics from Hoover, AL (2024)

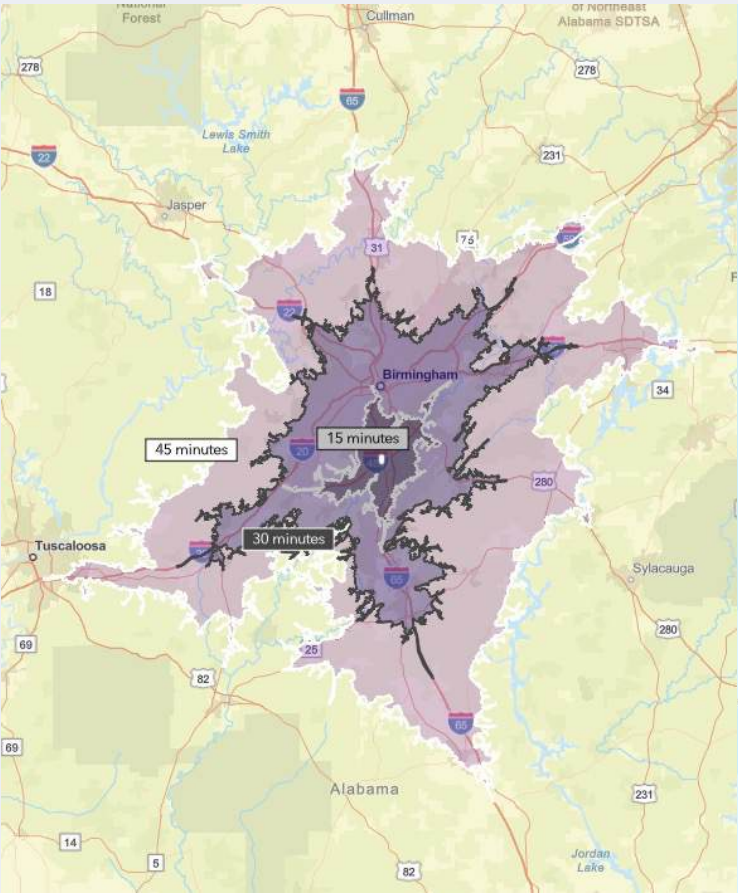
	1-Hour	3-Hour	5-Hour
Population	1,480,974	12,748,342	29,024,300
Households	585,973	4,955,413	11,379,817
Median household income	\$67,916	\$75,243	\$68,961
Median home value	\$264,664	\$300,581	\$282,802
Median age	38.6	38.6	39.1

Local Accessibility

The local drive-time data identifies three different customer segments for Riverchase Galleria based on drive times to the subject property.

Within a 15-minute drive of the mall, the surrounding area features a slightly more affluent and younger demographic, with a median household income exceeding \$90,000. This concentration of higher-income, younger residents presents a strong opportunity to expand entertainment and dining offerings, as households in the city of Hoover tend to have greater disposable income.

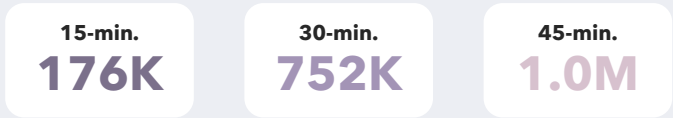
As drive times extend beyond the immediate area, the population base increases significantly, encompassing the broader Birmingham MSA. However, this growth is accompanied by a strong decline in median household income, which suggests a shift in spending power among potential visitors further from the mall.



Source: ESRI

Drive-time population

A 15-minute drive reaches Hoover and parts of Birmingham, while a 30-minute drive extends to the entire Birmingham MSA.



Estimated drive-time statistics from Riverchase Galleria Mall (2024)

	15-min.	30-min.	45-min.
Population	176,472	752,406	1,037,246
Households	73,578	304,337	411,753
Median household income	\$91,806	\$72,773	\$72,662
Median home value	\$386,975	\$310,175	\$287,861
Median age	37.3	38.6	39.0

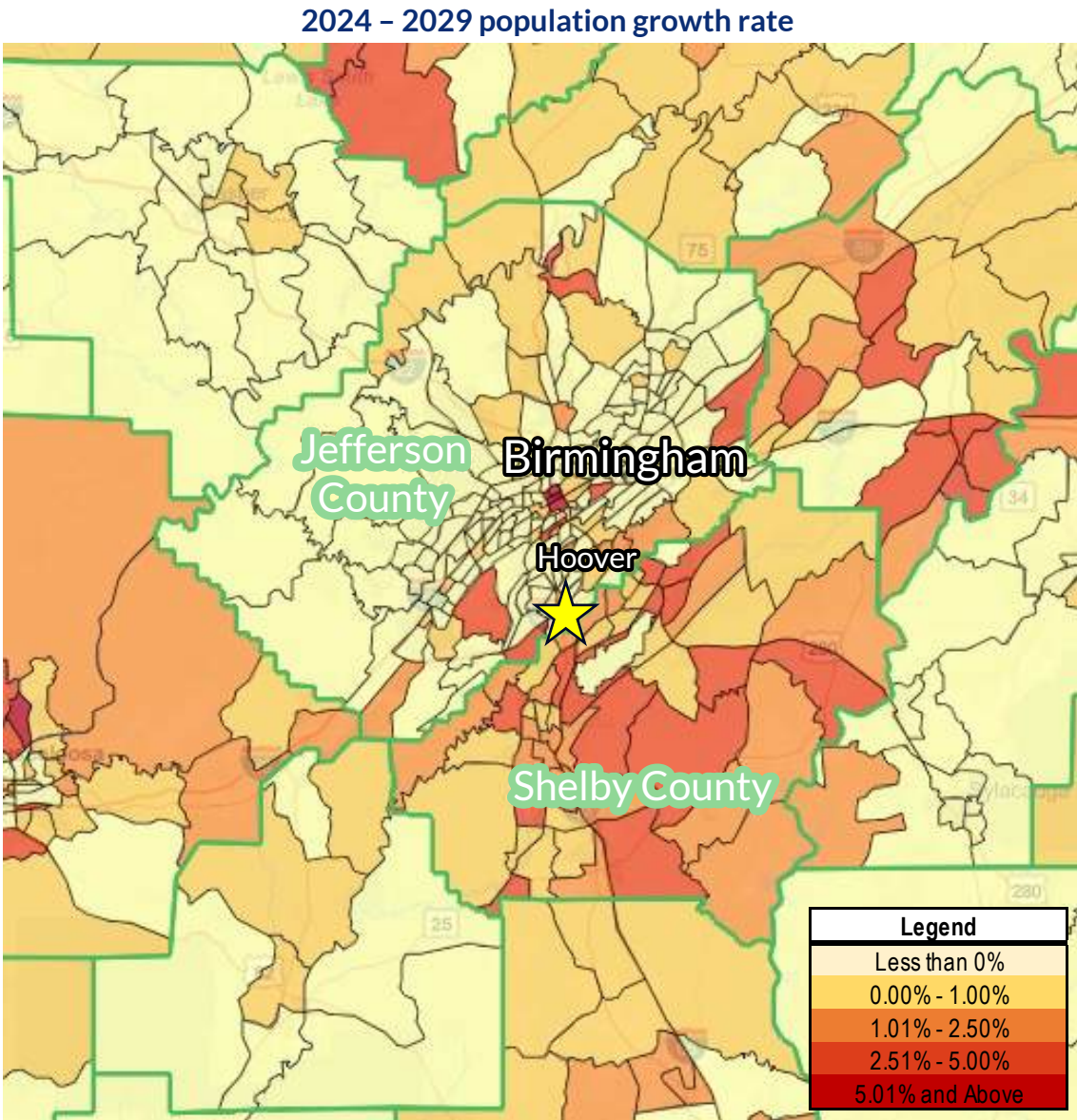
Population Growth Trends

Since 2010, the city of Hoover has seen robust population growth of 15.7 percent, representing its strong demographic momentum. Shelby County has experienced even greater growth at 20.7 percent over the same period, with its population projected to approach 250,000 by 2029 — adding more than 10,000 new residents between 2024 and 2029.

In contrast, minimal growth has occurred in Jefferson County since 2010 and is expected to experience a population decline through 2029. While Jefferson County has a larger overall population, the Riverchase Galleria Mall serves both counties, strategically located on the border while mainly benefitting from the continued expansion in Shelby County.

Population and Growth Rates					
	2010	2020	2024	2029 Projected	Percent Change 2010 - 2024
United States	308,745,538	331,449,281	338,440,954	344,873,411	9.6%
Alabama	4,779,736	5,024,279	5,133,182	5,212,281	7.4%
Birmingham MSA	1,128,047	1,180,631	1,195,462	1,207,628	6.0%
Jefferson County	658,853	674,721	673,141	672,223	2.2%
Shelby County	194,955	223,024	235,326	245,604	20.7%
City of Hoover	80,135	92,650	92,747	93,294	15.7%

Source: U.S. Census Bureau

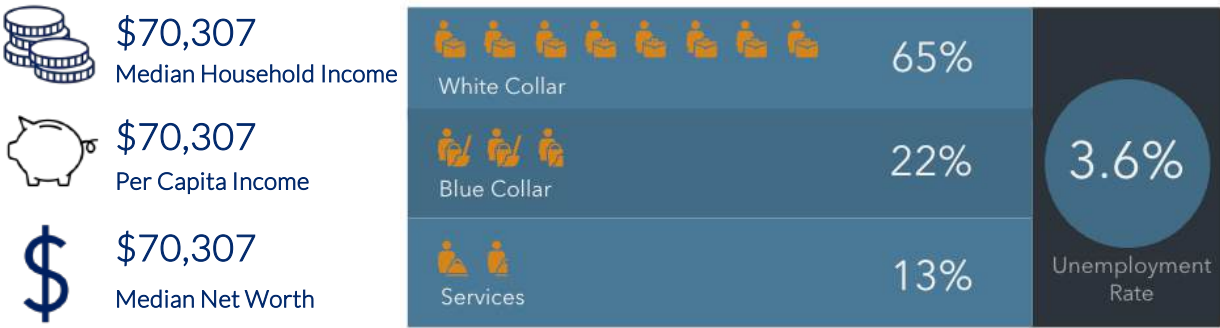


Income Trends

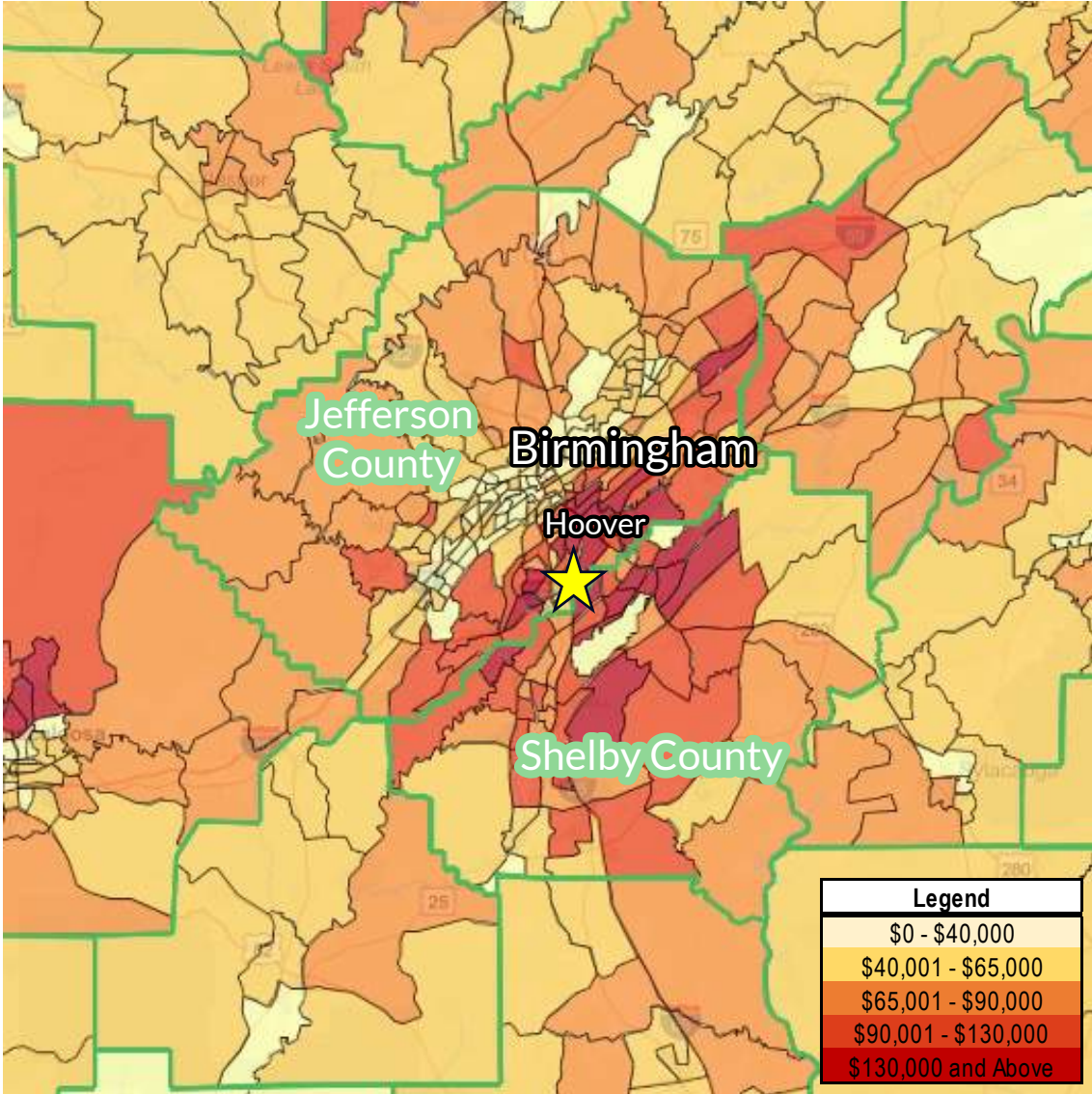
Hoover stands out within the Birmingham metropolitan market as one of the most affluent suburbs of the city as it boasts significantly higher median household incomes. With a majority of census blocks' incomes exceeding \$130,000, Hoover's residents earn well above the Birmingham MSA average, reflecting the area's more prosperous and professional population. This economic advantage translates into greater disposable income, making Hoover an attractive market for premium retail, dining, and entertainment offerings.

The Birmingham MSA boasts an unemployment rate of 3.6 percent, slightly outperforming the national average of 4.2 percent. The local job market is largely dominated by white-collar employment, with 65 percent of all jobs classified within professional, managerial, and administrative sectors.

Birmingham, AL MSA Income & Employment:



2024 median household income



Economic Landscape

The Birmingham, Alabama MSA currently employs approximately 589,000 people, reflecting growth of more than 16,000 jobs over the past five years. Employment is projected to expand by an additional 13,000 jobs over the next five years.

The University of Alabama at Birmingham serves as the region’s primary economic driver, supported by a strong pipeline of graduates and its renowned medical divisions. Key industries driving the local economy include healthcare and medical services, financial services, and the energy sector.

Hoover, AL Major Colleges and Universities
(within 20 Miles of Project Site)

Institution	Enrollment
University of Alabama at Birmingham (UAB)	21,160
Samford University	5,791
Miles College	1,151
Herzing University–Birmingham	448
Total	28,550

Source: National Center for Education Statistics

2020
Total MSA
employment

573K

2025
Total MSA
employment

589K

2030
Total MSA
employment

602K

2.9% Increase

2.3% Increase

Birmingham, AL MSA major employers with 1,500+ employees



Source: Lightcast

Tourism & Attractions

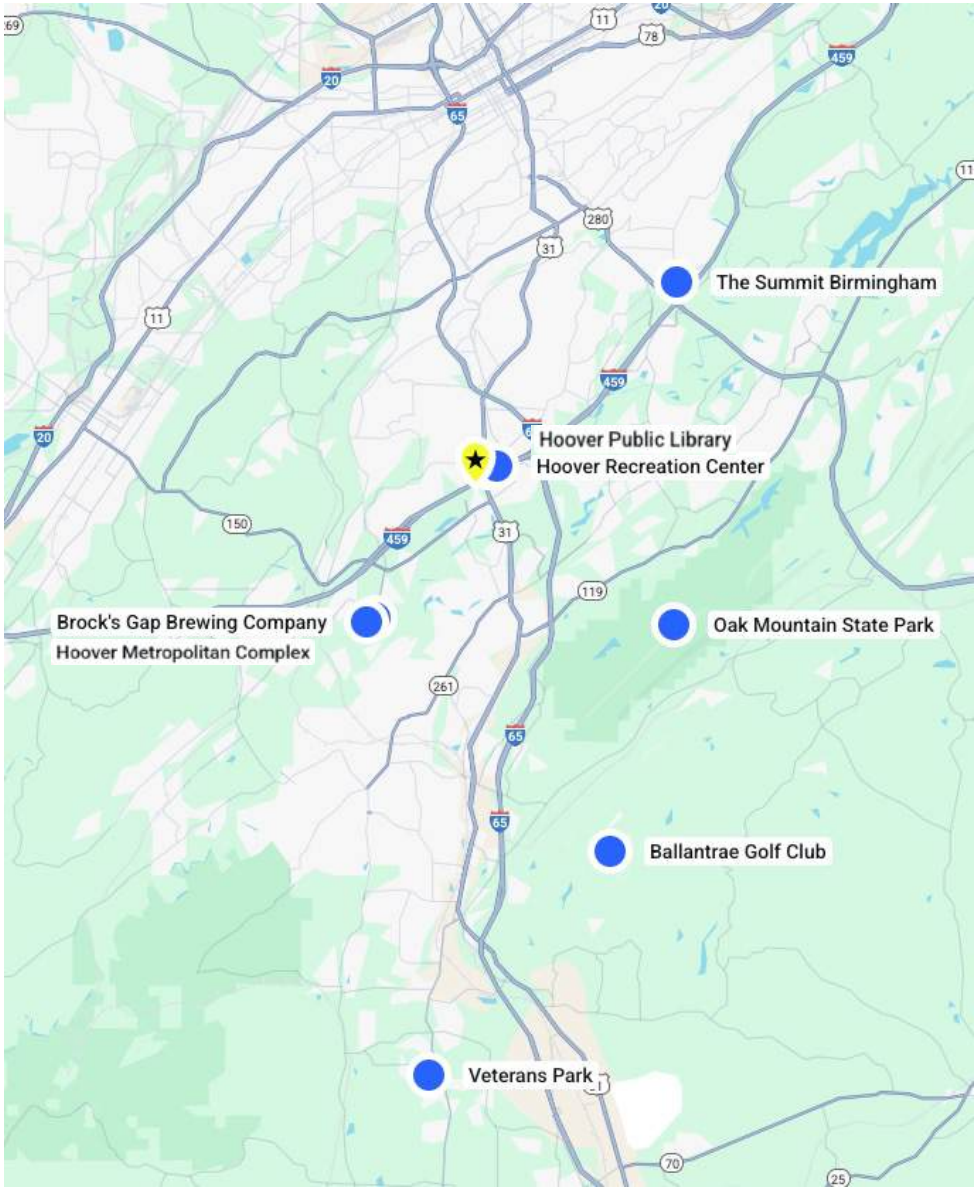
Riverchase Galleria (starred in the adjacent map) is the second-most visited attraction in Hoover and the surrounding southern suburbs of Birmingham, drawing approximately 4.2 million visits in 2024 and capturing around 1.2 million unique visitors. The mall's visitation and visit frequency lag that of The Summit Birmingham, its most direct regional competitor.

Other major attractions in or near Hoover include the Hoover Metropolitan Complex, one of Alabama's premier regional sports facilities, and Oak Mountain State Park, one of the state's most popular parks. Oak Mountain offers a wide range of outdoor activities, including hiking, biking, golf, and lake recreation, as it attracts a large number of local, regional, and state-wide visitors.

Most Visited Attractions (Birmingham's Southern Suburbs) - 2024					
Rank	Name	2024 Visits	2024 Visitors	Visit Frequency	Type of Attraction
1	The Summit Birmingham	8,900,000	1,800,000	4.9	Shopping Mall
2	Riverchase Galleria	4,200,000	1,200,000	3.5	Shopping Mall
2	Hoover Metropolitan Complex	1,500,000	508,800	2.9	Sports Complex
3	Oak Mountain State Park	702,800	291,600	2.4	State Park
4	Veterans Park	290,600	94,700	3.1	Park
5	Hoover Public Library	222,600	58,600	3.8	Library
6	Hoover Recreation Center	166,500	12,500	13.3	Recreation Center
8	Brock's Gap Brewing Company	84,700	48,700	1.7	Brewery
9	Ballantrae Golf Club	62,600	19,300	3.2	Golf Course

Source: Placer.ai

Visitation numbers are estimates based off of geo-fencing data



Note: Riverchase Galleria visitation figure does NOT include ring road businesses such as The Home Depot and Costco.

Market Context Analysis Implications

Current Position in the Market

Riverchase Galleria has experienced a significant decline in visitation since 2017, driven largely by macroeconomic factors such as the growth of e-commerce and the impacts of Covid-19. However, the property's strong historical performance prior to these disruptions highlights a compelling opportunity as it is well-positioned to recapture higher visitation levels and drive long-term value creation.

Strong Regional & Local Accessibility

In addition to its centrality within the state of Alabama, Riverchase Galleria is strategically positioned at the intersection of I-459 and U.S. Highway 31, offering premier accessibility, high visibility, and strong daily traffic. Surrounded by major retailers and entertainment venues, the property is well-positioned to attract consistent foot traffic, high-performing tenants, and sustained regional demand.

Positive Indicators for Redevelopment Opportunities

The most affluent communities in the Birmingham MSA are located in close proximity to Riverchase Galleria. In addition to their advantageous location, these communities are among the fastest-growing areas in the MSA, with strong growth projected over the next five years. These present strong indicators toward redevelopment which will be further opined with the market assessment.



Mixed-Use Market Analysis



Complementary District Offerings

Many of the top districts create a density of retail, restaurant, entertainment, multifamily, office, and hotel offerings adjacent to major demand inducing assets such as arenas, stadiums, or convention centers in order to create a critical mass of people 24/7.

The top entertainment districts across the country infuse a variety of elements that synergize to draw in both locals and visitors. This is executed in many ways. Many times, there is a “hero and halo” effect, where a central demand driver such as an arena, stadium, or convention center and then surrounding supportive uses facilitate 24/7 activity.

The best districts implement the following:

- Recreational biking and fitness trails that run near the development and connect with a looping path to it, linking ample lushly-landscaped public green spaces, nooks, playground, and festival plazas
- Vehicular through-streets that allow cars to drive through the development for better visibility and access, just as a village “main street” is a commuting crossroads
- Street grid extends outward to other community uses, particularly residential neighborhoods and existing street network for a seamless, walkable, and urban transition
- All-year programmed events that cater to all age groups and create a true community civic space, often in a central park of green space and inside food hall buildings for use during all seasons
- Wide shady sidewalks and various levels of pedestrian platforms and bridges that create unique restaurant seating areas, allowing for vertical visual variety and scenic vistas

Recipe for Successful Mixed-Use Districts

- Authenticity – Good Design Matters
- 16-Hour Day Visitation – Consistent Vehicle and Foot Traffic
- Tenant Mix
- Strong Anchor(s) that Drive Consistent Activity
- Programming & Events – Non-Event/Non-Peak Activity
- Scalability – Accommodates Thousands but Does Not Feel Empty with Hundreds
- Public Gathering Spaces



Community Plazas & Green Space

Outdoor plazas and green space serve as strong complementary community assets within mixed-use districts, allowing for community programming opportunities and the ability to create a greater sense of livability in an area. Additionally, these concepts contribute to the appeal of a “live, work, play” environment. Modern mixed-use districts, which emphasize walkability and pedestrian-friendly layouts, have consistently incorporated this concept to provide designated gathering places for visitors.



Community Gathering Space

Farmers Markets & Festivals

Local Concerts & Events

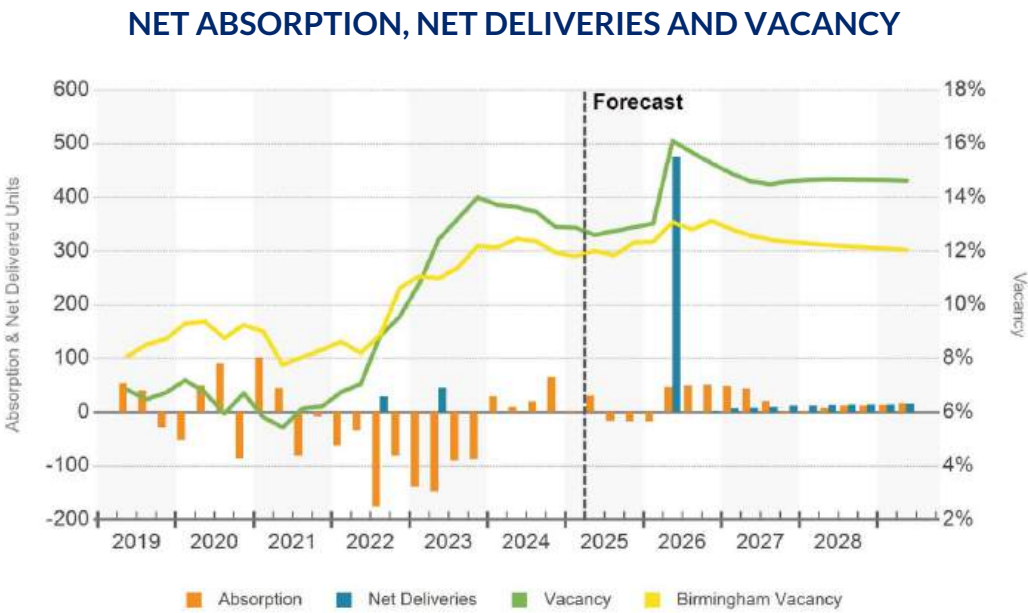
Residential Market Analysis



Hoover Multifamily Market Summary

Hunden’s key takeaways from the multifamily market are as follows:

- The submarket is dominated by aging, garden-style apartment complexes built before 1990. Hoover lacks upscale multifamily developments seen in Downtown Birmingham and other suburban corridors, presenting an opportunity to capture unmet suburban demand.
- Although improving, the vacancy rate is elevated at 12.6 percent, reflecting risk from prior oversupply and slow leasing at older properties.
- The selected competitive set averages asking rents of \$1,886 per unit and \$2.12 per square foot, which shows the region can support premium multifamily pricing, especially in well-located, high-quality projects.
- There is demand for higher quality multifamily product despite vacancies in the market because of the contrast with existing supply. Hunden recommends a phased approach for new multifamily product for the Project, optimizing green space and walkability to achieve higher rents and absorption compared to the market averages.



Hoover Submarket				
12-MONTH KEY MARKET INDICATORS	Average Rent	Absorption	Vacancy	Rent Growth
	\$1,232	119 Units	12.6%	1.8%
DEVELOPMENT PIPELINE	Annual Average	Delivered Past 2 Yrs.	Delivered Next 2 Yrs.	Proposed Next 2 Yrs.
	28 Units	45 Units	475 Units	0 Units

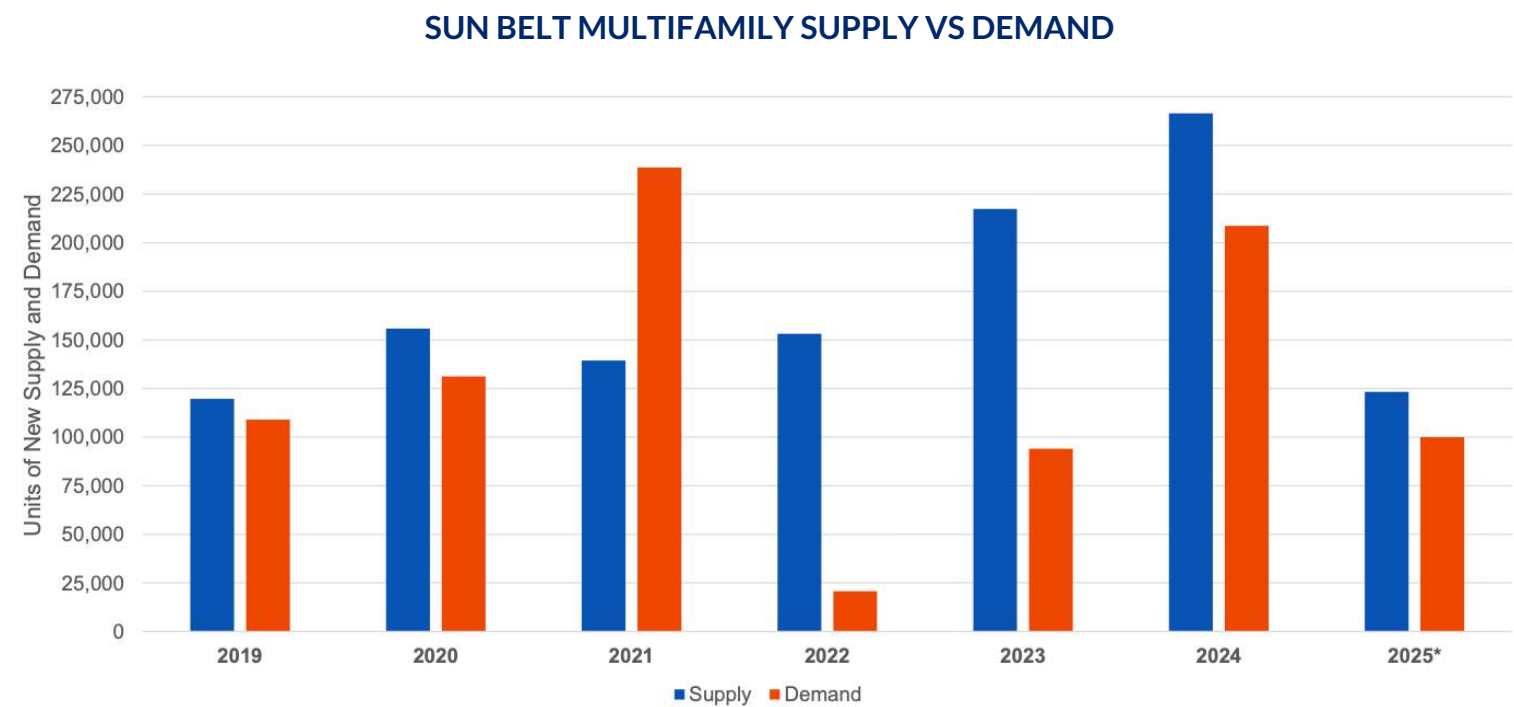
Source: CoStar

Sun Belt Construction Boom

Using aggregate demand and supply data from 19 major Sun Belt markets, we can visualize the substantial wave of new supply delivered in 2022, 2023, and 2024 in response to a sharp demand surge in 2021, partially driven by the pandemic.

As demand drastically dropped in 2022 and 2023, this **new supply was absorbed slower than anticipated, resulting in elevated vacancy and slowed rent growth across the region.**

Although new supply is expected to cool considerably in 2025, it will still outpace demand for the fourth consecutive year.



Source: CoStar

Birmingham MSA Multifamily Market

DEMAND OUTPACES AVERAGES BUT NOT SUPPLY

The market absorbed 910 units over the past 12 months, well above its ten-year average of 570 units. But with 2,300 units under construction, supply continues to outpace demand, keeping overall vacancy elevated at 11.8 percent.

RENT GROWTH HAS COOLED

Year-over-year rent growth is just 0.4 percent, but it has been consistently positive since mid-2024. This incline is well below inflation and national benchmarks.

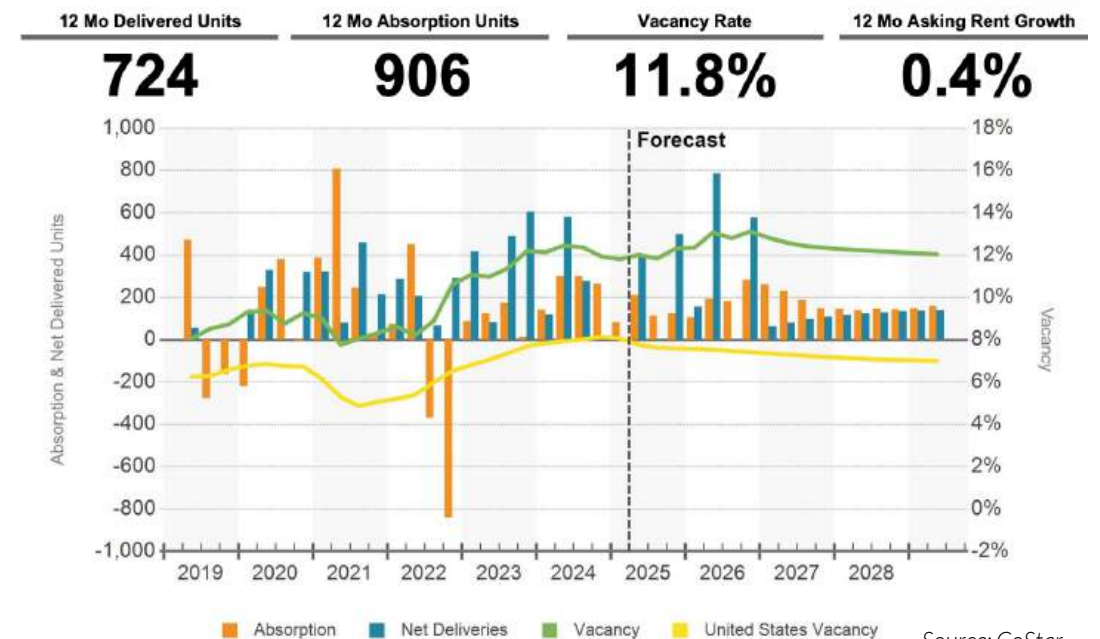
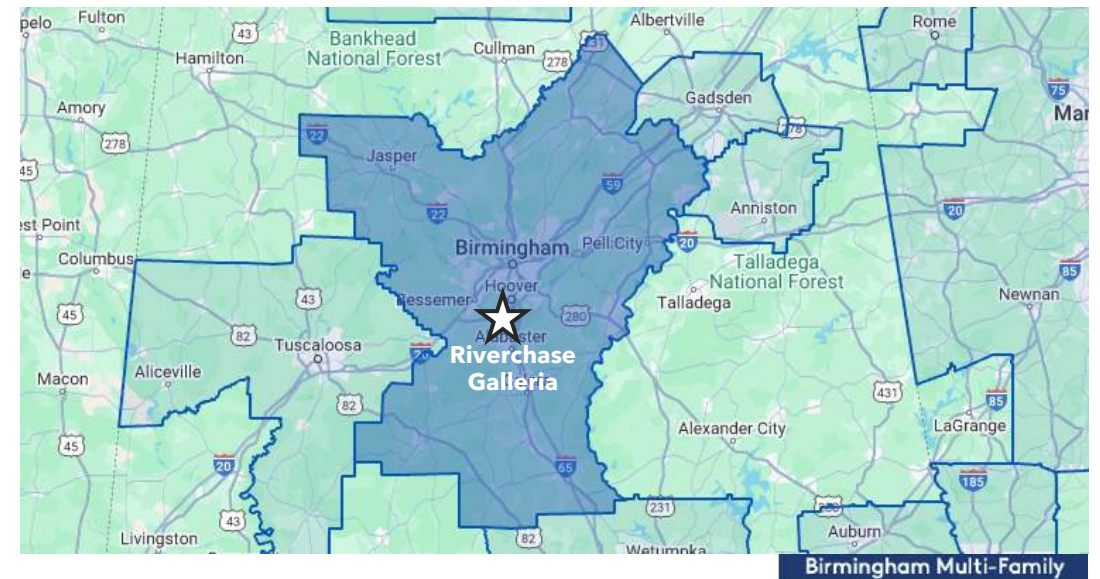
AFFORDABILITY SUPPORT BROADER DEMAND

With average asking rents at \$1,260 per month, more than \$400 below the national average, Birmingham remains a value market. This pricing advantage continues to attract renters priced out of higher-cost Southeastern metros.

URBAN DESIRABILITY

In recent years, younger renters in Birmingham have shown a clear preference for walkable, amenity-rich neighborhoods, particularly Downtown. This has driven much of new development to cluster in the urban core, while older suburban properties have had slower demand and rising vacancy.

COSTAR SUBMARKET GEOGRAPHY



Source: CoStar

Hoover Multifamily Submarket

DEMAND HAS REBOUNDED

After ten consecutive quarters of negative absorption, the submarket saw a turnaround with 120 units absorbed over the past year, well above the ten-year average of negative 48 units, signaling renewed renter interest in this traditionally stable area. Negative absorption was likely driven by significant new regional supply, which increased competition for tenants.

VACANCY REMAINS ELEVATED

Although improving, the vacancy rate is still high at 12.6 percent, reflecting lingering risk from prior oversupply and slow leasing at older properties, especially in the three-star segment where vacancy exceeds 15 percent.

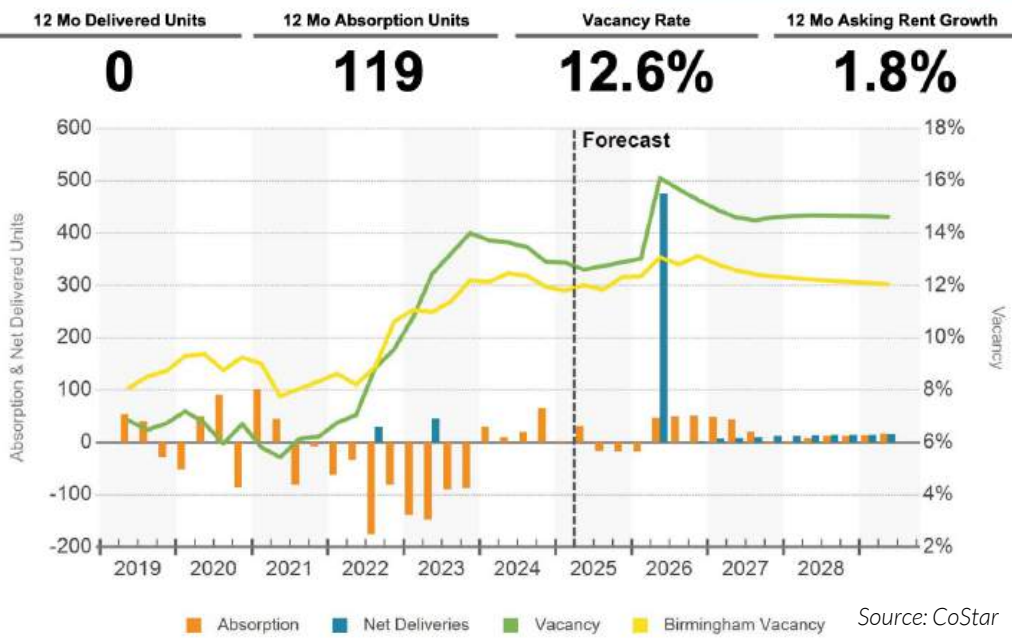
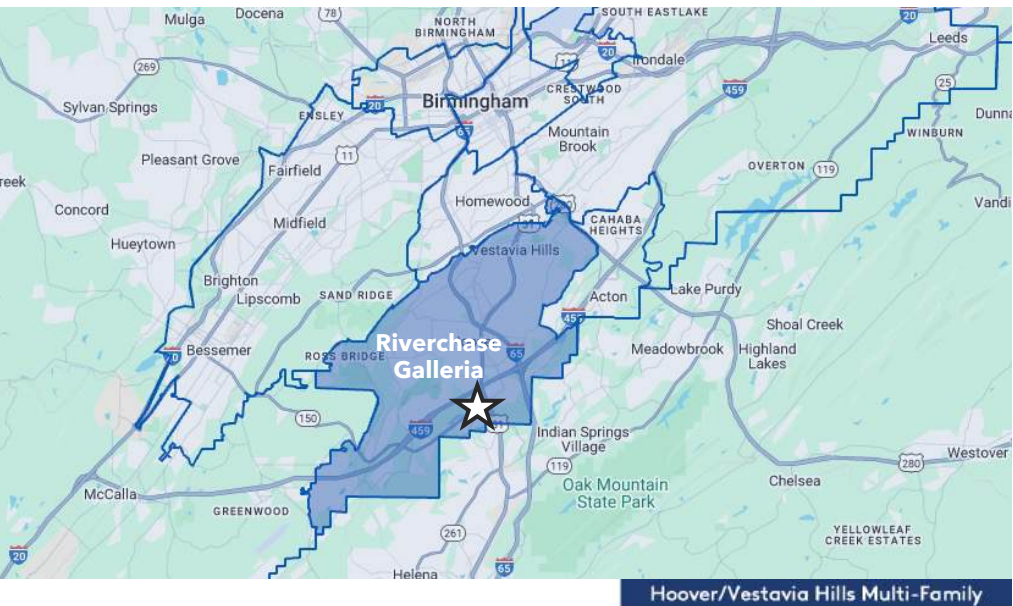
RENT GROWTH HAS SLOWED

Rents rose only 1.8 percent year-over-year, a sharp drop from the historical average of 4.2 percent, showing that landlords are hesitant to raise prices amid continued elevated vacancy and cautious renter behavior.

AGING SUPPLY

The submarket is dominated by aging, garden-style apartment complexes, many of which are two- to three-star properties built before 1990. With limited new development over the past decade, much of the existing stock struggles to meet modern renter expectations.

COSTAR SUBMARKET GEOGRAPHY



Multifamily Competitive Set Performance

Hunden’s key takeaways from the competitive set:

- Average asking rents of \$1,886 per unit and \$2.12 per square foot show the region can support premium multifamily pricing, especially in well-located, high-quality projects.
- Newer properties are achieving strong rents despite a slow lease-up, suggesting solid long-term demand.
- Hoover lacks large, upscale multifamily developments seen in Downtown Birmingham and other suburban corridors, presenting an opportunity to capture unmet suburban demand.
- Projects near green space and retail command higher rents, indicating future Hoover developments should prioritize walkability and amenity access.



Inkwell on Grandview

Multifamily Competitive Set								
#	Name	City	Year Built	Units	Class	Vacancy	Av. Asking Rate/Unit	Av. Asking Rent/SF
1	The Palmer Parkside	Birmingham	2021	228	A	4.4%	\$2,053	\$2.45
2	Denham	Birmingham	2020	59	A	6.8%	\$1,930	\$2.06
3	Pizitz Apts	Birmingham	2016	143	A	5.6%	\$1,848	\$2.24
4	20 Midtown Apts	Birmingham	2016	436	A	7.2%	\$1,788	\$2.19
5	Cortland Vesta	Birmingham	2020	318	A	9.1%	\$1,738	\$2.09
6	Flats on Fourth	Birmingham	2017	86	A	2.4%	\$1,641	\$2.10
7	Tributary Rise	Birmingham	2022	286	A	8.8%	\$2,139	\$2.26
8	4700 Colonnade	Birmingham	2015	215	A	7.0%	\$1,796	\$1.67
9	Vestavia Reserve	Vestavia	2016	272	A	5.9%	\$1,976	\$1.81
10	Artisan Flats	Birmingham	2024	120	A	*	\$1,733	\$2.44
11	Inkwell on Grandview	Birmingham	2023	274	A	*	\$2,106	\$1.97
Averages		--	2019	222	A	6.4%	\$1,886	\$2.12

*Excluded due to ongoing lease-up

Source: CoStar

Multifamily Style & Target Market

Hoover has a substantial supply of garden-style apartments built in the 1970s – 1990s. While many have undergone renovations, some complexes neglect to maintain proper maintenance. Due to the large size, enhanced privacy, and affordability of these buildings, they are attractive options for families and seniors.

In contrast, typical wrapped- or podium-style complexes frequently include first floor retail space, modern amenities such as coworking space, lounges, fitness centers, and pools, and three to four stories of residential units. **There are no complexes of this style in Hoover.**

Units are typically studios, 1-bedroom, and 2-bedrooms, which attracts young professionals ages 24-35.

Typical Garden-Style Apartment Complex in Hoover
(Hills at Hoover)



Typical Wrapped- or Podium-Style Apartment Complex
(Artisan Flats)



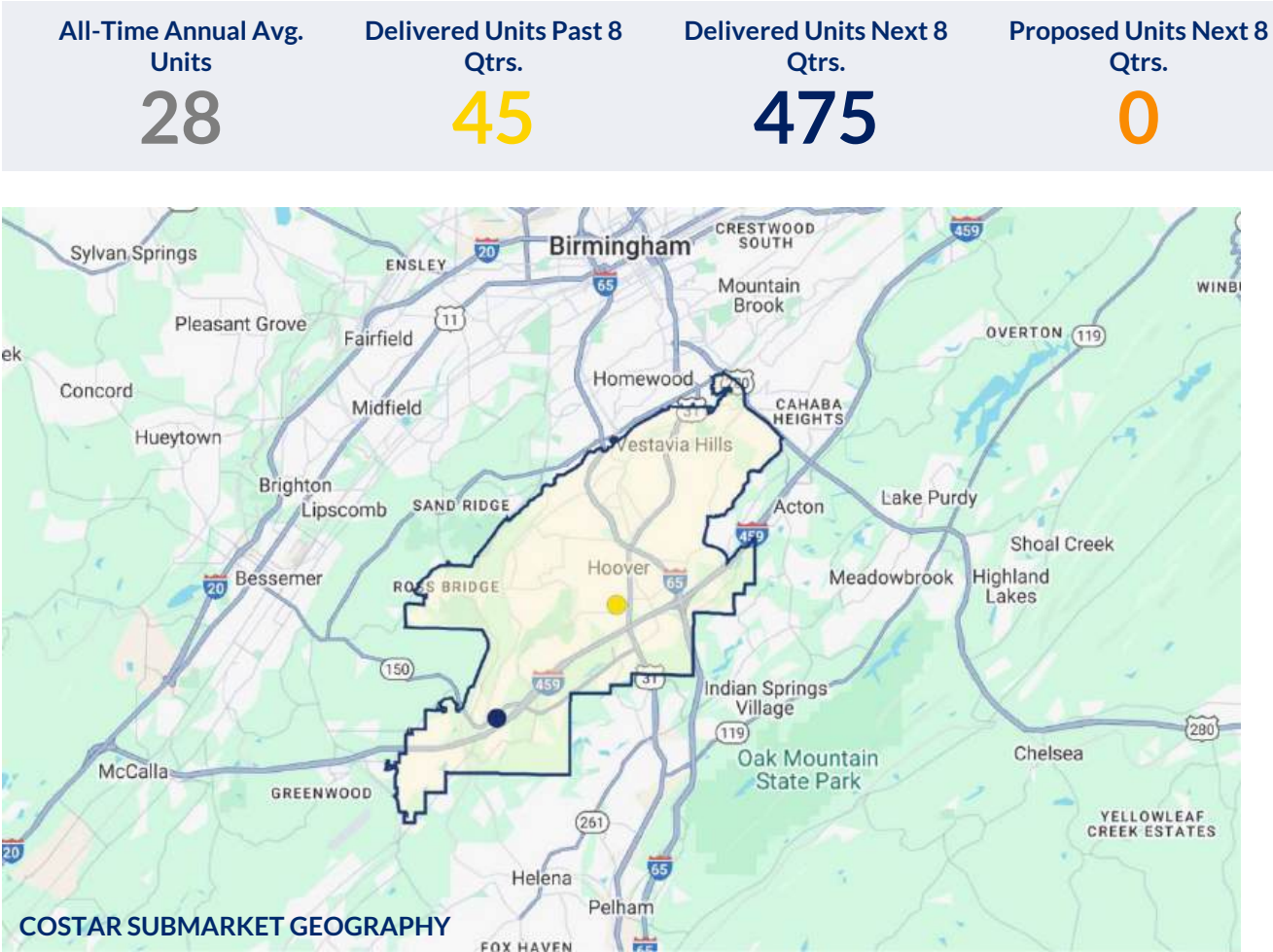
Hoover Development Pipeline

COLINA HILLSIDE CONSTRUCTION

While all-time average and recent deliveries have been minimal, the 475-unit Colina Hillside project now under construction marks a major reentry of large-scale development, set to deliver by 2026 and attract renters. While not located within the city of Hoover, Colina Hillside is within unincorporated Jefferson County and the Hoover submarket.

SUBMARKET VS. METROPOLITAN AREA MARKET

In the aggregate Birmingham market, there are approximately 2,300 units under construction. The pipeline has declined from a recent peak of 3,100 units. With fewer new starts, the market could regain balance by 2026, helping ease vacancy and support higher rent increases ahead.



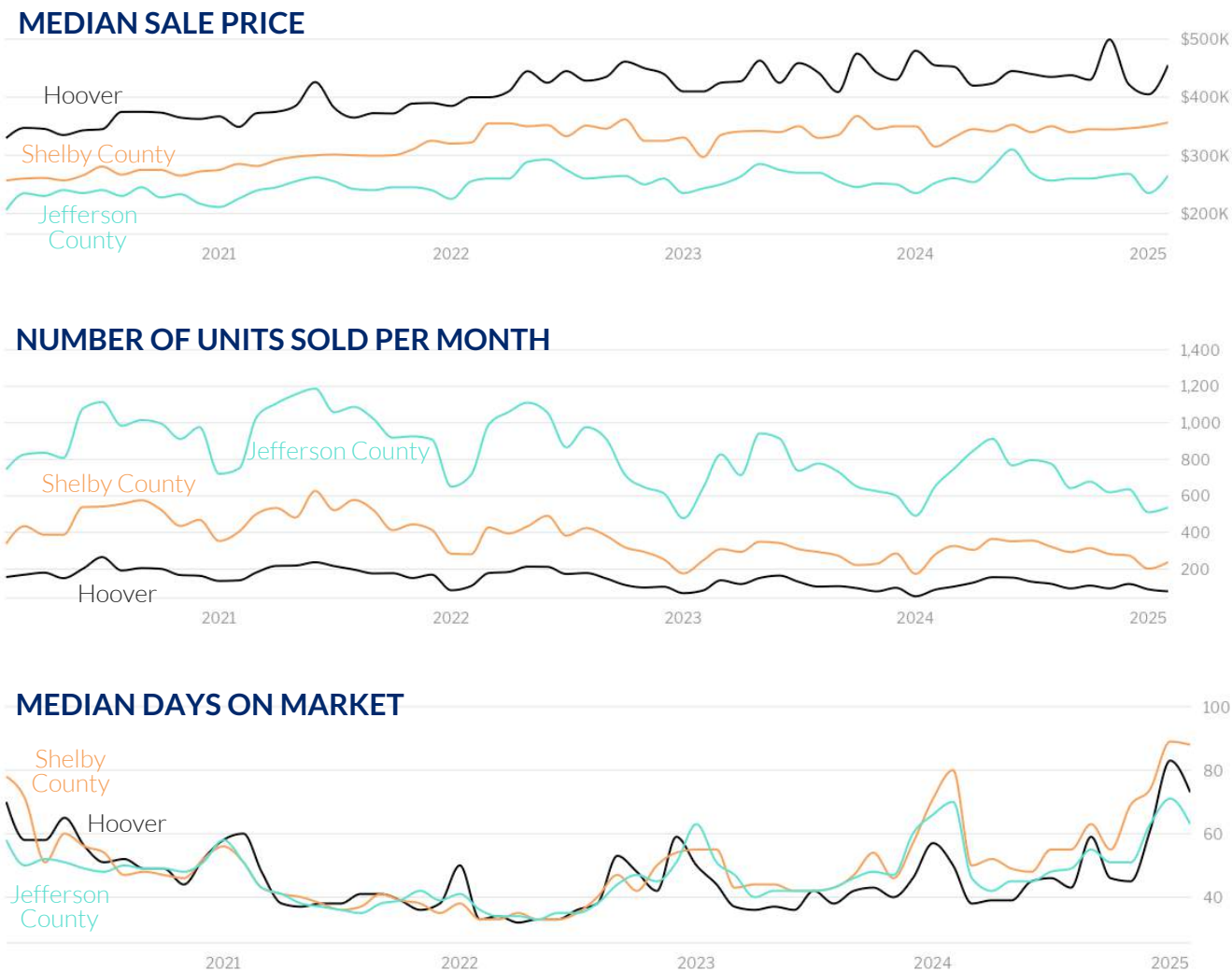
Single-Family/For-Sale Housing Performance

The Hoover housing market is somewhat competitive, with median home sale prices increasing 0.1 percent since last year.

Hunden used Redfin data on the for-sale residential market to assess performance in 2024.

Hoover differentiates itself as a very attractive location to buy a house, condominium, or townhouse. Sale prices in Hoover are significantly higher than the median sale prices of both Shelby County and Jefferson County as a whole, nearing \$500,000 in late 2024.

The median days on the market have increased sharply since late 2023, now averaging 60 to 90 days, indicating a cooling market.



Hospitality Market Analysis



National Hotel Market Industry Trends



REVENUE GROWTH

As of 2024, U.S. RevPAR is 16 percent above 2019 levels, driven primarily by price increases, with ADR now 21 percent higher than in 2019.



DEMAND FOR QUALITY

Luxury and Upper Upscale hotels have experienced increased room demand; meanwhile economy hotels have experienced a decline in RevPAR and room demand.



BRANDED HOTELS

Since 2019, major branded hotel groups have seen double-digit growth in market share, driven by operational efficiencies, loyalty programs, and acquisitions of independent hotels.

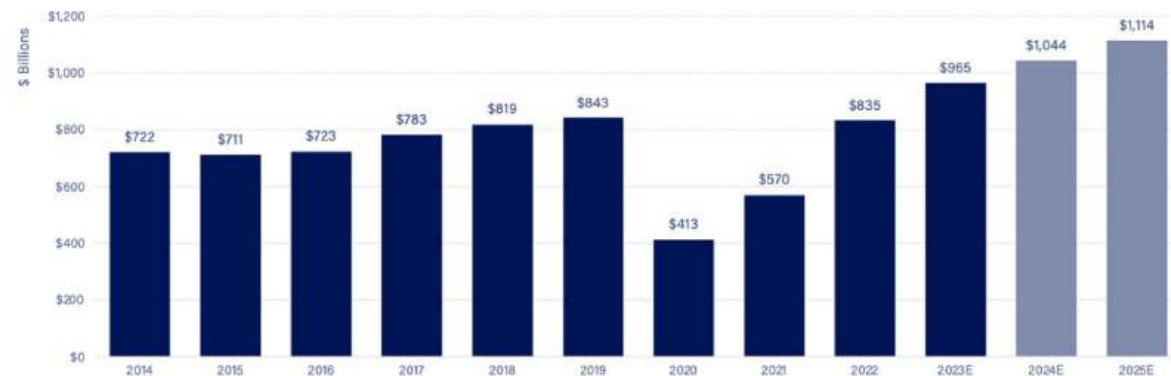


LEISURE & GROUP DYNAMICS

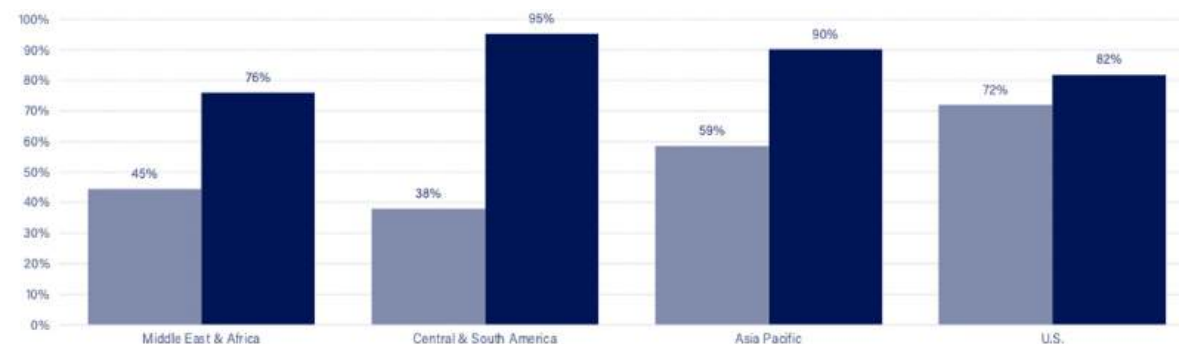
Leisure travelers are increasingly drawn to international destinations due to the strong dollar and pent-up demand following Covid-19. However, group demand for domestic high-end hotels also continues to rise.

Global hotel revenues (\$ billions)

Global hotel revenues have exceeded 2019 levels for the first time since the pandemic.



Hotels: Branded existing supply vs. future pipeline



■ Brands as % of total current supply

■ Brands as % of total future pipeline

Hotel Market Overview

Hunden’s key takeaways from the hotel market are as follows:

- The local hotel environment consists of many Upper Midscale and Upscale hotels, with an average age of 20.
- The market had its strongest performance in 2022; however, performance has declined in the two consecutive years since. With new hotels expected to be delivered in coming years, additional hotel development is risky.
- Performance peaks during the spring months and dips in the winter. The SEC Baseball Tournament, held at the Hoover Metropolitan Stadium every May, is an immense hotel room generator, contributing to the strong performance of the month.
- There is not demand for a new hotel as part of the Project’s recommended uses, at least not in the initial phases of redevelopment. There is existing product onsite and additional hotel development in the pipeline for Hoover that will need to drive additional demand to improve the hotel market performance.

HISTORICAL PERFORMANCE OF COMPETITIVE HOTELS				
Year	Daily Room Inventory	Occupancy	ADR	RevPAR
2018	1,262	72.1%	\$116.11	\$83.75
2019	1,263	75.2%	\$119.73	\$90.02
2020	1,263	45.3%	\$105.80	\$47.96
2021	1,263	63.8%	\$124.76	\$79.55
2022	1,263	68.3%	\$139.93	\$95.51
2023	1,251	65.6%	\$143.32	\$94.01
2024	1,261	65.7%	\$142.76	\$93.73
2025 (March)	1,261	64.6%	\$137.50	\$88.85
CAGR (2018-2024)	0.0%	-1.3%	3.0%	1.6%

Source: Smith Travel Research, Hunden Partners

2024 Key Market Indicators (Competitive Set)	Occupancy	ADR	YOY ADR Growth	RevPAR
	65.7%	\$142.76	-0.0%	\$93.73
Development Pipeline (10-Mile Radius, Upper Midscale+)	Current Supply	Delivered Past 2 Yrs.	Delivered Next 2 Yrs.	Proposed Next 2 Yrs.
	7,692 Rooms	261 Rooms	935 Rooms	603 Rooms

Local Hotel Environment

Based on the raw data set pulled from Smith Travel Research, there are 5,412 hotel rooms per night within a six-mile radius of the Galleria, which consists of 49 hotels. Four of the properties are under-construction, totaling 404 rooms.

The Upper Midscale segment accounts for the largest share of inventory in the area, along with Upscale. However, there are no hotels classified as Luxury within six miles.

Additionally, the hotel supply is relatively old, with an average age of 25 years.

LODGING SUMMARY – 49 CLOSEST HOTELS						
Chainscale	Rooms	% of Total Rooms	Hotels	Rooms Per Hotel	Avg Year Opened	Avg Age (Years)
Luxury	--	--	--	--	--	--
Upper Upscale	794	15%	3	265	2000	25
Upscale	1,285	24%	11	117	2003	22
Upper Midscale	1,563	29%	16	98	2007	18
Midscale	619	22%	8	77	1997	28
Economy	1,051	19%	10	105	1992	33
Independent	100	2%	1	100	1972	53
Total/Average	5,412	100%	49	127	1995	25

Source: Smith Travel Research

Competitive Hotel Supply Analysis

Hunden analyzed eight hotels within the competitive set, chosen based on their relevance and proximity to Riverchase Galleria.

The largest hotel among the set is the Hyatt Regency. A key part of the Galleria complex, it accounts for 329 rooms. Outside of the Hyatt Regency, the additional seven hotels are each within 2.2 miles of the Galleria, have at least 100 rooms, and are classified as Upper Midscale or better.

Each of the competitive hotels are located within the city of Hoover, which can illustrate the performance and hotel taxes generated by Hoover’s hotel supply.

HOOVER, AL LOCAL COMPETITIVE HOTEL SUPPLY LIST				
Property Name	Miles from Riverchase	Rooms	Hotel Class	Date Opened
Hyatt Regency Birmingham – The Wynfrey Hotel	0.0	329	Upper Upscale	1986
Hampton Inn & Suites Birmingham-Hoover-Galleria	0.4	102	Upper Midscale	2008
Courtyard Birmingham-Hoover	0.5	153	Upscale	1987
Hyatt Place Birmingham Hoover	0.5	126	Upscale	1997
Embassy Suites by Hilton Birmingham Hoover	0.7	208	Upper Upscale	2010
Holiday Inn Birmingham Hoover	0.9	112	Upper Midscale	2011
Residence Inn Birmingham Hoover	1.5	118	Upscale	2008
Homewood Suites by Hilton Birmingham Southwest	2.2	113	Upscale	2010
Average/Total	0.8	1,261	--	2002

Source: Smith Travel Research

Competitive Set Performance

Hunden pulled data from Smith Travel Research to understand the performance of the competitive set from 2018 through 2024.

The market had its strongest performance in 2022; however, performance has declined in the two consecutive years since. Both occupancy and ADR decreased compared to 2022, despite no change in supply, indicating decreased demand.

RevPAR (Revenue Per Available Room) decreased by 0.3 percent from 2023 to 2024. With new hotels expected to be delivered in coming years and a lack of market improvement since 2022, additional hotel development is risky.

HISTORICAL PERFORMANCE OF COMPETITIVE HOTELS											
Year	Daily Room Inventory	Available Room Nights	% Change	Room Nights Sold	% Change	% Occupancy	% Change	ADR	% Change	RevPAR	% Change
2018	1,262	460,722	--	332,294	--	72.1%	--	\$116.11	--	\$83.75	--
2019	1,263	460,995	0.1%	346,598	4.3%	75.2%	4.2%	\$119.73	3.1%	\$90.02	7.5
2020	1,263	460,995	0.0%	208,990	-39.7%	45.3%	-39.7%	\$105.80	-11.6%	\$47.96	-46.7
2021	1,263	460,995	0.0%	293,949	40.7%	63.8%	40.7%	\$124.76	17.9%	\$79.55	65.9
2022	1,263	460,995	0.0%	314,647	7.0%	68.3%	7.0%	\$139.93	12.2%	\$95.51	20.1
2023	1,251	456,787	-0.9%	299,639	-4.8%	65.6%	-4.8%	\$143.32	2.4%	\$94.01	-1.6
2024	1,261	460,265	0.8%	302,190	0.9%	65.7%	0.9%	\$142.76	-0.4%	\$93.73	-0.3
2025 (March)	1,261	113,490	0.0%	73,339	2.3%	64.6%	2.3%	\$137.50	0.4%	\$88.85	2.7
CAGR (2018-2024)	--	0.0%	--	-1.3%	--	-1.3%	--	3.0%	--	1.6%	--

Source: Smith Travel Research

Heat Chart

The adjacent tables detail the performance of the local competitive set by month and day of week in 2024, offering insight into seasonality and daily performance.

ADR was highest from April through July, and lowest during December and January. In terms of day of the week, ADR was highest on weekends, with rates steadily increasing throughout the week leading into the weekend.

Occupancy levels followed similar trends, peaking during the spring months and dipping in the winter. Occupancy was also highest on Fridays and Saturdays, indicating a strong demand from leisure business.

The SEC Baseball Tournament, held at the Hoover Metropolitan Stadium every May, is an immense hotel room generator, contributing to the strong performance of the month.

ADR BY DAY OF WEEK BY MONTH
(APRIL 2024 – MARCH 2025)

	Sunday	Monday	Tuesday	Wednesd	Thursday	Friday	Saturday	Avg
Apr - 24	\$134	\$136	\$140	\$144	\$136	\$171	\$172	\$149
May - 24	\$131	\$147	\$153	\$149	\$154	\$171	\$177	\$157
Jun - 24	\$152	\$146	\$143	\$137	\$139	\$164	\$160	\$150
Jul - 24	\$141	\$157	\$159	\$151	\$147	\$158	\$151	\$153
Aug - 24	\$124	\$131	\$136	\$132	\$132	\$143	\$138	\$135
Sep - 24	\$124	\$133	\$143	\$133	\$134	\$161	\$168	\$144
Oct - 24	\$129	\$138	\$145	\$140	\$139	\$179	\$181	\$153
Nov - 24	\$123	\$131	\$136	\$130	\$128	\$142	\$142	\$135
Dec - 24	\$110	\$120	\$124	\$123	\$121	\$117	\$114	\$119
Jan - 25	\$120	\$125	\$129	\$124	\$121	\$131	\$127	\$126
Feb - 25	\$120	\$135	\$139	\$141	\$135	\$155	\$144	\$140
Mar - 25	\$126	\$138	\$143	\$143	\$140	\$157	\$153	\$145
Average	\$128	\$137	\$141	\$137	\$136	\$154	\$152	

OCCUPANCY PERCENT BY DAY OF WEEK BY MONTH
(APRIL 2024 – MARCH 2025)

	Sunday	Monday	Tuesday	Wednesd	Thursday	Friday	Saturday	Avg
Apr - 24	42.5%	60.3%	72.3%	71.4%	61.4%	80.1%	84.9%	67.5%
May - 24	49.5%	69.5%	79.9%	72.7%	73.1%	79.6%	83.0%	72.7%
Jun - 24	65.4%	73.1%	74.3%	69.9%	70.7%	86.7%	83.9%	74.8%
Jul - 24	59.7%	69.5%	71.7%	63.4%	61.6%	76.2%	74.2%	68.1%
Aug - 24	47.4%	60.2%	69.9%	71.3%	70.7%	80.3%	70.8%	67.9%
Sep - 24	43.8%	56.7%	69.0%	66.8%	65.2%	75.6%	74.1%	63.5%
Oct - 24	44.2%	55.7%	70.4%	69.8%	64.9%	87.0%	83.8%	68.0%
Nov - 24	36.4%	48.8%	58.3%	64.2%	63.2%	75.7%	75.0%	61.2%
Dec - 24	37.4%	48.3%	56.8%	58.9%	60.1%	63.4%	61.1%	54.4%
Jan - 25	44.1%	54.6%	63.2%	55.3%	52.7%	62.8%	64.4%	56.8%
Feb - 25	39.9%	65.3%	76.8%	73.2%	72.3%	84.2%	74.0%	69.4%
Mar - 25	39.3%	57.0%	71.8%	74.1%	68.5%	87.6%	84.8%	68.2%
Average	45.9%	59.8%	69.4%	67.4%	65.4%	78.0%	76.4%	

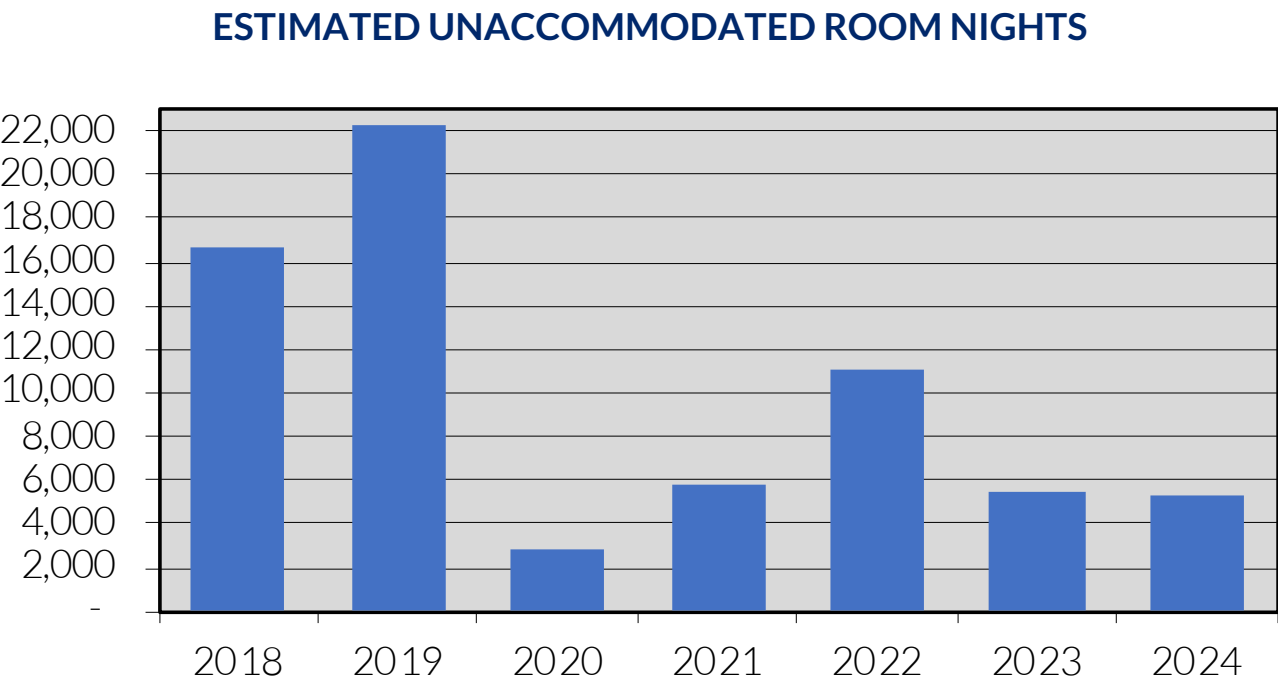
Source: Smith Travel Research

Unaccommodated Room Nights

Unaccommodated room nights are described as excess demand for hotel room nights produced by lodgers who are displaced because they are unable to book a room in the hotel of their choice due to it being sold out.

The adjacent graph details the annual estimated unaccommodated room nights within the competitive set.

The amount of unaccommodated room nights peaked significantly in 2018 and 2019 yet have significantly decreased since.



Source: Hunden Partners

Hotel Pipeline

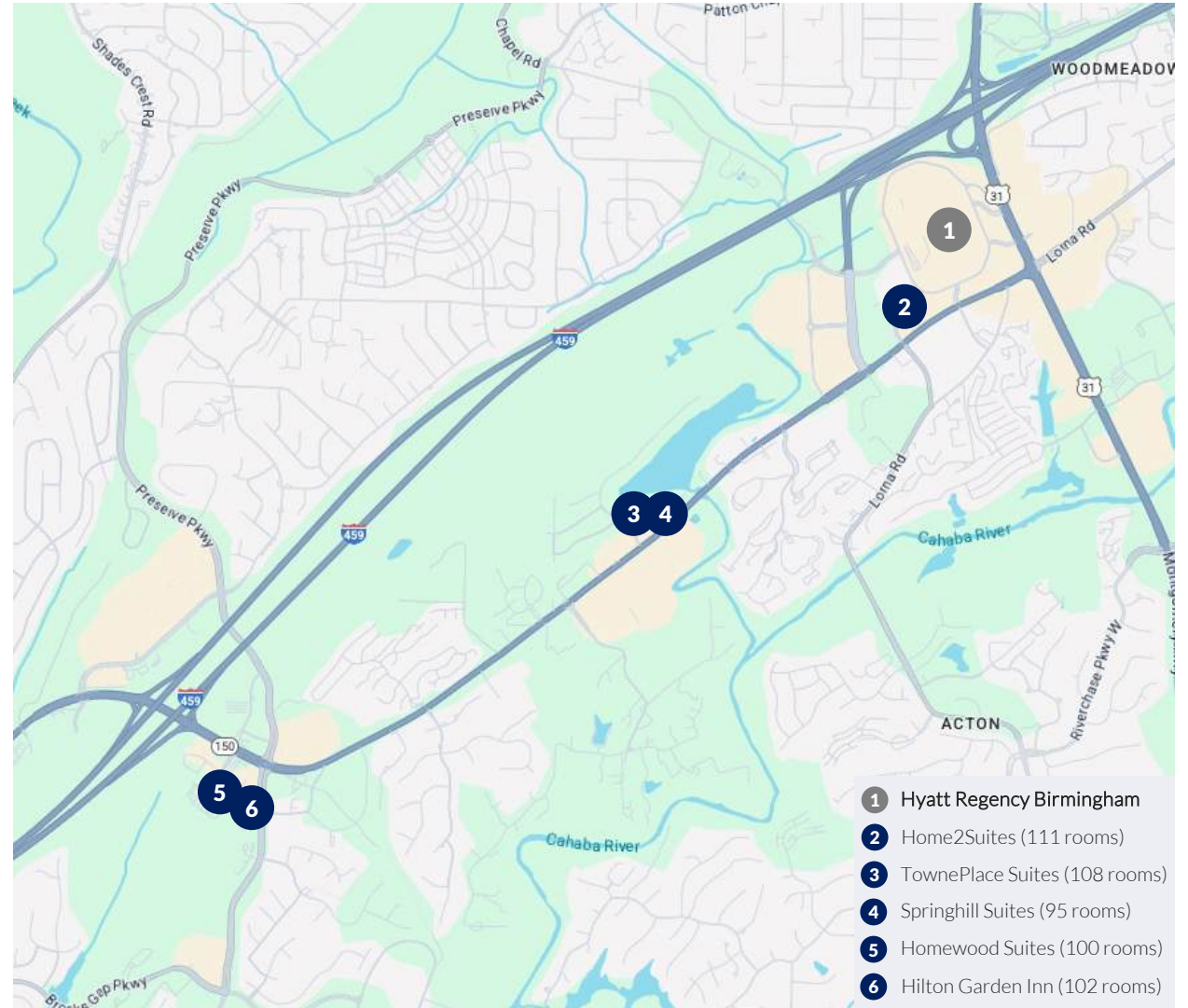
Recently Opened

- Home2Suites Hoover Birmingham
 - 111 rooms
 - Opened March 2025

Under Construction: (4 hotels – 389 rooms)

- Dual-branded TownePlace Suites and Springhill Suites
 - 203 total rooms
 - Broke ground in October 2024
- Homewood Suites and Hilton Garden Inn
 - 202 total rooms
 - Located at Stadium Trace Village

HOTEL PIPELINE MAP



Retail Market Analysis

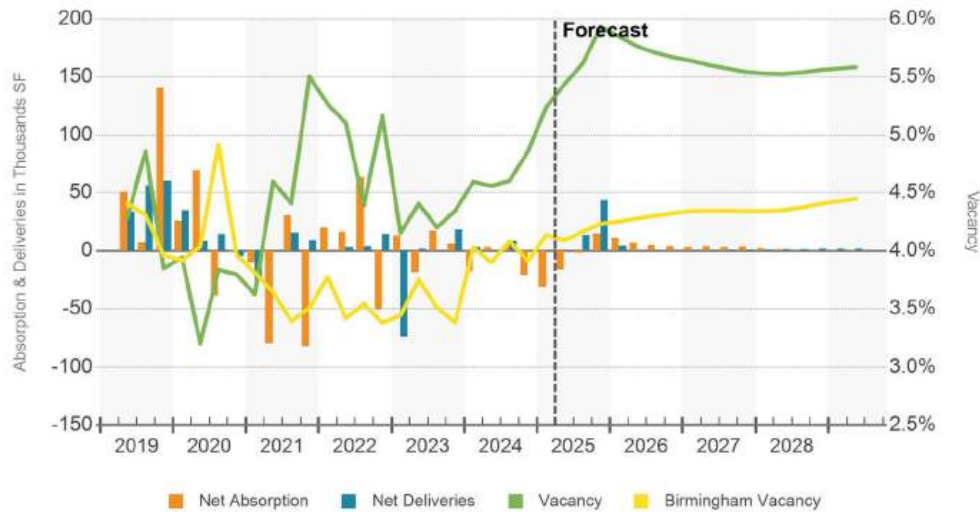


Hoover Retail Market Summary

Hunden’s key takeaways from the retail market are as follows:

- With just 0.5 percent vacancy, general retail continues to outperform due to its flexibility and alignment with service-based tenants, making it the focal point for all current construction.
- The combination of modest construction, strong rent growth, and outperforming segments like general retail suggest the market remains fundamentally sound.
- The average lease size fell to about 4,400 square feet, with most deals concentrated in the 1,500- to 3,000-square-foot range, indicating a continued shift toward smaller-format tenants.
- New retail space should be built at the Project with diversified offerings and a reduced footprint of the existing Galleria square footage.

NET ABSORPTION, NET DELIVERIES AND VACANCY



Hoover Submarket
12-MONTH KEY
MARKET INDICATORS

Average Rent
\$19.43/SF

Absorption
62,300 SF

Vacancy
5.4%

Rent Growth
3.4%

DEVELOPMENT
PIPELINE

Annual Average
78,464 SF

Delivered Past 2 Yrs.
31,420 SF

Delivered Next 2 Yrs.
65,000 SF

Proposed Next 2 Yrs.
34,000 SF

Source: CoStar

The Summit

The Summit is Riverchase Galleria’s primary competitor in the region. It opened in phases from 1997 to 2009. The site provides convenient access from I-459 and U.S. Highway 280, particularly for nearby residents of Mountain Brook, Homewood, and Vestavia Hills.

Unlike the enclosed structure of Riverchase Galleria, The Summit was designed as an outdoor lifestyle center, allowing visitors to often park closer to their destinations. Lifestyle centers have gained a competitive edge over traditional malls by aligning with consumer preferences for walkable, open-air environments, despite occasional weather-related challenges. This format helped The Summit attract and retain higher-end tenants and ultimately overtake Riverchase Galleria in retail relevance.

The Summit has become the home for many high-end brands such as lululemon, Apple, Saks Fifth Avenue, LensCrafters, Barnes & Noble, Peter Millar, Vineyard Vines, and Restoration Hardware. These brands, among others, were visited 8.9 million times in 2024, 112-percent better than Riverchase Galleria (based on primary complex).



2024 Visitor Origins by Distance from Site	The Summit		Riverchase Galleria	
	Est # of Visits	% of Total Visits	Est # of Visits	% of Total Visits
Locals Within 25 miles	6,300,000	71%	2,800,000	67%
Regional Distance Between 25 and 100 miles	1,500,000	17%	838,900	20%
Long Distance Over 100 miles	1,100,000	12%	541,100	13%
Total Visits	8,900,000	100%	4,200,000	100%

Source: Placer.ai

Birmingham MSA Retail Market

NEGATIVE ABSORPTION FROM BIG-BOX VACANCIES

Net absorption was negative 90,000 square feet over the past year, driven by closures of large-format tenants like Conn's HomePlus and Big Lots, which created noticeable holes in key centers.

LIMITED NEW CONSTRUCTION

Just 29,000 square feet was delivered over the past 12 months, far below the historical average, while only 125,000 square feet is under construction, most of it in small, pre-leased general retail buildings.

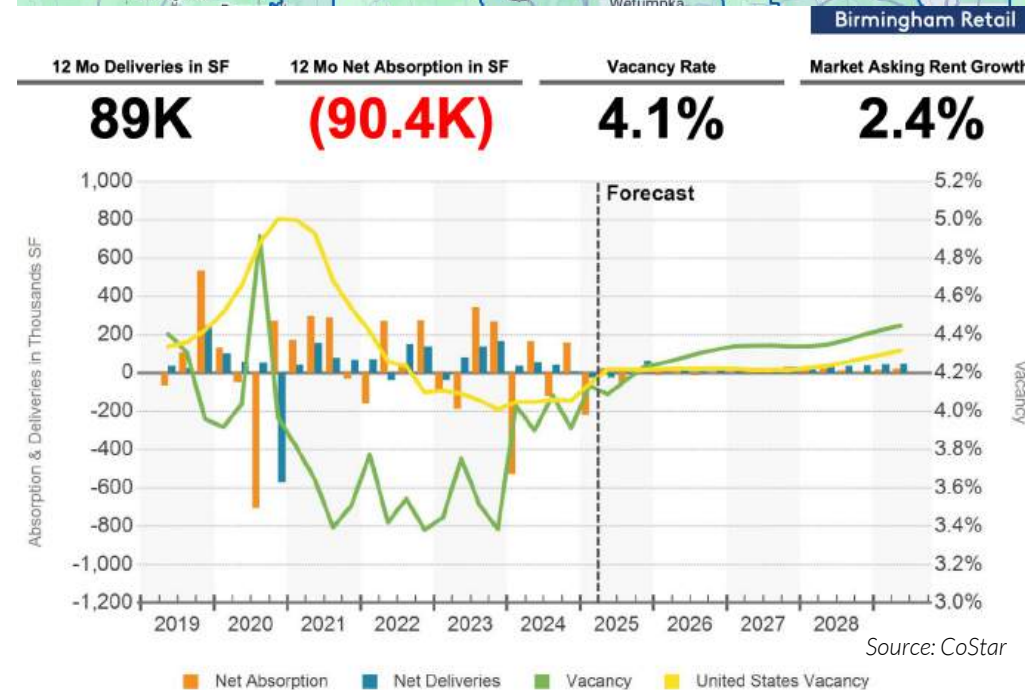
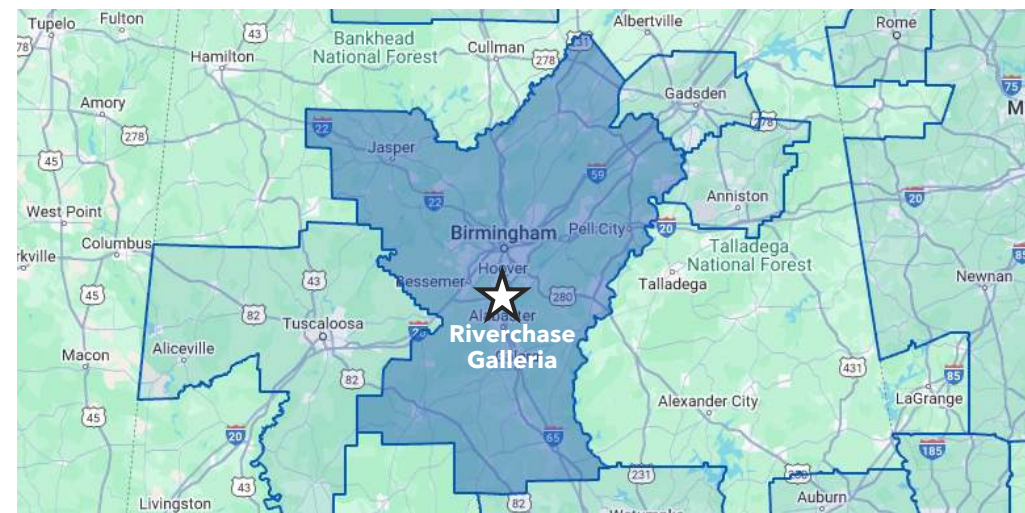
TIGHT MARKET WITH LOW VACANCY

Despite weak demand, vacancy remains low at 4.1 percent, reflecting a long-standing undersupply of new product and persistent challenges in finding quality available space.

LEASING CENTERS ON SMALLER DEALS

The average lease size fell to slightly more than 4,400 square feet, with most deals concentrated in the 1,500- to 3,000-square-foot range, indicating a continued shift toward smaller-format tenants.

COSTAR SUBMARKET GEOGRAPHY



Hoover Retail Submarket

NEGATIVE ABSORPTION

The submarket saw about 62,000 square feet of net absorption over the past year, driven by tenant losses in neighborhood, strip, and power centers, highlighting ongoing challenges in large-format and convenience retail formats.

GENERAL RETAIL SUCCEEDS

With just 0.5 percent vacancy, general retail continues to outperform due to its flexibility and alignment with essential and service-based tenants, making it the focal point for all current construction.

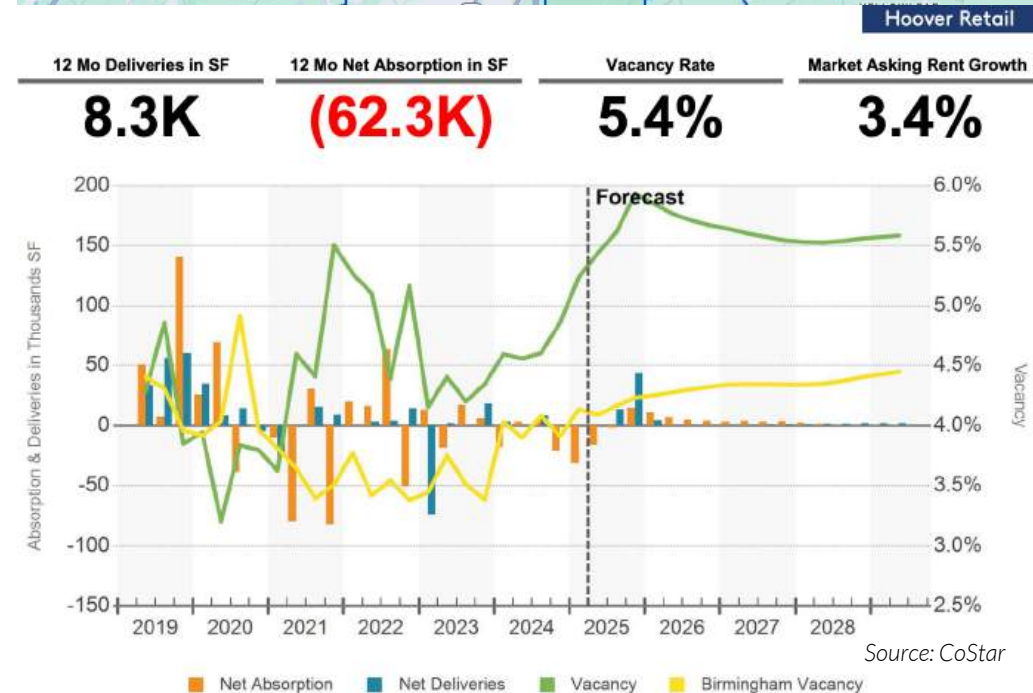
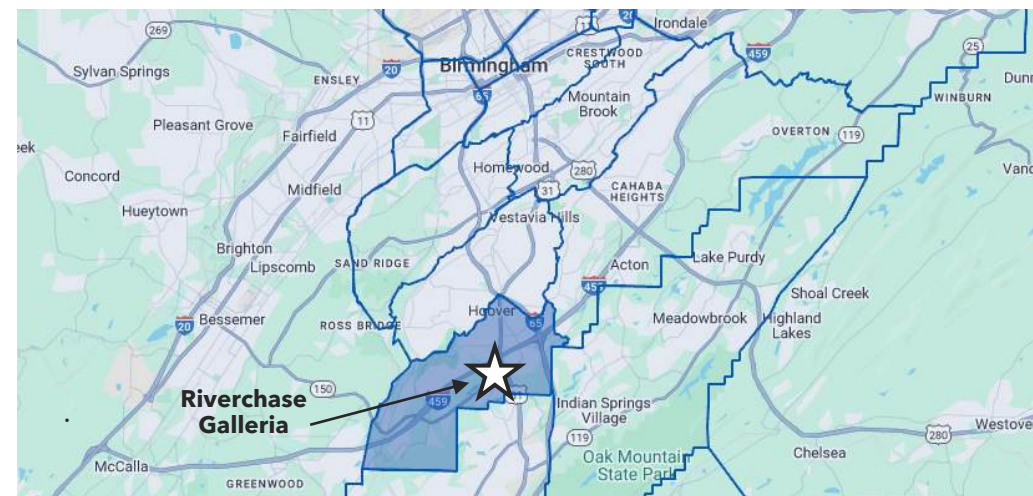
HEALTHY RENT GROWTH

Despite weak absorption, market rents increased 3.4 percent year-over-year, indicating landlords are still able to push rents, especially in stronger formats like neighborhood centers and general retail.

OVERALL MARKET STABILITY

While some subtypes struggle, the combination of modest construction, strong rent growth, and outperforming segments like general retail suggest a market that remains fundamentally sound.

COSTAR SUBMARKET GEOGRAPHY



Hoover Development Pipeline

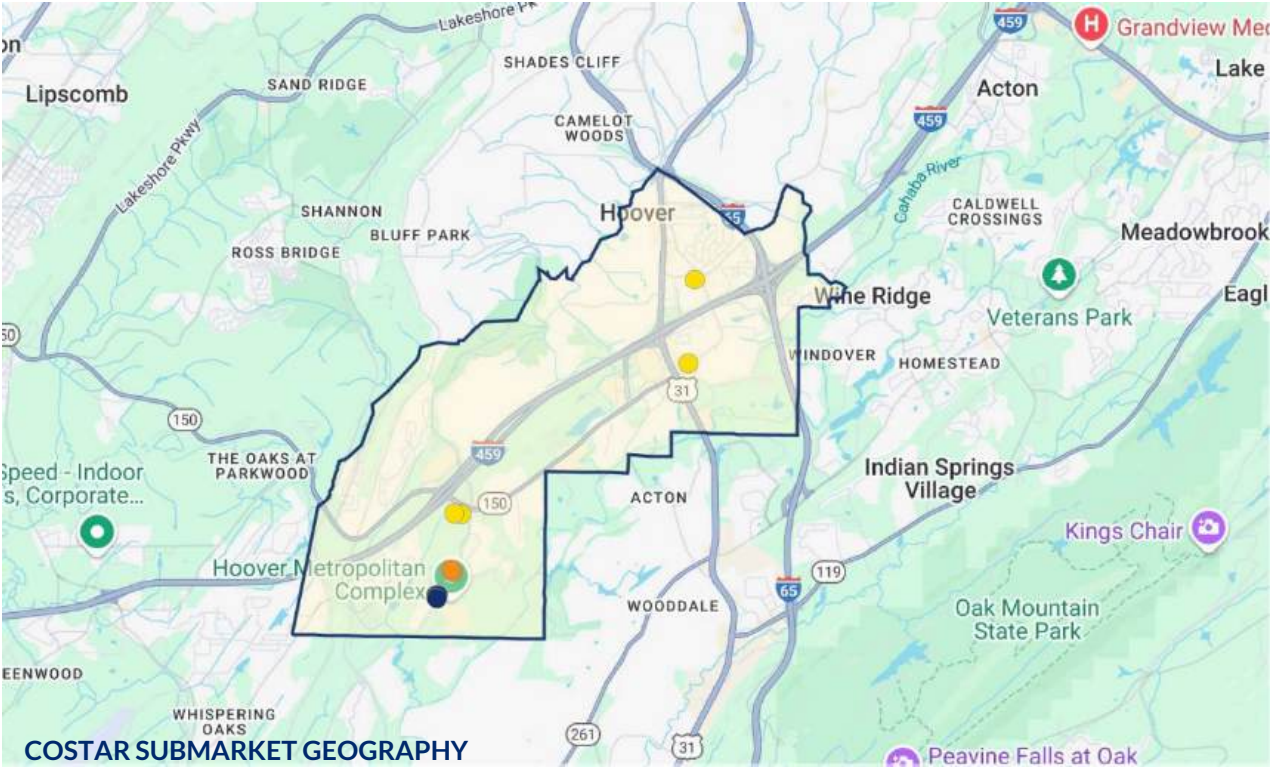
STEADY CONSTRUCTION

Deliveries over the past eight quarters have lagged the all-time annual average of 78,464 square feet but remain healthy at 31,420 square feet. Over the next two years, an additional 65,000 square feet is expected to come online, with 34,000 more square feet in the pipeline. Much of this future construction is concentrated near the Hoover Metropolitan Complex. All new projects under-construction are 100 percent pre-leased. Ongoing construction is an indication of continuing demand for new space.

SUBMARKET VS. METROPOLITAN AREA MARKET

Led by the Galleria, the Hoover submarket comprises 9.5 percent of the total supply in the Birmingham metropolitan area market, which ranks second among submarkets.

All-Time Annual Avg. SF	Delivered SF Past 8 Qtrs.	Delivered SF Next 8 Qtrs.	Proposed SF Next 8 Qtrs.
78,464	31,420	65,000	34,000



Source: CoStar

● Proposed Next 8 Quarters ● Completed Next 8 Quarters ● Under Construction

Entertainment Market Analysis



Entertainment Market Overview

Hoover lacks unique family entertainment and attractions for residents. Redevelopment presents an opportunity to create a true destination, leveraging assets such as a center for the arts, to attract both residents and regional visitors.



Center for the Arts

With strong community backing, Hoover has set aside \$17 million for a center for the arts. The Galleria site is the ideal location for a major community attraction, with its surrounding complementary amenities.

“Eatertainment”

The presence of a family entertainment/eatertainment anchor, such as PopStroke (mini golf), Lucky Strike (bowling), or Punch Bowl Social (arcade), can serve as a destination for both residents and visitors.

Limited Supply

There is limited supply of entertainment in Hoover. Existing entertainment is headlined by Dave & Buster’s and StarDome Comedy Club.

Hoover Entertainment Supply

Dave & Buster's

2024 Visits: 298,500

2024 Visit Frequency: 1.31

Year Opened: 2018

Overview: The first Dave & Buster's location in Alabama, it reused 33,000 square feet of a former Forever 21 store at Riverchase Galleria. In addition to daily guests, it hosts parties and corporate events.



StarDome Comedy Club

2024 Visits: 61,500

2024 Visit Frequency: 1.33

Year Opened: 1993

Overview: 420-seat theater open six nights per week with a full-service restaurant and bar. Fully renovated in 2016.

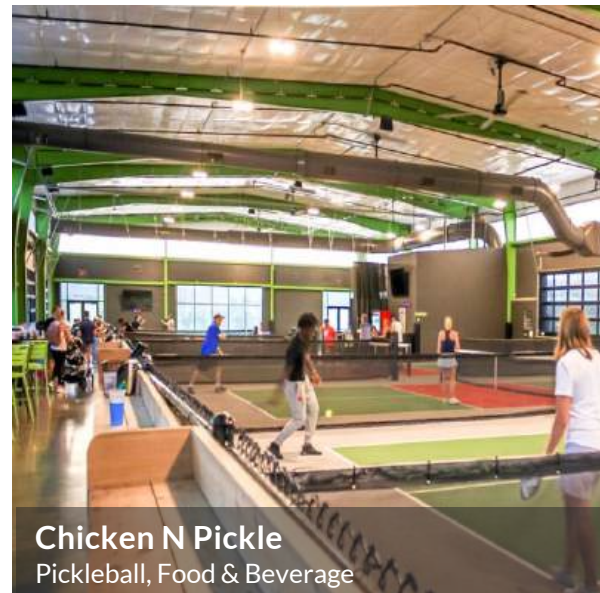
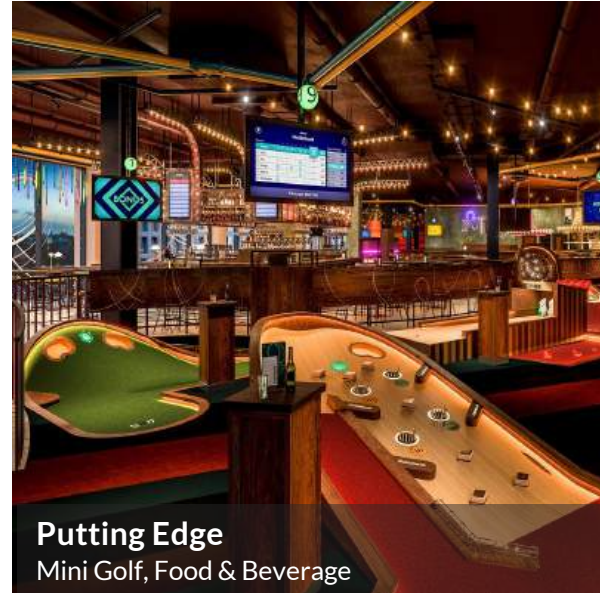


Family Entertainment/ “Eatertainment”

The presence of a family entertainment/eatertainment anchor can serve as a destination for both local residents and visitors.

Eatertainment venues combine dining with entertainment options but are more comprehensive experiences than traditional arcades or bowling alleys. Eatertainment venues are a one-stop experience for food & beverage and activities and offer a destination for consumers to meet with friends and family in a more active and engaging fashion than a standard restaurant.

Eatertainment venues typically have an extensive footprint and are an attractive host location for large groups or events seeking entertainment and food & beverage offerings. Furthermore, these assets can anchor a district.



Center for the Arts Overview

Arts centers are distinctive community assets with complex operational needs. They often operate at a loss but play a vital role in enhancing quality of life, attracting visitors, and spurring ancillary development. Success requires strategic planning, funding, and experienced management. Below are key takeaways and lessons learned for Riverchase Galleria:

Professional Management: Professional management with arts expertise maximizes revenue and operational efficiency. They focus on driving profit while hitting community goals.

Funding: Arts centers require public, philanthropic, or corporate funding, along with ongoing sponsorships, to cover operational deficits.

Creative Event Programming: Explore creative revenue opportunities beyond ticketed events, such as corporate, charity, and special events on non-event days or nights.

Support Amenities: Integrated food & beverage offerings are essential to enhance the guest experience and revenue.

Facility Upgrades: Establish a capital improvement plan to support regular upgrades and long-term success.

Economic Catalyst: Arts centers can stimulate surrounding development and serve as activity nodes.

Optimal Capacity: Ensure seating capacities are sufficient to attract promoters and ticketed events.

Ticket Price Sensitivity: Ticket prices vary based on event programming at arts centers. Successful arts centers balance pricing to ensure accessibility for local audiences. Ticket prices for third-party promoted shows fluctuate based on demand for touring acts.



Arts Center Industry Trends

Cities are moving to independent entities (boards, authorities, Local Government Corporations, etc.) to own and sustain their major event facilities

- This move to an independent model occurs especially as facilities become larger and more important to the local economy

Cities are moving to private, contracted management, regardless of ownership

- A move to private management means more accountability, ability to hire/fire, and a focus on key performance indicators (KPIs), such as revenue, expense, customer service, and others

Focus on efficiency of structure and process

- As cities have worked to treat live entertainment complexes like the competitive businesses that they are, coordination among the sales organization and facilities is critical

Ensure that the governance board/structure/funding is solid

- Most strong structures include appointments to their boards from people who know the hospitality and event industry and who can ask the right questions of management and contractors

Arts Center Management

The success of a privately managed facility is mainly influenced by the actual individuals in key leadership roles rather than the management company itself. Although nationally recognized management companies have a strong presence in the industry, this does not necessarily equate to stronger facility management.

Third-party private management structure benefits include the following:

- Operating agreement between Manager and City (or quasi-public ownership entity)
- Ownership partners maintain control through approval of operating and capital budgets
- Ownership direction and supervision of policies
- Renegotiated master service and vendor agreements with best practices programs and pricing
- Human resources & professional development services tied to key performance indicators & efficiencies
- Competitive venue management that includes operating, marketing, & hospitality services from a single group
- Upgraded food & beverage service and offerings
- Audio/visual innovation consulting & operating services & FF&E procurement
- Transition of exemplary operating staff to Manager supervision under performance-based compensation — reduces heavy benefit loads related to government employees, reduces overall City staffing costs, and increases venue performance

Office Market Analysis

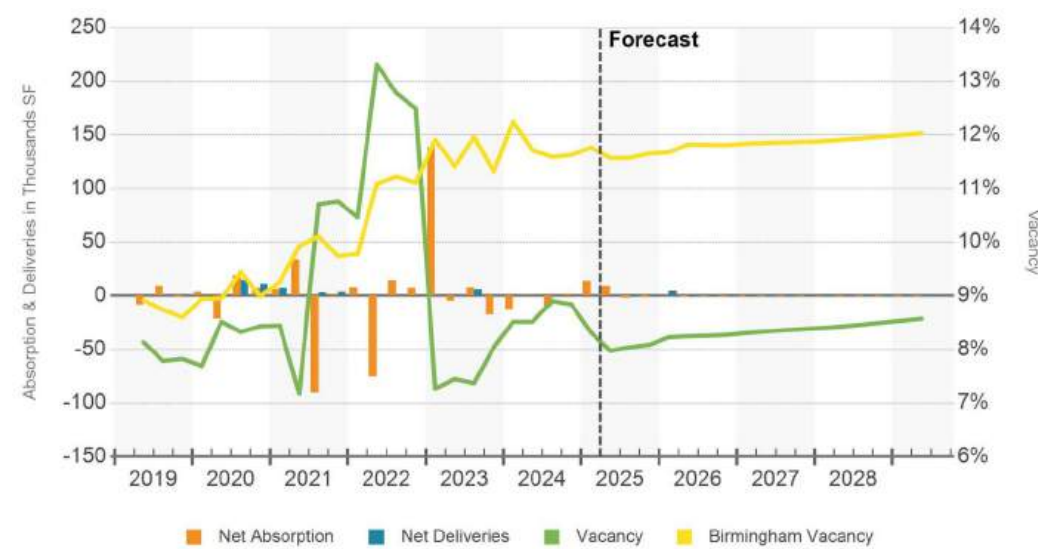


Hoover Office Market Summary

Hunden’s key takeaways from the office market are as follows:

- Birmingham’s office vacancy is nearly 12 percent, which is better than the national average of about 14 percent as of Q2 2025, buoyed by medical office demand. Still, vacancy is elevated about five percent higher than the nine percent rate the market had prior to the pandemic.
- 3000 Riverchase, a key part of the Galleria, has a concerning vacancy rate of about 50 percent. The space attracts businesses to Hoover and provides a customer base for the connected mall. The declining attractiveness of the mall is a major factor in the vacancy of the office space.
- There is not demand for additional office space in the initial phases of the Project but could be considered in the future.

NET ABSORPTION, NET DELIVERIES AND VACANCY



Hoover Submarket				
12-MONTH KEY MARKET INDICATORS	Average Rent	Absorption	Vacancy	Rent Growth
	\$22.76/SF	7,900 SF	8.2%	2.3%
DEVELOPMENT PIPELINE	Annual Average	Delivered Past 2 Yrs.	Delivered Next 2 Yrs.	Proposed Next 2 Yrs.
	8,320 SF	6,000 SF	5,000 SF	0 SF

Source: CoStar

Birmingham MSA Office Market

ELEVATED BUT STABLE VACANCY

Birmingham’s office vacancy is nearly 12 percent, which is better than the national average of about 14 percent as of Q2 2025. Still, vacancy is elevated about five percent higher than the nine percent rate the market had prior to the pandemic.

OFFICE-TO-RESIDENTIAL CONVERSIONS

Birmingham has been a leader in adaptive reuse of outdated office structures, including the conversion of the former AT&T City Center high-rise into more than 400 apartments with upscale amenities. While conversions face financial and physical challenges, they can reduce supply, ultimately bringing the office market closer to equilibrium.

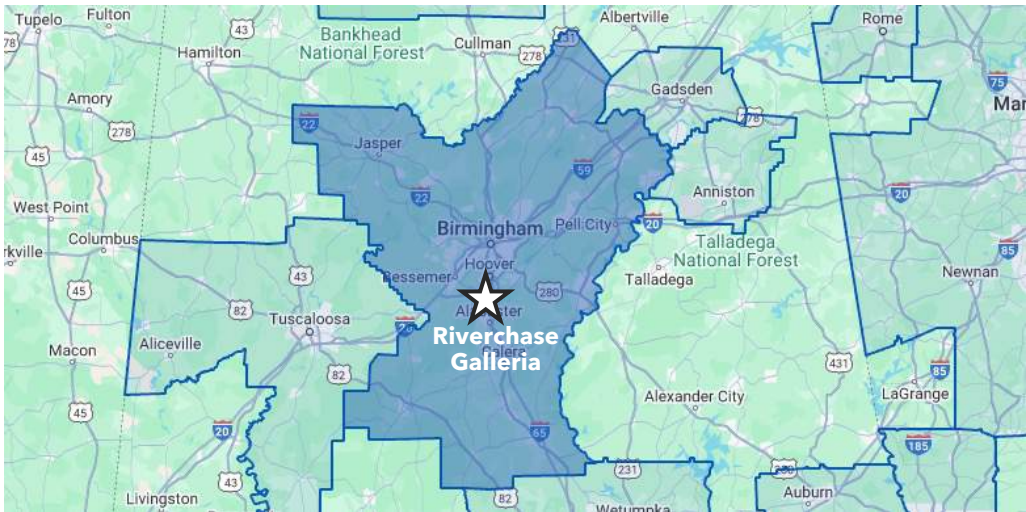
OFFICE USE CHANGES

The metropolitan area’s office market has traditionally relied on local and regional firms to drive absorption. Due to hybrid work, those companies have been reluctant to commit to large blocks of space as they reevaluate their needs.

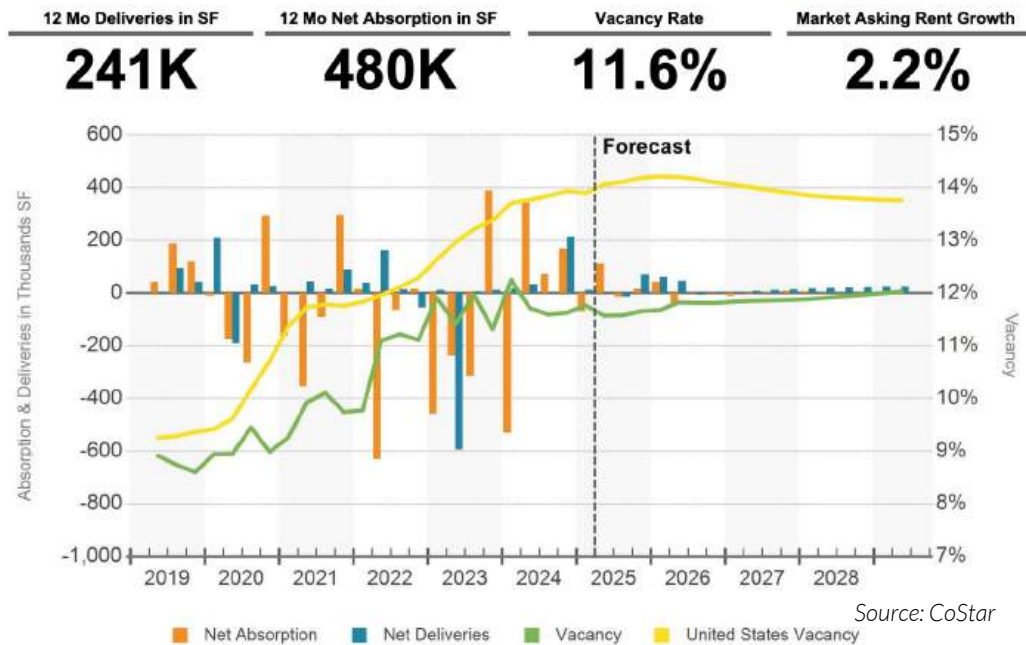
MEDICAL OFFICE BUOY

The majority of new supply to be delivered over the past year has been medical office, buoying the office market from the the volatility experienced in other Sun Belt markets such as Atlanta, Charlotte, and Nashville, and helping maintain healthy rent growth of 2.2 percent.

COSTAR SUBMARKET GEOGRAPHY



Birmingham Office



Hoover Office Submarket

SUBURBAN LOW-RISE MARKET

The majority of office buildings in Hoover are small, isolated, low-rise office complexes. There are only four complexes with more than 50,000 square feet, two of which are owner-occupied buildings. The largest office building by far is The Offices at 3000 Riverchase.

MAJOR Q1 2023 ABSORPTION

The Hoover submarket comprises only 4.5 percent of the total supply in the Birmingham metropolitan area market, which ranks ninth amongst submarkets. The submarkets with the largest office volume are the Birmingham CBD, Birmingham's Southside, and Midtown, which includes Mountain Brook.

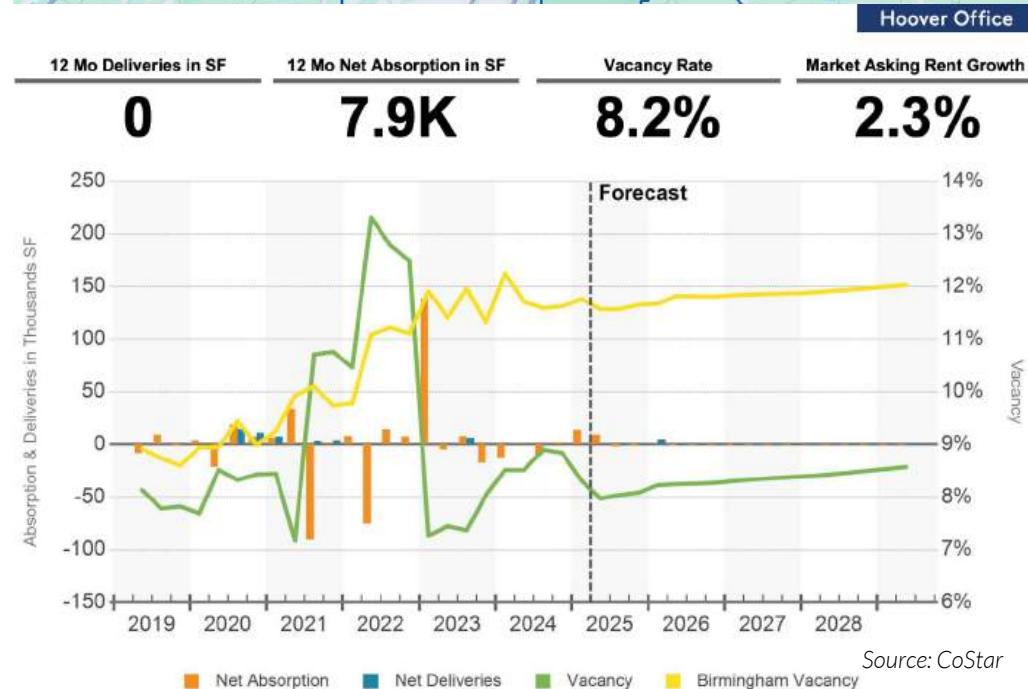
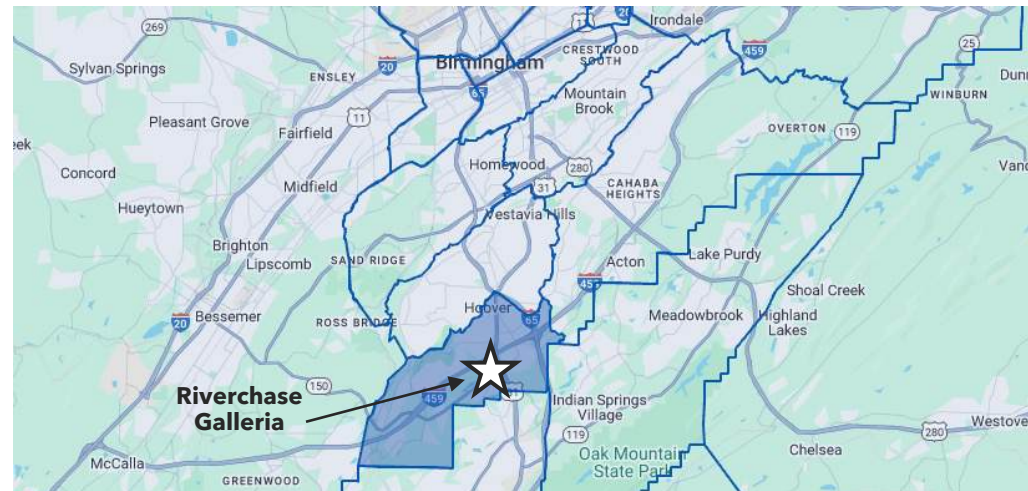
STEADY RENT GROWTH

Market asking rents have increased 2.3 percent over the past year, indicating healthy demand for office space despite the weakened regional market.

GALLERIA OFFICE VACANCY

The largest office building in the submarket, 3000 Riverchase, has a vacancy rate of about 50 percent. 3000 Riverchase is a key part of the Riverchase Galleria structure, attracting businesses to Hoover and providing a customer base for the connected mall. The declining attractiveness of the mall is a major factor in the vacancy of the office space.

COSTAR SUBMARKET GEOGRAPHY



Source: CoStar

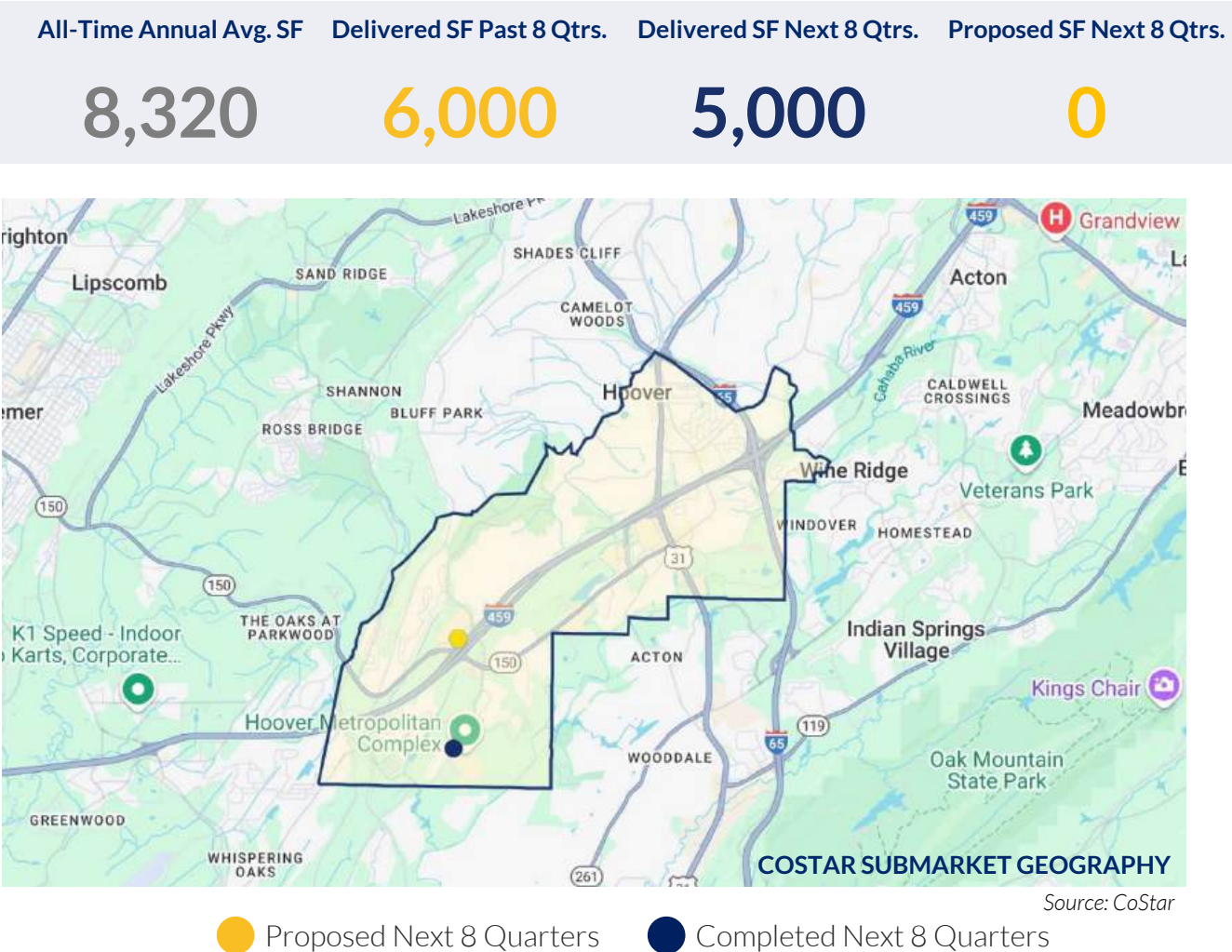
Hoover Development Pipeline

MINIMAL CONSTRUCTION

The all-time annual average for square feet delivered over a two-year span is just 8,320 square feet. Despite this low average, deliveries over the past eight quarters, and those expected in the next eight, remain below it. Few projects are underway, and none are in the pipeline, reinforcing Hoover’s traditional role as a residential- and retail-focused community.

SUBMARKET VS. METROPOLITAN AREA MARKET

The Hoover submarket comprises only 4.5 percent of the total supply in the Birmingham metropolitan area market, which ranks ninth among submarkets. The submarkets with the largest office volume are the Birmingham CBD, Birmingham’s Southside, and Midtown, which includes Mountain Brook.



Market Findings, Interview Summary, & Implications



Market Engagement

Throughout the study process, Hunden engages with several stakeholders and industry professionals to gain insights into the local market on top of the data-driven analysis conducted. The following represent some of the key groups and organizations Hunden has met with to date to help refine the Project’s feasibility:

Stakeholders	
Greater Birmingham CVB	Colliers
CoStar	Brookfield Properties
RCG Ventures	JLL
Centennial	Hoover City Schools
Signature Homes	Hyatt Regency
Jim Wilson & Associates	City of Hoover
The Dobbins Group	Focus Development



DOBBINS GROUP



Stakeholder Feedback



RESIDENTIAL

Hoover’s multifamily supply is very aged and, in some cases, deteriorating. There is no supply of high-end apartments.

There is additional demand for condos and townhomes.

Some are concerned that new housing developments will overcrowd Hoover High School.



HOTEL

There is concern among hoteliers regarding the robust pipeline of five new hotels in Hoover.

Hyatt Regency hears group complaints regarding the mall’s environment.

Weekday transient demand is soft. Rethinking the site is necessary to attract new businesses and travelers.



RETAIL & RESTAURANT

The Galleria has far too much space. A lot of square footage needs to be removed.

The Summit has captured high-end national retailers. Its proximity to Birmingham’s wealthiest population is an advantage.

There is demand for more local dining options offered in a walkable environment.



OFFICE

The local office market is weakened post-Covid, particularly 3000 Riverchase, which is also hurt by the Galleria’s environment.

There may be future opportunity for a life sciences space or a medical component.



ENTERTAINMENT

There is great excitement regarding a potential center for the arts, particularly with a funding reserve restored.

There is a need for more family entertainment options in Hoover.

Hoover Mixed-Use Market Findings Summary



RESIDENTIAL

There is demand for high-end multifamily, senior housing, condominiums, and townhomes.

The robust new supply delivered in the Birmingham MSA since 2021 has been slow to absorb. New deliveries should be strategic.



HOTEL

There is not demand for a new hotel in an initial phase. This is due to the hotel market plateauing since 2022, significant new local supply being built, and the 329-room Hyatt Regency already providing a hospitality anchor for the district.

There may be future demand for a unique, boutique hotel experience onsite.



RETAIL & RESTAURANT

New retail space should be built in a walkable, mixed-use environment with an emphasis on dining, experiential concepts, and daily-needs tenants.

A significant portion of square footage of the Galleria's retail space should be removed.



OFFICE

There is not demand for additional office space in an initial phase. There may be future demand for life sciences or medical space, depending on absorption at Riverwalk Village.

The City of Hoover could move office space to the site.

Creating a more attractive live-work-play environment at the Galleria will support leasing at 3000 Riverchase.



ENTERTAINMENT

A center for the arts would be an ideal entertainment anchor for the project. The City would benefit from the sales tax generated within the district before/after shows.

An additional family entertainment concept could be incorporated into existing or new retail space.

Program Recommendations

Based on market and physical feasibility.

	Phase I	Phase II	Total
Retail (Square feet)	28,000 SF	16,000 SF	44,000 SF
Residential (For-Rent Units)	282 Units	260 Units	542 Units
Center for the Arts (Capacity)	1,100-seat	--	1,100-seat
Greenspace (Square Feet)	~25,000 SF	~19,000 SF	~44,000 SF

Project assumes demolition of an estimated 225,000-square-foot floor plate, which would total roughly 550,000 square feet of retail space within the two-story enclosed mall, including the closed Sears space.



Projected Impact on School System

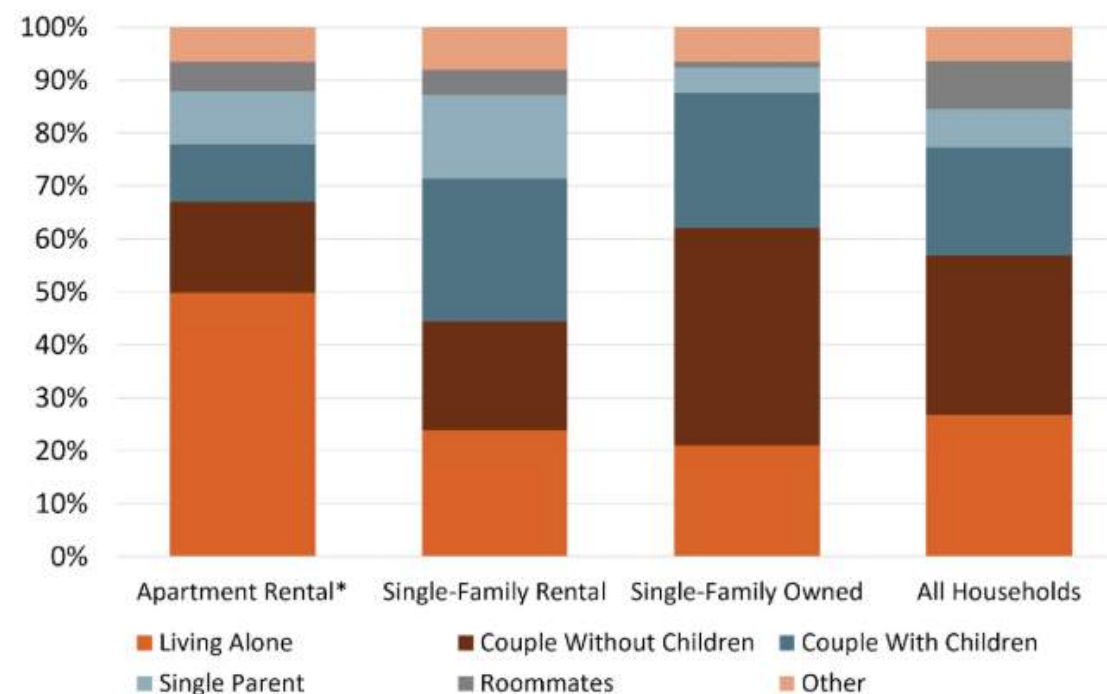
New apartments on the Riverchase Galleria site will not disrupt local school enrollment:

- Only 20% of rental units nationwide have children. In Birmingham, only about 24% of rental units have children
- New, high-end apartments on an energetic site such as the Galleria are likely to skew further towards units without children
- Comparable redevelopment such as the included case study of Hawthorn Mall (Vernon Hills, Illinois) have demonstrated very few units with school age children:
 - "The housing at Hawthorn reflects a 'dumbbell' curve of new renters. Primarily young professionals and empty nesters. Of 311 apartment units, only 10 had school age children and so the apartment developments focused on these existing malls represent a significant increase to the tax base without significant demands on the school systems."
 - Tim Anderson, CEO of Focus Development

Birmingham, Alabama • Renter-occupied housing units by the presence of own children**



FIGURE 1
Living Arrangement

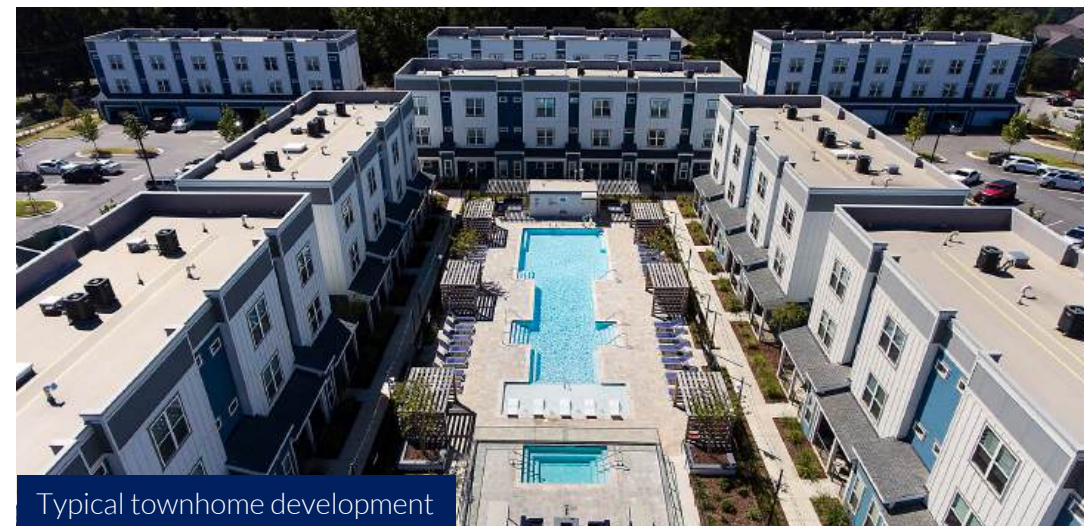


Sources: Point2homes, NMHC tabulations of 2019 American Community Survey microdata

For-Rent vs For-Sale Housing

Hunden does not recommend owner-occupied units in phases one or two. Here why:

1. The redevelopment site's limited land area and adjacency to Galleria Circle retail and John Hawkins Parkway make it unsuitable for townhome construction.
2. On-site condominiums at malls are exceptionally rare, with little proof of concept at comparable properties or redevelopment projects.
3. Condo buyers typically prefer quieter, more residential settings without heavy traffic, noise, and large surface parking lots. Additionally, many prefer private garage parking, which would be unavailable in phase one.
4. Apartments are more attractive to younger renters and empty nesters who are comfortable in dense, amenity-rich environments.
5. Hunden's market outreach found that for-sale housing demand in Hoover is heavily skewed toward single-family homes, with limited interest in condominiums. Among those seeking multifamily housing, rental options are strongly preferred.
6. While the current redevelopment area poses challenges for owner-occupied products, future phases, such as on the north side of the site, may be more conducive to other housing types such as townhomes or senior living.
7. Hunden projects that owner-occupied units on this particular site would deliver an unleveraged IRR of 7.17 percent, making it difficult to secure financing.



On-Site Parking Implications

Current Situation

Riverchase Galleria is surrounded by a sea of parking lots and two parking decks totaling about 8,200 parking spaces within Galleria Circle, including the Hyatt Regency and Offices at 3000 Riverchase, as estimated by Hunden.

Reuse & Removal of Existing Structured & Surface Parking

Construction of phases one and two would be built on land occupied by 574 parking spaces and utilize an estimated additional 1,100 spaces in the adjacent deck, totaling a net of about 1,700 existing spaces that would be occupied by the potential redevelopment, as estimated by Hunden. This would total about 21 percent of existing parking spaces.

Construction of Limited Additional Structured Parking

Phase one features the construction of 282 apartments across two buildings, which would all be accessible via skybridges connecting the buildings to an existing adjacent garage and preventing the need for any new parking construction.

Phase two would feature an additional residential building consisting of 260 units, which requires the construction of a new parking deck wrapped within the building to service residents, due to the lack of an adjacent garage. The absence of an on-site deck would significantly reduce key count and asking rents, ultimately reducing project returns and making financing more difficult to secure.



Case Studies



Indoor Malls – History & Trends

Immense Growth

Enclosed malls rose to prominence in the 1950s, fueled by suburban growth, highway expansion, and the popularity of department store anchors. By the 1980s, malls had become dominant retail and social hubs, exceeding 2,500 nationwide at their peak. Anchored by major retailers like Sears and Macy's, they offered food courts, movie theaters, and climate-controlled environments that drew large crowds.

Oversaturation

By the 1990s, the market was oversaturated. Newer lifestyle centers and e-commerce drew customers away. As anchor stores closed, co-tenancy clauses caused a ripple effect of vacancies. The U.S. had far more retail space per capita than other countries, and by the 2010s, hundreds became “dead malls.” The pandemic accelerated these declines, causing even more closures and bankruptcies.

Redevelopment

By 2022, the number of enclosed malls had dropped to approximately 1,150, with many struggling. In response, more than 150 malls have been redeveloped or are in active transition. Redevelopment strategies include converting malls into mixed-use districts, residential communities, medical centers, and entertainment venues. The enclosed mall model has declined, especially among mid-tier assets, but the properties are increasingly being reused for higher-value purposes.



Mall Redevelopment Trends

Many traditional indoor malls are being transformed into dense, walkable districts with housing, retail, entertainment, green space, and civic uses, shifting from enclosed formats to open-air environments that resemble urban neighborhoods. Few redevelopments have been completed to date due to logistical and ownership challenges, though the pandemic accelerated anchor closures and revenue loss, pushing more properties toward optimal redevelopment.

Key mall redevelopment trends include:

- 1 Housing-Driven Redevelopment**
Apartments and townhomes are replacing dead anchors and parking lots, creating built-in demand and constant visitation for on-site retail and amenities.
- 2 Green and Public Spaces**
Central parks, plazas, and trails anchor the site, improving walkability and community appeal.
- 3 Retail, Dining, and Hospitality Integration**
Retail is reimagined as street-facing shops and food halls, often supported by hotels and entertainment venues.
- 4 Connected Street Grid and Mobility**
Superblocks are broken up with new roads, sidewalks, and bike infrastructure to better connect the site to its surroundings.



Local Mall Redevelopment: Brookwood Village

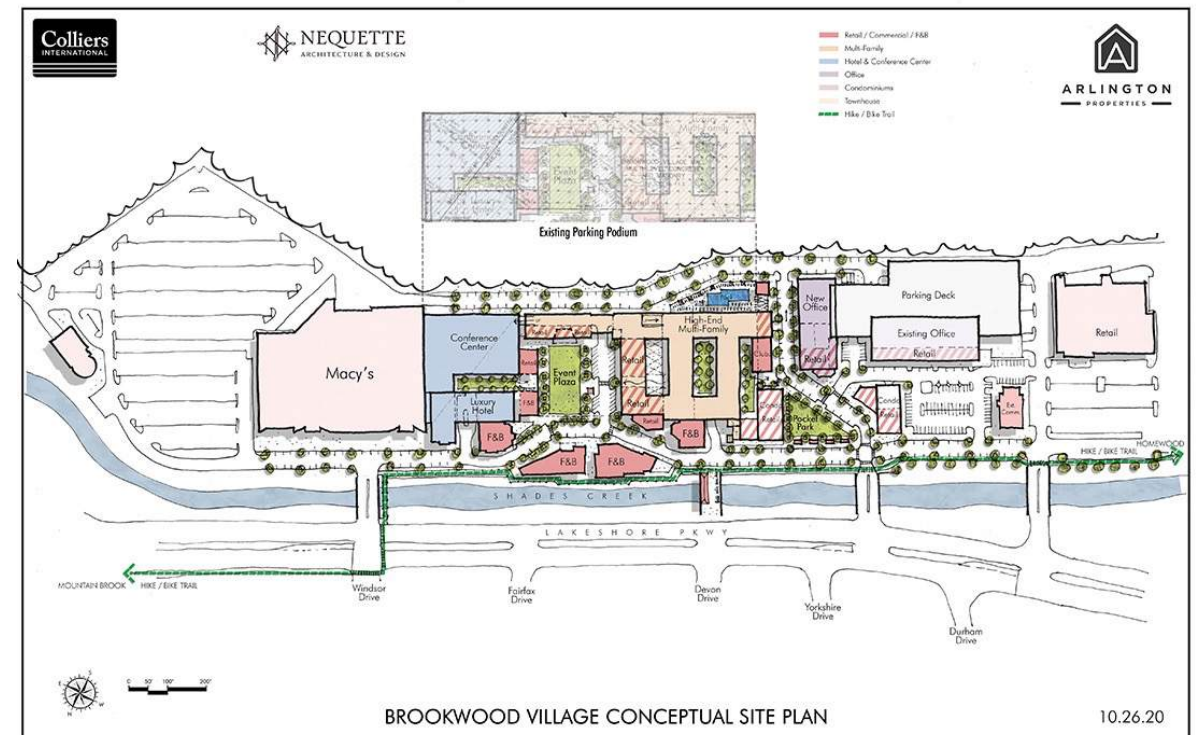
Located in Homewood, Alabama, Brookwood Village suffered from years of declining visitation and tenant losses, ultimately unable to recover after the pandemic. The 876,000-square-foot mall permanently closed in 2022.

Since its closure, Colliers International and Arlington Properties have taken steps to reimagine the site as a mixed-use development featuring retail, restaurants, high-end apartments, office space, a luxury hotel, and a conference center.

The first step will be the conversion of the former Belk department store space into Andrews Sports Medicine and Orthopedic Center (pictured below).



Initial 2020 redevelopment plans, including the reuse of the existing parking structures and the incorporation of parks, trails, dining, shops, office, apartments, and hospitality space.



Case Study Assessment

Mall Redevelopments & Repositioning

Hawthorn Mall

Vernon Hills, IL

Lulah Hills

Decatur, GA

Flatiron Crossing

Broomfield, CO

MainPlace Mall

Santa Ana, CA

Crossroads Mall

Omaha, NE

Briarwood Mall

Ann Arbor, MI

Fox Valley Mall

Aurora, IL

Inspirational Mixed-Use Districts & City Centers

Avalon

Alpharetta, GA

Halcyon

Alpharetta, GA

City Springs

Sandy Springs, GA

The Greene

Beavercreek, OH

MidCity District

Huntsville, AL

Watters Creek Village

Allen, TX



Mall Redevelopment Case Studies Overview

Public funding, such as TIFs and infrastructure reimbursements are an important tool to enable major mall redevelopments.

Density of residential is a consistent driver of financial viability, alongside dining, entertainment, and daily-needs retail.

Experiential anchors, such as entertainment venues and activated public spaces are helpful to be positioned as a destination.

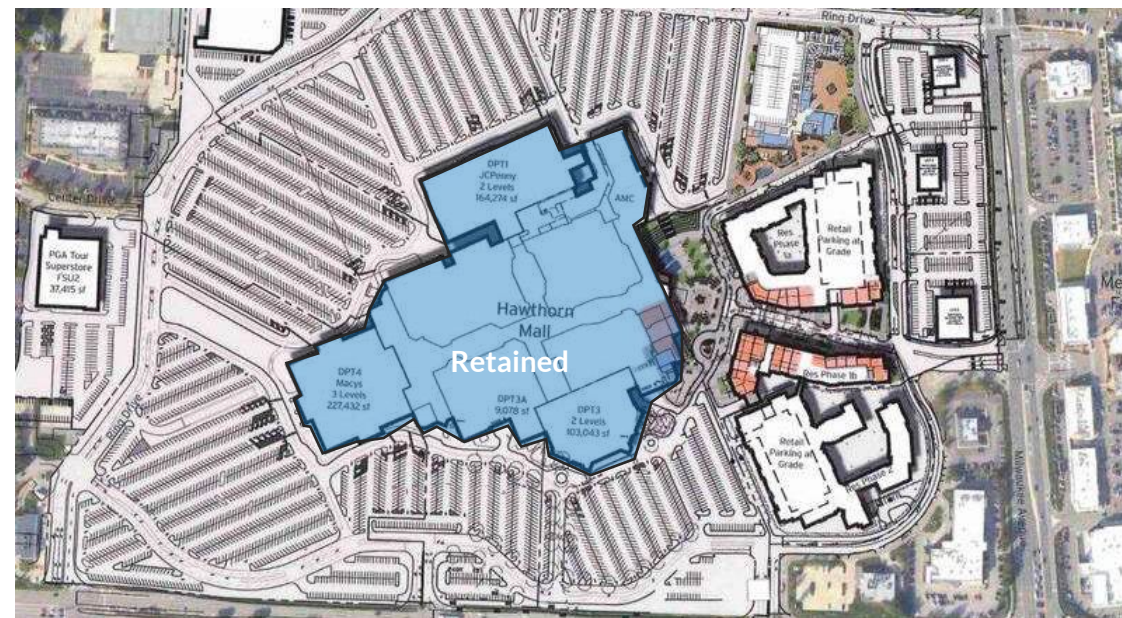
Case Study Assessment

Name	Location	Site Acres	Original Opening	Project Years	Cost	Owner
Hawthorn Mall	Vernon Hills, IL	75	1973	2021-Present	\$252 million	Centennial
North DeKalb Mall/Lulah Hills	Decatur, GA	45	1965	2022-Present	\$843 million	EDENS
Flatiron Crossing	Broomfield, CO	111	2000	2021-Present	\$240 million	Macerich
MainPlace Mall	Santa Ana, CA	55	1987	2019-Present	\$500 million	Centennial
Crossroads Mall	Omaha, NE	46	1960	2020-Present	\$900 million	Woodbury Corp.
Briarwood Mall	Ann Arbor, MI	83	1973	2023-Present	Not Disclosed	Simon Property Group
Fox Valley Mall	Aurora, IL	104	1975	2019-Present	Not Disclosed	Centennial
Average	--	74	1976	2021-Present	\$547 million	--
Riverchase Galleria	Hoover, AL	62	1986	--	--	Brookfield Properties

Sources: CoStar, Placer.ai

Hawthorn Mall

Location	Vernon Hills, IL
Original Opening	1973
Project Years	2021-Present
Size	75 acres
Cost	\$252 million
Redevelopment	"Hawthorn 2.0" involves demolishing former Sears and Carson's stores to create a mixed-use development featuring 561 multifamily residences, a 25,000-square-foot grocery store, 109,000 square feet of open-air retail, and an activated plaza with a multilevel indoor park experience.
Takeaways	■ The project utilized TIFs to fund infrastructure and vertical development. ■ The redevelopment adds substantial residential density with a mix of general market and senior housing. ■ Grocery and dining components shift the center's purpose toward daily needs and local services.



North Dekalb Mall

Location	Decatur, GA
Original Opening	1965
Project Years	2022-Present
Size	45 acres
Cost	\$843 million
Redevelopment	The project, renamed Lulah Hills, plans to transform the site into a mixed-use development with 1,700 for-rent multifamily units, 100 townhomes, 320,000 square feet of retail and restaurant space, and a greenway trail connecting to Emory University.
Takeaways	• The project received \$70 million in public tax reimbursements through DeKalb County and local development authorities. • The redevelopment is driven primarily by high residential density and extensive food & beverage programming. • Strong City coordination and entitlements enabled a large-scale repositioning.



Flatiron Crossing

Location Broomfield, CO

Original Opening 2000

Project Years 2021-Present

Size 111 acres

Cost \$240 million

Redevelopment Flatiron has demolished much of its “outdoor tail” extending from the enclosed mall, to be replaced with a mix of uses. The “HiFi” redevelopment adds 347 residential units, a hotel, and 65,000 square feet of new retail and entertainment, anchored by a 34,000-square-foot Pindustry venue and existing theater. The former Nordstrom box will be converted to office space. A new two-acre public park with event space will connect the space.

Takeaways

- Mixed-use development can extend from the primary mall structure, creating a central public plaza.
- Eatertainment concepts such as Pindustry attract visitors to the new development.
- Retail space allows for small tenants of 3,000 – 5,000 square feet and avoids large isolated anchors.



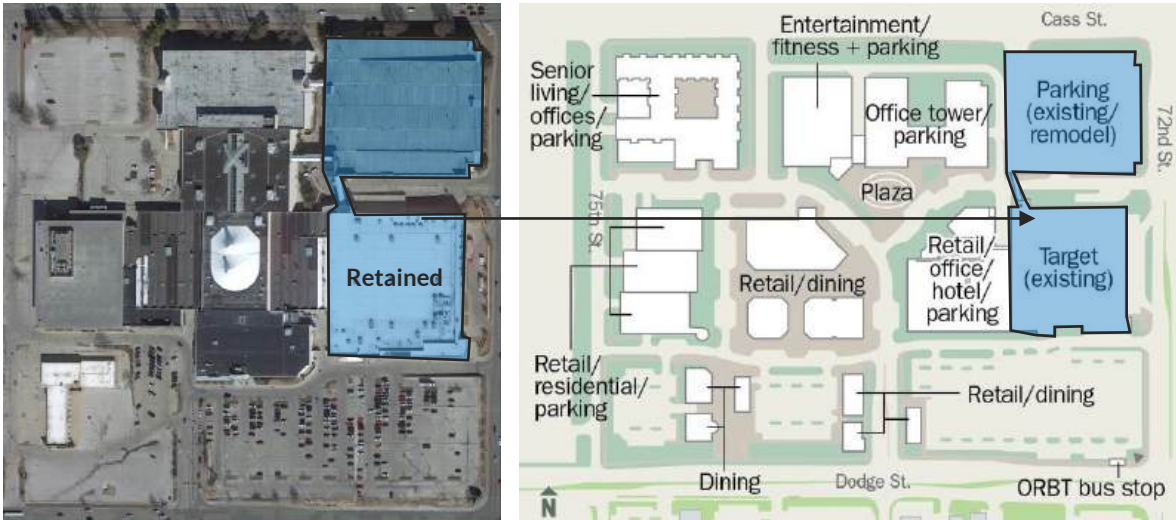
MainPlace Mall

Location	Santa Ana, CA
Original Opening	1987
Project Years	2019-Present
Size	55 acres
Cost	\$500 million
Redevelopment	The transformation includes converting the mall into a mixed-use center with 720 residential units, a 4,000-seat live entertainment venue, a boutique hotel, 140,000 square feet of office space, new public plazas, an indoor/outdoor food hall, interactive play areas, and a grocery store.
Takeaways	• Culinary and entertainment uses are emphasized over major retail anchors. • A phased approach allows the mall to operate during construction. • Surface parking lots allow for new vertical construction adjacent to the mall. • Demolition of a former Nordstrom box and parking garage cleared space for new residential space and a central plaza.



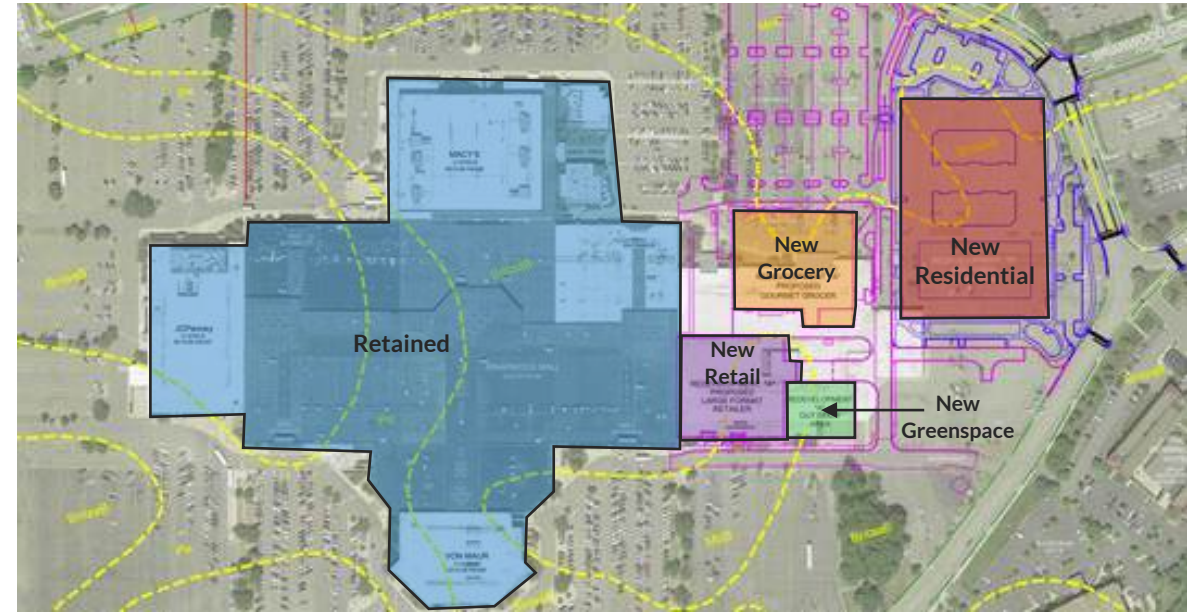
Crossroads Mall

Location	Omaha, NE
Original Opening	1960
Project Years	2020-Present
Size	46 acres
Cost	\$900 million
Redevelopment	The former mall is being redeveloped into a 1.5 million-square-foot district with 1,277 residential units, 380,000 square feet of retail, a 92,000-square-foot entertainment venue, a 200,000-square-foot office component, and a 150-room hotel. The plan includes a 40,000-square-foot central green space and more than 1,500 structured parking stalls, with significant early investment in public infrastructure.
Takeaways	• The project received \$105 million in City-approved TIF and infrastructure support. • The mix of uses is designed to establish a destination district.



Briarwood Mall

Location	Ann Arbor, MI
Original Opening	1973
Project Years	2023-Present
Size	83 acres
Redevelopment	The former Sears site is being redeveloped into 370 residential units, a gourmet grocer, and a two-story retail building. Most of the enclosed mall remains operational and unchanged.
Takeaways	• Emphasizing industry trends, the new development is comprised of new apartments. • The development is a creative reuse of an obsolete box and an effort to add additional types of uses on the site without disrupting the successful aspects of the mall.



Fox Valley Mall

Location Aurora, IL

Original Opening 1975

Project Years 2019-Present

Size 104 acres

Redevelopment The redevelopment focuses on integrating residential living spaces, including luxury apartments and senior housing, with existing retail offerings. Phase 1 introduced Lumen Fox Valley, a 304-unit luxury apartment complex. Phase 2 adds a 323-unit luxury apartment community and a 212-unit senior living center, enhancing the mall's appeal as a live-work-play destination. The project emphasizes creating a walkable environment with green spaces, outdoor amenities, and community-centric features.

- Takeaways**
- An outdated department store box has been torn down to become a new public plaza and future retail space.
 - The redevelopment is centered on bringing new housing to the site, with new complexes comprising more than 800 new units. The complexes are a mix between luxury units and senior living.



Mixed-Use Case Studies Overview

Dense, walkable entertainment-anchored districts encourage visitors to spend more time and money in the destination

To draw a critical mass of people to a district, it is important to have a density of live-work-play offerings

Districts that emphasize placemaking, including the infusion of local culture, frequently perform better

Case Study Assessment									
Name	Location	Acres	Residential Units	Hotel Rooms	Office SF	Retail & Restaurant SF	2024 Visits	2024 Visitors	% of Visits 100+ Miles
Avalon	Alpharetta, GA	86	637	330	208,000	570,000	7.8 million	1.7 million	9%
Halcyon	Alpharetta, GA	30	690	160	208,000	200,000	2.2 million	605,600	9%
City Springs	Sandy Springs, GA	14	295	0	95,000	35,000	831,800*	359,700*	6.5%*
The Greene	Beavercreek, OH	72	206	0	125,000	1,100,000	5.5 million	1.1 million	5%
MidCity District	Huntsville, AL	100	1,865	925	400,000	350,000	4.5 million	1.1 million	11%
Watters Creek Village	Allen, TX	52	285	135	170,000	520,000	4.2 million	977,900	7%
Average	--	59	663	258	201,000	462,500	4.8 million	1.1 million	8%

Avalon

Location	Alpharetta, GA
Opened	2014
Cost	\$1 billion
Size	86 acres
2024 Visits	7.8 million
Features	Avalon features 570,000 square feet of retail, 208,000 square feet of office space, 637 multifamily units, 330 hotel rooms, and a 44,000-square-foot conference center.
Takeaways	- Local authorities refer to the high performance of The Hotel at Avalon as “The Avalon Effect” because of the premium the well-designed district drives. - It is known for its strong placemaking strategy, including seasonal events, an ice-skating rink, and a plaza that functions as the community’s social core. - The scale and mix of uses allow it to function as a self-contained district, with seamless integration between living, working, and leisure.



Halcyon

Location	Alpharetta, GA
Opened	2019
Cost	\$370 million
Size	30 acres
2024 Visits	2.2 million
Features	Halcyon is a suburban mixed-use district, combining 208,000 square feet of office space, 200,000 square feet of retail, and 160 hotel rooms with significant housing supply including 448 apartments, 87 single-family homes, and 155 townhomes.
Takeaways	• Emphasizes a village-style layout with trail access and preserved green space, integrating indoor-outdoor design throughout. • A compact but balanced mix of uses is activated by a food hall and frequent events that draw steady foot traffic. • The development's emphasis on local and regional tenants over national chains creates a more authentic, community-focused atmosphere that differentiates it from traditional retail centers.



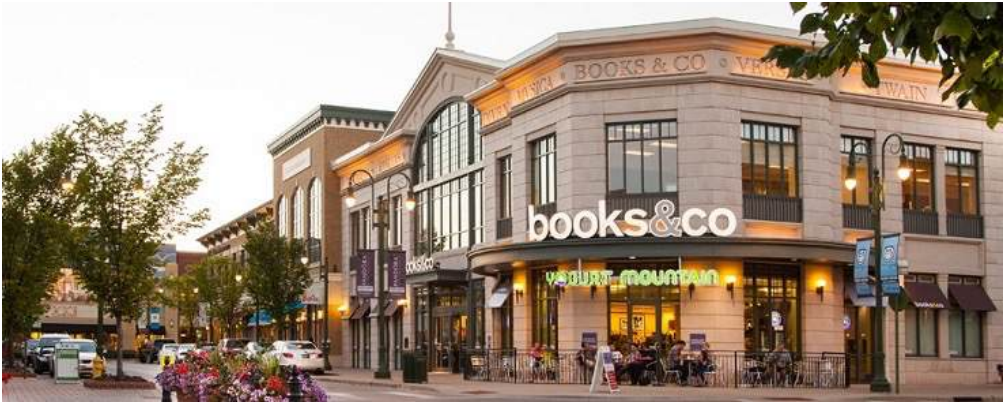
City Springs

Location	Sandy Springs, GA
Opened	2018
Cost	\$180 million
Size	14 acres
2024 Visits	831,800 (excluding City Hall)
Features	City Springs features 35,000 square feet of retail and restaurant space, 295 residential units, a 1,000-seat performing arts center, a 95,000-square-foot City Hall, and a central green space with outdoor event areas and a conference center.
Takeaways	- Combining government offices with cultural, residential, and retail uses can anchor a downtown district and stimulate year-round activity. - The project was made possible through a strong public-private partnership, with the City leading the development to catalyze civic identity. - Ample outdoor space and public investment enhance walkability and promote community gathering.



The Greene

Location	Beavercreek, OH
Opened	2006-2008
Cost	\$200 million
Size	72 acres
2024 Visits	5.5 million
Features	The Greene is an open-air lifestyle center that includes more than 100 retail shops and restaurants, entertainment venues such as a comedy club and cinema, office space, and residential units integrated above retail in a town center layout.
Takeaways	• Mixed-use density within a walkable street grid creates a town center atmosphere that attracts daily visitors and residents alike. • The vertical integration of residential over retail supports a 24-hour environment and helps drive foot traffic to businesses. • Hosting events in central plazas reinforces community identity and encourages repeat visits.



MidCity District

Location	Huntsville, AL
Opened	2017-Present
Cost	\$2.2 billion
Size	100 acres
2024 Visits	4.5 million
Features	MidCity District is an ongoing redevelopment of a former mall site that will include 350,000 square feet of retail, 400,000 square feet of office space, nearly 1,900 multifamily units, 925 hotel rooms, and a 40-acre public park. It is designed to become a major cultural and entertainment destination for Huntsville.
Takeaways	• The 8,000-seat Orion Amphitheater serves as a regional anchor and drives year-round foot traffic. • The City of Huntsville supported MidCity with public funding for roads, utilities, and the Orion Amphitheater, using capital funds and future lodging tax revenue. • The district's abundance of residential units demonstrates housing as a core component of the district's long-term vibrancy and density.



Watters Creek Village

Location	Allen, TX
Opened	2008
Cost	\$200 million
Size	52 acres
2024 Visits	4.2 million
Features	Watters Creek Village is a retail-centric mixed-use development with approximately 520,000 square feet of retail and dining space, 170,000 square feet of office space, 285 residential units, a 135-room hotel, and a cinema, all designed around a central creek and park in a walkable environment.
Takeaways	• The retail mix is intentionally experiential, combining national brands with chef-driven concepts and boutique shops. • Storefronts are designed for strong indoor-outdoor flow, with patios and views of green space and water features. • The Allen Economic Development Corporation, funded by a local half-cent sales tax, helped facilitate the project, showing how targeted public investment can catalyze major mixed-use development.



Demand and Financial Projections



Phases Introduction

Development phases are a **projection of the potential feasibility of a redevelopment**. In order to comprehensively evaluate potential feasibility, phases consider the utilization of private property that may not be available, including the former Sears box, owned by TransformCo, and current Macy's box. This projection assumes the land could be obtained or taken control of.

Both phases consist of a redevelopment of the south side of the Riverchase Galleria site. Phase One is a smaller-scale redevelopment that does not utilize Macy's current retail space. Phase Two is a full build-out of the redevelopment with additional residential and retail space.

Phase One

- Demolition of former Sears box
- Construction of:
 - 282 apartments
 - 28,000 square feet of retail
 - 1,100-seat center for the arts
 - 25,000-square-foot public plaza & greenspace

Phase Two

- Demolition of current Macy's box and adjacent triangular corridor of the mall
- Construction of:
 - 260 apartments
 - 16,000 square feet of retail
 - 19,000-square-foot public plaza & greenspace

Demand & Financial Projections Summary

Phase One of this conceptual redevelopment project would generate an estimated 15.5 percent IRR (Internal Rate of Return), which is narrowly below the targeted IRR of 16 percent and would leave a \$1.8 million financial feasibility gap. Phase Two generates a 10.4 percent IRR, which leaves a \$12.8 million feasibility gap. These feasibility gaps are related to the private construction cost and do not consider the site infrastructure costs or Center for the Arts costs.

Phase One

Est. Private Construction Cost	\$85.0 M
Est. Infrastructure Construction Cost	\$9.6 M
Est. Center for the Arts Construction Cost	\$51.0 M
Levered IRR	15.5%
Financial Gap	\$1.8 M

Phase Two

Est. Private Construction Cost	\$87.8 M
Est. Infrastructure Construction Cost	\$7.3 M
Levered IRR	10.4%
Financial Gap	\$12.8 M

Demand and Financial Projections

Phase One



Phase One Cost Estimates



**Est. Center for the
Arts Cost**

\$51.0 million

**Est. Private
Developer Cost**

\$85.0 million

**Est. Infrastructure
Cost**

\$9.6 million

**Total
Construction Cost**

\$145.5 million

Riverchase Galleria Redevelopment (Phase 1)

Conceptual Budget

Infrastructure / Site Work	Size	Unit	Cost/Unit	Total Cost
Site Demolition	1	ls	\$150,000	\$150,000
Bldg Demolition	117,000	sf	\$4	\$468,000
Sitework (Grading/Utilities)	8	ac	\$200,000	\$1,502,966
Asphalt drive/curb and gutter	10,232	sy	\$75	\$767,415
Common Green Space (Stage, Lawn, Hardscapes)	25,000	sf	\$50	\$1,250,000
Hardscapes & Landscaping	105,960	sf	\$20	\$2,119,200
Mall Façade Renovations/Entrance	1	ls	\$1,000,000	\$1,000,000
Subtotal				\$7,257,581
Private Development	Size	Unit	Cost/Unit	Total Cost
Podium Retail (Cold-Dark-Shell)	31,280	sf	\$155	\$4,848,400
Multi-Family	282	unit	\$210,000	\$59,220,000
Pedestrian Bridges to Parking Deck	2	ls	\$250,000	\$500,000
Subtotal				\$64,568,400
Center for the Arts	Size	Unit	Cost/Unit	Total Cost
Center for the Arts	61,975	sf	\$625	\$38,734,375
Subtotal				\$38,734,375.00
Subtotal				\$110,560,356
Contractor Fee & GC's			12.5%	\$13,820,045
Permits				Excluded
P&P Bond				Excluded
Budget Contingency			5.0%	\$5,528,018
Total Hard Costs				\$129,908,418
Soft Costs*			12.0%	\$15,589,010
Grand Total				\$145,497,428
Source: Hoar Construction				
*12% applied to Private Development & Infrastructure. 14% applied to Performing Arts Center.				

Note: Soft cost estimates were determined by Hunden

Phase One Multifamily (282 units)

Year 1 Avg. Rent
Per Unit

\$2,071

Stabilized
Occupancy

95%

Year 3 NOI

\$5.8 million

Multifamily Riverchase Galleria 282 MF Units	2029 Year 1	2030 Year 2	2031 Year 3	2032 Year 4	2033 Year 5	2038 Year 10	2048 Year 20	2058 Year 30
Revenue (\$000s)								
Gross Potential Rent	\$ 7,014	\$ 7,224	\$ 7,441	\$ 7,664	\$ 7,894	\$ 9,152	\$ 12,299	\$ 16,529
Vacancy	25.0%	12.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
(-) Vacancy Loss	\$ (1,753)	\$ (867)	\$ (372)	\$ (383)	\$ (395)	\$ (458)	\$ (615)	\$ (826)
(-) Collection and Other Losses	\$ (105)	\$ (108)	\$ (74)	\$ (38)	\$ (20)	\$ (23)	\$ (31)	\$ (41)
(+) Other Income (Fees)	\$ 244	\$ 294	\$ 327	\$ 337	\$ 347	\$ 403	\$ 541	\$ 727
(+) Parking Revenues	\$ 340	\$ 411	\$ 457	\$ 471	\$ 485	\$ 563	\$ 756	\$ 1,016
Gross Effective Rent	\$ 5,739	\$ 6,955	\$ 7,779	\$ 8,051	\$ 8,312	\$ 9,636	\$ 12,951	\$ 17,404
Expenses (\$000s)								
(-) Utilities	\$ 171	\$ 207	\$ 230	\$ 237	\$ 244	\$ 282	\$ 380	\$ 510
(-) Repairs & Maintenance	\$ 155	\$ 188	\$ 209	\$ 215	\$ 222	\$ 257	\$ 345	\$ 464
(-) Payroll & Benefits	\$ 363	\$ 438	\$ 487	\$ 502	\$ 517	\$ 599	\$ 805	\$ 1,082
(-) Absorption Marketing	\$ 136	\$ 24	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Ongoing Marketing	\$ 88	\$ 106	\$ 118	\$ 121	\$ 125	\$ 145	\$ 195	\$ 261
(-) General & Administrative	\$ 85	\$ 102	\$ 114	\$ 117	\$ 121	\$ 140	\$ 188	\$ 253
<i>Uncontrollable Expenses</i>								
(-) Management Fee	\$ 201	\$ 243	\$ 272	\$ 282	\$ 291	\$ 337	\$ 453	\$ 609
(-) Insurance	\$ 191	\$ 196	\$ 202	\$ 208	\$ 215	\$ 249	\$ 334	\$ 450
(-) Reserves	\$ 117	\$ 121	\$ 125	\$ 128	\$ 132	\$ 153	\$ 206	\$ 277
(-) Property Taxes	\$ 35	\$ 107	\$ 125	\$ 151	\$ 155	\$ 180	\$ 242	\$ 325
(-) UHC Compliance Fee	\$ 8	\$ 8	\$ 9	\$ 9	\$ 9	\$ 11	\$ 14	\$ 19
Total Expenses	\$ 1,549	\$ 1,741	\$ 1,903	\$ 1,971	\$ 2,030	\$ 2,354	\$ 3,163	\$ 4,251
Net Operating Income	\$ 4,191	\$ 5,214	\$ 5,876	\$ 6,081	\$ 6,282	\$ 7,283	\$ 9,787	\$ 13,153
<i>Operating Margin</i>	<i>73%</i>	<i>75%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>
(-) Cap Ex Reserves	\$ 88	\$ 109	\$ 123	\$ 128	\$ 132	\$ 153	\$ 206	\$ 276
Before Debt Cash Flow	\$ 4,103	\$ 5,104	\$ 5,753	\$ 5,953	\$ 6,150	\$ 7,130	\$ 9,582	\$ 12,877

Source: Hunden Partners

Phase One Retail (28,000 SF)

Year 1 Rent PSF

\$29.26

Stabilized
Occupancy

94%

Year 3 NOI

\$0.7 million

Proforma - Restaurant/Retail Riverchase Galleria 28K Retail	2029 Year 1	2030 Year 2	2031 Year 3	2032 Year 4	2033 Year 5	2038 Year 10	2048 Year 20	2058 Year 30
Revenue (\$000s)								
(+) Gross Potential Rent	\$ 819	\$ 844	\$ 869	\$ 895	\$ 922	\$ 1,069	\$ 1,437	\$ 1,931
Vacancy	22%	11%	6%	6%	6%	6%	6%	6%
(-) Vacancy Loss	\$ 180	\$ 93	\$ 52	\$ 54	\$ 55	\$ 64	\$ 86	\$ 116
Gross Effective Rent	\$ 639	\$ 751	\$ 817	\$ 842	\$ 867	\$ 1,005	\$ 1,351	\$ 1,815
(+) Parking	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(+) Tenant Reimbursements	\$ 156	\$ 183	\$ 200	\$ 206	\$ 212	\$ 245	\$ 330	\$ 443
Gross Operating Income	\$ 795	\$ 935	\$ 1,017	\$ 1,047	\$ 1,079	\$ 1,250	\$ 1,680	\$ 2,258
Expenses (\$000s)								
(-) CAM	\$ 71	\$ 73	\$ 75	\$ 77	\$ 80	\$ 93	\$ 124	\$ 167
(-) General & Admin	\$ 5	\$ 5	\$ 5	\$ 6	\$ 6	\$ 7	\$ 9	\$ 12
(-) Trash Removal	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 7	\$ 10	\$ 13
(-) Repairs, Maint. & Cleaning	\$ 28	\$ 29	\$ 30	\$ 31	\$ 32	\$ 37	\$ 49	\$ 66
(-) Utilities	\$ 24	\$ 25	\$ 25	\$ 26	\$ 27	\$ 31	\$ 42	\$ 56
(-) Property Tax	\$ 86	\$ 89	\$ 91	\$ 94	\$ 97	\$ 112	\$ 151	\$ 203
(-) Management	\$ 19	\$ 20	\$ 20	\$ 21	\$ 22	\$ 25	\$ 34	\$ 45
(-) Insurance	\$ 19	\$ 20	\$ 20	\$ 21	\$ 22	\$ 25	\$ 34	\$ 45
Total Expenses	\$ 258	\$ 266	\$ 274	\$ 282	\$ 290	\$ 337	\$ 453	\$ 608
Net Operating Income	\$ 537	\$ 669	\$ 743	\$ 765	\$ 788	\$ 914	\$ 1,228	\$ 1,650
<i>Operating Margin</i>	<i>68%</i>	<i>72%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>
(-) Cap Ex Reserves	\$ 17	\$ 20	\$ 21	\$ 22	\$ 23	\$ 26	\$ 35	\$ 47
Before Debt Cash Flow	\$ 520	\$ 649	\$ 722	\$ 743	\$ 765	\$ 887	\$ 1,193	\$ 1,603

Source: Hunden Partners

Center for the Arts (1,100 Seats)

Year 3 Revenue

\$1,583,000

Year 3 NOI

-\$115,000

Estimated Construction Cost

\$51.0 million

Projected Individual Impact (10-years)

Net New Spending

\$82 million

Net New Earnings

\$19 million

Net New FTEs

38

Net New Taxes

\$1.8 million

Center for the Arts (1,100-Capacity) Proforma (\$000s)	2029 Year 1	2030 Year 2	2031 Year 3	2032 Year 4	2033 Year 5	2038 Year 10	2048 Year 20	2058 Year 30
Revenues (\$000s)								
(+) Rental Revenue	\$ 185	\$ 240	\$ 299	\$ 307	\$ 317	\$ 367	\$ 493	\$ 663
(+) Facility Fee	\$ 52	\$ 65	\$ 78	\$ 78	\$ 78	\$ 78	\$ 78	\$ 78
(+) Ticket Rebates	\$ 107	\$ 132	\$ 158	\$ 163	\$ 168	\$ 195	\$ 262	\$ 352
(+) Concessions, Net	\$ 225	\$ 290	\$ 359	\$ 370	\$ 381	\$ 442	\$ 593	\$ 798
(+) Merch, Net	\$ 14	\$ 17	\$ 21	\$ 22	\$ 23	\$ 26	\$ 35	\$ 48
(+) Parking, Net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(+) Naming Rights & Sponsorship	\$ 155	\$ 180	\$ 185	\$ 191	\$ 196	\$ 228	\$ 306	\$ 411
(+) Event Wage Reimbursement	\$ 153	\$ 198	\$ 251	\$ 258	\$ 266	\$ 308	\$ 415	\$ 557
(+) Event Expense Reimbursement	\$ 141	\$ 183	\$ 232	\$ 238	\$ 246	\$ 285	\$ 383	\$ 514
Total	\$ 1,032	\$ 1,306	\$ 1,583	\$ 1,628	\$ 1,675	\$ 1,929	\$ 2,565	\$ 3,421
Expenses (\$000s)								
(-) Salaries, Wages & Benefits	\$ 588	\$ 606	\$ 624	\$ 643	\$ 662	\$ 767	\$ 1,031	\$ 1,386
(-) General & Admin	\$ 124	\$ 128	\$ 131	\$ 135	\$ 139	\$ 162	\$ 217	\$ 292
(-) Direct Event Expenses	\$ 351	\$ 454	\$ 575	\$ 592	\$ 609	\$ 707	\$ 950	\$ 1,276
(-) Utilities	\$ 43	\$ 45	\$ 46	\$ 47	\$ 49	\$ 57	\$ 76	\$ 102
(-) Repairs & Maintenance	\$ 31	\$ 32	\$ 33	\$ 34	\$ 35	\$ 40	\$ 54	\$ 73
(-) Insurance	\$ 50	\$ 51	\$ 53	\$ 54	\$ 56	\$ 65	\$ 87	\$ 117
(-) Advertising & Other	\$ 16	\$ 17	\$ 17	\$ 18	\$ 18	\$ 21	\$ 28	\$ 38
(-) Management Fee	\$ 87	\$ 89	\$ 92	\$ 95	\$ 98	\$ 113	\$ 152	\$ 204
(-) Reserves	\$ 27	\$ 30	\$ 33	\$ 34	\$ 35	\$ 41	\$ 54	\$ 73
(-) Incentive Management Fee	\$ 62	\$ 78	\$ 95	\$ 98	\$ 100	\$ 116	\$ 154	\$ 205
Total	\$ 1,378	\$ 1,529	\$ 1,698	\$ 1,749	\$ 1,801	\$ 2,087	\$ 2,804	\$ 3,766
Net Operating Income	\$ (347)	\$ (223)	\$ (115)	\$ (121)	\$ (127)	\$ (158)	\$ (238)	\$ (346)

Source: Hunden Partners

Note: Performance projections may change as more details for potential project are determined, such as operator, mission, event mix, resident companies, programs, etc.

Demand and Financial Projections

Phase Two



Phase Two Cost Estimates



**Est. Private
Developer Cost**

\$87.8 million

**Est. Infrastructure
Cost**

\$7.3 million

**Total
Construction Cost**

\$95 million

Riverchase Galleria Redevelopment (Phase 2)

Conceptual Budget

Infrastructure / Site Work	Size	Unit	Cost/Unit	Total Cost
Site Demolition	1	ls	\$100,000	\$100,000
Bldg Demolition	129,981	sf	\$4	\$519,924
Sitework (Grading/Utilities)	5	ac	\$200,000	\$1,037,401
Retaining Wall	600	lf	\$90	\$54,000
Asphalt drive/curb and gutter	350	sy	\$75	\$26,250
Additional Common Green Space (Lawn, Hardscapes)	19,000	sf	\$40	\$760,000
Hardscapes & Landscaping	101,797	sf	\$20	\$2,035,940
Mall Façade Renovations/Entrance	1	ls	\$1,000,000	\$1,000,000
Subtotal				\$5,533,515
Private Development	Size	Unit	Cost/Unit	Total Cost
Retail at Resi (Cold-Dark-Shell)	17,118	sf	\$155	\$2,653,290
Jewel Box Retail (Cold-Dark-Shell)	3277	sf	\$375	\$1,228,875
Multi-Family	260	unit	\$210,000	\$54,600,000
Parking Garage	410	cars	\$20,000	\$8,200,000
Subtotal				\$66,682,165
Subtotal				\$72,215,680
Contractor Fee & GC's			12.5%	\$9,026,960
Permits				Excluded
P&P Bond				Excluded
Budget Contingency			5.0%	\$3,610,784
Total Hard Costs				\$84,853,424
Soft Costs			12.0%	\$10,182,411
Grand Total				\$95,035,835
Source: Hoar Construction				

Note: Soft cost estimates were determined by Hunden

Phase Two Multifamily (260 units)

Year 1 Avg. Rent
Per Unit

\$2,071

Stabilized
Occupancy

95%

Year 3 NOI

\$5.3 million

Proforma - Multifamily Riverchase Galleria 260 MF Units	2029 Year 1	2030 Year 2	2031 Year 3	2032 Year 4	2033 Year 5	2038 Year 10	2048 Year 20	2058 Year 30
Revenue (\$000s)								
Gross Potential Rent	\$ 6,466	\$ 6,660	\$ 6,860	\$ 7,066	\$ 7,278	\$ 8,437	\$ 11,339	\$ 15,239
Vacancy	29.7%	14.7%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
(-) Vacancy Loss	\$ (1,920)	\$ (979)	\$ (343)	\$ (353)	\$ (364)	\$ (422)	\$ (567)	\$ (762)
(-) Collection and Other Losses	\$ (97)	\$ (100)	\$ (69)	\$ (35)	\$ (18)	\$ (21)	\$ (28)	\$ (38)
(+) Other Income (Fees)	\$ 211	\$ 263	\$ 302	\$ 311	\$ 320	\$ 371	\$ 499	\$ 671
(+) Parking Revenues	\$ 294	\$ 367	\$ 422	\$ 434	\$ 447	\$ 519	\$ 697	\$ 937
Gross Effective Rent	\$ 4,954	\$ 6,213	\$ 7,172	\$ 7,423	\$ 7,664	\$ 8,884	\$ 11,940	\$ 16,046
Expenses (\$000s)								
(-) Utilities	\$ 148	\$ 185	\$ 212	\$ 218	\$ 225	\$ 260	\$ 350	\$ 470
(-) Repairs & Maintenance	\$ 135	\$ 168	\$ 193	\$ 198	\$ 204	\$ 237	\$ 318	\$ 428
(-) Payroll & Benefits	\$ 314	\$ 392	\$ 449	\$ 463	\$ 477	\$ 552	\$ 742	\$ 998
(-) Absorption Marketing	\$ 117	\$ 26	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ -
(-) Ongoing Marketing	\$ 76	\$ 95	\$ 109	\$ 112	\$ 115	\$ 133	\$ 179	\$ 241
(-) General & Administrative	\$ 73	\$ 92	\$ 105	\$ 108	\$ 111	\$ 129	\$ 174	\$ 233
Uncontrollable Expenses								
(-) Management Fee	\$ 173	\$ 217	\$ 251	\$ 260	\$ 268	\$ 311	\$ 418	\$ 562
(-) Insurance	\$ 176	\$ 181	\$ 187	\$ 192	\$ 198	\$ 230	\$ 309	\$ 415
(-) Reserves	\$ 108	\$ 112	\$ 115	\$ 118	\$ 122	\$ 141	\$ 190	\$ 255
(-) Property Taxes	\$ 32	\$ 98	\$ 115	\$ 139	\$ 143	\$ 166	\$ 223	\$ 300
(-) UHC Compliance Fee	\$ 8	\$ 8	\$ 8	\$ 8	\$ 9	\$ 10	\$ 13	\$ 18
Total Expenses	\$ 1,360	\$ 1,574	\$ 1,760	\$ 1,817	\$ 1,872	\$ 2,170	\$ 2,917	\$ 3,920
Net Operating Income	\$ 3,594	\$ 4,639	\$ 5,412	\$ 5,606	\$ 5,791	\$ 6,714	\$ 9,023	\$ 12,126
<i>Operating Margin</i>	<i>73%</i>	<i>75%</i>	<i>75%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>	<i>76%</i>
(-) Cap Ex Reserves	\$ 75	\$ 97	\$ 114	\$ 118	\$ 122	\$ 141	\$ 189	\$ 255
Before Debt Cash Flow	\$ 3,519	\$ 4,542	\$ 5,299	\$ 5,488	\$ 5,670	\$ 6,573	\$ 8,833	\$ 11,871

Source: Hunden Partners

Phase Two Retail (16,000 SF)

Year 1 Rent PSF

\$29.26

Stabilized
Occupancy

94%

Year 3 NOI

\$0.4 million

Proforma - Restaurant/Retail Riverchase Galleria 16K Retail	2029 Year 1	2030 Year 2	2031 Year 3	2032 Year 4	2033 Year 5	2038 Year 10	2048 Year 20	2058 Year 30
Revenue (\$000s)								
(+) Gross Potential Rent	\$ 468	\$ 482	\$ 497	\$ 512	\$ 527	\$ 611	\$ 821	\$ 1,103
Vacancy	22%	14%	6%	6%	6%	6%	6%	6%
(-) Vacancy Loss	\$ 103	\$ 68	\$ 30	\$ 31	\$ 32	\$ 37	\$ 49	\$ 66
Gross Effective Rent	\$ 365	\$ 415	\$ 467	\$ 481	\$ 495	\$ 574	\$ 772	\$ 1,037
(+) Parking								
(+) Tenant Reimbursements	\$ 89	\$ 101	\$ 114	\$ 117	\$ 121	\$ 140	\$ 188	\$ 253
Gross Operating Income	\$ 454	\$ 516	\$ 581	\$ 598	\$ 616	\$ 715	\$ 960	\$ 1,290
Expenses (\$000s)								
(-) CAM	\$ 41	\$ 42	\$ 43	\$ 44	\$ 46	\$ 53	\$ 71	\$ 95
(-) General & Admin	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 4	\$ 5	\$ 7
(-) Trash Removal	\$ 3	\$ 3	\$ 3	\$ 4	\$ 4	\$ 4	\$ 6	\$ 8
(-) Repairs, Maint. & Cleaning	\$ 16	\$ 17	\$ 17	\$ 18	\$ 18	\$ 21	\$ 28	\$ 38
(-) Utilities	\$ 14	\$ 14	\$ 15	\$ 15	\$ 15	\$ 18	\$ 24	\$ 32
(-) Property Tax	\$ 49	\$ 51	\$ 52	\$ 54	\$ 55	\$ 64	\$ 86	\$ 116
(-) Management	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 14	\$ 19	\$ 26
(-) Insurance	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 14	\$ 19	\$ 26
Total Expenses	\$ 147	\$ 152	\$ 156	\$ 161	\$ 166	\$ 192	\$ 259	\$ 348
Net Operating Income	\$ 307	\$ 364	\$ 424	\$ 437	\$ 450	\$ 522	\$ 702	\$ 943
<i>Operating Margin</i>	<i>68%</i>	<i>71%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>	<i>73%</i>
(-) Cap Ex Reserves	\$ 10	\$ 11	\$ 12	\$ 13	\$ 13	\$ 15	\$ 20	\$ 27
Before Debt Cash Flow	\$ 297	\$ 353	\$ 412	\$ 425	\$ 437	\$ 507	\$ 681	\$ 916

Source: Hunden Partners

Economic, Fiscal, & Employment Impacts



Impact Overview

Hunden uses the IMPLAN input-output multiplier model, which determines the level of additional activity in the economy due to additional inputs. For example, for every dollar of direct new spending locally, the IMPLAN model provides multipliers for the indirect and induced spending that will result.

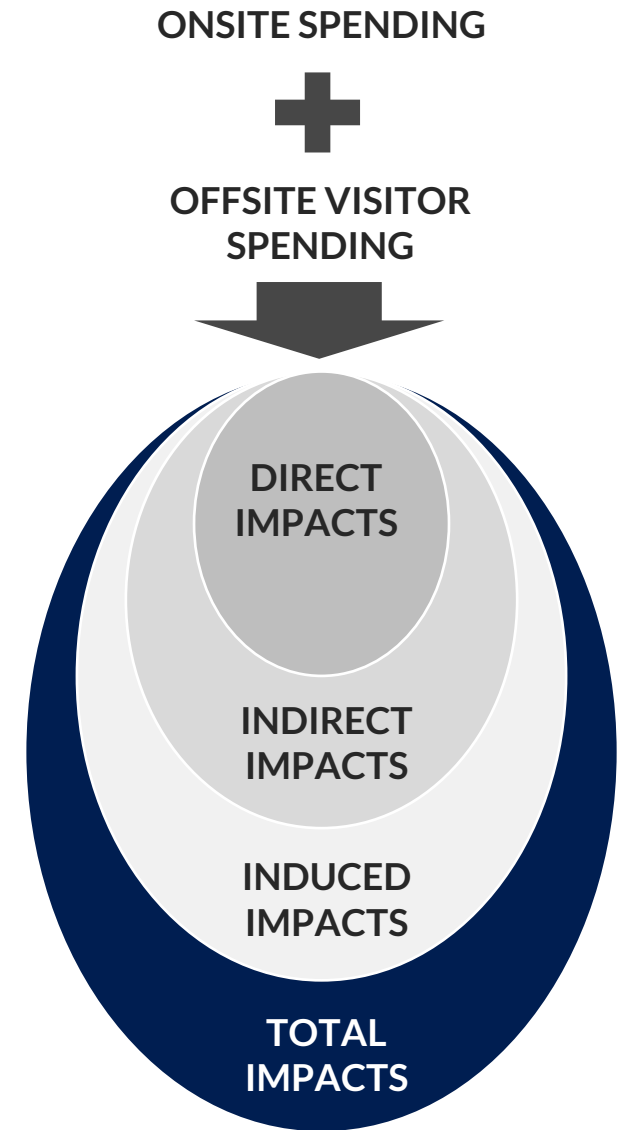
The new and recaptured direct spending (both onsite and offsite) is considered to be the Direct Impact. From the direct spending figures, further impacts are determined.

Indirect Impacts are the supply of goods and services resulting from the initial direct spending. For example, a visitor's direct expenditure on a hotel room causes the hotel to purchase linens and other items from suppliers. The portion of these hotel purchases that are within the local economy is considered an indirect economic impact.

Induced Impacts embody the change in spending due to the personal expenditures by employees whose incomes are affected by direct and indirect spending. For example, a waitress at a restaurant may have more personal income as a result of the induced customer's visit. The amount of the increased income that the employee spends in the area is considered an induced impact.

Employment Impacts include the incremental employment provided not only onsite, but offsite due to the spending associated with it. For example, the direct, indirect and induced impacts generate spending, support new and ongoing businesses, and ultimately result in ongoing employment for citizens. Hunden will estimate the number of ongoing jobs supported by the development and provide the resulting income generated.

Fiscal Impacts represent the incremental tax revenue collected by the City or State due to the net new economic activity. The fiscal impact represents the government's share of total economic benefit.



Impacts Summary

In total, this conceptual redevelopment project would generate an estimated \$396 million in net new spending, \$74 million in net new earnings, 156 full-time equivalent jobs, and \$9.2 million in new city taxes over a 10-year period. This does not include the potential impact of the redevelopment on the existing mall, office, and hotel complex, such as increased visitation or tenancy.

Phase One 10 Year Summary		Phase Two 10 Year Summary		Phases One & Two 10 Year Summary	
Net New Spending	\$274 M	Net New Spending	\$122 M	Net New Spending	\$396 M
Net New Earnings	\$52 M	Net New Earnings	\$22 M	Net New Earnings	\$74 M
Net New Total Jobs	110	Net New Total Jobs	46	Net New Total Jobs	156
Hoover Hotel Tax	\$6.1 M	Hoover Hotel Tax	\$0 M	Hoover Hotel Tax	\$6.1 M
Hoover Sales Tax	\$0.2 M	Hoover Sales Tax	\$2.9 M	Hoover Sales Tax	\$3.1 M

Phase One Economic & Fiscal Impact

\$274 M

Total 10 Year Net New
Spending

\$6.2 M

Total 10 Year New New
Taxes

\$52 M

Total 10 Year Net New
Earnings

110

Total 10 Year Net New
FTEs

**10-Year Summary of Impacts
Riverchase Galleria Redevelopment Phase One
Including Construction**

Net New Spending	(millions)
Direct	\$165
Indirect	\$63
Induced	\$46
Total	\$274
Net New Earnings	(millions)
From Direct	\$30
From Indirect	\$13
From Induced	\$10
Total	\$52
Net New FTEs	(Peak)
From Direct	76
From Indirect	18
From Induced	15
Total	110
Capturable Net New Taxes	(millions)
Sales Tax	\$6.1
Hotel Tax	\$0.2
Total	\$6.2

Source: Hunden Partners

Phase Two Economic & Fiscal Impact

\$122 M

Total 10 Year Net New
Spending

\$2.9 M

Total 10 Year Net New
Taxes

\$22 M

Total 10 Year Net New
Earnings

46

Total 10 Year Net New
FTEs

**10-Year Summary of Impacts
Riverchase Galleria Redevelopment Phase Two
Including Construction**

Net New Spending	(millions)
Direct	\$76
Indirect	\$26
Induced	\$20
Total	\$122
Net New Earnings	(millions)
From Direct	\$13
From Indirect	\$5
From Induced	\$4
Total	\$22
Net New FTEs	(Peak)
From Direct	33
From Indirect	7
From Induced	6
Total	46
Capturable Net New Taxes	(millions)
Sales Tax	\$2.9
Hotel Tax	\$0.0
Total	\$2.9

Source: Hunden Partners

Impact to Existing Riverchase Galleria

While financial projections for the impact of a redevelopment for the existing mall, Hyatt Regency, and office tower are not included, the redevelopment will have a substantial positive impact on the performance of the existing retail, office, and hotel space by attracting thousands of new visitors to the site annually, activating the site, and modernizing its layout.

If no redevelopment occurs, Hunden projects sales tax generated would continue to decline over the next 10 years. A substantial redevelopment would likely lead to sales tax growth due to higher visitation and new retailers on-site.

Projected Impacts to Existing Complex

Retail



A redevelopment would increase foot traffic and position the mall to develop a renewed reputation, likely attracting new retailers and generating additional sales tax.

Hotel



Building the Galleria into a regional destination once again will attract more hotel visitors to the Hyatt Regency, generating additional hotel tax for the city. Improved performance allows the hotel to explore future capital improvements.

Office



New, desired tenants in a live-work-play environment would make the office tower more desirable, supporting leasing activity.

Examples

1

Memorial City Mall (Houston, TX)

After a 2003 redevelopment, retail rents at Memorial City Mall more than doubled.

2

Hawthorn Mall (Vernon Hills, IL)

Hawthorn 2.0 has already attracted six new retail tenants: Sephora, Anthropologie, FP Movement, The Lovesac Company, Perry's Steakhouse & Grille, and Dom's Kitchen & Market.

3

Monmouth Mall (Eatontown, NJ)

New retailers including Cava, Offshore Coffee, Strong Pilates, Van Leeuwen Ice Cream, and Prince Street Pizza have all signed leases as part of Monmouth's ongoing \$500 million partial demolition, and town center redevelopment.

Conceptual Drawings & Renderings



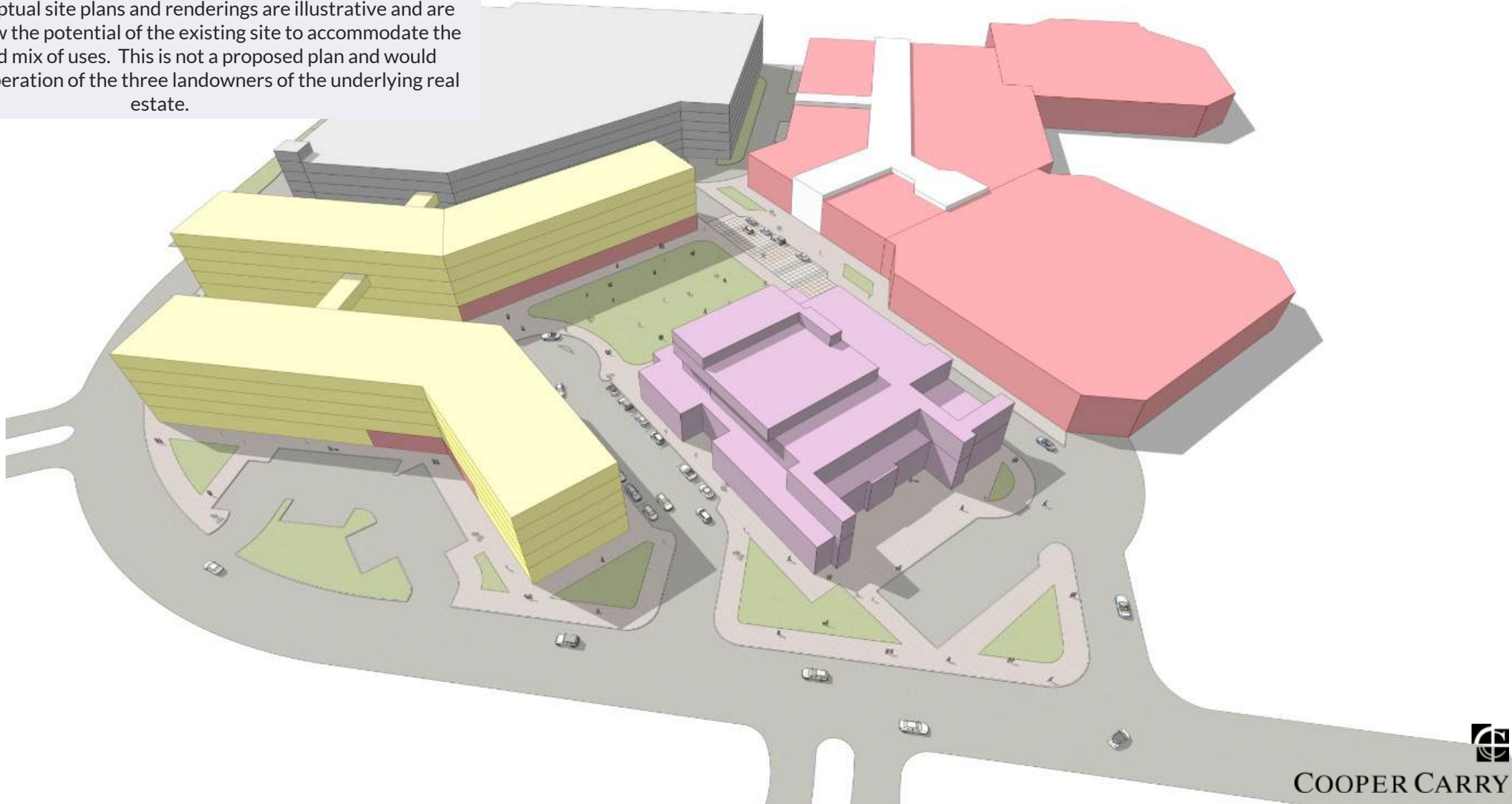
Conceptual Drawings – Potential Phase One

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



Massing Diagram – Potential Phase One

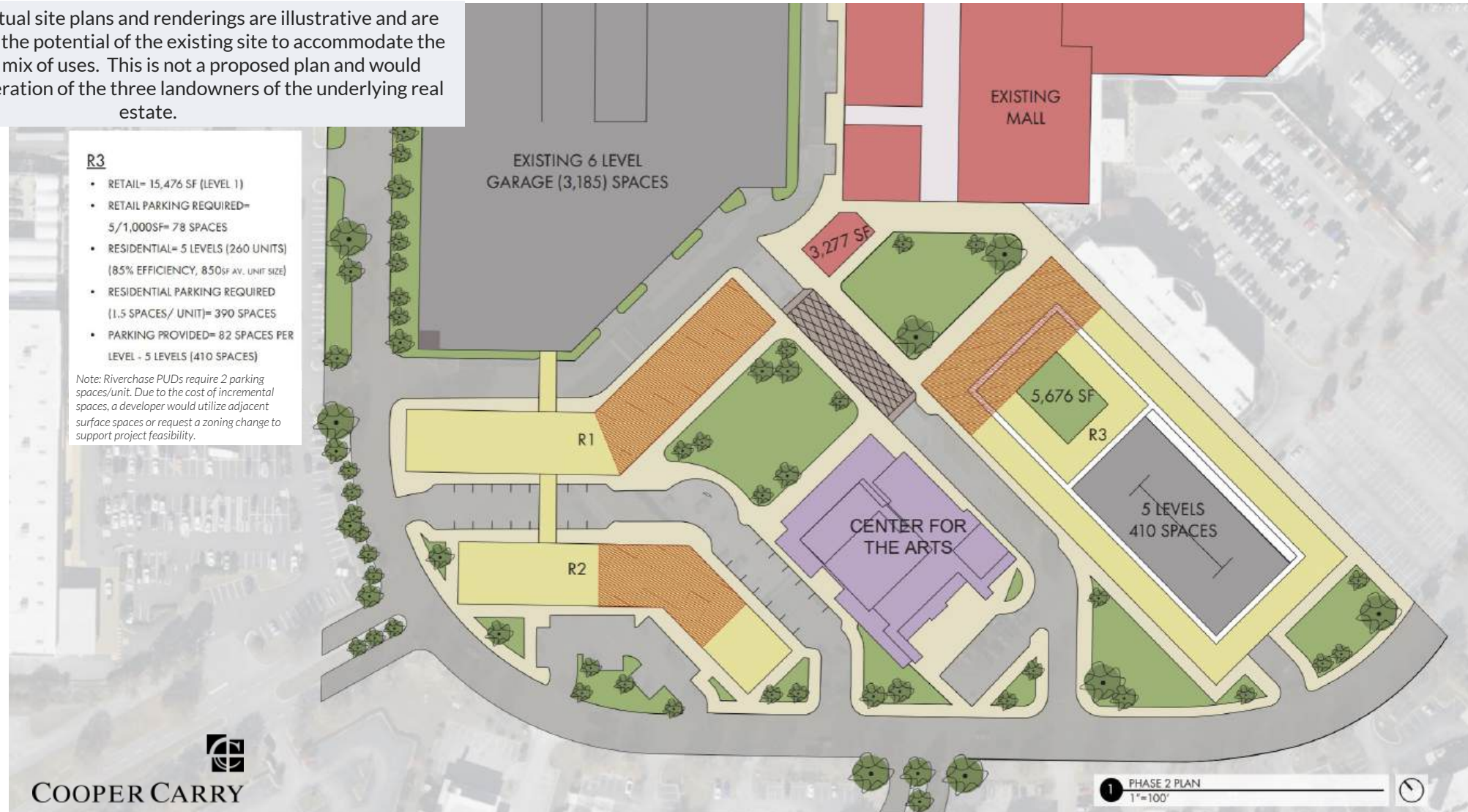
Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



COOPER CARRY

Conceptual Drawings – Potential Phase One & Two

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Massing Diagram – Potential Phase One & Two

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



COOPER CARRY

Rendering – Potential Phase One

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



Rendering – Potential Phase One & Two

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.



Rendering – Potential Phase One & Two

Preface: Conceptual site plans and renderings are illustrative and are intended to show the potential of the existing site to accommodate the recommended mix of uses. This is not a proposed plan and would require the cooperation of the three landowners of the underlying real estate.





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