



Fort Sheridan Golf Course Market Review

Prepared for:

**Lake County Forest Preserve District
Libertyville, Illinois**

Submitted by:

ERA | AECOM

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Introduction

ERA was retained to review the analysis and conclusions developed in successive engagements between the Lake County Forest Preserves District (LCFPD) and Golf Resource Associates (GRA) regarding the potential for development of a public golf course at Fort Sheridan. GRA provided studies and reports dating back to 2001 regarding the proposed development which were made accessible to ERA. These reports and studies include the following:

- Original Fort Sheridan Golf Facility Study in October 2001
- Revised revenue estimates in November 2004
- Updated golf market evaluation in February 2005
- Impact assessment in November 2008

ERA's review of the GRA reports focused on key elements including:

- The overall state of golf participation and demand nationally and locally.
- Whether there is sufficient public demand in the defined market to support a new high-end or mid-market public golf course.
- Understanding the financial linkage between construction costs and likely greens fees for the proposed course.
- Considering the impact of the proposed course on other competitive offerings in the primary market.

Implications

In general, ERA is in agreement with key findings identified in the GRA reports. Specifically, however, we did want to give a second look to the defined primary golf market around Fort Sheridan from two perspectives:

- Understanding golf demand using ERA's methodology, which varies slightly from the GRA approach
- Segmenting the primary market supply of golf courses by price level
- Comparing demand and supply implications

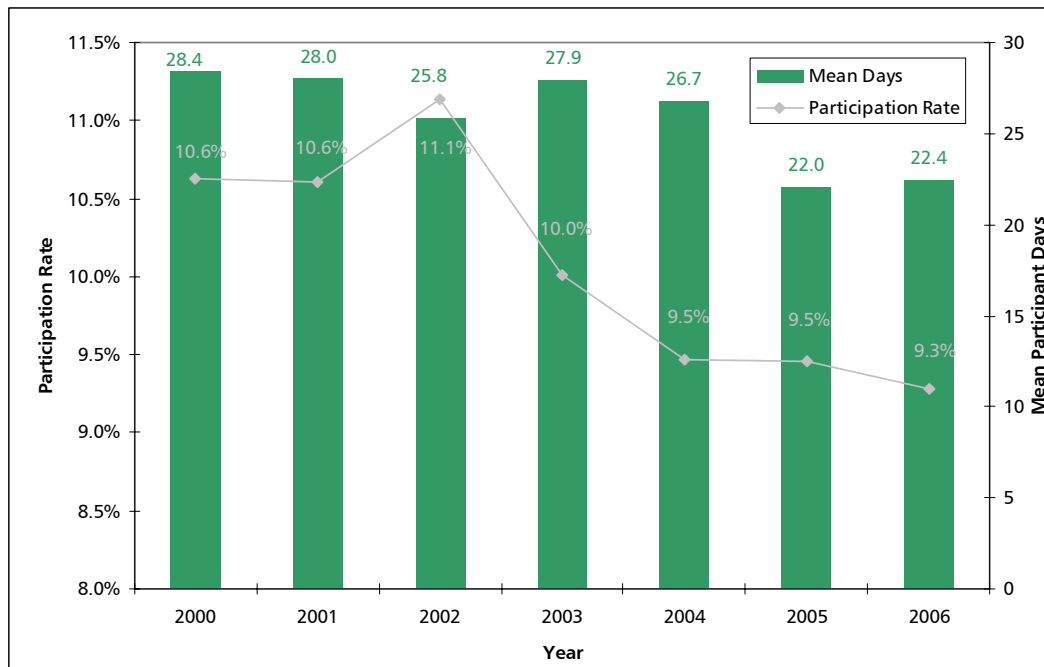
The GRA assessments were built around an assumed 15-mile radius from the site as a primary market area with a secondary market area between 15-30 miles from the site. Based on ERA experience, this is a realistic assessment of the realistic geographic area from which a majority of course play will originate. Given that the proposed course will be public, with no allowances for preferred access by Fort Sheridan residents, this approach is reasonable. If special access

(preferred tee times, for example) could be assumed, ERA would then define a third localized market around Fort Sheridan.

The November 2008 GRA report estimated that the primary market area demand for public golf was about 1,630,000 rounds. In addition, the report assumed the existing area public course supply could accommodate 1.5 to 1.6 million annual rounds. When supply and demand were compared, the GRA report identified a public golf market undersupply of roughly 80,000 rounds, a significant decline from the estimated opportunity in 2001, where an overall market of about 195,000 unmet rounds was identified.

The significant decrease in apparent demand between 2001 and 2008 can be explained by the reality that golf participation has steadily declined throughout this decade across the nation with fewer people participating in golf overall and playing fewer times as well. These two dynamics are highlighted by national trend data from the National Sporting Goods Association (NSGA). NSGA publishes an annual survey covering national sports participation and frequency of play. ERA has analyzed NSGA golf survey information to determine the rates of participation by age, and by state as well as the corresponding mean number of days of participation for participants, as shown below.

Figure 1. National Golf Participation Trends



This information shows that overall national golf participation has declined from 10.6 percent in the 2000 survey to 9.3 percent in the 2006 survey, representative of an overall decline of 12 percent, or an annualized decline of 2.2%. Furthermore, the mean number of participant days also declined notably, from 28.4 annual days to 22.4 annual days, which is a 21% overall decrease, or an annualized decrease of 3.9%). These decreases have several local implications:

- On a county wide basis, the key challenge is that overall golf participation rates are dropping faster than county-wide population has grown on an annualized basis. Since 2000, Lake County has added residents at a 1.2% annualized rate, which reflects growth from 644,587 residents to 710,241 residents.
- For the LCFPD, decreased participation in spite of population growth has translated into reduced play at Brae Loch, Countryside, and Thunderhawk, with overall rounds down from a high of 146,772 in 2001 to about 115,068 rounds in 2008, reflective of a 3.4% annualized decrease.
- This decrease in play is significant, in that National Golf Foundation (NGF) inventory data suggests that between 2000 and 2007, Illinois saw continued growth in golf course supply, with a total of 19 18-hole equivalent public golf courses added in this period, the majority by 2004.

To supplant the GRA demand analysis, ERA utilized an in-house golf demand model to assess market opportunities across Lake County and the broader golf market north of Chicago. The model is built in part around age and income-based participation and frequency of play assumptions obtained from the National Golf Foundation (NGF), along with ERA's golf experience developed over the past 35 years. Based on the demographic characteristics of the market area as well as the important definition of available market size, the model will generate outputs in terms of rounds demanded, dynamic between public and private play, and the number of courses needed to satisfy the estimated demand. While ERA's model's approach varies only slightly from the GRA approach in practical terms, both models make specific assumptions for allocations between private and public golf play, which is a particular issue in affluent areas of Lake County. In these situations, golf demand estimates will amplify demand, and blur the segmentation between private and high end public play.

ERA also used 15 and 30-mile radii from the proposed site as the primary and secondary market areas, as shown in the following map. The analysis showed that overall populations in the two market areas used by ERA were essentially the same as levels used by GRA. The demographic characteristics of these markets are displayed in the appendix. The total market contains over 5.6 million people, with roughly 1.3 million in the primary market. The population growth rate across the market is about ½ of one percent annually. In addition, the age segments with the highest observed golf participation rates (aged 35-54) contain roughly 30% of the total market population, and the average income levels in the market are very high relative to regional and national benchmarks.

From the demographic dynamics and associated age and income related participation and frequency of play levels, ERA then estimated a total market demand which is displayed in the next table. As shown, the total estimated market demand is over 8.3 million annual rounds, divided between public and private play.

Total Public and Private Rounds Demanded

Household Income Level	0-15 Miles	15-30 Miles	Total
Less than \$50,000	251,638	1,073,284	1,324,921
\$50,000 - \$75,000	316,984	1,138,232	1,455,216
\$75,000 - \$100,000	518,486	1,752,866	2,271,352
\$100,000 - \$150,000	443,337	1,240,506	1,683,843
\$150,000 - \$200,000	207,320	441,470	648,791
\$200,000 - \$250,000	120,039	209,969	330,008
\$250,000 - \$500,000	170,945	282,926	453,872
\$500,000 +	64,169	103,588	167,757
Total Demand	2,092,919	6,242,840	8,335,759

Based on realistic rounds per course assumptions, this level of play would be sufficient to support a total of about 305 market area 18-hole equivalent courses. Of this level, 82 total 18-hole equivalent courses (public and private) could be supported by primary market demand alone.

Total Public and Private Golf Courses Supported

Household Income Level	0-15 Miles	15-30 Miles	Total
Less than \$50,000	6.9	26.7	33.6
\$50,000 - \$75,000	8.0	28.7	36.7
\$75,000 - \$100,000	18.8	63.5	82.3
\$100,000 - \$150,000	16.7	46.8	63.6
\$150,000 - \$200,000	11.1	23.5	34.6
\$200,000 - \$250,000	6.6	11.6	18.2
\$250,000 - \$500,000	9.8	16.2	25.9
\$500,000 +	3.8	6.1	9.9
Supportable Courses	81.7	223.1	304.8

Looking at public golf demand only, the model estimates 5.6 million total rounds demanded translating into 150 supportable courses over the primary and secondary markets. Of this demand, over 1.3 million rounds and 38 courses are estimated in the primary market alone, as shown in the next table.

Public Round and Course Demand, By Income Level

Segment	0-15 Miles	15-30 Miles	Total
Demand			
Low (less than \$50k HH Inc.)	251,638	1,073,284	1,324,921
Moderate (\$50-\$150k HH Inc.)	851,322	2,781,899	3,633,221
High (>\$150k HH Inc.)	<u>234,492</u>	<u>441,363</u>	<u>675,855</u>
Total Demand	1,337,451	4,296,546	5,633,997
Supportable Courses			Total
Low (less than \$50k HH Inc.)	5.9	21.0	26.9
Moderate (\$50-\$150k HH Inc.)	22.6	73.5	96.1
High (>\$150k HH Inc.)	<u>9.4</u>	<u>17.7</u>	<u>27.0</u>
Total Supportable Courses	37.9	112.2	150.1

To arrive at an estimate of market over- or under-supply, ERA compiled information on primary market public and daily fee course inventories, stratified by price level. This data was obtained from golfink.com, course websites, and in-house databases. The primary market area public courses included in the analysis comprise a total of 35 18-hole equivalent public courses in the market area. This primary market area public course supply is shown by fee range in the following table.

Existing Market Course Supply – by Fee

Segment	0-15 Miles
Existing Supply	
Low (<\$40 GF & Cart)	6.5
Moderate (\$40-\$75 GF & Cart)	23.5
High (>\$75 Peak GF & Cart)	<u>5.0</u>
Total Existing Supply	35.0

The above table should be considered with the following in mind:

- It includes one special course, Willow Glen, which is operated by the Navy MWR. Although technically private, this course can be accessed by active duty and military retirees, expanding its market beyond a typical private course.
- Although the analysis focuses on a precise 15-mile market, the analysis identified at least six 18-hole equivalent courses between 15 and 20 miles from Fort Sheridan, including Thunderhawk; The point here is that golfers do not respect market area boundaries, and have been known to drive significant distances to play specific courses.
- Income levels in the primary market correlate strongly with private club membership. The exceptional nature of local income levels is influencing the model at the high end, inflating

demand potentials. From a practical standpoint, the primary market offers an additional supply of private courses that are effectively competing for this segment in the current market, as evidenced by the very limited number of public or daily fee competitors in this market priced above \$100 per round.

As shown below, while the precise 15-mile market appears slightly undersupplied (entirely at the high end), with unmet demand for 2.9 18-hole equivalent courses, in practical terms the primary market is well oversupplied, as evidenced by recurring annual decreases in rounds played.

Primary Market Public Supply vs. Demand

Segment	0-15 Miles
Under/(Over Supply)	
Low (<\$40 GF & Cart)	(0.6)
Moderate (\$40-\$75 GF & Cart)	(0.9)
High (>\$75 Peak GF & Cart)	4.4
Total Under/(Over Supply)	(2.9)

Source: Economics Research Associates, 2008

Evaluation of the future impact of a built Fort Sheridan Golf Course on the defined primary market will need to consider several variables, including:

- Golf participation rates have continued to decrease through 2007, and with the emerging recession, will likely tumble further in the short term. From this perspective, the future timing of new course construction matters considerably. Within a foreseeable five-year window, ERA would expect an eventual stabilization in participation rates at or below current levels.
- With this in mind, near-term growth in golf demand can only come through increased population. However, given that most sites east of I-94 and south of Buckley Road have already been developed, the Primary Market’s ability to generate further population growth would appear to be constrained.
- As well, the entire metro area market is, in ERA’s judgment, suffering from an over-supply situation, as evidenced by annual decreases in rounds played for all LCFPD courses, a trend which is occurring across the Chicago area. Reducing the supply overhang will take time, as many courses are publicly owned and cannot be easily converted to other uses.
- Even in growth markets, a new course will alter short term play habits as golfers shift play to try out the new course offering, with market stabilization happening within a year or two of the new course opening. In the current market, this re-stabilization will take longer.

From this perspective, a Fort Sheridan golf course with effective (average) greens fee pricing between \$60 and \$100 per round would have substantive impacts on the primary market within a five-year window, essentially re-allocating between 5% and 15% of rounds from existing operators based on course quality and location, with the relative burden falling on older proximate properties. LCFPD courses such as Thunderhawk would also take a relevant short term (two to four-year) hit, offset by the greater likelihood of relevant population growth north of Buckley Road within a five-year planning horizon.

Average or effective pricing above \$120 per round would alter and expand Fort Sheridan's position in the market as a destination course, and soften the long-term impact on the primary market. This approach raises several interesting elements:

- The proposed site is quite unique in the Chicago region, which would help generate a relevant level of destination demand.
- As a publicly-owned course, it would be among the most expensive in the Chicago area, which raises relevant public policy questions related to public access.
- Average pricing above \$120 is unusual for a public course in metro Chicago, and would require additional evaluation of the private golf market north of Chicago.

Ultimately, market position and course pricing directly correlate with course construction costs. For this reason, the above discussion of market demand needs to be considerate of likely construction costs for the proposed Fort Sheridan golf project. Over the past several years, LCFPD has reviewed several cost estimates for the project, which have ranged as high as \$31 million, with a proposed banquet operation. Without the banquet operation, current cost estimates for the project fall in the \$17 million to \$25-million-dollar range. The low end of the range was framed by the actual cost of Thunderhawk escalated to a 2010 start; the high end was estimated by MTI Construction Services and also assumes a 2010 start. Although the cost estimates are higher than ERA would otherwise expect, several things need to be kept in mind:

- The period from 2004 to 2008 saw unprecedented growth in construction costs. Near-term cost growth is uncertain at best.
- The proposed course would be built in a residential neighborhood (not on a cornfield); as such it will need to carry incremental cost burdens for dust mitigation, project staging, material storage, and related logistics.
- All cost estimates need to be considered in light of specific earthwork and course routing plans.

For perspective, GRA provided an initial feasibility evaluation of the proposed course operation in 2001 and again in 2008. The 2008 analysis confirmed that average greens fees in the \$100 to \$120 range would not be sufficient to cover operating expenses and debt service on a \$31-million-dollar golf course; ERA concurs with this statement.

To clarify the challenge, ERA explored the potential level of greens fees that would be need to break even on debt service and operating expenses for a course with total project costs the \$17 million to \$25-million-dollar range. The approach builds from the core approach laid out by GRA, and also incorporates ERA experience with other high end daily fee courses around the country. Key assumptions include:

- 20,000 rounds per year
- Greens fees include cart and range balls
- An above standard golf clubhouse covering about 10,000 sq. ft., with modest meeting space to support tournament and outings, but not banquets.
- Assumptions for revenue from golf related food and beverage and merchandise, combined with modest opportunities for food and beverage related to tournament and outing play.
- Operating expenses are based on ERA experience with high end golf courses. In this case the assumption is that a proposed golf course with greens fees in excess of \$140 per round will be more expensive to operate compared to Thunderhawk.
- Operating expenses assume operation and management by LCFPD staff.
- No property taxes are assumed
- Operating expenses include increased allowances for marketing support.
- Debt service assumes public debt certificates, with a 20-year term and 5% annual interest; this assumption will obviously vary based on conditions at the time of the debt issuance.
- Maintenance budgets that incorporate higher operating costs for above standard course maintenance requirements.
- The approach assumes that LCFPD will utilize the approximate \$2 million in currently saved proceeds to reduce the cost of debt service on the project.

Assuming that the LCFPD uses \$2 million to lower the amount of financed project costs, \$15 million in debt service would require a break-even average greens fee of about \$140 per round. At a \$23-million-dollar debt level, the analysis identified an effective greens fee in the \$170-dollar range to break even on operating and debt service costs.

Key Findings

In the context of findings presented by GRA and ERA, the following points are noted:

- In the context of project construction costs of between \$17 and \$25 million, break-even average greens fees would need to be in excess of \$140 per round. To achieve an effective greens fee in this range, prime season weekend rates would need to be well above this level. For example, at the Glen in Glenview, rates range from off season levels in the \$130 range to high season rates over \$160. From a policy perspective, rates in this range could be difficult to justify, as public access would be obviously constrained.
- Given that deed restrictions place relevant pressure on the LCFPD to develop a golf course on the Fort Sheridan site, one option discussed in the past was a 9-hole scenario, which could range from a golf learning center to a premium short or executive course. From a practical standpoint, any 9-hole scenario creates several challenges:
 - Course construction costs that approximate 60% of an 18-hole course are likely, with a similar greens fee structure.
 - While 18-hole courses can command broader regional markets, the smaller size of a 9-hole course creates practical market scale limitations.

ERA's experience highlighted a small number of successful executive / short course examples. However, many are not stand alone, but built as part of larger multi-course programs. While ERA believes that further exploration of a short course option should be considered, as course layouts may shift considerably in a short 18-hole scenario. As well, ERA would need to evaluate course pricing in the local market for 9-holes. An initial perspective would suggest that in the primary market a 9-hole rate above \$40 per round would stand out. From a policy perspective, shorter courses can more easily accommodate golf education and training centers, an added amenity that could justify incremental public support.

- In the context of existing agreements between the Department of Defense (DoD) and the LCFPD, which emphasis the role of the forest preserve in developing a golf course at Fort Sheridan, the analysis suggests a clear challenge, which relates to the obvious disconnect between course pricing from a policy perspective and likely course construction costs, which would argue for a higher effective greens fee. In this scenario, privatization is a possible option, with feasibility linked to the ability of a private operator to develop the course with access to lower cost public debt. A private operator would also be in position to work with Fort Sheridan residents to negotiate preferential access rights, which could boost play.

The privatization scenario brings with it associated risks, stemming from loss of control and the challenge of balancing public and private access, which are first and foremost policy questions. On a practical basis, finding partners within a near-term window will be difficult, particularly if the Forest Preserve District is unwilling to provide access to public debt to build the course. In the context of a \$17 to \$25-million-dollar construction budget, private sector financing for the proposed program would push required break even effective greens fees toward \$200 per round.

Property Value Discussion

While forest preserves and parks are generally accepted as beneficial, in the past it has been challenging for communities to determine the specific economic and fiscal benefits generated by parks, natural areas, trail systems and recreational facilities. Ironically, in the private market, developers of golf residential communities have for many years appreciated the specific premiums in lot and home values that can be derived from developing homes along a golf course.

Since 2000, public and private research has increasingly identified an associated premium for residential development built in walking distance proximity to developed neighborhood and community parks, trail systems, and greenways. Research by ERA conducted in 2005 identified an array of studies across the country which reinforce the actual value generated by proximity to improved park facilities. The research found that neighborhood parks have a potentially positive impact on surrounding residential communities. Ideally, a neighborhood park can provide up to a 20% increase in housing values for those homes facing the park. This 20% figure is highly dependent on factors including the park visibility, park safety and maintenance, the extent of vehicular access, orientation of houses, park recreation type, and park size. Benefits from a neighborhood park can extend to approximately 600 feet, with houses nearer to the park receiving the majority of the benefit.

Larger scale community parks also provide valuable benefits to residential property. Those houses immediately adjacent to the park can experience potentially negative externalities of traffic, noise, and other nuisances if the park is built around active uses, rather than passive uses. In these situations, the benefits to the community park are actually maximized for those within walking distance of the park, but not adjacent to the park or subject to the nuisance created by active recreation. A passive recreation style community park may provide benefits up to 33% of the residential real estate value. Positive externalities of a community park may extend up to 2000 feet.

The economic effect of a park has significant variance because of the variation in parks and consumer tastes. While an ideal park may produce large increases in real estate value, a park that is poorly suited to a community's needs and/or poorly maintained will not produce a large positive effect.

In the context of Lake County, in multiple countywide public opinion surveys conducted by Richard Day Research for LCFPD, county residents have consistently given high marks for overall safety, cleanliness and customer service. At the ballot box, county voters have overwhelmingly supported additional funding for forest preserve programs and facilities (66% yes for \$185 million in November 2008). Anecdotal evidence also suggests that residential real estate listings often promote their proximity to Forest Preserves. These findings suggest that LCFPD programs and facilities in Lake County are held in high regard and have a positive impact on property values of homes located near preserves.

Summary of Market Demographic Characteristics (2008 data)

	0-15 Miles		15-30 Miles		Total	
2008 Population	1,289,301		4,349,862		5,639,163	
2013 Population	1,313,472		4,458,093		5,771,565	
2008 Population in Households	1,254,381		4,270,892		5,525,273	
2013 Population in Households	1,277,897		4,377,158		5,655,055	
Annual Growth Rate	0.4%		0.5%		0.5%	
2008 Age Distribution	#	%	#	%	#	%
0 - 4	86,047	7%	331,245	8%	417,292	7%
5 - 14	179,767	14%	604,440	14%	784,207	14%
15 - 19	93,505	7%	304,873	7%	398,378	7%
20 - 24	80,246	6%	316,507	7%	396,753	7%
25 - 34	150,871	12%	697,981	16%	848,852	15%
35 - 44	180,238	14%	652,061	15%	832,299	15%
45 - 54	194,876	15%	595,398	14%	790,274	14%
55 - 64	146,264	11%	414,503	10%	560,767	10%
65 - 74	82,478	6%	218,364	5%	300,842	5%
75 - 84	63,836	5%	145,773	3%	209,609	4%
85+	<u>31,173</u>	<u>2%</u>	<u>68,717</u>	<u>2%</u>	<u>99,890</u>	<u>2%</u>
Total	1,289,301	100%	4,349,862	100%	5,639,163	100%
Median Age	38.2		33.8			
2008 Households by Income	#	%	#	%	#	%
< \$15,000	24,452	5%	157,751	10%	182,203	9%
\$15,000 - \$24,999	24,644	5%	116,798	7%	141,442	7%
\$25,000 - \$34,999	30,855	7%	128,324	8%	159,179	8%
\$35,000 - \$49,999	51,389	11%	200,808	13%	252,197	12%
\$50,000 - \$74,999	82,714	18%	293,282	19%	375,996	18%
\$75,000 - \$99,999	90,734	19%	305,486	19%	396,220	19%
\$100,000 - \$149,999	73,430	16%	205,068	13%	278,498	14%
\$150,000 - \$199,999	33,507	7%	72,104	5%	105,611	5%
\$200,000+	<u>54,476</u>	<u>12%</u>	<u>93,107</u>	<u>6%</u>	<u>147,583</u>	<u>7%</u>
	466,201	100%	1,572,728	100%	2,038,929	100%
Average Household Size	2.69		2.72		2.71	
Average Household Income	\$113,667		\$85,768		n/a	

Source: ESRI GIS and Economics Research Associates, 2008

Primary Market Public Course Competition within 15 Miles

Course Name	Location	# Holes	Week-end Peak Fee	Peak Fee Level		
				Under \$40	\$40 - \$75	Over \$75
Arboretum Golf Club	Buffalo Grove	18	\$80	0	0	18
Buffalo Grove Golf Club	Buffalo Grove	18	\$67	0	18	0
Peter N Jans Community Golf	Evanston	18	\$50	0	18	0
Glencoe Golf Club	Glencoe	18	\$64	0	18	0
Glenview Park Golf Club	Glenview	18	\$64	0	18	0
The Glen Club	Glenview	18	\$175	0	0	18
Glenview National 9	Glenview	9	\$26	9	0	0
Brae Loch Golf Course	Grayslake	18	\$27	18	0	0
Willow Glen - Navy	Great Lakes	18	\$40	0	18	0
*Heather Ridge Golf Course	Gurnee	9	\$19	9	0	0
Bittersweet Golf Course	Gurnee	18	\$50	0	18	0
Sunset Valley Golf Course	Highland Park	18	\$55	0	18	0
Highland Park Country Club	Highland Park	18	\$25	18	0	0
Lake Bluff Park Dist	Lake Bluff	18	\$50	0	18	0
Deerpath Golf Course	Lake Forest	18	\$83	0	0	18
Libertyville Golf Course	Libertyville	9	\$24	9	0	0
*Crane's Landing - Marriott	Lincolnshire	18	\$75	0	18	0
Chick Evans Golf Course	Morton Grove	18	\$46	0	18	0
Mt Prospect Golf Club	Mt Prospect	18	\$67	0	18	0
*Old Orchard Country Club	Mt Prospect	18	\$73	0	18	0
Countryside Golf Course	Mundelein	36	\$48	0	36	0
*Pine Meadow Golf Club	Mundelein	18	\$99	0	0	18
Steeple Chase Golf Club	Mundelein	18	\$56	0	18	0
Village Green Country Club	Mundelein	18	\$54	0	18	0
Tam O'shanter Golf Course	Niles	9	\$24	9	0	0
Foss Park Golf Course	North Chicago	18	\$47	0	18	0
Sportsmans 9	Northbrook	9	\$14	9	0	0
Sportsmans 18	Northbrook	18	\$50	0	18	0
Willow Hill Golf Course	Northbrook	9	\$36	9	0	0
Rob Roy Golf Course	Prospect Heights	9	\$43	0	9	0
Deerfield Golf Club & Learning	Riverwoods	18	\$62	0	18	0
Weber Park Golf Course	Skokie	9	\$10	9	0	0
Vernon Hills Golf Course	Vernon Hills	9	\$26	9	0	0
White Deer Run Golf Club	Vernon Hills	18	\$89	0	0	18
Bonnie Brook Golf Club	Waukegan	18	\$56	0	18	0
Chevy Chase Golf Course	Wheeling	18	\$74	0	18	0
Wilmette Golf Club	Wilmette	18	\$49	0	18	0
Winnetka Golf Club	Winnetka	9	\$10	9	0	0
Winnetka Park District Golf	Winnetka	18	\$65	0	18	0
TOTAL HOLES		630		117	423	90
TOTAL 18-HOLE EQUIVALENT COURSES		35.0		6.5	23.5	5.0

Note: * = Courses that are not municipal, park district, or forest preserve owned / operated

Source: golfink.com, ERA research

General & Limiting Conditions

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of Economics Research Associates, an AECOM company (ERA) and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by Economics Research Associates from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of January, 2009 and Economics Research Associates has not undertaken any update of its research effort since such date.

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