

DETAILED DEMOGRAPHIC AND TAX BASE INFORMATION, NOVEMBER 2005

The City’s trend in increasing population is expected to accelerate with higher growth rates in the next 20 years than it experienced during the two previous decades. The northern quarter of the City is projected to experience the greatest degree of growth due to the large tracts of land available for development, its proximity and accessibility to employment and commercial centers, and the increasing availability of public facilities. The presence of Interstate 664 and the Monitor-Merrimac Bridge Tunnel provide convenient access to the Virginia Peninsula from the northern part of the City.

Population

From 1990 to 2000, the City’s population increased 22.1%. The City’s historical and projected population is presented below.

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1950	37,577	2001	64,415
1960	43,975	2002	67,568
1970	45,024	2003	70,100
1980	47,621	2004	72,700
1990	52,143	2030	125,100
2000	63,677		

Sources: 1950-1980 - Virginia Employment Commission; 1990 and 2000 - U.S. Census Bureau; 2001, 2002 and 2003 Estimates – City of Suffolk Planning Department. 2004 Estimate – University of Virginia, Weldon Cooper. 2030 Estimate - Hampton Roads Planning District Commission.

Taxable Retail Sales Data

Since 1995, the City experienced consistent retail sales growth on an annual basis. The City’s taxable retail sales since 1995 increased approximately 103.4% with taxable retail sales per capita growing 55.9%.

<u>Taxable Calendar</u>		<u>Taxable Retail</u>	<u>Taxable Retail Sales Per</u>
<u>Year</u>	<u>Population⁽¹⁾</u>	<u>Sales⁽²⁾</u>	<u>Capita</u>
1995	55,700	\$265,095,501	\$4,759
1996	55,600	280,327,640	5,042
1997	59,677	306,732,771	5,140
1998	61,800	312,722,141	5,060
1999	63,895	315,419,926	4,937
2000	63,677	352,196,486	5,531
2001	64,415	419,863,185	6,518
2002	67,568	453,363,903	6,710
2003	70,100	488,806,697	6,973
2004	72,700	539,290,760	7,418

⁽¹⁾ Sources: 1995 - Department of Community Development, City of Suffolk; 1996 - University of Virginia, Weldon Cooper Center for Public Service; 1997-1999 - City of Suffolk Planning Department; 2000 - U.S. Census Bureau, 2001-2004 – City of Suffolk Planning Department.

⁽²⁾ Department of Taxation, Commonwealth of Virginia.

Construction Activity

The following data illustrate construction activity in the City.

Fiscal Year	Building Permits and Value				Total	
	<u>Residential Construction</u>		<u>Commercial Construction</u>		<u>No.</u>	<u>Value</u>
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>		
1995	2,058	\$68,050,884	315	\$269,857,701	2,373	\$337,908,585
1996	1,816	66,438,370	232	17,290,807	2,048	83,729,177
1997	1,681	68,087,439	203	37,163,945	1,884	105,251,384
1998	1,779	70,580,388	224	90,218,040	2,003	160,798,428
1999	1,794	82,300,439	232	39,712,953	2,026	122,013,392
2000	1,424	77,538,340	160	77,495,825	1,584	155,034,165
2001	1,811	116,922,016	169	65,079,091	1,980	182,001,107
2002	2,024	133,069,941	212	63,388,257	2,236	196,458,198
2003	1,799	119,230,994	175	108,959,711	1,974	228,190,705
2004	1,791	138,229,794	184	57,183,116	1,975	195,412,910

Source: Building Department, City of Suffolk, Virginia

COMMERCE, INDUSTRY AND EMPLOYMENT

In calendar year 2004, economic development announcements from 31 major new and expanding office, industrial, and commercial projects totaled \$78 million with 685 new jobs created. With affordable, well-located office and industrial sites offering convenient access to major highways, two major airports, two railroads and close proximity to one of the busiest ports in the world at the Ports of Virginia, the City of Suffolk is a highly desirable place to do business.

Recent Economic Activity

Major economic activity from the first half of 2004 included long time corporate resident Ciba Specialty Chemicals breaking ground on a new 26,000 square-foot national sales office, and research, development and technical service laboratory. In addition, Amadas Coach purchased a 50,000 square-foot building located in Suffolk Industrial Park as an expansion of their luxury motor coach operations. Reading Equipment and Distribution, Inc. leased 30,000 square-feet at Commonwealth Storage for their new regional operations center. Ferguson Enterprises, Inc. selected Suffolk as the new location for their Hampton Roads regional operations center. Ferguson constructed a 64,000 square-foot office and distribution building in Northgate Commerce Park.

In September 2004, Sara Lee Coffee & Tea held a ribbon cutting ceremony for its new, high-tech liquid coffee concentrate manufacturing facility. The 152,000 square-foot building is the company's first liquid coffee facility in the United States. Sara Lee invested \$93 million in the project and created over 100 new jobs. In that same month, Lockheed Martin announced the lease of 16,000 square-feet of office space at Bridgeway Technology Center II. This new capital investment of approximately \$1,500,000 will provide additional office space to support project teams for the new 50,000 square-foot Lockheed Martin Center for Innovation located across the street in Bridgeway Commerce Park. This new office support center will house approximately 25 full-time employees.

At the end of 2004, restoration began on the historic Suffolk High School. It is being renovated as the \$21 million Suffolk Center for Cultural Arts, featuring a 500-seat theater, and a variety of dance, theatrical and musical recital rooms.

New downtown restaurants opening in 2004 have given classic old buildings a new lease on life, while retaining Suffolk's historic charm. The former Nansemond Drug Company building has been transformed into Pisces Seafood Restaurant. A short walk up Main Street is the Java 149 coffee shop. Two other historic buildings are also being renovated with plans to open Italian fine dining and a sports bar and restaurant.

The first half of 2005 brought a variety of new economic activity for the City of Suffolk. The grand opening of the new Hilton Garden Inn and Suffolk Conference Center occurred in March. The 150-room hotel and 14,000 square-foot conference facility has made Suffolk's downtown renaissance advance by quantum leaps. The development also includes a 6-acre public park, boardwalk, and 30-slip marina on the Nansemond River.

In February, American Port Services announced their plans for the development of two 150,000 square-foot warehouse & distribution buildings at Northgate Commerce Park. The investment will be approximately \$15 million in the project. Western Branch Metals announced the purchase of 6.5 acres in Suffolk Industrial Park for development of a 44,000 square-foot office, and light industrial building. The company will invest approximately \$5.6 million dollars in the new facility, and bring 30 jobs to Suffolk for the production of stainless steel propeller shafts.

In April, Target Import Warehouse announced the expansion of their 1.5 million square-foot facility by an additional 300,000 square-feet. Devon USA announced their plans to construct two new buildings totaling more than 760,000 sq. ft. of high-bay warehouse and distribution space. Devon USA is a leading developer of warehouse, distribution and light manufacturing facilities in the Mid-Atlantic region.

In May, Empire Development held a groundbreaking ceremony for a new 25,000 square-foot speculative office/flex building at Suffolk Industrial Park. With site work begun, the building is expected to be complete in the fall of 2005. Another welcomed addition is the law firm of Pender & Coward, PC. They leased office space in historic downtown Suffolk in which to headquarter a western Hampton Roads regional office.

Technology-Related Industry

Northern Suffolk is seeing significant expansion of office space as it continues to develop into one of the major high-technology hubs of the Hampton Roads region. The U.S. Joint Forces Command now occupies over 600,000 square-feet of private sector office space in northern Suffolk, and adjacent private sector defense contractors occupy another 300,000 square-feet.

The Virginia Modeling, Analysis and Simulation Center (VMASC) completed their 20,000 square-foot expansion to include a "battle lab" to help the military test their new computer modeling and simulation technologies. VMASC is a joint effort between Old Dominion University (ODU), the Commonwealth of Virginia, the City of Suffolk, and over 170 private companies to help develop and test new applications for this developing technology. ODU became the first university in the nation to offer a PhD. program for computer modeling and simulation. ODU recently announced the creation of a state-of-the-art center devoted to cutting-edge training and support for homeland security and emergency management command and management operations. The Emergency Management Training, Analysis & Simulation Center (EMTASC) will be initially housed within VMASC in Northern Suffolk.

Within Bridgeway Commerce Park, Bridgeway Technology Center has been a multi-phase project. The first phase was a class A single story 125,000 sq. ft. facility attracting tenants such as U.S. Joint Forces Command—Distributed Continuous Experimentation Environment, Mitre Group, General Dynamics, and Map Mobile Communications. Phase two is an additional 68,250 sq. ft. of class A office, technology and R&D space. Current tenants within phase two include Science Applications International Corporation (SAIC), Lockheed Martin, BMH Associates, Inc. and Antheon. Construction plans for phase three are currently under review. Phase three will add another 72,000 square-feet of class A office, technology and R&D space to Bridgeway Commerce Park. In addition, the 320,000- square-foot U.S. Joint Forces Command Joint Warfighting Center building went through a major expansion adding 85,000 square-feet of office space to their existing 320,000 square-foot facility. The Lockheed Martin Center for Innovation had a grand opening in 2004. The 50,000 square-foot, hexagon-shaped office and research and development building has become a new architectural icon for high-technology development in Virginia. Lockheed Martin spent more than \$35 million on the project.

Within Lakeview Technology Park, the 60,000-square-foot Lakeview Technology Center recently completed a 40,000-square-foot expansion. This center is currently occupied by two U.S. Joint Forces Command tenants: Joint Test & Evaluation and Joint Experimentation. These military operation centers assess new defense systems via computer visualization and model new weapon systems and battle strategies for the military.

Commercial and Industrial Sites

Industrial, office and major retail sites of all sizes are available throughout the City. Both the private and public sectors are developing new commerce park sites in locations such as Bridgeway Commerce Park and Northgate Commerce Park in northern Suffolk, and Suffolk Industrial Park and Godwin Commerce Park near downtown Suffolk. The publicly-owned Wilroy Industrial Park is almost completely occupied with new and expanding industries. Some 7,000 acres within the City are currently zoned or master-planned for commercial or industrial use.

According to the 2005 Hampton Roads Real Estate Market Survey conducted by the Old Dominion University Center for Real Estate and Economic Development, the City of Suffolk has grown to become one of the top three largest concentrations of industrial space in the Hampton Roads region stretching from Virginia Beach to Williamsburg. Suffolk now has over 9.3 million square feet of industrial space in 143 buildings with only a 6.13% vacancy rate as of fourth quarter 2004. Suffolk continues to outpace the other regional submarkets mostly because of available land and ease of access to the transportation systems. As of January 2005 Suffolk had 679,905 square feet of Class A and B office space with an 8.9% vacancy rate, versus a regional office vacancy rate of 8.7%. In addition, Suffolk has 978,578 square feet of retail space as of January 2005 in 10 different neighborhood and community shopping centers with a 5.81% vacancy rate, versus a regional retail vacancy rate of 8.87%

In 2005 the City should begin construction on Phase II of the infrastructure improvements for Northgate Commerce Park opening up additional "shovel-ready sites" with full infrastructure in place for large industrial prospects. Construction will also continue on Phase II of Suffolk Industrial Park, now home to five industrial buildings totaling over 210,000 square feet. These rail-served industrial parks have both Virginia Enterprise Zone and U.S. Foreign Trade Zone status which offer significant State and local tax incentives, and favorable accounting procedures.

Employment

The following tables list various information regarding employment in the City.

Principal Employers

<u>Employer</u>	<u>Product/Service</u>	<u>Number of Employees</u>
U.S. Joint Forces Command/Joint Warfighting Center	Computer Simulation	1,330
Louise Obici Memorial Hospital	Healthcare	1,200
QVC, Inc.	Distribution	1,100
Wal-Mart Stores, Inc.	Retail	985
Target Corporation	Distribution	500
SYSCO Food Services of Hampton Roads	Distribution	500
Ciba Specialty Chemicals	Chemicals Processing	415
Unilever/Lipton, Inc.	Tea Processing	350
Kraft/Planters Peanuts	Nut Processing	340
Sentry Services	Gas Distribution	325
Lakeview Medical Center	Healthcare	270
Sara Lee Coffee & Tea Co.	Coffee Processing	210
Nansemond Pointe Rehabilitation and Healthcare Center	Healthcare	190
Nansemond-Suffolk Academy	Education	185
Birdsong Peanuts Corp.	Peanut Shelling	150
New Dominion Pictures	Film Production	150
Amadas Industries, Inc.	Heavy Equipment Manufacturing	135
Supreme Foods, Inc.	Frozen Food Distribution	130
Lake Prince Center	Healthcare	130
Reliance Staffing Services	Temporary Staffing	130
Wanchese Fish Company	Seafood Processing	130
National Roofing Co.	Roofing Contractor	115
Pak-AI of Virginia	Packaging and Supplies	115
Dominion Virginia Power	Utilities	105
Lancaster Farms, Inc.	Wholesale Nursery	100
Vitex Packaging, Inc.	Packaging Materials	100
Southern Oil Company	Oil Distribution	85
Rountree Construction Co.	Industrial Contracting	75
Amark Industrial Contractors	Industrial Contracting	75
Mike Duman Auto Sales	Automotive Sales/Service	75
Golden State Foods	Frozen Food Distribution	65
Univar USA	Bleach/Chlorine	65
Sonoco Products Co.	Fiberboard Cans	60
Duke Automotive	Automotive Sales/Service	60
BB&T Bank	Banking	55
Blair Brothers, Inc.	Industrial Contractor	50
C.W. Brinkley, Inc.	Industrial Contractor	50
Chasmar Properties, LTD	Convenience Stores/Fast Food	50
Paul D. Camp Community College	Education	50

Source: City of Suffolk Department of Economic Development, September 2005

City of Suffolk
Non-Agricultural Employment by Sector
(as of December 31, 2003)

<u>Category</u>	<u>Labor Force</u>	<u>Percent</u>
Services	6,389	23.2%
Government and government enterprises	5,202	18.8
Retail trade	3,845	14.0
Manufacturing	2,191	8.0
Transportation and public utilities	1,802	6.5
Construction	1,589	5.8
Finance, insurance and real estate	1,420	5.2
Other ⁽¹⁾	<u>5,106</u>	<u>18.5</u>
Total	27,544	100%

Source: U.S. Bureau of Economic Analysis, September 2005

⁽¹⁾ This amount represents Forestry, Fishing, Mining, Utilities, Wholesale Trade, Educational Services, Healthcare and Social Assistance employment. This figure was included in the sources totals, but not separately identified.

<u>Year</u>	<u>Unemployment Rate⁽¹⁾</u>			
	<u>Suffolk</u>	<u>Hampton Roads</u>	<u>Virginia</u>	<u>United States</u>
1995	6.3	4.9	4.1	5.2
1996	6.2	4.8	3.8	5.8
1997	5.8	4.8	4.7	5.2
1998	4.3	3.7	3.3	4.0
1999	3.5	3.4	2.8	4.2
2000	2.6	2.6	2.3	4.0
2001	3.5	3.6	3.5	4.8
2002	4.5	4.2	4.1	5.8
2003	4.4	4.3	3.9	6.0
2004	4.0	4.2	3.7	5.5

Source: Virginia Employment Commission

⁽¹⁾ Average annual rate, not seasonally adjusted.

TAX BASE DATA

The following data are presented to illustrate trends and characteristics of the City's tax related revenues.

Assessed Value of Taxable Property

The City's real property assessed value increased 58.1% over the last five years, and 140.0% since 1996. During the period from 1996 through 2001, the real estate property tax rate remained constant at \$1.03 (per \$100), with a tax rate increase in 2002 from \$1.03 to \$1.08. During the period from 2003 through 2005, the real estate property tax rate remained constant at \$1.08 (per \$100). The City's adopted Fiscal Year 2006 budget set the rate at \$1.06 (per \$100).

<u>Fiscal Year</u>	Assessed Value of All Taxable Property					<u>Estimated Actual Value</u>	Ratio of Assessed to Estimated Value⁽⁴⁾
	<u>Real Property⁽¹⁾</u>	<u>Personal Property⁽²⁾</u>	<u>Public Service⁽³⁾ (Real Property)</u>	<u>Public Service⁽³⁾ (Personal Property)</u>	<u>Total Assessed Value</u>		
1996	\$1,958,489,100	\$266,411,048	\$13,690,247	\$123,266,169	\$2,361,856,564	\$2,552,274,944	92.54%
1997	2,136,913,200	300,559,830	14,289,317	125,658,180	2,577,420,527	2,893,881,430	89.06
1998	2,438,511,900	349,622,362	14,882,434	124,837,580	2,927,854,276	3,105,718,837	94.27
1999	2,487,432,000	369,507,750	14,541,320	132,916,008	3,004,397,078	3,186,277,141	94.29
2000	2,738,220,300	414,544,994	14,497,039	138,101,347	3,305,363,680	3,498,304,274	94.48
2001	2,973,951,700	450,578,178	15,638,034	146,698,674	3,586,866,586	3,791,708,939	94.60
2002	3,197,461,000	487,554,205	17,455,240	172,908,792	3,875,379,237	4,081,804,425	94.94
2003	3,532,824,000	529,426,302	17,669,080	167,961,412	4,247,880,794	4,465,893,773	95.11
2004	4,044,414,400	593,020,128	18,332,444	166,161,886	4,821,928,858	5,057,863,590	95.34
2005	4,700,248,600	624,278,865	18,106,647	153,824,486	5,496,458,598	5,779,183,222	95.11

Source: Real Property: City Assessor; Personal Property, Public Service Real Property and Public Service Personal Property: Commissioner of the Revenue, City of Suffolk, Virginia.

⁽¹⁾Real Property is assessed at 100% of estimated value except Land Use property which is assessed at approximately 30%.

⁽²⁾Vehicles are assessed at 100% of average loan value.

⁽³⁾Determined by the State Corporation Commission of Virginia.

⁽⁴⁾Ratio of Total Assessed Value to Total Estimated Actual Value.

Tax Rate

The City's real estate tax rate is \$1.06 per \$100 of assessed valuation. The City's real estate tax rates remain below that of several neighboring cities including the Cities of Newport News, Hampton, Chesapeake, Norfolk and Portsmouth, at \$1.24 (per \$100), \$1.25 (per \$100), \$1.21 (per \$100), \$1.40 (per \$100), and \$1.45 (per \$100), respectively. During calendar year 1994 the City began the peroration of personal property taxes and during fiscal year 1998, the City changed to semi-annual tax collection for real estate taxes.

The City is not a component of any overlapping governments and, therefore, does not share any overlapping tax rates nor debt. However, the City maintains three taxing district funds, the Suffolk Taxing District Fund, Route 17 Taxing District Fund and the Mosquito Special Taxing District Fund. Each taxing district maintains its own special revenue fund to account for specific revenue and expenditures for services provided within each of these areas in the City.

Tax Rates (per \$100 of Assessed Value)

Calendar Year	Real Estate⁽¹⁾ City Wide	Real Estate⁽¹⁾	Real Estate⁽¹⁾	Real Estate⁽¹⁾		
		Suffolk Taxing District	Route 17 Taxing District	Mosquito Control District	Personal Property⁽²⁾	Machinery and Tools⁽³⁾
1995	1.03	1.21	-	-	4.35	3.15
1996	1.03	1.21	1.22	-	4.25	3.15
1997	1.03	1.21	1.22	-	4.25	3.15
1998	1.03	1.21	1.22	-	4.25	3.15
1999	1.03	1.21	1.29	1.065	4.25	3.15
2000	1.03	1.19	1.29	1.065	4.25	3.15
2001	1.03	1.19	1.29	1.065	4.25	3.15
2002	1.08	1.24	1.34	1.115	4.25	3.15
2003	1.08	1.24	1.34	1.115	4.25	3.15
2004	1.08	1.24	1.34	1.115	4.25	3.15
2005	1.08	1.24	1.34	1.115	4.25	3.15
2006	1.06	1.22	1.32	1.095	4.25	3.15

Source: Treasurer, City of Suffolk, Virginia 1994-2003 - Comprehensive Annual Financial Report, City of Suffolk, Virginia; 2004 - City of Suffolk Ordinance No. 03-0-059 adopted on May 21, 2003; 2005 - City of Suffolk Ordinance No. 04-0-051 adopted on May 19, 2004; 2006 - City of Suffolk Ordinance No. 05-0-057 adopted on May 18, 2005.

⁽¹⁾Real property is assessed at 100% of estimated actual value except Land Use property is assessed at approximately 30%.

⁽²⁾Vehicles are assessed at 100% of average loan value.

⁽³⁾Assessed at 20% of original cost during first five years of life, 10% thereafter.

Property Tax Levies and Collections

Tax levies increased 153.0% since 1995. Since 1995, the City has collected at least 98.8% of its tax levy in each year.

Fiscal Year	Tax Levies and Collections					
	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections⁽¹⁾	Total Tax Collections	Total Tax Collections to Tax Levy
1995	\$29,340,836	\$28,384,025	96.7%	\$1,106,011	\$29,490,036	100.5%
1996	32,186,027	31,221,007	97.0	757,539	31,978,546	99.4
1997	35,376,204	34,403,817	97.3	563,752	34,967,569	98.8
1998 ⁽²⁾	37,283,952	36,474,256	97.8	639,766	37,114,022	99.5
1999	39,983,151	39,075,654	97.7	691,573	39,767,227	99.5
2000	44,173,971	43,215,689	97.8	565,926	43,781,615	99.1
2001	47,995,899	46,948,148	97.8	689,913	47,638,061	99.3
2002	53,553,363	52,796,334	98.6	840,621	53,636,955	100.2
2003	58,175,390	57,393,884	98.7	835,992	58,229,876	100.1
2004	66,303,851	65,447,182	98.7	777,317	66,224,499	99.9
2005	74,108,747	73,148,580	98.7	745,533	73,894,113	99.71

Source: Treasurer, City of Suffolk, Virginia.

⁽¹⁾ When delinquent real property taxes are not collected within a two-year period, a lien is recorded on the property for the collection thereof.

⁽²⁾ Amounts exclude the first semi-annual tax collection for comparability.

Principal Taxpayers

The following data show the assessed value of the real property of the 10 largest holders of real property in the City as of June 30, 2005.

Ten Largest Taxpayers

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation⁽¹⁾</u>	<u>Percentage of Total Assessed Valuation⁽¹⁾</u>
Rubicon – NGP	Joint Military Training Facility	\$44,233,400	.94%
Target Corporation	Distribution Warehouse	42,287,300	.90
CVN Distribution	Distribution Warehouse	35,801,700	.76
Ciba Specialty Chemicals	Chemical Plant	26,105,400	.56
Douthtie's Sysco Food Services	Food Services	24,298,900	.52
SaraLee	Coffee Plant	24,259,000	.52
Lake Prince Center Inc.	Retirement Community	23,575,500	.50
Walmart Stores Inc.	Discount Retail	21,439,400	.46
City of Norfolk	Municipal Water System	20,332,400	.43
Planters Lifesavers Company	Peanut Snacks	<u>16,294,000</u>	<u>.35</u>
		<u>\$278,627,000</u>	<u>5.94%</u>

⁽¹⁾Total assessed valuation of real estate for fiscal year 2004-2005 was \$4,700,248,600. Does not include Public Service Corporations.

Income

As depicted below, income levels in the City have increased over time. Per capita income increased from \$19,535 in 1994 to \$26,975 in 2003, a 38.1% increase.

Per Capita Income

	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
City of Suffolk	\$19,535	\$20,103	\$21,995	\$21,354	\$22,608	\$23,564	\$25,319	\$26,531	26,561	\$26,975
Hampton Roads MSA	20,383	21,856	21,876	22,838	24,026	24,912	26,364	27,774	28,659	29,337
Virginia	23,305	24,056	25,034	26,307	27,780	29,226	31,087	32,534	32,964	33,730

Source: Bureau of Economic Analysis