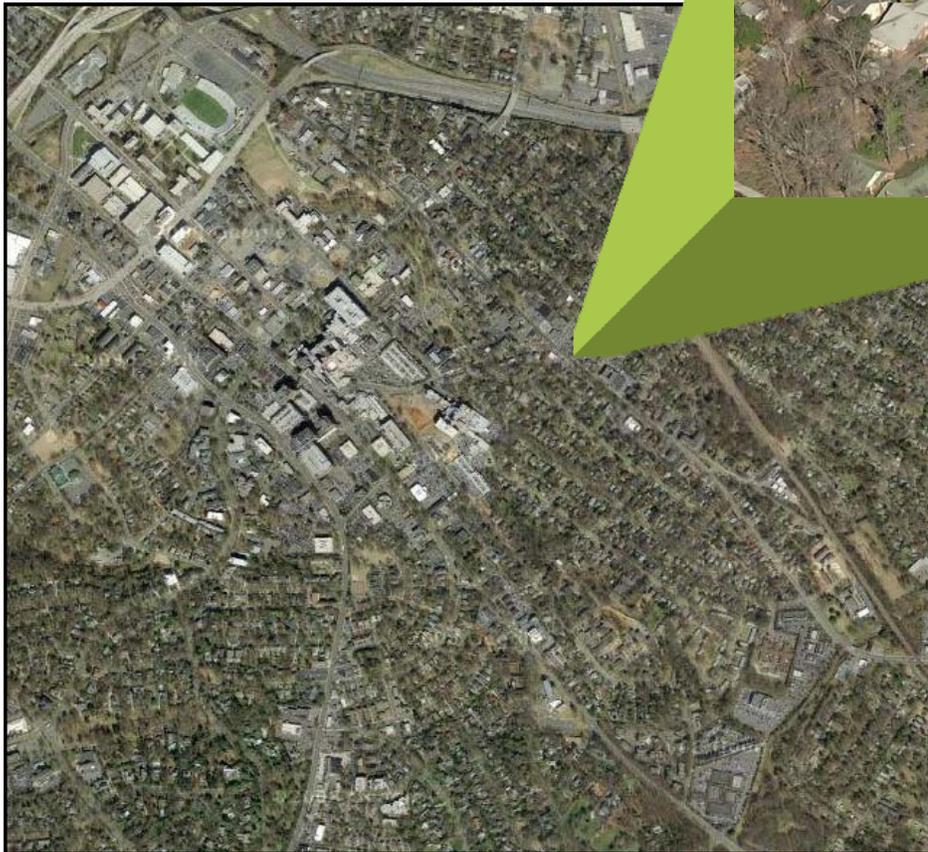


Charlotte-Mecklenburg Planning Department Elizabeth Area Market Analysis



Prepared For:



CHARLOTTE.

November 2009



City of Charlotte Elizabeth Area Market Analysis

Situation and Context

The Elizabeth neighborhood represents one of Charlotte's oldest and most stable areas, benefiting from its older bungalow homes, great tree cover, centrality, and proximity to jobs, among other attributes. The Elizabeth area is well-positioned to thrive in the coming decades, as larger demographic and economic trends increasingly favor neighborhoods that are walkable, interactive, convenient and efficient, and authentic. Key to the neighborhood's success going forward will be its ability to take advantage of the opportunities that will unfold in the coming years while maintaining the character and qualities that indeed make it among the most desirable neighborhoods in the city.

To enhance its long-term planning efforts in the neighborhood, the Charlotte-Mecklenburg Planning Department retained Noell Consulting Group to conduct a market analysis for the Elizabeth area (shown in the map at the right)—the goal of this analysis being an understanding of long-term demand potential and key issues, from a market perspective, that will have an impact on how the neighborhood continues to



evolve and function within the intown area. The following pages and exhibit appendix provide an assessment of the opportunities and issues in the coming years in the Elizabeth neighborhood for retail, office, for-sale and rental residential. Recommendations included in this report are intended to enhance larger planning efforts in the neighborhood over the next two decades and are not, themselves, plan recommendations.

Demographics and Employment

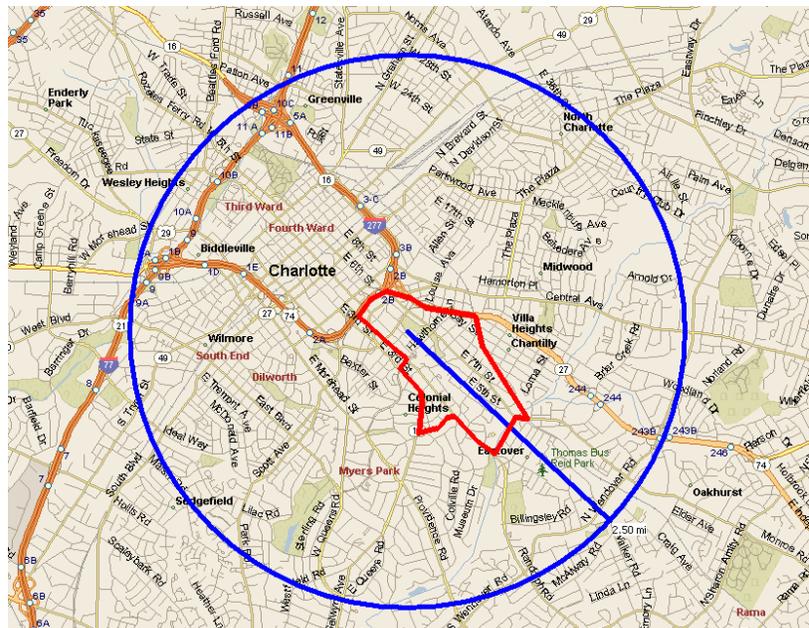
The Elizabeth study area is a relatively small one, both in terms of geography and population, with the majority of the residential areas of the study area being single-family detached housing and the bulk of



multifamily product developed in the neighborhood being relatively low in intensity. In 2009 the area is estimated to have a little more than 1,900 households, up approximately 100 households over the past 9 years. Incomes in the area are generally in line with those of Mecklenburg County, with Elizabeth posting a 2009 median income of \$54,222, just slightly below Mecklenburg's \$56,824. Upward momentum of the area can be seen in the growth of incomes, with the median income of the neighborhood growing by 20% since 2000; nearly double the rate of growth of Mecklenburg County overall.

Given the lack of significant residential development in the Elizabeth neighborhood over the past decade it is difficult to fully understand the major population and household shifts occurring that can impact future opportunities in the study area. We therefore created a second area—a 2.5-mile radius around Elizabeth—to understand the larger demographic trends that will impact the study area in the years to come.

When examining this larger intown area it is not surprising to see that the greatest share of growth occurring over the past nine years has been among increasingly affluent households, with those earning more than \$75,000 accounting for more than 70% of net household growth. In terms of age, the strongest household growth can be found in households between 35 and 59, including a combination of both singles and couples their first homes and more mature couples moving back into town as they transition into empty nesters.



A greater share of Elizabeth households are affluent when compared to the 2.5-mile ring, with 54% of neighborhood households having incomes above \$75,000, compared to 46% in the 2.5-mile area. Elizabeth is also generally a younger neighborhood, with 42% of its households being under the age of 35, much higher than the 28% seen in the 2.5 mile radius.

Economically, the Elizabeth neighborhood continues to trend toward one driven by culture and medicine, with the area growth outpacing that of Mecklenburg County in Education Services (private), Health Care, and Arts, Entertainment and Recreation. An examination of BLS data for the two ZIP codes roughly comprising the Elizabeth area (28204 and 28207) reveals that the area lost non-government jobs between 2000 and 2007. This loss is likely attributable to three key factors, including: decline in area construction activity (-568 jobs), demolition of the Charlottetown Mall (-299 net jobs), and expansion of both the two hospitals in the area as well as Central Piedmont Community College's Central Campus (CPCC), which does not show up in BLS employment estimates), resulting in the demolition of numerous smaller office properties in the area.



Overall, the neighborhood is extremely well-positioned for office and retail growth, as well as continued expansion of CPCC. It's accessibility to I-277 and Independence Boulevard, future transit access, and its ability to serve as a price alternative to Uptown makes it highly attractive for white collar employment, particularly creative businesses such as those growing in South End today. This employment, including medical-related office growth, could locate in larger mixed-use projects or infill smaller properties along Seventh or Randolph.

Retail Market

The Elizabeth retail market is still a relatively small one, comprised largely of smaller, independent stores and restaurants, with more than 80% of retail tenants in the area having fewer than 20 employees. While a good bit of the space in the area serves mostly neighborhood and adjacent residential areas, some restaurants have become more of a destination and attract area office/hospital workers as well as residents from beyond intown Charlotte.

The limited amount of retail in the neighborhood can be attributed in part to the lack of large-scale intersections (both in terms of major crossroads and larger properties), a factor that also adds to the intimacy and walkability of the neighborhood. The area really doesn't feature a large-scale corner capable of supporting regional-serving retail uses, although the Elizabeth corridor between CPCC and Presbyterian Hospital is a relatively highly visible location capable of attracting tenants serving areas beyond Elizabeth.

Intown Charlotte, meanwhile, has experienced somewhat of a retail explosion, with national retailers following residential growth into the Center City. In most cases, these larger tenants are adapting historically suburban formats to fit into tighter sites with decked or rooftop parking. Lowe's in South End, Metropolitan Midtown, and even EpiCentre are examples of this phenomenon. Metropolitan Midtown has been highly attractive for big box development and very strong interest has been reported for the recently vacated Home Depot Expo location.

These retailers are responding to demand potential that has historically been untapped, yet includes not only intown residents, but tens of thousands of employees and hundreds of thousands of visitors (tourists, conventioners, sports attendees, etc).

Indeed, Noell Consulting Group estimates unmet demand of more than 860,000 square feet within the 2.5-mile radius of Elizabeth, based on today's existing retail space supply. Of this, we believe the Elizabeth area could capture approximately 130,000 square feet of this demand in the next year or two (as the economy recovers). Incorporating estimated population growth and employment growth for intown Charlotte we believe that, as the market recovers in the next few years, demand in the 2.50-mile area could grow by 45,000 square feet on average, to nearly 1.8 million square feet over the next 21 years, with Elizabeth capturing more than 7,000 square feet of that demand annually and totaling more than 277,000 square feet over the next 21 years. It should be noted that this demand estimate is gross and does not account for projects planned or in the pipeline and also does not account for entertainment-type retail uses.



Year	2.5-Mile Annual Demand Growth	Elizabeth Capture
Existing Demand Potential (SF)	863,627	130,000
Average Annual Growth (Square Feet)		
2010 – 2015	26,470	4,870
2015 – 2020	54,738	8,646
2020 – 2025	54,201	8,577
2025 – 2030	46,824	7,331

As the proposed Elizabeth Street project is planning a movie theater, we also conducted an analysis of demand potential for movie screens in intown Charlotte. Factoring out existing screens at EpiCentre and the Manor Theater, we see limited opportunities for new theater development intown today (1 to 3 screens total). Over the next two decades, however, we see demand for an additional four to six screens within the 2.5-mile radius of the neighborhood. The Elizabeth Avenue corridor could certainly be a location for such a theater.

Retail Opportunities

Against the above, we see three significant retail opportunities in the Elizabeth study area in the coming two decades:

1. Development of a more significant, intown and employment-serving retail core along the planned Elizabeth Avenue development, generally more local and street-oriented relative to Metropolitan Midtown and likely grocery or restaurant-anchored;
2. Infilling smaller, neighborhood-oriented retail uses as part of mixed-use projects around the Seventh and Caswell intersection; and
3. Restaurants and office-serving retail uses (including medically-focused retail) around the two hospitals, particularly along Randolph Road.
4. Potential movie theater supportable over time, likely closer to I-277 in a high visibility location.

Where possible, these retail uses should be incorporated into mixed-use buildings with some teaser parking in front and surface or structured parking also provided.

Office Market

The Elizabeth office market, while still relatively small, is largely being driven by medical office users under 10,000 square feet and smaller non-medical office users under 5,000 square feet. As noted earlier, a number of smaller office properties have been razed in the last decade by the expansion of the hospitals and CPCC. Existing office spaces in the Elizabeth area are achieving approximately \$23 per square foot, well below newer Uptown towers offering space from the upper \$20s/sf to the \$30s/sf.

During the past decade a growing near-Uptown office market has grown, driven by smaller office users often seeking an Uptown location but at a discounted price. In addition to the price alternative role of these areas,



they've also been highly attractive to tenants due to their walkability, quality of life, and residential flavor. Over the past few years areas such as South End, Midtown, and Bryant Park have been able to attract new office development. Elizabeth has the ability to be highly attractive to smaller creative (architects, marketing, technology, etc) tenants as well as medical tenants seeking proximity to the hospital. What has been missing to date is new office space.

Indeed the Midtown (South End to Elizabeth) area has performed well in the past few years, absorbing more than 400,000 net square feet over the past 4.5 years, including nearly 125,000 square feet at Metropolitan Midtown, the highest-end and most prominent office space recently developed near Uptown.

As the economy rebounds in 2010 and 2011, we expect demand to return for office space in the South End to Elizabeth area. Initially, this demand will be tempered by a significant oversupply of office space in Uptown, a situation which will result in bigger Uptown towers reducing rents to fill spaces and taking price away as an advantage for that greater Midtown market. As the Uptown market recovers (estimated to be around 2013 to 2014), demand potential in the Midtown area and Elizabeth will increase significantly, with total demand in the coming 21 years estimated to be roughly 500,000 square feet for non-hospital (but including private medical) office space. As noted earlier, this estimate is gross demand and does not net out projects planned or in the pipeline, but does account for existing oversupplies of space, particularly Uptown.

	Estimated Annual "Midtown" Net Demand	Avg. Annual Elizabeth Capture
2010	-61,750	-6,175
2010 - 2015	66,570	8,321
2015 - 2020	134,508	20,176
2020 - 2025	136,971	27,394
2025 - 2030	137,642	23,399

In addition, the two hospitals in the area are likely to expand in the coming two decades. Given historic expansions and current expansions, we believe the potential exists for the two hospitals to add more than 600,000 square feet of space in the next 20 years in addition to the space currently under construction.

Office Opportunities

Office opportunities are very similar to retail opportunities, as both uses value higher visibility, adjacency to demand generators, and walkable environments. Three significant office opportunities exist in the Elizabeth study area in the coming two decades:

1. A mix of medical and non-medical office space along Elizabeth Avenue and Randolph between the hospital and I-277 development, representing the target location for potentially larger tenants (those over 20,000 square feet) in the study area;
2. Medical-oriented tenants along Randolph Road/Third Street; and



3. Smaller, creative office tenants in mixed-use buildings around the Seventh & Hawthorne and Seventh & Caswell intersections.

Rental Residential

Larger market forces have tempered the development of apartments nationally, in Charlotte, and in intown areas such as Elizabeth over the past seven years. Very low mortgage rates and lending practices that heavily favored home ownership limited demand for apartments, constrained rent growth, and created opportunities for conversion of some newer apartment product to condominium ownership.

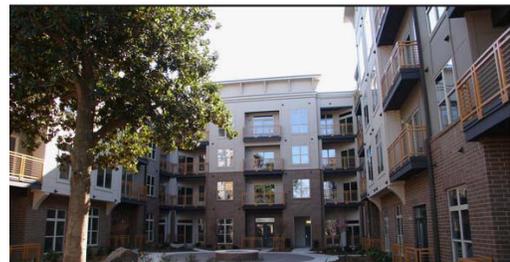


As is well known, these trends were not sustainable long-term and in the coming years, renting will gain greater favor relative to home ownership and more normal renter-owner balances will be achieved. Indeed, as the massive for-sale housing bubble began to pop intown areas such as South End began experiencing significant new apartment development, with more than 800 units being delivered in 2008 and 2009 and roughly 1,300 units being added in 2009 and 2010 (nearly 1,300 units). Contributing

significantly to demand for housing in South End has been the implementation of the Lynx Blue Line and the urbanity LRT creates in the area, which combines well with the older character of that corridor. While short-term economic issues will result in substantial discounting of rents and higher vacancy rates, longer-term these projects are poised to thrive and significantly bolster the atmosphere and character of South End, Midtown, and Elizabeth.

Newer product being delivered in these intown neighborhoods is more urban in scale with a stronger street presence and higher rents on a per square foot basis (well in excess of \$1.20/sf to north of \$1.50/sf). Higher development intensities and increased rents are needed to justify the high costs of land in the area (more than \$20,000/unit) and the higher construction costs associated with decked parking (often 3 to 4 times the costs of surface parking). The stronger street orientation of these communities is also increasingly attractive to younger renters, who are increasingly driven by walkable, mixed-use areas more urban in character.

Only one significant rental project has been developed in the Elizabeth area—Elizabeth Square—now in lease-up north of Independence Boulevard. While offering significant discounts, the project has performed relatively well, leasing just shy of 20 units per month. A second phase of that project is still under construction and will deliver in 2010.



Indeed intown areas of Charlotte have fared better than Mecklenburg County overall, posting consistently lower vacancy rates (albeit increasingly in-line with the county given high construction in South End) and rental rates 43% higher than those of the county overall. As the recession eases and job growth resumes, vacancy rates are expected to decline and rents should again continue upward.



Areas of Elizabeth are highly attractive for development of more urban rental apartment product attractive to younger singles and couples, as well as to more mature singles and potentially alternative groups like students or seniors. Locations closer to Uptown, CPCC, and the hospital, as well as areas around Independence Park and the greenway represent the strongest opportunities for new rental product. Based on long-term growth trends in Mecklenburg County and growing captures of demand in inner-city areas of Charlotte, we believe that, on average, approximately 115 new apartment units are supportable annually over the next 21 years. Again, these demand estimates are gross and not net of any planned or pipeline projects. To achieve development feasibility new rental apartment product developed will typically need to exceed 40 units per acre and approach or exceed 75 units per acre in some areas, although ground floor retail could offset some development intensity.

	2010 – 2015	2015 – 2020	2020 – 2025	2025 – 2030	Total
Average Annual New Rental Apartments	82	142	118	119	115

Rental Apartment Opportunities

As noted, the Elizabeth study area is highly attractive for the development of apartments in key areas, including:

1. Incorporation of rental apartments in mixed-use projects in the Elizabeth Avenue project and surrounding properties along Third and adjacent to CPCC;
2. Mid-rise development around Independence Park, possibly with ground floor retail along Seventh Street;
3. Selective redevelopment of aging properties along major thoroughfares in eastern portions of the study area, such as along Seventh Street or Randolph Road—possibly including apartments attractive to independent seniors.

For-Sale Residential Market

Over the past decade intown condominiums and townhouses have gained massive popularity as urban living, particularly among younger singles and couples, has become highly sought after. The current recession and poor lending practices overinflating demand have dealt a fairly significant blow to Charlotte’s urban condominium market, particularly the Uptown condo market. Demand for units has dropped by half from 2007 to 2008 due both to large-scale job losses in the area and to very tight lending standards, which have swayed too heavily to caution and tempered demand from qualified buyers. Prices for both detached and attached homes have dropped as well by roughly 11% to 15% in intown neighborhoods, including Elizabeth (down 12% over the past 12 months), consistent with drops seen county-wide over the past year. In spite of these trends, foreclosure rates in Elizabeth have remained relatively low, averaging .06% in September (a rate of less than 1% annually), below other intown neighborhoods and well below



Mecklenburg County overall (.25% in September—close to 3% rate annually). Uptown’s condo problems do show in higher foreclosure rates, averaging .27% in September.

Very little condominium or townhouse product has been delivered in Elizabeth in the past few years, with most product consisting of attached units in smaller (under 30-unit) projects scattered throughout the neighborhood. Product developed has been attractive to younger (20s to 40s) singles and couples working intown either purchasing their first home or purchasing for lifestyle. It is worth noting that owners of intown condominiums represent a significant source of buyers for single-family homes in the Elizabeth neighborhood. New attached homes in Elizabeth have been largely priced in the \$200s for condo flats and the \$200s to \$300s for townhouses, generally in-line or slightly more affordable than other established intown areas.

Demand for new residential units intown and in Elizabeth is expected to rebound and remain strong in the coming decades. The urban character of the area, its centrality, walkability, and authentic character will only become increasingly attractive to younger buyers as well as to empty nesters seeking greater lifestyle options after the kids have left home. Over the next 20 years, we estimate demand for new attached condominiums and townhouses will average 100 to 170 units annually in the Intown Ring (neighborhoods close to Uptown—but not including Uptown—including South End, Dilworth, Elizabeth, and Plaza/Midwood. Of this demand, we believe Elizabeth can capture around 30 units annually on average, with some years being higher as product is delivered and other years lower during recessions or when new supply is not offered. It should be noted that the large majority of projects developed in Elizabeth will be smaller in scale and not able to achieve high levels of absorption like towers in Uptown. The exception to this would be Elizabeth Avenue project, which could market more heavily and offer a much broader array of product, thus eclipsing the average sales paces noted below.

	2010 – 2015	2015 – 2020	2020 – 2025	2025 – 2030	Total
Average Annual Attached Homes					
Intown Ring	98	139	170	153	140
Elizabeth	15	28	34	31	27
Average Annual Detached Homes					
Intown Ring	18	22	21	17	20
Elizabeth	2	2	2	2	2

It should be noted that short-term demand in Elizabeth (2010 to 2013) will be tempered both by a slow recovery from the current recession and by the current oversupply of existing condominiums in Uptown and intown neighborhoods. New demand will emerge more significantly in 2013 to 2015, gaining greater momentum in the coming 15 years.

Demand for new single-family, while potentially high, is significantly tempered by the ability to provide new detached product at a reasonable price. Demand in the Intown Ring neighborhoods is estimated to be around 15 to 25 homes annually in the coming two decades, with Elizabeth capturing roughly a few units annually on average. Again, detached projects can achieve higher sales paces in a particular year, with other years seeing little to no product offerings.



For-Sale Development Opportunities

As referenced earlier, Elizabeth has all the characteristics attractive to infilling for-sale housing in the coming decades. Key to this is planning for projects that can enhance the character of the area and better take advantage of the amenities the study area has to offer. Opportunities for new product include:

1. Mid-rise to high-rise infill condominiums, close to Uptown around Presbyterian and Mercy/CMC hospitals, that could be within walking distance of the study area’s largest employers and proximate to the planned streetcar line;
2. Mid-rise condominium development around Independence Park, taking advantage of an underutilized asset and strong regional access;
3. Scattered infill townhouses and low-rise flats along major corridors and on underutilized properties in eastern areas of the study area.

Demand Summary

Over the next two decades, we believe that demand will be significant for both residential and commercial land uses in the Elizabeth study area given the community’s high quality of life, character and charm, and strategic regional centrality and access. Given increasing development intensities required for project feasibility in the coming years, gross acreage needs in the area for private development are relatively low, totaling roughly 71 acres. In almost all cases, this acreage is already developed (some being parking lots or demolished structures) and represents intensification of existing sites. Residential uses, including attached rental and for-sale product, will account for a greater share of land demand, accounting for more than 51 of the 71 acres demanded, with commercial uses accounting for the remaining 20 or so acres.

Land Use	Metric	Average Annual	21-Year Totals
Retail	Square Feet	13,856	277,118
	Acres	.6	11.8
Office, inc. Hospitals	Square Feet	51,973	1,039,455
	Acres	.4	7.9
Rental	Units	115	2,562
Residential	Acres	1.7	33.9
For-Sale Detached	Units	2	39
	Acres	.3	5.6
For-Sale Attached	Units	27	536
	Acres	.6	12.2
Total	Square Feet	65,829	1,316,573
	Units	144	3,137
	Acres	3.6	71.3

NOTE: Retail average annual includes existing pent-up demand.



CITY OF CHARLOTTE ELIZABETH AREA MARKET ANALYSIS

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Exhibit 1
Summary of Salient Factors Influencing Growth in the Coming Decades

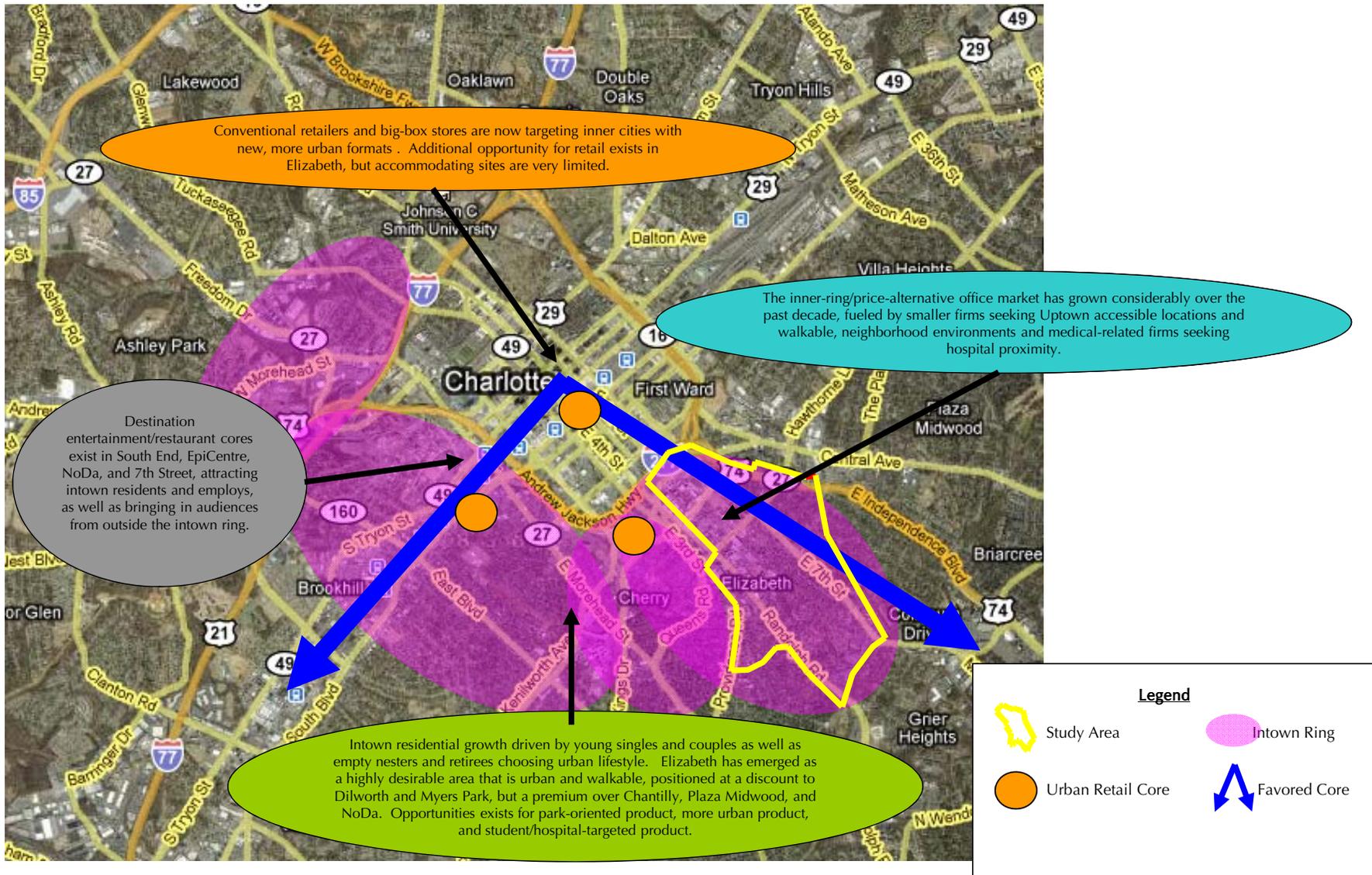


Exhibit 2
Study Area Map

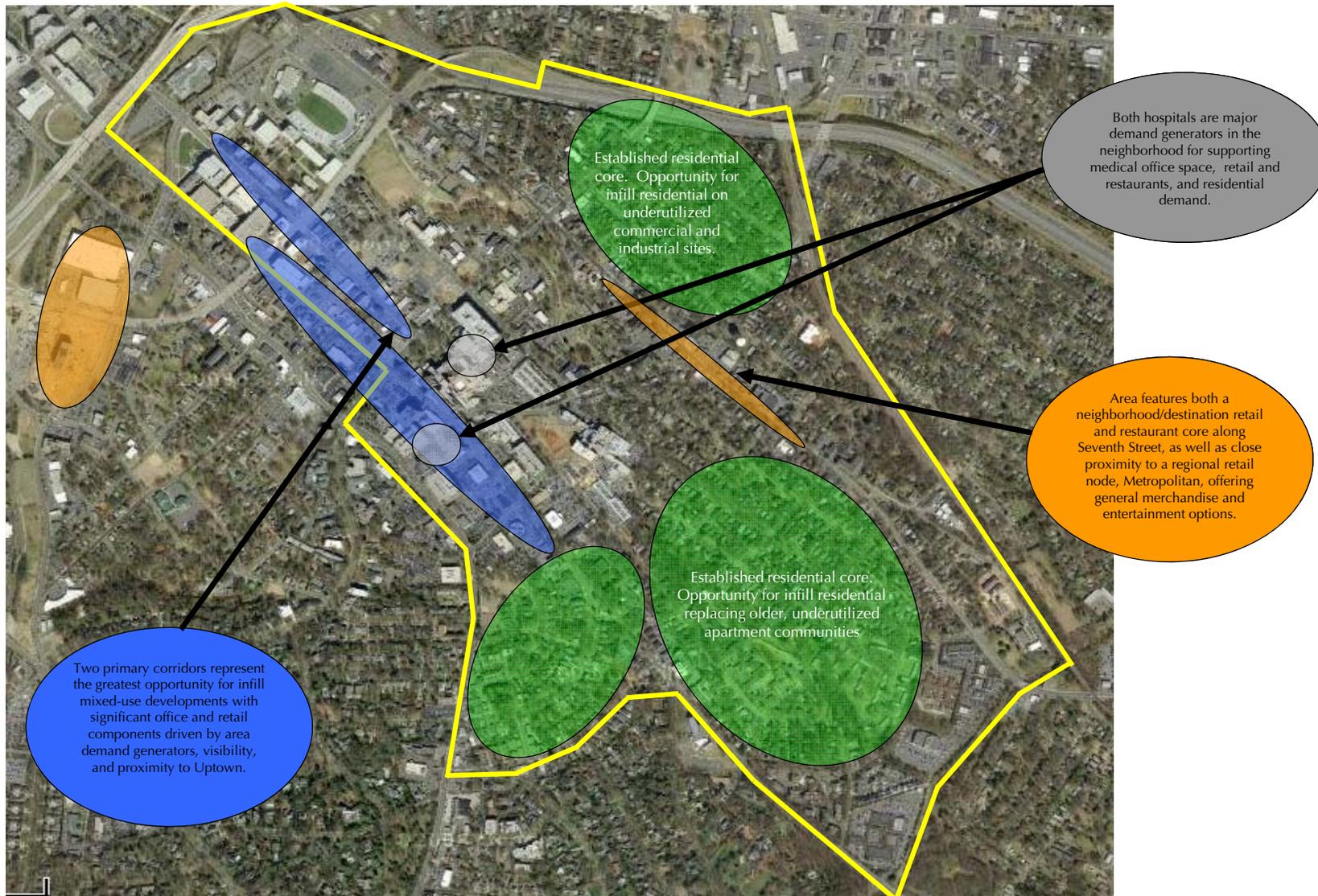


Exhibit 3

Non-Governmental Employment Growth: Elizabeth Area and Mecklenburg County, 2000 - 2007

Sector	Industry	Elizabeth Change 2000 - 2007	Meck Change 2000 - 2007	Elizabeth as % of County
Total Growth		-1,224	56,950	-2%
22----	Utilities	-150	1,607	-9%
23----	Construction	-568	997	-57%
31----	Manufacturing	17	-9,373	0%
42----	Wholesale trade	-142	-4,056	4%
44----	Retail trade	-299	2,864	-10%
48----	Transportation & warehousing	22	7,019	0%
51----	Information	9	-2,909	0%
52----	Finance & insurance	233	31,634	1%
53----	Real estate & rental & leasing	-2	2,542	0%
54----	Professional, scientific & technical services	-464	1,461	-32%
55----	Management of companies & enterprises	11	1,860	1%
56----	Admin, support, waste mgt, remediation services	-432	-4,155	10%
61----	Educational services	268	3,427	8%
62----	Health care and social assistance	765	15,325	5%
71----	Arts, entertainment & recreation	138	3,603	4%
72----	Accommodation & food services	-527	11,101	-5%
81----	Other services (except public administration)	-55	-1,884	3%
99----	Unclassified establishments	-48	-647	7%

Much of the infill growth in the area has led to the removal of older, affordable office space previously housing utility, construction, and wholesale/retail trade firms.

Long-Term:
Area will continue to become more affluent and home to a greater concentration of medical and cultural based employment firms.

Also caused by the redevelopment of former office space into newer mixed-use developments and primarily medical or educational related firms filling up the new space.

Long-Term:
Majority of growth in the area will continue to be focused around the hospitals and universities.

The Elizabeth Area has witnessed the strongest employment growth in education, health care, and arts/entertainment/recreation sectors.

Long-Term:
With the hospitals and universities as anchors, the area will continue to become a major cultural destination for the entire region.

Most likely a temporary loss caused by the changing of flags and renovation of one of the larger hotels on the fringe of the Elizabeth area.

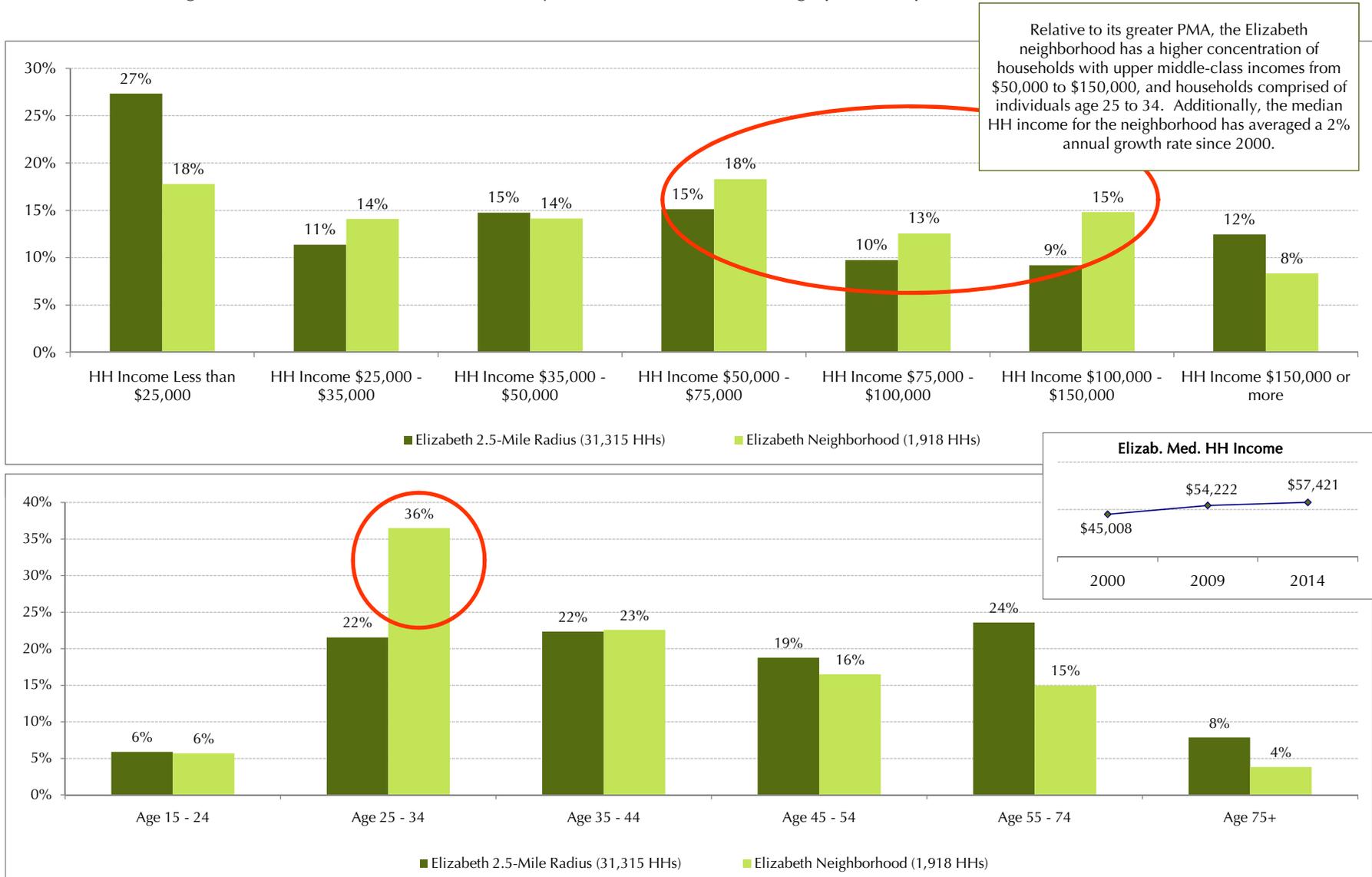
Long-Term:
Growth expected to return but will remain more moderate.

SOURCE: US Census County Business Patterns for 28204 and 28207



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS

Exhibit 4
2009 Elizabeth Neighborhood and 2.5-Mile Radius Primary Market Area (PMA) Demographic Comparison



Source: Claritas, Inc.



Exhibit 5
Elizabeth 2.5 Mile Ring and Mecklenburg County Household Growth 2000 to 2009

Elizabeth HH Growth	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 59	Age 60 - 64	Age 65 - 69	Age 70 - 74	Age 75 - 79	Age 80 - 84	Age 85+	Total
Under \$25,000	-43	-560	-14	124	235	253	153	0	-136	-9	65	68
\$25,000 to \$35,000	-57	-329	38	5	86	73	69	6	-46	-6	19	-142
\$35,000 to \$50,000	32	-206	121	65	199	162	48	7	-10	24	50	492
\$50,000 to \$60,000	44	-60	128	12	25	15	36	22	-10	2	12	226
\$60,000 to \$75,000	-13	-135	21	232	87	52	24	-10	-19	4	2	245
\$75,000 to \$100,000	68	-43	233	224	128	94	22	12	17	23	19	797
\$100,000 to \$150,000	25	205	203	210	120	84	36	-7	-26	-3	12	859
Over \$150,000	9	98	237	359	207	137	76	24	16	16	18	1,197
Total	65	-1,030	967	1,231	1,087	870	464	54	-214	51	197	3,742

Overall the strongest growth in the 2.5-mile radius around Elizabeth can be found in households between \$65,000 and \$150,000+ and 25 to 64 years of age, typical of affluent intown neighborhoods. Additionally, there is significant growth in households age 45 to 70 with incomes of Under \$25,000 to \$50,000 - primarily retirees on fixed incomes.

Meck. Co. HH Growth	Age 15 - 24	Age 25 - 34	Age 35 - 44	Age 45 - 54	Age 55 - 59	Age 60 - 64	Age 65 - 69	Age 70 - 74	Age 75 - 79	Age 80 - 84	Age 85+	Total
Under \$25,000	836	-2,256	825	1,994	1,917	1,856	1,406	-9	-142	329	360	7,116
\$25,000 to \$35,000	809	-2,098	448	1,308	1,260	1,196	818	173	102	196	244	4,456
\$35,000 to \$50,000	1,244	-641	2,203	2,928	2,143	1,875	1,113	345	157	236	193	11,796
\$50,000 to \$60,000	419	-1,227	895	1,917	1,115	987	515	194	62	91	64	5,032
\$60,000 to \$75,000	669	-46	1,804	2,709	1,803	1,451	757	243	257	235	159	10,041
\$75,000 to \$100,000	689	838	3,310	3,859	2,233	1,747	721	240	114	141	84	13,976
\$100,000 to \$150,000	433	1,784	5,012	5,856	2,764	2,127	814	294	119	124	54	19,381
Over \$150,000	156	725	2,986	4,935	2,382	1,725	589	191	124	102	61	13,976
Total	5,255	-2,921	17,483	25,506	15,617	12,964	6,733	1,671	793	1,454	1,219	85,774

Overall, Mecklenburg County has seen a greater share of its growth focused in households between \$60,000 and \$150,000+ income and 35 to 64 years of age, as well as \$35,000 to \$50,000 earning households age 35 to 59.

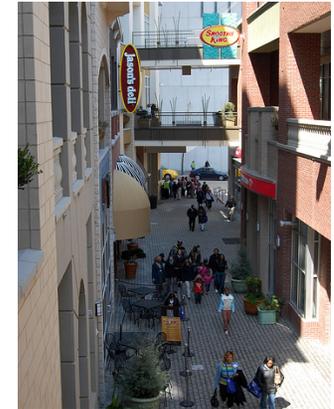
SOURCE: Noell Consulting Group based on data obtained from Claritas.



Exhibit 6
Retail Market Overview

National Trends/Factors

- US consumers pulling back on non-essential retail spending--not able to sustain pace of last 20 years.
- National chains closing marginal stores/consolidating to more strategic locations
- These locations increasingly include intown areas
- New models being created for more urban setting
- Large scale fallout in commercial lending claiming poorly situated/conceptualized centers
- Lifestyle/"experiential" retail on the rise--particularly retail in more walkable formats
- Seeing more congregating of destination retail uses, including restaurants, to strengthen traffic/sales



Intown Charlotte Trends

- Chains following population growth into intown areas
- Uptown itself tough for larger formats (block sizes, densities, land costs)
- Chains therefore opting for strategic intown locations close to freeway network/major thoroughfares

Already Intown		Others not present:		
Lowe's	Marshalls	Borders/Barnes & Noble	Ross	Bed, Bath & Beyond
Target	Staples	TJ Maxx	PetSmart	Chain fitness centers
Wal-Mart	Best Buy	Old Navy	Whole Foods	

- Large array of demand audiences

Center City residents	69,000 within 2.5 miles of Elizabeth
Intown office workers	40,000+ office workers, additional 54,000+ in other sectors
Convention center/sports venues	500,000 convention visitors, 2M sports attendees
Other audiences	includes hospital visitors, CPCC/Kings students, other hotel visitors, suburban residents

Elizabeth Trends/Conditions

- Not a major retail area today--some local services and restaurants
- Greatest potential for development closer to I-277 & Independence/Charlottetown intersection
- Grubb land assembly strategically located, but likely for more intown-serving uses--likely to serve local audiences
 - Freeway access relatively good, but visibility moderate
 - Can draw from intown residents, CPCC students, hospital workers & visitors
- Land availability and traffic counts elsewhere in the study area too limited for large-scale retail development
- 80% of retail tenants 5,000 square feet or under
- 50% of restaurant tenants smaller than 5,000 square feet
 - Some restaurants serving beyond neighborhood
- Rents are being quoted at \$25-29/sf for new construction space, and \$9 to \$16/sf for older adaptive re-use space along Seventh.



Exhibit 7
Potential Retail Opportunities



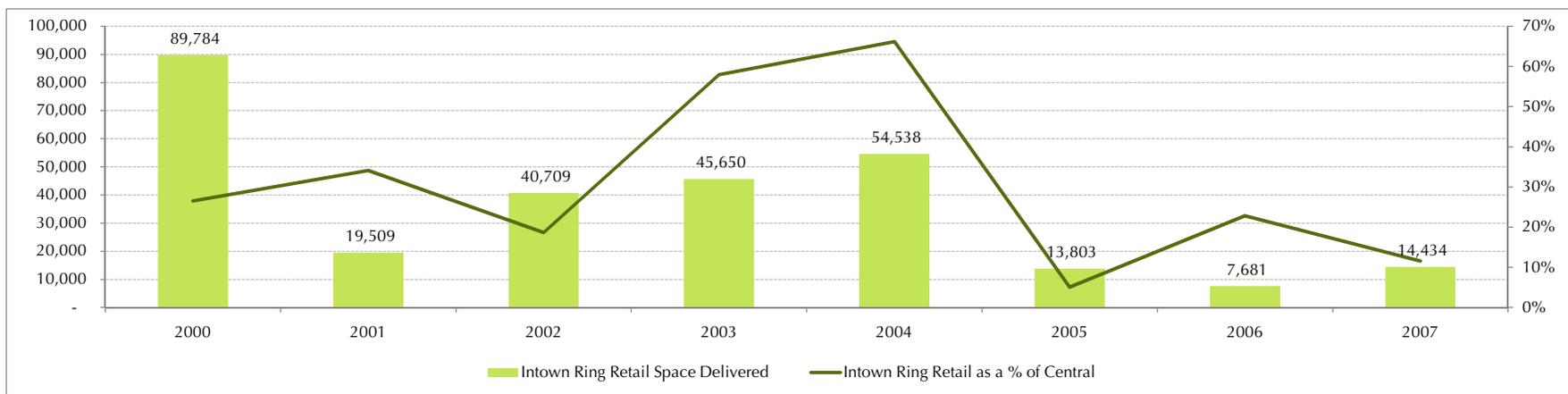
While regional retail opportunities are likely limited by Elizabeth's moderate visibility from I-277 and Independence Boulevard, potential exists for additional retail space serving Elizabeth and intown neighborhoods.

Access to demand generators and traffic volumes indicate the greatest opportunities for retail to be along major corridors into Uptown.



Exhibit 8
Retail Space Delivered by Planning District and the Intown Ring, 2000 - 2007

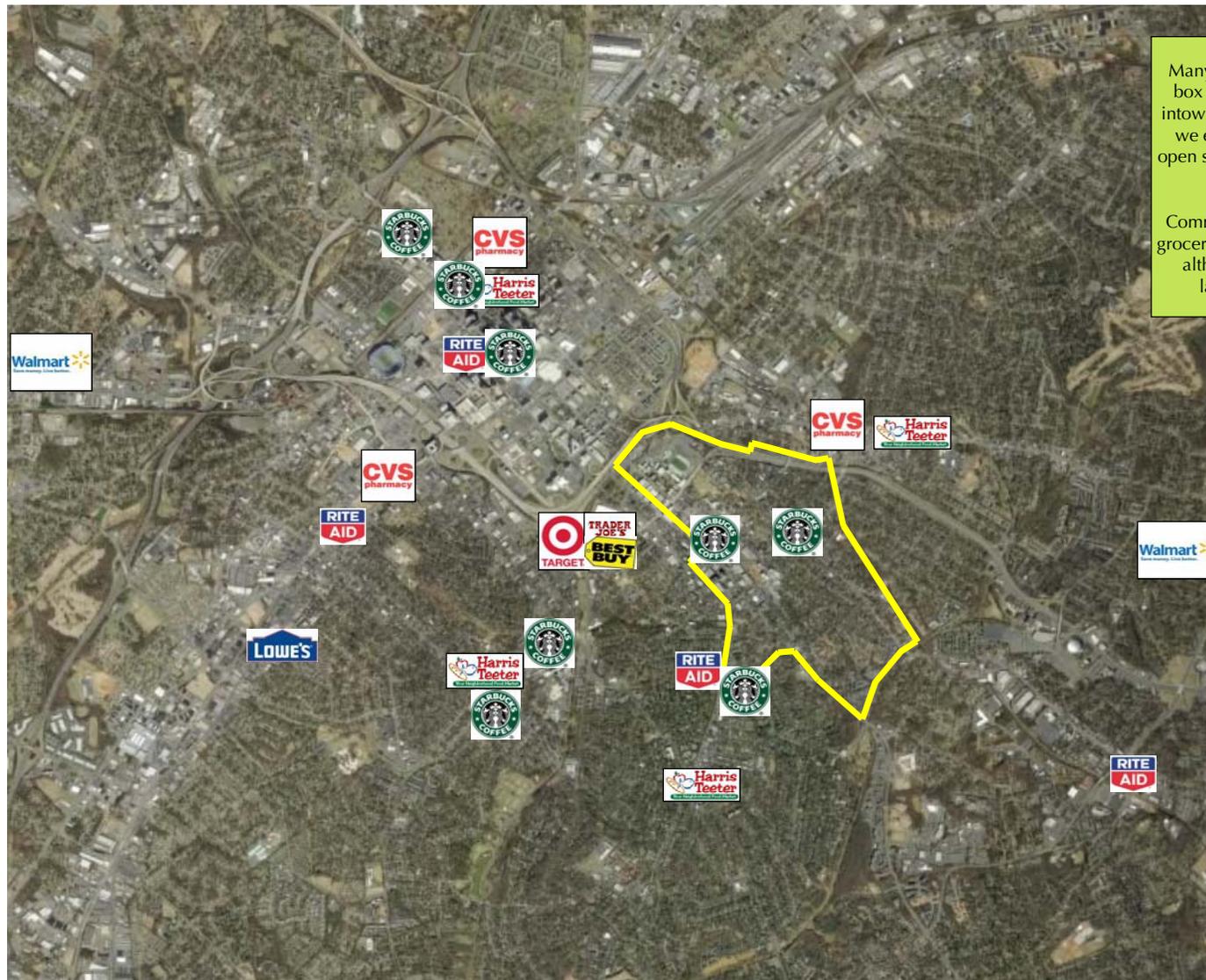
District	Retail Development by Year (Square Feet)								Totals
	2000	2001	2002	2003	2004	2005	2006	2007	
Central Square Feet Totals	339,003	57,242	218,037	78,724	82,437	274,228	33,641	124,638	1,207,950
Central Capture	10.9%	2.5%	17.5%	6.7%	3.4%	9.0%	1.8%	9.3%	7.3%
Intown Ring Area	89,784	19,509	40,709	45,650	54,538	13,803	7,681	14,434	286,108
Intown Ring Capture of Central	26.5%	34.1%	18.7%	58.0%	66.2%	5.0%	22.8%	11.6%	23.7%
North Square Feet Totals	474,335	344,084	182,081	227,510	419,809	115,548	72,068	329,448	2,164,883
North Capture	15.2%	15.3%	14.6%	19.4%	17.1%	3.8%	3.8%	24.6%	13.1%
Northeast Square Feet Totals	634,683	233,567	25,247	195,960	474,530	151,215	343,499	176,043	2,234,744
Northeast Capture	20.4%	10.4%	2.0%	16.7%	19.3%	5.0%	18.1%	13.1%	13.5%
Northwest Square Feet Totals	41,950	113,682	58,144	33,896	250,937	1,190,580	77,472	121,084	1,887,745
Northwest Capture	1.3%	5.1%	4.7%	2.9%	10.2%	39.2%	4.1%	9.0%	11.4%
South Square Feet Totals	1,072,518	496,296	404,585	304,408	666,042	814,178	796,239	348,241	4,902,507
South Capture	34.5%	22.1%	32.5%	26.0%	27.1%	26.8%	41.9%	26.0%	29.7%
Southeast Square Feet Totals	244,605	759,119	154,890	195,897	491,707	294,706	170,791	97,710	2,409,425
Southeast Capture	7.9%	33.8%	12.5%	16.7%	20.0%	9.7%	9.0%	7.3%	14.6%
Southwest Square Feet Totals	304,789	241,829	200,170	135,445	71,702	200,080	405,043	141,941	1,700,999
Southwest Capture	9.8%	10.8%	16.1%	11.6%	2.9%	6.6%	21.3%	10.6%	10.3%
Total	3,111,883	2,245,819	1,243,154	1,171,840	2,457,164	3,040,535	1,898,753	1,339,105	16,508,253



SOURCE: Charlotte-Mecklenburg Planning Department



Exhibit 9
Intown Major Retailer Map



Many national chains, including big-box tenants, are absent today in the intown market. Over the next decade, we expect more national tenants to open stores inside of Route 4, including just outside of Uptown.

Community supported drugstores and grocery chains are strongly represented, although significant variety is still lacking in the Elizabeth area.

SOURCE: Noell Consulting Group



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS

Exhibit 10
Elizabeth Retail Demand by Store Type, 2009

Elizabeth 2.5 Mile Ring, 2009 Store Type	Total Expenditures	Per Capita Expend	Total Expenditures Adjusted	Typical Sales/SF	Supportable SF	Current Employees	Estimated Current Square Feet	Net Space Demanded	Typical Store SF	
Furniture & Furnishing Stores	\$24,915,421	\$362	\$339	\$22,597,041	\$202	123,607	88,000	35,607		
Electronics & Appliance Stores	\$28,829,199	\$419	\$392	\$26,146,642	\$370	77,845	53,200	24,645		
Appliances, TVs & Electronics	\$21,553,078	\$313	\$293	\$19,547,564	304	64,301	41,600	22,701	2,100	
Computer & Software	\$6,107,145	\$89	\$83	\$5,538,875	467	11,861	400	11,461	2,277	
Camera/Photography	\$1,168,976	\$17	\$16	\$1,060,203	630	1,683	11,200	(9,517)	2,200	
Building Materials/Garden (Hardware)	\$107,055,416	\$1,556	\$1,455	\$97,093,910	324	299,673	329,500	(29,827)	4,820	
Grocery/Beverage Stores	\$140,328,364	\$2,039	\$1,907	\$127,270,810	\$479	292,681	331,600	(38,919)		
Grocery Stores	\$126,353,505	\$1,836	\$1,717	\$114,596,311	455	251,860	283,200	(31,340)	40,000	
Specialty Food Stores	\$3,659,139	\$53	\$50	\$3,318,656	193	17,195	42,000	(24,805)	1,988	
Beverage Stores	\$10,315,720	\$150	\$140	\$9,355,842	396	23,626	6,400	17,226	3,196	
Health/Personal Care	\$62,237,590	\$904	\$846	\$56,446,382	458	123,245	132,000	(8,755)	12,544	
Clothing/Accessories	\$54,418,153	\$791	\$739	\$49,354,544	\$318	171,240	163,400	7,840		
Clothing Stores	\$37,946,979	\$551	\$516	\$34,416,013	287	119,916	110,200	9,716	4,000	
Shoe Stores	\$7,541,938	\$110	\$102	\$6,840,161	\$205	33,367	25,200	8,167	2,950	
Jewelry/Luggage/Leather Goods	\$8,929,236	\$130	\$121	\$8,098,371	\$451	17,956	28,000	(10,044)	1,494	
Sporting Goods	\$8,488,745	\$123	\$115	\$7,698,867	240	32,079	26,000	6,079	2,825	
Hobby/Toy Stores	\$5,062,340	\$74	\$69	\$4,591,289	\$145	31,664	2,400	29,264	2,600	
Piece Goods/Sewing	\$1,049,321	\$15	\$14	\$951,682	\$140	6,798	5,200	1,598	2,600	
Music Instruments	\$1,676,219	\$24	\$23	\$1,520,247	\$200	7,601	1,600	6,001	2,562	
Book Stores	\$7,335,932	\$107	\$100	\$6,653,324	250	26,613	15,600	11,013	2,786	
Florist	\$1,920,932	\$28	\$26	\$1,742,189	226	7,709	36,400	(28,691)	1,424	
Office Supplies/Stationary	\$11,657,082	\$169	\$158	\$10,572,391	202	52,339	67,700	(15,361)	3,578	
General Merchandise Stores	\$150,088,834	\$2,181	\$2,039	\$136,123,068	\$148	919,750	437,000	482,750	15,000	
Full Service Restaurants	\$52,245,906	\$759	\$710	\$47,384,424	308	153,846	3,931	499,610	(345,764)	
Limited Service Restaurants	\$47,172,565	\$686	\$641	\$42,783,158	199	214,991	2,217	305,700	2,400	
Total	\$710,720,895	\$10,329	\$9,657		\$278	2,554,254	2,590,910	-36,656		
					Retail Demand (Square Feet) @ 95% Occupancy		2,688,688			
					Retail Space Demanded, Less Malls		2,392,555			

Office Employees				Non-Office Employees				
	41,180			53,567				
	Annual Work Expend.	Total Work	Typical \$/SF	Total SF	Annual Work	Total Work	Typical \$/SF	Total SF
Food	\$1,172	\$48,264,360	\$324	148,964	\$586	\$31,390,880	\$324	96,885
Retail	\$1,376	\$56,658,162	\$318	178,288	\$688	\$36,850,163	\$318	115,958
Total	\$2,548	\$104,922,522	\$321	327,252	\$1,274	\$68,241,043	\$321	212,843

All Workers	659,019
All Workers w/ 5% Vacancy	693,704
Total, Residents and Workers	3,086,259
\$ from Convention/Sports Attendees	313,239
Add 10% Drive-By/Other Sources	3,742,416
Est Existing SF (inc 10% vacancy)	2,878,789
Unmet Demand	863,627
Elizabeth Capture	129,957

NOTE: Demand estimates are gross and do not net out projects planned or in the pipeline.



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS

Exhibit 10
Elizabeth Retail Demand by Store Type, 2015

Elizabeth 2.5 Mile Ring, 2015 Store Type	Total Expenditures	Per Capita Expend		Total Expenditures Adjusted	Typical Sales/SF	Supportable SF	Current Employees	Estimated Current Square Feet	Net Space Demanded	Typical Store SF
Furniture & Furnishing Stores	\$27,007,723	\$362		\$24,494,654	\$202	133,987	220	88,000		
Electronics & Appliance Stores	\$31,250,165	\$419		\$28,342,337	\$370	84,382	58	53,200		
Appliances, TVs & Electronics	\$23,363,023	\$313	\$293	\$21,189,094	304	69,701	29	41,600	28,101	2,100
Computer & Software	\$6,620,000	\$89	\$83	\$6,004,009	467	12,857	1	400	12,457	2,277
Camera/Photography	\$1,267,142	\$17	\$16	\$1,149,235	630	1,824	28	11,200	(9,376)	2,200
Building Materials/Garden (Hardware)	\$116,045,519	\$1,556	\$1,455	\$105,247,484	324	324,838	202	329,500	(4,662)	4,820
Grocery/Beverage Stores	\$152,112,602	\$2,039		\$199,145,057	\$479	317,259	824	331,600	(14,341)	
Grocery Stores	\$136,964,188	\$1,836	\$1,717	\$124,219,670	455	273,010	703	283,200	(10,190)	40,000
Specialty Food Stores	\$3,966,419	\$53	\$50	\$3,597,344	193	18,639	105	42,000	(23,361)	1,988
Beverage Stores	\$11,181,995	\$150	\$140	\$10,141,510	396	25,610	16	6,400	19,210	3,196
Health/Personal Care	\$67,464,064	\$904	\$846	\$61,186,533	458	133,595	330	132,000	1,595	12,544
Clothing/Accessories	\$58,987,981	\$791		\$53,499,149	\$318	185,620	326	163,400	22,220	
Clothing Stores	\$41,133,621	\$551	\$516	\$37,306,137	287	129,987	193	110,200	19,787	4,000
Shoe Stores	\$8,175,281	\$110	\$102	\$7,414,571	\$205	36,169	63	25,200	10,969	2,950
Jewelry/Luggage/Leather Goods	\$9,679,079	\$130	\$121	\$8,778,441	\$451	19,464	70	28,000	(8,536)	1,494
Sporting Goods	\$9,201,597	\$123	\$115	\$8,345,389	240	34,772	65	26,000	8,772	2,825
Hobby/Toy Stores	\$5,487,456	\$74	\$69	\$4,976,848	\$145	34,323	6	2,400	31,923	2,600
Piece Goods/Sewing	\$1,137,439	\$15	\$14	\$1,031,600	\$140	7,369	13	5,200	2,169	2,600
Music Instruments	\$1,816,981	\$24	\$23	\$1,647,911	\$200	8,240	4	1,600	6,640	2,562
Book Stores	\$7,951,975	\$107	\$100	\$7,212,044	250	28,848	39	15,600	13,248	2,786
Florist	\$2,082,245	\$28	\$26	\$1,888,492	226	8,356	91	36,400	(28,044)	1,424
Office Supplies/Stationary	\$12,635,999	\$169	\$158	\$11,460,219	202	56,734	118	67,700	(10,966)	3,578
General Merchandise Stores	\$162,692,719	\$2,181	\$2,039	\$147,554,161	\$148	996,988	NA	437,000	559,988	15000
Full Service Restaurants	\$56,633,317	\$759	\$710	\$51,363,587	308	166,765	3,931	499,610	(332,845)	3,212
Limited Service Restaurants	\$51,133,936	\$686	\$641	\$46,375,923	199	233,045	2,217	305,700	(72,655)	2,400
Drinking Places	\$6,762,793	\$91	\$85	\$6,133,515	450	13,630	528	96,000	(82,370)	2,240
Total	\$770,404,511	\$10,329			\$278	2,768,750		2,590,910	100,671	

Retail Demand (Square Feet) @ 95% Occupancy 2,914,474
Retail Space Demanded, Less Malls 2,593,472

Office Employees 41,180				Non-Office Employees 53,567					
	Annual Work Expend.	Total Work	Typical \$/SF	Total SF		Annual Work	Total Work	Typical \$/SF	Total SF
Food	\$1,172	\$48,264,360	\$324	148,964	Food	\$586	\$31,390,880	\$324	96,885
Retail	\$1,376	\$56,658,162	\$318	178,288	Retail	\$688	\$36,850,163	\$318	115,958
Total	\$2,548	\$104,922,522	\$321	327,252	Total	\$1,274	\$68,241,043	\$321	212,843

All Workers	567,646
All Workers w/ 5% Vacancy	597,522
Total, Residents and Workers	3,190,994
\$ from Convention/Sports Attendees	329,218
Add 10% Drive-By/Other Sources	3,874,767
Est Existing SF (inc 10% vacancy)	2,878,789
Unmet Demand	995,978
Elizabeth Capture	154,350

NOTE: Demand estimates are gross and do not net out projects planned or in the pipeline.



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS



Exhibit 10
Elizabeth Retail Demand by Store Type, 2020

Elizabeth 2.5 Mile Ring, 2020 Store Type	Total Expenditures	Per Capita Expend		Total Expenditures Adjusted	Typical Sales/SF	Supportable SF	Current Employees	Estimated Current Square Feet	Net Space Demanded	Typical Store SF
Furniture & Furnishing Stores	\$29,098,050	\$362		\$26,390,477	\$202	144,358	220	88,000		
Electronics & Appliance Stores	\$33,668,846	\$419		\$30,535,960	\$370	90,913	58	53,200		
Appliances, TVs & Electronics	\$25,171,260	\$313	\$293	\$22,829,074	304	75,096	29	41,600	33,496	2,100
Computer & Software	\$7,132,370	\$89	\$83	\$6,468,703	467	13,852	1	400	13,452	2,277
Camera/Photography	\$1,365,216	\$17	\$16	\$1,238,182	630	1,965	28	11,200	(9,235)	2,200
Building Materials/Garden (Hardware)	\$125,027,142	\$1,556	\$1,455	\$113,393,366	324	349,980	202	329,500	20,480	4,820
Grocery/Beverage Stores	\$163,885,723	\$2,039		\$214,558,368	\$479	341,814	824	331,600	10,214	
Grocery Stores	\$147,564,861	\$1,836	\$1,717	\$133,833,950	455	294,141	703	283,200	10,941	40,000
Specialty Food Stores	\$4,273,410	\$53	\$50	\$3,875,769	193	20,082	105	42,000	(21,918)	1,988
Beverage Stores	\$12,047,452	\$150	\$140	\$10,926,437	396	27,592	16	6,400	21,192	3,196
Health/Personal Care	\$72,685,608	\$904	\$846	\$65,922,212	458	143,935	330	132,000	11,935	12,544
Clothing/Accessories	\$63,553,498	\$791		\$57,639,845	\$318	199,986	326	163,400	36,586	
Clothing Stores	\$44,317,256	\$551	\$516	\$40,193,536	287	140,047	193	110,200	29,847	4,000
Shoe Stores	\$8,808,027	\$110	\$102	\$7,988,440	\$205	38,968	63	25,200	13,768	2,950
Jewelry/Luggage/Leather Goods	\$10,428,215	\$130	\$121	\$9,457,869	\$451	20,971	70	28,000	(7,029)	1,494
Sporting Goods	\$9,913,777	\$123	\$115	\$8,991,300	240	37,464	65	26,000	11,464	2,825
Hobby/Toy Stores	\$5,912,171	\$74	\$69	\$5,362,043	\$145	36,980	6	2,400	34,580	2,600
Piece Goods/Sewing	\$1,225,474	\$15	\$14	\$1,111,443	\$140	7,939	13	5,200	2,739	2,600
Music Instruments	\$1,957,611	\$24	\$23	\$1,775,455	\$200	8,877	4	1,600	7,277	2,562
Book Stores	\$8,567,438	\$107	\$100	\$7,770,238	250	31,081	39	15,600	15,481	2,786
Florist	\$2,243,405	\$28	\$26	\$2,034,656	226	9,003	91	36,400	(27,397)	1,424
Office Supplies/Stationery	\$13,613,993	\$169	\$158	\$12,347,211	202	61,125	118	67,700	(6,575)	3,578
General Merchandise Stores	\$175,284,713	\$2,181	\$2,039	\$158,974,471	\$148	1,074,152	NA	437,000	637,152	15,000
Full Service Restaurants	\$61,016,589	\$759	\$710	\$55,338,995	308	179,672	3,931	499,610	(319,938)	3,212
Limited Service Restaurants	\$55,091,570	\$686	\$641	\$49,965,300	199	251,082	2,217	305,700	(54,618)	2,400
Drinking Places	\$7,286,216	\$91	\$85	\$6,608,233	450	14,685	528	96,000	(81,315)	2,240
Total	\$830,031,821	\$10,329			\$278	2,983,044		2,590,910	298,064	
						Retail Demand (Square Feet) @ 95% Occupancy		3,140,046		
						Retail Space Demanded, Less Malls		2,794,200		

Office Employees				Non-Office Employees				
	Annual Work Expend.	Total Work	Typical \$/SF	Total SF	Annual Work	Total Work	Typical \$/SF	Total SF
Food	\$1,172	\$48,264,360	\$324	148,964	\$586	\$31,390,880	\$324	96,885
Retail	\$1,376	\$56,658,162	\$318	178,288	\$688	\$36,850,163	\$318	115,958
Total	\$2,548	\$104,922,522	\$321	327,252	\$1,274	\$68,241,043	\$321	212,843

All Workers	596,601
All Workers w/ 5% Vacancy	628,001
Total, Residents and Workers	3,422,202
\$ from Convention/Sports Attendees	346,011
Add 10% Drive-By/Other Sources	4,148,458
Est Existing SF (inc 10% vacancy)	2,878,789
Unmet Demand	1,269,669
Elizabeth Capture	197,580

NOTE: Demand estimates are gross and do not net out projects planned or in the pipeline.



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS



Exhibit 10
Elizabeth Retail Demand by Store Type, 2025

Elizabeth 2.5 Mile Ring, 2025 Store Type	Total Expenditures	Per Capita Expend		Total Expenditures Adjusted	Typical Sales/SF	Supportable SF	Current Employees	Estimated Current Square Feet	Net Space Demanded	Typical Store SF
Furniture & Furnishing Stores	\$31,138,989	\$362		\$28,241,506	\$202	154,483	220	88,000		
Electronics & Appliance Stores	\$36,030,381	\$419		\$32,677,754	\$370	97,289	58	53,200		
Appliances, TVs & Electronics	\$26,936,774	\$313	\$293	\$24,430,307	304	80,363	29	41,600	38,763	2,100
Computer & Software	\$7,632,635	\$89	\$83	\$6,922,418	467	14,823	1	400	14,423	2,277
Camera/Photography	\$1,460,972	\$17	\$16	\$1,325,028	630	2,103	28	11,200	(9,097)	2,200
Building Materials/Garden (Hardware)	\$133,796,551	\$1,556	\$1,455	\$121,346,782	324	374,527	202	329,500	45,027	4,820
Grocery/Beverage Stores	\$175,380,675	\$2,039		\$229,607,502	\$479	365,789	824	331,600	34,189	
Grocery Stores	\$157,915,067	\$1,836	\$1,717	\$143,221,070	455	314,772	703	283,200	31,572	40,000
Specialty Food Stores	\$4,573,147	\$53	\$50	\$4,147,616	193	21,490	105	42,000	(20,510)	1,988
Beverage Stores	\$12,892,461	\$150	\$140	\$11,692,817	396	29,527	16	6,400	23,127	3,196
Health/Personal Care	\$77,783,780	\$904	\$846	\$70,545,999	458	154,031	330	132,000	22,031	12,544
Clothing/Accessories	\$68,011,143	\$791		\$61,682,706	\$318	214,013	326	163,400	50,613	
Clothing Stores	\$47,425,671	\$551	\$516	\$43,012,712	287	149,870	193	110,200	39,670	4,000
Shoe Stores	\$9,425,822	\$110	\$102	\$8,548,749	\$205	41,701	63	25,200	16,501	2,950
Jewelry/Luggage/Leather Goods	\$11,159,650	\$130	\$121	\$10,121,245	\$451	22,442	70	28,000	(5,558)	1,494
Sporting Goods	\$10,609,130	\$123	\$115	\$9,621,950	240	40,091	65	26,000	14,091	2,825
Hobby/Toy Stores	\$6,326,851	\$74	\$69	\$5,738,137	\$145	39,573	6	2,400	37,173	2,600
Piece Goods/Sewing	\$1,311,429	\$15	\$14	\$1,189,400	\$140	8,496	13	5,200	3,296	2,600
Music Instruments	\$2,094,918	\$24	\$23	\$1,899,986	\$200	9,500	4	1,600	7,900	2,562
Book Stores	\$9,168,358	\$107	\$100	\$8,315,242	250	33,261	39	15,600	17,661	2,786
Florist	\$2,400,757	\$28	\$26	\$2,177,367	226	9,634	91	36,400	(26,766)	1,424
Office Supplies/Stationary	\$14,568,879	\$169	\$158	\$13,213,245	202	65,412	118	67,700	(2,288)	3,578
General Merchandise Stores	\$187,579,191	\$2,181	\$2,039	\$170,124,947	\$148	1,149,493	NA	437,000	712,493	15,000
Full Service Restaurants	\$65,296,295	\$759	\$710	\$59,220,475	308	192,274	3,931	499,610	(307,336)	3,212
Limited Service Restaurants	\$58,955,695	\$686	\$641	\$53,469,868	199	268,693	2,217	305,700	(37,007)	2,400
Drinking Places	\$7,797,271	\$91	\$85	\$7,071,735	450	15,715	528	96,000	(80,285)	2,240
Total	\$888,250,291	\$10,329			\$278	3,192,275		2,590,910	490,793	

Retail Demand (Square Feet) @ 95% Occupancy 3,360,289
Retail Space Demanded, Less Malls 2,990,186

Office Employees 41,180				Non-Office Employees 53,567				
	Annual Work Expend.	Total Work	Typical \$/SF	Total SF	Annual Work	Total Work	Typical \$/SF	Total SF
Food	\$1,172	\$48,264,360	\$324	148,964	\$586	\$31,390,880	\$324	96,885
Retail	\$1,376	\$56,658,162	\$318	178,288	\$688	\$36,850,163	\$318	115,958
Total	\$2,548	\$104,922,522	\$321	327,252	\$1,274	\$68,241,043	\$321	212,843

All Workers	627,034
All Workers w/ 5% Vacancy	660,036
Total, Residents and Workers	3,650,222
\$ from Convention/Sports Attendees	363,661
Add 10% Drive-By/Other Sources	4,419,463
Est Existing SF (inc 10% vacancy)	2,878,789
Unmet Demand	1,540,674
Elizabeth Capture	240,465

NOTE: Demand estimates are gross and do not net out projects planned or in the pipeline.



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS



Exhibit 10
Elizabeth Retail Demand by Store Type, 2030

Elizabeth 2.5 Mile Ring, 2030 Store Type	Total Expenditures	Per Capita Expend		Total Expenditures Adjusted	Typical Sales/SF	Supportable SF	Current Employees	Estimated Current Square Feet	Net Space Demanded	Typical Store SF
Furniture & Furnishing Stores	\$32,808,772	\$362		\$29,755,915	\$202	162,767	220	88,000		
Electronics & Appliance Stores	\$37,962,457	\$419		\$34,430,051	\$370	102,506	58	53,200		
Appliances, TVs & Electronics	\$28,381,219	\$313	\$293	\$25,740,346	304	84,672	29	41,600	43,072	2,100
Computer & Software	\$8,041,924	\$89	\$83	\$7,293,623	467	15,618	1	400	15,218	2,277
Camera/Photography	\$1,539,314	\$17	\$16	\$1,396,081	630	2,216	28	11,200	(8,984)	2,200
Building Materials/Garden (Hardware)	\$140,971,196	\$1,556	\$1,455	\$127,853,826	324	394,611	202	329,500	65,111	4,820
Grocery/Beverage Stores	\$184,785,208	\$2,039		\$241,919,870	\$479	385,404	824	331,600	53,804	
Grocery Stores	\$166,383,032	\$1,836	\$1,717	\$150,901,091	455	331,651	703	283,200	48,451	40,000
Specialty Food Stores	\$4,818,376	\$53	\$50	\$4,370,026	193	22,643	105	42,000	(19,357)	1,988
Beverage Stores	\$13,583,800	\$150	\$140	\$12,319,828	396	31,111	16	6,400	24,711	3,196
Health/Personal Care	\$81,954,821	\$904	\$846	\$74,328,925	458	162,290	330	132,000	30,290	12,544
Clothing/Accessories	\$71,658,141	\$791		\$64,990,351	\$318	225,489	326	163,400	62,089	
Clothing Stores	\$49,968,803	\$551	\$516	\$45,319,206	287	157,907	193	110,200	47,707	4,000
Shoe Stores	\$9,931,268	\$110	\$102	\$9,007,163	\$205	43,937	63	25,200	18,737	2,950
Jewelry/Luggage/Leather Goods	\$11,758,070	\$130	\$121	\$10,663,982	\$451	23,645	70	28,000	(4,355)	1,494
Sporting Goods	\$11,178,029	\$123	\$115	\$10,137,913	240	42,241	65	26,000	16,241	2,825
Hobby/Toy Stores	\$6,666,119	\$74	\$69	\$6,045,836	\$145	41,695	6	2,400	39,295	2,600
Piece Goods/Sewing	\$1,381,752	\$15	\$14	\$1,253,180	\$140	8,951	13	5,200	3,751	2,600
Music Instruments	\$2,207,255	\$24	\$23	\$2,001,870	\$200	10,009	4	1,600	8,409	2,562
Book Stores	\$9,659,998	\$107	\$100	\$8,761,135	250	35,045	39	15,600	19,445	2,786
Florist	\$2,529,494	\$28	\$26	\$2,294,125	226	10,151	91	36,400	(26,249)	1,424
Office Supplies/Stationary	\$15,350,114	\$169	\$158	\$13,921,785	202	68,920	118	67,700	1,220	3,578
General Merchandise Stores	\$197,637,852	\$2,181	\$2,039	\$179,247,650	\$148	1,211,133	NA	437,000	774,133	15000
Full Service Restaurants	\$68,797,714	\$759	\$710	\$62,396,086	308	202,585	3,931	499,610	(297,025)	3,212
Limited Service Restaurants	\$62,117,109	\$686	\$641	\$56,337,112	199	283,101	2,217	305,700	(22,599)	2,400
Drinking Places	\$8,215,388	\$91	\$85	\$7,450,946	450	16,558	528	96,000	(79,442)	2,240
Total	\$935,881,419	\$10,329			\$278	3,363,456		2,590,910	648,473	
						Retail Demand (Square Feet) @ 95% Occupancy		3,540,480		
						Retail Space Demanded, Less Malls		3,150,530		

Office Employees				Non-Office Employees				
	41,180				53,567			
	Annual Work Expend.	Total Work	Typical \$/SF	Total SF	Annual Work	Total Work	Typical \$/SF	Total SF
Food	\$1,172	\$48,264,360	\$324	148,964	\$586	\$31,390,880	\$324	96,885
Retail	\$1,376	\$56,658,162	\$318	178,288	\$688	\$36,850,163	\$318	115,958
Total	\$2,548	\$104,922,522	\$321	327,252	\$1,274	\$68,241,043	\$321	212,843

All Workers	659,019
All Workers w/ 5% Vacancy	693,704
Total, Residents and Workers	3,844,235
\$ from Convention/Sports Attendees	382,212
Add 10% Drive-By/Other Sources	4,653,583
Est Existing SF (inc 10% vacancy)	2,878,789
Unmet Demand	1,774,794
Elizabeth Capture	277,118

NOTE: Demand estimates are gross and do not net out projects planned or in the pipeline.



CITY OF CHARLOTTE ELIZABETH AREA MARKET ANALYSIS

Exhibit 11 Movie Theatre Demand

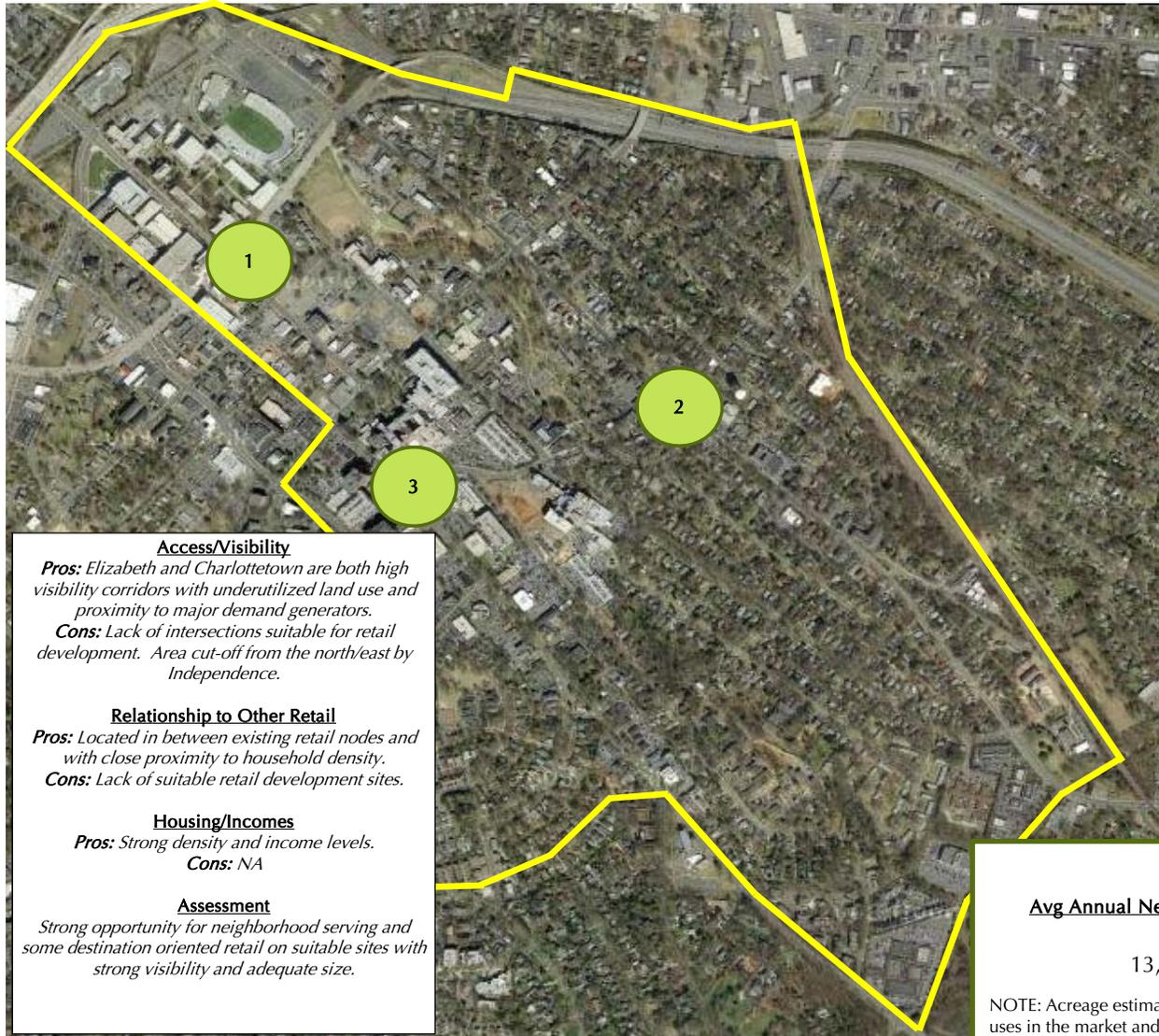
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of US Indoor Movie Screens	35,567	34,490	35,170	35,361	36,012	37,092	37,776	38,159	38,198	38,354
Total US Population	282,171,936	285,039,803	287,726,647	290,210,914	292,892,127	295,560,549	298,362,973	301,290,332	304,059,724	307,750,000
Population Per Screen Ratio	7,934	8,264	8,181	8,207	8,133	7,968	7,898	7,896	7,960	8,024
Total US Box Office Gross Sales (Bill.)	\$7.468	\$8.125	\$9.272	\$9.165	\$9.215	\$8.832	\$9.138	\$9.629	\$9.780	\$9.848
US Average Per Capita Movie Exp.	\$26.47	\$28.50	\$32.23	\$31.58	\$31.46	\$29.88	\$30.63	\$31.96	\$32.16	\$32.00
US Average Per Capita Retail Exp.	\$11,674	\$11,875	\$12,040	\$12,447	\$13,119	\$13,794	\$14,419	\$14,862	\$15,382	\$15,536
Avg. US Movie Ticket Cost	\$5.39	\$5.65	\$5.80	\$6.03	\$6.21	\$6.41	\$6.55	\$6.88	\$7.18	\$7.25
Total US Box Office Admissions (Bill.)	1.383	1.438	1.599	1.521	1.484	1.376	1.395	1.400	1.363	1.400
Total US Admissions Per Screen	38,884	41,693	45,465	43,013	41,208	37,097	36,928	36,689	35,682	36,502
Avg. 2000 - 2009 Pop. Per Screen	8,047									
Avg. 2000 - 2009 Per Capita Movie Exp.	\$30.69									
Avg. 2000 - 2009 Box Office Admissions (Bill.)	1.436									
Avg. 2000 - 2009 Admissions Per Screen	39,316									
2009 Elizabeth Area 2.5 Mile Radius	68,810									
2009 Avg. Per Capita Expenditure	\$15,823									
Per Capita Exp. Increase Over US Avg.	2%									
2009 Elizabeth Est. Movie Exp. Per Capita	\$32.59									
Total 2009 Elizabeth Population Movie Exp.	\$2,242,590									
Est. Elizabeth Resident Supported Ticket Sales	309,323									
Est. Screens Based on US Avg. Admis/Screen	7.9									
Est. Movie Screens Demanded Pop/Screen	8.6									
Average Screen Demand	8.2									
Net Supply at EpiCentre's Ghazi Theatre	5									
Net Supply at Manor Theatre	2									
2009 Total UnMet Screen Demand	1.2									
	Est. Pop.	Screens								
2015 Total UnMet Screen Demand	74,588	2.3								
2020 Total UnMet Screen Demand	80,361	3.0								
2025 Total UnMet Screen Demand	85,998	3.7								
2030 Total UnMet Screen Demand	90,609	4.3								



Most major theater companies require 6 to 8 screens although art house cinemas will consider a four-screen opportunity. Square feet associated theater have not been incorporated in the acreage utilization assumptions in this package.



Exhibit 12
Potential Retail Opportunities



- 1 Opportunity for intown destination retail (smaller scale than Metropolitan) as part of urban mixed-use developments along major corridors such as Elizabeth and Charlottetown.
- 2 Opportunity for small, neighborhood serving and destination, stand alone shops and mixed-use centers focusing on independent stores, boutiques, and restaurants along Seventh.
- 3 Hospital and office oriented retail including restaurants and basic employee focused services.

Access/Visibility
Pros: Elizabeth and Charlottetown are both high visibility corridors with underutilized land use and proximity to major demand generators.
Cons: Lack of intersections suitable for retail development. Area cut-off from the north/east by Independence.

Relationship to Other Retail
Pros: Located in between existing retail nodes and with close proximity to household density.
Cons: Lack of suitable retail development sites.

Housing/Incomes
Pros: Strong density and income levels.
Cons: NA

Assessment
 Strong opportunity for neighborhood serving and some destination oriented retail on suitable sites with strong visibility and adequate size.

Summary of Retail Demand	
Avg Annual New SF 2010-2030	Avg Annual Acres 2010-2030
13,856	.6

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.



CITY OF CHARLOTTE ELIZABETH AREA MARKET ANALYSIS

Exhibit 13 Office Market Overview

National Trends/Factors

- Massive job losses in professional services, financial sectors impacting office space
- Foreclosures beginning to hit office properties--sales prices dropping
- Office markets in 24-hour cities (areas) most preferred for investment
 - These areas are typically walkable with a daytime and nighttime population
- Office locations in areas with higher quality of life preferred both for retention and attraction of employees
 - Greater emphasis on walkable locations and mixed-use environments to attract strongest new talent

Intown Charlotte Trends

- Troubles in the financial sector/collapse of Wachovia having significant impact on office demand
- Center City had lowest vacancy rate in US in 2008, now experiencing glut of office space
- New towers responded to conditions, but entered market in face of massive recession--struggling to attract tenants and being forced to offer cheap rent as an incentive
- Nearly 3,000,000 square feet of space hitting a down market--will take years to absorb.

Bank of America Center	750,000 sf
440 S. Church	363,000 sf
NASCAR Plaza	390,000 sf
Wachovia Corporate Center	1,300,000 sf
- Areas around Center City have emerged--three major sources of demand;
 - Firms seeking Center City location at price alternative
 - Firms related to hospitals, other uses nearby
 - Firms seeking funky, walkable, and/or neighborhood-oriented locations
- South End, Midtown, Elizabeth all emerging as "fringe" alternative locations to Center City
 - Health, creative firms (architects, marketing/PR firms, designers, etc) fueling markets
 - Many of these firms are smaller in size (under 5,000 sf)
- Competition from Center City towers will compete with newer "fringe" Center City product, tempering demand for next 3 - 5 years

Elizabeth Area Trends/Conditions

- Office market dominated by medical/health-related firms
- Non-health firms typically under 5,000 square feet, health-related firms can be larger--up to 10,000 sf +
- Demand for health-related office space felt to be satiated currently, with opportunities for another 100,000 square feet or so existing in coming three to five years
- Presbyterian/Grubb planning 400K square foot medical-oriented office building as part of Elizabeth Ave project--likely 3 - 5 years away
- Vacancy rates quoted as being relatively low--around 5% (likely higher factoring in sublease space)
- Current lease rates range from roughly \$19/sf to mid \$20s per square foot (averaging around \$23/sf)
- The Metropolitan in nearby Midtown closest major office building--did fairly well (85% occupied) at high rents \$34/sf quoted.

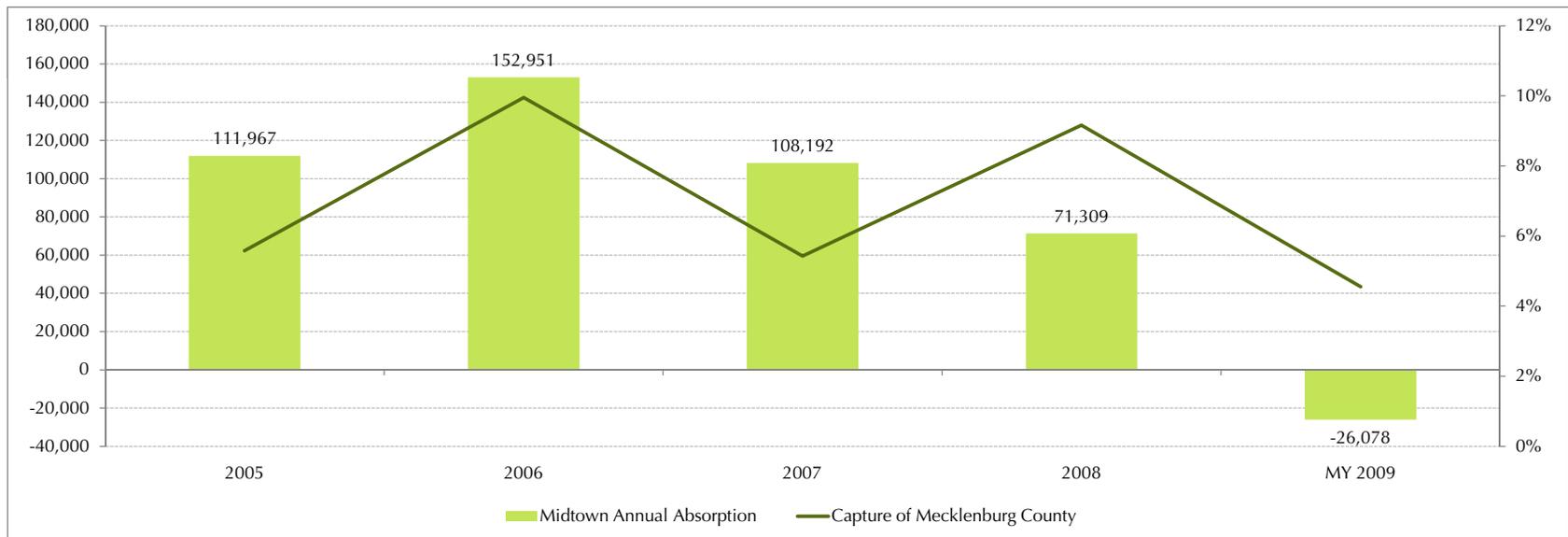


Exhibit 14
Potential Office Opportunities



Exhibit 15
Historic Office Absorption by Submarket, Mecklenburg County

	YE 2004				Average Rents			Annual Absorption (Square Feet)					Total	Share	Capture Ratio
	Total Space	Vacancy	Occupied	Share	2005	MY 2009	Annual Change	2005	2006	2007	2008	MY 2009			
Downtown	14,306,340	9.2%	12,990,157	37.7%	\$20.27	\$28.82	9.4%	378,668	166,980	362,963	43,606	-301,229	650,988	11.3%	0.30
Cotswold	274,112	10.3%	245,878	0.7%	\$14.19	\$22.70	13.3%	11,910	-990	-2,292	33,204	-11,707	30,125	0.5%	0.73
Crown Point	891,401	23.0%	686,379	2.0%	\$16.65	\$15.95	-0.9%	170,059	-42,816	67,027	83,966	-14,878	263,358	4.6%	2.30
East	1,256,318	23.4%	962,340	2.8%	\$13.98	\$14.94	1.5%	75,429	9,798	87,161	69,822	122,800	365,010	6.4%	2.27
Midtown (Rand. & SEnd)	6,285,357	10.4%	5,630,008	8.5%	\$18.54	\$20.91	2.8%	111,967	152,951	108,192	71,309	-26,078	418,341	7.3%	0.86
NC 51/South	3,599,256	21.8%	2,814,618	8.2%	\$19.93	\$21.05	1.2%	430,453	507,054	498,127	177,968	30,550	1,644,152	28.6%	3.50
I-77 North	3,379,387	21.2%	2,663,421	7.7%	\$19.03	\$19.58	0.6%	154,988	250,269	121,046	-23,083	-77,641	425,579	7.4%	0.96
University	4,294,893	27.6%	3,109,503	9.0%	\$17.09	\$16.93	-0.2%	401,160	80,040	56,780	-10,088	24,945	552,837	9.6%	1.07
Northwest	468,160	15.5%	395,694	1.1%	\$14.19	\$13.32	-1.4%	-99	26,547	-10,605	-3,942	97,478	109,379	1.9%	1.66
Park Road	690,203	16.7%	574,939	1.7%	\$15.67	\$19.10	4.9%	-23,046	52,544	-19,564	13,411	-28,917	-5,572	-0.1%	(0.06)
Southpark	3,755,187	15.0%	3,191,909	9.3%	\$20.44	\$22.55	2.3%	194,110	16,458	340,648	-37,708	-96,845	416,663	7.3%	0.78
Airport/SW	1,515,377	24.1%	1,150,171	3.3%	\$16.20	\$16.25	0.1%	101,876	318,015	384,748	359,860	-291,512	872,987	15.2%	4.55
Totals	40,715,991	15.5%	34,415,016		\$17.55	\$21.42	4.9%	2,007,475	1,536,850	1,994,231	778,325	-573,034	5,743,847		

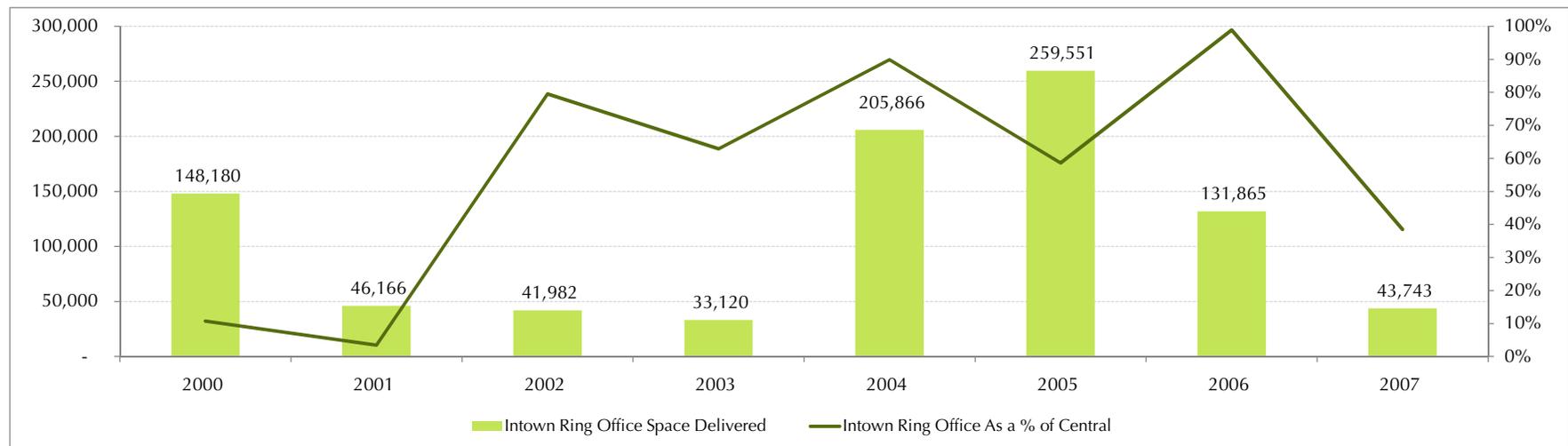


NOTE: Capture ratio is the ratio of the percent of space absorbed in a submarket over that submarket's share of total existing space at the beginning of that period.
Source: Colliers Pinkard; CoStar; Noell Consulting Group



Exhibit 16
Office Space Delivered by Planning District and the Intown Ring, 2000 - 2007

District	Office Development by Year (Square Feet)								Totals
	2000	2001	2002	2003	2004	2005	2006	2007	
Central District Totals	1,384,641	1,354,848	52,810	52,655	229,157	442,803	133,321	113,648	3,763,883
Central Capture	32.7%	48.2%	5.7%	3.5%	17.6%	25.1%	8.0%	6.3%	23.5%
Intown Ring Area	148,180	46,166	41,982	33,120	205,866	259,551	131,865	43,743	910,473
Intown Ring as a % of Central	10.7%	3.4%	79.5%	62.9%	89.8%	58.6%	98.9%	38.5%	24.2%
North District Totals	162,650	324,399	38,695	193,776	213,209	111,768	91,036	161,474	1,297,007
North Capture	3.8%	11.5%	4.2%	12.9%	16.4%	6.3%	5.5%	8.9%	8.1%
Northeast District Totals	1,359,558	439,988	388,392	283,841	37,249	342,182	64,936	189,598	3,105,744
Northeast Capture	32.1%	15.6%	41.9%	18.9%	2.9%	19.4%	3.9%	10.5%	19.4%
Northwest District Totals	18,251	14,708	11,458	41,208	7,732	11,914	76,428	21,230	202,929
Northwest Capture	0.4%	0.5%	1.2%	2.7%	0.6%	0.7%	4.6%	1.2%	1.3%
South District Totals	486,444	562,562	243,804	697,552	467,621	740,367	892,429	666,973	4,757,752
South Capture	11.5%	20.0%	26.3%	46.4%	36.0%	41.9%	53.6%	37.0%	29.7%
Southeast District Totals	37,558	12,292	166,240	38,830	94,892	53,388	65,344	143,246	611,790
Southeast Capture	0.9%	0.4%	17.9%	2.6%	7.3%	3.0%	3.9%	7.9%	3.8%
Southwest District Totals	785,534	103,228	25,364	195,940	248,641	64,042	340,346	508,443	2,271,538
Southwest Capture	18.6%	3.7%	2.7%	13.0%	19.1%	3.6%	20.5%	28.2%	14.2%
Mecklenburg County	4,234,636	2,812,025	926,763	1,503,802	1,298,501	1,766,464	1,663,840	1,804,612	16,010,643



SOURCE: Charlotte-Mecklenburg Planning Department



Exhibit 17

Estimated Demand Potential for Office Space and Land in Elizabeth

	2005	2006	2007	2008	2009	2010	2010 - 2015	2015 - 2020	2020 - 2025	2025 - 2030
Mecklenburg Employment Growth	14,803	23,678	23,940	1,119	-34,513	-5,048	63,722	85,835	78,666	79,051
Estimated Office Job Growth	4,860	10,307	8,561	326	-17,506	-4,856	19,117	25,751	23,600	23,715
Mecklenburg Office Absorption (Square Ft)	2,007,475	1,536,850	1,994,231	778,325	-573,034					
Meck Office Absorption/Net New Job	136	65	83	696	17					
Average (Not incl. outliers of 2008 & 2009):				95						
Meck Office Absorption/Net New Office Job	413	149	233	2388	33					
Average (Not incl. outliers of 2008 & 2009):				265						
Midtown Absorption (Square Feet)	111,967	152,951	108,192	71,309	-26,078					
Midtown Capture	5.6%	10.0%	5.4%	9.2%	4.6%					
Average Capture:				6.9%						
Elizabeth Deliveries (Square Feet)	15,644	0	18,075	NA	NA					
Elizabeth Capture	14.0%	0.0%	16.7%							
Average Capture:				10.2%						

Estimated Office Demand (Square Feet)	Based on Total Job Growth				
	(477,542)	6,028,509	8,120,540	7,442,307	7,478,730
	(1,287,021)	5,066,611	6,824,842	6,254,826	6,285,438
	Blended Scenario				
	(882,281)	5,547,560	7,472,691	6,848,567	6,882,084

Midtown Capture Rate	7.0%	6.0%	9.0%	10.0%	10.0%
Estimated Midtown Office Demand (Square Feet)	-61,760	332,854	672,542	684,857	688,208
Elizabeth Capture Rate (Based on Deliveries)	10.0%	12.5%	15.0%	20.0%	17.0%
Estimated Elizabeth Office Demand (Square Feet)	-6,176	41,607	100,881	136,971	116,995

Historic Growth & Expansion in Owner Occ. Facilities (Hist. & Proj.)	2005	2006	2007	2008	2009	2010	2010 - 2015	2015 - 2020	2020 - 2025	2025 - 2030
Carolina's Medical (Mercy)				150,000				162,000		175,000
Presbyterian Hospital					135,000			146,000		160,000

Estimated Elizabeth Office Demand - Multi-Tenant & Owner Occupied						41,607	408,881	136,971	451,995
Cumulative Square Feet						41,607	450,488	587,459	1,039,455

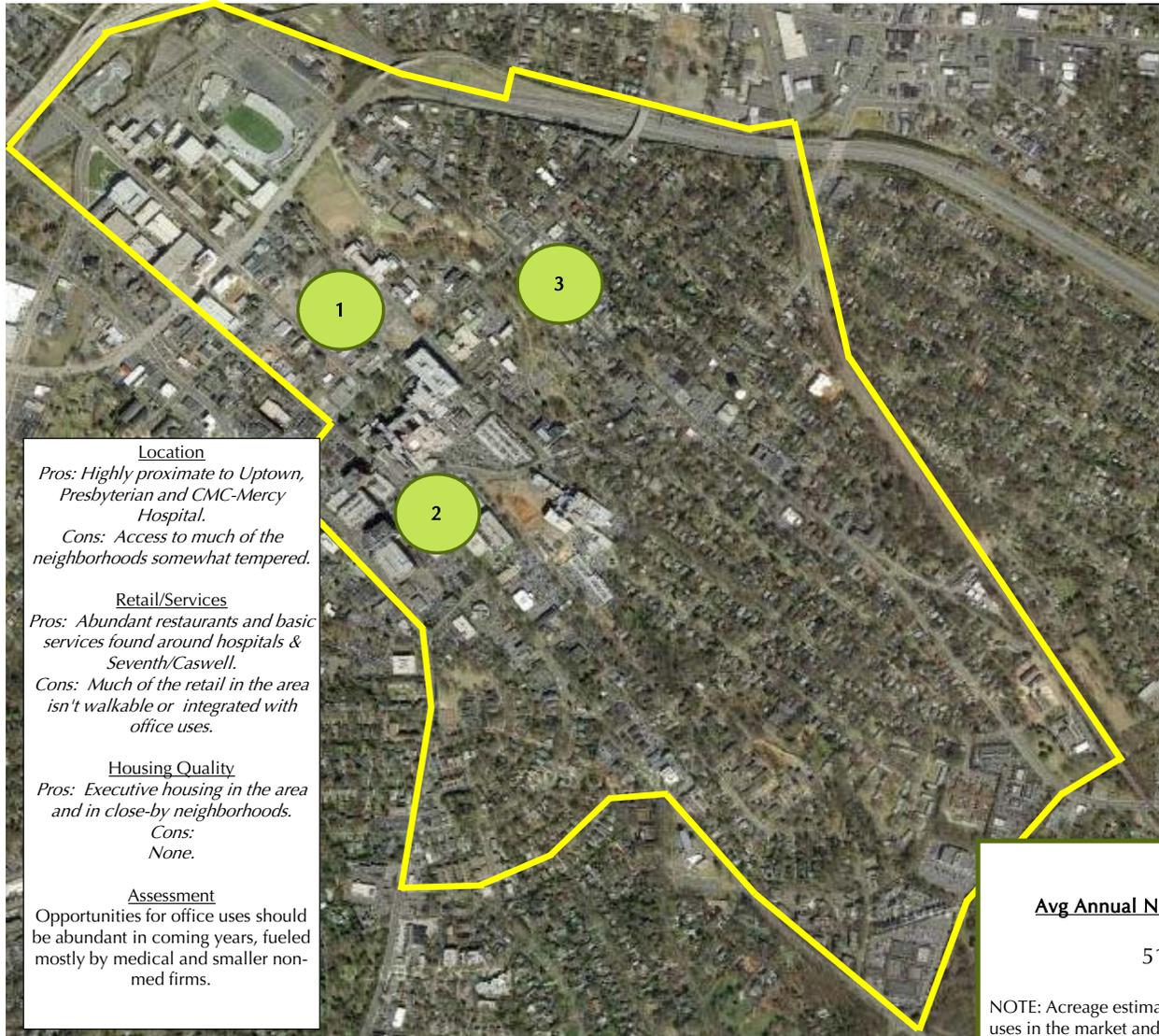
Midtown and Elizabeth capture rates have been adjusted for the impact of over 1.3 million sf needed to be absorbed in the Uptown market over the coming 5 years.

SOURCE: Noell Consulting Group

NOTES: Employment growth via Economy.com (historic) and Charlotte-Mecklenburg Planning Commission (projected). Economy.com source for all office-based jobs. Demand estimates are gross and do not net out projects planned or in the pipeline. Historic office absorption data via Colliers Pinkard.



Exhibit 18
Potential Office Opportunities



1 Incorporate significant office space into mixed-use environment capable of attracting smaller to mid-size firms seeking Uptown-proximate location.

2 Harness medical demand along Randolph Road & Third Street corridor and along Elizabeth Avenue and away from single-family residential areas and Independence Park.

3 Create opportunities for smaller, creative firms in new mixed-use buildings along Seventh/Hawthorne & Seventh/Caswell

Location
Pros: Highly proximate to Uptown, Presbyterian and CMC-Mercy Hospital.
Cons: Access to much of the neighborhoods somewhat tempered.

Retail/Services
Pros: Abundant restaurants and basic services found around hospitals & Seventh/Caswell.
Cons: Much of the retail in the area isn't walkable or integrated with office uses.

Housing Quality
Pros: Executive housing in the area and in close-by neighborhoods.
Cons: None.

Assessment
Opportunities for office uses should be abundant in coming years, fueled mostly by medical and smaller non-med firms.

<u>Summary of Office Demand</u>	
<u>Avg Annual New SF 2010-2030</u>	<u>Avg Annual Acres 2010-2030</u>
51,973	.4

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.



Exhibit 19
Rental Residential Product Overview

National Trends/Factors

- Rental product has not been favored economically over the past 9 years given low mortgage rates and incentives to buy
- Beginning to make a comeback as the condo/for-sale market struggles through poor lending practices and current freezing of consumer loans
- Investors beginning to purchase apartments in anticipation of strong market growth
- As with commercial land uses, apartments in more walkable, mixed-use environments, and convenient, close-in locations
- Unit sizes anticipated to decrease as renters become less interested in paying for less excess space
- Condo-level finishes becoming the norm.

Intown Charlotte Trends

- Consistent with national trends, construction intown has surged, although product being delivered has met a very poor labor market and has struggled to lease up
- Overall vacancy rates are high intown and throughout the metro area, averaging around 11% - 12% in each area respectively
- Rent growth has been steady and moderate, averaging 2% annual growth over the past 5+ years
- Rents have declined somewhat in the past year with growth in supply and slackening demand, decreasing from \$1.17 to \$1.08/square foot
- Still, rents achieve a 43% premium over Mecklenburg County apartments overall
- 800+ units delivered in South End, Elizabeth areas in last 6 - 9 months--leasing moderately well albeit at a discount (new product \$1.06 - \$1.34/square foot)
- Additional 1,300 units under construction or planned in the coming year with supply diminishing after that.

Projects Under Construction:

1225 Church: 196 units u/c

Circle at South End: 238 u/c

Millennium at South End: 269 u/c

Spectrum (South End): 331 units u/c

Elizabeth Square II: 237 units soon u/c

Projects in Lease-Up

Elizabeth Square I: 86 leased at \$1.06

Ashton South End: 90 leased at \$1.18

Circle at South End: 20+/- leased at \$1.34

- Market likely to be saturated for several years to come
- Competition with condominium units also increasing level of competition in the market.
- Growth being fueled by singles working intown--most in Uptown--and seeking urban lifestyle

Elizabeth Area Trends/Conditions

- Very little modern rental product existing in the area today.
- Elizabeth Square, just north of Independence, represents first modern product in area
 - Leasing well, but at a discount
- Most existing product in the study area is older Class B/Class C product developed at very low intensities
- One new community is being proposed by Winter Properties at Weddington Avenue
 - Proposed project will have 380 units and is in rezoning currently
 - Grubb Properties also has units reserved in the Elizabeth Street mixed-use project
- No significant product targeting CPCC students
- No significant mixed-use product in the area today

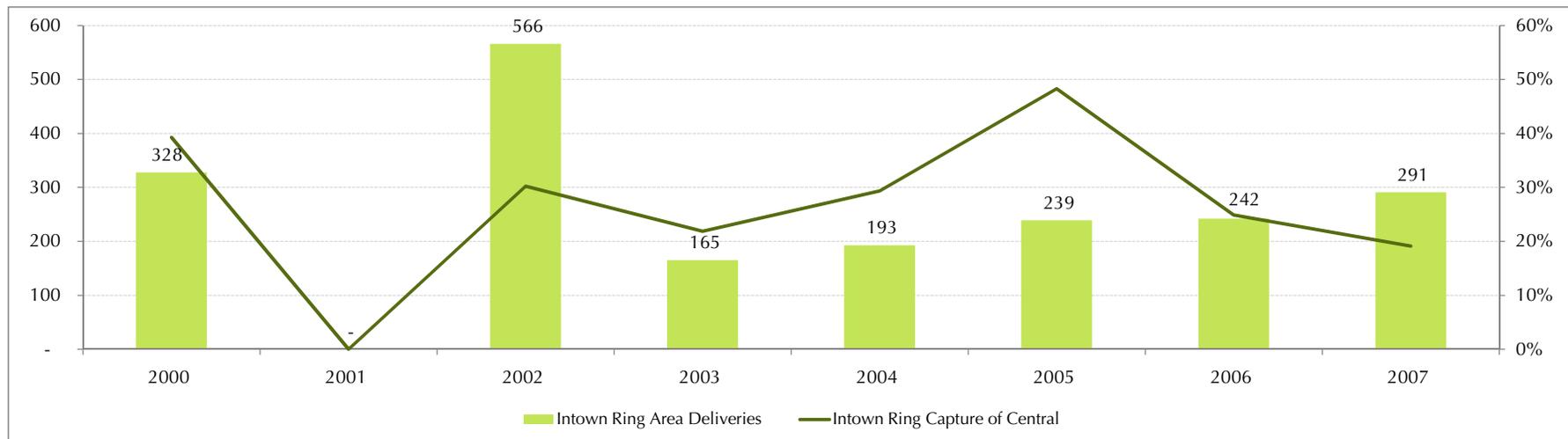


Exhibit 20
Rental Apartment Context Map



Exhibit 21
Rental Residential Units Delivered by Planning District, 2000 - 2007

District	Multifamily Units Delivered by Year								Totals
	2000	2001	2002	2003	2004	2005	2006	2007	
Central District Totals	835	53	1,873	755	658	495	972	1,522	7,163
Central Capture	13.1%	1.0%	30.1%	20.0%	15.0%	11.2%	17.9%	24.6%	17.0%
Intown Ring Area	328	-	566	165	193	239	242	291	2,024
Intown Ring of Central	39.3%	0.0%	30.2%	21.9%	29.3%	48.3%	24.9%	19.1%	28.3%
North District Totals	653	684	550	542	227	605	627	930	4,818
North Capture	10.2%	13.1%	8.8%	14.3%	5.2%	13.7%	11.5%	15.0%	11.5%
Northeast District Totals	1,697	653	1,534	636	954	1,428	1,549	660	9,111
Northeast Capture	26.6%	12.5%	24.6%	16.8%	21.7%	32.4%	28.5%	10.6%	21.7%
Northwest District Totals	379	96	194	603	76	495	44	251	2,138
Northwest Capture	5.9%	1.8%	3.1%	15.9%	1.7%	11.2%	0.8%	4.0%	5.1%
South District Totals	1,428	1,362	1,423	743	1,105	654	1,312	1,635	9,662
South Capture	22.4%	26.2%	22.9%	19.6%	25.1%	14.8%	24.1%	26.4%	23.0%
Southeast District Totals	399	896	433	373	302	515	187	272	3,377
Southeast Capture	6.3%	17.2%	7.0%	9.9%	6.9%	11.7%	3.4%	4.4%	8.0%
Southwest District Totals	990	1,032	220	132	1,079	214	748	929	5,344
Southwest Capture	15.5%	19.8%	3.5%	3.5%	24.5%	4.9%	13.8%	15.0%	12.7%
Total	6,381	5,205	6,227	3,784	4,401	4,406	5,439	6,199	42,042



Source: Noell Consulting Group based on data obtained from the Charlotte-Mecklenburg Planning Department



CITY OF CHARLOTTE ELIZABETH AREA MARKET ANALYSIS

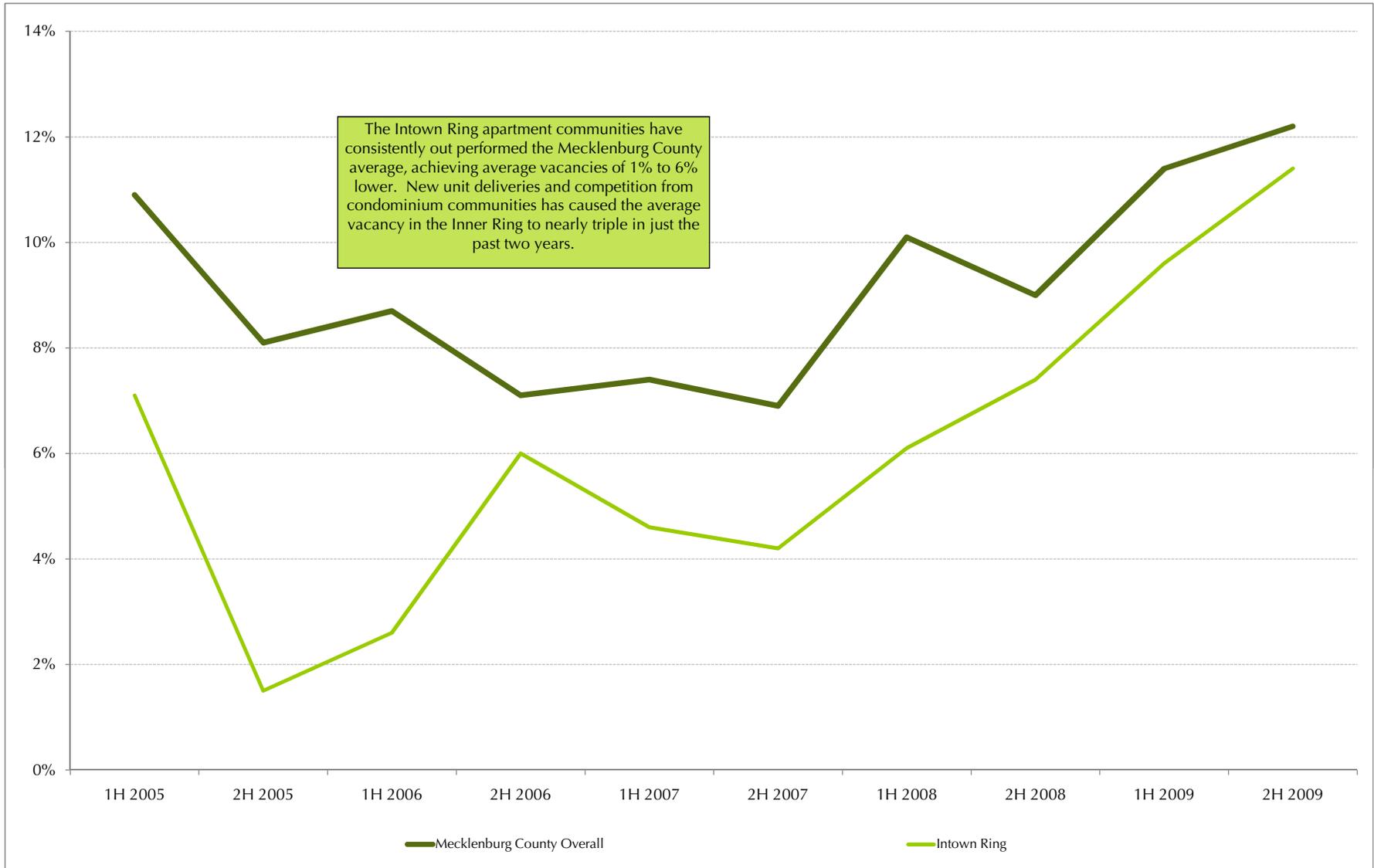
Exhibit 22
Historic Net Apartment Absorption, Central Submarket /1



1/ The Central submarket is a combination of the SE, East, NE1, and Central submarkets.
SOURCE: Real Data Apartment Index Sept. 09



Exhibit 23
Historic Apartment Vacancy, Mecklenburg County and Intown Ring Area



SOURCE: Real Data Apartment Index Sept. 09



CITY OF CHARLOTTE
ELIZABETH AREA MARKET ANALYSIS

Exhibit 24

Historic Apartment Rental Rate Growth, Mecklenburg County, Southeast 1 Submarket and Intown Ring Area



SOURCE: Real Data Apartment Index Sept. 09



Exhibit 25
New Rental Residential Demand, 2000 - 2030

	New Apartment Unit Demand by Timeframe						
	2000 - 2005	2005- 2010	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	Totals 2010 - 2030
Total HH Growth	76,469	27,238	25,617	35,586	33,197	30,403	124,803
Renter Propensity	35%	32%	35%	40%	36%	39%	38%
New Renter HH Growth	27,070	8,771	9,068	14,234	11,885	11,979	47,166
Central Capture	25%	28%	30%	33%	33%	33%	33%
New Renter HH Growth in Central Mecklenburg	6,768	2,412	2,743	4,736	3,922	3,953	15,355
Intown Ring Area Capture	28%	50%	50%	50%	50%	50%	50%
New Renter HH Growth in Intown Ring	1,895	1,206	1,372	2,368	1,961	1,976	7,677
Elizabeth Area Capture	25%	25%	30%	30%	30%	30%	30%
New Renter HH Growth in Elizabeth	474	301	411	710	588	593	2,303

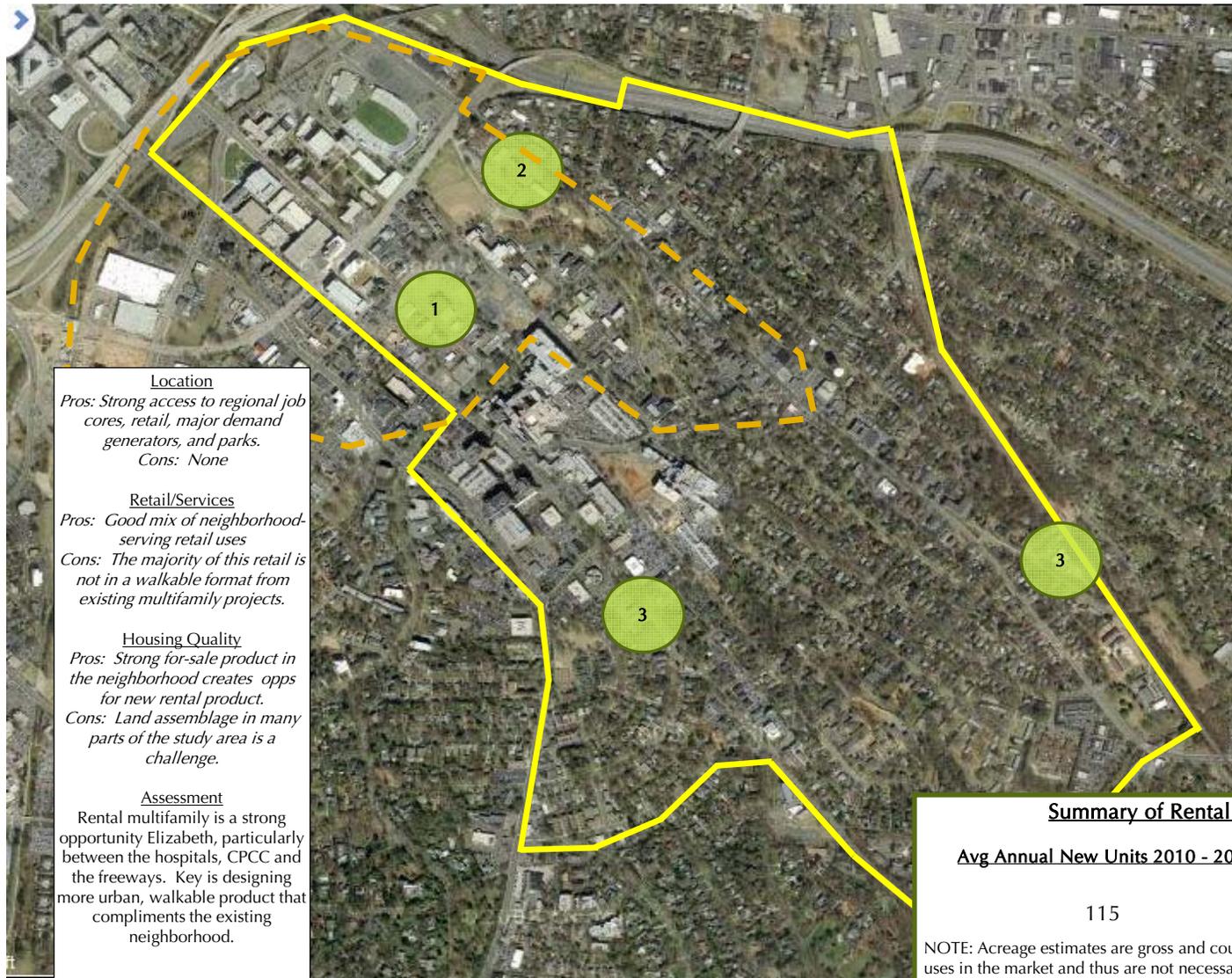
On average the Elizabeth area has demand to support approximately 100 new apartment units per year for the next 20 years. With the average size of an urban apartment deal being approximately 200 units, this equates to one new apartment community every other year. While it is possible that two communities come on-line at the same time, this average should hold true over the 20 year segment.



NOTES: Projected household growth via population projections provided by MUMPO
Renter propensities from US Census Bureau
Captures based on historic and current trends and estimates of where those captures will trend going forward.
Estimated demand potential estimates are gross and do not net out projects planned or in the pipeline.

Source: Noell Consulting Group.

Exhibit 26
Potential Rental Residential Opportunities



Location
Pros: Strong access to regional job cores, retail, major demand generators, and parks.
Cons: None

Retail/Services
Pros: Good mix of neighborhood-serving retail uses
Cons: The majority of this retail is not in a walkable format from existing multifamily projects.

Housing Quality
Pros: Strong for-sale product in the neighborhood creates opps for new rental product.
Cons: Land assemblage in many parts of the study area is a challenge.

Assessment
 Rental multifamily is a strong opportunity Elizabeth, particularly between the hospitals, CPCC and the freeways. Key is designing more urban, walkable product that compliments the existing neighborhood.

1

Infilling urban apartments around CPCC (student housing) and the two hospitals, both in the Elizabeth Street project (Grubb) and along thoroughfares closest to the freeway system and Uptown. Product could be conventional rental product, student-oriented, or seniors-oriented.

2

Creating an urban neighborhood around Independence Park to maximize the opportunities that park creates. Densities above 40 du/acre are likely needed for feasible development. This could include projects along Seventh Street mixed with retail and office uses.

3

Where appropriate, scatter infill apartments along major corridors such as 7th Street, Randolph and 3rd/ Providence. Again, some intermixing with office and retail may be appropriate. Sites closer to medical facilities may also be highly attractive for seniors housing as well.

Summary of Rental Residential Demand	
Avg Annual New Units 2010 - 2030	Avg Annual Acres 2010-2030
115	1.7

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.



Exhibit 27

For-Sale Residential Product Overview

National Trends/Factors

- Home prices throughout the US have declined approximately 30% on average from their peak in mid 2006
- A combination of poor lending practices and overbuilding have resulted in record high foreclosure rates and massive declines in demand for new homes
- Over the past few months foreclosure rates have lessened slightly, although still remain high at .27% (monthly rate)
- Pain in the housing market has been focused largely at the more moderate end of the spectrum, particularly in the starter market as many who cannot afford new home ownership have been able to purchase new or existing homes and have subsequently given those homes back to the bank.
- Most economists do not expect housing market conditions to improve significantly in the near-term, with gradual improvements occurring in the second half of 2010 and into 2011 and 2012.
- Condominium development has also been hit hard with many buildings falling into foreclosure. Tighter standards by FHA are impacting the ability of prospective buyers to purchase in these buildings and will undoubtedly result in tighter lending standards going forward in the next five to ten years.

Intown Charlotte Trends

- Intown Charlotte has fared moderately well, all things considered, with home prices dropping around 11% to 14% over the past year, comparable to Mecklenburg's 11% drop and North Carolina's 9% decline.
- Foreclosures intown are largely lower than those seen in Mecklenburg County overall and are well below those seen nationally. The following summarizes the key intown ZIP codes and their housing status.

ZIP/Area	Current Foreclosure Rate	Current Average Home Price	Year-Over-Year Price Change
28204/Eliz.	0.06%	\$271,000	-12%
28207/Eliz. & Meyers	0.09%	\$638,000	-14%
28202/Uptown	0.27%	\$244,000	-15%
28203/S. End	0.18%	\$296,000	-11%
Mecklenburg County	0.25%	\$159,000	-11%

- Home price declines intown, while significant, will not likely have a long-term lingering impact as most buyers in the area are still above water and the value of the mortgages are largely still below current home values.
- The most significant impacts to the intown housing market have been seen in the condominium market, particularly in Uptown Charlotte. Currently, there are somewhere around 1,100 to 1,400 condominium units available on the market intown--a supply level likely to take roughly 3+ years to consume

Elizabeth Area Trends/Conditions

- The Elizabeth area has been a relatively stable housing market, with home prices and sales volumes adjusting in a manner consistent with those of intown Charlotte overall
- The large majority of product in the study area is single-family homes, although some condominium and townhouse product has been developed in the neighborhood.
- Elizabeth has been attractive to younger couples previously living in Uptown condos and seeking a single-family home as they transition into families.
- The majority of attached product developed in the neighborhood has been built in smaller, infill properties consisting of 30 units or less.
- Condo flat prices in the neighborhood are generally moderate, with most units selling in the low \$200s, while townhouse product, being slightly larger, is selling in the mid \$200s to \$300s. Both products are attracting singles and younger couples largely working intown
- Interviews with area Realtors reveals that few employees at Presbyterian and CMC-Mercy actually live in the neighborhood.



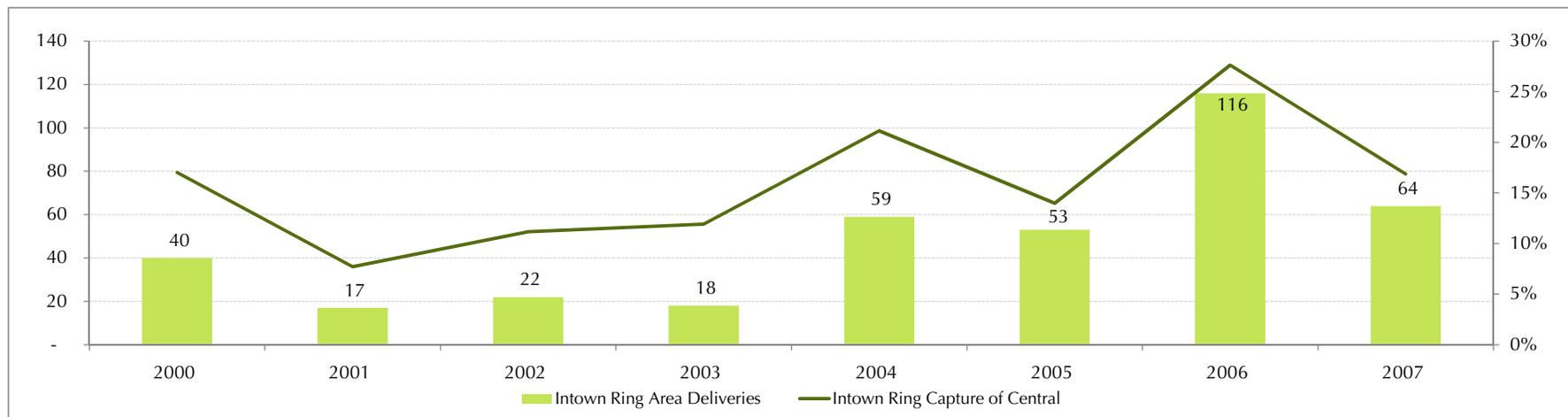
Exhibit 28
For-Sale Residential Context Map



Exhibit 29

Single-Family Units Delivered by Planning District and the Intown Ring, 2000 - 2007

District	Single-Family Units Delivered by Year								Totals
	2000	2001	2002	2003	2004	2005	2006	2007	
Central District Totals	235	220	197	151	279	379	420	379	2,260
Central Capture	3.0%	2.9%	2.6%	2.1%	4.1%	5.3%	5.0%	6.1%	3.8%
Intown Ring Area	40	17	22	18	59	53	116	64	389
Intown Ring Capture of Central	17.0%	7.7%	11.2%	11.9%	21.1%	14.0%	27.6%	16.9%	17.2%
North District Totals	1,365	1,252	1,146	1,350	1,277	1,378	1,273	972	10,013
North Capture	17.3%	16.5%	15.1%	18.8%	18.7%	19.2%	15.3%	15.5%	17.0%
Northeast District Totals	1,960	1,833	1,744	1,568	1,502	1,539	1,528	1,274	12,948
Northeast Capture	24.8%	24.2%	23.0%	21.9%	22.0%	21.4%	18.3%	20.4%	22.0%
Northwest District Totals	1,306	1,450	1,593	1,553	1,155	1,070	1,377	853	10,357
Northwest Capture	16.5%	19.1%	21.0%	21.7%	16.9%	14.9%	16.5%	13.6%	17.6%
South District Totals	1,600	1,294	1,256	1,236	1,221	1,014	1,175	889	9,685
South Capture	20.3%	17.1%	16.6%	17.2%	17.9%	14.1%	14.1%	14.2%	16.5%
Southeast District Totals	956	803	912	690	702	882	1,146	952	7,043
Southeast Capture	12.1%	10.6%	12.0%	9.6%	10.3%	12.3%	13.7%	15.2%	12.0%
Southwest District Totals	472	715	724	577	619	887	1,388	918	6,300
Southwest Capture	6.0%	9.4%	9.5%	8.1%	9.1%	12.4%	16.6%	14.7%	10.7%
Total	7,898	7,582	7,589	7,166	6,839	7,181	8,343	6,256	58,854

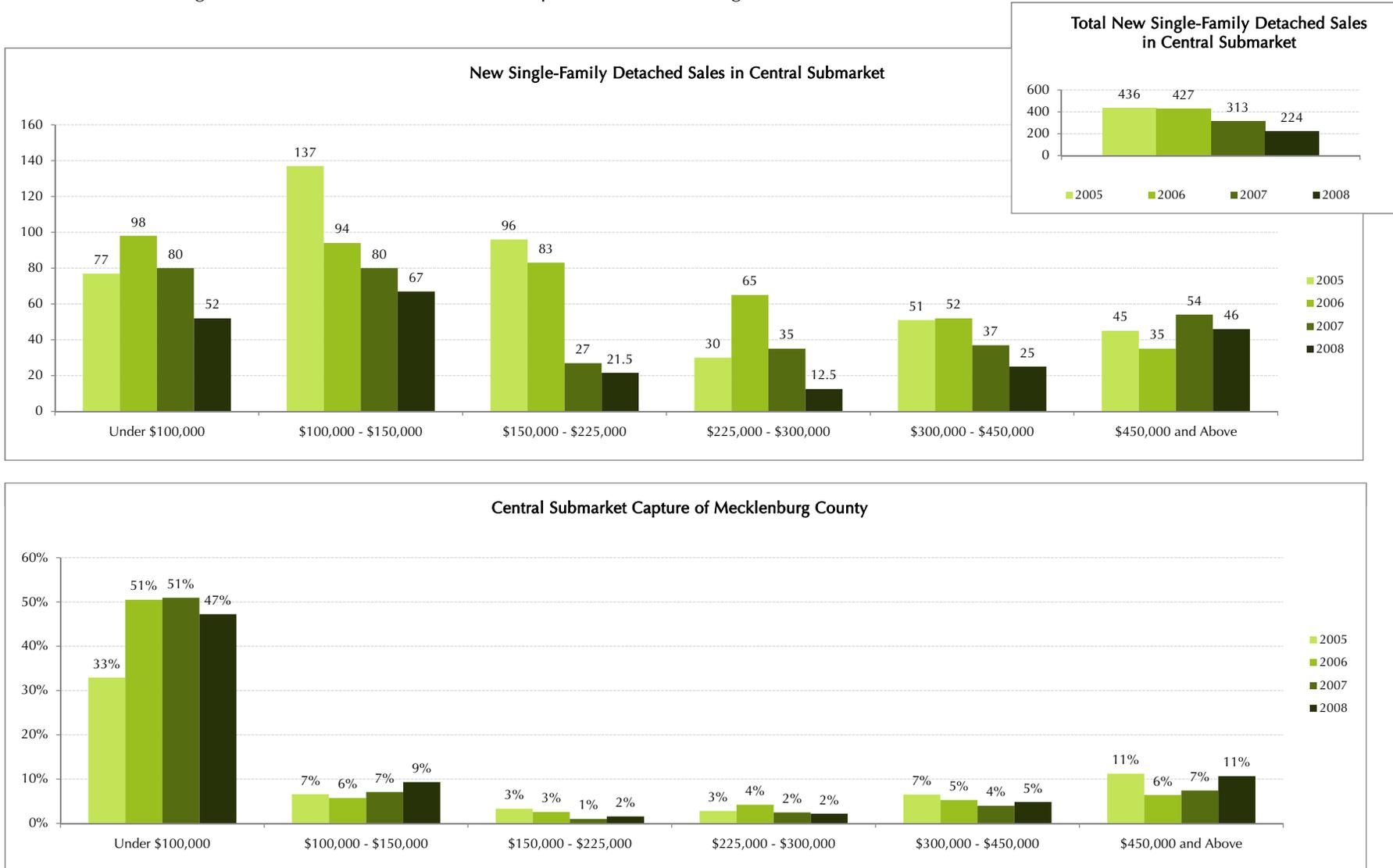


Source: Noell Consulting Group based on data obtained from the Charlotte-Mecklenburg Planning Department



Exhibit 30

Central Mecklenburg New Detached Home Sales and Capture of Mecklenburg, 2005 - 2008

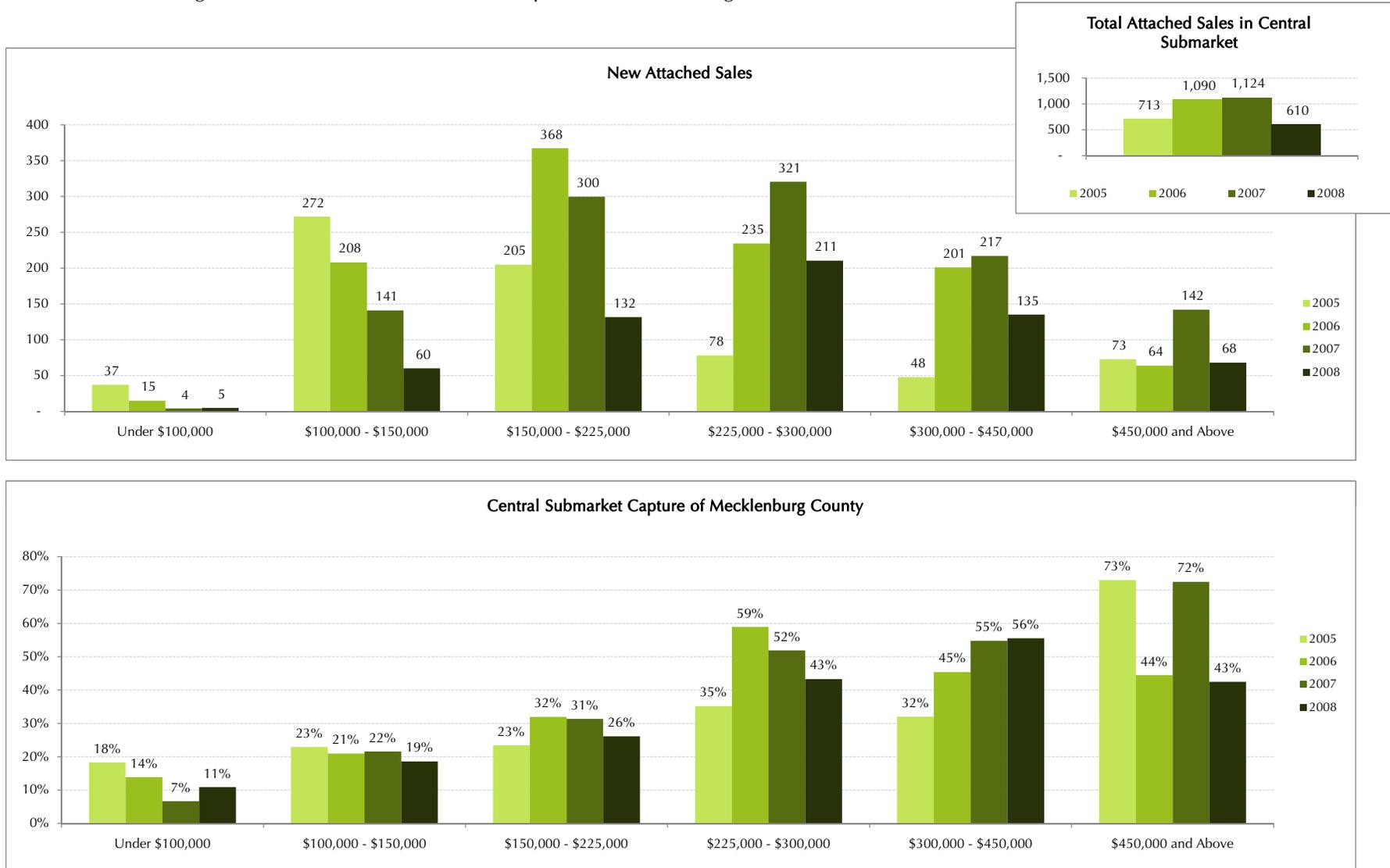


SOURCE: Noell Consulting Group based on data obtained from MORE.



Exhibit 31

Central Mecklenburg New Attached Home Sales and Capture of Mecklenburg, 2005 - 2008



SOURCE: Noell Consulting Group based on data obtained from MORE.



Exhibit 32

Estimated For-Sale Residential Demand in Elizabeth, 2000 - 2030

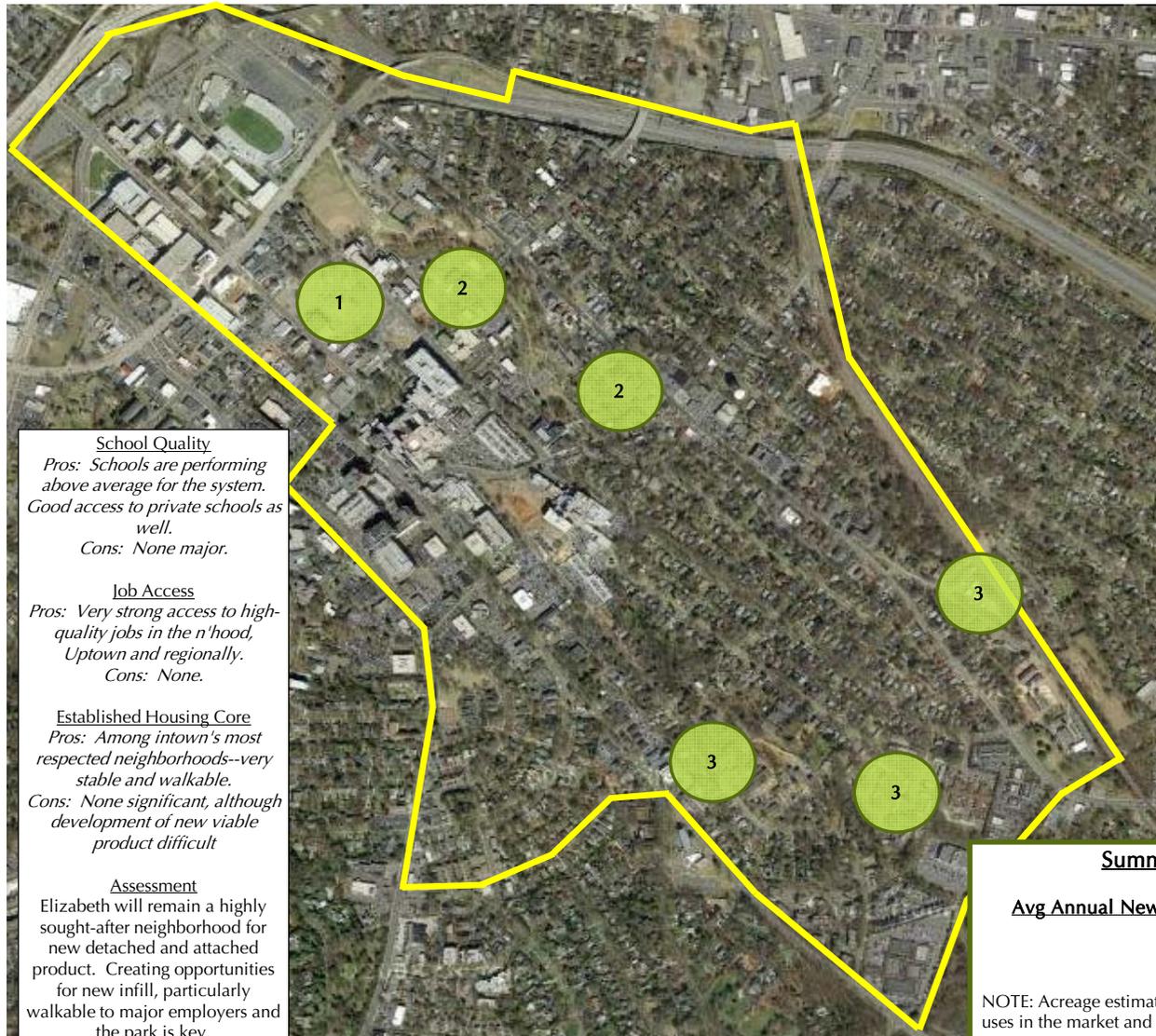
	New For-Sale Housing Demand (Units) by Timeframe						Totals
	2000 - 2005	2005- 2010	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	2010 - 2030
Total Mecklenburg County HH Growth 15 - 75+	76,469	27,238	25,617	35,586	33,197	30,403	124,803
Owner Propensity	65%	68%	65%	60%	64%	61%	62%
New 15 - 75+ Owner HH Growth	49,399	18,467	16,549	21,352	21,312	18,424	77,637
% Choose Attached	25%	29%	32%	35%	39%	42%	55%
New Mecklenburg County Attached Homes	12,350	5,356	5,296	7,473	8,312	7,738	28,819
% Choose Detached	75%	71%	68%	65%	61%	58%	45%
New Mecklenburg County Detached Homes	37,049	13,112	11,253	13,879	13,001	10,686	48,818
Central Mecklenburg Area Capture							
Attached Homes	33%	33%	31%	31%	31%	30%	31%
New Central Attached Homes	4,075	1,767	1,642	2,317	2,577	2,321	8,856
Detached Homes	5%	6%	8%	8%	8%	8%	8%
New Central Detached Homes	1,852	787	900	1,110	1,040	855	3,905
Intown Ring Area Capture							
Attached Homes	20%	28%	30%	30%	33%	33%	32%
New Intown Ring Attached Homes	815	495	492	695	850	766	2,804
Detached Homes	10%	10%	10%	10%	10%	10%	10%
New Intown Ring Detached Homes	185	79	90	111	104	85	391
Elizabeth Area Capture							
Attached Homes	8%	12%	15%	20%	20%	20%	19%
New Elizabeth Attached Homes	65	59	74	139	170	153	536
Detached Homes	6%	8%	10%	10%	10%	10%	10%
New Elizabeth Detached Homes	11	6	9	11	10	9	39

NOTE: Demand estimates are gross and do not net out planned projects or those in the pipeline.

Source: Noell Consulting Group based on data obtained from MORE and the Charlotte-Mecklenburg Planning Department



Exhibit 33
Potential For-Sale Residential Opportunities



School Quality
Pros: Schools are performing above average for the system. Good access to private schools as well.
Cons: None major.

Job Access
Pros: Very strong access to high-quality jobs in the n'hood, Uptown and regionally.
Cons: None.

Established Housing Core
Pros: Among intown's most respected neighborhoods--very stable and walkable.
Cons: None significant, although development of new viable product difficult

Assessment
 Elizabeth will remain a highly sought-after neighborhood for new detached and attached product. Creating opportunities for new infill, particularly walkable to major employers and the park is key.

- 1 Opportunities for more dense urban infill as part of the Grubb project as well as surrounding properties. Student housing could also be a target.
- 2 Opportunities to intensify development around Independence Park with 3+ story product, possibly with ground floor retail.
- 3 Scattered infill townhouses, flats, and single-family detached an opportunity in areas of the neighborhood.

Summary of For-Sale Residential Demand

<u>Avg Annual New Units 2010 - 2030</u>	<u>Avg Annual Acres 2010-2030</u>
29	.9

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.



Exhibit 34

Summary of Demand By Land Use, 2010 - 2030

	Retail Square Feet Demanded by Timeframe				Totals
	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
Total New Supportable Retail SF (incl. current undersupply)	154,350	43,230	42,885	36,653	277,118
Average Retail FAR	0.50	0.60	0.60	0.60	0.54
Estimated New Retail Acreage Demanded	7.1	1.7	1.6	1.4	11.8
Annual New Retail Acreage 2010 Forward	7.1	0.3	0.3	0.3	0.6

* Note: 2010 - 2015 retail demand includes existing pent-up demand in the market.



	Office Square Feet Demanded by Timeframe				Totals 2010-2030
	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
Total New Supportable Office SF	41,607	408,881	136,971	451,995	1,039,455
Average Office FAR	2.00	2.50	3.00	4.00	3.03
Estimated New Office Acreage Demanded	0.5	3.8	1.0	2.6	7.9
New Office Acreage 2010 Forward	0.1	0.8	0.2	0.5	0.4

* Note: Above figures include potential hospital expansions as per Ex. 17.



	Rental Residential Units Demanded by Timeframe				Totals 2010-2030
	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
Total New Rental Residential Units	411	710	588	593	2,303
Average Units/Acre	60	70	70	70	68
Estimated New Rental Residential Acreage Demanded	6.9	10.1	8.4	8.5	33.9
New Rental Residential Acreage 2010 Forward	1.4	2.0	1.7	1.7	1.7



	For-Sale Detached Unit Residential Demanded by Timeframe				Totals 2010-2030
	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
Total New For-Sale Detached Residential Units	9	11	10	9	39
Average Units/Acre	7.0	7.0	7.0	7.0	7.0
Estimated New For-Sale Detached Residential Acreage Demanded	1.3	1.6	1.5	1.2	5.6
New For-Sale Res. Detached Acreage 2010 Forward	0.3	0.3	0.3	0.2	0.3



	For-Sale Attached Residential Units Demanded by Timeframe				Totals 2010-2030
	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
Total New For-Sale Attached Residential Units	74	139	170	153	536
Average Units/Acre	38	42	45	48	44
Estimated New For-Sale Attached Residential Acreage Demanded	1.9	3.3	3.8	3.2	12.2
New For-Sale Res. Attached Acreage 2010 Forward	0.4	0.7	0.8	0.6	0.6



	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	Totals 2010-2030
Total Acreage All Land Uses:	17.6	20.4	16.4	16.9	71.3
Average Annual:	3.5	4.1	3.3	3.4	3.6

NOTE: Acreage estimates for all land uses are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.

Demand estimates should be considered gross and do not net out projects planned or in the pipeline. In some cases, short-term captures have been reduced to account for significant oversupply that exists today (e.g. Uptown office space & condominiums).