



# Market Sizing Analysis for the Proposed Redevelopment of Independence Boulevard in Charlotte, North Carolina

CITY OF CHARLOTTE | JULY 24, 2008



# GLATTING JACKSON

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## Background

The City of Charlotte is pursuing the redevelopment and revitalization of a seven-mile stretch of Independence Boulevard extending from Briar Creek Road to Sardis Road ("Study Area"). Over the past decade portions of Independence have suffered from tremendous abandonment and deferred maintenance. Several factors have contributed to these downward real estate trends, including prolonged road construction, aging and outdated retail properties, shifting demographic trends and perceived social issues, and the development of newer retail in other locations cannibalizing trade areas once served by these portions of Independence. Of concern to the City is both how to revitalize already impacted areas and to understand opportunities and longer-term viability of other areas of the corridor that may be affected in the coming years. To this end, the City of Charlotte originally retained RCLCO in early 2007 as part of the larger Glattig Jackson team to identify the market depth for the Study Area, not only for retail, but also for office, flex industrial space, and for-sale and rental residential.

In mid-2008, RCLCO was re-engaged in order to update our original findings in the context of changing dynamics in the market and increasingly evolved plans for road construction on the corridor. Dynamics within the study area have continued to shift over time. Specifically, the following items have come to light since the last Study and were given prime consideration in our analysis:

- Potential opportunity for the redevelopment the Eastland Mall (currently 1.1 million SF of underperforming retail on north side of study area)
- Wal-Mart said to be moving forward with plans for a store located at the intersection of Independence Boulevard and Pierson Drive

The objective of the engagement was for RCLCO to work in concert with Glattig Jackson to confirm and further examine short-, mid-, and long-term development and revitalization opportunities and those locations which represent the most significant opportunities for targeted City reinvestment.

## Overview

Since our original analysis, many local housing markets in the United States have seen substantial price corrections and anemic transaction levels. The worst pain has been felt in coastal markets and areas where meteoric appreciation over the middle of the decade was driven by speculative flippers, lax lending, and a near total detachment of home price from income. While Charlotte has not been immune to the downturn, it has managed to hold up better than most metropolitan areas, with prices down just 3-4% from the peak compared to 15% nationwide (as of July 2008). Along with residential, commercial markets across the country are also experiencing contraction as consumer spending, consumer confidence, and retail activity trend downward with few retailers looking to expand during this cycle. Nevertheless, we believe that most markets will begin to recover over the next 18 months and that long-term projections for Charlotte remain favorable based on expectations of continued job growth over the next five to ten years and beyond. Certainly, developments in the financial services industry could have a major impact on the Charlotte economy, but at this point we believe that the area economy is sufficiently diversified, and Charlotte's place in the banking industry sufficiently strategic, that the city is well positioned to weather the storm.

While Independence Boulevard has certainly suffered from disinvestment and, in some locations, abandonment, we believe there are still significant opportunities for redevelopment in the corridor. These opportunities include new retail, smaller office, rental apartments and for-sale attached townhouses and/or condominiums. In addition, there is an excellent opportunity to strengthen existing neighborhoods that abut the corridor, with infill projects and targeted improvements that will help attract local-serving retailers and provide an appealing backdrop for retailers that may be focused on more regional trade areas.

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The Study Area remains heavily traveled, is highly accessible, and provides strong regional access to the greater Charlotte area. Specifically the strengths of the corridor include:

- Highly centralized area with several access points
- High traffic count - up to 93,000 vehicles pass certain intersections in corridor daily
- Great visibility and connectivity, serving as a North-South commuting corridor
- Portions of corridor adjacent/proximate to revitalizing and developing areas

Independence Boulevard is a critical transportation corridor for the Charlotte region. The significant dollars that are flowing into highway/roadway improvements along Independence Boulevard ensure that it will continue to remain a relevant and vital transportation lifeline for the area. The challenge within the Study Area is to determine how to redevelop and reinvigorate the land uses that surround Independence Boulevard. The grade changes, setback restrictions, and perceived uncertainty surrounding roadway improvement projects have resulted in several unintended consequences for the surrounding land uses and tenants. Specifically the challenges include:

- Corridor investment has been low recently, in part due to uncertainty surrounding road projects
- Lack of transportation connectivity to surrounding neighborhoods and other demand sources
- Aging retail centers are functionally obsolete and tenant abandonment has created significant negative perception
- Speed and design of the hybrid arterial will make ingress and egress from retail and office centers fronting Independence difficult

The following table summarizes RCLCO estimates for supportable retail, office, rental apartment, and for-sale residential development potential in the corridor:

LAND USE	SUPPORTABLE SF/UNITS	COMMENTS
Retail <sup>1</sup>	426,000 SF regional retail over five years 392,000 SF neighborhood retail over five years	Figures assume (includes square footage replaced by) the redevelopment of existing obsolete space
Office <sup>2</sup>	264,000 SF over 10 years	Largely smaller, local-serving
Rental Apartments <sup>3</sup>	105 units annually	Newer product closer to revitalizing areas
For-Sale Residential <sup>4</sup>	129 units annually	Build off of retail investments, stronger neighborhoods along corridor.

<sup>1</sup> Retail supportable square footage based on analysis on Slide 21  
<sup>2</sup> Office supportable square footage based on analysis on Slide 31  
<sup>3</sup> Supportable rental units based on analysis on Slide 39  
<sup>4</sup> Supportable for-sale residential units based on analysis on Slide 40

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## Retail demand can be bolstered by offering new retail that obsoletes existing space

For much of the 60s and 70s the Independence Boulevard corridor was a major shopping corridor that drew from a much larger area than it does today; as Charlotte's first urban highway, retailers flocked to sites along Independence to take advantage of the high visibility and traffic counts afforded by the area. As Charlotte grew and as more highways were built from the 80s to the present day, Independence's allure subdued, the retail area that the corridor drew from decreased as new retail outlets were built closer to where people live. The current state of flux in the corridor has done nothing to aid the dwindling fortunes of this former retail magnet.

Charlotte, like many areas of the country is currently experiencing a contraction in the retail sector. Despite strong household growth and the corresponding growth in potential retail expenditures, the Charlotte retail market is struggling. Even with the loss of retail inventory between 1<sup>st</sup> Quarter 2007 and 1<sup>st</sup> Quarter 2008 that led to improved vacancy levels (went from 6.9% to 5.3%), average rent levels have declined by \$0.64 per square foot. Due to the downturn in the regional economy, many retailers put a halt on expansion plans or are trimming down their number of stores. As a result building owners and leasing agents in the Charlotte area are being forced to compete for fewer tenants, oftentimes increasing incentives and lowering asking rents.

The Independence Boulevard Study Area falls within two separate Charlotte retail submarkets: East Charlotte and Southeast Charlotte. The East Charlotte submarket consists of 2.7 million square feet of retail and has average rents of \$7.60, while the Southeast Submarket is made up of 1.3 million square feet of retail and has average rents of \$14.17. In comparison to the eight submarkets that make up the metro region overall, these two submarkets have performed poorly, exhibiting two of the three lowest rent levels in Charlotte. Rents levels in East and Southeast Charlotte fall well below the \$18-\$25 averages experienced in the top five submarkets. Lack of performance is largely attributable to the large quantities of outdated or obsolete shopping centers dotting the Independence corridor (including the Coliseum Shopping Center) as well as the Eastland Mall, which has recently lost the majority of its anchors and represents 1 million square feet of declining retail.

RCLCO conducted a retail demand analysis for the Independence Study Area, taking into account retail expenditures from households living within the regional trade area (see slide 16 for map). The trade area has nearly 78,000 households earning a median income of \$62,000. Retail expenditure data reveals that many of these households are currently driving to large power centers in Matthews, or out of the trade area to the South Park Mall, to make a variety of retail purchases. The expenditures that are occurring most frequently outside of the trade area are in the categories of clothing, furniture, home goods, electronics, appliances, sporting goods, and books. RCLCO estimates that there is an opportunity to retain a portion of these retail expenditures within the Independence Boulevard area by creating one or more large-scale shopping centers to be located at a major traffic and activity node along the corridor. Newer centers, offering a modern shopping experience and a variety of retail shops in one location, are likely to entice many households to shop closer to home.

Overall RCLCO estimates that the regional area could support approximately 1.3 million square feet of regional serving retail. We estimate that as much as 1.8 million of the 3.2 million square feet of regional retail currently in the trade area is obsolete, so that, along with already-planned projects, the 1.3 million square feet demanded will not represent a net addition of space, but rather replacement of obsolete with new space. Not all of the square footage demanded will locate in the Study Area, though that is where most of the obsolete space is located and therefore there is a strong opportunity to redevelop existing sites. Given ongoing road improvements and its strategic location, an assumption of one-third capture (or approximately 426,000 square feet of regional retail in the Study Area) could be considered a reasonable expectation between 2009-2013.

We also see demand for approximately 170,000 square feet of local-serving retail for the east/north neighborhoods on the corridor, and 220,000 square feet for the west/south neighborhoods - the equivalent of one to two grocery-anchored shopping centers on either side of the corridor. This demand is

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based on capturing local retail dollars that would otherwise leak out to areas outside of the Study Area as well as the expected growth in households (to 86,000 by 2013) and median household income (to \$75,000 in 2013).

We believe the strongest opportunity for neighborhood serving retail is at the Briar Creek node due to its proximity to stable surrounding neighborhoods. The Sardis node, with its good access and large available undeveloped tracts offers a strong opportunity for regional-serving retail. The node at the busy intersection of Idlewild and Independence is a suitable location for both neighborhood and local serving retail; the surrounding demographics are strong enough for either form of retail to potentially succeed in this node. Due to retail's cannibalistic nature, the demand for retail could exceed RCLCO projections as the area's large inventory of dated retail centers become obsolete dated inventory could be replaced by new modern retail space that better suits the needs of today's retailers and customers. Indeed, experience has shown that building a better 'mousetrap' in the right location can obsolete the existing competition even if that competition is not yet functionally obsolete.

## **The Study Area could support limited local-serving office, but is not positioned to become a significant office core**

The Study Area lies between an expensive intown market, where higher land prices can be justified by achievable premiums, and an inexpensive Greenfield market, where developers can sell value. This in-between area has more expensive land than Greenfield locations yet it generally lacks the character that can be found uptown, making it difficult to justify premium pricing. The area is typified by middle and lower-middle income households - typically not the primary users of Class A office space. The area also lacks the regional access and the environment and amenities that are demand generators for office space. Though Independence Boulevard is proximate to some wealthy neighborhoods, other areas are better poised to capture the office demand from these potential users. Flex office is also difficult to deliver around Independence due to higher land costs than Greenfield sites that are outside I-485.

Fueled by banking and other white-collar professions, the Charlotte MSA has had an active and growing office market. Particularly as the banking sector reacts to ongoing economic crises, and existing and developing Class A office cores in the region prepare for potentially serious occupancy issues, the likelihood that Independence Boulevard could become a Class A office location in the next 10 years is extremely small.

The Study Area lies in the East and Crown Point/Matthews submarkets, which have historically underperformed the local office market. In the 1st quarter of 2006, the submarket accounted for approximately 6% of the Charlotte market's total office space and a disproportionate 11% of the vacant space. Vacancies in the submarket at 23.3% were above the market average of 10.9%, and asking rents that averaged \$15-\$15.50/sf are significantly below the market average of \$21.67/sf. In 2007, the submarket experienced negative absorption of 78,000 square feet.

The corridor's office and flex office land uses currently appear to offer the lowest opportunity for igniting redevelopment within the Study Area. Current trends suggest that the opportunity to deliver new professional office space over the next 10 years is near zero. However, assuming a healthier office market overall and an improved perception of the Crown Point and Matthews submarkets, driven in part by transit and other improvements along Independence, we see an upside scenario supporting approximately 130,000 square feet over the next five years, and a total of 260,000 square feet over the next ten years. Office space could potentially be developed close in, possibly as part of mixed-use project in the Briar Creek node; such a configuration would conveniently provide office users with the retail and amenities they seek onsite. The Sardis area, with good accessibility via nearby I-485 and its relatively large tracts of undeveloped and less expensive land (relative to other nodes within the corridor), appears to be a suitable node for either corporate campus-style office space or flex office development. The Idlewild node is currently the least suited for office or flex office development; however, a small amount of local-serving office space could be viable in a mixed-use environment.

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## **Proximity to Downtown and aging housing stock in area neighborhoods could position area for improved residential development**

The Independence Boulevard corridor did not benefit significantly from the nationwide housing boom from 2002 through 2006. While many areas of Charlotte experienced significant new residential development and home price appreciation during those years, for the most part the neighborhoods in and around the Study Area remained fairly stagnant as failing retail along Independence set the tone for the rest of the corridor. Specifically the challenges in attracting new residential development have included:

- Deferred maintenance and decaying or vacant retail buildings negatively impacting residential values
- Disconnection of southern and northern neighborhoods due to Independence itself
- Retail on Independence is proximate but difficult to access from surrounding neighborhoods by either pedestrians or automobiles, making basic shopping extremely inconvenient

Despite these challenges, the corridor exhibits potential for new residential development primarily due to its proximity to downtown and suburban employment cores. Additionally, there are stable neighborhoods that abut the corridor and many sections of the Study Area feature lush tree-canopies and access to parks. There appear to be opportunities to capitalize on development momentum that has occurred in the northern and southern ends of the Study Area by creating pockets of high density development around nodes that are already experiencing redevelopment activity. The Study Area's key strengths from a residential standpoint include:

- Strong proximity to Center City Charlotte, SouthPark and other employment cores;
- Proximity to revitalizing neighborhoods such as Chantilly and Morningside;
- Strong access via Independence and solid access to various retail opportunities.

The south side of the Study Area, near the intersection of Sardis Road and Independence Boulevard, has experienced some new investment over the past several years with the development of Galleria Village, a large multi-use development consisting of big-box retail, apartments, and office. The residential portion of the development, the Galleria Apartments, was constructed in 2005 and represents the newest apartment units available within the corridor. Targeting singles and couples, the development consists primarily of one and two bedroom units and averages rents of \$0.96 per square foot. Because of its age and top of market rents, Galleria is considered the only Class A apartment community in the Study Area. Beyond Galleria Village, the majority of apartment product with the Study Area consists of Class B and C apartment communities.

RCLCO identified seven Class B and six Class C apartment communities in the Study Area. Overall, there are 16,135 units in the local submarket (which is larger than the Study Area), representing 17% of the Charlotte apartment market.

The northern edge of the Study Area, along Briar Creek Road, has experienced some limited development of for-sale product in recent years due to its proximity to downtown employment and its relative affordability. The handful of developments are primarily affordable attached starter homes consisting of both new construction and rental conversions. Condominium conversion projects include the Williamsburg on Commonwealth and Jamestowne Commons. Both projects offer small units (approximately 900 square feet on average) at an affordable price (average from \$130,000 to \$150,000). In terms of new construction product, the lone example is The Vyne, a 99-unit condominium development located at the intersection of Central Avenue and

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Briar Creek just beyond the border of the Study Area. The Vyne is selling units sized at an average of 890 square feet and at average of \$165,000. At the time of our analysis, sales activity had been modest, but we assume that the majority of residential demand in the Study Area will be below \$180,000.

RCLCO estimates that there will be demand for approximately 105 new apartment units annually within the East Charlotte/Independence submarket. This represents a significantly more modest opportunity than we identified in our original analysis, but we believe it is appropriately ambitious while remaining realistic given the current trajectory of the apartment market and expected financing constraints going forward. The demand exists for modern units with a high level of finish priced between \$610 and \$1,580 per month (corresponding to annual incomes of \$35,000 to \$90,000) with the majority of demand with the \$610 to \$960 bracket. This means that the submarket could support 525 new Class A or B rental units over the next five years, which could be delivered as 1-3 distinct apartment communities. RCLCO believes that the units will appeal to 1- and 2-person households seeking affordable alternatives to Uptown as that area evolves, as well as small families within and around the Study Area that require a safe, well-managed community proximate to employment and, ultimately, a variety of transit options. The Idlewild area offers opportunities to redevelop existing dated apartments as mixed use developments with both rental product and retail.

In terms of for-sale residential demand, RCLCO estimates that there could be demand for approximately 129 new multifamily units annually within the Study Area. The demand exists at price points ranging from \$114,000 to \$358,000 (corresponding to annual incomes of \$35,000 to \$110,000) with the majority of demand with the \$114,000 to \$179,000 price bracket. Due to rapidly deteriorating market conditions for for-sale housing nationwide, it is likely that a portion of the 645 multifamily for-sale units over five years could be delivered as rental product. We assume that as market conditions normalize, this demand could also be served with starter townhomes. The for-sale units are likely to appeal to a similar market audience as the apartments, but likely with a larger pool of young (under age 35) professionals seeking to purchase their first home. This market segment increasingly prefers mixed-use development, particularly with convenient access to transit.

Finally, the existing neighborhoods in and abutting the Study Area offer excellent opportunities for investment in small, infill residential projects, pocket parks, and other projects that serve to further enhance the attractiveness of the Study Area for larger investment, which will in turn help support property values in the surrounding neighborhoods. These neighborhoods, with mature tree canopies, areas of traditional architecture, and quiet, tidy streets set the stage for a rebound as issues of blight are addressed along Independence. Simply, the viability of surrounding neighborhoods plays an important role in attracting dollars to larger parcels along the corridor, so investment in one must not be to the exclusion of the other.

## **Independence isn't the orientation—shift focus to strengthen other connections**

RCLCO's opinion is that planning and economic development efforts should focus both on strengthening the neighborhoods around Independence Boulevard as well as the connections to Independence. Specifically RCLCO recommends orienting new retail and office development along Monroe Drive and Central Avenue rather than Independence Boulevard. By locating commercial uses along these corridors, tenants will benefit from improved site lines, ease of access, as well as healthy traffic counts bolstered by additional traffic generated at planned transit stops. Areas closer to Independence Boulevard should be transitioned to mid- to high-density residential uses as commercial users vacate these sites.

In focusing within the Study Area, RCLCO believes the Briar Creek node represents the strongest location to focus initial redevelopment efforts. The node, which is proximate to Center City Charlotte, has already undergone the major road construction that is still in the planning stages for the remainder of Independence Boulevard; it is also conveniently located near stable existing neighborhoods and is adjacent to potential greenways. Additionally, it has the highest potential for multifamily residential and neighborhood retail uses of any area along the corridor. Finally, large property holdings around Briar Creek, including under-utilized parking lots, create potential for larger-scale investments and the potential synergy required to really create a stronger sense of character and place.

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Strategies for guiding large-scale redevelopment at Briar Creek include:

- Use progressive land planning and a catalyst site to create a large mixed use center near existing residential and retail cores
- Orient away from Independence Boulevard, but build close enough to provide ease of access via the planned interchanges
- Provide incentives to lure office and retail tenants away from established cores
- Create a major 'win' at a single focal point, then spread momentum to other areas of the corridor

While concerted long-term effort will be required by area stakeholders in order to generate a significant amount of redevelopment energy along Independence, the above strategies can help to ensure that plans are pursued strategically. With strong leadership, a powerful vision for the neighborhood's future and a firm understanding of the opportunities along the corridor, Independence Boulevard has the potential to make the transition from an aging retail corridor to a desirable neighborhood for residents, shoppers, and workers alike.

\* \* \* \* \*

The following presentation and exhibits provide more details on our methodology and conclusions. This report was prepared in July 2008 by Jonathan Bartlett, Vice President; Jon Trementozzi, Senior Associate; Bryan Hollander, Associate; and Elisabeth Kulinski, Associate, of the Atlanta office of RCLCO. If you have any questions about this report, or wish to learn about additional RCLCO services, please contact 404-365-9501.

# BACKGROUND AND OBJECTIVES

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## **Background**

Glattig Jackson originally retained RCLCO in Spring 2007 to provide a market analysis for the redevelopment of a section of Independence Boulevard in Charlotte, North Carolina.

Most recently in June 2008, we were asked to update our analysis based on evolving market conditions.

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## **Objectives**

Based on current market conditions and longer-term forecasts, estimate the potential support for specific land uses along the Independence Boulevard Corridor, including:

- Retail
- Office
- Residential (for-sale and for-rent)

# WHAT HAS CHANGED IN THE PAST 18 MONTHS?

## **REAL ESTATE MARKETS HAVE UNDERGONE SIGNIFICANT SHIFTS**

- ▶ Economic and housing market conditions nationally have deteriorated, and Charlotte has not been immune to the downturn
- ▶ Charlotte's housing market has held up better than most, with prices down just 3-4%, compared to 15% nationwide
- ▶ Residential permits are down 36% nationally but down 39% in the Charlotte MSA
- ▶ Consumer spending, consumer confidence, and retail activity all trending downward with few retailers looking to expand during this cycle
- ▶ Despite the current downturn, long-term projections for Charlotte remain favorable

## **STUDY AREA DYNAMICS CONTINUE TO EVOLVE**

- ▶ Potential redevelop the Eastland Mall (currently 1.1 million SF of underperforming retail on north side of study area)
- ▶ Wal-Mart said to be moving forward with plans for a store located at the intersection of Independence Boulevard and Pierson Drive

# AGENDA

- ▶ REGIONAL CONTEXT
- ▶ RETAIL MARKET OVERVIEW
- ▶ OFFICE MARKET OVERVIEW
- ▶ FLEX OFFICE MARKET OVERVIEW
- ▶ RESIDENTIAL MARKET OVERVIEW

# AGENDA

## ▶ REGIONAL CONTEXT

- Corridor is in a central and highly accessible location
- Visibility makes corridor attractive for retail, but ingress and egress is a challenge as are connections to surrounding neighborhoods
- Existing office space lacks density, supporting infrastructure and complementary uses, as well as coherent placement along the corridor
- Surrounding residential uses can sustain increased density, however disinvestment in the corridor results in failure to attract new residents

## ▶ RETAIL MARKET OVERVIEW

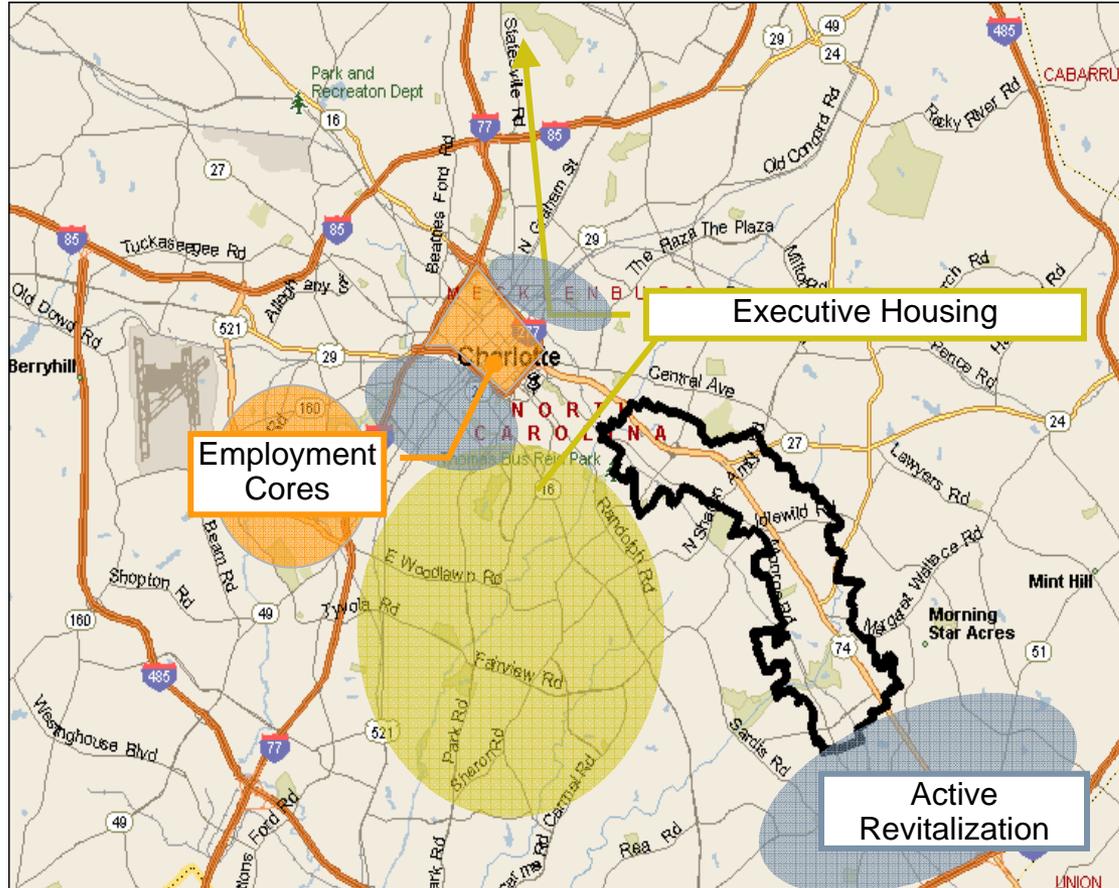
## ▶ OFFICE MARKET OVERVIEW

## ▶ FLEX OFFICE MARKET OVERVIEW

## ▶ RESIDENTIAL MARKET OVERVIEW

# CORRIDOR IS HIGHLY ACCESSIBLE AND PROVIDES EXCELLENT REGIONAL ACCESS

## Charlotte, NC



### STRENGTHS

- ▶ Highly centralized area with several access points
- ▶ High traffic count - up to 100,000 vehicles pass certain intersections in corridor daily
- ▶ Great visibility and connectivity, serving as a N-S commuting corridor
- ▶ Portions of corridor adjacent/proximate to revitalizing and developing areas

### CHALLENGES

- ▶ Corridor investment is low due to uncertainty surrounding road projects
- ▶ Lack of transportation connectivity to surrounding neighborhoods and other demand sources
- ▶ Aging retail centers are functionally obsolete and tenant abandonment has created significant negative perception
- ▶ Speed and design of the freeway make ingress and egress from retail and office centers difficult

# HIGH TRAFFIC COUNTS & GREAT VISIBILITY ARE RETAIL STRENGTHS; CONNECTIONS TO DEMAND SOURCES ARE CHALLENGES



*Outdated retail*



*Heavy traffic congestion during rush hours*

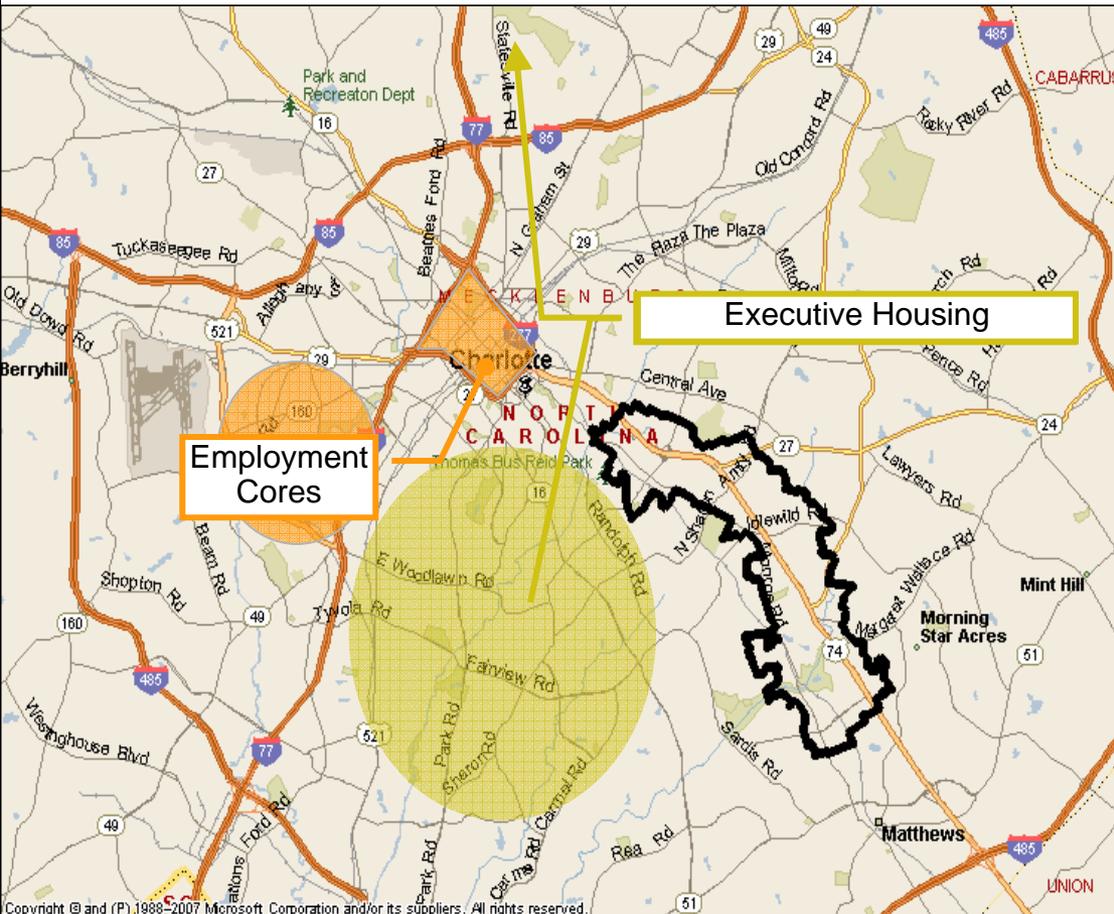
## STRENGTHS

- ▶ High traffic counts & visibility
- ▶ Good regional access
- ▶ Underutilized commercial land, possibilities for redevelopment
- ▶ Large population base to draw from and established residential areas surrounding corridor

## CHALLENGES

- ▶ Changing design of Independence Boulevard has resulted in lack of development interest, loss of retail expenditures
- ▶ No easy in/easy outs on Independence
- ▶ Lack of great intersections in corridor
- ▶ Disconnected from adjacent neighborhoods
- ▶ Uncertainty associated with construction on Independence Boulevard

# CORRIDOR CHARACTERISTICS ARE NOT CONDUCTIVE TO OFFICE AND FLEX-OFFICE DEVELOPMENT



## STRENGTHS

- ▶ Good regional access to potential employees and businesses
- ▶ Good proximity to existing office cores

## CHALLENGES

- ▶ Small, traditionally Class B office submarket
- ▶ Not proximate to executive housing cores
- ▶ Lacks the diversity and quality of retail/services desired by office tenants
- ▶ Few “anchors” to act as focal points for development
- ▶ Land prices and achievable rents in submarket make delivery of flex space difficult
- ▶ Lack of public transportation

# DISINVESTMENT IN CORRIDOR DAMPENS APPEAL FOR RESIDENTIAL



*Stable neighborhoods throughout site*

## STRENGTHS

- ▶ Good access to employment cores
- ▶ Stable neighborhoods about the corridor
- ▶ Lush tree canopy and numerous park systems and other natural features cross or run alongside corridor

## CHALLENGES

- ▶ Deferred maintenance and decaying or vacant retail buildings impact residential values
- ▶ Disconnection of southern and northern neighborhoods due to freeway system.
- ▶ Little direct access to retail along Independence Blvd.



*Disconnection in south neighborhoods*

# AGENDA

## ▶ REGIONAL CONTEXT

### ▶ RETAIL MARKET OVERVIEW

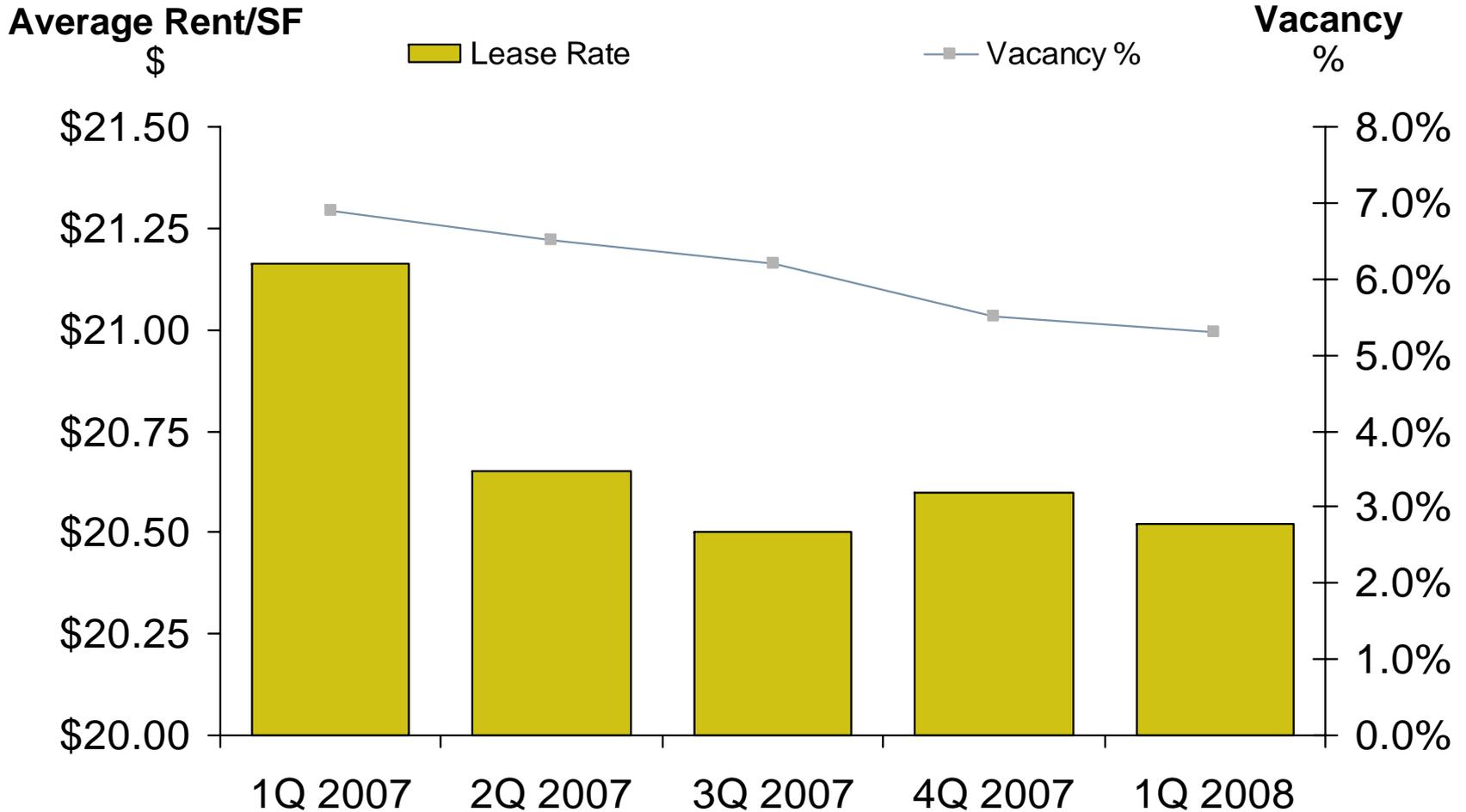
- Charlotte's significant population growth in recent years has been supported by above-average economic expansion resulting in greater buying power
- The Independence Boulevard Corridor has not kept pace with the greater Charlotte area during this expansion
- Given demographic trends and current supply there is modest retail demand in the regional trade area

## ▶ OFFICE MARKET OVERVIEW

## ▶ FLEX OFFICE MARKET OVERVIEW

## ▶ RESIDENTIAL MARKET OVERVIEW

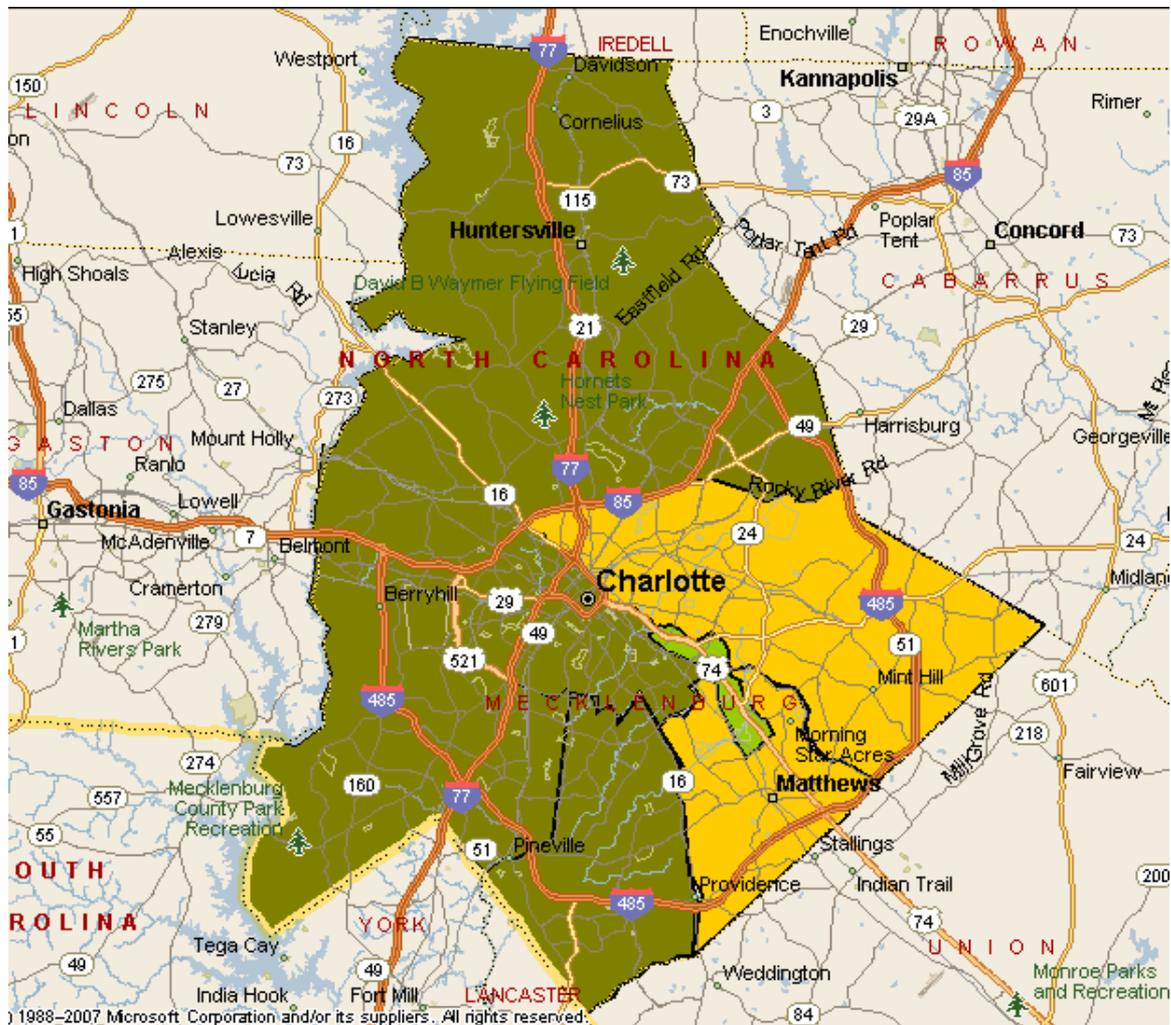
# RETAIL CONTRACTION LEADS TO LOWER RENTS DESPITE LOSS OF INVENTORY



SOURCE: CB Richard Ellis – 1Q 2008 Charlotte Retail MarketView

# EAST AND SOUTHEAST SUBMARKETS COMBINE FOR 24% OF CHARLOTTE RETAIL SPACE, BUT HAVE BELOW AVERAGE RENTS

## Charlotte Retail Submarkets



	Total GLA	Rents
East Charlotte	2,666,786	\$7.60
SE Charlotte	1,334,246	\$14.17
Central Business District	504,305	\$18.00
Midtown	1,257,045	\$18.73
NE Charlotte	2,628,758	\$18.27
NW Charlotte	875,894	\$13.23
South Charlotte	4,706,657	\$19.07
SW Charlotte	1,831,348	\$24.69
<b>TOTAL</b>	<b>15,805,039</b>	<b>\$13.08</b>

- E/SE Submarkets
- Study Area

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 SOURCE: CoStar Charlotte Retail Advisory Report

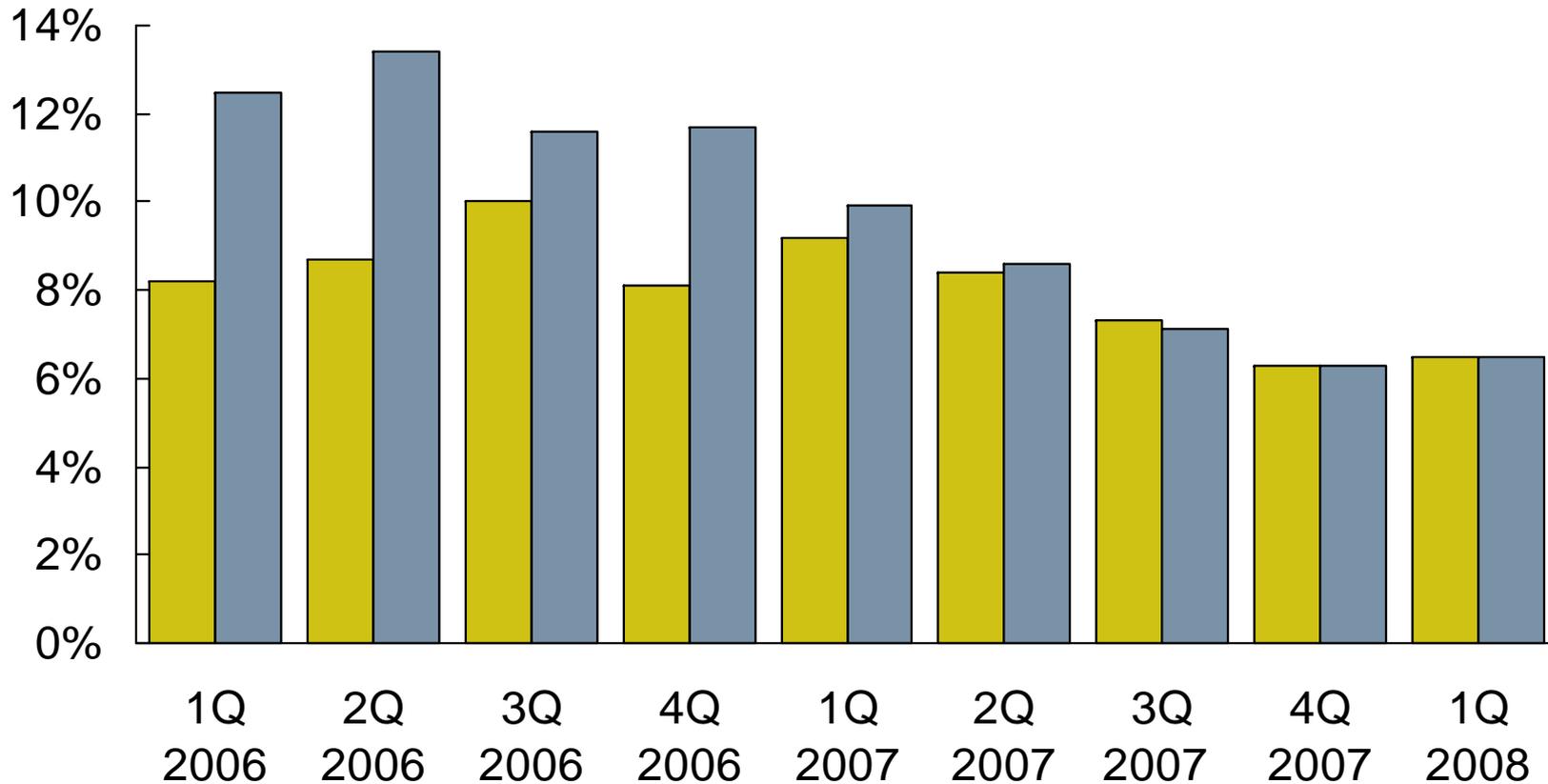
# IMPROVED OCCUPANCY IS LARGELY DUE TO REDUCED INVENTORY

## Vacancies

%

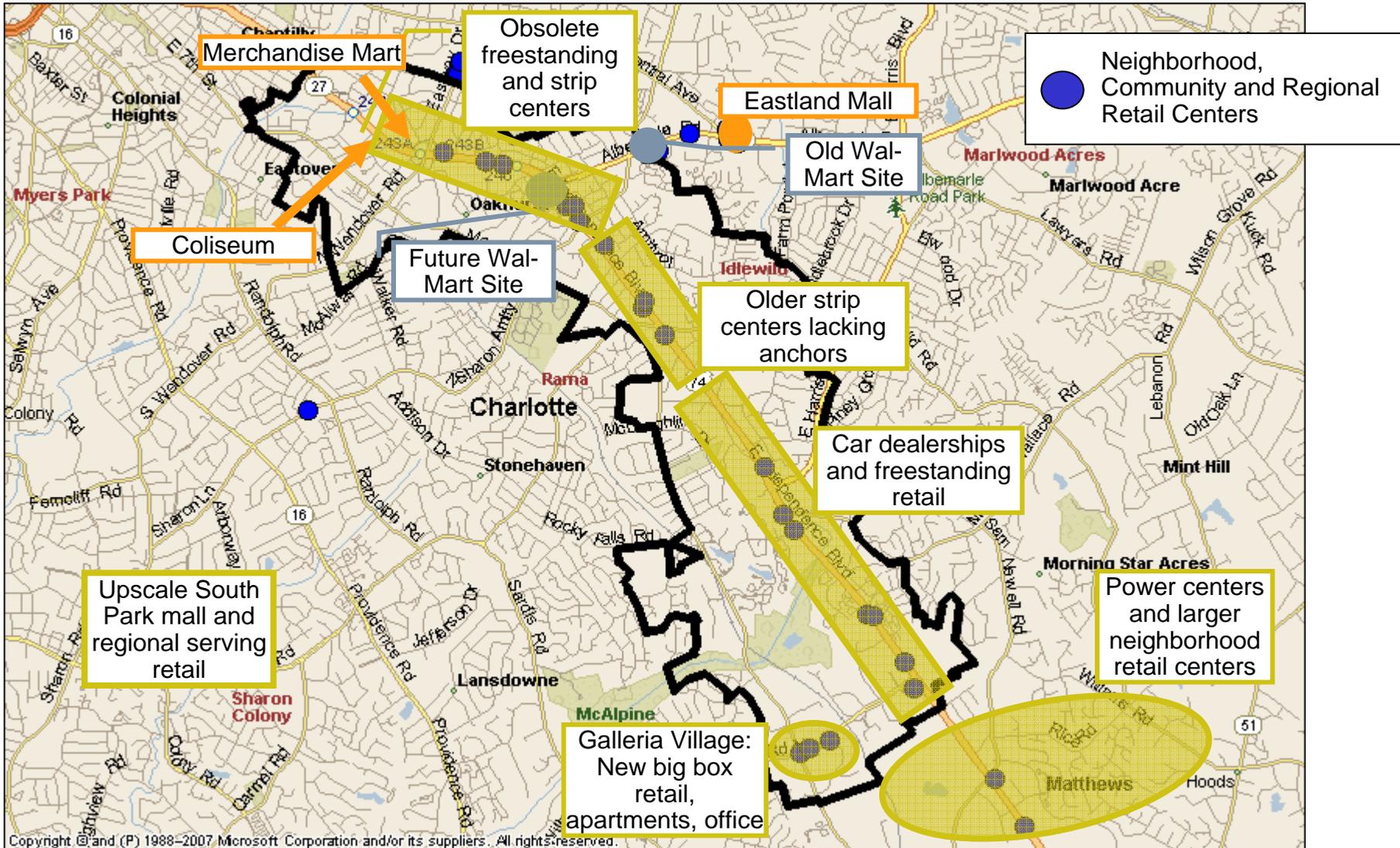
■ SE Vacancy %

■ E Vacancy %

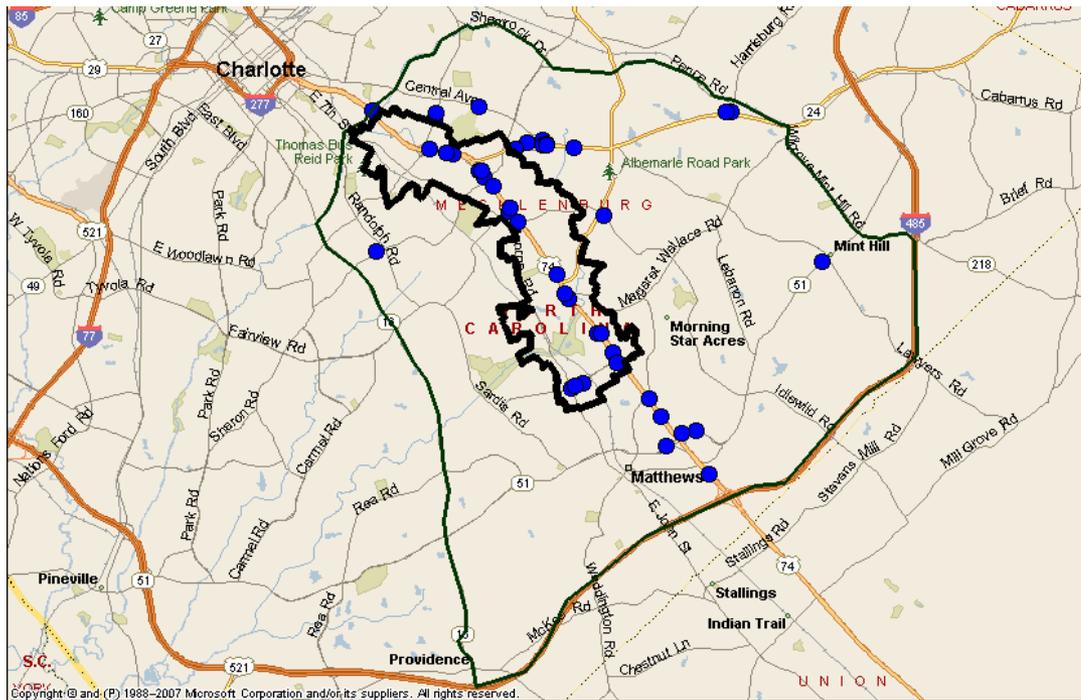


SOURCE: CoStar 1Q 2008 Charlotte Retail MarketView

# STUDY AREA HAS AGING NEIGHBORHOOD RETAIL AND LACKS UPDATED REGIONAL RETAIL; NEWER SPACE TENDS TO FALL OUTSIDE STUDY AREA



# AGE AND ORIENTATION OF RETAIL CENTERS IN THE TRADE AREA ILLUSTRATES PAST PROMINENCE OF INDEPENDENCE CORRIDOR



Location of Center	Year Open (Avg.)	Gross Leasable SF	Avg. Lease Rate/SF	Avg. Size of Center	Occupancy
Within Study Area	1981	1,367,681	\$15.79	105,206	74.6%
Outside of Study Area within Retail Trade Area	1986	3,119,848	\$15.73	222,846	83.6%
<b>Total/Weighted Avg.</b>		<b>4,487,529</b>	<b>\$15.76</b>	<b>164,026</b>	<b>79.1%</b>

SOURCE: CoStar, RCLCO, Includes all shopping center types

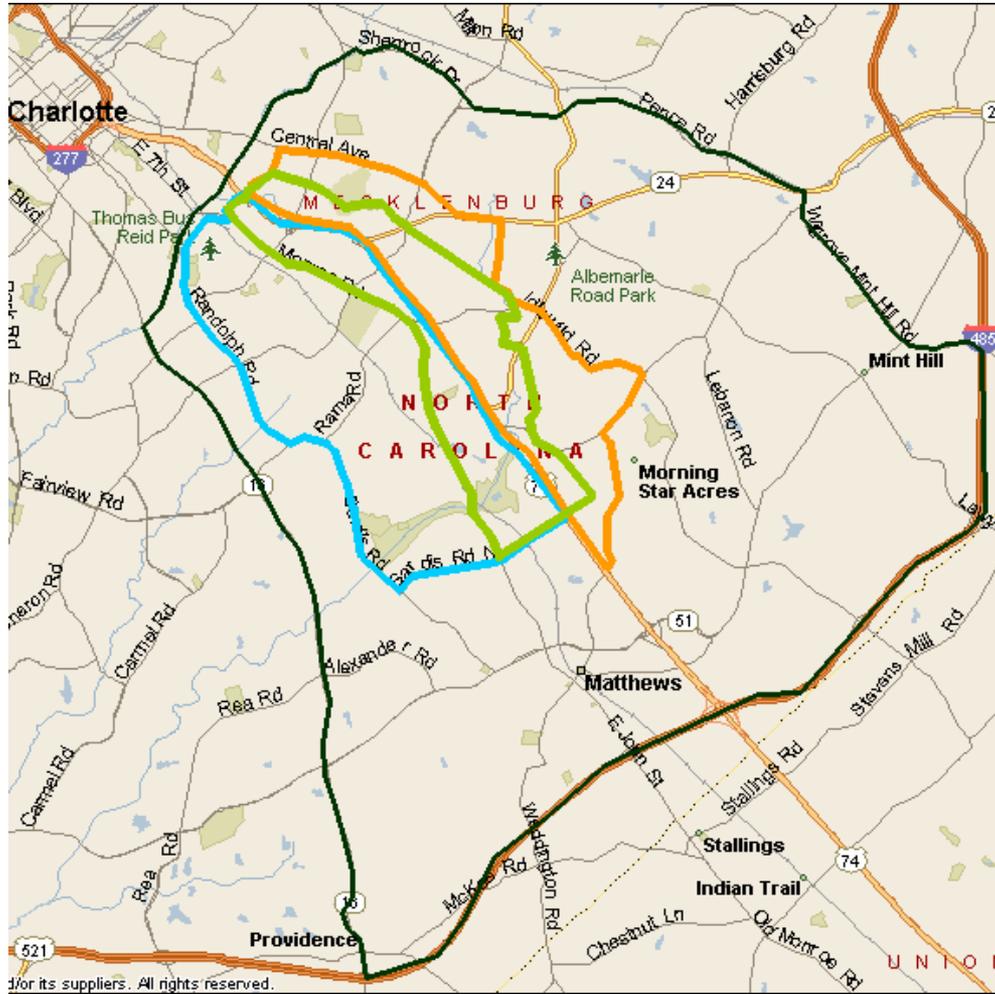
# LARGER, OLDER RETAIL CENTERS ALONG CORRIDOR NEARING OBSOLESCENCE – OR ALREADY THERE

	YEAR BUILT	TOTAL SF	VACANT SF	OCCUPANCY
<b>Chantilly Shopping Center</b>	1955	52,000	52,000	0%
<b>Coliseum Shopping Center</b>	1964	220,000	178,200	19%
<b>Independence Promenade</b>	1987	99,000	21,302	79%
<b>Independence Shopping Center</b>	1971	214,565	82,843	61%
<b>Lanier Plaza</b>	1965	40,932	8,069	80%
<b>Independence Square</b>	1990	129,269	14,070	89%
<b>Bascom's Corner</b>	1985	31,755	7,688	76%
<b>TOTAL</b>		<b>787,521</b>	<b>364,172</b>	<b>54%</b>

SOURCE: Co-Star

# CHARACTERISTICS OF SURROUNDING NEIGHBORHOODS SUGGEST UNMET NEIGHBORHOOD RETAIL DEMAND

## Independence Boulevard Retail Trade Area



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SOURCE: ESRI

SW Neighborhood	2008	2013
-----------------	------	------

Population	35,642	38,121
Households	16,144	17,838
HH Size	2.18	2.17
Median HH Income	\$53,399	\$64,927

NE Neighborhood	2008	2013
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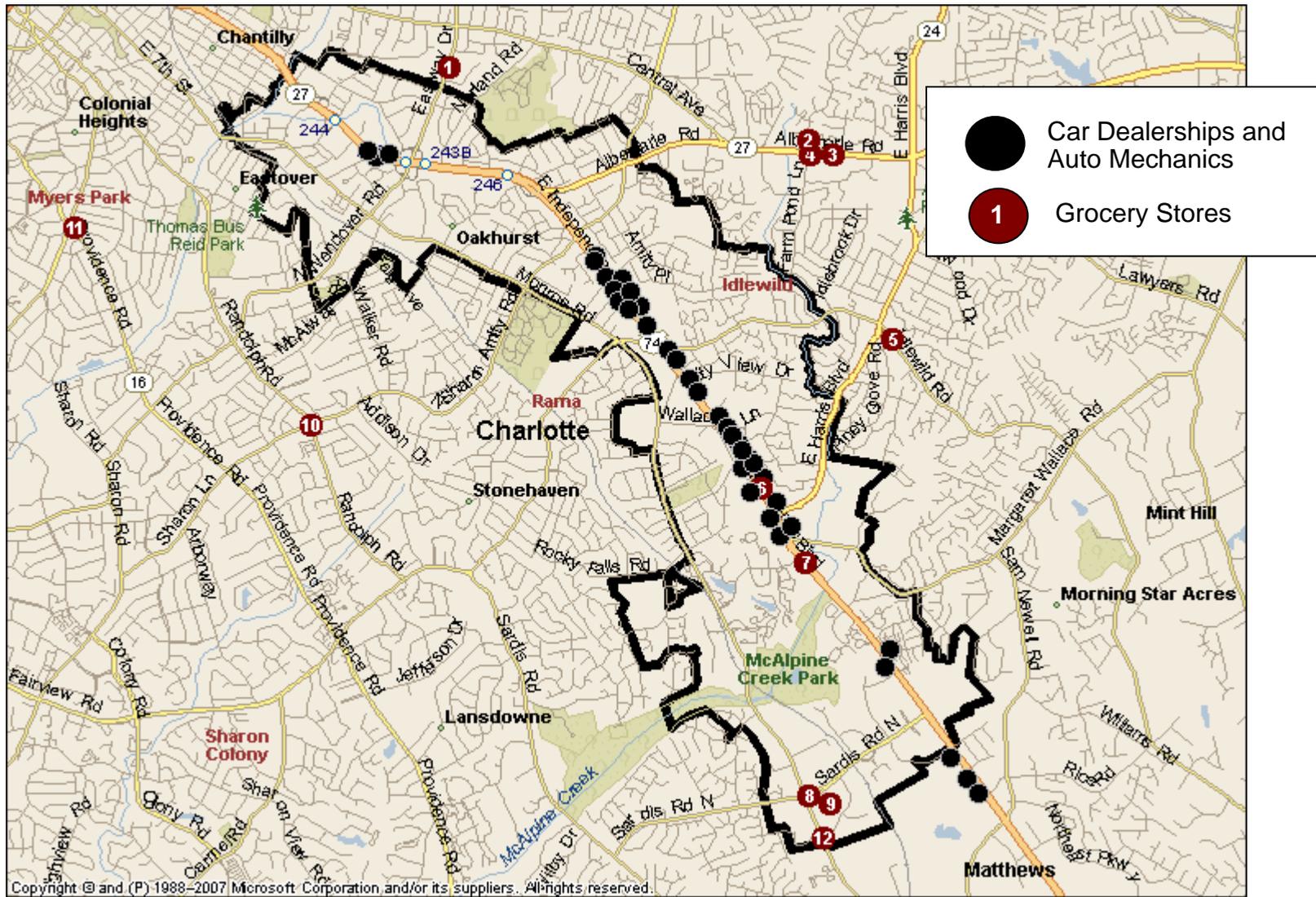
Population	28,430	31,309
Households	11,763	10,510
HH Size	2.40	2.40
Median HH Income	\$57,861	\$70,164

Regional	2008	2013
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Population	190,765	211,326
Households	77,582	86,255
HH Size	2.43	2.42
Median HH Income	\$62,386	\$74,934

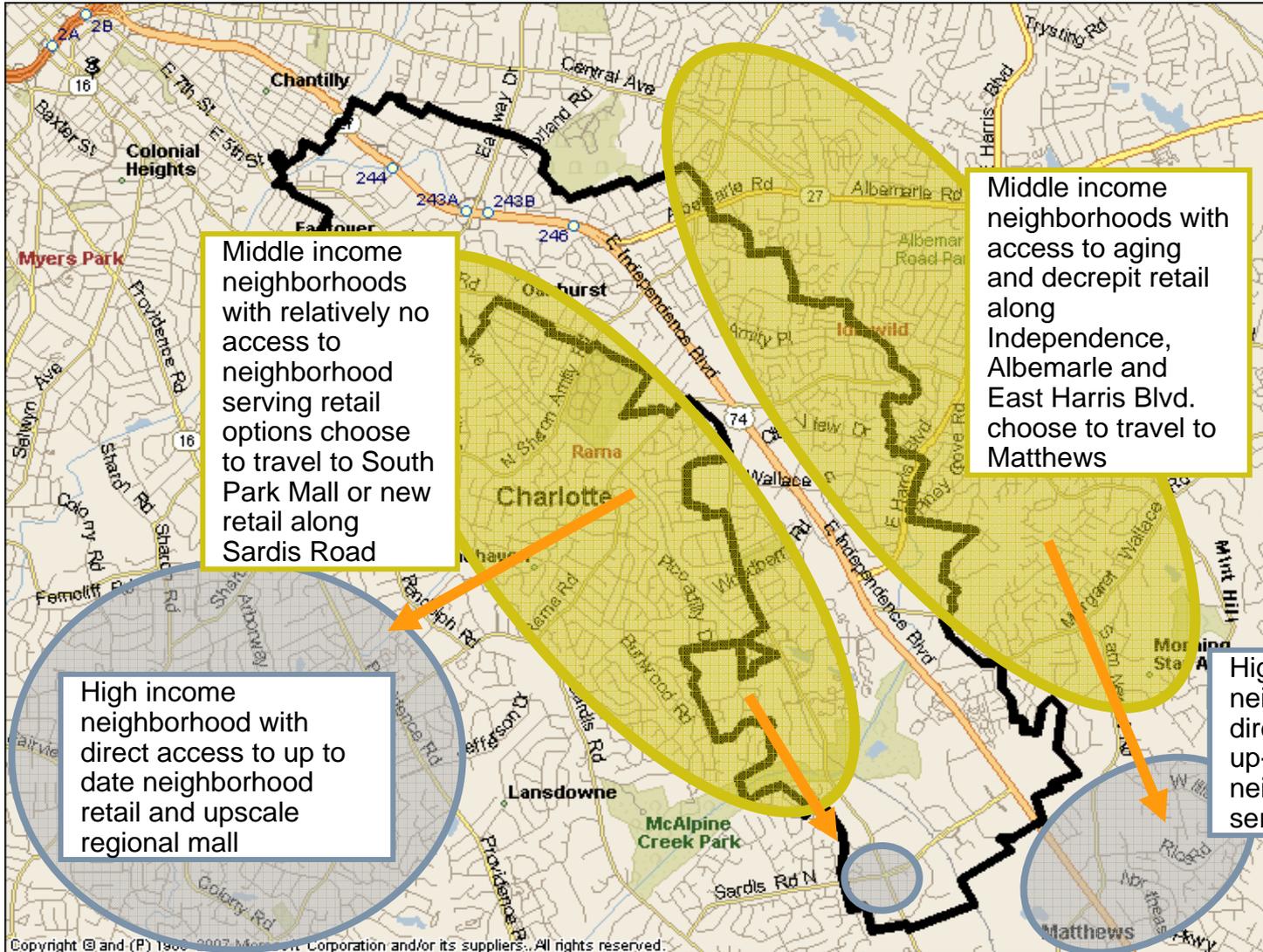
- Study Area
- SW Neighborhood Trade Area
- NE Neighborhood Trade Area
- Regional Trade Area

# GREAT FOR AN OIL CHANGE, BAD FOR A GALLON OF MILK



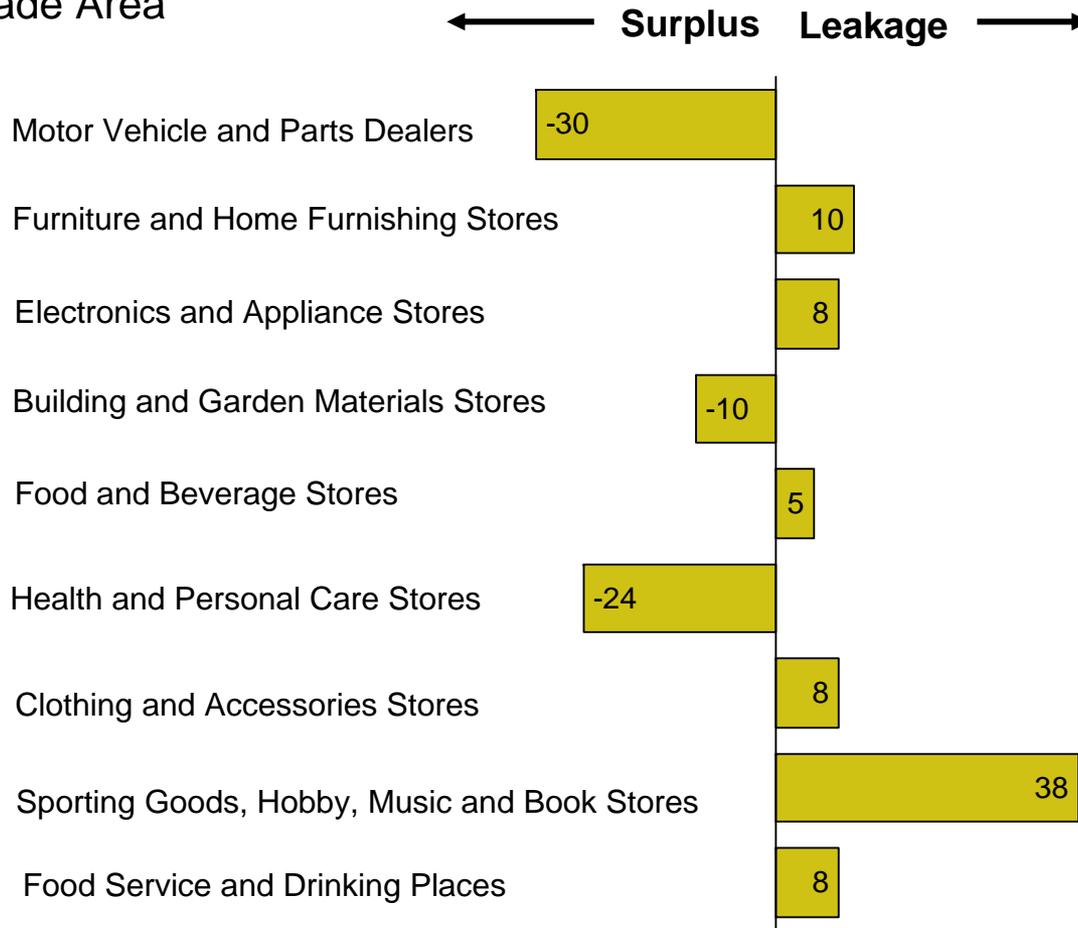
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# NEIGHBORHOOD SHOPPERS ARE BEING PULLED TO OTHER SHOPPING AREAS TO FULFILL THEIR RETAIL NEEDS



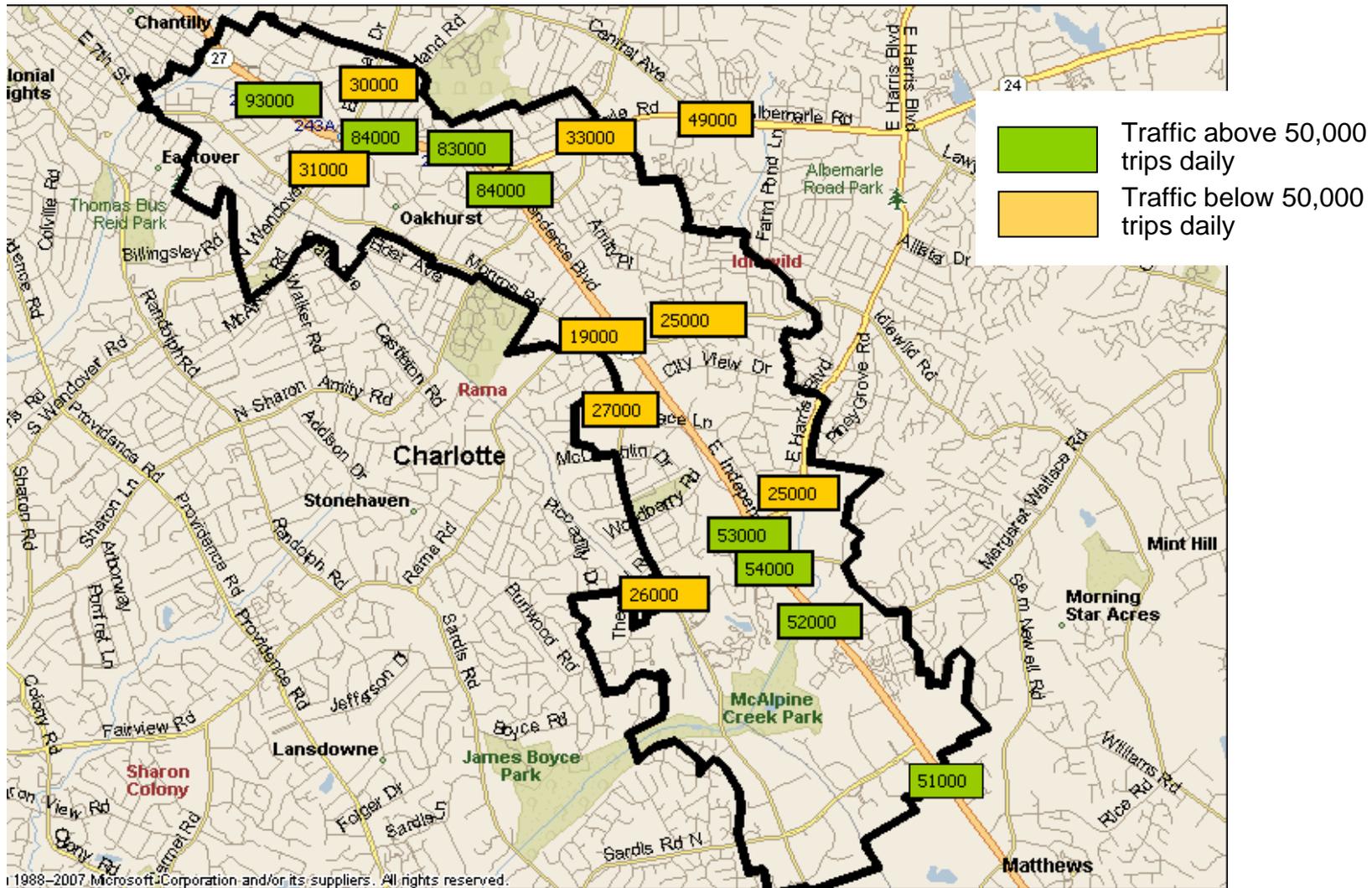
# LEAKAGE OF REGIONAL RETAIL DOLLARS OUTSIDE THE TRADE AREA IMPLIES AN OPPORTUNITY FOR NEW DEVELOPMENT

## Leakage/Surplus Factor by Industry Subsection Regional Trade Area



SOURCE: ESRI

# ALTHOUGH RESIDENTS ARE TRAVELING OUTSIDE THE AREA FOR RETAIL, THERE IS HEAVY TRAFFIC ALONG CORRIDOR AND CROSS STREETS – A KEY FACTOR FOR RETAIL DEVELOPMENT



SOURCE: NCDOT

# RETAIL MARKET SIZING – THROUGH 2012

	REGIONAL	NEIGH N.	NEIGH S.
<b>Population (2012)<sup>1</sup></b>	211,326	31,309	39,121
<b>Per Capita Expenditures<sup>1</sup></b>	\$6,857	\$5,293	\$6,393
<b>Total Retail Trade Potential</b>	<b>\$1,449,062,382</b>	<b>\$165,718,537</b>	<b>\$250,100,553</b>
<b>Percent of Sales (Regional: Local)<sup>2</sup></b>	50%	50%	50%
<b>Trade Area Retail Potential</b>	<b>\$724,531,191</b>	<b>\$82,859,269</b>	<b>\$125,050,277</b>
<b>Average Sales per SF<sup>3</sup></b>	\$211	\$287	\$287
<b>Trade Area Retail Potential (SF)</b>	<b>3,433,797</b>	<b>288,708</b>	<b>435,715</b>
<b>Less: Retail Supply<sup>4</sup></b>	3,134,832	170,155	316,020
<b>Less: Planned Supply</b>	800,000	23,000	34,514
<b>Plus: Obsolete Retail Supply<sup>5</sup></b>	1,779,976	77,655	134,067
<b>Supportable Retail Potential (SF)</b>	<b>1,278,941</b>	<b>173,208</b>	<b>219,248</b>
<b>Site Capture</b>	<b>426,000 (33%)</b>	<b>392,000</b>	

<sup>1</sup> Obtained from ESRI Market Place Report for Independence Boulevard Trade Area.

<sup>2</sup> Per International Council of Shopping Centers (ICSC) percent of sales captured by respective center type.

<sup>3</sup> Average sales per square foot based on ULI – Dollars & Cents of Shopping Centers: 2007

<sup>4</sup> Based on CoStar data for relevant shopping center types. Neighborhood centers are less than 100,000 SF.

<sup>5</sup> Dates shopping centers with low occupancies and losing tenants identified as obsolete or nearing obsolescence.

SOURCE: ESRI, International Council of Shopping Centers (ISCS), ULI: Dollars & Cents of Shopping Centers

# SITE CONTEXT, MARKET SIZE CREATE VARIED OPPORTUNITIES FOR RETAIL WITHIN THE CORRIDOR

Center Type	Avg. Total GLA (SF)	Principal Tenants (SF)	Store Types	Typical Trade Area	Target Pop.	5-mile Study Area Pop. Avg	Opportunity
<b>Super Regional Center</b>	1,000,000	Minimum 3 dept. stores (75,000 each)	Department stores	10 to 15 miles	275,000	202,000	Low
<b>Power Center/ Hybrid</b>	350,000 to 800,000	One dept. store (50,000+) with big box playing significant role	Big box, restaurants, combo of high-end lifestyle tenants	5 to 10 miles	65,000	202,000	Moderate to High
<b>Lifestyle Center</b>	250,000+	High-end retailers	Restaurants, retailers, apparel, gifts	5 to 10 miles	180,000 to 250,000	202,000	Low to Moderate
<b>Urban Entertainment Center</b>	250,000+	Movie theatre (40,000 to 80,000)	Restaurants, retailers, bars anchored by movie theatre	5 to 15 miles	300,000 to 500,000	202,000	Low
<b>Community Center</b>	200,000	Supermarket or dept. store (varies)	Professional services, apparel, home furnishings	5 to 7 miles	25,000	202,000	High
<b>Outlet Center</b>	60,000 to 700,000	Non-anchored with mix of retailers	Apparel with some housewares & electronics	60 miles	Near metros	N/A	Low
<b>Neighborhood Center</b>	20,000 to 100,000	Supermarket	Food, drug, hardware, personal services	2 to 5 miles	15,000	13,100 (within 1-mile)	High

# AGENDA

## ▶ REGIONAL CONTEXT

## ▶ RETAIL MARKET OVERVIEW

## ▶ OFFICE MARKET OVERVIEW

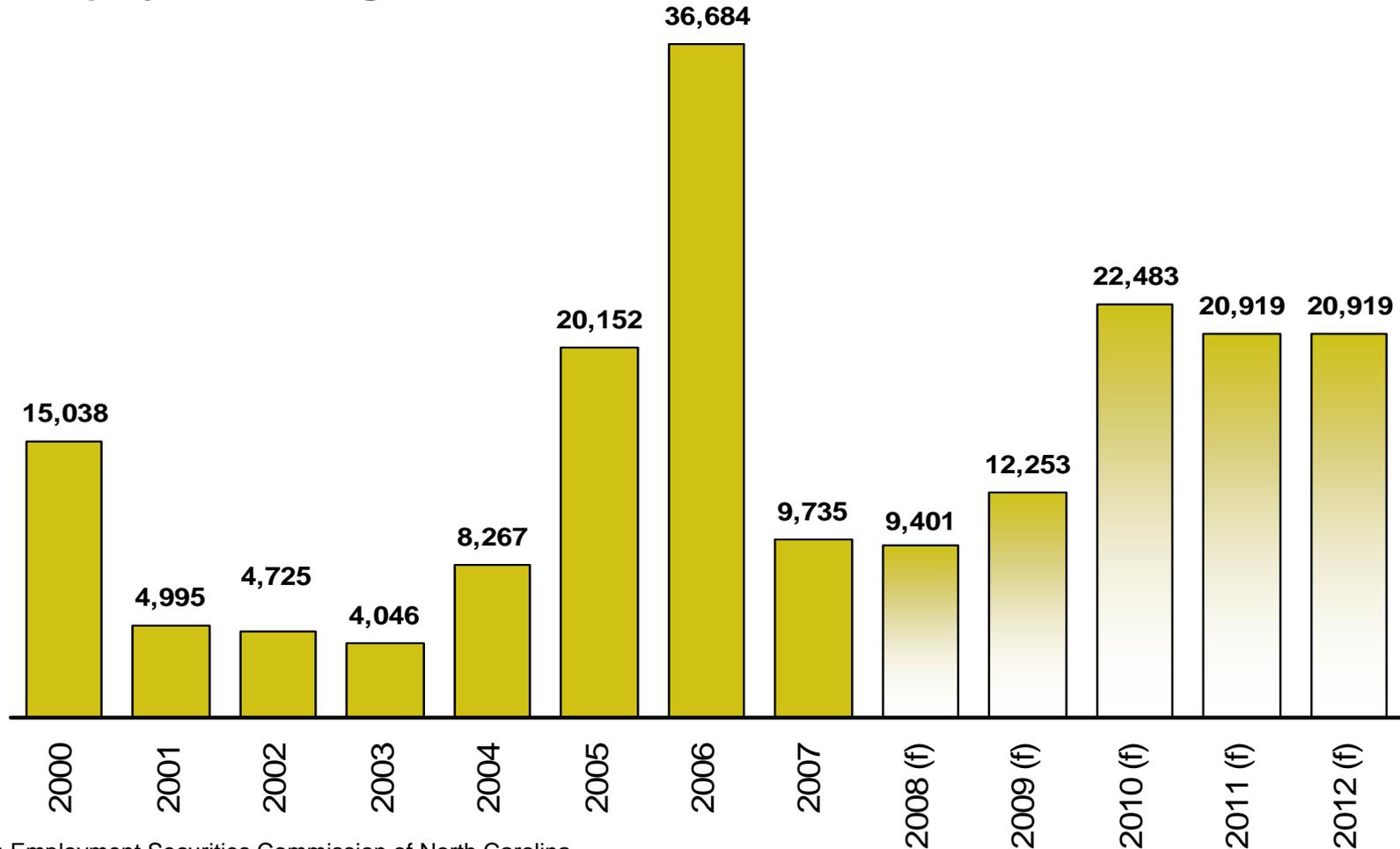
- Lack of supply in Charlotte's Downtown office market has pushed Class A tenants to suburban submarkets with strong amenities such as South Park, Midtown, 51 Perimeter
- Independence Boulevard, which historically has underperformed the local market, lacks the strong amenities, services, and complementary land uses required by tenants
- Historic performance and growth projections point to a limited opportunity for speculative new office space construction in the study area

## ▶ FLEX OFFICE MARKET OVERVIEW

## ▶ RESIDENTIAL MARKET OVERVIEW

# EXPECT STRONG JOB GROWTH NEXT FIVE YEARS AS ECONOMY – ESPECIALLY BANKING - RECOVERS

## Charlotte MSA Annual Employment Change



SOURCE: Employment Securities Commission of North Carolina



# CROWNPOINT/MATTHEWS & EAST SUBMARKET PERFORMING SIGNIFICANTLY BELOW CHARLOTTE AVERAGES

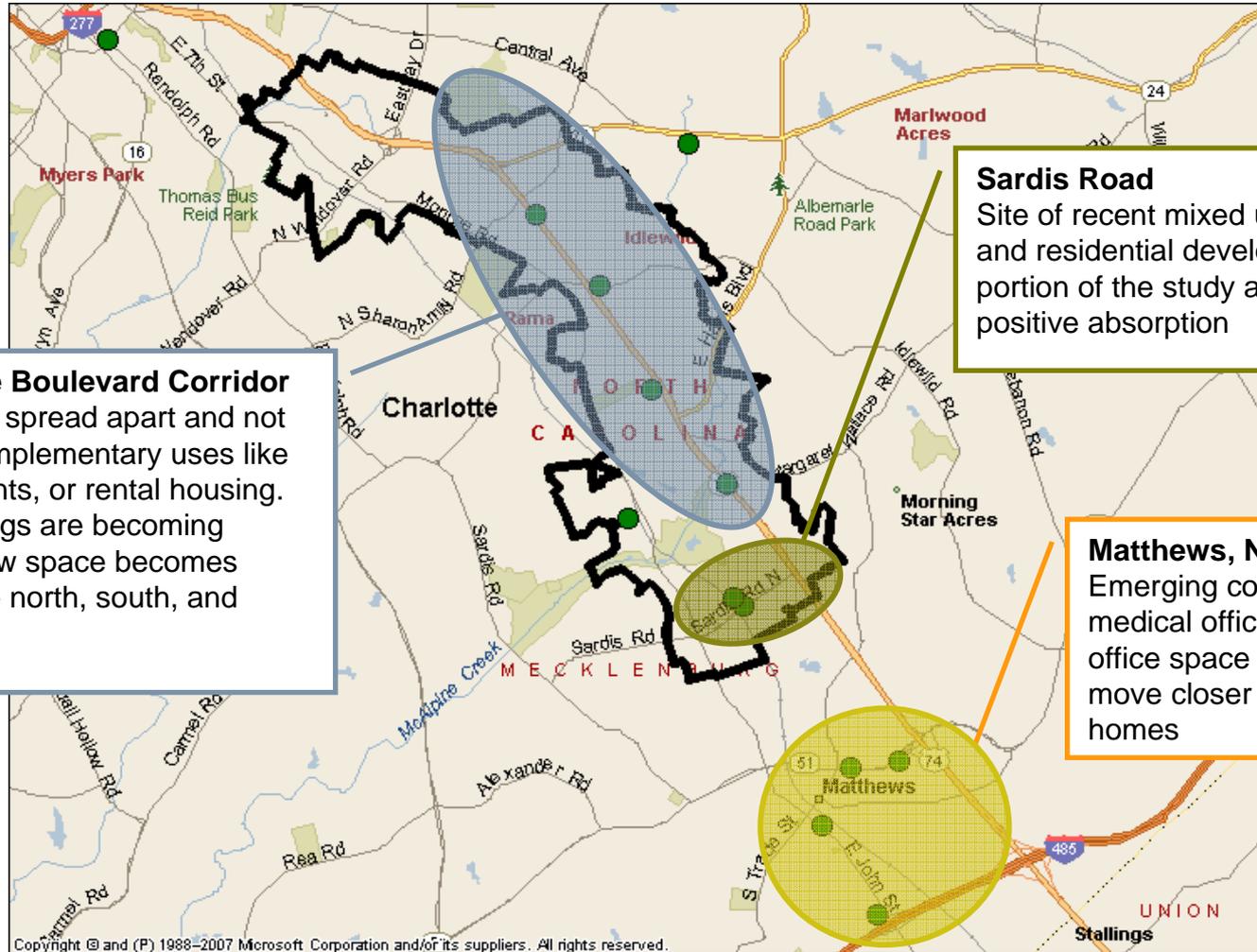
## Charlotte Office Submarkets Class A and B Overview 1<sup>st</sup> Quarter 2008

	Total SF	Vacancy %	Avg. Rent	Proposed SF
Downtown	13,890,000	2.1%	\$25.92	
I-77/Southwest	6,987,000	19.4%	\$17.04	
NC-51/Southeast	4,539,000	8.3%	\$21.71	
Northeast	4,435,000	19.8%	\$17.60	
SouthPark	4,249,000	13.2%	\$24.26	
Midtown	2,928,000	7.1%	\$22.00	
North	2,028,000	10.9%	\$19.74	
<b>Crown Point/ Matthews</b>	<b>1,083,000</b>	<b>20.2%</b>	<b>\$15.61</b>	
<b>East</b>	<b>1,058,000</b>	<b>26.5%</b>	<b>\$15.03</b>	
Park Road	690,000	22.3%	\$16.78	
Cotswold	221,000	18.4%	\$21.56	
<b>TOTAL/Weighted Avg.</b>	<b>42,107,000</b>	<b>10.9%</b>	<b>\$21.67</b>	

- ▶ The Crown Point/Matthews and East submarkets account for **5.6% of total office space** in Charlotte but **10.9% of the vacant space**.

SOURCE: The Karnes Report – Office (includes all multi-tenant buildings with over 15,000 square feet of usable space).

# EXISTING OFFICE SPACE IS NOT IN DESIRABLE LOCATIONS; MOST BUILDINGS ARE CYCLING TOWARD OBSOLESCENCE

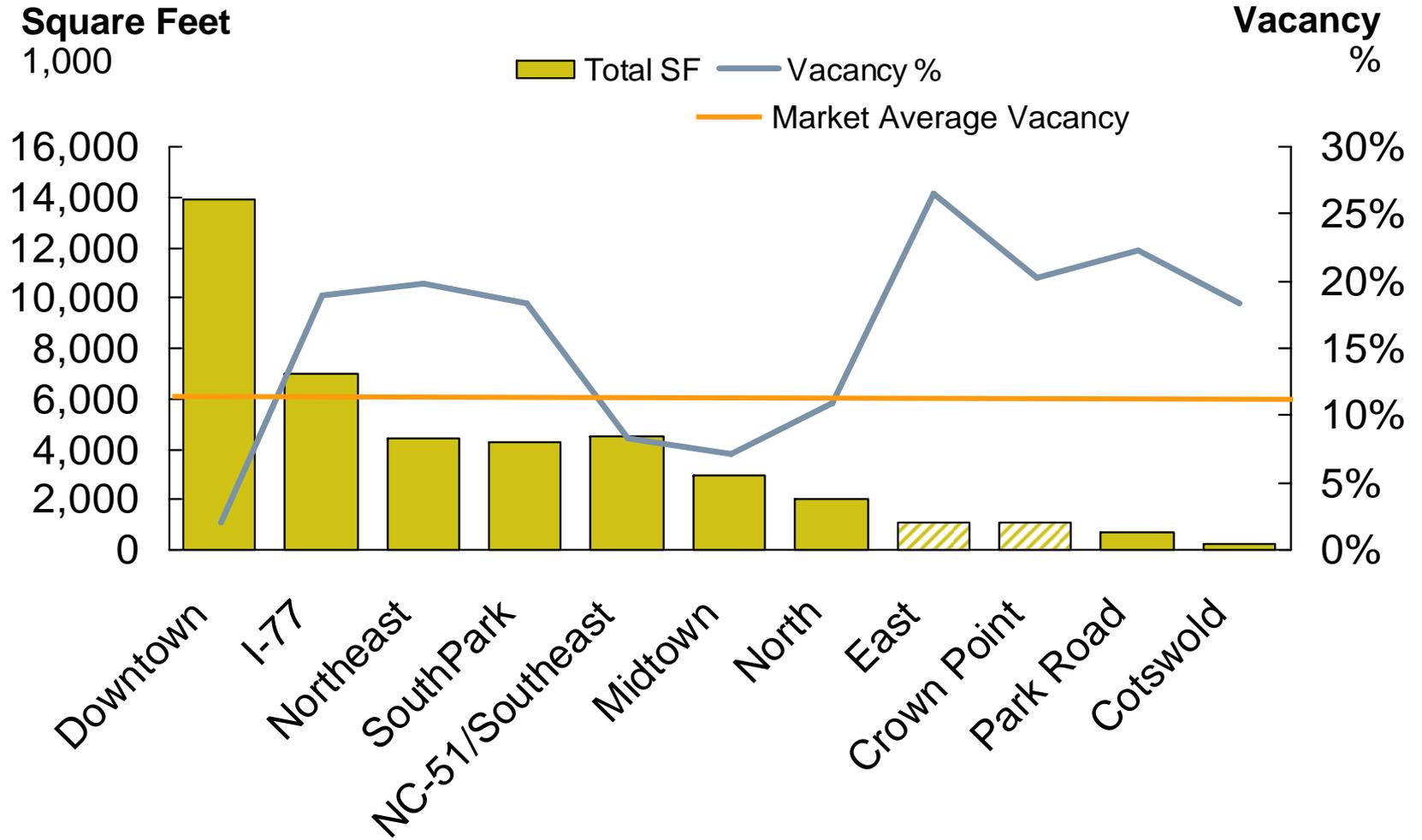


**Independence Boulevard Corridor**  
Office space is spread apart and not adjacent to complementary uses like retail, restaurants, or rental housing. Existing buildings are becoming obsolete as new space becomes available to the north, south, and west.

**Sardis Road**  
Site of recent mixed use retail, office, and residential development. The only portion of the study area netting positive absorption

**Matthews, NC**  
Emerging core of Class A medical office and Class B office space as businesses move closer to employees' homes

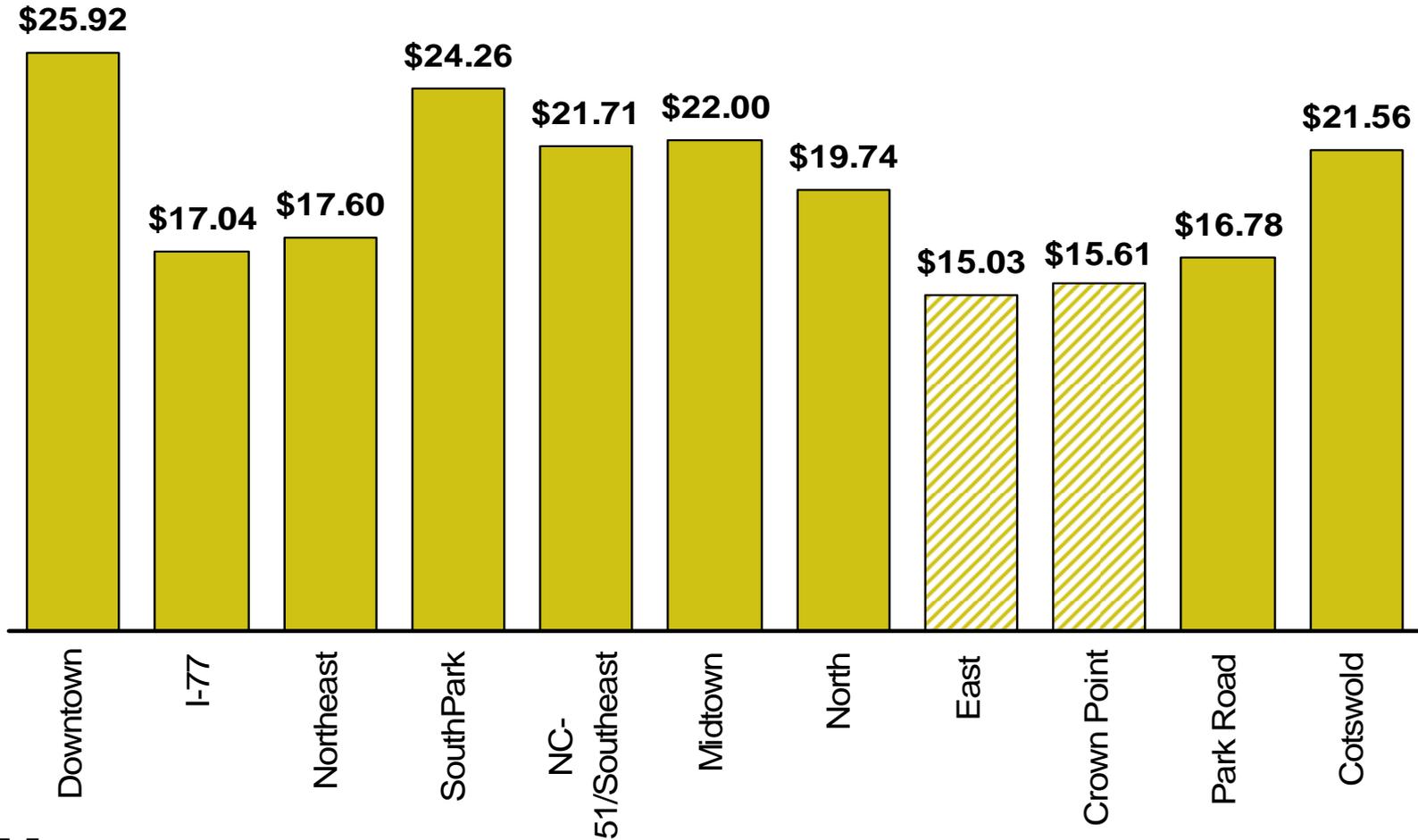
# SUBMARKET OFFICE VACANCIES ARE MORE THAN DOUBLE THE METRO AVERAGE



SOURCE: The Karnes Report - Office

# CROWN POINT/MATTHEWS & EAST SUBMARKETS COMMAND LOWEST RENTS IN THE CHARLOTTE MARKET

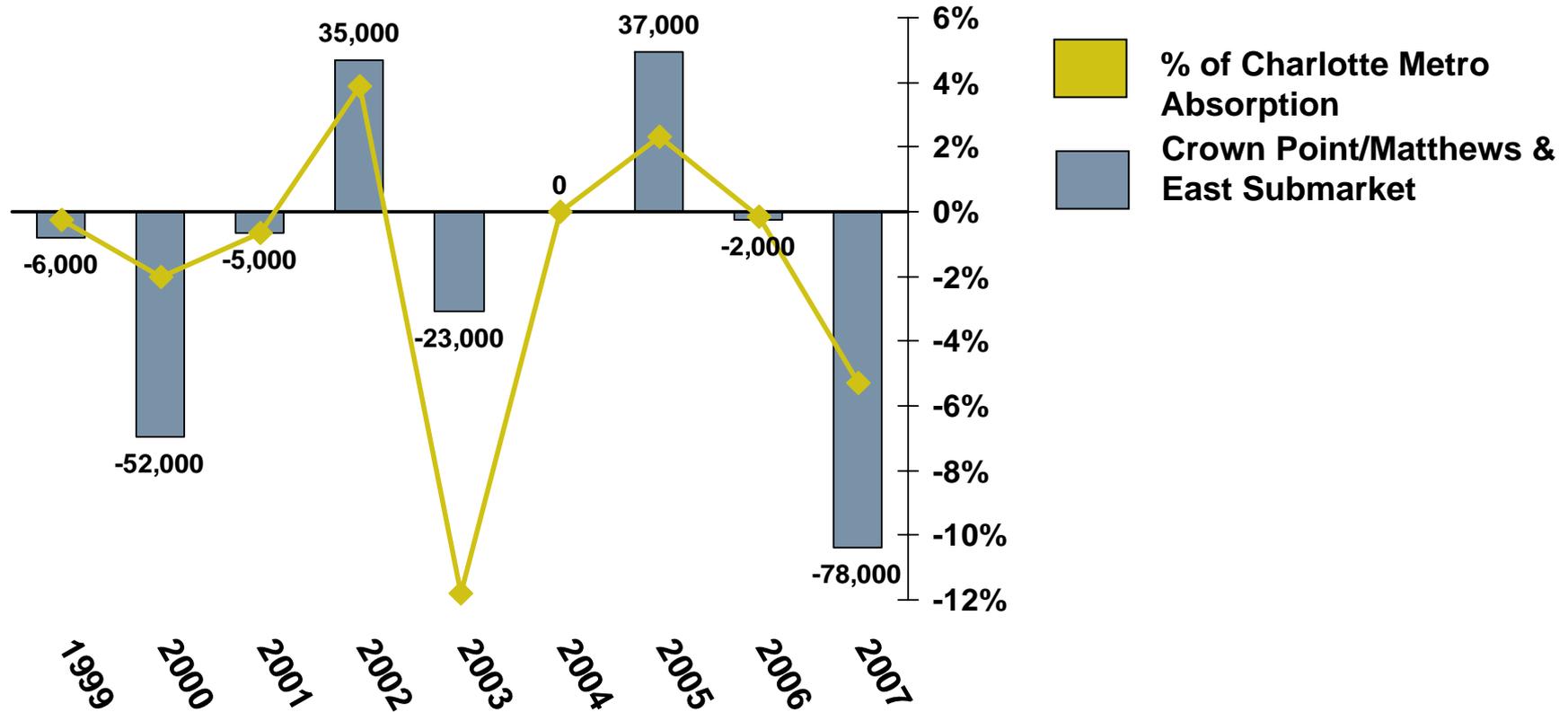
## Charlotte Office Rents



SOURCE: Economy.com

# HISTORICALLY, SUBMARKET HAS ACCOUNTED FOR A NEGLIGIBLE AMOUNT OF OFFICE MARKET ABSORPTION

**Study Area Submarkets - Office Space Absorption By Year**  
Square Feet



SOURCE: The Karnes Report - Office

# COMBINED SUBMARKET OFFICE DEMAND FOR NEXT 5 TO 10 YEARS APPEARS LIMITED

## Office Projected Demand 2008 to 2012

	Employment Growth Avg.	Office Space Absorption Avg.	New Office Space Per Job	Crown Point & East Absorption Avg.	Crown Point & East Absorption as % of CHL
<b>1994 to 2000</b>	17,180	1,578,526	92	55,236	3.5%
<b>2001 to 2008</b>	12,652	934,829	70	481	<b>-0.9%</b>
<b>Average 1994 to 2008</b>	<b>15,237</b>	<b>1,225,221</b>	<b>81</b>	<b>26,033</b>	<b>2.1%</b>

## PROJECTIONS

### Based on More Recent Trends (2001 to 2007)

<b>2009 to 2013</b>	19,249	1,560,000	<b>81</b>	<b>800</b>	<b>0.1%</b>
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<b>5-year total</b>				<b>4,000</b>	
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<b>10-year total</b>				<b>8,000</b>	
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### Assuming Improved Trend

<b>2009 to 2013</b>	19,249	1,560,000	<b>81</b>	<b>26,400</b>	<b>2.1%</b>
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<b>5-year total</b>				<b>132,000</b>	
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<b>10-year total</b>				<b>264,000</b>	
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Source: UPDATE SOURCE, The Karnes Report – Office, RCLCO

# AGENDA

## ▶ REGIONAL CONTEXT

## ▶ RETAIL MARKET OVERVIEW

## ▶ OFFICE MARKET OVERVIEW

## ▶ FLEX OFFICE MARKET OVERVIEW

- The flex office space market has traditionally not been a strong performer in the Charlotte market
  - The total market has absorbed an average of just 155,000 square feet annually since 1999
- During the same period the submarkets in which the Independence Blvd corridor lies experienced a net loss of flex office space
- Corridor is currently not positioned to play a significant role in any flex office space expansion

## ▶ RESIDENTIAL MARKET OVERVIEW

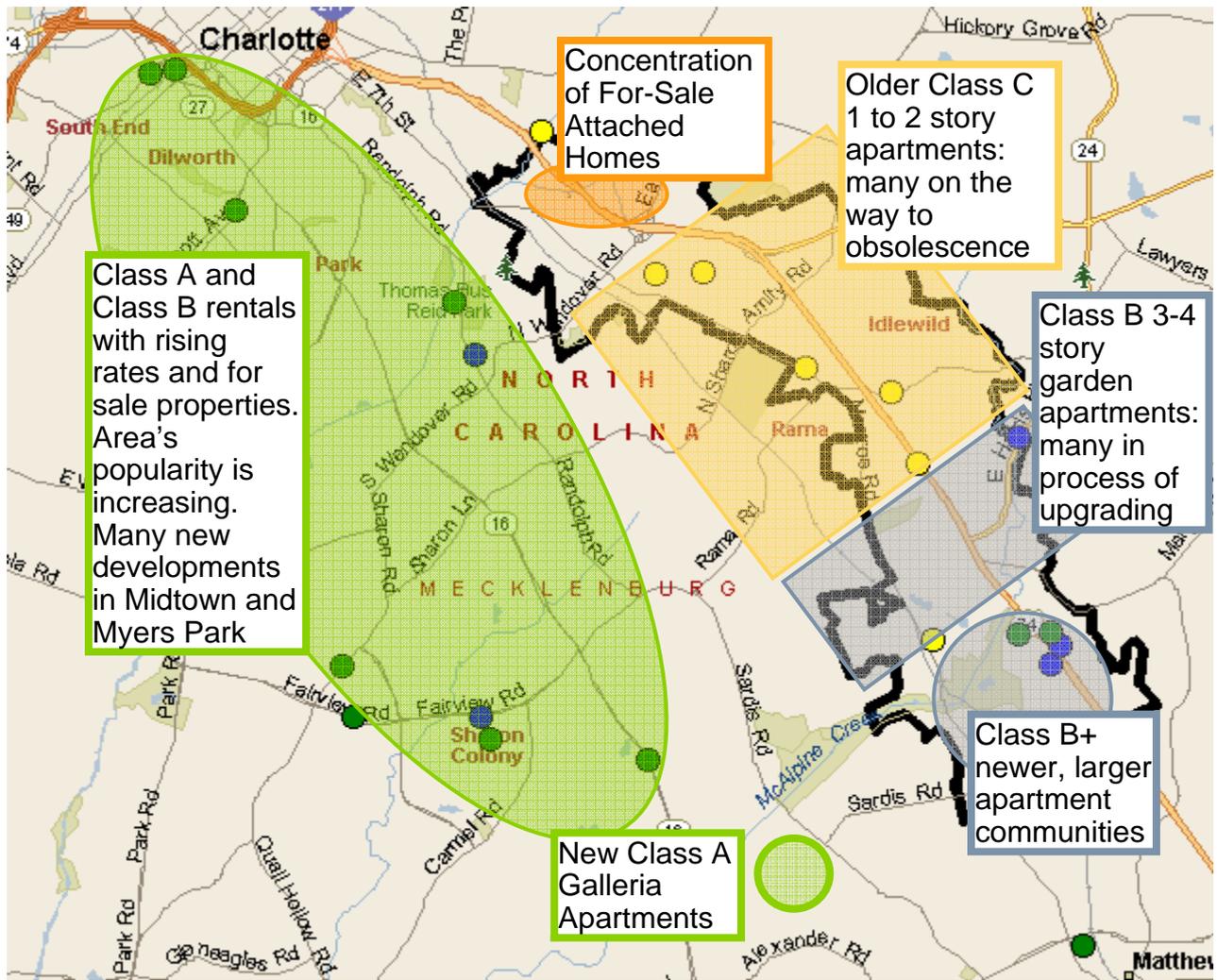
# AGENDA

- ▶ REGIONAL CONTEXT
- ▶ RETAIL MARKET OVERVIEW
- ▶ OFFICE MARKET OVERVIEW
- ▶ FLEX OFFICE MARKET OVERVIEW

## ▶ RESIDENTIAL MARKET OVERVIEW

- Charlotte market has seen increased acceptance of multifamily living during recent expansion
- The corridor's proximity to Downtown and its surrounding intown neighborhoods could yield a strong multifamily opportunity along the corridor
- Higher density apartment communities could be oriented toward Independence Blvd. given its direct access to downtown Charlotte and skyline views

# NEW FOR SALE AND RENTAL MULTIFAMILY IS CLUSTERED IN THE NORTHERN AND SOUTHERN ENDS OF THE STUDY AREA



## Apartment Classifications

- **Class A:** Apartment communities in the most favorable locations, newer build, with high levels of unit features and community amenities. They compete for residents willing to pay rents above average for the area.
- **Class B:** Locations are less favorable, older than Class A. Property finishes and amenities are fair to good, but the apartment community does not compete with Class A at the same price.
- **Class C/C-:** Apartment communities that are located in unfavorable areas, older construction with varying degrees of deferred maintenance.
- Selected multifamily communities

# STUDY AREA DID NOT EXPERIENCE INCREASED RESIDENTIAL CONSTRUCTION THAT OCCURRED IN SUBURBS & UPTOWN

## *Surveyed new construction or conversion actively-selling communities in the study area:*

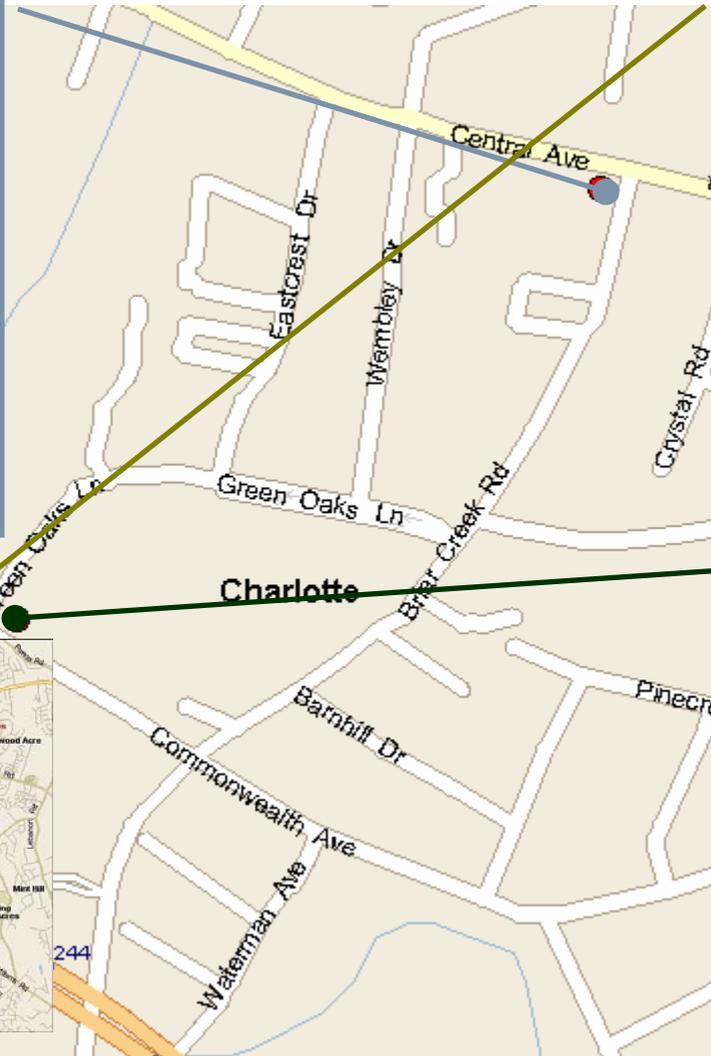
### **Key Findings**

<b><i>Primary Location of Communities:</i></b>	New multifamily communities positioned on the northern portion of corridor closest to Downtown near Central Ave.
<b><i>Primary orientation:</i></b>	Primarily affordable attached starter homes consisting of both new construction and rental conversions.
<b><i>Avg. Price Range: For-sale</i></b>	\$127,00 to \$225,000
<b><i>Unit Size Range:</i></b>	900 to 1,700 square feet
<b><i>Value Ratio: For-sale</i></b>	\$83/sf to \$236/sf

# FOR-SALE PROJECTS UNDER DEVELOPMENT GENERALLY PRICED AS A VALUE RELATIVE TO ESTABLISHED AREAS



**The Vyne**  
 New Development  
 99 units  
 Unit Size: 785-994 SF  
 Pricing: \$150K-\$180  
 Value Ratio: \$186/SF



**Jamestowne Commons**  
 Condo Conversion  
 20 of 72 under contract  
 Avg. Unit Size: 900 SF  
 Avg. Pricing: \$129K  
 Value Ratio: \$143/SF



**Williamsburg on Commonwealth**  
 Condo Conversion  
 198 units  
 Unit Size: 864-964SF; 914 Avg.  
 Pricing: \$130K to \$150K  
 Value Ratio: \$154/SF

# EAST CHARLOTTE APARTMENT MARKET IS PERFORMING BELOW THE OVERALL MARKET

## *Surveyed apartment communities in the study area:*

### **Key Findings**

<b><i>Primary Location of Communities:</i></b>	Larger, more up to date garden style communities clustered in the southern portion of the corridor near Sardis Road and throughout the corridor. Smaller older communities present near Briar Creek Road.
<b><i>Primary orientation:</i></b>	Dated garden-style apartments with average of 180 units and majority built prior to 1990
<b><i>Total Units</i></b>	16,135 (17% of the overall Charlotte market)
<b><i>Vacancy:</i></b>	9.0% vacancy (Above Charlotte average of 7.5%)
<b><i>Avg. Price Range:</i></b>	(Charlotte Average \$727)
<b><i>Class A</i></b>	\$858
<b><i>Class B</i></b>	\$760-\$640
<b><i>Class C</i></b>	\$640-\$473
<b><i>Unit Size Range:</i></b>	550 to 1,400 square feet
<b><i>Value Ratio: Rental</i></b>	\$0.61/square foot to \$0.96/square foot

SOURCE: Carolina Real Data,

# SAMPLE APARTMENT COMMUNITIES IN THE SOUTHERN PORTION OF THE SITE RANGE IN SIZE, PRICE, AND CLASS

## Matthews Crossing

Built 1990/ Reno. 2000, Class B  
 460 Units  
 Avg. Unit Size: 1,034  
 Rent per SF: \$0.73

## Mission Matthews Place

Built 1994, Class B  
 392 units  
 Avg. Unit Size: 891  
 Rent per SF: \$0.85

## McAlpine Ridge

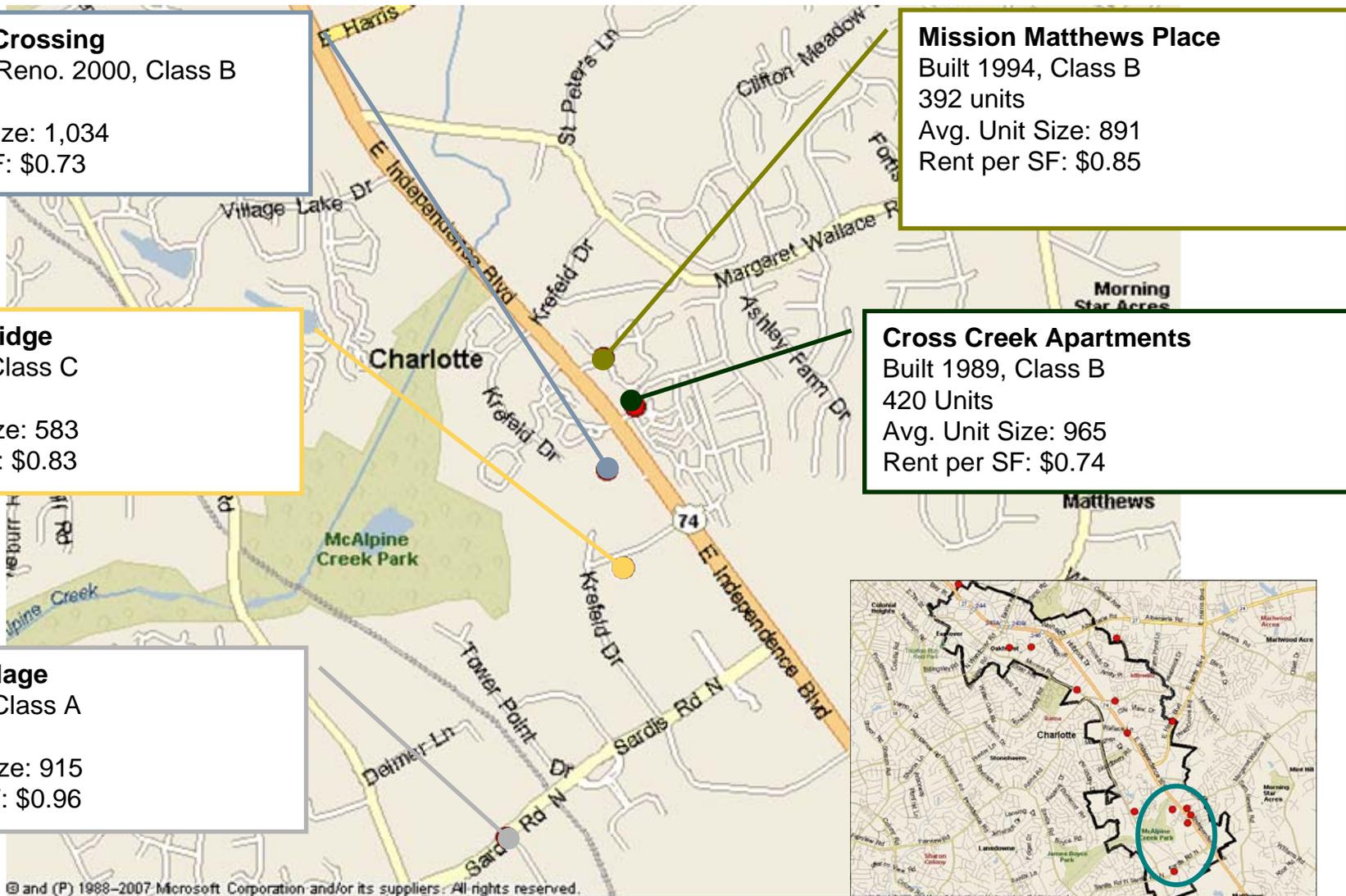
Built 1989, Class C  
 320 Units  
 Avg. Unit Size: 583  
 Rent per SF: \$0.83

## Cross Creek Apartments

Built 1989, Class B  
 420 Units  
 Avg. Unit Size: 965  
 Rent per SF: \$0.74

## Galleria Village

Built 2005, Class A  
 210 Units  
 Avg. Unit Size: 915  
 Rent per SF: \$0.96



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# DEMAND EXISTS FOR NEW, MORE MODERN RENTAL APARTMENT PRODUCT WITHIN THE CORRIDOR

## Rental Projected Annual Demand

INCOME QUALIFICATION	RENTAL AMOUNT	PROJECTED CHARLOTTE MSA DEMAND	EAST CHARLOTTE/ INDEPENDENCE CAPTURE
Below \$35k	Below \$610	1888	
\$35k to \$55k	\$610 to \$960	944	57
\$55k to \$70k	\$960 to \$1,230	529	32
\$70k to \$90k	\$1,230 to \$1,580	266	16
\$90k to \$110k	\$1,580 to \$1,930	109	-
\$110k to \$150k	\$1,930 to \$2,630	68	-
Above \$150k	Above \$2,630	23	-
	<b>TOTAL</b>	<b>3,827</b>	<b>105</b>

***RCLCO projects that the East Charlotte/Independence blvd submarket could support 525 new class a/b rental units over the next five years (~2 projects).***

SOURCE: Claritas Data, RCLCO      Note: The East Charlotte/Independence area for apartments is slightly larger than the study area as it extends from the west boundary of the study area to I-485. Demand for new apartments does not assume the redevelopment of any existing apartment communities.

# THE CORRIDOR'S CHARACTER LENDS ITSELF WELL TO THE DEVELOPMENT OF FOR-SALE ATTACHED PRODUCT TYPES

## Attached For-Sale Projected Annual Demand

INCOME QUALIFICATION	HOME PRICE RANGE (3.25X INCOME)	PROJECTED CHARLOTTE MSA DEMAND	EAST CHARLOTTE/ INDEPENDENCE CAPTURE
Below \$35k	Below \$114k	1,692	-
\$35k to \$55k	\$114k to \$179k	1,499	69
\$55k to \$70k	\$179k to \$228k	992	30
\$70k to \$90k	\$228k to \$293k	657	20
\$90k to \$110k	\$293k to \$358k	328	10
\$110k to \$150k	\$358k to \$488k	306	-
Above \$150k	Above \$488k	295	-
<b>TOTAL</b>		<b>5,769</b>	<b>129</b>

***An additional 645 for-sale attached units could be delivered over the next five years, that could also be developed as rental given short-term market conditions.***

SOURCE: Claritas Data, RCLCO Note: The East Charlotte/Independence area for for-sale product is the same as the study area. Demand for new attached product does not assume the redevelopment of any existing communities.

# INCREASED PUBLIC AND PRIVATE INVESTMENT ALONG MONROE AND CENTRAL WILL BOOST SINGLE-FAMILY PROPERTY VALUES, CATALYZING DEMAND FOR HOMES

## NEIGHBORHOOD VALUES WILL RISE

- ▶ With revitalization and new retail investment in the corridor, neighborhoods will become more desirable and existing single-family property values will increase
- ▶ The planned transit system will transform blighted retail space along Independence into transit hubs for local residents
- ▶ Residential property value increases will drive demand for homes in the area including home renovations and vacant lot purchases
- ▶ Over time the “missing teeth” or empty lots in the corridor’s neighborhoods should fill in, further increasing the demand for desirable retail
- ▶ Proper planning and mixing of uses will foster the growth of desirable, walkable neighborhoods with easy, efficient transit access to greater Charlotte



# CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report are based on our analysis of the information available to us from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

Our conclusions and recommendations are based on certain assumptions about the future performance of the global, national, and/or local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing conclusions and making the appropriate recommendations. However, given the fluid and dynamic nature of the economy and real estate markets, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions and recommendations periodically to ensure that they stand the test of time.

We assume that, in the future, the economy and real estate markets will grow at a stable and moderate rate. However, history tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical and that the real estate markets are typically highly sensitive to business cycles. Our analysis does not necessarily take into account the potential impact of major economic "shocks" on the national and/or local economy and does not necessarily account for the potential benefits from a major "boom." Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. The future is always difficult to predict, particularly given changing consumer and market psychology. Therefore, we recommend the close monitoring of the economy and the marketplace. The project and investment economics should be "stress tested" to ensure that potential fluctuations in the economy and real estate market conditions will not cause failure.

In addition, we assume that economic, employment, and household growth will occur more or less in accordance with current expectations, along with other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer confidence; in the cost of development and construction; in tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth); or in the availability and/or cost of capital and mortgage financing for real estate developers, owners, and buyers. Should any of the above change, this analysis should probably be updated, with the conclusions and recommendations summarized herein reviewed accordingly (and possibly revised).

We also assume that competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand. Finally, we assume that major public works projects occur and are completed as planned.

# GENERAL LIMITING CONDITIONS

Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.

**This engagement was conducted by Jon Trementozzi, Senior Consultant; Elisabeth Kulinski, Associate; and Bryan Hollander, Associate, under the direction of Jonathan Bartlett, Vice President. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCO advisory services, please call (404) 601-0556.**



# Exhibits

## LIST OF EXHIBITS

### I. ECONOMICS & DEMOGRAPHICS

- Exhibit I-1* Non-Agricultural Employment by Super Sector; Mecklenburg County, North Carolina, & the United States; Through 2006
- Exhibit I-2* Household In-Migration; Mecklenburg County, NC; 2004 - 2005
- Exhibit I-3* Population and Household Growth Trends and Projections; Charlotte MSA, Mecklenburg County, Independence Blvd. Study Area; 1990 - 2012
- Exhibit I-4* Comparison of Household Income Distributions; Charlotte MSA, Mecklenburg County, Independence Blvd. Study Area; 2007 – 2012
- Exhibit I-5* Comparison of Householder Age Distributions; Charlotte MSA, Mecklenburg County, Independence Blvd. Study Area; 2007 – 2012
- Exhibit I-6* Distribution of Persons Per Household; Charlotte MSA, Mecklenburg County, Independence Blvd. Study Area; 2007

### II. RETAIL

- Exhibit II-1* Map of Selected Neighborhood – Community & Regional Retail Centers; Charlotte, NC; July 2008
- Exhibit II-2* Summary of Selected Retail Space; Independence Corridor; July 2008
- Exhibit II-3A* Traffic Counts; Independence Corridor; Briar Creek Node; 2006
- Exhibit II-3B* Traffic Counts; Independence Corridor: Idlewild Node; 2006
- Exhibit II-3C* Traffic Counts; Independence Corridor: E. Harris Blvd./ Margaret Wallace Rd.; 2006

# GLATTING JACKSON

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*Exhibit II-3D* Traffic Counts; Independence Corridor: Sardis Rd Node; 2006

## **III. OFFICE**

*Exhibit III-1* Summary of Area Office Developments; Independence Boulevard; Charlotte, NC; July 2008

*Exhibit III-2* Summary of Select Competitive Office Properties; Independence Boulevard; Charlotte, NC; July 2008

## **IV. RESIDENTIAL**

*Exhibit IV-1* Map of Selected Competitive For-Sale Communities; Charlotte, NC; July 2008

*Exhibit IV-2* Select For-Sale Communities; Charlotte, NC; July 2008

*Exhibit IV-3* Map of Selected Competitive Apartment Communities; Charlotte, NC; July 2008

*Exhibit IV-4* Select Apartment Communities; Charlotte, NC; July 2008

# GLATTING JACKSON

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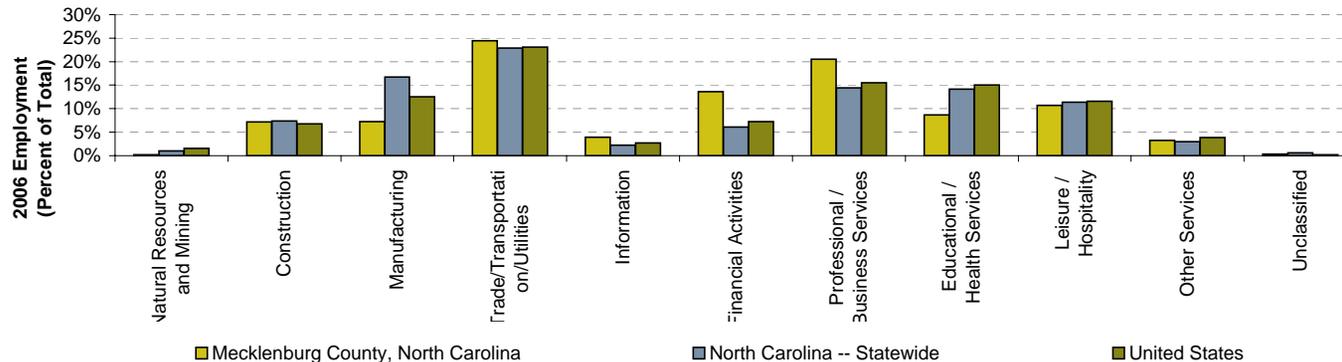
## I. ECONOMICS & DEMOGRAPHICS

# GLATTING JACKSON

Exhibit I-1

## NON-AGRICULTURAL EMPLOYMENT BY SUPER SECTOR MECKLENBURG COUNTY, NORTH CAROLINA, & THE UNITED STATES THROUGH 2006

SUPER SECTOR	MECKLENBURG COUNTY, NC				N. CAROLINA		UNITED STATES	
	TOTAL	PERCENT TOTAL	LQ VS. TX <sup>1</sup>	EMPLOYMENT TYPE <sup>2</sup>	TOTAL	PERCENT TOTAL	TOTAL	PERCENT TOTAL
Natural Resources and Mining	1,003	0.2%	0.21	Non-Basic	32,999	1.0%	1,776,777	1.6%
Construction	34,814	7.2%	1.07	Basic	244,888	7.4%	7,602,148	6.7%
Manufacturing	34,923	7.2%	0.58	Non-Basic	553,483	16.7%	14,110,663	12.5%
Trade/Transportation/Utilities	118,046	24.4%	1.06	Basic	756,723	22.9%	26,006,269	23.1%
Information	18,843	3.9%	1.45	Basic	73,172	2.2%	3,040,577	2.7%
Financial Activities	65,610	13.6%	1.88	Basic	202,415	6.1%	8,162,063	7.2%
Professional / Business Services	98,984	20.5%	1.32	Basic	477,384	14.4%	17,469,679	15.5%
Educational / Health Services	41,910	8.7%	0.58	Non-Basic	467,884	14.2%	16,916,228	15.0%
Leisure / Hospitality	51,544	10.7%	0.92	Non-Basic	376,394	11.4%	13,024,615	11.6%
Other Services	15,689	3.2%	0.84	Non-Basic	99,206	3.0%	4,364,889	3.9%
Unclassified	1,707	0.4%	1.63	Basic	20,849	0.6%	244,951	0.2%
<b>Total Nonagricultural</b>	<b>483,073</b>				<b>3,305,397</b>		<b>112,718,859</b>	



<sup>1</sup> Location Quotient: Analytical technique used to compare the local economy to a reference economy, by which specializations in the local economy are identified

<sup>2</sup> LQ < 1.0: Non-Basic (Industry not meeting local demand) LQ = 1.0: Non-Basic (Industry meeting local demand, no exports) LQ > 1.0: Basic (Industry meeting local demand and exporting)

SOURCE: Bureau of Labor Statistics

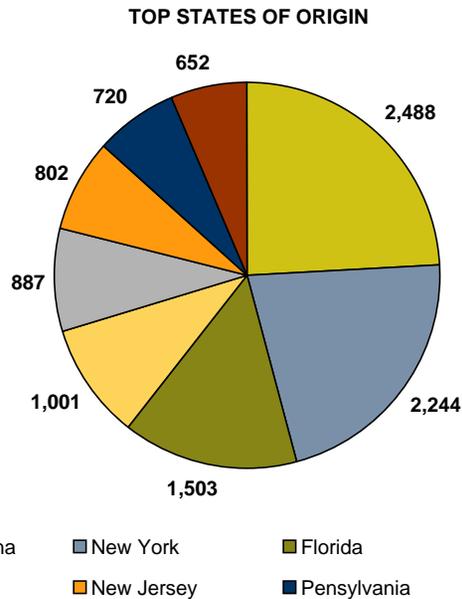
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Exhibit I-2

## HOUSEHOLD IN-MIGRATION MECKLENBURG COUNTY, NC 2004 - 2005

Mecklenburg County is a large employment generator in the South East. Many residents from neighboring counties and states come to Mecklenburg county for its employment. Financial employment in particular attracts residents from states such as New York and New Jersey with equally large financial institutions.

IN-MIGRATION DISTRIBUTION	DOMESTIC IN-MIGRANTS	% OF TOTAL IN-MIGRATION
Same State In-Migration	8,517	32.0%
Different State In-Migration	18,136	68.0%
<b>TOTAL DOMESTIC IN-MIGRATION</b>	<b>26,653</b>	<b>100%</b>



### TOP COUNTIES OF ORIGIN

STATE	COUNTY	DOMESTIC IN-MIGRANTS	% OF DOMESTIC IN-MIGRATION
NC	Union County	1,153	4.3%
NC	Cabarrus County	988	3.7%
NC	Gaston County	854	3.2%
SC	York County	703	2.6%
NC	Iredell County	612	2.3%
NC	Wake County	581	2.2%
NC	Guilford County	504	1.9%
NC	Forsyth County	381	1.4%
SC	Richland County	284	1.1%
NY	Queens County	276	1.0%
NY	Suffolk County	265	1.0%
NC	Lincoln County	241	0.9%
<b>SUB-TOTAL</b>		<b>6,842</b>	<b>26%</b>
<b>TOTAL DOMESTIC IN-MIGRATION</b>		<b>26,653</b>	<b>100%</b>

### TOP STATES OF ORIGIN

STATE	DOMESTIC IN-MIGRANTS	% OF DOMESTIC IN-MIGRATION	
South Carolina	2,488	9.3%	
New York	2,244	8.4%	
Florida	1,503	5.6%	
Virginia	1,001	3.8%	
Georgia	887	3.3%	
New Jersey	802	3.0%	
Pennsylvania	720	2.7%	
Ohio	652	2.4%	
<b>SUB-TOTAL</b>		<b>10,297</b>	<b>39%</b>
<b>TOTAL DOMESTIC IN-MIGRATION</b>		<b>26,653</b>	<b>100%</b>

SOURCE: Internal Revenue Service; RCLCO

# GLATTING JACKSON

## Exhibit I-3

### POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS CHARLOTTE MSA, MECKLENBURG COUNTY, INDEPENDENCE BLVD. STUDY AREA 1990 - 2012

	CENSUS		ESTIMATED	PROJECTED	ANNUAL NUMERIC CHANGE			COMPOUND ANNUAL GROWTH RATE		
	1990	2000	2007	2012	1990-2000	2000-2007	2007-2012	1990-2000	2000-2007	2007-2012
<b>Independence Blvd. Study Area</b>										
Population	33,996	42,638	43,405	44,537	864	110	226	2.3%	0.3%	0.5%
Households	15,249	18,309	18,819	19,392	306	73	115	1.8%	0.4%	0.6%
Household Size	2.23	2.33	2.31	2.30						
<b>Mecklenburg County</b>										
Population	511,163	695,454	827,744	922,176	18,429	18,899	18,886	3.1%	2.5%	2.2%
Households	200,101	273,416	330,494	370,849	7,332	8,154	8,071	3.2%	2.7%	2.3%
Household Size	2.55	2.54	2.50	2.49						
<b>Charlotte MSA</b>										
Population	1,024,331	1,330,448	1,580,079	1,758,436	30,612	35,662	35,671	2.6%	2.5%	2.2%
Households	387,788	510,516	614,864	688,626	12,273	14,907	14,752	2.8%	2.7%	2.3%
Household Size	2.64	2.61	2.57	2.55						
<b>Independence Blvd. Study Area as a % of MSA</b>										
Population	3.3%	3.2%	2.7%	2.5%	2.8%	0.3%	0.6%			
Households	3.9%	3.6%	3.1%	2.8%	2.5%	0.5%	0.8%			

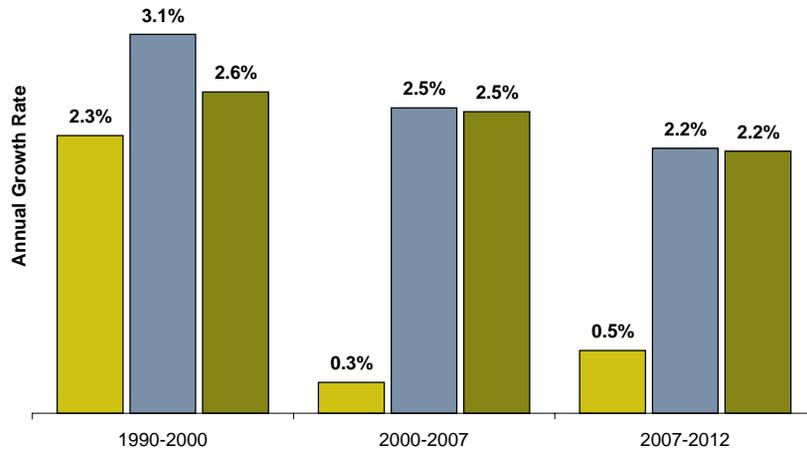
*The greater Charlotte metropolitan area and Mecklenburg County have been growing steadily since 1990 and are projected to continue this trend in to 2012. The steady population growth is attributed to the burgeoning financial institutions and subsequent employment growth in downtown Charlotte. Even with its close proximity to Downtown Charlotte, the Independence Boulevard primary market area does not show the same trend and has been growing at a much slower place than the region.*

SOURCE: Claritas, Inc.

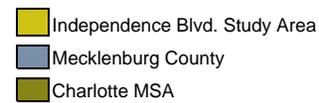
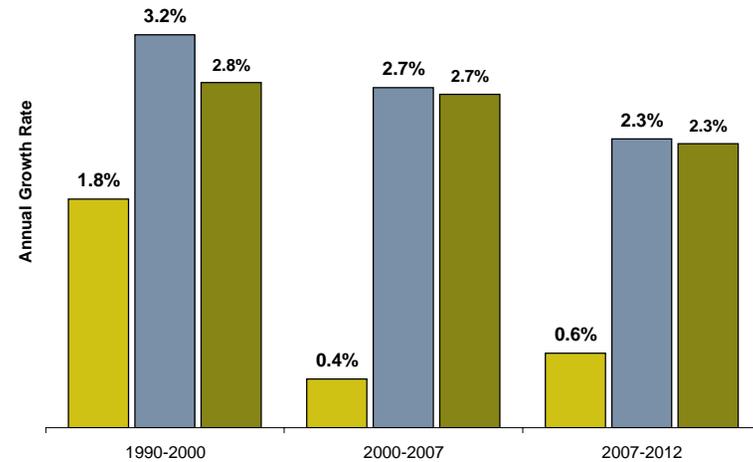
*Exhibit I-3*

**POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS  
CHARLOTTE MSA, MECKLENBURG COUNTY, INDEPENDENCE BLVD. STUDY AREA  
1990 - 2012**

**POPULATION COMPOUND ANNUAL GROWTH BY AREA**



**HOUSEHOLD COMPOUND ANNUAL GROWTH BY AREA**

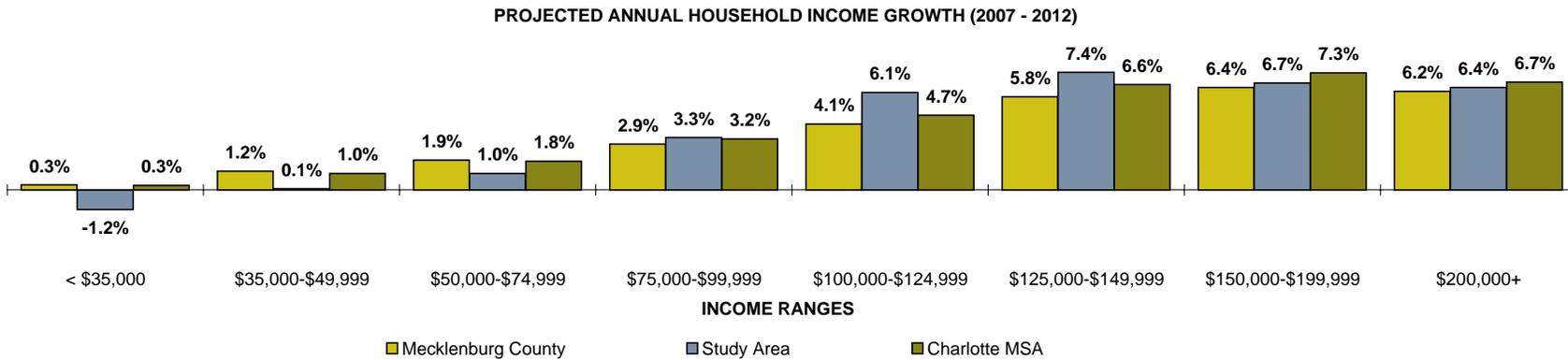
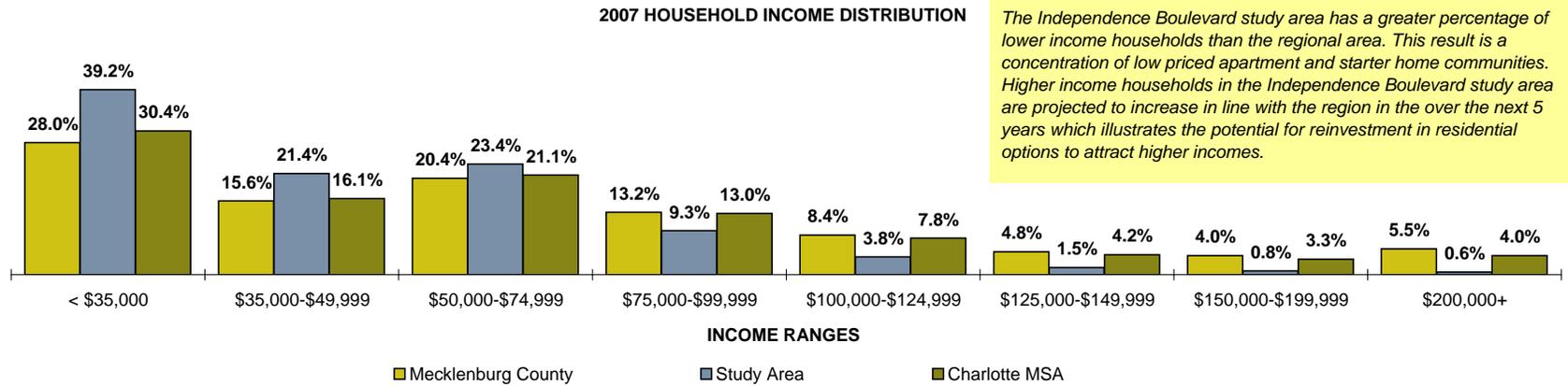


SOURCE: Claritas, Inc.

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Exhibit I-4

## COMPARISON OF HOUSEHOLD INCOME DISTRIBUTIONS CHARLOTTE MSA, MECKLENBURG COUNTY, INDEPENDENCE BLVD. STUDY AREA 2007 - 2012



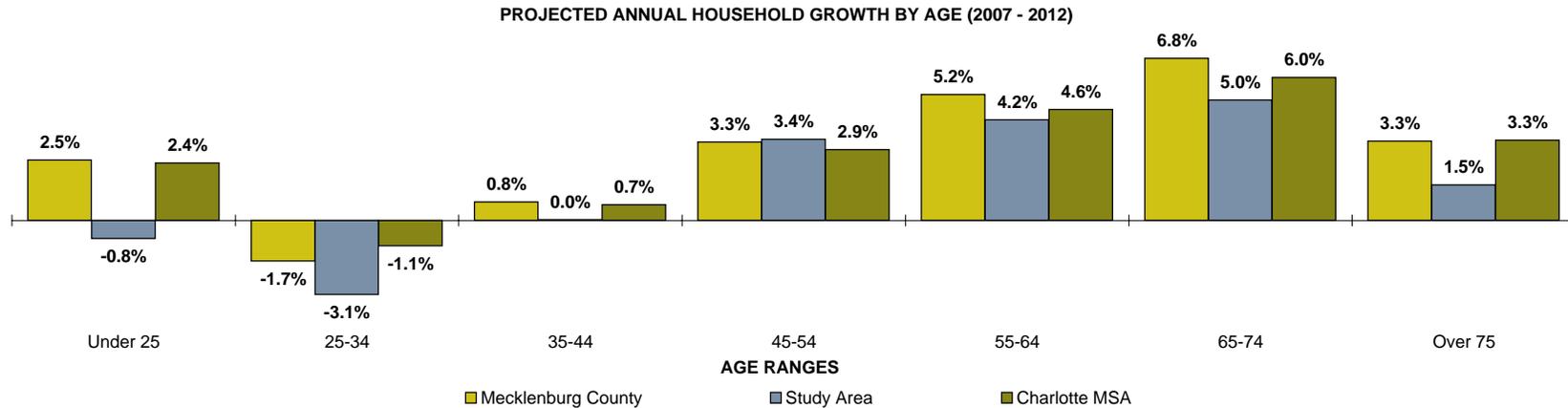
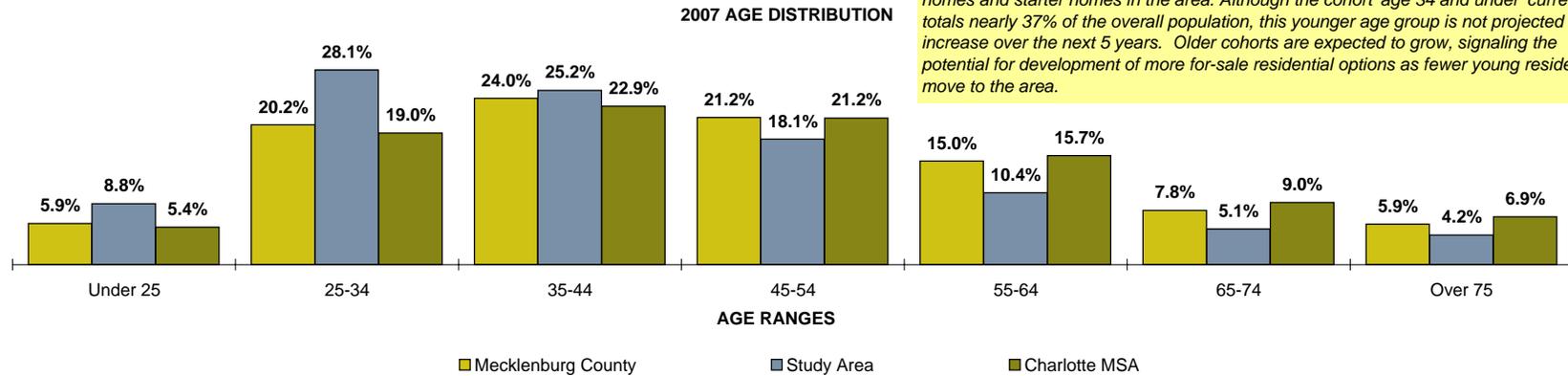
SOURCE: Claritas, Inc.

# GLATTING JACKSON

Exhibit I-5

## COMPARISON OF HOUSEHOLDER AGE DISTRIBUTIONS CHARLOTTE MSA, MECKLENBURG COUNTY, INDEPENDENCE BLVD. STUDY AREA 2007 - 2012

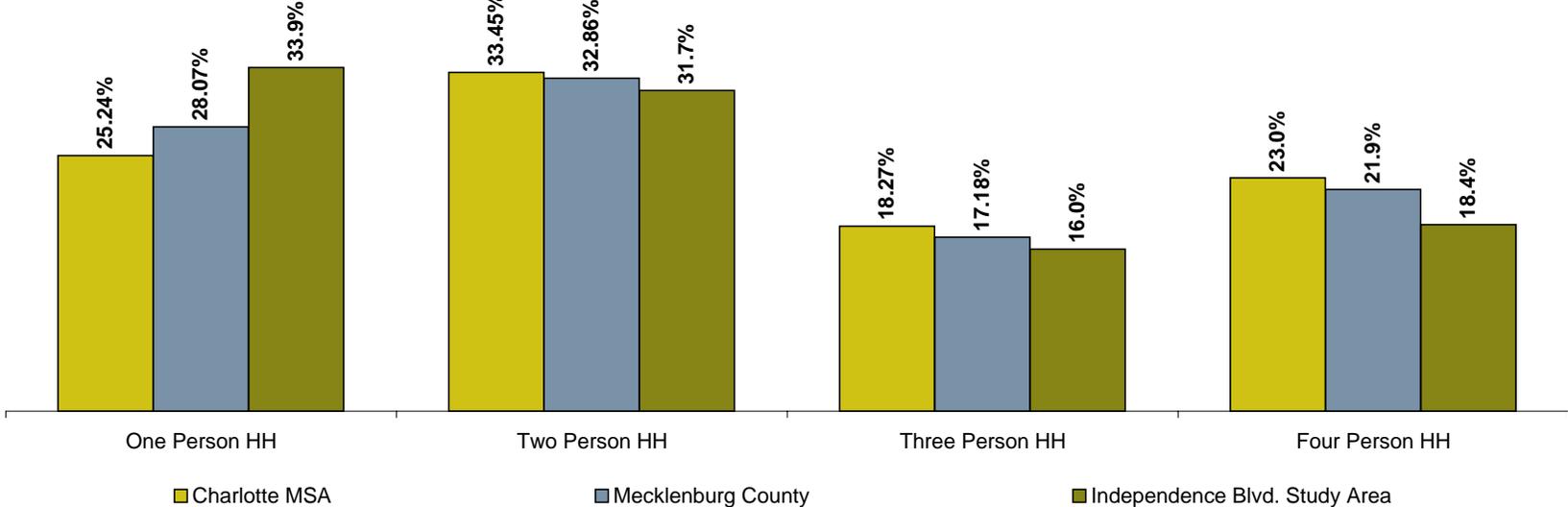
The Independence Boulevard Study area currently has a greater percentage of younger adults than the region. This is reflected in the concentration of apartment homes and starter homes in the area. Although the cohort 'age 34 and under' currently totals nearly 37% of the overall population, this younger age group is not projected to increase over the next 5 years. Older cohorts are expected to grow, signaling the potential for development of more for-sale residential options as fewer young residents move to the area.



SOURCE: Claritas, Inc.

Exhibit I-6

DISTRIBUTION OF PERSONS PER HOUSEHOLD  
CHARLOTTE MSA, MECKLENBURG COUNTY, INDEPENDENCE BLVD. STUDY AREA  
2007



SOURCE: Claritas, Inc.

# GLATTING JACKSON

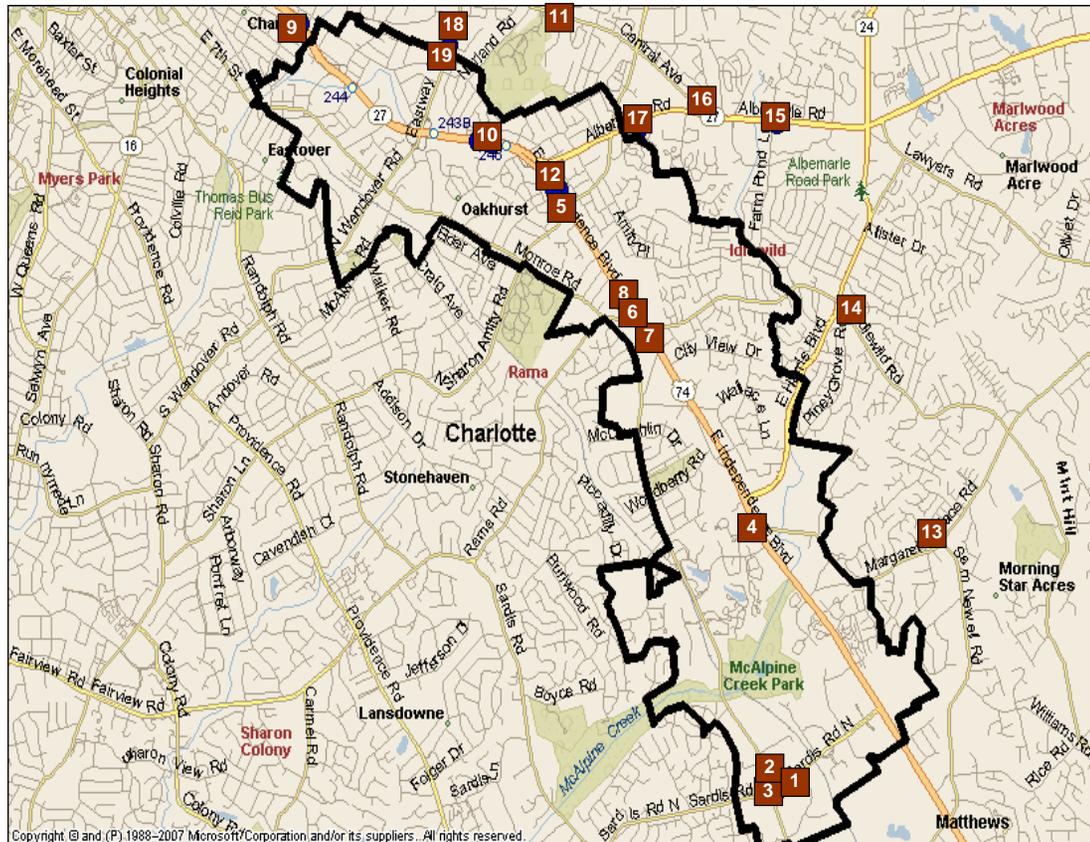
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## II. RETAIL

# GLATTING JACKSON

Exhibit II-1

MAP OF SELECTED NEIGHBORHOOD - COMMUNITY & REGIONAL RETAIL CENTERS  
CHARLOTTE, NC  
JULY 2008



MAP KEY

- 1 Galleria Village
- 2 Sardis Crossing
- 3 Galleria Shopping Center
- 4 Independence Square
- 5 Bascom's Corner
- 6 Independence Shopping Center
- 7 Independence Promenade
- 8 Eastland Promenade
- 9 Chantilly Shopping Center
- 10 Coliseum Shopping Ceter
- 11 Central Square Shopping Center
- 12 Lanier Plaza Shopping Center
- 13 Mint Worth Commons
- 14 Idlewild Crossing
- 15 Farm Pond Shops
- 16 Eastland Mall
- 17 Eastland Promenade
- 18 Eastway Crossing
- 19 Eastway Square

STUDY AREA

# GLATTING JACKSON

## Exhibit II-2

### SUMMARY OF SELECTED RETAIL SPACE INDEPENDENCE CORRIDOR JULY 2008

PROJECT LOCATION	TYPE OF RETAIL	YR. BUILT	GLA (INC. ANCHORS)	VACANT SQ. FT.	OCCUPANCY RATE	PARKING	PARKING / 1000 SQ. FT.	LEASE RATES	
<b>SARDIS ROAD</b>									
<b>1</b> Galleria Village 1620 Sardis Rd.	Strip	1998	50,000	5,800	88.4%	177	3.5	\$20.00	\$20.00
<b>2</b> Sardis Crossing 1721 Sardis Rd.	Strip	1985	35,000	1,600	95.4%	433	5.4	\$16.00	\$16.00
<b>3</b> Galleria Shopping Center 1916 Sardis Rd.	Strip	2004	248,789	3,832	98.5%	N/A	N/A	Neg	Neg
<b>MARGARET WALLACE/ E.HARRIS</b>									
<b>4</b> Independence Square Independence at Margaret Wallace	Community Center	1990	129,269	14,070	89.1%	708	5.5	\$10.00	\$10.00
<b>5</b> Bascom's Corner 4508 E. Independence Blvd	Strip	1985	31,755	7,688	75.8%	N/A	N/A	\$14.00	\$17.00
<b>IDLEWILD</b>									
<b>6</b> Independence Shopping Center 5622 E Independence Blvd.	Strip	1971	214,656	84,843	60.5%	1,000	4.7	\$9.00	\$16.00
<b>7</b> Independence Promenade 5371 E.Independence Blvd.	Strip	1987	99,000	21,302	78.5%	523	5.3	\$7.00	\$19.00
<b>8</b> Eastland Promenade 5534 Albemarle Rd.	Strip	1988	85,000	1,300	98.5%	112	1.1	\$19.50	\$19.50

# GLATTING JACKSON

## Exhibit II-2

### SUMMARY OF SELECTED RETAIL SPACE INDEPENDENCE CORRIDOR JULY 2008

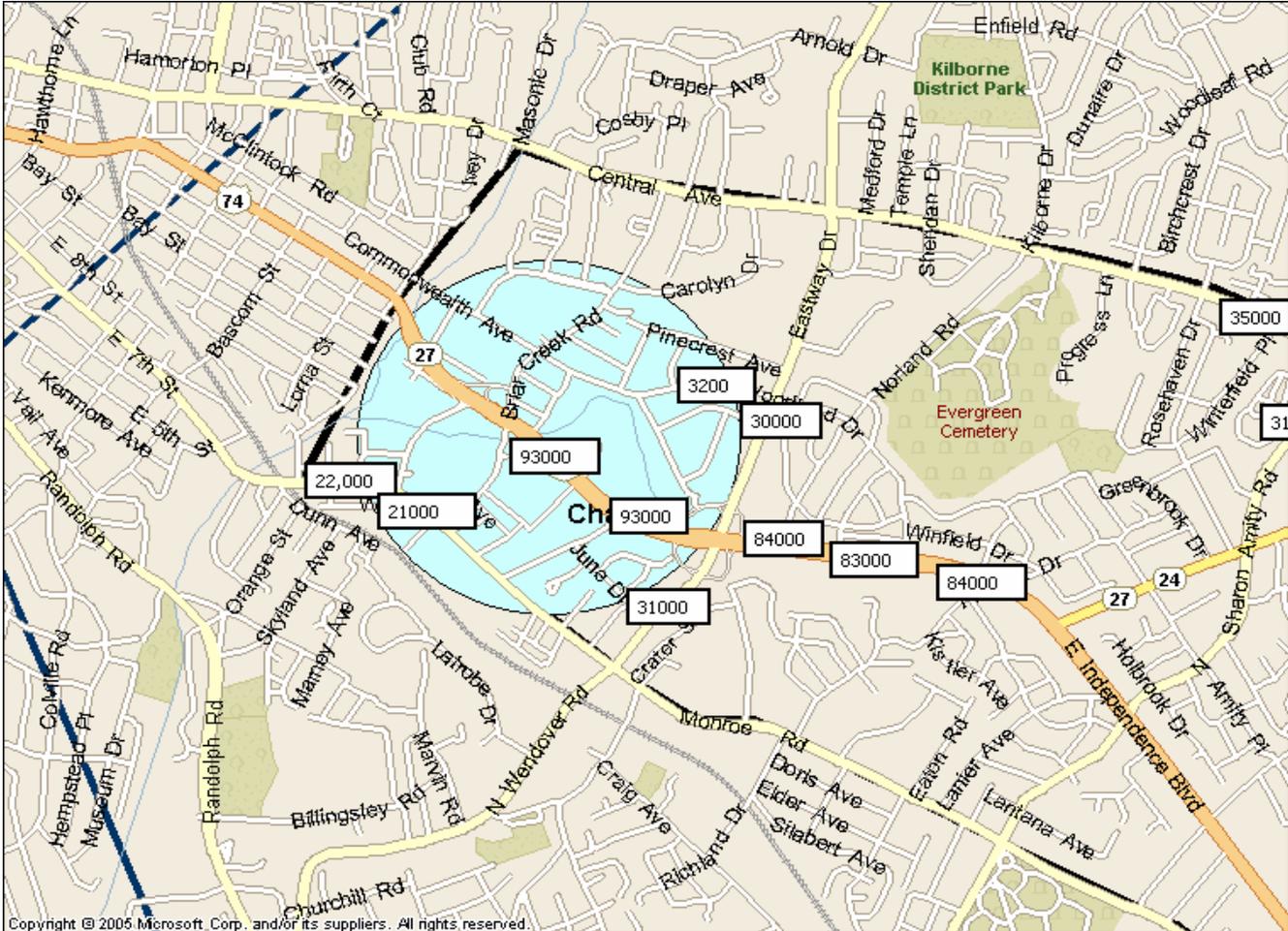
PROJECT LOCATION	TYPE OF RETAIL	YR. BUILT	GLA (INC. ANCHORS)	VACANT SQ. FT.	OCCUPANCY RATE	PARKING	PARKING / 1000 SQ. FT	LEASE RATES	
<b>BRIAR CREEK RD.</b>									
<b>9</b> Chantilly Shopping Center 2100 E. Independence Blvd.	Strip	1955	52,000	52,000	0.0%	400	7.7	\$21.00	\$23.00
<b>10</b> Coliseum Shopping Ceter 3700 E. Independence Blvd.	Strip	1964	220,000	176,000	20.0%	1,350	6.1	\$8.00	\$8.00
<b>11</b> Central Square Shopping Center 1322 Central Ave.	Neighborhood	1960	90,000	6,500	92.8%	525	5.8	\$19.00	\$19.00
<b>12</b> Lanier Plaza Shopping Center 4400 E. Independence Blvd.	Strip	1965	40,932	8,069	80.3%	278	6.8	\$10.00	\$12.00
<b>OTHER</b>									
<b>13</b> Mintworth Commons 5706 Wyalong Drive	Strip	2006	71,280	5,610	92.1%	N/A	N/A	\$23.00	\$23.00
<b>14</b> Idlewild Crossing Idlewild Rd.	Strip	1990	51,137	4,091	92.0%	212	4.2	\$9.00	\$13.00
<b>15</b> Farm Pond Shops 6320 Albemarle Rd.	Strip	1979	17,600	3,875	78.0%	442	8.7	\$18.00	\$18.00
<b>16</b> Eastland Mall 5471 Central Ave	Mall	1975	1,064,773	10,000	99.1%	6,000	6.0	\$7.00	\$7.00
<b>17</b> Eastland Prominade 5534 Albemarle Rd.	Strip	1988	26,815	1,300	95.2%	184	6.6	Neg	Neg
<b>18</b> Eastway Crossing 3304 Eastway Dr.	Strip	1961	150,000	2,230	98.5%	1,610	6.3	\$12.00	\$16.00
<b>19</b> Eastway Square 3201 Eastway Drive	Strip	1992	140,000	41,800	70.1%	690	4.9	\$12.00	\$16.00
<b>Averages</b>		<b>1979</b>	<b>108,033</b>	<b>31,917</b>	<b>73.1%</b>		<b>5.5</b>	<b>\$13.95 - \$16.32</b>	
<b>Totals / Ranges</b>			<b>1,296,401</b>	<b>383,004</b>	<b>70.5%</b>				

SOURCE: RCLCO; CoStar, LoopNet

# GLATTING JACKSON

Exhibit II-3A

TRAFFIC COUNTS  
INDEPENDENCE CORRIDOR; BRIAR CREEK NODE  
2006

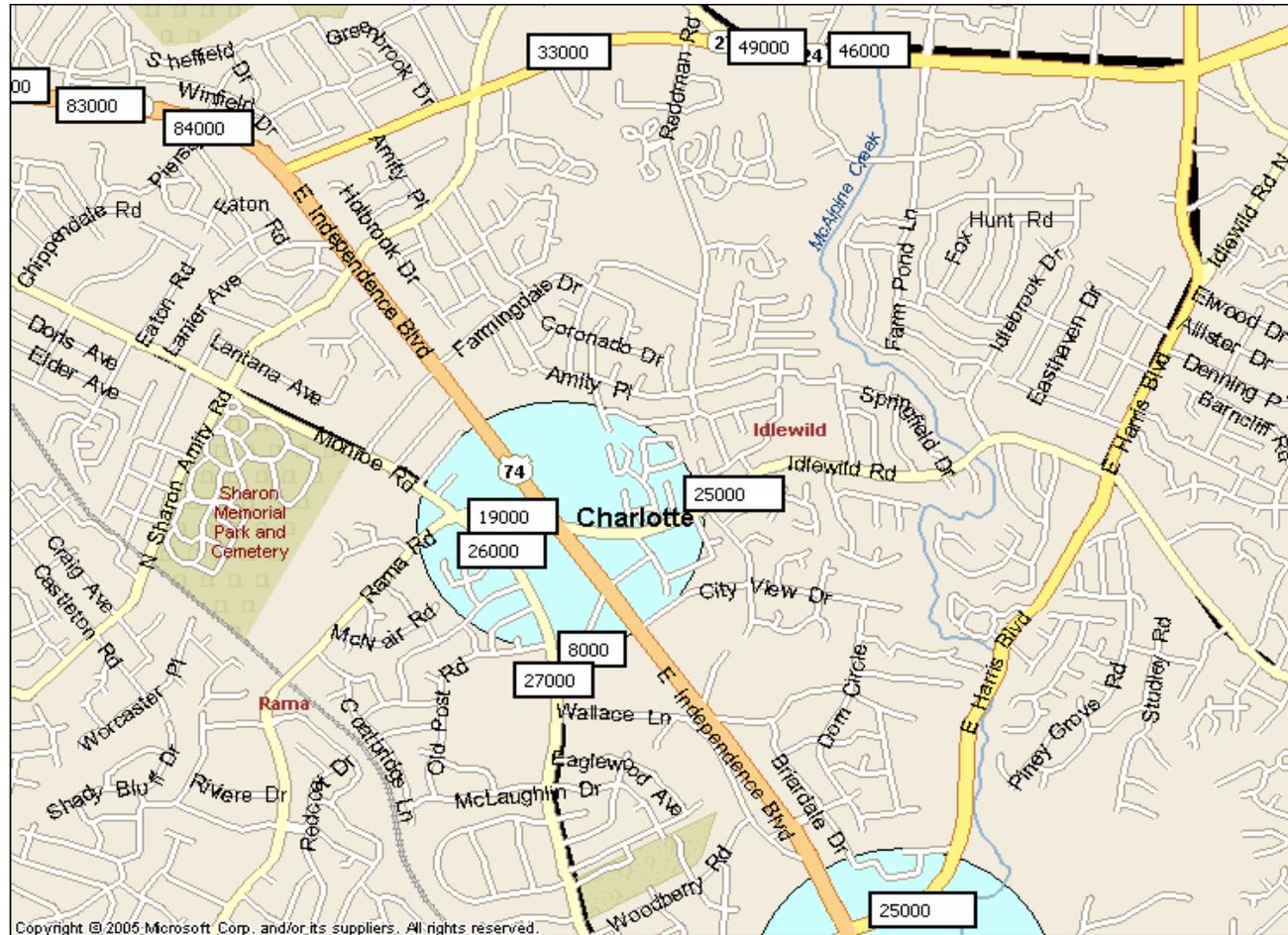


SOURCE: NCDOT

# GLATTING JACKSON

Exhibit II-3B

## TRAFFIC COUNTS INDEPENDENCE CORRIDOR: IDLEWILD NODE 2006

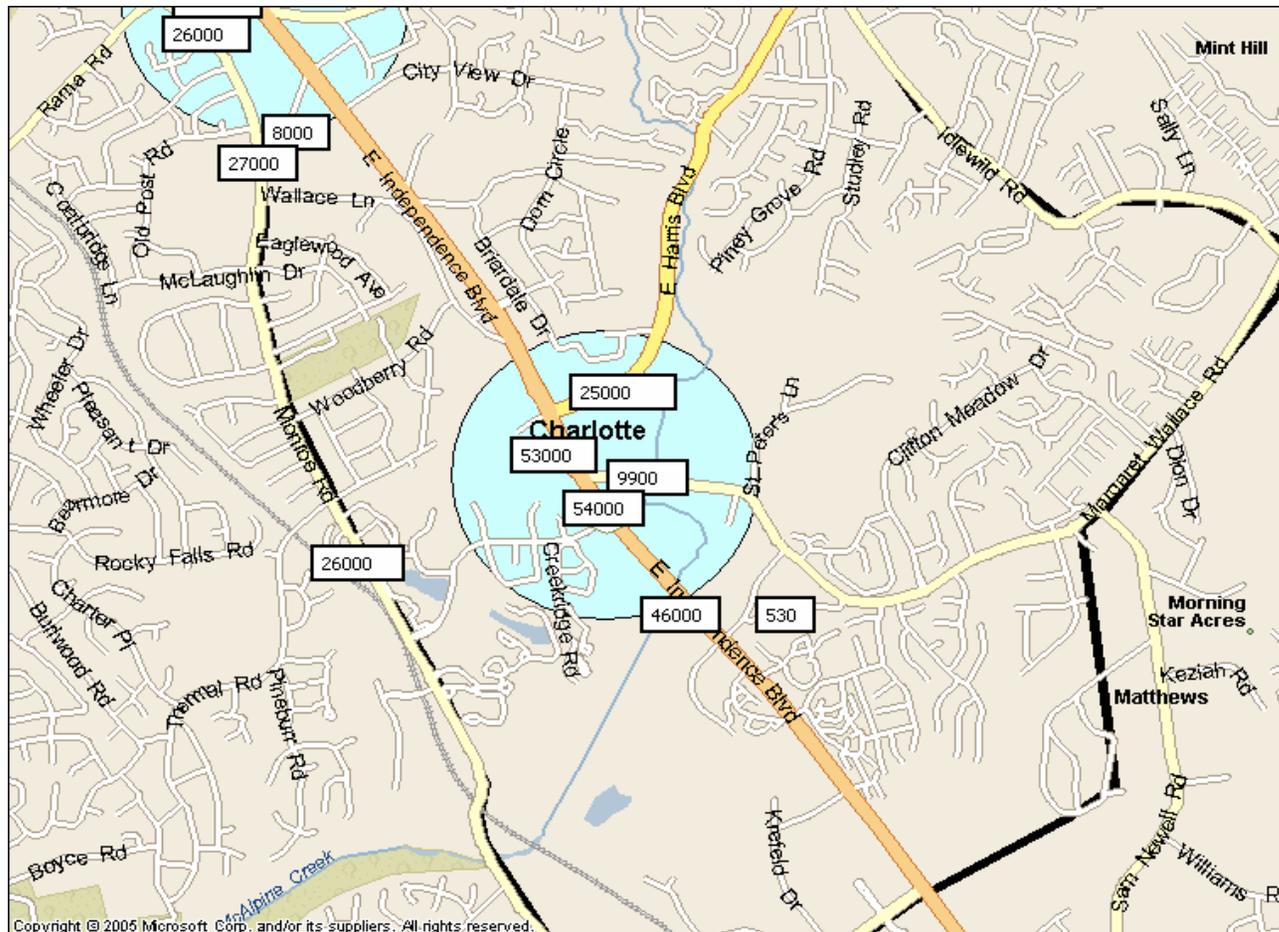


SOURCE: NCDOT

# GLATTING JACKSON

Exhibit II-3C

## TRAFFIC COUNTS INDEPENDENCE CORRIDOR: E. HARRIS BLVD. / MARGARET WALLACE RD. 2006

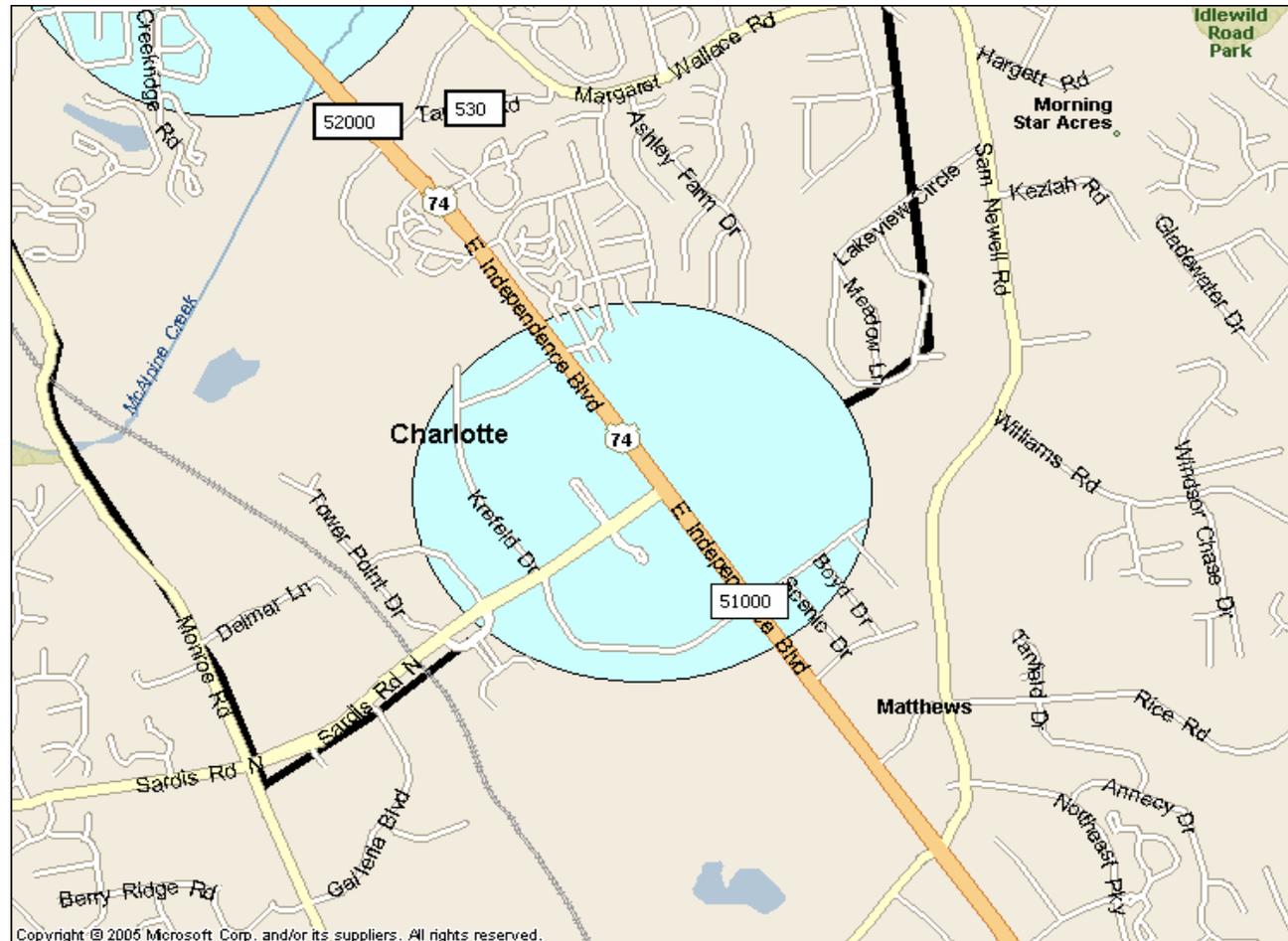


SOURCE: NCDOT

# GLATTING JACKSON

Exhibit II-3D

## TRAFFIC COUNTS INDEPENDENCE CORRIDOR: SARDIS RD NODE 2006



SOURCE: NCDOT

# GLATTING JACKSON

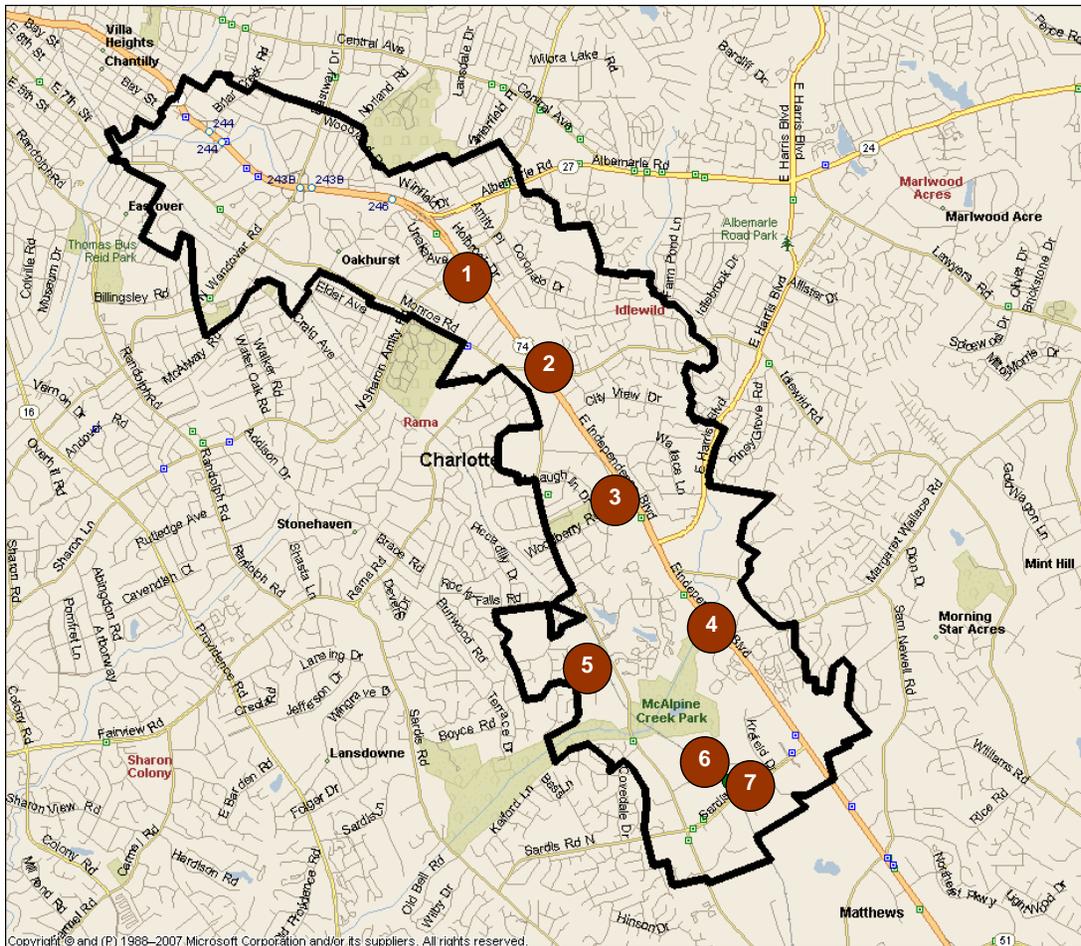
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## III. OFFICE

# GLATTING JACKSON

## Exhibit III-1

### SUMMARY OF AREA OFFICE DEVELOPMENTS INDEPENDENCE BOULEVARD; CHARLOTTE, NC JULY 2008



MAP KEY	
<b>OFFICE PROPERTIES</b>	
1	Independence Tower
2	Independence Office Park
3	East Independence Office Park
4	7504 East Independence
5	McAlpine Business Center
6	Tower Point
7	Crown Point Center
<b>STUDY AREA</b>	

# GLATTING JACKSON

## Exhibit III-2

### SUMMARY OF SELECT COMPETITIVE OFFICE PROPERTIES INDEPENDENCE BOULEVARD; CHARLOTTE, NC JULY 2008

MAP KEY	PROJECT/ LOCATION	YEAR BUILT	NO. OF FLOORS	CLASS	GROSS SQ. FT.	AVAIL. SQ. FT.	OCCUPANCY RATE	LEASE RATES (\$/SF)
<b>BRIAR CREEK RD.</b>								
<b>1</b>	<b>Independence Tower</b> <i>4801 E. Independence Boulevard</i>	1972	15	B	120,000	34,000	72%	\$13.00 \$13.00
	<b>Averages</b>	1972			<b>120,000</b>	<b>34,000</b>	72%	<b>\$13.00 - \$13.00</b>
	<b>Totals / Ranges</b>				<b>120,000</b>	<b>34,000</b>		<b>\$13.00 - \$13.00</b>
<b>IDLEWILD</b>								
<b>2</b>	<b>Independence Office Park</b> <i>6425 Idlewild Rd</i>	1981	2	B	150,000	60,000	60%	\$13.00 \$14.00
	<b>Averages</b>	1977			<b>150,000</b>	<b>60,000</b>	60%	<b>\$13.00 - \$14.00</b>
	<b>Totals / Ranges</b>				<b>150,000</b>	<b>60,000</b>		<b>\$13.00 - \$14.00</b>
<b>MARGARET WALLACE RD.</b>								
<b>3</b>	<b>East Independence Office Park</b> <i>7001-7005 Wallace Road</i>	1984	1	B	7,500	2,600	65%	\$12.00 \$12.00
<b>4</b>	<b>7504 East Independence</b> <i>7504 East Independence Blvd</i>	1984	1	B	33,229	8,478	75%	\$14.00 \$14.50
<b>5</b>	<b>McAlpine Business Center</b> <i>8601 McAlpine Park Dr.</i>	1995	2	A	106,000	70,000	45%	\$13.00 \$16.50
	<b>Averages</b>	1985			<b>48,910</b>	<b>27,026</b>	62%	<b>\$13.00 - \$14.33</b>
	<b>Totals / Ranges</b>				<b>146,729</b>	<b>81,078</b>		<b>\$12.00 - \$16.50</b>
<b>SARDIS RD.</b>								
<b>6</b>	<b>Tower Point</b> <i>8520 Sardis Road North</i>	2000	1	B	4,500	3,200	29%	\$15.00 \$15.50
<b>7</b>	<b>Crown Point Center</b> <i>2201 Coronation Blvd.</i>	1986	2	B	40,000	12,000	70%	\$14.00 \$14.00
	<b>Averages</b>	1990			<b>22,250</b>	<b>7,600</b>	49%	<b>\$14.50 - \$14.75</b>
	<b>Totals / Ranges</b>				<b>44,500</b>	<b>15,200</b>		<b>\$14.00 - \$15.50</b>
	<b>Averages</b>	1986			<b>65,890</b>	<b>27,183</b>	59%	<b>\$13.43 - \$14.21</b>
	<b>Totals / Ranges</b>				<b>461,229</b>	<b>190,278</b>		<b>\$12.00 - \$16.50</b>

SOURCE: RCLCO; CoStar; LoopNet

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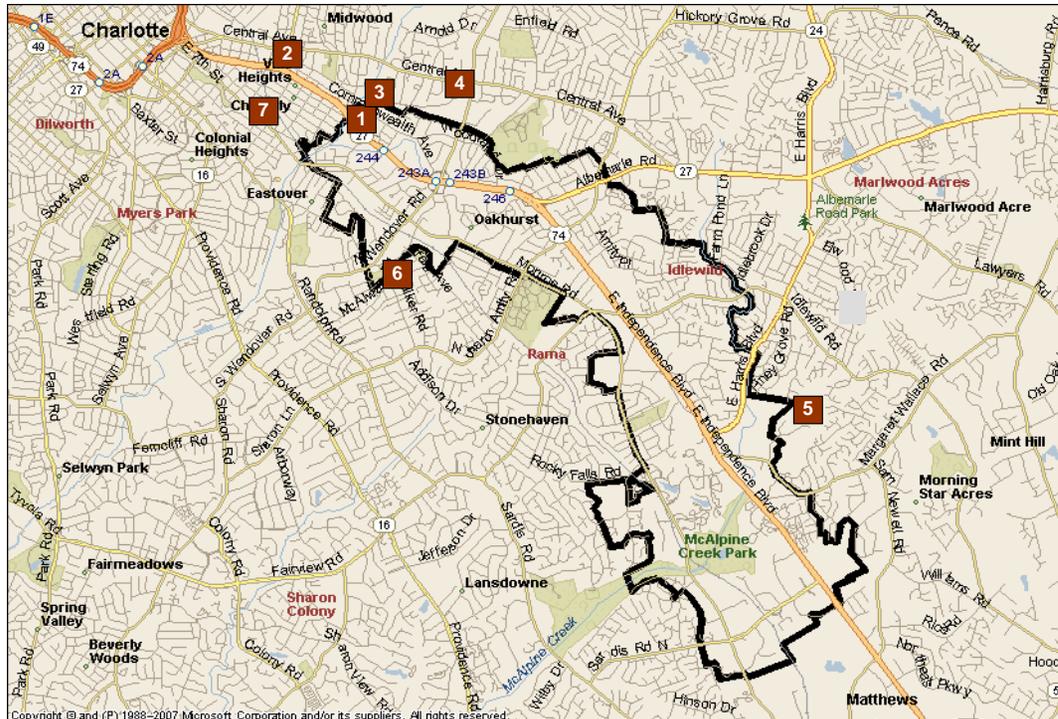
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## IV. RESIDENTIAL

# GLATTING JACKSON

## Exhibit IV-1

### MAP OF SELECTED COMPETITIVE FOR SALE COMMUNITIES CHARLOTTE, NC JULY 2008



MAP KEY	
FOR SALE PROPERTIES	
1	Jamestown Commons
2	Plaza Vu
3	Williamsburg on Commonwealth
4	The Vyne on Central
5	Strider Ridge
6	Avondale Square
7	Woodstone
STUDY AREA	

# GLATTING JACKSON

## Exhibit IV-2

### SELECT FOR SALE COMMUNITIES CHARLOTTE, NC JULY 2008

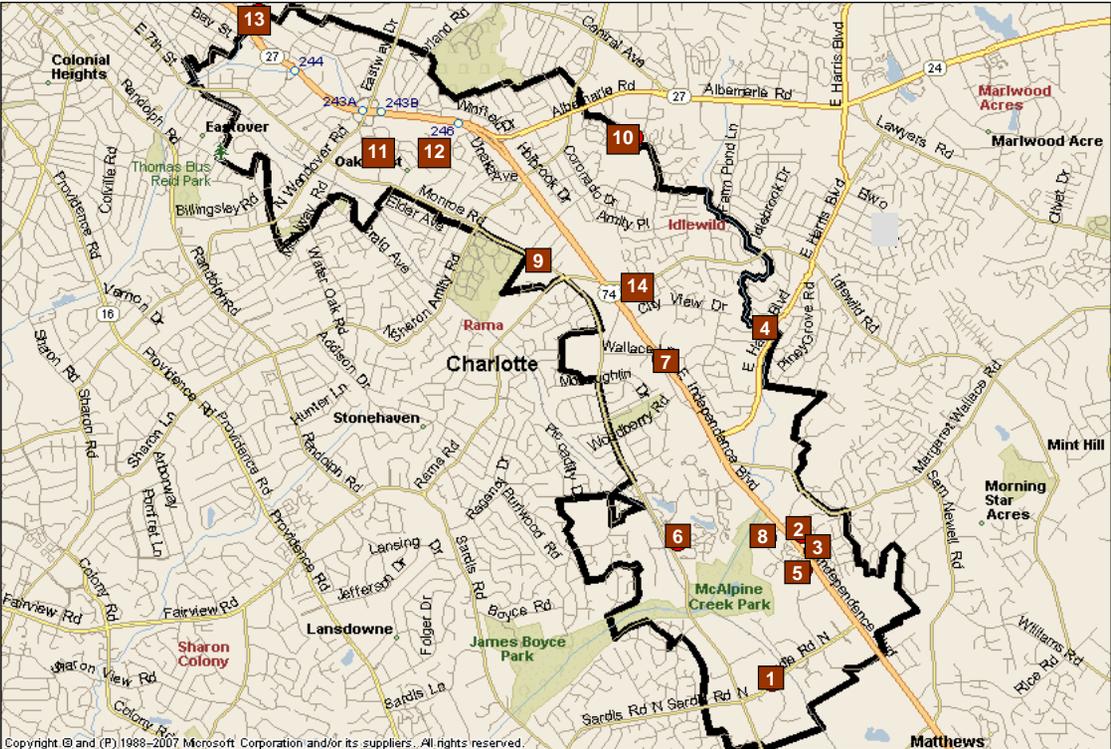
MAP KEY	PROJECT LOCATION	TYPE	YEAR OPENED	TOTAL UNITS	UNIT MIX	UNIT PRICE RANGE	UNIT SIZE RANGE	\$ /SF	
<b>FOR SALE</b>									
<b>1</b>	<b>Jamestown Commons</b> 1207 Green Oaks Ln Charlotte, NC 28205	CONDO CONV	1965	72	2 bed	\$125,000 \$129,000	800 1,000	\$156.25	\$129.00
		<b>Average:</b>				<b>\$127,000</b>	<b>900</b>	<b>\$142.63</b>	
<b>2</b>	<b>Plaza Vu</b> 2110 McClintock RD Charlotte, NC 209205	CONDO	2008	36	1 bed 2 bed	\$192,500 \$197,500 \$245,000 \$267,500	700 900 900 1,200	\$275.00 \$272.22	\$219.44 \$222.92
		<b>Average:</b>				<b>\$225,625</b>	<b>925</b>	<b>\$247.40</b>	
<b>3</b>	<b>Williamsburg on Commonwealth</b> 1344 Green Oaks LN Charlotte, NC 28205	CONDO CONV	1962	198	2 bed	\$130,900 \$151,900	864 1,100	\$151.50	\$138.09
		<b>Average:</b>				<b>\$141,400</b>	<b>982</b>	<b>\$144.80</b>	
<b>4</b>	<b>The Vyne on Central</b> 3264 Central Ave Charlotte 28205	CONDO	2008	99	2 bed	\$150,000 \$180,000	785 994	\$191.08	\$181.09
		<b>Average:</b>				<b>\$165,000</b>	<b>890</b>	<b>\$186.08</b>	
<b>5</b>	<b>Strider Ridge</b> Strider Dr. Charlotte, NC 28212	SF		99	2 bed	\$120,000 \$156,900	1,200 2,150	\$100.00	\$72.98
		<b>Average:</b>				<b>\$138,450</b>	<b>1,675</b>	<b>\$86.49</b>	
<b>6</b>	<b>Avondale Square</b> 41300 Walker Rd. Charlotte, NC 28211	TH		198	2 bed	\$199,900 \$199,900	900 1,100	\$222.11	\$181.73
		<b>Average:</b>				<b>\$199,900</b>	<b>1,000</b>	<b>\$201.92</b>	
<b>7</b>	<b>Woodstone</b> 514 Ridgeway Ave Charlotte, NC 28204	TH	2007	15	2 bed 3 bed 4 bed	\$239,000 \$269,000 \$299,000 \$304,000 \$399,000 \$399,000	900 1,100 1,200 1,500 1,800 2,200	\$265.56	\$245.36
		<b>Average:</b>				<b>\$318,317</b>	<b>1,450</b>	<b>\$255.46</b>	

SOURCE: RCLCO

# GLATTING JACKSON

Exhibit IV-3

MAP OF SELECTED COMPETITIVE APARTMENT COMMUNITIES  
 CHARLOTTE, NC  
 JULY 2008



**MAP KEY**

**APARTMENT PROPERTIES**

- 1 Galleria Apartments
- 2 Mission Matthew's Place
- 3 Cross Creek
- 4 Waterford Creek
- 5 Matthew's Crossing
- 6 Charleston Place
- 7 Steeplechase Apartments Homes
- 8 McAlpine Ridge
- 9 Advenir at Monroe
- 10 Heatherwood Trace
- 11 Briarcliff
- 12 Brittany Woods
- 13 Chase on Commonwealth
- 14 Ashley Place

**STUDY AREA**

# GLATTING JACKSON

## Exhibit IV-4

### SELECT APARTMENT COMMUNITIES CHARLOTTE, NC JULY 2008

MAP KEY	PROJECT LOCATION	TYPE	YEAR OPENED	TOTAL UNITS	UNITS BY TYPE			UNIT RENT RANGE		UNIT SIZE RANGE		\$ /SF	
<b>APARTMENTS</b>													
<b>CLASS A</b>													
<b>1</b>	<b>Galleria Apartments</b> 1616 Galleria Club Lane Charlotte, NC 28212	<b>Garden</b>	2005	210	1 bed	74	35%	\$670	\$765	598	687	\$1.12	\$1.11
					2 bed	124	59%	\$870	\$950	971	1,101	\$0.90	\$0.86
					3 bed	12	6%	\$1,180	\$1,200	1,337	1,337	\$0.88	\$0.90
					<b>Weighted Average:</b>			<b>\$858</b>		<b>915</b>		<b>\$0.96</b>	
								<b>\$858</b>		<b>915</b>		<b>\$0.94</b>	
<b>CLASS B</b>													
<b>2</b>	<b>Mission Matthew's Place</b> 2100 Woodway Hills Dr. Charlotte, NC 28212	<b>Garden</b>	1994	392	1 bed	184	47%	\$625	\$771	685	774	\$0.91	\$1.00
					2 bed	176	45%	\$779	\$850	965	1,038	\$0.81	\$0.82
					3 bed	32	8%	\$931	\$931	1,208	1,208	\$0.77	\$0.77
					<b>Weighted Average:</b>			<b>\$769</b>		<b>891</b>		<b>\$0.85</b>	
<b>3</b>	<b>Cross Creek</b> 2808 Cross Point Circle Charlotte, NC 28212	<b>Garden</b>	1989	420	1 bed	166	40%	\$555	\$680	724	796	\$0.77	\$0.85
					2 bed	180	43%	\$690	\$790	976	1,095	\$0.71	\$0.72
					3 bed	74	18%	\$830	\$925	1,252	1,252	\$0.66	\$0.74
					<b>Weighted Average:</b>			<b>\$716</b>		<b>965</b>		<b>\$0.74</b>	
<b>4</b>	<b>Waterford Creek</b> 10510 Waterford Creek Lane Charlotte, NC 28212	<b>Garden</b>	1997	264	1 bed	112	42%	\$639	\$680	685	787	\$0.93	\$0.86
					2 bed	156	59%	\$799	\$829	1,047	1,137	\$0.76	\$0.73
					3 bed	0	0%						
					<b>Weighted Average:</b>			<b>\$761</b>		<b>958</b>		<b>\$0.82</b>	
<b>5</b>	<b>Matthew's Crossing</b> 7815 Calibre Crossing Dr. Charlotte, NC 28212	<b>Garden</b>	1988/ 2000	240	Studio	132	55%	\$570	\$727	621	1,005	\$0.92	\$0.72
					2 bed	108	45%	\$808	\$858	1,255	1,354	\$0.64	\$0.63
					3 bed	0	0%						
					<b>Weighted Average:</b>			<b>\$732</b>		<b>1,034</b>		<b>\$0.73</b>	

# GLATTING JACKSON

## Exhibit IV-4

### SELECT APARTMENT COMMUNITIES CHARLOTTE, NC JULY 2008

MAP KEY	PROJECT LOCATION	TYPE	YEAR OPENED	TOTAL UNITS	UNITS BY TYPE			UNIT RENT RANGE		UNIT SIZE RANGE		\$ /SF	
6	Charleston Place 1700 Charleston Place Charlotte, NC 28212	Garden	1986	214	1 bed	124	58%	\$596	\$736	550	815	\$1.08	\$0.90
					2 bed	90	42%	\$781	\$826	977	977	\$0.80	\$0.85
					3 bed								
		<b>Weighted Average:</b>							<b>\$724</b>		<b>806</b>		<b>\$0.91</b>
7	Steeplechase Apartments Homes 7200 Wallace Rd Charlotte, NC 28212	Garden	1986/2008	247	1 bed	191	77%	\$565	\$650	523	748	\$1.08	\$0.87
					2 bed	56	23%	\$720	\$785	1,079	1,079	\$0.67	\$0.73
					3 bed	0	0%						
		<b>Weighted Average:</b>							<b>\$640</b>		<b>736</b>		<b>\$0.84</b>
8	McAlpine Ridge 7900 Krefeld Drive Charlotte, NC 28227	Garden	1989	320	1 bed	189	59%	\$465	\$645	553	769	\$0.84	\$0.84
					2 bed	62	19%	\$760	\$855	908	1,081	\$0.84	\$0.79
					3 bed	0	0%						
		<b>Weighted Average:</b>							<b>\$484</b>		<b>583</b>		<b>\$0.83</b>
							<b>\$689</b>		<b>853</b>		<b>\$0.83</b>		
<b>CLASS C</b>													
9	Advenir at Monroe 5920 Monroe Road Charlotte, NC 28212	Garden	1972	192	1 bed	80	42%	\$499	\$499	689	689	\$0.72	\$0.72
					2 bed	96	50%	\$599	\$599	860	860	\$0.70	\$0.70
					3 bed	16	8%	\$749	\$749	1,095	1,095	\$0.68	\$0.68
		<b>Weighted Average:</b>							<b>\$570</b>		<b>808</b>		<b>\$0.70</b>
10	Heatherwood Trace 5600 Paces Glen Avenue Charlotte, NC 28212	Garden	1986	172	1 bed	92	53%	\$510	\$540	634	793	\$0.80	\$0.68
					2 bed	64	37%	\$725	\$770	938	1,136	\$0.77	\$0.68
					3 bed	16	9%	\$875	\$875	1,260	1,260	\$0.69	\$0.69
		<b>Weighted Average:</b>							<b>\$640</b>		<b>885</b>		<b>\$0.72</b>
11	Briarcliff 4314 Commonwealth Ave Charlotte, NC 28205	Garden	1963	84	1 bed	40	48%	\$410	\$410	650	650	\$0.63	\$0.63
					2 bed	44	52%	\$525	\$535	800	800	\$0.66	\$0.67
					3 bed	0	0%						
		<b>Weighted Average:</b>							<b>\$473</b>		<b>729</b>		<b>\$0.65</b>
					Studio	0	0%						

# GLATTING JACKSON

## Exhibit IV-4

### SELECT APARTMENT COMMUNITIES CHARLOTTE, NC JULY 2008

MAP KEY	PROJECT LOCATION	TYPE	YEAR OPENED	TOTAL UNITS	UNITS BY TYPE			UNIT RENT RANGE		UNIT SIZE RANGE		\$ /SF				
12	Brittany Woods 1636 Chippendale Road Charlotte, NC 28212	Garden	1989	84	1 bed	0	0%	\$600	\$600	950	950	\$0.63	\$0.63			
					2 bed	84	100%									
					3 bed	0	0%									
		<b>Weighted Average:</b>											<b>\$600</b>	<b>950</b>	<b>\$0.63</b>	
13	Chase on Commonwealth 2728 Commonwealth Avenue Charlotte, NC 28205	Garden	1986	132	Studio	0	0%	\$530	\$530	670	670	\$0.79	\$0.79			
					1 bed	54	41%									
					2 bed	78	59%									
			3 bed	0	0%	\$610	\$610	879	879	\$0.69	\$0.69					
<b>Weighted Average:</b>													<b>\$577</b>	<b>747</b>	<b>\$0.75</b>	
14	Ashley Place 5709 Electra Lane Charlotte, NC 28212	Garden	1971	266	1 bed	24	9%	\$500	\$552	752	752	\$0.66	\$0.73			
					2 bed	112	42%									
					3 bed	130	49%									
															<b>\$662</b>	<b>1,148</b>
<b>Weighted Average:</b>													<b>\$572</b>	<b>824</b>	<b>\$0.69</b>	
<b>TOTAL</b>		<b>Weighted Average:</b>												<b>\$677</b>	<b>853</b>	<b>\$0.79</b>

SOURCE: RCLCO; Real Data



# Market Sizing Analysis for the Proposed Redevelopment of Independence Boulevard in Charlotte, North Carolina

CITY OF CHARLOTTE | JULY 24, 2008

