



PARK - WOODLAWN MARKET ANALYSIS

Charlotte-Mecklenburg Planning
Department





NCG OVERVIEW

- Noell Consulting Group
 - Real estate consultant based in Atlanta
 - Conduct market analyses and consumer research for both public sector and private sector clients
 - Been involved in Charlotte planning for 15 years;
 - Including small area plans and transit planning



OBJECTIVE OF OUR EFFORT

- Noell Consulting Group was retained to:
 - Understand long-term trends affecting future land use and development in the Park-Woodlawn Study Area
 - Gauge demand potential for retail, office, rental and for-sale in the area through 2030
 - Identify key issues and opportunities likely to emerge in the area
- NOTE: Our analyses & recommendations are from market perspective—not the final answer
 - Must be balanced with other considerations



MACRO TRENDS & FACTORS

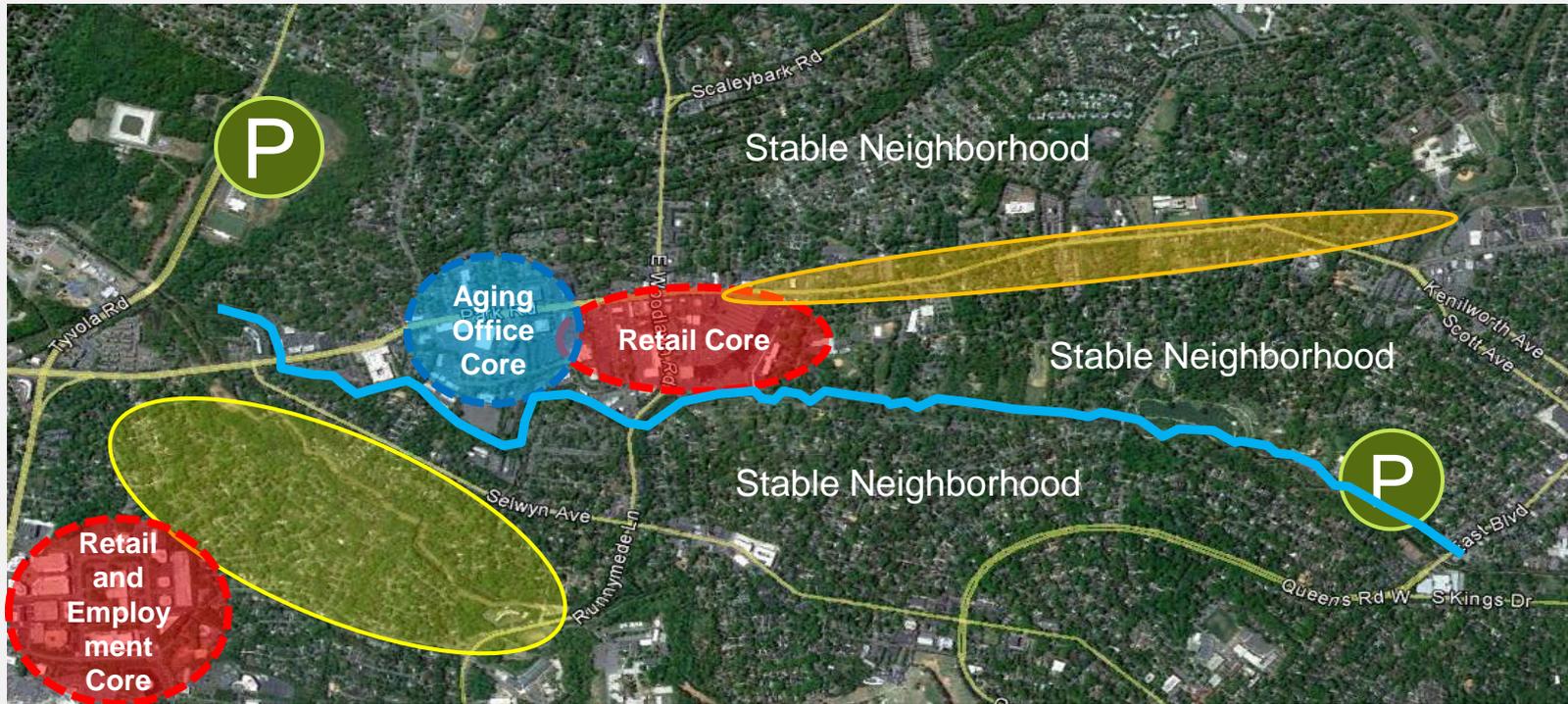
- Economic recovery slow, but moving in good direction
 - Greatest near-term opportunities for rental apartments
- Intown opportunities solid as market recovers
 - Overall value proposition growing in urban areas
- Convenience is becoming a major factor
 - Ease of life, location matter more and more
- Generation Y (and X) focused on walkable environments
 - Seeking social interaction/sense of community & sense of authenticity
- Baby Boomers living for themselves
 - Don't need to live where it's best for the kids
- Intown seeing significant retail growth
 - Major retailers changing their models to fit
- Growth in small, entrepreneurial firms
 - Value office locations that improve overall quality of life





STUDY AREA OVERVIEW

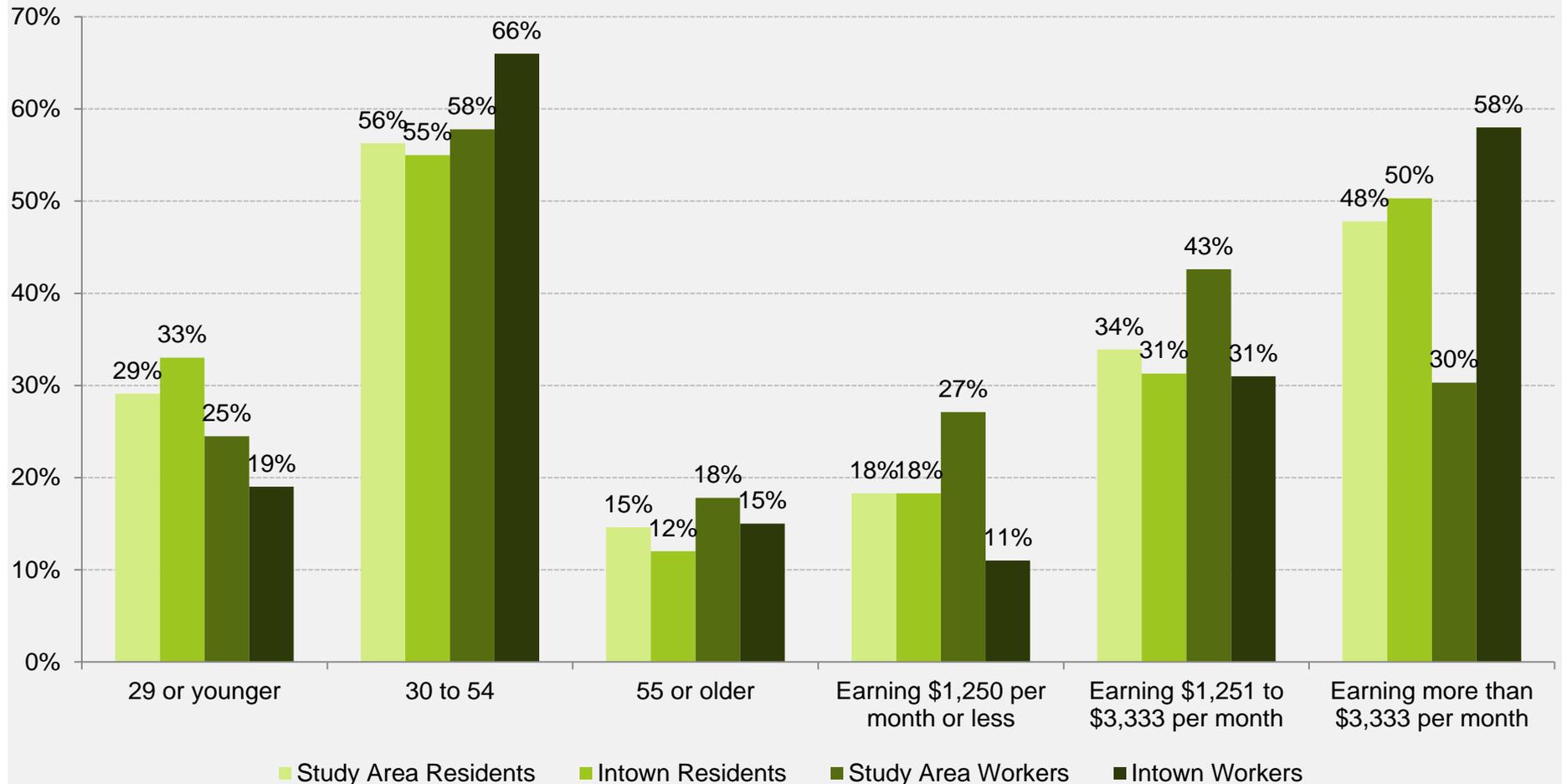
- True neighborhood core—sense of authenticity
- Situated between two regional draws—Southpark and South End
- Transitional area between higher affluence and middle-income





DEMOGRAPHIC SITUATION

Comparison of Study area Residents and Workers, and Intown Residents and Workers





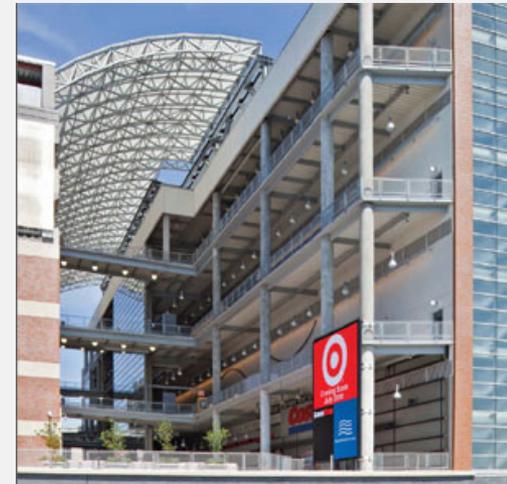
DEMOGRAPHIC SITUATION

Sector	Industry	Park/ Woodlawn Change 2000 - 2009	Mecklenburg County Change 2000 - 2009	Park-Woodlawn Area as a % of County
Total Growth		-1,146	27,445	-4.2%
22----	Utilities	0	89	0.0%
23----	Construction	-310	-7,383	4.2%
31----	Manufacturing	-327	-10,367	3.1%
42----	Wholesale trade	34	-5,769	-0.6%
44----	Retail trade	-510	-652	78.1%
48----	Transportation & warehousing	-197	5,098	-3.9%
51----	Information	-63	-2,487	2.5%
56----	Admin, support, waste mgt, remediation services	-880	-3,734	23.6%
72----	Accommodation & food services	347	11,357	3.1%
81----	Other services (except public administration)	-72	-2,245	3.2%
Total, Moderate-Paying Employment		-1,976	-16,092	12.3%
52----	Finance & insurance	-664	20,377	-3.3%
53----	Real estate & rental & leasing	285	1,460	19.5%
54----	Professional, scientific & technical services	237	-2,812	-8.4%
55----	Management of companies & enterprises	313	710	44.1%
Total, Higher-Paying, Office-Using Employment		172	19,734	0.9%
61----	Educational services	-118	4,660	-2.5%
62----	Health care and social assistance	806	18,896	4.3%
71----	Arts, entertainment & recreation	56	4,171	1.3%
Total, Institutional/Office Emp. (Wide Range of Pay)		744	27,727	2.7%



RETAIL—THE BIG PICTURE

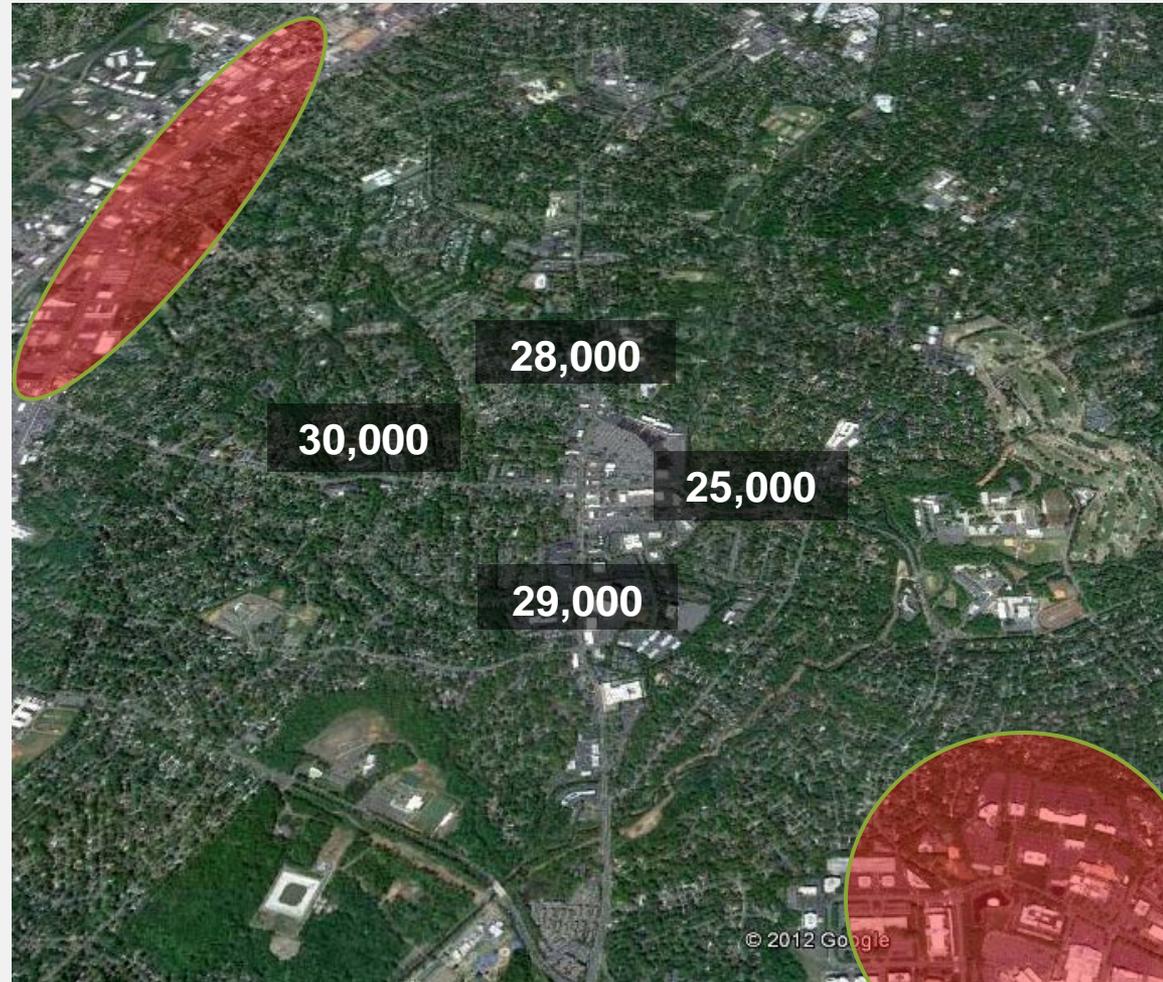
- In recovery phase—huge fallout from recession
- Stores leaving behind big vacancies—may take a long time to fill (particularly in suburbs)
- Intown stronger and retail chains modifying formats to adapt to tighter locations
- Retail becoming more important to defining quality of life
- Entering into more mixed-use projects





PARK-WOODLAWN RETAIL CONTEXT

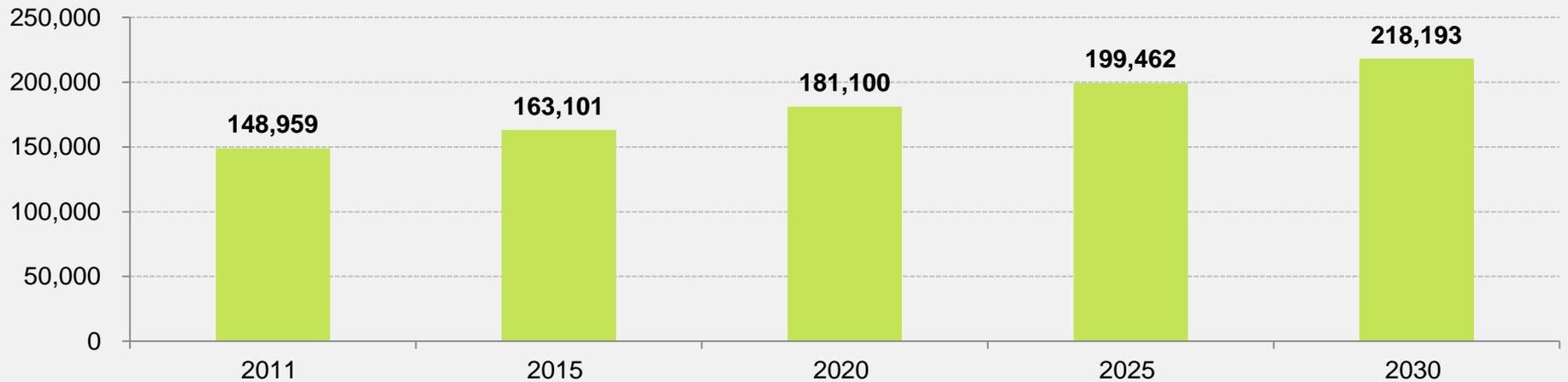
- Area is a strong neighborhood core
- Authentic entertainment core
- Situated between two retail destinations:
 - Southpark: Shopping & dining
 - South End: Dining, bars
- South Blvd retail stale and not in preferred location
- Lack local demand generators
- Traffic volumes at Park/Woodlawn sufficient for





PARK-WOODLAWN RETAIL DEMAND

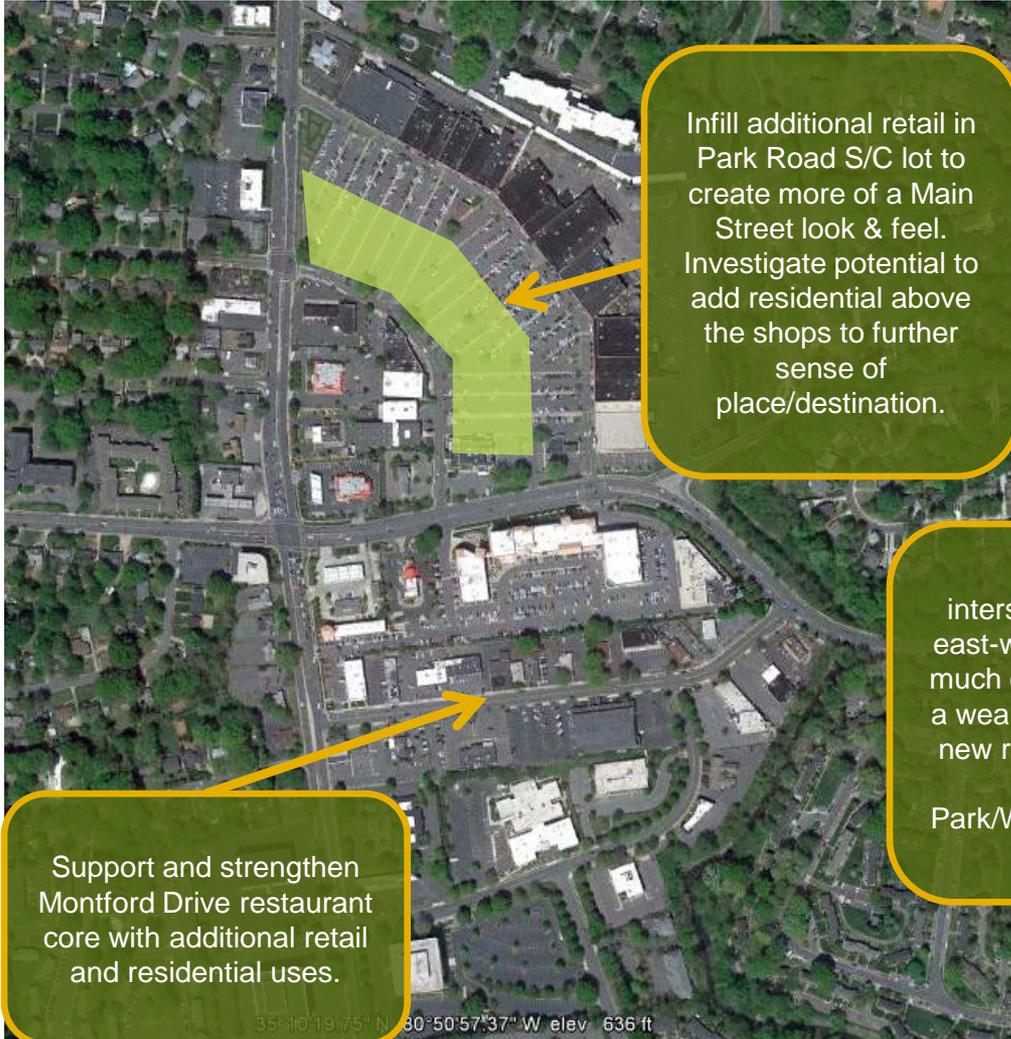
Estimated Net Retail Demand Potential by Year (square feet)



Category	Suitability/Opportunity for Study Area	Comments
Grocery Store	Good	Opportunity for one additional store in the area
Clothing/Shoe Stores	Moderate	While oversupplied, opps still exist for small nat'l's priced/locked out of Southpark
Health/Personal Care	Good	Support exists for additional drug store
Big Box Discount	Moderate	Definite opportunity, but diminishes if Target goes into Southpark area.
Limited Service Dining	Good	Appears to be an undersupply in the area--lack of available sites may be an issue
Full-Service Dining	Limited	Appears oversupplied, although area serves as a dining destination--Southpark too



PARK-WOODLAWN RETAIL OPPORTUNITIES

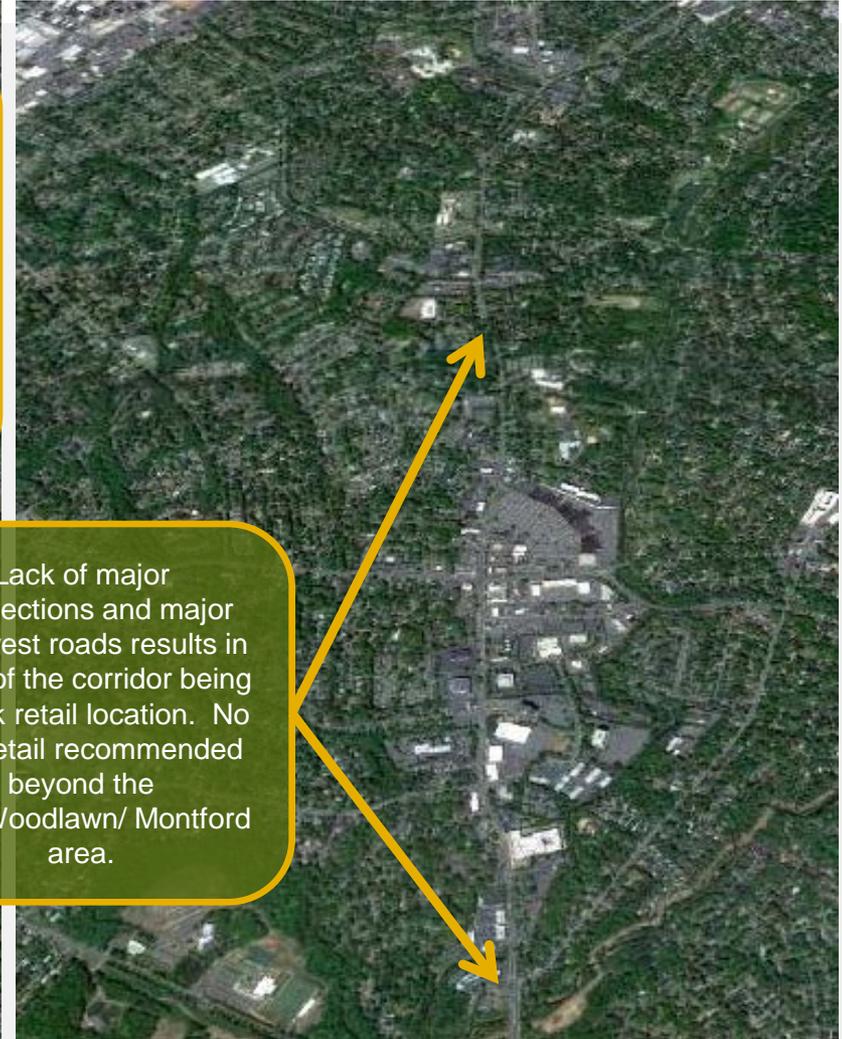


Infill additional retail in Park Road S/C lot to create more of a Main Street look & feel. Investigate potential to add residential above the shops to further sense of place/destination.



Support and strengthen Montford Drive restaurant core with additional retail and residential uses.

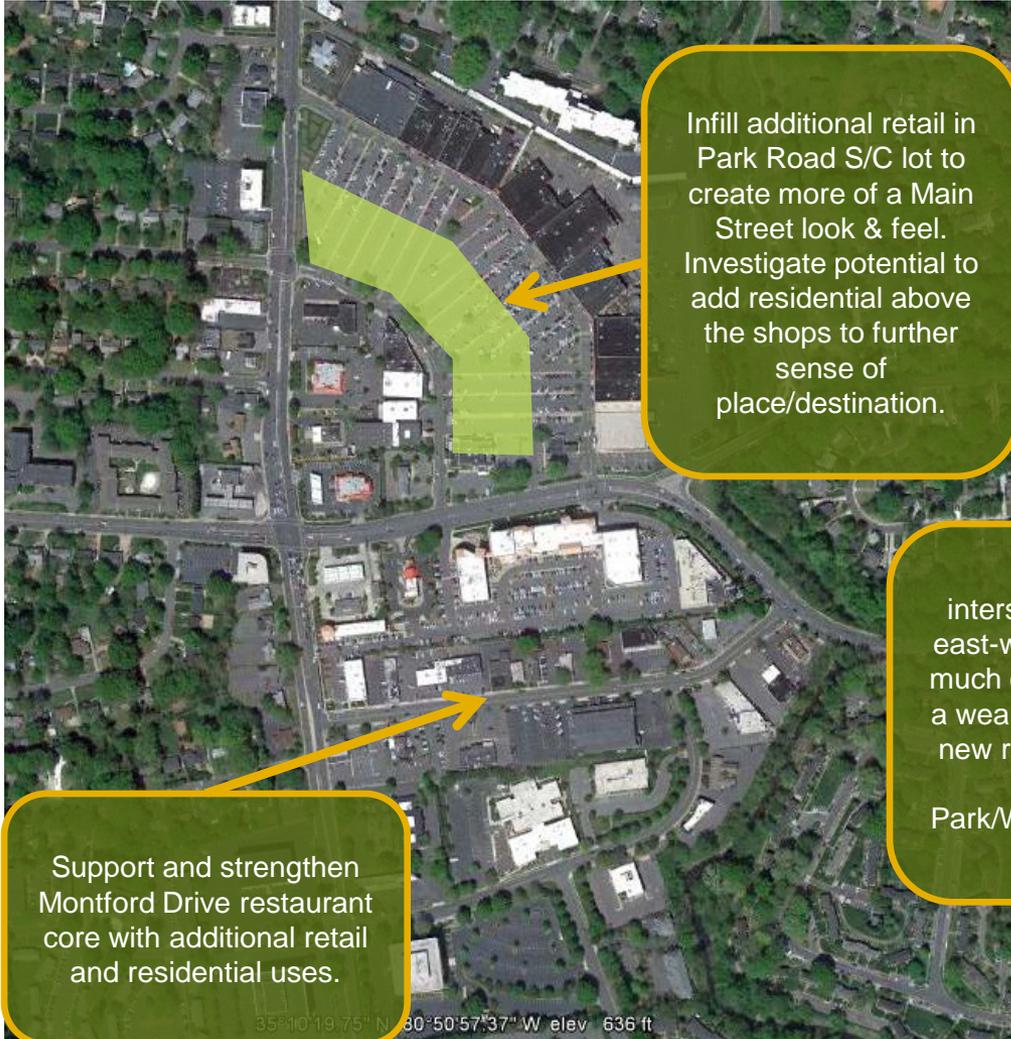
35°10'19.75" N 80°50'57.37" W elev 636 ft



Lack of major intersections and major east-west roads results in much of the corridor being a weak retail location. No new retail recommended beyond the Park/Woodlawn/ Montford area.



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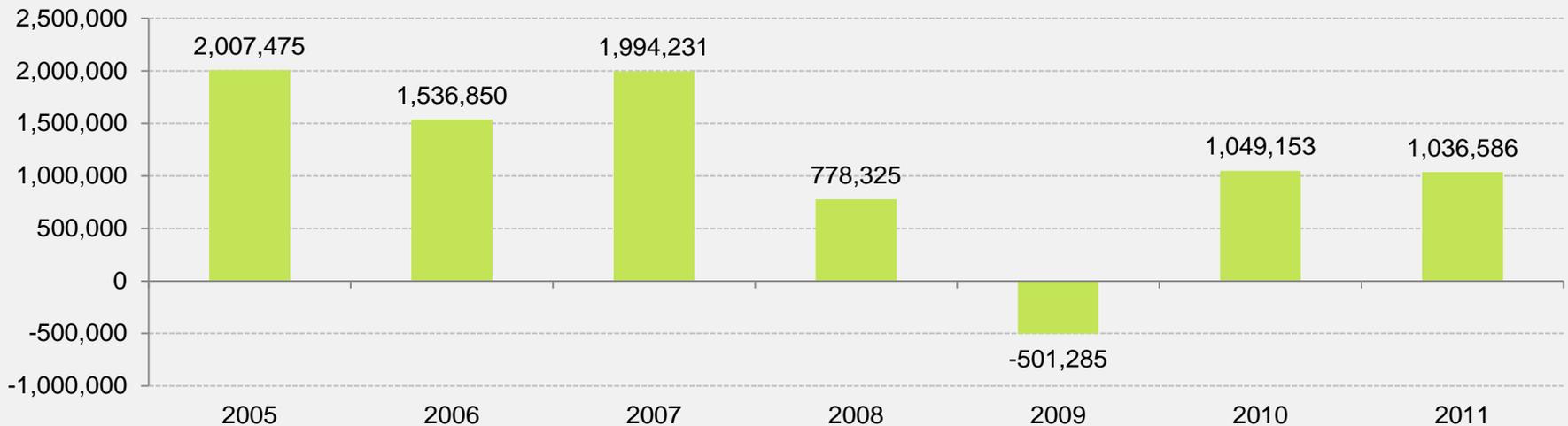
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PARK-WOODLAWN OFFICE CONTEXT

- Charlotte's office market slowed by recession and large-scale hit to financial and professional services sectors
- In spite of this, office absorption in Mecklenburg County has returned to positive territory over the past two years
 - 75% in Uptown and Ballantyne

Mecklenburg County Office Absorption

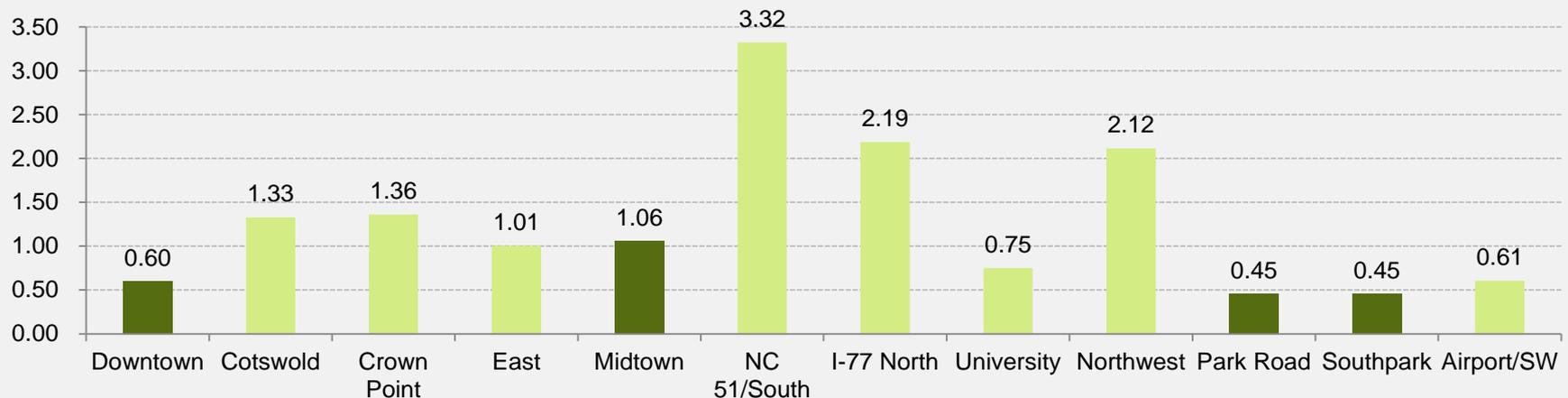




PARK-WOODLAWN OFFICE CONTEXT

- Park/Woodlawn core is quite small and is somewhat transitioning to more of a local medical than a white collar office core
 - Financial jobs down, professional services up, medical jobs way up
- Core averaged 8,500 net square feet of absorption annually since 2005
- Rents are basically flat and growth trails the Charlotte region

Fair Share Capture Ratio
(above 1.0 gaining market share)





PARK-WOODLAWN OFFICE DEMAND

- Office demand expected to remain moderate, averaging around 16,000 SF annually over the next 20 years;
- Demand will come from smaller tenants—most around/under 2,500 SF
- Can't build larger properties at that level—smaller bldgs

	2008	2009	2010	2011	Avg, '05 - 11	2011 - 2015	2015 - 2020	2020 - 2025	2025 - 2030
Mecklenburg Employment Growth	1,595	-33,773	-4,023	1,304	3,921	63,722	85,835	78,666	79,051
Estimated Office Job Growth	1,815	-11,687	2,940	1,235	3,393	19,117	25,751	23,600	23,715
Mecklenburg Office Absorption (Square Ft)	778,325	-501,285	1,049,153	1,036,586	1,128,762				
Meck Office Absorption/Net New Job	488	15	-261	795	288				
Average (Not incl. 2009):					137				
Meck Office Absorption/Net New Office Job	429	43	357	839	333				
Average (Not incl. 2009):					237				
Southpark Absorption (Square Feet)	-37,708	-290,008	-17,488	47,689	36,243				
	-4.8%	57.9%	-1.7%	4.6%	3.2%				
	3.2%								
Park Rd. Absorption (Square Feet)	13,411	-22,489	42,303	16,588	8,535				
Park Rd. Capture	1.7%	4.5%	4.0%	1.6%	0.8%				
Est. Office Demand in Mecklenburg County (Square Feet)									
	Based on Total Job Growth					8,746,170	11,781,292	10,797,310	10,850,153
	Based on Office Job Growth					4,533,075	6,106,157	5,596,166	5,623,555
	Blended Scenario					6,639,622	8,943,724	8,196,738	8,236,854
Park-Woodlawn Area Capture Rate						1.0%	1.0%	1.0%	1.0%
Park-Woodlawn Office Demand (Square Feet)						66,396	89,437	81,967	82,369



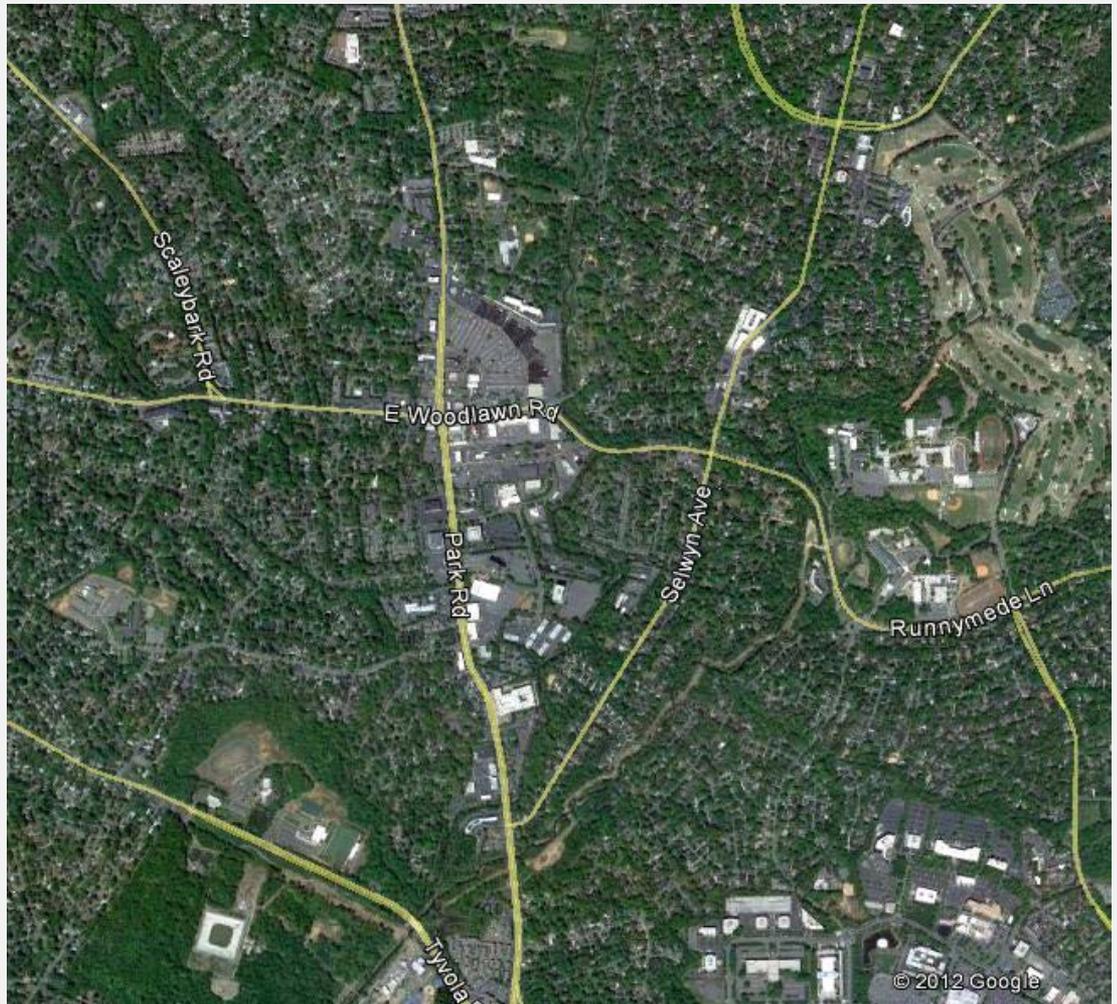
PARK-WOODLAWN OFFICE OPPORTUNITIES

Focus on smaller, local-serving office users, those largely under 5,000 SF in size (most of those under 2,500 SF).

This includes a mix of medical users, and smaller professional firms such as accountants, lawyers, architects, Realtors..

Planning should focus on how to develop and redevelop spaces suitable to these tenants, as opposed to larger, four-story office buildings. This may include second floor offices above retail, or ground floor office uses in residential properties.

Creating a greater sense of lifestyle in the area, through greater walkability and access to area amenities, including retail and services, will be important to furthering the area's office market and enhancing its attraction to smaller, creative users.





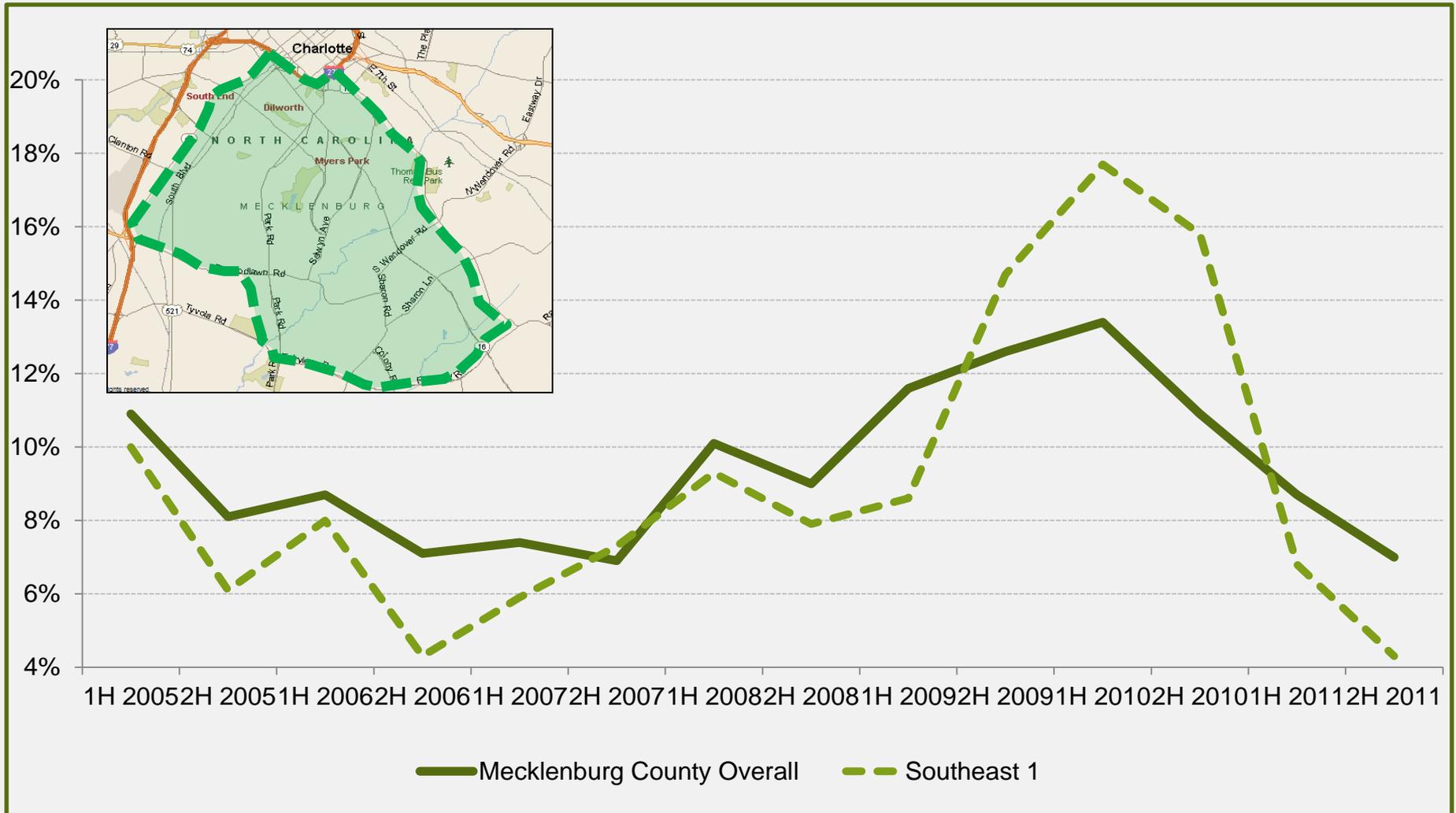
PARK-WOODLAWN RENTAL RESIDENTIAL CONTEXT

- Rental apartments in Charlotte (and nationally) have performed very well over the last three years
- Shut down of the for-sale market has pushed people to rental positions
- But there may also be long-term shifts to apartments among Generation Y
 - May not value home ownership as much as their parents
- Central District (inside of Route 4) has accounted for one-third of all multifamily deliveries from 2007 to 2010
 - Doubling its share from 2000 - 2006
- Vacancy rates have dropped to around 4% in Inner Southeast (South End to Southpark) and 7% in Mecklenburg County overall
- Leading to new construction in core areas



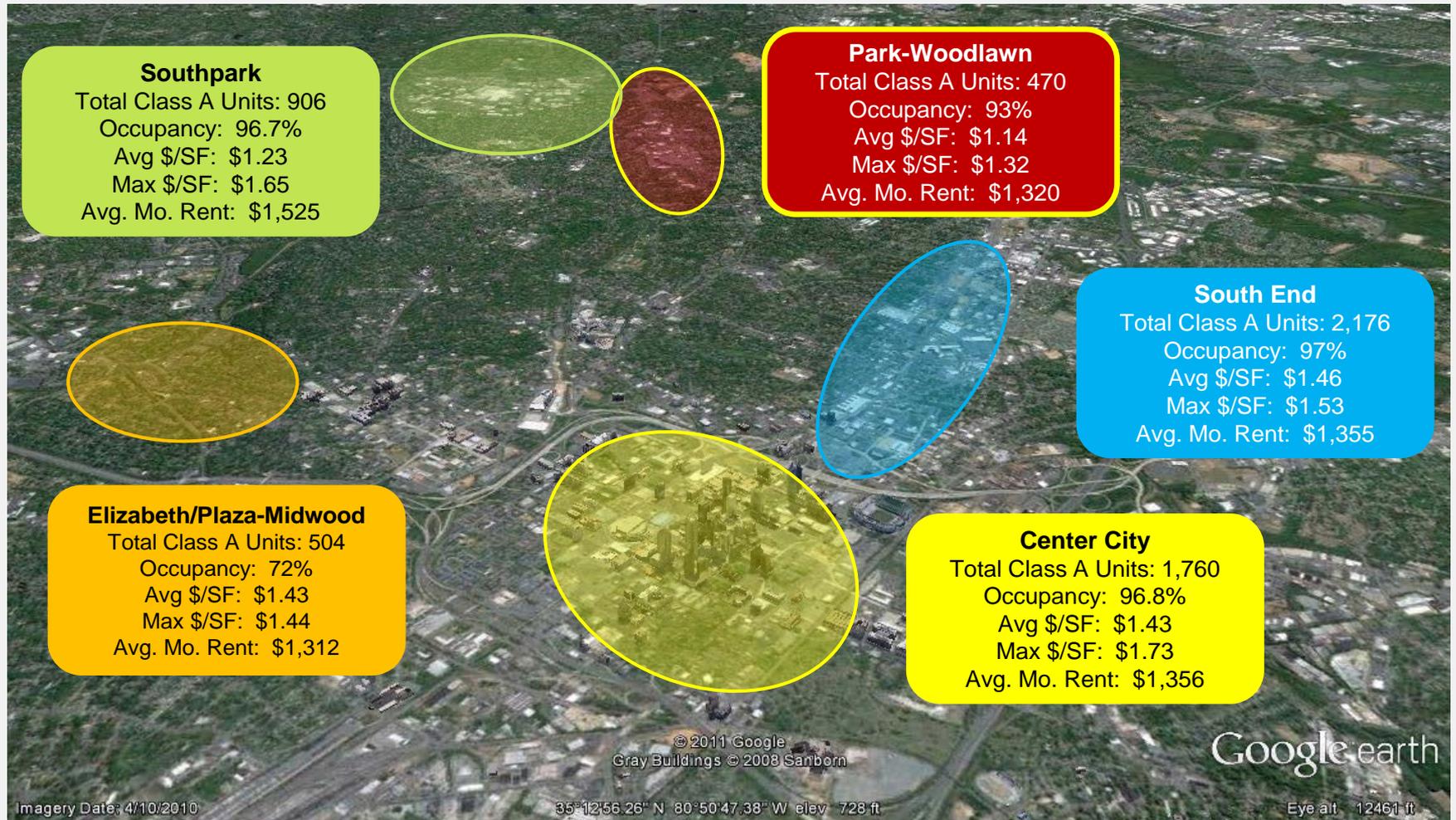


PARK-WOODLAWN DROPPING VACANCY RATES



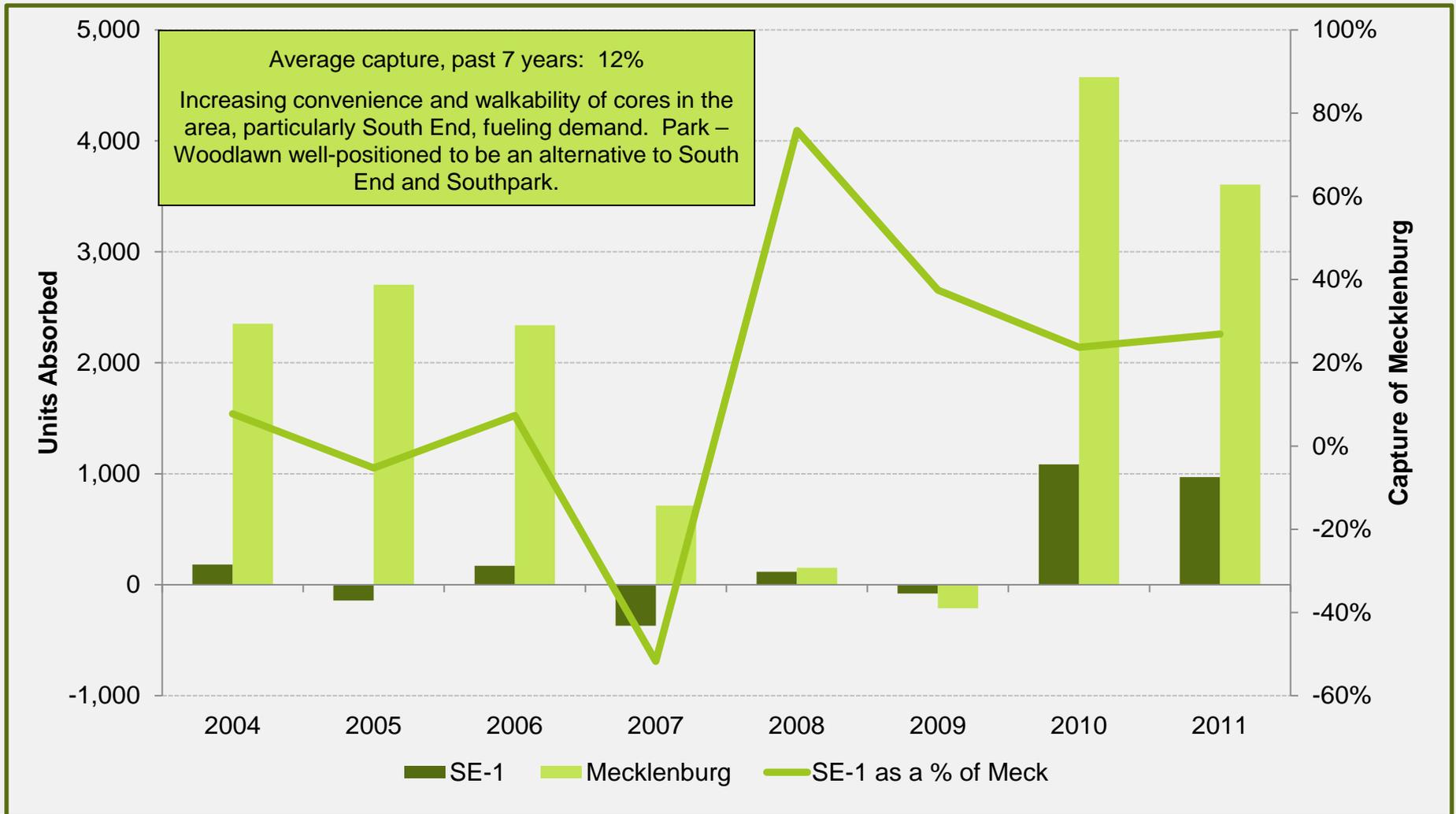


PARK-WOODLAWN INTOWN CONTEXT





PARK-WOODLAWN AREA CAPTURES





PARK-WOODLAWN RENTAL APT DEMAND POTENTIAL

Cut Factor	Avg, '04 - '11	2011 - 2015	2016 - 2020	2021 - 2025	2026 - 2030	Totals 2011 -
Annual Job Growth, Mecklenburg County	3,549	63,722	85,835	78,666	79,051	307,274
Annual Apt Absorption, Mecklenburg County	2,028					
Jbs/Apt Absorption Ratio, Mecklenburg County	1.7					
Total HH Growth ('00 - '10)	84,221	40,027	35,586	33,197	30,403	139,213
Renter Propensity	39%	44%	42%	44%	46%	44%
New Renter HH Growth	33,108	17,736	15,057	14,710	14,080	61,583
Annualized	3,311	3,547	3,011	2,942	2,816	61,583
Est. Capture, Rental Apts	74%	74%	74%	74%	74%	74%
Southeast Central (SE1) Capture ('04 - 11)	11.9%	21%	16%	16%	16%	17.7%
Annual New Rental Apt Growth in Inner Southeast (SE-1)	291	545	363	355	340	8,016
Park-Woodlawn Study Area Capture		20%	20%	20%	20%	20%
Annual Supportable New Units, Park-Woodlawn Study Area		109	73	71	68	1,603





PARK-WOODLAWN RENTAL APT OPPORTUNITIES

- Demand remains strong for years to come
- Park-Woodlawn area has potential to capture with more walkable environment
- Convenience retail, Montford restaurants/nightlife, and easy access to work in Center City or Southpark all attractive
- Area can function as a price alternative to Southpark & South End
 - Also a quieter location than those two
- Achievable rents are north of \$1.30 (as demonstrated by Cielo)
 - Allows for structured parking & higher densities needed
 - Critical to redeveloping aging commercial or multifamily uses
- Densities definitely need to be north of 40/acre
 - Cielo at 51/acre





PARK-WOODLAWN FOR-SALE RES. CONTEXT

- Market bottoming out—still slow
- Home prices slid in 2011 and likely to slide somewhat further
 - Now at June 2003 price levels
- View is 2012 will see slight drops, with 2013 being better
- Lending still tight & too many underwater
- New construction volumes quite low
 - Will take several years to recover
- Suburbs generally hit harder than intown areas
 - Condo market an exception.





PARK-WOODLAWN FOR-SALE RES. CONTEXT

- Home prices still dropping, both intown and in Mecklenburg overall

Area	Yr Over Yr Change in Price
Charlotte Area	-1.6%
Mecklenburg County	-1.9%
Zone 5 (Park Road east)	-2.1%
Zone 6 (Park Road west)	2.3%
Uptown	-8.7%

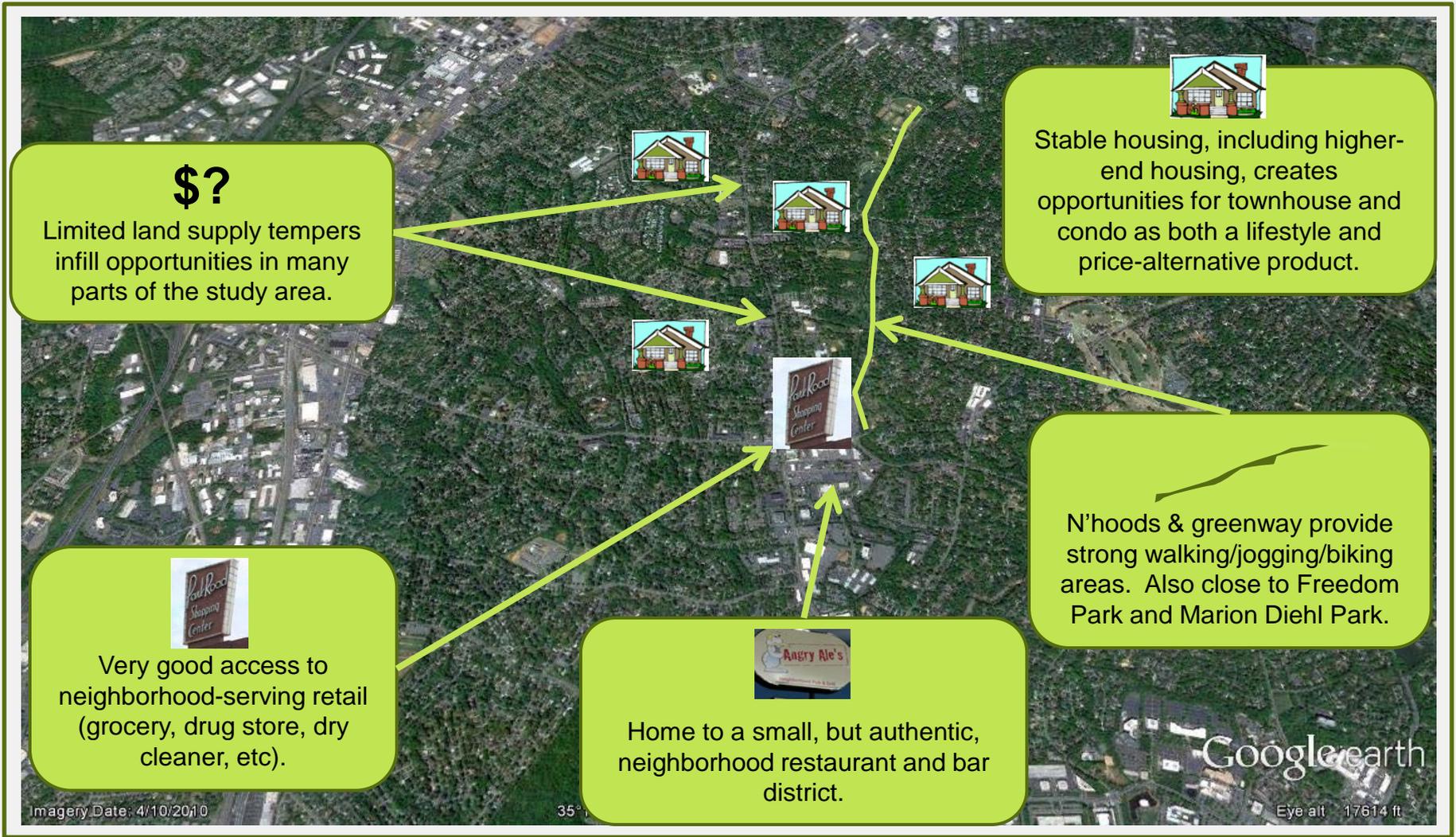
- But foreclosure rates are minimal intown

ZIP/Area	Foreclosure Rates	
	March 2012	Fall 2009
29209--Park/Woodlawn	0.09%	NA
28204--Elizabeth/Cherry	0.07%	0.06%
28207--Elizabeth & Myers Pk	0.10%	0.09%
28202--Uptown	0.19%	0.27%
28203--S. End/Dilworth	0.03%	0.18%
Mecklenburg County	0.22%	0.25%



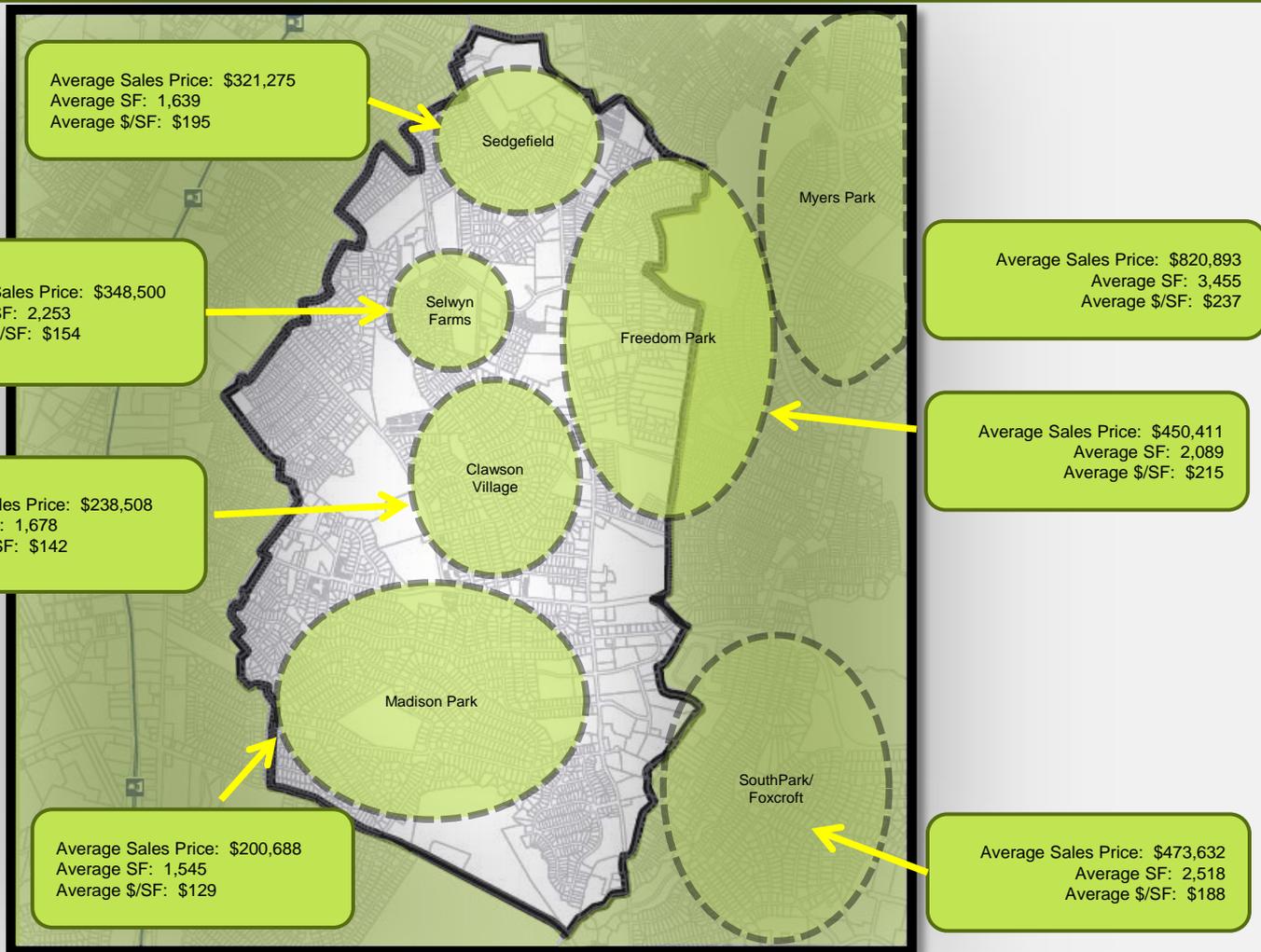


PARK-WOODLAWN STUDY AREA STRENGTHS





PARK-WOODLAWN NEIGHBORHOOD HOME PRICES





PARK-WOODLAWN TOWNHOUSE/CONDO SUMMARY

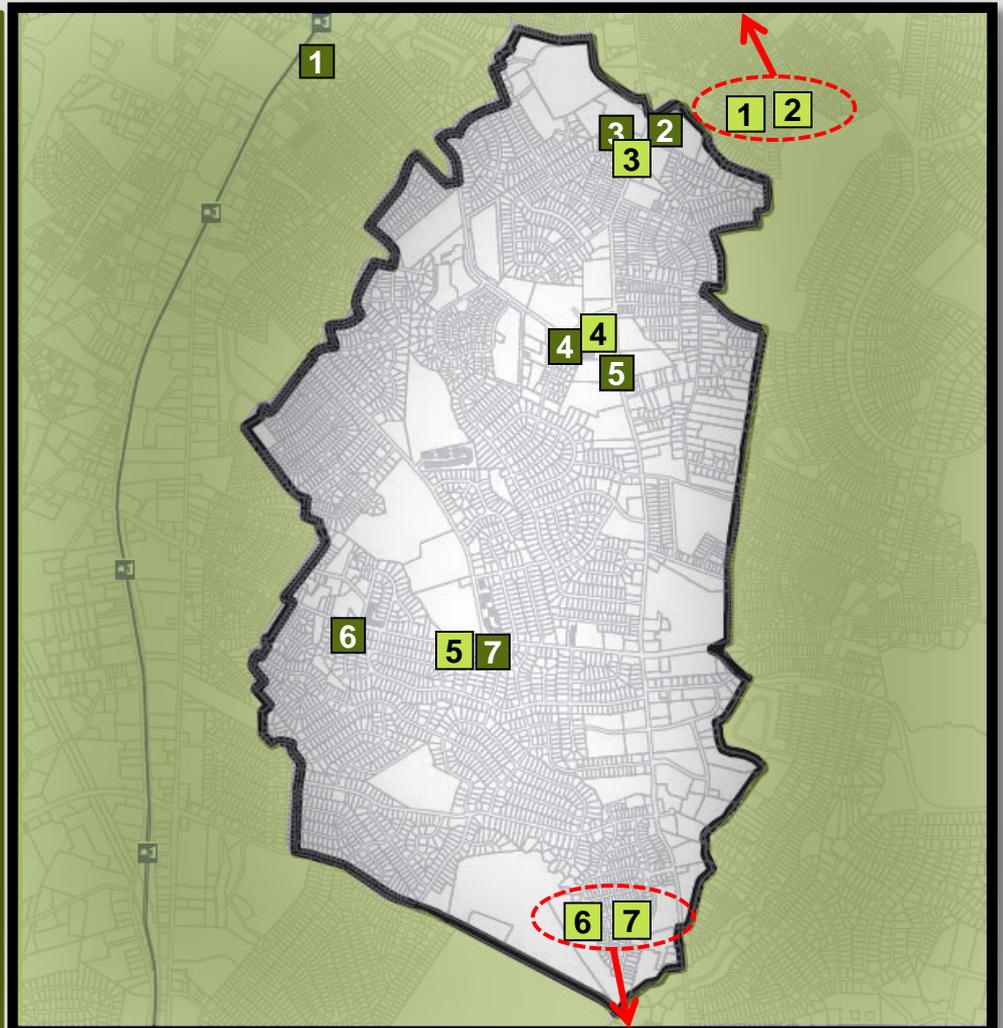
- Townhouse Communities **1**

- Avg. Price: \$217,000
- Avg. SF: 1,590
- Avg. \$/SF: \$136

- Condo Communities **5**

- Avg. Price: \$217,000
- Avg. SF: 1,316
- Avg. \$/SF: \$165

- Townhouse communities still viable in the short-term
- Condo communities selling for around or below construction costs





PARK-WOODLAWN FOR-SALE DEMAND POTENTIAL



	New For-Sale Housing Demand (Units) by Timeframe					Totals
	2005- 2010	2010 - 2015	2015 -2020	2020 - 2025	2025 - 2030	
New Mecklenburg County Attached Homes	3,562	3,308	4,042	4,072	3,846	15,268
% Choose Detached	73%	76%	75%	73%	71%	74%
New Mecklenburg County Detached Homes	9,465	10,475	12,126	11,010	9,415	43,026
<u>Central Mecklenburg Area Capture</u>						
Attached Homes, >\$150k	38%	44%	42%	40%	40%	41%
New Central Attached Homes, >\$150k	1,348	1,455	1,698	1,629	1,538	6,320
Detached Homes, >\$150k	3.2%	5%	5%	4%	4%	5%
New Central Detached Homes, >\$150k	299	496	574	469	401	1,940
<u>Inner South Capture</u>						
Attached Homes	28%	30%	32%	32%	32%	32%
New Inner South Attached Homes	377	437	543	521	492	1,993
Detached Homes	29%	29%	29%	29%	29%	29%
New Inner South Detached Homes	87	144	167	136	117	564
<u>Park-Woodlawn Study Area Capture</u>						
Attached Homes		25%	25%	25%	25%	25%
New Park-Woodlawn Study Area Attached Homes		109	136	130	123	498
Detached Homes		25%	25%	25%	25%	25%
New Park-Woodlawn Study Area Detached Homes		36	42	34	29	141



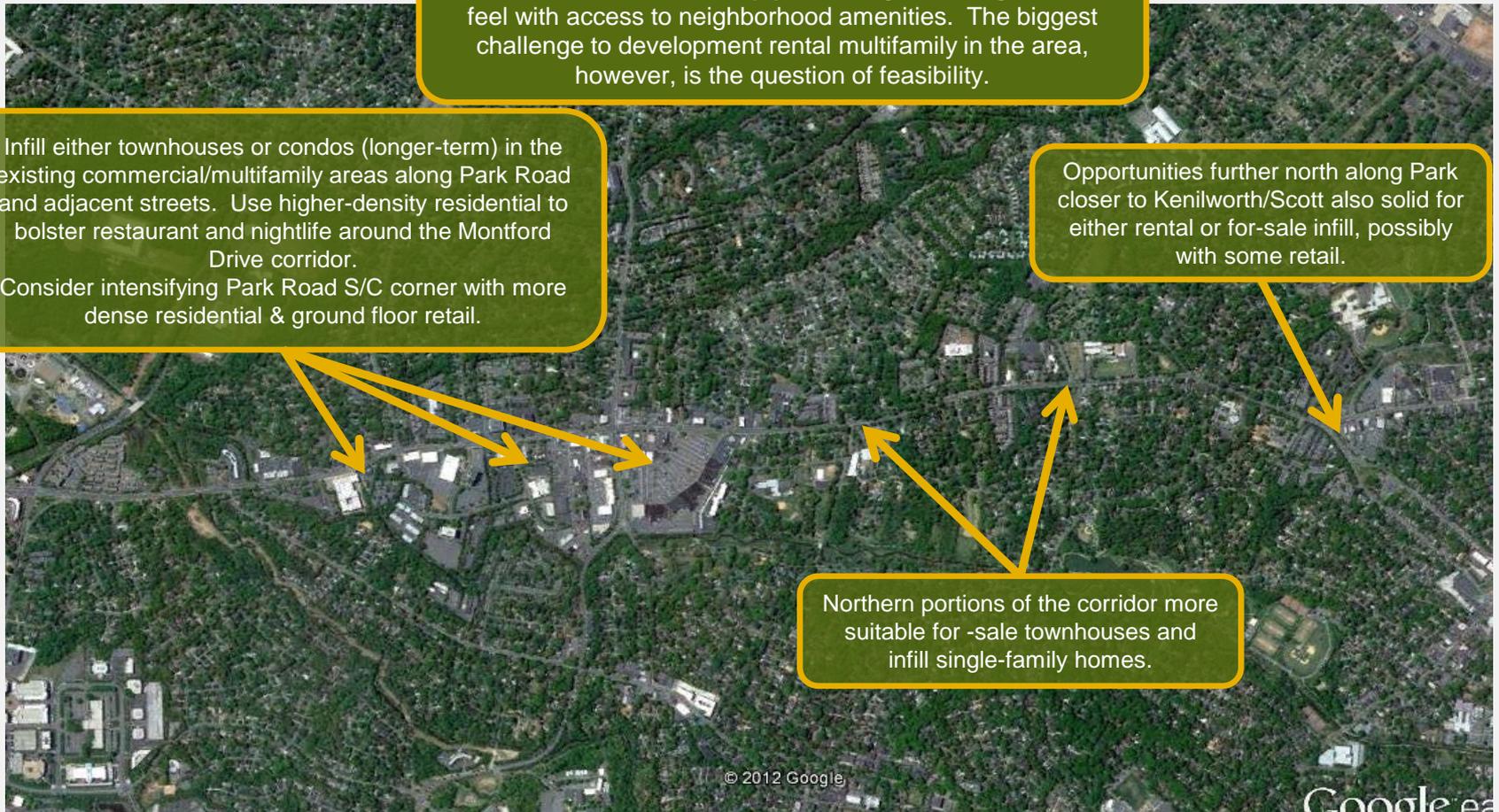
PARK-WOODLAWN FOR-SALE RES. OPPORTUNITIES

The Park-Woodlawn Study Area is moderately well-suited for infill rental residential. It enjoys a strong local/neighborhood feel with access to neighborhood amenities. The biggest challenge to development rental multifamily in the area, however, is the question of feasibility.

Infill either townhouses or condos (longer-term) in the existing commercial/multifamily areas along Park Road and adjacent streets. Use higher-density residential to bolster restaurant and nightlife around the Montford Drive corridor.
Consider intensifying Park Road S/C corner with more dense residential & ground floor retail.

Opportunities further north along Park closer to Kenilworth/Scott also solid for either rental or for-sale infill, possibly with some retail.

Northern portions of the corridor more suitable for -sale townhouses and infill single-family homes.





PARK-WOODLAWN FOR-SALE RES. OPPORTUNITIES

Retail Square Feet/Acres Demanded	Totals
Total New Supportable Retail SF (incl. current undersupply)	199,462
Estimated New Retail Acreage Demanded	9.2
Annual New Retail Acreage 2011 Forward	0.5
Office Square Feet/Acres Demanded	Totals
Total New Supportable Office SF	320,169
Estimated New Office Acreage Demanded	14.7
New Office Acreage 2011 Forward	0.7
Rental Residential Units/Acres Demanded	Totals
Total New Rental Residential Units	1,603
Estimated New Rental Residential Acreage Demanded	26.7
New Rental Residential Acreage 2011 Forward	1.3
For-Sale Detached Residential Units/Acres Demanded	Totals
Total New For-Sale Detached Residential Units	141
Estimated New For-Sale Detached Residential Acreage Demanded	20.1
New For-Sale Res. Detached Acreage 2011 Forward	1.0
For-Sale Attached Residential Units/Acres Demanded	Totals
Total New For-Sale Attached Residential Units	498
Estimated New For-Sale Detached Residential Acreage Demanded	15.0
New For-Sale Res. Attached Acreage 2010 Forward	0.7
Totals 2011-2030	
Total Acreage All Land Uses:	85.7
Average Annual:	4.3





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