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## **AC&W Railroad Relocation Analysis Market Study**

### **Assignment**

The Littlejohn Group and JMS Retail Advisory Services completed the following market analysis as part of the AC&W Railroad Relocation Analysis Study for the City of Charlotte on behalf of RS&H Engineering.

The primary goals of the greater study include the following;

- Identify the best alignment for the railroad relocation
- Develop street and trail plans to enhance connectivity
- Develop street and trail plans to enhance safety
- Explore public-private partnership opportunities
- Provide strategic recommendations for area economic development

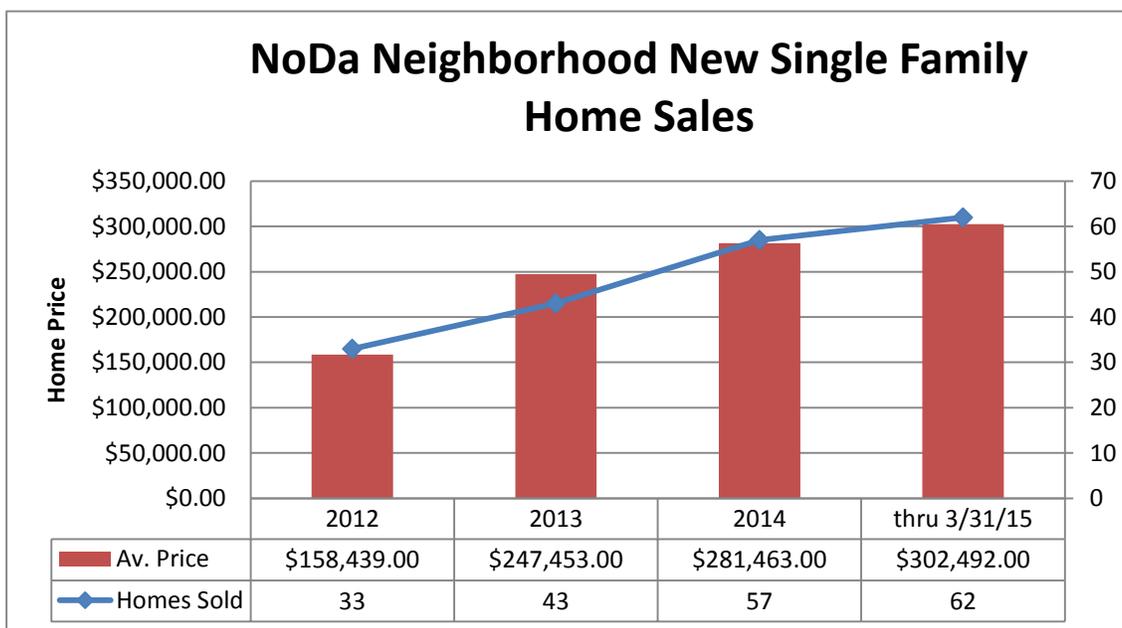
In this phase of the study, the focus is to provide a residential and retail market analysis for the purpose of assessing the impact of the alignment on residential and retail market potential. This report provides demographic and real estate research to guide strategic decision making for the AC&W Railroad Relocation Analysis. The first section includes the residential market analysis and the second section is the demographic and commercial market analysis.

## Residential Executive Summary

There is moderate to high potential for residential development in the NoDa study area over the next 10-20 years. Residential development will primarily be accelerated by the Sugar Creek BLE Station and the number of under-utilized parcels in the study area. A number of residential developers interviewed for this study are actively seeking parcels in the NoDa area. Interest is spurred by the growth that continues along the Blue Line south of Uptown; however, it is moderated by a wariness of developing too far north of the 36<sup>th</sup> street core. Residential development within the walkable core of 36<sup>th</sup> street is premium.

Lower home values in the area west of Sugar Creek Road, pro-industrial parcels and the distance to retail/grocery options in Plaza Midwood are mitigating factors, as is the success of new projects on the fringes of the study area. Steel Gardens has begun building and pre-selling their 2<sup>nd</sup> phase of townhomes after a successful first phase, and developer Bob Nixon is moving forward with a 36 unit condominium project “Galleries NoDa” at North Davidson Street and Anderson Street, which has seen steady presales since the 2015 launch.

NoDa area new single family home sales have increased yearly since 2012 and have performed well through March of 2015. This trend is unabated, as builders and developers continue to seek out development or redevelopment opportunities in the neighborhood.



The planned rail relocation will not negatively affect home values and development potential in the study area. Transportation improvements of any kind, in addition to infrastructure improvements planned by the City for rail relocation, will serve to better connect the area to greater NoDa and spur the eventual re-development of parcels. Extending North Davidson Street, Atmore Street, Bearwood Avenue and Card Street are crucial to the residential redevelopment potential resulting from rail relocation. NoDa has a high level of organic for-sale residential opportunities and continues to attract development in anticipation of the BLE beginning operation. With 1,300 apartment units under construction in the East-1 submarket (Charlotte submarket map is shown on page 26), it is logical that for-sale housing will be the most viable development strategy in the NoDa area, with market-driven apartment development continuing as the market absorbs current demand.

The major limitations to increased residential development and sales in NoDa include the following:

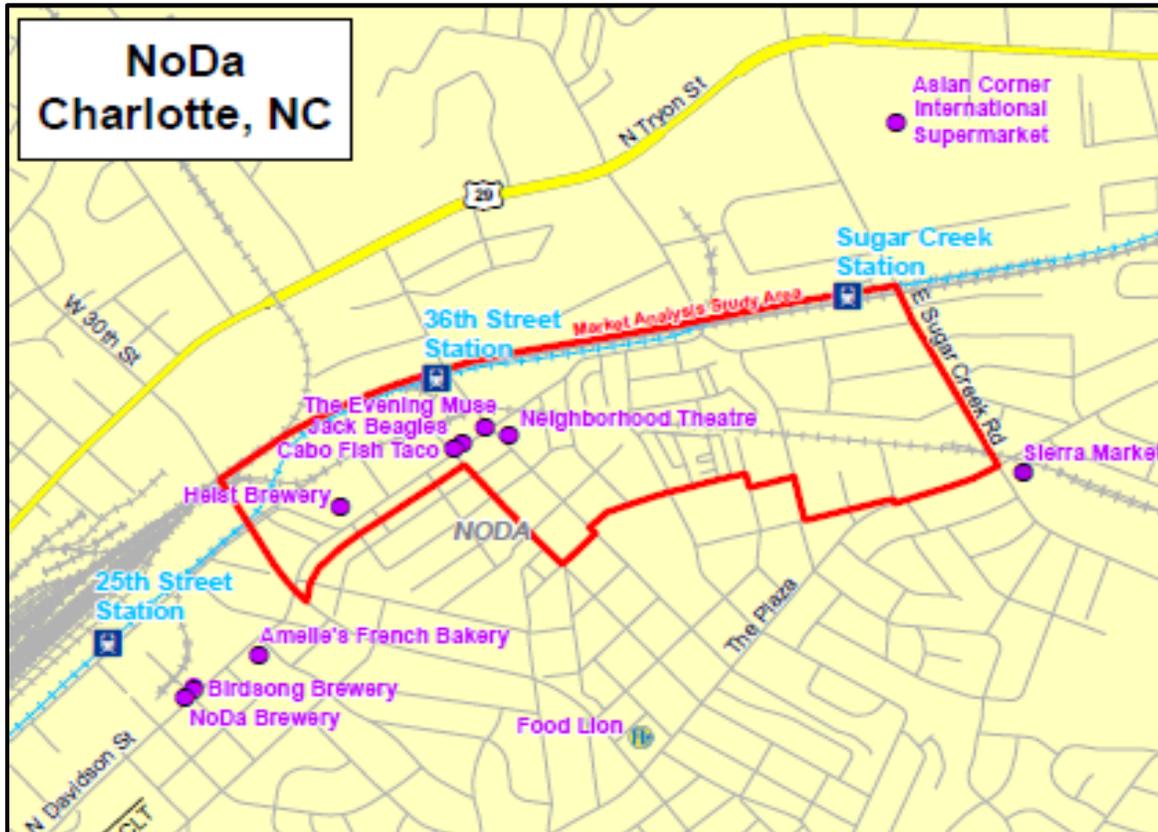
- Quality of the school district.
- Availability and proximity of retail and neighborhood services such as banks, grocery and drug stores.
- Lack of available parking.
- Perception of crime.
- Bike and Trail Connections to Plaza Midwood, Center City and the University Area.

**Projected Residential Demand 2015-2030**

Year	Single Family	Townhome	Condominium	Apartment
2015-2020	72	30	36	0
2020-2025	54	42	0	42
2025-2030	52	58	45	62
<b>Total</b>	<b>178</b>	<b>130</b>	<b>81</b>	<b>104</b>

## Study Area

The primary NoDa study area is defined as the area bounded by Matheson Avenue/30<sup>th</sup> Street to the south, The Plaza to the east, Eastway Drive to the north and the NCRR corridor to the west. In this study we are also referring to the greater NoDa area that encompasses the immediate fringes and the East Charlotte residential and commercial submarkets.



## NoDa Neighborhood Housing Background

The NoDa area is Charlotte's main arts district. NoDa is located north of Center City Charlotte and is centered at the intersection of Davidson and 36<sup>th</sup> Street. A variety of housing options including town homes, condominiums, rental apartments and single family homes are available and the area also includes commercial and industrial uses. The community has undergone major redevelopment but has succeeded in keeping the areas unique artistic environment. NoDa's well established walkable restaurant and entertainment district is appealing, as is the convenient commute to downtown and planned future light rail service.

Condominium and town house development in the area focuses on more affordable projects. Gateway Homes was one of the first major developers of product in the area and has focused on delivering a very affordable priced town house product at prices well below market. There have been some “loft” style projects such as Fat City that have pushed pricing higher and offer a location in the areas main business district. Steel Gardens offers more product that falls between suburban style homes and unique product and has hit upon a strong niche, offering attractive, livable spaces in what is regarded by buyers as a fun location. Less successful projects have included Royal Truss and NoDa 18, which offer less traditional product that does not reflect buyer preferences.

Product performance, as indicated above, has been driven by product and pricing. As with the Plaza Midwood area, buyers are wary of less traditional design. Buyers are more willing to invest in more traditional styles of product and less “trendy” modern design, even in the “arts district”. Contract retention has not been a major issue for projects in NoDa. Inventory units being slow to sell has not been a problem at most projects in the greater NoDa area.

Buyers in NoDa include young professionals and investors. The Gateway Homes project offered great value and allowed those with lower income to buy into a pricier area. Since 2012, there have been six new apartment developments in NoDa. This is partly due to buyer/millennial demand for rental, in addition to a number of developers’ hoping to mimic the Transit-Oriented Developments the Blue Line has experienced along South Boulevard. The success of the NoDa area is spurring development further out in neighborhoods such as Optimist Park, Belmont and North Tryon. These locations will likely experience affordably priced condominium and town house project development.

## **North Davidson (NoDa) Residential Market Analysis**

NoDa is a popular area for young homebuyers looking for a location close to Center City with walkable entertainment and restaurant options. It is anticipated that the area will to grow more popular when the Northeast Corridor transit line is completed because of the significant amenity this option represents to potential residents.

Older single family homes have seen 13% appreciation in the value. Prices for the older homes range from under \$100,000 for a fixer upper to over \$300,000 for a fully renovated home. Several developers have recognized the appeal of the older homes and are building new homes in infill spots throughout the neighborhood. These homes are designed to fit in with the architecture in the area and sell from \$250,000 to \$300,000.

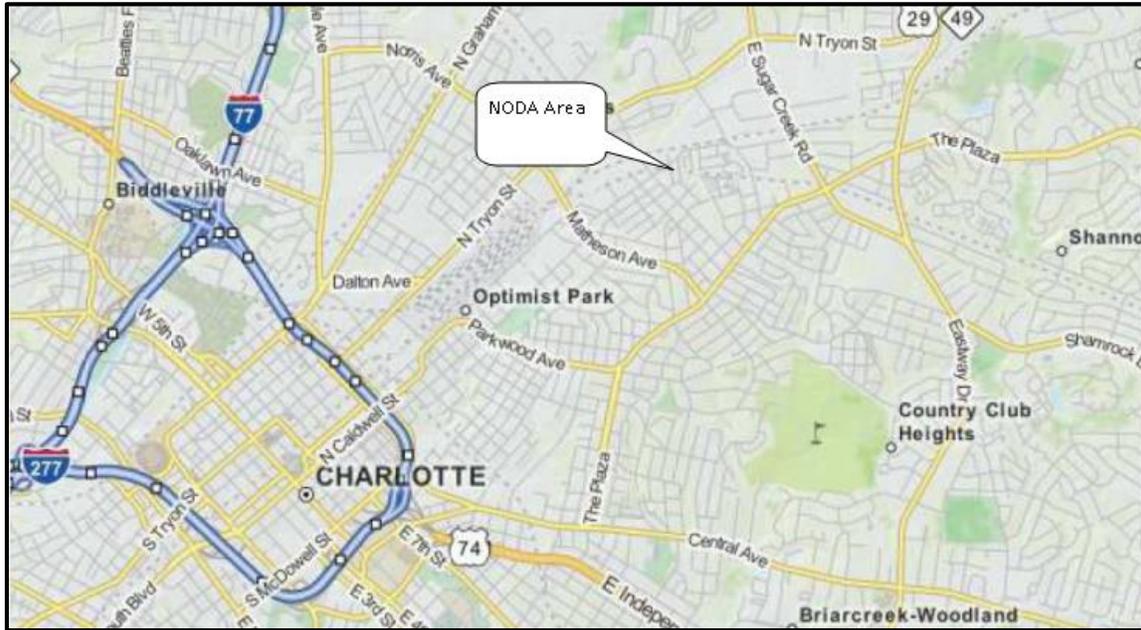
The other option for homebuyers is the assortment of new construction condominiums and town homes. Most of the new products are priced under \$200,000 and ranges from traditional town house style product to industrial loft style condominiums.

The NoDa neighborhood began to attract new residents and development about 15 years ago. The affordable houses and retail space attracted artists and young residents who in turn attracted more affluent residents and entrepreneurs. Today, refurbished mill homes sell in the high \$200's to mid \$400's. Below is a representative sample of current home listings in the NoDa neighborhood:

<u>Address</u>	<u>Sold Price</u>	<u>Sq. Ft.</u>	<u>PPSF</u>
621 Charles Avenue, Charlotte, NC 28205	\$430,000	2340.00	\$183.76
2909 McDowell Street, Charlotte, NC 28205	\$385,000	1942.00	\$198.25
1913 Umstead Street, Charlotte, NC 28205	\$419,000	2400.00	\$174.58
715 35th Street, Charlotte, NC 28205	\$508,500	2880.00	\$176.56
3600 Oakwood Avenue, Charlotte, NC 28205	\$329,000	1638.00	\$200.85
2312 Lynhaven Street, Charlotte, NC 28205	\$249,999	1061.00	\$235.63
1631 Academy Street, Charlotte, NC 28205	\$87,150	950.00	\$91.74
1715 Matheson Avenue, Charlotte, NC 28205	\$302,000	1891.00	\$159.70
3700 The Plaza Road, Charlotte, NC 28205	\$195,000	1778.00	\$109.67
2200 Shamrock Drive, Charlotte, NC 28205	\$110,000	1123.00	\$97.95
3125 Maywood Drive, Charlotte, NC 28205	\$253,900	1736.00	\$146.26
900 Essex Street, Charlotte, NC 28205	\$409,000	2286.00	\$178.92
1914 Academy Street, Charlotte, NC 28205	\$129,900	910.00	\$142.75
2717 Duncan Avenue, Charlotte, NC 28205	\$421,000	2400.00	\$175.42
904 Academy Street, Charlotte, NC 28205	\$172,000	960.00	\$179.17
1234 35th Street, Charlotte, NC 28205	\$380,000	1344.00	\$282.74
3221 McDowell Street, Charlotte, NC 28205	\$406,000	2356.00	\$172.33
2208 Stratford Avenue, Charlotte, NC 28205	\$375,000	1925.00	\$194.81
3334 Spencer Street, Charlotte, NC 28205	\$445,000	2865.00	\$155.32
2804 Myers Street, Charlotte, NC 28205	\$353,000	1728.00	\$204.28
2809 Virginia Avenue, Charlotte, NC 28205	\$210,000	1129.00	\$186.01
2930 Wesley Avenue, Charlotte, NC 28205	\$390,000	2252.00	\$173.18
1900 Matheson Avenue, Charlotte, NC 28205	\$350,000	1779.00	\$196.74
2845 Virginia Avenue, Charlotte, NC 28205	\$205,000	825.00	\$248.48
2618 Mason Circle, Charlotte, NC 28205	\$157,000	1153.00	\$136.17
1001 Drummond Avenue, Charlotte, NC 28205	\$392,000	2100.00	\$186.67
3407 Benard Avenue, Charlotte, NC 28206	\$253,000	1330.00	\$190.23
905 Essex Street, Charlotte, NC 28205	\$345,000	1919.00	\$179.78
1316 Downs Avenue, Charlotte, NC 28205	\$299,500	1927.00	\$155.42
3017 Clemson Avenue, Charlotte, NC 28205	\$270,000	1297.00	\$208.17
1403 Downs Avenue, Charlotte, NC 28205	\$231,500	1430.00	\$161.89
1900 Union Street, Charlotte, NC 28205	\$134,900	828.00	\$162.92
1425 Shamrock Drive, Charlotte, NC 28205	\$155,000	1787.00	\$86.74
1601 Shamrock Drive, Charlotte, NC 28205	\$195,000	1131.00	\$172.41
1614 Anderson Street, Charlotte, NC 28205	\$181,000	1115.00	\$162.33
1001 Woodside Avenue, Charlotte, NC 28205	\$269,900	1400.00	\$192.79
904 Matheson Avenue, Charlotte, NC 28205	\$135,000	725.00	\$186.21
1314 Charles Avenue, Charlotte, NC 28205	\$410,900	2252.00	\$182.46
2427 Elkwood Circle, Charlotte, NC 28205	\$167,888	1002.00	\$167.55
1609 Anderson Street, Charlotte, NC 28205	\$115,000	965.00	\$119.17
2631 Palm Avenue, Charlotte, NC 28205	\$114,000	1051.00	\$108.47
3032 Georgia Avenue, Charlotte, NC 28205	\$265,500	1065.00	\$249.30
1411 Matheson Avenue, Charlotte, NC 28205	\$370,000	2440.00	\$151.64
2848 Georgia Avenue, Charlotte, NC 28205	\$424,990	2650.00	\$160.37
1216 Meadow Lane, Charlotte, NC 28205	\$130,000	1080.00	\$120.37
<b>Average:</b>	<b>\$278,501</b>	<b>1625.44</b>	<b>\$171.25</b>

The NoDa neighborhood is convenient to Center City and the University area by car or bus. The drive time to Center City is less than 5 minutes. The extension of the light rail blue line is currently under construction and will link the neighborhood by light rail to both areas by 2017. The NoDa area has evolved into an established residential area, with a mix of single family homes, condominiums and rental projects. A number of planned condominium projects were cancelled due to the economic recession. It should be noted that some projects in

the area did not succeed due to price point. NoDa is more price sensitive than comparable neighborhoods in and around the light rail in South End from Center City to Scaleybark.



NoDa’s housing market has a price ceiling barrier. Delivering product unique to the NoDa area and priced below the greater market rates yields successful for sale product that effectively pulls buyers from other markets. In short, this is an opportunity to fill a gap in the greater market for product that falls between townhouse offerings and smaller condominium options in size and price point.

In addition, Charlotte has seen a boom in apartment growth along the light rail corridor in the last three years. Almost 2,500 new TOD rental units are planned in the near future. The light rail has been a tremendous success and will only serve to further connect the NoDa neighborhood with uptown Charlotte. We have already begun to see developers grabbing land in NoDa for rental construction.

## Planned and Proposed

Developer	Project	Location	Proposed Zoning	Description
Southern Apartment Group	Unnamed- Pending Approval	3.63 acres east side of North Davidson Street & bounded by E. 27th St, Yadkin Ave, E 26th St, and N Davidson St	TOD-M	Development Area A up to 250 residential dwelling units and up to 7,500 square feet of gross floor area of non-residential uses as permitted by right and under prescribed conditions -Covered parking
Crescent Communities	Crescent- NoDa	6.98 acres located on the west side of East 36th Street between Cullman Avenue and North Davidson Street.	TOD-M	Rollerton Road will be connected thru site. multi-family, mixed-use development that would have both commercial and residential aspects
DAMBCA enterprises	Matheson	1.43 acres located on the east side of Matheson Ave between N. Brevard St and N Davidson St	TOD-M	147 multi-family apartments, 8400 SF retail
Wellman Family Ltd.	NA	9.07 ac. located on the west side of N. Davidson St and bounded by N. Brevard St, Charles Ave, Matheson Ave, Jordan Pl, and N. Davidson St	TOD-M	N/A

## NoDa Attached Sales

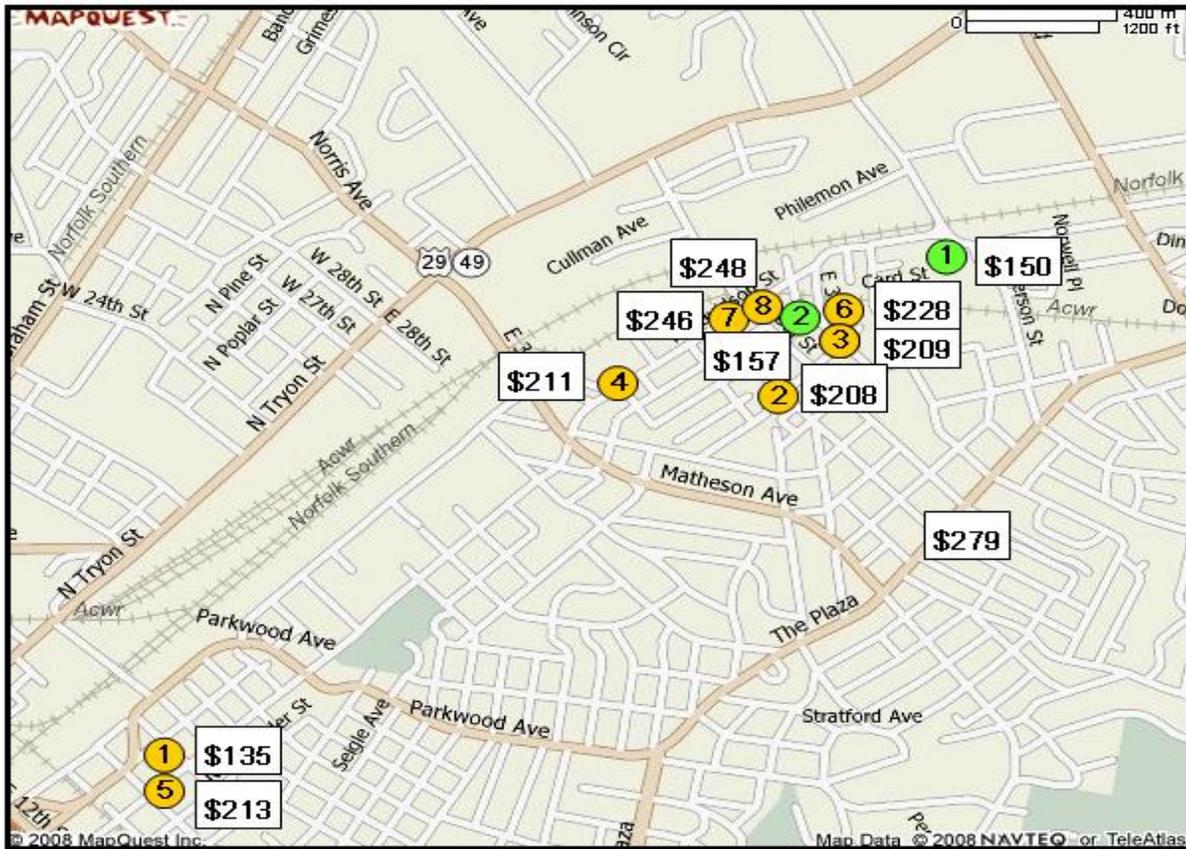
There is no currently active new construction condominium product available in the NoDa area. There are several town house and single family infill options available to buyers and Steel Gardens is in the process of a rezoning to allow for expansion of the community, which will include only town house style product. A review of closings found an average price of \$131,500 retail price, with a price per square foot of \$149. We would expect a well-designed new project to perform above that market average, in line with Steel Gardens (\$121,500 and \$209 per square foot). The averages are skewed by the large number of sales at 28<sup>th</sup> Ro, which was considerably discounted to accelerate sales pace.

Sales volume in the NoDa neighborhood remains steady for both resale and new sales. Fat City is the most recently marketed offering with new units. Seven (7) have closed this year and there are several pending which will complete the project. The current listings include 2 units priced between \$199 and \$209 per square foot. As previously noted, parking is limited and no covered is included.

New Home Sales								
Project	Units Closed 2011	Units Closed 2012	Units Closed 2013	Units Closed 2014	Av. Price 2011	Av. Price 2012	Av. Price 2013	Av. Price 2014
28 Ro	12	33	0	0	\$126,667.00	\$134,258.00	NA	NA
35th/McDowell	0	0	0	1	NA	NA	NA	\$357,000.00
Alexander Park	6	9	4	4	\$96,167.00	\$98,667.00	\$103,500.00	\$121,500.00
Brightwalk	0	14	57	50	NA	\$196,964.00	\$203,658.00	\$247,480.00
NoDa Lofts	0	0	3	0	NA	NA	\$200,000.00	NA
Steel Gardens	23	21	17	8	\$173,435.00	\$207,071.00	\$181,118.00	\$221,063.00

Resales								
Project	Units Closed 2011	Units Closed 2012	Units Closed 2013	Units Closed 2014	Av. Price 2011	Av. Price 2012	Av. Price 2013	Av. Price 2014
28th Ro	0	0	1	3	NA	NA	\$186,000.00	\$143,833.00
Fat City	0	0	6	25	NA	NA	\$160,583.00	\$197,200.00
STEEL Gardens	0	6	13	14	NA	\$203,692.00	\$223,286.00	\$231,890.00
Villa Heights	5	2	13	21	\$101,800.00	\$133,250.00	\$170,346.00	\$194,762.00
Villages at Rosedale	2	6	16	14	\$200,000.00	\$146,200.00	\$169,409.00	\$224,138.00

**NODA Active Attached For Sale Projects**



- ① Condominium Comps
  1. Block 90
  2. NODA 18
  3. Royal Truss
  4. 28th Row
  5. Block 90 2
  6. Steel Garden Condos
  7. Fat City
  8. Mercury Mills

- ① Townhouse Comps
  1. Renaissance
  2. Steel Gardens Towns



**Steel Garden** is an infill community located in NoDa includes condominium, town house and single family product. The second phase is in the end of construction stage that includes additional town house product. Homes featured unique plans including roof top terraces. The project is built by Bonterra Builders and has performed well, even throughout the market downturn. The mix of product was well received and well designed to appeal to the market at well targeted price points below \$225,000. Most of the condominiums were priced under \$200,000 and represented a lower priced alternative to competitors in the market at the time.

The condominium plans ranged from 609 to 1184 square feet. Only a limited number of plans included usable outdoor space, but this was not a barrier to sales. Finishes were similar to the market with hardwood floors in living areas, ceramic tiles in baths, granite counters and 42" maple cabinets in kitchens. The finishes and appearance of the project did not seek to skew too modern which likely enhanced the marketability of the project. There are limited amenities at Steel Garden including some open spaces and landscaping.



**Royal Truss** is an adaptive reuse of an old warehouse space adjacent to Steel Gardens. The unique loft style units did not sell quickly. Recent sales of units at Royal Truss have been at an average of \$157,000, a significant discount from the initial offering price of \$227,000. The units are unique with loft style spaces; roll up doors and a unique steel truss roof. Finishes included concrete floors, stainless appliances, granite counters and a modern Aya cabinet system.

Issues with the marketability of Royal Truss included timing (the project was ready to close as the housing market slowed). The project lacked visibility and is difficult to find. Additionally, the unique loft style units appealed to a limited market segment unlike the broadly appealing offering at Steel Gardens.



**Renaissance** is a wood frame condominium and town house community built by Gateway Homes. Gateway Homes specialized in building inexpensive housing and unfortunately, their product has not aged well and there are many complaints about the quality. An extensive renovation project has been completed by the HOA. The homes were built with fairly low specification levels that are reflected in the pricing. The low prices seen on recent resales in the community are more a reflection of the lack of quality of the homes versus the location.



**28<sup>th</sup> Ro** was a well-received project that fell victim to poor timing. The community is located outside of the central NoDa area, near the Amelie's bakery. The condominiums were initially priced at \$211 per square foot, and had strong presales. When the economic downturn hit, buyers did not close and the project was sold to an investor who quickly sold the units at the beginning of 2011 at pricing averaging \$141 per square foot. Buyers embraced the reduced pricing and 33 units were closed in 3 months.

The building is well designed with large terraces for all units and interior finishes such as granite counters, hardwood floors, 12' ceilings and 42" cabinetry. Community amenities include rooftop terraces, a dog walk area and fire pits. The project is surface parked.



**Galleries NoDa** The newest for-sale condominium project in the NoDa neighborhood was launched in December and will feature one- and two-bedroom units priced from \$179,000 to \$325,000 and will range in size from 675 square feet to 1,325 square feet. Construction is expected to start in mid-2015. This project will include 1,100 square feet of retail space on the ground floor at the intersection of North Davidson and Anderson streets.

## Area Mixed Income Communities

### Seigle Point

Just outside of uptown Charlotte, the Piedmont Courts public housing project was torn down. A mixed income project including market rate for sale housing, affordable for sale housing and affordable rental is planned for the site. The first phase of the redevelopment will be the Townhomes at Seigle Point by Grubb Properties. This project features 50 units, 20 of which were offered to buyers seeking affordable housing. Sales at the project were very strong, with most of the market rate units going to contract by the second day of sales. Sales ended up averaging \$175 per square foot, \$210,000 for the 1100 square foot units. The success of the project was driven by convenient location, the area's long term improvement plan, an increased acceptance of buyers to live in locations with diverse income levels and the well-designed floor plans that offered amenities such as garages, 3 bedroom, 3 bath options and open living spaces. At this time, resales are not yet available.

- Target Buyer- Young Singles and Childless Couples, for affordable units, single mothers with children
- Key Features- One Car Garage, third bedroom with full bath, location, competitive price
- Sales Pace – Sold out Market Rate units in two days

### Sycamore Green

Sycamore Green is in Charlotte's Third Ward neighborhood. Featuring 22 town homes, the project shares a site with 190 rental apartments and creates a mixed use community close to the city. Sycamore Green's town homes were launched in May of 2002 and by September 2003 had sold out. Initial price points for the units ranged from \$164,900 for 1155 square feet to \$219,900 for 1385 square feet. Today, resales range from \$284,900 to \$300,000 in the community. The units offered attractive exteriors, two car garages and large decks and patios.

- Target Buyer- 50% single age 20-30, 50% two income couples
- Key Features- Garages, location, competitive price
- Sales Pace – 1.5 units per month

## Charlotte Housing Market 2015

The market for new construction housing in the intown Charlotte market remains strong, but very limited due to a lack of product in the market place. Multiple sites are in planning stages, but new product in any significant quantity has yet to come to market. However, the price points being achieved in infill locations. While home closings and average home prices have generally increased, rental product has dominated the market in the last five years.

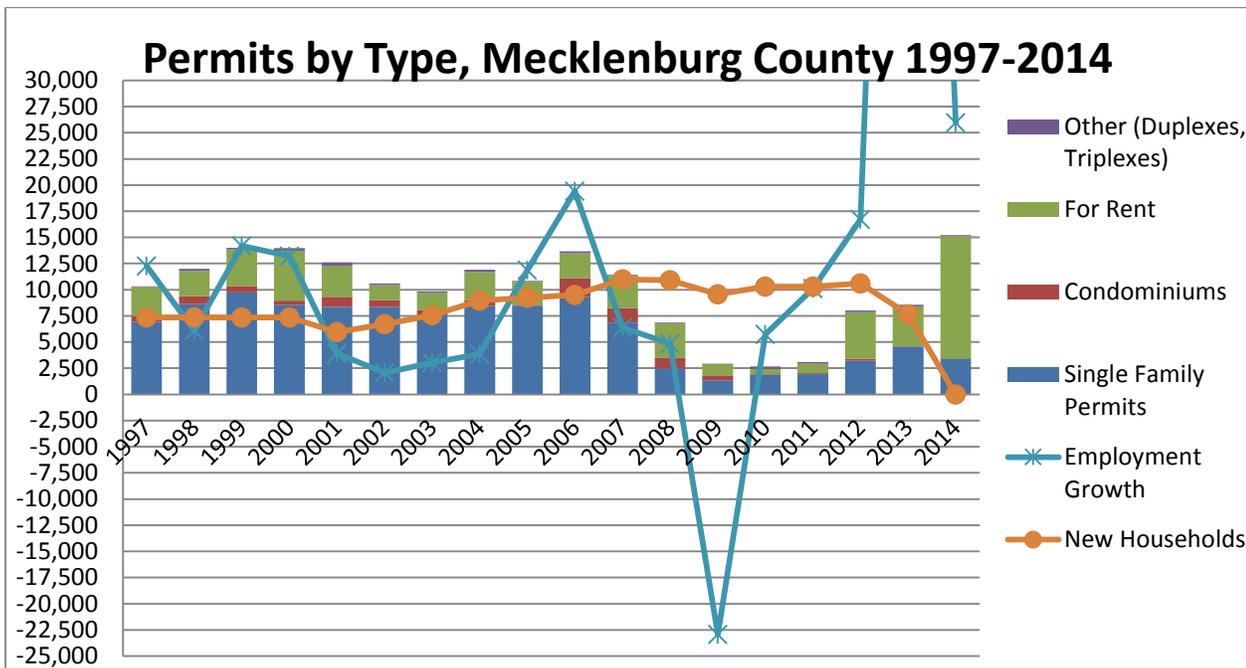
Infill construction continues to occur in all intown neighborhoods with one or two home projects by custom builders. Pricing is based according to neighborhood. Most intown neighborhoods have one or two homes on the market that are under construction. The inventory of these homes is fairly limited and the lot supply for builders is also limited with heavy competition for available lots.

## Housing Supply

The following chart and graphic compares the number of annual housing permits by type, compared to employment and population growth. The chart shows clearly the drop off in building permits from 2008 to 2012 which fell to 15 year lows.

Column1	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Single Family Permits	8,473	9,287	6,857	2,496	1,315	1,869	1,949	3,200	4,554	3413
Multi Family Permits	2,265	4,213	4,430	4,281	1,607	555	986	4,660	3,863	11698
Other (Duplexes, Triplexes)	90	176	130	73	32	248	159	152	141	79
Total	10,828	13,676	11,417	6,850	2,954	2,672	3,094	8,012	8,558	15,191
Condominiums	86	1,815	1,414	1,020	498	62	88	185	72	23
For Rent	2,179	2,398	3,016	3,261	1,109	493	898	4,475	3,791	11,698
% Multifamily	21%	31%	39%	62%	54%	21%	32%	58%	45%	<b>77%</b>
% Single Family	20%	18%	26%	48%	38%	18%	29%	56%	44%	5%
% Condominium	1%	13%	12%	15%	17%	2%	3%	2%	1%	1%
% Rental	20%	18%	26%	48%	38%	18%	29%	56%	44%	5%
Employment	408619	428021	434383	439235	416319	422062	432165	448863	582,402	608345
Employment Growth		19402	6362	4852	-22916	5743	10103	16698	133,539	25,943
Population	791473	815218	842674	869954	893892	919628	945378	971848	990,977	1 Mil. +
Population Growth		23745	27456	27280	23938	25736	25750	26470	19,129	76,936
New Households		9498	10982	10912	9575.2	10294	10300	10588	7651.6	NA
Permits to Employment		0.7	1.79	1.41	-0.13	0.47	0.31	0.48	0.06	0.5856
Permits: New Households		1.44	1.04	0.63	0.31	0.26	0.3	0.76	1.12	

Notably, while this fall off in housing construction occurred, employment also dropped, however, the number of households moving into the county stayed stable. This lag in construction has allowed rental complexes to lease up, and unsold home inventory to be absorbed. However, the county is now faced with a housing shortfall. Builders are gearing up to meet the demand, particularly on the rental side. By all accounts and estimates, Mecklenburg County will continue to experience a high level of growth over the next ten years.



- One tempering factor to the recovery is that home pricing and rent increases will be somewhat contained by stagnant wage growth and changes in lending.
- There are currently 11,000 planned and proposed rental units in Mecklenburg County. This is a large number considering the 15 year average of 2500 new rental units per year. However, from 2009-2011, less than 2500 units made it to market. We would anticipate a three to four year timeline to see all of the planned and proposed units completed and delivered and would additionally anticipate some cancellations and conversions. The influx of new units will likely place downward pressure on rents in some areas now seeing unjustified premium rental rates. We do not expect to see this downward pressure in the NoDa market.
- The for-sale market is facing shortages in key areas and price points. Builders are struggling to find lots in locations close to Center City, South Charlotte and in the northern towns of Cornelius, Huntersville and Davidson. Concurrently, builders have had to raise home prices to accommodate lot price and materials increases.
- In summary, the market for housing in Mecklenburg County is underserved, but product needs to be correctly positioned and located to succeed.

Single-Family Permits

<u>Date</u>	<u>Number of Dwelling Units</u>		<u>Average Value per Dwelling Unit</u>	
	<u>Units</u>	<u>Percent Change</u>	<u>Value (\$)</u>	<u>Percent Change</u>
1999	19,677	-	\$111,100	-
2000	18,172	-7.6	\$127,000	14.3
2001	18,647	2.6	\$127,600	0.5
2002	19,199	3	\$130,500	2.3
2003	19,052	-0.8	\$138,400	6.1
2004	21,311	11.9	\$148,000	6.9
2005	23,094	8.4	\$152,000	2.7
2006	23,992	3.9	\$169,900	11.8
2007	20,520	-14.5	\$183,100	7.8
2008	10,016	-51.2	\$187,300	2.3
2009	5,480	-45.3	\$196,200	4.8
2010	5,154	-5.9	\$194,400	-0.9
2011	5,570	8.1	\$199,600	2.7
2012	7,586	36.2	\$203,500	2
2013	11,074	46	\$223,700	9.9
2014	11,306		\$232,200	
<b>Total/Av.</b>	<b>228,544</b>	<b>-0.37</b>	<b>\$166,153</b>	<b>5.23</b>

Multifamily Units Built

<u>Date</u>	<u>Number of Dwelling Units</u>		<u>Average Value per Dwelling Unit</u>	
	<u>Units</u>	<u>Percent Change</u>	<u>Value (\$)</u>	<u>Percent Change</u>
1999	6,858	-	\$44,800	-
2000	7,647	11.5	\$49,100	9.6
2001	5,548	-27.4	\$59,100	20.4
2002	3,501	-36.9	\$56,100	-5.1
2003	3,194	-8.8	\$63,300	12.8
2004	4,105	28.5	\$62,600	-1.1
2005	3,288	-19.9	\$74,000	18.2
2006	5,111	55.4	\$88,900	20.1
2007	5,635	10.3	\$95,700	7.6
2008	4,779	-15.2	\$92,000	-3.9
2009	2,593	-45.7	\$79,000	-14.1
2010	698	-73.1	\$76,800	-2.8
2011	1,362	95.1	\$88,000	14.6
2012	5,409	297.1	\$79,000	-10.2
2013	5,570	3	\$77,700	-1.6
2014	7,100		\$84,000	
<b>Total/Av.</b>	<b>65,298</b>	<b>19.56</b>	<b>\$72,407</b>	<b>4.61</b>

## Central Submarket Housing Market

Charlotte's Central submarket consists of two main areas, the Center City (inside I-277), and the area located just outside I-277 consisting of neighborhoods like NoDa, Cherry, Dilworth and South End. The Central submarket is one of Charlotte's strongest markets for both attached and detached product and the strongest market for product priced over \$300,000. The downtown area is the main employment center in the region but for many years was not a major residential location. A variety of buyer profiles can be found in this market, depending on the project. Young professionals, empty nesters and second home buyers all find the area appealing.

Demand for housing product in Charlotte's Central submarket continues to outpace supply and buyers continue to be faced with a lack of product. This has bolstered the rental market as in many cases buyers are electing to rent rather than purchase a home in an alternate location.

Townhome development in the central submarket has been robust after a stagnant couple of years regionally we are beginning to see a number of smaller infill townhome products come on-line in addition to larger master-townhome communities like Bryant Park and CityPark by Ryan Homes. We predict strong townhome sales as new projects and pads are being developed region-wide. Pent-up demand for townhome product has already begun to show. The Central submarket has seen an uptick in new townhome projects with several launching in the next 6 months from national homebuilders in the Dilworth and Myers Park neighborhoods. We predict the demand for townhome product to grow as new Charlotteans settle in the city and phase from renting to buying. Due to the high demand, the resale townhome market has stayed strong and pricing remains stable despite the inferior and aging product.

Product varies greatly and is driven by the values and character of the surrounding neighborhoods. Product ranges from condominiums in the low \$100's located in East Charlotte on the fringe of Plaza Midwood to million dollar custom homes and smaller-infill condominium and townhouse projects in Myers Park. Recently condominiums and townhouse product has been very limited. Single family infill projects can also be found in most neighborhoods. The markets vary per neighborhood. Some, like Dilworth, are very strong with a lot of buyer interest, while others like NoDa have been slower. Matching the right product with the right location and price point is critical to the success of projects in these areas and most struggling projects are either priced too high for the area or very poorly designed.

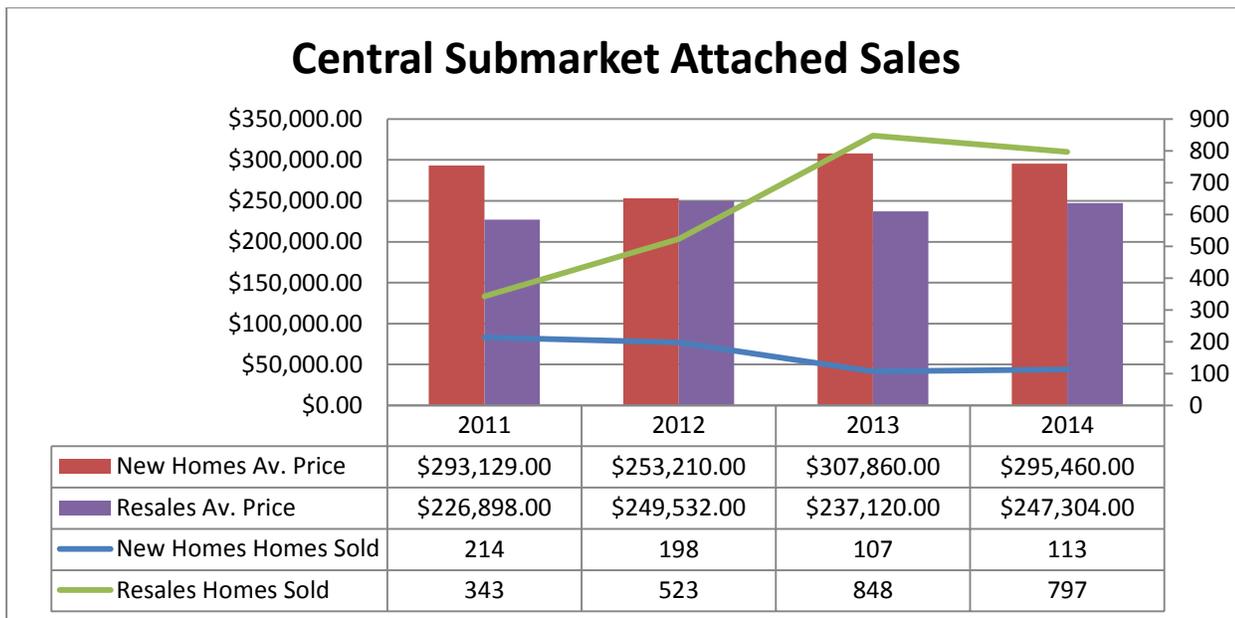
Town house projects often struggle in the Central submarket. Projects such as Laurel Ridge and The Grove struggle to sell product. Much of the problem lies with product design with layouts that don't work for buyers. Ordermore 8 and Steel Gardens have fared better. Ordermore 8 offers a desirable location and Steel Gardens offers a high quality product at a low price point for the area.

There are many projects planned for the Central submarket, with activity planned in all areas. Notable is the push to develop projects to the west of Center City driven by land costs, access and the redevelopment of Wilkinson Boulevard. Other key areas include the South End, where the most projects are planned and NoDa where a new

round of development is set to occur in anticipation of light rail. Buyers continue to embrace the urban environment of the Central neighborhoods and continue to be willing to pay a premium for the lifestyle the area offers.

### Closings Data-Attached Product

The following series of charts looks at closings in Mecklenburg County’s Central submarket for new construction attached product. A map of the submarkets is included in this report. The charts include the last four years.



The first chart compares closing volume and price trends for attached (condominium and town house product) in the Central submarket while the second represents closings in Mecklenburg County. The last 12 months has seen a decrease volume in both the Central submarket and the county. Overall, new attached closings in the central submarket are down 15.94% over the last four years but saw an increase of 5.61% from 2013-2014. There has also been a 9.59% decrease in attached product closings in the County over the last four years and a 6.63% decrease from 2013-2014. Resale closings have increased 30.10% in the county although the county experienced a 4.41% decrease in resale closings from 2013-2014, mainly due to lack of product. The Central submarket has seen a 36.20% increase in resale closings the last four years but has similarly experienced a 6.01% decrease in closings from 2013-2014. The price point for attached product continues to increase for both markets; a trend that is expected to continue as construction costs increase and buyers continue to demand more premium product.

On average, the central submarket has accounted for 23.75% of new attached product sales in Mecklenburg County and 31.35% of County resales.

## Closing Data-Single Family Detached

Single Family performance in the central submarket represent the lowest share of all new home closings in the county, this is mainly due to lack of land and higher price points for new development.

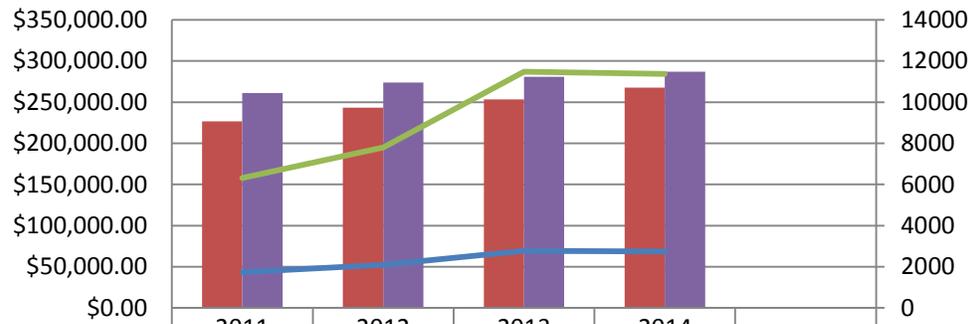
We foresee pricing remaining relatively stable as consumer seeks options in new and resale product with the majority under \$350,000 County-wide. Although construction costs are putting the pressure on pricing, many are turning toward small or attached product within this price range. The greatest demand is for product under \$300,000.

New and resale single homes intown are fairly limited, with the majority priced over \$300,000 in areas like Dilworth, Midwood and Elizabeth. There are very few options priced below that in the better established communities. The other alternative includes homes in the more distressed areas, and these are generally in need of renovation and priced well below \$100,000. However, the neighborhoods often have reputations for crime and there is uncertainty about purchasing homes and future values. This leaves a hole in the market for buyers who are not speculative or interested in renovation, yet can't afford a pricier home.

Opportunities for homebuyers in the in-town market for new construction product are very limited at this time. Only 5% of new home sales in Mecklenburg County occurred in the in-town market in 2014. This was mainly driven by a lack of product. Recently we have begun to see tear-down and gentrification trends in Cherry, Plaza Midwood and Wesley Heights emerging as popular options for buyers. Of note are the communities of Bryant Park by Ryan Homes, Saussy Burbank's development in the Cherry Neighborhood and Grandfather Homes' Josephine Court in Plaza Midwood. New single family product sales in and around Dilworth and Scaleybark areas has been robust and generally the homes are being built on lots where homes are torn down. Of note are the 20 plus homes under construction by Saussy Burbank in this area with pricing that ranges from the mid \$400's to the \$800's.

Note that foreclosures have been an issue market-wide in Mecklenburg County post compression. This is expected to be an ongoing issue in the market, as well as a supply of lower priced housing for buyers. Foreclosures tend to compete more with resales but many buyers and agents are discouraged by the process of obtaining these homes, making them more appealing to investors.

### Mecklenburg County Composite **Single Family Detached Sales 2011-2014**

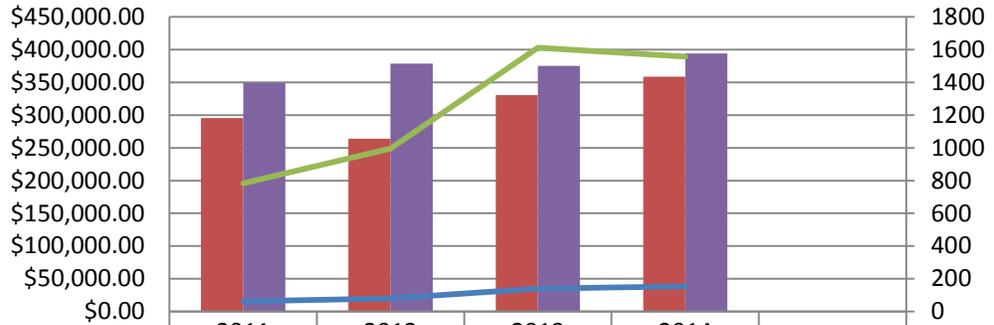


Mecklenburg County Composite New Homes Av. Price	\$226,601.00	\$243,351.00	\$253,516.00	\$267,820.00
Mecklenburg County Composite Resales Av. Price	\$261,146.00	\$273,975.00	\$280,819.00	\$286,895.00
Mecklenburg County Composite New Homes Homes Sold	1736	2087	2771	2738
Mecklenburg County Composite Resales Homes Sold	6310	7799	11475	11368

The first chart compares closing volume and price trends for single family detached product in the Central submarket while the second represents single family detached closings in Mecklenburg County. The last 12 months has seen an increase in volume in both the Central submarket and the county. Overall, new attached closings in the central submarket are up 37.29% over the last four years and saw an increase of 9.22% from 2013-2014. There has also been a 17.27% decrease in detached product closings in the County over the last four years and a 1.19% decrease from 2013-2014. Resale closings have increased 23.27% in the county from 2011-2014 although the county experienced a .93% decrease in resale closings from 2013-2014. The Central submarket has seen a 28.58% increase in resale closings the last four years but has similarly experienced a 3.35% decrease in closings from 2013-2014. The price point for detached product continues to increase for both markets; a trend that is expected to continue as construction costs increase and buyers continue to demand more premium product.

On average, the central submarket has accounted for less than 1% of new detached product sales in Mecklenburg County and 6.29% of County resales.

### Single Family Detached Sales -Central Submarket 2011-2014



Central New Homes Av. Price	\$295,651.00	\$264,025.00	\$330,514.00	\$358,773.00
Central Resales Av. Price	\$349,100.00	\$378,643.00	\$375,157.00	\$394,094.00
Central New Homes Homes Sold	63	81	141	154
Central Resales Homes Sold	783	995	1612	1558

## Greater Charlotte Region Rental Market Conditions

The rental market is performing very well at this time in the Charlotte region. Vacancy rates are down in all areas, with slowly increasing rent. Vacancy rates are the lowest they have been in 10 years, while at the same time; rents have reached a historic high, market wide. Growth in demand is at 3.1%, while the supply is only growing at 1.6%. In short, this is a good time to own rental product. The greater Charlotte region is shown in the map below and includes Mecklenburg, Gaston, York, Iredell, Union and Cabarrus Counties.

Charlotte’s rental market is currently very robust with low vacancy rates and consistent rent growth market wide. New product is being readily absorbed with some properties leasing up in under 12 months. However, with 10,429 units under construction market wide and another 9,402 proposed there could be some downward pressure on rents. Additionally, the housing market is recovering and growing rents could push more affluent renters into homeownership.

The majority of rental housing in the Charlotte market is found in the city’s numerous market rate apartment complexes. These complexes are open to tenants of all ages, and offer a variety of unit types and amenities.

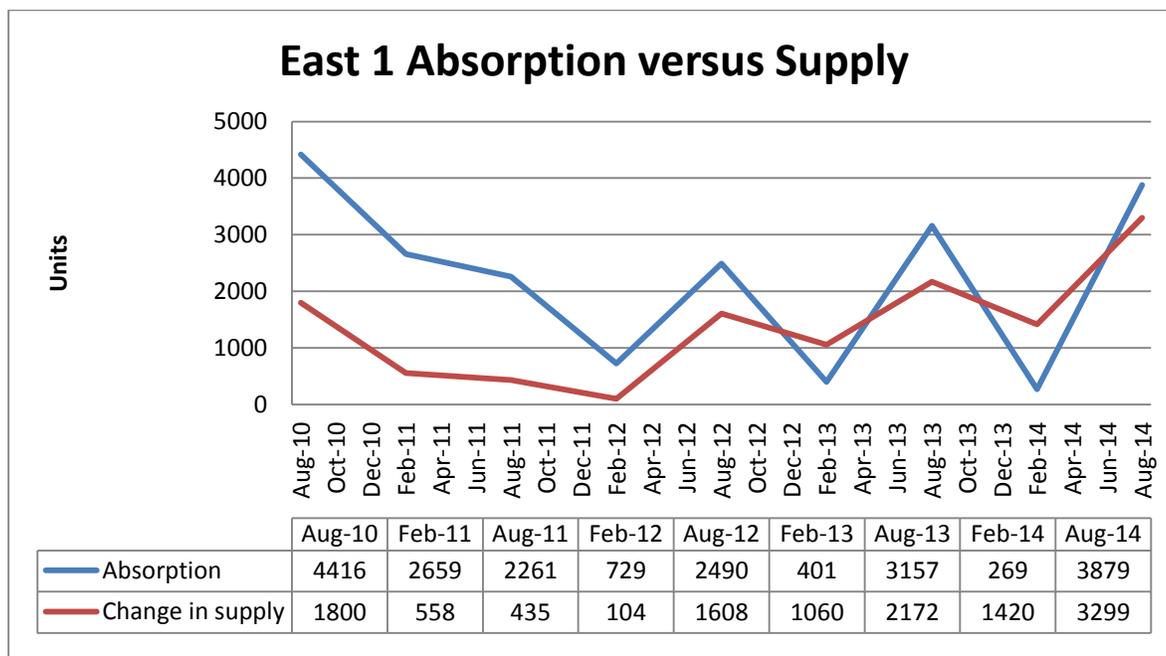
At this time, the Charlotte market is undergoing acceleration in the development of rental apartments. Developers are actively seeking sites in certain corridors. While the East submarket portion of the county has a large number of multifamily units, many are outdated and/or below market.

Area	Existing	% of Market	Under Construction	% of Under Construction	Proposed	% of Proposed Units
Northeast	18,237	20%	729	8%	859	12%
East	23,171	25%	1335	14%	1502	21%
North	6,964	8%	988	11%	1,144	16%
Northwest	3,487	4%	314	3%	748	10%
Southeast	22,750	25%	4,270	46%	1,963	27%
Southwest	13,919	15%	273	3%	138	2%
Downtown	2,458	3%	1464	16%	842	12%
<b>Mecklenburg Total</b>	<b>90,986</b>	-	<b>9,373</b>	-	<b>7,196</b>	-
Cabarrus	4740	-	412	-	344	-
Gaston	3041	-	278	-	292	-
Iredell	4725	-	232	-	540	-
Union	1197	-	0	-	0	-
York	7854	-	144	-	1030	-
<b>Total (all)</b>	<b>112,543</b>	-	<b>10,439</b>	-	<b>9,402</b>	-

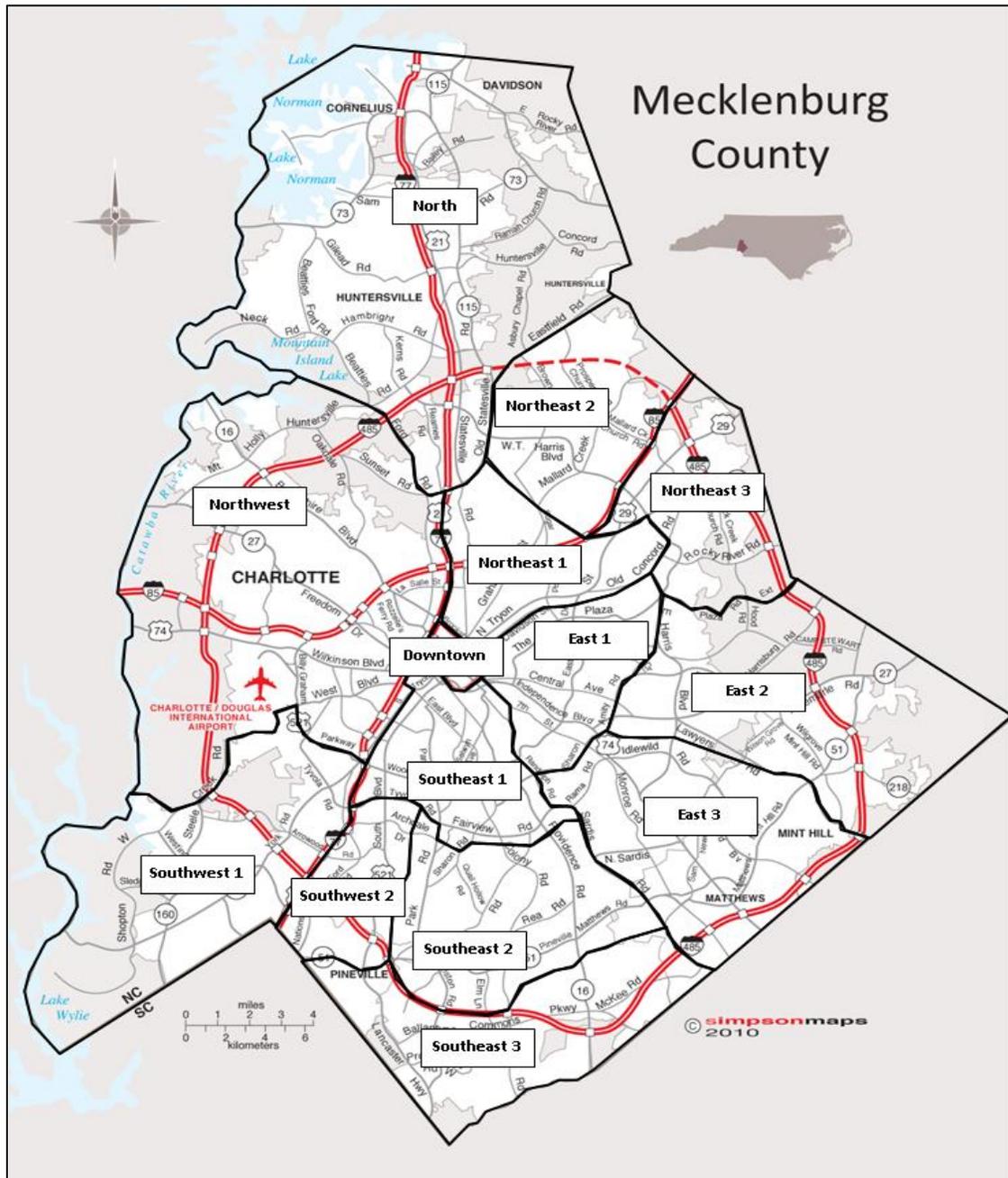
The project study area is located in the east submarket for multifamily development in Charlotte. This submarket accounts for 25% of the Mecklenburg county submarket although 82% are what we consider “aged out” that is apartments over 16 years of age. The East submarket accounts for 30% of all of the “aged out” communities in Mecklenburg County.

	Overall Market	East 1
Units	111683	<b>8623</b>
Vacancy	5%	<b>6%</b>
Avg. Rent	\$919.00	<b>\$770.87</b>
Avg. Rent/SF	\$0.96	<b>\$0.87</b>
Avg. SF	958	<b>882</b>
Absorption	3879	<b>317</b>
Supply Change	3299	<b>197</b>
Units U/C	10429	<b>1335</b>

The improvement in the market crosses all ages of rental product including more dated communities. As expected, the average rent at a new community is higher at \$1.09 per square foot versus \$.71 per square foot at communities 30 years and over in age. In terms of vacancy rates, newer product has better vacancy rates at 3.8% for both product 1 to 5 years in age and product 6-15 years age. Older communities are still seeing good vacancies at 7.7% for communities over 30 years of age.



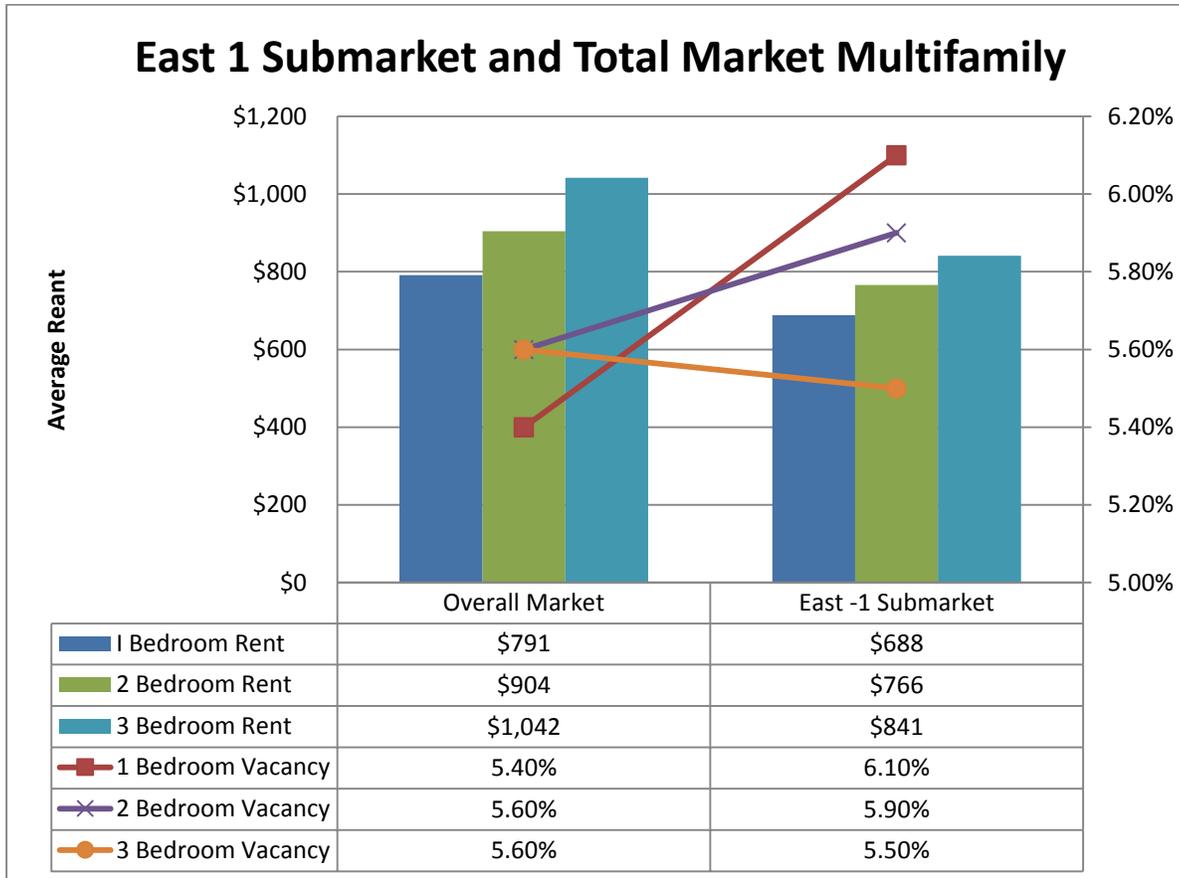
The Charlotte market is defined as Mecklenburg County and divided into 14 submarkets. Submarket boundaries for both residential and commercial statistics as discussed in this report are generally determined by area roads and municipal boundaries. The Chamber of Commerce submarket map follows.



Below is a chart of some rental market indicators, in a variety of geographies with maps shown in chart one. Overall, for all geographies surveyed, vacancy rates are very low. In all, in the past 6 months, the market has absorbed close to 2500 apartments. The overall East 1 submarket is performing below the overall market; however the East 1 submarket includes some extremely date communities in undesirable locations. When the

newer communities in NoDa, Midwood and Elizabeth are pulled out as comps to the subject property, they perform well above market average.

Vacancies are uniformly across all product types, but one bedroom units have the lowest vacancy rates across the geographies. There is an extremely low vacancy rate for one bedroom units among the comparable rental properties for the NoDa area.



There are a limited number of rental complexes in the NoDa neighborhood. Alpha Mill, Elizabeth Square and Metro 808 are all located outside of the NoDa community but represent Class A properties in similar areas. The two main currently active options include Fat City and Highland Mill. A number of smaller buildings are also in the market place including the Arden and the Davy which offer fewer than 20 apartments each. At this time, projects are well leased. None of them are equal in quality to Class A apartments in terms of quality and amenities, and they garner in lower rents than new Class A projects in similar areas.



**Fat City Lofts** was originally envisioned as a for sale project. With sales prices above \$250 per square foot, the units were never able to close despite strong presales interest. The 26 units have leased well, at \$1.20 per square foot, and a lease up in under 6 months. There are no community amenities like a pool or club room. The building is to a higher specification than standard wood frame rental units and is in the heart of NoDa. Parking is problematic for the building with a limited number of spaces. Additionally, there have been issues with keeping the ground floor retail space leased up. At this time, Fat City Lofts is

converting to for sale condominiums.



**Highland Mill** is a renovated mill close to the heart of NoDa. The units have high ceilings and a unique, spare “loft” feel to them. The spaces are very open with ample natural light. Although they are attractive homes, they have a very spare feel to them that may lack appeal for all renters. The product is a good match for the NoDa area, but lacks the comfort and luxury of some of the newer Class A offerings. Amenities include a pool, fitness center and a dog park area. Currently the average rental rate for leased units is only \$.95 per square foot, but advertised are running \$.95 per square foot to \$1.40 per square foot.



**The Davy and the Arden** have enjoyed low vacancy rates and offer a more intimate community for renters. The two infill buildings fit the fabric of the neighborhood well and achieve above market rents with limited availability. Amenities are limited but include a vegetable garden at the Arden, grilling areas, high speed internet and security. Currently, two units are available for rent, a 970 sf 2 bedroom for \$1495 (\$1.54 per square foot), and an 875 square foot unit for \$1160 (\$1.32 per square foot).



**Yards at NoDa** Gvest partners plans to build eight four-story buildings and surface parking at the site, which totals just over 10 acres and sits on the west side of North Brevard Street, between the Matheson Avenue bridge and East 36th Street. Gateway Homes rezoned the property in 2007, and a company controlled by Gateway's Doug Levin sold the land to an affiliate of Gvest early in 2012 for \$4 million.

The project will feature studio, one, two and three-bedroom apartment units. Two of the buildings will be townhome rentals. Amenities will include a resort-style pool, fitness center, and clubhouse and dog park. To-date, the first 182 unit phase has been completed.



**Mercury NoDa** The project is a mixed use project containing retail, a green grocer, art lofts, 234 rental units, and both cast in place and precast parking structures. The architecture is cued by a mix of traditional retail forms in this central business district, neighboring warehouse buildings, and an infusion of bold colors and massing inspired by the local arts scene. The final product will include art installations from community artist



### **The Lofts at NoDa Mills-Mecklenburg Mill**

The Lofts at NoDa Mills are an attempt by The Community Builders to rehabilitate a former historic mill to rental housing similar to its predecessors in the neighborhood, the Alpha Mill and Highland Mill. In phase I, the Mecklenburg Mill will be turned into 48 individual units of affordable housing. The apartments will range in size from 428 square feet for the smallest studio; to 1,216 square feet for the larger two bedroom units. The developer has needed the assistance from the city for funds from

the Community Development Block Grant Program to complete the project. Rents will start around \$500 for studios and go up to approximately \$775 for two bedrooms.

## Commercial Market Review

### Executive Summary

This study concurs with the preliminary market presentations and the residential market analysis that the rail alignment will have a significant impact on the economic development potential of commercial uses in the NoDa study area. The greatest impetus for the impact is the increase in density of potential customers as a result of the improved access and convenience of rail. The alternative trajectories of the alignment do not change the impact of the potential as long as the route does not impede and is within walking, bus and bike distance of the existing commercial attractions.

The greatest contribution to the current commercial vitality of NoDa has been the influx and establishment of three award winning breweries all on North Davidson St (NoDa, Heist and Birdsong). These facilities revitalized the entertainment scene as the loss of art galleries that were an integral part of the backbone art crawl tradition (Center of the Earth, Lark & Key). NODA continues to be a mecca for entrepreneurial specialty restaurants and shops, while also successfully retaining locally owned unique concepts such as Evening Muse, Smelly Cat and Cabo Fish Taco for over a decade.

The greatest opportunity for insuring the continued prosperity of the commercial market is for the rail alignment to enable the least distance and greatest access to commercial frontage on North Davidson and 36<sup>th</sup> Streets, the equivalent of “Main & Broadway”. Because of the nature of the commercial product in the area, frontage on the established streets is critical for its success. Connectivity to stations, including sidewalks, bike paths, and bus routes will be enhanced by the improvements and elimination of the rail crossing intersections.

There is no large grocery, drug store or big box user in the study area although due diligence for these uses has repeatedly been done. Proximity to greater parking, commuter flow and higher income residents on Central Avenue at Pecan has insured the dominant market share of Harris Teeter at that location among NoDa residents. Likewise, until the immediate trade area has a critical mass of residents with no overlap to this adjacent commercial area, the NoDa commercial district will retain its identity as a pedestrian friendly entertainment and arts district.

Given the momentum of the residential demand and the increased density expected to result from the proximity of the light rail station, it is likely that the neighborhood will attract additional grocery anchored commercial development. The demographics indicate that the area is already at the point where smaller footprint amenities could be supported with adequate parking. The critical recommendation is to encourage further commercial development where it is compatible with the existing organic streetscape and accessible to the greater inflow demand the alignment and the light rail station will generate.

Population growth, inflow traffic and income growth attract retail interest and commercial development. The study area is poised for increased growth and density because of the TOD development potential and current momentum. Household income levels are diverse and rising. Though there is no current density of high income residents, income levels will likely close the gap to match the City's median by 2020 if high amenity for sale residential development succeeds.

## **Demographic Overview**

### **Population Density**

The estimated population within the immediate study area is 4,103, with an overall growth rate in the neighborhood at approximately 1.3% annually. The following demographic maps illustrates that the population growth in the Census tracts surrounding the commercial on North Davidson Street between Matheson and Herrin Avenues are the fastest growing in the vicinity. This area southwest of the 36<sup>th</sup> station is growing at a rate between 6% and 7% annually. The other areas in the immediate study are also growing at or above 5% annually.



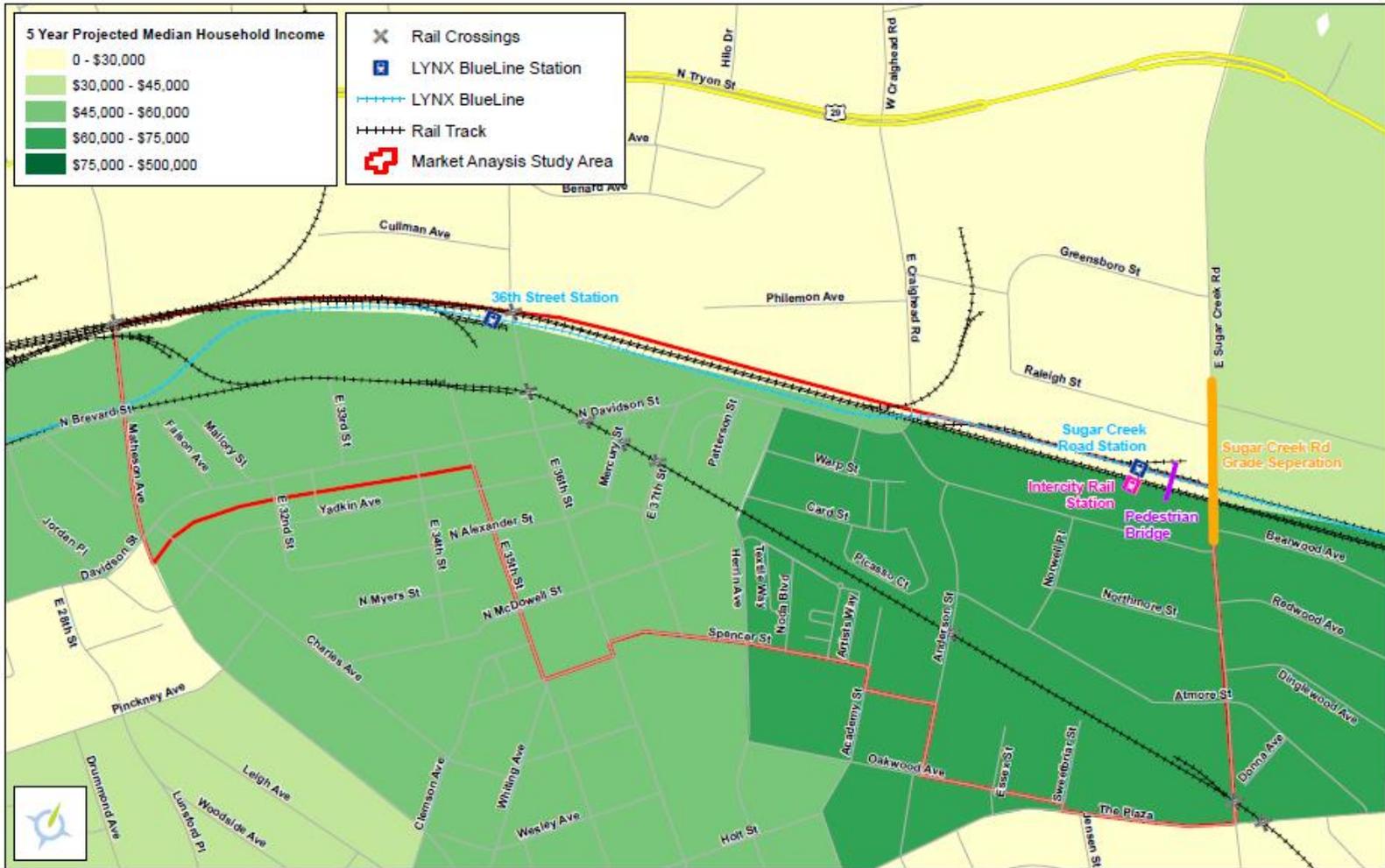
## Income

The following maps show the median household income, the five year projected household income and the percent change in the median household income by Census tract. Again the beneficial impact of proximity to the walkable retail amenities on North Davidson and 36 Streets is apparent in the higher income and income growth projected on the southeast side of the rail. It is important to note that the rail is the dividing line between demographic growth and income trends, not North Tryon Street. This further supports the expectation that improvements to the rail crossings and the rail stations will impact economic development in the area by extending the relative prosperity of NoDa to adjacent Census tracts and neighborhoods.

The average household income in the study area is \$51,121 and the median is \$43,349. This is overall lower than the City of Charlotte, which has a 2014 median income of \$53,046. However, the area has a greater concentration of renters and younger residents. The income distribution in this area is extremely diverse, though less than 5% of residents earn \$150,000 or greater, the majority of residents earn greater than \$35,000 annually, 52%. The area southwest of the rail has a median household income between \$45,000 and \$60,000, while the area north, including beyond North Tryon has a median household income of \$30,000 or less.

By 2020, the area southwest of the Sugar Creek Light Rail Station is expected to reach projected median income levels of \$60,000 to \$75,000. The entire study area is forecast to experience income growth of 5% or more, with the greatest growth in residential income being in the area southwest of the 36<sup>th</sup> Street and Sugar Creek Road Stations.





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## Lifestyle Characteristics

The immediate neighborhood surrounding the study area has an equal percentage of white and African American residents and smaller percentage of Hispanics, 16.2 percent. The median age is skewed young, 31.9 years. There are more children younger than 5 years old, 7.3% of residents, than there are over 65, 6.8%. A quarter of all residents are between 25 and 35 years old, 24.6%, and the overwhelming majority of residents are single, 74.7%. This is the most dominant age bracket for commercial demand.

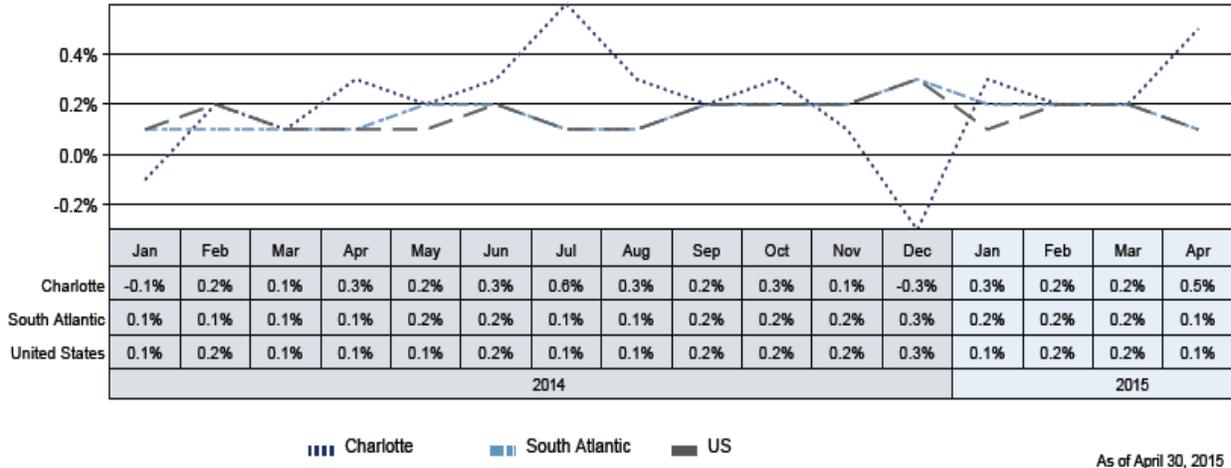
## Commercial Market Conditions

The study area is included within the northeast submarket of the greater Charlotte market that includes the University area, but borders the Center City at I-277, and the inner East submarket that includes Central Avenue. Because as yet there are no large scale commercial developments in the study area, this product has either been considered as part of a larger mixed use residential development if it fronts North Davidson or 36<sup>th</sup> Streets, or it has been entrepreneurial retrofit of existing buildings by specialty restaurants, retailers or entertainment and alcohol driven businesses such as the breweries and bars.

Overall, conditions for economic development are promising because of the longevity of the existing regional and local retailers and increasing interest among the hottest concepts to locate in the NoDa area, especially in proximity to North Davidson and 36<sup>th</sup> Street accessible to the light rail line. The area is known for its distinct restaurants, music venues and bars, but does not have a critical mass of retail. The residential growth, in combination with the increased visitor inflow traffic resulting from better access, will create an opportunity for anchored neighborhood retail, and possibly destination retail, such as Amelie's has become.

Charlotte's rent, vacancy and absorption levels are healthy compared to the region and the US, though the Northeast Submarket which includes the study area is challenged by the highest vacancy rate in the market, 14.4%, because of the spike in vacancy in the University City area where seven big box anchors relocated to new construction. There is no comparable product to what the study area has to offer in the Northeast Submarket, although the adjacent East Submarket is highly competitive with NoDa.

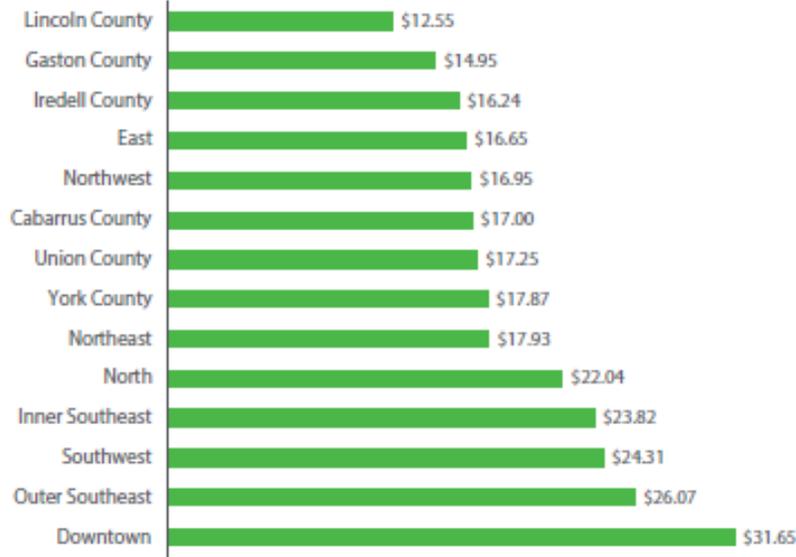
Monthly Asking Rent Growth Rate Trends



Source: Reis Reports, 2015

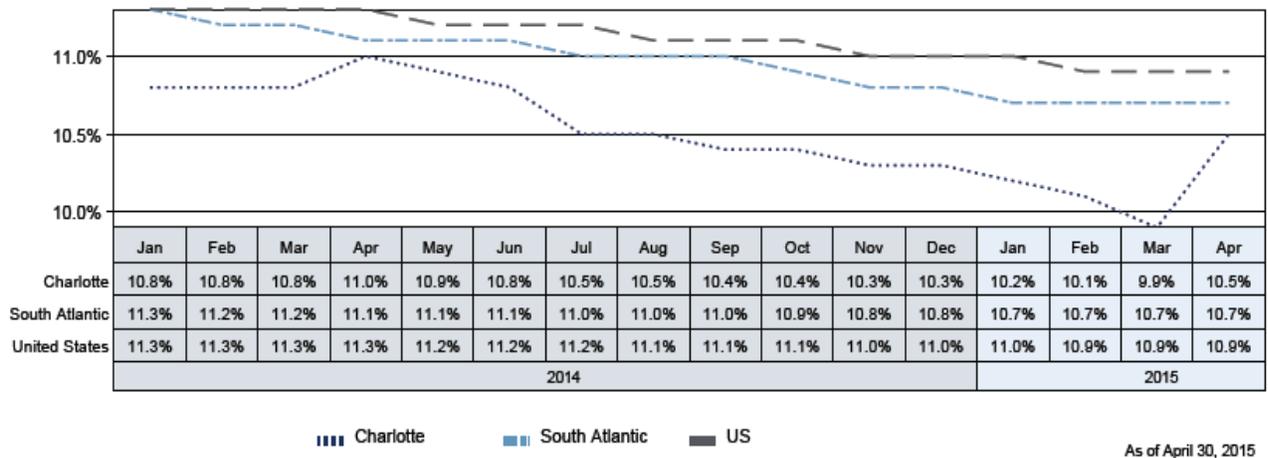
There is very little turn over or vacancy in the study area other than properties in transition for redevelopment. This suppresses rent in the short term, but rising rents in the Plaza Midwood area are an indicator of the increasing value commercial space can command in the study area. A greater indicator of the economic development potential in the study area is the pattern of development and rent growth realized along South Boulevard as a result of the increased density and walkability created by the light rail. The NoDa area starts with the advantage of an already established walkable community with a strong sense of community and experienced operators in unique anchor establishments.

### Retail Rents by Submarket



Source: Karnes Reports

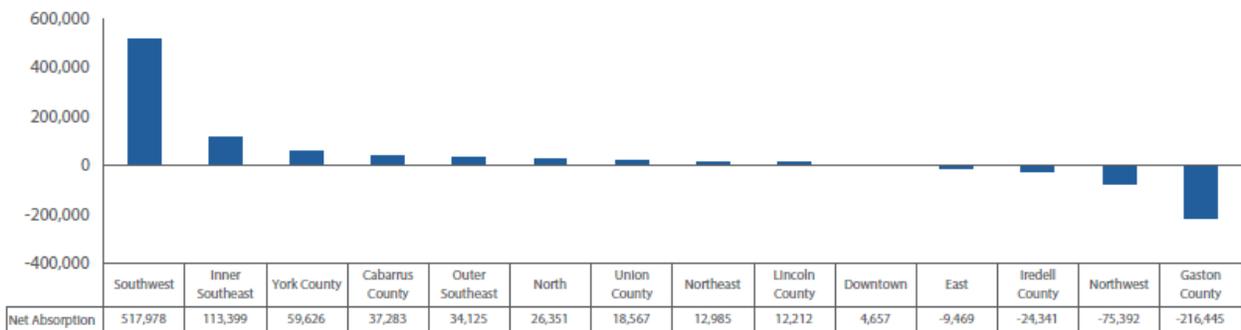
### Monthly Metro Vacancy Rate Trends



Source: Reis Reports

There are no identified commercial developments planned within the study area. The greatest development activity throughout the Charlotte market is the proliferation of apartments. Other than ground floor specialty space as required by zoning, retail development is being anchored by Publix and Walmart Neighborhood driven sites. These two retailers are among the grocery anchors who have and will consider opportunities in the study area when the light rail project and additional residential is complete.

Retail Net Absorption by Submarket (Current Period)



Source: Reis Reports

## Summary

### **1. What are the potential benefits to NoDa resulting from the rail relocation?**

Both residential and commercial development opportunities are strengthened by improvements that increase visibility, infrastructure and connectivity to the established commercial core at 36<sup>th</sup> and Davidson Streets. Realignment potentially opens up larger tracts of land, which in turn may enable greater density development and options for public parking to serve the greater commercial entertainment district and transit. Removing at grade crossings eases noise and traffic congestion, improving the desirability of residential and commercial development.

The relocation also allows for a clear, more efficient, development pattern to emerge. In the long term the relocation creates greater inflow of visitors and residents if it increases the likelihood for multimodal transportation aligned with commuter rail. The immediate benefit is improved conditions for high density residential and greater frontage commercial emanating from the light rail stations.

Improved transportation infrastructure, critical mass of density and variety of residential development, commercial development that complements and preserves the character and certainty of the timing and details of plans will spur development between NoDa and the Plaza Midwood, between NoDa and Center City and between NoDa and the University area.

### **2. Is there any reason the realignment could jeopardize economic development potential?**

The only potential risk of the realignment is if the construction disrupts the established vehicular traffic for so long as to damage the existing vitality of the neighborhood. There is no identified down side to the realignment itself. Uncertainty of plans and timing can jeopardize economic development potential. Development interest precedes actual construction of scheduled projects and announced improvements can spur investment if the intended changes are anticipated to improve access to existing thriving neighborhoods and commercial establishments. It is the team's assessment that the proposed realignment will realize potential benefits and increase the economic development potential of the greater NoDa area.

### **3. Does the proposed land use sync with economic development potential?**

The results of this study are consistent with the 2012 Noell Group Report's recommended land use plan. Flexibility and adaptability are recommended given the pace of development that could occur once the light rail is complete. For example, although there is projected strong likelihood and demand for high density housing, there is will also likely be an unmet demand for affordable for sale product as a

segment of the young single population transitions. The small format mill style homes consistent with the character of the neighborhood are the traditional product the majority of home buyers are seeking.

In addition, although the industrial uses in the area are waning, the influx of breweries represent a manufacturing potential that can coexist with both residential and retail. There may be uses that are not anticipated, but for now the land use plan is in sync.

Given the absence of open space and the market demand for higher density near the rail stations and existing successful residential and commercial development, the possibility of identifying linear space for urban trails and connections to existing parks and greenway access points may be a step that improves the economic development potential long term.