

Market Analysis

Noell Consulting Group (NCG) conducted a market analysis of the Prosperity Hucks Area. The market analysis was used in the plan process as one of many sources of information and ideas. In particular, it was used as a reality test to confirm the types and locations of land uses included in the plan. The opinions and data following in this section are extracted from the consultant's market analysis.

The plan area has an abundance of stable neighborhoods in a relatively quiet suburban setting. It has park space, schools, and solid access to neighborhood retail services. Regional access is due for substantial improvement with the expected opening of the I-485 extension.

The Prosperity Hucks area is not a significant employment area today, with the greatest concentrations of employment being in local-serving industries, including restaurants (food services), health care, and retail trade. The majority of these jobs are low to moderate-paying, with higher -paying professional services and finance & insurance jobs being located closer to the University Research Park.

Relative to the Northeast District, and particularly to the county overall, the area is lacking in higher paying finance & insurance and professional services jobs, which are largely located around Center City and in areas south.

Overall, households in the Prosperity Hucks area are more affluent than those found in the Charlotte jurisdiction. Of particular note is the lack of low-income households in the area and the high amount of middle- to upper-middle income households (those earning between \$75,000 and \$150,000), which equates to home prices of around \$200,000 to \$400,000.

Retail

Prosperity Hucks largely serves as a neighborhood-serving retail core anchored by grocery, drug stores, and local-serving retail and office users. While it is not anticipated that big box retailers will be attracted to the Prosperity Hucks area, it is worth noting the significant distance that exists between this area and other big box cores, most of which are five or more miles away. Bryton, just westward along I-77 in Huntersville, has the potential to capture this market, but the study area geographically is well-positioned to catch these retailers' attention.

Retail Opportunities: Several short- and long-term retail opportunities exist in the plan area:

- Pull existing retail centers together via streetscaping, key design elements and infilling of neighborhood retail to create greater sense of a core;
- Infill restaurants and other food opportunities and add residential components to core;
- Recognize potential for big box retail and address through the planning process.



Multi-story buildings provide for a mix of uses that pull this retail center together and create a sense of a core.



Site design elements such as this fountain add significantly to the ambiance of this center.

Office

The Prosperity Hucks Area is located between two office cores: the newly emerging I-77 North core and the more mature University core. Over the past five years the I-77 North core has outperformed the University area and has gained market share relative to Mecklenburg County. This core is driven by the growing affluence of North Mecklenburg and quick access to Downtown. The University area's multi-tenant market, meanwhile, has lost market share over the last five years, as the area generally lacks executive housing and a sense of location needed to attract office tenants. The exception to this are large-scale build-to-suit projects in University Research Park, which do not show up in these numbers.

On a regional level the Prosperity Hucks area has not offered the key factors needed to attract larger-scale office development:

- The area is not proximate to a significant base of executive housing, most of which can be found south of Center City with a secondary core around Lake Norman;
- The area has also lacked access to the region's freeway network, something that will change in the next few years.

In the coming years Bryton and the I-77 North Corridor will likely account for a large share of "northside" multi-tenant office tenant growth while University Research Park will account for the larger, back-office corporate users.

On a local level the Prosperity Hucks plan area lacks the demand generators and regional access found at nearby freeways. The local/neighborhood-serving orientation of the existing retail and the low-density environment indicate a more local-serving office play may be most appropriate. These factors, combined with the lack of nearby local-serving office cores, indicate a moderately-strong opportunity for neighborhood-type office uses.

Office Opportunities: Significant depth exists in the area for local-serving office tenants, many of which are located in retail centers today or are in nearby areas such as the University City core or along I-77. Assuming a better than fair share capture of demand, we believe the Prosperity Hucks area can support around 60,000 square feet of local-serving office and 25,000 square feet of demand from retail-using services.

- Create a greater sense of lifestyle in the area by furthering a mixed use environment and enhancing walkability, providing a relatively unique environment in Northeast Mecklenburg.
- I-485, while not enough to create a regional location, furthers the potential to attract local-serving office users.
- Focus on smaller, local-serving office users under 5,000 SF in size. This includes a mix of medical users, and smaller professional firms such as accountants, lawyers, architects, real estate agents-those that serve area residents.



The Prosperity Hucks office market is focused on locally serving office and medical facilities such as this.

Rental Housing

The improved access to the Prosperity Hucks area will further residential opportunities in the plan area; opportunities that could extend to a wider range of housing opportunities beyond conventional single-family and townhouse product. This access will complement already solid neighborhood retail, access to area parks and greenways, and solid schools. Still missing from the area is a lack of a walkable retail or mixed use core, something that offers strong appeal to younger singles and couples in particular.

Northeast Mecklenburg, which includes the Prosperity Hucks area, has a history of being slightly overbuilt, with vacancies averaging close to 8% since 1995. This said, the submarket has seen vacancy rates drop significantly over the last couple of years and is now approaching a 5% vacancy rate, considered healthy for Class A rental apartments.

The Harris/Northeast Mecklenburg submarket has been among the most active in the Charlotte region over the past 17 years, capturing nearly 25% of all Mecklenburg County absorption. This equates to an average annual absorption of more than 500 units annually during the entire period. Due to a relatively consistently high vacancy rate and steady construction, rent growth in the Harris/Northeast Mecklenburg submarket has averaged around 1.2% since 1995, about half the rate seen in Mecklenburg County overall.



This new multi-family building will serve the increasing demand for new rental product in the plan area.

Rental Residential Opportunities: With the extension of I-485 through the Prosperity Hucks area, and the increased regional access it will provide, we believe demand potential for new rental product in the area will increase significantly, particularly in the next 8 years. Over time, competition will likely shift to areas such as Bryton and along the planned Blue Line Extension to UNC Charlotte, tempering long-term demand. Still the presence of significant neighborhood retail, the existing low-density neighborhood environment, and the access provided by I-485 will be attractive to many renters in the market.

For Sale Housing

Like the Charlotte region overall, Northeast Mecklenburg has seen a sharp drop-off in sales volumes (down 82%) and new home prices (down 20% from peak). Over the next few years sales volumes will increase in Northeast Mecklenburg, albeit at a level below that seen in the mid 2000's, with townhouses potentially accounting for a greater share of product mix.

Home prices in the Prosperity Hucks Area are generally relatively affordable and are consistent with those seen in Mecklenburg County overall. Townhouse product serves as a price-alternative to single-family homes in the area, with some buyers choosing townhouse product for lifestyle purposes. North of Eastfield Road, Skybrook and Olmsted have been able to achieve significantly higher home prices, driven in part by their lower development intensities and golf & nature orientations.



The Shad's Landing retirement community is a specialized element of the area's multi-family market.

While the Prosperity Hucks area has seen a gradual loss in market share for new detached and attached home sales over the past few years, the extension of I-485 through the area will result in an increased capture in the coming 5 to 10 years given its improved accessibility to the region's freeway network and regional employment cores. Over time, as the area builds out, captures of new for-sale residential, particularly single-family detached product, will decrease.

For Sale Residential Opportunities: The Prosperity Hucks area is well-positioned to regain market share as I-485 increases regional access to area residents. To this, value creation and broadening housing appeal will be important to the long-term sustainability of the area.

- Infill attached for-sale and rental residential adjacent to existing retail core to enhance walkable environment. This could include adding product targeting more mature singles and couples.
- Identify opportunities for street-oriented rental apartments, attracted to the area by the enhanced access provided by I-485.
- Continue infill of single-family homes, focusing on connectivity and value creation to enhance the lifestyle proposition of the area.

Market Demand Summary

Market Demand by Land Use 2011-2030		
Category	Quantity	Acres
Retail	444,329 s.f.	41.7
Office	97,547 s.f.	9.0
Rental Residential	1,188 units	46.0
For Sale Attached Residential	612 units	40.8
For Sale Detached Residential	2,322 units	513.5
Total	541,876 s.f.; 4,122 units	651.0

Source: Noell Consulting Group projections, December 2012



Attached single family in and adjacent to the Village Center will continue to have strong appeal.



The single family home market will continue to be a focus within the Wedge neighborhoods of the plan area.