



Blue Line Extension

Market Analysis Executive Summary

Below is a summary of the Blue Line Extension (BLE) Station Area Plans - University City stations market analysis. When developing area plans, Planning staff often contracts with a consultant to prepare a market analysis for the study area. The analysis looks at the area's context, demographics and employment. It then forecasts potential market opportunities and potential demand for residential, retail and employment growth in the area. This information is then used as one of a number of tools helping to develop and evaluate future land use recommendations.

When reviewing this summary, please keep the following in mind:

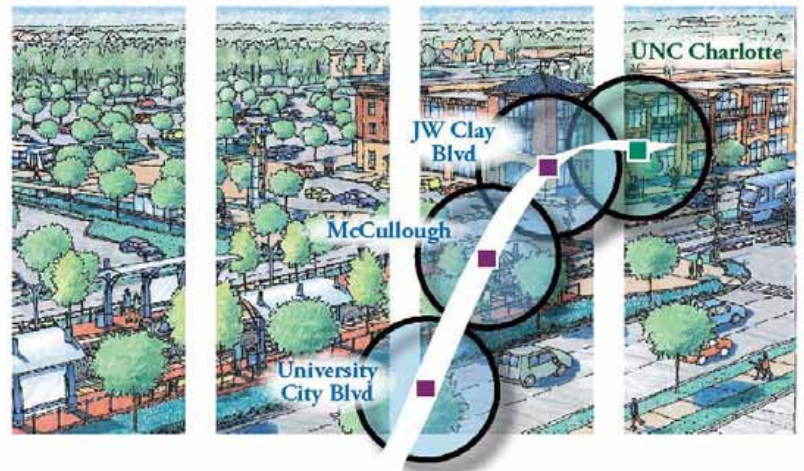
- o The market study does not include recommendations, but rather is an analysis of potential market opportunities over the next 20+ years. This analysis does not take into account the specific vision for the area, the broader policy context, or public input.
- o It is only one of many tools that will be used to help determine future land use recommendations for the BLE Station Areas;
- o The potential development numbers that are shown are factored over a 20+ year time frame;
- o The potential development numbers include pipeline development (projects that have already been planned and/or permitted);
- o The analysis looks at potential demand not only for the BLE Station Areas, but also for a ½ mile ring around each transit station

This analysis was prepared by the Noell Consulting Group. Noell Consulting Group has 18 years of experience in providing market analysis services to both the public and private sector in Southeast. They have worked on a variety of projects for several City departments including Planning, CATS and CDOT.



The opening of the LYNX Blue Line (South Corridor) Light Rail Transit (LRT) line marked the turning of a page in Charlotte's history. This transportation option provides a competitive alternative to the automobile. With it comes the opportunity to enhance the City's existing growth pattern by promoting higher intensity development where transportation infrastructure capacity is greatest, such as around rapid transit stations.

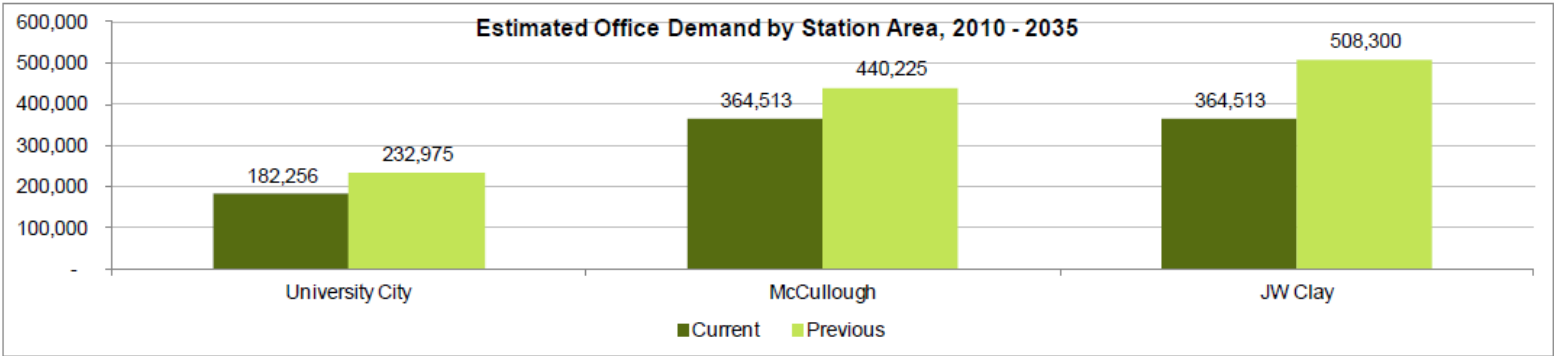
In planning for future development and redevelopment around the transit stations, it's important to understand the key trends and conditions for residential, office and retail uses, particularly as they relate to this portion of the BLE, as well as specific development opportunities and demand potential for each of the three station areas.



The following summarizes a market analysis for the University City Boulevard, McCullough, and JW Clay Boulevard transit station areas conducted by the Noell Consulting Group (NCG) for the Charlotte-Mecklenburg Planning Department. NCG last analyzed development/redevelopment potential around these stations in late 2010, as Charlotte was still struggling with the effects and impacts of the housing downturn and recession that began in 2007/2008. The recommendations included within this summary are intended to enhance larger planning efforts for these stations being conducted by the City of Charlotte and are not, themselves, plan recommendations. The following represents identified market opportunities for retail, office, rental and for-sale residential.

Office Development

The office market around the outer BLE transit station areas has largely underperformed over the past decade with vacancies remaining around 24% (well above the northeast corridor average of 10% and regional average of 13%). This area will be the first suburban office core accessible by LRT in Charlotte. However, demand for office space has dropped from 1.18 million to 900,000 between 2011 and 2013. This is likely caused by two factors: the continued underperformance of the corridor's office market and the low rents being achieved (strong rents being needed to justify redevelopment for office) and a national trend of square feet per employee rates drifting downward.

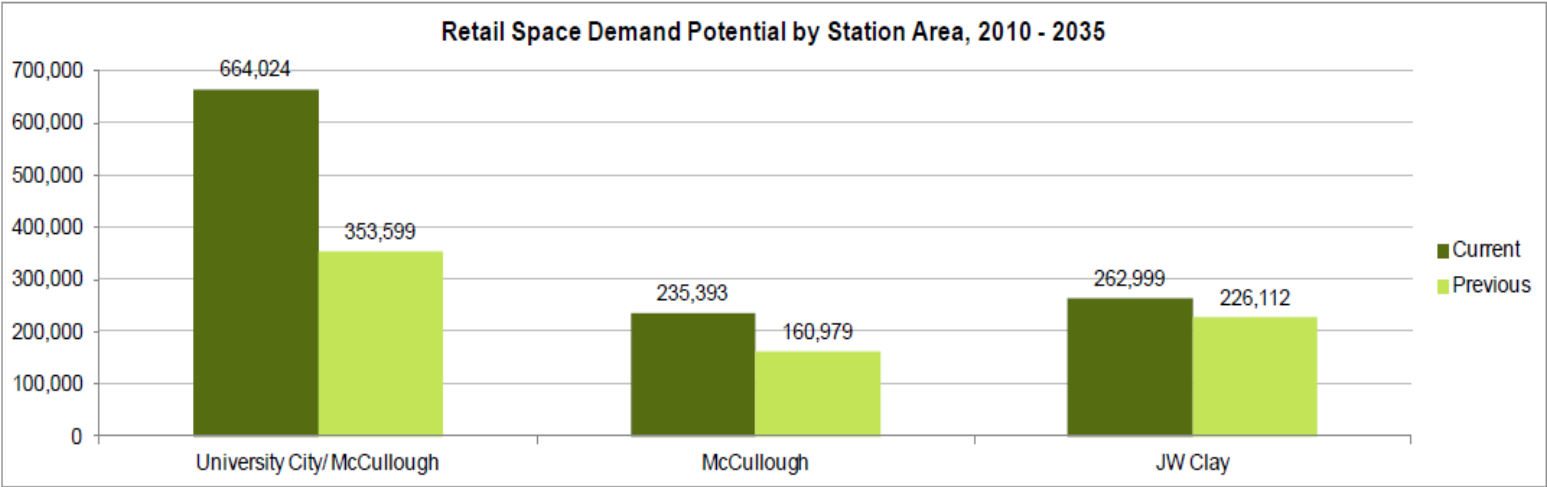


JW Clay Boulevard may represent one of the strongest opportunities for office in the corridor, followed closely by McCullough. The University City Boulevard station area is likely to continue to emerge as a retail core.

Retail Development



The Northeast/University area continues to be a highly active retail market capturing demand from closer-in areas of northeast Charlotte as well as more suburban areas in northeast Mecklenburg. Retail in the BLE corridor, and indeed in the northeast corridor submarket overall, is largely comprised of auto-dominated shopping centers or free-standing locations with very little lifestyle or walkable retail existing. This area’s retail market is suffering from high vacancies, at nearly 14% prior to the relocation of stores to Belgate and likely higher today. This said, the newness and relatively solid performance of the retail market has resulted in fairly solid rents, particularly to the overall Northeast retail market.



Opportunities may exist in the market, likely around University Place (in the older areas closest to N. Tryon Street), to create a highly walkable, retail district with restaurants, pubs, and shopping. Creation of such a project, particularly if vertically-integrated with residential or office uses, could create positive momentum needed to both spur demand and rent growth and thus allow for greater demand and redevelopment over time.

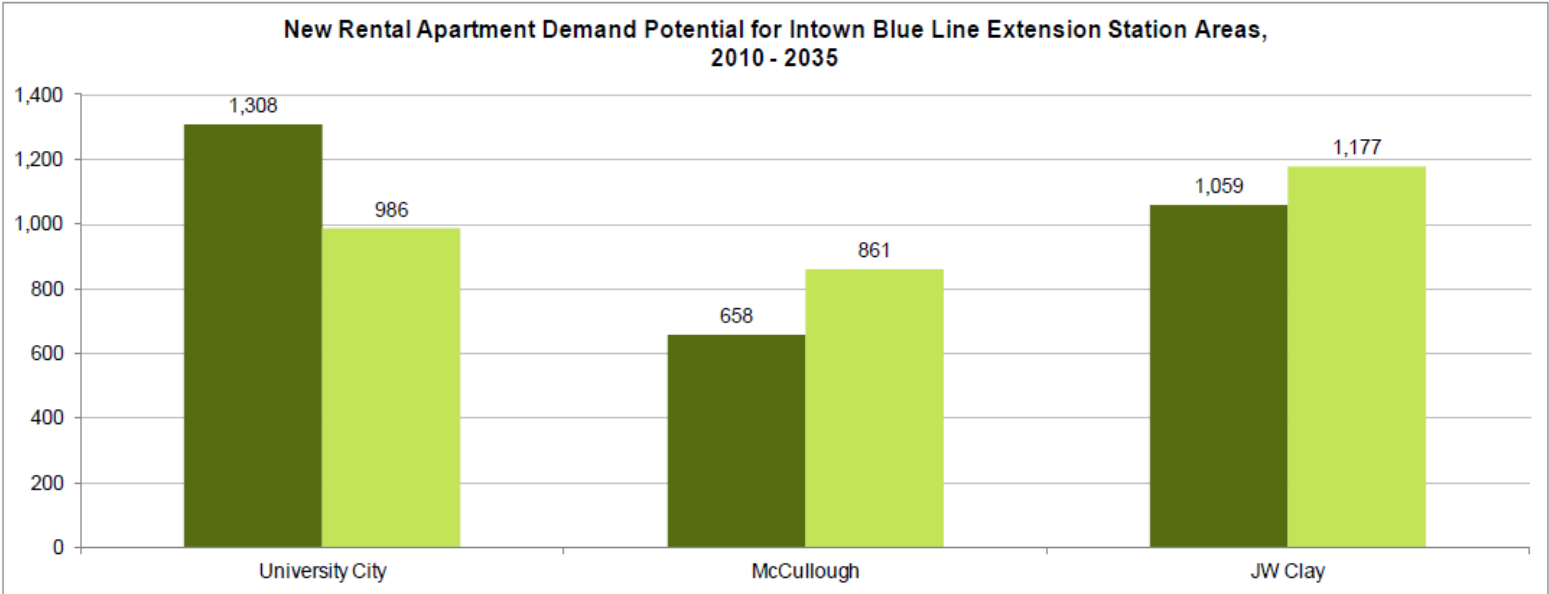
Rental Residential

The rental apartment market has been the strongest real estate product in Charlotte and the U.S. over the last five years, driven by struggles in the for-sale housing market and preferences of Generation Y households for walkability and authentic mixed-use atmospheres.



Rental projects in the area have become student dominated, particularly as the university has furthered its expansion toward N. Tryon Street and renters in the corridor are overwhelmingly below 35 years of age. The corridor is experiencing very low vacancy rates and is also relatively affordable.

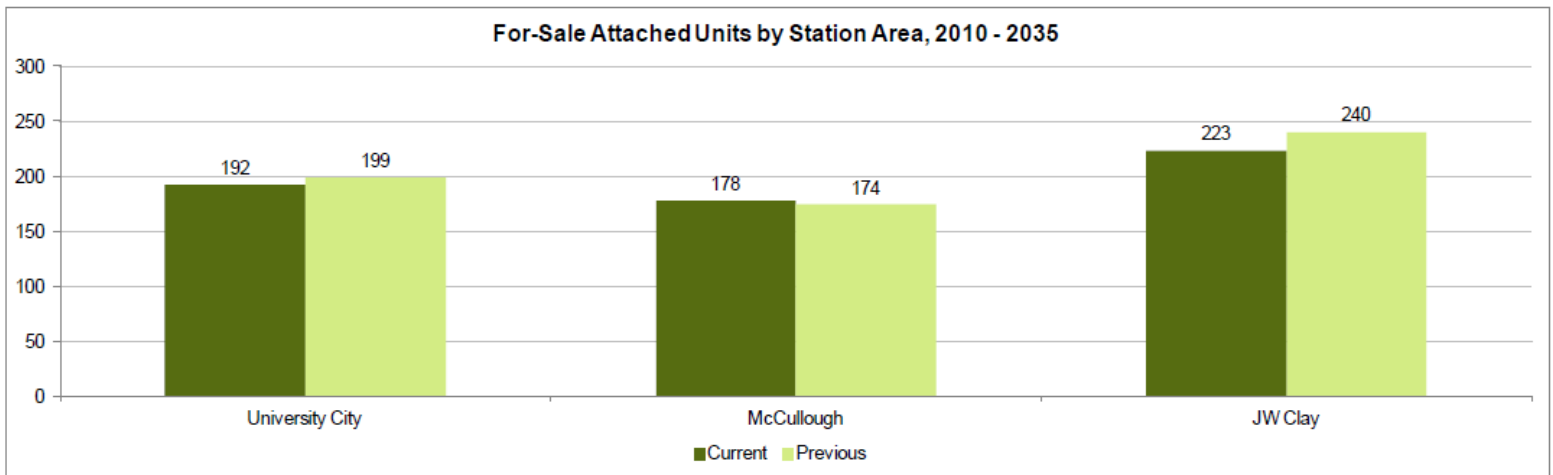
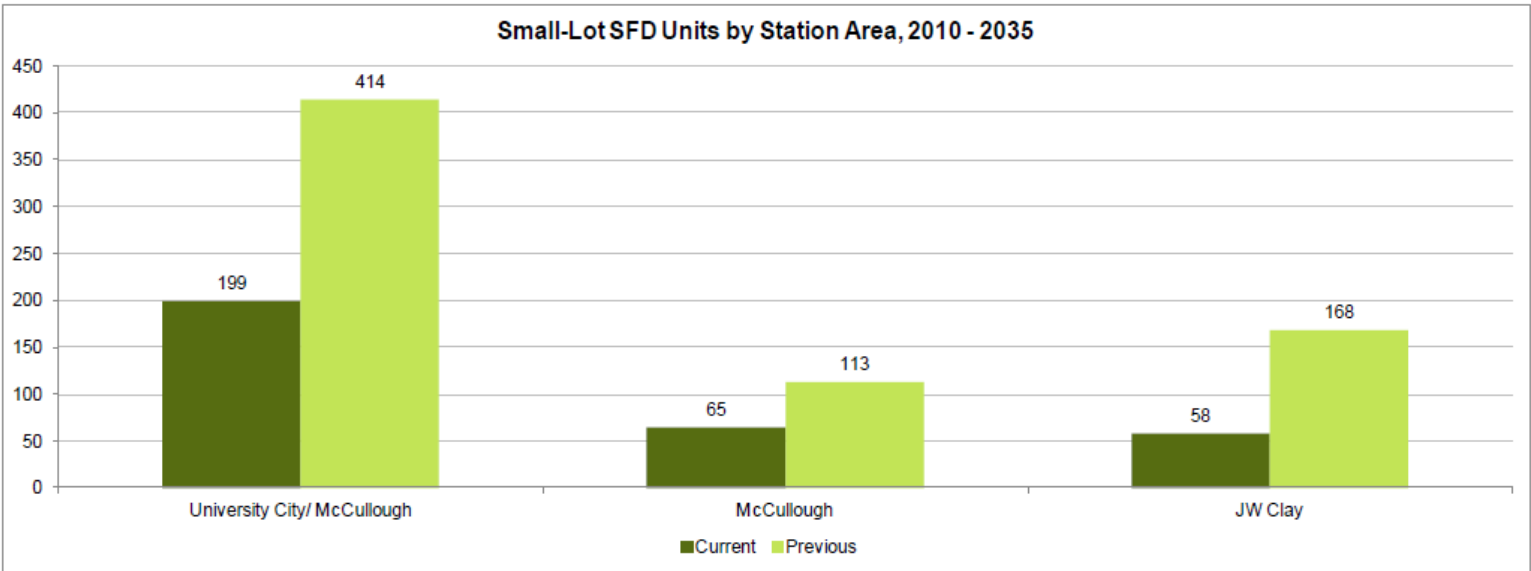
Demand will likely be fairly evenly distributed among the three stations in the area, with University City Boulevard and JW Clay Boulevard areas having the greatest potential for multifamily development.



For Sale Residential

Charlotte's for-sale housing market has shown solid improvement in the last couple of years with inventories dropping significantly and new construction returning to the market. Price appreciation is also returning to the market, with home sales prices up 7.8% from this time in 2012.

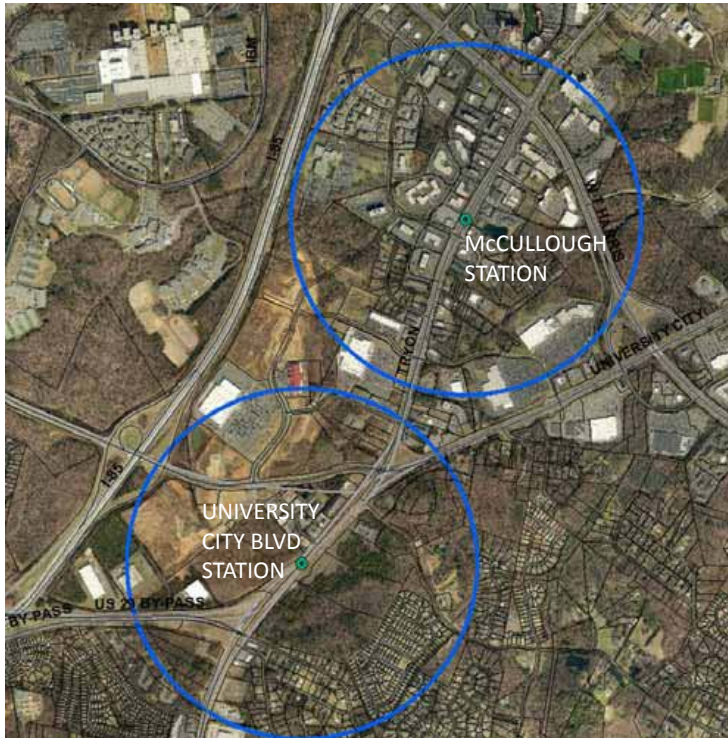
Much of the corridor in this area is already developed or is commercial in nature and thus not highly conducive for single-family (small lot) or townhouse development. Over time, as value is created in the corridor, opportunities for some residential infill will emerge and some opportunities may materialize.



Station Area Summaries



University City Boulevard/McCullough



We estimate that by 2035 combined demand for residential uses in these station areas will be approximately 2,600 units, of which the overwhelming majority will be multi-family. About 62% of the nearly 1.5 million square feet of commercial space will be for new retail. While vacant properties in the vicinity of University City Boulevard station will be sufficient to allow for new retail and multifamily, additional development in and around McCullough will be more challenging. Challenges exist in this area due to small parcels and need for assemblage for future redevelopment.

	New Small Lot SFD	New TH Units	New Condo Units	New Apt. Units	Total Res Units	New Retail SF	New Office SF	Total Commercial SF
2010-2015	28	49	0	292	368	323,654	69,234	392,888
2015-2020	74	67	0	440	582	207,044	122,881	329,925
2020-2025	57	69	0	349	475	132,890	107,789	240,678
2025-2030	63	92	0	452	607	122,111	123,985	246,096
2030-2035	41	94	0	433	568	113,718	122,881	236,599
Total/Avg. 2010-2035	264	370	0	1,966	2,600	899,417	546,769	1,446,186

JW Clay Boulevard



The JW Clay Boulevard station area has perhaps the most significant opportunity to urbanize beyond its suburban format today. Demand potential exists for roughly 1,340 total units by 2035, of which 80% will be within multi-family developments.

Opportunity exists to create a lifestyle-oriented center in the area at a higher density than current development patterns. Exclusive of potential redevelopment of existing space, net new retail support is estimated to be 263,000 square feet and 365,000 square feet of new office by 2035.

	New Small Lot SFD	New TH Units	New Condo Units	New Apt. Units	Total Res Units	New Retail SF	New Office SF	Total Commercial SF
2010-2015	14	13	13	157	197	35,962	46,156	82,118
2015-2020	25	18	18	237	298	69,015	81,921	150,935
2020-2025	19	15	22	188	244	56,953	71,859	128,812
2025-2030	0	19	43	243	304	52,333	82,657	134,990
2030-2035	0	19	44	233	296	48,736	81,921	130,657
Total/Avg. 2010-2035	58	83	140	1,059	1,340	262,999	364,513	627,512