ROBERT CHARLES LESSER & CO., LLC

# COMMERCIAL MARKET ANALYSIS TO SUPPORT PLANNING AND REVITALIZATION EFFORTS IN THE LAKEWOOD NEIGHBORHOOD; CHARLOTTE, NORTH CAROLINA

***Prepared for:***

**CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD**

**November 5, 2004**

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# REPORT

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

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# BACKGROUND AND OBJECTIVES

## Background

In August 2004, Robert Charles Lesser & Co., LLC (RCLCo) was retained by the City of Charlotte's Neighborhood Development division to conduct a commercial market analysis to support planning and revitalization efforts in the Lakewood Neighborhood in Charlotte, North Carolina. The neighborhood, located south of Rozzelles Ferry Road and Interstate 85, and northwest of Norwood Drive, features a variety of land uses including single-family, multifamily, commercial, office, institutional, and light industrial uses on approximately 230 acres. Lakewood is a lower to moderate-income neighborhood currently designated as "fragile" by the City – indicating the neighborhood generally has a lower quality of life and is 'at risk' on multiple social, physical, crime, and/or economic dimensions. Other key issues facing the neighborhood include relatively low housing quality and various undesirable land uses, including deteriorating and vacant properties.

## Engagement Objective and Methodology

The key objective of this engagement was to provide economic and market analyses to assist in the City of Charlotte's planning and revitalization efforts for the Lakewood Neighborhood. RCLCo's analysis, which will be incorporated into the larger revitalization plan being created and updated by the City, focused on the neighborhood's frontage along Rozzelles Ferry Road and its potential development for stable commercial uses. Should such uses not be supportable, alternative land uses were examined for potential development along the corridor. The specific scope of our analysis included the following tasks:

1. Conducted a kick-off meeting with the client and relevant project team members to further understand the context of the study area, key issues, goals of the community plan, project timeline and other relevant information pertaining to the study area and the study process

2. Physically inspected the study area and surrounding vicinities and utilized previous Lakewood Neighborhood Action Plan efforts to identify and refine the economic strengths, weaknesses, opportunities, and threats (SWOT) of the study area

3. Conducted interviews with key community stakeholders, residents, and real estate and economic interests in the Lakewood area to understand opportunities and challenges along Rozzelles Ferry Road

4. Defined the Primary Market Area (PMA) for retail, office, and residential uses along Rozzelles Ferry Road

5. Obtained and analyzed key economic and demographic data for the study area and the PMA, including historical, current, and projected household and population growth, households by income, household types, housing values, employment in the area, and retail sales potential data

6. Identified and surveyed key competitive and comparable commercial and residential land uses to understand potential performance measures, including project size, sales/units leased to date, achieved prices/rents, unit sizes, development timing and market audiences/tenant types

7. Created statistical demand analyses for retail and office uses to estimate the potential supportable square feet of space within the Lakewood Neighborhood

8. Used the above analytical tasks to provide development recommendations and implementation strategies for the study area, primarily relating to the parcels along Rozzelles Ferry Road

# CRITICAL ASSUMPTIONS

The conclusions and recommendations presented in this report were reached based on our analysis of the information available to us from our own sources and from the client as of October 2004. We assume that the information is correct, complete and reliable.

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

We assume that in the future, the economy and the real estate markets will grow at a stable and moderate rate. History tells us that stable and moderate growth patterns are not sustainable over extended periods of time. Indeed, we find that the economy is cyclical, and the real estate markets are typically very sensitive to these cycles. Our analysis does not take into account the potential impact that major economic "shocks" could have on the national and/or the local economy, nor does it account for the potential benefits from a major "boom". Similarly, the analysis does not necessarily reflect the residual impact on the real estate market and the competitive environment of such boom or shock situations. We are currently in the midst of an economic recovery, the timing, depth and duration of which are unknown, and which to date has had varying impacts on the real estate market in most areas.

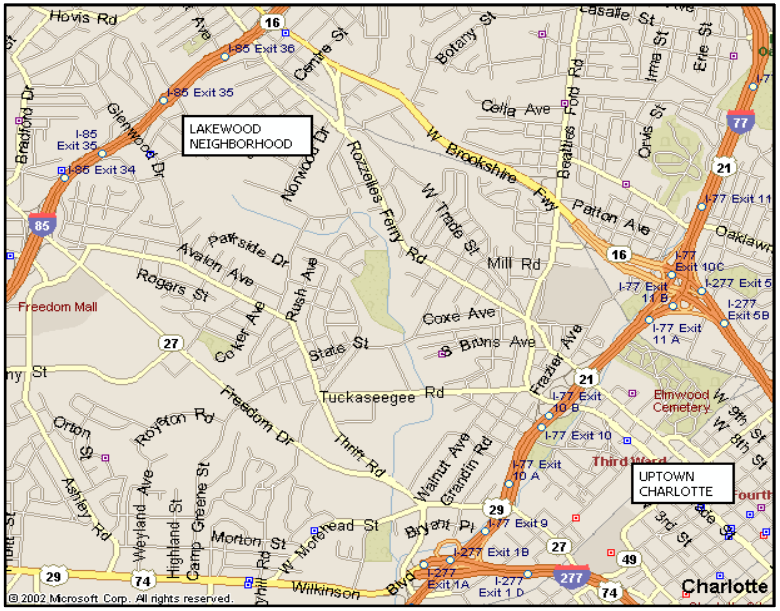
Additionally, we assume that economic, employment and household growth will occur more or less in accordance with current expectations, as will other forecasts of trends and demographic and economic patterns. Along these lines, we are not taking into account any major shifts in the level of consumer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

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

## SUBJECT PROPERTY

The study area consists of the Lakewood Neighborhood Statistical Area (NSA), the boundaries of which were developed by the Charlotte-Mecklenburg Planning Commission. Located in northwest Charlotte to the southwest to Rozzelles Ferry Road, southeast of Interstate 85, northwest of Norwood Drive and northeast of a Duke Power right-of-way, the Lakewood Neighborhood is proximate to Uptown Charlotte and has excellent access to major transportation corridors in the area, including I-85. The neighborhood is currently home to approximately 660 residents, and consists of roughly 300 single and multifamily housing units, as well as various civic, commercial, and light industrial uses.

***Figure 1 - Map of the Lakewood Neighborhood Area***




The Lakewood Neighborhood has a rich history dating back to the early 1910's, when the area was home to an expansive community park and dammed lake adjacent to the Hoskins Textile Mill. In the 1930's, the dam broke, the lake drained, the park closed and Lakewood developed as a mill village. Since this time, the neighborhood has slowly declined, and is currently plagued with many social and physical problems, including high crime levels and substandard housing. Throughout most of the past decade, Charlotte's annual Neighborhood Quality of Life Study has designated the Lakewood Neighborhood as "fragile". This study evaluates neighborhoods based on twenty social, physical, crime, and/or economic variables, and has generally found that residents within Lakewood currently have a lower quality of life than other Charlotte-area neighborhoods, and are 'at risk' on multiple social, physical, crime, and/or economic dimensions. In 2004, 28% of Lakewood residents received subsidized income, the neighborhood had a crime rate 2.5 times that of the city, and 15% of the homes in Lakewood were classified as 'substandard' (twelve times the city average).

In 1995, the city of Charlotte began working with Lakewood residents and community stakeholders to develop the Lakewood Action Plan. This plan, which was updated in 1997, identified challenges and issues within the community, developed groups and strategies to correct these issues and implement plans to revitalize the neighborhood. Since this time, gradual improvements have been made within the neighborhood – due in large part to the City's continuing efforts, Lakewood resident participation, and investment in the community by a number of organizations, including the Lakewood Community Development Corporation (CDC), Charlotte-Mecklenburg Housing

Partnership (CMHP), Habitat for Humanity and various churches. As part of the city's revitalization and planning efforts, Mahan Rykiel Associates was engaged to provide community-level revitalization strategies, with a focus on residential opportunities. As a compliment to Mahan Rykiel Associates' work, RCLCo was engaged to provide the economic and market recommendations contained herein.

## Lakewood Neighborhood Strengths and Challenges

Mahan Rykiel Associates' has worked to identify various strengths and challenges to the Lakewood Neighborhood's revitalization efforts, of which many are also noted by RCLCo and are addressed within this report. Current strengths and challenges within the community include:

LAKEWOOD STRENGTHS

- Proximity to Uptown and major transportation corridors
- Significant reinvestment in the neighborhood (CDC, CMHP, Habitat for Humanity, City)
- Renovated apartments for lower-income families
- Moderate access to public transportation service
- Improvements planned for Rozzelles Ferry Road
- Robert Yates Facility – opportunity for a variety of uses
- Neighborhood park, daycare facilities, and future greenway
- Nearby Parkway Community Center; Planned Community Center at Faith Memorial Church
- Crime rate is steadily improving with continued support of the Char-Meck Police Dept. and community efforts
- The Neighborhood Alliance and other community organizations have reorganized and are holding regular meetings
- The Lakewood CDC currently owns various tracts of commercially zoned property along Rozzelles Ferry Road.

LAKEWOOD CHALLENGES

- Few retail services within the Lakewood Neighborhood
- Negative perception of the community due to criminal activity and deteriorating land uses
- Generally inadequate senior housing
- Limited weekend pubic transportation service
- Railroad track bordering northeast side of property
- Dead-end streets and lack of neighborhood connectivity
- Park underutilized due to safety concerns
- Nearby community centers are out of safe walking distance; community relations with Faith Memorial Church could be improved
- Crime rate is currently 2.5 times the city average; drug activity, prostitution, and violent crime are still a problem
- Mistrust in neighborhood organizations and leadership; Many residents are not aware of positive changes in the community, renters (60% of Lakewood) are rarely involved
- Current tracts of land along Rozzelles Ferry Road are not large enough to accommodate a large grocery or other big-box tenant; traffic counts (<12,000) are too light to support most national retailers

Despite the numerous challenges facing redevelopment efforts in the Lakewood Neighborhood, the community benefits from easy access to major area transportation corridors, including I-85, Brookshire Freeway, and I-77. In addition, the neighborhood is located 2 miles northwest of Uptown Charlotte, the area's major employment core and emerging entertainment district. Being located on Rozzelles Ferry Road also gives the neighborhood a fair amount of visibility, as approximately 11,200 vehicles pass by Lakewood daily.

A continued interest in revitalizing intown areas by the City and other public/private entities also bodes well for community redevelopment efforts within the Lakewood Neighborhood. Several non-profit groups are currently involved within the Lakewood Neighborhood and have provided funding, development assistance, project management, and expertise. The interest and presence of these entities, which include the CMHP, Lakewood CDC, Habitat for Humanity, the Foundation for the Carolinas, and various area churches, is a very positive sign and will greatly benefit neighborhood planning and development efforts.

## Current Land Uses

As noted above, the Lakewood Neighborhood has a variety of land uses including single and multi-family residential properties, commercial space, light industrial (warehouse) facilities, institutional space, a public park, a church, and Duke Power infrastructure. Currently, many homes are vacant or in disrepair, while others have been newly renovated or constructed. Therefore, the housing stock in the neighborhood varies greatly in terms of quality, condition, and architectural style. In response to this issue, community stakeholders – including the Lakewood CDC and the CMHP – have recently begun planning and coordinating their efforts within the Lakewood Neighborhood to ensure refurbished and new homes are constructed appropriately, with specific design and quality guidelines.

The industrial land uses, including the Merita Bread plant and distribution center, provide a buffer between Lakewood and Interstate 85 on the northern side of the neighborhood and are generally considered good neighbors. The Robert Yates facility, which is currently owned by the Foundation for the Carolinas, poses a significant future opportunity for the neighborhood as a job training facility, youth center, community gathering space, or a variety of other uses; community stakeholders are currently developing a strategic plan for this facility. Other land uses within Lakewood include various commercial establishments along Rozzelles Ferry Road – most of which are currently vacant or underutilized. Faith Memorial Church sits in the center of the neighborhood and has been a positive member of the neighborhood for many years. The Lakeview Elementary School facility is located in the southern portion of the neighborhood, but does not serve the residents of Lakewood. A park is adjacent to the elementary school, but is rarely used due to safety concerns. Duke Power owns land south of the park, which may be converted into a future greenway along Stewart Creek.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD


Stewarts Glen: Single Family Homes from $92,000

There are currently no significant planned or proposed additions to the local competitive supply of residential, retail, or office uses within Lakewood Neighborhood's Primary Market Area[1] (PMA) with the exception of a limited number of new moderately priced single-family housing units and approximately 700 apartment units north of I-85. The new entry-level single-family homes, which are being constructed by a select few homebuilders in relatively small neighborhoods (less than 100 homes) north of the Lakewood Neighborhood, are currently priced from approximately $90,000 to $130,000, or at roughly $90 per square foot. Among those apartment units currently planned or under construction in the Lakewood PMA are three communities that will offer approximately 274 affordable units for lower-income individuals and families. For further detail on current, planned and proposed residential units in the Lakewood area, please refer to Exhibits VI-5, VII-5 and VII-6.

While no significant commercial developments are currently planned within the Lakewood PMA, redevelopment efforts were previously planned for the former Belvedere Homes community, which is located 1 mile south of the Lakewood Neighborhood on Rozzelles Ferry Road. Plans for this property included a Hope VI development and a possible shopping center on another 10-12 acre tract across Rozzelles Ferry Road, but were apparently withdrawn due to difficulties dealing with adjacent land uses – including various industrial properties. While past development efforts were abandoned, these properties are currently vacant and have the potential for future redevelopment.

[1] The Lakewood PMA is defined as a 2-mile radius from the center of the Lakewood Neighborhood

# DEMOGRAPHIC AND ECONOMIC ANALYSIS

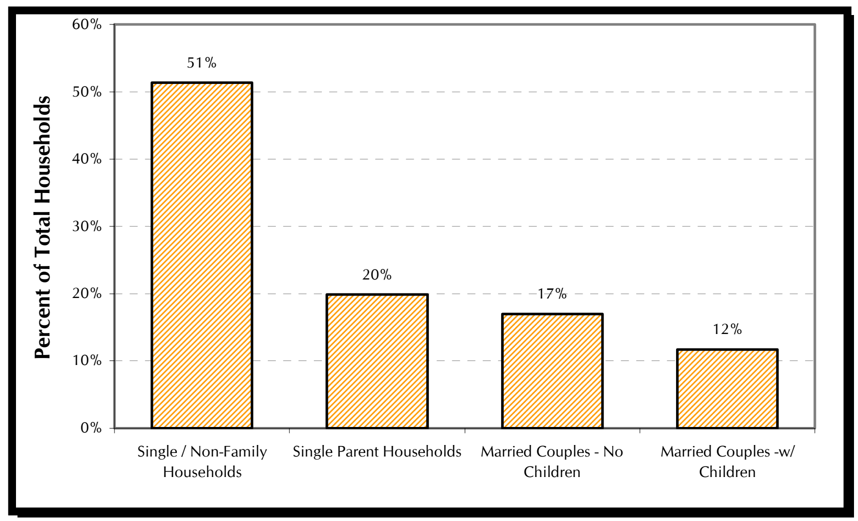
## Demographic Analysis

The Lakewood PMA has approximately 30,700 residents, of which 660 residents within 302 households reside in the Lakewood Neighborhood. Due to a number of sociological and physical factors, the population and number of households has consistently declined within the Lakewood PMA over the past decade, and is forecasted to continue to decline over the next five years – with an estimated loss of approximately 82 households in the PMA annually. These Claritas, Inc. population projections, however, are generally conservative and may not reflect the growing trend of households moving back into the central Charlotte area.

With 40% of its population under the age of 25, the Lakewood PMA has a far greater percentage of young residents than the outlying areas. However, the Lakewood area also has a high concentration of seniors, with 11.4% of its residents over the age of 64. Therefore, the Lakewood PMA has approximately 10% fewer residents within the 25 to 64 age range than the Central Charlotte and Mecklenburg County areas. This is important to note, as the 25 to 64 age range generally consists of those more likely to purchase and/or own their own home.

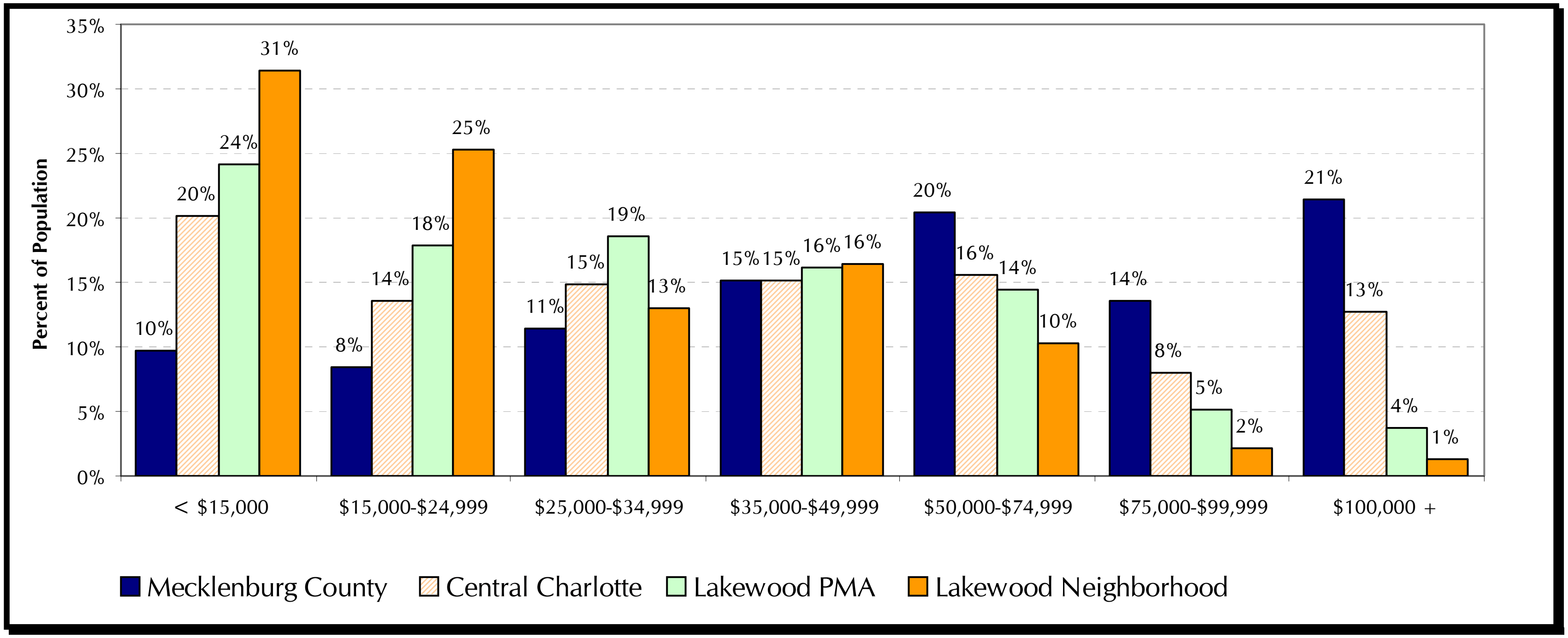
The average household size within the Lakewood PMA is 2.64 persons, compared to an average household size of 2.32 within the entire Central Charlotte region. 29% of Lakewood households are married families, 20% are single-parent households, and the remaining 51% are single or non-family households. Of the family households within the Lakewood PMA, approximately 41% are single-parent households – of which 43% are either unemployed or not in the workforce.

***Figure 2 – Household Types Within the Lakewood PMA***




Due largely to the neighborhood's relatively high percentage of lower-income and single-parent households, approximately 30% of Lakewood's residents are currently living below the poverty level, which is 2.8 times the city average. The median household income in the Lakewood Neighborhood is $23,077, or approximately 145% less than the Mecklenburg County median household income of $56,492. As shown in Figure 3 below, 56% of the households within the Lakewood Neighborhood earn less than $25,000 per year, while only 3% earn more than $75,000.

***Figure 3 – 2004 Household Income Distributions by Area***

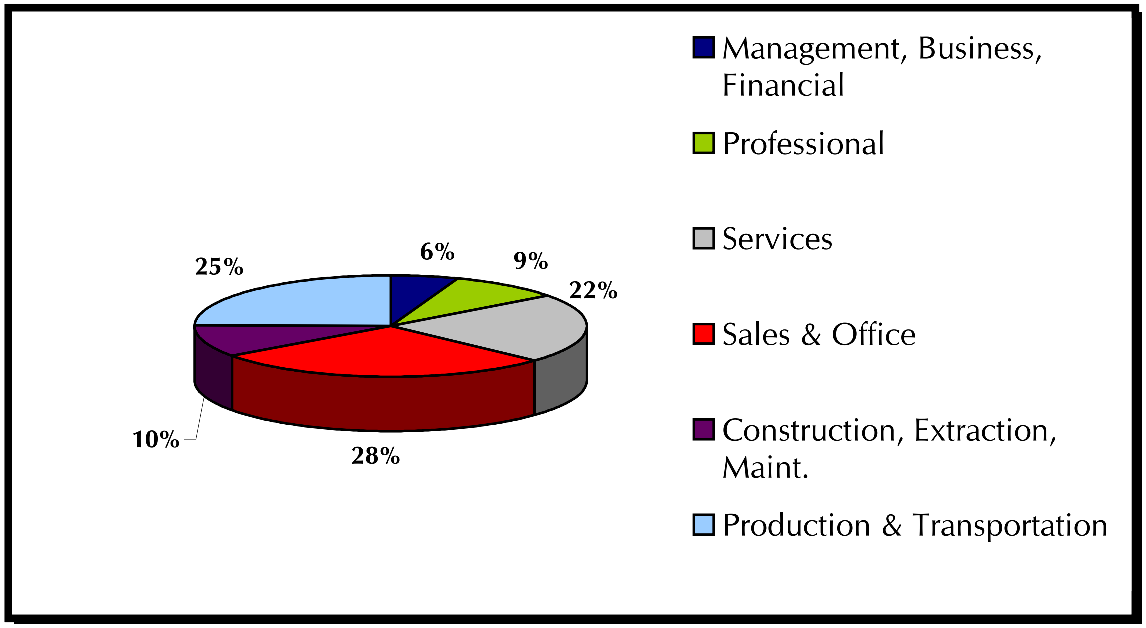



As indicated above, the Lakewood Neighborhood currently faces several demographic challenges that will have an impact on revitalization plans, including a declining number of households, a high proportion of residents living in poverty, and low median incomes. All of these factors could deter certain commercial investors and tenants to the neighborhood. In addition, due to affordability issues, the relatively low household incomes in Lakewood will impact the economic feasibility of constructing new and renovating existing homes in the community. However, as discussed later in this report, there are also several opportunities for the neighborhood based on its high concentration of seniors and the availability of City funding for various affordable housing programs.

## Economic Analysis

The economic forecast for the Charlotte area continues to improve, with the addition of approximately 15,500 new jobs in 2004 through August, and unemployment down 0.4% over the same period in 2003. New jobs created in 2004 include 5,800 professional and business services positions, 5,700 leisure and hospitality jobs, and 2,000 construction jobs. Due to Charlotte's strong financial and banking industries, the majority of future employment growth is projected in the finance, insurance and real estate (FIRE) sector.

***Figure 4 – Breakdown of Employed Labor Force Within the Lakewood PMA***




Within the Lakewood PMA, 9.2% of the available labor force (over age 16) is currently unemployed, which is approximately twice the unemployment rate within the Charlotte metro area. As shown in Figure 4 to the left, a large majority of the employed Lakewood residents work in the clerical, hospitality/ services, and manufacturing/ transportation fields. As a percentage, fewer Lakewood residents work in the generally higher-paying financial and professional fields than county residents as a whole, while approximately twice as many Lakewood residents work in the services a production / manufacturing fields.

# MARKET OVERVIEW

The following market overview was performed by RCLCo in order to assist the City of Charlotte and key Lakewood stakeholders in their planning and revitalization efforts within the Lakewood Neighborhood. In conducting this market overview, RCLCo inspected the subject property and surrounding comparable and competitive properties, spoke with neighborhood stakeholders and potential investment interests, analyzed market information, and surveyed various residential and retail properties. This market information guided RCLCo's neighborhood development recommendations, which will be incorporated into the larger revitalization plan being created and updated by the City and are outlined in the following sections of this report.

While RCLCo analyzed the current residential market in and around the Lakewood neighborhood, the primary focus of our analysis was on the potential for commercial and alternative land uses along Rozzelles Ferry Road. Therefore, we conducted an in-depth analysis of retail, office and other secondary land uses within the Lakewood PMA. Following is a summary of our market analysis for each of these land uses within the Lakewood Neighborhood:

## Retail

While proximate to Uptown Charlotte and major transportation corridors, few retail or neighborhood service centers are located within walking distance of the Lakewood Neighborhood. Most area shopping centers are located along the Freedom Drive corridor or along Beatties Ford Road, which are both approximately two miles from the neighborhood. Because many Lakewood residents do not own personal vehicles and therefore rely on public transportation (with Lakewood residents relying on public transportation eight times more than those in the county as a whole), they have expressed strong support for a neighborhood retail and service center located in the neighborhood's immediate area. Currently, public transportation routes to area retail corridors are limited (primarily on the weekends), which further complicates many residents' ability to obtain even basic personal needs.

While retail services are desired by a majority of Lakewood-area residents, the neighborhood's current economic and physical characteristics present several challenges to developing a neighborhood retail center. These challenges are as follows:

- Narrow commercial land tracts along Rozzelles Ferry Road, which will limit potential retail store sizes and parking availability
- Limited traffic visibility – only 11,200 cars pass the neighborhood daily
- High retail vacancies in the Lakewood PMA
- Negative population and household growth in the Lakewood PMA
- Median household incomes and retail expenditure potentials that are significantly less than those in the Charlotte area.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

Despite a lack of retail space within walking distance of the Lakewood area, the challenges listed above and a significant number of neighborhood retail establishments (including four grocery stores) within the Lakewood PMA limit the amount of retail space that can be provided within the Lakewood Neighborhood. However, as proven in other inner city Charlotte neighborhoods such as City West and Belmont, effective revitalization and development efforts can lead to successful neighborhood retail establishments. A growing interest in intown living, the relative affordability of homes within the Lakewood Neighborhood, and the significant level of investment that is already occurring in the neighborhood create opportunities for retail development.

Currently, there is over 32 million square feet of retail space within Mecklenburg County, with average rents of approximately $17 per square foot and vacancy rates the 6% to 8% range over the past three years. The Lakewood Neighborhood is located within the West Charlotte retail submarket, which is generally plagued with high vacancy rates and has some of the lowest average rents in the Charlotte market. For further detail, see Exhibits IV-1 and IV-2.

*The West Charlotte submarket has 2.3 million square feet of retail space, of which 350,000 square feet (15.3%) is vacant. Rents average $11.15 per square foot.*

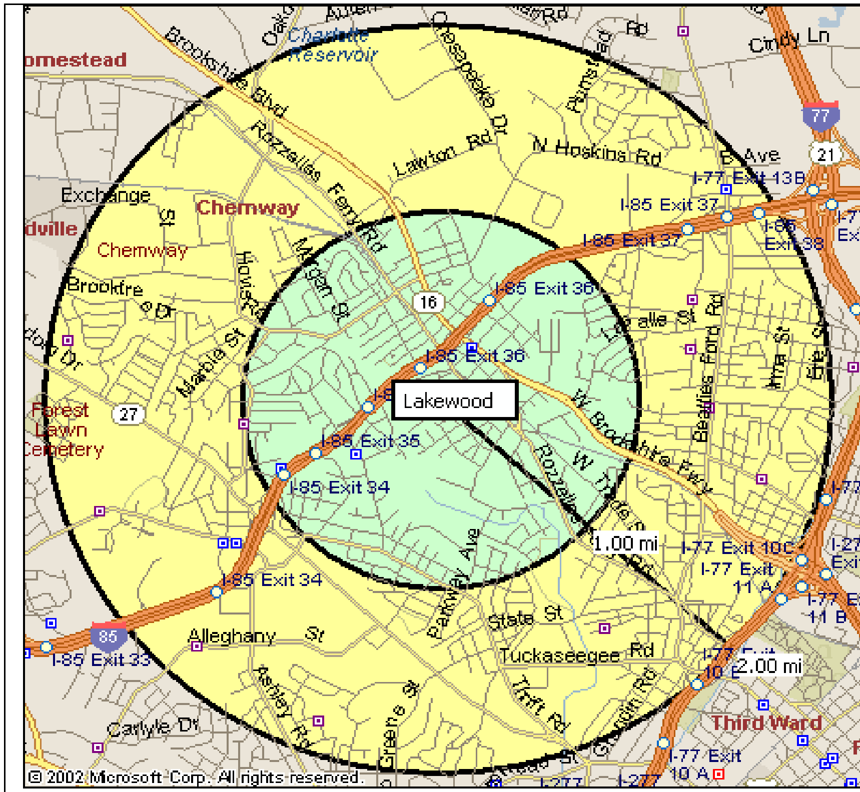
As part of our analysis, we surveyed competitive and comparable retail centers within the Lakewood PMA. Surveyed retail centers include 1.2 million square feet of space within five 'big-box' properties along Freedom Drive, six neighborhood grocery shopping centers, and six neighborhood retail strip or stand-alone centers. Included within these surveyed properties were the City West Commons and University Village (Food Lion) shopping centers, both of which were constructed as part of community revitalization plans using City programs and public-private investment. While managed by independent brokers, both properties are currently owned by area CDCs.

***City West Commons Shopping Center on West Boulevard at Remount Road***


Among the surveyed properties, rents for larger (big-box) tenants range from $5 to $9 per square foot, averaging approximately $7 per square foot. Rents for smaller tenants, whose stores generally average 1,000 to 5,000 square feet, range from $9 to $17 per square foot. The average vacancy rate for all surveyed properties is 24%, with a majority of vacant space in older retail centers along Freedom Drive. Most properties have traffic counts of at least 19,000 cars per day, while the average traffic count for all surveyed properties is 30,500 cars per day. For further information, refer to Exhibit IV-5.

***Retail Demand Analysis***

***Figure 5 – Lakewood Primary and Secondary PMA Trade Areas****




* *The Lakewood PMA's primary retail trade area is the one-mile radius shaded in green, and the secondary retail trade area is the remaining area within a two-mile radius, shaded in yellow.*

RCLCo performed an analysis of the estimated demand potential for neighborhood-serving retail within the Lakewood Neighborhood. Prior to performing this analysis, we defined the retail trade areas for Lakewood based on the subject property's specific physical location and characteristics and the current supply of retail space servicing the Lakewood Neighborhood. Based on our observations and conversations with neighborhood residents, we felt the two-mile radius of the Lakewood PMA best represented the Lakewood retail trade area. The Lakewood PMA captures most of the retail establishments currently servicing the Lakewood Neighborhood, including those along Freedom Drive and Beatties Ford Road. The Lakewood PMA consists of primary and secondary retail trade areas, which are depicted in Figure 5.

The Lakewood PMA includes most of the competitive properties we surveyed, including all of those along the Freedom Drive corridor. For estimating the potential demand for neighborhood-serving retail within the Lakewood Neighborhood, these competitive retail properties were evaluated based on their location, visibility (traffic counts), condition, and occupancy rate. In addition, the total current and forecasted supply of retail types within the PMA were compared against the estimated potential for these retail types in order to assess their apparent over and under-supply within the market. All of these factors, in addition the subject property's specific characteristics and industry-proven statistics from the Urban Land Institute, were used by RCLCo to calculate Subject Property Capture Rates by retail type within the Lakewood PMA. These capture rates and actual per-capital expenditures within the PMA were used to calculate the total potential square feet of neighborhood serving retail space within the Lakewood Neighborhood.

Within our analysis, we concluded that the Lakewood PMA primary retail trade area (defined as a one-mile radius from the center of the Lakewood Neighborhood) has the potential to support approximately 7,500 square feet of retail space – assuming an average subject property capture rate of 22%. The secondary retail trade area (defined as the area between the 1-mile and 2-mile radius from the center of the neighborhood) has the potential to support an additional 15,000 square feet of retail space with an overall capture rate of 11%. Therefore, the entire Lakewood PMA has the potential to support approximately 22,500 square feet. For further detail, see Exhibit I-3.

Please note, the potential supportable square footages provided in our retail demand analysis assume development and leasing efforts are consistent or superior to that of the current market, and that a high level of execution is present.

### *Retail Recommendations*

The subject portion of Rozzelles Ferry Road is not considered to be a strong location for retail. However, our analysis indicates that, should the City be interested in pursuing a neighborhood commercial center along this stretch, support for smaller, local-serving uses does exist and may be sufficient for the development of such a center. Consistent with the retail demand conclusions provided above, retail space developed within the Lakewood Neighborhood should be more neighborhood-serving due to the subject property's relatively low traffic counts and low visibility, the current supply and high vacancy rates of larger shopping centers within the Lakewood PMA (including grocery stores and 'big-box' retailers), and insufficient land to accommodate a larger-footprint building and necessary parking. Rents should be relatively modest and may, in some cases, need to be subsidized by the developer/landowner using available City or other programs as available. Per our analysis of the West Charlotte retail submarket and competitive and comparative properties within the Lakewood PMA, rents should average approximately $10 per square foot.

In order to suit the special needs of potential tenants and best utilize the generally narrow commercial land tracts along Rozzelles Ferry Road, retail store bay depths should be approximately 40 feet deep, with larger tenants potentially having bay depths of 60 feet. These bay depths are consistent with retail centers in the area and may be best suited for the land parcels near the intersection of Rozzelles Ferry Road and Belhaven Boulevard (adjacent to the railroad tracks). In addition, per comparable market conditions, at least 4 parking spaces should be provided for every 1,000 square feet of retail space. Due to the narrow nature of the land tracts on the northern side of Rozzelles Ferry Road, parking should be provided in between and adjacent to the retail spaces as opposed to more common front and rear parking configurations.

The Lakewood Neighborhood has the potential to support the following retail store types: a small neighborhood grocery, health and personal care, clothing, florist, full-service restaurant, and limited-service eating-places. While our statistical demand analysis indicates a potential for up to 22,500 square feet of retail space, the subject property's specific characteristics – including restricted east-west access, limited land tracts, the railroad crossing, low visibility, and the current outside perception of the area – will limit the amount of retail space that is feasible within the Lakewood Neighborhood. Therefore, we feel the more likely amount of supportable retail space at the subject site is approximately 16,000 -18,000 square feet, which is broken down as follows:

| **Store Type** | **Potential Size *(square feet)**** |
|---|---|
| Grocery Store / Neighborhood Market | 6,400 |
| Health & Personal Care Store | 2,900 |
| Clothing Store(s) | 1,600 |
| Full-Service Restaurant / Cafeteria | 2,700 |
| Limited-Service Eating Place(s) | 2,000 - 4,000 |
| **Total** | **16,000 - 18,000** |

**Square footages are approximate, and are based on typical sizes for comparable store types in similar locations*

Currently, several retail establishments are located within the Lakewood Neighborhood, including two convenience stores (one vacant), a gas station, a vacant restaurant, and various other vacant properties. Other properties along Rozzelles Ferry Road and within the neighborhood include a barbershop and beauty salon, day care facility, a limited-service restaurant, and auto shop / junkyards. Pictured below are current properties along Rozzelles Ferry Road in the Lakewood Neighborhood.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

As shown in the pictures on the previous page, many commercial uses along Rozzelles Ferry Road are deteriorating and need substantial reinvestment. In order to improve and beautify the streetscape, the City and neighborhood stakeholders should lead efforts to educate current commercial property owners on the availability of City funds, including the City Façade Improvement Grant Program, for the refurbishment of their properties. When feasible, community stakeholders should attempt to purchase underutilized properties for demolition and/or future development.

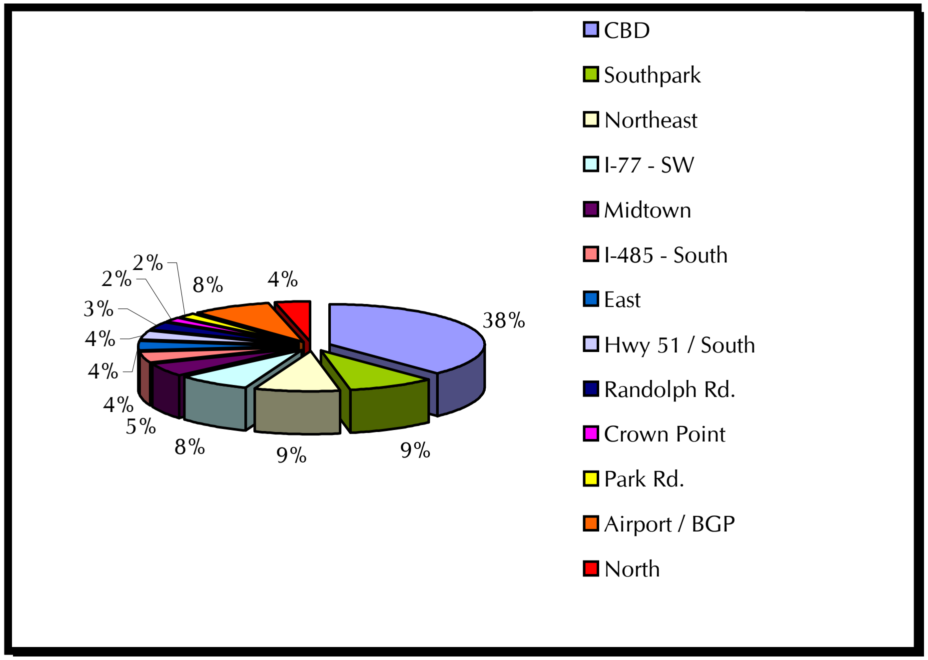
In addition, we recommend that the City work with neighborhood stakeholders to educate potential developers, tenants, and other potential funding interests on the available City programs and potential public/private investment strategies for the development of retail space along Rozzelles Ferry Rd. The proper execution of available city and other programs could greatly improve the retail development feasibility within the Lakewood Neighborhood.

## Office

A limited amount of local-serving office space is located within the Lakewood PMA, but few are located proximate to the Lakewood Neighborhood. As a result, many Lakewood residents feel there is a need for service-related space within the Lakewood Neighborhood in addition to the retail space discussed above. Typical service-related businesses include banks, brokers, law services, financial services, health services, designers, family services, day cares, automotive technicians, and beauty salons.

Currently, there is roughly 39 million square feet of office space within Mecklenburg County, with average rents of approximately $20 per square foot and an overall vacancy rate of 17%. While the total amount of occupied space has declined, rents have decreased steadily, and the vacancy rate has grown by 3% over the past two years, the outlook for office space in the Charlotte area is positive due to continued and forecasted employment growth. For further detail, see Exhibit V-1.

***Figure 6 – Market Distribution of Office Space in Mecklenburg County***




The Lakewood Neighborhood is located within the North Charlotte office submarket, and is located proximate to the Airport / Billy Graham Parkway submarket. Combined, these submarkets include over 4.6 million square feet of office space (12% of the market), of which 1 million square feet are currently vacant (22% vacancy rate). Quoted rents are averaging $18.63 per square foot, approximately $1 less than the market average. While Lakewood is highly proximate to these major office areas, there is very little office space in or around the neighborhood and few prospects for significant office development potential.

While conducting interviews with key community stakeholders and residents, there was an expressed need for service-related establishments – specifically a laundromat, health-related offices, and banking facilities. Various discussions with intown developers and other financial interests echoed the potential for neighborhood-serving office space in the immediate Lakewood Area.

### *Local-Serving Office and Service Demand Analysis*

With the specific needs of the community in mind, RCLCo performed an analysis of the estimated demand potential for local-serving office space within the Lakewood Neighborhood. The Lakewood PMA (area within a 2-mile radius of the center of the neighborhood) was used as the trade area based on the subject property's specific physical characteristics and location in relation to other transportation and office corridors. The office demand model utilized for our study relies on the overall employment distributions of a comparable local economy. Because Mecklenburg County has a large number of export industries, including manufacturing and banking services, it is not a good basis for local-serving Lakewood Neighborhood office demand estimates. Therefore, we chose the comparable local non-export economy (in terms of office uses) of Union County, North Carolina as a basis for office demand potential within the Lakewood Neighborhood.

Similar to the retail demand analysis, we assumed Subject Property Capture Rates based on the competitive supply of local-serving office space in the Lakewood PMA, the subject property's specific characteristics, and general experience with properties of this type. The total potential square feet of local-serving office space within the Lakewood Neighborhood was then calculated based on Subject Property Capture Rates by business type, the distribution of business types within a similar market (the Union County area), and the population within the Lakewood PMA.

Based on our analysis, there is potential for approximately 14,000 square feet of local service-related office space within the Lakewood Neighborhood, which assumes an overall Subject Property Capture Rate of 6.3% of the PMA. We have identified an opportunity to provide a variety of business types, including those deemed necessary by many Lakewood residents. The subject property capture rates used by RCLCo are based on the subject property's specific characteristics, the competitive supply of office space, and capture rates experienced within other comparable office centers. As with retail, please note that the potential supportable square footages provided in our office demand analysis assume development and leasing efforts are consistent or superior to that of the current market.

### *Office and Services Recommendations*

The relative lack of traffic and visibility along Rozzelles Ferry Road should generally not affect office users as much as retail users, as many office uses typically do not require drive-by traffic to support their operations. Therefore, attracting office and other neighborhood service users should be less difficult than attracting major retail users.

The office component should be consistent in architectural style with the recommended retail space. Special emphasis should be focused on creating a welcoming streetscape along Rozzelles Ferry Road, with office and retail uses effectively blending together into a single mixed-use development along both sides of the street. Parking should be located adjacent to individual office and retail uses while not compromising the aesthetic appeal of the properties. Attention to designing spaces that give the perception of a safe environment is also critically important.

Typical rents in neighborhood offices range between $12 and $26 per square foot. Because of the generally emerging nature of the Lakewood Neighborhood's location, we recommend office rents of $11 to $12 per square foot – thus positioned below the office space in the rest of the market and relatively consistent with the recommended retail rents. Following is a summary of our recommendations for service-related office space within the Lakewood Neighborhood:

| **Business Type** | **Potential Size *(square feet)**** |
|---|---|
| Commercial Bank | 2,600 |
| Insurance Agency | 900 |
| Real Estate Agency | 700 |
| Accounting / Financial Services | 1,300 |
| Physician | 2,600 |
| Dentist | 1,300 |
| Individual / Family Services (non-profit) | 600 |
| Automotive Repair / Maintenance | 1,400 |
| Barber Shop | 600 |
| Beauty / Nail Salon | 1,000 |
| Dry Cleaner / Laundromat | 700 |
| **Total** | **13,700** |

**Square footages are approximate, and are based on market demands and typical business sizes in similar locations*

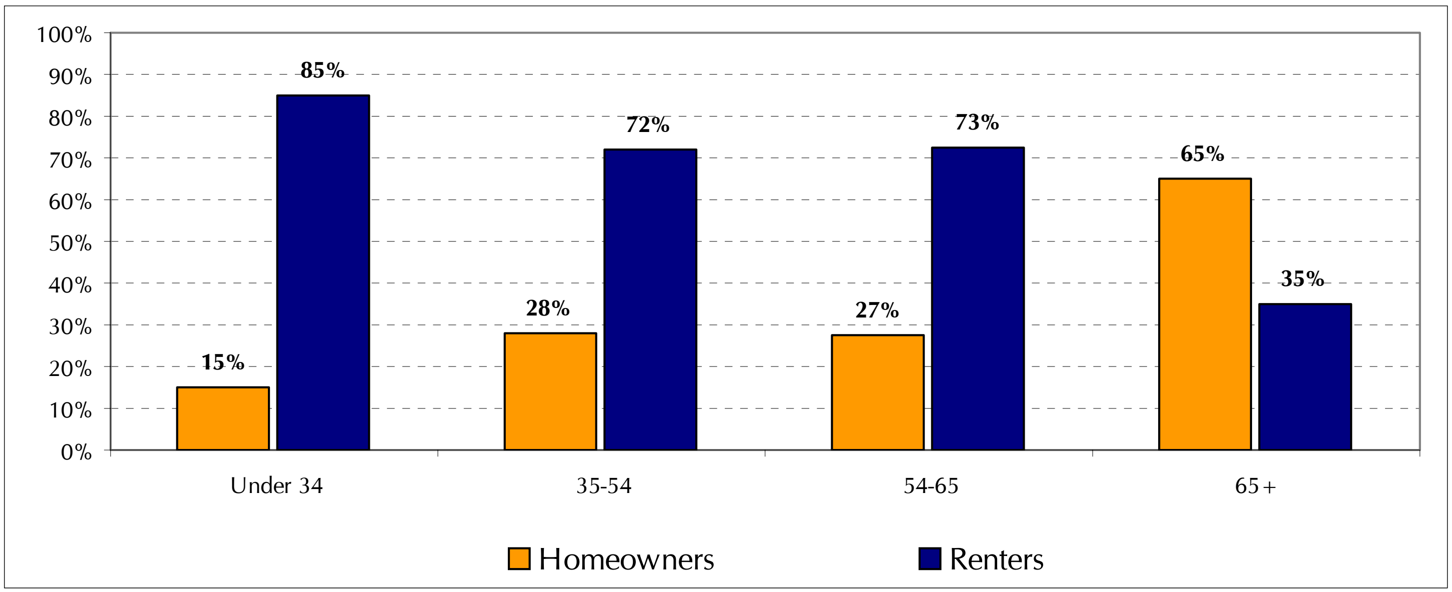
We recommend the City work with neighborhood stakeholders to educate potential developers, tenants, and other potential funding interests on the available City programs and potential public/private investment strategies for the development of office space along Rozzelles Ferry Rd. Lakewood stakeholders should also work with potential developers to lure targeted businesses to the subject property – including major physician/health networks in the region and other specific regional businesses. Obtaining a strong primary office tenant will greatly assist in attracting additional tenants and in providing relative stability within the office center. In addition, neighborhood stakeholders should work closely with the Charlotte-Mecklenburg Police to increase patrolling and security efforts in the area in order to attract and retain businesses.

## Residential

The average home value in Lakewood, $48,563, is significantly less than the $166,825 average home value in the City. Contributing to this low average home value in Lakewood are many homes in need of significant repair or complete demolition. The cost to do so and a lack of willingness or ability to upgrade by various landowners, however, have challenged housing refurbishment and redevelopment efforts in Lakewood. Fortunately, various organizations, including the CMHP, Lakewood CDC, Habitat for Humanity, and the city of Charlotte have worked to successfully provide affordable housing within Lakewood. Refurbished and new homes in the neighborhood have been selling for between $55,000 and $85,000, respectively. However, these new housing options are generally out of the price range for approximately 56% of Lakewood households, who currently earn less than $25,000 per year (for further detail, please see Exhibit II-4). Therefore, providing new and refurbished housing within the neighborhood and increasing levels of homeownership continues to be a challenge.

Due in part to the lower median income levels of Lakewood residents and housing affordability issues, only 40% of Lakewood's households own their home, while the remaining 60% are renters. By comparison, home ownership levels in Central Charlotte and Mecklenburg County are 44% and 63%, respectively.

***Figure 7 – Comparison of Homeowners and Renters by Age Range in the Lakewood PMA***



As stated earlier, the Lakewood area has a high concentration of seniors, with 11.4% of its residents over the age of 64. Due to a lack of affordable assisted-living options within the Lakewood area, many of these residents may not be receiving certain special needs or care. Therefore, there is a significant opportunity to provide for these residents through the development of affordable assisted-living units within the Lakewood Neighborhood to allow these residents the opportunity to age in place. Further, the Faith Memorial Church may have the need for assisted living units for its membership proximate to the church itself, creating additional opportunities for such a housing type. In addition, as shown in Figure 7, 65% of these residents currently own their home, and may prefer to live in a maintenance-free home, if available and feasible.

***Rental Apartment Market***

Currently, there are 92,000 apartments in Mecklenburg County, a 67% increase over the number of apartments in 1995. However, the apartment vacancy rate has steadily climbed from 3% to almost 13% in that same time period. Market rents average $668 ($0.72 per square foot), which represent a four-year low. The Lakewood Neighborhood is located within the Northwest Mecklenburg apartment submarket, which has approximately 3,700 apartments and 700 additional apartments under construction. Rental rates in the Northwest submarket average $462 per month – lower than any other Charlotte-area submarket.

***Figure 8 – Charlotte Apartment Submarket Rent Comparison***

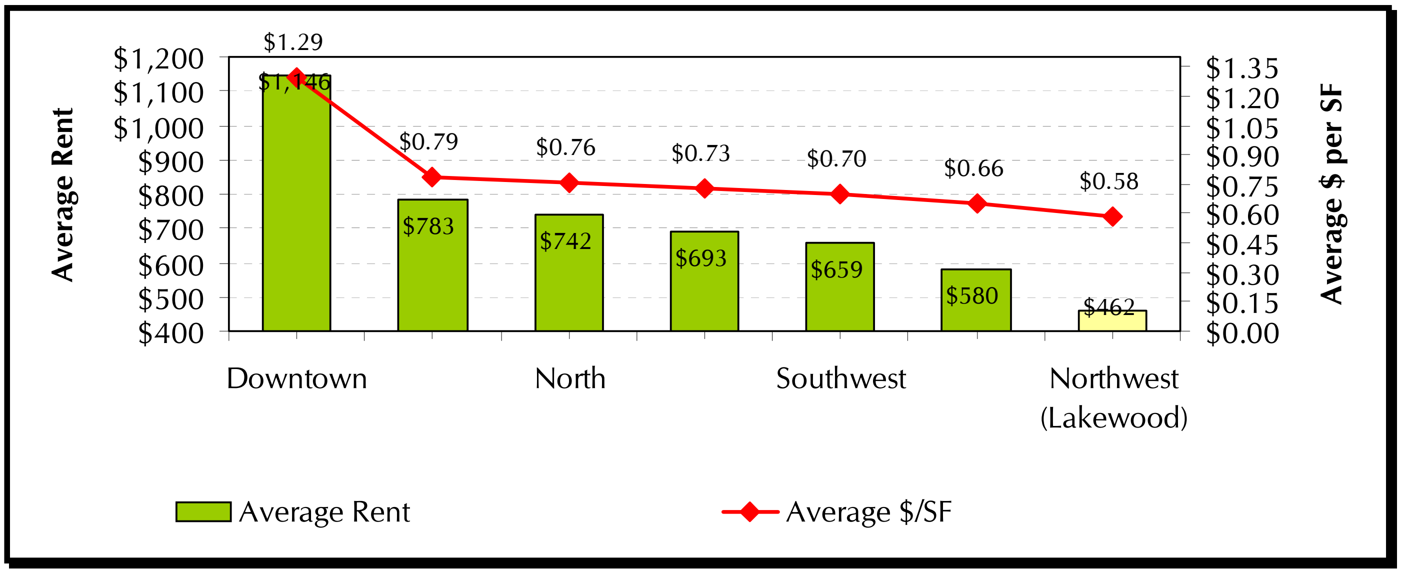
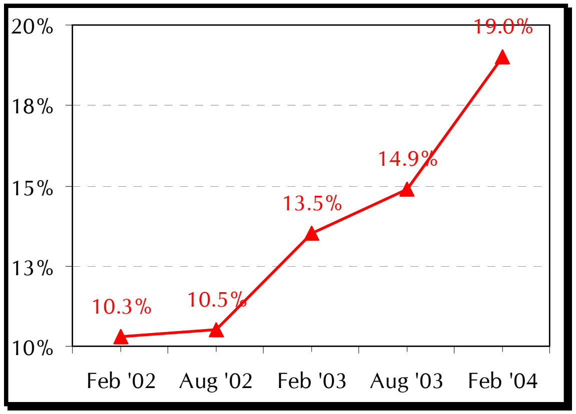


***Figure 9 – Average Apartment Vacancy Rate in Northwest Charlotte Submarket***




Over the past two years, apartment vacancies in the Northwest submarket have doubled. Today, approximately 19% of apartments in the Northwest submarket are currently vacant. The high level of vacancies is generally due to a lack of higher-quality apartments with relatively affordable rents in the submarket and lower interest rates that have enhanced homeownership opportunities. Competitive properties in more desirable locations are offering concessions of up to four-months free rent, which continues to affect the Lakewood market area.

A host of new apartment communities, including approximately 274 affordable units for lower-income individuals and families, are currently under construction in the Lakewood area. Two of these properties, Rocky Branch (on Rozzelles Ferry Rd.) and Tyvola Crossing (on W. Tyvola Rd.) are being developed by the CMHP.

***Residential Recommendations***

Current housing stock in the neighborhood ranges significantly in terms of quality, condition, and architectural style. Community leaders should work to ensure current residential units within the neighborhood are adequately refurbished prior to initiating any significant new housing development efforts (with the exception of assisted-living units). In addition, specific design and quality guidelines should be implemented and enforced for the renovation and construction of existing and new homes in the neighborhood.

As stated above, a majority of Lakewood households (60%) are renters primarily due to a relative lack of affordable housing options. In order to provide for those residents who are currently unable to afford new market-rate single-family homes (priced from $75,000), efforts should be made to construct new for-sale multifamily dwellings, including townhomes and condominiums priced from $55,000. It would be most beneficial for the single-family housing units to be located within the Lakewood neighborhood, rather than along Rozzelles Ferry Road. Additional multifamily units could be located along the southern side of Rozzelles Ferry Road, possibly on the property recently acquired by the Lakewood CDC at the corner of Lakewood Avenue.

***Apartments on the corner of Grant and Oregon Streets in Lakewood***

*Refurbished single-family homes in Lakewood*

As noted earlier, in response to the sizable aging population currently in the Lakewood Neighborhood, there is also an opportunity to develop a smaller assisted-living community (less than 50 units) either along the southern portion of Rozzelles Ferry Road or internal to the neighborhood. This complex, which has the potential to be affiliated with Faith Memorial Church, could also serve as transitional housing for existing aging residents. Rents for assisted living units should be income-based and subsidized as necessary with all appropriate means.

Lastly, appropriate stakeholders and existing homeowners should be educated on the available funds available to them, including the Housing Trust Fund, HouseCharlotte, Homeowner Rehabilitation Program, and HOME Grants.

## Community and Civic Space

The greatest potential for community-oriented space in Lakewood is the former Robert Yates Racing Facility. Community stakeholders should continue to work with the appropriate individuals (primarily the Foundation for the Carolinas, who owns the facility) to develop a plan for the Robert Yates Facility. The facility has the potential to support the following uses: community center, youth academic development and recreation center (with after-school and summer programs), job-training center (with outside stakeholders such as CPCC, the Charlotte-Mecklenburg Police, and Jiffy Lube), elderly activity/meeting space, and/or a discovery/learning center for area youth. Special consideration shall be given to connecting the facility to the Lakewood Neighborhood, including Halsey and Lander Streets, if feasible.

*Former Robert Yates Racing Facility in Lakewood*

In addition, Faith Memorial Church has plans to create a community/youth center adjacent to the church in an effort to reach out to the neighborhood -- primarily the youth and elderly. The city should act to create a coalition to enhance relations between Faith Memorial Church and the community, as this community center could be a great benefit to residents within the neighborhood. After-school and summer programming, as well as possibly a library and resource space, are planned as part of the 'community out-reach center'. In addition, Faith Memorial has future plans to possibly purchase and convert abandoned homes in the neighborhood for community uses, such as a home for substance-dependent individuals.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Example of neighborhood park/recreation space***

In an effort to improve the image of the Lakewood Neighborhood and the quality of life of its residents, community leaders should also work to create a more safe and usable park/greenway on the southwestern edge of the neighborhood (per Mahan Rykiel Associates recommendations). Unusable space on the northern side of Rozzelles Ferry Road near the railroad crossing should be cleared and maintained, with the possible addition of a park/recreational space utilizing available city funds (as applicable). For area youth, basketball courts and/or sports fields should be created and maintained in this area or within the park at the southern edge of the neighborhood.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

Based on our analysis, there appears to be a moderate opportunity for a mix of uses in the Lakewood Neighborhood and along Rozzelles Ferry Road. Specifically, we feel there is potential to create a neighborhood-serving retail and office complex along Rozzelles Ferry Road, which will serve as a gateway into the Lakewood community. In addition, there may be a significant opportunity to provide assisted-living residential units to serve the aging area residents. These retail, office, and assisted-living uses should create a welcoming streetscape at the entrance of the neighborhood that is unique to the area, yet consistent in architectural style.

As detailed previously and summarized in on page 27, up to 18,000 square feet of retail and 14,000 square feet of service-related office space are supportable on Rozzelles Ferry Road and would likely require significant City participation and assistance to be realized given the modest location and market support for such uses. Also, support appears to exist for a limited number of assisted living units (less than 50). As demand persists, there is also an opportunity to provide affordable for-sale multifamily units for those Lakewood residents currently unable to afford a new or refurbished home within the neighborhood. Area stakeholders should capitalize on current opportunities to provide community-oriented space within the neighborhood (at the Robert Yates Facility, Faith Memorial Church and various open park spaces), which will significantly improve morale of the Lakewood residents and greatly assist in overall redevelopment plans.

While our analysis has led us to the conclusion that there is an opportunity for neighborhood-serving retail and office space and a limited number of multifamily residential units, we feel it is extremely important to implement a plan to stabilize the current housing stock in order to maximize the demand potential for retail and other secondary land uses. The stabilization of residential units within the neighborhood – primarily the boarded-up homes and vacant lots – should be a central focus of the City and neighborhood stakeholders prior to adding any additional homes or commercial space within Lakewood (with the exception of assisted-living units). As investment in the existing residential uses continues, perceptions of the neighborhood should improve and household growth should be anticipated. As a result, the development opportunity for retail, office, and other secondary land uses will improve.

***Streetscape in nearby neighborhood along State Street, which has recently been revitalized***

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

In order to increase the potential for redevelopment in the Lakewood Neighborhood, we recommend plans are created and implemented to address the following issues and concerns:

- The appearance of various abandoned or neglected properties
  - Landlords should be informed of available city programs, including the City Façade Improvement Grant Program, to beautify existing properties; community leaders should develop plans to demolish or refurbish other undesirable land uses
  - Establish regular community clean-up days to assist in cleaning up public spaces, including parks, open lots, and the Rozzelles Ferry Road streetscape
  - Utilize City programs and funds as necessary for public area upkeep; establish a mowing schedule for vacant lots

- Negative perception of crime in the Lakewood Neighborhood
  - Continue to increase community policing to enhance the attractiveness of the area to prospective retail and office tenants and new residents

- Various dead-end streets and lack of community connectivity
  - We understand the Charlotte Department of Transportation (CDOT) is currently reviewing Mahan-Rykiel Associates recommendations to address this concern

- Potential Brownfield sites along Rozzelles Ferry Road
  - Investigate potential Brownfield sites along Rozzelles Ferry Road that could impede redevelopment of commercial or residential parcels
  - If necessary, educate potential stakeholders on the City Brownfield Assessment and Brownfield Clean Up Revolving Loan Fund Programs

- Lack of resident knowledge and understanding of ongoing revitalization efforts
  - Continue efforts to reach out to all current Lakewood residents, including renters; Distribute flyers with information on community plans and progress, as well as the appropriate numbers to call to report problems such as crime, illegal dumping and illegal business activity (such as street vendors).

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

As a supplement to this engagement, we were also asked to address potential redevelopment opportunities along West Trade Street, south of the Lakewood Neighborhood. Near Lakewood, the West Trade Street corridor primarily consists of deteriorating residential and light industrial uses and has relatively low traffic counts (2,500 cars per day). Consistent with recommendations for Lakewood, the stabilization of residential uses along West Trade should be a central focus prior to initiating any new commercial development efforts in this area. Due to very limited visibility and the current nature of the West Trade Street area, we feel there is little opportunity to develop commercial uses in this location at this time.

In summary, the Lakewood Neighborhood's proximate location to Uptown Charlotte and major transportation corridors, as well as the proven interest and success in intown redevelopment efforts, offer opportunities for revitalization plans in Lakewood. With City assistance, we feel there is an opportunity to provide a variety of land uses along Rozzelles Ferry Road and within the Lakewood community, which are summarized in the table below.

| Land Use: | Size / Total Potential Square Feet | Recommended Rental Rates / Prices | Potential Land Use Components |
|---|---|---|---|
| **Retail** | 16,000 - 18,000 | $10 / SF | Small Grocery Store / Market; Health / Personal Care; Clothing Store(s); Restaurants / Cafeteria |
| **Office/Service Uses** | 13,700 | $11 - $12 / SF | Commercial Bank; Insurance and Real Estate Agencies; Accounting/Financial Services; Health Services (Physician, Dentist); Individual/Family Services (non-profit); Automotive Repair/ Maintenance; Barbershop; Beauty / Nail Salon; Dry Cleaner / Laundromat |
| **Residential** | | | |
| For-Sale Single Family | NA | $75,000 - $90,000 | Single-family homes from 1,000 -1,300 SF |
| For-Sale Multifamily | 20 - 40 units | $55,000 - $70,000 | Townhomes and condominiums from 800 to 1,100 SF |
| Assisted-Living Units | Less than 50 units | Income-based | Assisted-living units for seniors |
| **Civic / Other** | As feasible | NA | Community Center; Youth Center / After-School Center; Job Training Facility; Recreational Areas; Library |

*          *          *          *          *

This engagement was conducted by Todd Noell, Vice President, and James Nozar, Associate. If you have any questions regarding the conclusions and recommendations included herein, or wish to learn about other RCLCo advisory services, please call (404) 365-9501.

# GENERAL LIMITING CONDITIONS

Every reasonable effort has been made to insure that the data contained in this study reflect the most accurate and timely information possible and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by RCLCo from its independent research effort, general knowledge of the industry and consultations with the Client and its representatives. No responsibility is assumed for inaccuracies in reporting by the Client, its agent and representatives or any other data source used in preparing or presenting this study. This report is based on information that was current as of October 2004, and RCLCo has not undertaken any update of its research effort since such date.

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

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

# EXHIBITS

# LIST OF EXHIBITS

## I. Development Recommendations



## II. Demographic Analysis

## III. Economic Analysis



## IV. Retail

## V. Office



## VI. For-Sale Residential



## VII. Rental Residential

# I. DEVELOPMENT RECOMMENDATIONS

*Exhibit I-1*

**OVERALL DEVELOPMENT RECOMMENDATIONS**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

## OVERALL COMMUNITY RECOMMENDATIONS

- In order to support retail, office, and additional residential uses, stabilization of the neighborhood will be needed.
- Abandoned, boarded-up, and vacant homes and businesses to be demolished, refurbished, or renovated prior to building new homes
- Use report findings and recommendations from Mahan Rykiel, RCLCo, and other independent advisors as a basis for enlisting public/private recommendations and investment in the community -- primarily relating to new development (housing/retail/office, timing, city/public funds availability, general cost / feasibility considerations, available land tracts, site orientation, etc.)
- Inform current landlords about City funds to make an effort to restore/modernize commercial spaces and storefronts along Rozzelles Ferry Road, including the City Facade Improvement Grant Program. Consider closing or redeveloping the convenience store at Lakewood Avenue and Grant Street, as it is perceived to be a haven for criminal activity and to have brought a negative image to the neighborhood.
- Address neighborhood connectivity problems by changing street network (per Mahan Rykiel Associates recommendations); we understand CDOT is currently working on this issue.
- Establish regular community clean-up days to assist in cleaning up public spaces (park at rear of community), open lots, frontage along Rozzelles Ferry. Utilize City programs and funds as necessary for public area upkeep, establish a mowing schedule for open lots, purchase park benches, etc.
- Investigate potential Brownfield sites along Rozzelles Ferry Road that could impede redevelopment of commercial or residential parcels. If necessary, educate potential stakeholders on the City Brownfield Assessment and Brownfield Clean Up Revolving Loan Fund Programs.
- Create an architectural style that is unique to the area and implement this style for retail, office and residential uses. Included in this is a consistent streetscape plan for Rozzelles Ferry Road through the neighborhood.
- Utilize community organizations (Neighborhood Alliance) to form neighborhood watch groups.
- Inform community members of proper City numbers to call to report problems such as crime, illegal dumping, illegal business activity (street vendors).
- Increase community policing to enhance attractiveness of the area to prospective tenants.

## RETAIL

- Demand exists for approximately 16,000 - 20,000 square feet of retail space along Rozzelles Ferry Road in the Lakewood Neighborhood. Store types supported include: small grocery or food store (6,400sf), smaller independent clothing stores (1,600sf), health and/or personal care stores (2,900sf), possible florist (300sf), possible oil change business, and smaller limited-service (sandwich shop, coffee shop) restaurants (4,700sf - 6,700sf).
- Retail rents should be relatively modest and may, in some cases, need to be subsidized by the developer using available City or other programs. Per RCLCo's analysis of competitive and comparable retail centers in the market area, rents should average approximately $10 per square foot.
- Retail store bay depths should be approximately 40 feet, with a potential anchor having a depth of 60 feet. These smaller depths are consistent with local, independent tenants and may fit better on the northern side of Rozzelles Ferry Road.
- Retail should be focused towards the intersection of Rozzelles Ferry and Belhaven Boulevard on the northern side of Rozzelles Ferry adjacent to the railroad tracks.

*Exhibit I-1*

**OVERALL DEVELOPMENT RECOMMENDATIONS**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

## OFFICE & NEIGHBORHOOD SERVICES

- Supportable office space in the neighborhood is approximately 15,000 square feet. Key tenant types could include: a small bank, insurance agent, real estate office, accounting service, local physician and/or dental office, individual or family services (non-profit), barber shop or beauty salon (could be relocated into the center) and a possible dry cleaner or laundromat.
- Office rents should be relatively consistent with retail rents, averaging somewhere around $11 - $12 per square foot.
- Office space could be either horizontally or potentially vertically-integrated with retail uses and be consistent in architectural style.
- Locate office space adjacent to retail along the northern portion of Rozzelles Ferry Road or across the street from the retail proximate to the existing day care.

## RESIDENTIAL

- Consider the development of a smaller assisted-living community (less than 50 units) either along the southern portion of Rozzelles Ferry Road or internal to the neighborhood. This facility could be affiliated with the Faith Memorial Church already in the neighborhood. This could also serve as transitional housing for existing aging residents.
- Locate multifamily uses, including assisted living, along the southern side of Rozzelles Ferry Road, possibly at the corner of Lakewood Avenue (property already acquired by the CDC).
- Stabilization of neighborhood housing stock, primarily boarded-up homes and vacant lots, prior to adding additional residential units along Rozzelles Ferry Road (with the exception of assisted-living).
- Educate appropriate stakeholders and existing homeowners on available Housing Trust Fund, HouseCharlotte, Homeowner Rehabilitation Program, and HOME Grants
- Focus rehabbed housing for existing residents, with new construction being focused at both new and existing residents.
- New housing should be priced below other infill neighborhoods to the north and west, with homes being priced in the $70,000's and $80,000's. Where possible, some affordable townhouses should be provided, largely priced in the $60,000's and $70,000's as the neighborhood continues to stabilize.
- Utilize the planned greenways and park spaces to amenitize both new and existing homes in the neighborhood.

*Exhibit I-1*

**OVERALL DEVELOPMENT RECOMMENDATIONS**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

## CIVIC / COMMUNITY SPACE

- Clear and maintain unusable space on the northern side of Rozzelles Ferry Road near the railroad crossing (between Lander Street and Dupree Street). Possibly use city funds to develop park/recreational space at this location.
- Faith Memorial has plans to create a community/youth center adjacent to the church in an effort to reach out to the neighborhood -- primarily the youth and elderly. The City should act to create a coalition to enhance relations between Faith Memorial Church and the community, as this community center could be a great benefit to residents within the neighborhood.
- Work with appropriate area and community stakeholders to develop a plan for the Robert Yates Facility. The facility has the potential to support the following uses: community center, youth academic development and recreation center (with after-school and summer programs), job-training facility (with outside stakeholders such as CPCC, the Char-Meck Police, and Jiffy Lube), elderly activity/meeting space, and/or a discovery/learning center for area youth. Special consideration shall be given to connecting the facility to the Lakewood Neighborhood, including Halsey and Lander Streets, if feasible.
- Work to create a more safe and usable park/greenway on the southwestern edge of the neighborhood (per Mahan Rykiel Associates recommendations). Possibly develop basketball courts and/or sports fields in this area for area youth.
- Develop plans to eliminate, mask, or refurbish undesirable land uses (Convenient/liquor store, vacant buildings, junkyard, auto shops).

*Exhibit I-2*

**STRENGTHS, CHALLENGES, OPPORTUNITIES AND THREATS ASSESSMENT**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

| | | | Implications | | |
|---|---|---|---|---|---|
| | **Strengths** | **Challenges** | **Residential Units** | **Retail Space** | **Office Space** |
| **Location** | • Proximate to Uptown Charlotte and other intown employment, entertainment and retail cores<br>• The Lakewood Neighborhood includes a park, church (Faith Memorial), day-care facilities, a planned future greenway, and is proximate to the Parkway Community Center<br>• Several homebuilders/developers are actively pursuing market opportunities to develop moderately-priced product in the area | • Negative perception of the Lakewood Neighborhood based on historical crime problems and deteriorating land uses<br>• While improving, the community and surrounding area is plagued with vacant, underutilized, and boarded-up properties -- thus creating an 'unwelcoming' environment<br>• The property along Rozzelles Ferry Rd is bordered by an active rail line<br>• Commercially-zoned land tracts in the Lakewood Community (along Rozzelles Ferry Rd.) are too narrow to accommodate most larger retail/office users.<br>• There is a lack of neighborhood-serving retail space | • As the Lakewood neighborhood continues to be 'cleaned up' with the efforts of community organizations and stakeholders, residential investment and growth should follow due to the area's proximity to Uptown and other major employment cores. | • Proximity to households in the area and a general lack of nearby neighborhood-serving retail space presents an opportunity for the property bordering Rozzelles Ferry Rd.<br>• Relatively narrow land tracts will limit the size and type of retail uses on the subject property | • Proximity to households in the area and a lack neighborhood-serving office space presents an opportunity for the property bordering Rozzelles Ferry Rd.<br>• Relatively narrow land tracts will limit the size and type of office uses on the subject property |
| **Access / Traffic / Transportation** | • Ease of access to Uptown Charlotte, I-85, and surrounding neighborhoods.<br>• Two bus lines (routes 1 and 234) provide Lakewood residents with public transportation access to Uptown Charlotte and the retail core along Freedom Drive<br>• Various points of entry into the community | • Only around 12,000 cars travel along Rozzelles Ferry Rd. daily<br>• The railroad crossing at Rozzelles Ferry Rd. frequently impedes traffic<br>• A majority of north-south traffic in the area takes the Brookshire Freeway or Beatties Ford Rd, rather than Rozzelles Ferry Rd.<br>• Access to the east is constricted by the Brookshire Freeway, while access to the west (Freedom Drive area) is confined to only one route (Norwood Dr / Parkway).<br>• Various dead-end streets create a neighborhood connectivity problems and foster criminal activity | • Easy access to Uptown Charlotte and other employment/retail cores provides an opportunity for residential development<br>• Noise from truck traffic and the rail line may deter residents from living along Rozzelles Ferry Rd.<br>• Dead-end streets should be reconfigured to encourage additional residential development and deter current crime / vagrant behavior in these areas | • Traffic volumes and access along Rozzelles Ferry Rd. not sufficient to support significant retail--may be supportive of a more limited amount of neighborhood-supporting retail.<br>• The trade area for the Lakewood neighborhood is somewhat chopped up, severed by railroad tracks and I-85 to the north, Brookshire Freeway to the east, Duke Power lines to the south and undeveloped Duke Power land to the west. | • The general ease of access to/from I-85, Uptown, and surrounding communities should provide an opportunity for community-serving office space (including space for physician, dentist, barber/salon, insurance agent, etc.)<br>• Railroad line crossing Rozzelles Ferry Rd. may deter businesses due to noise, vibration, and blocking traffic |

*Exhibit I-2*

**STRENGTHS, CHALLENGES, OPPORTUNITIES AND THREATS ASSESSMENT**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

| | | | Implications | | |
|---|---|---|---|---|---|
| | **Strengths** | **Challenges** | **Residential Units** | **Retail Space** | **Office Space** |
| **Visibility** | • The subject property is highly visible from Rozzelles Ferry Rd, which is traveled by approximately 12,000 cars per day | • Current commercial land uses along Rozzelles Ferry Rd. are deteriorating and shrubs / greenery are overgrown (particularly on the western side) -- which both give the area an appearance of deferred maintenance.<br>• Attention to pedestrian orientation and walkability to capture surrounding neighborhood residents | • The subject property's location -- intown and along the moderately-visible Rozzelles Ferry Rd -- will provide an opportunity for further residential investment once the community entrance and Rozzelles Ferry Rd. corridor are 'cleaned up'. | • Opportunity to place signage along Rozzelles Ferry Rd and W. Trade St.<br>• Relatively limited visibility of subject site limits demand potential to more independent types of users serving the local population<br>• The run-down appearance of the Rozzelles Ferry Rd. streetscape creates negative perceptions of the neighborhood and may deter businesses from locating to the site | • Inferior traffic and visibility to major retail/commercial cores -- such as those along Freedom Drive, Beatties Ford Rd. and Wilkinson Blvd -- will likely limit the size of the typical user to less than 1,500 square feet<br>• The run-down appearance of the Rozzelles Ferry Rd. streetscape may deter businesses from locating to the site |
| **Adjacent Uses** | • A day care and Lakewood Neighborhood sign at the community entrance have begun to form a welcoming streetscape<br>• The Lakewood CDC has recently acquired and has plans to refurbish approximately 30 parcels<br>• Light industrial warehouse buffer the north side of the property from I-85<br>• Neighborhood park and potential future greenway on the southwestern edge of the property<br>• Two churches are located within the neighborhood boundaries<br>• A new community center is located within a mile of Lakewood (on Parkway)<br>• Former Robert Yates Racing Facility presents a positive opportunity for the community. | • The property is bordered by light industrial uses to the north<br>• Train line on the eastern edge of the property causes noise and vibration, and frequently stops traffic<br>• Deteriorating and vacant homes and businesses have created a haven for criminal activities and bring down the community's appearance<br>• Duke Power right-of-way to the neighborhood's south and west | Adjacent uses create challenges to infilling of residential product in the neighborhood. These challenges include:<br>• Active rail tracks to the east of Rozzelles Ferry Rd.<br>• Power lines to the east and south break connectivity to other neighborhoods<br>• Vacant and deteriorating land uses<br>• A lack of retail and supporting services as well as usable community amenities, such as an on-site community/activity space and safe park/recreation grounds | The following factors may deter retail businesses from locating to the subject property:<br>• Deteriorating residential / commercial / retail uses give the perception of a run-down community<br>• Vibration, noise, and traffic congestion caused by the rail line<br>• Heavy truck volume serving industrial uses to the north<br><br>On the positive side, redevelopment of housing in the area will continue to create a more promising, safe and feasible location for office and institutional users in the area. | • Redevelopment of housing in the area will continue to create a more promising, safe and feasible location for office and institutional users in the area. |

*Exhibit I-2*

## STRENGTHS, CHALLENGES, OPPORTUNITIES AND THREATS ASSESSMENT
## CHARLOTTE LAKEWOOD NEIGHBORHOOD
## OCTOBER 2004

| | | | Implications | | |
|---|---|---|---|---|---|
| | **Strengths** | **Challenges** | **Residential Units** | **Retail Space** | **Office Space** |
| **Direction of Growth** | • Significant infill development has already occurred throughout intown Charlotte, driven by traffic congestion and shifting demographics.<br>• New moderately-priced housing product is being constructed in various communities to the north and west of the subject property. | • The perception of an un-safe community and deteriorating land uses have lead to a net loss of households in the Lakewood area over the past decade. | • As other in-town areas are built-out and the Lakewood community continues revitalization efforts, new housing product can be introduced as a price alternative to other intown residential units. | • Negative forecasted household growth in the Lakewood area and a local market experiencing high vacancy rates may deter businesses from the subject property. In order to attract potential retailers, new space will need to be constructed with discounted lease rates to other area neighborhood shopping centers. | • Few neighborhood-serving office space currently exists in the area; As community revitalization continues, there will be an opportunity to provide new office space that is a price alternative to spaces located closer to uptown and in immediately-surrounding areas |
| **Crime / Nuisances** | • The crime rate in the community has significantly decreased since 1997, with violent crimes down 55% and juvenile crimes down 80%<br>• Police presence in the community has increased, and various community organizations have spearheaded efforts to curb criminal activities – including implementing a Community Watch Program | • The violent crime rate in the Lakewood NSA is 2.5 times the city average<br>• While the crime rate is improving, the Lakewood area still suffers from the perception of high crime, drug use, prostitution, and other social ills.<br>• Current community establishments, including a convenience and liquor store, have historically been perceived as havens for criminal activity | • Crime and the perception of crime may deter residents from the community, primarily elderly residents and young families | • Crime and the perception of crime may deter reputable retail establishments and potential customers | • Crime and the perception of crime may deter reputable office users and their potential clients |
| **Current State of Community** | • Various community organizations are currently working positively together for the betterment of the Lakewood Neighborhood.<br>• City officials and non-profit organizations have focused various efforts on the Lakewood Community, and appear determined to revitalize the neighborhood. | • Housing stock in the neighborhood ranges significantly in terms of quality, condition, and architectural style<br>• A majority of homes in Lakewood (60%) are renter-occupied | • Incomes of a majority of the Lakewood residents (57%) are not sufficient to afford new or revitalized market-rate homes (above $75,000) in the neighborhood<br>• Infill homes into the neighborhood (primarily Habitat for Humanity homes) are not consistent in design or style with the older homes in the area – possibly posing a challenge to | • The relatively low median income and deteriorating land uses in the area may deter retail establishments from locating within the community. | • The relatively low median income and deteriorating land uses in the area may deter office establishments from locating within the community. |

*Exhibit I-2*

**STRENGTHS, CHALLENGES, OPPORTUNITIES AND THREATS ASSESSMENT**
**CHARLOTTE LAKEWOOD NEIGHBORHOOD**
**OCTOBER 2004**

| | | | Implications | | |
|---|---|---|---|---|---|
| | **Strengths** | **Challenges** | **Residential Units** | **Retail Space** | **Office Space** |
| **Overall Assessment** | • Lakewood is proximate to Uptown employment, entertainment, and retail. Shuttle and regular bus service are provided for all residents.<br><br>• The Lakewood CDC, CMHP, Habitat for Humanity, City of Charlotte, and private investors have all begun making significant investment in the community. Outside groups (First Presbyterian Church, Myers Park Baptist Church) have assisted in community efforts.<br><br>• Community is beginning to come together, centralize its efforts, and develop comprehensive plan for the community<br><br>• Community is moderately-visible (from Rozzelles Ferry Rd. but not Brookshire Boulevard)<br><br>• Day cares, churches, park, future greenway, and Robert Yates facility are all within the community<br><br>• The Lakewood CDC owns and has plans to refurbish approximately 30 parcels<br><br>• The crime rate in the community has significantly decreased in the past 6 years with the efforts of the Char-Meck Police and community leaders | • Negative perception of the Lakewood neighborhood due to past crime problems and current deteriorating land uses.<br><br>• The active rail line along the eastern edge of the neighborhood, which regularly blocks traffic along Rozzelles Ferry Rd.<br><br>• Available land plots along Rozzelles Ferry Rd. are not large enough to accommodate a large retail or office complex.<br><br>• Various dead-end streets cause neighborhood connectivity problems, and are a haven for vagrant activity.<br><br>• East-west access to/from Lakewood is constricted by rail lines, Brookshire Blvd, and Duke Power rights-of-way.<br><br>• While improving, the violent crime rate within the Lakewood NSA is 2.5 times the city average. | • A negative perception of the Lakewood neighborhood due to past crime problems and current deteriorating land uses in the immediate area may deter potential residents. This perception could improve as community involvement and reinvestment continues.<br><br>• Current housing stock in the neighborhood ranges significantly in terms of quality, condition, and architectural style. Community leaders should ensure all future refurbished or new homes are constructed with specific design and quality guidelines.<br><br>• A majority of Lakewood households (60%) are renters due to a relative lack of affordable housing options. Efforts should be made to provide refurbished and new affordable homes that are within affordable price ranges for a majority of the area's residents.<br><br>• Efforts shall be made by the city and private home investors to improve street connectivity, thus eliminating most dead-end streets in the neighborhood. | • A negative perception of the Lakewood neighborhood due to past crime problems and current deteriorating land uses in the immediate area may deter potential investors, tenants, and customers. This perception could improve as community involvement and reinvestment continues.<br><br>• A number of developers have expressed interest in working with the city, non-profit, and private stakeholders to develop some sort of retail on the subject property.<br><br>• Traffic volumes and visibility along Rozzelles Ferry Road are too limited for many retailers to consider. Interest is more likely to come from smaller, independent neighborhood-serving retailers who draw their business more from word-of-mouth.<br><br>• The Lakewood area's Primary Retail Trade area is currently experiencing significant vacancies, creating increased competition to attract tenants.<br><br>• Available land plots along Rozzelles Ferry Rd. are not large enough to accommodate a large retail or office complex (big-box or larger grocery stores). | • A negative perception of the Lakewood neighborhood due to past crime problems and current deteriorating land uses in the immediate area may deter potential investors, office users, and clients. This perception could improve as community involvement and reinvestment continues. A number of developers have expressed interest in working with the city, non-profit, and private stakeholders to develop some sort of office/physician space on the subject property, and have indicated potential interest by other community organizations.<br><br>• There is a general lack of new neighborhood-serving office space near the Lakewood community. This presents an opportunity for various office user types, including space for physicians, real estate or insurance agents, a banking center, a laundromat/dry cleaner, and a barber/beauty salon. |

Source: Robert Charles Lesser and Co.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

*Exhibit I-3*

## ESTIMATED DEMAND POTENTIAL FOR NEIGHBORHOOD-SERVING RETAIL (2-MILE RADIUS)
## LAKEWOOD NEIGHBORHOOD RETAIL TRADE AREA /1
## OCTOBER 2004

| NAISCS Code | Description | Actual Retail Trade Area Sales /2 2004 | Retail Trade Area Sales Potential /2 2004 | No. of Locations | % Sales in Neigh. Centers & Free Standing /3 | Neigh. Retail Center Sales Pot. | Average Sales/ S.F. /4 | 2004 Pot. Gross Sub. Prop. S.F. /5 | Subject Property Pot. Capture Rate /6 | Subject Property Est. S.F. Demand | Sub. Prop. Est. S.F. Demand w/ Outside Cap./7 | Avg. Store Size (S.F.) /8 | Sub. Prop. Estimated Store Type S.F. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | *A* | *B* | *C* | *D* | *E=B x D* | *F* | *G=E / F* | *H* | *I=G x H* | *J = I + 10%* | *K=A/C/F* | *L* |
| | **Total Population** | 32,507 | 32,507 | | | | | | | | **10%** | | |
| | **Per Capita Spending** | $8,410 | $4,962 | | | | | | | | | | |
| 4421 | Furniture Stores | $1,660,249 | $3,894,147 | 3 | 20% | $778,829 | $215 | 3,622 | 3% | 92 | 102 | 2,600 | 0 |
| 4422 | Home Furnishing Stores | $5,757,964 | $2,057,608 | 8 | 20% | $411,522 | $234 | 1,759 | 14% | 241 | 268 | 3,100 | 0 |
| **442** | **Furniture & Home Furnishing Stores** | **$7,418,213** | **$5,951,755** | **11** | **20%** | **$1,190,351** | **$221** | **5,381** | **6%** | **333** | **370** | **2,850** | **0** |
| **443** | **Electronics & Appliance Stores** | **$1,939,374** | **$4,228,498** | **10** | **20%** | **$845,700** | **$245** | **3,452** | **5%** | **174** | **194** | **800** | **0** |
| 4441 | Building Materials and Supplies Dealers | $20,356,310 | $6,816,588 | 16 | 50% | $3,408,294 | $225 | 15,148 | 16% | 2,379 | 2,643 | 5,700 | 0 |
| 4442 | Lawn and Garden Equipment and Supplies Stores | $175,506 | $817,125 | 1 | 50% | $408,563 | $225 | 1,816 | 23% | 422 | 469 | 800 | 0 |
| **444** | **Building Materials, Garden Equipment & Supply Stores** | **$20,531,816** | **$7,633,713** | **17** | **50%** | **$3,816,857** | **$225** | **16,964** | **17%** | **2,801** | **3,112** | **3,250** | **0** |
| 4451 | Grocery Stores (including n'hood & convenience) | $87,891,424 | $39,903,436 | 41 | 80% | $31,922,749 | $336 | 95,008 | 13% | 11,957 | 13,286 | 6,400 | 6,400 |
| 4452 | Specialty Food Stores | $3,270,925 | $1,004,896 | 7 | 85% | $854,162 | $400 | 2,135 | 13% | 269 | 299 | 1,200 | 0 |
| 4453 | Beer, Wine and Liquor Stores | $1,388,086 | $941,155 | 1 | 85% | $799,982 | $278 | 2,878 | 23% | 672 | 747 | 5,000 | 0 |
| **445** | **Food & Beverage Stores** | **$92,550,435** | **$41,849,487** | **49** | **80%** | **$33,576,892** | **$336** | **100,021** | **13%** | **12,898** | **14,331** | **4,200** | **6,400** |
| **446** | **Health and Personal Care Stores** | **$15,053,634** | **$7,335,045** | **14** | **80%** | **$5,868,036** | **$367** | **15,989** | **23%** | **3,728** | **4,142** | **2,900** | **2,900** |
| **447** | **Gasoline Stations** | **$20,786,692** | **$14,716,324** | **9** | **50%** | **$7,358,162** | **$1,225** | **6,007** | **16%** | **978** | **1,086** | **1,900** | **0** |
| 4481 | Clothing Stores | $4,614,563 | $9,663,106 | 16 | 20% | $1,932,621 | $375 | 5,154 | 23% | 1,204 | 1,338 | 800 | 1,600 |
| 4482 | Shoe Stores | $4,186,567 | $2,152,345 | 5 | 20% | $430,469 | $220 | 1,957 | 23% | 458 | 508 | 3,800 | 0 |
| 4483 | Jewelry, Luggage, and Leather Goods Stores | $956,170 | $1,355,446 | 3 | 20% | $271,089 | $432 | 628 | 11% | 71 | 78 | 700 | 0 |
| **448** | **Clothing and Clothing Accessories Stores** | **$9,757,300** | **$13,170,897** | **24** | **20%** | **$2,634,179** | **$340** | **7,738** | **22%** | **1,732** | **1,925** | **1,767** | **1,600** |
| 4511 | Sporting Goods/Hobby/Musical Instrument Stores | $860,174 | $2,452,180 | 4 | 45% | $1,103,481 | $242 | 4,560 | 13% | 572 | 636 | 900 | 0 |
| 4512 | Books, Periodical, and Music Stores | $1,877,037 | $2,012,567 | 6 | 45% | $905,655 | $127 | 7,131 | 16% | 1,132 | 1,257 | 2,500 | 0 |
| **451** | **Sporting Goods, Hobby, Book, and Music Stores** | **$2,737,211** | **$4,464,747** | **10** | **45%** | **$2,009,136** | **$172** | **11,691** | **15%** | **1,704** | **1,893** | **1,700** | **0** |
| 4521 | Department Stores (Excluding Leased Depts.) | $15,116,980 | $13,590,091 | 6 | 5% | $679,505 | $75 | 9,060 | 0% | 0 | 0 | 33,600 | 0 |
| 4529 | Other General Merchandise Stores | $53,758,243 | $11,264,972 | 5 | 5% | $563,249 | $105 | 5,364 | 16% | 854 | 949 | 102,400 | 0 |
| **452** | **General Merchandise Stores** | **$68,875,223** | **$24,855,063** | **11** | **5%** | **$1,242,753** | **$86** | **14,424** | **6%** | **854** | **949** | **68,000** | **0** |
| 4531 | Florists | $270,382 | $334,490 | 5 | 90% | $301,041 | $170 | 1,771 | 23% | 412 | 457 | 300 | 300 |
| 4532 | Office Supplies, Stationery, and Gift Stores | $1,514,153 | $2,239,496 | 5 | 30% | $671,849 | $228 | 2,947 | 13% | 369 | 410 | 1,300 | 0 |
| 4533 | Used Merchandise Stores | $14,451,898 | $913,282 | 7 | 90% | $821,954 | $180 | 4,566 | 23% | 1,065 | 1,183 | 11,500 | 0 |
| 4539 | Other Miscellaneous Stores | $2,580,473 | $692,661 | 9 | 60% | $415,597 | $225 | 1,847 | 23% | 430 | 478 | 1,300 | 0 |
| **453** | **Miscellaneous Store Retailers** | **$18,816,906** | **$4,179,929** | **26** | **53%** | **$2,210,440** | **$199** | **11,131** | **20%** | **2,276** | **2,529** | **3,600** | **300** |
| 7221 | Full-Service Restaurants | $742,156 | $11,444,274 | 1 | 50% | $5,722,137 | $272 | 21,037 | 13% | 2,647 | 2,941 | 2,700 | 2,700 |
| 7222 | Limited-Service Eating Places | $10,195,292 | $13,735,902 | 51 | 76% | $10,439,286 | $175 | 59,653 | 13% | 7,504 | 8,337 | 1,100 | 8,800 |
| 7223 | Special Food Services | $2,181,448 | $3,008,834 | 4 | 50% | $1,504,417 | $250 | 6,018 | 13% | 757 | 841 | 2,200 | 0 |
| 7224 | Drinking Places (Alcoholic Beverages) | $1,791,978 | $4,718,164 | 7 | 80% | $3,774,531 | $300 | 12,582 | 13% | 1,576 | 1,751 | 900 | 0 |
| **722** | **Food Services & Drinking Places** | **$14,910,874** | **$32,907,174** | **63** | **65%** | **$21,440,371** | **$216** | **99,290** | **13%** | **12,484** | **13,871** | **1,725** | **11,500** |
| **Total:** | | **$273,377,678** | **$161,292,632** | **244** | **51%** | **$82,192,877** | **$281** | **292,088** | **14%** | **39,961** | **44,402** | **3,980** | **22,700** |

*Exhibit I-3*

## ESTIMATED DEMAND POTENTIAL FOR NEIGHBORHOOD-SERVING RETAIL (2-MILE RADIUS)
## LAKEWOOD NEIGHBORHOOD RETAIL TRADE AREA /1
## OCTOBER 2004

1/ The Lakewood Retail Trade Area is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
2/ Based on actual retail 2004 sales data within the Retail Trade Area collected from the IRS and published by ESRI. "Actual" retail sales are actual sales occuring in the retail market area within the specified time period, whereas "Potential" retail sales are based on current retail supply in the retail market area compared against proven industry averages.
3/ From Urban Land Institute's Dollars and Cents of US Shopping Centers, factors out sales occurring in regional malls and power centers and estimates sales in neighborhood serving centers.
4/ From Urban Land Institute's Dollars and Cents of US Shopping Centers, average sales occurring nationally in neighborhood serving retail centers.
5/ Potential square footage of space on the subject property (within the Lakewood Community)
6/ Capture of Primary and External Retail Trade Areas; Capture rate based on RCLCo experience, the subject property's specific characteristics, and competitive supply of retail space.
7/ Adds an additional 10% factor based on demonstrated capture of sales to outside trade area consumers in other comparable neighborhood centers.
8/ S.F. calculated based on actual Retail Trade Area sales, the average sales per square foot by retail type /4, and the total number of locations by type in the Retail Trade Area.

*Exhibit I-4*

## ESTIMATED DEMAND FOR SERVICE-RELATED OFFICE
## THE LAKEWOOD 2-MILE PMA /5
## OCTOBER 2004

| Industry Code | Selected Industries /1 | 2004 Pop. /2 | Number of Employees /3 | No. of Establishments | Pop. To Emp Ratio |
|---|---|---|---|---|---|
| | **Comparable Market /4** | **123,677** | **3,136** | **503** | **2.54%** |
| 52211 | Commercial Banking | | 385 | 29 | 0.31% |
| 52231 | Mortgage Brokers | | 10 | 4 | 0.01% |
| 524 | Insurance Agencies | | 127 | 46 | 0.10% |
| 5312 | Real Estate Agencies | | 98 | 21 | 0.08% |
| 5411 | Law Services | | 104 | 37 | 0.08% |
| 5412 | Accounting Services | | 159 | 33 | 0.13% |
| 5413 | Arch./Eng/ Services | | 184 | 39 | 0.15% |
| 54143 | Graphic Design Services | | 6 | 3 | 0.00% |
| 5418 | Advertising Agencies | | 261 | 9 | 0.21% |
| 54192 | Photographic Services | | 50 | 11 | 0.04% |
| 56131 | Employment Placement Services | | 10 | 1 | 0.01% |
| 5614 | Business Support Services | | 16 | 7 | 0.01% |
| 56151 | Travel Agencies | | 17 | 4 | 0.01% |
| 54194 | Veterinary Services | | 93 | 9 | 0.08% |
| 6211 | Physicians | | 385 | 44 | 0.31% |
| 6212 | Dentists | | 130 | 17 | 0.11% |
| 62131 | Chiropractors | | 15 | 7 | 0.01% |
| 62132 | Optometrists | | 14 | 3 | 0.01% |
| 6241 | Individual & Family Services | | 76 | 13 | 0.06% |
| 6244 | Child Day Care Services | | 459 | 39 | 0.37% |
| 8111 | Automotive Repair & Maintenance | | 405 | 103 | 0.33% |
| 812111 | Barber Shop | | 12 | 4 | 0.01% |
| 812112/3 | Beauty/Nail Salon | | 56 | 14 | 0.05% |
| 8123 | Dry Cleaner / Laundromat | | 64 | 6 | 0.05% |

| Selected Industries /1 | Estimated Employees | PMA /5 Demand Potential (SF) | Subject Property Capture Rate | Subject Property Demand Potential |
|---|---|---|---|---|
| **PMA Population /5** | **30,741** | **275** | | |
| Commercial Banking | 96 | 26,400 | 10% | 2,600 |
| Mortgage Brokers | 2 | 550 | 0% | - |
| Insurance Agencies | 32 | 8,800 | 10% | 900 |
| Real Estate Agencies | 24 | 6,600 | 10% | 700 |
| Law Services | 26 | 7,150 | 0% | - |
| Accounting Services | 40 | 11,000 | 12% | 1,300 |
| Arch./Eng/ Services | 46 | 12,650 | 0% | - |
| Graphic Design Services | 1 | 275 | 0% | - |
| Advertising Agencies | 65 | 17,875 | 0% | - |
| Photographic Services | 12 | 3,300 | 0% | - |
| Employment Placement Services | 2 | 550 | 0% | - |
| Business Support Services | 4 | 1,100 | 0% | - |
| Travel Agencies | 4 | 1,100 | 0% | - |
| Veterinary Services | 23 | 6,325 | 0% | - |
| Physicians | 96 | 26,400 | 10% | 2,600 |
| Dentists | 32 | 8,800 | 15% | 1,300 |
| Chiropractors | 4 | 1,100 | 0% | - |
| Optometrists | 3 | 825 | 0% | - |
| Individual & Family Services | 19 | 5,225 | 12% | 600 |
| Child Day Care Services | 114 | 31,350 | 0% | - |
| Automotive Repair & Maintenance | 101 | 27,775 | 5% | 1,400 |
| Barber Shop | 9 | 2,475 | 25% | 600 |
| Beauty/Nail Salon | 14 | 3,850 | 25% | 1,000 |
| Dry Cleaner / Laundromat | 16 | 4,400 | 15% | 700 |
| **Total Subject Property Capture** | | **215,875** | **6.3%** | **13,700** |

1/ Selected industries for small/service office location. As defined by Census NAICS description for 2001
2/ Census 2000 estimate for the Union County, North Carolina area
3/ From the US Census NAICS County Business Patterns 2001
4/ Union County, North Carolina is located within the Charlotte Metropolitan Area, south of the subject property.
The non-export economy of Union County is similar to that of the subject site, and was therefore used for this demand analysis.
5/ The PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
SOURCE: Robert Charles Lesser & Co., LLC and the US Census

# II. DEMOGRAPHIC ANALYSIS

*Exhibit II-1*

**DEMOGRAPHIC OVERVIEW**
**LAKEWOOD NEIGHBORHOOD (NSA 21), LAKEWOOD PMA /1, CENTRAL CHARLOTTE /2, AND MECKLENBURG COUNTY**
**OCTOBER 2004**

| AREA | POPULATION | HOUSEHOLDS | AVG. HH SIZE | MEDIAN HH INCOME | AVG. HOUSE VALUE | % PERSONS OVER 64 | % HOME-OWNERS | % CHANGE IN HOUSE VALUE ('04) | AVERAGE LENGTH OF RESIDENCE |
|---|---|---|---|---|---|---|---|---|---|
| Lakewood NSA (21) | 660 | 302 | NA | $23,077 | $48,563 | 8.5% | 39.4% | 4.9% | NA |
| Lakewood PMA /1 | 30,741 | 11,156 | 2.64 | $29,328 | $80,986 | 11.4% | 46.0% | NA | 15 Years |
| Central Charlotte /2 | 135,707 | 56,216 | 2.32 | $36,476 | $127,113 | 10.6% | 44.0% | NA | 13 Years |
| Mecklenburg County | 764,418 | 300,751 | 2.49 | $56,492 | $161,832 | 8.6% | 63.0% | 5.5% | 10 Years |

| OTHER STATISTICS: | Lakewood NSA | City of Charlotte | Comments |
|---|---|---|---|
| **Social:** | | | |
| School Dropout Rate | 10.4% | 4.9% | Lakewood more than twice city average |
| Percent of Births to Adolescents | 14.3% | 5.5% | Lakewood 2.5 times city average |
| Violent Crime Rate | 2.5 | 1.0 | Lakewood 2.5 times city average |
| **Economic:** | | | |
| Percent of Persons Below Poverty Level* | 29.9% | 10.6% | Lakewood area 2.8 times city average |
| % of Population Receiving Social Security* | 26.4% | 17.6% | Lakewood area 1.5 times city average |
| % of Population Supplementary (SSI) Income* | 9.3% | 2.7% | Lakewood area 3.5 times city average |
| % of Population Receiving Public Assistance* | 13.0% | 2.6% | Lakewood area 5 times city average |
| **Other:** | | | |
| % Substandard Housing | 14.8% | 1.2% | Lakewood 12 times city average |
| Median Contract Rent (Renter Households)* | $336 | $596 | Charlotte rents 77% higher than Lakewood |

** Values for Mecklenburg County Census Tract 45, which encompasses the Lakewood Neighborhood*

1/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte.
2/ Central Charlotte is the area immediately surrounding Uptown Charlotte within the loop created by Route 4, US 521 and I-85 and is defined as a 4-mile radius from the intersection of Graham St. (US 29) and Trade St.
SOURCE: Robert Charles Lesser & Co., LLC, the Charlotte Neighborhood Development Quality of Life Report, US Census, and Claritas, Inc.

*Exhibit II-2*

## POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
## CHARLOTTE MSA /1, MECKLENBURG COUNTY, CENTRAL CHARLOTTE AREA /2 AND LAKEWOOD PMA /3
## 1990-2009

| | CENSUS | | ESTIMATED | PROJECTED | ANNUAL NUMERIC CHANGE | | | COMPOUND ANNUAL GROWTH RATE | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1990 | 2000 | 2004 | 2009 | 1990-2000 | 2000-2004 | 2004-2009 | 1990-2000 | 2000-2004 | 2004-2009 |
| **Charlotte MSA /1** | | | | | | | | | | |
| Population | 1,161,781 | 1,499,293 | 1,640,153 | 1,813,568 | 33,751 | 35,215 | 34,683 | 2.6% | 2.3% | 2.0% |
| Households | 440,533 | 575,293 | 630,199 | 698,053 | 13,476 | 13,727 | 13,571 | 2.7% | 2.3% | 2.1% |
| Household Size | 2.58 | 2.55 | 2.55 | 2.54 | | | | | | |
| **Mecklenburg County** | | | | | | | | | | |
| Population | 511,163 | 695,454 | 764,418 | 849,182 | 18,429 | 17,241 | 16,953 | 3.1% | 2.4% | 2.1% |
| Households | 200,101 | 273,416 | 300,751 | 334,399 | 7,332 | 6,834 | 6,730 | 3.2% | 2.4% | 2.1% |
| Household Size | 2.50 | 2.49 | 2.49 | 2.48 | | | | | | |
| **Mecklenburg County as a % of MSA** | | | | | | | | | | |
| Population | 44.0% | 46.4% | 46.6% | 46.8% | 54.6% | 49.0% | 48.9% | | | |
| Households | 45.4% | 47.5% | 47.7% | 47.9% | 54.4% | 49.8% | 49.6% | | | |
| **Central Charlotte Area /2** | | | | | | | | | | |
| Population | 137,238 | 137,316 | 135,707 | 134,565 | 8 | -402 | -228 | 0.0% | -0.3% | -0.2% |
| Households | 55,862 | 56,527 | 56,216 | 56,034 | 67 | -78 | -36 | 0.1% | -0.1% | -0.1% |
| Household Size | 2.42 | 2.40 | 2.32 | 2.31 | | | | | | |
| **Central Charlotte as a % of Mecklenburg County** | | | | | | | | | | |
| Population | 26.8% | 19.7% | 17.8% | 15.8% | 0.0% | -2.3% | -1.3% | | | |
| Households | 27.9% | 20.7% | 18.7% | 16.8% | 0.9% | -1.1% | -0.5% | | | |
| **Lakewood PMA /3** | | | | | | | | | | |
| Population | 31,788 | 31,732 | 30,741 | 29,851 | -6 | -248 | -178 | 0.0% | -0.8% | -0.6% |
| Households | 11,586 | 11,520 | 11,156 | 10,746 | -7 | -91 | -82 | -0.1% | -0.8% | -0.7% |
| Household Size | 2.62 | 2.63 | 2.64 | 2.66 | | | | | | |
| **Lakewood PMA as a % of Central Charlotte** | | | | | | | | | | |
| Population | 23.2% | 23.1% | 22.7% | 22.2% | -71.8% | 61.6% | 77.9% | | | |
| Households | 20.7% | 20.4% | 19.8% | 19.2% | -9.9% | 117.0% | 225.3% | | | |

*Mecklenburg County is growing at a faster rate than the MSA, and gaining share of the MSA's growth*

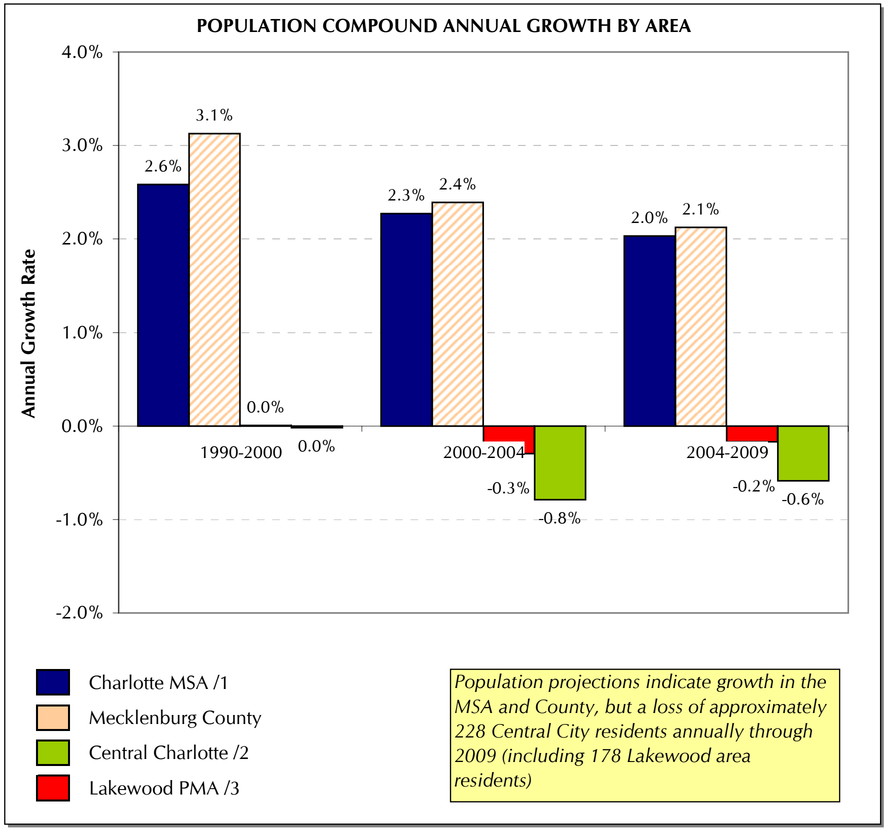
*According to generally conservative Claritas projections, Central Charlotte is losing households. This trend will likely reverse as Uptown housing growth continues.*

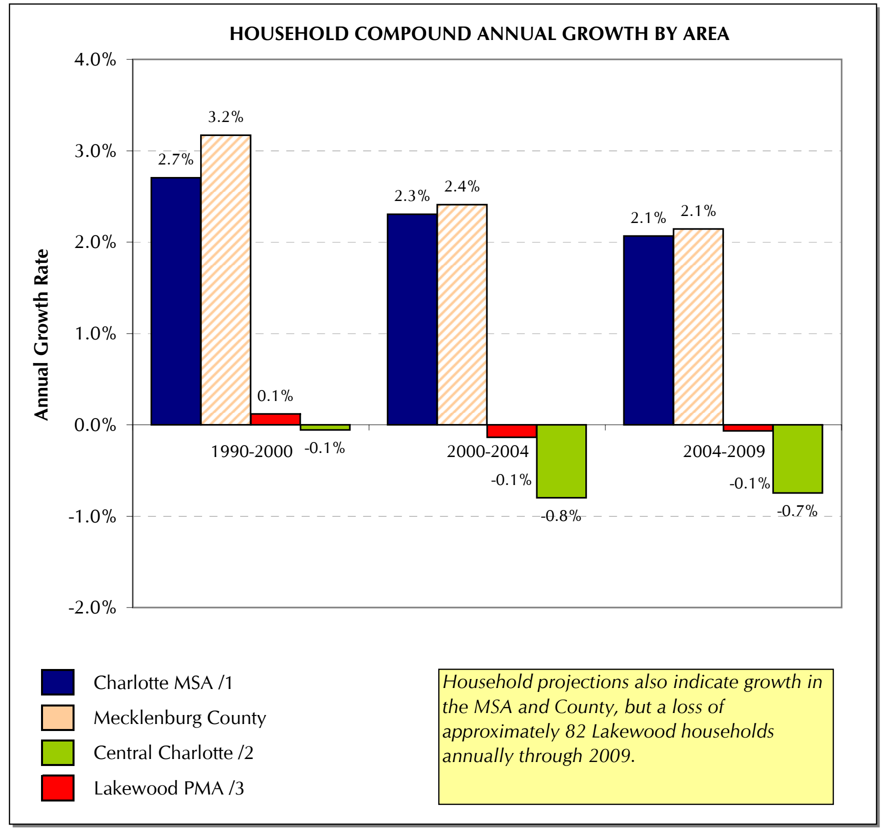
*Per Claritas projections, the Lakewood PMA is projected to lose approximately 82 households per year through 2009.*

1/ Charlotte-Gastonia-Rock Hill, NC-SC MSA is defined as Mecklenburg, Union, Cabarrus, Rowan, Iredell, Lincoln, Gason counties in NC, and York and Lancaster counties in SC.
2/ Central Charlotte is generally the area immediately surrounding Uptown Charlotte within the loop created by Route 4, US 521 and I-85 and is defined as a 4-mile radius from the intersection of Graham Street (US 29) and Trade Street in Uptown Charlotte.
3/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte.
SOURCE: Robert Charles Lesser & Co., LLC and Claritas, Inc.

*Exhibit II-2*

**POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS**
**CHARLOTTE MSA /1, MECKLENBURG COUNTY, CENTRAL CHARLOTTE AREA /2 AND LAKEWOOD PMA /3**
**1990-2009**

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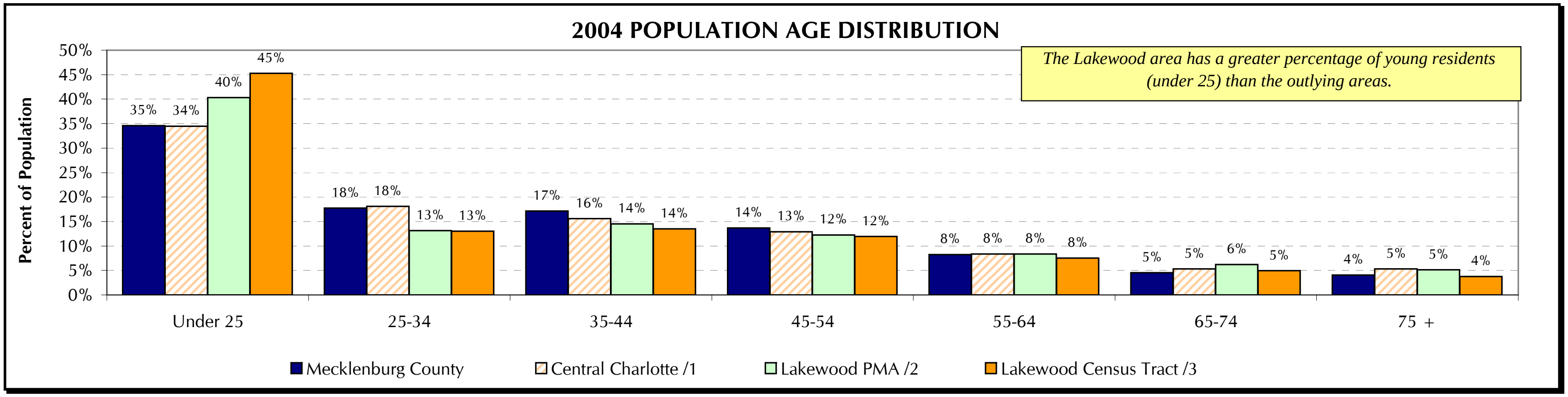
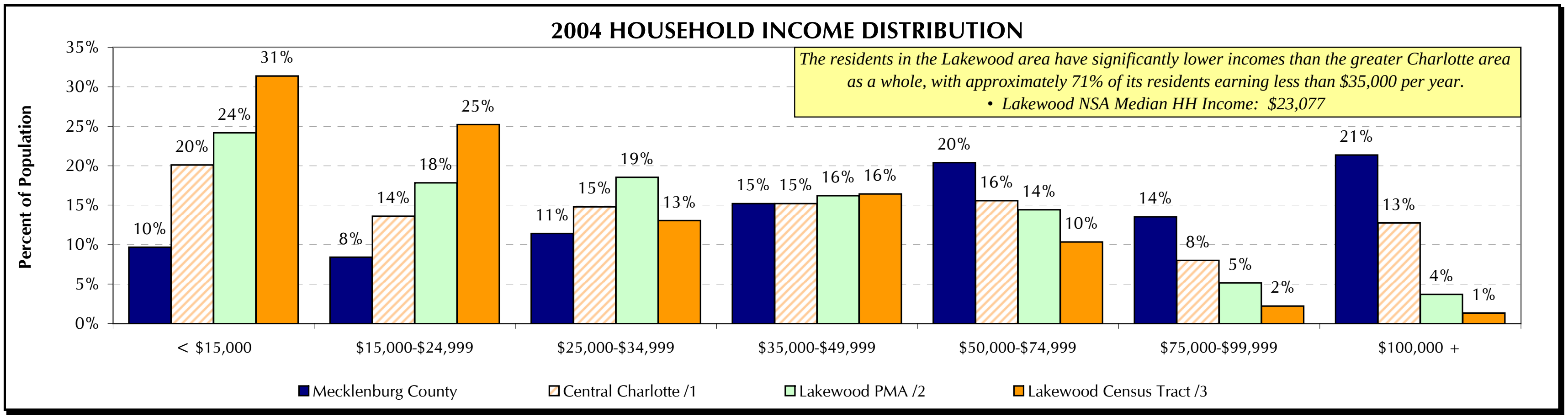
SOURCE: Robert Charles Lesser & Co., LLC and Claritas, Inc.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit II-3***

**COMPARISON OF POPULATION AGE AND INCOME DISTRIBUTIONS**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, LAKEWOOD PMA /2, AND LAKEWOOD CENSUS TRACT /3**
**2004**

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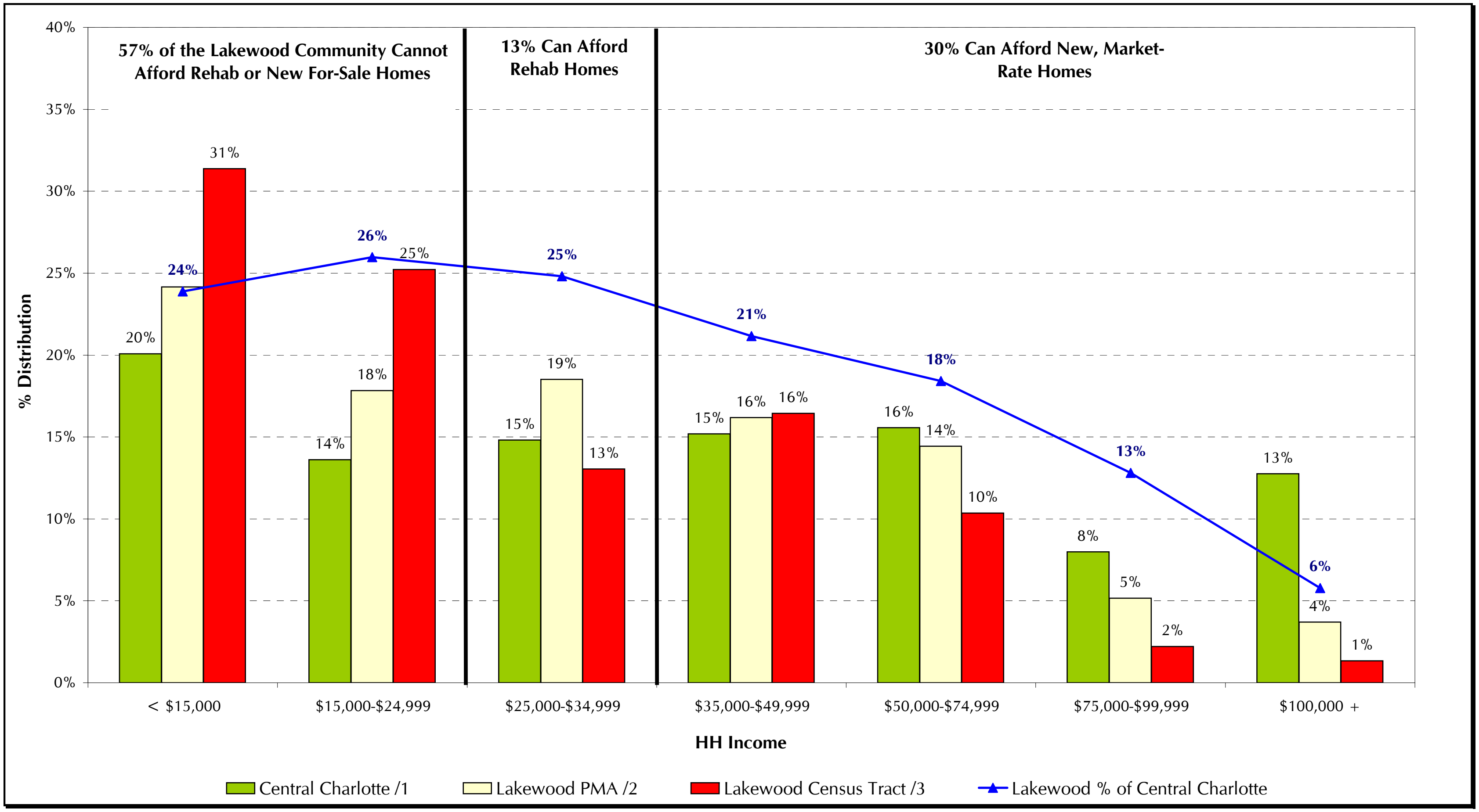
2/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
3/ The Lakewood Census Tract (45) encompasses the Lakewood Neighborhood; bordered on the north by I-85, on the west by Glenwood Ave and Tuckaseegee Rd., on the east in between Beatties Ford Rd. and Brookshire Freeway, and by State St. on the South.
SOURCE: Robert Charles Lesser & Co., LLC, US Census 2000 and Claritas, Inc.

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit II-4***

**HOUSEHOLD INCOME DISTRIBUTION AND HOUSING AFFORDABILITY**
**CENTRAL CHARLOTTE AREA /1, THE LAKEWOOD PMA /2, AND THE LAKEWOOD CENSUS TRACT /3**
**2004**

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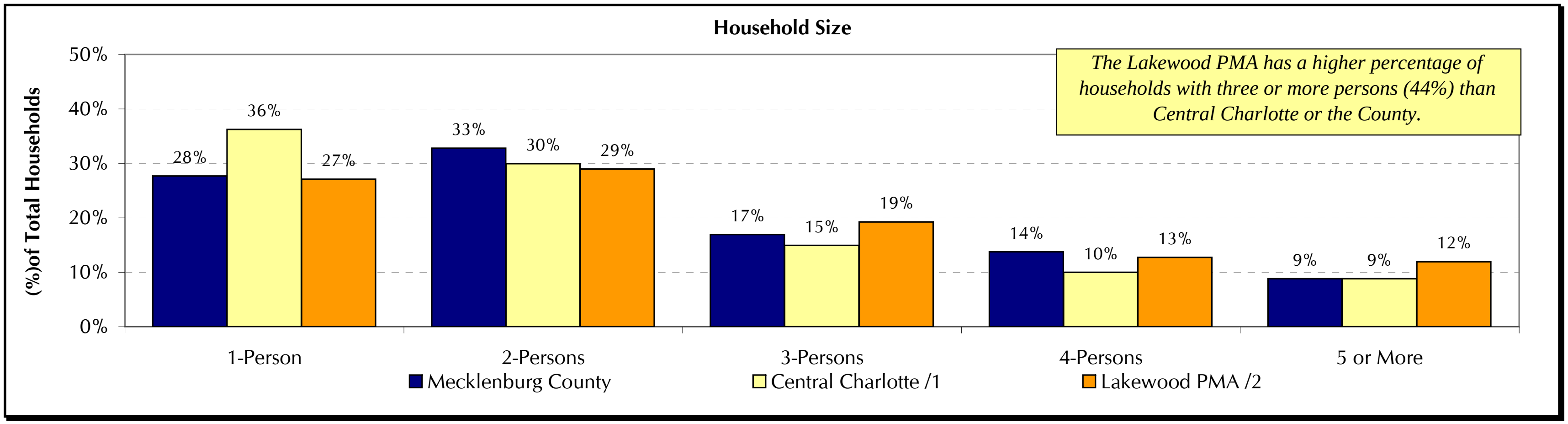
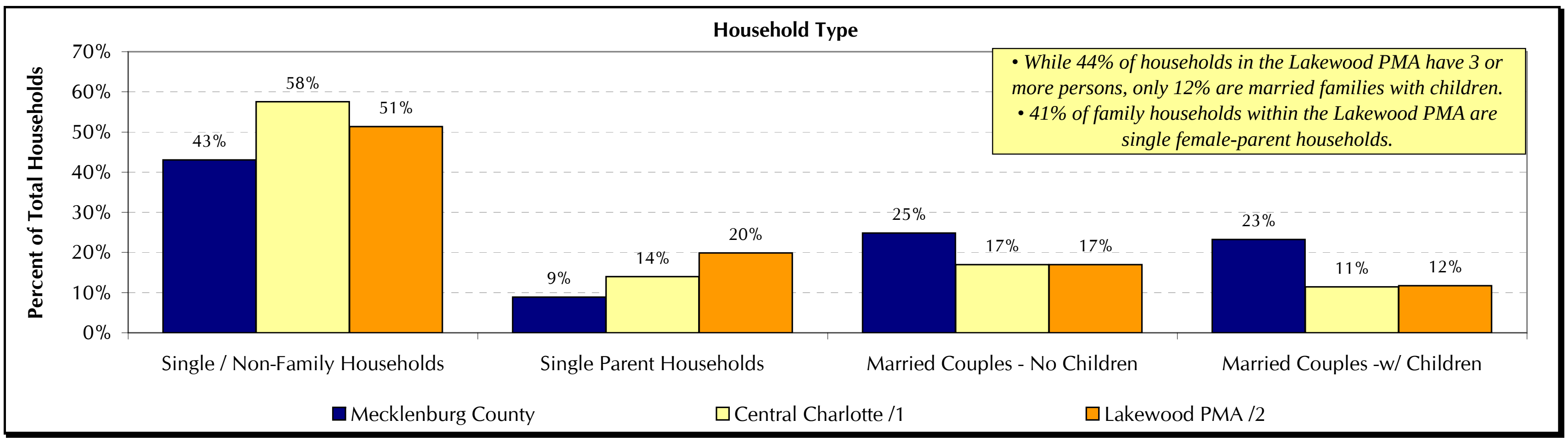
2/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
3/ Census Tract 45 encompasses the Lakewood Neighborhood; bordered on the north by I-85, on the west by Glenwood Ave and Tuckaseegee Rd., on the east in between Beatties Ford Rd. and Brookshire Freeway, and by State St. on the South.
SOURCE: Robert Charles Lesser & Co., LLC, US Census 2000 and Claritas, Inc.

*Exhibit II-5*

**DISTRIBUTIONS OF HOUSEHOLD COMPOSITION**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, AND LAKEWOOD PMA /2**
**2004**

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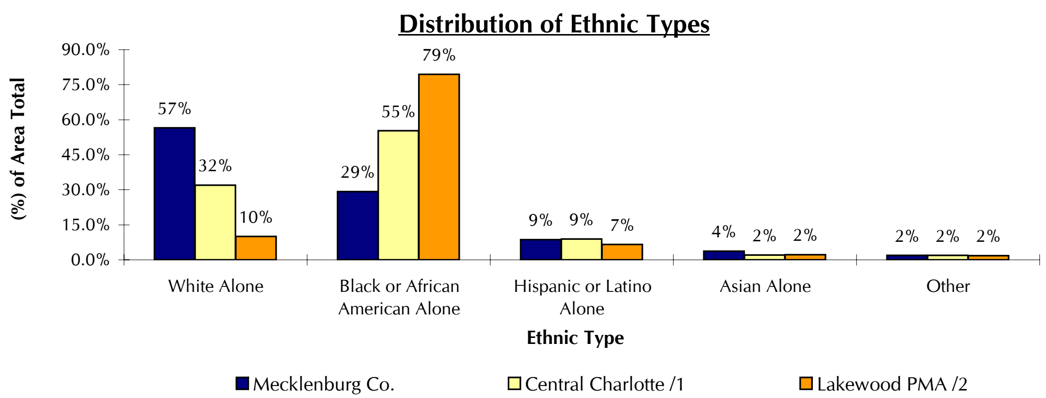
SOURCE: Robert Charles Lesser & Co., LLC, U.S. Census, and Claritas, Inc.

***Exhibit II-6***

**DEMOGRAPHIC ANALYSIS OF ETHNIC TYPES**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, AND LAKEWOOD PMA /2**
**2004**

| ETHNICITY | MECKLENBURG CO. | | CENTRAL CHARLOTTE /1 | | | LAKEWOOD PMA /2 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | No. of Persons | (%) of Total | No. of Persons | (%) of Total | (%) of County | No. of Persons | (%) of Total | (%) of County | (%) of Central |
| White Alone | 432,295 | 57% | 43,322 | 32% | 10% | 3,062 | 10% | 1% | 7% |
| Black or African American Alone | 223,052 | 29% | 74,984 | 55% | 34% | 24,432 | 79% | 11% | 33% |
| Hispanic or Latino Alone | 65,760 | 9% | 12,019 | 9% | 18% | 2,026 | 7% | 3% | 17% |
| American Indian / Alaskan Native Alon | 2,357 | 0% | 477 | 0% | 20% | 142 | 0% | 6% | 30% |
| Asian Alone | 28,330 | 4% | 2,849 | 2% | 10% | 657 | 2% | 2% | 23% |
| Native Hawaiin / Pacific Islander Alone | 490 | 0% | 71 | 0% | 14% | 6 | 0% | 1% | 8% |
| Some Other Race Alone | 1,096 | 0% | 160 | 0% | 15% | 37 | 0% | 3% | 23% |
| Two or More Races | 11,038 | 1% | 1,824 | 1% | 17% | 380 | 1% | 3% | 21% |
| **Total Population, All Races** | **764,418** | **100%** | **135,707** | **100%** | **18%** | **30,741** | **100%** | **4%** | **23%** |

*The Lakewood Study Area has a far greater percentage of African Americans than both Mecklenburg County and Central Charlotte.*

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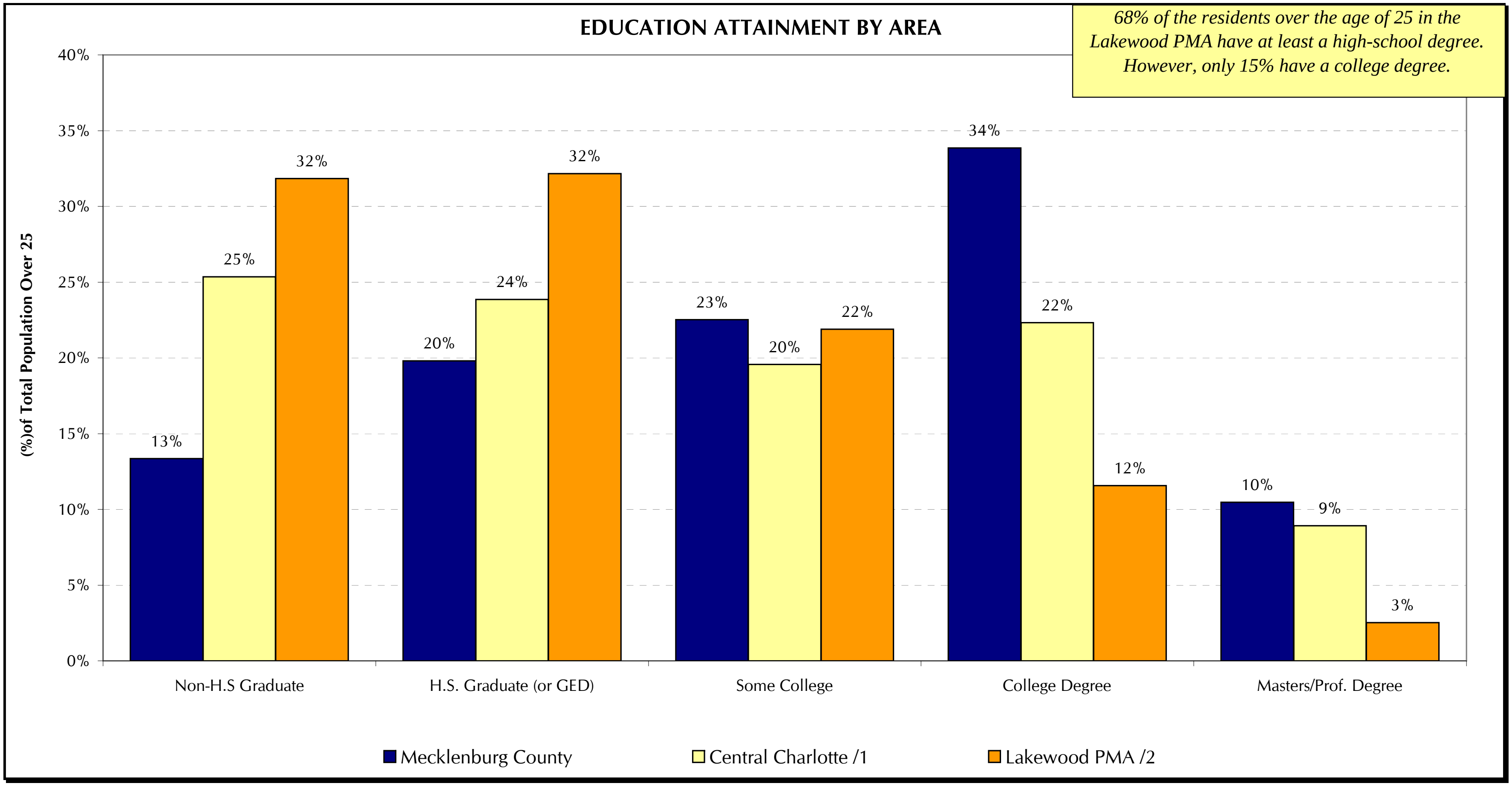
SOURCE: Claritas and Robert Charles Lesser & Co., LLC

# CHARLOTTE NIEGHBORHOOD DEVELOPMENT - LAKEWOOD

*Exhibit II-7*

**EDUCATIONAL ATTAINMENT OF POPULATION OVER AGE 25**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, AND LAKEWOOD PMAA /2**
**2004**

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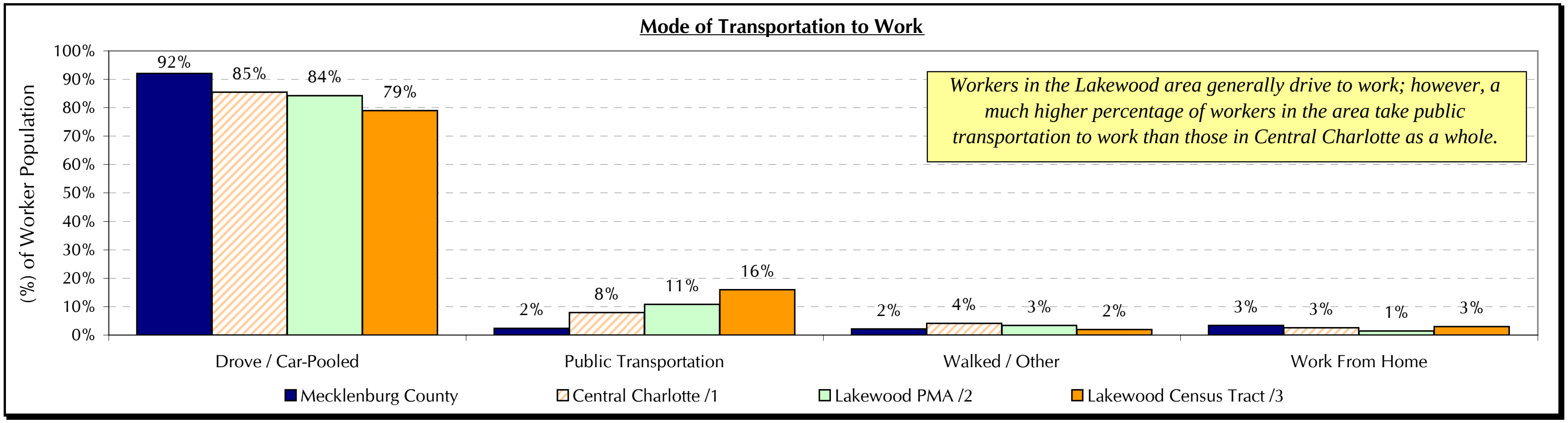
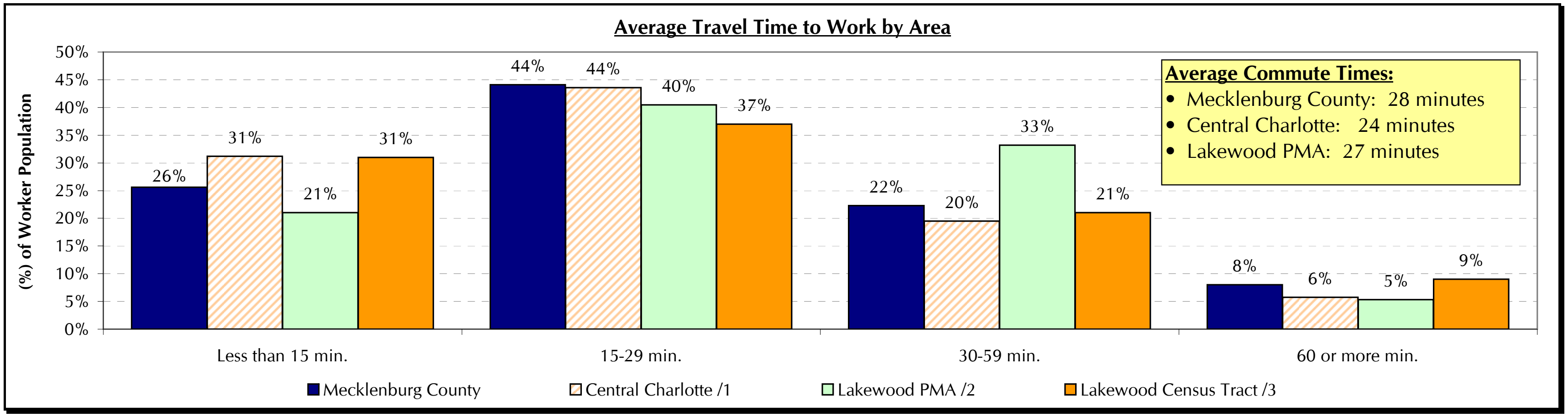
SOURCE: Robert Charles Lesser & Co., LLC, U.S. Census, and Claritas, Inc.

# Charlotte Nieghborhood Development - Lakewood

***Exhibit II-8***

**WORKER MODE OF TRANSPORTATION TO WORK BY AREA**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, AND LAKEWOOD PMA /2**
**2004**

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SOURCE: Robert Charles Lesser & Co., LLC, U.S. Census, and Claritas, Inc.

# Charlotte Nieghborhood Development - Lakewood

*Exhibit II-9*

**PUBLIC TRANSPORTATION SERVICE SCHEDULE**
**THE LAKEWOOD NEIGHBORHOOD**
**2004**

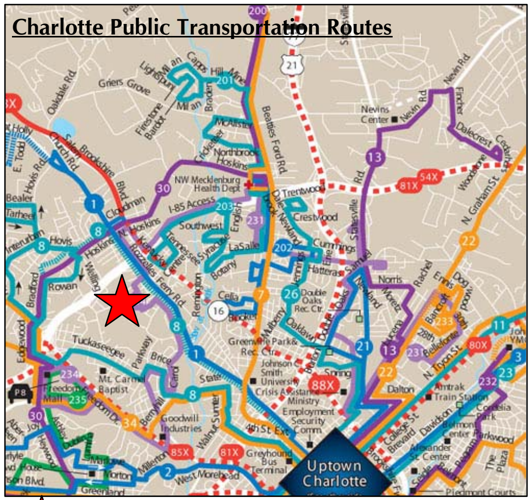
| ROUTE | ROUTE FREQUENCY (MINUTES) | | | | | ROUTE STOPS |
|---|---|---|---|---|---|---|
| | WEEKDAYS | | SATURDAYS | | SUNDAYS | |
| | 5:30am - 7:00pm | 7:00pm - 1:00am | 5:40am - 7:00pm | 7:00pm - 1:00am | 6:00am -1:00am | |
| 1 MT. HOLLY | 15-20 | 45 | 20-25 | 45 | 60 | • Along Rozzelles Ferry Rd.<br>• Uptown (Transportation Center)<br>• Johnson C. Smith Univ.<br>• Chemway site north of I-85 |
| 234 CITYVIEW *(Shuttle Service)* | 60 *(6:00am - 8:00pm)* | - | 60 *(11:00am - 4:00pm)* | - | - | • Lakewood neighborhood streets<br>• NW Dept. of Health<br>• Freedom Dr. Area *(Freedom Mall, K-mart, Bi-Lo, Winn-Dixie, CPCC Cityview)* |

**LAKEWOOD NEIGHBORHOOD TRANSPORTATION ACCESS / FREQUENCY:**

UPTOWN / SHOPPING & ENTERTAINMENT
Weekdays: 15-20 mins
Weeknights: 45 mins
Saturdays: 20-25 mins
Saturday Nights: 45 mins
Sundays: 60 mins

GROCERY STORE / DEPT. OF HEALTH
Weekdays: 60 mins
Saturdays: 60 mins
Sundays: NA

**OVERALL ASSESSMENT:**
- Good acess to Uptown, JCSU
- Infrequent access to grocery / service corridors, especially on weekends




= Lakewood Neighborhood

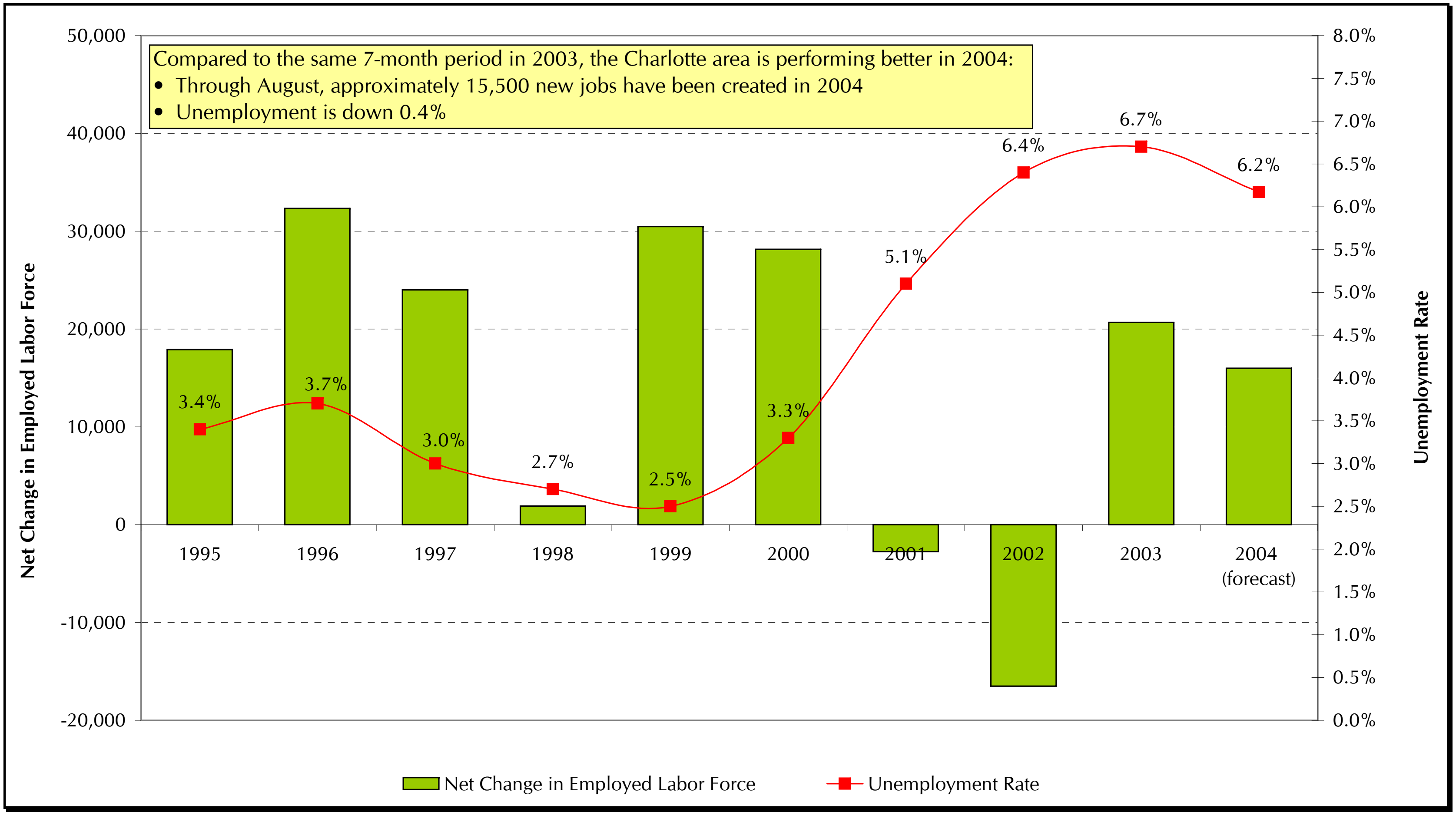
SOURCE: Robert Charles Lesser & Co., LLC, Charlotte-Area Transit System (CATS)

# III. ECONOMIC ANALYSIS

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit III-1***

**EMPLOYMENT TRENDS**
**CHARLOTTE-GASTONIA-ROCK HILL, NC-SC MSA /1**
**1995 TO 2004**

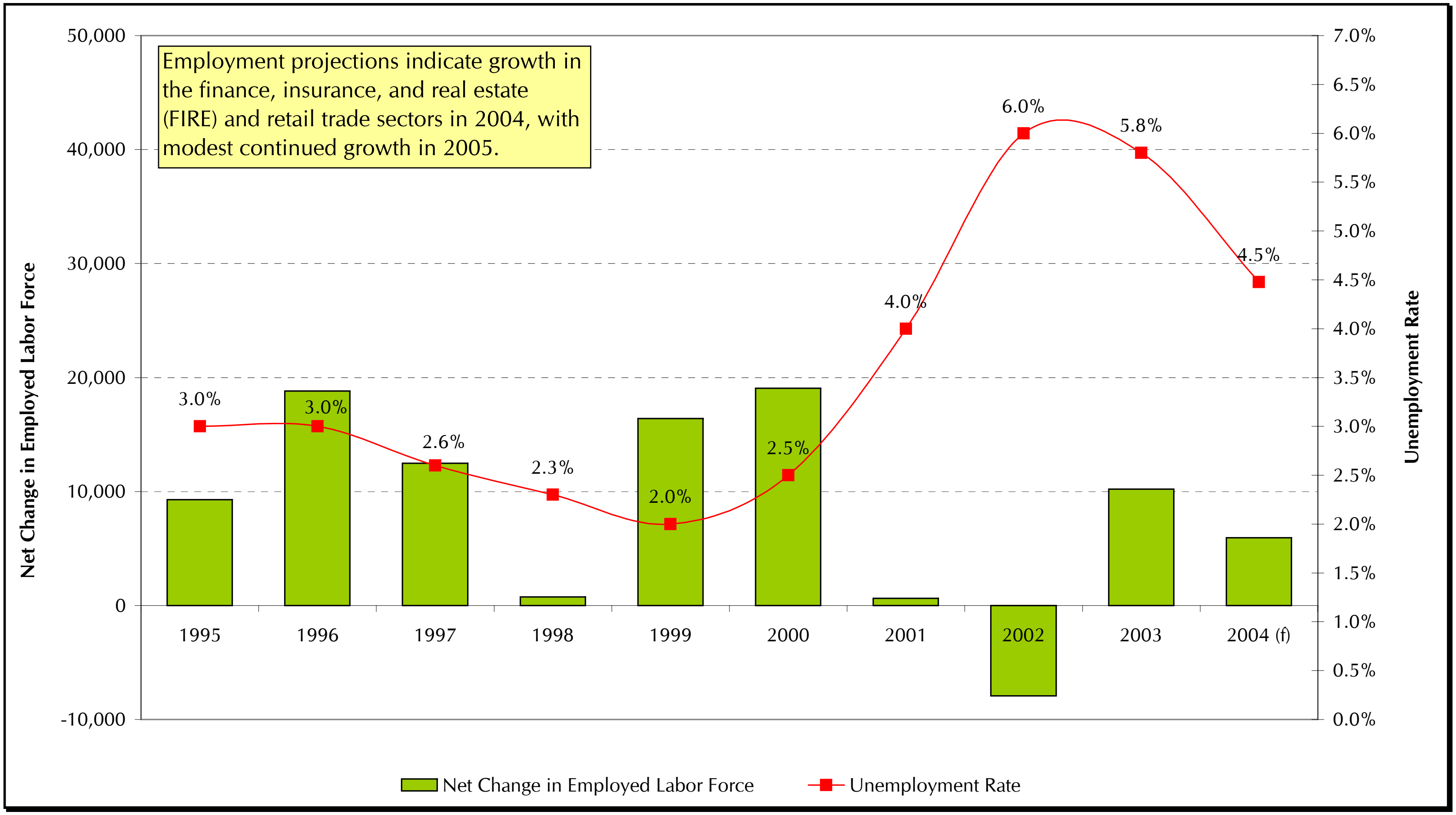



1/ Charlotte-Gastonia-Rock Hill, NC-SC MSA is defined as Mecklenburg, Union, Cabarrus, Rowan, Iredell, Lincoln, Gason counties in NC, and York and Lancaster counties in SC.
SOURCES: Robert Charles Lesser & Co. and the US Bureau of Labor Statistics, and Wachovia Corp. Senior Economist Mark Vitner

# Charlotte Neighborhood Development - Lakewood

***Exhibit III-2***

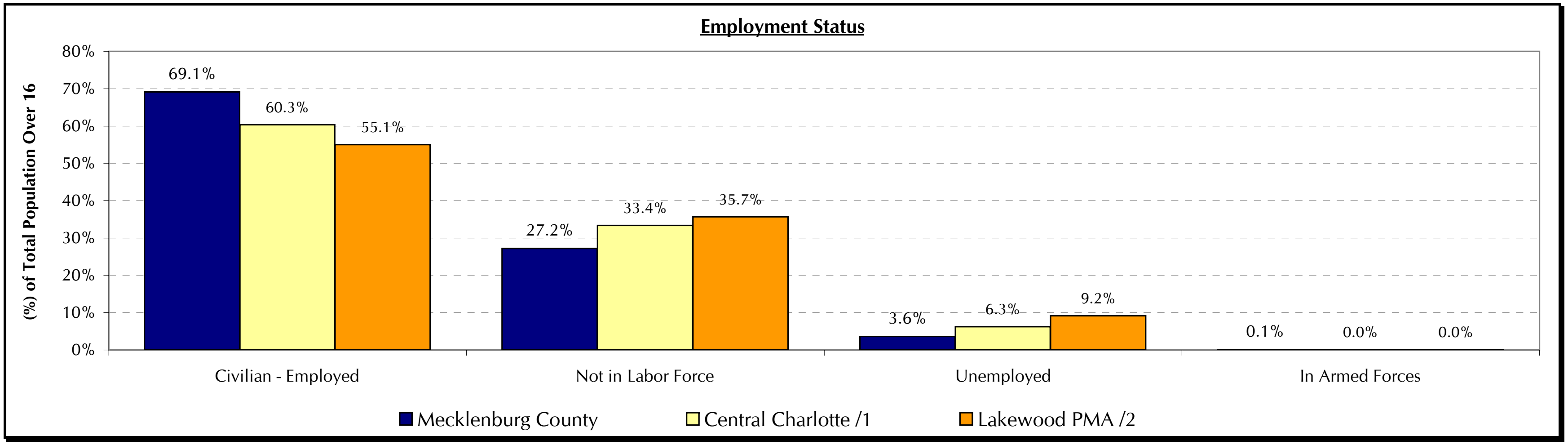
**EMPLOYMENT TRENDS**
**MECKLENBURG COUNTY, NC**
**1995 TO 2004**




SOURCES: Robert Charles Lesser & Co. and the US Bureau of Labor Statistics, and Wachovia Corp. Senior Economist Mark Vitner

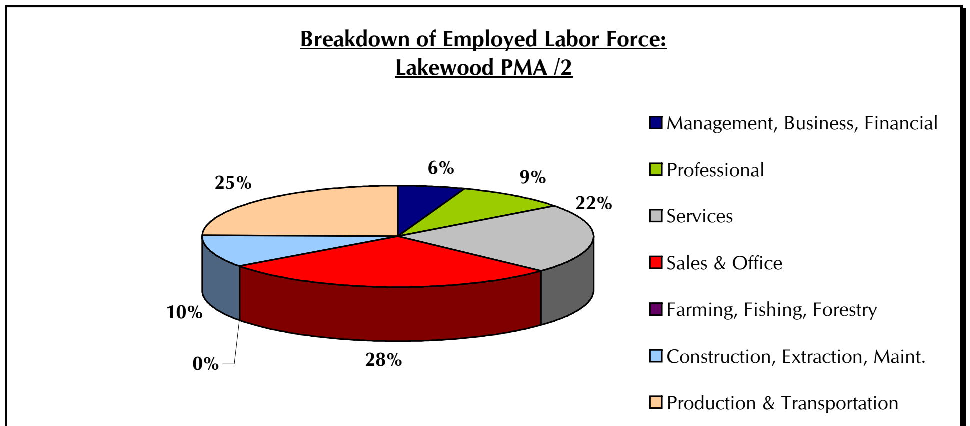
*Exhibit III-3*

**EMPLOYMENT STATUS OF POPULATION OVER AGE 16**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1, AND LAKEWOOD PMA /2**
**2004 (ESTIMATE)**




- *The Lakewood PMA currently has an unemployment rate of 9.2% – approximately twice the rate of the MSA.*

- *Of the employed labor force, most work in the clerical, hospitality/services, and manufacturing/transportation fields.*

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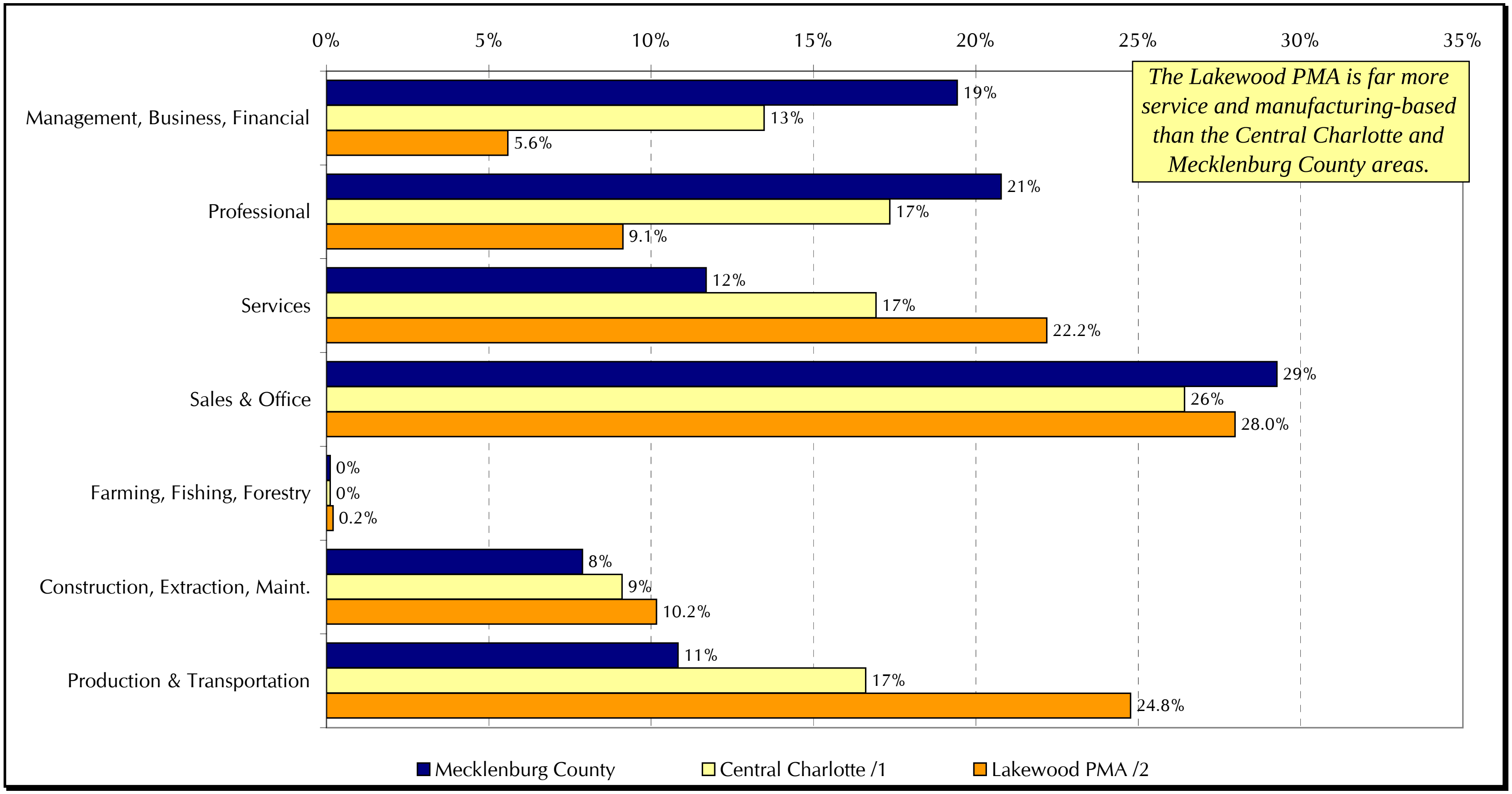
SOURCE: Robert Charles Lesser & Co. and Claritas, Inc.

***Exhibit III-4***

**EMPLOYMENT BY OCCUPATION BY AREA**
**MECKLENBURG COUNTY, CENTRAL CHARLOTTE /1 AND LAKEWOOD PMA /2**
**2004**

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SOURCE: Robert Charles Lesser & Co., LLC, Claritas, Inc., and the Charlotte Chamber of Commerce

***Exhibit III-5***

**AREA EMPLOYMENT OVERVIEW**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**2004**

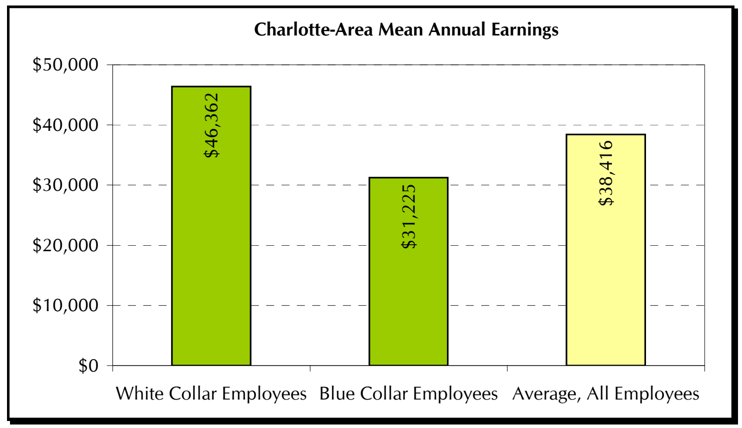
| | Employer | Industry | Employment |
|---|---|---|---|
| 1) | Wachovia Corporation* | Financial | 17,000 |
| 2) | Charlotte-Mecklenburg Schools* | Education | 16,000 |
| 3) | Carolinas Healthcare System* | Healthcare | 13,246 |
| 4) | Bank of America* | Financial | 12,770 |
| 5) | US Airways | Transportation | 7,000 |
| 6) | City of Charlotte* | Government | 6,002 |
| 7) | Presbyterian Healthcare / Novant Health* | Healthcare | 6,000 |
| 8) | State of North Carolina | Government | 5,682 |
| 9) | Duke Energy Corporation* | Utilities | 5,614 |
| 10) | US Government | Government | 5,200 |
| 11) | Mecklenburg County * | Government | 4,627 |
| 12) | Ruddick / Harris Teeter* | Retail | 3,290 |
| 13) | Winn-Dixie Charlotte | Retail | 3,000 |
| 14) | US Postal Service | Government | 2,961 |
| 15) | Belk Inc. * | Retail | 2,500 |
| 16) | Bellsouth Telecommunications * | Communications | 2,300 |
| 17) | UNC at Charlotte * | Education | 2,287 |
| 18) | Compass Group * | Food Services | 2,027 |
| 19) | IBM Charlotte | Global Services | 2,000 |
| 20) | Solectron Technology Inc. | Electronics Equipment | 1,900 |
| 21) | Food Lion | Retail | 1,766 |
| 22) | Family Dollar Stores * | Retail | 1,750 |
| 23) | Continental Tire North America, Inc. * | Tires | 1,649 |
| 24) | Eckerd Corporation | Retail | 1,636 |
| 25) | Wal-Mart Stores / Sam's | Retail | 1,621 |

** Headquartered in Charlotte / Mecklenburg County*

More than half of the Charlotte-area employment is the Financial / Business services sector, which generally includes higher-paying jobs. Other large employment sectors include Government, Education, and Retail.

The Charlotte metro area gained more than 15,500 net jobs from January through August of 2004. The biggest growth came from:

- Professional & business services: +5,800 jobs
- Leisure & hospitality: +5,700 jobs
- Construction: +2,000 jobs

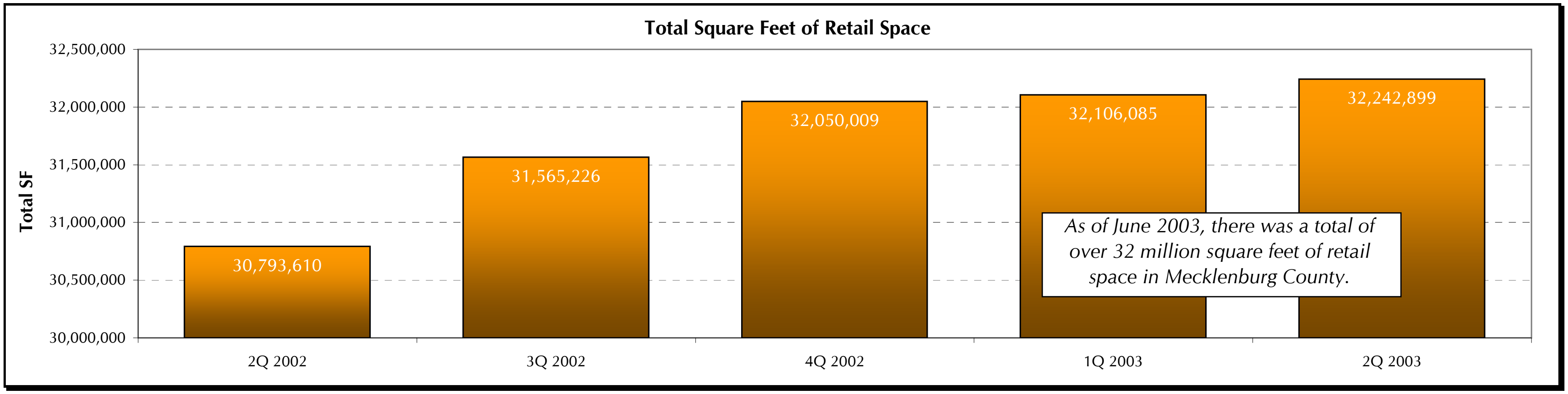


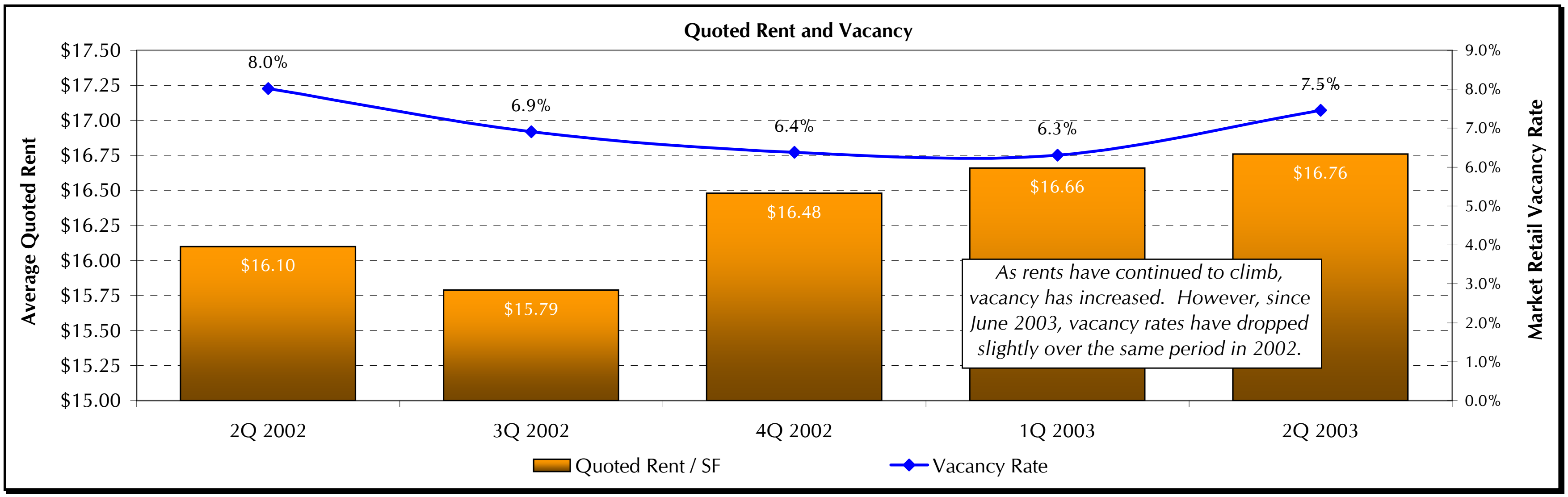

SOURCES: Robert Charles Lesser & Co., the Charlotte Chamber of Commerce, and Wachovia Senior Economist Mark Vitner

# IV. RETAIL

*Exhibit IV-1*

**HISTORICAL RETAIL OCCUPANCY**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**2002 - 2003**




SOURCE: Robert Charles Lesser & Co., LLC and Carolina's Real Data Real Index

# Charlotte Neighborhood Development - Lakewood

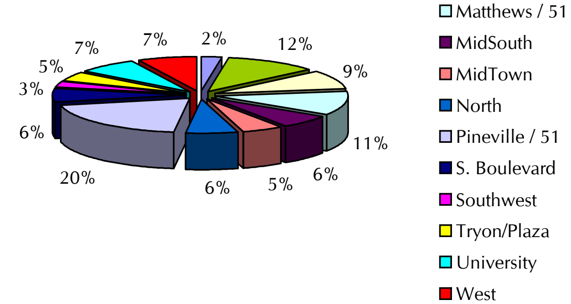
*Exhibit IV-2*

**CHARLOTTE RETAIL SUBMARKET COMPARISON**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**2003**

| Submarket | Total SF | Occupied SF | Vacant SF | Vacancy % | Quoted Rent / SF | % of Total Space | % of Occupied Space | % of Vacant Space |
|---|---|---|---|---|---|---|---|---|
| Downtown | 764,880 | 725,841 | 39,039 | 5.1% | $22.98 | 2.4% | 2.4% | 1.6% |
| East | 3,741,456 | 3,356,834 | 384,622 | 10.3% | $11.57 | 11.6% | 11.2% | 16.0% |
| Independence | 2,871,704 | 2,571,411 | 300,293 | 10.5% | $10.26 | 8.9% | 8.6% | 12.5% |
| Matthews / 51 | 3,643,533 | 3,299,423 | 344,110 | 9.4% | $15.80 | 11.3% | 11.1% | 14.3% |
| MidSouth | 2,067,906 | 2,047,611 | 20,295 | 1.0% | $24.61 | 6.4% | 6.9% | 0.8% |
| MidTown | 1,629,868 | 1,364,546 | 265,322 | 16.3% | $19.67 | 5.1% | 4.6% | 11.0% |
| North | 1,993,317 | 1,932,966 | 60,351 | 3.0% | $20.69 | 6.2% | 6.5% | 2.5% |
| Pineville / 51 | 6,380,390 | 6,276,617 | 103,773 | 1.6% | $18.77 | 19.8% | 21.0% | 4.3% |
| S. Boulevard | 2,034,467 | 1,884,974 | 149,493 | 7.3% | $11.57 | 6.3% | 6.3% | 6.2% |
| Southwest | 914,280 | 844,668 | 69,612 | 7.6% | $15.37 | 2.8% | 2.8% | 2.9% |
| Tryon/Plaza | 1,498,153 | 1,368,606 | 129,547 | 8.6% | $9.50 | 4.6% | 4.6% | 5.4% |
| University | 2,410,456 | 2,224,582 | 185,874 | 7.7% | $20.06 | 7.5% | 7.5% | 7.7% |
| **West** | **2,292,489** | **1,941,190** | **351,299** | **15.3%** | **$11.15** | **7.1%** | **6.5%** | **14.6%** |
| **TOTAL** | **32,242,899** | **29,839,269** | **2,403,630** | **7.5%** | **$16.19** | **100.0%** | **100.0%** | **100.0%** |

***Lakewood Neighborhood Submarket***

**Market Distribution of Retail Space**




### The West Charlotte Submarket, which includes the Lakewood Neighborhood...

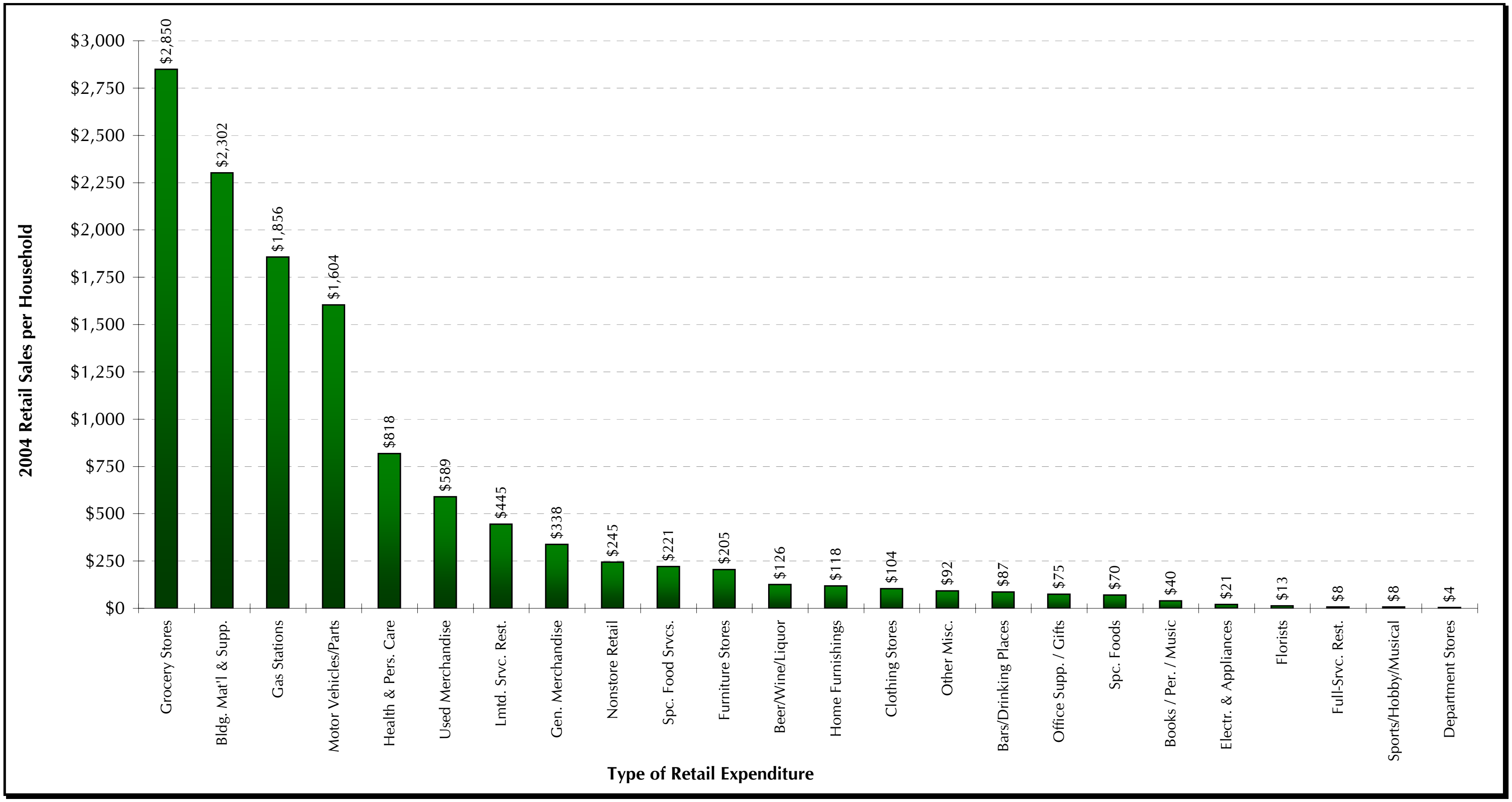
- Has approximately 2.3 million square feet of retail space (7.1% of the Market)
- Has a vacancy rate of 15.3%, which is among the highest in the market (2x the Market's overall vacancy rate)
- Is obtaining the lowest rents in the Market at $11.15/SF (second only to the Tryon/Plaza submarket)
- Has approximately 350,000 SF of vacant space, or 15% of the Market's vacant space

***In Summary, the retail market in the Lakewood area is very weak, and cannot support a large-scale retail development without significant household growth, subsidies, or revitalization.***

SOURCE: Robert Charles Lesser & Co., LLC and 2Q 2003 Carolina's Real Data Real Index data

*Exhibit IV-3*

**HOUSEHOLD RETAIL EXPENDITURES BY TYPE**
**LAKEWOOD PRIMARY RETAIL TRADE AREA 1/**
**OCTOBER 2004**

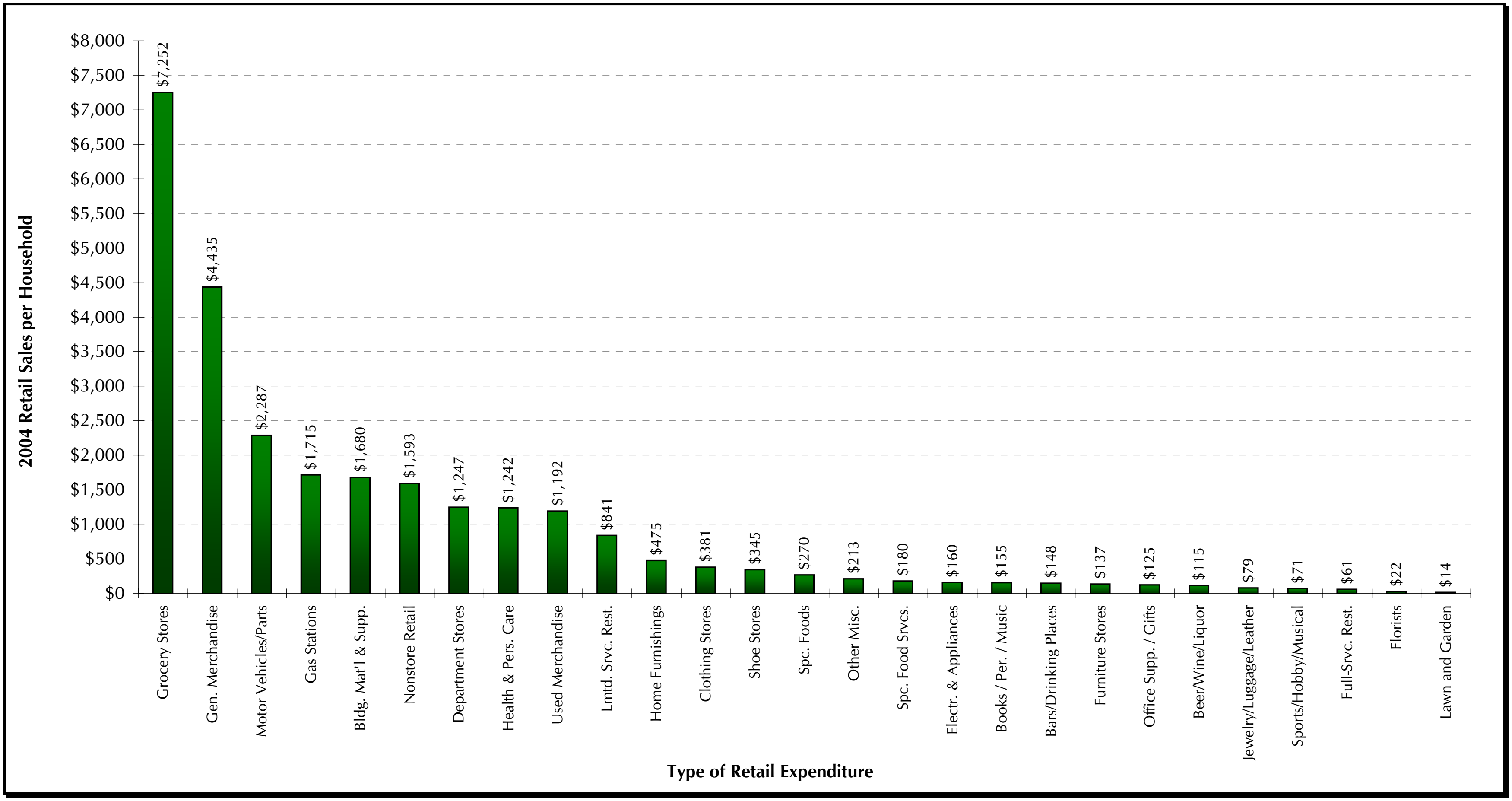



1/ The Lakewood PRTA is defined as a 1-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
SOURCE: Robert Charles Lesser & Co., LLC and the 2004 ESRI Retail Marketplace

# Charlotte Neighborhood Development - Lakewood

***Exhibit IV-3***

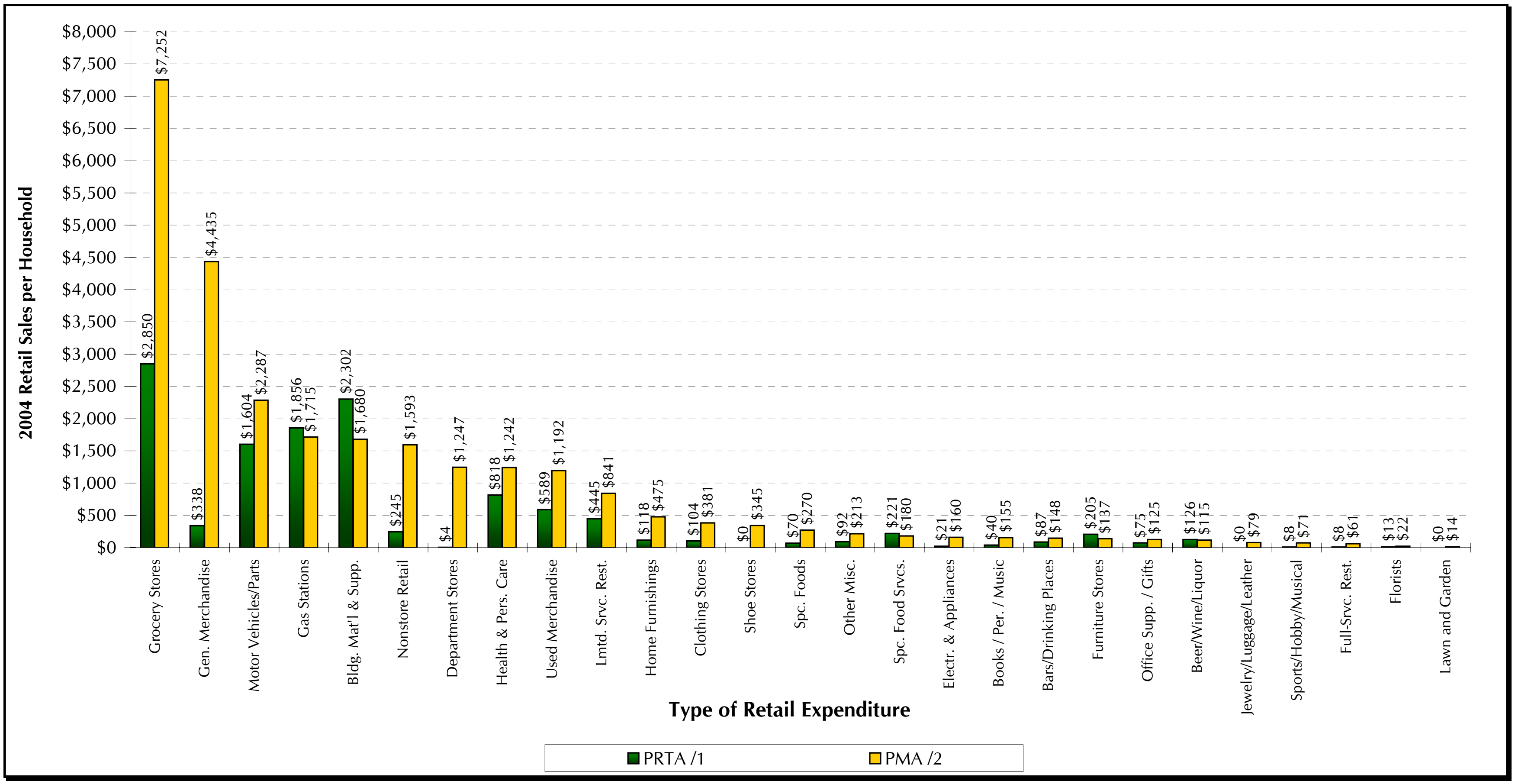
**HOUSEHOLD RETAIL EXPENDITURES BY TYPE**
**LAKEWOOD NEIGHBORHOOD PMA 1/**
**OCTOBER 2004**




1/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte.
SOURCE: Robert Charles Lesser & Co., LLC and the 2004 ESRI Retail Marketplace

*Exhibit IV-3*

**COMPARISON OF HOUSEHOLD RETAIL EXPENDITURES BY TYPE**
**LAKEWOOD NEIGHBORHOOD PRTA /1 AND THE LAKEWOOD PMA /2**
**OCTOBER 2004**




1/ The Lakewood PRTA is defined as a 1-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
2/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte.
SOURCE: Robert Charles Lesser & Co., LLC and the 2004 ESRI Retail Marketplace

# Charlotte Neighborhood Development - Lakewood

*Exhibit IV-4*

## SURVEY OF SELECTED COMPETITIVE RETAIL CENTERS
## LAKEWOOD PRIMARY RETAIL TRADE AREA
## OCTOBER 2004

| Map Key | Name<br>Location | Contact | Year Built | Size (sf)<br># of stores | Occupancy<br>*Status* | Large Tenants<br>Lease Rates per S.F. | Small Shops<br>Lease Rates per S.F. | Parking | Traffic Count | Market Audience | Notes and Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | **City West Commons**<br>Remount Rd. at West Blvd. | Tommy Trimble<br>704/519.4244 | 2003 | 35,060<br>12 stores | 100%<br>*New Center* | $6.00 - $10.00 | $12.00 - $15.50 | 198 | 27,500 | Neighborhood | Total cost of $5,360,800 financed with HUD funds of $3,510,000 and a $500,000 Health & Human Services Grant obtained by the City West CDC. CMDC provided development services. Current tenants: Family Dollar, Simply Fashions, Jack in the Box, Jackson Hewitt, Police Westover Division Offices, Medicine Shoppe, Dry Cleaner, Barber Shop, Beauty Salon, Wireless Store, Gamestop, Shoe Show, 5,200sf Cafeteria. 3-yr leases. |
| 2 | **University Village Shopping Center**<br>2123 Beatties Ford Rd. @ LaSalle<br>Charlotte, NC 28205 | Terrell Blackman<br>NW CDC<br>704/378-1272 | 1997 | 55,000 | 100%<br>*Doing Well* | $8.00 - $10.00 | $9.00 - $11.00 | Unknown | 29,200 | Neighborhood | Food Lion, CVS, KFC, Post Office, Subway, Banks. Food Lion being renovated. Police substation located nearby at 2324 LaSalle. NW CDC teamed with 2 private developers and BofA to develop the center. NW CDC now owns 22% of the center. |
| 3 | **Food Lion Shopping Center**<br>4709 Tuckaseegee Rd<br>Charlotte, NC 28208 | 336/274.8227 | NA | 30,000<br>4 stores | 85%<br>*Under Renovation* | $6.00 - $8.00 | NA - NA | NA | 12,300 | Neighborhood | 20' bay currently for lease. Food Lion being renovated. |
| 4 | **Freedom Mall**<br>3205 Freedom Dr., Charlotte | Freedom Mall Prtnrs<br>704/394-8388 | 1964 | 328,485<br>57 stores | Unknown | NA - NA | NA - NE | 1,950 | 40,000 | Area-Regional | Tenants include Peebles (department store) and various interior shops and service-related businesses. Large portion of mall vacant (including old Target). Property acquired by Mecklenburg County for $6.6 million from Shottenstein Realty Company in February 2004. May be used to house government operations. |
| 5 | **Freedom Mart Shopping Center**<br>3144 Freedom Dr. | Billy Cooper<br>Southern R.E<br>704/375-1000 | 1972 | 130,130 | 42%<br>*In Decline* | $5.00 - $8.00 | $6.00 - $8.00 | 836 | 40,000 | Neighborhood | $0.99 CAM. Old Toys 'R Us space. Current tenants include Deep Discount Groceries, a church, and various smaller mom and pop retailers. For sale for $3,330,000. |
| 6 | **Freedom Plaza**<br>3301 Freedom Drive, Charlotte | Sean McCue<br>302/658.7789 | 1976 | 64,980 | 53%<br>*2nd-Gen.* | $6.00 - $6.00 | $6.00 - $6.00 | Unk | 40,000 | Neighborhood | NNN $1.86/sf. Plaza anchored by 26,000sf Dollar Tree Store, opened in 2003. 30,400+/- SF available. |
| 7 | **The Shops at Freedom**<br>3001 Freedom Drive | Nichols Co.<br>Josh Beaver<br>704/373-9797 | 1961 | 230,000<br>42 stores | 60%<br>*Renovated* | $6.00 - $12.00 | $8.00 - $12.00 | Unk | 38,400 | Neighborhood | CAM: $1.25. 67,000 SF space available. Tenants include Big Lots, Goodwill, Value Village. |
| 8 | **K-Mart Shopping Plaza**<br>2701 Freedom Dr. | Billy Cooper<br>Southern R.E<br>704/375-1000 | 1966 | 140,400<br>10 stores | 96%<br>*Beg. Decline* | $6.00 - $8.00 | $10.00 - $12.00 | Unk | 35,000 | Neighborhood / Regional Area | CAM: $1.37. Two spaces vacant (1,200 & 4,500 sf). Anchored by K-Mart. Various smaller local retailers. |

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

*Exhibit IV-4*

## SURVEY OF SELECTED COMPETITIVE RETAIL CENTERS
## LAKEWOOD PRIMARY RETAIL TRADE AREA
## OCTOBER 2004

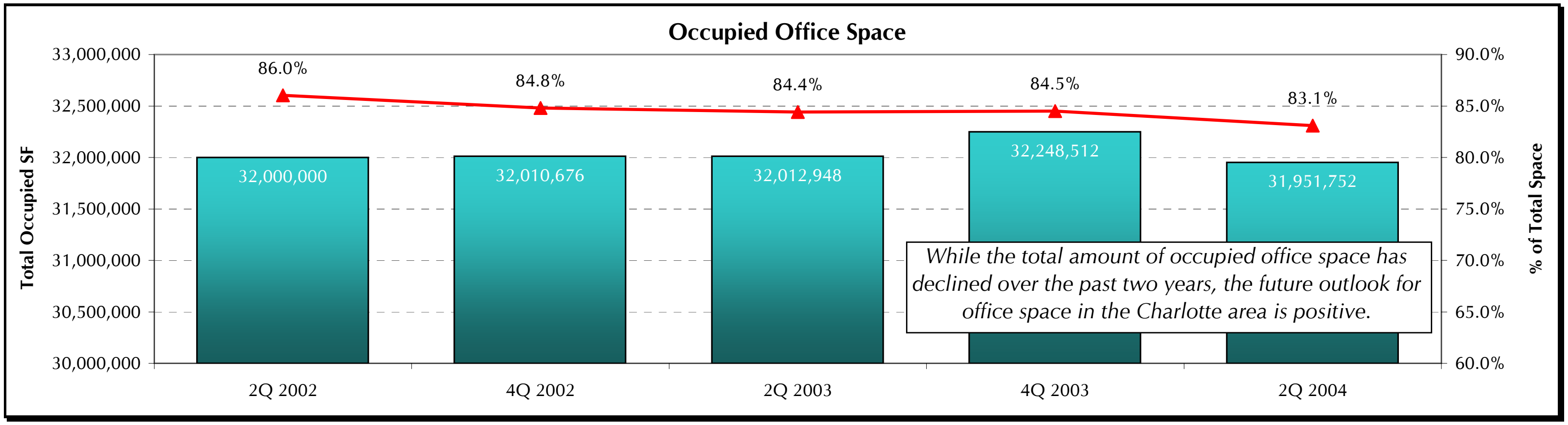
| Map Key | Name Location | Contact | Year Built | Size (sf) # of stores | Occupancy *Status* | Large Tenants Lease Rates per S.F. | Small Shops Lease Rates per S.F. | Parking | Traffic Count | Market Audience | Notes and Tenants |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 9 | **Bi-Lo Shopping Center**<br>Ashley Road & Alleghany Street<br>Freedom Dr. Area | Alex Kelly<br>Lincoln Harris<br>704/714-7667 | 2002 | 52,000<br>9 Stores | 100%<br>*New* | Unavail. - Unavail. | $17.00 - $17.00 | 250 | 18,900 | Neighborhood | NNN Lease. Pridemore Development Co. developed center in 2002. |
| 10 | **Cityview Shopping Center**<br>Alleghany Street<br>Freedom Dr Area | S. Florida R.E.<br>404/844.6273 | 1993 | 77,500<br>9 stores | 100%<br>*Newer* | $6.50 - $9.00 | $10.00 - $17.00 | 380 | 18,900 | Neighborhood | CAM: $3.00. Tenants include Winn-Dixie, Blockbuster, Dollar General. Outparcels available via New South Properties (704/370-0303). |
| 11 | **ALDI**<br>2526 Freedom Dr. (at Camp Greene St.) | Unknown | 1999 | 15,000 | 100% | Not Avail. - Not Avail. | NA - NA | Unknown | 33,000 | Neighborhood / Regional Area | Stand-alone structure with ALDI as the only tenant. |
| 12 | **Pep Boys (Vacant)**<br>2335 Freedom Dr. | Wally Egelanian<br>D.J. Masset<br>631/752-1100<br>x235 | 1992 | 22,211 | 0%<br>*Vacant* | $5.00 - $5.00 | NA - NA | 91 | 32,000 | NA | Former Pep Boys store, now vacant. |
| 13 | **Westerly Hills**<br>Wilkinson Blvd. | Catellus Grp.<br>804/332-7052 | 2004<br>(Renov.) | 40,000<br>8 stores | 23%<br>*Renovation* | $7.00 - $9.00 | $10.00 - $12.00 | 180 | 30,800 | Neighborhood | Adjacent to new Wal-Mart SuperCenter. Anchored by Family Dollar. Various other local tenants include gun shop, beauty supply store, church, record store. |
| 14 | **Brookshire S. of Hoskins Rd.**<br>4023 Brookshire Blvd., Charlotte | Chad Patel<br>704/598.8820 | Not Avail. | 8,000<br>(approx.) | Space available | NA - NA | Not Avail - Not Avail. | 30 | 48,900 | Neighborhood / Drive-by | Small strip-center |
| 15 | **3410 Brookshire Freeway** | Pritchard Prop.<br>704/358-0074 | 1970's | 22,000 | 45%<br>*Older* | $6.50 - $6.50 | $7.00 - $10.00 | Unknown | 47,900 | Neighborhood / Drive-by | Small strip-center. 12,000 SF vacant. Tenants are all local, include carpet store |
| 16 | **Food Lion Shopping Center**<br>2526 Little Rock Road<br>Charlotte, NC 28214 | Collett Assoc.<br>Steve Pharr<br>704/348-3514 | 1980's | 80,000 | 100%<br>*Under Renovation* | NA - NA | NA - NA | NA | 15,300 | Neighborhood | Food Lion, Family Dollar, Subway, Showmars (outparcel), 2 hotels. Food Lion being renovated. |
| 17 | **Dawtuckett Center**<br>Intersection of Moores Chapel, Freedom Dr, and Little Rock Rd., Charlotte | 704/392.8661 | Unk. | 40,000<br>8 Stores | Mostly Leased | $6.00 - $7.00 | $10.00 - $12.00 | 180 | 10,000 | Neighborhood | Space for lease. Dollar General, "Transit Damaged Freight". |
| **TOTALS / AVERAGES** | | | | **1,163,800** | **76%** | **$6.20 - $8.20** | **$9.50 - $12.00** | **5.0 / 1,000sf** | **30,500** | | |
| | **Planned & Proposed** | | | | | | | | | | |
| 18 | **Wal-Mart SuperCenter**<br>Ashley Rd. at Wilkinson Blvd | NA | 2004 | 150,000+ | NA | NA - NA | NA - NA | 600+ | 27,000 | Area-Regional | Rezoning for site has been approved. Developer is working on drawings to submit for permits. Construction expected to start fall of 2004. |

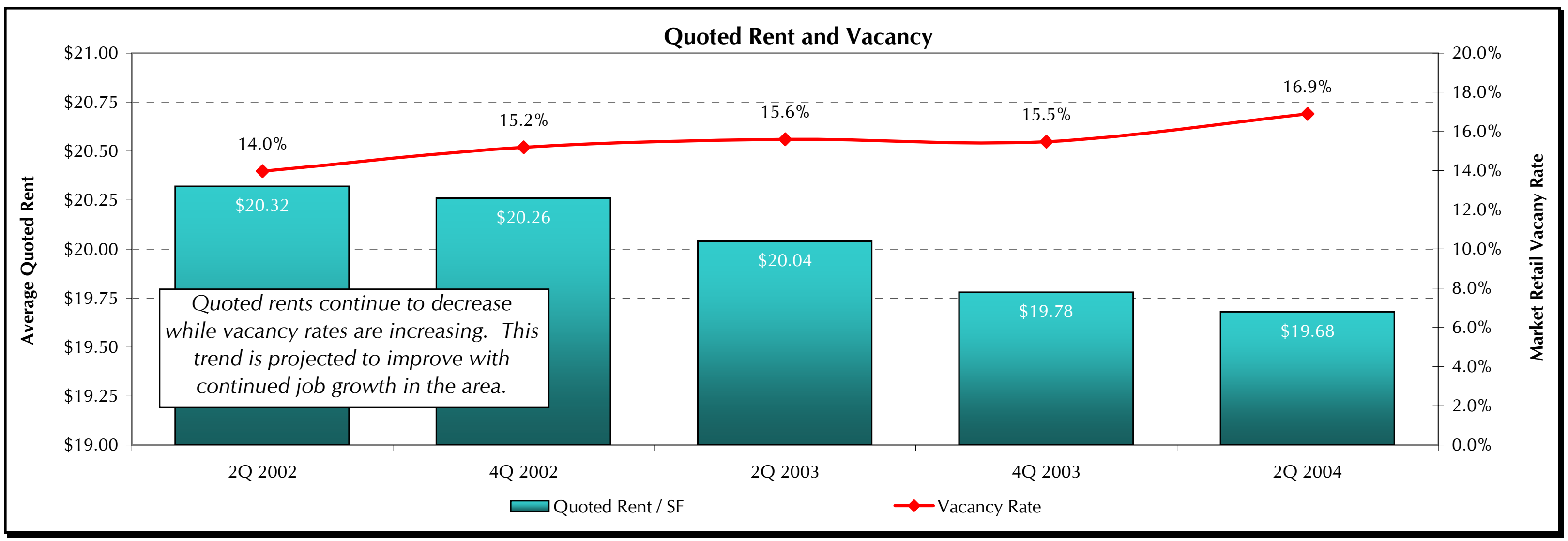
# V. OFFICE

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit V-1***

**HISTORICAL OFFICE OCCUPANCY**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**2002 - 2004**




SOURCE: Robert Charles Lesser & Co., LLC and Carolina's Real Data Real Index

*Exhibit V-2*

**CHARLOTTE OFFICE SUBMARKET COMPARISON**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**MARCH 2004**

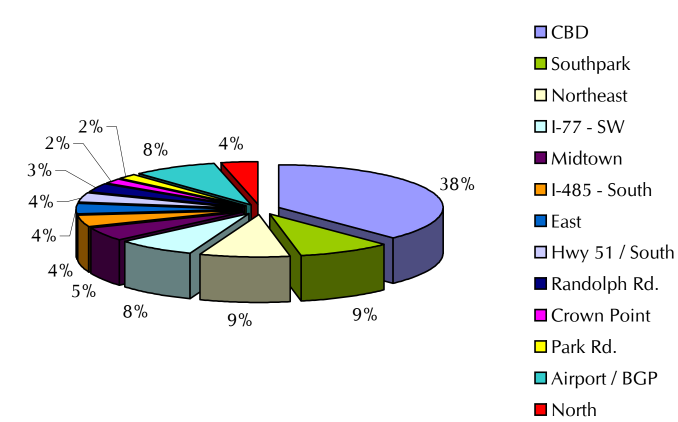
| Submarket | Total SF | Occupied SF | Vacant SF | Vacancy % | Quoted Rent / SF | % of Total Space | % of Occupied Space | % of Vacant Space |
|---|---|---|---|---|---|---|---|---|
| CBD | 14,569,598 | 13,282,737 | 1,286,861 | 8.8% | $22.08 | 37.9% | 41.6% | 19.8% |
| Southpark | 3,523,157 | 2,977,099 | 546,058 | 15.5% | $21.52 | 9.2% | 9.3% | 8.4% |
| Northeast | 3,424,961 | 2,436,880 | 988,081 | 28.8% | $17.09 | 8.9% | 7.6% | 15.2% |
| I-77 - SW | 2,892,195 | 1,884,948 | 1,007,247 | 34.8% | $15.55 | 7.5% | 5.9% | 15.5% |
| Midtown | 2,077,832 | 1,766,086 | 311,746 | 15.0% | $19.46 | 5.4% | 5.5% | 4.8% |
| I-485 - South | 1,710,022 | 1,453,220 | 256,802 | 15.0% | $21.25 | 4.4% | 4.5% | 4.0% |
| East | 1,486,804 | 1,062,669 | 424,135 | 28.5% | $12.97 | 3.9% | 3.3% | 6.5% |
| Hwy 51 / South | 1,431,036 | 1,244,758 | 186,278 | 13.0% | $17.57 | 3.7% | 3.9% | 2.9% |
| Randolph Rd. | 1,226,375 | 1,086,192 | 140,183 | 11.4% | $20.79 | 3.2% | 3.4% | 2.2% |
| Crown Point | 780,434 | 577,858 | 202,576 | 26.0% | $15.19 | 2.0% | 1.8% | 3.1% |
| Park Rd. | 721,071 | 573,940 | 147,131 | 20.4% | $15.65 | 1.9% | 1.8% | 2.3% |
| Airport / BGP | 3,183,481 | 2,448,951 | 734,530 | 23.1% | $18.52 | 8.3% | 7.7% | 11.3% |
| North | 1,420,773 | 1,156,414 | 264,359 | 18.6% | $18.87 | 3.7% | 3.6% | 4.1% |
| **TOTAL** | 38,447,739 | 31,951,752 | 6,495,987 | **16.9%** | **$19.93** | **100.0%** | **100.0%** | **100.0%** |

***Lakewood Neighborhood Submarkets***

**The North Charlotte Submarket, which includes the Lakewood Neighborhood, and the Airport / BGP submarket, which is proximate to Lakewood...**

- Have approximately 4.6 million square feet of office space (12% of the Market)
- Have a vacancy rate of 22%, which is higher than the Market average
- Is obtaining the lowest rents in the $18.63/SF range (approximately $1 below the Market)
- Has approximately 1,000,000 SF of vacant space, or 15% of the Market's vacant space

**Market Distribution of Office Space**




***In Summary, the office market in the Lakewood area is weak, but is anticipated to improve with job growth and investment in the northern corridor. Community revitalization efforts will assist in attracting office investors and tenants.***

SOURCE: Robert Charles Lesser & Co., LLC and 2Q 2003 Carolina's Real Data Real Index data

*Exhibit V-3*

## CHARLOTTE OFFICE MARKET RENT SUMMARY
## MECKLENBURG COUNTY, NORTH CAROLINA
## OCTOBER 2004

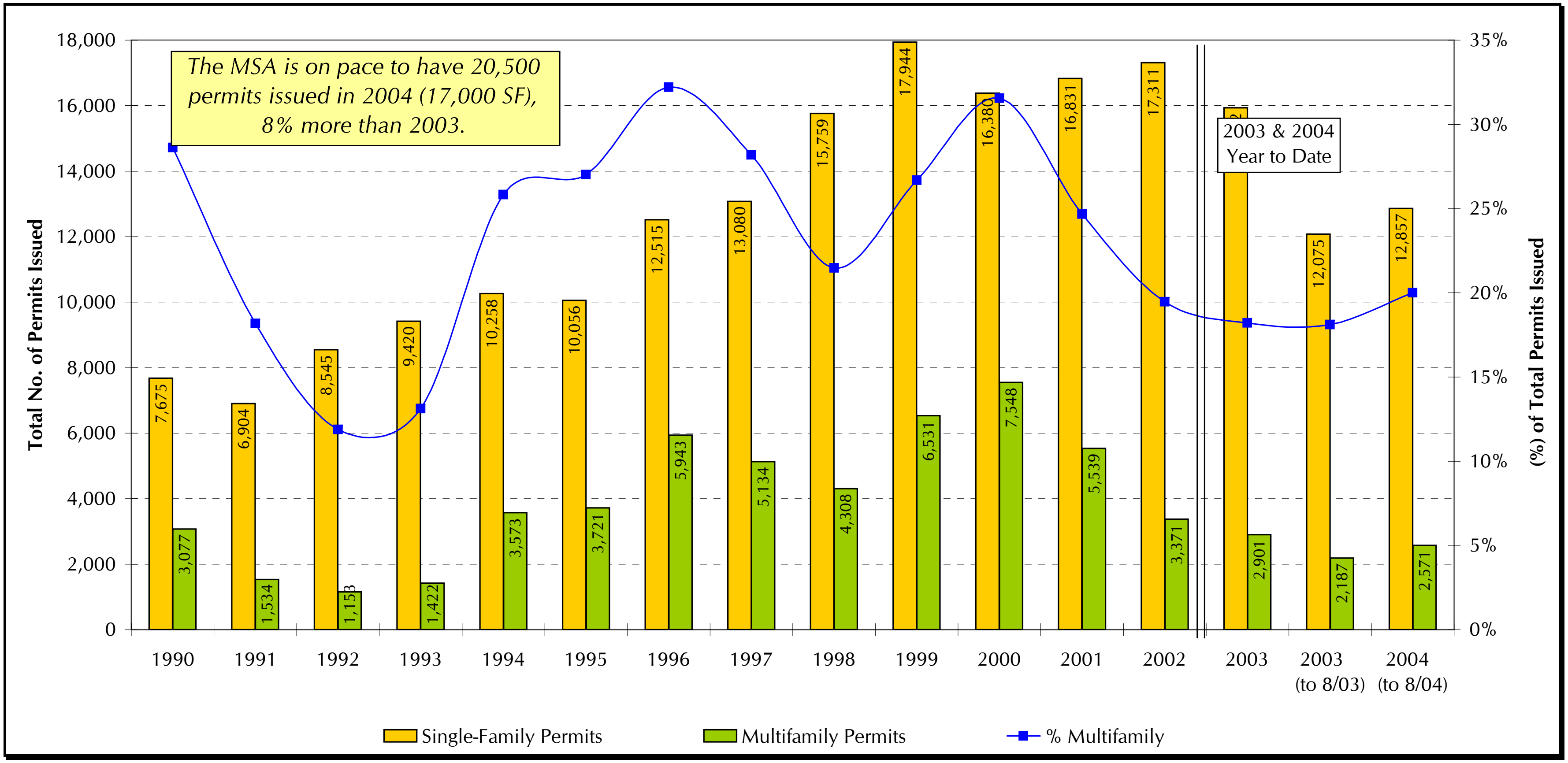
| Type of Space | Low Rent | High Rent | Average Rent | Average Vacancy | Notes / Comments |
|---|---|---|---|---|---|
| **Downtown Office** | | | | | |
| Premium (AAA) | NA | NA | NA | NA | *Downtown Class C space is 33% vacant with 250,000 SF of space available. Average rents are in the $15.62 range* |
| Class A (Prime) | $20.50 | $26.50 | $23.00 | 8.2% | |
| Class B (Secondary) | $17.50 | $21.00 | $18.76 | 12.8% | |
| **Suburban Office** | | | | | |
| New Construction (AAA) | $22.00 | $24.00 | $26.00 | 82.0% | *There is very little demand for new suburban office space (82% vacancy), which indicates a preference for in-town office space. This bodes well for the subject site.* |
| Class A (Prime) | $17.50 | $21.75 | $18.50 | 17.0% | |
| Class B (Secondary) | $13.00 | $18.50 | $16.25 | 19.3% | |
| **Industrial Space** | | | | | |
| Bulk Warehouse | $1.75 | $4.84 | $4.10 | 17.0% | *Manufacturing space currently in high demand in the Charlotte area* |
| Manufacturing | $3.25 | $7.50 | $5.00 | 2.5% | |
| High Tech / R&D | $4.50 | $9.00 | $8.73 | 18.9% | |

SOURCE: Robert Charles Lesser & Co.,LLC and the 2004 NAI Global Market Report

# VI. FOR-SALE RESIDENTIAL

*Exhibit VI-1*

**SINGLE-FAMILY AND MULTIFAMILY /1 BUILDING PERMIT TRENDS**
**CHARLOTTE MSA /2**
**1990 - 2004**

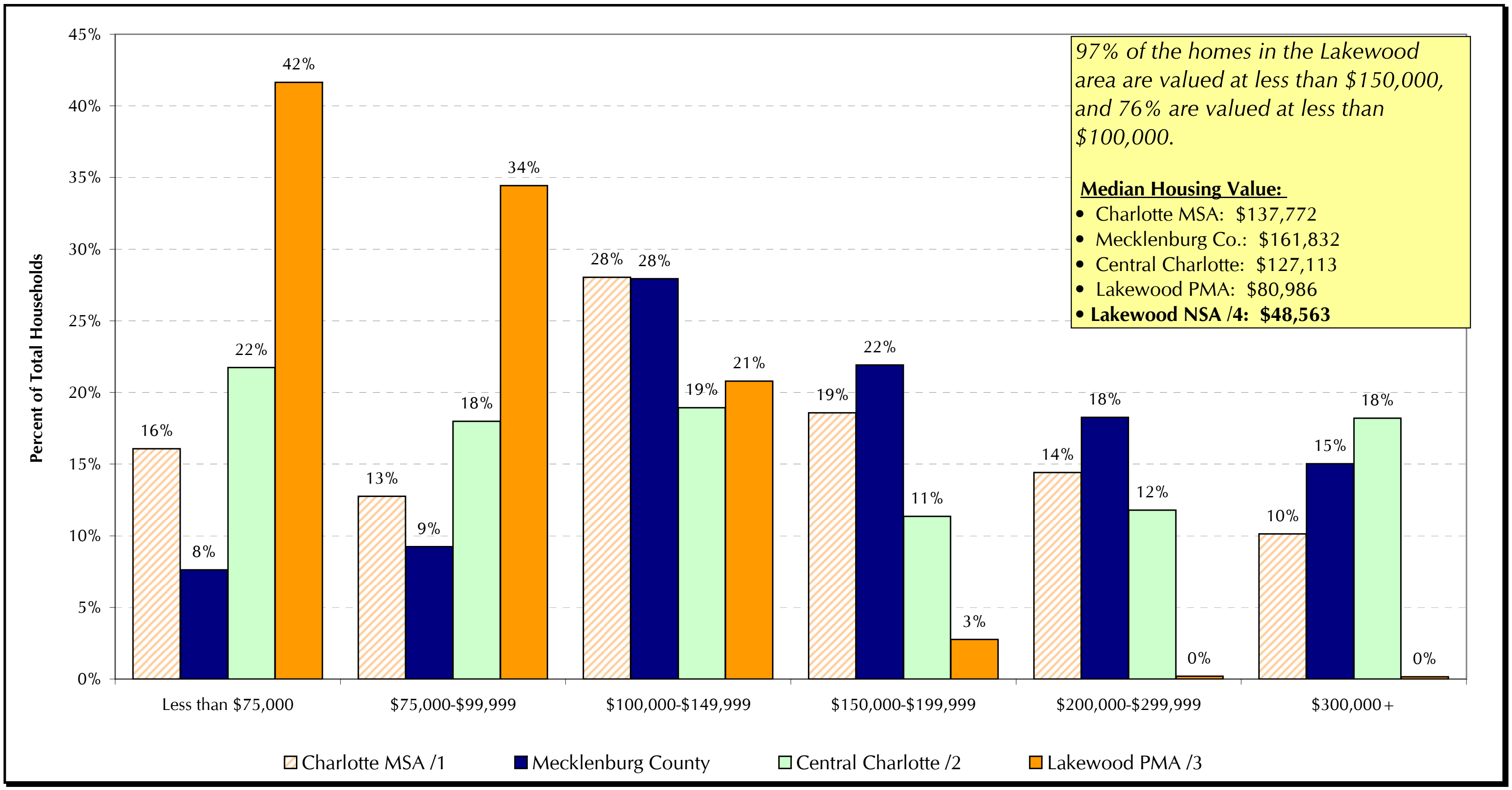



1/ Multifamily permits include two family, three family, four family and five or more family units.
2/ Charlotte-Gastonia-Rock Hill, NC-SC MSA is defined as Mecklenburg, Union, Cabarrus, Rowan, Iredell, Lincoln, Gason counties in NC, and York and Lancaster counties in SC.
SOURCE: Robert Charles Lesser & Co., LLC based on data from U.S. Census Bureau

# CHARLOTTE NIEGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit VI-2***

**COMPARISON OF OWNER-OCCUPIED HOUSING VALUES**
**CHARLOTTE MSA /1, MECKLENBURG COUNTY, CENTRAL CHARLOTTE /2, AND LAKEWOOD PMA /3**
**2004**



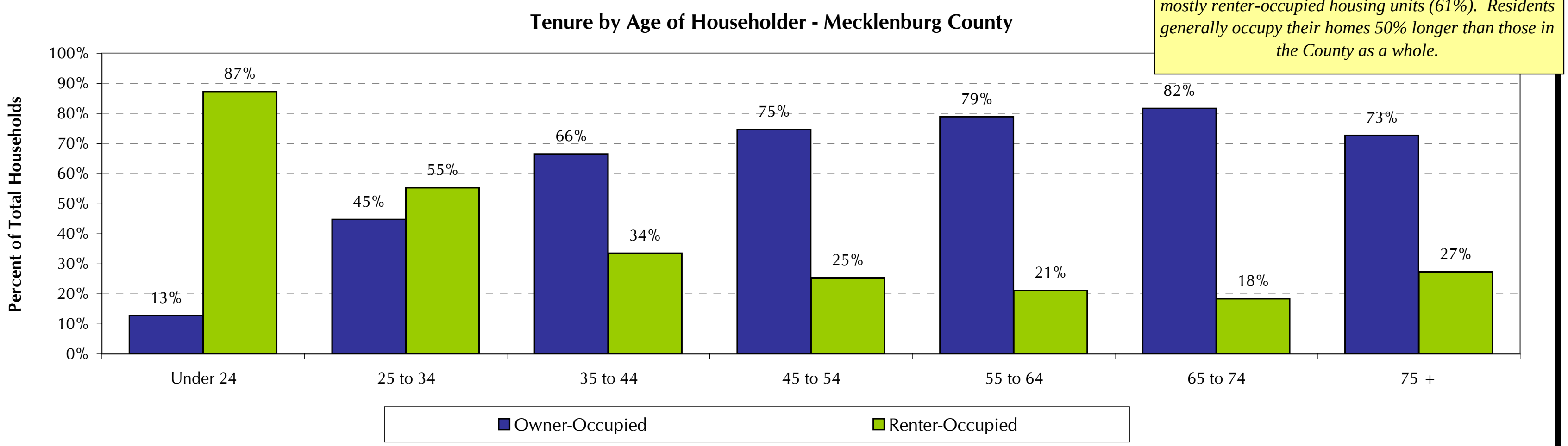

1/ The Charlotte MSA is comprised of Lincoln, Gaston, Mecklenburg, Rowan, Cabarrus and Union Counties in North Carolina and York County South Carolina.
2/ Central Charlotte is the area immediately surrounding Uptown Charlotte within the loop created by Route 4, US 521 and I-85 and is defined as a 4-mile radius from the intersection of Graham St. (US 29) and Trade St.
3/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
4/ The Lakewood Neighborhood Study Area (NSA # 21) as defined by the Charlotte Planning Commission
SOURCE: Robert Charles Lesser & Co., LLC, U.S. Census, and Claritas, Inc.

# CHARLOTTE NIEGHBORHOOD DEVELOPMENT - LAKEWOOD

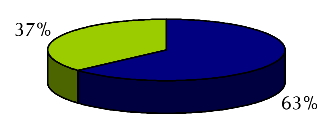
***Exhibit VI-3***

**DISTRIBUTION OF TENURE BY AGE OF HOUSEHOLDER**
**MECKLENBURG COUNTY, NORTH CAROLINA**
**2004**

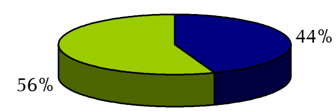
*The Lakewood Neighborhood (NSA 21) is comprised of mostly renter-occupied housing units (61%). Residents generally occupy their homes 50% longer than those in the County as a whole.*



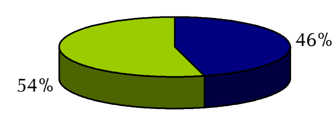

Mecklenburg County




Central Charlotte /1




Lakewood PMA /2



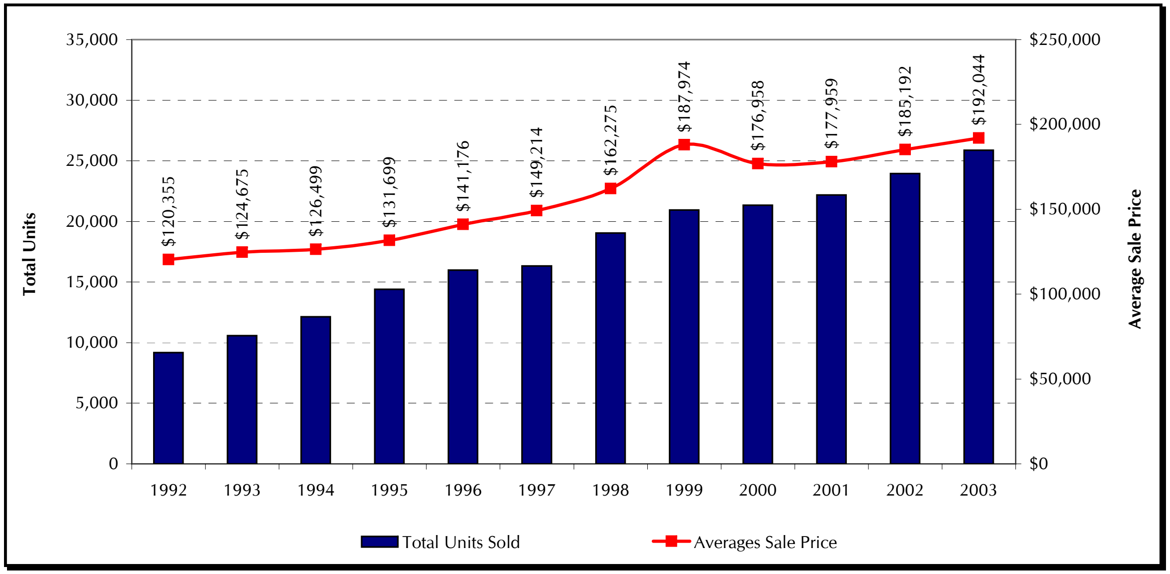

| | Mecklenburg County | Central Charlotte /1 | Lakewood PMA /2 |
|---|---|---|---|
| **Total Housing Units** | **321,995** | **61,070** | **12,119** |
| **Total Occupied** | **300,751** (93%) | **56,216** (92%) | **11,156** (92%) |
| **Total Vacant** | **21,244** (7%) | **4,854** (8%) | **963** (8%) |
| **Avg. Length of Residence:** | **10 Years** | **13 Years** | **15 Years** |

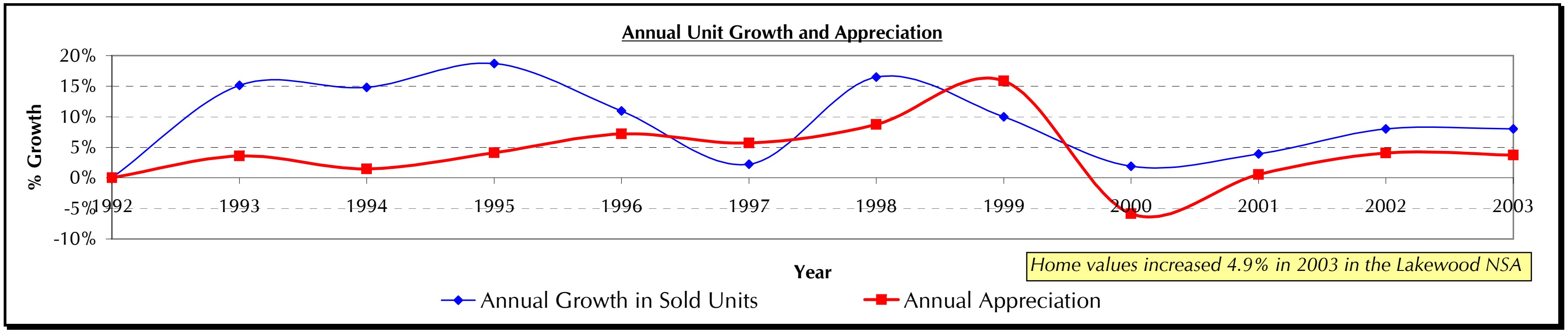
1/ Central Charlotte is the area immediately surrounding Uptown Charlotte within the loop created by Route 4, US 521 and I-85 and is defined as a 4-mile radius from the intersection of Graham St. and Trade St.
2/ The Lakewood PMA is defined as a 2-mile radius from the intersection of Grant Street and Landler Street in the Lakewood Neighborhood of Charlotte
SOURCE: Robert Charles Lesser & Co., LLC, and the U.S. Census

*Exhibit VI-4*

**SALES OF RESIDENTIAL UNITS**
**CHARLOTTE AREA**
**1992 - 2002**

| YEAR | TOTAL UNITS SOLD | AVERAGE SALE PRICE |
|---|---|---|
| 1992 | 9,184 | $120,355 |
| 1993 | 10,575 | $124,675 |
| 1994 | 12,138 | $126,499 |
| 1995 | 14,410 | $131,699 |
| 1996 | 15,984 | $141,176 |
| 1997 | 16,339 | $149,214 |
| 1998 | 19,035 | $162,275 |
| 1999 | 20,940 | $187,974 |
| 2000 | 21,340 | $176,958 |
| 2001 | 22,171 | $177,959 |
| 2002 | 23,947 | $185,192 |
| 2003 | 25,863 | $192,044 |




SOURCE: Robert Charles Lesser & Co., LLC and Carolina Multiple Listing Services, Inc.

*Exhibit VI-5*

## SELECT FOR-SALE RESIDENTIAL COMMUNITIES<br>NORTHWEST CHARLOTTE, NC<br>OCTOBER 2004

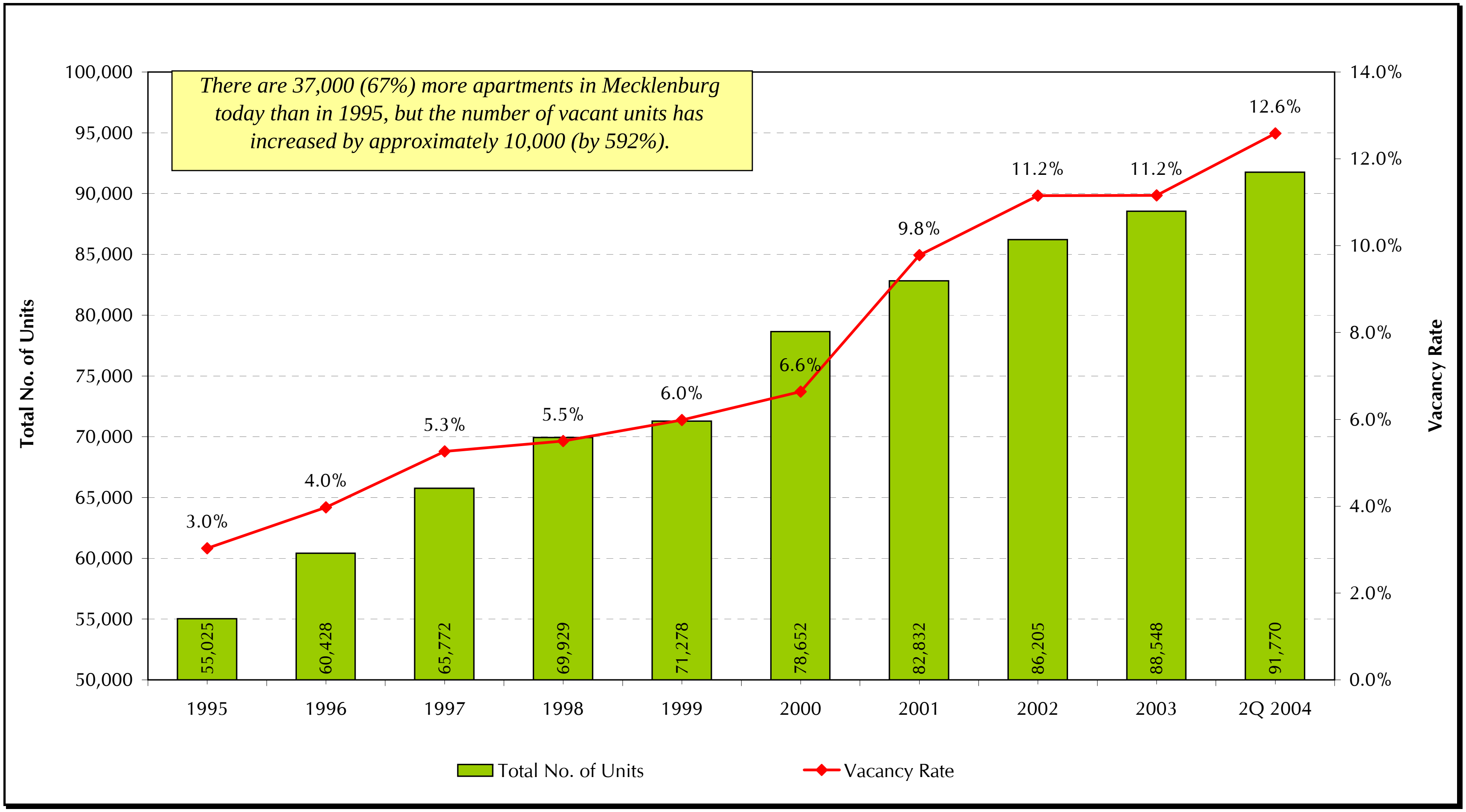
| COMMUNITY<br>Location<br>*Developer / Builder* | DATE BEGAN | CONFIG. | TOTAL UNITS | UNITS SOLD | REM. UNITS | AVG. ANN. ABS. | BASE PRICE | UNIT SIZE (Sq. Ft.) | VALUE RATIO ($/Sq.Ft.) | PUBLIC ASSIST.? | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **MARLBOROUGH WOODS**<br>Marlborough Rd. off of Ashley<br>Freedom Drive Area<br>*Joseph Freed Homes - Chicago* | 2003<br>Orig. 1954 | Condo - 2plex<br>1-story | 100 | 100 | 0 | 50 | $55,000 - $80,000 | 750 - 1,300 | $73 - $62 | No | Rehab of apartments built in the 1950's into condominiums (2-plex) west of Freedom Dr on 31 acres. 2, 3 and 4 VR, Hardwood floors, attics, central air & heat, large wooded lots. |
| **RIED MEADOWS**<br>Tuckaseegee Rd. at Ried Meadows Dr.<br>N. of I-85<br>*Homelife Communities* | May-04 | 2-story<br>brick & vinyl<br>1 & 2-car gar | 147 | 22 | 125 | 48 | $124,600 - $151,400 | 1,397 - 2,212 | $89 - $68 | No | Best selling product in the $120k's; therefore next phase will target this price point. Developer building at least 6 communities in NW Mecklenburg in the same price ranges. |
| **MULBERRY POND**<br>Tuckaseegee Rd. at Mulberry Pond Dr.<br>N.of I-85<br>*Regent Homes & Lewis Homes* | 2003 | 1&2-story<br>brick & vinyl<br>1 & 2-car gar | 93 | 40 | 53<br>*Regent:*<br>*Lewis:* | 22 | $90,000 - $136,900<br>*$106,900 - $136,900*<br>*$90,000 - $115,000* | 996 - 2,317<br>*1,351 - 2,317*<br>*996 - 1,600* | $79 - $72<br>$79 - $59<br>$90 - $72 | No | Two builders (Regent Homes & Lewis Homes) in 93-lot subdivision. Pond & common area. |
| **THRIFTWOOD**<br>Thriftwood Dr. at Parkdale Dr.<br>N. of Tuckaseegee and I-85<br>*Gramm Communities / Scenic Homes* | 2004 | 1&2-story<br>brick & vinyl | NA | NA | NA | NA | $90,000 - $115,000 | 1,050 - 1,500 | $86 - $77 | No | Located adjacent to public park |
| **PATRIOTS POINT**<br>Eagles Landing Dr.<br>Off of Freedom Dr. N. of I-85<br>*Liberty Homes* | Early 2004 | 1&2-story<br>brick & vinyl<br>1-car gar. | 42 | 14 | 29 | 24 | $96,900 - $116,900 | 1,012 - 1,500 | $96 - $78 | No | Community sold to Gramm Communities |
| **STEWARTS GLEN**<br>Tuckers Glen & N. Hoskins<br>N. of I-85<br>*Liberty Homes* | 2002 | 1-story<br>brick & vinyl<br>1-car gar. | 50 | 44 | 6 | 18 | $91,900 - $104,000 | 1,007 - 1,194 | $91 - $87 | No | All homes include gas fireplace |
| **LANEY RIDGE**<br>6130 Harris Technology Blvd.<br>*Liberty Homes* | 2002 | 1&2-story<br>brick & vinyl<br>1-car gar. | 30 | 29 | 1 | 12 | $89,900 - $102,000 | 1,007 - 1,194 | $89 - $85 | No | 3BR, 2 bath homes |
| **WINDY RIDGE**<br>Windy Valley Dr. & First St.<br>Off of Rozzelles Ferry Rd N. of I-85<br>*Barber Builders* | 2001 | 1-story<br>brick & vinyl<br>1-car gar. (1/2) | 80 | 70 | 10 | 20 | $90,000 - $110,000 | 1,000 - 1,200 | $90 - $92 | No | New community with a lot of foreclosures, homes for rent, and second-sales. A lot of loitering in community. Homes apparently depreciating due to low foreclosure sale prices. |
| **GLENWOOD GROVE**<br>Glenwood Dr. & Fairground St.<br>*D. Ballard Homes* | 2004 | 1&2-story<br>brick & vinyl<br>no garage | 28 | 12 | 16 | 16 | $99,500 - $121,500 | 960 - 1,393 | $104 - $87 | No | Just west of subject property (behind Duke Power ROW). |
| **HABITAT FOR HUMANITY HOMES**<br>Lakewood Community | Jun-05 | 1-story<br>vinyl, no garage | 33 | 33 | 0 | NA | $60,000 - $70,000 | 950 - 1,100 | $63 - $64 | Yes | Was not able to get in touch with appropriate individual(s) at Habitat for Humanity |
| **LAKEWOOD CMHP HOMES**<br>Lakewood Community<br>*CMHP* | 1998 | 1-story<br>vinyl, no garage | 27 | 24 | 3 | 4 | $79,000 - $85,000 | 1,100 - 1,300 | $72 - $65 | Yes<br>Block Grants<br>HOME<br>City/Fed Funds | Low price in 1998: $56,200. High price: $93,600. CMHP is awaiting completion of the Lakewood Revitalization plan proper to projecting future plans. CMHP has used city federal funds in the form of Community Development Block Grands and HOME funds to acquire and construct/rehabilitate the units. |
| **TOTALS / AVERAGES** | | | **630** | **388** | **243** | **24** | **$55,000 - $151,400** | **750 - 2,317** | **$59 - $104** | | |

SOURCE: Robert Charles Lesser & Co., LLC

# VII. RENTAL RESIDENTIAL

*Exhibit VII-1*

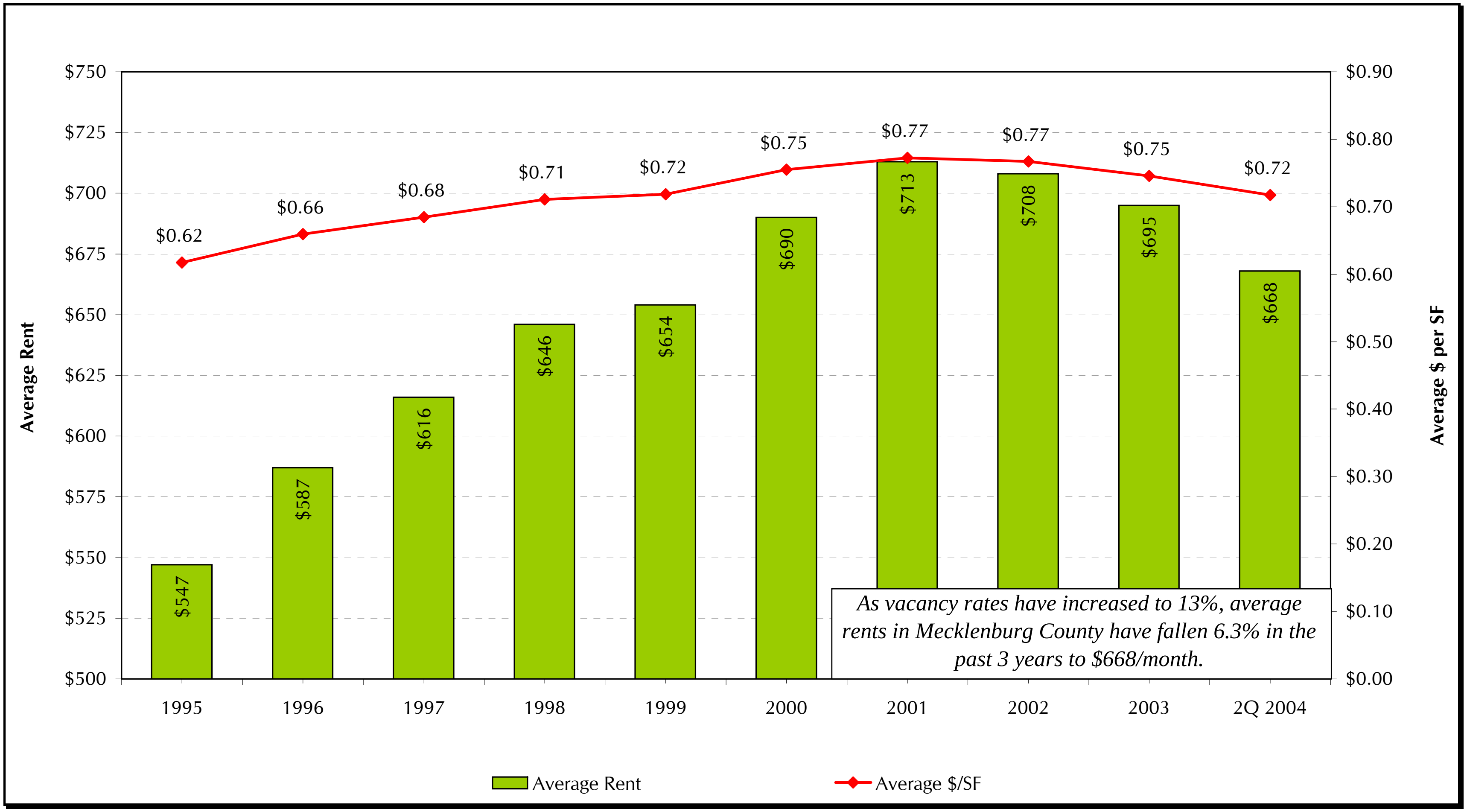
**TOTAL RENTAL APARTMENT UNITS AND AVERAGE VACANCY RATES**
**MECKLENBURG COUNTY**
**1995 - 2004**




SOURCE: Robert Charles Lesser & Co., LLC and the Carolinas Real Data Apartment Market Index

***Exhibit VII-2***

**AVERAGE APARTMENT RENTS AND AVERAGE VACANCY RATES**
**MECKLENBURG COUNTY**
**1995 - 2004**

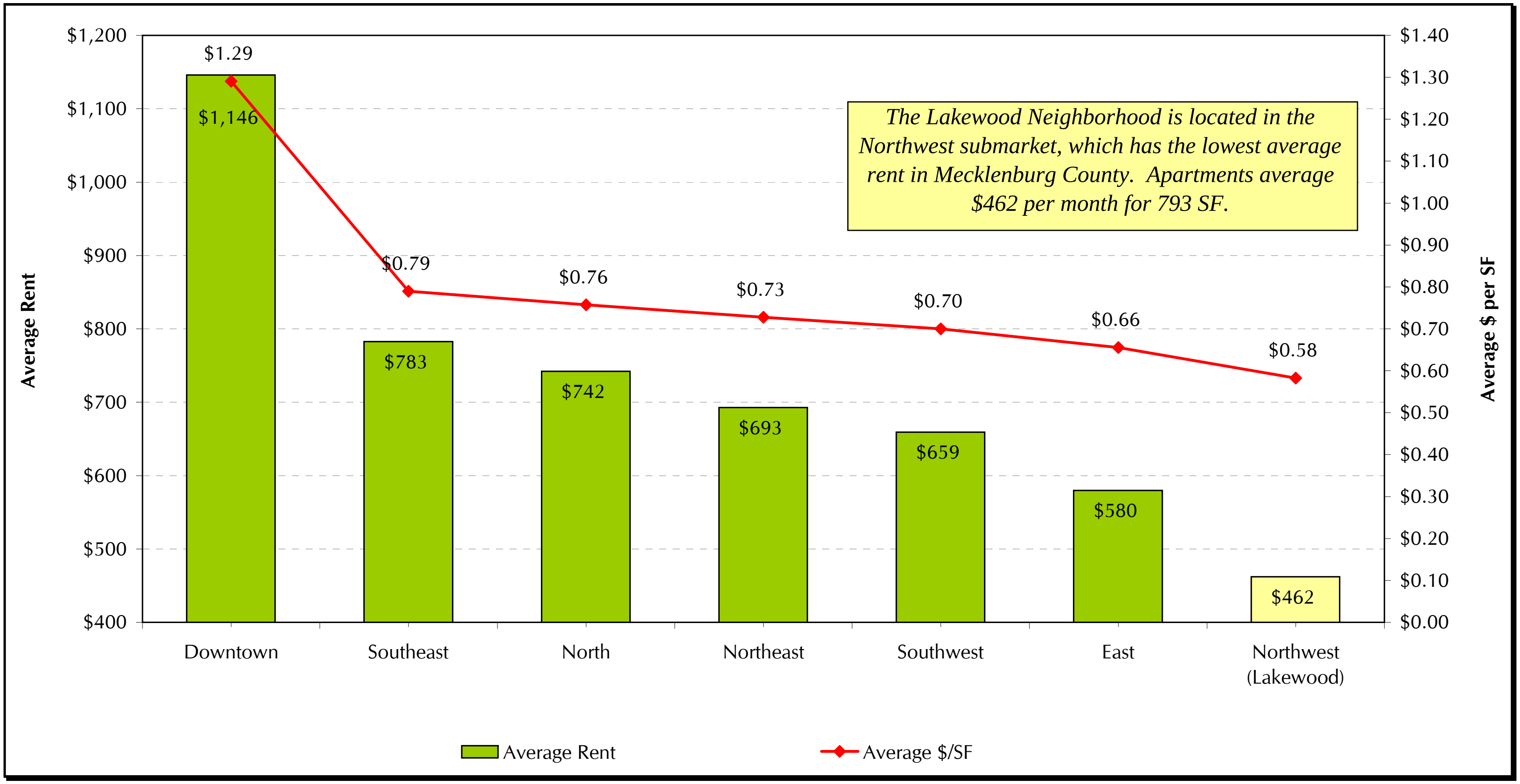



SOURCE: Robert Charles Lesser & Co., LLC and the Carolinas Real Data Apartment Market Index

# Charlotte Neighborhood Development - Lakewood

***Exhibit VII-3***

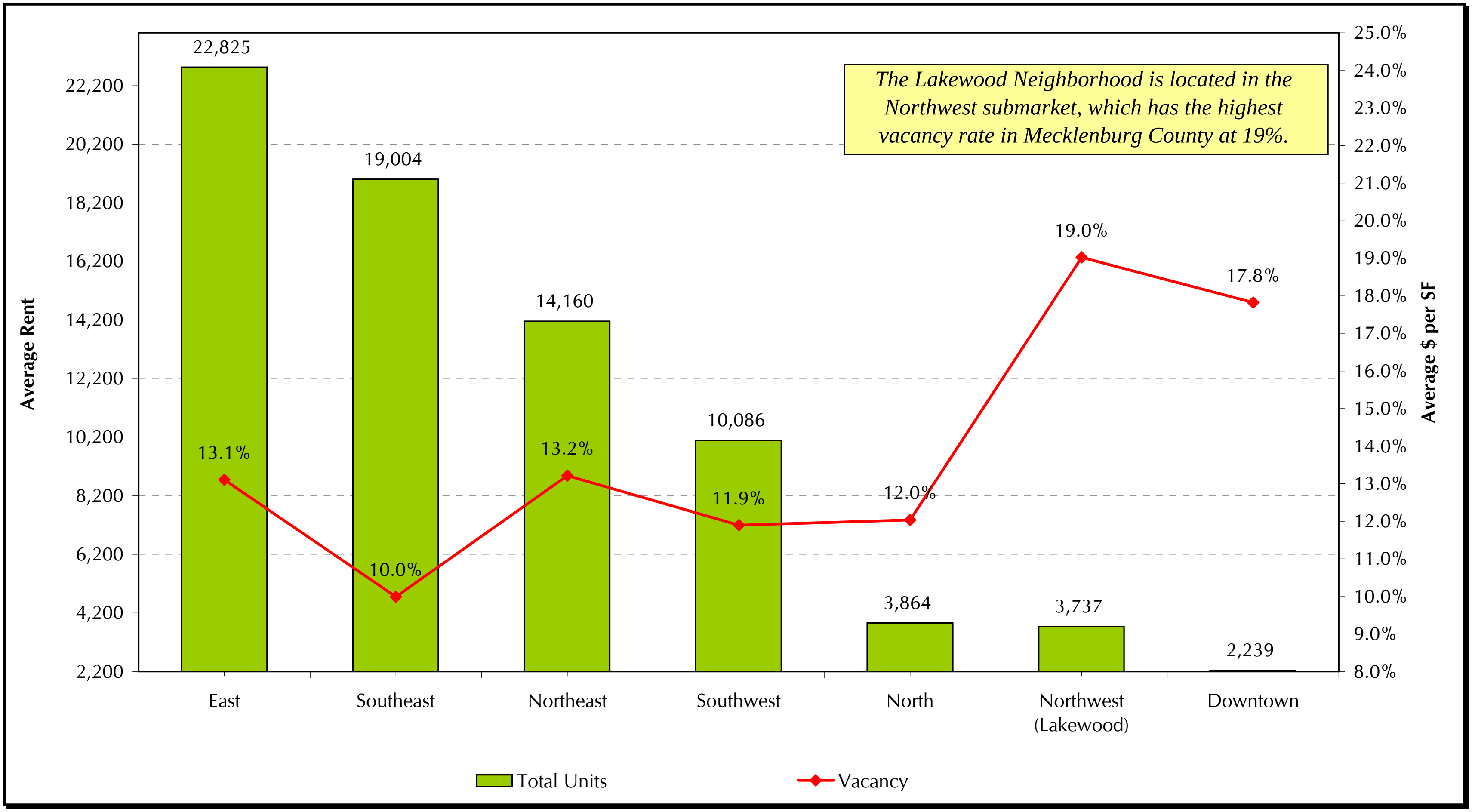
**SUBMARKET RENT COMPARISON**
**MECKLENBURG COUNTY**
**2Q 2004**




SOURCE: Robert Charles Lesser & Co., LLC and the Carolinas Real Data Apartment Market Index

***Exhibit VII-4***

**SUBMARKET VACANCY COMPARISON**
**MECKLENBURG COUNTY**
**2Q 2004**




SOURCE: Robert Charles Lesser & Co., LLC and the Carolinas Real Data Apartment Market Index

# Charlotte Neighborhood Development - Lakewood

*Exhibit VII-5*

**NORTHWEST SUBMARKET /1 APARTMENT SUMMARY**
**MECKLENBURG COUNTY**
**2Q 2004**

Summary of the Northwest Submarket:

- Contains 4.1% of the overall market, with 3,737 units
- Average rents are $462 for 793 square feet ($0.58psf)
- Vacancy is currently at 19%, the highest in the market
- The submarket is experiencing negative absorption (-50 units/year)
- 521 new apartment communities are being constructed:
  - Rocky Branch (at Rozzelles Ferry Rd.): 192 units (100 low-income). Developed by CMHP.
  - Tyvola Crossing (W. Tyvola Rd.): 80 units. Developed by CMHP
  - Arbor Glen (Clanton Rd.): 99 units. Developed by Crosland
  - Alpha Cotton Mill (East 12th St.): 150 units. Developed by Crosland

**Northwest Historical Rent Trends**

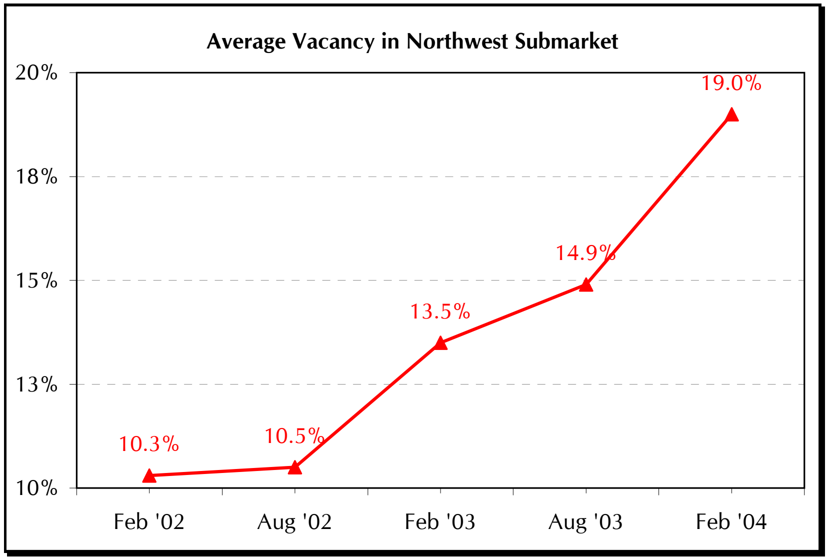
| | Feb '02 | Aug '02 | Feb '03 | Aug '03 | Feb '04 |
|---|---|---|---|---|---|
| One Bedroom | $493 | $470 | $465 | $435 | $422 |
| Two Bedroom | $496 | $493 | $493 | $484 | $469 |
| Three Bedroom | $573 | $543 | $550 | $538 | $524 |
| **Average** | **$502** | **$492** | **$492** | **$478** | **$462** |

**Northwest Historical Vacancy Trends**

| | Feb '02 | Aug '02 | Feb '03 | Aug '03 | Feb '04 |
|---|---|---|---|---|---|
| One Bedroom | 16.9% | 12.2% | 16.1% | 15.8% | 20.2% |
| Two Bedroom | 7.4% | 9.5% | 13.7% | 15.2% | 19.0% |
| Three Bedroom | 7.4% | 10.7% | 6.3% | 11.3% | 16.3% |
| **Average** | **10.3%** | **10.5%** | **13.5%** | **14.9%** | **19.0%** |

**Northwest Supply/Demand Trends**

| | Feb '02 | Aug '02 | Feb '03 | Aug '03 | Feb '04 |
|---|---|---|---|---|---|
| Absorption | (90) | 163 | (101) | 74 | (118) |
| Completions | 0 | 144 | 0 | 0 | 0 |
| **Average** | **(90)** | **19** | **(101)** | **74** | **(118)** |




1/ The Lakewood Neighborhood is located within the Northwest Mecklenburg County Submarket
SOURCE: Robert Charles Lesser & Co., LLC and the Carolinas Real Data Apartment Market Index

# CHARLOTTE NEIGHBORHOOD DEVELOPMENT - LAKEWOOD

***Exhibit VII-6***

**SELECT RENTAL APARTMENT PROPERTIES**
**NORTHWEST CHARLOTTE, NC**
**OCTOBER 2004**

| COMMUNITY<br>Location<br>*Owner* | AGE OF COMPLEX | CONFIG. | TOTAL UNITS | % LEASED | RENT | UNIT SIZE (Sq. Ft.) | VALUE RATIO ($/Sq.Ft.) | INCOME QUALIF.? | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|
| Few apartment communities exist within 3 miles of the Lakewood Neighborhood. Apartment communities proximate to the Lakewood neighborhood are along Freedom Drive (most north of I-85) and uptown (more costly) | | | | | | | | | |
| **NORTHCROSS TOWNHOMES**<br>1835 Griers Grove Rd<br>Charlotte, NC 28216 | 1984 | 2-story TH | 99 | 100% | Income-based | 749 - 1,654 | Varies by Income | Yes | 1, 2, and 3 BR Units. (704) 399-1045 |
| **CROWN PLAZA APARTMENTS**<br>Parkway Dr. | 1957 | Garden-style | 44 | Unknown | $395 - $575 | 600 - 700 | $0.66 - $0.82 | Some | 1 & 2 BR. Apartment owner expressed frustration at area, crime problems for not maintaining or investing in this apartment complex. Wanted to know of city programs/funds available.<br>704/844-0328 |
| **SINGLE FAMILY HOMES FOR RENT**<br>Parkway at Ravenscroft Dr. | 2004<br>New | SFD<br>2-story | 3 | 33% | $1,000 - $1,000 | 1,300 - 1,300 | $0.77 - $0.77 | Section 8 Accepted | Three 4BR, 2 bath single-family homes. Believes crime in area is a severe problem, and stated significant crime exists on the corner of Effinghame and Clay streets in the Enderly Park Neighborhood.<br>704/400-2840 |
| **WESTERN MANOR APARTMENTS**<br>Avalon Ave. & McQuay | 1964 | 2-Story Garden Units | 52 | 81% | $325 - $365 | 800 - 900 | $0.41 - $0.41 | Yes | 1 and 2 bedrooms. Some Section 8 apartments.<br>704/399-6305 |
| **HOSKINS MILL APARTMENTS**<br>201 S. Hoskins Rd | Historic<br>Under re-Renovation | Mill apts & Cottages | 0 Avail.<br>189 Future Apts | NA<br>Under re-Renovation | $400 - $700 | NA - NA | NA - NA | Yes<br>(94 units) | Property being re-renovated by LeMar Developers of Virginia. Original city/private venture failed. 94 units will be rent-controlled for elderly. Cottages will be fore those 55 and over. 95 market-rate apartments will be in the 'main' building, which rent for $700/mo for a 2BR. |
| **LAKEWOOD CDC APARTMENTS**<br>Jones St. - Lakewood<br>*Lakewood CDC* | 2000<br>Renov. | 3 duplexes | 6 | 83% | $400 - $400 | 700 - 700 | $0.57 - $0.57 | Yes | 2BR I bath units. Income-qualified. Rents were $450/month, but they were lowered in order to raise the number qualified applicants. City financed, CMHP built, CDC owns and manages. |
| **LAKEWOOD CMHP APARTMENTS**<br>Lakewood Community<br>*CMHP* | 1998 | 3 x 6-units | 18 | 100% | $350 - $350 | 800 - 800 | $0.44 - $0.44 | Yes | Developed by the CDHP using city and federal block grants, HOME funds, IDA grants, CDFI funds, or Neighborhood Reinvestment funds. |
| **TOTALS / AVERAGES** | | | **222** | **92%** | **$325 - $1,000** | **600 - 1,654** | **$0.41 - $0.82** | | |

SOURCE: Robert Charles Lesser & Co., LLC