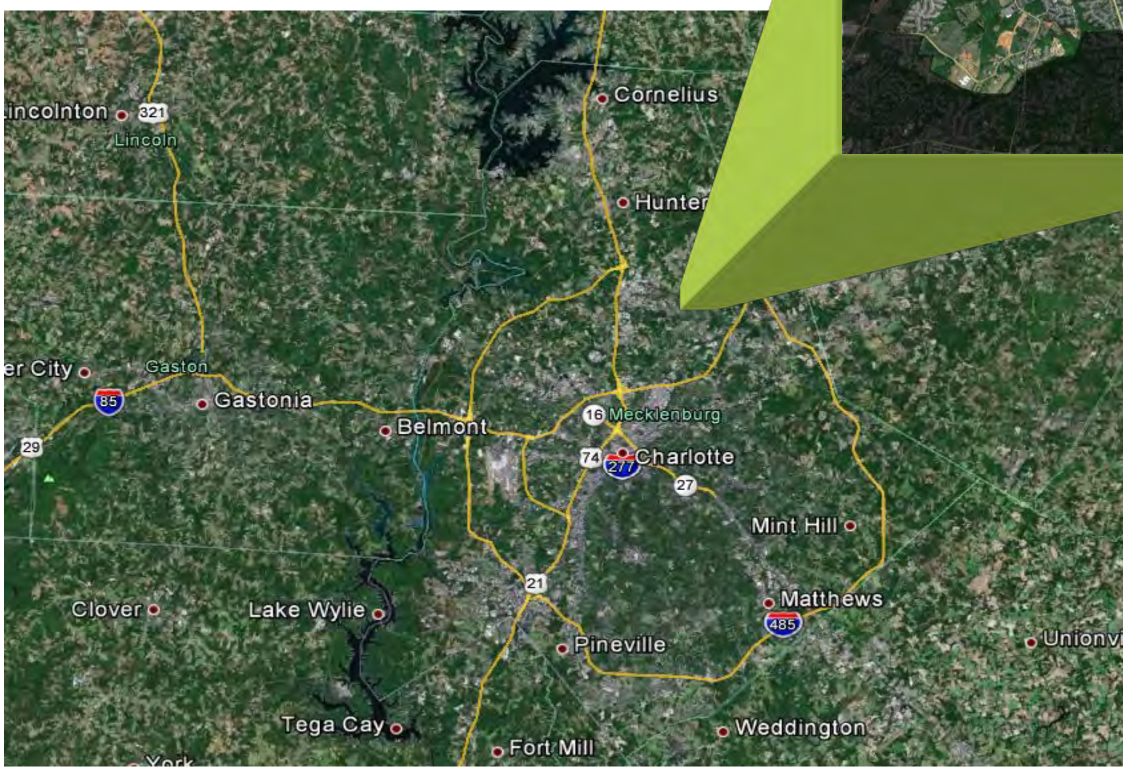
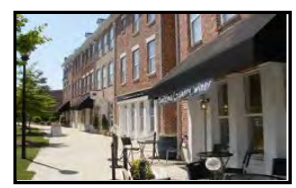
Noel Consulting Group

Prosperity Hucks Study Area Market Analysis





Prepared For:

CHARLOTTE.

December 2012

Exhibit 1
Prosperity-Hucks Study Area Strengths, Challenges, and Opportunities

Strengths:
- Improving regional access via the extension of I-485
- Abundance of stable neighborhoods in a relatively quiet suburban setting Study area includes park space and public golf
- Solid access to neighborhood retail, including numerous grocery stores
- Access to several elementary schools, a middle school and several private schools
- Close to University Research Park and adjacent office employment

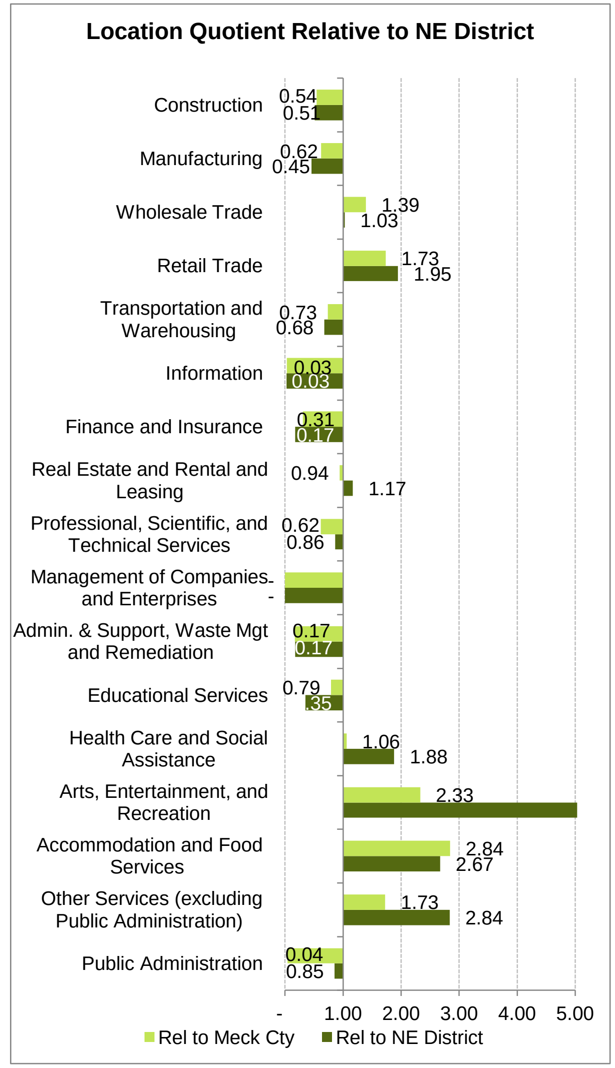
Challenges:
- Access today is somewhat limited and area lacks regional access beyond URP.
- Area still lacks a sense of place and location, with village concept partially formed, but needing to advance further.
- Access to community and regional-serving retail has been limited in the past, but will improve in coming years.
- Access to office uses, both local and regional-serving, has been limited.

Opportunities:
- Further a sense of neighborhood location and tie different land uses together to create a whole greater than the sum of its parts
- Further the sense of value and location in the area to enhance home price appreciation, rent and lease growth, and demand for residential and commercial products.
- Broaden housing offerings in the area to appeal to a wider array of market audiences.

Exhibit 2

Employment by Type in Prosperity-Hucks and a Comparison to the Northeast District and Mecklenburg County Overall

Industry Sector	Prosperity-Hucks	Northeast District	Charlotte ETJ	Location Quotient (Study Area to NE District)
Agriculture, Forestry, Fishing and Hunting	0	120	338	0.0
Construction	42	3,079	22,360	0.5
Manufacturing	62	5,129	28,715	0.5
Wholesale Trade	171	6,235	35,429	1.0
Retail Trade	296	5,701	49,286	1.9
Transportation and Warehousing	58	3,209	22,791	0.7
Information	2	2,731	18,075	0.0
Finance and Insurance	40	8,714	37,762	0.2
Real Estate and Rental and Leasing	29	932	8,922	1.2
Professional, Scientific, and Technical Services	85	3,702	39,766	0.9
Management of Companies and Enterprises	0	1,099	19,730	0.0
Admin. & Support, Waste Mgt and Remediation	23	4,932	39,400	0.2
Educational Services	41	4,372	14,958	0.4
Health Care and Social Assistance	231	4,608	62,944	1.9
Arts, Entertainment, and Recreation	80	591	9,922	5.1
Accommodation and Food Services	423	5,938	42,951	2.7
Other Services (excluding Public Administration)	72	952	12,046	2.8
Public Administration	2	88	12,969	0.9
Total	**1,657**	**62,132**	**478,364**	**1.0**

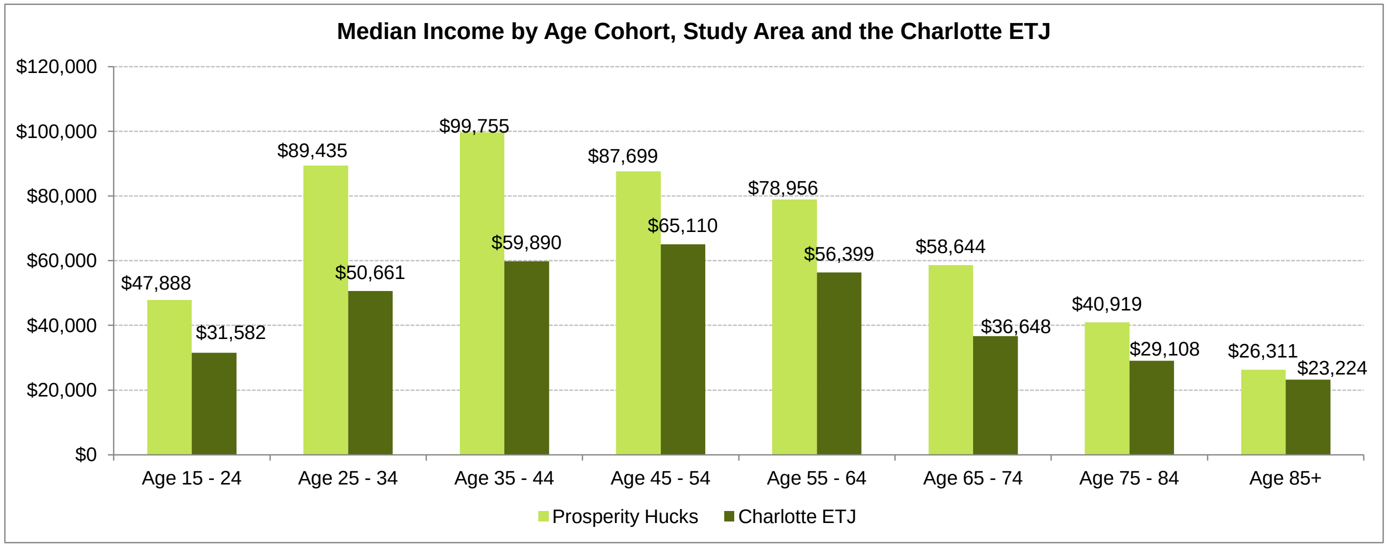


The Prosperity-Hucks area is not a significant employment area today, with the greatest concentrations of employment being in local-serving industries, including restaurants (Food Services), Health Care, and Retail Trade. The majority of these jobs are low to moderate-paying, with higher -paying professional services and Finance & Insurance jobs being located closer to the University Research Park.
Relative to the Northeast District, and particularly to the county overall, the area is lacking in higher paying Finance & Insurance and Professional Services jobs--jobs which are largely located around Center City and in areas south.

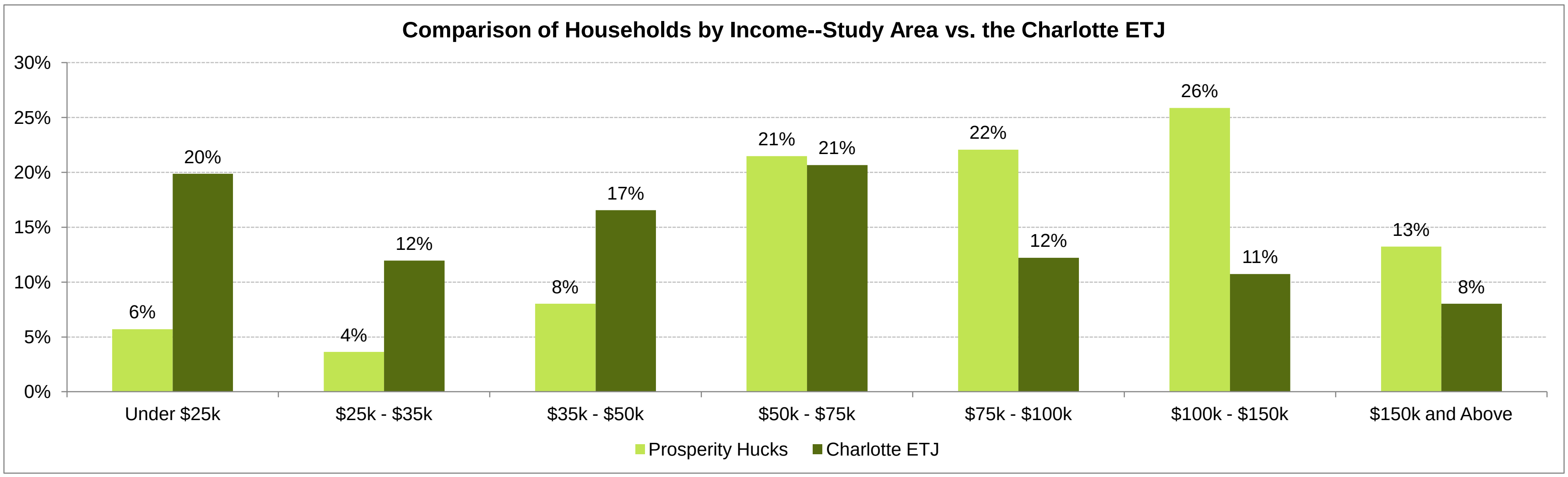
SOURCE: Noell Consulting Group based on data obtained from the US Census Bureau via LED on the Map.

Exhibit 3

2011 Households by Income and Median Income by Age Cohort; Prosperity-Hucks Study Area and the Charlotte ETJ

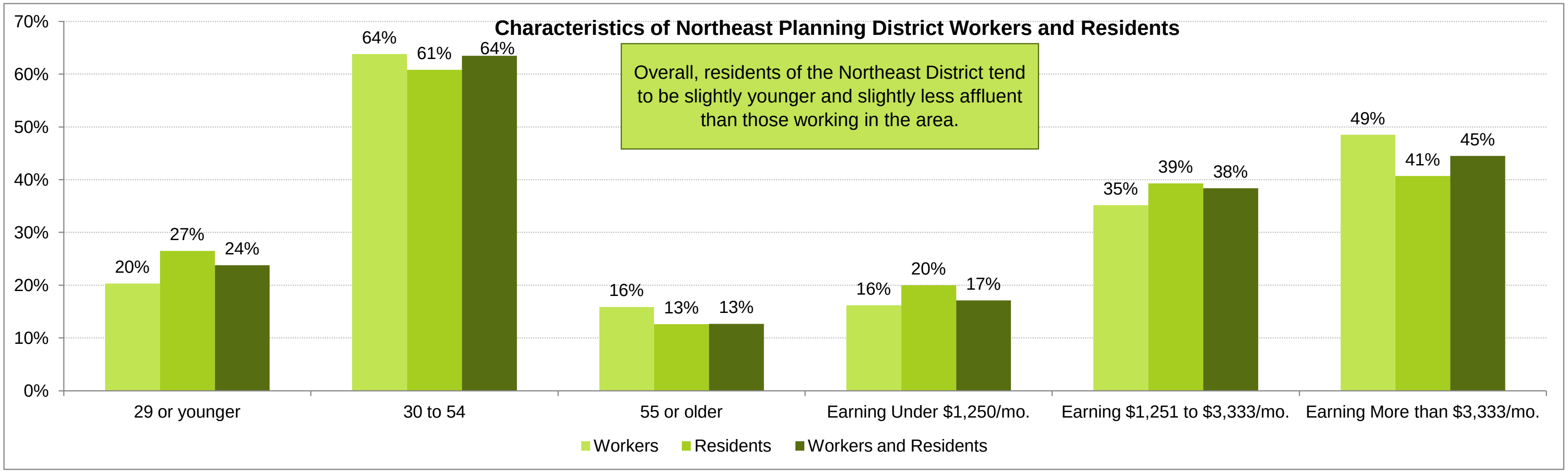


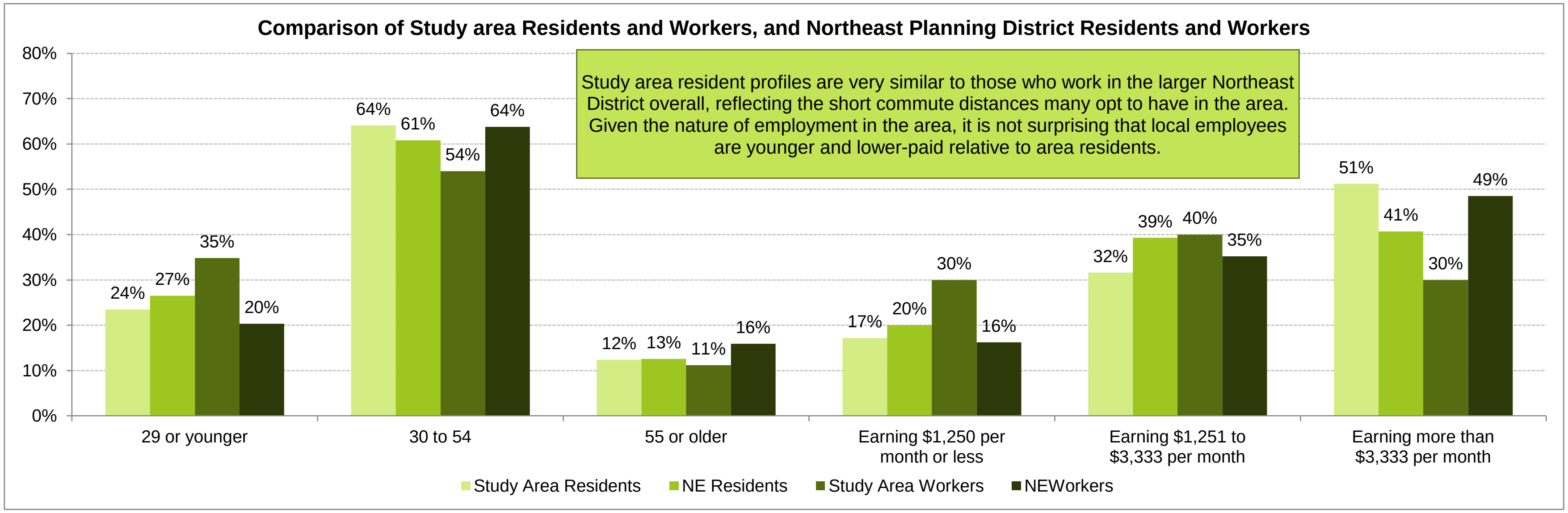
Overall, households in the Prosperity-Hucks area are more affluent than those found in the Charlotte ETJ. Of particular note is the lack of low-income households in the area and the high amount of middle- to upper-middle income households (those earning between $75,000 and $150,000), which equates to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



Source: Claritas, Inc.

Exhibit 4
Study Area and Northeast District Worker & Resident Demographic Comparison





SOURCE: Noell Consulting Group based on data obtained from the US Census.

Exhibit 5
Retail Market Overview

National Trends/Factors

- Spending by US consumers continues to gain momentum as economy improves.
- National chains still paring marginal stores/consolidating to more strategic locations--very few in expansion mode
- Lifestyle/"experiential" retail on the rise--particularly retail in more walkable formats
- Large-scale fallout in commercial lending claiming poorly situated/conceptualized centers

North East Charlotte Trends/Factors

- Northeast Mecklenburg retail market dominated by power centers and mainline retail tenants
- Little exists today in terms of lifestyle or Main Street retail--centers that have sustainability and "holding power"
- Vacancy rates remain stubbornly high, fueled in part by cannibalistic retail environment, including competition beyond Mecklenburg County
- Retail rents are relatively low overall, reflecting the oversupply that exists in the market today.

Prosperity Hucks Study Area

- Features significant neighborhood retail, including an oversupply of grocery stores
- Current retail environment largely comprised of auto-oriented neighborhood retail centers with plenty of "in-line" tenant space
- Retail rents are relatively cheap, reflecting what today is a secondary retail location with moderate demand.
- Area currently lacks any big boxes or destination retail users, although the Walmart under construction at Bryton will help to fill that role.
- As I-485 opens, retail opportunities will increase in the study area and potential will open up for big-box users such as Target and discount clothiers
- Additional undersupply exists for a number of tenant types, including dining opportunities, both full-service and limited-service
- Ongoing growth at Bryton will continue to add to competitive supply and will temper demand growth in the future and may satiate location opportunities that exist today between I-77 and I-85.

SOURCE: Noell Consulting Group

Exhibit 6

Map of Retail Offerings and Cores in the Greater Prosperity-Hucks Area

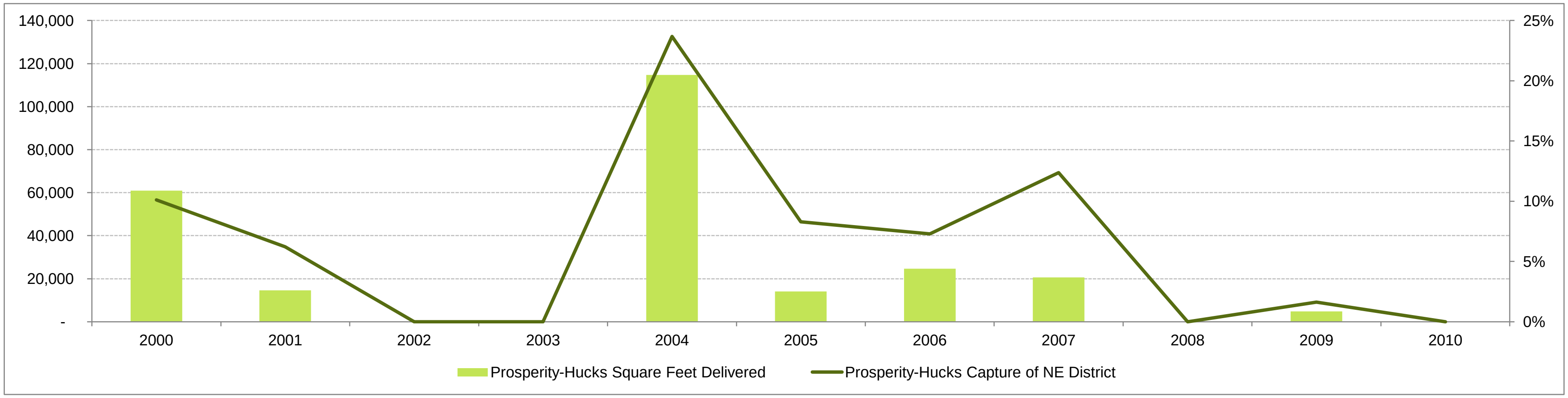
Prosperity/Hucks

Largely serves as a neighborhood-serving retail core anchored by grocery, drug stores, and local-serving retail and office users. While we do not anticipate big box retailers being attracted to the Prosperity-Hucks area, it is worth noting the significant distance that exist between this area and other big box cores, most of which are five or more miles away. Bryton has the potential to capture this market, but the study area geographically is well-positioned to catch these retailers attention.

Exhibit 7

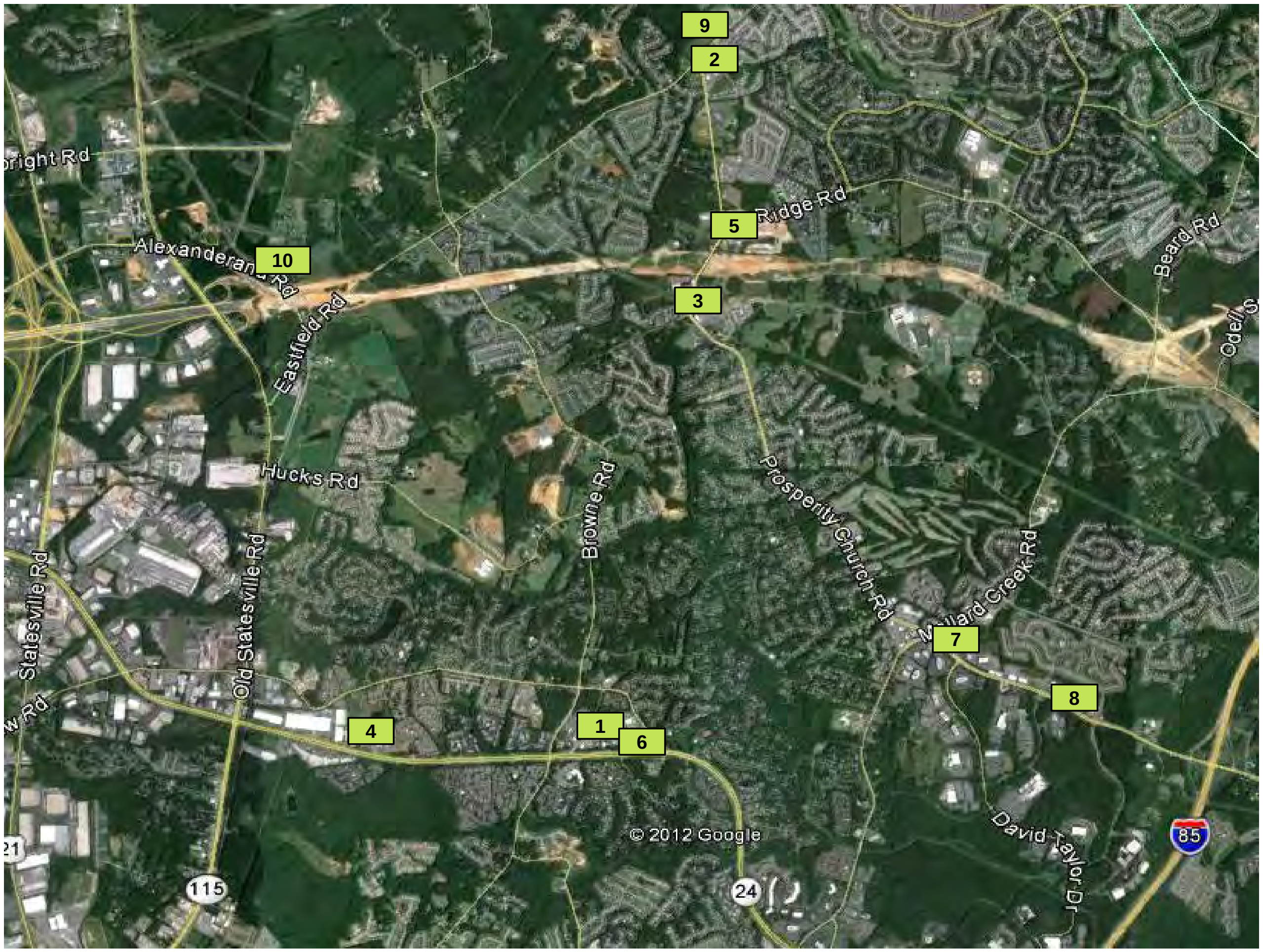
Retail Space Delivered by Planning District and the Prosperity-Hucks Study Area, 2000 - 2010

District	Retail Development by Year (Square Feet)											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Totals
Central Square Feet Totals	**494,659**	**538,947**	**213,579**	**85,998**	**97,796**	**1,051,165**	**341,876**	**346,476**	**776,110**	**106,929**	**111,999**	**4,165,534**
Central Capture	16.0%	19.9%	17.3%	7.8%	4.1%	26.5%	14.5%	22.6%	27.4%	15.2%	22.2%	19.7%
North Square Feet Totals	**448,166**	**327,601**	**203,521**	**245,807**	**232,175**	**109,021**	**67,310**	**412,410**	**147,123**	**36,451**	**83,537**	**2,313,122**
North Capture	14.5%	12.1%	16.4%	22.4%	9.8%	2.7%	2.9%	26.8%	5.2%	5.2%	16.6%	10.9%
Northeast Square Feet Totals	**602,550**	**235,382**	**28,147**	**119,439**	**484,281**	**169,416**	**338,650**	**166,295**	**308,219**	**293,411**	**108,836**	**2,854,626**
Northeast Capture	19.5%	8.7%	2.3%	10.9%	20.5%	4.3%	14.4%	10.8%	10.9%	41.7%	21.6%	13.5%
Prosperity-Hucks Feet Totals	**60,974**	**14,660**	**-**	**-**	**114,688**	**14,041**	**24,675**	**20,574**	**-**	**4,791**	**-**	**254,403**
Prosperity-Hucks Capture	10.1%	6.2%	0.0%	0.0%	23.7%	8.3%	7.3%	12.4%	0.0%	1.6%	0.0%	8.9%
Northwest Square Feet Totals	**43,231**	**113,682**	**58,144**	**35,325**	**230,837**	**1,370,287**	**78,367**	**107,520**	**682,377**	**132,888**	**-**	**2,852,658**
Northwest Capture	1.4%	4.2%	4.7%	3.2%	9.8%	34.6%	3.3%	7.0%	24.1%	18.9%	0.0%	13.5%
South Square Feet Totals	**1,080,489**	**484,779**	**361,864**	**270,701**	**679,288**	**803,222**	**770,511**	**379,743**	**451,620**	**35,593**	**188,196**	**5,506,006**
South Capture	34.9%	17.9%	29.2%	24.6%	28.8%	20.3%	32.8%	24.7%	16.0%	5.1%	37.3%	26.0%
Southeast Square Feet Totals	**191,120**	**788,164**	**138,170**	**209,005**	**517,696**	**276,692**	**133,684**	**84,042**	**58,629**	**45,595**	**8,062**	**2,450,859**
Southeast Capture	6.2%	29.1%	11.2%	19.0%	21.9%	7.0%	5.7%	5.5%	2.1%	6.5%	1.6%	11.6%
Southwest Square Feet Totals	**235,690**	**221,560**	**233,892**	**132,485**	**120,487**	**185,596**	**622,036**	**39,554**	**403,787**	**53,494**	**3,888**	**2,252,469**
Southwest Capture	7.6%	8.2%	18.9%	12.1%	5.1%	4.7%	26.4%	2.6%	14.3%	7.6%	0.8%	10.6%
Total	**3,095,905**	**2,710,115**	**1,237,317**	**1,098,760**	**2,362,560**	**3,965,399**	**2,352,434**	**1,536,040**	**2,827,865**	**704,361**	**504,518**	**21,186,395**



SOURCE: Charlotte-Mecklenburg Planning Department

Exhibit 8
Map of Retail Projects in Prosperity-Hucks Area



Retail Properties

- **1** **Cheshire Place**
- **2** **Eastfield Shopping Center**
- **3** **Prosperity Shopping Plaza**
- **4** **Shoppes at Davis Lake**
- **5** **Shoppes at Highland Creek**
- **6** **Terraces at Cheshire**
- **7** **Cochrane Commons**
- **8** **The Arbors**

Planned Properties

- **9** **Huntersville Market (60,000 SF)**
- **10** **Walmart at Bryton (150,000 SF)**

SOURCE: Noell Consulting Group and Mecklenburg Planning Department (Map)

Exhibit 9
Summary of Area Retail Centers

Center Name	Center Photo	Year Built	Total SF	SF Avail.	% Occ.	Type	Quoted Lease Rates	Anchor Tenant	Other Tenants
Cheshire Place		1990	54,840	15,679	71%	Conv. Neigh-borhood	$8.00 - $15.00	Tuesday Morning	Rite Aid, Subway, Domino's
Eastfield Shopping Center		2004	87,492	4,270	87%	Conv. Neigh-borhood	$21.00 - $24.00	201 Central	H&R Block, Golds Gym, Bank of America, ABC
Prosperity Shopping Plaza		cnd	64,638	4,000	94%	Conv. Neigh-borhood	$20.00 - $20.00	Bi-Lo	former Blockbuster, smaller shops
Shoppes at Davis Lake		2005	90,820	11,800	87%	Conv. Neigh-borhood	$20.00 - $23.00	Harris Teeter	Chick-fil-A, Taco Bell, H&R Block, UPS Store
Shoppes at Highland Creek		2000	66,517	3,932	94%	Conv. Neigh-borhood	$21.00 - $21.00	Harris Teeter	Subway, Great Clips, Dilworth Coffee
Terraces at Cheshire		2001	19,532	3,114	84%	Conv. Neigh-borhood	$21.00 - $23.00	-	Jason's Deli
Cochrane Commons		2003	66,020	0	100%	Conv. Neigh-borhood	cnd - cnd	Harris Teeter	Walgreen's, McAllister's, FastMed
The Arbors		2007	49,323	1,000	98%	Conv. Neigh-borhood	$25.00 - $25.00	Trader Joe's	Massage Envy, Petco
Summary, Other Nearby Centers		**2001**	**62,398**	**5,474**	**91%**		**$19.43 - $21.57**		

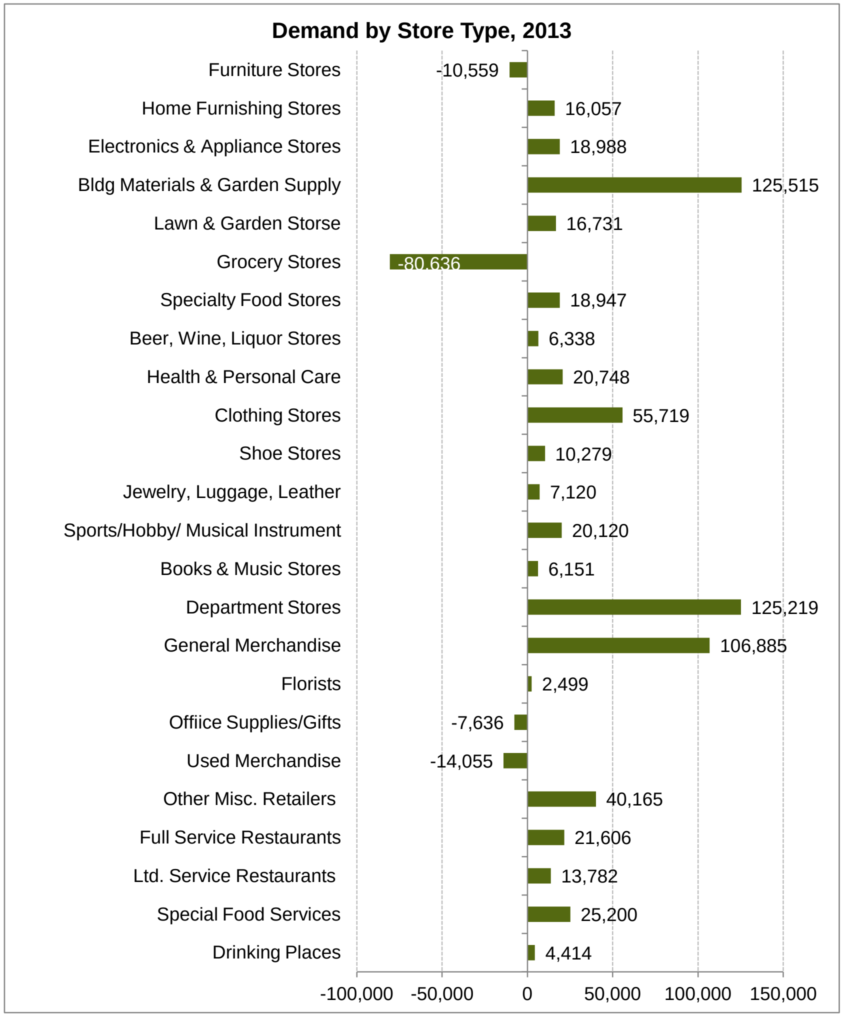
SOURCE: Noell Consulting Group

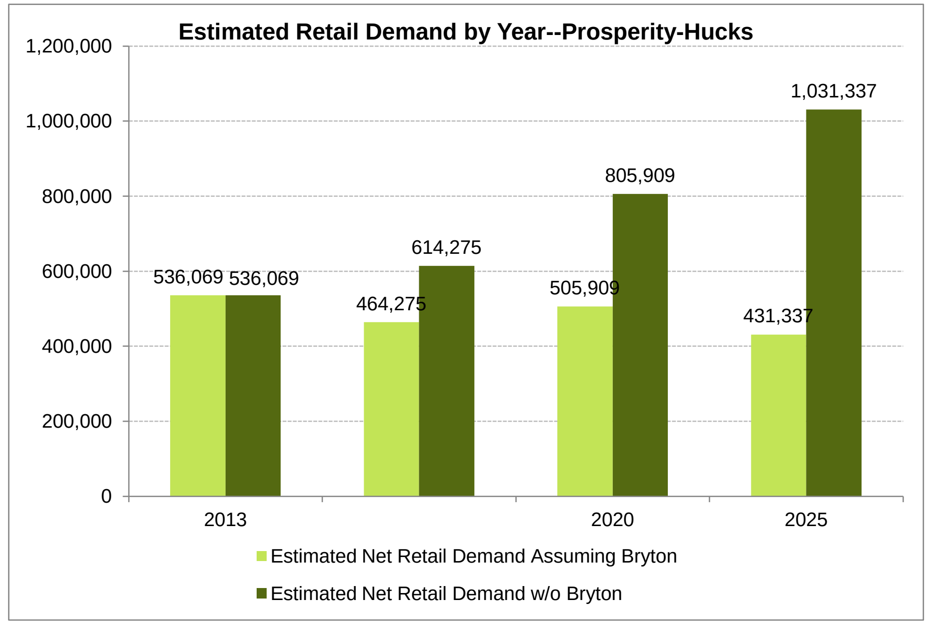
Exhibit 10
Estimated Retail Demand Potential in the Prosperity-Hucks Study Area in 2012

Store Type (excl. Autos & Gas)	Local Expenditure Potential[1]	Per Capita	Est. Sales/ SF	Demand Potential	Less Expenditures Away from Home	No. of Retail Emps	SF per Retail Emp.	Est. Supply	Net Demand	Store Types w/ Pos Dmd
2012 Population, Trade Area	*37,029*				*-10%*					
Furniture and Home Furnishings	$14,051,570	$379	$258	54,447	49,498	88		44,000	5,498	16,057
Furniture Stores	$7,823,650	$211	$264	29,635	26,941	75	500	37,500	-10,559	
Home Furnishing Stores	$6,227,920	$168	$251	24,812	22,557	13	500	6,500	16,057	16,057
Electronics & Appliance Stores	$14,077,787	$380	$413	34,087	30,988	24	500	12,000	18,988	18,988
Bldg Mats., Garden Equip	$67,405,229	$1,820	$318	212,021	192,746	57		50,500	142,246	142,246
Bldg Materials & Supply Stores	$59,917,737	$1,618	$321	186,466	169,515	44	1,000	44,000	125,515	125,515
Lawn & Garden Equipment	$7,487,492	$202	$293	25,555	23,231	13	500	6,500	16,731	16,731
Food & Beverage Stores	$77,182,631	$2,084	$328	235,344	213,949	389		269,300	-55,351	25,285
Grocery Stores	$66,460,055	$1,795	$334	199,281	181,164	374	700	261,800	-80,636	
Specialty Food Stores	$5,553,038	$150	$241	23,042	20,947	4	500	2,000	18,947	18,947
Beer, Wine & Liquor Stores	$5,169,538	$140	$397	13,022	11,838	11	500	5,500	6,338	6,338
Health & Personal Care	$34,887,224	$942	$458	76,173	69,248	67	500	48,500	20,748	20,748
Clothing & Clothing Accessories	$33,381,892	$902	$386	86,480	78,618	11		5,500	73,118	73,118
Clothing Stores	$24,764,725	$669	$368	67,341	61,219	11	500	5,500	55,719	55,719
Shoe Stores	$3,957,417	$107	$350	11,307	10,279	0	500	0	10,279	10,279
Jewelry, Luggage & Leather	$4,659,750	$126	$595	7,832	7,120	0	500	0	7,120	7,120
Sports, Hobby, Book & Music	$12,753,664	$344	$329	38,799	35,271	18		9,000	26,271	26,271
Sports, Hobby, Musical Inst	$9,871,409	$267	$365	27,082	24,620	9	500	4,500	20,120	20,120
Book & Music Stores	$2,882,255	$78	$246	11,716	10,651	9	500	4,500	6,151	6,151
General Merchandise Stores	$82,889,785	$2,239	$188	441,104	401,004	27		168,900	232,104	232,104
Department Stores	$35,261,780	$952	$256	137,741	125,219	0	700	0	125,219	125,219
Other Gen. Merch. Stores	$47,628,005	$1,286	$157	303,363	275,785	27	700	168,900	106,885	106,885
Miscellaneous Store Retailers	$17,467,893	$472	$215	81,370	73,973	106		53,000	20,973	42,664
Florists	$869,798	$23	$226	3,849	3,499	2	500	1,000	2,499	2,499
Office Supplies, Station. & Gifts	$6,084,811	$164	$253	24,051	21,864	59	500	29,500	-7,636	
Used Merchandise Stores	$1,793,590	$48	$253	7,089	6,445	41	500	20,500	-14,055	
Other Misc. Store Retailers	$8,719,694	$235	$188	46,381	42,165	4	500	2,000	40,165	40,165
Food Service & Drinking Places	$70,378,896	$1,901	$308	228,308	207,553	1,163		142,550	65,003	65,003
Full-Service Restaurants	$32,933,362	$889	$444	106,927	97,206	504	150	75,600	21,606	21,606
Limited-Service Eating Places	$28,674,675	$774	$333	86,110	78,282	645	100	64,500	13,782	13,782
Special Food Services	$5,572,974	$151	$193	28,876	26,250	7	150	1,050	25,200	25,200
Drinking Places	$3,197,885	$86	$500	6,396	5,814	7	200	1,400	4,414	4,414
TOTAL	**$424,476,571**	**$11,463**	**$285**	**1,488,132**	**1,352,847**	**1,950**		**803,250**	**549,597**	**662,483**

[1] Based on data obtained from Claritas.
SOURCE: Noell Consulting Group, Claritas, Inc.

Exhibit 11
Prosperity-Hucks Estimated Retail Demand, 2012 - 2030





Demand Indicators for Key Retail/Food Store Types

Category	Opportunity for Study Area	Comments
Grocery Store	Good	Market appears overbuilt, even without groceries at Mallard Crk/ Mallard Crk Ch.
Health/Personal Care	Good	Support exists for additional drug store
Clothing Stores	Moderate	Lack of supply, but fundamentals don't exist in area
Department Stores	Fair	Demand exists, but being captured at Northlake Mall
General Merchandise/ Big Box	Good	Definite opportunity exists in the study area if so desired, although not consistent with previous vision.
Full-Service, Limited-Service	Moderate	Lack of supply in the area that will be enhanced by I-485 opening and creation of stronger "location in the market.

SOURCE: Noell Consulting Group for ZIP 28269.

Exhibit 12
Potential Retail Opportunities in the Prosperity-Hucks Study Area

Several short- and long-term retail opportunities exist in the study area:

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

Access/Visibility
Traffic volumes meet neighborhood retail thresholds, I-485 will enhance regional opps.

Quality Sites
Few currently exist and entitlements likely a challenge

Relationship to Other Retail
Overly competitive neighborhood retail market, but lack of regional/big box retail in the area

Housing
Moderate to low-density area appropriate for neighborhood retail and potentially some discount/big box users--area still lacks sense of location and destination (on a local level).

Summary of Retail Demand

Total Demand 2011-2030	Potential Acres 2011-2030
444,329	41.7

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.

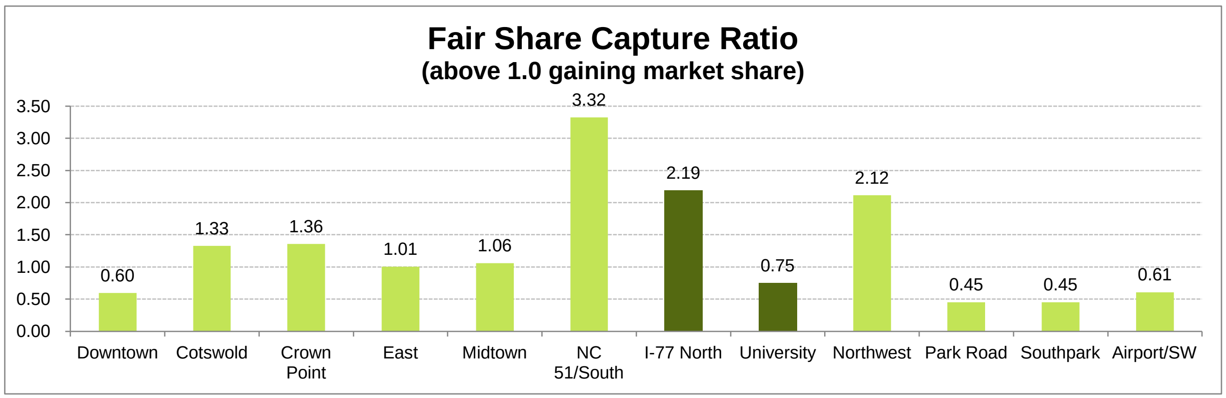
Exhibit 13
Office Market Overview

Macro Trends/Factors

- Moderate demand continuing to push positive absorption overall in 2012.
- Demand greatest in Center City/CBD followed by Southside office cores where fundamentals are strongest
- Office locations in areas with higher quality of life preferred both for retention and attraction of employees
  Greater emphasis on walkable locations and mixed-use environments to attract strongest new talent

Northeast/North Charlotte Office Market

- I-77 North area continues to outperform the University area, gaining market share over the past decade while the University area has failed to keep up;
- Both areas have seen week office demand in 2012 and have actually seen negative absorption, albeit not too significant
- Rents have remained relatively flat in both cores, with both remaining relative value plays to the CBD and Southside cores



- Neither have been able to establish a sense of location and a central core area
- Incomes around Lake Norman favor stronger long-term demand relative to University area, which generally lacks executive housing

Prosperity-Hucks Area

- Area's lack of regional access and historically fringe suburban location has tempered office demand;
- Continuing residential growth and lack of local-serving uses (medical, Realtors, accountants, etc) create opportunities to infill office in the study area;
- Regional-serving office not a realistic opportunity in the study area given lack of executive housing and stronger locations in the I-77 corridor;
- Potential to attract local-serving office users through enhancing mixed-use, walkable environment in the core of Prosperity-Hucks and provide a lifestyle
- that is largely missing in Northeast Mecklenburg today.

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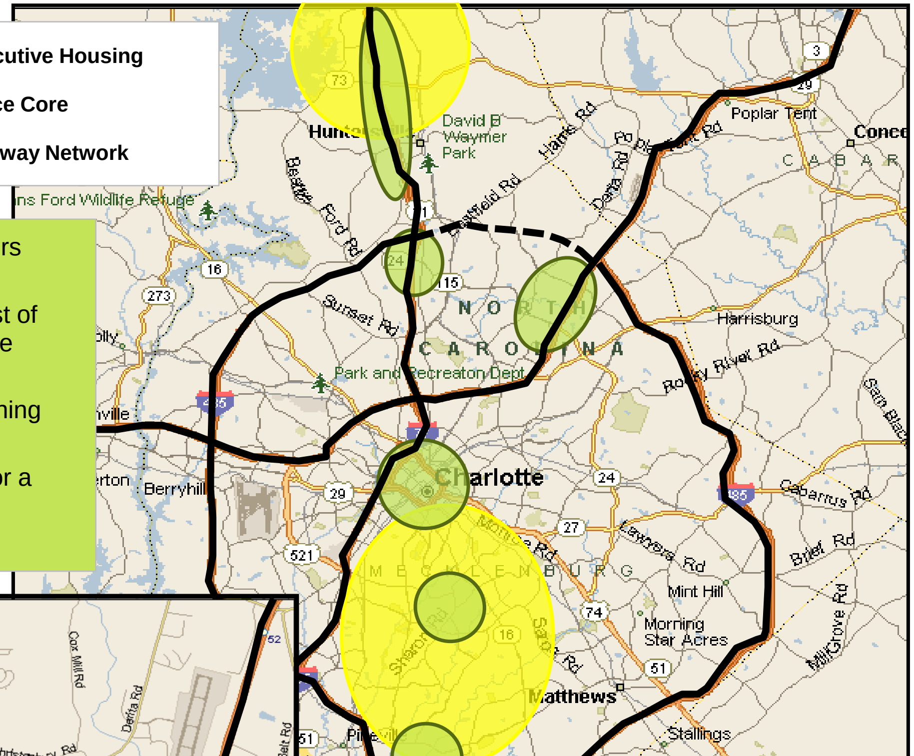
Exhibit 14

Context for Current & Future Office Development in the Prosperity-Hucks Study Area

Executive Housing

Office Core

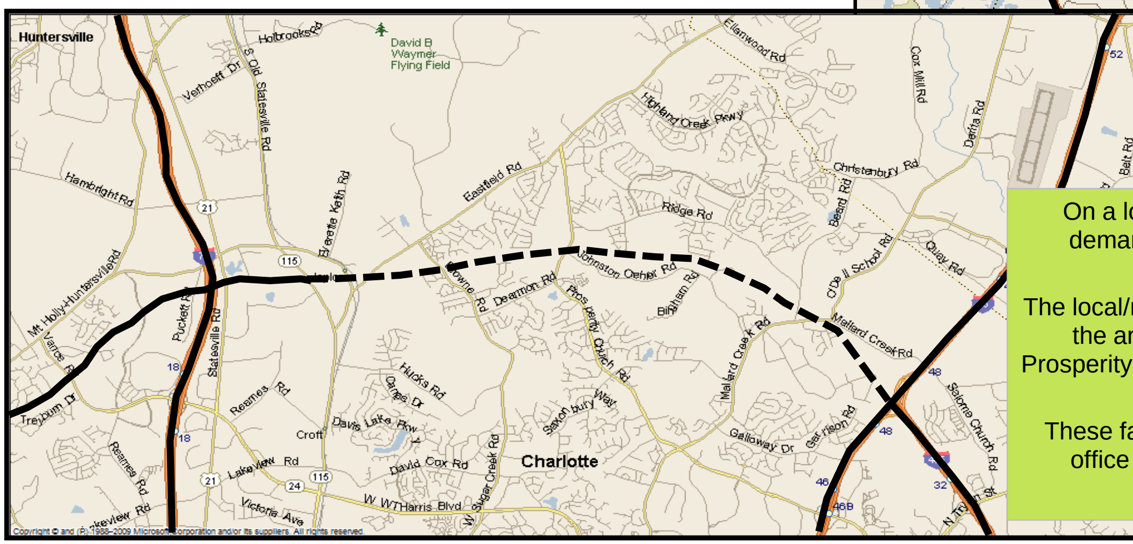
Freeway Network



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

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

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



On a local level the Prosperity-Hucks study area lacks the demand generators and regional access found at nearby freeways.

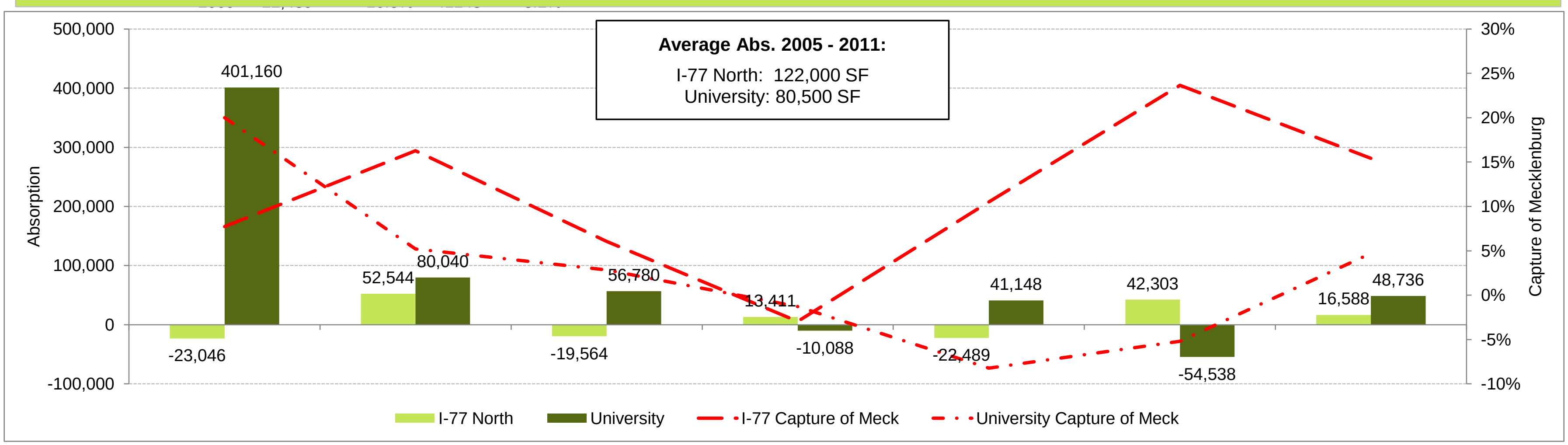
The local/neighborhood-serving orientation of the retail already in the area, and the low-density environment found around Prosperity-Hucks indicate a more local-serving office play may be most appropriate.

These factors, combined with the lack of nearby local-serving office cores, indicate a moderately-strong opportunity for neighborhood-type office uses.

Exhibit 15
Historic Office Absorption by Submarket, Mecklenburg County

	YE 2011				Average Rents		Annual	Annual Absorption (Square Feet)									Capture
	Ttl Space	Vacant	Occ'd	Share	2005	2011	Change	2005	2006	2007	2008	2009	2010	2011	Total	Share	Ratio
Downtown	22,064,185	11.1%	19,615,060	34.5%	$20.27	$23.14	2.4%	378,668	166,980	362,963	43,606	-203,682	457,047	379,149	1,584,731	20.5%	0.60
Cotswold	371,604	12.5%	325,154	0.6%	$14.19	$20.26	7.1%	11,910	-990	-2,292	33,204	-6,928	20,092	3,624	58,620	0.8%	1.33
Crown Point	1,820,306	16.6%	1,518,135	2.7%	$16.65	$15.14	-1.5%	170,059	-42,816	67,027	83,966	10,363	-34,447	25,835	279,987	3.6%	1.36
East	3,053,903	12.9%	2,659,950	4.7%	$13.98	$13.29	-0.8%	75,429	9,798	87,161	69,822	138,222	49,322	-66,905	362,849	4.7%	1.01
Midtown	4,585,895	9.1%	4,168,579	5.1%	$18.54	$18.79	0.2%	111,967	152,951	108,192	71,309	47,636	13,737	102,247	418,341	5.4%	1.06
NC 51/South	6,197,602	15.8%	5,218,381	9.2%	$19.93	$23.90	3.3%	430,453	507,054	498,127	177,968	108,472	270,532	359,660	2,352,266	30.5%	3.32
I-77 North	**3,375,846**	**14.3%**	**2,893,100**	**5.1%**	**$19.03**	**$17.98**	**-0.9%**	**154,988**	**250,269**	**121,046**	**-23,083**	**-52,658**	**248,070**	**159,880**	**858,512**	**11.1%**	**2.19**
University	**6,592,281**	**15.9%**	**5,544,108**	**9.7%**	**$17.09**	**$17.25**	**0.2%**	**401,160**	**80,040**	**56,780**	**-10,088**	**41,148**	**-54,538**	**48,736**	**563,238**	**7.3%**	**0.75**
Northwest	559,678	3.6%	539,530	0.9%	$14.19	$9.71	-5.3%	-99	26,547	-10,605	-3,942	105,225	35,025	2,624	154,775	2.0%	2.12
Park Road	1,187,581	17.8%	976,192	1.7%	$15.67	$16.31	0.7%	-23,046	52,544	-19,564	13,411	-22,489	42,303	16,588	59,747	0.8%	0.45
Southpark	5,027,687	17.9%	4,127,731	7.3%	$20.44	$21.74	1.1%	194,110	16,458	340,648	-37,708	-290,008	-17,488	47,689	253,701	3.3%	0.45
Airport/SW	11,691,584	20.6%	9,283,118	16.3%	$16.20	$15.90	-0.3%	101,876	318,015	384,748	359,860	-376,586	19,498	-42,541	764,870	9.9%	0.61
Totals	**66,528,152**	**14.5%**	**56,869,036**		**$18.11**	**$19.42**	**1.2%**	**2,007,475**	**1,536,850**	**1,994,231**	**778,325**	**-501,285**	**1,049,153**	**1,036,586**	**7,711,637**		

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

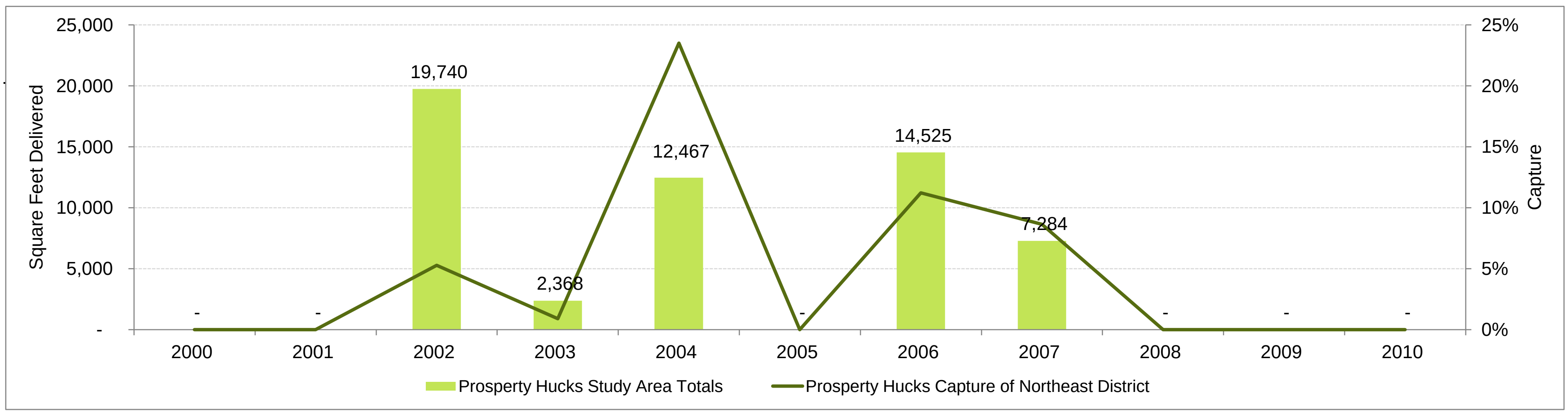


NOTE: Capture ratio is the ratio of the percent of space absorbed in a submarket over that submarket's share of total existing space at the beginning of that period.
Source: Colliers; CoStar; Noell Consulting Group

Exhibit 16

Office Space Delivered by Planning District and the Prosperity Hucks Study Area, 2000 - 2010

	Office Delivered by Year (Square Feet)											
District	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Totals**
Central District Totals	**1,384,641**	**1,232,950**	**152,280**	**39,421**	**116,399**	**153,382**	**115,180**	**217,727**	**2,071,552**	**503,504**	**894,251**	**6,881,287**
Central Capture	32.7%	43.8%	16.4%	2.6%	9.0%	8.7%	6.9%	12.1%	57.9%	14.1%	25.0%	35.1%
North District Totals	**146,058**	**330,201**	**38,695**	**185,642**	**130,159**	**133,521**	**78,870**	**300,517**	**85,494**	**60,389**	**15,846**	**1,505,392**
North Capture	3.4%	11.7%	4.2%	12.3%	10.0%	7.6%	4.7%	16.7%	2.4%	1.7%	0.4%	7.7%
Northeast District Totals	**1,187,418**	**454,052**	**374,432**	**268,182**	**53,067**	**193,312**	**129,551**	**84,412**	**44,748**	**10,760**	**-**	**2,799,934**
Northeast Capture	28.0%	16.1%	40.4%	17.8%	4.1%	10.9%	7.8%	4.7%	1.3%	0.3%	0.0%	14.3%
Prosperity Hucks District Totals	**-**	**-**	**19,740**	**2,368**	**12,467**	**-**	**14,525**	**7,284**	**-**	**-**	**-**	**56,384**
Prosperity Hucks Capture	0.0%	0.0%	5.3%	0.9%	23.5%	0.0%	11.2%	8.6%	0.0%	0.0%	0.0%	2.0%
Northwest District Totals	**18,251**	**14,912**	**11,458**	**20,644**	**7,732**	**11,914**	**25,154**	**21,008**	**123,465**	**-**	**3,750**	**258,288**
Northwest Capture	0.4%	0.5%	1.2%	1.4%	0.6%	0.7%	1.5%	1.2%	3.5%	0.0%	0.1%	1.3%
South District Totals	**461,755**	**534,215**	**243,804**	**626,881**	**422,664**	**560,582**	**704,810**	**634,025**	**586,984**	**9,832**	**1,229**	**4,786,781**
South Capture	10.9%	19.0%	26.3%	41.7%	32.6%	31.7%	42.4%	35.1%	16.4%	0.3%	0.0%	24.4%
Southeast District Totals	**37,558**	**2,227**	**166,240**	**26,830**	**78,792**	**53,388**	**58,740**	**38,002**	**76,248**	**15,914**	**13,748**	**567,687**
Southeast Capture	0.9%	0.1%	17.9%	1.8%	6.1%	3.0%	3.5%	2.1%	2.1%	0.4%	0.4%	2.9%
Southwest District Totals	**902,533**	**216,889**	**23,064**	**192,833**	**188,408**	**60,602**	**342,972**	**474,206**	**589,599**	**25,444**	**213,077**	**3,229,627**
Southwest Capture	21.3%	7.7%	2.5%	12.8%	14.5%	3.4%	20.6%	26.3%	16.5%	0.7%	6.0%	16.5%
Mecklenburg County	**4,234,636**	**2,812,025**	**926,763**	**1,503,802**	**1,298,501**	**1,766,464**	**1,663,840**	**1,804,612**	**3,578,090**	**3,578,090**	**3,578,090**	**19,588,733**



SOURCE: Charlotte-Mecklenburg Planning Department

Exhibit 17
Map of Office Projects in Prosperity-Hucks Area and Analogous Locations

Office Properties

1	**Prosperity Place**
2	**Linville Building**
3	**Harris Corners**
4	**640 W. Mallard Creek Ch**
5	**Mallard Professional Center III**
6	**Rosedale Medical Center**
7	**Shoppes at Birkdale Crossing**
8	**215 S. Main Street**

SOURCE: Noell Consulting Group and Mecklenburg Planning Department (Map)

Exhibit 18
Summary of Area Office Buildings

Photo	Project Name	Year Built	# of Floors	Total SF	Vacant SF	% Occupied	Current Lease Rates	Comments
	Prosperity Place I - III	1999 - 2001	3 - 4	214,062	93,164	56%	$17.00 - $17.50	Three-bldg project--adjacent to URP
	Linville Building	2008	5	125,000	7,629	94%	$21.50 - $21.50	Spec office building by Northlake Mall
	Harris Corners Corporate Park	2006	5	130,000	33,867	74%	$19.75 - $19.75	Most recent office addition to I-77 Corridor
	640 W. Mallard Creek Ch. Road	2008	2	36,913	6,780	82%	$10.00 - $14.00	2nd floor office mixed with retail
	Mallard Professional Center III	2004	1	27,785	8,848	68%	$15.00 - $15.00	Smaller, local-serving firms
	Rosedale Medical Center	2005	2	38,249	1,650	96%	$23.00 - $23.00	Medical office space in mixed-use environment
	Shoppes at Birkdale Crossing	2009	2	58,757	3,755	94%	$26.00 - $29.00	Across from Birkdale Village
	215 S. Main	2010	3	21,000	3,000	86%	$19.00 - $19.00	Downtown Davidson walking atmosphere
Summary, Regional Properties:		**2007**	**5**	**156,354**	**44,887**	**71%**	**$19.42 - $19.58**	
Summary, Smaller Properties:		**2007**	**2**	**36,541**	**4,807**	**87%**	**$18.60 - $20.00**	

SOURCE: Noell Consulting Group

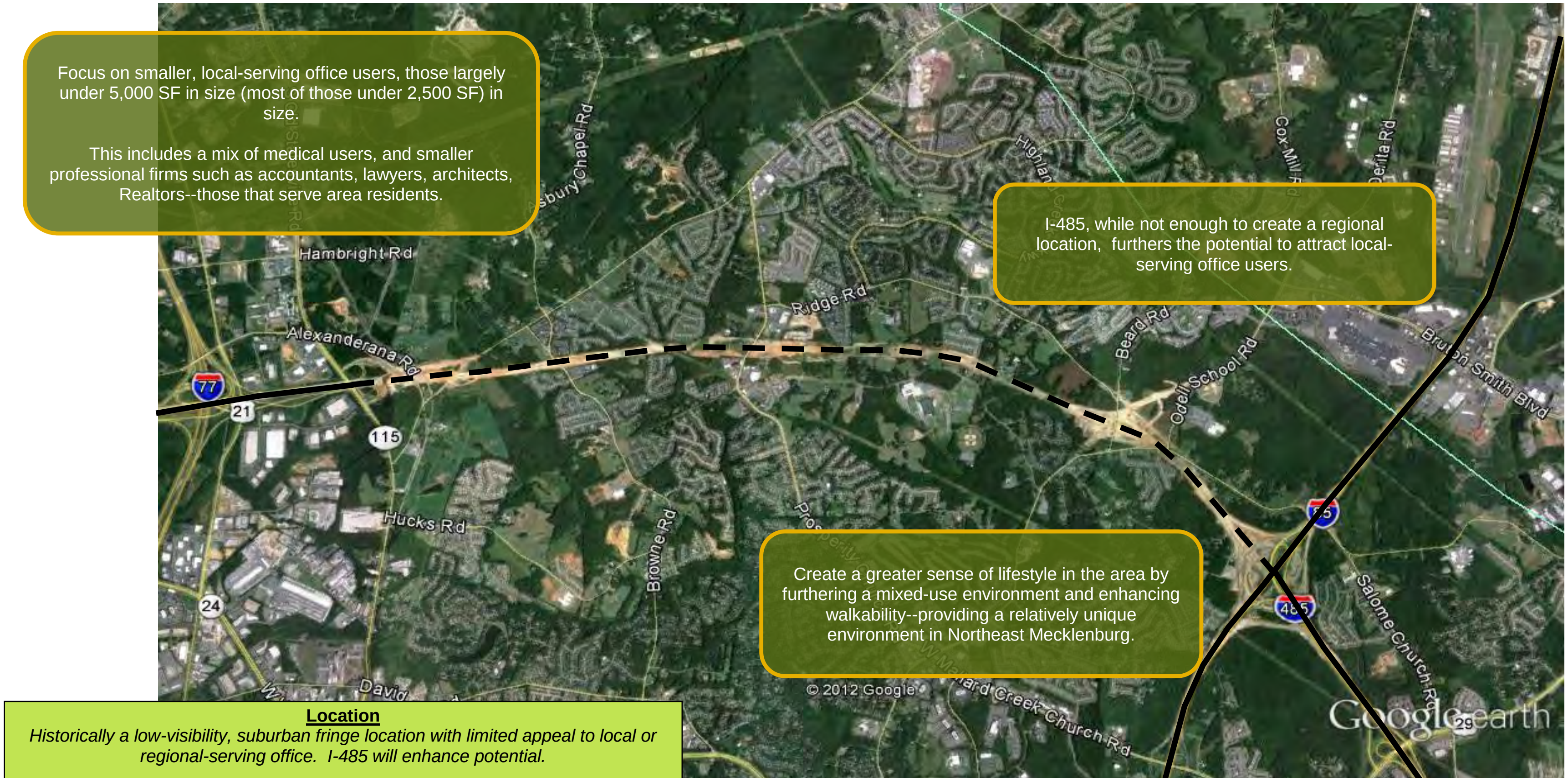
Exhibit 19
Small Service-Oriented Office & Retail Space Demand, 2012

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

Industry Code	Industry Code Description	Metro Firms Less Than 19 Emps	Metrowide SF @ 250 SF/Employee	Metrowide Approx. SF Per Capita	Local Firms Less Than 19 Emps	Approx. SF Per Capita	Potential Unmet Demand	Average Tenant Size	Estimated Tenants Supported	Estimated Demand By SF	Capture, Prosperity-Hucks Area
Typical Office Users										147,000	58,800
531	Real Estate	1,789	4,472,500	2.49	52	2.14	29,844	2,500	12	30,000	
532	Rental and Leasing Services	340	850,000	0.47	21	0.86	0	-	-	-	
523	Securities, Financial Investments	354	885,000	0.49	11	0.45	3,419	2,500	1	2,500	
524	Insurance Carriers and Related Act.	557	1,392,500	0.78	16	0.66	9,957	2,500	4	10,000	
5414	Specialized Design Services	213	532,500	0.15	3	0.12	2,111	2,500	1	2,500	
6115	Technical and Trade Schools	39	97,500	0.05	1	0.04	1,118	-	-	-	
6116	Other Schools and Instruction	267	667,500	0.37	9	0.37	117	-	-	-	
6211	Office of Physicians	501	1,252,293	0.70	11	0.45	20,816	2,000	10	20,000	
6212	Office of Dentists	673	1,682,500	0.94	19	0.78	13,193	2,000	7	14,000	
6213	Office of Other Health Practitioners	661	1,652,500	0.92	16	0.66	22,272	2,000	11	22,000	
6214	Outpatient Care Centers	125	312,500	0.17	2	0.08	7,802	2,000	4	8,000	
6215	Medical and Diagnostic Labratories	73	182,500	0.10	2	0.08	1,644	2,500	1	2,500	
6216	Home Health Care Services	102	255,000	0.14	1	0.04	8,578	2,500	3	7,500	
8122	Death Care Services	68	170,000	0.09	1	0.04	4,552	2,000	2	4,000	
52231	Mortgage and Non Mortgage Loan Brokers	60	150,000	0.08	2	0.08	105	-	-	-	
54111	Offices of Lawyers	756	1,890,000	0.26	4	0.16	8,380	2,500	3	7,500	
54194	Veterinary Services	111	277,500	0.15	2	0.08	6,144	2,000	3	6,000	
541211	Offices of CPAs	322	805,000	0.22	5	0.21	1,565	2,500	1	2,500	
541213	Tax Preperation Services	179	447,500	0.25	5	0.21	3,696	2,000	2	4,000	
541380	Testing Laboratories	32	80,000	0.04	0	0.00	3,789	2,000	2	4,000	
541519	Computer Related Services	60	150,000	0.08	3	0.12	0	-	-	-	
Typical Retail Users										61,200	24,480
5172	Wireless Telecommunication Carriers	59	147,500	0.08	0	0.00	6,986	1,500	5	7,500	
6244	Child Day Care Facilities	368	920,000	0.51	8	0.33	15,577	4,900	3	14,700	
8123	Dry Cleaning and Laundry Services	246	615,000	0.34	7	0.29	4,630	1,500	3	4,500	
8129	Other Personal Services	221	552,500	0.31	5	0.21	8,670	1,500	6	9,000	
52211	Commercial Banking	259	646,250	0.36	7	0.29	6,110	3,000	2	6,000	
52212	Savings Institutions	15	37,500	0.02	0	0.00	1,776	3,000	1	3,000	
52213	Credit Unions	74	185,000	0.10	0	0.00	8,763	3,000	3	9,000	
71394	Fitness and Other Rec. Centers	179	447,500	0.25	9	0.37	0	-	-	-	
81211	Hair, Nail, and Skin Care Services	464	1,160,000	0.65	15	0.62	2,444	1,500	2	3,000	
81219	Other Personal Services	128	320,000	0.18	3	0.12	4,657	1,500	3	4,500	
Total, Office and Retail Users			**23,236,043**	**11.78**	**240**	**9.88**	**208,718**		**95**	**208,200**	**83,280**

SOURCE: Noell Consulting Group, US Census for Charlotte Metro and Zip Code 28269. Some user types discounted in local area due to factors of agglomeration.

Exhibit 20
Potential Office Development Opportunities in the Prosperity-Hucks Study Area



Location
Historically a low-visibility, suburban fringe location with limited appeal to local or regional-serving office. I-485 will enhance potential.

Retail/Services
Good access to retail and some services, although lacking a bit in dining opportunities.

Lifestyle
A significant office lifestyle environment doesn't exist today, as the area lacks walkability and a interactive environment.

Housing Quality
Limited amount of executive housing tempers demand for regional-serving office, although solid housing overall creates potential for local-serving office users.

Summary of Office Demand

Potential New SF 2010-2030	Potential Acres 2010-2030
97,550	9

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed.

Exhibit 21

Factors Impacting Potential Residential Development Opportunities in the Prosperity-Hucks Study Area

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

SOURCE: Noell Consulting Group

Exhibit 22
Rental Residential Product Overview

National Trends/Factors

- Demand for rental apartments remains strong in spite of weak job growth, as the for-sale market remains tight.
- Demand likely to remain strong as Gen Y's continue to grow, move out from home--long-term indicators they'll value renting more so than previous generations.
- Lending for new construction picking up--seeing construction in best locations within solid markets.
- Strongest locations for rental product are convenient areas--those close to major employment cores and in walkable environments.
- Unit sizes anticipated to decrease as renters become less interested in paying for less excess space
- Condo-level finishes have become the norm in solid locations--not your old garden-style product.

Northeast Mecklenburg Trends

- The University City/Northeast Mecklenburg area has been among the most active apartment markets in the region, accounting for 25% of area absorption
- Rental product offered has consisted almost entirely of conventional garden product, most of which is not part of a mixed-use development or walkable to retail.
- Vacancy rates have dropped significantly in the last couple of years and are now considered relatively healthy, yet slightly higher than Mecklenburg County overall; Rent growth continues to lag that of the county overall, related in part to both the increasing demand for product in more urban locations (Center City, South End,
- Southpark) and the consistently high vacancy rates found in the area (which, again, have declined in the last year or two);
- Growth in the area is fueled by a mix of those working in the University area and I-85 corridor (including a mix of white collar and retail employees), and UNC-Charlotte students seeking university proximity.

Prosperity-Hucks Trends

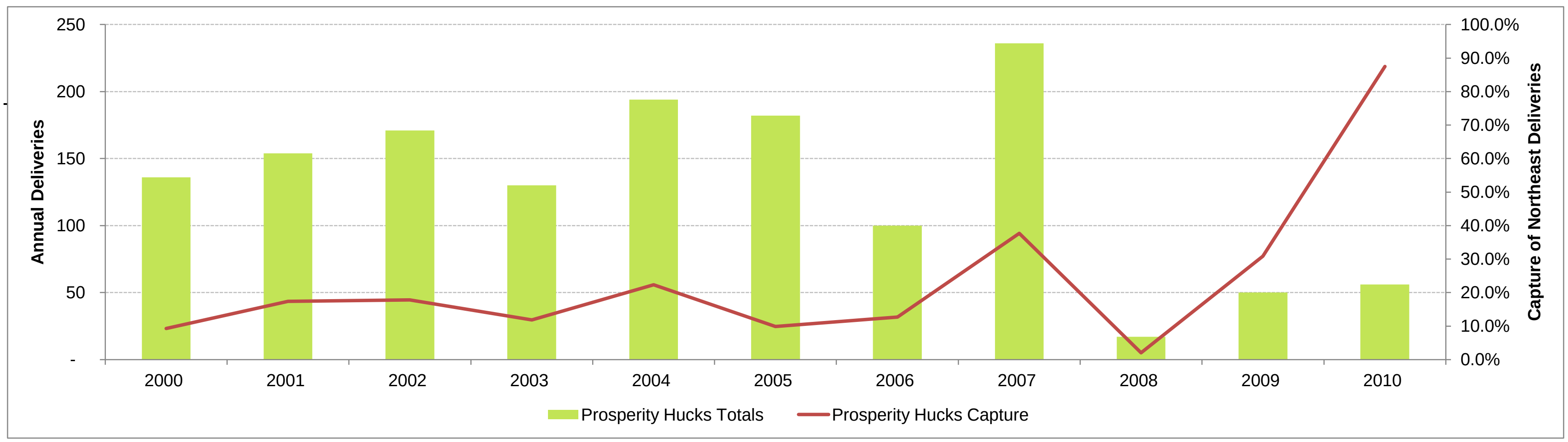
- Very little product exists in or adjacent to the study area today, although two new projects are under construction or imminent nearby (Ridge at Highland Creek and planned apartments at nearby Bryton);
- Most apartment communities developed around the area has been delivered as freestanding garden product that relies on community amenities, convenience and lower rents to provide value, as opposed to greater lifestyle offerings;
- The two strongest performing communities in the area (Worthington and Windsor at the Vinoy) both enjoy strong interstate proximity and immediate adjacency to University Research Park and major employers in the area;
- The extension of I-485 through the study area, combined with its residential feel and access to neighborhood-serving retail, will enhance opportunities for rental
- apartment development in the coming years.

SOURCE: Noell Consulting Group

Exhibit 23

Multifamily Residential Units Delivered by Planning District and in the Prosperity-Hucks Area, 2000 - 2010

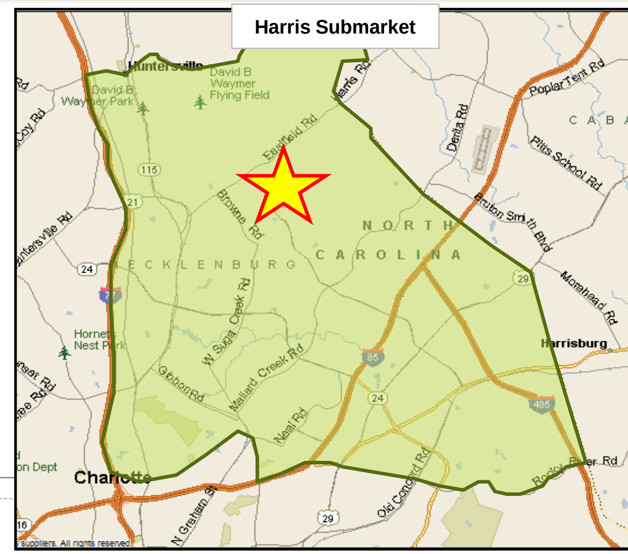
	Multifamily Units Delivered by Year											
District	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Totals**
Intown/ Central District Totals	**835**	**482**	**1,864**	**771**	**657**	**495**	**817**	**1,646**	**1,195**	**1,837**	**689**	**8,762**
Intown/ Central Capture	13.1%	9.3%	29.9%	20.4%	14.9%	11.2%	15.0%	26.6%	26.0%	73.3%	129.5%	18.8%
North District Totals	**651**	**687**	**550**	**535**	**224**	**603**	**645**	**933**	**255**	**106**	**95**	**5,083**
North Capture	10.2%	13.2%	8.8%	14.1%	5.1%	13.7%	11.9%	15.1%	5.5%	4.2%	17.9%	10.9%
Northeast District Totals	**1,472**	**888**	**959**	**1,102**	**869**	**1,839**	**788**	**626**	**822**	**162**	**64**	**9,591**
Northeast Capture	23.1%	17.1%	15.4%	29.1%	19.7%	41.7%	14.5%	10.1%	17.9%	6.5%	12.0%	20.6%
Prosperity Hucks Totals	**136**	**154**	**171**	**130**	**194**	**182**	**100**	**236**	**17**	**50**	**56**	**1,426**
Prosperity Hucks Capture	9.2%	17.3%	17.8%	11.8%	22.3%	9.9%	12.7%	37.7%	2.1%	30.9%	87.5%	14.9%
Northwest District Totals	**376**	**97**	**195**	**601**	**79**	**493**	**43**	**245**	**558**	**12**	**7**	**2,687**
Northwest Capture	5.9%	1.9%	3.1%	15.9%	1.8%	11.2%	0.8%	4.0%	12.1%	0.5%	1.3%	5.8%
South District Totals	**1,425**	**1,358**	**1,420**	**725**	**1,127**	**649**	**1,316**	**1,634**	**890**	**518**	**185**	**10,544**
South Capture	22.3%	26.1%	22.8%	19.2%	25.6%	14.7%	24.2%	26.4%	19.4%	20.7%	34.8%	22.6%
Southeast District Totals	**403**	**894**	**428**	**376**	**363**	**515**	**183**	**261**	**47**	**332**	**106**	**3,470**
Southeast Capture	6.3%	17.2%	6.9%	9.9%	8.2%	11.7%	3.4%	4.2%	1.0%	13.3%	19.9%	7.4%
Southwest District Totals	**990**	**1,032**	**220**	**132**	**1,079**	**214**	**748**	**929**	**832**	**736**	**170**	**6,176**
Southwest Capture	15.5%	19.8%	3.5%	3.5%	24.5%	4.9%	13.8%	15.0%	18.1%	29.4%	32.0%	13.2%
Total	**6,381**	**5,205**	**6,227**	**3,784**	**4,401**	**4,406**	**5,439**	**6,199**	**4,599**	**2,505**	**532**	**46,641**

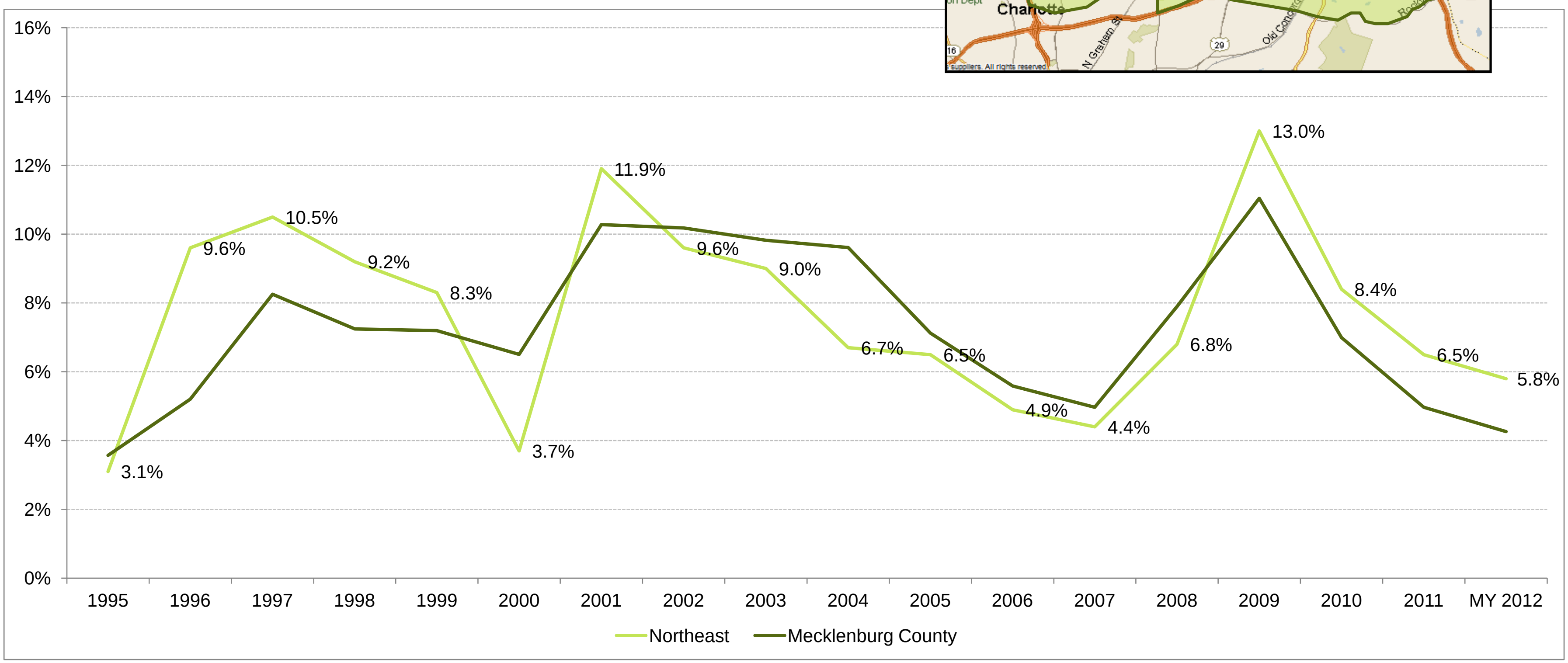


Source: Noell Consulting Group based on data obtained from the Charlotte-Mecklenburg Planning Department

Exhibit 24
Historic Apartment Vacancy, Mecklenburg County and the Harris Submarket

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

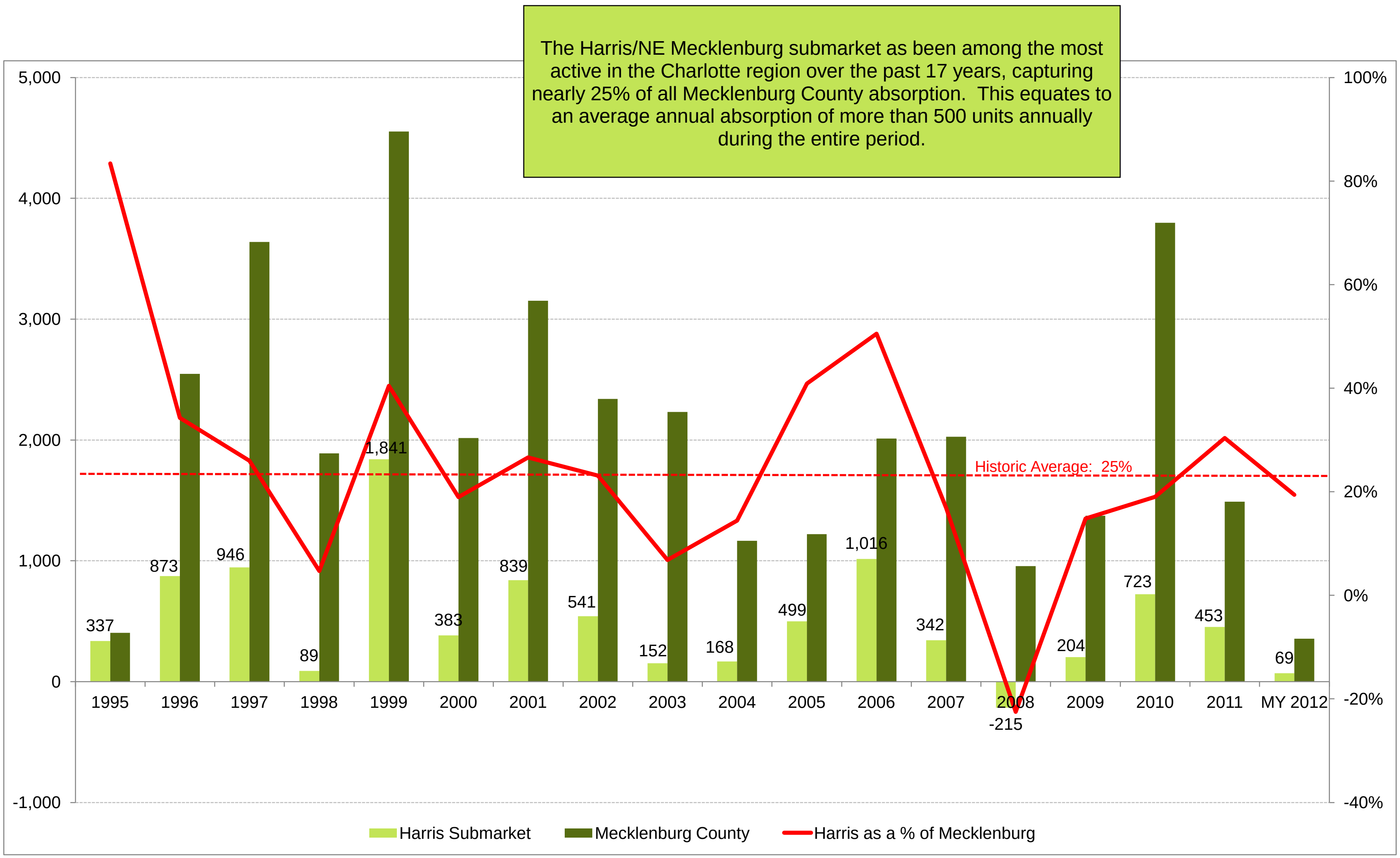




SOURCE: REIS

Exhibit 25

Historic Net Apartment Absorption, Mecklenburg County and Harris/Northeast Mecklenburg Submarket [1]

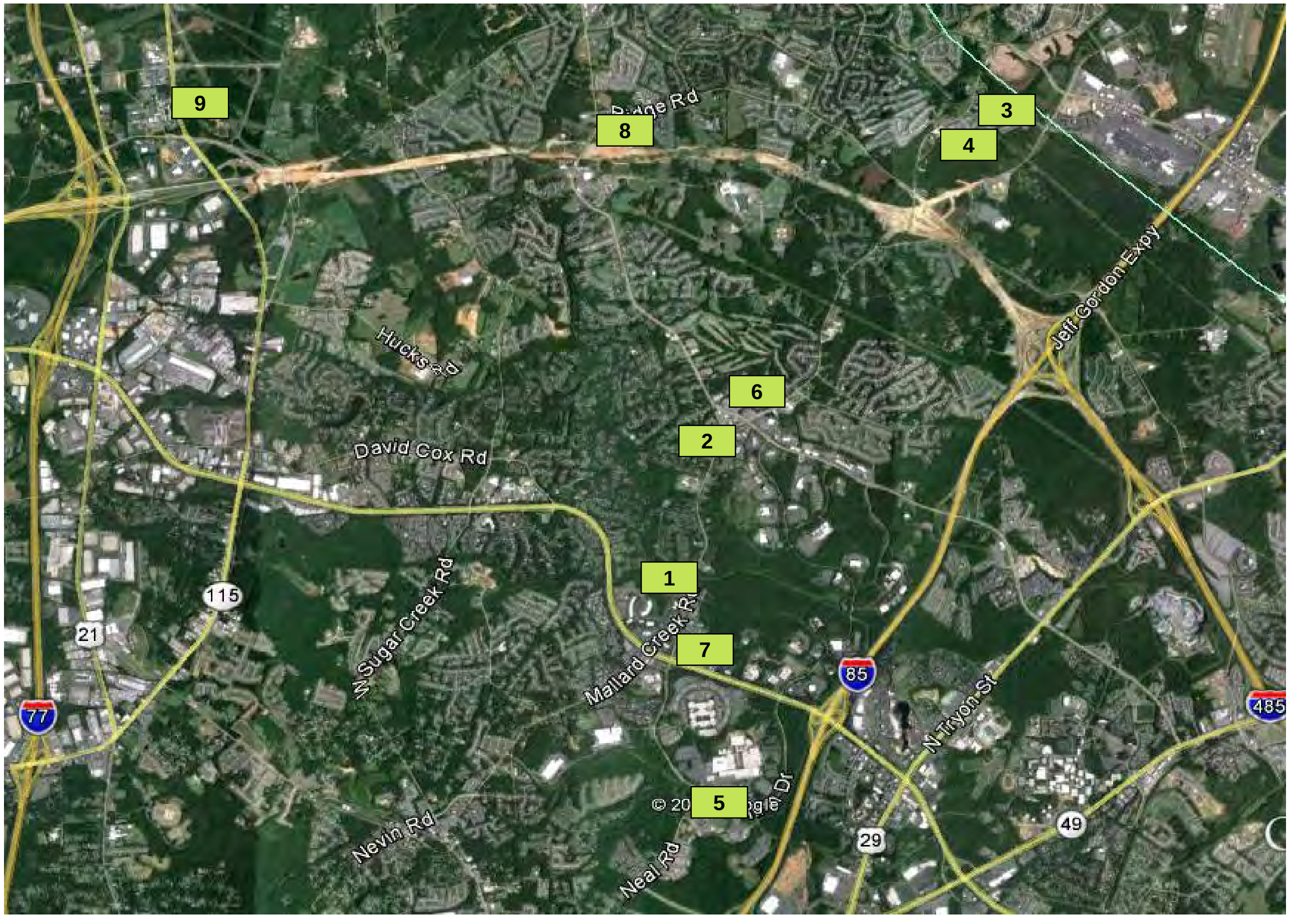


SOURCE: Noell Consulting Group based on data obtained from REIS

Exhibit 26
Historic Apartment Rental Rate Growth, Mecklenburg County and Harris/Northeast Mecklenburg Submarket

SOURCE: Noell Consulting Group based on data obtained from REIS.

Exhibit 27
Map of Apartment Communities Proximate to the Prosperity-Hucks Study Area



Apartment Communities	Units
1 Colonial Grand at Legacy Park	288
2 Colonial Grand at Mallard Creek	252
3 Mill Pond	168
4 Reserve at Stone Hollow	194
5 Windsor at the Vinoy	356
6 Tradition at Mallard Creek	360
7 Worthington	284
Planned/Under Construction	
8 Ridge at Highland Creek	340
9 Planned Bryton Apartments	285

SOURCE: Noell Consulting Group.

Exhibit 28

Summary of Key Rental Apartment Communities in the Greater Prosperity-Hucks Area

Community Name	Exterior Picture	Year Deliv.	# of Units	Unit Mix	Avail. Units	Leased	Unit Type	Unit Size Range	Avg. Size	Current Market Rent Range	Avg. Rent	$/SF Range	Avg. $/SF
Colonial Grand at Legacy Park		2001	288	42%	6	95%	1B/1b	745 - 795	775	$700 - $764	$732	$0.94 - $0.96	$0.94
				42%	6	95%	2B/2b	1,045 - 1,260	1,174	$832 - $986	$909	$0.80 - $0.78	$0.77
				17%	5	90%	2B/2b	1,526 - 1,526	1,526	$1,011 - $1,011	$1,011	$0.66 - $0.66	$0.66
				100%	**17**	**94%**		**745 - 1,526**	**1,066**	**$700 - $1,011**	**$852**	**$0.66 - $0.96**	**$0.80**
Colonial Grand @ Mallard Creek		2005	252	51%	3	98%	1B/1b	617 - 738	734	$726 - $766	$765	$1.18 - $1.04	$1.04
				41%	6	94%	2B/2b	983 - 1,286	1,057	$846 - $1,430	$907	$0.86 - $1.11	$0.86
				8%	1	95%	3B/2b	1,430 - 1,430	1,430	$1,231 - $1,261	$1,248	$0.86 - $0.88	$0.87
				100%	**10**	**96%**		**617 - 1,430**	**923**	**$726 - $1,430**	**$862**	**$0.86 - $1.11**	**$0.93**
Mill Pond		2008	168	21%	1	97%	1B/1b	650 - 650	650	$685 - $705	$695	$1.05 - $1.08	$1.07
				50%	3	96%	2B/2b	1,050 - 1,050	1,050	$705 - $805	$755	$0.67 - $0.77	$0.72
				29%	3	94%	3B/2b	1,300 - 1,300	1,300	$985 - $1,000	$993	$0.76 - $0.77	$0.76
				100%	**7**	**96%**		**650 - 1,300**	**1,036**	**$685 - $1,000**	**$810**	**$0.67 - $1.08**	**$0.78**
Reserve at Stone Hollow		2009	194	29%	4	93%	1B/1b	955 - 1,005	980	$700 - $836	$768	$0.73 - $0.83	$0.78
				58%	7	94%	2B/2b	1,106 - 1,188	1,129	$750 - $900	$838	$0.68 - $0.76	$0.74
				13%	5	81%	3B/2b	1,274 - 1,274	1,274	$999 - $999	$999	$0.78 - $0.78	$0.78
				100%	**16**	**92%**		**955 - 1,274**	**1,106**	**$700 - $999**	**$839**	**$0.68 - $0.83**	**$0.76**
Windsor at the Vinoy		2005	356	46%	6	96%	1B/1b	740 - 862	771	$755 - $1,085	$920	$1.02 - $1.26	$1.19
				48%	11	94%	2B/2b	1,026 - 1,157	1,108	$815 - $1,335	$1,075	$0.79 - $1.15	$0.97
				7%	1	96%	3B/2b	1,454 - 1,454	1,454	$1,015 - $1,415	$1,215	$0.70 - $0.97	$0.84
				100%	**18**	**95%**		**740 - 1,454**	**978**	**$755 - $1,415**	**$1,014**	**$0.70 - $1.26**	**$1.04**
Tradition at Mallard Creek		1999	360	28%	0	100%	1B/1b	712 - 806	789	$739 - $774	$769	$1.04 - $0.96	$0.97
				48%	8	95%	2B/2b	985 - 1,348	1,060	$884 - $1,090	$920	$0.90 - $0.81	$0.87
				24%	1	99%	3B/2b	1,428 - 1,533	1,481	$1,174 - $1,234	$1,204	$0.82 - $0.80	$0.81
				100%	**9**	**98%**		**712 - 1,533**	**1,084**	**$739 - $1,234**	**$945**	**$0.82 - $0.96**	**$0.87**
Worthington		2006	284	64%	0	100%	1B/1 - 2b	534 - 1,152	816	$699 - $1,200	$833	$1.31 - $1.04	$1.02
				35%	7	93%	2B/1 - 3b	879 - 1,180	1,070	$865 - $1,100	$1,082	$0.98 - $0.93	$1.01
				0%	0	100%	3B/3b	1,934 - 1,934	1,934	$1,715 - $1,715	$1,715	$0.89 - $0.89	$0.89
				299%	**7**	**99%**		**534 - 1,934**	**896**	**$699 - $1,715**	**$910**	**$0.82 - $1.04**	**$1.02**
Average, Area Projects		**2004.7**	**271.7**		**12**	**96%**		**534 - 1,934**	**1,013**	**$685 - $1,715**	**$890**	**$0.66 - $1.26**	**$0.88**

SOURCE: Noell Consulting Group

Exhibit 29

New Rental Residential Demand in Mecklenburg County, Northeast Mecklenburg, and the Prosperity-Hucks Area, 2011 - 2030

Cut Factor	2004	2005	2006	2007	2008	2009	2010	2011	Avgs, '04 - '11	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011 - 2030
Annual Job Growth, Mecklenburg County	777	14,926	23,622	23,788	1,826	(33,728)	(60)	14,411	5,695	58,785	58,686	52,068	56,513	226,052
Annual Apt Absorption, Mecklenburg County	1,166	1,220	2,012	2,026	956	1,374	3,798	1,490	1,755					
Jobs/Apt Absorption Ratio, Mecklenburg County	0.7	12.2	11.7	11.7	1.9	(24.5)	(0.0)	9.7	3.2					
Total HH Growth ('00 - '10)									84,221	40,027	35,586	33,197	30,403	139,213
Renter Propensity									39%	44%	42%	44%	46%	44%
New Renter HH Growth									33,108	17,736	15,057	14,710	14,080	61,583
Annualized									3,311	3,547	3,011	2,942	2,816	61,583
Est. Capture, Rental Apts									58%	58%	58%	58%	58%	58%
Harris/Northeast Mecklenburg Capture ('04 - 11)									22.7%	20%	20%	20%	20%	20.0%
Annual New Rental Apt Growth in the Harris/NE Mecklenburg Submarket									399	414	352	344	329	7,191
Prosperity-Hucks Study Area Capture										20%	20%	15%	10%	17%
Annual Supportable New Units, Prosperity-Hucks Study Area										83	70	52	33	1,188

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

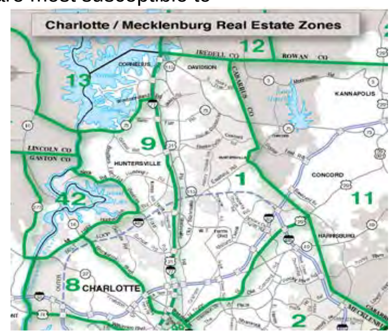
Projected household growth via population projections provided by MUMPO
Renter propensities from US Census Bureau
Captures based on historic and current trends and estimates of where those captures will trend going forward.
Estimated demand potential estimates are gross and do not net out projects planned or in the pipeline.

SOURCE: Noell Consulting Group based on data obtained from Economy.com, MUMPO, the US Census Bureau and REIS.

Exhibit 30
For-Sale Residential Product Overview

Macro Trends/Factors

- Home prices in the nation's largest markets are showing steady improvement over the past year, with 18 of 20 markets, including Charlotte, posting positive gains in prices.
- Charlotte home prices have increased by roughly 4% year-over-year and are now back to mid-year 2005 price levels--a significant improvement over the past few years.
- Economists expect housing market conditions to improve gradually in 2013 and 2014, assuming no major economic shocks, such as the upcoming potential "fiscal cliff".
- Existing home inventories have dropped significantly in the past year and are now generally in ranges considered normal to healthy, with most areas posting less than six months of existing home inventory.
- Home prices in Mecklenburg County have rebounded over the past year, increasing by 4.2% over the past year; a healthy rate of growth.
- Nationally and locally, pain in the housing market has been focused largely at the more moderate end of the spectrum, particularly in the starter market as many who cannot afford new home ownership have been able to purchase new or existing homes and have subsequently given those homes back to the bank.
- The suburbs is most metros, including Charlotte, have largely been hit harder than intown areas given many buyers "drive for value" and are most susceptible to downturns in the market. High gas prices have inflicted further pain on homeowners on the suburban fringe.



Current Regional Home Sales Statistics	Change in Price	Median Price	Mos. of Inventory
Charlotte Metro Area	4.5%	$162,000	5.1
Mecklenburg County	4.2%	$165,000	4.3
Zone 1 (North/Northeast e. of I-77)	1.3%	$149,150	4.1
Zone 2 (East Mecklenburg)	-3.1%	$95,000	4.1
Zone 9 (North/Northwest w. of I-77)	1.6%	$129,900	3.4

Northeast Mecklenburg/Study Area Trends

- Home price growth in NE Mecklenburg, inlcuding in the Prosperity-Hucks study area, has generally lagged that of the larger county, increasing by about 1.3% over the past year.
- Inventories, meanwhile, have dropped significantly over the past year, consistent with drops seen in the metro area and the county overall.
- Foreclosures, meanwhile, have remained stubbornly high, roughly 50% higher than Mecklenburg County overall, reflecting the pain still impacting more moderately-priced suburban markets.

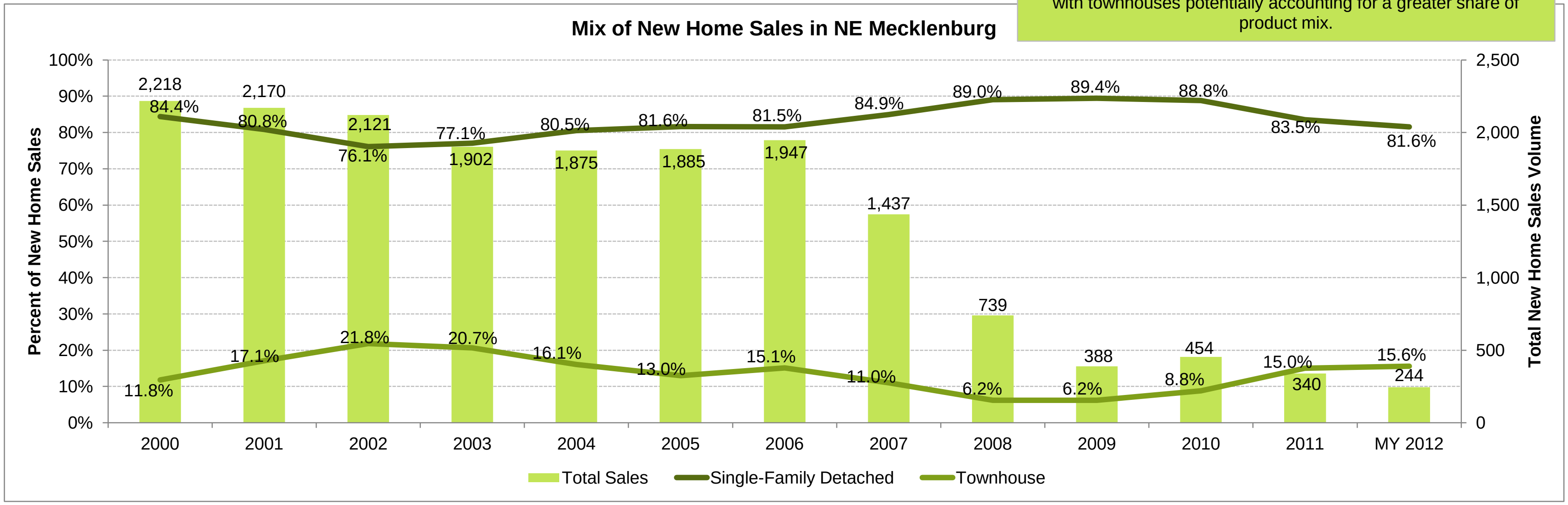
Foreclosure/RealtyTrac Statistics	October 2012	
ZIP/Area	Foreclosure Rates	Average Price
28269--Prosperity-Hucks	0.34%	$152,105
28262--University City	0.22%	$134,263
28078--Huntersville	0.17%	$238,436
Charlotte	0.24%	$201,505
Mecklenburg County	0.23%	$214,308

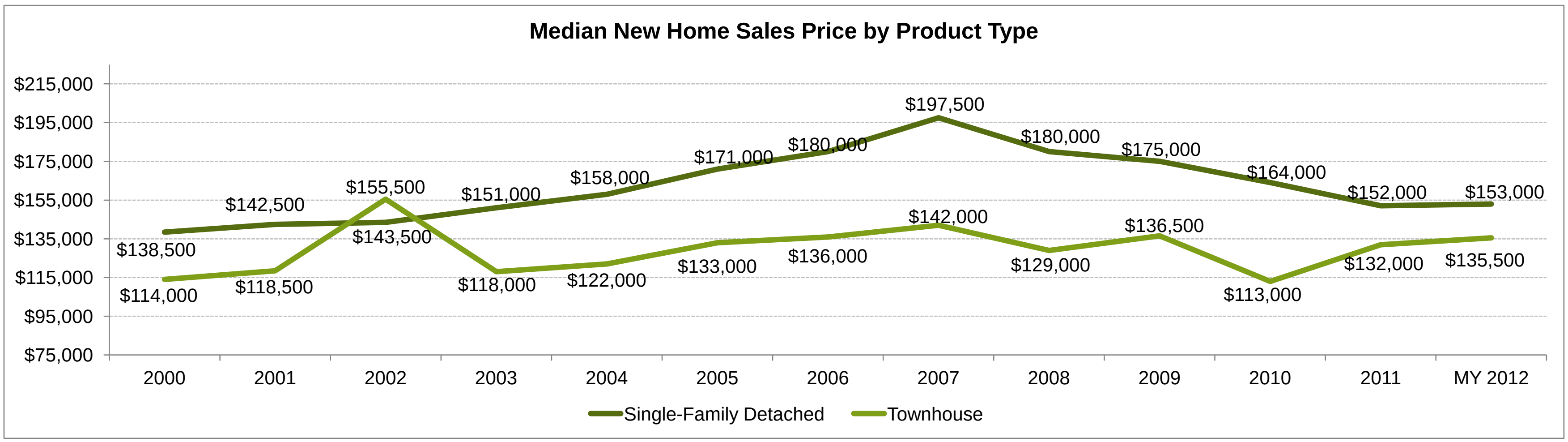
SOURCE: NCG based on data obtained from Realtytrac and Charlotte Regional Reatlor Association.

Exhibit 31
Summary of New Home Sales Trends in Northeast Mecklenburg, 2000 - MY 2012

Like the Charlotte region overall, Northeast Mecklenburg has seen a sharp drop-off in sales volumes (down 82%) and new home prices (down 20% from peak).

Over the next few years sales volumes will increase in Northeast Mecklenburg, albeit at a level below that seen in the mid 2000's, with townhouses potentially accounting for a greater share of product mix.

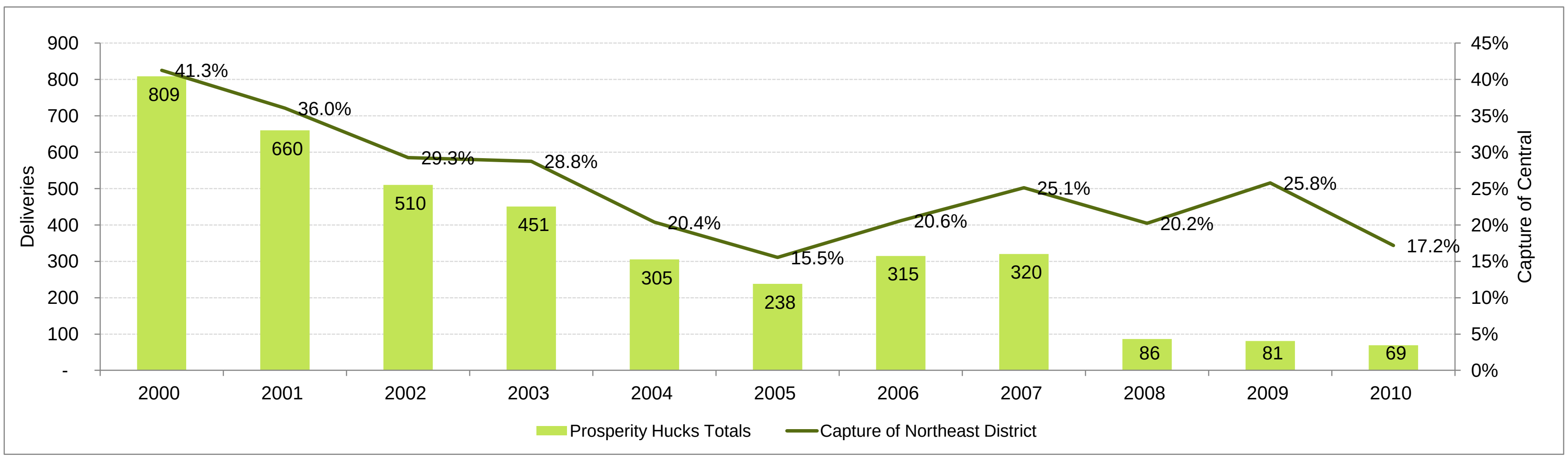




SOURCE: Noell Consulting Group based on data obtained from MORE.

Exhibit 32
Single-Family Units Delivered by Planning District and the Prosperity-Hucks Area, 2000 - 2010

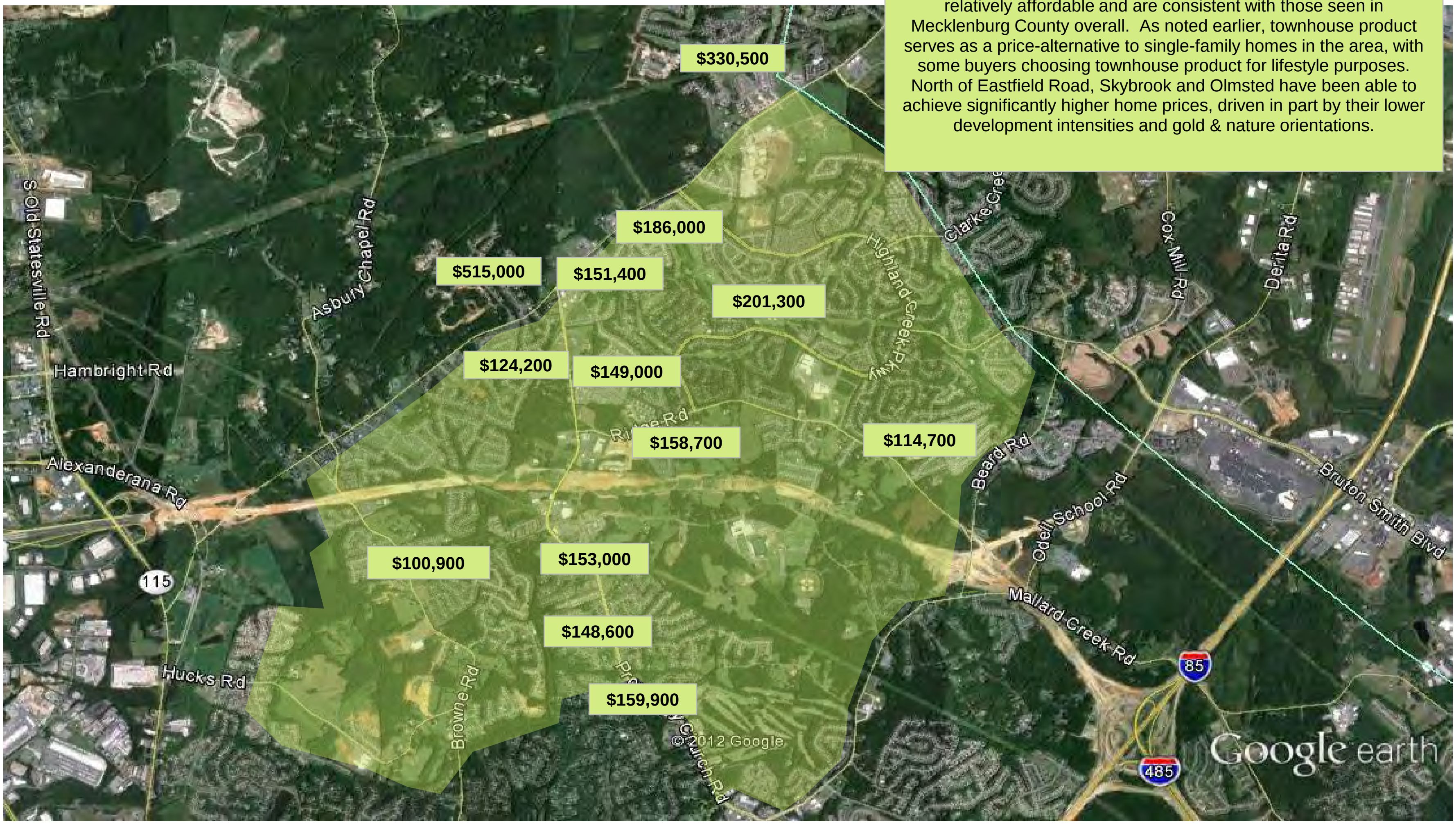
	Single-Family Units Delivered by Year											
District	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Totals**
Central District Totals	**249**	**205**	**194**	**150**	**278**	**395**	**404**	**380**	**273**	**76**	**73**	**2,528**
Central Capture	3.2%	2.7%	2.6%	2.1%	4.1%	5.5%	4.9%	6.1%	9.4%	4.9%	3.9%	4.1%
North District Totals	**1,364**	**1,251**	**1,152**	**1,349**	**1,269**	**1,368**	**1,270**	**992**	**489**	**332**	**379**	**10,504**
North Capture	17.3%	16.6%	15.2%	18.9%	18.8%	19.1%	15.3%	15.8%	16.9%	21.3%	20.2%	17.1%
Northeast District Totals	**1,960**	**1,831**	**1,743**	**1,568**	**1,497**	**1,532**	**1,530**	**1,275**	**425**	**314**	**402**	**13,361**
Northeast Capture	24.8%	24.3%	23.0%	22.0%	22.2%	21.4%	18.4%	20.3%	14.7%	20.2%	21.4%	21.7%
Prosperity Hucks Totals	**809**	**660**	**510**	**451**	**305**	**238**	**315**	**320**	**86**	**81**	**69**	**3,694**
Capture of Northeast	41.3%	36.0%	29.3%	28.8%	20.4%	15.5%	20.6%	25.1%	20.2%	25.8%	17.2%	27.6%
Northwest District Totals	**1,305**	**1,452**	**1,593**	**1,554**	**1,155**	**1,073**	**1,383**	**857**	**296**	**186**	**218**	**10,668**
Northwest Capture	16.5%	19.2%	21.0%	21.8%	17.1%	15.0%	16.7%	13.7%	10.2%	12.0%	11.6%	17.3%
South District Totals	**1,598**	**1,293**	**1,257**	**1,237**	**1,218**	**1,011**	**1,173**	**897**	**435**	**148**	**335**	**10,119**
South Capture	20.2%	17.1%	16.6%	17.4%	18.1%	14.1%	14.1%	14.3%	15.0%	9.5%	17.8%	16.5%
Southeast District Totals	**955**	**801**	**913**	**694**	**704**	**881**	**1,147**	**953**	**447**	**179**	**155**	**7,495**
Southeast Capture	12.1%	10.6%	12.1%	9.7%	10.4%	12.3%	13.8%	15.2%	15.4%	11.5%	8.3%	12.2%
Southwest District Totals	**472**	**715**	**724**	**577**	**619**	**887**	**1,388**	**918**	**532**	**321**	**315**	**6,832**
Southwest Capture	6.0%	9.5%	9.6%	8.1%	9.2%	12.4%	16.7%	14.6%	18.4%	20.6%	16.8%	11.1%
Total	**7,903**	**7,548**	**7,576**	**7,129**	**6,740**	**7,147**	**8,295**	**6,272**	**2,897**	**1,556**	**1,877**	**61,507**



Source: Noell Consulting Group based on data obtained from the Charlotte-Mecklenburg Planning Department

Exhibit 33
Map of Area Home Sales, Prosperity-Hucks Area

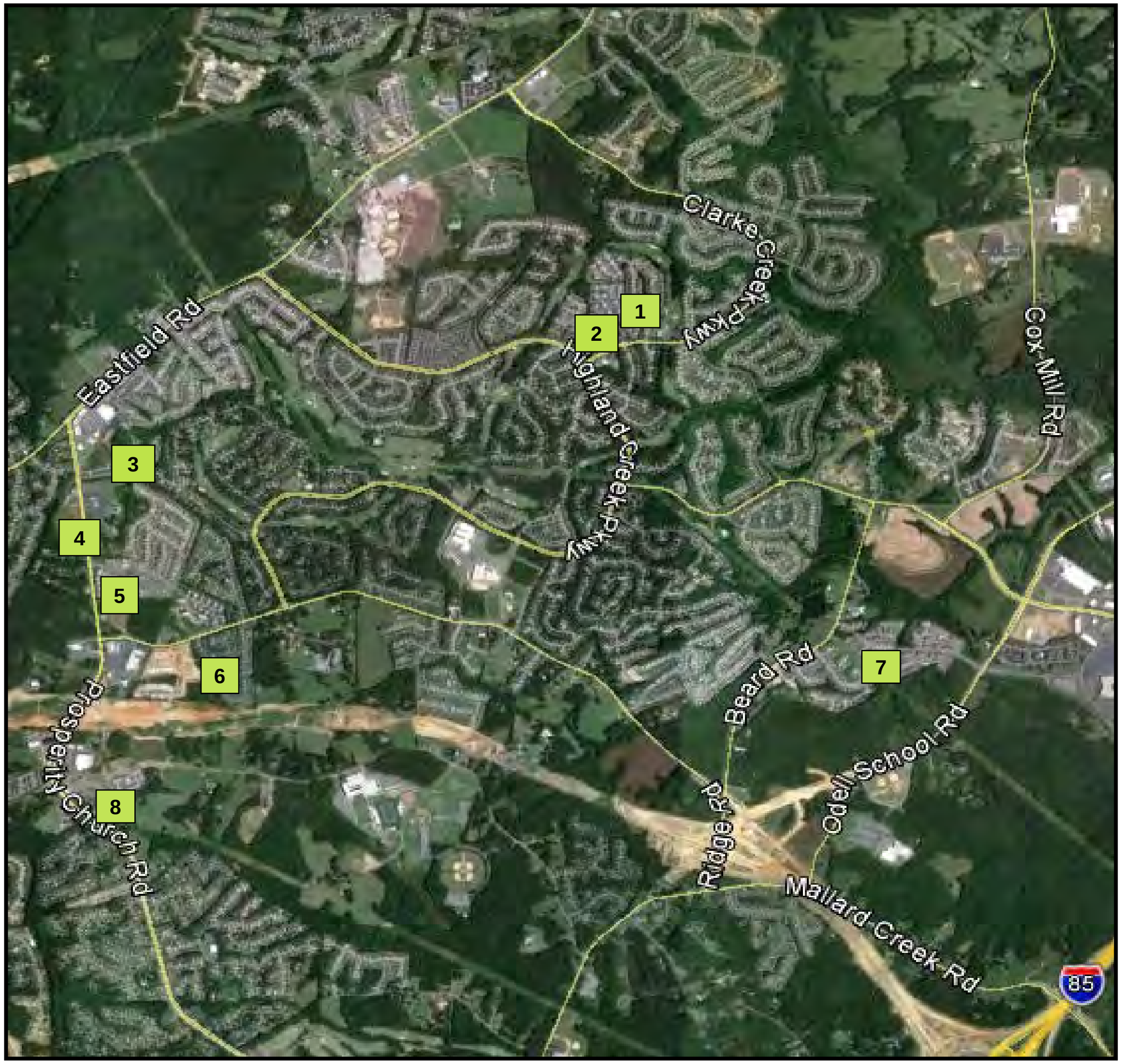
Home prices in the Prosperity-Hucks Study Area are generally relatively affordable and are consistent with those seen in Mecklenburg County overall. As noted earlier, townhouse product serves as a price-alternative to single-family homes in the area, with some buyers choosing townhouse product for lifestyle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



SOURCE: Noell Consulting Group the Charlotte Regional Realtor Association

Noell Consulting Group

Exhibit 34
Map of Active and Resale Townhouse Communities in the Prosperity-Hucks Study Area



	Community	Units	$/SF
1	Highland Creek (Crosspointe)	130	$88
2	Signature Ridge	62	$63
3	Eastfield Village	100	$100
4	The Preserve at Prosperity Church	CND	$97
5	Prosperity Ridge	131	$51
6	Prosperity Point	115	$68
7	Mill Creek Townhomes	150	$68
8	Prosperity Place	CND	$74

SOURCE: Noell Consulting Group, Google Earth

Exhibit 35
Summary of Actively-Selling and Resale Townhouse Communities

Community Name	Exterior Picture	Year Opened Sale Pace	Units Planned	Product	TH Width	Unit Type	Avg. Unit Size	Base Price Range	Avg. Price	$/SF	Comments
Highland Creek (Crosspointe)		2005 0.7 month (resale)	130 units	2 story w/ 1 car	24'	3B/2-2.5b	1630	$120,000 - $180,000	$150,000	$92	Traditional TH community with strong resale's
				2 story w/ 2 car	26'	3B/3b	1916	$144,000 - $180,000	$162,000	$85	
							1,773	$120,000 - $180,000	$156,000	$88	
Signature Ridge at Highland Creek		2008 0.7/month	100 units. (62 built)	3 flrs, 1- car gar.	20'	3B/1-3b	1891	$105,000 - $166,000	$119,750	$63	Poor timing for well executed homes. 38 lots available
							1,891	$105,000 - $166,000	$119,750	$63	
Eastfield Village		2004	100 units	2 story w/ 2 car detached garage	30'	2-3B/2.5-3b	1297	$99,500 - $147,000	$129,250	$100	All brick townhomes w/ private gated courtyards
							1,297	$99,500 - $147,000	$129,250	$100	
The Preserve at Prosperity Church		2010 CND	CND	3 stories w/ 2 car garage in rear	22'	2-4B/2.5-2.5b	1,748	$170,000 - $180,000	$175,000	$100	New homes still selling. Majority of development has not been built
					24'	2-4B/2.5b-3.5b	2,079	$190,000 - $200,000	$195,000	$94	
							1,913	$170,000 - $200,000	$185,000	$97	
Prosperity Ridge		2005 0.33/month (resale)	131 units (est.)	2 story w/ off street parking	20'	2B/1.5-2.5b	1,575	$78,000 - $99,500	$80,500	$51	Lowest $/SF in the market place. High value for entry level home buyers
							1,575	$78,000 - $99,500	$80,500	$51	
Prosperity Point		2000 .25/month (resale)	115 (est.)	2 story w/ 1 car front garage	26'	2-3B/2-3b	1,597	$87,000 - $125,000	$108,857	$68	Older townhomes with large backyards and small pool
							1,597	$87,000 - $125,000	$108,857	$68	
Mill Creek Townhomes		2002 0.33/month (resale)	150 units (est.)	2 story w/ on street parking	20'	2-3B/2-3b	1,451	$84,000 - $117,000	$98,409	$68	Larger community with green space, clubhouse, & pool
							1,451	$84,000 - $117,000	$98,409	$68	
Prosperity Place		2012 CND	CND	2 story w/ on street parking	16'	2B/2.5b	1,300	$94,900 - $94,900	$94,900	$73	Entry level community w/ 2 builders. Homes still available, construction not completed
					16'	2-3B/2.5b	1,555	$104,900 - $104,900	$104,900	$67	
					16'	2-3B/2b	1,229	$101,990 - $105,990	$103,990	$85	
							1,361	$94,900 - $105,990	$101,263	$74	
				2 story w/gar	**20'**	**3B/2.5b**	**1,607**	**$104,800 - $142,561**	**$ 122,379**	**$ 76**	

*** All resale data above reflects sales in the past 2-2.5 years

Source: Noell Consulting Group, Zillow, Charlotte-Mecklenburg County Tax Assessor

Exhibit 36

Estimated For-Sale Residential Demand in the Prosperity-Hucks Study Area, 2010 - 2030

	New For-Sale Housing Demand (Units) by Timeframe					Totals
	2006- 2010	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	2011 - 2030
Total Mecklenburg County HH Growth 15 - 75+	41,984	32,021	35,586	33,197	30,403	131,207
Owner Propensity	67%	62%	64%	62%	60%	62%
New 15 - 75+ Owner HH Growth	28,129	19,853	22,650	20,582	18,096	81,182
% Choose Attached	28%	24%	27%	28%	29%	27%
New Mecklenburg County Attached Homes	7,953	4,765	6,116	5,763	5,248	21,891
% Choose Detached	72%	76%	73%	72%	71%	73%
New Mecklenburg County Detached Homes	20,176	15,088	16,535	14,819	12,848	59,290
Northeast Mecklenburg Area Capture						
Attached Homes (TH & Condo)	9.2%	8.0%	9%	10%	10%	9%
New NE Meckleburg Attached Homes	732	381	550	576	525	2,033
Single-Family Detached Homes	19.2%	20%	20%	18%	18%	19%
New NE Mecklenburg Single-Family Det. Homes	3,873	3,018	3,307	2,667	2,313	11,305
Prosperity-Hucks Study Area Capture						
Attached Homes	33%	33%	33%	30%	25%	30%
New Prosperity-Hucks Study Area Attached Homes	242	126	182	173	131	612
Detached Homes	22%	24%	24%	18%	14%	21%
New Prosperity-Hucks Study Area Detached Homes	852	724	794	480	324	2,322

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

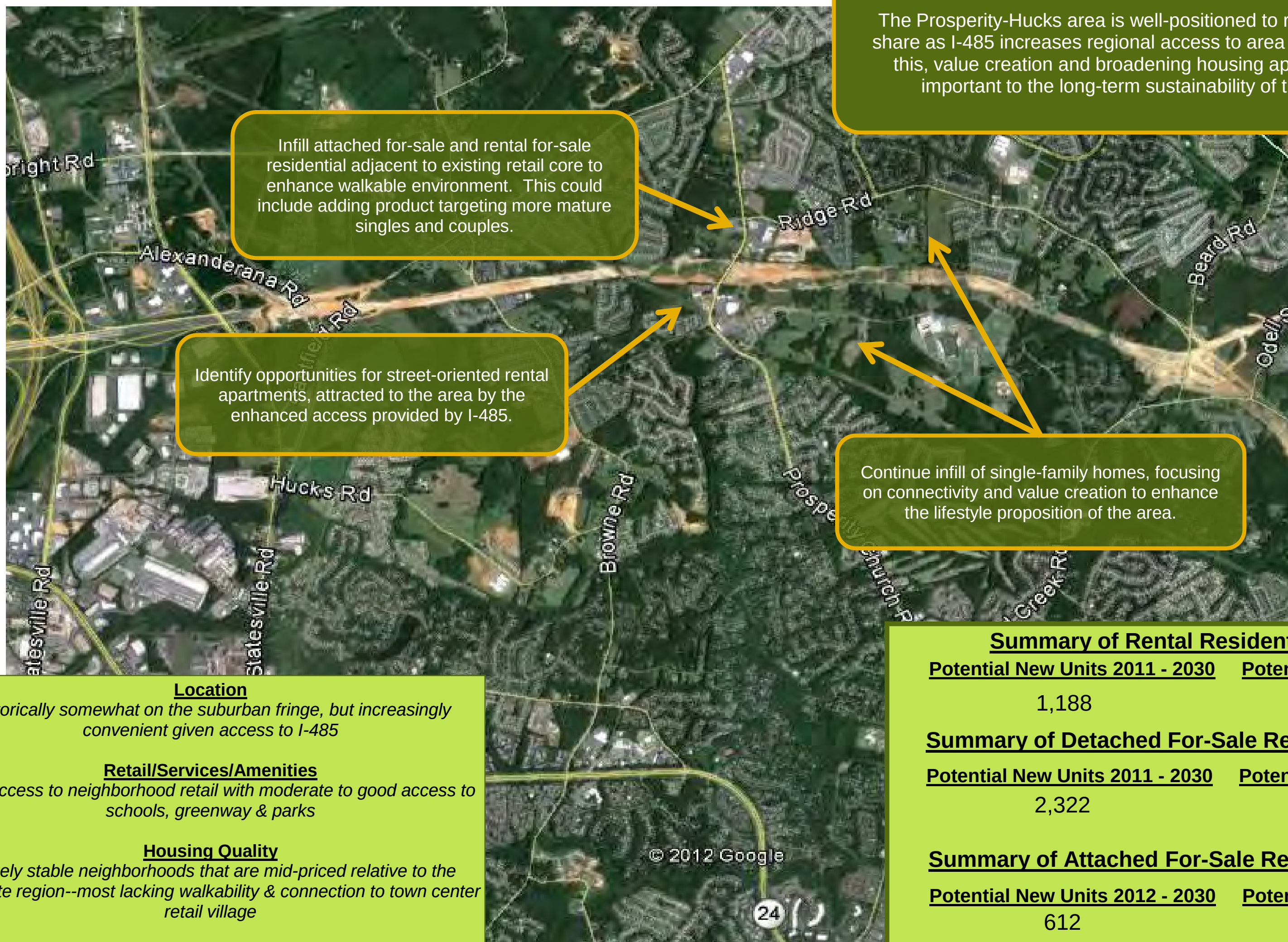



NOTE: Demand estimates are gross and do not net out planned projects or those in the pipeline.
Source: Noell Consulting Group based on data obtained from MORE, the Charlotte-Mecklenburg Planning Department and the US Census Bureau.

Exhibit 37

Opportunities for Infill For-Sale and Rental Residential in the Prosperity-Hucks Study Area

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



Infill attached for-sale and rental for-sale residential adjacent to existing retail core to enhance walkable environment. This could include adding product targeting more mature singles and couples.

Identify opportunities for street-oriented rental apartments, attracted to the area by the enhanced access provided by I-485.

Continue infill of single-family homes, focusing on connectivity and value creation to enhance the lifestyle proposition of the area.

Location
Historically somewhat on the suburban fringe, but increasingly convenient given access to I-485

Retail/Services/Amenities
Solid access to neighborhood retail with moderate to good access to schools, greenway & parks

Housing Quality
Largely stable neighborhoods that are mid-priced relative to the Charlotte region--most lacking walkability & connection to town center retail village

Land Supply
Fairly strong for infilling single-family, townhouse, and rental

Summary of Rental Residential Demand

Potential New Units 2011 - 2030	Potential Acres 2012-2030
1,188	46

Summary of Detached For-Sale Residential Demand

Potential New Units 2011 - 2030	Potential Acres 2011-2030
2,322	513.5

Summary of Attached For-Sale Residential Demand

Potential New Units 2012 - 2030	Potential Acres 2012-2030
612	40.8

NOTE: Acreage estimates are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres

Exhibit 38

Prosperity-Hucks Summary of Demand By Land Use, 2011 - 2030

Retail Square Feet Demanded by Timeframe	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total New Supportable Retail SF (incl. current undersupply)	464,275	41,634	-74,572	12,991	444,329
Average Retail FAR	0.25	0.25	0.30	0.30	0.24
Estimated New Retail Acreage Demanded	42.6	3.8	-5.7	1.0	41.7

* Note: 2011 - 2015 retail demand includes existing pent-up demand in the market.

Office Square Feet Demanded by Timeframe	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total New Supportable Office SF (inc. current undersupply)	65,412	9,321	10,649	12,166	97,547
Average Office FAR	0.25	0.25	0.25	0.25	0.25
Estimated New Office Acreage Demanded	6.0	0.9	1.0	1.1	9.0

* Note: 2011 - 2015 office demand includes existing pent-up demand in the market.

Rental Residential Units Demanded by Timeframe	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total New Rental Residential Units	414	352	258	164	1,188
Average Units/Acre	24	24	30	30	26
Estimated New Rental Residential Acreage Demanded	17.3	14.7	8.6	5.5	46.0

For-Sale Detached Unit Residential Demanded by Timeframe	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total New For-Sale Detached Residential Units	724	794	480	324	2,322
Average Units/Acre	4.0	4.0	6.0	6.0	4.5
Est. New For-Sale Detached Res. Acreage Demanded	181.1	198.4	80.0	54.0	513.5

For-Sale Attached Residential Units Demanded by Timeframe	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total New For-Sale Attached Residential Units	126	182	173	131	612
Average Units/Acre	15	15	15	15	15
Estimated New For-Sale Detached Residential Acreage Demar	8.4	12.1	11.5	8.7	40.8

	2011 - 2015	2016 -2020	2021 - 2025	2026 - 2030	Totals 2011-2030
Total Acreage All Land Uses:	255.3	229.9	95.4	70.3	650.9
Average Annual:	51.1	46.0	19.1	14.1	32.5

NOTE: Acreage estimates for all land uses are gross and could include intensification of existing land uses in the market and thus are not necessarily net new acres needed. Demand estimates should be considered gross and do not net out projects planned or in the pipeline.