



# WARREN & ASSOCIATES

## REAL ESTATE MARKET STRATEGIES

### MEMORANDUM

TO: Donal Simpson  
HNTB – Charlotte

FROM: Frank Warren, Kevin Hall  
Warren & Associates, LLC

DATE: May 31, 2006

RE: US-601/US-29 Small Area Plan Phase I Findings and Conclusions

Per the Scope of Services outlined in the executed contract with HNTB dated April 17, 2006, Warren & Associates has prepared this Phase I memorandum describing market research and development opportunities of the US-601/US-29 Small Area Plan in Concord, North Carolina.

## **I. Planning Area Description**

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The boundaries for the US-601/US-29 Small Area Plan (Planning Area) generally follow tax parcel lines. From the intersection of US-601 and Cabarrus Avenue, the Planning Area extends approximately three quarters of a mile to the west along US-29, one-half of a mile to the east along Cabarrus Avenue, about one-quarter of a mile to the south and one-half mile to the north along US-601.

### **A. Land Use**

There are a total of approximately 545 acres within the Planning Area. About 400 acres are currently developed, which is defined as improved with at least one structure. Much of the developed acreage consists of the Brown and Norcott mills on Cabarrus Avenue, the Village and Triangle shopping centers at US-601 and US-29, the First Assembly of God on US-601 and the S&D Coffee plant on US-29.

#### **US-601/US-29 Planning Area, 2006**

Category	Percent	
	Acres	of Total
Developed	400.5	73.5%
Vacant	131.0	24.0%
Cemetery	13.5	2.5%
<b>Total</b>	<b>545.0</b>	<b>100.0%</b>

Source: City of Concord, Warren & Assoc.

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Based on Cabarrus County tax records, an estimated 131 acres within the Planning Area are vacant. There are a few large vacant parcels located in the northwestern portion of the Planning Area between Rock Hill Church Road and US-601. Most of the remaining vacant land is dispersed throughout the Planning Area on relatively small parcels, some of which could be assembled for development.

Because of topographic and floodplain constraints, approximately 15 of the vacant county-owned acres and 20 of the vacant acres behind The Village shopping center were removed from the potential development capacity. Based on input from the City of Concord, the S&D Coffee plant and First Assembly of God sanctuary/recreation fields have also been excluded from the redevelopable land inventory, in addition to the 13.5-acre cemetery on the south side of Cabarrus Avenue.

**US-601/US-29 Planning Area  
Undevelopable Acres, 2006-2025**

Parcel Category	Percent	
	Acres	of Total
Slope/Floodplain	35.0	35.5%
First Assembly of God	32.0	32.5%
S&D Coffee	18.0	18.3%
Cemetery	13.5	13.7%
<b>Total</b>	<b>98.5</b>	<b>100.0%</b>

Source: City of Concord, Warren & Assoc.

Based on the 98.5 acres of “undevelopable” land, there are a total of 446.5 acres that could accommodate new uses by 2025. Approximately 350 acres are contained in parcels have existing structures, while 96 acres are currently vacant.

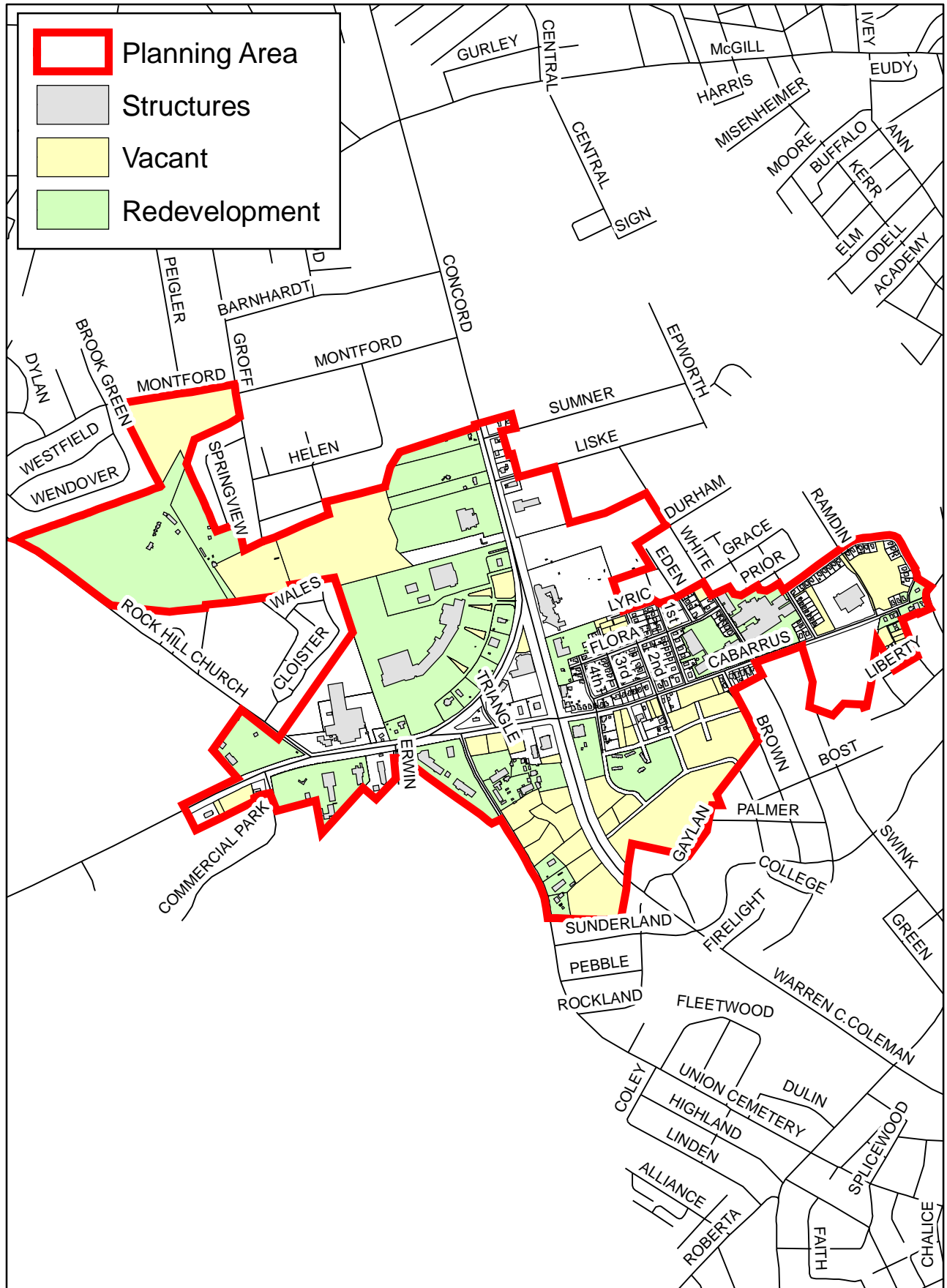
**US-601/US-29 Planning Area  
Developable Acres, 2006-2025**

Parcel Category	Percent	
	Acres	of Total
Redevelopment	350.5	78%
Vacant	96.0	22%
<b>Total</b>	<b>446.5</b>	<b>100%</b>

Source: City of Concord, Warren & Assoc.

An estimated 70 of the 446.5 total redevelopment/vacant acres, or 15.7%, are owned by Cabarrus County or the City of Concord. Although this land includes a number of smaller parcels, ranging from 0.15 to 10 acres, much of it is contiguous and could be assembled. Another key property owner within the Planning Area is the First Assembly of God, which owns The Village shopping center located on 41 acres along the west side of US-601/US-29.

# Vacant and Redevelopment Property, US-601/US-29 Planning Area

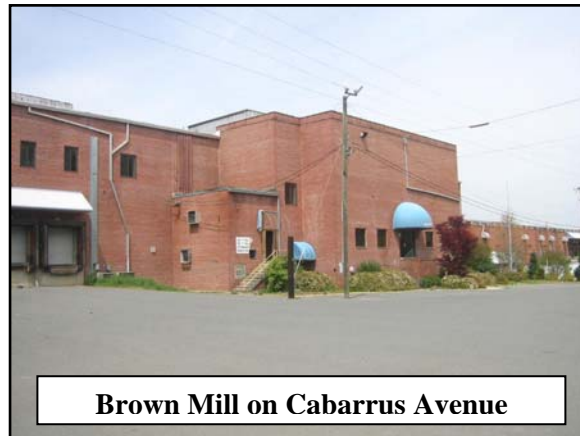


**Vacant/Redevelopment Parcels**  
**US-601/US-29 Planning Area, April 2006**

Owner	% Of		
	Parcels	Acres	Total Acres
Thomas Grady	2	56	16.7%
Cabarrus County	26	56	16.7%
First Assembly of God	7	41	12.2%
Troutman Investments	2	31	9.2%
DPM of the Carolinas	2	17	5.1%
City of Concord	10	14	4.2%
Dennis Yates/Danny Bost	1	11	3.4%
Other	49	110	32.6%
<b>Total</b>	<b>95</b>	<b>336</b>	<b>83.3%</b>

Source: City of Concord, Warren & Associates

The Brown and Norcott mills are located on two parcels totaling 17.2 acres on the north side of Cabarrus Avenue east and west of White Street. These properties are owned by DPM of the Carolinas. These buildings, some of which are historic, anchor the portion of Cabarrus Avenue that is being improved from a four-lane highway to a two-lane, pedestrian-oriented urban corridor with a center landscaped median, sidewalks and decorative street lighting.

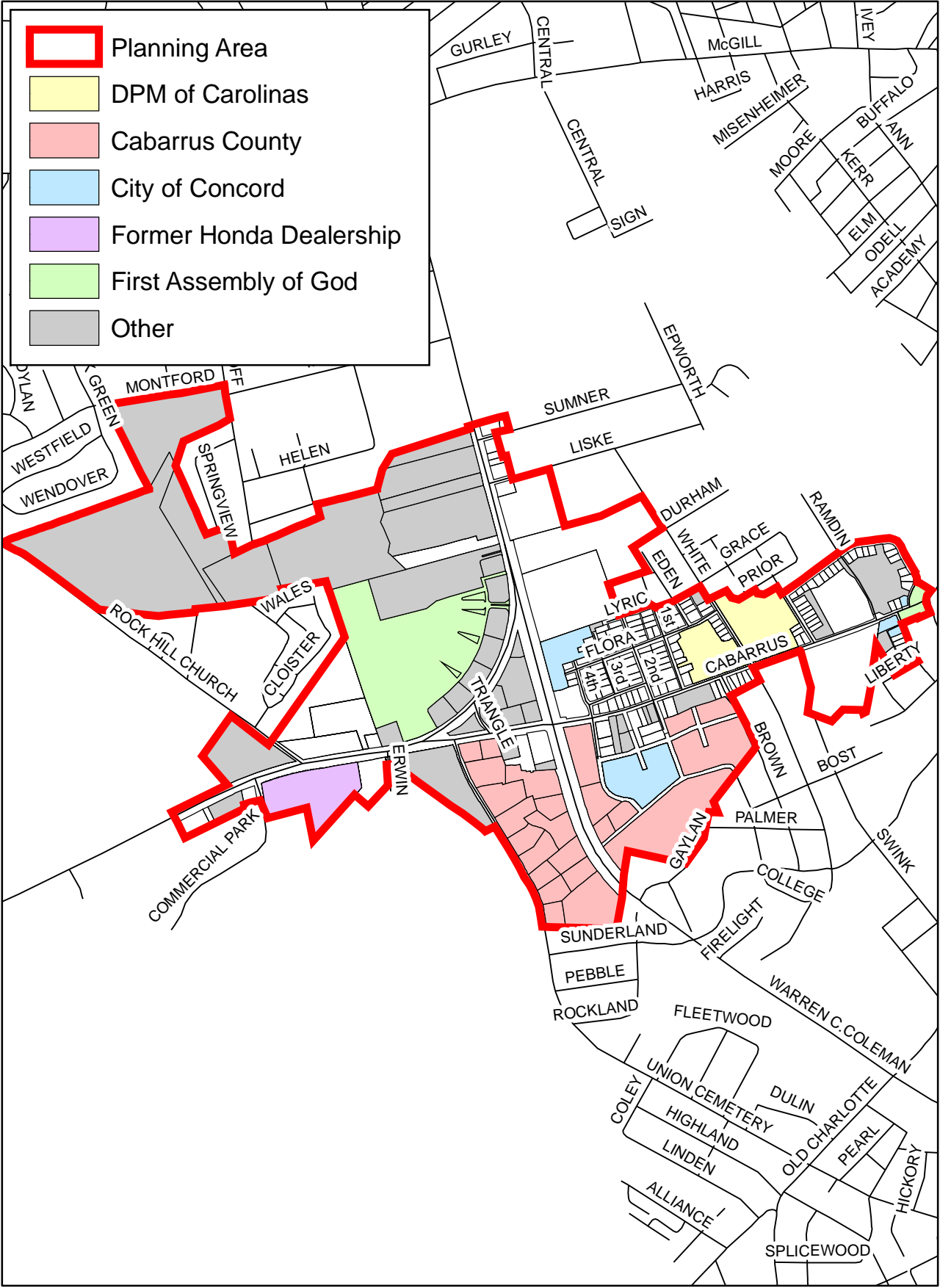


These two mills represent the most significant short-term redevelopment opportunities in the Planning Area. They are currently being used by a mix of light manufacturing and distribution tenants seeking inexpensive centrally located space with abundant dock doors. Clear ceiling heights of 12 to 16 feet are generally lower than the 24-foot minimum in most new industrial construction. The mill buildings have been exceptionally maintained.

### **1. Residential Uses**

A total of 188 residential units are located within the Planning Area, with 165 being single family detached dwellings. Most of these houses are located in the northeast quadrant of the US-601/Cabarrus Avenue intersection between 1<sup>st</sup> and 4<sup>th</sup> streets in the vicinity of the Brown and Norcott mills. A 22-unit public housing complex is located in the southeast quadrant of the US-601/Cabarrus intersection behind the Cabarrus County Cooperative Extension Building.

# Vacant and Redevelopment Property Ownership, US-601/US-29 Planning Area



**Residential Inventory,  
US-601/US-29 Planning Area, April 2006**

Type	Units	Percent of Total
Single Family	166	88.3%
Townhouses	0	0.0%
Condominiums	0	0.0%
Apartments	22	11.7%
<b>Total</b>	<b>188</b>	<b>100.0%</b>

Source: City of Concord, Warren & Associates

## 2. Commercial Uses

Commercial uses characterize the US-601/US-29 intersection. A total of nearly 1.4 million square feet of commercial space is located within the Planning Area. The retail inventory of 672,855 square feet is predominantly located within the Village and Triangle shopping centers anchored by Food Lion and Big Lots supermarkets. Outparcels occupied by restaurants, banks and auto-related business represent the bulk of the remaining inventory, focused in front of the Village and Triangle centers on US-29.

**Commercial Inventory,  
US-601/US-29 Planning Area, April 2006**

Type	Square Feet	Estimated Vacant Square Feet	Estimated Vacancy Rate
Retail	672,855	48,000	7.1%
Office	36,780	0	0.0%
Industrial	647,600	151,800	23.4%
<b>Total</b>	<b>1,357,235</b>	<b>199,800</b>	<b>14.7%</b>

Source: City of Concord, Warren & Associates

The 36,780 square feet of office space is located in two buildings; a two-story, multi-tenant structure on Cabarrus Avenue across from the Triangle Shopping Center and a single tenant facility at Cabarrus Avenue and 2<sup>nd</sup> Street. All office space is occupied.

The Brown and Norcott mills at Cabarrus Avenue and White Street and the S&D Coffee plant at US-29 and Rock Hill Church Road are the major industrial facilities within the Planning Area. Combined, they comprise nearly 600,000 square feet. The 151,800 square feet of vacancy is concentrated in the Brown and Norcott mills, which have been converted to multi-tenant manufacturing and distribution uses.

## **B. Transportation**

### **1. Access & Visibility**

Numerous curb cuts, traffic signals and business signs limit visibility and mobility in the western portion of the Planning Area along US-29 and US-601. This is particularly true for the Triangle Shopping Center, which is bounded by the intersections of US-29/US-601, US-29/Cabarrus Avenue, and US-601/Cabarrus Avenue. Safe and efficient access management is crucial to the long-term commercial viability of the area.

I-85, US-29, NC-49, NC-73, and NC-24/27 provide major direct links from Cabarrus County to Mecklenburg County in an east-west or northeast-southwest direction. All of these roads except NC-73 have interchanges with I-485 immediately inside Mecklenburg County.

Highways traversing Cabarrus County in a north-south (or northwest-southeast) direction are more limited. The primary north-south link through Cabarrus County is US-601, which makes the US-29 intersection and the western portion of the Planning Area well-positioned for commercial uses.

### **2. Traffic Volume**

Between 1999 and 2004, traffic volumes increased on all major roadways in the Planning Area, except for US-601 south of Cabarrus Avenue. Most notably, traffic on US-29 west of Cabarrus Avenue grew nearly 40% during the five-year period, reaching a total of 43,000 vehicles per day in 2004. This was attributable mostly to the completion of the Wal-Mart Supercenter.

**Traffic Volumes**  
**US-601/US-29 Planning Area, 1999 & 2004**

Location	Traffic Volume		Change, 99-04	
	1999	2004	Number	Percent
US-29 between Rock Hill Church Road and Cabarrus Avenue	31,000	43,000	12,000	38.7%
US-29 between Cabarrus Avenue and US-601	16,000	20,000	4,000	25.0%
US-601 between Cabarrus Avenue and Poplar Tent Road	36,000	39,000	3,000	8.3%
Cabarrus Avenue between US-601 and Pharr Drive	9,000	12,000	3,000	33.3%
US-601 between Cabarrus Avenue and Roberta Road	20,000	17,000	(3,000)	-15.0%

Source: North Carolina Department of Transportation

### **3. Transportation Improvements**

The one major transportation improvement underway in the Planning Area is the Cabarrus Avenue redesign from Warren C. Coleman Blvd. (US-601) to Old Charlotte Road. As the direct connection between US-29 and downtown Concord, this road is being narrowed from four to two through lanes with a landscaped median, dedicated turn lanes, bike lanes and sidewalks. A roundabout will replace the intersection of Cabarrus Avenue and Old Charlotte Road. All utility lines have also been buried.

These improvements should reduce vehicular speeds, increase pedestrian activity, and accelerate the development/redevelopment potential along Cabarrus Avenue. Parking lots that currently front Cabarrus Avenue in some locations could be replaced by retail, office and mixed-use buildings.

### **C. Major Real Estate Developments/Business Relocations**

There are no real estate projects or business expansions under construction or announced within the Planning Area, but investors are seeking opportunities, including the following:

- A portion of the Brown Mill at Cabarrus Avenue and White Street has been demolished, with long-term mixed-use potential.
- The former Cabarrus County Fairgrounds is located on approximately 21 acres at Cabarrus Avenue and Union Cemetery Road. This predominantly vacant site is across US-601 from approximately 32 acres of additional vacant County-owned land.
- The Norcott Mill, adjacent to the Brown Mill, has even more historic character and conversion potential.
- Two vacant parcels on Ramdin Court north of Cabarrus Avenue are being actively being marketed for build-to-suit industrial uses.
- The former Hendrick Honda dealership property was recently purchased. Current zoning allows for a mixed-use project, and a preliminary plan for the 11-acre site shows a mix of retail and office in multi-story buildings.

## **II. Residential Real Estate Market**

### **A. Trends**

Single family detached housing commanded 91.4% of all Cabarrus County “new home” closings during the last four years. A total of 6,318 single family houses were sold during the period, compared to 461 townhouses (6.7%) and 135 condominiums (2%). Total residential closings increased 75.8% from 1,340 units in 2002 to 2,356 units in 2005.

#### **Residential Market Trends, Cabarrus County, 2002-2005**

Year	New Closings			Total
	Single Family	Townhouse	Condominium	
2002	1,228	108	4	1,340
2003	1,239	139	37	1,415
2004	1,648	107	48	1,803
2005	2,203	107	46	2,356
<b>Total</b>	<b>6,318</b>	<b>461</b>	<b>135</b>	<b>6,914</b>
<b>% of Total</b>	<b>91.4%</b>	<b>6.7%</b>	<b>2.0%</b>	<b>100.0%</b>

Note: Annual data is from March to March

Source: M.O.R.E., Warren & Associates



## 1. Single Family

Annual new single family closings within Cabarrus County almost doubled during the last four years. According to Market Opportunity Research Enterprises (M.O.R.E.), there were a total of 2,203 new detached closings in 2005, a 79.3% increase from 1,228 closings in 2002. Cabarrus County's average sales price for new single family residences has also been increasing. In 2005, new homes averaged \$213,710, a 21.7% increase from \$175,627 in 2002. The average price per square foot in 2005 was \$84.90.

### **New Single Family Market Trends, Cabarrus County, 2002-2005**

Year	Closings	Average Sales Price	Average Price Per Sq. Foot
2002	1,228	\$ 175,627	\$85.60
2003	1,239	\$ 191,412	\$87.10
2004	1,648	\$ 204,484	\$87.00
2005	2,203	\$ 213,710	\$84.90

Note: Annual data is from March to March

Source: M.O.R.E., Warren & Associates

## 2. Townhouses

During the last four years, annual new townhouse closings in Cabarrus County were fairly consistent, ranging from 107 units in 2004 and 2005 to 139 units in 2003. The average sales price for new townhouses increased from \$121,574 to \$138,710. The average townhouse sold for 65% of the average new detached house in 2005, reflecting its position as a lower-price alternative for first-time buyers. Most of the price differential resulted from smaller townhouse units, however, with the average price per square foot in 2005 of \$85.60 comparable to \$84.90 for single family detached units. There is a limited supply of larger lifestyle attached units with higher price points in the Cabarrus County market.

### **New Townhouse Market Trends, Cabarrus County, 2002-2005**

Year	Closings	Average Sales Price	Average Price Per Sq. Ft.
2002	108	\$ 121,574	\$78.10
2003	139	\$ 126,338	\$84.20
2004	107	\$ 128,551	\$88.70
2005	107	\$ 138,710	\$85.60

Note: Annual data is from March to March

Source: M.O.R.E., Warren & Associates

### 3. Condominiums

Condominiums have historically represented a minor component of the Cabarrus County housing market, commanding only 2.0% of all closings between 2002 and 2005. However, there were a total of 94 closings in 2004 and 2005. Sales should continue to increase as the Cabarrus County housing stock becomes more diverse and urban activity centers emerge.

#### **New Condominium Market Trends, Cabarrus County, 2002-2005**

Year	Closings	Average	
		Average Sales Price	Price Per Sq. Ft.
2002	4	\$114,625	\$96.30
2003	37	\$93,973	\$87.60
2004	48	\$100,312	N/A
2005	46	\$150,434	N/A

Note: Annual data is from March to March

Source: M.O.R.E., Warren & Associates

Condominium prices increased by a significant 31% over the last four years, exceeding 22% for single family and 14% for townhouses. However, it is important to note that condominium pricing is product-driven in an emerging attached market such as Cabarrus County. Typically, one development is being marketed at any given time, which can skew the average annual price depending on the type of product and location.

It should be noted that the \$150,434 average sales price in 2005 included the sale of a \$455,000 condominium at Lowe's Motor Speedway. Omitting this unit, the average price would fall to \$143,666. While the Cabarrus County market is beginning to accept attached for-sale product at higher prices, demand remains at low levels compared to neighboring Mecklenburg County.

### 4. Apartments

In response to excessively high vacancy rates and substantial manufacturing job losses, there was minimal apartment construction in Cabarrus County over the last four years. Only 82 units were completed, all in 2002.

#### **Apartment Market Trends, Cabarrus County, 2002-2005**

Year	Completions	Net	
		Completion	Vacancy Rate
2002	82	108	12.9%
2003	0	138	9.8%
2004	0	51	7.9%
2005	0	60	6.5%

Note: Annual data is from February to February

Source: Real Data, Warren & Associates

Given the absence of apartment construction, the vacancy rate steadily improved from 12.9% in February 2003 to 6.5% in February 2006. Any vacancy rate below 7.0% in a growing market like Cabarrus County is generally indicative of development opportunity.

## **B. Development Activity**

### **1. Under Construction**

Based on projects with at least 350 planned units, six communities are currently under construction in Cabarrus County. Of the 4,035 total units, 30% are located in Highland Creek adjacent to Mecklenburg County. Almost all of the units are single family detached (99.6%). Laurel Park is the only development within the municipal boundary of Concord, containing 689 units on George Liles Boulevard.

**Major Residential Projects Under Construction  
Cabarrus County and Municipalities, April 2006**

Name	Location	Jurisdiction	Single Family	Multi-Family	Total Units
Highland Creek	Christenbury Rd.	Cabarrus Co.	1,200		1,200
Winding Walk	Harris Rd.	Cabarrus Co.	400		400
Laurel Park	George Liles Blvd.	Concord	689		689
Abbingtion	Rocky River Rd.	Harrisburg	395		395
Kellswater Bridge	Kannapolis Pkwy.	Kannapolis	464	16	480
Riverpointe	Shiloh Church Rd.	Kannapolis	871		871
<b>Total</b>			<b>4,019</b>	<b>16</b>	<b>4,035</b>

Note: Only projects totaling 350 units or more are included.

Source: Cabarrus County, Kannapolis, Warren & Associates

### **2. Proposed**

Another five projects with 3,154 units have been approved in Cabarrus County, based on the 350-unit minimum threshold. Most of these units (73.4%) are located in Concord, concentrated at Moss Creek at Harris Road and NC-73 with a total of 1,400 single and multi-family units proposed.

**Major Proposed Residential Projects,  
Cabarrus County and Municipalities, April 2006**

Name	Location	Jurisdiction	Single Family	Multi Family	Total Units
Moss Creek	Harris Rd./NC-73	Concord	N/A	N/A	1,400
Christenbury Farms	Derita Rd.	Concord	485	0	485
Hallstead	Zion Church Rd. East	Cabarrus Co.	475	0	475
Laureldale	Poplar Tent Rd.	Concord	431	0	431
Cedarville Farm	Pioneer Mill Rd.	Cabarrus Co.	363	0	363
<b>Total:</b>			<b>1,754</b>	<b>0</b>	<b>3,154</b>

Note: Only projects totaling 350 units or more are included. Excludes Preserve at Greyson.

Source: Cabarrus County, Kannapolis, Warren & Associates

The proposed inventory excludes Preserve at Greyson, which was originally approved for 1,912 dwelling units between US-29 and NC-49 in Harrisburg. Two golf courses were also part of the plan, along with a significant commercial component. This project is now in receivership and is being sold in smaller parcels to individual developers and homebuilders. One golf course is 70% completed. It is likely that a substantial number of housing units will be constructed on the property, but marketed as separate communities.

The 11 residential projects either under construction or proposed could eventually add 7,189 units to the Cabarrus County market. Depending on the mix at Moss Creek, single family development will comprise at least 90% of the new inventory, comparable to the 91% capture rate of closings over the last four years.

### **III. Commercial Real Estate Market**

#### **A. Trends**

##### **1. Retail**

Retailers have been actively pursuing the rapid increase in rooftops in Cabarrus County over the last four years. Annual shopping center completions ranged from 110,000 square feet in 2004 to 575,000 square feet in 2002. Between 2002 and 2004, absorption of retail space outpaced retail completions, lowering the vacancy rate from 6.4% to 3.5%. In 2005, the vacancy rate increased slightly to 4.9%.

**Retail Market Trends,  
Cabarrus County, 2002-2005**

Year	Net		Vacancy
	Completions	Absorption	Rate
2002	134,338	264,053	6.4%
2003	575,000	588,880	5.4%
2004	110,439	215,711	3.5%
2005	294,612	200,790	4.9%

Source: Karnes Research Company, Warren & Associates

##### **2. Office**

Based on data from the Charlotte Business Journal, additions to the Cabarrus County multi-tenant office inventory between September 2003 and February 2006 totaled 222,416 square feet. Most of the new product was concentrated in the I-85 corridor. A vacancy rate estimated at 8.0% to 10.0% would equate to average annual absorption of 70,000-85,000 square feet.

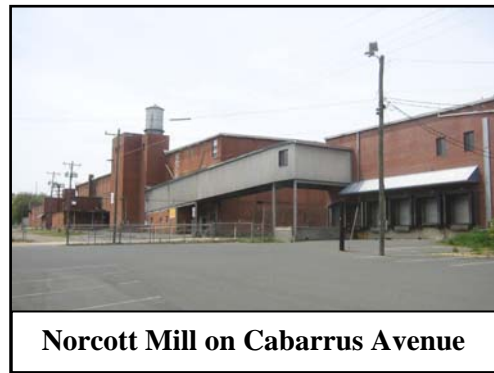
**Office Market Trends,  
Cabarrus County, 2003-2006**

Year	Completions
Sept 03-Aug 04	59,000
Aug 04-July 05	96,492
Jul 05-Feb 06	66,924
<b>Total</b>	<b>222,416</b>

Source: Charlotte Business Journal,  
Warren & Associates

### 3. Industrial

According to Torto Wheaton Research, there were 4.4 million square feet of industrial space in Cabarrus County in 2005, or 3.0% of a four-county Charlotte market containing 148 million square feet. The Cabarrus County vacancy rate of 17.3% was an improvement from 18.7% one year earlier, indicating positive absorption of 62,000 square feet. Combined with estimated completions of 185,134 square feet in 2005, net absorption totaled 240,000 to 250,000 square feet.



Based on data from the Charlotte Business Journal, Cabarrus County added a total of 427,363 square feet of single and multi-tenant for-lease industrial buildings between September 2003 and February 2006, equating to an annual average of 170,000 square feet. These estimates exclude build-to-suit facilities.

**Industrial Market Trends,  
Cabarrus County, 2003-2006**

Year	Completions
Sept 03-Aug 04	133,929
Aug 04-July 05	185,134
Jul 05-Feb 06	108,300
<b>Total</b>	<b>427,363</b>

Source: Charlotte Business Journal,  
Warren & Associates

## **B. Development Activity**

### **1. Under Construction**

Three commercial projects totaling 712,037 square feet are currently under construction in Concord and Kannapolis. The two larger projects, Afton Ridge and Kannapolis Gateway Business Park, are both located on Kannapolis Parkway

between NC-73 and I-85. A 57,600-square foot speculative building was recently completed at Kannapolis Gateway Business Park. In Concord, six office buildings totaling 50,000 square feet are under construction at 600 Penny Lane.

**Commercial Projects Under Construction,  
Cabarrus County and Municipalities, April 2006**

Name	Developer/Realtor	Location	Jurisdiction	Square Feet			Total Sq. Ft.
				Retail	Office	Industrial	
Afton Ridge	Childress Klein Prop.	I-85/Kannapolis Pkwy.	Kannapolis	476,437			476,437
Kannapolis Gateway Business Park	Mark Pierce Poole Prop.	NC-73/Kannapolis Pkwy.	Kannapolis			185,600	185,600
Penny Lane Professional Buildings	Rinker Commercial Prop.	600 Penny Ln.	Concord		50,000		50,000
<b>Total</b>				<b>476,437</b>	<b>50,000</b>	<b>185,600</b>	<b>712,037</b>

Source: Cabarrus County, Charlotte Business Journal, Warren & Associates

## 2. Proposed

Six commercial projects totaling slightly over one million square feet are proposed in Concord and Kannapolis. Kings Grant Crossing will contain almost 50% of the total, with 500,000 square feet of retail across from Concord Mills mall. Five of the six proposed projects include retail, capitalizing on Cabarrus County's strong household growth. The proposed inventory excludes 1.7 million square feet of commercial originally proposed as part of the mixed-use Preserve at Greyson between US-29 and NC-49 in Harrisburg. With this project now in receivership, the status of the commercial component is uncertain.

**Proposed Commercial Projects,  
Cabarrus County and Municipalities, April 2006**

Name	Developer/Realtor	Location	Jurisdiction	Square Feet			Total Sq. Ft.
				Retail	Office	Industrial	
Kings Grant Crossing	Harris, Murr & Vermillion	8112 Concord Mills Blvd.	Concord	500,000			500,000
North Carolina Research Campus	Atlantic American Prop.	Main St./Loop Rd.	Kannapolis		300,000		300,000
Renaissance Square	N/A	Shiloh Church Rd./NC-73	Kannapolis	86,697			86,697
Colonial Square	Harris, Murr & Vermillion	Concord Pkwy.	Concord	83,000			83,000
Food Lion Center	N/A	Odell School Rd./NC-73	Kannapolis	54,520			54,520
NorthLite II	First Carolina Properties	Dale Earnhardt Blvd.	Kannapolis	22,000			22,000
<b>Total</b>				<b>746,217</b>	<b>300,000</b>	<b>0</b>	<b>1,046,217</b>

Source: Cabarrus County, Charlotte Business Journal, Warren & Associates

The North Carolina Research Campus (NCRC) encompasses 350 acres in downtown Kannapolis, including the 158-acre former Pillowtex Plant #1 site. Anchoring the project is a 300,000-square foot biotechnical laboratory under construction. Future plans include 1.2 million square feet of technology space, 350,000 square feet of retail, 700 residential units, a hotel, and a 1,000-seat auditorium for science conferences, civic meetings, and the performing arts.

While new single or multi-tenant industrial buildings could be accommodated at International Business Park at I-85 and NC-73, there are no specific proposed projects other than Kannapolis Gateway Business Park under construction. Freestanding build-to-suit structures could also be added to the market.

## IV. Development Opportunities

Planning Area residential and commercial development has been forecasted for two periods; 2006-2015 and 2016-2025. Based on information provided by the City of Concord, 446.5 acres have been designated as vacant or redevelopable through 2025. This represents 82% of the 545 total Planning Area acres. Parcels that have been excluded from the redevelopable inventory include the S&D Coffee plant, the First Assembly of God sanctuary and adjacent recreational fields and the Cabarrus Avenue cemetery.

### US-601/US-29 Planning Area Developable Acres, 2006-2025

Parcel Category	Acres	Percent of
		Total
Redevelopment	350.5	78%
Vacant	96.0	22%
<b>Total</b>	<b>446.5</b>	<b>100%</b>

Source: City of Concord, Warren & Associates

The development forecasts are predicated on the following conditions:

- Cabarrus Avenue improved to a pedestrian-oriented corridor.
- Realignment of the transportation network surrounding the Triangle and Village shopping centers. For the 2015 market forecast, Warren & Associates assumed that these properties would remain strip retail centers. However, assuming a new roadway network, both sites could be redeveloped with a mix of retail, multi-family, civic/educational, and office uses by 2025.
- Sale of City- and County-owned land, as well as the Village shopping center on the west side of US-601/US-29.
- Continued expansion of the Cabarrus County economy, including the North Carolina Research Campus in Kannapolis.
- Continued presence of the Philip Morris and S&D Coffee facilities on US-29.

### **A. Residential**

Based on the supply of vacant or redevelopable land within the Planning Area, a total of 825 residential units are forecasted by 2015, increasing to 1,400 units by 2025. This represents an increase of 1,212 residences over the 20-year period.

### Residential Units Forecast, US-601/US-29 Planning Area, 2006-2025

Type	2006	2015	2025	Change
Single Family	166	275	400	234
Townhouses	0	150	250	250
Condominiums	0	100	200	200
Apartments	22	300	550	528
<b>Total</b>	<b>188</b>	<b>825</b>	<b>1,400</b>	<b>1,212</b>

Source: City of Concord, Warren & Associates

The annual average of 61 units would represent a 3.3% share of the 1,850 for-sale and rental units absorbed annually in Cabarrus County between 2002 and 2005. This share should be attainable based on continued economic expansion and the implementation of all proposed public and private improvements in the Planning Area.

Given the recent acceleration of Cabarrus County's housing market, it is likely that overall absorption will increase to 2,000 to 2,500 units annually during the forecast period. The resulting Planning Area share would be 2.4% to 3.1%.

### **1. Single Family**

Single family detached housing is forecasted to increase from 166 to 400 units by 2025. Almost all of this development is expected in the northwestern portion of the Planning Area between Rock Hill Church Road and US-601, and in the southern portion of the Planning Area on both sides of US-601 between Union Cemetery Road and Brown Street. These two areas are surrounded by existing single family neighborhoods and contain some steep slopes and floodplains precluding higher intensity development. Some in-fill single family construction could also occur on vacant lots in the established neighborhood bounded by White Street, Lyric Avenue, 4<sup>th</sup> Street and Cabarrus Avenue.

### **2. Townhouses**

A total of 250 townhouses are forecasted for the Planning Area by 2025, focused on both sides of US-601 south of Cabarrus Avenue and on Rock Hill Church Road across from Cabarrus Country Club. These townhouses would separate single family neighborhoods from larger commercial and mixed-use developments. They would also attract a diverse group of first-time and empty nester buyers seeking low maintenance lifestyles and pedestrian access to retail services.

Some vacant single family lots near the Brown and Norcott mills could be assembled for small in-fill townhouse development. The rear portion of the 10.6-acre Brown Mill site, a portion of which still contains a 24,000-square foot building, could accommodate 25-30 townhouses, accessed from White Street.

### **3. Condominiums**

Condominiums could be constructed within future mixed-use redevelopments, focusing on the Norcott Mill and property on the south side of Cabarrus Avenue between US-601 and White Street. Given the low 2% market share for condominiums in Cabarrus County between 2002 and 2005, the potential is fairly limited through 2010. By that time, however, a catalyst project at the Norcott Mill could capitalize on the public investment along Cabarrus Avenue and the success of single family and townhouse development on peripheral properties.

A total of 200 units are forecasted by 2025, with approximately 40 units in an estimated 70,000 gross square feet on the second and third floors of the Norcott Mill, six to eight live/work units in the detached annex building behind Norcott Mill, and 145 to 150 units on Cabarrus Avenue and in the redeveloped Village



shopping center. A diversity of housing styles would include industrial lofts in the renovated mill, and traditional and contemporary stacked flats, some over street-front retail. On-site reserved parking would be required at a ratio of at least 1.2 spaces per bedroom.



The second and third floor units at Norcott would benefit from 16-foot clear ceiling heights, floor-to-ceiling windows, and a 10-foot double-loaded interior corridor with unit depths of approximately 45 feet. All chiller towers and loading ramps would be demolished in order to recapture the historic character. The building would qualify for historic tax credits. Similar to a strategy used by some Charlotte developers, the tax credit benefits could inure to the buyers.

Given the low ceiling heights (eight to 12 feet) and limited natural light, the ground level of the Norcott Mill would not be competitive for residential units. Some of this level could be used for storage and a common exercise facility for the condominium residents. The area closest to White Street could be retained as a commercial condominium and rented for office or retail uses.

Live-work units in the Norcott annex building would require the purchase and demolition of four adjacent houses facing 1st Street. These parcels would provide parking and visibility for commercial uses. While businesses could be accessed from 1st Street, residences would face the interior of the Norcott property. We would recommend converting the paving area in front of the residences into landscaped entry courtyards.

#### **4. Apartments**

A total of 528 new apartments are forecasted between 2006 and 2025. This equates to two apartment communities, each containing approximately 250 to 275 units.

Apartments would be particularly competitive on the north side of Cabarrus Avenue between Old Charlotte Road and Andrews Street, and within a mixed-use redevelopment of the Village shopping center. These two locations would provide adequate marketing visibility, while contributing to the economic viability of pedestrian-scale commercial development.

A precedent for the Cabarrus Avenue site is Bexley at Davidson, a 185-unit apartment community completed on Southeast Drive in Davidson in 2003. This project is well-integrated into the fabric of a mixed-use pedestrian-oriented neighborhood featuring small-lot single family houses, offices and a future Harris Teeter supermarket, all located within one mile of downtown Davidson.

## **B. Commercial**

While the number of residential units is expected to escalate substantially in the Planning Area over the next 20 years, the overall commercial inventory should slightly decrease. The mix, character, intensity and location of commercial uses would also be altered, as retail services change from a uniform pattern of community centers and out parcels to more specialty and neighborhood configurations. Office space will become much more visible, primarily in the form of mixed-use and smaller professional buildings. Industrial will decline as older facilities are transformed to other uses.

### **Commercial Square Footage Forecast, US-601/US-29 Planning Area, 2006-2025**

Type	2006	2015	2025	Change, 2006-2025	
				Number	Percent
Retail	672,855	625,000	525,000	-147,855	-22.0%
Office	36,780	125,000	250,000	213,220	579.7%
Industrial/Flex	647,600	500,000	400,000	-247,600	-38.2%
<b>Total</b>	<b>1,357,235</b>	<b>1,250,000</b>	<b>1,175,000</b>	<b>-182,235</b>	<b>-13.4%</b>

Source: City of Concord, Warren & Associates

### **1. Retail**

Because of changing market dynamics and rapid suburban household growth, most of Cabarrus County's big-box commercial development has shifted to the I-85 corridor over the last decade. While there is long-term potential to accommodate two or three big-box and/or junior anchor stores as part of a redeveloped Village/Triangle shopping center at US-601 and US-29, the primary opportunities for the Planning Area are neighborhood, specialty and convenience services, including restaurants and entertainment uses.

The Planning Area retail inventory is forecasted to decrease to 525,000 square feet by 2025. This forecast is based on a Planning Area annual capture rate of 3%-5% of overall Cabarrus County retail demand, which has been averaging 315,000 square feet per year.

The redevelopment of automobile dealerships and the Village and Triangle shopping centers into mixed-use projects and a potential business park would account for most of the decline in retail square footage. One automobile dealership (Tim Marburger Mazda) could remain in the Planning Area on the east side of US-29 north of First Assembly of God.

An estimated 13,000 square feet of the Norcott Mill could attract retail uses, including at least one restaurant anchor. This space is immediately west of the original mill building, offering immediate access from Cabarrus Avenue. It should be noted that approximately 20,000 square feet accessory industrial space would have to be demolished in order to provide parking and maximize visibility from Cabarrus Avenue.



The Brown Mill will be less competitive for traditional retail uses, given the lack of at-grade access and wider building depths. However, it could accommodate design-oriented businesses with some retail showroom traffic. These uses would also benefit from numerous truck docks. An interim retail use is a weekend farmer's market in the parking lot along Cabarrus Avenue. With most of the building's industrial businesses closed on weekends, ample vendor and customer parking would be provided. Within the next ten to 15 years, the Brown Mill will likely be demolished in favor of a mixed-use development, including townhouses on the rear portion of the site.

## 2. Office

Based on a 15% market share of Cabarrus County multi-tenant demand over the last four years, the Planning Area could absorb an average of 10,000 to 15,000 square feet of office space per year. This would produce a total of 250,000 square feet of office space by 2025. Demand would be generated by the Planning Area's 1,600 households and a realigned transportation network that promotes Cabarrus Avenue as a gateway to downtown Concord.

A professional office park opportunity exists on the south side of Cabarrus Avenue between US-29 and US-601. This park could include a mix of general and medical uses in two- and three-story buildings that could be leased or sold. Additional office space could emerge in the following locations:

- Lower level of the Norcott Mill building (portion closest to White Street)
- South side of Cabarrus Avenue between US-601 and White Street
- Village shopping center redevelopment

The two above-grade 30,000-square foot floors on the west side of Brown Mill could be converted to loft-style office use. However, the building would require renovation with new windows, open layouts to maximize natural lighting and adequate dedicated parking separate from adjacent industrial uses. The space will be most competitive for price-sensitive full-floor tenants, possibly call centers or government offices. As noted in the retail section, the Brown Mill will likely be replaced by a mixed-use development, with timing predicated on market demand.

## 3. Industrial

The west side of US-29/US-601 north of the Village shopping center could be redeveloped for a business park containing a mix of industrial and flex space. Recognizing the topographic constraints on the west side of the site, this park could accommodate 200,000 square feet of single and multi-tenant buildings by 2025. The target market would be tenants seeking modern features such as clear ceiling heights over 24 feet and cross-docking capabilities.

The Cabarrus Avenue corridor has been characterized by industrial uses and affiliated mill housing for the last 80 to 100 years. The closing of the Brown and Norcott mills was symptomatic of the decline of the Charlotte region's textile industry over the last decade.

Based on site and building attributes, the Norcott Mill is more competitive for mixed-use development, and will likely be converted to residential, retail and office uses over the next decade. With its extensive truck docks and 16-foot clear ceiling height on the second level, the Brown Mill could continue to attract price-sensitive distribution and light manufacturing tenants prior to demolition.