



Market Trends & Forecasts

Chapter 2



The market analysis for the *US 521 / SC 9 Corridor Study* evaluated the existing residential, retail, office, and industrial market sectors and assessed the potential for future development through 2020. The results of this analysis were used to ensure that the recommendations set forth later in the study are market realistic and economically viable, reflecting both market timing and change anticipated over the next ten years. A summary of the analysis' findings are below. Full details can be found under a separate cover in the *Market and Economic Development Analysis* prepared in conjunction with this study.

Regional Perspective

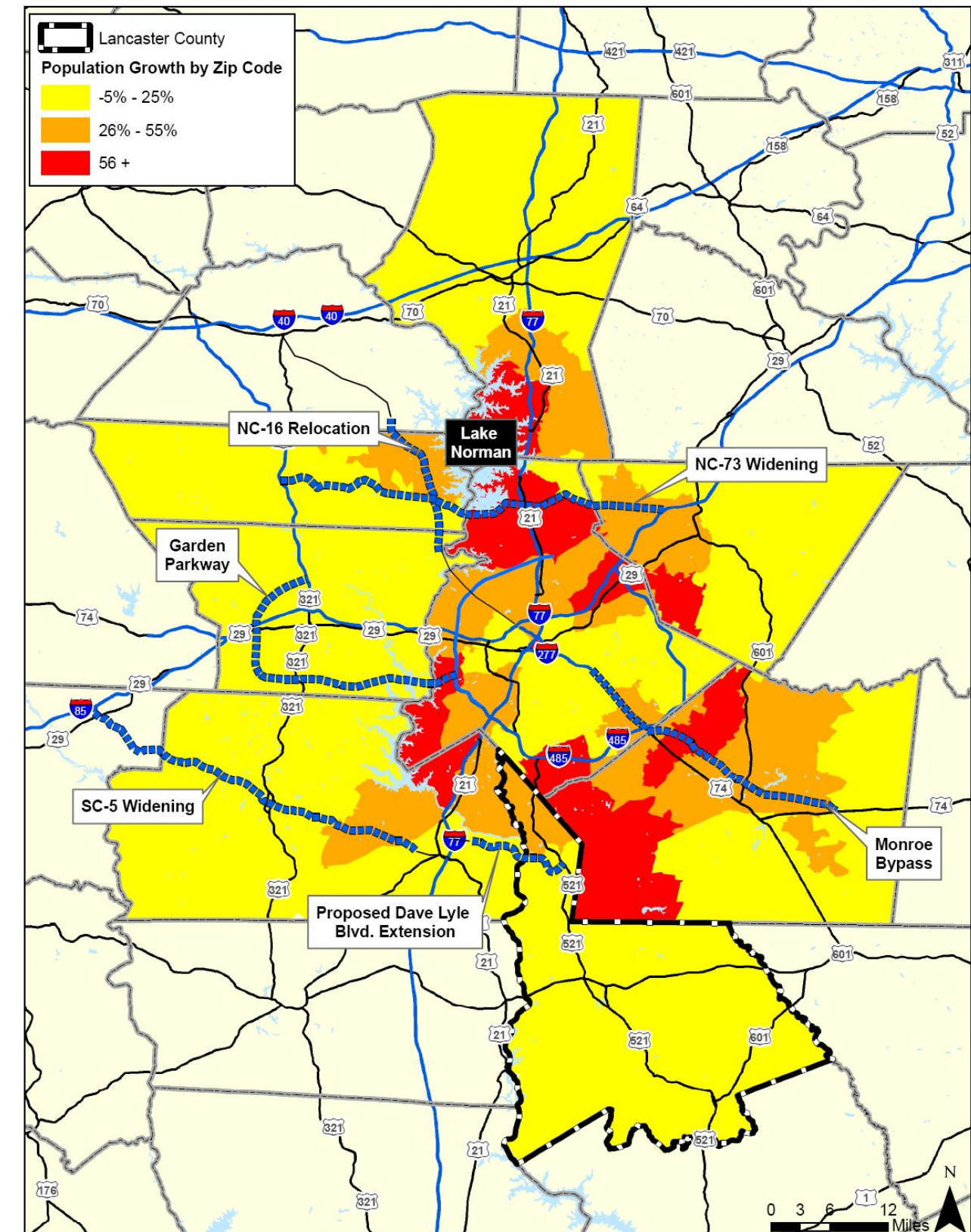
The Charlotte Metropolitan Statistical Area (MSA) is comprised of Anson, Cabarrus, Gaston, Mecklenburg, and Union counties in North Carolina and York County South Carolina. Although not a part of the six-County Charlotte MSA, Lancaster County is a close neighbor. As a result, growth and development in the Charlotte MSA influences growth trends and development patterns in Lancaster County.

Between 2000-2008, the greater Charlotte area experienced significant population growth of over 55%, especially in Mecklenburg County (along I-485), western Union County, eastern York County, and the Lake Norman area (see the map to the right). The northernmost part of Lancaster County's panhandle experienced moderate growth during the same time period (between 26%-55%), almost entirely because of its proximity to high growth areas in the Charlotte MSA. The balance of Lancaster County increased its population by only 9.3% during the same time period.

In conjunction with this population growth, 112,140 net new jobs were created in the region, a 13.5% increase (includes the Charlotte MSA and Lancaster County). Mecklenburg County is the region's largest employment destination, but Lincoln County experienced the largest percent increase in new jobs. During the same period, Lancaster County was one of two counties that actually experienced a decline in employment, 18.1% over the six year period. These figures reveal that residents are commuting outside of the County for employment and that more job opportunities are needed in the County.

Major roadway improvements planned for the region, such as the widening of NC 73 and SC 5 (in western York County) and construction of the proposed Dave Lyle Boulevard extension, will increase east-west mobility, facilitating additional population and employment growth in the region in the future.

Population Growth 2000-2008 and Major Highway Investments



Local Investments

There are several public and private investments either under construction or proposed in Lancaster County. These investments have the potential to influence demographic and employment trends in the County. A map of all area investments can be found on page 2-3.

Public Investments

Dave Lyle Boulevard Extension

The proposed Dave Lyle Boulevard extension would add a total of 11 miles to the current road's length (five miles in York County and six miles in Lancaster County) and cost an estimated \$140 million to construct. The addition of this new roadway would improve east-west mobility and accessibility to property in the middle of the panhandle area of the County. This planned project is currently unfunded and would likely take several years to construct if funded. Dave Lyle Boulevard is discussed further in the Transportation Chapter of this report.

University of South Carolina – Lancaster

The University of South Carolina at Lancaster (USC-L) is a two-year institution with a current enrollment of 1,195 students. It is one of five regional USC campuses, serving students from Chester, Chesterfield, Fairfield, Lancaster, Kershaw, and York counties. The existing campus is constructed on approximately 35 acres. Vacant properties adjacent to the campus, owned by the County or City, total another approximately 30 acres in size. These properties afford expansion opportunities for the university, with potential to roughly double in size.

Private Investments

Edgewater

Edgewater Corporate Center is a 90-acre office park that will total one million square feet when completed. Currently, only one LEED (Leadership in Energy and Environmental Design) certified building totaling 182,000 square feet has been constructed.



Wal-Mart

Wal-Mart Corporation is currently constructing a 175,000 square foot store on the east side on US 521, on the North Carolina-South Carolina state line. Site work began in mid-2009 and the store is expected to open in late-2010. Additional outparcel retail space will also be constructed on the site.

City of Light

In November 2006, Inspiration Network broke ground on the 93-acre City of Light, which was planned to consolidate Inspiration Network's offices throughout Charlotte. Inspiration Network received more than \$5 million in incentives from the State of South Carolina, including job development credits and assistance paying for improved road access and infrastructure. Although the network is a non-profit, plans included a for-profit video production company and 550 condominiums. To date, only two buildings are complete: a 118,000 square foot headquarters buildings and a 465 seat prayer center.



Edenmoor

Edenmoor is GS Carolina's planned 868 acre mixed-use community. At build-out, it is expected to contain 1,950 single family houses, 100,000 square feet of commercial space, and 250 acres of parks and greenways.

Development began in 2005 and the first model home was completed in October 2007. Since then, the community has been adversely affected by the current economic downturn. Mechanics liens were placed on the property in the fall of 2008. The liens prevent the owners from transferring the deed to the recreation ballfields or the new EMS station to the County. The future development of this site is uncertain. The General Development Plan section of this report further describes likely options for development of this property.

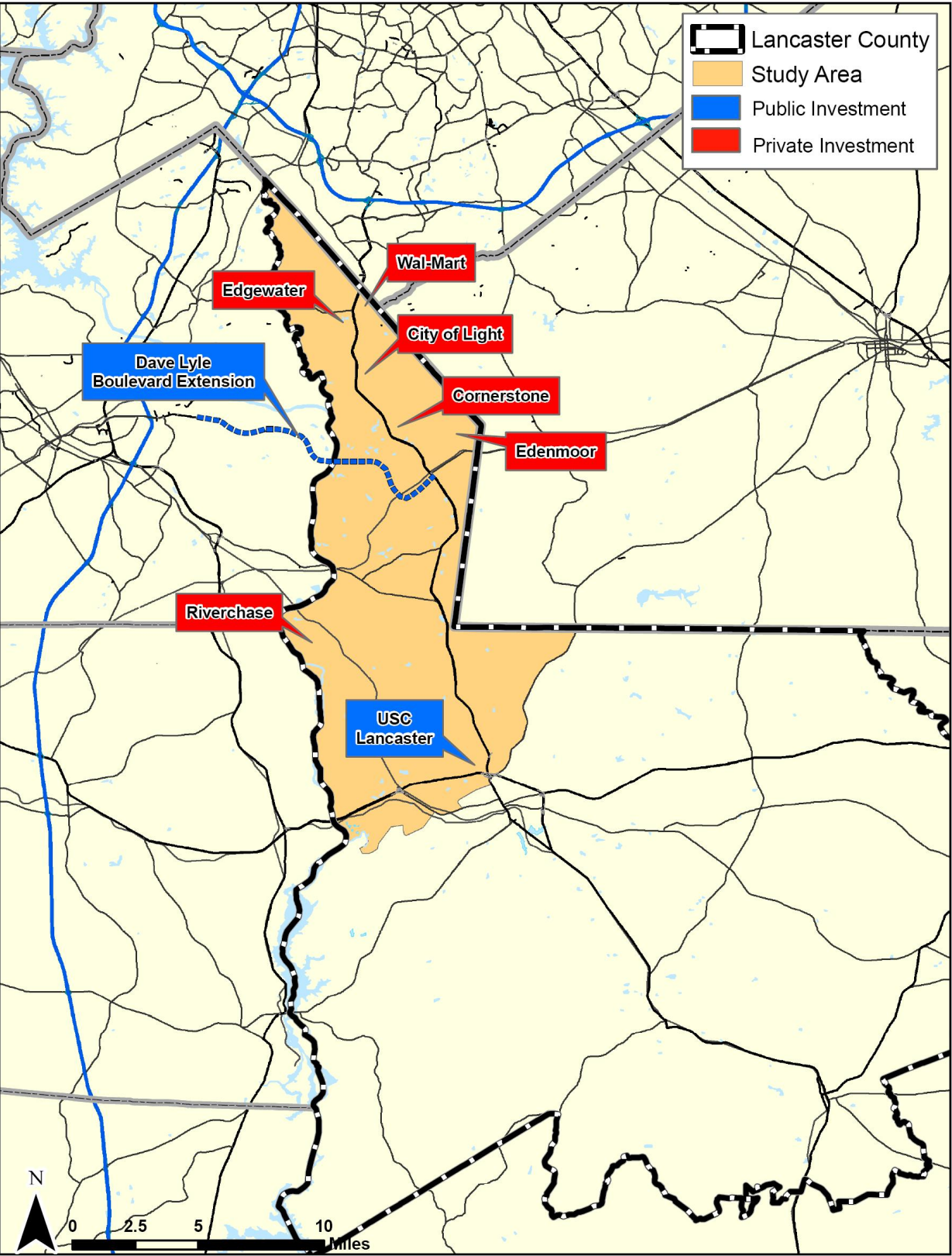
Riverchase Estates

Riverchase Estates is a planned 2,000-acre residential development on the Catawba River. The development will contain 1,200 homes on lots at least one acre in size. Although some infrastructure has been constructed, no homes have been built as of December 2009.

Cornerstone

Cornerstone is Crosland's commercial development at the intersection of US 521 and Jim Wilson Road. At build-out, the 160 acre project is expected to contain 800,000 square feet of retail in an open-air format. Currently plans call for big-box and discount department stores, a theatre, a hardware store, a grocer, and other specialty stores and restaurants. In addition to retail, the project will contain a 40 acre office/medical park. The site's first building, a two-story, 40,000 square foot medical office building, is operated by Carolinas Health Care.

Lancaster County Area Investments, 2009



Demographic Trends

Demographic trends were analyzed for the study area and compared to both Lancaster County and the Charlotte Region. For the purpose of the demographic trends, the Charlotte Region is defined as a 7-County area that includes the six-County Charlotte MSA and Lancaster County.

Population Trends

The study area contains an estimated 25,510 residents. Within the study area, the population grew by 10,678 residents between 2000 and 2009, a growth rate of 72%. By comparison, Lancaster County grew at a slower rate of 21.4% and the Charlotte Region grew by 30.4% during the same time period (see Table 2-1). The study area captured 81.4% of the population growth in the County between 2000 and 2009. During this time frame, the study area’s share of the region increased from 1.1% to 1.4%.

| Table 2-1 – Population Trends | | | | |
|-------------------------------|-----------|-----------|-----------|--------|
| Area | 2000 | 2009 | 2000-2009 | Change |
| | | | # | # |
| Study Area | 14,832 | 25,510 | 10,678 | 72.0% |
| Lancaster County | 61,351 | 74,467 | 13,116 | 21.4% |
| Charlotte Region | 1,391,799 | 1,814,829 | 423,030 | 30.4% |
| Study Area % of Region | 1.1% | 1.4% | | |

Note: Lancaster County is not part of the six-County Charlotte MSA
Source: ESRI, Catawba COG, Lancaster County

Table 2-2 demonstrates population change between 2000 and 2009 by age cohort. Households in the prime earning years of 45 to 64 increased 94%, boosting move-up (higher-end) housing demand and retail spending potential. The number of active seniors between 65 and 74 increased 90.0%. Strong growth in the over 55 categories indicates the apparent success of the Sun City Carolina Lakes development.

| Table 2-2— Population Trends by Age Cohort, Study Area, 2000-2009 | | | | |
|---|--------|--------|-----------|--------|
| Age Cohort | 2000 | 2009 | 2000-2009 | Change |
| | | | # | # |
| 0-9 | 2,002 | 3,367 | 1,365 | 68.2% |
| 10-19 | 2,091 | 3,444 | 1,352 | 64.7% |
| 20-34 | 2,699 | 4,260 | 1,561 | 57.8% |
| 35-44 | 2,492 | 3,750 | 1,258 | 50.5% |
| 45-54 | 2,254 | 4,056 | 1,802 | 79.9% |
| 55-64 | 1,572 | 3,367 | 1,795 | 114.2% |
| 65-74 | 994 | 1,888 | 894 | 90.0% |
| 75-84 | 534 | 995 | 461 | 86.3% |
| 85+ | 193 | 383 | 190 | 98.5% |
| Total | 14,832 | 25,510 | 10,678 | 72.00% |

Source: ESRI, Catawba Regional COG, Lancaster County

Household Trends

There are an estimated 10,179 households in the study area, 81.6% more than the 5,606 households in 2000 (Table 2-3). Lancaster County and the Charlotte Region experienced slower growth rates of 25.0% and 32.2% respectively. In 2009, the study area accounted for 35% of all households in the County. Similar to population trends, the study area’s share of regional households increased from 1.1% in 2000 to 1.4% in 2009.

| Table 2-3— Household Trends | | | | |
|-----------------------------|---------|---------|-----------|--------|
| Area | 2000 | 2009 | 2000-2009 | Change |
| | | | # | # |
| Study Area | 5,606 | 10,179 | 4,573 | 81.6% |
| Lancaster County | 23,178 | 28,970 | 5,792 | 25.0% |
| Charlotte Region | 533,694 | 705,710 | 172,016 | 32.2% |
| Study Area % of Region | 1.1% | 1.4% | | |

Note: Lancaster County is not part of the six-County Charlotte MSA

Source: ESRI, Catawba Regional COG, Lancaster County

The Study Area experienced a strong increase in the number of households earning over \$50,000 between 2000 and 2009 (Table 2-4). However, as of 2009 there were still 3,205 households in the study area earning less than \$35,000 annually (30.5%).

| Table 2-4— Household Trends by Income Cohort, Study Area, 2000-2009 | | | | |
|---|-------|--------|-----------|--------|
| Income Cohort | 2000 | 2009 | 2000-2009 | Change |
| | | | # | # |
| \$0-\$34,999 | 2,186 | 3,105 | 918 | 42.0% |
| \$35,000-\$49,999 | 1,082 | 1,629 | 547 | 50.5% |
| \$50,000-\$74,999 | 1,334 | 2,708 | 1,373 | 102.9% |
| \$75,000-\$99,999 | 499 | 1,456 | 957 | 191.7% |
| \$100,000+ | 505 | 1,283 | 778 | 154.2% |
| Total | 5,606 | 10,179 | 4,573 | 81.6% |

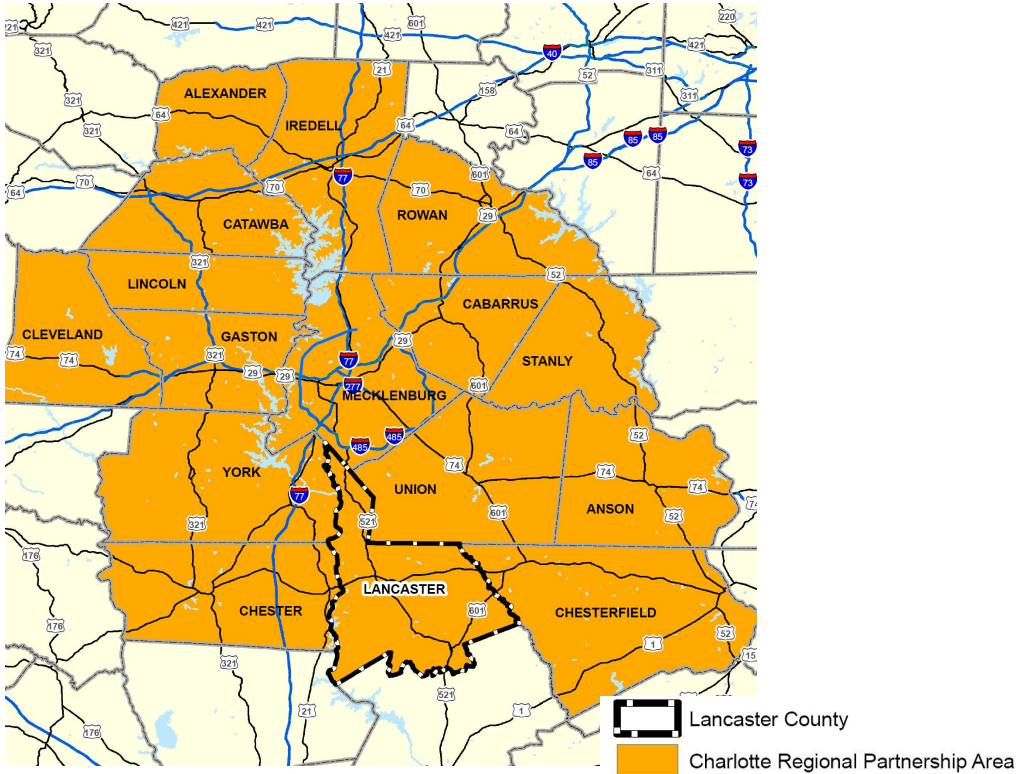
Source: ESRI, Catawba Regional COG, Lancaster County

In 2000, the study area’s median household income of \$42,929 was 23.6% higher than the County, but 8.2% less than the 7-County Charlotte Region. The 2009 median income increased to \$52,667, and is now 20.7% more than the County, but 17.9% less than the region. The median income in the study area, although increasing, is increasing at a slower rate than the 7-County Charlotte Region.

Employment Trends

This section analyzes employment trends for Lancaster County and the 16-County Charlotte Regional Partnership (CRP) labor market area (see the map below). The CRP is a nonprofit, public/private economic development organization dedicated to the growth and prosperity of the Charlotte region.

Charlotte Regional Partnership Labor Market Area, 2009



Lancaster County Employment

As shown in Table 2-5, Lancaster County had a total of 14,569 full-time jobs in 2008, 18.1% less than in 2002. Manufacturing, a historically significant industry, had the most employees in 2008 (17.8%), but experienced a 54.0% decline since 2002. Education and Health Services experienced the largest percent increase of 19.4%. Six industries have experienced a decline in employment between 2002 and 2008:

- Natural Resources & Mining (-55.4%)
- Manufacturing (-54%)
- Transportation, Warehousing & Utilities (-35.6%)
- Finance, Insurance & Real Estate (FIRE) (-25.4%)
- Admin & Support/Waste Management & Remediation Services (-15.4%)
- Retail Trade (-12.8%)

| Table 2-5— Employment Trends, Lancaster County | | | | |
|--|--------|--------|------------------|---------|
| Industry | 2002 | 2008 | 2002-2008 Change | |
| | | | # | % |
| Public Administration | 1,738 | 1,810 | 72 | 4.1% |
| Natural Resources & Mining | 101 | 45 | -56 | -55.4% |
| Construction | 917 | 870 | -47 | -5.1% |
| Manufacturing | 5,630 | 2,588 | -3,042 | -54.0% |
| Wholesale Trade | 288 | 318 | 30 | 10.4% |
| Retail Trade | 2,463 | 2,148 | -315 | -12.8% |
| Transportation, Warehousing & Utilities | 312 | 201 | -111 | -35.6% |
| Information | 172 | 201 | 29 | 16.9% |
| FIRE | 1,129 | 842 | -287 | -25.4% |
| Professional and Business Services | 1,173 | 1,433 | 260 | 22.2% |
| Admin & Support & Waste Mgmt. & Rer | 806 | 682 | -124 | -15.4% |
| Education and Health Services | 1,609 | 1,921 | 312 | 19.4% |
| Leisure and Hospitality | 1,146 | 1,192 | 46 | 4.0% |
| Other Services (Except Public Admin) | 302 | 318 | 16 | 5.3% |
| Total | 17,786 | 14,569 | -3,217 | -18.10% |

Source: South Carolina Employment Security Commission

Losses in the Manufacturing sector can be attributed mostly to textile plant closings, including several by Springs Industries. In 1998 Springs Industries was one of the largest companies in Lancaster County, employing more than 3,000 people. As of December 2009 it only has 200 employees, a loss of nearly 3,000 jobs in ten years.

Unemployment Rate

Lancaster County had an unemployment rate of only 3.6% in 2000. After the 2001-2002 economic recession, unemployment rose to between 8.3% and 9.5%. The current recession, combined with the dramatic loss in manufacturing jobs, has resulted in a significant increase in the unemployment rate; it reached 19.1% in June 2009.

Employee Inflow/Outflow

In 2006, Lancaster County had 24,434 employed residents and 16,794 full-time place-of-work jobs (Table 2-6). To determine the inflow or outflow of workers, Lancaster County’s place-of-work jobs were subtracted from the number of employed residents by industry. In 2006, Lancaster County experienced a net outflow of 7,640 residents (31%). No industries experienced a net inflow. The Manufacturing and Construction sectors had the largest net outflows in 2006 of 1,768 and 1,011 jobs, respectively.

| Table 2-6- Employee Inflow/Outflow by Industry, Lancaster County, 2006 | | | |
|--|--------------------|---------------|----------------------------|
| Industry | Employment | | Estimated Inflow/ Outflow) |
| | Place of Residence | Place of Work | |
| Government | 1,043 | 948 | (95) |
| Natural Resources & Mining | 134 | 51 | (83) |
| Construction | 1,867 | 856 | (1011) |
| Manufacturing | 6,284 | 4,516 | (1768) |
| Wholesale Trade | 993 | 347 | (646) |
| Retail Trade | 2,814 | 1,956 | (858) |
| Transportation, Warehousing, Utilities | 772 | 301 | (471) |
| Information | 375 | 261 | (114) |
| Finance, Insurance, and Real Estate (FIRE) | 1,364 | 1,209 | (155) |
| Professional & Business Services | 907 | 604 | (303) |
| Admin & Support & Waste Mgmt. Services | 1,318 | 904 | (414) |
| Education and Health Services | 4,314 | 3,471 | (843) |
| Leisure and Hospitality | 1,808 | 1,607 | (741) |
| Other Services (Except Public Admin) | 441 | 303 | (138) |
| Total | 24,434 | 16,794 | (7,640) |

Source: US Census Bureau, LED Origin-Destination Data Base

According to the U.S. Census, 43.2% of all employed residents in 2006 worked and lived within Lancaster County (Table 2-7). Approximately 13.1% of all employed County residents traveled to Mecklenburg County to work, with an additional 13.0% commuting to York County. Richland, Union (NC), and Chester counties each attracted over 3.0% of Lancaster County’s employed residents.

| Table 2-7— Lancaster County Residents' Place of Work, 2006 | | |
|--|--------|----------------|
| Jobs by Place of Residence | | |
| County | | Share of Total |
| Lancaster Co., SC | 10,545 | 43.2% |
| Mecklenburg Co., NC | 3,193 | 13.1% |
| York Co., SC | 3,165 | 13.0% |
| Richland Co., SC | 1,208 | 4.9% |
| Union Co., NC | 1,051 | 4.3% |
| Chester Co., SC | 938 | 3.8% |
| Chesterfield Co., SC | 413 | 1.7% |
| Kershaw Co., SC | 405 | 1.7% |
| All Other Locations | 3,516 | 14.4% |
| Total | 24,434 | 100.0% |

Source: US Census Bureau, LED Origin-Destination Data Base

Residential Trends

Housing units in the study area increased 80.1% from 2000 to 2009 (Table 2-8). Housing units in Lancaster County grew at a slower 27.8% rate. The study area accounted for 67.9% of new housing unit growth in Lancaster County. Housing units in the Charlotte Region increased by 35.0% during the same period.

| Table 2-8— Housing Unit Trends | | | | |
|--------------------------------|---------|---------|------------------|-------|
| Area | 2000 | 2009 | 2000-2009 Change | |
| | | | # | # |
| Study Area | 5,895 | 10,614 | 4,719 | 80.1% |
| Lancaster County | 24,962 | 31,908 | 6,946 | 27.8% |
| Charlotte Region | 571,409 | 771,137 | 199,728 | 35.0% |
| Study Area % of Re | 1.0% | 1.4% | | |

Note: Lancaster County is not part of the six-County Charlotte MSA.

Source: ESRI, Catawba COG, Lancaster County

There were 5,030 new residential building permits issued between 2000 and August 2009 in the study area, averaging 552 annually (Table 2-9). The study area accounted for 68.0% of all residential permits issued in Lancaster County over the almost nine-year period. In the most recent three-year period, between 2006 and August 2009, the study area accounted for over 80% of County residential permits.

| Table 2-9— Residential Building Permits Trends, Study Area & Lancaster County, 2000-2009 | | | | | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------|
| Area | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009* | Annual Average |
| Study Area | 159 | 177 | 287 | 314 | 522 | 665 | 1,291 | 1,129 | 424 | 62 | 552 |
| Lancaster County | 635 | 686 | 686 | 552 | 781 | 871 | 1,392 | 1,129 | 519 | 76 | 813 |
| Study Area % of County | 25.0% | 25.8% | 41.8% | 56.9% | 66.8% | 76.3% | 92.7% | 94.2% | 81.7% | 81.6% | 68.0% |

Note: 2009 is YTD, with data available through June.

Source: Catawba Regional COG

Real Estate Market Overview

Current residential, retail, office, and industrial development activity was studied to identify future growth opportunities. Movements with the real estate market provide insight for the feasibility of future development. Recommendations for growth and development presented in later chapters are supported by real estate market data presented here.

The market overview includes a discussion of current inventory, committed development projects, and forecasts for anticipated future demand. The current inventory details those existing projects on the ground today. Committed development projects are those projects as of December 31, 2009 that have been approved by County Council, but that may not be constructed or are only partially constructed to date. It is important to document these developments because they contribute significantly to available supply of residential, commercial, and employment uses in the future. Before forecasts were done for the study area, the consultant team vetted each of the committed development projects (residential, retail, and office) with County staff to determine whether the project was still active. For purposes of this study, active committed development projects are committed development projects as of December 31, 2009 that have one or more of the following characteristics: currently under construction, have been issued a building permit, have infrastructure in place, and/or being actively marketed. These projects are assumed to continue as shown on their approved development plans in the future. It is important to note that in many instances, no clear time frame for development is known. In many instances, projects [particularly Planned Development Districts (PDDs)] include a commercial component to obtain PDD status, but only the residential component is being constructed initially.

Those projects not considered as active, were classified as proposed development projects. Proposed development projects are committed development projects that have been approved by County Council, but have never moved beyond a rezoning process, no site plan is available, the developer is not actively marketing the development, and/or no construction of infrastructure has begun. Documenting these projects before developing the General Development Map (see Chapter 3) was crucial because these developments were placed “back on the table” and considered for alternative future land uses.

A summary of committed development projects in the study area is provided below. For specifics on these projects, see the *Market and Economic Development Analysis* found under separate cover.

Residential Inventory and Forecast

Committed Residential Development

There are 25 active committed residential development projects in the study area (see Table 2-10). The subdivisions range in size from 42 lots at Farrington and Magnolia Hall to 3,547 approved lots at Sun City Carolina Lakes. Of the 11,662 approved lots in the study area, 8,316 (over 70%) have not been issued a building permit. Only one of the major subdivisions under construction in the study area is located south of SC-75 - River Chase Estates. While some of the infrastructure is currently in place, no housing units have been sold in the development.

| Table 2-10 – Active Committed Residential Development Projects | | | | | |
|--|-----------------------------|------------------------------------|---------------------------|--------------|----------------|
| Map Key | Subdivision Name | Location | Developer | Planned Lots | Remaining Lots |
| 1 | Carolina Lakes (Sun City) | Lancaster Highway | Pulte | 3,647 | 2,069 |
| 2 | Edenmoor | Henry Harris Rd./Jim Wilson Rd. | Lawsons Bend LLC | 1,943 | 1,890 |
| 3 | River Chase Estates | Riverside Rd. | LGI Development | 1,200 | 1,200 |
| 4 | Bridgemill | Lancaster Highway | Weiland | 840 | 233 |
| 5 | Carolina Lakes (Belair) | Collins Rd. | Pulte | 710 | 495 |
| 6 | Rosemont | SC-160 | Heatherstone LP | 410 | 318 |
| 7 | Bretagne | Barberville Rd. | Bretagne Dev. Group | 400 | 400 |
| 8 | Aumond Glen | Harrisburg Rd. | Landcraft | 310 | 264 |
| 9 | Brookchase | Lancaster Highway | Lancaster Partners | 305 | 31 |
| 10 | Reid Point | SC-160 | Grimmer/Stevens | 262 | 214 |
| 11 | Audobon Lake | Barberville Rd. | Shea Homes | 219 | 199 |
| 12 | Fox Ridge | Possum Hollow Rd. | Hinshaw | 188 | 149 |
| 13 | Shelly Woods | Shelly Mullis Rd. | Clarion Homes LLC | 185 | 172 |
| 14 | Silver Run | Calvin Hall Rd. | Randy Poore/Harold Barnes | 181 | 180 |
| 15 | Chastain Village | Shelly Mullis Rd./Vance Baker Rd. | Williams Construction | 129 | 75 |
| 16 | Cobblestone | Lancaster Highway/River Rd. | Standard Pacific | 127 | 67 |
| 17 | Heritage Hall | Calvin Hall Rd. | Mulvaney Properties | 120 | 106 |
| 18 | Millstone Creek | Lancaster Highway | Penton | 87 | 43 |
| 19 | Longbrooke | Possum Hollow Rd. | Emerald Bay | 67 | 62 |
| 20 | Firethorne (Lancaster Only) | Marvin Rd./Ralph Hood Rd. | Marvin Developers | 65 | 9 |
| 21 | Highland Creek | Collins Rd. | MB Williams | 63 | 47 |
| 22 | Lakeview Landing | Dobys Bridge Rd. | Individual Builders | 63 | 8 |
| 23 | Ashley Glen | Henry Harris Rd./Shelly Mullis Rd. | n/a | 57 | 19 |
| 24 | Farrington | Dorman Rd. | Kuester | 42 | 40 |
| 25 | Magnolia Hall | SC-9 Bypass/Crestfield Dr. | R. Gregory | 41 | 26 |
| Total | | | | 11,662 | 8,316 |

Source: Land Matters, Lancaster County

Eight residential developments were classified as proposed residential development projects. These projects total close to 1,300 acres and include 2,975 lots (see Table 2-11).

| Table 2-11 – Proposed Residential Development Projects | | | | |
|--|--------------------|--------------------|-----------------------|--------------|
| Map Key | Development | Location | Developer | Planned Lots |
| 1 | U.S. Trust Land | US-521/Collins Rd. | UHF Development | 960 |
| 2 | Cambridge | Lancaster Highway | n/a | 550 |
| 3 | City of Light | Lancaster Highway | Inspiration Network | 550 |
| 4 | Regent Park | Dorman Rd. | Coulston | 332 |
| 5 | Providence Estates | Vance Baker Rd. | Sun Belt Developers | 236 |
| 6 | Barber Rock | Barberville Rd. | Bonterra Builders LLC | 180 |
| 7 | Hampton Park | Jim Wilson Rd. | n/a | 107 |
| 8 | Stonebrook | Possum Hollow Rd. | LMS Properties | 60 |
| Total | | | | 2,975 |

Source: Land Matters, Lancaster County

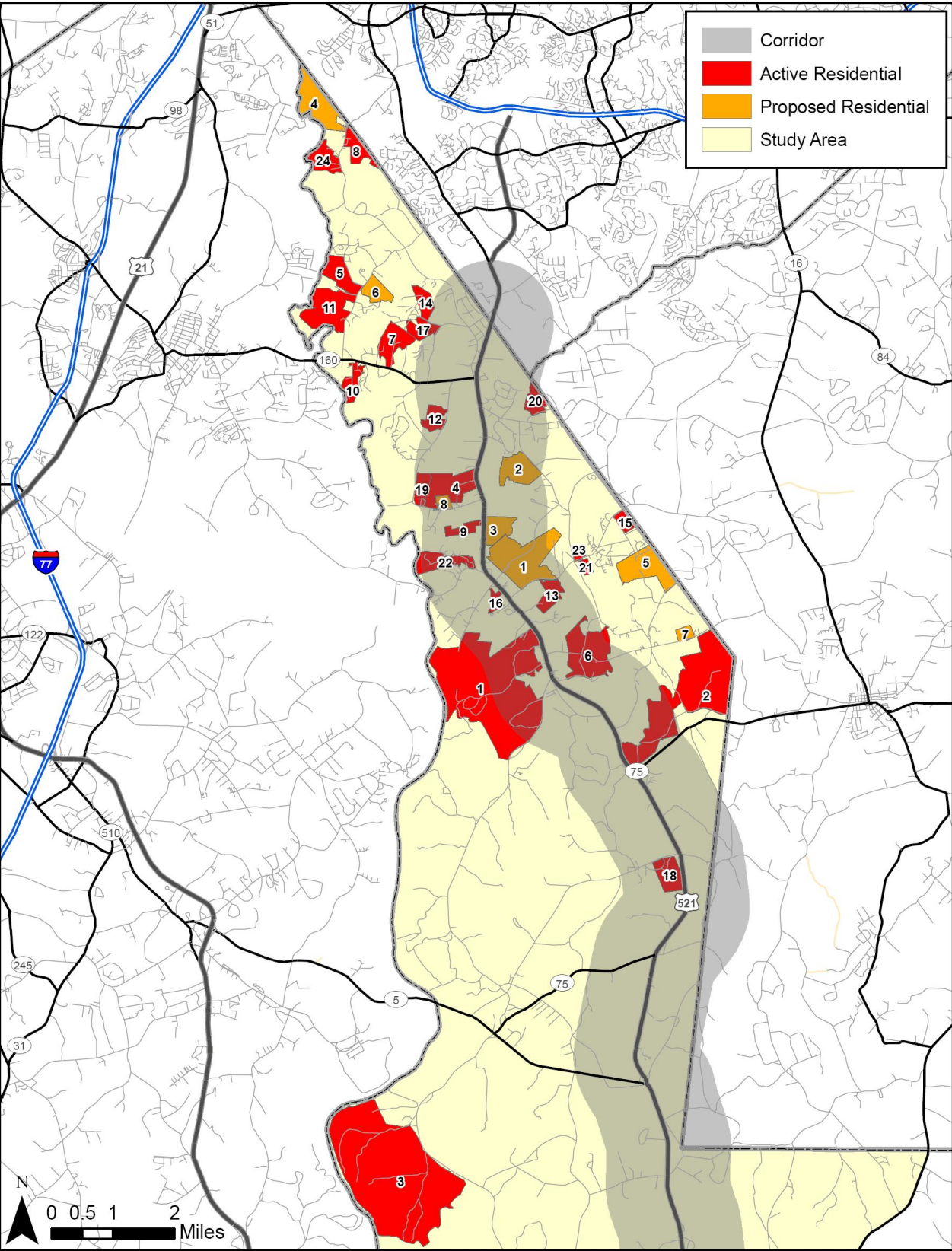
Residential Forecast

Three different residential growth scenarios were evaluated to forecast 2015 and 2020 population, households, and housing units for the Study Area. Details of these scenarios can be found in the *Market and Economic Development Analysis*. A straight average of the three scenarios was taken to derive the final forecast. The Study Area could increase from approximately 25,500 residents in 2009 to 30,300 in 2015 and 36,800 in 2020, an increase of 18.8% and 44.3% respectively (see Table 2-12).

Based on average household size and a 6% vacancy rate, approximately 5,100 new housing units are forecast for the study area between 2009 and 2020 (see Table 2-12).

| Table 2-12 – Residential Forecast | | | | | |
|-----------------------------------|--------|--------|--------|-----------|--------|
| | 2009 | 2015 | 2020 | 2009-2020 | Change |
| | | | | # | % |
| Housing Units | 10,600 | 12,900 | 15,700 | 5,100 | 48.1% |
| Households | 10,200 | 12,200 | 14,900 | 4,700 | 46.1% |
| Population | 25,500 | 30,300 | 36,800 | 11,300 | 44.3% |

Source: Lancaster County, ESRI, Warren & Associates



Active and Proposed Major Subdivisions, Study Area, 2009

Housing Unit Forecast

Single-family residences are forecast to account for the majority of new housing units in the study area (71.6%) (see Table 2-13). Townhomes and apartments make up the remainder of new housing units. An additional 700 townhouse units are forecast between 2009 and 2020, a 13.7% increase. Three new apartment communities, with an average community size of 250 units, are anticipated in the study area for a total of 750 apartment units.

| Table 2-13— Housing Unit Delivery Forecast | | | | | |
|--|-----------|-----------|-----------|-------|------------|
| Type | 2009-2010 | 2011-2015 | 2016-2020 | Total | % of Total |
| Single Family | 400 | 1,000 | 2,250 | 3,650 | 71.6% |
| Townhouse | 0 | 300 | 400 | 700 | 13.7% |
| Apartment | 0 | 250 | 500 | 750 | 14.7% |
| Total | 400 | 1,550 | 3,150 | 5,100 | |

Source: ESRI, Warren & Associates

Residential Development Capacity

Lancaster County has a significant amount of committed residential development. In total, there are 33 (25 active + 8 proposed) residential developments with 11,291 remaining lots under construction or entitled in the study area (remaining active lots + proposed lots). The forecasted demand for new housing units, at 5,100 units, is less than half of the committed supply. As a result, the demand for new housing units through 2020 could be easily accommodated in the existing and entitled supply. After 2020, there could be an oversupply of more than 6,000 housing units.

| Table 2-14— Residential Development Capacity | | | |
|--|--------------|------------|----------------|
| Development Status | Developments | Total Lots | Remaining Lots |
| Active | 25 | 11,662 | 8,316 |
| Proposed | 8 | 2,975 | 2,975 |
| Total | 33 | 14,637 | 11,291 |
| Less 2009-2020 Growth Forecast | | | 5,100 |
| Remaining Development Capacity-2020 | | | 6,191 |

Source: Warren & Associates

The oversupply will likely be less than this, as it is unlikely that all entitled projects and projects under construction will be completed. Over a quarter of the remaining lots are located in proposed residential developments and will likely not reach the construction phase.

With almost three quarters of the new housing units forecast to be single family residences, there may be a demand for other housing types despite an oversupply of overall housing units. Nationally as well as locally the housing market is shifting in response to changing demographic and socioeconomic characteristics, lifestyle

choices, and market conditions. To meet housing needs and preferences in the area, Council may need to approve additional developments that include townhomes, condominiums, and apartments to ensure the right mix in housing supply.

Retail Inventory and Forecast

Retail Inventory

The primary retail corridors in Lancaster County are US 521 and SC 9 (in city limits). Older centers from the 1980’s and 1990’s are generally located along SC 9, while newer retail space has been constructed along US 521, north of SC 75. Inventories of total retail square footage and shopping centers over 20,000 square feet have been prepared for the Study Area.

Overall Retail Inventory

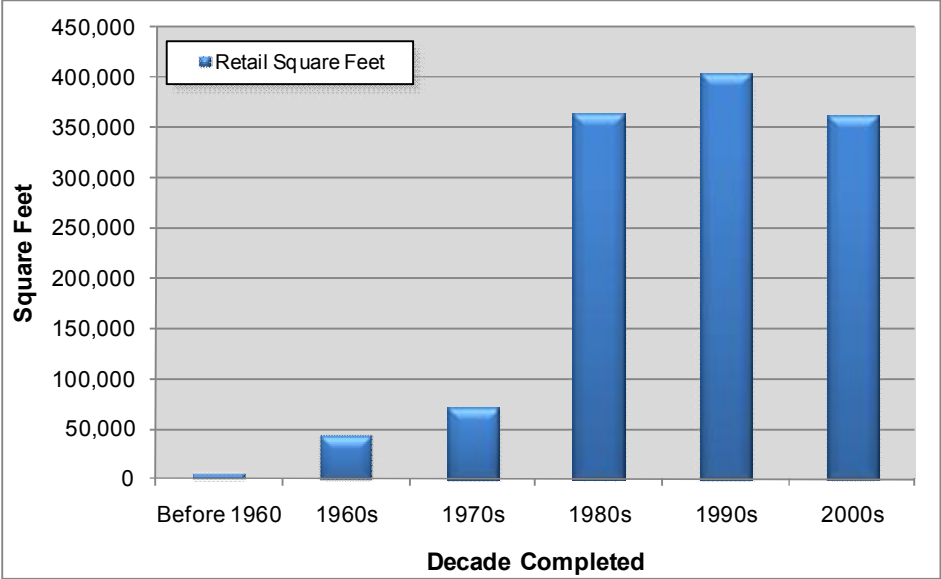
The overall retail inventory includes any buildings in the Study Area that are defined as retail in Lancaster County’s tax parcel data. Of the 1.2 million square feet of retail space in the Study Area, 90.6% has been completed since 1980 (Table 2-15).

| Table 2-15— Retail Inventory | | |
|------------------------------|-----------|------------|
| Decade | Sq. Ft. | % of Total |
| Before 1960 | 5,002 | 0.4% |
| 1960s | 42,353 | 3.4% |
| 1970s | 70,745 | 5.7% |
| 1980s | 362,911 | 29.2% |
| 1990s | 402,938 | 32.4% |
| 2000s | 360,366 | 29.0% |
| Total | 1,244,315 | 100.0% |

Source: Lancaster County, Warren & Associates

As shown in Figure 1, retail completions have been consistently 400,000 to 450,000 square feet in each of the last three decades. Retail construction prior to 2000 occurred primarily along SC 9, in the City of Lancaster. Southward growth from Charlotte spurred retail development along US 521 after 2000.

Figure 1: Retail Inventory by Decade Completed, Study Area, 2009



Multi-Tenant Retail Inventory

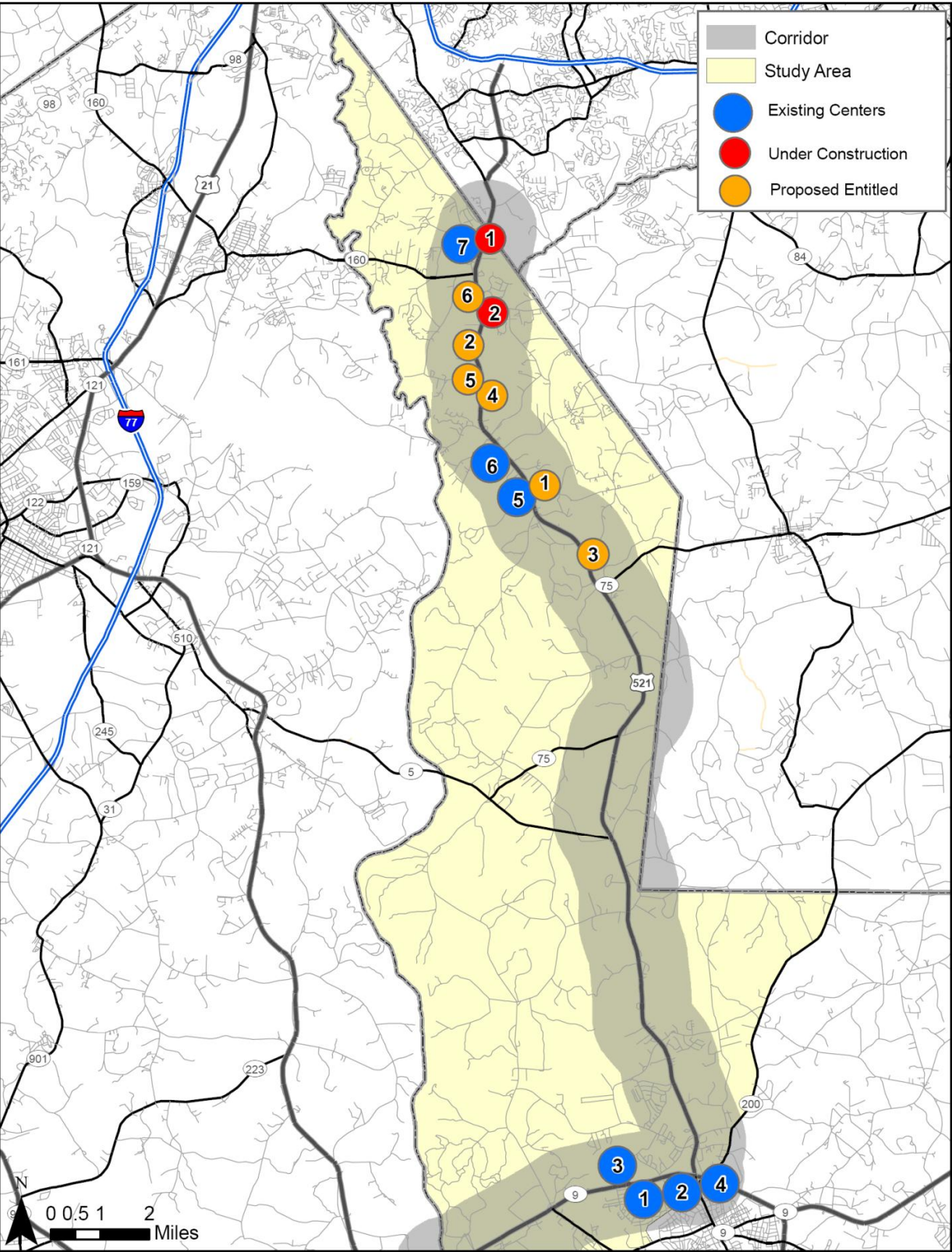
As shown in Table 2-16 and on the map to the right, there are seven shopping centers in the Study Area that contain at least 20,000 square feet of gross leasable area (GLA). The shopping centers contain a total of 830,966 square feet, ranging from 23,400 square feet at Shoppes at 521 to 235,000 square feet at Wal-Mart anchored University Place. The major shopping centers, constructed between 1972 and 2008, represent 66.7% of the total retail square footage in the Study Area.

| Table 2-16 — Multi-Tenant Retail Inventory: Existing Centers | | | | | | | |
|--|------------------|----------------------------|------------|-----------|----------------|-------------|-----------------------|
| Map Key | Center | Location | Year Built | Total GLA | Vacant sq. ft. | Vacant rate | Anchor Tenants |
| 1 | University Place | 805 SC-9 Bypass West | 1999 | 235,000 | 1,000 | 0.4% | Wal-Mart, Aarons |
| 2 | Lancaster Square | 937 Lancaster Square | 1972-1978 | 170,000 | 24,220 | 14.2% | Food Lion, Belk |
| 3 | Lancaster Plaza | SC-9 Bypass/Camp Creek Rd. | 1987 | 162,400 | 27,200 | 16.7% | Bi-Lo, Tractor Supply |
| 4 | K-Mart Plaza | 960 N. Main St. | 1992 | 126,000 | 31,000 | 24.6% | K-Mart |
| 5 | Carolina Commons | 7600 US Highway 521 | 2008 | 76,966 | 11,221 | 14.6% | Harris Teeter |
| 6 | Catawba Commons | 8175 Charlotte Highway | 2006 | 37,200 | 0 | 0.0% | Food Lion |
| 7 | Shoppes at 521 | 9787 Charlotte Highway | 2005 | 23,400 | 10,000 | 42.7% | n/a |
| Total | | | | 830,966 | 104,641 | 12.60% | |

Source: Warren & Associates

The overall retail vacancy in the shopping centers is 12.6%, ranging from 0.4% at the Wal-Mart anchored University Place to 42.7% at the unanchored Shoppes at 521. Higher vacancies are generally found in the older developments along SC 9. While rents were not available for all shopping centers, quotes were lower along SC 9, primarily in Lancaster Plaza. The highest quoted rent was in Carolina Commons, a new Harris Teeter-anchored center at the entrance of Sun City Carolina Lakes on US 521.

Retail Development Activity, Study Area, 2009



Retail Development Activity

There are two retail developments totaling 184,000 square feet under construction along US 521 north of SC 75: Wal-Mart and Carolina Gateway Commons. The 175,000 square foot Wal-Mart is under construction along US 521 at the North Carolina-South Carolina state line. Carolina Gateway Commons, a 9,000 square foot retail center, is also located along US-521. Carolina Gateway Commons is currently for sale by the developer.

Six retail developments, all adjacent to US 521, were classified as proposed retail entitled development projects. In total, these developments include 1,291,657 square feet of retail space (see Table 2-17).

| Table 2-17— Multi-Tenant Retail Inventory: Proposed Entitled | | | | |
|--|------------------|----------------------|-----------------------|-------------------|
| Map Key | Development | Location | Developer | Estimated Sq. Ft. |
| 1 | Cornerstone | Jim Wilson & US-521 | Crosland | 800,000 |
| 2 | Bridgemill | McMinn & US-521 | Weiland | 270,000 |
| 3 | Edenmoor | US-521 & Waxhaw | Lawsons Bend LLC | 105,000 |
| 4 | City of Light | US-521 & Inspiration | Inspirational Network | 50,000 |
| 5 | Hanover Crossing | US-521 & Brookchase | Bonn Gilbert | 50,000* |
| 6 | ALDI Supermarket | US-521 @ Marvin | ALDI, Inc. | 16,657 |
| Total | | | | 1,291,657 |

*Based on a 0.25 FAR of the allowable acreage in PDD agreement.
Source: Warren & Associates

Retail Forecast

Demand for retail square footage in Lancaster County is projected to be 1.53 million in 2009, 1.74 million in 2015, and 1.96 million in 2020 (see Table 2-18). This increase totals 421,099 square feet or 27.3% growth over 11 years. The largest proportion of this demand can be attributed to building material and supply dealers, supermarkets and other groceries, food services-restaurants, and other general merchandise stores. For details on the forecasting method or specifics on retail demand see the *Market and Economic Development Analysis* completed as a part of this study.

| Table 2-18— Demand for Retail Square Footage | | | | | |
|--|-------------------------|-----------|-----------|-----------|------------|
| Retail Category | Supportable Square Feet | | | 2009-2020 | Percent of |
| | 2009 | 2015 | 2020 | Change | Total |
| Supermarkets & Other Groceries | 219,063 | 247,674 | 278,985 | 59,923 | 18.5% |
| Food Services - Restaurants | 196,269 | 221,903 | 249,956 | 53,688 | 16.6% |
| Other General Merchandise Stores | 153,152 | 173,155 | 195,046 | 41,893 | 12.9% |
| Building Material & Supply Dealers | 222,047 | 251,048 | 282,786 | 60,739 | 18.8% |
| Pharmacies & Drug Stores | 119,723 | 135,360 | 152,472 | 32,749 | 10.1% |
| Clothing Stores | 106,312 | 120,197 | 135,393 | 29,081 | 9.0% |
| Discount Department Stores | 79,131 | 89,466 | 100,777 | 21,646 | 6.7% |
| Department Stores | 55,916 | 63,219 | 71,211 | 15,295 | 4.7% |
| Electronics & Appliances | 48,512 | 54,848 | 61,782 | 13,270 | 4.1% |
| All Other | 339,309 | 383,625 | 432,124 | 92,815 | 28.7% |
| Total | 1,539,434 | 1,740,496 | 1,960,533 | 421,099 | |

Source: Warren & Associates

Retail Development Capacity

The seven existing shopping centers contain 726,325 square feet of occupied retail space (Table 2-19). Comparing current retail inventory to retail forecasts, Lancaster County has an undersupply of 813,109 square feet of retail. This undersupply indicates that residents from Lancaster County are purchasing retail goods and services in surrounding counties.

| Table 2-19— Retail Development Capacity (sq. ft.) | | |
|---|-----------|-----------|
| Retail Inventory | 2009 | 2020 |
| Existing Occupied Shopping Centers | 726,325 | 726,325 |
| Under Construction | 0 | 184,000 |
| Proposed Entitled | 0 | 1,291,657 |
| Total Potential Supply | 726,325 | 2,201,982 |
| Total Potential Supply Demand | 1,539,434 | 1,960,533 |
| (Under)/Over Supply | -813,109 | 241,449 |

Note: Under supply denotes net sales leakage.

Source: Warren & Associates

Building additional retail development in the study area provides an opportunity for the County to recapture expenditures that are leaking outside of the study area and capture dollars from outside of the immediate vicinity. Developers have realized this and are looking to capitalize on this opportunity. Although not currently constructed, several hundred thousand square feet of retail has been approved by County Council. In total, the County is expected to have 2.2 million square feet of retail in 2020 (assuming that all under construction and entitled projects are completed), a likely oversupply of 241,449 square feet when compared to the demand forecast. However, as stated earlier, some entitled projects will likely not be completed, increasing demand. Additionally, these figures do not include inflow spending (measured for a specific site based on

access and drive times). There are sites along US 521 that could attract shoppers from Mecklenburg, Union, and York counties, boosting the 2020 demand to support the entitled supply.

Office Inventory and Forecast

Office Inventory

The study area has approximately 1.07 million square feet of office space. General office space, which includes privately owned multi-tenant, single-tenant, and owner-occupied space, totals 879,985 square feet or 82.2% of the inventory. Medical office has 189,927 square feet, or a 17.8% share.

As demonstrated in Table 2-20, approximately 70% of the total office inventory has been completed since 2000. The large increase in office square footage since 2000 is primarily due to construction at Edgewater, Bailes Ridge, and the 521 Corporate Center. Recent construction has been concentrated along US 521 and SC 160, close to Charlotte.

| Table 2-20— Office Inventory | | | | |
|------------------------------|----------------|----------------|---------------|------------|
| Decade | General Office | Medical Office | Total Sq. Ft. | % of Total |
| Before 1960 | 5,478 | 0 | 5,478 | 0.5% |
| 1960s | 107,072 | 2,070 | 109,142 | 10.2% |
| 1970s | 15,996 | 0 | 15,996 | 1.5% |
| 1980s | 37,109 | 101,196 | 138,305 | 12.9% |
| 1990s | 32,161 | 20,220 | 52,381 | 4.9% |
| 2000s | 682,169 | 66,441 | 748,610 | 70.0% |
| Total | 879,985 | 189,927 | 1,069,912 | 100.0% |

*Does not include the Springs Industries’ Grace property on SC 9

Source: Lancaster County, Warren & Associates

Construction of medical office space has occurred primarily since 1980. Approximately 53.3% of medical office space in the study area was completed between 1980 and 1989. Since 2000, there have been 66,441 square feet of medical office space constructed. The 45,000 square foot medical office building across from Sun City Carolina Lakes comprises 70% of post-2000 completions. Until 2000, construction of office and medical office space was consistently less than 100,000 square feet annually. Since that time, the emergence of the nearby Ballantyne Corporate Center (NC) along US 521, south of I-485, has created ancillary demand in the Study Area.

Office Rents and Vacancy

The consensus among local real estate professionals is that general office lease rates range from \$10 to \$15 per square foot for existing buildings. Office space in Edgewater, 521 Corporate Center, and newer space near Sun

City Carolina Lakes can achieve lease rates of up to \$20 to \$25 per square foot. The office vacancy rate is currently between 5% and 7%.

Office Development Activity

Active Office Development Activity

There is one office development under construction in the study area: The Founders Federal Credit Union Headquarters. It is a 118,000 square foot build-to-suit headquarters located on Gillsbrook Road, south of SC 9 in the City of Lancaster.

Proposed Office Development

Five office developments were classified as proposed office developments. These developments, concentrated along US 521 and SC 160, total 2,145,000 square feet (see Table 2-21).

| Table 2-21 – Entitled Proposed Office Activity | | | | |
|--|----------------------|----------|-----------------------|-------------------|
| Map Key | Development | Location | Developer | Estimated Sq. Ft. |
| 1 | Edgewater | US 521 | Lauth Property Group | 820,000 |
| 2 | Southgate | US 521 | Lauth Property Group | 500,000 |
| 3 | Sterling Oaks | SC 160 | Keith Corporation | 350,000 |
| 4 | 521 Corporate Center | US 521 | Merrifield Partners | 250,000 |
| 5 | City of Light | US 521 | Inspirational Network | 225,000 |
| Total | | | | 2,145,000 |

Source: Warren & Associates

Office Forecasts

Two scenarios were used to forecast office demand in the Study Area. For details on the two scenarios see the *Market and Economic Development Analysis* completed as a part of this study. Results of both scenarios were added together for the final forecast. In both scenarios, demand forecasts exclude large, “drop-in” corporate and call center relocations.

Office demand in the study area is forecast at 690,982 square feet between 2008 and 2020.

Office Development Capacity

Assuming all entitled proposed developments are completed, the study area could have a total supply of 2.2 million square feet of office development, creating an oversupply of 1.57 million square feet in 2020 (see Table 2.22).

| Table 2-22— Office Development Capacity, 2008-2020 | |
|--|------------|
| Office Inventory | Study Area |
| Existing Vacant Sq. Ft. | 64,195 |
| Available Under Construction Sq. Ft. | 0 |
| Entitled Proposed | 2,145,000 |
| Total Potential Supply | 2,209,195 |
| Less 2008-2020 Demand Forecast | 690,982 |
| Remaining Development Capacity | 1,518,213 |
| Post-2020 Capacity Years (Estimate) | 15-20 |

Source: Warren & Associates

It is estimated that the study area could absorb an average of 75,000 to 100,000 square feet of office space per year. At that pace, the remaining development capacity in 2020 could be built out over 15 to 20 years.

These figures reveal the over dedication of land in the study area for office uses. Some oversupply is desirable, as it provides opportunities to accommodate unanticipated business relocations. Additionally, some of the oversupply could be filled by “drop-in” relocations, including call and operation centers and corporate headquarters that were excluded from the forecast. Finally, the flooding of the market with office uses, in conjunction with the economic downturn, indicates that several of these entitled office developments will likely not be constructed. The County should evaluate these properties to determine appropriate uses for the sites in the future.

Industrial Inventory and Forecast

Industrial Inventory

The study area has three improved industrial parks with infrastructure in place along US 521 and SC 160, north of SC 75: MacMillan, Bailes Ridge, and Perimeter Park. The three parks contain a total of 479 acres. Currently, the parks have 355 vacant acres, making up 74.1% of the total acreage. Bailes Ridge, on SC-160, contains over 90% of the vacant acreage.

The total acreage in the three parks does not take into account available greenfield sites marketed by Lancaster County Economic Development Corporation (LCEDC). According to the Charlotte Regional Partnership, Lancaster County has over 4,000 acres of greenfield sites available for large relocations.

Based on tax parcel information provided by Lancaster County, the study area currently contains 961,910 industrial square feet. This total does not include the Grace property owned by Springs Industries, as there is no tax information available. Over 40% of the industrial inventory was completed between 1990 and 1999. An additional 29.1% has been completed since 2000 (see Table 2-23). Recent completions are concentrated north of SC-75 at the three industrial parks described above.

| Table 2-23— Industrial Inventory | | |
|----------------------------------|-------------|------------|
| Decade | Square Feet | % of Total |
| Before 1970 | 33,784 | 3.5% |
| 1970s | 156,286 | 16.2% |
| 1980s | 102,188 | 10.6% |
| 1990s | 390,141 | 40.6% |
| 2000s | 279,511 | 29.1% |
| Total | 961,910 | 100.0% |

Does not include SF on Grace property.
Source: Lancaster County, Warren & Associates

Industrial Rents and Vacancy

According to local real estate professionals, base rents for industrial space typically range from \$2.50 to \$3.50 per square foot, triple net. Not including the Grace site, overall industrial vacancy is between 5% and 10%.

Industrial Forecast

The industrial forecast was prepared using a capture of regional industrial absorption. Due to a comparatively high loss of manufacturing jobs over the last decade, Lancaster County employment growth forecasts did not present an accurate representation of industrial demand over the next 11 years. Combined, the Charlotte MSA and Lancaster County are expected to have an increase of 13,742 industrial-occupying jobs between 2008 and 2020 (Table 2-24). At 750 square feet per employee, this equates to regional net absorption of over 10 million square feet. Gross, or total, absorption is estimated at 150% of net, or approximately 15.5 million square feet.

| Table 2-24— Capture of Regional Industrial Absorption, 2008-2020 | | |
|--|------------------------------------|----------------|
| | Charlotte MSA+ Lancaster County | Study Area* |
| Forecast Employment | 13,742 | 825 |
| Square Feet per Industrial Employee | 750 | 750 |
| Estimated Net Absorption (Sq. Ft.) | 10,306,596 | 618,396 |
| Estimated Total Absorption (Sq. Ft.) | 15,459,894 | 1,030,660 |

*Based on a 6.0% capture of the region’s industrial absorption.
Source: Woods & Poole, Warren & Associates

Based on regional absorption trends over the last five years, Lancaster County is expected to capture 6.0% of gross absorption in the region. The capture of industrial absorption is considerably higher than office because of the outward migration of industrial jobs and the competitive location attributes of Lancaster County. The estimated total absorption in the Study Area is 1.03 million square feet between 2008 and 2020 (excluding large “drop-in” manufacturing and distribution relocations).

Industrial Development Capacity

Existing occupied acreage was obtained from the three improved industrial parks in the Study Area. The total available industrial supply, including all improved and planned parks, is 355 acres (Table 2-25). Based on a 0.2 Floor Area Ratio (FAR) and a 15% allowance for street and other infrastructure, the 1.03 million square feet of industrial demand would require 309 acres through 2020.

| Table 2-25—Industrial/Business Park Capacity, 2008-2020 | |
|---|---------------|
| Industrial Inventory | Study Area |
| Available Acreage - 2009 | 355 |
| Less 2008-2020 Demand Forecast* | 309 |
| Remaining Development Capacity | 46 |
| Post-2020 Capacity Years (Estimate) | 2-3 |

*Based on a 0.2 FAR and 15% allowance for infrastructure.
Source: Warren & Associates

Excluding existing greenfield sites marketed by the County, the Study Area would have a remaining industrial/business park capacity of 46 acres after 2020. At an average absorption of 15 to 20 acres per year, the Study Area would have capacity for two to three years post-2020. This analysis indicates possible industrial/business park build-out by 2023. Because the Study Area should retain a consistent 10 to 12 year supply of land to remain competitive, future industrial park sites should be identified as part of the current corridor planning process.

The General Development Map dedicates over 5,500 additional acres of land for “Employment Center” uses in the future, providing ample supply for industrial sites in the long-term future. The LCEDC should make determinations on which sites to develop in conjunction with the Economic Development Priority Locations Map (see Economic Vitality Chapter).

The demands for retail, office, and industrial square footage are important when considering how the general development plan promotes economic solvency and sustainability for the community. This demand is the foundation of future development and potential tax revenue. Accommodating such demand, even beyond the planning horizon, is critical to promoting economic vitality in the study area.

More information regarding ways to enhance market capture and expansion can be found in the Economic Vitality chapter of this study.