

Wake Forest's Northeast Neighborhood

ECONOMIC DEVELOPMENT REPORT

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Submitted by:

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OVERVIEW

The focus of this economic analysis is the Northeast Neighborhood of the Town of Wake Forest. The Neighborhood and the Town are both located inside of Wake County, which is part of the Research Triangle Area. In terms of area, the neighborhood is approximately 1.86 million square kilometers, the Town is 20.2 million square kilometers, and Wake County is 2.155 million square kilometers. Unlike the county and town, which have both an employment and a population base, the neighborhood primarily serves as a place of residence. In order to effectively analyze the economic and socioeconomic characteristics of the area, the neighborhood was analyzed in comparison to both the Town and Wake County. See Appendix A for Maps of the area of analysis.

INFORMATION SOURCES

The demographic information presented here is drawn primarily from the 2000 Census of Population and Housing. Wake County is a separate reporting unit. The Town of Wake Forest consists of two census tracts: 542.01 and 542.02. The Northeast Neighborhood was initially defined as 26 census blocks, but this delineation included too large an area and offered no access to social or economic information, so data provided by ESRI was used instead. For example, the 2000 population in the 26 census blocks covering the neighborhood was 2,297 whereas the ESRI estimate for a more precisely delineated geographic area was 1,737. ESRI makes annual forecasts from 2000 data for the current year (2006) and five years from that year (2011).

The ESRI Market Profile data in Appendix B was graciously provided by the Raleigh Chamber of Commerce research staff which serves as the economic development arm of Wake County. All data pertain to people whose place of residence either is the Northeast Neighborhood, the Town of Wake Forest, or Wake County.

NEIGHBORHOOD CHARACTERISTICS

Table 1 identifies estimated data for the neighborhood in 2006. The neighborhood is expected to grow in population at the same rate as the Town, yet slightly faster than Wake County. Of note, is that the average number of persons per family is slightly higher in the neighborhood than are the averages for the Town and Wake County. The percentage of renter occupancy is also higher. The number of estimated housing units in the neighborhood represents an increase of 37.4% from 2000.

TABLE 1: DATA FOR NORTHEAST NEIGHBORHOOD FOR 2006	
Characteristic	#
Population	2,334
Number of Households	884
• Average number of persons per household	2.64
Number of Families	617

TABLE 1: DATA FOR NORTHEAST NEIGHBORHOOD FOR 2006	
Characteristic	#
• Average number of persons per family	3.15
Number of Housing Units	977
• Percent Renter Occupied	35.6%

In general, persons living in the Northeast Neighborhood have lower incomes and wealth, less home ownership, and less education. There are more blue-collar and service workers, fewer persons between 20 and 64 years of age, more African-Americans, and more women living with younger children in the labor force. Households and families are slightly larger in the neighborhood than in the Town or Wake County.

Overall, the demographic and socioeconomic indicators for Northeast Neighborhood residents are reinforcing in comparison to the Town and County. The residents would no doubt pursue employment or business opportunities that arose from accessible economic development initiatives. Access to adequate social support services and affordable cost of child care or elder care would enable them to pursue such opportunities more readily.

Housing

Median household income, median home value, and per capita income were systematically lower in the neighborhood compared to the Town and County for 2000, 2006, and 2011. Lower home values imply lower wealth in the neighborhood because most U.S. homeowners have a larger portion of their savings in the form of equity in houses they own. On the other hand, housing values and rents are even lower than in the Town and County on a relative basis compared to incomes. Thus housing affordability appears to be relatively less problematic than in the Town or County. For example:

- Neighborhood per capita income in 2006 was 81.2% of per capita income in the Town and 74.8% of per capita income in the County; and
- About twice as many very low income households live in the neighborhood compared to the other two areas.

The average housing unit in the neighborhood is six years older than units in Wake Forest. Units in the neighborhood are slightly newer on average, however, than a unit in Wake County. See Appendix B, p. 7.

TABLE 2: AVERAGE YEAR OF HOUSING CONSTRUCTION	
Area	Year built
Northeast Neighborhood	1987
Wake Forest	1993
Wake County	1985

Demographics

While the ESRI estimates for 2006 regarding population demographics are delineated for the proper area of analysis, they are not completely accurate. The 2000 census data for blocks indicated that 46.8% of the Northeast Neighborhood population was white whereas 47.3% was black. The ESRI estimates for 2006 indicate that the neighborhood is 61.0% white and 33.0% black.

TABLE 3: DEMOGRAPHIC ESTIMATES 2006		
Area:	Race:	
	White	Black
Northeast Neighborhood	61.0%	33.0%
Wake Forest	80.9%	13.6%
Wake County	70.3%	19.7%

The dependency ratio, which divides population less than 20 or over 64 years of age by population in the 20-64 age cohorts, is high for the Northeast Neighborhood relative to the surrounding areas. This partly explains the lower family, household, and per capita income in this area – namely, that fewer people of working age live in this neighborhood. The relatively lower percentage of residents in the labor force confirms this reality. Dependency ratios were calculated from the age distributions shown in Appendix B, p. 3.

TABLE 4: DEPENDENCY RATIOS FOR 2006	
Area	Ratio
Northeast Neighborhood	68.2%
Wake Forest	63.8%
Wake County	55.8%

Education

Educational levels were somewhat lower in the neighborhood compared to the other two areas. It is estimated that 61% of Northeast Neighborhood residents have educational experience beyond high school. This is 10% lower than the percentages for adults in the Town or County, which are estimated at 72%. The educational attainment among adults over 25 years of age for 2000 are listed below and in Appendix B, p. 4.

TABLE 5: EDUCATIONAL ATTAINMENT FOR PERSONS AGED 25+ IN 2000	
Education Level	Ratio
Less than 9 th Grade	6.8%
9 th -12 th Grade, No diploma	9.3%

**TABLE 5: EDUCATIONAL ATTAINMENT FOR PERSONS
AGED 25+ IN 2000**

Education Level	Ratio
High School Graduate	23.3%
Some College, No Degree	18.6%
Associate Degree	7.4%
Bachelor's Degree	26.1%
Masters/Professional/Doctorate Degree	8.6%

Employment

Women over 16 years of age living with children less than 18 years of age were more economically active in the neighborhood compared to the other two areas. Conversely, fewer women living in the neighborhood that did not have children less than 18 years of age were working in 2000 compared to the other areas in part because they were older on average. See Appendix B, p. 5.

TABLE 6: PERCENTAGE OF WOMEN WORKING IN 2000

Area	Women over 16 with children under 18	Women over 16 without children under 18
Northeast Neighborhood	26.8%	33.1%
Wake Forest	21.0%	36.0%
Wake County	22.6%	41.0%

The employed neighborhood population over 16 years old was very similar to the other two areas when compared on the basis of industry employment. The differences emerge in comparing the occupational distributions in 2006, such as:

- More blue-collar and service workers lived in the neighborhood compared to the other areas; and
- Conversely, fewer white-collar workers lived in the neighborhood, although 65.6% of all employed workers in the neighborhood were white collar.

Workers in the Northeast Neighborhood and the Town had an average commute to work of 30 minutes in 2000 compared to 25 minutes for all workers in Wake County. See Appendix B, p. 6.

ECONOMIC ACTIVITIES

The Northeast Neighborhood is an established residential area. No large vacant parcels exist for major development within the area. Two sites could be considered underutilized however: (1) the shopping center site on the northeast side of the intersection of East Roosevelt Avenue and North White (Neighborhood Shopping Center) and (2) the DuBois Center property. There is also one other parcel in the neighborhood which is owned by the Town, but it does not appear to have much development potential due to its small size and location adjacent to a cemetery.

Finding ways to revitalize these properties is one way to bestow significant economic benefits to the neighborhood. Though the economic activities considered below would provide the area with some jobs, the primary benefits of the economic activity would be the more proximate and accessible goods and public or private services for neighborhood residents. In 2006, retail expenditures in the neighborhood were estimated at \$21.5 million. Most of these expenditures are made locally at existing retailers, indicating that local economic activity is supported by the residents.

Neighborhood Shopping Center Redevelopment

Since publication of the Town's *Renaissance Plan* in 2004, considerable attention has been devoted to downtown redevelopment possibilities. Discussions with local experts suggested that redeveloping the Lyon center, the land parcel located on the northeast side of the intersection of East Roosevelt Avenue and North White, with a supermarket anchor would benefit both the neighborhood and downtown.

This parcel was originally anchored by Lyon, an independent grocer, and called the Lyon Shopping Center. Lyon closed when the Food Lion opened on Capital Boulevard. In 2006, CVS began construction of a drug store at the front of the site. Though CVS Real Estate was unwilling to share the market analysis conducted for this project, the company does plan on closing their downtown store. Most likely, the new CVS was justified on the basis of sales realized at the existing CVS and expected future growth of the area.

Behind CVS is the parking pad and buildings which are used both for offices and manufacturing. The improvements, made when the Baptist Seminary moved in several years ago appear to be in fairly good condition.

Retail Market Analysis

A retail market analysis was conducted to evaluate potential redevelopment of this parcel as a neighborhood shopping center. The logic of this analysis is that demand for a supermarket will also result in demand for other retailers, shop space, or in-line tenants. A typical neighborhood shopping center in North Carolina would be about 80,000 square feet with half developed as the supermarket and the rest as shops on either side plus one or two out parcels. In this case, the CVS would occupy the only out parcel and also represent the minor



anchor for the center. The analysis was conducted at a sufficient level of detail to draw sound conclusions about redevelopment potential.

The analysis involved the following steps: (1) defining the trade area, (2) estimating current and future demand for supermarket goods and services in the trade area, (3) estimating the amount of competition from supermarkets in the trade area, (4) estimating residual demand (the difference between demand and supply), and (5) determining how many square feet of space would be needed to serve this residual.

(1.) Defining the Trade Area – A circular trade area with a three mile radius was considered the primary trade area for the potential shopping center. The primary trade area is expected to generate about 80% of total sales. Clearly, the actual trade area is not a circle based on distance but an irregular area determined by auto drive times to the center. The circular area was used as a reasonable approximation of the actual trade area.

(2.) Estimating Current and Future Demand for Supermarket Goods and Services – Retail Goods and Services Expenditures as estimated by ESRI for 2006 were generated for one, two, and three mile radii around the site.¹ First, twelve major categories outlining the most likely expenditures to be made at supermarkets were identified. The percentages of retail expenditures were then estimated for each category. These expenditure estimates are shown in Appendix C. “Food at Home” was the most important expenditure component. As a check on calculations, supermarket expenditures were not expected to exceed 11% of household income. This percentage is often used as an industry norm. Demand was estimated for 2006 and 2011 in current dollars using ESRI forecasts of household growth and 3.9% as an inflation factor.

(3.) Estimating the Amount of Competition from Supermarkets in the Trade Area – Five chain grocers were identified in the trade area: (1) Lowes Food, (2) Food Lion, (3) Winn-Dixie, (4) the Super Target on Capital Boulevard in the eastern portion of the trade area, and (5) the Harris Teeter near the Heritage subdivision southeast of the site. The average size of these stores is 49,648 square feet. Since the Winn-Dixie is currently out of business, only about 197,000 square feet of chain grocer space are in current use. Another supermarket is assumed to be operating at the Winn-Dixie location in 2011, however, resulting in an increase in supply to 248,000 square feet.

(4.) Estimating Residual Demand – The Urban Land Institute² provides widely used statistics on shopping center sales, rents, and expenditures. Their square footage sales estimate was adjusted for inflation by 3.9% to estimate 2006 and 2011 sales in the normative scenario. The result was \$426.20 of sales per square foot for 2006. The normative case is represented in Appendix D.

¹ The Raleigh Chamber of Commerce provided the data for the analysis.

² The Urban Land Institute (ULI) is a national land use and real estate research organization.

The following explanation for 2011 applies to the 2006 estimates of supportable supermarket space:

- The 11,636 households estimated to be located in the trade area in 2011 will spend about \$9,500 each at supermarkets in 2011 dollars. With 10% leakage, available demand will be \$98.8 million. This figure is increased by 20% to account for customers coming from outside the primary trade area. The primary trade area is assumed to account for 80% of sales.
- After leakage and net inflow are recognized, supermarket expenditures are estimated to be \$118.6 million. The 2011 competitive supply should absorb \$122.7 million with sales of \$494.08 per square foot. That would leave negative \$4.0 million in residual demand or an excess of 8,162 square feet of supermarket space in 2011 to serve the primary trade area.

(5.) Determining Retail Space Needed to Serve the Residual Demand – Demand for at least 40,000 square feet of supermarket space would be required to justify a new supermarket at this site.

Conclusions from the Neighborhood Shopping Center Market Analysis

The conclusion drawn from this market analysis is that a neighborhood shopping center is not feasible at this site. To add further support for this conclusion, a Food Lion that was expected to occupy a site to the east of downtown at Jones Dairy Rd. and Highway 98, where the 98 bypass begins, withdrew its interest recently. Given the very strong competition on Capital Boulevard, it may be wise to consider potential uses of the site that do not compete directly with the chain grocers in this market.

Although a supermarket may not be feasible, sufficient local demand may exist for related niche products, such as organic produce, fresh flowers and herbs, or products that promote healthy lifestyles. A specialty center could be considered that eventually housed retailers and complementary health-related services. For example, this center could accommodate Barrett's Produce, currently located on North Main St., if it needed to expand. Such a center could grow gradually over time as demand increased and be considered relatively low risk even without credit tenants.

The *Renaissance Plan* suggests development of a grocery store to the south of downtown. The Plan shows the subject site anchored by CVS and new office development two blocks north. The CVS may draw sufficient traffic to warrant a small amount of additional development on the site. But it is not being developed to the scale or design style suggested in the Plan that would increase its market draw.

The most fitting and beneficial use of this site should be considered further. After completion of the Highway 98 by-pass, traffic patterns at the intersection of East Roosevelt and North White Street will change. Traffic counts are expected to

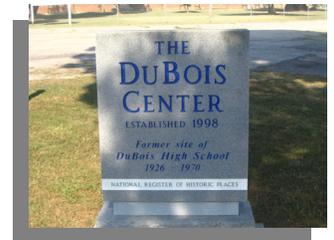
decline from 11,000 vehicles per day to 4,000 in the near term, but flow will improve which will enlarge the trade area.

DuBois Center Redevelopment

The DuBois Center has served the Wake Forest community for over 60 years as a school for African-American citizens in need of access to good educational opportunities. The site has social, cultural, and historic value, and is an invaluable piece of heritage for the community. In recent years, the Center has come under disrepair and disinvestment. The DuBois Alumni Association, the owner of the Center, is currently looking at ways to breathe new life in to the property and utilize this community space in a manner that regards its historic roots.

History of DuBois Center

The DuBois Center was originally developed as a Rosenwald school for African-Americans. Julius Rosenwald, a Chicago philanthropist and former Chief Executive of Sears, Roebuck and Company, provided the funding to develop the DuBois School, named after the African-American writer, W.E.B. DuBois. It served as a high school from 1926 to 1976.



The Wake Forest middle school was located on the DuBois Center property from the early 1980s until the mid 1990s when the Wake County School Board sold the property to the DuBois Alumni Association. Since then, the Alumni Board has expressed different views about the appropriate uses of the Center, but everyone agrees that its educational mission should be continued.

In 2005, the Wake County School Board leased a portion of the DuBois Center property and set up mobile units for the elementary grades. In August 2007, leasing will continue with ninth grade students from Wake Forest and Rolesville attending classes in the mobile units. This arrangement will continue to generate cash flow to the Center, and it has triggered infrastructure improvements on the property and along Allen Street.

Potential Future Plans for Center

Several years ago, a real estate development company with experience in the rehabilitation of historic properties proposed a residential rental project for buildings on the DuBois Center site. The developer considered elderly residents from the Northeast Neighborhood and surrounding areas as the primary market for the units. The Alumni Board rejected the idea because it was inconsistent with the Center's mission. The developer subsequently withdrew the proposal.

Over the past several years, progress has been made to establish a museum on the property that would capture the history of the DuBois School and the other southern schools partially funded in the early 1900s by Julius Rosenwald. To date, the project has not raised enough funding to be implemented.

On the basis of discussions with the current leadership of the DuBois Center, redevelopment options can be placed in two categories. One category consists of

social, educational and cultural activities that could be housed at the Center, including the potential museum, which could provide valuable services to the community. In the second category are private businesses that would lease space at the Center. These reuse options would be consistent with the educational mission. The first category requires grants and other forms of external funding; the second category can generate rental income for the Center. This analysis considers the second category.

Income-generating office uses can be consistent with the Center's educational mission. Potential tenants include the Wake County School Board administrative offices or other educational offices, private medical or dental practices, "temp" services with emphasis on home health care and nurse assistants, or Northeast Neighborhood residents in need of office space.

DuBois Center Market Analysis

A market-driven analysis was conducted to assess the feasibility of alternative office uses at the DuBois Center site. The basic idea is to determine reasonable market rents paid by these potential tenants and then estimate the funds that would be available for redevelopment of the site. The amount of funding is compared to expected redevelopment costs to assess financial feasibility.

(1.) Benchmarking Rents, Expenses, and Vacancies Real estate developers, brokers, and market analysts were consulted to ascertain typical rents paid by the potential tenants mentioned above and typical operating expenses for the office space. Office rents in Wake County range from about \$12 per square foot for Class C space to \$22 per square foot for Class A space. Operating expenses which include real estate taxes are in the \$5-6 per square foot range. Vacancy allowance was assumed to be either 5% or 10%. To complete the analysis, information on typical underwriting was assembled.

(2.) Analysis Assumptions The market driven analysis model was conducted for two different scenarios. The first scenario includes assumptions that can be considered more optimistic. The second scenario uses more pessimistic assumptions. The analysis is conducted on a square foot basis. Net operating income (NOI) is divided into one cash flow that provides returns to equity investors and a second cash flow that represents debt service paid to lenders. Below is a table outlining the assumptions used for both scenarios.

TABLE 7: DUBOIS CENTER LEASABLE OFFICE SPACE ANALYSIS ASSUMPTIONS		
Assumptions	Scenario 1 (optimistic)	Scenario 2 (pessimistic)
Gross Rental Income	\$17.00/sf	\$13.00/sf
Vacancy Rate	5%	10%
Operating Expenses	\$5.00/sf	\$5.00/sf
Loan Amortization Period	30 years	20 years
Interest Rate of Loan	5.8%	6.5%
Required Return for Equity Investors	10%	12%

Conclusions from the DuBois Center Market Analysis

The results of the two scenarios are shown in Appendix E. The total available funding per square foot for redevelopment of the Center is \$151 in scenario 1 and \$71 in scenario 2. Obviously, this is a wide range. Additional analysis and discussion could narrow the range. These figures assume that the DuBois Alumni Board would be willing to contribute the land and existing structures at no cost in order to direct all available resources to redevelopment. This assumption may not be realistic. Ideally, the Alumni Board would like to earn a return on its property in order to support other DuBois Center programs. However, giving the Center an equity position in the redevelopment project would decrease, dollar for dollar, the amount of capital available for redevelopment and renovation.

Construction costs for commercial office space in Wake County depend on the scale and quality of construction. Hard costs plus soft costs would begin at \$120 per square foot for commercial construction and go much higher. However, costs estimates will ultimately depend on the current quality of the structures at the Center destined for redevelopment and reuse. Some buildings may be in very good shape while others would not be worth rehabilitating. The Center should hire a competent firm with engineers and general contractors to determine the structural integrity of the buildings on the property.

When reasonable estimates of redevelopment cost are available, the same analysis can be run “in reverse” to determine the market rent ranges needed to support the redevelopment program.

The analysis has not considered other funds for redevelopment. Certainly, grants and contributions from individual, corporate, foundation, or public sources may be forthcoming. Yet these funds are likely to be directed to many worthwhile activities and programs of the Center that cannot generate sufficient cash flow to operate the Center. The assumption here is that property redevelopment should either result in economically viable real estate enterprises or not be pursued.

Some additional knowledge about the neighborhood was gained through this analysis. The potential viability for elderly housing appears to remain strong in the Northeast Neighborhood. Town and community leaders should begin discussions with the Wake County Housing Authority about improving the Massey Apartments on Allen Street. These units appear ripe for redevelopment. It may be feasible to add rental housing for the elderly at this location. If this option proved to be infeasible, another site close to the neighborhood should be identified. One possibility may be part of the large parcel owned by Andy Ammons just east of Jubilee Village.

The positive ripple effects of an elderly housing project could be significant. Elderly persons taking residence in the new housing units would presumably sell their houses. Younger home buyers would have more incentive to invest in their homes. Such private investment in housing rehabilitation combined with public infrastructure improvements could upgrade the Northeast Neighborhood.

Additionally, it was learned that many Northeast Neighborhood residents are in need of transportation services. These services could not be sold to residents at a profit given the incomes of needy residents. The service would need to be subsidized. TROSA³ in Durham has a viable vehicle provision/transportation program that may be worth investigating and emulating in Wake Forest.

³ Information about TROSA (Triangle Residential Options for Substance Abusers) can be found at <http://www.trosainc.org/>

Appendix A – Maps of Area of Analysis

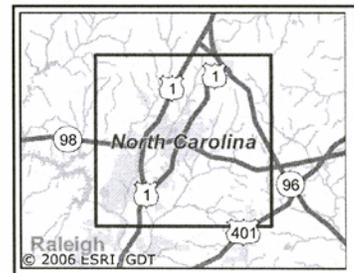
Site Map

S White St AT E Roosevelt Ave Prepared by Wake County Economic Development

Latitude: 35.9794
Longitude: -78.5093

Wake Forest, NC 27587

August 1, 2006



Wake Forest study area

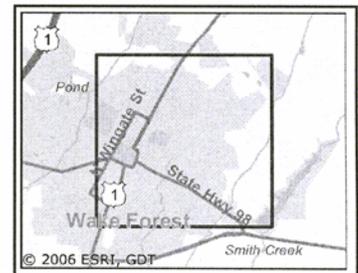
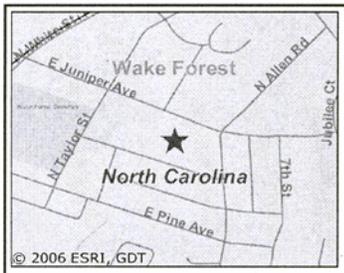
Site Map

Prepared by Wake County Economic Development

Latitude: 35.9824
Longitude: -78.5019

Wake Forest, NC

August 1, 2006



Appendix B – Market Profile



Market Profile

Prepared by Wake County Economic Development

Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1



2000 Total Population	1,737
2000 Group Quarters	0
2006 Total Population	2,334
2011 Total Population	2,825
2006 - 2011 Annual Rate	3.89%



2000 Households	646
2000 Average Household Size	2.69
2006 Households	884
2006 Average Household Size	2.64
2011 Households	1,073
2011 Average Household Size	2.63
2006 - 2011 Annual Rate	3.95%
2000 Families	466
2000 Average Family Size	3.17
2006 Families	617
2006 Average Family Size	3.15
2011 Families	730
2011 Average Family Size	3.16
2006 - 2011 Annual Rate	3.42%



2000 Housing Units	711
Owner Occupied Housing Units	58.7%
Renter Occupied Housing Units	32.9%
Vacant Housing Units	8.4%
2006 Housing Units	977
Owner Occupied Housing Units	54.9%
Renter Occupied Housing Units	35.6%
Vacant Housing Units	9.5%
2011 Housing Units	1,199
Owner Occupied Housing Units	53.1%
Renter Occupied Housing Units	36.4%
Vacant Housing Units	10.5%

Median Household Income

2000	\$44,720
2006	\$57,448
2011	\$69,258

Median Home Value

2000	\$117,500
2006	\$147,017
2011	\$177,586

Per Capita Income

2000	\$20,393
2006	\$26,687
2011	\$33,743

Median Age

2000	31.8
2006	32.9
2011	34.1

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by total population. Detail may not sum to totals due to rounding.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011.



Market Profile

Prepared by Wake County Economic Development

Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1



2000 Households by Income

Household Income Base	644
< \$15,000	18.2%
\$15,000 - \$24,999	10.2%
\$25,000 - \$34,999	9.2%
\$35,000 - \$49,999	17.2%
\$50,000 - \$74,999	24.8%
\$75,000 - \$99,999	9.0%
\$100,000 - \$149,999	7.6%
\$150,000 - \$199,999	2.0%
\$200,000+	1.7%
Average Household Income	\$53,832

2006 Households by Income

Household Income Base	884
< \$15,000	13.6%
\$15,000 - \$24,999	8.4%
\$25,000 - \$34,999	6.4%
\$35,000 - \$49,999	14.9%
\$50,000 - \$74,999	22.1%
\$75,000 - \$99,999	15.7%
\$100,000 - \$149,999	11.8%
\$150,000 - \$199,999	4.5%
\$200,000+	2.6%
Average Household Income	\$69,647

2011 Households by Income

Household Income Base	1,071
< \$15,000	11.3%
\$15,000 - \$24,999	6.9%
\$25,000 - \$34,999	5.5%
\$35,000 - \$49,999	9.3%
\$50,000 - \$74,999	20.7%
\$75,000 - \$99,999	15.0%
\$100,000 - \$149,999	20.2%
\$150,000 - \$199,999	4.8%
\$200,000+	6.3%
Average Household Income	\$87,902

2000 Owner Occupied HUs by Value

Total	414
<\$50,000	9.9%
\$50,000 - 99,999	24.9%
\$100,000 - 149,999	32.9%
\$150,000 - 199,999	12.1%
\$200,000 - \$299,999	13.3%
\$300,000 - 499,999	5.3%
\$500,000 - 999,999	1.7%
\$1,000,000+	0.0%
Average Home Value	\$147,051

2000 Specified Renter Occupied HUs by Contract Rent

Total	232
With Cash Rent	93.5%
No Cash Rent	6.5%
Median Rent	\$459
Average Rent	\$426

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest, dividends, net rents, pensions, SSI and welfare payments, child support and alimony. Specified Renter Occupied HUs exclude houses on 10+ acres. Average Rent excludes units paying no cash rent.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011.



Market Profile

Prepared by Wake County Economic Development

Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1

2000 Population by Age	
 Total	1,734
0 - 4	9.6%
5 - 9	8.9%
10 - 14	8.2%
15 - 19	5.4%
20 - 24	5.9%
25 - 34	17.5%
35 - 44	17.6%
45 - 54	12.5%
55 - 64	5.7%
65 - 74	4.8%
75 - 84	2.7%
85+	1.2%
18+	69.4%

2006 Population by Age	
Total	2,335
0 - 4	9.2%
5 - 9	8.4%
10 - 14	8.2%
15 - 19	6.0%
20 - 24	4.6%
25 - 34	17.8%
35 - 44	16.2%
45 - 54	13.6%
55 - 64	7.3%
65 - 74	4.8%
75 - 84	2.6%
85+	1.4%
18+	70.3%

2011 Population by Age	
Total	2,820
0 - 4	9.1%
5 - 9	7.7%
10 - 14	8.4%
15 - 19	6.1%
20 - 24	5.3%
25 - 34	15.0%
35 - 44	16.3%
45 - 54	14.1%
55 - 64	8.3%
65 - 74	5.3%
75 - 84	2.6%
85+	1.6%
18+	70.7%

2000 Population by Sex	
Males	48.2%
Females	51.8%

2006 Population by Sex	
Males	48.4%
Females	51.6%

2011 Population by Sex	
Males	48.4%
Females	51.6%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011.



Wake Forest study area
Latitude: 35.9824
Longitude: -78.5019

Wake Forest, NC
Area: 1



2000 Population by Race/Ethnicity

Total	1,737
White Alone	61.9%
Black Alone	33.4%
American Indian Alone	0.2%
Asian or Pacific Islander Alone	1.8%
Some Other Race Alone	1.2%
Two or More Races	1.6%
Hispanic Origin	2.0%
Diversity Index	52.5

2006 Population by Race/Ethnicity

Total	2,335
White Alone	61.0%
Black Alone	33.0%
American Indian Alone	0.3%
Asian or Pacific Islander Alone	2.4%
Some Other Race Alone	1.6%
Two or More Races	1.8%
Hispanic Origin	2.7%
Diversity Index	54.4

2011 Population by Race/Ethnicity

Total	2,825
White Alone	59.6%
Black Alone	33.3%
American Indian Alone	0.3%
Asian or Pacific Islander Alone	2.9%
Some Other Race Alone	1.8%
Two or More Races	2.1%
Hispanic Origin	3.0%
Diversity Index	56.0



2000 Population 3+ by School Enrollment

Total	1,640
Enrolled in Nursery/Preschool	2.6%
Enrolled in Kindergarten	1.6%
Enrolled in Grade 1-8	15.3%
Enrolled in Grade 9-12	4.9%
Enrolled in College	4.5%
Enrolled in Grad/Prof School	3.6%
Not Enrolled in School	67.5%

2000 Population 25+ by Educational Attainment

Total	1,070
Less than 9th Grade	6.8%
9th - 12th Grade, No Diploma	9.3%
High School Graduate	23.3%
Some College, No Degree	18.6%
Associate Degree	7.4%
Bachelor's Degree	26.1%
Master's/Prof/Doctorate Degree	8.6%

Data Note: Persons of Hispanic Origin may be of any race. The Diversity Index measures the probability that two people from the same area will be from different race/ethnic groups.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011.



ESRI

Market Profile

Prepared by Wake County Economic Development

Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1



2000 Population 15+ by Sex and Marital Status

Total	1,275
Females	53.6%
Never Married	13.5%
Married, not Separated	27.5%
Married, Separated	1.6%
Widowed	5.6%
Divorced	5.4%
Males	46.4%
Never Married	12.5%
Married, not Separated	27.6%
Married, Separated	1.7%
Widowed	0.9%
Divorced	3.6%



2000 Population 16+ by Employment Status

Total	1,246
In Labor Force	68.7%
Civilian Employed	66.6%
Civilian Unemployed	2.1%
In Armed Forces	0.0%
Not in Labor Force	31.3%

2006 Civilian Population 16+ in Labor Force

Civilian Employed	97.3%
Civilian Unemployed	2.7%

2011 Civilian Population 16+ in Labor Force

Civilian Employed	97.2%
Civilian Unemployed	2.8%

2000 Females 16+ by Employment Status and Age of Children

Total	665
Own Children < 6 Only	9.6%
Employed/in Armed Forces	6.5%
Unemployed	0.0%
Not in Labor Force	3.2%
Own Children < 6 and 6-17 Only	9.5%
Employed/in Armed Forces	5.6%
Unemployed	0.5%
Not in Labor Force	3.5%
Own Children 6-17 Only	19.2%
Employed/in Armed Forces	14.7%
Unemployed	0.6%
Not in Labor Force	3.9%
No Own Children < 18	61.7%
Employed/in Armed Forces	33.1%
Unemployed	1.1%
Not in Labor Force	27.5%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006.



Market Profile

Prepared by Wake County Economic Development

Wake Forest study area

Latitude: 35.9824

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Wake Forest, NC

Area: 1



2006 Employed Population 16+ by Industry

Total	1,081
Agriculture/Mining	0.3%
Construction	9.3%
Manufacturing	10.1%
Wholesale Trade	3.3%
Retail Trade	10.3%
Transportation/Utilities	3.9%
Information	3.4%
Finance/Insurance/Real Estate	6.8%
Services	47.1%
Public Administration	5.6%

2006 Employed Population 16+ by Occupation

Total	1,082
White Collar	65.6%
Management/Business/Financial	16.3%
Professional	26.5%
Sales	11.2%
Administrative Support	11.6%
Services	13.4%
Blue Collar	21.0%
Farming/Forestry/Fishing	0.1%
Construction/Extraction	7.4%
Installation/Maintenance/Repair	3.7%
Production	5.4%
Transportation/Material Moving	4.4%



2000 Workers 16+ by Means of Transportation to Work

Total	816
Drove Alone - Car, Truck, or Van	80.3%
Carpooled - Car, Truck, or Van	14.0%
Public Transportation	0.5%
Walked	0.7%
Other Means	1.3%
Worked at Home	3.2%

2000 Workers 16+ by Travel Time to Work

Total	815
Did Not Work at Home	96.8%
Less than 5 minutes	1.5%
5 to 9 minutes	9.0%
10 to 19 minutes	17.4%
20 to 24 minutes	9.0%
25 to 34 minutes	23.4%
35 to 44 minutes	14.5%
45 to 59 minutes	13.7%
60 to 89 minutes	6.6%
90 or more minutes	1.7%
Worked at Home	3.2%
Average Travel Time to Work (in min)	30.8

2000 Households by Vehicles Available

Total	646
None	11.9%
1	29.3%
2	43.8%
3	11.1%
4	3.3%
5+	0.6%
Average Number of Vehicles Available	1.7

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2006 and 2011.



Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1



2000 Households by Type

Total	646
Family Households	72.1%
Married-couple Family	52.3%
With Related Children	28.5%
Other Family (No Spouse)	19.8%
With Related Children	14.7%
Nonfamily Households	27.9%
Householder Living Alone	21.7%
Householder Not Living Alone	6.2%
Households with Related Children	43.2%
Households with Persons 65+	18.3%

2000 Households by Size

Total	646
1 Person Household	21.7%
2 Person Household	32.0%
3 Person Household	19.5%
4 Person Household	17.2%
5 Person Household	6.3%
6 Person Household	1.9%
7+ Person Household	1.4%

2000 Households by Year Householder Moved In

Total	645
Moved in 1999 to March 2000	27.6%
Moved in 1995 to 1998	36.0%
Moved in 1990 to 1994	11.5%
Moved in 1980 to 1989	11.0%
Moved in 1970 to 1979	7.6%
Moved in 1969 or Earlier	6.4%
Median Year Householder Moved In	1997



2000 Housing Units by Units in Structure

Total	705
1, Detached	65.7%
1, Attached	5.5%
2	3.4%
3 or 4	3.7%
5 to 9	8.8%
10 to 19	4.7%
20+	2.8%
Mobile Home	5.4%
Other	0.0%

2000 Housing Units by Year Structure Built

Total	711
1999 to March 2000	10.5%
1995 to 1998	21.9%
1990 to 1994	12.8%
1980 to 1989	16.7%
1970 to 1979	14.8%
1969 or Earlier	23.2%
Median Year Structure Built	1987

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing.



Wake Forest study area

Latitude: 35.9824

Longitude: -78.5019

Wake Forest, NC

Area: 1

Top 3 Tapestry Segments

- | | | |
|----|--|------------------------|
| 1. | | Up and Coming Families |
| 2. | | Great Expectations |



2006 Consumer Spending shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.

Apparel & Services: Total \$	\$1,786,072
Average Spent	\$2,020.44
Spending Potential Index	74
Computers & Accessories: Total \$	\$238,177
Average Spent	\$269.43
Spending Potential Index	105
Education: Total \$	\$1,088,678
Average Spent	\$1,231.54
Spending Potential Index	109
Entertainment/Recreation: Total \$	\$2,877,533
Average Spent	\$3,255.13
Spending Potential Index	98
Food at Home: Total \$	\$4,194,694
Average Spent	\$4,745.13
Spending Potential Index	96
Food Away from Home: Total \$	\$2,971,782
Average Spent	\$3,361.74
Spending Potential Index	101
Health Care: Total \$	\$2,979,790
Average Spent	\$3,370.80
Spending Potential Index	92
HH Furnishings & Equipment: Total \$	\$1,723,260
Average Spent	\$1,949.39
Spending Potential Index	88
Investments: Total \$	\$3,915,501
Average Spent	\$4,429.30
Spending Potential Index	95
Retail Goods: Total \$	\$21,515,720
Average Spent	\$24,339.05
Spending Potential Index	93
Shelter: Total \$	\$12,694,584
Average Spent	\$14,360.39
Spending Potential Index	101
TV/Video/Sound Equipment: Total \$	\$967,321
Average Spent	\$1,094.25
Spending Potential Index	100
Travel: Total \$	\$1,554,925
Average Spent	\$1,758.96
Spending Potential Index	98
Vehicle Maintenance & Repairs: Total \$	\$935,057
Average Spent	\$1,057.76
Spending Potential Index	99

Data Note: The Spending Potential Index represents the amount spent in the area relative to a national average of 100.

Source: Expenditure data are derived from the 2001, 2002 and 2003 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2006 and 2011.

Appendix C – Market Area Expenditure Estimates

Appendix C

Three-Mile Trade Area

Item	Avg Amt Spent Per Household	% Consumption	Est Avg Amt Consumed in Supermks	Percent of Household Spending
Pets	\$545.91	33%	\$180.15	0.26%
Photo	\$175.96	0%	\$0.00	0.00%
Food at Home	\$5,586.22	100%	\$5,586.22	7.97%
Alcoholic Beverages	\$664.08	25%	\$166.02	0.24%
Non-Alcoholic Beverages at Home	\$475.22	90%	\$427.70	0.61%
Non-Prescription Drugs	\$123.39	50%	\$61.70	0.09%
Prescription Drugs	\$565.41	0%	\$0.00	0.00%
Eye Glasses and Contacts	\$97.17	0%	\$0.00	0.00%
Housewares	\$100.58	10%	\$10.06	0.01%
Housekeeping Supplies	\$866.64	75%	\$649.98	0.93%
Personal Care Products	\$536.32	66%	\$353.97	0.50%
School Books and Supplies	\$135.30	0%	\$0.00	0.00%
Smoking Products	\$503.15	20%	\$100.63	0.14%
Totals			\$7,536.42	10.75%

Assumptions

Retail values are in 2006 dollars.

Household spending is assumed to be constant over time.

Median household income was used because average income was not available.

Consumption estimates are approximations.

Appendix D – Residual Demand Analysis for Neighborhood
Shopping Center

Appendix D

RESIDUAL DEMAND ANALYSIS: Wake Forest Neighborhood Shopping Center Normative Estimate

Assumptions

Avg Sales / SF for Area Supermarkets 2006	\$	426.20
Annual Increase of Sales, 2006-2011		3%
Percentage Increase in Median HH Income, 2006-2011		25%
Number of Projected Years		5
Current Total Parking Spaces		231
Total Competitive Supply 2011		248,238
Total SF Added by 2011 (Winn-Dixie site)		51,304

TRADE AREA -Three Miles

Demand Estimate	<u>2006</u>	<u>2011</u>
Trade Area Households	9,511	11,636
Avg Annual Household Supermarket Expenditure	\$ 7,536.42	\$ 9,438.90
Total Estimated Demand	\$ 71,678,914	\$109,831,085.51
Leakage	10.0%	10.0%
Demand After Leakage	\$ 64,511,023	\$ 98,847,977
Net Inflow (secondary trade area)	20%	20%
Estimated Demand	\$ 77,413,228	\$ 118,617,572

Supply Inventory

Total Competitive Supply in SF	196,934	248,238
Average Sales / SF	\$ 426.20	\$ 494.08
Total Sales of Current Supply	\$ 83,933,271	\$ 122,650,079
Excess Demand	\$ (6,520,043)	\$ (4,032,507)
Supportable Supermarket Space in SF	(15,298)	(8,162)

Sensitivity Analysis

Avg Sales / SF of \$426.20 estimated using 3.9% inflation from 2002-2006

Leakage outside the region is expected to be low due to concentration of retail on Capital Boulevard.

Total Competitive Supply assumes no Winn-Dixie in 2006 and a new grocer in that space by 2011.

Appendix E – DuBois Center Office Space Analysis
(Scenarios 1 & 2)

Appendix E

Market Driven Analysis Scenario 1 -- Optimistic Assumptions

Market Rent		17.00
*Net Leasable Area		1.00
<hr/>		
= Gross Rental Revenue		17.00
- Vacancy		0.85
<hr/>		
= Effective Gross Income		16.15
- Operating Expenses		5.00
- Real Estate Taxes		
<hr/>		
Net Operating Income		11.15

<u>Equity</u>		
NOI		11.15
- Debt Service		9.29
<hr/>		
= Available "Cash Throw Off"		1.86
/Cash on Cash Return Rate		0.10
<hr/>		
= Justified Equity Investment		18.58

<u>Debt</u>		
NOI		11.15
/Debt Coverage Ratio		1.20
<hr/>		
= Cash available for Debt Service		9.29
/Annualized Mortgage Constant		0.070410
<hr/>		
= Justified Mortgage Amount		131.96

Justified Project Investment		150.55
- Max. Capital Improvement Budget		150.55
<hr/>		
= Residual Land Value		0.00

Financing: 5.8% 30 yr. am

Appendix E

Market Driven Analysis Scenario 2 -- Pessimistic Assumptions

Market Rent	13.00
*Net Leasable Area	1.00
<hr/>	
= Gross Rental Revenue	13.00
- Vacancy	1.30
<hr/>	
= Effective Gross Income	11.70
- Operating Expenses	5.00
- Real Estate Taxes	5.00
<hr/>	
Net Operating Income	6.70

<u>Equity</u>	
NOI	6.70
- Debt Service	5.58
<hr/>	
= Available "Cash Throw Off"	1.12
/Cash on Cash Return Rate	0.12
= Justified Equity Investment	9.31

<u>Debt</u>	
NOI	6.70
/Debt Coverage Ratio	1.20
<hr/>	
= Cash available for Debt Service	5.58
/Annualized Mortgage Constant	0.089469
= Justified Mortgage Amount	62.41

Justified Project Investment	71.71
- Max. Capital Improvement Budget	71.71
<hr/>	
= Residual Land Value	0.00

Financing: 6.5% 20 yr. am