



# DOWNTOWN ELON MASTER PLAN

## Market Analysis

March 2023

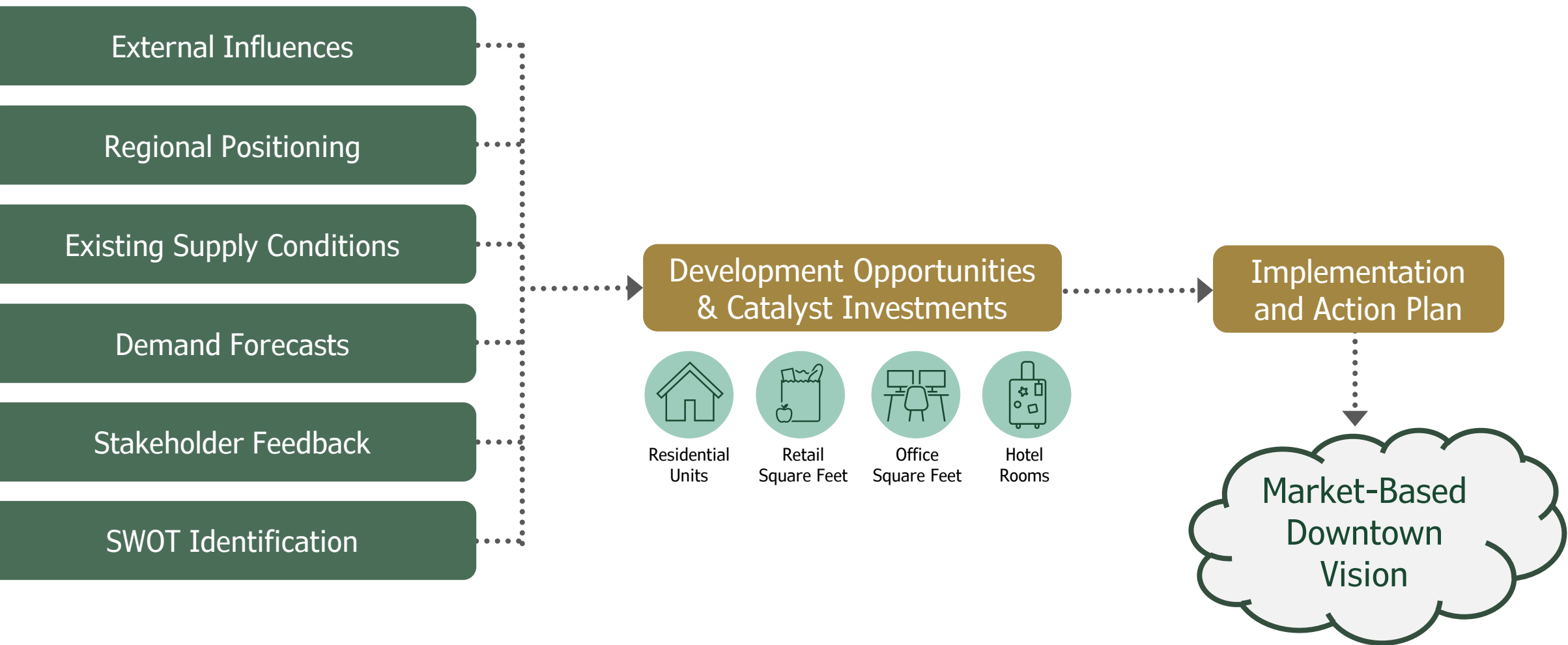


# Project Description

---



# Market Analysis Process





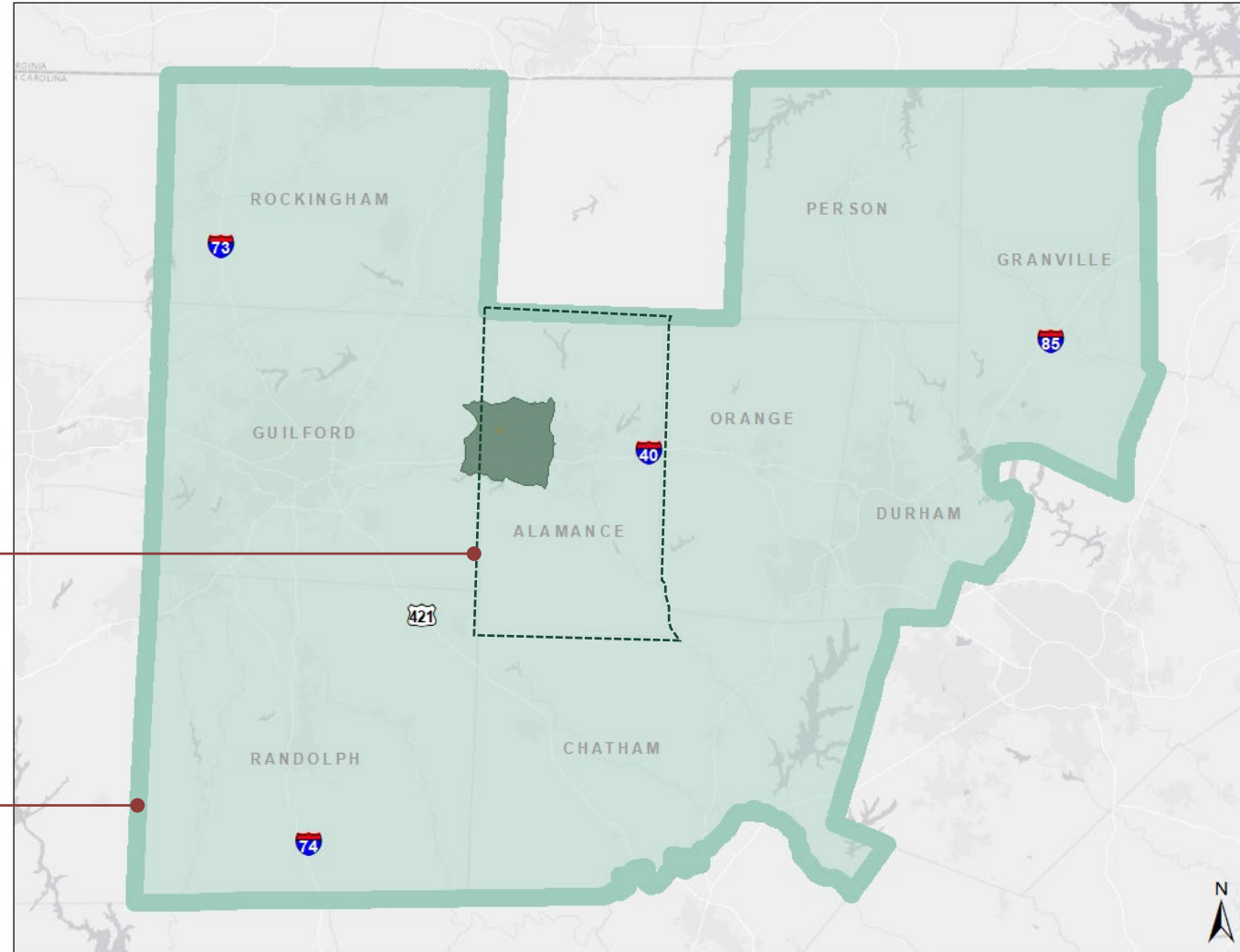
# Analysis Geographies

The Elon Downtown Market Analysis reviews data for multiple geographies, allowing for a more comprehensive understanding of trends, both locally and region wide. Demographic, employment, and real estate profiles review considerations for a custom-defined Market Area surrounding the downtown, as well as Alamance County and a larger nine-county area that was derived by commuting patterns into and out of Elon.

The geographies utilized as part of this market analysis are defined as follows:

- **Alamance County:** Socioeconomic datapoints are provided for select variables at the County level to serve as a comparison standpoint. Based on 2010 Census data, Alamance County is considered a metropolitan statistical area. Updated definitions of metropolitan areas based on the 2020 US Census have not yet been released.

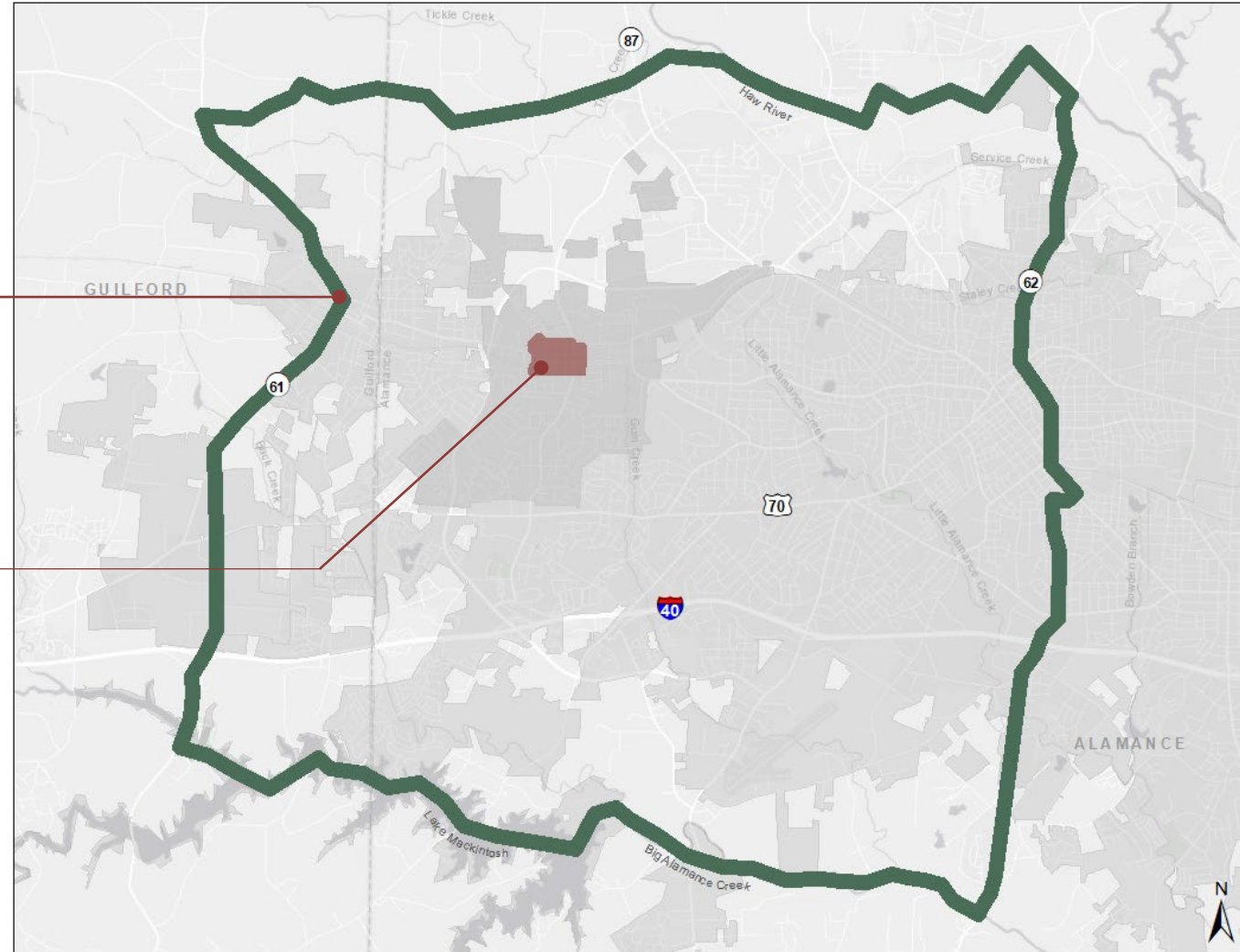
- **Tri-Metro Region:** In order to describe the positioning of Downtown Elon on a more macro-level, this analysis reviews growth characteristics for an area that combines the following metropolitan regions: Greensboro-High Point, NC; Burlington, NC MSA; and Durham-Chapel Hill MSA. All combined, the region includes nine counties within North Carolina.



# Analysis Geographies

To assess market realities on a more localized scale, this analysis also reviews socioeconomic profiles and real estate performance for to smaller areas that more directly influence development in Downtown Elon. They are:

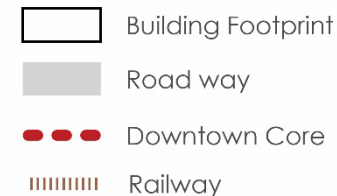
- **Elon Market Area:** The Elon Market Area includes portions of Alamance and Guilford counties. It was defined in order to demonstrate immediate real estate considerations that could influence growth and development in the downtown area. Boundaries of the Market Area incorporate natural- and man-made barriers, competitive real estate properties, and commuting patterns.
- **Downtown Study Area:** Finally, the Downtown Study Area is centered on Elon's downtown area, the boundaries include Church Street to the west, Elon Commons Drive to the north, Atkinson Avenue to the east, and Summerbell Ave to the south.



# Analysis Geographies



- North – W. Haggard Ave
- East – N. Williamson Ave
- South – W. Summerbell Ave
- West – Church St.
- Approximately 90 acres
  - 13% in buildings/structures
  - 17% impervious parking lots
  - 26% in right-of-way



















500 FEET

# Demographic Profile

---



# Demographic Snapshot

| Market Area      |  <div>68,593<br/>2022<br/>Estimated<br/>Population</div>                  |  <div>38.1<br/>Median Age</div>                |  <div>29.1%<br/>Households<br/>with<br/>Children</div> |  <div>65.2<br/>Diversity<br/>Index</div>                      |
|------------------|--|---|---|--|
|                  |  <div>1.8%<br/>Compound<br/>Annual<br/>Growth Rate<br/>since 2010</div>   |  <div>60.4%<br/>% Owner<br/>Households</div>   |  <div>2.37<br/>Avg. HH<br/>Size</div>                  |  <div>5.5%<br/>% HH with no<br/>access to<br/>vehicle</div>   |
| Tri-Metro Region |  <div>1,439,233<br/>2022<br/>Estimated<br/>Population</div>              |  <div>38.6<br/>Median Age</div>               |  <div>31.8%<br/>Household<br/>with<br/>Children</div> |  <div>69.4<br/>Diversity<br/>Index</div>                     |
|                  |  <div>1.1%<br/>Compound<br/>Annual<br/>Growth Rate<br/>since 2010</div> |  <div>63.5%<br/>% Owner<br/>Households</div> |  <div>2.38<br/>Avg. HH<br/>Size</div>                |  <div>5.8%<br/>% HH with no<br/>access to<br/>vehicle</div> |



# Population Characteristics

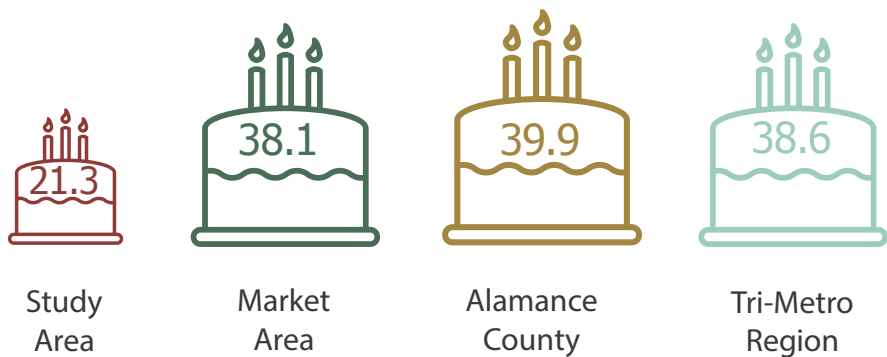
## Comparison of Population Trends, 2010-2022

Source: ESRI Business Analyst Online (BAO)

| Area                 | 2010      | 2022      | 2010-2022 Δ |       |      |
|----------------------|-----------|-----------|-------------|-------|------|
|                      |           |           | #           | %     | CAGR |
| Study Area           | 453       | 586       | 133         | 29.4% | 2.2% |
| Market Area          | 55,587    | 68,593    | 13,006      | 23.4% | 1.8% |
| Alamance County      | 151,126   | 176,119   | 24,993      | 16.5% | 1.3% |
| Tri-Metro Region     | 1,439,233 | 1,632,323 | 193,090     | 13.4% | 1.1% |
| Market Area % Region | 3.9%      | 4.2%      | 6.7%        |       |      |

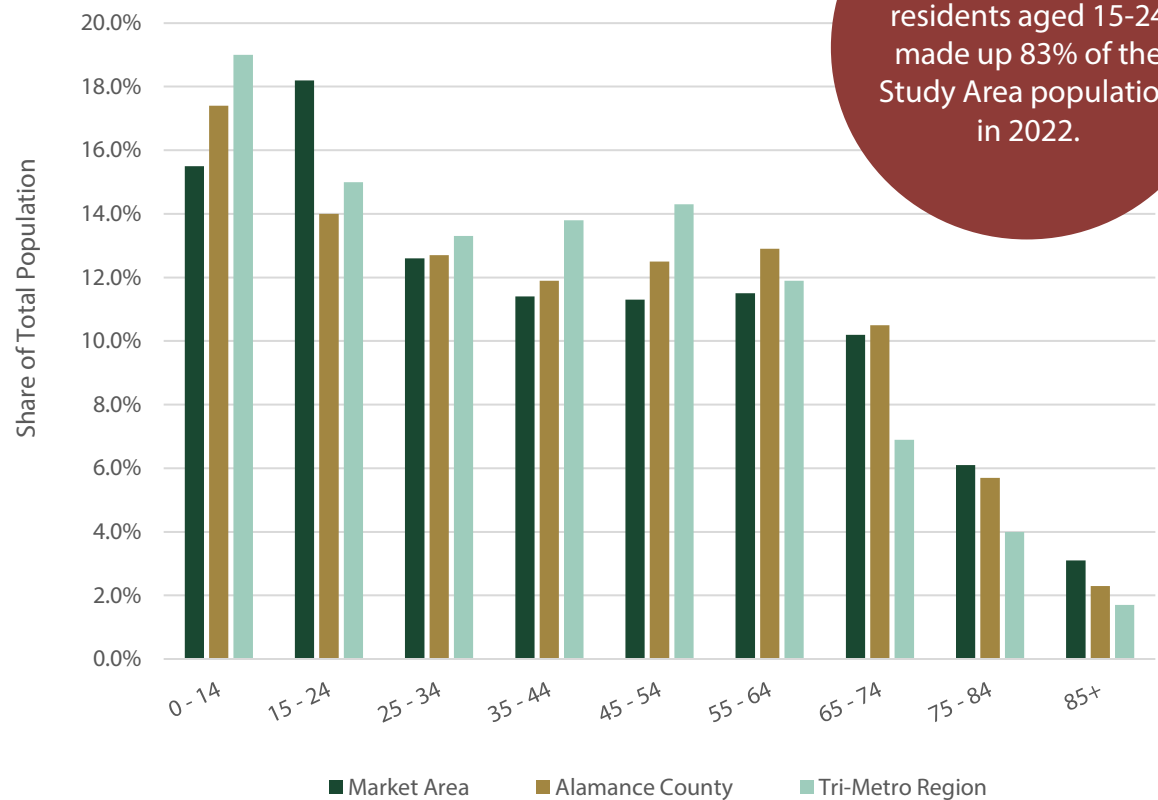
## Comparison of Median Age, 2022

Source: US Census; ESRI BAO



## Comparison of Population Shares by Age, 2022

Source: ESRI BAO



Driven by the presence of Elon University, residents aged 15-24 made up 83% of the Study Area population in 2022.

# Household Characteristics

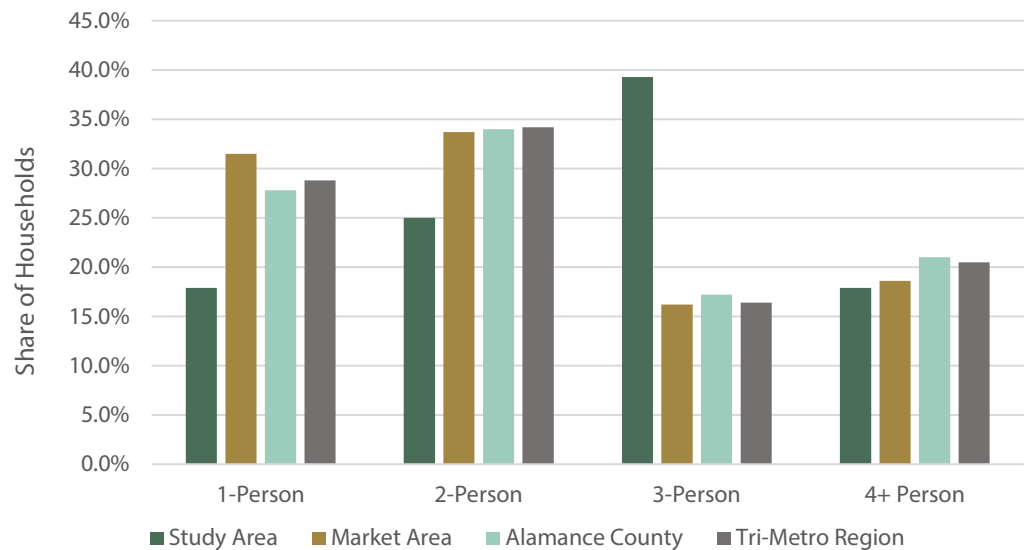
## Comparison of Household Trends, 2010-2022

Source: ESRI BAO

| Area                 | 2010    | 2022    | 2010-2022 Δ |        |       |
|----------------------|---------|---------|-------------|--------|-------|
|                      |         |         | #           | %      | CAGR  |
| Study Area           | 113     | 95      | -18         | -15.9% | -1.4% |
| Market Area          | 22,400  | 26,756  | 4,356       | 19.4%  | 1.5%  |
| Alamance County      | 59,959  | 69,892  | 9,933       | 16.6%  | 1.3%  |
| Tri-Metro Region     | 573,774 | 657,161 | 83,387      | 14.5%  | 1.1%  |
| Market Area % Region | 3.9%    | 4.1%    | 5.2%        |        |       |

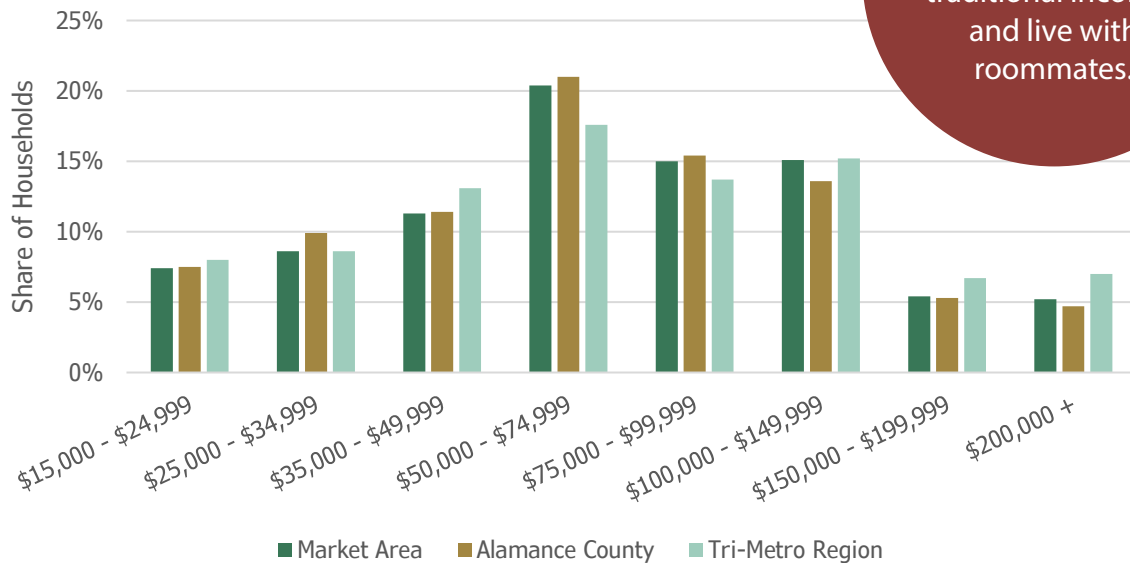
## Comparison of Households by Size, 2022

Source: ESRI BAO



## Comparison of Household Shares by Income Cohort, 2022

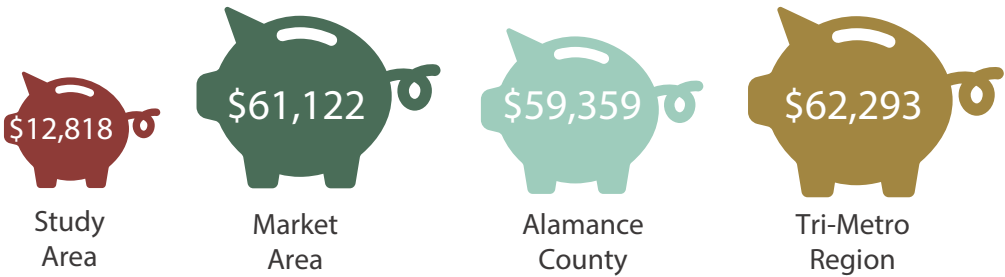
Source: ESRI BAO



Study Area households are primarily made up of students, who typically have limited traditional incomes and live with roommates.

## Comparison of Median Household Income, 2022

Source: US Census; ESRI BAO



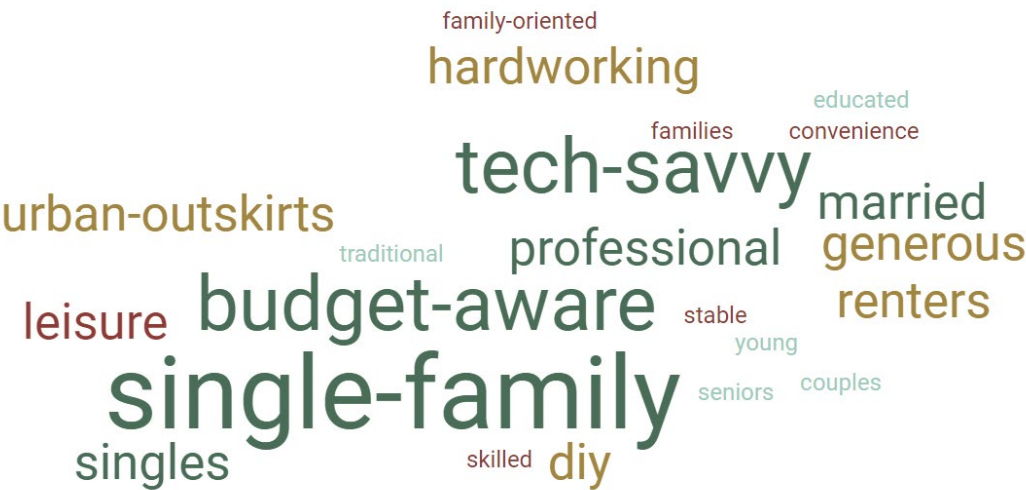
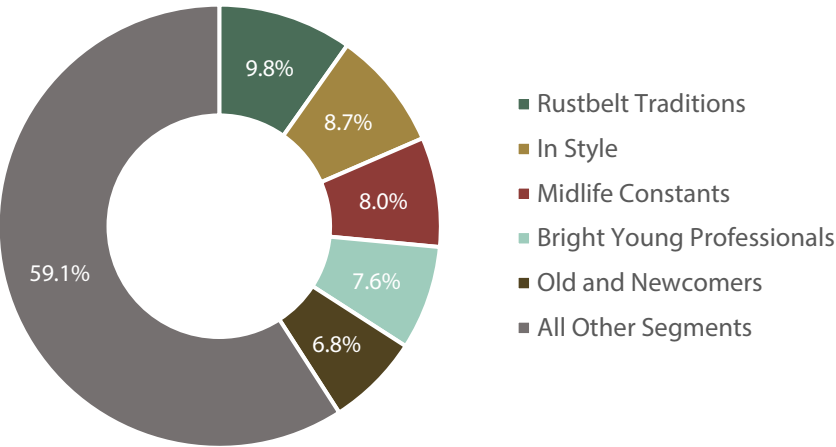
# Tapestry Segmentation

Tapestry segmentation, provided by ESRI Business Analyst Online, classifies United States households into 67 unique segments, based on demographics and socioeconomic characteristics. It helps developers, retailers, and site selectors better understand the common behaviors within each segment, including what people spend their money on, the type of housing they live in, and how best to reach them. Information from Tapestries can be used in marketing strategies and more personalized experiences.

Tapestry segmentation descriptions are not meant to represent individual households within a specified area, but rather can be used as a benchmark based on national segment dynamics that most commonly correspond with them. The Elon Market Area has a diverse set of represented tapestries, which are described on the following pages.

**Tapestry Segments by Share, Market Area, 2022**

Source: ESRI BAO



# Tapestry Segmentation

## RUSTBELT TRADITIONS

9.8%  
of Market Area  
households



- Prefer the suburban periphery of metropolitan areas
- Reside in older, single-family developments
- Stable, hardworking & family-oriented consumers with modest incomes
- Most have lived, worked, and played in the same area for years

## IN STYLE

8.7%  
of Market Area  
households



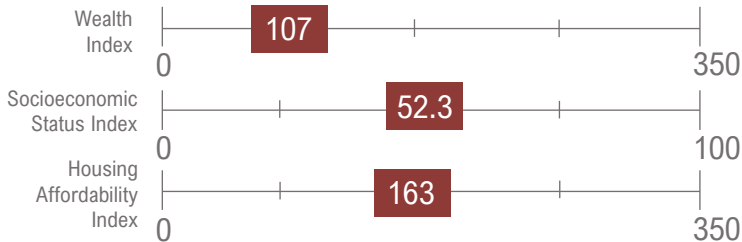
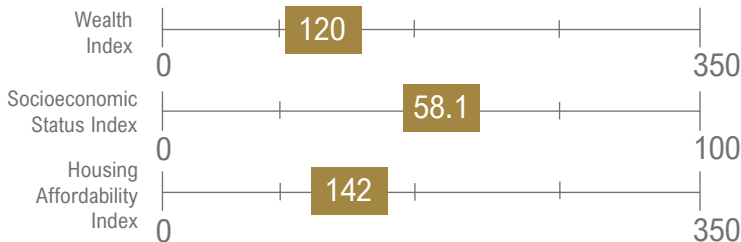
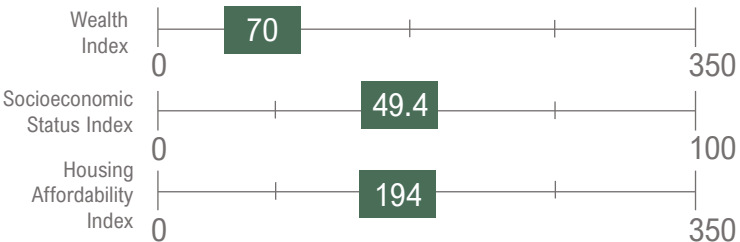
- Affluent city dwellers of large metro areas
- Professional couples or single households without children planning for retirement
- Housing preferences range from single-family to multifamily but skew towards owning
- Labor participation is higher than the US rate
- Connected and make full use of the advantages of mobile devices

## MIDLIFE CONSTANTS

8.0%  
of Market Area  
households



- Approaching retirement
- Traditional; opt for convenience and comfort
- Attentive to price but not at the expense of quality
- Connected but the bells and whistles are a bother



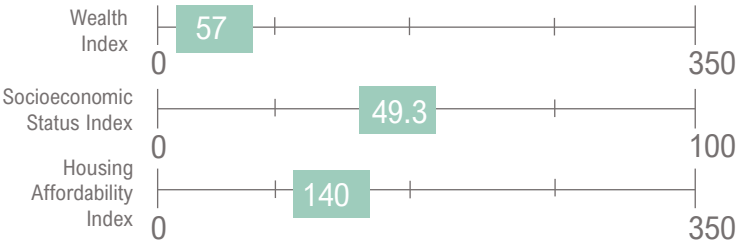


# Tapestry Segmentation

## BRIGHT YOUNG PROFESSIONALS



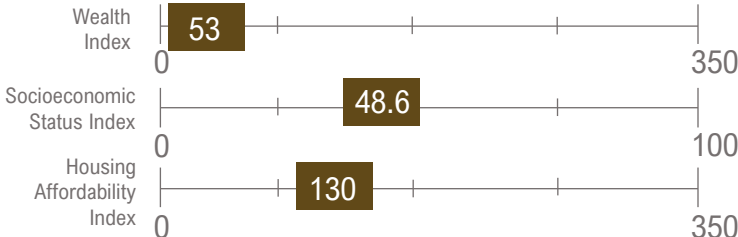
- Large segment located in urban outskirts
- More than one of three householders is under the age 35; couples are the common household type
- Housing preferences range from single-family to multifamily but skew towards renting
- Labor participation is higher than the US rate
- Up-to-date on the latest gadgets



## OLD AND NEWCOMERS



- Singles on a budget who are beginning their careers or retiring
- Located in neighborhoods in transition
- More than half rent, balanced between single-family rentals and older multifamily buildings
- Age is not always obvious from their choices
- Support charities and are environmentally conscious










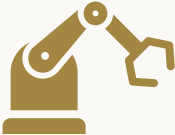








# Economic Profile

---



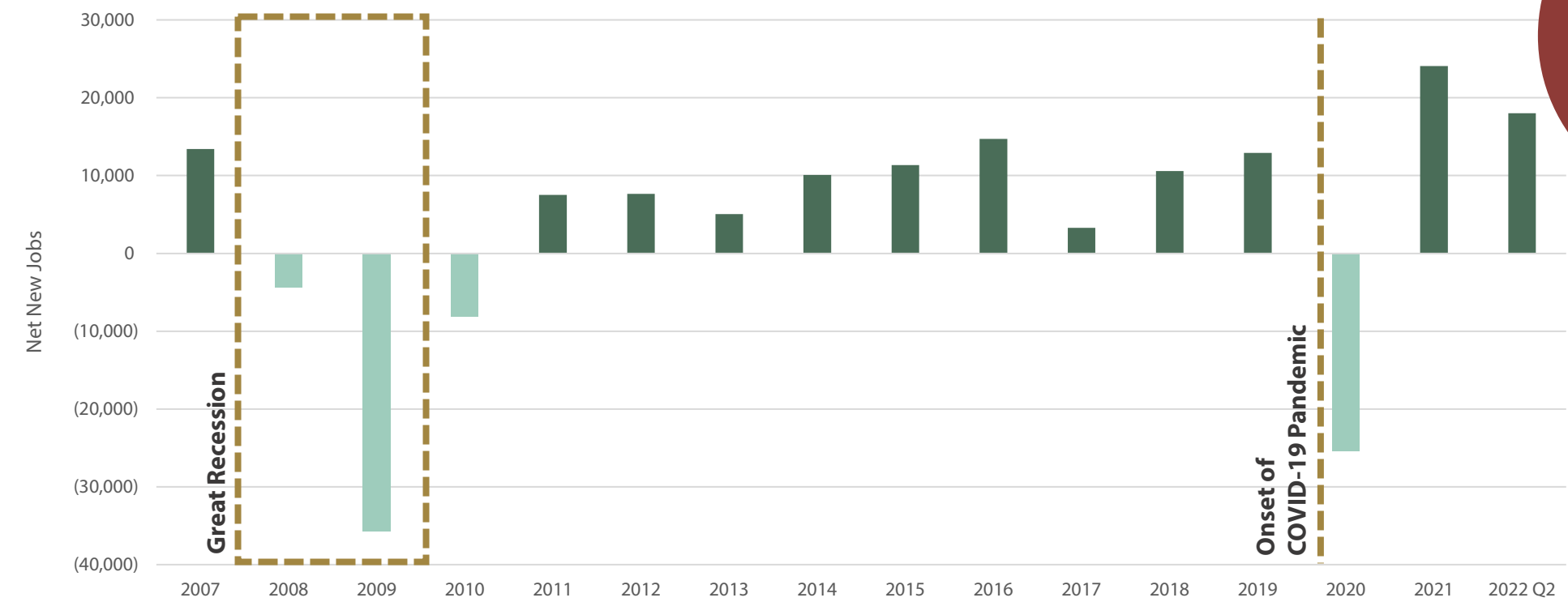
# Economic Snapshot

| Market Area      |  <b>2,822</b><br>Businesses            |  <b>23.3%</b><br>Largest Sector:<br>Healthcare             |  <b>61.1%</b><br>White Collar<br>Occupation  |  <b>\$61,112</b><br>Median HH<br>Income  |
|------------------|---|--|---|---|
|                  |  <b>39,175</b><br>Full-Time<br>Jobs    |  <b>34.9%</b><br>% Adults with<br>Bachelor's<br>Degree +   |  <b>\$212,639</b><br>Median Home<br>Value    |  <b>3.4%</b><br>Unemployment<br>Rate     |
| Tri-Metro Region |  <b>59,500</b><br>Businesses           |  <b>18.4%</b><br>Largest Sector:<br>Manufacturing         |  <b>62.7%</b><br>White Collar<br>Occupation |  <b>\$62,293</b><br>Median HH<br>Income |
|                  |  <b>736,368</b><br>Full-Time<br>Jobs |  <b>38.3%</b><br>% Adults with<br>Bachelor's<br>Degree + |  <b>\$237,320</b><br>Median Home<br>Value  |  <b>3.5%</b><br>Unemployment<br>Rate   |

# Regional Momentum in Job Growth

Annual Job Growth, Tri-Metro Region, 2007-2022(Q2)

Source: Bureau of Labor Statistics



Job growth in the region has averaged 8,300 new jobs annually since 2011. Disruptions during the Great Recession and COVID-19 pandemic were consistent with national trends.



# Employment Snapshot

The Bureau of Labor Statistics only tracks employment down to the county-level. To provide a snapshot of jobs in the Market Area, data from ESRI's Business Analyst Online was reviewed. ESRI utilizes data points from Data Axle, Inc., counting businesses and employees at each to estimate total employment for custom geographies.

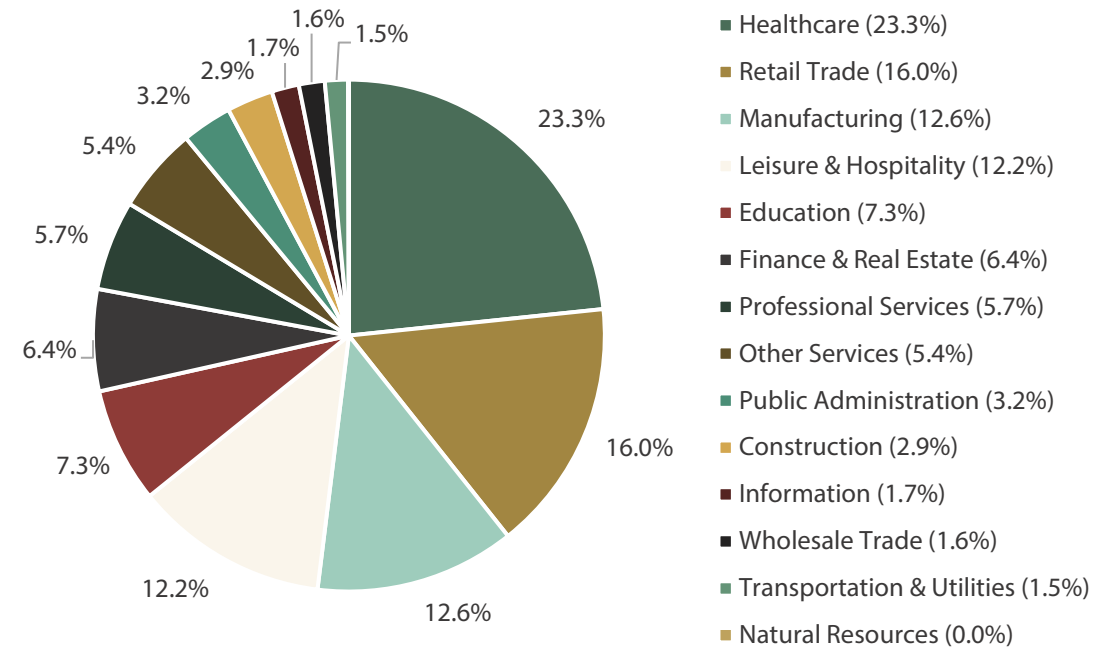
The Market Area currently has almost 40,000 jobs. Health Services represented the largest share of jobs in the Market Area comprising nearly one in four jobs. The next three largest sectors are Retail Trade (16.0%), Manufacturing (12.6%), and Leisure and Hospitality (12.2%). Leisure & Hospitality includes restaurant, recreation, and hospitality workers. These three sectors comprise more than two-thirds of the jobs in the Trade Area.

The most recent trend data from the US Census's longitudinal employer-household dynamics data set indicates that the Market Area's employment base increased by approximately 5.0% over a five-year period between 2014 and 2019. The sectors with the strongest absolute growth during that time were:

- Construction
- Education
- Healthcare
- Accommodation and Food Services

## At-Place of Employment by Industry, Market Area, 2022

Source: ESRI BAO



# Commuting Trends

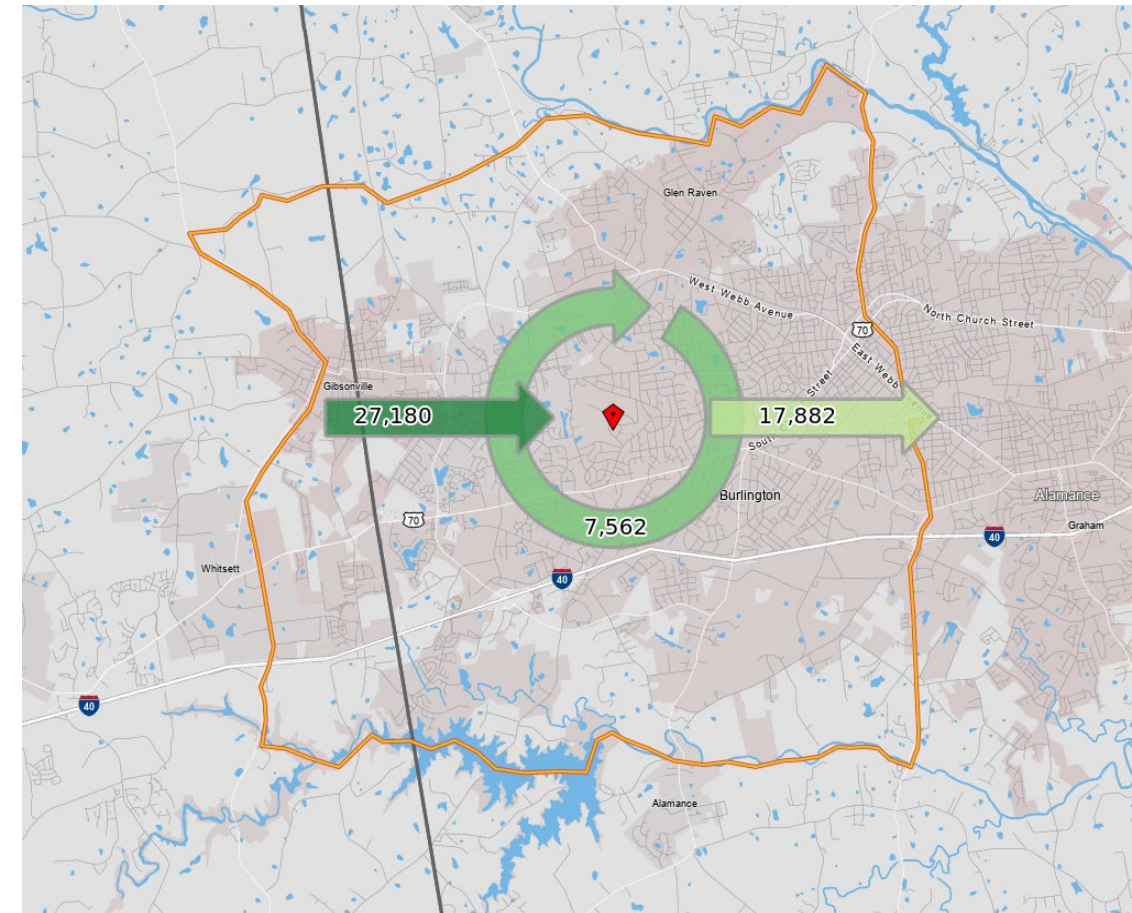
Based on the most recent data available on commuting trends, approximately 22% of the Market Area's workforce also reside within the Market Area.

The remaining 78% of people working in the Market Area commuted in from outside the Market Area's limits. The most common places where workers live and commute from are:

- Burlington (19.0%)
- Greensboro (7.9%)
- Graham (4.0%)
- Elon (3.4%)

## Commuting Pattern, Market Area, 2019

Source: US Census LEHD; Kimley-Horn



# Commuting Trends

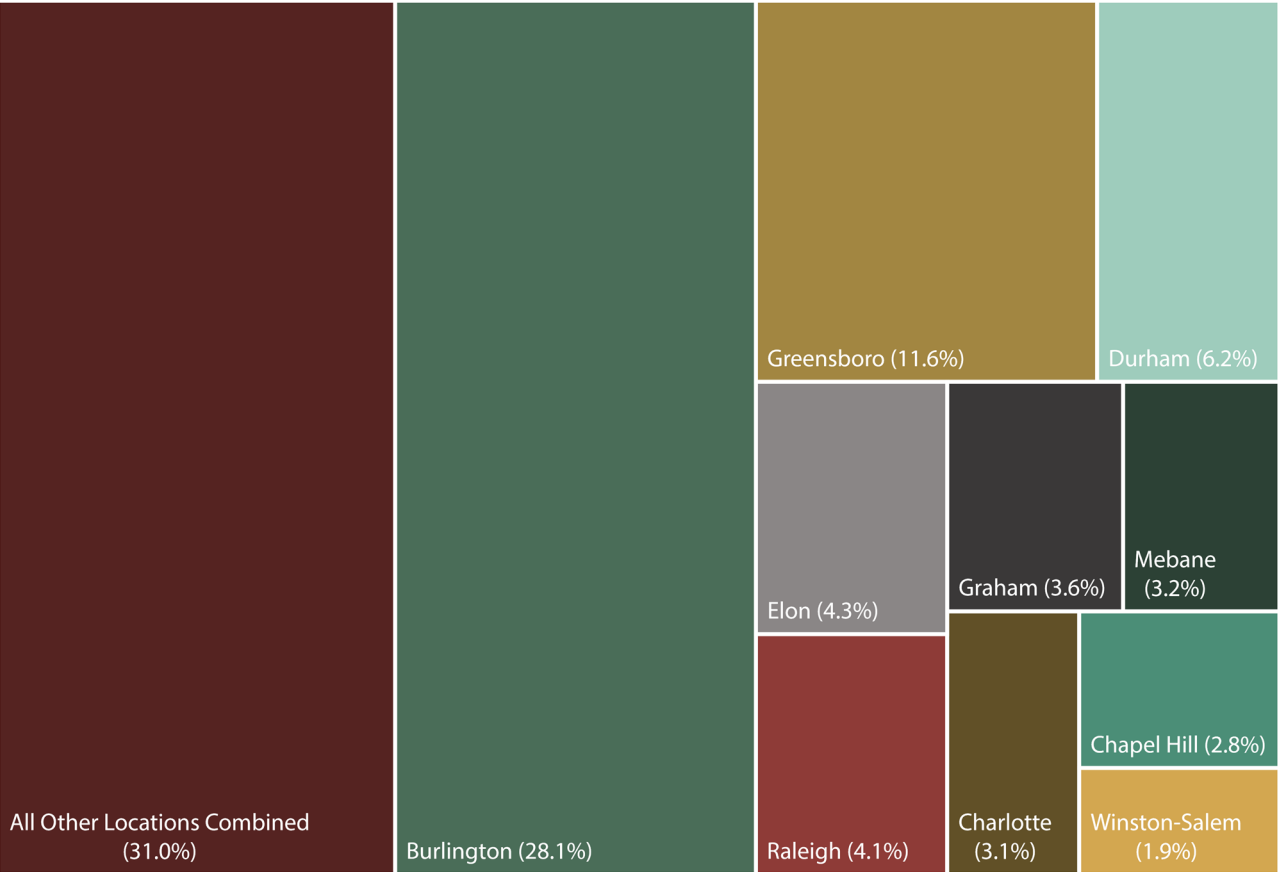
Nearly 70% of Market Area residents are employed elsewhere. Employment destinations represent a balanced mix of eastern and western travel directions. The most common places where residents commute to:

- Burlington (28.1%)
- Greensboro (11.6%)
- Durham (6.2%)
- Elon (4.3%)

Approximately 31.0% of employed Market Area residents commute to other locations beyond the ten most common. No detailed information is available as the share of these locations make up 1.5% or less of the total employed resident destinations.

**Employment Destination for Market Area Residents, 2019**

Source: US Census LEHD; Kimley-Horn



# Residential Profile

---





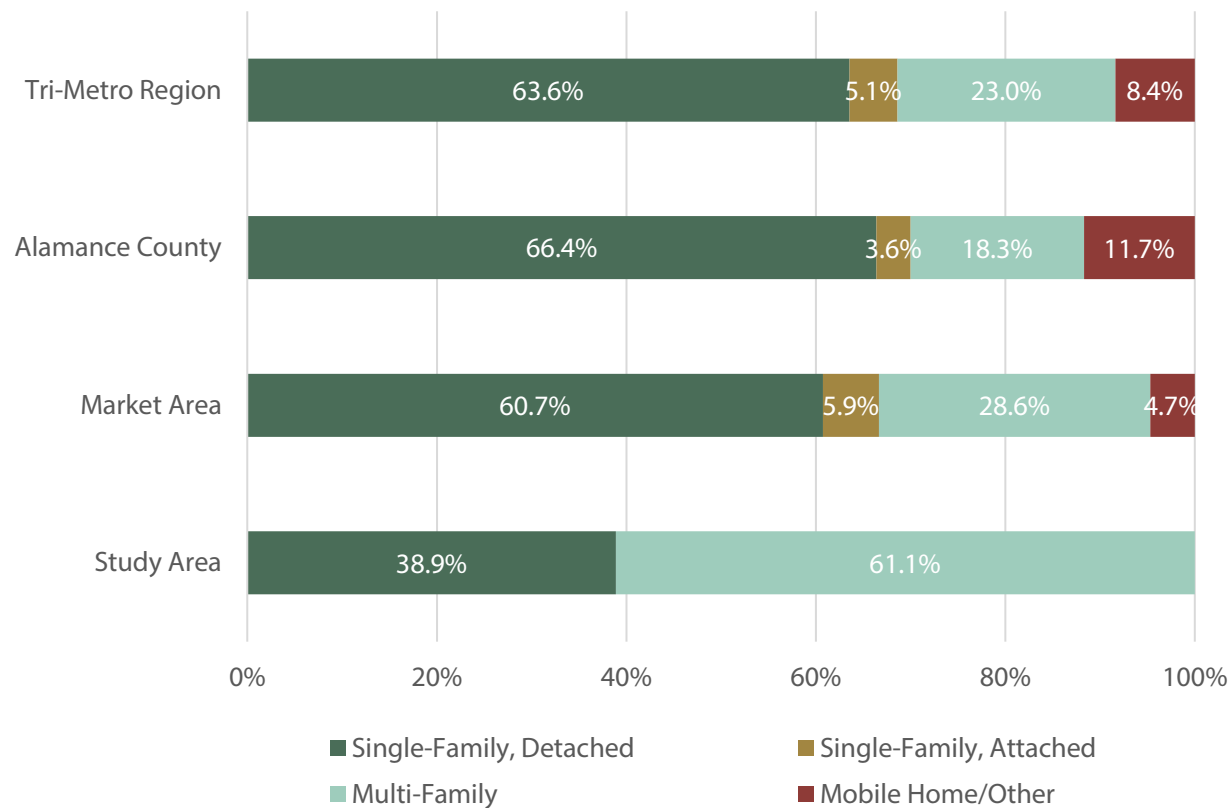
# Housing Characteristics

The Downtown Study Area housing inventory is heavily influenced by Elon University’s student population, resulting in high levels of renter-occupancy & seasonally-driven vacancy and a large share of multi-family buildings. The Market Area generally follows a similar pattern as the county and region, with single-family being the dominant housing type for all three areas, followed by a smaller share of multifamily housing types.

| Housing Unit Summary        |            |             |                 |                  |
|-----------------------------|------------|-------------|-----------------|------------------|
| Source: ESRI BAO; US Census |            |             |                 |                  |
| 2022                        | Study Area | Market Area | Alamance County | Tri-Metro Region |
| Median Year Built           | 1980       | 1985        | 1984            | 1986             |
| Median Home Value           | \$350,000  | \$212,639   | \$207,037       | \$237,320        |
| Owner-Occupied              | 3.7%       | 55.9%       | 62.7%           | 58.3%            |
| Renter-Occupied             | 67.2%      | 36.3%       | 29.5%           | 34.3%            |
| Vacant                      | 29.1%      | 7.8%        | 7.8%            | 7.5%             |

## Housing Units By Type, 2022

Source: ESRI BAO; US Census

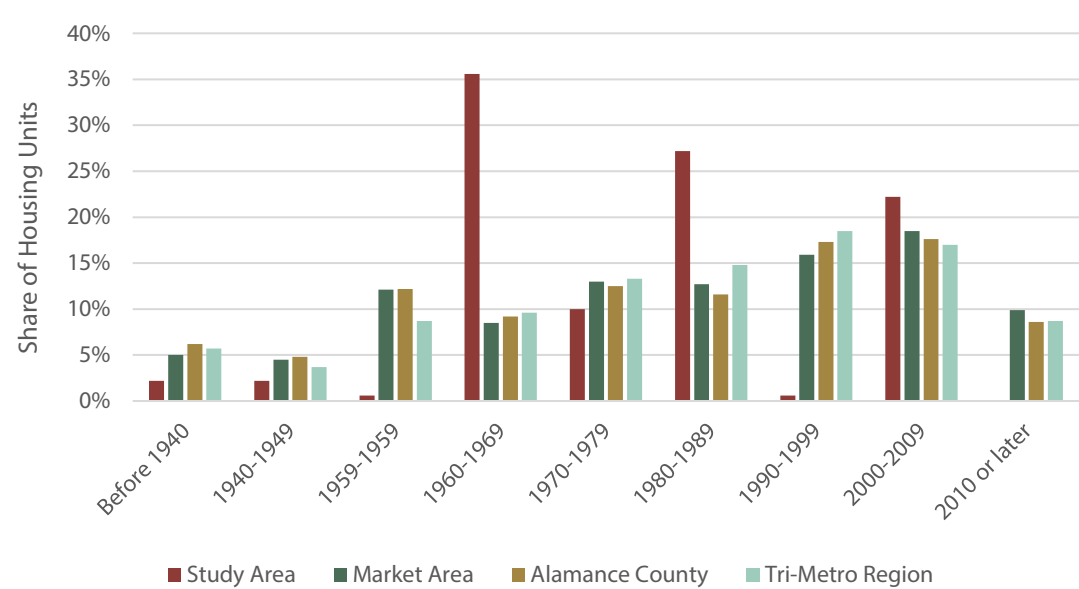


# Housing Characteristics

- Approx. 85% of the Study Area’s limited housing inventory was constructed in the 1960s, 1980s, or 2000s.
- The most active decade for residential development in the Market Area was the 2000s, followed by the 1990s. This pattern is reversed for Alamance County and the Tri-Metro region, with the 1990s being the most active.
- The most common range for home values in the Market Area and County is \$150,000-\$199,999, while the largest range for the Tri-Metro region is \$300,000-\$399,999. Approx. 25% of the Market Area owner-occupied housing units are \$300,000+, compared with almost 35% in the region.

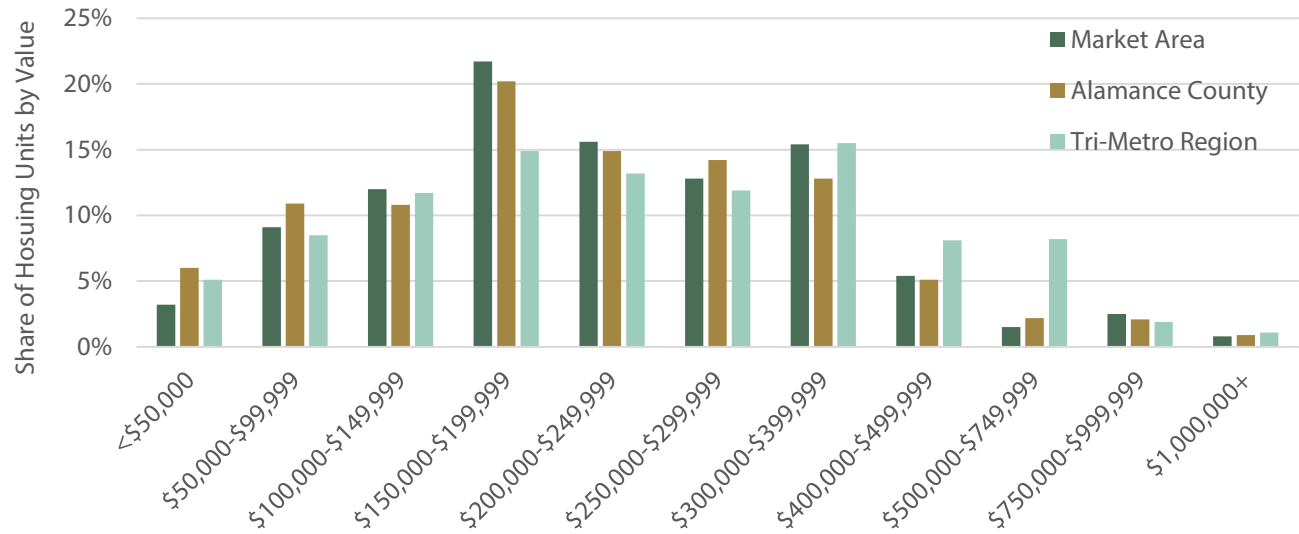
Comparison of Housing Units by Decade Completed, 2020

Source: ESRI BAO; US Census



Comparison of Owner-Occupied Housing Units by Value, 2022

Source: ESRI BAO



# Downtown Apartment Inventory

CoStar, which tracks commercial real estate, tracks one market-rate apartment building within the Study Area that was built in 1967 and contains 18 units. Due to its size, no performance trend data was available for analysis.

Additionally, there are five professionally-managed student housing apartment communities in Downtown Elon:

- There are a total of 139 units across the five properties
- They range in size from five units at College Place to 48 units at Trollinger Apartments
- The average 1,311-square-foot student apartment rents for \$1,326 per bed or \$3.35 per foot
- The newest development, The Park Place at Elon, was developed by a private developer in 2016 for the University and is under a master lease with the University for 43 units and ground floor retail space.

## Apartment Communities, Study Area, 2023

Source: CoStar; Kimley-Horn



# Market-Rate Apartment Trends

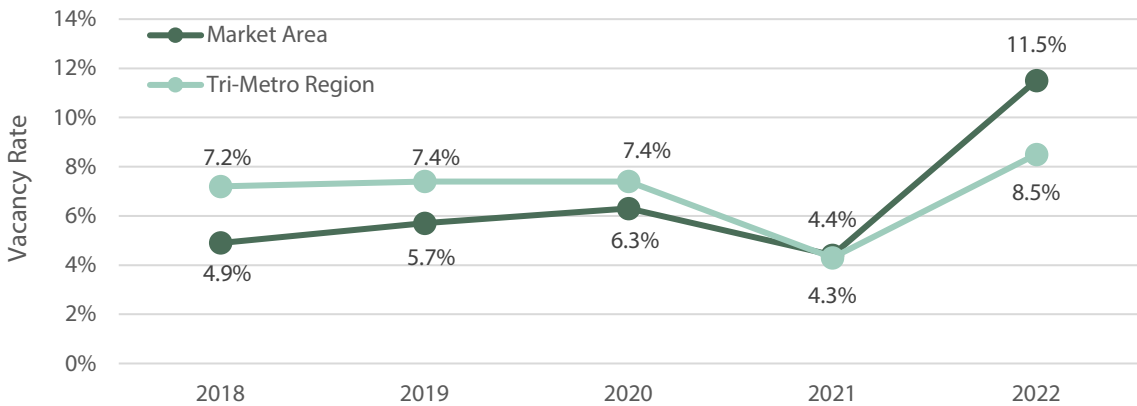
Trend data for market-rate apartment vacancy and rental rates was obtained from CoStar. Market-rate units are not age or income targeted and exclude student communities as they typically lease by the bedroom instead of the unit. Only one professionally-managed market-rate apartment community was in the Study Area. Given the limited product in Downtown Elon, trend data for the Market Area and Tri-metro region is provided. There were approximately 5,100 housing units in the Market Area, comprising 4.6% of the region’s inventory.

Vacancy in the Market Area spiked in 2022, reaching 11.5%, due to increased levels of new construction in recent years coupled with slower leasing activity. A similar trend was also noted in the larger Tri-Metro region, where vacancy increased to 8.5% by year-end 2022, following a period of increased construction. Developers typically target vacancy rates of approximately 7.0% to signify a healthy market.

The Tri-Metro region has consistently reported a rent per square foot premium over the Market Area. As of 2022, the Market Area average rent per square foot of \$1.29 was 9.2% lower than the region’s average of \$1.42.

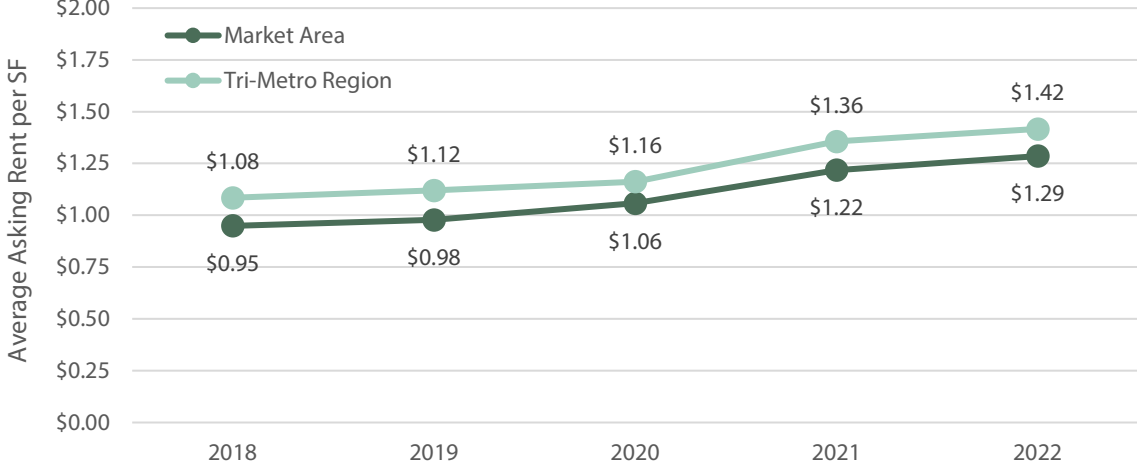
Comparison of Market-Rate Apartment Vacancy Trends, 2018-2022

Source: CoStar



Comparison of Market-Rate Apartment Rent per Square Foot Trends, 2018-2022

Source: CoStar





# Retail Profile

---



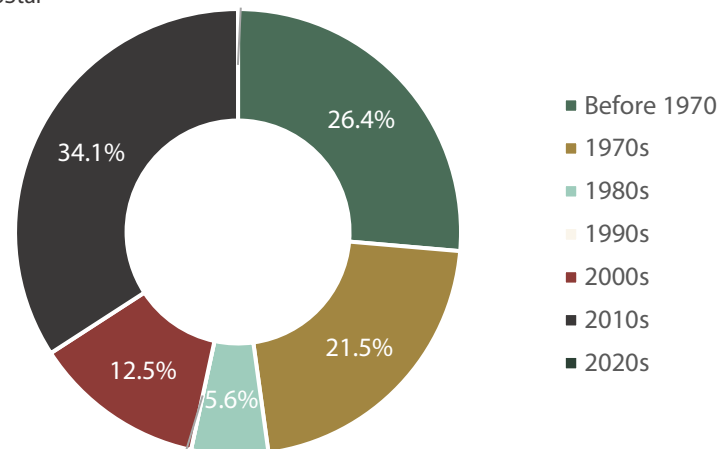
# Downtown Retail Inventory

A total of 17 retail properties were identified within the Study Area, containing nearly 70,000 square feet of space. Most of the space is in the block immediately west of Williamson Avenue. Generally, rental rate data was not available for these properties, but occupancy is very high. The most recent development was built in 2011 and is anchored by Barnes & Noble.

Stakeholder feedback from property owners and tenants suggests that the prevailing rental rates per square foot for retail space Downtown generally ranges from \$15.00 to \$25.00 per square foot depending on size, use, and location.

## Retail Square Footage by Decade Completed, Downtown Study Area, 2022

Source: CoStar



## Retail Properties, Study Area, 2023

Source: CoStar; Kimley-Horn



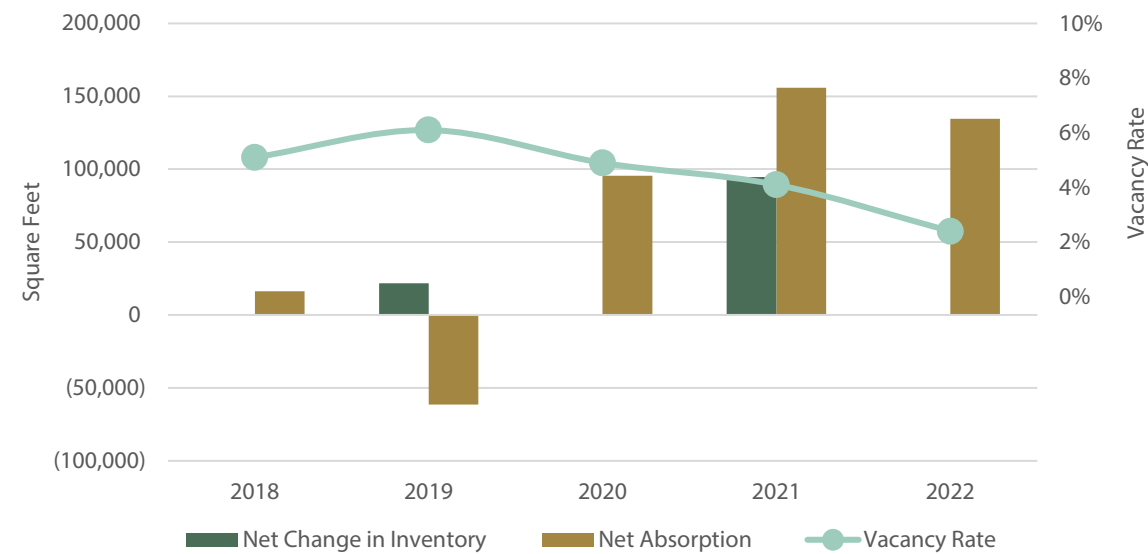
# Retail Performance Trends

The Market Area has added approximately 100,000 square feet of new retail space in the last five years. Leasing activity, or net absorption, has increased in recent years, resulting in a declining vacancy rate in the Market Area. As of year-end 2022, the retail vacancy was only 2.4%. The Tri-Metro region's vacancy was also low at 3.5%.

Average lease rates for retail space in both the Market Area and Tri-Metro region have converged since 2020, staying within 4-16 cents of each other. In both areas, the retail lease rates have increased strongly, reflecting increased demand with less new supply to accommodate it.

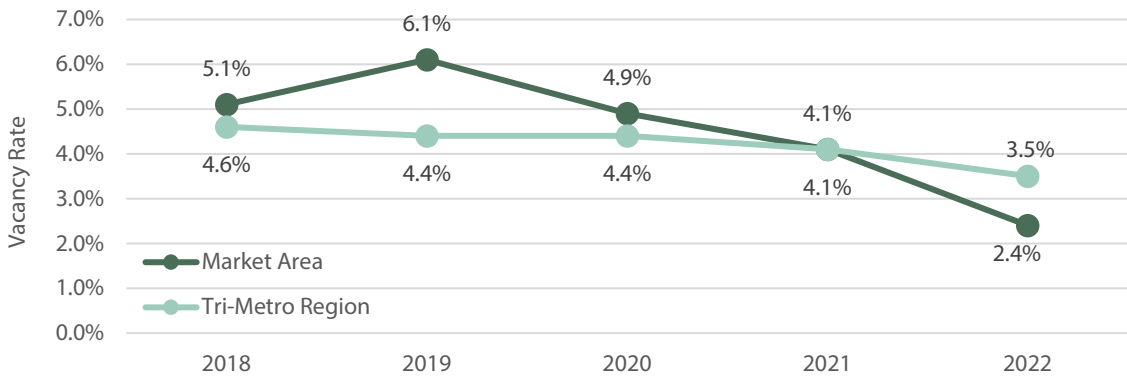
## Retail Performance Trends, Market Area, 2018-2022

Source: CoStar



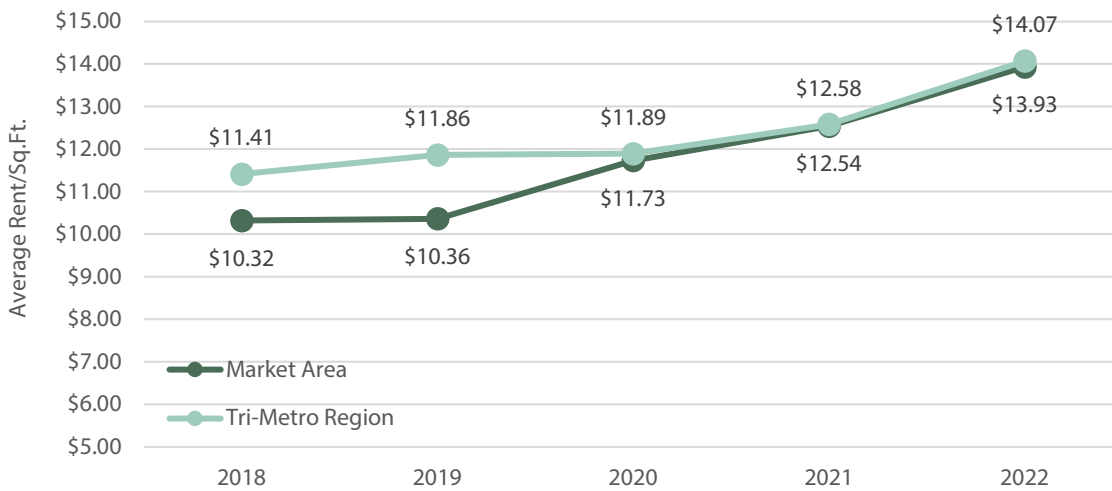
## Comparison of Retail Vacancy Trends, 2018-2022

Source: CoStar



## Comparison of Retail Lease Rate Trends, 2018-2022

Source: CoStar



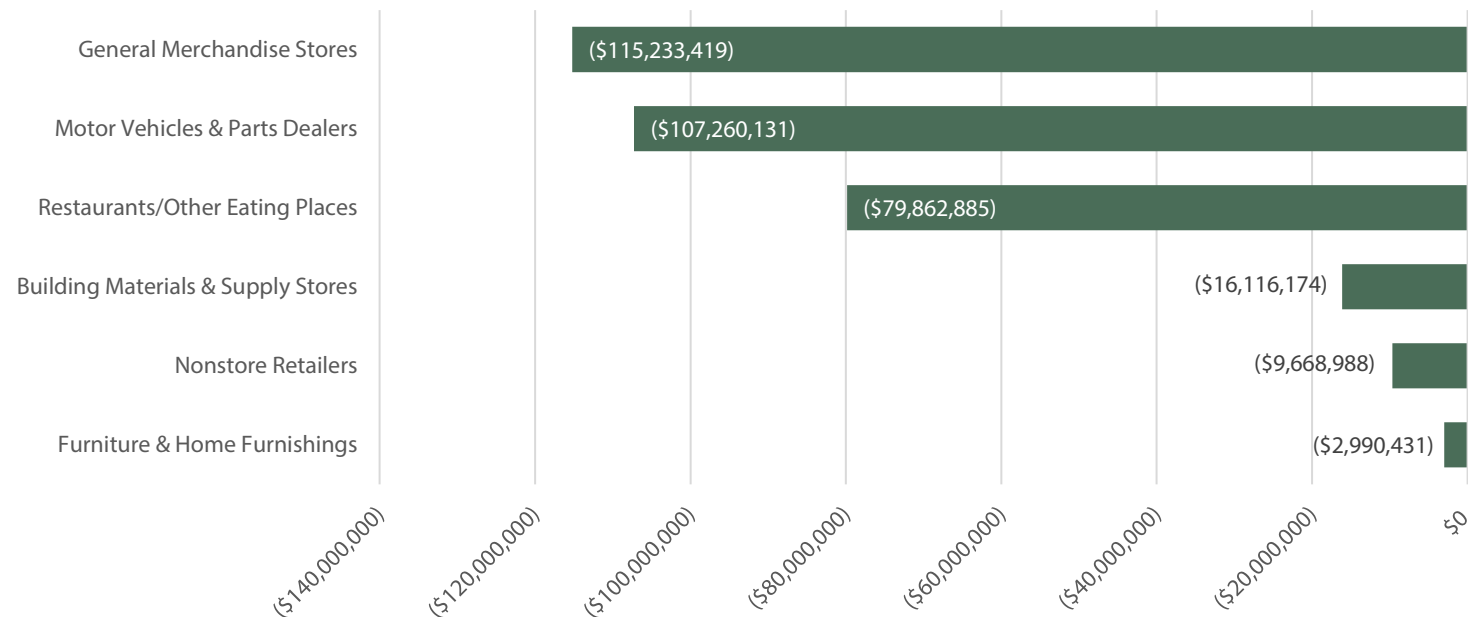
# Retail Gap Analysis

Retail gap refers to the difference between retail sales and retail purchases by residents within the same area. Retail sales in the Market Area surpassed consumer spending, which means that the Market Area attracts consumers from outside of the area seeking retail goods and services, resulting in an overall surplus of \$76.8 million. Much of this surplus is likely driven by the regional draw of shopping centers, including Alamance Crossing, that are located on or near the I-85 corridor, attracting visitors and people passing through the area.

All retail industry groups in the Market Area reported a surplus in sales. The three groups with the largest and smallest surpluses are shown below.

## Retail Gap Analysis by Sector, Market Area, 2021

Source: ESRI BAO



## Market Area



Stores Sold  
**\$1.38 billion**



Consumers Spent  
**\$779 million**



Retail Surplus  
**\$76.8 million**

# Office Profile

---





# Downtown Office Inventory

Three office properties were identified within the Study Area, containing a total of 18,595 square feet. Two of the three are owned or leased by Elon University. The third property is owned and maintained by AT&T, a communications service provider. Performance data was not available for only of these properties.

Based on feedback from the Town and Elon University, the college is considering development of a new office building to house administrative staff at the corner of Lebanon and Holt avenues. This project would represent the newest office space in the Downtown Study Area. The concept for this project also includes ground-level retail.



## Office Properties, Study Area, 2023

Source: CoStar; Kimley-Horn



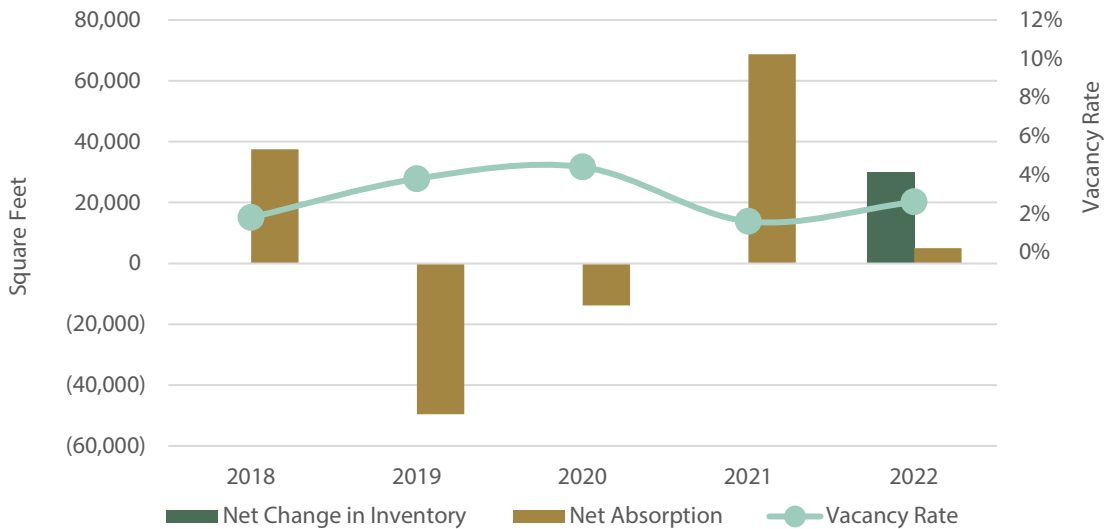


# Office Performance Trends

- Office performance data was obtained from CoStar. Given the limited existing office product within the Study Area, the performance trends analysis is focused on the Market Area and Tri-Metro Region.
- There is nearly 2.5 million SF of office space in the Market Area, making up 3.5% for the regional inventory. Last year saw first delivery of new space in five years.
- Staying below 5%, vacancy in the Market Area has been much tighter than the Tri-Metro Region. The low vacancy rate corresponds with the limited inventory.
- Office rents in the Market Area are lower than the region, which is boosted by Durham's life science and tech campuses. Annual rent growth averaged 5.7% in the Market Area since 2018. Average lease rates for office are unlikely to be able to support new construction.

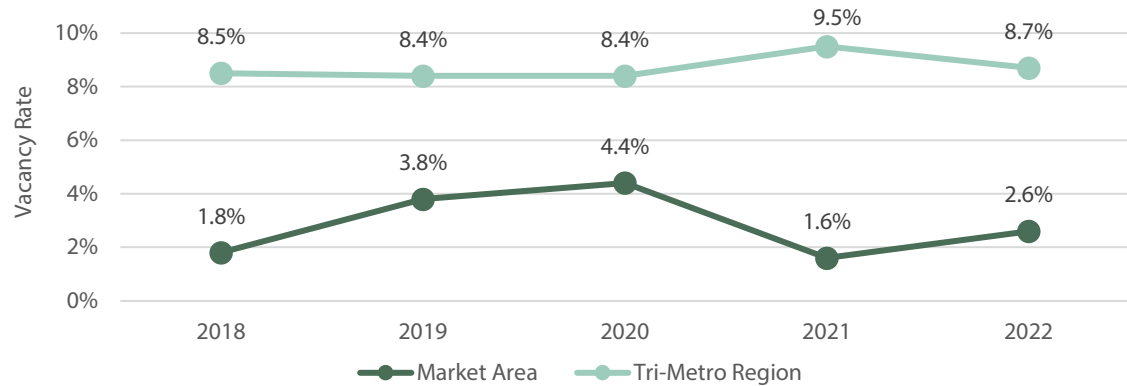
## Office Performance Trends, Market Area, 2018-2022

Source: CoStar



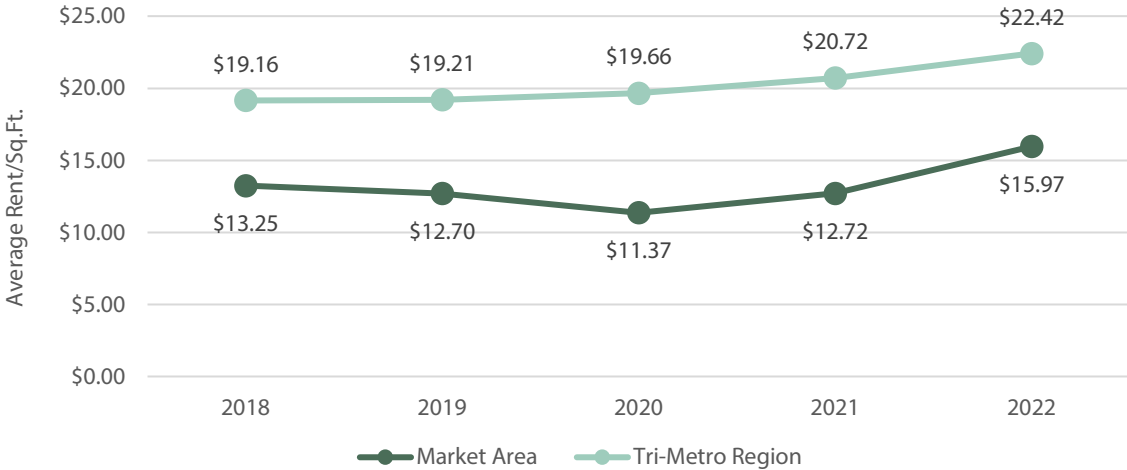
## Comparison of Office Vacancy Trends, 2018-2022

Source: CoStar



## Comparison of Office Lease Rate Trends, 2018-2022

Source: CoStar



# Hospitality Profile

---



# Downtown Hospitality Inventory

There is one hotel within the Study Area, The Acorn Inn, with 12 rooms. It was completed in 2001.

- 12-month occupancy rate was 54.1%
- 12-month average daily rate was \$177.75

Just outside the Study Area, on the Elon University campus is The Inn at Elon. Developed in partnership with the University, The Inn at Elon hosts 80 rooms and was built in 2020. It is classified as a luxury property and includes 5,200 square feet of meeting space. The property has average occupancy but average daily rates well above the market-wide average.



The Acorn Inn  
12 rooms built in 2001  
Upscale Class  
Typical Daily Rate: \$175-\$225/night



Inn at Elon  
80 rooms built in 2020  
Luxury Class  
Typical Daily Rate: \$225-\$275/night

## Hospitality Inventory, Study Area, 2023

Source: CoStar



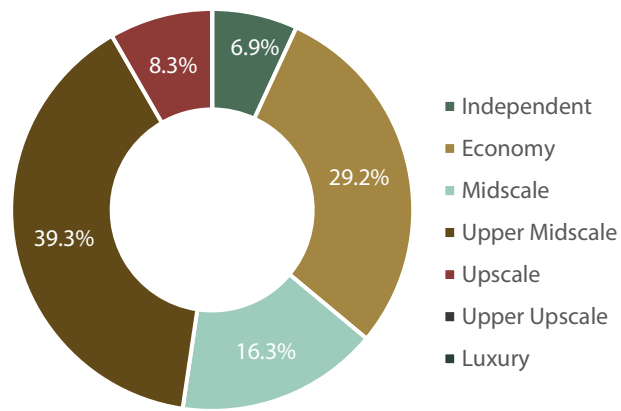
# Hospitality Performance Trends

Performance trend data for the Study Area’s one lodging property is compared with the Market Area and region. There are 1,320 rooms across 15 properties in the Market Area, representing 5.1% of the regional inventory. There are another 300 rooms in the pipeline, contained within one independent hotel under construction and two proposed franchises, all in Burlington.

Occupancy and daily rates for all three areas were impacted by the COVID-19 pandemic, with the Study Area reporting the largest declines. This is likely due to the reliance on university-related visitors. The Market Area room inventory is older, with nearly 70% built before 2000. Almost 40% of rooms are classified as Upper Midscale, which is limited service.

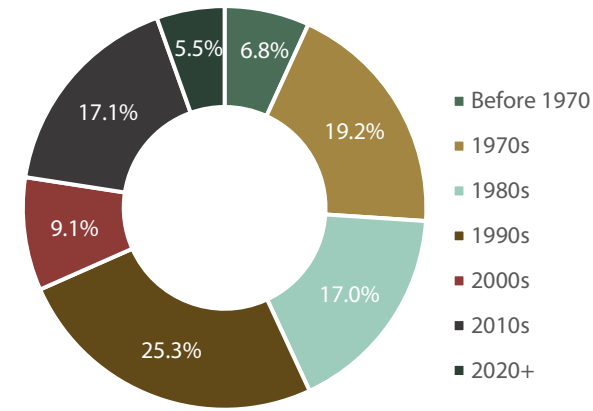
Room Inventory by Hotel Class, Market Area, 2023

Source: CoStar



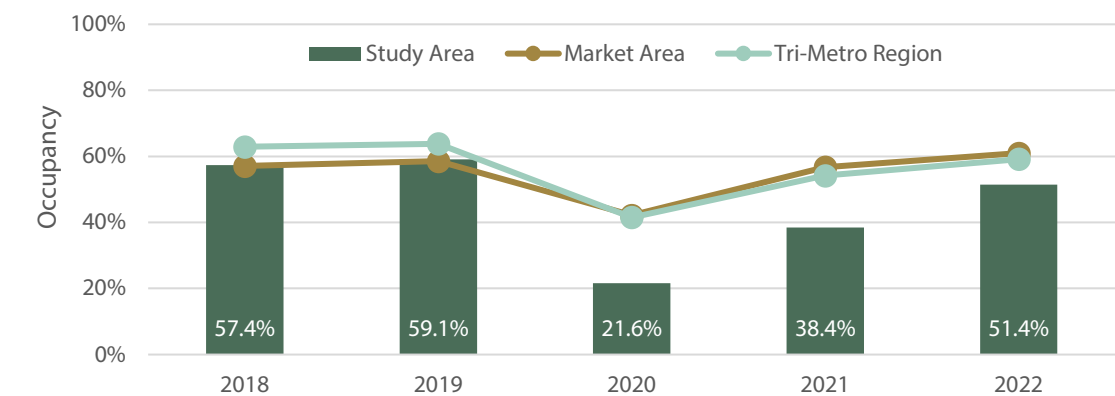
Room Inventory by Decade Completed, Market Area, 2023

Source: CoStar



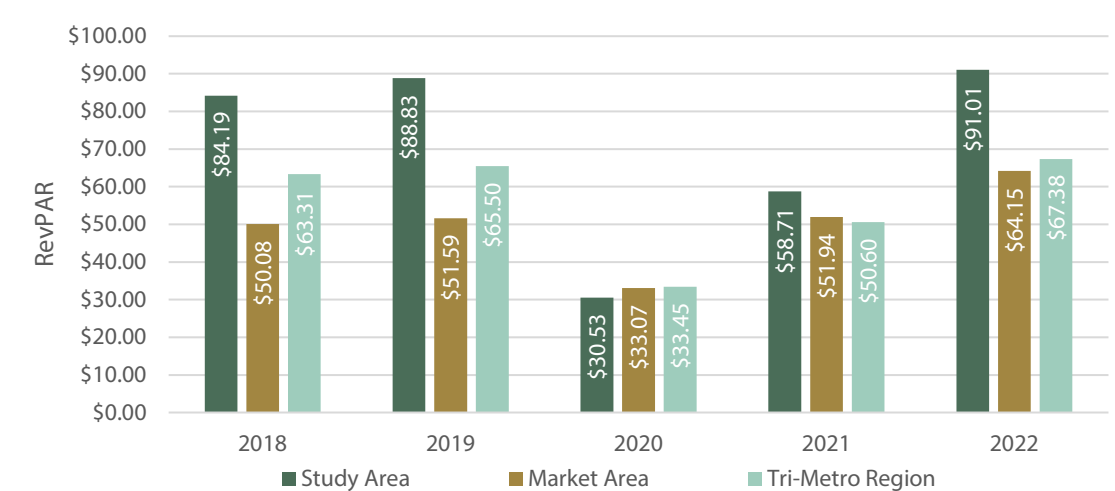
Comparison of Occupancy Trends, 2018-2022

Source: CoStar



Comparison of RevPAR Trends, 2018-2022

Source: CoStar



# Demand and Opportunities

---





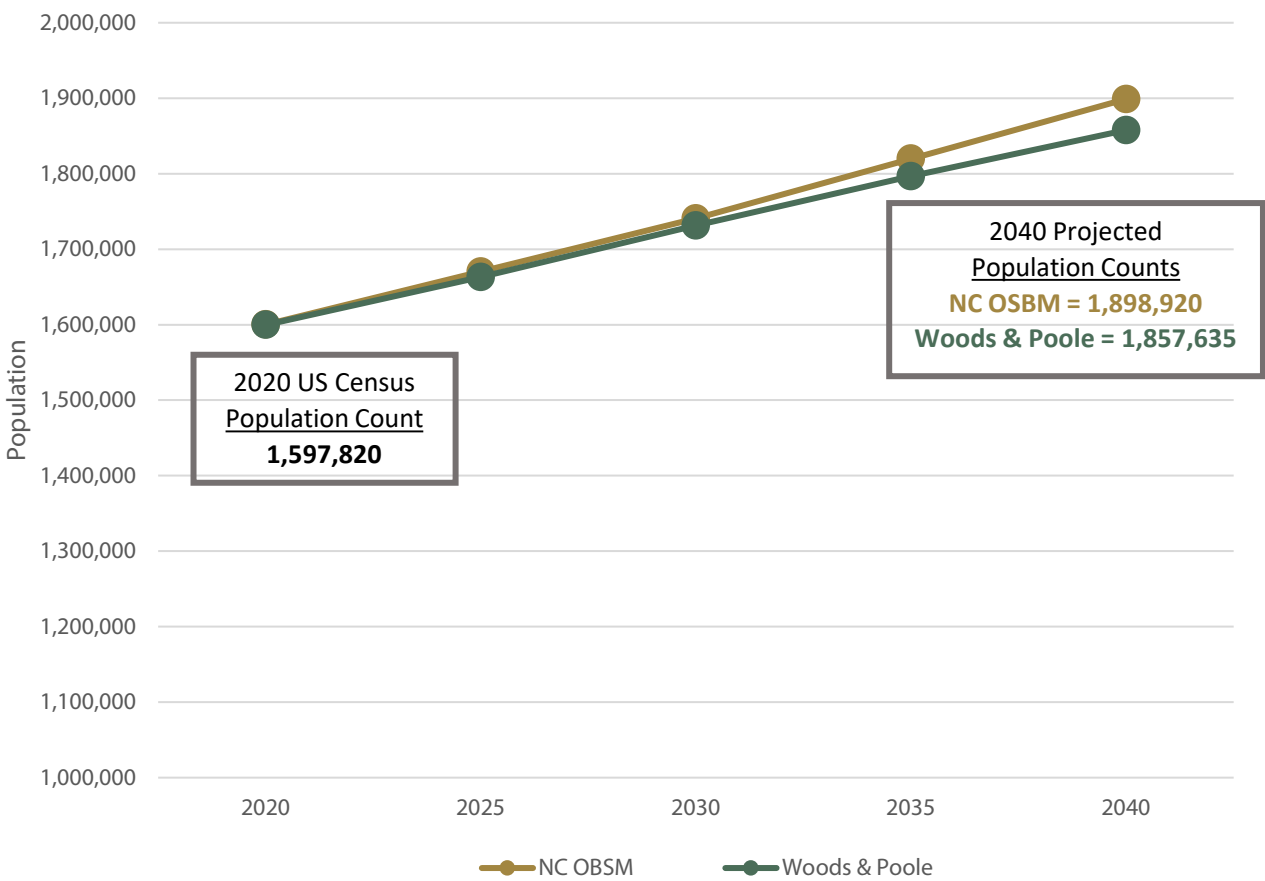
# Regional Population Forecasts

Population forecasts for the Tri-Metro region were obtained from the NC Office of State Budget and Management (NC OSBM) and Woods & Poole, an independent socioeconomic forecasting firm that provides economic and demographic projections.

The NC OSBM forecast results in a total 2040 population in the Tri-Metro region of nearly 1.90 million, while the Woods & Poole forecast projects 1.86 million total people. The average of both sources projects a total 2040 population in the region of over 1.8 million, representing a 17.4% increase over the 2020 US Census count. These regional forecasts provide the basis for projections more specific to the Market Area.

Population Forecasts, Tri-Metro Region, 2010-2040

Source: US Census; NC OSBM; Woods & Poole





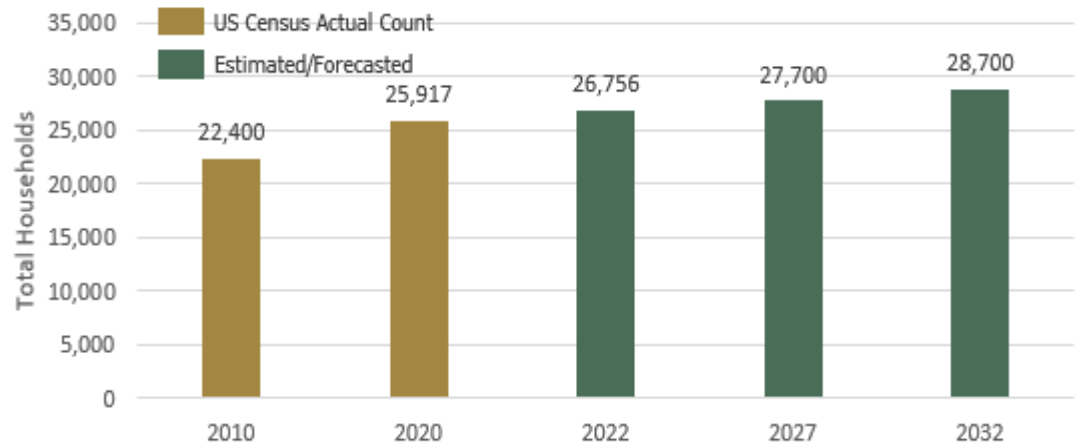
# Market Area Population Forecasts

The Market Area forecasts are based on a capture of the range of forecasts presented for the Tri-Metro Region, over the next ten years (2022-2032). Based on this approach, the total population in the Market Area is expected to reach approximately 74,500 people by 2032, representing the addition of more than 5,900 new residents. This growth equates to a growth rate of 8.6% through 2032.

Maintaining a consistent household size of 2.37 people, the Market Area could increase by approximately 1,900 households during the same 10-year time frame.

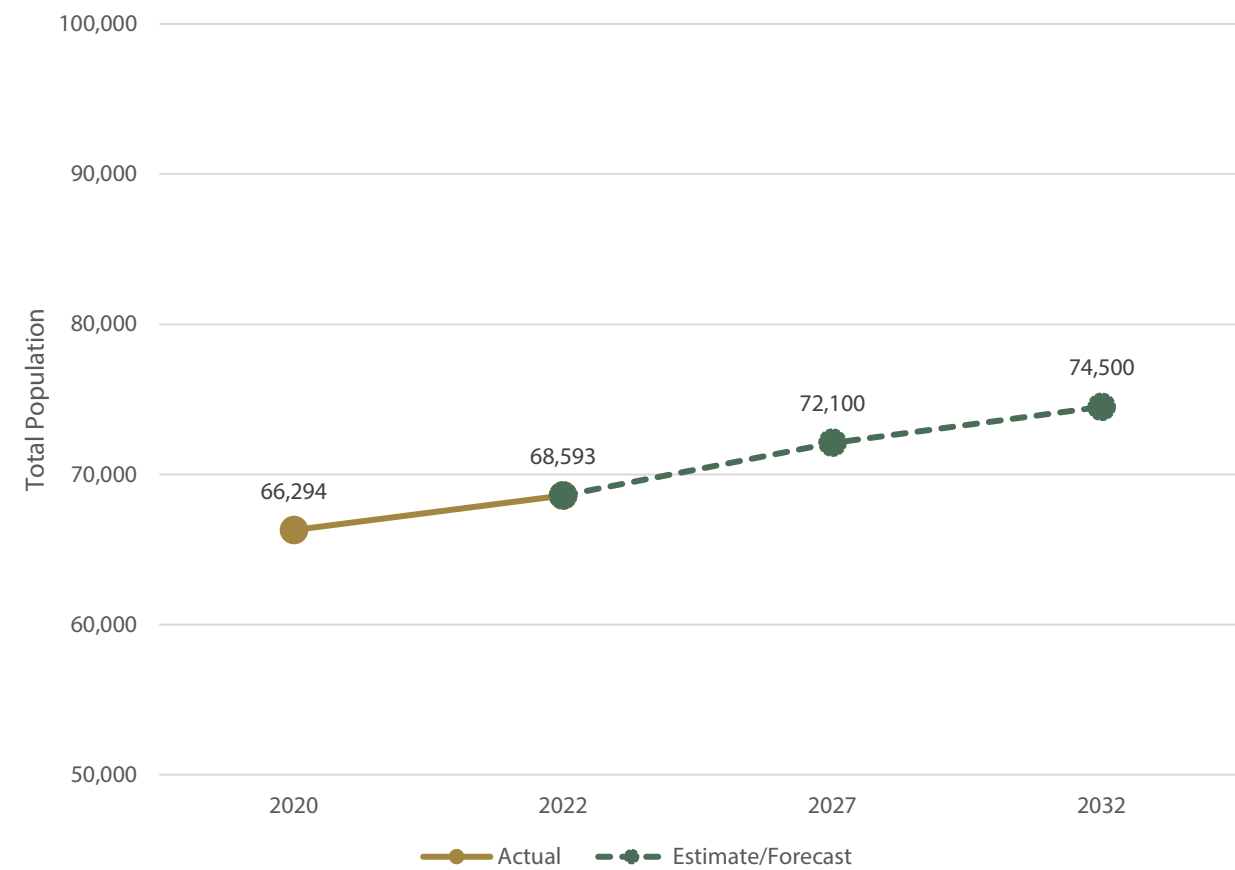
## Household Forecasts, Market Area, 2010-2032

Source: US Census; NC OBSM; Woods & Poole; ESRI BAO



## Population Forecasts, Market Area, 2020-2032

Source: US Census; NC OBSM; Woods & Poole; ESRI BAO






# Residential Demand

Residential demand in Downtown Elon is based on projected Market Area population and household growth. Based on forecasted household growth of 1,900 through 2032, the Market Area could support up to 2,050 new housing units.

Housing demand considers a continuation of the current housing vacancy rate, which is currently at approximately 7.8%. This analysis holds the current vacancy rate relatively consistent over the 10-year forecast horizon. A variety of housing products will be attractive in the Market Area, representing a continuation of the current inventory and the known development pipeline. Given the diverse resident profile and tapestry segments represented, both for-sale and rental tenures will be in demand in the Market Area in the future.



The estimated shares of housing units by type in the Market Area in 2032 considers the dynamics of the main household growth segments. Based on the assumed shares the forecasted Market Area and Downtown Elon forecasted housing units are as follows:

|   | Type                   | Forecasted Housing Units | Downtown Capture Rate | Forecasted Downtown Housing Units |
|---|------------------------|--------------------------|-----------------------|-----------------------------------|
|    | Single-Family Detached | 1,000 units              | <2%                   | <b>5-15 units</b>                 |
|    | Townhouse/ Attached    | 250 units                | 10-15%                | <b>25-35 units</b>                |
|  | Multifamily            | 800 units                | 15-20%                | <b>120-160 units</b>              |

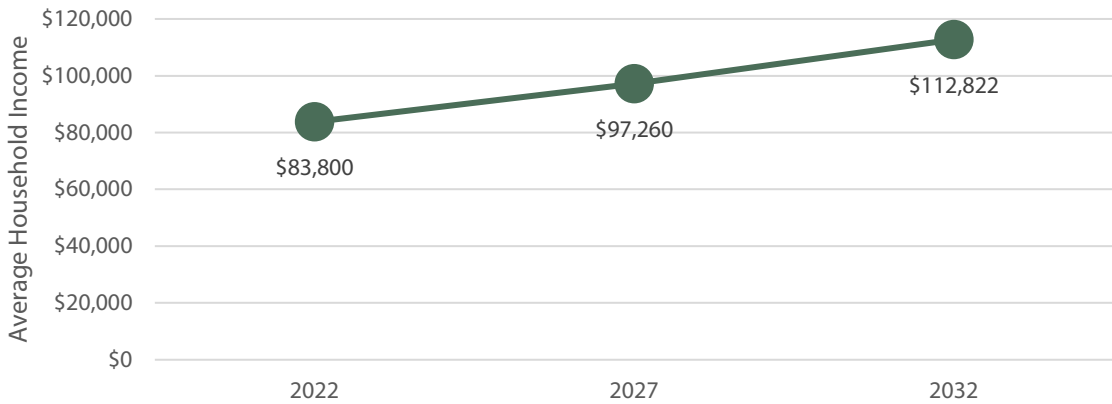
# Retail Demand

Retail demand for the Market Area considers increases in population density and area income to estimate future spending potential through 2032. The methodology for determining future retail demand is based on a combination of population growth, income levels, and inflow/outflow purchases from the influx of employees and visitors that travel into the Market Area.

Based on defined retail categories that are most likely to be represented in the Market Area, the expenditure potential of local households could increase by nearly \$145 million between 2022 and 2032. Based on average sales per square foot figures, this analysis projects Market Area net square footage demand of approximately 450,000 through 2032.

## Average Household Income Forecasts, Market Area, 2022-2032

Source: US Census; NC OBSM; Woods & Poole; ESRI BAO



## Retail Demand, Market Area, 2022-2032

Source: Kimley-Horn; ESRI BAO

| Business Category         | Net New Spending Potential | Sales per Sq.Ft. | 10-Year Retail Demand (Sq.Ft.) |
|---------------------------|----------------------------|------------------|--------------------------------|
| Apparel and Services      | \$13,791,673               | \$280            | 49,256                         |
| Computer/TV/Video         | \$1,212,244                | \$400            | 3,031                          |
| Pets                      | \$5,010,071                | \$245            | 20,449                         |
| Toys/Games/Crafts         | \$953,883                  | \$150            | 6,359                          |
| Sports/Exercise           | \$1,424,786                | \$150            | 9,499                          |
| Reading                   | \$925,575                  | \$150            | 6,171                          |
| Food at Home              | \$37,496,605               | \$400            | 93,742                         |
| Food Away                 | \$34,642,683               | \$350            | 98,979                         |
| Furniture and Furnishings | \$9,997,441                | \$180            | 55,541                         |
| Pharmacy/Personal Care    | \$9,225,703                | \$300            | 30,752                         |
| Automotive                | \$22,930,070               | \$440            | 52,114                         |
| Home Improvement          | \$6,296,416                | \$260            | 24,217                         |
| Total                     | \$143,907,149              | \$320            | 450,109                        |

# Office Demand

The office demand forecast for the Market Area is based on employment growth projected for Alamance County through 2032. The employment forecast is used to project office demand by considering the increases in types of jobs that would require new space. The employment forecast demonstrated a potential increase of over 3,300 jobs in the County over 10 years.

The sectors that are expected to demonstrate the strongest increases in office-occupying jobs include: Healthcare, Real Estate, Professional Services, and Finance and Insurance. Given the continued uncertainties related to hybrid work arrangement and long-term office space needs for companies, this analysis uses a standard 225 square feet per employee and holds it constant over the forecast horizon.

This analysis assumes that the Market Area could generate demand for approximately 256,000 square feet of net new office space over the next 10 years.

### Office Demand Forecast, Market Area, 2022-2032

Source: Kimley-Horn; Woods & Poole; NC OMB

| Measure                                    | Net New Demand (SF) |
|--|---------------------|
| Office-Occupying Jobs                      | 1,035               |
| Square Feet/Employee                       | 225                 |
| 10-Year Office Space Demand (Sq.Ft.)       | 232,916             |
| Vacancy Rate                               | 10.0%               |
| Gross 10-Year Office Space Demand (Sq.Ft.) | 256,207             |

### Office-Occupying Job Forecast, Market Area, 2022-2032

Source: Kimley-Horn; Woods & Poole; NC OMB

| Total Industry                            | Office Share | 2022-2032 Δ |        |       |       |
|---|--------------|-------------|--------|-------|-------|
|   |              | 2022        | 2032   | #     | %     |
| Forestry, Fishing, and Related Activities | 5.0%         | 1           | 1      | 0     | 6.2%  |
| Mining                                    | 5.0%         | 0           | 0      | 0     | 0.0%  |
| Utilities                                 | 20.0%        | 7           | 6      | -1    | -9.8% |
| Construction                              | 20.0%        | 229         | 264    | 34    | 14.9% |
| Manufacturing                             | 5.0%         | 248         | 226    | -21   | -8.6% |
| Wholesale Trade                           | 10.0%        | 64          | 74     | 10    | 16.2% |
| Retail Trade                              | 10.0%        | 626         | 646    | 20    | 3.2%  |
| Transportation and Warehousing            | 20.0%        | 108         | 119    | 11    | 10.4% |
| Information                               | 25.0%        | 169         | 170    | 1     | 0.4%  |
| Finance and Insurance                     | 85.0%        | 1,096       | 1,192  | 96    | 8.8%  |
| Real Estate and Rental and Leasing        | 70.0%        | 862         | 1,041  | 180   | 20.8% |
| Professional and Technical Services       | 80.0%        | 1,066       | 1,224  | 158   | 14.9% |
| Management of Companies and Enterprises   | 80.0%        | 23          | 29     | 6     | 24.6% |
| Administrative and Waste Services         | 50.0%        | 432         | 489    | 57    | 13.1% |
| Educational Services                      | 15.0%        | 428         | 494    | 66    | 15.4% |
| Health Care and Social Assistance         | 25.0%        | 2,287       | 2,539  | 253   | 11.1% |
| Arts, Entertainment, and Recreation       | 10.0%        | 51          | 68     | 17    | 33.9% |
| Accommodation and Food Services           | 10.0%        | 429         | 461    | 32    | 7.5%  |
| Other Services                            | 10.0%        | 212         | 259    | 47    | 22.2% |
| Government                                | 60.0%        | 748         | 816    | 68    | 9.1%  |
| Total                                     |              | 9,084       | 10,119 | 1,035 | 11.4% |

# Hospitality Demand

Hospitality demand is impacted by a number user types, including business travel, group reservations, and travel and tourism. For this analysis, increases in business travelers was the key metric used to determine demand, holding room reservations by the other key user segments constant. The other metrics are expected to increase at a comparable rate to business travel, supporting the demand forecasted through this analysis. The Trade Area forecasts consider current performance of hotels in the surrounding area, including the impact of the COVID-19 pandemic and the subsequent recovery.



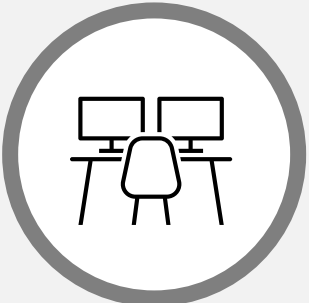
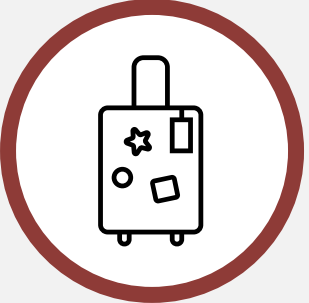
Employment forecasts were leveraged to determine the potential increase in 12 key sectors that most commonly generate business travel. Then, based on the current number of hotel rooms per employee in these sectors, the same rate was carried forward into the future. The rate was unchanged because typical occupancy and room rates indicate that the market is healthy, and the industry is reacting by delivering new product to meet growing demand. Based on a 15% estimate for the number of rooms per hotel-generating job added, there is demand for approximately 290 net new hotel rooms in the Market Area through 2032.

## Hotel Demand Forecast, Market Area, 2022-2032

Source: Kimley-Horn; Woods & Poole; NC OMB

| Measure                           | Net New<br>Hotel Demand<br>(Rooms) |
|-----------------------------------|------------------------------------|
| Net New Hotel-Use Generating Jobs | 1,937                              |
| Hotel Rooms / Employee + Traveler | 15.0%                              |
| Net Demand (Rooms)                | 290                                |

# Real Estate Demand Summary

| 10-Year Net Demand (2022-2032) |   |  |   |   |
|--------------------------------|---|--|---|---|
|                                |  |  |  |  |
|                                | HOUSING   | RETAIL   | OFFICE  | HOTEL   |
| Market Area Demand Forecast    | 2,050 Units   | 450,000 Square Feet  | 256,000 Square Feet   | 290 Rooms   |
| Downtown Capture Rate          | 7.5% – 10%  | 10% – 15%  | 10% – 15%   | 5% – 10%  |
| Downtown Demand Forecast       | 150 – 210 Units   | 45,000 – 68,000 Square Feet  | 25,000 – 38,000 Square Feet   | 15–30 Rooms   |



# Downtown Elon Opportunities



## **Housing**

Product: Single-Family Detached

## **Demand Timeframe**

Mid-term

## **Market Considerations**

- There has been no new construction of single-family residential units in the Study Area in recent years
- Limited demand due to land constraints
- Opportunities could arise in the future for small-scale infill construction; these units could be attractive to households employed nearby or empty nesters
- These units would gravitate to areas of the Study Area that already have a residential lot pattern, likely further from the core



## **Housing**

Product: Townhouse

## **Demand Timeframe**

Short- to mid-term

## **Market Considerations**

- Townhouses and Missing Middle would increase for-sale housing options for residents in Downtown Elon
- Like single-family, townhouses and other missing middle housing types would gravitate to portions of the Study Area further from the core



## **Housing**

Product: Single-Family Detached

## **Demand Timeframe**

Short-term

## **Market Considerations**

- Higher density housing best for infill and redevelopment
- Appropriate for sites near the downtown core
- Multifamily rental performing well with very low vacancy rates, largely driven by students attending Elon University
- Some market rate demand could be assumed for Elon staff and professors
- Rental rates will be challenged to incorporate structured parking due to price points + construction costs

# Downtown Elon Opportunities



## **Retail**

Product: Neighborhood Serving  
Restaurants & Dining  
Niche downtown offerings

## **Demand Timeframe**

Short- to mid-term

## **Market Considerations**

- Retail in a state of flux but authentic downtowns have been successful in attracting new retailers
- Important component of mixed-use projects and activates street-level
- Downtown Elon serves local and regional visitors, as well as students, staff, and guests at the University
- Drives demand for smaller spaces, food and beverage, and convenience uses



## **Office**

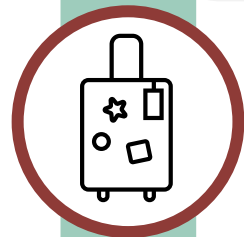
Product: University support  
Service office  
Live-work

## **Demand Timeframe**

Mid-term/Ongoing

## **Market Considerations**

- Office market is still in a state of flux following the pandemic as companies consider hybrid working arrangements
- Primary demand driver for office space in Downtown will likely be the University in the short- and long-term; difficult to estimate
- Demand for new office space may increase as the downtown grows
- Focus on small spaces that serve entrepreneurs
- Some service office tenants (lawyers, accountants) could be attracted to Downtown if the space was available



## **Hotel**

Product: Limited Service  
Boutique facilities  
Bed & Breakfast

## **Demand Timeframe**

Limited

## **Market Considerations**

- One property in the Study Area contains ~12 rooms
- Inn at Elon serves needs generated by the University; likely to continue to accommodate most demand in the short- and mid-term
- Longer-term potential would gravitate to areas with best access and visibility
- Smaller, boutique offerings could be accommodated in mixed-use buildings, including Air BNB properties