

Town of Wake Forest

# SunTrust Site Redevelopment

## Market Analysis and Guiding Public Interests



# Agenda

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- Project Overview
- Market Analysis Summary
- Guiding Public Interests
- Next Steps

# DFI Engagement

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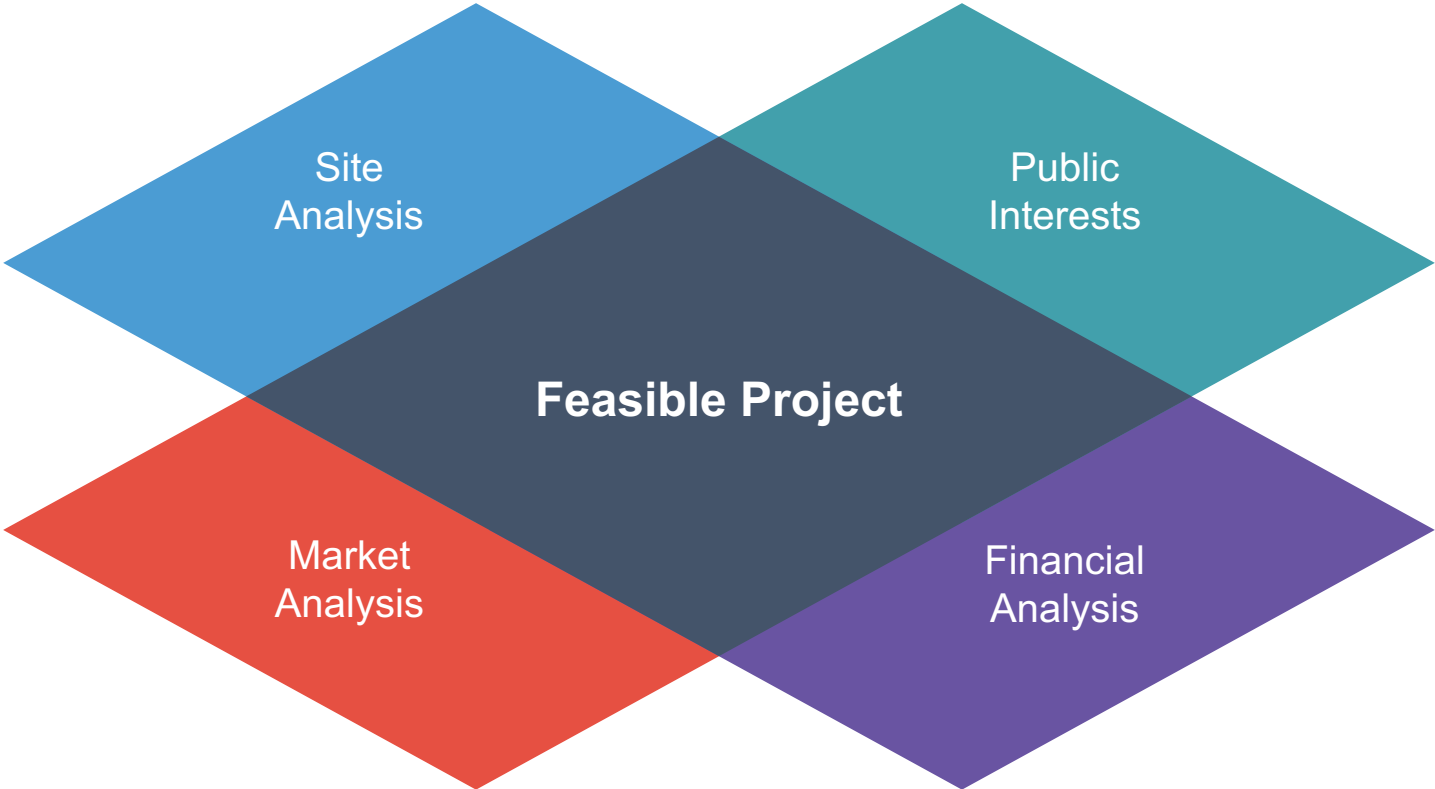
In December 2018, the Town engaged the Development Finance Initiative (DFI) to assist with attracting private investment for redevelopment of the former SunTrust building site in downtown.

The scope of work includes:

1. DFI pre-development process
2. Solicitation of private development partner
3. Assist with negotiations of a development services agreement with selected partner

# DFI Pre-Development Process

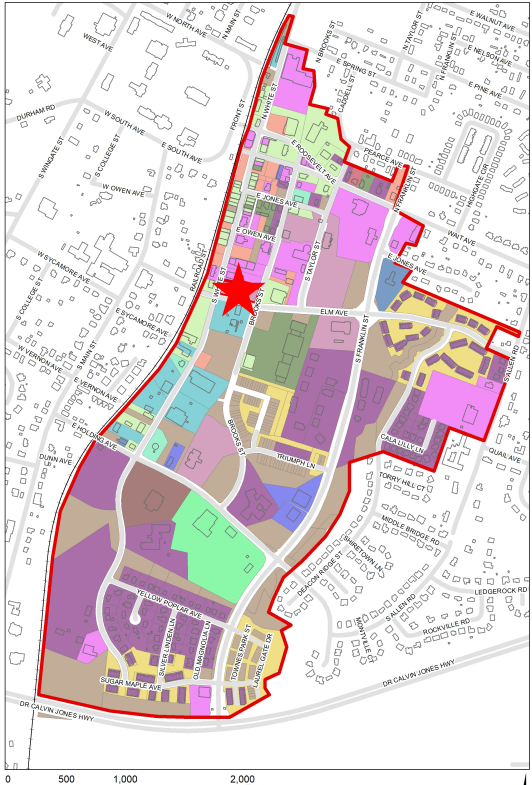
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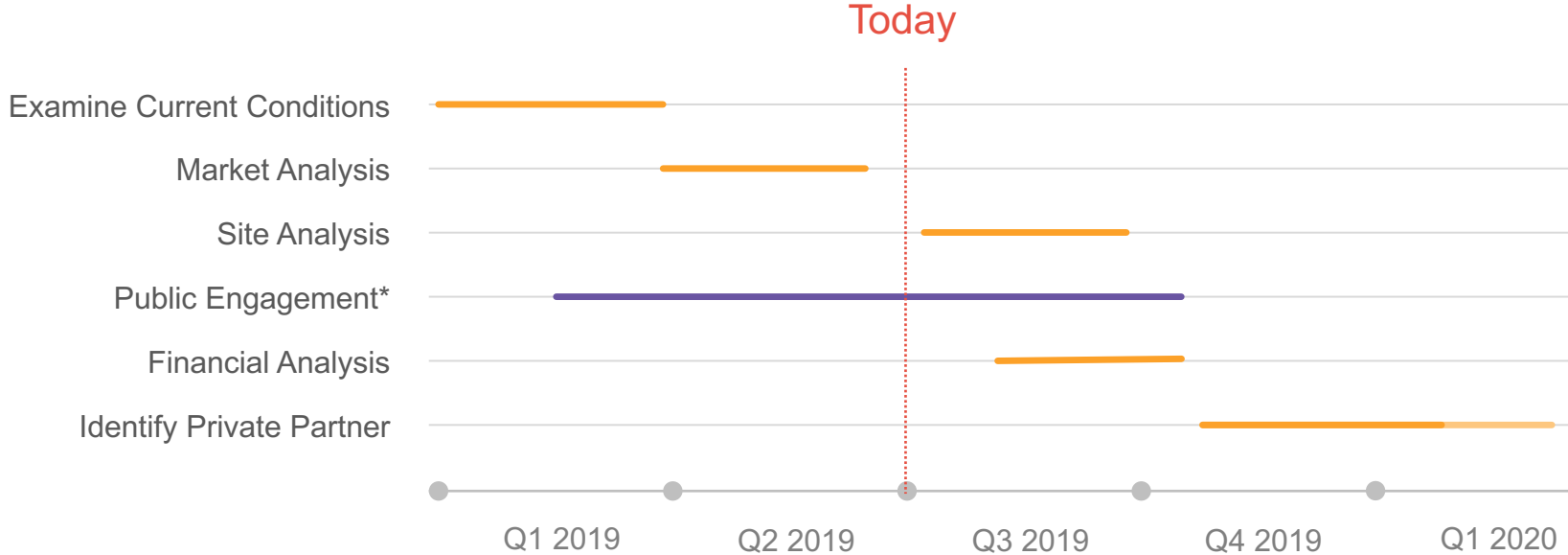
# SunTrust Redevelopment Site



Wake Forest- Downtown Suntrust- Land Use



# Detailed Pre-Development Timeline



\*Public engagement varies. Timing to be determined following completion of early phase analysis and discussions with City staff.

Note: Timeline subject to change based on type and scale of public interest process as well as response during private partner outreach.

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# Market Analysis Summary

# Market Analysis Process

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DFI studied the existing conditions in downtown Wake Forest and analyzed key market indicators to understand demand for market-rate multifamily apartments, retail, and office development.

Each market feasibility analysis by use includes:

1. Definition of market/trade area
2. Analysis of current market conditions
3. Analysis of demand drivers
4. Estimates of future growth based on projections of historical trends and downtown capture rates



# Wake Forest Retail Trade Area



**137,000**

**Daytime Population**

**29,000**

**Total Households**

2018: 29K → 2023: 34K  
2.7% increase per year

**\$23,000**

**Avg. Household  
Retail Spending**



**3.7M** ↑

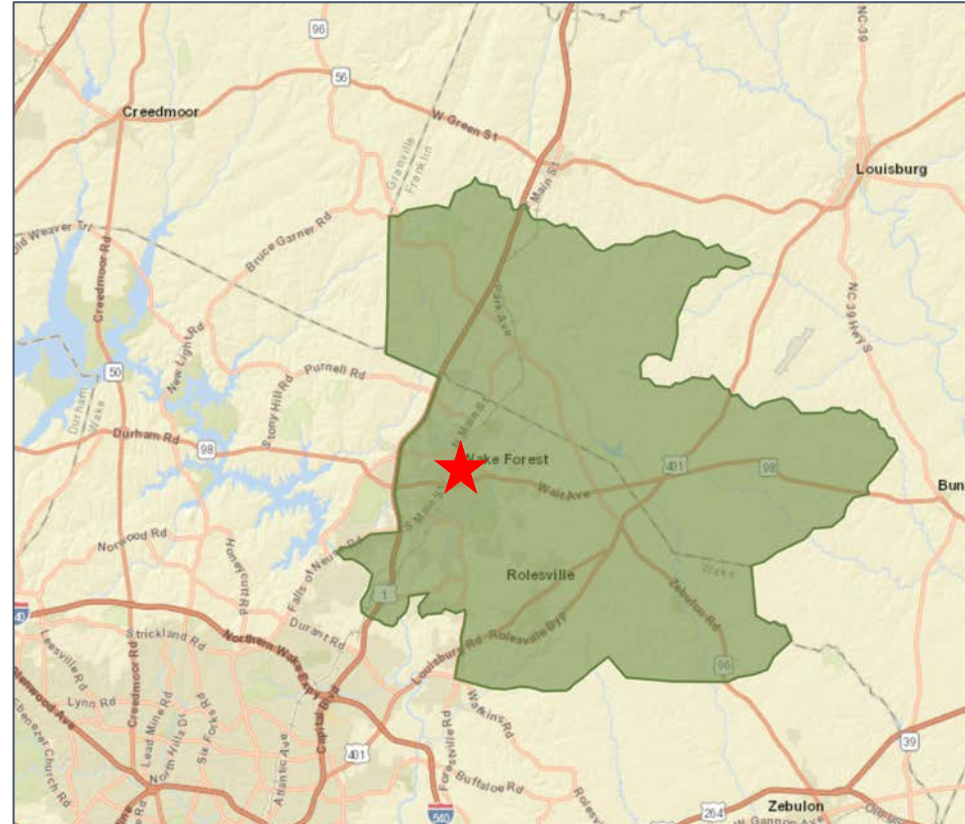
**Total Square  
Feet**

**1.0%** ↓

**Vacancy Rate**

**\$17.30** ↑

**Median Rent  
NNN/Per Square  
Foot**



# Retail Demand in Downtown Wake Forest

| Retail Demand                          | Trade Area | Downtown* |
|--|------------|-----------|
| Current demand @ stable vacancy (SF)** | 240K       | 23K       |
| Projected new demand by 2023 (SF)***   | 440K       | 42K       |
| Total Retail Demand (SF)               | 680K       | 65K       |

## Demand for 20% more Retail Space in Downtown

\*Downtown historically captured 9.5% of retail space in trade area

\*\*Wake Forest retail market severely constrained at 1% vacancy. A stable vacancy is roughly 7%.

\*\*\*Based on an estimated 4,400 new households in trade area by 2023.

# Downtown Retail Supply Pipeline



No New Retail Built in Downtown Since '08\*

## *Net Unmet Downtown Retail Demand*

**65,000 sf**

Total Downtown  
Retail Demand

**- 23,400 sf**

Downtown Retail Supply  
in Pipeline

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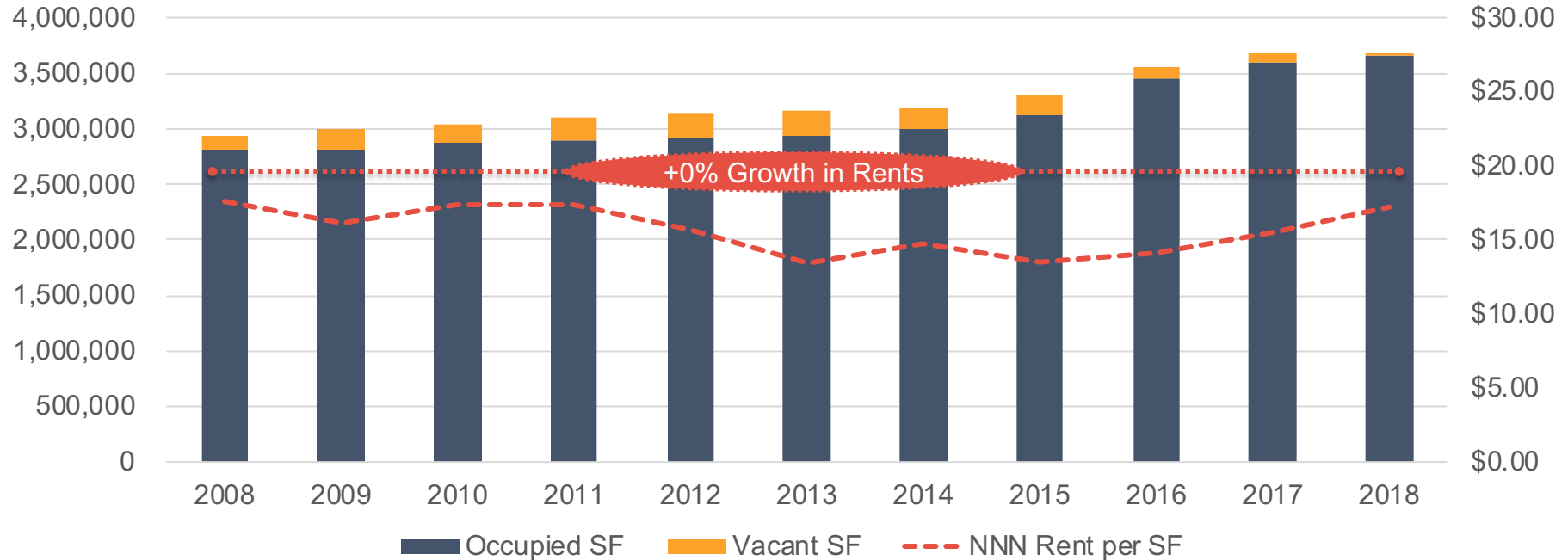
**= 41,600 sf**

Net Potential Downtown  
Retail Demand



# Trends in Occupancy and Rents

## Retail Inventory and NNN Rents Per Square Foot



# Wake Forest Multifamily Market Area



**143,000**

**Total Population**

2018: 143K → 2023: 164K  
2.7% increase per year

**51,000**

**Total Households**

2018: 51K → 2023: 59K  
2.7% increase per year

**\$71,000**

**Median Income**

2018: 71K → 2023: \$79K  
2.0% increase per year



**3,800** ↑

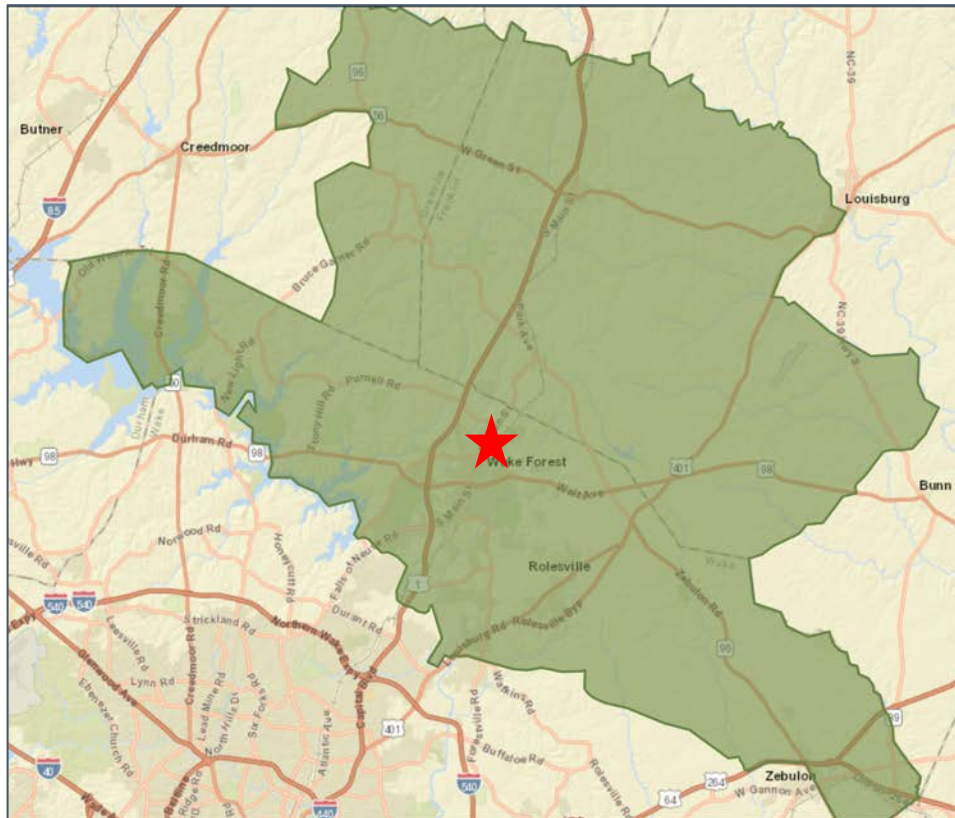
**Total Units**

**10.3%** ↓

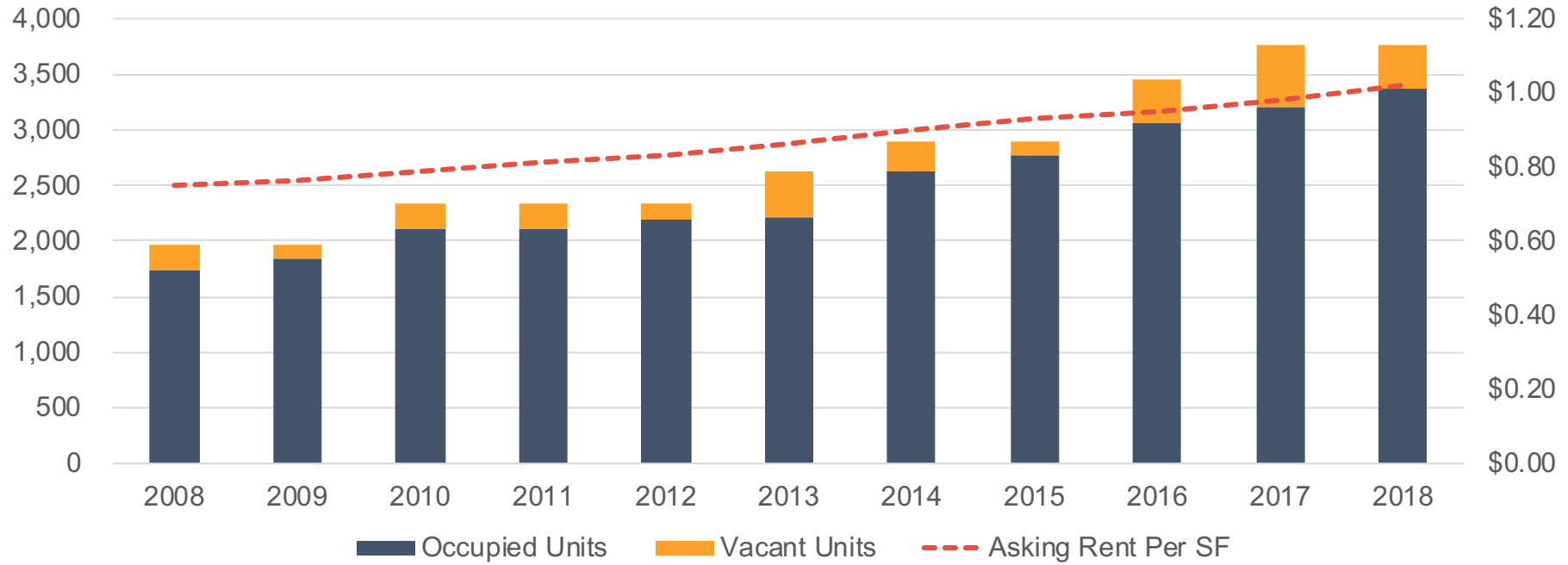
**Vacancy Rate**

**\$1.02** ↑

**Average  
Asking Rent  
Per Square Foot**

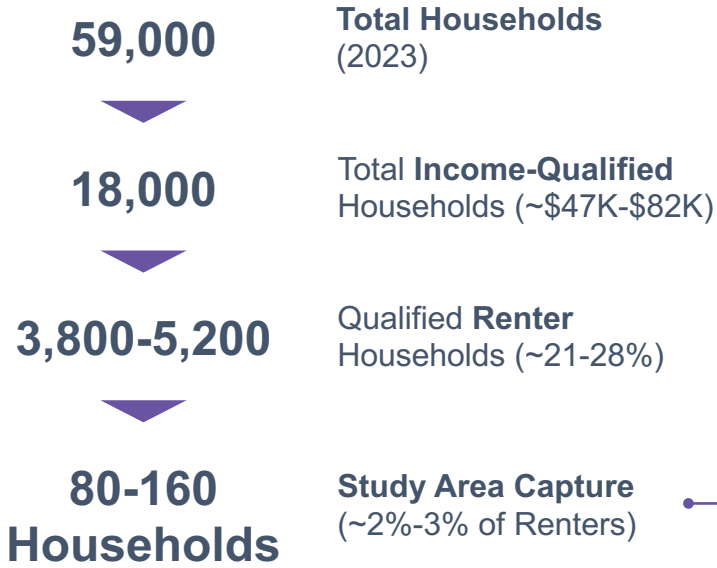


# Multifamily Supply Doubled Over Last Ten Years



# Multifamily Supply and Demand in Downtown

## Projecting 2023 Multifamily Demand



**!** No Current Class A Multifamily Supply in Downtown

### Multifamily Supply-Demand Gap

|                       |  |
|-----------------------|--|
| 80-160                | Market-Rate Renters in Study Area      |
| - 18-84               | Class A Multifamily Under Construction |
| <hr/>                 |  |
| <b>= 62-76 units*</b> | Class A Multifamily Potential Demand   |

\*Limited Multifamily Market Gap in Downtown



# Wake Forest Office Market Area



**4,700**  
Total Businesses

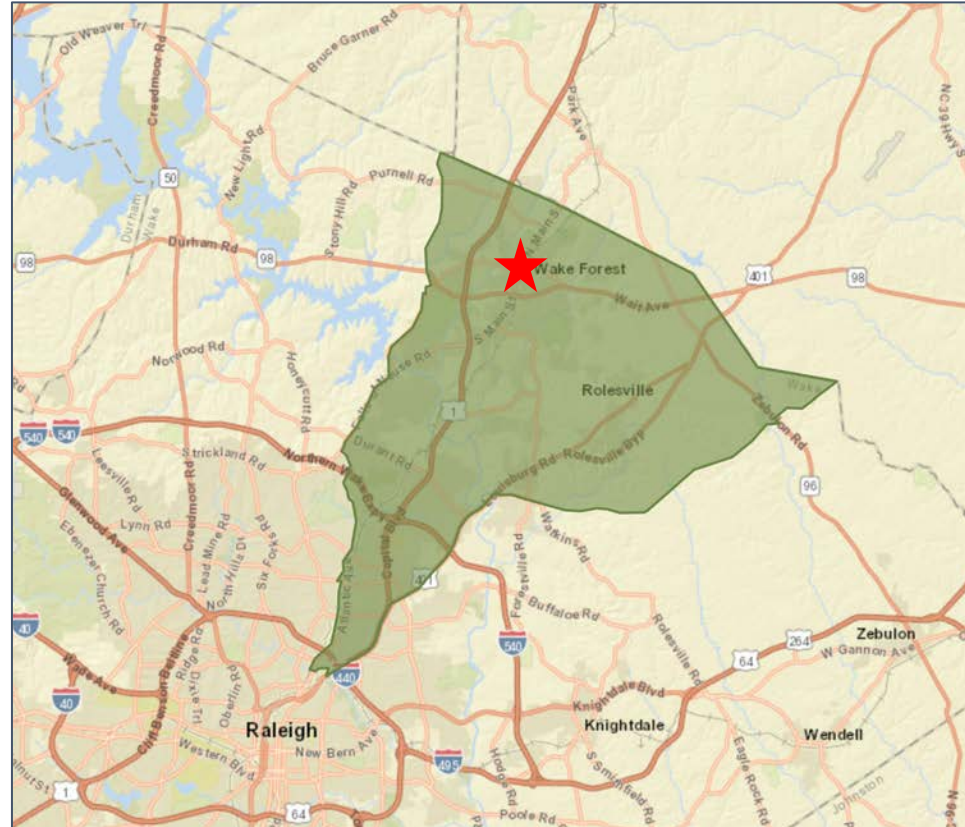
**58,000**  
Total Employees



**3.7M** ↑  
Total Square Feet  
Class A & B\*

**3.9%** ↓  
Vacancy Rate  
Class A & B

**\$19.75** ↑  
Median Rent  
Per Square Foot  
Class A & B





# Trends Suggest Minimal Downtown Office Demand

| Office Demand                         | Market Area | Downtown*     |
|---------------------------------------|-------------|---------------|
| Current demand @ stable vacancy* (SF) | 115K        | 570 – 1,100   |
| Projected new demand by 2023** (SF)   | 160K- 270K  | 800 – 2,700   |
| Total Office Demand (SF)              | 275K – 385K | 1,370 – 3,800 |

\*Downtown historically captured 0.5% - 1% of office space in market area

\*\*Wake Forest Class A and B office market somewhat constrained at 3.9% vacancy. A stable vacancy is roughly 7%.

\*\*\*Based on an estimated 1,100 new office jobs in market area by 2023.



**No Class A Office  
Space in Downtown**

# Market Analysis Summary

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- Significant potential retail demand in downtown over next five years (up to 42,000 sf).
  - However, rent growth minimal and may pose challenge.
  - Addition of townhomes in downtown will likely expand demand further.
- Historical trends indicate minimal multifamily apartment (up to 76 units) and office demand (up to 3,800 sf) in downtown.
  - Analysis limited by lack of existing supply. However,
    - notable growth in market areas shows potential for catalytic new development in downtown; and
    - Powerhouse Row may “prove” market for multifamily.

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# Guiding Public Interests

# What are Guiding Public Interests?

## What public interests are....

Values

Broad

Relevant

Reflect tradeoffs

Input for criteria to select development partner

## What they are not....

Specific

Defined

For example, the plan may include:

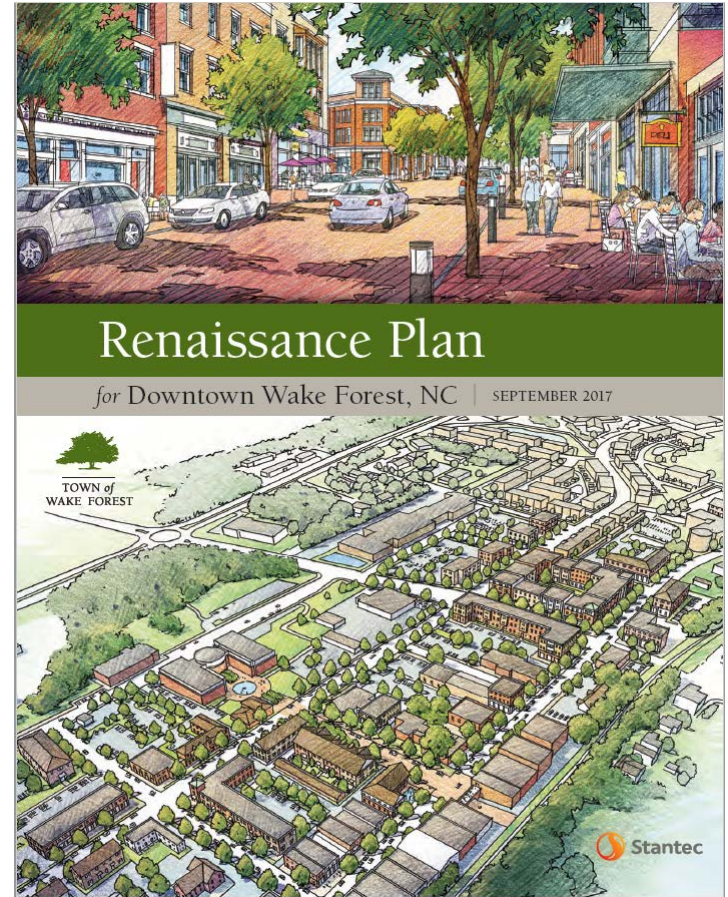
- # of parking spaces
- # and mix of units at each level of affordability
- Total commercial and public space, etc.

Public investment scenarios

# Establishing Guiding Public Interests

The guiding public interests were established through:

- BOC and Town staff input
- Review of current strategic plans
- Public statements
- Local stakeholder conversations



# Proposed Guiding Public Interests

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## Redevelopment of the SunTrust building site should:

- Connect the downtown historic core and Renaissance Plaza and serve as a gateway to downtown.
- Incorporate engaging street-level uses to increase pedestrian activity along White, Elm and Brooks Street.
- Provide sufficient parking to meet needs of development and other downtown uses.
- Minimize public investment and maximize private investment.

# Next Steps

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- Board endorses guiding public interests.
- Town engages architect for DFI site analysis.
- Once site and financial analysis is completed, DFI will present program recommendations to Board.



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