

WAXHAW

Est. 1889

2019 Downtown Waxhaw Market Study Update



2018
Great Main Street
Award Recipient
The North Carolina Chapter of the American Planning Association celebrates excellence in planning.



NC MAIN STREET
Designated Community

TABLE OF CONTENTS

I. Introduction

II. The Main Street Approach and Principles

III. Market Study Overview

A. Market Study...What is it?

B. Market Study...Applications

IV. Primary Study Area

V. Business Survey

VI. Trade Area Profile

A. Demographic and Area Information

B. Retail Leakage/Surplus

VII. Outlook and Conclusions

I. INTRODUCTION

In 2014, the Waxhaw Small Town Main Street Program asked the N.C. Department of Commerce to conduct a market study update in order to better understand the Downtown Waxhaw Market. The study captured important data about Downtown Waxhaw's business mix, including average retail sales and rental rates for downtown businesses, retail leakage and surplus for the downtown trade area, and important demographic trends. Since then, Waxhaw has experienced many changes.

- **Population Growth:** The population within a five mile radius of Downtown Waxhaw has increased by over 22 percent to 39,618 (2017 Estimate).
- **Business Growth:** Downtown Waxhaw had a net gain of 13 business between 2016 and 2018
- **Strategic Initiative:** Waxhaw moved from a Small Town Main Street Program to a fully accredited Main Street Community.
- **Casting a Vision:** Downtown Waxhaw developed a vision statement, boldly stating that it would be Union County's hub for retail, dining, and cultural events.

These transformative changes necessitate an update to the 2014 study. The following market study update report uses a variety of data and other resources to describe the Downtown Waxhaw economic and business environment. An analysis of this data and the trends it reveals will assist private business owners, real estate professionals, and public sector stakeholders in guiding downtown to realize its vision.

DOWN TOWN VISION

Downtown Waxhaw is Union County's hub for diverse retail shops, award-winning eating and drinking establishments, local artisans and cultural events. Its pedestrian friendly streets and beautifully preserved historic character provide residents and visitors alike with a sense of heritage, activities, and well-being.

II. MAIN STREET APPROACH AND PRINCIPLES



As a Main Street America™ Accredited program, the Waxhaw Main Street Program is a recognized leading program among the national network of more than 1,200 neighborhoods and communities who share both a commitment to creating high-quality places and to building stronger communities through preservation-based economic development. All Main Street America™ Accredited programs meet a set of National Accreditation Standards of Performance as outlined by the National Main Street Center.

Waxhaw was designated as a Small Town Main Street Community in 2009 by the North Carolina Department of Commerce and joined a growing number of North Carolina communities focused on downtown revitalization. In 2015, Waxhaw graduated to the full Main Street Program designation.

As a Main Street community, our mission is to work toward implementation of goals as established on an annual basis by our Main Street volunteers and to achieve success by following the four-point approach method for downtown revitalization as outlined by the National Main Street Center.

The Main Street Four-Point Approach is a comprehensive revitalization process designed to improve all aspects of a downtown. The four-point approach was created by the National Trust for Historic Preservation through their National Main Street Center (NMSC). They have refined the techniques necessary for successful downtown revitalization. The North Carolina Main Street Center directs the Main Street Program in this state through the Division of Community Assistance in the Department of Commerce.

The four-point approach:

- **Organization:** Builds partnerships to create a consistent revitalization program and develop effective management and leadership downtown. Diverse groups made up of merchants, bankers, public officials, the business association, and civic groups must work together to improve downtown.
- **Promotions:** Reestablishes downtown as a compelling place for shoppers, investors and visitors. This means not only improving sales but also rekindling community excitement and involvement. Promotion ranges from street festivals to retail merchandising, from community education to marketing and public relations.
- **Design:** Enhances the visual quality of the downtown. Attention is given to the downtown environment elements - not just buildings and storefronts but also public improvements, rear entries, signs, landscaping, window displays, and graphic materials.
- **Economic Vitality:** Strengthens the existing economic assets of the business district while diversifying its economic base. Activities include conducting market analyses to understand the changing marketplace, business recruitment, and sharpening the competitiveness of Main Street's traditional merchants

III. MARKET STUDY OVERVIEW

A. MARKET STUDY...WHAT IS IT?

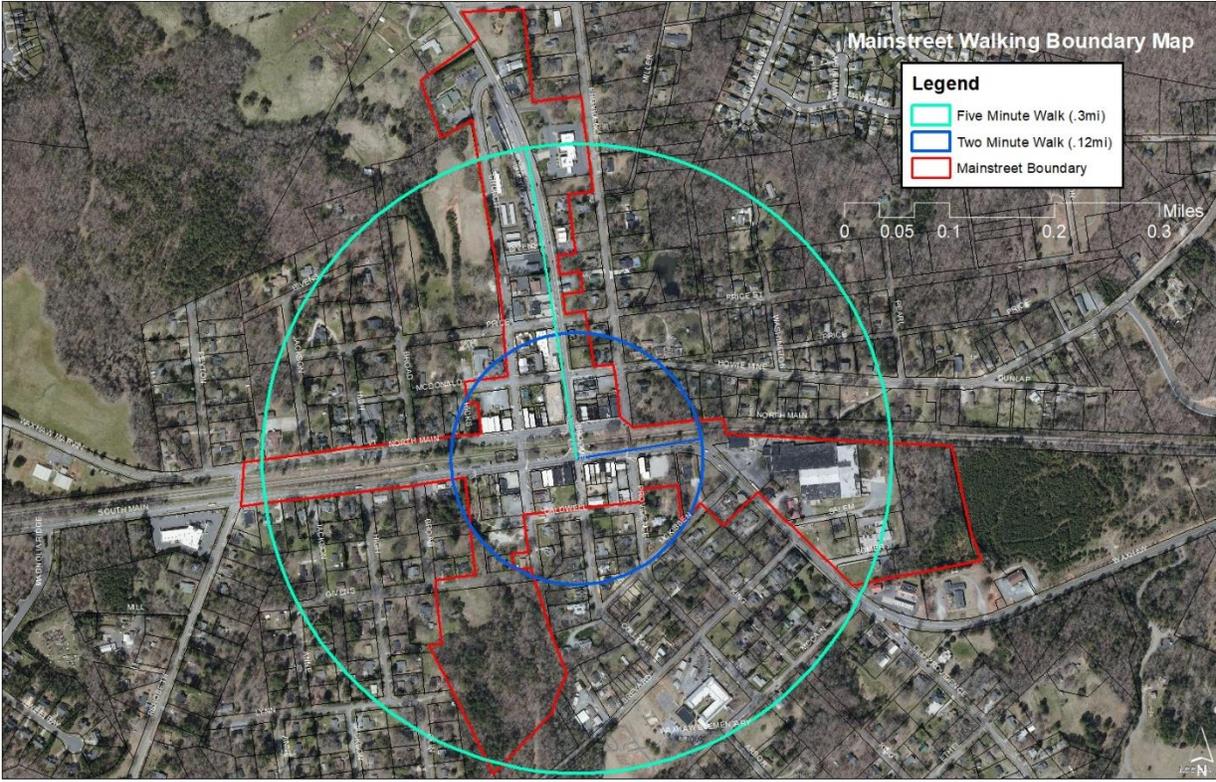
- An assessment of the current business environment
- A quantitative summary of attitudes & opinions
- A means of identifying current & future trends
- A basis upon which to formulate market-driven business development & marketing strategies

B. MARKET STUDY...APPLICATIONS

- Business Retention and Expansion
 - Providing market information to existing businesses
 - Developing value-added business assistance programs
 - Organizing cooperative advertising & marketing efforts
 - Identifying & addressing ongoing management & maintenance needs
 - Identifying product & service lines that might provide opportunities for expansion
 - Identifying possible economic incentives to support & enhance existing businesses
 - Documenting & building a case for possible public sector & private-public sector improvements
- Business Recruitment
 - Identifying opportunities for new businesses that will fill “gaps,” complement & enhance the existing business mix
 - Providing a basis for business & investor recruitment marketing tools, materials & processes
 - Identifying possible economic incentives to catalyze new investment & entrepreneurial opportunities
- Planning and Development
 - Identifying possibilities for a variety of non-commercial uses that could support commercial development goals
 - Identifying & focusing on short & long term priorities for downtown redevelopment & revitalization strategies & providing a basis for the allocation of resources
- Marketing and Promotion
 - Identifying key market segments & audiences
 - Providing direction for marketing & image enhancement efforts
 - Providing a basis for the consideration of new events

IV. PRIMARY STUDY AREA

This map is representative of the primary study area.



V. BUSINESS SURVEY

A survey was sent to the business owners located in the Main Street Boundary (see map in Primary Study Area. As of January 2019 there are 108 businesses in the boundary. Twenty-three businesses responded to the survey. Key results are below.

Question: Do you own or rent your business location?

ANSWER CHOICES	RESPONSES
Own	21.74%
Rent	78.26%

Question: How long has your business been located in Downtown Waxhaw?

ANSWER CHOICES	RESPONSES
Less than 1 year	13%
1-4 years	30%
5-9 years	22%
10-20 years	9%
More than 20 years	26%

Question: Which one describes your primary customer base?

ANSWER CHOICES	RESPONSES
Local/Regional residents	74%
Downtown area employees	0%
Visitors and tourists	13%
Other	13%

Question: Of the following media, direct marketing, and advertising resources, which two are most effective for your business?

ANSWER CHOICES	RESPONSES
Newspaper	13%
Television	4%
Radio	0%
Direct Mail	9%
Social Media	48%
Website	39%
Email Marketing	17%
Other	35%
None	9%

Question: Which category describes the likelihood for your business to expand within the next 1 or 2 years?

ANSWER CHOICES	RESPONSES
Very unlikely	13%
Unlikely	17%
Neither likely nor unlikely	17%
Likely	26%
Very likely	26%

Question: In the next year or two, do you plan to change or modify your business in any of the following ways?

ANSWER CHOICES	RESPONSES
Expand your business	59%
Downsize your business	0%
Expand hours of operation	18%
Decrease hours of operation	0%
Increase marketing	55%
Decrease marketing	0%
Expand services or product lines	36%
Decrease services or product lines	0%
Increase the number of employees	50%
Decrease the number of employees	0%
Relocate within downtown	14%
Move out of downtown	0%
Close your business	0%
Sell your business	5%
Start/complete building improvements	27%
Other	18%

Question: Which of the following are included in the rent amount indicated?

ANSWER CHOICES	RESPONSES
Property taxes	50%
Utilities	28%
Trash/Recycling pickup	44%
Basic maintenance	56%
Other	28%

Question: How important are possible Downtown Waxhaw enhancement efforts to stage additional festivals and events downtown?

ANSWER CHOICES	RESPONSES
Extremely important	39%
Very important	22%
Somewhat important	13%
Not so important	9%
Not at all important	17%

Question: How important are possible Downtown Waxhaw enhancement efforts to create more housing downtown?

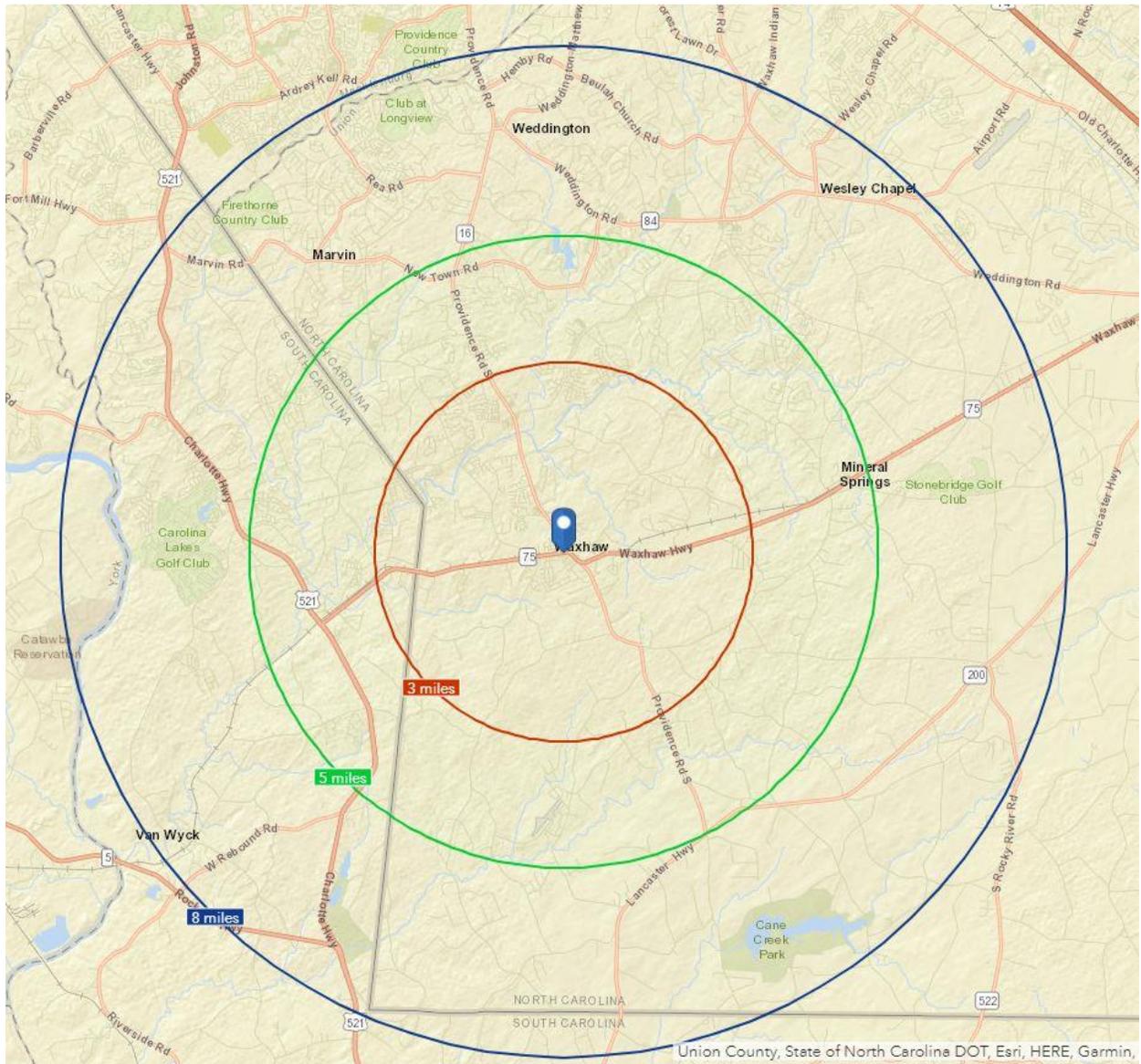
ANSWER CHOICES	RESPONSES
Extremely important	26%
Very important	9%
Somewhat important	17%
Not so important	17%
Not at all important	30%

Average rent per square foot: \$15.86

It is especially interesting to note that 59% of downtown businesses report that they plan to expand with the next 1-2 years. In light of the low vacancy rate downtown (2.82% as of 2nd quarter FY 2020), this suggests a need for more commercial space in the downtown. This is further reinforced by the retail leakage/surplus report in the next section.

VI. TRADE AREA PROFILE

The primary trade area for downtown is within the **five mile** radius of downtown. The latest demographic information is from the 2018 ESRI report.



A. Demographic and Area Information

The following information is not intended to provide a comprehensive report, but instead to provide information most relevant to Downtown Waxhaw in context with the Downtown Vision and current initiatives in 2019.

i. Population

Population Demographics

	2000 Census	2010 Census	2017A Estimates	2022 Projections	Percent Change	
					2000 to 2010	2017 to 2022
Total Population	13,474	30,352	39,619	47,879	125.3%	20.8%
Population Density(Pop/Sq. Mi)	171.50	356.07	504.28	609.40	107.6%	20.8%
Total Households	4,579	10,069	13,071	15,903	119.9%	21.7%

ii. Employment

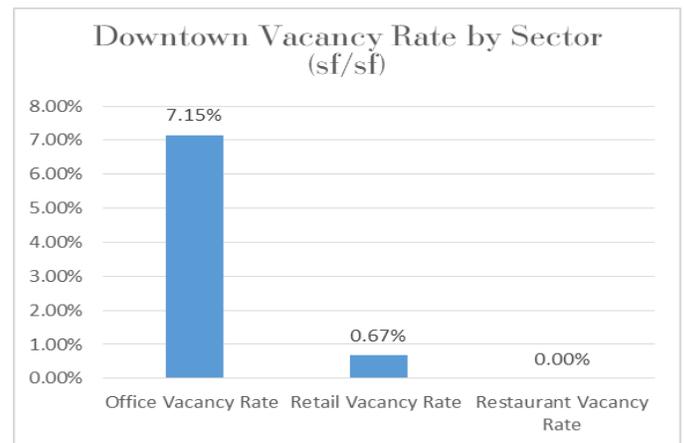
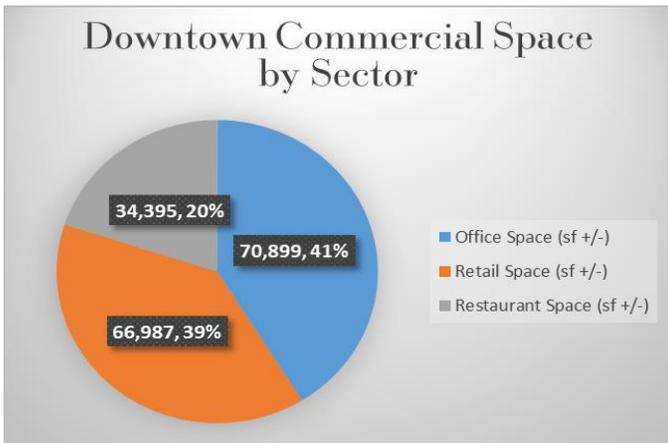
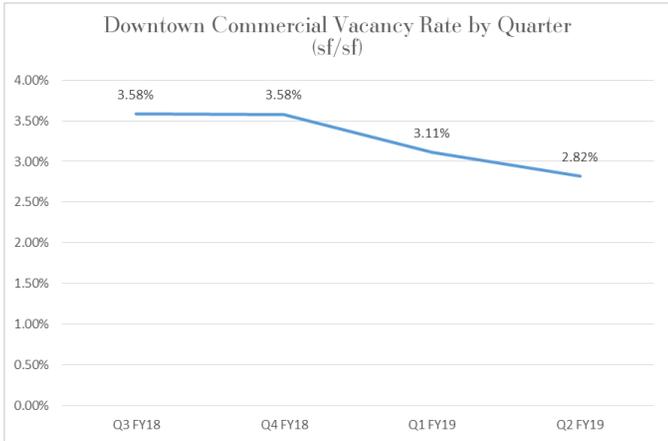
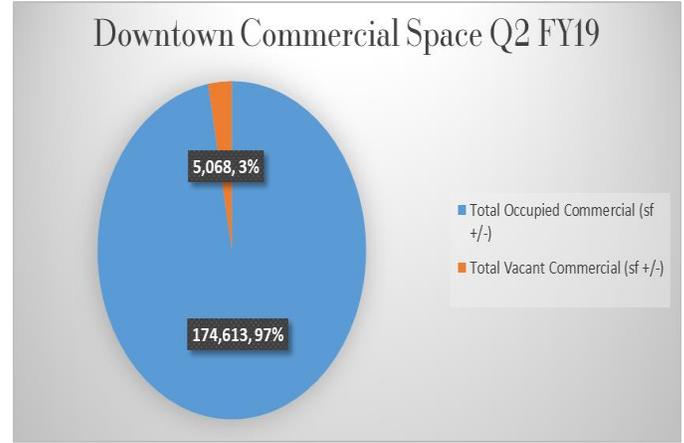
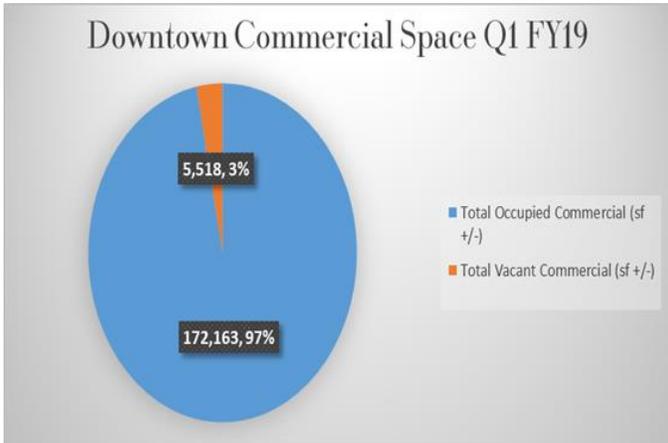
Waxhaw is a suburb of Charlotte and thus the majority of major employers are located north and within the City of Charlotte. Major employers include Bank of America, Wells Fargo, Charlotte-Mecklenburg Schools, Duke Energy, American Airlines, and Atrium Health. However, there are 18 businesses that employ between 51-150 employees located within five miles of Downtown Waxhaw.

iii. Surrounding Area Land Uses

Character of the Area	Suburban
Predominant Housing Age	30-70 Years
Predominant Quality and Condition	Average
Approximate Percent Developed	55%
Infrastructure Planning	Average
Prevailing Direction of Growth	North

DOWNTOWN DEVELOPMENT SNAPSHOT Q2 FY19

Total Commercial Square Footage in Downtown Waxhaw: (+/-) 179,681



B. Retail Leakage/Surplus

The chart below shows the retail leakage in the primary trade area. Retail leakage is often called “supply and demand analysis,” as it shows the difference between the total potential retail spending in the trade area (demand), and actual estimated sales (supply). This gap between demand and supply, called leakage, represents retail opportunities in the trade area. The chart below shows total retail leakage of over \$345 million. This is a 106% increase from 2014, when leakage was \$167 million. The majority of this increase can likely be attributed to the 22 percent population growth discussed above.

WAXHAW NOVEMBER 30, 2018					
Primary Trade Area of 5 Miles		DOWNTOWN POTENTIAL			
NAICS CODE	Business Type based on NAIC	Leakage	Est. Capture	Sales/SF	SF
			10%	\$300	
4421	Furniture Stores	\$ 14,059,976	\$ 1,405,998	\$ 300	4687
4422	Home Furnishing Stores	\$ 6,816,756	\$ 681,675.60	\$ 300	2272
443	Electronics & Appliances	\$ 18,107,720	\$ 1,810,772	\$ 300	6036
444	Building Material & Supplies Dealers	\$ 25,458,436	\$ 2,545,844	\$ 300	8486
4442	Lawn & Garden Equip.	\$ 1,019,443	\$ 101,944	\$ 300	340
4453	Grocery stores	\$ 28,062,059	\$ 2,806,205.90	\$ 300	9354
4452	Specialty Foods	\$ 3,914,856	\$ 391,485.60	\$ 300	1305
4453	Beer, Wine, Liquor	\$ 3,726,156	\$ 372,615.60	\$ 300	1242
4461	Health & Personal Care Stores	\$ 14,192,478	\$ 1,419,247.80	\$ 300	4731
4481	Clothing	\$ 20,266,542	\$ 4,053,308	\$ 300	13511
4482	Shoes	\$ 5,051,228	\$ 1,010,246	\$ 300	3367
4483	Jewelry, Luggage & Leather Goods	\$ 6,163,585	\$ 1,232,717	\$ 300	4109
451	Sporting Goods, Hobby, Book, Music	\$ 14,635,975	\$ 2,927,195	\$ 300	9757
4521	Dept. Stores Excluding Leased Depts.	\$ 77,015,410	\$ 15,403,082	\$ 300	51344
4529	Other General Merchandise Stores	\$ 23,414,182	\$ 4,682,836	\$ 300	15609
4531	Florists	\$ 771,112	\$ 154,222	\$ 300	514
4532	Office Supplies, Stationary & Gift Stores	\$ 5,907,361	\$ 1,181,472	\$ 300	3938
4533	Used Merchandise	\$ 2,895,564	\$ 579,113	\$ 300	1930
4539	Other Miscellaneous Store Retailers	\$ 12,479,134	\$ 2,495,827	\$ 300	8319
7223	Special Food Services	\$ 427,089	\$ 85,418	\$ 300	285
7224	Drinking Places-Alcoholic Beverages	\$ 4,633,612	\$ 463,361.20	\$ 300	1545
7225	Restaurants & other eating places	\$ 48,458,742	\$ 4,845,874.20	\$ 300	16153
4413	Auto Parts,Accessories & Tire Store	\$ 7,638,584	\$ 763,858.40	\$ 300	2546
	TOTAL	\$ 345,116,000	\$ 51,414,318		171,381
	SOURCE:	NC Department of Commerce			
		NC Division of Community Assistance			
		ESRIBIS©			
		US Census of Retail Trade			
		US Consumer Expenditure Survey			

This chart serves as a helpful tool for businesses in the trade area. While it is by no means a final analysis of retail opportunities, it does provide guidance. Even if we conservatively assume that Downtown Waxhaw could capture 10 percent of trade area leakage, there is demand for over 170,000 square feet of retail space.

VII. OUTLOOK AND CONCLUSIONS

The Downtown Waxhaw trade area has been and is expected to continue experiencing strong growth. Retail opportunities from a gap analysis perspective will likely continue to increase. This is reinforced by the growth and stated expansion plans of existing downtown businesses (see survey). The main impediment to retail growth, apparent in the Downtown Development Snapshot above, is limited retail space/building inventory. We anticipate that property values and rents will continue to increase in the near future.