

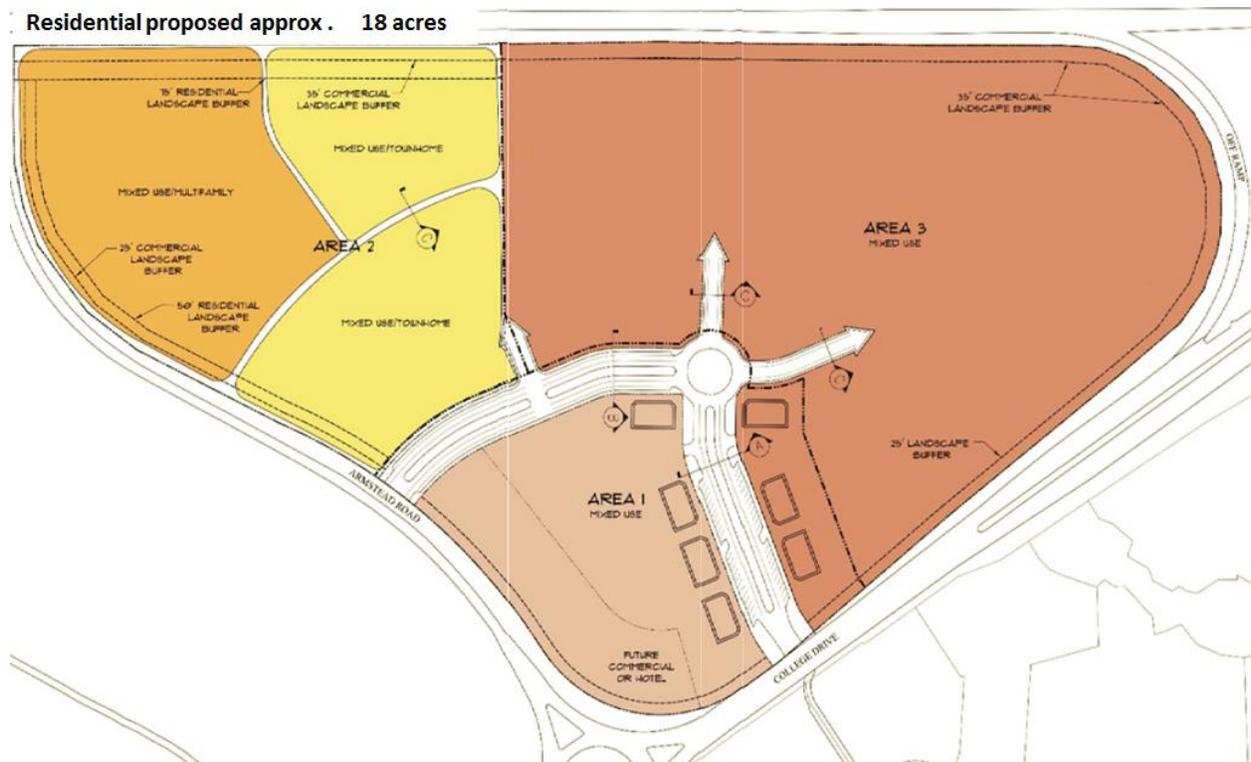
Market Study

The Point at Harbour View

January 2018

The Point at Harbour View is envisioned to be a combination of office, retail, and residential elements with the potential for institutional use. The designed proximity of residential and commercial components establishes a unique environment advantageous to those living, working, and visiting The Point at Harbour View. Its location between Interstate 664 and College Drive creates a superior site for exceptional regional development.

What fuels, and makes a mixed project like the Point at Harbour View feasible and successful is population growth. This area of Suffolk has seen tremendous growth and is poised to experience additional growth. Below are current and future demographics that provide comfort in order to make significant financial investments for future development.





# Demographic and Income Profile

6768-6964 College Dr, Suffolk, Virginia, 23435  
 Drive Time: 20 minute radius

Prepared by Esri  
 Latitude: 36.89801  
 Longitude: -76.43379

Summary	Census 2010		2017		2022	
Population	321,139		313,570		321,646	
Households	118,602		122,750		125,663	
Families	75,676		77,462		78,991	
Average Household Size	2.46		2.48		2.48	
Owner Occupied Housing Units	68,135		67,464		69,163	
Renter Occupied Housing Units	50,467		55,286		56,500	
Median Age	33.7		36.6		37.4	
Trends: 2017 - 2022 Annual Rate	Area		State		National	
Population	0.51%				0.83%	
Households	0.47%				0.79%	
Families	0.39%				0.71%	
Owner HHs	0.50%				0.72%	
Median Household Income	0.90%				2.12%	
Households by Income	2017				2022	
	Number	Percent	Number	Percent	Number	Percent
<\$15,000	15,939	13.0%	16,682	13.3%	16,682	13.3%
\$15,000 - \$24,999	13,083	10.7%	13,103	10.4%	13,103	10.4%
\$25,000 - \$34,999	13,083	10.7%	12,420	9.9%	12,420	9.9%
\$35,000 - \$49,999	18,297	14.9%	17,051	13.6%	17,051	13.6%
\$50,000 - \$74,999	22,827	18.6%	21,092	16.8%	21,092	16.8%
\$75,000 - \$99,999	15,853	12.9%	16,649	13.2%	16,649	13.2%
\$100,000 - \$149,999	14,975	12.2%	17,290	13.8%	17,290	13.8%
\$150,000 - \$199,999	4,684	3.8%	6,142	4.9%	6,142	4.9%
\$200,000+	4,000	3.3%	5,225	4.2%	5,225	4.2%
Median Household Income	\$50,701		\$53,020		\$53,020	
Average Household Income	\$66,024		\$74,535		\$74,535	
Per Capita Income	\$26,430		\$29,673		\$29,673	
Population by Age	Census 2010		2017		2022	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	20,763	6.5%	19,725	6.3%	20,134	6.3%
5 - 9	19,877	6.2%	19,871	6.3%	19,506	6.1%
10 - 14	19,095	5.9%	19,289	6.2%	19,792	6.2%
15 - 19	22,584	7.0%	19,691	6.3%	20,031	6.2%
20 - 24	35,127	10.9%	24,065	7.7%	22,515	7.0%
25 - 34	48,660	15.2%	47,680	15.2%	48,300	15.0%
35 - 44	39,769	12.4%	38,343	12.2%	41,984	13.1%
45 - 54	44,536	13.9%	39,506	12.6%	36,904	11.5%
55 - 64	34,145	10.6%	39,494	12.6%	39,540	12.3%
65 - 74	19,635	6.1%	26,864	8.6%	31,040	9.7%
75 - 84	11,908	3.7%	13,167	4.2%	15,950	5.0%
85+	5,039	1.6%	5,874	1.9%	5,949	1.8%
Race and Ethnicity	Census 2010		2017		2022	
	Number	Percent	Number	Percent	Number	Percent
White Alone	140,322	43.7%	132,217	42.2%	133,370	41.5%
Black Alone	159,495	49.7%	156,765	50.0%	158,782	49.4%
American Indian Alone	1,409	0.4%	1,327	0.4%	1,406	0.4%
Asian Alone	5,973	1.9%	6,879	2.2%	8,159	2.5%
Pacific Islander Alone	332	0.1%	352	0.1%	429	0.1%
Some Other Race Alone	4,146	1.3%	4,655	1.5%	5,785	1.8%
Two or More Races	9,462	2.9%	11,376	3.6%	13,716	4.3%
Hispanic Origin (Any Race)	13,356	4.2%	15,559	5.0%	19,481	6.1%

Data Note: Income is expressed in current dollars.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2017 and 2022.

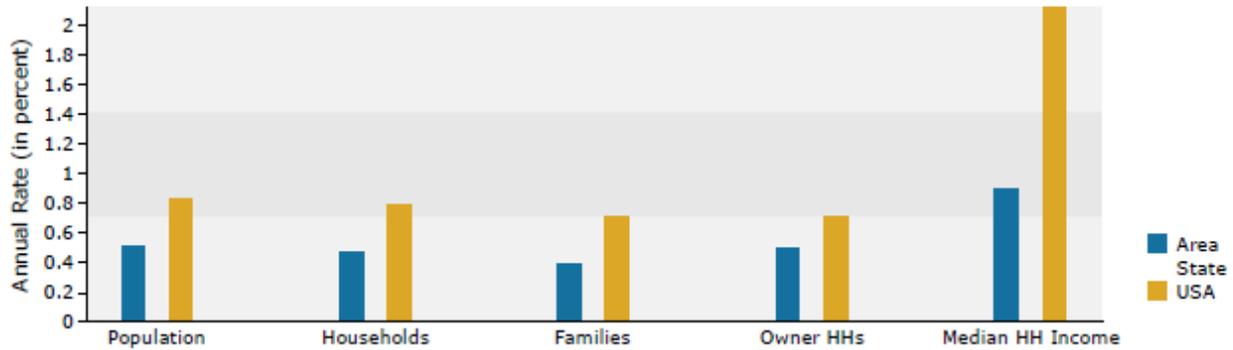


# Demographic and Income Profile

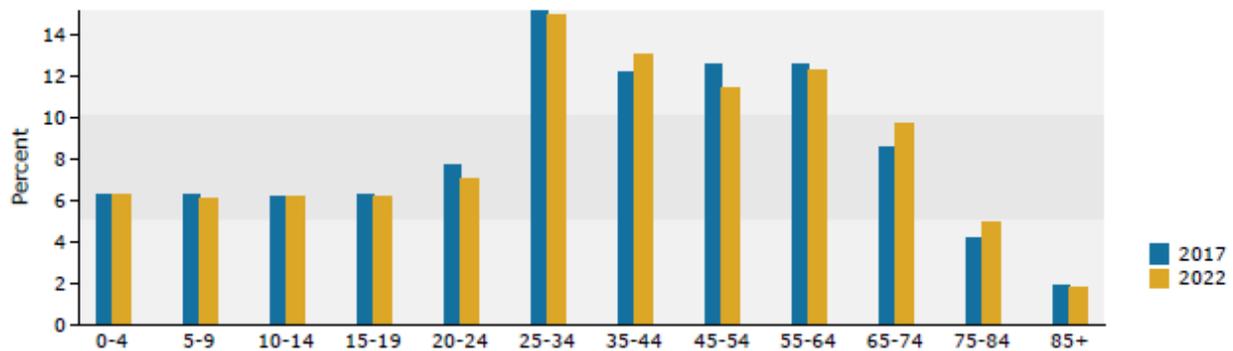
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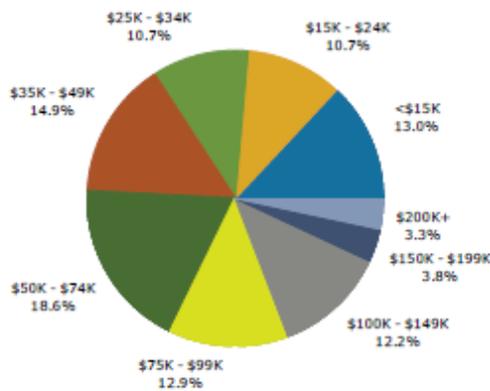
## Trends 2017-2022



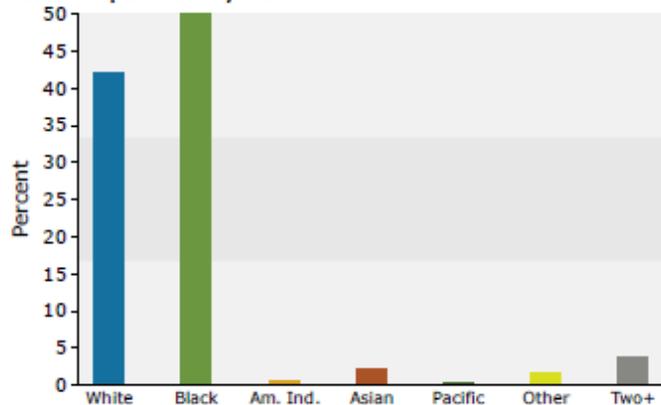
## Population by Age



## 2017 Household Income



## 2017 Population by Race



2017 Percent Hispanic Origin: 5.0%

## **URBAN LAND INSTITUTE (ULI), ADVISORY SERVICES PANEL, FEBRUARY, 2011**

The Suffolk Economic Development Authority and the Tidewater Community College Real Estate Foundation partnered to complete an Urban Land Institute Advisory Services Panel Report on their joint 400+ acres in February 2011. The Panel featured land use experts from around the country that spent a week interviewing stakeholders in order to develop a framework towards development of both properties. The Panel stressed cooperation between the two parties and methodical action to promote future mixed use development and public spaces. The report featured the following excerpts and insights:

“The TCCREF and EDA (The Point at Harbour View) sites can be redeveloped into a large-scale, mixed use community that takes advantage of its premier visual setting on the waterfront and its excellent access from I-664.”

“As market forces permit, create a large-scale mixed use development that provides for a variety of land use alternatives. Ensure that each alternative include a common development framework, albeit with an emphasis on different land uses.”

The ULI panel created three development options to demonstrate how the development process could play out on the TCCREF and EDA sites. The key sentiment was flexibility and that the two parties and the City needed the ability to adjust to market conditions. All three development options of the joint parcels stressed a mix of uses with a strong public realm working towards the waterfront. The options for the EDA site featured a single tenant or multi-tenant office park. However, an important theme in flexibility was also provided for the EDA site, “...the panel notes that if the market for those uses does not materialize within the next seven to ten years , other uses such as residential or retail should be considered.”

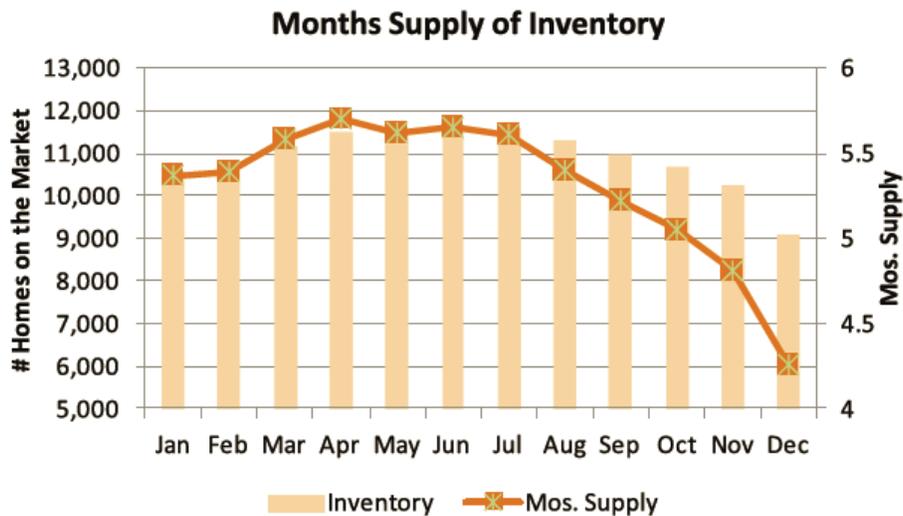
## **RESIDENTIAL**

The ULI Panel report continues to carry important themes and direction, and is represented throughout this proposed rezoning. One of the key themes is the need for flexibility; that being said two, possibly three, proposed residential options are being proposed for the site. Two residential product types include for sale townhome and rental apartments. Another option may include residential units above

commercial structures (mixed use buildings) as the site develops, this type could be condominium or rental. Although the residential product types will be different, all product types will be developed in a multifamily, higher density/high intensity fashion. The location of the Point at Harbour View, in the highly sought after market of Harbour View, remains one of the key drivers of both the residential and commercial portions of the project. The location of the site, in the center of the Hampton Roads metropolitan area is an ideal setting, off of Interstate 664 with the ability to conveniently reach established areas on both Peninsula and Southside markets. In its own right the Harbour View market has developed into a premier destination within Hampton Roads. In addition to its central location that will prove attractive to future residents, the currently daytime employment population within a 10 mile radius of the site is 239,462 people. The residential component will create an opportunity to keep more people who are working in Harbour View, that are currently commuting out of Suffolk for their residence. A mix of rental and for sale product will create a good mix for a diverse residential population and offer living options for multiple housing seekers.

FOR SALE, NEW CONSTRUCTION

Per the Hampton Roads Real Estate Market Review and Forecast, 2017, performed by EV Williams Center for Real Estate; low inventory continues to plague both resale and new construction markets throughout Hampton Roads. Months to absorb new construction inventory averaged only 3.59 throughout 2016 while the resale sector averaged 5.25.



Source REIN MLS

**“...new construction in the Moyock and Suffolk markets, which should continue to see positive growth. Land is more readily available and typically at a negative premium when compared to the Chesapeake and Virginia Beach market...”**

The residential new construction market in Hampton Roads continued its steady, upward trend in 2016 with year over year gains in the number of closings, average sales prices and revenue. The Southside market accounted for 75.4% of the total closings in Hampton Roads. And market share for new construction grew to just under 15% of reported sales, up from its bottom of just 11% two years ago.

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Closings</b>	4,153	3,318	2,775	2,421	2,354	2,714	2,911	2,360	3,069	3,214
<b>Avg Sales Price</b>	\$463,711	\$483,874	\$432,232	\$368,752	\$329,035	\$268,269	\$320,767	\$333,402	\$333,186	\$342,983
<b>Total Revenue (millions)</b>	\$1,926	\$1,605	\$1,199	\$893	\$775	\$728	\$934	\$787	\$1,023	\$1,102

FOR RENT

The need for quality multifamily housing in Suffolk is also recognized by those in the Hampton Roads development profession. In fact *Inside Business, The Hampton Roads Business Journal* published a question and answer story with five prominent Hampton Roads multifamily developers in the November 26, 2014; edition entitled *CRE Insiders Talk Multifamily Housing*. Here are a few excerpts that speak to Suffolk and the type of multifamily project proposed at The Point at Harbour View:

**What communities are in need of more multifamily housing and why? Which ones have too much?**

Barry Tomlin, Vice President, Breeden Property Management: “With roughly 94,000 units in the Hampton Roads market, it is my opinion that the two areas that have the best opportunity for multifamily growth are Suffolk and Portsmouth. Both of these areas are underdeveloped, and with the amount of raw land in Suffolk that is available to build and Portsmouth's proximity to the port, both of these areas are prime for multifamily development.”

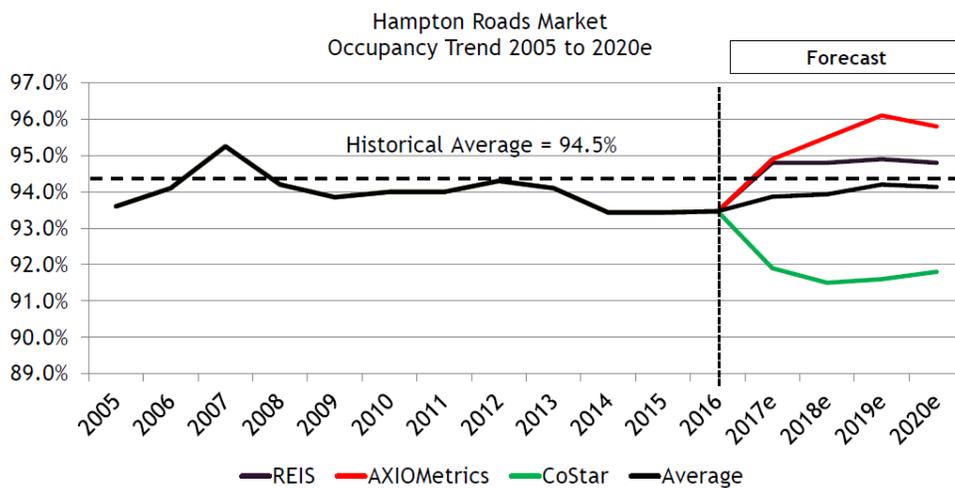
**What advice would you give to companies looking to build multifamily housing in the area?**

Jamie Clark, Director of Hampton Roads brokerage services, Colliers International: “More and more people are getting accustomed to the idea of "live, work and play," all wrapped up in one package.”

**Is the multifamily housing market on the upswing, downswing or holding steady? What are the indicators?**

Amy Gianniny, Director of Property Management, William E. Wood and Associates: “There is always a need for good-quality multifamily housing. Another market to watch is actually an age group. As the baby boomers age and are downsizing, many are looking to rent, but quality and safety are at the top of their mind and desire. For these folks, they want their rental to feel like home, not a vanilla box.”

Suffolk and the Harbour View market has experienced new multifamily for rent product in the Hampton Roads Crossing project, and soon to experience new units at Harbour View West development. To date all new products in the market has been well received and experienced occupancy rates over 94%. In addition to a very strategic location for access of the entire Hampton Roads region, Suffolk is fortunate to have a major employment anchor with over 3,000 personnel stationed at the Joint Staff, J7 and the US Navy Cyber. These families experience a regular transition of military personnel that translate well for a rental environment. From a tax revenue perspective, it is to Suffolk’s benefit to keep these personnel within City boundaries to live in order to take advantage of their spending at nearby restaurant and retail establishments. As more rental product enters the market a natural question of too much product into the market enters the discussion. Forecasts show that vacancy rates are predicted to remain strong into the future.



Sources: Reis, Inc. (2<sup>nd</sup> Quarter 2012). Metro Trend Futures: Apartment Metro: Norfolk/Hampton Roads. Retrieved from <https://www.reis.com/commercial-real-estate-market-reports>; Reis, Inc. (1<sup>st</sup> Quarter 2016). Metro Trend Futures: Apartment Metro: Norfolk/Hampton Roads. Retrieved from <https://www.reis.com/commercial-real-estate-market-reports>; AXIOMetrics Inc., (Fourth Quarter 2016). Market Performance Summary Virginia Beach-Norfolk-Newport News, VA-NC MSA. Retrieved from <https://www.axiometrics.com/axioapartment/>; Affleck, John. (2017, January). "National Market Analytics and Forecast." CoStar Market Analytics. Retrieved from <https://marketanalytics.costar.com/>; Specific Note: [1] 2005 to 2016 represents the average of REIS, AXIOMetrics and CoStar historical figures for those years. Not all figures were available for all providers in all time periods

The population demographic information provided in this study shows current, 2017 and projected 2022 demand categories for both Owner Occupied Housing Units and Renter Occupied Housing. This information shows housing growth in the surrounding area, with Owner Occupied Housing Units to increase 1,699 by 2022 and Renter Occupied Housing Units to increase 1,214 by 2022. The Suffolk Planning Department is currently tracking 999 committed residential units in the Harbour View marketplace, with 200 units of those reserved for age restricted development. This provides ample capacity for development with The Point at Harbour View's projected new residential units.

**New Residential Units Demand by Year 2022**

Additional Owner Occupied Housing Units	-	1,699
Additional Renter Occupied Housing Units	-	1,214
<b>Total</b>	<b>-</b>	<b>2,913</b>
Suffolk Planning Dept. Committed Units	-	799 (non-age restricted)
<b>Additional Capacity for Residential Units</b>	<b>-</b>	<b>2,114</b>
The Point at Harbour View Res. Total	-	500

It is important to note that the three residential product styles being proposed for the Point at Harbour View will be new to the Suffolk and Harbour View area, and are not equally comparable to any of the residential product in place or proposed in the nearby surrounding market. The 300 for rent apartments will feature a main entrance(s) providing for interior resident access. The current non-age restricted apartment rental market place only offers multi-building layouts with 3 or 4 story walkup with exterior access for residents. The rental product at the Point at Harbour View will lend its self to a more urban concept that will match the development of the site and the MUD zoning. Its walk-able proximity to commercial development that will also offer more urban appeal will also set it apart from the current and proposed product types throughout Harbour View. The 100 for sale townhome product will also introduce a new for sale product. The Point at Harbour View fill provides a 3 or 4 story townhome at a price point starting at \$350,000. It is contemplated that proposed roof access patios will also be a popular amenity that cannot be found in Harbour View currently. The majority of the for sale attached residential currently in the market is limited to 2 stories. Again the distinct details of this residential product will add to the urban design element that is proposed for the site. The final product type, if market bears, would be 100 loft style developments that would be featured as part of a mixed use building. The loft product, would offer a third urban residential product type that currently does not

exist in the market. It is important to note that a phased approach will be used for the delivery of these three residential product types, and the total residential build out could occur over a 5 - 10 year period.

**RETAIL**

The City of Suffolk and especially Harbour View is in the midst of a retail investment surge, mainly due in part to the significant population increase and convenient access to Interstate 664. This is due to the retail industry driver of *retail follows rooftops*. In fact, Suffolk has the strongest increase in population in comparison to the neighboring cities in Hampton Roads since 2000. This trend in population is no doubt attractive to locally owned and national retailers alike, but what is equally impressive is the median income increase that is also occurring in Suffolk since 2000 as well.

**Population Growth**

Suffolk's population has increased by nearly 40% since the 2000 Census, and is projected to grow by another 40% by 2040.

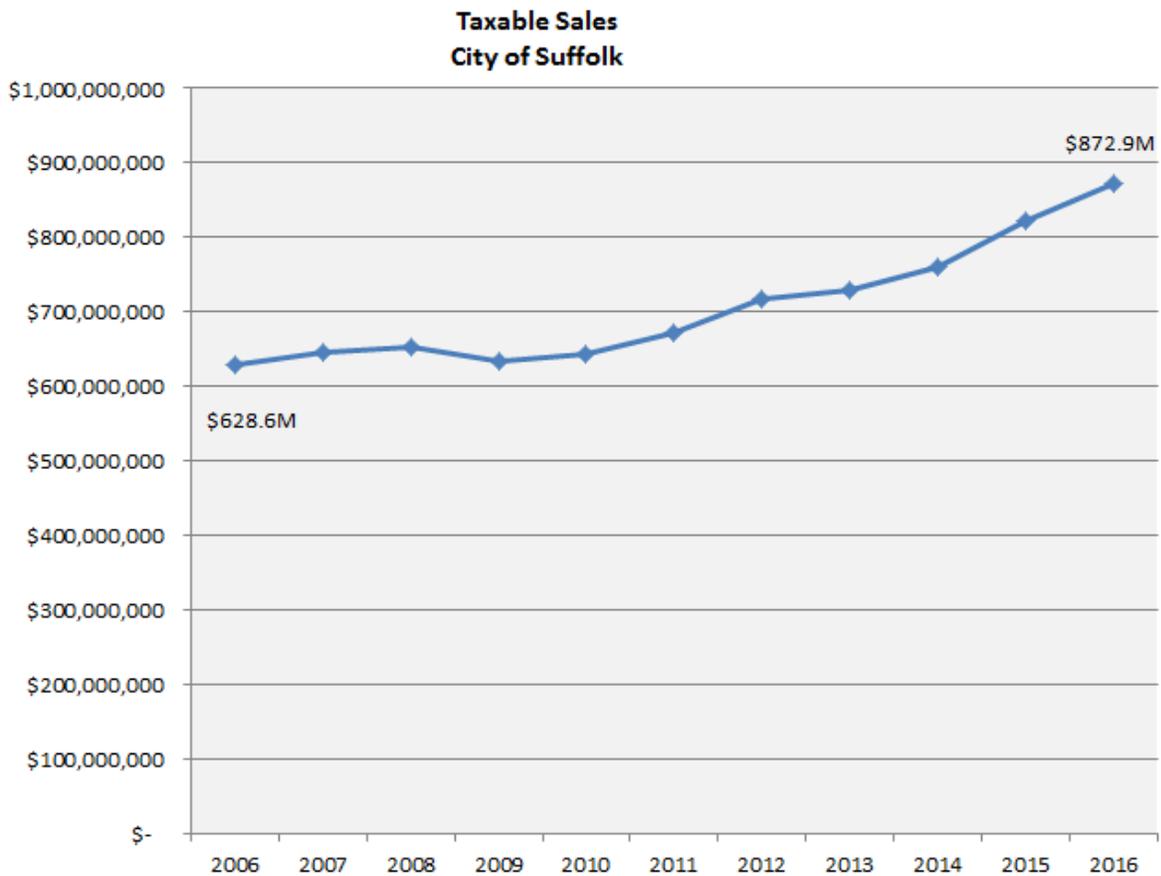


	% CHANGE	2016	2010
Suffolk	8.4%	91,722	84,585
Chesapeake	8.2%	240,485	222,209
Virginia Beach	3.6%	453,628	437,994
Norfolk	1.8%	247,087	242,803
Newport News	1.4%	183,218	180,719
Portsmouth	0.7%	96,179	95,535
Hampton	0%	137,492	137,436

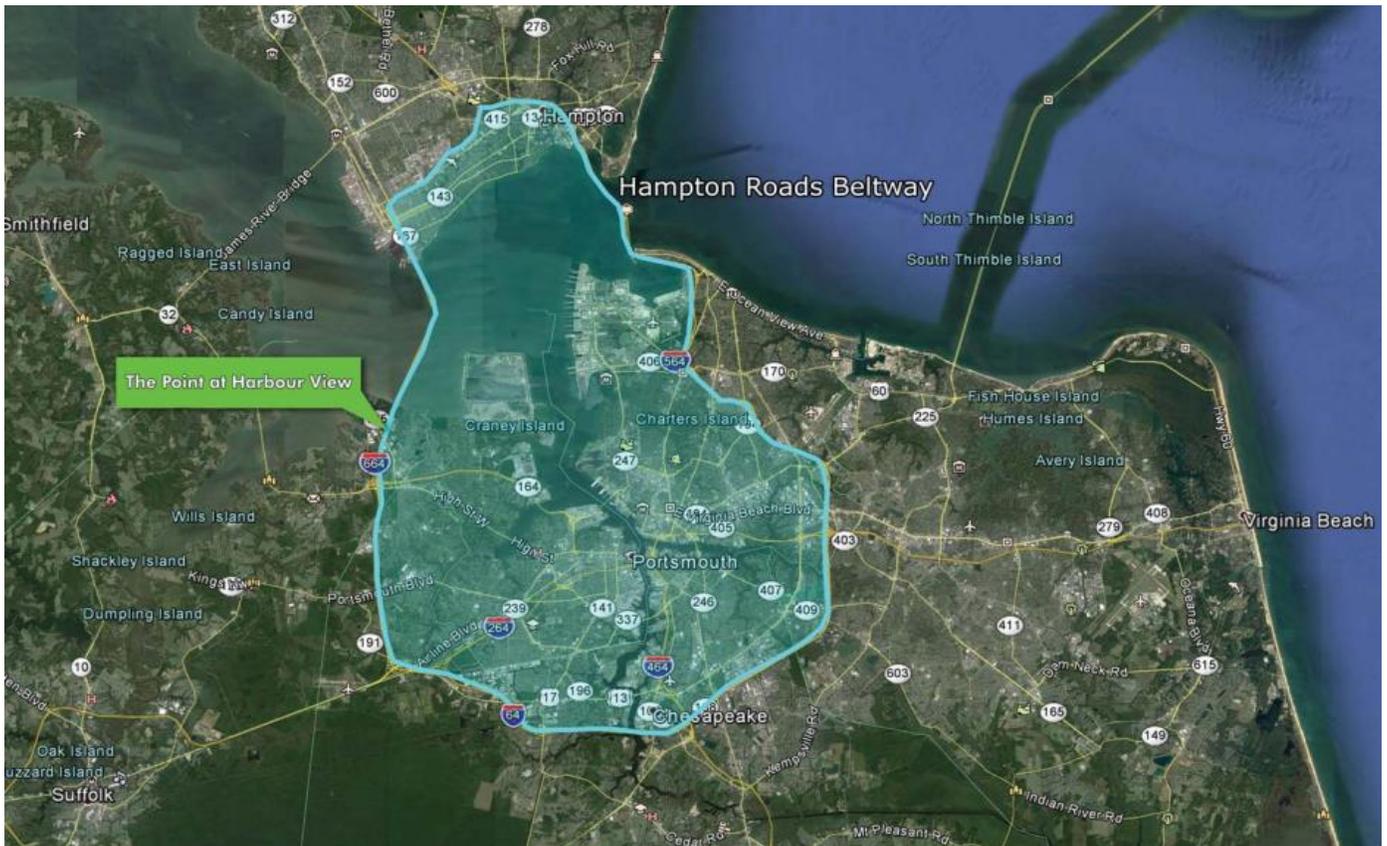


\*Source: Weldon Cooper Center for Public Service, University of Virginia

Over the last 10+ years, new national retailers such as Kohl's, Dick's Sporting Goods, Kroger, DSW and Ross have opened new retail operations in the City of Suffolk. New operations such as these represent substantial impacts Citywide through taxable revenue as well as new employment opportunities. This has provided a significant increase to tax revenue for the City of Suffolk related to new retail sales and employment.



The retail industry also benefits from the strategic location of the Harbour View and its proximity to Interstate 664. The easy to access location and the development of retail on College Dr. and Harbour View creates an easy to access location for shoppers in the surrounding areas and cities as well.



Demand for retail development in the Harbour View Corridor remains strong. This is dynamic area that is experiencing interest from both locally owned operators as well as national retailers. The following activity demonstrates this new and expanding market with results in retail job creation, retail real estate impact and retail capital investment for the last three years in the Harbor View marketplace.

### **RECENT NORTHERN SUFFOLK RETAIL ACTIVITY**

#### **2017**

- 210 new jobs
- 66,490 impacted commercial square footage
- \$15,740, 000 capital investment
  - Sylvan Learning Center, Coastal Vision, Which Wich, Decent People Taphouse, Zoe's Kitchen, and Village Inn

#### **2016**

- 222 new jobs
- 88,728 impacted commercial square footage
- \$23,694, 200 capital investment
  - Projects included: Clothes Mentor, Decoy's Restaurant at Bennett's Creek Marina, Auto Zone, Starbuck's, Great Clips and Lidl.

#### **2015**

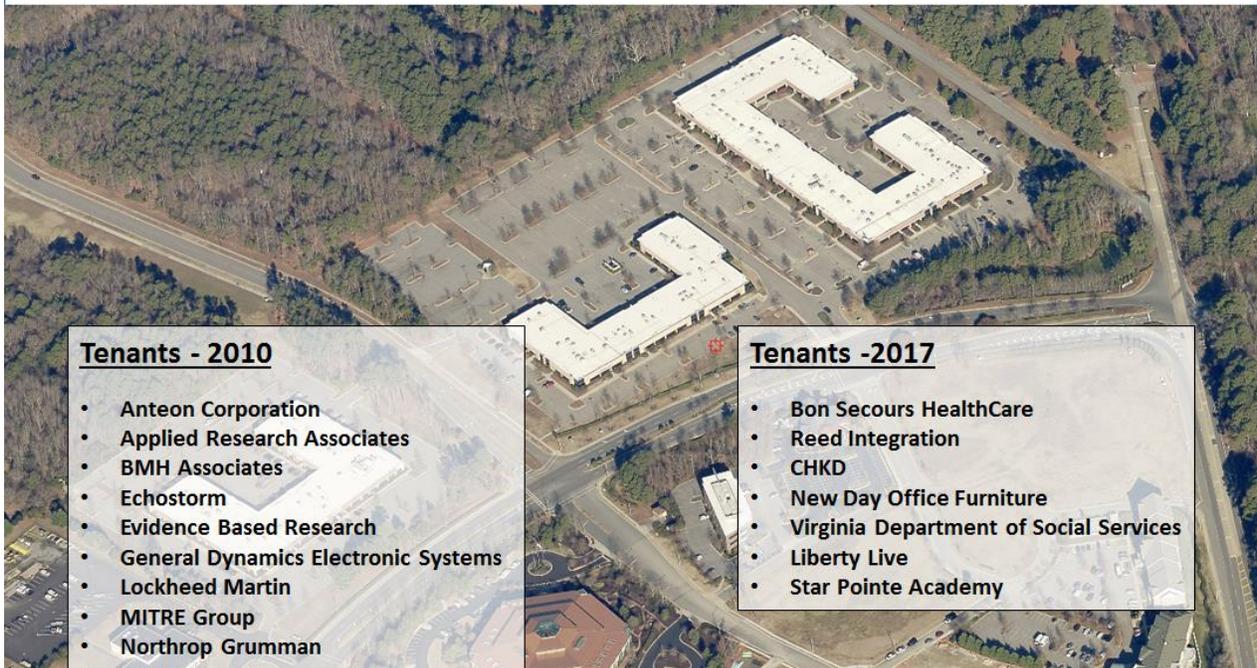
- 478 new jobs
- 251,127 impacted commercial square footage
- \$38,957, 500 capital investment
  - Projects included: Ross, Petco, Panda Express, Ulta Beauty, Fireflies at Bennett's Creek, Rite Aid and Savor the Olive

## **OFFICE**

Office development over the last 7 years has remained sluggish, with the exception of medical development near Bon Secours and Sentara Medical centers. The Point at Harbour View site is just north of the medical corridor and has suffered from the disestablishment of the US Joint Forces Command (2010). Directly across the street from The Point at Harbour are the Bridgeway Technology Centers, these spaces currently have 86,000 sqft vacant. The types and job creation opportunities of these current tenants is drastic compared to the tenants who occupied during US Joint Forces Commands operation. These locations have failed to keep pace with the trend of Innovation Districts and Mixed Use Developments that offer Live, Work, Play environments. Again, this speaks to the interest, need and necessity to rezone from CP to MUD. It is the goal to create a dynamic and interesting setting at the Point at Harbour View in order to entice new office opportunities to the Point at Harbour View site, but also, by proximity to reinvigorate the Bridgeway Technology Centers.

### **Bridgeway Technology Centers**

### **2010 vs. 2017**



#### **Tenants - 2010**

- Anteon Corporation
- Applied Research Associates
- BMH Associates
- Echostorm
- Evidence Based Research
- General Dynamics Electronic Systems
- Lockheed Martin
- MITRE Group
- Northrop Grumman
- Raytheon
- SAIC
- U.S. Joint Forces Command Center
- Boeing
- ATS
- MAP Mobile

#### **Tenants -2017**

- Bon Secours HealthCare
- Reed Integration
- CHKD
- New Day Office Furniture
- Virginia Department of Social Services
- Liberty Live
- Star Pointe Academy

The reinvention or transformation of the suburban office parks to attract today's and tomorrow's tenants is a trend all over the country. The Point at Harbour View will develop as an option to lure new tenants on site, as well as provide residential and retail options in close proximity to existing, underutilized developments like Bridgeway Technology Center.

**"The Urban Land Institute, which has been studying new uses for office parks and other commercial and industrial areas, found that in the Washington DC metropolitan area, about 16 percent of suburban office space had been deemed obsolete because of outdated buildings and limited access to amenities."**

### Discovery Business Campus: From Industrial Campus to Mixed-use Business Park

By Alison Melnychenko, owner of Scottsdale, Arizona-based Word Games  
Fall 2016



Discovery Business Campus is a 1.9 million-square-foot mixed-use, multi-tenant business park in Tempe, Arizona. Internationally acclaimed sculptor Iwan Awanibach was commissioned to create custom works of art that are located throughout the campus.

PHOTO: DISCOVERY BUSINESS CAMPUS

## Project that will add retail, residential to RTP set to begin Jan. 1

BY DAVID BRACKEN  
dbracken@newsobserver.com

SEPTEMBER 30, 2014

UPDATED OCTOBER 1, 2014

The first major development

The Research Triangle Park

Center, an agreement was signed last year

The project is

The foundation officials pledged

site. The remaining

foundation's

Observer's ed

### Developers take steps to reinvent suburban office parks



KATYANA SZYMCAK FOR THE GLOBE  
Steven Zieff of Crossroads Redevelopment hopes to turn EMC Corp.'s former headquarters site in Hopkinton into a mixed-use complex of housing, retail, and office space.

By Jay Fitzgerald | GLOBE CORRESPONDENT JULY 27, 2014



### 4 JAN 2016 Rebranding and Revitalizing the Suburban Office Park

f FACEBOOK  
t TWITTER  
p PINTEREST  
g+ GOOGLE+

### The New York Times

### The Old Suburban Office Park Is Getting a Big Reboot

By MIRANDA S. SPYVACK DEC. 5, 2017



An aerial view of a former Colgate office park and manufacturing site in New Jersey, which is currently being developed into a mixed-use "town center." Christopher Gochhausen for The New York Times