

# — VERDAE —

## Legacy Square Due Diligence Community Update – December 15, 2023

The Legacy Square Advisory Group (LSAG) met on Tuesday, December 12<sup>th</sup> to participate in a Parking Exercise review for the Legacy Square Concept Plan. A model using preliminary square footage and use data (retail, office, fitness, and multifamily units) from the Legacy Square Concept Plan was used to showcase the process and steps involved in evaluating parking requirements for a mix-use development. The group expressed questions and provided additional feedback about the process; therefore, the Parking Exercise discussion will continue for the group during the next LSAG monthly meeting in January.

A summary of the LSAG's review of the Legacy Square Market Study report is shared on pages 2-5 of this document.



156 MF Units (Market Rate)  
\*Max 175 Units  
11 Single Family Lots  
25K SF New Office  
19K SF New Retail  
10K SF New F&B  
>100,000 SF Open Space  
100% Parked (All Surface)

*VDI Concept Plan for Illustration Purposes  
Building Labels (A-F) are Used for Identification Purpose  
F&B = Food & Beverage*

**Next Update:** The LSAG will complete their review of the Legacy Square Parking Exercise based on the Legacy Square Concept Plan in January. A recap of their meeting and summary for the Parking Exercise will be shared on or before January 31, 2024.

If you have questions or comments, please email [AskVerdae@Verdae.com](mailto:AskVerdae@Verdae.com).

Thank you and Happy Holidays!

This update has been approved by the LSAG.

# — VERDAE —

## Legacy Square Concept Plan RCLCO Market Study Summary December 2023

Earlier this year, Verdae Development (VDI) retained [RCLCO](#) to evaluate market conditions for the buildout of Legacy Square based on the Concept Plan that considers the addition of new office, new retail, new food & beverage, new single-family residential, and new multi-family residential (maximum of 175 units).



The market study addressed the questions from a market perspective, and the following information is offered as a summary of the key findings in the report.

### **Question 1: What is the economic condition and projection for the area market?**

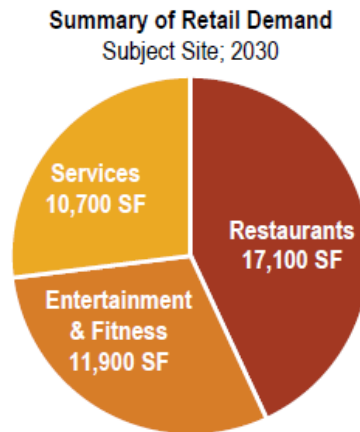
The area offers a favorable economic trajectory and market characteristics. Over the past decade, the Greenville Metropolitan Statistical Area (MSA) has experienced considerable expansion, consistently outpacing national employment growth rates. Since 2010, MSA-wide employment has increased over 25% and added nearly 100,000 jobs. Despite the significant impact of the pandemic, the area has experienced a strong recovery in line with the rest of the country, surpassing pre-pandemic employment levels in 2022. The market's strong employment growth is expected to continue, as the business-friendly climate, population growth, and healthy local economy all contribute to further economic expansion.

### **Question 2: What is the potential of the subject site as an expanding mixed-use district?**

There is upside potential for the subject site to evolve as a vibrant mixed-use district with a more community-oriented feel. Positioned at the heart of the Hollingsworth Park neighborhood, the subject site offers direct access to abundant green space, ground-floor retail, and office spaces. Future retail development and residential will continue to enhance the district's offerings. While current retail offerings do not equate to the scale found adjacent to Downtown multi-family communities, the ongoing development of the Laurens Road corridor is expected to greatly benefit residents at the subject site.

**Question 3: What is the retail demand at the subject site?**

There is sufficient demand in the immediate local area for planned retail. The subject site’s planned retail space follows a “main street” format, offering a unique and walkable shopping experience in an area known for high incomes and increasing home prices. Outside of existing retail, there is a demand for more locally owned restaurants, fitness, entertainment, and service options. A recommended tenant mix for retail would include fast casual dining, an ice cream shop, additional sit-down casual dining, an expanded fitness offering, and general personal service retail.



**Question 4: What are the current conditions of the local apartment market?**

The last decade suggests robust demand and continued growth for the apartment market. The Greenville apartment market added significant new units in 2016-2017 and 2020, but otherwise most years saw negligible new supply. The market has a healthy average vacancy rate of 6.7% and an average rent growth of 8.5% over the five years, with strong fundamentals bolstered by steady in-migration and employment growth. Notably, the market’s quick absorption of new units amidst substantial supply surges, while maintaining low vacancy rates, indicates a potential unmet demand for high quality apartments to attract renters in the market.

**Question 5: What is the depth of the market for rental apartments in this location?**

The subject site is uniquely positioned to attract mature professionals (ages 35-55) and empty nesters (55+), offering a high-end alternative that is not currently available in Greenville. Targeting a demographic that values the blend of luxury and community living, the site’s spacious units and diverse floor plans cater to singles/couples, aligning with the preferences of potential renters who could afford homeownership but choose the convenience and quality of the subject property. With luxury finishes and a prime location offering distinctive appeal, the subject site stands to command higher rents.

The following report pages for Absorption Analysis, Retail Site Analysis and Trade Area, and Site Assessment provide additional market detail from the RCLCO report.

# ABSORPTION ANALYSIS

## CONSIDERABLE DEMAND FOR ONE- AND TWO-BEDROOM UNITS HELP PROJECT STABILIZATION IN 13 MONTHS

- ▶ In order to estimate the subject site's capture of demand and its potential absorption timeline, RCLCO estimated demand by price point and unit type utilizing affordability estimates and Census data, filtering out households unable to afford at the subject site. Using this methodology, RCLCO assumed the demand pool from which the subject site would be able to capture is ~302 income qualified households per year.
- ▶ Based on analysis of the projected number of units in the pipeline expected to be delivered within a similar timeframe as the subject site, and assuming that these projects will offer a similar unit mix to recent deliveries in the PMA, RCLCO estimates the subject site has the potential to capture approximately 49% of the total demand for new units within the PMA during lease-up, with specific capture rates varying by unit type.
- ▶ RCLCO therefore estimates that the subject site could lease roughly 12 units per month on average. This translates to a lease-up timeline of about 13 months, assuming a stabilized occupancy rate of 95%. These lease up periods could include up to two months of preleasing and concessions of one month free during lease-up.

**Projected Annual Multifamily Renter Absorption**  
Subject Site; 2023-2027

INCOME RANGE	RENT RANGE	UNIT TYPE			TOTAL
		1BR	2BR	3BR	
<b>RENT-QUALIFIED DEMAND BY UNIT TYPE<sup>1</sup></b>					
UNDER \$50,000	UNDER \$1,250	0	0	0	0
\$50,000 - \$74,999	\$1,250-\$1,560	0	0	0	0
\$75,000 - \$99,999	\$1,560-\$2,080	52	0	0	52
\$100,000 - \$149,999	\$2,080-\$3,130	56	91	5	152
\$150,000 AND OVER	\$3,130 AND OVER	26	49	24	98
<b>Total</b>		<b>133</b>	<b>141</b>	<b>28</b>	<b>302</b>
<b>SUBJECT SITE ABSORPTION POTENTIAL</b>					
<b>Total Capture</b>		<b>52%</b>	<b>46%</b>	<b>41%</b>	
<b>Total Annual Absorption</b>		<b>69</b>	<b>65</b>	<b>12</b>	<b>146</b>
<b>Total Monthly Absorption</b>		<b>5.7</b>	<b>5.5</b>	<b>1.0</b>	<b>12.1</b>
<i>Distribution of Absorption Potential</i>		<i>47%</i>	<i>45%</i>	<i>8%</i>	
<b>Subject Site Units</b>		<b>77</b>	<b>75</b>	<b>12</b>	<b>164</b>
<b>Months to Reach Stabilized Occupancy (95%)</b>		<b>12.8</b>	<b>13.1</b>	<b>11.8</b>	<b>13.1</b>

<sup>1</sup>Eliminates demand for households that cannot afford rents at the subject property  
Note: 1BR + units are split between the 1BR and 2BR groups  
Verdae Development | Strategic Market Analysis | Legacy Square

Source: American Community Survey PUMS; CoStar; Axiometrics; Esri; RCLCO  
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# RETAIL SITE ANALYSIS AND TRADE AREA

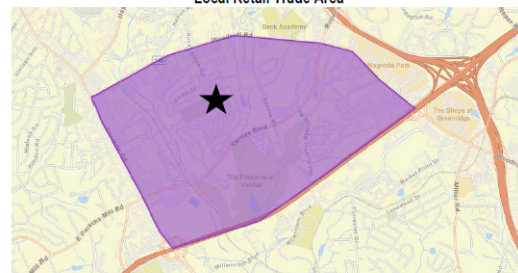
## THE SUBJECT SITE IS LOCATED AMONG SEVERAL MAJOR SHOPPING CENTERS, PROVIDING UNIQUE OPPORTUNITY FOR RETAIL AT SUBJECT SITE

- ▶ The subject site is located adjacent to Legacy Park in the Hollingsworth Park neighborhood, where there is currently a limited selection of neighborhood retail such as salons and restaurants.
- ▶ The neighborhood is easily accessible by several major roadways, including I-85, Woodruff Road, and Laurens Road. In addition, Hollingsworth Park boasts high average incomes and high home values, indicating high spending power in the area. These will appeal to any potential retailer looking to come to the subject site.
- ▶ Just outside of this neighborhood, along Laurens Road and I-85, are many major shopping centers that cover most daily needs, including a Target, Costco, Lowe's, and Home Depot. There is also several grocery stores, including Trader Joe's, Food Lion, and Whole Foods Market.
  - » Given this prevalence of retail adjacent to the site, RCLCO believes the subject site should focus on neighborhood-serving retail that will cater to the existing and future residents and employees in Legacy Park and continue to thrive even as other mixed-use redevelopment may occur along Laurens Road.
- ▶ Therefore, RCLCO defined the Retail Trade Area for the subject site as the very localized area between I-85, Woodruff Road, and Laurens Road. This generally includes Hollingsworth Park and the rental communities as well to reflect its most frequent customer.
  - » There will be visitors from outside of the trade area who will spend money at the subject site, but most of the retail demand will stem from hotel guests, employees, and residents within the trade area.

Subject Site Retail Site Analysis



Local Retail Trade Area



# SITE ASSESSMENT

## STRENGTHS

- ▶ **Accessibility:** The subject property is located within close proximity to the Woodruff Road Interchange, providing convenient access to both Interstate 85 and Interstate 385. This strategic location ensures excellent connectivity to the broader Greenville region. Additionally, the subject property is less than a 15-minute drive from Downtown Greenville and is adjacent to the emerging Laurens Road corridor, which is poised for further development and is anticipated to provide additional employment opportunities and retail options, enhancing the attractiveness of the subject property's location.
- ▶ **Existing Neighborhood:** The subject site represents the last component of the Hollingsworth Park district, completing the vibrant neighborhood. It will offer residents a desirable location in an affluent neighborhood adjacent to Legacy Park, which features ample greenspace. Additionally, the subject site offers the convenience of being within walking distance to nearby office and retail spaces, with additional retail amenities planned to be delivered alongside it.

## OPPORTUNITIES / CHALLENGES

- ▶ **Limited Proximate Retail:** There is currently a limited retail selection within Hollingsworth Park. The presences of desirable retailers along the Laurens Road Corridor, as currently planned, will be crucial in establishing Hollingsworth Park as a top-tier neighborhood and ensuring competitive rental rates compared to Downtown locations.
- ▶ **Swamp Rabbit Trail Extension:** An elevated bridge will be constructed over Laurens Creek to provide direct pedestrian access from Legacy Park to the Swamp Rabbit Trail (SRT), connecting residents to miles of trail, nearby nature areas, popular retail corridors along the trail, and Downtown Greenville.
- ▶ **Current Suburban Greenville Multifamily Product:** Historically, the primary focus of high-quality multifamily development in Greenville has been within the city's urban core, while suburban development has been limited and of lower quality compared to what is planned for the subject site. Given the success of for-sale product in Hollingsworth Park, which highlights the appeal of the location, it will be crucial for the subject site to establish the desirability for this submarket among renters.

Subject Site Location and Surrounding Area



Source: Verdae, Google Maps

The Legacy Square Advisory Group reviewed the complete market study and met to discuss the findings.

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