

REGIONAL REPORT: CHARLOTTE



Charlotte added more residents than all but 10 U.S. cities from July 2015 to July 2016. It's the country's 17th-largest city.

Crown jewels

Charlotte's growth is among the fastest in the nation. That's building its assets, including an international airport, light-rail system and diverse housing.

Charlotte's year began with a bang. In March, New York-based private real-estate investment firm Northwood Investors LLC, which manages more than \$6 billion worth of assets, bought most of Ballantyne Corporate Park for more than \$1 billion. While it was the largest real-estate transaction in the municipality's history, it wasn't Northwood's first foray into the Queen City. It owns 50-story The Vue apartment building in downtown, Blakeney Shopping Center in South Charlotte and McLean, a 670-acre housing development in nearby Belmont.

The Bissell Cos. began developing Ballantyne Corporate Park, 535 acres alongside Interstate 485, more than 20 years ago. The version Northwood purchased has more than 4 million square feet of Class A office space and nearly 600 hotel rooms, including The Ballantyne, a luxury hotel, spa and championship golf course. New York-based Metropolitan Life Insurance Co., Charlotte-based Snyder's-Lance Inc., Charlotte-based Sonic Automotive Inc. and Greenwich, Conn.-based XPO Logistics Inc. are some of its tenants.

Former Bissell executive Ned Curran is president of Northwood Investors' local office, which will oversee Ballantyne. He says continuing the park's corporate community identity is a priority. "We want to reposition Ballantyne as a destination beyond a workplace and add more choices to make it more attractive to everyone."

Businesses are already giving Charlotte and its surrounding counties a good look, and that's translating into accolades and opportunities. Trade magazine *Business Facilities'* 13th annual Rankings Report recently named it the country's No. 2 metro — cities with more than 300,000 people — for economic growth potential and No. 10 for startup growth. Earlier this year, *Forbes* worked with Germany-based research firm Statista GmbH to rank the country's best employers. Three Charlotte region companies made the list — Charlotte-based Nucor Corp. at No. 26, Charlotte-based Duke Energy Corp. at No. 141 and Ireland-based Ingersoll-Rand PLC, whose North America headquarters is in Davidson, at No. 222.

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Several factors play into the Charlotte region's success, says Kristen Leis, chief marketing and business development officer at Charlotte-based law firm Parker Poe Adams & Bernstein LLP. Businesses see its exceptional market access and quality business environment. "Whether we're talking about the banking, energy, manufacturing or health care sectors, our region includes Fortune 500 giants, midsize corporations, niche suppliers and startups."

But the allure goes deeper. "Charlotte has a robust culture, strong workforce and transportation that attract many different types of industries to the region," says Richard Battle, certified public accountant in Greenville, S.C.-based Elliott Davis Decosimo LLC's Charlotte office. "We have seen a lot of growth with inbound international companies looking to locate in the region, growth of core manufacturing and distribution companies and a recently thriving real-estate development and construction market."

Charlotte is the hometown for many national and international companies. They impact the region's economy in several ways. More than 248,500 people are employed by company headquarters in the region, according to Charlotte Chamber of Commerce, and spending by those companies and employees supports 281,102 jobs. The Chamber says these employees and the businesses that hire them have a \$67 billion annual economic impact on the region.

Other companies are expanding their workforces and footprints within Mecklenburg and surrounding counties. Elliott Davis, for example, moved to a new office building, which is owned by Charlotte-based Beacon Development Co., in June. It accommodates its 150 Charlotte employees with enough space left for growth in coming years. And Northbrook, Ill.-based Allstate Insurance Co. announced plans to more than double its North Carolina workforce in July. It will create more than 2,250 jobs in the Charlotte region by 2020. The N.C. Department of Commerce says Allstate chose Charlotte over Denver, Philadelphia, Phoenix and suburban Dallas.

Marc Schaefer is president and CEO of Winston-Salem-based Truliant Federal Credit Union. It recently opened its 10th Charlotte location in the last three years and 14th branch in the region. That's the second-largest presence by physical location among credit unions in Charlotte and the largest open eligibility membership presence in the region. "This gives potential members greater access to a brand that truly cares about their best interests," Schaefer says. Truliant's Charlotte expansion represents an \$11 million initial investment. "When you look at Charlotte, you see a region that is constantly growing and expanding, whether it's in population size or the growth of new businesses in the area that drive economic growth."

From Ballantyne to UNC Charlotte, the Queen City is a distinct blend of culture, creativity and charm. This makes it appealing to individuals from all walks of life. "One of Charlotte's great strengths is that it continues to attract both young professionals and



PROVIDED BY TRULIANT FEDERAL CREDIT UNION

Charlotte's growth has caught the attention of Truliant Federal Credit Union. It has opened 10 locations in the city over the last three years, bringing its number of branches in the region to 14.



PROVIDED BY NORTHWOOD/BALLANTYNE

Northwood Investors LLC purchased most of Ballantyne Corporate Park for more than \$1.2 billion earlier this year in Charlotte's largest real-estate transaction. The new owners want to make it attractive for work and play.



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Grubb Properties' 10-story 1515 Montford Park office building is one of several projects that are reshaping the city.

families to the area, which further drives growth in the region," Schaefer says. "The relatively low cost of housing, good weather, friendly and welcoming Southern culture all help to make it an attractive place to work, live and play."

Charlotte added more residents than all but 10 U.S. cities from July 2015 to July 2016, according to U.S. Census Bureau estimates. Its growth rate of 15.1% from 2010 to 2016 helped it retain its rank as the country's 17th-largest city.

That growth is driving residential construction. About 12,000 apartments are being built across the region, according to Charlotte-based Real Data, and more are planned for the next few years. The vacancy rate in the Charlotte market is currently 6.1%, down from 6.7% in 2015, which is an indication that demand is strong despite the influx of apartments. According to a report by Los Angeles-based commercial real-estate services and investment firm CBRE Group Inc., investors are not worried about the amount of development. "In the next two years, the total number of units absorbed will outpace the new supply," CBRE says.

Charlotte development is widespread and taking a variety of forms. Clay Grubb,

CEO of Charlotte-based Grubb Properties Inc., says the Queen City offers plenty of room to work and live. "Whether you need an entire building or a welcoming co-working space, whether you want to be uptown or in a vibrant suburban neighborhood, Charlotte can provide it."

Legacy Union Station is rising where the *Charlotte Observer* newspaper building once stood. Charlotte-based Lincoln Harris and New York-based Goldman Sachs Group Inc. purchased the site for \$37.5 million in 2016. While final overall plans are still being developed, work there is underway on a 33-story tower, which is expected to open in 2019. Charlotte-based Bank of America has already leased a portion of it. It will be the city's fourth-tallest building.

Lincoln Harris is partnering on River District, a 1,300-acre mixed-use development on the banks of the nearby Catawba River, with fellow Queen City developer Crescent Communities LLC. The latter also is working on Crescent Stonewall Station, 3.6 acres of mixed-use development downtown. There is a five-story apartment building with 340 units and a 12-story apartment building with 110 units and rooftop terrace with city views. Amenities include parking garages, saltwater swim-

ming pool, fitness center and clubroom. There is 15,000 square feet of retail and restaurant space and a 47,000-square-foot Whole Foods grocery store.

About 5 miles south of downtown Charlotte is Montford Park. It's home to the city's first open-air shopping center — Park Road Shopping Center — which opened in 1956. Now owned by Columbia, S.C.-based Edens Inc., it continues to be a community center, adding tenants such as Amelie's French Bakery Café and the members-only speakeasy style bar Dot Dot Dot. "Montford Park is coming together as a neighborhood, and we are very excited about its new tenants, residents and visitors," Grubb says. "Students have arrived at the new Pfeiffer University campus in our [nearby] 1515 Montford Park building, where we anticipate we will quickly lease the remaining spaces." The 10-story office building features an open floor plan.

Grubb also has invested in Charlotte's Dilworth neighborhood with its Latta Pavilion. Its condominiums, townhomes and penthouses are near shopping, dining, health care and entertainment. It also is investing in the North Tryon Street corridor, where it purchased a 19-story building for \$60 million in partnership with New York-based New York Life Insurance Co.

About 6.9 million people live within 100 miles of Charlotte, and almost 60% of the country's population can fly there in two or fewer hours. Parker Poe partner Al Guarnieri says that makes Charlotte Douglas International Airport's regional economic impact even more important. With more than 700 daily departures as of June, the airport was the country's fifth-busiest based on operations in 2015, according to Montreal-based Airports Council International. It's home to the second-biggest hub for the world's largest airline — Fort Worth, Texas-based American Airlines Group Inc. — and has seen significant growth over the past decade. It shows no signs of slowing.

Charlotte Douglas launched Destination CLT in 2015. The \$2.5 billion 10-year project will expand the terminal, parking decks and taxiways and improve access roads. About \$390 million of the planned

improvements, including a fourth runway and international terminal, are scheduled to begin during the next three years. They include Concourse A North, a nine-gate expansion that's scheduled to open in May 2018. It's being funded with \$200 million from bonds paid by airport revenue and a \$3 fee assessed to each passenger. Travelers will arrive there via moving sidewalks from Concourse A. Carriers other than American Airlines, which accounts for more than 90% of the airport's daily flights, will move to Concourse A North. American will populate their former gates.

While Charlotte Douglas makes it easier to access destinations worldwide, getting around the city is becoming easier, too. Charlotte Area Transit System's LYNX Blue Line light-rail system, which runs from Interstate 485 at South Boulevard to downtown, is marking its 10th anniversary this year. Washington, D.C.-based American Public Transportation Association reported that it served more than

17,000 riders each day as of the second quarter of 2016, making it the country's 18th-largest light-rail system.

That number will grow with LYNX's Blue Line Extension, which is expected to open in March 2018. It goes northeast for 9.3 miles, from downtown to the UNC Charlotte campus. Just before the UNC Charlotte station, one of 11 on the extension, trains pass through a tunnel and cross Toby Creek Greenway on an 822-foot bridge, the system's longest.

Collaboration will be important to managing the region's continued growth. Dan Warren, Elliott Davis' Charlotte market leader, says accounting firms often work with other professional services such as law firms. Those partnerships provide clients with well-rounded leadership that can decipher the economic impact of current events.

Cooperation is a tack that Dixon Hughes Goodman LLP uses, too. The accounting firm's professionals serve in leadership roles at Charlotte Chamber and

Charlotte Regional Partnership. Gary Greer, managing partner at the firm's South Park office, says their business recruiting efforts play a big role. "Because of their collaboration, I think we will continue to see more businesses attracted to Charlotte, boosting the commercial real-estate market."

Charlotte's success is empowering corporations and the individuals who run them. Parker Poe's Guarnieri says it's critical that the region continue to invest in the latest technologies and skills so its workforce remains sharp and competitive. "By implementing skills initiatives and improving the talent pool, these initiatives make our region even more attractive to businesses." Greer says Dixon Hughes fills its team with a wide range of skills and talents by recruiting from colleges and universities in the region. "It is vital for us to have access to the skills and expertise associated with the Carolinas region," Greer says. ■

— Amanda Lea is a freelance writer in Charlotte.

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