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Title of Document: Ghent Business District Economic and Market Study and Action Plan

Prepared By: Basile Baumann Prost

Prepared For: City of Norfolk

Date of Preparation: November 2006

Status (as of January 2012): This plan is found in two parts, the Economic and Market Study and the Action Plan. As they are clearly a part of the same project, for the purposes of this process, they are considered a single plan entitled the Ghent Business District Economic and Market Study and Action Plan. No action taken by City Council to adopt this plan. Some plan actions reaffirmed by City Council in 2009.

Civic League(s)/Organization(s) Affected: Ghent Neighborhood League, Ghent Business Association, Ghent Square, Downtown Norfolk Civic League

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Ghent Business District



Economic and Market Study November 2006

Prepared by



Basile Baumann Prost &
Associates, Inc.
177 Defense Highway, Suite 10
Annapolis, MD 21401

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Appendix

Note that there is a companion Action Plan to this report.

1 Introduction

1.1 Background

The City of Norfolk engaged Basile Baumann Prost and Associates (BBPA) to provide professional services for the development of an Economic and Market Study of the Ghent Business District. The Ghent Business District is generally defined as the area bounded by Hampton Boulevard on the west, the railroad tracks on the north, Monticello Avenue on the east, and Princess Anne Road on the south. The business center is generally focused on the Colley Avenue and 21st Street corridors.

The Ghent community is located adjacent to the northern edge of downtown Norfolk. The district features a stable, well-maintained residential neighborhood that includes a mixture of large, single family homes, walk up apartment buildings, new condominium buildings, scattered high rise apartment buildings, and duplex-style single family attached homes. The community also includes a historic district.

The residential district is bound by commercial corridors primarily along Colley Avenue and 21st Street with stores offering a wide range of goods and services, including eating and drinking establishments, specialty retail establishments, grocery stores, home furnishings and home maintenance destinations, and professional and medical services. The commercial corridors also include a modest inventory of small suite office space. Adjacent and proximate to the railroad tracks along 22nd Street are a variety of light-intensity industrial uses, including warehouses and storage facilities, light manufacturing, and wholesale suppliers.

Ghent is a treasured community in the City of Norfolk. Developed in the 1890s as the first planned residential community in the City, Ghent is now an “urban village” with a unique identity. Ghent is home to a diverse population that cherishes the historic architecture of turn of the century single family homes, the green promenades, the tree-lined streets, cultural opportunities at venues such as the nearby Chrysler Museum of Art, Harrison Opera House, Virginia Opera, the Virginia Ballet Theater, the Generic Theater, and the eclectic and lively commercial district centered at 21st Street and Colley Avenue. Residents of the City and the region at large also enjoy Ghent and the diversity of the shops lining 21st Street, Colley Avenue, Colonial Avenue, Llewelyn Avenue, and Monticello Avenue.

Ghent’s commercial district was a thriving area from the early 1920s through the 1950s. Yet like so many other urban commercial corridors, the quality of the retail and the building stock on Colley Avenue and West 21st Street declined through the late 1960s and 1970s. To create the conditions appropriate for revitalization, the City adopted the Ghent Conservation Plan in 1969. The Ghent Business Association also became active during this time period and worked with a coalition of Norfolk’s leadership and the City government to facilitate the revitalization of the Ghent business community. Revitalization strategies included the following:

- Designation of a Historic District in Ghent
- Enactment of an outdoor dining zoning ordinance
- Establishment of two Pedestrian Commercial Overlay Districts (PCO) on Colley Avenue and 21st Street
- Major streetscape and utility improvements

Much of the current Ghent Business District appeal is the result of the Ghent Business Association and City leadership efforts to the revitalization of the Ghent community over the past 30 years. The rebirth of the area re-established Ghent in the 1970s and 1980s as a regional destination for a special blend of

residential, entertainment, and retail activities, and there is ongoing interest in Ghent to develop new uses. Recent and upcoming development activity includes:

- The Row and Bristol at Ghent, an upscale multifamily residential community with an 84-unit condominium and 268-unit apartment complex at Granby Street and 15th Street.
- 201 Twenty One, a proposed 267-unit luxury apartment building with ground floor retail located on the site of the Former Farm Fresh and Sears department store
- Palace Station, a mixed use adaptive reuse and infill project with 38,000 square feet of office and retail space located at on the northwestern intersection of W. 22nd Street and Llewellyn Boulevard
- 135,000 square foot Mini Price Self Storage facility on the northwestern corner of the intersection of Granby and 22nd Street

The development activity impacts the Ghent community in a number of ways, and there is a desire to optimize the potential for existing and future development given the multiple trade offs associated with new development. These trade offs include positive impacts such as contributions to retail demand from an expanded residential or employment base, an increase in the real estate tax base, and new employment, and negative impacts such as increased parking demand and traffic congestion and potential for adjacent competing uses.

Other factors impacting the Ghent community include the relatively recent completion of other regional retail destinations. For a long time, Ghent was one of the only upscale, specialty shopping districts in the Hampton Roads region. Now, Ghent is competing with several other regional retail destinations, including but not limited to the MacArthur Center and the flourishing downtown Norfolk restaurant district, Hilltop and Town Center in Virginia Beach, and the emergence of new planned “lifestyle centers” which feature a variety of upscale shoppers goods, dining, and entertainment activities in an open-air setting between 150,000 and 500,000 square feet. This competitive environment has changed the way that Ghent must attract its customers and is prompting a new evaluation of the commercial district’s trade areas.

Faced with a changing retail environment, and at times conflicting development pressures, the development of a strategic plan is appropriate to determine the best future path, providing guidance for public policy in light of the changing market. The first step towards developing the strategic plan is undertaking an economic and market study.

1.2 Study Purpose

This economic and market study was commissioned to facilitate the improvement of the Ghent Business District’s economic, market, and physical appeal. The purpose of the study is to identify trends, issues, and opportunities and to analyze the current and future market for commercial, (including retail, selected office, service and medical uses), industrial, and residential uses.

This study identifies commercial and residential redevelopment and enhancement opportunities based on the market findings and provides policy and strategic implementation recommendations. The Pedestrian Commercial Overlay District and its boundaries are also evaluated within the context of the study findings and recommendations.

1.3 Work Completed

To address the purpose of the study, BBPA conducted an economic market study that involved active participation by Ghent Business District property and business owners, members of the Ghent Business

Association and Ghent Task Force, and other key stakeholders. As part of this study, BBPA completed the following:

- Conducted four site visits, 20 formal stakeholder interviews, and numerous informal conversations with residents, property owners, developers, and business owners, including two interim presentations – one to the Ghent Business Association and one to the Ghent Task Force
- Undertook a verbal merchant survey to identify their customer base, concerns, hindrances to expansion, suggested actions for improvement, and ownership and/or lease structures
- Compiled a compendium of key strengths, opportunities, and constraints to identify the issues of concern to the area's enhancement
- Quantified the retail inventory in the Ghent Business District, identifying the retail establishments by number of establishments, retail category, and square footage
- Prepared detailed quantitative market analysis of the existing and projected retail, office, industrial, and residential markets in the study area and surrounding region
- Developed general and land use specific recommendations for the Ghent Business District

1.4 Report Organization

The report is organized into nine sections plus an appendix. These sections include:

- Section 1 Introduction
- Section 2 Economic and Market Overview
- Section 3 Retail Market
- Section 4 Retail Market Analysis
- Section 5 Residential Market
- Section 6 Office Market
- Section 7 Industrial Market
- Section 8 Strengths, Constraints, and Opportunities
- Appendix

2 Economic and Market Overview

2.1 Study Area Definition

The Ghent Business District is generally defined as the area bounded by Hampton Boulevard on the west – a major north-south corridor extending from Downtown Norfolk to the Naval Base; the railroad tracks on the north; Monticello Avenue on the east – a major north-south corridor extending from Downtown Norfolk to an I-64 on ramp; and West Princess Anne Road on the south.



2.2 Contextual Information

The Ghent Business District is surrounded by diverse uses. It is bordered on the north by the railroad tracks and the Park Place and Kensington neighborhoods. Beyond Park Place and Kensington, Old Dominion University is located north of Park Place and North Colley one mile from where Hampton Boulevard passes under the railroad tracks.

On the east, the Ghent Business District is bordered by the Mid-Town Industrial Park, a 55-acre district between Monticello Avenue and Church Street. The southern border of the Ghent Business District is adjacent to single family detached neighborhoods, the Hague, and the Eastern Virginia Medical Center complex which includes the 569-bed Sentara Norfolk General Hospital, the recently opened, 324,000 square feet Sentara Heart Hospital, Eastern Virginia Medical School, and the Children's Hospital of the King's Daughters. Located at the southern end of Colley Avenue across from the Medical Center, is Fort Norfolk, a 50-acre urban waterfront redevelopment area. Recent investments in Fort Norfolk include a \$30 million, 196,000 square foot Public Health Center and the soon to be completed 163-unit Harbor's Edge, a \$110 million continuous care retirement community.

Ghent is also proximate to downtown Norfolk, which directly links with the eastern side of the Ghent community on Granby Street and connects with the western side of Ghent on Colley Avenue. Fort Norfolk, a 30-acre urban waterfront redevelopment area linking downtown Norfolk to the Eastern Virginia Medical Center complex and the Ghent community, is also located near to the Ghent Business District's southern border. Recent investments in Fort Norfolk include a \$30 million, 196,000 square foot Public Health Center and the soon to be completed 163-unit Harbor's Edge continuous care retirement community.

The western border of the Ghent Business District, Hampton Boulevard, is adjacent to West Ghent – a stable, affluent residential district.

2.3 Demographic and Economic Profile

Populations/Households

The Ghent Business District has a population of 2,881 residents and 1,670 households.¹ The population represents 1.2 percent of the City of Norfolk's population of 239,619 residents, and the total households represent 1.9 percent of the City's 87,237 households.

Household Characteristics

	Ghent Business District	City of Norfolk	Ghent as % of City
Population	2,881	239,619	1%
Households	1,716	87,237	2%
Median Age	34.8	29.4	118%
Median HH Income	\$45,084	\$38,308	118%

Source: ESRI Business Information Solutions, U.S. Census

The Ghent Business District median age is more than five years older than the City's median age, and the median household income is almost \$7,000, or 18 percent, higher than the City's median household income. The difference between Ghent's age and income and the City's age and income is consistent with the perception that the Ghent Business District is a relatively affluent neighborhood with established residents.

Tapestry Segments

ESRI Business Information Solutions uses demographic information such as labor force characteristics, median income, age, and spending habits, to categorize neighborhoods according to a trademarked Community Tapestry classification system.² ESRI identifies the two dominant Community Tapestry segments that characterize Ghent residents as *Metro Renters* and *Retirement Communities*.

The *Metro Renters* segment represents 79 percent of all Ghent households. These households are described as young, well-educated singles beginning their professional careers in large U.S. cities. Unencumbered by mortgages, these households are likely to rent apartments in apartment buildings and live alone or with a roommate. They are interested in traveling, keeping up with current events, listening to classical music, surfing the Internet, going to museums, the movies, and rock concerts, and painting and drawing. For exercise, they work out at clubs, play tennis and volleyball, practice yoga, and jog.³

The *Retirement Communities* segment represents 21 percent of all Ghent Business District households. Scattered through cities in the United States, these households live in multiunit dwellings and have a

¹ ESRI Business Information Solutions, U.S. Census 2005.

² ESRI is a subscription-based market research and analysis service.

³ ESRI Business Information Solutions, U.S. Census 2005.

median age of 50.7 years. While the median household income is \$45,100, median net worth is \$172,000. These households place a high value on maintaining good health, and they visit doctors regularly and have good diet and exercise habits. Their leisure time activities include playing bingo, doing crossword puzzles, gardening indoors, gambling, and traveling overseas. They also enjoy visiting with their grandchildren and buying them toys. Home remodeling projects are also a common activity.⁴

In comparison with Ghent, the two most dominant Community Tapestry segments in the City of Norfolk as a whole are *Inner City Tenants* and *Old and New Comers*. *Inner City Tenants* are identified by a multicultural composition and young median age – 27.8 years old. They are typically apartment dwellers who seek affordable rents in older multifamily apartment buildings. Recent household purchases by this market include video game systems, baby food, baby products, and furniture, and residents frequently eat at fast-food restaurants.⁵

Old and New Comers are characterized as households in transition, populated by those who are starting their careers or retiring. Many residents have moved in the last five years. Sixty percent of households are occupied by renters. Retail purchases are limited, as their leisure activities including watching sporting events, playing bingo, playing golf, and gambling at casinos.⁶

The Community Tapestry segments most dominant in the Ghent residential community highlight a key characteristic of the Ghent Business District. Multifamily residential units make up 72 percent of the housing units in the Ghent business district, and young, professional, apartment dwellers represent an influential segment of Ghent's immediate market area.⁷ These households are not burdened by expenses associated with maintaining their own home, paying off a mortgage, or raising children. Their disposable income is higher than many other market segments, and their leisure activities imply significant retail purchases and a positive economic impact on the existing uses in the Ghent Business District.

With disposable income in this market segment of 2,275 households (79 percent of the 2,881 households in the Ghent Business District) at 20 percent of household income and household income at \$38,000, the young, professional apartment dwellers living in Ghent's immediate market area represent annual retail expenditure of at least \$17 million. Many of the specialty stores and venues located in the Ghent Business District target this market segment, including several sports-related stores, the significant number of yoga studios, and the diverse cultural and artistic venues. Their presence within the immediate market area represents an opportunity to conduct focused marketing campaigns and to provide additional merchandise that caters to their interests.

⁴ ESRI Business Information Solutions, U.S. Census 2005.

⁵ Ibid.

⁶ Ibid.

⁷ Ibid.

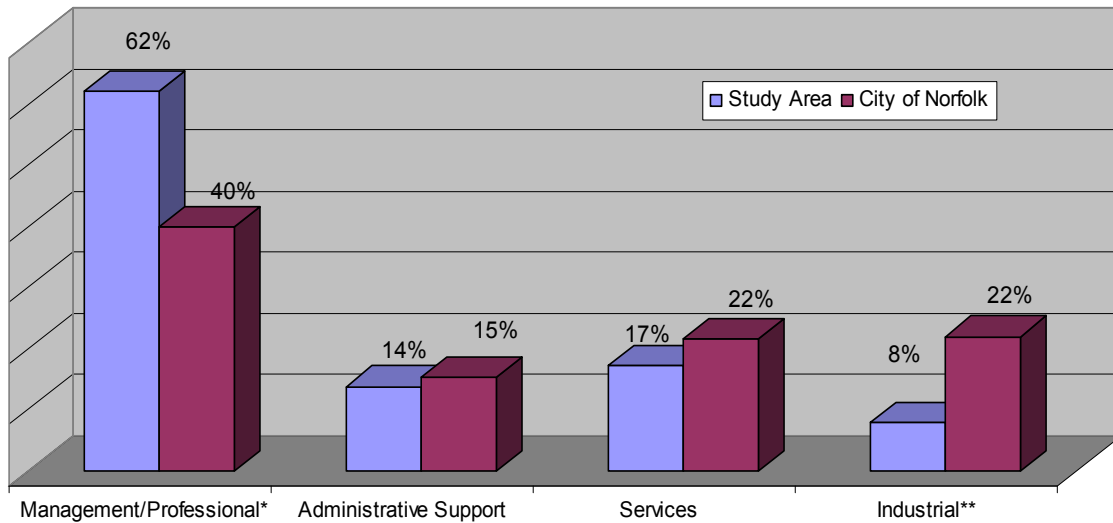
Labor Force

The Ghent Business District’s labor force characteristics, especially when compared to the City of Norfolk as a whole, also reinforce popular perceptions about Ghent’s resident population.

Management and professional employees, which include financial, general business, and sales positions, represent the largest share - 62 percent - of the Ghent Business District’s labor force. In contrast, only 17 percent of Ghent Business District residents are employed in the service sector, followed by administrative support at 14 percent and industrial at 8 percent.

In the City as a whole, residents employed in management and professional positions also represents the largest share of the labor force, yet there are a significant number of residents employed in administrative support, services, and industrial positions as well. The percentage of City residents employed in administrative support, services, and industrial positions is greater than the percentage of Ghent residents employed in these industries.

Figure 2: Comparison of Ghent Business District and City of Norfolk Labor Force (2005)



Source: ESRI Business Information Solutions, U.S. Census, BBP Associates, Inc.

* Financial, Business, Sales

** Construction/Production/Installation/Repair/Transportation

2.4 Land Uses

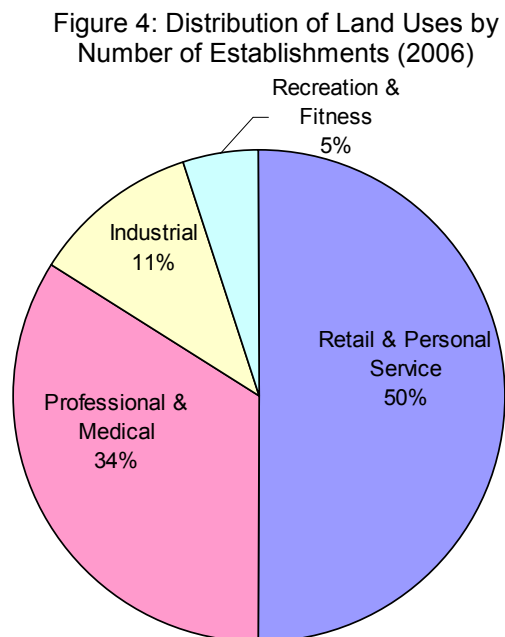
The Ghent Business District includes residential, commercial (office, retail and personal service, professional and medical, recreation and fitness), and industrial uses (Figure 3). The Ghent Business District is approximately 220 acres and includes 2,078 housing units; 230 retail and personal service establishments; 25 fitness, performing arts, and recreation facilities; 162 professional and medical companies; 53 companies performing on-site industrial activities; a variety of institutional uses, such as schools, churches, and municipal facilities, park and open space, and vacant land.

A distribution of the commercial establishments is illustrated in Figures 3 and 4. Retail and personal services, which includes food and beverage stores, apparel, specialty shops, home maintenance materials, household furnishings and furniture, personal care, entertainment and recreation, business related goods and services, and eating and drinking establishments, represent the largest share of businesses in the Ghent Business District. Professional and medical establishments, defined as those businesses occupying office space, represent 34 percent of the establishments. Industrial uses represent only 11 percent, or 53 of the Ghent Business District businesses. Finally, recreation and fitness facilities - which includes performing arts academies, gyms, and yoga studios - represent five percent of the establishments.

**Figure 3: Land Uses by No. of Establishments
Ghent Business District
(2006)**

Land Use	No. of Establishments	% of total
Retail & Personal Service	230	50%
Professional & Medical	162	34%
Industrial	53	11%
Recreation & Fitness	25	5%
TOTAL	470	100%

Source: City of Norfolk Commissioner of the Revenue



Source: City of Norfolk Commissioner of the Revenue, BBP Associates

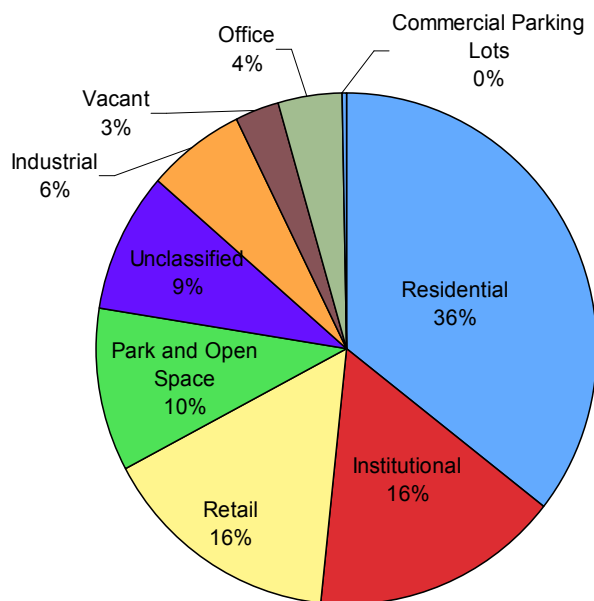
The distribution of all land uses by acreage in the study area is illustrated in Figure 5. The 2,078 residential units occupy more than one-third, or 80 acres, of all land area in the Ghent Business District. Institution uses and the 230 retail properties occupy the same quantity of space – approximately 35 acres each. Of the 35 acres of institutional land, the City of Norfolk holds title to 23 acres on which sit municipal facilities and public schools. Park and open space owned by the City of Norfolk, such as the Stockley Garden green promenades, represents 23 acres of the Ghent Business District. The 53 industrial uses, located predominantly along West 22nd Street, make up 14 acres. This includes self storage, warehouse and distribution facilities, garages, light manufacturing, and repair shops.

**Figure 5: Land Uses by Acreage
Ghent Business District
(2006)**

Land Use	Acreage	% of Total
Residential	80	36%
Institutional	36	16%
Retail	35	16%
Park and Open Space	23	10%
Unclassified	20	9%
Industrial	14	6%
Vacant	6	3%
Office	9	4%
Commercial Parking Lots	1	0%
TOTAL	224	100%

Source: City of Norfolk Dept. of Planning, BBP Associates

Figure 6: Ghent Business District Land Uses by Acreage (2006)



Source: City of Norfolk Department of Planning, BBP

Land on which the 162 office-based establishments, including medical and professional establishments, are located represents only 4 percent, or 9 acres of the total land area. This is not surprising, as most of the offices are located in multi-level office buildings or above retail shops. There is limited commercial vacant land in the district. Only 3 percent, or 6 acres, of commercial vacant land is located in the district.

2.5 Position within City/Regional Economy

Within the Hampton Roads region, Ghent is considered as a diverse yet stable urban village. It enjoys a pleasant balance between affluent residential enclaves with attractive and historic homes and a shopping and eating district with an urban, eclectic feel.

While MacArthur Center in nearby downtown Norfolk and other regional shopping malls fulfill brand name shopping needs, Ghent offers unique gifts, antiques, cultural opportunities at numerous performing and fine arts academies and venues, and high end furnishings and furniture. It is a regional destination for select shoppers, or “comparison” goods. Its grocery stores, hair salons, video rental stores, restaurants, and other convenience goods establishments are primarily frequented by employees working in Ghent and downtown Norfolk and residents of the nearby communities of West Ghent, Colonial Place, Park Place, Kensington, Highland Park, Lambert’s Point, Larchmont, Riverview, Algonquin Park, Talbot Park, Riverfront, Lochaven, North Meadowbrook, Ward’s Corner, and western parts of Lakewood and Lafayette.

Ghent’s location adjacent to the Norfolk Southern railroad tracks and the Mid-Town Industrial Park make the area especially unique in terms of the mixture and relationship of uses. The separation of land uses found in traditional suburban communities is not present in Ghent. Within the space of a half square mile, a tranquil residential neighborhood and vibrant commercial district converge with several light manufacturing, wholesale trade, and warehouse industrial uses. Residential and retail establishments have the most dominant presence in Ghent, yet the industrial uses along 22nd Street contribute to Ghent’s image.

Professional services and office uses have the smallest presence in Ghent when compared to the strength and size of the retail, service-oriented, and industrial sectors. Office space is considered Class B or below with the largest office building at 22,000 square feet.⁸ The space is designed for small companies or independent professionals who require only small suites. It caters to independent professionals who do not necessarily need a downtown address but that appreciate an urban location and relatively easy access to downtown clients and contacts and the amenities (restaurants and shopping) offered in Ghent and downtown.

⁸ Class B space defined as office space within a structure showing very little obsolescence or deterioration and a minimum size of 25,000 SF in the suburbs with rent rates in the upper 50 percent of the market sector's range.

3 Retail Market

3.1 Overview

The Ghent Business District includes 798,434 square feet of retail space, of which 362,227 square feet is in shopping centers larger than 30,000 square feet and independent stores larger than 23,000 square feet. The balance of the retail space is located in independent storefronts primarily on West 21st Street, Colley Avenue, and Colonial Avenue. Ghent's inventory represents 11 percent of Norfolk's retail inventory and 3 percent of Southside Hampton Road's inventory in shopping malls larger than 30,000 square feet and independent stores larger than 23,000 square feet. Ghent's share is actually less when independent store fronts and shopping malls smaller than 30,000 square feet are included.

Ghent's average lease rate (2006) in shopping centers larger than 30,000 square feet and independent stores larger than 23,000 square feet was estimated to be \$14.17 per square foot per year by the Old Dominion University Retail Market Survey, exclusive of additional rents that may be paid under a triple net lease. The surveyed rate is lower than both the City and the region. Retail in the University Village area located adjacent to Old Dominion University, however, has average rental rates at \$23 per square foot as a result of recently completed retail space with asking retail rates at \$25 per square foot reflecting high land acquisition costs.

Ghent's vacancy rate is low compared to Norfolk and the region. There are only a few vacancies in the study area totaling 14,000 square feet.

Figure 7: Retail Markets
Ghent, Norfolk, and Hampton Roads
(2005 - 2006)

	Ghent	Norfolk	Ghent as % of Norfolk	Southside Hampton Roads	Ghent as % of Southside Hampton Roads
Inventory (Sq. Ft.)	798,434	7,251,515	11%	30,800,000	3%
Average Lease Rate (\$/sq. ft./year) ⁹	\$14.17	\$15.04	94%	\$14.84	98%
Vacancy Rate	1.75%	6.8%	26%	6.7%	26%

Source: ODU2006 Retail Market Survey, BBP Associates

⁹ Average lease rate exclusive of additional rents that may be paid under a triple net lease for charges such as pro-rata share of real estate taxes, insurance, and common area maintenance.

3.2 Hampton Roads and City of Norfolk Retail Market

Southside Hampton Roads

In 2005, the Hampton Roads retail market includes approximately 47 million square feet of gross leasable area in retail-oriented freestanding buildings that are at least 23,000 square feet and strip shopping centers and regional malls at least 30,000 square feet in size.¹⁰ The Southside market includes 30.8 million square feet of that type of space.

Within the Southside market, there are a number of major retail destinations. These include 8 regional shopping destinations which have been mapped in Figure 8.

Figure 8: Regional Retail Destinations
Southside Hampton Roads



Source: BBP Associates, Inc.

The market areas for these regional shopping destinations effectively provide continuous retail market coverage for 450 square miles of Southside Hampton Roads from the Chesapeake Bay to central Chesapeake. Information regarding these malls and their market areas is detailed in Figure 9.

¹⁰ ODU2006 Retail Market Survey

Figure 9: Regional Shopping Destination Inventory Southside Hampton Roads (2006)

	Submarket	Gross Leasable Area (GLA) (S.F.)	Households (5-Mile Radius)	GLA Per Household	Median Household Income (5-Mile Radius)
Chesapeake Square	Chesapeake Square	800,000	46,000	17	\$23,359
MacArthur Center	Downtown Norfolk	1,100,000	97,924	11	\$37,355
Greenbrier	Greenbrier	800,000	71,378	11	\$54,528
Lynnhaven	Lynnhaven	1,300,000	87,364	15	\$54,452
The Gallery @ Military Circle	Military Highway	850,000	112,282	8	\$45,283
Pembroke Mall and Virginia Beach Town Center	Pembroke	1,400,000	106,819	13	\$54,498
Hilltop	Virginia Beach	1,030,000	52,202	20	\$54,249
Ghent	Ghent	798,000	94,303	9	\$37,271

Source: ODU 2006 Retail Market Survey, ESRI Business Information Solutions, BBP Associates, Inc.

Lynnhaven Mall, MacArthur Center Mall, Pembroke Mall, Chesapeake Square, Greenbrier, and The Gallery @ Military Circle represent traditional enclosed regional shopping malls. The total square footage in these regional shopping malls ranges from 800,000 square feet at Chesapeake Square to 1,300,000 square feet at Lynnhaven Mall. GLA per household represents the extent to which households in a given market area are served by retail. Households within a 5 mile radius of Ghent have only 9 square feet of retail per household, while Hilltop has 20 square feet of retail per household and Chesapeake Square has 17 square feet of retail.

In contrast with the traditional, enclosed regional shopping malls, Ghent, Hilltop in Virginia Beach and Virginia Beach Town Center represent more unique shopping destinations. Hilltop features 180,000 square feet of space in the pedestrian friendly La Promenade and Marketplace at Hilltop and 850,000 square feet of space in four community centers (defined as shopping centers with 100,000 to 350,000 square feet anchored by a supermarket, discount department store, or drug store).

Virginia Beach Town Center features 830,000 square feet of retail and restaurant space, 550,000 square feet of office space, 800 parking spaces, a national hotel chain, and a 341-unit apartment building. A 1,200 seat performing arts auditorium and 30-story tower with a Westin hotel and over 100 upscale condominiums are under construction. An additional office tower with 280,000 square feet is also planned for construction.

**Figure 10: Regional Shopping Destinations Market Area Retail Expenditure
Southside Hampton Roads (2005)**

Mall Name	Market Area Total Retail Expenditure	Market Area Retail Expenditure Per Household
Chesapeake Square Mall	\$440,550,740	\$9,577
MacArthur Center Mall	\$1,499,759,918	\$15,316
Greenbrier Mall	\$1,595,760,829	\$22,356
Lynnhaven Mall	\$1,950,429,256	\$22,325
The Gallery @ Military Circle	\$2,084,630,980	\$18,566
Hilltop	\$1,161,081,582	\$22,242
Pembroke Mall and Virginia Beach Town Center	\$2,386,782,963	\$22,344
Ghent	\$1,441,054,516	\$15,281

Source: ESRI Business Information Solutions, BBP Associates, Inc.

When market area retail expenditure per household is multiplied by the total number of households located within a five mile radius from the regional shopping destinations, total market area retail expenditure is established. This represents a measure of retail expenditure potential within a given market area. As presented in Figure 10, total market area retail expenditure ranges from \$440 million at Chesapeake Square to \$2.3 billion at Pembroke Mall and Virginia Beach Town Center. Ghent's 5-mile retail expenditure is \$1.4 billion, higher than Hilltop and Chesapeake Square.

City of Norfolk

The City of Norfolk includes 7.2 million square feet of retail space in retail-oriented freestanding buildings that are at least 23,000 square feet and strip shopping centers and regional malls at least 30,000 square feet in size. Major retail destinations in the City of Norfolk are presented in Figure 11.

**Figure 11: Retail Inventory*
City of Norfolk
(2005)**

	Number of Properties	GLA in SF	Vacant SF	% Vacant	Small Shop Rate PSF
Downtown Norfolk*	3	1,281,338	54,132	4.22%	\$12.50
Ghent	9	798,434	14,000	1.75%	\$14.17
Little Creek Road/Wards Corner*	17	1,672,263	238,771	14.28%	\$12.54
Military Highway/Janaf*	15	3,450,602	159,245	4.61%	\$12.99
University Village*	1	36,500	10,600	29.04%	\$23.00
TOTAL	45	7,250,703	502,748	6.93%	\$14.84

Source: ODU 2006 Retail Market Survey

* Except for Ghent, includes only shopping centers more than 30,000 sq. ft. and free standing retail more than 23,000 sq. ft.

Military Highway/Janaf and Wards Corner have the largest inventories of retail in the City. Downtown Norfolk also has a sizeable inventory of which 1.1 million square feet is located within the MacArthur Center. University Village's inventory is new space that was completed within the past year. The space is still in the process of being leased. The extended absorption time may be a function of asking lease rates that are higher than the still developing market in that area can support. New retail in the Ghent Business District has leased in the \$23 to \$25 per square foot range – primarily to national retailers. This may be an indication that the Ghent Business District could support higher retail rents than the University Village area, yet national retailers are the most likely tenants to pay those rates.

Most vacancy rates within the City submarkets hover around 4 to 5 percent, with notable exceptions at Little Creek Road/Wards Corner (14 percent), and at University Village (29 percent) where the new space is still in the process of being leased. The rental rates fall between \$12.50 and \$14.84 per square foot, with University Village's \$23 rates the exception.

3.3 Ghent Retail Market

The Ghent Business District has a total inventory of 230 establishments in 784,434 square feet, or 11 percent of the City of Norfolk shopping destination inventory and 3 percent of the total Southside Hampton Roads retail inventory. The retail district is centered at the intersection of West 21st Street and Colley Avenue, with the large majority of the retail located on Colley Avenue, West 21st Street, and Colonial Avenue. Colley Avenue is the location of many of the district's restaurants. A significant share of the parcels on this corridor are owned by independent owners who lease a small number of storefronts to individual tenants. West 21st Street and Colonial Avenue have the majority of the district's shopping centers and are more characterized by surface parking lots, curb cuts, and non-uniform building setbacks than Colley Avenue.

Ghent's average lease rate (2006) in shopping centers larger than 30,000 square feet and independent stores larger than 23,000 square feet was estimated to be \$14.17 per square foot per year, exclusive of additional rents that may be paid under a triple net lease.¹¹ This is on par, if not slightly higher than, regional rates for small shops. Small shops on Colley Avenue average \$16 per square foot for a lease which includes additional charges for real estate taxes and insurance. Shops on West 21st Street range from \$12 to \$25 per square foot for a full service lease based on visibility, access, and the age of the retail space. The vacancy rate is estimated to be 5 percent - lower than regional rates by three to five percentage points.

Of the total 798,434 square feet of space, 45 percent is included in shopping centers and free standing retail establishments. These centers are presented in Figure 12. The Palace Shops and the Center Shops represent large shares of retail space in this category. The shopping centers are located primarily on West 21st Street, including Palace Shops, 21 West, and 21st Street Pavilion. Center Shops is located on West 22nd Street but easily viewed from West 21st Street and accessed by pedestrians on West 21st Street.¹² The Corner Shops is located at the intersection of 21st Street and Colonial Avenue facing Colonial Avenue, and the Ghent Market Shoppes is located at the intersection of West 22nd Street and Colonial Avenue facing West 22nd Street.

¹¹ ODU 2006 Retail Market Survey.

¹² Center Shops includes strip mall on north side of West 22nd Street and West 21st Street and store front retail on south side of West 21st Street between Colley Avenue and Colonial Avenue.

**Figure 12: Retail Centers (+30,000 Sq. Ft.) & Free Standing Retail (+25,000 Sq. Ft.)
Ghent Business District
(2005)**

Shopping Center Name	Gross Leasable Area	Shopping Center Type
21st Street Pavilion	21,000	Other
Center Shops	129,966	Neighborhood Center
G.W. Market	40,000	Freestanding
Ghent Market Shoppes	37,955	Other
Ghent Place	13,000	Other
Harris Teeter	27,000	Freestanding
Palace Shops I, II	71,794	Fashion/Specialty
The Corner Shops	21,512	Other
Total	362,227	

Source: ODU 2006 Retail Market Survey

The remainder of the retail space – 436,207 square feet – is located in small, independent stores that tend to be between 500 and 2,500 square feet in size. This independent store front retail is located throughout the district, and the significant presence of so much store front retail space represents one of Ghent’s most unique and appreciated characteristics.

The shopping centers and independent storefront retail are similar in that both kinds of retail space include a large variety of retailers. While several household furnishings and furniture establishments including antiques stores are largely clustered on the east end of West 21st Street, and many restaurants are clustered on Colley Avenue, the different kinds of retail establishments are largely scattered throughout the district in both the strip mall shopping centers and storefront retail space. The 230 retail establishments in the Ghent Business District were grouped into nine distinct retail categories. Figure 13 provides a breakdown of the retail establishments and square footage by category.¹³

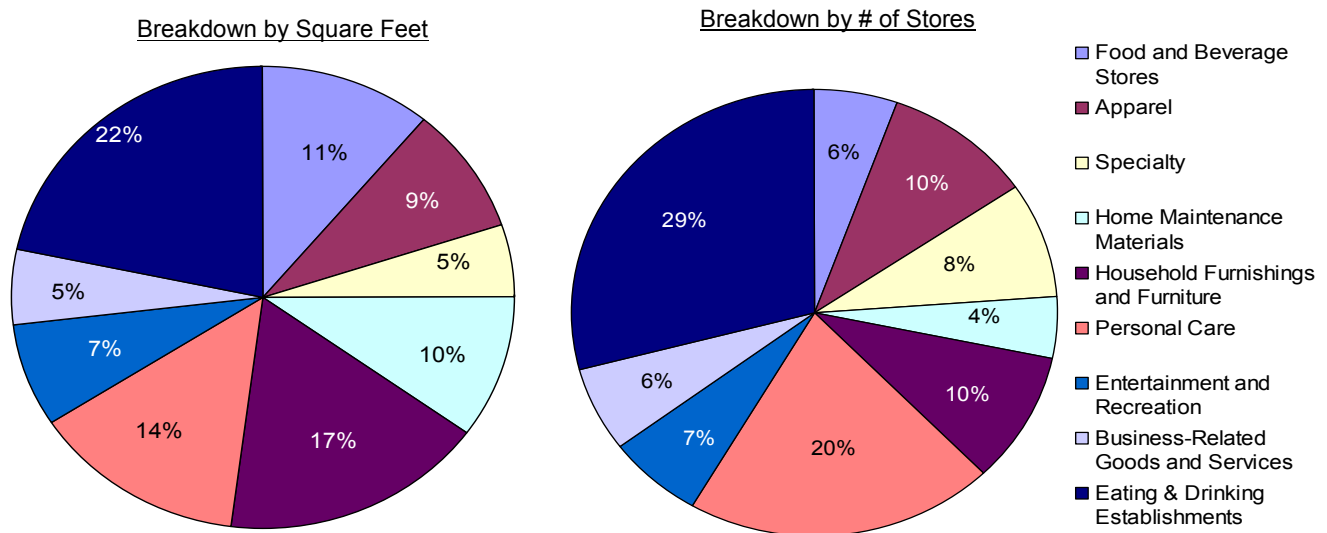
**Figure 13: Retail Inventory By Category
Ghent Business District
(2006)**

Retail Category	# of Stores	% of Total Stores	Square Feet (S.F.)	% of Total S.F.	Average SF/ Establishment
Food and Beverage Stores	13	6%	88,051	11%	6,773
Apparel	23	10%	69,175	9%	3,008
Specialty	19	8%	39,503	5%	2,079
Home Maintenance Materials	10	4%	77,600	10%	7,760
Household Furnishings and Furniture	22	10%	132,133	17%	6,006
Personal Care	47	20%	110,150	14%	2,344
Entertainment and Recreation	15	7%	57,190	7%	3,813
Business-Related Goods and Services	14	6%	41,474	5%	2,962
Eating & Drinking Establishments	67	29%	169,158	22%	2,525
TOTAL	230	100%	784,434	100%	3,411

Source: City of Norfolk Commissioner of the Revenue, BBP Associates

¹³ A chart providing a list of the types of retail establishments included in each category is provided in the Appendix.

Figure 14: Comparison of Ghent Retail Inventory by Number of Stores and By Square Feet



Source: City of Norfolk Commissioner of the Revenue, BBP Associates, Inc.

The Personal Care and Eating and Drinking Establishments categories have the largest number of stores. Household furnishings and furniture, apparel, and specialty shops (which include art galleries, gift stores, florists, and jewelry stores) also have a strong presence in terms of number of stores.

Household furnishings and furniture are also strong in terms of square footage as a result of their large show rooms to display merchandise. This category also includes antiques, of which there are 8 stores and 51,540 square feet of total space. Eating and drinking establishments are clearly a dominant component of the Ghent Business District, as they represent the largest share of retail establishments in terms of both number of stores and total square footage.

Eating and drinking establishments, specialty stores (jewelers, art galleries, gift shops, and florists) combined with apparel shops, and home furnishings and furniture combined with home maintenance materials represent three strong “horizontal clusters.” A horizontal cluster is a significant grouping of stores that offer similar merchandise and cater to shoppers with very specific interests. The existence of these clusters represents one of Ghent’s many retail strengths, as they provide the opportunity to conduct coordinated advertising, market the shopping niches to a targeted regional audience who appreciate opportunities to compare similar products in a variety of stores, and recruit additional retailers offering similar products. In the case of Ghent, these “horizontal clusters” represent the essence of the Ghent shopping district – eclectic stores and eateries which foster a unique shopping experience. The apparel shops and home furnishing and furniture shops are also clustered geographically – toward the east end of West 21st Street.

When compared to national average store sizes by retail category, the Ghent average stores sizes are much smaller. Ghent’s average household furnishings store is similar in size to the national average for small format home furnishings stores, but the rest of the categories reveal a significant difference. Ghent’s average apparel shop is 3,000 square feet as compared to the 5,600 square feet national average. Ghent’s average home maintenance materials store is 7,700 square feet while the national average (Building Supplies) is 109,500 square feet. Ghent’s average specialty shop – which includes jewelry stores, is 2,000 square feet as compared to the 4,400 national average for jewelry stores. Ghent’s average

entertainment and recreation shop - which includes pet stores, sporting goods, and electronics, is 3,813 square feet –is smaller than all three of the national averages for those categories.

Figure 15: Comparison of Ghent and National Average Store Size by Retail Category (2005)

Retail Category	National Average Store Size (Square Feet)	Ghent Average Store Size
Apparel & Accessories	5,609	3,000
General Merchandise	81,442	n/a
Home Furnishings (Small Format)	6,397	n/a
Furniture and Home Furnishings (Large Format)	35,079	n/a
Jewelry Stores	4,400	2,000
Sporting Goods	51,942	n/a
Book Retailers (Small Format)	4,007	n/a
Book Retailers (Large Format)	22,093	n/a
Electronics Stores (Small Format)	7,752	n/a
Electronics Stores (Large Format)	35,278	n/a
Building Supplies	109,500	7,000
Novelty and Fabric Stores	15,452	n/a
Pet Stores	18,722	n/a

Source: BBP Associates, BizStats.Com

The differences between Ghent store sizes and the national averages store sizes underscores an important characteristic of the Ghent retail market. Ghent is largely a collection of small, independent retail shops. Ghent does not have large big box retailers that dominate the market in many places. In addition to the significant presence of store front retail, the small stores create a boutique environment that contributes to the area's appeal.

Although the small stores add to the area's charm, the limited space may also present a unique challenge for Ghent store owners. Merchants must work creatively with their small spaces to effectively display merchandise and accommodate their customers. Expansion potential may also be constrained by the small spaces.

3.4 Retail Market Conclusions

Southside Hampton Roads retail represents a large market with new inventory added regularly. New development ranges from 36,000 square feet of space at ODU's University Village to several hundred thousand square feet of space at Virginia Beach Town Center.

With 798,000 square feet of retail space, the Ghent Business District represents 2.5 percent of the Southside Hampton Roads retail market. Vacancy rates are significantly lower than other retail market areas within the City as well as the Southside Hampton Roads market, and rental rates are similar to, if not slightly higher than, retail rental rates in the City of Norfolk and Southside Hampton Roads market.

The rates are low enough to accommodate independent retailers and have played a role in preserving the diverse collection of independent specialty shops in the Ghent Business District. Rates will likely climb over time as new retail projects are built and escalating land values and construction costs require higher

revenue. In order to preserve the eclectic character that Ghent enjoys, strategies should be developed to address the likelihood that rental rates increase.

One of Ghent's great strengths is its unique variety of eclectic shops and specialty items. Several retail niches have a significant presence, including household furnishings and furniture, sit-down restaurants, antiques, women's apparel, and beauty salons. Ghent also features many one-of-a-kind shops that cannot be found anywhere else.

The retail diversity has proven to be one of the area's strongest draws in attracting customers from a regional market area. However, within the past ten years, several new regional retail destinations have come on the scene. Ghent now competes with these shopping districts, particularly Hilltop and Town Center in Virginia Beach. While MacArthur Center is a completely different type of retail destination than Ghent (or the ones above), this shopping mall has also had an impact on Ghent's customer base.

In addition to new retail competition, other challenges typical of an urban environment have created burdens for property and store owners. Stakeholders cited concerns including limited on-site customer parking, isolated incidents of aggressive pan handling and theft, and limited foot traffic in locations with a poor pedestrian environment (i.e. curb cuts, limited crosswalks, parking in front of the buildings).

Several businesses less affected by these concerns, particularly professional services establishments, have located in store front retail space. While offering necessary services and merchandise, there are other stores that benefit more from Ghent's storefront space, contribute more to the vitality of the Ghent commercial district, and attract more regional customers.

Despite these challenges, there are a number of opportunities to enhance Ghent's competitive retail market position and address stakeholder concerns. The unique benefits of a Ghent shopping experience as compared to other shopping districts represent a distinct competitive advantage that should be publicized. Ghent's retail clusters represent one competitive advantage in particular that can be highlighted and strengthened as a strategy to compete with other regional destinations. Ghent as a destination to enjoy diverse cuisine, to accomplish home improvement and interior decorating projects, and to find one-of-a-kind treasures should be marketed aggressively.

There is also an opportunity to attract a broader range of market segments. The analysis of retail expenditure potential within a five-mile radius of Ghent indicates that Ghent has access to significant retail expenditure potential in the resident population. Ghent also has access to many additional sources of market demand.

The following section, "Retail Market Analysis" identifies and describes these specific market segments both within and outside Ghent's primary market area. The Retail Market Analysis section also demonstrates how the potential to capture additional market demand translates into opportunities to expand Ghent's retail inventory. Palace Station on 22nd Street represents one project capitalizing on this demand.

This type of infill development, in conjunction with other projects, such as the Row and Bristol at Ghent and the proposed 201 Twenty-One project, are increasing foot traffic, extending a pedestrian-friendly connected streetscape, and placing more "eyes on the street" which deter criminal behavior. Infill development can also incorporate shared parking strategies in which a portion of the private parking reserved for the buildings' residential users can be shared by day time shoppers when residents are not there.

4 Retail Market Analysis

The retail market overview addressed the composition and character of retail trade and establishments in the Ghent Business District as well as sources of market competition. This section, an analysis of the retail market, defines the sources of retail demand for the Ghent Business District. The trade areas associated with the Ghent Business District, including the demographic traits associated with those who live in these trade areas, are presented. Additional sources of market demand, including tourists, hospital visitors, and specialty market segments, are also discussed. The section concludes with an analysis of 2005 trade area market capture rates for the retail establishments in the Ghent Business District and a discussion of the potential for additional retail development.

4.1 Retail Trade Areas

Trade Area Definition

A trade area is the geographic area from which the preponderance of a retail establishment's customers originates. Trade areas differ based on the type of products offered at the retail establishment. For example, the trade area for a convenience good such as milk is typically smaller than the trade area for a shoppers, or "comparison" good, such as a piece of furniture or new shirt. The distance a consumer will travel to buy a gallon of milk is significantly shorter than the travel distance tolerated to buy a new sofa. Another factor affecting the trade areas for convenience and shoppers goods is comparison shopping. To purchase a gallon of milk, one does not need to compare brands or stores. To purchase a piece of furniture, consumers are willing to travel further distances to compare various merchandise.

Trade areas are also impacted by competitive retail destinations. A shopping district with little nearby competition will have a much larger trade area than a shopping district with significant regional shoppers goods competition.

These factors, as well as several others, impact the designation of trade areas for the Ghent Business District. These factors include:

- Types of retail and services used within the study area
- Travel times from the Ghent Business District to other locations
- Accessibility
- Physical boundaries (e.g. rivers, major roadways, railroad tracks)
- Psychological boundaries (e.g. political jurisdictions, neighborhoods, perceived congestion)
- Location of competitive facilities
- Customer zip code data
- Ghent merchants' input
- Ghent's specialty character (e.g. unique mix of stores, ambiance)

Ghent Trade Areas

An analysis of the retail in the Ghent Business District indicates three major retail categories and two distinct trade areas associated with these goods. The major retail categories in the Ghent business district are listed below with their subcategories provided for reference.

- Convenience Goods - personal care, food and beverage, eating and drinking establishments, Business-related goods and services,
- Shoppers Goods –apparel, specialty goods (includes jewelry, gift stores, and florists)
- Home Maintenance Materials and Household Furnishings and Furniture (includes home décor, furniture, and antiques)

Convenience Goods Trade Area

The retail trade area for convenience goods has been defined as the neighborhoods from the Elizabeth River on the west to Granby Street on the east and from I-564 on the north to the southern edge of downtown Norfolk on the south. This will be referred to as the Primary Market Area (PMA). The factors most influencing the establishment of these boundaries were conversations with merchants about where their customers come from and the locations of competitive districts for convenience goods. Within and around this area, there are only a limited number of other shopping districts providing convenience goods. The lack of other convenience goods provides a strong indication that residents of this area use Ghent to purchase convenience goods.

Shoppers Goods Trade Area

In contrast to many places where the trade area for shoppers goods establishments is larger than the trade area for convenience goods, the retail trade area for shoppers goods in Ghent has been defined as the same area as for convenience goods. As with the convenience goods trade area, the factors most influencing the establishment of these boundaries were conversations with merchants about where their customers come from and the locations of competitive districts for shoppers goods.

As discussed in the previous section, a number of competitive shopping districts for shoppers goods impact the Ghent Business District. While some residents of the Virginia Beach area will travel to Ghent for shoppers goods, the preponderance of Virginia Beach residents shops at Hilltop or Virginia Beach Town Center. While some residents of the neighborhoods surrounding Military Highway may travel to Ghent, the preponderance of these residents shop at the Gallery @ Military Circle. As a result of the

Figure 16: Ghent Primary Market Area



location of these competitive facilities, the preponderance of a Ghent's shoppers goods retail customers originates within the same Primary Market Area defined for convenience goods. Given MacArthur Center Mall's proximity to Ghent, Ghent's PMA is located within the MacArthur Center Mall PMA.

Home and Household Goods Trade Area

Home maintenance materials and household furnishings and furniture are typically grouped with shoppers goods. However, in the case of Ghent, these stores are associated with a much more regional market area than the rest of the shoppers goods. While many residents of the shoppers and convenience goods PMA shop for furniture, antiques, and home décor in Ghent, the preponderance of Ghent's household furnishings and furniture customers come from the entire Hampton Roads region, with many customers originating outside the area as far away as Washington, DC and North Carolina.

Retail Trade Areas Demographics and Tapestry Segments

Demographics in the PMA, City of Norfolk, and Hampton Roads region are presented to illustrate the characteristics of Ghent's trade areas. The PMA has 20,433 households and a population of 46,636. The PMA's median household income is \$8,000 less than the region, yet \$5,000 higher than the City of Norfolk's median household income.

**Figure 17: Demographics
PMA City of Norfolk Hampton Roads
(2005)**

	PMA	Norfolk	Hampton Roads
Population	46,636	239,619	1,600,052
Households	20,433	87,237	594,179
Median Age	31.6	29.4	34.3
Median HH Income	\$42,910	\$38,308	\$50,959

Source: ESRI Business Information Solutions

The top seven community tapestry segments found in the primary market area are presented in figure 18. Descriptions of Metro Renters, Old and Newcomers, and Inner City Tenants were provided in the Overview Section. New additions are presented below.

**Figure 18: Top Seven
Community Tapestry Segments
PMA (2005)**

Tapestry Segment	% of PMA Households
Metro Renters	19.30%
Metropolitans	11.30%
Old and Newcomers	15.00%
Inner City Tenants	7.20%
Modest Income Homes	5.80%
Metro City Edge	4.80%
College Towns	4.80%

Source: ESRI Business Information Solutions, 2006

Metropolitans residents are in their mid to late 30s and live in older, urban neighborhoods with an eclectic mix of single family and multifamily residential homes. Many residents are single, yet married-couple families are 40 percent of the households. Half of the employed persons hold professional or management positions with median household income of \$57,600. Residents enjoy going to museums and zoos and listening to classical music and jazz on the radio. Refinishing furniture and playing a musical instrument are favorite hobbies. Exercise includes yoga, roller blading, and hiking/backpacking.

Modest Income Homes neighborhoods are found primarily in the older suburbs of metropolitan areas. The median home value is \$52,800. Household types are mainly single person and single parent. However, approximately 64 percent of households are family types. The median age is 35 years. Slightly more employed residents work part time than full time, mainly in service and blue collar occupations. At 20 percent, unemployment is high. These frugal residents shop at discount stores, do not pay for Internet access, and rarely eat out.

Metro City Edge residents live in older, suburban neighborhoods of large, metropolitan cities. This market is home to married-couple, single-parent, and multigenerational families. The median age is 29.1 years, and the median household income is \$30,200. Nearly half of employed residents work in the service industry. Prudent shoppers, residents buy household and children's items at superstores and wholesalers. They read music, gardening, and baby magazines and listen to urban and gospel radio.

College Towns have college and graduate school enrollment at approximately 41 percent. The median age for this market is 24.5 years, with a high concentration of 18–24-year-olds. One out of eight residents lives in a dorm on campus. Students in off-campus housing rent low-income apartments. Convenience is the primary consideration for food purchases; residents frequently eat out, order in, or eat easy-to-prepare food. Many own a laptop computer. In their leisure time, they jog, go horseback riding, practice yoga, play tennis, rent videos, play chess or pool, attend concerts, attend college football or basketball games, and go to bars.

4.2 Primary Market Area Market Segments

The Community Tapestry segments identified in the Ghent PMA, as well as those identified in Ghent's core –the Ghent Business District – reveal a key characteristic of Ghent's market demand from residents living with the PMA (as compared to market demand from other sources, such as tourists, visitors, and employees). Several specific market segments live within the PMA, and these segments have unique retail demands that should be targeted with unique marketing and merchandising campaigns designed deliberately to attract a broad range of potential customers. These market segments include the following groups:

- **Ethnic and Religious Groups** – The Ghent community includes and is adjacent to a number of ethnic and religious communities that have specific retail demands. For example, kosher food stores may have an opportunity to expand service to the Orthodox Jewish community. These stores may essentially “capture” all retail expenditure from this market segment and could also become a regional destination for specialty food items. There may also be an opportunity for ethnic book stores, specialty beauty salons, and moderately priced family apparel stores. These types of stores would only enhance the diversity of shops in the Ghent Business District.
- **Young Professionals and Couples** – Located throughout the PMA but with a clustered presence right within the Ghent Business District, this market segment provides almost limitless opportunities. Unburdened by mortgages and the costs associated with starting a new families,

this market segment may represent the biggest spenders. There are specific opportunities to target this market, including the introduction of trendy apparel shops for men and women, targeting marketing and merchandising campaigns in new and existing home furnishings stores, entertainment and recreation stores, and specialty stores including florists, jewelers, and gift stores. Restaurants also have a significant opportunity to capture dining out demand in this market segment.

- Young Families – The Ghent Business District as well as surrounding neighborhoods are home to many families with young children. The new residential development in areas including downtown, Ghent, and Larchmont will also draw young families. There are many opportunities to target this market segment, including the introduction of moderately priced family apparel shops, additional household furnishings and home maintenance stores, specific marketing and merchandising campaigns in existing household furnishing and home maintenance stores.
- Established Professionals and Empty Nesters – These residents live within the Ghent Business District but also have a strong presence in neighborhoods bordering on the Elizabeth River inlet, such as Larchmont, Talbot Park, Algonquian Park, and Lakewood. Their spending preferences include high quality furnishings and home décor, apparel, specialty goods including unique gift items, jewelry, and floral arrangements. This market segment also enjoys dining in high quality, local restaurants. Many of the existing independent retail shops have an opportunity to target this market segment.
- Seniors – With the construction of Harbor’s Edge and other senior living communities, retail demand from this market segment will only increase over time. Opportunities to target this market segment include marketing and merchandising campaigns in apparel and specialty shops and restaurants.
- College Students – Once leased, the new retail space at University Village adjacent to Old Dominion University may satisfy demand from this market segment. However, the extended absorption time in the new \$23 per square foot retail space in the University Village area may be a sign that there is insufficient demand for new retailers to locate in that area and that existing retailers should increase their efforts to target this group. As identified in the “College Towns” Community Tapestry segment, this market segment frequently eats out and orders in. While many Ghent restaurants are clearly geared toward a professional or family market, there are opportunities to increase service to this market segment by offering affordable entrees and take out service. Their leisure activities also represent an opportunity to target this market segment. Stores in the entertainment and recreation category, including book stores, video rental and gaming stores, and yoga studios are all potential college student destinations. Personal care establishments, including beauty salons, should also target this market segment.

4.3 Additional Sources of Market Demand

As discussed in the Trade Area section, Ghent’s primary market area represents the most significant source of demand for Ghent’s shoppers and convenience goods establishments. However, Ghent has access to several additional sources of market demand that represent significant retail expenditure potential. These additional market groups include the following:

- Tourists/Institutional and Cultural Events Visitors – People visiting Norfolk to enjoy cultural events, such as exhibits at the Chrysler Museum, performances at Scope and the Harrison Opera

House, maritime attractions on the waterfront, and performing arts academies and other special destinations in Ghent represent an important source of unique market demand. These customers are likely to eat in restaurants, purchase small gift items, and browse art galleries, antique shops, and larger shoppers goods retail establishments. All of these retail categories are prominent in Ghent already and represent a key opportunity to capture additional retail expenditure from this market group.

- Hospital Visitors - Visitors to Sentara Norfolk General Hospital, Children’s Hospital of the King’s Daughters, and the new Sentara Heart Hospital are another unique demand generator. These customers are likely to eat in restaurants and purchase convenience goods and small gifts.
- Special Ghent Visitors – Many people come to Ghent on a regular basis for leisure activities, including acting lessons, yoga classes, performances at the Generic Theater, and independent film showings at Naro Theater. If made aware of the retail offerings in Ghent, these people are likely to eat in restaurants and purchase a wide variety of convenience and shoppers goods.
- Specialty Market Visitors – Many people come to Ghent specifically to purchase a designer sofa or particular antique. As with the “Special Ghent Visitors”, if made aware of the retail offerings in Ghent, these people are likely to eat in restaurants and purchase a wide variety of other shoppers goods, including fine women’s apparel, jewelry, and small gifts, and home maintenance materials, and other home décor and household furnishing items.

4.4 Market Capture Rate Analysis

To determine and evaluate conditions within the Ghent Business District and to establish a baseline understanding of the magnitude of the potential for retail development, market capture rates in the PMA were determined for each retail category. Market capture rates are a measure of the percentage of trade area expenditures that are “captured” by a defined market area. To calculate the market capture rates of the Ghent Business District, the retail expenditures of the PMA residents, the sales by market source, and the total retail sales for the Ghent Business District were determined.

PMA Retail Expenditure

To establish the size of the local market area, annual retail expenditure by residents of the primary market area was estimated.¹⁴ The expenditures provide a measure of demand for retail goods and services. These expenditure estimates are presented in Figure 19. The *Household Expenditure* column provides the average annual household expenditures in different retail categories by households within the primary market area. The *Total Expenditure* column multiplies the average annual household expenditures by the number of households in the PMA to establish total expenditure by PMA households. The *% of Total Expenditure* column provides the annual household expenditure for that category as a percent of total annual household expenditure. This column indicates that households spend the most on groceries and related items at food and beverage stores. Dining out is also a high expenditure category, as are expenditures on apparel and specialty items.

Figure 19: Annual Retail Expenditure
Primary Market Area

¹⁴ These expenditure estimates are derived from the U.S. Bureau of Labor Statistics Consumer Expenditure Surveys.

(2005)			
Retail Category	Household Expenditure	Total Expenditure	% of Total Expenditure
Food and Beverage Stores	\$6,251	\$127,726,683	33%
Apparel and Specialty ¹	\$2,386	\$48,745,046	13%
Household Furnishings and Home Maintenance	\$1,535	\$31,364,655	8%
Personal Care ²	\$2,207	\$45,095,631	12%
Entertainment and Recreation ³	\$2,672	\$54,596,976	14%
Eating & Drinking Establishments	\$3,633	\$74,233,089	19%
Total	\$18,684	\$381,762,080	100%

Source: BBP Associates, ESRI Business Solutions

¹Apparel includes Apparel and Used Merchandise Stores

¹ Specialty includes Florists, Gift Stores, Jewelry, Art Galleries, computers

² Personal Care includes convenience and misc. goods stores, pharmacies, hair and nail salons, dry cleaning, and tailors

³ Entertainment and Recreation includes video rental, books, DVDs, Pet supplies, photo equipment, and sports equipment

In addition to resident retail expenditure, annual retail expenditure by employees located within the primary market area should also be estimated. There are 36,160 employees located within the PMA, and these employees spend approximately \$54,240,000 on retail goods and services annually.¹⁵

PMA Retail Expenditure by New Residents and Employees

In addition to the existing residents of the PMA and employees, an estimated 3,144 new residential units are planned or proposed for construction within the PMA. The City's planned and proposed new commercial development projects (office, hotel, industrial, and retail space) will also bring new employment to the City (805 new industrial employees, 2,552 new office-based employees, 797 new retail employees, and 183 new hospitality employees).¹⁶ The new residents and employees located in the primary market area translate into additional retail demand that should be factored into the total size of the primary market area. The potential annual retail expenditure these new employees and residents will add to the Ghent Business District primary market is estimated to be between \$72 million and \$132 million.

Ghent Business District Sales

Using data compiled by the City of Norfolk Commissioner of the Revenue from 2005 reported gross sales receipts, retail sales by category for the Ghent Market Area were determined.

Figure 20: Estimated Annual Retail Sales Ghent Business District (2005)		
Retail Category	Total Sales	% of Total Sales
Food and Beverage Stores	\$35,735,028	31%
Eating & Drinking Establishments	\$31,139,534	27%
Personal Care	\$25,517,741	22%

¹⁵ ESRI Business Information Solutions. 2006. An average of \$1500 per year per employee is used to estimate total annual employee retail expenditure.

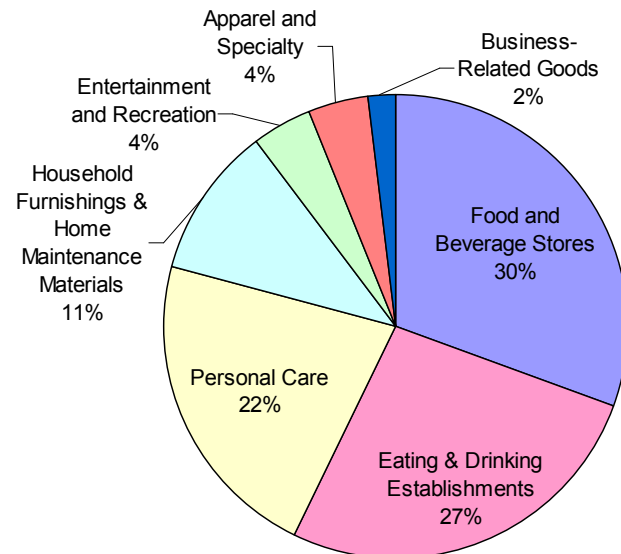
¹⁶ City of Norfolk Department of Development, March 2006.

Household Furnishings & Home Maintenance Materials	\$12,416,104	11%
Entertainment and Recreation	\$5,038,693	4%
Apparel and Specialty	\$4,880,634	4%
Business-Related Goods	\$2,135,266	2%
TOTAL	\$116,863,001	100%

Source: City of Norfolk Commissioner of the Revenue, BBP Associates

Figure 21: Ghent Study Area Distribution of Annual Retail Sales (2005)

Food and beverage stores represent the largest share of total sales, followed by eating and drinking establishments, and personal care, which includes pharmacies and hair and nail salons. Home furnishings, home décor, and home maintenance materials also represent a significant percentage of total retail sales.



Source: City of Norfolk Commissioner of the Revenue, BBP Associates

Entertainment and recreation and apparel and specialty shops, both represent four percent of total sales, or approximately \$5,000,000 in each category. Business-related goods represent the smallest share of total retail sales.

Estimated sales per square foot for most of the retail categories are consistent with average sales per square foot for similar retail establishments. The exceptions are apparel and specialty and home maintenance materials. Sales per square foot for these categories were more than 50 percent lower than industry standards for these categories. While these categories, as is the case with all the categories, have potential to increase their sales volume, it is unlikely that the apparel, specialty, and home maintenance materials are under performing by such a significant margin. As the sales information by category was obtained directly from the Commissioner of the Revenue, possible explanations for the reported under performance may include under reporting of gross revenue and/or differential allocations of revenue by store type.

Retail Sales by Market Source

The Ghent Business District retail market derives a certain amount of its sales from residents living within the PMA and the remainder from outside the PMA. Based on discussions with study area business owners and industry knowledge, approximately 80 percent of retail sales of shoppers and convenience goods are estimated to be made by the residents of the PMA. The remaining 20 percent of the retail sales are made by persons residing outside of the PMA. For household furnishings and furniture, approximately 70 percent of the retail sales are estimated to be made by persons residing in the regional market area. The remaining 30 percent of retail sales are estimated to be made by residents outside of the PMA.

**Figure 22: Annual Retail Sales by Source
Ghent Business District
(2005)**

Retail Category	Total Sales	Sales to Trade Area Residents		Total Sales Outside of Trade Area	
		Total PMA Sales	Percent of Sales	Total Non-Trade Area Sales	Percent of Sales
Food and Beverage Stores	\$35,735,028	\$28,588,022	80%	\$7,147,006	20%
Eating & Drinking Establishments	\$31,139,534	\$24,911,627	80%	\$6,227,907	20%
Personal Care	\$25,517,741	\$20,414,193	80%	\$5,103,548	20%
Household Furnishings & Home Maintenance Materials	\$12,416,104	\$3,724,831	30%	\$8,691,273	70%
Entertainment and Recreation	\$5,038,693	\$4,030,954	80%	\$1,007,739	20%
Apparel and Specialty	\$4,880,634	\$3,904,507	80%	\$976,127	20%
TOTAL	\$114,727,734	\$85,574,135		\$29,153,599	

Source: City of Norfolk Commissioner of the Revenue, BBP Associates

Market Capture Rates

The calculation of the retail sales by source within the Ghent Business District combined with estimates of retail expenditures allows for the estimation of the capture rate of trade area expenditures. The capture rate is essentially a measure of the percentage of expenditures “captured” from an area. Total sales (supply) to a trade area divided by the total expenditures (demand) of that trade area results in a percentage that is referred to as a capture rate. Those sales not captured represent the net leakage, the amount of expenditures that take place outside of the Ghent Business District.

**Figure 23: Retail Market Capture Rates by Retail Category
Ghent Business District
(2005)**

Retail Category	Total Sales	Sales to Local Market Area	Total Expenditure	Retail Outflow	Capture Rate
Food and Beverage Stores	\$35,735,028	\$28,588,022	\$127,726,683	\$99,138,661	22%
Eating & Drinking Establishments	\$31,139,534	\$24,911,628	\$74,233,089	\$49,321,461	34%
Personal Care	\$25,517,741	\$20,414,193	\$45,095,631	\$24,681,438	45%
Household Furnishings & Home Maintenance Materials	\$12,416,104	\$3,724,831	\$31,364,655	\$27,639,824	12%
Entertainment and Recreation	\$5,038,693	\$4,030,954	\$54,596,976	\$50,566,022	7%
Apparel and Specialty	\$4,880,634	\$3,904,508	\$48,745,046	\$44,840,538	8%
TOTAL	\$116,863,001	\$85,574,136	\$381,762,080	\$296,187,944	22%

Source: City of Norfolk Commissioner of the Revenue, BBP Associates

This comparison of sales to the local market area and total retail expenditure by residents in the local market area reveal a number of opportunities for retail development. The total retail outflow is \$296 million. Ghent stores are selling \$85 million worth of merchandise to the local market area residents yet

these same residents are spending a total of \$381 million. In other words, Ghent Business District retail establishments are capturing 22 percent of the total local market area expenditure.

4.5 Retail Enhancement and Development Opportunities

The breakdown by specific retail categories reveals that all categories have an opportunity to increase their sales by selling more to the local market area; however, some categories have more opportunity than others. Apparel and specialty and entertainment and recreation have capture rates less than 10 percent. While local market area buyer preferences will dictate to a degree the extent to which these categories can penetrate the local market area, retail outflow in these categories is \$50 million for entertainment and recreation and \$44 million in apparel and specialty. There is ample opportunity for these categories to increase sales to the local market area by increasing performance in existing stores as well as recruiting additional retailers.

Household furnishings and home maintenance materials also represent a category where opportunity exists. While purchases in this category are less dependable and regular than convenience goods purchases (i.e. groceries or video rentals) existing establishments in this category could capture additional retail expenditure in the PMA by adding products to their merchandise mix that the market segments in the PMA need. The strength of the regional and non-geographic customer base would also support an increase in total sales as well as recruitment of additional retailers in this category.

Personal care and eating and drinking establishments are capturing a respectable share of the local market area retail expenditure. However, the retail outflow in these categories indicates that there is clearly opportunity for existing establishments to increase performance and capture additional dollars.

Food and beverage stores are capturing a relatively small share of the local market expenditure. Anecdotal information about Ghent's current inventory indicates that existing stores exceed their capacity in attempting to satisfy local demand. While existing stores may be able to improve their sales performance, adding new stores and store expansions will be most effective in increasing the capture rate in the local market area.

4.6 Retail Market Analysis Conclusions

The Ghent Business District includes three major retail categories: convenience goods, shoppers goods, and home maintenance materials and household furnishings and furniture. The shoppers goods and convenience goods primarily serve a primary market area while home maintenance materials and household furnishings and furniture have a more regional draw.

One of Ghent's unique advantages is that the PMA includes a wide variety of market segments. These segments include: College Students, Ethnic and Religious Groups, Young Professionals and Couples, Young Families, Established Professionals and Empty Nesters, and Seniors. Each of these market segments has specific retail demands and represents an opportunity for Ghent retail stores to broaden their customer base by diversifying their merchandise and marketing strategies.

In addition to a diverse PMA, Ghent has access to a number of non-geographically based market segments. These include tourists, employees, visitors to the area hospitals and medical facilities, Ghent visitors, and specialty market visitors. Each of these market segments represents additional opportunities to capture retail expenditure.

The depth and breadth of Ghent's market potential compared to sales to the local market area revealed a number of opportunities to increase retail sales. While Ghent's currently captures an estimated 22 percent of PMA residential expenditure, this rate of performance leaves opportunities to increase sales.

There is also sufficient market demand to increase the physical inventory in a number of categories, particularly food and beverage, household furnishings and home maintenance, recreation and entertainment, and apparel and specialty shops. The planned Palace Station project at the intersection of 22nd Street and Llewellyn is illustrative of the market support for new retail development.

The analysis of capture rates and PMA expenditure indicate that there is sufficient retail expenditure generated by the PMA and other market sources to support select chain store retailers. The Appendix presents data (sales, store sizes, and sales per square foot) for a selection of national retailers that may be relevant to Ghent's context. While the independent and diverse character of Ghent's retail was cited as one of the greatest strengths, stakeholders did not indicate resistance to recruiting selected national chain store retailers that would complement and enhance the existing retailers.

While benefits including brand recognition and potential to increase regional draw and increased sales revenue, there are several drawbacks. Chain store retailers are often willing to pay higher retail rents than independent merchants, and their arrival often pushes up asking rental rates. High customer volume at chain stores implies a greater parking demand than may be needed for an independent merchant. Perhaps most importantly, chain stores could diminish Ghent's eclectic and diverse character.

One of the most significant factors in determining whether chain store retailers come to Ghent is likely the composition and character of the competitive retail environment. MacArthur Center may continue to present the most significant challenge in recruiting national chain store retailers.

In addition, as presented in the Appendix, another factor influencing a chain store retailer's decision to locate in an area is space and parking requirements. Chain store retailers typically occupy retail space twice as large as the existing retail space in Ghent and require significantly more parking than is currently available. New retail developments that can accommodate these space and parking requirements will be the most likely destination for chain store retailers.

Given the challenges and drawbacks associated with recruiting national chain store retailers, improving marketing and merchandising in existing stores and recruiting independent retailers may represent Ghent's best opportunities to enhance its competitive market position. Ghent's current average rental rate (\$14 per square foot per year) is competitive enough to accommodate independent retailers – a key factor to consider in establishing asking rental rates.

The development of new retail projects, in conjunction with the new multi-family residential projects, may represent an opportunity to introduce shared parking in order to reduce on-site parking demand. By taking into account differential peak demand hours, the parcels located on West 22nd Street and Monticello Avenue may be large enough to provide parking sufficient for residents and employees on site as well as shoppers coming from off site retail establishments that do not have adequate space on site to meet parking demand.

The mixed use infill projects in Ghent and downtown Norfolk may also contribute toward critical mass that that could represent an opportunity to enhance public transportation options for Ghent residents and shoppers. The compact nature of this development could be sufficient to support a limited service Ghent shuttle system moving customers from shared parking facilities on the eastern side of the business district along West 21st Street, West 22nd, and Colley Avenue.

5 Residential Market

5.1 Overview

The Ghent Business District includes 1,727 housing units with 805 units soon to be completed or planned for development. Ghent’s existing plus planned residential units represent 2.5 percent of the City’s existing plus planned residential units, yet its existing single family homes are only 1 percent of the City’s single family units while its multifamily units (condominiums and apartments) represent 5 percent of the City’s multifamily units. Ghent’s existing and planned multifamily housing is a dominant component of the business district’s residential areas.

**Figure 24: Existing and Planned Residential Development
Ghent Business District and Norfolk
(2006)**

	Ghent		City of Norfolk		Ghent as % of City	
	Single Family Detached & Attached	Multifamily	Single Family Detached & Attached	Multifamily	Single Family Detached & Attached	Multifamily
Existing	566	1,161	58,821	35,406	1%	3%
Planned	0	805	883	4121	0%	20%
Total	566	1,966	59,704	39,527	1%	5%

Source: City of Norfolk Department of Development, U.S. Census, BBP Associates

5.2 Southside Hampton Roads and City of Norfolk Residential Market

The Southside Hampton Roads regional residential market includes Virginia Beach, Chesapeake, Norfolk, Portsmouth, Suffolk, Southampton County, and Isle of Wight County.

Home to 1.11 million residents in 2005, the region is projected to increase by 1 percent to 1.12 million in 2010 with a total population of 1.22 million people in 2030. These projections anticipate 10,000 new residents between 2005 and 2010, and almost 54,000 new residents between 2010 and 2020.

Figure 25: Hampton Roads Regional Residential Market



Source: ESRI Business Information Solutions

Figure 26: Population Projections Southside Hampton Roads (2005 – 2030)			
Year	Population	Five-Year Percentage Increase	Annual Percent Increase
2005	1,110,511	n/a	n/a
2010	1,120,500	1%	0.18%
2020	1,173,800	5%	0.48%
2030	1,227,400	5%	0.48%

Source: Virginia Employment Commission

The City of Norfolk is home to 239,619 residents, or 21 percent of the Southside Hampton Roads residential market. The City residents live in 95,808 housing units, of which 42.8 percent are owner occupied, 48.2 are renter occupied, and 9.8 units are vacant.

Residential Construction

Within the Southside Hampton Roads market area, it is anticipated that much of the projected population growth will be in suburban locations where land costs are lower than urban areas. Residential building permits issued from 2002 to 2005 provide evidence of this trend. A total of 20,651 permits were issued in Southside Hampton Roads, and suburban locations in Virginia Beach, Chesapeake, and Suffolk realized the largest shares of this new residential development.

Figure 27: Residential Building Permits Southside Hampton Roads (2002 – 2005)		
County/City	Total Permits	Total Permits as % of Total
Virginia Beach	6,722	33%
Chesapeake	5,061	25%
Norfolk	2,661	13%
Suffolk	3,622	18%
Isle of Wight Co.	1,566	8%
Portsmouth	605	3%
Franklin/So. Hampton	414	2%
TOTAL	20,651	100%

Source: ODU 2006 Residential Market Survey, City of Norfolk Office of Budget and Management

Despite its lack of undeveloped land, the City of Norfolk's 2002 to 2005 residential development represents 13 percent of total building permits, and the increases in the number of building permits issued in the City of Norfolk are among the largest increases in the Southside market.¹⁷

¹⁷ City of Norfolk Office of Budget and Management, 2006.

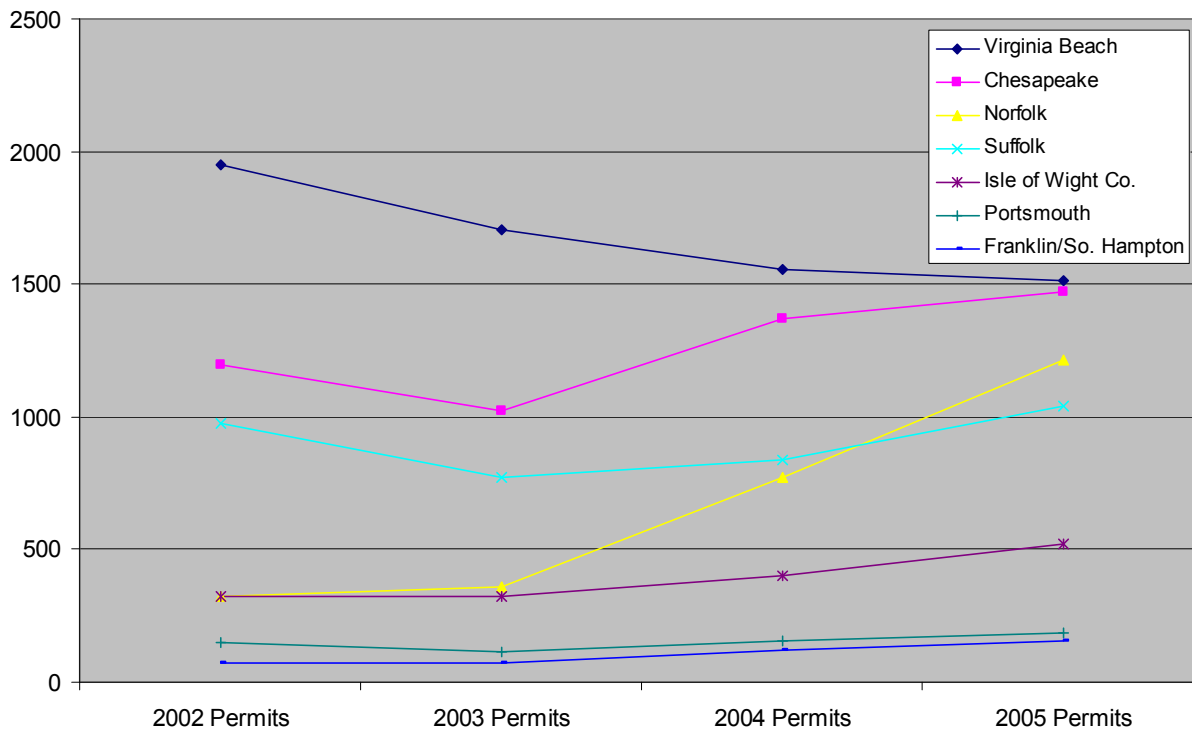
**Figure 28: Residential Building Permits
Southside Hampton Roads
(2002 – 2005)**

County/City	2002 Permits	% Change (2002 - 2003)	2003 Permits	% Change (2003 - 2004)	2004 Permits	% Change (2004 - 2005)	2005 Permits
Virginia Beach	1951	-13%	1705	-9%	1,553	-3%	1,513
Chesapeake	1195	-15%	1021	34%	1,371	8%	1,474
Norfolk	561	4%	584	32%	770	65%	1273
Suffolk	976	-21%	770	9%	837	24%	1,039
Isle of Wight Co.	323	0%	323	23%	398	31%	522
Portsmouth	152	-25%	114	36%	155	19%	184
Franklin/So. Hampton	69	3%	71	70%	121	26%	153
TOTAL	4988	-13%	4360	19%	5205	17%	6098

Source: ODU 2006 Residential Market Survey, City of Norfolk Office of Budget and Management, Hampton Roads Planning District Commission

The number of residential building permits issued in the City of Norfolk increased by 4 percent from 2002 to 2003 and jumped by 32 percent from 2003 to 2004. The City was still the leader in 2005 with the largest increase (65 percent) in permits from 2004 to 2005.

**Figure 29: Southside Hampton Roads
Total Residential Building Permits Issued Per Year (2002 – 2005)**



Source: ODU 2003 – 2006 Residential Market Surveys

The number of permits issued in the City of Norfolk from 2002 to 2005 increased by 276 percent from 322 in 2002 to 1,213 in 2005. This rapid acceleration in residential construction occurred in the City of Norfolk at the same time as Virginia Beach experienced a 22 percent decrease in the number of building permits issued from 2002 to 2005.

The rapid acceleration in residential building construction is due in large part to the recent condominium and town house trend which is changing the face of both metropolitan areas and smaller cities. In 2005, 65 percent of the construction permits (783 permits) were for housing units in multifamily or duplex structures. Projects such as Harbor Walk in Ocean View, the Row at Ghent, and Landings at Bolling Square are only a few examples of recent condominium projects in Norfolk.

Pipeline Development

Residential pipeline development in the City indicates that the multifamily construction boom will continue through 2006. Condominium development outpaces all other types of residential construction – representing more than 50 percent of the pipeline development. This trend is consistent with the building permit data that placed Norfolk in the top three jurisdictions in terms of amount of residential construction. Multifamily apartment development also contributes significantly to the total residential development activity – representing a quarter of the pipeline. The strong presence of these two multifamily construction types is illustrative of the recent national phenomenon in which sales prices for single family detached housing have outpaced the purchasing power of traditional buyers and created demand for more affordable, multifamily development.

A total of 5,004 units were identified as planned projects in March 2006, and at least eighteen percent (900 units) have been completed. With these 900 units, the City of Norfolk will already capture 9 percent of the projected 2005 – 2010 Southside Hampton Roads regional residential growth.

The new residential development in the City is located in downtown (which includes Fort Norfolk), Church Street, Broad Creek, Ocean View, Willoughby, Larchmont, Ghent, Poplar Hall, Riverview, and Talbot Park. Significant projects in downtown include 388 Boush Street (94 condominiums), Granby Tower (311 condominiums), Harbor Heights (99 units), Ghent South Towers (118 condominiums combined with 150,000 square foot medical office complex), Heritage at Freemason Harbour (184 apartments), and the Kotarides project (250 apartments). The 163 units of senior housing will be located at Harbor's Edge, a high end, continuing care senior residence. The high rise building is located at Fort Norfolk and being developed by Greystone.

Large scale projects in Larchmont, Riverview, and Talbot Park include Riverside Terrace in Talbot Park (300 condominiums) and the Landings at Bolling Square in Larchmont (84 condominiums and town homes).

The largest shares of new development in the city are located in downtown, Ocean View and Willoughby, and Ghent, with condominium development located heavily in downtown and Ocean View. Ghent will capture 16 percent, or 805 units, of the 5,004 planned residential units, following the downtown area with 38 percent of the planned residential development and Ocean View/Willoughby with 28 percent of the residential development. The Larchmont, Talbot Park, Riverview, and Kensington neighborhoods will also experience a notable share (9 percent) of the residential development.

**Figure 30: Location of Pipeline Residential Development
City of Norfolk
(March 2006)**

	Condominiums	Apartments	Single Family	Senior	SRO	Totals	% of Total
Downtown	1,250	491	0	163	0	1,904	38%
Ocean View and Willoughby	647	0	777	0	0	1,424	28%
Broad Creek & Church St.	0	150	94	0	0	244	5%
Poplar Hall	18	0	0	0	0	18	0%
Larchmont, Talbot Park, Riverview, Kensington	411	24	0	0	0	435	9%
Ghent	234	511	0	0	60	805	16%
Other	162	0	12	0	0	174	3%
Totals	2,722	1,176	883	163	60	5,004	100%

Absorption

Absorption levels in residential projects located proximate to Ghent have been surveyed at roughly 20 units sold per month over the past twelve months, for a total of 244 closings out of a total of 378 completed units (Figure 31). The 388 Boush Street project, a 94-unit condominium project in downtown Norfolk, was omitted because units began selling in August 2004, and the majority of the 388 Boush Street units sold in the first few months.

Absorption levels at each project range between 4 and 11 units per month. The Ghent on the Square absorption rate is high relative to the other projects. While condominium conversions typically result in 12 to 15 percent of the sales to existing residents, this conversion only resulted in 8 to 9 percent of the sales to existing residents. Many of the existing tenants were college students and people in the military who were not interested in purchasing a unit. The largest market segment to purchase units was Navy officers. The rapid absorption indicates that there is demand in this market segment for high quality, moderately priced homes within the Ghent community.

Both luxury and more moderately priced units are experiencing healthy absorption levels, although the downtown luxury units - such as those at Harbour Heights - are selling at a slightly slower pace.

**Figure 31: Condominium Absorption Rates
City of Norfolk
(May 2005 – May 2006)**

	Total Units	Units Sold	# Months Available	# Sales/ Month
Landings at Bolling Square	84	52.92	7	7.6
Row at Ghent	84	63	12	5.3
Ghent on the Square	111	79	7	11.3
Harbour Heights	99	49.5	12	4.1
388 Boush Street	94	87	n/a	n/a
Total	378	244.42	12	20.4

Source: BBP Associates

Average Sales Prices

In a survey conducted by the National Association of Realtors, the Hampton Roads region was found to rank seventh in the nation for median home price increases, with an increase of 31.5 percent over last fiscal year and a median price of \$220,500. Overall, median prices increased 13.6 percent across the nation in 2005, according to the report, which surveyed 145 markets.¹⁸

Average sales prices in the region have significantly increased - from \$241,788 in 2003 to \$356,349 in 2005. The individual market segments experienced large increases across the board in 2004, with price increases ranging from 14.6 percent for condominiums and 38.7 percent for townhouses. In 2005, price increases continued to be large, with a notable exception in the town house market segment in which prices increased by only 1.6 percent. The small price increase in the segment is due to an influx of affordably priced town houses.¹⁹

The average sales price for all types of residential construction in the City of Norfolk is \$349,037, or 2 percent lower than the average sales price in the region. In contrast, the average sales price for new condominiums in the City of Norfolk is \$308,021, or 8 percent higher than the regional average sales price for new condominiums. The significant number of luxury condominiums located primarily in downtown Norfolk is responsible for nudging the average condominium price above the regional average.

**Figure 32: Average Sales Prices for New Residential Construction
Hampton Roads and City of Norfolk
(2004 – 2005)**

Construction Type	HR Average Sales Price (2003)	% Increase From 2003	HR Average Sales Price (2004)	% Increase From 2004	HR Average Sales Price (2005)	Norfolk Average Sales Price (2005)
All Types	\$241,788	20.80%	\$292,080	22%	\$356,349	\$349,037
Single-Family Detached	\$254,118	22.50%	\$311,295	27.80%	\$397,783	n/a
Condominium	\$207,714	14.60%	\$238,040	18.20%	\$281,278	\$308,021
Town Home	\$189,040	38.70%	\$262,198	1.60%	\$266,389	n/a

Source: ODU Residential Market Surveys, 2003 - 2006

Assuming conventional mortgage loan standards including a 20 percent down payment, a six percent interest rate, and 25 percent of gross income for housing costs, a household would need to earn \$92,000 to purchase a single family detached home, \$65,000 to purchase a condominium, and \$61,000 to purchase a town home.

In a survey of projects within close proximity to the Ghent Business District, sales prices were found to be above the City average of \$308,000 for a condominium unit. Several luxury products are currently being sold for prices far exceeding the average price.

¹⁸ "Region's median home price jumped 31.5 percent last year", The Virginian-Pilot, February 16, 2006.

¹⁹ ODU 2006 Residential Market Survey

**Figure 33: Condominium Recent Sales Prices
City of Norfolk
(2006)**

Community	Sales Price (000s)	Location
Landings at Bolling Square	\$329,000 - \$575,000	Larchmont
Harbour Heights	\$290,000 - \$800,000	Downtown
388 Boush Street	\$250,000 - \$375,000	Downtown

Source: BBP Associates,

Harbor Heights is a high end product, featuring one bedroom units (1100 square feet) starting at \$290,000 and 2,500 square feet three bedroom units selling for \$800,000. Harbor Heights will have a full service/high end grocery store on the ground floor. At 388 Boush Street, the sales prices are much lower than at Harbor Heights, yet many of these units were sold in 2004 and thus reflect 2004 sales prices. In the Hampton Roads region, the average sales price for a new condominium has increased from 2003 to 2005 by 37 percent, from \$207,000 to \$281,000.

Apartment Market

The multifamily apartment market in Hampton Roads includes over 80,000 apartment units. Almost 1,500 units started in the past twelve months, and in October 2005, there were 2,595 units under construction and an additional 1,764 units proposed. The largest share of new apartment construction was taking place in Newport News (750 new units) with Hampton following with 600 units and then Norfolk with 450 new units.²⁰

In October 2005, the regional average occupancy rate was 96.2%. Norfolk's occupancy rate was higher than the region's at 97 percent. This was the third highest occupancy rate in the region.

The average quoted rental rate for the Hampton Roads region is \$785 per month; one-bedroom units have an average rate of \$696 per month, two-bedroom units have an average rental rate of \$794, and three-bedroom units have an average rental rate of \$928 per month.²¹ At \$750 per month, Norfolk's average rental rate is below the average regional rental rate.

In the City of Norfolk, there are 1,176 apartment units currently under construction or planned for development as of March 2006. This pipeline development represents 23 percent of the total 5,004 residential units currently under construction or planned for development in the City of Norfolk. With 491 planned units in downtown and 511 units in Ghent, the planned apartment construction is located in parts of the City that already have a strong apartment presence. Of the 1,727 housing units in Ghent, 67 percent are located in multifamily structures with more than three dwelling units.

5.3 Sources of Market Demand

The sources of market demand driving the City of Norfolk residential market include regional employment growth and the arrival of couples and individuals seeking an urban lifestyle on the City's waterfronts and the enjoyment of the City's cultural opportunities.

²⁰ ODU 2006 Residential Market Survey

²¹ Ibid

Population growth is expected to occur as increased defense spending, new maritime development, and headquarters expansion increase employment opportunities. The Hampton Roads Planning District projects employment growth of 81,203 new positions from 479,159 in 2002 to 560,362 in 2012. This growth represents an annual increase of 1.58 percent and a total increase of 16.9 percent.

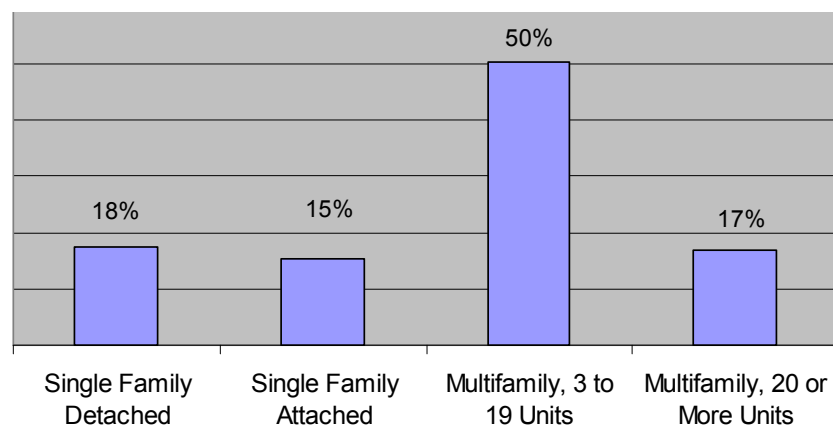
New high rise office construction, such as the \$53 million Trader Publishing headquarters, will add 1,600 new employees to downtown Norfolk and represents an important portion of that new residential demand. The new Heart Pavilion at Sentara Norfolk General Hospital is also a demand generator for high end residential development in Norfolk. Opened in February 2006, the 6-story, 324,000-square-foot addition is connected to the existing Sentara General Hospital facility and centralizes all cardiac services. Other sources of new residential demand are identified in the industrial and office space market study sections. Office space development alone may bring as many as 2,550 new employees to the City of Norfolk, and industrial development projects may bring 800 new employees. This new employment represents 4 percent of the total employment growth projected in the region through 2012.

Population growth will also be fueled by the arrival of baby boomers looking to retire in resort communities on the region's shorelines and waterfronts. There are now 415,000 baby boomers living in Hampton Roads, and that number represents 25 percent of the region's population, an 8 percent increase since 1990. By 2010, the number is projected to hit 439,000.²² Within the City of Norfolk, the influx of condominium development to the City of Norfolk is due in large part to the new residential demand sparked by early retirees seeking an urban, waterfront lifestyle and job growth in the downtown core. The Freemason townhouse projected completed several years ago in downtown in which units sold for \$600,000 proved that there is a market for high end, urban residential development in Norfolk.

5.4 Ghent Business District Residential Market

The Ghent Business District includes 1,727 housing units, of which 303 are single family detached homes (18 percent of total units), 264 are single family attached or in a structure with only one other unit (15 percent of total units), and 1,161 units are in multifamily structures with more than 3 units (67 percent of total units). There are 172 units in a structure with more than 50 units and 118 units in a structure with 20 to 49 units.

Figure 34: Breakdown of Ghent Housing Units (2006)



Source: ESRI Business Information Solutions, 2005

²² Battinto Batts Jr., "A closer look at the condo boom in Hampton Roads," The Virginian-Pilot, May 14, 2006.

Figure 35: Ghent Business District Planned Residential Projects (2006)



As presented in Figure 35, as of June 2006, Ghent will realize 16 percent, or 805 units, of the 5,004 planned residential units, including 8 percent of the condominium pipeline (234 units) and 43 percent of the apartment pipeline (511 units). Sixty units of single room occupancy dwellings at 24th Street and Gosnold Avenue were also included because of their proximity to the Ghent neighborhood.

The Bristol and the Row at Ghent represent a mixed project in which 267 units are apartments and 84 units are condominiums. One parking space is being provided with each unit. The site is a 4.2 acre site and was sold for \$25.14 per square foot. As of May 15, 2006, 75 percent of the condominiums had sold (since October 2005) at prices ranging from \$242,000 to \$255,000 for a one bedroom and from \$275,000 to \$295,000 for a two-bedroom unit. Row at Ghent condominiums are selling slightly lower than the City average. At the Bristol, 29 apartments had been leased between April and May 2005. The Bristol at Ghent apartment units are leasing for \$825/mo for 1 BR (\$1.46 per square foot) to \$1,825/mo for 3 BR (\$1.37 per square foot). As new construction, these rates are higher than Hampton Roads average rents which are \$ 696 per month for a one-bedroom, \$794 for a two-bedroom, and \$928 per month for a three-bedroom.²³

The Colonnade is a 24-unit project under construction adjacent to the Harris Teeter on Colonial Avenue. The Ellington is a 15-unit project at the intersection of Redgate and Hampton Boulevard. The building is complete and sales agents are taking reservations for the new units. Each unit will come with two parking spaces.

Ghent on the Square is a 111-unit condominium conversion. All of the products include at least one parking space in the sales price, and the units have been renovated. As of May 2006, the property owner had closed on 79 units with 13 units remaining. Prices ranged from \$204,000 for a one-bedroom to \$279,000 for a three-bedroom – lower than the City average. This is a high quality product but without the luxury amenities available at a product such as Harbor Height.

The 201 Twenty One project will be located on the former Sears/Farm Fresh site at 201 W 21st St. The site is 2.7 acres and was sold for \$25.43 per square foot. The project will be a five-story, 244-unit high end apartment building with 500 parking spots of internal structured parking. The ground level will have 13,500 square feet of convenience retail, such as a Starbucks, drycleaner, or bank. The building will include a concierge, gym, security, and internet access. Construction is expected to start in fall 2006. The developers anticipate a 50-50 split between one and two bedroom units.

While representing 16 percent of the City's total residential construction, Ghent represents the largest share of the new apartment construction (43 percent) with the Bristol at Ghent and 201 Twenty One. As

²³ ODU 2006 Residential Market Survey

high end apartment communities, both projects will have rental rates higher than the regional average, and units at the Bristol have leased so far to a broad range of tenants, including both established professionals and younger people just beginning their careers.

The large share of apartment construction is consistent with Ghent's existing position within the City and region. In the Ghent Business District, 62.4 percent of the housing units are renter occupied. This is significantly higher than the City of Norfolk (48.2 percent of housing units renter occupied) and the Hampton Roads region (33.9 percent of housing units renter occupied).²⁴

Ghent's planned new condominium projects represent a smaller share of the City's residential construction than the apartment projects, yet these projects also represent high quality products. While the Row at Ghent and Ghent on the Square have targeted both young and established professionals with sales prices between \$200,000 and \$350,000 per unit, the Ellington has been designed for established professionals willing to pay at least \$600,000 for a new condominium.

5.5 Residential Market Conclusions

The Hampton Roads region has enjoyed a healthy residential market. The region experienced a 17 percent increase in construction permits from 2004 to 2005, and prices increased by 22% during that same time period. The average vacancy rates in apartment buildings is less than 5 percent, and 1,150 units were absorbed between April 2004 and April 2005. This is an increase of almost 800 units over prior year absorption.

The City of Norfolk's residential market has also been strong. Construction permits increased by 57 percent from 2004 to 2005 and represented the fourth highest share of construction permits in the region. There are over 5,000 units, of which 60 percent are condominiums, in the development pipeline. The area surrounding the Ghent Business District has enjoyed healthy absorption levels in new condominium construction – averaging 20 units per month.

Reflecting a nationwide trend, a market cooling has begun. As supply outpaces demand, prices exceeding first home buyer purchasing capacity, and interest rates continuing to escalate, there has been a slow down in the pace of sales. From the end of 2004 to the end of 2005, the Hampton Roads region experienced a 7.7 percent decrease in closings on all types of residential construction, and the City of Norfolk experienced a 25 percent decrease. It remains to be seen whether all the City's planned residential projects will proceed to construction. The influx of early retirees and second home buyers represent an important source of demand that will absorb a significant number of these units. However, the City's 5,000 planned residential units exceed the City's projected new employment by almost 50 percent.

Despite concerns about a slowdown in the market, residential development continues to represent an opportunity for Ghent. The soon-to-be completed and upcoming residential projects have established Ghent as a development destination for high quality and luxury multifamily development targeting both young and established professionals. Recent land acquisition for residential development in Ghent has been recorded at \$25 per square foot, a rate understandably higher than acquisition on greenfield sites (\$1.37 to \$6.89 per square foot) but reasonable by urban infill standards.²⁵ Provided that the market

²⁴ ESRI Business Information Solutions, 2005.

²⁵ To build the Bristol and the Row at Ghent, Bristol Development LLC purchased 4.6 acres through several transactions at a total cost of \$4.2 million (\$25/SF). Source: Virginia Business.com. Retrieved on May 15, 2006.
<http://www.gatewayva.com/biz/virginiabusiness/magazine/yr2004/dec04/qtrans.shtml>

continues to support sales prices near \$250 per square foot and construction costs stabilize between \$75 and \$80 per square foot, condominium development will continue to represent an opportunity.²⁶ To avoid the fluctuations in the first-time home buyer market segment, early retirees and seniors should be considered as a target population for this type of development.

Multifamily apartments also represent an opportunity for the residential sector in Ghent. The Bristol at Ghent apartment project has experienced particularly high absorption levels, with 30 units absorbed in the first month of leasing at rental rates substantially higher than the regional averages (\$825 to \$1825 per month versus \$696 to \$928 per month). These rental rates combined with rapid absorption have proven that there is a strong market for high end apartments in Ghent.²⁷ This market will grow even stronger as households who would have considered a condominium purchase a few years make the decision to rent instead.

The target market segment for this type of development should be young professionals and young couples. This group is already a mainstay of the Ghent community. These younger households tend to move frequently and are employed as professionals, junior executives, office and “knowledge” workers, and other white-collar jobs. Growth in this segment will likely occur as professional employment opportunities in downtown Norfolk increase.

The growing size of the early retiree and senior market segments and their demand for multifamily housing options should be considered as an opportunity to develop a special residential niche in Ghent. In the City of Norfolk alone, the 55 to 84 age group is projected to increase by 4,201 people between 2005 and 2010. This represents a total increase of 11 percent, or 2 percent per year.²⁸ The cultural opportunities located within close proximity to Ghent’s commercial corridors, combined with the retail diversity in the Ghent Business District provide a number of the amenities that this market segment will seek. Ghent’s close proximity to health care facilities at Fort Norfolk and the Eastern Virginia Medical Center Complex also represent community features that these market segments will desire.

Apart from the market support for new residential construction, residential development on Ghent’s commercial corridors will contribute additional vibrancy to the community, add new foot traffic to the streetscape, and boost the retail market in Ghent. Underutilized parcels on West 21st Street and Monticello Avenue represent opportunities to encourage multifamily residential development with ground level retail and internal structured parking. This development pattern will connect the streetscape between Colley Avenue and Monticello, and bring new vitality to the eastern portion of the business area.

Land for residential construction in the Hampton Roads region sold for \$60,000/acre (low) to \$300,000 (high) in 2005. Source NAI Harvey Lindsay Hampton Roads Market Research, 2005. Retrieved on May 16, 2005.

http://www.naidirect.com/market_research/html/504301_marketrep.aspx?pageTitle=Market%20Research

²⁶ As of 5/06, condominium units at the Row at Ghent range in price from \$295,900 for a 1,300 SF 2 br, 2 ba units (\$227/SF) to \$240,000 for a 756 SF unit (\$320/SF). Source: Nancy Chandler Associates. www.nancychandler.com.

\$75 to \$80/SF cited by developer stakeholder as current construction costs for high amenity multi family construction.

²⁷ NAI Harvey Lindsay Hampton Roads Market Research, 2005..

²⁸ ESRI Business Information Solutions, 2005

6 Office Market

6.1 Overview

The Ghent Business District represents a small share of the City's office space inventory – approximately 100,000 square feet, or two percent of Norfolk and less than one percent of Hampton Roads. Ghent's average lease rate is \$13 per square foot per year (full service). It is lower than the City and the region – representing less than 72 percent of the City average lease rate of \$18.15 per square foot, given that the City average lease rate excludes rental additional charges (i.e. utilities, real estate taxes, and insurance). At 10 percent, the vacancy rate is on par with the City and with the region.

	Ghent	Norfolk (Downtown and Central Norfolk Submarkets)	Ghent as % of Norfolk	Hampton Roads	Ghent as % of Hampton Roads
Inventory (Sq. Ft.)	100,000	4,800,000	2.08%	25,400,000	0.39%
Average Lease Rate - Class A, B, C (\$/sq. ft./year) ²⁹	\$13 ³⁰	\$18.15	72%	\$15.84	82%
Vacancy Rate	10%	10.20%	98%	8%	125%

Source: ODU2006 Office Market Survey, BBP Associates

6.2 Hampton Roads Region

The Hampton Roads region encompassed 22.3 million square feet of net leasable space plus approximately 3.1 million square feet of owner-occupied space in 2005. The blended average of asking rents for Class A and B space increased from \$15.64 per square foot in 2004 to \$15.84 per square foot in 2005. The total market vacancy rate stands at 8.0 percent, a decrease from 10.1 percent in 2004.³¹

Despite low vacancy rates, new development has been limited as a result of 20 to 25 percent increases in construction costs and escalating land costs. Less than 250,000 square feet was delivered in the entire region in 2005. The ODU market report estimates that suburban multi-story rents will be required to reach into the \$22 to \$23 per square foot range to justify the cost of new construction.

6.3 Downtown Norfolk Submarket

Inventory

With approximately 4 million square feet of office space, downtown Norfolk is one of the region's strongest office submarkets. Recent City investments in downtown Norfolk contributed significantly to its emergence as a strong office submarket. Aggressive land acquisition and redevelopment by the Norfolk Housing and Redevelopment Authority as well as substantial private investment have created a

²⁹ Average lease rates for City and region exclusive of additional rents that may be paid under a triple net lease for charges such as pro-rata share of real estate taxes, insurance, and common area maintenance.

³⁰ Average lease rate for Ghent is a full service rate, meaning that it includes pro-rata charges for common area maintenance, real estate taxes, and insurance.

³¹ ODU 2006 Office Market Survey

new hub of shopping and entertainment. High rise residential development is proof of downtown's emergence as a "place to be". Employers have chosen downtown Norfolk deliberately for the amenities it provides employees and quick access to clients.

Vacancies, Rental Rates, and Absorption

From 2004 to 2005, the vacancy rate in downtown decreased from 15.8 percent to 10.9 percent. Average rents for Class A, B, and C space in 2005 were \$18.15 per square foot, almost \$3 per square foot more than Southside rents and \$4 per square foot more than Peninsula rates.

Office Space Class	Average Rental Rate
Class A	\$21.09
Class B	\$15.28
Class C	\$11.40

Source: ODU 2006 Office Market Survey³³

Nearly 150,000 square feet of new space was absorbed in 2005, representing a quarter of the region's total absorption. A significant share of the absorption is due to the rapid leasing of the new 150 West Main Street building - which leased at rates from the low to mid \$20s. These rates are 15 to 20 percent above the highest Class A rates previously achieved. A 45,000 square foot lease to Maersk Line Limited in the Bank of America Tower represents a second major contributor to Down Norfolk absorption.³⁴

Pipeline Development

Major development activity in downtown Norfolk is the construction of Trader Publishing's 220,000 square foot, 20-story headquarters building. The building will be owned and occupied entirely by Trader Publishing. The expected completion date is early 2007.

Other major office space projects in the City of Norfolk are listed in Appendix. These projects represent 869,371 square feet of new office space, an increase of 22 percent from the current inventory of 4 million square feet in the downtown submarket.

New Employment

A total of 2,552 new positions may be generated through this new office development. This new employment represents 57 percent of all new employment projected as a result of real estate development projects in the City of Norfolk. Booz Allen Hamilton will add 200 new employees, the Harbor Heights project may add 190 new employees, Portfolio Recovery Association will add 125 new employees, and USAA Property & Casualty Insurance Group will bring 200 new employees. Trader Publishing alone may add as many as 1,600 new employees.

³² Average lease rates for City and region exclusive of additional rents that may be paid under a triple net lease for charges such as pro-rata share of real estate taxes, insurance, and common area maintenance.

³³ Represent full service rates

³⁴ ODU 2006 Office Market Survey

6.3 Ghent Business District Office Space

Inventory

The 100,000 square feet of office space in Ghent is located on the second levels of retail stores, in storefronts, and in the district's limited number of free standing office buildings, which includes the Time Building at 1709 Colley Avenue and 809 Brandon Avenue (22,000 square feet), 2200 Colonial Avenue (10,000 square feet), 2204 Hampton Boulevard (10,000 square feet), and 405 W. 20th Street (13,000 square feet). A number of medical offices are located on the second levels of the Palace Shoppes at 325 and 327 W 21st Street (20,000 square feet). The office space is considered Class B or below, as most of the space is relatively old (+15 years) and in relatively small buildings.

Average rental rates are \$13 per square foot per year for a full service lease (inclusive of common area maintenance, real estate taxes, and insurance charges). This is significantly lower than the City's average rental rate. As a full service rate, it is also lower than the \$11 rental rates charged for Class C space downtown and the \$13 rental rates charged for Class B space downtown.

Office Users

The 162 office-based businesses in the Ghent Business District represent a myriad of different industries, ranging from independent artists and musicians who rent office space to serve as their practice and recording studio to medical office users. The average office suite is 617 square feet (100,000 square feet divided by 162 office-based businesses) - thus emphasizing the dominance of independent businesses and small companies located in the Ghent Business District.

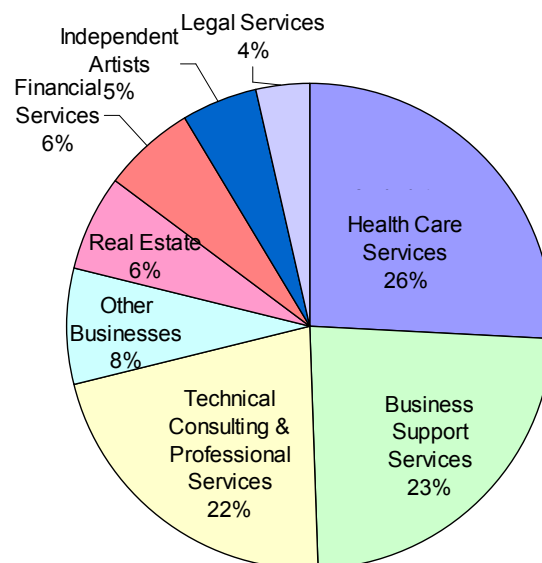
The largest office-based employment category is health care services. There are 42 doctor and dentist offices, chiropractors, and psychotherapy offices in the Ghent Business District. The offices tend to be clustered within the district with two of the largest clusters located at 1709 Colley Avenue and 325 and 327 W 21st Street.

Business support services, and technical, consulting, and professional services (which includes engineering, design, advertising firms, and strategic management firms) are similarly represented in the district.

The 38 business support services are scattered throughout the district. They occupy office suites in free standing office building, such as the 2200 Colonial Avenue structure, 809 Brandon Street, and 957 W 21st Street. These companies include telephone call centers, document preparation services, repossession services, and collection agencies.

Technical consulting and professional services includes 5 engineering and drafting firms, 12 specialized design firms, 6 strategic management firms, 6

Figure 38: Ghent Study Area Distribution of Office-Based Establishments (2006)



Source: City of Norfolk Commissioner of the Revenue, BBP Associates, Inc.

advertising firms, and 6 other professional firms. These companies have offices scattered throughout the district, although a number of them are located at 2200 Colonial Avenue.

There are only a few legal service companies (6 firms) and financial service companies (10 businesses) located in Ghent, and they are scattered throughout the study area. It is possible that the law firms and financial service companies who desire an urban setting have been more likely to locate in downtown Norfolk than in Ghent.

6.4 Office Market Conclusions

The Hampton Roads region as a whole has experienced moderate growth in its office sector in recent years. The total market vacancy rate stands at 8.0 percent, a decrease from 10.1 percent in 2004,³⁵ and 600,000 square feet was absorbed. However, less than 250,000 square feet of space was delivered in 2005, and escalating construction costs will continue to stymie new construction until rental rates for class A space consistently reach \$22 to \$23 per square foot.

Downtown Norfolk is one of the region's strong office markets – realizing a quarter of the year's absorption with average rental rates for all classes \$3 to \$4 higher than the region's average. The downtown inventory of 4 million square feet represents almost a quarter of the region's office space. Significant new leases include Trader Publishing and Maersk Line Limited.

Ghent's office space represents only a small share of the City's inventory yet supplies space for an important market niche – independent professional and medical practitioners who appreciate an urban locale yet do not afford or need the amenities and/or client access that a downtown address offers. The loft space above storefronts was noted as particularly desirable and highly demanded. All of the space qualifies as either Class "B" or Class "C" space, yet vacancy rates are estimated as less than 10 percent. The low vacancy rates and anecdotal insight offered by commercial brokers and investors indicate that there is demand for additional small office suites between 1,000 and 5,000 square feet within the Ghent Business District.

Additional professional employment in Ghent will positively impact existing retail and the potential for new retail and multifamily residential development. Additional professional employment contributes to retail demand in Ghent (estimated at \$1,500 per year per employee) and also represents a potential demand generator for new multifamily residential development within the business district.

While land costs are reasonable (\$20 to \$40 per square foot as evidenced by recent sales of industrial property), there are several challenges associated with developing new office space in Ghent, particularly the risks associated with speculative development, the significantly higher parking requirements as compared to residential development (4 to 5 spaces per 1,000 square feet for office construction vs. 1 to 2 spaces per 1,000 square feet for residential construction), and the imbalance between construction costs and supportable rental rates.

To provide adequate on site parking for office buildings, surface parking must take up much space (1 square foot of office space = 1.2 to 1.5 square feet of surface parking), or large and expensive structured parking garages must be built. Either option reduces the potential return.

³⁵ ODU 2006 Office Market Survey

Escalating construction costs also represent a challenge, as rental rates will have to exceed \$22 per square foot to support the development.³⁶ Independent business owners and medical office tenants in Ghent may be willing to pay slightly more than \$15 per square foot for new and improved space, but an additional \$7 per square foot or even more on a 5,000 square foot lease translates into an additional \$35,000 in operating costs. A 50 percent increase in operating costs is likely more than an independent or small business owner would be willing to bear.

The risks associated with speculative development represent another challenge. Lenders are less willing to provide financing for speculative office space projects than pre-leased projects, and Ghent's office market is geared more toward tenants requiring 1,000 to 5,000 square feet of space than the large tenants traditionally attracted to the downtown Norfolk office market. The character of the demand for office space in Ghent will require developers to obtain a significant number of lease commitments from small suite tenants (rather than on or two large lease deals) before construction, and this obligation may limit the number of developers willing to consider a speculative project in the Ghent office market.

Given these challenges, office space developed as one component within a mixed use project may prove more viable than large scale, stand alone projects. This strategy allows for highest and best use of the site and small format office development at the same time. The build out of additional office space above the store front retail on Ghent's commercial corridor's represents another potential strategy to capture demand for small office suites and increase office space in Ghent.

In mixed use projects, one option is to combine small office users with residences. This represents a live/work environment – a lifestyle and professional opportunity that may be particularly desirable to high tech start up companies, physicians, and other health care professionals who can take advantage of flexible work hours.

Professional business services, such as financial planners, real estate agents, and accountants may also seek out this type of opportunity in which their offices can become integrated within a residential environment. This environment maximizes the interface with a residential community and can serve as a boon to “walk-in” client segments as well as long term relationships with clients who live in the building.

A key element of developing a mixed use project incorporating office space will be to determine the appropriate balance of parking for residential and office users. Office space requires 4 spaces per 1,000 square feet and dwelling units require 1 space per 1,000 square feet. In a well designed shared parking system, spaces reserved for office users during the day could be used by the public or designated for residents during the evening hours.

³⁶ ODU 2006 Office Market Survey

7 Industrial Market

7.1 Overview

Located adjacent to the West Side/Midtown Norfolk Industrial Submarket, Ghent's industrial uses are a small share of the City's and the region's total industrial market. Ghent's industrial inventory comprises 627,000 square feet, representing 11 percent of the West Side/Midtown Norfolk Submarket and less than 3 percent of the City's inventory. The West Side/Midtown Norfolk Industrial Submarket represents 25 percent of the City's inventory and 6 percent of the total regional inventory. The submarkets lease rates are lower than both the City's and the region's average lease rates – representing only 88 percent of the City's and the region's average lease rates. The submarket's vacancy rate is higher than both the City's vacancy rate and the region's vacancy rate.

**Figure 39: Industrial Markets
Ghent, Norfolk, and Hampton Roads
(2006)**

	West Side/Midtown Norfolk Area ³⁷	City of Norfolk	West Side/Midtown Norfolk as % of Norfolk	Hampton Roads	West Side/Midtown Norfolk as % of Hampton Roads
Inventory (Sq. Ft.)	5,910,668	23,031,357	25 %	96,836,275	6%
Average Lease Rate (\$/sq. ft./year)	\$3.75	\$4.25	88%	\$4.30	88%
Vacancy Rate	6.3%	3.7%	170%	5.1%	123%

Source: ODU2006 Industrial Market Survey, BBP Associates

7.2 Hampton Roads and City of Norfolk Industrial Market

Inventory

The Hampton Roads industrial market currently encompasses 96.8 million square feet of space located in 2,699 buildings through the region. Fueled by diverse economic activity such as maritime industries, extensive infrastructure including freight rail connections to the U.S. interior and ports, the Naval Base, NASA Langley Research Center and related aerospace activity, the overall vacancy rate was only 5.1% in 2005 - the lowest vacancy since at least 1991 when the rate was 10.2%. The market absorbed 1.8 million square feet, an increase of 2 percent in total supply.³⁸ Overall, regional absorption has been declining over the past few years – from 3 million square feet in 2000 to 2.8 million square feet in 2001 to 2 million square feet in 2002 to 1.8 million square feet in 2005.³⁹

The City of Norfolk industrial market is located predominantly in the Port of Norfolk, other shipyards, and in three regional submarkets, Norfolk Commerce Park/Central Norfolk Area, Norfolk Industrial Park Area, and West Side/Midtown Norfolk Area. Major industrial employers in the City include the Department of Defense, Ford Motor Company, Norshipco, Virginia International Terminal Inc, General

³⁷ The West Side/Midtown Norfolk Area Industrial Zone includes Ghent's industrial space inventory of 627,000 SF.

³⁸ ODU Industrial Market Survey. 2006.

³⁹ ODU Industrial Market Survey. 2006.

Foam Plastics Corporation, Maersk Line Limited, American Airlines Inc., and Colonnas Shipyard Inc.⁴⁰ While many large scale industrial employers are located in the Port of Norfolk and other Norfolk shipyards, industrial non-maritime industrial activity takes place predominantly in three industrial submarkets – Norfolk Commerce Park/Central Norfolk Area, Norfolk Industrial Park Area, and West Side/Midtown Norfolk Area.

Available Space and New Construction

Within the region, space for lease is most available in the less than 20,000 square foot range. Larger spaces are in scarce supply, as are “for sale” opportunities in all size ranges.

The majority of new construction and major activity in the industrial market occurs in the outer rings of the Hampton Roads region, Isle of Wight, Chesapeake, and Suffolk, where available land still exists and land has a relatively low cost per acre.

Rental Rates

Figure 41: Hampton Roads Average Market Asking Rents (\$/SF) for Industrial Space (2001 – 2005)

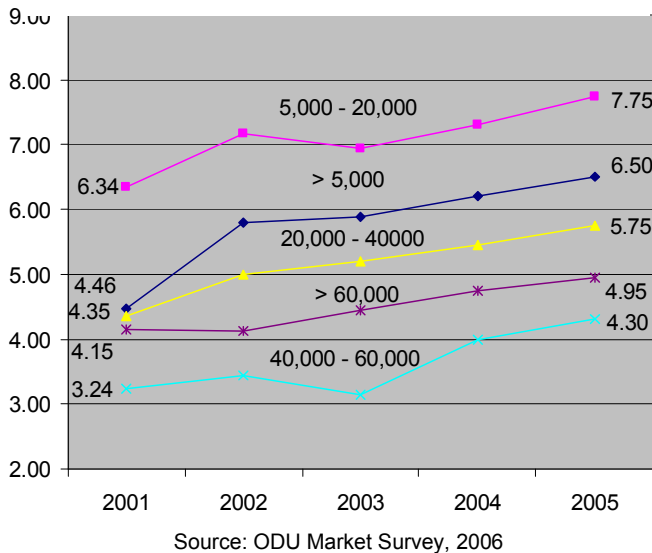
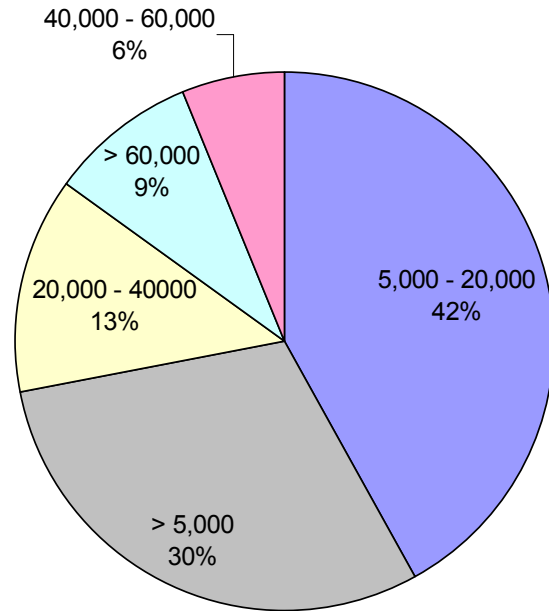


Fig 40: Hampton Roads Distribution of Available Buildings for Industrial Lease by Square Footage (2005)



Source: ODU Market Survey, 2006

Regional rental rates increased at an annual rate between 5 and 10 percent from 2001 to 2005, depending on the size of the lease space. Given the scarcity of space between 40,000 and 60,000 square feet, average rates for this space have increased by a total of 40 percent from \$3.24 to \$4.30 per square foot. Rental rates have been traditionally highest for space between 5,000 and 20,000 square feet.

Within the City of Norfolk, rental rates are lower than the regional rental rates, particularly for space less than 20,000 square feet. The asking rental rate for currently available industrial space is between \$3.50 and \$5.00 per square foot. This is lower than regional rates, at which space between 5,000 and 20,000 square feet is leasing for \$7.75 per square foot and space less than 5,000 square feet is leasing for \$6.50

⁴⁰ “Top 50 Employers in the City of Norfolk,” City of Norfolk Department of Development, <http://www.norfolkdevelopment.com/demographic-facts/business-profile.cfm>, Retrieved on May 20, 2006.

per square foot. The \$4.00 asking rate for the 63,000 square foot available Norfolk property is slightly more on par with the \$4.95 regional rental rate for space greater than 60,000 square feet.

Pipeline Development

While the outer rings experience the majority of new development, the City of Norfolk has received a total of \$590 million in new industrial investment since the beginning of 2004 - 63 percent of all new commercial real estate development investment in the City. These projects are provided in the Appendix. The investment has produced approximately 805 new jobs, or 17 percent of the new jobs projected as a result of real estate investment projects. The development represents almost 640,000 square feet of new or upgraded industrial space, or 31 percent of all new commercial development square footage.

Sales Prices

Sales prices for existing industrial space in the City of Norfolk are consistent with, if not slightly higher than, trends found in the region at large, in which sales activity for industrial buildings saw significant price escalation in 2005. In the region, the majority of buildings were sold in the \$35 to \$75 per square foot range, and some buildings sold for more than \$100 per square foot. Figure 42 presents information regarding industrial buildings currently for sale in the City of Norfolk. Asking prices predominate in the \$40 to \$90 per square foot range with three buildings - all less than 5,000 square feet - exceeding \$100 per square foot of building space.

**Figure 42:
Industrial Land Average Sales Prices/SF
City of Norfolk
(2006)**

Size (Sq. Ft.)	Sales Price	Sales Price/SF
25,650	\$1,100,000	\$42.88
48,000	\$337,500	\$7.03
3,520	\$365,000	\$103.69
1,690	\$151,000	\$89.35
80,170	\$4,000,000	\$49.89
4,000	\$695,000	\$173.75
900	\$225,000	\$225.00

Source: Norfolk Navigator, 2006

7.3 Ghent Business District

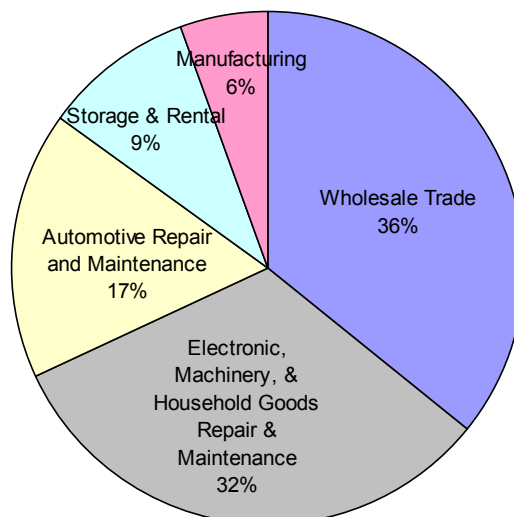
The 53 industrial businesses in Ghent are clustered primarily near to the railroad tracks on 22nd Street with several companies interspersed along W. 21st Street. They are located closest to the West Side/Midtown Norfolk Area industrial submarket.

Inventory

The Ghent industrial businesses fall into one of five different categories. The categories with the largest number of establishments are wholesale trade (19 companies) and electronic, machinery, and household goods repair and maintenance (17 companies).

The industrial uses are located on 41 parcels totaling 627,000 square feet of property in 18 buildings

Figure 43: Ghent Study Area Distribution of Industrial Businesses (2006)



Source: City of Norfolk Commissioner of the Revenue, BBP Associates

occupying more than 555,000 square feet of space, which includes 135,000 square feet in the Mini Price Self Storage facility on the northwestern corner of the intersection of Granby and 22nd Street and 125,000 square feet in the AAAA Self Storage facility on the northeastern corner of the intersection of Granby and 22nd Street. Of the 18 buildings, 14 are smaller than 30,000 square feet. Seven buildings are less than 10,000 square feet, seven buildings are less than 30,000 square feet, and only two structures are between 35,000 and 65,000 square feet.

**Figure 44: Industrial Buildings By Size
Ghent Business District
(2006)**

Building Size (Sq. Ft.)	# of Buildings
Less than 3000	3
Less than 10,000	4
Less than 16,000	2
Less than 25,000	2
Less than 30,000	3
36,000	1
62,000	1
125,000 to 135,000	2
Total	18

The industrial buildings in Ghent are primarily suited for light intensity users who do not require large spaces. Wholesale trade, the predominant industrial activity in Ghent, is well suited for the small buildings and small parcels.

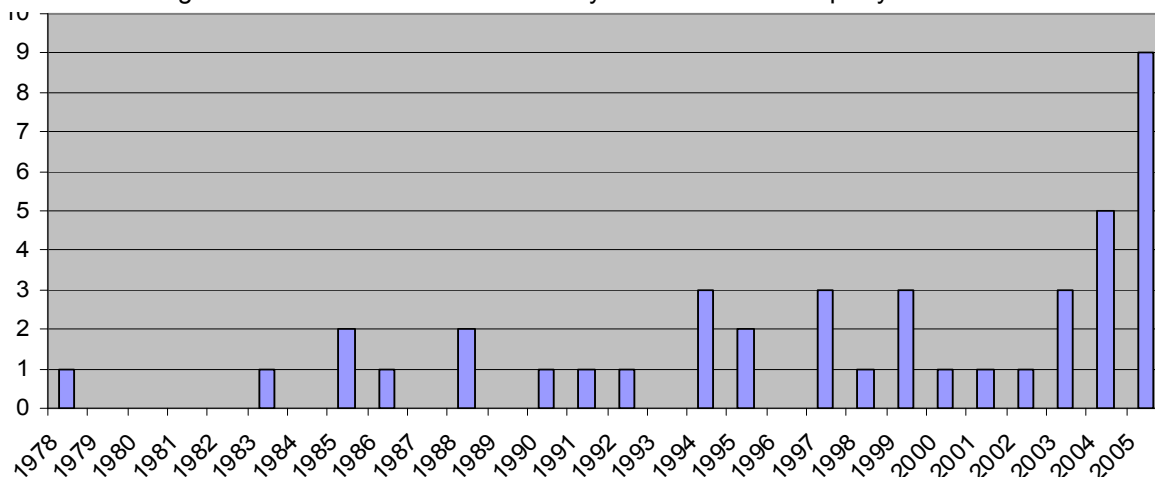
The self storage facilities are used in large part by independent contractors, cleaning companies, and construction companies who store their equipment in the facilities and use their rented space as a base of operation.

Source: BBP Associates

Industrial Property Transfers

Figure 45 presents the distribution of most recent property transfer dates for the 41 industrial parcels located in the Ghent Business District. The chart reveals that of these 41 industrial parcels, 20 parcels, or fifty percent, have been transferred to a new owner since 2000. Nine parcels, or twenty-two percent, were

Figure 45: Distribution of Ghent Study Area Industrial Property Transfers

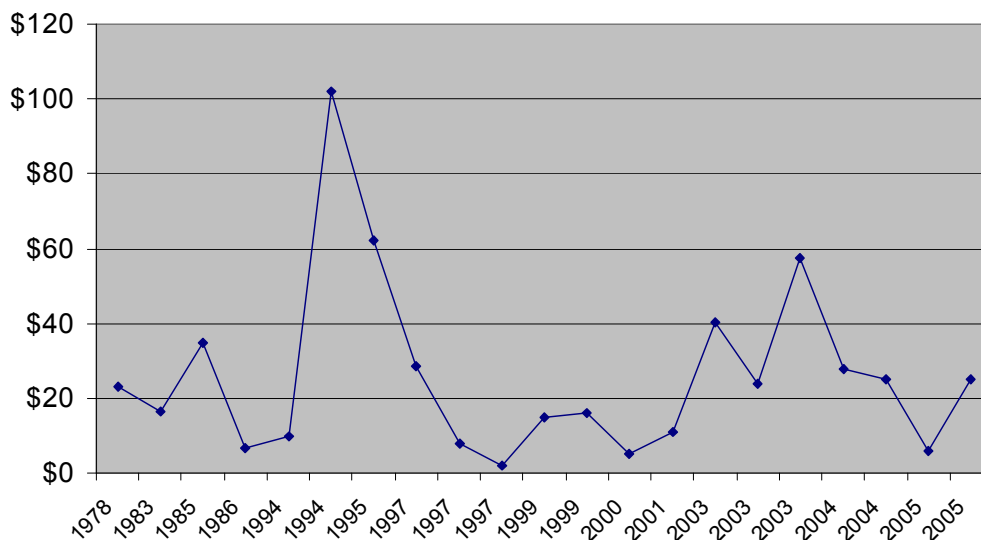


Source: City of Norfolk Department of Planning, BBP Associates

most recently transferred between 1995 and 2000, and 6 parcel, or 15 percent, were transferred between 1990 and 1995. Only 7 properties, or seventeen percent, last changed hands between 1978 and 1989.

Figure 46 presents recent sales transactions by year and price per square foot of property. Sales per square foot in the past five years have ranged from \$5 per square foot to \$57 per square foot, with 4 of the 9 sales during this time period falling in the mid-\$20s. Assuming a 0.75 Floor Area Ratio (consistent with ratio between current total building square footage and total acreage) implies sales per square foot of building space falling mostly between \$20 and \$80 per square foot during the 2000 to 2005 period with two transactions exceeding \$100 per square foot.

Figure 46: Ghent Study Area Industrial Land Sales Transactions (\$/Sq. Ft.)
1978 - 2005



Source: City of Norfolk Department of Planning, BBP Associates

Industrial property sales activity has increased significantly over the past 27 years, and this is due in large part to purchases by developers for new residential, retail, and mixed use development projects in Ghent. The Bristol and Row at Ghent and the Palace Shoppes are the two most significant examples of this activity.

Property owners are selling industrial land at prices per square foot similar to, or even higher than, prices per square foot realized for commercial retail development throughout Hampton Roads. NAI Harvey Lindsay reports land sales falling between \$300,000 per acre (\$6.87 per square foot) and \$800,000 per acre (\$18.36 per square foot) for commercial retail development.⁴¹

7.4 Industrial Market Conclusions

The Hampton Roads industrial market represents a significant source of economic activity in the region. Fueled by diverse economic activity such as maritime industries, extensive infrastructure including freight rail connections to the U.S. interior and ports, the Naval Base, NASA Langley Research Center and related aerospace activity, the overall vacancy rate was only 5.1% in 2005 - the lowest vacancy since at least 1991 when the rate was 10.2%. The market absorbed 1.8 million square feet, an increase of 2 percent in total supply.⁴²

⁴¹ NAI Harvey Lindsay Market Research, Retrieved on May 15, 2006. http://www.naidirect.com/market_research/html/504301_marketrep.aspx

⁴² ODU 2006 Industrial Market Survey.

While limited in terms of vacant land for additional development, the City of Norfolk industrial property inventory represents a significant share of the regional industrial market. With 23 million square feet, and an additional 850,000 square feet in the pipeline, the City of Norfolk's three submarkets and various port activities are an important part of the City's economy.

Ghent's industrial use represents only a small share of the City's industrial market. Historically, proximity to the railroad tracks made the area along 22nd Street a logical location for light industrial activity, including self storage, warehouses, wholesale trade, and light manufacturing. However, a number of market and economic factors are gradually removing the incentives to locate industrial activity in this area.

From a regional perspective, the Hampton Roads market is in need of larger spaces to conduct industrial activity than the Ghent industrial area can provide. This has been an opportunity for Norfolk's industrial zones, including the Mid-town Industrial located east of Monticello Avenue, to receive this development rather than areas such as Ghent and Park Place. Secondly, market support is increasing for additional retail, residential, and office space. As evidenced by the rapid increase in sales transactions and the impressive rates at which industrial property owners are selling their land, some sections along 22nd Street have begun a transformation into a new destination for residential, office, and retail uses. This represents an opportunity to convert the railroad tracks from a barrier into a destination and connection with the neighborhoods north of the tracks, including Kensington, Park Place, Colonial Place, and Larchmont. The A study of the Central Hampton Boulevard Corridor also addresses these areas, and its forthcoming recommendations should be coordinated with opportunities identified for the areas included in the Ghent Business District.

The self storage facilities represent a viable use in this area. They are needed by professionals who do not have on site facilities for their equipment as well as households with limited storage space. In a City with limited land and a significant percentage of apartment dwellers, appropriate locations for these facilities are necessary.

8 Strengths, Opportunities, and Constraints

8.1 Overview

The physical, economic, and market conditions in the Ghent Business District and surrounding neighborhoods both enhance and inhibit prospects for growth and improvement in commercial activity and quality of life for Ghent. The following table summarizes the strengths, constraints, and opportunities of the Ghent Business District.

Figure 47: Strengths, Constraints, and Opportunities
Ghent Business District

Strengths	Constraints/Challenges	Opportunities
<ul style="list-style-type: none"> • Strong residential & commercial communities • Unique and independent retail shopping • Strong business association • Committed property and business owners • Competitive retail rental rates • Regional destination for selected retail goods • “urban” lifestyle and opportunities 	<ul style="list-style-type: none"> • Potential for rental rates to increase regional shoppers goods competition • Poor pedestrian environment in certain areas • Limited parking availability for existing retail establishments and future development • Slow down in pace of housing sales • High office space construction costs and parking requirements relative to supportable rents and appropriate building heights • Limited investor support for small office suite speculative development 	<ul style="list-style-type: none"> • Attract more customers from the primary and regional market area • Continue to attract non-geographically based customer groups • Recruit variety of independent retailers and select chain stores • Increase retail sales • Enhance public transportation • Pursue shared parking and other innovative parking strategies • Encourage small suite office space development • Develop office space as one component of a mixed use project • Target Norfolk industrial zones for higher intensity industrial development • Transform railroad tracks into destination • Encourage multifamily infill development • Establish market niches for condominium and apartment development

8.2 Summary

Strengths

The Ghent Business District is an eclectic quarter of the City of Norfolk - characterized by a stable residential core with densely situated homes bordered by pedestrian friendly commercial corridors featuring independent retail shops, restaurants and professional service office space. Light intensity industrial uses, including warehouse distribution, and small scale manufacturing space, fill in the larger parcels on the outermost edges of the north and east side of the district.

The tightly packed mix of distinct land uses foster an eclectic quality in the Ghent Business District – one of the community’s greatest strengths and attractions. The “urban lifestyle” and human scale, combined with a strong business association, committed property and business owners, competitive office and retail rents, and unique shopping opportunities have made Ghent a regional destination for select retail goods.

Real estate developers and business owners view Ghent as an attractive location for development, as witnessed by the low office and retail space vacancies and several new projects recently completed (i.e. The Row and Bristol at Ghent, Twenty-One West Shopping Center) or in the works (Palace Station, 201 Twenty-One, the Colonnade, the Ellington).

Ghent’s pedestrian commercial overlay zone was designed to guide new development, and the CVS Pharmacy on 21st Street and the Row and Bristol at Ghent are illustrative of the success in producing development patterns consistent with Ghent’s human scale and pedestrian-oriented streetscape.

Constraints

Despite the new projects encouraged by the pedestrian commercial overlay zone, there are still several sections of the district, including 21st Street east of Colonial Avenue and Monticello Avenue, lacking the connectivity that Colley Avenue enjoys. In addition, 22nd Street is still a heavily industrial corridor, and the City’s streetscape improvements are limited to only certain sections of the district.

Furthermore, while new development and healthy occupancy rates can improve quality of life with more “eyes on the street”, shopping amenities, and an enhanced tax base, there are negative impacts as well. Greater parking demand burdens existing businesses, and residents and development pressure leads to escalating land and building values and higher rents.

In addition to the challenges associated with new development, new regional retail competition has had an impact on the Ghent Business District, particularly independent merchants whose traditional customer base now has more shopping choices. Other concerns associated with urban communities, including pedestrian safety, isolated incidents of aggressive pan handling and theft, and limited on-site parking also burden commercial property owners, residents, and business owners. The compact nature of the Ghent Business District also constrains opportunities for future development, as developers seek strategies to accommodate parking demand on site.

Opportunities

Despite these challenges, there are a number of opportunities to enhance the Ghent Business District and address stakeholder concerns. One of Ghent’s greatest strengths, the eclectic character and wide variety of retail and entertainment offerings, should be used as a competitive advantage to broaden the district’s customer base, access non-geographically based market segments, and increase retail sales. These

opportunities to increase retail sales translate into sufficient market demand to expand Ghent's retail inventory, and select national chain stores and a variety of independent retailers could be recruited.

In addition to retail development, mixed use infill construction including both multifamily residential and office space could be pursued. A market cooling in the condominium market has begun, yet Ghent's unique characteristics as an "urban village" and center for cultural opportunities adjacent to the downtown Norfolk will enable the establishment of special market niches, particularly young retirees for high end condominium development and young professionals and seniors for luxury apartment projects.

In terms of office space, there are a number of challenges associated with stand alone projects, particularly an imbalance between construction costs and supportable rental rates for office space in Ghent, high on-site parking supply costs, and limited investor support for speculative office space development in an office market catering to small professional users. As a result, the inclusion of small suite office space as one component of a mixed use project represents an opportunity to provide office space while addressing the challenges associated with a single use office space development project.

Real estate sales trends indicate support for higher intensity (re)development in the industrial area adjacent to the railroad tracks as well as on Monticello Avenue. These locations include potential sites for transform the railroad tracks as a barrier into a shopping destination combined with new employment or residential communities and a gateway to the neighborhoods of Kensington, Park Place, Colonial Place, and Larchmont.

The transformation of West 22nd Street and Monticello Avenue represents an opportunity to direct industrial development to the Midtown Norfolk Area Industrial Zone. A study of the Central Hampton Boulevard Corridor also addresses these areas, and its forthcoming recommendations should be coordinated with opportunities identified for the areas included in the Ghent Business District.

Pursuing mixed use infill projects also provides a number of opportunities to address stakeholder concerns. These projects will increase the daytime and nighttime population. By doing so, the number of "eyes on the street" will increase – thereby deterring criminal incidents and increasing public safety.

The increased population may also create the critical mass necessary to encourage new independent retailers to come to Ghent, and new retail space could include special programs to reserve retail space for tenants paying below market rental rates.

Population and employment growth may also support new public transportation options – such as a Ghent shuttle. Shared parking as well as other innovative parking strategies may also be pursued.

Finally, infill development connects the streetscape and encourage people to walk to parts of the district that currently receive less foot traffic than Colley Avenue and West 21st Street west of Colonial Avenue. This increased foot traffic will strengthen areas with currently limited pedestrian activity and provide opportunities to increase retail sales.

Appendix

Retail Stores Types Included In Retail Categories Ghent Business District (2006)	
Retail Category	Retail Store Types
Personal Care	Dollar Store Drug Stores Dry Cleaners Tailors Hair And Nail Salons Day Spas
Specialty	Florists Gift Stores Art Galleries Jewelry
Household Furnishings And Furniture	Antiques Lamps Window Coverings Mattresses Furniture Home Décor
Apparel	Shoes Hats Clothes Used Merchandise
Entertainment And Recreation	Bikes DVD Rental Book Stores Movie Theater Records And Music Game Store Pet Stores Camera Shops
Food And Beverage	Grocery Stores Specialty Food Markets Wine Store
Home Maintenance Materials	Tile Wood Paint Canvas Kitchen And Bath Supplies Wall Coverings
Business Related Goods And Services	Office Supplies Sign Makers Printing Shop Cell Phone Store Banks

Average Sales, Square Footage, and Total Sales National Chain Store Retailers (2003)						
Sales per Selling Foot	FYE	Sales per foot	Avr sq ft per store	Sales per Store	Total Stores	Total Store Sales (000)
Clothing & Accessory Stores						
American Eagle Outfitters	2/1/03	\$ 372	4,756	\$ 1,769,215	864	\$ 1,463,141
Gap	2/1/03	\$ 349	8,761	\$ 3,057,568	4,252	\$ 14,454,709
Children's Place	2/1/03	\$ 263	4,400	\$ 1,137,000	643	\$ 671,409
Lane Bryant	2/1/03	\$ 223	6,100	\$ 1,357,635	689	\$ 906,900
Dress Barn	7/27/02	\$ 140	7,023	\$ 973,047	754	\$ 717,136
Men's Wearhouse	2/1/03	\$ 319	7,174	\$ 1,891,963	689	\$ 1,295,049
Cato	2/1/03	\$ 184	4,000	\$ 753,000	1,022	\$ 732,742
Foot Locker	2/1/03	\$ 316	3,955	\$ 1,249,896	3,625	\$ 4,509,000
Payless ShoeSource	2/1/03	\$ 181	3,200	\$ 578,144	4,992	\$ 2,878,000
Home Furnishings						
Pier 1 Imports	3/1/03	\$ 182	9,400	\$ 1,713,770	1,074	\$ 1,754,900
Restoration Hardware	2/1/03	\$ 519	6,557	\$ 3,402,842	105	\$ 355,597
Haverty Furniture	12/31/02	\$ 193	34,306	\$ 6,579,056	111	\$ 703,959
Other Retailers						
Bailey Banks & Biddle (Zales)	7/31/02	\$ 728	3,589	\$ 2,614,000	120	\$ 313,680
B Dalton Books	2/1/03	\$ 236	3,914	\$ 923,709	258	\$ 260,024
Electronics Boutique	2/1/03	\$ 961	1,309	\$ 1,257,700	1,145	\$ 1,309,266
Game Stop Stores	2/1/03	\$ 879	1,369	\$ 1,192,412	1,231	\$ 1,352,791
Sharper Image (retail stores only)	1/31/03	\$ 627	3,929	\$ 2,509,051	127	\$ 296,068
Source: Bizstats.com						

Office Space Investments City of Norfolk (2004 - March 2006)			
Company Name	New Employment	Investment (millions)	New Space (sq.ft.)
500 Plume Street	0	\$ 1.75	0
Booz Allen Hamilton	200	\$ 6.70	24,530
Delphinus Engineering	4	\$ 2.25	27,732
Hampton Roads Maritime Center	0	\$ 10.00	65,000
Harbor Heights	190	\$ 38.00	476,000
Maersk Line Ltd.	60	\$ -	0
Mark Barr I	0	\$ 1.80	18,700
Mark Barr II	0	\$ 1.80	18,700
Montagna, Breit, Klein, & Camden LLP	30	\$ 1.60	7,000
Norfolk Central Development, LLC	0	\$ 4.00	50,100
ODU Computational Sciences & Engineering Research Lab Facility	0	\$ 19.00	83,000
P&P LLC	0	\$ 5.40	70,000
Portfolio Recovery Association	125	\$ 2.25	25,000
Ride-Away Corporation	25	\$ 1.00	0
Rutter Mills	0	\$ 2.33	16,020
SAIC Norfolk	79	\$ 1.70	0
Targeted Publications	0	\$ 0.57	15,649
Taylor Real Estate	0	\$ 5.50	60,000
Trader Publishing Company	1,600	\$ 51.00	308,500
USAA Property & Casualty Insurance Group	200	\$ -	0
Virginia Oncology Associates	0	\$ 2.00	10,000
WR Systems	39	\$ 1.00	0
	2,552	\$ 159.65	869,371

Source: City of Norfolk Department of Development, BBP Associates, Inc.

Industrial Real Estate Investments City of Norfolk (2004 – March 2006)			
Company Name	New Employment	Investment (\$ millions)	New Space (sq.ft.)
Air Wisconsin Airlines Corporation	131	34.00	0
Blackhawk Industries	20	N/A	N/A
Brickstone Studios	25	1.00	0
CMA-CGM America Inc.	460	15.00	88,000
Colonna's Shipyard	42	4.20	0
Cruise Ship Terminal	20	41.00	80,000
Ford Motor Company	0	26.60	30,000
Ford Motor Company	0	8.40	0
Furniture Classics	0	2.50	140,000
Hampton Roads Maritime Center	0	10.00	65,000
Marine Hydraulics International	0	21.00	0
Merritt Press	20	1.28	66,696
Norfolk Equipment Company	30	1.60	0
Phoenix Industries	25	0.13	0
Targeted Publications	0	0.57	15,649
Taylor's Boatel & Marina	0	10.00	66,000
US Gypsum	25	132.00	84,000
Virginia Port Authority	0	280.00	N/A
Wasabi Systems	7	0.80	4,500
Total	805	590.08	639,845

Source: City of Norfolk Department of Development

Ghent Business District Economic and Market Study	
Stakeholder Interviews	
CITY OFFICIALS/STAFF	
James Gildea	
Paula Shea	
John Stevenson	
Jamie Richardson	
Jennifer White	
GHENT TASK FORCE	
Lisa Chandler	
Claus Ihlemann	
Jim O'Brien	
Barbary Zoby	
PROPERTY AND BUSINESS OWNERS	
Daniel Aston	
Ted Baker's Brother	
Jeff Cooper	
George Garris	
Richard Levin	
Richard Jackson	
Pam Katrancha	
Jerry Meltsner	
Hicks Scott	
Jim Owen	
Ken Suddith	
Joe Ziemian	
OTHER STAKEHOLDERS	
Mason Andrews, Jr.	
Mike Spencer	
Joan Buckle	
Mark Poutasse	