

# WOODLAND DISTRICT



AECOM



Market Analysis  
October 17, 2012

# MARKET ANALYSIS

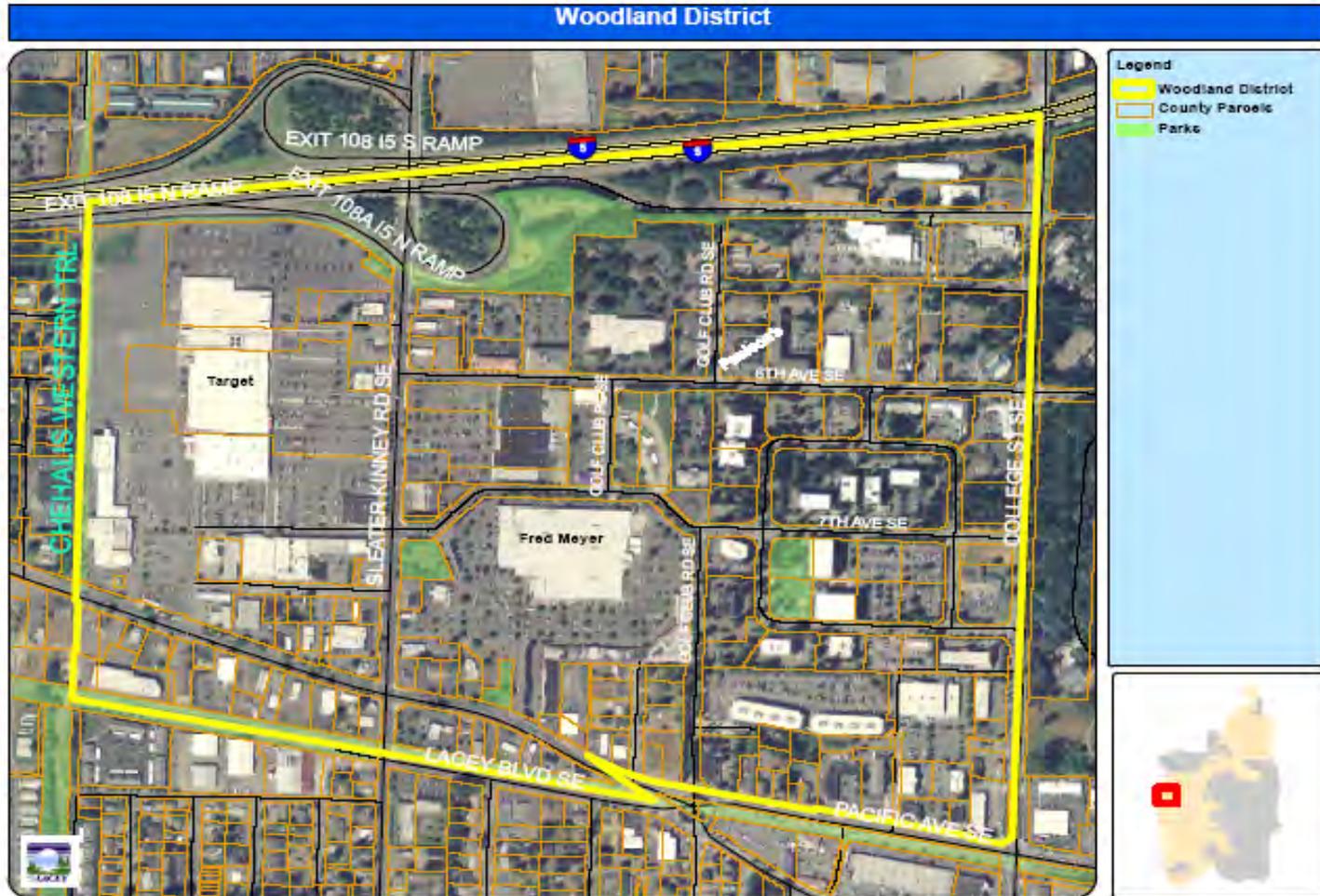
## Purpose of Market Analysis

Identify potential 20 year demand for:

- Retail
- Office
- Multifamily Residential
- Lodging

# Woodland District

## District Profile



# MARKET ANALYSIS

## District Profile-Land Use

	Land Area	Dwelling Units			Commercial Sq. Ft.
		Single	Multi	Total	
Manufacturing	4.06	-	-	-	42,335
TCU	0.79	-	-	-	1,549
Retail	110.37	-	-	-	992,838
FIRE Services	64.90	1	1	2	1,209,021
Government	3.45	-	-	-	8,826
Mixed Use	1.94	-	101	101	8,900
Single Family	6.75	11	18	33	-
Multifamily	0.83	-	23	23	-
Parks Open Space	8.50	-	-	-	-
Undeveloped	5.67	-	-	-	-
Total	207.26	12	143	159	2,263,469

Source: Thurston County Assessors Records

- 207 acres in district excluding roads.
- 159 housing units, 101 in mixed use building on 6<sup>th</sup>.
- 1.0 million sq. ft. retail, 1.2 million in office uses.

# MARKET ANALYSIS

## District Profile – Business Mix

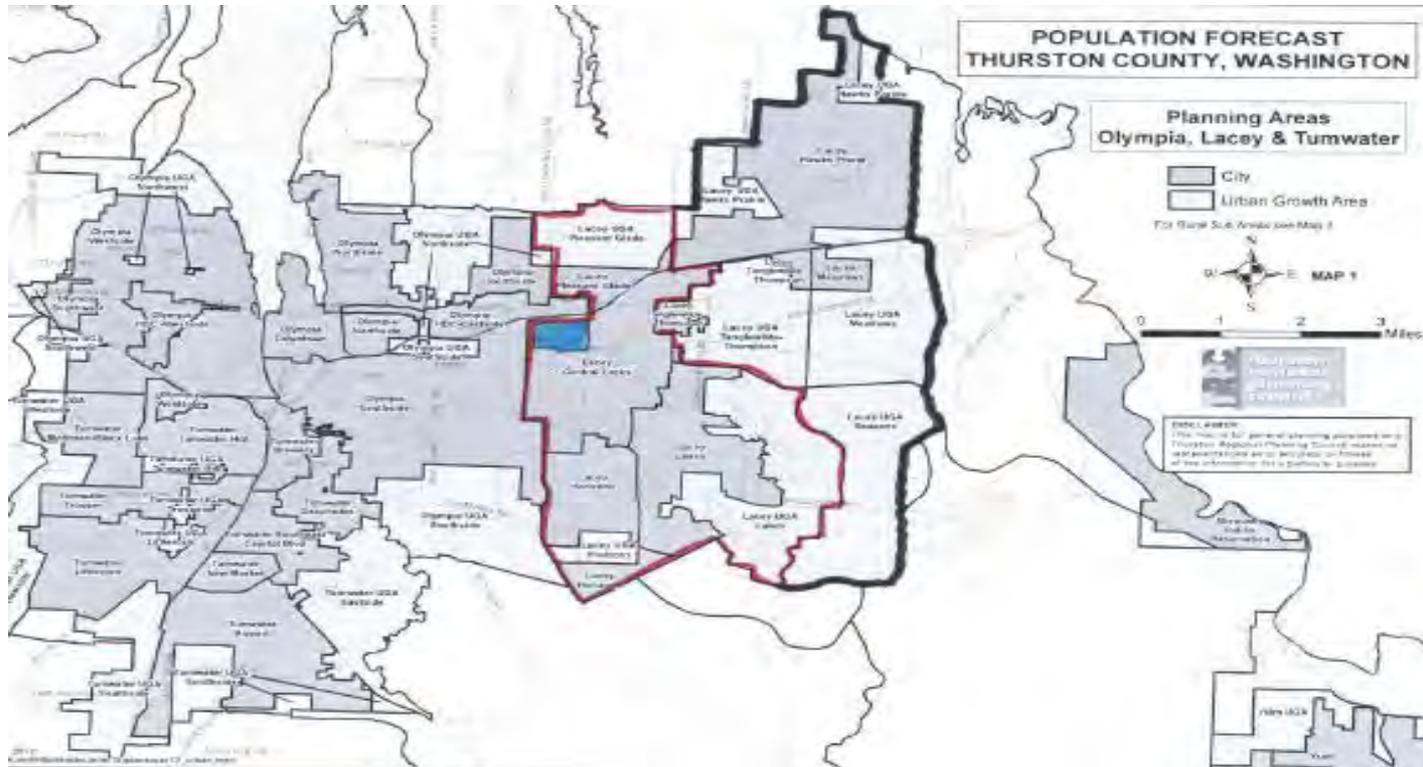
	Number	Employment
Construction	10	42
Manufacturing	8	40
Communications Transportation Utilities	6	22
Wholesale	5	25
Retail	84	1,392
Finance Insurance Real Estate	33	253
Services	206	1,885
Government	1	1,099
Total	353	4,758

Source: Property Counselors

- Largest employers are State, general merchandise retailers, eating and drinking, and health and social assistance.

# MARKET ANALYSIS

## District Trade Area



- EDC survey: 45% of businesses local in scope, 50% regional.
- Local trade area constrained by Hawks Prairie area to east and Olympia to west.

# MARKET ANALYSIS

## Trade Area Population

	2006	2010	2015	2020	2025	2030
<b>Woodland Trade Area</b>						
Central Lacey	10,910	11,100	11,190	11,510	11,650	11,620
Pleasant Glade-City	850	920	1,050	1,110	1,260	1,370
Pleasant Glade-UGA	1,180	1,480	2,680	3,810	4,820	5,500
Horizons-City	8,420	10,610	11,790	12,700	13,120	13,370
Horizons-UGA	1,620	1,600	1,640	1,650	1,670	1,700
Lakes-City	9,200	9,360	9,610	9,830	10,020	10,130
Lakes-UGA	6,710	6,770	7,300	7,760	8,350	8,890
<b>Total</b>	<b>38,890</b>	<b>41,840</b>	<b>45,260</b>	<b>48,370</b>	<b>50,890</b>	<b>52,580</b>

Source: Thurston Regional Planning Council, 2007 Forecasts.

- Local trade area projected to grow by 25% from 2010 to 2030.
- Updated TRPC forecasts may be 15% to 20% lower by 2030.

# MARKET ANALYSIS

## District Profile Perceptions – EDC Survey

### Positives

- Central Location
- Access to I-5
- Adequate parking
- Fred Meyer and South Sound Center
- Bus Service

### Negatives

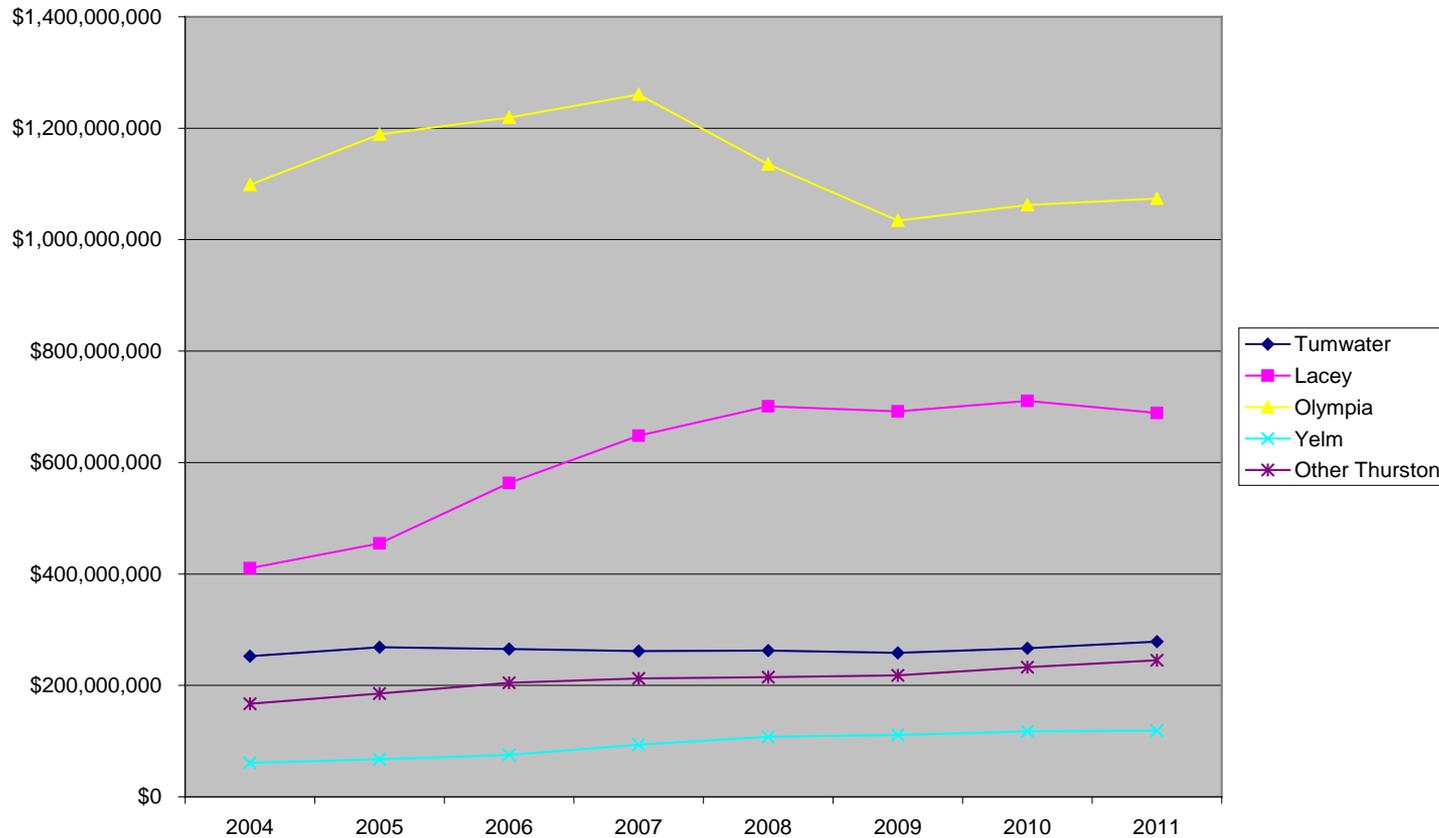
- Limited visibility (some locations).
- One way streets
- Congested intersections
- Vagrants and loitering
- Restrictive signage

- Major challenges: General economic conditions and reduction in State employment.

# MARKET ANALYSIS

## Retail Sales Trends

Taxable Retail Sales Trends Retail Trade and Selected Services



- Lacey retail sales strong growth and increase in market share.

## Market Analysis

### Retail Development Trends

# Lacey Retail Development Square Feet 1997-2012

Hawks Prairie	1,147,770
Central Lacey	263,678
Other	317,917
Total	<hr/> 1,729,365

- Two-thirds of Lacey retail development in Hawks Prairie area since 1997.

# MARKET ANALYSIS

## Roles of Retail Centers

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### Convenience Shopping Center

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Anchors	Convenience grocery, drug store
Total Retail Space	10,000-30,000 square feet
Site Area	1-3 acres
Market Area Population	under 20,000
Market Area Radius	under 2 miles

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### Neighborhood Shopping Center

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Anchors	Supermarket and Drug Store
Total Retail Space	30,000-100,000 square feet
Site Area	3-10 acres
Market Area Population	10,000-30,000 people
Market Area Radius	1-3 miles

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### Community Shopping Center

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Anchors	Junior department or discount
Total Retail Space	100,000-450,000 square feet
Site Area	10-30 acres
Market Area Population	30,000-75,000 people
Market Area Radius	3-8 miles

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### Regional Shopping Center

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Anchors	1 or 2 full-line department stores
Total Retail Space	300,000-750,000 square feet
Site Area	30-50 acres
Market Area Population	100,000-250,000 people
Market Area Radius	8-15 miles

- Capital Mall in Olympia only true regional shopping center.
- South Sound Center is power center with trade area characteristics of community scale center.
- Area well served with neighborhood retail anchors.

# MARKET ANALYSIS

## Potential Retail Demand Woodland District- Based On Historical Absorption

	Base Case		Increased Share	
<b>2010 to 2020</b>	100,000	square feet	178,500	square feet
<b>2020 to 2030</b>	<u>124,000</u>	square feet	<u>212,500</u>	square feet
<b>2010 to 2030</b>	224,000	square feet	391,000	square feet

- Population growth in local trade area will support 440,000 square feet of community scale retail development.
- District can also capture portion of regional growth.
- Additional residential development will support retail development to offset lost demand from State office workers.
- Distinguish District from Hawks Prairie by establishing pedestrian scale retail east of Sleater-Kinney Road.

# MARKET ANALYSIS

## Office Inventory 2010

	<b>Olympia</b>	<b>Lacey</b>	<b>Tumwater</b>	<b>Other</b>	<b>Total</b>
State Office					
Leased	1,673,154	727,637	1,839,766		4,240,557
Owned	2,356,000	497,000	997,000	237,000	4,087,000
Subtotal	4,029,154	1,224,637	2,836,766	237,000	8,327,557
Non-State	3,406,846	1,416,363	186,234	511,000	5,520,443
Total	7,436,000	2,641,000	3,023,000	748,000	13,848,000
State as % of Total	54.2%	46.4%	93.8%	31.7%	60.1%

- 46.4% of office space in Lacey occupied by State in 2010. Currently less than 35%.
- Woodland District is office center of Lacey, capturing three times as much office development as Hawks Prairie area since 1997.

# MARKET ANALYSIS

## Woodland District Available Office Space

	Address	Available Sq. Ft.	Total Sq. Ft.	Asking Rent /Sq. Ft.*
605 Woodland Square	605 Woodland Sq.	69,683	69,683	\$14
676 Woodland Square	676 Woodland Sq.	76,143	76,143	\$15
649 Woodland Square	649 Woodland Sq.	25,749	25,749	\$15
Sixth and Woodland	670 Woodland Sq.	35,187	60,000	\$18
Bell Towne Center	4200 6th Ave. SE	12,347	51,226	\$14
Woodview Plaza	4405 7th Ave SE	10,034	25,554	\$17-\$18
Sixth Ave. Center	4317 6th Ave. SE	4,655	25,000	\$15.50
Bell Center	4160 6th Ave. SE	2,065	16,724	\$17-\$18
Sixth Ave. Center #1	4313 6th Ave. SE	1,684	2,855	\$15.50
Marston Center	677 Woodland Sq.	340	10,700	\$14
Total		237,887	363,634	

- 238,000 square feet of available office space, mostly vacated by State in past two years.
- Downward pressure on rents compared to other areas.

# MARKET ANALYSIS

## Potential Office Demand Woodland District

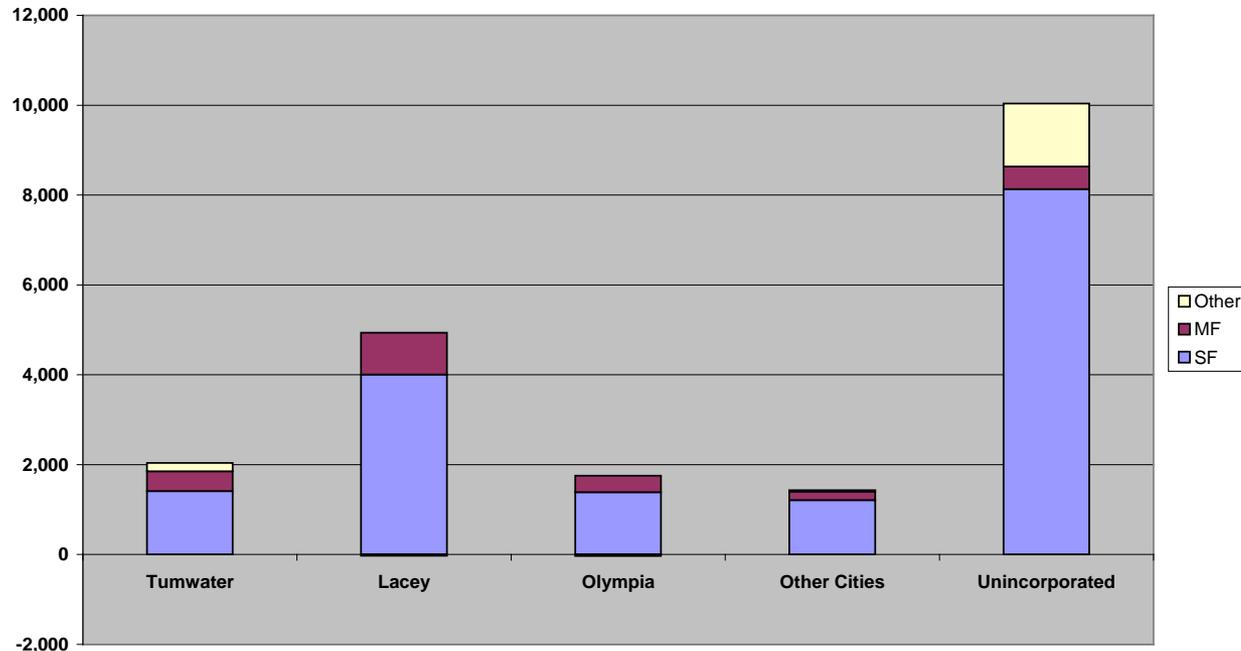
	Base Case		Increased Share	
<b>2010 to 2020</b>	162,000	square feet	229,500	square feet
<b>2020 to 2030</b>	<u>198,000</u>	square feet	<u>280,500</u>	square feet
<b>2010 to 2030</b>	360,000	square feet	510,000	square feet

- Projected office demand based on projected growth in office-using employment.
- No new State occupancy within next 6 years.
- Available space represents 9-13 years absorption.
- Inventory does provide affordable space in flexible configurations.
- Potential sectors medical, education, finance, and professional services.

# MARKET ANALYSIS

## Housing Market Trends

Change in Housing Inventory by City and Housing Type  
Additional Housing Units 2000 to 2010

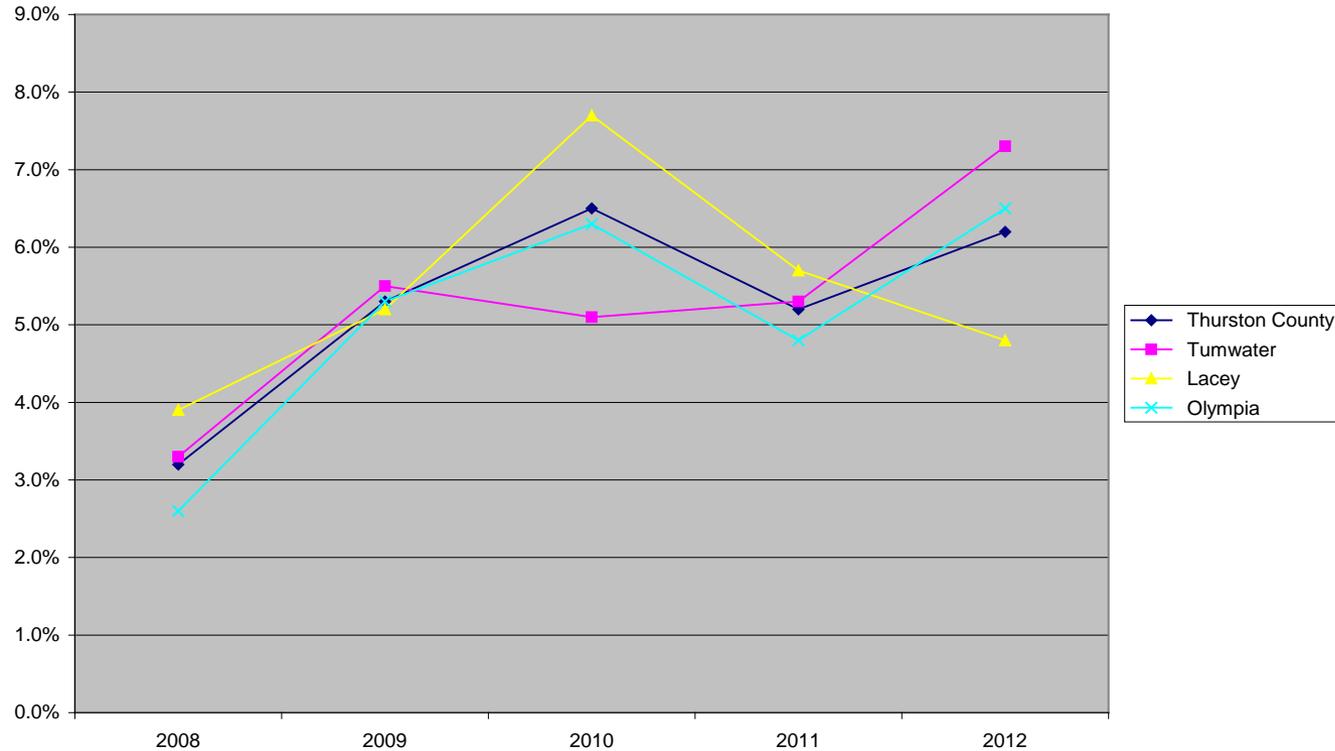


- 20,000 housing units added in Thurston County 2000 to 2010. 50% in unincorporated area.
- 4,900 additional units in Lacey, 19% multifamily.
- Residential building activity slow since 2007. Last permitted multifamily was in that year.

# MARKET ANALYSIS

## Apartment Market Thurston County

### Average Apartment Vacancy Rate 2008-2012

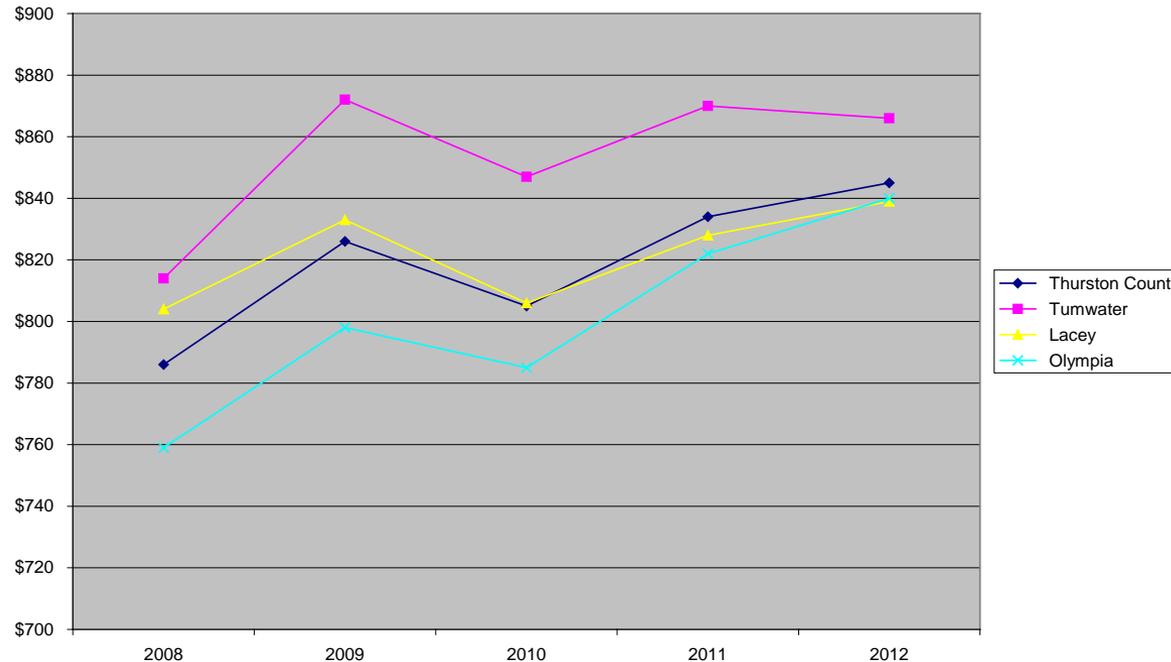


- Lacey apartment vacancy 4.8% in Spring 2012, lowest of local cities.

# MARKET ANALYSIS

## Apartment Market Thurston County

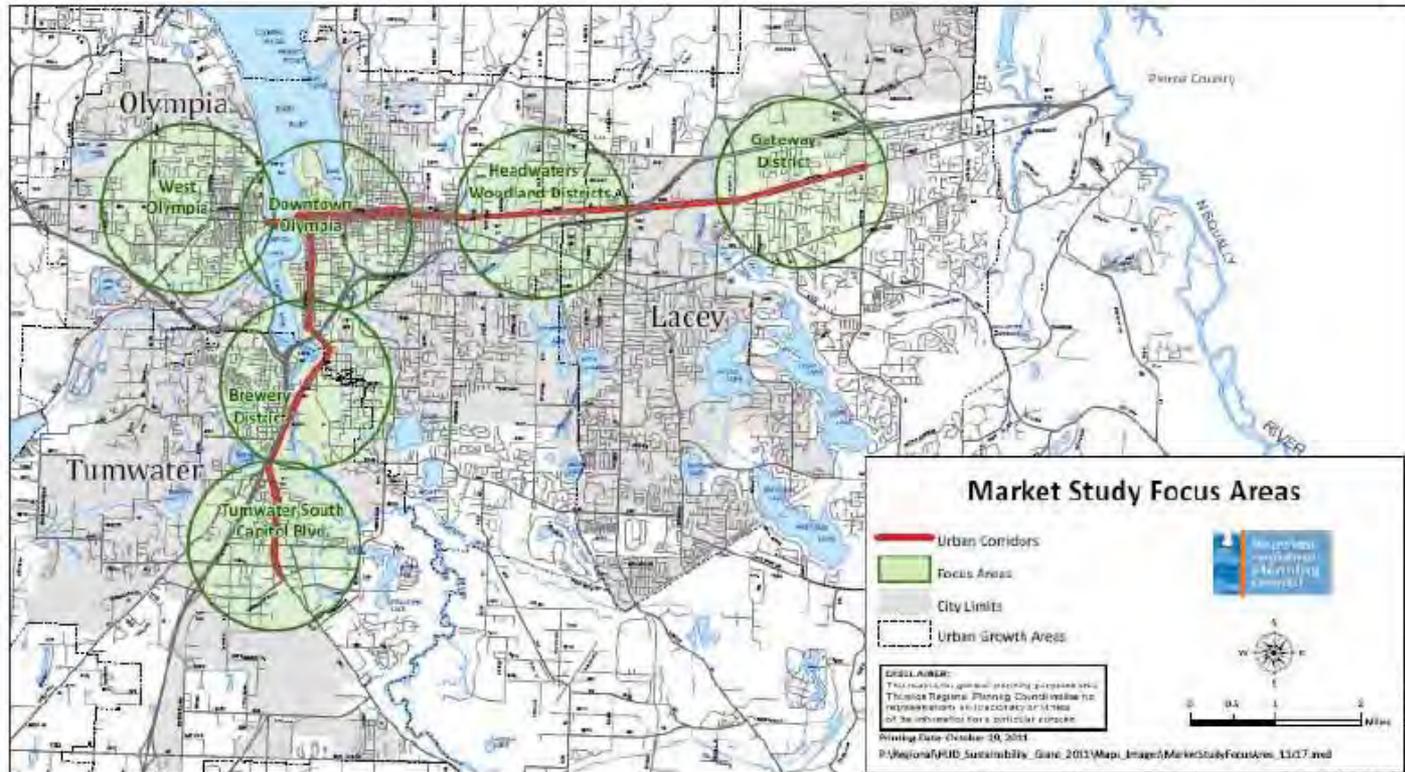
### Average Monthly Apartment Rent 2008-2012



- Lacey rents average \$839, lower than county average.
- Recent development is 2-3 stories with parking in carport or partially under building. Prevailing rents sufficient to support this type of development.
- 6th Avenue Place apartments comparable to other new development in form and rent levels.

# MARKET ANALYSIS

## TRPC Housing Market Study



Source: TRPC

- TRPC sponsored housing market study in 2011, considering focus areas for residential growth.
- Headwaters/Woodland including study area was one of focus areas.

# MARKET ANALYSIS

## TRPC Housing Market Study Projections

	<b>Dwelling Units</b>	<b>Growth 2010-2030</b>	<b>Share</b>
Downtown Olympia	4,307	2,209	18%
Lacey Gateway	2,572	1,319	11%
Headwaters/Woodland	4,008	2,055	17%
West Olympia	4,827	2,475	20%
Tumwater South Capitol	2,237	1,147	9%
Tumwater Brewery	2,918	1,496	12%
Downtown Yelm	1,708	876	7%
Tenino	704	361	3%
Rainier	648	333	3%
Bucoda	293	150	1%
Total	24,222	12,421	100%

- Projected growth of 50% in all Focus Areas over 20 years.
- Headwaters/Woodland projected share of 17%.

# MARKET ANALYSIS

Projected Housing Demand Headwater/Woodland District 2010 to 2030

	<b>Base Case</b>	<b>Increased Share</b>
<b>Single Family</b>	206	248
<b>Townhouse</b>	462	621
<b>Low rise - 1 to 2 stories</b>	925	994
<b>Mid Rise - 3 to 6 stories</b>	462	869
<b>High Rise - 9 or more stories</b>	-	-
<b>Total</b>	<b>2,055</b>	<b>2,733</b>

- Projected base case projection of 2,055 with largest share in low-rise (1 to 2 stories).
- Projected high case of 2,700 with higher capture rate and larger share as mid-rise.
- Mid-rise development will require higher rental rates than current rates to support structured parking.

# MARKET ANALYSIS

## Potential Multifamily Residential Demand Woodland District

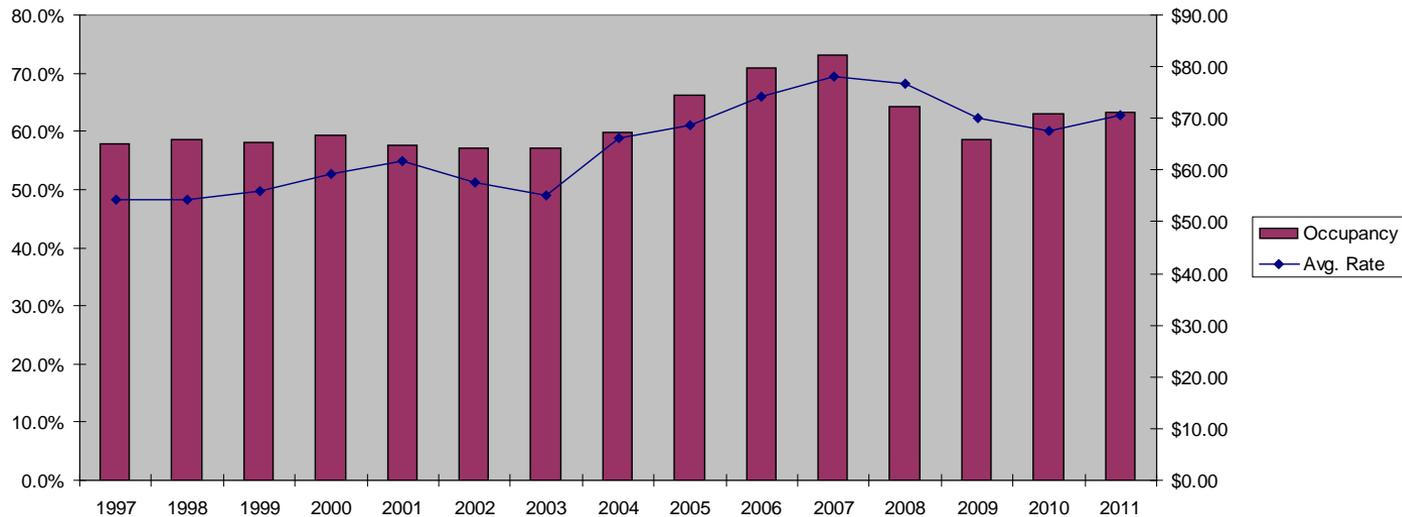
	<b>Base Case</b>	<b>Increased Share</b>
<b>2010 to 2020</b>	370 Units	523 Units
<b>2020 to 2030</b>	452 Units	639 Units
<b>2010 to 2030</b>	822 Units	1,161 Units

- District will share total Headwaters/Woodland demand with areas north of I-5.
- District is competitive for new multifamily as shown by 6<sup>th</sup> Avenue Place.
- High case capture requires improvements to district attractiveness, improvements to walkability, and public amenities.

# MARKET ANALYSIS

## Lodging Market Trends-Rates and Occupancies

Southwest Washington Lodging Market Trends

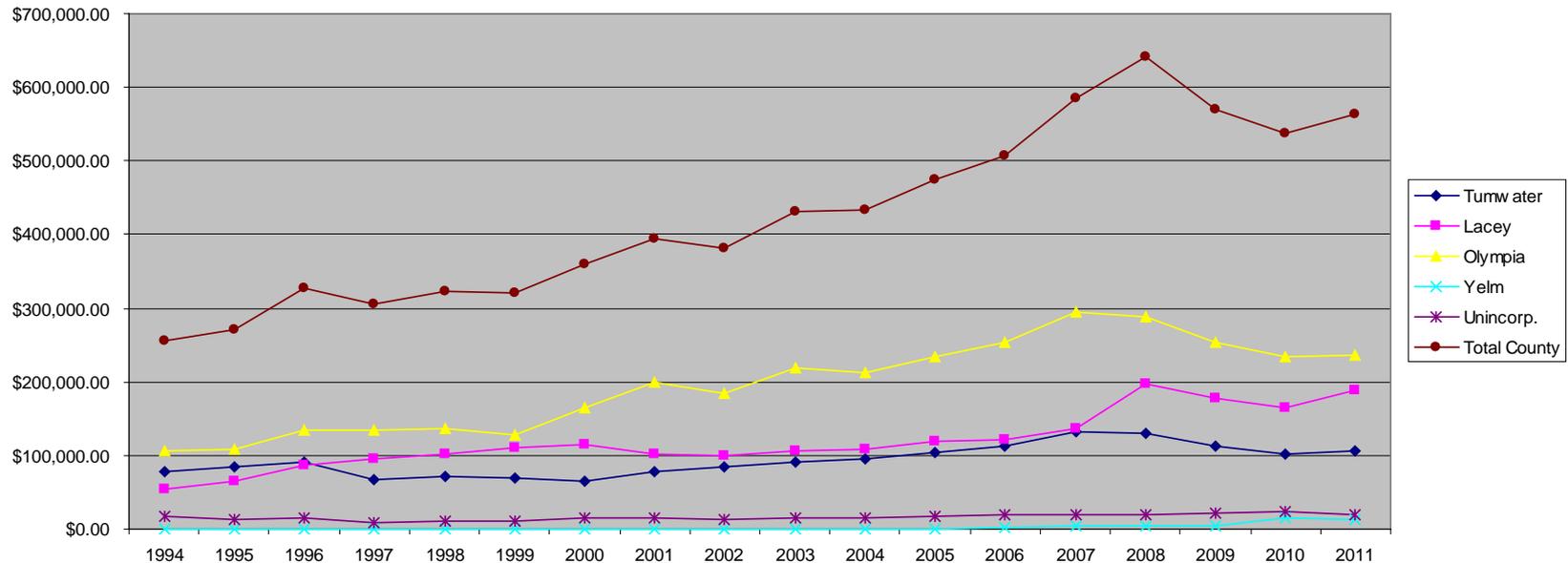


- Local lodging market recovering after economic collapse in late 2008.
- Occupancy rate has grown since 2009; room rate has grown since 2010.

# MARKET ANALYSIS

## Lodging Market Trends-Geographic Distribution

Distribution of State Shared Hotel Tax by Jurisdiction  
Thurston County



- Lacey captures 33% of room revenue in County.
- Newest hotel is Best Western Plus in Lacey.

# MARKET ANALYSIS

## Thurston County Hotel Inventory

	Rooms	Avg Room Rate	Meeting Space *	Food Service
<b>Lacey</b>				
Best Western Plus	82	\$139.00	80	
Candlewood Suites	91	133.00	40	
Comfort Inn Lacey	69	99.00		
Holiday Inn Express	81	118.00	40	
King Oscar Motel and Cor	124	75.00	40	
La Quinta Inn & Suites	89	104.00		
Quality Inn & Suites	77	80.00		
Super 8	100	59.00		
	<u>713</u>			
<b>Olympia</b>				
Governor Hotel	119	99.00	150	Restaurant
Phoenix Inn & Suites	102	149.00	120	
Quality Inn	63	85.00	100	
Ramada	125	129.00	100	
Red Lion	190	109.00	480	Restaurant
	<u>599</u>			
<b>Tumwater</b>				
Best Western	89	91.99	40	
Comfort Inn & Conference	58	88.00	200	
Extended Stay of America	107	81.99		
Guesthouse Inn and Suites	59	90.00		
Motel 6	119	43.99		
	<u>432</u>			

\* Capacity of largest room with banquet seating.

- Over 1,800 hotel rooms in Thurston County.
- Over 700 hotel rooms in Lacey.
- Existing hotels are limited service.
- Local suites properties capture above-average room rates.

# MARKET ANALYSIS

## Potential Hotel Demand Woodland District

	<b>Base Case</b>	<b>Increased Share</b>
<b>2010 to 2020</b>	50 Rooms	130 Rooms
<b>2020 to 2030</b>	64 Rooms	179 Rooms
<b>2010 to 2030</b>	114 Rooms	309 Rooms

- Projected base case demand assumes current market shares for Lacey and Woodland District. Hawks Prairie area has higher capture because of proximity to Joint Base Lewis-McChord.
- Projected high case demand based on increased shares. Requires establishment of district as preferred location with broader visitor services, attractive setting, and increased group business.