

Market Analysis for the Pine Lake Neighborhood Executive Summary



City of Pine Lake

June 2008

Revised December 2008



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Executive Summary

The Market Analysis for the Pine Lake Neighborhood is a multi-faceted market study initially completed by Marketek, Inc. during the winter – spring 2008 timeframe, and updated in the autumn of 2008. The project includes an opportunity analysis of retail and residential product in the Pine Lake neighborhood and along Rockbridge Road and brand theme development and marketing guidelines for the city. This executive summary outlines the major findings from each of these areas of research and analysis. It highlights the recommended retail strategy and business mix as well as outlines next steps for organizing for Pine Lake business success.

Retail

As growth in the Pine Lake area continues, the city has an important opportunity to shape commercial redevelopment along Rockbridge Road, in terms of both physical design and business mix. Pine Lake leaders recognize the need to focus commercial development and proactively strengthen the retail base in the downtown core and beyond.

Demographics Summary

- Local Residents are traveling long distances to fill basic consumer needs.
- Over 175,000 people live in the Pine Lake Local Retail Market Area (i.e., within a ten-minute drive of Pine Lake) and over 975,000 within 20 minutes (the Greater Retail Market Area). In the next 5 years, the average annual population growth rate in both areas is moderate and below that of the Atlanta MSA.
- Retail Market Area residents are generally younger and less affluent than MSA residents.
- Over 1,500 employees work within one mile of Pine Lake (from the intersection of Clubhouse Drive and Forrest Road); 6,421 work within two miles.

Supply Summary

- There is a lack of high quality business and products in and near to Pine Lake. Additionally, the nearest town with quality business is Decatur.
- Most local shopping centers in or near Pine Lake offer convenience-related businesses, such as beauty supply shops, hair and nail salons, cleaners/laundromats, auto-related stores, grocery stores and dollar stores.
- Shopping and dining options are limited in and around Pine Lake. Many businesses are marginal and shopping centers are approaching obsolescence.
- Vacancy rates for local shopping centers surveyed by Marketek range from 0% at Stonewood Village to 34% at Rockmor Plaza. Most local centers have at least some available space. Asking lease rates range from \$8/SF to \$15/SF triple net.
- Pine Lake falls in the Stone Mountain/Snellville submarket of the metro Atlanta retail market. As of winter 2007, this submarket had a vacancy rate of 11.7% and an average rental rate for available space of \$11.22/SF triple net.

Demand Summary

- Over the next ten years, the development of high quality retail space within a mix-use environment is essential to attract and capture 186,000 square feet of new retail/restaurant/service space the Pine Lake has the potential to support.
- Target markets for downtown Pine Lake retailers include Local and Greater Retail Market Area residents and employees working in or near Pine Lake.
- To meet the needs of Local Retail Market Area residents, reasonably-priced and convenient goods, services and restaurants should be available.
- To attract residents of the Greater Retail Market Area, Pine Lake will need to offer specialty retailers, quality restaurants and a unique shopping and dining atmosphere that will make it a destination for households living further away.

Business Opportunities

Opportunities to capture quality business from other markets depend on the success of implementing a comprehensive development program. Business recruitment should focus on a quality retail core, including restaurants, along Rockbridge Road. The balance of development along Rockbridge can be any mix of residential and commercial offices, which reflect current market demand and opportunities.

- **Establish a retail core:** Pine Lake needs to establish a concentrated retail core, which would create a strong identity and create a synergy of retail activity that will attract other retailers. The degree to which Pine Lake achieves demand potential will center on this retail core.
- **Attract quality development:** In order to achieve market potential, Pine Lake will need to attract desired retailers that would otherwise locate elsewhere within the market area. New retail needs to be a much higher-quality development than that currently found along Rockbridge Road and within the general market area.
- **Implement Uptown District zoning along Rockbridge Road:** Quality developers and businesses need to know that their investment will be protected. A code that includes design standards for buildings and sidewalks attracts quality development by ensuring that all new development will meet the same standards. Businesses are also attracted to locations that give their businesses a quality look and feel.

Pine Lake is an incorporated city, unlike the balance of Rockbridge Road, which is unincorporated Dekalb County. As such, Pine Lake has a unique opportunity to distinguish itself from the surrounding area.

- **Target Primary Business Opportunities:** The following are examples of target businesses:
 - Specialty apparel for men, women, teenagers and children
 - Pet store/grooming
 - Gallery of handcrafted arts
 - Furniture workshop specializing in handcrafted furniture and restoration
 - Nonprofit businesses
 - Coffee shop w/ art displays
 - Small grocery/natural food store
 - Bakery/deli
 - Farmer’s market
 - Brewpub with live music
 - Outdoor patio/café
 - Ethnic restaurants
 - Artist gallery/studios
 - Billiards
 - Collaborative artist space
 - Community events – art/music/performance
 - Consumer services
 - Medical offices

Housing

The primary conclusion of the Pine Lake residential market analysis is that there is an existing and growing level of potential market support for rental and for-sale residential product—both market-rate and affordable in Pine Lake. The following summarizes the level of potential demand and identifies redevelopment considerations including key target markets.

Demographics Summary

- Residential Market Area population and household growth is moderate, behind that of the Atlanta MSA but above that of the Retail Market Areas. The existing number of households is expected to reach 711,080 by 2012.

- Residential Market Area residents are a mix of young, active singles/couples, young families and more settled older households.
- Median household income is \$64,448, just below the metro median of \$67,092.

Economy Summary

- Georgia's economy expected to slowly turn around beginning in the third quarter of 2009.
- Home prices in metro Atlanta were down 8.2% on the year, compared to 17% nationally.
- Atlanta property values likely to be some of the first in the nation to rise based on the region's continuing population growth.
- In November 2008, Georgia ranked sixth nationally in foreclosures with one foreclosure filing for every 387 houses, compared to one per 488 housing units nationwide.

Supply Summary

- Within the Residential Market Area, 58% of occupied households are owner-occupied, compared to 61% in the City of Pine Lake.
- Most housing in Pine Lake is single-family detached (77%). Multifamily housing is more popular in the Residential Market Area, with 39% of households living in structures with two or more units.
- Homes in Pine Lake had an estimated median value of \$141,466 as of 2007, which is below that of the Market Area and MSA. Average sales price in Pine Lake in 2007 was \$158,575 according to sales on the Georgia First Multiple Listing Service, with a high of \$ 320,000.
- Two-bedroom rental rates for apartment communities in the Pine Lake area range from \$525 to \$857. Occupancy rates are clustered in the mid 80s to low 90s.

Demand Summary

- The Pine Lake Town Center can potentially capture an estimated 0.7% of new housing demand within the Residential Market Area.
- These captures result in potential demand over the next ten years of approximately 282 (47%) for-sale units and 320 (53%) rental units.
- Demand for an estimated 373 of these units will be from 1 to 2 person households who will likely live in downtown. Potential demand for the remaining 229 housing units will be from households of 3 to 5 persons and would likely be located in the Pine Lake neighborhood.
- New housing development should: include a full range of price points appealing to a variety of income groups; accommodate the diverse Pine Lake marketplace; and incorporate live/work units into the mix.

Downtown Housing Target Market Opportunities

The following target housing markets will be further attracted to Pine Lake when a retail core is established. In addition to the following markets, a senior mid to high rise development could also be attracted adjacent to a convenient and walkable retail core.

- Entry-Level Professionals age 25-35, singles and couples
 - Price Point: \$150,000 to \$250,000 (own) or \$750+ (rent)
 - Motivations: access to work/downtown/public transit/pedestrian trails/entertainment; intown lifestyle without intown price; seek vibrant, mixed-use settings
- Higher-Level Professionals age 30-50, singles/couples, some with children
 - Price Point: \$230,000+ (own) or \$1,100 to \$1,400 (rent)
 - Motivations: move-up/move-over buyer; access to work, live/work/play environment; investment and resale key
- Empty Nesters/Retirees age 55 and up, singles and couples
 - Price Point: \$200,000 (own) or \$950 to \$1,200 (rent)
 - Motivations: possibly close to children; proximity to cultural activities; less maintenance and more security; value over investment
- Affordability
- Greenspace and recreation amenities
- Strong sense of community with community facilities.

Market Niche & Branding

A brand theme should be a clear statement of identity and competitive position for Pine Lake. and outlined “next steps” to take in marketing the city to developers, retailers and consumers.

Suggested Core Brand Theme

Those who will be drawn to Pine Lake will want to be in a community that is something fresh and exciting, a place where they can finally take a deep breath and enjoy what’s around them. This experience can be summed as follows:

“Pine Lake, Georgia: Celebrating Nature & the Individual Spirit”

Potential Programs and Projects that Express the Brand Theme

The following potential projects and programs that could be undertaken now or in the future. These should be used as a basis for generating additional ideas for expressing the spirit of Pine Lake’s.

- Pine Lake biofuel station
- Quality, pedestrian-oriented retail core
- “Made in Pine lake” products
- Uptown kingfishers
- Produce & artist market
- Visual and performance art space
- Public art program
- Speakers’ /performers’ corner
- Promote Pine Lake energy devices

Marketing Program: Next Steps

An aggressive marketing campaign should be developed and carried out. Implementation of a consistent, well-coordinated marketing program is key to promoting Pine Lake’s core brand theme. The underlying purpose is to convince prospective residents, employers, shoppers and investors that positive change is occurring with tangible results. The following is an outline of elements that a marketing program should include:

- Promote Real Estate Opportunities: Review existing sites, inventory of available property, rank by redevelopment potential, and prepare collateral specification sheets for targeted sites.
- Identification of Target Businesses and Housing Options
- Development/Business Relocation Incentives: Identify, establish and promote incentives to attract developers and target businesses to Pine Lake
- “Made in Pine Lake:” Develop and promote local products, that exemplify the brand theme
- Revise Sign Ordinance: Revise sign ordinance to reflect a downtown scale, rather than a commuter corridor.
- Produce Collateral Materials: Includes a prospect package (demographic highlights, potential market support for retail and residential, property specification sheets, infrastructure upgrades and success stories), market opportunity fact sheets, and maps illustrating Pine Lake’s vision.
- Enhanced Web Presence: Outline Pine Lake’s development potential and the development process for potential investors, update frequently.
- Business Recruitment Campaign: Organize a business development team to focus on attracting specific employers, developers, retail and/or service businesses in Pine Lake.

A marketing program should consider realistic resources, scheduling, and responsible parties (staff and volunteers/committees). Annual priorities will need to be established and a budget set.