

Moncure Small Area Plan Market Assessment

July 14, 2023

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Chatham County Moncure Small Area Plan Economic Leadership Tasks

Introduction to the Market Assessment

The purpose of the market assessment tasks is to provide a baseline of data to support the process of creating a small area plan. This data gives a snapshot of conditions in the Moncure area and the larger study area – population, demographics, income, employment, and housing conditions. We also study historical trends to suggest how population and employment might grow through the year 2040. Significant new employers in southeastern Chatham County, such as VinFast, could alter the existing population and employment trends.

This assessment also includes a review of four small communities in the southeastern United States that host an automotive plant, with the large job creation and facility investment that comes with such a plant. The goal of this task is to learn from their experiences in terms of population growth, residential and non-residential development, and the fiscal impacts on communities. Leaders in these communities provided valuable lessons and advice that can help Moncure and Chatham County in this process.

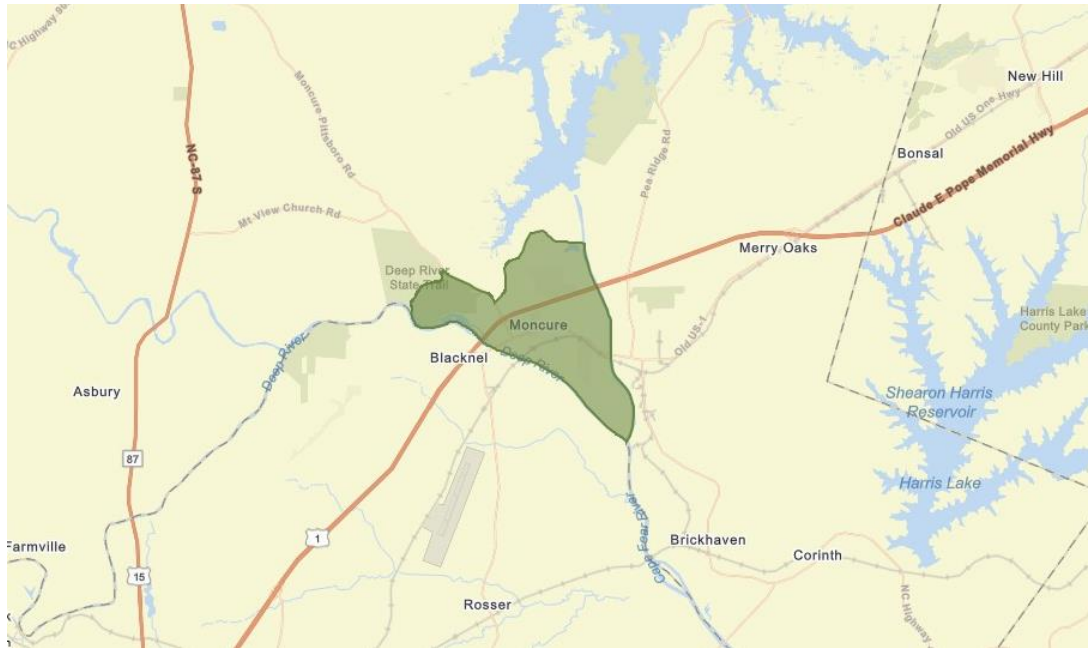
Finally, we use historical trends, employment plans from VinFast, and market data for the Research Triangle region to provide a range of projections for the housing and non-residential space demand that could be felt in Moncure and the larger study area through 2040. These projections are merely best estimates, and estimating future demand in this area is no more certain than projecting what will happen to interest rates or the stock market years from now. The projections are also not recommendations, but are meant to indicate the type and scale of new development that the market could support, if Moncure and Chatham County wish to accommodate it in southeastern Chatham.

Part 1: Demographics, Employment and Housing

For this section, we reviewed the demographics of two different geographies in southeastern Chatham County: the immediate Moncure-Haywood area between the Deep and Haw rivers, and the larger study area used for this small area plan.

Moncure and Haywood are unincorporated communities. To gather demographic information, the U.S. Census Bureau established a Moncure census-designated place (CDP) that includes those two communities and has a total area of 4.9 square miles. The much larger study area covers a total of slightly more than 100 square miles.

Moncure Census-Designated Place (CDP)



Population:

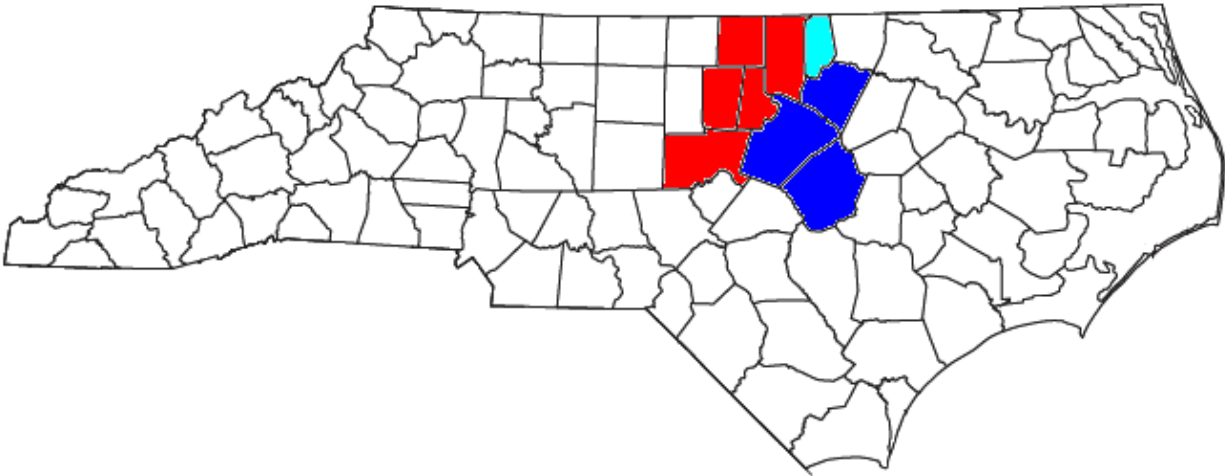
The Moncure CDP had a 2010 census population of 711, and a 2020 census population of 780. Global data provider ESRI estimates the 2022 population as 776. Given the very small numbers associated with this small census-designated place, caution should be taken in interpreting population changes over this period as a trend.

The larger study area in southeastern Chatham has grown from 3,680 in 2010 to 3,950 in 2020 and an estimated 4,030 in 2022. From 2010 to 2020, the study area's population increased by 7.3 percent.

Chatham County's 2020 census population was 76,285. A 2022 county estimate from ESRI is approximately 79,500. From 2010 to 2020, Chatham experienced population growth of 20.1 percent, and over a 20-year period it increased its population by 54.6 percent. The Moncure CDP represents about 1 percent of the total Chatham County population, while the larger study area contains about 5 percent of the county's population.

The Research Triangle region metropolitan area can be measured using the Census Bureau's Raleigh-Durham-Cary combined statistical area (CSA).

Raleigh-Durham-Cary Combined Statistical Area



The most recent population estimate for the Raleigh-Durham-Cary CSA is 2,144,600 from the Census Bureau's 2021 American Community Survey. Between the 2010 and 2020 census reports, the Triangle grew by 17.5 percent. The region's growth between 2000 and 2020 was very similar to Chatham County's, with the regional population increasing by 55.4 percent.

Using the most recent figures, Chatham County currently contains about 3.7 percent of the Triangle region's total population.

Essential Demographics:

According to 2022 estimates from ESRI, the median age of the Moncure CDP population is 45.5. This is well above the North Carolina median age of 39.2, but lower than Chatham County's median of 46.5. The median age of the full study area is the highest, at 46.7 years. More than 30 percent of the Moncure CDP population is between the ages of 55 and 74. About 11 percent of residents are under the age of 10, and a little less than 24 percent are under the age of 20.

The population breakdown by major racial and ethnic groups is shown in the following table. Compared with the county as a whole, the Moncure CDP has a lower percentage of white residents and larger percentages of Black and Hispanic residents. The full study area has a significantly higher white population than Moncure by percentage, and lower shares of Black and Hispanic residents.

Group	Moncure CDP	Study Area	Chatham Co.	NC
White Alone	64.9%	75.9%	71.1%	61.7%
Black Alone	15.5%	11.0%	10.3%	20.5%
Hispanic (any race)	15.1%	8.1%	13.6%	10.9%

Source: ESRI Business Analyst, accessed December 2022

ESRI's Diversity Index measures the likelihood that two people living in the same area will be from different racial or ethnic groups. Higher numbers indicate greater diversity. The Moncure CDP's Diversity Index is 65.6. For comparison, the Chatham County index is 59.5, North Carolina's is 65.1, and the nation as a whole has an index of 71.6. The Diversity Index of the

entire study area is much lower – at 49.3 – than Chatham County, the state, or the Moncure CDP.

The Moncure CDP’s average household size of 2.52 people is larger than for the full study area (2.44), the county overall (2.41), and the state (2.44).

Education Attainment:

Among adults ages 25 and over, the Moncure CDP population has lower education attainment. A notably large percentage of residents have some college but no degree. Education attainment within the larger study area is similar to statewide averages. Education levels are detailed in the following table.

	Moncure CDP	Study Area	Chatham Co.	NC
HS graduate, GED, or less	43.7%	35.6%	29.9%	35.8%
Some college, no degree	26.2%	21.5%	14.5%	18.8%
Associate degree	5.0%	13.9%	10.0%	11.3%
Bachelor’s degree or higher	25.1%	29.0%	45.6%	34.1%

Source: ESRI Business Analyst, accessed December 2022

Income:

The Moncure CDP 2022 estimated median household income is \$59,180. This is 5.6 percent lower than the median for North Carolina, and 24.9 percent less than the Chatham County median of \$73,910. The community’s per capita income (\$42,220) is actually 15 percent above the statewide figure, but 10 percent below the Chatham County per capita income. The full study area, however, has a much higher median household income than the Moncure CDP – \$71,240, which is close to the county-wide median and well above the state’s median.

ESRI’s Wealth Index uses a number of factors – including income and net worth – in an attempt to capture the standard of living, financial stability, and sustainability of area households. A figure of 100 equals the national average. Using this measure, Moncure has a Wealth Index of 127. Chatham County’s index is 136, while the state number is 83. The broader study area’s Wealth Index is the highest, at 148.

	Moncure CDP	Study Area	Chatham Co.	NC
2022 Median Household Income	\$59,180	\$71,240	\$73,910	\$62,510
2022 Per Capita Income	\$42,220	\$46,960	\$46,485	\$36,710
Wealth Index	127	148	136	83

Source: ESRI Business Analyst, accessed December 2022

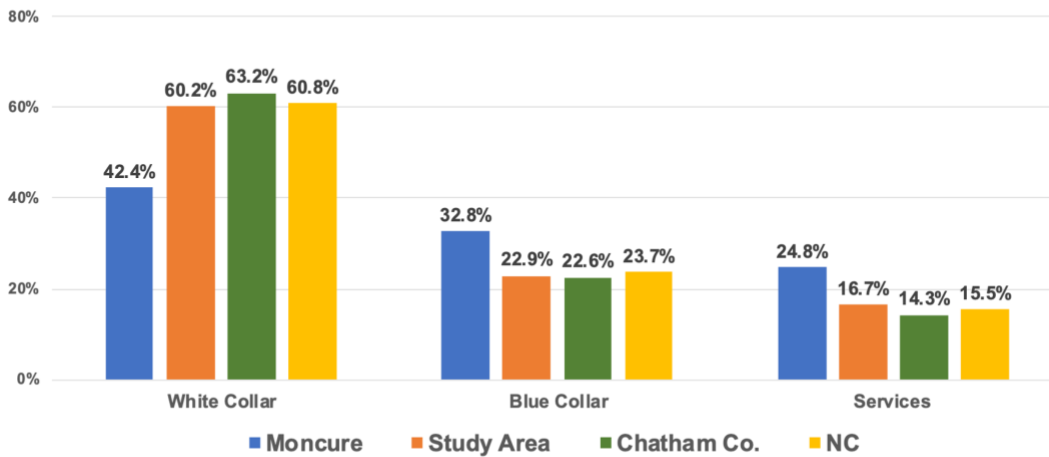
The Census Bureau’s American Community Survey (2021) estimates that the Moncure CDP has a very low poverty rate, at 3.5 percent.

Employment:

The Moncure CDP has a very small labor force, with ESRI data showing a civilian population (ages 16 and above) in the labor force of just 374 people. The larger study area also has a small labor force of 1,990 people. The most recent estimated unemployment rates for the two areas residents are extremely low, at just 0.3 percent for Moncure and 1.6 percent for the study area. This compares to 2.2 percent for Chatham County and 3.6 percent statewide during the same period.

The data shows that workers from the Moncure CDP are much more likely to be employed in blue collar jobs (such as construction and transportation) and service occupations, compared with the study area, county, and state. They are less likely to work in white collar jobs such as management, professional, and sales occupations.

Employed Population By Occupation, 2022



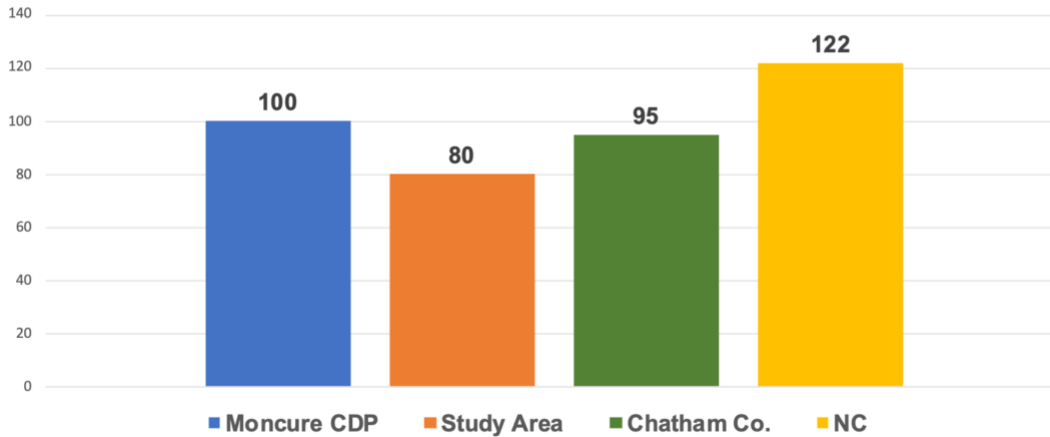
Source: ESRI Business Analyst, accessed December 2022

Looking at employment by industry sector, Moncure CDP residents are much more likely to work in construction. Nearly 20 percent of employed adults are in construction, compared with less than 12 percent of county residents overall. Workers from Moncure are less likely to work in the services sector, at 38 percent versus 51 percent of all Chatham County adults.

Housing:

ESRI’s Housing Affordability Index measures the ability of a typical household in the area to purchase an existing home. An index of 100 means that the median household income in the area is exactly sufficient to afford the median home value. Higher scores indicate greater affordability. As estimated for 2022, Moncure has a Housing Affordability Index score of 100. Chatham County’s score is 95 and North Carolina’s is 122. The wider study area has the lowest affordability score, at 80. Note that these figures are based on the median home value, which is simply the middle of all values in the data set. Those figures could differ significantly from the average value.

2022 Housing Affordability Index



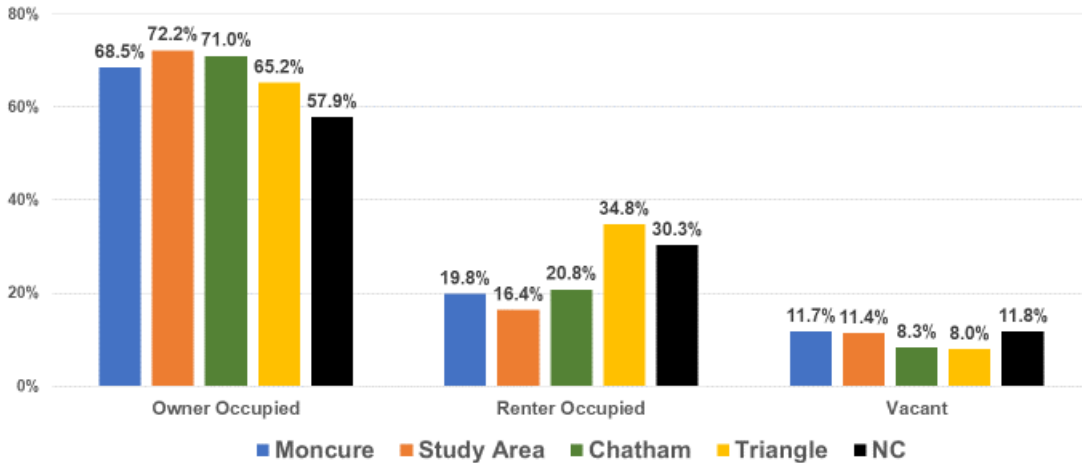
Source: ESRI Business Analyst, accessed Dec 2022 – Feb 2023

According to ESRI data, the Moncure CDP has slightly lower share of all housing units that are owner-occupied, compared with the full study area and the county. However, the Moncure CDP's owner-occupied percentage is actually higher than those for the Triangle and statewide. The Triangle and North Carolina have much higher percentages of housing units that are rented.

Apartment communities are relatively rare in Chatham County. Members of the Triangle Apartment Association (TAA) represent about 1,000 apartment units in Chatham. For comparison, TAA members represent about 10,000 apartment units in Orange County, 34,000 in Durham County, and 108,000 in Wake County.

The immediate Moncure area and the wider study area have moderate shares of units that are vacant, each between 11 and 12 percent.

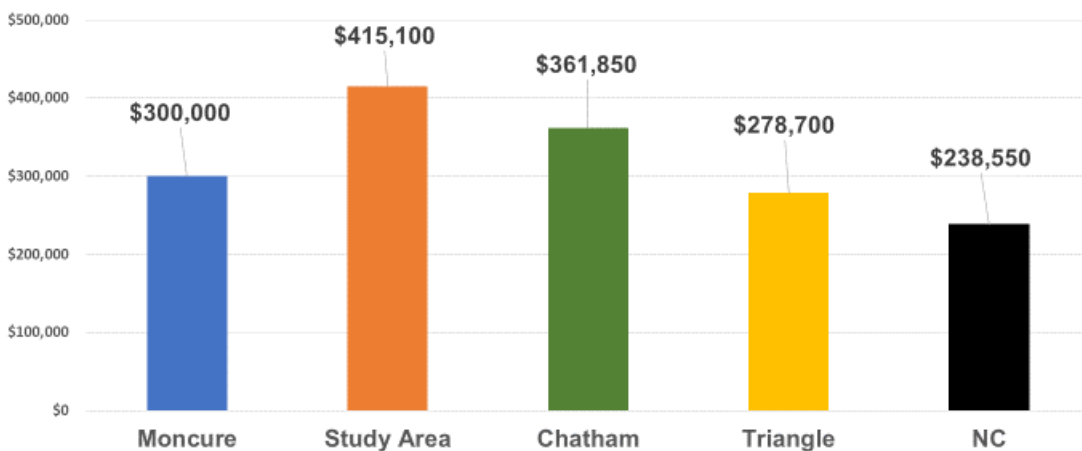
Housing Unit Status, 2022



Source: ESRI Business Analyst, accessed Dec 2022 – Feb 2023; Census Bureau ACS 2021

According to 2022 estimates from ESRI, the median value of a home in the immediate Moncure area is about \$300,000, which is higher than the Triangle-wide and statewide median values, but far less than in the study area and for all of Chatham County. However, these figures do not include the value of mobile homes. Including mobile home values greatly impacts the median value, as discussed below.

Median Home Value, 2022



Source: ESRI Business Analyst, accessed Dec 2022 – Feb 2023

According to information from the Census Bureau’s American Community Survey (2021 five-year averages), the most striking aspect of the Moncure CDP’s small housing stock is that it is dominated by mobile homes. The ACS data indicates that more than 80 percent of housing units there are mobile homes, less than 20 percent are traditional single-family detached, and there are no attached units or apartments. When mobile homes are included along with other types of owner-occupied homes, the median home value in the Moncure CDP falls to \$77,000.

Other highlights from Census Bureau ACS estimates for the immediate Moncure area:

- The great majority of housing units there were built between 1980 and 1999;
- The median monthly housing cost for a renter is \$775, lower than the median county-wide and across the Triangle.

During construction of the VinFast automotive plant, there could be demand for temporary housing. Many construction workers may commute from their homes or rent apartments in nearby cities, yet some additional demand could exist in southeastern Chatham. Based on input from peer communities, demand could increase at recreational vehicle (RV) parks in the area. Workers might choose to live at a nearby RV park during the week, and return home on the weekends. As a result, Chatham County could see requests for new or expanded RV parks.

Population Projections:

The first section of Part 1 described recent trends in population in the Moncure CDP, the full study area, the county, the region and the state. This section sets forth population projections over roughly the next 17 years, from 2023 to 2040. These future estimates are based on historical trends. They are not necessarily the growth rates that will occur. These projections do not at all reflect any recommendations that the consultants might provide about how much or where growth should occur in the future. We have simply extrapolated from prior trends to get a sense of the possible demand for growth in the coming years, based on history.

To project population changes through 2040, we used 10-year projections provided by global data and analysis provider Lightcast, and extrapolated those to 2040. We were not able to use the exact same boundaries as for the Moncure CDP and full study area, but approximated those through selecting ZIP codes and census tracts. These produced somewhat larger areas than the Moncure CDP and study area, but areas that still capture the largely rural attributes of southeastern Chatham County.

Over a 17-year period, these forecasts indicate a 39 percent population gain in the area around Moncure and a 32 percent increase in the larger southeastern Chatham area. Chatham County itself is forecast to have a 34 percent population gain. All of these are greater than the 24 percent increase projected for the Triangle region (the Raleigh-Durham-Cary combined statistical area or CSA). It is unlikely that any of these forecasts incorporated the VinFast announcement or any other recent job creation announcement.

It is important to note that these projections do not reflect assumptions about the impact of VinFast or other recently announced economic development projects. Rather, these numbers give the community and the county a “baseline” understanding of potential growth rates based on historical trends.

Population Projections 2023 - 2040

	Total Percentage Change	Annual Percentage Increase	Total Numerical Increase
Triangle Region	+ 24%	+ 1.26%	+ 535,870
Chatham County	+ 34%	+ 1.76%	+ 28,050
Southeastern Chatham	+ 32%	+ 1.66%	+ 5,120
Moncure Area	+ 39%	+ 1.97%	+ 1,680

For comparison, the North Carolina Office of State Budget and Management (OSBM) also provides county-level projections through 2040. For Chatham County, the NC OSBM forecasts that the county will add 25,835 residents between 2020 and 2040, a percentage increase of nearly 34 percent. This is very similar to the population gains projected by Lightcast.

It is difficult to predict how the demographics of the population might change over time. With major job creation projected from the VinFast project, demographics could shift if a significant portion of those workers live in Chatham County. If so, it is likely that the median age in southeastern Chatham could move lower, and the average household size could also decline.

Part 1 Key Findings

- Recent population estimates:
 - Chatham County 79,500
 - Study Area 4,030
 - Moncure census-designated place (CDP) 776
- Chatham County's population is 3.7% of the Triangle's total population. The study area contains about 5% of the county's total population. The Moncure CDP contains about 1% of the county's population.
- Moncure's population has a relatively large share of Black and Hispanic residents. Incomes in Moncure are well below county-wide levels, but about the same as state averages. It has a low poverty rate. The full study area is more affluent than the immediate Moncure area.
- Moncure and the study area have small labor forces and very low unemployment rates. Jobs for Moncure residents are more concentrated in blue collar occupations like construction.
- Moncure has moderate home values (much lower when mobile homes are included) and moderate housing affordability. Most housing units in Moncure are mobile homes. The percentage of vacant housing units is about the same as the state average (between 11% and 12%). Chatham County, the study area, and Moncure have relatively little rental housing and few apartment communities.
- Based on existing population trends, Chatham County, southeastern Chatham, and the Moncure area are projected to see population growth of about 35% between 2023 and 2040. This equals an increase of approximately 1.75% per year. This growth rate is higher than that for the entire Triangle region (24%).

Chatham County Moncure Small Area Plan Economic Leadership Tasks

Part 2: Peer Community Review

Our research for this plan included a review of small communities in the southeastern United States that have a large auto plant. These communities have experienced major capital investments and job creation from an auto manufacturing facility and suppliers. County staff and the consulting team felt it important to assess how the opening of an auto plant impacted places similar to the Moncure area and Chatham County, in order to add to the base of knowledge while developing a plan and during the Board of Commissioners consideration of plan options. The experiences of other communities in no way determine what will happen in the Moncure area, but they help us to understand the possibilities.

We examine the impacts these communities have dealt with: population growth, demand for new housing, and demand for non-residential development of various types. We also look at fiscal impacts on local governments – what has been the balance between new revenues and the need for additional services and facilities? The impacts have varied between communities, and have not always been what one might have expected.

The four small communities we researched are located in Kentucky, Georgia, and Mississippi. An automotive plant located in one of these as long ago as 35 years (Georgetown, KY) and as recently as 12 years ago (Blue Springs, MS). At the time of the plant opening, they ranged in population from just 230 residents to 13,000 residents. The largest municipality now has a population of about 37,000. These four communities are described below, in order from the longest experience hosting an auto plant to the most recent.

A. Georgetown and Scott County, Kentucky

Georgetown is a small, central Kentucky city located 13 miles from downtown Lexington. It is 70 miles from both Cincinnati OH and Louisville KY. It has hosted a Toyota auto plant since 1988, and this plant is the largest Toyota facility in the world. Since the late 1980s, Georgetown's population has grown from 11,000 to 37,000 while Scott County's population has increased from 23,000 to 58,000.

B. Canton and Madison County, Mississippi

Canton is located in central Mississippi, 26 miles from the state capital of Jackson (population 150,000). Canton is the county seat of Madison County. A Nissan plant has been located just outside the city since 2003. While Canton has not grown during that time – falling from a population of 13,000 to 11,000 – Madison County overall has grown substantially, increasing from 75,000 people to 109,000.

C. West Point and Troup County, Georgia

West Point has hosted a Kia auto facility since 2009. West Point is located on the Alabama state line, southwest of the Atlanta metro area. It is north of Columbus, GA and Auburn, AL. This area has experienced little growth since production began at the Kia plant. West Point's population has grown from 3,400 to 3,700. Troup County has

increased slightly, from 67,000 to 69,500. West Point also adjoins Harris County, GA, which similarly has had a small population gain, moving from 32,000 to 34,700 residents since the auto plant opened.

D. Blue Springs and Union County, Mississippi

The very small village of Blue Springs, located in Union County, has hosted a Toyota auto plant since 2011. Blue Springs is in northwest Mississippi about 95 miles from Memphis, TN. The nearest sizable city is Tupelo (in neighboring Lee County), with a population of 38,000. Since the Toyota facility opened less than 12 years ago, the village of Blue Springs' population has increased from 230 to 440 people, while Union County's population has moved from 27,000 to 28,000.

Impacts in Georgetown and Scott County, Kentucky

Toyota opened a manufacturing facility in Georgetown in 1988, when the city had a population of about 11,000. The Georgetown plant is now Toyota's largest worldwide. State-led improvements for the project included a new sewer plant, interstate interchange, and bypass road. Over 35 years, Toyota has invested approximately \$8.5 billion in the facility and it employs 9,000 people. Workers are said to come from over 80 counties in Kentucky. There have been no major layoffs. One significant employment change came in 2021, when Toyota announced that it would convert 1,400 temporary staffers (employed through Kelly Services) to full-time Toyota employees, and that all new hires from that point forward would be full-time Toyota employees. There are about 100 Toyota suppliers across Kentucky. A research study indicated that Toyota supports a total of 29,700 jobs in the state.

Toyota is regarded as a "very good corporate citizen," with a longtime local leader saying it is "hard to imagine one being better." The Toyota plant was built just outside Georgetown but early on, city leaders were able to persuade Toyota to request annexation into the city. Toyota has also made additional contributions for local projects, including assistance with building a new high school and buying land for a new city-owned business park.

In Georgetown, demand for industrial space has been consistently strong across the decades. This includes space needed by Toyota, suppliers, and other industries as well. Non-automotive industrial companies have chosen to locate in Georgetown even understanding that they will compete with Toyota's wages. Warehouse and distribution demand has not been as strong (perhaps due to proximity to the leading logistics hubs of Louisville and Cincinnati/Northern Kentucky), though increasing in recent years.

For non-industrial development – particularly housing demand – and population growth, local leaders say that the biggest surprise was that everyone locally expected an "immediate boom" that "didn't happen." Growth projections by an in-state university were "wildly" high and didn't pan out. Few Toyota employees moved to the city and county initially, preferring to remain where they lived despite long commutes. Georgetown's longtime mayor Tom Prather noted that the city also lacked housing options at various price levels, had a planning process that was probably too rigid, and saw that neighboring communities were more ready and able to attract new residents. Prather says that it took many years for even one-third of Toyota workers to live in Georgetown and Scott County.

City and county growth did eventually come, and is strong now. Georgetown has grown from a population of 11,000 to 37,000 over more than three decades, with the county increasing from 23,000 to 58,000. But these new residents may not be driven primarily by Toyota. Research by the city indicates that 85 out of every 100 new residents work outside Scott County, making Georgetown much more of a bedroom community.

While Georgetown does have a decent supply of lodging options, retail and office growth has been muted since Toyota arrived. The director of the city-county planning commission says that, somewhat surprisingly, retail has “never really taken off.” With shopping destinations in much larger Lexington just 10 to 15 minutes away, those are likely meeting local and regional shopping demand.

In recent years, Georgetown has experienced stronger demand for attached housing – apartments and townhomes. It had a deficit in those housing types compared with peer communities in the region. The planning director is not sure if this recent demand is due to any Toyota influence. It could be pent-up demand or the preferences of younger generations.

From a fiscal standpoint, Toyota and its suppliers have contributed greatly to local revenues (local governments in Kentucky rely heavily on payroll taxes). Initially, the influx of additional revenues was credited with building a new high school and “transforming” the professionalism of police and fire staff and the services they provide. A 2011 thesis by a student at Eastern Kentucky University notes that Toyota “made donations and allowed the plant to be annexed by Georgetown in order to help alleviate the pressure the facility placed on local public services.”

Still, Georgetown is not necessarily thriving fiscally. As the tax base has grown, local government has consistently reduced the tax rate so that government revenues have stagnated. A 20-year review by Georgetown shows that the city receives the same revenues as it did 20 years ago, adjusted for inflation, while serving a much larger population. Georgetown has both lower total revenues and lower expenditures than almost all peer cities in Kentucky. In a growing community, this “dilutes” the government services that are provided. For example, the number of police officers per resident has fallen by more than 50 percent in two decades. This study also showed that the local property tax rate is one-fourth of the peer community average in Kentucky. Former mayor Prather said that due to the low property tax rate, residential growth “puts us underwater.” The planning director says that in placating longtime residents via a low property tax rate, local governments are overly reliant on Toyota and payroll taxes.

Advice from leaders in Georgetown and Scott County include:

- The importance of building a close relationship with the auto company, traveling to their home country if needed. They need to know how important their facility is to your community, and that you care about the relationship;
- Good capital improvements planning to complement comprehensive plans; and
- A focus on building capacity and funding for emergency services.

One said that it is “hard to imagine” a facility of VinFast’s size being located in an unincorporated community.

Impacts in Canton and Madison County, Mississippi

Nissan's plant in Madison County – just outside the county seat of Canton – was Mississippi's first auto plant when it opened on a 1,400-acre campus in 2003. Over a 20-year period, Nissan has invested between \$4.0 and \$4.5 billion into the facility. Employment levels there have averaged 5,000 workers, with fluctuations of plus or minus 500 based on production demand. As with the Toyota facility in Kentucky, workers come from near and far, living in an estimated 82 counties. Nearby suppliers add 3,000 to 4,000 jobs. A local official states that Nissan exceeded its initial investment and employment goals. A 2016 study estimated that the facility spurred the creation of 25,000 jobs across the state. Another study, completed in 2017 as a University of Mississippi student honors thesis, noted that while Mississippi lost almost 20 percent of its manufacturing jobs between 2003 and 2015, Madison County grew manufacturing employment by more than 40 percent. In addition, it found that the 2015 average manufacturing wage in Madison was \$10,275 more than the statewide manufacturing average. However, the 2017 study also concluded that state projections of indirect (or multiplier effect) job creation in the area had likely not been met.

Madison County's population has grown by 45 percent in 20 years, but its economic development director says many factors are at work, not just the presence of Nissan. Madison is a relatively affluent county with a reputation for a top-quality school system, and is able to draw new residents from the population of 700,000 living within a 45-minute drive time, as well as from out of state. The county's median household income is 53 percent higher than the statewide median, and is projected to grow faster than state and national trends. Apparently much of the growth is occurring in the southern part of the county – closer to the state capital of Jackson – rather than near Canton in the middle of the county.

Meanwhile, Canton's population has actually decreased over 20 years, from approximately 13,000 residents to 11,000. Canton is much less affluent than the county as a whole, with a median household income and per capita income that are just 51 percent of Madison County's. Canton has a much larger percentage of Black and Hispanic residents – both more than twice the percentage found countywide.

Madison County has experienced a great deal of new development, though with most of it occurring in the southern part of the county. This includes new single-family housing, but not apartments as the county has a moratorium on their approval. Some new apartments have been built in the city of Canton. Nearly 20 hotels have opened in the county in the last two decades, targeting a mix of business and leisure travel. There are also new retail and entertainment (lifestyle center) developments in cities such as Ridgeland in the south of Madison County. Industrial space has seen strong demand, including a new 1,000 acre industrial park across from Nissan near Canton.

An unexpected development trend near Canton has been the creation of several new RV parks, which appeal at least in part to Nissan workers. A good number of Nissan employees who live in faraway counties stay in an RV park during the week, and return home for the weekend.

Tax revenues benefit general county funds as well as the Canton city school district. The county's tax rate has remained steady as property values increased. The higher total revenues have been used for infrastructure needs – such as water, sewer, and road improvements – and for the construction of five new schools in central Madison County.

Local leaders there suggest that communities getting a new auto plant strive to “upsized” or “over-engineer” infrastructure (including water and sewer facilities and road interchanges) to provide additional capacity for future growth.

Impacts in West Point and Troup County, Georgia

South Korean automaker Kia opened a manufacturing plant in West Point, GA in 2009. Since that time, Kia has invested about \$2 billion and employs 2,500 to 3,000 workers there. There are also four major suppliers on the campus, bringing total daily employment to around 5,000. A supplier corridor about 50 miles long is said to exist around West Point – in both Georgia and neighboring Alabama – with a total of 60 supplier firms.

After Kia opened, Troup County (where West Point is located) experienced a gradual but ultimately dramatic reduction in its unemployment rate.

	Troup County Unemployment Rate
Summer 2009	15.3%
Summer 2012	10.0%
Summer 2014	8.0%
Summer 2016	5.5%
Summer 2018	4.0%
End of 2019	3.0%

West Point and the two adjoining counties have seen little population change since 2009. The city’s population has risen from 3,400 to 3,700. Troup County has edged up from 67,000 to 69,500 while adjacent Harris County has experienced a similar small gain, from 32,000 people to 34,700.

West Point’s longtime city manager notes that the timing of Kia’s plant opening played an important role in these muted growth trends. After the facility was announced in 2006, developers began buying up nearby land, and thousands of new homes were planned. Annexations grew the city from four square miles to 12 square miles. But then, America’s financial crisis and the Great Recession occurred. As a result, the city manager says that “nothing happened” in the area and many developers went bankrupt. Development is now coming back slowly. However, some who bought land at elevated prices from 2006 to 2008 are still looking to sell at those price levels, dampening activity.

A local leader says that West Point has been something of a “donut hole” in terms of growth, with rapid growth in the Atlanta metro area to the northeast and the Auburn, AL area to the southwest. Even LaGrange, 16 miles away in Troup County and with a population of 31,500, is experiencing more growth. For example, several hotels including a Great Wolf Lodge have located in LaGrange since Kia arrived, but none have come to West Point.

West Point has generally had the revenues it needs to provide public services and address facility needs. City revenues and budgets increased each year for the first 10 years since Kia’s arrival, and then leveled off. This year (2023) will be the final year for any Kia tax incentives, so

all of their property and activities will become 100 percent taxable. West Point's city manager notes that the Kia campus does not generate many service needs, and with small population growth the city has not experienced a large increase in other community service demands. Schools there are a county function, but with modest population growth there has not been great demand for new schools.

There have been some major public improvements. The city was able to implement a \$24 million water and sewer project backed by Kia's revenue stream as a major customer. The wastewater treatment plant was under an EPA consent decree at the time. West Point also built a new fire station and increased the size of its police force. Perhaps the biggest negative fiscal issue arose after the State of Georgia built a four-lane highway spur running five miles from the interstate to the Kia campus. The state built the road and deeded it to the city. Now, years later, a resurfacing project will cost the city \$7.5 million, and the city is not currently able to fully fund this work.

Not surprisingly, West Point's main advice to other communities is to prioritize capital improvements planning and funding mechanisms.

Impacts in Blue Springs, Union County, and neighboring counties in Mississippi

Toyota opened a manufacturing facility in the small village of Blue Springs, MS in 2011. Company investment at the plant totaled approximately \$1.2 billion as of 2019. Toyota employs about 2,400 workers, while suppliers within an hour of Blue Springs add another 2,500 jobs.

Since 2011, there has been little population change in Blue Springs (increasing from 230 residents to 440) or Union County (moving from a population of 27,000 to 28,000). Union County's tax assessor and tax collector indicates that most growth has gone to the nearby city of Tupelo (population 38,000) and its county, Lee County. The agreements that landed Toyota involve three counties – Union, Lee, and Pontotoc – which share in the increased revenues from the site. Each county has a different plan for distributing these revenues.

Toyota is exempted from real estate property taxes until 2026, but makes payments in lieu of taxes to the three counties. The payments in lieu originally represented about one-third the amount of property taxes exempted. When the exemptions end in 2026, local revenues to the three counties from the Toyota facility will approximately double. The Union County tax collector indicates that the fiscal impacts have been positive while not fulfilling the grander "dreams" that the county school system might have had initially. There has also been some growth in sales tax collection in Union County, due to an increase in visitors and commuter traffic.

Toyota also has been very helpful in building an endowment for county schools and paying for vocational training programs. The president of the influential Community Development Foundation of Tupelo (which helped to create the regional cost-and-revenue-sharing agreements) indicates that Toyota gave \$5 million per year for 10 years to build a school endowment that is now worth about \$60 million. The auto maker also gives \$750,000 or more annually in community mini-grants to civic groups and other organizations.

The tiny village of Blue Springs has not experienced many impacts. Many workers travel from Tupelo, which offers more housing choices as well as shopping. The Community Development Foundation president says that most growth has gone to "where it already was." More sizable communities are getting the residential growth, and Toyota employees are accessing services

close to where they live rather than expecting them in Blue Springs. Since the auto plant opened, for example, Tupelo has gone from having four bank branches to 13.

Several supplier firms for Toyota have located in Union County's seat of New Albany (population 7,700) as well as in Lee and Pontotoc counties. But while there are a few new subdivisions in Union County, they have not created significant change. There has been "no golden goose" to make Blue Springs or other rural communities thrive immediately.

One issue impacting related development is that Toyota reserved a great deal of land around the plant, perhaps due to noise complaints it received at another U.S. facility. Many uses are not allowed in this "donut" protective area, limiting the ability to locate new housing or retail development. There are also capacity constraints from water, sewer, and other infrastructure.

The head of the Community Development Foundation believes that one game-changer for the region is higher wage levels prompted by Toyota's presence. In a long-time furniture-making region, Toyota's starting wages (now at \$22.50 per hour) have raised the bar for all employers. A 2017 research report concludes that "the plant brought an influx of quality, high paying jobs," many of which have been taken by Union County residents. A concern for Union County is the creation of indirect or multiplier effect jobs. Although manufacturing employment and all employment in Union has grown faster than in Mississippi overall, the 2017 report found that "there was not a significant amount of indirect jobs" in the county since the Toyota plant opened "that can be attributed to it."

One piece of advice from leaders in the region is to create a "community committee" to work closely with the auto maker to build relationships and prioritize long-term community goals. They indicate that Toyota has been frustrated by working toward long-range goals, only to be interrupted by requests for assistance with "emergency" needs.

Experiences in Other Small Communities

This review of peer communities is far from exhaustive. It is intended only to provide some insight into the experiences of similar small communities in the southeastern U.S. that have hosted an auto plant for varying lengths of time. Each place's insights are different, and other host communities will have different experiences to share. For example, Greer, South Carolina has been home to a BMW auto plant since 1994. Greer is close to two larger cities, Greenville (15 miles) and Spartanburg (22 miles). In the 28 years since BMW opened, Greer's population has grown from approximately 12,000 to nearly 39,000. This rate of population increase is higher than the four communities studied here, slightly faster than the growth rate of Georgetown, Kentucky.

Part 2 Key Findings

- This section evaluated trends in four small, southeastern U.S. communities that host a large automotive plant. Their length of experience with an auto plant ranges from 12 years to 35 years. At the time of plant opening, the smallest had just 230 residents and the largest 13,000 residents. The largest community now has a population of approximately 37,000.
- Original employment projections from the automakers have been met (or exceeded), and accompanied by strong job creation from numerous suppliers across a region. There have been no plant closures or major layoffs.
- Despite incentive agreements, local revenues have generally increased moderately. The auto plant campuses have not generated great need for additional government services.
- Especially in the early years, the expected boom of related development – such as new housing, retail, restaurants, and offices – didn't happen in these communities. Two primary reasons for this are 1) development went instead to larger cities nearby; and 2) many employees appear content to commute from their existing home, even at great distances. Some communities eventually experienced significant growth, while others have not.
- Leaders in these communities suggest a strong focus on infrastructure needs and capital improvements planning.

Chatham County Moncure Small Area Plan Economic Leadership Tasks

Part 3: Employment and Job Growth Projections

In this section, we provide a snapshot of the current employment picture, and review historical job growth trends to project potential employment growth through 2040. These projections are based on long-term trends and do not account for the proposed large job creation impacts from VinFast.

Following that, we also consider the additional impact of major job announcements from VinFast and other manufacturers in the Triangle and Triad regions. This task takes into consideration the potential spin-off effects (sometimes called “multiplier” effects) of auto manufacturing jobs to create additional jobs in southeastern Chatham County.

Current Employment by Type:

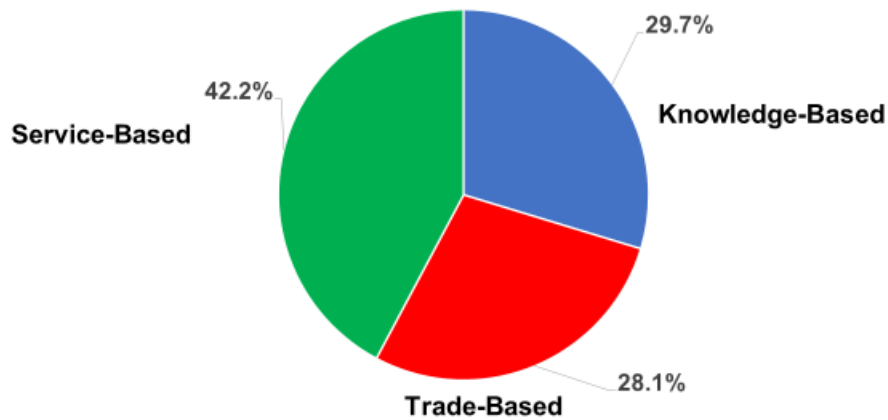
The three charts below provide a breakdown of estimated 2023 employment by type in the Triangle region, Triad, and Chatham County. The Triangle has the highest percentage of knowledge-based jobs, while the Triad and Chatham have a larger share of trade-based jobs. All three have similar levels of service-based employment.

Triangle Job Types, 2023



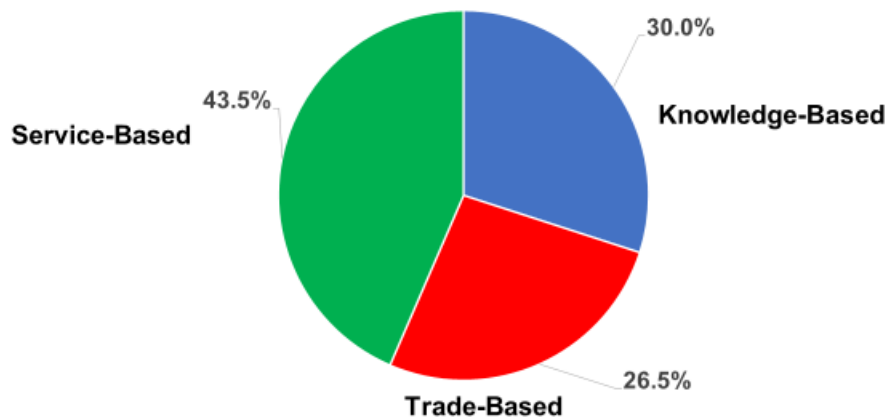
Source: Lightcast 2023

Triad Job Types, 2023



Source: Lightcast 2023

Chatham County Job Types, 2023



Source: Lightcast 2023

Among the relatively small number of jobs currently provided in Moncure and southeast Chatham County, a much smaller share (about half the Triangle's percentage) are knowledge-based. Service occupations are also less represented, while there is a far greater percentage of trade-based jobs. As a reminder, these numbers do not reflect any jobs anticipated in association with VinFast.

Chatham County's Share of Triangle Region Jobs:

Based on Lightcast estimates for 2023, Chatham County hosts a very small percentage of the Triangle region's total of more than 1.12 million jobs. About 1.6 percent of this total is located in Chatham. Within the county, southeastern Chatham is responsible for 28 percent of the county's

employment total, with the immediate Moncure area containing 7 percent of the county total. (Again, these figures do not take into account any proposed VinFast jobs.)

Job Projections Based on Historical Trends:

To project employment growth through 2040, we again used ten-year estimates from global provider Lightcast, and Economic Leadership extrapolations of those numbers. Lightcast data looks at historical trends over the past 20 years to project future trends. We were able to provide projections for the Triangle metro region, the Piedmont Triad region, Chatham County, southeastern Chatham, and the Moncure area. As with the population projections, the Lightcast areas for Moncure and southeastern Chatham (using ZIP codes and census tracts) are somewhat larger than the Moncure census-designed place and the study area, but still provide a good estimation of conditions in this predominantly rural section of Chatham County.

The table below summarizes Lightcast and Economic Leadership’s employment projections from 2023 to 2040, based on historical trends and not accounting for potential employment impacts from VinFast.

Employment Change Projections, 2023 - 2040

	Job Change Percentage	Annual Change Percentage	Total Job Change Number
Triangle Region	+ 13.3%	+ 0.74%	+ 149,262
Triad Region	+ 1.3%	+ 0.08%	+ 9,282
Chatham County	+ 15.9%	+ 0.87%	+ 2,809
Southeast Chatham	+ 3.1%	+ 0.18%	+ 156
Moncure	- 8.4%	- 0.52%	- 103

These projections show relatively robust job growth for the Triangle and Chatham County, while forecasting little (or even negative) growth in the Triad, southeast Chatham, and the Moncure area. Based on long-term trend data, the projections do not take into account major job announcements along the “Carolina Core” such as VinFast, Wolfspeed, and Toyota.

Projected Employment Change by Type:

Between 2023 and 2040, Chatham County is projected to substantially grow employment in all three categories, led by knowledge-based jobs (+20%). Service jobs are estimated to increase by 15 percent during that period, and trade-based jobs by 12 percent. Employment gains in the Triangle are projected to be led by knowledge jobs (+18%) followed by trades (+12%) and services (+9%). For the Triad – which the historical trends suggest will have little job growth at all – knowledge-based occupations are the only ones projected to see positive gains, at +6 percent.

Recent Job Announcements:

Several major manufacturing-focused job announcements have occurred recently in what is called the Carolina Core, a corridor through the central part of the state between Winston-Salem and Fayetteville. Combined, these announcements have the potential to change historical and predicted future employment patterns in central North Carolina, if the job projections are realized. The primary announcements – two of which are for Chatham County locations – have been:

- VinFast, the Vietnamese electric vehicle manufacturer planning a \$4 billion facility at Triangle Innovation Point near Moncure, to open in 2025 and employ 7,500 people by its third year of operations. More details on VinFast projections are found below.
- Wolfspeed, a Durham-based semiconductor company, plans a \$5 billion silicon carbide manufacturing plant at the CAM Site, or Chatham-Siler City Advanced Manufacturing Site. This location is approximately 32 miles from Moncure. Wolfspeed plans to employ 1,800 people with wages averaging \$77,750. The company states that it hopes to be in production there in the first half of 2024 and meet employment goals by 2030.
- Toyota is developing a \$3.8 billion electric vehicle battery plant at the Greensboro-Randolph Megasite, about 41 miles from Moncure. The battery plant is expected to employ 2,100 workers during its initial phase. Production is slated to begin there in 2025.
- Colorado-based jet manufacturer Boom Supersonic announced an airplane manufacturing plant at Piedmont Triad International Airport in Greensboro, 69 miles from Moncure. Boom Supersonic intends to start production there in 2024. The company would employ 1,750 people by 2030 and 2,400 by 2032.

Together, these manufacturers could create more than 18,000 jobs throughout central North Carolina within 10 years. Between VinFast near Moncure and Wolfspeed near Siler City, there could be 14,500 new manufacturing-focused jobs in 10 years, adding jobs above the projections that are based on historical trends, and changing the employment picture in Chatham County.

VinFast’s projected 10-year timeline shows employment ramping up from 2,000 in year one to 12,500 in year five, topping out at 12,700 workers in years seven through 10. Average wages are consistently in the low-to-mid \$50,000s during the entire period. Wages are estimated to average \$53,430 in year one, \$50,580 in year five, and remain very close to that figure in subsequent years.

Projected VinFast Employment, 2025 - 2034

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Years 7-10
Employment	2,000	5,000	7,500	11,000	12,500	12,600	12,700

Effect of Employment Multipliers:

Primary or exporting industries – such as manufacturing – are also associated with additional job creation through suppliers for that industry, as well as job creation that occurs when employees spend their wages for goods and services. Numbers called employment “multipliers” have been developed for various industry sectors to estimate the amount of related or spin-off jobs that can be created throughout an economy.

The table below provides employment multipliers for the two main manufacturing subsectors associated with VinFast’s electric vehicle production. The direct and indirect multipliers relate to suppliers. The induced multiplier refers to job creation from spending of wages in other, non-related sectors. In the examples below, the first industry subsector is associated with the creation of 0.44 other jobs in the economy for each initial job, for a total job creation of 1.44. The

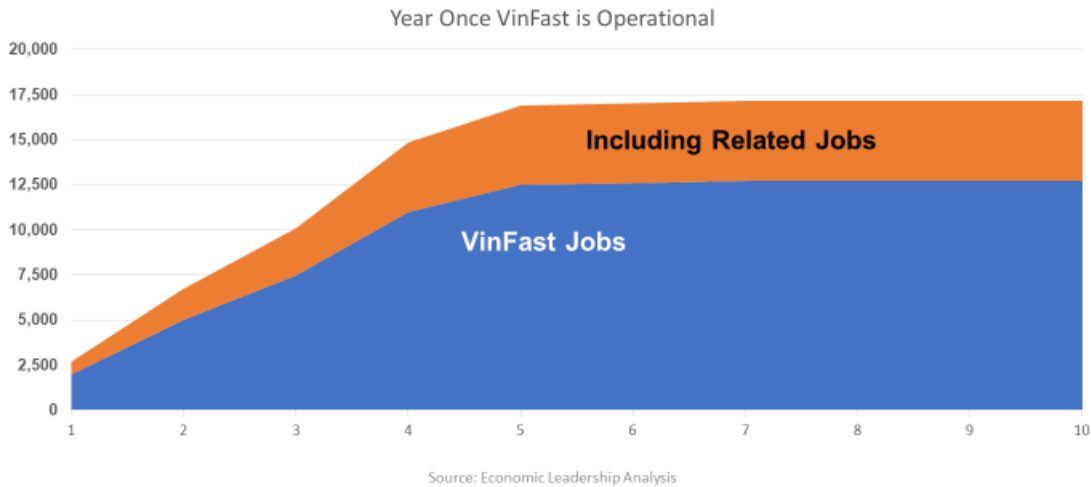
second type is associated with the creation of another 0.26 jobs per initial job, for a total job creation of 1.26.

Electric Vehicle Manufacturing Job Multipliers:

	Initial Jobs	Direct	Indirect	Induced	Total
Motor Vehicle Electrical & Electronic Equipment Manufacturing	1.00	0.22	0.06	0.15	1.44
Motor and Generator Manufacturing	1.00	0.06	0.02	0.18	1.26

Using the electric vehicle manufacturing multipliers, we can see their estimated impact on job creation in addition to the hiring numbers projected by VinFast.

Multiplier Effect on Employment



We will use these multipliers in Part 4 to help project new housing demand in Chatham County, including demand supported by employment at VinFast and their suppliers. Our peer community research in Part 2 suggests that the *induced* spin-off jobs from employee spending have not always occurred in small communities with an auto plant – or are at least difficult to verify – so those induced multipliers are not used in Part 4.

Part 3 Key Findings

- Chatham County currently hosts a very small share of the Triangle region's jobs (1.6%). Within Chatham, the southeastern portion is home to 28 percent of all county jobs.
- Based on projections from long-term trends, Chatham County (+15.9%) and the Triangle (+13.3%) are predicted to have strong job growth through 2040, while southeastern Chatham (+3.1%) and the Triad (+1.3%) would see modest job growth. The immediate Moncure area is projected to experience a small decline in employment. These estimates do not incorporate recent major economic development announcements.
- Major job creation announcements along the corridor known as the Carolina Core – from VinFast, Wolfspeed, Toyota, and Boom Supersonic – could mean the creation of over 18,000 jobs within 10 years. VinFast near Moncure and Wolfspeed near Siler City could generate 14,500 new jobs in Chatham County over 10 years.
- Employment multipliers used by economists to estimate related job creation generated by electric vehicle manufacturing indicate that 0.35 additional jobs will be created for every VinFast job. However, research in small peer communities suggests that, in their experience, the actual number of spin-off jobs may be less than expected.

**Chatham County
 Moncure Small Area Plan
 Economic Leadership Tasks**

Part 4: Market Assessment

In this section, we use the information gathered in Parts 1, 2, and 3 to inform market demand estimates for residential and non-residential uses in the Moncure area. These projections take into account existing growth trends in the Triangle region, Chatham County, and Moncure, as well as the VinFast employment announcement.

A. Housing

For baseline housing demand projections based on continuation of existing population trends, we adopt a 35 percent population gain from 2023 to 2040 for Chatham County, the study area, and the Moncure census-designated place (Moncure CDP) as estimated in Part 1. This 17-year increase equals about 1.75 percent annual population growth. This growth rate is higher than the 24 percent total growth projected for the Triangle region, and does not account for major employment announcements such as VinFast.

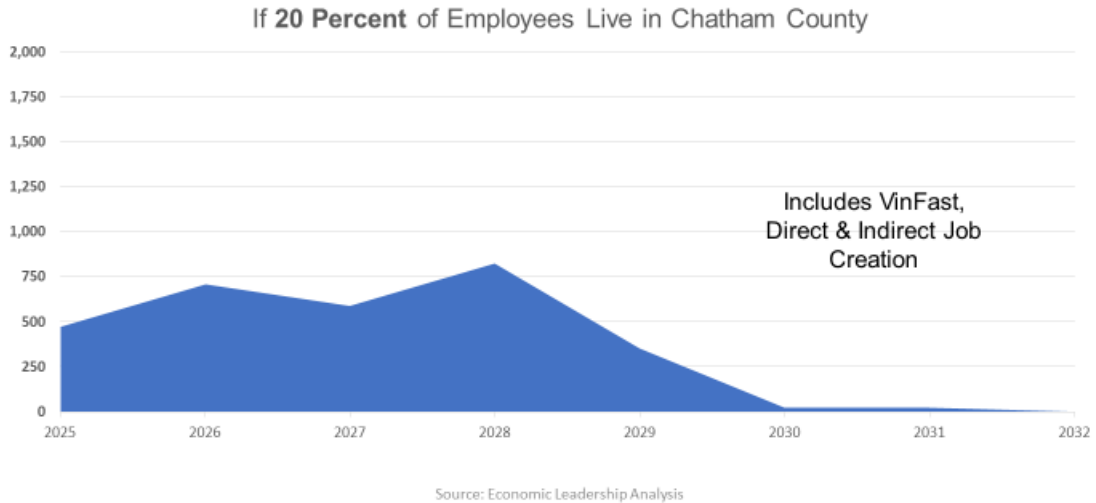
Based on the estimated population growth and average household size, Chatham County would have significant annual new housing demand. The sparsely populated study area and Moncure CDP would each see modest demand based on historical trends.

Housing Unit Demand Based on Population Trends

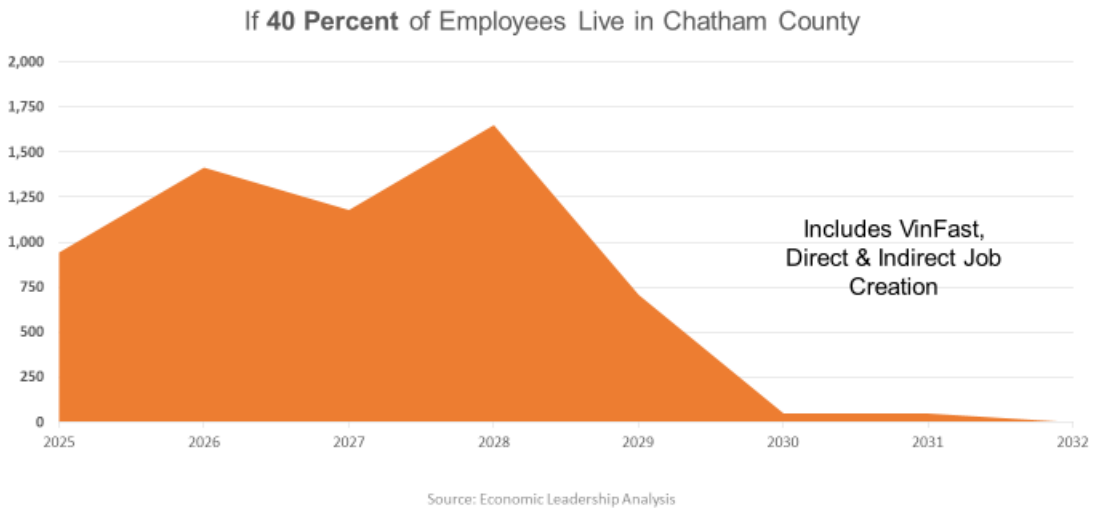
	2023 – 2040 Population Growth	Total New Households	Projected Housing Unit Demand Per Year
Chatham County	+ 28,050	11,639	685
Study Area	+ 1,411	578	34
Moncure CDP	+ 273	108	6

In addition to this demand based on population trends, we can consider additional demand driven by job creation at VinFast and its suppliers. The following two charts show the annual demand that could be created as VinFast ramps up its hiring starting in 2025, until employment levels stabilize in 2032. An important consideration is what percentage of these new workers might live in Chatham County. The first chart shows potential demand if 20 percent of VinFast-related workers live in Chatham, while the second assumes that 40 percent will live in the county.

Housing Unit Demand from VinFast-Related Jobs



Housing Unit Demand from VinFast-Related Jobs



A lesson from the small peer communities we studied is that housing demand near a new auto plant was not as great as they anticipated, at least not in the initial years after a plant opened. It appears that many employees are willing to commute long distances rather than relocate. Also, demand in the immediate area could be dampened due to local issues like the availability of infrastructure, housing choices, childcare, shopping, and entertainment options nearby. It is

possible that 40 percent of VinFast-related workers could live in Chatham at some time in the future. However, this is unlikely to be the case during the initial years of the facility, with 20 percent being more likely.

Still, even with only 20 percent of new VinFast workers and supplier employees living in Chatham County, that would create significant additional demand during the period when VinFast is ramping up hiring each year. Based on existing population growth trends, Chatham County’s expected demand is for about 685 new housing units a year, including about 34 new units per year in the full study area (not just Moncure). In addition, demand for this many additional units (*see below*) could be created by VinFast-related hiring.

Year	Added Demand from VinFast-Related Hiring (20% of Hires Living in Chatham County)
2025	472
2026	708
2027	590
2028	826
2029	354
2030	24
2031	24
2032	0

This potential demand averages 428 new units per year over the first seven years, or 590 new units per year during peak hiring over the first five years. Adding in the estimated 34 new housing units needed per year in the study area based on population growth estimates, this would indicate a total demand of **462 units annually over the first seven years** (or 624 new units a year averaged over the first five years) of the plant’s existence.

- **Where would demand be concentrated?** For good proximity to the industrial development at Triangle Innovation Point, most demand would be expected in southeastern Chatham and the Pittsboro area. If it is not accommodated there, it is reasonable to assume that demand would be focused along the U.S. 1 corridor to the south and north of Moncure, including in Sanford, Apex, and Holly Springs, and perhaps Fuquay-Varina. The location of where the new demand stemming from VinFast would be concentrated is a function of the housing markets, infrastructure availability, commercial activity, and whatever land use plans and regulations apply in the area.

- **How much demand could be met by existing or approved housing in Chatham?** The existing housing stock in the Moncure CDP and the study area is small and heavily owner-occupied, so the number of units on the market at any given time will likely be limited. Vacant units could help somewhat, but again in a limited way. According to 2022 estimates, the Moncure CDP has about 40 vacant units and the whole study area only about 210 vacant units. It is reasonable to assume that a portion of existing units may be in poor condition requiring extensive renovation, or have uncertain legal status (such as being tied up in estate proceedings). This would reduce their ability to meet new demand.

A more likely source for meeting demand is approved new development at Chatham Park. A team member there notes that Chatham Park is increasing its focus on developing its southern end, near Moncure Pittsboro Road, in part to address greater demand from the Moncure area. Once a sewer line is in place to accommodate development here, Chatham Park could build 500 homes (a mix of detached units and townhomes) and 200 apartment units per year in the southern portion. Depending on price levels and competition, this could meet a significant share of the need – perhaps 25 percent. The sewer line is projected to be in place early in 2025.

• **What types of new housing would help to meet the demand?** Housing professionals describe the current, small market for new homes in southeastern Chatham as dominated by a large single-family home on a large lot, served by a well and septic system, and priced at \$700,000 or more. Based on price and the ability to build those in volume, this type of home will do little to serve workers with annual earnings in the low to mid \$50,000s. Elsewhere in the county, places like Chatham Park and Briar Chapel offer similarly-priced large homes (on smaller lots with public water and sewer service).

Chatham Park has a wide variety of housing types, from smaller detached homes (1,500 to 1,800 square feet, priced around \$400,000), very small cottages (starting at less than \$300,000), and apartments for rent. A current apartment listing in Chatham Park asks \$1,989 per month for a two-bedroom, two-bath apartment with 1,073 square feet. Duplex homes are also planned there. This variety of housing choices, pricing, and ownership versus renting should address some of the demand in Moncure and the study area. However, the price per square foot for all of these is relatively high, and will face competition in places like Sanford and Apex that is usually priced lower per square foot.

Housing and real estate professionals who know the region well suggest that new, mixed-income neighborhoods in the Moncure area and the U.S. 1 corridor could serve the new demand if housing units are able to be built at competitive prices. If built with some density and a mix of types (apartments, townhomes, and single-family detached homes of various sizes), there could be a “massive opportunity” for Chatham County to provide the high quality of life for which it is known, but at more affordable price levels.

This would include small and mid-sized detached homes and townhomes priced at \$350,000 or less, targeting a cost of about \$200 per square foot. This will not necessarily be easy. One regional home builder says they’ve seen “nothing” able to be built for under \$300,000 since COVID, and even the low to mid \$300,000s will be difficult to achieve. For apartments, targeting a rent of \$1,500 or less per month for a two-bedroom unit would generally place it between competition in Apex and Sanford. Across the Durham-Chapel Hill MSA (which includes Chatham County), the median rent for a two-bedroom apartment is \$1648.

For housing options that are more in line with trends in the Triangle region and that appeal to younger workers who may want to move to southeastern Chatham, a mix with more apartments for renters and townhomes for owners would be needed. A rough outline of a mixture that would address likely demand might be:

- 50 percent single-family detached homes;
- 20 to 25 percent townhomes; and
- 25 to 30 percent apartments.

B. Industrial

The U.S. industrial property market has been extremely strong in recent years, driven by booming e-commerce sales that spur demand for warehouse and distribution centers. Manufacturing (including potential demand from “reshoring” of plants back to the United States) has also experienced good space demand. Due to uncertainty about the American economy, many observers think that planning and new construction for additional industrial facilities will ease throughout 2023.

According to multiple sources that track the market, the Triangle region has about 60 million square feet of industrial space (including manufacturing, warehouse, and “flex” space that is occupied for life sciences and many other uses). Recent vacancy rates are very low, at less than five percent. In the most recent quarter, net “absorption” of space in the Triangle was +394,000 square feet, indicating strong demand for industrial properties. Absorption measures the net movement of users into space compared with the amount of space that is vacated. In the last year, roughly 1,000,000 square feet of new space was delivered to the Triangle market, and nearly 4,000,000 square feet is under construction.

Most sources that track industrial space throughout the Triangle do not cover southeastern Chatham County as a separate submarket. The nearest submarket with comprehensive data is southern Wake County, which includes Apex, Holly Springs, Fuquay-Varina, and New Hill. This area has about three million square feet of industrial space, or five percent of the region’s total. Recent vacancy was approximately 15 percent, well above the regional average. Net absorption of space in southern Wake over the past year was less than 80,000 square feet.

The relatively small numbers in the southern Wake submarket would not suggest much new industrial demand for the Moncure area. However, commercial real estate brokers with great industrial experience believe that Moncure – and the rest of the U.S. 1 corridor southwest of Raleigh – is well-positioned to accommodate more of the Triangle’s industrial space demand in the near future. They point to U.S. 1 being a quality, four-lane divided highway with speed limits up to 70 miles per hour, and currently being lightly traveled. They also note the development of the FedEx distribution facility in the county, and several new industrial buildings on the north side of Sanford that have been leased quickly. VinFast is expected to further solidify southeastern Chatham County as a viable location for more industrial development.

Current trends would indicate modest demand for new industrial buildings in southeastern Chatham – not more than 100,000 square feet per year. However, recent activity along the U.S. 1 corridor and the VinFast project could spur greater demand – for perhaps 250,000, 400,000 or even 500,000 square feet annually.

Projected New Industrial Space Demand – Southeastern Chatham

Low Range: 100,000 square feet annually

High Range: 400,000 square feet annually

C. Retail

The retail space market in the U.S. was able to weather the storm of COVID-related shutdowns and surging online purchases by having record low levels of new construction over the past three years. As a result, retail vacancy nationwide is less than six percent, a 15-year low. Raleigh-Durham was one of a few markets with vacancy under four percent at the end of 2022. It is expected that new retail construction across America will continue to be cautious and muted, though more robust in markets with strong demographics like the Triangle.

The Triangle retail market contains about 47 million square feet of space. Net absorption of space over the last 12 months was a positive 979,000 square feet. The closest tracked submarket to Moncure is southern Wake, which has 4.3 million square feet or nine percent of the region's total. This submarket has low vacancy and positive absorption of 103,000 square feet of space in the last year.

An unincorporated, mostly rural area such as that around Moncure should expect to see little demand for new retail, which typically doesn't arrive early to a market but "follows the rooftops" – that is, it follows where new homes and residents are already going. Developments such as VinFast and FedEx could drive demand for small, stand-alone uses such as gas station/ convenience stores, dollar stores, and quick-service restaurants. Small southeastern communities where auto plants have opened have generally experienced less retail development than they expected. However, if denser housing is planned and developed near Moncure, additional retail could be attracted in a mixed-use setting or in close proximity to neighborhoods. This could include uses such as a grocery store, sit-down restaurants, or services like a daycare center – assuming that sufficient residential development materializes.

Projected New Retail Space Demand – Southeastern Chatham

Low Range: 5,000 square feet annually

High Range: 25,000 square feet annually

D. Office

A slow return to the workplace after COVID shutdowns – influenced by greatly increased use of hybrid work arrangements (part at-home and part in-office) and more full-time remote working – recently pushed the U.S. office market to an all-time high vacancy of more than 18 percent. However, this is only slightly higher than peak vacancies during the previous two recessions. According to one source, a net of 37 million square feet of office space was vacated in 2022.

The American office market is not in crisis mode, but expiring leases in the next few years could further pressure vacancies if companies decide that they need less space. Office buildings that are in demand and fully leased tend to be the newest properties with the best amenities in the best locations. Older buildings or those in less desirable locations are likely to struggle. New construction levels have been high in recent years but are expected to slow.

The Triangle region’s office space market contains approximately 60 million square feet. Recent vacancy is about 12.5 percent (not including space available for sublease). Sources differ, but one shows more users moving out of space than moving in during each quarter of 2022 in the Triangle. Near Moncure, market trackers estimate the south Wake or southwestern Wake submarket to have about 500,000 square feet of office space, or less than one percent of the regional total. Vacancy is about 10 percent.

A small, unincorporated area such as Moncure should expect to have little demand for new office space, particularly in an environment where new construction nationally is likely to be reduced and concentrated in well-established locations that are most convenient for employees. Industrial developments like VinFast and FedEx could have a small but certainly not dramatic impact on office demand. If new housing is created in mixed-use neighborhoods nearby, it would be reasonable to expect some office uses to locate there.

Projected New Office Space Demand – Southeastern Chatham
Low Range: 1,000 square feet annually
High Range: 10,000 square feet annually

E. Lodging

The U.S. lodging sector continues to rebound well after the COVID-induced economic shutdown. Data on the closely-watched measure of RevPAR (revenue per available room) through the end of 2022 shows marked improvement over 2021. Hotel RevPAR was up by 30 percent across America, by 26 percent in the South Atlantic states, and more than 22 percent in North Carolina. According to figures from the NC Restaurant & Lodging Association and Smith Travel Research, RevPAR in North Carolina in January 2023 was 79 percent above pandemic lows two years before.

Hotels in the Triangle region show even stronger performance. Looking at a five-year period before the pandemic upheaval, Triangle hotels exhibited robust daily performance as well as demand for growth in the market.

Lodging Market Indicators, 2015-2019 Averages

	Annual RevPAR Change (revenue per available room)	Annual Change in Room Supply	Annual Change in Room Demand
North Carolina	+ 4.7%	+1.4%	+ 2.8%
Triangle Region	+ 5.0%	+ 2.2%	+ 3.8%

In the Moncure area and southeastern Chatham along the U.S. 1 corridor, the current lack of infrastructure and development make the area something of a “blank slate” for lodging. There is modest existing competition in Sanford, with a Fairfield Inn slated to open later this year. Similar

low to mid-priced options exist in Apex as well. Sanford also offers the Wicker Civic Center. In Pittsboro, a new Hampton Inn & Suites is scheduled to open before the end of 2023. This 120-room Hampton Inn in Chatham Park should serve an area beyond Pittsboro and help reduce the “leakage” of hotel guests outside Chatham County’s borders.

A Triangle-based hotel owner-operator notes that new lodging usually “follows behind” other development – it comes after housing, office, and retail are established in an area. Hotel guests prefer to have other amenities nearby, especially restaurants and shopping. For corporate executive travel and corporate events in this part of the Triangle, many businesses will bypass mid-level hotels and patronize upscale properties in Raleigh or Cary. As with several other development types, establishing sizable new neighborhoods and related amenities near Moncure is likely to be necessary in order to spur demand for hotel development there.

Projected New Hotel Demand – Southeastern Chatham

Low Range: no new hotels within five years; 1 new hotel within 10 years

High Range: 1 new hotel within five years; 3 new hotels within 10 years

Other Notes on Tourism:

Employers the size of VinFast and its suppliers should help to support existing rural event venues in southeastern Chatham that now host weddings and other upscale gatherings. Company lunches, picnics, dinners, and retreats could supplement existing bookings – especially during slow periods from Mondays through Thursdays.

The increase in workers (whether they live nearby or commute from greater distances) and visitors to VinFast and its suppliers should bring more attention to southeastern Chatham’s nature-based, outdoor tourism assets. More people will be exposed to recreation options at Jordan Lake and elsewhere, from fishing to biking, hiking, boating, and picnicking. Employee awareness of these possibilities could spur more day trips by their families and friends, one step toward increasing tourism activities in the area.