



# All Aboard Light Rail

Charlotte  
is Embracing  
Mass Transit

By Merle Brann

An astonishing 60,000 Charlotte residents showed up on November 24, 2007 to be among the first to ride the city's new light rail line. Although some dismissed the early enthusiasm as mere curiosity, ridership levels throughout 2008 greatly surpassed expectations. By July, 17,000 average daily trips were logged — well above the 9,100 initially projected for the first year.

The success of the city's first light rail line underscores Charlotte's desire for urban conveniences and bolsters prospects for transit-oriented development throughout the region. Charlotte's first line, the Blue Line, stretches 10 miles south from the central business district to highly traversed I-485. The line encompasses 15 stations and is already projected to meet its year 2025 ridership goal in 2009.

Most observers credit the line's success to expensive parking and excessive traffic in the central business district of Uptown Charlotte. The area draws 71,000 workers each day. It also features several regional destinations, including Bank of America Stadium, Time Warner Cable Arena

and the Charlotte Convention Center. The area also has over 100 bars and restaurants along with numerous theaters, museums and galleries. The new light rail line allows commuters and visitors to park-and-ride in several of the convenient southern stations.

The rail line is expected to help Uptown Charlotte absorb several major new destinations scheduled to open in the next few years, including the NASCAR Hall of Fame, a new minor league baseball stadium, a new performing arts and cultural center and the relocation of Wake Forest's business school. Office vacancies in Uptown are also low at just 2% and annual job growth in Charlotte was 24,900 in July 2008. Over 4 million square feet of office space is currently under construction in the area and the residential population is expected to grow from 13,000 to 19,000 by 2012.

"Retail is our next great Uptown opportunity," says Michael Smith, President and CEO of Charlotte Center City Partners. "Retail serves as the ultimate complement to creating our memorable Center City. It strengthens

our office market, enhances our destination appeal for visitors and serves as a wonderful amenity to our urban neighborhoods.”

Charlotte’s population also has a natural inclination to support urban amenities. As the second largest banking center in the country, Charlotte receives many transplants from New York City, Chicago, and other urban areas. Public transportation is second nature to many of these workers, so the idea of living in an urban area and riding a train to work is no barrier for them. The Blue Line also opened at a time when “going green” was becoming more mainstream, and gasoline prices were hitting all-time highs. Citizens of Charlotte quickly realized the light rail provided an opportunity to increase their quality life, save them money, and preserve the environment.

The immediate success of the light rail system can also be attributed to planning and economic development policies put in place by Charlotte to promote Transit Oriented Development (TOD) and train ridership. These policies included creating a TOD taskforce to assist developers in getting projects near transit stations expedited. Charlotte has provided public service facilities, affordable housing, infrastructure, and parking near transit stations in order to create desirable areas for development. Charlotte put these policies in place soon after the light rail plan came into existence in 1998, and the development community reacted quickly.

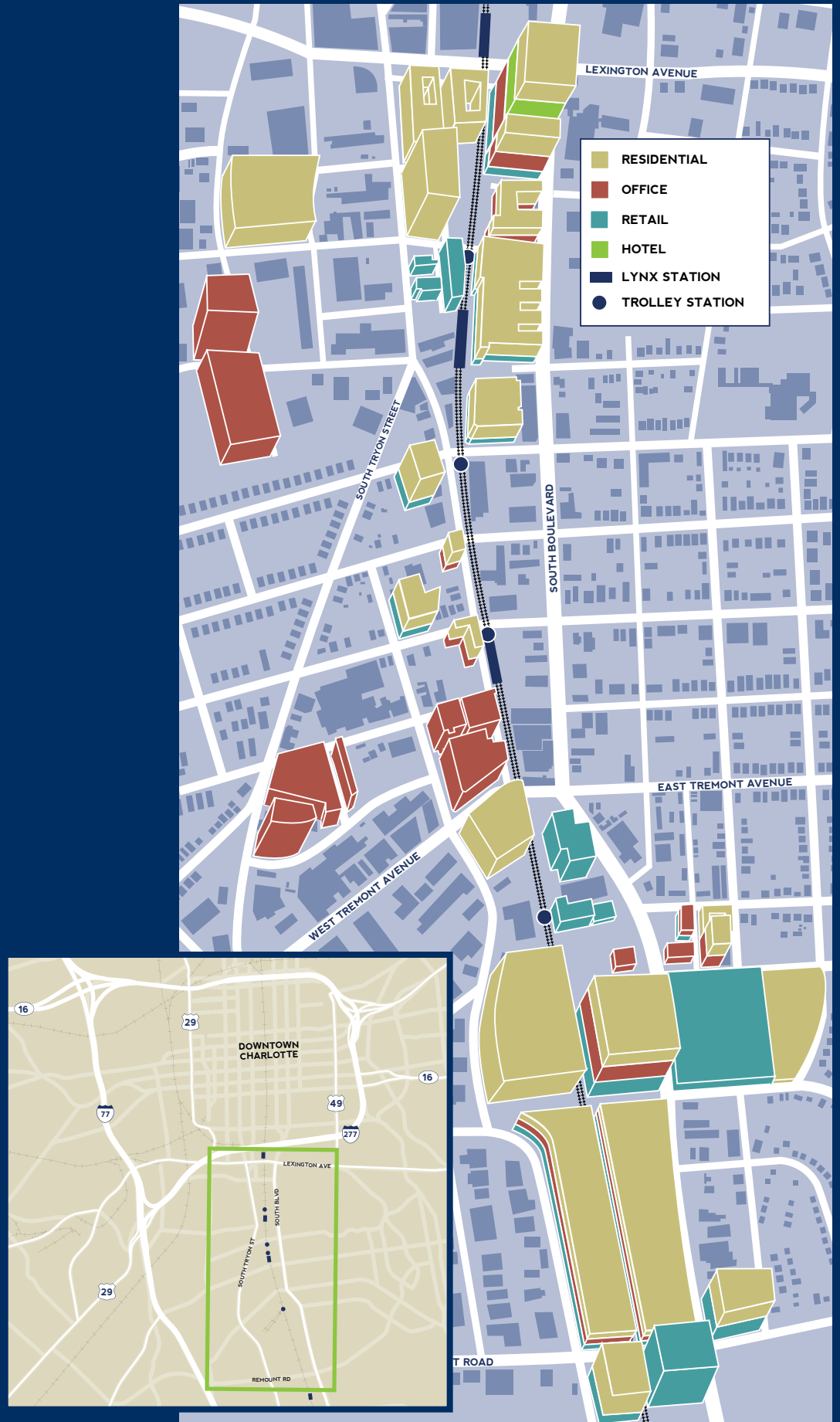
Although Uptown Charlotte would most likely have developed regardless of the light rail line, it has been a major catalyst for speculative development in the Historic South End neighborhood. The several mile stretch of land is being transformed from an industrial and manufacturing center into an eclectic neighborhood of offices, residences, and shopping. The tax value of South End in 2000 was \$232 million, but as developers started converting warehouses and abandoned buildings into condominiums and offices, the tax value grew 136% to \$548 million by 2007.

South End is now home to almost 300 design and innovation businesses including architects, interior and exterior designers, engineers, and entrepreneurs. South End also offers a unique retail enclave including galleries and niche stores, restaurants, and neighborhood service retail, mostly small businesses with a style all their own. The neighborhood still lacks a grocery store or destination retail, but this is changing as current and planned construction includes 908 condominiums, 2,879 apartments, 160,000 sq. ft. of office, and 250,000 sq. ft. of retail. An urban-style Lowe’s Home Improvement store opened in 2008, with 3-level condominiums wrapping the building on three sides and parking on the roof.

Charlotte’s light rail system is expected to grow substantially in the years ahead. Current plans call for 50 additional miles of light rail by 2030. The U.S. Senate’s proposed transportation budget for 2009 contains \$18 million for expanding Charlotte’s light rail system, which was \$8 million more than CATS even requested. The success of the light rail in Charlotte has opened eyes, and opened opportunities for the revitalization and evolution of neighborhoods never before imagined.

Merle Brann (merle.brann@madisonmarquette.com) is Director of Investments in our Washington, D.C. office. **P**

## LIGHT RAIL SPARKS NEW DEVELOPMENT IN CHARLOTTE’S SOUTH END



Source: Madison Marquette Market Research