

Birkdale Village

Huntersville, North Carolina

Project Type: **Mixed Use/Multiuse**

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PROJECT TYPE

Envisioned as a village-style town center serving the northern portion of Mecklenburg County, a rapidly growing suburb of Charlotte, North Carolina, Birkdale Village is a highly efficient, planned, 52-acre (21-hectare), pedestrian-oriented mixed-use community containing 287,000 square feet (26,662 square meters) of office and retail space and 320 apartments, 81 percent of which are located above retail space. The Main Street project features angled and parallel parking, attractive open spaces, and a traditional street grid system with residential and mixed-use buildings oriented toward the project's interior and parking decks located behind the buildings. The project's pedestrian connections and scale add to the center's urban feel.

SPECIAL FEATURES

- Mixed-use development
- Housing above street-level stores
- Town center
- Pedestrian scale and connections to surrounding developments
- First project to be developed under local new urbanist/mixed-use planning codes

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GENERAL DESCRIPTION

In northern Mecklenburg County, just north of Charlotte, North Carolina, suburban developments and golf course communities are quickly replacing what was once farmland. As the population continues to grow, residents have expressed concern that the area lacks a sense of place and community. Pappas Properties, LLC, and Crosland, Inc., kept this concern in mind as they developed Birkdale Village, a mixed-use, village-style town center. The center combines 233,000 square feet (21,646 square meters) of street-level retail and 54,000 square feet (5,017 square meters) of office space with 320 residential units and a 16-screen, 53,000-square-foot (4,924-square-meter) movie theater surrounding a town green where residents and visitors gather for community events.

The joint venture between Pappas Properties and Crosland builds on the partners' understanding of the local market. The principals of Pappas Properties have more than 20 years of development experience, including development of Phillips Place, one of the nation's first "lifestyle developments," which is located in Southpark near downtown Charlotte. Pappas also brought its experience of working with the town of Huntersville on the approval of Birkdale, a golf-course community, and its extensive experience in mixed-use development to the venture. For Crosland, Birkdale Village was a continuation of the innovative, high-quality development for which the company historically has been recognized. The firm applied its 66-year history of managing construction and developing residential, office, and commercial projects to help create a seamless, welcoming home for residents and a shopping and entertainment destination for visitors.

In designing this project, which was patterned on New England coastal towns, the developers aimed to integrate and minimize conflicts between uses, in order to create a place where people would enjoy living, shopping, and socializing. Because 81 percent of the residential units are located above retail stores, the developers paid special attention to parking, directional signage, lighting, noise, and street access based on the needs of all users.

SITE DESCRIPTION

Pappas Properties and Crosland acquired the 52-acre (21-hectare) site, a former equine farm, from Forest City Enterprises, Inc., a nationally recognized master developer based in Cleveland, Ohio. Located only 15 minutes from downtown Charlotte, the site is well connected to the region. On the southern and western sides of the property, Sam Furr Road, a major east/west thoroughfare, provides easy access to the interstate highway system. The property is bounded by an office park on the east and the Greens at Birkdale, a new urbanist residential community, on the north. The area also includes two golf course communities and a regional shopping center. To ensure connectivity and easy access to the center from the surrounding area, the site plan includes a grid street system flanked by sidewalks and a pedestrian path and bridge that link Birkdale Village to the office park and the Greens at Birkdale.

In keeping with its proximity to Lake Norman, one of North Carolina's largest inland lakes, the design team chose to model the village on a Nantucket architectural style. The two- to four-story buildings have high-pitched roofs and are faced with a combination of brick, Hardiplank fiber cement siding, and cedar shakes.

DEVELOPMENT PROCESS

During the mid-1990s, Huntersville and other towns near Lake Norman adopted new development codes designed to manage the area's explosive growth by encouraging new urbanist and mixed-use development. Birkdale Village was the first large-scale mixed-use development ushered through the approval process. Because the greenfield site originally was designated for retail development, a major rezoning was required to achieve the necessary use designation and density to support the economics of the project. While a density level of 14 dwelling units per acre (5.7 units per hectare) is a common suburban residential density, the location of residential units over retail space and their proximity to parking, entertainment, and office uses have resulted in a bustling village center.

To imbue Birkdale with a sense of place, the retail, office, and residential elements were carefully combined to

elicit an active urban feel. Along the main corridor, retail and residential uses face ten-foot-wide (three-meter-wide) sidewalks, parallel and angled street parking, and a wide, grassy median that runs the length of the main street. The open space acts as a divider to slow traffic and also provides a connection between the pedestrian and built environments. In the center of the development, the village green serves as a community gathering point and a setting for many outdoor activities and events. During the summer, the splash fountain is popular with young and old alike. Residents and shoppers also find numerous outdoor seating areas where they can enjoy watching and participating in the active street life.

The developers of Birkdale Village have facilitated continuous foot traffic along the main street by clustering retail and entertainment uses along this corridor. The clusters roughly correspond to where the three cross streets intersect the main street to form blocks measuring approximately 400 feet (122 meters) in length. At the central green, patrons find marquee restaurants and retail offerings. From this area, restaurant patrons may chose to walk either to the east, to the entertainment cluster that includes the movie theaters and small retail shops, or to the west, where they can shop in the fashion and home furnishing stores on the west end of the green. Birkdale Village also includes junior anchor retailers such as Dicks' Sporting Goods and Barnes & Noble Booksellers. To help maintain the pedestrian orientation of the main street, these retailers are located one block south of the main street, where they experience maximum exposure to automobile traffic on Sam Furr Road while also remaining within walking distance of the main street stores.

The needs of the street-level retail tenants dictated the timing for the completion of infrastructure and residential units, since the Phase I mixed-use buildings had to be 50 percent leased before construction could begin. For nearly the first six months of the project, the 16-screen, stadium-seating cinema complex was the only leased and open tenant. Realizing that unfilled leases in Phase I could delay completion and lease-up of the residential units, the developers adjusted the design to minimize the interference from future construction of retail tenant improvements with residential units. Changes included increasing the depth of the concrete walls between retail and residential units beyond code requirements to minimize construction noise and designing flexible retail space that integrates open shafts to accommodate future electrical and plumbing needs.

The initially slow pace of retail lease-up proved to be short lived. Midway through Phase I, unexpectedly high interest in the project from national retailers resulted in the redesign of Phase II (which already had been permitted and designed as an all-residential phase) to accommodate more mixed-use buildings. The original development plan called for a lower density and more stand-alone apartment buildings. The redesign added 56,000 square feet (5,202 square meters) of retail space and 74 apartment units, all of which are located above the retail space.

To keep the project on track and better facilitate the redesign of the upper-floor residential units, the design team worked with the retail tenants' architects to ensure that everyone understood all of each other's requirements. Buildings in Phase II were designed to provide 80 feet (24 meters) of merchandising depth in the double-loaded buildings that are located along the corridors intersecting the main street. The individualized retail spaces resulted in 45 different residential unit plans, with two main types of apartment unit styles based on the building type—double loaded or through building. The double-loaded residential units share a central hallway; one set of units face the main street while the others are oriented toward the inside parking court. The through-building apartments, which are located along the main street, feature living spaces facing the main street and bedrooms at the rear of the building. While the through-building design has been successful from a residential perspective, this layout results in a shallower retail depth, which limits retailers' merchandising capability.

Other residential options are available for renters who do not want to live over retail space. Apartment flats are located on the upper floors of the community clubhouse, and townhomes with upper-level flats are located one street north of the main street.

Even though the 45 different residential floor plans offer elements that attract renters, management of the residential units has been challenging. One of the main difficulties has been unit pricing. The distinctive living environment has resulted in residential rents 20 percent above the area residential submarket, ranging from \$600 for one-bedroom apartments to \$1,750 for three-bedroom apartments. Although demand for the upper-level main street residential units has been brisk, with renters paying a premium of 15 to 30 percent more for units with balconies and main street views, this premium was underestimated early on. As the rental units turn over, rents are being adjusted to better reflect rental demand.

Another challenge has been how to give renters an overview of the available floor plans. Typically a renter visiting an apartment community will receive three or four floor plans from which to choose an apartment, but in the case of Birkdale, management first has to identify the size and unit location that best fit a prospective tenant's budget and needs in order to narrow the unit selection. Variation in the office floor plans has proven to be more difficult than the residential units and has resulted in slower than expected lease-up of the office units. Office tenants want an efficient and predictable space in which to locate their operations.

During construction, the developers were concerned about the impact of ongoing construction on open retail stores and occupied residential units. To minimize interference, they managed road and infrastructure construction on a daily basis. Because of the softening job market, the developers were able to hire additional construction crews to speed up construction and still stay within the original construction budget.

As a result of the quick completion of each individual element, the project benefited from the synergy created by the completed retail, residential, and office spaces. The residential and office occupants provide a captive market for the retail tenants. At the same time, the retail space serves as a valuable amenity for office and residential tenants. The synergy created from the interaction of the residential, entertainment, and retail uses is most evident in the evenings, when activity is in full swing at the restaurants and stores and residents are home from work. The location of residential units above the retail space adds to the bustling environment. Residents use their main street residential access to become a part of the street activity, venturing out to the restaurants, shops, and cinema, and to walk their dogs. On pleasant evenings, they can be seen sitting on their balconies watching the street activity.

FINANCING

Birkdale Village was financed as a 50/50 joint venture between Wachovia Bank and Bank of America, and was substantially completed in September 2002 without the use of any public funds or investment tax credits. In order for Crosland to secure the financing arrangement, both Crosland and Pappas provided substantial guarantees. Given the faltering office and apartment markets, market timing was a constant concern throughout the phased development process. Yet the project's unique mix of retail, residential, and office space in the suburban environment enabled Birkdale Village to achieve rents that are significantly above market averages.

The importance of national retailers to Birkdale Village should not be understated. While their involvement resulted in the higher costs associated with more tenant improvements, it also reassured lenders that the project would succeed. The national retailers signed longer leases and allowed the developers to charge increased rents—a \$5 to \$8 per square foot (\$54 to \$86 per square meter) premium.

Retailers such as Banana Republic, Victoria's Secret, and the Gap, which traditionally locate mostly in regional malls, also provide an added amenity for residents and attract shoppers from a wider market area. The developers note, however, that it took them longer than they expected to sign suitable restaurant tenants—which they view as key to creating a lifestyle center that includes retail, entertainment, and residential uses. Now that the project is complete, residents can enjoy a variety of restaurants including a Red Rocks Café & Tequila Bar, Brixx Wood-Fired Pizza, Dressler's—a steak and seafood restaurant—and Qdoba Mexican Grill. While 40 percent of the national retail tenants occupy 65 percent of the gross leasable area, Crosland, which is responsible for retail tenant recruiting and leasing, also works to attract local retailers to maintain a unique product mix that includes restaurants, gift and specialty shops, clothing and jewelry stores, and service retailers such as a copy center and a hair salon. The pull of the high-caliber national retailers has attracted top-quality local businesses to Birkdale Village without the need to offer rent subsidies to local retailers.

In May 2003, Pappas Properties and Crosland recaptured their investment, receiving a more than 20 percent premium when they sold their majority interest in Birkdale Village to Northbrook, Illinois-based Inland Retail Real Estate Trust, Inc. Both Pappas and Crosland retain property management responsibilities and minority interests in the property. Crosland manages the residential units, while Pappas is the property manager and marketer for the office and retail space.

PLANNING AND DESIGN

Creating a sense of place was the driving force behind the planning and design of Birkdale Village. The collaborative design and development team worked together to evoke appealing design elements of the past within a format that would be successful for today's retailers, residents, and office workers. From the project's very beginning, the team—which included experts in office, retail, and residential uses as well as members with functional expertise in construction, leasing, property management, marketing, and event planning—convened on a weekly basis to determine how best to integrate uses. While this consensus decision-making approach was more time consuming than the traditional decision-making process, the developer believes that it also created a much better product, which has fueled demand for Birkdale Village's retail and residential units. It enabled the team to focus on the details, such as connecting the village to the larger community and attending to the differing and sometimes conflicting needs of residents and retailers.

To evoke a traditional community feel, the design team patterned Birkdale Village on a traditional Nantucket village, which typically contains two- to three-story buildings with first floors occupied by retail space and upper floors filled by office or residential tenants. Since the scale of the buildings in Birkdale Village is much larger than that in a traditional village—because of the national retailers' need for a larger retail footprint—the design team paid particular attention to the pedestrian experience. Familiar village elements such as buildings styled like a bank, a hotel, and a bed and breakfast create variation in the streetscape while at the same time providing a visual link for pedestrians to the built environment.

Easy access to the village center shops was essential for both vehicles and pedestrians. The design team solved the sometimes conflicting issues of residential and commercial accessibility and parking preferences by designating the bottom floors of parking decks for public parking—providing shoppers with direct access to stores—and reserving the upper, gated parking level for residents—who can walk directly from their cars to their front doors. The team also included on-street parallel and diagonal parking to provide consumers with easy access to personal services and store clusters. The four centrally located parking garages, which have entrances along the main street and are tucked in behind the retail stores, offer convenient customer parking when on-street parking is not available. Residents living above the street-level retail space were given street access from their units via stairs located on the main street level.

To better accommodate pedestrians' needs, the design team considered how pedestrians would move through the village—where they would park, where they would stop to rest, where they would unload their packages, and how they would interact with other pedestrians. The distance between parking, sidewalks, crosswalks, public gathering spaces, and outdoor furniture was minimized to provide a pleasant street experience. The manageable 400-foot (122-meter) block length allows pedestrians to move between shops without being overwhelmed by the building scale. Additional curb cuts were added to the sidewalks to provide an easier transition from the street to the sidewalk for pedestrians with disabilities and those pushing strollers.

Another aspect tackled by the team was efficient loading and circulation of vehicles. Loading zones for retail shops are located at the rear of the shops in the parking decks. Sidewalks were placed in front of the angled parking along the center median to better accommodate shoppers loading and unloading their cars. Clearly marked directional and parking signs are located throughout the village to facilitate vehicular and pedestrian traffic.

The surrounding neighborhood is connected to Birkdale Village by a traditional grid street pattern. Residents from the Greens at Birkdale can walk to the village center easily via wide sidewalks along the connecting streets or the pedestrian pathway that links the village with the neotraditional community. During weekday lunch hours, office workers from the neighboring office park often take advantage of a pedestrian bridge, located near the movie theaters, to access the village restaurants and shops. The developer notes that much of the movement between Birkdale Village and the surrounding community is still largely vehicular, but the pedestrian connections provide additional options and add to the village feel.

MARKETING AND MANAGEMENT

Just as coordination was key to the effective and efficient execution of Birkdale Village's development, continued collaboration between Pappas and Crosland ensures that shopping, living, and working in Birkdale Village is an

enjoyable experience. The two firms work together to arrange security, landscaping, maintenance, and trash collection so that the appropriate level of service is achieved without disturbing residents or shop tenants. Even small details such as sidewalk sweeping must be scheduled carefully so that they do not interfere with store operations or create late-night noise that could disturb residents.

Birkdale Village's location provides it a unique market niche for both retail and residential tenants, as there is no regional mall nearby and limited opportunities exist for renters seeking to live in an active mixed-use environment. The promotional images of Birkdale Village seek to attract a wide spectrum of residents and visitors by branding the experience of community and excitement. The images show people living, working, relaxing, shopping, and dining—all within the village setting. Marketing for the residential units targets empty nesters, young professionals, and "lifestyle renters" who are attracted to the project's amenities, including the movie theaters, restaurants, and shops within walking distance and the 24-hour fitness facility. The marketing of community and family-oriented activities seeks to attract young families and active individuals to the village to enjoy the outdoor atmosphere, entertainment, and shopping. Promotion of the regional shopping experience outside of a mall in an active pedestrian setting draws shoppers from throughout the region.

Marketing for Birkdale Village is a coordinated effort between Crosland and Pappas, with Pappas's marketing director taking the lead in coordinating social programs and events. A full-time marketing director coordinates a resident newsletter, merchant networking, and signature events, including a Christmas tree lighting, a Fourth of July parade with a firemen's face-off, and a Halloween festival. In addition, all residents receive a "Live It Up" card, which offers discounts on merchandise and services at participating Birkdale Village businesses. This effort helps support Birkdale Village's image as a destination community and draws patrons from the more than 138,000 people living within ten miles (16 kilometers) of the village.

EXPERIENCE GAINED

- The synergy of a mixed-use project comes from the interaction of all the completed pieces. Creating a construction staging and sequencing plan is essential prior to beginning work on the site so that mixed-use buildings can be completed quickly and conflict between construction and completed residential and retail uses is minimized. By phasing the project, the developer was able to establish interim income to support construction of the final phase.
- Mixed-use developments require more landscaping, signage, and lighting than a typical project, resulting in higher construction costs. These costs are necessary to create a welcoming and safe destination. Landscaping and streetscaping provide the connection between pedestrians and the built environment. Signage directs visitors to nearby parking and helps maintain the traffic flow.
- Sufficient lighting is needed on the street level to establish a feeling of safety and also maximize retail presentation. However, efforts have to be made to minimize the impact of increased lighting on elevated residential units. In Birkdale, the developers set the street light fixture height at 11 feet (3.4 meters) and reduced the bulb wattage to minimize light streaming into the residential units. To ensure adequate illumination for pedestrians, the number of light fixtures along the streets and sidewalks was increased.
- Residents view entertainment, restaurants, and shops as amenities. It is important to open as many restaurants in conjunction with the residential units as possible to provide the expected amenity and also to help create street activity.

PROJECT DATA
LAND USE INFORMATION
Site area (acres/hectares): 52/21 Mixed-use buildings: 18 Apartment buildings: 3 Total dwelling units: 320 Junior anchors: 5 Outparcels: 5 Total parking spaces: 15,500

GROSS BUILDING AREA			
Use	Gross Area (Square Feet/Square Meters)		
Office	54,000/5,016		
Retail	233,000/21,645		
Residential	371,030/34,468		
Entertainment	53,000/4,923		
Total GBA	711,030/66,052		
LEASABLE AREA			
Use	Leasable Area (Square Feet/Square Meters)		
Office net rentable area	54,000/5,016		
Retail gross leasable area	233,000/21,645		
Theater (16 screens)	53,000/4,923		
Residential (320 units)	Data Not Available		
RESIDENTIAL INFORMATION			
Unit Type	Floor Area (Square Feet/Square Meters)	Percentage Leased	Range of Initial Rental Prices
45 different plans (98 one-bedroom units, 56 units with one bedroom and one loft, 17 units with one bedroom and one den, 28 two-bedroom units, 19 two-bedroom townhouses, 22 three-bedroom townhouses)	650–2,700/60–250	86	\$650–\$2,000
RETAIL INFORMATION			
Classification	Number of Stores	Gross Leasable Area (Square Feet/Square Meters)	
Food service	11	47,786/4,439	
Clothing and accessories	15	60,895/5,657	
Shoes	3	4,125/383	
Home furnishings	5	22,259/2,068	
Books and music	1	23,000/2,137	
Hobby/special interest	5	37,500/3,484	
Gifts/specialty	6	10,159/944	
Jewelry	2	2,167/201	
Personal services	7	11,163/1,037	
Drugs	1	15,000/1,393	
Entertainment	1	53,270/4,949	
Total	57	287,324/26,692	
Gross leasable area occupied: 95 percent			
Annual rents (per square foot/square meter): \$21–\$23/\$226–\$248			
DEVELOPMENT COST INFORMATION			
Site acquisition costs: \$7,000,000			
Site improvement costs: \$11,700,000			
Construction costs: \$55,000,000			
Soft costs: \$8,800,000			
Total development cost: \$82,500,000			

DEVELOPMENT SCHEDULE

Site purchased: 1997
Planning started: 1997
Sales/leasing started: 1999
Construction started: 2000
Phase I completed: September 2001
Project completed: 2003

This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI—the Urban Land Institute.

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