



VISION STATEMENT

The Silo Ridge village adaptively reuses the iconic Silo Barn and other historic agrarian structures in the Broughton District as a destination for artisan retail and an anchor to complement new construction of a for-sale residential community of townhomes and single-family homes. The village sits along a high ridge on the District trail system that puts Western Piedmont Community College, NC School of Science and Mathematics, and downtown Morganton within walking and biking distance of these homes and shops.

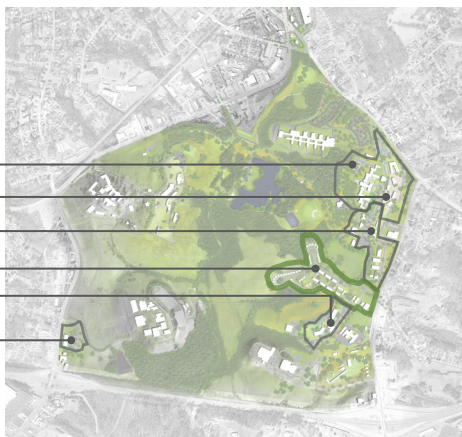
VALUE PROPOSITION

As a horizontally mixed-use community, the Silo Ridge village leverages the authenticity of historic barns to create a retail destination that will add value to a diversity of new-construction home types. Coordinated development of the 45,000 SF of retail and 29 townhomes as the initial phase will allow the Village to generate brand awareness and pre-sales momentum for the build-out of a subdivision of 52 single-family homes. In a tight local housing market with significant recent job creation and an old housing stock, Silo Ridge will represent a premium product to help catalyze the Broughton District master plan.



PROJECT SCOPE

- AVERY COMMONS/
HOTEL AVERY
- MUSEUM CAMPUS
- BROUGHTON
TERRACE
- SILO RIDGE**
- HOTEL COLONY/
COLONY COMMONS
- BURKEMONT
AVENUE HOTEL



OVERALL SITE PLAN

PROGRAM	
TOWNHOMES	29 UNITS (1,500 SF/UNIT)
SINGLE FAMILY	52 HOMES (2,500 SF/EACH)
COMMERCIAL	45,300 SF

PRODUCT DESCRIPTION

The Silo Ridge village is a mix of newly constructed residential homes anchored to a cluster of shops built inside and around the historic Silo Barn. Residents live in either a 3-bedroom townhome (29 units in 6 blocks, avg. unit size 1500 SF) immediately adjacent to the Silo Barn, or in nearby 3- or 4-bedroom single-family homes (52 units, avg. size 2500 SF) gently stretching further into the pastoral setting. Homes and townhomes are clad in painted lap siding with brick accents, shaded porches, traditional double-hung windows, and gabled shingle roofs. Approaching through a landscaped brick plaza, village residents enter Silo Barn Market under its iconic spired double silos, strolling through what was once a historic livestock barn, past retail stands of fresh local produce, honey, cut flowers, and crafts. Skylights wash the market with natural light, illuminating exposed roof rafters and red brick masonry walls. At the end of the market is an attached two-story brick and wood-plank barn, as well as a cluster of other warehouses that have been adaptively reused as a coffee shop, tap room, art gallery, and other assorted destination retail.



TRAILS



PARKS



BLUE RIDGE PARKWAY

AREA DRAWS

The City of Morganton offers a home for young professionals, families with children, and empty-nesters seeking a stimulating, yet affordable place to work and live. The City will host nearly 400 of the 900 new jobs projected over the next several years in Burke County. The public school district was recently ranked among the top 15 school districts in the State (out of 116 districts total).¹ Morganton attracts outdoor enthusiasts given its local recreational assets including golf courses, walking trails, athletic fields and a community greenway, as well as its easy access to national draws including Linville Gorge, Lake James, and Pisgah National Forest. Morganton's downtown has maintained a charming, small-town feel through preservation of its historic architecture, while also hosting the modern amenities of a larger city, including a first-run movie theater and a performing arts venue. There have been numerous examples of successful adaptive reuses of historic buildings into new craft breweries, farm-to-table restaurants and shops that have rejuvenated the downtown and made Morganton akin to popular Western North Carolina cities like Asheville.



HISTORIC MORGANTON FESTIVAL



NCSSM FAMILY DAY



DOWNTOWN MORGANTON

MARKET INDICATORS AND COMPS

The Hickory-Lenoir-Morganton Metropolitan Statistical Area (MSA) is experiencing rising pressure on the local housing stock as a result of a growing economy, with a 4% increase in employment since 2015 and an unemployment rate below the state average in the last two years.² The MSA as a housing unit development of any MSA in the state (see Chart 1).³ However, it also has the largest percentage of its housing stock built before 1980 of any MSA in the State, and the lowest percentage built since 2000 (see Chart 2).⁴

The City of Morganton will see a widening gap between housing demand and supply. In the last three years (2015-2017), Morganton issued building permits for an average of 69 new housing units per year.⁵ Meanwhile, even as the median home value is rapidly rising,⁶ Burke County is projected to add 690 households (60% owner-occupied, 40% renter-occupied) between 2017 and 2022, an average of 138 per year.⁷ An aging housing stock and a low inventory of available homes for sale make the market ripe for new supply. Nearly 58% of owner-occupied housing in the City was built prior to 1970. Less than 9% of owner-occupied houses were built since 2000, compared to the State average of 26%. Among recent home sales, the median price for a home in the City is 5-7% more than the median sale price for a comparable home (bedroom/bath count) in the County, despite an older average year built. Only 1% of the for-sale housing stock in the entire County is for sale.⁸

New single-family and for-sale multi-family housing can attract a wide variety of buyers, including community professionals (such as teachers at NCSSM, NCSD, and WPCC), visiting physicians and interns at Carolinas Healthcare System – Blue Ridge or Broughton Hospital, the emerging tech workforce that will expand with the coming of Google, Facebook and Apple data centers to the region, and employees of manufacturing industries, which have experienced recent growth. One-third of all homeowners in the County are earning between \$35,000 and \$74,999; however, owner-occupied households earning \$75,000 or more annually are projected to be the income bracket growing the most in the County between 2017 and 2022. Given these growth projections, the deepest segment of the for-sale market is anticipated to be for households earning \$85,000 or more, looking for homes priced at \$300,000 or more. The next deepest segment is for households earning \$60,000-\$84,999 looking for homes priced between \$200,000 and \$299,999.⁹

BURKE COUNTY – HOMES BUILT SINCE 2010	UNITS	PRICING
HOMES SOLD JAN. 2014-JAN. 2018	74 SALES	RANGE: \$26,100-\$656,000 MEDIAN: \$185,500
HOMES LISTED FOR SALE AS OF JAN. 2018	20 LISTINGS	RANGE: \$59,900-\$1,150,000 MEDIAN: \$279,450 MEDIAN \$/SF: \$165

SOURCE: BURKE COUNTY PRELIMINARY HOUSING NEEDS ASSESSMENT

CHART 1: EMPLOYMENT CHANGE PER NEW HOUSING UNIT WITHIN NC METROPOLITAN STATISTICAL AREAS, 2014-2016

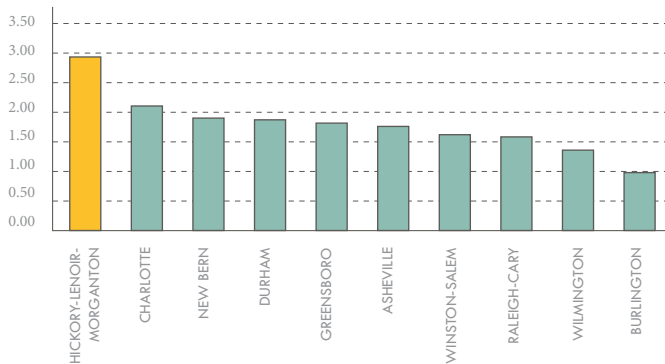
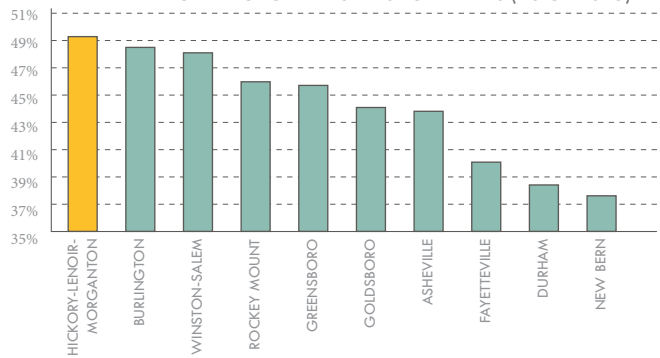


CHART 2: PERCENTAGE OF HOUSING BUILT BEFORE 1980 WITHIN NC METROPOLITAN STATISTICAL AREAS (AS OF 2015)



CASE STUDY

FEARRINGTON VILLAGE

- Location: Chatham County, NC
- Population: 69,000
- Program: Approx. 1,400 residential units within a mixed-use artisan retail community
- Completion Date: 2016
- Former Land Use: Dairy Farm
- Overview: Fearrington Village is anchored by an artisan retail village offering fine dining opportunities and boutique shopping in a rustic setting. The village was adapted from a family farm dating back to 1925, and its historic elements have been preserved and integrated with new construction and modern amenities to create a charming and unique village center.



FINANCIAL PERFORMANCE ASSUMPTIONS AND RETURN PROJECTIONS

RESIDENTIAL

Development Budget					Permanent Capital Sources				Pricing and Timing					
	Percent	Per Unit	Per GSF	Total	Percent	Per Unit	Per GSF	Total	Product (Phase)	Units	Avg. SF	Avg. Unit Price	Project Month	
Acquisition	1%	15,907	\$ 7	\$ 1,288,500	Presales Deposits - Townhomes	1%	\$ 2,153	\$ 1	\$ 174,375	Townhomes	29	1,500	\$232,500	27
Hard Costs - Townhomes	24%	58,128	\$ 27	\$ 4,708,382	Construction Loan - Townhomes	19%	\$ 46,503	\$ 22	\$ 3,766,706	Single-Family (1)	16	2,500	\$325,000	30
Hard Costs - Single-family	65%	158,407	\$ 74	\$12,831,000	Developer Equity	26%	\$ 62,345	\$ 29	\$ 5,049,951	Single-Family (2)	18	2,500	\$337,500	36
Soft Costs	5%	11,799	\$ 6	\$ 955,749	Single-Family Buyer Financing	55%	\$ 133,242	\$ 62	\$ 10,792,600	Single-Family (3)	18	2,500	\$350,000	42
Total Development Costs		244,242	\$ 114	\$19,783,631	Total Sources		\$ 244,242	\$ 114	\$ 19,783,631					

COMMERCIAL

Development Budget				Commercial Operating Cash Flow						
	Percent	Per GSF	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Acquisition	4%	\$ 12	\$ 555,750	Gross Revenues (NNN)	\$ 815,400	\$ 839,862	\$ 865,058	\$ 891,010	\$ 917,740	\$ 945,272
Hard Costs & Contingency	79%	\$ 235	\$ 10,642,461	Vacancy (\$/SF)	\$ 18	\$ 19	\$ 19	\$ 20	\$ 20	\$ 21
Soft Costs	17%	\$ 51	\$ 2,296,616	Vacancy (%)	41%	10%	10%	10%	10%	10%
Total Development Costs		\$ 298	\$ 13,494,826	Gross Effective Income	\$ (335,250)	\$ (83,986)	\$ (86,506)	\$ (89,101)	\$ (91,774)	\$ (94,527)
				Operating Expenses	\$ 14,405	\$ 22,676	\$ 23,357	\$ 24,057	\$ 24,779	\$ 25,522
				NOI	\$ 465,746	\$ 733,200	\$ 755,196	\$ 777,851	\$ 801,187	\$ 825,223
				NOI Valuation (\$/SF)	\$ 10	\$ 16	\$ 17	\$ 17	\$ 18	\$ 18
				NOI Valuation	\$5,821,819	\$9,164,994	\$9,439,944	\$9,723,142	\$10,014,836	\$10,315,282
				Total Ownership Expenses	\$ (465,746)	\$ (530,239)	\$ (619,793)	\$ (630,180)	\$ (630,180)	\$ (630,180)
				Before Tax Cash Flow with Reserve	\$ 103,459	\$ 202,961	\$ 135,403	\$ 147,671	\$ 171,007	\$ 195,043

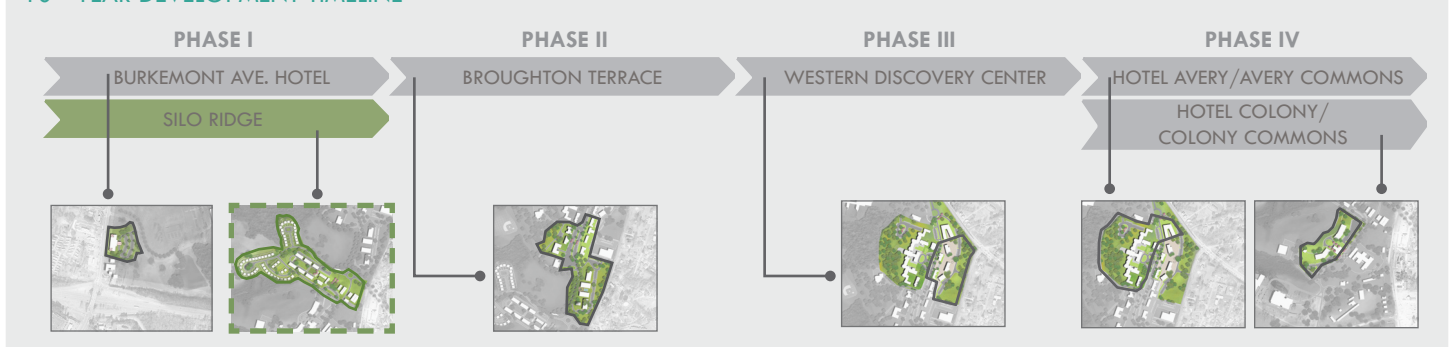
Permanent Capital Sources			
	Percent	Per GSF	Total
Historic Tax Credit Equity	24%	\$ 72	\$ 3,256,572
Primary Loan	52%	\$ 156	\$ 7,079,958
Seller Note	4%	\$ 12	\$ 555,750
Equity	19%	\$ 57	\$ 2,602,546
Total Sources		\$ 298	\$ 13,494,826

TOTAL PROJECT RETURNS

Project Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Residential							
Equity Contributed	\$ (4,140,551)	\$ (909,400)	\$ -	\$ -	\$ -	\$ -	\$ -
Before Tax Cash Flow from Sale - Townhomes	\$ -	\$ -	\$ 4,346,367	\$ -	\$ -	\$ -	\$ -
Before Tax Cash Flow from Sale - Single-Family	\$ -	\$ -	\$ 1,007,200	\$ 2,900,700	\$ -	\$ -	\$ -
Total Cash Flows	\$ (4,140,551)	\$ (909,400)	\$ 5,353,567	\$ 2,900,700	\$ -	\$ -	\$ -
Commercial							
Equity Contributed	\$ (2,602,546)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Before Tax Cash Flow from Operations	\$ -	\$ 103,459	\$ 202,961	\$ 135,403	\$ 147,671	\$ 171,007	\$ 195,043
Before Tax Cash Flow from Sale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,843,901
Total Cash Flows	\$ (2,602,546)	\$ 103,459	\$ 202,961	\$ 135,403	\$ 147,671	\$ 171,007	\$ 3,038,943
Master Development Cash Flows	\$ (6,743,097)	\$ (805,940)	\$ 5,556,528	\$ 3,036,103	\$ 147,671	\$ 171,007	\$ 3,038,943

IRR	16%
Equity Multiple	1.6x

10 - YEAR DEVELOPMENT TIMELINE



- (1) 2019 Best School Districts in North Carolina, Niche.com.
- (2) Burke County Preliminary Housing Needs Assessment.
- (3) 2017 "Burke County Housing Profile" Presentation.
- (4) 2017 "Burke County Housing Profile" Presentation.
- (5) U.S. HUD State of the Cities Data Systems Permit Database.
- (6) Median home value in Burke County is expected to increase by 13% by 2022 according to ESRI Business Analyst.
- (7) Burke County Preliminary Housing Needs Assessment.
- (8) Burke County Preliminary Housing Needs Assessment.
- (9) Burke County Preliminary Housing Needs Assessment.