AN ANALYSIS
OF
RESIDENTIAL MARKET POTENTIAL

Within the

Uptown Study Area

In the
Town of Normal
McLean County, Illinois

January, 2015

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

ZIMMERMAN/VOLK ASSOCIATES, INC.
Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Research & Strategic Analysis

STUDY CONTENTS

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Clinton, New Jersey 08809
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INTRODUCTION

This purpose of this study is to determine the annual market potential and the optimum market position for new urban housing units, excluding housing for undergraduate students—created both through adaptive re-use of existing non-residential buildings as well as through new construction—that could be developed over the next several years within the Uptown Study Area in the Town of Normal. The Uptown Study Area includes the existing Uptown area north of the railroad right-of-way as well as an approximately eight-acre focus area south of the tracks between Broadway and Walnut streets with a special emphasis on the City-controlled site generally bounded by the Constitution Trail, Irving and Linden Streets.

The extent and characteristics of the potential market for new and existing housing units within the town and the Uptown Study Area were identified using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is derived from housing supply data and baseline demographic projections—target market analysis is not dependent upon "comparable" analysis and instead establishes housing market potential based on the housing preferences and socio-economic characteristics of households in the relevant draw areas.

The target market methodology is particularly effective in defining realistic housing potential for underutilized, fragile or revitalizing neighborhoods where no true comparable development exists; the methodology encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestage, lifestyle patterns, and household compatibility issues (*see* METHODOLOGY *discussion provided with detailed tabular data in a separate document*).

In brief, using the target market methodology, Zimmerman/Volk Associates determined:

- Where the potential renters and buyers of new and existing housing units in the Town of Normal and the Uptown Study Area are currently living (the draw areas);
- How many households have the potential to move within and to the town and to the Uptown Study Area each year (depth and breadth of the market);
- Who the households are that represent the potential market for new and existing units in the town and the Uptown Study Area (the target markets);
- What their current housing alternatives are (relevant rental and for-sale development);
- What the market is currently able to pay (market-entry base rents and prices); and
- How quickly the new units will lease or sell (absorption forecasts).

ANNUAL MARKET POTENTIAL FOR THE TOWN OF NORMAL

The most recent McLean County migration and mobility data—as derived from taxpayer records compiled by the Internal Revenue Service from 2006 through 2010 and from the 2013 American Community Survey five-year estimates for the town and the county—shows that the draw areas for new and existing housing units include the following:

- The primary draw area, covering households currently living within the Town of Normal.
- The secondary draw area, covering households currently living in the balance of McLean County.
- The regional draw area, covering households that are likely to move from Cook, Champaign, Tazewell, Livingston and Peoria Counties.
- The national draw area, covering households with the potential to move to the Town of Normal from all other U.S. counties (primarily other Illinois counties).

NOTE: Details of draw area delineation, target market analysis and determination of market potential can be found in the METHODOLOGY section included with detailed tabular data in a separate document.

As derived from the migration and mobility analyses, then, the draw area distribution of market potential (those households with the potential to move within or to the Town of Normal each year over the next five years) is shown on the following table (*reference* Appendix One, Table 8):

Annual Market Potential by Draw Area
Town of Normal, McLean County, Illinois

Town of Normal (Primary Draw Area):	46.1%
Balance of McLean County (Secondary Draw Area):	28.2%
Six Illinois Counties (Regional Draw Area):	6.6%
Balance of US (National Draw Area):	19.1%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

As determined by the target market methodology, which accounts for household mobility within the Town of Normal, as well as migration and mobility patterns for households currently living in all other counties, an annual average of 4,145 households per year have the potential to move within and to the town each year over the next five years.

ANNUAL MARKET POTENTIAL FOR THE UPTOWN STUDY AREA

The target market methodology also identifies those households with a preference for downtown/in-town and walkable neighborhoods (the Uptown Study Area). After discounting for those segments of the town's potential market that have preferences for suburban and/or rural locations, the distribution of annual draw area market potential for new and existing units within the Uptown Study Area would be as follows (*reference* Appendix One, Table 9):

Annual Market Potential by Draw Area
The Uptown Study Area
Town of Normal, McLean County, Illinois

Town of Normal (Primary Draw Area):	47.9%
Balance of McLean County (Secondary Draw Area):	25.7%
Six Illinois Counties (Regional Draw Area):	6.9%
Balance of US (National Draw Area):	19.5%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

More than half of the target households will be moving to the Uptown Study Area from outside the Town of Normal corporate limits.

As determined by the migration and mobility analyses, approximately 1,300 households represent the annual potential market for new housing units in the Uptown Study Area each year over the next five years. These households represent approximately 32 percent of the town's annual market potential of 4,145 households (*reference* Table 1), a share of the market that is consistent with Zimmerman/Volk Associates' experience in other core urban locations.

The tenure and housing preferences of those 1,305 draw area households are shown on the following table:

Tenure/Housing Type Propensities
Annual Average Housing Market Potential
The Uptown Study Area
Town of Normal, McLean County, Illinois

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	610	46.7%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	180	13.8%
Single-family attached for-sale (townhouses/live-work, fee-simple ownership)	190	14.6%
Single-family detached for-sale (houses, fee-simple ownership)	325	24.9%
Total	1,305	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

Of these 1,305 households, 980 represent the annual potential market for the higher-density housing types—multi-family and single-family attached—most appropriate for the Uptown Study Area. The tenure and housing preferences of those 980 draw area households are shown on the table on the following page.

Tenure/Housing Type Propensities
Annual Average Higher-Density Housing Market Potential
The Uptown Study Area
Town of Normal, McLean County, Illinois

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	610	62.2%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	180	18.4%
Single-family attached for-sale (townhouses/live-work, fee-simple ownership)	190	19.4%
Total	980	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

The market-driven tenure ratio of approximately 62 percent rental/38 percent ownership is weighted considerably more towards ownership units than the current tenure ratio in the Uptown Study Area; nevertheless, it would still be well below the national 65 percent ownership rate.

TARGET MARKETS

The protracted ownership housing slump since 2008 has led to a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than would have been typical less than a decade ago. At the same time, there has been a significant shift in preferences from suburban subdivisions toward mixed-use, walkable urban neighborhoods.

From the demographic perspective, this shift has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 77 million), born between 1946 and 1964, and the estimated 78 million Millennials, who were born from 1977 to 1996 and who, in 2010, surpassed the Boomers in population.

In addition to their shared preference for walkable urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, the 21st Century home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional (*e.g.*—single parents or unrelated couples of the same sex with one or more children, adults caring for younger siblings, to grandparents with custody of grandchildren) as traditional families. A major consequence of this evolution is that mixed-use, mixed-income development is now acceptable to, or even preferred by, a significant percentage of households.

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As determined by the target market analysis, the annual potential market for the Uptown Study Area can be characterized by general lifestage and household type as follows (*reference* Table 2):

Target Markets
By Household and Housing Types
The Uptown Study Area
Town of Normal, McLean County, Illinois

		Multi-		Single-
	Percent	...... Family		Family
Household Type	Of Total	Rental	For-Sale	Attached
Empty Nesters & Retirees	34%	24%	48%	55%
Traditional & Non-Traditional Families	10%	8%	8%	16%
Younger Singles & Couples	56%	68%	44%	29%
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

The median household income of all of the target groups is above the current estimated $50,600 median for the Town of Normal. Just over half of the households are from groups that have median incomes 50 percent higher than the Normal median; and 12 percent are within groups with median incomes at least twice the town's.

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The largest general market segment, at over half of the Uptown Study Area potential market, is composed of younger single- and two-person households. The target groups in this segment often choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses. The revitalization of scores of urban neighborhoods in cities across the country has been pioneered by younger singles and couples, who, when appropriate housing options have been available, helped re-populate those neighborhoods. For the most part, these younger households tend to be risk-tolerant, rather than risk-averse. Due to a combination of economic issues and lifestyle preferences, a higher percentage of Millennials choose to be renters than was typical in predecessor generations. Two thirds of the target household groups in this market segment are renters.

Over 69 percent of the younger singles and couples that comprise the target markets for the Uptown Study Area have incomes at least 50 percent above the Normal median income; and 10 percent are within groups with median incomes at least twice the town's. Among the young renter households, 65 percent have incomes 50 percent higher than the town's median; and over 81 percent of the younger potential buyers come from groups with medians over 50 percent higher than the town's and 18.5 percent have incomes at least twice the town's.

The most affluent of these younger households are in two groups: *The Entrepreneurs* and *eTypes*, both well-educated, career-oriented households. *The Entrepreneurs* are typically married couples, rarely with children, who, as the name would imply, have high-powered careers as business owners and professionals. *The Entrepreneurs* are more likely to be owners than renters but would be a market for multi-family rentals and condominiums, as well as townhouses in Uptown. The *eTypes* include both singles and couples and typically have careers in technology; and, although they prefer the flexibility of renting to ownership, they would also be a market for Uptown condominiums.

The largest target groups among the younger households are the *Upscale Suburban Couples* and *Twentysomethings*. Both are predominately renters, although *Upscale Suburban Couples* have a significantly higher median income at nearly twice the town median. *Upscale Suburban Couples* are dual-income young marrieds who often prefer housing in walkable neighborhoods close to or in small urban centers and would be a significant market for higher-end rentals, as well as condominiums and townhouses in Uptown. *Twentysomethings*, mainly single, recent graduates, would also be a significant market for higher-end rentals, as well as higher-density ownership housing in Uptown.

Three additional target groups—*The VIPs*, *New Bohemians* and *Fast-Track Professionals*—are also part of the young household cohort within the potential market for Uptown. *The VIPs* and *Fast-Track Professionals* have median incomes nearly double the town's and the *New Bohemians* have a median that is 68 percent higher. *The VIPs* are dual-career professionals in tech, business and finance who would be somewhat more likely to be renters than owners in Uptown, but would be a market for condominiums and townhouses as well. *Fast-Track Professionals* are both one- and two-person households, also career-oriented professionals; they would most likely be renters in Uptown, but would also be a market for condominiums. *New Bohemians*, although relatively well-off, as the name suggests lead unconventional lives, working in the arts, retail and alternative businesses. They are mostly singles and are the heart of the real "creative class." They are mainly renters, but would also be a market for Uptown condominiums and townhouses.

Forty-eight percent of the younger singles and couples moving to the Uptown Study Area would be moving from within Normal and another 25 percent from elsewhere in McLean County. The remaining 27 percent would be relocating from Cook, Champaign, Tazewell, Livingston, Peoria and other Illinois counties, as well as elsewhere in the United States.

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The next largest general market segment, at 34 percent of the annual potential market, is comprised of older households (empty nesters and retirees). Most of these households are empty nesters with grown children who have moved out of the family home. More than half of the older households would be buyers in Uptown and more than half of those would prefer attached single-family units.

In contrast to the generally more affluent younger singles and couples, only 23.9 percent of the older households among the target markets for the Uptown Study Area have incomes at least 50 percent above the town's median; and 14.9 percent are within groups with median incomes at least twice the town's. Among the older renter households, just under 14 percent have incomes

50 percent higher than the town's; but 31.6 percent of the older potential buyers come from groups with medians over 50 percent higher than the town's.

The most affluent of these older households are *Cosmopolitan Elite*, *Small-Town Establishment* and *Urban Establishment*, all of whom are in groups with median incomes more than double the Town of Normal median. The breadwinners in these households are still working as high-ranking professionals: prominent lawyers, doctors, executives and professors. Taken collectively, these well-to-do older households are more likely to buy than to rent in Uptown.

The largest single target market group consists of the less-affluent *Middle-Class Move-Downs*, who are mainly empty-nest couples with some divorcés or divorcées and widows or widowers; some in this group have taken early retirement. They are middle managers, government employees, teachers and librarians. *Middle-Class Move-Downs* are somewhat more likely to be buyers in Uptown with a slight preference for townhouses over condominiums.

Two more empty-nest household types also make up a significant portion of the older market for Uptown: *New Empty Nesters* and *No-Nest Suburbanites*. *New Empty Nesters* are the youngest of the older households; some have a child still living at home; they are dual-income households, many small business owners. *No-Nest Suburbanites* are childless households, both singles and couples working in a range of white-collar jobs. Both groups, while currently living in suburban or exurban locations, are inclined to move to a mixed-use walkable neighborhood.

Four other groups—*Affluent Empty Nesters*, *Mainstream Retirees*, *Cosmopolitan Couples* and *Suburban Establishment*—are also part of the older households with the potential to move to Uptown.

Over half of the empty nesters and retirees moving to the Uptown Study Area would be from elsewhere in the town and another 31 percent from the balance of McLean County. The remaining 19 percent would be moving from other Illinois counties and elsewhere in the United States.

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Family-oriented households represent just 10 percent of the market for housing units within the Uptown Study Area. They are in five target groups, ranging from the affluent *Unibox Transferees*, who have incomes well over twice that of the Normal median, to *Multi-Cultural Families* whose income is just over the town's median.

These family-oriented households include non-traditional families, notably single parents with one to three children. Non-traditional families, which, starting in the 1990s, have become an increasingly larger proportion of all U.S. households, encompass a wide range of family households, from a single mother or father with one or more children, an adult taking care of younger siblings, a grandparent responsible for grandchildren, to an unrelated couple of the same gender with children. In the 1950s, the "traditional family household" comprised more than 65 percent of all American households. That demographic has now fallen to less than 22 percent of all American households (approximately 14.7 percent in the Town of Normal). Households with children are now increasingly diverse and in some areas are largely non-traditional families. Over 52 percent of the family households that are the target markets for the Uptown Study Area are renters, not homeowners.

Over 42 percent of the family households that comprise the target markets for the Uptown Study Area have incomes at least 50 percent above the town's median income; and 10.5 percent are within groups with median incomes at least double the town's. Forty percent of the family renter households have incomes at least 50 percent higher than the town's median; and over 44 percent of the families that are potential buyers come from groups with medians over 50 percent higher than the town's and 11 percent have incomes at least twice the town's.

Forty-one percent of these family households are already living in the Town of Normal, and another 15 percent from elsewhere in McLean County. Thirteen percent would be moving from Cook, Champaign, Tazewell, Livingston and Peoria counties in Illinois; and 31 percent would be relocating from other Illinois counties and elsewhere in the United States.

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The full spectrum of household groups that represent the market for Uptown housing units, their estimated median incomes and estimated median home values in 2015, are shown on the following table:

Primary Target Groups
(In Order of Median Income)
The Uptown Study Area
Town of Normal, McLean County, Illinois

Household Type	Median Income	Median Home Value (if owned)
Empty Nesters & Retirees		
Urban Establishment	$118,400	$420,100
Small-Town Establishment	$108,700	$273,300
Cosmopolitan Elite	$105,200	$243,600
Suburban Establishment	$96,000	$227,700
New Empty Nesters	$95,400	$189,600
Affluent Empty Nesters	$94,600	$242,100
Cosmopolitan Couples	$77,700	$229,200
Middle-Class Move-Downs	$69,700	$152,400
Mainstream Retirees	$69,200	$177,800
No-Nest Suburbanites	$67,400	$142,300
Traditional & Non-Traditional Families		
Unibox Transferees	$113,400	$224,900
Late-Nest Suburbanites	$99,100	$219,500
Full-Nest Suburbanites	$95,600	$184,000
Full-Nest Urbanites	$86,200	$221,300
Multi-Ethnic Families	$70,400	$140,600
Multi-Cultural Families	$58,600	$123,500
Younger Singles & Couples		
The Entrepreneurs	$136,900	$336,900
e-Types	$119,900	$404,500
The VIPs	$99,500	$231,700
Fast-Track Professionals	$99,100	$255,700
Upscale Suburban Couples	$90,400	$196,400
New Bohemians	$85,100	$341,500
Twentysomethings	$69,100	$164,100

NOTES: The market, especially buyers, would be expected to come from households with incomes above the median income for each target group.

The names and descriptions of the market groups summarize each group's tendencies—as determined through geo-demographic cluster analysis—rather than their absolute composition. Hence, every group could contain "anomalous" households, such as empty-nester households within a "full-nest" category.

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

Descriptions of each target market group are provided in a separate document: APPENDIX THREE, TARGET MARKET DESCRIPTIONS.

THE MARKET CONTEXT

Updated information on relevant rental and for-sale, multi-family and single-family attached properties/units located in the Normal market area is provided as follows: for rental properties, see Table 6; and for for-sale condominium and townhouse units, see Table 7.

There are no directly-comparable urban properties not targeted to students in the Normal market area. There are a limited number of urban, non-student rental options in Downtown Bloomington, generally adaptive re-use of older, sometimes historic, buildings. Downtown Bloomington is also the location of the adaptive re-use of a 1926 building that has been marketing condominiums on and off since 2005, delayed not only by the Great Recession, but also by a legal dispute between the building's owner and its original developer.

The core area of Normal—Uptown, the focus area south of the tracks, and the area adjacent to the university, particularly the Main Street corridor—is dominated by student housing, both furnished units renting by the bedroom and informal student rentals. Effective rents per bed in newer furnished student rentals range from $540 a month for a bedroom in a four-bedroom suite to $945 for a one-bedroom unit. Rents per square foot by unit in furnished student rentals range from $0.91 to $2.15.

Market-rate, non-student rentals are limited to older conventional, auto-oriented properties outside the core area. Apartment properties have mainly one- and two-bedroom units. There are few studios or three-bedroom apartments.

Excluding properties with income restrictions, rents for one-bedroom apartments start at approximately $600 per month, with the highest one-bedroom rent at $725 per month. The one-bedroom size range is approximately 600 to 725 square feet of living space ($0.86 to $1.12 per square foot).

Two-bedroom units range from $650 up to $950 per month. Two-bedroom unit sizes range between 840 and approximately 1,050 square feet ($0.74 to $0.90 per square foot).

Condominium and townhouse units in Normal are also mainly auto-oriented older developments. There are no new condominium or townhouse properties in the market.

Resale prices for condominiums in Normal start at around $56,000; the most expensive resale listing is asking only $118,000 (a range of $42 to $110 per square foot). Townhouse listing prices in Normal range from under $44,000 to nearly $122,000, with per-square-foot prices between $41 and $90.

Resale prices for condominiums in Bloomington outside the city's downtown range from under $40,000 to $97,000, with prices per square foot from $36 to $107. Bloomington townhouse listing prices range from under $83,000 to nearly $165,000, with per-square-foot prices between $48 and $108.

As noted above, there is one currently-active adaptive re-use project in downtown Bloomington—the Ensenberger Condominiums. Prices range from $149,900 for an 829-square-foot, one-bedroom, one-and-a-half-bath unit ($181 per square foot) to $349,900 for a 1,705-square-foot, three-bedroom, two-bath unit ($205 per square foot). At least nine of the building's 29 units remain unsold since marketing began in 2005.

OPTIMUM MARKET POSITION

As established above under MARKET POTENTIAL FOR THE UPTOWN STUDY AREA, based on the housing preferences of the annual potential market of 980 target households with preferences for urban housing and with incomes at or above $50,000, the overall target mix of new market-rate units should include approximately 62 percent multi-family for-rent (610 households annually); and 38 percent for-sale housing units (370 households), which divides into 49 percent multi-family for-sale (180 households), and 51 percent single-family attached for-sale (190 households).

The urban unit and housing types appropriate for construction in Uptown are rental lofts, condominium lofts and apartments and fee-simple for-sale townhouses. (*See* URBAN BUILDING AND UNIT TYPES *below*.)

The optimum market position for new market-rate housing units in the Uptown Study Area has been established based on a variety of factors, including but not limited to:

- The lifestages, tenure and housing preferences of draw area households;
- Uptown Normal's well-established sense of place;
- The physical and locational characteristics of the Uptown Study Area; and
- Current residential market dynamics in the Normal market area.

The optimum market position for new market-rate rental and higher-density for-sale housing within the Uptown Study Area is summarized on the following table. (*See also* Table 8 *for details of a mix of 400 units*.)

Base Rent, Price and Size Ranges
New Higher-Density Market-Rate Housing Units
The Uptown Study Area
Town of Normal, McLean County, Illinois

Housing Type	Rent/Price Range	Size Range	Rent/Price Per Sq. Ft.
For-Rent (Multi-Family)—			
Soft Lofts	$950–$1,275/month	550–750 sf	$1.70–$1.73 psf
For-Sale (Multi-Family)—			
Soft Lofts	$145,000–$165,000	700–850 sf	$194–$207 psf
Condominiums	$185,000–$290,000	900–1,500 sf	$193–$206 psf
For-Sale (Single-Family Attached)—			
Townhouses	$235,000–$335,000	1,200–1,800 sf	$186–$196 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

The proposed rents and prices are in year 2015 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades.

An optimum mix of 400 units would include 249 rental soft lofts, 50 condominium soft lofts, 24 condominium apartments in small, four- to six-unit buildings, and 78 townhouses. (*See again* Table 8.)

As outlined in TARGET MARKETS above, the target market households do not include undergraduate students; a core assumption is that, to expand Uptown housing options beyond the current narrow student housing focus, income qualification of residents will be required for rentals. Developers should also consider restricting condominium sales to qualified borrowers to eliminate the purchase of units by parents or investors for undergraduate occupancy.

—MARKET CAPTURE—

Absorption forecasts were established based on the characteristics of the potential market, the market context, and the size of the Uptown Study Area, using target market capture rates.

New rental development in the Uptown Study Area should be able to achieve a capture of between 15 and 20 percent of the annual potential market. Given current economic conditions, and the expectation of continued improvement for new for-sale housing over the near term, Zimmerman/Volk Associates has determined that an annual capture of approximately eight percent of the potential market for each for-sale housing type is achievable in the Uptown Study Area over the next two to three years, and up to 10 percent over the next three to five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; currently, the National Association of Realtors reports that new units represent approximately eight to nine percent of total housing sales.)

Based on a 15 to 20 percent capture of the potential market for new rental housing, and an eight to 10 percent capture of the potential market for new for-sale housing units, the Uptown Study Area should be able to absorb an annual average of between 121 and 159 new market-rate multi-family and single-family attached housing units per year over the next five years, as shown on the following table:

Annual Capture of Market Potential
The Uptown Study Area
Town of Normal, McLean County, Illinois

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	UNITS PER YEAR
Multi-family for-rent (lofts, leaseholder)	610	15%-20%	92-122
Multi-family for-sale (lofts/apartments, condo ownership)	180	8%-10%	14-18
Single-family attached for-sale (townhouses, fee-simple ownership)	190	8%-10%	15-19
Total	980		121-159

SOURCE: Zimmerman/Volk Associates, Inc., 2015.

An optimum mix of 400 units would be absorbed within four to six years. The 249 rental lofts could reach stabilized occupancy within two to three years. The 50 condominium lofts could sell out within five to six years, the 24 condominium apartments within three to four years, and the 78 townhouses within four to five years.

These housing type-specific capture rates are well within the parameters required for feasible development. For a study area of this size and scale, there is a high degree of confidence in a capture rate of up to 20 percent for new multi-family rental and for-sale development and up to 10 percent for new single-family attached and detached for-sale development.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are *not* equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** represents the *annual* forecast absorption—in aggregate and by housing type—as a percentage of the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** represents the *total* number of dwelling units planned for a property as a percentage of the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** represents the *total* number of buyers or renters as a percentage of the *total* number of prospects that have visited a site.

Because the prospective market for a property is more precisely defined using target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.

URBAN BUILDING AND UNIT TYPES

Building and unit types that are most appropriate for development within the Uptown Study Area.

–Multi-Family Building Types–

- Podium Building: An apartment building construction type with two or more stories of stick-frame residential units (lofts or apartments) built over a single level of above-grade structured parking, usually constructed with reinforced concrete. With a well-conceived street pattern, a podium building can include ground-level non-residential uses lining one or more sides of the parking deck.

- Liner Building: An apartment building with apartments and/or lofts lining two to four sides of a multi-story parking structure. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional apartment lobby and can also include maisonette apartments, retail or some combination of the two.

- Courtyard Apartment Building: In new construction, an urban-scale, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is at minimum three, and typically four or more stories, often combined with non-residential uses on the ground floor, or with a ground floor configured for conversion from residential to retail use. The building should be built to the sidewalk edge when the ground-floor serves a residential use it should be elevated significantly above grade to provide privacy and a sense of security. Parking is either below grade, at grade behind or in a parking courtyard, or in an integral structure.

- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached house (hence, "mansion"). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for Uptown locations. The building can accommodate a variety of uses—from rental or for-sale apartments, professional offices, any of these uses over ground-floor retail—and its physical structure complements other buildings within a neighborhood.

Parking behind the mansion buildings can be either rear-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, in garages with units above, or integral to the building.

NOTE: Development flexibility of use is somewhat constrained by the handicapped accessibility regulations in the 1988 Fair Housing Amendments Act and the Americans with Disabilities Act (ADA). Smaller mansion buildings can be exempt from all but the public accommodations regulations of the ADA. Buildings with three or fewer dwelling units are exempt from the Fair Housing handicapped accessibility regulations, and upper-floor commercial uses of less than 3,000 feet fall below the threshold of the imposition of handicapped accessibility under the ADA. State and local regulations could be even more restrictive.

–Multi-Family Unit Types–

- Apartment: A unit on one or more levels in a multi-family building, with partial- or completely-partitioned rooms. Finishes and fixtures—trim, interior doors, kitchens and baths—are typically offered in a choice of traditional or contemporary styles.

- Soft Loft: Unit interiors typically have open floor plans, high ceilings and large commercial-style windows, but are fully finished and, where appropriate, have sleeping areas partitioned from the main living area. A soft loft may also contain architectural elements reminiscent of "hard lofts," *e.g.*—exposed ceiling beams and ductwork, scored and polished concrete floors, and commercial or industrial finishes.

- Studio Loft/Mezzanine Loft: Lofts with an additional half level, or mezzanine. The kitchen and bath are on the main level, with the sleeping area located in the loft space.

- Maisonette Apartment: An apartment that is integral to a multifamily apartment building, but that includes a private, individual entrance at street level. When sited with shallow setbacks, the entrance to the apartment on the first floor is elevated above sidewalk level to provide privacy and a sense of security.

–Single-Family Attached Types–

- Townhouse/: Similar in form to a conventional suburban townhouse except that the garage—whether attached, tucked under or detached—is located to the rear of the unit and accessed from a rear lane, alley or auto court. The garages, either detached or loosely linked, *e.g.*—with a breezeway or pergola along with a side-yard garden wall, serves to create a private rear yard.

  Unlike conventional suburban townhouses, urban townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. The first floor is elevated above sidewalk level to provide privacy and a sense of security.

- Flexhouse/Live-Work Townhouse: The flexhouse or live-work townhouse is a mixed-use variation of the townhouse. It is a unit or building type that accommodates non-residential uses in addition to, or combined with living quarters. The live-work townhouse is an attached building with a principal dwelling unit that includes flexible space that can be used as office, retail, or studio space, or as an accessory dwelling unit.

  Regardless of the form they take, live-work units should be flexible in order to respond to economic, social and technological changes over time and to accommodate as wide as possible a range of potential uses. The unit configuration must also be flexible in order to comply with the accessibility requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.

  NOTE: The growing number of home-based businesses in the United States is often cited as a justification for live-work. However, there is an important distinction between a "home-based business" and a "business-based home." Most home-based businesses can be accommodated in almost any

> kind of dwelling unit. In contrast, the business-based home is a true live-work unit: a dwelling unit with a configuration that is influenced or even dictated by the non-residential activities.

In New Urbanist developments that are currently under construction across the country, true live-work units tend to be most successful in projects that have been underway for several years, or within an already established neighborhood or town center. In most of the developments for which information is available, live-work units are likely to be purchased by households for use as dwelling units only, or purchased by investors. A resident investor can lease the flex space for residential, retail or office use; a non-resident investor can lease both the main residential space or the flex space. Since experience shows that it is uncommon for retail operators to live above the store, live-work units must comply with local codes permitting the legal separation of uses in order to maintain investor flexibility.

—Miscellaneous Building Types—

- Accessory Unit: A secondary dwelling unit associated with a principal residence on a single lot. An accessory unit is typically located over the garage, attached or detached, of a rowhouse or detached house. Also known as “garage apartment,” “ancillary apartment,” “accessory apartment,” “granny flat,” “outbuilding” when detached, and “backbuilding” when attached to the principal residence.

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Table 1

Annual Market Potential For New And Existing Housing Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential
To Move To Uptown Normal Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Uptown Normal

Town of Normal, McLean County, Illinois

Town of Normal; Balance of McLean County;
Regional Draw Area; All Other U.S. Counties
Draw Areas

Total Target Market Households With Potential To Rent/Purchase In The Town of Normal, McLean County, Illinois	4,145
Total Target Market Households With Potential To Rent/Purchase In Uptown Normal	1,305

Annual Market Potential

	Multi-Family		*Single-Family*				
			Attached	*Detached*			
	For-Rent	*For-Sale*	*All Ranges*	*Low-Range*	*Mid-Range*	*High-Range*	Total
Total Households:	610	180	190	130	100	95	1,305
{Mix Distribution}:	46.7%	13.8%	14.6%	10.0%	7.7%	7.3%	100.0%

Target Residential Mix
(Excluding Single-Family Detached)

	Multi-Family		*Single-Family*	
			Attached	
	For-Rent	*For-Sale*	*All Ranges*	Total
Total Households:	610	180	190	980
{Mix Distribution}:	62.2%	18.4%	19.4%	100.0%

NOTE: Reference Appendix One, Tables 1 through 11.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 2

Target Residential Mix By Household Type

Distribution Of Annual Average Number Of Draw Area Households With The Potential
To Move To Uptown Normal Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Uptown Normal

Town of Normal, McLean County, Illinois

	Total	*Multi- . . . . . . Family . . . . . .* *For-Rent*	*For-Sale*	*Single- . . Family . . . . Attached . .* *All Ranges*
Number of Households:	980	610	180	190
Empty Nesters & Retirees	34%	24%	48%	55%
Traditional & Non-Traditional Families	10%	8%	8%	16%
Younger Singles & Couples	56%	68%	44%	29%
	100%	100%	100%	100%

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 3

Target Groups For New Multi-Family For-Rent
Uptown Normal
Town of Normal, McLean County, Illinois

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	5	1%
Small-Town Establishment	5	1%
Cosmopolitan Elite	5	1%
New Empty Nesters	45	7%
Affluent Empty Nesters	5	1%
Middle-Class Move-Downs	50	8%
No-Nest Suburbanites	30	5%
Subtotal:	145	24%
Traditional & Non-Traditional Families		
Unibox Transferees	5	1%
Full-Nest Suburbanites	10	2%
Full-Nest Urbanites	5	1%
Multi-Ethnic Families	20	3%
Multi-Cultural Families	10	7%
Subtotal:	50	20%
Younger Singles & Couples		
The Entrepreneurs	10	2%
e-Types	20	3%
The VIPs	45	7%
Fast-Track Professionals	35	6%
Upscale Suburban Couples	125	20%
New Bohemians	35	6%
Twentysomethings	145	24%
Subtotal:	415	68%
Total Households:	**610**	100%

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 4

Target Groups For New Multi-Family For-Sale
Uptown Normal
Town of Normal, McLean County, Illinois

Empty Nesters & Retirees	*Number of Households*	*Percent*
Small-Town Establishment	5	3%
Cosmopolitan Elite	10	6%
New Empty Nesters	15	8%
Affluent Empty Nesters	10	6%
Cosmopolitan Couples	5	3%
Middle-Class Move-Downs	25	14%
Mainstream Retirees	5	3%
No-Nest Suburbanites	10	6%
Subtotal:	85	47%
Traditional & Non-Traditional Families		
Full-Nest Urbanites	5	3%
Multi-Ethnic Families	5	2%
Multi-Cultural Families	5	2%
Subtotal:	15	10%
Younger Singles & Couples		
The Entrepreneurs	10	6%
e-Types	5	3%
The VIPs	15	8%
Fast-Track Professionals	5	3%
Upscale Suburban Couples	25	14%
New Bohemians	5	3%
Twentysomethings	15	8%
Subtotal:	80	44%
Total Households:	**180**	100%

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 5

Target Groups For New Single-Family Attached For-Sale
Uptown Normal
Town of Normal, McLean County, Illinois

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	5	3%
Small-Town Establishment	5	3%
Cosmopolitan Elite	10	5%
Suburban Establishment	5	3%
New Empty Nesters	15	8%
Affluent Empty Nesters	5	3%
Middle-Class Move-Downs	35	18%
Mainstream Retirees	5	3%
No-Nest Suburbanites	20	11%
Subtotal:	105	55%
Traditional & Non-Traditional Families		
Unibox Transferees	5	3%
Full-Nest Suburbanites	5	3%
Full-Nest Urbanites	5	3%
Multi-Ethnic Families	10	2%
Multi-Cultural Families	5	2%
Subtotal:	30	10%
Younger Singles & Couples		
The Entrepreneurs	10	5%
The VIPs	10	5%
Upscale Suburban Couples	20	11%
New Bohemians	5	3%
Twentysomethings	10	5%
Subtotal:	55	29%
Total Households:	**190**	100%

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

Town of Normal/City of Bloomington, McLean County, Illinois

January, 2015

Property (Date Opened) *Address*	*Number of Units*	*Reported Base Rent*	*Reported Unit Size*	*Rent per Sq. Ft.*	*Additional Information*
		. . . . .Town of Normal			
Briarwood II (1994)	**120**				
100 Northfield Drive	1br/1ba	$580 to $650	656	$0.88 to $0.99	*Playground. Income restrictions.*
	2br/1ba	$650 to $750	840	$0.77 to $0.89	
	3br/2ba	$780 to $900	1,100	$0.71 to $0.82	
Lancaster Heights	**198**				
1462 East College Avenue	1br/1ba	$600	700	$0.86	*Clubhouse, playground, pool.*
	2br/1ba	$715	950	$0.75	
	3br/1.5ba	$900	1,400	$0.64	
Park View Apartments (1989)	**104**				
101 Northfield Drive	1br/1ba	$640 to $675	645 to 724	$0.93 to $0.99	
	2br/1ba	$675 to $690	842 to 917	$0.75 to $0.80	
	2br/2ba	$750	922 to 945	$0.79 to $0.81	
	2br/2ba/den	$775	993	$0.78	
Ironwood Gardens (1996)	**392**				
2000 North Linden	Studio/1ba	$460 to $610	335 to 425	$1.37 to $1.44	*Pool, exercise facility.*
	1br/1ba	$670 to $725	600 to 700	$1.04 to $1.12	
	2br/1ba	$805	850	$0.95	
	2br/2ba	$845 to $950	980 to 1,050	$0.86 to $0.90	
Bayberry Village (1997)	**168**				
619 West Orlando Avenue	2br/2ba	$695	940	$0.74	*Pool, playground, fitness facility.*
	3br/2ba	$725	1,100	$0.66	
		. . . . .Town of Normal, Furnished Student Rentals			
Lincoln Park Town Homes					
609 South Fell Avenue	4br/4ba	$2,480	n/a		*($620 per bed)*

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

Town of Normal/City of Bloomington, McLean County, Illinois

January, 2015

Property (Date Opened) *Address*	*Number of Units*	*Reported Base Rent*	*Reported Unit Size*	*Rent per Sq. Ft.*	*Additional Information*
		. . . . .Town of Normal, Student Rentals {continued}			
Uptown Lofts (2006)					
138 East Beaufort Street	4br/4.5ba	$2,516	2,780	$0.91	*($629 per bed)*
Patriot Station (2012)	**12**				
600 Hester Street	4br/3ba	$2,620	1,576	$1.66	*($655 per bed)*
401 East Vernon					
401 East Vernon Avenue	1br/1ba TH	$725	n/a		*($725 per bed)*
	4br/4ba TH	$2,160	n/a		*($540 per bed)*
The Lodge on Willow (2011)	**79**				
214 West Willow Street	4br/4.5ba TH	$2,900 to $3,036	1,835 to 2,000	$1.52 to $1.58	*($725 per bed to $759 per bed)*
The Flats at ISU (2011)	**50**				
701 South Main Street	2br/2ba	$1,538	800	$1.92	*($769 per bed)*
Two of three phases complete.	3br/3ba	$2,277	1,200 to 1,800	$1.27 to $1.90	*($759 per bed)*
LEED certified.	4br/4ba	$2,796 to $2,980	1,300 to 2,300	$1.30 to $2.15	*($699 per bed to $745 per bed)*
The Edge (2004)	**126**				
800 West Hovey Avenue	2br/2ba	$1,552	909	$1.71	*($776 per bed)*
	3br/3ba	$2,097	1,114	$1.88	*($699 per bed)*
	4br/4ba	$2,420	1,502	$1.61	*($605 per bed)*
Uptown Crossing (2010)	**135**				
100 South Fell Street	1br/1ba	$810 to $945	392 to 529	$1.79 to $2.07	*($810 per bed to $945 per bed)*
LEED certified.	2br/1ba	$1,150	600	$1.92	*($575 per bed)*
		. . . . .Downtown, City of Bloomington			
East Douglas Apartments	**52**				
(1895: Ren. 1995) *215 East Douglas Street*	2br/1ba	$550 to $750	900	$0.61 to $0.83	*Adaptive reuse. LIHTC*
	3br/2ba	$750 to $1,000	1,200	$0.63 to $0.83	*Income Restrictions.*
Livingston Building	**5**				
(1903: Ren. 2002) *102 West Washington Street*	2br/2.5ba	$1,500	3,600	$0.42	*Adaptive reuse of historic building.*

SOURCE: Zimmerman/Volk Associates, Inc.

Summary of Condominiums and Townhouses Currently For Sale

Town of Normal, City of Bloomington, McLean County, Illinois

January, 2015

Property Address	Unit Type	Year Built	Asking Price	Unit Size	Price psf	Configuration
			. . . . Town of Normal			
1505 Northbrook Drive	TH	1978	$43,553	1,050	$41	2br/1.5ba
			$43,553	1,046	$42	2br/1.5ba
			$49,900	1,050	$48	2br/1.5ba
700 North Adelaide Street	CO	1986	$56,500	931	$61	2br/1.5ba
			$57,500	930	$62	2br/1.5ba
			$63,000	1,373	$46	3br/2.5ba
			$66,000	1,146	$58	3br/2ba
			$67,800	1,128	$60	3br/2ba
			$69,900	1,485	$47	4br/2.5ba
706 Golfcrest Road North	CO	1978	$65,000	1,410	$46	2br/1.5ba
			$67,900	1,619	$42	3br/1.5ba
903 North Linden Street	CO	1980	$74,900	935	$80	2br/1.5ba
			$98,800	1,052	$94	2br/1ba
			$103,500	944	$110	2br/1ba
104 North Orr Drive	CO	1984	$74,900	1,417	$53	2br/2ba
601 North Main Street	CO	1981	$79,900	972	$82	2br/2ba
1704 Rockingham Drive	CO	1979	$89,800	2,008	$45	2br/2ba
1303 Kingsridge Court	CO	1977	$95,500	1,225	$78	2br/2ba
	CO	1977	$117,900	2,650	$44	3br/2.5ba
1402 Keller Road	CO	1975	$95,900	1,374	$70	2br/1.5ba
419 Park Creek Court	TH	1997	$121,900	1,360	$90	2br/2.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Summary of Condominiums and Townhouses Currently For Sale

Town of Normal, City of Bloomington, McLean County, Illinois

January, 2015

Property Address	Unit Type	Year Built	Asking Price	Unit Size	Price psf	Configuration
. . . . Downtown, City of Bloomington						
Ensenberger Condominiums	CO	1926:2005	$149,900	829	$181	1br/1.5ba
212 North Center Street			$149,900	820	$183	2br/2ba
			$164,900	740	$223	1br/1.5ba
			$174,900	771	$227	2br/2ba
			$174,900	688	$254	1br/1ba
			$194,900	749	$260	1br/1ba
			$209,900	938	$224	2br/2ba
			$319,900	1,430	$224	2br/2ba
			$349,900	1,705	$205	3br/2ba
209 East Washington Street	CO	1914:2009	$279,000	5,815	$48	4br/3ba
. . . . Other Bloomington						
Tracy Drive	CO	1986	$39,900	1,120	$36	2br/1.5ba
	CO	1989	$62,000	1,040	$60	2br/2ba
	CO	1982	$63,900	1,120	$57	2br/2ba
	CO	1982	$64,900	976	$66	2br/2ba
	CO	1982	$64,900	1,090	$60	2br/2ba
	CO	1982	$81,900	1,098	$75	2br/2ba
106 Urban	CO	1979	$43,500	911	$48	2br/1ba
10 Willedrob Road	CO	1978	$44,900	810	$55	2br/1ba
111 Rust Road	CO	1975	$43,553	800	$54	1br/1ba
	CO	1975	$82,500	770	$107	1br/1ba
	CO	1975	$109,900	1,532	$72	3br/3ba
3515 Cornelius Drive	CO	2003	$75,900	930	$82	2br/2ba
1111 East Jefferson Street	CO	1978	$82,500	1,147	$72	2br/2ba
	CO	1978	$89,000	1,147	$78	2br/2ba
	TH	1978	$99,900	1,184	$84	3br/1.5ba
	TH	1977	$112,000	1,197	$94	3br/1.5ba
29 Fetzer Court	TH	1999	$82,900	1,188	$70	3br/1.5ba
	TH	1999	$82,900	1,188	$70	3br/1.5ba
	TH	1999	$98,700	1,152	$86	2br/2.5ba
	TH	2001	$99,900	1,764	$57	3br/1.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Summary of Condominiums and Townhouses Currently For Sale

Town of Normal, City of Bloomington, McLean County, Illinois

January, 2015

Property Address	Unit Type	Year Built	Asking Price	Unit Size	Price psf	Configuration
. . . . Other Bloomington (continued)						
2802 East Lincoln Street	TH	1978	$82,900	1,047	$79	2br/1ba
	TH	1962	$88,900	1,357	$66	1br/1ba
14 Caterbury Court	CO	1986	$96,900	1,063	$91	2br/2ba
2312 Rainbow Avenue	TH	1980	$97,900	1,585	$62	3br/1.5ba
3 Andy Court	TH	1998	$101,900	1,764	$58	3br/1.5ba
11042 Lockenvitz Lane	TH	2003	$108,900	2,280	$48	2br/2.5ba
209 Goldenrod Road	TH	1985	$119,900	1,680	$71	3br/1.5ba
1010 Laesch Avenue	TH	1986	$119,900	1,150	$104	2br/1.5ba
2702 Westbrook Drive	TH	1997	$143,900	2,681	$54	3br/3.5ba
111 Meadow Ridge Drive	TH	1996	$147,500	2,296	$64	2br/3ba
2305 Northpoint Drive	TH	1984	$155,900	1,386	$112	3br/2ba
	TH	1985	$164,900	1,529	$108	2br/2.5ba
1710 Glenbridge Road	TH	2007	$164,900	2,250	$73	3br/2.5ba

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Table 8

Optimum Market Position
Uptown Normal
Town of Normal, McLean County, Illinos
January, 2015

Percent of Units / Number	Housing Type	Unit Configuration	Unit Mix	Market-Entry Base Rents/ Prices*	Unit Size Range	Base Rent/Price Per Sq. Ft.*	Annualized Average Absorption
62.2%	**Multi-Family For-Rent**						**92 to 122**
249	Soft Lofts	Open loft/1ba	50%	$950	550	$1.73	92 to 122
	(mixed-use)	Mezzanine loft/1.5ba	50%	$1,275	750	$1.70	
		Weighted Average:		$1,113	650	$1.71	
18.4%	**Multi-Family For-Sale**						**14 to 18**
50	Soft Lofts	Open loft/1ba	50%	$145,000	700	$207	8 to 10
	(mixed-use)	Mezzanine/1.5ba	50%	$165,000	850	$194	
		Weighted Average:		$155,000	775	$200	
24	Condominiums	1br/1.5ba/den	15%	$185,000	900	$206	6 to 8
	(4-to 6-unit	2br/2ba	25%	$220,000	1,100	$200	
	buildings)	2br/2.5ba/den	35%	$270,000	1,350	$200	
		3br/2ba	25%	$290,000	1,500	$193	
		Weighted Average:		$249,750	1,258	$199	
19.4%	**Single-Family Attached For-Sale**						**15 to 19**
78	Townhouses	2br/1.5ba	30%	$235,000	1,200	$196	15 to 19
		2br/2.5ba	45%	$265,000	1,400	$189	
		3br/2.5ba end	25%	$335,000	1,800	$186	
		Weighted Average:		$273,718	1,441	$190	
100.0%							**121 to 159** Including Rentals
400	dwelling units						**30 to 37** Excluding Rentals

* Base rents/prices are at market entry, in year 2015 dollars and do NOT include location or floor premiums, options or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

ZIMMERMAN/VOLK ASSOCIATES, INC.
Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc
Research & Strategic Analysis

ASSUMPTION AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the methodology employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.

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