



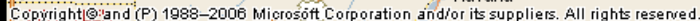
Residential Market Analysis

***-- Downtown Peoria and
The Warehouse District --***



Presented by
Tracy Cross & Associates, Inc.

February 26, 2008





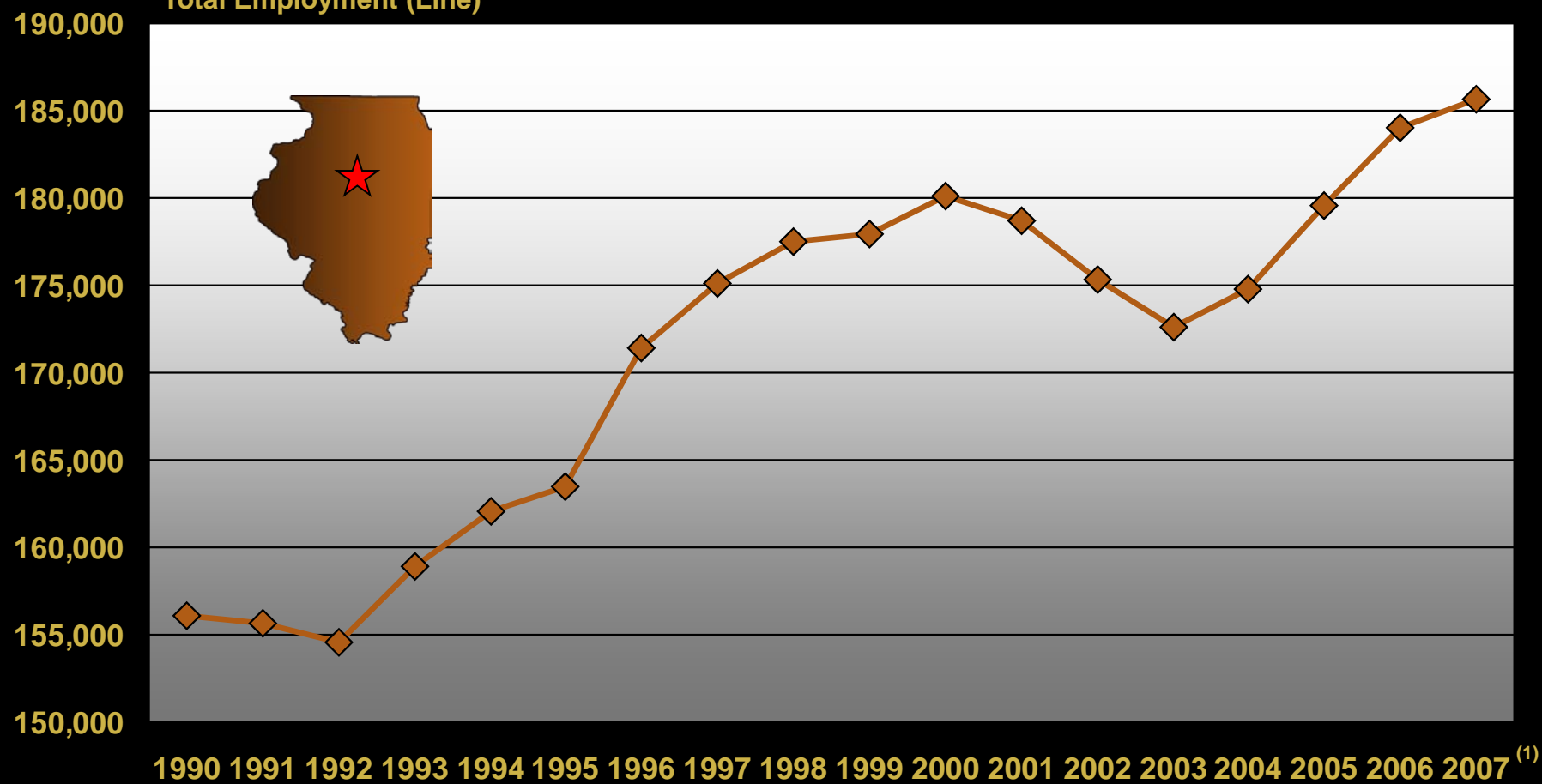
The Warehouse District





Total Employment -- Peoria, IL MSA --

Total Employment (Line)



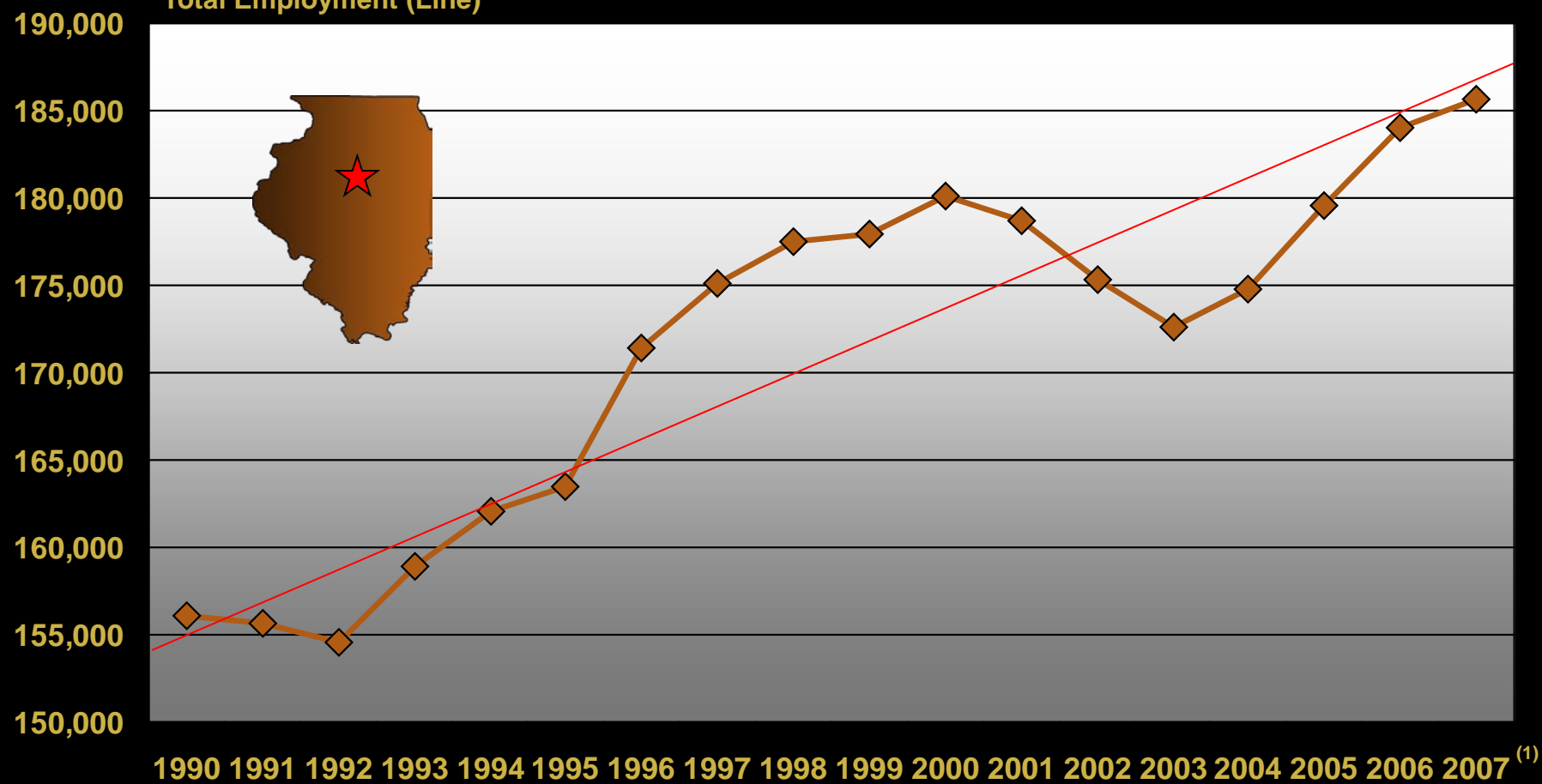
⁽¹⁾ Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics



Total Employment -- Peoria, IL MSA --

Total Employment (Line)



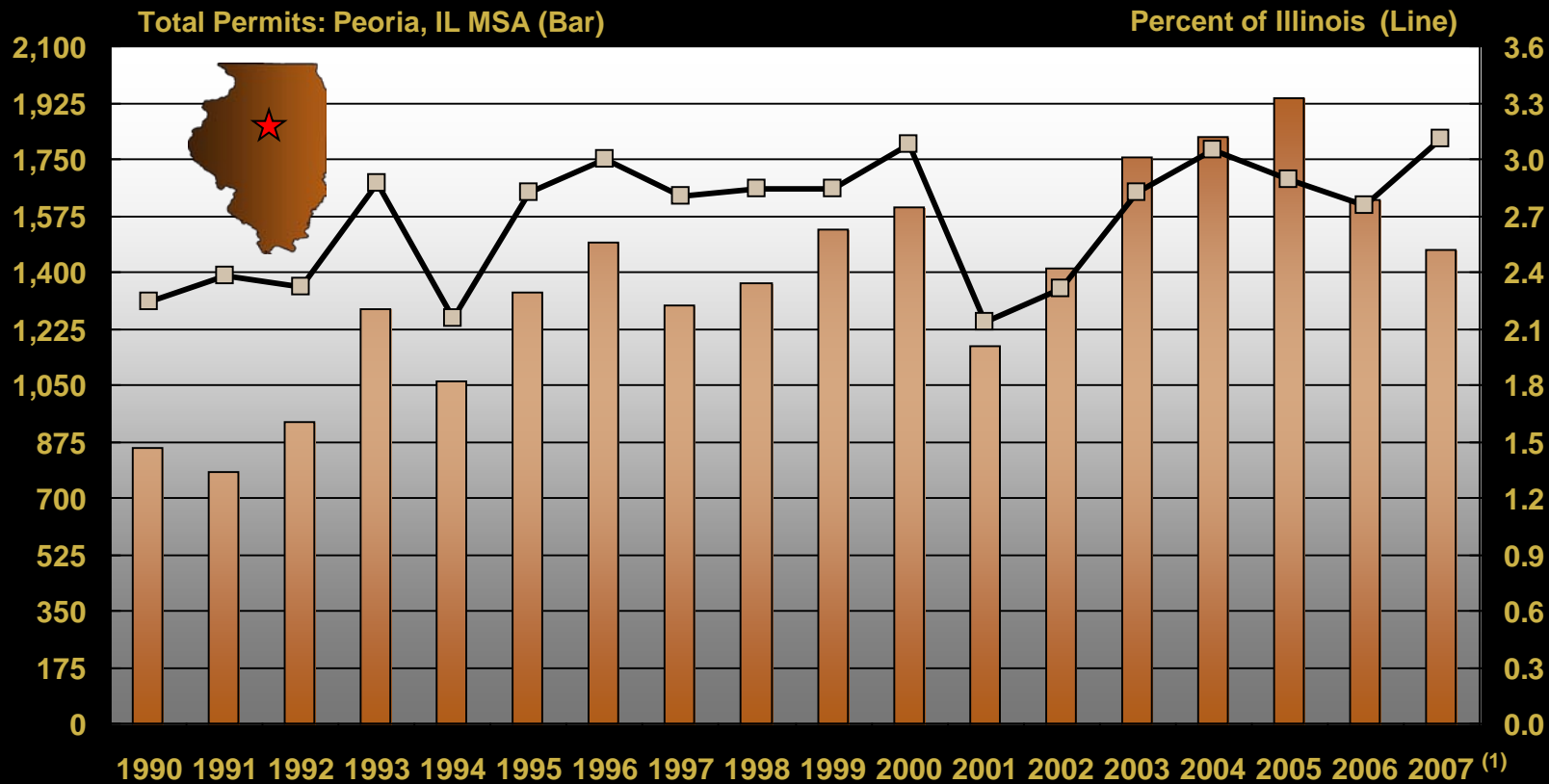
⁽¹⁾ Preliminary.

Source: U.S. Department of Labor, Bureau of Labor Statistics



Residential Building Permit Trends

-- Peoria, IL MSA --



⁽¹⁾ Preliminary.

Source: U.S. Department of Commerce, Bureau of the Census: *C-40 Construction Reports*



Average Annual New Housing Demand -- Peoria, IL MSA --



| | <u>Annual Demand (In Units)</u> | |
|--------------------------|---------------------------------|------------------------------|
| | <u>2008 -</u> <u>2012</u> | <u>2013 -</u> <u>2017</u> |
| Total | 1,495 | 1,590 |
| For Sale | 1,100 | 1,175 |
| Rental Apartments | 395 | 415 |

Source: Tracy Cross & Associates, Inc.



The Apartment Sector Peoria Market Area

| <u>Development</u> | <u>Location</u> | <u>Year Built</u> | <u>Total Units</u> | <u>Total Occupied</u> | <u>Average Unit Size (Sq. Ft.)</u> | <u>Average Base Monthly Rent</u> | <u>Rent Per Sq. Ft.</u> | <u>Vacancy Rate/ Absorption Rate</u> |
|----------------------------|--------------------|-------------------|--------------------|-----------------------|------------------------------------|----------------------------------|-------------------------|--|
| Lofts at Waterfront Place | Warehouse District | 2004 | 23 | 23 | 787 | \$937 | \$1.19 | 0.0 |
| Le Vieux Carre | Warehouse District | 2003 | 14 | 14 | 1,157 | 1,157 | 1.00 | 0.0 |
| Civic Center Plaza | Downtown Peoria | 1991 | 82 | 77 | 687 | 687 | 1.00 | 6.1 |
| Twin Towers ⁽¹⁾ | Downtown Peoria | 1985 | 27 | 27 | 934 | 894 | 0.96 | 0.0 |
| Savannah Meadows | Suburban Peoria | 2006 | 42 | 42 | 905 | 805 | 0.89 | 0.0 |
| Prairie Vista | Suburban Peoria | 2005 | 248 | 233 | 1,017 | 871 | 0.86 | 8.3/Mo. |
| Knoxville Pointe | Suburban Peoria | 2004 | 218 | 216 | 1,009 | 767 | 0.76 | 0.9 |
| Timberlane-Phase II | Suburban Peoria | 1995 | 186 | 179 | 912 | 687 | 0.75 | 3.8 |
| Prairie Lakes | Suburban Peoria | 2003 | 288 | 286 | 1,023 | 739 | 0.72 | 6.7/Mo. |
| <i>Total/Average</i> | | --- | 1,128 | 1,097 | 967 | \$776 | \$0.80 | 2.7 / 7.5/Mo. |

⁽¹⁾ Includes only those rental units being held as rentals by management, until they sell.

Source: Tracy Cross & Associates, Inc.



The Attached For Sale Sector Peoria Market Area

| <u>Development</u> | <u>Product Type</u> | <u>Location</u> | <u>Total Units</u> | <u>Average Unit Size (Sq. Ft.)</u> | <u>Average Base Sales Price</u> | <u>Price Per Sq. Ft.</u> | <u>Average Monthly Sales Rate</u> |
|---------------------------------|-----------------------|-----------------|--------------------|------------------------------------|---------------------------------|--------------------------|-----------------------------------|
| Fairway Villas | Duplex | Peoria | 36 | 1,625 | \$204,900 | \$126.09 | 0.6 |
| Stonehenge | Duplex | Peoria | 38 | 1,352 | 199,900 | 147.86 | 1.3 |
| Villas at Hamptons Crossing | Duplex | Peoria | 30 | 1,670 | 219,900 | 131.68 | 0.5 |
| Villas at Sommer Place | Duplex | Peoria | 54 | 1,670 | 251,900 | 150.84 | 0.7 |
| Trails Edge Villas | Duplex | Peoria | 36 | 1,880 | 262,900 | 139.84 | 0.6 |
| Oakbrook Park Townhomes | Courtyard TH | Peoria | 67 | 1,658 | 168,313 | 101.52 | 1.0 |
| The Development at Williamsburg | TH & Flats | Peoria | 33 | 1,543 | 156,900 | 101.69 | 0.8 |
| Mallard Point | Flats | Washington | 56 | 1,232 | 134,100 | 108.85 | 1.0 |
| Cypress Ridge Condominiums | Mid-Rise Condominiums | East Peoria | 12 | 1,642 | 211,567 | 128.85 | 0.6 |
| Average: | | | 40 | 1,586 | \$201,153 | \$126.83 | 0.8 |

Source: Tracy Cross & Associates, Inc.



A Focus On Apartments

- ☐ Urban re-development (of scale) always starts with rental apartments.
- ☐ A lifestyle environment needs to be established before consumers will make an ownership commitment. Rental apartments can help fuel this environment by stimulating other non-residential uses through household additions.
- ☐ Peoria's employment base downtown and the current re-development that has occurred on the north side of the Warehouse District signifies immediate opportunity.



Existing Rental Pool -- Peoria, IL MSA -- 2007

| | |
|--|----------------|
| Total Households: | 147,606 |
| Renter Households: | 39,679 |
| Percent of Total Households: | 26.9 |
| Renters w/Incomes Above \$25,000: | 22,815 |
| Percent of Total Renter Households: | 57.5 |
| Annual Turnover @ 25 Percent: | 5,704 |
| Number of Mobile Renters That Will Remain Renters Locally @ 50 Percent: | 2,852 |
| <i>Annual Pool:</i> | 2,852 |

Source: Claritas, Inc.; Demographic Summary Reports and Tracy Cross & Associates, Inc.



Overall Rental Potentials

-- Peoria, IL MSA --
2008 - 2017

| <u>Attribute</u> | <u>Annual Average (In Units)</u> |
|---|--|
| Normal Demand | 405 |
| Turnover Among Existing Renter Households | 2,852 |
| <i>Annual Renter Pool:</i> | <i>3,257</i> |
| <i>Downtown Peoria's "Fair Share" Capture Potential @ 5.0 Percent:</i> | <i>163</i> |



Product Development Criteria

-- Loft Conversion Rentals --

Downtown Peoria (Warehouse District)



| <u>Plan Designation</u> | <u>Percent Distribution</u> | <u>Bedroom/ Bath Mix</u> | <u>Unit Size (Sq. Ft.)</u> | <u>Benchmark Monthly Rent⁽¹⁾ (Current \$)</u> |
|------------------------------------|-----------------------------|------------------------------|--------------------------------|--|
| LC-A | 10.0 | --/1.0 | 500 | \$555 |
| LC-B | 10.0 | Jr./1.0 | 600 | 640 |
| LC-C | 20.0 | 1/1.0 | 700 | 725 |
| LC-D | 20.0 | 1/1.0 | 800 | 810 |
| LC-E | 10.0 | 1+Den/1.0 | 900 | 895 |
| LC-F | 10.0 | 2/2.0 | 1,000 | 980 |
| LC-G | 10.0 | 2/2.0 | 1,100 | 1,065 |
| LC-H | 10.0 | 2/2.0 | 1,200 | 1,150 |
| <i>Total/ Weighted Average</i> | 100.0 | --- | 835 | \$836 |
| | | | Rent Per Sq. Ft.: | \$1.00 |

Absorption Potential @ Benchmark Rents: 8.5 Units Per Month

⁽¹⁾ **Benchmark monthly rents do not include premiums or parking.**

Source: Tracy Cross & Associates, Inc.



Product Development Criteria

-- New Construction Rentals --

Downtown Peoria (Warehouse District)

| <u>Plan Designation</u> | <u>Percent Distribution</u> | <u>Bedroom/ Bath Mix</u> | <u>Unit Size (Sq. Ft.)</u> | <u>Benchmark Monthly Rent⁽¹⁾ (Current \$)</u> |
|------------------------------------|-----------------------------|------------------------------|--------------------------------|--|
| NC-A | 10.0 | 1/1.0 | 650 | \$780 |
| NC-B | 20.0 | 1/1.0 | 750 | 865 |
| NC-C | 10.0 | 1/1.0 | 850 | 950 |
| NC-D | 10.0 | 1+Den/1.0 | 950 | 1,035 |
| NC-E | 10.0 | 2/2.0 | 1,050 | 1,120 |
| NC-F | 10.0 | 2/2.0 | 1,100 | 1,165 |
| NC-G | 10.0 | 2/2.0 | 1,150 | 1,205 |
| NC-H | 10.0 | 2/2.0 | 1,200 | 1,250 |
| NC-I | 10.0 | 2/2.0 | 1,300 | 1,335 |
| <i>Total/ Weighted Average</i> | 100.0 | --- | 975 | \$1,057 |
| Rent Per Sq. Ft.: | | | | \$1.08 |

Absorption Potential @ Benchmark Rents: 5.5 Units Per Month

⁽¹⁾ Benchmark monthly rents do not include premiums or parking.

Source: Tracy Cross & Associates, Inc.



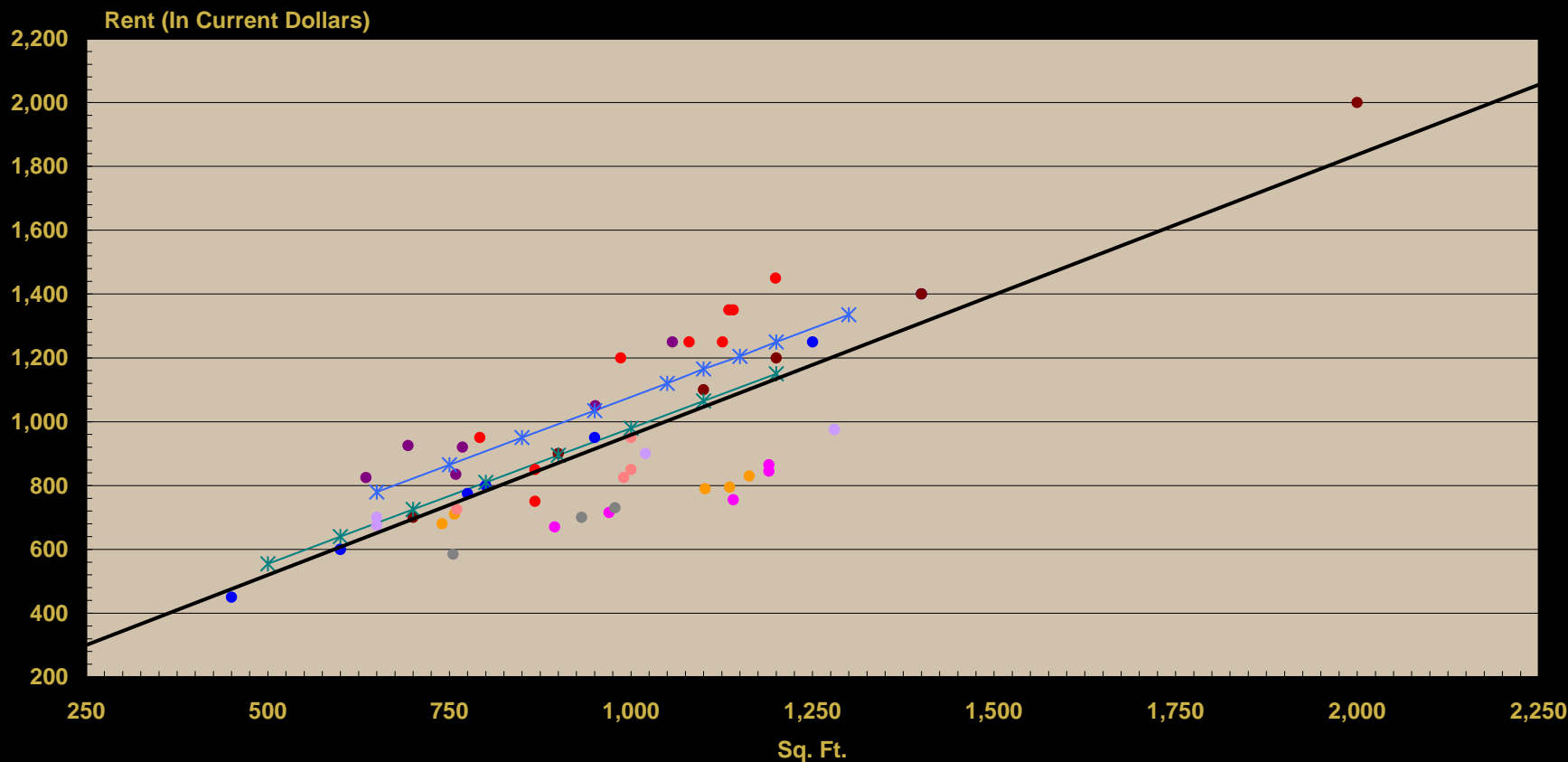


Rent/Value Analysis

Newer Apartment Developments

City of Peoria

January 2008



Program (Vacancy/Absorption)

- Civic Center Plaza (6.1)
- The Lofts at Waterfront Place (0.0)
- Prairie Vista (8.3/Mo.)
- Loft Conversion Rentals
- Twin Towers Place (0.0)
- Knoxville Point Apartments (0.9)
- Savannah Meadows (0.0)
- Le Vieux Carre (0.0)
- Prairie Lakes (6.7/Mo.)
- Timberlane Apartments-Ph. II (3.8)
- New Construction Rentals
- Market Line



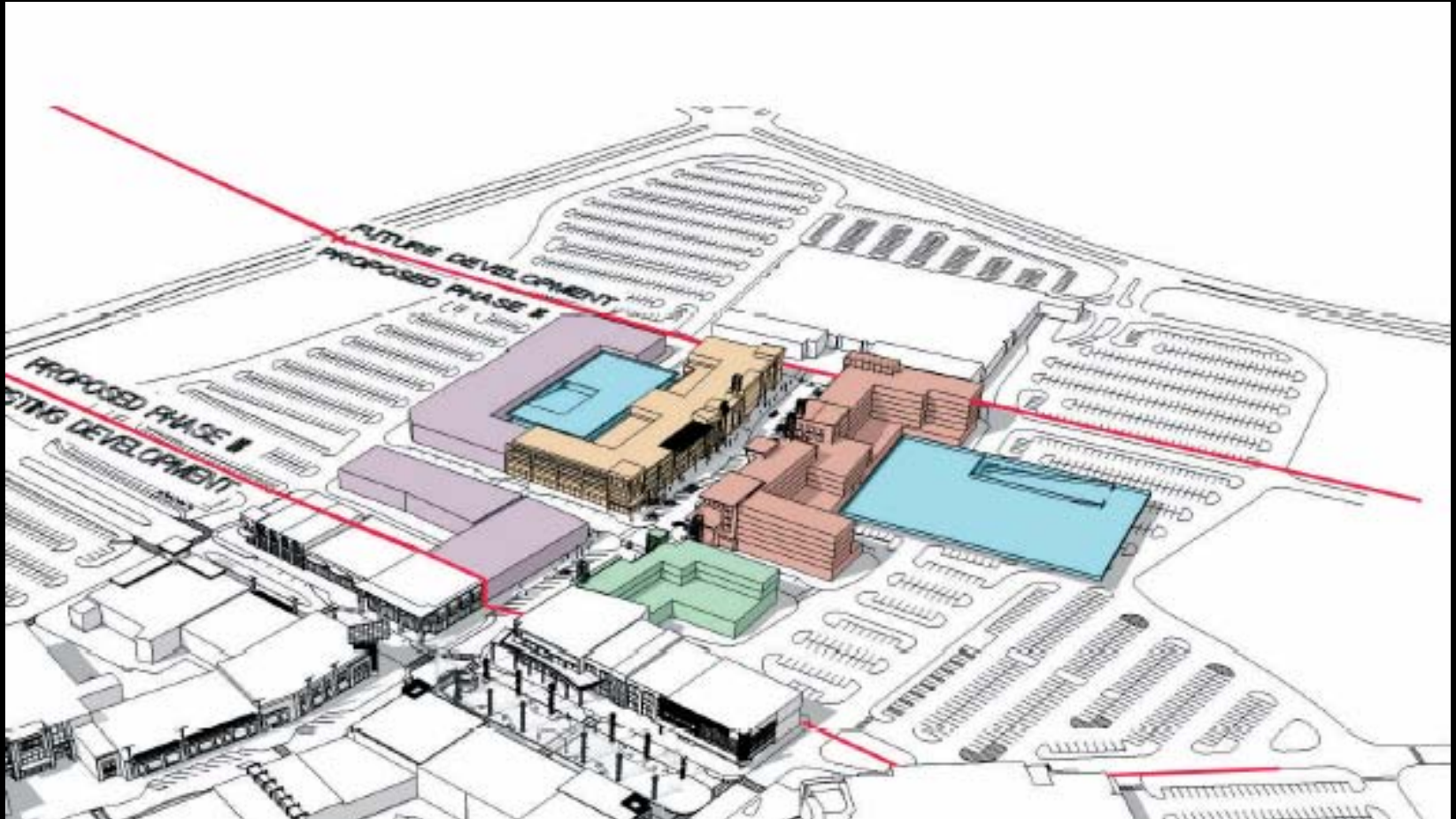
Household Income: 2007 -- Peoria, IL MSA --

| <u>Income Range</u> | <u>Number of Households</u> | <u>Percent of Total Households</u> |
|------------------------|---------------------------------|--|
| Under \$25,000 | 33,351 | 22.6 |
| 25,000 - 49,999 | 40,612 | 27.5 |
| 50,000 - 74,999 | 31,885 | 21.6 |
| 75,000 - 99,999 | 19,087 | 12.9 |
| 100,000 - 149,999 | 16,089 | 10.9 |
| 150,000 - 249,999 | 4,848 | 3.3 |
| 250,000 - 499,999 | 1,259 | 0.9 |
| 500,000 and Over | 475 | 0.3 |
| Total | 147,606 | 100.0 |
| Median | ----- \$49,896 ----- | |
| National Median | ----- \$49,314 ----- | |

Source: Claritas, Inc. *Demographic Comparison Report*



Handling Parking





**For Sale Potentials Are More Limited Initially
... But Will Increase Over Time**



Product Development Criteria

-- Garden Condominiums --

Downtown Peoria (Warehouse District)



| <u>Plan Designation</u> | <u>Percent Distribution</u> | <u>Bedroom/ Bath Mix</u> | <u>Unit Size (Sq. Ft.)</u> | <u>Benchmark Base Sales Price⁽¹⁾ (Current \$)</u> |
|------------------------------------|-----------------------------|------------------------------|--------------------------------|--|
| GC-A | 25.0 | 2/2.0 | 1,100 | \$152,990 |
| GC-B | 25.0 | 2/2.0 | 1,200 | 159,990 |
| GC-C | 25.0 | 2/2.0 | 1,300 | 166,990 |
| GC-D | 25.0 | 2+Den/2.0 | 1,450 | 177,990 |
| <i>Total/ Weighted Average</i> | 100.0 | --- | 1,263 | \$164,490 |
| | | | Per Sq. Ft.: | \$130.24 |

Absorption Potential @ Benchmark Prices: 1.3 Units Per Month

⁽¹⁾ Benchmark base sales prices do not include options, upgrades or premiums; but do include one enclosed parking space.

Source: Tracy Cross & Associates, Inc.









Product Development Criteria

-- Rowhomes --

Downtown Peoria (Warehouse District)



| <u>Plan Designation</u> | <u>Percent Distribution</u> | <u>Bedroom/ Bath Mix</u> | <u>Unit Size (Sq. Ft.)</u> | <u>Benchmark Base Sales Price⁽¹⁾ (Current \$)</u> |
|------------------------------------|---------------------------------|------------------------------|--------------------------------|--|
| RH-1 | 33.3 | 2+Loft/2.5 | 1,600 | \$202,990 |
| RH-2 | 33.3 | 2+Loft/2.5 | 1,750 | 212,990 |
| RH-3 | 33.3 | 3/2.5 | 1,900 | 222,990 |
| <i>Total/ Weighted Average</i> | <i>100.0 ⁽²⁾</i> | <i>---</i> | <i>1,750</i> | <i>\$212,990</i> |
| | | | <i>Per Sq. Ft.:</i> | <i>\$121.71</i> |

Absorption Potential @ Benchmark Prices: 0.8 Units Per Month

⁽¹⁾ Benchmark base sales prices do not include options, upgrades or premiums; but do include one enclosed parking space.

⁽²⁾ Total may not add due to rounding.

Source: Tracy Cross & Associates, Inc.







SPECIALTY USES



Annual Absorption Potentials Near Term (At Peak) Downtown Peoria (Warehouse District)

| <u>Product Type</u> | <u>Annual Absorption (In Units)</u> |
|---------------------------------|---|
| Loft Conversion Rentals | 102 |
| New Construction Rentals | 66 |
| Garden Condominiums | 16 |
| Rowhomes | 10 |
| <i>Total</i> | 194 ⁽¹⁾ |

⁽¹⁾ Does not include specialty-use opportunities.

Source: Tracy Cross & Associates, Inc.



**EXECUTION
IS
CRITICAL**



Planning Requirements

- ☐ Create a “residential hub” near the intersection of Water and Walnut and “feather out” from there.
- ☐ Develop rental apartment communities of scale (i.e. 100+/- units each).
- ☐ Use “stick built” construction for all housing forms; at least initially.
- ☐ Keep condominium and rowhome association fees in the lower ranges.
- ☐ Using elements of landscape and hardscape, improve the aesthetics of those areas experiencing new residential development.
- ☐ Promote additional commercial as new households are created.



