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Research & Strategic Analysis

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

Near East Study Area

City of Columbus, Franklin County, Ohio

July, 2012

INTRODUCTION

The purpose of this study is to identify the market potential for new and renovated dwelling units located within the Near East Study Area, in the City of Columbus, Franklin County, Ohio. The boundaries of the study area include Leonard Avenue to the north, Woodland Avenue to the east, Broad Street to the south, and Interstate 71 and Hamilton Avenue to the west.

The depth and breadth of the potential market for new and existing housing units within the Near East Study Area have been determined using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is derived from supply-side dynamics and baseline demographic projections—target market analysis establishes the market potential for new and existing housing 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 fragile neighborhoods because it 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 *at the end of this study*).

The current constrained market—characterized throughout most of the United States by significantly reduced housing values; high levels of unsold units, both builder inventory units as well as foreclosed and/or abandoned units; and high levels of mortgage delinquencies by speculators and investors as well as homeowners—has resulted in restrictive development financing and mortgage underwriting, dampening development below optimum levels and keeping some potential homebuyers out of the market. Although the housing market in Columbus is healthier than the national, the Near East Study Area has been subject to higher vacancy rates than most of the rest of the city.

These market constraints do not reduce the size of the potential market; however, depending on the timing of market entry, they could reduce the initial percentage of the potential market able to overcome those constraints.

In brief, this study determined:

- Where will the residents of new and existing housing units in the Near East Study Area be likely to move from (the draw areas);
- How many households have the potential to move within and to the Study Area each year (depth and breadth of the market—the universe of households that represent the Near East Study Area market);
- What are their housing preferences in aggregate (rental or ownership, multi-family or single-family);
- What is the range of affordability (income qualifications);
- Who are those households that represent the potential market for new and existing units in the Near East Study Area (target markets);
- What their alternatives are (other relevant housing in the Greater Downtown Columbus area);
- What are the market-rate rents and prices that could be sustained in the Study Area (market-entry base rents and prices); and
- How many new and renovated units, including public housing replacement units, tax credit units, and workforce and market-rate units, can be leased or sold within the Study Area each year (market capture).

MARKET POTENTIAL FOR THE CITY OF COLUMBUS

Analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new and existing housing units within the City of Columbus and the Near East Study Area.

Historically, American households, more than any other nation's, have always been extraordinarily mobile. Although nationally, the impact of the recession on household mobility has been considerable, that hasn't been the case in Columbus, where approximately 21 percent of the city's households have moved from one dwelling unit to another in recent years, a considerably higher mobility rate than in the nation. In general, household mobility is higher in urban areas; a greater percentage of renters move than owners; and a greater percentage of younger households move than older households.

Where will the potential market for housing in the City of Columbus move from?

—The Draw Areas—

As derived from migration analysis—based on the most recent taxpayer records from the Internal Revenue Service—the principal draw areas for new housing units within the City of Columbus includes households living in the balance of Franklin County, adjacent counties, and other urban counties in Ohio, including Cuyahoga (Cleveland), Montgomery (Dayton), and Hamilton (Cincinnati). This analysis also factors in the market potential from households currently living in all other counties represented in Franklin County migration (*reference* Appendix One, Table 1).

Based on the migration data then, the draw areas for the City of Columbus and the Near East Study Area have been delineated as follows:

- The primary draw area, covering households currently living within the city limits of Columbus.
- The local draw area, covering households currently living in the balance of Franklin County.

- The regional draw area, covering households that are likely to move to the City of Columbus from Delaware, Fairfield, Licking, Pickaway, and Madison Counties, Ohio.

- The urban Ohio draw area, covering households that are likely to move to the City of Columbus from Cuyahoga, Montgomery, and Hamilton Counties.

- The national draw area, covering households with the potential to move to the City of Columbus from all other U.S. counties (primarily counties in Ohio and the Midwest).

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 City of Columbus) is as follows (*reference* Appendix One, Table 9):

Market Potential by Draw Area
City of Columbus, Franklin County, Ohio

City of Columbus (Primary Draw Area):	61.6%
Balance of Franklin County (Local Draw Area):	17.6%
Delaware, Fairfield, Licking, Pickaway and Madison Counties (Regional Draw Area):	4.6%
Cuyahoga, Montgomery and Hamilton Counties (Urban Draw Area):	0.8%
Balance of US (National Draw Area):	15.4%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

MARKET POTENTIAL FOR THE NEAR EAST STUDY AREA

Where will the potential market for housing in the Near East Study Area move from?

The target market methodology also identifies those households with a preference for living in downtowns and in-town neighborhoods. Therefore, after discounting for those segments of the city's potential market that would choose suburban and/or rural locations, the distribution of draw area market potential for new and existing dwelling units in the Near East Study Area would be as follows (*reference* Appendix One, Table 10):

Market Potential by Draw Area
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

City of Columbus (Primary Draw Area):	63.0%
Balance of Franklin County (Local Draw Area):	12.7%
Delaware, Fairfield, Licking, Pickaway and Madison Counties (Regional Draw Area):	3.0%
Cuyahoga, Montgomery and Hamilton Counties (Urban Draw Area):	1.6%
Balance of US (National Draw Area):	19.7%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

How many households have the potential to rent or purchase new or existing units in the Near East Study Area each year over the next five years?

As derived by the target market methodology, which accounts for household mobility within the City of Columbus and the balance of Franklin County, as well as migration and mobility patterns for households currently living in all other cities and counties, over the next five years an annual average of approximately 1,850 households represent the annual potential market for new and existing housing units in the Near East Study Area. These households comprise just 2.1 percent of the approximately 89,825 households that represent the potential market for new and existing housing units in all of the City of Columbus, a share of the total market that is consistent with Zimmerman/Volk Associates' experience in other cities.

What are their housing preferences and what is the range of affordability?

The 1,850 households that represent the market for new and existing housing units in the Near East Study Area have been grouped by income, as follows:

- Households with incomes below 30 percent of the Columbus MSA median family income (AMI), which, for fiscal year 2012 is $67,500 for a family of four (a significant percentage of these households typically qualify only for public housing or older existing units);
- Households with incomes between 30 and 80 percent of AMI (these households typically qualify for new affordable rental housing or heavily subsidized ownership housing);
- Households with incomes between 80 and 120 percent AMI (these households typically qualify for new workforce rentals or existing older market-rate rentals or new workforce or affordable for-sale housing); and
- Households with incomes above 120 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).

The tenure preferences of these 1,850 draw area households segmented by income bands are as follows (*reference* Appendix One, Table 11):

Annual Average Market Potential
For New and Existing Housing Units
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Rental units*	155	8.4%
Rental units†	370	20.0%
Rental units**	470	25.4%
For-sale units*	65	3.5%
For-sale units†	285	15.4%
For-sale units**	505	27.3%
Total	1,850	100.0%

* Affordable to households with incomes below 30 percent of AMI, calibrated by household size.
† Affordable to households with incomes between 30 and 80 percent of AMI, calibrated by household size.
** Affordable to households with incomes above 80 percent of AMI, calibrated by household size.

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Because there are few programs or policies that provide deep enough subsidies to enable households with incomes below 30 percent AMI to become homeowners, only households with incomes above 30 percent AMI have been included in the potential market for ownership units. The housing preferences, analyzed by income, of the target 1,785 households are as follows (*see also* Table 1):

Annual Average Market Potential
For New and Existing Housing Units
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent*	155	8.7%
Multi-family for-rent†	370	20.7%
Multi-family for-rent**	250	14.0%
Multi-family for-rent††	220	12.3%
(lofts/apartments, leaseholder)		
Multi-family for-sale†	80	4.5%
Multi-family for-sale**	65	3.6%
Multi-family for-sale††	115	6.5%
(lofts/apartments, condo/co-op ownership)		
Single-family attached for-sale†	100	5.6%
Single-family attached for-sale**	65	3.6%
Single-family attached for-sale††	125	7.0%
(townhouses/live-work, fee-simple/ condominium ownership)		
Single-family detached for-sale†	105	5.9%
Single-family detached for-sale**	80	4.5%
Single-family detached for-sale††	55	3.1%
(houses, fee-simple ownership)		
Total	1,785	100.0%

* Affordable to households with incomes below 30 percent of AMI, calibrated by household size.
† Affordable to households with incomes between 30 and 80 percent of AMI, calibrated by household size.
** Affordable to households with incomes between 80 and 120 percent of AMI, calibrated by household size.
†† Affordable to households with incomes above 120 percent of AMI, calibrated by household size.

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Based on the housing preferences of the target households that represent the potential market for new and existing units in the Near East Study Area, the mix of new units should include 56 percent rental housing units (an average of 995 households per year); and 44 percent for-sale housing units (an average of 790 households per year), subdivided into condominium units (260 households; 15 percent of the total), for-sale townhouse, rowhouse, and live-work units (290 households; 16 percent of the total), and single-family detached houses (240 households; 13 percent of the total).

Table 1

Annual Potential Market For New And Existing Housing Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential
To Move Within/To The Near East Study Area Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Near East Study Area

City of Columbus, Franklin County, Ohio

City of Columbus, Balance of Franklin County, Ohio Regional Draw Area, Ohio Metropolitan Draw Area and Balance of the United States
Draw Areas

Annual Number Of Target Market Households With Potential To Rent/Purchase Within The Near East Study Area	1,785

Annual Market Potential

	Below 30% AMI	*30% to 80% AMI*	*80% to 120% AMI*	*Above 120% AMI*	*Total:*	*Percent*
Multi-Family For-Rent:	155	370	250	220	**995**	***56%***
Multi-Family For-Sale:	0	80	65	115	**260**	***15%***
Single-Family Attached For-Sale:	0	100	65	125	**290**	***16%***
Single-Family Detached For-Sale:	0	105	80	55	**240**	***13%***
Total:	**155**	**655**	**460**	**515**	**1,785**	**100%**
Percent:	**9%**	**37%**	**26%**	**29%**	**100%**	

Note: For fiscal year 2012, Columbus MSA Median Family Income for a family of four is $67,500.

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

TARGET MARKET ANALYSIS

Who are those households that represent the potential market for new and existing units in the Near East Study Area each year?

The significant transformation of American households (particularly shrinking household size and the predominance of one- and two-person households) over the past decade, combined with steadily increasing traffic congestion and fluctuating gasoline prices, has resulted in important changes in neighborhood and housing preferences, with major shifts from predominantly single-family detached houses in lower-density suburbs to higher-density apartments, townhouses, and detached houses in urban and mixed-use neighborhoods. This fundamental transformation of American households is likely to continue for at least the next decade.

This transformation has been driven by the convergence of the two largest generations in the history of America: the 76 million Baby Boomers born between 1946 and 1964, and the 78 million Millennials, who were born from 1977 to 1996. The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their life stage—is unprecedented.

In addition to their shared preference for 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 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 families (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 determined by the target market analysis, and reflecting these trends, the annual potential market—represented by lifestage—for new and existing housing units in the Near East Study Area can be characterized by general household type as follows (*see also* Table 2):

- Younger singles and childless couples—including, among others, hospital and college affiliates, office workers, junior executives, artists or artisans, and retail and service employees (57.1 percent);

- A range of traditional and non-traditional families (32.8 percent); and
- Empty nesters and retirees, more than half of whom would be moving from elsewhere in the Study Area or the city (10.1 percent).

Annual Potential Market By Household Type
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE SF ATTACHED	FOR-SALE SF DETACHED
Empty-Nesters & Retirees	10%	6%	14%	15%	17%
Traditional & Non-Traditional Families	33%	34%	15%	26%	54%
Younger Singles & Couples	57%	60%	71%	59%	29%
Total	100%	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Younger singles and couples are the largest potential market for new units in the Near East Study Area—57. This generation—the Millennials—is the first to have been largely raised in the suburbs. However, in far greater numbers than predecessor generations, Millennials are moving to downtown and in-town neighborhoods. The target groups in this segment typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses. For the most part, younger households tend to be "risk-tolerant," and will move into areas or neighborhoods that would not be considered acceptable for most families or older couples.

Younger singles and couples typically are comfortable in neighborhoods with urban diversity, and places for social interaction are significantly more important to them than they are to either families or empty nesters and retirees. To many of these households, the public realm can be more important than the dwelling unit itself. However, the continuing challenge in capturing this potential market, particularly in the Near East Study Area, is to produce new units that are attractive to young people (lofts, not suburban-style apartments), at rents and prices that the identified target markets can afford, and within a vibrant neighborhood with a varied mix of uses, services and activities.

Family-oriented households are the next largest market segment, comprising approximately a third of the market for new units in the Study Area. In the 1980s, when the majority of the Baby Boomers were in the full-nest lifestage, the "traditional family household" (married couple with one or more children) comprised more than 45 percent of all American households. That demographic has now fallen to less than 22 percent of all American households (and only about 16 percent in Columbus), and the subset of the one wage-earner traditional family has fallen to less than 10 percent of all American households. In addition to the reduced percentage of households with children, reflecting the aging of the Baby Boomers into the empty-nest lifestage, the composition of households with children has become increasingly diverse with notable growth in the number of non-traditional families.

The family-oriented households that represent the potential market for new units in the Near East Study Area are predominantly non-traditional families—single parents, often divorced, with one or two children. Non-traditional families, which during the 1990s became an increasingly larger proportion of all U.S. households, encompass a wide range of households with children.

The smallesst general market segment—empty nesters and retirees—represents just 10 percent of the potential market for new units in the Near East Study Area, a smaller share than would be otherwise typical, in part because of their inability to sell—or reluctance to sell at an actual or perceived loss—their existing dwelling units.

These households—for the most part, the Baby Boom generation—have been moving from the full-nest to the empty-nest life stage at an accelerating pace that will peak sometime this decade and continue beyond 2020. Since the first Boomer turned 50 in 1996, empty-nesters have had a substantial impact on in-town and downtown housing. After fueling the diffusion of the population into ever-lower-density exurbs for nearly three decades, Boomers are rediscovering the merits and pleasures of urban living.

A small percentage of this market segment are retirees, with incomes from social security, and if they are lucky, pensions, savings and investments. Many are still working, often at part-time jobs, because social security is insufficient to cover the bills.

Table 2

Annual Market Potential By Household Type

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential
To Move Within/To The Near East Study Area Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Near East Study Area

City of Columbus, Franklin County, Ohio

	Total	*Multi-Family For-Rent*	*Multi-Family For-Sale*	*Single-Family Attached*	*Single-Family Detached*
Number of Households:	**1,785**	**995**	**260**	**290**	**240**
Empty Nesters & Retirees	10.1%	6.0%	13.5%	15.5%	16.7%
Traditional & Non-Traditional Families	32.8%	34.2%	15.4%	25.9%	54.2%
Younger Singles & Couples	57.1%	59.8%	71.1%	58.6%	29.1%
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Note: For fiscal year 2012, Columbus MSA Median Family Income for a family of four is $67,500.

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

THE CURRENT CONTEXT

What are their current housing alternatives?

—Multi-Family Rental Properties—

Zimmerman/Volk Associates has updated the data on several larger rental properties, representing more than 1,100 rental apartments in and around Downtown Columbus, across Interstate 71 from the Near East Study Area. These properties are investment-grade assets: nearly all were built in the past few years, and all have 125 or more units. Most are at functional full occupancy, with five percent or fewer vacant units.

Rents at these properties have gone up considerably since December, 2011, and now range from approximately $600 per month for a small one-bedroom apartment to nearly $2,200 per month for a two-bedroom, two-and-a-half bath townhouse (*reference* Table 3 *for further detail*). Rents per square foot range between $0.96 to $1.78, although the majority fall between $1.25 and $1.65.

—Multi-Family and Single-Family Attached For-Sale Properties—

Zimmerman/Volk Associates has updated data on the numerous for-sale properties with available units, representing more than 950 new apartments and townhouses in the Downtown Columbus market area. (*Reference* Table 4.) As is the case throughout most of the country, these for-sale properties have been negatively affected by the collapse of the housing market, as numerous buyers cancelled reservations or were unable to qualify for mortgages.

Summary Of Selected Rental Properties

Greater Downtown Columbus, Franklin County, Ohio

July, 2012

Property / *Address*	*Number of Units*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
				Near East Side				
Skyview Towers								
525 Sawyer Blvd.	1br/1ba	$599	to	545	to	$0.96	to	*Fitness center,*
VTT Properties		$699		730		$1.10		*indoor basketball court,*
	2br/1ba	$850		900		$0.94		*billiard room, gaming center.*
				Arena District				
Flats on Vine	**226**							**99% occupancy**
205 Vine Street	Studio/1ba	$825	to	508		$1.62	to	*Clubhouse, fitness center,*
Village Green		$905				$1.78		*pool, whirlpool,*
	1br/1ba	$875	to	517	to	$1.56	to	*business center, lounge.*
		$1,125		722		$1.69		
	1br/1ba/den	$1,320	to	887		$1.49	to	
		$1,415				$1.60		
	2br/2ba	$1,475	to	988	to	$1.47	to	
		$1,850		1,255		$1.49		
Arena Crossing	**252**							**100% occupancy**
423 North Front Street	Studio/1ba	$840	to	510		$1.64	to	*Fitness center,*
Village Green		$1,055		644		$1.65		*outdoor pool, spa, fire pit.*
	1br/1ba	$1,025	to	798		$1.42	to	
		$1,355		956		$1.28		
	2br/2ba	$1,510	to	1,146	to	$1.32	to	
		$1,685		1,266		$1.33		
	2br/2ba TH	$1,800	to	1,673		$1.08	to	
		$2,180				$1.30		
				River South District				
Annex at RiverSouth	**213**							
186 S. Front Street				**Annex East**				*Fitness center,*
Lifestyle Communities	1br/1ba	$865	to	661	to	$1.31	to	*sundeck.*
		$1,025		725		$1.41		
	2br/2ba	$1,440	to	980	to	$1.29	to	
		$1,465		1,135		$1.47		
				Annex West				
	2br/2.5ba TH	$1,780	to	1,255	to	$1.12	to	
		$1,895		1,687		$1.42		
	2br/2.5.5ba TH	$1,930	to	1,612	to	$1.06	to	
		$1,975		1,865		$1.20		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

Greater Downtown Columbus, Franklin County, Ohio

July, 2012

Property (Date Opened) *Address*	*Number of Units*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
				Brewery District				
Brewers Yard	**303**							
100 Frankfort Square	1br/1ba	$975	to	710	to	$1.32	to	*Clubhouse,*
Elford Development		$1,350		1,024		$1.37		*fitness center, pool,*
	1br/1ba/den	$1,060	to	944		$1.12	to	*sundeck, lounge,*
		$1,230				$1.30		*movie theater,*
	2br/2ba	$1,300	to	1,074	to	$1.21	to	*aerobics/yoga room.*
		$1,550		1,291		$1.20		
Liberty Place	**135**							
250 Liberty Street	1br/1ba	$1,045	to	664	to	$1.62	to	*Business center, clubhouse,*
Winther Investments		$1,465		903		$1.57		*fitness center,*
	1br/1ba/study	$1,245	to	1,033		$1.21	to	*pool, spa,*
		$1,465				$1.42		*BBQ/picnic area.*
	2br/1ba	$1,595		976		$1.63		
	2br/2ba	$1,685	to	1,150	to	$1.36	to	
		$1,755		1,291		$1.47		
	3br/2ba	$1,995		1,697		$1.18		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

Greater Downtown Columbus, Franklin County, Ohio

July, 2012

Development (Date Opened) / *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Total Units*	*Sold Units*
		Near East Side				
NoBo on Long (2011)	**CO**				**9**	**0**
1066 East Long	1br/1.5ba	$110,000 to	925	$119 to		
Homeport		$115,000		$124		
	2br/1.5ba TH	$135,000	1,400	$96		
	2br/1.5ba TH	$155,000 to	1,800	$86 to		
		$160,000		$89		
		Downtown				
Hartman Lofts (2006)	**CO**		Current Listings		**24**	**21**
150 E. Main Street	1br/1ba	$139,900	703	$199		**Phase One**
Plaza Properties	1br/1ba	$166,830	762	$219		
	1br/1ba	$189,516	942	$201		
			Original Pricing			
		$99,500 to	582 to	$171 to		
		$294,900	1,400	$211		
The York on High (2008)	**CO**		Current Listings		**25**	**15**
1276 North High Street	1br/1ba	$149,900 to	726	$213		
The New Victorians		$154,900				
	1br/1ba/loft	$179,900 to	926	$194		
		$184,900				
	2br/2ba	$339,900	1,881	$181		
	2br/2ba/loft	$229,900 to	1,500 to	$159		
		$289,900	1,734	$193		
Lofts at 106 (2006)	**CO**		Current Listings		**48**	**23**
106 N. High Street	1br/1ba	$149,900	800	$187		
	1br/1ba	$179,900	996	$181		
	2br/2ba	$199,900	1,152	$174		
	2br/1.5ba	$234,900	1,337	$176		
	2br/1.5ba	$259,900	1,583	$164		
	2br/2ba	$274,900	1,667	$165		
	2br/2ba	$479,900	2,542	$189		

Remaining unsold units are rented.

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

Greater Downtown Columbus, Franklin County, Ohio

July, 2012

Development (Date Opened) *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Total Units*	*Sold Units*
Carlyle's Watch (2007)	**CO**		Current Listings		**54**	**49**
100 East Gay Street	1br/1ba	$154,900	882	$176		
	1br/1ba	$159,900	882	$181		
	2br/2ba	$209,900	1,185	$177		
	2br/2ba	$211,900	1,185	$179		
	2br/2ba	$259,900	1,475	$176		
			Original Pricing			
		$143,200 to	639 to	$224 to		
		$649,800	1,283	$506		
Terraces on Grant (2003)	**CO**		Current Listings		**44**	**27**
195 S. Grant Avenue	2br/2ba	$155,900 to	1,154 to	$135 to		
		$219,900	1,304	$169		
Ohio Lofts	**CO**		Current Listings		**21**	**n/a**
139 East Main Street	2br/1ba	$159,900	1,163	$137		
	1br/1ba	$169,900	1,238	$137		
Buggyworks	**CO**				**34**	
400 W. Nationwide Blvd.	Open lofts	$160,000 to	852 to	$188 to		**Phase Two**
Kyle Katz, Developer		$600,000	2,207	$272		
One Ninety Nine	**CO**		Current Listings		**28**	**15**
199 S. Fifth	1br/1.5ba	$219,900 to	1,000 to	$220 to		
Vision Development		$324,900	1,088	$299		
	2br/2ba	$229,900 to	1,241 to	$185 to		
		$439,900	1,898	$232		
	2br/2.5ba	$259,900 to	1,237 to	$210 to		
		$319,900	1,453	$220		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Developments
Greater Downtown Columbus, Franklin County, Ohio
July, 2012

Development (Date Opened) / *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Total Units*	*Sold Units*
Burnham Square Condos (2005)	**CO**		Original Prices		**98**	**n/a**
250 Daniel Burnham Square	1br/1ba	$234,000 to	970 to	$241 to		
	2br/2ba	$709,900	2,370	$300		
			Resales			
	1br/1ba	$289,000	1,021	$283		
	2br/2ba	$385,000	1,445	$266		
	2br/2ba	$395,000	1,445	$273		
	2br/2ba	$415,000	1,569	$264		
	2br/2.5ba	$535,000	2,234	$239		
	2br/2.5ba	$695,000	2,436	$285		
8 on The Square	**CO**		Current Listings		**23**	**19**
8 East Broad Street	2br/2.5ba	$779,000	2,800	$278		
Casto Development		$799,000	2,800	$285		
		$819,000	2,800	$293		
		$850,000	2,800	$304		
			Original Pricing			
	1br/1ba to	$239,400 to	946 to	$253 to		
	2br/2.5ba	$1,060,000	2,800	$379		
Miranova (1999)	**CO**		Currrent Listings		**113**	**108**
One Miranova Place	1br/1.5ba	$275,000	1,471	$187		
	2br/2.5ba	$339,900	1,875	$181		
	2br/2.5ba	$359,900	1,875	$192		
	3br/2.5ba	$499,900	2,440	$205		
	Penthouse	$850,000	3,045	$279		
	Penthouse	$1,275,000	4,031	$316		
	Penthouse	$1,499,800	6,477	$232		
			Original Pricing			
		$250,000 to	937 to	$267 to		
		$1,450,000	4,031	$360		
Jackson on High (2010)	**CO**		Current Prices		**44**	**37**
1127 N. High Street	2br/2ba flat	$289,900 to	1,106 to	$237 to		
JBH Holdings		$419,900	1,775	$262		
	2br/3ba TH	$699,900 to	2,701 to	$259 to		
		$849,900	3,071	$277		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

Greater Downtown Columbus, Franklin County, Ohio

July, 2012

Development (Date Opened) *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Total Units*	*Sold Units*
Neighborhood Launch (2008)	**CO**		Current Listings		**300**	**62**
Between 4th & 6th Streets,	Bishop's Walk	$289,900	1,134	$256		
and Gay and Long Streets	**TH**					
Edwards Companies	Contemporary	$385,500	1,534	$251		
	Bishop's Walk	$399,900 to	1,594	$251 to		
		$517,900	1,991	$260		
North Bank Park	**Lofts**				**21 4**	**4**
300 W. Spring Street	A&P Warehouse	$376,000 to	1,536 to	$245 to		
Nationwide Realty		$655,000	2,554	$256		
	CO				**88**	**67**
	The Tower	$425,000 to	1,905	$223 to		
		$1,485,000	4,663	$318		

SOURCE: Zimmerman/Volk Associates, Inc.

RENT AND PRICE RANGES: THE NEAR EAST STUDY AREA

As in the East Franklinton Study Area, it is unlikely that the rents and prices outlined below will be achievable without the development of a catalytic project of sufficient scale to alter public perceptions. The project should be large enough to achieve development efficiency, to have a significant perceived impact on the neighborhood, and to support a high-profile marketing campaign.

As in East Franklinton, the major challenges to new residential development in the Near East Study Area include high costs, financing challenges, and an over-abundance of neglected and vacant properties.

What is the market currently able to pay?

—Rental Distribution—

The distribution by rent range of the 995 target households (*reference* Table 5) that represent the potential market for new rental units in the Near East Study Area is as follows:

Distribution by Rent Range
Target Groups For New Multi-Family For Rent
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$250–$500	295	29.6%
$500–$750	380	38.2%
$750–$1,000	125	12.6%
$1,000–$1,250	115	11.6%
$1,250–$1,500	30	3.0%
$1,500–$1,750	25	2.5%
$1,750 and up	25	2.5%
Total:	995	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

For workforce (affordable) housing, an income qualification range established between 80 percent and 120 percent AMI would mean an income range of approximately $37,800 to $56,700 for a single-person household; $43,200 to $64,800 for a two-person household, $48,600 to $72,900 for a three-person household, and so on. To qualify for new market-rate units, households would generally need annual incomes at or above 100 percent AMI.

A single-person household with an income at 80 percent AMI, or $37,800 per year, paying no more than 30 percent of gross income for rent and utilities—which is HUD's affordability standard—would qualify for a rental payment—including utilities—of $945 per month. A two-person household, with an annual income just under 120 percent AMI, or $72,000 per year, paying no more than 30 percent of gross income for rent and utilities, would qualify for a rental payment—including utilities—of $1,600 per month.

—For-Sale Distribution—

The distribution by price range of the 260 target households (*reference* Table 6) that represent the potential market for new for-sale multi-family units (condominiums) in the Near East Study Area is as follows:

Distribution by Price Range
Target Groups For New Multi-Family For Sale (Condominiums)
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

Price Range	Households Per Year	Percentage
$75,000–$100,000	20	7.7%
$100,000–$125,000	80	30.9%
$125,000–$150,000	30	11.5%
$150,000–$175,000	30	11.5%
$175,000–$200,000	30	11.5%
$200,000–$225,000	30	11.5%
$225,000–$250,000	20	7.7%
$250,000 and up	20	7.7%
Total:	260	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

As noted above, for affordable housing, the income limitation of 80 percent to 120 percent AMI would mean an income range of $37,800 to $56,700 for a single-person household; $43,200 to $64,800 for a two-person household, $48,600 to $72,900 for a three-person household, and so on, and to qualify for new market-rate condominiums, households would generally need annual incomes above 120 percent AMI.

Table 5

Target Groups For New Multi-Family For-Rent
Near East Study Area
City of Columbus, Franklin County, Ohio

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	5	0.5%
Cosmopolitan Couples	5	0.5%
Middle-Class Move-Downs	10	1.0%
Blue-Collar Retirees	5	0.5%
Multi-Ethnic Seniors	20	2.0%
Second-City Seniors	15	1.5%
Subtotal:	60	6.0%
Traditional & Non-Traditional Families		
Full-Nest Urbanites	10	1.0%
Multi-Ethnic Families	20	2.0%
Multi-Cultural Families	25	2.5%
In-Town Families	35	3.5%
Inner-City Families	130	13.1%
Single-Parent Families	120	12.1%
Subtotal:	340	34.2%
Younger Singles & Couples		
e-Types	20	2.0%
The VIPs	15	1.5%
New Bohemians	45	4.5%
Twentysomethings	65	6.5%
Small-City Singles	95	9.5%
Urban Achievers	210	21.1%
Blue-Collar Singles	30	3.0%
Soul City Singles	115	11.6%
Subtotal:	595	59.8%
Total Households:	**995**	100.0%

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

Table 6

Target Groups For New Multi-Family For-Sale
Near East Study Area
City of Columbus, Franklin County, Ohio

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	10	3.8%
Cosmopolitan Elite	5	1.9%
Middle-Class Move-Downs	10	3.8%
Multi-Ethnic Retirees	5	1.9%
Multi-Ethnic Seniors	5	1.9%
Subtotal:	35	13.5%
Traditional & Non-Traditional Families		
Full-Nest Urbanites	5	1.9%
Multi-Cultural Families	5	1.9%
Inner-City Families	20	7.7%
Single-Parent Families	10	3.8%
Subtotal:	40	15.4%
Younger Singles & Couples		
e-Types	15	5.8%
TheVIPs	10	3.8%
New Bohemians	15	5.8%
Twentysomethings	30	11.5%
Small-City Singles	25	9.6%
Urban Achievers	75	28.8%
Blue-Collar Singles	5	1.9%
Soul City Singles	10	3.8%
Subtotal:	185	71.2%
Total Households:	**260**	100.0%

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

A single-person household with an income at 80 percent AMI, or approximately $37,800 per year, paying no more than 30 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, could qualify for a 30-year mortgage of $100,000 at a 4.5 percent interest rate. The down payment—contributed by the buyer, or subsidized through a soft second mortgage, another mechanism, or some combination—would be required to make up the difference between $100,000 and the purchase price. A two-person household, with an income just under 120 percent AMI, or $64,800 per year, under the same criteria, could qualify for a 30-year mortgage of $200,000 at a 4.5 percent interest rate. Again, the down payment would be required to make up the difference between $200,000 and the purchase price.

The distribution by price range of the 290 target households (*reference* Table 7 that represent the potential market for new for-sale single-family attached units (townhouses, duplexes, and live-work units) in the Near East Study Area is as follows:

Distribution by Price Range
Target Groups For New Single-Family Attached For Sale (Townhouses/Live-Work)
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$100,000–$125,000	95	32.8%
$125,000–$150,000	40	13.8%
$150,000–$175,000	40	13.8%
$175,000–$200,000	40	13.8%
$200,000–$225,000	30	10.3%
$225,000–$250,000	25	8.6%
$250,000 and up	20	6.9%
Total:	290	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Table 7

Target Groups For New Single-Family Attached For-Sale
Near East Study Area
City of Columbus, Franklin County, Ohio

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	5	1.7%
Cosmopolitan Elite	5	1.7%
Cosmopolitan Couples	5	1.7%
Middle-Class Move-Downs	15	5.2%
Blue-Collar Retirees	5	1.7%
Downtown Retirees	5	1.7%
Second City Seniors	5	1.7%
Subtotal:	45	15.5%
Traditional & Non-Traditional Families		
Unibox Transferees	5	1.7%
Full-Nest Urbanites	10	3.4%
Multi-Ethnic Families	10	3.4%
Multi-Cultural Families	20	6.9%
In-Town Families	5	1.7%
Inner-City Families	20	6.9%
Single-Parent Families	5	1.7%
Subtotal:	75	25.9%
Younger Singles & Couples		
e-Types	10	3.4%
The VIPs	20	6.9%
New Bohemians	15	5.2%
Twentysomethings	35	12.1%
Small-City Singles	30	10.3%
Urban Achievers	50	17.2%
Blue-Collar Singles	5	1.7%
Soul City Singles	5	1.7%
Subtotal:	170	58.6%
Total Households:	**290**	100.0%

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

The distribution by price range of the 240 target households (*reference* Table 8 that represent the potential market for new for-sale single-family detached units (urban houses) in the Near East Study Area is as follows:

Distribution by Price Range
Target Groups For New Single-Family Detached For Sale (Urban Houses)
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$125,000–$150,000	30	12.5%
$150,000–$175,000	20	8.3%
$175,000–$200,000	25	10.4%
$200,000–$225,000	40	16.7%
$225,000–$250,000	35	14.6%
$250,000–$275,000	30	12.5%
$275,000–$300,000	30	12.5%
$300,000 and up	30	12.5%
Total:	240	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Table 8

Target Groups For New Urban Single-Family Detached For-Sale

Near East Study Area

City of Columbus, Franklin County, Ohio

Empty Nesters & Retirees	*Number of Households*	*Percent*
Urban Establishment	10	4.2%
Cosmopolitan Elite	5	2.1%
Cosmopolitan Couples	5	2.1%
Middle-Class Move-Downs	10	4.2%
Blue-Collar Retirees	5	2.1%
Hometown Retirees	5	2.1%
Subtotal:	40	16.7%
Traditional & Non-Traditional Families		
Unibox Transferees	50	20.8%
Full-Nest Urbanites	10	4.2%
Multi-Ethnic Families	25	10.4%
Multi-Cultural Families	20	8.3%
Inner-City Families	5	2.1%
In-Town Families	20	8.3%
Subtotal:	130	54.2%
Younger Singles & Couples		
e-Types	5	2.1%
TheVIPs	30	12.5%
Twentysomethings	15	6.3%
Small-City Singles	10	4.2%
Urban Achievers	5	2.1%
Blue-Collar Singles	5	2.1%
Subtotal:	70	29.2%
Total Households:	**240**	100.0%

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

—General Rent and Price Ranges—

In addition to the redevelopment of the 27-acre Poindexter Village site, which is large enough to support both variety and density of housing on the site, new mixed-income, mixed-use rental projects should be developed on vacant or under-utilized parcels on East Long Street and Mount Vernon Avenue, the two principle east-west thoroughfares in the Study Area, to support existing retail and provide new commercial opportunities.

New development should start, if possible, at the western end of both corridors, where there is existing commercial activity. The historic Lincoln Theater, which was restored and reopened in May 2009, anchors the south side of Long Street; the Urban Spirit Coffee Shop, Method Gallery, and Book Suite are also located on the south side of Long between Monroe and 17th Street. The north side of Long contains the Gateway redevelopment, as well as a very large vacant lot. The Charles, an NSP new construction building containing both affordable housing and commercial space, is situated on the southeast corner of the intersection of 17th and Long. The western end of Mt. Vernon Avenue is the location of the the King Arts Complex and OSU's African American and African Studies Extension Center. The initial goal should be to strengthen both corridors between Interstate 71 and Champion Avenue. New development should then continue east to Taylor.

Given the location within the Study Area of the Ohio State University Hospital East and Carepoint East, and the Study Area's close proximity to several educational institutions—Columbus State Community College and the Columbus College of Art, in particular—there is significant redevelopment potential for student housing, or for hospital employees, . However, depending on acquisition and construction costs, it is likely that many of these projects will require financing assistance, subsidies and/or tax incentives to make redevelopment of these buildings economically feasible.

Based on the tenure and housing preferences of draw area households and their income and equity levels, the general range of rents and prices for newly-developed affordable and market-rate residential units in the Near East Study Area that could currently be sustained by the market is as follows (*reference* Table 9):

General Rent, Price and Size Ranges
Newly-Created Housing (Adaptive Re-Use and New Construction)
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
FOR-RENT (MULTI-FAMILY)—			
Hard Lofts *	\$500–\$1,050/month	450–1,000 sf	\$1.05–\$1.11 psf
Soft Lofts †	\$625–\$1,500/month	500–1,300 sf	\$1.15–\$1.25 psf
Luxury Apartments	\$850–\$1,400/month	650–1,150 sf	\$1.22–\$1.31 psf
FOR-SALE (MULTI-FAMILY)—			
Hard Lofts *	\$80,000–\$125,000	500–800 sf	\$156–\$160 psf
Soft Lofts †	\$110,000–\$165,000	650–1,000 sf	\$165–\$169 psf
Luxury Condominiums	\$140,000–\$250,000	750–1,400 sf	\$179–\$187 psf
FOR-SALE (SINGLE-FAMILY ATTACHED)—			
Townhouses	\$145,000–\$265,000	950–1,500 sf	\$153–\$177 psf
Duplexes	\$195,000–\$275,000	1,100–1,600 sf	\$172–\$177 psf
FOR-SALE (SINGLE-FAMILY DETACHED)—			
Urban Houses	\$210,000–\$315,000	1,200–1,850 sf	\$170–\$175 psf

* Unit interiors of "hard lofts" typically have high ceilings and commercial windows and are either minimally finished, limited to architectural elements such as columns and fin walls, or unfinished, with no interior partitions except those for bathrooms.

† Unit interiors of "soft lofts" may or may not have high ceilings and are fully finished, with the interiors partitioned into separate rooms.

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

Table 9

Optimum Market Position
Near East Study Area
City of Columbus, Franklin County, Ohio
July, 2012

Housing Type	*Base Rent/Price Range**	*Base Unit Size Range*	*Base Rent/Price Per Sq. Ft.**
Multi-Family For-Rent			
Hard Lofts	$500 to	450 to	$1.05 to
Open Floorplans/1ba	$1,050	1,000	$1.11
Soft Lofts	$625 to	500 to	$1.15 to
Studios to Three-Bedrooms	$1,500	1,300	$1.25
Luxury Apartments	$850 to	650 to	$1.22 to
One- and Two-Bedrooms	$1,400	1,150	$1.31
Multi-Family For-Sale			
Hard Lofts	$80,000 to	500 to	$156 to
Open Floorplans/1ba	$125,000	800	$160
Soft Lofts	$110,000 to	650 to	$165 to
One- and Two-Bedrooms	$165,000	1,000	$169
Luxury Condominiums	$140,000 to	750 to	$179 to
One to Three-Bedrooms	$250,000	1,400	$187
Single-Family Attached For-Sale			
Townhouses	$145,000 to	950 to	$153 to
Two- and Three-Bedrooms	$265,000	1,500	$177
Duplexes	$195,000 to	1,100 to	$172 to
Two- and Three-Bedrooms	$275,000	1,600	$177
Single-Family Detached For-Sale			
Urban Houses	$210,000 to	1,200 to	$170 to
Two- and Three-Bedrooms	$315,000	1,850	$175

NOTE: Base rents/prices in year 2012 dollars and exclude floor or view premiums, options or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

The preceding rents and prices are in year 2012 dollars, within the economic capability of the target households, and are exclusive of consumer options or upgrades, or floor or location premiums, and cover the broad range of rents and prices for newly-developed units currently sustainable by the market. However, as in East Franklinton, it is unlikely that these rents and prices will be achievable without the development of a project of sufficient scale to alter public perceptions of the study area.

How fast will the units lease or sell?

—Market Capture—

As noted previously in this study, the current constrained market is characterized in many locations by reduced housing prices, high levels of unsold units, high levels of mortgage delinquencies and foreclosures, and restrictive mortgage underwriting and development finance. Partly as a result, there has been a significant shift in market preferences from home ownership to rental dwelling units, particularly among younger households. This results in a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than would have been typical just three years ago.

Given current economic conditions, which are not likely to improve significantly for new for-sale housing over the near term, Zimmerman/Volk Associates has determined that an annual capture of approximately five to seven percent of the potential market for each for-sale housing type could be achievable in the Near East Study Area over the next five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; in the last quarter of 2011, new dwelling units represented just 8.3 percent of all units sold.)

In contrast to the constrained for-sale housing conditions, Zimmerman/Volk Associates has determined that for new multi-family rentals, an annual capture of 10 to 12 percent of the potential market is likely to be achievable in the Near East Study Area over the next five years.

Based on these market capture forecasts, the Near East Study Area should be able to support between 139 to 176 new low-income, affordable and market-rate housing units per year over the next five years, as shown on the following page:

Annual Capture of Market Potential
Newly-Constructed and Newly-Rehabilitated Housing Units
NEAR EAST STUDY AREA
City of Columbus, Franklin County, Ohio

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-family for-rent (Up to 30% AMI)	155	10%-12%	16-19
Multi-family for-rent (30 to 80% AMI)	370	10%-12%	37-44
Multi-family for-rent (80 to 120% AMI)	250	10%-12%	25-30
Multi-family for-rent (Above 120% AMI) (lofts/apartments, leaseholder)	220	10%-12%	22-26
Subtotal:	995		100-119
Multi-family for-sale (30 to 80% AMI)	80	5%-7%	4-6
Multi-family for-sale (80 to 120% AMI)	65	5%-7%	3-5
Multi-family for-sale (Above 120% AMI) (lofts/apartments, condo/co-op ownership)	115	5%-7%	6-8
Subtotal:	260		13-19
Single-family attached for-sale (30 to 80% AMI)	100	5%-7%	5-7
Single-family attached for-sale (80 to 120% AMI)	65	5%-7%	3-5
Single-family attached for-sale (Above 120% AMI) (townhouses/duplexes/live-work, fee-simple ownership)	125	5%-7%	6-9
Subtotal:	290		14-21
Single-Family detached for-sale (30 to 80% AMI)	105	5%-7%	5-7
Single-Family detached for-sale (80 to 120% AMI)	80	5%-7%	4-6
Single-Family detached for-sale (Above 120% AMI) (urban houses, fee-simple ownership)	55	5%-7%	3-4
Subtotal:	240		12-17
Total	1,785		139-176

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

These capture rates are well within the target market methodology's parameters of feasibility.

NOTE: Target market capture rates 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** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by 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** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a location is more precisely defined, target market capture rates are higher than the more grossly-derived penetration rates. However, the resulting higher capture rates are well within the range of prudent feasibility.

STUDY AREA HOUSING TYPES

Building and unit types most appropriate for the East Franklinton Study Area include:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, which can include non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. Initially, parking is likely to be at grade behind or interior to the building.

  The building's apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version usually has double-loaded corridors.

  Hard Lofts: Unit interiors typically have high ceilings and commercial windows and are minimally finished (with minimal room delineations such as columns and fin walls), or unfinished (with no interior partitions except those for bathrooms).

  Soft Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of "hard lofts," such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.

  The building's loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

- 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.

- 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.

- Podium Building: A small-scale 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.

- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, "mansion"). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown 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, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

  Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives

  Mansion buildings should be strictly regulated in form, but flexible in use. However, flexibility in use is somewhat constrained by the handicapped accessibility regulations in both the Fair Housing Act and the Americans with Disabilities Act.

- Townhouse: Similar in form to a conventional suburban townhouse except that the garage—either attached o provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.

- Live-work is a unit or building type that accommodates non-residential uses in addition to, or combined with living quarters. The typical live-work unit is a building, either attached or detached, 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 requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.

- Urban House: A two- to three-story single-family detached house on a narrow lot. The garage is located to the rear of the house and accessed from an alley or auto court. Urban houses also conform to the pattern of streets, typically with shallow front-yard setbacks or dooryards.

METHODOLOGY

The technical analysis of market potential for the Near east Study Area included delineation of the draw areas and physical evaluation of the area and the surrounding context.

The delineation of the draw areas for housing within the Study Area and the City of Columbus was based on the most recent migration data for Franklin County, and incorporating additional data from the 2010 American Community Survey for the City of Columbus, and other market dynamics.

The evaluation of market potential for the Study Area was derived from target market analysis of households in the draw areas, and yielded:

- The depth and breadth of the potential housing market by tenure (rental and ownership) and by type (apartments, attached and detached houses); and
- The composition of the potential housing market (empty-nesters/retirees, traditional and non-traditional families, younger singles/couples).

NOTE: The Appendix Tables referenced here are provided in a separate document.

DELINEATION OF THE DRAW AREAS (MIGRATION ANALYSIS)—

Taxpayer migration data provide the framework for the delineation of the draw areas—the principal counties of origin for households that are likely to move to the City of Columbus and to the Study Area. These data are maintained at the county and "county equivalent" level by the Internal Revenue Service and provide a clear representation of mobility patterns. The migration data for the city has been supplemented by mobility data from the 2010 American Community Survey for the City of Columbus.

Appendix One, Table 1.
Migration Trends

Analysis of the most recent Franklin County migration and mobility data available from the Internal Revenue Service—from 2005 through 2009—shows that, although the county gained significant numbers of new households through 2008, as of 2009, that trend reversed itself and the county lost almost 1,000 households through out-migration that year, largely a result of the Great Recession. (*See* Appendix One, Table 1.)

Annual in-migration into Franklin County held fairly steady through 2008, averaging around 28,000 households. However, as of 2009, in-migration dropped to just over 25,000. Approximately 23 percent of the county's in-migration is from the five adjacent counties of Delaware, Fairfield, Licking, Pickaway, and Madison. Over the study period, annual out-migration from Franklin County also fell substantially, from the high of 28,260 households in 2005 to the low of 25,975 households in 2009. More than a quarter of the out-migration is to one of the five adjacent counties. Collectively, the majority of out-migration is to other counties in Ohio or the Midwest.

However, even though net migration provides insights into a city or county's historic ability to attract or retain households compared to other locations, it is those households likely to move into an area (gross in-migration) that represent that area's external market potential.

Based on the migration data, then, the draw areas for the City of Columbus and the Near East Study Area have been delineated as follows:

- The primary draw area, covering households currently living within the City of Columbus.
- The local draw area, covering households currently living within the balance of Franklin County.
- The regional draw area, covering households currently living in Delaware, Fairfield, Licking, Pickaway, and Madison Counties.
- The urban draw area, covering households currently living in Cuyahoga, Montgomery, and Hamilton Counties.
- The national draw area, covering households currently living in another U.S. county (primarily counties in Ohio and the Midwest, although approximately 40 percent are households currently living outside the state).

Anecdotal information obtained from real estate brokers, sales persons, leasing agents, and other knowledgeable sources corresponded to the migration data.

Migration Methodology:

County-to-county migration is based on the year-to-year changes in the addresses shown on the population of returns from the Internal Revenue Service Individual Master File system. Data on migration patterns by county, or county equivalent, for the entire United States, include inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), and the median and average incomes reported on the returns.

TARGET MARKET CLASSIFICATION OF CITY AND COUNTY HOUSEHOLDS—

Geo-demographic data obtained from the Nielsen Company (formerly Claritas, Inc.) provide the framework for the categorization of households, not only by demographic characteristics, but also by lifestyle preferences and socio-economic factors. An appendix containing detailed descriptions of each of these target market groups is provided along with the study.

Appendix One, Tables 2 and 3.
Target Market Classifications

As estimated by the Nielsen Company, 325,505 households live in the City of Columbus in 2012,. (*Reference* Appendix One, Table 2.) Median income within the city in 2012 is estimated at $42,700, approximately 14 percent lower than the national median of $49,700. Median home value was estimated at $124,500, almost 28 percent below the national median of $172,800. Approximately 38 percent of the city's households could be characterized as younger singles and couples, another 32.7 percent are traditional and non-traditional families, and 29.2 percent are empty nesters and retirees.

Up to 481,410 households are estimated to live in Franklin County in 2012. (*Reference* Appendix One, Table 3.) Median income within the county is estimated at $48,100, just 3.2 percent lower than the national median. Median home value within the county is estimated at $140,300, almost 19 percent below the national median. Over 34 percent of the county's households could be characterized as younger singles and couples, another 34 percent are traditional and non-traditional families, and 31.8 percent are empty nesters and retirees.

Target Market Methodology:

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM NE household clustering system, that establishes the optimum market position for residential development of any property—from a specific site to an entire political jurisdiction—through cluster analysis of households living within designated draw areas. In contrast to conventional supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the housing and lifestyle preferences of households in the draw area and within the framework of the local housing market context, even in locations where no close comparables exist.

Clusters of households (usually between 10 and 15) are grouped according to a variety of significant "predictable variables," ranging from basic demographic characteristics, such as income qualification and age, to less-frequently considered attributes known as "behaviors," such as mobility rates, lifestage, and lifestyle patterns. Mobility rates detail how frequently a household moves from one dwelling unit to another; lifestage denotes what stage of life the household is in, from initial household formation (typically when a young person moves out of their parents' household into their own dwelling unit), through family formation (typically, marriage and children) to retirement (typically, no longer employed); and lifestyle patterns reflect the ways households choose to live, *e.g.*, an urban lifestyle includes residing in a dwelling unit in a city, most likely high-density, and implies the ability to walk to more locations than a suburban lifestyle, which is most likely lower-density and typically requires automobile ownership to get to non-residential locations. Zimmerman/Volk Associates has refined the analysis of these household clusters through the correlation of more than 500 data points related to housing preferences and consumer and lifestyle characteristics.

As a result of this process, Zimmerman/Volk Associates has identified 41 target market groups with median incomes that enable most of the households within each group to qualify for market-rate housing. The most affluent of the 41 groups can afford the most expensive new ownership units; the least prosperous are candidates for the least expensive existing rental apartments. Another 25 groups have median incomes such that most of the households require housing finance assistance.

Once the draw areas for a property have been defined, then—through field investigation, analysis of historic migration and development trends, and employment and commutation patterns—the households within those areas are quantified using the target market methodology. The potential market for new market-rate units is then determined by the correlation of a number of factors—including, but not limited to: household mobility rates; median incomes; lifestyle characteristics and housing preferences; the location of the site; and the competitive environment.

The end result of this series of filters is the optimum market position—by tenure, building configuration and household type, including specific recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context.

DETERMINATION OF THE POTENTIAL MARKET FOR THE CITY OF COLUMBUS (MOBILITY ANALYSIS)—

The mobility tables, individually and in summaries, indicate the average number and type of households that have the potential to move within or to the City of Columbus each year over the next five years. The total number from each county is derived from historic migration trends; the number of households from each group is based on each group's mobility rate.

Appendix One, Table 4.
Internal Mobility (Households Moving Within the City of Columbus)—

Zimmerman/Volk Associates uses U.S. Bureau of the Census data and American Community Survey Data, combined with Nielsen data, to determine the number of households in each target market group that will move from one residence to another within a specific jurisdiction in a given year (internal mobility).

Using these data, Zimmerman/Volk Associates has determined that an annual average of 55,535 households living in the city have the potential to move from one residence to another within the city each year over the next five years. Over 63 percent of these households are likely to be younger singles and couples (as characterized within 16 Zimmerman/Volk Associates' target market groups); another 29.5 percent are likely to be family-oriented households (in 18 market groups); and the remaining 7.4 percent are likely to be empty nesters and retirees (in 26 market groups).

Appendix One, Table 5.
External Mobility (Households Moving To the City of Columbus from the Balance of Franklin County)—

The same sources of data are used to determine the number of households in each target market group that will move from one area to another within the same county. Using these data, an average of 15,810 households currently living in the balance of Franklin County have the potential to move from a residence in the county to a residence in the city each year over the next five years.

Appendix One, Tables 6 through 8; Appendix Two, Tables 1 through 8.
External Mobility (Households Moving To the City of Columbus from Outside Franklin County)—

These tables determine the average number of households in each target market group living in each draw area county that is likely to move to the City of Columbus each year over the next five years (through a correlation of Nielsen data, U.S. Bureau of the Census data, and Internal Revenue Service migration data).

Appendix One, Table 9.
Market Potential for the City of Columbus—

Appendix One, Table 9 summarizes Appendix One, Tables 4 through 8. The numbers in the Total column on page one of these tables indicate the annual depth and breadth of the potential market for new and existing dwelling units in the City of Columbus originating from households currently living in the draw areas. An average of approximately 89,825 households have the potential to move within or to the City of Columbus each year over the next five years. Younger singles and couples (in 16 groups) are likely to account for 57.3 percent of these households, traditional and non-traditional families (in 20 groups) another 31.6 percent, and the remaining 11.1 percent are likely to be empty nesters and retirees (in 30 groups).

The distribution of the draw areas as a percentage of the potential market for the City of Columbus is as shown on the following page:

Market Potential by Draw Area
City of Columbus, Franklin County, Ohio

City of Columbus (Primary Draw Area):	61.6%
Balance of Franklin County (Local Draw Area):	17.6%
Delaware, Fairfield, Licking, Pickaway and Madison Counties (Regional Draw Area):	4.6%
Cuyahoga, Montgomery and Hamilton Counties (Urban Draw Area):	0.8%
Balance of US (National Draw Area):	15.4%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

DETERMINATION OF THE POTENTIAL MARKET FOR THE NEAR EAST STUDY AREA—

The total potential market for new housing units to be developed within existing buildings or new construction within the Near East Study Area also includes the primary, local, regional, urban, and national draw areas. Zimmerman/Volk Associates uses U.S. Bureau of the Census data, combined with Nielsen data, to determine which target market groups, as well as how many households within each group, are likely to move to the Study Area in a given timeframe.

Appendix One, Tables 10 through 12.
Market Potential for the Near East Study Area—

As derived by the target market methodology, an average of 1,850 of the 89,825 households that represent the market for new and existing housing units in the City of Columbus are a market for new and existing housing units in the Near East Study Area. (*Reference* Appendix One, Table 10.) Nearly 56 percent of these households are likely to be younger singles and couples (in eight market groups); another 33.5 percent are likely to be traditional and non-traditional family households (in seven groups); and 10.5 percent are likely to be empty nesters and retirees (in 10 groups).

The distribution of the draw areas as a percentage of the market for the Near East Study Area is shown on the following page:

Market Potential by Draw Area
Near East Study Area
City of Columbus, Franklin County, Ohio

City of Columbus (Primary Draw Area):	63.0%
Balance of Franklin County (Local Draw Area):	12.7%
Delaware, Fairfield, Licking, Pickaway and Madison Counties (Regional Draw Area):	3.0%
Cuyahoga, Montgomery and Hamilton Counties (Urban Draw Area):	1.6%
Balance of US (National Draw Area):	19.7%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2012.

The 1,850 draw area households that have the potential to move within or to the Study Area each year over the next five years have been categorized by tenure propensities to determine renter/owner ratios. Near;y 54 percent of these households (or 995 households) comprise the potential market for new rental units. The remaining 45 percent (or 855 households) comprise the market for new for-sale (ownership) housing units. (*Reference* Appendix One, Table 11.)

Of the 855 buyer households, 65 have incomes of less than 30 percent of ami, incomes that are too low to support mortgages under current standards. Of the remaining 790 households, 32.9 percent (or 260 households) comprise the market for multi-family for-sale units (condominium apartments); another 36.8 percent (290 households) comprise the market for attached single-family (townhouse) units; and 30.3 percent (or 240 households) comprise the market for all ranges and lot sizes of single-family detached houses. (*Reference* Appendix One, Table 12.)

—Target Market Data—

Target market data are based on the Nielsen (formerly Claritas) PRIZM geo-demographic system, modified and augmented by Zimmerman/Volk Associates as the basis for its proprietary target market methodology. Target market data provides number of households by cluster aggregated into the three main demographic categories—empty nesters and retirees; traditional and non-traditional families; and younger singles and couples.

Zimmerman/Volk Associates' target market classifications are updated periodically to reflect the slow, but relentless change in the composition of American households. Because of the nature of geo-demographic segmentation, a change in household classification is directly correlated with a change in geography, *i.e.*—a move from one neighborhood condition to another. However, these changes of classification can also reflect an alteration in one of three additional basic characteristics:

- Age;
- Household composition; or
- Economic status.

Age, of course, is the most predictable, and easily-defined of these changes. Household composition has also been relatively easy to define; recently, with the growth of non-traditional households, however, definitions of a family have had to be expanded and parsed into more highly-refined segments. Economic status remains clearly defined through measures of annual income and household wealth.

A change in classification is rarely induced by a change in just one of the four basic characteristics. This is one reason that the target household categories are so highly refined: they take in multiple characteristics. Even so, there are some rough equivalents in household types as they move from one neighborhood condition to another. There is, for example, a strong correlation between the *Suburban Achievers* and the *Urban Achievers*; a move by the *Suburban Achievers* to the urban core can make them *Urban Achievers*, if the move is accompanied by an upward move in socio-economic status. In contrast, *Suburban Achievers* who move up socio-economically, but remain within the metropolitan suburbs may become *Upscale Suburban Couples* or *Fast-Track Professionals*.

Household Classification Methodology:

Household classifications were originally based on the Claritas PRIZM geo-demographic segmentation system that was established in 1974 and then replaced by PRIZM NE in 2005. The revised household classifications are based on PRIZM NE which was developed through unique classification and regression trees delineating 66 specific clusters of American households. The system is now accurate to the individual household level, adding self-reported and list-based household data to geo-demographic information. The process applies hundreds of demographic variables to nearly 10,000 "behaviors."

Over the past 24 years, Zimmerman/Volk Associates has augmented the PRIZM cluster system for use within the company's proprietary target market methodology specific to housing and neighborhood preferences, with additional algorithms, correlation with geo-coded consumer data, aggregation of clusters by broad household definition, and unique cluster names.

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Research & Strategic Analysis

ASSUMPTIONS 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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Research & Strategic Analysis