



**Kretchmer
Associates**

REAL ESTATE AND PLANNING CONSULTING

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Downtown Peoria Rental Market Study

DATE

January 2022

PRODUCED FOR

**Downtown Development
Corporation of Peoria**



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January 13, 2022

Mr. Michael Freilinger, President/CEO
Downtown Development Corporation of Peoria
403 NE Jefferson Avenue
Peoria, IL 61603

Dear Mr. Freilinger:

Kretchmer Associates is pleased to submit the attached rental market study for Downtown Peoria. Despite the pandemic and the increase in hybrid and work from home arrangements, the Downtown apartment market has stayed strong. Our analysis shows continued demand for market-rate rental apartments Downtown over the next five years.

Thank you for the opportunity to work on this assignment for you.

Sincerely,

Valerie Kretchmer

Valerie Sandler Kretchmer
President



**Kretchmer
Associates**

REAL ESTATE AND PLANNING CONSULTING

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SUMMARY

Project Scope

Kretchmer Associates was retained by the Downtown Development Corporation of Peoria to update the market analysis prepared in February 2020 relative to the demand for rental housing in Downtown Peoria. Kretchmer Associates conducted the following for this analysis:

- Toured Downtown Peoria, visited and surveyed the new market-rate apartments.
- Interviewed in person or by phone Downtown Development Corporation, Greater Peoria Economic Development Council and City of Peoria staff, developers, and marketing representatives of downtown and high quality suburban apartment buildings.
- Analyzed demographic, employment and housing trends affecting Downtown Peoria.
- Analyzed the demand for market-rate rental housing Downtown.

Summary of Findings

Greater Downtown Peoria has a small but growing base of market-rate renters that has expanded in the past five years with the opening of six new residential buildings with a total of 153 units, and another one with 126 units under construction. This is in addition to the approximately 217 market-rate rental units that have been present in the Greater Downtown Area for 5+ years.

The Greater Downtown Area remains a significant employment center with almost 32,000 employees as of 2020. The most current available data shows a 4% decrease since 2018, understandable given the COVID outbreak, but still a 17% increase since 2017. The largest single employment sector is health care, with OSF HealthCare, UnityPoint Health – Methodist Hospital and University of Illinois College of Medicine campuses anchoring Downtown Peoria’s Medical District. Peoria is a major regional medical center for a large area of central Illinois, and the number of employees working at the Downtown medical campus is expected to increase even more. Downtown is also the government, banking, and legal center for the Peoria region.

In 2021, OSF HealthCare opened a facility at 330 SW Adams for OSF OnCall, its telehealth division, that employs 400. In addition, in January 2022, OSF will be moving its headquarters to 124 SW Adams Street in Caterpillar's former Building D, bringing approximately 500 full-time and 175 "hoteling" employees to the heart of Downtown.

Though Caterpillar opted to move its headquarters and 300 employees to Deerfield, a Chicago suburb, a few years ago, it still has a large presence Downtown and is expected to continue to be a major employer Downtown and in the Peoria region overall.



Despite the pandemic, Downtown continues to evolve as an entertainment destination with unique locally owned restaurants, coffee shops, bars, a banquet hall, music venues, galleries, and fitness centers, as well as the location of numerous festivals along the riverfront, a minor league baseball stadium and civic/convention center. City plans call for additional improvements to the Riverfront Park. All of these are contributing to the increased vitality of the area.

Market-rate rental apartment buildings in the Greater Downtown area are extremely well occupied – 98% overall as of January 2022. Rents have remained about the same or increased by about \$25-50 since our survey in early 2020. No new buildings have opened since 2017, resulting in pent-up demand for new Downtown apartments. One building should open this year. With the re-authorization of the EDGE tax credit, developers are showing interest in rehabbing vacant buildings in the Warehouse District.

Conclusions

Kretchmer Associates estimates demand for a total of 278-404 market-rate rental units between 2021 and 2026, averaging 56-81 per year, targeted to households with incomes of \$35,000-150,000. This is based on the increasing desirability of Greater Downtown Peoria due to the following factors:

- Continuing public improvements in the Warehouse District, the riverfront, and the core Downtown area.

- Expanding employment in the Central Business District by OSF Healthcare. This is bringing over 1,000 employees to the heart of Downtown, at least some days of the week.
- Momentum generated by the success of the residential conversions in the Warehouse District, and continued developer interest. The Warehouse District has many buildings that are candidates for residential use.
- Desire of young professionals and college students to live in interesting downtowns and close-in neighborhoods with restaurants and entertainment options not typically found in the suburbs.
- Potential to attract younger seniors given the proximity of high-quality health care.
- Continuation of the state EDGE tax credit and historic tax credit, at one time threatened to be phased out.

Our demand estimate is based on Downtown Peoria's ability to capture a higher share of renter households with incomes of \$35,000-\$150,000 than it has in the past. As has happened over the past three years, as more people are living and working Downtown, more stores and services have opened to serve the growing population. This should continue as more residents and employees are Downtown, which in turn will make it a more desirable residential location.

DOWNTOWN PEORIA

Location Characteristics

Located along the Illinois River, Downtown Peoria is the business, government, health care and entertainment center of the City of Peoria and the five-county Peoria MSA. Downtown consists of several sub-areas -- the Central Business District, Riverfront District, Medical District, East Bluff Growth Cell District, and the Warehouse District, as shown on the aerial that follows at the end of this chapter.

Downtown is easily accessible to city neighborhoods to the north, south and west, as well as to East Peoria and other communities on the east side of the Illinois River in Tazewell County. Three bridges cross the river, I-74, Bob Michel, and MacArthur Highway. I-74 on the east side of Downtown provides easy access to the Central Business District and Riverfront. CityLink Transit Center provides access from all parts of the city.

Downtown Activity Generators

Downtown is a major employment center and is best known as the location of Caterpillar's major offices and research facility. Downtown's other major employers include OSF HealthCare, UnityPoint Health, and the University of Illinois College of Medicine. City and county government offices, CSE Software, the Diocese of Peoria, banks, and professional services firms also employ many people.

The region's major medical facilities are located Downtown and include OSF Saint Francis Medical Center with 616 beds plus 137 beds at

the affiliated Children's Hospital of Illinois, Illinois Neurological Institute, and UnityPoint Health – Methodist Hospital with 330 beds. The University of Illinois College of Medicine trains 150 medical students and 270-plus residents and fellows. Jump Trading Simulation & Education Center, a collaboration between OSF Saint Francis and the College of Medicine, opened in 2013 and is a state-of-the-art, unique facility that uses the latest technology for training purposes.

Perhaps most important for Downtown housing demand is OSF HealthCare's new headquarters scheduled to open this month, bringing almost 700 people to the building at 124 SW Adams Street in the heart of Downtown. OSF is consolidating administrative employees currently housed in eight to nine different leased locations. This is seen as a game-changer for Downtown, especially after Caterpillar's decision a few years ago not to build its global headquarters in Downtown Peoria.

In addition, in 2021, OSF HealthCare opened OSF OnCall, a new telehealth and virtual healthcare initiative. This is bringing 400 employees to 330 SW Adams Street.

Downtown is also home to several educational institutions including Robert Morris University, University of Illinois at Springfield's Downtown campus, University of Illinois College of Medicine, Saint Francis Medical Center College of Nursing, and Methodist College (affiliated with UnityPoint Health – Methodist Hospital). Bradley University is a short distance from Downtown Peoria as well.



Downtown is also the major tourism and convention destination, with the city's Civic Center (convention center), major hotels, Peoria Riverfront Museum, Caterpillar Visitor's Center, Dozer Park (home of the Class A Peoria Chiefs baseball team), Riverfront Market (farmers market), Riverfront Park and Trail, as well as numerous festivals and activities along the riverfront. The Civic Center typically hosted 400 events annually, bringing a wide range of performances and sporting events to the city pre-COVID.

The Warehouse District is becoming a major entertainment and arts destination with new and unique restaurants, breweries, a distillery, banquet facility, a climbing gym, entertainment venues, shops, and art galleries. The City of Peoria completed \$35 million in streetscape improvements that were the catalyst for private investment in and development of historic loft rehabs for residential, office, restaurant, and entertainment uses.

Another key public improvement will be construction of a parking lot behind buildings on the east side of the 800-1000 blocks of SW Washington Street up to the railroad tracks near the river. The City of Peoria recently purchased the land. This is a critical amenity for residents of and visitors to the Warehouse District.

The City is also investing in Riverfront Park improvements, having purchased the former Hooters building to convert to a multi-use establishment. Other improvements include continuous pedestrian trails, outdoor exercise equipment, other recreational spaces, and wayfinding signage.

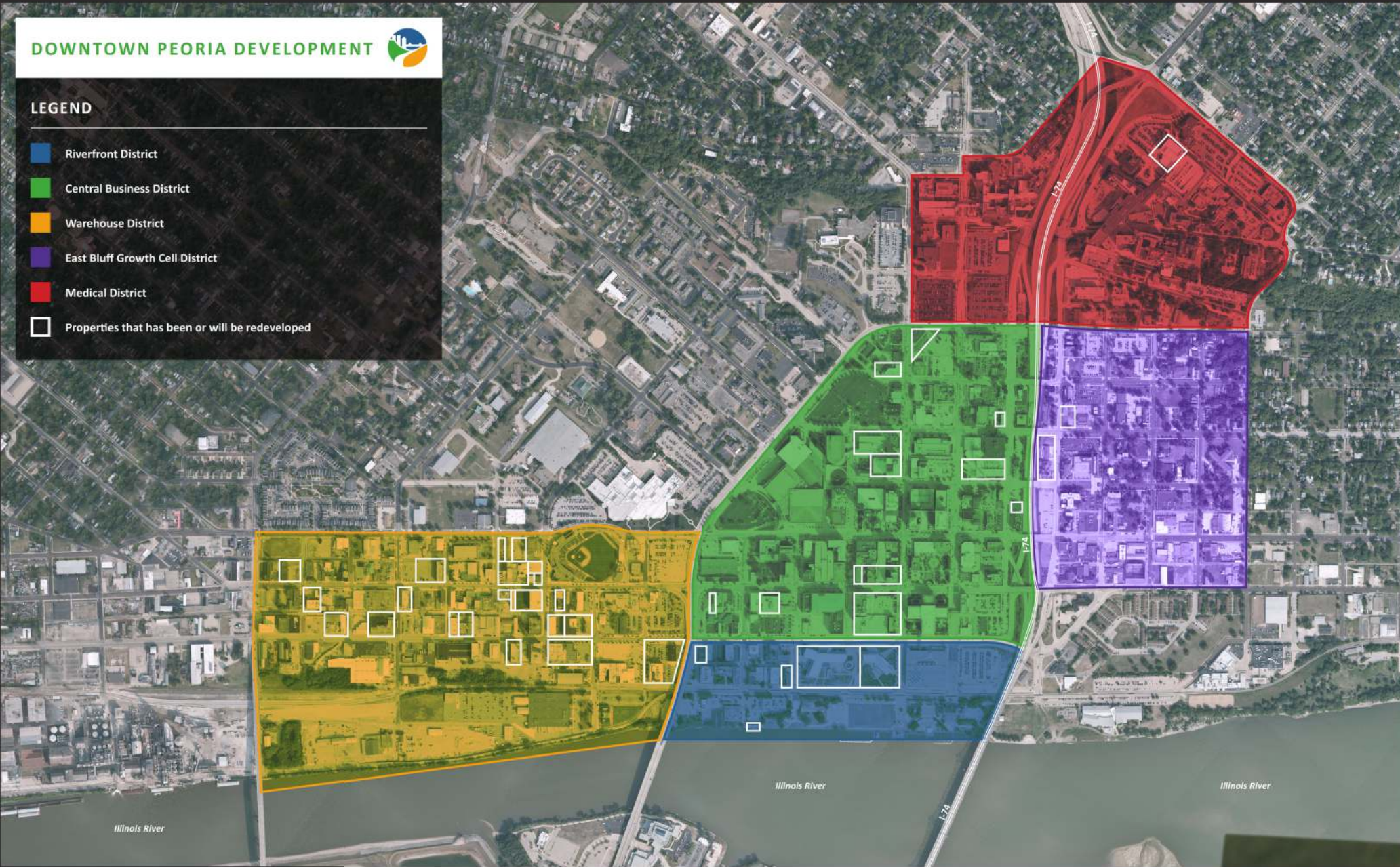
In the core Downtown, streetscape and transportation improvements are planned including converting the intersection of Adams and Jefferson from one way in all directions to two ways. An ongoing Main Street improvement plan will bring streetscaping and other improvements from Downtown up the hill.

DOWNTOWN PEORIA DEVELOPMENT



LEGEND

-  Riverfront District
-  Central Business District
-  Warehouse District
-  East Bluff Growth Cell District
-  Medical District
-  Properties that has been or will be redeveloped



DEMOGRAPHICS AND EMPLOYMENT

Demographic Trends

Kretchmer Associates updated the demographics of the Greater Downtown Peoria area, which covers the area generally considered to be Downtown Peoria. The maps on the following pages show the boundaries of this area, and the area in relation to the rest of the city of Peoria. Its southeast border is the Illinois River and its southwest border is MacArthur Highway. The west/northwest border is Jefferson Avenue, Hightower Street, High Street, and North Street. The north border is Columbia Terrace and Pennsylvania Avenue. The northeast border is Wayne Street, Adams Street, and Spring Street.

Kretchmer Associates obtained estimates and projections from Esri, a national demographics data vendor. We also obtained results from the 2020 Census for the area. However, given the timing of the Census, right when the pandemic hit, the Census may understate the actual resident population. For comparison purposes, we also include data for the City of Peoria.

Tables 1 and 2 below show the population and household trends in the Greater Downtown and the City of Peoria. According to the 2020 Census, Downtown had almost 2,900 residents

in 1,500 households, a slight decrease since 2010. This is due in part to the timing of the Census, but also to the closing of some public housing at the north end of Downtown.

Esri projects a further 2.8% decline in population and 3.1% in households over the next five years, though we believe that this understates the impact of recent and planned development.

The City of Peoria had a 2020 population of 113,200, a 1.2% decrease since the 2010 Census. Households decreased by 1.9% to 46,100, and Esri projects a further 3% decrease in both population and households by 2026.

The average household size in the Greater Downtown is very small at only 1.57 people, compared to 2.35 people in the City of Peoria. This is not surprising given that Downtown's housing units are generally smaller than those elsewhere in Peoria. The median age in Greater Downtown is 33, much younger than the City's 37 years.

Almost half of Downtown's population is in the 15-44 year old age range, with 36% between 25 and 34. These are much higher shares than in Peoria.

Greater Downtown Peoria Market Area



City of Peoria and Greater Downtown

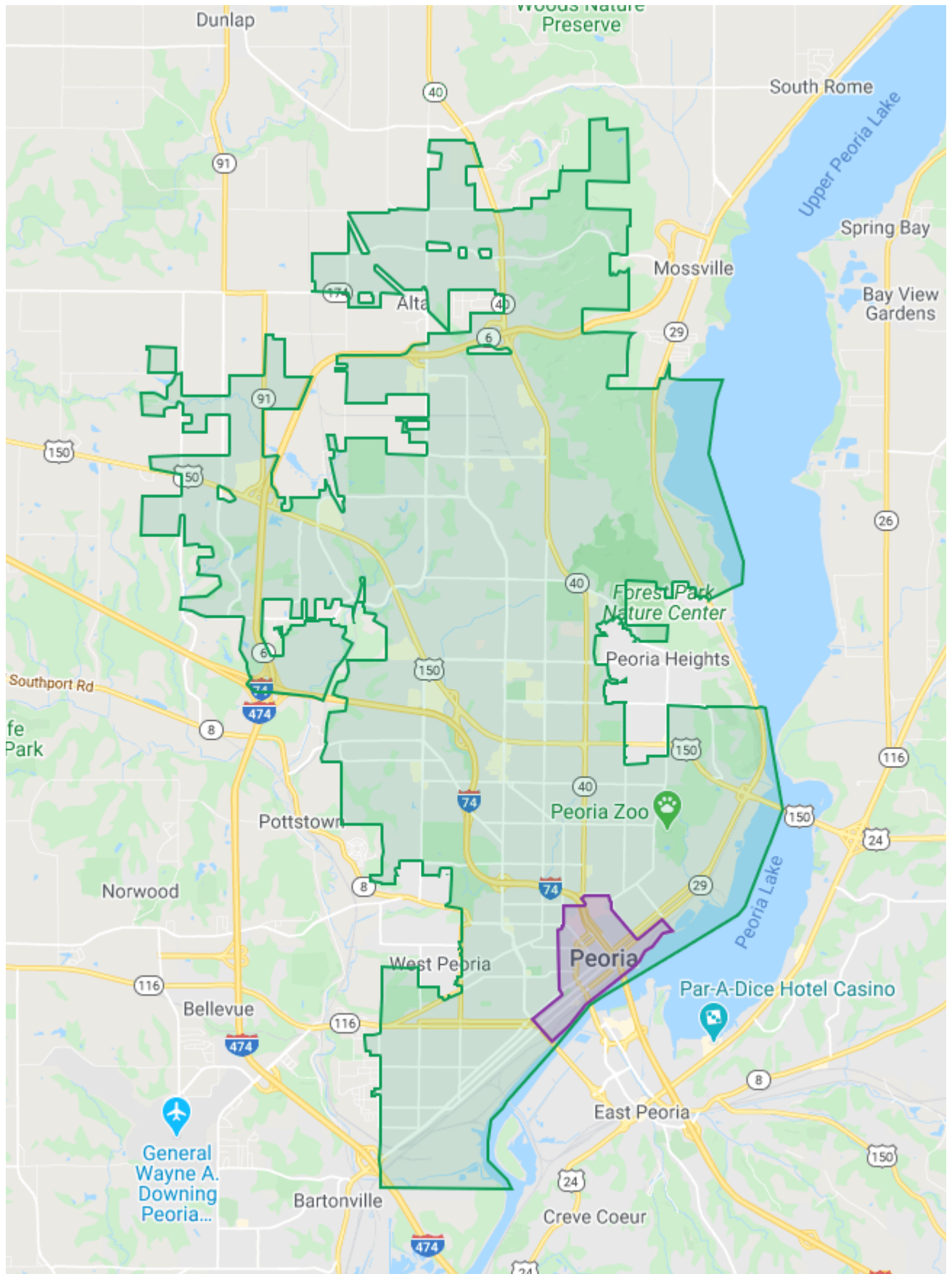


Table 1

**POPULATION CHARACTERISTICS
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA**

	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
<u>Population</u>				
2000 Census	2,824		113,636	
2010 Census	2,973		114,508	
Change, 2000-2010	149	5.3%	872	0.8%
2020 Census	2,938		113,157	
Change, 2010-2020	-35	-1.2%	-1,351	-1.2%
2021 Estimated	2,847		110,768	
Change, 2010-2021	-126	-4.2%	-3,740	-3.3%
2026 Projected	2,766		107,333	
Change, 2021-2026	-81	-2.8%	-3,435	-3.1%
<u>Households</u>				
2000 Census	1,321		45,467	
2010 Census	1,572		47,013	
Change, 2000-2010	251	19.0%	1,546	3.4%
2020 Census	1,541		46,126	
Change, 2010-2020	-31	-2.0%	-887	-1.9%
2021 Estimated	1,515		45,594	
Change, 2010-2021	-57	-3.6%	-1,419	-3.0%
2026 Projected	1,468		44,196	
Change, 2021-2026	-47	-3.1%	-1,398	-3.1%
Average Household Size, 2021	1.57		2.35	

Source: Esri, U.S. Census

Table 2

**POPULATION BY AGE
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA**

	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
<u>Population by Age, 2021</u>				
Under 5	191	6.7%	7,356	6.6%
5-14	294	10.3%	14,045	12.7%
15-24	465	16.3%	16,292	14.7%
25-34	549	19.3%	14,834	13.4%
35-44	354	12.4%	14,493	13.1%
45-54	372	13.1%	12,022	10.9%
55-64	315	11.1%	12,770	11.5%
65-74	172	6.0%	10,649	9.6%
75-84	95	3.3%	5,437	4.9%
85+	40	1.4%	2,870	2.6%
Median Age, 2021	33.3		36.8	

Source: Esri

Income Characteristics

Table 3 below shows the income distribution for the Greater Downtown area and the City of Peoria. Esri estimates the median household income at only \$16,650 Downtown, compared to \$51,800 in the city. Sixty-nine percent of Greater Downtown households have incomes under \$35,000, due to the presence of low-income senior housing and mixed-income family housing. This is the typical income range

for residents in affordable housing.

Thirty-one percent of Greater Downtown's households have incomes of \$35,000+, the minimum needed to afford \$1,000/month rent including utilities. As a comparison, 65% of Peoria's households have incomes over \$35,000. Esri projects an 8% increase in the median household income in the Greater Downtown and 9% in the city by 2026.

Table 3

**INCOME CHARACTERISTICS
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA**

	<u>Greater Downtown</u>		<u>Peoria</u>	
	Number	Percent	Number	Percent
<u>2021 Household Distribution</u>	1,515		45,594	
Under \$15,000	693	45.7%	7,109	15.6%
\$15,000-24,999	271	17.9%	5,119	11.2%
\$25,000-34,999	76	5.0%	3,910	8.6%
\$35,000-49,999	110	7.3%	5,847	12.8%
\$50,000-74,999	202	13.3%	7,667	16.8%
\$75,000-99,999	59	3.9%	5,051	11.1%
\$100,000-149,999	64	4.2%	5,439	11.9%
\$150,000-199,000	20	1.3%	2,605	5.7%
\$200,000+	20	1.3%	2,842	6.2%
Median Household Income	\$16,650		\$51,834	
<u>2026 Household Distribution</u>	1,468		44,196	
Under \$15,000	630	42.9%	6,270	14.2%
\$15,000-24,999	264	18.0%	4,535	10.3%
\$25,000-34,999	76	5.2%	3,472	7.9%
\$35,000-49,999	111	7.6%	5,331	12.1%
\$50,000-74,999	216	14.7%	7,341	16.6%
\$75,000-99,999	61	4.2%	5,083	11.5%
\$100,000-149,999	70	4.8%	5,949	13.5%
\$150,000-199,000	21	1.4%	3,024	6.8%
\$200,000+	19	1.3%	3,186	7.2%
Median Household Income	\$17,938		\$56,485	

Source: Esri

Households by Age and Income

Table 4 below shows the distribution of households by age in Greater Downtown and the City of Peoria. Thirty-four percent of the households in Greater Downtown are headed by a person under the age of 35. This is a key target for new market-rate rental housing, though not the only one. Greater Downtown has a relatively even age distribution of the remaining households with 14% ages 35-44, and 16-19% each ages 45-54, 55-64 and 65+. This indicates that even with more limited housing options at the present time, residents of all ages are currently living in the Greater Downtown area.

Households with incomes of \$35,000 to \$150,000 are the target group for market-rate rental housing in Greater Downtown. Table 5 below presents estimates and projections for Greater Downtown and the City of Peoria for those under and over 65. Thirty-one percent of Greater Downtown households under 65 and 21% of those 65+ fall within the target income range. In comparison, 54% of City households under 65 and 49% of those 65+ fall within the target income range.

By 2026, the number of target households in Greater Downtown is projected to increase slightly (26), while the number in the city is projected to decrease.

Employment Trends

The Greater Downtown area has an estimated 31,800 employees as of 2020, equal to 41% of the city's employment of 78,300 according to U.S. Census data. Of particular note is the fact that Downtown's share has increased considerably since 2017 when it accounted for 33% of citywide employment.

As happened nationwide, Peoria and the Greater Downtown Area experienced a drop in employment during the past two years due to COVID. Downtown's employment increased between 2017 and 2019, but decreased by 4% between 2018 and 2020 due to the pandemic.

Data for the City of Peoria is available for the second quarter of 2021 from JobsEQ, an economics data firm. The city's employment increased slightly between 2020 and 2021, though the city lost almost 4,300 employees (5%) since 2019.

The largest sector Downtown by far is Health Care and Social Assistance with 9,500 employees, accounting for 30% of Downtown's employment. Other major sectors are Manufacturing (6,300), Management of Companies and Enterprises (4,000 which includes Caterpillar), Public Administration (2,500), and Professional, Scientific and Technical Services (2,200).

Table 4

HOUSEHOLDS BY AGE IN GREATER DOWNTOWN AREA AND CITY OF PEORIA

	<u>2021</u>		<u>2026</u>		<u>Change</u>	
	Number	Percent	Number	Percent	Number	Percent
Greater Downtown						
Total Households	1,515		1,468		-47	-3.1%
Age 15-24	170	11.2%	161	11.0%	-9	-5.3%
Age 25-34	344	22.7%	328	22.3%	-16	-4.7%
Age 35-44	209	13.8%	208	14.2%	-1	-0.5%
Age 45-54	264	17.4%	254	17.3%	-10	-3.8%
Age 55-64	<u>243</u>	<u>16.0%</u>	<u>214</u>	<u>14.6%</u>	<u>-29</u>	<u>-11.9%</u>
Total Under 65	1,230	81.2%	1,165	79.4%	-65	-5.3%
Age 65+	288	19.0%	304	20.7%	16	5.6%
City of Peoria						
Total Households	45,594		44,196		-1,398	-3.1%
Age 15-24	2,820	6.2%	2,654	6.0%	-166	-5.9%
Age 25-34	7,541	16.5%	7,083	16.0%	-458	-6.1%
Age 35-44	8,107	17.8%	7,737	17.5%	-370	-4.6%
Age 45-54	6,869	15.1%	6,799	15.4%	-70	-1.0%
Age 55-64	<u>7,665</u>	<u>16.8%</u>	<u>6,651</u>	<u>15.0%</u>	<u>-1,014</u>	<u>-13.2%</u>
Total Under 65	33,002	72.4%	30,924	70.0%	-2,078	-6.3%
Age 65+	12,588	27.6%	13,267	30.0%	679	5.4%

Source: Esri

Table 5

GREATER DOWNTOWN AREA AND CITY OF PEORIA TARGET HOUSEHOLDS BY INCOME

	2021		2026		Change	
	Number	Percent	Number	Percent	Number	Percent
Greater Downtown						
<u>Household Income - Under 65</u>	1,230		1,165		(65)	-5.3%
Under \$35,000	816	66.3%	736	63.2%	(80)	-9.8%
\$35,000-\$49,999	97	7.9%	98	8.4%	1	1.0%
\$50,000-\$74,999	178	14.5%	187	16.1%	9	5.1%
\$75,000-\$99,999	42	3.4%	42	3.6%	0	0.0%
\$100,000- 149,999	<u>58</u>	<u>4.7%</u>	<u>64</u>	<u>5.5%</u>	<u>6</u>	<u>10.3%</u>
Sub-Total \$35,000-150,000	375	30.5%	391	33.6%	16	4.3%
<u>Household Income - 65+</u>						
Under \$35,000	227	78.8%	233	76.6%	6	2.6%
\$35,000-\$49,999	12	4.2%	14	4.6%	2	16.7%
\$50,000-\$74,999	24	8.3%	29	9.5%	5	20.8%
\$75,000-\$99,999	17	5.9%	19	6.3%	2	11.8%
\$100,000- 149,999	<u>6</u>	<u>2.1%</u>	<u>7</u>	<u>2.3%</u>	<u>1</u>	<u>16.7%</u>
Sub-Total \$35,000-150,000	59	20.5%	69	22.7%	10	16.9%
City of Peoria						
<u>Household Income - Under 65</u>	33,002		30,924		(2,078)	-6.3%
Under \$35,000	10,868	32.9%	9,123	29.5%	(1,745)	-16.1%
\$35,000-\$49,999	3,986	12.1%	3,451	11.2%	(535)	-13.4%
\$50,000-\$74,999	5,537	16.8%	5,105	16.5%	(432)	-7.8%
\$75,000-\$99,999	3,900	11.8%	3,826	12.4%	(74)	-1.9%
\$100,000- 149,999	<u>4,373</u>	<u>13.3%</u>	<u>4,633</u>	<u>15.0%</u>	<u>260</u>	<u>5.9%</u>
Sub-Total \$35,000-150,000	17,796	53.9%	17,015	55.0%	(781)	-4.4%
<u>Household Income - 65+</u>						
Under \$35,000	5,269	41.9%	5,156	38.9%	(113)	-2.1%
\$35,000-\$49,999	1,862	14.8%	1,880	14.2%	18	1.0%
\$50,000-\$74,999	2,131	16.9%	2,235	16.8%	104	4.9%
\$75,000-\$99,999	1,150	9.1%	1,256	9.5%	106	9.2%
\$100,000- 149,999	<u>1,066</u>	<u>8.5%</u>	<u>1,316</u>	<u>9.9%</u>	<u>250</u>	<u>23.5%</u>
Sub-Total \$35,000-150,000	6,209	49.3%	6,687	50.4%	478	7.7%

Source: Esri

Health Care and Social Assistance is also the city's largest sector with 22,400 employees, representing 29% of the total employment. Other sectors with over 5,000 jobs each include Manufacturing, Retail Trade, and Management of Companies and Enterprises. Since the pandemic, most sectors experienced declines, with the notable exceptions of Health Care, which added 854 jobs, and Finance and Insurance, which added 206.

These data point to the importance of health care as a driver of both the Greater Downtown and citywide economy. Greater Downtown jobs in Health Care and Social Assistance account for 44% of the city's jobs in this category. Downtown accounts for 82% of the city's jobs in Manufacturing, 78% in Management of Companies, and 59% in Professional, Scientific and Technical Services. Even with COVID, Downtown remains an important job location.

Tables 6 and 7 that follow show employment trends in the Greater Downtown area and the city of Peoria between 2017 and 2020-21.

The unemployment rate in Peoria County was 5.6% in November 2021, down from 7.5% a year earlier. The rate in the City of Peoria is 6.2%, also a significant decrease since November 2020 when it stood at 8.6%. These rates are higher than Illinois's (4.5%) and the U.S. (3.9%). The declining rates indicate that the region has recovered from the worst of 2020's COVID-induced unemployment.

Major employers in Peoria are shown in Table 8 below and those with a Greater Downtown presence are bolded. (Not all of the jobs are necessarily located in the Greater Downtown.) The largest employers Downtown are OSF St. Francis HealthCare, Caterpillar, UnityPoint Health, the City of Peoria, CEFCU, Peoria County, and Ameren.

Table 6

AT-PLACE EMPLOYMENT TRENDS IN GREATER DOWNTOWN PEORIA

NAICS	Industry	2018		2019		2020		Change 2018-20	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
	All	33,139		34,170		31,811		-1,328	-4.0%
11	Agriculture, Forestry, Fishing and Hunting	2	0.0%	0	0.0%	1	0.0%	-1	-50.0%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%	0	0.0%
22	Utilities	503	1.5%	362	1.1%	348	1.1%	-155	-30.8%
23	Construction	369	1.1%	389	1.1%	414	1.3%	45	12.2%
31-33	Manufacturing	5,643	17.0%	6,225	18.2%	6,347	20.0%	704	12.5%
42	Wholesale Trade	501	1.5%	535	1.6%	503	1.6%	2	0.4%
44-45	Retail Trade	195	0.6%	197	0.6%	199	0.6%	4	2.1%
48-49	Transportation and Warehousing	165	0.5%	186	0.5%	219	0.7%	54	32.7%
51	Information	308	0.9%	300	0.9%	236	0.7%	-72	-23.4%
52	Finance and Insurance	565	1.7%	548	1.6%	499	1.6%	-66	-11.7%
53	Real Estate and Rental and Leasing	196	0.6%	175	0.5%	166	0.5%	-30	-15.3%
54	Professional, Scientific, and Technical Services	2,458	7.4%	2,208	6.5%	2,214	7.0%	-244	-9.9%
55	Management of Companies and Enterprises	3,405	10.3%	3,575	10.5%	3,970	12.5%	565	16.6%
56	Administrative and Support and Waste Management and Remediation Services	1,909	5.8%	1,581	4.6%	2,035	6.4%	126	6.6%
61	Educational Services	510	1.5%	503	1.5%	444	1.4%	-66	-12.9%
62	Health Care and Social Assistance	11,791	35.6%	12,874	37.7%	9,539	30.0%	-2,252	-19.1%
71	Arts, Entertainment, and Recreation	921	2.8%	840	2.5%	832	2.6%	-89	-9.7%
72	Accommodation and Food Services	643	1.9%	714	2.1%	686	2.2%	43	6.7%
81	Other Services (except Public Administration)	744	2.2%	681	2.0%	693	2.2%	-51	-6.9%
92	Public Administration	2,311	7.0%	2,277	6.7%	2,466	7.8%	155	6.7%

Note: Greater Downtown Peoria area includes Census tracts 9, 12, 13, 16

Source: U.S. Census, LEHD, OnTheMap.

Table 7

AT-PLACE EMPLOYMENT TRENDS IN THE CITY OF PEORIA

NAICS	Industry	2017		2018		2019		2020		2021 2nd Qtr		Change 2019-2021	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
	All Industries	82,933		84,200		82,766		78,342		78,493		-4,273	-5.2%
11	Agriculture, Forestry, Fishing and Hunting	132	0.2%	118	0.1%	112	0.1%	107	0.1%	110	0.1%	-2	-1.8%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
22	Utilities	882	1.1%	836	1.0%	748	0.9%	758	1.0%	748	1.0%	0	0.0%
23	Construction	1,953	2.4%	1,974	2.3%	2,047	2.5%	1,963	2.5%	2,050	2.6%	3	0.1%
31-33	Manufacturing	5,912	7.1%	8,195	9.7%	8,280	10.0%	7,745	9.9%	7,616	9.7%	-664	-8.0%
42	Wholesale Trade	2,656	3.2%	2,676	3.2%	2,459	3.0%	2,156	2.8%	2,139	2.7%	-320	-13.0%
44-45	Retail Trade	8,263	10.0%	7,763	9.2%	7,520	9.1%	7,191	9.2%	7,299	9.3%	-221	-2.9%
48-49	Transportation and Warehousing	1,109	1.3%	1,137	1.3%	1,119	1.4%	984	1.3%	978	1.2%	-141	-12.6%
51	Information	1,235	1.5%	1,184	1.4%	1,114	1.3%	918	1.2%	904	1.2%	-210	-18.8%
52	Finance and Insurance	2,804	3.4%	2,650	3.1%	2,580	3.1%	2,819	3.6%	2,786	3.5%	206	8.0%
53	Real Estate and Rental and Leasing	877	1.1%	792	0.9%	802	1.0%	725	0.9%	719	0.9%	-83	-10.3%
54	Professional, Scientific, and Technical Services	4,614	5.6%	3,966	4.7%	4,049	4.9%	3,771	4.8%	3,739	4.8%	-310	-7.7%
55	Management of Companies and Enterprises	4,502	5.4%	4,790	5.7%	4,935	6.0%	5,065	6.5%	5,014	6.4%	79	1.6%
	Administrative and Support and Waste Management and Remediation Services	5,774	7.0%	5,520	6.6%	5,303	6.4%	4,703	6.0%	4,796	6.1%	-507	-9.6%
61	Educational Services	4,590	5.5%	4,639	5.5%	4,550	5.5%	4,211	5.4%	4,066	5.2%	-484	-10.6%
62	Health Care and Social Assistance	21,503	25.9%	21,914	26.0%	21,506	26.0%	21,804	27.8%	22,360	28.5%	854	4.0%
71	Arts, Entertainment, and Recreation	2,102	2.5%	2,022	2.4%	1,971	2.4%	1,295	1.7%	1,229	1.6%	-742	-37.7%
72	Accommodation and Food Services	6,020	7.3%	5,996	7.1%	5,793	7.0%	4,743	6.1%	4,761	6.1%	-1,032	-17.8%
81	Other Services (except Public Administration)	4,804	5.8%	4,884	5.8%	4,806	5.8%	4,438	5.7%	4,510	5.7%	-296	-6.2%
92	Public Administration	3,201	3.9%	3,144	3.7%	3,072	3.7%	2,944	3.8%	2,758	3.5%	-314	-10.2%

Source: JobsEQ

Table 8

TOP EMPLOYERS IN PEORIA COUNTY

Company	Industry	Employment
OSF St. Francis Medical Center	Healthcare	13,500
Caterpillar	Machinery and Equipment Manufacturing	12,000
UnityPoint Health	Healthcare	4,991
Peoria Public Schools	Education	2,891
Bradley University	Education	1,300
Advanced Technology Services	Industrial Machinery Repair and Maintenance	1,073
SC2 Services	Supply Chain and Logistics	1,030
Liberty Steel and Wire	Metal Products Manufacturing	912
City of Peoria	Public Administration	888
CEFCU	Banking	842
County of Peoria	Public Administration	831
Komatsu American Corp	Machinery and Equipment Manufacturing	700
USPS	Postal, Shipping and Messengers	650
Ameren	Electricity Generation and Distribution	510
Maui Jim	Eyewear	500
Children's Home	Social Services	450
RLI	Insurance	350
Air National Guard	Military	350
Cast Technologies	Manufacturing	145

Note: Employers in bold have a presence in Greater Downtown Peoria.

Source: Greater Peoria Economic Development Council, January 2021

RENTAL CHARACTERISTICS

Greater Downtown and Peoria Rents

According to data from the U. S. Census's American Community Survey, 2015-2019, the median rent paid in Greater Downtown was \$520, with only 17% of renters paying \$750+ per month. This compares to the citywide median of \$623 with 24% paying \$750+ as shown in Table 9 below. The data for Greater Downtown are based on four Census tracts which cover a larger area than included in prior tables.

Rental Construction Trends

There has been very little new multi-family construction in Peoria this decade other than the units in the renovated buildings Downtown. According to data from the U.S. Census, in the entire city, only 207 units of new multi-family housing were added at the beginning of the decade in 2010 and 2011. No permits were issued for new multi-family construction from 2012-2020. The renovated units in the Greater Downtown are not included in the City's residential permit data because they are rehabs not new construction. This is shown in Table 10 below.

Downtown Peoria Market-Rate Apartments

We focused the analysis on the nine newest and/or most prominent rental buildings which have a total of 348 units. They range in size from 6 to 154 units, with most between 18 and 44. Downtown buildings are very well occupied, ranging from 93-100% as of January 2022. There are only 7 vacant units in all of the

buildings at the present time, for an overall occupancy rate of 98%. Even with concern over COVID, Downtown buildings have maintained strong occupancy levels.

In 2015, one small building with 6 units opened, followed by five buildings with 147 units in 2016 and 2017. There have been no openings since then. One building, 812 Lofts at 812 SW Washington Street, is under construction and should open in 2022. It will have 126 one, two and three-bedroom units in a renovated warehouse building. With the addition of this building, Downtown will average 39 new units per year over a 7-year period, as shown in Table 11 below.

Table 12 shows the absorption of the newest buildings between 2015 and 2017. Downtown absorbed 153 units at an average of 11.7 units per month. Absorption at each building ranged from 1-6 months, averaging 2.8 months. As this shows, there was very strong interest in the new apartments.

Table 13 provides details for the Downtown buildings, followed by a map showing their locations. Photographs are in the Appendix.

Table 9

**CONTRACT RENT
GREATER DOWNTOWN AREA AND CITY OF PEORIA***

Contract Rent	<u>Greater Downtown</u>		<u>Peoria</u>	
	Number	Percent	Number	Percent
Renter Households	3,447		19,165	
Less than \$250	784	22.7%	1,802	9.4%
\$250-\$499	726	21.1%	2,373	12.4%
\$500-\$749	1,165	33.8%	9,546	49.8%
\$750-\$999	443	12.9%	3,021	15.8%
\$1,000-\$1,249	42	1.2%	656	3.4%
\$1,250-\$1,499	63	1.8%	724	3.8%
\$1,500-\$1,999	0	0.0%	66	0.3%
\$2,000+	33	1.0%	128	0.7%
No Contract Rent	191	5.5%	849	4.4%
Median Contract Rent	\$520		\$623	

* Greater Downtown used in this table includes Census tracts 9, 12, 13 and 16, which is a larger area than used in the population and income tables.

Source: American Community Survey 5-Year, 2015-2019



Table 10

**NEW RESIDENTIAL CONSTRUCTION
CITY OF PEORIA**

Year	Number of Units			Total
	Single-Family	Duplex	3+ Units	
2010	146	12	191	349
2011	143	2	16	161
2012	220	14	0	234
2013	147	6	0	153
2014	51	0	0	51
2015	49	0	0	49
2016	39	0	0	39
2017	32	0	0	32
2018	32	0	0	32
2019	33	0	0	33
2020	<u>35</u>	<u>0</u>	<u>0</u>	<u>35</u>
Total	927	34	207	1,168

Source: U.S. Census Bureau.

Table 11

**SUMMARY OF NEW DOWNTOWN APARTMENT
CONSTRUCTION**

Year Opened	Building	# of Units
2016	Murray Place	29
	Winkler Lofts	28
	Cooperage 214	<u>18</u>
	Sub-Total	75
2017	Persimmon Lofts	44
	Marquette Building	<u>28</u>
	Sub-Total	72
2022	812 Lofts	<u>126</u>
Sub-Total		273
Total 2016-2017		147
Total 2018-2021		0
Total 2022		126
Average Annual 2016-2022		39

Source: Downtown Development
Corporation, Kretchmer Associates



Table 12

DOWNTOWN PEORIA MARKET-RATE APARTMENT ABSORPTION

Building Name and Address (All Peoria)	Year Opened	# of Units	Absorption (Months)	Units/ Month
Persimmon Lofts 1028 SW Adams Street	2017	44	3	15
Marquette Building 701 Main Street	2017	28	6	5
Murray Place 100 Walnut Street	2016	29	1	29
Winkler Lofts 733 SW Washington Street	2016	28	4	7
Cooperage 214 214 Pecan Street	2016	18	2	9
Kickapoo Building 730 Main Street	2015	6	1	6
Total/Average - 2015-2017		153	2.8	11.7

Source: Kretchmer Associates

Table 13

DOWNTOWN PEORIA MARKET RATE RENTAL PROPERTIES
January 2022

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Persimmon Lofts 1028 SW Adams Street (309) 691-0900	March 2017	44					98%	Building: Four-story, elevator building. Professional Leasing and Real Estate Services. Unit Features: Stainless steel appliances including microwave. Some units have dishwasher. High ceilings, exposed brick. Utilities: All utilities and internet included. Amenities: Laundry, patio, free off-street parking and indoor spaces (\$50/month). Absorption Period: 4-6 months.
		32	Studio	\$850-1,000	462-535	\$1.84-1.87		
		12	1/1	975-1,350	713-1,200	1.13-1.37		
Marquette Building 701 Main Street 309-692-7352	August 2017	28					96%	Building: Three-story walk-up with ground floor commercial. Leman Property Management. Unit Features: Stainless steel appliances including dishwasher, hardwood floors, large walk-in closets in some units. Utilities: Tenant pays electric, internet (\$25/month) and TV (\$10/month). Amenities: Laundry on each floor, free off-street parking.
		18	Studio	\$750	445	\$1.69		
		8	1/1	1,025	654	1.57		
		2	2/2	1,425	912	1.56		
Murray Place 100 Walnut Street 309-670-0804	November 2016	29					100%	Building: Four-story walk-up with ground floor commercial. Aristo Properties Group. Unit Features: Stainless steel appliances including microwave and dishwasher, granite countertops, ceiling fans, hardwood floors, high ceilings with exposed duct work. Utilities: Tenant pays electric. Amenities: Exercise room, storage, free laundry on each floor, roof deck with grill, bike racks, controlled access, and free off-street parking. Availability: Wait list currently closed, no units available. Absorption Period: 1 month, had wait list prior to opening.
		14	1/1	\$1,100	824-833	\$1.32-1.33		
		13	2/2	1,550-2,100	1,102-1,471	1.41-1.43		
		2	3/2	1,950	1,464	1.33		

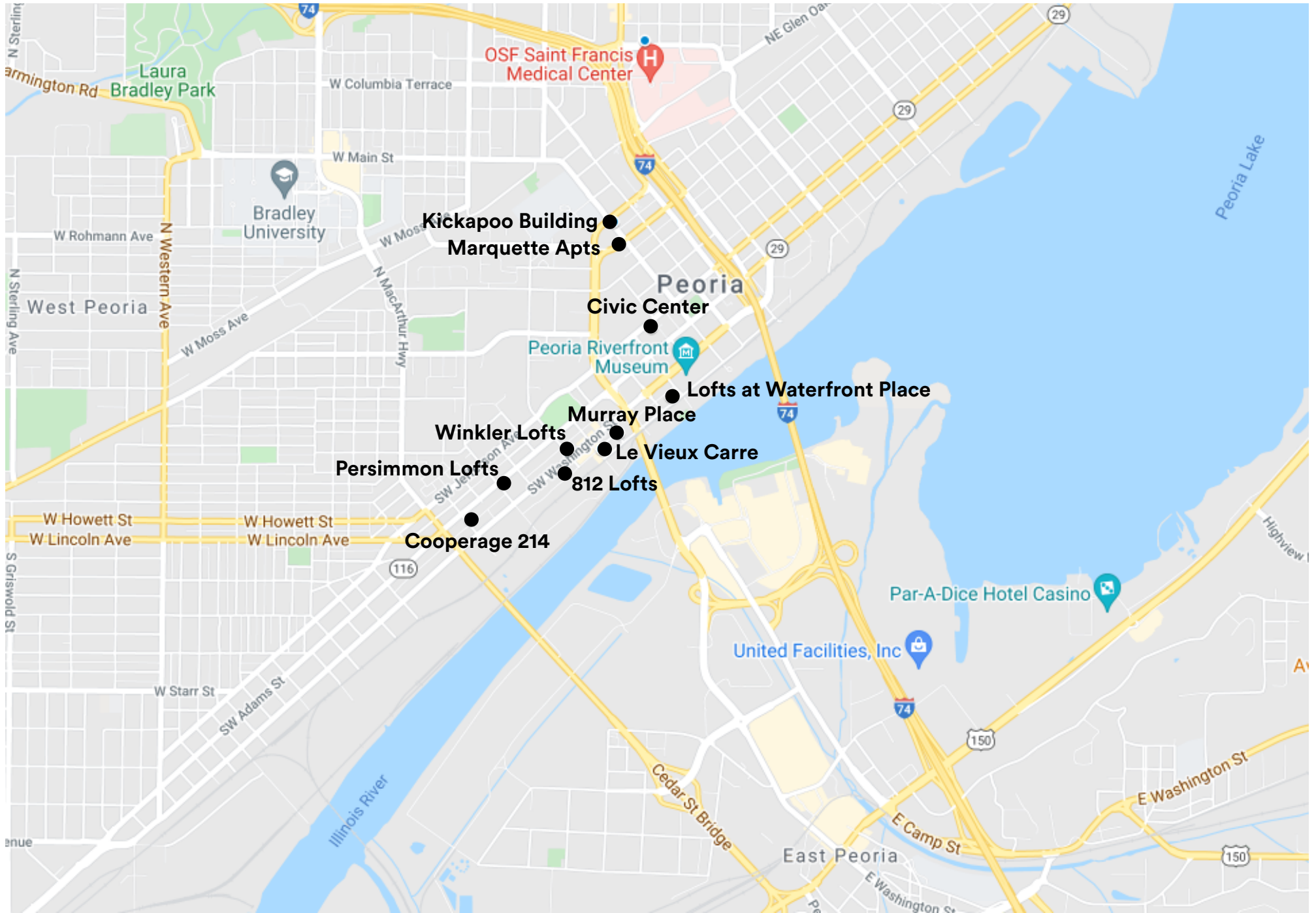


Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Winkler Lofts 733 SW Washington Street 309-645-4001	July 2016	28					93%	Building: Three-story walk-up with first floor commercial. Professional Leasing and Real Estate Services. Unit Features: Stainless steel appliances including microwave and dishwasher, granite countertops, exposed brick. Some units have lofted space. Utilities: All utilities included in rent. Amenities: Laundry and free off-street parking. Absorption Period: 2-3 months
		14	Studio	\$1,000-1,100	600	\$1.67-1.83		
		14	1/1	995-1,350	700	1.42-1.93		
Cooperage 214 214 Pecan Street 309-687-4843	December 2016	18					100%	Building: Three-story walk-up with ground floor commercial. RE/MAX Traders Unlimited Property Management. Unit Features: Stainless steel appliances including dishwasher, microwave, premium cabinets, upscale bathroom, washer/dryer, high ceilings, wood floors. Utilities: Tenant pays water (\$25/month) and electric. Rent includes internet Amenities: Tenant lounge and off-street parking: \$50/month. Absorption Period: 3-4 months.
		12	1/1	\$895-1,095	625-825	\$1.33-1.43		
		6	2/1	1,395	1,051	1.33		
			2/2	1,495-1,695	1,195-1,300	1.25-1.30		
Kickapoo Building 730 Main Street 309-696-1933	2015	6					NA	Building: Two-story, triangular-shaped building with ground floor retail, including thirty-thirty Coffee. Unit Features: Stainless steel appliances including microwave and dishwasher, wood flooring and carpet, blinds. Utilities: Tenant pays electric (including heat). Amenities: Laundry, one parking space per bedroom included.
		3	1/1	NA	600-700	NA		
		3	2/2	NA	1,072	NA		



Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
The Lofts at Waterfront Place 311 SW Water Street 309-306-7108	2005	23					100%	Building: 4-story building. Commercial on lower two floors, residential on top two floors. NHS Property Management. Unit Features: Stove, refrigerator, dishwasher, disposal, microwave, wood floors, window coverings. Utilities: Tenant pays electric (including heat). Amenities: Laundry, gym, roof deck. Parking not included Availability: No vacancies, wait list is open with approximately 5 names.
		21	1/1	\$980-1,090	635-951	\$1.15-1.54		
		1	2/1	1,350	975	1.38		
		1	2/2	1,500	1,057	1.42		
Civic Center Plaza 331 Fulton Street 309-271-0944	NA 2016 Renovation	154	Studio	\$750-875	475-650	\$1.35-1.58	97%	Building: 12-story, elevator building. 30 units added in 2016 renovation. H&A Property Management. Unit Features: Refrigerator, stove, dishwasher, and disposal. Utilities: Tenant pays electric and gas, management pays water. Amenities: Laundry on each floor, fitness center, lounge, courtyard, controlled access. Parking not included. Lawn care and snow removal handled by management Absorption Period: 3-6 months for 30 units completed near end of 2018.
			1/1	850-1,050	750-900	1.13-1.17		
			2/1	1,250-1,325	893-930	1.40-1.42		
			2/2	1,400	1,295-1,375	1.02-1.08		
Le Vieux Carre 114 State Street 309-303-5900	1999	18	Studio	\$1,000-1,495	550-700	\$1.82-2.13	100%	Building: Four-story elevator building. Apartments on 2nd-4th floors, office on 2nd-3rd floors, retail/restaurant on ground floor. Unit Features: Dishwasher, washer/dryer, microwave, ceiling fan, balcony, brick walls, hardwood floors. Utilities: Tenants pay all utilities. Amenities: Outdoor parking included in rent.
			2/1	1,550-2,000	1,225-1,300	1.27-1.54		
<u>Under Construction</u> 812 Lofts 812 SW Washington Street 309-691-0900	2022	126	1/1	\$910-1,050	463-554	\$1.90-1.97	NA	Building: 7-story former warehouse building. Developer: Dubin. Unit Features: Stove, refrigerator, microwave, dishwasher, washer/dryer, hardwood floors, window coverings. Some built-in furniture. Utilities: Tenant pays heat and electric. Amenities: Roof deck, party room, exercise room, storage, bike storage, package lockers, play area, pet washing station, dog run.
			2/1	1,200-1,510	548-988	1.53-2.19		
			2/2	1,510-1,650	858-980	1.68-1.76		
			3/2	1,625-1,640	1,122-1,276	1.29-1.45		

Downtown Peoria Market-Rate Apartments





Planned Development

There are several other potential developments that involve the adaptive re-use of buildings in the Warehouse District. Oculus Development has plans to renovate 800 and 801 SW Washington Street, with 90-100 units in each building. Baldovin Construction plans to rehab 800 SW Adams Street for a similar number of units. None of these have received approvals from the City yet, but they would likely open in 2023-24 if they move ahead.

Taft Homes, public housing built in the 1950s at the north end of Downtown, is being torn down and replaced with 142 new affordable units. Provide Point is being developed by Bear Development and the Peoria Housing Authority and should be completed in the next 2-3 years. Work started in mid-2021.

Select Suburban Apartments

As a comparison to the rents at Greater Downtown apartments, Kretchmer Associates surveyed five newer suburban apartment complexes: Twelve21 Duryea in Peoria Heights, and Apartments at Grand Prairie, Prairie Lake, Camden Hills, and The Crossings Apartments in Peoria. These are Class A properties, and those in Peoria are in the highly regarded Dunlap School District. Some have many community amenities, and all include in-unit washers and dryers. Most units are one- and two-bedrooms, while several buildings Downtown offer studios.

Twelve12 Duryea is the most expensive and targets empty nesters in an elevator building in the heart of the bustling Peoria Heights retail district. The others are 3-story walkup buildings in suburban settings.

Suburban rents also increased in the past two years and are generally comparable to the rents in the Downtown buildings, though the rent per square foot tends to be lower. Downtown units are smaller overall, resulting in higher rents per square foot. Details on the suburban properties are included in Table 14 below, followed by a location map. Photographs are in the Appendix.

Summary

As shown, the Greater Downtown area is very competitive with suburban locations. As new buildings opened in the Warehouse District, they have leased up quickly and stayed well occupied. Families with children will continue to prefer suburban complexes with swimming pools in highly rated school districts. However, Downtown can attract younger and older renters who value proximity to jobs and entertainment, as well as a less conventional product. Table 15 below shows the comparison of rents, unit sizes and rents per square foot between Downtown and the better suburban properties.



Table 14

SELECT SUBURBAN PEORIA APARTMENTS
Fall 2021

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Size (SF)	Rent/SF	Building Details
Twelve21 Duryea 1221 East Duryea Avenue Peoria Heights 309-692-7352	December 2018	36	1/1	\$1,320	754	\$1.75	Building: 4-story, elevator building. Lehman Property Management. Unit Features: Stainless steel appliances including dishwasher and microwave, quartz countertops, washer/dryer, walk-in closet, balcony. Utilities: Tenant pays all utilities, except trash. Amenities: Party room, lounge, free underground parking, parcel locker, fitness room.
			1/1	1,550	866	1.79	
			1/1	1,550-1,625	1,000	1.55-1.63	
			2/2	1,690-1,745	1,206	1.40-1.45	
			2/2	2,110	1,391	1.52	
Apartments at Grand Prairie 5400 W Sienna Lane Peoria 309-693-3201	2010	160	1/1	\$1,140	905	\$1.26	Building: Six three-story buildings. Dunlap School District. Buckingham Management. Dynamic pricing (advertised rents change often based on many factors). Unit Features: Built-in dishwasher, microwave and washer/dryer, ceiling fan, walk-in closets, balcony/patio. Utilities: Tenant pays electric, sewer and water. Amenities: Clubhouse with billiards, fitness center, lounge, outdoor pool, fire pit, gas grills, bike racks. Free parking, carports (\$35/month) and garage spaces (\$75/month).
			2/2	1,400-1,980	1,056	1.33-1.88	
			3/2	2,000	1,392	1.44	



Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent (\$)	Size (SF)	Rent/SF	Building Details
Prairie Lakes Apartments 1700 W Coneflower Drive Peoria 309-243-8588	2004-2013	750	1/1 2/1 2/2	\$919-943 1,180-1,425 1,256-1,537	895 1,141 1,190	\$1.03-1.05 1.03-1.25 1.06-1.29	Building: 16 three-story buildings. Dunlap School District. Edward Rose and Sons. Dynamic pricing (advertised rents change often based on many factors). Unit Features: Built-in dishwasher, washer/dryer, walk-in closet and balcony or patio. Utilities: Tenant pays electric Amenities: Clubhouse with fitness center, outdoor pool, dog park. Free parking and carports (\$25/month).
Camden Hills Apartments 2207/2311 W Willow Knolls Drive Peoria 309-691-0900	NA	60	2/2	\$1,050-1,100	1,054	\$1.00-1.04	Building: Two three-story buildings. Dunlap School District. Professional Leasing Services. Unit Features: Stainless steel appliances including dishwasher and microwave, cherry cabinets, washer/dryer, balcony, storage. Utilities: Tenant pays electric, gas, and water. Amenities: One garage space included.
The Crossing Apartments 5400 Landens Way Peoria, IL 61615 309-213-9399	2019	36	2/2	\$1,300-1,450	1,000	\$1.30-1.45	Building: 3 story brick/siding building. Unit Features: Built-in dishwasher, washer/dryer, AC, dishwasher, stainless steel appliances Utilities: Tenant pays electric, gas Amenities: Clubhouse with pool, storage space, courtyard area with grills, controlled access. Fully furnished units available.

Source: Kretchmer Associates

Select Suburban Rental Properties

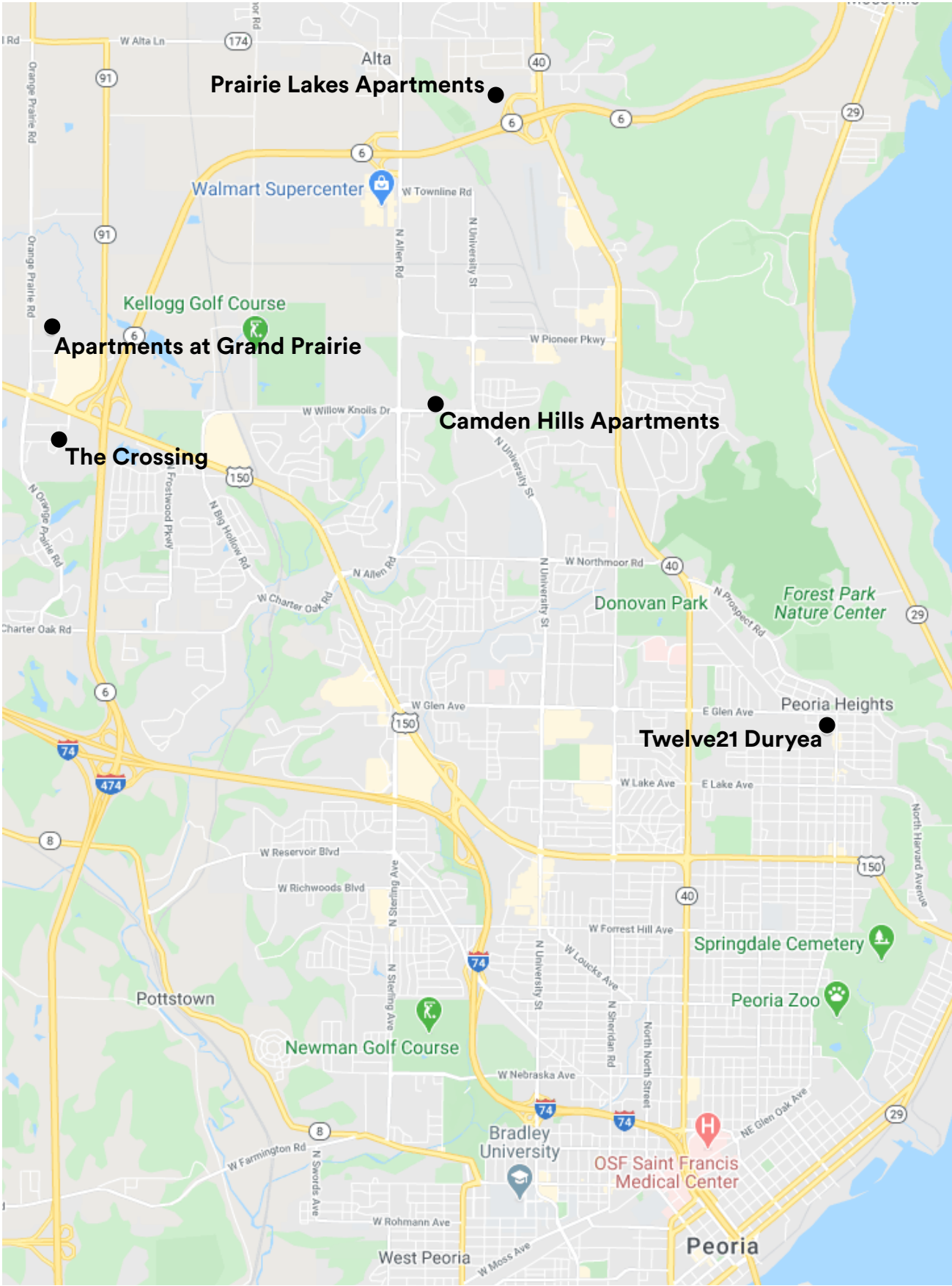


Table 15

**MARKET RATE APARTMENT UNIT SUMMARIES
DOWNTOWN PEORIA AND SUBURBAN PEORIA***

	Rent Range	Size Range (SF)	Rent/SF Range
Downtown Peoria			
Studio	\$750-1,495	445-700	\$1.35-2.13
1-Bedroom	850-1,350	600-1,200	1.13-1.93
2-Bedroom	1,250-2,100	893-1,471	1.02-1.56
3-Bedroom	1,950	1,464	1.33
Suburban Peoria			
1-Bedroom	\$919-1,625	754-1,000	\$1.03-1.79
2-Bedroom	1,050-2,500	1,000-1,391	0.99-1.88
3-Bedroom	2,000	1,392	1.44

* For properties currently open

Source: Kretchmer Associates

DEMAND

Demand Generators

Demand for additional residential options Downtown will come from employees, students and others interested in an urban lifestyle. The Medical District's associated medical colleges, Robert Morris students, Caterpillar, OSF and UnityPoint employees, as well as employees of other Downtown employers are the principal drivers of demand for market-rate apartments Downtown. This is evidenced by the mix of tenants in the newer apartment buildings. The addition of approximately 1,000 OSF employees to the heart of Downtown will further add to the appeal of the Warehouse District and other Downtown residential locations.

Apartment Demand

Tables 16 and 17 that follow show the demand over the next five years for apartments in the Greater Downtown area. Between 2021 and 2026, Kretchmer Associates projects demand for 278-404 new market-rate units for households with incomes of \$35,000-150,000, for an annual average of 56-81 units. This is based on household estimates and projections by Esri and rental data from the American Community Survey for Peoria.

No new apartments have opened up Downtown since 2017, so there is pent-up demand, as indicated by the high occupancy rates at existing properties. As more entertainment and retail offerings opened up Downtown, younger renters were increasingly drawn here.

Kretchmer Associates made assumptions regarding the growth in higher income renter households and the potential share that Downtown Peoria can capture of the total citywide demand.

The following assumptions were used in the demand analysis:

Peoria Demand

Estimated renter households under 65 with target income of \$35,000-\$150,000 -- currently 37% of households in this age and income group are renters. The share is assumed to grow to 39% by 2026 due to the increasing propensity of younger and more affluent households to rent.

Estimated renter households 65+ with target income -- currently 21% of households in this age and income group. The share is assumed to grow to 24% by 2026 due to the increasing propensity of more affluent households to rent, and the desire of seniors to move into lower maintenance housing close to medical care.

Difference in the number of Peoria renter households with incomes of \$35,000-\$150,000 between 2021 and 2026 -- this is the demand for new market-rate rental units in Peoria.

Demand for new market rate rental units in Peoria at 95% occupancy -- this is the demand for new market-rate rental units divided by 95%.

Greater Downtown Peoria Demand

Number of target market-rate households -- this is the number in the \$35,000-150,000 income range, estimated at 552-659.

Greater Downtown rental units for market-rate households -- this is estimated at 348 units now, equal to 4% of the city's renters in this income range.

Greater Downtown's potential capture of new target households (assuming product was available) -- the share could increase to 7-8% given the high occupancy rates at the existing properties and the strong interest shown in these new buildings. The difference between the number of existing Downtown rental units for this income range and the potential share is the unmet or pent-up Greater Downtown demand as of 2021, estimated at 204-311 units.

Between 2021 and 2026, with the additional planned residential development and increasing employment Downtown, we assume that Downtown can capture 20-25% of the city's new construction of rental units for the target households -- this is Greater Downtown's share of new rental demand in the City.

Total demand for Greater Downtown rental units for the target households by 2026 -- this is the 2021 unmet demand plus Greater Downtown's share of new citywide demand between 2021 and 2026, estimated at 278-404 units.

Average annual demand for Greater Downtown rental units for target households -- this is the total 2026 Greater Downtown demand divided by 5 years, or 56-81 units.

Net Demand -- this is the demand after the 126 units at 812 Lofts currently under construction are subtracted from the total demand, equal to 152-278 units.

At this time, 283 units are planned at three different buildings. Should all of these open within the next four years, the market is estimated to be oversupplied by 5-131 units. Under the higher demand scenario, the market can support all three planned buildings; however, it can only support two under the lower demand scenario.

As all of these new buildings are much larger than the more recently developed Warehouse District buildings, they will take longer to lease up. At the average rate of 12 units per month, each building could take 8-10 months to lease up to 95% occupancy. Should more than one building be leasing at the same time, absorption is expected to be slower.

Table 16

PEORIA MARKET-RATE RENTAL APARTMENT DEMAND

	2021	2026	Change
Peoria Households Under 65 by Income	33,002	30,924	-2,078
\$35,000-\$49,999	3,986	3,451	-535
\$50,000-\$74,999	5,537	5,105	-432
\$75,000-99,999	3,900	3,826	-74
\$100,000-149,999	<u>4,373</u>	<u>4,633</u>	<u>260</u>
Subtotal with Target Income -\$35,000-\$150,000	17,796	17,015	-781
Percent Renter Households	37%	39%	
Estimated Renter Households Under 65 with Target Income	6,585	6,636	51
Peoria Households 65+ by Income	12,588	13,267	679
\$35,000-\$49,999	1,862	1,880	18
\$50,000-\$74,999	2,131	2,235	104
\$75,000-99,999	1,150	1,256	106
\$100,000-149,999	<u>1,066</u>	<u>1,316</u>	<u>250</u>
Subtotal with Target Income	6,209	6,687	478
Percent Renter Households	21%	24%	
Estimated Renter Households 65+ with Target Income	1,304	1,605	301
Peoria Demand for New Rental Units from <u>All</u> Target Market-Rate Households			
Total Estimated Target Market-Rate Households	7,888	8,241	352
Demand for New Rental Units for Target Market-Rate Households at 95% Occupancy based on Renter Household Growth			371

Source: Kretchmer Associates based on estimates and projections from Esri and American Community Survey 2015-2019.

Table 17

**GREATER DOWNTOWN PEORIA MARKET-RATE APARTMENT DEMAND
2021-2026**

	Low	High
Greater Downtown Demand for New Rental Units from Target Market-Rate Households		
Greater Downtown's Potential Capture of Existing Market-Rate Households	7%	8%
Number of Target Market-Rate Households in 2021	552	659
Greater Downtown Rental Units for Market-Rate Households in 2021	<u>348</u>	<u>348</u>
Unmet Demand for Greater Downtown Rental Units for Market-Rate Households in 2021	204	311
Citywide 5-Year Demand for New Rental Units	371	371
Greater Downtown's Potential Capture of New Target Market-Rate Households	20%	25%
Downtown's Share of New Rental Units for Target Households	<u>74</u>	<u>93</u>
Total Demand for Greater Downtown Rental Units for Target Market-Rate Households by 2026 (Unmet Demand + New Demand)	278	404
Average Annual Demand for Greater Downtown Rental Units for Target Market-Rate Households	56	81
Less Market-Rate Rental Units Under Construction	<u>126</u>	<u>126</u>
Net Demand for Market-Rate Rental Units	152	278
Planned Market-Rate Units	283	283
Net Demand in 2026 Assuming Planned Developments are Built	(131)	(5)

Source: Kretchmer Associates based on estimates and projections from Esri and American Community Survey 2015-2019.

Recommendations

Current developer interest has been in the rehabilitation of existing historic structures using federal and state historic tax credits. The buildings that came online in recent years were all rehabs of existing buildings, most of which were the adaptive re-use of former warehouses. The availability of buildings and the tax credits associated with their rehab, will continue to attract interest.

However, off-street parking is necessary for market-rate apartment buildings in the Warehouse District. While Greater Downtown residents typically have fewer cars than suburban residents, most of the residents of the new Downtown apartment buildings do have cars. As the Warehouse District has gotten more popular, especially for dining and entertainment, on-street parking proximate to existing residential buildings is getting tighter. The City's plan to purchase the lot behind the 800-1000 blocks of SW Washington Street for parking is critical to the success of the warehouse rehabs.

The newer Downtown apartment buildings have a mix that is weighted more heavily to studio and one-bedroom units. These sizes are reasonable for residents still in school and just starting out in their careers. 812 Lofts will have

more two-bedrooms than other Downtown buildings, which will expand the number of larger units considerably.

We recommend that future Downtown buildings include both one and two-bedroom units, as well as some that have dens or spaces for home offices. Some two-bedrooms should have two baths to appeal to roommates, as well as middle-aged and older households.

At present, the rents and rents per square foot in the newer buildings have a wide range, due to differences in unit sizes and building configurations. Even in a single building, unit sizes can vary quite a bit since renovated warehouse buildings don't lend themselves to uniform sizes.

In the near term, achievable rents for newly rehabbed buildings should be in the \$1.40 to \$1.90 per square foot range across all unit sizes as shown in Table 18 below. This equates to the approximate rents shown below, though actual rents will depend on unit sizes and the level of in-unit and building amenities. These rents assume tenants pay for heat and electricity. Rents can probably increase at the rate of 2-3% per year as units are absorbed. Typically, smaller units have a higher rent per square foot than larger units.

Table 18

RECOMMENDED UNIT SIZES AND RENTS

Unit Type	Size Range (SF)	Average Rent Per SF	Rent Range
Studio	500-600	\$1.70-1.90	\$850-1,150
1-Bedroom	700-850	1.50-1.60	1,050-1,350
2-Bedroom	900-1,200	1.40-1.50	1,250-1,800

In order to achieve these rents, apartments should have a kitchen with a stove, refrigerator, dishwasher, and microwave, at a minimum. An in-unit washer and dryer are desirable and will command the higher rents. Common area amenities should include at least a laundry room on each floor (if washers and dryers are not included in the units), a community room/lounge and outdoor patio or deck. Inclusion of a fitness room, extra storage and bike room are recommended if space allows. Where possible, balconies should be included

and can command a rent premium. Views of the river and other particularly attractive city views can also command a premium above the rents shown above.

Some buildings now charge for outdoor parking, while others do not. One building has indoor parking for an additional fee. As more buildings come on line Downtown and on-street parking is less available, paid parking will likely be the norm.



**Kretchmer
Associates**

APPENDIX

1. Photos of Greater Downtown Apartments
2. Photos of Select Suburban Apartments

Greater Downtown Apartments



Civic Center Plaza



Persimmon Lofts



Murray Place



Marquette Building

Greater Downtown Apartments



Winkler Lofts



The Lofts at Waterfront Place



Cooperage 214



Le Vieux Carre

Greater Downtown Apartments



Kickapoo Building



812 Lofts (Under Construction)

Select Suburban Apartments



Twelve21 Duryea



Apartments at Grand Prairie



Prairie Lakes Apartments

Select Suburban Apartments



Camden Hills Apartments



The Crossing Apartments