



DAVENPORT DOWNTOWN MASTER PLAN

Market Assessment

May 2020



VISION
ECONOMICS
STRATEGY
FINANCE
IMPLEMENTATION

OUTLINE

REGIONAL DEMOGRAPHIC CONDITIONS

OFFICE MARKET

RETAIL MARKET

MULTIFAMILY MARKET

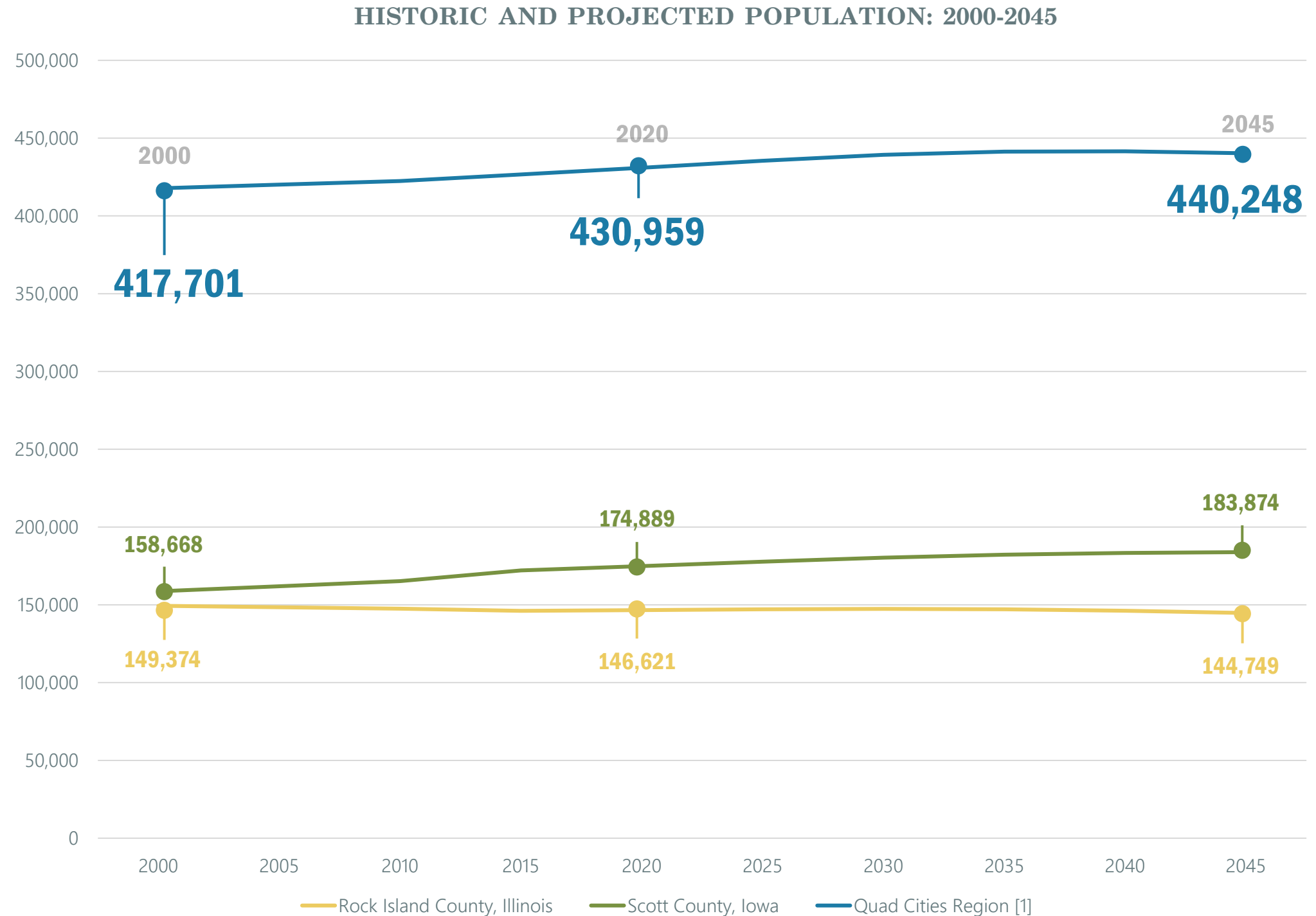
OVERALL TAKEAWAYS

REGIONAL DEMOGRAPHIC CONDITIONS

REGIONAL POPULATION IS GENERALLY STABLE

Scott County is projected to add approximately 400 residents annually through 2045

- The Davenport-Moline-Rock Island MSA has been relatively stable over the past 20 years, with approximately 13,300 new residents over the period.
- The MSA is projected to remain mostly stable over the next 20 years as well, with a projected compound annual growth rate (CAGR) of just 0.11%.
- Scott County has experienced higher growth rates than the remainder of the MSA, with a population increase of 16,200 new residents since 2000 (CAGR of 0.5%). Scott County is expected to add approximately 10,000 residents over the next 25 years.
- Meanwhile, other counties in the MSA such as Rock Island County have lost population and are expected to continue to do so over the next 20 years.

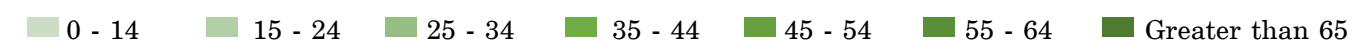
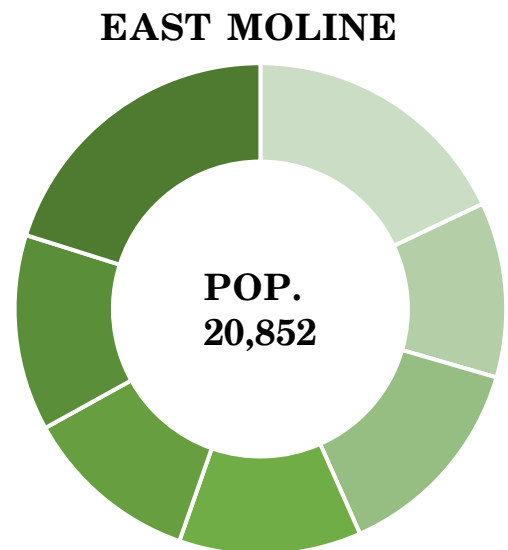
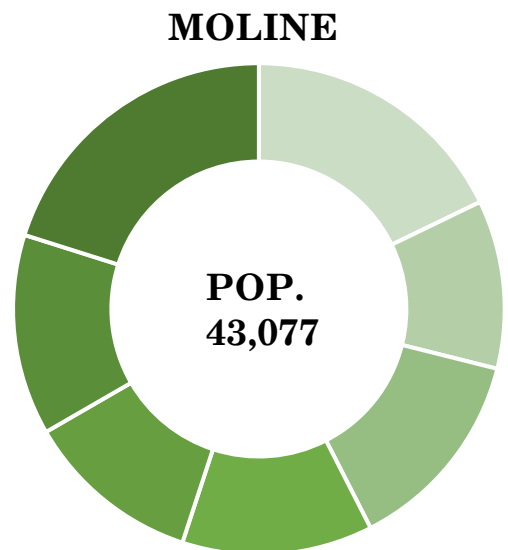
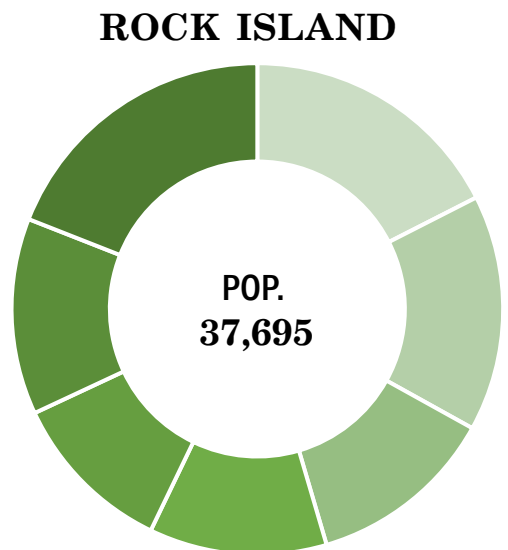
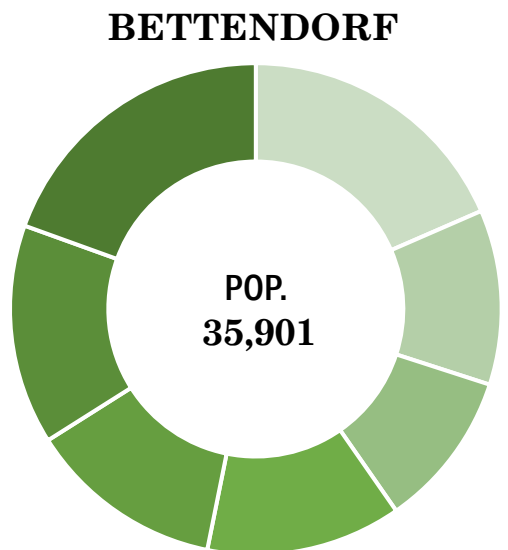
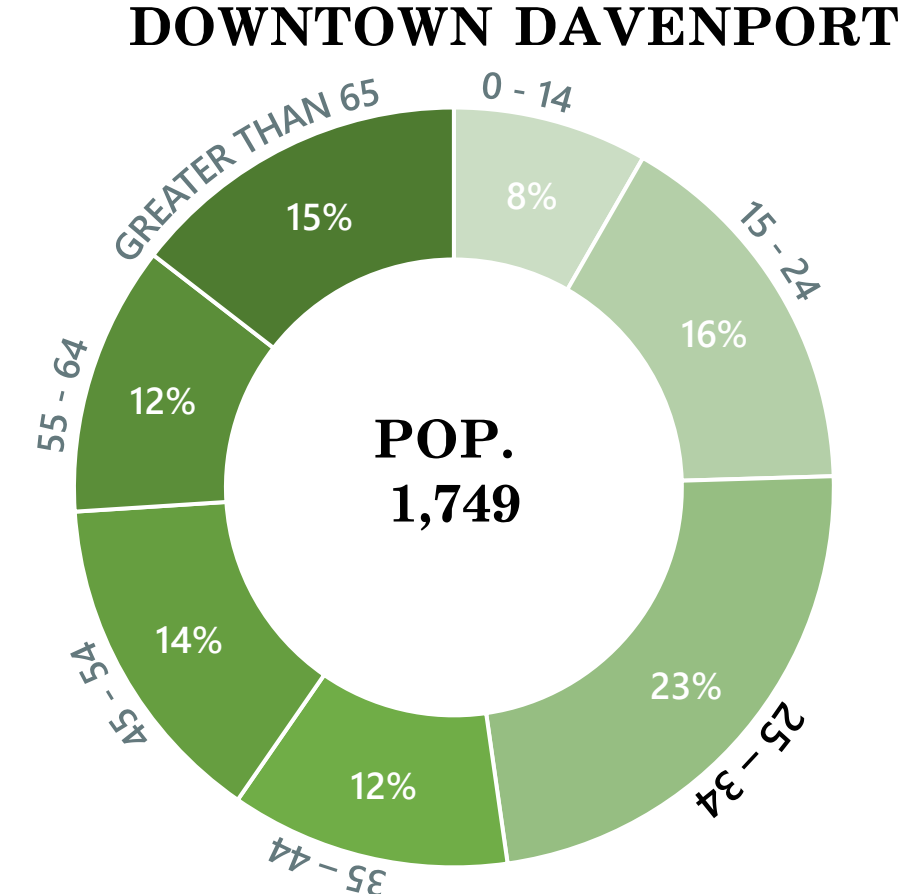
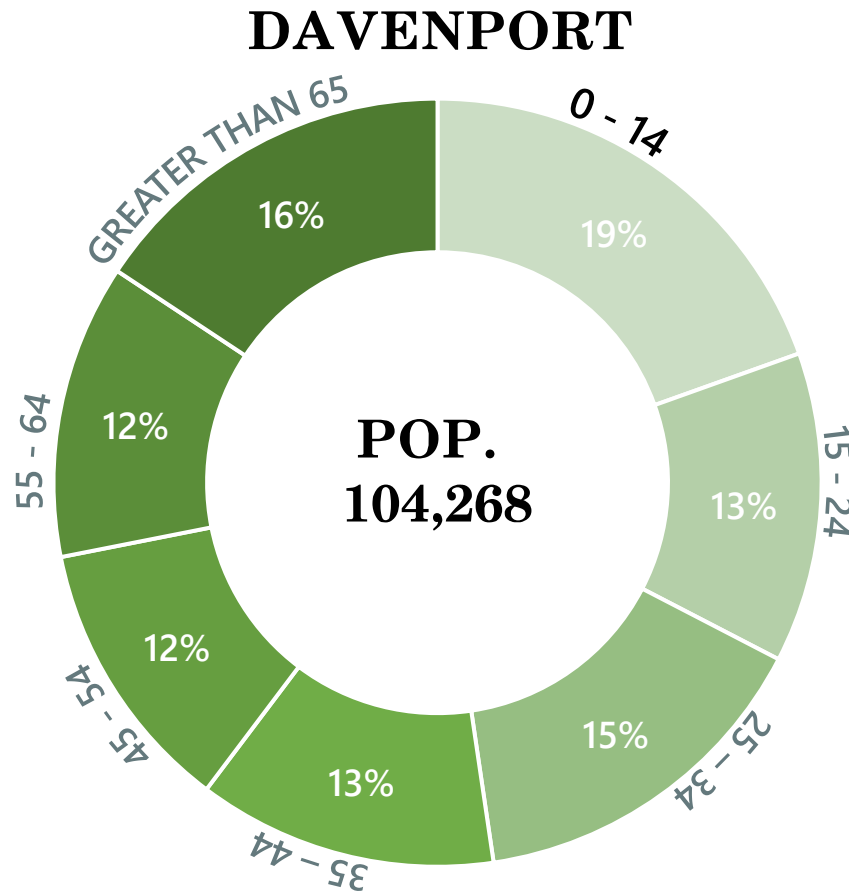


[1] Includes Henry (IL), Mercer (IL), Muscatine (IA), Rock Island (IL) and Scott (IA) counties
Source: SB Friedman, US Census Bureau, Woods & Poole

AGE DISTRIBUTION IS SIMILAR ACROSS REGION

Downtown Davenport has a larger share of the 25- to 34-year-old cohort than other towns in the Quad Cities

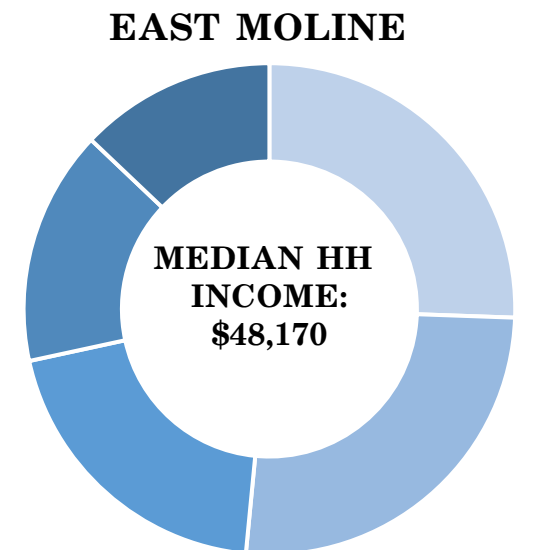
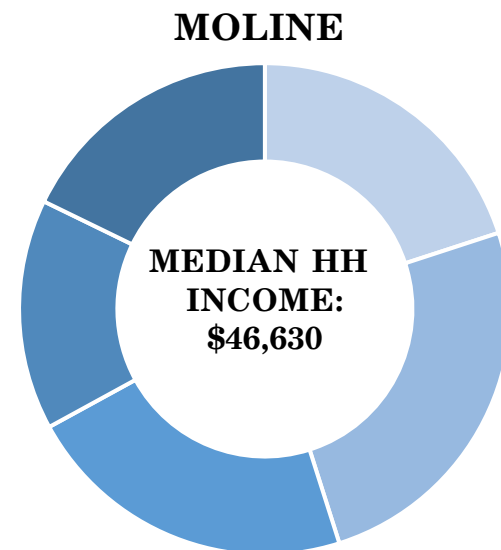
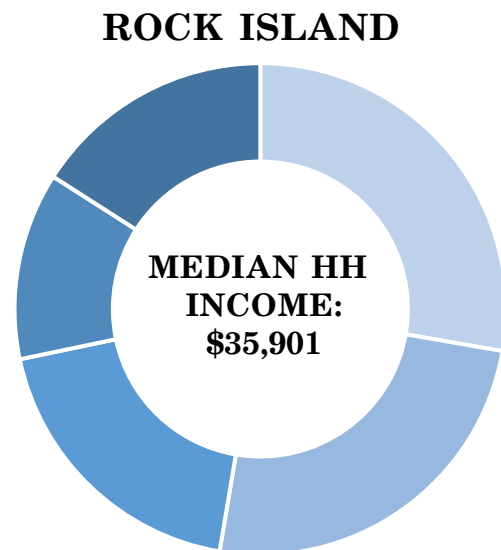
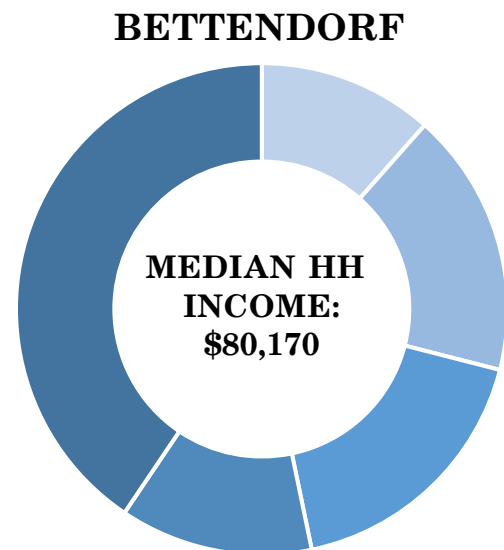
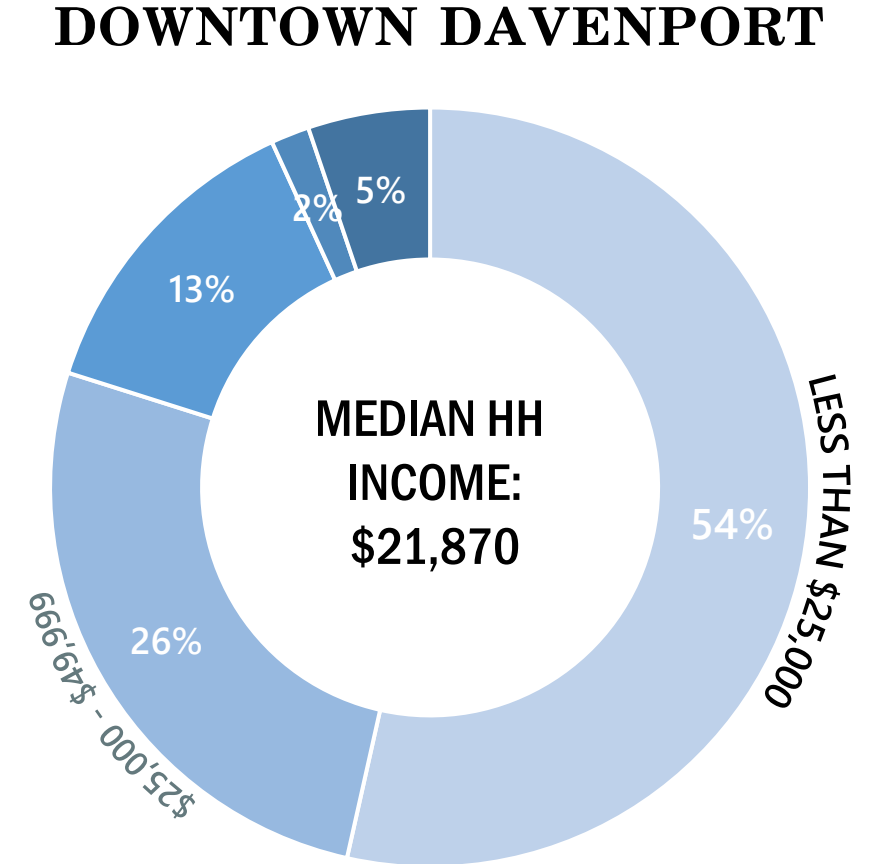
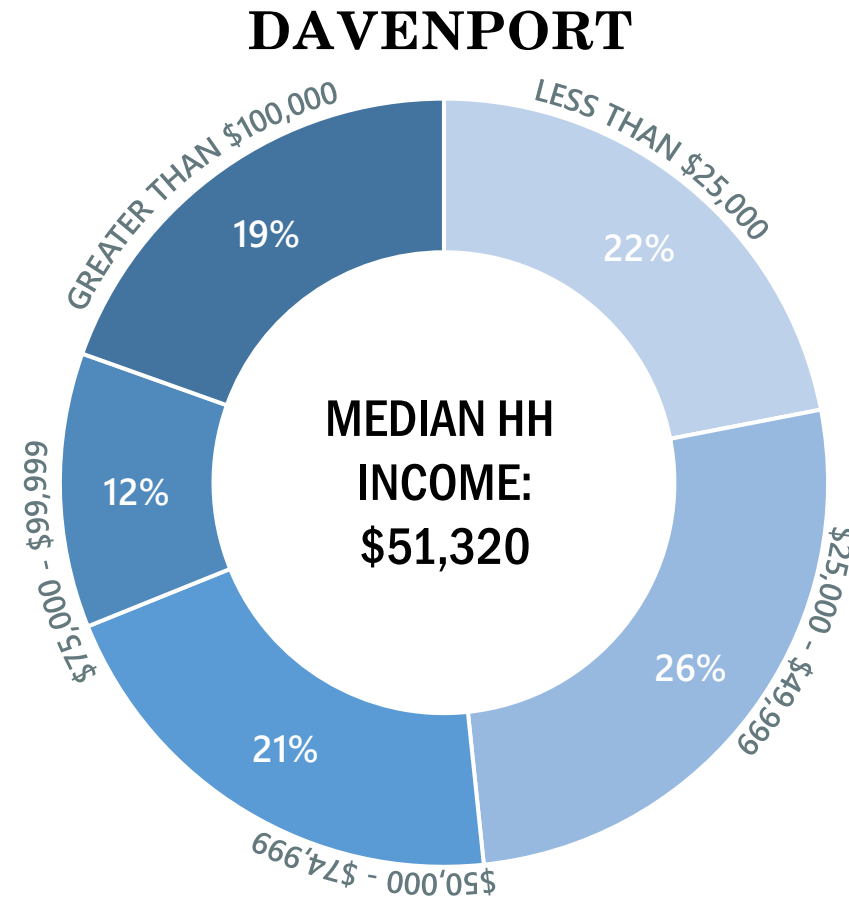
- Downtown Davenport has both higher proportions of the 15 – 24-year-old and 25 – 34-year-old age cohorts than Davenport as a whole and the other Quad Cities municipalities.
- Age distribution amongst Quad Cities municipalities is relatively similar, with higher proportions in both the youngest (below 14) and oldest (greater than 65) cohorts.



HOUSEHOLD INCOME DISTRIBUTION

There is a diversity of incomes in Downtown Davenport and its surrounding neighborhoods

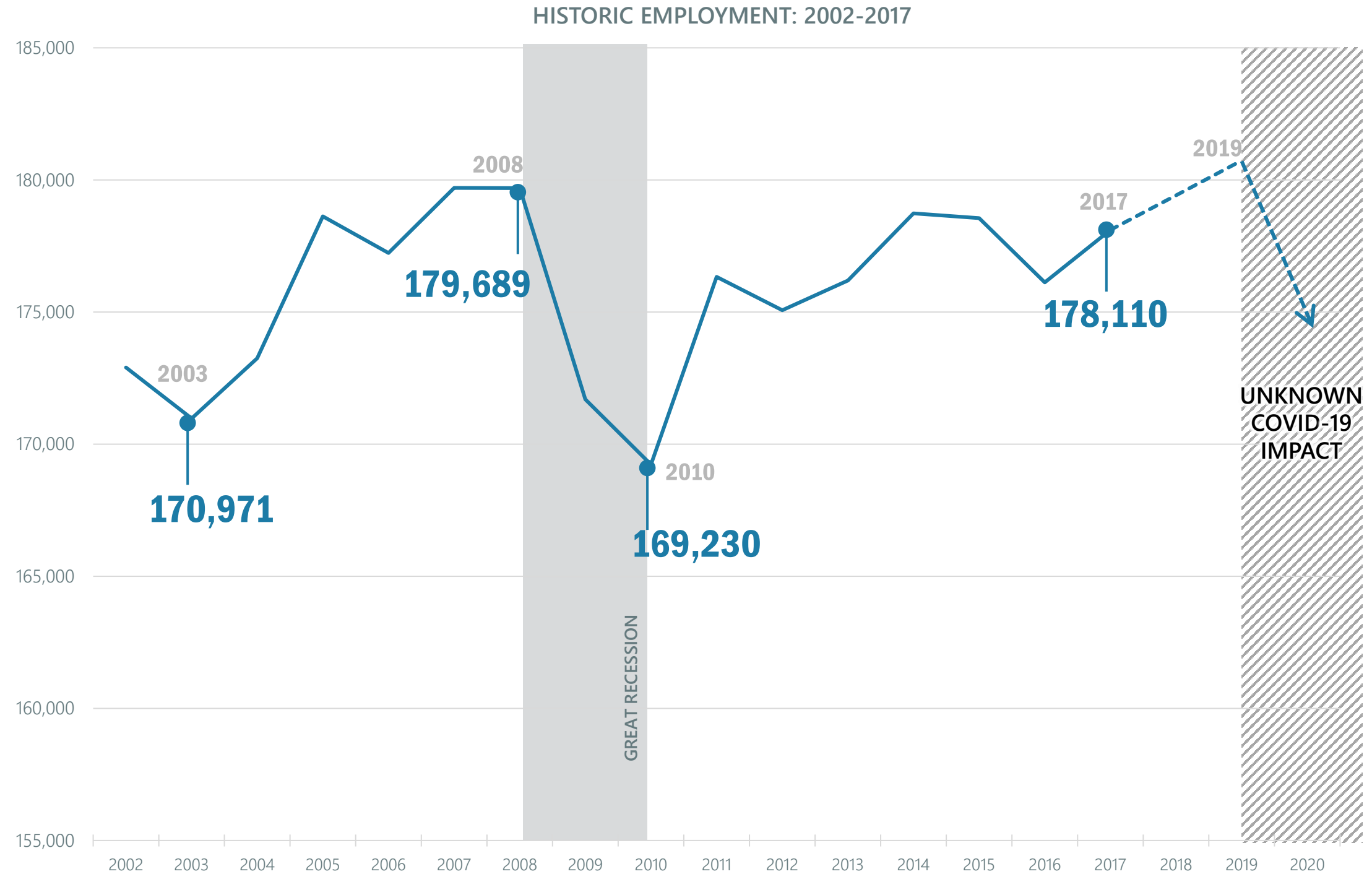
- Davenport, Rock Island, Moline and East Moline have roughly similar income distributions, though Davenport has a higher median household income.
- Downtown Davenport has a significantly higher proportion of the population earning less than \$25,000, as do the neighboring census tracts and ZIP codes, reflecting the diversity of housing price points in and around Downtown.
- Bettendorf has a larger share of higher-income households than other Quad Cities municipalities.
- Downtown Rock Island and Moline also have median household incomes below that of the cities as a whole, at \$21,750 and \$41,910, respectively.



REGIONAL EMPLOYMENT

Prior to the unknown impacts from COVID-19, regional employment had nearly recovered to pre-recession levels

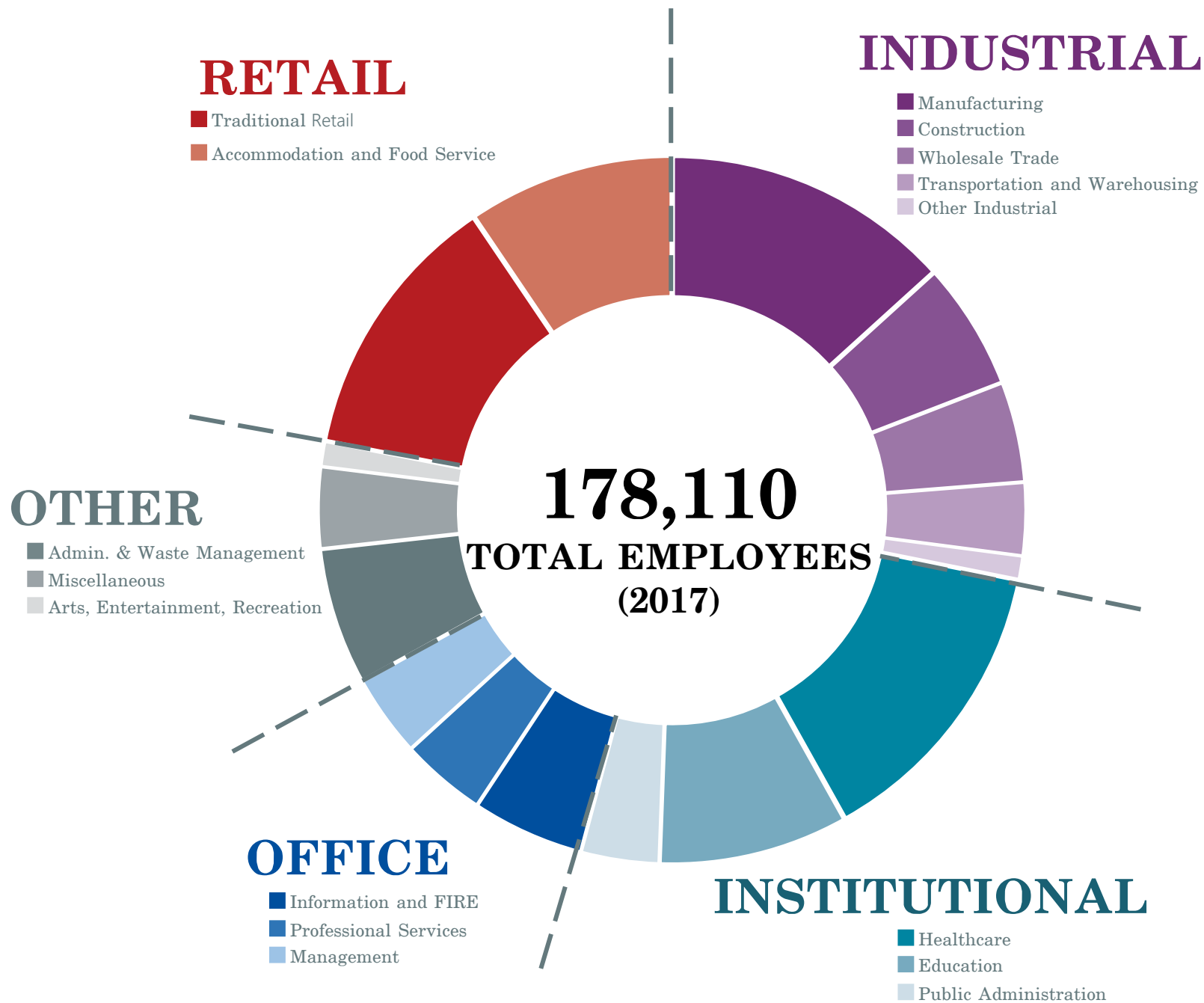
- Regional MSA employment grew by nearly 10,000 employees from 2003 to 2008, prior to the Great Recession, but the Recession resulted in loss of a similar number of jobs.
- Since 2010, employment counts within the MSA have bounced back, approaching pre-recession levels.
- Though the overall employment impacts of COVID-19 are currently unknown, it is likely the region will experience job loss, which will require a recovery period. In many places, the pandemic has already erased job gains following the Great Recession.
- As an indication of employment impacts, unemployment reached 13.7% for Scott County in April 2020, compared to a peak of 7.9% during the Great Recession, in 2010.



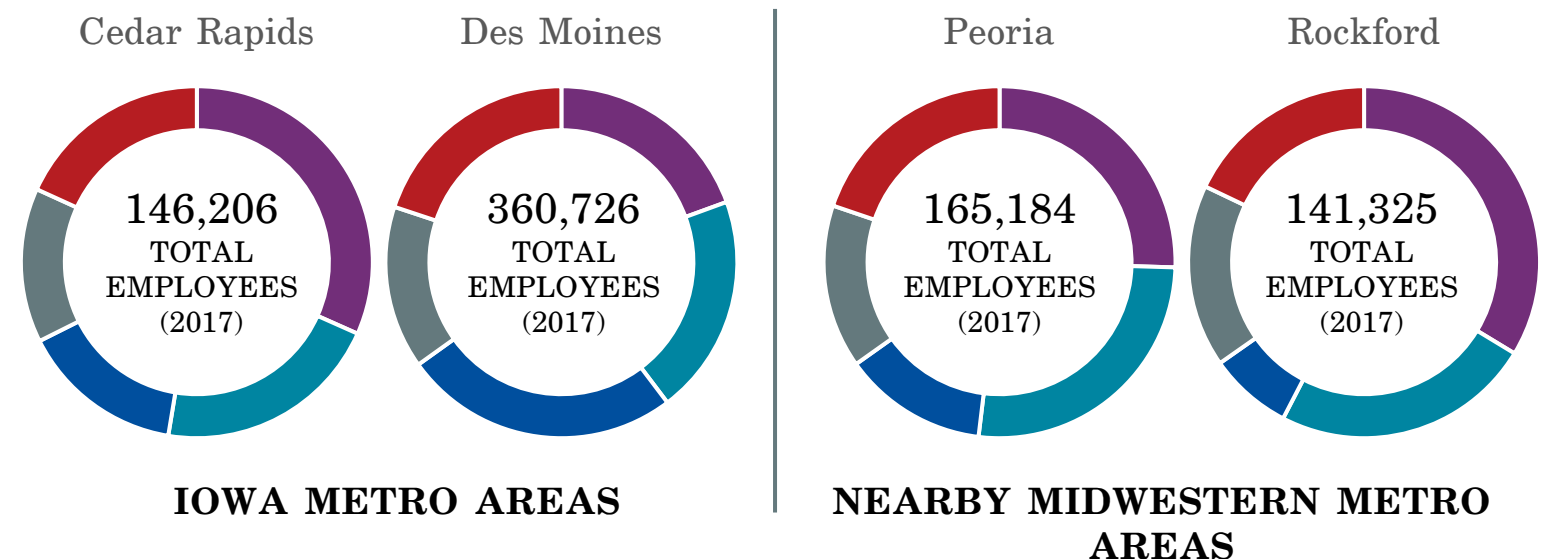
Source Longitudinal Employer-Household Dynamics (LEHD) OnTheMap, Davenport-Moline-Rock Island MSA; SB Friedman

REGIONAL ECONOMY SHOWS DIVERSE EMPLOYMENT

Nearly 30% of the regional workforce currently consists of employees in industrial sectors



- The healthcare and social assistance sector currently has the highest employment count within the Quad Cities region, with approximately 14% of the regional employment share.
- The Quad Cities region also has a robust industrial sector economy, which comprises of nearly 30% of the regional job market.
- Traditional office employment makes up approximately 13% of the job distribution within the region, most of which is in finance, insurance, and real estate (collectively, "FIRE"), information, and professional services.
- The employment sector breakdown of the Quad Cities is similar to other comparable metro areas such as Cedar Rapids and Peoria. Des Moines has a higher share of office jobs, and Rockford has a higher share of institutional jobs.

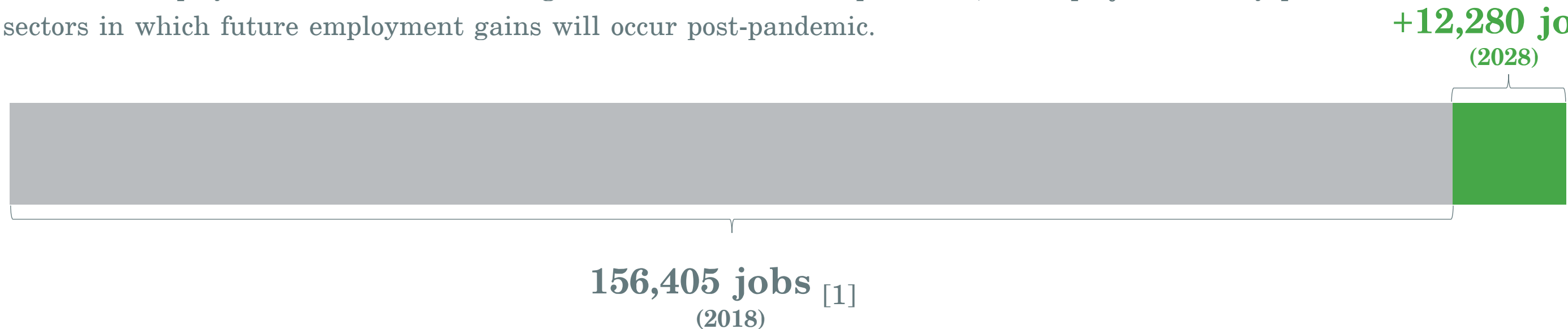


Source: Longitudinal Employer-Household Dynamics (LEHD) OnTheMap, SB Friedman

NEAR-TERM REGIONAL EMPLOYMENT PROJECTIONS

Employment growth within the region was projected to increase by nearly 8% by 2028, though the pandemic will challenge employment

- According to Iowa Workforce Development projections from 2018, employment in the region^[1] was expected to grow by almost 12,300 jobs by 2028 prior to the COVID-19 pandemic.
- Employment increases in industries such as ambulatory health care services, management, educational services and professional services are projected to comprise of one-third of total employment growth through 2028.
- The manufacturing employment sector is projected to experience employment losses of nearly 600 jobs by 2028. However, manufacturing subsectors such as chemical manufacturing are projected to experience modest job growth (0.5% compound annual growth rate) during this time period.
- While the employment situation has changed with the COVID-19 pandemic, these projections may provide an indication of the sectors in which future employment gains will occur post-pandemic.



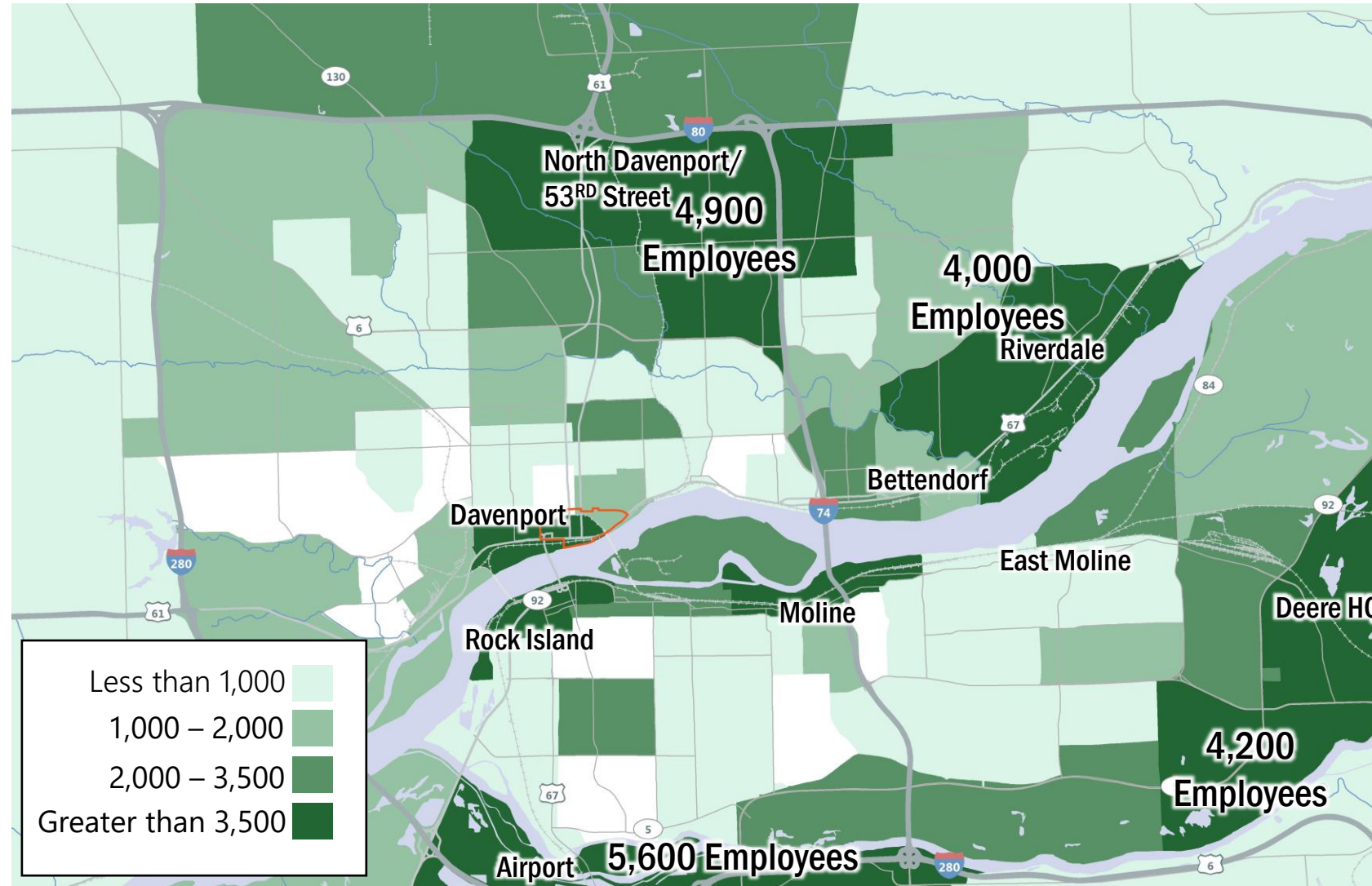
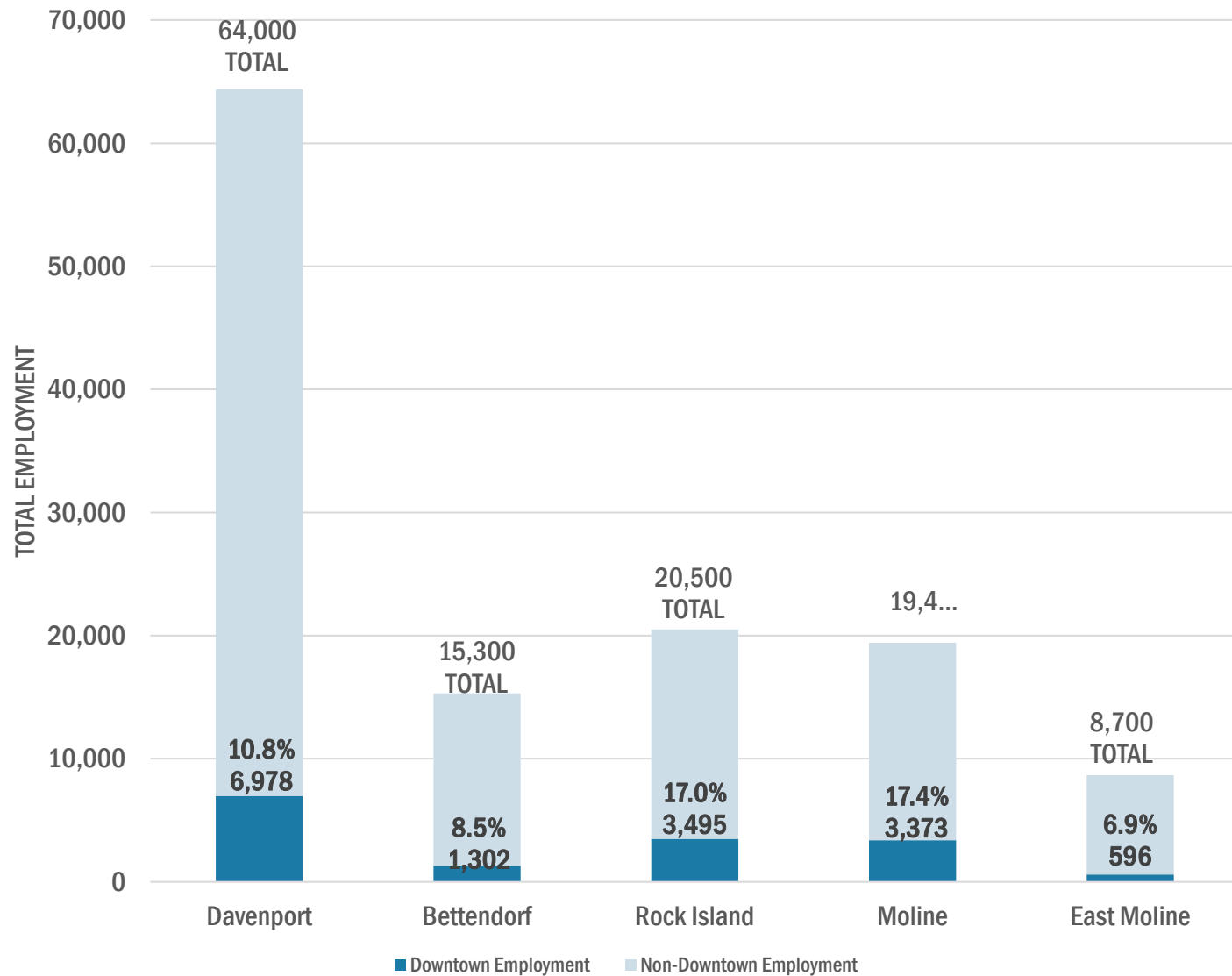
[1] Includes Scott, Muscatine, Clinton, and Jackson Counties (IA). MSA geography for other analyses include Scott (IA), Muscatine (IA), Rock Island (IL), Henry (IL) and Mercer (IL) counties
 [2] Employment projections do not factor impacts of COVID-19
 Source: Iowa Workforce Development – Labor Market Division, SB Friedman

WHERE QUAD CITIES RESIDENTS WORK

Approximately 36% of the regional workforce works in Davenport; 9% in the downtowns.

- Downtown Davenport is the largest employment center in the region, with approximately 7,000 employees.
- Rock Island and Moline have high relatively high concentrations of downtown employment, but fewer employees overall than Davenport.

SHARE OF EMPLOYEES WORKING DOWNTOWN



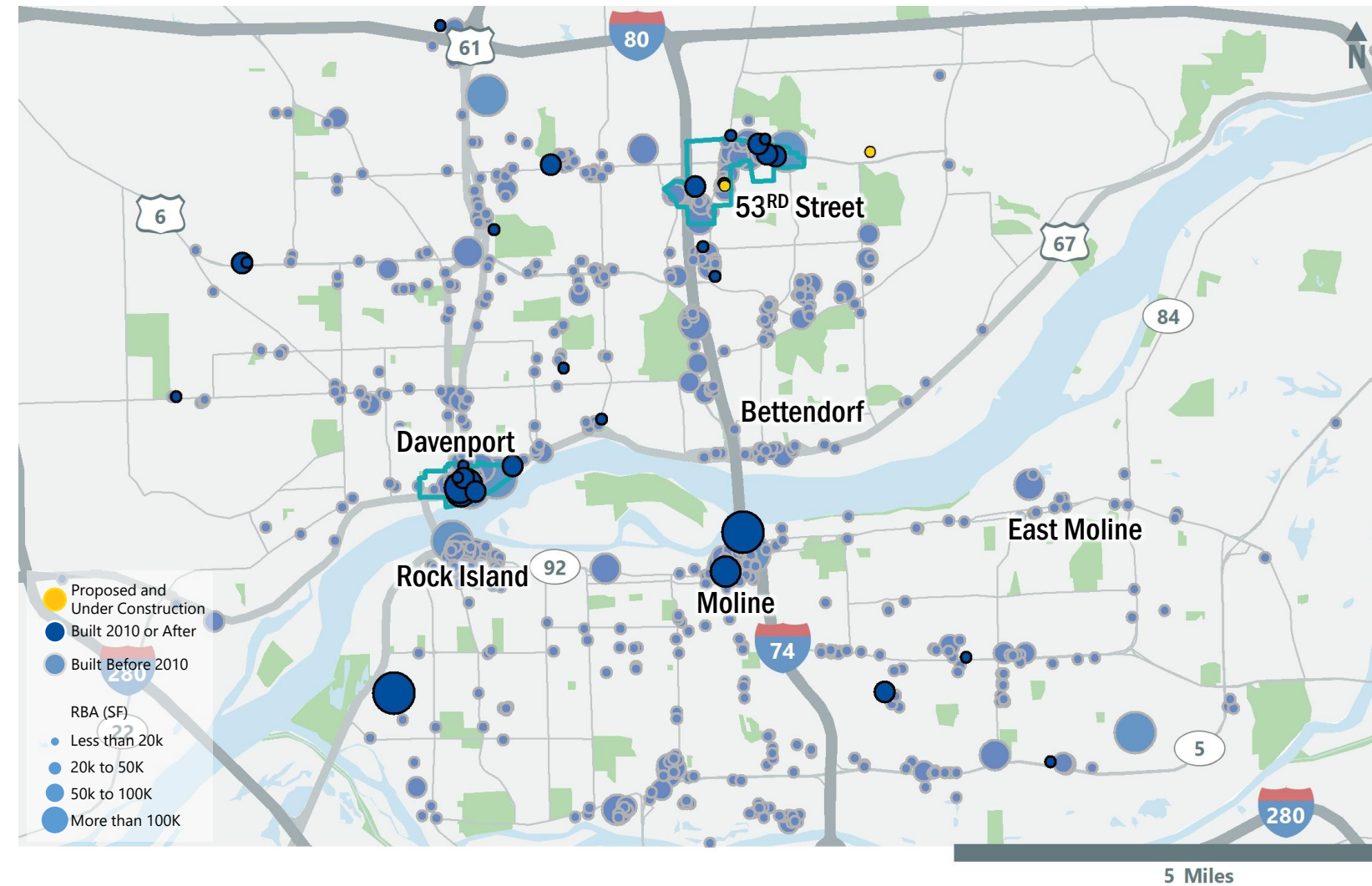
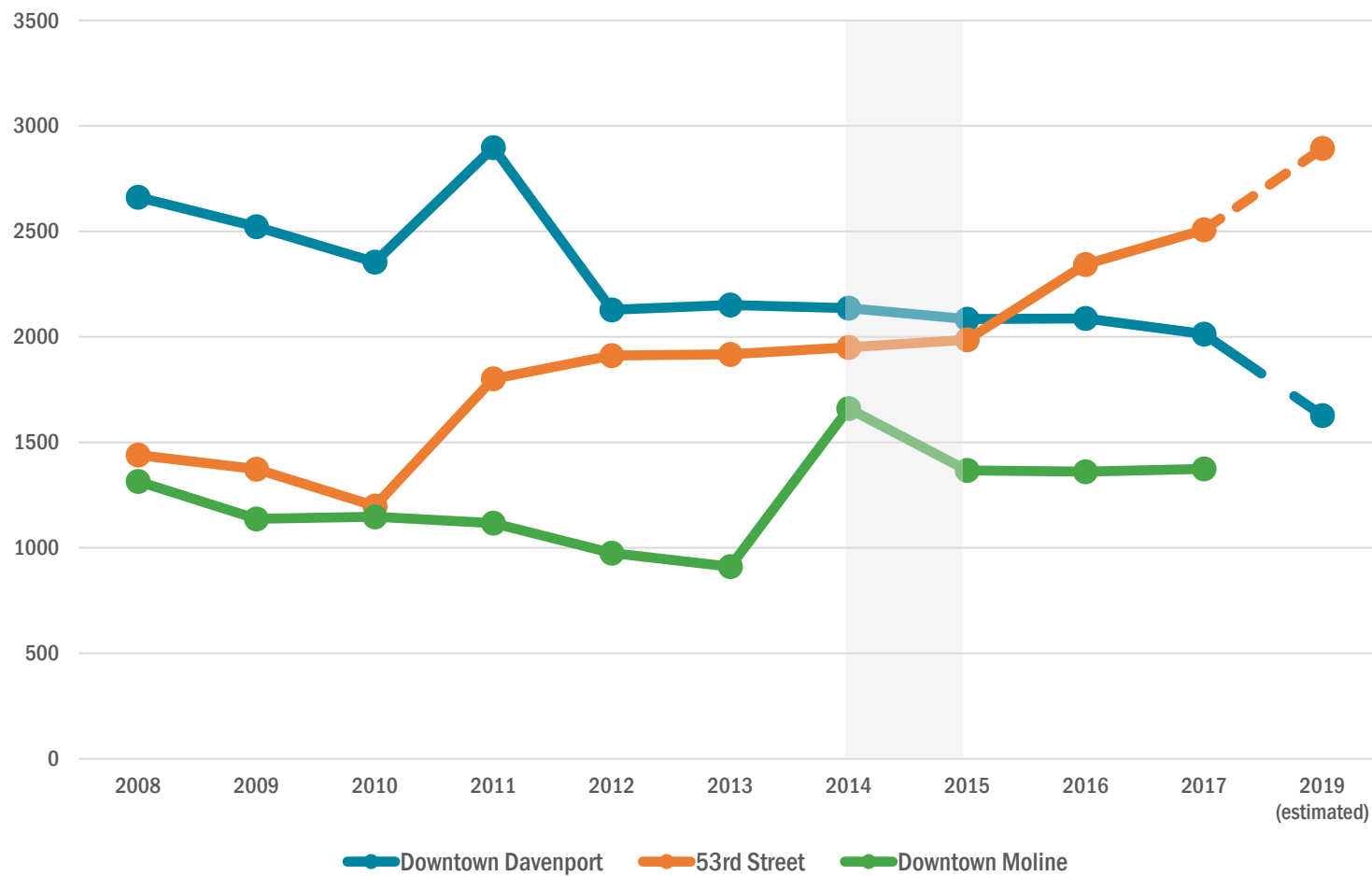
Source: Longitudinal Employer-Household Dynamics (LEHD) OnTheMap, SB Friedman

OFFICE EMPLOYMENT CENTER HAS SHIFTED NORTH

The 53rd Street area overtook Downtown Davenport in 2015 as the primary office employment cluster

- Downtown Davenport office employment experienced an initial decline during the Great Recession from 2008 to 2012.
- Office employment in the area then remained relatively stable through 2019, until the departures of Lee and RSM.

OFFICE EMPLOYMENT, 2008 - 2019



Source: CoStar, Esri, Longitudinal Employer-Household Dynamics (LEHD) OnTheMap, SB Friedman

DEMOGRAPHIC TRENDS

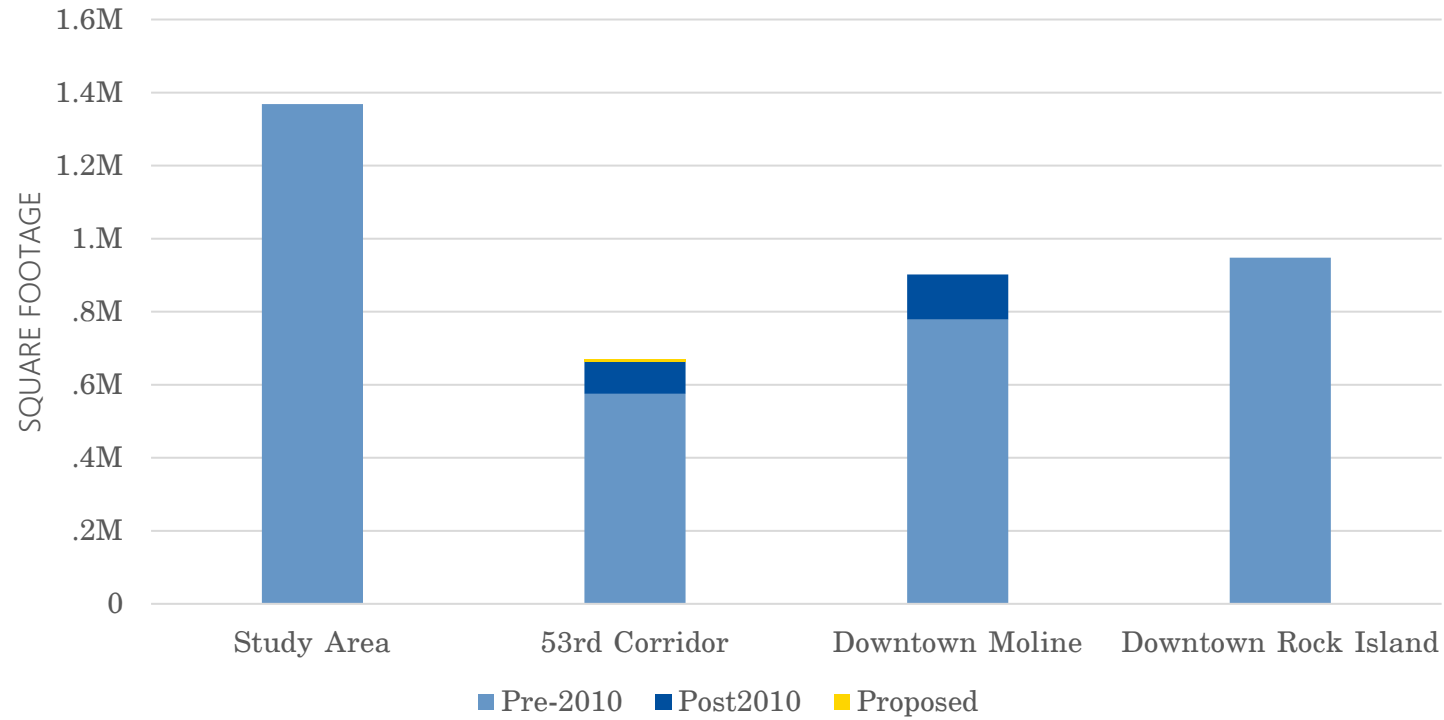
- Regional population is generally stable and is expected to remain so. Scott County is projected to experience a modest increase in population, adding approximately 10,00 new residents over the next 20 years.
- Downtown Davenport has attracted a younger and more economically diverse population than Davenport as a whole and other Quad Cities municipalities.
- Industrial is the largest regional employment sector, followed by retail, and then office. Prior to COVID-19, there was projected growth in regional office employment. However, jobs lost due to COVID-19 will need to recover prior to any employment growth in years to come.

OFFICE MARKET

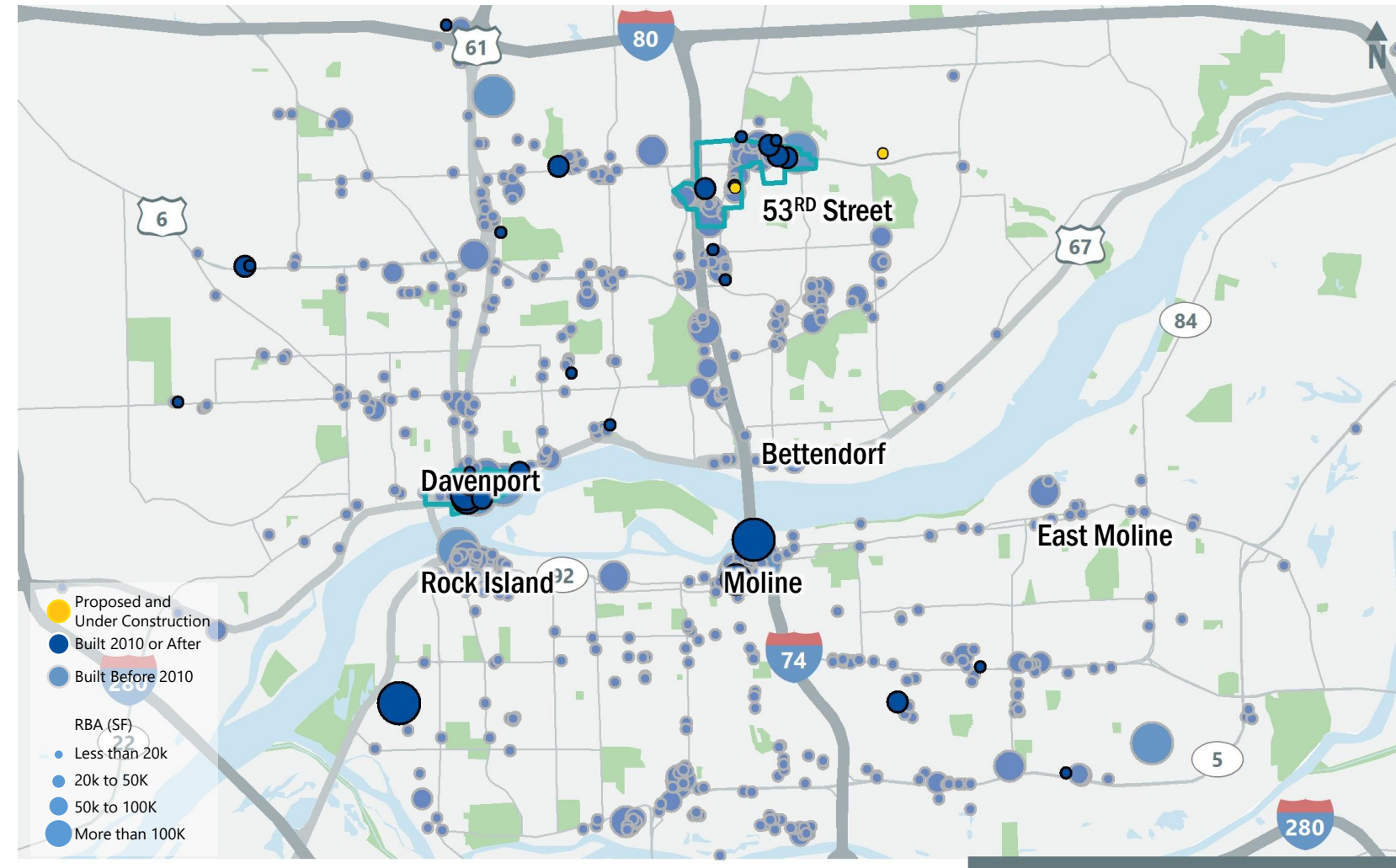
OFFICE SUPPLY

New office development since 2010 has occurred only along the 53rd Street Corridor and in downtown Moline

OFFICE SQUARE FOOTAGE BY CORRIDOR



- Office space is dispersed throughout the region, though Downtown Davenport has the highest amount of office square footage of the major regional office centers.
- New office development has occurred outside of Downtown Davenport and is mostly concentrated in the 53rd Street Corridor.

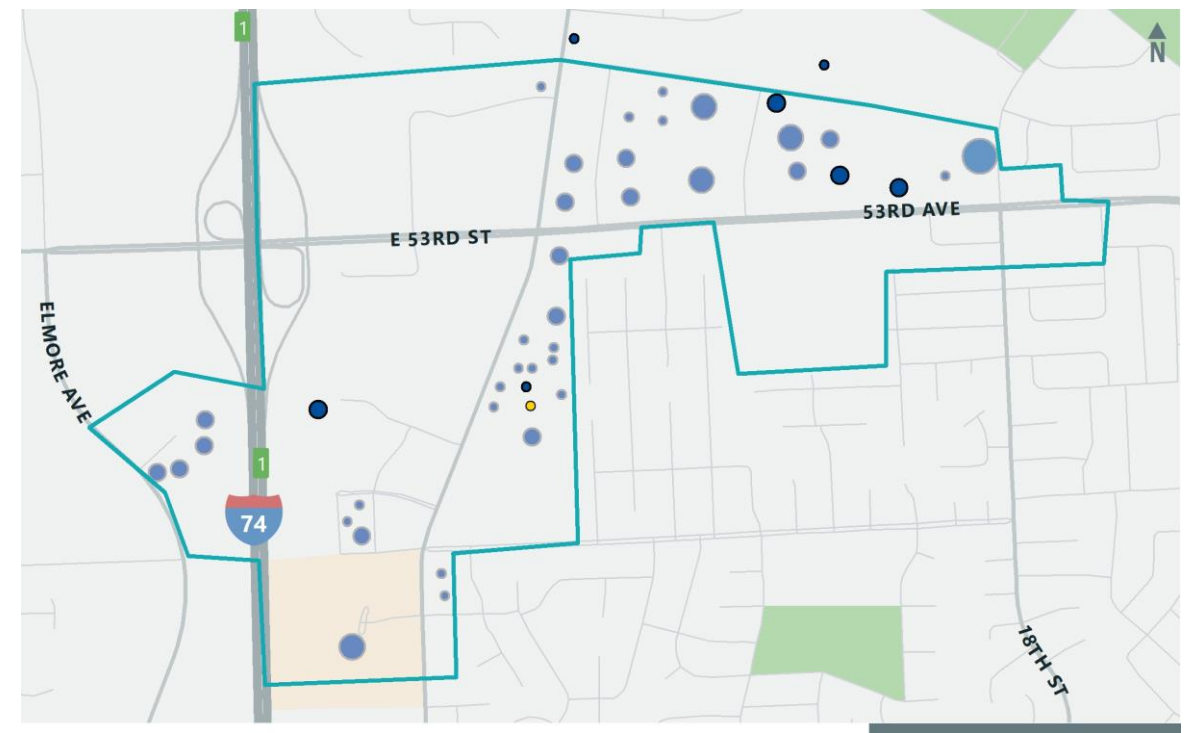
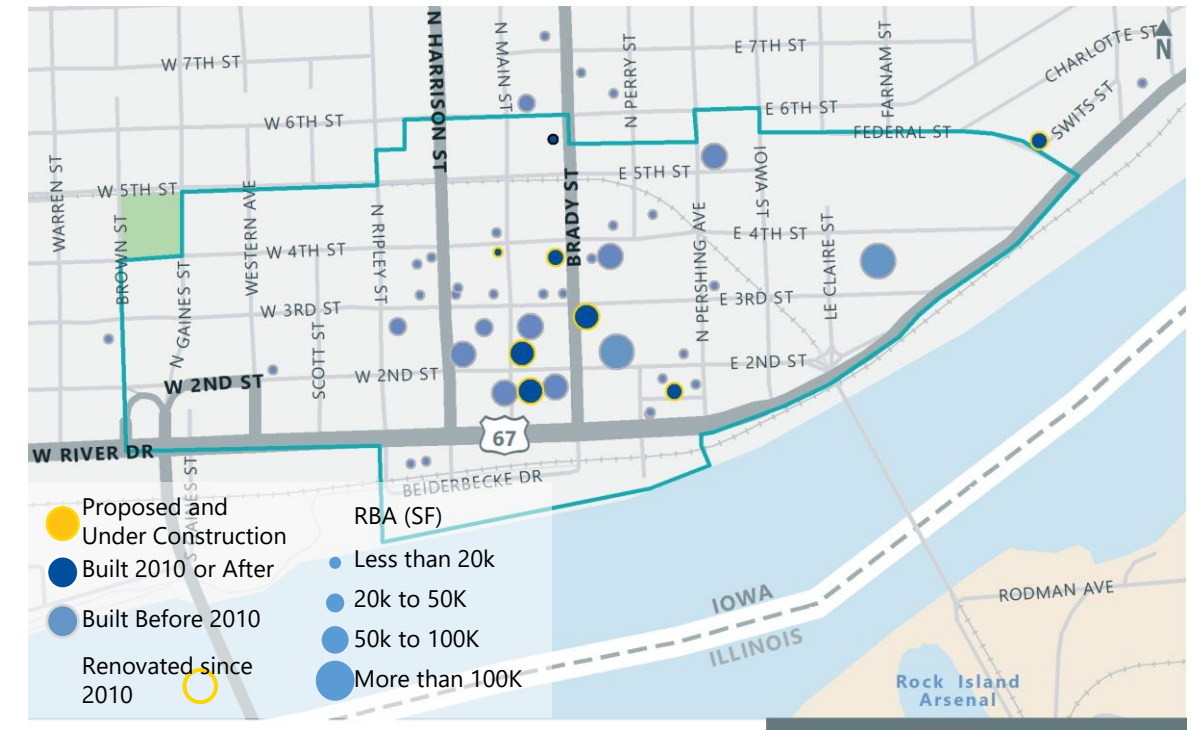
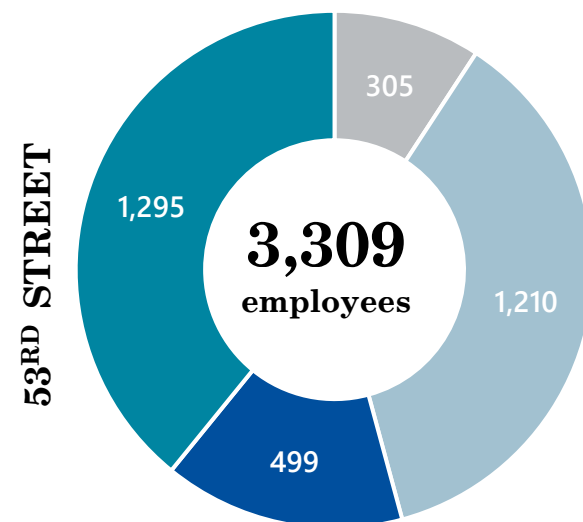
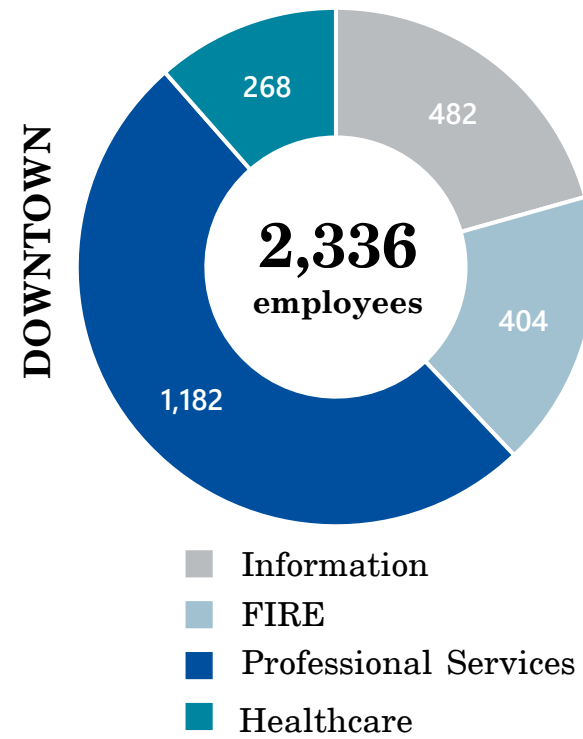


Source: CoStar, Esri, SB Friedman

STUDY AREA AND 53RD CORRIDOR

Downtown office employment is primarily professional services, in contrast to healthcare and FIRE employment along the 53rd Street Corridor

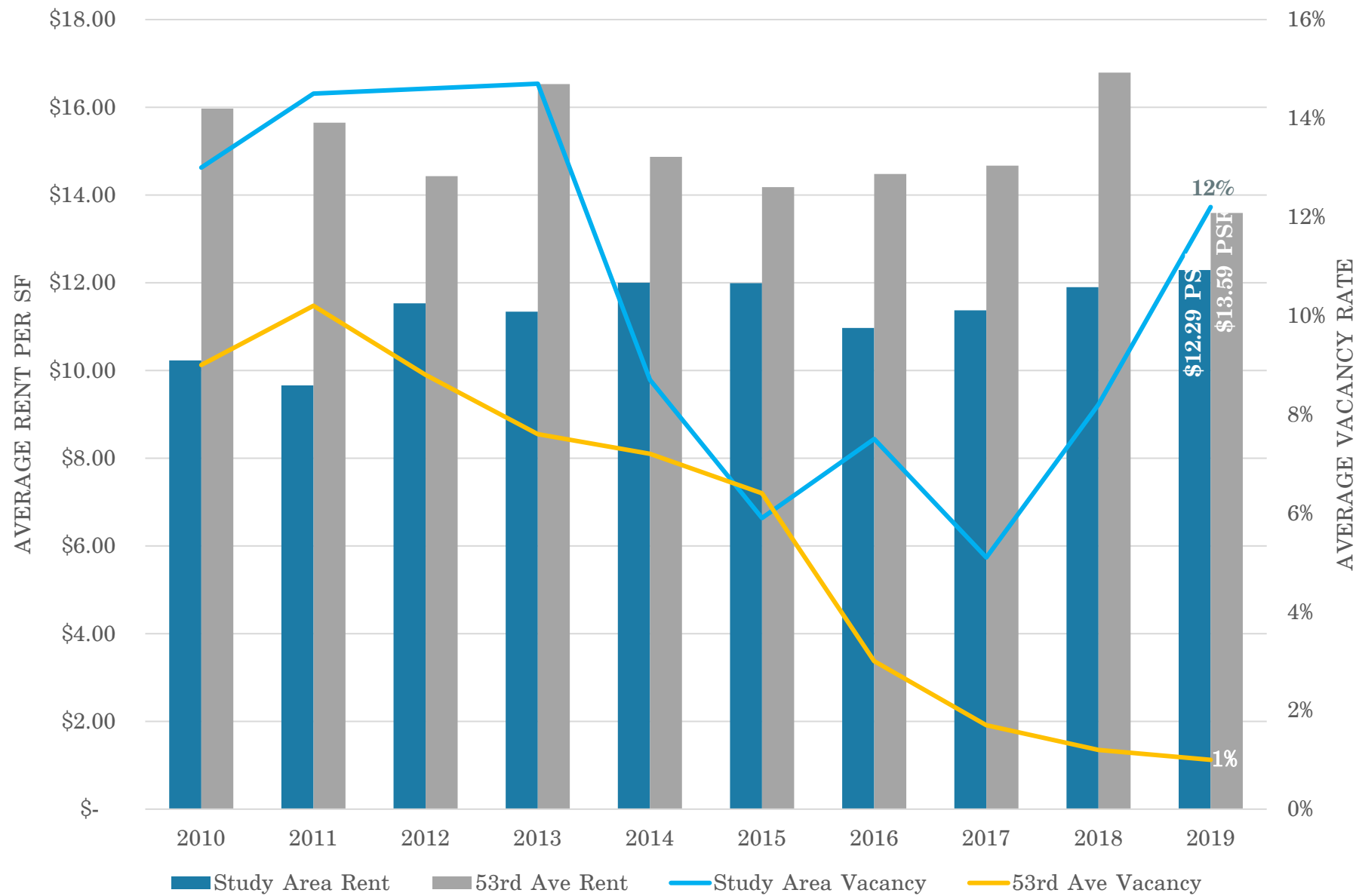
- As of 2016, There are more office employees in the 53rd Street Corridor than in Downtown Davenport.
- Office employment in the Downtown area is predominately professional services, and 53rd Street is predominately healthcare and finance, insurance, and real estate (FIRE) employment sectors.
 - There are more Professional Services and Information jobs in the Downtown than in 53rd Street.
- According to key informant interviews, new product in 53rd Street is attracting tenants in part due to open floor plans and in-building amenities. It is uncertain whether such preferences will be maintained following the COVID-19 pandemic. The highly-amenitized Downtown may be able to attract/retain tenants by focusing on its existing strengths.



OFFICE PERFORMANCE: DOWNTOWN AND 53RD STREET

Downtown has lower average rents and higher average vacancy than the 53rd Street area

OFFICE PERFORMANCE, DOWNTOWN AND 53RD STREET 2010-2019



Source: CoStar; Esri; Ruhl Commercial; SB Friedman

- Downtown Davenport rents have consistently been lower than the 53rd Street Corridor since 2010.
- Vacancy rates have increased in Downtown Davenport since 2017, primarily driven by the relocation of Lee Enterprises and RSM to 53rd Street.
- Vacancies in the 53rd Street Corridor has been exceptionally low with rates below 2% in 2018 and 2019.
- Challenges to office demand in Downtown Davenport include a perception of crime, particularly on the western side of Downtown, gravity, a lack of major roadways traversing the Downtown, and parking challenges as compared to 53rd Street.

BUILDING TYPOLOGY

Downtown Davenport has the most office space in the region, but large buildings have high vacancy

Downtown Davenport – Example Building Typology			
Average RBA	70,000 sf	Floor Plate	18,000 sf
Stories	4	Parking Ratio	Off-site structured or surface
FAR	2.7	Vacancy Rate	12.2%
Asking Rent (NNN) PSF	\$12.00		
Amenities	Amenities in Downtown		

53 rd Street –Example Building Typology			
RBA	55,000 sf	Floor Plate	31,000 sf
Stories	1-2	Parking Ratio	1.7
FAR	0.2	Vacancy Rate	0%
Asking Rent (NNN) PSF	\$19.00		
Amenities	Café, Coworking Spaces, Open Floor Plan		

Regional Class A – Example Building Typology			
RBA	62,000 sf	Floor Plate	17,000 sf
Stories	4	Parking Ratio	3.0
FAR	0.4	Vacancy Rate	5.6%
Asking Rent (NNN) PSF	\$17.00		
Amenities	LEED, Trails, Riverfront, Restaurant Space		

- Mississippi Plaza is the newest Downtown Davenport office building but has lost two major tenants in recent years and is currently 100% vacant.
- Key informants indicated that building-specific issues led to tenant departures, rather than issues with the type of space or Downtown.
- The large vacancy in a Class A building leads to the perception that Downtown office is unattractive, though recently rehabilitated spaces have been successfully leased. Leasing or converting Mississippi Plaza will be needed to change the narrative on Downtown office. DDP will likely need to work with the owner of Mississippi Plaza to explore options for leasing or redevelopment of the property, potentially bringing in additional partners.
- Typical lease sizes Downtown are under 5,000 square feet per space, challenging efforts to develop new office space, which generally requires substantial pre-leasing.
- Office products on 53rd Street offer larger average spaces (approx. 6,000 sf) and larger floor plates, allowing for open-office environments which have been sought after by select office employers, though preferences may change due to COVID-19.
 - 53rd Street office developments also command the highest rents in the region.
- Office buildings in the 53rd Street Corridor also offer more in-building amenities than those Downtown. However, Downtown buildings have the built-in advantage of the many amenities offered within Downtown.

[1] Buildings built or renovated after 2000
 Source: City of Moline; CoStar; Loopnet; Ruhl Commercial; SB Friedman
 SB Friedman Development Advisors

RECENT AND PIPELINE DOWNTOWN OFFICE INVESTMENTS

The most recent new construction office development in downtown Davenport occurred in 2004 (Mississippi Plaza)



Mississippi Plaza

Downtown Davenport – Modern Construction			
RBA	97,000 sf	Floor Plate	16,000 sf
Stories	6	Parking Ratio	N/A
Year Built	2004	Asking Rent PSF	\$12.00
Amenities	Within Downtown Davenport		



City Square

Downtown Davenport - Rehabilitation			
RBA	79,000 sf	Floor Plate	10,000 sf
Stories	8	Parking Ratio	N/A
Year Ren.	2016	Asking Rent PSF	\$12.00
Amenities	Coworking Spaces, Fitness Center		

● Proposed and Under Construction
● Built 2010 or After
● Built Before 2010
● Renovated since 2010

RBA (SF)

- Less than 20k
- 20k to 50K
- 50k to 100K
- More than 100K



4600 E. 53rd Street

53rd Street – Modern Construction			
RBA	98,000 sf	Floor Plate	49,000 sf
Stories	2	Parking Ratio	0.8
Year Built	2002	Asking Rent PSF	\$19.00
Amenities	Café, Coworking Spaces, Open Floor Plan		

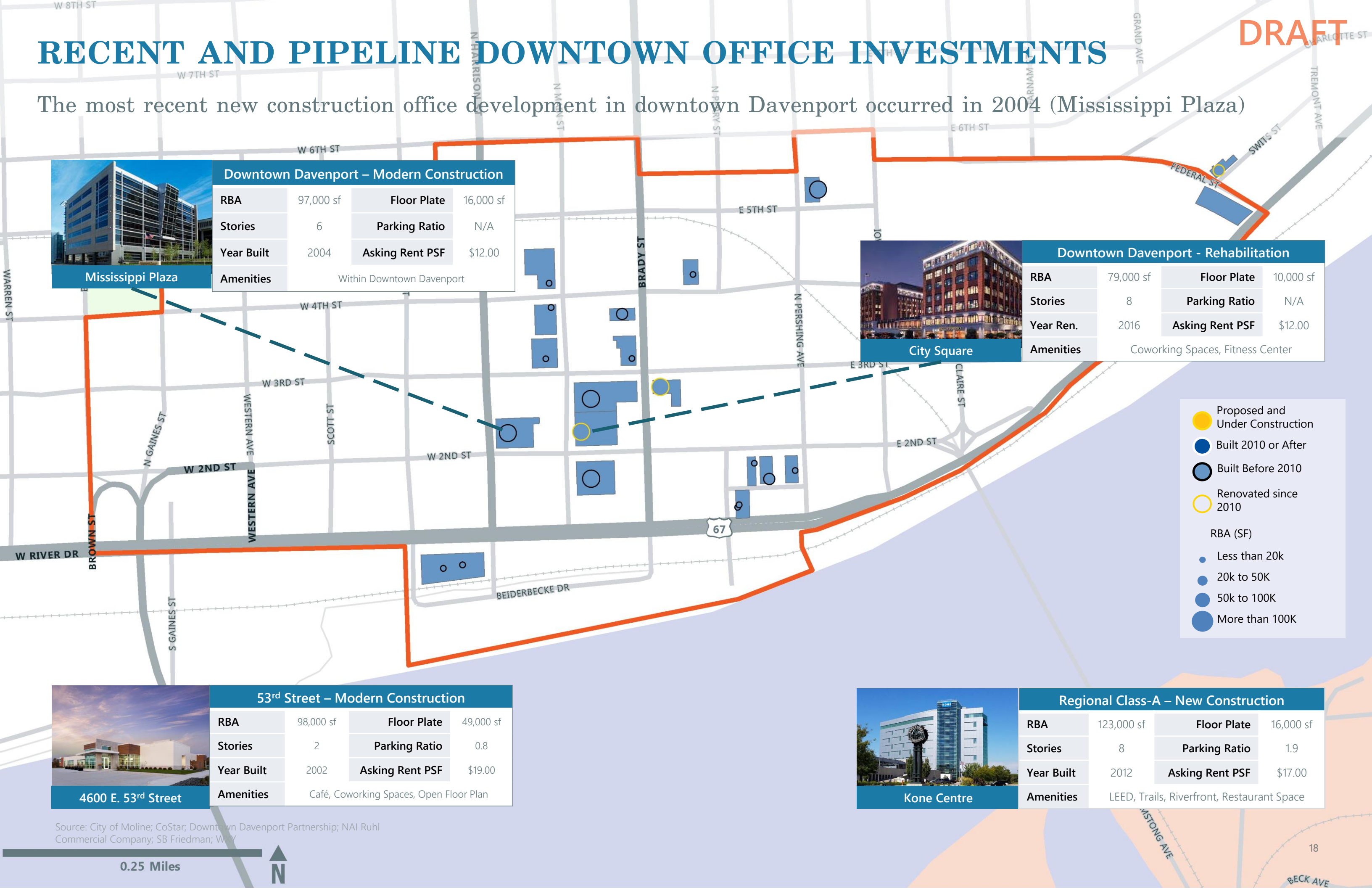


Kone Centre

Regional Class-A – New Construction			
RBA	123,000 sf	Floor Plate	16,000 sf
Stories	8	Parking Ratio	1.9
Year Built	2012	Asking Rent PSF	\$17.00
Amenities	LEED, Trails, Riverfront, Restaurant Space		

Source: City of Moline; CoStar; Downtown Davenport Partnership; NAI Ruhl Commercial Company; SB Friedman; WSP

0.25 Miles



OFFICE MARKET: KEY TAKEAWAYS

- Office development has shifted towards the 53rd Street/North Davenport area in recent years. Regionally, new office development since 2010 has only taken place in Downtown Moline and in the 53rd Street Corridor.
- Rehabilitation of existing space for office use has continued in Downtown Davenport, offering options for tenants interested in locating Downtown. Larger available floor plates and building amenities may be driving certain tenants towards 53rd Street.
- Downtown office rents and vacancies are relatively low.
- Compared to the 53rd Street area, which has mostly FIRE and healthcare office employment, Downtown has more professional services and information office workers.
- There is a common perception that there are safety issues Downtown and that parking is challenging. Evaluating these issues and providing resources to address any shortcomings may be needed to attract new tenants who have bypassed Downtown.
- Currently vacant, newer office space in Downtown will need to be leased or converted to other uses to help change the narrative on office Downtown. DDP will likely need to work with the owner of Mississippi Plaza to explore options for leasing or redevelopment of the property, potentially bringing in additional partners.
- High vacancies in existing space also challenge financing of new development. Options for conversion of vacant space to other uses or renovating space to meet current demands should be explored.

OFFICE OPPORTUNITIES



Target Key Downtown Industries

- Downtown office employment is primarily in professional services, such as law and accounting, which is a competitive strength over 53rd Street and is projected to grow in the near term.
- The smaller floorplates available in Downtown buildings could be more attractive to certain types of industries (i.e., smaller, entrepreneurial-type businesses in need of space).



Foster Entrepreneurial Ecosystem

- Business incubators and accelerators could be leveraged to support small businesses and continue to develop the entrepreneurial ecosystem in Downtown Davenport.
- Startups and other businesses that may be looking for smaller office space should be prioritized.



Lease or Convert Existing Buildings

- Explore options for use conversions of obsolete office spaces.
- Currently vacant space could be modernized to meet current and future preferences, including addressing public health considerations regarding amenities, space and shared spaces.



Grow Office Demand

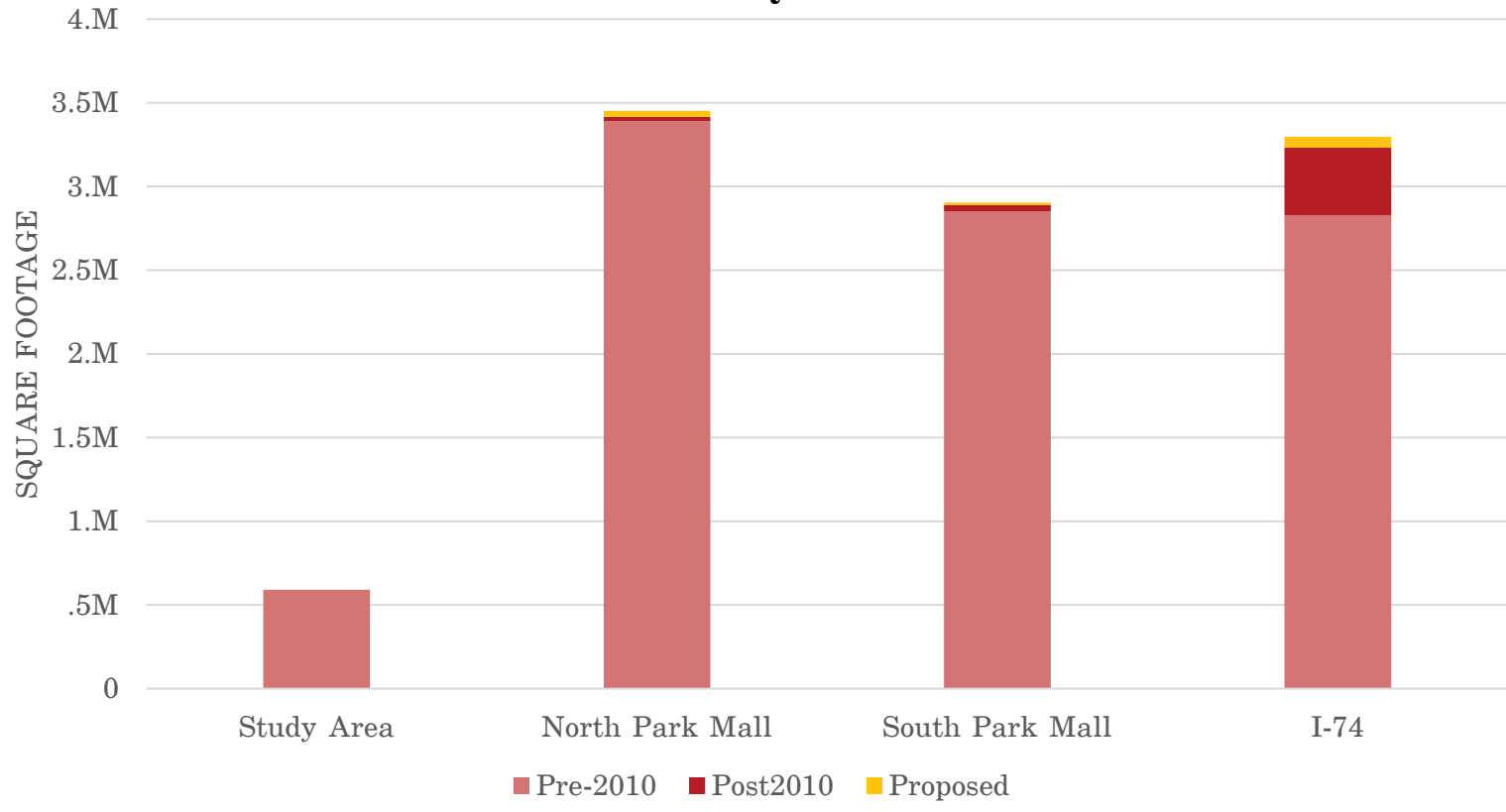
- Demand for new office space Downtown will exist when growing industries prioritize the assets that Downtown offers, and space is at a premium.
- Continue to foster a Downtown environment that offers many walkable amenities outside of buildings, an advantage over other locations.

RETAIL MARKET

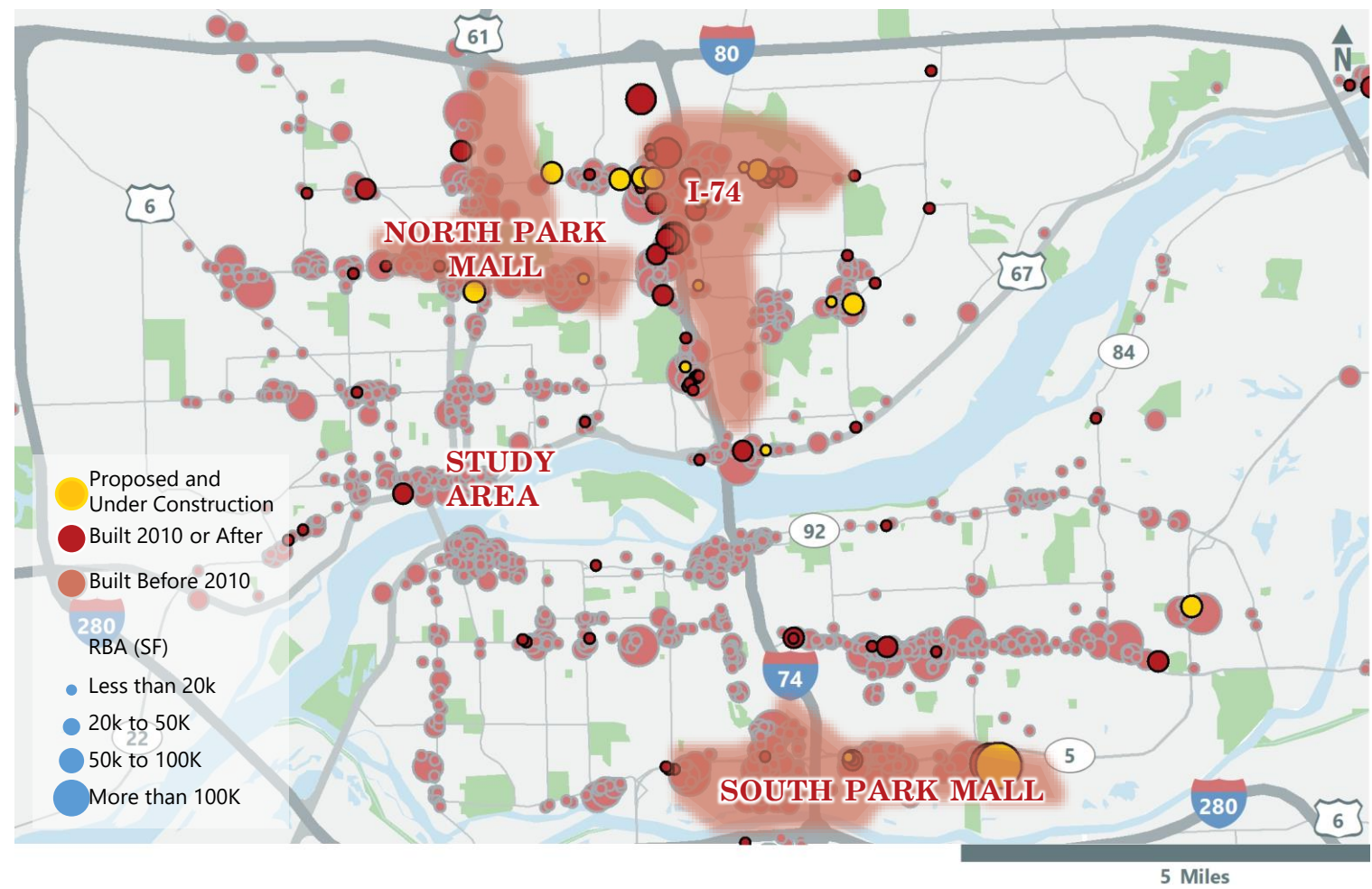
RETAIL SUPPLY

All new retail in the region has clustered near the two major malls or along large highway corridors

RETAIL SQUARE FOOTAGE BY CORRIDOR



- New retail development in the region has occurred in retail nodes near the malls and along major highway corridors, with the I-74 corridor having the highest amount of new product.
- There has not been new retail development Downtown since 2010, though approximately 54,000 square feet of retail space has been renovated during this time.

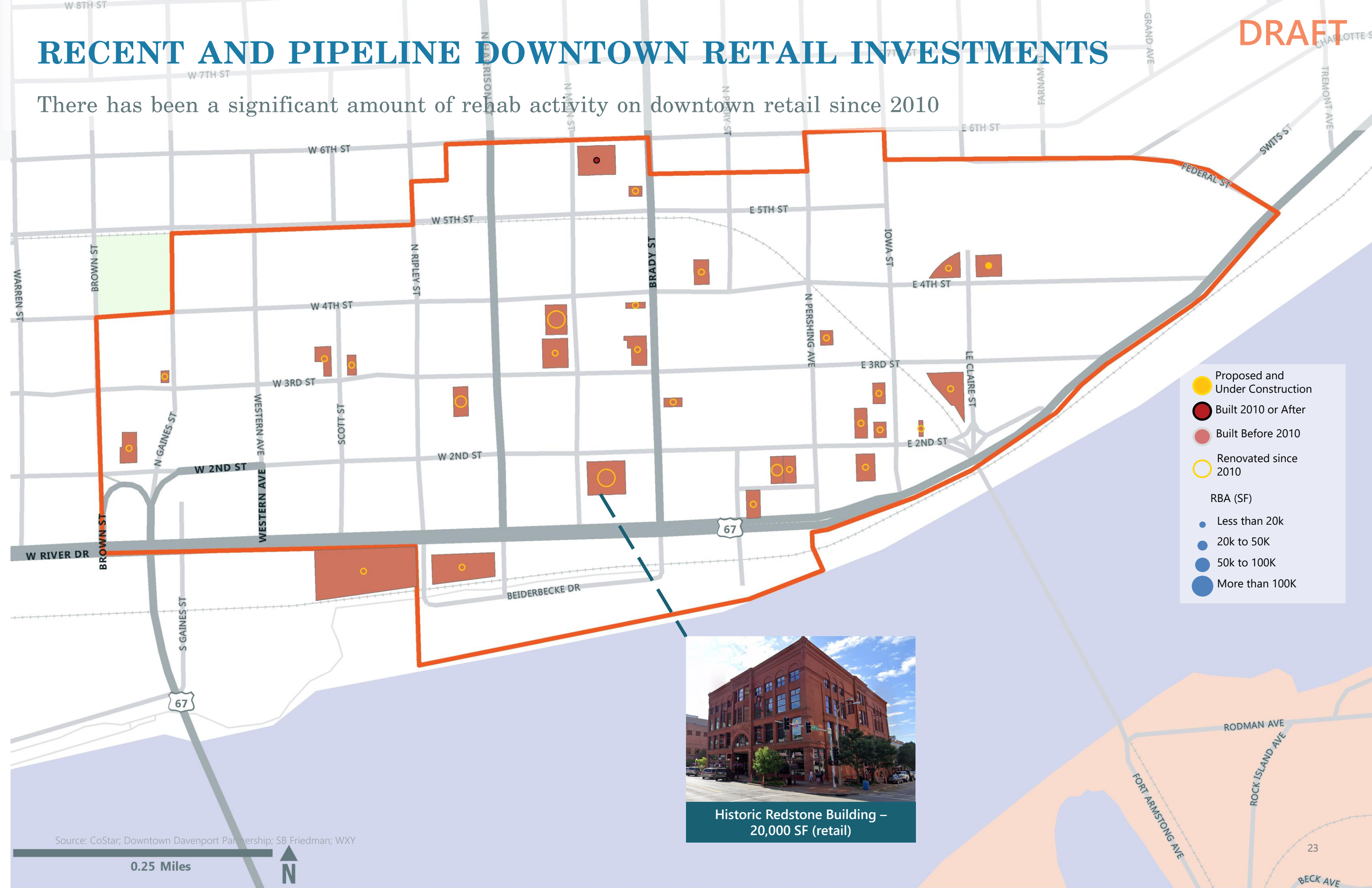


Source: CoStar, Esri, SB Friedman

RECENT AND PIPELINE DOWNTOWN RETAIL INVESTMENTS

DRAFT

There has been a significant amount of rehab activity on downtown retail since 2010



Historic Redstone Building – 20,000 SF (retail)

Source: CoStar; Downtown Davenport Partnership; SB Friedman; WXY


0.25 Miles



RETAIL TYPOLOGIES

Modern offerings in Downtown Davenport primarily consist of renovated and/or rehabilitated spaces


- There has been no new retail construction in the downtown area since 2010.
 - Recent renovations or rehabilitations provide some newer retail spaces in downtown Davenport, which typically rents for \$15-18 PSF NNN.
 - Older space that has not been rehabbed often rents for \$7-9 PSF NNN.
- The Downtown area has limited conventional retail spaces.
 - Average retail spaces in Downtown Davenport are considerably smaller on average (2,200 SF) compared to comparable retail spaces in other Quad City downtown areas (3,000+ SF).
 - Many existing spaces require substantial investment and demising to attract retail tenants.
 - Interviews indicate former restaurant spaces lease quickly.
- Following a spike in retail vacancy after the 2019 flood, the Downtown vacancy rate has decreased to just 1.7% for conventional retail space (according to CoStar data, which does not account for other first floor uses such as office).
- Parking availability for retail offerings has been cited as a concern in the Downtown.



Freestanding (2018; Rehab)	
RBA	21,000
FAR	2.1
Parking Ratio	2.4 per 1,000 sf
Asking Rent PSF	N/A

101 W 3rd Street

Source: CoStar, SB Friedman



Mixed-Use (2016; Rehab)	
RBA	68,300
FAR	18.2
Parking Ratio	N/A
Asking Rent PSF	\$8 PSF NNN

112 W 2nd Street

RETAIL SPENDING

Downtown resident spending likely drives the majority of retail demand

ANNUAL PER PERSON SPENDING BY RETAIL CATEGORY



Typical
QC Tourist



Typical Downtown
Office Worker



Typical Downtown
Resident

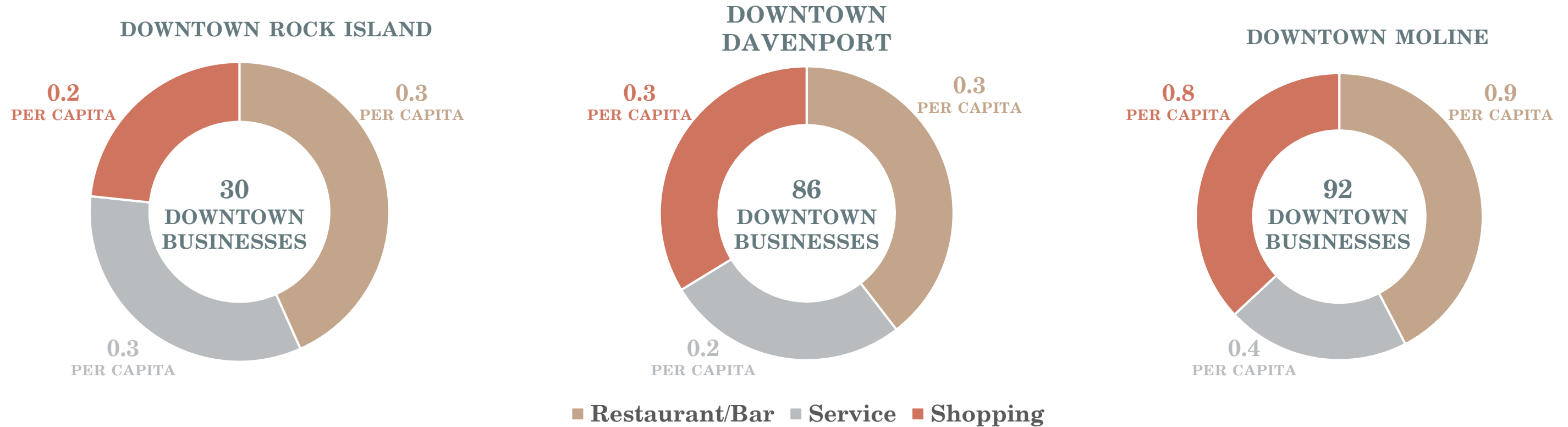
Spending Categories	Typical QC Tourist	Typical Downtown Office Worker	Typical Downtown Resident
Restaurant	n/a	\$1,500	\$1,500
Groceries/Convenience	n/a	\$2,000	\$4,100
Personal Services	n/a	\$600	\$400
Apparel	n/a	\$700	\$800
Entertainment	n/a	\$200	\$1,500
TOTAL	\$550	\$5,200	\$8,300

Source: BLS, ICSC, Resonance, SB Friedman. Annual spending for typical downtown resident based on median household income; annual spending for typical downtown office worker based on blended average wage; tourist spending based on total Quad Cities visitors and spending.

- The three major categories of people driving Downtown retail spending are tourists/visitors, office workers and Downtown residents.
- Downtown residents have the biggest potential impact on retail spending demand, and generally spend the most on groceries, restaurants and entertainment.
- Increasing the number of Downtown residents would support additional demand for retail Downtown.
 - Further increasing the supply of market-rate housing Downtown would also likely increase the number of higher-income Downtown residents, which would increase spending
 - Spending on certain categories (e.g., groceries) will likely continue to occur primarily outside of downtown at established retail clusters

DOWNTOWN RETAIL BREAKDOWN

A high proportion of retail in Downtown Davenport is dining/entertainment and shopping.



- Quad Cities downtowns offer a variety of smaller-format, downtown-oriented retail, and offer a competitive advantage over other small cities in theaters, concert venues and number of restaurants
- Downtown Davenport and Moline have relatively high concentrations of restaurants and nightlife offerings, cited by visitors as key attractions.
- Few retail and commercial offerings in Downtown Davenport capitalize on proximity to the Mississippi River for entertainment or riverfront activities (e.g., water sports and boat tours).
- Other retail and entertainment growth opportunities for Downtown Davenport include boutique retailers and ‘fun and games’ (i.e. arcades) retailers.
 - On a per capita basis^[1], Davenport has fewer downtown restaurants, services and shopping than Moline, but similar to Rock Island
 - Retail and entertainment options which cater towards visitors of all ages is also a key growth pathway as nearly half of visitors to the Quad Cities are ‘family-oriented frugals.’
 - The continual growth of existing asset areas such as restaurants and nightlife, coupled with creating vibrancy and central gathering places, is key to attracting tourists to Downtown Davenport.

[1] ‘Per capita’ indicates businesses per 1,000 residents
 Source: InfoUSA, Resonance, SB Friedman
 SB Friedman Development Advisors

PROSPECTIVE RETAIL TENANT PREFERENCES

- Prospective retail tenants, including regional and national retailers, typically consider the following tenancy factors:
 - Traffic counts
 - Clustering of other retailers / co-tenancies for complementary retailers
 - Household incomes and spending power
 - High foot traffic and/or trade area populations
- Challenges Downtown Davenport currently faces in attracting high-profile retailers include:
 - Limited trade area populations
 - Available sites with capacity for building and parking
 - Lack of other high-profile retailers to satisfy co-tenancy requirements
 - Vehicular traffic counts through the downtown area
- Shifting preferences towards urban format typologies and smaller-format prototypes
 - Vacant and underutilized retail spaces and buildings in the Downtown area could be leveraged to suit tenant requirements with rehabilitations

Example Tenant Location Preferences*



- 15,000 square foot prototype
- Freestanding with drive-thru option
- 1.5 to 2-acre sites
- 60+ parking spaces
- Adjacent to high traffic intersections



- 15,000 square foot prototype
- Power center/community center, outparcel or neighborhood center anchor
- 1.4+ acres of developable land
- 50+ parking spaces
- Adjacent to high traffic intersections

*Reflects general retailer preferences; Urban-format stores may be smaller and have different site requirements

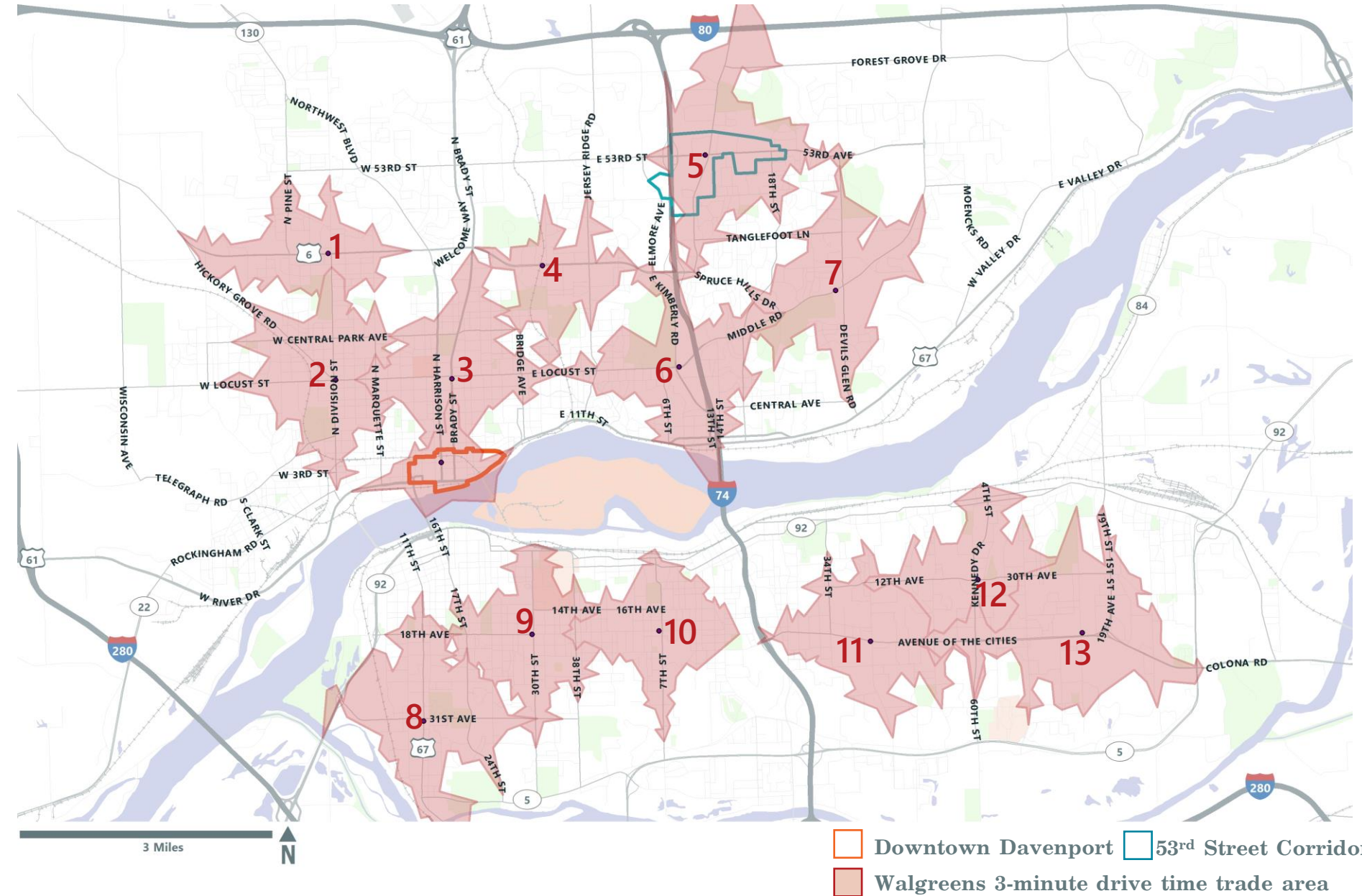
CONVENIENCE STORE TRADE AREA ANALYSIS

Population counts and median household incomes within the Downtown Area are less than other neighboring convenience retailer trade areas

Walgreens within the Quad Cities: 3-Minute Drive Time Demographics

Location	Residential Population	Median HHI
Downtown Davenport (4th and Harrison)	2,800 residents	\$22,500
Remaining Quad Cities Walgreens (1-13)	4,200 – 14,100 residents	\$42,100 - \$107,300

- The population within the Downtown trade area is substantially smaller and has lower incomes than the existing Walgreens trade areas within the Quad Cities
- The Downtown trade area is constrained by existing Walgreens trade areas
 - North on Locust Street and Kimberly Road (2 and 3)
 - South by the Mississippi River
- Convenience retailers within the Quad Cities are primarily located adjacent to highly trafficked intersections
- The Downtown Davenport drive-time trade area does not extend as far as suburban trade areas on larger-capacity corridors
- Nearby retail nodes serve a larger residential base than Downtown



RETAIL MARKET: KEY TAKEAWAYS

- Most new retail in the region has developed at the major retail nodes close to the regional malls or along highway corridors.
- About 54,000 SF of existing space in Downtown Davenport has been rehabilitated since 2013, though there has been no new construction retail. Rehabbed spaces command substantially higher rents.
- Retail vacancies are lower in Downtown Davenport than in the region, likely indicating unmet demand for conventional retail space.
- There is a concentration of restaurants in Downtown Davenport, but there are fewer restaurants and other retail options per capita than in Moline. Additional boutique and entertainment-related retail (e.g. small-format apparel shops and arcades) to suit residents, workers and visitors could enhance the downtown.

RETAIL OPPORTUNITIES



Grow Retail Demand Pool

- The main drivers of Downtown retail demand are Downtown residents, office workers and tourists.
- Growing the numbers of residents, office workers and visitors Downtown will continue to increase the demand for retail.



Increase Usable Retail Space

- Low retail vacancy Downtown indicates demand for retail space.
- Demising larger former office or other commercial spaces into smaller-format retail or restaurant offerings could provide flexibility for new or relocating businesses.



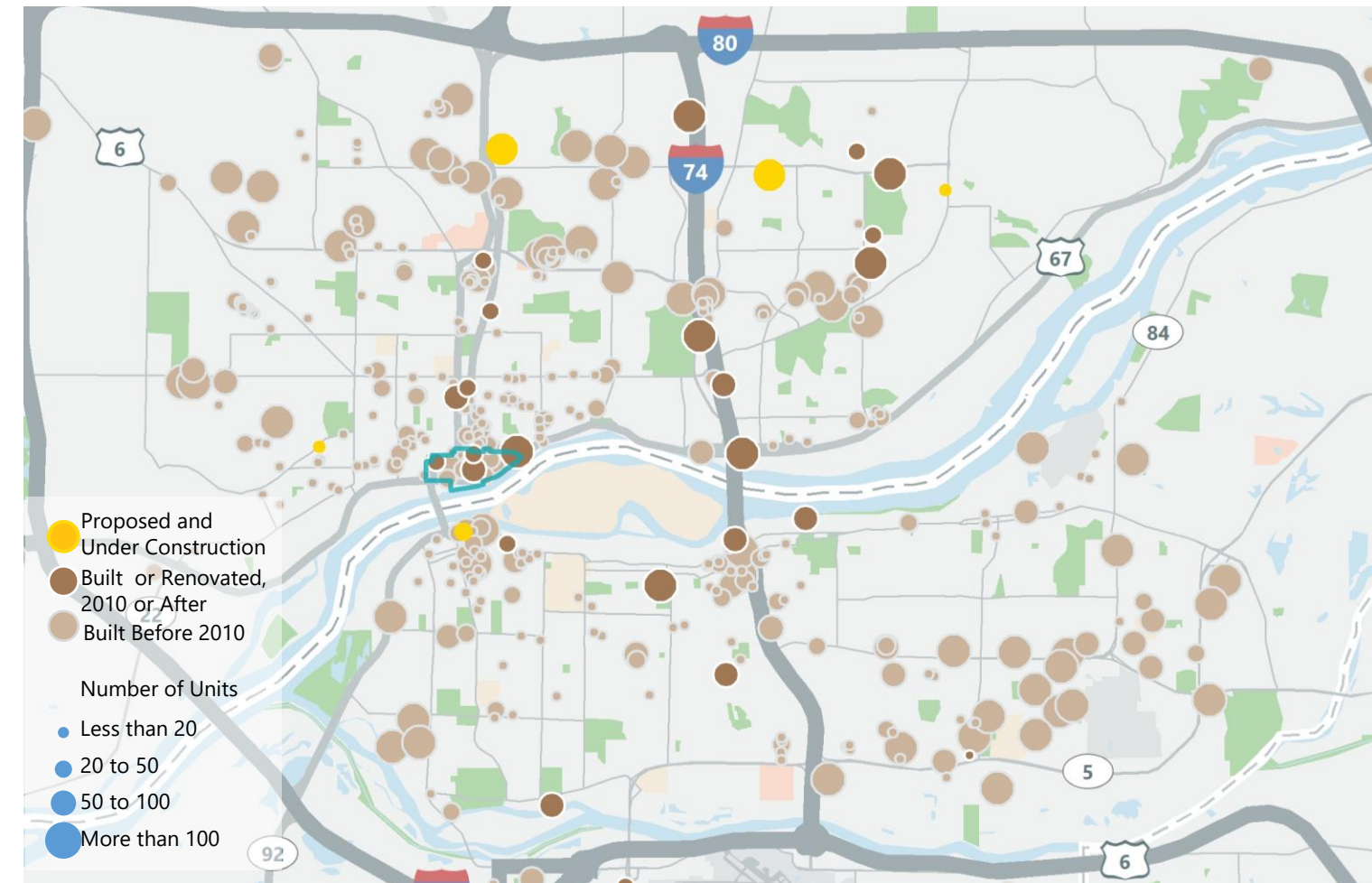
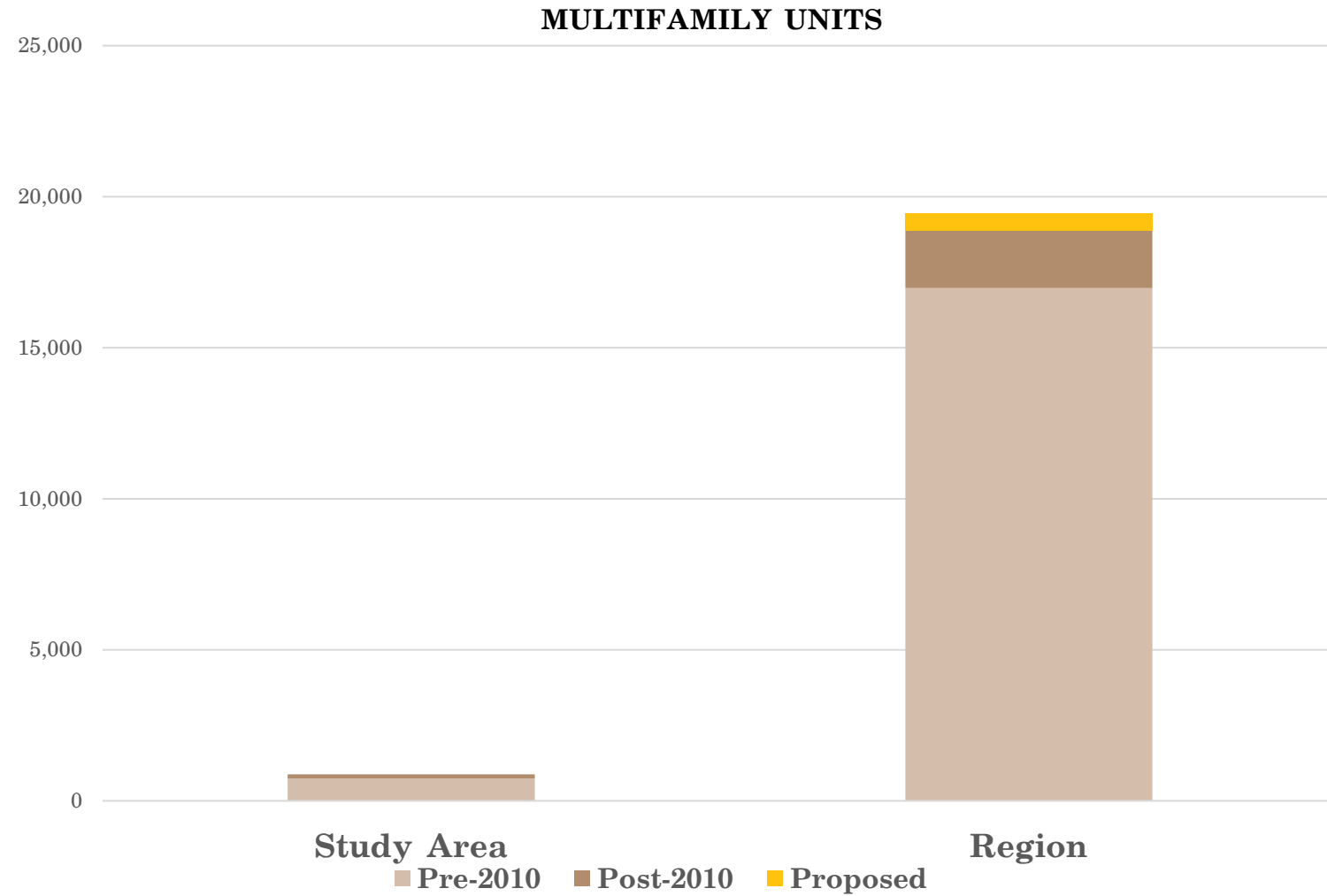
Growth in Downtown Retail

- Filling existing retail gaps could help pull Quad Cities residents and visitors to the Downtown, increasing its attractiveness as a destination.
- Convenience-oriented retail could help keep spending power of Downtown residents in the Downtown.

MULTIFAMILY MARKET

MULTIFAMILY SUPPLY

Most new multifamily development is occurring outside of Downtown Davenport, which has seen mostly rehabs



Source: CoStar, Esri, SB Friedman

- New construction multifamily development has occurred outside of Downtown Davenport, though there have been multiple rehabs Downtown (the CoStar data shown above does not fully account for the number of conversions in the Downtown).
- New multifamily development has mainly occurred close to I-74.

RECENT AND PIPELINE DOWNTOWN MULTIFAMILY INVESTMENTS

A substantial portion of recent downtown multifamily development has included an affordable component



Downtown Davenport - New Construction			
Market Segment	Affordable	Parking Ratio	N/A
Unit Count	48 units	Unit Mix	0/0/29/19
Rent PSF	\$0.82	Average Unit SF	1,350 SF
Amenities	Fitness Center		

Lafayette Square

128 West 3rd Street	
Unit Count	127 units
Type	Rehabilitation

Bucktown Lofts	
Unit Count	18 units
Type	Rehabilitation

Merge	
Unit Count	60 units
Type	New Construction

Former YMCA Site	
Unit Count	189 units
Type	New Construction

601 West 2nd Street	
Unit Count	23 units
Type	Rehabilitation

400 River	
Unit Count	55 units
Type	New Construction

- Proposed and Under Construction
- Built 2010 or After
- Built Before 2010
- Contains Only Market Rate Units [1]
- Contains Affordable Units[1]
- Number of Units
 - Less than 25 units
 - 25-75 units
 - Over 75 units

[1] All developments renovated after 2010



Gordon-Van Tine Lofts

Downtown Davenport - Rehabilitation			
Market Segment	Market	Parking Ratio	2.3
Unit Count	113 units	Unit Mix	0/109/2/2
Rent PSF	\$1.23	Average Unit SF	747 SF
Amenities	Gym, Media Room, Skyroof, Pool, Ground Floor Retail		

Source: CoStar; Downtown Davenport Partnership; SB Friedman; WXY

0.25 Miles



DISALVO MULTIFAMILY HOUSING STUDY SUMMARY

New multifamily apartment offerings in Downtown Davenport have primarily comprised of rehabilitations and conversions



Image Source: Shive-Hattery

- DiSalvo Development Advisor's 4th Quarter 2019 housing assessment of Downtown Davenport concluded:
 - Occupancies for market rate apartment products in the Downtown area (90%) are currently lower than the Quad Cities overall (96%)
 - Largely attributed to 2019 flood
 - Average market rate rents in Downtown range from \$1.24 to \$1.42 PSF monthly depending on unit type
 - Current pipeline of Downtown Davenport projects expected to cover demand through 2024
 - Future development in Downtown should provide:
 - Higher share of studios and 1-bedroom apartments
 - Targeted rents of \$750-1,150 per month
 - Increased management and marketing efforts
 - Targeted efforts to attract fitness/café/restaurant uses for ground-floor spaces in mixed-use developments
 - Larger apartments should aim to offer concierge services and high-tech options similar to hotels

MULTIFAMILY MARKET: KEY TAKEAWAYS

- There is lower occupancy in Downtown Davenport as compared to the region, which is largely attributed to the 2019 flood.
- Though Downtown Davenport has seen a significant number of rehabilitated multifamily properties recently, most new multifamily development in the region is occurring in other areas.
- Recent deliveries and the pipeline of projects suggest additional demand for downtown residential.
- The DiSalvo study suggests demand for approximately 400 new market-rate apartment units Downtown by 2024. This level of demand could be met with current pipeline projects.

MULTIFAMILY OPPORTUNITIES



Population growth

- Growth in the regional population and preferences for multifamily would provide demand for Downtown residential units
- Demand for additional Downtown units is projected, though pipeline units could account for the projected amount



Adapt to shifting preferences

- Focus on providing the type of spaces preferred by typical Downtown residents (young professionals, empty nesters)
- The DiSalvo report concludes that future multifamily product could focus on studios and one-bedroom units rather than larger units



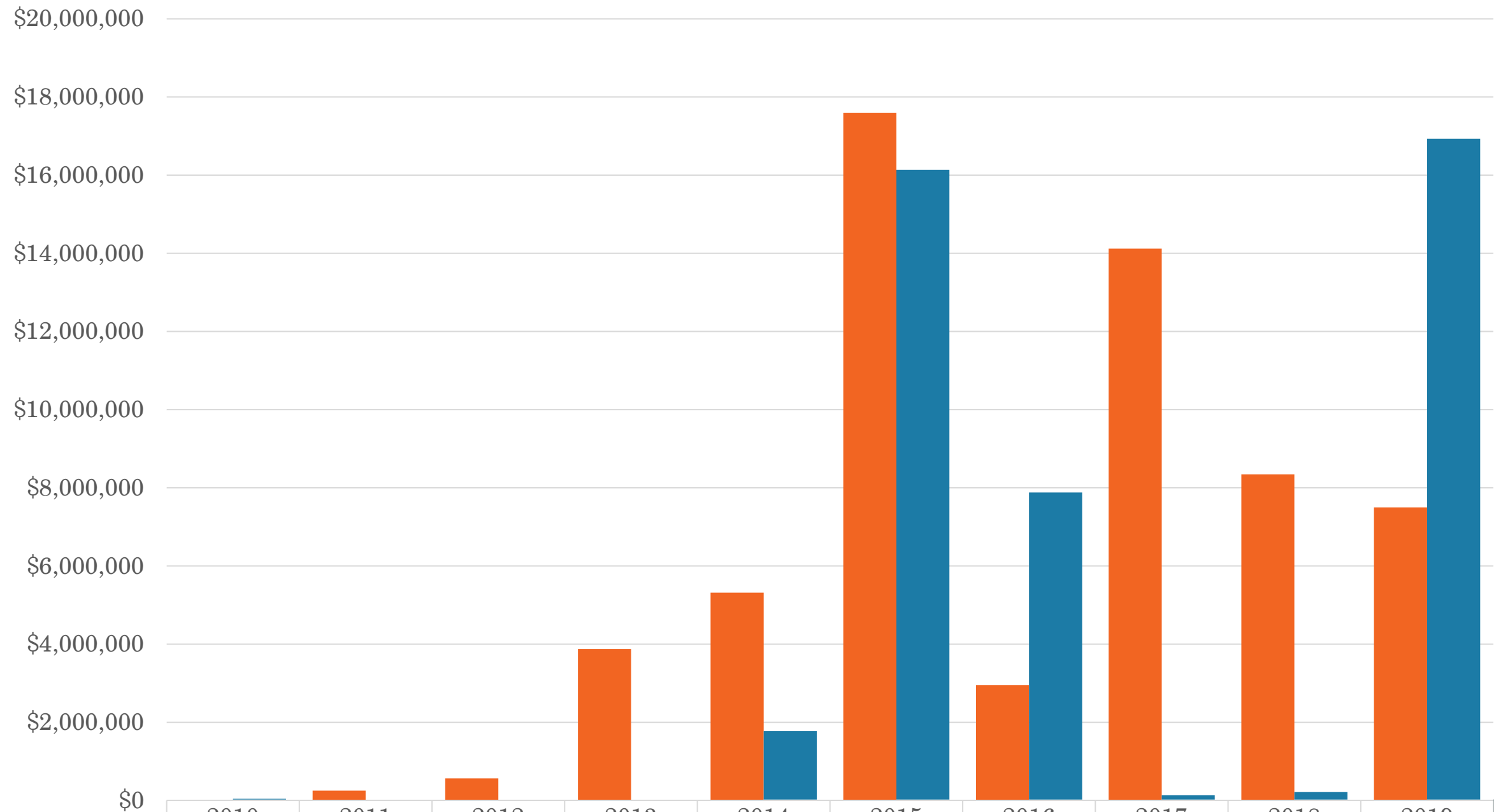
Appeal to diversity of residents

- Provide units at a range of incomes to support local businesses and meet a variety of preferences
- Capitalize on availability of affordable space Downtown to attract a broad base of incomes
- Encourage different residential types, including townhomes and condos to appeal to a range of households

**APPENDIX:
BUILDING PERMIT ANALYSIS**

BUILDING PERMITS – NEW AND/OR ADDITIONS

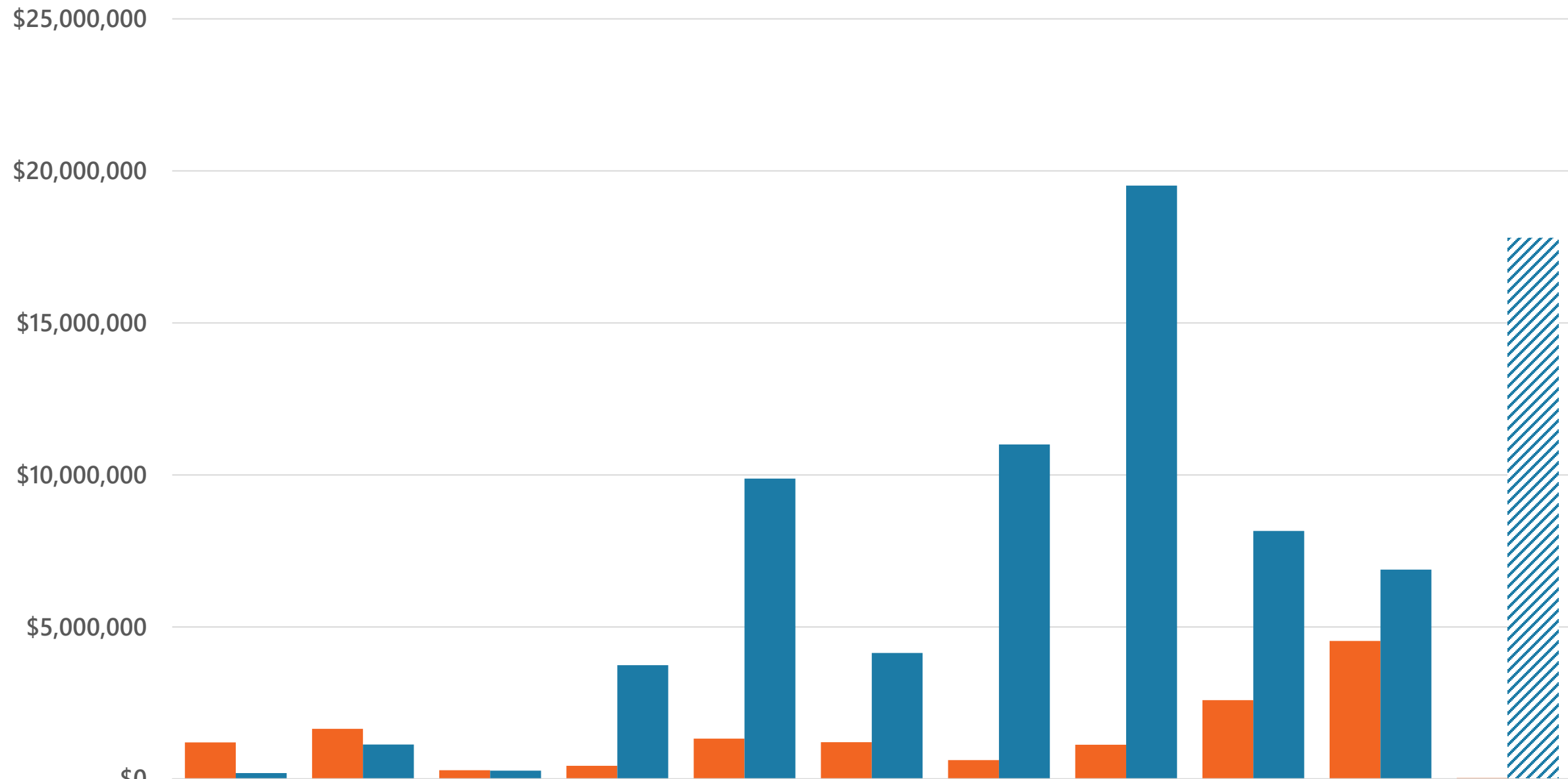
All commercial, institutional and multi-family



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
53rd St Corridor - Total Permit Value	\$0	\$250,245	\$564,648	\$3,874,991	\$5,317,346	\$17,595,402	\$2,950,000	\$14,118,529	\$8,343,910	\$7,498,815	\$60,513,886
Downtown - Total Permit Value	\$44,200				\$1,773,626	\$16,134,007	\$7,880,000	\$135,755	\$215,000	\$16,931,338	\$43,113,926
53rd St Corridor - Number of Permits	1	2	2	2	4	8	3	8	4	4	38
Downtown - Number of Permits	2				5	6	3	3	2	4	25

BUILDING PERMITS – RENOVATIONS

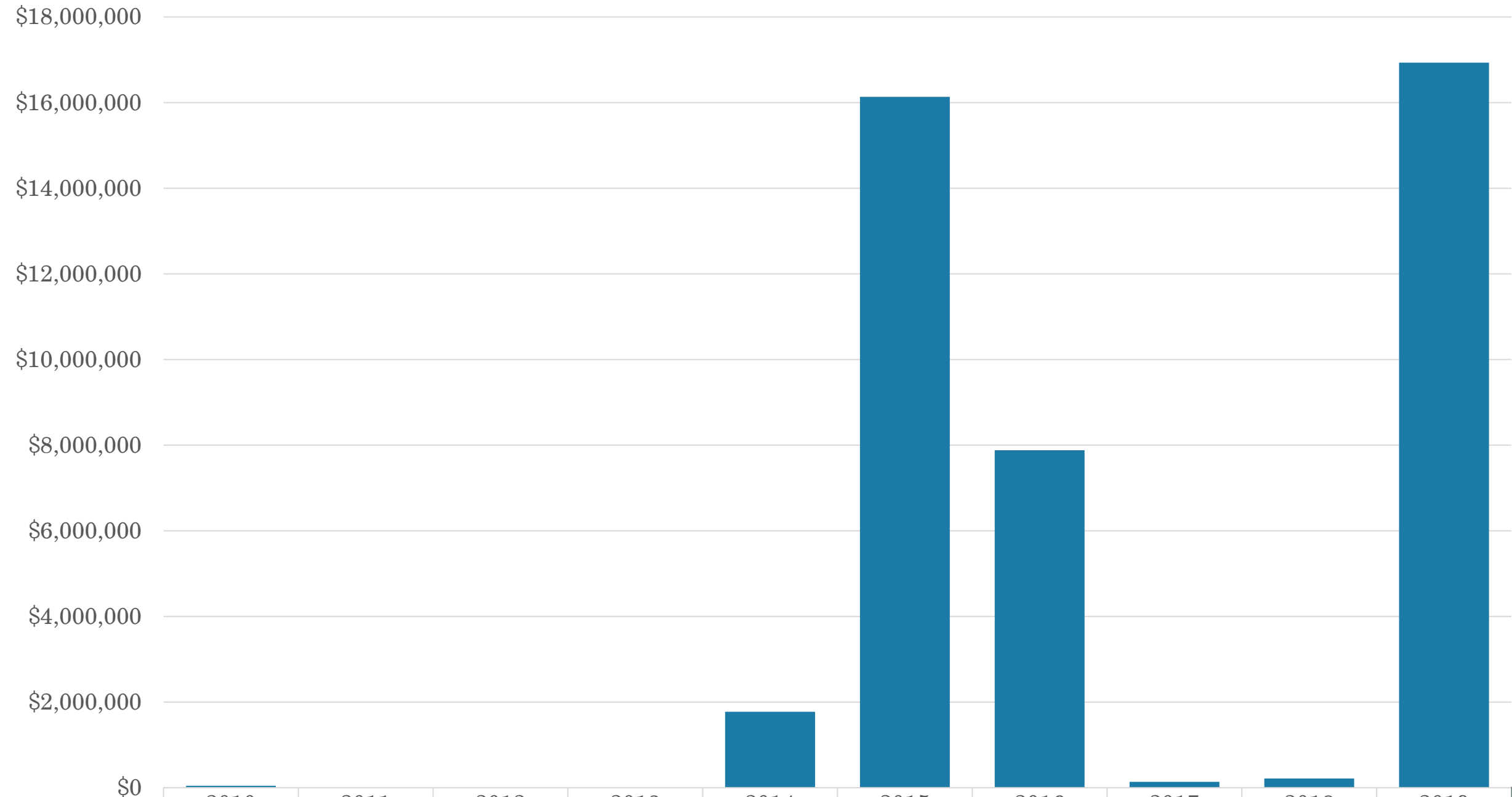
All commercial, institutional and multi-family



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (YTD)	TOTAL
53rd St Corridor - Total Permit Value	\$1,203,142	\$1,648,060	\$287,854	\$434,405	\$1,327,707	\$1,210,438	\$620,642	\$1,126,221	\$2,593,352	\$4,540,748	\$30,500	\$15,023,069
Downtown - Total Permit Value	\$193,836	\$1,132,371	\$275,213	\$3,742,417	\$9,879,163	\$4,143,829	\$11,001,805	\$19,517,160	\$8,157,411	\$6,886,267	\$17,790,575	\$82,720,047
53rd St Corridor - Number of Permits	7	10	11	8	10	11	10	8	7	11	1	94
Downtown - Number of Permits	4	14	13	9	11	9	12	11	16	14	3	116

BUILDING PERMITS – NEW AND/OR ADDITIONS

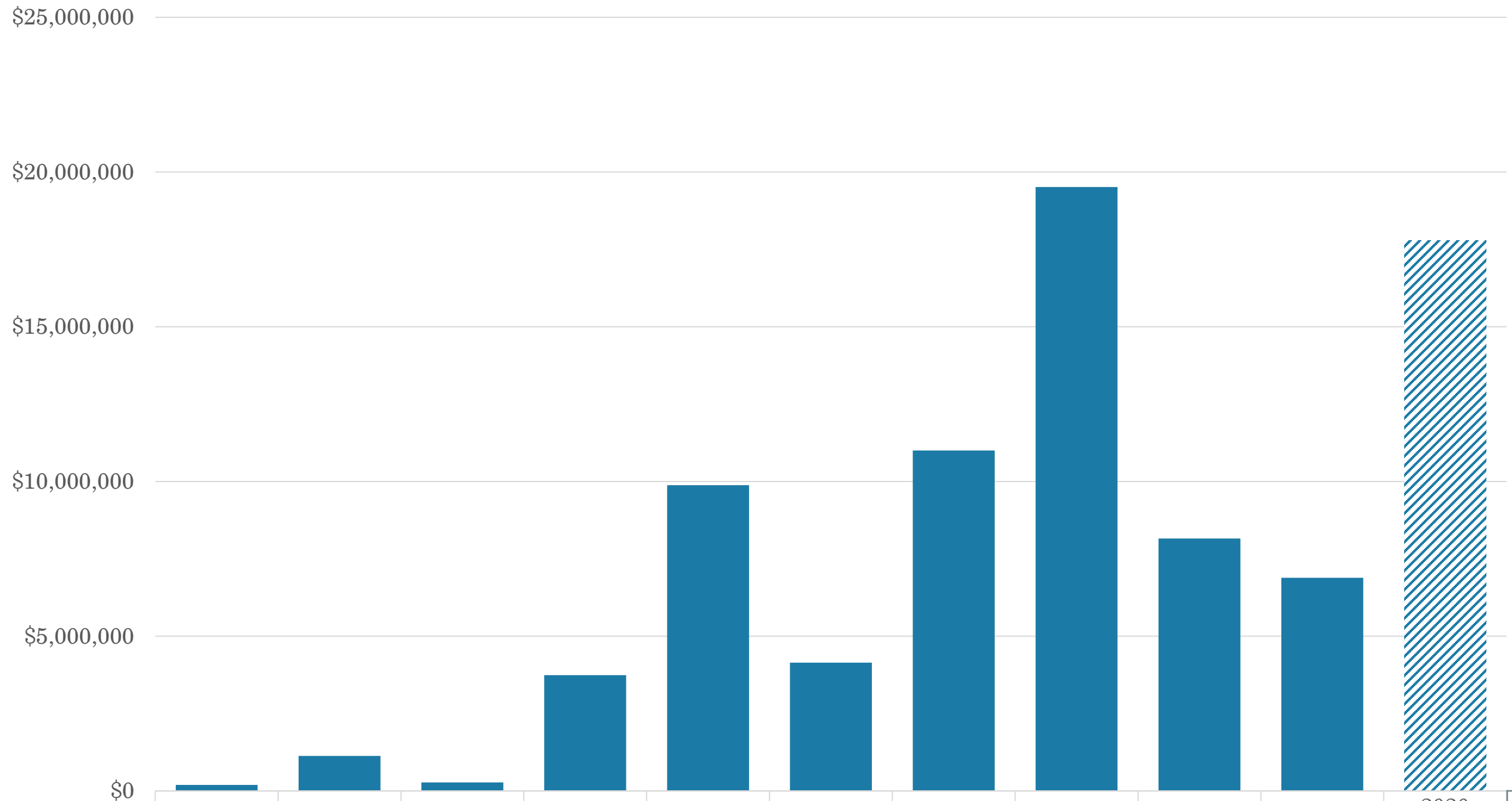
All Downtown commercial, institutional and multi-family



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	TOTAL
■ Downtown - Total Permit Value	\$44,200				\$1,773,626	\$16,134,007	\$7,880,000	\$135,755	\$215,000	\$16,931,338	\$43,113,926
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BUILDING PERMITS – RENOVATIONS

All Downtown commercial, institutional and multi-family



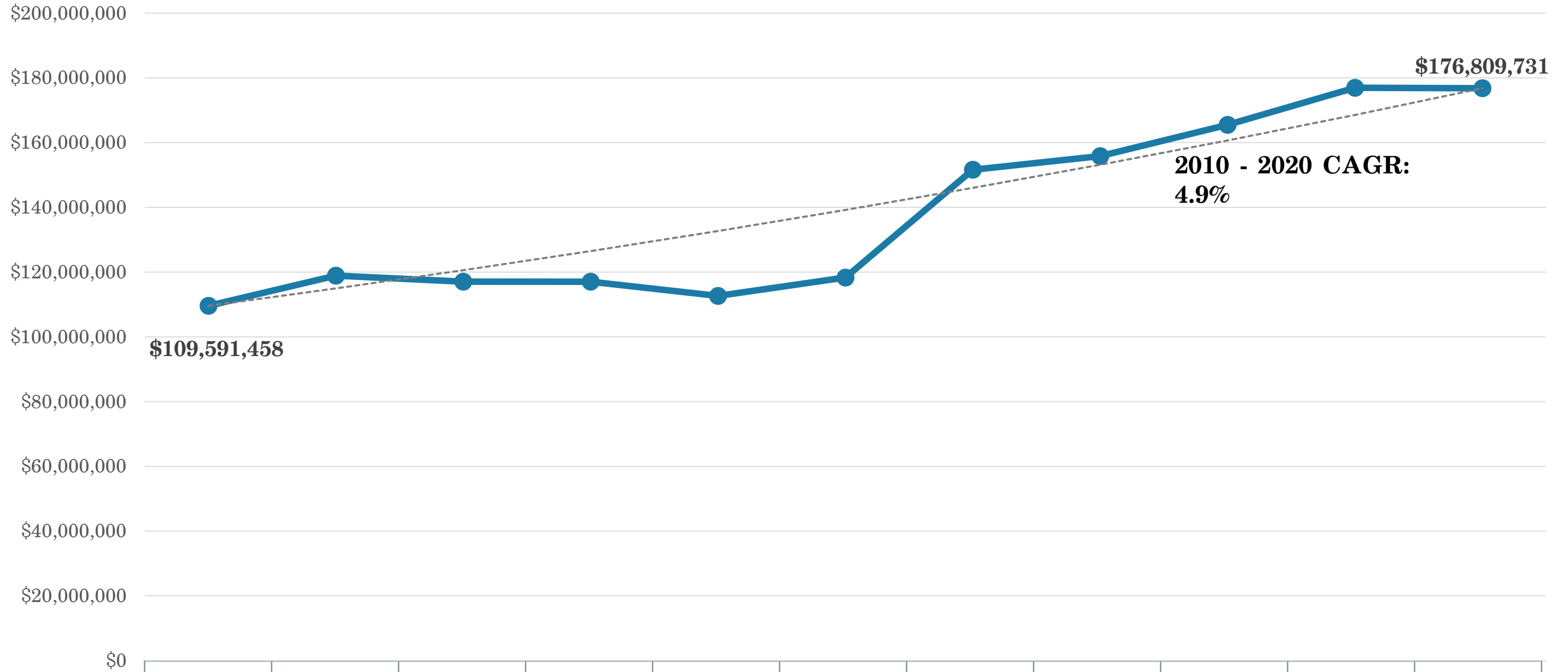
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Downtown - Number of Permits	4	14	13	9	11	9	12	11	16	14	3	116

**APPENDIX:
PROPERTY VALUE ANALYSIS**

ASSESSED VALUE

All Downtown property

Total Assessed Value, 2010 - 2020





221 N. LaSalle St, Suite 820
Chicago, IL 60601
312-424-4250 | sbfriedman.com

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LIMITATIONS OF OUR ENGAGEMENT

Our report is based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings during which we obtained certain information. The sources of information and basis of the estimates and assumptions are stated in the report. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will necessarily vary from those described in our report and the variations may be material. The market assessment included in this report was prepared between February 2020 and April 2020, during the initial stages of the COVID-19 pandemic. Though this report offers a preliminary assessment of the impacts of COVID-19 to the real estate market, the short- and long-term impacts cannot be determined with certainty.

The terms of this engagement are such that we have no obligation to revise the report or to reflect events or conditions which occur subsequent to the date of the report. These events or conditions include without limitation economic growth trends, governmental actions, additional competitive developments, interest rates and other market factors. However, we are available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

Our study did not ascertain the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits and licenses. No effort was made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters.

We acknowledge that upon submission to the DDP, the report may become a public document within the meaning of the Freedom of Information Act. Nothing in these limitations is intended to block the disclosure of the documents under such Act.