

Housing Assessment First Quarter 2022 Downtown Davenport, Iowa



Citywide Apartment Market – Occupancy Levels

The Davenport apartment market remains strong at an overall 97.2% occupancy level.

First Quarter 2022 Survey: 60 Properties

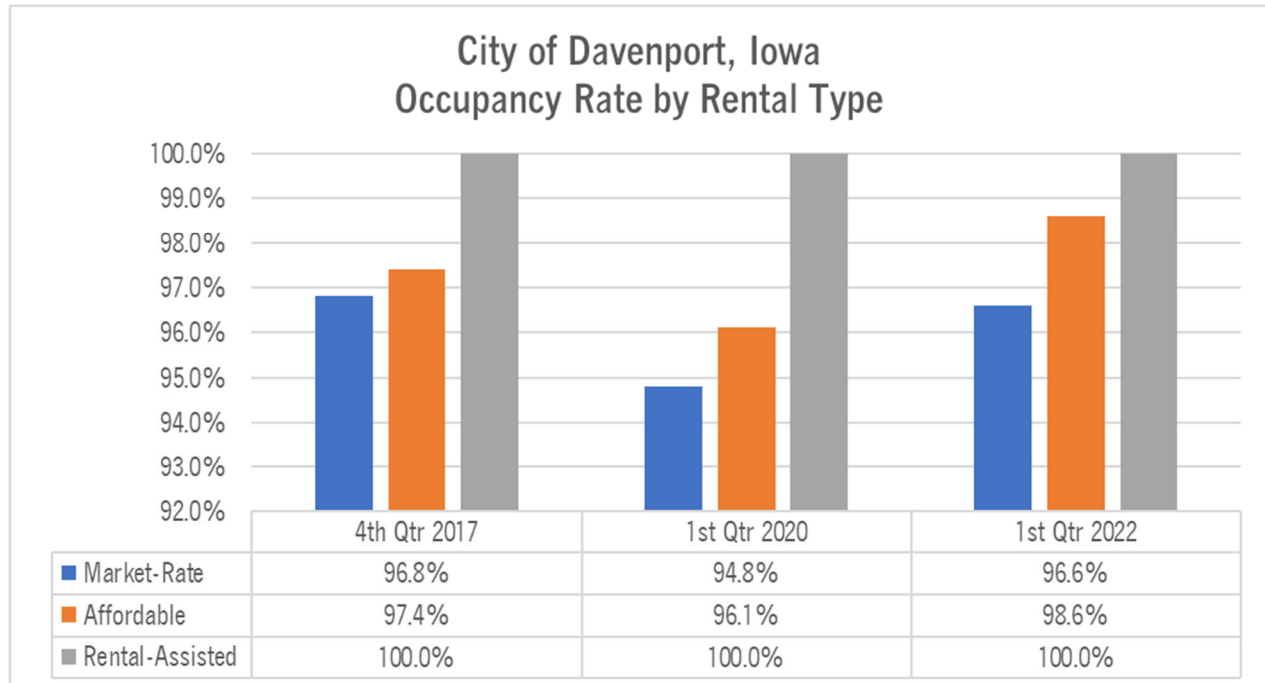
- 47 market-rate properties, 4,689 units
- Five affordable properties, 690 units
- Eight rental-assisted properties, 624 units

The citywide apartment market shows healthy overall occupancy levels among all rental types, indicative of a balanced market.

A summary of the citywide rental housing occupancy rates by property type follows.



Reserve at City's Edge - 196 units, open March 2020, operating from waiting list, north end of Davenport (photo credit: thereservedavenport.com)



Market-Rate: Properties available to households with no rent or income limitations

Affordable: Tax Credit properties with income and rent restrictions; available to households with incomes up to 80% of area median

Rental-Assisted: Tenants pay no more than 30% of income; available to households with incomes below 50% of area median

COVID-19 caused some delay in rent payments in 2020 and 2021, but in 2022 apartment managers cited no current impacts related to the pandemic.

DDA staff interviewed property managers throughout Davenport, and none indicated any impact from COVID on current operations. Leasing managers of income-restricted properties indicated that there were some delays in payments during the peak of the pandemic, however, tenants have since caught up on rent due.

Downtown Davenport – Occupancy Levels

Downtown apartment occupancy: 96.4%, a bounce-back of six percentage points since the historic 2019 flood.

Downtown apartment occupancy levels fully recovered from the historic flood at peak apartment leasing season in 2019. As with the citywide rental market, COVID has no impact on current occupancy levels and achievable rents.

Of the 25 downtown properties surveyed, 16 were 100% occupied. The remaining properties are operating in the low- to mid-90 percentile, except Urbane 210 which in initial rent-up and a smaller property with only two vacancies.



Urbane 210, 56 “micro” units, opened in August 2021 and as of May 2022 are still in initial rent-up (photo credit: Realtor.com)

A list of all the market-rate survey participants follows.

Market-Rate Survey Participants (25)

– 501 Brady	– Democrat Lofts	– Market Lofts
– Andresen Flats	– Dorothea Apartments	– Perry Hill Apartments
– Bayer Building	– Executive Square	– Pershing Hill Lofts
– Carriage Haus	– Forrest Block	– Peterson Paper Lofts
– City Square	– Gordon-VanTine Commons	– Renwick
– City View	– Halligan Coffee Company Lofts	– Schricker Flats
– Crescent Lofts	– Hibernia Hall	– Union Arcade
– Current	– Hotel Blackhawk	– Urbane 210
– Davenport Bank		

Downtown Low-Income Housing Tax Credit (LIHTC) property occupancies remain high at 97.7% occupied.

- Five properties include a total of 233 units available to households with incomes of 40% to 60% AMI:
Riverwalk Lofts; 501 Brady; Crescent Lofts; Mississippi Lofts and Lafayette Square
- Two properties are operating from waiting lists, 501 Brady and Crescent Lofts.
- Six or more attempts to contact management at two of the low-income properties were unsuccessful

Two planned LIHTC properties will double the amount of affordable housing stock in the downtown.

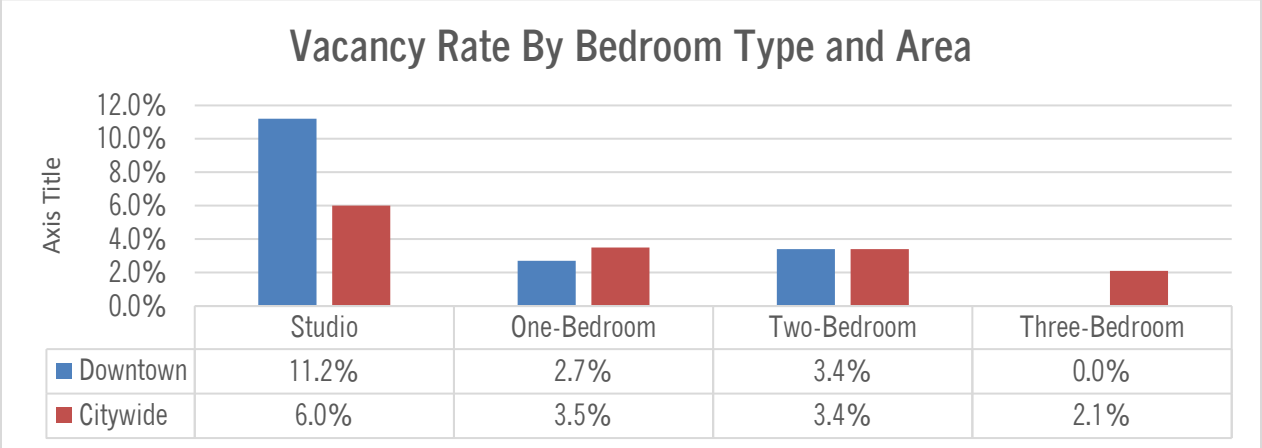
- KAHL Building with 64 units
- The Yard (west of new YMCA) with 185 units

Both properties received Tax Credit allocations from the Iowa Finance Authority to develop a total of 249 “workforce” housing units.

Downtown Davenport – Unit Types

Market-rate vacancies are low among all unit types, except studio/efficiency units.

The higher studio vacancy is attributable to the newly opened Urbane 210, currently in an initial rent-up period.



The average market-rate unit in Downtown is priced between \$1.25 and \$1.48 rent per square foot, depending on the unit type.

Unit Type	Collected Rent	Unit Size (Square Feet)	Rent Per Square Feet
Studio	\$812	547	\$1.48
One-Bedroom	\$1,046	764	\$1.37
Two-Bedroom	\$1,440	1,085	\$1.33
Three-Bedroom	\$1,895	1,515	\$1.25

As the table below shows, there is a wide range of rent levels among the studio, one- and two-bedroom units. A total of 60 three-bedroom units were surveyed in the downtown, all priced above \$1,500.

Average Rent Levels	Share of Market-Rate Units by Average Rent Level and Bedroom Type			
	Studio	One-Bedroom	Two-Bedroom	Three-Bedroom
Less than \$750	47.6%	17.2%	-	-
\$750 - \$849	10.3%	12.2%	7.6%	-
\$850 - \$1,049	10.3%	31.7%	18.7%	-
\$1,050 - \$1,250	31.8%	20.2%	28.9%	-
\$1,250 - \$1,499	-	9.0%	19.0%	-
\$1,500 - \$1,749	-	9.7%	15.3%	71.7%
\$1,750 or more	-	-	10.5%	28.3%

Nearly one-third of the studio units are within properties charging between \$1,050 and \$1,250 per month, a rent level higher than 60% of the one-bedroom rents in the downtown.



Downtown Davenport – Projected Demand

DDA estimates annual renter household growth for all of Scott County, Iowa at 150.

- Scott County had household growth of nearly 5,000 renters and homeowners from 2010 to 2020, with more than four of ten new households moving to Davenport.
- Future projections take into consideration that pent-up demand has been accommodated.

Projected demand through 2026 shows support for an additional 200 market-rate units.

Projected Market-Rate Demand through 2026				
Years	DDA's Projected Demand		Market-Rate Development*	Cumulative Unmet Demand
	Annual Average	Total		
2013 – 2015	120	360	284 units built, open and occupied <ul style="list-style-type: none"> • 5th Street Lofts • Davenport Bank (fka Wells Fargo) • Democrat Lofts • Executive Square • Halligan Coffee Lofts • Market Lofts • Peterson Paper Lofts • Renwick Building • Union Arcade 	76 units
2016 – 2019	90	360	297 units built; open and occupied <ul style="list-style-type: none"> • 321 E 2nd Street • 501 Brady • City View • City Square • Current • Gordon-Van Tine Commons • Hibernia Hall • Pershing Hills Lofts • The Livery 	139 units
2020 – 2026	45	315	56 units built and open; 124 units under construction; 74 units planned** <ul style="list-style-type: none"> • Urbane 210 – 56 (open 2021) • 400 River - 55 • Davenport Bank (phase 2) - 27 • Hiller Building – 10 • Roosevelt – 32 • Bowstring/Bucktown/Priester – 74** 	200 units
Total Units		1,035	835 units built, under construction, planned	200 units

*Does not include LIHTC units at or below 60% AMI

Downtown Davenport Future Opportunities

Prime opportunity exists for future development to expand amenity offerings.

An opportunity remains to achieve higher rent premiums with a development that offers a comprehensive amenity package. DDA considers the standard amenity package offered in the downtown as limited (see below chart).

New development should strongly consider incorporating “rent premium amenities” to attract tenants, maintain a high stabilized occupancy and achieve competitive rent levels.

