

Rental Housing Market in Downtown Davenport

Brief Update - November 2014

This report is a brief statistical update to the downtown market-rate housing projections as provided in the April 2013, [10-year Strategic Action Plan](#).

Multifamily Absorption – April 2013 through October 2014

Five housing developments totaling 124 new market-rate units have been opened and absorbed in downtown since April 2013.

- Wells Fargo – 29 units
- Peterson Paper – 23 units
- Renwick Building – 18 units
- The Democrat – 21 units
- Alexander Lofts – 33 units

The occupancy rate among market-rate properties increased 0.6 percentage point (from 97.8% to 98.4%). The occupancy rate among affordable housing was unchanged at 97.8%. All indications are that sufficient demand remains for the existing and planned housing downtown and the projections stated within the 10-year strategic action plan are still valid.

Market-Supported Development Potential (2012 through 2017)

In addition to the 414 units currently in development and planned, up to 144 additional market-rate units can be supported in the marketplace through 2017.

Status	Total Market-Rate Units	Projects (Total Units)
In Development/Planned	414	Union Arcade (68) Pershing Hill (60) Halligan Coffee (45) 5 th Street Lofts (37) 421 Pershing (41) Hibernia Hall (17) City Square(38) Executive Square (4) EICC/Kahl/Capitol (80) 5 th & Brady (24)
<i>Remaining Unmet Demand (through 2017)</i>	144	

Note: Based on original demand projections in [10-year Strategic Action Plan](#)



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Other Considerations for Market Absorption

A developer must compete for tenants by offering attractive and competitively priced units. It's not enough to simply pass building inspections and get an occupancy permit. Amenities and finishings matter significantly in attracting tenants.

As we stated in the 10-Year Downtown Strategic Action Plan, April 2013, "The ability of any market to optimize absorption is predicated on the variety of product(s) and price points available in the marketplace."

There is a great deal of pent up demand to live downtown at this time. With so few units available, it appears some developers believe that "if you build it they will come" without full consideration of quality or rent. When more housing choices become available downtown, the rents of the less competitive rental housing likely will have to be reduced significantly to sustain a high occupancy.

We must remember that not every tenant is an urban pioneer who will sacrifice housing quality just to live in an urban environment. Many of the future renters will be coming from the suburbs (either currently renting in the outlying area, living with parents, or empty nesters). Where appropriate, developers should incorporate some semblance of rural living (walk-in closets, modern appliances, landscaping) to ease the transition and attract a larger renter pool.

The historic value of older buildings is often not enough to make a successful apartment conversion. It is important for developers to define spaces for tenants and not leave it to their interpretation. A good example would be a large lobby area or "common area" space within an older building which may have beautiful interior finishings, but no definitive use. A prospective renter might be confused as to its purpose. A lobby, for example, could be furnished with a self-serve coffee machine, television, and comfortable seating areas. Other common area spaces with less foot traffic could be an exercise room, or perhaps a small party room. These are just a few examples of possible ways to define an otherwise unwelcoming and undervalued space. If defined, this space could help sell a unique and inviting lifestyle which would increase absorption and rent potential.

In summary, the demand for apartments in downtown is still strong and DDA fully expects that upcoming units will be readily absorbed assuming they are competitive in quality and rent. We also anticipate that the completion of significant redevelopment projects, such as the Parker-Putnam, Kahl Building, Union Arcade, and others, will serve to bolster support for downtown living.

