

Rental Housing Update – 1st Quarter 2016

Downtown Davenport, Iowa



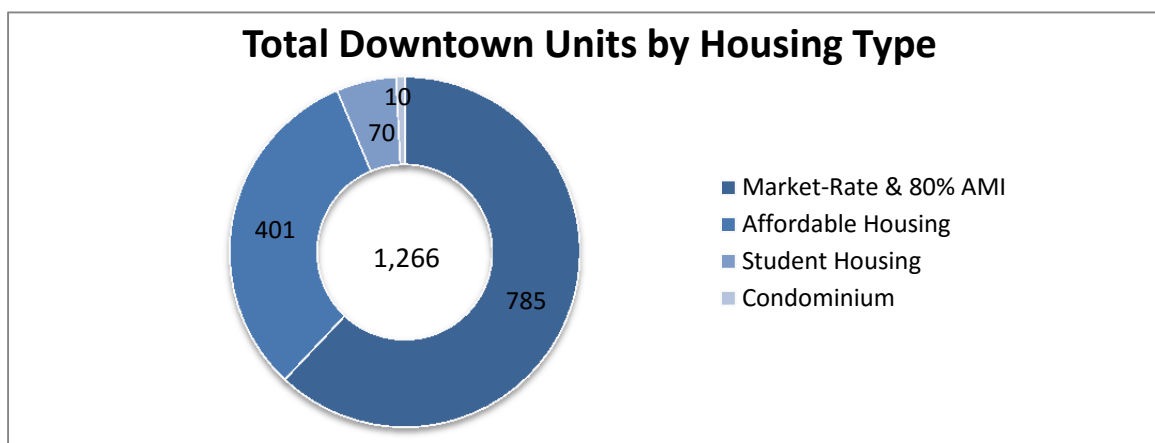
Prepared For:

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Downtown Davenport Rental Housing Survey – 1st Quarter 2016

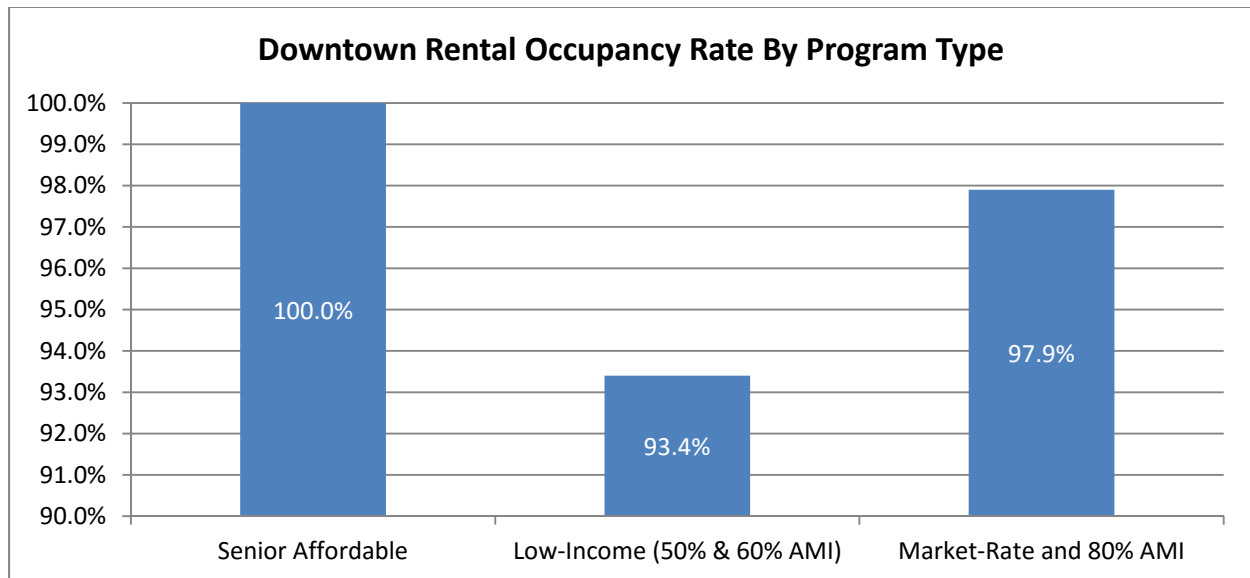
Rental property managers and owners of market-rate and mixed-income properties were contacted by DDA from March through May 2016, to identify current market conditions for Downtown Davenport and the City of Davenport. A summary of the First Quarter 2016 rental housing survey and an update of projected demand for rental housing in the downtown follows:

- Managers/Owners of 48 properties participated representing 684 of the 785 market-rate units and 401 affordable housing units.
- Included 24 downtown properties:
 - 320 Brady Street
 - Berg Apartments
 - Christie Park
 - City View Apartments
 - Crescent Lofts
 - Davenport Hotel
 - Democrat Lofts
 - Dorothea Apartments
 - Edgewater on Third
 - Forrest Block
 - Halligan Coffee Company Lofts
 - The Heritage
 - Hotel Blackhawk
 - Kilkenny’s Building
 - Louis P. Best Mansion, Grandview Apartments
 - Market Lofts
 - Mississippi Lofts
 - Perry Hill Apartments
 - Peterson Paper Lofts
 - Renwick
 - RiverWalk Lofts
 - Schricker Flats
 - Union Arcade
 - Wells Fargo
- 284 market-rate units added to Downtown since 2013
- In total, the Downtown market currently includes 1,266 residential units:
 - 785 market-rate units (includes 80% AMI units)
 - 401 affordable units (HUD Section 8 and Low-Income Housing Tax Credit up to 60% AMI)
 - 70 student housing units
 - 10 condominium units



Downtown Davenport Rental Housing Survey – 1st Quarter 2016

- An additional 61 affordable units and 90 market-rate units are currently under construction and will increase the total Downtown unit count to 1,417 units.
- The downtown affordable housing market is 97.0% occupied; with 100% occupancy among the senior HUD Section 8 properties and 93.4% among Tax Credit properties targeting households with income up to 60% of AMI.



- Occupancy levels among market-rate properties in the City of Davenport and in the downtown area are high at 96.8% and 97.9%, respectively.

Market-Rate Occupancy Rates				
Unit Type	City of Davenport		Downtown Davenport	
	Total Units	Occupancy Rate	Total Units	Occupancy Rate
Studio/Efficiency	258	96.5%	87	97.7%
One-Bedroom	1,724	96.2%	317	98.4%
Two-Bedroom	1,788	97.0%	209	97.1%
Three-Bedroom	385	98.4%	11	100.0%
<i>Total</i>	<i>4,155</i>	<i>96.8%</i>	<i>684</i>	<i>97.9%</i>

- The market-rate occupancy rate in the downtown area is 0.1 percentage point higher than the 2012 occupancy rate of 97.8%.



Downtown Davenport Rental Housing Survey – 1st Quarter 2016

- Downtown units, on average, are 10% to 20% larger than rental units in other areas of the city. This is atypical of most downtown markets, but reflective of the dominant development of housing occurring in historic buildings.

Average Market-Rate Rental Rates and Unit Sizes						
City of Davenport				Downtown Davenport		
Unit Type	Net Rent	Unit Size	RPSF	Net Rent	Unit Size	RPSF
Studio/Efficiency	\$525	464	\$1.13	\$537	508	\$1.06
One-Bedroom	\$669	652	\$1.03	\$881	754	\$1.17
Two-Bedroom	\$842	902	\$0.93	\$1,223	1,093	\$1.12
Three-Bedroom	\$890	1,113	\$0.80	\$1,697	1,340	\$1.27
			\$0.96			\$1.14

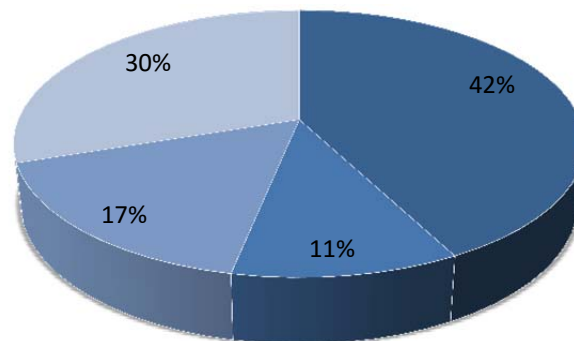
NOTE: For comparison purposes, collected rents have been adjusted to “net” rent to include only water/sewer and trash removal costs.

- The overall rent per square foot in Downtown is \$1.14, including all properties regardless of condition.
- A more detailed breakdown of achieved rent per square foot (see chart below), shows nearly half the Downtown units have rents above \$1.20 per square foot. More significantly, 30% of the units in the downtown have rents per square foot in excess of \$1.40.
- Downtown market-rate units renting below \$0.90 per square foot are among a group of older rental housing stock that generally has been in the marketplace for 15 or more years.

Since 2012, Downtown rents have increased at an estimated annual rate of 2.7%.

Share of Market-Rate Units in Downtown by Rent Per Square Foot

■ Less than \$1.00 ■ \$1.00 - \$1.19 ■ \$1.20 - \$1.39 ■ \$1.40 and higher



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DDA’s initial annual average projection for Downtown Davenport was approximately 120 units for a three-year total of 360 units. In that time period, developers built, open and occupied 284 units or 95 units per year in the downtown area.

Peak Annual Absorption: 150 units
Year 2015: Market Lofts; Halligan Coffee Lofts; and Union Arcade.

Projected Market-Rate Demand through 2020				
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 • Democrat Lofts • Executive Square • Halligan Coffee Lofts • Market Lofts • Peterson Paper Lofts • Renwick Building • Union Arcade • Wells Fargo 	76 units
2016 – 2018	110	330	79 units under construction* <ul style="list-style-type: none"> • 501 Brady Apartments • City Square • Hibernia Hall 	327 units
2019 – 2020	85	170	277 units planned <ul style="list-style-type: none"> • EICC/Kahl Buildings • Harborview/Gordon-Van Tine Lofts • Pershing Hills Lofts • Bucktown 	220 units
Total Units		860	640 units built, under construction/planned	220 units

*Does not include Andresen, because it is considered replacement housing, and Lafayette Square which is low-income housing.

