

# **Downtown Peoria Rental Market Study**

*Prepared for*  
**Downtown Development  
Corporation of Peoria**

**March 2018**

*Prepared by*  
**Valerie S. Kretchmer Associates, Inc.**  
807 Davis Street, #2004  
Evanston, IL 60201



---

# Valerie S. Kretchmer *Associates, Inc.*

*Real Estate and Planning Consulting*

807 Davis Street • #2004  
Evanston, IL 60201-7103  
TEL 847-864-8895  
E-MAIL [vsk@kretchmerassociates.com](mailto:vsk@kretchmerassociates.com)

March 12, 2018

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

Dear Mr. Freilinger:

Valerie S. Kretchmer Associates, Inc. (VSKA) is pleased to submit the attached rental market study for Downtown Peoria. Our analysis shows continued strong 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 Sandler Kretchmer  
President



## *Table of Contents*

I.	Summary and Conclusions .....	1
II.	Downtown Peoria Description .....	4
III.	Demographic and Employment Trends.....	7
IV.	Rental Characteristics Downtown and in Peoria.....	20
V.	Demand for Apartments in Downtown Peoria .....	30
VI.	Appendix.....	35

## **I. SUMMARY AND CONCLUSIONS**

### **A. Project Scope**

Valerie S. Kretchmer Associates, Inc. (VSKA) was retained by the Downtown Development Corporation of Peoria to update the market analysis prepared in June 2016 relative to the demand for rental housing in Downtown Peoria. VSKA 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 Downtown Economic Development Council and City of Peoria staff, developers and marketing representatives of downtown apartment buildings.
- Analyzed demographic, employment and housing trends affecting Downtown Peoria.
- Analyzed the demand for market rate rental housing Downtown.

### **B. Summary of Findings**

Downtown Peoria has a small but growing base of market rate renters that has expanded in the past 18 months with the opening of five new residential buildings with a total of 147 units. This is in addition to the approximately 222 market rate units in four properties that have been around for more than two years.

Downtown remains a significant employment center with an estimated 25,000 employees in the Greater Downtown Area. The most currently available employment estimates are from 2015 and show a slight decline over the prior few years; however the city of Peoria's unemployment rate has dropped from 7.9% in March 2016 to only 5.3% as of December 2017, indicating that the trend has probably reversed. The largest single sector is health care, with the OSF HealthCare, UnityPoint Health – Methodist Hospital and University of Illinois College of Medicine campuses at the edge of Downtown. 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. Downtown is also the government, banking and legal center for the Peoria region.

While the 2016 market analysis assumed that Caterpillar's international headquarters would be built Downtown, Caterpillar opted instead to move its headquarters and 300 employees to Deerfield, a Chicago suburb. While this was a loss to Peoria and Downtown in particular, Caterpillar still has a large presence Downtown and is expected to continue to be a major employer Downtown and in the Peoria region overall.

Of potentially greater importance, OSF HealthCare has decided to purchase the former Chase building that would have been the site of Caterpillar's Downtown headquarters. It will be

moving an estimated 700-750 employees from the medical center and other locations around Peoria to the site at 124 SW Adams Street. While these will not add to the total employment at OSF, the employees will be located in the heart of Downtown and will invigorate a block that has been vacant for some time,

Downtown continues to evolve as an entertainment destination with unique locally-owned restaurants, coffee shops, bars, music venues and galleries, as well as the location of numerous festivals along the riverfront, a minor league baseball stadium and civic/convention center. An older office building on SW Water Street will be torn down in 2018 to make way for Riverfront Park that will become a regional draw. All of these are contributing to the increased vitality of the area.

The five recently opened rental apartment buildings leased up quickly and are well occupied. Four of the five are located in the Warehouse District and have a loft/industrial feel. The fifth is on Main Street, closer to the medical center and is the rehabilitation of a historic building. Rents at the new buildings are higher than those at the largest older Downtown market rate building, and range from \$695-\$1,200 for a studio, \$950-\$1,400 for one bedroom and \$1,300-\$2,150 for two bedroom units. The wide range is generally due to differences in apartment size. These buildings have high quality in-unit amenities, and some have an in-unit washer/dryer and large walk-in closets. Common area amenities vary but typically the buildings have a tenant lounge, patio or roof deck. Some have adjacent outdoor parking, while one also offers indoor parking.

Of particular note is the fact that the newer buildings have attracted a range of renters. Many are Millennials who work Downtown or are students at the medical center. However, they have also attracted middle-aged and older residents who may or may not work Downtown, but are attracted by the unique feel of the renovated buildings, the proximity to the river and Downtown's cultural amenities. The draw is much broader than just Caterpillar employees who work Downtown.

### **C. Conclusions**

VSKA estimates demand for a total of 543-822 market rate rental units between 2017 and 2022, averaging 109-164 per year, targeted to households with incomes of \$35,000-150,000, which equates to units with rents starting at \$800 per month. This is based on the increasing desirability of Downtown Peoria due to the following factors:

- Continuing public improvements in the Warehouse District and along the riverfront.
- Expanding employment in the heart of Downtown by OSF and at the medical center at the edge of Downtown
- Caterpillar's commitment to keeping a large presence Downtown despite moving 300 employees to a new headquarters in Deerfield, IL.

- Momentum generated by the success of the four rehabs of former industrial buildings in the Warehouse District into residential lofts and continued interest on the part of developers in loft conversions and new construction.
- Desire of Millennials to live in interesting downtowns and close-in neighborhoods with restaurants and entertainment options not typically found in suburban shopping centers.
- 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's ability to capture a higher share of renter households with incomes of \$35,000-\$150,000 than it has in the past. As more people are living and working Downtown, we expect that more convenience-oriented stores and services will open to serve the growing population. This in turn will make Downtown a more desirable residential location.

## **II. DOWNTOWN PEORIA DESCRIPTION**

### **A. 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. The Downtown consists of several sub-areas -- the Central Business District, Riverfront District and Warehouse District North and South, as shown on the aerial that follows at the end of this chapter. It generally includes the area from the MacArthur Highway on the southwest to the I-74 Bridge on the northeast, and from the river north to Jefferson Avenue to William Kumpf Boulevard to Monroe Street.

While not included in the official Downtown area, the medical district, consisting of OSF St. Francis, UnityPoint-Methodist Hospital and the University Of Illinois College Of Medicine are just to the north of the Central Business District and are considered to be an integral part of the Greater Downtown area.

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. The city's Transit Center is adjacent to Downtown, providing access from all parts of the city.

### **B. Downtown Activity Generators**

Downtown is a major employment center and is best known as the location of Caterpillar's major offices and research facility, despite the company's decision last year to move 300 executive, accounting and human resources employees to a new headquarters in Deerfield in north suburban Chicago. While a loss to Downtown, Caterpillar still has a major Downtown presence and is not expected to further reduce employment Downtown.

Downtown's other major employers include the two hospitals, the University of Illinois College of Medicine, city and county government offices, CSE Software, the Diocese of Peoria, banks and professional services firms. 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. In the fall of 2016, it added 55 first year medical students. 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 the announcement by OSF HealthCare that it will be investing \$80-100 million to rehab the former Chase building, owned by Caterpillar, on SW Adams Street in the heart of Downtown. The 225,000 square foot historic building will be updated on the inside and outside for 700-750 employees, with work starting in 2018. A smaller building on the block that has no historic character and a parking deck will be demolished. OSF will be consolidating administrative employees currently housed in eight to nine different leased locations. OSF's announcement is seen as a game-changer for Downtown by Mayor Jim Ardis, especially after Caterpillar's decision not to build its global headquarters on this block.

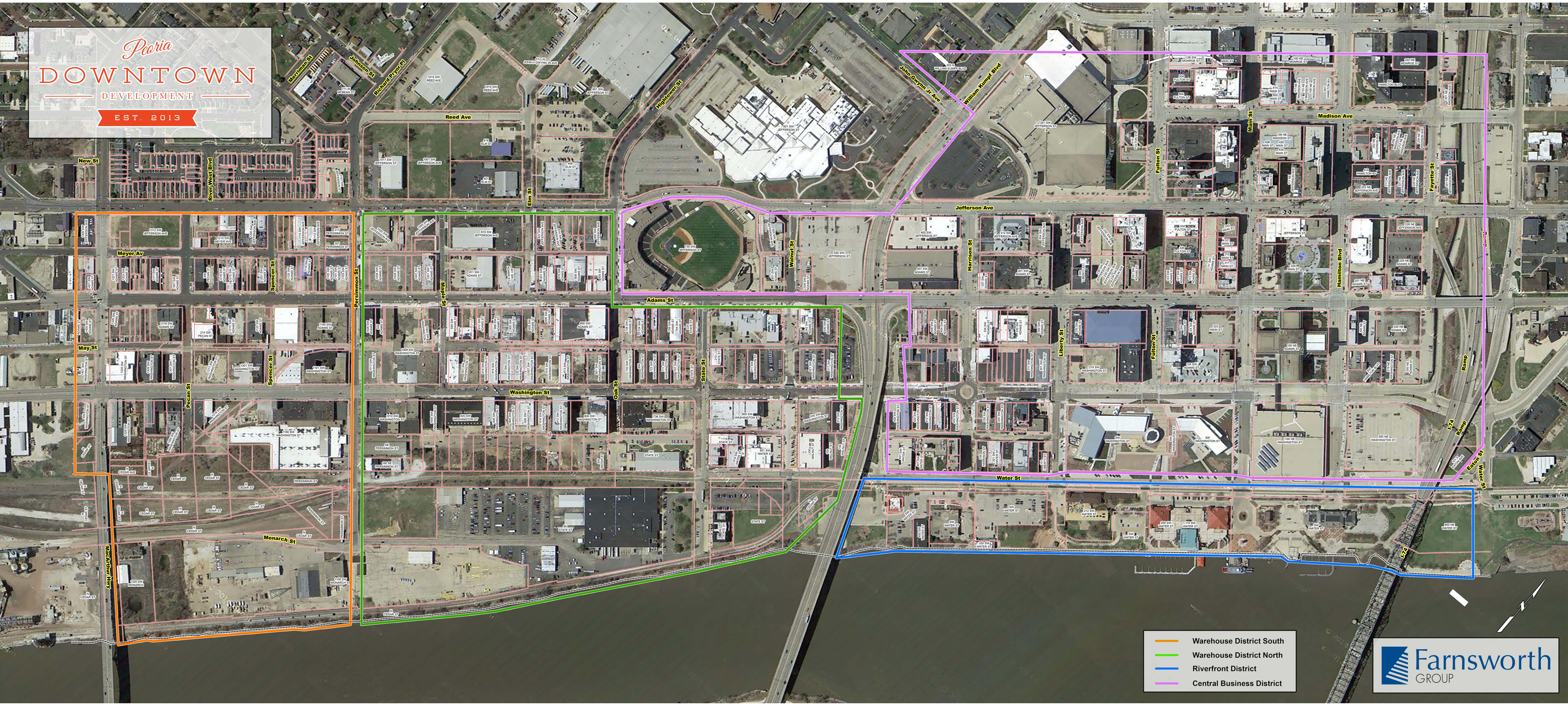
Commerce Bank, located Downtown, announced that it will move its Downtown Banking Center to 432 Main Street and relocate its Illinois Regional Headquarters to the Becker Building at 401 N. Main Street. This is another commitment to Downtown, Peoria and the region according to its Illinois regional president. Work will be completed in 2018 on both buildings.

Downtown is home to a number of 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.

It 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 minor league baseball stadium, Riverfront Market, riverfront trail, as well as numerous festivals and activities along the riverfront. The Civic Center hosts 400 events annually bringing a wide range of performances and sporting events to the city. The new Riverfront Park will add to the attractions.

The Warehouse District is becoming a major entertainment and arts destination with new and unique restaurants, a coffee shop, a brew-pub and galleries. ArtsPartners of Central Illinois, headquartered in the Warehouse District, sponsors Sculpture Walk Peoria with rotating installations along Washington Street. 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, restaurant and entertainment uses.

*Peoria*  
**DOWNTOWN**  
 DEVELOPMENT  
 EST. 2013



- Warehouse District South
- Warehouse District North
- Riverfront District
- Central Business District



### III. DEMOGRAPHIC AND EMPLOYMENT TRENDS

#### A. Demographic Trends

VSKA updated the demographics of the Greater Downtown Peoria area, which covers the area generally considered to be Downtown Peoria and the medical district. The maps on the following pages show the boundaries of this area and this area in relation to the rest of the city of Peoria. It generally runs along the river from Cedar Street to Jefferson, northeast to N. Fisher Street/Hightower/W. High Street to North Street to Columbia Terrace east to I-74 to Pennsylvania Avenue east to Wayne Street, south to Adams Street, northeast to Spring Street and south to the river.

VSKA obtained estimates and projections from Esri, a national demographics data vendor. However, Esri's estimates for 2017 likely do not incorporate the 147 new households living in the recently completed Downtown apartment buildings. Esri's projections also do not incorporate the potential for future residential development Downtown. As such, we are also looking at the estimates and projections for the City of Peoria and looking at the potential residential share Downtown could attract.

The Greater Downtown had just under 3,000 residents in almost 1,600 households as of the 2010 Census. Esri estimates that the area experienced a decrease between 2010 and 2017 to 2,751 people in 1,444 households. Based on historical trends, Esri projects a further decrease in both population and households over the next five years (-3.8% and -4.4%), though this understates the impact of new and planned development. Table 1 below shows population and household trends in the Greater Downtown area and the City of Peoria.

The City of Peoria has an estimated 2017 population of 116,343, a 1.1% increase since the 2010 Census. The number of households is estimated at 47,730, representing a slightly greater 1.2% increase since 2010. Esri projects a slight decrease in both population and households (-0.8%) by 2022.

The average household size Downtown is very small at only 1.58 persons, due to the lower share of children than in the city of Peoria overall. This is typical of downtowns in general. The median age at 33.0 years is younger than the city's (35.7 years), but the city has a larger share of children and seniors. This is to be expected given the fact that Downtown's housing units are smaller than in the neighborhoods.

According to longer-term population projections by EMSI provided by the Greater Peoria Economic Development Council, the population of Peoria County is projected to grow by 0.5% between 2016 and 2026.

# Greater Downtown Peoria



# Greater Downtown and City of Peoria

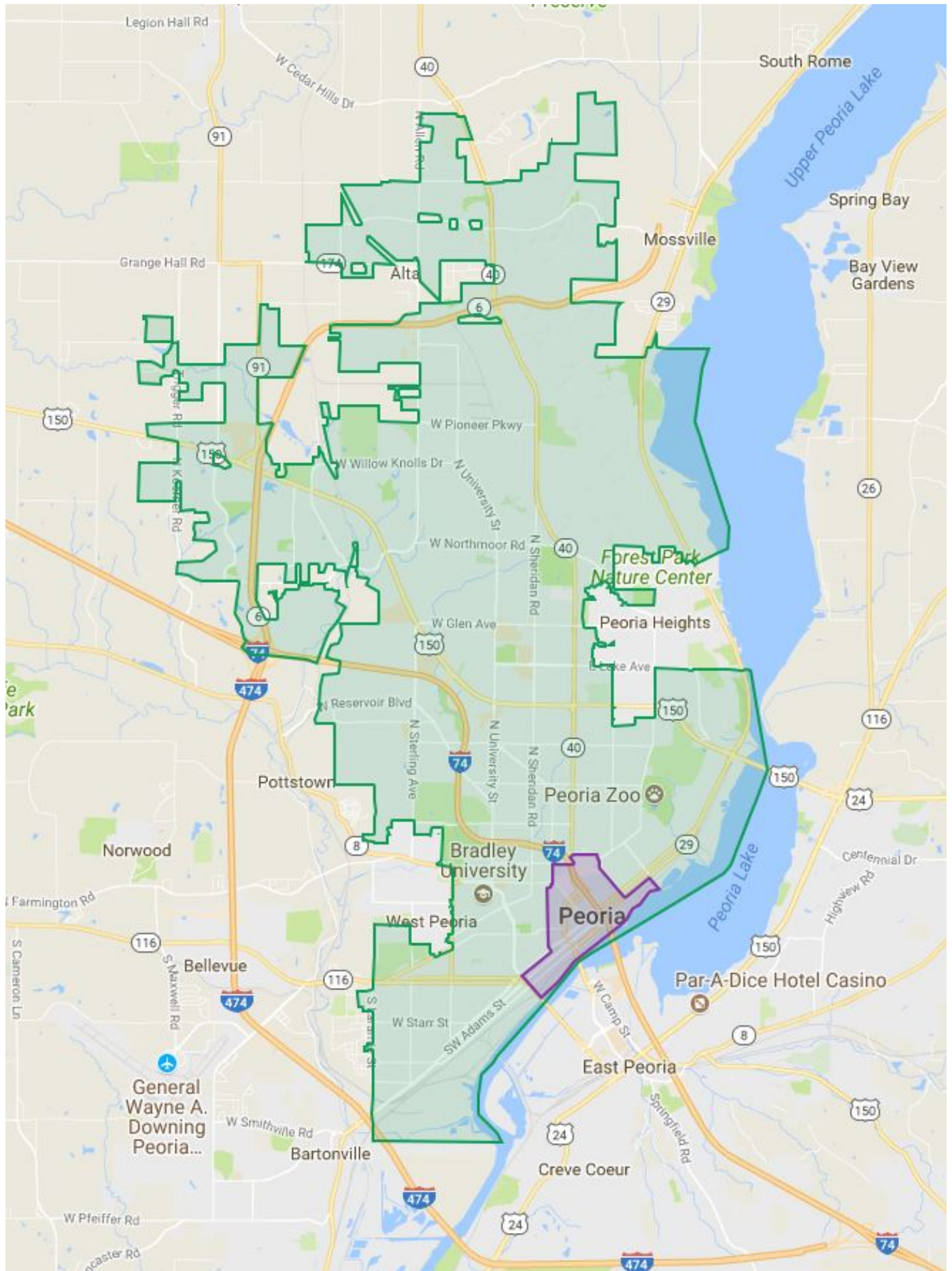


Table 1

**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		113,909	
2010 Census	2,973		115,067	
Change, 2000-2010	149	5.3%	1,158	1.0%
2017 Estimated	2,751		116,343	
Change, 2010-2017	-222	-7.5%	1,276	1.1%
2022 Projected	2,647		115,427	
Change, 2017-2022	-104	-3.8%	-916	-0.8%
<u>Households</u>				
2000 Census	1,321		45,554	
2010 Census	1,572		47,182	
Change, 2000-2010	251	19.0%	1,628	3.6%
2017 Estimated	1,444		47,730	
Change, 2010-2017	-128	-8.1%	548	1.2%
2022 Projected	1,381		47,367	
Change, 2017-2022	-63	-4.4%	-363	-0.8%
Average Household Size, 2017	1.58		2.36	
<u>Population by Age, 2017</u>				
Under 5	187	6.8%	8,095	7.0%
5-14	283	10.3%	15,080	13.0%
15-24	461	16.8%	17,651	15.2%
25-44	868	31.6%	30,556	26.3%
45-54	382	13.9%	13,236	11.4%
55-64	303	11.0%	13,874	11.9%
65+	266	9.7%	17,853	15.3%
Median Age, 2017 (years)	33.0		35.7	

Note: Numbers may not sum to given totals due to rounding.

Source: Esri

## **B. Income Characteristics**

Table 2 below shows the income distribution for the Greater Downtown area and the city of Peoria. Esri estimates the median household income at only \$17,466 Downtown, compared to \$50,434 in the city. Forty-five percent of the households Downtown have incomes under \$15,000. This is due to the presence of low-income senior housing and mixed-income family housing at the edge of Downtown. In addition, it doesn't factor in the new residents living in buildings that opened in the past 12-18 months whose incomes are higher.

Twenty-nine percent of Greater Downtown's households have incomes over \$35,000, the minimum needed to afford market rate rentals, while 17% have incomes over \$75,000. Students may have lower incomes as they may be receiving financial support from parents or have student loans. Esri projects a modest decrease in the median household income Downtown by 2022, but the projection does not take into account the new residential construction, so it underestimates the likely incomes of Downtown residents in the future. While the median household income in the Greater Downtown Area decreased slightly since the data used in the 2016 market analysis, the share of higher income households increased from 10.6% in 2015 to 16.5% in 2017, a significant increase.

In the city, 34% of households have incomes over \$75,000 and 64% have incomes over \$35,000. These represent increased shares compared to data from 2015 which were 31.5% and 61% respectively.

## **C. Households by Age and Income**

Table 3 below shows the distribution of households in the Greater Downtown area and city of Peoria by age. Thirty-four percent of the households Downtown are headed by a person under the age of 35, typically referred to as Millennials. These are a target group for new market rate rental housing, though not the only group. Downtown has a fairly even age distribution of the remaining households with 14% ages 35-44, and 16-19% each are ages 45-54, 55-64 and 65+. This indicates that even with more limited housing options at the present time, Downtown is attracting residents of all age groups.

Those with incomes of \$35,000 to \$150,000 are considered the target group for market rate rental housing Downtown. VSKA segmented those under 65 and those over 65 to determine the number of younger vs. older potential Downtown renters. Table 4 below presents estimates and projections for the Greater Downtown area and the city. Twenty-four percent of Downtown households under 65 and 17% of those over 65 fall within the target income range. In comparison, 55% of city households under 65 and 48% of those over 65 fall within the target income range.

By 2022, the number of target households under age 65 Downtown and in the city is projected to decrease slightly, while the number over age 65 is projected to remain the same Downtown but increase by 7.2% in the city. This is consistent with the aging of the Baby Boomer population overall, not just in Peoria or central Illinois.

**Table 2**  
**2017 AND 2022 INCOME CHARACTERISTICS**  
**IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA**

	<u>Greater Downtown</u>		<u>Peoria</u>	
	Number	Percent	Number	Percent
<u>2017 Household Distribution</u>	1,444		47,730	
Under \$15,000	644	44.6%	6,859	14.4%
\$15,000-24,999	233	16.1%	5,621	11.8%
\$25,000-34,999	143	9.9%	4,889	10.2%
\$35,000-49,999	99	6.9%	6,294	13.2%
\$50,000-74,999	87	6.0%	7,793	16.3%
\$75,000-99,999	59	4.1%	5,463	11.4%
\$100,000-149,999	80	5.5%	5,766	12.1%
\$150,000+	99	6.9%	5,041	10.6%
Median Household Income	\$17,466		\$50,434	
<u>2022 Household Distribution</u>	1,381		47,367	
Under \$15,000	620	44.9%	6,977	14.7%
\$15,000-24,999	219	15.9%	5,429	11.5%
\$25,000-34,999	133	9.6%	4,627	9.8%
\$35,000-49,999	89	6.4%	5,721	12.1%
\$50,000-74,999	75	5.4%	6,655	14.0%
\$75,000-99,999	58	4.2%	5,337	11.3%
\$100,000-149,999	90	6.5%	6,737	14.2%
\$150,000+	97	7.0%	5,879	12.4%
Median Household Income	\$17,364		\$52,531	

Note: Numbers may not sum to given totals due to rounding.

Source: Esri

Table 3

## HOUSEHOLDS BY AGE IN GREATER DOWNTOWN AREA AND CITY OF PEORIA

	<u>2017</u>		<u>2022</u>		<u>Change</u>	
	Number	Percent	Number	Percent	Number	Percent
<b><u>Greater Downtown</u></b>						
Total Households	1,444		1,381		-63	-4.4%
Age 15-24	166	11.5%	154	11.2%	-12	-7.2%
Age 25-34	327	22.6%	315	22.8%	-12	-3.7%
Age 35-44	199	13.8%	195	14.1%	-4	-2.0%
Age 45-54	270	18.7%	243	17.6%	-27	-10.0%
Age 55-64	<u>232</u>	<u>16.1%</u>	<u>213</u>	<u>15.4%</u>	<u>-19</u>	<u>-8.2%</u>
Total Under 65	1,194	82.7%	1,120	81.1%	-74	-6.2%
Age 65+	250	17.3%	257	18.6%	7	2.8%
<b><u>Peoria</u></b>						
Total Households	47,730		47,367		-363	-0.8%
Age 15-24	3,103	6.5%	2,900	6.1%	-203	-6.5%
Age 25-34	8,488	17.8%	8,023	16.9%	-465	-5.5%
Age 35-44	8,014	16.8%	8,344	17.6%	330	4.1%
Age 45-54	7,645	16.0%	7,241	15.3%	-404	-5.3%
Age 55-64	<u>8,440</u>	<u>17.7%</u>	<u>7,666</u>	<u>16.2%</u>	<u>-774</u>	<u>-9.2%</u>
Total Under 65	35,690	74.8%	34,174	72.1%	-1,516	-4.2%
Age 65+	12,034	25.2%	13,189	27.8%	1,155	9.6%

Note: Cells may not sum to given totals due to rounding.

Source: Esri

Table 4

## GREATER DOWNTOWN AREA AND CITY OF PEORIA TARGET HOUSEHOLDS BY INCOME

	2017		2022		Change	
	Number	Percent	Number	Percent	Number	Percent
<b><u>Greater Downtown</u></b>						
<b><u>Household Income - Under 65</u></b>	1,194		1,120		-74	-6.2%
\$35,000-\$49,999	86	7.2%	76	6.8%	-10	-11.6%
\$50,000-\$74,999	74	6.2%	61	5.4%	-13	-17.6%
\$75,000-\$99,999	54	4.5%	53	4.7%	-1	-1.9%
\$100,000-149,999	<u>72</u>	<u>6.0%</u>	<u>77</u>	<u>6.9%</u>	<u>5</u>	<u>6.9%</u>
Sub-Total	286	24.0%	267	23.8%	-19	-6.6%
<b><u>Household Income - 65+</u></b>	250		257		7	2.8%
\$35,000-\$49,999	14	5.6%	13	5.1%	-1	-7.1%
\$50,000-\$74,999	14	5.6%	14	5.4%	0	0.0%
\$75,000-\$99,999	6	2.4%	6	2.3%	0	0.0%
\$100,000-149,999	<u>8</u>	<u>3.2%</u>	<u>11</u>	<u>4.3%</u>	<u>3</u>	<u>37.5%</u>
Sub-Total	42	16.8%	44	17.1%	2	4.8%
<b><u>City of Peoria</u></b>						
<b><u>Household Income - Under 65</u></b>	35,690		34,174		-1,516	-4.2%
\$35,000-\$49,999	4,548	12.7%	3,941	11.5%	-607	-13.3%
\$50,000-\$74,999	5,939	16.6%	4,874	14.3%	-1,065	-17.9%
\$75,000-\$99,999	4,327	12.1%	4,089	12.0%	-238	-5.5%
\$100,000-149,999	4,758	<u>13.3%</u>	5,392	<u>15.8%</u>	<u>634</u>	<u>13.3%</u>
Sub-Total	19,572	54.8%	18,296	53.5%	-1,276	-6.5%
<b><u>Household Income - 65+</u></b>	12,034		13,189		1,155	9.6%
\$35,000-\$49,999	1,746	14.5%	1,781	13.5%	35	2.0%
\$50,000-\$74,999	1,853	15.4%	1,782	13.5%	-71	-3.8%
\$75,000-\$99,999	1,137	9.4%	1,249	9.5%	112	9.9%
\$100,000-149,999	<u>1,009</u>	<u>8.4%</u>	1,346	<u>10.2%</u>	<u>337</u>	<u>33.4%</u>
Sub-Total	5,745	47.7%	6,158	46.7%	413	7.2%

Note: Cells may not sum to given totals due to rounding.

Source: Esri

## **D. Employment Trends**

The Greater Downtown area has an estimated 25,100 employees as of 2015, equal to 34% of the city's employment of 74,766 according to U.S. Census data. These are the most recent data for the Greater Downtown Area. Employment had been quite steady between 2011 and 2014, but registered a 6% decrease between 2014 and 2015. The largest sector by far is Health Care and Social Assistance, which accounts for 48% of Downtown's employment with 11,900 employees. Other major sectors are Professional, Scientific and Technical Services with 2,300 employees, Public Administration with 2,200 employees, and Management of Companies and Enterprises with 2,000 employees. The number of employees in Management of Companies and Enterprises is substantially greater in 2015 than in prior years, which could be an error in coding of the data or a real increase in this category. The number of employees decreased by almost 2,300 in the Health Care and Social Assistance sector and by almost 900 in Public Administration.

The city's employment decreased by 1.6% between 2010 and 2015, and by 2.3% between 2014 and 2015. The city's largest sector is also Health Care and Social Assistance, representing 31% of the total employment with almost 22,800 employees. Other sectors with over 5,000 jobs each include Retail Trade, Administration and Support and Waste Management and Remediation Services, and Accommodations and Food Services. The greatest increase since 2010 was also in Management of Companies and Enterprises, while Educational Services and Public Administration had the largest decreases. Estimates for the city from the Greater Peoria Economic Development Council based on data from EMSI show similar levels of employment in 2010 and 2017, with some years seeing a slight increase and others seeing a slight decrease. Of note is the large increase in Professional and Business Services employment (+3,400) between 2014 and 2017. Many of these jobs are Downtown.

Tables 5 and 6 that follow show employment trends in the Greater Downtown area and the city of Peoria between 2010 and 2015.

These data point to the importance of health care as a driver of both the Downtown and citywide economy. Downtown jobs in Health Care and Social Assistance account for 52% of the city's jobs in this category.

The unemployment rate in the Peoria metro area was 4.9% in December 2017, down considerably from the 6.5% unemployment rate a year earlier. The unemployment rates in the city of Peoria and Peoria County are slightly higher at 5.3% and 5.2% respectively, but also represent significant drops from a year earlier. The unemployment rates in both Illinois and the U.S. were lower at 4.7% and 3.9% respectively. The declining rates in the city and metro area indicate that the employment decline between 2014 and 2015 has likely been reversed and that the relocation of 300 Caterpillar employees last year was offset by gains at other area and city employers.

Table 5

EMPLOYMENT TRENDS IN GREATER DOWNTOWN PEORIA, 2010-2015

Industry (NAICS)	2015	2014	2013	2012	2011	2010	Change 2010-2015	
							Number	Percent
All Industries	25,076	26,714	26,848	26,696	26,975	28,286	-3,210	-11.6%
Agriculture, Forestry, Fishing, & Hunting (11)	0	13	0	0	0	7	-7	-700.0%
Mining, Quarrying, & Oil and Gas Extraction (21)	0	0	0	0	0	0	0	N/A
Utilities (22)	586	573	613	615	604	701	-115	-16.6%
Construction (23)	246	227	228	227	228	364	-118	-27.1%
Manufacturing (31-33)	463	499	591	618	841	833*	-370	-31.5%
Wholesale Trade (42)	245	209	344	354	303	301	-56	-14.4%
Retail Trade (44-45)	104	121	141	224	208	305	-201	-31.3%
Transportation & Warehousing (48-49)	118	118	122	96	54	46	72	20.7%
Information (51)	314	376	357	387	369	334	-20	-6.7%
Finance & Insurance (52)	514	548	550	615	587	793	-279	-33.2%
Real Estate & Rental & Leasing (53)	226	163	174	192	203	922	-696	-91.6%
Professional, Scientific & Technical Services (54)	2,338	2,233	2,215	2,469	2,216	2,246	92	4.5%
Management of Companies & Enterprises (55)	1,996	46	54	30	41	53	1,943	4518.6%
Admin. & Support & Waste Mgmt. & Remediation Svcs. (56)	1,648	1,872	2,383	2,572	2,601	2,228	-580	-29.6%
Educational Services (61)	154	258	231	240	250	272	-118	-78.1%
Health Care & Social Assistance (62)	11,902	14,196	14,024	13,571	13,464**	13,357	-1,455	-12.5%
Arts, Entertainment & Recreation (71)	909	852	891	683	891	308	601	194.5%
Accommodations & Food Services (72)	620	784	879	790	963	976	-356	-27.4%
Other Services (Except Public Admin.) (81)	496	547	496	522	510	531	-35	-6.7%
Public Administration (92)	2,197	3,079	2,555	2,491	2,642	3,709	-1,512	-36.3%

\* Due to a geocoding error, OnTheMap data identifies 10,436 manufacturing jobs in Greater Downtown Peoria in 2010. We've corrected the error by averaging the employment growth from 2009 through 2011, totaling 833 manufacturing jobs in 2010.

\*\* Due to a geocoding error, OnTheMap data identifies 6,577 health care jobs in Greater Downtown Peoria in 2011. We've corrected the error by averaging the employment growth from 2010 through 2012, totaling 13,464 health care jobs in 2011.

Note: There is a large increase in management jobs in 2015. This may be due to significant changes in the local economy or may be errors within the data.

Source: OnTheMap

**Table 6**  
**EMPLOYMENT TRENDS IN THE CITY OF PEORIA, 2010-2015**

Industry (NAICS)	2015	2014	2013	2012	2011	2010	Change 2010-2015	
							Number	Percent
All Industries	74,766	76,539	76,084	77,274	76,448	76,014	-1,248	-1.6%
Agriculture, Forestry, Fishing, & Hunting (11)	7	17	7	6	8	13	-6	-40.0%
Mining, Quarrying, & Oil and Gas Extraction (21)	0	0	1	0	0	0	0	0.0%
Utilities (22)	849	813	871	864	844	901	-52	-6.2%
Construction (23)	1,937	1,873	1,820	1,887	1,808	1,983	-46	-2.2%
Manufacturing (31-33)	4,370	3,019	3,085	3,722	3,564	3,711*	659	14.5%
Wholesale Trade (42)	2,589	2,680	2,498	2,444	2,554	2,677	-88	-2.9%
Retail Trade (44-45)	7,226	6,804	7,425	7,473	7,436	7,197	29	0.4%
Transportation & Warehousing (48-49)	889	1,117	1,092	1,119	1,507	1,095	-206	-15.3%
Information (51)	1,290	1,317	1,325	1,429	1,517	1,414	-124	-6.4%
Finance & Insurance (52)	2,560	2,493	2,546	2,660	2,526	2,860	-300	-9.1%
Real Estate & Rental & Leasing (53)	894	863	859	867	848	1,576	-682	-45.7%
Professional, Scientific & Technical Services (54)	4,770	4,383	4,701	5,141	4,609	4,447	323	7.8%
Management of Companies & Enterprises (55)	2,399	445	455	424	294	384	2,015	982.9%
Admin. & Support & Waste Mgmt. & Remediation Svcs. (56)	6,403	6,475	6,897	7,409	6,887	6,131	272	4.3%
Educational Services (61)	2,154	5,089	4,773	4,853	4,912	5,084	-2,930	-57.3%
Health Care & Social Assistance (62)	22,767	24,674	24,134	23,319	23,040	21,930	837	4.1%
Arts, Entertainment & Recreation (71)	2,031	1,953	1,887	1,824	1,991	1,474	557	35.4%
Accommodations & Food Services (72)	5,602	5,643	5,373	5,354	5,610	5,826	-224	-3.8%
Other Services (Except Public Admin.) (81)	3,425	3,309	3,396	3,579	3,505	3,315	110	3.3%
Public Administration (92)	2,604	3,572	2,939	2,900	2,988	3,993	-1,389	-29.9%

\* Due to a geocoding error, OnTheMap data identifies 13,218 manufacturing jobs in Peoria in 2010. We've corrected the error by averaging the employment decline from 2009 through 2011, totaling 3,711 manufacturing jobs in 2010.

Source: OnTheMap

According to EMSI, between 2016 and 2026, employment in the city of Peoria is projected to increase by 7.2% and in the Peoria MSA by 5.5%. The largest numerical increases in the city are projected in Health Care and Social Assistance (2,500) and Management of Companies and Enterprises (900), both of which are important job categories in the Greater Downtown Area. In fact, 79% of the projected MSA job growth in Health Care and Social Assistance and 58% in Management of Companies and Enterprises are in the city of Peoria. These reflect the continued importance of Greater Downtown Peoria's job base to the city and region.

Major employers in the city of Peoria are shown in Table 7 below, with those with a Downtown presence highlighted. (Not all of the jobs shown for a company with a Downtown presence are actually Downtown. For example, approximately 1,700 Caterpillar employees are Downtown.) The largest employers Downtown are OSF St. Francis HealthCare, Caterpillar, Unity Point – Methodist, and University of Illinois College of Medicine. Each of these have between 1,700 and 5,000 employees.

Table 7

## MAJOR EMPLOYERS IN THE CITY OF PEORIA

Employer	2017 Employees
<b>Caterpillar Inc.</b>	<b>13,000</b>
<b>OSF St. Francis Medical Center</b>	<b>6,000</b>
<b>Unity Point Health</b>	<b>3,283</b>
Peoria Public Schools	2,160
Keystone Steel & Wire	1,300
Advanced Technology Services	1,073
<b>CEFCU</b>	<b>834</b>
<b>City of Peoria</b>	<b>760</b>
Komatsu American Corp	560
<b>Ameren Illinois</b>	<b>522</b>
Maui Jim	500
<b>Children's Home Association of Illinois</b>	<b>400</b>
RLI	400
National Center for Agricultural Utilization Research	400
Vonachen Services Inc	400
PJ Hoerr Inc.	350
<b>Human Service Center</b>	<b>350</b>
Bradley University	340
Illinois Cancer Care	300
Peoria Park District	265
<b>Illinois Mutual</b>	<b>210</b>
Peoria Journal Star	230
O'Brien Steel	130
Peoria Charter Coach	130
Praire Farms Dairy Inc.	120
Getz Fire Equipment	115
<b>Marquette Group</b>	<b>95</b>
Peoria Disposal Company	90
<b>Methodist College</b>	<b>85</b>
<b>Simantel</b>	<b>75</b>
<b>Farnsworth Group</b>	<b>70</b>

Highlighted employers have a presence in the Greater Downtown Area.

Source: Greater Peoria Economic Development Council.

#### IV. RENTAL CHARACTERISTICS DOWNTOWN AND IN PEORIA

##### A. Greater Downtown and Peoria Rents

According to data from the U. S. Census’ American Community Survey, 2011-2015, the median rent paid in the Greater Downtown Area was \$392, with only 9% of renters (121) paying more than \$750 per month in rent. This compares to the citywide median rent of \$584 with 22% paying over \$750. Table 8 below shows the rent distribution and median rents Downtown and for the city as a whole.

**Table 8**  
**GREATER DOWNTOWN AREA AND CITY OF PEORIA**  
**CONTRACT RENT IN 2011-2015**

Contract Rent	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
Renter Households	1,361		21,148	
Less than \$250	393	28.8%	1,713	8.1%
\$250-\$499	464	34.0%	4,635	22.0%
\$500-\$749	340	24.9%	9,123	43.4%
\$750-\$999	74	5.4%	2,784	13.2%
\$1,000-\$1,249	9	0.7%	730	3.5%
\$1,250-\$1,499	27	2.0%	329	1.6%
\$1,500-\$1,999	5	0.4%	397	1.9%
\$2,000+	6	0.4%	391	1.9%
No Contract Rent	45	3.3%	919	4.4%
Median Contract Rent	\$392		\$584	

Source: American Community Survey 5-Year, 2011-2015

However, these data do not reflect the new buildings that opened in 2016 and 2017 which have considerably higher rents. The mixed-income rental properties on the edge of Downtown account for the low median contract rent Downtown. With the addition of 147 Downtown units renting

for more than \$750, the total Downtown inventory increased to 1,508 rental units and the share of Downtown units at rents over \$750 doubled to 18%.

**B. Rental Construction Trends**

There has been very little new multi-family construction in Peoria over the past five years other than the units in the renovated buildings Downtown. According to data from the City of Peoria, in the entire city, only 27 units of new multi-family housing were added in 2016 and 36 units were added in 2014. No permits were issued for new multi-family construction in 2017. The 147 renovated units Downtown in 2016 and 2017 are not included in the City’s residential permit data for new construction, shown in Table 9 below.

**Table 9**

**UNITS AUTHORIZED BY BUILDING PERMITS  
IN THE CITY OF PEORIA, 2010-2017**

<b>Year</b>	<b>Single Family</b>	<b>Duplex</b>	<b>3+ Units</b>	<b>Total</b>
2010	149	20	77	246
2011	129	48	3	180
2012	206	28	162	396
2013	158	16	37	211
2014	133	48	36	217
2015	112	12	0	124
2016	77	10	27	114
2017	<u>30</u>	<u>4</u>	<u>0</u>	<u>34</u>
<b>Total</b>	<b>994</b>	<b>186</b>	<b>342</b>	<b>1,522</b>

Source: City of Peoria

### **C. Downtown Peoria Market Rate Apartments**

There are 9 market rate rental buildings Downtown at the present time. These buildings have a total of 347 units. Another condominium building (Twin Towers) has 22 rental units bringing the total market rate rental count to 369 units. Table 10 on the following pages provides details for the market rate buildings, followed by a map showing their locations. Photographs are in the Appendix.

### **D. Planned Market Rate Apartments Downtown**

At this time no other apartment buildings are under construction Downtown, though there are several potential developments that involve the adaptive re-use of buildings in the Warehouse District. One planned development just north of Downtown, River Trail Apartments at 1033 NE Bond Street, is new construction along the river north of the Peoria Park District's popular RiverPlex Recreation and Wellness Center. While no other projects have been approved by the City of Peoria at this time, several developers have been in discussion with the City and the Downtown Development Corporation.

Developers interested in rehabbing former warehouse buildings had been waiting to see how the federal tax reform act would impact the historic tax credit, as well as what the State of Illinois would do with the EDGE tax credit. Both are still available, though the benefit of the historic tax credit is currently worth less than it had been prior to the 2017 act.

Table 10

**DOWNTOWN PEORIA MARKET RATE RENTAL PROPERTIES  
January-February 2018**

Name and Location	# of Units	Rental Range		Square Footage	Rent/S.F.	Amenities and Comments
		Unit Type (Bed/Bath)	\$			
Murray Place 100 Walnut Street 309-673-5118	29	1/1	\$1,015-1,025	824-833	\$1.23	Large ceilings with exposed duct work. Storage and free laundry machines on 2 floors, roof deck with grill. Units include stainless steel appliances, granite countertops, high ceilings, ceiling fans, hardwood floors. Tenant pays electricity. On-site exercise room, bike racks, and free parking. Opened November 2016. 100% leased with long wait list. All units pre-leased.
		2/2	1,545-2,150	1,102-1,471	1.40-1.46	
		3/2	1,900	1,464	1.30	
Winkler Lofts 733 SW Washington Street 309-645-4001	28	Studio	\$950-1,200	650	\$1.46-1.85	Apartments located above commercial space in converted industrial building. Artists' spaces, laundry, small common room. Some w/ lofted space. Opened July 2016. 100%
		1/1	1,095	1,095	1.00	
Cooperage 214 214 Pecan St 309-687-4843	18	1/1	\$950-975	553-800	\$1.22-1.78	3-story building. Apartments have stainless steel appliances, dishwasher, washer/dryer, premium cabinets, upscale bathrooms, high ceilings, wood floors. Parking - \$50. Tenant lounge. Gas, water and high speed internet included. Tenant pays electric. Opened December 2016. Fully occupied with wait list.
		2/1	1,300	995	1.31	
		2/2	1,600	1,500	1.07	
Persimmon Lofts 1028 SW Adams Street 309-339-9672	44	Studio	\$885	462-535	\$1.65-1.92	Four-story, elevator building, patio on side of building, laundry room. High ceilings, exposed exterior walls, . Atps. have stove, refrigerator, dishwasher in 1 BRs. Internet and heat inc. in rent. Free parking in lot across the street; indoor parking - \$75. Opened March 2017. Fully occupied with wait list.
		1	1,400	1,100-1,400	1.00-1.27	
Marquette Building 701 Main St. 309-673-3000	28	Studio	\$695	695	\$1.00	3-story walk-up historic building over ground floor commercial. Tenant pays electric. Free parking. Laundry on each floor. Apts. have stainless steel appliances, dishwasher, hardwood floors, large walk-in closets in some units. Opened August 2017. 93% leased.
		1	995	995	1.00	
		2	1,395	912	1.53	

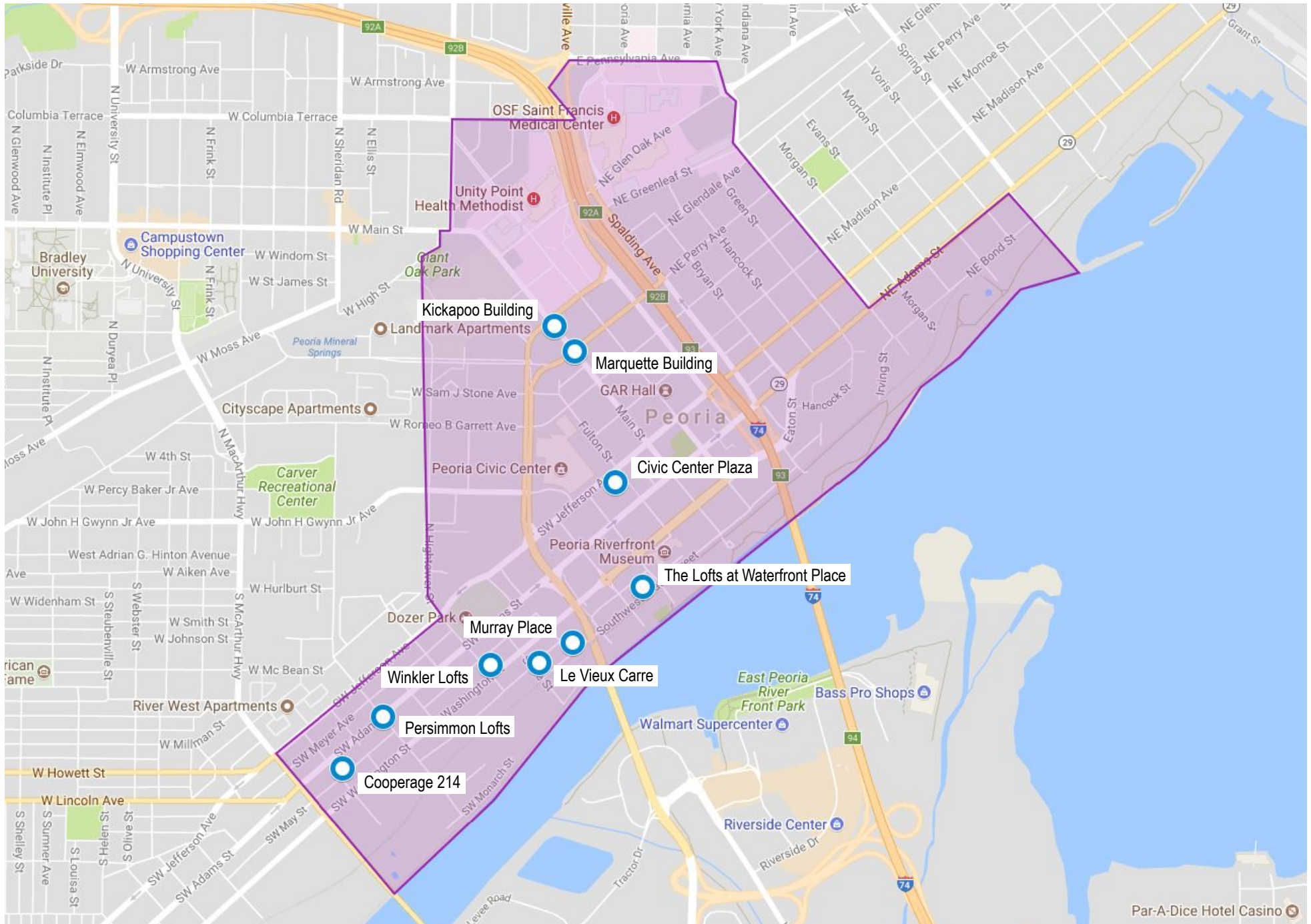
Name and Location	# of Units	Rental Range		Square Footage	Rent/S.F.	Amenities and Comments
		Unit Type (Bed/Bath)	\$			
Civic Center Plaza 331 Fulton Street 309-966-4755	154	<u>Original</u>				Older high-rise in Peoria CBD. Building renovated in 1991. 30 units added in 2016 through renovation. Rent includes water, sewer and trash. Tenant pays heat, electric. Units have refrigerator and stove. Renovated units and ones currently leasing include microwave. Some units have dishwasher. Laundry on each floor. Parking available in adjacent public garage for \$65/month. Laundry, workout rom, wifi accessible resident cafe. 92% leased.
		Studio	\$625-750	600	\$1.04-1.25	
		1/1	700-875	700	1.00-1.25	
		<u>2016 Renovation</u>				
		Studio	\$750	600	\$1.25	
		1	900	700	1.29	
		2	1,000	800	1.25	
Le Vieux Carre 114 State Street	17	Studio, 1 & 2 BR	\$1,000-2,100	1,000-2,100	\$1.00 (Average)	Apartments renovated over the past 10 years. Units include a dishwasher, washer/dryer, microwave, ceiling fan, balcony, brick walls, hardwood floors. Tenants pay utilities. Outdoor parking included in rent. Opened in 1999. Building stays full. Will likely convert 3 office suites to apts. due to demand.
Kickapoo Building 728-734 Main Street 309-696-1933	6	1/1	\$975	NA	NA	Renovated triangular-shaped building Downtown near medical center. Units have stove, refrigerator, carpet or wood floors, blinds & wiring for internet & cable. Laundry room and on-site parking. Located above coffee shop with Wi-Fi, near restaurants & bars. Mostly medical students.
		2	1,595	NA	NA	
The Lofts at Waterfront Place 311 SW Water Street 309-691-2300	23	1/1	\$950	770	\$1.23	Residential loft units over commercial space. Units have stove, refrigerator, dishwasher, disposal, microwave, wood floors, window coverings. Laundry room, exercise room, deck. Rent includes water, sewer & trash removal; tenant pays electricity (incl. heat). Parking in lot across street with in/out privileges (not managed by building). Majority of building is commercial. 100% occupied with wait list.
		2/1	1,250	974	1.28	
		2/2	1,450	1,050	1.38	

Name and Location	# of Units	Rental Range		Square Footage	Rent/S.F.	Amenities and Comments
		Unit Type (Bed/Bath)	\$			
<b>Planned</b> River Trail Apartments 1033 NE Bond St (630) 321-1613	160	Studio, 1, 2, 3	NA	NA	\$1.40 (Overall avg.)	New construction of 4 elevator buildings with detached garages, roof deck, and meeting rooms. Located along the river a couple blocks from the Riverplex health club. Water Street to be extended from Riverplex to property. Apts. to have balconies facing the river, rooftop common area.

NA Not Available

Source: Valerie S. Kretchmer Associates, Inc.

# Greater Downtown Market Area Rental Properties



## E. Class A Suburban Apartment Complexes

As a comparison to the rents at Downtown apartment buildings, VSKA surveyed the two newest suburban apartment complexes, *Apartments at Grand Prairie* (2010) and *Prairie Lakes* (2004-2013). These are considered to be the highest quality suburban apartments in the Peoria area and are both in the highly regarded Dunlap School District, an advantage for families with school-aged children. The properties offer many amenities including clubhouse with fitness center and outdoor pool, and units have full size washers and dryers in addition to the standard appliances. Rents are generally less expensive than the rehabbed loft buildings Downtown. Details on these properties are included in Table 11 below, followed by a location map. Photographs are in the Appendix.

Compared to the most recently opened Warehouse District and Downtown buildings, one bedroom rents at the highest priced suburban complexes start out lower, and all two bedroom units have lower rents. The suburban rent ranges are:

1 Bedroom	\$830-1,095
2 Bedroom	\$940-1,055
3 Bedroom	\$1,180

That the highest quality suburban complexes have lower rents than the newest Downtown buildings is indicative of how strong the interest is in Downtown living. This is despite the higher monthly cost and less extensive building features such as a swimming pool and large clubhouse.

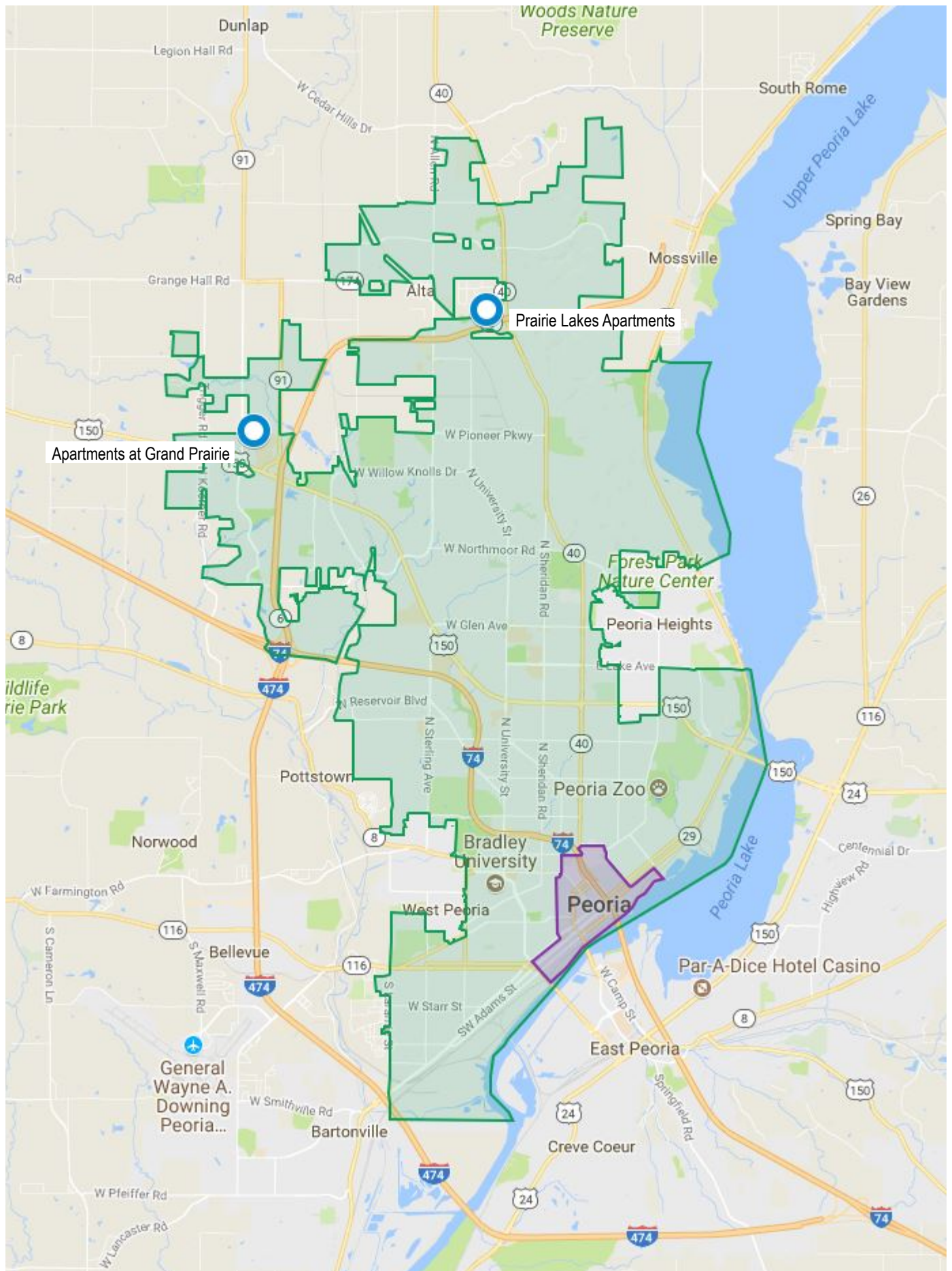
Table 11

BETTER QUALITY SUBURBAN APARTMENT COMPLEXES IN PEORIA

Location	Rental Range		Square Footage	Rent/S.F.	Amenities and Comments
	Unit Type (Bed/Bath)	\$			
Apartments at Grand Prairie 5400 W. Sienna Lane 309-693-3201	1/1 2/2 3/2	\$915-1,095 995-1,025 1180	905 1,056 1,392	\$1.01-1.21 0.94-.97 0.85	Opened in 2010. Garden apt. complex with 160 units directly north of The Shoppes at Grand Prairie. Units have stove, refrigerator, dishwasher, microwave, full size washer and dryer, ceiling fan, private storage, walk-in closets and balcony or patio. Common area amenities include clubhouse with billiards, fitness center and wireless cyber cafe, outdoor pool, fire pit, gas grills, park area, bike racks. Carports and garage spaces are available for a monthly fee. Tenants pay for heat, hot water, sewer, water and electricity. Dunlap School District.
Prairie Lakes 1700 W. Coneflower Drive 309-243-8588	1/1 2/1 2/2	\$830 940 1,030-1,055	895 1,141 1,190	\$0.93 0.82 0.87-.89	Garden apt. complex with 750 units in 16 buildings built from 2004-2013. Units have refrigerator, stove, dishwasher, full size washer and dryer, walk-in closet and balcony or patio. 3rd floor units have cathedral ceilings and are most expensive. 2nd floor units less expensive. Addl. storage in some apts. Large clubhouse with fitness center, outdoor pool. Carports available for \$25 per month. Apartments available in all unit types. Heat and water included in rent. Dunlap School District. Larger 1 BR unit is handicapped accessible. 58% of units are 1 BR.

Source: Valerie S. Kretchmer Associates, Inc.

# Suburban Apartment Complexes



## V. DEMAND FOR APARTMENTS IN DOWNTOWN PEORIA

### A. Demand Generators

Demand for additional residential options Downtown will come from employees, students and others interested in an urban lifestyle. The medical center, associated medical colleges, Robert Morris students, Caterpillar 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 relocation of 700-750 OSF employees to the heart of Downtown in the coming year or two will further add to the appeal of the Warehouse District and other Downtown residential locations.

### B. Apartment Demand

Table 12 that follows shows the demand over the next five years for apartments in the Greater Downtown area. Between 2017 and 2022, VSKA projects demand for **543-822 new market rate units for households with incomes of \$35,000-150,000 for an annual average of 109-164 units**. This is based on household estimates and projections by Esri and rental data from the American Community Survey for Peoria. VSKA 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

Peoria renter households under 65 years of age with incomes of \$35,000-\$150,000 – currently 36% of households in this age and income group are renters. The share is assumed to grow to 39% by 2022 due to the increasing propensity of younger and more affluent households to rent.

Peoria renter households over 65 years of age with incomes of \$35,000-\$150,000 – currently 18% of households in this age and income group. The share is assumed to grow to 21% by 2022 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 2017 and 2022 -- 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 Greater Downtown rental units targeted to households with incomes of \$35,000-\$150,000 – this is estimated at 369 units now, equal to 2.6% of the city’s renters in this income range.

Greater Downtown’s 2017 potential share of the city’s renter households with incomes of \$35,000-\$150,000 assuming product was available – the share could increase to 6-8% given the high occupancy rates and wait lists 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 2017.

Between 2017 and 2022, with the additional planned residential development and increasing employment Downtown, we assume that Downtown can capture 20% of the city’s new construction of rental units for households with incomes of \$35,000-\$150,000 -- this is Greater Downtown’s share of new rental demand in the city.

Total 2022 Greater Downtown demand -- this is the 2017 unmet demand plus Greater Downtown’s share of new demand between 2017 and 2022.

Average annual demand – this is the total 2022 Greater Downtown demand divided by 5 years.

Table 12

## DEMAND FOR DOWNTOWN PEORIA APARTMENTS

	2017	2022	Change
<b>Peoria Households Under 65 by Income</b>	35,690	34,174	-1,516
\$35,000-\$49,999	4,548	3,941	-607
\$50,000-\$74,999	5,939	4,874	-1,065
\$75,000-99,999	4,327	4,089	-238
\$100,000-149,999	<u>4,758</u>	<u>5,392</u>	<u>634</u>
Sub-Total with Incomes \$35,000-\$149,999	19,572	18,296	-1,276
Percent Who Are Renter Households	36%	39%	
Estimated Renter Households Under 65 with Incomes \$35,000-\$149,999	7,046	7,135	90
<b>Peoria Households 65+ by Income</b>	12,034	13,189	1,155
\$35,000-\$49,999	1,746	1,781	35
\$50,000-\$74,999	1,853	1,782	-71
\$75,000-99,999	1,137	1,249	112
\$100,000-149,999	<u>1,009</u>	<u>1,346</u>	<u>337</u>
Sub-Total with Incomes \$35,000-\$149,999	5,745	6,158	413
Percent Who Are Renter Households	18%	21%	
Estimated Renter Households over 65 with Incomes \$35,000-\$149,999	1,034	1,293	259
<b>Peoria Demand for New Apartments from All Renter Households With Incomes \$35,000-\$149,999</b>			
Total Renter Households with Incomes \$35,000-\$149,999	8,080	8,429	
Demand for New Rental Units from Growth in Renter Households of All Ages with Incomes \$35,000-\$149,999			349
Demand for New Rental Units for Households with Incomes \$35,000-\$149,999 based on Assumed 95% Occupancy			367
<b>Greater Downtown Peoria Demand for New Apartments from Renter Households With Incomes \$35,000-\$149,999</b>			
Existing Greater Downtown Market Rate Units Targeted to Households with Incomes \$35,000-\$149,999 (2.6% of Peoria Units > \$800)*	369		
Greater Downtown's Potential Capture of Existing Renter Households with Incomes \$35,000-\$149,999 (7-8% of Peoria)	839-1,118		
2017 Unmet Demand for Greater Downtown Units for Households with Incomes \$35,000-\$149,999	470-749		
Greater Downtown's Potential Share of Peoria's Demand for New Rental Units for Households with Incomes \$35,000-149,999 between 2017 and 2022		20%	73
Total 2022 Demand for Greater Downtown Units for Renters with Incomes \$35,000-\$149,999 (2017 Unmet Demand + Share of New Demand between 2017 and 2022)		543-822	
Average Annual Demand for Greater Downtown Units for Renters with Incomes \$35,000-\$149,999		109-164	

\* Units at market rate buildings Downtown and their share of Peoria's rental units with rents over \$800.

Source: Valerie S. Kretchmer Associates, Inc. based on estimates and projections from Esri and American Community Survey 2012-2016.

**C. Recommendations**

Current developer interest has been in the rehabilitation of existing historic structures using federal and state historic tax credits, as well as new construction of apartments along the river. The buildings that came on line in 2016 and 2017 were all rehabs of existing buildings, most of which were the adaptive re-use of former warehouses. Given the strong market acceptance of this product type at rents above what newer suburban complexes are charging, there should be market support for new construction as well as more warehouse renovations.

Parking will be required in the Warehouse District for buildings that don't have on-site parking already. While Downtown residents typically have fewer cars than suburban residents, most of the early residents of the new Downtown apartment buildings do have cars. A City-owned parking deck or lot or arrangement with a private owner will be necessary. While it is possible to find on-street parking proximate to most of the existing residential buildings in the Warehouse District now, this will change once more buildings are converted to apartments.

The newer Downtown apartment buildings have a mix that is heavily weighted to studio and one bedroom units. These sizes are reasonable for residents still in school and just starting out in their careers. However, we recommend a wider unit mix in future Downtown buildings that includes more two bedroom units with both one and two baths, particularly split floor plans that are also suitable for roommates.

At present, the rents per square foot in the newer buildings have a fairly wide range, due to the differences in unit sizes. Even in a single building, unit sizes can vary quite a bit since renovated warehouse buildings don't lend themselves to uniform sizes. Table 13 below shows the current ranges of unit sizes, rents per square foot, and rents in the recently opened buildings Downtown.

**Table 13**

**UNIT SIZE, RENT PER SQUARE FOOT AND RENT RANGES IN RECENTLY OPENED BUILDINGS IN DOWNTOWN PEORIA**

<b>Unit Type</b>	<b>Size Range (SF)</b>	<b>Rent Per SF Range</b>	<b>Rent Range</b>
Studio	462-695	\$1.00-1.92	\$695-1,200
1 Bedroom	553-1,400	1.00-1.78	950-1,400
2 Bedroom	912-1,500	1.07-1.53	1,300-2,150

In the near term, achievable rents should be in the \$1.35 to \$1.60 per square foot range across all unit sizes as shown in Table 14 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. It assumes that 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 14**

**RECOMMENDED UNIT SIZES AND RENTS**

<b>Unit Type</b>	<b>Typical Size Range (SF)</b>	<b>Rent Per SF Range</b>	<b>Rent Range</b>
Studio	500-600	\$1.50-1.60	\$750-960
1 Bedroom	700-800	1.40-1.45	980-1,160
2 Bedroom	900-1,000	1.35-1.40	1,215-1,400

In order to achieve these rents, apartments should have a kitchen with a stove, refrigerator, dishwasher, disposal and microwave, at a minimum. An in-unit washer and dryer are desirable and will command higher rents. Common area amenities should include at least a laundry room on each floor (if washers and dryers are not included in the unit), 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.

## **VI. APPENDIX**

Photographs of Downtown Apartments

Photographs of Suburban Apartment Complexes



# Downtown Peoria Residential Market Study

Downtown Apartments



# Downtown Apartments



Murray Place



Winkler Lofts



Cooprage 214



Persimmon Lofts

# Downtown Apartments



Marquette Building



Civic Center Plaza



Le Vieux Carre



Kickapoo Building

# Downtown Apartments



The Lofts at Waterfront Place



# Downtown Peoria Residential Market Study

Suburban Apartment Complexes



# Suburban Apartment Complexes



Apartments at Grand Prairie



Prairie Lakes