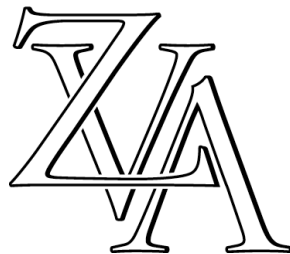

AN ANALYSIS OF
RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area
The City of Norfolk, Virginia

August, 2021

Conducted by
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Residential Market Analysis Across the Urban-to-Rural Transect

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AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area The City of Norfolk, Virginia

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INTRODUCTION

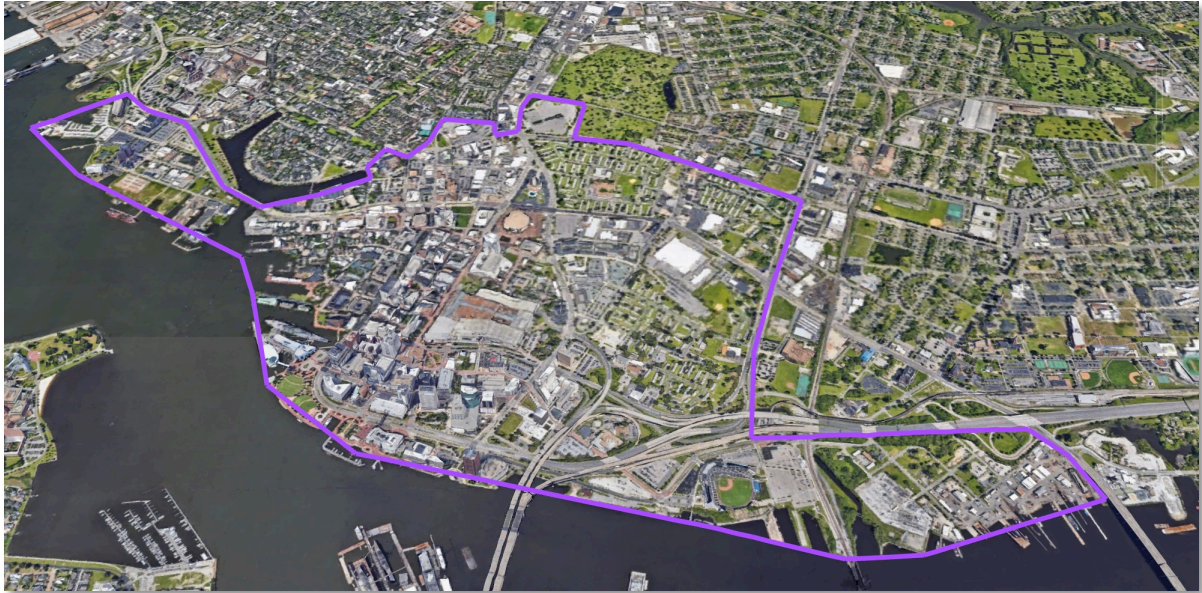
The purpose of this study is to determine the market potential and optimum market position for newly-introduced rental and for-sale housing units—created both through adaptive re-use of existing non-residential buildings as well as through new construction—that could be developed over the next several years within the Downtown Norfolk Study Area.

The optimum market position for new housing units in the Downtown Study Area has been derived from the housing preferences, financial capacities, and lifestyle characteristics of the households with the potential to move within or to the Downtown Norfolk Study Area; the Study Area's location, visibility and physical attributes; the rental and for-sale housing market context in the Downtown market area; and Zimmerman/Volk Associates' extensive experience with urban development and redevelopment.

The Study Areas boundaries follow the Elizabeth River from Campostella Road in the east to U.S. Route 58 in the west, continuing generally north to include the Harrison Opera House and to Princess Anne Road, then following Virginia Beach Boulevard to Tidewater Drive in the east, and south on Tidewater Drive to Interstate 264, where it continues to Campostella Road, the eastern boundary of the Study Area. (*See Map following this page.*) In addition to the core Downtown, the Study Area encompasses Atlantic City, the Neon District, Young Terrace, Calvert Square, Tidewater Gardens, Harbor Park and the Waterside District, and the Freemason Historic District.

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The City of Norfolk, Virginia
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DOWNTOWN NORFOLK STUDY AREA

The extent and characteristics of the potential market for new and existing housing units in the Downtown Study Area were determined using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when housing choices in the market are increased with new housing types that match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, which is typically limited by supply-side dynamics and baseline demographic projections, target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less frequently analyzed attributes such as lifestage, mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing

potential for urban development and redevelopment where often no directly-comparable properties exist.

In brief, using the target market methodology, Zimmerman/Volk Associates examined the following:

- Where the potential renters and buyers of new and existing housing units in the City of Norfolk are likely to move from (the draw areas);
- How many households have the potential to move within and to the city and the Downtown Study Area each year (depth and breadth of the market);
- What their housing preferences are in aggregate, and what their range of affordability is (rental or ownership, multi-family or single-family; income qualifications);
- Who they are and what they are like (the target markets);
- What their current housing alternatives are (relevant rental and for-sale development in the Downtown market area);
- What are the rents and prices of new affordable and market-rate units that could be developed within the Downtown Study Area that correspond to target household financial capabilities (optimum market position); and
- How quickly the new units will lease or sell (absorption forecasts).

OVERVIEW OF THE DOWNTOWN NORFOLK STUDY AREA

Downtown Norfolk represents the most urban and walkable core, not only for the City of Norfolk but also, it could be argued, for the entire Tidewater region. Several institutions are based in Downtown Norfolk, including City Hall, the United States Courthouse, Slover Library, the Norfolk campus of Tidewater Community College, and the U.S. Post Office. Dozens of shops, restaurants, bars, and cafés are located in the Downtown, concentrated on Granby Street from Main Street through the Neon District to East Virginia Beach Boulevard. Although the pandemic has had an impact on commerce, the Downtown remains a vibrant and attractive venue for both visitors and residents alike. The MacArthur Center, the urban mall which opened in the Downtown in 1999, has suffered the fate of most malls across the country, and several of the stores in the Center have closed.

Major cultural institutions and organizations located in the Downtown add to the Downtown's vitality and include the Chrysler Museum of Art, the Virginia Opera, the Virginia Symphony Orchestra, Chrysler Hall—the performing arts theater located in the Scope where the Virginia Symphony performs; the Push Comedy Theater, the D'Art Center, the Virginia Stage Company, and the NEON District (New Energy of Norfolk), the city's first arts district.

Other Downtown attractions include the Nauticus, a science and technology center that is also home to the U.S.S. Wisconsin, one of the Navy's last and largest battleships; Fort Norfolk, the last of 19 coastal forts that had been authorized by George Washington in 1794; the Scope Arena, where a wide variety of events take place, including the Norfolk Admirals hockey games; the Hunter House Victorian Museum; the MacArthur Memorial Museum, and numerous other venues that provide educational opportunities as well as entertainment.

The Norfolk Tide light rail has five stations in the Downtown: York Street/Freemason Station, Monticello Station, McArthur Square Station, Civic Plaza Station, and Harbor Park Station, which has a Park & Ride. The light rail runs from the Newtown Road station near the Virginia Beach boundary in the east to the EV/Fort Norfolk Station in the west.

Several parks are located throughout the Downtown, pocket parks, including small parks—The Pier at Brooke Avenue, Freemason Green, and the Pagoda and Oriental Garden—and larger parks, MacArthur Center Park, Town Point and Town Point Park, and the Waterside Marina and Promenade. The Harbor Park stadium is home to the Norfolk Tides, a minor league baseball team and a Triple-A affiliate of the Baltimore Orioles. The Elizabeth River Trail is a nine-mile walking, running, and biking trail that runs along the Elizabeth River in the Downtown.



Based on past demographic trends, Claritas, Inc., the national provider of Census-based demographic data, estimates that Downtown Norfolk's 2021 population of 10,015 is 990 persons greater than in 2010, an increase of just under 11 percent. Between the 2000 and 2010 Censuses, the population had grown by 1,155 people, or nearly 15 percent.

As of the 2010 Census, there were an estimated 3,550 households in the Study Area, rising to an estimated 4,160 households in 2021, an increase of 610 households, or more than 17 percent. That was lower, however, than the 30 percent, 825-household increase from 2000 to 2010.

The number of persons per household has a direct impact on the type of housing needed, with smaller households requiring fewer bedrooms and less square footage than larger households.

- 76.7 percent of all households in the Downtown Norfolk Study Area in 2021 contain just one or two persons (compared to 68 percent city-wide, and 62 percent nationwide).
- 11.5 percent contain three persons (lower than the city's share of 16.7 percent).
- The remaining 11.7 percent contain four or more persons (considerably lower than 20.3 percent in the city).

The composition of those households can also influence housing decisions, affecting the type of housing required. Households with children will often prefer single-family detached units located in a good school district; whereas the older and younger households without children that represent the bulk of the potential market for downtown and urban neighborhoods are more likely to select smaller units, often in multi-family buildings.

- Just three percent of the Study Area's households could be characterized as traditional families, *e.g.*, married couples with children under age 18 in 2021 (compared to 15 percent city-wide).
- Non-traditional families with children, *e.g.*, single persons or unmarried couples with children under 18 represent 22.1 percent of the city's households (considerably higher than the city's 16.4 percent).
- The remaining 74.8 of Downtown Norfolk's households do not have children under 18 and include non-traditional family households without children as well as childless married couples (68.6 percent in all of Norfolk).

The Downtown Study Area is less affluent than the city as a whole. Median household income in the Study Area is currently estimated at \$41,550, compared to the city-wide median of \$51,600. About 37 percent of the households living in the Study Area have annual incomes of \$25,000 or less, whereas 31 percent have incomes above \$75,000 per year (compared to just under 25 percent and 32 percent, respectively, in the city).

Downtown Norfolk's Study Area population is diverse.

- Approximately 36.4 percent of the Study Area's residents are white, significantly lower than Norfolk's 45.2 percent.
- Approximately 58.7 percent are African American, compared to just over 41 percent city-wide.
- The Asian population is currently 2.5 percent of the total, lower than just under four percent in the city.
- The remaining 2.4 percent are American Indian, Native Hawaiian/Pacific Islander alone, lower than the 8.2 percent share city-wide.

Just 2.5 percent of the Study Area's population is Hispanic/Latino by origin, considerably lower than the city's share of 9.1 percent.

More than 22 percent of all Downtown Norfolk's dwelling units have been built since 2000, considerably higher than the 13 percent across the City of Norfolk. The Study Area's housing stock is currently estimated at 4,760 dwelling units; single-family detached houses represent less than three percent of all dwelling units.

- 2.8 percent are single-family detached houses (49.3 percent city-wide).
- 7.8 percent are single-family attached houses—townhouses or rowhouses (7.6 percent in Norfolk).
- 1.5 percent are units in two-unit buildings (duplexes or doubles), considerably lower than the city's share of 6.4 percent.
- 35 percent are located in buildings of three to 19 units, compared to the much smaller Norfolk share of 25 percent.
- Nearly 53 percent are located in buildings of 20 or more units, significantly higher than 11 percent city-wide.

Based on Census and Claritas estimates, in 2021, 12.6 percent of the Study Area's 4,760 housing units are unoccupied. Of the 4,160 *occupied* units, 73 percent are rented and 27 percent are owner-occupied, a much lower share of homeowners compared to Norfolk's ownership rate of 45.3 percent. The median value of owner-occupied dwelling units in the Study Area is currently estimated at \$352,700, approximately \$129,600 higher than the Norfolk median of \$223,100.

The Downtown Norfolk Study Area has a higher percentage of vehicle-free households than the city as a whole, and considerably lower percentages of vehicles owned.

- 23.7 percent of the Study Area's households do not own a vehicle (11.6 percent city-wide).
- 50.5 percent own only one vehicle (38.9 percent city-wide).
- 25.8 percent own two or more vehicles (substantially lower than the 49.5 percent rate in the City of Norfolk).

The primary means of commutation for workers aged 16 and older in the Downtown is still the private vehicle; however, walking to work is the second-highest means of getting to work.

- 44.9 percent drive alone to work (much less than the 72.8 percent in Norfolk as a whole).
- Nearly a third, 31.2 percent, walk to work (compared to just 9.9 percent city-wide).
- 10.7 percent take public transportation (3.6 percent in Norfolk as a whole).
- 4.4 percent car-pool (below the 8.2 percent in the city as a whole).
- The remaining 8.8 percent either work at home, bike to work, or have other means of getting to work (5.5 percent in the city as a whole).

The share of Downtown Norfolk's residents aged 25 or older with a Bachelor's Degree stands at nearly 37 percent, compared to the city-wide share of just over 29 percent.

In 2021, over 64 percent of Downtown Norfolk employment was concentrated in white-collar jobs, 7.4 percent in blue-collar occupations, and the remaining 28.4 percent in service (and farm) employment. (City-wide, white-collar jobs comprise 56 percent of all employment, blue-collar 22.8 percent, and service and farm occupations 21.2 percent.) The number of employed civilians 16 years of age and older by worker class stood at 3,392 persons, with a clear majority (70 percent) working for for-profit private employers. Armed forces personnel living Downtown are estimated to total just under 950 persons.

By occupation, in 2021, sales and related jobs employ the largest number—over 500—of civilian workers in the Study Area, closely followed by food preparation and service work (437 jobs), and health care practitioner/technician (371 employees), management 331 jobs), and office/administrative support (283 jobs).

DATA SOURCES: Table 01: Claritas, Inc.; U.S. Census Bureau;
 Zimmerman/Volk Associates, Inc.

CITY-WIDE AVERAGE ANNUAL MARKET POTENTIAL

An analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new housing units within the City of Norfolk and the Downtown Study Area.

An understanding of these mobility trends, as well as the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is the first step in the analysis. The draw areas are derived primarily through household migration analysis (using the latest taxpayer data provided by the Internal Revenue Service). To refine the draw area for the city, the IRS migration data have been supplemented by population migration and mobility data for the City of Norfolk from the most recent American Community Survey.

Where are the potential renters and buyers of new and existing housing units in the City of Norfolk likely to move from?

The most recent City of Norfolk migration and mobility data—from taxpayer records compiled by the Internal Revenue Service from 2013 through 2017 and from the 2019 American Community Survey one-year estimates for the city—shows that the draw areas for new and existing housing units in the city include the following:

- The local draw area, covering households moving within the City of Norfolk.
- The Virginia Beach draw area, covering households with the potential to move to Norfolk from the adjacent City of Virginia Beach.
- The regional draw area, covering households with the potential to move to Norfolk from the adjacent Cities of Chesapeake and Portsmouth.
- The national draw area, covering households with the potential to move to Norfolk from all other U.S. cities and counties.

As determined by the migration and mobility analyses, then, the distribution of the draw areas as a percentage of the annual potential market for new and existing housing units in the City of Norfolk is shown on the table following this page.

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Annual Average Market Potential by Draw Area
City of Norfolk, Virginia

City of Norfolk:	47.8%
City of Virginia Beach:	11.7%
Cities of Chesapeake and Portsmouth:	7.1%
Balance of the U.S.:	<u>33.4%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

As determined by the target market methodology, which accounts for household mobility within the City of Norfolk, as well as mobility patterns for households currently living in all other counties, an annual average of 22,900 households represent the potential market for new and existing housing units within the city each year over the next five years.

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area
 The City of Norfolk, Virginia
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AVERAGE ANNUAL MARKET POTENTIAL FOR THE DOWNTOWN NORFOLK STUDY AREA _____

*Where are the potential renters and buyers of new and existing housing units
 in the Downtown Study Area likely to move from?*

The target market methodology identifies those households with a preference for living in downtowns and other urban neighborhoods. After discounting for those segments of the city's potential market that have preferences for suburban and/or rural locations, the distribution of draw area market potential for new and existing units within the Downtown Norfolk Study Area each year over the next five years is as follows:

Annual Average Market Potential by Draw Area
 DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

City of Norfolk:	40.6%
City of Virginia Beach:	11.0%
Cities of Chesapeake and Portsmouth:	7.0%
Balance of the U.S.:	<u>41.4%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Based on the analysis, which accounts for household mobility within the City of Norfolk and the Downtown Study Area, as well as migration and mobility patterns for households currently living in all other cities and counties, an annual average of 2,500 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families of all incomes represent the potential market for new and existing housing units within the Downtown Area each year over the next five years.

What are their housing preferences in aggregate?

The housing preferences of the draw area households—derived from their tenure (rental/ownership) propensities—are outlined on the following table (*see also* Table 2 *following the text*):

Average Annual Potential Market New and Existing Housing Units DOWNTOWN NORFOLK STUDY AREA <i>City of Norfolk, Virginia</i>		
HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	1,494	59.8%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	201	8.0%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	304	12.2%
Single-family detached for-sale (houses, fee-simple ownership)	<u>501</u>	<u>20.0%</u>
Total	2,500	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Nationally, market propensities for higher-density urban housing has continued to increase over the past two decades. In Downtown Norfolk, 60 percent of the 2,500 target households of all incomes comprise the market for rental dwelling units. An increasing percentage are renters by choice; many, however, would prefer to own but cannot afford the type of housing they want in neighborhoods where they would consider living. Since the Great Recession, younger people in particular have been challenged by the difficulties of finding work that pays well; some have the additional burden of significant education debt, and many lack an adequate down payment.

The remaining 40.2 percent of the market (1,006 households of all incomes) would choose ownership housing. Just under half of the ownership market would choose for-sale single-family detached houses, 20 percent multi-family units (condominium/co-operative apartments), and the remaining 30.2 percent single-family attached units (rowhouses/ townhouses/duplexes).

What is their range of affordability by housing type?

The 2,500 households that represent the potential market for new and existing housing units in the Downtown Norfolk Study Area have been segmented by income, based on the Virginia Beach—Norfolk—Newport News, VA-NC HUD Metro MFR median family income (AMI), which, for fiscal year 2021 is \$84,500 for a family of four. The combined tenure and housing type preferences and financial capabilities of the 2,500 target households are shown on the following table (*see again* Table 2):

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	<u>1,494</u>	<u>59.8%</u>
< 30% AMI	302	12.1%
30% to 60% AMI	296	11.8%
60% to 80% AMI	169	6.8%
80% to 100% AMI	122	4.9%
> 100% AMI	605	24.2%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>201</u>	<u>8.0%</u>
< 30% AMI	31	1.2%
30% to 60% AMI	30	1.2%
60% to 80% AMI	18	0.7%
80% to 100% AMI	13	0.5%
> 100% AMI	109	4.4%
Single-family attached for-sale (townhouses, rowhouses, fee-simple ownership)	<u>304</u>	<u>12.2%</u>
< 30% AMI	48	1.9%
30% to 60% AMI	57	2.3%
60% to 80% AMI	31	1.2%
80% to 100% AMI	24	1.0%
> 100% AMI	144	5.8%

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HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Single-family detached for-sale (houses, fee-simple ownership)	<u>501</u>	<u>20.0%</u>
< 30% AMI	73	2.9%
30% to 60% AMI	84	3.3%
60% to 80% AMI	52	2.1%
80% to 100% AMI	39	1.6%
> 100% AMI	253	10.1%
Total	2,500	100.0%

NOTE: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Summarizing the income ranges of the 2,500 households that represent the annual potential market for new and renovated housing units in the Downtown Study Area, 18.2 percent (454 households) have incomes at 30 percent or less than the AMI; 18.7 percent (467 households) have incomes between 30 and 60 percent AMI; 10.8 percent (270 households) have incomes between 60 and 80 percent AMI; 7.9 percent (198 households) have incomes between 80 and 100 percent AMI; and 44.4 percent (1,111 households) have incomes at or above 100 percent AMI.

TARGET MARKET ANALYSIS

*Who are the households that represent the potential market
for new units in the Downtown Norfolk Study Area?*

More than a decade later, the aftermath of the housing crash continues to reverberate throughout the housing market, evidenced by significant changes in market preferences from single-use subdivisions in exurban locations to mixed-use, walkable development, particularly in downtowns and in-town neighborhoods. The preference for urban living evidenced by both younger and older one- and two-person households has been a primary force in downtown redevelopment across the country, and continues despite popular press articles to the contrary that cite anecdotal pandemic-induced moves out of cities. Although this trend was notable at the onset of the pandemic, significant numbers of households who had left their neighborhoods have now returned, and as the coronavirus becomes more controlled, urban occupancies are beginning to resume pre-pandemic levels. At the same time, family households in the Millennial generation have begun to purchase housing. This, in part, has contributed to rising single-family detached home sales across the country and in Norfolk, reducing inventory—particularly in walkable neighborhoods favored by younger households—and increasing pressure on home values. The resulting continued decline in housing affordability has led many buyers to compromise neighborhood preferences in their purchase decisions.

As determined by the target market analysis, the general market segments, by lifestage, that represent the potential market for new and existing housing units in the Downtown Norfolk Study Area are as follows (*see also* Table 3 *following the text*):

- Younger singles and childless couples (57.2 percent);
- Empty nesters and retirees (29.2 percent); and
- Traditional and non-traditional family households (13.6 percent).

The significant majority of the market for new and existing housing units in the Downtown Norfolk Study Area includes younger singles and couples of all incomes. These one- and two-person households range from young professionals, office and retail workers, knowledge workers, to students and other young college- and hospital-related employees.

Approximately 41 percent of the younger singles and couples that comprise the target markets for the Downtown Study Area have incomes that fall below 60 percent of AMI (at or below \$35,500 for a single-person household and at or below \$40,600 for a two-person household). If they are employed, these households work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; many of the unemployed are students.

Slightly less than 11.7 percent of the households in this market segment have incomes that fall within the 60-to-80 percent income band (approximately \$35,500 to \$47,350 for a single-person household and \$40,600 to \$54,100 for a two-person household). These include young artists and artisans, recent college graduates just beginning their careers, lower-level medical personnel, and general office workers who have full-time employment.

The remaining 47.4 percent of the younger singles and couples have incomes that are above 80 percent of the AMI (from \$47,350 at 80 percent AMI to \$59,200 or more at 100 percent AMI for a single-person household, and from \$54,100 at 80 percent AMI to \$67,600 or more at 100 percent AMI for a two-person household). These younger households are mid- and upper-level office workers; college and hospital affiliates; and an increasing percentage are engaged in a variety of entrepreneurial ventures.

Just over 41 percent of the younger singles and couples would be moving to the Downtown Study Area from elsewhere in Norfolk; 7.7 percent would be moving from Virginia Beach; approximately 3.5 percent would be moving from Chesapeake and Portsmouth; and the remaining 47.5 percent would be moving from elsewhere in the U.S.

At just over 29 percent of the annual potential market for new and existing housing units in the Study Area, older households (empty nesters and retirees) represent the second largest share of

the market. A significant number of these target households have grown children who have recently moved out of the family home; another large percentage are retired.

In this general market segment, an estimated 26.6 percent have incomes at or below 60 percent of AMI—with a significant number of older singles and couples struggling on fixed incomes, mostly from social security—many of whom are living in substandard housing, as well as households with more moderate incomes. (This is a range of \$17,750 or less at or below 30 percent AMI to \$35,500 at 60 percent AMI for a single-person household and \$20,300 or less at or below 30 percent AMI to \$40,600 at 60 percent AMI for a two-person household.)

Another nine percent of the older target households have incomes between 60 and 80 percent of the area median. (Approximately \$35,500 to \$47,350 for a single-person household and \$40,600 to \$54,100 for a two-person household.) These households will often move to dwelling units that require less upkeep and maintenance expense, but if given appropriate housing options, would choose to remain in their current neighborhoods.

Older households with incomes above 80 percent of AMI comprise over 64.4 percent of the target empty nester and retiree market segment (from \$47,350 at 80 percent AMI to \$59,200 (100 percent AMI and up for a single-person household, and from \$54,100 at 80 percent AMI to \$67,600 and up at 100 percent AMI for a two-person household). These older singles and couples are enthusiastic participants in community life, and most are still actively involved in well-paying careers in the medical, legal, and financial professions as well as academia.

Over 45 percent of the empty nesters and retirees would be moving from within the City of Norfolk; 11.6 percent would be moving from Virginia Beach; another 11.6 percent from Chesapeake and Portsmouth; and the remaining 31.5 percent would be moving from elsewhere in the U.S., primarily other counties in Virginia, the Northeast and Southeast.

Traditional and non-traditional families represent just 13.6 percent of the market for new and existing dwelling units in the Downtown Norfolk Study Area. Non-traditional families have become an increasingly larger proportion of all U.S. households, and encompass a wide range of family households, from a single, separated, widowed or divorced mother or father with one or

more children, to an adult taking care of younger siblings, or a grandparent responsible for grandchildren, to an unrelated couple of the same gender with children. The “traditional family household” of a married couple with young children, which once comprised the majority of American households, has now fallen to 22 percent nationally (15 percent in Norfolk and less than three percent in the Downtown Study Area).

Just under 39 percent of the family households that comprise the annual potential market for the Study Area have incomes below 60 percent of AMI and are typically spending more than 40 percent of their incomes on housing costs. Many of these households are single-parent families struggling to make ends meet. (General income ranges at 60 percent AMI are at or below \$45,700 for a three-person household and at or below \$62,100 for a five-person household.)

Another 11.2 percent of the family-oriented households have incomes that fall within the 60-to-80 percent income band. A significant number of the heads of household in these family groups are manufacturing and blue-collar workers; the remainder have lower-level office jobs. (At 60 to 80 percent AMI, incomes for three-person households range between \$45,700 and \$60,850, and incomes for five-person households range between \$62,100 and \$73,050.)

The remaining 49.2 percent of the traditional and non-traditional families have incomes above 80 percent of AMI. These households are, in large part, dual-income households, with medical careers, academic positions, middle- to upper-middle management jobs, and professionals in the financial and legal sectors. (At 80 to 100 percent AMI, incomes for three-person households range between \$60,850 and \$76,100 or more, and incomes for five-person households range between \$73,050 and \$91,300 and up.)

Just under 28 percent of these households are already living in Norfolk; 23.5 percent are currently living in Virginia Beach. Another 11.8 percent would be moving from Chesapeake and Portsmouth, and 36.8 percent from elsewhere in the U.S.

NOTE: APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY, APPENDICES ONE AND TWO, TARGET MARKET TABLES document describes how the target market groups for the Downtown Norfolk Study Area have been determined.

THE MARKET CONTEXT

What are their current housing alternatives?

Summary supply-side information for the Downtown Norfolk Study Area (covering multi-family rental and for-sale properties) is provided in tabular form following the text: Table 4, Summary of Selected Rental Properties, and Table 5, Summary of Selected For-Sale Multi-Family Resale Listings.

Redfin's Walk Score has been included with each property listing. Although Walk Score measures only distance, and metrics such as intersection density and block lengths to grade the walkability of a specific address or neighborhood, it has grown in importance as a value criterion. Walk Scores above 90 indicate a "Walker's Paradise," where daily errands do not require a car. Walk Scores between 70 and 90 are considered to be very walkable, where most errands can be accomplished on foot, and Walk Scores between 50 and 69 are regarded as somewhat walkable, where some errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The impact on housing values of walkability as calculated by Walk Score only begins to be measurable when Walk Scores reach 70 or above. Most of the Downtown properties included in the survey have Walk Scores over 80 and four, The Rockefeller on Brooke Avenue, and The Loraine, Century Apartments, and Savoy Apartments, all on Granby Street, have Walk Scores of 90 or higher.

—MULTI-FAMILY RENTAL PROPERTIES—

In June and July 2021, Zimmerman/Volk Associates compiled data from a variety of sources on 15 selected more recently-developed rental properties totaling more than 1,500 apartments located in the Study Area. (*See Table 4 following the text.*) Most of the rental properties provide a range of community amenities, typically fitness centers, clubhouses or residents' lounges, and business centers, and some have pools.

Base rent, unit sizes and rents per square foot for the 15 rental properties included in the survey are summarized on the following pages.

—*Studios (13 properties)*—

- Rents for studios range between \$958 per month at The Law Building, located on Granby Street, to \$1,585 per month at Aura Downtown on Boush Street.
- Studios contain between 308 square feet and 739 square feet, both found at The Rockefeller.
- The studio rents per square foot range between \$1.91 at the Savoy Apartments and \$3.27 at the Botetourt Apartments on Botetourt Street.

—*One-Bedroom Units (All 15 properties)*—

- Rents for one-bedroom, one-, one-and-a-half-bathroom apartments range from \$1,102 per month at the Savoy Apartments to \$1,940 per month at the Aura Downtown on Boush Street.
- One-bedroom units range in size from 407 square feet at the Savoy Apartments to 1,144 square feet at a one-bedroom/one-and-a-half-bath unit at The Wainwright on West Bute Street.
- One-bedroom rents per square foot range between \$1.59 at the Metro on Granby, to \$3.01 at the Aura Downtown.

—*Two-Bedroom Units (13 properties)*—

- Rents for two-bedroom, one-, one-and-a-half, or two-bathroom units range from \$1,425 per month for a two-bedroom/one-bath apartment at the Museum Apartments, to \$2,600 per month for a two-bedroom/two-bath apartment at Icon Norfolk Apartments on East Main Street.
- Two-bedroom units range in size from 849 square feet for a two-bedroom/one-bath at the Botetourt Apartments, to 1,428 square feet at Metro on Granby (two bedrooms/two-and-one-half baths).
- Two-bedroom rents per square foot fall between \$1.33 at Metro on Granby, and \$2.46 at the Aura Downtown.

—*Three-Bedroom Units (4 properties)*—

- Three-bedroom apartment rents start at \$2,095 per month for three bedrooms and two baths at Monticello Station and reach \$4,790 for a three-bedroom/two-bath apartment at Icon Norfolk.
- Three-bedroom apartments contain between 1,200 square feet at Icon Norfolk to 2,479 square feet at the Century Apartments.
- Three-bedroom rents per square foot range between \$1.45 at the Century Apartments, and \$2.63 at Icon Norfolk.

Monticello Station, located on East Freemason Street, is the only property with four-bedroom apartments, containing 1,610 square feet, with a monthly rent of \$2,483 (\$1.54 per square foot).

—MULTI-FAMILY FOR-SALE PROPERTIES—

Table 5 summarizes resale listings of existing condominium units that were on the market in July, 2021 in and near the Downtown Norfolk Study Area. As with the rental properties, most of the Downtown condominiums included in the survey have Walk Scores over 80. Walk Scores ranged between the lowest, 68, for units at Ghent on the Square on Westover Avenue, just outside the Downtown Study Area, to 89 at the Pender Building on Granby Street, where a two-bedroom/two-bath condominium is listed at \$289,000, and at Harbour Place, on Brooke Avenue, where several units are on the market, with asking prices ranging from \$335,900 for a 1,216-square-foot one-bedroom/one-bath condominium (\$276 per square foot) to nearly \$1.9 million for a two-bedroom/two-and-a-half bath unit containing more than 3,400 square feet of living space (\$548 per square foot).

Resale listings of units located in or around the Downtown Study Area and listed in July 2021 started at \$175,000 for an 869-square-foot one-bedroom/one-bath condominium at St. Paul's Place on East Freemason Street (\$201 per square foot). A 1,226-square-foot two-bedroom/two-bath unit was also on the market here, with an asking price of \$289,000 (\$236 per square foot). After the million-dollar condominium at Harbour Place, the highest asking price for a resale in

Downtown was \$925,000, also at Harbour Place, for a 2,295-square-foot four-bedroom/three-and-a-half-bath condominium (\$403 per square foot).

Most of the resale units on the market Downtown contained one or two bedrooms, with a few larger units. Excluding Harbour Place, prices per square foot ranged from \$163 for a 3,890-square-foot, four-bedroom/three-and-a-half-bath condominium at 220 West Brambleton to \$340 for a 1,000-square-foot condominium with one bedroom and one-and-a-half baths priced at \$339,900 at Harbour Heights on College Place.

Three other condominiums were listed at Harbor Heights. Two two-bedroom/two-and-a-half-bath units had asking prices of \$429,900 (1,533 square feet) and \$485,000 (1,497 square feet), \$280 and \$324 per square foot, respectively. A 2,436-square-foot, three-bedroom/two-and-a-half-bath unit was listed for \$789,000 (\$324 per square foot).

Four units are on the market at Ghent on the Square in Ghent just outside the Study Area. All four are two-bedroom/two-bath models with asking prices from \$195,000 to \$209,000; three have 1,026 square feet of living space and one unit contains 1,044 square feet (\$190 to \$205 per square foot).

The only other condominium building with more than one resale on the market was the Rotunda, on St. Paul's Boulevard, where three condominiums were listed. All three have two bedrooms and two baths, and the largest had an additional half bath. Asking prices were \$271,000 for the smallest 1,113-square-foot unit (\$243 per square foot), \$295,000 for a 1,260-square-foot unit (\$234), and \$499,900 for the largest 2,063-square-foot unit (\$242 per square foot).

The only townhouses listed were at River Park, where two units had asking prices of \$479,000 for just over 1,800 square feet of living space and \$489,900 for a little more than 2,000 square feet (\$266 and \$240 per square foot respectively).

OPTIMUM MARKET POSITION: DOWNTOWN NORFOLK STUDY AREA

What are the rents and prices that correspond to target household financial capabilities?

The rents and price points for the market-rate component of new *rental* housing units that could be developed in the Downtown Study Area are derived from the financial capabilities of those target households with annual incomes at or above 80 percent AMI, which ranges from \$47,350 and up for a single-person household to \$60,850 and up for a three-person household. (Typical household sizes in downtown locations range between one and three persons per household, with a predominance of one- and two-person households.) For new market-rate for-sale housing units, the target households have annual incomes at or above 100 percent AMI, which ranges from \$59,200 and up for a single-person household to \$76,100 and more for a three-person household.

Households with incomes between 60 and 80 percent of the AMI comprise the market for new *rental workforce* housing units. These households have incomes ranging between \$35,500 and \$47,350 for a single-person household to \$45,700 and \$60,850 for a three-person household. For new *for-sale workforce* housing units, the targeted households have annual incomes between 80 and 100 percent AMI, which ranges between \$47,350 and \$59,200 for a single-person household to \$60,850 and \$76,100 for a three-person household.

In general, households with annual incomes at or below 60 percent AMI do not qualify for new construction except for units financed using low-income housing tax-credits. If incomes are below 30 percent AMI, households typically qualify for public housing units and Section Eight vouchers. Rents are usually limited to no more than 30 percent of annual income. At 30 percent AMI, household incomes are less than \$17,750 for a single-person household to less than \$22,850 for a three-person household, and less than \$31,040 for a five-person household.

In addition, because this is a downtown study area, only higher density housing types—multi-family rental and for-sale housing—are appropriate for new development.

The analysis is focusing on those renter households with incomes at or above 60 percent AMI, and those buyer households with incomes at or above 80 percent AMI, covering the incomes

required to rent or purchase workforce and market-rate housing units in the Downtown Norfolk Study Area. The combined housing preferences by tenure and by income of those 1,018 target households are shown on the following table (*reference again* Table 2):

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 Renter Households with Incomes Above 60% AMI
 Buyer Households with Incomes Above 80% AMI
 DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	<u>896</u>	<u>88.0%</u>
60% to 80% AMI	169	16.6%
80% to 100% AMI	122	12.0%
> 100% AMI	605	59.4%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>122</u>	<u>12.0%</u>
80% to 100% AMI	13	1.3%
> 100% AMI	109	10.7%
Total	1,018	100.0%

NOTE: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

—Rental Multi-Family Distribution by Rent Range—

The number of households able to afford the specified rent ranges detailed on the following table was determined by calculating a monthly rental payment—excluding utilities and ranging between 25 and 30 percent of annual gross income. (Although it is quite possible that many households will pay up to 40 percent of their annual gross incomes in rent, HUD recommends that a tenant pay no more than 30 percent of gross income for rent *including* utilities.)

An annual average of 896 households with incomes above 60 percent of the AMI represent the target markets for newly-constructed market-rate and workforce rental housing units in the Downtown Norfolk Study Area (*as shown on* Table 6 *following the text*). The distribution by supportable rent ranges are summarized on the table on the following page.

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area
 The City of Norfolk, Virginia
 August, 2021

Target Groups For New Multi-Family For Rent
 Households with Incomes Above 60% AMI
 DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$750–\$1,000	124	13.8%
\$1,000–\$1,250	135	15.1%
\$1,250–\$1,500	145	16.1%
\$1,500–\$1,750	123	13.7%
\$1,750–\$2,000	118	13.2%
\$2,000–\$2,250	110	12.3%
\$2,250–\$2,500	74	8.3%
\$2,500–\$2,750	44	4.9%
Over \$2,750	<u>23</u>	<u>2.6%</u>
Total:	896	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

- The largest group of target renters are younger singles and couples, at more than 67 percent of the market potential for workforce and market-rate rental units in the Downtown Norfolk Study Area. Just over 10 percent have careers that provide them with the financial capacity to afford rents above \$2,250 per month. A majority of the younger households—50.8 percent—comprise the market for units with rents between \$750 and \$1,500 per month. The remaining 39 percent of this market segment can support rents between \$1,500 and \$2,250 per month.
- Empty nesters and retirees represent 24 percent of the market potential for workforce and market-rate rental units in the Downtown Study Area. Almost 30 percent of the wealthiest empty nesters and retirees have the incomes and assets that enable them to afford rents at or above \$2,250 per month. A plurality, 39.5 percent, make up the market for units with rents between \$1,500 and \$2,250 per month. The remaining 30.7 percent of this market segment are only able to support rents between \$750 and \$1,500 per month.
- At just 8.8 percent, traditional and non-traditional families are the smallest market for workforce and market-rate rental units in the Downtown Study Area. Over 20 percent of the family market can afford rents above \$2,250 per month. Approximately 39 percent

have the ability to pay rents between \$1,500 and \$2,250 per month, and the remaining 40.5 percent require rents between \$750 and \$1,500 per month.

—For-Sale Multi-Family Distribution by Price Range—

An annual average of 122 households represent the target markets for newly-constructed workforce and market-rate for-sale multi-family housing units within the Downtown Norfolk Study Area (*as shown on Table 7 following the text*). Supportable price points have been determined by assuming a down payment of 10 percent, an interest rate of 3.5 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 30 percent of gross income for each of the 122 annual households that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

Target Groups For New Multi-Family For Sale
 Households with Incomes Above 80% AMI Per Year
 DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$250,000	11	9.0%
\$250,000–\$300,000	19	15.6%
\$300,000–\$350,000	21	17.2%
\$350,000–\$400,000	22	18.0%
\$400,000–\$450,000	19	15.6%
\$450,000–\$500,000	11	9.0%
\$500,000–\$550,000	9	7.4%
\$550,000–\$600,000	3	2.5%
\$600,000 and up	<u>7</u>	<u>5.7%</u>
Total:	122	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

- Younger singles and couples represent a plurality—45.9 percent—of the annual market for new for-sale multi-family units (condominiums) within the Downtown Study Area. Just 3.6 percent of the younger singles and couples have the income and assets to purchase new condominiums with base prices over \$500,000. Half of the younger households would be in the market for new units priced between \$350,000 and \$500,000. The remaining 46.4 percent can only afford new condominiums with base prices between \$200,000 and \$350,000.

- Empty nesters and retirees represent 43.4 percent of the annual market for new condominiums within the Downtown Norfolk Study Area. Over 30 percent of the empty nesters and retirees have the income and assets to purchase new units priced over \$500,000. Another 32.1 percent would be in the market for new condominiums with base prices between \$350,000 and \$500,000. The remaining 37.7 percent could afford new condominiums priced between \$200,000 and \$350,000.
- Traditional and non-traditional families are the smallest market segment at just 10.7 percent of the annual market for new condominiums in the Downtown Study Area. A majority, 53.8 percent, are able to purchase new units priced between \$350,000 and \$500,000. Over 38.5 percent of the family households would be in the market for new condominiums with base prices between \$200,000 and \$350,000. Less than eight percent have the financial resources to purchase new condominiums priced over \$500,000.

—OPTIMUM MARKET POSITION: DOWNTOWN NORFOLK STUDY AREA—

*What are the rents and prices and unit sizes and configurations
 the match target household preferences?*

As detailed in the preceding section, an annual average of 1,018 target households—896 potential renters and 122 potential condominium purchasers—comprise the annual potential market for new workforce and market-rate rental and ownership housing units in the Downtown Norfolk Study Area each year over the next five years.

Realization of the full potential market of mixed-use development in the Downtown Study Area will depend on building a variety of unit and housing types covering a broad range of both workforce and market-rate rent and price points. The target households will continue to have strong preferences for walkable downtown neighborhoods with a variety of attractive destinations. Walk Scores registered by the residential properties in the Downtown show that walkability has a significant impact on housing values. The increased number of residents living in additional housing units will make the Study Area even more attractive to retailers and employers.

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area
 The City of Norfolk, Virginia
 August, 2021

Based on the target households' financial capabilities and housing preferences, the optimum market position for new workforce and market-rate rental and for-sale housing units within the Downtown Norfolk Study Area is summarized on the following table (*see also* Table 8 *following the text*):

Optimum Market Position DOWNTOWN NORFOLK STUDY AREA <i>City of Norfolk, Virginia</i>				
PERCENT MIX	UNIT CONFIGURATION	BASE RENT/ PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT				
. Workforce (60 to 80% AMI)				
30%	Studio/1ba	\$900 to \$1,100	350 to 450 sf	\$2.44 to \$2.57
30%	1br/1ba	\$1,200 to \$1,400	500 to 700 sf	\$2.00 to \$2.40
20%	2br/1ba	\$1,450 to \$1,500	750 to 850 sf	\$1.76 to \$1.93
20%	2br/2ba	\$1,550 to \$1,600	950 to 1,000 sf	\$1.60 to \$1.63
. Market-Rate (80% AMI and up)				
20%	Studio/1ba	\$1,150 to \$1,400	350 to 450 sf	\$3.11 to \$3.29
30%	1br/1ba	\$1,550 to \$1,850	500 to 700 sf	\$2.64 to \$3.10
15%	2br/1ba	\$1,900 to \$2,200	750 to 850 sf	\$2.53 to \$2.59
25%	2br/2ba	\$2,250 to \$2,450	950 to 1,000 sf	\$2.37 to \$2.45
10%	3br/2ba	\$2,700 to \$3,350	1,300 to 1,500 sf	\$2.08 to \$2.23

continued on the following page . . .

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Norfolk Study Area
The City of Norfolk, Virginia
August, 2021

... continued from the preceding page

PERCENT MIX	UNIT CONFIGURATION	BASE RENT/PRICE	UNIT SIZE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-SALE				
. Workforce (80 to 100% AMI)				
35%	1br/1ba	\$200,000 to \$225,000	750 to 800 sf	\$267 to \$281
30%	2br/1ba	\$235,000 to \$265,000	900 to 950 sf	\$261 to \$279
35%	2br/2ba	\$275,000 to \$285,000	1,000 to 1,100 sf	\$259 to \$275
. Market-Rate (100% AMI and up)				
30%	1br/1ba	\$325,000 to \$335,000	850 to 950 sf	\$353 to \$382
25%	1br/1.5ba/den	\$375,000 to \$385,000	1,000 to 1,100 sf	\$350 to \$375
30%	2br/2ba	\$425,000 to \$450,000	1,200 to 1,300 sf	\$346 to \$354
15%	3br/2ba	\$495,000 to \$600,000	1,450 to 1,850 sf	\$324 to \$341

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

Based on the mix of unit types, sizes, and rents/prices outlined above, the weighted average rents and prices for each of the housing types are shown on the following table:

Weighted Average Base Rents/Prices and Size Ranges
DOWNTOWN NORFOLK STUDY AREA
City of Norfolk, Virginia

HOUSING TYPE	WEIGHTED AVERAGE BASE RENTS/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENTS/PRICES PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Workforce	\$1,300	655 sf	\$1.98 psf
Market-Rate	\$1,960	763 sf	\$2.57 psf
MULTI-FAMILY FOR-SALE			
Workforce	\$247,200	916 sf	\$270 psf
Market-Rate	\$406,800	1,153 sf	\$353 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

The proposed rents and prices are in year 2021 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades. Location will have a significant impact on values, bringing as much as a 10 percent premium on new properties located in the most walkable, amenity-laden areas.

The ratio between the target market potential for workforce and market-rate rental units is approximately 18 percent workforce and 82 percent market-rate. Mixed-income rental properties developed outside of the Choice Neighborhood process in other cities have included percentages as low as five percent to as much as 40 percent for affordable units.

The ratio between the target market potential for workforce and market-rate for-sale units (condominiums) is approximately 10 percent workforce and 90 percent market-rate. It is likely that many of the potential buyers of the workforce units will require assistance with the down payment, which for this study has been calculated at 10 percent of the purchase price (or ranging between \$20,000 and \$28,500 based on the study recommendations).

MARKET CAPTURE: DOWNTOWN NORFOLK STUDY AREA

How fast will the units lease or sell?

Based on 33 years' experience using the target market methodology in 47 states, Zimmerman/Volk Associates has developed and refined a capture rate methodology scaled to study area size and context. Zimmerman/Volk Associates has determined that, for a study area the size of Downtown Norfolk, a capture rate of between 15 and 20 percent of the annual average number of potential renters and condominium buyers is supportable each year over the next five years, assuming the production of appropriately-positioned new housing.

Based on these capture rates, annual average absorption of new workforce and market-rate units in the Norfolk Study Area is forecast as shown on the table following this page (*see again* Table 8 *following the text*).

Annual Forecast Absorption DOWNTOWN NORFOLK STUDY AREA <i>City of Norfolk, Virginia</i>			
	ANNUAL UNITS ABSORBED		CAPTURE RATES
MULTI-FAMILY FOR-RENT			
Total	134 - 179		15 – 20%
60% to 80% AMI	25 - 34		
>80% AMI	109 - 145		
MULTI-FAMILY FOR-SALE			
Total	18 - 25		15 – 20%
80% to 100% AMI	2 - 3		
>100% AMI	16 - 22		

SOURCE: Zimmerman/Volk Associates, Inc., 2021.

If new development could achieve these capture rates, between 152 and 204 new units per year could be leased or sold in the Study Area over a five-year timeframe, or a five-year total of 760 to 1,020 new rental and for-sale workforce and market-rate housing units..

New housing units, configured according to target market preferences, can not only attract new households to the Downtown Study Area and to the City of Norfolk, but can also provide

appropriate alternatives to households that, due to a change in household composition or economic status, might otherwise have moved out of the city.

The capture rates of the annual potential market used here fall within the target market methodology's parameters of feasibility.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are not equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

Because the prospective market for a property or study area is more precisely defined using the residential target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.

DOWNTOWN NORFOLK STUDY AREA BUILDING TYPES

Building types appropriate for the Downtown Norfolk Study Area include:

—MULTI-FAMILY BUILDINGS—

- Courtyard Apartment Building: In new construction, an urban-scale, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is at minimum three, and typically four or more stories, often combined with non-residential uses on the ground floor, or with a ground floor configured for later conversion from residential to retail use. The building should be built to the sidewalk edge and when the ground-floor serves a permanent residential use it should be elevated significantly above grade to provide privacy and a sense of security. Parking is either below grade, at grade behind or in a parking courtyard, or in an integral structure.
- Liner Building: An apartment building with apartments and/or lofts lining two to four sides of a multi-story parking structure or open parking lot. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional apartment lobby and can also include maisonette apartments, retail or some combination of the two.
- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.
- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, “mansion”). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown locations. Because of the small number of units, mansion buildings are particularly well-suited to condominium development since meeting pre-sales financing requirements is less challenging. The mansion building can also accommodate a variety of uses—from apartments, professional offices, any of these uses

over ground-floor retail, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, in garages with units above, or integral to the building.

Mansion buildings should be strictly regulated in form, but flexible in use. However, flexibility in use is somewhat constrained by the handicapped accessibility regulations in both the Fair Housing Act and the Americans with Disabilities Act.

- Mixed-Use Building: A pedestrian-oriented building, either attached or free-standing, with apartments and/or offices over flexible ground floor uses that can range from retail to office to residential.
- Podium Building: An apartment building construction type with three to five stories of stick-frame residential units (lofts or apartments) built over one or two levels of above-grade structured parking, usually constructed with reinforced concrete. With a well-conceived street pattern, a podium building can include ground-level non-residential uses lining one or more sides of the parking deck.

High-rise development will likely be infeasible in the Downtown Study Area until the average rental rate exceeds \$3.00 per square foot and the average condominium price exceeds \$400 per square foot.



Key Demographic Data
2021 Estimates

	Downtown Norfolk Study Area
Population	10,015
Households	4,160
Housing Units	4,760
1- & 2-Person Households	76.7%
3-Person Households	11.6%
4+-Person Households	11.7%
Married couples with children	3.1%
Single persons with children	22.1%
HHs without children	74.8%
Median Household income	\$41,550
Households below \$25,000	37.1%
Households Above \$75,000	31.3%
White	36.4%
African American	58.7%
Asian	2.5%
Other	2.4%
Hispanic/Latino	2.5%
Single-family attached units	7.8%
Single-family detached units	2.8%
Units in 2-unit bldgs.	1.5%
Units in 3- to 19-unit bldgs.	35.0%
Units in 20+-unit bldgs.	52.9%
Mobile home or trailer	0.0%
Vacant units	12.6%
Renter-occupied units	73.0%
Owner-occupied units	27.0%
Units new since 2000	22.1%
Median housing value	\$352,700
No vehicle ownership	23.7%
Own 1 vehicle	50.5%
Own 2 or more vehicles	25.8%
Drive alone to work	44.9%
Car-pool	4.4%
Take public transportation to work	10.7%
Walk to work	31.2%
Other	8.8%
White-collar employment	64.2%
Blue-collar employment	7.4%
Service/farm employment	28.4%
Population Aged 25+ With Bachelor's Degree or Higher	36.9%

SOURCES: U.S. Bureau of Census; Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Employment Information
Downtown Norfolk Study Area, City of Norfolk, Virginia
2021 Estimates

	<i>Estimates</i>
Population 16+	8,114
By Employment Status	8,114
In Armed Forces	948
Employed Civilians	3,392
Unemployed Civilians	471
Not in Labor Force	3,303
 Employed Civilian By Worker Class	 3,392
For-Profit Private	2,375
Non-Profit Private	142
Local Government	123
State Government	224
Federal Government	303
Self-Employed	225
Unpaid Family	0
 Employed Civilian By Occupation	 3,392
Architect/Engineer	50
Arts/Entertainment/Sports	30
Building Grounds Maintenance	216
Business/Financial	241
Community/Social Services	32
Computer/Mathematical	98
Construction/Extraction	37
Education/Training/Library	121
Farming/Fishing/Forestry	1
Food Preparation/Serving	437
Health Practitioner/Technician	371
Healthcare Support	110
Maintenance Repair	36
Legal	85
Life/Physical/Social Sciences	30
Management	331
Office/Administrative Support	283
Production	85
Protective Services	88
Sales/Related	507
Personal Care/Services	111
Transportation/Moving	92

SOURCES: U.S. Bureau of Census; Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 2

Average Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move Within/To The Downtown Norfolk Study Area Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels
City of Norfolk, Virginia

*City of Norfolk; City of Virginia Beach;
 Regional Draw Area; Balance of the U.S.
 Draw Areas*

Annual Number Of Households
 With The Potential To Rent/Purchase Within The
 City of Norfolk, Virginia 22,900

Annual Number Of Households
 With The Potential To Rent/Purchase Within The
 Downtown Norfolk Study Area 2,500

Annual Market Potential

	<i>Below 30% AMI</i>	<i>30% to 60% AMI</i>	<i>60% to 80% AMI</i>	<i>80% to 100% AMI</i>	<i>Above 100% AMI</i>	<i>Total</i>
<i>Multi-Family For-Rent:</i>	302	296	169	122	605	1,494
<i>Multi-Family For-Sale:</i>	31	30	18	13	109	201
<i>Single-Family Attached For-Sale:</i>	48	57	31	24	144	304
<i>Single-Family Detached For-Sale:</i>	73	84	52	39	253	501
<i>Total:</i>	454	467	270	198	1,111	2,500
<i>Percent:</i>	18.2%	18.7%	10.8%	7.9%	44.4%	100.0%

Note: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 3

Average Annual Market Potential By Lifestage And Income

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential To Move Within/To The Downtown Norfolk Study Area Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

City of Norfolk, Virginia

	<u>Total</u>	<u><i>Below 30% AMI</i></u>	<u><i>30% to 60% AMI</i></u>	<u><i>60% to 80% AMI</i></u>	<u><i>80% to 100% AMI</i></u>	<u><i>Above 100% AMI</i></u>
Number of Households:	2,500	454	467	270	198	1,111
Empty Nesters & Retirees	29.2%	18.9%	23.1%	24.4%	27.8%	37.4%
Traditional & Non-Traditional Families	13.6%	14.3%	15.0%	14.1%	16.2%	12.2%
Younger Singles & Couples	57.2%	66.8%	61.9%	61.5%	56.0%	50.4%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

Downtown Norfolk, Virginia

July, 2021

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
The Law Building (2015) 145 Granby Street S.L. Nusbaum Realty Co. 88 Walk Score	135	... Apartments ... Studio/1ba 1br/1ba 2br/2ba	\$958 to \$1,368 \$1,162 to \$1,337 \$1,780 to \$1,870	332 to 674 478 to 673 912	\$2.03 to \$2.89 \$1.99 to \$2.43 \$1.95 to \$2.05	99% occupancy Fitness center, club room, grilling stations, conversation areas, coffee shop, and pet spa.
The James (1906; 2014) 345 Granby Street S.L. Nusbaum Realty Co. 88 Walk Score	76	... Apartments ... Studio/1ba 1br/1ba 2br/2ba 3br/3ba	\$969 to \$1,123 \$1,142 to \$1,854 \$1,724 to \$1,937 \$3,049	478 to 549 466 to 855 951 to 1,050 1,695	\$2.03 to \$2.05 \$2.17 to \$2.45 \$1.81 to \$1.84 \$1.80	99% occupancy Fitness center, business center, clubroom, conference room, billiards, grilling stations, conversations areas, dog park, and pet spa.
The Rockefeller (1907; 2015) 130 Brooke Avenue S.L. Nusbaum Realty Co. 90 Walk Score	146	... Apartments ... Studio/1ba 1br/1ba 1br/1.5ba 2br/2ba 2br/2.5ba	\$985 to \$1,465 \$1,122 to \$1,497 \$1,724 to \$1,893 \$1,935 to \$2,161 \$1,796 to \$1,858	308 to 739 474 to 822 993 to 1,130 1,016 to 1,159 1,154 to 1,175	\$1.98 to \$3.20 \$1.82 to \$2.37 \$1.68 to \$1.74 \$1.86 to \$1.90 \$1.56 to \$1.58	100% occupancy Fitness center, clubroom, rooftop courtyard, sundeck lounge, grilling stations.
The Loraine (1905) 245 Granby Street S.L. Nusbaum Realty Co. 90 Walk Score	58	... Apartments ... Studio/1ba 1br/1ba 2br/2ba	\$1,006 to \$1,147 \$1,175 to \$1,477 \$1,781	343 to 421 458 to 646 1,111	\$2.93 to \$2.72 \$2.29 to \$2.57 \$1.60	100% occupancy Fitness center, clubroom.
The Virginia Building (1906) 101 West Plume Street S.L. Nusbaum Realty Co. 85 Walk Score	35	... Apartments ... Studio/1ba 1br/1ba 2br/2ba	\$1,007 to \$1,030 \$1,177 to \$1,507 \$2,045	322 to 412 490 to 820 1,112	\$2.50 to \$3.13 \$1.84 to \$2.40 \$1.84	89% occupancy Fitness center, club room, social events, conversation areas.

SOURCE: Zimmerman/Volk Associates, Inc.

Table 4
Summary Of Selected Rental Properties
Downtown Norfolk, Virginia
July, 2021

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
The Wainwright (2013) 229 West Bute Street S.L. Nusbaum Realty Co. 88 Walk Score	126	... Apartments ... Studio/1ba 1br/1ba 1br/1.5ba 2br/2ba	\$1,023 \$1,199 \$1,244 \$1,556 \$1,429 \$1,991 \$1,665 \$1,814	to 346 to 535 510 to 736 688 to 1,144 884 to 928	\$2.24 to \$2.96 \$2.11 to \$2.44 \$1.74 to \$2.08 \$1.88 to \$1.95	100% occupancy Fitness center, rooftop grilling stations, sky lounge, pet spa, conversations areas, clubhouse.
Century Apartments (1908) 151 Granby Street S.L. Nusbaum Realty Co. 91 Walk Score	8	... Apartments ... Studio/1ba 1br/1ba 3br/3ba	\$1,045 \$1,128 \$1,254 \$1,738 \$3,600	to 339 to 438 503 to 799 2,479	\$2.58 to \$3.08 \$2.18 to \$2.49 \$1.45	100% occupancy Air conditioning.
Savoy Apartments (2015) 161 Granby Street S.L. Nusbaum Realty Co. 91 Walk Score	44	... Apartments ... Studio/1ba 1br/1ba	\$1,050 \$1,304 \$1,102 \$1,451	to 378 to 683 407 to 678	\$1.91 to \$2.78 \$2.14 to \$2.71	100% occupancy Fitness center, rooftop courtyard, lounge with grills, clubroom, and business center.
Fairfax Apartments (1907) 117 West City Hall Avenue S.L. Nusbaum Realty Co. 85 Walk Score	56	... Apartments ... Studio/1ba 1br/1ba 2br/1ba	\$1,103 \$1,197 \$1,339 \$1,543 \$1,814 \$1,854	to 405 to 413 632 to 748 1,023	\$2.72 to \$2.90 \$2.06 to \$2.12 \$1.77 to \$1.81	100% occupancy Fitness center, clubhouse, courtyard, resident lounge, rooftop courtyard, grills.
Metro on Granby (2014) 401 Granby Street S.L. Nusbaum Realty Co. 81 Walk Score	185	... Apartments ... Studio/1ba 1br/1ba 2br/2ba 2br/2.5ba	\$1,116 \$1,178 \$1,246 \$1,524 \$1,591 \$2,075 \$1,900	to 434 to 474 573 to 957 865 to 1,264 1,428	\$2.49 to \$2.57 \$1.59 to \$2.17 \$1.64 to \$1.84 \$1.33	99% occupancy Fitness center, rooftop courtyards, clubrooms, gaming room, cyber nook, grilling stations, fireplace, pet spa.

Table 4
Summary Of Selected Rental Properties
Downtown Norfolk, Virginia
July, 2021

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
Botetourt Apartments (1907) 500 Botetourt Street S.L. Nusbaum Realty Co. 73 Walk Score	40	... Apartments ...				100% occupancy Fitness center, rooftop lounge & grill, laundry facilities.
		Studio/1ba	\$1,129 to \$1,194	365	\$3.09 to \$3.27	
		1br/1ba	\$1,386 to \$1,846	579 to 789	\$2.34 to \$2.39	
		2br/1ba	\$1,780 to \$1,845	849	\$2.10 to \$2.17	
		2br/2ba	\$2,006 to \$2,076	935 to 1,025	\$2.03 to \$2.15	
Museum Apartments (2018) 888 Magazine Lane Museum Apartments 61 Walk Score	48	... Apartments ...				96% occupancy Gallery space, courtyard, and bike room.
		1br/1ba	\$1,250 to \$1,400	764	\$1.64 to \$1.83	
		2br/1ba	\$1,425 to \$1,475	891	\$1.60 to \$1.66	
		2br/2ba	\$1,450 to \$1,800	902 to 1,100	\$1.61 to \$1.64	
Icon Norfolk Apartments (1967; 2017) 321 East Main Street S.L. Nusbaum Realty Co. 86 Walk Score	269	... Apartments ...				99% occupancy Rooftop pool, sky lounge, fitness center, business conference rooms, media room, wellness spa, tanning salon, gaming lounge, hydro massage rooms, wine vault, and pet spa.
		Studio/1ba	\$1,250 to \$1,355	472	\$2.65 to \$2.87	
		1br/1ba	\$1,440 to \$1,730	622 to 712	\$2.32 to \$2.43	
		2br/2ba	\$1,939 to \$2,600	950 to 1,188	\$2.04 to \$2.19	
		3br/2ba	\$2,600 to \$4,790	1,200 to 1,822	\$2.17 to \$2.63	
Aura Downtown (2017) 450 Boush Street Bonaventure Realty Group, LLC 84 Walk Score	156	... Apartments ...				99% occupancy Saltwater pool, fitness center, grilling area, cyber lounge, clubhouse, conference room, billiard room, and tanning/massage room.
		Studio/1ba	\$1,340 to \$1,585	490 to	\$2.73 to \$3.23	
		1br/1ba	\$1,395 to \$1,940	573 to 644	\$2.43 to \$3.01	
		2br/2ba	\$2,090 to \$2,200	895	\$2.34 to \$2.46	
Monticello Station (2009) 328 East Freemason Street S.L. Nusbaum Realty Co. 86 Walk Score	121	... Apartments ...				97% occupancy Swim spa, fitness center, courtyards, grills, fire pit, conference room, and controlled access.
		1br/1ba	\$1,619 to \$1,812	770 to 960	\$2.10 to \$2.35	
		2br/2ba	\$2,009 to \$2,400	1,085 to 1,400	\$1.71 to \$1.85	
		3br/2ba	\$2,095 to \$2,145	1,350 to 1,400	\$1.53 to \$1.55	
		3br/3ba	\$2,295	1,450	\$1.58	
		4br/3ba	\$2,483	1,610	\$1.54	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family Resale Listings

Downtown Norfolk Market Area, Virginia

July, 2021

<u>Development (Date Opened)</u> <u>Address/Walk Score</u>	<u>Unit Type/ Configuration</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price Per Sq. Ft.</u>
... Resale Listings ...				
St. Paul's Place (2005)	CO			
<i>East Freemason St.</i>	1br/1ba	\$175,000	869	\$201
85 Walk Score	2br/2ba	\$289,000	1,226	\$236
Ghent on the Square (1990)	CO			
<i>201 Westover Avenue</i>	2br/2ba	\$195,000	1,026	\$190
68 Walk Score	2br/2ba	\$200,000	1,026	\$195
	2br/2ba	\$200,000	1,044	\$192
	2br/2ba	\$209,900	1,026	\$205
Baxter Building (1914)	CO			
<i>500 Granby Street</i>	1br/1ba	\$199,400	1,000	\$199
80 Walk Score				
388 Boush (2006)	CO			
<i>388 Boush Street</i>	1br/1ba	\$205,000	737	\$278
85 Walk Score				
415 E. Freemason (2004)	CO			
<i>415 E. Freemason Street</i>	1br/1ba	\$210,000	1,026	\$205
83 Walk Score				
230 College Place (1988)	CO			
<i>230 College Place</i>	1br/1ba	\$213,900	680	\$315
86 Walk Score				
The Row at Ghent (2006)	CO			
<i>1400 Granby Street</i>	2br/2ba	\$225,000	1,200	\$188
73 Walk Score				
435 Monticello Avenue (1920)	CO			
<i>435 Monticello Avenue</i>	1br/1.5ba	\$242,000	1,130	\$214
83 Walk Score				
426 Granby (1912)	CO			
<i>426 Granby Street</i>	2br/1.5ba	\$249,900	975	\$256
84 Walk Score				

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family Resale Listings

Downtown Norfolk Market Area, Virginia

July, 2021

<u>Development (Date Opened)</u> <u>Address/Walk Score</u>	<u>Unit Type/ Configuration</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price Per Sq. Ft.</u>
237 Granby (1918) 237 Granby Street 88 Walk Score	CO 2br/1ba	\$249,000	1,158	\$215
Freemason Harbour Condominium 255 College Cross 84 Walk Score	CO 1br/1.5ba	\$250,000	1,053	\$237
The Rotunda (2007) 415 Saint Pauls Boulevard 87 Walk Score	CO 2br/2ba 2br/2ba 2br/2.5ba	\$271,000 \$295,000 \$499,900	1,113 1,260 2,063	\$243 \$234 \$242
Pender Building (1907) 219 Granby Street 89 Walk Score	CO 2br/2ba	\$289,000	1,130	\$256
409 Duke (1905) 409 Duke Street 86 Walk Score	CO 2br/2ba	\$294,900	1,233	\$239
300 Yarmouth (1988) 300 Yarmouth St. 82 Walk Score	CO 2br/2.5ba	\$297,822	1,572	\$189
Harbour Place(1984) Brooke Avenue 89 Walk Score	CO 1br/1ba 2br/2ba 2br/2.5ba 2br/2ba 2br/2.5ba 3br/2ba 4br/3.5ba 2br/2.5ba	\$335,900 \$350,000 \$419,000 \$429,900 \$449,000 \$650,000 \$925,000 \$1,875,000	1,216 1,670 1,766 1,650 1,642 2,050 2,295 3,420	\$276 \$210 \$237 \$261 \$273 \$317 \$403 \$548

Summary Of Selected For-Sale Multi-Family Resale Listings

Downtown Norfolk Market Area, Virginia

July, 2021

<u>Development (Date Opened)</u> <u>Address/Walk Score</u>	<u>Unit Type/ Configuration</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price Per Sq. Ft.</u>
Harbor Heights (2007)	CO			
123 College Place	1br / 1.5ba	\$339,900	1,001	\$340
83 Walk Score	2br / 2.5ba	\$429,900	1,533	\$280
	2br / 2.5ba	\$485,000	1,497	\$324
	3br / 2.5ba	\$789,000	2,436	\$324
River Park (2004)	TH			
239 Duke Street	3br / 2ba	\$479,000	1,802	\$266
86 Walk Score	3br / 3ba	\$489,900	2,038	\$240
259 W. Bute St. (1890)	CO			
259 W. Bute Street	3br / 2.5ba	\$560,000	2,569	\$218
77 Walk Score				
111 W. Tazewell (1909)	CO			
111 W. Tazewell Street	2br / 2ba	\$598,000	2,348	\$255
88 Walk Score				
220 W. Brambleton (1954)	CO			
220 W. Brambleton Avenue	4br / 3.5ba	\$634,900	3,890	\$163
76 Walk Score				

Target Groups For Multi-Family For Rent
Downtown Norfolk Study Area
City of Norfolk, Virginia

..... Number of Households					
Empty Nesters & Retirees**	<i>60% to 80% AMI†</i>	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent Of Total</i>
The One Percenters	0	0	2	2	0.2%
Old Money	0	0	1	1	0.1%
Affluent Empty Nesters	0	0	2	2	0.2%
The Social Register	0	0	4	4	0.4%
Suburban Establishment	1	1	5	7	0.8%
Urban Establishment	3	3	35	41	4.6%
Second City Establishment	0	0	3	3	0.3%
Mainstream Empty Nesters	3	3	12	18	2.0%
Multi-Ethnic Empty Nesters	3	3	16	22	2.5%
Middle-American Retirees	2	2	12	16	1.8%
Cosmopolitan Couples	10	9	50	69	7.7%
Blue-Collar Retirees	2	1	6	9	1.0%
Middle-Class Move-Downs	1	0	1	2	0.2%
Hometown Seniors	1	0	1	2	0.2%
Second City Seniors	5	3	9	17	1.9%
Subtotal:	31	25	159	215	24.0%
Traditional & Non-Traditional Families††					
Corporate Establishment	0	0	1	1	0.1%
Nouveau Money	0	0	1	1	0.1%
e-Type Families	0	0	1	1	0.1%
Button-Down Families	0	0	2	2	0.2%
Unibox Transferees	0	0	3	3	0.3%
Fiber-Optic Families	0	0	1	1	0.1%
Late-Nest Suburbanites	1	1	5	7	0.8%
Full-Nest Suburbanites	1	1	1	3	0.3%
Kids 'r' Us	1	1	3	5	0.6%
Multi-Ethnic Families	1	1	4	6	0.7%
Uptown Families	2	2	4	8	0.9%
Multi-Cultural Families	1	1	2	4	0.4%
Inner-City Families	2	2	5	9	1.0%
In-Town Families	1	1	2	4	0.4%
Single-Parent Families	2	2	4	8	0.9%
New American Strivers	5	4	7	16	1.8%
Subtotal:	17	16	46	79	8.8%

† For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

** Predominantly one- and two-person households.

†† Predominantly three- to five-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Target Groups For Multi-Family For Rent
Downtown Norfolk Study Area
City of Norfolk, Virginia

Younger Singles & Couples** Number of Households			<i>Total</i>	<i>Percent Of Total</i>
	<i>60% to 80% AMI†</i>	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>		
New Power Couples	0	0	12	12	1.3%
New Bohemians	11	10	90	111	12.4%
Cosmopolitan Elite	1	0	3	4	0.4%
The VIPs	5	5	31	41	4.6%
Fast-Track Professionals	7	7	40	54	6.0%
Suburban Achievers	2	1	4	7	0.8%
Suburban Strivers	11	7	30	48	5.4%
Small-City Singles	4	2	9	15	1.7%
Second-City Strivers	9	6	20	35	3.9%
Twentysomethings	16	10	37	63	7.0%
Downtown Couples	16	10	37	63	7.0%
Downtown Proud	33	20	79	132	14.7%
Multi-Ethnic Singles	6	3	8	17	1.9%
Subtotal:	121	81	400	602	67.2%
Total Households:	169	122	605	896	100.0%
Percent of Total:	18.9%	13.6%	67.5%	100.0%	

† For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Target Groups For Multi-Family For Sale
Downtown Norfolk Study Area
City of Norfolk, Virginia

. Number of Households

Empty Nesters & Retirees**	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
The One Percenters	0	4	4	3.3%
Old Money	0	3	3	2.5%
Affluent Empty Nesters	0	8	8	6.6%
The Social Register	0	2	2	1.6%
Suburban Establishment	0	3	3	2.5%
Urban Establishment	1	5	6	4.9%
Second City Establishment	0	6	6	4.9%
Mainstream Empty Nesters	1	2	3	2.5%
Multi-Ethnic Empty Nesters	1	2	3	2.5%
Middle-American Retirees	1	1	2	1.6%
Cosmopolitan Couples	1	7	8	6.6%
Blue-Collar Retirees	0	2	2	1.6%
Middle-Class Move-Downs	0	2	2	1.6%
Second City Seniors	0	1	1	0.8%
Subtotal:	5	48	53	43.4%
Traditional & Non-Traditional Families††				
e-Type Families	0	1	1	0.8%
Unibox Transferees	0	1	1	0.8%
Late-Nest Suburbanites	0	3	3	2.5%
Full-Nest Suburbanites	0	1	1	0.8%
Multi-Ethnic Families	0	1	1	0.8%
Uptown Families	0	2	2	1.6%
Multi-Cultural Families	0	1	1	0.8%
Inner-City Families	0	1	1	0.8%
In-Town Families	0	1	1	0.8%
New American Strivers	0	1	1	0.8%
Subtotal:	0	13	13	10.7%

† For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Target Groups For Multi-Family For Sale
Downtown Norfolk Study Area
City of Norfolk, Virginia

..... *Number of Households*

Younger Singles & Couples**	<i>80% to 100% AMI†</i>	<i>Above 100% AMI†</i>	<i>Total</i>	<i>Percent of Total</i>
New Power Couples	0	4	4	3.3%
New Bohemians	1	12	13	10.7%
Cosmopolitan Elite	0	1	1	0.8%
The VIPs	1	6	7	5.7%
Fast-Track Professionals	1	2	3	2.5%
Suburban Achievers	0	1	1	0.8%
Suburban Strivers	1	5	6	4.9%
Small-City Singles	1	2	3	2.5%
Second-City Strivers	0	2	2	1.6%
Twentysomethings	1	2	3	2.5%
Downtown Couples	1	5	6	4.9%
Downtown Proud	1	5	6	4.9%
Multi-Ethnic Singles	0	1	1	0.8%
Subtotal:	8	48	56	45.9%
Total Households:	13	109	122	100.0%
Percent of Total:	10.7%	89.3%	100.0%	

† For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

** Predominantly one- and two-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Optimum Market Position: New Workforce and Market-Rate Units
Downtown Norfolk Study Area
City of Norfolk, Virginia
August, 2021

<i>Number of Households</i>	<i>Housing Type Households by Income</i>	<i>Percent Mix</i>	<i>Base Rent/Price Range*</i>	<i>Base Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.*</i>	<i>Annual Market Capture</i>
896	Multi-Family For Rent					134 to 179
169	Households With Incomes Between 60% and 80% AMI					25 34
727	Households With Incomes at 80% and up					109 145
		<i>..... Workforce (60% to 80% AMI).....</i>				
	Studio/1ba	30%	\$900 to \$1,100	350 to 450	\$2.44 to \$2.57	
	1br/1ba	30%	\$1,200 to \$1,400	500 to 700	\$2.00 to \$2.40	
	2br/1ba	20%	\$1,450 to \$1,500	750 to 850	\$1.76 to \$1.93	
	2br/2ba	20%	\$1,550 to \$1,600	950 to 1,000	\$1.60 to \$1.63	
	Weighted Averages:		\$1,300	655	\$1.98	
		<i>..... Market-Rate (80% and up).....</i>				
	Studio/1ba	20%	\$1,150 to \$1,400	350 to 450	\$3.11 to \$3.29	
	1br/1ba	30%	\$1,550 to \$1,850	500 to 700	\$2.64 to \$3.10	
	2br/1ba	15%	\$1,900 to \$2,200	750 to 850	\$2.53 to \$2.59	
	2br/2ba	25%	\$2,250 to \$2,450	950 to 1,000	\$2.37 to \$2.45	
	3br/2ba	10%	\$2,700 to \$3,350	1,300 to 1,500	\$2.08 to \$2.23	
	Weighted Averages:		\$1,960	763	\$2.57	

NOTE: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

NOTE: Base rents/prices in year 2021 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position: New Workforce and Market-Rate Units
Downtown Norfolk Study Area
City of Norfolk, Virginia
August, 2021

<i>Number of Households</i>	<i>Housing Type</i>	<i>Percent Mix</i>	<i>Base Rent/Price Range*</i>	<i>Base Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.*</i>	<i>Annual Market Capture</i>
	<i>Households by Income</i>					
122	Multi-Family For-Sale					18 to 25
13	Households With Incomes Between 80% and 100% AMI					2 to 3
109	Households With Incomes Above 100% AMI					16 to 22
<i>..... Workforce (80% to 100% AMI).....</i>						
	1br / 1ba	35%	\$200,000 to \$225,000	750 to 800	\$267 to \$281	
	2br / 1ba	30%	\$235,000 to \$265,000	900 to 950	\$261 to \$279	
	2br / 2ba	35%	\$275,000 to \$285,000	1,000 to 1,100	\$259 to \$275	
	Weighted Averages:		\$247,200	916	\$270	
<i>..... Market-Rate (100% and up).....</i>						
	1br / 1ba	30%	\$325,000 to \$335,000	850 to 950	\$353 to \$382	
	1br / 1.5ba / den	25%	\$375,000 to \$385,000	1,000 to 1,100	\$350 to \$375	
	2br / 2ba	30%	\$425,000 to \$450,000	1,200 to 1,300	\$346 to \$354	
	3br / 2ba	15%	\$495,000 to \$600,000	1,450 to 1,850	\$324 to \$341	
	Weighted Averages:		\$406,800	1,153	\$353	

NOTE: For fiscal year 2021, the Virginia Beach-Norfolk-Newport News, VA-NC HUD Metro MFR Median Family Income for a family of four is \$84,500.

NOTE: Base rents/prices in year 2021 dollars and exclude floor, view premiums, options, or upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.



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Residential Market Analysis Across the Urban-to-Rural Transect

ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





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