

**An Update on Downtown Living:
The Market for Residential
Development**

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EXECUTIVE SUMMARY

An Update on Downtown Living: The 2001 Market for Residential Development

Multiple studies since 1990 have examined the potential for residential development in Wilmington's Central Business District. Downtown workers, commuters, empty nesters, students, and artists have all been identified as potential components of market demand. Studies have reviewed job creation in Wilmington, the number of commuters who use the Amtrak station, the need to replace substandard units, and the number of students enrolled at downtown campuses. These studies have suggested a potential demand for 500 units downtown and as many as 750 additional units in Wilmington overall during a five-year period. Research has also suggested that additional housing demand could be generated by the development of residential opportunities that appeal to new markets that have not traditionally been served by city neighborhoods.

Real Estate Strategies, Inc. was asked by the Wilmington Renaissance Corporation to review and update prior research and to conduct new research to test the validity of those findings. Further, Real Estate Strategies was asked to particularly review demand in the Ships Tavern District, an area targeted for residential development and supportive retail and related services. The analysis was conducted from September through November 2001; a summary of findings is highlighted below and discussed more fully in the complete report.

A survey conducted during October 2001 provided direct input about the residential preferences of over 200 people who regularly visit Downtown Wilmington.

Of those surveyed:

- 44 percent were from Wilmington zip codes
- 66 percent were under age 35
- 36 percent own their homes, 52 percent rent, 10 percent live with parents
- 8 percent were students
- 26 percent had household incomes less than \$40,000, 32 percent between \$40,000 and \$74,999, 36 percent \$75,000 and over

When asked about where they would like to live:

- 92 percent were interested in other Wilmington neighborhoods

- 86 percent were definitely or possibly interested in the Ships Tavern District
- Three-quarters of those over age 55 thought an urban location was *very important*

Those interested Wilmington are:

- Under age 35 with no children in the home
- In households earning up to \$75,000
- Likely to shop and visit friends in Wilmington
- Interested in living in low-rise buildings
- More likely than others to rent or be interested in renting
- Most likely to pay \$600 to \$950 per month for rent
- Interested in 2 - and 3- bedroom units
- Likely to work, live, or study in Wilmington

Those who are interested in the Ships Tavern District closely follow the trends of those interested in other Wilmington neighborhoods.

Residential developments in the downtown and Ships Tavern District are especially positioned to take advantage of the interest in walking to work, and having access to the train station and buses.

- 89 percent of those interested in living in Wilmington neighborhoods find walking to work appealing
- 94 percent of those who would definitely consider living in the Ships Tavern District find walking to work appealing
- 63 percent who would not consider Wilmington neighborhoods, and 56 percent of those who would not consider the Ships Tavern District, find walking to work appealing
- 51 percent of those interested in Wilmington consider distance to bus stops *important* or *very important*, versus 33 percent of others
- 28 percent of those interested in Wilmington consider distance to the train station *important* or *very important* compared to 20 percent of others
- 41 percent of those who now live in Wilmington zip codes walked or took public transportation downtown
- Three out of four men thought convenience to work was *very important*

EXECUTIVE SUMMARY

Of those not interested in living in the Ships Tavern District:

- Half want a more suburban setting
- One-quarter have never heard of the Ships Tavern District

Discussions at three focus groups provided a more complete picture of residential preferences

Participants had definite ideas about what they like in their living unit:

- City/historic feel in design: windows, ceiling height, light, built-ins
- Unique space
- Two or three bedrooms and multiple baths
- Secure parking
- Low- or mid-rise buildings

Participants had specific ideas about other amenities:

- Access to shopping and to public transportation were important
- Services of a concierge, fitness center, and pool were not as important

The Ships Tavern District received favorable comments:

- Perceptions are positive, particularly in light of all the projects underway
- The connection between the area and the Riverfront and downtown is clear, and should be made even stronger
- More publicity and education about the Ships Tavern District, including its history, is needed

Economic and demographic forecasts are positive for the City and the area

- Wilmington has continued to post modest population and household gains
- The Wilmington area economy has grown steadily, a pattern that is expected to continue with growth forecast to be above U.S. averages during the next several years

- Based on lifestyle data, there are likely to be 400 to 600 workers in the 19801 zip code interested in CBD housing; additional demand is generated by empty-nesters and students

Overall, the research confirms earlier studies that estimated demand for 500 units downtown

The Wilmington Central Business District, including the Ships Tavern District, exhibits many positives for residential development:

- It capitalizes on the number of people who are working downtown and some of their lifestyle preferences;
- It will derive support from other institutions downtown, including educational and governmental facilities;
- It is undergoing significant revitalization;
- It is adjacent to riverfront development which has broad appeal; and,
- Surveys and focus groups show that there are people who are interested in downtown living.

There are however, critical implementation steps:

- Housing that is offered must be tailored to consumer preferences – such as mid-rise designs with an urban feel;
- Market-rate rental developments will need special financing until the appeal of downtown living raises rents to supportable levels in relation to costs;
- While demand for downtown housing is evident, any units developed will be absorbed over time;
- Convenience retailing will be needed to support downtown living; and,
- Marketing is very important to promote awareness. Other cities, including Baltimore and Cincinnati, have good marketing examples.

INTRODUCTION AND PROJECT DESCRIPTION

The Wilmington Renaissance Corporation is a privately funded, nonpartisan, nonprofit corporation that supports development of Wilmington's downtown. Its mission is to develop and implement strategies to, among other items, restore downtown's reputation as an exciting place to live.

Over the past decade, studies have been conducted that discussed housing development in the Wilmington Central Business District (CBD). These studies have focused on components of a residential market, possible uses of existing properties within the CBD, and the attitude of the general public about living in Wilmington and the downtown. Market analyses have been conducted that demonstrated demand for residential development in the area.

During the past few years, there has been significant economic and redevelopment activity in the area. Businesses have expanded. A new Justice Center is under construction, Riverfront shopping and recreational attractions have been developed, several institutions of higher education have located in the CBD, cultural amenities have expanded, and transportation improvements have been made.

One piece of the area's revitalization has been the development of new housing in the area. Quaker Village, offering both market-rate and subsidized apartments, and housing for students of the Delaware College of Art and Design have been recent additions to the CBD. Additional development, the Residences at City Center and the Ships Tavern Mews, is under construction.

The Wilmington Renaissance Corporation asked Real Estate Strategies, Inc. (RESI) to review and update the findings of prior research exploring the feasibility of housing in the CBD, and to undertake new research to ensure the validity of those findings. RESI was also asked to give particular attention to the Ships Tavern District, since this area has been targeted for development as a residential community with supporting amenities. The Ships Tavern District is also the area of the CBD most likely to be able to develop a critical mass of downtown living during the next several years.

In addition to reviewing prior research, RESI developed a market analysis approach that would better capture the potential of a developing market. The approach included administering a survey to gauge the interest of people in the City's down-

town to living in Wilmington and in the Ships Tavern District, holding focus groups to better understand issues related to living in the District, and undertaking a survey of area apartments to better understand the current residential market. RESI also reviewed psychographic, or lifestyle data to gain a better understanding of the housing preferences, household and income characteristics, and expenditure patterns of those working in the downtown.

THE CBD and SHIPS TAVERN DISTRICT

The Wilmington CBD is home to much of the city's employment, as well as to the headquarters of many international businesses. Generally stretching from the Christina to the Brandywine Rivers along Market Street, and west along Delaware Avenue, the area is estimated to house 45,000 people during the workday. Banks and corporations dominate this area of the city, with the international headquarters of E.I. DuPont de Nemours and Company, MBNA America, and Hercules Inc., as well as other corporate headquarters, within blocks of each other.

The Ships Tavern District is a small component of the CBD. Its boundaries are Martin Luther King Boulevard and Fourth Street to the south and north, and Shipley and King Streets to the west and east.

The area is historically one of the oldest in the city, busy at one time with hotels, taverns, and an open-air market. More recently, jewelers, barbers, furniture, and office supply stores have been located in the area, along with food shops and eateries. Other than the Young Women's Christian Association, however, which has a large presence, many of the properties in the Ships Tavern District are now vacant.

Nonetheless, development has grown up around the Ships Tavern District. The Delaware Technical and Community College is an expanding presence on the western edge of the District. First USA dominates the eastern edge. The city's riverfront, immediately to the south of the area across Martin Luther King Boulevard and the railroad station and tracks, has recently undergone significant improvements. They include the new Tubman-Garrett Park, host to many riverfront festivities, the Riverfront Market, and a walkway from the Amtrak Station to the Riverfront Shops.

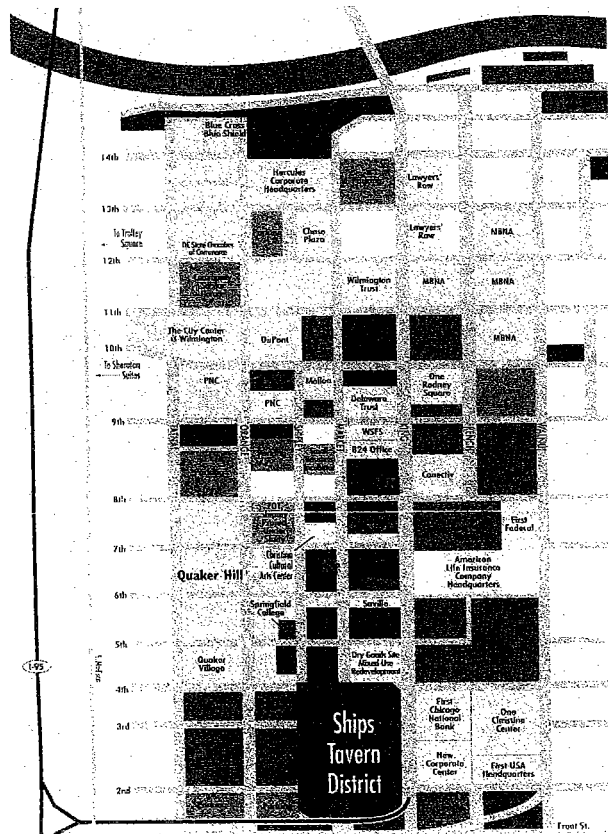
The face of the District's northern edge is changing, too, and includes the New Castle County Courthouse that is scheduled to be open for business in 2002. Long-vacant land in the 400 block of Market Street is also poised for redevelopment.

Market Street north of the Ships Tavern District stretching into the CBD and Rodney Square houses many of Wilmington's cultural and educational institutions, as well as some shops and eateries. The Grand Opera House and new Baby Grand, Wilmington Institute Library, Playhouse Theatre, and Christiana Cultural Arts Center are paired with campuses of such educational institutions as the University of Delaware, Wilmington College, Delaware State University, Drexel University, Springfield College, and the Delaware College of Art and Design.

The Ships Tavern District in its current state is a largely vacant, run-down part of the city, at the edge of inviting waterfront attractions and just blocks away from the city's business center. With attention, however, it has promise as a gateway, or transition, between Wilmington's riverfront district and its business district.

Over the past ten years, there have been multiple study efforts related to Wilmington's CBD. Research can be placed in three general categories. First, market analyses have been undertaken, some of which provided a review of overall market conditions and others that look at the market potential of a specific project. Second, several planning studies examined the potential for downtown revitalization or the potential for specialized development. Finally, surveys and consumer research have been undertaken that explored consumer attitudes about downtown Wilmington.

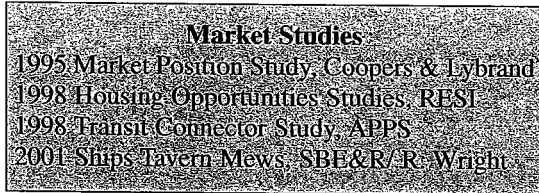
A review of prior research will enable this market analysis to build upon earlier results and help focus the current effort to study the potential of residential development in the Ships Tavern District.



PRIOR RESEARCH

Market Analyses

Market analyses have been undertaken to determine demand for specific projects, as well as for demand in a broader geographic area. Highlights of the findings are reported in the discussion that follows. Some information presented in each study might be contradictory due to methodology and timing and changes in the market.



There are demand generators for additional housing development

- Downtown employees estimated at 35,000 to 45,000, with significant increases during the late 1990's
- An estimated 300 to 600 people live in the CBD
- New job creation of 1,500 per year
- 5,000 students
- Amtrak commuters
- Current Wilmington residents represent the primary market
- Low vacancy rates
- Need to replace substandard units

Market constraints do exist

- Amenities relative to alternative neighborhoods
- Negative perceptions about the downtown
- Ease of commute
- New development and limited demolition of outdated structures in the 1990's contributed to an increase in vacant units reported by the 2000 Census

Strategic approaches are important to successful development

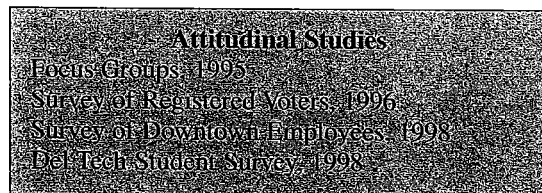
- High-density and low-rise housing in the vicinity of the riverfront and train station
- Conversion of upper stories along Market and Shipley Streets
- Infill and increased homeownership in neighborhoods
- Support stability of existing rental and owner developments, and retention of existing residents

- Replacement and rehabilitation of substandard units
- Support stringent code enforcement
- Support development of a transit connector between housing, employment, transportation centers and cultural amenities

Demand estimates suggest new housing can be successful

- Demand estimated at 6,000 total persons who are employed or study downtown over five years, with total demand of 400 to 500 units downtown
- Additional demand anticipated by reverse commuters, empty nesters and self-employed artists
- Demand for renter households in the CBD from 2000 to 2003 is estimated to be 231 market-rate units
- Estimated demand throughout Wilmington of 138 to 241 owner units and 251 to 511 rental units from 1998 through 2003
- Additional job creation would generate additional housing demand of eight to ten percent
- Additional housing demand could be generated by the development of residential opportunities that appeal to new markets; riverfront development is one such instance

Attitudinal Research



Studies have been conducted over the years to assess various aspects of the attitude of the general public toward Wilmington and its downtown. Focus groups were held to assess the opinions of area Realtors and downtown employees about housing in Wilmington. Several surveys were also undertaken; one study was conducted by phone, and others were conducted by distributing surveys to employees of downtown businesses and students. Highlights follow.

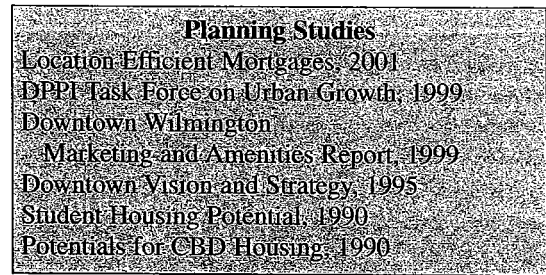
Housing preferences are important considerations when planning new housing

- People prefer traditional features with modern conveniences
- Desirable amenities include air conditioning and a washer/dryer
- Condominiums have not been marketable in Wilmington
- Amenities that are important include parking and open space
- Two or three bedrooms are preferred
- Low-rise buildings are preferred

Market issues related to Wilmington help position new development

- Wilmington is generally viewed in a favorable light, but market strategies should be employed to focus on the positive and correct misperceptions
- An identity needs to be established for lower Market Street
- Wilmington competes with the Bear and Pike Creek areas
- Family and friends influence housing decisions
- 50 percent of Del Tech day students were interested in student housing
- Strengths of the downtown include affordability and proximity to work, shopping, and recreation
- From 3 to 12 percent of downtown employees might be interested in apartments located in the downtown
- Apartments should be targeted to young people with moderate incomes

Planning Studies



Housing contributes to economic health

- Housing development in the downtown can be invaluable to the area's social and economic well-being. Studies show that regions with thriving downtowns do better than those with urban cores that are economically depressed.
- Attractive urban housing is essential to revitalization of the city's downtown, and will contribute to economic growth without contributing to sprawl and congestion.

There are different components of demand

- Market demand for housing in the CBD and along Market Street includes students, downtown workers, singles and couples with no children, empty nesters, and those involved in long-distance commutes. Other market demand components identified include artists and people who work out of home offices.
- Student housing demand is most likely to be generated by the Delaware College of Art and Design, Drexel University, Delaware State University, and Delaware Technical and Community College. Wilmington College, the University of Delaware, and Springfield College are not likely to generate housing demand.
- Research to specifically assess the market potential for downtown housing is important. An inventory of all housing opportunities in the CBD should be a component of this research.

Related amenities enhance demand

- Cultural and recreational opportunities to support residential development are an important component that must be considered.
- Weakness in retail offerings in the area may be a deterrent to residential development.
- In addition to retail offerings, amenities key to residential development that must be addressed include: grocery or convenience store, secured parking, and safety-related issues.
- A marketing plan for the downtown should encompass development that promotes housing, amenities, and safety.

to be used for a new survey of those people who frequent Wilmington and are likely to move in the next five years, and for focus groups of those who live or work in Wilmington.

Development and planning are crucial underpinnings

- Strong leadership, organization, and planning are important components of any urban revitalization effort. An up-to-date Urban Renewal Plan is needed.
- The use of urban renewal powers to condemn and acquire incompatible uses and vacant properties could help to promote the development of housing and other uses related to education or cultural amenities.
- Regulatory reform and enforcement is needed to adopt building codes to renovation realities and to ensure that existing properties do not deteriorate.
- Financial resources should be focused on urban housing issues, and additional housing incentives should be examined for potential adoption.
- Options to provide housing include renovating upper floors of existing structures, which may also include retail or office components; constructing new residences over existing garages owned by the Wilmington Parking Authority; or renovating existing structures.

Using all of the studies reviewed as a base, the market analysts developed an outline of questions

SURVEY RESEARCH

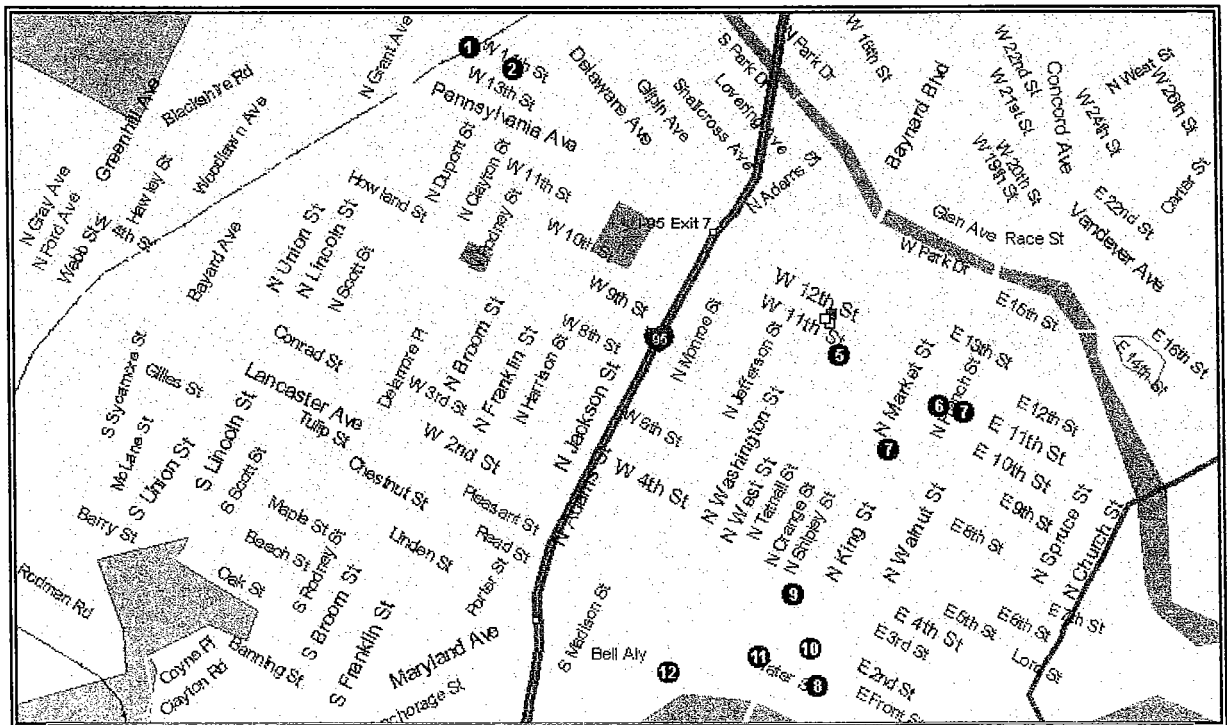
The primary component of this market analysis is a survey developed with the assistance of Data Based Insights, Inc., a Pennsylvania-based firm specializing in survey research. The objective of the survey was to understand living preferences of people who are regularly in Wilmington, open to living in the city, and who are also likely to move within the next five years.

In addition to demographic information about the respondent's household, questions were asked about the respondent's preference for buying or renting a home; the general price range and size of a home they might select; the importance of neighborhood considerations, building, and unit amenities in selecting a home; and the importance of being able to walk to work in selecting a home. Respondents were also asked about their interest in living in neighborhoods in Wilmington, and about their interest in living in the Ships Tavern District, specifically.

The survey was administered during the month of October 2001 at locations primarily in Wilmington's downtown and other sites likely to be frequented by the target audience. The surveyors interviewed over 500 people; 212 completed the survey.

Respondent Characteristics

Survey respondents were, overall, a younger group with no children, who rent their homes. They are 53 percent male and 47 percent female; 66 percent are under 35 years of age. A total of 26 percent of the respondents have annual household incomes of less than \$40,000, 32 percent have incomes between \$40,000 and \$74,999, and 36 percent have incomes over \$75,000 per year. Most respondents, 68 percent, are in households with no children.



Survey Locations

A total of 36 percent of respondents own their homes, 52 percent rent, and 10 percent live with parents. A total of 34 percent of respondents indicated they currently live in a single family detached house, 28 percent in a townhouse or row house, 31 percent in a rental apartment, and four percent in a condominium.

Nearly 45 percent of those surveyed live in one of four zip codes (19801, 19802, 19805, 19806) that cover the entire city. (Note that 19801 and 19805 also include some area outside city boundaries.) Wilmington residents have a somewhat different profile than all respondents. They are more likely than all respondents to be renters (62 percent), less likely to live in a detached home and more likely to live in a townhouse or row house (20 percent and 42 percent, respectively), younger (70 percent are less than 35 years of age), and more likely to be single parents with children (23 percent compared to 15 percent of all respondents).

EXHIBIT 2
Characteristics of Survey Respondents
October 2001

	Respondents from		
	All Respondents	Wilmington Zip Codes	Other Locations
Household Characteristics			
Age under 35	66%	70%	64%
Household with no children	68%	65%	65%
Household Income			
Less than \$40,000	26%	36%	16%
\$40,000 to \$74,999	32%	34%	30%
Over \$75,000	36%	26%	46%
Current Tenure			
Own	36%	31%	42%
Rent	52%	62%	42%
Live with parents	10%		13%
Current housing style			
Detached house	34%	20%	47%
Town or row house	28%	42%	19%
Condominium	4%	3%	5%
Rental apartment	31%	31%	27%
Mode of travel to Wilmington/survey site			
Walk	14%	28%	1%
Auto	67%	55%	77%
Public transportation	17%	13%	20%
Other	3%	4%	2%

Source: Real Estate Strategies, Inc.; Data Based Insights, Inc.

A total of 31 percent of all respondents walked or took public transportation to get to their survey site in Wilmington. A total of 41 percent of those in Wilmington zip codes walked or took public transportation, while a total of 21 percent in other zip codes walked or took public transportation. A total of 28 percent of those in Wilmington zip codes walked to their survey location that day.

Survey Results

The survey asked about the kind of housing the respondent would like, whether the respondent planned to rent or own in the future, and price range they would target. The importance of neighborhood and residence issues, and issues related to building and unit design and amenities were also included.

Tenure and Price

Most respondents, 65 percent, indicated they are most likely to buy a home when they move. A total of 60 percent of those in Wilmington zip codes plan to buy compared to 74 percent of those now living in other zip codes. Most, 66 percent are looking for a single-family detached house to buy with 16 percent likely to consider houses from \$75,000 to \$99,999, 19 percent from \$100,000 to \$124,999, and 16 percent from \$125,000 to \$149,999. More of those in Wilmington than non-Wilmington zip codes (53 percent and 36 percent, respectively) are likely to consider houses under \$125,000, while more non-Wilmington respondents are likely to consider houses over \$150,000 (32 percent for Wilmington zip codes and 51 percent for other zip codes).

For those who plan to rent when they move, 25 percent were willing to pay up to \$600 per month, 39 percent from \$600 to \$749, 8 percent from \$750 to \$899, 19 percent from \$900 to \$1,049 per month and 9 percent were willing to pay \$1,050 and higher. A total of 69 percent of those in Wilmington zip codes were willing to pay up to \$750 per month compared to 60 percent in other zip codes. A total of 21 percent of Wilmington zip code respondents would pay from \$750 to \$1,049 compared to 32 percent from other zip codes.

Neighborhood and Unit Amenities

Respondents were asked to rate the importance of various neighborhood factors in selecting a new residence. On a scale of 1 to 5, with 5 being *very important*, convenience to place of work was ranked *very important* by 61 percent of all those who responded, and as *important* by 28 percent. Men ranked this issue as more important than women, with 76 percent of all men ranking this as *very important* compared to 49 percent of women. A total of 66 percent of those definitely interested in the Ships Tavern District ranked convenience to work as *very important*.

BUILDING AMENITIES	
Very Important/Important	Low-rise building
	Laundry facilities
	Security features
	Garage
Less Important	Access to exercise facility
	Doorman/concierge
	Swimming pool
	Community gathering space

An urban location was *very important* for 27 percent of those who responded, and somewhat higher (30 percent) for those with Wilmington zip codes and those who would definitely consider living in the Ships Tavern District. A total of 67 percent of those older than 55 years thought an urban location was *very important*, a significantly higher ranking than for any other age group, and indicating potential demand.

The appearance of the neighborhood was *very important* to 72 percent of those who responded. Men thought this was more important than women (79 percent and 63 percent, respectively), and those respondents aged 35 to 54 were significantly more likely than younger respondents to think appearance was *very important* (80 percent and 68 percent, respectively).

The issue of public school quality was significantly more important for those from Wilmington zip codes than for those in other zip codes. 51 percent and 37 percent, respectively, ranked the issue as *very important*. Those who were definitely interested in the Ships Tavern District, however, were significantly less likely than others to rank the issue as *very important*. A total of 30 percent of those definitely interested in Ships Tavern, compared to 53 percent of those possibly interested and 43 percent of those not interested, considered

the quality of public schools to be *very important*.

Nearby shopping was ranked *very important* in selecting a neighborhood by 29 percent of all respondents. Men and those aged 35 to 54 ranked this higher than others, with 35 percent indicating that restaurants and nightclubs were *very important* compared to 25 percent of all respondents. Restaurants were significantly more important to individuals over age 35. Similar findings were evident for the proximity of recreational and cultural facilities.

The distance to bus stops was rated as *very important* by 28 percent of all respondents. Although the item rating was generally consistent across categories, it was more important to respondents reporting household income under \$40,000 (39 percent ranked it as *very important*) and renters (35 percent of renters compared to 20 percent of owners). A higher percentage of respondents in Wilmington zip codes than other zip codes ranked the item as 4 or 5 in importance: 50 percent of those in Wilmington zip codes versus 28 percent in other zip codes. Proximity to the train station was *very important* to 15 percent of all respondents, with greater importance placed on the train station by those earning under \$75,000.

These data are consistent with the overall likelihood of Wilmington residents and those earning up to \$75,000 to walk and use public transportation.

Low-rise residential buildings were ranked as *very important* by 29 percent of all respondents. Men, (39 percent), and respondents aged 35 to 54 (39 percent) and over 55 (43 percent) were more likely to want low-rise buildings. Mid-rise and high-rise residential buildings were not generally ranked as *very important* by any group. Those living in Wilmington zip codes, renters, those earning between \$40,000 and \$74,999, and those definitely interested in Wilmington neighborhoods and the Ships Tavern District were most likely to value high-rises, however.

UNIT AMENITIES	
Very Important/Important	
Carpet	
Hardwood floors	
Eat-in kitchen	
Patio/deck/balcony	
Laundry facilities	
Central air	
High-speed internet	
Less Important	
Fireplace	
Bedroom/living space on same level	

Respondents were also asked to rate building and unit amenities. Laundry facilities in the building were ranked as *very important* by 71 percent of all respondents, with 83 percent of male respondents falling in this category. A total of 63 percent of all respondents felt that having laundry facilities in the unit itself was *very important*; again, men ranked this item higher than other groups.

eat-in kitchens *very important*. Those who would consider Wilmington neighborhoods, and those who would possibly consider the Ships Tavern District in which to live, identified eat-in kitchens as somewhat more important than the overall response. Balconies and patios were *very important* to 39 percent of the respondents, and more important to older and more upper income respondents. Outdoor space was slightly less important to those definitely interested in the Ships Tavern District. Central air conditioning was rated as very important by 76 percent of all respondents, by 83 percent of those in other zip codes, 81 percent of men, and 84 percent of those aged 35 to 54. A total of 35 percent of respondents rated high-speed Internet connections as *very important*, with 44 percent of men and 47 percent of those aged 35 to 54 also rating high-speed Internet as *very important*.

Security features and garages were also ranked as important components of building design. A total of 61 percent of all respondents felt that security features such as an alarm or controlled access were *very important* in their choice of a future residence. More men than women (67 percent versus 53 percent) ranked the issue as *very important*, as did more individuals in the \$40,000 to \$74,999 income bracket (69 percent versus 63 percent and 50 percent for other income brackets), more of those (69 percent) who definitely were interested in other Wilmington neighborhoods and fewer of those (38 percent) who would not consider moving to other Wilmington neighborhoods.

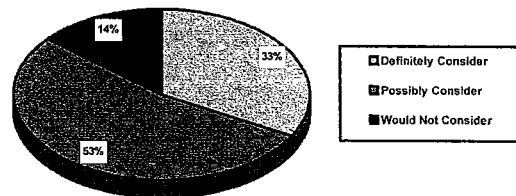
Ships Tavern District

A total of 86 percent of all respondents would definitely or possibly consider living in the Ships Tavern District, compared to 92 percent who are interested in other Wilmington neighborhoods. Those interested in the Ships Tavern District are likely to be under age 35, earn up to \$75,000, and shop and visit friends in Wilmington.

A total of 35 percent of all respondents felt that garages were very important. Again, men were more likely to rank this feature as very important than women (42 percent versus 29 percent), and those definitely interested in Wilmington neighborhoods were more likely to rank this item higher than others (44 percent, compared to 28 percent possibly interested in other Wilmington neighborhoods and 29 percent not interested in other Wilmington neighborhoods).

Unit amenities were also surveyed. Carpet and hardwood floors were both important amenities. Hardwood floors are more important to those living in Wilmington zip codes than overall (42 percent to 33 percent), those aged 35 to 54 (41 percent), and those who would definitely consider other Wilmington neighborhoods (43 percent). Eat-in kitchens are *very important* to 38 percent of respondents, with 44 and 43 percent, respectively, of those aged 35 to 54 and 55 and over, finding

Would you consider Purchasing or Renting in the Ship's Tavern District



Housing preferences for this group also fall into some general patterns. As a group, those who were definitely or possibly interested in the Ships Tavern District were:

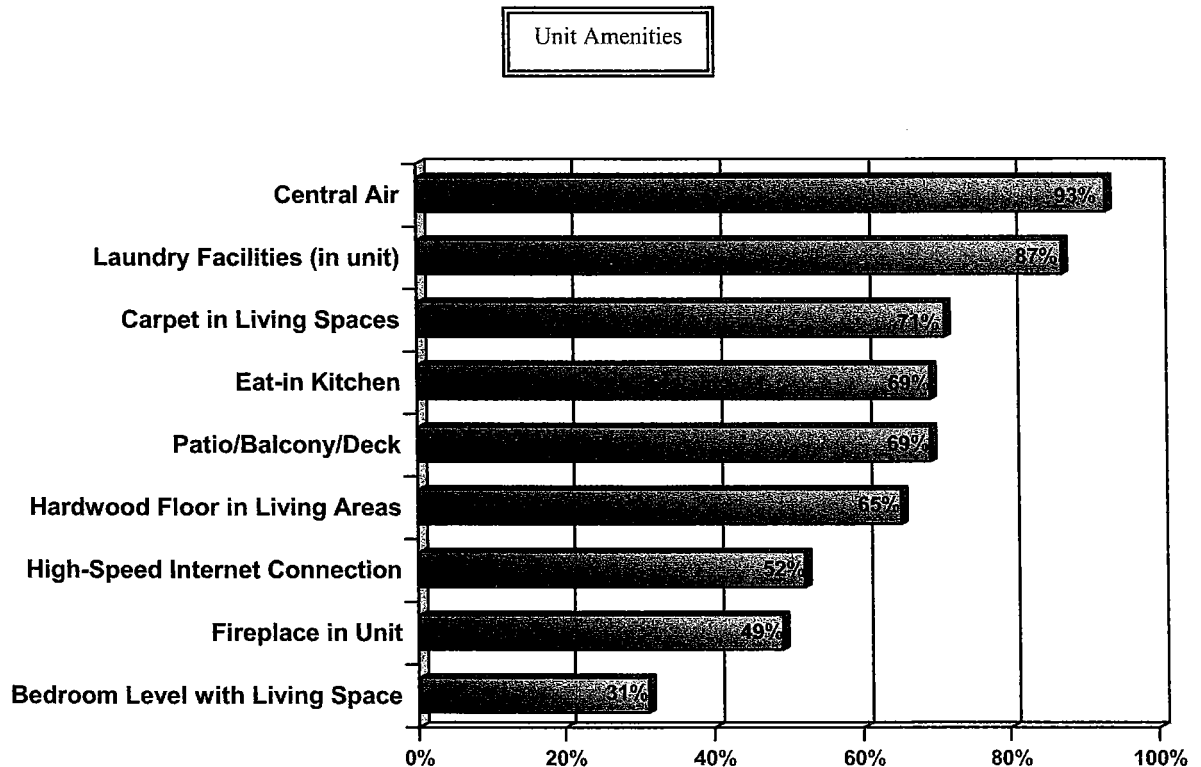
- Likely to rent
- Likely to pay \$600 to \$950 per month for rent
- Likely to fall into the \$100,000 to \$124,999 purchase range
- Want two or three bedrooms
- Be interested in low-rise or townhouse units
- Want laundry facilities in their unit

Easy access to work and other public transportation is also important to this group. A total of 94 percent of those who are definitely interested in Ships Tavern find walking to work appealing, compared to 16 percent of those who are not interested in living in the area and 14 percent of those who walked to Wilmington the day of the survey. This group also found access to the train station important: 27 percent of those definitely interested and 33 percent of those possibly interested in the area think train station access is important, compared to 16 percent of those not interested in living in the area. Amenities of interest to those interest-

ed in the Ships Tavern District are outlined in the chart.

Half of those who would not consider living in Ships Tavern were interested in a more suburban or rural setting. Since all survey respondents were open to living in Wilmington, such a response would indicate that they would be interested in less dense city neighborhoods, as well as suburban or rural settings.

One-quarter of those who would not consider living in the area indicated that they would not because they had never heard of the Ships Tavern District. This is important to consider because it addresses the issue of whether people are familiar with the area enough to be aware of the significant redevelopment efforts in and adjacent to Ships Tavern, and to be able to consider residential opportunities that might be available. Since the name “Ships Tavern District” was announced less than two years ago, the limited number of those responding that they had never heard of it is encouraging. Nonetheless, it does raise the need for continued marketing efforts.



FOCUS GROUP RESEARCH

Focus groups were conducted as a second component of original research for this analysis. RESI contracted with Goeins-Williams Associates, Inc. (GWA), a Delaware-based firm with experience in product and services marketing and community and social policy research projects.

Focus groups were conducted following the survey period to more fully learn about housing preferences of those who were interested in living in Wilmington. A focus group guide was developed by GWA based on survey questions posed by RESI and the Wilmington Renaissance Corporation. Participants were identified from those survey respondents who indicated an interest in participating in the focus groups. In addition, GWA invited staff at four downtown businesses to attend.

A total of three focus groups were held from October 30 through November 9, and a total ten persons attended the groups. All persons who attended were employed in the City of Wilmington and most rented homes in Wilmington or the Wilmington area. All but one person was a single unmarried adult. The gender and race of the participants were mixed, and ages ranged from 24 to 53.

Participants indicated they came to the focus groups because they have hope for the City of Wilmington; they consider Wilmington to be relatively safe and convenient to their places of employment; and they wanted to learn more about changes occurring in the downtown and housing development in the area. Several participants were actively or had just completed looking for a home to rent or purchase.

Participants were asked to discuss their views of Wilmington and its neighborhoods, the issues they consider when making a housing choice, the social environment and amenities important when making a housing choice, and their impressions related to the Ships Tavern District. The following narrative offers highlights of those discussions.

Impressions of Wilmington

Participants viewed Wilmington as a city with potential that is going through changes. It is

appealing for its charm, smallness, assets like its rivers, and proximity to major roadways and other cities. Riverfront development is viewed with enormous potential. Participants identified neighborhoods in which they would want to live.

Top Neighborhood Choices

Trolley Square
Areas off Delaware
and Pennsylvania Avenues
Quaker Hill
Trinity Vicinity
Eastside near MBNA
Cool Springs
Historical and safe areas

Housing Choice

Most participants rent apartments or houses in and around Wilmington, including the Rodney Court, Quaker Hill, Delaware Avenue, and Triangle communities. Participants who were homeowners live outside Wilmington. There was general agreement that resale value plays an important part in any decision to buy a house, and that it was very difficult to find a housing unit to rent or buy that was in good condition, offered amenities that were important, and was in a desirable neighborhood.

Most participants preferred older, historical homes or apartments with character and charm. They preferred two-story units, units that are unique and not “cookie cutter design”, and units that are low in maintenance. Those who preferred not to live in first floor units cited reasons related to security.

Highlights of the discussion are listed below:

- Price, location, investment potential or resale value, a sense of community and safety, and proximity to work are important issues when selecting a home.
- Most participants preferred older, historical homes and single living units.
- Participants reported that it was difficult to find desirable housing to buy or rent in Wilmington.

Social Environment and Amenities

Participants were asked about their preferences with regard to the social environment they live in, and amenities that were important to them when selecting a home. They were asked to discuss design features that were important, and issues related to parking. Participants were also asked to identify issues that were not important in their choice of a living unit.

Many design features that participants liked regardless of the type of housing are often found in historic houses with a city feel. These include:

- Privacy and a sense of space;
- historical or unique features;
- large well-designed kitchens and baths;
- hardwood floors;
- vaulted ceilings;
- built-in amenities like bookcases;
- ceiling fans;
- windows and light; and
- fireplaces.

Discussion with regard to rental units focused on amenities that might be available within the building or the unit itself, and amenities that might be available nearby. Some of the same amenities that were identified as being important in a general context were also raised specifically in the context of renting a living unit, including the importance of spacious kitchens and bathrooms. Other inside the unit amenities that were identified as important included cable, air conditioning, dishwashers, washers and dryers, closets and balconies or decks.

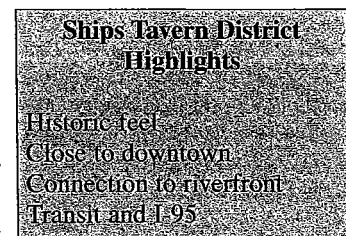
Fitness facilities or social areas within the building itself were not identified as important amenities. Some participants liked the idea of nearby convenience stores, and access to other fitness and recreational areas like jogging paths and fitness facilities.

The discussion in each focus group about amenities confirmed findings of the October survey. Amenities within the unit, such as air conditioning and laundry facilities, were important to both survey and focus group participants. Amenities associated with the entire residential building, such as services of a concierge, community space for socializing, a pool or a fitness facility in the building, were not important to either survey or focus group participants.

Ships Tavern District

Much of the discussion in each focus group centered on the Ships Tavern District, including projects both planned and underway in and around the area. The Ships Tavern Mews, a residential redevelopment by Struever Brothers Eccles and Rouse sponsored by the Wilmington Renaissance Corporation, now under construction in the 200 block of Market Street, was discussed, as were other concepts for residential development in the area.

In general, participants liked the Ships Tavern District location because it is central to downtown. The area is near I-95, office locations, the riverfront, and the



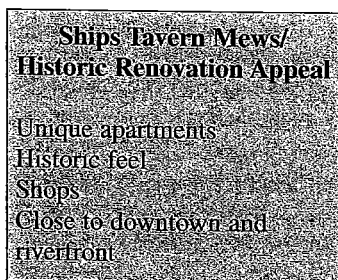
train station. Many participants were aware of the various redevelopment projects in and around the area, and recognized the proximity of these projects and activities when reviewing a map outlining the area. Some participants were concerned about the high traffic volume, particularly on Martin Luther King Boulevard, during rush hour. MLK Boulevard was also noted as a barrier to riverfront access. A few participants cited safety concerns, mostly related to surrounding areas rather than the Ships Tavern District itself.

Participants were asked to review renderings or photographs of various styles of residential development. The first example was of Ships Tavern Mews, the historical renovation of buildings in the 200 block of Market Street.



Participants viewed an example of a high-rise residential building; participants in the third focus group were the only group to also view an example of a mid-rise development.

Everyone liked the renovation design of the Ships Tavern Mews and thought it was very exciting. They were interested in the uniqueness of the apartments, the availability of shops, and convenience to both downtown and the riverfront. Ships Tavern Mews made participants think of trendy neighborhoods in other cities, like Society Hill and Manayunk in Philadelphia and Fells Point in Baltimore. Participants asked many questions about the development. They asked about parking, and noted the need for dedicated parking for residents and guests that would not compete with shoppers and other area visitors. They noted the need for a place to pull in front of the building to drop off passengers or packages. They discussed shopping; some wanted upscale boutiques with good anchor stores. Some participants asked about when the apartments would become available and about the pricing. Some asked to be contacted when the apartments or models become available.



Participants were also asked to review examples of high-rise (seven or more stories) and mid-rise (four to six stories) residential buildings in the context of the Ships Tavern District. Most participants did not like the high-rise building. They did not feel it was in keeping with the historic nature of the area, from either a size or design perspective. A high-rise style of living did not appeal to these participants. A few participants liked it from a security perspective, as well as for ease of maintenance and general convenience.

Most participants in the third group (the only one to view the mid-rise) found the mid-rise design to be appealing. That design included a gated security feature that was specifically noticed by participants. Again, focus group discussion mirrored that of survey results. Respondents and focus group participants alike preferred low-rise structures, followed by mid-rise and high-rise residential living.

Parking was discussed in the context of residential opportunities overall as well as specifically in the context of the Ships Tavern District. Generally,

parking should be accessible and convenient to the living unit. Dedicated parking for residents is important, as well as space for visitors. Residents should not have to compete with customers of retail, dining, and entertainment venues for available parking. Drop-off or loading areas are important if parking is not available within the residential building itself. Most survey participants thought secure parking across the street from their unit was satisfactory, although some participants felt space in the structure itself was important. Other participants were concerned that the exterior design of a parking garage fit in with the historic nature of the area.

Focus group participants who would rent a unit generally were looking to pay from \$500 to \$900 per month, or somewhat more if they shared a unit with a roommate. Participants were likely to consider purchasing a unit for \$800 to \$1,000 per month. Again, these findings are consistent with survey results.

There was some interest in purchasing condominium units either at the Ships Tavern Mews or a high-rise building. Most focus group participants would need to be more certain that revitalization had taken hold before buying a unit in which to live, although there was interest in buying a unit as an investment. It was generally agreed that the Ships Tavern District would be appealing at its current stage of redevelopment primarily to tenants who are young professionals working downtown.

Survey respondents who would definitely consider living in the Ships Tavern District were more likely to be under age 35, earn under \$75,000, and be interested in rental housing. Survey and focus group findings are consistent.

Marketing the Ships Tavern District

Focus group participants were asked about their recognition of the name "Ships Tavern District" and about how best to market any residential units that become available.

Few participants were familiar with the name "Ships Tavern District" well enough to know where it is located; some were familiar with the

area but not the name. This is similar to findings from the survey that found that only one-quarter of those who were not interested in living in the area cited “never heard of the Ships Tavern District” as the reason. None of the focus group participants were familiar with the history associated with the area. Most, but not all, participants felt that “District” was not an inviting term. Some felt that it suggested a large area rather than a small area with a community feel. One group reacted negatively to the term “Tavern”. Suggestions for a name that would be more appealing included Village, Gateway, Square, and Community.

Participants agreed that the area needs a theme and to become a destination point. The connection to the riverfront is important and should be stressed in future development and marketing. The area’s history could be used to develop the theme.

When asked how they would like to hear about availability of units in the area, or what kind of marketing would be needed for them to commit to a unit, suggestions included the following:

- Posters or flyers at place of employment
- Open house, model unit, designer showcase or tour
- Promote historic community
- Promote shopping
- Internet, Delaware Online
- Newspaper, advertisements, apartment guide, billboard
- Hunt Magazine, Delaware Today, Out and About
- Opportunity for pre-leasing or selecting specific unit
- Rental agent

In general, all three focus groups were positive about the city of Wilmington, and about living and working in the city. They were very interested in the Ships Tavern District and, for those who were not already aware, in the development activities going on in and around the area. Most were excited by the area’s potential, and liked the idea of living in the Ships Tavern District — especially in renovated historic structures. Discussion in the focus groups was consistent with the findings of the survey.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

A review of demographic and economic characteristics in the area around the CBD is helpful in understanding the nature of potential demand for residential development in the area. Since it is recognized that, from a residential perspective, the CBD and Ships Tavern represent a developing area, a more traditional review of economic and demographic characteristics is not being offered. Instead, this overview will be helpful to establish the context in which the area is located. Further, since survey and focus group research indicate that the residential market for the area, especially in the short term, will be generated largely by those working downtown, a review of Wilmington's general economic conditions and characteristics of its downtown worker population should be instructive.

Demographic and Household Characteristics

The total population of Wilmington as reported by the 2000 Census was 72,664, up from 71,529 persons in 1990. In 2000, 35.5 percent of the population was White, and 56.4 percent was African American. A total of 9.8 percent of Wilmington's population in 2000 was Hispanic. The 2000 median age was reported to be 36.3 years.

The Census reported a total of 28,617 households in 2000 with an average household size of 2.39 persons. This is a slight increase in the number of households, from 28,556 in 1990. The average household size decreased from 2.44 persons in 1990 to 2.39 persons per household in 2000. The decrease in household size is consistent with smaller-size households nationally.

Median household income for Wilmington in 1989, as reported in the 1990 Census, was \$26,405. Estimated household income in 2001, provided by Claritas, Inc., is \$38,422, an increase of 45.5 percent. Income data from the 2000 Census is not yet available. Data from the U.S. Census indicates that there were a total of 32,128 housing units in Wilmington in 2000, up from 31,244 in 1990. A total of 11.0 percent of all units in 2000 were vacant, but the Census counts virtually all housing units regardless of condition. Of the occupied units, 50.1 percent were occupied by owners and 49.9 percent by renters. The rate of homeownership reported in 1990 was 54 percent of occupied units, the percentage of renter households increased dur-

ing the 1990's.

Economic Characteristics

The economic characteristics of the Wilmington area provide the underpinning for the performance of the housing market. Job stability and growth in a region will drive household growth, and jobs provide the basic income for housing expenditures. It is relevant, therefore, to examine economic patterns and trends, and especially those related to job growth and employment patterns.

Overall, the Wilmington area economy has been strong relative to regional and national economies. Unemployment has tended to be lower than national trends and growth has been modest but steady. While the area economy has been slowing of late, it remains stronger than national trends and is expected to continue to remain strong relative to national trends in the coming post-September 11 period.

The area's economic diversity is apparent upon review of the top private sector employers, as reported by Economy.com, Inc., a major provider of economic reporting and forecasting. A review of these industries, many of which have offices or national or international headquarters in Wilmington, reveals area employment in Finance, Insurance and Real Estate (FIRE); manufacturing; and transportation and utilities. Public employment is strong, as well. The employment diversity is relatively low compared to other areas in the northeast, however.

Source: Economy.com; The Business Ledgers

Top Wilmington Area Employers	
E. I. DuPont de Nemours & Co. Inc.	Trust/Discover Financial Services
MBNA America Co.	American International Group Inc.
Christiana Care	General Motors/ Saturn Corporation
First USA Bank	W.E. Gore & Associates
University of Delaware	Townsend's Inc.
J.P. Morgan Chase and Co.	Wilmington Trust Co.
DaimlerChrysler Co.	Connectiv Resource Partner
AstraZeneca Inc.	
Greenwood	

Book of Lists, 2001

Economy.com reports that the Wilmington economy is doing well although the performance varies depending upon the industry. Services, retail and finance firms are reported to be doing well, while the manufacturing sector has declined over nine percent from one year ago. Continued mergers in the financial sector, a significant presence in Wilmington, is a potential downside for the area economy, however. Nonetheless, Wilmington's labor market remains tight despite contraction in manufacturing and a slowdown in overall economic growth. A November 2001 News Journal reported unemployment in Delaware at three percent in October, its lowest level since July 1998.

The unemployment rate is expected to rise to about four percent in 2002, though, when recently announced layoffs take effect. The total workforce has declined somewhat, likely due to retirements and those dropping out of the work force to take advantage of severance packages.

With regard to the impact on the area economy due to the events of September 11, it is not expected that there will be an immediate direct impact. A number of industries in the area will be indirectly impacted, however. Industries expected to be indirectly affected include the credit card industry, as weaker consumer conditions already forecast may further decline. The insurance industry, including AIG, which recently announced cutbacks related to a merger, may also be affected. Overall, Economy.com projects that the Wilmington area economy will decelerate during the final quarter of 2001 but is expected to rebound in 2002. Local factors such as above-average incomes, low cost of living relative to nearby cities of Philadelphia and Baltimore, and area demographics lead to a projection of above average economic performance over the coming several years.

Psychographic, or Lifestyle Characteristics of Households

Based on survey and focus group results, downtown workers represent the likely target market for residential opportunities in the Ships Tavern District, and it is useful to review information about this group.

Data developed primarily for marketing purposes, called psychographic or lifestyle data, are useful in providing a demographic dimension about individuals who work in the downtown. Psychographic profiles have been defined as the sum total of the

emotional, economic, educational and social backgrounds of the population. The data used for this report, which were developed by Claritas, Inc., are based on information gathered from a broad range of sources; they are useful in understanding the characteristics of households, including the types of housing that they occupy and related household and income characteristics.

Data were reviewed for individuals working in zip code 19801. This zip code encompasses Wilmington's entire central business district, as well as several neighborhoods south of Wilmington. There were estimated to be 56,767 workers in the zip code. The following discussion identifies broad clusters and smaller lifestyle groups within each cluster which exhibit characteristics of likely residents in the Ships Tavern District – households with one or two persons, no children, young, and likely to be employed in Wilmington's downtown.

Urban Uptown Cluster: Lifestyle groups within in this cluster that represent the target market include affluent to upper middle-income people in the Urban Gold Coast, Young Literati and Bohemian Mix lifestyle groups. These people are:

- Singles;
- Aged 25 to 64;
- Professionals and college graduates
- Renters by preference; and,
- Live in large complexes, often high-rises in cities.

Although these households are the best to attract to a downtown living environment, there is only a small number working in downtown Wilmington, a total of 140 employees.

The Affluentials Cluster: The lifestyle group within this cluster that represents a potential target market is representing the target market include Young Influentials and Suburban Sprawl. This group generally is in age ranges from 25 to 35, and 35 to 44. They are singles and married couples that are predominantly college graduates. More than 55 percent of Young Influentials are renters. They live in rented urban high-rises and prefer a sophisticated urban lifestyle that dual income married and live-together couples can support. A total of 2,376 workers in Wilmington zip 19801 are in this lifestyle group.

The Inner Suburbs Cluster: Upstarts & Seniors and New Beginnings are two lifestyle groups that reflect demographics consistent with selecting a residence in the CBD and Ships Tavern District. They have middle incomes, a diverse mix of ages, and prefer to rent multifamily housing units. Upstarts & Seniors are empty nesters, and 44.4 percent of households live in condominiums and apartments. New Beginnings households are singles, and 76 percent are renters. An estimated 1,253 downtown workers are in these two lifestyle groups.

Second City Center: Lifestyle groups in this cluster represent middle-income households in smaller, cities such as Wilmington. Two lifestyle clusters, Middleburg Managers and Boomtown Singles represent nearly 3,000 downtown workers. Middleburg Managers are married couples and singles that are 35 to 44 years old, and 65+. One-third are renters, but the preference is smaller complexes with two to nine units. Boomtown Singles are young professionals and “techies” who live in multi-unit rentals. Overall, 2,106 Middleburg Managers and 879 Boomtown Singles are working in the Wilmington CBD. Other clusters and lifestyle groups are also prevalent in the zip code workforce. Characteristics of these other groups, however, are less likely to match the characteristics of the target market identified by the survey and focus group results, and so are not presented here.

An analysis of lifestyle data indicates that 6,754 people working in the 19801 zip code have characteristics consistent with the target market, sufficient income to afford market-rate housing units, and a preference for multifamily housing units in complexes that are large and small. It is not likely that every downtown worker will seek a housing unit in the CBD or in the nearby Ships Tavern District. It is likely that a very large percentage of households will have two people working downtown. Further, not all people in these lifestyle clusters are renters.

To develop an estimate of potential demand, we calculated the number of single-person households in each lifestyle cluster who were likely to be working downtown. We then assumed that all remaining workers were in two-worker households to estimate the number of households that were represented. Then, we applied the renter percentage for each lifestyle cluster to estimate the

number of renter households who were in these lifestyle clusters. Overall, this calculation produced an estimate of about 2,600 households who represented potential demand for new housing units downtown, and in the Ships Tavern District.

As a final step, we estimated the ability of a modern, attractive rental complex located downtown to attract, or “capture” these households. A reasonable range would be to capture 15 to 25 percent of households who are working downtown, in lifestyles indicating a preference for downtown living and are affluent and middle-income renters. If this range can be achieved, an estimated 400 to 600 households are likely to be interested in new housing units that may be developed with the cooperation of the Wilmington Renaissance Corporation.

COMPARABLE PROPERTIES

Analysis of the market for residential development in the Wilmington downtown calls for a review of housing units in the area, and which are competitive to those being proposed. Downtown residential development is an emerging market. Depending upon the location of the project within the CBD, development may draw somewhat different markets rather than properties nearby or in the same price range. Since the primary objective of this analysis is to determine the nature of the demand for housing in the area, a review of properties in the area is helpful.

A survey form that asked questions about the number and size of units, rental rates and occupancy levels, was sent to properties in and around the downtown identified by the Wilmington Renaissance Corporation and Real Estate Strategies, Inc. This discussion reports on relevant findings based on surveys that were completed and returned; it should be noted that complete information was not submitted in every instance.

Surveys were completed for the following properties: Chadwick, Mayfair, The Plaza, Quaker Village, Residences at City Center, Ships Tavern Mews, and The Saville. Five of the seven properties are located in and adjacent to Wilmington's CBD. Three of the properties offer some or all of their units at subsidized rent levels. Altogether, these properties include nearly 700 rental units. Most rental units are one or two bedrooms with one to two bathrooms. There are some studios and very few three-bedroom units. Apartments at one property are furnished.

Apartments range in size from 440 to 630 square feet for studios, 700 to 850 square feet for one bedrooms, 650 to 1,410 square feet for two bedrooms, and up to 1,750 square feet for three bedrooms. Specialty apartments like lofts and penthouses are larger. One-bedroom apartments have one bath, while two-bedroom apartments are offered with 1.0, 1.5, and 2.0 baths. Studio units rent from \$525 per month, one-bedrooms from \$600, two-bedrooms from \$590 to \$1,210, and three bedrooms from \$775. Parking is generally available on or adjacent to the property, and sometimes included for no additional charge. For properties that charge for parking, rates run from \$80 per month to \$135 per month.

Property managers report that one and two bedrooms are the most popular units, and that studios and three bedroom units are the least in demand. Occupancy rates generally fall within 97 to 99 percent and are reported to be steady or increasing. One property reported being somewhat lower than normal due to an eviction; another property reported that occupancy was increasing due to recent management changes even though the occupancy rate was lower than other properties. Two properties included in the survey and the 700-unit total are under construction and have not yet been rented.

Property managers indicate that most tenants are professional white-collar workers, many employed in downtown Wilmington. Some noted the proximity to the Amtrak station as an amenity for their tenants. Some properties draw from the local area, while others draw tenants from outside the state. Some properties have units that are rented by corporations. One property will offer all units furnished.

Although the survey size is relatively small, the survey does offer insights into the area's rental market pertinent to the CBD and Ships Tavern District. One- and two-bedroom units are the most popular, and are the most prevalent size at properties that participated in the survey. Rental rates for those sizes range from \$550 to over \$1,000, and somewhat higher at properties that offer more baths, are higher end or cater to a corporate or out-of-state market. Many of these properties report that their tenants are young professionals who work in Wilmington.

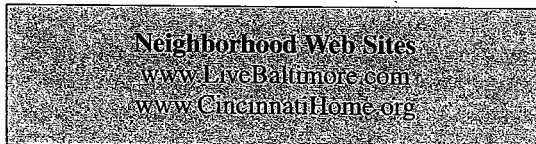
FINDINGS

Previous sections have reviewed several studies that have been undertaken about the CBD and Ships Tavern District over the past ten years; the results of original survey, focus group, and comparable properties research; and existing demographic, economic, and lifestyle data. Issues identified as part of related studies undertaken since 1990 are often consistent with RESI's research and analysis undertaken as part of this engagement.

Previous studies and current research, coupled with the many revitalization activities, including residential development, now underway in the CBD are positive indicators for successful new housing. A review of existing data and the significant research into residential preferences related to living in Wilmington and the Ships Tavern District, there are several directions that are evident.

Next Steps

Increased marketing of the area needs to build from what has already been initiated, even as additional residential development is in the early planning stages. A component of the marketing effort must include orienting the Ships Tavern District to the riverfront, and include education about the area's historical significance. Other cities have marketed their neighborhoods on web sites and in print documents in formats that are appealing to target markets. Cities that have marketing efforts to be reviewed for applicability to the area include Baltimore and Cincinnati. Each has a web site dedicated to providing information about city neighborhoods, with maps, photos, sales prices, and information about civic organizations included. Attractive printed documents highlighting the neighborhoods are also available.



Most people interested in the Ships Tavern District prefer low-rise buildings, although they also showed interest in mid-rise developments. Examples of successful mid-rise developments should be reviewed for their potential use in the Ships Tavern District and surrounding downtown areas. Some examples include:

- Jersey City, NJ: Avalon Cove
- Pittsburgh, PA: Crawford Square
- Stamford, CT: Avalon Glen

There is demand for market-rate residential development in the Ships Tavern District. Properties in Wilmington, however, have rental rates that will not support the cost of developing additional residential opportunities. Financial feasibility is a primary reason why two of the three most-recently developed properties have an affordable component. This is the case regardless of whether additional development will renovate existing properties or whether existing buildings will be demolished to make way for new construction. Support must be secured if additional market-rate residences are to be constructed. Such support might include some or all of the following components, many of which have already been secured for previous development:

- Land assemblage
- Site preparation through city capital or state resources
- Tax abatements
- Bond financing
- Use of federal community development funds, only if qualified under non-income targeted fundability criteria
- Master leases or corporate rentals

Housing development in the Ships Tavern District will appeal to an emerging market in Wilmington. This is a market that has been successful in other urban centers around the country. It is not, however, an effort that can be successful without the right combination of market demand, available financing resources, a variety of development tools, aggressive marketing, and strong and sustained leadership. In Wilmington, there is a general public awareness of the many new projects underway – the Justice Center, road improvements, activity at the riverfront – on the heels of economic expansion of downtown corporations. Many who participated in RESI's research were excited about the possibility of moving into the Ships Tavern District. The challenge confronting development in the area is to pull together the needed resources while continuing to capture the imagination of young professionals who want to live in a vibrant urban setting.

QUALIFICATIONS OF REAL ESTATE STRATEGIES, INC.

Real Estate Strategies, Inc. is a women-owned business that provides advisory services in real estate and economic development. Building on the expertise of its professionals and their significant experience in the real estate industry and with public sector housing and economic development agencies, the Firm specializes in the preparation of market and financial analysis of residential and commercial real estate, affordable housing studies, economic development and reuse planning, and public/private deal structuring. Clients for which principals of Real Estate Strategies, Inc. has provided affordable housing market analyses have included:

- Fannie Mae American Communities Fund – Market analysis for mixed-use development with affordable and market-rate residential units in the Stamford, CT CBD.
- The Community Builders/AFL-CIO Housing Trust Fund – Market analyses for mixed-income redevelopment of Pennley Park in East Liberty, Pittsburgh, PA.
- The Community Builders/Hispanic Association of Contractors and Engineers – Market analysis for proposed affordable residential development in Philadelphia.
- Beacon/Corcoran Jennison Partners – Market analysis and marketability study for mixed-income redevelopment of Allequippa public housing in Pittsburgh, PA.
- Leon N. Weiner & Associates, Inc. — Market analysis for affordable for-sale townhouse development of the proposed Eastlake HOPE VI in Wilmington, DE.
- Kensington Investment Corporation, Inc. – Market analysis for luxury high-rise with residential, parking, and retail space, in the former “Combat Zone” in Boston, MA.
- District of Columbia Housing Authority - Market analysis of 154-unit Ellen Wilson HOPE VI Redevelopment on Capitol Hill.
- Greater Germantown Housing Development Corporation - Strategic planning/ market-oriented neighborhood revitalization study of a four-square block area; assistance with two applications for Section 202 assistance.

- Department of Housing & Urban Development - Market analysts on the Pricewaterhouse Coopers L.L.P. (formerly Coopers & Lybrand) team responsible for conducting viability assessments of public housing developments in Utica, NY; Detroit, MI and Pittsburgh, PA.
- Housing Authority of the City of Pittsburgh – Assessment of housing demand and supply conditions affecting the performance of public housing; assistance in formulating concepts for supportive services in replacement elderly housing in the City of Pittsburgh.

Qualifications of key individuals include:

Margaret Sowell, President of Real Estate Strategies, Inc. has more than 14 years of direct experience in market research and financial analysis of residential, commercial, and industrial real estate. Ms. Sowell established the firm after gaining more than 25 years of experience with real estate and economic development as a government official, private developer, and advisor to public agencies and private companies. Ms. Sowell worked with the U.S. Department of Housing and Urban Development for fifteen years, and was involved in the development and administration of numerous housing and community development programs. She was the National Director of HUD’s Urban Development Action Grant (UDAG) program from 1981 to 1984. Ms. Sowell’s experience as a private sector developer was as Vice President for Development with a Wilmington, DE full-service real estate company.

A real estate consultant since 1986, at Coopers & Lybrand and Laventhol & Horwath, Ms. Sowell served as Director of Real Estate Advisory Services in C&L’s Philadelphia office from 1991 through 1994. While at Coopers & Lybrand, Ms. Sowell worked on numerous engagements involving residential development projects, and she has performed all of the above-cited market analyses. Ms. Sowell is a member of The Urban Land Institute, and she served on the ULI Board of Trustees from 1995 to 1998. She has been a technical reviewer of three ULI publications on affordable housing, and she co-authored the 1997 ULI publication, Developing Infill Housing in Inner City Neighborhoods. She served as market analyst on three ULI Neighborhood Advisory Panels, and she has chaired two additional panels. She

also chaired a Land Use Policy Forum on issues affecting affordable housing. She is a graduate of the University of Florida, with a degree in Political Science/Public Administration. Her graduate work was in public administration and urban and regional planning.

Elizabeth M. Beckett, Senior Vice President, has more than eight years of real estate market and financial analysis experience, including five years of association with the real estate advisory services practices of major national accounting and consulting firms. Ms. Beckett has also served on the professional staff of the County Executive of New Castle County, DE, where her responsibilities included oversight and administration of the County's \$30 million mortgage revenue bond program as well as other assignments related to affordable housing, housing and community development program analysis and coordination, and community outreach.

Ms. Beckett has prepared a housing market study for the Philadelphia Housing Authority and conducted market studies for proposed affordable and market-rate housing developments in North Philadelphia; Wilmington, DE; South Amboy, NJ; Pittsburgh, PA; Detroit, MI; and Lancaster, PA, among other communities. Ms. Beckett previously was a senior associate in the Coopers & Lybrand Real Estate Advisory Services practice. Since 1990, she has been a co-author of the Philadelphia metropolitan area chapter of the Urban Land Institute's annual Market Profiles publication. Ms. Beckett holds an undergraduate degree from Haverford College and a Masters of Governmental Administration from the University of Pennsylvania.

Jane C.W. Vincent, Vice President, has more than twenty years of experience in housing and community development. She served as Director of Real Estate and Housing for the City of Wilmington, DE, for eight years, during which time she directed work on eight new for-sale and rental housing developments and spurred major redevelopment in the City's central business district, including residential, retail, and cultural offerings. Ms. Vincent initiated homeownership sales incentives that supported 25 percent of the market. Prior to her tenure with the City of Wilmington, Ms. Vincent served in the New Castle

County, DE Department of Community Development and Housing, where her responsibilities included oversight of federal programs, environmental reviews, and the New Castle County Annual Rental Survey.

Since joining the Firm, Ms. Vincent prepared or assisted in the preparation of market analyses for affordable and luxury residential developments in New Castle County and Milford, DE; Pittsburgh, PA, and Boston, MA.

Ms. Vincent is active in many national and local organizations. The National Association of Housing and Redevelopment Officials, the University of Delaware, Delaware General Assembly, New Castle County, City of Wilmington, Wilmington Housing Partnership, Housing Opportunities of Northern Delaware, HUD, and the Delaware chapters of the American Institute of Architects and the Sierra Club have recognized her efforts. Ms. Vincent did her undergraduate and graduate work at the University of Delaware, and holds a Masters in Public Administration.

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