
AN ANALYSIS
of
RESIDENTIAL MARKET POTENTIAL

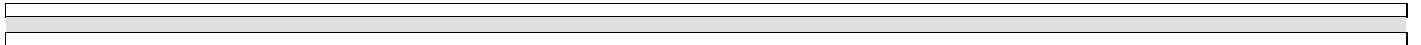
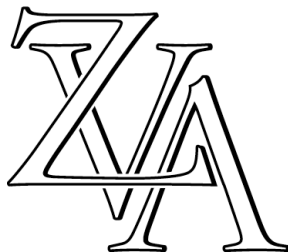
for
Downtown Aurora

The City of Aurora,
Kane County, Illinois

January, 2019

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Residential Market Analysis Across the Urban-to-Rural Transect

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Residential Market Analysis Across the Urban-to-Rural Transect

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

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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 that could be developed within Downtown Aurora, Illinois over the next five years.

The optimum market position for new housing units in the Downtown has been derived from: the housing preferences, financial capacities, and lifestyle characteristics of the target households; the Downtown's location, visibility and physical attributes; the rental and for-sale housing market context in Aurora market area; and Zimmerman/Volk Associates' extensive experience with downtown development and redevelopment. For the purposes of this analysis, the Downtown Aurora study area extends beyond Illinois Avenue in the north to Zengele Avenue on the East Bank of the Fox River and Lawndale Avenue on the West Bank; follows Lincoln Avenue in the east, incorporating McCarty Park; includes North Avenue in the south; and then follows Woodlawn Avenue and Wilder Street, with an extension to North Locust Street and Oak Avenue, in the west.

The extent and characteristics of the potential market for new housing units that could be developed within Downtown Aurora were identified 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

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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 projection, 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.

Based on the target market methodology, then, this analysis examined the following:

- Where the potential renters and buyers of new dwelling units that could be developed within Downtown Aurora currently live (the draw areas);
- How many households have the potential to move to the Downtown each year (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- Who are they and what they are like (the target markets);
- What are their current housing alternatives (the Aurora market context);
- What are the rents and prices of new units that could be developed within the Downtown that correspond to target household financial capabilities (optimum market position); and
- How quickly they will rent or purchase the new units (absorption forecasts).

The target market methodology is described in detail in the METHODOLOGY, APPENDICES ONE AND TWO, TARGET MARKET TABLES, provided separately.

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CITY-WIDE AVERAGE ANNUAL MARKET POTENTIAL

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

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 Aurora and the Downtown.

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 Aurora from the 2017 American Community Survey.

The most recent Kane County migration and mobility data—from taxpayer records compiled by the Internal Revenue Service from 2011 through 2015—and the 2017 American Community Survey for the City of Aurora show that the draw areas for new and existing housing units in the city and the Downtown include the following:

- The local draw area, covering households who live within the Aurora city limits.
- The county draw area, covering households with the potential to move to the City of Aurora from the balance of Kane County.
- The regional draw area, covering households with the potential to move to the City of Aurora from Cook, DuPage, McHenry and Kendall Counties.
- The national draw area, covering households with the potential to move to the City of Aurora from all other U.S. cities and counties, particularly Illinois and Midwestern counties.

As derived from the migration, mobility and target market analysis, the draw area distribution of market potential (those households with the potential to move within or to Aurora each year over the next five years) is as shown on the table following this page:

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Average Annual Market Potential by Draw Area
City of Aurora, Kane County, Illinois

City of Aurora (Local Draw Area):	40.5%
Balance of Kane County (County Draw Area):	14.5%
Cook, DuPage, McHenry and Kendall Counties (Regional Draw Area):	28.1%
Balance of US (National Draw Area):	<u>16.9%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

As determined by the target market methodology, which accounts for household mobility within the City of Aurora, as well as migration and mobility patterns for households currently living in all other cities and counties, an annual average of 10,380 households represent the potential market for new and existing housing units within the city each year over the next five years.

AVERAGE ANNUAL MARKET POTENTIAL FOR DOWNTOWN AURORA

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

The target market methodology identifies those households that prefer living in downtowns and walkable urban neighborhoods. After eliminating those segments of the potential city-wide market that have preferences for new or existing housing in more suburban or rural areas and focusing on those with incomes above \$40,000 per year (those households who can afford existing market-rate dwelling units), the distribution of draw area market potential for new and existing housing units in Downtown Aurora is summarized as follows:

Average Annual Market Potential by Draw Area
DOWNTOWN AURORA
City of Aurora, Kane County, Illinois

City of Aurora (Local Draw Area):	36.8%
Balance of Kane County (County Draw Area):	10.5%
Cook, DuPage, McHenry and Kendall Counties (Regional Draw Area):	35.9%
Balance of US (National Draw Area):	<u>16.8%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

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*How many households have the potential to move to
Downtown Aurora each year over the next five years?*

Based on the target market analysis, then, an annual average of 3,040 younger singles and couples, empty nesters and retirees, and compact families, with incomes over \$40,000 per year, represent the annual potential market for new market-rate housing units of every kind within Downtown Aurora each year over the next five years (*see Table 1 following the text*).

The tenure (rental or ownership) preferences of these 3,040 draw area households show that approximately 48.1 percent of these households (or 1,461 households) comprise the annual potential market for new and existing rental units and the remaining 51.9 percent (1,579 households) comprise the market for new and existing for-sale (ownership) housing units.

What are their housing preferences in aggregate?

The combined tenure and housing type propensities of the target 3,040 renter and owner households are outlined on the following table (*see again Table 1 following the text*):

Tenure/Housing Type Propensities
Average Annual Market Potential
Households With Annual Incomes Above \$40,000
DOWNTOWN AURORA
City of Aurora, Kane County, Illinois

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	1,461	48.1%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	264	8.7%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	425	14.0%
Single-family detached for-sale (houses, fee-simple ownership)	<u>890</u>	<u>29.2%</u>
Total	3,040	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

To maintain residential densities appropriate in Downtown Aurora for optimal support of existing and potential non-residential uses, residential development should concentrate on higher-density

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housing types, created either through the adaptive re-use of existing buildings or through new construction, including:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale); and
- Townhouses and rowhouses(single-family attached for-sale).

Excluding households with preferences for single-family houses, then, an annual average market potential of 2,150 households currently living in the defined draw areas represent the pool of potential renters and purchasers of new and existing housing units within Downtown Aurora each year over the next five years.

Based on the tenure and housing preferences of those 2,150 draw area households, the distribution of rental multi-family, for-sale multi-family, and for-sale single-family attached housing types is shown as follows:

Average Annual Market Potential
 Households With Annual Incomes Above \$40,000
 DOWNTOWN AURORA
 City of Aurora, Kane County, Illinois

HOUSING TYPE HOUSEHOLDS	PERCENT
	NUMBER	
Multi-family for-rent (lofts/apartments, leaseholder)	1,461	68.0%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	264	12.3%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	<u>425</u>	<u>19.7%</u>
Total	2,150	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

TARGET MARKET ANALYSIS

The aftermath of the housing crash has seen significant changes in market preferences, shifting away from single-use subdivisions toward more walkable, mixed-use neighborhoods, particularly 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.

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These changes have been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 72.5 million), older singles and couples born between 1946 and 1964, and the estimated 89.7 million Millennials, younger singles and couples who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their lifestage—is unprecedented.

In addition to their shared preference for urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, the 21st century potential home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families.

As determined by the target market analysis, and reflecting national trends, the annual potential market—represented by lifestage—for new rental and ownership housing units in Downtown Aurora is shown on the following table (*see also* Table 2 *following the text*):

HOUSEHOLD TYPE	PERCENT OF TOTAL	... MULTI-FAMILY ...		SINGLE-FAMILY ATTACHED
		FOR-RENT	FOR-SALE	
Empty-Nesters & Retirees	24%	21%	30%	35%
Traditional & Non-Traditional Families	11%	9%	11%	17%
Younger Singles & Couples	65%	70%	59%	48%
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

Younger singles and couples represent nearly two-thirds of the market for new dwelling units in the Downtown. The younger market includes a variety of white-collar professionals, young entrepreneurs, artists, and knowledge workers, as well as entry-level office employees, waiters and

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waitresses, and other retail workers—*New Power Couples*, *New Bohemians*, *Cosmopolitan Elite*, *The VIPs*, *Fast-Track Professionals*, *Suburban Achievers*, *Suburban Strivers*, and *Small-City Singles*. These younger singles and couples prefer to live in downtowns and urban neighborhoods for their diversity, and for the availability of employment, entertainment, and cultural opportunities within walking distance of their residences. Among the other principal factors in the largest share of the market held by younger singles and couples are:

- Their higher mobility rates—young people tend to move much more frequently than older people;
- Their strong preference for rental apartments, in part because they have not saved sufficient funds for a down payment, often due to heavy student debt burdens, and in part because the collapse of the housing market during the Great Recession has made many of them skeptical about the value of owning versus renting; and
- The lower mobility of empty nesters and retirees.

Just under 40 percent of the younger singles and couples that represent the market for new and existing housing units in Downtown Aurora would be moving from elsewhere in the city; approximately 42 percent would be moving from elsewhere in Kane County or the region; and approximately 18 percent would be moving from another county in the United States.

At 24 percent of the annual potential market for new and existing housing units in Downtown Aurora, older households (empty nesters and retirees) represent the second largest share of the market. Most of these households have adult children who no longer live in the family home; many are enthusiastic participants in community life and are still actively involved in well-paying careers in the banking, legal and medical professions. These target groups range from the wealthiest households—*The One Percenters*, *Old Money*, and *The Social Register*, to the well-to-do *Urban Establishment*, *Affluent Empty Nesters*, *Suburban Establishment*, and *Second City Establishment*, to the financially-comfortable *Multi-Ethnic Empty Nesters*, *Cosmopolitan Couples*, *Mainstream Empty Nesters*, *Middle-American Retirees*, *Blue-Collar Retirees*, and *Middle-Class Move-Downs*.

Just under 26 percent of the empty nesters and retirees would be moving from elsewhere within the City of Aurora; 57 percent would be moving from elsewhere in Kane County or in one of the

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counties in the regional draw area; and the remaining 17 percent would be moving from elsewhere in the U.S.

Family-oriented households represent just 11 percent of the market for new and existing dwelling units in Downtown Aurora. Households with children are now increasingly diverse and in many urban areas are largely non-traditional families. Heads of these households have banking careers and upper-middle management jobs, or are professionals in the medical and legal sectors. These households include the higher-income *e-Type Families*, *Button-Down Families*, *Unibox Transferees*, and *Fiber-Optic Families*, as well as the middle-income *Late-Nest Suburbanites*, *Full-Nest Suburbanites*, *Kids 'r' Us*, *Multi-Cultural Families*, *Multi-Ethnic Families*, and *Uptown Families*.

Nearly 52 percent of the family households are already living in the City of Aurora, nearly 38 percent live elsewhere in Kane County or one of the counties in the regional draw area, and the remaining 10.5 percent would be moving from elsewhere in the U.S.

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 Downtown Aurora have been determined.

THE CURRENT CONTEXT

Summary supply-side information for the Aurora area (covering multi-family rental properties, and for-sale single-family attached properties) is provided in tabular form following the text: Table 3, Summary of Selected Rental Properties, and Table 4, For-Sale Single-Family Attached Listings. There are multiple rental properties located throughout Aurora and in nearby Naperville. However, most of them date back to the 1960s, 1970s, and 1980s. For purposes of this analysis, the rental survey has been limited to those rental properties located in Downtown Aurora, and those in Aurora, Naperville, and North Aurora, that have been constructed since 2000.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, has grown in importance as a value criterion and has been included in the tables. Walk Scores above 90 indicate a “Walker’s Paradise,” where daily errands do not require a car. Walk

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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 three main rental properties in Downtown have Walk Scores of 84, very walkable, where most errands can be accomplished on foot. In Aurora, outside of Downtown, none of the rental properties have Walk Scores above 50, with the exception of 500 Station Boulevard, which scored a 62, somewhat walkable. In Naperville, only Tapestry ranked above 70—the level at which walkability begins to have a measurable positive impact on housing value—and neither of the two properties in North Aurora scored above 30.

—*Multi-Family Rental Properties*—

Table 3 provides detailed information on the 12 surveyed rental properties, covering more than 3,100 dwelling units, and is summarized in the following text.

—*Studios (3 properties)*—

- Rents for studios at the surveyed properties range between \$695 per month at Leland Tower on Stolp Island in Downtown Aurora, to \$1,260 per month for a studio with one and a half baths at The Mayan, also located on Stolp Island.
- Studios range in size from 200 square feet for the Leland Tower studio to 940 square feet at The Mayan.
- The studio rents per square foot range between \$1.34 at The Mayan and \$3.98 at Leland Tower. This is the highest rent-per-square-foot achieved in the market area.

—*One-Bedroom Units (12 properties)*—

- Rents for one-bedroom apartments range from \$790 per month at The Graham, on Stolp Island in Downtown Aurora, to \$2,220 per month at Metro 59 located on Station Boulevard along the Route 59 Corridor.
- One-bedroom units range in size from 375 square feet at Leland Tower to 1,250 square feet for a unit with one and a half baths at The Mayan.

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- One-bedroom rents per square foot range between \$1.27 at The Graham, to \$2.96 for the 375-square-foot, one-bedroom penthouse at Leland Tower.

—*Two-Bedroom Units (11 properties)*—

- Rents for two-bedroom units start at \$1,199 per month for a two-bedroom/two-bath apartment at Aurora at Summerfield on Clubhouse Drive in Aurora, to \$2,549 per month for the same configuration at Kirkland Crossing on Riverbirch Drive in Aurora.
- Two-bedroom units range in size from 820 square feet for a two-bedroom/two-bath unit at The Mayan, to 1,385 square feet at Aurora at Summerfield.
- Two-bedroom rents per square foot fall between \$1.11 at Aurora at Summerfield and \$2.04 at 500 Station Boulevard, also on the Route 59 Corridor.

—*Three-Bedroom Units (6 properties)*—

- Rents for three-bedroom apartments range between \$1,699 at Aurora at Summerfield and \$3,176 per month at Kirkland Crossing.
- Three-bedroom units range in size from 971 square feet for at Tapestry Naperville to 1,671 square feet at Aurora at Summerfield.
- Three-bedroom rents per square foot fall between \$1.02 at Aurora at Summerfield and \$2.71 at Tapestry Naperville.

The Downtown Aurora properties are essentially fully-occupied. Outside Downtown, all but one (Orchard Village Apartments in Aurora) of the surveyed rental properties are above 90 percent occupancy, and most are at or above functional full occupancy (less than five percent vacancy rate). Nearly all of the suburban properties provide a range of community amenities, typically fitness centers, clubhouses or residents' lounges, and business centers. The principal amenity of the Downtown Aurora properties is their downtown location, and the downtown's inherent walkability with easy access to restaurants, galleries, shops, and cultural activities.

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—*Single-Family Attached For-Sale Properties*—

Table 4 provides pricing and unit sizes and configuration information for the multiple townhouses, both resale and new construction, listed for sale as of January 2019. Only three of the townhouse properties have Walk Scores at or above 70: The Plaza on New York where a few units achieve a 70 Walk Score; Gramercy Square with a Walk Score of 82; and Sedgwick in Naperville with a Walk Score of 95.

In Aurora, the newest townhouse subdivision to enter the market, M/I Homes' Gramercy Square, is marketing two series of townhouses on Irving Road along the Route 59 Corridor. Current prices range from a two-bedroom/two-and-one-bath unit with 1,651 square feet priced at \$281,050, \$174 per square foot, to a three-bedroom/two-and-a-half bath unit with 2,023 square feet priced at \$360,630, \$178 per square foot. Another new subdivision in the same area is Union Square, "urban-inspired" townhouses built by Next Generation Signature Homes, which has only a few units left to sell. Prices for current listings range between \$319,000 and \$370,000 for three-bedroom, two-and-a-half-bath townhouses containing 1,817 square feet of living space (\$176 to \$204 per square foot).

In Naperville, M/I Homes is marketing townhouses at two new subdivisions—Emerson Park off Wolf's Crossing Road and Sedgwick on Paisley Court. Up to 60 of the 156 total units have been sold at Emerson Park, and the two- and three-bedroom townhouses are priced between \$269,999 for 1,550 square feet of living space, to \$339,990 for just under 2,000 square feet of living space (overall, \$158 to \$181 per square foot). A limited number of townhouses remain unsold at Sedgwick, where a two-bedroom, one-and-a-half-bath, 1,800-square-foot townhouse was priced at \$302,990 (\$168 per square foot), the entry-level pricing at this property, and a three-bedroom, two-and-a-half-bath model containing nearly 2,400 square feet was listed for \$439,410 (\$185 per square foot).

D.R. Horton has recently begun marketing two similarly-sized townhouse floorplans at Neudearborn Station, on Bradford Drive in Naperville. The three-level, three-bedroom/two-and-a-half-bath models containing just over 1,750 square feet are priced between \$284,990 and \$344,990 (\$162 to \$196), depending on location and amenity package.

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Newly-constructed townhouses and resales are also currently listed for sale at subdivisions in Aurora that have been on the market for some time. New townhouses are currently available at Savannah Crossing, an older M/I Homes development that opened for sales in 2013. Three townhouses are currently on the market there with asking prices between \$238,500 and \$249,000 (\$127 to \$156 per square foot).

Resales and new construction are available at Lehigh Station, a townhouse development located west of the Route 59 Corridor originally constructed in 2006-2007 by Ryland Homes. A more recent section was built by M/I Homes starting in 2015. Resales here are listed from \$247,900 for a 1,972-square-foot, three-bedroom/two-and-a-half-bath townhouse (\$126 per square foot) to \$299,000 for the same model (\$152 per square foot). New construction is priced from \$313,237 for 1,632 square feet to \$319,399 for an 1,817-square-foot unit (\$176 to \$192 per square foot).

OPTIMUM MARKET POSITION: DOWNTOWN AURORA _____

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR DOWNTOWN AURORA, the proposed price points for new rental and ownership housing units that could be developed within the Downtown are derived from the income and financial capabilities of the 2,150 target draw area households (households with annual incomes above \$40,000). Of the 2,150 target households, 1,461 households (68 percent) are potential renters, 264 (12.3 percent) are potential purchasers of condominiums, and 425 (19.7 percent) are potential purchasers of townhouses.

—Multi-Family For-Rent 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 1,461 households with incomes above \$40,000 per year represent the target markets for newly-constructed rental housing units within Downtown Aurora, yielding the rent distribution shown on the table following this page (*see also* Table 5 *following the text*).

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New Multi-Family For-Rent
Distribution by Rent Range
Households With Annual Incomes Above \$40,000
DOWNTOWN AURORA
City of Aurora, Kane County, Illinois

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$750–\$1,000	265	18.1%
\$1,000–\$1,250	290	19.9%
\$1,250–\$1,500	244	16.7%
\$1,500–\$1,750	207	14.2%
\$1,750–\$2,000	155	10.6%
\$2,000–\$2,250	133	9.1%
\$2,250–\$2,500	101	6.9%
\$2,500 and up	66	4.5%
Total:	1,461	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

- The largest group of target renters are younger singles and couples, at over 70 percent of the market for new rental units within Downtown Aurora. Approximately eight percent have careers that provide them with the financial capacity to afford rents at or above \$2,250 per month, primarily *New Power Couples* and *New Bohemians*. Just under 30 percent of the younger singles and couples represent the market for units with rents between \$1,500 and \$2,250 per month—*Cosmopolitan Elite*, *The VIPs*, and the *Fast-Track Professionals*. The majority, at nearly 55 percent of the younger cohort—*Suburban Achievers*, *Suburban Strivers*, and *Small-City Singles*—would only be able to support rents between \$750 and \$1,500 per month.
- Empty nesters and retirees represent approximately 20 percent of the market for new rental units within the Downtown. Just under 23 percent of the target empty nester and retiree market—*The One Percenters*, *Old Money*, *The Social Register*, *Affluent Empty Nesters*, and the *Urban Establishment*—have the incomes that enable them to support rents above \$2,250 per month. The largest group, at nearly 43 percent, represents the market for new units with rents between \$1,500 and \$2,250 per month, predominantly *Suburban Establishment*, *Second-City Establishment*, *Multi-Ethnic Empty Nesters*, and *Mainstream Empty Nesters*. Another 35 percent can support rents between \$750 and \$1,500 per month, *Cosmopolitan Couples*, *Middle-American Retirees*, *Blue-Collar Retirees*, and *Middle-Class Move-Downs*.

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- Traditional and non-traditional families make up the remaining 9.2 percent of the market for new rental units within the Downtown. More than 13 percent of the family market can afford rents above \$2,250 per month (*e-Type Families*, *Button-Down Families*, and *Fiber-Optic Families*). Over 46 percent can support rents between \$1,500 and \$2,250 per month (*Unibox Transferees*, *Late-Nest Suburbanites*, and *Full-Nest Suburbanites*). The remaining 40 percent can only afford rents between \$750 and \$1,500 per month (*Multi-Ethnic Families*, *Multi-Cultural Families*, and *Uptown Families*.)

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

An annual average of 264 households with incomes above \$40,000 per year represent the target markets for newly-constructed for-sale multi-family housing units within Downtown Aurora (*as shown on Table 6 following the text*). Supportable price points have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of gross income for each of the 264 annual households with incomes above \$40,000 per year that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

New Multi-Family For-Sale
Distribution by Price Range
Households With Annual Incomes Above \$40,000
DOWNTOWN AURORA
City of Aurora, Kane County, Illinois

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$150,000–\$200,000	63	23.9%
\$200,000–\$250,000	66	25.0%
\$250,000–\$300,000	50	18.9%
\$300,000–\$350,000	41	15.5%
\$350,000–\$400,000	32	12.1%
\$400,000 and up	<u>12</u>	<u>4.6%</u>
Total:	264	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

- Younger singles and couples comprise slightly less than 60 percent of the market for new for-sale multi-family units (condominiums) within Downtown Aurora. Approximately 12.7 percent of the younger singles and couples, *New Power Couples* and the *New Bohemians*, have the income and assets to purchase new condominiums with base prices over \$350,000. A

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third would be in the market for new units priced between \$250,000 and \$350,000 (*Cosmopolitan Elite*, *Fast-Track Professionals*, and *The VIPs*). The remaining majority, 53.5 percent, including the *Suburban Achievers*, *Suburban Strivers*, and *Small-City Singles*, can only afford new condominiums with base prices between \$150,000 and \$250,000.

- Empty nesters and retirees represent just over 29 percent of the market for new condominiums within the Downtown. Over 22 percent of the empty nesters and retirees could afford new units priced over \$350,000, primarily *The One Percenters*, *Old Money*, *The Social Register*, *Affluent Empty Nesters*, *Urban Establishment*, and *Suburban Establishment*. Another 32.5 percent would be in the market for new condominiums with base prices between \$250,000 and \$350,000, including *Second City Establishment*, and *Multi-Ethnic Empty Nesters*. The remaining 45.5 percent could afford new condominiums priced between \$150,000 and \$250,000—*Mainstream Empty Nesters*, *Cosmopolitan Couples*, *Middle-American Retirees*, *Blue-Collar Retirees*, and *Middle-Class Move-Downs*.
- Traditional and non-traditional families are the smallest market segment at 11.4 percent of the market for new condominiums in the Downtown. Over 23 percent, *e-Type Families*, *Button-Down Families*, and *Unibox Transferees*, have the income and assets to purchase new condominiums priced over \$350,000. Another 43 percent of the family households would be in the market for new condominiums with base prices between \$250,000 and \$350,000—*Late-Nest Suburbanites* and *Full-Nest Suburbanites*. The remaining one-third would only be in the market for new units priced between \$150,000 and \$250,000—*Multi-Ethnic Families* and *Uptown Families*.

—Single-Family Attached For-Sale Distribution by Price Range—

An annual average of 425 households with incomes above \$40,000 per year represent the target markets for newly-constructed single-family attached housing units (townhouses) within Downtown Aurora (*as shown on Table 7 following the text*). As with the for-sale condominiums, supportable price points for the townhouses have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of gross income for each of the 425 households that represent the annual potential townhouse market, yielding the distribution shown on the table following this page.

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New Single-Family Attached For Sale
 Distribution by Price Range
 Households With Annual Incomes Above \$40,000
 DOWNTOWN AURORA
 City of Aurora, Kane County, Illinois

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$150,000–\$200,000	94	22.1%
\$200,000–\$250,000	107	25.2%
\$250,000–\$300,000	75	17.6%
\$300,000–\$350,000	62	14.6%
\$350,000–\$400,000	39	9.2%
\$400,000–\$450,000	26	6.1%
\$450,000 and up	<u>22</u>	<u>5.2%</u>
Total:	425	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

- Again, the largest group of target buyers, this time of townhouses, are younger singles and couples, at just over 48 percent of the market for new for-sale single-family attached units within Downtown Aurora. Less than four percent have the income and assets that enable them purchase new units priced above \$400,000—*New Power Couples*. A third of the younger households—*New Bohemians*, *Cosmopolitan Elite*, *The VIPs*, and *Fast-Track Professionals*—are able to purchase new townhouses with base prices between \$250,000 and \$400,000. The remaining 62.9 percent represent the market for new townhouses with base prices between \$150,000 and \$250,000, *Suburban Achievers*, *Suburban Strivers*, and *Small-City Singles*.
- At a 35 percent share, the next largest group of target buyers of townhouses in Downtown Aurora is empty nesters and retirees. Over 22 percent of the empty nesters and retirees represent the market for townhouses with base prices above \$400,000, including *The One Percenters*, *Old Money*, *The Social Register*, *Affluent Empty Nesters*, and *Urban Establishment*. Another 40 percent—*Suburban Establishment*, *Second City Establishment*, *Multi-Ethnic Empty Nesters*, *Mainstream Empty Nesters*, and *Cosmopolitan Couples*—could afford to purchase townhouses with base prices ranging between \$250,000 and \$400,000. The remaining 23.5 percent are able to purchase units priced between \$150,000 and \$250,000—primarily *Middle-American Retirees*, *Blue-Collar Retirees*, and *Middle-Class Move-Downs*.
- Traditional and non-traditional families comprise the remaining 16.7 percent of the market for new townhouses within the Downtown. Approximately 10 percent of the target

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traditional and non-traditional families—primarily *e-Type Families* and *Button-Down Families*—have the income and assets that enable them to purchase new townhouses with base prices above \$400,000. Over 59 percent of the family market can afford base prices of new townhouses between \$250,000 and \$400,000 (*Fiber-Optic Families*, *Unibox Transferees*, *Late-Nest Suburbanites*, and *Full-Nest Suburbanites*); and the remaining 31 percent can support base prices between \$150,000 and \$250,000 (*Multi-Ethnic Families*, *Multi-Cultural Families*, and *Uptown Families*).

—OPTIMUM MARKET POSITION: DOWNTOWN AURORA—

There are several amenities that contribute to the desirability of living in Downtown Aurora:

- The Fox River, which flows through the center of Downtown, providing a very attractive water amenity;
- The Stolp Island Historic District, in the core of Downtown, which includes buildings of unique architecture designed by nationally-known architects;
- The Paramount Theater and Arts Center, a renowned cultural facility that serves the region and provides a range of entertainment;
- The Aurora Metra rail station, connecting the city to Chicago;
- River Edge Park and the John C. Dunham Pavilion, a riverfront concert venue;
- The Fox River Trail, which passes through the Downtown;
- The Downtown campus of Waubensee Community College;
- Several shops and restaurants, a brewery, and the Hollywood Casino; and
- The location of the principal public institutions, including City Hall, the Public Library, and the U.S. Post Office.

As detailed in the preceding section, an annual average of 1,461 potential renters, 264 potential condominium purchasers, and 426 potential townhouse purchasers, with incomes of \$40,000 or more per year, comprise the annual potential market for new rental and ownership housing units in Downtown Aurora over the next five years.

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The optimum market position for new housing in the Downtown has therefore been developed based on a variety of factors, including but not limited to:

- The tenure and housing preferences, financial capabilities, and lifestages of the target households;
- The assets and amenities located in the Downtown; and
- Current market area residential market dynamics.

Based on these factors, the optimum market position for new rental and for-sale housing within the Downtown is summarized on the table following this page (*see also Table 8 following the text for greater detail*):

Optimum Market Position Households With Annual Incomes Above \$40,000 DOWNTOWN AURORA <i>City of Aurora, Kane County, Illinois</i>			
HOUSING TYPE	UNIT RENT/PRICE RANGE	UNIT SIZE RANGE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT—68%			
Lofts	\$850 to \$1,500	350 to 850 sf	\$1.76 to \$2.43
Apartments	\$950 to \$2,250	450 to 1,350 sf	\$1.67 to \$2.11
MULTI-FAMILY FOR-SALE—12.3%			
Condominiums	\$125,000 to \$275,000	750 to 1,850 sf	\$149 to \$167
SINGLE-FAMILY ATTACHED FOR-SALE—19.7%			
Townhouses	\$195,000 to \$300,000	1,200 to 2,000 sf	\$150 to \$163

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

Based on the mix of unit types, sizes, and rents/prices outlined in the optimum market position, the weighted average rents and prices for each of the housing types are shown on the table following this page.

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Weighted Average Base Rents/Prices and Size Ranges
 Households With Annual Incomes Above \$40,000
 DOWNTOWN AURORA
City of Aurora, Kane County, Illinois

HOUSING TYPE	WEIGHTED AVERAGE BASE RENTS/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENTS/PRICES PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Lofts	\$1,118	563 sf	\$1.99 psf
Apartments	\$1,415	748 sf	\$1.89 psf
MULTI-FAMILY FOR-SALE			
Condominiums	\$190,000	1,215 sf	\$156 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
Townhouses	\$246,000	1,555 sf	\$158 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2018.

The proposed prices are in year 2019 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades. Location will have a significant impact on values, ranging from as much as a 10 percent premium on new properties located in the most walkable and amenity-laden areas to a reduction of up to five percent on new properties located in auto-dependent, less walkable parts of the Downtown.

—MARKET CAPTURE—

Based on 30 years' experience employing the target market methodology in urban locations at every scale in 47 states, and given current economic conditions, Zimmerman/Volk Associates has determined that a capture of between 10 to 15 percent of the annual potential market for new multi-family rentals, and between approximately five to 7.5 percent of the annual potential market for new multi-family and single-family attached for-sale units could be achievable in Downtown Aurora.

Annual average absorption over the next five years within the City Center is forecast as shown on the table following this page (see again Table 8).

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Annual Forecast Absorption
 Households With Annual Incomes Above \$40,000
 DOWNTOWN AURORA
 City of Aurora, Kane County, Illinois

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATES	ANNUAL UNITS ABSORBED
Multi-family for-rent	1,461	10 – 15%	164 - 200
Multi-family for-sale	264	5 – 7.5%	13 - 20
Single-family attached for-sale	<u>425</u>	5 – 7.5%	<u>21 - 32</u>
Total	2,150		198 – 252 units

SOURCE: Zimmerman/Volk Associates, Inc., 2019.

Based on these capture rates, Downtown Aurora should be able to absorb between 198 and 252 new rental and for-sale housing units per year each year over the next five years, or a total of 990 to 1,260 units over the five year timeframe. It should be noted that buildings located in the Downtown will have a Walk Score of 80 or more, above the level where walkability adds a premium to housing values.

New housing units, configured according to target market preferences, can not only attract new households to the Downtown and to the City of Aurora, but can also provide appropriate alternatives to households that, due to a change in household composition or economic status, might otherwise have moved out.

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.

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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.

—BUILDING AMENITIES—

New buildings in the Downtown should include 21st century urban amenities, with a technology focus, including an emphasis on “the internet of things” enabling remote access to HVAC, appliances, lighting and security. Particularly important would be features designed to help residents control energy usage and utility costs, such as:

- Internet-enabled thermostat;
- Energy-Star HVAC and appliances;
- Internet-enabled lighting and outlets;
- USB charging outlets in the kitchen and master bedroom; and
- Built-in LED lighting.

Amenities in larger buildings could include a small fitness center with treadmills, bikes, Stairmasters, and free weights; a small business center; outdoor and indoor community gathering spaces, *e.g.*— Wi-Fi café, bar and kitchen. The kitchen could be designed as a demonstration chef’s kitchen with adjoining dining area that could be leased for dinner parties, or used by local chefs. Outdoor spaces should include a roof deck, fire pit or other focal gathering points.

Other community amenities that are not very expensive to provide but are highly attractive to the target markets include storage units, secure bicycle storage with bicycle repair and maintenance room, or “velo room,” including a repair stand, standard bike tools and air pumps, and recycling bins in the mail room. Because dogs have now become the equivalent of urban children, a dog washing station should also be provided.

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DOWNTOWN BUILDING AND UNIT TYPES

Building and unit types most appropriate for Downtown Aurora 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. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional urban 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 other structure originally built for non-residential uses, 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

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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 Amendments 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.

—MULTI-FAMILY UNIT TYPES—

- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.
- Lofts: Units proposed here are “soft lofts, in which interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Microlofts: Several cities across the country are changing minimum unit size requirements as part of a strategy to attract young knowledge workers with contemporary yet affordable

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units. Millennial knowledge workers have responded positively to efficiency units as small as 220 square feet, often leasing out new micro loft projects within a matter of days.

- Mezzanine Lofts: Lofts with an additional half level, the mezzanine, that typically occur only on the uppermost full floor of a multi-family building. The main double-height space—with at least 16-foot ceilings—should have large, two-story windows. The kitchen and often a half bath are on the main level, at least one full bath is located on the mezzanine.

—SINGLE-FAMILY ATTACHED—

- Townhouses: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban rowhouses/townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.
- Duplexes: Two-unit townhouses with the garages—either attached or detached—located to the rear of the units. Like the rowhouses, urban duplexes conform to the pattern of streets, typically with shallow front-yard setbacks. In a corner location, duplex units can each front a different street.
- Live-Work: A unit or building type that accommodates non-residential uses in addition to, or combined with living quarters. The typical live-work unit is a building, either attached or detached, with a principal dwelling unit that includes space that can be used as office, retail, or studio space, or as an accessory dwelling unit. Regardless of the form they take, live-work units should be flexible in order to respond to economic, social and technological changes over time and to accommodate as wide as possible a range of potential uses. The unit configuration must also comply with the requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.



Table 1

Average Annual Market Potential
 Annual Average Number Of Draw Area Households With The Potential
 To Move To Downtown Aurora Each Year Over The Next Five Years
 Households With Annual Incomes Above \$40,000

Downtown Aurora

City of Aurora, Kane County, Illinois

*City of Aurora; Balance of Kane County;
 Regional Draw Area; Balance of the U.S.
 Draw Areas*

Annual Target Market Households With The Potential To Rent/Purchase In the City of Aurora, Kane County, Illinois	10,380
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Annual Target Market Households With The Potential To Rent/Purchase In Downtown Aurora	2,150
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Average Annual Market Potential

	<i>Multi- Family</i>	<i>Single- Family</i>	<i>.. Attached ..</i>	<i>.. Detached ..</i>	<u>Total</u>
	<u><i>For-Rent</i></u>	<u><i>For-Sale</i></u>	<u><i>All Ranges</i></u>	<u><i>All Ranges</i></u>	
Total Households:	1,461	264	425	890	3,040
<i>{Mix Distribution}</i> :	48.1%	8.7%	14.0%	29.2%	100.0%

**Downtown Average Annual Market Potential
 (Excluding Single-Family Detached)**

	<i>Multi- Family</i>	<i>Single- ... Family ...</i>	<i>.. Attached ..</i>	<u>Total</u>
	<u><i>For-Rent</i></u>	<u><i>For-Sale</i></u>	<u><i>All Ranges</i></u>	
Total Households:	1,461	264	425	2,150
<i>{Mix Distribution}</i> :	68.0%	12.3%	19.7%	100.0%

NOTE: Reference Appendix One, Tables 1 Through 11.

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

Table 2

Average Annual Market Potential By Lifestage And Housing Type
 Annual Average Number Of Draw Area Households With The Potential
 To Move To Downtown Aurora Each Year Over The Next Five Years
 Households With Annual Incomes Above \$40,000

Downtown Aurora
City of Aurora, Kane County, Illinois

Number of Households:	Total	Multi- Family		Single- ... Family ...
		For-Rent	For-Sale	.. Attached .. All Ranges
	2,150	1,461	264	425
Empty Nesters & Retirees	24%	21%	30%	35%
Traditional & Non-Traditional Families	11%	9%	11%	17%
Younger Singles & Couples	65%	70%	59%	48%
	100%	100%	100%	100%

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

Summary Of Selected Rental Properties

Aurora/Naperville Area, Illinois

December, 2018

<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>
<i>...Downtown Aurora...</i>						
Leland Tower (1928; 1989) 7 South Stolp Avenue Karademas Management 84 Walk Score	118	<i>... Apartments ...</i>				98% occupancy <i>Laundry facilities, controlled access, coffee shop, convenience store, pub, and grill on-site.</i>
		Studio/1ba	\$695 to \$795	200	\$3.48 to \$3.98	
		1br/1ba	\$835 to \$1,030	375 to 750	\$1.37 to \$2.23	
		<i>... Penthouse ...</i>				
		1br/1ba	\$1,110	375	\$2.96	
		<i>... Penthouses with lofts ...</i>				
		1br/1ba	\$1,210	575	\$2.10	
		2br/2ba	\$1,445	950	\$1.52	
The Graham (1926; 1988) 33 South Stolp Avenue Karademas Management 84 Walk Score	35	<i>... Apartments ...</i>				100% occupancy
		1br/1ba	\$790 to \$825	500 to 650	\$1.27 to \$1.58	
The Mayan (1926; 2016) 77 South Stolp Avenue Karademas Management 84 Walk Score	29	<i>... Apartments ...</i>				100% occupancy
		Studio/1ba	\$965 to \$1,015	500 to 520	\$1.95 to \$1.93	
		Studio/1.5ba	\$1,260	940	\$1.34	
		1br/1ba	\$1,065 to \$1,210	520 to 600	\$2.02 to \$2.05	
		1br/1.5ba	\$1,260 to \$1,370	920 to 1,250	\$1.10 to \$1.37	
		2br/2ba	\$1,205 to \$1,420	820 to 1,150	\$1.23 to \$1.47	
<i>... Other Aurora ...</i>						
Aurora at Summerfield (2000) 1847 Clubhouse Drive Connor Group 21 Walk Score	368	<i>... Apartments ...</i>				97% occupancy <i>Fitness center, pool, Internet cafe.</i>
		1br/1ba	\$1,099 to \$1,399	806 to 885	\$1.36 to \$1.58	
		2br/2ba	\$1,199 to \$1,799	1,079 to 1,385	\$1.11 to \$1.30	
		3br/2ba	\$1,699 to \$1,899	1,671 to	\$1.02 to \$1.14	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties*Aurora/Naperville Area, Illinois***December, 2018**

<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>
.. Other Aurora {continued}..						
Orchard Village Apts (2000) 1240 West Indian Trail Road Stadt Group 26 Walk Score	272	... Apartments ...				87% occupancy Pool, fitness center, clubhouse, cyber cafe, courtyard, picnic area, and dog park.
		1br / 1ba	\$1,041 to \$1,198	703 to 867	\$1.38 to \$1.48	
		2br / 2ba	\$1,241 to \$1,480	957 to 1,130	\$1.30 to \$1.31	
Kirkland Crossing (2003) 3055 Riverbirch Drive Lincoln Property Co. 38 Walk Score	266	... Apartments ...				93% occupancy Clubhouse, pool, fitness center, resident lounge, billiards, basketball court.
		1br / 1ba	\$1,296 to \$2,219	736 to 820	\$1.76 to \$2.71	
		2br / 2ba	\$1,408 to \$2,549	1,081 to 1,257	\$1.30 to \$2.03	
		2br / 2.5ba	\$1,669 to \$2,518	1,321 to 1,321	\$1.26 to \$1.91	
		3br / 2ba	\$2,004 to \$3,090	1,289 to 1,289	\$1.55 to \$2.40	
		3br / 3ba	\$2,011 to \$3,176	1,428 to 1,428	\$1.41 to \$2.22	
Metro 59 (2016) 1016 Station Boulevard Village Green 37 Walk Score	232	... Apartments ...				98% occupancy yoga studio, clubhouse, dog bark park, billiards, bocce court, coffee bar.
		1br / 1ba	\$1,435 to \$2,220	737 to 1,052	\$1.95 to \$2.11	
		2br / 2ba	\$1,775 to \$2,385	1,035 to 1,324	\$1.71 to \$1.80	
		3br / 2ba	\$2,385 to \$2,410	1,451 to 1,451	\$1.64 to \$1.66	
500 Station Boulevard (2016) 675 Station Boulevard Lincoln Property Co. 62 Walk Score	417	... Apartments ...				In lease-up Community garden, bocce court, rooftop lounge, clubhouse, business center.
		1br / 1ba	\$1,449 to \$1,799	777 to 777	\$1.86 to \$2.32	
		2br / 2.5ba	\$1,749 to \$2,393	1,081 to 1,174	\$1.62 to \$2.04	
		3br / 2ba	\$2,249 to \$2,550	1,250 to 1,239	\$1.80 to \$2.06	
... Naperville ...						
Railway Plaza (2000) 507 Railway Drive Lincoln Property Co. ?? Walk Score	418	... Apartments ...				94% occupancy Media room, fire pit, clubhouse, pool, coffee bar.
		1br / 1ba	\$1,265 to \$1,700	840 to 1,025	\$1.51 to \$1.66	
		2br / 2ba	\$1,725 to \$1,900	1,120 to 1,325	\$1.43 to \$1.54	

Summary Of Selected Rental Properties*Aurora/Naperville Area, Illinois***December, 2018**

<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>
<i>. . . Naperville {continued} . . .</i>						
Bristol Station (2002) 704 Greenwood Circle rmk Management 39? Walk Score	348	<i>... Apartments ...</i>				93% occupancy <i>Busines center, clubhouse, fitness center, coffee bar.</i>
		1br / 1ba	\$1,285 to \$1,595	700 to 928	\$1.72 to \$1.84	
		2br / 2ba	\$1,790 to \$1,945	1,091 to 1,184	\$1.64 to \$1.64	
Tapestry Naperville (2014) 2703 Showplace Drive McCaffery ?? Walk Score	298	<i>... Apartments ...</i>				95% occupancy <i>Media room, fire pit, clubhouse, pool, coffee bar.</i>
		1br / 1ba	\$1,435 to \$2,095	674 to 743	\$2.13 to \$2.82	
		2br / 2ba	\$1,545 to \$2,120	971 to 1,059	\$1.59 to \$2.00	
		3br / 2ba	\$2,125 to \$2,870	971 to 1,059	\$2.19 to \$2.71	
<i>. . . North Aurora . . .</i>						
Springs at Orchard Rd. (2017) 1801 Oak Street Continental Properties ?? Walk Score	300	<i>... Apartments ...</i>				96% occupancy <i>Fitness center, coffee bar.</i>
		Studio / 1ba	\$1,210	623	\$1.94	
		1br / 1ba	\$1,213 to \$1,891	760 to 816	\$1.60 to \$2.32	
		2br / 2ba	\$1,519 to \$1,969	1,088 to 1,185	\$1.40 to \$1.66	
		3br / 2ba	\$2,185 to \$2,579	1,334 to 1,430	\$1.64 to \$1.80	

For-Sale Single-Family Attached Listings*Aurora Market Area, Illinois***January, 2019**

<u>Property (Year Built)</u> <u>Address/Walk Score</u>	<u>Housing</u> <u>Type</u>	<u>Unit</u> <u>Configuration</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price</u> <u>Per Sq. Ft.</u>
.....Aurora.....					
Madison Park (2004; 2005)	TH	 Resales		
<i>Conservatory Lane</i>		3br/2.5ba	\$219,900	1,698	\$130
45-64 Walk Score		3br/2.5ba	\$224,899	1,700	\$132
		3br/2.5ba	\$224,900	1,698	\$132
		3br/2.5ba	\$229,900	2,011	\$114
Savannah Crossing (2013)	TH	 New Construction		
<i>Church Road</i>		2br/2.5ba	\$238,500	1,600	\$149
M/I Homes		3br/2.5ba	\$242,000	1,911	\$127
42-43 Walk Score		2br/2.5ba	\$249,000	1,600	\$156
Lehigh Station (2007-18)	TH	 Resales		
<i>Station Boulevard/Liberty Street</i>		2br/2.5ba	\$247,900	1,972	\$126
37-60 Walk Score		3br/2.5ba	\$254,900	2,104	\$121
		3br/2.5ba	\$269,900	2,104	\$128
		3br/2.5ba	\$274,900	2,376	\$116
		3br/2.5ba	\$278,900	2,104	\$133
		3br/2.5ba	\$299,000	1,972	\$152
		 New Construction		
		3br/2.5ba	\$313,237	1,632	\$192
		3br/2.5ba	\$318,665	1,632	\$195
		3br/2.5ba	\$319,000	1,817	\$176
		3br/2.5ba	\$319,399	1,817	\$176
The Plaza on New York (2010)	TH	 Resales		
<i>4218 Central Park Lane</i>		3br/2.5ba	\$274,900	1,750	\$157
<i>421 Grosvenor Lane</i>		3br/2.5ba	\$276,900	2,100	\$132
65-70 Walk Score					
Gramercy Square (2018)	TH	 New Construction		
<i>Irving Road</i>	171 du	2br/2.5ba	\$281,050	1,615	\$174
M/I Homes		2br/2.5ba	\$288,170	1,615	\$178
82 Walk Score		2br/2.5ba	\$288,963	1,480	\$195
		2br/2.5ba	\$296,300	1,480	\$200
		2br/2.5ba	\$311,270	1,792	\$174
		3br/2.5ba	\$312,840	1,630	\$192
		2br/2.5ba	\$327,830	2,023	\$162
		3br/2.5ba	\$328,010	1,777	\$185
		2br/2.5ba	\$328,800	1,925	\$171
		2br/2.5ba	\$349,340	2,023	\$173
		3br/2.5ba	\$360,630	2,023	\$178

For-Sale Single-Family Attached Listings*Aurora Market Area, Illinois***January, 2019**

<u>Property (Year Built)</u> <u>Address/Walk Score</u>	<u>Housing</u> <u>Type</u>	<u>Unit</u> <u>Configuration</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price</u> <u>Per Sq. Ft.</u>
<i>.....Aurora (continued).....</i>					
Union Square (2017)	TH	<i>.....New Construction.....</i>			
<i>Times Square</i>	<i>55 du</i>	3br/2.5ba	\$319,000	1,817	\$176
Next Generation		3br/2.5ba	\$319,399	1,817	\$176
25-40 Walk Score		3br/2.5ba	\$365,000	1,817	\$201
		3br/2.5ba	\$370,000	1,817	\$204
Ginger Woods (2008; 2018)	TH	<i>.....New Construction.....</i>			
<i>Nicole Circle</i>		3br/2.5ba	\$399,900	1,816	\$220
15-22 Walk Score		3br/2.5ba	\$399,900	2,126	\$188
		3br/2.5ba	\$409,900	2,122	\$193
		3br/2.5ba	\$419,900	1,816	\$231
		3br/2.5ba	\$464,900	2,620	\$177
<i>.....Naperville.....</i>					
Emerson Park (2018)	TH	<i>.....New Construction.....</i>			
<i>Madison Drive</i>	<i>156 du</i>	2br/2.5ba	\$269,990	1,550	\$174
M/I Homes		2br/2.5ba	\$279,990	1,550	\$181
4 Walk Score		2br/2.5ba	\$289,980	1,783	\$163
		2br/2.5ba	\$306,360	1,783	\$172
		2br/2.5ba	\$314,990	1,998	\$158
		3br/2.5ba	\$319,990	1,998	\$160
		3br/2.5ba	\$320,120	1,910	\$168
		3br/2.5ba	\$329,990	1,998	\$165
		3br/2.5ba	\$339,990	1,998	\$170
NeuDearborn Station (2018)	TH	<i>.....New Construction.....</i>			
<i>Bradford Drive</i>		3br/2.5ba	\$284,990	1,756	\$162
D.R. Horton		2br/2.5ba	\$295,010	1,758	\$168
61 Walk Score		3br/2.5ba	\$297,990	1,756	\$170
		3br/2.5ba	\$299,990	1,758	\$171
		3br/2.5ba	\$332,990	1,758	\$189
		3br/2.5ba	\$334,990	1,758	\$191
		3br/2.5ba	\$337,990	1,758	\$192
		3br/2.5ba	\$342,990	1,756	\$195
		3br/2.5ba	\$344,990	1,756	\$196
Sedgwick (2018)	TH	<i>.....New Construction.....</i>			
<i>Paisley Court</i>	<i>65 du</i>	2br/1.5ba	\$302,990	1,805	\$168
M/I Homes		2br/2.5ba	\$315,990	2,123	\$149
95 Walk Score		2br/2.5ba	\$349,990	1,927	\$182
		3br/2.5ba	\$349,990	2,379	\$147
		3br/2.5ba	\$359,990	2,123	\$170
		3br/3.5ba	\$429,400	2,422	\$177
		3br/2.5ba	\$439,410	2,379	\$185

Table 5

Target Groups For New Multi-Family For-Rent
Households With Annual Incomes Above \$40,000
Downtown Aurora
City of Aurora, Kane County, Illinois

Empty Nesters & Retirees*	<i>Number of Households</i>	<i>Percent</i>
The One Percenters	9	0.6%
Old Money	4	0.3%
The Social Register	3	0.2%
Affluent Empty Nesters	7	0.5%
Urban Establishment	36	2.5%
Suburban Establishment	25	1.7%
Second City Establishment	6	0.4%
Multi-Ethnic Empty Nesters	13	0.9%
Mainstream Empty Nesters	56	3.8%
Cosmopolitan Couples	67	4.6%
Middle-American Retirees	32	2.2%
Blue-Collar Retirees	29	2.0%
Middle-Class Move-Downs	10	0.7%
Subtotal:	297	20.3%
Traditional & Non-Traditional Families†		
e-Type Families	2	0.1%
Button-Down Families	7	0.5%
Fiber-Optic Families	3	0.2%
Unibox Transferees	7	0.5%
Late-Nest Suburbanites	39	2.7%
Full-Nest Suburbanites	16	1.1%
Multi-Ethnic Families	44	3.0%
Multi-Cultural Families	2	0.1%
Uptown Families	14	1.0%
Subtotal:	134	9.2%
Younger Singles & Couples*		
New Power Couples	17	1.2%
New Bohemians	223	15.3%
Cosmopolitan Elite	14	1.0%
The VIPs	181	12.4%
Fast-Track Professionals	207	14.2%
Suburban Achievers	52	3.6%
Suburban Strivers	283	19.4%
Small-City Singles	53	3.6%
Subtotal:	1,030	70.5%
Total Households:	1,461	100.0%

* Primarily one- and two-person households

† Primarily three- and four-person households.

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

Table 6

Target Groups For New Multi-Family For-Sale

Households With Annual Incomes Above \$40,000

Downtown Aurora*City of Aurora, Kane County, Illinois*

Empty Nesters & Retirees*	<i>Number of Households</i>	<i>Share of Households</i>
The One Percenters	2	0.8%
Old Money	1	0.4%
The Social Register	2	0.8%
Affluent Empty Nesters	1	0.4%
Urban Establishment	6	2.3%
Suburban Establishment	11	4.2%
Second City Establishment	5	1.9%
Multi-Ethnic Empty Nesters	4	1.5%
Mainstream Empty Nesters	13	4.9%
Cosmopolitan Couples	9	3.4%
Middle-American Retirees	10	3.8%
Blue-Collar Retirees	7	2.7%
Middle-Class Move-Downs	6	2.3%
Subtotal:	77	29.2%
Traditional & Non-Traditional Families†		
e-Type Families	1	0.4%
Button-Down Families	1	0.4%
Unibox Transferees	2	0.8%
Late-Nest Suburbanites	12	4.5%
Full-Nest Suburbanites	5	1.9%
Multi-Ethnic Families	6	2.3%
Uptown Families	3	1.1%
Subtotal:	30	11.4%
Younger Singles & Couples*		
New Power Couples	6	2.3%
New Bohemians	31	11.7%
Cosmopolitan Elite	6	2.3%
The VIPs	37	14.0%
Fast-Track Professionals	20	7.6%
Suburban Achievers	8	3.0%
Suburban Strivers	43	16.3%
Small-City Singles	6	2.3%
Subtotal:	157	59.5%
Total Households:	264	100.0%

* Primarily one- and two-person households

† Primarily three- and four-person households.

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

Table 7

Target Groups For New Single-Family Attached For-Sale

Households With Annual Incomes Above \$40,000

Downtown Aurora*City of Aurora, Kane County, Illinois*

Empty Nesters & Retirees*	<i>Number of Households</i>	<i>Share of Households</i>
The One Percenters	7	1.6%
Old Money	3	0.7%
The Social Register	3	0.7%
Affluent Empty Nesters	5	1.2%
Urban Establishment	6	1.4%
Suburban Establishment	27	6.4%
Second City Establishment	7	1.6%
Multi-Ethnic Empty Nesters	10	2.4%
Mainstream Empty Nesters	34	8.0%
Cosmopolitan Couples	7	1.6%
Middle-American Retirees	19	4.5%
Blue-Collar Retirees	14	3.3%
Middle-Class Move-Downs	7	1.6%
Subtotal:	149	35.1%
Traditional & Non-Traditional Families†		
e-Type Families	1	0.2%
Button-Down Families	5	1.2%
Fiber-Optic Families	5	1.2%
Unibox Transferees	5	1.2%
Late-Nest Suburbanites	20	4.7%
Full-Nest Suburbanites	9	2.1%
Multi-Ethnic Families	18	4.2%
Multi-Cultural Families	1	0.2%
Uptown Families	7	1.6%
Subtotal:	71	16.7%
Younger Singles & Couples*		
New Power Couples	8	1.9%
New Bohemians	17	4.0%
Cosmopolitan Elite	10	2.4%
The VIPs	44	10.4%
Fast-Track Professionals	14	3.3%
Suburban Achievers	22	5.2%
Suburban Strivers	72	16.9%
Small-City Singles	18	4.2%
Subtotal:	205	48.2%
Total Households:	425	100.0%

* Primarily one- and two-person households

† Primarily three- and four-person households.

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

Table 8

Optimum Market Position
Downtown Aurora
City of Aurora, Kane County, Illinois
January, 2019

<i>Share of Households Number</i>	<i>Housing Type</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Annualized Average Absorption</i>
<u>68.0%</u>	Multi-Family For-Rent						<u>164 to 200</u>
712	Lofts	Microloft/1ba	40%	\$850	350	\$2.43	89 to 107
		1br/1ba	35%	\$1,150	600	\$1.92	
		2br/1ba	25%	\$1,500	850	\$1.76	
		Weighted Average:		\$1,118	563	\$1.99	
749	Apartments	Studio/1ba	30%	\$950	450	\$2.11	75 to 94
		1br/1ba	30%	\$1,350	650	\$2.08	
		2br/2ba	35%	\$1,750	1,000	\$1.75	
		3br/2ba	5%	\$2,250	1,350	\$1.67	
		Weighted Average:		\$1,415	748	\$1.89	
<u>12.3%</u>	Multi-Family For-Sale						<u>13 to 20</u>
264	Condominiums	1br/1ba	35%	\$125,000	750	\$167	13 to 20
		2br/2ba	30%	\$200,000	1,250	\$160	
		2br/2.5ba	20%	\$225,000	1,500	\$150	
		2br/2.5ba/study	15%	\$275,000	1,850	\$149	
		Weighted Average:		\$190,000	1,215	\$156	
<u>19.7%</u>	Single-Family Attached For-Sale						<u>21 to 32</u>
425	Townhouses	2br/2.5ba	30%	\$195,000	1,200	\$163	21 to 32
		2br/2.5ba/den	30%	\$235,000	1,450	\$162	
		3br/2.5ba	20%	\$285,000	1,800	\$158	
		3br/3.5ba/study	20%	\$300,000	2,000	\$150	
		Weighted Average:		\$246,000	1,555	\$158	
<u>100.0%</u>							
2,150	Target Households						<u>198 to 252</u> per year

NOTE: Base rents/prices are in year 2019 dollars, do not include premiums, options or upgrades.
Property location will have a significant impact on values.

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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