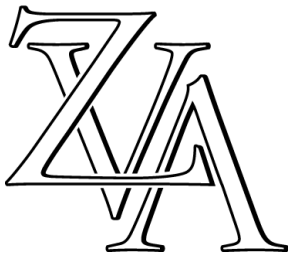
An Analysis of Residential Market Potential

The Southwest Baltimore Neighborhood Study Area

City of Baltimore,
Maryland

March, 2014

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809



ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

908 735-6336
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

STUDY CONTENTS

An Analysis of Residential Market Potential

Introduction 1

Conclusions of the Analysis 4

Market Potential for the Southwest Baltimore Neighborhood Study Area 6
Where are the potential renters and buyers of new and existing housing units in the Southwest Baltimore Neighborhood Study Area likely to move from? 6
What is their range of affordability, and what are their housing preferences in aggregate? 8

Target Market Analysis 12
Who are the households that represent the potential market for new mixed-income units in Study Area? 12

The Market Context 16
What are their current housing alternatives? 16
—Multi-family Rental Properties— 16
—Multi-family and Single-Family Attached For-Sale— 18

Optimum Market Position 20
What is the market currently able to pay? 23
—Rental Distribution by Rent Range— 23
—For-Sale Distribution by Price Range— 25
—Proposed Rent and Price Ranges— 28
How fast will the units lease or sell? 30
—Market Capture— 30

Study Area Housing Types 33

Tables 36
Table 1: Annual Market Potential for New Housing Units
Table 2: Annual Market Potential for New Housing Units
Table 3: Annual Market Potential by Household Type
Table 4: Summary of Selected Rental Properties
Table 5: Summary of Selected For-Sale Multi-Family and Single-Family Attached Developments
Table 6: Target Groups for New Multi-Family Rental Units
Table 7: Target Groups for New Multi-Family For-Sale Units
Table 8: Target Groups for New Single-Family Attached For-Sale Units
Table 9: Rent, Price, and Unit Size Ranges: 765 To 945 Dwelling Units
Table 10: Target Residential Mix: Five-Year Market Capture: 765 To 945 Market-Rate Housing Units

Assumptions and Limitations
Rights and Study Ownership

ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

908 735-6336
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Southwest Baltimore Neighborhood Study Area
City of Baltimore, Maryland

March, 2014

INTRODUCTION

This study identifies the depth and breadth of the market for new and existing housing units within the Southwest Baltimore Neighborhood Study Area, a multiple block area encompassing the neighborhoods of Poppleton, Hollins Market, Barre Circle, Camden Crossing, Washington Village/Pigtown, New Southwest/Mount Clare, Union Square, and Franklin Square. The boundaries of the Study Area include U.S. 40 (West Mulberry Street) to the north; Martin Luther King, Jr. Boulevard to the east; to the south, a boundary that runs along the railroad tracks to Bayard Street, then from Washington Boulevard west to Bush Street, to Wicomico Street and back to Bayard Street, then following Nanticoke Street to West Ostend Street, to South Paca Street, to West Hamburg Street, and finally to Russell Street; and U.S. 1 (North Monroe Street and South Fulton Avenue) to the west.

The extent and characteristics of the potential market for new and existing housing units within the Southwest Baltimore Neighborhood Study Area were identified using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to conventional supply/demand analysis—which is derived from supply-side dynamics and baseline demographic projections—target market analysis establishes the market potential for new and existing housing based on the housing preferences and socio-economic characteristics of households in the relevant draw areas.

The target market methodology is particularly effective in defining realistic housing potential for fragile or emerging neighborhoods because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes

---

such as mobility rates, lifestage, lifestyle patterns, and household compatibility issues (*see* METHODOLOGY, *provided together with migration and detailed target market tables in a separate document*).

In addition to the impact of local, regional, and national demographic and housing trends, the findings of this analysis reflect the assets and opportunities of the Study Area:

- Its adjacency to Downtown Baltimore and the University of Maryland Medical System and University of Maryland research and technology complex;
- The location of the 12-acre University of Maryland BioPark on the eastern edge of the Study Area;
- Its close proximity to Camden Yards and the M&T Bank Stadium, as well as the short distance from the new Horseshoe Casino under construction on Russell Street and scheduled to open in the fall of 2014;
- The proposed 13.5-acre La Cité redevelopment in Poppleton;
- The close proximity of the Bon Secours Health System two blocks west of the Study Area; and
- The location of Carroll Park and the Carroll Park Golf Course at the southern edge of the Study Area.

The most significant national trend is the remarkable transformation of American households—particularly the emerging predominance of one- and two-person households—combined with steadily increasing traffic congestion and unstable gasoline prices and home heating/cooling costs, which are contributing to significant changes in neighborhood and housing preferences. Nationally, there has been a discernable shift away from single-family detached houses in lower-density exurban locations to a diverse mix of apartments, rowhouses, and higher-density detached houses in downtowns and walkable, mixed-use neighborhoods. This fundamental transformation of American households and changing housing preferences is likely to continue for at least the next decade, representing an unprecedented demographic foundation on which cities can re-build their downtowns and in-town neighborhoods.

In brief, this study determined:

- Where the potential renters and buyers of new and existing housing units in the Southwest Baltimore Neighborhood Study Area are likely to move from (the draw areas);
- How many households have the potential to move within and to the Study Area each year (depth and breadth of the market);
- Who the households are that represent the potential market for new and existing units in the Study Area each year (the target markets);
- What their range of affordability is, and what are their housing preferences are in aggregate (income qualifications; rental or ownership, multi-family or single-family);
- What their current housing alternatives are (relevant rental and for-sale residential development);
- What the market is currently able to pay (base rents and prices); and
- How quickly the new units will lease or sell (absorption forecasts).

CONCLUSIONS OF THE ANALYSIS

This study has determined that, from the market perspective, between 765 and 945 new market-rate rental and for-sale dwelling units could be developed and absorbed within the Southwest Baltimore Neighborhood Study Area over the next five years.

- The study has established that an annual average of 3,600 households represent the potential renters and buyers of new units within the Study Area each year over the next five years. (*See* Table 1.)

- For purposes of this study, further analysis has been limited to households with incomes above 80 percent AMI, leaving an annual potential market of 1,339 households. (*See* Table 2.)

- 944 (or 70.5 percent) of the 1,339 target households are potential renters.

    - The less affluent of the 944 target renter households can support base rents, not including utilities, ranging from $850 to $1,350 per month for units containing 550 to 1,000 square feet ($1.30 to $1.59 per square foot) located either in new low-rise apartment buildings or renovated rowhouses. (*See* Table 10.)

    - The more affluent of the 944 target renter households can support base rents, not including utilities, ranging from $1,150 to $3,250 per month for units containing 500 to 1,350 square feet ($1.85 to $2.85 per square foot) located in a high-rise apartment building adjacent to the Biopark and Martin Luther King, Jr. Boulevard.

    - At an annual capture rate of 12 to 15 percent of those potential renters with annual incomes at or above 80 percent AMI, between 113 to 142 new rental units could be absorbed per year (new construction and units in renovated rowhouses).

    - At an annual capture rate of 12 to 15 percent of those renter households with incomes above 100 percent of the AMI, between 80 and 100 new units could be absorbed per year. These specific capture rates apply to the high-rise apartment building.

    - Over a five-year time frame, at these forecast capture rates, between 565 and 710 new market-rate rental units could be absorbed within the Study Area.

- 187 (or 14 percent) of the 1,339 target households have incomes above 80 percent of the AMI and are potential purchasers of condominiums. (*See again* Table 2.)

    - The less affluent of the 187 potential purchasers of condominiums can support base prices for new units in renovated rowhouses ranging from $135,000 to $190,000 for 700 to 1,000 square feet of living space ($175 to $200 per square foot). (*See again* Table 10.)

    - The more affluent of the 187 potential purchasers of condominiums can support base prices for newly-constructed units in new low-rise multi-family buildings ranging from $180,000 to $310,000 for 750 to 1,350 square feet of living space ($222 to $247 per square foot).

    - At an annual capture rate of 10 to 12 percent of the potential condominium buyers with annual incomes at or above 80 percent AMI, between 19 and 22 new condominiums could be absorbed per year.

    - Over a five-year time frame, at these forecast capture rates, between 95 and 110 new market-rate condominiums could be absorbed within the Study Area.

- 208 (or 15.5 percent) of the 1,339 target households have incomes above 80 percent of the AMI and are potential purchasers of rowhouses. (*See again* Table 2.)

    - The annual incomes of the 208 potential purchasers of rowhouses can support base prices for new and renovated rowhouses ranging from $275,000 to $325,000 for units containing 1,250 to 1,650 square feet ($191 to $228 per square foot).

    - At an annual capture rate of 10 to 12 percent of the potential rowhouse buyers with annual incomes at or above 80 percent AMI, between 21 and 25 new rowhouses could be absorbed per year.

    - Over a five-year time frame, at these forecast capture rates, between 105 and 125 new market-rate rowhouses could be absorbed within the Study Area.

MARKET POTENTIAL FOR THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA

Analysis of migration, mobility, socio-economic and lifestyle 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 and existing housing units within the Study Area.

Historically, American households, more than any other nation's, have been extraordinarily mobile. In general, household mobility is higher in urban areas; a greater percentage of renters move than owners; and a greater percentage of younger households move than older households. Nationally, one result of the Great Recession and continued slow employment growth has been a considerable reduction in household mobility. However, the City of Baltimore and the Study Area, where an average 16.4 percent of households moved in recent years, have a considerably higher mobility rate than the national average.

An understanding of these mobility trends, as well as analysis of the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is integral to the determination of the depth and breadth of the potential market for housing units within a given area. The draw areas are derived primarily through migration analysis (using the latest data provided by the Internal Revenue Service, supplemented by the American Community Survey), but also incorporate information obtained from real estate brokers, sales and leasing agents and other knowledgeable sources, as well as from field investigation.

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

The most recent Baltimore migration and mobility data—as derived from taxpayer records compiled by the Internal Revenue Service from 2005 through 2009 and from the 2012 American Community Survey for the city—shows that approximately 38 percent of the city's in-migration is from Baltimore County; another 10 to 12 percent of the city's in-migration is from the adjacent and nearby counties of Anne Arundel and Howard Counties; the remaining Baltimore in-migration is from urban cities and counties across the country.

Based on the migration data, then, the draw areas for new and existing housing units within the Southwest Baltimore Neighborhood Study Area have been determined as follows:

- The local draw area, covering households currently living within the Study Area.
- The primary draw area, covering households currently living elsewhere within the Baltimore city limits.
- The regional draw area, covering households that are likely to move from Baltimore, Anne Arundel, and Howard Counties in Maryland.
- The national draw area, covering with the potential to move to the Study Area from all other U.S. counties (primarily urban and East Coast counties).

As derived from the migration, mobility and target market analyses, then, the draw area distribution of market potential (those households with the potential to move within or to the Study Area each year over the next five years) is shown as follows:

Annual Residential Market Potential by Draw Area
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

Southwest Baltimore Neighborhood Study Area (Local Draw Area):	22.6%
Balance of the City of Baltimore (Primary Draw Area):	46.5%
Baltimore, Anne Arundel, and Howard Counties (Regional Draw Area):	15.1%
Balance of US (National Draw Area):	15.8%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

An average of 4,365 households have the potential to move within and to the Study Area each year over the next five years. However, appropriate housing types for the Study Area do not include single-family detached houses; therefore, the potential market for single-family detached units has been excluded from further analysis, leaving 3,600 households that represent the market for new and existing multi-family (apartments and condominiums) and single-family attached (rowhouses, townhouses, and duplexes) units within the Study Area.

The tenure and housing preferences of those 3,600 draw area households are shown on the following table (*see also* Table 1):

Tenure/Housing Type Propensities
Annual Average Market Potential
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	2,690	74.7%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	410	11.4%
Single-family attached for-sale (rowhouses, fee-simple/ condominium ownership)	500	13.9%
Total	3,600	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

What is their range of affordability,
and what are their housing preferences in aggregate?

The 3,600 households that represent the potential market for new and existing rental and for-sale multi-family and for-sale single-family attached housing units in the Southwest Baltimore Neighborhood Study Area have been segmented by income, based on the Baltimore-Towson median family income (AMI), which, for fiscal year 2014 is $83,500 for a family of four, as follows:

- Households with incomes below 30 percent AMI (the majority of these households typically qualify only for public housing or older existing units);

- Households with incomes between 30 and 50 percent of AMI (these households typically qualify for new affordable rental housing or heavily subsidized ownership housing);

- Households with incomes between 50 and 80 percent of AMI (these households typically qualify for new workforce or affordable rental housing or subsidized ownership housing);

- Households with incomes between 80 and 100 percent AMI (these households typically qualify for existing rentals or workforce for-sale housing); and

- Households with incomes above 100 percent AMI (these households generally have sufficient incomes to rent or purchase market-rate housing).

The segmentation by income of the 3,600 target households is shown on the following table (*see again* Table 1):

Tenure/Housing Type Propensities by Income
Annual Average Market Potential
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSING TYPE	HOUSEHOLDS NUMBER	HOUSEHOLDS PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	2,690	100.0%
< 30% AMI	819	30.4%
30% to 50% AMI	475	17.7%
50% to 80% AMI	452	16.8%
80% to 100% AMI	276	10.3%
> 100% AMI	668	24.8%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	410	100.0%
< 30% AMI	96	23.4%
30% to 50% AMI	61	14.9%
50% to 80% AMI	66	16.1%
80% to 100% AMI	45	11.0%
> 100% AMI	142	34.6%
Single-family attached for-sale (rowhouses, fee-simple ownership)	500	100.0%
< 30% AMI	124	24.8%
30% to 50% AMI	82	16.4%
50% to 80% AMI	86	17.2%
80% to 100% AMI	59	11.8%
> 100% AMI	149	29.8%
Total	3,600	

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

Based on the incomes and financial capabilities of the 3,600 target households that represent the annual potential market for new and existing units in the Study Area, approximately 28.8 percent (1,039 households) have incomes at 30 percent or less than the AMI; 17.2 percent (618 households) have incomes between 30 and 50 percent AMI; 16.8 percent (604 households) have incomes between 50 and 80 percent AMI; 10.6 percent (380 households) have incomes between 80 and 100 percent AMI; and 26.6 percent (959 households) have incomes at or above 100 percent AMI.

For purposes of this study, households with incomes below 80 percent AMI have not been included in further analysis of the potential market. With the analysis therefore limited to households with incomes above 80 percent of the Area Median Family Income, the annual potential market for new and existing housing units in the Southwest Baltimore Neighborhood Study Area would be as shown on the table on the following page (*see also* Table 2):

Tenure/Housing Type Propensities by Income
Households with Incomes At or Above 80 Percent AMI
Annual Average Market Potential
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

Multi-family for-rent	944	100.0%
(lofts/apartments, leaseholder)		
80% to 100% AMI	276	29.2%
> 100% AMI	668	70.8%
Multi-family for-sale	187	100.0%
(lofts/apartments, condo/co-op ownership)		
80% to 100% AMI	45	24.1%
> 100% AMI	142	75.9%
Single-family attached for-sale	208	100.0%
(rowhouses, fee-simple/condominium ownership)		
80% to 100% AMI	59	28.4%
> 100% AMI	149	71.6%
Total	1,339	

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

Based on the housing preferences of these 1,339 target households, then, the overall target mix of new units should include approximately 70.5 percent rental lofts and apartments (944 households); and 29.5 percent for-sale housing units (395 households), which includes 14 percent for-sale lofts and apartments (187 households), and 15.5 percent for-sale rowhouses units (208 households). With this mix, 28.4 percent (380 households) have incomes between 80 and 100 percent AMI; and 71.6 percent (959 households) have incomes at or above 100 percent AMI.

TARGET MARKET ANALYSIS

Who are the households that represent the potential market for new mixed-income units in the Study Area?

The recent protracted ownership housing slump has contributed to the measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than would have been typical a decade ago. At the same time, there has been a significant shift in preferences from suburban subdivisions toward mixed-use, walkable neighborhoods.

This shift has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 77 million), born between 1946 and 1964, and the estimated 78 million Millennials, 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 housing in walkable neighborhoods matches their life stage—is unprecedented.

In addition to their shared preference for walkable 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, nationally, the home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional (*e.g.*—single parents or unrelated couples of the same sex with one or more children, adults caring for younger siblings, to grandparents with custody of grandchildren) as traditional families. A major consequence of this evolution is that mixed-income development is now more likely to succeed than when suburban preferences dominated the housing market.

As determined by the target market analysis, then, and reflective of the national trends, the annual potential market—delineated by lifestage and by income at or above 80 percent of AMI—for new housing units within the Southwest Baltimore Neighborhood Study Area can be characterized by general household type as follows (*see also* Table 3):

- Younger singles and childless couples: 60 percent;
- Traditional and non-traditional family households: 30 percent; and
- Empty nesters and retirees: 10 percent.

The largest segment (60 percent) of the annual potential market for new market-rate units in the Study Area is composed of younger singles and couples. This generation—the Millennials—is the first to have been largely raised in the suburbs where cul-de-sacs substituted for neighborhoods, malls took the place of downtowns, and driver's licenses became a necessity of life. In far greater numbers than predecessor generations, Millennials are moving to downtown and in-town neighborhoods. Younger households typically choose to live in neighborhoods that contain a diverse mix of people, housing types, and uses. For the most part, younger households tend to be "risk-tolerant," and will move into areas or neighborhoods that would not be considered acceptable for most families or older couples.

Family-oriented households represent 30 percent of the market for new market-rate units within the Study Area. In the 1980s, when the majority of the Baby Boomers were in the full-nest lifestage, the "traditional family household" (married couple with one or more children) comprised more than 45 percent of all American households. That demographic has now fallen to less than 22 percent of all American households (approximately 7.1 percent in the Study Area and 9.7 percent in the City of Baltimore). In addition to reflecting the aging of the Baby Boomers into the empty-nest lifestage, households with children are now increasingly diverse and in some areas are largely non-traditional families.

These non-traditional families—single-parent families with one to three younger children, divorced parent families with one or two older children, or younger couples with one or two younger children—are predominant among the family-oriented households that represent the potential market for new units in the Study Area.

At 10 percent, the empty nester and retiree segment comprises the smallest share of the potential market. These households—for the most part, the Baby Boom generation—have been moving from the full-nest to the empty-nest life stage at an accelerating pace that will peak sometime in this decade and continue beyond 2020. A large percentage of these older households are still employed. A plurality of the older market are retirees, with incomes limited to monthly social security payments. Some also have pensions; very few have significant savings or investments.

The full spectrum of household groups (including households that have incomes below 80 per cent AMI) that represent the market for new housing units in the Southwest Baltimore Neighborhood Study Area, their estimated Baltimore-specific median incomes and estimated Baltimore-specific median home values in 2014, are shown on the following table:

Primary Target Groups
(In Order of Median Income)
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSEHOLD TYPE	MEDIAN INCOME	MEDIAN HOME VALUE (IF OWNED)
Empty Nesters & Retirees		
Urban Establishment	$100,700	$309,000
Cosmopolitan Elite	$89,400	$179,200
Cosmopolitan Couples	$65,800	$172,800
Blue-Collar Empty Nesters	$61,700	$98,900
Middle-Class Move-Downs	$59,200	$112,100
No-Nest Suburbanites	$57,300	$104,600
Middle-American Retirees	$56,000	$99,400
Multi-Ethnic Retirees	$47,900	$102,900
Blue-Collar Retirees	$45,000	$83,400
Rural Singles	$36,900	$60,200
Struggling Retirees	$36,500	$66,300
Suburban Seniors	$36,000	$74,700
Downtown Retirees	$32,600	$62,400
Multi-Ethnic Seniors	$31,300	$140,900
Second-City Seniors	$30,400	$76,900

continued on following page . . .

. . . continued from preceding page

HOUSEHOLD TYPE	MEDIAN INCOME	MEDIAN HOME VALUE (IF OWNED)
Traditional & Non-Traditional Families		
Nouveau Money	$122,800	$210,100
Unibox Transferees	$96,400	$165,400
Full-Nest Suburbanites	$81,200	$135,300
Full-Nest Urbanites	$64,800	$162,700
New-Town Families	$64,200	$108,500
Multi-Ethnic Families	$59,800	$103,400
Blue-Collar Button-Downs	$57,500	$100,400
Working-Class Families	$39,400	$70,100
Kids 'r' Us	$48,300	$84,500
Multi-Cultural Families	$41,300	$90,800
Inner-City Families	$38,400	$140,000
In-Town Families	$36,700	$71,500
Subsistence Families	$33,900	$56,500
Single-Parent Families	$31,200	$101,300
Younger Singles & Couples		
The Entrepreneurs	$116,400	$247,800
e-Types	$101,900	$297,500
Ex-Urban Power Couples	$97,000	$191,600
The VIPs	$84,600	$170,400
Fast-Track Professionals	$84,300	$188,100
Upscale Suburban Couples	$76,800	$144,400
Cross-Training Couples	$65,200	$128,300
New Bohemians	$63,800	$251,200
Twentysomethings	$58,800	$120,700
Suburban Achievers	$55,700	$122,100
Small-City Singles	$45,600	$91,500
Urban Achievers	$42,100	$170,000
Small-Town Singles	$38,000	$75,100
Working-Class Singles	$36,400	$83,400
Blue-Collar Singles	$33,400	$68,700
Soul City Singles	$28,100	$91,100

NOTE: The names and descriptions of the market groups summarize each group's tendencies—as determined through geo-demographic cluster analysis—rather than their absolute composition. Hence, every group could contain anomalous households, such as empty-nester households within a "full-nest" category.

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided as a separate document.

THE MARKET CONTEXT

What are their current housing alternatives?

—Multi-Family Rental Properties—

The majority of the new rental units that have been developed in recent years in the Study Area have been constructed by Urban Space Developers, a few units at a time, in rehabilitated rowhouses outfitted with modern amenities and using green building techniques. The majority of the new apartments are located in rowhouses on Hollins Street; as of the field investigation, Urban Space Developers owned 106 apartments, of which 103 had been rehabbed and occupied, and three had just been completed and listed for rent on Craig's List. Most of the new units rent for between $850 to $1,000 per month for one-bedroom apartments containing approximately 900 to 950 square feet, and from $1,550 per month and up for two-bedroom, one- or two-bath apartments. The tenants are predominantly young people, affiliated with University of Maryland Baltimore or working downtown.

Outside of the Study Area, on the western edge of the city, the Uplands Apartments began leasing new "mansionette" apartments (one- to three-bedroom units in smaller apartment buildings) and townhomes in 2012. (*See* Table 4.) The 104 mixed-income apartments are part of the redevelopment of a former HUD-owned property, which also includes sales of new townhouses. Rents at the Uplands range from $975 per month for a 962-square-foot one-bedroom flat to $1,550 per month for a three-bedroom, two-bath townhouse containing 1,320 square feet (overall range of $1.01 to $1.25 per square foot). Community amenities include a clubhouse, fitness center, business center, and playground.

There are numerous apartment properties located in or in close proximity to the University of Maryland Baltimore complex that occupies multiple blocks east of Martin Luther King, Jr. Boulevard. Most of the apartment buildings, both adaptive re-use of existing historic buildings as well as new construction, include studio or efficiency units, as well as one- and two-bedroom apartments. Two of the more recently-constructed properties lease three-bedroom units as well.

As of February 2014, rents for studios in this district start at $1,005 per month for 523 square feet of living space at Marlboro Classic/Redwood Square on Lombard Street and reach $1,735 per month for 603 square feet of living space at The Zenith, which opened on West Pratt Street in 2007. (Most of the studios in the surveyed buildings contain more than 500 square feet; the smallest, at 395 square feet, is at the Avalon Centerpoint and rents for $1,050 per month. Studio rents per square foot range between $1.64 and $2.88 per month.

Rents for one-bedroom apartments within the surveyed buildings start at $1,100 per month for a 585-square-foot apartment, also at Avalon Centerpoint, and go as high as $2,505 per month for 863 square feet of living space at the Zenith. One-bedroom unit sizes run from approximately 528 square feet at The Sail Cloth Factory to 1,370 square feet for a loft apartment at the Atrium at Market Center. (The overall per-square-foot rent range falls between $1.05 and $2.90). Marlboro Classic/Redwood Square has one-bedroom models with one-and-a-half baths and a den as well as one-bedroom/one-bath duplexes. The Sail Cloth Factory also has selected one-bedroom models with dens, as well as a one-bedroom loft. The Redwood leases one-bedroom units with and without dens.

There are also many variations on the two-bedroom unit within the surveyed rental properties. Two-bedroom, one-bath apartments start at $1,425 per month for 790 square feet of living space at the Sail Cloth Factory and go as high as $1,890 per month for 924 square feet at the Zenith. Most of the two-bedroom units have two baths and range in rent from $1,410 per month for 784 square feet at Avalon Centerpoint to $2,725 for a 1,145-square-foot unit at Avalon Centerpoint; this property also leases two-bedroom, one-and-a-half bath units ranging between 1,246 to 1,263 square feet in size and $2,705 to $3,130 in rent. Marlboro Classic/Redwood Square also has two-bedroom units with dens, as well as a two-bedroom/two-bath duplex; the Atrium at Market Center leases a two-bedroom/two-bath loft. Rents per square foot for two-bedroom units fall between $1.07 and $2.61.

Only two buildings included in the survey—Camden Court on Lombard Street and the Zenith—have three-bedroom models, and each has a limited number of them. Monthly rents for the three-bedroom units in those buildings start at $2,350 per month at Camden Court, with

the most expensive unit leasing for nearly $4,800 per month at the Zenith. Three-bedroom unit sizes range between 1,178 square feet and 1,843 square feet, with rents per square foot ranging between $1.99 and $2.60.

All of the rental properties, whether adaptive reuse or new construction, provide a fitness center; other common community amenities range from club rooms or game rooms, business centers, laundry centers, and lounges, to concierges and rooftop decks. Nearly all of the properties included in the survey are at functional full occupancy (95 percent occupied or higher).

—Multi-Family and Single-Family Attached For-Sale Properties—

Even though the overall housing market continues to recover, construction of new for-sale units in western Baltimore has been very limited. In the Study Area, Habitat for Humanity is building 18 new townhouses on Ward Street in Pigtown. The two-story units contain two bedrooms and the three-story units have an additional bedroom and bath. The majority of the households served by Habitat have incomes between 25 and 60 percent AMI, and among the buyers have been single mothers with children, as well as some couples. A rowhouse on Ostend Street that had recently been rehabilitated by Habitat sold for $127,00. The new construction rowhouses are selling for between approximately $120,000 and $150,000. Over the next few years, Habitat plans to continue acquiring and rehabbing existing units, as well building at least 15 new rowhouses in the same neighborhood.

Located in Washington Village, Camden Crossing has been marketing four bedroom/two-and-a-half bath townhouses since 2004. The property, which was first announced in 1999, is now in its final phase of construction. A total of 130 of the 172 townhouses have been sold since opening, for an average sales pace through both boom and recession of just over one unit per month. The current base price of the 1,880-square-foot townhouses is $319,900, or approximately $170 per square foot. (*See* Table 5.)

In addition to rental apartments, the first phase of the Uplands redevelopment also includes 47 townhouses and duplexes (two-family units) constructed by Bozzuto Homes. Base prices of the three- and four-bedroom units range between $194,900 and $249,990 for approximately 1,400

to more than 1,900 square feet of living space. Base prices per square foot fall between $130 and $132. Later phases of the redevelopment are slated to include single-family detached houses.

A higher level of new for-sale housing construction is occurring on the East Side of the city. The Bush Companies continues to market one- and two-bedroom condominiums at 414 Water Street. The property is a 31-story high-rise located two blocks from the Inner Harbor. Base prices of the 654- to 1,500-square-foot apartments ranged between just under $200,000 to $545,000 for a two-bedroom/two-and-a-half bath penthouse; current listings include a two-bedroom/two-bath 1,000-square-foot apartment priced at $249,900 and a two-bedroom, two-and-a-half bath unit with a den, containing 1,460 square feet, and priced at $399,900. Current base prices per square foot range between $250 and $274; original, pre-crash base prices were $306 to $363 per square foot. Approximately 200 of the 312 units have been sold since the property opened in 2005, for an average sales pace of almost two units per month.

O'Donnell Square is a Ryan Homes property located a short distance from the Johns Hopkins Bayview Medical Campus. The redevelopment will ultimately contain 297 two- to four-bedroom units with one-car garages. Base prices range from just under $295,000 for the smallest, 1,341-square-foot model to nearly $360,000, or $186 to 212 per square foot. An average of nearly five units were sold per month since sales opened in 2012.

In Greektown, 58 of the 84 townhouses proposed for Athena Square have been sold. The three-bedroom, two-and-a-half-bath townhouses each have a two-car tandem garage. Containing approximately 1,800 square feet, the units have base prices ranging between $334,900 and $344,900, or $186 to $192 per square foot. The property has sold 58 townhouses since opening in 2009, for an average sales pace of just over one unit per month.

In Locust Point, Beazer Homes is building three and four bedroom townhouses at Key's Overlook. The property, which opened for sales in October, 2013, will contain 53 units, of which nine have been sold to date, for an average of three sales per month. Prices range between $495,990 and $522,990 for 2,003 to 2,140 square feet of living space ($244 to $248 per square foot).

OPTIMUM MARKET POSITION

The major challenge to new residential development in the Study Area is the negative perception engendered by the shabby appearance and inadequate retail offerings of West Baltimore Street, currently the commercial spine of the Study Area; the continued drug dealing and public drug use throughout the neighborhoods; and the substantial number of properties in poor or badly deteriorated condition. Fortunately, none of these challenges represent insurmountable obstacles to new residential development, given the assets and opportunities of the Study Area.

As noted in the INTRODUCTION, the current assets and opportunities of the Study Area are significant, and include:

- Its adjacency to Downtown Baltimore and the University of Maryland Medical System and University of Maryland research and technology complex;
- The location of the 12-acre University of Maryland BioPark on the eastern edge of the Study Area;
- Its close proximity to Camden Yards and the M&T Bank Stadium, as well as the short distance from the new Horseshoe Casino under construction on Russell Street and scheduled to open in the fall of 2014;
- The proposed 13.5-acre La Cité redevelopment in Poppleton;
- The close proximity of the Bon Secours Health System two blocks west of the Study Area; and
- The location of Carroll Park and the Carroll Park Golf Course at the southern edge of the Study Area.

Another asset of the Study Area is its potential for walkability. However, at present, there are few locations that represent places to which people would walk.

There is a shopping center located in the Study Area—the Mount Clare Shopping Center, containing a Price-Rite grocery store, a Family Dollar, a bank, dental and medical offices, a Laundromat, a clothing store, and eateries—but it is not centrally located, has limited shopping opportunities, and dated buildings in an anti-urban configuration.

Hollins Market, located just one block from West Baltimore Street, is a very attractive building, surrounded by mostly intact blocks but there are few retailers: currently, a coffeehouse, a gallery, and a pizzeria.

Washington Boulevard has become a retail location, particularly between Martin Luther King, Jr. Boulevard and Scott Street, where there is a café, a wine shop, a beauty salon, a dry cleaners, a couple of restaurants, a bank, and a food store. However, this area, too, is not centrally located in the Study Area.

The establishment of strong retail concentrations in the Study Area, particularly along West Baltimore Street, will be critical to capturing its full market potential.

From the perspective of draw area target market propensities and compatibility, a broad range of new construction as well as renovation of existing buildings will be required to support and sustain residential diversity in the Study Area. An effective housing strategy to attract the target households should include:

- Preservation of the built environment: the restoration, repositioning and/or adaptive re-use of existing buildings;
- New residential construction: the introduction of housing types not currently available or under-represented in the Study Area;
- Support for a variety of housing types, both rental and for-sale including higher-value market-rate as well as affordable and workforce housing units, throughout the Study Area; and
- Mixed-use development: the inclusion of both residential and retail within multi-story buildings, either adaptive re-use or new construction, particularly along West Baltimore Street.

In general, areas or buildings slated for new development or redevelopment should be evaluated relative to the following criteria:

(a) Advantageous adjacency. It is critical to "build on strength," not only to provide maximum support for any proposed housing initiatives, but also, conversely, so that housing initiatives will reinforce existing or proposed adjacent developments (commercial, retail, or residential).

(b) Building and/or land availability. At present, scores of buildings and parcels within the Study Area are dilapidated, underutilized or vacant. Although the extent of these conditions represents a major market challenge, it also represents significant opportunities for investment and redevelopment that will transform the Study Area.

(c) Potential for expansion. Each housing initiative should be located in an area where, at the successful completion of the initial project, adjacent or nearby buildings and/or land appropriate for the continuation or extension of development, either through new construction or adaptive re-use, would potentially be available. Each housing initiative should be viewed not as a "stand-alone" project, but rather as a potential catalyst for additional residential development in surrounding areas.

(d) Anchors/linkage. Each housing initiative must be seen as part of an overall urban strategy to build a critical mass of both housing and related non-residential uses. "Anchor" locations establish the potential for economic activity in an underutilized area; "linkage" locations build on the strength of two or more established, but disconnected assets.

The optimum market position for new housing units in the Southwest Baltimore Neighborhood Study Area has therefore been established based on a variety of factors, including but not limited to:

- The target residential mix, derived from the tenure and housing preferences, lifestages, and broad financial capabilities of the target households with incomes at or above 80 percent of the AMI;
- The Study Area's challenges, assets and opportunities; and
- Current residential market dynamics in the general market area.

What is the market currently able to pay?

The rents and price points for new market-rate housing units are derived from the income and equity levels of those target households with incomes between 80 and 100 percent of AMI, and of those households with incomes at 100 percent and above AMI.

—Rental Distribution by Rent Range—

An income range established between 80 percent and 100 percent AMI covers annual incomes of approximately $44,750 to $58,500 for a single-person household; $51,150 to $66,800 for a two-person household; $57,550 to $75,200 for a three-person household, and so on. Market-rate is generally considered to be units affordable to households above 80 percent of AMI, although incomes at or above 100 percent AMI are more applicable to for-sale housing units.

HUD's affordability standard requires that a tenant pay no more than 30 percent of gross income for rent and utilities. Assuming that the rent portion of that standard is approximately 25 percent, a single-person household with an income at 80 percent of AMI, or $44,750 per year could afford a rental payment—excluding utilities—of approximately $850 per month. A two-person household, with an annual income of 100 percent of AMI, or $66,800 per year would qualify for a rental payment—excluding utilities—of approximately $1,400 per month.

Based on the incomes and assets of the 944 households—with incomes above 80 percent of the AMI—that represent the target markets for new market-rate rental units (*as shown on* Table 6), the distribution of annual market potential by rent range would be summarized as follows:

Distribution by Rent Range
Target Groups for New Multi-Family For Rent
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

MONTHLY RENT RANGE	UNITS PER YEAR	PERCENTAGE
$750–$1,000	78	8.3%
$1,000–$1,250	147	15.6%
$1,250–$1,500	153	16.2%
$1,500–$1,750	120	12.7%
$1,750–$2,000	104	11.0%
$2,000–$2,250	82	8.7%
$2,250–$2,500	66	7.0%
$2,500–$2,750	58	6.1%
$2,750–$3,000	56	5.9%
$3,000 and up	80	8.5%
Total:	944	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

Empty nesters and retirees represent just 8.4 percent of the market for new market-rate rental units, and 85 percent of them could pay rents no greater than $2,000 per month. The remaining 15 percent could afford rents above $2,250 per month.

Traditional and non-traditional families comprise over 30 percent of the market for new market-rate rental units. Almost two-thirds of the family households would require rents between $1,000 and $1,750 per month; only 18 percent can afford rents above $2,000 per month.

The largest group of renters are younger singles and couples at 61 percent of the market. More than 56 percent would be able to afford rents between $1,250 $2,250 per month, and another 27 percent would be able to afford rents above $2,250 per month.

—For-Sale Distribution By Price Range—

As noted above, the income range of 80 percent to 100 percent of AMI would mean annual incomes of approximately $44,750 to $58,500 for a single-person household; $51,150 to $66,800 for a two-person household; $57,550 to $75,200 for a three-person household, and so on.

A single-person household with an income at 80 percent of AMI, or approximately $44,750 per year, paying no more than 30 percent of gross income for housing costs, including mortgage principal, interest, taxes, insurance and utilities, could qualify for a 30-year mortgage of $125,000 at a five percent interest rate. The down payment—contributed by the buyer, or subsidized through a soft second mortgage, another mechanism, or some combination—would be required to make up the difference, if any, between $125,000 and the purchase price.

A three-person household, with an income at 100 percent of AMI, or $75,200 per year, under the same criteria, could qualify for a 30-year mortgage of $225,000 at a five percent interest rate. Again, the down payment would be required to make up the difference, if any, between $225,000 and the purchase price.

Based on the incomes and assets of the 187 households—those with incomes above 80 percent of the AMI—that represent the target markets for new market-rate multi-family for-sale (condominium) units (*as shown on* Table 7), the distribution of annual market potential by price range would be summarized on the table on the following page.

Distribution by Price Range
Target Groups for New Multi-Family For Sale
Households with Incomes At or Above 80 Percent AMI
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$125,000–$150,000	21	11.2%
$150,000–$175,000	33	17.6%
$175,000–$200,000	26	13.9%
$200,000–$225,000	24	12.9%
$225,000–$250,000	20	10.7%
$250,000–$275,000	22	11.8%
$275,000–$300,000	20	10.7%
$300,000 and up	21	11.2%
Total:	187	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

Younger singles and couples are also the largest segment of the market for new multi-family for-sale units (condominiums), at just under 64 percent of the market. A third would be able to purchase a new condominium with base prices at or above $250,000, and 23 percent would be able to afford a unit priced between $200,000 and $250,000.

At just under 21 percent, traditional and non-traditional families, are the next largest segment of the market for new multi-family for-sale units. Twenty-eight percent of the family-oriented households would be able to purchase a new condominium with base prices above $200,000, and the 44 percent could afford new condominium units priced between $150,000 and $200,000.

The smallest group, empty nesters and retirees, comprise 15.5 percent of the market for this housing type. Nearly 60 percent would be in the market for new condominiums with base prices above $200,000.

Based on the incomes and assets of the 208 households—those with incomes above 80 percent of the AMI—that represent the target markets for new market-rate single-family attached for-sale (rowhouse) units (*as shown on* Table 8), the distribution of annual market potential by price range would be summarized as shown on the following table.

Distribution by Price Range
Target Groups for New Single-Family Attached For Sale
Households with Incomes At or Above 80 Percent AMI
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$125,000–$150,000	33	15.9%
$150,000–$175,000	33	15.9%
$175,000–$200,000	32	15.4%
$200,000–$225,000	25	12.0%
$225,000–$250,000	20	9.6%
$250,000–$275,000	20	9.6%
$275,000–$300,000	20	9.6%
$300,000 and up	25	12.0%
Total:	208	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

Younger singles and couples represent the largest segment of the market for new single-family attached for-sale units (rowhouses), 52.4 percent of the market. Almost half would be able to purchase a new rowhouse with base prices at or above $250,000, and 18 percent would be able to afford a unit priced between $200,000 and $250,000. The remaining 37 percent would require units priced below $200,000.

At a 37 percent share, traditional and non-traditional families make up the next largest segment of the market for new single-family attached for-sale units. Just 6.5 percent would be in the market for new rowhouses with base prices above $275,000, whereas nearly 47 percent would require units priced below $175,000.

Empty nesters and retirees are 10.6 percent of the market for new rowhouses, of which 41 percent would be able to purchase rowhouses priced above $275,000, and 41 percent would be able to purchase units priced below $200,000.

—Proposed Rent and Price Ranges—

Based on the tenure and housing preferences of the target households with incomes at or above 80 percent of AMI, and their income and equity levels, the range of rents and prices for newly-developed (new construction and rehabilitation or adaptive re-use of existing buildings) market-rate residential units in the Southwest Baltimore Neighborhood Study Area that could currently be sustained by the market is as follows (*reference* Table 9 *for further detail*):

Market-Entry Base Rent, Price and Size Ranges
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
FOR-RENT (MULTI-FAMILY)—			
Apartments and Lofts Low-rise buildings/ renovated rowhouses	$850–$1,350/month	550–1,000 sf	$1.30–$1.59 psf
Apartments and Lofts High-rise building	$1,150–$3,250/month	500–1,350 sf	$1.85–$2.85 psf
FOR-SALE (MULTI-FAMILY)—			
Apartments and Lofts Renovated rowhouses	$135,000–$190,000	700–1,000 sf	$175–$200 psf
Apartments and Lofts Low-rise buildings	$180,000–$310,000	750–1,350 sf	$222–$247 psf
FOR-SALE (SINGLE-FAMILY ATTACHED)—			
Rowhouses New and renovated	$275,000–$325,000	1,250–1,650 sf	$191–$228 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

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

Weighted Average Base Rents, Prices and Size Ranges
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSING TYPE	WEIGHTED AVERAGE BASE RENT/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENT/PRICES PER SQ. FT.
Multi-family for-rent Low-rise/renovated rowhouses	$1,099 per month	790 sf	$1.39
Multi-family for-rent High-rise	$1,934 per month	845 sf	$2.29
Multi-family for-sale Renovated rowhouses	$161,750	915 sf	$177
Multi-family for-sale Low-rise	$239,236	1,017 sf	$235
Single-family attached for-sale New and renovated	$306,000	1,450 sf	$211

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

The preceding rents and prices are in year 2014 dollars, within the economic capability of the target households, and are exclusive of consumer options or upgrades, or floor or location premiums, and cover the broad range of rents and prices for newly-developed market-rate units currently sustainable by the market.

Between 20 and 25 percent of the multi-family market preferences, both rental and for-sale, is for new units located within renovated rowhouses. In contrast, because of the sense of security provided by multi-family apartment buildings, with locked entry doors and ground-floor lobbies, between three-quarters and 80 percent of the market for new rental apartments would prefer units located within multi-family buildings. Since that is not an issue with single-family rowhouses, whether new construction or renovation, there is a slightly higher preference for renovated units, since many retain architectural features not available in new construction. (*See* Table 10 *for further detail.*)

How fast will the units lease or sell?

—Market Capture—

Given current economic conditions, and the expectation of continued improvement for new for-sale housing over the near term, Zimmerman/Volk Associates has determined that an annual capture of approximately 10 percent of the potential market for each for-sale housing type is achievable in the Study Area over the next two to three years, and up to 12 percent over the next three to five years. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; currently the National Association of Realtors reports that new units represent less than 10 percent of total housing sales.) Zimmerman/Volk Associates has also determined that, for new multi-family rentals, an annual capture of 12 percent of the potential market over the near term and 15 percent longer term is achievable in the Study Area over the next five years.

Based on these market capture forecasts, the Southwest Baltimore Neighborhood Study Area should be able to support between 153 and 189 new/renovated market-rate housing units per year over the next five years, as detailed on the following table:

Annual Capture of Market Potential
THE SOUTHWEST BALTIMORE NEIGHBORHOOD STUDY AREA
City of Baltimore, Maryland

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-family for-rent (80-100% AMI)	276	12%-15%	33-42
Multi-family for-rent (>100% AMI) (lofts/apartments, leaseholder)	668	12%-15%	80-100
Subtotal:	944		113-142
Multi-family for-sale (80 to 100% AMI)	45	10%-12%	5-5
Multi-family for-sale (>100% AMI) (lofts/apartments, condo/co-op ownership)	142	10%-12%	14-17
Subtotal:	187		19-22
Single-family attached for-sale (80 to 100% AMI)	59	10%-12%	6-7
Single-family attached for-sale (>100% AMI) (rowhouses, fee-simple ownership)	149	10%-12%	15-18
Subtotal:	208		21-25
Total	1,339		153-189

SOURCE: Zimmerman/Volk Associates, Inc., 2014.

At an annual capture rate of 12 to 15 percent of the potential renters, between 113 and 142 new market-rate rental units could be absorbed per year. Over a five-year time frame, at these forecast capture rates, between 565 and 710 new market-rate rental units could be absorbed within the Study Area.

At an annual capture rate of 10 to 12 percent of the potential condominium buyers with annual incomes at or above 80 percent AMI, between 19 and 22 new condominiums could be absorbed per year. Over a five-year time frame, at these forecast capture rates, between 95 and 110 new market-rate condominiums could be absorbed within the Study Area.

At an annual capture rate of 10 to 12 percent of the potential rowhouse buyers with annual incomes at or above 80 percent AMI, between 21 and 25 new rowhouses could be absorbed per year. Over a five-year time frame, at these forecast capture rates, between 105 and 125 new market-rate rowhouses could be absorbed within the Study Area.

The target market capture rates of the potential renter or purchaser 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.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of market 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 represents the annual forecast absorption—in aggregate and by housing type—as a percentage of 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 represents the total number of dwelling units planned for a property as a percentage of the total number of draw area households, sometimes qualified by income.

> The traffic conversion rate represents the total number of buyers or renters as a percentage of the total number of prospects that have visited a site.

Because the prospective market for a location is more precisely defined using target market methodology, target market capture rates are higher than the more grossly-derived penetration rates. Nevertheless, the higher target market capture rates remain well within the range of feasibility.

STUDY AREA HOUSING TYPES

Building and unit types most appropriate for the Southwest Baltimore Neighborhood Study Area include:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, which can include non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. Parking is likely to be at grade behind or interior to the building.

  The building's apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version usually has double-loaded corridors.

  Hard Lofts: More common in adaptive re-use buildings, unit interiors typically have high ceilings and commercial windows and are minimally finished (with minimal room delineations such as columns and fin walls), or unfinished (with no interior partitions except those for bathrooms).

  Soft Lofts: Unit 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, sprinklers and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.

  The building's loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the

owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

- 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 apartment lobby, and retail or office uses if financially feasible.

- Podium Building: A small-scale apartment building construction type with two or more stories of stick-frame residential units (lofts or apartments) built over a single level 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.

- 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 and in-town locations. The building can accommodate a variety of uses—from rental or for-sale apartments, professional offices, or any of these uses over ground-floor retail—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.

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

- Rowhouse: Similar in form to existing rowhouses in the Study Area; the first floor should be elevated significantly above the sidewalk.

- Live-work is 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 flexible 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 be flexible in order to comply with the requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.



Table 1

Annual Potential Market For New Housing Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential
To Move Within/To The Southwest Neighborhood Study Area Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

Southwest Neighborhood Study Area

City of Baltimore, Maryland

Southwest Neighborhood Study Area, Baltimore City,
Regional Draw Area; Balance of U.S.
Draw Areas

Annual Number Of Target Market Households With Potential To Rent/Purchase Within The Southwest Neighborhood Study Area	3,600

Annual Market Potential
{Excluding Single-Family Detached Units}

	Below 30% AMI	*30% to 50% AMI*	*50% to 80% AMI*	*80% to 100% AMI*	*Above 100% AMI*	*Subtotal*
Multi-Family For-Rent:	819	475	452	276	668	**2,690**
Multi-Family For-Sale:	96	61	66	45	142	**410**
Single-Family Attached For-Sale:	124	82	86	59	149	**500**
Total:	**1,039**	**618**	**604**	**380**	**959**	**3,600**
Percent:	**28.8%**	**17.2%**	**16.8%**	**10.6%**	**26.6%**	**100.0%**

Note: For fiscal year 2014, the Baltimore-Towson Median Family Income for a family of four is $83,500.

Reference: Appendix Tables One and Two.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 2

Annual Potential Market For New Housing Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential To Move Within/To The Southwest Neighborhood Study Area Each Year Over The Next Five Years Based On Housing Preferences And Income Levels

Households With Incomes Above 80 Percent AMI

Southwest Neighborhood Study Area

City of Baltimore, Maryland

Southwest Neighborhood Study Area, Baltimore City, Regional Draw Area; Balance of U.S. Draw Areas

Annual Number Of Target Market Households With Potential To Rent/Purchase Within The Southwest Neighborhood Study Area	1,339

Annual Market Potential {Excluding Single-Family Detached Units}

	80% to 100% AMI	*Above 100% AMI*	*Subtotal*
Multi-Family For-Rent:	276	668	**944**
Multi-Family For-Sale:	45	142	**187**
Single-Family Attached For-Sale:	59	149	**208**
Total:	**380**	**959**	**1,339**
Percent:	**28.4%**	**71.6%**	**100.0%**

Note: For fiscal year 2014, the Baltimore-Towson Median Family Income for a family of four is $83,500.

Reference: Appendix Tables One and Two.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 3

Annual Market Potential By Household Type

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

Households With Incomes Above 80 Percent AMI

Southwest Neighborhood Study Area

City of Baltimore, Maryland

	Total	*80% to 100% AMI*	*Above 100% AMI*
Number of Households:	**1,339**	**380**	**959**
Empty Nesters & Retirees	10%	10%	10%
Traditional & Non-Traditional Families	30%	43%	25%
Younger Singles & Couples	60%	47%	65%
	100%	**100%**	**100%**

Note: For fiscal year 2014, the Baltimore-Towson Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

The City of Baltimore, Maryland

February, 2014

Property (Date Built/Remodeled) *Address*	*Number of Units*	*Reported Base Rent*	*Reported Unit Size*	*Rent per Sq. Ft.*	*Additinal Information*
		. . . . . South of Study Area			
Hollinswood THs (1960)	**95**				**100% occupancy**
2200 W. Patapsco Avenue	3br/1ba	$1,022 to $1,082	1,350	$0.76 to $0.80	
		. . . . .West of Study Area			
Uplands Apartments (2012)	**104**				**97% occupancy**
4520 Scarlet Oak Lane	*{Mansionettes}*				*Cubhouse,*
	1br/1ba	$975	962	$1.01	*fitness center,*
	2br/1ba	$1,165	935	$1.25	*business center,*
	3br/2ba	$1,415	1,194	$1.19	*playground.*
	{Townhomes}				
	2br/1.5ba	$1,300	1,152	$1.13	*Mixed-income.*
	3br/2ba	$1,550	1,320	$1.17	
		. . . . . University of Maryland Area			
Marlboro Classic/	**191**				**95% occupancy**
Redwood Square (1981)	Studio/1ba	$1,005 to $1,025	523 to 624	$1.64 to $1.92	*Community room,*
410 W. Lombard Street					*fitness center,*
	1br/1ba	$1,140 to $1,225	607 to 879	$1.39 to $1.88	*rooftop deck.*
	1br/1ba duplex	$1,240 to $1,255	800 to 1,195	$1.05 to $1.55	
	1br/1.5ba den	$1,290 to $1,445	1,195 to 1,332	$1.08 to $1.08	
	2br/1ba	$1,525	924	$1.65	
	2br/2ba	$1,625	968 to 1,119	$1.45 to $1.68	
	2br/2ba den	$1,685	1,046	$1.61	
	2br/2ba duplex	$1,715	1,060 to 1,605	$1.07 to $1.62	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

The City of Baltimore, Maryland

February, 2014

Property (Date Built/Remodeled) *Address*	*Number of Units*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
. . . . . University of Maryland Area {continued}								
The Atrium at Market Center (2005)	**173**							**98% occupancy**
Adaptive Re-Use	Studio/1ba	$1,048	to	504		$1.67	to	*Concierge,*
118 N. Howard Street		$1,318		787		$2.08		*residents' lounges,*
	1br/1ba	$1,238	to	607	to	$1.62	to	*fitness center,*
		$1,338		827		$2.04		*business center,*
	1br/1ba/loft	$1,608	to	1,110	to	$1.25	to	*community room.*
		$1,718		1,370		$1.45		
	2br/2ba	$1,648		965		$1.71		
	2br/2ba loft	$2,170		1,535		$1.41		
Avalon Centerpoint (2007)	**392**							**94% occupancy**
Adaptive Re-Use/	Studio/1ba	$1,050	to	395	to	$1.78	to	*Concierge,*
New Construction		$1,215		682		$2.66		*fitness center,*
8 N. Howard Street	1br/1ba	$1,100	to	585	to	$1.43	to	*business center.*
		$1,225		857		$1.88		
	2br/2ba	$1,410	to	901	to	$1.56	to	
		$1,685		1,047		$1.61		
Sail Cloth Factory (1987)	**107**							**100% occupancy**
Adaptive Re-Use	Studio/1ba	$1,055		552		$1.91		*Wait list.*
121 S. Freemont Avenue	1br/1ba	$1,110		528		$2.10		*Fitness center,*
	1br/1ba loft	$1,140		547	to	$1.63	to	*rooftop deck.*
		$1,170		717		$2.08		
	1br/1ba den	$1,390		812		$1.71		
	1br/2ba den	$1,425		848		$1.68		
	2br/1ba	$1,425		790		$1.80		
	2br/2ba	$1,540	to	889	to	$1.59	to	
		$1,595		1,003		$1.73		
Camden Court (2005)	**221**							**98% occupancy**
300 W. Lombard Street	Studio/1ba	$1,170	to	483		$2.42	to	*Fitness center,*
		$1,300				$2.69		*business center,*
	1br/1ba	$1,200	to	588	to	$1.96	to	*valet dry cleaning.*
		$1,400		713		$2.04		
	2br/1ba	$1,450	to	787	to	$1.84	to	
		$1,550		811		$1.91		
	2br/2ba	$1,550	to	860	to	$1.80	to	
		$1,750		941		$1.86		
	3br/2ba	$2,350	to	1,178		$1.99	to	
		$2,600				$2.21		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

The City of Baltimore, Maryland

February, 2014

Property (Date Built/Remodeled) *Address*	*Number of Units*	*Reported Base Rent*	*Reported Unit Size*	*Rent per Sq. Ft.*	*Additional Information*
		. . . . . University of Maryland Area {continued}			
The Abell					**100% occupancy**
Adaptive Re-Use	1br/1ba	$1,150 to $1,300	700 to 900	$1.44 to $1.64	*Fitness center,*
1 S. Eutaw Street	2br/2ba	$1,450 to $1,700	$1,100 to $1,300	$1.31 to $1.32	*rooftop deck,*
The Greenehouse (1988)	**88**				**90% occupancy**
Adaptive Re-Use	1br/1ba	$1,250 to $1,300	770 to 850	$1.53 to $1.62	*Fitness center,*
519 W. Pratt Street	2br/2ba	$1,550 to $1,900	1,100 to 1,325	$1.41 to $1.43	*laundry center, rooftop deck.*
The Zenith (2007)	**191**				**90% occupancy**
511 West Pratt Street	Studio/1ba	$1,270 to $1,735	587 to 603	$2.16 to $2.88	*Concierge, clubroom, fitness center*
	1br/1ba	$1,360 to $2,505	683 to 863	$1.99 to $2.90	*business center, garden terrace.*
	2br/1ba	$1,465 to $1,890	924	$1.59 to $2.05	
	2br/2ba	$1,975 to $2,725	1,116 to 1,145	$1.77 to $2.38	
	2br/1.5ba	$2,705 to $3,130	1,246 to 1,263	$2.17 to $2.48	
	2br/2.5ba	$3,455 to $4,450	1,611 to 1,708	$2.14 to $2.61	
	3br/2.5ba	$4,205 to $4,790	1,843	$2.28 to $2.60	
The Redwood (2010)	**151**				**96% occupancy**
11 S. Eutaw Street	1br/1ba	$1,463 to $1,800	732 to 784	$1.87 to $2.46	*Fitness center, laundry center,*
	1br/1ba/den	$1,452 to $1,982	1,039 to 1,082	$1.40 to $1.83	*business center, clubhouse.*
	2br/2ba	$1,504 to $2,415	1,058 to 1,314	$1.42 to $1.84	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties

The City of Baltimore, Maryland

February, 2014

Property (Date Built/Remodeled) *Address*	*Number of Units*	*Reported Base Rent*	*Reported Unit Size*	*Rent per Sq. Ft.*	*Additional Information*
		..... *West of Howard/North of Franklin*			
Orchard Mews	**101**				**n/a**
514 Orchard Street	2br/1ba	$760 to $840	667	$1.14 to $1.26	*Business center, playground.*
	3br/1.5ba	$980 to $1,126	1,114	$0.88 to $1.01	
	4br/2ba	$1,100 to $1,263	1,236	$0.89 to $1.02	
Chesapeake Commons (2012)	**98**				**95% occupancy**
Adaptive Re-Use	1br/1ba	$1,195 to $1,595	630 to 1,169	$1.36 to $1.90	*Concierge, fitness center,*
601 N. Eutaw Street	2br/1.5ba	$1,495 to $1,995	939 to 1,600	$1.25 to $1.59	*business center, clubhouse.*
	2br/2ba	$1,595 to $2,095	1,195 to 1,578	$1.33 to $1.33	
	3br/2.5ba	$2,195 to $3,295	1,885 to 2,400	$1.16 to $1.37	

SOURCE: Zimmerman/Volk Associates, Inc.

Table 5

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

City of Baltimore, Maryland

February, 2014

Development / *Developer/Builder*		*Unit Type*	*Unit Price Range*	*Unit Size Range*	*Price Per Sq. Ft.*	*Total Units*	*Number Sold*
			. . . . . West Side				
Uplands (2013)		TH/Duplex				**47**	**n/a**
Bozzuto Homes, Inc.		3br/3ba	$194,900	1,408	$138	*first phase*	
	visitable	3br/3ba	$199,990	1,504	$133		
	visitable	4br/3ba	$214,990	1,624	$132		
		4br/3ba	$214,990	1,626	$132		
		4br/4ba	$249,990	1,916	$130		
Camden Crossing (2004)		TH				**172**	**130 (1.1)**
Camden Associates		4br/2.5ba	$319,900	1,880	$170	{Final Phase - 21 units}	
			. . . . . East Side				
414 Water Street (2005)		CO				**312**	**200 (1.9)**
The Bush Companies		1br/1ba to 2br/2.5ba Penthouse	$199,900 to $545,000	654 to 1,500	$363 to $306		
			. . . Current Listings . . .				
		2br/2ba	$249,900	1,000	$250		
		2br/2.5ba/den	$399,900	1,460	$274		
O'Donnell Square (2012)		TH				**297**	**110 (4.6)**
Ryan Homes		2-3br/2ba	$294,990	1,391	$212	{Phase 2 - 200}	
		3-4br/2-3ba	$329,990	1,588	$208		
		2-4br/3ba	$359,990	1,939	$186		
Athena Square (2009)		TH				**84**	**58 (1.1)**
MetroScape Development		3br/2.5ba	$334,900 to $344,900	1,800	$186 to $192		
			. . . . . Locust Point				
Key's Overlook (2013)		TH				**53**	**9 (3.0)**
Beazer Homes		3br/3-4ba	$495,990 to $522,990	2,003 to 2,140	$244 to $248		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

City of Baltimore, Maryland

February, 2014

Development (Date Opened) / *Developer/Builder*	*Unit Type*	*Unit Price Range*	*Unit Size Range*	*Price Per Sq. Ft.*	*Total Units*	*Number Sold*
. . . . . Inner Harbor (continued)						

SOURCE: Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family Rental Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

. . . . . Number of Households . . . . .

Empty Nesters & Retirees†	*80% to 100% AMI*	*Above 100% AMI*	*Total*	*Percent of Total*
Urban Establishment	1	6	7	0.7%
Cosmopolitan Couples	1	1	2	0.2%
Blue-Collar Empty Nesters	1	1	2	0.2%
Middle-Class Move-Downs	1	1	2	0.2%
No-Nest Suburbanites	1	1	2	0.2%
Middle-American Retirees	1	1	2	0.2%
Multi-Ethnic Retirees	1	1	2	0.2%
Blue-Collar Retirees	1	1	2	0.2%
Rural Singles	0	2	2	0.2%
Struggling Retirees	0	1	1	0.1%
Suburban Seniors	1	2	3	0.3%
Downtown Retirees	1	2	3	0.3%
Multi-Ethnic Seniors	13	34	47	5.0%
Second City Seniors	1	1	2	0.2%
Subtotal:	24	55	79	8.4%

† 1- and 2-person households
†† 3- to 5-person households

NOTE: For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family Rental Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

Traditional & Non-Traditional Families††	80% to 100% AMI	Above 100% AMI	Total		Percent of Total
	. . . . . Number of Households				
Nouveau Money	1	3	4		0.4%
Unibox Transferees	1	3	4		0.4%
Full-Nest Suburbanites	1	1	2		0.2%
Full-Nest Urbanites	12	24	36		3.8%
New-Town Families	1	1	2		0.2%
Multi-Ethnic Families	2	2	4		0.4%
Blue-Collar Button-Downs	1	3	4		0.4%
Kids 'r' Us	1	1	2		0.2%
Multi-Cultural Families	20	27	47	24	5.0%
Working-Class Families	1	0	1		0.1%
Inner-City Families	33	46	79		8.4%
In-Town Families	3	3	6		0.6%
Subsistence Families	1	1	2		0.2%
Single-Parent Families	43	49	92		9.7%
Subtotal:	121	164	285		30.2%

† 1- and 2-person households
†† 3- to 5-person households

NOTE: For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Target Groups For New Multi-Family Rental Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

Younger Singles & Couples†	*80% to 100% AMI*	*Above 100% AMI*	*Total*	*Percent of Total*
	. . . . . Number of Households			
The Entrepreneurs	1	6	7	0.7%
e-Types	10	73	83	8.8%
Ex-Urban Power Couples	1	3	4	0.4%
The VIPs	3	15	18	1.9%
Fast-Track Professionals	2	11	13	1.4%
Upscale Suburban Couples	4	16	20	2.1%
Cross-Training Couples	1	1	2	0.2%
New Bohemians	20	78	98	10.4%
Twentysomethings	4	13	17	1.8%
Suburban Achievers	12	37	49	5.2%
Small-City Singles	4	9	13	1.4%
Urban Achievers	53	153	206	21.8%
Small-Town Singles	2	4	6	0.6%
Working-Class Singles	8	17	25	2.6%
Blue-Collar Singles	2	4	6	0.6%
Soul City Singles	4	9	13	1.4%
Subtotal:	131	449	580	61.4%
Total All Households:	**276**	**668**	**944**	**100.0%**
Percent of Total:	**29.2%**	**70.8%**	**100.0%**	

† 1- and 2-person households

NOTE: For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Table 7

Target Groups For New Multi-Family For-Sale Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

	. . . . . Number of Households			
Empty Nesters & Retirees†	*80% to 100% AMI*	*Above 100% AMI*	*Total*	*Percent of Total*
Urban Establishment	1	10	11	5.9%
Cosmopolitan Elite	1	3	4	2.1%
Cosmopolitan Couples	1	5	6	3.2%
Middle-Class Move-Downs	1	1	2	1.1%
Multi-Ethnic Retirees	1	1	2	1.1%
Multi-Ethnic Seniors	1	3	4	2.1%
Subtotal:	6	23	29	15.5%
Traditional & Non-Traditional Families††				
Full-Nest Urbanites	5	10	15	8.0%
Multi-Cultural Families	3	5	8	4.3%
Inner-City Families	3	5	8	4.3%
In-Town Families	0	1	1	0.5%
Single-Parent Families	3	4	7	3.7%
Subtotal:	14	25	39	20.9%
Younger Singles & Couples†				
The Entrepreneurs	1	6	7	3.7%
e-Types	4	25	29	15.5%
The VIPs	1	6	7	3.7%
Fast-Track Professionals	1	6	7	3.7%
Upscale Suburban Couples	1	6	7	3.7%
New Bohemians	4	13	17	9.1%
Twentysomethings	1	1	2	1.1%
Suburban Achievers	2	6	8	4.3%
Small-City Singles	1	1	2	1.1%
Urban Achievers	8	22	30	16.0%
Working-Class Singles	1	1	2	1.1%
Soul City Singles	0	1	1	0.5%
Subtotal:	25	94	119	63.6%
Total Households:	**45**	**142**	**187**	**100.0%**
Percent of Total:	**24.1%**	**75.9%**	**100.0%**	

† 1- and 2-person households
†† 3- to 5-person households

NOTE: I For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Target Groups For New Single-Family Attached For-Sale Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

. . . . . *Number of Households* . . . . . .

Empty Nesters & Retirees†	*80% to 100% AMI*	*Above 100% AMI*	*Total*	*Percent of Total*
Urban Establishment	1	6	7	3.4%
Cosmopolitan Elite	1	3	4	1.9%
Cosmopolitan Couples	1	1	2	1.0%
Middle-Class Move-Downs	1	1	2	1.0%
No-Nest Suburbanites	1	1	2	1.0%
Multi-Ethnic Retirees	1	1	2	1.0%
Downtown Retirees	0	1	1	0.5%
Multi-Ethnic Seniors	1	1	2	1.0%
Subtotal:	7	15	22	10.6%
Traditional & Non-Traditional Families††				
Unibox Transferees	1	3	4	1.9%
Full-Nest Suburbanites	1	1	2	1.0%
Full-Nest Urbanites	9	21	30	14.4%
Multi-Ethnic Families	1	1	2	1.0%
Blue-Collar Button-Downs	1	1	2	1.0%
Multi-Cultural Families	8	12	20	9.6%
Inner-City Families	4	5	9	4.3%
In-Town Families	0	1	1	0.5%
Single-Parent Families	4	3	7	3.4%
Subtotal:	29	48	77	37.0%

† 1- and 2-person households
†† 3- to 5-person households

NOTE: For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Target Groups For New Single-Family Attached For-Sale Units
Households With Incomes At Or Above 80 Percent AMI
Southwest Neighborhood Study Area
City of Baltimore, Maryland

. . . . . *Number of Households* . . . . . .

Younger Singles & Couples†	*80% to 100% AMI*	*Above 100% AMI*	*Total*	*Percent of Total*
The Entrepreneurs	1	6	7	3.4%
e-Types	2	17	19	9.1%
The VIPs	2	9	11	5.3%
Fast-Track Professionals	1	6	7	3.4%
Upscale Suburban Couples	2	9	11	5.3%
New Bohemians	3	11	14	6.7%
Twentysomethings	1	1	2	1.0%
Suburban Achievers	2	6	8	3.8%
Small-City Singles	1	1	2	1.0%
Urban Achievers	6	15	21	10.1%
Small-Town Singles	1	1	2	1.0%
Working-Class Singles	1	2	3	1.4%
Blue-Collar Singles	0	1	1	0.5%
Soul City Singles	0	1	1	0.5%
Subtotal:	23	86	109	52.4%
Total Households:	**59**	**149**	**208**	**100.0%**
Percent of Total:	**28.4%**	**71.6%**	**100.0%**	

† 1- and 2-person households
†† 3- to 5-person households

NOTE: For fiscal year 2014, the Baltimore-Towson Area Median Family Income for a family of four is $83,500.

SOURCE: The Nielsen Company;
Zimmerman/Volk Associates, Inc.

Rent, Price, And Unit Size Ranges: 765 to 945 Dwelling Units
Derived From Target Household Incomes And Housing Preferences
Households With Incomes At Or Above 80 Percent AMI
The Southwest Baltimore Neighborhood Study Area
City of Baltimore, Maryland
March, 2014

Housing Type	*Unit Type*	*Unit Mix*	*Base Rents/Prices†*	*Average Unit Sizes*	*Rent/Price Per Sq. Ft.†*
Multi-Family For-Rent					
365 to 510 Lofts/Apartments Low-rise/ Renovated Rowhouses	Studio/1ba	10%	$850 to $875	550	$1.55 to $1.59
	1br/1ba	40%	$925 to $950	650	$1.42 to $1.46
	2br/1ba	25%	$1,200 to $1,250	900	$1.33 to $1.39
	2br/2ba (dual masters)	25%	$1,300 to $1,350	1,000	$1.30 to $1.35
	Weighted Averages:		**$1,099**	**790**	**$1.39**
200 Lofts/Apartments High-Rise	Studio/1ba	10%	$1,150 to $1,425	500	$2.30 to $2.85
	Alcove Studio/1ba	15%	$1,300 to $1,650	600	$2.17 to $2.75
	1br/1ba	25%	$1,450 to $1,900	700	$2.07 to $2.71
	1br/1ba/study	15%	$1,600 to $2,100	800	$2.00 to $2.63
	2br/2ba	25%	$2,050 to $2,750	1,100	$1.86 to $2.50
	2br/2.5ba/study	10%	$2,500 to $3,250	1,350	$1.85 to $2.41
	Weighted Averages:		**$1,934**	**845**	**$2.29**

† Base rents/prices in year 2014 dollars.

SOURCE: Zimmerman/Volk Associates, Inc.

Rent, Price, And Unit Size Ranges: 765 to 945 Dwelling Units
Derived From Target Household Incomes And Housing Preferences
Households With Incomes At Or Above 80 Percent AMI
The Southwest Baltimore Neighborhood Study Area
City of Baltimore, Maryland
March, 2014

Housing Type	*Unit Type*	*Unit Mix*	*Base Rents/Prices†*	*Average Unit Sizes*	*Rent/Price Per Sq. Ft.†*
Multi-Family For-Sale					
21 to 24 Lofts/Apartments Renovated Rowhouses	1br/1ba	45%	$135,000 to $140,000	700	$193 to $200
	2br/2ba	55%	$175,000 to $190,000	1,000	$175 to $190
	Weighted Averages:		**$161,750**	**915**	**$177**
74 to 86 Lofts/Apartments Low-Rise Buildings	1br/1ba	25%	$180,000 to $185,000	750	$240 to $247
	1br/1.5ba/den	30%	$225,000 to $230,000	950	$237 to $242
	2br/2ba	30%	$265,000 to $270,000	1,150	$230 to $235
	2br/2.5ba/den	15%	$300,000 to $310,000	1,350	$222 to $230
	Weighted Averages:		**$239,236**	**1,017**	**$235**
Single-Family Attached For-Sale					
105 to 125 Renovated and New Rowhouses	2br/1.5ba	25%	$275,000 to $285,000	1,250	$220 to $228
	2br/2.5ba	50%	$295,000 to $305,000	1,450	$203 to $210
	3br/2.5ba/den	25%	$315,000 to $325,000	1,650	$191 to $197
	Weighted Averages:		**$306,000**	**1,450**	**$211**

765 to 945 dwelling units

† Base rents/prices in year 2014 dollars.

SOURCE: Zimmerman/Volk Associates, Inc.

Table 10

Target Residential Mix
Five-Year Market Capture: 765 to 945 Market-Rate Housing Units
Derived From Target Household Incomes And Housing And Tenure Preferences
The Southwest Baltimore Neighborhood Study Area
City of Baltimore, Maryland
March, 2014

	Five-Year Market Capture Range of Units			*Building TYpe*	*Unit Configurations*
				Multi-Family For-Rent	
	565	to	710	rental units	
	435	to	550	Apartment Buildings	Studio/1ba - 2 br/2ba
	130	to	160	Renovated Rowhouses	1br/1ba - 2br/1ba
Subtotal:	565	to	710		
				Multi-Family For-Sale	
	95	to	110	condominiums	
	74	to	86	Apartment Buildings	1br/1ba - 2br/2.5ba/den
	21	to	24	Renovated Rowhouses	1br/1ba - 2br/2ba
Subtotal:	95	to	110		
				Single-Family Attached For-Sale	
	105	to	125	rowhouses	
	42	to	50	New Construction	2br/1.5ba - 3br/2.5ba/den
	63	to	75	Renovated Rowhouses	2br/1.5ba - 3br/2.5ba/den
Subtotal:	105	to	125		
	765	to	945	**Total Units Over Five Years**	

SOURCE: Zimmerman/Volk Associates, Inc.

ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

908-735-6336
info@ZVA.cc • www.ZVA.cc

Research & Strategic Analysis

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 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.



ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

908 735-6336
www.ZVA.cc • info@ZVA.cc

Research & Strategic Analysis

RIGHTS AND STUDY OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the methodology and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.

