Kretchmer Associates

REAL ESTATE AND PLANNING CONSULTING

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Downtown Peoria Rental Market Study

DATE

January 2024

PRODUCED FOR

Downtown Development Corporation of Peoria

Kretchmer Associates

REAL ESTATE AND PLANNING CONSULTING

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January 18, 2024

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

Dear Mr. Freilinger:

Kretchmer Associates is pleased to submit the attached rental market study for Downtown Peoria, an update of the study we conducted two years ago. There have been few units added to the Downtown inventory in the past five years, creating pent-up demand for more apartments. Two buildings opening early this year will be welcome additions. Our analysis shows that over the next five years, there will be demand for more market-rate rental apartments Downtown beyond those under construction.

Thank you for the opportunity to work on this assignment for you.

Sincerely,

Valerie Sandler Kretchmer

Valerie Sandler Kretchmer
President

Kretchmer Associates

REAL ESTATE AND PLANNING CONSULTING

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SUMMARY

Project Scope

Kretchmer Associates was retained by the Downtown Development Corporation of Peoria to update the market analysis prepared in January 2022 relative to the demand for rental housing in Downtown Peoria. We conducted the following for this analysis:

- Toured Downtown Peoria, visited and surveyed the market-rate apartment buildings.
- Interviewed in person or by phone Downtown Development Corporation, City of Peoria staff, developers, and marketing representatives of Downtown and high quality suburban apartment buildings.
- Analyzed demographic, employment and housing trends affecting Downtown Peoria.
- Analyzed the demand for market-rate rental housing Downtown.

Summary of Findings

Greater Downtown Peoria has a small but growing base of market-rate renters that has expanded in the past five years with the opening of seven new residential buildings. Buildings scheduled for 2024 completion will add 306 units, and several others are planned with openings in 2025 and 2026.

In total, Downtown has 376 market-rate units open, with an overall occupancy of 96%. Seventy-four percent of the units have rents over $1,000 per month. Rents increased at almost all of the Downtown apartment buildings over the past two years, ranging from a low of $43 to as much as $250. While there was a surge in construction in 2016 and 2017, only one building with 36 units opened in 2022 and none opened in 2023. This has resulted in pent-up demand.

The Greater Downtown Area remains a significant employment center with 25,000 employees as of 2021. The largest single employment sector is health care with almost 10,000 employees, with OSF HealthCare, Carle Health Methodist Hospital and University of Illinois College of Medicine campuses anchoring Downtown Peoria's Medical District. Peoria is a major regional medical center for a large area of central Illinois, and the number of employees working at the Downtown medical campus is expected to increase even more. Downtown is also the government, banking, and legal center for the Peoria region.

OSF made a major commitment to Downtown Peoria. In addition to hospital employees, OSF HealthCare employs almost 500 at its telehealth facility OSF OnCall at 330 SW Adams, and it moved its headquarters to 124 SW Adams Street, Caterpillar's former Building D, bringing over 500 employees to the heart of Downtown. An estimated 1,400 OSF employees live in the five ZIP codes in and adjacent to Downtown.

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Downtown continues to evolve as an entertainment destination with unique locally owned restaurants, coffee shops, bars, a banquet hall, climbing gym, music venues, galleries, and fitness centers, as well as the location of numerous festivals along the riverfront, a minor league baseball stadium and civic/convention center. The City adopted a Riverfront Master Plan and will be making additional improvements to the Riverfront Park in the coming years. All of these are contributing to the increased vitality of the area.

Conclusions

Kretchmer Associates estimates demand for a total of 568-808 market-rate rental units with rents over $1,000 between 2023 and 2028, averaging 114-162 per year, targeted to households with incomes over $50,000. Given the units already scheduled to open in 2024 and the units planned for 2025-2026, the net additional demand ranges from 71-311 units by 2028.

Of the total demand, we estimate demand for 76-114 luxury units with rents of $1,875+, targeted to households with incomes over $75,000 by 2028.

This is based on the increasing desirability of Greater Downtown Peoria due to the following factors:

- Continuing public improvements in the Warehouse District, the riverfront, and the core Downtown area, including planned additional off-street parking.

- Expanding employment in the Central Business District by OSF Healthcare and others.

- Momentum generated by the success of the residential conversions in the Warehouse District, and continued developer interest. The Warehouse District still has buildings that are candidates for residential use.

- Desire of young professionals and college students to live in interesting downtowns and close-in neighborhoods with restaurants and entertainment options not typically found in the suburbs.

- Potential to attract empty nesters and seniors given the proximity of high-quality health care.

- Continuation of the state EDGE tax credit and historic tax credit, at one time threatened to be phased out.

Our demand estimate is based on Downtown Peoria's ability to capture a higher share of renter households with incomes over $50,000 than it has in the past. As has happened over the past five years and since the end of the COVID pandemic, with more people living and working Downtown, more stores and services opened to serve the growing population. We expect this will continue, making Downtown an even more desirable place to live.

DOWNTOWN PEORIA

Location Characteristics

Located along the Illinois River, Downtown Peoria is the business, government, health care and entertainment center of the City of Peoria and the five-county Peoria MSA. Downtown consists of five sub-areas -- the Central Business District, Riverfront District, Medical District, Near North Side District, and the Warehouse District, as shown on the map that follows at the end of this chapter.

Downtown is easily accessible to city neighborhoods to the north, south and west, as well as to East Peoria and other communities on the east side of the Illinois River in Tazewell County. Three bridges cross the river, I-74, Bob Michel, and MacArthur Highway. I-74 on the east side of Downtown provides easy access to the Central Business District and Riverfront. CityLink Transit Center provides access from all parts of the city.

Downtown Activity Generators

Downtown is a major employment center and is best known as the location of Caterpillar's major offices and research facility. Downtown's other major employers include OSF HealthCare, Carle Health Methodist Hospital, and the University of Illinois College of Medicine. City and county government offices, CSE Software, the Diocese of Peoria, banks, and professional services firms also employ many people.

The region's major medical facilities are located Downtown and include OSF Saint Francis Medical Center with 600+ beds plus 137 beds at the affiliated Children's Hospital of Illinois, Illinois Neurological Institute, and Carle Health Methodist Hospital with 317 beds. The University of Illinois College of Medicine trains 150 medical students and 270-plus residents and fellows. Jump Trading Simulation & Education Center, a collaboration between OSF Saint Francis and the College of Medicine, opened in 2013 and is a state-of-the-art, unique facility that uses the latest technology for training purposes. OSF's new Cancer Therapy Institute is opening in early 2024.

OSF HealthCare's new headquarters at 124 SW Adams Street in the former Caterpillar building has 513 employees and is a major demand generator for Downtown housing. In addition, in 2021, OSF HealthCare opened OSF OnCall, a new telehealth and virtual healthcare initiative with 489 employees at 330 SW Adams Street.

Downtown is also home to several educational institutions including University of Illinois at Springfield's Downtown campus, University of Illinois College of Medicine, and Saint Francis Medical Center College of Nursing. Bradley University is a short distance from Downtown Peoria as well.

Downtown is also the major tourism and convention destination, with the city's Civic Center (convention center), major hotels, Peoria Riverfront Museum, Caterpillar Visitor's Center, Dozer Park (home of the Class A Peoria Chiefs baseball team), Riverfront Market (farmers market), Riverfront Park and Trail, as well as numerous festivals and activities along the riverfront. The Civic Center typically hosts 400 events annually, bringing a wide range of performances and sporting events to the city.

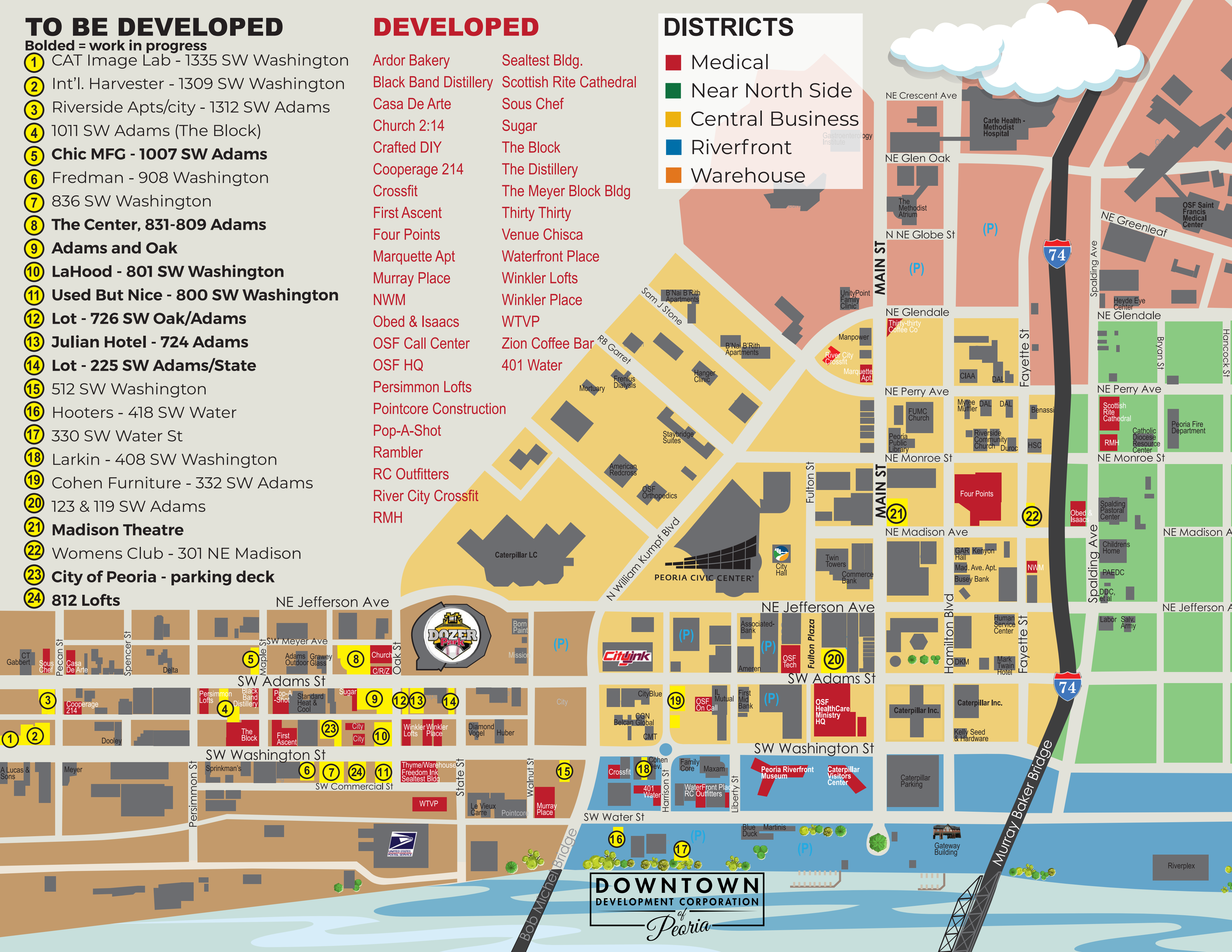
The Warehouse District has become a major entertainment and arts destination with new and unique restaurants, breweries, distilleries, a banquet facility, a climbing gym, entertainment venues, shops, and art galleries. The City of Peoria completed $35 million in streetscape improvements that were the catalyst for private investment in and development of historic loft rehabs for residential, office, restaurant, and entertainment uses. In addition, Distillery Labs at 201 SW Adams will be opening in 2024 and will offer maker spaces, a textile lab, commercial kitchen, recording studio, co-working space, and programs for entrepreneurs.

The Downtown Development Corporation purchased land at 815 SW Washington Street, which was sold to the City of Peoria for a 400-car parking deck. This will serve new residential development, as well as visitors to the Warehouse District, and will be a major improvement for the district. This is in addition to 350 spaces to be added at a surface lot behind 812 SW Washington Street. With more commercial activity and full-time residents, parking has become an issue.

The City is also investing in the Riverfront with an approved Riverfront Master Plan that includes the Riverfront Park with formal and informal gathering places. Improvements will include continuous pedestrian trails, outdoor exercise equipment, other recreational spaces, and wayfinding signage. The City is seeking funding for these improvements.

In the core Downtown, streetscape and transportation improvements are planned including converting Jefferson and Adams Streets to two way traffic, reducing the number of lanes, extending sidewalks and adding some bump-outs, and parking.

A Special Service Area (SSA) is being explored for Downtown that would help fund marketing, additional services, and placemaking activities in four of Downtown's five districts, excluding the Medical District. While not approved yet, the Downtown Development Corporation will file an application in 2024.



TO BE DEVELOPED
Bolded = work in progress
1 CAT Image Lab - 1335 SW Washington
2 Int'l. Harvester - 1309 SW Washington
3 Riverside Apts/city - 1312 SW Adams
4 1011 SW Adams (The Block)
5 Chic MFG - 1007 SW Adams
6 Fredman - 908 Washington
7 836 SW Washington
8 The Center, 831-809 Adams
9 Adams and Oak
10 LaHood - 801 SW Washington
11 Used But Nice - 800 SW Washington
12 Lot - 726 SW Oak/Adams
13 Julian Hotel - 724 Adams
14 Lot - 225 SW Adams/State
15 512 SW Washington
16 Hooters - 418 SW Water
17 330 SW Water St
18 Larkin - 408 SW Washington
19 Cohen Furniture - 332 SW Adams
20 123 & 119 SW Adams
21 Madison Theatre
22 Womens Club - 301 NE Madison
23 City of Peoria - parking deck
24 812 Lofts
DEVELOPED
Ardor Bakery
Black Band Distillery
Casa De Arte
Church 2:14
Crafted DIY
Cooperage 214
Crossfit
First Ascent
Four Points
Marquette Apt
Murray Place
NWM
Obed & Isaacs
OSF Call Center
OSF HQ
Persimmon Lofts
Pointcore Construction
Pop-A-Shot
Rambler
RC Outfitters
River City Crossfit
RMH
Sealtest Bldg.
Scottish Rite Cathedral
Sous Chef
Sugar
The Block
The Distillery
The Meyer Block Bldg
Thirty Thirty
Venue Chisca
Waterfront Place
Winkler Lofts
Winkler Place
WTVP
Zion Coffee Bar
401 Water
DISTRICTS
Medical
Near North Side
Central Business
Riverfront
Warehouse
NE Crescent Ave
NE Glen Oak
N NE Globe St
NE Glendale
NE Perry Ave
NE Monroe St
NE Madison Ave
NE Jefferson Ave
NE Greenleaf
MAIN ST
Fayette St
Hamilton Blvd
Fulton St
Fulton Plaza
Spalding Ave
SW Adams St
SW Washington St
SW Water St
SW Commercial St
SW Meyer Ave
N William Kumpf Blvd
Sam J Stone
RB Garrett
Pecan St
Spencer St
Maple St
Oak St
State St
Walnut St
Persimmon St
Harrison St
Liberty St
Murray Baker Bridge
Bob Michel Bridge
74
Caterpillar LC
PEORIA CIVIC CENTER
Carle Health - Methodist Hospital
OSF Saint Francis Medical Center
Four Points
OSF HealthCare Ministry HQ
Peoria Riverfront Museum
Caterpillar Visitors Center
Caterpillar Inc.
Caterpillar Parking
Gateway Building
Riverplex
DOWNTOWN DEVELOPMENT CORPORATION of Peoria

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DEMOGRAPHICS AND EMPLOYMENT

Demographic Trends

Kretchmer Associates updated the demographics of the Greater Downtown Peoria area, which covers the area generally considered to be Downtown Peoria. The maps on the following pages show the boundaries of this area, and the area in relation to the rest of the city of Peoria. Its southeast border is the Illinois River and its southwest border is MacArthur Highway. The west/northwest border is Jefferson Avenue, Hightower Street, High Street, and North Street. The north border is Columbia Terrace and Pennsylvania Avenue. The northeast border is Wayne Street, Adams Street, and Spring Street.

Kretchmer Associates obtained estimates and projections from Esri, a national demographics data vendor. For comparison purposes, we also include data for the City of Peoria.

Tables 1 and 2 below show the population and household trends in the Greater Downtown and the City of Peoria. According to 2023 estimates, Downtown had almost 2,900 residents in 1,500 households, a slight decrease since 2020. This is due to the closing of some public housing at the northeast edge of Downtown. Taft Homes is in the process of being redeveloped.

Esri projects a further 1.5% decline in population and 1% in households over the next five years, though we believe that this understates the impact of current and planned development .

The City of Peoria had an estimated 2023 population of 112,400, a slight 0.6% decrease since the 2020 Census. Households increased by 3.1% to 47,600, and Esri projects another slight increase in households (0.1%) by 2028.

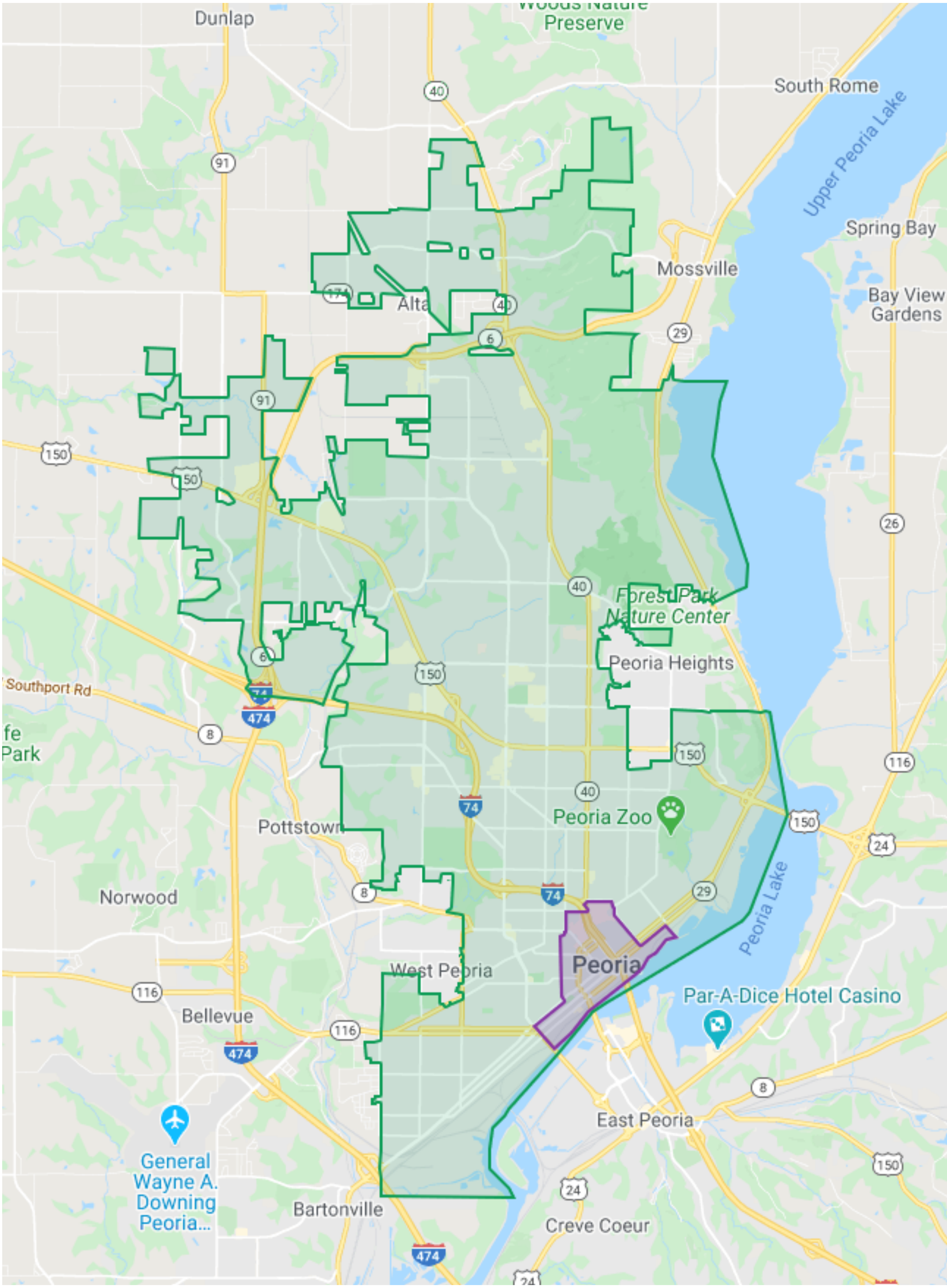
The average household size in the Greater Downtown is very small at only 1.69 people, compared to 2.28 people in the City of Peoria. This is not surprising given that Downtown's housing units are generally smaller than those elsewhere in Peoria. The median age in Greater Downtown is 35, much younger than the City's 37 years.

Half of Downtown's population is under 35 years old, with 33% between 15 and 34, and another 25% between 35 and 54 years of age. The 15-34-year old group represents a much higher share Downtown than in Peoria overall. This speaks to Downtown's attraction for students and young working people.

Greater Downtown Peoria Market Area

Source: Kretchmer Associates

City of Peoria and Greater Downtown



Source: Kretchmer Associates

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Table 1

POPULATION CHARACTERISTICS
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA

	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
Population				
2000 Census	3,141		114,635	
2010 Census	3,246		116,331	
Change, 2000-2010	105	3.3%	1,696	1.5%
2020 Census	2,938		113,157	
Change, 2010-2020	-308	-9.5%	-3,174	-2.7%
2023 Estimated	2,874		112,439	
Change, 2020-2023	-64	-2.2%	-718	-0.6%
2028 Projected	2,832		111,154	
Change, 2023-2028	-42	-1.5%	-1,285	-1.1%
Households				
2000 Census	1,438		45,980	
2010 Census	1,680		47,729	
Change, 2000-2010	242	16.8%	1,749	3.8%
2020 Census	1,541		46,126	
Change, 2010-2020	-139	-8.3%	-1,603	-3.4%
2023 Estimated	1,467		47,567	
Change, 2020-2023	-74	-4.8%	1,441	3.1%
2028 Projected	1,453		47,614	
Change, 2023-2028	-14	-1.0%	47	0.1%
Average Household Size, 2023	1.69		2.28	

Source: Esri

Table 2

POPULATION BY AGE
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA

	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
Population by Age, 2023				
Under 5	185	6.4%	7,145	6.4%
5-14	298	10.4%	14,386	12.8%
15-24	483	16.8%	16,049	14.3%
25-34	478	16.6%	14,749	13.1%
35-44	373	13.0%	14,960	13.3%
45-54	344	12.0%	11,987	10.7%
55-64	336	11.7%	12,850	11.4%
65-74	210	7.3%	11,360	10.1%
75-84	121	4.2%	6,058	5.4%
85+	47	1.6%	2,895	2.6%
Median Age, 2023	34.8		37.4	

Source: Esri

Income Characteristics

Table 3 below shows the income distribution for the Greater Downtown area and the City of Peoria. Esri estimates the median household income at only $19,000 Downtown, compared to $53,000 in the city. Fifty-nine percent of Greater Downtown households have incomes under $35,000, due to the presence of low-income senior housing and mixed-income family housing. This is the typical income range for residents in affordable housing. In comparison, there are far fewer market-rate apartments Downtown than affordable ones at this time.

Thirty percent of Greater Downtown's households have incomes of $50,000+, the minimum needed to afford $1,000/month rent including utilities. As a comparison, 53% of Peoria's households have incomes over $50,000. Esri projects a 7% increase in the median household income in the Greater Downtown and 8% in the city by 2028.

Table 3

INCOME CHARACTERISTICS
IN THE GREATER DOWNTOWN AREA AND CITY OF PEORIA

	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
2023 Household Distribution	1,467		47,567	
Under $15,000	609	41.5%	7,692	16.2%
$15,000-24,999	249	17.0%	4,285	9.0%
$25,000-34,999	76	5.2%	4,220	8.9%
$35,000-49,999	93	6.3%	6,079	12.8%
$50,000-74,999	265	18.1%	8,960	18.8%
$75,000-99,999	71	4.8%	4,688	9.9%
$100,000-149,999	65	4.4%	6,004	12.6%
$150,000-199,000	23	1.6%	2,524	5.3%
$200,000+	16	1.1%	3,115	6.5%
Median Household Income	$18,948		$52,931	
2028 Household Distribution	1,453		47,614	
Under $15,000	583	40.1%	7,163	15.0%
$15,000-24,999	228	15.7%	3,647	7.7%
$25,000-34,999	74	5.1%	3,822	8.0%
$35,000-49,999	93	6.4%	5,658	11.9%
$50,000-74,999	285	19.6%	9,098	19.1%
$75,000-99,999	77	5.3%	4,843	10.2%
$100,000-149,999	72	5.0%	6,630	13.9%
$150,000-199,000	24	1.7%	3,095	6.5%
$200,000+	17	1.2%	3,658	7.7%
Median Household Income	$20,308		$57,397	

Source: Esri

Households by Age and Income

Table 4 below shows the distribution of households by age in Greater Downtown and the City of Peoria. Thirty-two percent of the households in Greater Downtown are headed by a person under the age of 35. This is a key target for new market-rate rental housing, though not the only one. Greater Downtown has a relatively even distribution in the remaining age groups with 15% ages 35-44, 16% each for ages 45-54 and 55-64, and 21% age 65+. This indicates that even with more limited housing options at the present time, residents of all ages are currently living in the Greater Downtown area.

Households with incomes over $50,000 are the target group for market-rate rental housing in Greater Downtown. Table 5 below presents estimates and projections for Greater Downtown and the City of Peoria for those under and over 65. Thirty-five percent of Greater Downtown households under 65 and 12% of those over 65 fall within the target income range. In comparison, 57% of City households under 65 and 49% of those over 65 fall within the target income range.

By 2028, the number of target households in Greater Downtown is projected to increase slightly (35), while the number in the city is projected to increase by over 1,700.

Employment Trends

The Greater Downtown area had an estimated 25,300 employees as of 2021, equal to 34% of the city's employment of 74,000 according to the most recent U.S. Census data.

As happened nationwide, Peoria and the Greater Downtown Area experienced a drop in employment in 2020 due to COVID, but started to come back by 2021. More recent data are not available, but given the overall economic improvement post-COVID, we expect that both Downtown and the city have come close to the pre-COVID employment levels. Data from the Illinois Department of Employment Security for Peoria County for employment covered by Unemployment Insurance showed that by March 2023, the county's employment was 4.7% higher than 2021, and only 0.3% below the March 2020 level when COVID hit.

The largest sector Downtown by far is Health Care and Social Assistance with almost 9,800 employees, accounting for 39% of Downtown's employment. The next most significant sector is Management of Companies and Enterprises (6,100 or 24%, which includes Caterpillar), Public Administration (1,700 or 7%). Census data shows a dramatic decrease in Manufacturing employment between 2019 and 2021, which accounts for the bulk of job losses. (It is not clear if this is accurate or just a geo-coding error.)

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Table 4

HOUSEHOLDS BY AGE IN GREATER DOWNTOWN AREA AND CITY OF PEORIA

	2023		2028		Change	
	Number	Percent	Number	Percent	Number	Percent
Greater Downtown						
Total Households	1,467		1,453		-14	-1.0%
Age 15-24	169	11.5%	161	11.1%	-8	-4.7%
Age 25-34	297	20.2%	293	20.2%	-4	-1.3%
Age 35-44	214	14.6%	209	14.4%	-5	-2.3%
Age 45-54	241	16.4%	242	16.7%	1	0.4%
Age 55-64	239	16.3%	208	14.3%	-31	-13.0%
Total Under 65	1,160	79.1%	1,113	76.6%	-47	-4.1%
Age 65+	307	20.9%	342	23.5%	35	11.4%
City of Peoria						
Total Households	47,567		47,614		47	0.1%
Age 15-24	2,813	5.9%	2,718	5.7%	-95	-3.4%
Age 25-34	7,750	16.3%	7,439	15.6%	-311	-4.0%
Age 35-44	8,573	18.0%	8,372	17.6%	-201	-2.3%
Age 45-54	7,011	14.7%	7,325	15.4%	314	4.5%
Age 55-64	7,878	16.6%	6,973	14.6%	-905	-11.5%
Total Under 65	34,025	71.5%	32,827	68.9%	-1,198	-3.5%
Age 65+	13,542	28.5%	14,787	31.1%	1,245	9.2%

Source: Esri

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Table 5

GREATER DOWNTOWN AREA AND CITY OF PEORIA HOUSEHOLDS BY AGE AND INCOME

	2023		2028		Change	
	Number	Percent	Number	Percent	Number	Percent
Greater Downtown						
Household Income - Under 65	1,160		1,113		(47)	-4.1%
Under $35,000	679	58.5%	611	54.9%	(68)	-10.0%
$35,000-$49,999	79	6.8%	79	7.1%	0	0.0%
$50,000-$74,999	243	20.9%	252	22.6%	9	3.7%
$75,000-$99,999	67	5.8%	72	6.5%	5	7.5%
$100,000-149,999	57	4.9%	62	5.6%	5	8.8%
$150,000+	35	3.0%	37	3.3%	2	5.7%
Sub-Total $50,000+	402	34.7%	423	38.0%	21	5.2%
Household Income - 65+	307		342		35	11.4%
Under $35,000	255	83.1%	275	80.4%	20	7.8%
$35,000-$49,999	14	4.6%	15	4.4%	1	7.1%
$50,000-$74,999	22	7.2%	33	9.6%	11	50.0%
$75,000-$99,999	4	1.3%	4	1.2%	0	0.0%
$100,000-149,999	8	2.6%	10	2.9%	2	25.0%
$150,000+	4	1.3%	5	1.5%	1	25.0%
Sub-Total $50,000+	38	12.4%	52	15.2%	14	36.8%
City of Peoria						
Household Income - Under 65	34,025		32,827		(1,198)	-3.5%
Under $35,000	10,342	30.4%	8,771	26.7%	(1,571)	-15.2%
$35,000-$49,999	4,171	12.3%	3,670	11.2%	(501)	-12.0%
$50,000-$74,999	6,473	19.0%	6,287	19.2%	(186)	-2.9%
$75,000-$99,999	3,614	10.6%	3,625	11.0%	11	0.3%
$100,000-149,999	4,793	14.1%	5,108	15.6%	315	6.6%
$150,000+	4,632	13.6%	5,366	16.3%	734	15.8%
Sub-Total $50,000+	19,512	57.3%	20,386	62.1%	874	4.5%
Household Income - 65+	13,542		14,787		1,245	9.2%
Under $35,000	5,855	43.2%	5,861	39.6%	6	0.1%
$35,000-$49,999	1,908	14.1%	1,988	13.4%	80	4.2%
$50,000-$74,999	2,487	18.4%	2,811	19.0%	324	13.0%
$75,000-$99,999	1,074	7.9%	1,218	8.2%	144	13.4%
$100,000-149,999	1,211	8.9%	1,522	10.3%	311	25.7%
$150,000+	1,007	7.4%	1,387	9.4%	380	37.7%
Sub-Total $50,000+	6,680	49.3%	7,539	51.0%	859	12.9%

Source: Esri

Health Care and Social Assistance is also the city's largest sector with 23,600 employees, representing 32% of the total employment. Other sectors with over 5,000 jobs each include Retail Trade (6,900), and Management of Companies and Enterprises (6,400). Since the pandemic, most sectors experienced declines, with the notable exceptions of Management of Companies and Enterprises (+2,034), Health Care (+1,679), and Finance and Insurance (+185).

These data point to the importance of health care as a driver of both the Greater Downtown and citywide economy. Greater Downtown jobs in Health Care and Social Assistance account for 41% of the city's jobs in this category.

Tables 6 and 7 that follow show employment trends in the Greater Downtown area and the city of Peoria between 2018 and 2021.

The unemployment rate in Peoria was 4.0% and in the county 4.5% in November 2023, a significant improvement since 2021. These rates are comparable to Illinois's (4.2%), but higher than the U.S. (3.5%). The declining rates indicate that the region has recovered from the worst of COVID-induced unemployment.

Major employers in Peoria are shown in Table 8 below and those with a Greater Downtown presence are bolded. (Not all of the jobs are necessarily located in the Greater Downtown.) The largest employers Downtown are OSF St. Francis HealthCare, Caterpillar, Carle Health, the City of Peoria, CEFCU, Peoria County, and Ameren.

According to information from OSF, all of the corporate employees have an in-person component, though many are hybrid, working remotely a few days a week. Over 1,400 OSF employees live in the five ZIP codes in and adjacent to Downtown.

Ameren has 126 employees working out of its Downtown office at 300 Liberty Street. Of these, 107 are in-person or hybrid, and 58 live in and around Downtown. This points to the draw of Downtown living by those working Downtown.

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Table 6

AT-PLACE EMPLOYMENT TRENDS IN GREATER DOWNTOWN PEORIA

NAICS	Industry	2019 Number	2019 Percent	2020 Number	2020 Percent	2021 Number	2021 Percent	Change 2019-21 Number	Change 2019-21 Percent
	All	29,538		22,387		25,316		-4,222	-14.3%
11	Agriculture, Forestry, Fishing and Hunting	1	0.0%	4	0.0%	3	0.0%	2	0.0%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	0	0.0%	0	0.0%	0	0.0%
22	Utilities	348	1.2%	351	1.6%	330	1.3%	-18	-5.2%
23	Construction	267	0.9%	315	1.4%	431	1.7%	164	61.4%
31-33	Manufacturing	6,325	21.4%	416	1.9%	464	1.8%	-5,861	-92.7%
42	Wholesale Trade	174	0.6%	153	0.7%	140	0.6%	-34	-19.5%
44-45	Retail Trade	112	0.4%	129	0.6%	122	0.5%	10	8.9%
48-49	Transportation and Warehousing	152	0.5%	78	0.3%	120	0.5%	-32	-21.1%
51	Information	236	0.8%	222	1.0%	207	0.8%	-29	-12.3%
52	Finance and Insurance	483	1.6%	874	3.9%	795	3.1%	312	64.6%
53	Real Estate and Rental and Leasing	144	0.5%	112	0.5%	88	0.3%	-56	-38.9%
54	Professional, Scientific, and Technical Services	2,202	7.5%	2,082	9.3%	1,909	7.5%	-293	-13.3%
55	Management of Companies and Enterprises	3,970	13.4%	4,443	19.8%	6,134	24.2%	2,164	54.5%
56	Administrative and Support and Waste Management and Remediation Services	1,615	5.5%	1,263	5.6%	1,947	7.7%	332	20.6%
61	Educational Services	216	0.7%	148	0.7%	166	0.7%	-50	-23.1%
62	Health Care and Social Assistance	9,228	31.2%	8,616	38.5%	9,755	38.5%	527	5.7%
71	Arts, Entertainment, and Recreation	814	2.8%	363	1.6%	259	1.0%	-555	-68.2%
72	Accommodation and Food Services	655	2.2%	460	2.1%	353	1.4%	-302	-46.1%
81	Other Services (except Public Administration)	420	1.4%	361	1.6%	380	1.5%	-40	-9.5%
92	Public Administration	2,176	7.4%	1,997	8.9%	1,713	6.8%	-463	-21.3%

Note: Greater Downtown Peoria area includes Census tracts 9, 12, 13, 16

Source: U.S. Census, LEHD, OnTheMap.

Kretchmer Associates

Table 7

AT-PLACE EMPLOYMENT TRENDS IN THE CITY OF PEORIA

NAICS	Industry	2019 Number	2019 Percent	2020 Number	2020 Percent	2021 Number	2021 Percent	Change 2019-2021 Number	Change 2019-2021 Percent
	All Industries	80,656		71,188		74,037		-6,619	-8.2%
11	Agriculture, Forestry, Fishing and Hunting	28	0.0%	19	0.0%	18	0.0%	-10	-35.7%
21	Mining, Quarrying, and Oil and Gas Extraction	0	0.0%	2	0.0%	0	0.0%	0	0.0%
22	Utilities	713	0.9%	709	1.0%	693	0.9%	-20	-2.8%
23	Construction	1,910	2.4%	1,832	2.6%	2,027	2.7%	117	6.1%
31-33	Manufacturing	8,917	11.1%	3,153	4.4%	3,153	4.3%	-5,764	-64.6%
42	Wholesale Trade	2,482	3.1%	2,290	3.2%	1,999	2.7%	-483	-19.5%
44-45	Retail Trade	7,025	8.7%	6,580	9.2%	6,864	9.3%	-161	-2.3%
48-49	Transportation and Warehousing	711	0.9%	604	0.8%	664	0.9%	-47	-6.6%
51	Information	1,019	1.3%	813	1.1%	815	1.1%	-204	-20.0%
52	Finance and Insurance	2,330	2.9%	2,736	3.8%	2,515	3.4%	185	7.9%
53	Real Estate and Rental and Leasing	726	0.9%	660	0.9%	618	0.8%	-108	-14.9%
54	Professional, Scientific, and Technical Services	3,951	4.9%	3,833	5.4%	3,693	5.0%	-258	-6.5%
55	Management of Companies and Enterprises	4,398	5.5%	4,851	6.8%	6,432	8.7%	2,034	46.2%
56	Administrative and Support and Waste Management and Remediation Services	6,288	7.8%	5,334	7.5%	6,115	8.3%	-173	-2.8%
61	Educational Services	4,885	6.1%	4,619	6.5%	4,229	5.7%	-656	-13.4%
62	Health Care and Social Assistance	21,959	27.2%	22,522	31.6%	23,638	31.9%	1,679	7.6%
71	Arts, Entertainment, and Recreation	1,936	2.4%	957	1.3%	928	1.3%	-1,008	-52.1%
72	Accommodation and Food Services	5,607	7.0%	4,378	6.1%	4,350	5.9%	-1,257	-22.4%
81	Other Services (except Public Administration)	3,074	3.8%	2,767	3.9%	2,971	4.0%	-103	-3.4%
92	Public Administration	2,697	3.3%	2,529	3.6%	2,315	3.1%	-382	-14.2%

Source: U.S. Census, LEHD, OnTheMap.

TOP EMPLOYERS IN PEORIA COUNTY

Company	Industry	Employment
OSF St. Francis Medical Center	Healthcare	13,500
Caterpillar	Machinery and Equipment Manufacturing	12,000
Carle Health	Healthcare	4,991
Peoria Public Schools	Education	2,668
Bradley University	Education	1,300
Advanced Technology Services	Industrial Machinery Repair and Maintenance	1,073
SC2 Services	Supply Chain and Logistics	1,030
Liberty Steel and Wire	Metal Products Manufacturing	912
City of Peoria	Public Administration	888
CEFCU	Banking	867
Komatsu American Corp	Machinery and Equipment Manufacturing	850
County of Peoria	Public Administration	783
USPS	Postal, Shipping and Messengers	650
Ameren	Electricity Generation and Distribution	510
Maui Jim	Eyewear	500
Children's Home	Social Services	450
RLI	Insurance	350
Air National Guard	Military	350
Cast Technologies	Manufacturing	141

Note: Employers in bold have a presence in Greater Downtown Peoria.

Source: Greater Peoria Economic Development Council, March 2022

RENTAL CHARACTERISTICS

Greater Downtown and Peoria Rents

According to data from the U. S. Census's American Community Survey, 2017-2021, the median rent paid in Greater Downtown was $577, with only 17% of renters paying $750-999 and 4% paying $1,000+ per month. This compares to the citywide median of $678, as shown in Table 9 below. In comparison, 13% of the city's renters paid more than $1,000. The data for Greater Downtown are based on four Census tracts which cover a larger area than included in prior tables.

Rental Construction Trends

There has been very little new multi-family construction in Peoria this decade other than the units in the renovated buildings Downtown. According to data from the U.S. Census, no permits were issued for new multi-family construction between 2013 and 2022. The 189 units renovated since 2015 in the Greater Downtown are not included in the City's residential permit data because they are rehabs not new construction. This is shown in Table 10 below.

Downtown Peoria Market-Rate Apartments

We focused the analysis on the nine newest and/or most prominent rental buildings which have a total of 370 units. They range in size from 18 to 146 units, with most between 18 and 44. Downtown buildings are very well occupied, ranging from 89-100% as of late 2023. There are only about 14 vacant units in all of the buildings at the present time, for an overall occupancy rate of 96%. Several buildings have wait lists.

In 2015, one small building with 6 units opened, followed by five buildings with 147 units in 2016 and 2017. Only one building opened since, Winkler Place with 36 units in 2022. Table 11 below shows the buildings that opened in the past eight years, and the number of units by year.

Table 12 shows the absorption of the newest buildings between 2015 and 2017 and in 2022. Downtown absorbed 153 units at an average of 11.7 units per month between 2015 and 2017, with absorption at each building ranging from 1-6 months, averaging 2.8 months. In 2022, Winkler Place opened in June and was leased by November, for a five month absorption at the rate of 7 units per month.

Table 13 provides details for the Downtown apartment buildings, followed by a map showing their locations. Photographs are in the Appendix.

Rents increased at all but one Downtown property over the past two years, with some as much as $250 per month, while at the low end, increases were modest ranging from $43-50.

Table 9

CONTRACT RENT
GREATER DOWNTOWN AREA AND CITY OF PEORIA

Contract Rent	Greater Downtown		Peoria	
	Number	Percent	Number	Percent
Renter Households	3,415		20,458	
Less than $250	473	13.9%	1,257	6.1%
$250-$499	870	25.5%	2,809	13.7%
$500-$749	1,136	33.3%	8,619	42.1%
$750-$999	579	17.0%	4,219	20.6%
$1,000-$1,249	83	2.4%	1,435	7.0%
$1,250-$1,499	65	1.9%	583	2.8%
$1,500-$1,999	0	0.0%	358	1.7%
$2,000+	4	0.1%	368	1.8%
No Contract Rent	205	6.0%	810	4.0%
$1,000+	152	4.5%	2,744	13.4%
Median Contract Rent	$577		$678	

Source: American Community Survey 5-Year, 2017-2021

Kretchmer Associates

Table 10

NEW RESIDENTIAL CONSTRUCTION
CITY OF PEORIA

	Number of Units			
Year	Single-Family	Duplex	3+ Units	Total
2013	147	6	0	153
2014	51	0	0	51
2015	49	0	0	49
2016	39	0	0	39
2017	32	0	0	32
2018	32	0	0	32
2019	33	0	0	33
2020	35	0	0	35
2021	51	0	0	51
2022	39	0	0	39
Total	508	6	0	514

Source: U.S. Census Bureau.

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Table 11

SUMMARY OF NEW DOWNTOWN APARTMENT CONSTRUCTION

Year Opened	Building	# of Units
2016	Murray Place	29
	Winkler Lofts	28
	Cooperage 214	18
	Sub-Total	75
2017	Persimmon Lofts	44
	Marquette Building	28
	Sub-Total	72
2022	Winkler Marketplace	36
Total 2016-2017		147
Total 2018-2023		36
Total Open in 2023		183
2024	812 Lofts	126
	Adams & Oak	90
	Civic Center	14
	Chic Apartments	76
	Sub-Total	306
Total 2016-2024		489
Average Annual 2016-2017		74
Average Annual 2018-2023		6
Average Annual 2016-2023		23
Average Annual 2016-2024		54

Source: Downtown Development Corporation, Kretchmer Associates

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Table 12

DOWNTOWN PEORIA MARKET-RATE APARTMENT ABSORPTION

Building Name and Address	Year Opened	# of Units	Absorption (Months)	Units/ Month
2015-2017				
Persimmon Lofts 1028 SW Adams Street	2017	44	3	15
Marquette Building 701 Main Street	2017	28	6	5
Murray Place 100 Walnut Street	2016	29	1	29
Winkler Lofts 733 SW Washington Street	2016	28	4	7
Cooperage 214 214 Pecan Street	2016	18	2	9
Kickapoo Building 730 Main Street	2015	6	1	6
Total/Average - 2015-2017		**153**	**2.8**	**11.7**
2022 **Winkler Place** 725 SW Washington Street	2022	36	5	7

Source: Kretchmer Associates

Kretchmer Associates

Table 13

DOWNTOWN PEORIA MARKET-RATE RENTAL PROPERTIES
October-December 2023

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Persimmon Lofts	March 2017	44					96%	**Building:** Four-story, elevator building. Managed by Professional Leasing and Real Estate Services.
1028 SW Adams Street		32	Studio	$1,095-1,500	514-535	$2.13-2.80		**Unit Features:** Stainless steel appliances including microwave. Some units have dishwasher. High ceilings, exposed brick.
309-691-0900		12	1/1	1,200-1,500	713-1,200	1.25-1.68		**Utilities:** All utilities and internet included. **Amenities:** Laundry, patio, free off-street parking and indoor spaces ($50/month).
Marquette Building	August 2017	28					89%	**Building:** Three-story walk-up with ground floor commercial. Leman Property Management.
701 Main Street		18	Studio	$800-850	445	$1.80-1.91		**Unit Features:** Stainless steel appliances including dishwasher, hardwood floors, large walk-in closets in some units.
309-692-7352		8	1/1	1,095-1,150	654	1.67-1.76		**Utilities:** Tenant pays electric.
		2	2/2	1,250-1,300	912	1.37-1.43		**Amenities:** Laundry on each floor, free off-street parking.
Murray Place	November 2016	29					100%	**Building:** Four-story walk-up with ground floor commercial. Aristo Properties Group.
100 Walnut Street		14	1/1	$1,300	824-833	$1.56-1.58		**Unit Features:** Stainless steel appliances including microwave and dishwasher, granite countertops, ceiling fans, hardwood floors, high ceilings with exposed duct work.
309-670-0804		13	2/2	1,700-2,350	1,102-1,471	1.54-1.60		**Utilities:** Tenant pays electric.
309-229-9410		2	3/2	2,000	1,464	1.37		**Amenities:** Exercise room, storage, free laundry on each floor, roof deck with grill, bike racks, controlled access, and free off-street parking. **Availability:** 12 on the wait list.

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Winkler Lofts	July 2016	28					100%	**Building:** Three-story walk-up with first floor commercial. Managed by Professional Leasing and Real Estate Services. **Unit Features:** Stainless steel appliances including microwave and dishwasher, granite countertops, exposed brick. Some units have lofted space. **Utilities:** All utilities included in rent. No internet included. **Amenities:** Laundry and free off-street parking.
733 SW Washington Street		10	Studio	$1,095-1,500	600	$1.83-2.50		
309-645-4001		17	1/1	1,200-1,500	800	1.50-1.88		
Winkler Place	2022	36						
725 SW Washington St		21	Studio	$950-1,600	NA	NA	97%	**Building:** Two story walk-up with ground floor commercial space. Managed by Professional Leasing and Real Estate Services. **Unit Features:** Stainless steel appliances including microwave and dishwasher, granite countertops, exposed brick. Some units have lofted space. Range of sizes, ceiling height, views, window placement. **Utilities:** Heat, light, trash and water included. **Amenities:** On-site laundry, secure entry and free off-street parking. **Other:** Building opened originally as short-term rentals, but was converted to permanent rentals in 2023. 1 vacant unit. 5-month lease-up.
309-691-0900 (Central office)		15	1/1		NA	NA		
Cooperage 214	December 2016	18					94%	**Building:** Three-story walk-up with ground floor commercial. RE/MAX Traders Unlimited Property Management. **Unit Features:** Stainless steel appliances including dishwasher, microwave, premium cabinets, upscale bathroom, washer/dryer, high ceilings, wood floors. **Utilities:** Tenant pays electric. New tenants pay $200 package for water, sewer, trash, internet. **Amenities:** Tenant lounge and off-street parking: $85/month.
214 Pecan Street		10	1/1	$1,175-1,195	605-825	$1.45-1.94		
309-687-4843		2	2/1	1,695	1,050	1.61		
		6	2/2	1,795-1,895	1,075-1,200	1.58-1.67		

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Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
The Lofts at Waterfront Place 311 SW Water Street 309-306-7108	2005	23 21 1 1	 1/1 2/1 2/2	 $1,200-1,600 1,500 1,600	 635-951 975 1,057	 $1.68-1.89 1.54 1.51	100%	**Building:** 4-story building. Commercial on lower two floors, residential on top two floors. NHS Property Management. **Unit Features:** Stove, refrigerator, dishwasher, disposal, microwave, wood floors, exposed brick walls, window coverings. **Utilities:** Tenant pays electric (including heat). **Amenities:** Laundry, gym, roof deck. Parking not included. **Availability:** Wait list is open with approximately 8 names.
Civic Center Plaza 331 Fulton Street 309-258-2690 (Manager) 309-322-7599 (Corporate)	NA 2016 Renovation	146 52 79 15	 Studio 1/1 2/1 2/2	 $788-919 893-1,103 1,100-1,200 1,200-1,400	 475-650 750-900 900-1,000 1,200-1,300	 $1.41-1.66 1.19-1.23 1.20-1.22 1.00-1.08	95%+	**Building:** 12-story, elevator building. 30 units added in 2016 renovation. 14 units to be added this year by converting an office floor to residential. H&A Property Management. **Unit Features:** Refrigerator, stove, dishwasher, and disposal. Microwaves in some units. **Utilities:** Tenant pays electric and gas, management pays water, sewer and trash. **Amenities:** Laundry on each floor, fitness center, lounge, courtyard, controlled access. Parking not included. **Other:** Wait list for 1 BRs. Some studios available.
Le Vieux Carre 114 State Street 309-303-5900	1999	18	Studio 2/1	$1,100-1,450 1,550-2,300	550-700 1,225-2,400	$2.00-2.07 0.96-1.27	94%	**Building:** Four-story elevator building. Apartments on 2nd-4th floors, office on 2nd-3rd floors, retail/restaurant on ground floor. **Unit Features:** Dishwasher, washer/dryer, microwave, ceiling fan, balcony, brick walls, hardwood floors. **Utilities:** Tenants pay all utilities. **Amenities:** Outdoor parking included in rent.
Kickapoo Building 730 Main Street 309-696-1933	2015	6 3 3	 1/1 2/2	 NA NA	 600-700 1,072	 NA NA	NA	**Building:** Two-story, triangular-shaped building with ground floor retail, including coffee shop. **Unit Features:** Stainless steel appliances including microwave and dishwasher, wood flooring and carpet, blinds. **Utilities:** Tenant pays electric (including heat). **Amenities:** Laundry, one parking space per bedroom included.

NA Not Available
Source: Kretchmer Associates

Development Under Construction

812 Lofts at 812 SW Washington Street, had construction delays and is scheduled to open in early 2024. It will have 126 one, two and three-bedroom units in a renovated warehouse building.

Baldovin Construction has two projects under construction. Adams & Oak at 800 SW Adams Street is scheduled to open in February 2024. It will have 90 studio, one and two-bedroom units in a renovated building with ground floor commercial space and indoor parking on the lower level. The units are larger than those at 812 Lofts and will be more expensive.

Baldovin is also rehabbing a building across the street from Adams & Oak. The Center will have 17 one, two and three-bedroom apartments on the second floor of a two-story building with ground floor commercial space. It is scheduled to be completed in 2025.

Civic Center Apartments will be converting one of the building's commercial floors into apartments in 2024. This will add 14 apartments to the building.

Planned Development Downtown

The Chic Manufacturing building on the 1100 block of SW Adams Street is planned to be rehabbed for 76 one and two-bedroom apartments by Professional Leasing and Real Estate Services. The developer expects it to be completed in 2024.

There are two other developments that involve the adaptive re-use of buildings in the Warehouse District. Oculus Development has been approved to renovate 800 and 801 SW Washington Street, with a total of 174 studio, one and two-bedroom units. Construction is expected to start in 2024 with completion in 2025.

Taft Homes, public housing built in the 1950s at the north end of Downtown, is being replaced with 142 new affordable units. Work started in mid-2021 and is well underway with a portion of the development occupied. All of the apartments are affordable.

Table 14 provides details on the properties under construction and planned.

Planned Development Near Downtown

Across the river in East Peoria, Flaherty and Collins started construction on Blutowne Apartments, a 219-unit luxury building at 501 W. Washington Street, a formerly city-owned site in the Levee District. The building will have studio, one and two-bedroom units, and extensive amenities including a fitness center, pool with cabanas, rooftop sky lounge and bar, and 10,000 square feet of commercial space. Scheduled for completion in 2025, it will be some competition for Downtown Peoria, given nearby shopping and its proximity to Downtown. Rental information was not available. The developer received a $16 million incentive from the City of East Peoria, structured as a loan to be repaid with interest from incremental property tax revenue over a 25-year period.

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Table 14

DOWNTOWN PEORIA MARKET-RATE RENTAL PROPERTIES UNDER CONSTRUCTION AND PLANNED

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Under Construction								
812 Lofts	Early 2024	126		Average for Most Common Plans			NA	**Building:** 7-story former warehouse building. **Developer:** The Strategic Group. **Unit Features:** Stove, refrigerator, microwave, dishwasher, all-in-one washer/dryer, carpet, hardwood floors in some units, window coverings. **Utilities:** Tenant pays heat and electric. **Amenities:** Exercise room, business room, laundry room, storage units for rent, some off-street parking.
812 SW Washington Street		57	1/1	$987	465-528	$1.87-2.12		
		49	2/1	1,295	672-796	1.63-1.93		
		20	2/2	1,470	890-1,200	1.23-1.65		
Adams & Oak	February 2024	90		Average for Most Common Plans			NA	**Building:** Historic renovation with ground floor commercial. **Developer:** Baldovin Construction. **Unit Features:** Stove, refrigerator, dishwasher, microwave, washer/dryer, quartz counters, walk-in closet. Some 1 BRs have a den. Most 2 BRs have 2 baths. **Utilities:** Tenant pays heat and electric. **Amenities:** Indoor parking on lower level - $100; package lockers, storage lockers for rent. Will offer discounted rate for gym across the st.
800 SW Adams Street		15	Studio	$1,200	722	$1.66		
		48	1/1	1,500	826	1.82		
		27	2/2	1,800	1,130	1.59		
The Center	2025	17						
815 SW Adams Street		9	1/1	NA	NA	NA	NA	**Building:** 2-story building across the street from Adams and Oak. 30,000 SF of ground floor commercial space. Walk-up. **Developer:** Baldovin Construction. **Amenities:** Gym on ground floor.
		7	2 BR	NA	NA	NA		
		1	3 BR	NA	NA	NA		

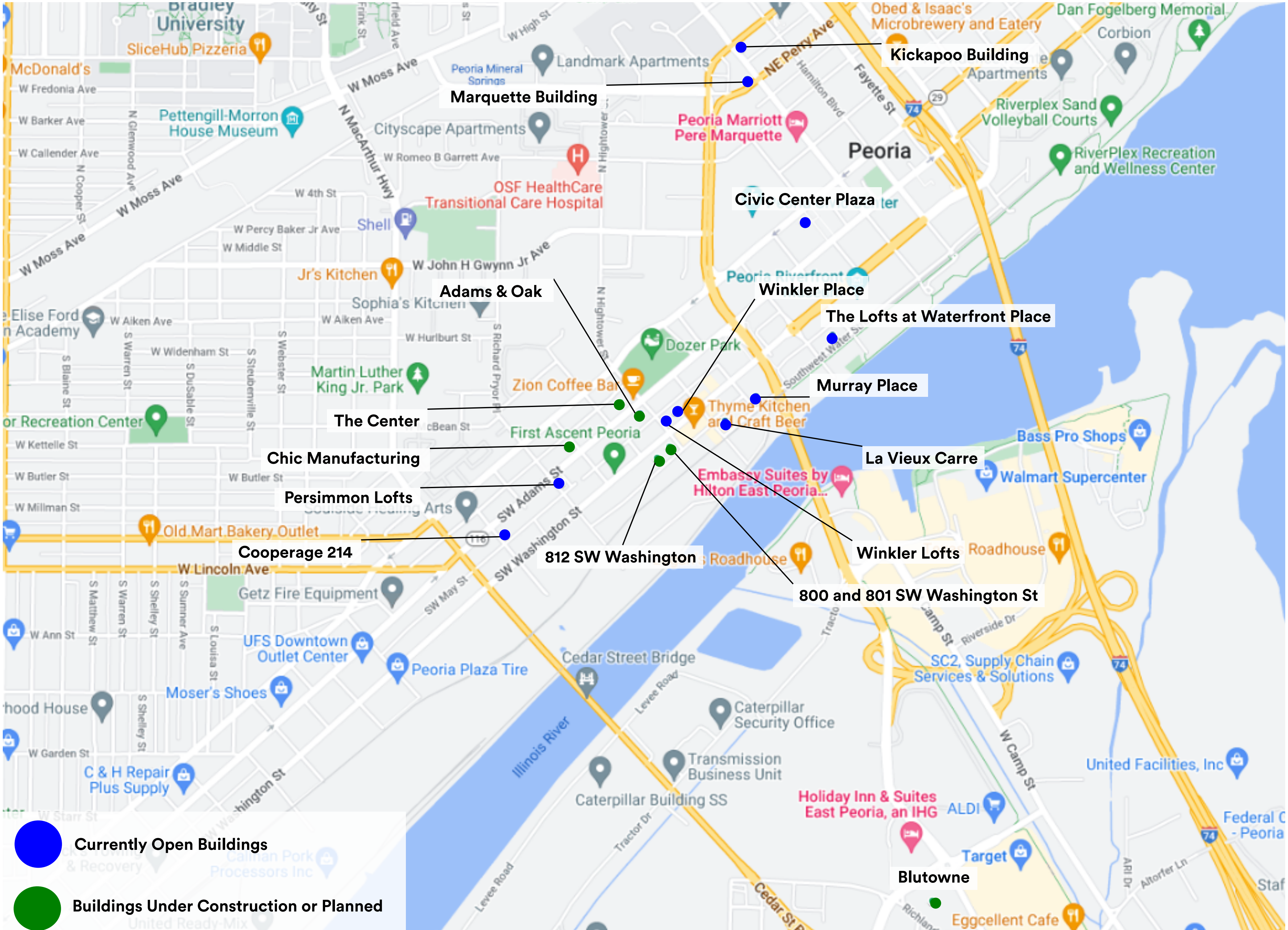
Kretchmer Associates

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Occupancy (%)	Building Details
Planned								
800 SW Washington Street	2025	174	Studio	NA	NA	NA	NA	**Building:** 2 warehouse buildings across the street from each other with 90 and 84 units each. **Developer:** Oculus Development. **Amenities:** Health club, lobby/bar area, convenience store, outdoor area with grill, pet spa, laundry rooms, storage, community lounge/business area, dedicated parking in city lot. **Other:** Rents likely to average $1.80-1.90/SF.
801 SW Washington Street			1 BR	NA	NA	NA		
			2 BR	NA	NA	NA		
Chic Apartments	2024	76	1 BR	NA	NA	NA	NA	**Building:** 4-story building with 5,000 SF of ground floor commercial planned. **Developer:** Professional Leasing & Real Estate Services. **Amenities:** Covered and on-site parking.
1100 Block SW Adams Street			2 BR	NA	NA	NA		

NA Not Available

Source: Kretchmer Associates

Downtown Peoria Market-Rate Apartments



Source: Kretchmer Associates

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Select Suburban Apartments

As a comparison to the rents at Greater Downtown apartments, Kretchmer Associates surveyed four newer suburban apartment complexes: Twelve21 Duryea in Peoria Heights, and Apartments at Grand Prairie, Prairie Lake, Camden Hills, and The Crossings Apartments in Peoria. These are Class A properties, and those in Peoria are in the highly regarded Dunlap School District. Some have many community amenities, and all include in-unit washers and dryers. Most units are one- and two-bedrooms, while several buildings Downtown offer studios.

Twelve21 Duryea is the most expensive and comparable property to those in Downtown Peoria. It targets empty nesters in an elevator building in the heart of the bustling Peoria Heights retail district. The others are 3-story walkup buildings in suburban settings.

Suburban rents also increased in the past two years and are now higher than the rents in the Downtown buildings. Downtown units are smaller overall. Details on the suburban properties are included in Table 15 below, followed by a location map. Photographs are in the Appendix.

Summary

As shown, the Greater Downtown area is very competitive with suburban locations. As new buildings opened in the Warehouse District, they have leased up quickly and stayed well occupied. Families with children will continue to prefer suburban complexes with swimming pools in highly rated school districts. However, Downtown can attract younger and older renters who value proximity to jobs and entertainment, as well as a less conventional product. Table 16 below shows the comparison of rents, unit sizes and rents per square foot between Downtown and the better suburban properties. Table 17 shows the change in rents between 2021 and 2023 for the Downtown and suburban properties.

Kretchmer Associates

SELECT SUBURBAN PEORIA APARTMENTS
October-November 2023

Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Building Details
Twelve21 Duryea	December	36					**Building:** 4-story, elevator building. Lehman Property Management.
1221 East Duryea Avenue	2018		1/1	$1,375-1,465	754	$1.82-1.94	**Unit Features:** Stainless steel appliances including dishwasher and microwave, quartz countertops, washer/dryer, walk-in closet, balcony.
Peoria Heights			1/1	1,625-1,775	866	1.88-2.05	**Utilities:** Tenant pays all utilities, except trash.
309-692-7352			1/1	1,700-1,825	1,000	1.70-1.83	**Amenities:** Party room, lounge, free underground parking, parcel locker, fitness room.
			2/2	1,800-1,895	1,206	1.49-1.57	
			2/2	2,250-2,375	1,391	1.62-1.71	
			2/2	2,450-2,650	1,371	1.79-1.93	
Apartments at Grand Prairie	2010	160					**Building:** Six 3-story buildings. Dunlap School District. Buckingham Management. Dynamic pricing (advertised rents change often based on many factors).
5400 W Sienna Lane			1/1	$1,465-1,830	905	$1.62-2.02	**Unit Features:** Dishwasher, microwave and washer/dryer, ceiling fan, walk-in closets, balcony/patio.
Peoria			2/2	1,505-2,060	1,056	1.43-1.95	**Utilities:** Tenant pays electric, sewer and water.
309-693-3201			3/2	NA	1,392	NA	**Amenities:** Clubhouse with billiards, fitness center, lounge, outdoor pool, fire pit, gas grills, bike racks. Free parking, carports ($35/month) and garage spaces ($75/month).
Prairie Lakes Apartments	2004-2013	750					**Building:** 16 three-story buildings. Dunlap School District. Edward Rose and Sons. Dynamic pricing (advertised rents change often based on many factors).
1700 W Coneflower Drive			1/1	$1,161-1,394	895-970	$1.30-1.44	**Unit Features:** Dishwasher, washer/dryer, walk-in closet and balcony or patio.
Peoria			2/1	1,360	1,141	1.19	**Utilities:** Tenant pays electric.
309-220-5742			2/2	1,532-1,688	1,190	1.29-1.42	**Amenities:** Clubhouse with fitness center, outdoor pool, dog park, package pickup. Free parking and carports extra.

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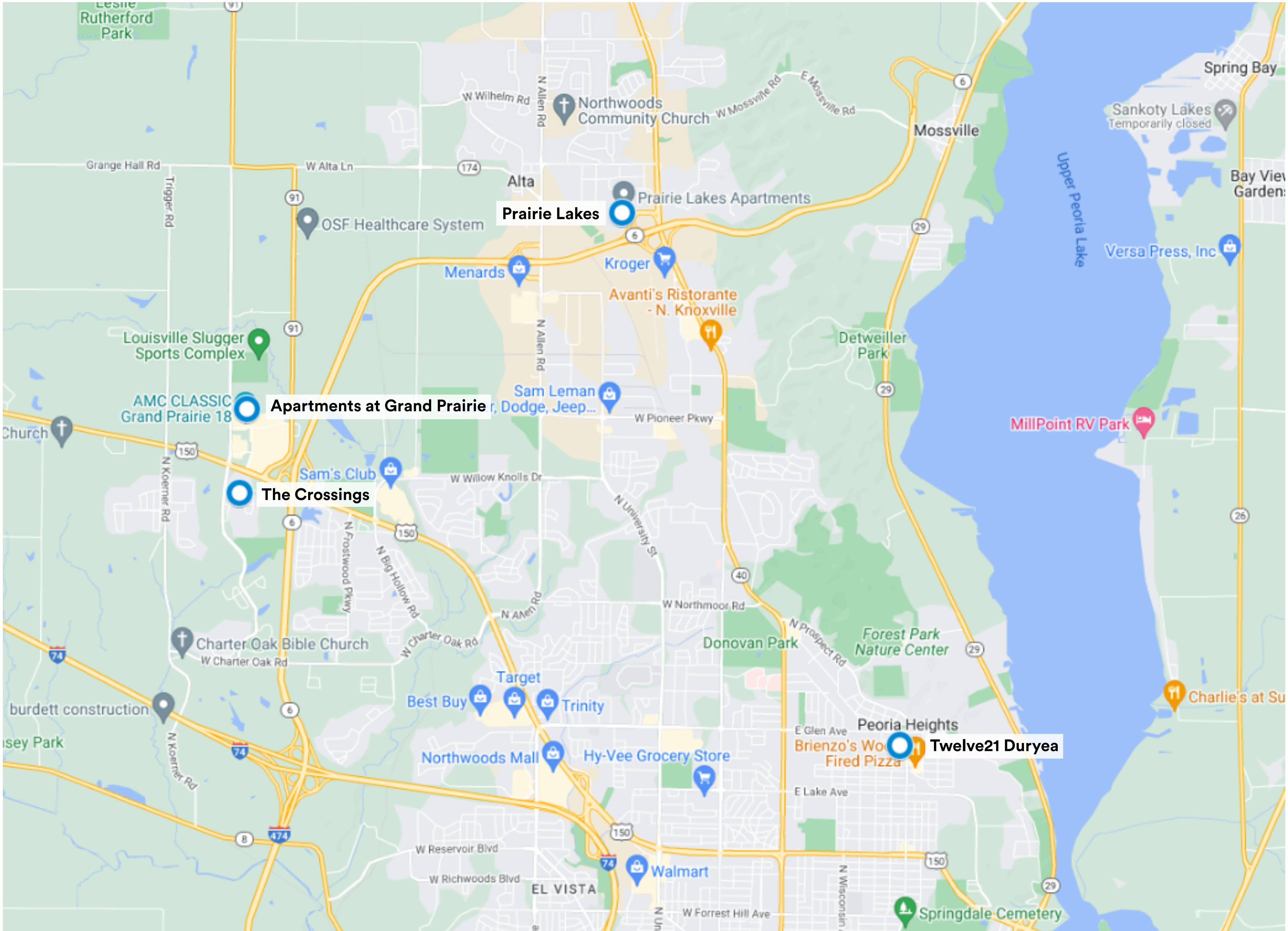
Name and Address	Year Opened	# of Units	Unit Type (Bed/Bath)	Rent ($)	Size (SF)	Rent/SF	Building Details
The Crossing Apartments 5400 Landens Way Peoria 309-322-8975 309-691-0900 (Corporate) 309-512-1010	2019	36	2/2	$1,550	1,000	$1.55	**Building:** 3- story brick/siding building. Dunlap School District. Professional Leasing and Real Estate Services. **Unit Features:** Dishwasher, washer/dryer, AC, stainless steel appliances, balcony. **Utilities:** Tenant pays electric. **Amenities:** Clubhouse, storage space, courtyard area with grills, controlled access. Fully furnished units available. Detached garage ($50 per stall). **Other**: Wait list with about 5 names.

NA Not Available

Source: Kretchmer Associates

Peoria Class A Suburban Apartments



Source: Kretchmer Associates

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Table 16

MARKET-RATE APARTMENT SUMMARY
DOWNTOWN PEORIA AND SUBURBAN PEORIA

	Rent Range	Size Range (SF)	Rent/SF Range
Downtown Peoria			
Studio	$788-1,500	445-700	$1.41-2.80
1-Bedroom	$893-1,600	605-1,200	$1.19-1.94
2-Bedroom	$1,100-2,350	900-2,400	$0.96-1.67
3-Bedroom	$2,000	1,464	$1.37
Suburban Peoria			
1-Bedroom	$1,161-1,830	754-1,000	$1.30-2.05
2-Bedroom	$1,360-2,650	1,000-1,391	$1.19-1.95
3-Bedroom	NA	NA	NA

NA Not Available

Source: Kretchmer Associates

Table 17

COMPARION OF DOWNTOWN PEORIA AND SUBURBAN PEORIA 2021 AND 2023 RENTS

	2023 Rent Range		2021 Rent Range		Change ($)		% Change	
	Low	High	Low	High	Low	High	Low	High
Downtown Peoria								
Studio	$800	$1,500	$750	$1,495	$50	$5	6.7%	0.3%
1-Bedroom	893	1,600	850	1,350	43	250	5.1%	18.5%
2-Bedroom	1,100	2,350	1,250	2,100	-150	250	-12.0%	11.9%
3-Bedroom	2,000	NA	1,950	NA	50	NA	2.6%	NA
Suburban Peoria								
1-Bedroom	$1,161	$1,825	$919	$1,625	$242	$200	26.3%	12.3%
2-Bedroom	1,360	2,650	1,050	2,500	310	150	29.5%	6.0%
3-Bedroom	NA	NA	2,000	NA	NA	NA	NA	NA

NA Not Available

Source: Kretchmer Associates

Kretchmer Associates

DEMAND

Demand Generators

Demand for additional residential options Downtown will come from employees, students, and others interested in an urban lifestyle. The Medical District's associated medical colleges, Caterpillar, OSF and Carle Health employees, as well as employees of other Downtown employers are the principal drivers of demand for market-rate apartments Downtown. This is evidenced by the mix of tenants in the newer apartment buildings.

Apartment Demand

Tables 18 and 19 that follow show the demand over the next five years for market-rate apartments with rents over $1,000 targeted to households with incomes over $50,000 in Peoria and the Greater Downtown area. Between 2023 and 2028, Kretchmer Associates projects demand for 1,230 market-rate rental units over $1,000 in Peoria based on the projected growth in renter households.

Demand in the Greater Downtown area is based on attracting a share of the city's growth in higher income renters, as well as the unmet current demand due to the limited number of units available. In total, we estimate Greater Downtown's 5-year market-rate demand at <u>568-808</u> units, or 114-162 per year.

Only one small building opened up Downtown since 2017, so there is pent-up demand, as indicated by the high occupancy rates at existing properties. However, 306 units will be completed in 2024 and another 191 units are planned. Assuming all of these are built, the <u>net demand</u> will range from <u>71-311</u> units by 2028.

Kretchmer Associates made assumptions regarding the growth in higher income renter households and the potential share that Downtown Peoria can capture of the total citywide demand.

The following assumptions were used in the demand analysis:

<u>Peoria Demand</u>

Estimated renter households under 65 with target income of $50,000+ - currently 38% of households in this age and income group are renters. The share is assumed to grow to 40% by 2028 due to the increasing propensity of younger and more affluent households to rent, and the higher mortgage rates increasing the cost of home ownership.

Estimated renter households 65+ with target income of $50,000+ - currently 19% of households in this age and income group. The share is assumed to grow to 22% by 2028 due to the increasing propensity of more affluent households to rent, and the desire of seniors to move into lower maintenance housing close to medical care.

Difference in the number of Peoria renter households with incomes of $50,000+ between 2023 and 2028 - this is the demand for new market-rate rental units in Peoria.

Demand for new market rate rental units in Peoria at 95% occupancy - this is the demand for new market-rate rental units divided by 95%.

Greater Downtown Peoria Demand

Greater Downtown's potential capture of new target households (assuming product is available) - the share could increase to 7-8% given the high occupancy rates at the existing properties and the strong interest shown in these new buildings. This is 596-774 households.

Number of Downtown Rental units over $1,000 – this is 274 based on our rental survey.

Unmet demand for rental units over $1,000 – this is the difference in the number of target renter households and the number of existing units, equal to 322-500 units.

Greater Downtown's share of new citywide demand for rental units over $1,000 - estimated at 20-25%, or 246-307 units. This is based on the additional planned residential development and increasing employment Downtown.

Total demand for Greater Downtown rental units for the target households by 2028 - this is the 2023 unmet demand plus Greater Downtown's share of new citywide demand between 2023 and 2028, estimated at 568-808 units.

Average annual demand for Greater Downtown rental units for target households - this is the total 2028 Greater Downtown demand divided by 5 years, or 114-162 units.

Net demand - this is the demand after the 306 units under construction are subtracted from the total demand, equal to 262-502 units.

Net additional demand assuming planned developments are built – this is the net demand less the 191 planned units not yet under construction, equal to 71-311 units.

As this shows, given the very limited development since 2017, there is pent-up demand for new market-rate apartments Downtown. Even with the planned development that hasn't started construction, there will be demand for more apartments by 2028.

Luxury Demand

We also looked at the demand for luxury apartments with rents of $1,875+ and targeted to households with incomes over $75,000. At this time, there is little for this market segment Downtown. Twelve21 Duryea in Peoria Heights is the only building really targeting this, with two-bedroom rents ranging from $1,800-2,650.

We estimate demand for 763 units in Peoria for these renter households, with Downtown capturing 10-15% or 76-114 units by 2028. This represents 13-14% of the total Downtown market-rate demand of 568-808 units. Table 20 shows these calculations.

Table 18

PEORIA MARKET-RATE RENTAL APARTMENT DEMAND

	2023	2028	Change
Peoria Households Under 65 by Income	34,025	32,827	-1,198
$50,000-$74,999	6,473	6,287	-186
$75,000-99,999	3,614	3,625	11
$100,000-149,999	4,793	5,108	315
$150,000+	4,632	5,366	734
Subtotal with Target Income -$50,000+	19,512	20,386	874
Percent Renter Households	38%	40%	
Estimated Renter Households Under 65 with Target Income $50,000+	7,415	8,154	740
Peoria Households 65+ by Income	13,542	14,787	1,245
$50,000-$74,999	2,487	2,811	324
$75,000-99,999	1,074	1,218	144
$100,000-149,999	1,211	1,522	311
$150,000+	1,007	1,387	380
Subtotal with Target Income -$50,000+	5,779	6,938	1,159
Percent Renter Households	19%	22%	
Estimated Renter Households 65+ with Target Income	1,098	1,526	428
Peoria Demand for New Rental Units from All Target Market-Rate Households			
Total Estimated Target Market-Rate Households	8,513	9,681	1,168
Demand for New Rental Units for Target Market-Rate Households at 95% Occupancy based on Renter Household Growth			1,230

Note: Numbers may not total due to rounding.
Source: Kretchmer Associates based on estimates and projections from Esri and American Community Survey 2017-2021.

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Table 19

GREATER DOWNTOWN PEORIA MARKET-RATE APARTMENT DEMAND
2023-2028

	Low	High
Greater Downtown Demand for New Rental Units from Target Market-Rate Households		
Greater Downtown's Potential Capture of Existing Market-Rate Households	7%	8%
Number of Target Market-Rate Households in 2023	596	774
Less Greater Downtown Rental Units over $1,000 in 2023	274	274
Unmet Demand for Greater Downtown Rental Units for Market-Rate Households in 2023	322	500
Citywide 5-Year Demand for New Market-Rate Rental Units	1,230	1,230
Greater Downtown's Potential Capture of New Target Market-Rate Households	20%	25%
Downtown's Share of New Market-Rate Rental Units for Target Households	246	307
Total Demand for Greater Downtown Rental Units for Target Market-Rate Households by 2028 (Unmet Demand + New Demand)	**568**	**808**
Average Annual Demand for Greater Downtown Market-Rate Rental Units for Target Market-Rate Households	114	162
Less Market-Rate Rental Units over $1,000 to Open in 2024	306	306
Net Demand for Additional Market-Rate Rental Units over $1,000	**262**	**502**
Planned Market-Rate Units over $1,000	191	191
Net Additional Market-Rate Demand in 2028 Assuming Planned Developments are Built	**71**	**311**

Note: Numbers may not total due to rounding.
Source: Kretchmer Associates based on estimates and projections from Esri and American Community Survey 2017-2021.

Table 20

PEORIA AND GREATER DOWNTOWN LUXURY RENTAL APARTMENT DEMAND - 2023-2028

	2023	2028	Change
Peoria Households with Income $75,000+ (Target Households)	16,331	18,226	1,895
Percent Renter Households	19%	21%	
Estimated Peoria Renter Households With Income $75,000+	3,103	3,827	725
Peoria Demand for New Rental Units at Rents $1,875+ based on 95% Occupancy and Target Household Growth			763
Greater Downtown Demand for New Rental Units from Target Households with Rents $1,875+			
Potential Capture of Peoria Demand - 10-15%			76-114

Note: Numbers may not total due to rounding.
Source: Kretchmer Associates based on estimates and projections from Esri and American Community Survey 2017-2021.

Conclusions and Recommendations

There is ample and growing demand for more Downtown housing. The Warehouse District buildings have stayed well occupied and new restaurants and businesses have opened since the end of the pandemic. OSF's two new facilities have brought hundreds of new employees Downtown and many have chosen to live nearby.

After a 5-year lull in new development, due in part to the pandemic, several new buildings will be opening in 2024 and others are planned for completion in 2025. These will meet the pent-up demand for more Downtown apartments. 812 Lofts will be targeting the entry level renter with smaller units at lower rents. Adams & Oak will be targeting higher income renters with larger apartments at higher rents. As such, they will serve a wider income band than is currently offered Downtown.

Developer interest has been in the rehabilitation of existing historic structures using federal and state historic tax credits. The buildings that came online in recent years were all rehabs of existing buildings, most of which were the adaptive re-use of former warehouses. The availability of buildings and the tax credits associated with their rehab, will continue to attract interest.

However, off-street parking is necessary for market-rate apartment buildings in the Warehouse District. While Greater Downtown residents typically have fewer cars than suburban residents, most of the residents of the new Downtown apartment buildings do have cars. As the Warehouse District has gotten more popular, especially for dining and entertainment, on-street parking proximate to existing residential buildings is getting tighter. The planned construction of a parking deck on SW Washington Street is critical to the success of new apartments in the Warehouse District, since not all buildings will be able to provide on-site parking.

Downtown buildings cater to a mix of residents, though many are in their 20s and 30s, and are students or early in their careers. As such, there is price sensitivity and many will rent more affordable smaller studio and one-bedroom units. Most of the Downtown apartments are studios and one-bedrooms. However, there is also demand for larger units including one-bedrooms with a den, and two or more bedrooms, especially with more people working from home at least part-time. Two-bedroom units with two bathrooms will appeal to roommates, as well as middle-aged and older households.

At present, there is a wide range in rents and rents per square foot in the newer buildings, due to differences in unit sizes and building configurations. Even in a single building, unit sizes can vary quite a bit since renovated warehouse buildings don't lend themselves to uniform sizes.

In the near term, achievable rents for newly rehabbed buildings should be in the $1.50 to $1.90 per square foot range across all unit sizes, with the actual rent based on size, in-unit and common area amenities. This equates to the approximate rents shown below in Table 21.

These rents assume tenants pay for their own heat and electricity. Typically, smaller units have a higher rent per square foot than larger units. Rents can probably increase at the rate of 3-4% per year as units are absorbed, depending on overall economic conditions.

In order to achieve these rents, apartments should have a kitchen with a stove, refrigerator, dishwasher, and microwave, at a minimum. An in-unit washer and dryer are desirable and will command the higher rents. Common area amenities should include at least a laundry room on each floor (if washers and dryers are not included in the units), a community room/lounge and outdoor patio or deck. Inclusion of a fitness room, extra storage and bike room are recommended if space allows.

Where possible, balconies should be included and can command a rent premium. River views and other particularly attractive city views can also command a premium above the rents shown.

As indicated, there is demand for some luxury units Downtown with rents above $1,875, and these will be larger units with higher-end features.

Some buildings now charge for outdoor parking, while others do not. One building has indoor parking for an additional fee. As more buildings come on line Downtown and on-street parking is tighter, paid parking will likely be the norm.

Table 21

RECOMMENDED UNIT SIZES AND RENTS

Unit Type	Size Range (SF)	Average Rent/SF	Rent Range
Studio	475-600	$1.75-1.90	$830-1,140
1-Bedroom	700-850	1.65-1.80	1,150-1,525
2-Bedroom	900-1,200	1.60-1.75	1,400-2,100
2+-Bedroom	1,250-1,500	1.70-1.85	2,125-2,775

APPENDIX

Photos of Greater Downtown Apartments

Photos of Select Suburban Apartments

Downtown Peoria Apartments

Civic Center Plaza

Persimmon Lofts

Murray Place

Marquette Building

Downtown Peoria Apartments

Winkler Lofts

Winkler Place

The Lofts at Waterfront Place

Cooperage 214

Downtown Peoria Apartments

Le Vieux Carre

Kickapoo Building

Downtown Apartments under Construction and Planned

812 Lofts (Under Construction)

Adams and Oak (Under Construction)

The Center (Under Construction)

Chic Apartments

Planned Downtown Apartments


800 SW Washington Street


801 SW Washington Street

Select Suburban Apartments

Twelve21 Duryea

Apartments at Grand Prairie

Prairie Lakes Apartments

The Crossing Apartments