

Urban Living in Peoria, Illinois

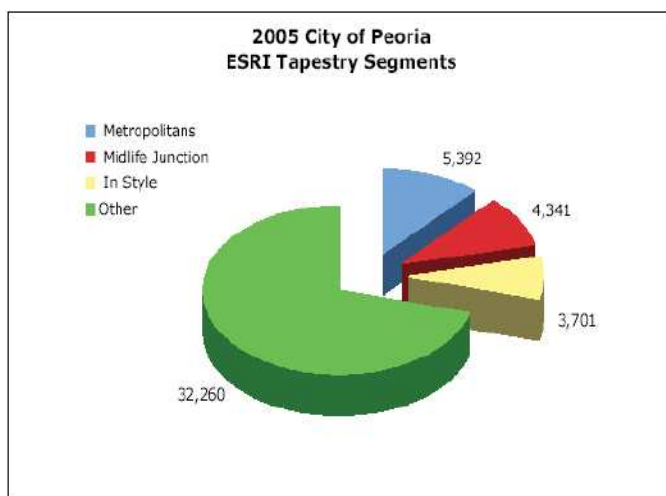
Peoria over the past decade has successfully shifted from a manufacturing-based economy to one centered on professional and technical jobs. While Caterpillar still calls Peoria its home, its local presence is dominated as much by its engineers, professionals and executives as by factory workers. Peoria has seen a dramatic increase in “creative class” professions:

- We are the medical center for all of Central Illinois and our three hospitals combined are investing over a half billion dollars in capital expansion projects.
- Significant research and development activities are being conducted by Caterpillar, Bradley University, the University of Illinois College of Medicine, and the National Center for Agricultural Utilization and Research, as well as up-and-coming companies like Firefly Energy, zuChem, and IPICO Sports.
- Peoria is home to a number of regional banking institutions, as well as serving as Central Illinois’ legal center.

Downtown Peoria is the day-time home to over 20,000 employees, and this rise in the creative economy has changed the demographics of our city. Every day newly-recruited engineers, doctors, lawyers and professors move to Peoria. In larger cities, these individuals would naturally gravitate towards more urban living. That product, however, is significantly lacking in Peoria.

In 2006, the City of Peoria hired the firm of Ferrell Madden and Associates to help revise development patterns in the older section of the city. As part of that effort, the consulting team studied Peoria’s demographic, employment and housing patterns, and determined that urban Peoria could support 3600 new dwelling units between now and 2025.

Ferrell Madden and Associates found that between 1996 and 2005 the Peoria employment picture shifted dramatically. The sectors that declined significantly were durable goods manufacturing¹, non-durable goods manufacturing, and retail trades. The areas with the most job growth in that same time period were education, health services, and professional business services. Given these patterns, the consultants projected that through 2010, the greatest growth would be in health and education, followed by professional and business services and durable goods manufacturing.



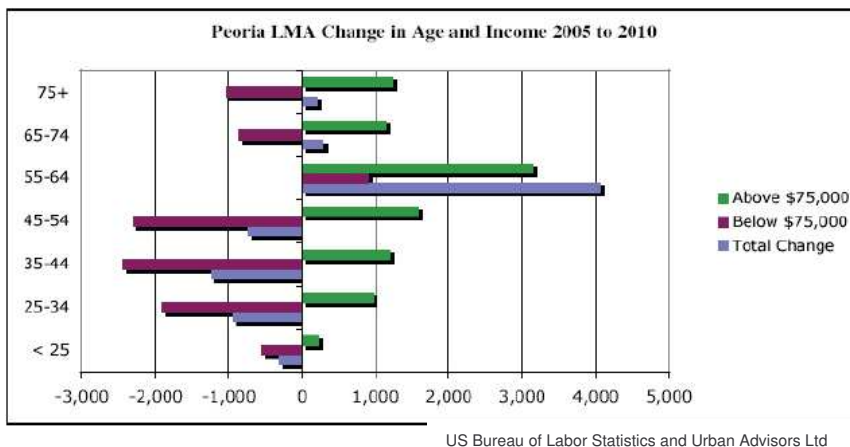
Source: ESRI BIS & UrbanAdvisors Ltd

In addition to this shift in our economy towards more “creative class” jobs, Peoria is also resisting the nationwide trend of declining housing sales. Our strong economy, coupled with affordable housing options, is helping more people own their own homes. Peoria is growing, but the 2100 homes added in the last decade have mostly occurred along the more suburban north edge of the City. Throughout the MSA, an average of 1200 housing units is built each year. Given the job trends, however, we believe there is as a great opportunity for a more urban housing product. As part of their study, the Ferrell Madden team looked at demographics from ESRI (left) to project the lifestyle patterns of Peoria residents.

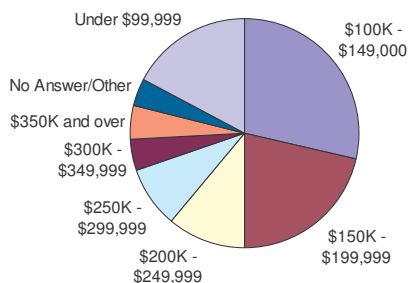
¹ Durable goods manufacturing saw a significant decline between 1996 and 2003, but has returned sharply between 2003 and 2005, though still below 1996 levels.

Of note in the ESRI “Tapestry Segments” is the significant number of people who are projected to be members of “Metropolitan,” “Midlife Junction” or “In Style” segment. These three segments comprise approximately 30% of Peoria’s population (about 13,000 households). More importantly, demographers believe that individuals in these segments are more likely to be drawn to vibrant, urban environments. The Metropolitan segment, especially, is more likely to live in higher density areas with nearby big-city amenities.

Ferrell Madden and Associates also demonstrated that Peoria is becoming a wealthier city. They project that by 2010, the jobs added to the economy will result in a substantial gain in individuals earning more than \$75,000 a year. This chart (right) also indicates that this gain is seen across all age categories, with significant gains in the 55-64 year old population. This population segment represents a tremendous opportunity for upscale loft condominiums targeting “empty nest” professionals.



The projected market of 3,600 new urban housing units is backed up by an informal Internet poll conducted by Peoria’s Department of Economic Development. In early 2006, 1545 individuals completed an on-line poll asking about their living preferences. Among respondents, 31.2% were interested in Downtown, 30.2% were interested in Renaissance Park, and 29.6% were interested in the warehouse district. Some respondents indicated an interest in one area but not others; in total, 42.8% of respondents expressed interest in one of the three. Generally speaking, interested individuals were more likely to be single and have less children living at home than those not interested. (In fact, 68% of all those expressing interest had no children living with them.) There was an equal distribution among education levels and income, with interested individuals trending as slightly younger than their counterparts. As the chart (left) demonstrates, respondents had a variety of price-points, but nearly on half wanted units between \$100,000 and \$200,000.



Peoria is an exciting market with an excellent potential for return on investments in its urban areas. Along with the demand for 3,600 new urban housing units over the next two decades, we also believe that same market will need over 220,000 square feet of retail. The re-investment in areas like the Warehouse District and Renaissance Park will also drive demand for additional office space. Given the policies being implemented by the City – form-based codes and tax-increment financing – Peoria is a prime location for quality urban development.

For more information, contact the City of Peoria’s Department of Economic Development at (309) 494-8640.