

**AN ANALYSIS OF
LUXURY APARTMENT DEVELOPMENT
POTENTIAL
IN
THE VILLAGE OF
OTTAWA HILLS, OHIO**

Prepared for:
The Village of Ottawa Hills, Ohio

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A. INTRODUCTION

This report evaluates the potential to develop a 120-unit apartment community in Ottawa Hills, Ohio (Lucas County). The site is located at 2125 Richards Road and is currently occupied by the Ottawa Hills Village offices. The redeveloped site will be an integrated use development containing 28 townhouse apartments, 92 garden style apartments in an elevator building, commercial space and the Ottawa Hills Village offices.

The site is in the southwest quadrant of W. Bancroft Street and Richards Road (but does not include the immediate intersection). The site is located 1.25 miles west of the University of Toledo, a major employer in the region.



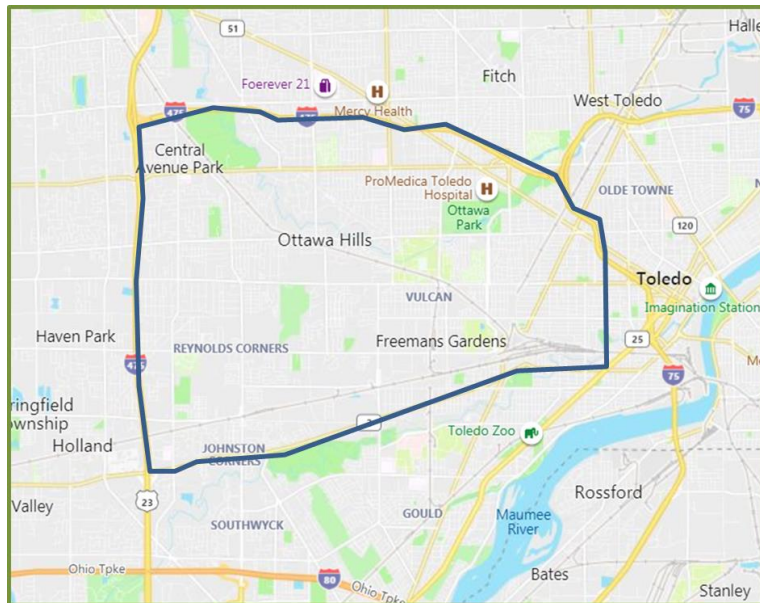
Conclusions for the development of a rental housing project are based on analyses of the area including the existing and anticipated rental housing market, demographics, the economy, the appropriateness of the site for the proposed development, and housing demand. The study will evaluate past, current, and future trends in the area; the impact of those trends on rental housing alternatives; current rental housing alternatives; need and market support for additional rental housing; and any proposed additions to the area rental base.

The purpose of this report is to provide potential developers with the information required to understand the development potential of the subject site. It is not intended to be used for financing purposes. While all of the underlying research has been conducted, this report does not include the underlying methodology and its supporting documentation.

The analysis of the existing rental housing market is based on the establishment and analysis of a Site Effective Market Area (EMA) for the proposed project. EMA refers to

a methodology developed by the Danter Company, LLC to describe areas of similar economic and demographic characteristics. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights of way, and other physical boundaries. Soft boundaries are changes in the socioeconomic makeup of neighborhoods.

Generally, the Site Effective Market Area (EMA) extends north to I-475, east to Waverly Avenue, south to Airport Highway (State Route 2) and west to I-475.



Based on the characteristics of the Site EMA, a field survey of existing rental housing development, an analysis of the appropriateness of the site for the proposed development, and a demographic analysis of the Site EMA, support levels can be established for additional multifamily rental development.

The following analyses have been conducted to identify market potential for a proposed market-rate apartment development at the site:

- Analysis of the overall EMA rental housing market
- Historical housing trends
- Current market conditions based on 100% field survey of modern apartments
- Appropriateness of the site for the subject development
- Area apartment demand factors, including
 - Income-appropriate households
 - Support from existing multifamily renters (step-up/down support)

- A trend line analysis, based on a "rent by comparability rating" evaluation of all conventional developments within the Site EMA, is used to evaluate rents for the proposed development.
- Floor plan analysis and comparison with comparable product

Most of the apartment projects in the subject Site EMA include landlord-paid water, sewer, and trash collection in the rents, while tenants are typically responsible for the remaining utilities (electricity, gas, cable television, and high-speed Internet). The rents at the subject property will include water, sewer and trash removal. As such, the rents among the market-rate properties (when necessary) have been adjusted to represent a utility package similar to what will be included at the site in order to complete an even rent comparison.

B. RECOMMENDATIONS/PROJECT CONCEPT

It is our opinion that a market exists for a 120-unit rental housing development at the subject site, assuming the project is developed as detailed in this report. The proposed project will be available in the spring of 2022. Changes in the project's site, rent, unit mix, amenities, floor plans, or opening date may invalidate these findings.

UNIT DESCRIPTION	NUMBER	SQUARE FEET	RENTS AT OPENING*	RENT PER SQUARE FOOT
<u>Two-Bedroom/2.5 Bath</u> Townhouse with two car attached garage and finished lower level	16	1,600	\$2,050	\$1.28
<u>Three-Bedroom/2.5 Bath</u> Townhouse with two car attached garage and finished lower level	12	2,150	\$2,600	\$1.21
<u>One-Bedroom/1.0 Bath</u> Elevator building with one-car covered parking	20	825	\$1,300	\$1.58
<u>Two- Bedroom/2.0 Bath</u> Elevator building with one-car covered parking	36	1,275	\$1,750	\$1.37
<u>Two- Bedroom/2.0 Bath</u> Elevator building with one-car covered parking	24	1,350	\$1,850	\$1.37
<u>Three-Bedroom/2.0 Bath</u> Elevator building with one-car covered parking	12	1,500	\$2,000	\$1.33
Total/Average	120	1,382	\$1,845	\$1.34

*Spring 2022

Rent includes water/sewer services and trash removal. Tenants will pay all other utilities. The elevator building will contain covered parking and one space will be included in the rent. Additional spaces will be available at \$90 per month.

1. UNIT AMENITIES

Each unit in the proposed development will include the following unit amenities:

- High-end range and refrigerator, stainless steel or similar
- Granite/quartz countertops
- Microwave oven
- Dishwasher
- Disposal
- Central air conditioning
- Washer/dryer
- Washer/dryer hookups
- Designer cabinets
- Combination flooring including carpet, wood, and/or ceramic tile
- Oversized windows
- Keyless, secured entry
- USB charging ports in kitchens, living rooms, and bedrooms
- Window coverings
- 9-foot and/or vaulted ceilings

2. FLOOR PLAN RECOMMENDATIONS

Prospective residents do not typically evaluate apartment size by the number of square feet, but rather, by three specific criteria, i.e., bedroom size, closet and storage space and entry impact. Following are our recommendations for the unit configurations.

	ONE-BEDROOM	TWO-BEDROOM	THREE-BEDROOM
Square Feet	875	1,275 – 1,600	1,550 – 2,150
Master Bedroom	155	170	170
Second Bedroom	N/A	150	150
Third Bedroom	N/A	N/A	140
Closets (L.F.)	18	28	36
Closet Type	Walk-In	Walk-In/Wall	Walk-In/Wall/Wall
Entry	Very Good	Very Good	Very Good

The recommended bedroom sizes and closets sizes are appropriate for high end renters. Further, we anticipate a large percentage of empty nesters, residents that are likely to have acquired more “stuff” than a typical renter. The more storage space available for this tenant, the easier will be the decision to downsize. We have also reviewed the floor plans of high end product in the market to be certain our recommendations are competitive. Large closets, in particular, can be valuable in

reducing turnover since it is very difficult to an existing renter to move into a unit that contains less storage space that they are already using.

Entry into the unit should be open with good sight lines into living areas and windows. Units with a good “WOW” factor upon entry are perceived to be larger.

3. PROJECT AMENITIES

Each unit in the proposed development will include the following project amenities:

- Community room
- Wi-Fi in common areas
- Fitness center
- Pet friendly
- Elevator
- Business center
- Outdoor gathering area
- Social activities
- Bicycle storage
- Adjacent to the University/Parks multipurpose trail
- On-site management

C. ABSORPTION

The overall absorption rate is expected to average 9 to 10 units per month, but could be as high as 15 to 18 units per month in the first few months after opening. The overall absorption period (to 95% occupancy) is expected to be approximately 11 to 13 months.

Prior studies have shown that absorption tends to be seasonal, with up to 64% of annual absorption taking place in the peak summer months (May through August). The shoulder season (the two months on either side of the peak season) generally accounts for approximately 24% of annual absorption. The off season, November through February, typically accounts for the remaining 12% of absorption. While these percentages do not hold true in all markets, they give a good indication of the potential seasonal variations in absorption. The anticipated spring opening date will be important in achieving the targeted absorption period. A later release may extend absorption through the slower winter months.

Factors that affect absorption include (but are not limited to) the following: area mobility patterns; availability of new product; age, quality, and rent of existing rental properties in the Site EMA; area growth; area median income; product variety; proposed product development; and date of opening. Because the elevator building will have a high percentage of empty nester residents, it will be important to initiate a marketing program concurrent with the beginning of construction. This will allow prospective residents to have time to consider downsizing and to prepare their existing homes for sale. It is noteworthy, however, that there is a considerable base of income qualified senior renters already in the Toledo area already in the rental market. These are households that have opted for a lifestyle change even though the upscale offerings are mostly in

townhouse product or two- and three-story walkup buildings – neither of which are senior friendly.

The anticipated spring opening date will be important in achieving the targeted absorption period. A later release may extend absorption through the slower winter months.

D. APARTMENT DEMAND FACTOR ANALYSIS

Comparable market rent analysis establishes the rent potential renters would expect to pay for the subject unit in the open market. Further, the purpose of the trend line analysis is to establish the perception of value for the proposed development.

Comparable market rent is based on a trend line analysis for the area apartment market. For each unit type, the trend line analysis compares net rent by comparability rating for all market-rate developments. This evaluation provides a comparison of existing market rents to those at the proposed project. A variety of factors influence a property's ability to actually achieve the comparable market rent, including the number of units at the comparable market rent, the step-up support base at that rent range, and the age and condition of the subject property and competitive units.

The trend line analysis for Ottawa Hills includes both properties within the Ottawa Hills Effective Market Area as well as high-end properties elsewhere in the Toledo market,

Considering the proposed unit and project amenities and an appealing aesthetic quality, the proposed subject site is anticipated to have overall comparability rating of 32.0. The overall rating is based on ratings of 12.0 for unit amenities, 10.0 for project amenities, and 10.0 for aesthetic quality.

Based on the current rent structure of one-bedroom units, present-day rent for a development comparable to the one proposed is \$1,285 per month. Based on the estimated rate of increase (2.0%), probable one-bedroom rent is \$1,336 at opening. The proposed rent of \$1,300 is 97.3% of the market-driven rent.

Based on the current rent structure of two-bedroom units, present-day rent for a development comparable to the one proposed with a comparability rating of 32.0 is \$1,800 per month. Applying the average annual increase in the Site EMA yields two-bedroom rent of \$1,872 at opening. The proposed average two-bedroom rent of \$1,845 is 98.6% of the market-driven rent.

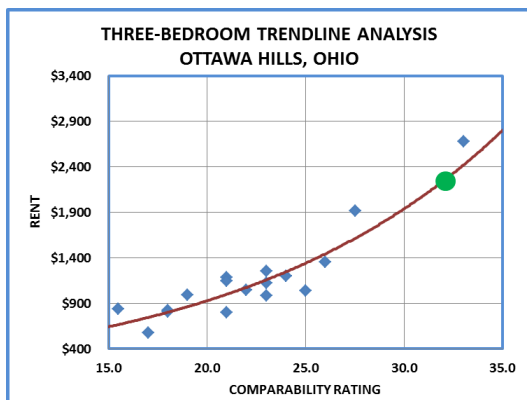
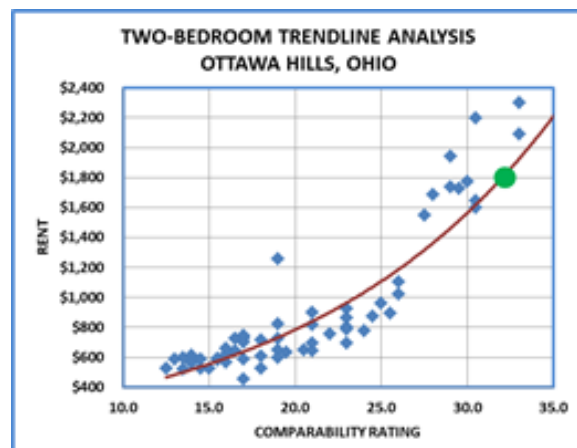
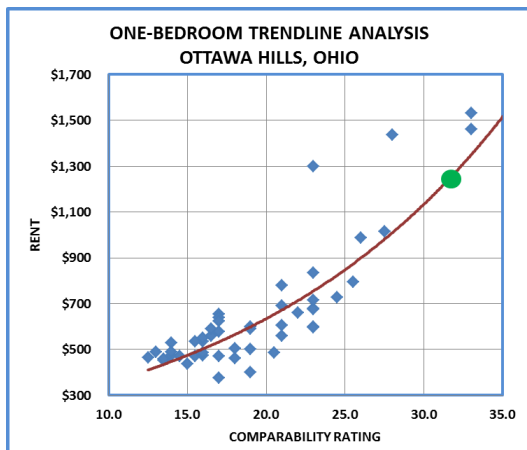
Based on the current rent structure of three-bedroom units, present-day rent for a development comparable to the one proposed is \$2,310 per month. Based on the estimated rate of increase (2.0%), probable three-bedroom rent is \$2,402 at opening. The proposed average rent of \$2,300 is 95.8% of the market-driven rent.

The following table compares the market rent at opening with the proposed rent at the subject site for one-, two-, and three-bedroom units. Rents are net, including only water/sewer and trash removal.

UNIT TYPE	MARKET RENT AT OPENING AT 32.0 COMPARABILITY RATING	PROPOSED OPENING RENT (AVERAGE)	PROPOSED RENT AS A PERCENT OF MARKET RENT
One-Bedroom	\$1,336	\$1,300	97.3%
Two-Bedroom	\$1,872	\$1,845	98.6%
Three-Bedroom	\$2,402	\$2,300	95.8%

With the proposed rents ranging from 95.8% to 98.6% of market-driven rents, the proposed units will be perceived as a value within the market.

The relative value the proposed units represent in the market is further illustrated by the following trend line analyses.



The number of units proposed at the site must be considered relative to the project's ability to achieve a given rent level. Our previous research indicates that all other factors being equal, larger properties must be a better value in the marketplace than

smaller properties due to the higher number of units that must be rented each month. To generate a sufficient number of potential renters, larger properties typically need to set rents below comparable market rent. The proposed 120-unit complex is relatively small and, thus, should out-perform the market in terms of occupancy and rent increases.

1. INCOME QUALIFIED SUPPORT

Ottawa Hills enjoys an excellent market position as a desirable and livable community. Based on interviews with real estate professionals in the area, there is a strong desire for local residents to remain in the community as they move through the housing continuum. Further, there is a strong demand among Toledo area residents to reside in Ottawa Hills. The tenant profile for the two product lines (townhouses and elevator buildings) to be as follows:

TOWNHOUSE UNITS	
Young Professionals Transitioning to Single Family	65%
Households with School Age Children	20%
Threshold Income	\$98,400
ELEVATOR BUILDING	
Empty Nesters	75%
Single Person Occupancy	27%
Young Professionals	25%
Households with School Age Children	0%
Threshold Income	\$62,400

Because of the strength of the Ottawa Hills market we expect county wide support for the property. Townhouse units are expected to generate 20% of support from within the Ottawa Hills EMA (compared with 60% to 65% within conventional markets). The elevator building is expected to generate 55% of support internally. This could increase depending on the level of local premarketing to potential empty nesters in Ottawa Hills.

While the subject property is not designed for students, the University of Toledo is a major employer impacting the market. We expect support from faculty, visiting faculty, researchers and professional staff. The site is 1.25 miles west of the University of Toledo campus and is also connected via the University/Parks multipurpose trail.

TOWNHOUSE UNITS	
INTERNAL MOBILITY (EMA)	
Apartment	15%
Single Family	5%
EXTERNAL MOBILITY	
Apartment	75%
Single Family	15%
ELEVATOR BUILDING	
INTERNAL MOBILITY (EMA)	
Apartment	5%
Single Family	50%
EXTERNAL MOBILITY	
Apartment	25%
Single Family	20%

In 2019 there were 12,085 renter households in Lucas County with incomes in excess of \$62,400 (the threshold income for a \$1,300 rent). There were only 1,631 units renting for more than \$1,300. Clearly, most high income renters in Lucas County are over qualified (by income) for their apartments.

This product gap in the market creates the potential for step-up support in which renters typically move up their rent as they move through the housing continuum. Most tenants increase their rents by up to 10% with each subsequent move. There are an additional 960 renters within this step-up range.

As previously discussed, the Toledo area has a very large share of high income empty nester households already residing in rental housing, most of which is located in townhouse and two- and three-story walk-up buildings – not senior friendly.

EMPTY NESTERS			
	2015	2020	INCREASE
Lucas County Renter Households Age 62+	11,170	14,863	33.1%
Lucas County Renter Households Age 62+ with Income \$62,400+	873	1,806	106.9%

It is important to note that while Lucas County renter households age 62 and over increased 33.1% in just 5 years, those same households with incomes over \$62,400 increased 106.9%.

Given the competitive strength of the Ottawa Hills, the proposed development will compete very well within this market void.

There are several additional factors influencing the step-up support in the EMA:

- There are very few garage units in the market (although most new high end product has garages). The subject site, offering 100% garage units.
- Most of the existing product is old and often functionally obsolete.
- There a very few senior appropriate rental units in the entire Toledo area serving a rapidly expanding market segment.
- The subject property will be an integrated use development containing commercial and office components. It will also be the site of the Ottawa Hills Village offices. Such development has proven to be highly desirable for both empty nester and professional residents. These developments add value to all components.

3. RENT GAP

Absorption at the proposed development should be closely monitored. Rent adjustments may be necessary in order to maintain an even absorption of all units. An absorption rate proportionate to unit mix can be maintained by establishing appropriate rent gaps (price differences) between unit types.

Proper rent gaps between all unit types will be important in order to ensure an even absorption of all units. Rent gaps must be monitored by mix, comparability differences, and location/view premiums. Suggested rents are responsive to absorption and can only be fine-tuned after product is available.

In the Effective Market Area, the rent gaps between one- and two-bedroom and two- and three-bedroom units are as follows:

	ONE-/TWO-BEDROOM RENT GAP	TWO-/THREE BEDROOM RENT GAP
Market Rent at Comparability Rating 32.0 Comparability Rating	\$555	\$455
Subject Site (Average)	\$530	\$455

The proposed rents are appropriate for the market and will yield a proportionate absorption.

4. COMPETITIVE ANALYSIS

There are two sets of criteria which can be used to identify comparable properties. A project can be conceptually and/or economically comparable.

Conceptually Comparable Properties are those properties that have a similar comparability rating to the proposed project. A similar comparability rating indicates that properties will likely have similar unit and project amenities and a similar aesthetic rating. (A high Comparable Rating reflects a higher level of amenities) They may or may not have similar rents.

Economically Comparable Properties are those properties with similar net rent levels to the proposed project. These properties may or may not have a similar comparability rating.

Ten properties have been selected in the Toledo Area that are generally competitive. Most have been developed within the past 10 years and some are in the process of development.

PROJECT	AVERAGE TWO-BEDROOM RENT	YEAR OPENED	NUMBER OF UNITS	COMPARABILITY RATING
Subject Site	\$1,750-\$2,050	2022	120	32.0
Redwood Temperance	\$1,944	2016	120	28.0
Tower on Maumee	\$2,092	2018	106	33.0
Chelsea Place	\$1,550	2008	334	27.5
Redwood Oregon	\$1,739	2009	144	28.0
Mosaic at Levis Commons	\$2,300	2018	252	33.0
Redwood Sylvania	\$2,198	2015	214	28.0
Adirondack Village	\$1,772	2020	47	30.0
Encore at Fallen Timbers	\$1,647	2019	112	30.5
Woodland Hills Villas	\$1,725	2018	20	25.5
Addison Place	\$1,597	2019	66	25.5

The subject site will have a Comparability Rating that is among the highest in the market, although all of the properties are rated relatively high with well-designed amenities.

Prospective residents respond to three principal factors when selecting specific units:

- The entry into a unit often defines how a prospective resident perceives the units size. An entry with limited site lines and no visible windows is often perceived as being smaller than the defined square feet.
- Bedroom size, especially second and third bedrooms, are important in defining the size of unit.
- Closets are especially important. Large closets are immediately noticed by prospective tenants. Further, having the largest closets in the market facilitate rent increases since it is virtually impossible for a tenant to move into another unit with less storage than they already have. Walk-in closets have considerable impact, however, they are only critical in the master bedroom.

Following is a comparison of market averages with the recommended development.

ONE-BEDROOM COMPARISON						
PROJECT	UNIT SIZE	MASTER	BATHS	CLOSET L.F.	AVERAGE RENT	RENT PER SQUARE FOOT
Subject Site						
Garden	825	155	1.0	18.0	\$1,300	\$1.58
EMA Average	743	138	1.0	13.4	\$1,297	\$1.75

TWO-BEDROOM COMPARISON							
PROJECT	UNIT SIZE	BEDROOM SIZE		BATHS	CLOSET L.F.	AVERAGE RENT	RENT PER SQUARE FOOT
		MASTER	SECOND				
Subject Site							
Townhouse	1,500	170	150	2.5	28.0	\$2,050	\$1.37
Garden	1,313	170	150	2.0	28.0	\$1,800	\$1.37
EMA Average	1,315	159	135	2.0	22.9	\$1,642	\$1.25

THREE-BEDROOM COMPARISON								
PROJECT	UNIT SIZE	BEDROOM SIZE			BATHS	CLOSET L.F.	AVERAGE RENT	RENT PER SQUARE FOOT
		MASTER	SECOND	THIRD				
Subject Site								
Townhouse	2,150	170	150	140	2.5	36	\$2,600	\$1.37
Garden	1,500	170	150	140	2.0	36	\$2,000	\$1.33
EMA Average	1,494	159	150	125	2.0	33.0	\$2,357	\$1.58

It should be noted that the unit sizes are generally larger, and with more storage, than competitive product. This reflects the market support expected from within the Ottawa Hills resident base as Village residents age into the desire to move into a more carefree lifestyle. The less a prospective resident must compromise the more likely they are to move.

Only a few of the model offerings offer an entry rated as Very Good or Excellent. Most entryways into the competitive properties are generally rated as being only Fair to Poor.

E. EMA APARTMENT FIELD SURVEY OVERVIEW

A total of 8,582 conventional apartment units in 61 projects were surveyed in the EMA. The field survey does not include purpose built student apartments.

Following is a distribution of market-rate units surveyed by unit type and vacancy rate:

DISTRIBUTION OF CONVENTIONAL MARKET-RATE APARTMENTS AND VACANCY RATE OTTAWA HILLS, OHIO SITE EFFECTIVE MARKET AREA JULY, 2020			
UNIT TYPE	MARKET-RATE UNITS*		VACANCY RATE
	NUMBER	PERCENT	
Studio	132	1.5%	6.8%
One-Bedroom	3,283	38.3%	3.7%
Two-Bedroom	4,283	49.9%	3.2%
Three-Bedroom	884	10.3%	3.3%
Total	8,582	100.0%	3.4%

*Does not include purpose built student apartments

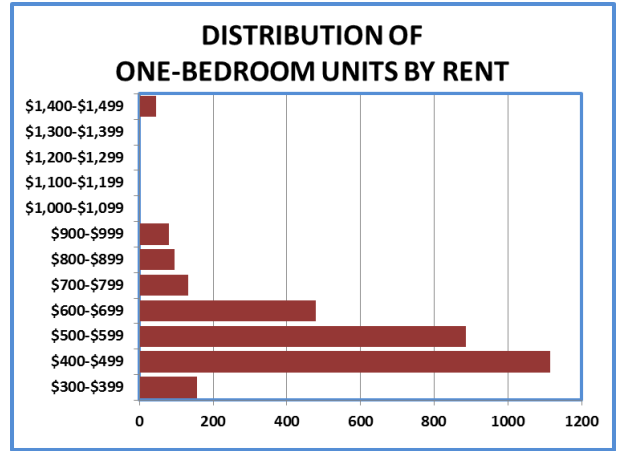
Among market-rate projects, 14.8% are 100.0% occupied, accounting for 11.7% of the total units. None of the properties have occupancies below 90%.

Vacancies are relatively low in the market area, and the market appears limited by supply rather than demand.

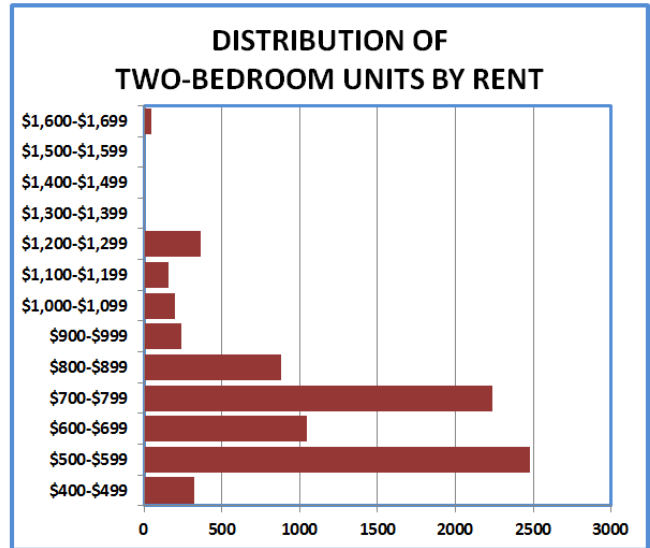
Even though the market is dominated by students the Site EMA apartment base contains a well-balanced distribution of units by mix, reflecting a typical suburban market.

The following tables detail the distribution of rents and vacancies by number of bedrooms.

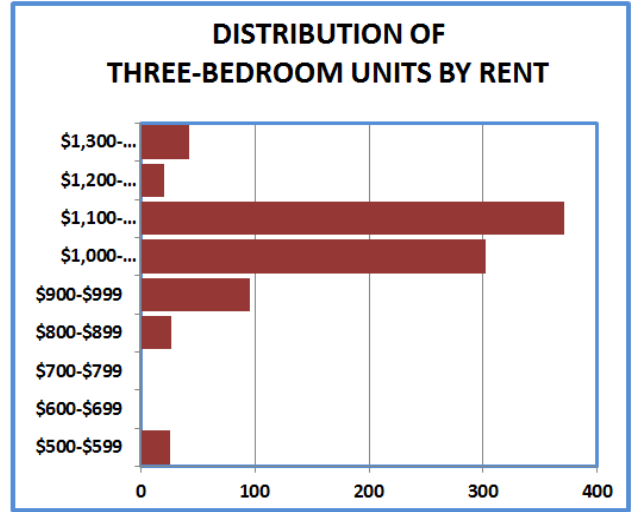
RENT AND VACANCY ANALYSIS ONE-BEDROOM UNITS OTTAWA HILLS, OHIO EMA JULY, 2020				
RENT	TOTAL UNITS		VACANT UNITS	
	NUMBER	PERCENT	NUMBER	PERCENT
\$1,400-\$1,499	45	1.5%	6	13.3%
\$1,300-\$1,399	0	0.0%	2	0.0%
\$1,200-\$1,299	0	0.0%	0	0.0%
\$1,100-\$1,199	0	0.0%	0	0.0%
\$1,000-\$1,099	0	0.0%	0	0.0%
\$900-\$999	80	2.7%	11	13.8%
\$800-\$899	96	3.2%	6	6.3%
\$700-\$799	132	4.4%	6	4.5%
\$600-\$699	479	16.0%	28	5.8%
\$500-\$599	887	29.7%	23	2.6%
\$400-\$499	1115	37.3%	29	2.6%
\$300-\$399	157	5.2%	9	5.7%
	2,991	100.0%	120	4.0%
Median Rent	\$525			



RENT AND VACANCY ANALYSIS TWO-BEDROOM UNITS OTTAWA HILLS, OHIO EMA				
RENT	TOTAL UNITS		VACANT UNITS	
	NUMBER	PERCENT	NUMBER	PERCENT
\$1,600-\$1,699	46	1.0%	6	13.0%
\$1,500-\$1,599	0	0.0%	0	0.0%
\$1,400-\$1,499	0	0.0%	0	0.0%
\$1,300-\$1,399	0	0.0%	0	0.0%
\$1,200-\$1,299	362	7.6%	12	3.3%
\$1,100-\$1,199	160	3.4%	7	4.4%
\$1,000-\$1,099	200	4.2%	8	4.0%
\$900-\$999	242	5.1%	7	2.9%
\$800-\$899	880	18.5%	16	1.8%
\$700-\$799	618	13.0%	14	2.3%
\$600-\$699	1,045	22.0%	33	3.2%
\$500-\$599	880	18.5%	25	2.8%
\$400-\$499	321	6.8%	7	2.2%
	4,754	100.0%	135	2.8%
Median Rent	\$721			



RENT AND VACANCY ANALYSIS THREE-BEDROOM UNITS OTTAWA HILLS, OHIO EMA JULY, 2020				
RENT	TOTAL UNITS		VACANT UNITS	
	NUMBER	PERCENT	NUMBER	PERCENT
\$1,300-\$1,399	42	4.8%	1	2.4%
\$1,200-\$1,299	20	2.3%	2	10.0%
\$1,100-\$1,199	371	42.0%	8	2.2%
\$1,000-\$1,099	302	34.2%	7	2.3%
\$900-\$999	96	10.9%	8	8.3%
\$800-\$899	27	3.1%	1	3.7%
\$700-\$799	0	0.0%	0	0.0%
\$600-\$699	0	0.0%	0	0.0%
\$500-\$599	26	2.9%	2	7.7%
	884	100.0%	29	3.3%
Median Rent	\$1,097			



Given the affluence of the Ottawa Hills market and the impact of students on the market, rents are surprisingly low reflected in both median rents and upper-quartile rents. Most of the properties in the market are relatively old (constructed prior to 1980) and are maintained at student levels. Based on interviews with management, students occupy an estimated 41% of all apartments (exclusive of purpose built student apartments). Because of the existing rents in the area, the quality of apartments and the dominating of the market by students, we do not anticipate any significant support from the existing apartment base.

A comparison of median and upper-quartile rents and vacancies by each unit type follows:

MEDIAN AND UPPER-QUARTILE RENTS AND VACANCIES OTTAWA HILLS, OHIO SITE EFFECTIVE MARKET AREA* JULY, 2020					
UNIT TYPE	MEDIAN RENTS	OVERALL VACANCY RATE	UPPER-QUARTILE		
			RENT RANGE	NUMBER OF UNITS	VACANCY RATE
Studio	\$444	6.8%	\$499-\$579	33	17.6%
One-Bedroom	\$525	4.0%	\$682-\$1,725	748	4.4%
Two-Bedroom	\$721	2.8%	\$850-\$1,937	1,189	1.5%
Three-Bedroom	\$1,097	3.3%	\$1,157-\$1,399	221	3.6%

*Does not include purpose built student housing

The vacancy rate among the units in the upper-quartile of 2.9% is somewhat lower than the overall vacancy rate (3.4%) in the market.

Rents in the EMA have increased at an estimated average of 2.0% per year over the past several years.

Projects in the area range in size from 24 to 589 units. The average area project includes 141 units. The following table provides a distribution of units by the size of the project:

DISTRIBUTION OF UNITS AND PROJECTS BY PROJECT SIZE OTTAWA HILLS, OHIO SITE EFFECTIVE MARKET AREA JULY, 2020					
TOTAL UNITS IN PROJECTS	PROJECTS		UNITS		VACANCY RATE
	NUMBER	PERCENT	NUMBER	PERCENT	
24 To 49	12	19.7%	470	5.5%	7.7%
50 To 74	9	14.8%	510	5.9%	4.3%
75 To 99	11	18.0%	749	8.7%	4.8%
100 To 149	8	13.1%	864	10.1%	0.8%
150 To 249	10	16.4%	1,814	21.1%	4.2%
250 Or More	11	18.0%	4,175	48.6%	7.7%
Total	61	100.0%	8,582	100.0%	3.4%

While the majority of the properties in the market are small with 65.6% of all having less than 150 units, they account for only 30.2% of the total units.

The area apartment market has been evaluated by the comparability rating of each property. Comparability ratings are based on a rating system that awards points to each project based on its unit amenities, project amenities, and aesthetic amenities (curbside appeal). The average comparability rating in the EMA is 19.0. This is considered a relatively low average rating. Most modern properties with at least a modest number of project amenities have a rating of 27.0 to 32.0.

The following table identifies units and vacancies by comparability rating:

DISTRIBUTION PROJECTS BY COMPARABILITY RATING OTTAWA HILLS, OHIO SITE EFFECTIVE MARKET AREA JULY, 2020		
COMPARABILITY RATING RANGE	NUMBER OF PROJECTS	DISTRIBUTION
Less Than 15.0	10	16.40%
15.0 To 17.5	18	29.50%
18.0 To 20.5	12	19.70%
21.0 To 22.5	7	11.50%
23.0 To 24.5	6	9.80%
25.0 To 26.5	6	9.80%
27.0 To 28.5	2	3.30%
Total	61	100.00%

None of the properties in the EMA have a Comparability Rating over 28.0 and the median is only 18.6. The proposed project is anticipated to have the highest overall comparability rating in the market at 32.0 and will be the highest rated property in the EMA. Currently, market receives little impact from upscale professional renters and empty nesters reflective with the demographics of Ottawa Hills and offers no product suitable for Ottawa Hills residents seeking to downsize yet remain in the community.

F. OTTAWA HILLS, OHIO DEMOGRAPHICS

The following tables provide key information on Ottawa Hills demographics, including population trends, household trends, and household income trends.

POPULATION AND HOUSEHOLDS OTTAWA HILLS, OHIO			
YEAR	POPULATION	HOUSEHOLDS	POPULATION PER HOUSEHOLD
2000	4,489	1,680	2.67
2010	4,449	1,723	2.58
Change 2000-2010	-0.9%	2.6%	-
2020 (Estimated)	4,295	1,697	2.53
Change 2016-2021	-3.5%	-1.5%	-
2000 Census			
Esri, Incorporated			

As the above table illustrates, the total population and households Ottawa Hills increased slightly between 2000 and 2010 then decreased between 2010 and 2020. Since the village has little room for increased housing, population trends are mostly impacted by a declining population per household. Such a decrease most often occurs in an aging population as dependent children leave the household. The median population age in the 2010 Census was 43.7 years old, increasing to 47.0 in 2020 and 47.7 by 2025.

The following tables detail the area population by age groups:

DISTRIBUTION OF POPULATION BY AGE OTTAWA HILLS, OHIO 2010 AND 2020						
TOTAL POPULATION BY AGE	2010		2020		2025	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
0 – 4 Years	218	4.9%	185	4.3%	182	4.3%
5 - 9 Years	369	8.3%	253	5.9%	241	5.7%
10 - 14 Years	414	9.3%	331	7.7%	304	7.2%
15 - 24 Years	503	11.3%	550	12.8%	456	10.8%
25 - 34 Years	240	5.4%	313	7.3%	312	7.4%
35 - 44 Years	569	12.8%	404	9.4%	481	11.4%
45 - 54 Years	752	16.9%	627	14.6%	536	12.7%
55 – 64 Years	641	14.4%	717	16.7%	658	15.6%
65 - 74 Years	351	7.9%	490	11.4%	557	13.2%
75 - 84 Years	227	5.1%	258	6.0%	312	7.4%
85+ Years	169	3.8%	176	4.1%	177	4.2%
Total	4,449	100.0%	4,294	100.0%	4,221	100.0%
Median Age	43.7		47.0		47.7	
2010 Census Esri, Incorporated						

Age of head of household is a better indicator of aging trends. The following table illustrates the households by age in Ottawa Hills in 2020 and 2025:

HOUSEHOLDS BY AGE OTTAWA HILLS, OHIO 2020 AND 2025				
HOUSEHOLD AGE	2020		2025	
	NUMBER	PERCENT	NUMBER	PERCENT
Under 25 Years	29	1.7%	25	1.5%
25 to 34 Years	125	7.3%	121	7.2%
35 to 44 Years	200	11.8%	229	13.6%
45 to 54 Years	330	19.4%	269	16.0%
55 to 64 Years	415	24.4%	370	22.0%
65 to 74 Years	292	17.2%	325	19.3%
75 and Older	310	18.2%	342	20.3%
Total	1701	100.0%	1681	100.0%
Esri, Incorporated				

As with most markets, Ottawa Hills has an aging population. In 2020, 35.4% of all households are over age 65, by only 2025, 39.6% will be over age 65. This age cohort will contribute 75% of the support to the elevator building at the subject property.