

Rochester, New York

2010 DOWNTOWN HOUSING SNAPSHOT

*(Includes feedback from July 2010 snap poll of owner and managers
of approximately 1,100 units)*

Total Existing Leasable Units

Total market rate units: 1,739

Total subsidized units: 878

Total known units: 2,617

2010 Total Units Surveyed: 2,543

Estimated percentage surveyed: 96%

Estimated market rate surveyed: 96%

Estimated subsidized surveyed: 100%

Total Market Rate Units Surveyed: 1665 (96%)

Total market rate vacancies: 166

Estimated vacancy rate: 9.0%

NOTE: Total market rate vacancies without two buildings now in receivership: 45 (121 in two buildings)

NOTE: Estimated vacancy rate without the two buildings in receivership: 3.2%

Lofts, Total Number: 383

Total vacant: 19

Estimated loft vacancy rate: 4.9%

Total New & Renovated Market Rate Units, 2000 - 2010: 792

2010 vacancies: 29

2010 percentage vacant: 3.6%

New units in 2009/2010: 140

- 208 Mill Street – 12
- Mills at HF – 67
- Cascade Center – 3
- Daily Record – 1
- H.H. Warner Lofts – 48
- 96 Liberty Pole Way –9

Under Construction/Renovation as of 2010: 93

- “Industrie” on N. Water St., 11 rentals
- 230 East Avenue, 1 for-sale
- 250 East Avenue, 1 for-sale & 1 rental
- Kirstein Bldg., 30 rentals
- Temple Bldg., 10 rentals
- Eastman/Grove Place (former Cathay), 18 rentals
- Mills at High Falls Phase II, 21 rentals

Planned as of 2010: 433

- Cox Bldg., 75 rentals
- Midtown Tower (The Plaza), 186 rentals & 24 for-sale condos
- Capron Lofts, 19 for-sale condos
- 44 Exchange Street, 29 rentals
- Alexander Park, 100 rentals

Proposed as of 2010: 18+

- 60 Grove Place (9 rentals)
- Smith-Gormley (9 new lofts)
- Hochstein site

Total Subsidized Units Surveyed: 878 (100%)

Total subsidized vacant units: 70

Estimated vacancy rate: 7.9%



SURVEY OF DOWNTOWN RENTAL HOUSING

August 2010



Rochester Downtown Development Corporation

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SURVEY OF DOWNTOWN RENTAL HOUSING, August 2010

EXECUTIVE SUMMARY, 2009-10

Demand for residential rental properties in downtown Rochester remained high in 2010 – particularly for those units that have been brought on-line in the last decade – according to a RDDC survey of property owners and manager in late March 2010 and a subsequent “snap poll” of a smaller group in July/August 2010.

The property managers who responded to the 2010 snap poll represented 13 different buildings and approximately 1,100 units in eight different downtown neighborhoods.

RDDC's survey accounted for 2,543 rental units, or 96 percent of the existing leasable units. Approximately 9.0 percent of the market rate units, or 166 of 1665 market rate units surveyed, were reported vacant. However, that figure includes 121 vacancies in two buildings that had recently gone into bank receivership after their previous owner struggled with the effects of the national recession. At the request of the bank-appointed management company overseeing the marketing and renovation of the two buildings all their units were included in the study as “leasable” (many of which had been taken off the market in 2009). If their units and/or those vacancies were removed from the survey, the total absorption of market rate units rises to 96.8 percent, or a 3.2 percent vacancy rate --- an even smaller vacancy rate than 2009's 3.8 percent figure.

Furthermore, the vacancy rate for the approximately 792 units that have come on-line in the last decade (1999-2010) remained equally tight at 3.6 percent, and property owners and managers reported continued high demand in particular for lofts and loft-style units at 4.9 percent.

The 5 percent vacancy mark is considered a bellwether in the real estate industry, reflecting a healthy market wherein a would-be, first-time tenant can find a unit, and once in the marketplace, a resident has the option of either increasing their unit size or downsizing. As importantly, “at 95 percent capacity a building owner should be able to cover all building costs, including maintenance, utilities and mortgage payments,” according to analysts at Delta Associates, an Alexandria, Virginia-based, real-estate services firm.

DOWNTOWN OVERVIEW

Close observers of real estate development in downtown Rochester would likely describe the recent opening of *ESL's* Headquarters, the completion of the *LiDestri* family home on East Avenue, the arrival of *CalFinity* in the former Empire Brew Space at 300 State Street at High Falls, and the complete renovation of the *Searle Building* as “just further evidence of a decade-

long, ‘overnight’ success story”. Each nevertheless has recently served as high-profile symbols of success to a broader regional population still just recognizing of downtown’s vitality.

Meanwhile, on verge of completion were the *Eastman Theatre* expansion; *Industrie Lofts* on North Water Street; *Nothnagle Headquarters* at Broad and West Main Street; and John Nolan’s mixed-use commercial and residential *250 East Avenue* project. Construction crews also worked feverishly in mid-2010 at the following: *The Mills at High Falls* residential site – Phase II; *Alexander Park*; the *County Crime Lab* on Broad Street; the *Stantec Headquarters* in the former High Falls’ Trolley Barn; and *Eastman and Grove Apartments* at Main and Scio.

2010: Understanding the Demand

A combination of factors have bolstered nationwide demand for downtown or urban residential experiences, including: the overwhelming effect of the baby boom generation’s sheer purchasing power in regards to its desire for a downtown lifestyle; an increasingly positive media depiction of the “authenticity” of work, live and play opportunities in metropolitan areas; and economic and social factors linked to fuel prices and the “sustainability” movement.

Such a confluence of economic and social forces served as the underpinning for continued solid demand for downtown living options in Rochester in 2010, despite anecdotal reports from owner and managers of a mid-2009 and early 2010 sag.

NATIONAL PICTURE: 2010 Mid-year Rental Vacancy & Housing Snapshot

At 10.6 percent, national rental vacancies for the second quarter of 2010 measured virtually the same as the first quarter, and only slightly lower than the 30-year-high recorded in the fourth quarter of 2009 (the 2010 first quarter figure was the highest first quarter vacancy rate since 1996).

By region vacancy rates for the second quarter of 2010 measured as follows (with second quarter 2009 in parenthesis): the Northeast at 8.3 percent (7.1); the Midwest at 11.3 (10.4); the South at 13.2 percent (13.8); and the West at 8.0 (8.9) – with rates measured “inside” metropolitan statistical index areas (MSAs) at 10.7 percent vacant (10.7 in 2009) and principal cities at 11.1 percent (11.2/2009). Principal cities fared worse than suburbs at 10.2 percent (10.0/2009), and the vacancy rate for “outside” MSA’s at 9.5 percent fell from 10.3 on a year-to-year basis. Asking rents continued to be buffeted by the economy, with a 2.3 percent drop in late 2009 the highest percentage drop in 30 years.

In May 2010 the *National Multi-Housing Council* reported that national vacancy rates for rental buildings with at least five units had declined from 12.5 to 12.1 percent, and investment-grade apartments saw a 1 percent decline to 7.2 percent from the previous quarter --- both figures represented the healthiest rates since 2008. However, in June 2010 the *National Real Estate Investor* noted that despite the slight gain in us rental prices and apparent bottoming out of the apartment rental market, “challenges for recovery” remained, including: high unemployment rates for young people, and a growth in the inventory of single family homes and condos. In addition to slowing household formation rates, the latter was expected to present a particularly

stiff obstacle as many units that had originally been built as for-sale products were being presented on the rental market.

Furthermore, the U.S. Census Bureau reported that an unprecedented 19.2 million U.S. homes were vacant – 14.5 percent of the total U.S. housing stock. Of those vacant homes just under 2 million are up for sale, with the remainder either uninhabitable, slated for demolition, or being withheld from the depressed market. An additional 4.5 million homes are currently up for rent, with the South region the hardest hit, with a housing vacancy rate of 13.2 percent.

In May 2010 the Commerce Department reported that new home sales had dropped 32 percent from April to May --- analysts had expected the expiration of the federal government’s Home-Buying Stimulus Plan to lead to a drop in sales; however, the drop was reportedly the largest since the government began compiling data in 1963.

In June 2010 Victor Calanog, the Director of Research for *REIS Inc.*, a leading real estate research company, suggested a slightly brighter picture, noting the virtually unchanged first quarter vacancy rates and the first asking-rent-gains since 2008 and asserting that the “multifamily market appears to be on the cusp of recovery”. On a slightly less bullish note, REIS suggested that the second half of 2010 would be a “telling barometer”.

Finally, before exiting the conversation about the national housing market, it feels imperative to at least quickly note the status of the now-government-run Freddie Mae and Fannie Mac housing and lending agencies. With reported combined obligations of \$3.9 trillion dollars and ownership or guarantees on “half of all the mortgages in the U.S.”, their status continued to receive close scrutiny from the financial, housing, and regulatory worlds – with debates centering on when and if their obligations should be included in the federal budget --- they currently are not --- and when or if they should be “dissolved” and their prime assets released to a financial community reported to eager to buy them at depressed values.

Longitudinal View of Vacancy Rates

Between 1968 and 2009 annual vacancy rates for the nation and for each of the four major regions grew from a national average of just below 6 percent in 1968 to 10.1 percent in 2009. The South experienced some of the greatest spikes during those years and along with the Midwest, saw the largest overall vacancy rate hikes, with the former rising from approximately 7.5 percent in 1968 to approximately 13 percent in 2009. The Midwest climbed from 5.5 percent in 1968 to approximately 12.5 percent in 2004 before falling to below 11 percent in 2009. Only the West proved able to absorb the vast majority of its new product during that 40-year span, as its 1968 rate of 7 percent had risen to only 7.5 percent by 2009.

As first reported in 2007, a recent U.S. Census Bureau *Survey of Market Absorption of Apartments* cited the following demographic factors as influencing trends in household formation rates:

- Age at first marriage (expected to increase, although slower than previously);
- Divorces (trending down since 1979 heights);
- Non-marital childbearing;
- Postponed or foregone childbearing; and,

- Longer life expectancy.

All these demographic factors may be accentuated by changes in the ‘age composition of the population’. Moreover, in 2010 housing analysts surveying the economic wreckage of 2008-2009 for longer term trends found solace in predictions that immigration and birth rates were expected to add an additional 100 million people to the U.S. population by 2050. In the context of the urbanization trend currently underway, such figures raised the specter of capacity and quality of life issues, arguably of far greater magnitude and scope than current vacancy rate spikes.

SNAPSHOTS: NORTHEAST MARKET; NEW YORK STATE & CITY; WESTERN NEW YORK MARKETS

Northeast/New England/ New York Metropolitan area

Amid reports from the U.S. Census Bureau that the overall vacancy rate for all rental properties in the Northeast Region had climbed to 8.3 percent for the second quarter of 2010 (from 6.0 percent a year ago, and albeit still the lowest national rate), in April 2010 the *Federal Reserve Bank* asserted that in New England “residential real estate markets continued to show most positive signs...with home sales increasing year-over-year in most parts of the region”. Furthermore, the region continued to enjoy the lowest national regional homeowner vacancy rate at 1.8 percent, further evidence that the nonprime mortgage “boom-bust” cycle had in great part skirted the Northeast. Meanwhile, median asking-rents in the Northeast jumped from \$802 in the first quarter of 2010 to \$871 in the second.

In late 2009 the *Wall Street Journal* reported that in the fourth quarter of 2009 effective-rents had fallen .07 percent to \$2,646 per square foot in the New York metropolitan area -- the nation’s largest apartment market, and on average close to 60 percent of all rental buildings across the metro region had lowered their rents since the previous quarter. On a year-by-year basis, effective rents in the region --- factoring in “free rent and other perks” – fell by 5.6 percent. In February 2010 the *Federal Bureau of Labor Statistics* reported that rents in New York City “rose at a slower pace in the past year than during any 12-month period since mid-1994” and rental vacancies in the metropolitan region had fallen 0.1 percent to 2.9 percent.

Such statistics emerged from a marketplace wherein purchasers of “record-breaking (residential) deals” – including the much-publicized *Stuyvesant Town-Peter Cooper Village* purchase -- had defaulted. Analysts noted that although several of the new “players” in the metropolitan region had survived the downtown, the only other identifiable “winners” were the old real estate firms whose portfolios were distinguished by a pattern of “buying but never selling”, smaller debt loads, and fewer deals per annum.

(Regarding Manhattan’s biggest commercial properties, in a particularly dire, January 2010 review, the *New York Times* quoted one analyst as predicting that “foreign investors may swoop in this year and buy up some of the city’s most desirable and stable skyscrapers....then the city will be left with properties with financial difficulties that are half empty and in less coveted locations. Recovery for those buildings...is going to take a little bit longer.” The value of New

York metropolitan office buildings is reportedly down 40 percent from its 2007 peak, with analysts predicting further declines through 2011.)

New York State & Western New York

The *Federal Reserve Bank of New York's* review of the New York State real estate sector in early 2010 was tepid, describing the “sluggish” residential real estate markets as having shown “scattered signs of improvement, especially at the lower end of the market”. As throughout the nation, analysts in New York asserted that the job market was one of the primary keys to understanding the rental apartment sector. In particular, “the primary renter market base, people aged 20-30, comprises 70% of the total U.S. apartment market, and that (employment) segment is recovering more slowly than others”.

According to the Fed's March 2010 study, “*Bypassing the Bust: The Stability of Upstate New York's Housing Markets during the Recession*”, regarding the “boom and bust volatility of the most recent residential real estate cycle”, much of the United States -- wherein nonprime lending and rapid home price appreciation were less significant than the famously overheated southern, southwestern and Californian markets -- had been “insulated” from the “debilitating” bust.

Regarding upstate New York the authors wrote that “despite its long-term weak economic growth and population loss, Buffalo, Rochester, and Syracuse all ranked in the top 10 percent of metro areas in terms of home price appreciation in 2009, with Buffalo ranking sixth overall”. Nevertheless, Buffalo and Syracuse were expected to post 2010 housing market declines of approximately 1.0 percent, with Buffalo expected to fall to 50th in the nation in population after having lost an estimated 4 percent of its population in the last decade.

In June 2010 the *National Real Estate Investor* cited Buffalo, at 7.2 percent, as having the highest vacancy rate in New York State and among the highest among urban centers throughout the United States. Furthermore, one analyst argued that, “attracting homeowners into Buffalo from the city's inner-ring suburbs creates additional issues for those suburban communities, which are also losing population”. Rental figures there were also effected by the federal home-buyer tax credits, which saw home sales leap in late 2009 and early 2010, with the average home prices soaring 16 percent in February alone.

According to the U.S. Census Bureau in the second quarter of 2010 rental vacancy rates soared along the New York Thruway spine, with Albany moving from 7.8 to 10 percent, Syracuse from 7.9 to 13.6%, Rochester from 4.8 to 8.9%, and Buffalo from 7.2 to 13.2%.

The much-anticipated renovation of landmark buildings in Buffalo and elsewhere in New York was almost immediately sidelined by shortfalls in the July 2009 legislations' application of historic tax credits; however, the initial promise prompted widespread hope in western New York that several long-languishing buildings in downtown Buffalo might hold appeal to mixed use developers and renters. In particular, Buffalo developers Rocco Termini and Mark Hamister cast their plans to convert the former AMA department store into a mixed use, residential facility as a direct response to the rehabilitation tax credit legislation, asserting that “the increase and success of residential development throughout the area has shown downtown Buffalo to be one of the more sought-after addresses in our community, particularly among young professionals and more established residents looking to downsize”.

Efforts to propel such “adaptive reuse” projects did not however come without some controversy, as the Erie County Industrial Development Agency’s (ECIDA) decision to aim tax breaks at developers of new market rate units provoked the ire of some local observers, who asserted that the new units would have an unfair advantage in competing for a finite (if not declining) renter population. On another front, the Buffalo rental property market was further challenged by an incentive-fueled, first quarter jump in housing sales – 12% higher on a year-to-year basis comparison with 2009.

In July 2010 *Realty Trac Inc.* reported that housing foreclosure filings in the five Upstate New York markets – Buffalo, Rochester, Albany, Syracuse, and Utica/Rome – ranked “at the low end of the 206 markets measured nationwide”.

The New York Federal Reserve Bank reported in late 2008 that New York State ranked first in the nation regarding the proportion of residents born in the state where they currently reside, or 81 percent of all New Yorkers -- with upstate New Yorkers being even less mobile. Nationwide and in New York, the primary reasons for not moving or moving were, respectively, family and jobs.

Greater Rochester Region

According to the U.S. Census Bureau the Rochester region’s rental vacancy rate fell from an average of 7.3 percent in 2005 to 6.0 percent in 2006, rose to 6.4 percent in 2007, rose again to 7.0 percent in 2008, fell to 4.8 in the first quarter of 2010, and spiked to 8.9 in the second quarter of 2010. In comparison, New York State’s rate has fluctuated between 6.5 percent and 7.5 percent over the last five years – 2005-2010.

On the other hand, seizing on the lack of volatility evidenced elsewhere in the nation, in late 2009 the *Local Market Monitor*, a North Carolina-based real estate forecasting company, predicted that the five-county Rochester region would remain in the top “ten or twenty” best housing market performers in 2010.

“Rochester is actually not expected to have any change, which means housing prices are expected to be the same. It’s still in the top ... because the rest are expected to perform worse,” according to *LMM’s* publisher, *M-pact Marketing*. Among the reasons for Rochester’s flat performance is a dampened consumer confidence index that saw pricing and movement of higher end products decline with much of the incentive-fueled sales activity in the first half of 2010 driven by lower priced products.

At a municipal level, the City of Rochester continued to focus its housing efforts on rehabilitation of existing stock, having abandoned a “new build” policy that it found untenable in the face of rising construction costs and subsequent appraisals that priced new City-constructed homes at less than they cost to build. In comparison, in early 2010 the *Buffalo News* published a series of articles regarding Buffalo’s continued “new build” efforts and how its plan results in \$100,000 subsidies and “as much as \$200,000” in municipal expenditures per home.

As noted in a mid-2010 *Joint Center for Housing Studies of Harvard University* report, “The State of Nation’s Housing 2010”, the current heightened, inextricability of analyzing for-sale and rental property activities, particularly in smaller markets can be explained in part as follows:

“As in the homeowner market, several opposing forces are at work in the rental market. On the downside, high unemployment – especially among minorities and the young – is a drag on demand. In addition, the narrow cost differential between owning and renting could keep first-time home-buying strong even after the federal tax credit expires.

On the upside, however, the echo boomers are starting to form independent households, many owners that have lost their homes to foreclosure will turn to renting, and some would-be homebuyers will be unable to qualify for loans. Moreover, improving labor markets typically benefit rental markets more immediately than home sales.”

A “flat” population story – a decline of approximately 0.2 percent in the last decade -- saw Rochester fall from 49th largest to the 51st largest metropolitan area, while at the same time narrowing its gap with Buffalo (50th), which saw a 4.0 percent population decline during the same period. Of particular importance to the rental housing market is both communities’ inability to attract the typical, youthful apartment dweller, with Rochester performing at the national average when it comes to population outmigration but well below the average regarding new residents.

DOWNTOWN ROCHESTER MARKET

August 2010 Update

Notwithstanding over a dozen rental units that have been “permanently” pulled off the market by their owners, as of August 1, 2010, there were approximately 2,617 rental units in leasable condition. An additional 93 units were under active construction in existing buildings where previously there were no units; 433 more residential units (rental and for-sale) were planned (and had publicly announced); and an additional 18-plus units had been formally proposed although remained in an embryonic stage.

By the end of 2010-11 these additional housing units -- recently built, under construction, and planned – are expected to have translated into approximately 2,886 downtown rental units, bringing the total residential population to well over 4,300.

The RDDC 2010 survey accounted for approximately 96 percent, or 2,543 of the 2,617 known leasable rental units on the market as of March 31 -- 878 (or 33 percent) of which are subsidized. (While only vacancy figures reported by March 31, 2010, were used for this survey’s computations, additional interview and anecdotal survey work continued through early August 2010.)

Downtown Vacancy Analysis

Market-rate: According to the residential rental property owners and managers surveyed, the vacancy rate for downtown, market-rate rental housing units rose to 9.0 percent in the 1st quarter

of 2010 up from 3.8 percent in 2009. Of the 1,665 market-rate units surveyed, 166 were reported vacant. However, as noted above, the market-rate figure includes 121 vacancies in two buildings that had recently gone into bank receivership after their previous owner struggled with the effects of the national recession. At the request of the bank-appointed management company overseeing the marketing and renovation of the two buildings all their units were included in the 2010 study as “leasable” (many of which had been “taken off the market” in 2009 and not included in that survey’s findings).

If those units and/or vacancies were removed from the survey, the total absorption of market rate units rises to 96.8 percent, or a 3.2 percent vacancy rate --- an even smaller vacancy rate than 2009’s 3.8 percent figure.

Subsidized: The overall vacancy rate for 878 subsidized units was reportedly 7.9 percent, with 70 units being reported as vacant. All subsidized units were accounted for in the 2010 study.

Again, the 5 percent vacancy mark is considered a bellwether in the real estate industry, reflecting a healthy market wherein a would-be, first-time tenant can find a unit, and once in the marketplace, a downtown resident has the option of either increasing their unit size or downsizing. As importantly, “at 95 percent capacity a building owner should be able to cover all building costs, including maintenance, utilities and mortgage payments,” according to analysts at Delta Associates, an Alexandria, Virginia-based, real-estate services firm.

Key Findings

Since the commencement of its residential survey work, RDDC has sought to track the “unit style” and “amenities” interests of downtown residential tenants. Furthermore, property owners and managers have been polled annually regarding their perception of the demand for their respective products – anecdotally and statistically – as expressed by the maintenance of waiting lists and/or lack of demand.

More recently, RDDC has sought to better understand the absorption rate of both new residential products and those units that become available across the course of the year. Regarding the former, proprietary issues, overworked leasing agents, and varied tracking mechanisms have slowed efforts to access “real-time” numerical feedback on the lease-up rates of new units.

Demand

Regarding the lease-up rates for existing units, in 2010 RDDC surveyors asked owners and managers how long it was taking them to re-lease vacated units. Of the 16 respondents, 13 reported that were refilling units within *a month* (compared to 16 in 2009); and three reported units sitting vacant for *a month or more* (1 in 2009).

When asked whether they had more demand or less demand than units available, 16 of the respondents reported that *demand outpaced their supply*, with only one reporting that they were experiencing “*hard to fill*” units. Moreover, of the more than 26 different rental properties accounted for in the July snap poll, only one respondent reported a decline in demand. (Although not reflected numerically in the March survey, there was anecdotal evidence that late 2009 and 2010 had proven challenging to these leasing agents.)

Among the other key findings from the 2010 Survey were the following:

- At 88% percent of the market, professionals, students, and empty-nesters continued to dominate the downtown tenant profile, accounting for 67, 17, and 4 percent of the market, respectively.
- The 383 lofts units surveyed included only 19 vacancies (4.9%).
- For the first time since RDDC has conducted this survey property owners and managers reported that two-bedroom apartments were in as much demand as one-bedroom units (6 responses for each) with loft-style units and studios following at 4 and 2 “requests”, respectively.
- Secure parking facilities continued to top the list of amenities most desired by existing and would-be residents (as per several of the previous surveys). Thereafter, other amenities desired in order of importance were laundry facilities, updated kitchens, dishwashers, utilities included in the rent, and wireless connectivity. Also noted were storage space, gym and/or health clubs, “open” floor plans , and fireplaces.

Rent Per Square Foot

In response to the urging of developers and lenders, property owners were first queried regarding their price-per-square-foot (psf) rents in 2004. According to those surveyed for this study and throughout the year, the \$1.00 psf return is seen as a minimum requirement for building renovators. For developers of new construction units, the psf requirement is seen as hovering at approximately \$1.35 or greater. Property owners receiving \$1.00 or greater are universally located in updated structures or prestigious locations. In those cases where the psf is reportedly \$1.25 or and greater, the psf reportedly declines as the unit size crests 1,500 square feet.

In 2010 property owners and managers responsible for a total of 190 market-rate units reported that tenants were paying an average of \$1.04 per square foot (psf). In early 2009 the reported average was approximately \$1.26 psf . (However, while providing an interesting anecdotal view, the small number of respondents in 2009 made it difficult to forward any statistically supportable claims regarding the broader marketplace as a whole.) The reported psf pricing range for 2010 started at \$XXX psf and reached as high as \$XXX psf

ABOUT THE 2010 SURVEY—March 31st and July 2010 Snap poll

RDDC formally surveyed owners and property managers of downtown rental properties for their unit status on March 31, 2010, and in July 2010 the managers of thirteen properties representing 1,100 units responded to an informal snap poll regarding mid-year, 2010 vacancy and leasing activity.

The properties are located as follows:

- All “Inner Loop” addresses
- In the High Falls Historic District
- Corn Hill rental properties border on either side of Exchange Street
- Market-rate units in the Alexander and Upper East End districts

The subsidized units are concentrated in four buildings and were identified by property owners and managers.

Eight different unit styles are tracked in this survey, including:

1. Studio apartments
2. One-bedroom units
3. Two-bedroom units
4. Three-bedroom units
5. Four-bedroom units
6. Lofts
7. Work/live combinations
8. Penthouse

Any properties under renovation at the time of the study were not included in the vacancy analysis, although their feedback regarding demand and amenities are reflected in this text wherever pre-occupancy leasing activity was underway.

This survey is based on the following chronological compilations:

- A list of downtown rental properties prepared in 1995 by the Cultural Center Commission;
- edited and expanded by RDDC in 2000 under a City of Rochester-funded downtown housing study;
- updated by RDDC in advance of the mid-2002 launch of its www.rochesterdowntown.com website; and,
- newly surveyed on an annual basis in 2003-2010.

RDDC tracks the increasingly diverse product offerings in the downtown rental market as part of a larger effort to provide investors and lenders with detailed and relevant data, thereby encouraging the judicious development of more housing in the Center City core.

using direct input from individual property owners and managers, RDDC regularly updates information for residential rental units on its www.rochesterdowntown.com website. In addition to listing all of the rental units downtown, the properties listed in the “Living” section of the website can be searched using a number of different variables, such as: bedroom configuration, unit type, pricing, and neighborhood.



APPENDIX A

Rochester Downtown Development Corporation

DOWNTOWN RENTAL HOUSING SURVEY - Rochester, New York

Market-Rate Rental Units By Neighborhood, March 2010

	<i>TOTAL UNITS TRACKED</i>	<i>TOTAL UNITS SURVEYED</i>	<i>NUMBER VACANT</i>	<i>PERCENT VACANT</i>	<i>RENT RANGE</i>
Cascade District	60	60	2	0%	\$825-2,300
Corn Hill	220	220	4	1.8%	\$750-1,800
East End/Upper East	715	701	141	20.1%	\$375-2,500
Four Corners	5	5	0	0.0%	\$495-900
Grove Place	103	57	4	7.0%	\$435-1,495
High Falls	28	28	0	0%	\$825-1850
Manhattan Square	250	250	0	0.0%	\$478-1,039
St. Joseph's Park*	27	13	1	7.7%	\$600-675
St. Paul Quarter	328	328	13	4.0%	\$435-1,900
Washington Square	3	3	0	0%	\$1295-2500
MARKET RATE	1,739	1,665	165	9.9%	\$375-2,500
SUBSIDIZED	878	878	70	8.0%	n/a
TOTALS *	2,617	2,543	(96% of leasable units surveyed)		

* At St. Joseph's Park two building owners removed their units from the market for both repurposing and renovation.

(RDDC - 2010)

APPENDIX B
Downtown Rochester, New York
LOFT LIVING UNITS, AUGUST 2010

<i>EXISTING</i>	<u>UNITS</u>	
H.H. Warner Lofts	48	
Michaels/Stern Bldg.	45	
Temple Building	40	
Buckingham Commons	36	
Riverview Lofts. (<i>Water St.</i>)	36	
Searle Building	30	
Smith-Gormley Bldg.	22	
East End Lofts	17	
Knowlton Bldg.	17	
The Mills at High Falls	17	
Halo Lofts @ 60 Grove	12	
208 Mill Street	12	
Industrie Lofts*	11	
Cox Bldg. (existing)	7	
Parry Bldg. (<i>High Falls</i>)	6	
116 St. Paul (<i>Harry Forman Bldg.</i>)	6	
Andrews Bldg.	5	
Cascade Center Lofts	4	
State Street Bldgs. (121 &139)	3	
54 University Ave.	3	
Gauss Bldg.	3	
250south	3	
Daily Record Bldg.	3	
High Falls Lofts@104 Platt Street*	2	
Gibbs Place	1	
234 Mill Street	1	
<hr/>		
TOTAL, EXISTING		390
 <i>UNDER CONSTRUCTION</i>		
Cox Building	63	
Kirstein Building	30	
Temple Building	10	
250 East Avenue	2	
<hr/>		
TOTAL, UNDER CONST.		105
 <i>PROPOSED</i>		
1Capron Lofts (for sale)	19	
Grove Street Flats	14	
Academy Building	14	
Smith Gormley (additional)	9	
<hr/>		
TOTAL, PROPOSED		47
 <i>TOTAL, EXISTING, UNDER</i>		

CONSTRUCTION, & PROPOSED

542

* = not included in 2010 Survey as construction/renovation not yet complete
RDDC - August 2010

Appendix D

Rochester Downtown Development Corporation

DOWNTOWN RESIDENTIAL POPULATION, 2003 - 2011

<i>YEAR</i>	<i>NUMBER OF UNITS</i>	<i>ESTIMATED DOWNTOWN RESIDENTS</i>	<i>PERCENT INCREASE OVER PRIOR YEAR</i>
2003	2,042	3,063	
2004	2,134	3,201	4.5%
2005	2,251	3,377	5.5%
2006	2,401	3,602	6.7%
2007	2,634	3,951	9.7%
2008	2,663	3,995	1.1%
2009*	3,185	4,778	19.6%
2010-2011**	3,211	4,817	
<i>Projects in pipeline (526):</i>			
Under construction (112 units)			
Planned (414 units)			
*INCREASE, 2003 TO 2009 = 932 units, 1,398 residents			
TOTAL INCREASE IF EVERYTHING IN PIPELINE IS BUILT, 2003 to 2010 = 1,454 units, 2,181 residents			
<i>** (Projected.)</i>			
<i>RDDC - 9/1/10</i>			

APPENDIX E

2010 Downtown Rental Housing Survey

TENANT PROFILE, MARKET DEMAND, & AMENITIES ANALYSIS

TENANT PROFILE (All units)

When asked to describe their tenant composition, owners and managers of *market-rate* units described their residents as follows:

- Professionals **67.0%**
- Student-age **17.0%**
- “Empty Nesters” **12.0%**
- Corporate **1.0%**
- Seniors **1.0%**
- ADA **1.0%**
- Families w/children **1.0%**

APARTMENT STYLE DEMAND (All Units)

When asked to describe overall demand for their units, the respondents indicated as follows:

- More inquiries than available product – (16)
- Experiencing “hard-to-fill” vacancies -- (1)

When asked which unit size or type was in the greatest demand, the respondents indicated the following order of preference:

1. 2-bedrooms
2. 1-bedrooms
3. Loft-style
4. Studios
5. “All types”

AMENITIES DEMAND ANALYSIS (All Units)

When asked which type of amenities were in greatest demand, the respondents indicated the following (in order of frequency):

- Off-street parking (*1st in 2008-2009*)
- Laundry facilities, hook-ups or laundry rooms (*#2 in 2009*)
- Updated Kitchens
- Dishwashers
- Utilities included in monthly rent (*#3 in 2009*)
- Wireless Internet Access/ High Speed Internet
- Storage Space
- Gym/Health Club
- “Open” floor plans
- Fireplaces

APPENDIX F

***** PLEASE MAKE ANY CORRECTIONS NEEDED AND ADD 2010 INFORMATION *****

2010 Rental Housing Survey

Property Address _____
Owner Name: _____
Contact Name: _____
Contact Company: _____
Contact Address: _____
City, State, Zip: _____
Contact Phone No.: _____
Contact e-mail: _____

SAMPLE
DOCUMENT

<i>Type of Unit</i>	<i># of Units</i>	<i># of Units Available</i>	<i>Rent Range</i>
Studio			
1-Bedroom			
2-Bedroom			
3-Bedroom			
4-Bedroom			
Loft			
Penthouse			
Townhouse			

Amenities:

Please check which of the following are available.

- | | |
|---|--|
| <input type="checkbox"/> Cable Hook-Up | <input type="checkbox"/> Fireplace |
| <input type="checkbox"/> High Speed Internet Access | <input type="checkbox"/> Shared Common Space |
| <input type="checkbox"/> Security | <input type="checkbox"/> Balcony |
| <input type="checkbox"/> Doorman | <input type="checkbox"/> Elevators |
| <input type="checkbox"/> Concierge | <input type="checkbox"/> ADA |
| <input type="checkbox"/> Laundry Hook-Up in units | <input type="checkbox"/> Near Mass Transit |
| <input type="checkbox"/> Laundry Room | <input type="checkbox"/> Utilities Included |
| <input type="checkbox"/> Storage Space | <input type="checkbox"/> Covered Parking |
| <input type="checkbox"/> Updated Kitchen | <input type="checkbox"/> Parking Lot |
| <input type="checkbox"/> Health Club | <input type="checkbox"/> On-street Parking |

Additional amenities: _____

Thank you for participating.

APPENDIX F

2010 DOWNTOWN RENTAL HOUSING SURVEY

Tenant Profile: (Please describe your current tenant profile):

Young professionals _____%

Empty-nesters, older professionals _____%

Students _____%

Seniors _____%

Families with children _____%

Disabled _____%

Corporate units _____%

Market Demand: (please check one)

More applicants than units available _____

Experiencing “hard-to-fill” vacancies _____

Absorption:

On average, how many weeks does it take to fill an available apartment? _____

Additional Questions

1. For which unit style do you get the greatest demand (e.g. *1-bed, loft, etc.*)?

2. Which types of amenities are in the greatest demand? _____

3. What is your approximate price-per-square-foot rent range (eg. \$.75-\$1.35)?

Appendix E: 2010 RDDC Survey, Additional Questions

2010 Rochester Downtown Development Corporation (RDDC) Rental Housing Survey -- "Page 2" Demand Data

Created: April 27 2010, 8:02 AM

2010 Rochester Downtown Development Corporation (RDDC) Rental Housing Survey -- "Page 2" Demand Data

Page 1 - Question 1 - Open Ended - One or More Lines with Prompt

Contact Information

- Website address
- Contact e-mail address
- Contact phone number(s)

Page 1 - Question 2 - Open Ended - One Line

Price-per-square-foot: Approximately how much do you charge per square foot (average for all or range)?

Page 1 - Question 3 - Open Ended - One or More Lines with Prompt

Tenant Profile: Please describe your current tenant profile by percentages. For example: Young Professionals -- 50%; Empty-nesters -- 25%; Seniors -- 25%, etc.

- Young Professionals
- Empty-nesters, older professionals
- Students
- Seniors
- Retirees
- Families with children
- Disabled
- Corporate units

Page 1 - Question 4 - Choice - Multiple Answers (Bullets)

Market Demand: Please check one

- More applicants than units available.
- Experiencing "hard-to-fill" vacancies.

Page 1 - Question 5 - Open Ended - Comments Box

Absorption: On average how long does it take to fill a unit once you have been informed of a tenant's intention to move?

Page 1 - Question 6 - Open Ended - One Line

Demand by Unit Style: For which unit-style do you have the greatest demand?

Page 1 - Question 7 - Open Ended - One Line

Demand for amenities: For which amenities do you experience the most requests?

Thank You Page

Thank you for taking the 2010 Survey. We hope that you found it easy to reply to this survey on-line and will continue to fine-tune it to both help you fill it out and allow us to get a fuller picture of your property!

<http://www.rochesterdowntown.com/>

Screen Out Page

(Standard - Zoomerang branding)

Over Quota Page

(Standard - Zoomerang branding)

Survey Closed Page

(Standard - Zoomerang branding)