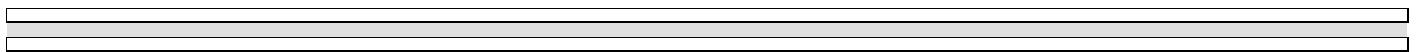

An Analysis of Residential Market Potential

Route 419 Town Center Study Area

Roanoke County, Virginia

November, 2016

Conducted by
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Research & Strategic Analysis

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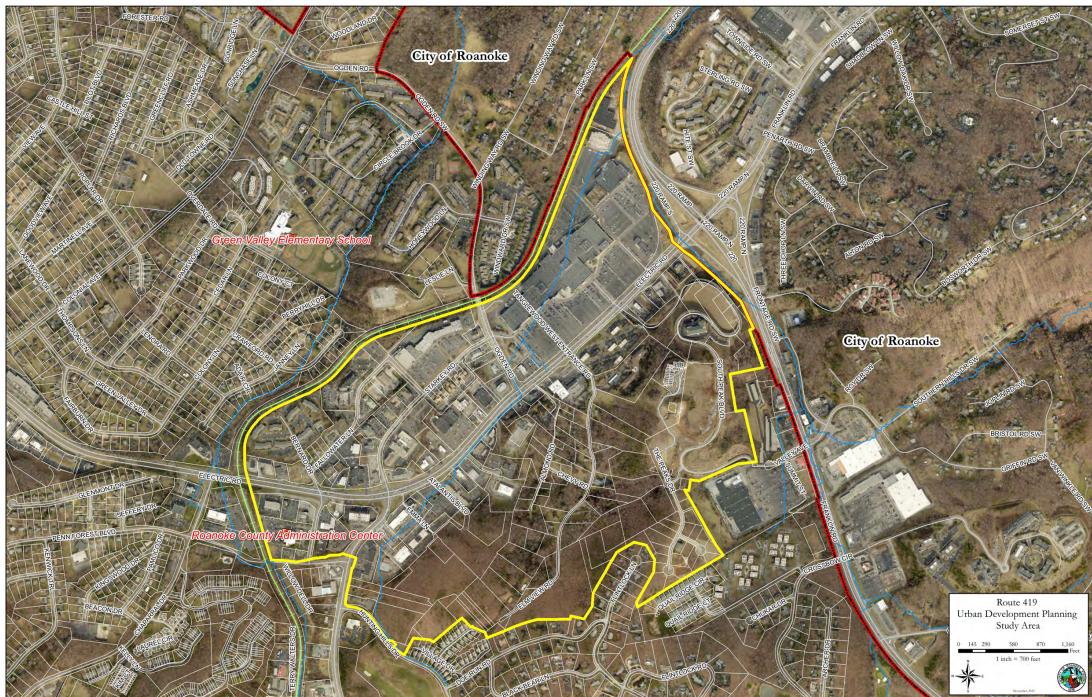
An Analysis of Residential Market Potential

Route 419 Town Center Study Area *Roanoke County, Virginia*

November, 2016

INTRODUCTION

The purpose of this study is to identify the market potential and optimum market position for newly-introduced housing units that could be developed within a walkable mixed-use neighborhood within a proposed Route 419 Town Center—at the intersection of Routes 220 and 419—as well as the broader study area outlined in yellow on the following map, in Roanoke County, Virginia. The study details the optimum market position for a residential component, to be constructed in conjunction with commercial uses, and the target residential mix for between 400 and 500 new dwelling units that could be developed on locations within the Study Area over the next five to seven years.



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

The target market methodology is particularly effective in defining realistic housing potential for redevelopment because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestage, lifestyle patterns, and household compatibility.

In brief, using the target market methodology, Zimmerman/Volk Associates determined:

- Where the potential renters and buyers of new housing units in Roanoke County and the Route 419 Town Center Study Area are likely to move from (the draw areas);
- How many households have the potential to move to the Study Area if appropriate housing units were to be made available (depth and breadth of the market);
- What their housing preferences are in aggregate (rental or ownership, multi-family or single-family);
- Who are the households that represent the potential market for new dwelling units within the Study Area each year over the next five years (the target markets);
- What their current housing alternatives are (relevant rental and for-sale development);
- What they will pay to for new units developed within the Study Area (market-rate base rents and prices); and
- How quickly they will rent or purchase the new units (market capture/absorption forecasts over the next five years).

The target market methodology is described in detail in the METHODOLOGY AND TARGET MARKET TABLES, APPENDICES ONE AND TWO document provided separately.

COUNTY-WIDE MARKET POTENTIAL

As noted above, the depth and breadth of the potential market for new residential units within the Route 419 Town Center Study Area have been derived from the housing preferences and financial capacities of draw area target households—identified through Zimmerman/Volk Associates' proprietary target market methodology. The draw areas were determined through migration analysis—based on the most recent taxpayer records from the Internal Revenue Service covering 2009 through 2013—with additional supporting mobility data drawn from the 2014 American Community Survey for Roanoke County.

*Where are the potential renters and buyers of new and existing housing units
in Roanoke County likely to move from?*

As determined by the migration analysis, the principal draw areas for new and existing housing units within Roanoke County include the county, the regional draw area (the Cities of Roanoke and Salem, and Botetourt and Bedford Counties), and all other counties across the country represented in Roanoke County migration.

As derived from the migration and mobility analyses, then, the draw area distribution of market potential (those households with the potential to move within or to Roanoke County each year over the next five years) would be as follows:

**Market Potential by Draw Area
Roanoke County, Virginia**

Roanoke County:	25.2%
Regional Draw Area Counties:	41.2%
Balance of US:	<u>33.6%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

As determined by the target market methodology, then, an annual average of 4,235 households in target market groups with incomes above \$45,000 per year represent the annual market for new and existing housing units in Roanoke County each year over the next five years.

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Roanoke County, Virginia

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AVERAGE ANNUAL MARKET POTENTIAL FOR THE ROUTE 419 TOWN CENTER STUDY AREA

*Where are the potential renters and buyers of new housing units
in the Route 419 Town Center Study Area likely to move from?*

The target market methodology identifies those households that prefer living in downtowns and walkable, mixed-use neighborhoods. After discounting for those segments of the county's potential market that typically choose more suburban, exurban and/or rural locations, the distribution of draw area market potential for newly-created housing units within the Route 419 Town Center Study Area would be as follows:

Annual Market Potential by Draw Area
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

Roanoke County:	31.6%
Regional Draw Area Counties:	44.9%
Balance of US:	<u>23.5%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

*How many households have the potential to move to the Study Area each year
over the next five years if appropriate housing units were to be made available?*

As determined by the target market methodology, approximately 980 households in target market groups with median incomes above \$45,000 a year represent the annual potential market for all types of new housing units in the Route 419 Town Center Study Area each year over the next five years.

What are their housing preferences in aggregate?

The tenure and housing preferences of these 980 draw area households are shown on the table following this page (see also Table 1 at the end of this document):

Average Annual Market Potential For New Housing Units
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	375	38.3%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	75	7.7%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	85	8.7%
Low-range single-family detached (houses, fee-simple ownership)	170	17.3%
Mid-range single-family detached (houses, fee-simple ownership)	150	15.3%
High-range single-family detached (houses, fee-simple ownership)	<u>125</u>	<u>12.7%</u>
Total	980	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

New residential development should concentrate on higher-density housing types, which are integrated most easily with all scales of commercial development and which will support new residential development within the Study Area most efficiently. As a result, this analysis is focusing on rental and for-sale multi-family and single-family attached for-sale.

Therefore, excluding those households with a preference for single-family detached units, an annual average of 535 households with incomes above \$45,000 per year currently living in the defined draw areas represent the pool of potential renters/buyers of new housing units within the Route 419 Town Center Study Area each year over the next five years (*see again* Table 1).

Based on the tenure and housing preferences of those draw area households, then, the distribution of rental and for-sale multi-family and for-sale single-family attached housing types is shown on the table following this page:

Average Annual Market Potential For New Higher-Density Housing Units
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	375	70.1%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	75	14.0%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	<u>85</u>	<u>15.9%</u>
Total	535	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

The market potential delineated by tenure (rental vs. for-sale) and housing type represents a market-driven sustainable mix for the Route 419 Town Center Study Area. From the market perspective, the initial projects should focus on rental housing due to higher rental absorption rates, the greater willingness of renters to populate emerging neighborhoods, and the opportunity to provide investment-grade multi-family development. In addition, renters form a pool of potential purchasers of for-sale units in later phases, and rentals are the most efficient way to incorporate units affordable to households with a range of incomes.

TARGET MARKET ANALYSIS

The increasing interest in traditional American neighborhoods—walkable, with a mix of uses and a variety of housing types—is the result of dramatic changes in American households, the growing cost of commuting by private automobile, and the profound impact of the Great Recession—which began in 2007—on both households and home-builders, particularly in exurban locations. The changing composition of American households may have the most lasting influence, however, because of the changing housing preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 74 million), born between 1946 and 1964, and the estimated 88 million Millennials, who were born from 1977 to 1996.

In addition to their shared preference for downtowns and walkable traditional neighborhoods, particularly those served by transit, the Boomers and Millennials are changing housing markets in

multiple ways. In contrast to the traditional family (a married couple with children) that comprised the typical post-war American household, Boomers and Millennials are predominantly singles and couples. As a result of the dominance of the Boomers and Millennials, the 21st Century home-buying market in the United States now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are as likely to be non-traditional families (single parents or couples of the same sex with one or more children, adults caring for younger siblings, to grandparents with custody of grandchildren) as traditional families.

*Who are the households that represent the potential market
for new dwelling units within the Study Area each year over the next five years?*

The annual potential market for new housing units to be developed within the Route 419 Town Center Study Area consists of a range of compatible households: family and non-family, younger and older. Represented by lifestage, the annual potential market can be characterized by general household type as follows (*see also Table 2 following the text*):

Annual Market Potential By Household and Unit Types
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE SF ATTACHED
Empty-Nesters & Retirees	36%	23%	73%	65%
Traditional & Non-Traditional Families	26%	24%	27%	35%
Younger Singles & Couples	<u>38%</u>	<u>53%</u>	<u>0%</u>	<u>0%</u>
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

From the market perspective, the tenure ratio is weighted to rentals due to the composition of the households with the potential to move to the Route 419 Town Center Study Area. Nearly three-quarters of the market is composed of older and younger singles and couples. Due to a combination of economic issues—most notably lack of mortgage down-payment funds and high student debt—and lifestyle preferences, a higher percentage of Millennial households, even the very affluent, choose to be renters than was typical in predecessor generations. Similarly, a growing number of empty-nest

households, particularly the more affluent and sophisticated, are choosing to rent rather than buy when they sell the family house; they prefer the flexibility of renting and they appreciate the relative liquidity of the proceeds from their house sale when those proceeds are not reinvested in real estate.

The younger market includes a variety of white-collar professionals and “knowledge workers”—*The VIPs* and *Fast-Track Professionals*—as well as office and retail workers and graduate students—*Twentysomethings* and *Blue-Collar Traditionalists*.

The largest market segment consists of younger singles and couples, accounting for 38 percent of the market for new housing units in the Study Area. Approximately 23 percent of these younger singles and couples would be moving to the Study Area from elsewhere in the county, 16 percent from the regional draw area, and the remaining 61 percent from elsewhere in the country, primarily cities and counties in Virginia.

The next largest general market segment consists of older households (empty nesters and retirees) who account for 36 percent of the market for new housing units in the Study Area. Approximately 18 percent of these older households are within the most affluent groups, *The One Percenters*, *Old Money*, *Second-City Establishment* and *Small-Town Patriarchs*; heads of most of these households are still working in professional and executive positions or are business owners. The two largest groups, *Middle-American Retiree* and *Blue-Collar Retirees*, are middle income, a third of whom are currently living in the county. Empty-nest and retiree households represent 23 percent of the rental market, 73 percent of the market for condominiums, and 65 percent of the market for townhouses.

Approximately a third of the older singles and couples would be moving to the Study Area from elsewhere in the county, 19 percent from the regional draw area, and the remaining 48 percent from elsewhere in the country, primarily other cities and counties in Virginia.

At 26 percent, the third, and smallest, general market segment is comprised of family-oriented households (traditional and non-traditional families). Most of the family households are dual-income households headed by computer-savvy, career-oriented persons aged 25 to 54. Traditional and non-traditional families represent 24 percent of the rental market, 27 percent of the market for condominiums, and 35 percent of the market for townhouses.

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Over 62 percent of the traditional and non-traditional family households that represent the potential market for new housing units in the Study Area will be moving from outside the county; approximately 38 percent are households currently living in Roanoke County.

The draw area origination of the target households is summarized on the following table:

**Target Households By Draw Area Origination
THE ROUTE 419 TOWN CENTER STUDY AREA
*Roanoke County, Virginia***

HOUSEHOLD TYPE	ROANOKE COUNTY	REGIONAL DRAW AREA	ROANOKE CITY	BALANCE OF U.S.
Empty-Nesters & Retirees	33%	19%	26%	22%
Traditional & Non-Traditional Families	38%	18%	23%	21%
Younger Singles & Couples	<u>23%</u>	<u>16%</u>	<u>33%</u>	<u>28%</u>
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

THE CURRENT CONTEXT: SUPPLY-SIDE ANALYSIS

What are their current housing alternatives?

There are several rental and for-sale properties located in Roanoke County and the City of Roanoke that are relevant to new residential/mixed-use development in the Route 419 Town Center Study Area, and represent potential housing alternatives for the identified target markets. Information on these properties (covering both rental and for-sale multi-family and single-family attached properties) is provided as follows: for rental properties, see Table 3; for condominium and townhouse units, see Table 4, following the text.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, has grown in importance as a value criterion. Walk Scores above 90 indicate a “Walker’s Paradise,” where daily errands do not require a car. Walk Scores between 70 and 90 are considered to be very walkable, where most errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

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All of the Walk Scores of the surveyed rental and for-sale properties in Roanoke County are below 20. The highest score, 95, is registered by Gramercy Row, located on Williamson Road in Downtown Roanoke, within walking distance of multiple shops and services. All of the downtown properties have walk scores above 78.

—MULTI-FAMILY RENTAL PROPERTIES—

Table 3 provides detailed information on 12 relevant rental properties in Roanoke County and City and is summarized below.

—*Studios (three properties)*—

- Rents for studios range from \$595 per month at the Lawson Building in Downtown Roanoke to \$775 per month at the Hancock Building, also in Downtown Roanoke.
- Studios range in size from 393 square feet at the Patrick Henry in Downtown Roanoke to 540 square feet at the Hancock Building.
- Studio rents per square foot range between \$1.25 at the Lawson Building to \$1.44 at the Hancock Building.

—*One-Bedroom Units (11 properties)*—

- Rents for one-bedroom units range from \$720 per month at the Ponce de Leon in Downtown Roanoke, to \$1,730 per month at South Sixteen at Bridges, a new property that opened in 2016 and is located on Old Woods Avenue in close proximity to the Virginia Tech Carilion School of Medicine and the Carilion Clinic.
- One-bedroom units range in size from 476 square feet at South Sixteen, to 1,322 square feet at the Hancock Building.
- One-bedroom rents per square foot generally range from \$1.06 at Gramercy Row on Williamson Road in Roanoke City to \$2.88 at South Sixteen.

—*Two-Bedroom Units (nine properties)*—

- Rents for two-bedroom units range from \$850 per month at for a two-bedroom/one-bath apartment at the Benson Apartments on Franklin Road in the Old Southwest

area of Roanoke City, to \$2,004 per month for a two-bedroom/two-bath apartment at South Sixteen.

- Two-bedroom units range in size from 800 square feet for a two-bedroom/two-bath apartment at the Ponce de Leon, to 1,169 square feet for a two-bedroom/two-bath apartment at the Hancock Building.
- Two-bedroom rents per square foot generally fall between \$0.94 for a two-bedroom/one-bath apartment at the Benson Apartments and \$2.40 at South Sixteen.

—*Three-Bedroom Units (two properties)*—

- Rents for three-bedroom units range between \$1,404 and \$1,494 per month at the Retreat Apartments in Catawba, and between \$1,586 and \$2,725 per month at South Sixteen.
- Three-bedroom units contain 1,323 square feet at the Retreat, and range between 911 and 1,021 square feet at South Sixteen.
- Three-bedroom rents per square foot fall between \$1.06 and \$1.13 at the Retreat and between \$1.74 and \$2.67 at South Sixteen.

—MULTI-FAMILY AND SINGLE-FAMILY ATTACHED FOR-SELL PROPERTIES—

Table 4 details recent listings of resales and unsold units at the South Peak condominiums, the only condominium property with units for sale in the Route 419 Town Center Study Area, and resale and new construction townhouses at various properties located in Roanoke City and County. There are several listings on the market at South Peak, with asking prices starting at \$375,000 for a 1,778-square-foot two-bedroom/two-bath model and reaching \$628,900 for the 2,342-square-foot three-bedroom/two-and-one-half-bath floorplan. List prices per square foot currently range between \$190 and \$269.

Resale townhouses are available at three townhouse properties located in the market area. Three townhouses are on the market at the Townes at Hidden Valley in Windsor Hills, with asking prices ranging between \$349,900 for a two-bedroom/two-bath unit containing 2,114 square feet (\$166 per square foot) to \$463,500 for a four-bedroom/four-bath unit containing over 4,000 square feet (\$115 per square foot). In Cave Spring, two townhouses with over 1,600 square feet of living space are

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listed at Hunting Hills, priced at \$239,850 and \$243,880 (\$149 and \$152 per square foot respectively).

Both resale and new construction townhouses in Phase Three are available at Colonial Green in Roanoke City. Base prices range between \$209,950 for the 1,533-square-foot model (\$137 per square foot) and \$214,900 for the 1,537-square-foot unit (\$140 per square foot). All of the townhouses have two bedrooms and two-and-a-half baths.

New construction townhouses are also being marketed in the county. Fralin Homes is building three-bedroom/two-and-a-half bath townhouses at Faircrest in Cave Spring and Village Green in Hollins. Base prices at Village Green start at \$139,950 for a 1,450-square-foot townhouse (\$96 per square foot), with the most expensive model priced at \$173,500 for a three-bedroom/two-bath unit containing 1,319 square feet of living space (\$132 per square foot).

The townhouses at Faircrest are much more expensive, with the 1,782-square-foot model priced between \$219,900 and \$224,900 (\$123 and \$126 per square foot). A three-bedroom/two-and-a-half bath attached villa floorplan is also available at Faircrest, containing 1,400 square feet of living space and priced at \$259,950 (\$186 per square foot).

Also in Hollins, Atlas Home Builders is constructing three-bedroom, two-and-a-half bath townhouses priced at \$189,950 for 1,570 square feet of living space (\$121 per square foot).

OPTIMUM MARKET POSITION: THE ROUTE 419 TOWN CENTER STUDY AREA

What will they pay to live in new housing units within the Study Area?

The market-entry rents and price points for new housing units that could be developed within the Route 419 Town Center Study Area are derived from the income and financial capabilities of the annual potential market of 535 target households with annual incomes at or above \$45,000. Potential buyers of the for-sale housing types have annual incomes above \$50,000 and considerable assets.

—Rental Allocation by Rent Range: Multi-Family For-Rent—

Based on the incomes of the 375 households that annually represent the target markets for new rental units (lofts and apartments), the allocation of annual market potential by rent range would be summarized as shown on the table following this page (*see also Table 5 following the text*):

**Target Groups For New Multi-Family For Rent
Allocation By Rent Range
THE ROUTE 419 TOWN CENTER STUDY AREA
*Roanoke County, Virginia***

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$750–\$1,000	70	18.6%
\$1,000–\$1,250	105	28.0%
\$1,250–\$1,500	90	24.0%
\$1,500–\$1,750	75	20.0%
\$1,750–\$2,000	25	6.7%
\$2,000 and up	<u>10</u>	<u>2.7%</u>
Total:	375	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

- The largest group of target renters are younger singles and couples, at more than 53 percent of the annual market for new rental units within the Route 419 Town Center Study Area. Just five percent have careers that provide them with the financial capacity to afford rents at or above \$1,750 per month. Approximately 35 percent of the younger singles and couples comprise the market for units with rents between \$1,250 and \$1,750 per month. The remaining 60 percent would be able to support rents between \$750 and \$1,250 per month.
- At 24 percent, traditional and non-traditional families are the next largest annual market for new rental units within the Study Area. Two-thirds of the family market can afford rents between \$1,250 and \$1,750 per month; and the remaining one-third are evenly divided between the ability to pay rents between \$750 and \$1,250 per month and above \$1,750 per month.
- Empty nesters and retirees represent just under 23 percent of the annual market for new rental units within the Study Area. Just under 12 percent of the target empty nester and retiree market have the incomes and assets that enable them to support rents at or above \$1,750 per month. Another 41.2 percent of this market segment are able to afford rents

between \$1,250 and \$1,750 per month. The remaining 47.1 percent represent the market for new units with rents between \$750 and \$1,250 per month.

—*For-Sale Allocation by Price Range: Multi-Family For-Sale*—

Based on the incomes and assets of the 75 households that annually represent the target markets for new market-rate for-sale multi-family units (condominiums), the allocation of annual market potential by price range would be summarized as follows (*see also Table 6 following the text*):

Target Groups For New Multi-Family For Sale
Allocation by Price Range
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$175,000–\$200,000	15	20.0%
\$200,000–\$225,000	25	33.3%
\$225,000–\$250,000	20	26.7%
\$250,000 and up	15	20.0%
Total:	75	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

- Empty nesters and retirees are the largest segment of the annual market for new multi-family for-sale units (condominiums) within the Route 419 Town Center Study Area, at 73.3 percent. Approximately 54.5 percent of the empty nesters and retirees would be in the market for new condominiums with base prices above \$225,000. The remaining 45.5 percent of this segment would be in the market for units priced below \$225,000.
- Family households represent 26.7 percent of the annual market for new multi-family for-sale units within the Study Area. One-quarter of the target families would be in the market for new condominiums with base prices above \$225,000 and the remaining three-quarters would require base prices below \$225,000.

—*For-Sale Allocation by Price Range: Single-Family Attached For-Sale*—

Based on the incomes and assets of the 85 households that annually represent the target markets for new for-sale single-family attached units (townhouses/rowhouses), the allocation of annual market potential by price range would be summarized as follows (*see also Table 7 following the text*):

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**Target Groups For New Single-Family Attached For Sale
Allocation by Price Range
THE ROUTE 419 TOWN CENTER STUDY AREA
*Roanoke County, Virginia***

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$225,000	15	17.6%
\$225,000–\$250,000	25	29.4%
\$250,000–\$275,000	30	35.3%
\$275,000–\$300,000	10	11.8%
Over \$300,000	5	5.9%
Total:	85	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

- Empty nesters and retirees are also the largest segment of the annual market for new townhouses within the Route 419 Town Center Study Area, at 64.7 percent. Nearly 64 percent of the empty nesters and retirees would be in the market for new townhouses with base prices above \$250,000. The remaining 36 percent of the older households would be in the market for units priced below \$250,000.
- Traditional and non-traditional family households represent 35.3 percent of the annual market. Two-thirds of the three target families would be in the market for new units with base prices below \$250,000 and a third could afford new townhouses priced above \$250,000.

—OPTIMUM MARKET POSITION: THE ROUTE 419 TOWN CENTER STUDY AREA—

The optimum market position for new housing units within the Route 419 Town Center Study Area has been established based on a variety of factors, including but not limited to:

- The creation of a mixed-use neighborhood, with neighborhood services located within walking distance of residences, within the Study Area that can serve as a true “town center;”
- The overall Study Area’s characteristics, location, assets and challenges;
- The new unit rental and purchase propensities of draw area households; and
- Area residential market dynamics.

Based on the housing preferences and the socio-economic and lifestyle characteristics of the target households, the relevant residential context in the surrounding area, and the creation of a true, mixed-use, pedestrian-oriented town center, the general range of rents and prices for 500 newly-developed market-rate residential units within the Study Area that could currently be absorbed by the market over a five- to seven-year timeframe is shown on the following table (*see also Table 8 following the text*):

Optimum Market Position
Walkable, Mixed-Use Development With Walk Score Above 70
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

PERCENT/ NUMBER	HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
70.1% MULTI-FAMILY RENTAL—				
351	Apartment Flats	\$900-\$2,350/month Weighted Averages: \$1,468/month	450-1,300 sf 770 sf	\$1.81-\$2.00 psf \$1.91 psf
14.0% MULTI-FAMILY FOR-SALE—				
70	Condominiums	\$195,000-\$275,000 Weighted Averages: \$237,500	750-1,250 sf 983 sf	\$220-\$260 psf \$242 psf
15.9% SINGLE-FAMILY ATTACHED FOR-SALE—				
79	Townhouses	\$225,000-\$325,000 Weighted Averages: \$265,000	1,200-1,850 sf 1,455 sf	\$176-\$188 psf \$182 psf
500 dwelling units				

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

Proposed rents and prices are in year 2016 dollars, are exclusive of consumer options and upgrades, floor or location premiums, and are contingent on the development of a true walkable, mixed-use neighborhood town center.

New residential development that is single-use and requires the use of an automobile to access most neighborhood services will not achieve the values proposed for new residential within a walkable town center environment. However, there are locations within the Study Area that would be appropriate for new residential development, and potentially, a limited mix of uses, but would not capture the premium attributable to walkable mixed-use development in a town center environment. The optimum market position for new residential development that is not pedestrian-oriented and has a limited mix of uses is shown on the table following this page (*see also Table 9 following the text*).

Optimum Market Position
New Development With Walk Score Below 70
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

PERCENT/ NUMBER	HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
70.1% MULTI-FAMILY RENTAL—				
280	Apartment Flats	\$850-\$1,500/month Weighted Averages: \$1,170/month	550-1,150 sf 830 sf	\$1.30-\$1.55 psf \$1.41 psf
14.0% MULTI-FAMILY FOR-SALE—				
56	Condominiums	\$190,000-\$250,000 Weighted Averages: \$223,750	850-1,350 sf 1,065 sf	\$185-\$224 psf \$210 psf
15.9% SINGLE-FAMILY ATTACHED FOR-SALE—				
64	Townhouses	\$215,000-\$300,000 Weighted Averages: \$241,341	1,200-1,850 sf 1,470 sf	\$150-\$172 psf \$164 psf
400 dwelling units				

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

The rent-per-square-foot premium for a town center location is approximately 35 percent higher than a location that is automobile-dependent with a limited mix of uses (\$1.91 compared to \$1.41).

The price-per-square-foot premium is not as pronounced—approximately 15 percent higher for the condominiums (\$242 compared to \$210) and just under 11 percent higher for the townhouses (\$182 compared to \$164).

From the market perspective, initial residential phases should concentrate on rental housing. The deep rental market, higher rental absorption rates, and rental compatibility with commercial uses will help to establish a mixed-use core. In addition, renters will add to the pool of potential purchasers of for-sale units in later phases. Once the residential quality of a walkable, mixed-use town center has been established, for-sale housing can be successfully introduced.

—MARKET CAPTURE: THE ROUTE 419 TOWN CENTER STUDY AREA—*How fast will the units lease or sell?*

After nearly three decades' experience in scores of cities across the country, and in the context of the target market methodology, Zimmerman/Volk Associates has determined that those households that prefer new construction, rather than previously-occupied units, currently represent approximately 15 percent of the potential rental market, and approximately 10 percent of the potential for-sale market, assuming the production of appropriately-positioned new housing. (Until the collapse of the housing market in the fall of 2008, newly-constructed dwelling units comprised approximately 15 percent of all units sold in the nation.)

In contrast, new housing units within a walkable, mixed-use town center can achieve capture rates of approximately 25 percent of the potential rental market and approximately 15 percent of the potential for-sale market.

Based on these market capture rates, annual absorption for new residential development is shown on the tables following this page (*see again* Tables 8 and 9).

**Annual Capture of Market Potential
Walkable, Mixed-Use Development With Walk Score Above 70
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia**

HOUSING TYPE	NUMBER OF HOUSEHOLDS	ANNUAL CAPTURE RATE	FORECAST ABSORPTION
Multi-family for-rent (lofts/apartments, leaseholder)	375	25%	94 units
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	75	15%	11 units
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	85	15%	<u>13 units</u>
Total	535		118 units

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

At the forecast market capture of 94 rental units, 11 condominiums, and 13 townhouses per year, 500 dwelling units as outlined in the optimum market position would be absorbed in four to six-and-a-half years.

Annual Capture of Market Potential
New Development With Walk Score Below 70
THE ROUTE 419 TOWN CENTER STUDY AREA
Roanoke County, Virginia

HOUSING TYPE	NUMBER OF HOUSEHOLDS	ANNUAL CAPTURE RATE	FORECAST ABSORPTION
Multi-family for-rent (lofts/apartments, leaseholder)	375	15%	58 units
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	75	10%	8 units
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	<u>85</u>	10%	<u>9 units</u>
Total	535		75 units

SOURCE: Zimmerman/Volk Associates, Inc., 2016.

At the forecast market capture of 58 rental units, eight condominiums, and nine townhouses per year, 400 dwelling units as outlined in the optimum market position would be absorbed in five to seven years.

The capture rates of the annual potential market used here are conservative and fall well within the target market methodology's parameters of feasibility.

NOTE: Target market capture rates are a unique and highly-refined measure of feasibility. Target market capture rates are *not* equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

The **target market capture rate** is derived by dividing the *annual* forecast absorption—in aggregate and by housing type—by the number of households that have the potential to purchase or rent new housing within a specified area *in a given year*.

The **penetration rate** is derived by dividing the *total* number of dwelling units planned for a property by the *total* number of draw area households, sometimes qualified by income.

Route 419 Town Center Study Area
Roanoke County, Virginia

November, 2016

The **traffic conversion rate** is derived by dividing the *total* number of buyers or renters by the *total* number of prospects that have visited a site.

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



Table 1

Average Annual Market Potential For New Dwelling Units

Distribution Of Annual Average Number Of Draw Area Households With The Potential To Move To The Route 419 Town Center Study Area Each Year Over The Next Five Years Households In Groups With Annual Median Incomes Above \$45,000

Route 419 Town Center Study Area*Roanoke County, Virginia*

*Roanoke County, Regional Draw Area; Balance of U.S.
Draw Areas*

Annual Target Market Households
With Potential To Rent/Purchase In
Roanoke County, Virginia 4,235

Annual Target Market Households
With Potential To Rent/Purchase In The
Route 419 Town Center Study Area 980

Study Area Average Annual Market Potential

	Multi-Family			Single-Family			
	For-Rent	For-Sale	For-Sale	Attached	Detached	Detached	Total
Total Households:	375	75	85	170	150	125	980
{Mix Distribution}:	38.3%	7.7%	8.7%	17.3%	15.3%	12.7%	100.0%

**Study Area Average Annual Market Potential
(Excluding Single-Family Detached)**

	Multi-Family		Single-Family		
	For-Rent	For-Sale	For-Sale	Attached	Total
Total Households:	375	75	85	535	
{Mix Distribution}:	70.1%	14.0%	15.9%	100.0%	

NOTE: Reference Appendix One, Tables 1 Through 10.

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

Table 2

Average Annual Market Potential By Lifestage And Household Type
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To The Route 419 Town Center Study Area Each Year Over The Next Five Years
 Households In Groups With Annual Median Incomes Above \$45,000

Route 419 Town Center Study Area

Roanoke County, Virginia

Number of Households:	Total	Multi-Family		Single-Family	
		For-Rent	For-Sale	For-Sale	Attached
		375	75	85	
Empty Nesters & Retirees	36%	23%	73%	65%	
Traditional & Non-Traditional Families	26%	24%	27%	35%	
Younger Singles & Couples	38%	53%	0%	0%	
	100%	100%	100%	100%	

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

Summary Of Selected Rental Properties
Route 419 Town Center Study Area, Roanoke County, Virginia
September 2016

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
.....Roanoke County.....						
.....Cave Spring.....						
Sunscape Apartments (1997) 3635 Sunscape Drive 11 Walk Score	264	1br / 1ba 2br / 2ba	\$864 to \$899 \$1,044 to \$1,109	735 1,080	\$1.18 to \$1.22 \$0.97 to \$1.03	99% occupancy Clubhouse, pool & fitness center.
Westmont Apartments (2015) 3420 Chaparral Drive 19 Walk Score	48	1br / 1ba 2br / 2ba	\$885 \$999	770 975	\$1.15 to \$1.02	100% occupancy Balcony, in-unit laundry, & vaulted ceilings.
.....Hollins.....						
North Point (2015) 6430 Archcrest Dr 9 Walk Score	108	1br / 1ba 2br / 2ba	\$885 to \$935 \$999 to \$1,049	720 to 768 958 to 1,061	\$1.23 to \$1.22 \$1.04 to \$0.99	100% occupancy Clubhouse, pool & fitness center.
.....Catawba.....						
The Retreat Apartments (2016) 6500 Grand Retreat Drive 10 Walk Score	239	1br / 1ba 2br / 1ba 2br / 2ba 3br / 2ba	\$1,004 to \$1,084 \$1,099 to \$1,129 \$1,144 to \$1,284 \$1,404 to \$1,494	775 960 999 to 1,094 1,323	\$1.30 to \$1.40 \$1.14 \$1.15 to \$1.17 \$1.06 to \$1.13	100% occupancy Clubhouse, fitness center, pet friendly, pet park, swimming pool & concierge service.

Summary Of Selected Rental Properties
Route 419 Town Center Study Area, Roanoke County, Virginia
September 2016

<i>Property (Date Opened)</i> <i>Address</i>	<i>Number of Units</i>	<i>Unit Type</i>	<i>Reported Base Rent</i>	<i>Reported Unit Size</i>	<i>Rent per Sq. Ft.</i>	<i>Additional Information</i>
			.....Roanoke City.....			
			.....Downtown.....			
The Lawson Building (1925: 2016) 631 Campbell Ave SW 78 Walk Score	22	Studio/1ba 1br/1ba	\$595 \$850 \$895	475 575 to 675	\$1.25 \$1.48 \$1.33	73% occupancy <i>Historic building, parking, & patio.</i>
Ponce de Leon (1931:2014) 131 Campbell Avenue SW 92 Walk Score	90	1br/1ba 2br/2ba	\$720 \$1,005 \$980	583 694 800	\$1.23 \$1.45 \$1.23	73% occupancy <i>Historic building, fitness center, & rooftop patio.</i>
The Patrick Henry (1920: 2011) 611 Jefferson St SW 89 Walk Score	132	Studio/1ba 1br/1ba 2br/2ba	n/a \$775 to n/a \$1,172 to n/a	393 612 to 834 853 to 1,159	n/a \$1.27 to n/a \$1.01 to n/a	100% occupancy <i>Fitness center, yoga studio, various lounges, pools, spas, courtyards conference room, & parking.</i>
The Hancock Building (1930: 2008) 35 Campbell Ave SW 89 Walk Score	59	Studio/1ba 1br/1ba 2br/2ba	\$775 \$775 to \$900 \$1,100 to \$1,250	540 532 to 1,322 920 to 1,169	\$1.44 \$1.46 to \$0.68 \$1.20 to \$1.07	88% occupancy <i>Business center, fitness center, garage, pet friendly.</i>
The Aurora (1910: 1998) 110 Campbell Ave SE 90 Walk Score	28	1br/1ba	\$795 \$800	645 784	\$1.23 \$1.02	93% occupancy <i>Artist studios, roof top deck/lounge, & atrium w/75ft skylight.</i>
South Sixteen at Bridges (2016) 16 Old Woods Avenue 35 Walk Score	157	1br/1ba 2br/2ba 3br/2ba	\$854 \$1,730 \$1,806 \$2,004 \$1,586 \$2,725	476 601 818 836 911 1,021	\$1.79 \$2.88 \$2.21 \$2.40 \$1.74 \$2.67	94% occupancy <i>Covered parking, storage lockers, 24hr gym, restaurant & bar, pet friendly.</i>

Summary Of Selected Rental Properties
Route 419 Town Center Study Area, Roanoke County, Virginia
September 2016

<u>Property (Date Opened)</u> <u>Address</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
.....Downtown {continued}.....						
Gramercy Row (2016) 206 Williamson Rd SE 95 Walk Score	86	1br / 1ba	\$900	850	\$1.06	99% occupancy <i>Gas grills, courtyards, private pet walks, fitness center.</i>
.....Old Southwest.....						
Benson Apartments (1910: 1986) 1119 Franklin Rd 71 Walk Score	10	2br / 1ba	\$850 to	900	\$0.94	90% occupancy <i>Patio, storage, new kitchens, air conditionning, & laundry room.</i>

**Summary Of Selected Multi-Family
and Single-Family Attached Developments**
Route 419 Town Center Study Area, Roanoke County, Virginia
September, 2016

<i>Development (Date Opened)</i>	<i>Unit Type</i>	<i>Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Units</i>
<i>Developer/Builder/Address</i>					
..... <i>Roanoke County Resales</i>					
..... <i>Windsor Hills</i>					
The Townes At Hidden Valley (2013) Hidden Valley Villas, LLC	TH		3 Walk Score		43
4766 Laryn Lane	2br/2ba	\$349,900	2,114	\$166	
4659 Leigh Lane	2br/2.5ba	\$359,900	2,114	\$170	
4984 Laryn Lane	4br/4ba	\$463,500	4,023	\$115	
..... <i>Cave Spring</i>					
Hunting Hills (2015) T. A. Carter	TH		42 Walk Score		n/a
5365 Crossbow Ct	3br/2.5ba	\$239,850	1,605	\$149	
5335 Crossbow Ct	3br/2.5ba	\$243,880	1,605	\$152	
South Peak (2015) Smith/Packett	CO		27 Walk Score		176
5430 The Peaks Drive	2br/2ba	\$375,000	1,778	\$211	
5422 The Peaks Drive	2br/2ba	\$394,900	2,078	\$190	
5486 The Peaks Drive	2br/2ba	\$459,900	1,770	\$260	
5446 The Peaks Drive	2br/2ba	\$469,900	1,924	\$244	
5484 The Peaks Drive	2br/2ba	\$479,900	1,782	\$269	
5458 The Peaks Drive	2br/2.5ba	\$587,900	2,290	\$257	
5488 The Peaks Drive	2br/2.5ba	\$616,900	2,290	\$269	
5478 The Peaks Drive	3br/2.5ba	\$628,900	2,342	\$269	
..... <i>Roanoke City Resales</i>					
..... <i>Southern Hills</i>					
Colonial Green (2014) Progress Street Builders			11 Walk Score		
3941 Colonial Green Circle	Town Homes				64 TH
3873 Colonial Green Circle	2br/2.5ba	\$214,900	1,533	\$140	
3861 Colonial Green Circle	2br/2.5ba	\$215,000	1,517	\$142	
2820 Greenway Drive (2008)	Row Homes				42 RH
3805 Crescent Ridge Drive (2006)	3br/3ba	\$229,500	1,696	\$135	
	Crescent Homes				24 CrH
	3br/2.5ba	\$329,900	2,197	\$150	

**Summary Of Selected Multi-Family
and Single-Family Attached Developments**
Route 419 Town Center Study Area, Roanoke County, Virginia
September, 2016

<i>Development (Date Opened)</i>	<i>Unit Type</i>	<i>Price Range</i>	<i>Unit Size Range</i>	<i>Price Per Sq. Ft.</i>	<i>Total Units</i>
<i>Developer/Builder/Address</i>					
..... Roanoke County New Construction					
..... Cave Spring					
Faircrest (2017) R. Fralin Homes	TH		13 Walk Score		n/a
4260 <i>Hannah Belle Way</i>	3br/2.5ba	\$224,900	1,782	\$126	
4268 <i>Hannah Belle Way</i>	3br/2.5ba	\$224,900	1,782	\$126	
4264 <i>Hannah Belle Way</i>	3br/2.5ba	\$219,900	1,782	\$123	
4246 <i>Hannah Belle Way</i>	3br/2.5ba	\$219,900	1,782	\$123	
4272 <i>Hannah Belle Way</i>	3br/2.5ba	\$219,900	1,782	\$123	
4242 <i>Hannah Belle Way</i>	3br/2.5ba	\$224,900	1,782	\$126	
<i>Attached Villas Floorplan</i>	3br/2.5ba	\$259,950	1,400	\$186	
..... Hollins					
Village Green (2016) R. Fralin Homes	TH		17 Walk Score		n/a
6842 <i>Village Green Drive</i>	3br/2.5ba	\$139,950	1,452	\$96	
6846 <i>Village Green Drive</i>	3br/2.5ba	\$139,950	1,452	\$96	
6834 <i>Village Green Drive</i>	3br/2.5ba	\$139,950	1,452	\$96	
6838 <i>Village Green Drive</i>	3br/2.5ba	\$139,950	1,452	\$96	
6665 <i>Village Green Drive (2011)</i>	2br/2ba	\$154,950	1,436	\$108	
<i>Patio Townhome</i>	3br/2ba	\$139,950	1,350	\$104	
6807 <i>Village Green Drive</i>	3br/2ba	\$173,500	1,319	\$132	
Village at Tinker Creek (2016) Atlas Home Builders	TH		7 Walk Score		32
873 <i>Walhalla Court</i>	3br/2.5ba	\$189,950	1,570	\$121	
897 <i>Walhalla Court</i>	3br/2.5ba	\$189,950	1,570	\$121	
..... Roanoke City New Construction					
Colonial Green Phase III (2017) Progress Street Builder	TH		11 Walk Score		64 TH
3917 <i>Colonial Green Circle - unit S</i>	2br/2.5ba	\$214,900	1,537	\$140	
3913 <i>Colonial Green Circle - unit T</i>	2br/2.5ba	\$209,950	1,533	\$137	
3909 <i>Colonial Green Circle - unit U</i>	2br/2.5ba	\$209,950	1,511	\$139	
3905 <i>Colonial Green Circle - unit V</i>	2br/2.5ba	\$209,950	1,533	\$137	
3901 <i>Colonial Green Circle - unit W</i>	2br/2.5ba	\$212,950	1,515	\$141	

Table 5

Target Groups For New Multi-Family For-Rent
The Route 419 Town Center Study Area
Roanoke County, Virginia

Empty Nesters & Retirees**	<i>Number of Households</i>	<i>Share of Households</i>
Small-Town Patriarchs	5	1.3%
New Empty Nesters	5	1.3%
Mainstream Empty Nesters	20	5.3%
Middle-American Retirees	20	5.3%
Pillars of the Community	5	1.3%
Second City Establishment	5	1.3%
Middle-Class Move-Downs	5	1.3%
Blue-Collar Retirees	<u>20</u>	<u>5.3%</u>
Subtotal:	85	22.7%
 Traditional & Non-Traditional Families††		
Ex-Urban Elite	5	1.3%
Late-Nest Suburbanites	5	1.3%
Unibox Transferees	5	1.3%
Full-Nest Suburbanites	10	2.7%
Traditional Families	5	1.3%
Full-Nest Exurbanites	5	1.3%
Small-Town Families	10	2.7%
New-Town Families	5	1.3%
Button-Down Families	5	1.3%
Kids 'r' Us	5	1.3%
Uptown Families	<u>30</u>	<u>8.0%</u>
Subtotal:	90	24.0%
 Younger Singles & Couples**		
The VIPs	45	12.0%
Fast-Track Professionals	50	13.3%
Twentysomethings	95	25.3%
Blue-Collar Traditionalists	<u>10</u>	<u>2.7%</u>
Subtotal:	200	53.3%
Total Households:	375	100.0%

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 6

Target Groups For New Multi-Family For-Sale
The Route 419 Town Center Study Area
Roanoke County, Virginia

Empty Nesters & Retirees**	<i>Number of Households</i>	<i>Share of Households</i>
New Empty Nesters	10	13.3%
Mainstream Empty Nesters	10	13.3%
Middle-American Retirees	30	40.0%
Second City Establishment	5	6.7%
Subtotal:	55	73.3%
Traditional & Non-Traditional Families††		
New-Town Families	5	6.7%
Button-Down Families	5	6.7%
Multi-Ethnic Families	5	6.7%
Uptown Families	5	6.7%
Subtotal:	20	26.7%
Total Households:	75	100.0%

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 7

Target Groups For New Single-Family Attached For-Sale
The Route 419 Town Center Study Area
Roanoke County, Virginia

Empty Nesters & Retirees**	<i>Number of Households</i>	<i>Share of Households</i>
Small-Town Patriarchs	5	5.9%
New Empty Nesters	5	5.9%
Mainstream Empty Nesters	15	17.6%
Middle-American Retirees	20	23.5%
Traditional Couples	5	5.9%
Second City Establishment	5	5.9%
Subtotal:	55	64.7%
Traditional & Non-Traditional Families††		
Unibox Transferees	5	5.9%
New-Town Families	5	5.9%
Button-Down Families	5	5.9%
Uptown Families	15	17.6%
Subtotal:	30	35.3%
Total Households:	85	100.0%

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

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

Table 8

Optimum Market Position—500 New Dwelling Units
Walkable, Mixed-Use Development With Walk Score Above 50
The Route 419 Town Center Study Area
Roanoke County, Virginia
November, 2016

<i>Percent of Units Number</i>	<i>Housing Type</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Annualized Average Absorption</i>
70.1%							94
351	Apartment Flats	Studio/1ba	20%	\$900	450	\$2.00	94
		1br/1ba	30%	\$1,300	650	\$2.00	
		1br/1ba/office	15%	\$1,500	800	\$1.88	
		2br/2ba	30%	\$1,850	1,000	\$1.85	
		3br/2ba	5%	\$2,350	1,300	\$1.81	
		Weighted Average:		\$1,468	770	\$1.91	
14.0%							11
70	Condominiums	1br/1ba	20%	\$195,000	750	\$260	11
		2br/1.5ba	35%	\$235,000	950	\$247	
		2br/2ba	25%	\$245,000	1,000	\$245	
		3br/2ba	20%	\$275,000	1,250	\$220	
		Weighted Average:		\$237,500	983	\$242	
15.9%							13
79	Townhouses	2br/2.5ba	30%	\$225,000	1,200	\$188	13
		2br/2.5ba/den	35%	\$265,000	1,450	\$183	
		3br/2.5ba	30%	\$295,000	1,650	\$179	
		3br/3.5ba/study	5%	\$325,000	1,850	\$176	
		Weighted Average:		\$265,000	1,455	\$182	
100.0%							118
							including rentals
500	Dwelling Units						24
							excluding rentals

NOTE: Base rents/prices are in year 2016 dollars, do not include premiums, options or upgrades, and apply to the first phase only.

SOURCE: Zimmerman/Volk Associates, Inc.

Table 9

Optimum Market Position—400 New Dwelling Units
New Development With Walk Score Below 70
The Route 419 Town Center Study Area
Roanoke County, Virginia
November, 2016

<i>Percent of Units Number</i>	<i>Housing Type</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Annualized Average Absorption</i>
70.1%							58
280	Apartment Flats	Studio/1ba	20%	\$850	550	\$1.55	58
		1br/1ba	30%	\$1,100	750	\$1.47	
		1br/1ba/office	20%	\$1,250	900	\$1.39	
		2br/2ba	20%	\$1,350	1,000	\$1.35	
		3br/2ba	10%	\$1,500	1,150	\$1.30	
		Weighted Average:			\$1,170	830	\$1.41
14.0%							8
56	Condominiums	1br/1ba	20%	\$190,000	850	\$224	8
		2br/1.5ba	35%	\$220,000	1,000	\$220	
		2br/2ba	25%	\$235,000	1,100	\$214	
		3br/2ba	20%	\$250,000	1,350	\$185	
		Weighted Average:			\$223,750	1,065	\$210
15.9%							9
64	Townhouses	2br/2.5ba	40%	\$215,000	1,250	\$172	9
		2br/2.5ba/den	12%	\$245,000	1,500	\$163	
		3br/2.5ba	30%	\$275,000	1,750	\$157	
		3br/3.5ba/study	6%	\$300,000	2,000	\$150	
		Weighted Average:			\$241,341	1,470	\$164
100.0%							75
							including rentals
400	Dwelling Units						17
							excluding rentals

NOTE: Base rents/prices are in year 2016 dollars, do not include premiums, options or upgrades, and apply to the first phase only.

SOURCE: Zimmerman/Volk Associates, Inc.



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ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





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

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