

III. RECOMMENDATIONS AND CONCLUSIONS

A. INTRODUCTION

The purpose of this interim report is to identify the development potential for the revitalized Wilson Bridge Corridor. It should be noted that the various uses that can be supported and our recommendations must be considered within their entirety. A successful mixed-use development is exactly that; mixed use. The presence of a variety of uses is critical to creating the vibrancy of a successful development. For example, residential development supports retail and entertainment beyond the five o'clock departure of the office development.

All development strategies must be considered within the much discussed and anticipated change in our population brought about by Baby Boomers finally aging into retirement. They will have a dramatic impact not only on our housing market, but on services, economic development and land planning.

The anticipated increase in senior population not only creates an accelerating senior lifestyle and service-based opportunity, but conversely, the consumers of alternative housing are also sellers of existing homes. Within a very short time frame, the ratio of buyers to sellers will shift dramatically, creating a buyers' market as more and more seniors are attempting to sell homes to fewer and fewer buyers.

The increasing dynamic of seniors seeking lifestyle changes has long been awaited by developers ready to offer new and exciting products targeted to this demographic. However, every buyer is also a seller and the ratio of buyers to sellers has changed, and will continue to change.

Generally speaking, households under age 45 are home buyers. These are often families settling into careers, neighborhoods and school districts. The 45 to 64 age group is status quo. While there may be some move up or job transfers within this category, their mobility does not match the under 45 age cohort. The 65 and over category are sellers of homes. This group is seeking lifestyle changes, retiring to other climates, purchasing empty-nester condominiums or moving into apartments and eventually influencing independent- and assisted-living housing.

For example, in 2000 in the Columbus MSA, within the \$75,000 to \$99,999 income range (appropriate for a \$275,000 to \$375,000 home) the ratio of buyers to sellers was 4.0 households in the 35 to 45 age (buyer) cohort to 1.0 household in the 65 and over (seller) category. This disparity of 4.0 buyers to 1.0 seller helped create the

market for home builders in the early part of the decade as well as increased existing home values.

By the year 2014, the ratio of home buyers to sellers will decrease from 4.0 to 1.0 to 1.8 buyers to 1.0 seller, less than half the previous level. Home builders in the \$275,000 to \$375,000 market will find shrinking opportunities. Seniors hoping to sell their homes in favor of a new lifestyle will experience a buyers' market with more and more sellers chasing fewer and fewer buyers. Home values experienced in the early 2000s are very unlikely to be seen in 2015.

Worthington is not immune to these changes. In 2000 there were 1.5 households in the buyer category for each household in the seller category. By 2015 this will shrink to 0.5 households in the buyer category for each household in the seller category. *Clearly, in the past, home values in Worthington have been maintained by new residents coming into the community and not by internal support.* Worthington has benefited greatly from the high buyer to seller ratios of the early 2000s. It is also worth noting that the median age of the population of the Columbus MSA in 2014 will be 35.5 years compared with 47.8 in Worthington. New Albany and Dublin will be 43.5 and 36.2, respectively. Worthington is clearly in a more vulnerable position.

All communities supported by the move up market are facing the reality that, even in an improving economic climate (whenever that occurs), they may experience declining home values. Several central Ohio communities have initiated strategies for the future and it is critical that Worthington do likewise. To the extent that other communities *do* improve their competitive position, it will be at the expense of those communities that do nothing. Buyers *will* gravitate to those communities where home values are most likely to be maintained.

Several strategies should be considered.

First and foremost, Worthington must maintain the ability to attract new residents to the community. There is simply not enough existing move-up support to maintain home values in a super-competitive environment. Other communities are doing this by offering new and exciting housing choices for residents that will become the **next** buyers for the existing homes. By integrating these households into the community, they are more likely to remain when it becomes time to purchase a home.

Economic development, long recognized as important to improving the tax base, is now critical in bringing potential new residents into the community. Employees already immersed in the community for their employment become prime prospective homebuyers. Also, *they are often renters in the community before they become home owners.* Further, their housing of choice may also be a condominium.

More and more young families on solid career paths are foregoing the typical “first-time homebuyer” housing choice. Homes in the \$200,000 and over price range are increasingly the first home purchased by this group. It is therefore important that rental housing developed in conjunction with an economic development and home value retention strategy be upscale and priced so that they are within a step-up range that will support re-sales in Worthington. It is noteworthy that the average value of an existing home in Worthington in 2009 is estimated to be \$203,723. A \$50,000 income will easily support \$900 to \$1,000 rents and is only a “pay raise away” from supporting an 80% mortgage on a \$200,000 home.

Contemporary employment centers are designed to attract the younger employee. Office parks are likely to be in mixed use developments featuring shopping, restaurants and entertainment venues, fitness facilities, etc. All development is designed to create a vibrant environment to attract potential employees not only for work but for entertainment and recreation as well.

In the 1970s, Worthington led the Columbus market with new and attractive space. The existing Worthington office base was developed as Class A space *as Class A space was defined at that time*. However, because Worthington is landlocked and unable to maintain the momentum by bringing increasingly superior space to the market, new construction went elsewhere. Existing space in Worthington is now mostly Class B in comparison to other communities. Firms, like families, move through a continuum of “homes.” When it is time to move up, local companies must leave the community to improve their space. Further, the market is not growing at a pace that support the re-absorption of vacated space and high vacancies are the result. Existing space, while generally pleasing, provides an overabundance of space within a relatively narrow rent/quality band.

Other strategies designed to retain home owners in their home include:

1. Home health care - Assisting senior residents with home health care encourages them to remain in their home for a longer period of time, thus slowing the placement of the home on the market. Many assisted-living facilities are beginning to provide this service in the hopes that, when the time comes for seniors to move into an assisted-living facility, they will have a competitive advantage. In this scenario, an important advantage for Worthington would be to have those assisted-living facilities within the city in order to preserve the inheritance tax.

2. A la carte or full service “condo services” - Communities are beginning to look for ways to provide seniors with convenient and trustworthy sources for home maintenance. This equates to a lifestyle choice without the need to move. However, seniors, especially those living alone, are concerned with being taken advantage of by unscrupulous repair firms. Cities are licensing firms or are creating an “Angie’s List”-style resource for homeowners. Some apartment and condominium management companies are offering “condo like” service packages to individuals. This provides the benefit of condo living without leaving home.
3. Convenience to employment and good schools are the most frequently mentioned reasons for selecting a neighborhood for a new home. Worthington has long been known for its school system. It will be imperative for this reputation to be maintained. There is a direct relationship between home values and the school system. However, it is critical to understand that a household can enjoy the advantages of living in the Worthington School District without living in the City of Worthington.

Following are our recommendations for the redevelopment of the Wilson Bridge Corridor. They reflect the objective of revitalizing the entire community, enhancing the tax base and insuring future home values.

B. SUMMARY OF DEVELOPMENT SUPPORT

Following is a summary of the various development support for a revitalized Wilson Bridge Corridor by land use. It should be noted that these uses should not be considered individually, but rather as a total mixed-use development. The recommendations are for a 10-year development plan.

Office – 200,000 square feet of Class B+ and A space. The potential to redevelop at least one Class B site into a 100,000+ square foot Class A signature building with freeway exposure.

Condominium – 75 empty-nester “town green” garden units at \$200,000 to \$300,000. 80 young professional townhouse units at \$200,000 to \$300,000.

Luxury Apartment – 120 urban townhomes with a two-bedroom rent of \$1,050 to \$1,250. 200 garden-style units with two-bedroom rents of \$900 to \$1,000.

Senior Housing – 60 congregate care units with rents of \$1,800 to \$2,900. 40 to 50 assisted-living units with rents of \$3,500 to \$4,800. 72 to 80 Alzheimer’s/dementia beds with rents of \$4,600.

C. CONCLUSIONS

1. OFFICE

a. Introduction

This study evaluates the market potential for multi-tenant office development in the revitalized Wilson Bridge Corridor in Worthington, Ohio.

Our conclusions for the market potential of office development in the Wilson Bridge Corridor are based on a thorough analysis of the Effective Market Area (EMA). EMA refers to a methodology developed by The Danter Company to describe areas of similar economic and demographic characteristics. The EMA is the smallest area expected to contain the greatest concentration (60% to 70%) of support for the proposed project. Because of the significant base of office space in Worthington, the Wilson Bridge Corridor EMA is considered to be the entire city.

b. Summary of Field Survey

- Office space within the City of Worthington totals 2,619,657 square feet with 359,247 square feet (13.7%) vacant. This space includes public and multitenant space, as well as owner-occupied, single-tenant, institutional and governmental space. Public and multitenant space totals 1,832,558 square feet with 341,387 square feet (18.6%) vacant.
- 48% of all space was built in the 1970s and 43% was built in the 1980s. In the 1970s, Worthington captured 26% of the overall suburban office market, 11% in the 1980s and only 1% since 1990.
- Space originally developed in Worthington was classified as Class A *for that time*. The definition of Class A space has been significantly upgraded to accommodate contemporary amenities and expectations. The Worthington office space now competes for Class B tenants.
- Of the 1.8 million square feet of office space in Worthington, 81% is classified as Class B and 19% is Class C.
- The vacancy rate of Class B space is 24.2%, and Class C space is 10.5%.
- Office rents in Worthington average \$8.00 to \$9.00, NNN, or \$12.50 to \$13.50 for full service. Triple net rents peak at \$18.00 per square foot.

**DISTRIBUTION OF
MULTITENANT OFFICE SPACE BY
RENT AND VACANCY
WORTHINGTON, OHIO**

RENT RANGE PER SQUARE FOOT*	SQUARE FEET	VACANCY RATE
UNDER \$11.00	276,105	13.8%
\$11.00 - \$12.99	652,335	22.5%
\$13.00 - \$14.99	352,079	11.1%
\$15.00 - \$16.99	516,780	20.2%
\$17.00 AND OVER	35,259	35.5%
TOTAL	1,832,558	18.6%
MEDIAN	\$12.96	

*All rents have been converted to full-service equivalent

The following analyses have been conducted to identify market potential for the Wilson Bridge Corridor:

- Field survey of area multitenant office facilities.
- Area demand factors, including
 - Current and expected economic and household growth conditions
 - Support from existing area office tenants (internal mobility)
 - New business formations
 - Businesses moving to the EMA from outside the area (external mobility)
- Appropriateness of the site for the subject office development

c. Recommendations

- Based on this analysis of multitenant office space in the EMA, it is our opinion that a revitalized Wilson Bridge Corridor can absorb an additional 200,000 square feet of Class B+ and A office space over the next 10 years.
- The creation of a competitive mixed use development along the Wilson Bridge Corridor will not only strengthen the existing facilities but create demand for additional space. An improved, competitive, Wilson Bridge Corridor will enable the area to market to a broader Effective Market Area than is currently being achieved.
- Over the past five years, medically-oriented office tenants have accounted for the majority of the increase of occupied space, often offsetting losses in other categories. Given the demographics of the Wilson Bridge Corridor, we would expect this to be a major component of future support.

- Support for new development originates from internal mobility, external mobility, and new business formations. With an improving economy, we would anticipate modest improvements in performance of existing product. However, given the amount of Class B space in the market, we do not recommend adding additional space without a significant change in the character of the land use. Currently, step up support is coming from within the Worthington market. Further, there is a net drain of space as more firms move out of the market than are moving into the market.

d. Demand Factors

Site Evaluation

The attributes of new office development is primarily a function of three main characteristics:

- Access
- Visibility
- Community Services

Following is a summary of these site characteristics:

Access

Our evaluation of site access characteristics is most concerned with the ease of access to the site for potential office space users.

Therefore, we evaluate ingress and egress to the site, as well as proximity to major area thoroughfares.

CRITERIA	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
INGRESS				X
EGRESS				X
PROXIMITY TO THOROUGHFARE(S)				X
OVERALL				X



Access via Interstate 270 and North High Street is excellent. A redeveloped Interstate 270 interchange (with a signature Worthington overpass) will further enhance its identity and accessibility. With Wilson Bridge Road being anchored to the east at State Route 161 (Huntley Road), there is also ready access to Interstate 71 as an Interstate 270 alternative. Wilson Bridge Road is also anchored to the west at State Route 161 (Linworth Road), providing an alternative to State Route 315 and Northwest Columbus. Wilson Bridge Road should be promoted as an internal “parkway” extending from State Route 161 East to State Route 161 West (similar to the Emerald Parkway in Dublin).

The US Route 23/Interstate 270 interchange is scheduled for major reconstruction which will require several years to complete. While traffic is expected to be significantly impacted, the Worthington (south) side will be less impacted. Also, the Wilson Bridge Road “parkway” has the potential to mitigate accessibility issues.

Visibility

Visibility from major thoroughfares is also important when marketing multitenant office development. The key to generating awareness of the Wilson Bridge Corridor is visibility from well-traveled arteries.

	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
SITE VISIBILITY			X	
TRAFFIC VOLUME				X
OVERALL				X

Visibility from Interstate 270 is good. We would recommend enhancement of development identification along Interstate 270.



Community Services

In evaluating a site’s environment, it is critical to assess the curb appeal of surrounding views and land usage, as well as the site’s proximity to everyday community services.

COMMUNITY SERVICE	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
RESTAURANTS				X
CONVENIENCE SHOPPING				X
RETAIL CENTER				X
EMPLOYMENT CENTER				X
BANKING				X
SCHOOLS				X
AREA APPEAL				X
OVERALL				X

While the current retail environment at the Worthington Square Shopping Center is viewed by many as being underdeveloped, there is nevertheless significant retail support within a short distance from the area. Expanded mixed-use associated with these recommendations will enhance this perception. Should the Worthington Square Shopping Center also be improved, it would greatly enhance the entire development.

The proximity to Old Worthington, with numerous restaurants and specialty shopping, is a significant attribute. We recommend strengthening the corridor between Wilson Bridge and Old Worthington through signage and promotional activities.

Summary

Based on the aforementioned criteria, we would consider the Wilson Bridge Corridor to have a good overall location rating.

SITE DEMAND FACTOR	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
ACCESS				X
VISIBILITY				X
COMMUNITY SERVICES				X
OVERALL				X



Based on our evaluation of the Wilson Bridge Corridor's surrounding land usage, convenience to services, and accessibility and visibility, we rate the environment of the site for multitenant office usage as excellent.

Multi-Tenant Office Development Support

The support for leasable office space is affected by:

- Expansion from tenants occupying existing space in the EMA (internal mobility from net gain).
- New businesses being formed.
- Firms moving to the EMA from outside the area.

Internal Mobility

The first component represents the greatest source of support for any new office development. Previous studies performed by The Danter Company indicate that firms generally move because their space needs change and cannot be accommodated within their existing building. Tenants, however, typically remain in the same area or follow mobility patterns similar to residential mobility. Furthermore, in addition to moving into larger quarters, tenants generally move into newer, higher quality space. Also, in today's economic environment, there may also be downsizing. An improved Wilson Bridge Corridor will increase the opportunity to attract downsizing (regional) firms into existing Class B space. Having a variety of choices enables the potential to retain firms that may otherwise move elsewhere. Worthington is also fortunate in having a large share of entrepreneur firms that would be receptive to unique spaces offered by a mixed-use development. Each time a tenant's lease is scheduled for renewal, potential exists for that tenant to consider moving to another office.

We expect significant support to originate from businesses currently located in the area that are occupying moderate quality office space. Those businesses currently occupying lower quality space paying rents equal to or below those anticipated in a revitalized area represent "step-up" support potential. Based on previous office studies conducted by The Danter Company, we determined that tenants are typically willing to incur a rental increase of up to 20% for a different rental alternative when it is perceived as a value. It should be noted that tenants who are downsizing, often increase their rent-per-square-foot while choosing smaller, more efficient space. At the recommended rent levels at the site, the "step-up" base will include office tenants currently paying between \$12.50 and \$15.00 full-service rent for office space.

Within the EMA, there is a total of 434,724 square feet of Class B and C space currently occupied by tenants paying rents within the appropriate “step-up” range (\$15.00 to \$20.00 per square foot).

The majority of the lease terms among the existing office space extend up to 5 years. Also, based on interviews with area commercial Realtors, annual turnover among office tenants is estimated at 20%. As such, when applying this 20% to the “step-up” base, the result is 86,900 square feet of office space that represents market support potential from internal mobility. It should be noted that support from internal mobility is generated not only from the total existing, occupied square footage within the “step-up” range, but also from net gain from those tenants requiring larger quarters. Because of the lack of step-up opportunities, these tenants often relocate to markets outside of the EMA.

We expect approximately 65% of this support for new office development to be generated from the existing office space, as well as the net gain, within the EMA.

External Mobility

The second component includes firms new to the Wilson Bridge Corridor area.

The completion of the Interstate 270/US Route 23 interchange will improve east/west mobility and create additional development opportunities. Further, a revitalized Wilson Bridge Corridor will include an improved perception of Wilson Bridge Road between State Route 161 east and west. This will enhance the potential to improve business attraction into the northeast and northwest markets. The availability of major Class B and B+ space in a vibrant new area would also be a significant attraction to the adjacent market area. Thus, we expect the external mobility component will contribute approximately 25% of the total market support potential.

New Business Formations

The third component of support includes new businesses forming within the area. Most new firms are rent-conscious, and therefore gravitate to older, less-expensive facilities. When considering the higher vacancy rate among the older, more economical space in the EMA, we anticipate that (with a proper marketing effort), this component would contribute 10% of the total market support potential. However, it should be noted that existing space can benefit significantly from new business formations because of the Class B rents.

Summary

When considering past and current absorption trends and turnover rate in the EMA, support from the net gain (expiring leases) of existing, occupied office space, as well as external support, we anticipate the potential for up to 200,000 square feet of additional Class B+ and A space.

A summary of projected annual support potential for newly developed office space in the EMA follows:

COMPONENT	ANNUAL EMA ABSORPTION	
	OFFICE	TOTAL
INTERNAL MOBILITY-WILSON BRIDGE CORRIDOR EMA RELOCATION NET GAIN (10%)	86,900 78,210 8,690	65%
EXTERNAL MOBILITY FROM OUTSIDE THE WILSON BRIDGE CORRIDOR EMA	33,400	25%
NEW BUSINESS FORMATIONS	13,400	10%
TOTAL	133,700	100.0%

Based on our analysis, the EMA has the potential to add or relocate up to 133,700 square feet of office space on an annual basis. It is important to note that 86,900 square feet of this potential is from internal mobility and, as such, will not adversely impact the overall office market in the EMA.

Absorption of new space in a revitalized Wilson Bridge Corridor is a function of capture factors relative to the 3 outlined support components. Following is a summary of support potential for new office space at the site, based on the anticipated capture factors of each component:

COMPONENT	ANNUAL ABSORPTION POTENTIAL AT THE SITE	
	ANNUAL CAPTURE FACTOR	ABSORPTION POTENTIAL*
INTERNAL MOBILITY- WILSON BRIDGE CORRIDOR EMA	15%	13,000
EXTERNAL MOBILITY FROM OUTSIDE THE WILSON BRIDGE CORRIDOR EMA	18%	6,000
NEW BUSINESS FORMATIONS	10%	1,300
TOTAL		20,300

*Square feet

Our analysis indicates that the proposed site could absorb an estimated 20,300 square feet of Class B+/A multitenant office space annually, or approximately 200,000 square feet over a 10-year planning period.

It should be noted that most of the gain in occupied space will be absorbed within the existing office space.

Further, the Wilson Bridge Corridor has numerous Class A office sites currently being occupied by Class B and C facilities. Typical Class A properties are 4 to 7 floors, contain in excess of 100,000 square feet, have freeway exposure and rent in the \$20.00 to \$25.00 per square foot range. We recommend a review of current property owners to determine the potential to upgrade existing sites. It is our opinion that up to 150,000 of Class A space could be developed IF an appropriate site, or sites, can be identified. Having Class A sites available also increases the potential to attract corporate offices to the area. It is impossible to predict such users; however, during the past ten years there have been at least ten signature sites developed for corporate users. Nearly all have been high profile sites with freeway visibility.

It should be noted that office development in an urban mixed use setting will often have the appearance of retail space. Many entrepreneurial type tenants such as Realtors, accountants, financial servicing companies and even medical offices prefer to have a "street front" presence that can bring vibrant streetscapes to an otherwise typical office development.

2. CONDOMINIUM

a. Introduction

This report evaluates the market potential to develop condominiums in the revitalized Wilson Bridge Corridor of Worthington, Ohio.

Our conclusions for the market potential of the subject project are based on a thorough analysis of the Effective Market Area (EMA). EMA refers to a methodology developed by The Danter Company to describe areas of similar economic and demographic characteristics. The EMA is the smallest area expected to contain the greatest concentration (60% to 70%) of support for the proposed project.

EMA boundaries have been determined based on interviews with area real estate, planning, and housing professionals, analysis of area mobility patterns, and past surveys conducted by The Danter Company. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights of way, and other physical boundaries. Soft boundaries are changes in the

socioeconomic makeup of neighborhoods. The Wilson Bridge Corridor EMA is detailed in Section __ of this report.

Our evaluation of the EMA includes the following components:

- Analysis of the existing EMA housing market supply, including:
 - Historical housing trends
 - Current market conditions based on 100% field survey of active and established condominiums, townhouse units and patio homes
- Area demand factors, including
 - Income-appropriate households
 - Current and expected economic and household growth conditions
- Condominium Demand Analysis
- Appropriateness of the Wilson Bridge Corridor for the subject development

Based on our analysis of the EMA condominium home market, the key demand factors and proposed future potential condominium supply, support levels can be established for additional development at the subject site.

For the purposes of this analysis, all residential home developments with a monthly fee that includes outdoor maintenance have been considered together, whether they are detached units (patio homes) or attached units (condominiums). Unless otherwise noted, the term “condominium” will apply to all such units, whether attached or detached.

It is important to note that our recommendations for condominium development are not applicable in the current economic conditions. Further, condominiums usually do not lead development, but rather value is created for condominium development after mixed-use development is well established. We would anticipate that condominium development would occur in years 5 through 10 of the development process; however, the land plan should accommodate such development.

b. Condominium Market Overview

We surveyed all condominium properties identified within the Wilson Bridge Corridor EMA. This totaled 24 properties.

A total of 15 properties totaling 652 units were sold-out. These properties are listed as “established.” One property, with 15 units, is in foreclosure.

The 8 remaining projects are currently considered “active.” The active developments total 610 units. Of the 610 completed units, a total of 253 have closed, yielding a completed inventory of 905 units. Of the remaining 357 units, 15 are in foreclosure, 102 are completed or under construction and 255 are planned in remaining phases. It is noteworthy that of the completed units, 66 are currently being rented.

The following table summarizes the projects detailed in the field survey.

STATUS	NUMBER OF PROJECTS	TOTAL UNITS	SOLD	AVAILABLE	
				INVENTORY*	PLANNED
ACTIVE	8	610	253	102	255
ESTABLISHED	15	577	577	0	0
FORECLOSURE	1	15	0	15	0
TOTAL	24	1,202	830	117	255

*Completed or under construction

Currently, active projects range in size from 8 to 104 units. A complete listing of properties can be found in the Condominium Field Survey section of this report.

Historical Absorption Trends

Following is a distribution of closings among active projects by price and type of product.

DISTRIBUTION OF CONDOMINIUM CLOSINGS
ACTIVE CONDOMINIUM PROJECTS
BY PRICE RANGE OF
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
PROJECTS ACTIVE 2005-2010

PRICE RANGE	RANCH UNITS		GARDEN UNITS		TOWNHOUSE UNITS		TOTAL	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
LESS THAN \$150,000	0	-	0	-	3	1.8%	3	1.2%
\$150,000 - \$199,999	52	62.7%	0	-	89	53.0%	141	55.7%
\$200,000 - \$249,999	30	36.1%	0	-	69	41.1%	99	39.1%
\$250,000 - \$299,999	1	1.2%	0	-	6	3.6%	7	2.8%
\$300,000 - \$349,999	0	-	0	-	1	0.6%	1	0.4%
\$350,000 - \$399,999	0	-	2	100.0%	0	-	2	0.8%
\$400,000 OR MORE	0	-	0	-	0	-	-	-
TOTAL	83	100.0%	2	100.0%	168	100.0%	253	100.0%

While properties with townhouse units have sold 66.4% compared to ranch units, 32.8%, their relative rate of absorption is about equal; 2.8 units per month versus 2.4 units per month.

Sales between \$150,000 and \$199,999 represent 55.7% of all closings. Closings over \$250,000 represent only 4.0% of the total. This is primarily due to a lack of supply of higher-priced product.

The following table details the number of active projects during the survey period, as well as the number of new units closed each year for the EMA:

**ESTIMATED ANNUAL ABSORPTION BY YEAR
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
JUNE 2010**

YEAR	TOTAL	ACTIVE PROJECTS
2000 AND BEFORE	528	14
2001	9	4
2002	11	3
2003	14	4
2004	5	2
2005	28	4
2006	42	3
2007	66	6
2008	66	7
2009	45	5
2010*	16	6
TOTAL	830	24

*Through June 2010

Overall, 830 condominiums have been closed in the EMA from 1964 through June 2010, an average of 18 units annually. The peak years were 2007 and 2008 with 66 units annually. This dropped to 45 closings in 2009 and 16 closings through June 2010. Clearly the current economic downturn has impacted the Worthington condominium market. However, when compared to the Central Ohio market, which began a turndown in 2007, the Worthington EMA remained strong into 2008.

The following table summarizes the condominium absorption trends within the EMA:

**DISTRIBUTION OF CONDOMINIUM PROJECTS
BY AVERAGE MONTHLY ABSORPTION
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
JUNE 2010**

AVERAGE MONTHLY ABSORPTION UNITS PER MONTH	NUMBER	PERCENT
0.1 TO 0.49	12	50.0%
0.5 TO 0.99	6	25.0%
1.0 TO 1.99	4	16.7%
2.0 TO 2.99	2	8.3%
3.0 TO 3.99	0	-
TOTAL	24	100.0%

The average monthly absorption among currently active projects is 0.8. The highest absorption rate, 2.3, was achieved by The Lakes at Polaris.

Available Units

The 102 available units have sales prices from \$141,900 to \$329,900. The median is \$173,846. The following table is a distribution of all available units by price range. It should be noted that these units may not be immediately available; some may still be under construction. Also, 255 units are planned in subsequent phases and 15 units are in foreclosure with no immediate plans for marketing.

DISTRIBUTION OF AVAILABLE CONDOMINIUM UNITS
BY PRICE RANGE
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
JUNE 2010

PRICE RANGE	RANCH UNITS		GARDEN UNITS		TOWNHOUSE UNITS		TOTAL	
	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT	NUMBER	PERCENT
LESS THAN \$150,000	0	-	0	-	20	30.3%	20	19.6%
\$150,000 - \$199,999	21	87.5%	0	-	44	66.7%	65	63.7%
\$200,000 - \$249,999	3	12.5%	0	-	2	3.0%	5	4.9%
\$250,000 - \$299,999	0	-	5	41.7%	-	-	5	4.9%
\$300,000 - \$349,999	0	-	7	58.3%	-	-	7	6.9%
\$350,000 - \$399,999	0	-	0	-	-	-	0	-
\$400,000 OR MORE	0	-	0	-	-	-	0	-
TOTAL	24	100.0%	12	100.0%	66	100.0%	102	100.0%

Includes only units that are up, under construction, or currently rentals

While absorption trends are difficult to identify within the current economic conditions, developments with townhouse units are absorbing at a combined rate of 2.8 units per month while properties with ranch units are absorbing at a rate of 2.4 units per month.

Ranch, garden, and townhouse units are all represented in the market. Ranch and garden units both have single-story living areas, though a ranch unit is within a single-story building, while a garden-style building features at least two floors. Townhouse units are two-story units with at least two levels of living areas with all bedrooms on the second floor. Two-story units with a first-floor master bedroom are listed as ranch units. The following table details available units by unit type: units.

UNIT SIZE	UNIT TYPE			TOTAL	
	GARDEN	RANCH	TOWNHOUSE	NUMBER	PERCENT
ONE-BEDROOM	3	-	-	3	2.9%
TWO-BEDROOM	9	18	66	93	91.2%
THREE-BEDROOM	-	6	-	6	5.9%
TOTAL	12	24	66	102	100.0%
PERCENT	11.8%	23.5%	64.7%	100.0%	

While the absorption rate between ranch and townhouse units is nearly equal, townhouse units represent 64.7% of the remaining inventory.

c. Condominium Qualified Income Distribution

Generally, mobility patterns affecting support of maintenance-free home product (condominium and patio homes) reflect those mobility patterns affecting single-family development. Therefore our approach to establishing the market for condominiums is based on an analysis of the demographic and economic characteristics of the EMA and the application of optimal capture factors. By deducting existing competitive product and evaluating proposed product, recommendations for specific product are made. The overall income distributions are included in this section while the specific support calculations can be found in the specific ranch and townhouse sections.

Qualifying Incomes

For the purpose of this analysis, we assume that 25% of the purchase price of new condominiums will be cash, yielding a 75% mortgage requirement. While many developments offer 80% or 90% financing, condominiums and patio homes are usually influenced by equity from the previous sale of a single-family house, and 50% to 60% financing is not uncommon.

Because of the difficulty of developing new product under \$175,000, our analysis will only consider households with incomes that will qualify them for homes above that price point.

Income/mortgage/purchase price requirements are as follows:

INCOME/MORTGAGE/PRICE DISTRIBUTION

INCOME	MORTGAGE	AMOUNT FINANCED	HOME PRICE RANGE
\$65,625 - \$74,999	\$131,250 - \$149,999	75%	\$175,000 - \$199,999
\$75,000 - \$93,749	\$150,000 - \$187,499	75%	\$200,000 - \$249,999
\$93,750 - \$112,499	\$187,500 - \$224,999	75%	\$250,000 - \$299,999
\$112,500 - \$131,249	\$225,000 - \$261,499	75%	\$300,000 - \$349,999
\$131,250 - \$149,999	\$262,500 - \$299,999	75%	\$350,000 - \$399,999
OVER \$150,000	OVER \$300,000	75%	\$400,000 AND OVER

Income distribution for empty nesters and townhome buyers follows in the Conclusions section.

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual demand. The optimal capture factors have been established in mature condominium markets with adequate supply. Within these markets, demographic characteristics have been analyzed including growth rates and household size, and economic factors have been considered including income levels and employment profiles.

There are 2 different condominium products recommended:

1. Town Green - Garden units in 3- or 4-story elevator buildings ranging from \$200,000 to \$300,000. These would be targeted to empty-nesters.
2. Town Green Townhouses - These would be street level entry units in the Town Green selling in the \$200,000 to \$300,000 price range. Target market is young professionals.

A separate calculation will be provided for the two empty-nester products (Town Green and Perimeter Ranch) and the townhouse product.

d. Conclusions

Condominium Demand Analysis

Empty-Nester Condominium (Town Green)

Following are the projected income distributions of empty nester households (age 55 and over):

HOUSEHOLD INCOME RANGE	QUALIFIED HOME PRICE	2010 EMPTY-NESTER HOUSEHOLDS	DISTRIBUTION
\$56,250 - \$74,999	\$175,000 - \$199,999	2,257	24.5%
\$75,000 - \$93,749	\$200,000 - \$249,999	2,100	22.8%
\$93,750 - \$112,499	\$250,000 - \$299,999	1,281	13.9%
\$112,500 - \$131,249	\$300,000 - \$349,999	1,025	11.1%
\$131,250 - \$149,999	\$350,000 - \$399,999	793	8.6%
OVER \$150,000	\$400,000 AND OVER	1,754	19.0%
	TOTAL	9,210	100.0%



Based on the application of established capture factors for similar markets, as well as the estimated sales activity that has occurred in the EMA over the past two years, the resulting annual demand for condominiums in the EMA can be established. The most new units sold in any one year were 66 units, achieved in both 2007 and 2008.

We have applied established capture rates in suburban markets to establish the potential demand for empty-nester oriented condominiums.

PRICE RANGE	QUALIFIED 2010 EMA HOUSEHOLDS	ESTIMATED INTERNAL DEMAND CAPTURE FACTOR	ESTIMATED DEMAND FROM EMA EMPTY-NESTER HOUSEHOLDS
\$175,000 - \$199,999	2,257	.005	11
\$200,000 - \$249,999	2,100	.005	11
\$250,000 - \$299,999	1,281	.003	4
\$300,000 - \$349,999	1,025	.002	2
\$350,000 - \$399,999	793	.002	2
\$400,000 AND OVER	1,754	.001	2
TOTAL	9,210		32

Given the revitalized Wilson Bridge Corridor potential as an empty-nester community, we estimate that 35% of the support for the proposed projects will come from outside the EMA.

PRICE RANGE	ESTIMATED DEMAND FROM EMA EMPTY-NESTER HOUSEHOLDS	DEMAND FROM OUTSIDE THE EMA	TOTAL DEMAND FOR EMPTY- NESTER RANCH PATIO HOMES
\$175,000 - \$199,999	11	6	17
\$200,000 - \$249,999	11	6	17
\$250,000 - \$299,999	4	2	6
\$300,000 - \$349,999	2	1	3
\$350,000 - \$399,999	2	1	3
\$400,000 AND OVER	2	1	3
TOTAL	32	17	49

We recommend empty-nester product be available in the \$200,000 to \$300,000 price range. When considering only this price range, total maximum annual support totals 32 units. We anticipate a capture of 15 of these units at the proposed development. However, it should be noted that this is anticipated under improved economic conditions. A 5-year plan would total 75 units.

Condominium Demand Analysis

Young Professionals (Town Green Townhomes)

Following are the estimated income distributions for households under age 55:

DISTRIBUTION OF INCOME
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
2010

INCOME RANGE	NUMBER OF HOUSEHOLDS UNDER AGE 55	DISTRIBUTION
\$56,250 - \$74,999	6,716	29.3%
\$75,000 - \$93,749	4,974	21.7%
\$93,750 - \$112,499	3,230	14.1%
\$112,500 - \$131,249	2,358	10.3%
\$131,250 - \$149,999	2,283	10.0%
\$150,000 AND OVER	3,370	14.7%
TOTAL	22,931	100.0%

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual townhouse demand. The optimal capture factors have been established in mature condominium/townhome markets with adequate supply. Within these markets, demographic characteristics have been analyzed, including growth rates and household size, along with economic factors including income levels and employment profiles, to establish capture factors.

We have applied established capture rates in suburban markets to establish the potential demand for urban-style townhome condominiums.

PRICE RANGE	QUALIFIED 2010 EMA HOUSEHOLDS	ESTIMATED INTERNAL DEMAND CAPTURE FACTOR	ESTIMATED DEMAND FROM EMA UNDER AGE 55 HOUSEHOLDS
\$175,000 - \$199,999	6,716	.003	20
\$200,000 - \$249,999	4,974	.003	15
\$250,000 - \$299,999	3,230	.002	6
\$300,000 - \$349,999	2,358	.001	2
\$350,000 - \$399,999	2,283	.001	2
\$400,000 AND OVER	3,370	.001	3
TOTAL	22,931		48



We estimate that 25% of the support for the proposed projects will come from outside the EMA.

PRICE RANGE	ESTIMATED DEMAND FROM EMA UNDER AGE 55 HOUSEHOLDS	DEMAND FROM OUTSIDE THE EMA	TOTAL DEMAND FOR TOWNHOMES
\$175,000 - \$199,999	20	7	27
\$200,000 - \$249,999	15	5	20
\$250,000 - \$299,999	6	2	8
\$300,000 - \$349,999	2	0	2
\$350,000 - \$399,999	2	0	2
\$400,000 AND OVER	3	1	4
TOTAL	48	15	63

The subject property will have units available in the \$200,000 to \$300,000 price range. When considering only this price range, total maximum annual support totals 28 units. We anticipate capturing up to 16 of these units annually at the proposed development. However, these expectations cannot be achieved under current economic conditions. A 5-year development plan would total 80 units.

3. APARTMENT

a. Introduction

The Wilson Bridge Corridor is in an excellent position to capture the luxury rental housing market. Worthington is the center of an Effective Market Area (EMA) containing over 22,000 units. Of these, over 15,000 have rents that will support luxury rental housing. Further, the City of Worthington has had little or no rental housing development.

Today’s renters are increasingly “renters by choice”. Renters are more likely to remain in rental housing for a much longer time than in the past. They are more likely to delay the start of their families. More recently, renters are stepping up into the luxury rental market and foregoing the typical “first time home buyer pool”, impacting, instead, the move-up market. The current economic climate has also improved the rental market as many home buying plans have been placed on hold. These upscale renters are excellent prospects for maintaining the Wilson Bridge Corridor resale market.

Conclusions for the development of rental housing in the Wilson Bridge Corridor of Worthington are based on analyses of the area including the existing and anticipated rental housing market, demographics, the economy, the appropriateness of the revitalized neighborhood for residential development, and overall housing demand.

The analysis of the existing rental housing market is based on the establishment and analysis of a Site Effective Market Area (EMA). EMA refers to a methodology developed by The Danter Company to describe areas of similar economic and demographic characteristics. EMAs are bounded by both "hard" and "soft" boundaries. Hard boundaries are marked by rivers, freeways, railroad rights of way, and other physical boundaries. Soft boundaries are changes in the socioeconomic makeup of neighborhoods. See Section IV for a full description of the EMA.

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

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

- Analysis of the existing EMA rental housing market supply, including:
 - Historical housing trends
 - Current market conditions based on 100% field survey of modern apartments
- Area apartment demand factors, including
 - Income-appropriate households
 - Current and expected economic and household growth conditions
 - Support from existing multifamily renters (step-up/down support)
 - A trend line analysis, based on a "rent by comparability index" evaluation of all conventional developments within the EMA, is used to evaluate rents for proposed development.
- Appropriateness of the Wilson Bridge Corridor for development

The urban-style units would be integrated into the retail/business development with some second and third floors being utilized. Townhomes and urban streetscapes would prevail.

The garden-style would be a mix of townhomes and two- or three-story walk-ups with private entries.

All units would contain full amenities, 9-foot ceilings, upscale appliances including washer/dryers, dramatic entries, room sizes consistent with upscale rents and an over abundance of closets and storage. Garages would be attached to some units and available for up to 50% of all units.

We recommend a “master” project amenity package, including community room, fitness center, pool, business center and theater. Generally, a mix of 30% one-bedroom, 60% two-bedroom and 10% three-bedroom is appropriate. The three-bedroom units are important in that a large percentage of residents will be home-employed. This master project amenity should be located on the first floor of a “commercial” area, bringing activity to such a district.

b. Recommendations/Project Concept

It is our opinion that a market exists for up to 320 luxury and upscale rental units in the Wilson Bridge Corridor as part of an overall economic development strategy.

PRODUCT TYPE	NUMBER OF UNITS	MIX	TARGETED PER BEDROOM MONTHLY RENT		
			ONE-BR.	TWO-BR.	THREE-BR.
URBAN-STYLE	120	ONE-, TWO- AND THREE BR.	\$850	\$1,050- \$1,250	\$1,400
GARDEN-STYLE	200	ONE-, TWO- AND THREE-BR.	\$750	\$900- \$1,000	\$1,250

c. Absorption

We anticipate that the development of up to 320 units could begin at once with product being available in 2012 or 2013. (However, development should not occur without a commitment to a revitalized Wilson Bridge Corridor.) The 320 units could be developed as 2 or 3 separate communities or concepts. Combined absorption would be 15 to 17 units per month with the project being a 17- to 20-month absorption.

Prior studies have shown that absorption tends to be seasonal, with up to 64% of annual absorption taking place in the peak summer months (May through August). The shoulder season (the two months on either side of the peak season) generally accounts for approximately 24% of annual absorption. The off season, November through February, typically accounts for the remaining 12% of absorption. While

these percentages do not hold true in all markets, they give a good indication of the potential seasonal variations in absorption.

Factors that affect absorption include (but are not limited to) the following: area mobility patterns; availability of new product; age, quality, and rent of existing rental properties in the EMA; area growth; area median income; product variety; proposed product development; and date of opening.

A spring opening date would be important in achieving the targeted absorption period. A later release may extend absorption through two slower winter seasons.

d. Step-Up Support

Previous studies performed by The Danter Company indicate that 60% of the support for new apartment development will typically be generated from the existing apartment base in the EMA, especially from those tenants paying rent within an appropriate step-up of the proposed rents.

The 100% database field survey methodology allows us to accurately measure potential support from conventional renters. Our studies indicate that, at the proposed rent range, tenants are willing to incur rental increases of up to \$150 per month for a rental alternative when it is perceived as a value. This is the step-up support base. Step-up support is not limited to only similar unit types. For example, the one-bedroom step-up support includes both studio and one-bedroom units.

In addition, the existing units in the market with rents higher than those proposed at the subject site and with project comparability ratings equal to or lower than the proposed project represent potential step-down support for the subject site.

Step-up support is a critical factor in projecting absorption because it directly measures the depth of potential support *from the households most likely to move to the subject site*. Step-up support is best expressed as a ratio of proposed units to potential support. A lower ratio indicates a deeper level of market support and that the subject site will have to capture fewer of these households in order to achieve successful initial absorption. A higher ratio indicates a lower level of potential support from conventional renters and that the subject site will have to attract a higher level of support from outside this group, potentially slowing absorption.

DISTRIBUTION OF STEP-UP SUPPORT	
	STEP-UP SUPPORT
ONE-BEDROOM	3,463
TWO-BEDROOM	7,097
THREE-BEDROOM	560
TOTAL	11,128
UNITS PROPOSED	320
RATIO OF PROPOSED UNITS TO POTENTIAL STEP-UP SUPPORT BASE	2.9%

The recommended 320-unit development represents only 2.9% of the total step-up support base, an excellent ratio.

e. Geographic Origin of Support

A comparison of typical versus anticipated geographic support for the Wilson Bridge Corridor is as follows:

	TYPICAL SUPPORT	ANTICIPATED SUPPORT
INTERNAL MOBILITY		
APARTMENT	50%	60%
OTHER	20%	15%
EXTERNAL MOBILITY	30%	25%
TOTAL	100%	100%

f. Comparable Market Rent

Comparable market rent analysis establishes the rent potential renters would expect to pay for the subject unit in the open market. Comparable market rent is based on a trend line analysis for the area apartment market. For each unit type, the trend line analysis compares net rent by comparability index for all market-rate developments. This evaluation provides a comparison of existing market rents to those recommended in the Wilson Bridge Corridor. A variety of factors influence a property's ability to actually achieve the comparable market rent, including the number of units at that comparable market rent, the step-up support base at that rent range, and the age and condition of competitive units.

Considering the recommended unit and project amenities and an appealing aesthetic quality, the recommended development is anticipated to have an overall comparability rating of 31.0. The overall rating is based on ratings of 11.5 for unit amenities, 10.0 for project amenities, and 9.5 for aesthetic quality.

Based on the current rent structure of one-bedroom units, present-day rent for a development comparable to the one proposed is \$810 per month. Based on the estimated annual rate of increase (1.0%), probable one-bedroom rent is \$826 at opening (2012). The recommended rent of \$750 to \$850 is 91% to 103% of the market-driven rent.

Based on the current rent structure of two-bedroom units, present-day rent for a development comparable to the one proposed is \$1,100 per month. Applying the average annual increase in the EMA yields two-bedroom rent of \$1,122 at opening. The recommended base rent of \$900 to \$1,050 is 94% of the market-driven rent.

Based on the current rent structure of three-bedroom units, present-day rent for a development comparable to the one proposed is \$1,350 per month. Applying the average annual increase in the EMA yields three-bedroom rent of \$1,377 at opening. The proposed rent of \$1,250 to \$1,400 is 91% to 102% of the market-driven rent.

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

UNIT TYPE	MARKET RENT AT OPENING AT 31.0 COMPARABILITY RATING	PROPOSED OPENING BASE RENT	PROPOSED RENT AS A PERCENT OF MARKET RENT
ONE-BEDROOM	\$826	\$750 - \$850	91% - 103%
TWO-BEDROOM	\$1,122	\$900 - \$1,050	80% - 94%
THREE-BEDROOM	\$1,377	\$1,250 - \$1,400	91% - 102%

With the proposed rents ranging from 80% to 102% of market-driven rents, the proposed units will be perceived as a value within the market.

The number of units proposed at the site must be considered relative to the project's ability to achieve a given rent level. Previous research conducted by The Danter Company indicates that all other factors being equal, larger properties must be a better value in the marketplace than smaller properties due to the higher number of units that must be rented each month. To generate a sufficient number of potential

renters, larger properties typically need to set rents below comparable market rent. The recommended 120- and 200-unit complex is relatively small and provides the opportunity to increase rents after stabilized rent up.

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

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g. Income-Appropriate Households

Based on findings from The Danter Company's nationwide telephone survey, we anticipate that the recommended one-, two-, and three-bedroom units will predominantly house one- and two-person households. Leasing industry standards for market-rate projects typically require households to have net rent-to-income ratios of 25%. The recommended net rents (includes water, sewer, and trash pickup) at the site range from \$750 to \$1,400 per month. With the lowest net monthly rent of \$750, the minimum annual housing cost is \$9,000. Applying the 25% rent-to-income ratios requires a minimal annual household income of \$36,000. The average rent will be \$982 for an average minimum income of \$47,136.

There are no income restrictions for market-rate units. Further, more and more households are “renters by choice”, often not opting for home ownership until their family status changes. Therefore, household incomes are not limited and are likely to be considerably higher.

All Income-Qualified Households

The 2000 Census reported that 45.0% of the EMA households were renters. However, the reality is that this percentage varies depending on the income levels of the households. For example, at lower income levels, a higher ratio of renters is likely compared to the higher income levels.

Considering the renter to total households' ratio established for households with higher incomes, the estimated number of renter households within the EMA that are income-appropriate for the proposed subject project (above \$36,000) is estimated at 14,500 households in 2010. The 320 units at the proposed project would represent 2.2% of their potential income-appropriate renter base. This is an excellent ratio of proposed units to potential income-appropriate renter households.

h. EMA Apartment Field Survey Overview

A total of 22,745 conventional market-rate apartment units in 150 projects were surveyed in the EMA.

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

DISTRIBUTION OF CONVENTIONAL MARKET-RATE APARTMENTS AND VACANCY RATE WILSON BRIDGE CORRIDOR EFFECTIVE MARKET AREA JUNE 2010			
UNIT TYPE	MARKET-RATE UNITS		VACANCY RATE
	NUMBER	PERCENT	
STUDIO	254	1.1%	3.5%
ONE-BEDROOM	6,561	28.8%	6.1%
TWO-BEDROOM	14,918	65.6%	6.5%
THREE-BEDROOM	982	4.3%	4.6
FOUR-BEDROOM	30	0.1%	0.0%
TOTAL	22,745	100.0%	6.0%

Among market-rate projects, 17.3% are 100.0% occupied, accounting for 6.9% of the total units. Only 7.3% of all projects had occupancies below 90.0%. These projects can generally be categorized as older (Pre-1980), functionally obsolete and often smaller properties with no on-site management.

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

The EMA apartment base contains a well-balanced ratio of one- and two-bedroom units. There is a low ratio of three-bedroom units, only 4.3%.

While median rents are relatively high in the EMA, a comparison of median and upper-quartile rents and vacancies by each unit type follows:

MEDIAN AND UPPER-QUARTILE RENTS AND VACANCIES WILSON BRIDGE CORRIDOR EFFECTIVE MARKET AREA JUNE 2010					
UNIT TYPE	MEDIAN RENTS	OVERALL VACANCY RATE	UPPER-QUARTILE		
			RENT RANGE	NUMBER OF UNITS	VACANCY RATE
STUDIO	\$450	3.5%	\$559 - \$1,175	64	6.3%
ONE-BEDROOM	\$617	6.1%	\$669 - \$985	1,640	4.7%
TWO-BEDROOM	\$725	6.5%	\$815 - \$1,400	3,730	5.5%
THREE-BEDROOM	\$915	4.6%	\$1,135 - \$1,561	246	6.5%
FOUR-BEDROOM	\$734	0.0%	\$734	8	0.0%

Rents in the EMA have increased at an estimated average of 1.0% per year over the past several years.

It is significant that 40.8% of the market-rate units surveyed were constructed and opened before 1980. These older developments contain a combined total of 9,286 units with 775 vacancies, an 8.3% vacancy rate.

Of the 22,745 market-rate units in the EMA, there are only 682 within the city of Worthington. The overall vacancy rate among the market-rate units in Worthington is high, 18.0%.

However, of the 123 vacant units within Worthington, 100 are within one project. East Worthington Village (Map Code 4) is a 162-unit property that opened in 1969 and currently has an overall vacancy rate of 61.7%. According to the manager, the property was run down and was sold in 2009 and is currently in the process of a total renovation. Management expects that as the units are renovated and released, the occupancy rate will stabilize. When excluding this property, the overall vacancy rate among the units in Worthington is 4.4%.

The existing units within Worthington are old. Of the 682 units, 662 were built in or prior to 1977. Only 20 units have been built since 1980. This is reflected in the curb appeal, or comparability rating of the units within Worthington.

The area apartment market has been evaluated by the comparability rating of each property. Comparability ratings are based on a rating system that awards points to each project based on its unit amenities, project amenities and aesthetic amenities (curbside appeal). The following table identifies units and vacancies by comparability rating for the EMA as well as within Worthington:

COMPARABILITY RATING RANGE	EMA			WORTHINGTON		
	NUMBER OF PROJECTS	NUMBER OF UNITS	PERCENT OCCUPIED	NUMBER OF PROJECTS	NUMBER OF UNITS	PERCENT OCCUPIED
LESS THAN 15.0	35	2,055	94.5%	12	374	96.0%
15.0 TO 17.5	44	3,246	94.6%	2	42	95.2%
18.0 TO 20.5	34	5,731	92.5%	3	266	60.2%
21.0 TO 22.5	11	2,586	94.9%	0	0	-
23.0 OR GREATER	26	9,127	94.3%	0	0	-
TOTAL	150	22,745	94.0%	17	682	82.0%

Overall, projects within Worthington have an average comparability rating of 13.2 compared to an average of 18.1 for projects within the EMA. The comparability ratings of projects within Worthington range from 8.0 to 20.0 while projects within the EMA range from 8.0 to 31.0.

Overall, 12 (70.6%) of the 17 projects in Worthington have a comparability rating of less than 15.0. Within the EMA, only 35 (23.3%) have a comparability rating of less than 15.0, while 71 (47.3%) have comparability ratings of 18.0 or higher.

The highest rated conventional project in the area is the 310-unit Sterling Place, which opened in 1986 and has a rating of 31.0.

Following is a distribution of units and vacancies by year of construction:

DISTRIBUTION OF UNIT AND VACANCIES BY YEAR BUILT WILSON BRIDGE CORRIDOR EFFECTIVE MARKET AREA JUNE 2010			
PERIOD	PROJECTS BUILT	UNITS BUILT	CURRENT VACANCY RATE
BEFORE 1970	35	3,864	9.3%
1970-1979	37	5,422	6.6%
1980-1989	55	8,721	4.8%
1990-1999	17	3,271	5.4%
2000-2006	5	1,299	4.3%
2007	0	-	-
2008	1	168	0.0%
2009	0	-	-
2010*	0	-	-
TOTAL	150	22,745	6.0%

*Through June

Projects in the area range in size from 4 to 827 units. The average area project includes 152 units. The following table provides a distribution of units by the size of the project:

DISTRIBUTION OF UNITS AND PROJECTS BY PROJECT SIZE WILSON BRIDGE CORRIDOR EFFECTIVE MARKET AREA JUNE 2010					
TOTAL UNITS IN PROJECTS	PROJECTS		UNITS		VACANCY RATE
	NUMBER	PERCENT	NUMBER	PERCENT	
LESS THAN 25	13	8.7%	207	0.9%	2.9%
25 TO 49	22	14.7%	843	3.7%	6.6%
50 TO 99	39	26.0%	2,625	11.5%	5.8%
100 TO 199	32	21.3%	4,501	19.8%	7.1%
200 TO 299	23	15.3%	5,724	25.2%	5.3%
300 OR GREATER	21	14.0%	8,845	38.9%	6.0%
TOTAL	150	100.0%	22,745	100.0%	6.0%

A distribution of amenities for market-rate projects follows:

AMENITY	TOTAL NUMBER OF PROJECTS* (OUT OF 150)	SHARE OF PROJECTS WITH AMENITY
RANGE	150	100.0%
CARPET	150	100.0%
DISPOSAL	147	98.0%
REFRIGERATOR	146	97.3%
AIR CONDITIONING	145	96.7%
WASHER/DRYER HOOKUPS	128	85.3%
DISHWASHER	125	83.3%
WINDOW COVERINGS	105	70.0%
ON-SITE MANAGEMENT	97	64.7%
BALCONY/PATIO	95	63.3%
POOL	68	45.3%
BASEMENT	60	40.0%
CEILING FAN	52	34.7%
LAUNDRY	51	34.0%
FIREPLACE	44	29.3%
GARAGE	43	28.7%
COMMUNITY BUILDING	40	26.7%
WASHER/DRYER	30	20.0%
TENNIS COURT	30	20.0%
SPORTS COURT	28	18.7%
PICNIC AREA	26	17.3%
FITNESS CENTER	24	16.0%
CARPORT	22	14.7%
VAULTED CEILINGS	20	13.3%
HOT TUB	19	12.7%
PLAYGROUND	18	12.0%
LAKE	16	10.7%
MICROWAVE	14	9.3%
INTERCOM SECURITY	9	6.0%
SAUNA	9	6.0%
JOG/BIKE TRAIL	8	5.3%
SECURITY PATROL	6	4.0%
BUSINESS CENTER	5	3.3%
SECURITY SYSTEM	3	2.0%
SECURITY GATE	2	1.3%
ELEVATOR	1	0.7%

*Includes properties in which some or all of the units contain the amenity.

The standard amenities featured in at least 60% of the apartments in the EMA include a refrigerator, range, carpeting, air conditioning, disposal, window coverings, laundry, dishwasher, and on-site management. Washer and dryer and/or hookups are relatively uncommon, which explains the high number of developments with a

laundry. The proposed site is anticipated to offer these unit amenities, as well as numerous other features and amenities.

i. EMA Rental Base

Detailed data regarding the Wilson Bridge Corridor Effective Market Area's rental base are provided by ESRI, Incorporated and the 2000 Census. In 2010, there are an estimated 59,084 housing units within the Worthington EMA. This is up 14.2% (7,369) from the 51,715 units identified in the 2000 Census. By 2015, the number of area housing units is projected to increase 5.4% from 2010 to 62,300.

Distributions of housing units in 2000 are as follows:

	NUMBER	PERCENT
OCCUPIED	49,081	94.9%
BY OWNER	29,429	60.0%
BY RENTER	19,652	40.0%
VACANT	2,634	5.1%
TOTAL	51,715	100.0%

The above data are a distribution of all rental units (e.g., duplexes, conversions, units above storefronts, single-family homes, mobile homes, and conventional apartments) regardless of age or condition. Vacancies reflect some of the seasonal nature of the area rental market.

In 2000, there were approximately 19,652 renter-occupied housing units in the EMA. This includes all housing units (e.g., duplexes, single-family homes, mobile homes) regardless of age or condition. A summary of the existing rental units in the market by type follows:

UNIT TYPE	TOTAL NUMBER OF HOUSING UNITS	SHARE OF HOUSING UNITS
SINGLE, DETACHED	1,123	5.7%
SINGLE, ATTACHED	1,533	7.8%
2 TO 4	4,257	21.7%
5 TO 9	5,455	27.8%
10 TO 19	3,557	18.1%
20 TO 49	1,730	8.8%
50+	1,983	10.1%
MOBILE HOME OR TRAILER	14	0.1%
OTHER	0	0.0%
TOTAL	19,652	100.0%

Of the 19,652 renter-occupied housing units in the EMA in 2000, 2,670 (13.6%) were within single-family detached and attached, and mobile homes or trailers. This is a moderate share of renter-occupied units in non-conventional alternatives. Following is a summary of the renter households in the EMA by household size:

DISTRIBUTION OF RENTER HOUSEHOLDS BY HOUSEHOLD SIZE
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
2000

HOUSEHOLD SIZE	NUMBER	PERCENT
ONE PERSON	8,763	44.6%
TWO PERSONS	6,177	31.4%
THREE PERSONS	2,469	12.6%
FOUR PERSONS	1,573	8.0%
FIVE OR MORE PERSONS	670	3.4%
TOTAL	19,652	100.0%

Sources: 2000 Census of Population
ESRI, Incorporated

As the previous table illustrates, 14,940 (76.0%) rental units in the market are occupied by a one- or two-person household. These households are expected to

provide most of the support for the Wilson Bridge Corridor. It is unlikely that any four- or five-person households will occupy the proposed development. Based on previous studies by The Danter Company, upscale apartments contain few, if any, children. We would estimate that units with children will occupy less than 5% of total units, most of which will be under age 3. Children most often occur after move-in and results in a move-out within one year.

In 2000, the owner- and renter-occupied households within the Wilson Bridge Corridor Effective Market Area were distributed as follows:

**DISTRIBUTION OF TENURE BY AGE
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA
2000 CENSUS**

TENURE	OWNER-OCCUPIED		RENTER-OCCUPIED	
	NUMBER	PERCENT	NUMBER	PERCENT
HOUSEHOLDER 15 TO 24 YEARS	284	1.0%	3,404	17.3%
HOUSEHOLDER 25 TO 34 YEARS	4,780	16.2%	7,507	38.2%
HOUSEHOLDER 35 TO 44 YEARS	7,381	25.1%	3,885	19.8%
HOUSEHOLDER 45 TO 54 YEARS	7,547	25.6%	2,146	10.9%
HOUSEHOLDER 55 TO 64 YEARS	4,446	15.1%	938	4.8%
HOUSEHOLDER 65 TO 74 YEARS	2,922	9.9%	615	3.1%
HOUSEHOLDER 75 TO 84 YEARS	1,768	6.0%	738	3.8%
HOUSEHOLDER 85 YEARS AND OVER	301	1.0%	419	2.1%
TOTAL	29,429	100.0%	19,652	100.0%
MEDIAN AGE	48.0		33.6	

In 2000, existing gross rents in the EMA were distributed as follows:

	NUMBER	PERCENT
NO CASH RENT	369	1.9%
UNDER \$250	357	1.8%
\$250 - \$349	264	1.3%
\$350 - \$449	823	4.2%
\$450 - \$549	2,857	14.5%
\$550 - \$649	4,396	22.4%
\$650 - \$749	4,327	22.0%
\$750 - \$899	4,102	20.9%
\$900 - \$999	910	4.6%
\$1,000 - \$1,499	1,000	5.1%
\$1,500 AND OVER	246	1.3%
TOTAL	19,652	100.0%
MEDIAN GROSS RENT	\$672	

Source: 2000 Census

The following table provides a summary of gross rent as a percentage of household income for the renter households in the EMA:

**GROSS RENT AS A
PERCENT OF INCOME
WILSON BRIDGE CORRIDOR
EFFECTIVE MARKET AREA**

PERCENTAGE	RENTER HOUSEHOLDS	
	NUMBER	PERCENT
LESS THAN 20%	7,755	39.5%
20% TO 24%	3,306	16.8%
25% TO 29%	2,612	13.3%
30% TO 34%	1,283	6.5%
35% OR MORE	4,101	20.9%
NOT COMPUTED	594	3.0%
TOTAL	19,652	100.0%

As the above table indicates, 56.3% of the renter households paid less than 25% of their annual household income for rental housing costs, indicating a significant number of households over-qualified to their housing and available for step-up support or home ownership.

4. SENIOR LIVING

a. Introduction

This component evaluates the market potential for additional senior housing development within a revitalized Wilson Bridge Corridor in Worthington, Ohio.

Our specific task is to identify the market potential for a full range of senior living alternatives, including congregate care, assisted-living and Alzheimer’s/dementia units.

After several years of relatively successful operations, the changing economy, especially that component impacting the single family resale market, has created a downturn in congregate care and assisted-living occupancies. Occupancies have remained strongest among “need driven” facilities while “lifestyle,” more independent-living products have not performed as well. Pure independent-living,

such as ranch condominiums, have declined most. As would be expected, the primary factor inhibiting new rentals has been the inability to sell existing homes.

The Wilson Bridge Corridor EMA is not alone in this situation. Most markets in the U.S. are experiencing similar trends.

In addition, future market trends created by an aging population must be evaluated within the context of the proposed development, as well as the long-term impact on senior housing.

An anticipated increase in senior population not only creates an accelerating senior lifestyle and service-based opportunity, but conversely, the consumers of alternative housing are also sellers of existing homes. Within a very short time frame, the ratio of buyers to sellers will shift dramatically, creating a buyers market as more and more seniors are attempting to sell homes to fewer and fewer buyers. This will create a new dynamic impacting senior housing providers. This, coupled with increased services assisting seniors in their own homes and recent (past 20 years) design criteria (first-floor master bedroom) enabling seniors to remain in their home for a longer period of time, will also impact future demand criteria for alternative housing. Clearly, lifestyle-driven housing decisions (independent-living) will be considerably more impacted than will need-driven decisions. This is not to imply that there is *no market, but that support levels of the early 2000s must be adjusted to reflect changing expectations.*

b. Effective Market Area (EMA)

Our conclusions for the market feasibility of senior housing development in the study area are based on an identification and analysis of the Effective Market Area (EMA), demographic and economic characteristics, capture and penetration rate analyses, and a field survey of senior housing facilities.

The EMA principle is a concept developed by The Danter Company to delineate the support that can be expected for a proposed development. A EMA is the smallest specific geographic area expected to generate 60% to 70% of the support for that development. This methodology has significant advantages because it considers existing natural and manmade boundaries and socioeconomic conditions. The EMA has been established in part based upon an analysis of mobility patterns, interviews with area planners and real estate agents, observations of the field analyst, as well as an analysis of existing independent living facilities.

Based on a review of mobility patterns impacting Central Ohio, interviews conducted with area leasing managers, real estate agents, planners, city officials, and area

developers, as well as a review of area demographics, the Wilson Bridge Corridor Effective Market Area has been established and is defined in Section IV of this report.

Based on the site characteristics of the EMA, a field survey of existing, competitive, and supportive housing; an analysis of the site; and a demographic analysis of the Site EMA, support levels can be established to determine a reasonable expectation for performance.

The following analyses have been conducted to identify market potential and performance expectations:

- Analysis of the existing EMA independent-living, congregate care, and assisted-living support:
 - Historical housing trends
 - Current market conditions based on 100% field survey of competitive facilities
- Area demand factors, including:
 - Income-appropriate households based on program or product guidelines
 - Current and expected economic and household growth conditions
 - Support from existing multifamily renters, independent-living, and assisted-living residents (step up/down support)
 - Comparable market rent for the proposed property as determined through trend line analysis
- Competitive site attributes

A detailed EMA analysis can be found in Section IV of this report.

c. Project Concept/Recommendations

Based on the identification and analysis of the Effective Market Area (EMA), and the survey of existing and proposed assisted-living facilities, it is our opinion that up to 100 additional assisted-living units be supported within a 5 year planning window. The EMA contains 725 assisted-living units, of which 325 are judged to be competitive with potential new development in the Wilson Bridge Corridor. Also, many of the facilities in the EMA are located on the periphery and have only a small percentage of competitive overlap. The overall vacancy rate of assisted-living facilities in the EMA is 10.1%. The vacancy rate of facilities in the immediate Worthington area is 7.1%.

It is also our opinion that the market is considerably underserved for dementia/Alzheimer's units. We have identified a need for up to 283 such units with only 100 existing in the market. These existing units have a vacancy rate of 7.2%.

**RECOMMENDED DEVELOPMENT
WILSON BRIDGE CORRIDOR AREA
WORTHINGTON, OHIO**

	CONGREGATE CARE UNITS	ASSISTED-LIVING UNITS	ALZHEIMER'S/ DEMENTIA BEDS
NUMBER	60	40 - 50	72 - 80
BASE MONTHLY RATE	\$1,800-\$2,900	\$3,500-\$4,800	\$4,600

Absorption

We anticipate that congregate care units will absorb at a rate of 3.0 to 4.0 units per month, assisted-living units will absorb at a rate of 6.0 to 7.0 units per month and the memory care beds will average 4.0 to 5.0 units per month. Stabilized occupancy should occur within 12 months. In the order of development, assisted-living and Alzheimer’s/dementia product could be developed at once. Congregate care, however, should be delayed until the economic climate improves. This is due, primarily, to the fact that congregate care, being nearly independent-living, is a matter of lifestyle choice rather than immediate need. As such, it will be much more dependant upon the single-family resale market.

The projected absorption rates should occur without substantial changes in the prevailing economic conditions. Furthermore, these conclusions are based on current market conditions, and we have made every effort to obtain information concerning planned and proposed projects. Projects planned or proposed after this date may have a significant impact upon the absorption of the proposed project.

d. Determination of Support

To determine the demand for additional congregate care, assisted-living and Alzheimer’s/dementia units in the EMA, we have analyzed several factors:

- Age-appropriate households
- Income-qualified households
- Prevalence of disability
- Overall market support
- Site-specific market support



Age-Appropriate Households

Previous studies conducted by The Danter Company indicate that the average age of tenants entering an assisted-living facility is approximately 85 years, with 10% age 65 to 75, 50% age 75 to 85, and 40% over the age of 85. Therefore, we evaluate the 75-years-and-over categories to determine the number of assisted-living units to be supported within the Effective Market Area. Congregate care residents' average age is 75. We have used age 65 and over to establish the support base.

Income-Qualified Households

It is important to consider the total age-appropriate households with sufficient incomes to pay given rent levels. It should be noted that our income requirements represent a conservative financial qualification. This methodology provides a consistent way to compare markets throughout the United States. However, many residents may utilize income that are not easily measured (e.g. assets) and/or may receive family financial assistance. As a result, there will be residents within the proposed facility with incomes lower than what has been reviewed within this report. This fact is recognized when analyzing support ratios.

We have considered market support at base monthly fees starting at \$1,800 per month for congregate care (for an efficiency unit) and \$3,500 for assisted-living. This is generally about the least expensive product that can be delivered in today's environment. Naturally, one- and two-bedroom units will be higher priced. Some developers may choose to offer a studio unit at a lower price, which would expand the market. These ratios are for basic service packages with a variety of additional services usually available.

Our demand analysis assumes that a person within an assisted-living unit will spend as much as 80% of his or her gross income (68% for congregate care) for that unit. Following is a review of total income-qualified households at base monthly fees starting at \$3,500 for assisted-living and \$1,800 for congregate care:

TYPE OF HOUSING (TARGET AGE GROUP)	MONTHLY RATE	ANNUAL INCOME REQUIRED*	AGE- AND INCOME- QUALIFIED HOUSEHOLDS (2010)
CONGREGATE CARE (65 AND OLDER)			
EFFICIENCY	\$1,800	\$31,800	5,338
ONE-BEDROOM	\$2,300	\$40,600	4,752
TWO-BEDROOM	\$2,900	\$51,200	4,081
ASSISTED-LIVING (75 AND OLDER)			
EFFICIENCY	\$3,500	\$52,500	1,560
ONE-BEDROOM	\$4,200	\$63,000	1,403
TWO-BEDROOM	\$4,800	\$72,000	1,140
ALZHEIMER'S/DEMENTIA	\$4,600	\$69,000	1,227

Within the EMA in 2010, there is an age- and income-qualified base for assisted-living units in the EMA totaling 1,140 to 1,560 householders, or 31.4% to 43.0% of the total 75 and older household base. The age- and income-qualified household base for memory care or Alzheimer's/dementia units is 1,227.

It is important to note that these age- and income-qualified householders do not represent the actual market support for the project as other variables such as prevalence of disability, family caregivers, and other support factors need to be factored. These additional variables are provided within the following analysis by product type.

Asset-Qualified

According to the National Survey of Assisted Living Residents, 64% of assisted-living residents have incomes below \$35,000. Of these lower-income residents, 62.7% have incomes below \$20,000. Clearly, the average assisted-living resident is paying rent by relying on proceeds from assets. Therefore, asset-appropriate households as well as income-appropriate households have been considered in the overall demand for assisted-living. We take a conservative approach by estimating that assets must be sufficient to cover the cost of 3 years of stay within an assisted-living facility. This is considerably longer than the average stay of 2.3 years. We consider this necessary since we are looking at the overall qualified population. Additionally, as with qualifying incomes, we assume only 80% of assets paid toward assisted-living rent and do not account for asset growth.

Assets are estimated by ESRI and the 2000 Census and are reflected as net worth. Net worth represents a household's total assets less liabilities.

Following are the estimated age- and asset-qualified households for assisted-living. We have subtracted the previously analyzed income-qualified households from the aggregate totals in order to establish the net households that lack sufficient net income but have an appropriate level of assets to afford to live in an assisted-living facility.

SENIOR HOUSEHOLDS ASSET-QUALIFIED WILSON BRIDGE CORRIDOR EFFECTIVE MARKET AREA			
TYPE OF HOUSING (TARGET AGE GROUP)	BASE MONTHLY RATE	MINIMUM ASSETS REQUIRED	AGE- AND ASSET- QUALIFIED (2009)
CONGREGATE CARE (65 AND OLDER)			
EFFICIENCY	\$1,800	\$81,000	5,973
ONE-BEDROOM	\$2,300	\$103,500	5,715
TWO-BEDROOM	\$2,900	\$130,500	5,426
ASSISTED-LIVING (75 AND OLDER)			
EFFICIENCY	\$3,500	\$157,500	2,470
ONE-BEDROOM	\$4,200	\$189,000	2,287
TWO-BEDROOM	\$4,800	\$216,000	2,131
DEMENTIA/ALZHEIMER'S	\$4,600	\$207,000	2,183

Asset-qualified households for assisted-living total 59.0% to 68.3% of total households age 75 and over.

Summary

The following chart illustrates the total support base for the EMA and the potential total support base for the subject site (from base rate):

HOUSING TYPE	NUMBER OF QUALIFIED HOUSEHOLDS	
	BY INCOME	BY ASSETS
CONGREGATE CARE		
EFFICIENCY	5,338	5,973
ONE-BEDROOM	4,752	5,715
TWO-BEDROOM	4,081	5,426
ASSISTED-LIVING		
EFFICIENCY	1,560	2,470
ONE-BEDROOM	1,403	2,287
TWO-BEDROOM	1,140	2,131
DEMENTIA/ALZHEIMER'S	1,227	2,183

Clearly, the EMA has significantly more asset-qualified households than income-qualified households. It should be noted that many households will be both income- AND asset- qualified. We estimate that 18% of income-qualified households are not asset-qualified and should be added to the total. Following are the households that are income- and/or asset-qualified:

HOUSING TYPE	TOTAL INCOME- AND/OR ASSET- QUALIFIED	TOTAL HOUSEHOLDS		PERCENT QUALIFIED
		65+	75+	
CONGREGATE CARE (65 AND OVER)				
EFFICIENCY	6,934	7,517	-	92.9%
ONE-BEDROOM	6,570	7,517	-	87.4%
TWO-BEDROOM	6,161	7,517	-	82.0%
ASSISTED-LIVING (75 AND OVER)				
EFFICIENCY	2,751	-	3,630	75.8%
ONE-BEDROOM	2,540	-	3,630	70.0%
TWO-BEDROOM	2,336	-	3,630	64.4%
DEMENTIA/ALZHEIMER'S	2,404	-	3,630	66.2%

Prevalence of Disability

We have further assessed the market for assisted-living and nursing homes based on disability ratios for those needing assistance with daily living and those persons with Alzheimer's/dementia.

Assistance with Activity of Daily Living (ADL)

Based on the 2006 publication, *Health, United States, 2006, with Health and Aging Chartbook*, published by the Centers for Disease Control and Prevention and the National Center for Health Statistics, approximately 9.5% of the noninstitutional populations age 75 and older are unable to perform at least one ADL.

In 2010, there is an estimated support base of 5,920 persons age 75 and older within the EMA. Applying an affliction rate of 9.5% to these households yields a senior population (age 75+) of 562 persons unable to perform at least one ADL.

75+ POPULATION (2010)	NATIONAL AFFLICTION RATE	POPULATION (AGE 75+) WITH AFFLICTION
5,920	9.5%	562

This represents the total universe of persons age 75 and older who need or require some level of assistance with ADLs. While the total universe of people with moderate and severe disabilities is significant, the share of those who are income-qualified and likely to respond to elderly housing is considerably smaller. A high percentage of the population with ADLs will use home health care and assistance from family and friends to remain in their homes.

Alzheimer's/Dementia

Since Alzheimer's disease cannot be definitively diagnosed until an autopsy is performed, the estimate of the number of people afflicted with the disease varies. Further, since the disease is progressive, many people diagnosed with the disease will not need specialized care. Finally, Alzheimer's is not limited to certain demographic characteristics, so the entire population is at risk of contracting the disease.

According to the Alzheimer's Association, an estimated 10% to 30% of the Alzheimer's patients have the type that is inherited. Based on the Alzheimer's Association, *2010 Alzheimer's Disease Facts and Figures*, in Ohio projected for 2010, 20.1% of people ages 75 to 84 and 46.0% over age 85 were suffering from probable Alzheimer's. Based on research at Boston's Brigham and Women's Hospital, approximately 25.0% of these persons will require some level of institutionalization.

Applying these statistics to the EMA yields the following results in 2010:

	POPULATION 2010	
	75 - 84	85+
WILSON BRIDGE CORRIDOR EMA	3,934	1,988
AFFLICTION RATE	20.1%	46.0%
TOTAL NUMBER AFFECTED	791	914
RATE REQUIRING INSTITUTIONALIZATION	25.0%	25.0%
TOTAL POTENTIAL BEDS REQUIRED	198	229

Based on these numbers, there is a total universe of up to 427 seniors suffering from Alzheimer's/dementia-related illnesses. It should be noted that this is the population identified with Alzheimer's and related illnesses and who will require institutional care. Some of these residents are already being cared for in existing nursing homes

Overall Market Demand/Support

To assess the depth of the overall market, we have employed a surplus/deficit analysis taking into consideration the target population base and the existing competitive stock within the EMA.

Target Population Base

The potential qualified household base within the EMA ranges from 283 persons for memory care units to up to as many as 426 persons for assisted-living development at the proposed rent levels.

HOUSING TYPE	EMA POPULATION WITH AFFLICTION	SHARE OF INCOME- AND ASSET-APPROPRIATE HOUSEHOLDS	TOTAL QUALIFIED HOUSEHOLDS WITHIN EMA
ASSISTED-LIVING	562	75.8%	426
DEMENTIA/ALZHEIMER'S	427	66.2%	283



Two other factors need to be considered within the target population base: external support and caregivers (family and home health care).

External support - Based on the experience of existing facilities in the EMA, there is external support of as much as 30% to 40%. These are seniors that are moving into facilities in the EMA that currently reside outside the EMA.

Caregivers - Recent surveys conducted by the National Alliance for Caregiving and the American Association of Retired Persons suggest that a high percentage of older adults with ADLs receive assistance from families and friends. Danter Company surveys have indicated that 40% to 60% of those seniors needing daily assistance receive it from family or home health care providers.

Based on our interview with area senior care agencies and natural trends for households being served by family caregivers, we estimate care giving likely represents 30% to 40% of the overall market support.

The application of these factors to the assisted-living and memory care units does not change the overall demand totals as the external support attained from outside the EMA (30% to 40%) equals the share of persons who receive assistance from a family caregiver or home health agency (30% to 40%).

Surplus/Deficit Analysis

The total assisted-living and memory care housing supply considers only those units judged competitive in price and/or concept and services. Further, competitive facilities not located in the immediate Worthington area have Effective Market Areas that only partially overlap the Wilson Bridge Corridor Effective Market Area. There are a total of 725 assisted-living units in the EMA of which 325 are judged to be competitive.

There is a deficit in the overall market of 101 assisted-living units and a deficit of 183 memory care units.

HOUSING TYPE	MARKET DEMAND	TOTAL EXISTING SUPPLY	DEFICIT/ (SURPLUS)
ASSISTED-LIVING	426	325	101
ALZHEIMER'S/DEMENTIA	283	100	183



The above analysis represents overall demand in the EMA and not necessarily the market potential for any one site. Additionally, the overall demand takes into consideration all of the existing rates at facilities in the EMA, regardless of rent range. The proposed development will offer higher rates than older facilities in the EMA and as such, the existing supply will not compete for the entire market base of the subject site.

There are 725 existing assisted-living beds in the EMA. However, there is a very high range of studio units, 41.8% of the total. These units carry the highest vacancy rate, 22.9% compared to the overall vacancy rate of 16.1% for assisted-living units. Studio units account for nearly 60% of all assisted-living vacancies.

DRAFT

IV. THE STUDY AREA

A. INTRODUCTION

The Wilson Bridge Road Corridor, hereafter referred to as the “study area,” extends from the State Route 315 exit ramp at I-270 east to the Norfolk Southern Railroad, a distance of approximately 1.4 miles (1.7 miles of roadway) along Wilson Bridge Road. The study area includes all of the properties that front Interstate 270 as well as all of the properties along the south side of Wilson Bridge Road between Old Wilson Bridge Road and the railroad. The study area also extends south, along the Norfolk Southern Railroad to Worthington-Galena Road.

The area is primarily comprised of the Worthington Square Mall, numerous office buildings, single-family and condominium homes (along the south side of Wilson Bridge Road), two hotels, several restaurants and miscellaneous retail.

The office buildings total 1,200,551 total square feet of space with an overall vacancy rate of 16.4%. Twelve of the 35 buildings (395,458 square feet) are owner-occupied or single-tenant buildings and, as such, do not generally compete within the multitenant office building market. The remaining 23 buildings total 805,093 square feet with a 23.3% vacancy rate. The average gross rent per square foot of multitenant office buildings is \$13.65. Rents peak at \$16.95.

It is noteworthy that, on average, office space in the study area was constructed in 1980. Only two of the 35 buildings have been constructed since 1985, both in 1991. Many of the buildings were developed as Class A office space *as defined in the mid-1980s*; however, contemporary expectations and rents have increased significantly and study area space once rated as Class A is now rated as Class B or C. Within the study area, Class B space accounts for 62% of all buildings and 92% of all space. Class C accounts for the remainder and there is no Class A space.

Worthington Square Mall was built in 1978 and contains approximately 170,000 square feet of space. Over the past several years, the mall has been in a general decline and several shops are now closed. However, it should be noted that there are several shops that have proven to be very successful. There is some discussion that the property may be in the process of securing a new owner who is exploring revitalization.

The study area includes 18 parcels within the Northhigh Acres subdivision located along the south side of East Wilson Bridge Road between Westview Drive and the entrance to McCord Park. These homes total 1,765 feet of frontage along East Wilson Bridge Road with lot depths of approximately 400 feet (for all except 3 parcels).

Traffic counts on West Wilson Bridge Road total 11,999 to 12,430 vehicles daily while traffic on East Wilson Bridge Road totals 15,603 to 22,375 vehicles daily. North High Street traffic totals up to 29,904 vehicles daily.

North High Street includes an interchange with Interstate 270, which is the Columbus outerbelt. Interstate 270 carries over 175,000 vehicles daily. The North High Street/I-270 interchange is scheduled to undergo a major redesign and construction within the next five years.

NORTH

North of the study area on the west side of US Route 23 is Interstate 270 followed by the York Temple County Club (golf course), then very high end single family homes and the Pontifical College Josephinum.

North of the Study area on the east side of US Route 23 is Interstate 270, followed by the mixed-use Crosswoods Center development. This development is situated on 47 acres and includes over 1.3 million square feet of office space, 134,000 square feet of retail/restaurant space, 10 hotels/motels and a 16-screen movie theatre.

EAST

McCord Park, a 25-acre recreational park, borders the site to the east. Access to the 72,000-square-foot Worthington Community Center is through the eastern portion of McCord Park along East Wilson Bridge Road. The park and community center extend approximately 800 feet east to the Norfolk Southern and CSX railroad tracks. Light industrial/warehouse development is immediately east of the railroad tracks.

SOUTH

To the south of the study area are mixed single family and condominium homes. The area known as Olde Worthington along North High Street is 1.5 miles south of the site and offers a pedestrian-friendly environment including a variety of specialty shops, outdoor dining and numerous churches. Olde Worthington also hosts many local and regional events.

WEST

Immediately west of the study area are Olentangy Park, the Olentangy River and State Route 315, a major north/south limited access highway serving Worthington, Powell, Upper Arlington, northwest Franklin County and southern Delaware County. There is no access to State Route 315 from Wilson Bridge Road. The nearest access is southwest of the study area at State Route 161. Beyond State Route 315 are single-family homes.

IN GENERAL

The study area is an older established commercial corridor in the northern portion of Worthington. Surrounding land uses include major arteries, commercial development, housing areas, and recreational areas.

B. SITE EVALUATION

The attributes of a site's location are primarily a function of three main characteristics:

- Access
- Visibility
- Community Services

Following is a summary of these site characteristics:

ACCESS

Our evaluation of site access characteristics is most concerned with the ease of access to the site for potential residents. Therefore, we evaluate ingress and egress to the site, proximity to thoroughfares, and site location relative to public transportation.

CRITERIA	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
INGRESS				X
EGRESS				X
PROXIMITY TO THOROUGHFARE(S)				X
PROXIMITY AND ACCESS TO PUBLIC TRANSPORTATION				X
OVERALL				X

VISIBILITY

Our research has determined that a significant percent of traffic at any multifamily development is generated from drive-by traffic. The key to generating drive-by traffic is visibility from well-traveled arteries.

	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
SITE VISIBILITY		X		
TRAFFIC VOLUME				X
OVERALL				X

The study area has excellent internal visibility; however, the combination of low-rise construction and vegetation diminishes visibility from Interstate 270.

COMMUNITY SERVICES

In evaluating an area's environment, it is critical to assess the curb appeal of surrounding views and land usage, as well as the area's proximity to everyday community services.

COMMUNITY SERVICE	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
GROCERY STORE				X
CONVENIENCE SHOPPING				X
RETAIL CENTER				X
EMPLOYMENT CENTER				X
BANK(S)				X
PARK(S)				X
SCHOOLS				X
AREA APPEAL				X
OVERALL				X

As a revitalized area in an established community, the study area is well served by community services.

SITE DEMAND FACTOR	ASSESSMENT RATING			
	POOR	FAIR/AVERAGE	GOOD	EXCELLENT
ACCESS				X
VISIBILITY				X
COMMUNITY SERVICES				X
OVERALL				X

Based on our evaluation of the area's surrounding land usage, convenience to employment, and convenience to shopping, we rate the environment of the area for multifamily residential usage as excellent.

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C. COMMUNITY SERVICES

The following table provides a listing of the community services that impact the proposed site:

FACILITY/SERVICE	NAME/DESCRIPTION	DISTANCE FROM SITE	DIRECTION
PUBLIC BUS	CENTRAL OHIO TRANSIT AUTHORITY - STOP #4854	ADJACENT	NORTH
MAJOR HIGHWAYS	US ROUTE 23 INTERSTATE 270	ADJACENT	NORTH
POLICE	CITY OF WORTHINGTON	1.4 MILES	SOUTH
FIRE & EMS	CITY OF WORTHINGTON	1.1 MILES	SOUTH
PUBLIC SCHOOLS: ELEMENTARY MIDDLE HIGH	WILSON HILL KILBOURNE THOMAS WORTHINGTON	0.9 MILE 0.7 MILE 1.1 MILES	SOUTHEAST SOUTH SOUTHWEST
CONVENIENCE STORE	FOOD WORKS UNITED DAIRY FARMERS	0.4 MILE 1.3 MILES	WEST NORTHEAST
GROCERY/SUPERMARKET	KROGER	0.7 MILE	WEST
SHOPPING MALL/CENTER	WORTHINGTON SQUARE MALL OLDE WORTHINGTON	0.3 MILE	WEST
EMPLOYMENT CENTERS/ MAJOR EMPLOYERS	CASCADE CORPORATE CENTER CROSSWOODS CENTER	ADJACENT	NORTH NORTH
RECREATIONAL FACILITIES	MCCORD PARK/WORTHINGTON COMMUNITY CENTER	ADJACENT	EAST
HOSPITAL/MEDICAL FACILITY	MT. CARMEL ST. ANN'S CROSSWOODS FAMILY HEALTH	3.4 MILES 0.6 MILE	NORTHEAST NORTH
SENIOR CENTER	WORTHINGTON SENIOR CENTER	1.4 MILES	SOUTH
BANKS	PARK NATIONAL HUNTINGTON CHASE NATIONAL CITY FIFTH THIRD	WITHIN 0.6 MILE	WEST
POST OFFICE	U.S. POST OFFICE	1.2 MILES	SOUTHEAST
LIBRARY	OLD WORTHINGTON LIBRARY	0.5 MILE	SOUTH

MAJOR EMPLOYERS

Major employers in Worthington include Worthington Industries, Liquibox, Anthem, AT&T, American Health Holding and Diamond Innovations.

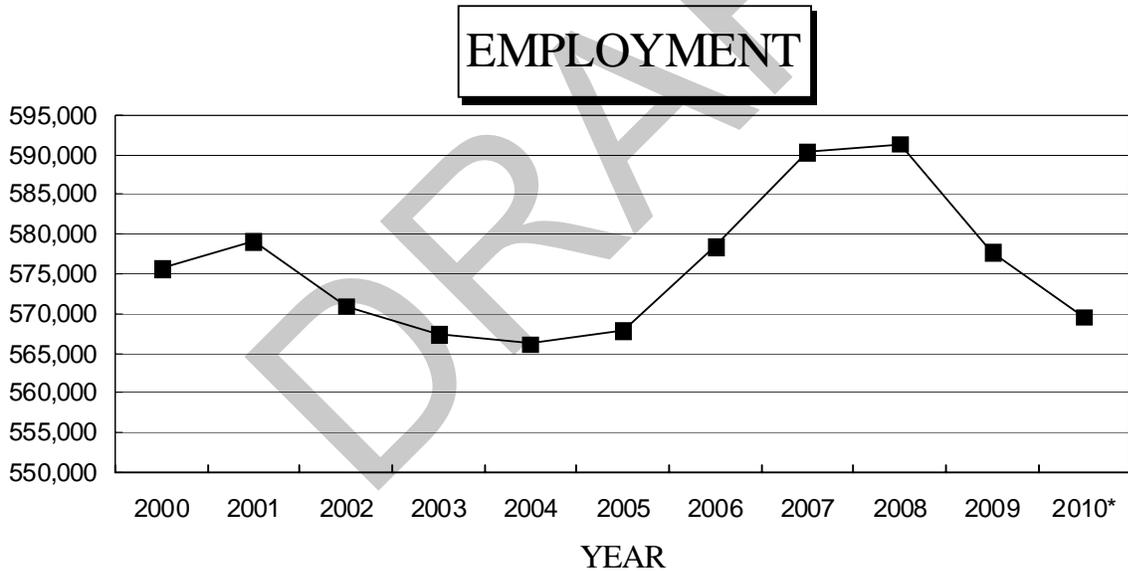
Many area residents commute to Columbus and other outlying communities for employment. The areas largest employers outside of Worthington include the State of Ohio, The Ohio State University, Nationwide, Limited Brands, Honda of America, Cardinal Health and American Electric Power.

Total employment in Franklin County was 575,669 people in 2000 and 577,662 people in 2009, a 0.3% increase.

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**EMPLOYMENT AND UNEMPLOYMENT RATES
FRANKLIN COUNTY, OHIO
2000 - 2010***

YEAR	EMPLOYMENT	UNEMPLOYMENT RATE	
		FRANKLIN COUNTY	STATE OF OHIO
2000	575,669	3.10%	4.00%
2001	579,146	3.40%	4.40%
2002	570,974	5.00%	5.70%
2003	567,406	5.30%	6.20%
2004	566,160	5.40%	6.10%
2005	567,886	5.20%	5.90%
2006	578,371	4.60%	5.40%
2007	590,322	4.60%	5.60%
2008	591,339	5.50%	6.60%
2009	577,662	8.30%	10.20%
2010*	569,526	9.30%	10.70%



*As of April

Source: U.S. Department of Labor, Bureau of Labor Statistics

RELIGION AND SCHOOLS

Most major denominations are represented. School facilities in the Worthington School District include 11 elementary schools, 4 middle schools, 2 senior high schools. There are several private/parochial schools in the area.

UTILITIES

Electric service is provided by American Electric Power. Gas service is provided by Columbia Gas of Ohio. Water and sewer services are provided by the City of Worthington and Columbus, respectively. Telephone service is provided by AT&T.

FINANCIAL INSTITUTIONS

Numerous banks and savings and loan associations serve the area.

MEDIA

Newspapers Circulated in the Site Area

NEWSPAPER	CITY OF ORIGIN	FREQUENCY OF PUBLICATION
<i>Columbus Dispatch</i>	Columbus	Daily
<i>Suburban News/This Week</i>	Worthington	Weekly

All major networks, cable networks, and numerous radio stations are represented in the market.

D. EFFECTIVE MARKET AREA (EMA)

Basic to this study is the application of the Effective Market Area (EMA) approach to area analysis and development. The EMA is the smallest geographic area that is expected to generate between 60% and 70% of the support for the proposed project.

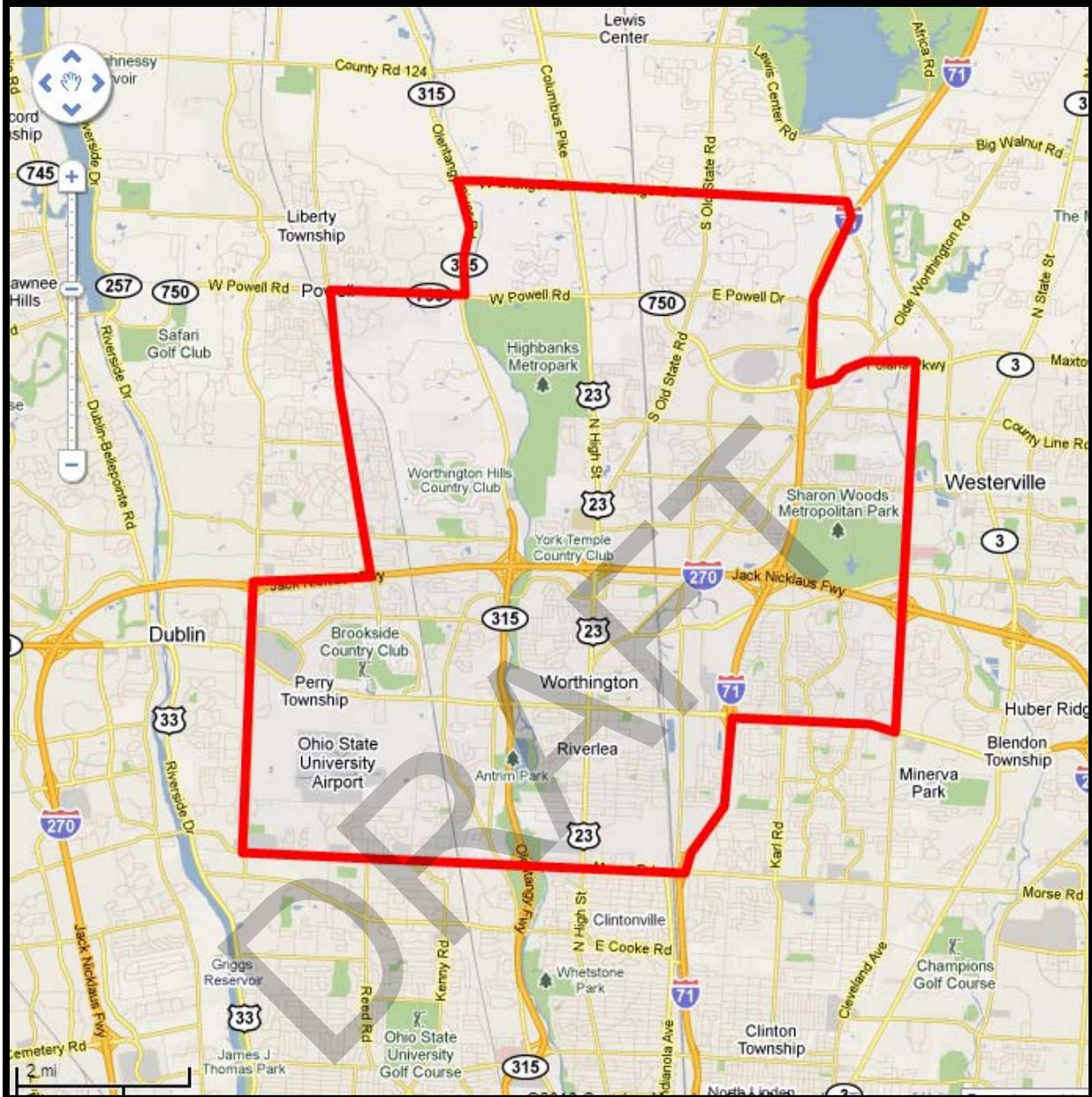
Each EMA is separated from adjacent market areas by natural and manmade barriers such as rivers, freeways, railroads, major arteries, or a marked difference in the socioeconomic makeup of a neighborhood or area. This methodology has a significant advantage over radial analyses that often do not consider these boundaries.

The EMA of the proposed site has been determined by:

- Interviews conducted with area apartment managers, real estate agents, planners, city officials, and area developers
- A demographic analysis
- An analysis of mobility patterns
- Personal observations of the field analyst

The Wilson Bridge Road Corridor Effective Market Area extends west to US Route 33, east to State Route 3, north to the Delaware County line, and south to Morse Road. (West of State Route 315 and east of Interstate 71, the southern boundary is State Route 161.) The EMA is shown on the following map.

SITE EFFECTIVE MARKET AREA



WORTHINGTON, OHIO

