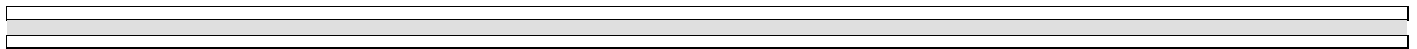
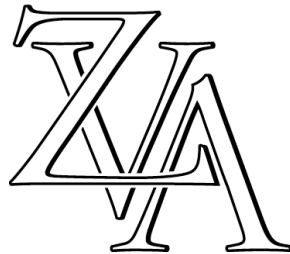

AN ANALYSIS OF
RESIDENTIAL MARKET POTENTIAL

The Lyndale Avenue Study Area

City of Bloomington
Hennepin County, Minnesota

February, 2020

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

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Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Lyndale Avenue Corridor *City of Bloomington, Hennepin County, Minnesota*

February, 2020

INTRODUCTION

The analysis to determine the market potential for new rental and for-sale housing units that could be developed along the Lyndale Avenue Corridor in the City of Bloomington, Minnesota included: delineation of the draw areas; determination of the depth of the potential market for new housing in the city; determination of the target households, and the target residential mix corresponding to the housing preferences of those target households; and the optimum market position for new affordable/workforce and market-rate rental and for-sale residential units along the Corridor.

For the purposes of this analysis, the study area generally includes Lyndale Avenue and extending two to three blocks east and west of the avenue from just south of Interstate 494 to just south of the intersection with 98th Street.

The depth and breadth of the potential market for new and existing housing units within the City of Bloomington and the Lyndale Avenue Corridor have been derived from the housing preferences and financial capacities of the draw area households, identified through Zimmerman/Volk Associates' proprietary target market methodology and extensive experience with urban development and redevelopment.

SUMMARY OF FINDINGS

—THE DRAW AREAS —

Analysis of migration, mobility, demographic and lifestyle characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new housing units within the Lyndale Avenue Corridor.

Taxpayer migration data obtained from the Internal Revenue Service provide the framework for the delineation of the draw areas—the principal counties of origin for households that are likely to move to Hennepin County and the City of Bloomington. These data are maintained at the county and “county equivalent” level by the Internal Revenue Service and provide a clear representation of mobility patterns. The IRS migration data have been supplemented by migration and mobility data for both the City of Bloomington and Hennepin County from the most recent American Community Survey. Based on the combined migration and mobility data, then, the draw areas for the city and the Lyndale Avenue Corridor have been delineated as follows:

- The city draw area, covering households who live in the City of Bloomington.
- The county draw area, covering households with the potential to move to the City of Bloomington from the balance of Hennepin County.
- The regional draw area, covering households with the potential to move to the City of Bloomington from Ramsey, Dakota and Anoka Counties, Minnesota.
- The national draw area, covering households with the potential to move to the City of Bloomington from all other U.S. cities and counties.

The distribution of the draw areas as a percentage of the annual potential market for new and existing housing units in the City of Bloomington is shown on the table following this page:

The Lyndale Avenue Corridor
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Average Annual Market Potential by Draw Area
City of Bloomington, Hennepin County, Minnesota

City of Bloomington:	28.9%
Balance of Hennepin County:	26.7%
Ramsey, Dakota, and Anoka Counties:	15.0%
Balance of the U.S.:	<u>29.4%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

An annual average of 5,605 households have the potential to move within or to the city each year over the next five years.

—AVERAGE ANNUAL MARKET POTENTIAL FOR THE LYNDALE AVENUE CORRIDOR—

The target market methodology identifies those households that prefer living in specific areas of a city, in this case in new housing built along the Lyndale Avenue Corridor. After eliminating those segments of the potential city-wide market that have preferences for new or existing housing in suburban or low density areas, the distribution of draw area market potential for new and existing housing units along the Corridor is summarized as follows:

Average Annual Market Potential by Draw Area
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

City of Bloomington:	38.3%
Balance of Hennepin County:	24.8%
Ramsey, Dakota, and Anoka Counties:	15.5%
Balance of the U.S.:	<u>21.4%</u>
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

Based on the target market analysis, then, an annual average of 1,775 younger singles and couples, empty nesters and retirees, and compact families of all incomes represent the annual potential market for new and existing housing units of every kind along the Lyndale Avenue Corridor each year over the next five years (*see Table 1 following the text*).

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The tenure and housing preferences of those 1,775 draw area households are shown on the following table:

Average Annual Market Potential by Tenure/Housing Type Propensities
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	939	52.8%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	232	13.1%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	152	8.6%
Single-family detached for-sale (houses, fee-simple ownership)	<u>452</u>	<u>25.5%</u>
Total	1,775	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

The 1,775 households that represent the potential market for new and existing rental and for-sale housing units along the Corridor have been segmented by income, based on the Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD median family income (AMI), which, for fiscal year 2019 is \$100,000 for a family of four, as follows:

Tenure/Housing Type Propensities by Income
 Annual Average Market Potential For New and Existing Housing Units
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE HOUSEHOLDS	PERCENT
	NUMBER	
Multi-family for-rent (lofts/apartments, leaseholder)	<u>939</u>	<u>52.8%</u>
< 30% AMI	213	12.0%
30% to 50% AMI	88	4.9%
50% to 60% AMI	67	3.8%
60% to 80% AMI	164	9.2%
80% to 100% AMI	119	6.7%
> 100% AMI	288	16.2%

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... continued from preceding page

HOUSING TYPE	HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	<u>232</u>	<u>13.1%</u>
< 30% AMI	40	2.3%
30% to 50% AMI	19	1.1%
50% to 60% AMI	15	0.8%
60% to 80% AMI	40	2.3%
80% to 100% AMI	29	1.6%
> 100% AMI	89	5.0%
Single-family attached for-sale (townhouses, rowhouses, fee-simple ownership)	<u>152</u>	<u>8.6%</u>
< 30% AMI	25	1.4%
30% to 50% AMI	11	0.6%
50% to 60% AMI	11	0.6%
60% to 80% AMI	25	1.4%
80% to 100% AMI	17	1.0%
> 100% AMI	63	3.6%
Single-family detached for-sale (houses, fee-simple ownership)	<u>452</u>	<u>25.5%</u>
< 30% AMI	61	3.4%
30% to 50% AMI	30	1.7%
50% to 60% AMI	30	1.7%
60% to 80% AMI	71	4.0%
80% to 100% AMI	59	3.3%
> 100% AMI	201	11.4%
Total	1,775	100.0%

NOTE: For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI HUD Metro FMR Median Family Income for a family of four is \$100,000.

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

Summarizing the incomes and financial capabilities of the 1,775 target households, 19.1 percent (339 households) have incomes at 30 percent or less than the AMI; 8.4 percent (148 households) between 30 and 50 percent AMI; 6.9 percent (123 households) between 50 and 80 percent AMI; 16.9 percent (300 households) between 60 and 80 percent AMI; 12.6 percent (224 households) between 80 and 100 percent AMI; and 36.1 percent (641 households) at or above 100 percent AMI.

—TARGET MARKETS—

The aftermath of the housing crash has seen a measurable shift in market preferences from home ownership to rental dwelling units, particularly among younger households, yielding a higher share of consumer preference for multi-family rentals even among relatively affluent consumers than

would have been typical a decade ago. At the same time, there has been a significant shift in neighborhood preferences from single-use subdivisions toward mixed-use, walkable neighborhoods.

These changes have been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 72.5 million), older singles and couples born between 1946 and 1964, and the estimated 89.7 million Millennials, younger singles and couples who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their lifestage—is unprecedented.

In addition to their shared preference for walkable urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, nationally, the home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of the homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families. One consequence of this evolution is that mixed-income development is now more likely to succeed than when suburban preferences dominated the housing market.

As determined by the target market analysis, the general market segments, by lifestage, that represent the potential market for new and existing housing units in the city include (*see also* Table 2 *following the text*):

- Younger singles and childless couples: 51.3 percent;
- Empty nesters and retirees: 27.6 percent; and
- Traditional and non-traditional family households: 21.1 percent.

At just over 51 percent, younger singles and couples make up the largest share of the market for new housing units along the Lyndale Avenue Corridor. Affordable housing continues to be a challenge for the influx of young people who are just entering the job market and are living on their own for the first time.

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Approximately 39 percent of these younger singles and couples have incomes that fall below 60 percent of AMI (approximately \$41,000 for a single-person household). If they are employed, these households work in part-time or lower-paying jobs, including entry-level retail, such as store clerks, and service occupations, such as waiters and waitresses; many are students.

Another 17.4 percent of the households in this market segment have incomes that fall within the 60-to-80 percent income bands (approximately \$41,000 to \$52,850 for a single-person household). These include young artists and artisans, recent college graduates just beginning their white-collar careers, lower-level medical personnel, and general office workers, who have full-time employment.

The remaining 43.6 percent of the younger singles and couples have incomes that are above 80 percent of the AMI (over \$52,850 at 80 percent AMI and over \$70,000 at 100 percent AMI for a single-person household). These younger households include mid- and upper-level office workers; college and hospital affiliates; free-lancers and entrepreneurs; as well as more established artists and artisans.

Nearly 38 percent of the younger singles and couples moving to the Lyndale Avenue Corridor would be moving from within the City of Bloomington; another 26.4 percent would be moving from elsewhere in Hennepin County; 14.3 percent from one of the counties of the regional draw area; and the remaining 21.4 percent would be moving from elsewhere in the U.S.

The next largest market segment, at 27.6 percent of the annual potential market for new housing units along the Corridor, is comprised of older households (predominantly empty nesters). A significant number of these households have adult children who no longer live in the family home; although the majority are still working, a small percentage are retired, with income from savings supplemented by social security, and for some, pensions.

In this general market segment, just over 28 percent have incomes below 60 percent of AMI—older singles and couples struggling on limited incomes, mostly from social security. (At 60 percent AMI, incomes for a two-person household are approximately \$48,000.)

Another 14.7 percent of the older target households have incomes between 60 and 80 percent of the area median. Most of these households are retired and a significant percentage often move out of

neighborhoods in which they have lived many years because they can no longer afford the upkeep and maintenance expense; if given appropriate housing options, most would choose to remain in their current neighborhoods. (At 80 percent AMI, incomes for a two-person household are approximately \$60,400.)

Older households with incomes above 80 percent of AMI comprise over 57 percent of the target empty nester and retiree market segment. These older singles and couples are enthusiastic participants in community life, and most are still actively involved in well-paying careers in the medical, legal, and financial professions. (At 100 percent AMI, incomes for a two-person household are approximately \$80,000.)

Almost 44 percent of the empty nesters and retirees would be moving from within the City of Bloomington; approximately 20 percent would be moving from elsewhere in Hennepin County; 18.4 percent from one of the counties of the regional draw area; and the remaining 17.3 percent would be moving from elsewhere in the U.S.

At 21.1 percent, family households make up the smallest share of the market for new housing units along the Corridor. These households include both non-traditional as well as traditional families. Non-traditional families, which, starting in the 1990s, have become an increasingly larger proportion of all U.S. households, encompass a wide range of family households, from a single mother or father with one or more children, an adult taking care of younger siblings, a grandparent responsible for grandchildren, to an unrelated couple of the same gender with children.

Approximately 31 percent of the family households that comprise the annual potential market for the Lyndale Avenue Corridor have incomes below 60 percent of AMI. Family households at the lower end of the income spectrum are typically spending more than 40 percent of their incomes on housing costs. Many of these households are single-parent families struggling to make ends meet. (At 60 percent AMI, incomes for three- to five-person households range between approximately \$54,000 and \$64,800, respectively.)

Another 18.7 percent of the family-oriented households have incomes that fall within the 60-to-80 percent income bands. A significant number of the heads of household in these family groups are

production and blue-collar workers; the remainder have lower-paid office jobs. (At 80 percent AMI, incomes for three- to five-person households range between \$67,950 and \$81,550, respectively.)

The remaining 50.1 percent of the traditional and non-traditional families have incomes above 80 percent of AMI. These households are, in large part, dual-income households, with medical careers; academic positions; and middle- to upper-middle management jobs and professionals in the financial and legal sectors. (At 100 percent AMI, incomes for three- to five-person households range between approximately \$90,000 to \$108,000 or more.)

Just under a third of these households are already living in the City of Bloomington, and 26.7 are currently living elsewhere in Hennepin County. Just under 15 percent would be moving from one of the counties in the regional draw area, and the remaining 26.7 percent would be moving to the Corridor from elsewhere in the U.S.

APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY, APPENDICES ONE AND TWO, TARGET MARKET TABLES document describes how the target market groups for the Lyndale Avenue Corridor have been determined.

—THE MARKET CONTEXT—

Summary information for existing rental and for-sale properties located in the Bloomington market area is provided as follows: for rental properties, see Table 3; for listings of for-sale multi-family and single-family attached properties, see Table 4 following the text. Most of the residential properties located along the Lyndale Avenue Corridor are seniors properties or income-restricted. There are more than 200 new units in the pipeline in the city, distributed over 16 projects, of which 450 are affordable, limited to households making 60 percent or less of the AMI.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, has been included in the tables. Although Walk Score measures only distance, and metrics such as intersection density and block lengths to grade the walkability of a specific address or neighborhood, it has nevertheless grown in importance as a value criterion. Walk Scores above 90 indicate a “Walker’s Paradise,” where daily errands do not require a car. Walk Scores between 70

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and 90 are considered to be very walkable, where most errands can be accomplished on foot, and Walk Scores between 50 and 69 are regarded as somewhat walkable, where some errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The impact on housing values of walkability as calculated by Walk Score only begins to be measurable when Walk Scores reach 70 or above.

—*Multi-Family Rental Properties*—

Table 3 provides detailed information on 10 recently-developed properties in the Bloomington market area—six in Bloomington, including one older property in close proximity to the Lyndale Avenue Corridor; two in Richfield; and two in Edina—covering more than 2,250 apartments, and is summarized as follows:

—*Studio Units (Seven properties)*—

- Rents for studios in the Bloomington market area range from \$1,150 per month at the Henley Apartments, on South Lyndale Avenue in Richfield, to \$2,120 per month at 71 France located on France Avenue South in Edina.
- Studios range in size from 427 square feet at the Henley to 621 square feet at One Southdale Place on York Avenue South in Edina.
- Studio rents per square foot range between \$2.25 at the Preserve at Normandale Lake on Normandale Lake Boulevard to \$3.59 at 71 France.

—*One-Bedroom Units (all 10 properties)*—

- Rents for one-bedroom apartments in the Bloomington market area range from \$1,285 per month at the IndiGO Apartments on 33rd Avenue South in Bloomington, to \$2,545 per month at 71 France.
- One-bedroom units range in size from 575 square feet at the Chamberlain Apartments on Richfield Parkway in Richfield, to 1,051 square feet at 71 France.
- One-bedroom rents per square foot range between \$1.51 at the Gables on Grand Avenue South in Bloomington, to \$2.53 at IndiGO Apartments.

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—*Two-Bedroom Units (all 10 properties)*—

- Rents for two-bedroom apartments in the Bloomington market area start at \$1,450 per month at the Gables, to \$4,350 per month at One Southdale Place. The Henley leases two-bedroom/two-bath townhouses for \$2,495 to \$2,500 per month.
- Two-bedrooms range in size from 959 square feet at the Chamberlain, to 1,663 square feet at One Southdale Place. The two-bedroom townhouses at The Henley have 1,266 square feet of living space.
- Rents per square foot for two-bedrooms range between \$1.48 at The Gables and \$2.67 at 71 France.

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

- Rents for three-bedroom apartments in the Bloomington market area start at \$2,122 per month at IndiGO Apartments, to \$4,090 per month at 71 France. The Henley leases three-bedroom/two-and-a-half-bath townhouses for \$2,850 to \$2,995 per month.
- Three-bedrooms range in size from 1,250 square feet at the IndiGO Apartments, to 1,593 square feet for the three-bedroom townhouses at the Henley.
- Rents per square foot for three-bedrooms range between \$1.70 at the IndiGO Apartments and \$2.90 at 71 France.

Where information was available, all but one of the rental properties included in the survey were either in the lease-up period or essentially fully-occupied—at or above functional full occupancy (less than five percent vacancy rate). Most of the properties provide a range of community amenities, typically pools, fitness centers, clubhouses or residents' lounges, and business centers; less typical amenities include a nature center, an electric car-charging station, a Zen garden, and a dog run.

—*Multi-Family and Single Family Attached For-Sale Properties*—

Table 4 provides pricing and unit sizes and configuration information for the limited number of condominium and townhouse listings for units that were on the market as of January 2020. Asking prices of the condominium listings in Bloomington included in the survey start at the several two-bedroom/two-bath units on the market at a seniors building, Appletree Pointe on Lyndale Avenue,

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which are priced from \$175,000 for a 1,171-square-foot unit to \$260,000 for 1,295 square feet of living space (\$144 to \$201 per square foot). Several units are also on the market at the East and West Towers of Reflections on 33rd Avenue South. Listings of one-bedroom condominiums range in price from \$215,000 for a 700-square-foot unit to \$299,900 for 878-square-feet of living space (\$297 to \$359 per square foot); a 1,115-square-foot two-bedroom unit is listed for \$319,900 (\$287 per square foot). Also on the market in the much older Appletree Square on 34th Avenue South are two two-bedroom/two-bath condominiums priced at \$275,000 and \$299,900 for 1,756 and 1,389 square feet (\$157 and \$216) respectively.

New construction is underway in Richfield, where the RF64 development is selling two-bedroom/two-and-a-half-bath, 1,700-square-foot townhouses for \$340,000 (\$200 per square foot). Also in Richfield, Lakeside at Lyndale Gardens is a 30-unit condominiums property being constructed on the site of the former Lyndale Garden Center. Prices start at \$405,000 for a 1,418-square-foot one-bedroom/two-bath condominium (\$286 per square foot) with a 2,520-square-foot model containing three bedrooms and three baths priced at \$850,000 (\$337 per square foot).

Two high-end resales were on the market in Edina: a two-bedroom/two-and-a-half bath townhouse with 1,923 square feet of living space priced at \$649,000 (\$338 per square foot), and a one-bedroom/one-and-a-half bath penthouse at Westin Edina Galleria, containing 2,400 square feet and an asking price of \$2 million (\$833 per square foot).

—OPTIMUM MARKET POSITION: THE LYNDALE AVENUE CORRIDOR—

As noted above under AVERAGE ANNUAL MARKET POTENTIAL FOR THE LYNDALE AVENUE CORRIDOR, an annual average of 1,775 younger singles and couples, empty nesters and retirees, and traditional and non-traditional families of all incomes represent the potential market for new and existing housing units along the Corridor each year over the next five years.

The rents and price points for the market-rate component of new mixed-income housing units that could be developed along the Lyndale Avenue Corridor are derived from the income and equity levels of those target households with annual incomes at or above 80 percent AMI, ranging from \$52,850 and more for a single-person household to \$75,500 and more for a four-person household.

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Households with incomes between 30 and 60 percent of the AMI comprise the market for affordable or workforce housing units. These households have incomes ranging between \$21,000 and \$42,000 for a single-person household to \$30,000 and \$60,000 for a four-person household.

In general, households with annual incomes at or below 30 percent AMI qualify for Section Eight vouchers and low-income housing tax-credit rental units, and their rents are usually limited to no more than 30 percent of their annual incomes. These household incomes are less than \$21,000 for a single-person household to less than \$30,000 for a four-person household.

The analysis that follows covers households with incomes between 30 and 50 percent AMI and between 50 and 60 percent AMI (affordable/workforce units), and with incomes above 80 percent AMI (market-rate units) for new rental units. On the for-sale side, it covers households with incomes between 60 and 80 percent AMI (affordable/workforce units), and with incomes above 80 percent AMI (market-rate units) for new for-sale units, yielding an annual average of 825 households that represent the potential renters/buyers of new market-rate and affordable/workforce housing units along the Lyndale Avenue Corridor each year over the next five years. As derived from the tenure preferences and financial capabilities of those 825 draw area households, the distribution of rental and for-sale housing types is shown on the following table:

Average Annual Potential Market for New and Existing Housing Units
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE HOUSEHOLDS	
	NUMBER	PERCENT
Multi-family for-rent		
30% to 50% AMI	88	10.7%
50% to 60% AMI	67	8.1%
> 80% AMI	<u>407</u>	<u>49.3%</u>
Total multi-family for-rent	562	68.2%
Multi-family for-sale		
60% to 80% AMI	40	4.8%
> 80% AMI	<u>118</u>	<u>14.3%</u>
Total multi-family for-sale	158	19.1%
Single-family attached for-sale		
60% to 80% AMI	25	3.0%
> 80% AMI	<u>80</u>	<u>9.7%</u>
Total single-family attached for-sale	105	12.7%
Grand total	825	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

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—*Rental Distribution by Rent Range: Multi-Family For-Rent*—

The number of households able to afford the specified rent ranges is detailed on the following tables and was determined by calculating a monthly rental payment—excluding utilities and ranging between 25 and 30 percent of annual gross income. (Although it is quite possible that many households will pay up to 40 percent of their annual gross incomes in rent, HUD recommends that a tenant pay no more than 30 percent of gross income for rent *including* utilities.)

An annual average of 407 households with incomes above 80 percent of the AMI represent the target markets for newly-constructed market-rate rental housing units along the Lyndale Avenue Corridor (*as shown on Table 5 following the text*). The distribution by rent range of the rents those 407 households could support are summarized on the following table:

Rent Distribution
 Target Groups for New Multi-Family For Rent
 Households with Incomes Above 80 Percent AMI
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MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$1,250–\$1,500	61	15.0%
\$1,500–\$1,750	118	29.0%
\$1,750–\$2,000	89	21.8%
\$2,000–\$2,250	76	18.7%
\$2,250–\$2,500	35	8.6%
\$2,500 and up	<u>28</u>	<u>6.9%</u>
Total:	407	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

- The largest group of households that represent the market for new market-rate rental units along the Lyndale Avenue Corridor are younger singles and couples at two-thirds of the market, with almost half only able to afford rents between \$1,250 and \$1,750 per month. Another 44.5 percent are able to rent units for between \$1,750 and \$2,250 per month. The most affluent, 5.8 percent of the younger market, have the financial capability to lease units with rents above \$2,250 per month.
- The second largest group is empty nesters and retirees, at 18.7 percent of the market; an equal share, 35.5 percent, have incomes that support rents between \$1,250 and \$1,750 per

month and between \$1,750 and \$2,250 per month. Nearly 29 percent are able to afford rents above \$2,250 per month.

- Traditional and non-traditional families are the smallest group, at 13.8 percent of the market. Nearly 45 percent have the incomes to pay over \$2,250 per month in rent; 26.8 percent can support rents between \$1,750 and \$2,250 per month; and just under 29 percent can afford rents between \$1,250 and \$1,750 per month.

—*For-Sale Distribution by Price Range*—

For the for-sale unit distribution, the number of households by price range was determined by assuming a down payment (subsidized or otherwise) of 10 percent and then calculating monthly mortgage payments, including taxes and utilities, that would not exceed 30 percent of the annual gross income of the target households.

The realization of the full market potential for new market-rate for-sale units may be challenging over the short-term, given the continuing challenging environment for development financing and mortgage underwriting by financial institutions, the disinterest of some younger households in becoming owners, the fact that many otherwise-qualified households, particularly current renters, lack the funds for a down payment, and the inability of many older owner households to sell their existing single-family units at a price acceptable to them.

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

An annual average of 118 households with incomes above 80 percent of the AMI represent the target markets for newly-constructed market-rate multi-family for-sale (condominium) housing units along the Lyndale Avenue Corridor (*as shown on Table 6 following the text*). The distribution by price range of the prices those 118 households could support are summarized on the table following this page.

The Lyndale Avenue Corridor
The City of Bloomington, Hennepin County, Minnesota
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Distribution by Price Range
 Target Groups for New Multi-Family For Sale
 Households with Incomes Above 80 Percent AMI
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$250,000	26	22.0%
\$250,000–\$300,000	30	25.4%
\$300,000–\$350,000	29	24.6%
\$350,000–\$400,000	17	14.4%
\$400,000–\$450,000	10	8.5%
\$450,000 and up	<u>6</u>	<u>5.1%</u>
Total:	118	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

- Younger singles and couples comprise nearly 46 percent of the potential buyers of new market-rate multi-family for-sale units (condominiums) along the Lyndale Avenue Corridor. Less than one-third have the capacity to purchase new condominiums with base prices between \$300,000 and \$400,000; the remaining two-thirds can only afford units priced between \$200,000 and \$300,000.
- Empty nesters and retirees represent a third of the potential market-rate condominium market, of which three-quarters of them could buy new condominiums priced between \$200,000 and \$400,000. The remaining quarter of the older market have the income and assets to enable them to purchase new condominiums priced above \$400,000.
- Traditional and non-traditional family households are just 21 percent of the market for this housing type. The majority of these family-oriented households have the financial capabilities to purchase new condominium units priced between \$300,000 and \$400,000, 28 percent are sufficiently affluent to afford the most expensive units priced above \$400,000, and just 16 percent can only afford condominiums with base prices between \$200,000 and \$300,000.

—For-Sale Distribution By Price Range: Single-Family Attached—

An annual average of 80 households with incomes above 80 percent of the AMI represent the target markets for newly-constructed market-rate single-family attached for-sale (townhouse/rowhouse)

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The City of Bloomington, Hennepin County, Minnesota
 February, 2020

housing units along the Lyndale Avenue Corridor (*as shown on Table 7 following the text*). The distribution by price range of the prices those 80 households could support are summarized as on the following table:

Distribution by Price Range
 Target Groups for New Single-Family Attached For Sale
 Households with Incomes Above 80 Percent AMI
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
\$200,000–\$250,000	19	23.7%
\$250,000–\$300,000	22	27.4%
\$300,000–\$350,000	13	16.3%
\$350,000–\$400,000	8	10.0%
\$400,000–\$450,000	7	8.8%
\$450,000 and up	<u>11</u>	<u>13.8%</u>
Total:	80	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

- Empty nest and retiree households and younger singles and couples each make up over 36 percent of the potential buyers of new market-rate single-family attached for-sale units (townhouses/rowhouses) along the Lyndale Avenue Corridor. Nearly 38 percent of the older couples have the income and assets to purchase new townhouses/rowhouses with base prices above \$400,000. The remaining 62 percent are evenly split between being able to afford units priced between \$200,000 and \$400,000.
- Almost 90 percent of the younger singles and couples can only afford new townhouses/rowhouses priced between \$200,000 and \$300,000; slightly more than 10 percent are able to afford units with base prices between \$300,000 and \$400,000.
- At a 27 percent share, traditional and non-traditional family households are the smallest segment of the market for this housing type. Just under 32 percent of these families have the financial capabilities to purchase new townhouses/rowhouses priced above \$400,000; 41 percent could pay between \$300,000 and \$400,000, and 27 percent could afford base prices between \$200,000 and \$300,000.

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The City of Bloomington, Hennepin County, Minnesota
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—PROPOSED RENT AND PRICE RANGES: THE LYNDALE AVENUE CORRIDOR—

Based on the tenure and housing preferences of the target households, and their income and equity levels, the range of rents and prices for newly-developed market-rate residential units along the Lyndale Avenue Corridor that could be sustained by the market is as follows (*see also* Table 8 *following the text*):

Base Market-Rate Rent, Price and Size Ranges
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Apartments	\$1,350–\$1,900/month	550–1,000 sf	\$1.90–\$2.45 psf
MULTI-FAMILY FOR-SALE			
Condominiums	\$200,000–\$425,000	800–1,850 sf	\$230–\$250 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
Townhouses	\$250,000–\$400,000	1,150–1,900 sf	\$211–\$217 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

Based on the mix of unit types, sizes, and rents/prices outlined in the optimum market position, the weighted average rents and prices for each of the housing types are shown on the following table:

Weighted Average Base Market-Rate Rents/Prices and Size Ranges
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE	WEIGHTED AVERAGE BASE RENTS	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENTS PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Apartments	\$1,620	768 sf	\$2.11 psf
MULTI-FAMILY FOR-SALE			
Condominiums	\$304,750	1,295 sf	\$235 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
Townhouses	\$312,500	1,470 sf	\$213 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

Rents and prices are in year 2020 dollars, are exclusive of consumer options and upgrades, or floor or location premiums, and cover a broad range of rents and prices for newly-developed housing units

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sustainable by the market along the Lyndale Avenue Corridor. It is likely that, over a five-year timeframe, rents and prices will change from the 2020 values; barring a substantial economic downturn, the changes are likely to be escalation of values.

—MARKET CAPTURE—

After more than 32 years' experience in numerous markets across the country, and in the context of the target market methodology, new mixed-income multi-family rental development within the Lyndale Avenue Corridor should be able to achieve an annual capture of 15 to 20 percent of the annual average number of potential renters each year over the next five years.

New for-sale mixed-income multi-family and single-family attached development should be able to achieve an annual capture of 10 to 15 percent of the annual average number of potential buyers of condominiums and rowhouses/townhouses each year over the next five years.

Based on these capture rates, the Lyndale Avenue Corridor could potentially absorb between 111 and 152 new mixed-income rental and for-sale housing units each year over the next five years, as shown on the following table:

Annual Capture of Market Potential
 The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-Family For-Rent	<u>562</u>	15 - 20%	<u>84 - 112</u>
30% to 50% AMI	88		13 - 18
50% to 60% AMI	67		10 - 13
> 80% AMI	407		61 - 81
Multi-Family For-Sale	<u>158</u>	10 - 15%	<u>16 - 24</u>
60% to 80% AMI	40		4 - 6
> 80% AMI	118		12 - 18
Single-Family Attached For-Sale	<u>105</u>	10 - 15%	<u>11 - 16</u>
60% to 80% AMI	25		3 - 4
> 80% AMI	80		8 - 12
Total	989		111 - 152

SOURCE: Zimmerman/Volk Associates, Inc., 2020.

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Over five years, the Lyndale Avenue Corridor could potentially absorb 420 to 560 new mixed-income rental units, 80 to 120 new mixed-income condominiums, and 55 to 80 new mixed-income rowhouses/townhouses—a total of 555 to 760 new mixed-income housing units.

These capture rates are within the target market methodology's parameters of feasibility.

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

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

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

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

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

BUILDING AND UNIT TYPES

—MULTI-FAMILY BUILDINGS—

- **Courtyard Apartment Building:** In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk.
- **Loft Apartment Building:** Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version typically has double-loaded corridors.
- **Mansion Apartment Building:** A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, “mansion”). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown locations. The building can accommodate a variety of uses—from rental or for-sale apartments, professional offices, any of these uses over ground-floor retail, a bed and breakfast

inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives.

Mansion buildings should be strictly regulated in form, but flexible in use. However, flexibility in use is somewhat constrained by the handicapped accessibility regulations in both the Fair Housing Act and the Americans with Disabilities Act.

- Mixed-Use Building: A pedestrian-oriented building, either attached or free-standing, with apartments and/or offices over flexible ground floor uses that can range from retail to office to residential.

—MULTI-FAMILY UNIT TYPES—

- Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of hard lofts, such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.
- Apartments: More conventionally-finished single-level units, typically with completely-partitioned rooms.—trim, interior doors, kitchens and baths are often fitted out with higher-end finishes and fixtures than in lofts.

—SINGLE-FAMILY ATTACHED—

- Rowhouses/Townhouses: Similar in form to conventional suburban townhouses except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban rowhouses and townhouses conform to the pattern of streets, typically with shallow front-yard setbacks.



Table 1

Annual Market Potential For New And Existing Housing Units
 Distribution Of Annual Average Number Of Draw Area Households With The Potential
 To Move To The Lyndale Avenue Corridor Each Year Over The Next Five Years
 Based On Housing Preferences And Income Levels
The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota

*City of Bloomington; Balance of Hennepin County;
 Ramsey, Dakota, and Anoka Counties, Minnesota; Balance of U.S.
 Draw Areas*

Annual Number Of Households With The Potential To Rent/Purchase Within The City Of Bloomington	5,605
Annual Number Of Target Market Households With Potential To Rent/Purchase Within The Lyndale Avenue Corridor	1,775

Annual Market Potential

	<i>Below 30% AMI</i>	<i>30% to 50% AMI</i>	<i>50% to 60% AMI</i>	<i>60% to 80% AMI</i>	<i>80% to 100% AMI</i>	<i>Above 100% AMI</i>	<i>Subtotal</i>
<i>Multi-Family For-Rent:</i>	213	88	67	164	119	288	939
<i>Multi-Family For-Sale:</i>	40	19	15	40	29	89	232
<i>Single-Family Attached For-Sale:</i>	25	11	11	25	17	63	152
<i>Single-Family Detached For-Sale:</i>	61	30	30	71	59	201	452
<i>Total:</i>	339	148	123	300	224	641	1,775
<i>Percent:</i>	19.1%	8.4%	6.9%	16.9%	12.6%	36.1%	100.0%

Note: For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD FMR Median Family Income for a family of four is \$100,000.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 2

Annual Market Potential By Lifestage And Income

Derived From Purchase And Rental Propensities Of Draw Area Households With The Potential To Move To The Lyndale Avenue Corridor Each Year Over The Next Five Years
Based On Housing Preferences And Income Levels

The Lyndale Avenue Corridor

City of Bloomington, Hennepin County, Minnesota

	Total	<i>Below 30% AMI</i>	<i>30% to 50% AMI</i>	<i>50% to 60% AMI</i>	<i>50% to 80% AMI</i>	<i>80% to 100% AMI</i>	<i>Above 100% AMI</i>
Number of Households:	1,775	339	148	123	300	224	641
Empty Nesters & Retirees	27.6%	22.1%	21.6%	25.2%	24.0%	26.8%	34.3%
Traditional & Non-Traditional Families	21.1%	17.7%	18.9%	23.6%	23.3%	22.3%	21.5%
Younger Singles & Couples	51.3%	60.2%	59.5%	51.2%	52.7%	50.9%	44.2%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD FMR Median Family Income for a family of four is \$100,000.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties
City of Bloomington Market Area, Hennepin County, Minnesota
January, 2020

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number</u> <u>of Units</u>	<u>Unit</u> <u>Type</u>	<u>Reported</u> <u>Base Rent</u>	<u>Reported</u> <u>Unit Size</u>	<u>Rent per</u> <u>Sq. Ft.</u>	<u>Additional Information</u>
... City of Bloomington ...						
... South Loop ...						
IndiGO Apartments (2016) 8001 33rd Avenue South LMC 28 Walk Score	395	... Apartments ...				96% occupancy Pool, spa, sauna, fitness studio, zen garden, park, club room, vue lounge, conference room, skyroom bar, and pet park.
		Studio/1ba	\$1,244 to \$1,442	529 to 588	\$2.35 to \$2.45	
		1br/1ba	\$1,285 to \$2,283	680 to 903	\$1.89 to \$2.53	
		2br/2ba	\$1,693 to \$3,068	1,045 to 1,239	\$1.62 to \$2.48	
		3br/2ba	\$2,122 to \$4,057	1,250 to 1,528	\$1.70 to \$2.66	
... Lyndale Avenue Area ...						
The Gables (1987) 9741 Grand Avenue South KCS Property Management 73 Walk Score	102	... Apartments ...				98% occupancy Fitness center, lounge, carwash area.
		1br/1ba	\$1,295 to \$1,360	680 to 900	\$1.51 to \$1.90	
		2br/2ba	\$1,450 to \$1,500	980 to 1,002	\$1.48 to \$1.50	
... Bloomington West ...						
Genesee (2012) 8055 Penn Avenue South Stuart Co. 70 Walk Score	236	... Apartments ...				98% occupancy Pool, clubhouse, fitness center, sundeck, cyber lounge, coffee bar, business center, concierge, and car wash.
		Studio/1ba	\$1,265	556	\$2.28	
		1br/1ba	\$1,575 to \$1,595	807	\$1.95 to \$1.98	
		2br/2ba	\$1,775 to \$1,995	1,006 to 1,078	\$1.76 to \$1.85	
... Normandale Lake ...						
The Preserve at Normandale Lake (2017) 8101 Normandale Lake Blvd Commercial Investment Properties 27 Walk Score	179	... Apartments ...				100% occupancy Pool, fitness center, clubhouse, business center, controlled access, outdoor lounge, fire pit and grilling stations, pet spa and pet park.
		Studio/1ba	\$1,352 to \$1,452	601	\$2.25 to \$2.42	
		1br/1ba	\$1,539 to \$1,704	721	\$2.13 to \$2.36	
		2br/2ba	\$2,005 to \$2,478	1,051 to 1,236	\$1.91 to \$2.00	
		3br/2ba	\$2,832 to \$2,912	1,364	\$2.08 to \$2.13	

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Rental Properties
City of Bloomington Market Area, Hennepin County, Minnesota
January, 2020

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>... City of Bloomington (continued) ...</i>						
<i>... Normandale Lake(continued) ...</i>						
Luxembourg (2016) 5100 W 82nd St 46 Walk Score	284	... Apartments ...				98% occupancy Business center, media center, gardens, lounge, cyber café, and dog park.
		1br/1ba	\$1,475 to	707 to	\$1.97 to	
			\$1,740	883	\$2.09	
		2br/2ba	\$1,895 to	1,138	\$1.67 to	
			\$2,295		\$2.02	
The Covington (2014) 5800 American Boulevard West Weidner Apt. Homes 36 Walk Score	250	... Apartments ...				95% occupancy Business center, clubhouse, fitness center, pool, media center, conference room, fire pit, sundeck.
		Studio/1ba	\$1,360 to	505 to	\$2.66 to	
			\$1,425	536	\$2.69	
		1br/1ba	\$1,485 to	663 to	\$1.79 to	
			\$1,590	886	\$2.24	
		2br/2ba	\$1,800 to	1,088 to	\$1.65 to	
			\$2,410	1,340	\$1.80	
<i>... City of Richfield ...</i>						
<i>... Northwest Richfield ...</i>						
Henley (2021) 6324 South Lyndale Avenue North Bay Companies 63 Walk Score	66	... Apartments ...				Pre-leasing. Wellness center, co-working lounge, bike repair station, car charging stations, lake access, key fob entry, and nature center.
		Studio/1ba	\$1,150 to	427 to	\$2.57 to	
			\$1,475	575	\$2.69	
		1br/1ba	\$1,450 to	604 to	\$2.33 to	
			\$1,575	675	\$2.40	
		... Townhouses ...				
		2br/2ba	\$2,495 to	1,266	\$1.97	
			\$2,500			
		3br/2.5ba	\$2,850 to	1,479 to	\$1.88 to	
			\$2,995	1,593	\$1.93	
<i>... Northeast Richfield ...</i>						
Chamberlain (2019) 6630 Richfield Parkway Saturday Properties 64 Walk Score	284	... Apartments ...				In lease-up. Pool, fitness center, clubhouse, game room, grilling areas, playground, coffee bar, fire pit, community spaces, pet wash, and dog run.
		Studio/1ba	\$1,185	505 to	\$2.33 to	
				509	\$2.35	
		1br/1ba	\$1,330 to	575 to	\$2.09 to	
			\$1,410	674	\$2.31	
		2br/2ba	\$1,855 to	959 to	\$1.81 to	
			\$2,005	1,107	\$1.93	
		3br/2ba	\$2,420	1,316	\$1.84	

Summary Of Selected Rental Properties
City of Bloomington Market Area, Hennepin County, Minnesota
January, 2020

<u>Property (Date Opened)</u> <u>Address/Walk Score</u>	<u>Number of Units</u>	<u>Unit Type</u>	<u>Reported Base Rent</u>	<u>Reported Unit Size</u>	<u>Rent per Sq. Ft.</u>	<u>Additional Information</u>
<i>... City of Edina ...</i>						
One Southdale Place (2014) 6800 York Avenue South Stuart Company 88 Walk Score	232	<i>... Apartments ...</i>				92% occupancy Concierge, fitness center, pool, putting greens, business center, recreation room, theater room.
		Studio/1ba	\$1,475	518 to 621	\$2.85	
		1br/1ba	\$1,550 to \$1,825	734 to 943	\$1.94 to \$2.11	
		2br/2ba	\$2,370 to \$4,350	1,065 to 1,663	\$2.23 to \$2.62	
		3br/2ba	n/a	1,433	n/a	
71 France (2015) 7161 France Avenue South IRET 77 Walk Score	241	<i>... Apartments ...</i>				96% occupancy Fitness center, pool, pet washing station, clubhouse, business center, grills.
		Studio/1ba	\$1,515 to \$2,120	577 to 590	\$2.63 to \$3.59	
		1br/1ba	\$1,370 to \$2,545	581 to 1,051	\$2.42 to \$2.36	
		2br/2ba	\$1,970 to \$3,430	968 to 1,285	\$2.04 to \$2.67	
		3br/2ba	\$2,850 to \$4,090	1,254 to 1,412	\$2.27 to \$2.90	

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Listings**
City of Bloomington Market Area, Hennepin County, Minnesota
January, 2020

<u>Property (Year Built)</u> <u>Address/Walk Score</u>	<u>Building</u> <u>Type</u>	<u>Unit</u> <u>Type</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price</u> <u>Per Sq. Ft.</u>
<i>.... City of Bloomington</i>					
<i>.... Resale Listings</i>					
Appletree Pointe--Seniors	CO	2br/2ba	\$175,000	1,171	\$149
8341 Lyndale Avenue		2br/2ba	\$220,000	1,525	\$144
60 Walk Score		2br/2ba	\$252,500	1,295	\$195
		2br/2ba	\$260,000	1,295	\$201
Reflections East and West Towers (2006)	CO 263 du	1br/1ba	\$215,000	700	\$307
33rd Avenue South		1br/1ba	\$229,900	774	\$297
41 Walk Score		1br/1ba	\$265,000	738	\$359
		1br/1ba	\$249,900	832	\$300
		1br/1ba	\$299,900	878	\$342
		2br/2ba	\$319,900	1,115	\$287
Appletree Square (1984)	CO	2br/2ba	\$275,000	1,756	\$157
34th Avenue South	43 du	2br/2ba	\$299,900	1,389	\$216
41 Walk Score					
2108 Village Terrace (2005)	TH	3br/2.5ba	\$399,000	2,284	\$175
23 Walk Score					
<i>.... City of Richfield</i>					
<i>.... New Construction</i>					
RF64 (2020)	TH	2br/2.5ba	\$340,000	1,700	\$200
6463 16th Avenue South					
65 Walk Score					
Lakeside at Lyndale Gardens (2019)	CO 30 du	1br/2ba	\$405,000 to	1,418 to	\$286 to
Cornerstone Group		2br/2ba	\$449,000		\$317
Lyndale Avenue South		2br/2ba	\$459,000 to	1,418	\$324 to
80 Walk Score		3br/3ba	\$550,000		\$388
			\$679,000 to	2,520	\$269 to
			\$850,000		\$337

**Summary Of Selected For-Sale Multi-Family
And Single-Family Attached Listings**
City of Bloomington Market Area, Hennepin County, Minnesota
January, 2020

<u>Property (Year Built)</u> <u>Address/Walk Score</u>	<u>Building</u> <u>Type</u>	<u>Unit</u> <u>Type</u>	<u>Asking Price</u>	<u>Unit Size</u>	<u>Asking Price</u> <u>Per Sq. Ft.</u>
<i>.... City of Edina</i>					
<i>.... Resale Listings</i>					
503 Coventry Lane (2000) 71 Walk Score	TH	2br/2.5ba	\$649,900	1,923	\$338
Westin Edina Galleria (2008) 3209 Galleria 88 Walk Score	CO	1br/1.5ba	\$2,000,000	2,400	\$833

Target Groups For New Multi-Family For Rent
The Lyndale Avenue Corridor

City of Bloomington, Hennepin County, Minnesota

. Number of Households

	30% to 50% AMI†	50% to 60% AMI†	60% to 80% AMI†	Above 80% AMI†	Total	Percent of Total
Empty Nesters & Retirees**						
Affluent Empty Nesters	0	0	0	5	5	0.7%
Suburban Establishment	1	0	1	9	11	1.5%
Second-City Establishment	0	0	1	3	4	0.6%
Mainstream Empty Nesters	2	1	4	14	21	2.9%
Middle-American Retirees	2	0	2	7	11	1.5%
Multi-Ethnic Empty Nesters	0	1	1	2	4	0.6%
Cosmopolitan Couples	2	3	5	17	27	3.7%
Blue-Collar Retirees	1	2	4	8	15	2.1%
Middle-Class Move-Downs	1	1	2	2	6	0.8%
Second City Seniors	5	2	5	9	21	2.9%
Subtotal:	14	10	25	76	125	17.2%
Traditional & Non-Traditional Families††						
e-Type Families	0	0	0	2	2	0.3%
Button-Down Families	0	1	2	6	9	1.2%
Unibox Transferees	0	1	1	3	5	0.7%
Fiber-Optic Families	0	0	1	3	4	0.6%
Late-Nest Suburbanites	1	2	3	11	17	2.3%
Full-Nest Suburbanites	1	1	2	4	8	1.1%
Kids 'r' Us	0	1	2	4	7	1.0%
Multi-Ethnic Families	1	0	1	1	3	0.4%
Uptown Families	1	2	4	8	15	2.1%
Multi-Cultural Families	0	0	0	2	2	0.3%
In-Town Families	1	0	1	1	3	0.4%
Inner-City Families	1	0	1	0	2	0.3%
Single-Parent Families	1	2	3	4	10	1.4%
New American Strivers	4	3	5	7	19	2.6%
Subtotal:	11	13	26	56	106	14.6%
Younger Singles & Couples**						
Cosmopolitan Elite	1	0	1	3	5	0.7%
The VIPs	2	4	9	37	52	7.2%
Fast-Track Professionals	6	6	18	72	102	14.0%
Suburban Achievers	1	1	2	4	8	1.1%
Suburban Strivers	16	12	29	63	120	16.5%
Small-City Singles	2	2	4	7	15	2.1%
Twentysomethings	12	8	20	37	77	10.6%
Second-City Strivers	7	4	10	17	38	5.2%
Downtown Couples	3	1	4	7	15	2.1%
Downtown Proud	12	4	14	26	56	7.7%
Multi-Ethnic Singles	1	2	2	2	7	1.0%
Subtotal:	63	44	113	275	495	68.2%
Total Households:	88	67	164	407	726	100.0%
Percent of Total:	12.1%	9.2%	22.6%	56.1%	100.0%	

† For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD FMR Median Family Income for a family of four is \$100,000.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.; Claritas, Inc.;
 Zimmerman, Zimmerman/Volk Associates, Inc.

Table 6

Target Groups For New Multi-Family For Sale
The Lyndale Avenue Corridor

City of Bloomington, Hennepin County, Minnesota

. Number of Households

	30% to 50% AMI†	50% to 60% AMI†	60% to 80% AMI†	Above 80% AMI†	Total	Percent of Total
Empty Nesters & Retirees**						
Affluent Empty Nesters	0	0	0	3	3	1.6%
Suburban Establishment	0	1	1	9	11	5.7%
Second-City Establishment	0	1	1	3	5	2.6%
Mainstream Empty Nesters	1	1	2	7	11	5.7%
Middle-American Retirees	1	0	2	5	8	4.2%
Multi-Ethnic Empty Nesters	0	0	0	2	2	1.0%
Cosmopolitan Couples	1	0	1	3	5	2.6%
Blue-Collar Retirees	1	0	2	3	6	3.1%
Middle-Class Move-Downs	1	1	2	2	6	3.1%
Second City Seniors	1	0	1	2	4	2.1%
Subtotal:	6	4	12	39	61	31.8%
Traditional & Non-Traditional Families††						
e-Type Families	0	0	0	1	1	0.5%
Button-Down Families	0	0	1	3	4	2.1%
Unibox Transferees	0	0	0	3	3	1.6%
Fiber-Optic Families	0	0	0	1	1	0.5%
Late-Nest Suburbanites	0	1	2	6	9	4.7%
Full-Nest Suburbanites	1	0	1	2	4	2.1%
Kids 'r' Us	0	0	0	2	2	1.0%
Uptown Families	0	1	2	3	6	3.1%
Multi-Cultural Families	0	0	0	1	1	0.5%
In-Town Families	0	0	0	1	1	0.5%
Inner-City Families	0	0	0	1	1	0.5%
Single-Parent Families	1	0	1	0	2	1.0%
New American Strivers	1	0	1	1	3	1.6%
Subtotal:	3	2	8	25	38	19.8%
Younger Singles & Couples**						
Cosmopolitan Elite	0	0	0	2	2	1.0%
The VIPs	1	1	3	13	18	9.4%
Fast-Track Professionals	1	1	2	9	13	6.8%
Suburban Achievers	0	1	1	0	2	1.0%
Suburban Strivers	4	4	8	18	34	17.7%
Small-City Singles	0	1	1	1	3	1.6%
Twentysomethings	1	1	2	4	8	4.2%
Second-City Strivers	1	0	1	2	4	2.1%
Downtown Couples	1	0	1	1	3	1.6%
Downtown Proud	1	0	1	3	5	2.6%
Multi-Ethnic Singles	0	0	0	1	1	0.5%
Subtotal:	10	9	20	54	93	48.4%
Total Households:	19	15	40	118	192	100.0%
Percent of Total:	9.9%	7.8%	20.8%	61.5%	100.0%	

† For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD FMR Median Family Income for a family of four is \$100,000.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
Zimmerman/Volk Associates, Inc.

Table 7

Target Groups For New Single-Family Attached For Sale
The Lyndale Avenue Corridor

City of Bloomington, Hennepin County, Minnesota

. Number of Households

	30% to 50% AMI†	50% to 60% AMI†	60% to 80% AMI†	Above 80% AMI†	Total	Percent of Total
Empty Nesters & Retirees**						
Affluent Empty Nesters	0	0	0	2	2	1.7%
Suburban Establishment	0	1	1	7	9	7.8%
Second-City Establishment	0	0	0	3	3	2.6%
Mainstream Empty Nesters	1	0	2	5	7	6.0%
Middle-American Retirees	1	0	1	2	3	2.6%
Multi-Ethnic Empty Nesters	0	0	0	3	3	2.6%
Cosmopolitan Couples	0	0	0	2	2	1.7%
Blue-Collar Retirees	1	0	1	3	4	3.4%
Middle-Class Move-Downs	0	1	1	1	3	2.6%
Second City Seniors	0	0	0	1	1	0.9%
Subtotal:	3	2	6	29	37	31.9%
Traditional & Non-Traditional Families††						
e-Type Families	0	0	0	1	1	0.9%
Button-Down Families	0	0	1	3	4	3.4%
Unibox Transferees	0	0	0	3	3	2.6%
Fiber-Optic Families	0	0	1	2	3	2.6%
Late-Nest Suburbanites	0	1	1	4	6	5.2%
Full-Nest Suburbanites	0	1	1	1	3	2.6%
Kids 'r' Us	0	1	1	1	3	2.6%
Multi-Ethnic Families	0	0	0	1	1	0.9%
Uptown Families	0	1	1	3	5	4.3%
Multi-Cultural Families	0	0	0	1	1	0.9%
In-Town Families	0	0	0	1	1	0.9%
Inner-City Families	0	0	0	1	1	0.9%
Single-Parent Families	1	0	1	0	1	0.9%
New American Strivers	1	0	1	0	1	0.9%
Subtotal:	2	4	8	22	34	29.3%
Younger Singles & Couples**						
Cosmopolitan Elite	0	0	0	2	2	1.7%
The VIPs	0	1	1	6	8	6.9%
Fast-Track Professionals	0	0	0	3	3	2.6%
Suburban Achievers	0	1	1	0	2	1.7%
Suburban Strivers	2	2	5	10	17	14.7%
Small-City Singles	1	0	1	2	3	2.6%
Twentysomethings	1	0	1	1	2	1.7%
Second-City Strivers	1	0	1	1	2	1.7%
Downtown Couples	0	1	1	2	4	3.4%
Downtown Proud	1	0	0	1	1	0.9%
Multi-Ethnic Singles	0	0	0	1	1	0.9%
Subtotal:	6	5	11	29	45	38.8%
Total Households:	11	11	25	80	116	100.0%
Percent of Total:	9.5%	9.5%	21.6%	69.0%	100.0%	

† For fiscal year 2019, Minneapolis-St. Paul-Bloomington, MN-WI Metro HUD FMR Median Family Income for a family of four is \$100,000.

** Predominantly one- and two-person households.

†† Predominantly three -to five-person households.

SOURCE: Claritas, Inc.;
 Zimmerman/Volk Associates, Inc.

Table 8

Optimum Market Position--New Market-Rate Dwelling Units
The Lyndale Avenue Corridor
City of Bloomington, Hennepin County, Minnesota
February, 2020

<i>Households: Share Number</i>	<i>Housing Preference</i>	<i>Unit Configuration</i>	<i>Unit Mix</i>	<i>Base Rent/Price Range</i>	<i>Unit Size Range</i>	<i>Base Rent/Price Per Sq. Ft.</i>	<i>Annual Units Absorbed</i>
67.3%							
Multi-Family For-Rent							
407	Apartments <i>(Market-Rate)</i>	Studio/1ba	20%	\$1,350	550	\$2.45	41 to 61
		1br/1ba	30%	\$1,500	650	\$2.31	
		2br/1ba	25%	\$1,700	850	\$2.00	
		2br/2ba	25%	\$1,900	1,000	\$1.90	
		Weighted averages:			\$1,620	768	
19.5%							
Multi-Family For-Sale							
118	Condominiums <i>(Market-Rate)</i>	1br/1.5ba	25%	\$200,000	800	\$250	12 to 18
		2br/2ba	30%	\$295,000	1,250	\$236	
		2br/2.5ba	25%	\$325,000	1,400	\$232	
		2br/2.5ba/den	20%	\$425,000	1,850	\$230	
		Weighted averages:			\$304,750	1,295	
13.2%							
Single-Family Attached For-Sale							
80	Townhouses <i>(Market-Rate)</i>	2br/1.5ba	25%	\$250,000	1,150	\$217	8 to 12
		2br/2.5ba	30%	\$275,000	1,300	\$212	
		3br/2.5ba	25%	\$350,000	1,650	\$212	
		3br/2.5ba/den	20%	\$400,000	1,900	\$211	
		Weighted averages:			\$312,500	1,470	
605	Total Target households						61 to 91
100.0%							annual market-rate units absorbed

NOTE: Base rents/prices in year 2020 dollars and exclude floor and view premiums, options and upgrades.

SOURCE: Zimmerman/Volk Associates, Inc.



ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

ASSUMPTIONS AND LIMITATIONS—

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

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

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





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

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