

An aerial photograph of a city, likely Duluth, Minnesota, showing a river in the foreground, a dense urban area with various buildings, and a forested hillside in the background. The image is slightly blurred and has a semi-transparent dark overlay.

An Analysis of Residential Market Potential

The Greater Downtown Study Area

**City of Duluth
St. Louis County, Minnesota**

ZIMMERMAN/VOLK ASSOCIATES

More than 600 studies—
downtowns, in-town neighborhoods,
infill sites, new traditional towns—
in 47 states.

More than 120 downtown studies.



Downtown Norfolk



Downtown Providence



Downtown Macon



Downtown South Bend

Target Market Methodology

Market *potential*,
Not market “demand”

From the *consumer* perspective,
Not the developer.

Where does the potential market live now?

How many are likely to move to the Greater
Downtown Study Area?

Who are they?

What are their housing preferences?

What should the rents and prices be?

How fast will they rent or buy the new units?

City of Duluth Overview 2023

Population:	86,057
Households:	36,920
1 & 2-Person Households:	70%
Median Household Income:	\$61,600
Housing Units:	39,748
Owner-Occupied:	59%
Single-Family Detached:	59%
Median Housing Value:	\$207,600

City of Duluth

Households by Urbanicity

Big-City Urban:	0%
Small-City Urban:	33%
Suburban:	31%
Exurban:	36%





City of Duluth Households by Lifestage

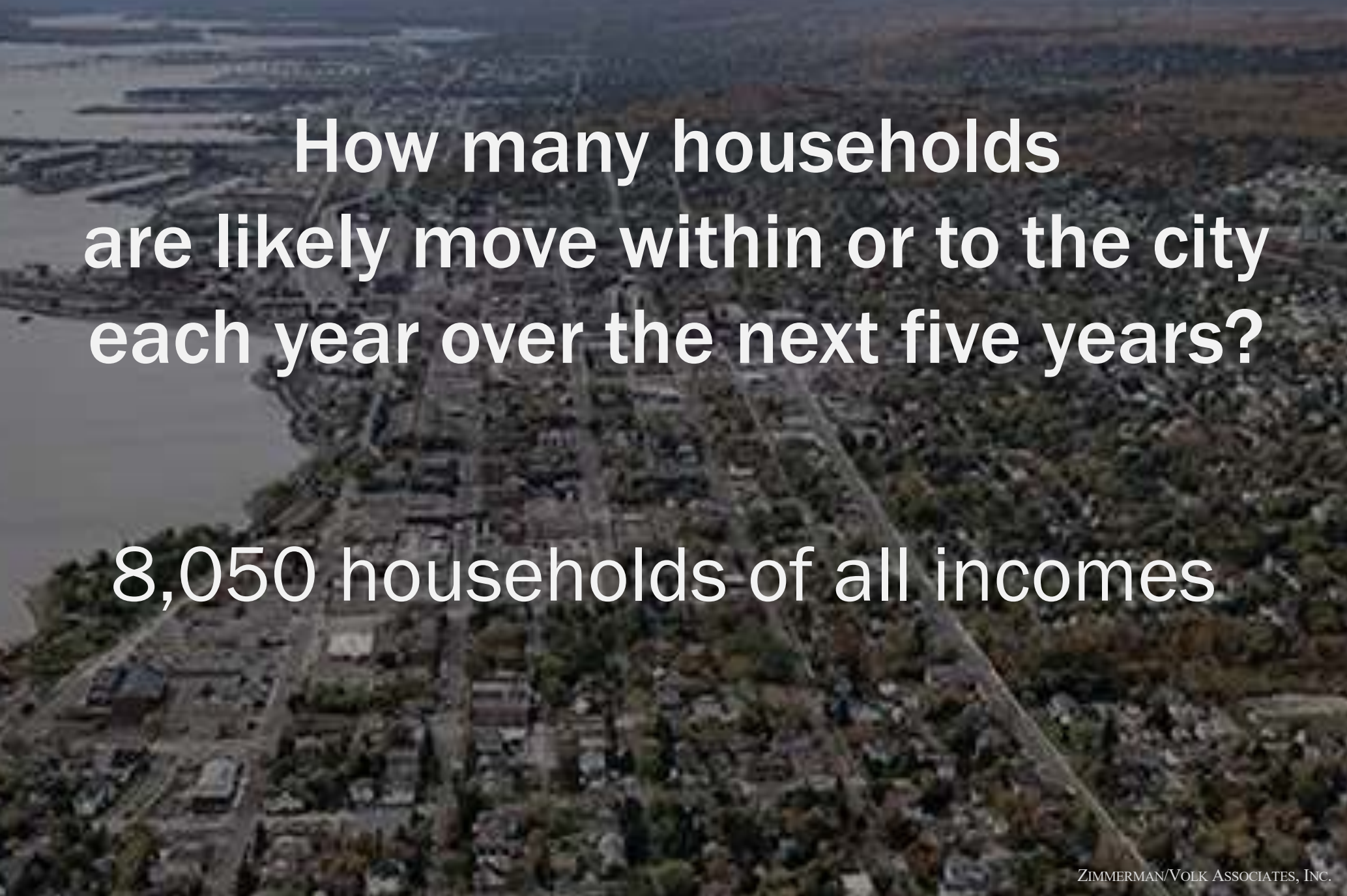
Empty Nesters & Retirees: 39%

Families with Children: 28%

Younger Singles & Couples: 33%

Where does the potential market for the city live now?

City of Duluth:	57%
Balance of St. Louis County:	5%
Carlton and Itasca Counties, MN, and Douglas County, WI:	9%
Twin Cities:	6%
Balance of the U.S.:	23%

An aerial photograph of a city, likely San Francisco, showing a dense urban landscape with a river on the left side. The image is used as a background for the text.

**How many households
are likely move within or to the city
each year over the next five years?**

8,050 households of all incomes



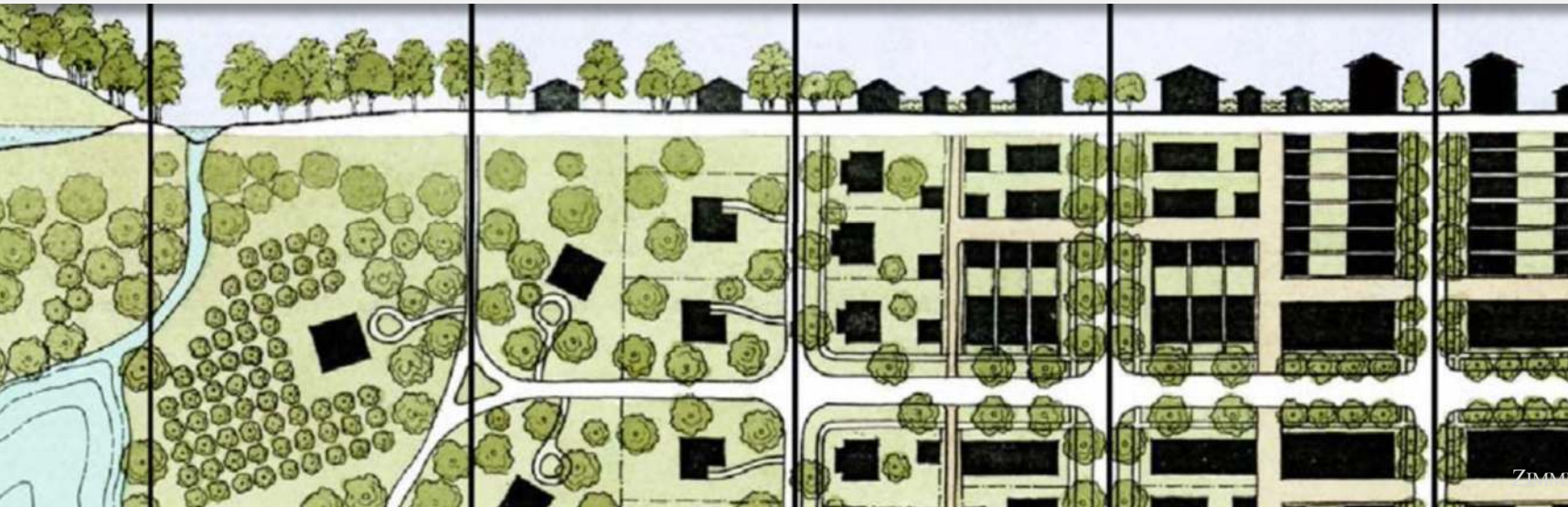
Greater Downtown Study Area

Greater Downtown Overview 2023

Population:	7,874
Households:	4,175
1 & 2-Person Households:	84%
Median Household Income:	\$28,300
Housing Units:	4,696
Owner-Occupied:	18%
Single-Family Detached:	21%
Median Housing Value :	\$143,600

Greater Downtown Study Area Households by Urbanicity

Big-City Urban:	0%
Small-City Urban:	82%
Suburban:	18%
Exurban:	0%





Greater Downtown Study Area Households by Lifestage

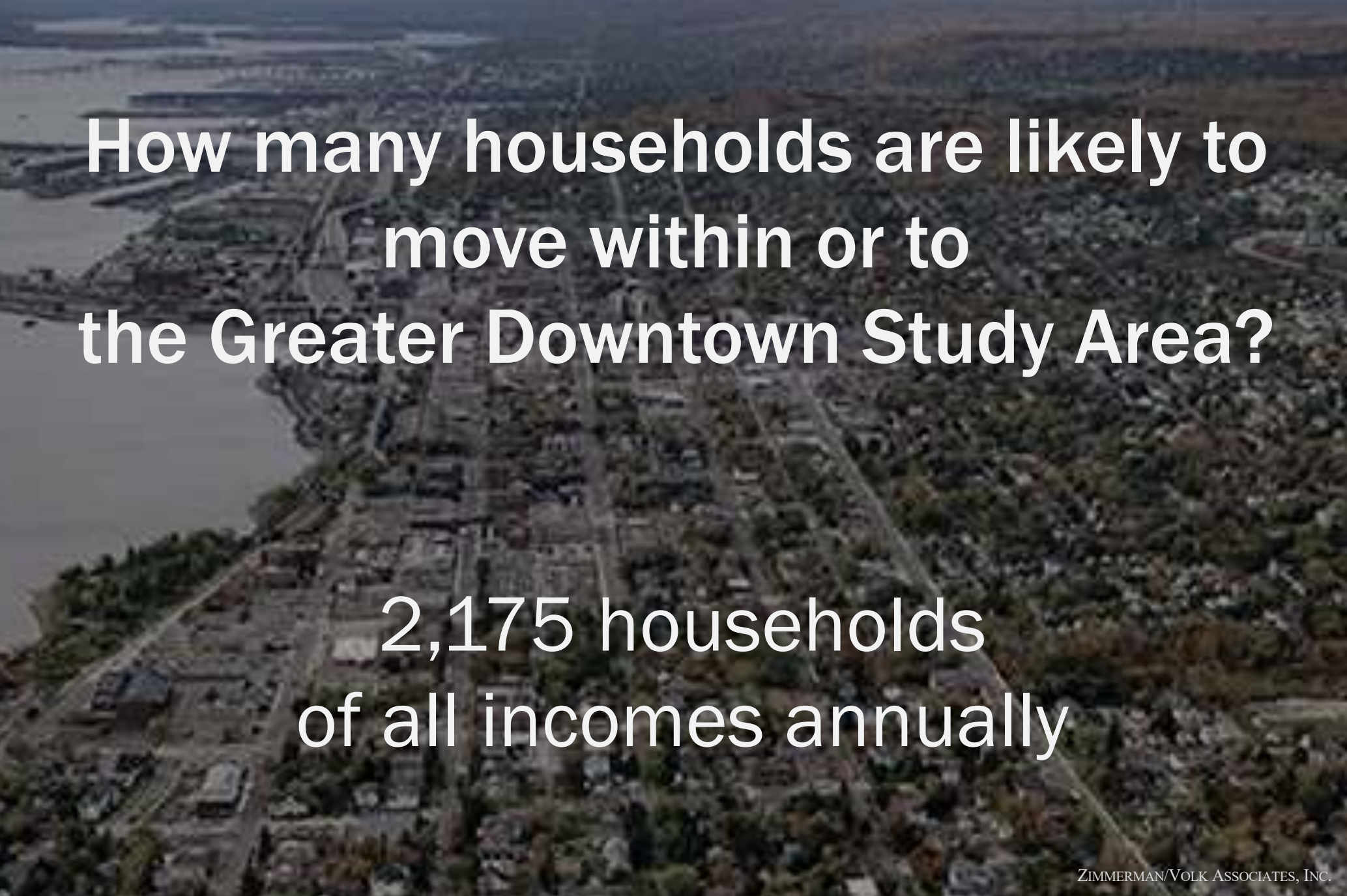
Empty Nesters & Retirees: 26%

Families with Children: 6%

Younger Singles & Couples: 68%

Where does the potential market for the Greater Downtown Study Area live now?

City of Duluth:	55%
Balance of St. Louis County:	3%
Carlton and Itasca Counties, MN, and Douglas County, WI:	2%
Twin Cities:	13%
Balance of the U.S.:	27%

An aerial photograph of a city, likely San Francisco, showing a dense urban area with a river on the left side. The image is used as a background for the text.

**How many households are likely to
move within or to
the Greater Downtown Study Area?**

**2,175 households
of all incomes annually**


Hillside:
1,205 Households

Core Downtown:
1,352 Households

Who are they?

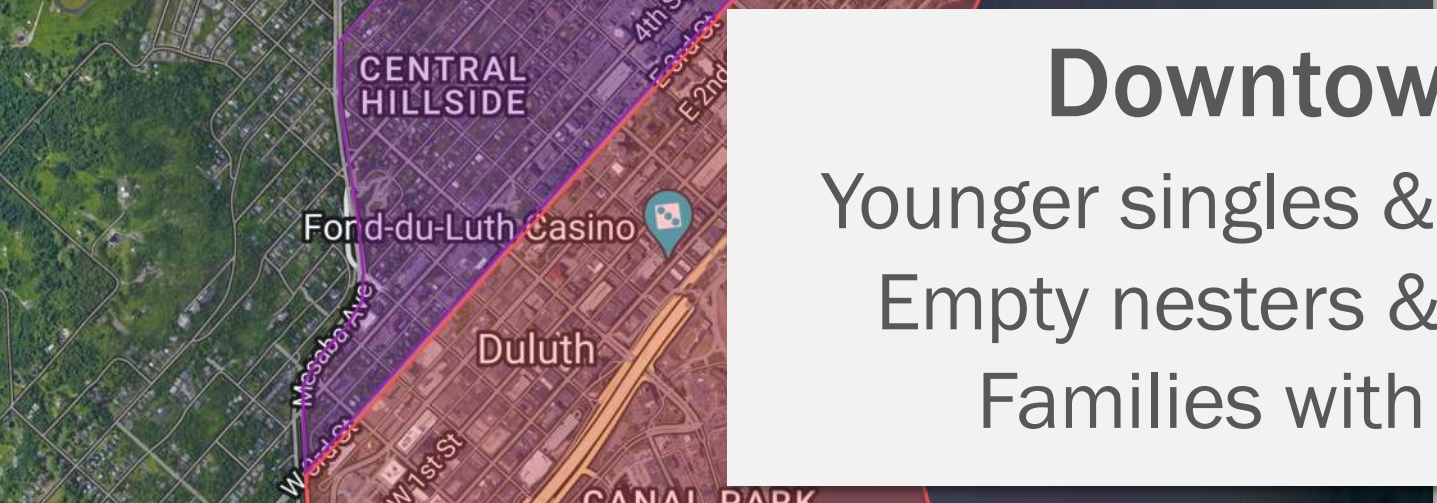
The target households by lifestage

Hillside



Younger singles & couples:	49%
Empty nesters & retirees:	29%
Families with children:	22%

Downtown Core



Younger singles & couples:	70%
Empty nesters & retirees:	22%
Families with children:	8%

What are their housing preferences?

Hillside

Rentals:	50%
Condominiums:	8%
Townhouses:	10%
Single-family houses:	32%

Downtown Core

Rentals:	77%
Condominiums:	11%
Townhouses:	12%



What are their alternatives?

The housing market context

Duluth market area



City View Flats



Board of Trade Lofts



Vue at Bluestone

General Rent Ranges
Properties Developed Since 2005

\$895 to \$4,070 per month
320 sf to 1,899 sf (Studio to 3br)
(\$1.30 to \$3.63 psf)



Wieland Building Condos



South Pier Shores on the Lake




London East THs

General Price Ranges: Listings and Recent Sales Condominiums and Townhouses

\$235,000 to \$1,050,000

903 sf to 3,540 (1br to 5br)

(\$149 to \$520 psf)

An aerial photograph of a city, likely San Francisco, showing a dense urban area with a river and industrial zones. The image is dark and serves as a background for the text.

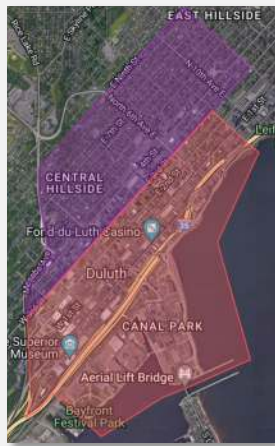
**What will they pay
to rent or buy the new units?**

Optimum Market Position

New Construction and Adaptive Re-Use



Providence, Rhode Island



Optimum Market Position Multi-Family Rentals

Hillside

Downtown Core

Market-Rate

Unit Type Range
Base Size Range
Base Rent Range
Base Rent per Square Foot

Studio/1ba - 3br/2ba
500 - 1,550 sf
\$1,300 - \$2,800
\$1.81 - \$2.60

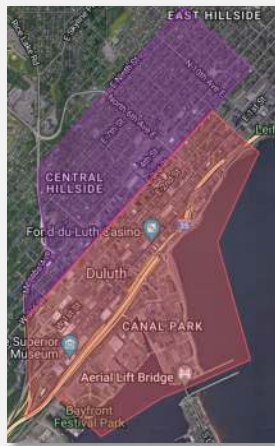
Studio/1ba - 3br/2ba
400 - 1,450 sf
\$1,200 - \$3,200
\$2.21 - \$3.00

Affordable/Workforce

Unit Type Range
Base Size Range
Base Rent Range
Base Rent per Square Foot

Studio/1ba - 3br/1ba
450 - 1,300 sf
\$775 - \$1,550
\$1.19 - \$1.72

Studio/1ba - 2br/2br
350 - 1,100 sf
\$750 - \$1,400
\$1.27 - \$2.14



Optimum Market Position Condominiums

Hillside

Downtown Core

Market-Rate

Unit Type Range

1br/1ba - 3br/2ba

1br/1ba - 3br/2ba

Base Size Range

850 - 1,600 sf

800 - 1,550 sf

Base Price Range

\$265,000 - \$395,000

\$250,000 - \$425,000

Base Price per Square Foot

\$247 - \$312

\$274 - \$324

Affordable/Workforce

Unit Type Range

1br/1ba - 3br/1ba

1br/1ba - 2br/1br

Base Size Range

750 - 1,400 sf

700 - 900 sf

Base Price Range

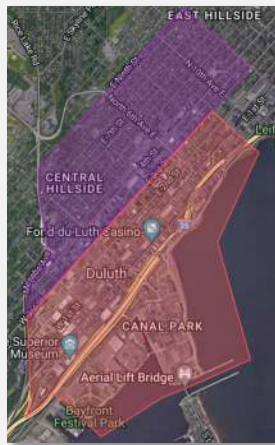
\$185,000 - \$250,000

\$175,000 - \$225,000

Base Price per Square Foot

\$179 - \$250

\$235 - \$260



Optimum Market Position Townhouses

Hillside

Downtown Core

Market-Rate

Unit Type Range

2br/2.5ba - 3br/2.5ba/den

2br/2.5ba - 3br/2.5ba/den

Base Size Range

1,300 - 1,850 sf

1,300 - 2,000 sf

Base Price Range

\$365,000 - \$465,000

\$350,000 - \$495,000

Base Price per Square Foot

\$251 - \$281

\$243 - \$269

Affordable/Workforce

Unit Type Range

2br/1.5ba - 3br/1.5ba

2br/1.5ba - 3br/1.5br

Base Size Range

1,000 - 1,450 sf

950 - 1,350 sf

Base Price Range

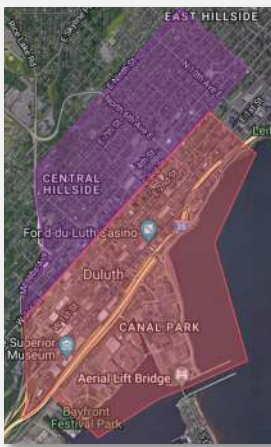
\$225,000 - \$265,000

\$215,000 - \$250,000

Base Price per Square Foot

\$183 - \$225

\$185 - \$226



Optimum Market Position Detached Houses

Hillside

Market-Rate

2br/2ba - 4br/2.5ba

1,100 - 2,100 sf

\$325,000 - \$500,000

\$238 - \$295

Unit Type Range

Base Size Range

Base Price Range

Base Price per Square Foot

Affordable/Workforce

2br/1.5ba - 3br/2ba

1,100 - 1,500 sf

\$235,000 - \$285,000

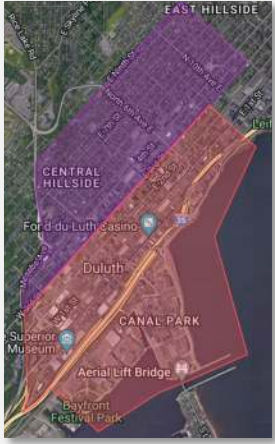
\$190 - \$214

Unit Type Range

Base Size Range

Base Price Range

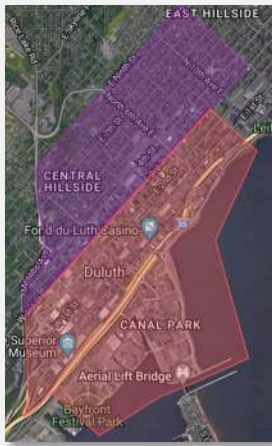
Base Price per Square Foot



How fast will the market rent or buy the new units?

Annual Market Capture

Rental Apartments:	15%	to	20%
Condominiums:	15%	to	20%
Townhouses:	15%	to	20%
Single-Family Detached:	10%	to	12.5%



Forecast Annual Absorption

Hillside

Downtown Core

Market-Rate

Rentals
 Condominiums
 Townhouses
 Detached houses

47 – 63 du
 7 – 9 du
 8 – 10 du
 18 – 23 du

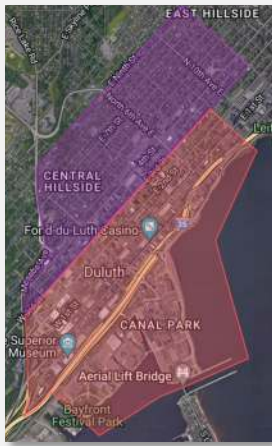
77 – 102 du
 8 – 10 du
 9 – 12 du
 n/a

Affordable/Workforce

Rentals
 Condominiums
 Townhouses
 Detached houses

10 – 14 du
 3 du
 3 – 4 du
 7 – 8 du

18 – 24 du
 4 – 5 du
 4 – 5 du
 n/a



Supportable Units

Hillside

Downtown Core

Market-Rate

Per Year

80 – 105 du

94 – 124 du

After Five Years

400 – 525 du

470 – 620 du

Affordable/Workforce

Per Year

23 – 29 du

26 – 34 du

After Five Years

115 – 145 du

130 – 170 du

Subsidized (Renters <60% AMI, Buyers <80%AMI)

Per Year

59 – 78 du

86 – 111 du

After Five Years

295 – 390 du

430 – 555 du

An aerial photograph of a city waterfront, likely San Francisco, with a red outline highlighting a specific area. The background shows a dense urban grid, a large body of water, and a bridge in the distance. The text is overlaid on the image in white boxes.

Second/Vacation/Weekend Units

**Potential buyers of
condominiums, townhouses,
and detached houses
for seasonal or occasional use.**

Second/Vacation/Weekend Units

Where are the primary residences of potential buyers?

Hennepin County:	21%
Ramsey County:	9%
Washington County:	6%
Dakota County:	5%
Other Counties:	58%

Second/Vacation/Weekend Units

Who are they?
The target households
by lifestage

Empty nesters & retirees:	58%
Families with children:	31%
Younger singles & couples:	11%

Second/Vacation/Weekend Units

What are their
ownership housing
preferences?

Single-family houses:	62%
Condominiums:	25%
Townhouses:	13%

Second/Vacation/Weekend Units

Optimum Market Position

	Condominiums	Townhouses
Unit Type Range	2br/2ba - 3br/2.5ba	2br/2.5ba - 4br/3.5ba
Base Size Range	1,250 - 2,100 sf	1,350 - 2,500 sf
Base Price Range	\$425,000 - \$650,000	\$450,000 - \$675,000
Base Price per Square Foot	\$310 - \$340	\$270 - \$333

	Detached Houses
Unit Type Range	3br/3.5ba - 4br/4.5ba
Base Size Range	2,000 - 3,200 sf
Base Price Range	\$535,000 - \$825,000
Base Price per Square Foot	\$258 - \$268

Second/Vacation/Weekend Units

How fast will the
market buy
the new units?

Annual Market Capture

Condominiums: 20% to 25%

Townhouses: 20% to 25%

Houses: 10% to 12.5%



Second/Vacation/Weekend Units

Forecast Annual Absorption

Condominiums: 6 – 7 du

Townhouses: 3 – 4 du

Houses: 7 – 9 du

Annual Total: 16 – 20 du

5-year Total: 80 – 100 du



An aerial photograph of a city skyline, likely Chicago, with a river in the foreground. The image is slightly blurred and has a semi-transparent dark overlay. The text is overlaid on this image.

The Greater Downtown Study Area After Five Years

Potential for 1,920 to 2,505 new market-rate,
affordable/workforce, and subsidized units.

950 to 1,245 new market-rate units.

Address Regulatory Obstacles

Special code for adaptive re-use.

Adaptive re-use handbook.

Adaptive re-use ombudsman.

Pre-development meetings.



Address High Development Costs

Gap financing pool.

Property tax exemption and abatement.

Best Practices

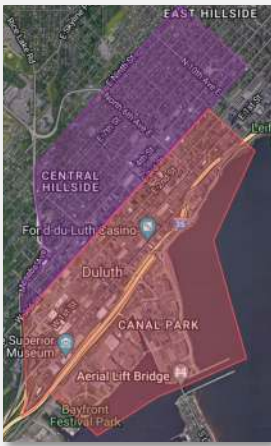
Reduced parking requirements.

“Live near your work”

Young professionals organization.

An aerial photograph of a city, likely Pittsburgh, showing a river in the foreground, a dense urban area with various buildings, and a large green hill in the background. The sky is blue with some clouds. The word "Questions?" is overlaid in white text in the lower right quadrant.

Questions?



Rentals: Weighted Averages Annual Absorption Forecasts

Hillside

Downtown Core

Market-Rate

Unit Size
Unit Base Rent
Rent per Square Foot
Annual Absorption

922 sf

\$1,953

\$2.12

47 – 63 du

800 sf

\$1,984

\$2.48

77 - 102 du

Affordable/Workforce

Unit Size
Unit Base Rent
Rent per Square Foot
Annual Absorption

809 sf

\$1,138

\$1.41

10 – 14 du

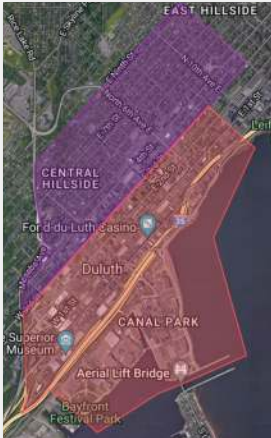
680 sf

\$1,050

\$1.54

18 – 24 du

Rentals: Unit Mix



Hillside

Downtown Core

Market-Rate

- Studio
- 1 bedroom
- 2 bedroom
- 3 bedroom

30%
30%
25%
15%

25%
35%
35%
5%

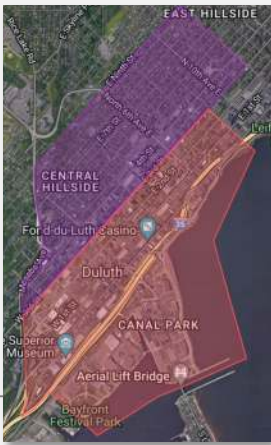
Affordable/Workforce

- Studio
- 1 bedroom
- 2 bedroom
- 3 bedroom

25%
30%
25%
20%

30%
30%
40%
0%

Renters: Top Market Segments



Hillside

Downtown Core

(10.7%)

Twentysomethings

(14.9%)

Configuration

1 person; 18 to 34 years old

Characteristics

Ethnically-mixed, tech-savvy; \$46,500 Median Income
2/3 enrolled as students

Employment

Office workers; call center reps; secretaries, tellers/clerks

(14.4%)

Suburban Strivers

(12.4%)

Configuration

1 to 3 persons; young couples; 25 to 44 years old

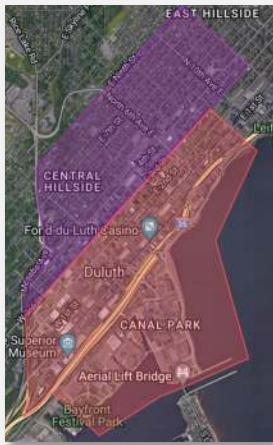
Characteristics

\$50,700 Median Income; 2/3 college educated
Twice as likely than average to bike to work

Employment

Food service; healthcare support; construction/maintenance

Condominiums: Weighted Averages Annual Absorption Forecasts



Hillside

Downtown Core

Market-Rate

Unit Size

1,119 sf

1,125 sf

Unit Base Price

\$319,300

\$343,750

Price per Square Foot

\$285

\$306

Annual Absorption

7 - 9 du

8 - 10 du

Affordable/Workforce

Unit Size

988 sf

785 sf

Unit Base Price

\$217,500

\$196,000

Price per Square Foot

\$220

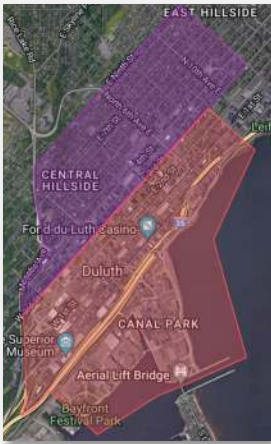
\$250

Annual Absorption

3 du

4 - 6 du

Townhouses: Weighted Averages Annual Absorption Forecasts



Hillside

Downtown Core

Market-Rate

Unit Size

1,560 sf

1,573 sf

Unit Base Price

\$410,250

\$406,650

Price per Square Foot

\$263

\$259

Annual Absorption

8 - 10 du

9 - 12 du

Affordable/Workforce

Unit Size

1,238 sf

1,135 sf

Unit Base Price

\$247,500

\$234,000

Price per Square Foot

\$200

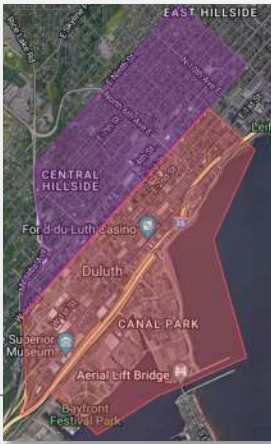
\$206

Annual Absorption

3 - 4 du

4 - 6 du

Condominium/Townhouse Buyers: Notable Market Segments



New Bohemians

Configuration	1 to 2 persons; singles and couples; 25 to 34 years old
Characteristics	\$93,100 Median Income; Creative-class entrepreneurs; Unconventional, ethnically-diverse
Employment	Tech-savvy executives, actors, artists, writers, boutique owners

Mainstream Empty Nesters

Configuration	2 persons; married couples; 45 to 74 years old
Characteristics	\$73,700 Median Income; 79% college-educated; Downsizing in housing and material goods
Employment	20% retired; managers or superiors in business and finance



Detached Houses: Weighted Averages Annual Absorption Forecasts

Hillside

Market-Rate

Unit Size	1,537 sf
Unit Base Price	\$395,200
Price per Square Foot	\$257
Annual Absorption	18 - 23 du

Affordable/Workforce

Unit Size	1,350 sf
Unit Base Price	\$265,500
Price per Square Foot	\$197
Annual Absorption	7 - 8 du



Single-Family Detached Buyers: Notable Market Segments

Hillside

Pillars of the Community

Configuration

2 to 4 persons; 45 to 64 years old

Characteristics

\$98,500 Median Income;
1/3 are dual-income

Employment

Prominent positions in local business, government or education

New Empty Nesters

Configuration

2 persons; 55 to 74 years old

Characteristics

\$103,600 Median Income; Liquid assets;
30% have advanced degrees

Employment

CEOs and upper management in business and finance

Second Home Condo/Townhouse Buyers: Notable Market Segments



Suburban Establishment

Configuration	2 persons; 55 to 74 years old
Characteristics	\$111,550 Median Income; high net worth; 28% have attended graduate school
Employment	39% retired; High-ranking professionals

The Social Register

Configuration	2 persons; 55 to 74 years old
Characteristics	\$127,600 Median Income; 95% college-educated; 42% have advanced degrees; \$1 million+ average net worth
Employment	46% retired. CEOs and upper management, own a law practice