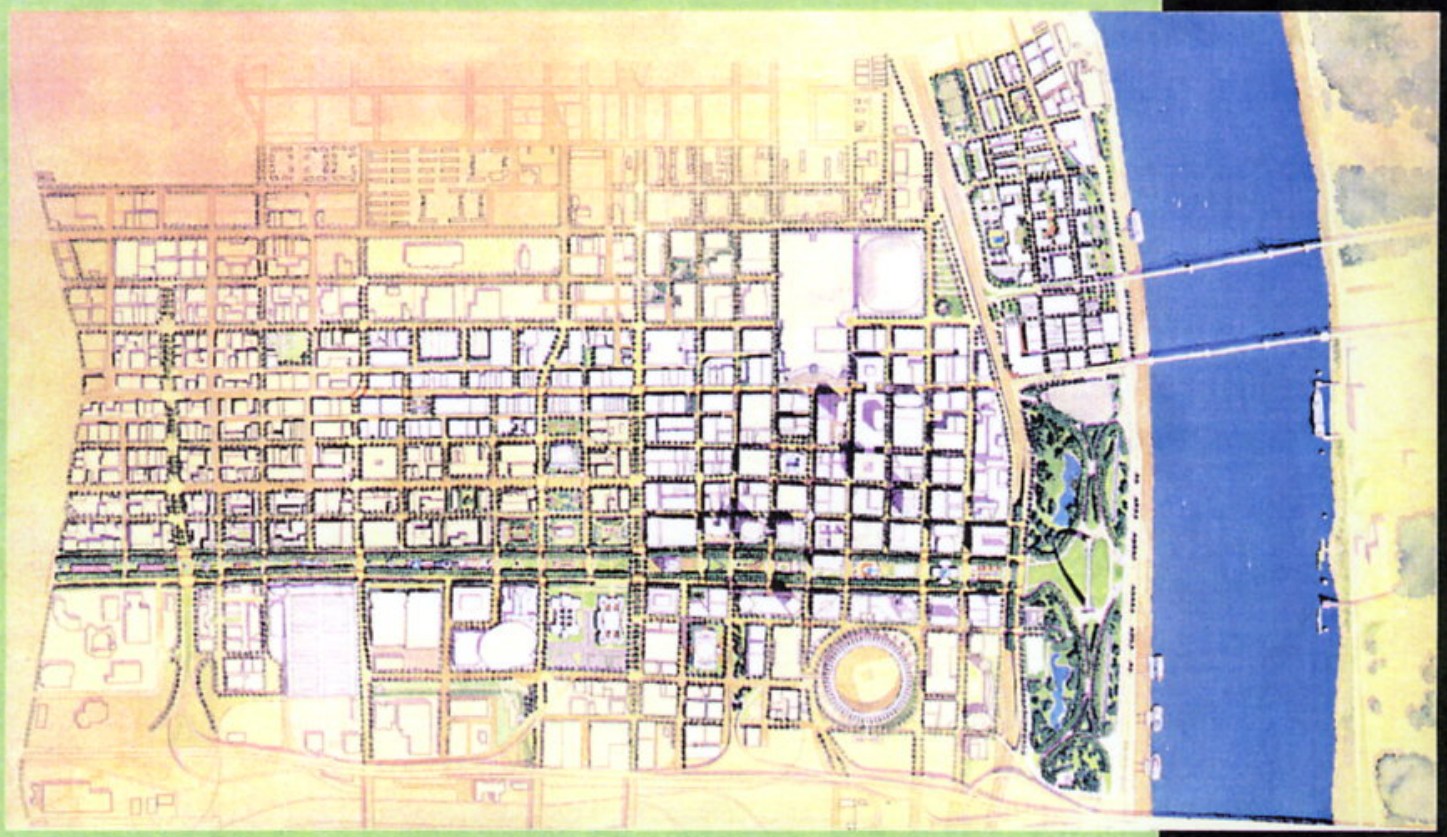
City of St. Louis

DOWNTOWN DEVELOPMENT ACTION PLAN



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MARKET POSITION ANALYSIS FOR DOWNTOWN ST. LOUIS:

SUMMARY OF FINDINGS

DATE: February 5, 1998

SUBJECT: *Market-Rate Housing Potential*
Downtown St. Louis, Missouri and
East St. Louis Riverfront, St. Clair County, Illinois

FOR: Downtown Now

Tables 1 through 16 contain summaries of the market potential and optimum market position for new market-rate housing units created through new construction as well as adaptive reuse of existing buildings in five discrete areas within Downtown St. Louis and on the East St. Louis riverfront. Tables 17 through 19 contain summaries of selected relevant rental and for-sale properties currently leasing or marketing housing units within the St. Louis metropolitan area. The appendix tables (included in a separate volume) contain migration and target market data covering the appropriate draw area(s) for both Downtown St. Louis (Appendix A) and the East St. Louis riverfront (Appendix B).

CONCLUSIONS AND RECOMMENDATIONS—

This study identifies the market potential for new market-rate housing units, both new construction and/or adaptive re-use of existing buildings, to be leased or sold within the Downtown St. Louis Study Area (bounded by Chouteau Avenue to the south, Jefferson Avenue to the west, Cass Avenue to the north and the Mississippi River to the east) and within the East St. Louis Study Area (bounded by the Mississippi River to the west, the Martin Luther King Jr. Memorial Bridge to the north, and Interstate 40 to the east and south).

The market was defined using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic

projections—target market analysis establishes the optimum market position derived from the housing preferences and lifestyle characteristics of households in the draw area and within the framework of the local housing market context, even in locations where no close comparables exist. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestyle patterns and compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban revitalization.

The depth and breadth of the potential market has been determined through analysis of households currently living within conservatively-defined draw areas (*see* METHODOLOGY *and* Appendices A *and* B). Analysis of St. Louis migration patterns over the past six years—based on data provided by the Internal Revenue Service—shows that while, on average, about 16,000 households a year moved out of the city in the 1990s, another 13,500 to 14,000 households moved in, 7,500 of them from St. Louis County. In addition, the gap between the households moving out and moving in has been shrinking nearly every year.

As derived from migration analysis, households currently living in St. Louis City and County, and Jefferson, St. Charles and St. Clair Counties constitute the main sources of demand for market-rate housing within the Downtown St. Louis Study Area. Households currently living in the City of St. Louis comprise less than a quarter of the potential market for new housing downtown.

Potential areas for market-rate housing initiatives, for both new construction and adaptive re-use, were evaluated during the course of the field investigation and subsequent target market analysis. A core premise underlying the overall housing strategy is that, to retain existing households, or attract new ones, a city must provide appropriately-located, newly-constructed housing units. The establishment of urban residential neighborhoods need not be a "zero-sum" exercise. Rather than succeeding at the expense of other city neighborhoods,

new market-rate housing opportunities within the Downtown Study Area, when properly targeted, can expand the total number of households moving into the city. The support of market-rate housing in areas throughout Downtown should continue, although the level of financial and/or other type of support may change.

Several areas in Downtown St. Louis have been identified as potential development or re-development locations for the "first wave" of market-rate housing initiatives. These areas include the following (the East St. Louis Riverfront is discussed in a separate section):

- Laclede's Landing neighborhood;
- Washington Avenue Loft District;
- Cupples Station; and
- Eugene Field House neighborhood.

A number of other areas within the Downtown St. Louis Study Area were also considered, including, among others, the Chouteau's Landing riverfront area south of the Arch Park, the area north of Union Station, and other areas to the west of 20th Street. Although these areas have characteristics supporting new housing development, they did not meet all of the criteria for "first-wave" efforts, particularly proximity to the core, and linkage potential. However, once new housing is established in the "first-wave" areas, these areas, and others, will become logical locations for market-rate housing expansion.

The four "first-wave" locations describe areas; therefore, this analysis does not address site-specific development issues, such as ownership objectives, site condition and environmental liability, or financial feasibility.

In general, these areas, in addition to their proximity to the central business district, meet the following criteria for successful urban housing initiatives (*see below for analysis of specific area*):

1. Advantageous adjacency: It is critical to "build on strength," not only to provide maximum support for the proposed housing initiative, but also,

conversely, so that the housing initiative will reinforce existing or proposed adjacent developments (commercial, retail, or residential).

2. Building and/or land availability: At present, most of the open land in Downtown St. Louis has been utilized for public parks or has been transformed into open parking lots, for lack of any economic reason to do otherwise. Appropriately-located parking lots are therefore excellent areas for new residential construction.

3. Potential for expansion: Each housing initiative should be located in an area where, at the successful completion of the initial project, adjacent or nearby land and/or buildings can be utilized to continue or extend the neighborhood, either through new construction or adaptive re-use. Each proposed housing initiative should not be viewed as a "stand-alone" project, but should serve as a catalyst for additional residential development in surrounding areas.

4. Anchors/linkage: Each housing initiative must be seen as part of the overall urban strategy to build a critical mass of both housing and related non-residential uses that will transform Downtown St. Louis into a collection of 24-hour neighborhoods. "Anchor" locations establish the potential for economic activity in an underutilized area; "linkage" locations build on the strength of two or more established locations.

In contrast to <u>suburban</u> or <u>greenfields</u> development, three significant community elements are required to establish or sustain <u>urban</u> residential neighborhoods—safe and secure streets, sufficient green space, and good schools.

Appropriate <u>urban</u> design—which places as much emphasis on creating quality streets and public places as on creating quality buildings—can have significant, long-term impact on both street safety (providing "eyes on the street") and usable parks and squares.

Despite the proven impact of quality schools on the stability of residential neighborhoods, education is usually addressed apart from neighborhood and housing concerns. School initiatives should be coordinated with housing initiatives, using the locations of new magnet and charter schools to support the Downtown housing strategy.

A charter school can have significant impact on neighborhood dynamics, not only by expanding the family market for new market-rate housing units, and raising market values accordingly, but also by supporting the feasibility of small-scale retail uses that otherwise may lack sufficient trade area support. The Laclede's Landing and Eugene Field House neighborhoods, particularly the latter, are currently the development areas most likely to attract families.

THE DOWNTOWN ST. LOUIS STUDY AREA

The Downtown St. Louis Study Area contains the core of the business district, along with a number of civic buildings, historic sites and museums, sports arenas, shopping centers and a convention center. It is also the site of the Jefferson National Expansion Memorial on the riverfront, which incorporates the distinctive Gateway Arch. Although the individual assets of the Downtown Study Area are often quite impressive, collectively they lack the synergy required to have a genuine impact on the Downtown as a whole.

Many attractive, older buildings remain throughout the Study Area and are in varying conditions, ranging from rundown and vacant to fully restored and occupied. Many of the neglected buildings are worthy of restoration, but others either have little architectural value or are so badly dilapidated that they should be demolished to make way for new construction. These areas, along with a number of vacant lots and parking lots, provide ample opportunities for the creation of new housing units.

Residential development opportunities within the Downtown Study Area fall into two general categories:

- New urban neighborhood development on relatively contiguous land (*e.g.*—Laclede's Landing and Eugene Field House neighborhoods);
- Adaptive reuse of existing buildings (*e.g.*—Washington Avenue Loft District and Cupples Station).

However, each of the development areas has specific characteristics that will affect draw area (where the majority of potential renters/buyers will move from), target market groups (who are the most likely renters/buyers), housing types (which housing types are most likely to attract the potential market), and, as a result, the optimum development strategy.

The target market methodology identifies those households with an affinity for city living likely to move from within the primary draw area (St. Louis City and County, Jefferson, St. Charles, and St. Clair Counties). Based on the target market methodology, potential renters/buyers of new market-rate housing units (new construction and/or adaptive re-use) within the Downtown St. Louis Study Area in 1997/1998 are part of a pool of nearly 9,300 urban-oriented households currently living in the defined draw areas (*see* Table 1 *and* METHODOLOGY *below*). Without a wide range of appropriate Downtown housing options, these households either move to other urban neighborhoods or move less frequently than their mobility rates would indicate.

In the context of the target market methodology, a capture rate of 10 percent of the potential market—or 930 households in 1997/1998—is quite achievable. The four "first wave" housing initiatives could attract up to 470 households a year to Downtown. That means that significant additional initiatives could move forward, in addition to those recommended here, and still keep the capture rate around 10 percent.

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 property is more precisely defined using target market methodology, 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.

The housing market potential for the Downtown Study Area as a whole, and for each of the four "first wave" development areas, delineated by draw area housing preferences, is as follows (*see also* Tables 1, 2, 5, 8 *and* 11):

ANNUAL HOUSING MARKET POTENTIAL FOR NEW CONSTRUCTION AND ADAPTIVE RE-USE DOWNTOWN ST. LOUIS STUDY AREA

AREA	.... APTS/LOFTS .... RENTAL	FOR-SALE	TOWNHOUSES	SINGLE-FAMILY DETACHED	TOTAL
STUDY AREA	2,700	1,090	910	4,590	9,290
Laclede's	2,410	990	810	–	4,210
Loft District	1,400	560	–	–	1,960
Cupples	1,900	–	–	–	1,900
E. Field House	2,700	1,090	910	1,660	6,360

NOTE: These numbers indicate the depth of the potential market for new market-rate housing units in the Downtown St. Louis Study Area, not actual housing demand.

As determined by this analysis, the potential market for each area includes the broad range of household types required to achieve a stable residential neighborhood. Achieving this objective in each area, however, requires not only strict adherence to the proposed residential mixes and rent/pricing levels, but also excellent urban design and architecture, and appropriate marketing and advertising. All these must be present to influence these groups to move to these locations. In particular, the critical importance of skillful urban design cannot be overemphasized. The urban design objective should be to establish a network of streets and public spaces that not only link the new initiatives with existing assets but that, in themselves, become civic amenities.

The recommended initial market position for new market-rate housing within each area has been placed within the context of the St. Louis housing market and has been derived from the housing propensities of the likely residents of each area with the objective of creating and/or supporting stable, urban neighborhoods.

Base prices are in 1998 dollars and have been positioned to fit within the affordability range of a significant number of the target households. The

initial recommended pricing levels are designed to strike a balance between velocity of leases/sales and neighborhood quality; market-entry rents/prices need to be low in order to jump-start absorption, but not so low that the neighborhoods become stigmatized as "projects." Until each neighborhood's "civic realm" is established, prospective residents may be slow to make that final commitment to move. Strong absorption will help establish completed streets which will, in turn, demonstrate neighborhood quality to prospective residents. Once the quality of the "civic realm" is evident, higher rents/prices, at sustainable absorption, should be achievable.

To be successful, development on the scale proposed for each of the above areas—as opposed to scatter-site single units—must present housing units that offer high perceived quality compared to equivalent units currently being built in the city's outer suburbs.

Therefore, the market-entry base rents/prices (in 1998 dollars) for each of the development areas are as follows (*see also* Tables 4, 7, 10 *and* 13):

OPTIMUM MARKET POSITION
DOWNTOWN ST. LOUIS STUDY AREA
(NEW CONSTRUCTION AND ADAPTIVE RE-USE)

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
Laclede's Landing Neighborhood *(New Construction)*			
Courtyard Apts (Rental)	$700-$1,100/month	750-1,250 sf	$0.88-$0.93 psf
Mansion Apts (Rental)	$850-$1,250/month	800-1,300 sf	$0.96-$1.06 psf
Mansion Apts (For Sale)	$130,000-$175,000	1,250-1,700 sf	$103-$104 psf
Rowhouses	$110,000-$155,000	1,100-1,500 sf	$100-$104 psf
Washington Avenue Loft District *(Adaptive Re-Use/New Construction)*			
Rental Lofts	$700-$1,400/month	1,000-2,000 sf	$0.70 psf
For-Sale Lofts *(Adaptive Re-Use)*	$95,000-$200,000	1,000-2,500 sf	$80-$95 psf
Rental Apts	$650-$1,050/month	750-1,250 sf	$0.84-$0.87 psf
For-Sale Apts *(New Construction)*	$85,000-$135,000	900-1,500 sf	$90-$94 psf

Cupples Station
(Adaptive Re-Use/New Construction)

Rental Apts *(Adaptive Re-Use)*	$500-$1,200/month	500-1,500 sf	$0.80-$1.00 psf
Rental Apts *(New Construction)*	$600-$1,000/month	750-1,250 sf	$0.80 psf

Eugene Field House Neighborhood
(New Construction)

Mansion Apts (Rental)	$800-$1,200/month	800-1,300 sf	$0.92-$1.00 psf
Mansion Apts (For Sale)	$120,000-$165,000	1,250-1,700 sf	$96-$97 psf
Rowhouses	$100,000-$145,000	1,100-1,500 sf	$96-$97 psf
Single-Family Detached	$150,000-$195,000	1,500-2,000 sf	$98-$100 psf

In addition to apartments in courtyard buildings, multi-family development (both rental and for sale) should utilize the "mansion" building form for maximum flexibility in new construction.

The mansion building is typically comprised of two or three stories, with a street façade resembling a large detached house. The building has 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.

The mansion building also has several strategic advantages in the establishment or re-establishment of urban neighborhoods. The building represents small and flexible increments of development—even a small developer can respond to market opportunities as they arise using the mansion form. Debt on any individual mansion building is small enough that local lenders can retain the loans in their portfolios without committing to large high-risk assets.

Apartment densities of up to 60 units per acre in new construction should be achievable in five to six-story courtyard buildings.

Lot widths for the mansion buildings should average 55 feet; lot widths for single-family detached houses should range between 40 and 60 feet. Townhouse lots should average 24 feet, ranging between 20 and 28 feet wide.

Given the relationship of the recommended rents/prices to the number and incomes of target households; a market position emphasizing both housing and neighborhood quality; and assuming aggressive individual marketing programs for each location, average annual absorption for each housing type at each location is forecast as follows (*see again* Tables 4, 7, 10 *and* 13):

FORECAST ANNUAL "FIRST-WAVE" ABSORPTION
DOWNTOWN ST. LOUIS STUDY AREA
NEW CONSTRUCTION AND ADAPTIVE RE-USE

AREA	.... APTS/LOFTS .... RENTAL	FOR-SALE	TOWNHOUSES	SINGLE-FAMILY DETACHED	TOTAL
Laclede's	143	20	24	–	187
Loft District	60	24	–	–	84
Cupples	100	–	–	–	100
Field House	36	20	24	18	98
TOTAL	339	64	48	18	469

Laclede's Landing Neighborhood

From a market perspective, the acreage immediately north of Laclede's Landing is an excellent area for new residential development due to its highly visible location near a major highway and the Mississippi riverfront; its adjacency to both the Laclede's Landing historic district and a Metrolink station; and its proximity to the Downtown core and the Washington Avenue Loft District. Residential development at this location could also have a positive impact on commercial uses within Laclede's Landing.

The cleared 11-acre parcel adjacent to Laclede's Landing—currently utilized as an open parking lot—is an ideal area for the first phase of a significant new residential neighborhood.

The vacant parcel has attractive views of the Downtown skyline and the Martin Luther King, Jr. Memorial Bridge, more distant views of the Eads Bridge and the upper portion of the Gateway Arch, as well as an unobstructed view of the Trans World Dome football stadium just west of the highway. Much of the land in the vicinity slopes gently down towards the Mississippi River, but views of the river are currently limited due to the presence of the elevated train track, currently under construction, a number of low-rise buildings and the imposing Union Electric plant with several chimney stacks.

The area to the east and north of this parcel, as well as lots within Laclede's Landing itself, should also be considered for inclusion in the redevelopment initiative. This area includes an Embassy Suites Hotel, a parking lot and an assortment of older buildings to the east, and a motel and some undistinguished industrial buildings to the north. The only significant drawback to residential development is traffic noise from the nearby highways and bridges.

Laclede's Landing, the nine-block historic district that is the only surviving example of the city's 19th-century riverfront, is an attractive redevelopment with an excellent location just north of the Jefferson National Expansion Memorial Park and the Gateway Arch. The Laclede's Landing district is sandwiched between the historic Eads Bridge to the south and the King Bridge to the north. Interstate 70, an elevated highway at this point, forms a physical as well as psychological separation between the Laclede's Landing area and downtown St. Louis to the west.

At the time of the field visit, there was a significant amount of road and highway construction near the entrance roads. Despite these conditions, the district attracts both local residents and tourists.

Laclede's Landing includes a number of restored buildings that now offer an eclectic range of small shops, nightclubs and restaurants, including a new Planet Hollywood, as well as commercial office space. However, several vacancies were observed within the district. Although the direct impact of adjacent residential development is difficult to project, strengthening the linkage of Laclede's Landing with other neighborhoods would clearly be a benefit to non-residential assets.

The Laclede's Landing district features cobblestone streets, wrought-iron street lamps and brick sidewalks. Some of the road surfaces around the vacant parcel have worn down to reveal sections of the original granite cobbles. The restoration of all the cobblestone streets and the extension of the brick sidewalks and street lighting within the adjacent residential development would create a strong connection between the proposed residential neighborhood and the existing Laclede's Landing.

New development adjacent to Laclede's Landing must be established as a high-quality neighborhood that relates to the mixed-use urban context. A primary objective should be to create a residential neighborhood where one has not existed since Laclede's Village. This can be accomplished through the introduction of a variety of housing types in close proximity.

Successful establishment of new market-rate housing options in a previously non-residential area is initially dependent upon risk-tolerant households. Even though St. Louis is largely a conservative city, the target market analysis indicates that there are a remarkable number of risk-tolerant households who already live within the city limits, and significant numbers who currently live in St. Louis County. Of these, one of the most consequential in terms of establishing the tone of the Laclede's Landing neighborhood is *New Bohemian* households. (*See* TARGET MARKET DESCRIPTIONS *and* Appendix A, Tables 12 *through* 14.)

In city after American city, new neighborhoods have been pioneered by young, trendy singles and couples—usually including significant percentages of *New*

Bohemian households. These people are part of an invaluable group of households who, if appropriate housing options are made available, will help populate or re-populate the downtown. They are invaluable because they are "risk-tolerant" households that prefer living in a city—for the cultural opportunities, the diversity, the restaurants, the nightlife, the stimulating pace of a genuine 24-hour city.

In every case, however, the neighborhood established by these "risk-tolerant" households has grown to encompass more than simply housing; its flavor and tone has been reinforced by the non-residential uses—*avant garde* shops, cutting-edge galleries, trendy clubs, and stylish eating and drinking establishments—that follow the risk-tolerant households, and contribute to the area's residential price escalation.

Large numbers of these risk-tolerant households currently live in the Central West End and in University City, and, despite the attractiveness of these areas, should certainly be considered a market for new market-rate housing within the Laclede's Landing neighborhood.

In addition to residents already living in the Central West End and in University City, the Laclede's Landing neighborhood should also present an attractive alternative to households in the wider draw area that might otherwise consider moving to the Central West End.

As noted above, the establishment of new urban residential neighborhoods does not have to be a "zero-sum" exercise. Properly targeted new housing opportunities within the Downtown Study Area can expand the total number of households moving into the city.

Absorption should increase once Laclede's Landing becomes established as a "neighborhood." A neighborhood is established when enough "mass" is created—both in number of people and in number of buildings. Rental apartments in particular are critical to the establishment of "mass." Rentals are the fastest way to bring a large number of households to a site; rentals

allow households to experiment with living in an area without the commitment of home ownership; and renters also form a pool of potential purchasers of for-sale apartments and townhouses in later phases.

To achieve success, it is imperative that, initially, the design and features of the units are targeted to risk-tolerant younger singles and couples as well as the more cautious empty nesters and retirees who represent the other significant market for Laclede's Landing units. (*See* Table 3.)

Given the tenure propensities of draw area households, and the conservative housing market context, then, the optimum market position for new residential construction at Laclede's Landing should be as follows: (*See also* Table 4.)

OPTIMUM MARKET POSITION
LACLEDE'S LANDING NEIGHBORHOOD
(NEW CONSTRUCTION)

Courtyard Apts (Rental)	$700-$1,100/month	750-1,250 sf	$0.88-$0.93 psf
Mansion Apts (Rental)	$850-$1,250/month	800-1,300 sf	$0.96-$1.06 psf
Mansion Apts (For Sale)	$130,000-$175,000	1,250-1,700 sf	$103-$104 psf
Rowhouses	$110,000-$155,000	1,100-1,500 sf	$100-$104 psf

All three residential options should be marketed as soon as infrastructure and access issues are settled. Absorption forecasts highlight the difference in household mobility by housing tenure; rental households move at annual rates many times greater than owner households. Annual absorption at Laclede's Landing—assuming simultaneous market entry of all housing types—is forecast as follows:

FORECAST ANNUAL ABSORPTION
LACLEDE'S LANDING NEIGHBORHOOD

Courtyard Rental Apts	120	net of turnover.
Mansion Rental Apts	23	net of turnover.
Mansion For-Sale Apts	20	and increasing in later phases.
Townhouses	24	and increasing in later phases.

High renter mobility supports a high initial ratio of rental units compared with for-sale. However, high renter mobility also means substantially higher turnover in rental units; therefore, the ratio of ownership to rental units should gradually be increased over time.

As noted above, in the context of the target market methodology, a capture rate of below or up to 10 percent of the potential market is quite achievable; the capture rates at Laclede's Landing are considerably below 10 percent.

The forecast annual absorption of 143 rental apartments represents a capture of approximately six percent of the 2,410 households that comprise the potential market for new rental units within the development area in 1997/1998. The forecast absorption of 20 for-sale apartments and 24 townhouses represents a capture of just three percent of the 990 households that comprise the potential market for new for-sale apartments and three percent of the 810 households that comprise the potential market for new townhouses at that location in 1997/1998.

The market position required to capture households from a wide draw area should present not only a safe and secure environment but also a high-quality urban residential neighborhood, conveying permanence and solidity. Buildings' façades should therefore have brick, masonry and stucco finishes.

Washington Avenue Loft District

From a market perspective, the Washington Avenue Loft District represents a natural linkage between the Downtown St. Louis core and Laclede's Landing. A number of loft apartments have been created in recent years within renovated warehouse and manufacturing buildings; most are currently occupied, but a number are still available either for sale or for rent. Most of the lofts feature completely open space, while others, such as those at Art Loft, have been divided into separate rooms.

Washington Avenue itself begins at the riverfront, between Laclede's Landing and the Jefferson National Expansion Memorial. The eastern section of the avenue is the site of both the Convention Center and the St. Louis Center; this section of the avenue contains a variety of uses, as well as a number of vacant buildings.

The heart of the Loft District currently begins at 10th Street and extends several blocks to the west. The beautifully-restored building that houses the CPI offices represents the "unofficial" western edge of the neighborhood. Beyond this building are the company parking lots, and an entire block of rundown, low-rise buildings with "tudor" façades that forms an effective boundary to the Loft District.

The section of Washington Avenue between Tucker Boulevard and 18th Street contains a variety of warehouse buildings, ranging widely in size—with many structures up to nine stories high—and condition, from extremely dilapidated to immaculately restored. Some buildings have been demolished and the lots are currently used for parking, with extremely low parking fees charged. The avenue widens west of Tucker Boulevard and on-street parking is permitted, still leaving four lanes available for traffic.

At this time, there are few shops or services within the Loft District itself. Residents must travel to Union Station for a variety of stores, and several blocks to a large supermarket, such as the Schnucks on Cass Avenue. The new City Museum, an interactive museum on Lucas Avenue, which runs parallel to Washington Avenue, is an invaluable asset to the Loft District. Currently, there are no listings or advertising for the museum in the city guide magazines. However, as the museum acquires a higher profile in the city, it should draw large numbers of visitors and should also attract more artists who might be interested in living in the District. A number of trendy new restaurants and nightclubs have recently opened on Washington Avenue or in the vicinity of the Loft District.

The scheduled restoration of the Gateway Hotel and Lennox Building as a major convention hotel should have significant impact on the successful development and completion of residential initiatives along Washington Avenue. More activity on Washington Avenue will increase retail feasibility which will, in turn, support additional resident households.

Residential re-use of existing non-residential structures is one of the most beneficial redevelopment types because it creates and enhances a pedestrian-oriented street environment at a familiar, and often historic, urban fabric and scale. However, adaptive re-use is also the most challenging since the existing structure complicates the design effort while costing nearly as much as or, under some circumstances, more than new construction.

Critical issues that must be addressed to increase the number of housing units in the Washington Avenue Loft District include the following:

- Restoration of the urban fabric. Emphasis should be on adaptive re-use, with new construction used as infill among rehabilitated structures.

- Improvement of the streetscape. Parallel parking should be extended on both sides and the full length of the Avenue to provide more parking. High traffic-volume streets usually benefit from the addition of parking, which often encourages retail activity through the establishment of a more comfortable and secure pedestrian zone. As evidenced by the interior finishes of the new City Museum, local artists can create a unique physical environment. That unique image should be extended to the District's "street furniture"—the trash receptacles, seating areas, public sculptures, and other small street amenities that make the difference between an "automobile-oriented road" and a "neighborhood street."

- Facilitation of Loft District housing development.
  — Establish a Washington Avenue Loft District zoning overlay to provide specific, as-of-right variances to make the adaptive re-

use entitlement process more predictable. A specific study of code compliance issues should be undertaken to identify appropriate standard variances. Technical assistance should be available from a single source on all compliance issues, regardless of regulating agency.

— Establish a revolving loan pool for subordinated, low-interest gap funding to put the financial feasibility of unique, adaptive re-use properties on an equal footing with more conventional properties. The gap fund should be flexible in order to respond to the special needs of highly individual properties. Gap funding is typically structured as low-interest debt in a second or third position, but can incorporate interest accrual or other features designed to address the short-term financing impediments to residential developments that are essentially sound when viewed over the long term.

- Residents' parking needs. Although there are market segments that will accept housing without parking—most notably seniors in assisted-living housing and college-age students—households in most groups require parking facilities. Suburban development standards typically require 1.7 parking spaces per rental unit and two parking spaces per ownership unit; urban requirements can be significantly lower. Some parking can be accommodated by providing on-street parking permits for residents on designated parking streets. Permits should be issued at the cost of administering the program, including the added cost of enforcement.

- Marketing. A high-profile marketing program must be undertaken to establish the Washington Avenue Loft District as a plausible housing option. An effective marketing program will require promotion, advertising and public relations, and merchandising.

  — Promotion should include a series of special events that attract large numbers of households to the District. Possibilities

include: an annual charity event featuring loft interiors by different designers; an Avenue Arts Festival, spearheaded by the City Museum, that spills out into the street for a weekend of festivities, including participatory art activities; seasonal parades, *e.g.*—a Halloween parade featuring "haunted lofts."

— Advertising and public relations should include an "image" campaign that not only keeps the Washington Avenue Loft District within the public consciousness, but also reinforces the positive aspects of urban living.

— Merchandising includes consistent street amenities, such as lighting and trash receptacles with unique designs (*see above*); a loft rental/sales center, preferably located in a newly-renovated building, with knowledgeable personnel and illustrated brochures describing the characteristics, size, and rents/prices of available lofts; and an adjacent design center demonstrating the various approaches to the design and decoration of loft interiors. The design center has the potential to develop into a stand-alone commercial enterprise.

- Amenities and support services. Neighborhood retail at a level comparable to other city (the Central West End) and county (University City) locations should begin to emerge once there are greater numbers of people both living and visiting in the District. To ensure that appropriate retail is developed as early as possible, a specific study should be undertaken to identify non-market-related impediments to the establishment of essential neighborhood retail services.

Like Laclede's Landing, the Washington Avenue Loft District should ultimately be able to attract renters/buyers from both the city and the suburbs. Of the 9,300 households that comprise the pool of potential renters/purchasers of new market-rate housing in the Downtown Study Area in 1997/1998, approximately 2,000 comprise the pool of potential renters/purchasers of lofts

and/or conventional apartments within the Loft District. (*See* Appendix A, Tables 15 *through* 17 *and* Table 5.)

The *New Bohemians* are the largest single target group for both rental and for-sale lofts. However, several empty nester and retiree groups—*Post-War Suburban Pioneers*, *Blue-Collar-Button-Downs*, and *Comfortable Retirees*—represent a significant, and currently untapped, market for this type of housing.

The optimum market position for new rental and for-sale lofts and/or conventional apartments within the Washington Avenue Loft District is therefore as follows: (*See also* Table 7.)

OPTIMUM MARKET POSITION
WASHINGTON AVENUE LOFT DISTRICT
(NEW CONSTRUCTION AND ADAPTIVE RE-USE)

Rental Lofts	$700-$1,400/month	1,000-2,000 sf	$0.70 psf
For-Sale Lofts *(Adaptive Re-Use)*	$95,000-$200,000	1,000-2,500 sf	$80-$95 psf
Rental Apts	$650-$1,050/month	750-1,250 sf	$0.84-$0.87 psf
For-Sale Apts *(New Construction)*	$85,000-$135,000	900-1,500 sf	$90-$94 psf

As mentioned previously, initial housing efforts should be directed to adaptive re-use of vacant buildings along the avenue. Although the above-recommended rents and sales prices per square foot are higher than currently evidenced in the loft market, they represent achievable benchmarks for the "first-wave" of loft and apartment development after institution of the recommended initiatives. Annual absorption of new lofts and/or conventional apartments is forecast as follows:

FORECAST ANNUAL ABSORPTION
WASHINGTON AVENUE LOFT DISTRICT

Rental Lofts/Apts	60	net of turnover.
For-Sale Lofts/Apts	24	and increasing in later phases.

Again, a capture rate of below or up to 10 percent of the potential market is considered quite achievable. The forecast annual absorption of 60 rental apartments represents a capture of approximately 4.3 percent of the 1,400 households that comprise the potential market for new rental lofts/apartments within the Washington Avenue Loft District in 1997/1998. The forecast absorption of 24 for-sale lofts/apartments also represents a capture of 4.3 percent of the 560 households that comprise the potential market for new for-sale apartments at that location in 1997/1998.

Cupples Station

Cupples Station is a warehouse district situated between Busch Stadium and Tucker Boulevard, and adjacent to intersection ramps for Interstate 64. The district is comprised of 10 brick buildings and a number of open parking lots. There is also an electrical substation.

The Cupples Station area is adjacent to the new Thomas F. Eagleton Federal Courthouse, currently under construction on the block between Clark Avenue and Walnut Street, south of 11th Street. City Hall and several courthouses are within walking distance; the Kiel Center and Union Station are a few blocks further west. Significant numbers of people are employed in the civic offices in the vicinity of Cupples Station, along with a number of other nearby office buildings and plants, such as the SBC offices in the area north of Market Street and the Ralston Purina campus south of Interstate 64.

Many of the programs outlined for the Washington Avenue Loft District apply to Cupples Station. However, to distinguish the adaptive re-use of Cupples Station buildings from those within the Washington Avenue Loft District, unit designs should reflect the sizes and configurations of the older apartments in the Central West End, rather than the loft configurations of the Washington Avenue Loft District. Of the 9,300 households that have the potential to rent/purchase new market-rate housing in the Downtown Study Area in

1997/1998, 1,900 comprise the pool of potential renters of apartments within Cupples Station. (*See* Appendix A, Tables 15 *through* 17 *and* Table 8.)

The primary market for the Cupples Station apartments is likely to be roughly one-third older urban and suburban couples—such as *Blue-Collar Button-Downs*, *Comfortable Retirees* and *Rowhouse Retirees*—who are seeking an urban living environment as a lifestyle choice, and two-thirds young professional singles and couples, such as *The VIPs*, *Generation X*, *New Bohemians* and *Urban Strivers*—who would prefer to live within walking distance of where they work. (*See* Appendix A, Table 19 *and* Table 9.)

Based on the lifestyle and consumption propensities of the target groups for Cupples Station, the Cupples Station buildings should be positioned to provide the amenities and services provided by modern luxury apartment developments within the context of the charm and style of older apartment buildings. Although located in older buildings, the apartments could be developed to accommodate all the latest "high-tech" requirements, *e.g.*—multiple lines for fax and modem, including T-1 or other high-speed lines. In addition, such services/amenities as a cyber café, photocopy shop, furnished corporate apartments, housekeeping and valet/concierge services, and shuttle bus should be available on an additional fee basis.

Cupples Station should become the residential "anchor" for the adjacent employment centers; an appropriate residential environment for the downtown workforce. The property should cater to younger professionals, providing them with a safe place to park their automobiles, a convenient place to have their shirts laundered, and a nearby place to buy the latest gourmet food.

The market potential of a building reserved for seniors, focused on a high level of service with a pharmacy and delivered meal services, should also be explored.

The optimum market position for new rental apartments, primarily adaptive re-use but also new construction, within Cupples Station is therefore as follows: (*See also* Table 10.)

OPTIMUM MARKET POSITION
CUPPLES STATION
(NEW CONSTRUCTION AND ADAPTIVE RE-USE)

Rental Apts *(Adaptive Re-Use)*	$500-$1,200/month	500-1,500 sf	$0.80-$1.00 psf
Rental Apts *(New Construction)*	$600-$1,000/month	750-1,250 sf	$0.80 psf

Annual absorption of apartments within Cupples Station is forecast at 100 units, a capture of approximately 5.3 percent of the 1,900 households that comprise the potential market for new rental apartments within that location in 1997/1998.

Eugene Field House Neighborhood

Like the open land adjacent to Laclede's Landing, the area surrounding the Eugene Field House Museum on South Broadway represents an excellent opportunity for new residential development due to its location near Busch Stadium and Interstate 64, its adjacency to the historic Eugene Field House, and its proximity to the Downtown core as well as the proposed residential development of Cupples Station.

Some of the large amount of land currently dedicated to open parking lots for Busch Stadium could be acquired to develop a vital new residential neighborhood surrounding the Eugene Field House Museum; considering the significant potential for residential expansion both to the east and west, the new neighborhood could anchor the market-rate residential redevelopment of the southeastern edge of downtown.

Given the tenure propensities of draw area households, and the housing market context, which should include the establishment of a successful track record at Laclede's Landing, the optimum market position for new residential construction within a new neighborhood surrounding the Eugene Field House Museum should be as follows: (*See also* Table 13.)

OPTIMUM MARKET POSITION
EUGENE FIELD HOUSE NEIGHBORHOOD
(NEW CONSTRUCTION)

Mansion Apts (Rental)	$800-$1,200/month	800-1,300 sf	$0.92-$1.00 psf
Mansion Apts (For Sale)	$120,000-$165,000	1,250-1,700 sf	$96-$97 psf
Rowhouses	$100,000-$145,000	1,100-1,500 sf	$96-$97 psf
Single-Family Detached	$150,000-$195,000	1,500-2,000 sf	$98-$100 psf

Compared to the Laclede's Landing neighborhood, neighborhood development surrounding the Eugene Field House Museum should occur at a lower-density, less intense scale, using as a frame of reference the Field House itself. Multi-family development (both rental and for sale) should be limited to the "mansion" building form and single-family detached houses should be included in the mix. Rent/pricing levels proposed for the introduction of market-rate housing in this area are slightly below those of Laclede's Landing, because of the more "pioneering" nature of the location. Although both neighborhoods will be built from scratch, the ambiance of their streets should be quite different. The Eugene Field House neighborhood should try to capture the ambiance of the Lafayette Park neighborhood; Laclede's should be more reflective of the Central West End (without, at first, the single-family mansions).

Because of the lower-density character of this neighborhood and the inclusion of single-family detached houses, the primary market for new market-rate housing units at the Eugene Field House neighborhood is likely to be deeper than Laclede's Landing, including a larger number of families—both transferee (*Unibox Transferees*) and suburban (*Full-Nest Suburbanites*). Families could comprise up 20 percent of the potential market; a broad range of urban and suburban older couples—such as *Post-War Suburban Pioneers*,

Blue-Collar Button-Downs, *Comfortable Retirees* and *Rowhouse Retirees*—represent another 43 percent of the potential market; and the remaining 37 percent younger one- and two-person households from both the city and the suburbs, such as *The VIPs*, *Suburban Strivers*, *New Bohemians* and *Urban Strivers*. (*See* Appendix A, Tables 22 *and* 23 *and* Table 12.)

Marketing for all four residential options should begin simultaneously, but only after the Laclede's Landing neighborhood has established a successful track record; this will avoid diluting the impact of the risk-tolerant pioneer households across too many new downtown residential options. With a properly-timed introduction, the Field House neighborhood can capitalize on the success of Laclede's without affecting Laclede's absorption paces.

Annual absorption within the Eugene Field House neighborhood—assuming simultaneous market entry of all housing types—is forecast as follows:

FORECAST ANNUAL ABSORPTION
EUGENE FIELD HOUSE NEIGHBORHOOD

Rental Apts	36	net of turnover.
Mansion For-Sale Apts	20	and increasing in later phases.
Townhouses	24	and increasing in later phases.
Single-Family Detached	18	and increasing in later phases.

Again, in the context of the target market methodology, a capture rate of 10 percent of the potential market is considered achievable; as with Laclede's Landing, the capture rates at the Eugene Field House neighborhood are considerably lower than 10 percent. The forecast annual absorption of 36 rental apartments represents a capture of below two percent of the 2,700 households that comprise the potential market for new rental units at the Eugene Field House Neighborhood in 1997/1998. The forecast absorption of 20 for-sale apartments and 24 townhouses represents a capture of below two percent of the 1,090 households that comprise the potential market for new for-sale apartments and 2.6 percent of the 910 households that comprise the potential market for new townhouses at that location in 1997/1998. The forecast absorption of 18 single-family detached houses represents a capture of just over

one percent of the 1,660 households that comprise the potential market for new single-family detached houses within the Eugene Field House Neighborhood in 1997/1998.

As with Laclede's Landing, the market position required to capture households from a wide draw area should present not only a safe and secure environment but also a high-quality urban residential neighborhood, conveying permanence and solidity. Buildings' façades should therefore have brick, masonry and stucco finishes.

The four market-rate housing initiatives outlined above will act as catalysts—to support continued residential growth in the downtown study area, to enhance existing assets, both residential and commercial, and, ultimately, to make significant non-residential economic development more feasible.

East St. Louis Riverfront Study Area

New residential development within the East St. Louis Riverfront Study Area (bounded by the Mississippi River to the west, the Martin Luther King Jr. Memorial Bridge to the north, and Interstate 40 to the east and south) will be difficult to achieve at this time, particularly as long as the market for market-rate housing in the Downtown St. Louis Study Area is perceived to be both fragile and thin. Only when successful residential development has been accomplished in the Downtown Study Area, and demand for housing there exceeds supply, will significant residential development in East St. Louis become a viable proposition.

East St. Louis has long had a reputation as a dangerous area and a large number of households will be wary of relocating there. At the time of the field visit, very few people were visible on the streets, and much of the downtown area appeared to be quite desolate. St. Mary's Hospital—along with the new City Hall and police station, several lawyers' offices and banks—is one of only

a few downtown facilities. The Metropolitan Community College (formerly the State Community College) is located near the Study Area. This institution was established in 1996 and is committed to enabling welfare recipients to obtain work and to building a strong work force in general. A meager assortment of shops is located along Collinsville Road.

From a market perspective, the Study Area has many physical drawbacks as well. Despite its riverfront location and views of Downtown St. Louis, the area is surrounded on three sides by elevated highways and railroad tracks, creating a barrier between the area and the rest of the city. Consequently, the area is almost entirely vacant, with the exception of an unsightly grain elevator, a riverboat gambling casino, a waterworks and a few rundown buildings. A vast network of railroad tracks covers a large portion of the Study Area. A portion of Main Street extends into the Study Area, but this street is one way and is disconnected from downtown by the interstate highway.

The center of the Study Area is dominated by a large Continental Grain elevator, served by multiple active railroad tracks. The adjacent Casino Queen features riverboat gambling with a large building on land for associated activities, including a restaurant and hotel, and a large parking lot. The facility is active and seemingly busy throughout the day. A nearby independent restaurant, located in one of the few buildings remaining on the main entrance road to the Study Area and casino, has gone out of business.

Access to the Study Area is currently awkward with just two roads—River Bend Road and Trendley Avenue—leading in or out, and currently they must be accessed from downtown East St. Louis. There are no entrances from either Interstate 40, which passes right by the property and connects with downtown St. Louis, or from the road leading to the Martin Luther King Bridge, which enters St. Louis next to Laclede's Landing. River Bend Road is the main route to the casino and is marked with flags, and although Front Street runs along the riverfront, it does not continue very far. More railroad tracks occupy the land between Front Street and the river. Trendley Avenue leads back out to downtown, passing the disconnected portion of Main Street.

Given the psychological and physical drawbacks of the site, successful introduction of new market-rate housing within the East St. Louis Riverfront Study Area is almost entirely dependent upon the supply/demand relationship in Downtown St. Louis. Only when the Downtown St. Louis housing initiatives create significantly higher demand there, will East St. Louis become an attractive alternative.

Over the near term, as determined by this analysis, the limited housing market potential for the East St. Louis Riverfront Study Area, delineated by draw area housing preferences, is as follows (*see also* Table 14):

ANNUAL HOUSING MARKET POTENTIAL
FOR NEW CONSTRUCTION
EAST ST. LOUIS RIVERFRONT STUDY AREA

.... APTS			SINGLE-FAMILY	
RENTAL	FOR-SALE	TOWNHOUSES	DETACHED	TOTAL
220	90	100	260	670

The current potential market for the East St. Louis Study Area excludes family-oriented households; at the present time, the location can be viewed as so pioneering that only the bravest young persons, and empty nesters and retirees looking for a bargain, can be expected to consider moving there. (*See* Table 13.) It is likely that, over time—again, with new construction that strictly adheres to the proposed residential mix and rent/pricing levels, excellent urban design and architecture, and appropriate marketing and advertising—the current, highly-negative market perception of this location can be altered.

The most prudent strategy for East St. Louis would be to wait until significant numbers of additional households have been established in the Downtown St. Louis Study Area. Another factor that should be taken into consideration is the proposed new park/arts development on the East St. Louis Riverfront; if these plans move forward, then land should be set aside for future residential development.

Currently, the initial market position for new market-rate housing within the East St. Louis Riverfront Study Area is practically a "default" market position, discounted from the cost of comparable new housing in more desirable locations. Prices and rents have been placed within the context of the St. Clair County housing market, without regard to the values of views of the Downtown skyline, and has been derived from the housing propensities of the likely residents.

Base prices are in 1998 dollars and have been positioned to fit within the affordability range of a significant number of the target households. The initial recommended pricing levels are very conservative, reflecting the requirement to offer very high value for the housing dollar.

To be successful at this time, development within the East St. Louis Riverfront Study Area must present housing units that offer high perceived *value* compared to equivalent units currently being built in the rest of the county.

Therefore, the market-entry base rents/prices (in 1998 dollars) for new market-rate housing units within the East St. Louis Riverfront are as follows (*see also* Table 16):

OPTIMUM MARKET POSITION
EAST ST. LOUIS RIVERFRONT STUDY AREA
(NEW CONSTRUCTION)

Courtyard Apts (Rental)	$500-$800/month	750-1,250 sf	$0.64-$0.67 psf
Mansion Apts (For Sale)	$65,000-$75,000	1,000-1,200 sf	$63-$65 psf
Rowhouses	$75,000-$95,000	1,100-1,500 sf	$63-$68 psf
Single-Family Detached	$99,000-$120,000	1,400-1,800 sf	$67-$71 psf

In order to capture the widest possible market, all four residential options should be marketed as soon as development can begin. Annual absorption within the East St. Louis Riverfront Study Area—assuming simultaneous market entry of all housing types—is forecast as follows:

FORECAST ANNUAL ABSORPTION
EAST ST. LOUIS RIVERFRONT STUDY AREA

Courtyard Rental Apts	60 units.
Mansion For-Sale Apts	12 units.
Townhouses	12 units.
Single-Family Detached	18 units.

Again, in the context of the target market methodology, a capture rate of 10 percent of the potential market is considered prudent; however, many of the capture rates at the East St. Louis Riverfront Study Area are considerably higher than 10 percent, reflecting the difficulty of overcoming the psychological and physical drawbacks of the location for residential development.

The forecast annual absorption of 60 rental apartments represents a capture of approximately 27 percent of the 220 households that comprise the potential market for new rental units at the East St. Louis Riverfront in 1997/1998. The forecast absorption of 12 for-sale apartments and 12 townhouses represents a capture of approximately 13 percent of the 90 households that comprise the potential market for new for-sale apartments and 12 percent of the 100 households that comprise the potential market for new townhouses at that location in 1997/1998. The forecast absorption of 18 single-family detached houses represents a capture of below seven percent of the 260 households that comprise the potential market for new single-family detached houses within the East St. Louis Riverfront Study Area in 1997/1998.

The market position required to capture households from within St. Clair County as well as from across the river in St. Louis City and County should present a safe and secure environment. A series of housing units must be designed that are economical to produce. Manufactured modular units, with standard site-built details such as porches, might be appropriate for the detached units. Housing designs should create a neighborhood housing context with building heights, façades and materials on a smaller scale than

Laclede's Landing. Vinyl siding is acceptable, but well-scaled, roofed porches should be featured on a majority of designs.

Land availability will dictate phasing; however, from a marketing perspective, it will be essential to establish a first phase with a large number of housing units on contiguous blocks. A minimum first phase should include 20 townhouses or detached houses, 10 on each side, facing each other along a single street. One of these should be reserved for use as a sales and mortgage qualification center, which is likely to be required in this neighborhood.

MARKET OVERVIEW—

The existing housing stock within the Downtown St. Louis Study Area consists largely of rental lofts and apartments, of which a substantial majority are located within public housing or assisted housing projects.

Rents at the two largest loft properties, **Art Lofts** and **Lucas Park Lofts**, are currently less than $0.70 per square foot, with rents ranging between $595 and $795 per month at **Art Lofts** (where all units must be leased to households at or below 60 percent of the area median income) and $500 to $625 at **Lucas Park Lofts**. Occupancy exceeds 95 percent at both properties, and **Art Lofts** has a waiting list. (*See* Table 17.)

The highest downtown rents are found at the two riverfront properties, **Gentry's Landing** and **Mansion House**, where rents exceed $1.00 per square foot for apartments with a river view. Occupancy is 95 percent at both properties, and there are waiting lists for the two-bedroom units.

Elsewhere in St. Louis City, the highest rents are achieved in the Central West End, where apartments—ranging from small studios to 4,000-square-foot penthouses—in elegant apartment buildings are in very high demand. Rents at these older properties average between $0.75 and $0.85 per square foot.

The number of newly-constructed housing units for sale within St. Louis City is minuscule compared with the amount of new construction taking place in suburban municipalities in St. Louis, St. Charles, Jefferson and St. Clair Counties. (*See* Tables 18 *and* 19.) Vacant land is widespread throughout the city, including both large tracts and infill lots.

Three single-family projects in the city—**Buder Place** and **The Classics of Eads Park** located south of the Downtown Study Area, and **Mullanphy Square** located north of the Study Area—are currently marketing new single-family detached houses at prices ranging between $65,000 and $135,000. Houses contain between 1,000 and 2,000 square feet on lots of approximately 5,000 square feet. **The Classics of Eads Park** houses are attractively designed; however, the vinyl siding used on the side and rear elevations mars the appearance of the well-designed brick façades.

New residential construction taking place outside the city is typical of suburban development throughout the country. Numerous communities are marketing new, but undistinctive houses in the outer suburbs. Single-family houses predominate, with base prices starting from the low $100,000s, depending on location. Most sales paces range from an average of two to three sales per month, with some properties averaging fewer than one sale every two months to as many as eight sales per month.

METHODOLOGY—

The proprietary target market methodology developed by Zimmerman/Volk Associates is an analytical technique, using the PRIZM geo-demographic system, that establishes the optimum market position for residential development of any property—from a specific site to an entire political jurisdiction—through cluster analysis of households living within designated draw areas. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the

recommendations for unit sizes, rents and/or prices—and projections of absorption within the local housing context.

The draw areas for the Downtown St. Louis and East St. Louis Riverfront Study Areas have been determined through analysis of historic migration patterns combined with anecdotal information. As derived from this analysis, households currently living in St. Louis City and County, and Jefferson, St. Charles and St. Clair Counties constitute the main sources of demand for market-rate housing within the Downtown St. Louis Study Area. (*See* Appendix A, Table 1.)

Although a certain percentage of households will move from outside these draw areas, they will tend to share the same lifestyle characteristics and housing preferences as the draw area households. The total number of households currently living in these draw areas approaches 800,000, of which more than 530,000 qualify for market-rate housing.

As determined by the target market methodology, which accounts for household mobility within the City as well as migration patterns for households currently living in St. Louis County, and Jefferson, St. Charles and St. Clair Counties, approximately 9,300 of the qualified draw area households represent the potential market for new housing units in the Downtown St. Louis Study Area in 1997/1998. (*See* Appendix A, Tables 2 *through* 9.)

These 9,300 households have been categorized by tenure (renter/owner profile) and propensity to lease or purchase various housing types in order to determine the depth and breadth of the market for new housing units (both new construction and adaptive re-use) in Downtown St. Louis. (*See* Appendix A, Tables 10 *and* 11, *and* Table 1.)

For a variety of reasons specific to each housing initiative, not all of the qualified households that represent the potential market for new market-rate housing units in the Downtown Study Area can be captured by new

development or re-development programs in specific locations. (*See* CONCLUSIONS AND RECOMMENDATIONS *above and* Appendix Tables 12 *through* 23.)

Approximately 4,200 of the households currently living in the draw areas comprise the pool of potential renters/purchasers of new housing units at the proposed Laclede's Landing neighborhood in 1997/1998; nearly 2,000 households represent the potential market for rental and for-sale lofts and apartments in the Washington Avenue Loft District; 1,900 households represent the potential market for rental apartments at Cupples Station; and more than 6,300 households represent the potential market for various housing types at the Eugene Field House neighborhood (*See also* Tables 2, 5, 8 *and* 11.)

The primary draw areas for residential development within the East St. Louis Riverfront Study Area has been determined to be St. Clair and Madison Counties in Illinois and St. Louis City and County in Missouri. (*See* Appendix B, Table 1.) The total number of households currently living in these draw areas exceeds 725,000, of which more than 470,000 qualify for market-rate housing.

Nearly 5,000 qualified draw area households represent the potential market for new housing units in St. Clair County in 1997/1998. However, just 800 of these households represent the potential market for new housing units in the East St. Louis Study Area. (*See* Appendix B, Tables 2 *through* 9.) As above, these 800 households have been categorized by tenure (renter/owner profile) and propensity to lease or purchase various housing types in order to determine the depth and breadth of the market for new housing units in the East St. Louis Study Area. (*See* Appendix B, Tables 10 *and* 11, *and* Table 14.)