

NCR SUGAR CAMP SUBAREA PLAN

SITE DEVELOPMENT ALTERNATIVES AND GUIDELINES



City of Oakwood, Ohio



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NCR Sugar Camp Subarea Plan Site Development Alternatives and Guidelines

City of Oakwood, Ohio

1. Purpose

The *Site Development Alternatives and Guidelines* are prepared as a supplement to the 1997 *Subarea Area Plan for NCR Sugar Camp and the Far Hills and Schantz Area*. This supplement is intended to respond to several changing conditions regarding the status of the property and community interest in the site. NCR Corporation has now decided to release Sugar Camp from its corporate holdings, and place the property on the market for sale. It has been locally listed for over the last 19 months.

During this time, the City has begun to consider whether it should purchase the property, and, if so, under what conditions. In addition, the City desires to take a more proactive role in understanding the current market position of the site, and the implications it might have on community expectations for use or re-use of the property. This information will benefit the City by providing a better understanding of how the site is currently positioned in the real estate market. Accordingly, any desirable adjustments to the Subarea Plan Site Development Guidelines can then be made. In short, with the benefit of further insight brought about by the study, the City is better prepared to assess its risks in property acquisition, as well as how to approach any prospective purchaser or developer pursuing re-use of the site. As a result, this amendment affects only the Subarea Plan Site Development Guidelines of the original 1997 Plan.

This update also examines private market development opportunities and site development considerations for Sugar Camp in detail. The feasibility of alternative redevelopment and re-use concepts are examined to determine what is likely to be market supportable. The seven concepts introduced in this



report illustrate ways in which these market opportunities can be realized at Sugar Camp; no single plan is preferred, nor recommended.

Finally, Sugar Camp is currently zoned MU – Multi-Use Special Planning District, under the Oakwood Zoning Ordinance. As stated in the complete Subarea Plan for Sugar Camp, this amendatory plan shall continue to serve as the *Master Plan* described in the district, and shall be used as such in the zoning and development review process required in the MU zoning district.

The study was Led by HNTB Corporation, Chicago, and included Gem Real Estate Group and LJB Engineers and Architects of Dayton.

2. Approach

The approach utilized in the site and development planning process involved the following steps:

- o **Physical Conditions Assessment** – which included an assessment of the physical condition of the site including vegetation, topography, soil depth to bedrock, environmental considerations, and municipal services including water, wastewater collection, and storm water facilities.
- o **Visual Preference Survey** – which involved the participation of the City Council and Planning Commission. A preference survey was conducted to secure an understanding of preferences regarding development type, design, intensity, and organization for the Sugar Camp area. The project team illustrated various residential and commercial developments, and survey participants were asked to rank each image. The feedback from this survey assisted the team in shaping a development program compatible with surrounding land-uses.
- o **Market Potentials Analysis** – which considered the level of market support for new residential (owner occupied and rental including condominiums), office, and retail uses on the site.
- o **Alternative Site Development Planning** – which determined the carrying capacity of the site for market feasible development, to suggest how new development might be organized on the site as well as adaptive re-use of key existing structures.
- o **Financial Feasibility Overview Analysis** – which includes preliminary pro-forma site, development, and financing implications of each of the alternative development scenarios. These preliminary analyses are completed in sufficient detail to determine whether the investment is market supportable, or would require gap financing assistance.



3. Property Configuration

Recently, NCR Corporation has consolidated and replatted the entire Sugar Camp site to the degree that it is substantially different than that reflected in the original Sugar Camp Subarea Plan report. As illustrated to the right, the property has been reconfigured from thirteen lots into three subdivided parcels. Each parcel has the following approximate land-area (in acres):



<i>Parcel 1</i>	<i>24.34</i>
<i>Parcel 2</i>	<i>7.36</i>
<i>Parcel 3</i>	<i>4.74</i>
<i>Total</i>	<i>36.44</i>

Creation of these parcels make development and land control characteristics that are very different from the previous configuration of holdings. Our analysis of the site consistently utilizes the new parcel configuration

4. Visual Preference Survey

The consulting team conducted a visual preference survey with the City Council and Planning Commission to determine the general parameters of the types of uses considered appropriate for the site. The exercise consisted of a review of images of varied residential and mixed-use building types at different scales to test Council and Commission reaction to the range of possible development products on the Sugar Camp site. This feedback provided the consulting team a basic understanding of what might be considered compatible with the greater neighborhood and desirable for the site.

There was favorable reaction to low density town homes and attached housing with high quality site design and building material. Larger residential structures more than three stories in height, or those which had substantial building footprints and mass were seen as less favorable overall. Mixed-use buildings (with retail or commercial service uses on the first floor and



residential uses above) which were well designed were received favorably. It appeared that traditional materials (stone, wood, etc.) were preferred over more modern materials and design.

Buildings over four stories were not very favorably received. However, the structures depicted in the survey were on smaller sites located very close to the public streets as opposed to the Sugar camp site which provides substantial setbacks, varied topography and vegetation to potentially mitigate these impacts.

A summary of the results of the Visual Preference Survey is included in Appendix A.

5. Site Conditions Analysis

Site conditions play an important role in shaping development possibilities for Sugar Camp. While the site has many assets including its physical setting, terrain, and exceptional views overlooking Downtown Dayton, several conditions on portions of the site pose limitations or constraints to development. These include excessive slope, unknown bedrock conditions, and environmental concerns. It is important to point out that while the Project Team was able to conduct a site reconnaissance first hand, access to the property to conduct tests, or review all of NCR's records was not permitted. Thus, we had to rely primarily on secondary source information from other individuals and agencies.

Figure 1, *Opportunities and Constraints*, illustrates several key physical features of the site. These are briefly described below.

- **Slope** – Portions of Sugar Camp contain extreme slopes, unsuitable for building development. Excessive slope areas lie along the northern and eastern portions of the site. While these areas might be suitable for passive recreational trails, additional soils and bedrock conditions analysis would be required to determine feasibility. In some locations slopes are in excess of 40%. The severity of these slopes makes construction and infrastructure improvement impractical. On the other hand, this vantage point offers a wide panoramic view to the north. Such conditions do not exist elsewhere in Oakwood, which makes this site a unique location within the community.



- **Vegetation** – Much of this property is covered by mature woodland, with dense undergrowth along the major sloped portions of the site. Several mature trees provide a visual screen along both Far Hills Avenue and Schantz Avenue. Depending on the intensity of development allowed on the site, significant tree loss could occur. Efforts toward tree conservation will be important.
- **Wastewater Collection** – The site is largely serviceable with sanitary sewer. However, constraints exist in areas of steep slope at the northern and eastern ends of the site. The steep slopes make it difficult to construct gravity flow lines where depths to bedrock are not known. Further, depending on the desired development pattern, the installation of lift station(s) may be required to pump waste to reach gravity flow lines.
- **Environmental Conditions** – Portions of the Sugar Camp property may have environmental limitations. Lots 2 and 3 may have experienced industrial landfill activities that may pose constraints to new development on the site. These conditions are further documented in Appendix B. Again, it is important to point out that these observations are preliminary, and without the benefit of detailed site investigations (such as soils testing). A phase II environmental assessment would be required to determine the locations and extent of environmental concerns, and their impact on the re-use of Sugar Camp.
- **Soil Depth to Bedrock** - Limited information was available regarding soil and bedrock conditions in the site. The Project Team made reasonable assumptions based on select known conditions including site topography and available historical data.
- **Storm Water Management** – Currently all parts of the site drain to the north and outlet either over land or drain to City of Dayton storm sewers on Lot 3. New site development may require detention prior to discharge to the Dayton sewers, or might be discharged to the NCR lagoon with appropriate easements.

More detailed information regarding site conditions is described in Appendix B





OPPORTUNITIES AND CONSTRAINTS



6. Market Overview

Local market conditions will have a strong influence on the redevelopment potential for Sugar Camp. Determining marketable uses for the site will help establish the type, scale and intensity of uses that can be supported by the private sector. It informs the City regarding the most likely uses for the Sugar Camp site and enables it to pre-plan its preferences for the location, type, and intensity of land-uses on the site. The market analysis serves as a basis for site development planning, and preliminary financial feasibility testing of each of the alternatives discussed in subsequent sections. The section provides an overview summary of the market analysis findings. A complete report on the market analysis is included in Appendix C.

The analysis considered residential, retail/commercial and office land-uses. These use categories are consistent with the range of compatible uses considered in the original Sugar Camp Subarea Plan. The market demand for these uses are summarized below.

Residential Land-Use

Owner Occupied Attached Dwellings

The most promising demand is for “attached” dwelling units which are typically condominiums or patio homes. Historically, Oakwood has been a home ownership community. Almost 80% of the housing inventory is comprised of freestanding, single-family residences. Owner-occupied, attached dwelling units comprise approximately 3.76% of the total owner-occupied housing inventory. A comparative analysis of similarly situated communities in the Miami Valley reveals that most attached dwellings comprise over 20% of the owner-occupied housing inventory.

Over time, it would appear that Oakwood would have the opportunity to introduce up to 615 new attached dwelling units to match the level of the attached housing units in the newer nearby communities. Based on the current annual absorption of the owner-occupied housing market, the introduction of new attached, dwelling units could take place at an annualized rate of approximately 40 units per year.

Purchasers for these units are expected to be from the local marketplace and consist of existing property owners between



the ages of 55 and 74 with annual incomes equal to, or in excess of \$75,000 per year. The south suburban, attached dwelling market appears to be robust up to a price threshold of \$200,000. Approximately 95% of the market for attached dwellings in the southern suburbs between 2001 and 2003 has been at or below the \$200,000 price threshold. The remaining 5% of the annual attached dwelling unit market is comprised of units over the \$200,000 threshold. However this market has totaled only 26 to 28 units per year.

In general, a time period of three years is regarded as relatively safe from significant competition between existing units and new units for sale in the same development. Therefore, the annual absorption rate of new units can be projected over a time span of three years to estimate the total size of an attached dwelling unit based project on the subject site. Given an annual absorption rate of 40 units and a three-year "build-out" timeframe, the subject site could accommodate a project of up to 120 units. The price distribution of the project is concluded to be between 70% and 90% below \$200,000 and the complement of these percentages priced at over \$200,000. This projection translates to between 28 and 36 units per year at \$200,000 or less and between 4 and 12 units per year priced in excess of \$200,000. City officials believe that there may be significant pent-up demand for units, especially in the \$200,000+ price range. There is no way to accurately predict the pent-up demand that may exist, but the price allocation projected for the proposed project on the subject site assumes that between 5% and 10% of the Oakwood housing market in excess of \$200,000 could be successfully captured.

Key Development Considerations

Dwelling Size -	Approximately 1,600 sq. ft.
Configuration -	Primarily 1 to 2 stories w/ attached 2 car garage
Value -	Strong Market +/- \$200,000

Planned Apartment Community

A brief analysis of the renter-occupied housing market was conducted focusing on the same age group of residents as considered in the owner-occupied housing analysis summarized above.

Unlike a project designed for resale, the rental market has a much higher market velocity and lease-up of an entire project should take one year or less. The annual demand for rental



housing units, under the assumptions outlined above, is projected to be approximately 94 units. A project of not more than 96 units is suggested, but a smaller project may be warranted in order to maintain the owner/renter balance of the overall project and to reduce the land consumption attributable to a rental housing project.

Key Development Considerations

Dwelling Size - Approximately 1,000 sq. ft.
Configuration - 40 to 90 units – some covered / enclosed parking
Rent Value - \$1,000 + /month

Office Land-Use

Our examination of the office market revealed little evidence to indicate strong market demand for new office space on Sugar Camp. Given market development in other competing locations, the office market in Oakwood is challenging. The inventory of office space in the City is estimated to be less than 100,000 square feet. The current vacancy rate is approximately 11%. Within the past ten years the City of Oakwood has seen the construction of one new office building and the conversion of a former bank branch to an office/mixed use. There appears to be virtually no demand for office space at rental rates high enough to encourage rehabilitation or revitalization.

Additions to the office component of the Lincoln Park project in Kettering and redevelopment of the former Hills and Dales Shopping Center (now Governor’s Place) in Kettering are bright spots in the south suburban office market in the general vicinity of the subject site. While these projects indicate some market demand for new office space in the vicinity of the subject, both projects have locational characteristics and support amenities lacking in Sugar Camp.

Although speculative, an office component may be desired on the Sugar Camp site. A conservative amount of space may be supportable in the marketplace without destabilizing the market for existing office space in the City.

Key Development Considerations

Market - Not more than 16,000 total square ft.
Configuration - One to two story condominium w/ surface parking
Location - Far Hills and Schantz



Retail and Commercial Land-Use

Retail uses are the most speculative of the land uses analyzed for Sugar Camp. There is no evidence that retail uses will find a market at the subject site. The potential contribution of the limited amount of new office uses suggested in combination with new residential uses does not appear to constitute sufficient additional consumer demand to facilitate support for new retail on the site. The site can only support small scale, locally oriented “niche” retail businesses. These small-scale, retail tenants are frequently locally owned, new businesses prone to a high percentage of business failure. More intense retail uses will have substantial parking requirements and would likely not be compatible with the immediate neighborhood. In view of these considerations, no recommendation is made regarding the amount of retail space to be included on the site.

Key Development Considerations

Market -	None identified
Configuration -	Small, neighborhood serving format
Location	Far Hills and Schantz

7. Sugar Camp Re-Use and Redevelopment Concepts

Based on an understanding of site constraints and opportunities and the market demand for various uses on the site, the project team prepared seven alternative re-use and redevelopment concept plans. Each concept is based on varying assumptions and principles for establishing an array of land-uses and development environments for the site.

It is important to point out that this analysis does not lead to a single “preferred” development concept. Rather, the alternative concepts provide an understanding of the “holding capacity” of the site for varying product types, and the basis for preliminary feasibility analysis to determine their potential financial capacity. This in turn will provide the City a better understanding of how various schemes “perform” financially, and under the guidelines, what the City’s land-use preferences might be in future redevelopment.

In general, Site Concepts 1 and 2 consider removal of all buildings and a complete re-use of all three lots of the Sugar



Camp site. It is assumed that while staging of certain areas may be subject to further environmental investigations and potential remediation activities, ultimately, the entire site can be redeveloped. Site Concepts 3 and 4 make similar assumptions regarding the ultimate development of the site, except they consider the possibility of re-use of key structures on the site. Site Concepts 5 and 6 assume the removal of all existing structures, and that for the foreseeable future, only Lot 1 will be substantially free of development constraints to permit redevelopment. Concept 7 introduces an institutional re-use of all primary buildings on Lot 1.

It is important to point out that Concepts 6 and 7 are not market based. In Concept 6, base line housing values are intentionally inflated to understand what level of investment would be required to cover redevelopment costs, and generate an acceptable return on investment. While there is a market for a number of these units, there is no evidence a market exists for the scale of the project suggested. Finally, Concept 7 assumes that an institutional use might take interest in Lot 1. In general, institutional uses are not market driven investments and rely on a variety of other factors in making real estate decisions. However, it is important to examine institutional uses to measure potential economic impacts to the City should such a use be introduced to the site in the future.

The Project Team gave careful consideration to typical land planning considerations in the development of the concepts to help ensure they are as realistic as possible. However, as noted earlier, because of the lack of primary data, assumptions had to be made regarding site conditions and the assumed development program.

It should be noted that the concept plans are not intended to illustrate *all* development amenities and improvements. They are intended to illustrate the basic features of a development scheme including roadways, building types and locations and major land-use features. Sidewalks, walking/hiking trails, gardens and other desirable amenities would be required as part of any future formal development proposal.

Each of the seven concepts are briefly described in the following pages.



Site Development Concept 1

Site Development Concept 1 seeks to create a “traditional” street alignment over the majority of the western portion of the site. Typical dwelling units include attached two-unit duplex, four-unit row houses, and detached patio/zero lot units.

The eastern portion of the site is constrained on a north-south access by a steep drainage corridor on the western edge of Lot 2 and Far Hills Avenue to the east. This separation makes the area suitable for more intensive residential uses, and thus two or three story condominium or rental structures are suggested. These units would include a substantial number of covered off-street parking spaces. In total, Concept 1 includes 199 dwellings.

The plan includes the possibility of two small recreation/community centers serving the development. Both facilities could be private or one could be open to the public.

Development Program Summary

	Dwelling Units	Square Feet
Patio Home	20	
Attached Single Family	89	
Condominium / Rental Unit	90	
Community / Rec. Center		3,000
Club House		3,000

Advantages

- Provides a diverse mix of housing to meet community needs.
- Continues a very low building profile along Schantz Avenue.
- More expensive patio homes are aligned along the northern precipice.
- Provides a substantial number of dwellings consistent with market capacity .

Disadvantages

- Project realizes no value from the existing Sugar Camp buildings and incurs demolition costs for building removal.
- Extensive Lot Coverage (tree loss, infrastructure costs etc.)
- Makes full use of the entire site – environmental constraints uncertainties.
- Requires substantial grading and fill - assumes subsoil conditions are satisfactory.
- Does not provide for any commercial uses.





LEGEND

-  Condo / Rental Units
-  Attached Single Family Units
-  Patio / Zero Lot Line Single Family Units
-  Community Center / Clubhouse
-  Public Gazebo / Pavilion

SITE DEVELOPMENT DATA

- Concept 1:**
- Lot 1:**
 - 89 attached Single-Family Units
 - 20 Patio/Zero Lot Single-Family Units
 - 3,000 sq. ft. Community Center
 - Lot 2:**
 - 48 Condo / Rental Units
 - 3,000 sq. ft. Clubhouse
 - Lot 3:**
 - 42 Condo / Rental Units
- TOTALS:**
- 89 attached Single-Family Units
 - 20 Patio/Zero Lot Units
 - 90 Condo / Rental Units
 - 3,000 sq. ft. Community Center (Lot 1)
 - 3,000 sq. ft. Clubhouse (Lot 2)

SITE DEVELOPMENT - CONCEPT 1



SUGAR CAMP
Oakwood, Ohio



Site Development Concept 2

Site Development Concept 2 is similar to Concept 1 with several key differences. The plan includes an office use at the intersection of Schantz and Far Hills Avenue. Further, while it incorporates attached dwellings, they are arranged in a duplex configuration as opposed to four dwellings per structure in Concept 1. This concept also incorporates a front loaded street where garages would be accessed by the main street. The resulting development density, at a total of 166 dwellings, is slightly less than Site Concept 1.

The program includes a community club house to serve the development, as well as the option for a small public recreation center along Far Hills Avenue.

Development Program Summary

	Dwelling Units	Square Feet
Patio Home	17	
Attached Single Family	89	
Condominium / Rental Unit	60	
Office		16,000
Community / Rec. Center		3,000
Club House		3,000

Advantages

- Provides a diverse mix of housing to meet community needs
- Continues a very low building profile along Schantz Avenue.
- More expensive patio homes are aligned along the northern precipice.
- Provides a substantial number of dwellings consistent with market capacity .
- Provides an opportunity for public open space/recreation center area off Far Hills Avenue.

Disadvantages

- Uncertain market for office uses – somewhat speculative.
- Project realizes no value from the existing Sugar Camp buildings and incurs demolition costs for building removal.
- Extensive lot coverage.
- Makes full use of the entire site – environmental constraints uncertainties.
- Requires substantial grading and fill - assumes subsoil conditions are satisfactory.





LEGEND

-  Condo / Rental Units
-  Attached Single Family Units
-  Patio / Zero Lot Line Single Family Units
-  Community Clubhouse/ Rec. Center
-  Office Building

SITE DEVELOPMENT DATA

- Concept 2:**
- Lot 1:**
 - 89 Attached Single-Family Units
 - 17 Patio / Zero Lot Single-Family Units
 - 3,000 sq. ft. Clubhouse
 - Lot 2:**
 - 16,000 sq. ft. Office
 - 12 Condo / Rental Units
 - 3,000 sq. ft. Community Recreation Center
 - Lot 3:**
 - 48 Condo / Rental Units
- TOTALS:**
- 89 attached Single-Family Units
 - 17 Patio/Zero Lot Units
 - 60 Condo / Rental Units
 - 16,000 sq. ft. Office
 - 3,000 sq. ft. Clubhouse (Lot 1)
 - 3,000 sq. ft. Community/ Rec. Center (Lot 2)



Site Development Concept 3

Concept 3 incorporates two of the existing Sugar Camp buildings, which would be converted to 1,000-1,400 square foot condominiums/lofts. Each building would contain 10-12 dwellings per floor. The exterior "skin" of these buildings would need to be redesigned to allow for window openings and balconies. A core could be cut into the center of the building to provide desirable light and air.

All other existing buildings would be removed. The site would still allow for attached dwellings and potential for two or three story condominium or rental dwellings. In total, Concept 3 would provide 170 dwellings. The plan also includes 16,000 square feet of office space at Schantz and Far Hills. The ground level floors of the converted Sugar Camp structures could be used for services for condominium residents, such as a health club, or a community facility.

Like Concepts 1 & 2, the remaining portions of the site would include attached units along Schantz Avenue, and multi-story condominiums along Far Hills Avenue.

Development Program Summary

	Dwelling Units	Square Feet
Attached Single Family	50	
Condominium / Loft Re-use	60	
New Condominium/Rental	60	
New Office		16,000

Advantages

- Provides for the re-use of two key existing structures.
- Provides a diverse mix of housing to meet community needs.
- Reduces site and demolition costs – efficient use of land.
- Plan results in reduced site coverage and grading.
- Provides dwellings in reasonable relation to market capacity.
- Introduces another dwelling unit type into the mix.

Disadvantages

- Building conversion costs are unclear – can influence price.
- Open parking – not favorably received in the higher end residential market.
- Uncertain market for office uses – somewhat speculative.
- Makes full use of the entire site – environmental constraints uncertainties.
- Does not provide community/recreation space.





LEGEND

-  Condo / Rental Units
-  Attached Single Family Units
-  Condo / Loft Reuse
-  Office Building

SITE DEVELOPMENT DATA

Concept 3:

Lot 1:
 50 attached Single-Family Units
 60 Condo / Loft (Reuse)

Lot 2:
 16,000 sq. ft. Office
 24 Condo Rental Units

Lot 3:
 36 Condo / Rental Units

TOTALS:
 50 attached Single-Family Units
 60 Condo / Rental Units
 60 Condo / Loft (Reuse)
 16,000 sq. ft. Office

Site Development Concept 4

This Concept is similar to Concept 3. However, major differences include: the use of the southern existing Sugar Camp building for office, rather than residential use; exceptionally high quality condominiums are located at the bluff along the far western portion of Lot 1; and the program includes space for a small community or recreation center. In total, Concept 4 includes 190 dwellings.

The ground level floors of the converted Sugar Camp structures could be used to provide amenities to condominium residents such as meeting space, a health club, or community facility space. Limited commercial services could be located on the first floor of the condominium building.

Development Program Summary

	Dwelling Units	Square Feet
Attached Single Family	50	
Condominium / Loft Re-use	20	
New Condominium/Rental	120	
Community / Rec. Center		18,000
Club House		3,000
Office		43,000

Advantages

- Makes use of existing buildings and reduces site demolition costs.
- Plan results in reduced site coverage and grading.
- Provides a substantial number of dwellings consistent with market capacity .
- Provides a diverse mix of housing to meet community needs.
- Provides the possibility of a significant commercial re-use of existing structures.

Disadvantages

- Building conversion costs are unclear – can influence price.
- Unenclosed parking – not favorably received in the higher end residential market.
- Makes full use of the entire site – environmental constraints and uncertainties.
- Introduces a substantial amount of office space which is speculative.





LEGEND

-  Condo / Rental Units
-  Attached Single Family Units
-  Public Gazebo / Pavilion
-  Public Recreation Center/ Condo (Reuse)
-  Office (Reuse)
-  Community Clubhouse

SITE DEVELOPMENT DATA

Concept 4:

Lot 1:
 50 attached Single-Family Units
 20 Condo / Loft (Reuse)
 12 Condo / Rental Units
 18,000 sq. ft. Recreation Center (Reuse)
 43,000 sq. ft. Office

Lot 2:
 60 Condo / Rental Units
 3,000 sq. ft. Clubhouse

Lot 3:
 48 Condo / Rental Units

TOTALS:
 50 attached Single-Family Units
 120 Condo / Rental Units
 20 Condo / Loft (Reuse)
 43,000 sq. ft. Office
 18,000 sq. ft. Recreation Center (Reuse)
 3,000 sq. ft. Clubhouse

Site Development Concept 5

Concept 5 illustrates a reasonable intensity of residential uses exclusively on Lot 1. In the event that that Lots 2 and 3 are constrained from development in the near term, this development identifies what the return might be to a developer under exclusive development on Lot 1. It includes a mix of residential uses similar to Concept 2. In total, Concept 5 provides 97 new dwellings.

The plan also provides a community center for local residents as well as a pavilion which may be used by the public in general.

Development Program Summary

	Dwelling Units	Square Feet
Detached Single Family	17	
Attached Single Family	70	
Patio Home	10	
Community Center		4,000

Advantages

- Provides a diverse mix of housing to meet community needs.
- Continues a very low building profile along Schantz Avenue.
- More expensive single family homes are aligned along the northern precipice.
- Plan results in substantial open space that could be developed for passive recreation (if lots 2 and 3 are not developed).

Disadvantages

- Does not make efficient use of the entire site.
- Requires substantial grading and fill to provide a build-out of units at both the western and eastern edges of Lot 1.
- Does not provide for any commercial uses.





LEGEND

-  Attached Single Family Units
-  Patio / Zero Lot Line Single Family Units
-  Detached Single-Family Units
-  Community Clubhouse / Rec. Center

SITE DEVELOPMENT DATA

Concept 5:
 Lot 1:
 17 Detached Single-Family Units
 70 Attached Single Family Units
 10 Patio / Zero Lot Single-Family Units
 4,000 sq. ft. Community Clubhouse

TOTALS:
 17 Detached Single-Family Units
 70 Attached Single Family Units
 10 Patio / Zero Lot Single-Family Units
 4,000 sq. ft. Community Clubhouse



Site Development Concept 6

This concept limits all development to Lot 1 and introduces a high end residential product in six, six story buildings. Each building would contain 4 units per floor and 24 units per building for a total of 144 dwelling units. All units would include balconies with views of Dayton to the north. All off-street parking would be enclosed "structured" parking for security, provided in the basement of the residential buildings.

The remainder of the site would be landscaped and improved for passive recreational uses. The development could be treated as a "gated" community to establish a high level of security. The four principal Sugar Camp buildings would be removed, but several of the older Sugar Camp buildings could be preserved, including the original gate house.

Development Program Summary

	Dwelling Units	Square Feet
Luxury Condominium	144	

Advantages

- Will provide high end housing to serve empty nesters, seniors and others looking to remain in Oakwood.
- Continues a low building profile along Schantz Avenue (although building heights increase to the north).
- Plan results in substantial open space that could be developed for passive recreation (if lots 2 and 3 are not developed).
- Minimizes the need for infrastructure improvements including water distribution, wastewater collection facilities, and streets.

Disadvantages

- Does not make efficient use of the entire site.
- Provides only one housing prototype .
- Taller buildings will be introduced on the site. However, it is expected that increased height can be mitigated through: the significant building set back proposed from major streets; using topographical conditions and site vegetation to obscure views to the structures, and; sensitive architectural features of the new structures.





LEGEND

-  Condo Units
-  Public Pavilion
-  Existing Sugar Camp Building

SITE DEVELOPMENT DATA

Concept 6:
 Lot 1:
 144 Condo Units

OTHER FEATURES:
 Underground Parking Garage
 Visitor Parking (at grade)
 Re-use Existing Sugar Camp Buildings
 Open Space / Preserve Vegetation
 Entry Feature (Potential Secured Entry)



Site Development Concept 7

This concept limits all development on Lot 1, introduces a high end residential product on the west end of the site (48 dwelling units), and re-uses all four existing Sugar Camp buildings for a high quality institutional use. This scenario assumes that all existing Sugar Camp buildings would remain institutional in use. However, it is possible that a portion of the space may be used for market rate uses as well.

Similar to alternative six, the program assumes that the development of Lots 2 and 3 are not eminent at this time, and change on these lots would be subject to further study and approval in the future.

Development Program Summary

	Dwelling Units	Square Feet
Luxury Condominium	48	
Institutional Uses		150,000

Advantages

- Provides complete re-use of the existing Sugar Camp buildings.
- Will introduce high end housing to serve empty nesters, seniors and others looking to remain in Oakwood.
- Continues a low building profile along Schantz Avenue (although building heights increase to the north).
- Plan results in substantial open space that could be developed for passive recreation (if lots 2 and 3 are not developed).
- Minimizes the need for infrastructure improvements including water distribution, wastewater collection facilities, and streets.

Disadvantages

- Does not make efficient use of the entire site.
- Provides only one housing prototype .
- Similar to Concept 6, taller buildings will be introduced on the site, but only on the western part of Lot 1.





LEGEND

-  Condo Units
-  Existing Sugar Camp Building

SITE DEVELOPMENT DATA

- Concept 7:**
 Lot 1A - (approx. 8.3 AC)
 48 Condo Units
 Lot 1B - (approx. 16 AC)
 Existing Sugar Camp / NCR Buildings
- OTHER FEATURES:**
 Underground Parking Garage (residents)
 Visitor Parking (at grade)
 Re-use Existing Buildings
 Open Space / Preserve Vegetation
 Entry Feature (Potential Secured Entry)

Summary

For comparative purposes, *Table 1* below provides a brief summary of the development program for each of the seven site development concepts. The following section explores the feasibility implications of each of these seven concepts in detail.

Sugar Camp Site Concept Plans

	Units	Square Feet
Concept 1		
Patio Home	20	
Attached Single Family	89	
Condominium / Rental Unit	90	
Community / Rec. Center		3,000
Club House		3,000
Concept 2		
Patio Home	17	
Attached Single Family	89	
Condominium / Rental Unit	60	
Office		16,000
Community / Rec. Center		3,000
Club House		3,000
Concept 3		
Attached Single Family	50	
Condominium / Loft Re-use	60	
New Condominium/Rental	60	
New Office		16,000
Concept 4		
Attached Single Family	50	
Condominium / Loft Re-use	20	
New Condominium/Rental	120	
Community / Rec. Center		18,000
Club House		3,000
Office		43,000
Concept 5		
Detached Single Family	17	
Attached Single Family	70	
Patio Home	10	
Community Center		4,000
Concept 6		
Luxury Condominium	144	
Concept 7		
Luxury Condominiums	48	
Institutional Uses		150,000

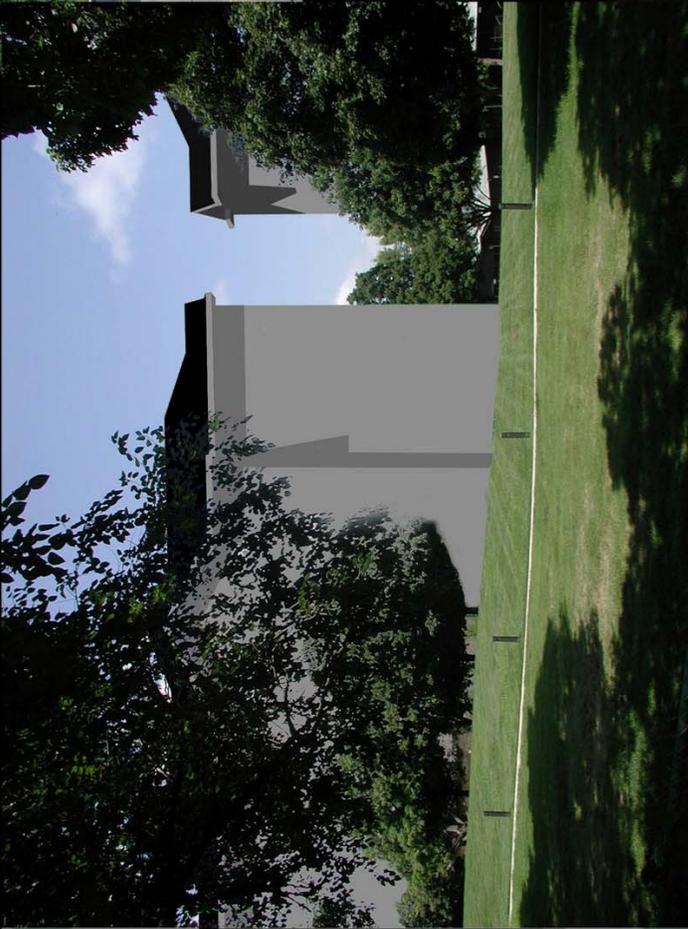


Structural Massing Concept

To provide the reader a sense of the type and scale of the development anticipated under Concepts 6 and 7, the design team prepared two illustrations on the following page. These images indicate the anticipated scale of the planned six story structures. Using digital imagery taken along the north side of Schantz Avenue, proposed structures were drawn to scale and placed into the site using accurate horizontal and vertical scales.

The result is an image which presents the buildings as they would appear on the site, set within the vegetation along the frontage of Schantz Avenue.





BUILDING MASS RENDERINGS



SUGAR CAMP
Oakwood, Ohio



8. Preliminary Feasibility Analysis

A total of seven alternative redevelopment and reuse/redevelopment scenarios have been prepared to address demand in the marketplace and the perceptions of community leaders. Four of the seven development concepts that have been prepared have been based, in part, on the results of the visual preference survey and the market study of residential, office, and retail land uses. One development concept has emphasized office reuses of a portion of the existing improvements in a mixed-use scenario. One development concept has emphasized upscale residential units in mid-rise buildings on top of structured parking. Finally, one development concept anticipates continued use and/or adaptive reuse of all four existing buildings on the site plus the addition of two, mid-rise, residential buildings in a "mixed-use" revitalization redevelopment of the campus.

In all, seven different residential products have been envisioned in the various development scenarios for the subject site. Only one residential product (Concept 3) involves reuse of two of the existing structural shells for garden style units built around central atria in the existing, multistory office and classroom buildings. The units developed reusing the two existing structural shells are envisioned for the resale market to individual unit purchasers. These units have been priced at the low end of the resale market at \$125,000. The average square footage of these units is anticipated to be approximately 1,000 square feet. Four other new residential products are envisioned for resale to individual owners. Based on the market study, the most basic of these units is anticipated to be approximately 1,600 square feet in size with a two-car garage. The anticipated sale price is projected at \$200,000. A slightly larger patio home product is envisioned to encompass approximately 2,000 square feet plus a two-car garage. This unit is priced at \$250,000. A small-lot detached residence is suggested in Concept 5. This home is anticipated to be approximately 2,400 square feet and would be priced at \$300,000. Finally, upscale condominiums ranging in size from 2,000 square feet up to 2,800 square feet are projected for six, multistory buildings in Concept 6 (two buildings in Concept 7) to be built over a single-level parking garage. These units would be priced in a range from \$375,000 to \$525,000. The prices of these units are projected to approach the upper limit of unit



value in the local market. These units are designed to test the market.

A set of multi-family rental units has also been projected in several of the alternative development scenarios for the subject site. A typical rental housing project would contain one-bedroom, two-bedroom, and three-bedroom units. The assumption is that the overall average unit size would be approximately 1,000 square feet and would rent for approximately \$1,000 per month. These rental units have been projected to have an average cost of \$80,000 per unit.

Three different office products have been projected for the subject site in some of the development scenarios. The first product consists of new construction comprising approximately 16,000 square feet to be located at the northwest corner of Far Hills Avenue and West Schantz Avenue (Concepts 2 and 3). The retail price of this office product is projected to be approximately \$127.50 per square foot of gross floor area including land.

The second office product to be included consists of 43,000 square feet to be configured from a mixed reuse of one existing, multistory, building shell on the site (Concept 4). Given the anticipated magnitude of the renovation needed for the existing shell as part of a mixed-use revitalization project, the anticipated value (price/cost) is anticipated to be equal to the cost of new construction.

The third office product envisioned for the site is simply a continued use and/or adaptive reuse of the four existing, primary buildings on the site. Continued use of three of the primary buildings, more or less as currently configured, is anticipated. The fourth primary building (Building D in Concept 7) could be reconfigured for an adaptive reuse in the general office rental market. These buildings would be supplemented by a mid-rise residential product, as described above, to form a mixed-use revitalization/redevelopment of the campus.

In all cases, the retail value (price/cost) of the residential units includes an allocated portion of the subject site. Due to the anticipated density of development, ten percent of the overall value of each unit is assumed to be attributable to the retail value of each unit's allocated land. In those development scenarios in which office uses are included, a similar process has been employed for the office portions of the site as well. The aggregate retail value of the land attributable to all units, and



all uses, is totaled and then reduced by the estimated cost of site work for the given development scenario in order to arrive at an estimate of value for the subject site, in whole or in part, in "as is – where is" condition. The "as is – where is" land value represents the limit of what a developer could afford to pay for the subject site for the proposed development scenario in any of the development alternatives. Several of the alternative development scenarios result in negative values for the site "as is". In these cases, the proposed value of the land for reuse, less the cost of site work, renders the subject site essentially worthless. In fact, the site would have to be conveyed for nothing and the deficit contributed by the seller in order for a developer to consider the development scenario at hand. Only Concepts 6 and 7 result in significant positive values to the underlying site, "as is".

All seven development scenarios have incorporated one or more of the various housing products described above in various quantities depending on the overall mix of products and uses in each. Four of the seven development scenarios incorporate office uses in some form. Several of the scenarios include public uses. In those that include public uses, no value has been attributed to the space included in these uses.

The feasibility analysis also includes a summary analysis of the income tax benefits that the City of Oakwood would derive under each of the various development scenarios. The anticipated tax revenue stream from residential uses is predicated on conservative estimates of the household incomes needed to qualify to purchase the units at the specified prices. Income thresholds are based on conventional loan terms, 80% loan-to-value ratios, and thirty-year, fixed rate loan amortizations. Income taxes are assumed to be collected from only ten percent of the households in residence.

Income taxes from employment in the scenarios including office uses are based on average income levels of \$60,000 per person employed (@ 2.5%/employee) and an average occupancy density of 3.4 persons per one thousand square feet of gross floor area.



Concept	1	2	3	4	5	6	7**
<i>Income Tax *</i>	24K	101K	95K	238K	12K	39K	312K

* In thousands

**Assumes a total of 200 employees

A summary of the feasibility analysis for each of the seven concepts follows.

Concepts Financial Feasibility Summary

Concept	1	2	3	4	5	6	7
<i>Retail Value</i>	30M	28.8M	24.9M	26.5M	21.6M	64.4M	22.2M
<i>Improvement Value</i>	26.8M	25.6	22M	23M	19M	58M	19M
<i>Site Work</i>	4.2M	4.2M	3.8M	3.5M	2.6M	1.9M	1.1M
<i>"As Is" Value</i>	(1M)	(.98M)	(.98M)	(.26M)	(.45M)	4.5M	.9M

The terms used above are defined as follows:

- o *Retail Value* is the "Retail Value" of the underlying land as allocated to each unit built and the improvement value.
- o *Improvement Value* is the value of the improvements built; i.e., structures and site improvements allocated to each unit built.
- o *Site Work* is the cost of improving the site for construction including utilities and roadway improvements (infrastructure).
- o *"As Is" Value* is the present value of the site in its current predevelopment condition; i.e., the most a developer would be willing to pay in order to construct the product envisioned in the various Concepts and associated assumptions.



9. Site Development Guidelines

Past plans for Sugar Camp have included re-use and redevelopment guidelines for the development of the property. This section updates the *Design and Development Guidelines* for the Sugar Camp Subarea Plan. It includes many of the previously adopted guidelines, and includes new and revised guidelines as appropriate based on insights and observations gained during this study.

The guidelines will help ensure that any new development or redevelopment efforts will fit the character of the Far Hills and Schantz neighborhood, be sensitive to both the opportunities and limitations of the site, and consider fiscal implications to the City of Oakwood and other affected taxing agencies.

The guidelines should apply to all three lots within the study area, and apply to all proposed land-uses.

General Site Development

- The study area should be developed according to a unified development plan for all three parcels comprising the site, as approved by the City of Oakwood.
- Any development plan should be designed to ensure the coordination of land use areas, building sites, traffic flow, parking, drainage facilities, and open spaces.
- The approval of any development plan should be based on an understanding of any environmental constraints that may limit development. While there is reason for exploration, the extent and implications of environmental issues, if any, are not known at this time.
- The City should continue to enforce its codes and ordinances to ensure that no new environmental issues are created in the study area.
- Development within the study area should be adequately served by existing public facilities, services and infrastructure.
- Other than public recreation uses, outdoor events or activities could be permitted subject to special review and approval by the City.
- Any new development within the study area should be designed to be sensitive to adjacent residential neighborhoods.



Access, Traffic Circulation and Parking

- The study area should be served by adequate access facilities, efficient internal traffic circulation, and attractively designed off-street parking systems.
- Parking should be located within buildings or in other locations that can be effectively screened from views along both Far Hills and Schantz Avenues.
- Development within the study area should be sensitive to traffic flow on Far Hills or Schantz, and traffic operations at their intersection.
- The placement of new buildings and other site improvements should maintain adequate lines of sight for motorists approaching the intersection of Far Hills and Schantz Avenues.
- The street network within the study area should be designed to discourage additional through traffic on nearby residential streets.
- Curb cuts and access drives should be limited and their locations carefully controlled.

Natural Resources

- As many of the existing mature hardwood trees as possible should be maintained and protected, particularly along the Far Hills and Schantz Avenue frontages.
- Natural features, including slope and vegetation, should be used as visual focal points and design amenities for building and site development.
- Development within the study area should maintain soil stabilization along steep slopes and ravines at the north end of the property.
- The natural drainage channels which pass through the study area should be maintained and improved. Any new development should seek to utilize a nonstructural approach to stormwater drainage, balanced against the need to minimize soil erosion.

Fiscal Impacts and Public Finance Considerations

- To the extent possible, with reasonable consideration of market and other development factors, the City should seek to maximize net fiscal gain for the community and other taxing jurisdictions, and minimize the costs of providing community services to new development.
- Development proposals for the study area should include a fiscal impact analysis which clearly identifies the costs and



benefits of proposed development to the City and other appropriate jurisdictions.

- City Council may consider any request for financial assistance or inducements to a developer to help ensure a high quality development program and plan which supports community expectations. Any such request shall demonstrate community benefits and clearly identify the financial “gap” to be funded through public sources.

Building and Site Design

- All development within the study area should be characterized by high standards of site and building design and construction.
- Building and site development should create an attractive and visually distinctive northern “gateway” for the Oakwood community.
- An attractively designed landscaped setback should be provided along both Far Hills and Schantz Avenues.
- Architectural and landscaping treatments of development within the study area should be compatible and in harmony with surrounding existing development.
- Locations for new development should be responsive to the sensitive soils and slope conditions on the site.
- In general, new construction should be limited to three to four stories; somewhat taller buildings might be considered for those portions of the study area where building setbacks or topographic changes can be used to soften views from adjacent neighborhoods.
- The facades of buildings fronting both Far Hills and Schantz Avenues should be articulated to reflect a quality, rhythm and fenestration consistent with existing structures to the east and south.





Appendix A: Visual Preference Survey



Sugar Camp Visual Preference Survey

A visual preference survey can be an effective tool in securing and understanding local views for design, bulk, and density preferences for any re-use of Sugar Camp. Using a variety of commercial and residential images, a power point presentation was prepared to "test" The Planning Commission and City Council's reactions and preferences to varying product types that might be desirable on the Sugar Camp site.

Below are the results from the Oakwood Sugar Camp Visual Preference Survey conducted on March 8th, 2004. The groups ranking of each image is organized as follows:

- Positive Ranking
- Neutral Ranking
- Negative Ranking

Copies of the images used in the preference survey are attached.

RESIDENTIAL PROTOTYPES

	+3	+2	+1	0	-1	-2	-3
Slide 4	2	3	5				
Slide 5			4		2	3	
Slide 6		1	5	2	2		
Slide 7		1	5	4			
Slide 8		4	3	1	2		
Slide 9		6	4				
Slide 10			1	1	2	4	2



	+3	+2	+1	0	-1	-2	-3
Slide 11	1	3	3	1	2		
Slide 12			2	2	1	2	3
Slide 13		5	3	2			
Slide 14		1	1	2	2	2	2
Slide 15			2	3	3	1	1
Slide 16		1	3	2	2	2	
Slide 17		1		3	4	1	1
Slide 18	2	4	1	3			
Slide 19			1	3	1	5	
Slide 20	2	3	2	2	1	1	
Slide 21			2	3	2	2	1
Slide 22			1	4	4	2	
Slide 23	1		3		2		



COMMERCIAL AND MIXED-USE BUILDING TYPES

	+3	+2	+1	0	-1	-2	-3
Slide 26		3	4	1	2		
Slide 27		6	2	2			
Slide 28	2	6	1				
Slide 29	3	4	1	1	1		
Slide 30	1	1	3	2	1	2	
Slide 31		3	1	2	2	1	1
Slide 32				5	1	2	1
Slide 33		2	4	2	1	1	
Slide 34	1	2	2			4	1
Slide 35		2		2	1	3	2

Responses to "Open" Questions

During the course of the survey, attendees were asked several open questions to reflect upon and provide commentary. Responses are provided below.

Describe the characteristics of housing you feel important in the Sugar Camp site?

- ✓ Single or two story structures
- ✓ Livable space 1500 to 3000 square feet
- ✓ Take advantage of the unique site



- ✓ Walking paths
- ✓ Nature trails
- ✓ Brick and stone
- ✓ Tudor/traditional
- ✓ Two or three stories
- ✓ Comparable to Lincoln Park or Rubicon Mill
- ✓ 3 bedroom, 2 bath condos, 2 car garage, detached patio
- ✓ no taller than 3 stories
- ✓ Lincoln Park in Kettering
- ✓ No row housing
- ✓ Harmonious with Oakwood's historic homes
- ✓ Colonial
- ✓ Wheel chair accessible
- ✓ High end appliances
- ✓ Units connected by elevator corridor and leading to a clubhouse
- ✓ Lots of green space
- ✓ Streams on unbuildable land
- ✓ A mix of assisted living

How tall should buildings be?

- ✓ Building height should be dictated by location on the site. Multi-story structures may be appropriate at certain locations on the site.
- ✓ No higher than 35 feet

Are there any comparable developments in greater Dayton you think would be a good fit for this site?

- ✓ A unique development that will not be duplicated elsewhere.
- ✓ Walden Way in East Kettering
- ✓ Wythe Parish Condos in Centerville
- ✓ Joe Rengers development just north of Oakwood (Rubicon Mill)
- ✓ 333 Oakwood Avenue
- ✓ The condo's next to City Hall
- ✓ Settlers Walk

Copies of the images used in the presentation are provided in the following pages.



VISUAL PREFERENCE SURVEY

Sugar Camp Re-Use Program

City of Oakwood, Ohio

March 8, 2004




Visual Preference Survey Categories:

- Housing Prototypes
- Commercial and Mixed-Use Building Types




Oakwood Sugar Camp

Housing Prototypes




Housing Types





Housing Types





Housing Types





Housing Types





Housing Types






Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types



HNTB
Urban Design + Planning



Housing Types:

- Describe the characteristics of housing you feel important in the Sugar Camp site ?
- How tall should buildings be ?
- Are there any comparable developments in greater Dayton you think would be a good fit for this site ?

HNTB
Urban Design + Planning



Oakwood Sugar Camp

Commercial and Mixed Use Building Types




Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types





Commercial and Mixed Use Building Types






Commercial and Mixed Use Building Types



HNTB
Urban Design + Planning

Commercial and Mixed Use Building Types



HNTB
Urban Design + Planning

Commercial and Mixed Use Building Types



HNTB
Urban Design + Planning

Commercial and Mixed Use Building Types:

- Are mixed-use buildings appropriate on the Sugar Camp site
- Where should commercial uses be located on the site ?
- What other concerns or opportunities do you see with commercial uses on the Sugar Camp site ?
- Are there any comparable developments in greater Dayton you think would be a good fit for this site ?

HNTB
Urban Design + Planning



Appendix B: Environmental Conditions Analysis



APPENDIX B

Physical and Environmental Constraints on Utilization of the Sugar Camp Property

Slope Constraints

- I. Areas where slope is a relatively lesser concern than elsewhere on the site. However, designs must consider the slopes and elevation changes that do exist for the layout to be workable. Note that bedrock through much of this area is about six to ten feet deep prior to construction of the four newer NCR buildings. This means that cut/fill operations are limited in the upper area. The area does contain a few localized areas of steeper slopes that can be worked around.
- II. Although existing slopes in this area make construction difficult, the area is suitable for filling and would create a nice extension of the main Sugar Camp area. Major limitation is the cost of filling compared to the value of the additional useable area. Retaining walls may be necessary depending on specific design choices.
- III. Very steep and extensive slopes in this area make construction difficult and expensive. Some amount of cantilevered or pillar construction might be possible at the top of the slope to gain some useable area, but at significant additional cost.
- IV. The very steep existing slopes in this area make construction difficult. The western slope was created by the industrial fill area (see environmental constraints). If the fill is to remain in place then this area becomes suitable for filling with a modest amount of soil to create a larger useable area. However, if the industrial fill is removed, then a significantly larger area becomes unsuitable due to slope unless it were refilled with clean soil. In this case fill volumes become large and very costly.
- V. Area V has slopes suitable for construction. However, much of the area contains industrial fill of "foundry sand" and possibly other materials. If these were removed, then slopes would become a significant issue.



- VI. Area VI slopes are steep due to the industrial fill. These could be readily modified if the industrial fill is to remain.
- VII. The area at the base of the hill has more modest slopes that can be utilized for construction. However, the effective width of this area makes it largely uneconomic to put in a road to serve only one side of the street. Purchase of additional land in the City of Dayton might make the area more useful.

Sanitary Sewer Service Constraints

- A. Area A is currently served or servable directly by the existing sanitary sewer on the Sugar Camp site. Note that any areas that cannot be served by gravity sewer can be served by one or more lift stations.
- B. Area B is servable directly from the existing sanitary sewer in Far Hills Avenue.
- C. This area is servable by the existing sanitary sewer in Schantz Avenue, but only if the area is filled.
- D. Area D is servable from the existing sanitary sewer in Far Hills Avenue by extending a line from the existing manhole near the northeast corner of the site, but only if the existing industrial fill remains. However, this area can also be served by extending a new sanitary sewer as described below for Area E.
- E. Area E can be served by gravity sewer by extending a new sanitary sewer approximately 2200 feet from the north to the northwest corner of Lot 3. Such a sanitary sewer would require obtaining an easement from NCR, but would also be able to serve all of Area D even if the industrial fill were removed completely.
- F. There is a small area that will be very difficult to serve by the gravity sewer serving Area E. Utilization of this area would either require a lift station or construction on fill to raise the buildings sufficiently for gravity sewer service.



Environmental Constraints

1. Area 1 has no known environmental constraints, subject to completion of a Phase I Environmental Site Assessment, and a Phase II Assessment if warranted.
2. Area 2 was the site of a former gas station with underground storage tanks. Although there have been verbal statements made that the site does not currently have problems, a Phase II Environmental Site Assessment, and possibly remediation, will be needed to clear the area for construction.
3. Area 3 consists of the original high ground along Far Hills Avenue, which does not have known environmental constraints, subject to completion of a Phase I Environmental Site Assessment, and a Phase II Assessment if warranted.. However, the width of the area on the northern end without industrial fill is unknown so what is shown on the map is approximate.
4. Area 4 includes the approximate limits of an area reportedly filled with foundry sand, and possibly other materials, which can also be described as an Industrial Landfill. For this report the area will be called an industrial fill. A full Phase II Environmental Site Assessment, and possibly remediation, will be required to clear the area for construction.
5. Area 5 will require a Phase II Environmental Site Assessment to determine whether any materials previously stored or disposed of in this area have caused contamination.



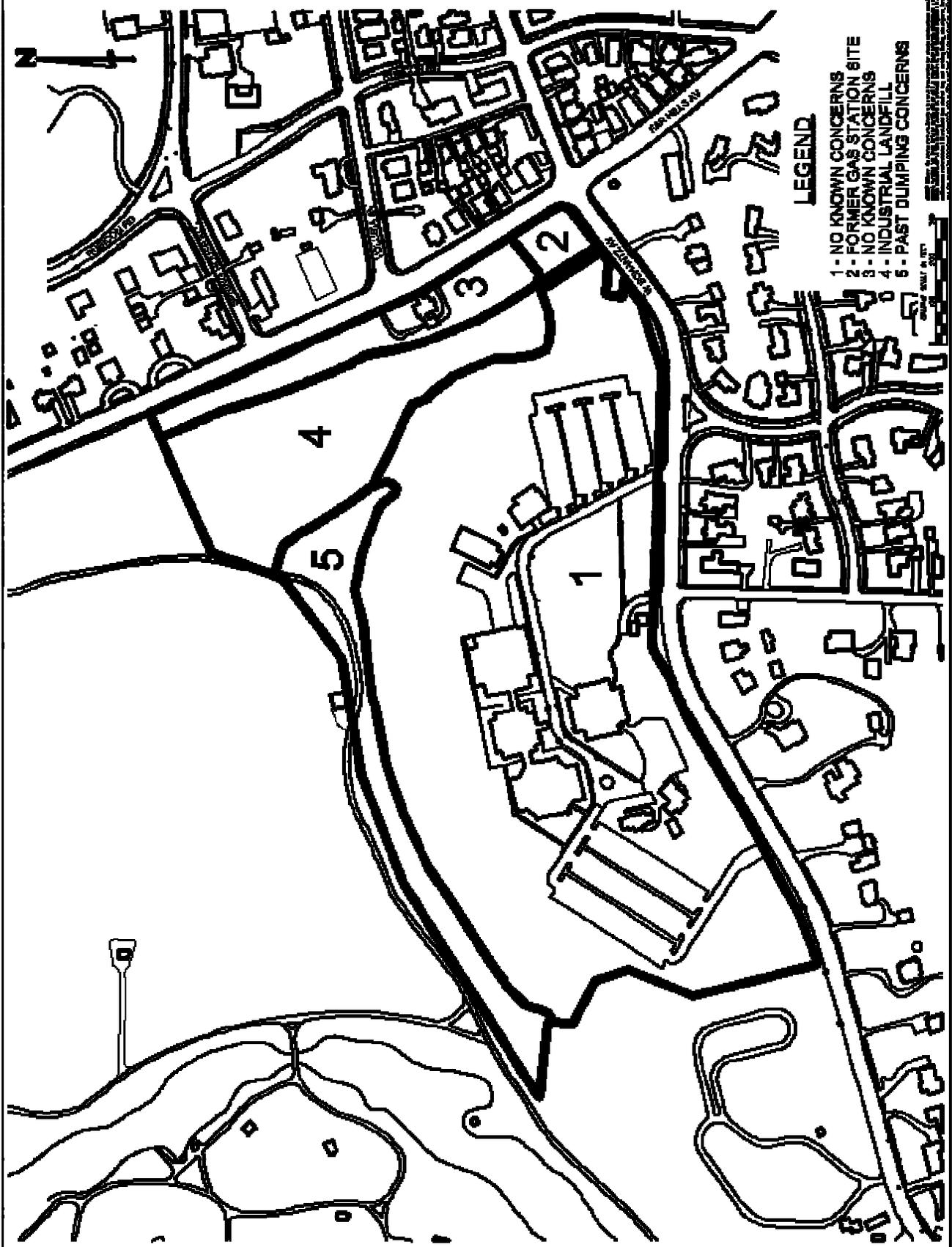
NO.	REV.	DESCRIPTION

CITY OF OAKWOOD, OHIO



ENVIRONMENTAL
CONSTRAINTS

DATE	10/15/15
BY	JL
APP'D	
SCALE	AS SHOWN



- LEGEND**
- 1 - NO KNOWN CONCERNS
 - 2 - FORMER GAS STATION SITE
 - 3 - NO KNOWN CONCERNS
 - 4 - INDUSTRIAL LANDFILL
 - 5 - PAST DUMPING CONCERNS

SCALE: 1" = 100' (SEE PLAN FOR DETAILS)

Summary Composite Map

A composite map (next page) has been created that combines the three previous categories of slope, sanitary sewer and environmental constraints into overall summary rankings as defined below:

- P PRIME - The most suitable land for development. Slopes are workable, sanitary sewer is available and there are no known significant environmental concerns.
- SP SUB-PRIME - These areas have a significant limitation of slope, sewer service or environmental concern that reduces their attractiveness or economic viability.
- M MARGINAL - These areas have major limitations of slope that makes them very difficult for development. Note that the small area on the east side of the site might be useable if the industrial fill remains and is suitable for construction.
- IL INDUSTRIAL LANDFILL - The ability to develop this area depends on whether the fill material remains and its suitability for construction.



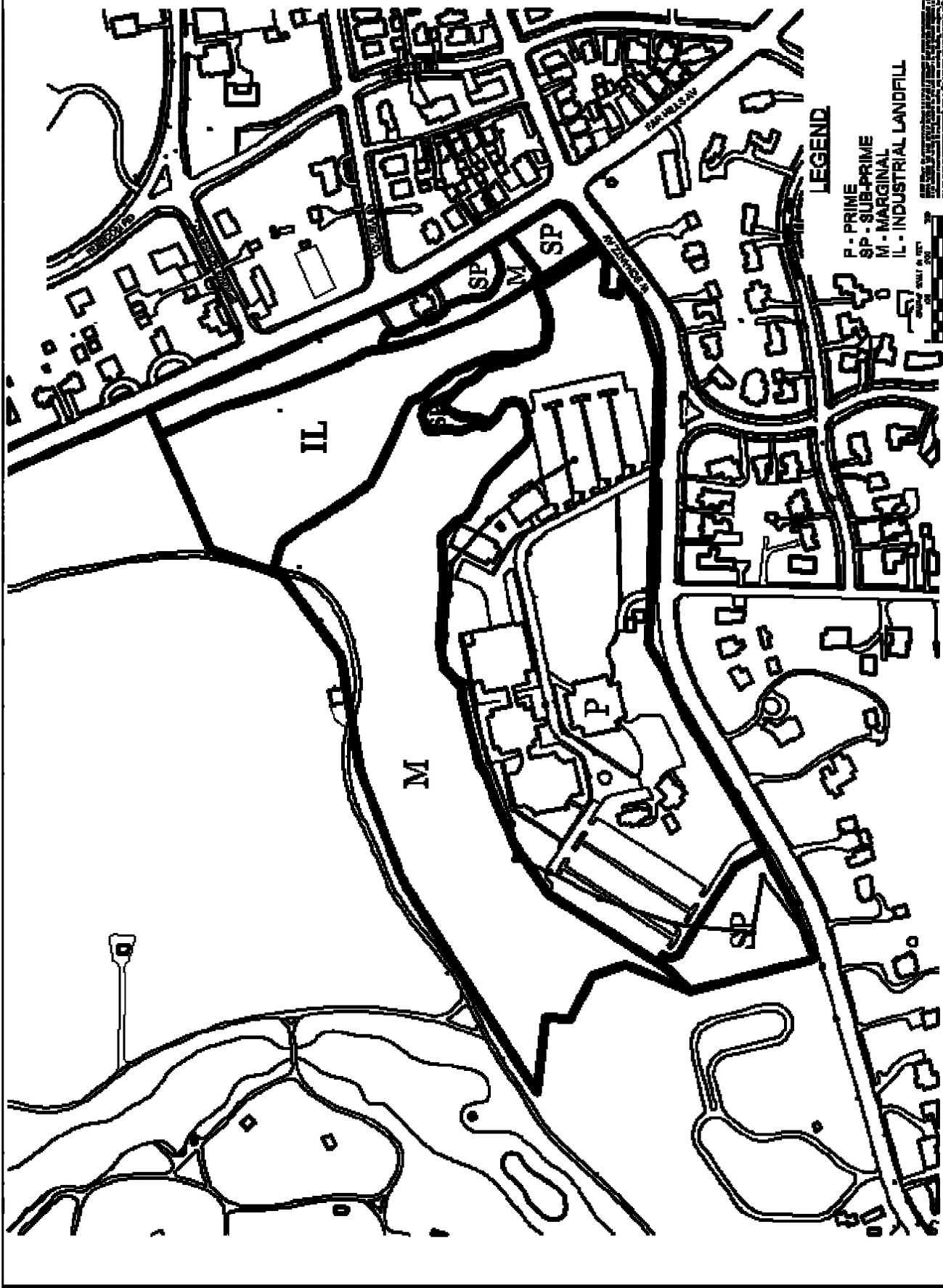
NO.	REVISION	DATE	BY

CITY OF OAKWOOD, OHIO



COMPOSITE RANKING

NO.	DATE	BY	REVISION



LEGEND
 P - PRIME
 SP - SUB-PRIME
 M - MARGINAL
 IL - INDUSTRIAL LANDFILL

Storm Water Constraints

The entire site drains to the north except the far westerly portion, which first drains westerly toward the cemetery before turning northward. A former canal bounds the northern edge of the site, but this canal has been largely filled, reportedly with relatively permeable materials. Therefore, there are places where the canal catches runoff, and other locations where the runoff passes overland across the filled canal.

A number of storm sewers draining parts of Far Hills Avenue, Schantz Avenue, and several side streets to the east of Far Hills empty into a storm sewer that traverses the eastern portion of the site from the southeast corner north and northwesterly under the industrial fill to a 48" City of Dayton storm sewer on the northwesterly side of Lot 3. Storm water not conveyed into this storm sewer system flows overland into the City of Dayton and largely ends up in the lagoon around the NCR headquarters building, or infiltrates into the ground in the fields north of the corporation line. A low area in the northern part of Lot 2, combined with a small adjacent portion of Lot 3, serves as a detention area.

New construction on the Sugar Camp site will need to consider storm water disposal. At this time the practical outlets are 1) allow the water to follow the current overland pathways across adjacent lands, 2) connect to the City of Dayton storm sewer system, and/or 3) convey the water to the NCR lagoon at a location adjacent to the northwest corner of the site. Option 1 would need to be thoroughly evaluated to determine problems that might be caused for adjacent properties. Option 2 requires approval by the City of Dayton, and would almost certainly require significant detention, which is most practical and cost effective in the low area on the northern part of Lot 2. Option 2 might also require an easement from NCR to access the City of Dayton sewer and/or for the detention area. Option 3 would require approval by, and an easement from, NCR to convey storm water to the NCR lagoon. Option 3 would not require separate detention since the lagoon itself would provide the needed detention.



Appendix C: Market Analysis



A MARKET STUDY

OF

HOUSING, OFFICE, AND RETAIL LAND USES IN

THE CITY OF OAKWOOD, MONTGOMERY COUNTY,

OHIO

For

The City of Oakwood, Ohio
30 Park Avenue
Dayton, Ohio 45419-3400

By

Gem Public Sector Services
A d.b.a. Of
The Gem Real Estate Group, Inc.
Suite 900
137 North Main Street
Dayton, Ohio 45402
(937) 228-2882

Timeframe of the Study

1st Quarter, 2004

Date of the Report

August 3, 2004

CITY OF OAKWOOD, OHIO MARKET STUDY

ACKNOWLEDGMENTS

OAKWOOD CITY COUNCIL

Judy Cook, Mayor
Carlo C. McGinnis, Vice Mayor
William D. Duncan, Council Member
Roger C. Blumensheid, Council Member
Stanley Castleman, Council Member

OAKWOOD CITY ADMINISTRATION

Norbert S. Klopsch, City Manager
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ORGANIZATIONS

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CITY OF OAKWOOD, OHIO MARKET STUDY

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I. EXECUTIVE SUMMARY

A. Definition of the Study Site

The study site has been defined as all of the primary campus of the former “NCR, Sugar Camp” and abutting land to the east of the campus at the northwest corner of the intersection of Far Hills Avenue and West Schantz Avenue in the City of Oakwood, Montgomery County, Ohio. The land area contained in the study site is 36.443 acres, more or less, platted in three lots.

The study site is located on the northern edge of the City of Oakwood abutting the corporate limits of the Cities of Dayton, Kettering, and Oakwood. A proximity map on the following page depicts the location of the study site in the City of Oakwood.

B. Purpose of the Analysis

The purpose of the analysis is to determine the range of potential land uses that can be accommodated on the subject site, now and in the future, based on the needs demonstrated by the marketplace.

C. Objective of the Analysis

The objective of the analysis is to provide market-based information that will enable officials of the City of Oakwood to develop plans for the future of the site and its environs. The analysis will assist the City in developing strategies, initiatives, and plans to serve the needs of residents of the community and provide for business opportunities that meet market demand. In addition, the analysis will assist the City in determining the feasibility for the public sector to facilitate future development plans for the site in a fiscally responsible manner.

D. The Specific Questions to be Answered

The site-specific, analytical questions to be answered in the following report are:

1. What is the current status of the housing market in the City of Oakwood and how could the subject site be developed to address perceived market demand for a broader range of residential dwelling products than currently exists in Oakwood?
2. Are there consumer needs in the community that could be addressed by retail development on a portion of the subject site?
3. What office opportunities could be developed on a portion of the subject site on the basis of market demand?

The specific questions to be answered by this analysis were selected to reflect the existing zoning, the adopted comprehensive plan, and the sub-area plan that includes the subject site. The

range of land uses considered in this analysis is consistent with the range of uses that are considered potentially acceptable to policy makers and citizens in the community.

E. What Analytical Methodologies Have Been Used in This Analysis

The methodologies applied during the course of this analysis include the use of both primary research and secondary data. Formal and informal interviews have been used to discover information about the study area. Demographic data has been obtained from several public and proprietary sources that have been identified throughout this report. Basic quantitative methods have been applied to develop useable information from the data that has been obtained. Of course, the analyst's observations, judgment and conclusions are also contained in this report.

For purposes of this analysis the context of the market has been defined as four, contiguous, political subdivisions in the southeastern corner of Montgomery County including the Cities of Centerville, Kettering, and Oakwood along with Washington Township. In addition, several demographic criteria have been selected to segment the potential marketplace for the dwelling products to be analyzed in this report. The primary focus has been on households headed by individuals 55 years of age or older, with sufficient household incomes to qualify for conventional mortgage financing for housing units priced at approximately \$200,000. The market's predisposition toward attached dwelling products versus detached, single-family homes has been based on the current composition of the owner-occupied housing inventory in Centerville and Washington Township. These two communities are still developing and represent an inventory of housing products representative of the current marketplace. While the marketplace may be specifically defined for this analysis, the actual market will have a broader definition. Potential buyers may not come from the limited geographic area defined and they may not exhibit the demographic characteristics identified for this analysis. The criteria selected were defined in order to assess the primary market segments that the City of Oakwood wants to attract to a new housing development on the subject site.

The market for office and retail uses has been based on information drawn from the files of The Gem Real Estate Group, Inc. and field observations.

F. General Observations

The City of Oakwood is Dayton's first contiguous, suburban community. The City encompasses approximately three square miles of land area and has been fully developed for a number of years. The community is essentially residential in character with two, small concentrations of commercial land uses on Park Avenue, adjacent to City Hall, and Far Hills Avenue, at the southern edge of the City. The City is noted for its estate type residential dwellings, extraordinary City services, and excellent schools.

The population of the City has been relatively stable in recent years and this relative stability is projected to continue into the future. The number of households in the City has been stable over time, as well. The supply of housing and the demand for housing appears to be in balance as demonstrated by a low vacancy rate of approximately 5%.

Age demographics of the population and households indicate that the needs of the “senior” population may be increasingly important to the City in the future. This characteristic is not inconsistent with trends in many other communities in the U.S. Housing industry experts project that “seniors” housing designed for a “carefree lifestyle” will be the dominant segment of the housing market by 2011. In this regard, the current housing stock in Oakwood may not be positioned to address this growing segment of the housing market. The existing housing inventory is heavily skewed to the freestanding, single-family, residence. In addition, a significant percentage of the freestanding homes in the City are two, or more, stories in height. Multiple story homes may not be compatible with the needs of the “senior” population.

While the composition of the inventory of homes in Oakwood may not be compatible with the needs of seniors, the quality of the schools and the high level of public services make the community very attractive to families. No instability of supply and demand for existing housing is foreseen as long as the City and the schools maintain the quality of services at, or above, current levels.

The perceived shortcoming of the housing stock is that there are no housing alternatives, in sufficient numbers, to provide for the segment of the population that may no longer want freestanding homes. This analysis confirms the relative lack of housing alternatives as compared to newer communities in the outer ring of suburbs south of Dayton in Montgomery County.

The household income demographics of the City do not represent any constraint on the introduction of a new housing project. Many households in the City could qualify to purchase units in the proposed project under conventional mortgage terms.

The value range of the existing housing inventory in the City of Oakwood does not represent a constraint to the introduction of new housing stock at the \$200,000 price point, or above. The price points projected for the proposed project on the subject site appear to offer “step down” housing to residents in the immediate, as well as the more general, market. For purposes of this analysis, the term “step down” refers to an attached dwelling product that is likely to be smaller than the buyer’s current residence and responsibility for maintenance of the buildings and grounds will be handled by a professional management/maintenance company. The objective of “step down” housing in the Oakwood market is to provide an upscale housing alternative that allows owners to enjoy a “carefree lifestyle”.

G. Housing Market Observations and Conclusions

The annual owner-occupied housing market appears to comprise approximately 6.4% of the owner-occupied inventory, or approximately 194 housing units annually. This annual turnover rate represents relative stability in the marketplace. Owner-occupied housing in the City of Centerville exhibited an 11.9% turnover rate in the 2000 census, the City of Kettering exhibited a 7.8% turnover rate, and Washington Township exhibited an 11.9% turnover rate. An owner-occupied housing turnover rate of 10.0% per year can be considered to be representative of the general marketplace.

The annual renter-occupied housing market appears to comprise approximately 36.8% of the renter-occupied inventory, or approximately 218 housing units annually. This annual turnover rate is more stable than the typical marketplace. Renter-occupied housing in the City of Centerville exhibited a 45.5% turnover rate in the 2000 census, the City of Kettering exhibited a 40.4% turnover rate, and Washington Township exhibited a 48.4% turnover rate. A renter-occupied housing turnover rate of 40.0% per year can be considered to be representative of the general marketplace.

With the exception of the study site, the City does not have any significant land within its municipal boundaries at this time that could accommodate new housing development. Nonetheless, market data regarding the current composition of owner-occupied housing in the City of Oakwood as compared to the composition of the owner-occupied housing inventory in the newer, nearby communities of Centerville and Washington Township, suggest that approximately 615 attached dwelling units could be added to the housing stock in Oakwood in order to align the owner-occupied housing inventory with the other southern, suburban communities of which the City is a part. Based on the current, annual, velocity of the owner-occupied housing market, approximately 40 units of attached dwelling products could be transferred each year as a portion of the owner-occupied housing market, assuming that these attached dwelling units comprised a representative percentage of the housing inventory. Typically, developers like to complete build-out and sale of condominium or patio home projects in a timeframe of three years or less. Generally, the accepted logic is that it takes approximately three years before the resale market for existing units in a project begin to affect the developer's ability to sell new units in the same project. Therefore, a new owner-occupied housing development of 120 units is envisioned on the subject site with between 84 units and 108 units priced at the \$200,000 threshold and between 12 and 36 units priced above \$200,000.

While the primary focus of the market analysis for new housing has been concentrated on the potential to develop attached dwelling products for owner-occupancy, the renter-occupancy market has been analyzed to determine if new renter-occupied housing could be accommodated in the market. Although the percentage of renter-occupied housing units in Oakwood is relatively small, market characteristics suggest that Oakwood could absorb a sufficient number of new units in the market in a timeframe that could make a new multi-family project possible.

The annual, renter-occupied housing market in Oakwood is roughly the same magnitude annually as the owner-occupied housing market as a result of the higher turnover rates experienced in this segment of the housing market. Even though the turnover rates are higher than in the owner-occupied segment of the housing market the rental housing market is more stable in Oakwood than in the other southern suburban Dayton communities and more stable than the rental housing market, in general.

Demographic and market criteria similar to those described above in conjunction with the owner-occupied housing market were applied to the analysis of the renter-occupied housing market. The geographic scope of the market and the delineation of primary and secondary markets were identical to the parameters of the owner-occupied housing market. The income strata were expanded to include households with an annual income of \$50,000 or greater consistent with

conventional qualifications to rent a unit at a market rent of approximately \$1,000 per month. Age demographics were limited to heads of households 55 years of age or older.

Based on the economic and geographic criteria coupled with the previously defined primary and secondary market areas, as defined above, it appears that there could be a market for approximately 94 units per year of renter-occupied housing in Oakwood. This market segment represents a significant percentage of the current, annual rental housing market in Oakwood, but, not unlike the owner-occupied housing described above, the introduction of approximately 96 units in a new, upscale project would represent the introduction of a new, alternative housing product to the Oakwood market. A project that is slightly larger than the potential annual demand, 94 units of demand versus 96 units of supply, allows for a unit to accommodate a resident manager as well as a combination office/model.

H. Office Market Observations and Conclusions

The inventory of office space in the City of Oakwood is small, but an important contributor to the economic health of the City. Primary office uses in the City are medical, dental and general office businesses that serve the local community. With only two significant exceptions, the buildings in which office spaces are located are mixed-use structures with retail and financial services uses on the ground floors.

The Gem Real Estate Group, Inc. includes approximately 90,000 square feet of office space, in the City of Oakwood, in its annual survey of the Dayton office market. This space is concentrated in four buildings in Oakwood. Based on observation, the total inventory of office space in the City is estimated between 100,000 square feet and 125,000 square feet. On the basis of qualitative observations about the age, condition, location, and configuration, most of the office space in the City is considered to be class “B-C” space. While office space in the Oakwood market is considered to be class “B-C” space, it should be noted that there is no class “A” space in any of the suburban sub-markets in the Dayton area according to the GEM survey.

In the past decade the market has witnessed the transition of a former branch bank facility into a financial services office and the construction of a three-story office building in the business district on Far Hills Avenue at the southern edge of the City. In the same time period, the second largest office building in the City was demolished in order to make way for a new CVS pharmacy. This office structure suffered from physical deterioration and functional obsolescence that rendered the property uncompetitive in the marketplace. The net result was a reduction in the inventory of office space in the City.

In the larger market, office space in Oakwood represents less than one percent of the Dayton market’s office inventory.

Historically, the Oakwood office market has been very stable. For several years the Oakwood office market had little or no vacancy. In 2003, the GEM survey did indicate that approximately 16,000 square feet of space in one building was vacant. This space represents approximately 31% of the square footage in the building affected, and between 13% and 16% of the total Oakwood market.

There is no market indication of strong demand for office space in Oakwood. Strong, unmet demand would have typically manifested itself in visible efforts to update and upgrade the significant buildings in the existing inventory. There is no visible evidence of any substantial efforts to upgrade or update the major structures in the market. Therefore, it is assumed that there has been no motivating reason (market demand) that has caused building owners to improve their properties to enhance their competitiveness and income producing capacity.

Future demand for office space in Oakwood is projected to be stable in the future. Whether the office market in the City will be able to fill the space that is currently vacant is subject to question. The current vacancy rate in the City is not inconsistent with the south, suburban market, in general.

For purposes of this analysis, the introduction of approximately 16,000 square feet of new office condominium space is believed to be reasonable. This amount of space is consistent with the scale of other office properties in the City. The proposed space is sufficient to be operated efficiently in the local market. The magnitude of the proposed project does not require more land than the site can reasonably allocate to the use. Finally, it is an amount of space that could accommodate from one to ten tenants based on tenant size ranges observed in new office condominium buildings in the south suburban market.

The proposed project does not represent a significant introduction of new space into the market. This project could go almost unnoticed in the competitive marketplace except for prospects that meet the original description of office occupants in Oakwood as defined above.

Current market indications are that the 16,000 square feet of space proposed on the subject site could be absorbed within one to two years on the basis of conservative estimates. The market share is not significant in the overall marketplace notwithstanding the sluggish office market currently being experienced throughout the Dayton area.

I. Retail Market Observations and Conclusions

The retail market segment represented by the inventory in Oakwood is not a significant percentage of the inventory in the Dayton Metropolitan market. Based on observation, the retail inventory constitutes approximately 100,000 square feet of space. This inventory estimate includes space on Far Hills Avenue at the southern edge of the City and space on Park Avenue in the heart of the City.

The retail inventory in Oakwood represents niche space devoted predominantly to local retailers with some limited number of storerooms devoted to regional and/or national chains. Dorothy Lane Market is the largest retailer in the City with CVS Pharmacy, Talbot's, Chico's and Starbuck's representing the four largest chain retailers in the City.

While the market exhibits only infrequent vacancies, there does not appear to be an inordinate demand for retail space that has led to the development of new retail storerooms in, or adjacent to, the business districts in Oakwood. Admittedly, there are few opportunities for new development to occur without purchasing already existing, occupied space for demolition and

redevelopment. Nonetheless, several converted residences still form the backdrop to the retail storefronts in the business district. These converted residences have to be considered to be functionally obsolete in the competitive market, yet they remain on the landscape. Observation suggests that the demand for more functional, and more expensive, retail space is not at a level to justify redevelopment of these obsolete improvements in the marketplace.

It appears as if future demand for retail space in the City will be, more or less, stable and consistent with current market demand. The dominant segment of the market is most likely to continue to come from local merchants and entrepreneurs who want to launch, or expand, retail ventures.

The demographics of the Oakwood market and the adjacent segment of the Kettering market suggest that retail space in Oakwood should remain competitive in the local market for the foreseeable future. Virtually nonexistent opportunities to expand the retail inventory in Oakwood should help to ensure that the supply of retail space in Oakwood remains balanced with the demand for storerooms in the City. Although many storerooms represent functionally inadequate, converted residences, this space should remain competitive as long as the ability to develop new retail alternatives at the epicenter of the Oakwood market remains constrained.

II. AN INTRODUCTION TO MARKET ANALYSIS

A. Market Analysis Defined

Simply defined, market analysis attempts to understand, describe, and project the interaction of supply and demand for goods and services in the marketplace. Every consumer product and service that is anticipated or offered in the marketplace represents a component of planned or actual supply. The desires of consumers represent potential demand for new products and services. The buying choices made by consumers represent components of actual demand. Before new products or services are brought to market the anticipated actions of consumers are the subject of a great deal of quantitative and qualitative analysis. Even after products or services are introduced they are subjected to repeated competitive analyses to determine if consumers will be drawn to make purchases, perhaps in an environment of heightened competition with newer more desirable products and services than those being studied.

Market analysis is both an economic concept and a behavioral concept. The economic analysis involves quantitative tools and analyses to measure supply, demand, pricing and competitive positioning. The behavioral side of market analysis attempts to determine why consumers are drawn to specific products and services while bypassing seemingly similar competitive offerings. Studying consumers' preferences enables manufacturers and business operators to develop new products and services that meet the ever-changing desires of the consumer public.

Market analysis can be a macroeconomic concept as well as a microeconomic concept. A market analysis can be based on macroeconomic measures that apply to entire industries, regions, countries or the world. Similarly, a market analysis can be based on microeconomic measures that may only be applicable to a specific good or service offered at a specific location. In essence, the scopes of market analyses can cover a vast range of specific questions to be answered. The results of an analysis may, or may not, be tied to an identified geographic location.

Market analysis is applicable to real estate. However, the analysis of real estate must recognize the fixed location of any property, project or market area. Similar to consumer products and services, real estate experiences the same product life cycle with four distinct phases of growth, stability, decline, and revitalization. However, real estate also has a physical life that eventually must come to an end. In addition, the physical nature of real estate creates a functional life that may or may not coincide with the physical life of the property. A real property may be physically sound, but it may no longer meet the space needs of its consumer population. As a result, the analysis of real estate can be more complex than the analysis of consumer products and services. Consumer products and services can be redesigned or modified to keep pace with changing consumer preferences and these products and services can be offered in locations that are perceived to be the best alternatives for capturing the consumers' dollars. Unfortunately, real estate may not be adaptable to changing consumer preferences and its location is fixed. If consumers move to new locations to live, work, shop, and play then the real estate that was once the most popular alternative in the marketplace goes into decline. In addition, the changing

desires of consumers may mean that the size, design and attributes of any existing project no longer meet the needs of the buying public and the real estate goes into decline.

Consumer preferences change and the locations where consumers want to live, work, shop, and play change. Consumer demand is mobile. Real estate is fixed. Therefore, the market analysis of real estate must recognize that properties meet the needs of the market at a specific period in time. Real estate may meet the needs of the marketplace for a number of years, but change will certainly occur and the real estate will not be able to react. This transient nature of market appeal can affect specific projects, neighborhoods, communities, and entire cities or regions. The inflexibility and the immobility of real estate cannot be ignored in a market analysis.

The terms market analysis and market study, are frequently used interchangeably. Market analysis is the process of gathering, analyzing, and observing data about the interaction of supply and demand. The information developed is then condensed into a report that describes the analyst's procedures, techniques and tools for converting the input obtained into the conclusions and recommendations that comprise the market study report that is produced.

A market analysis is not a marketing study, a marketability study, or a feasibility study. A marketing study focuses on the programs, materials, and media needed to create a successful marketing effort to sell a product or service. A marketability study focuses on a specific product or class of products and attempts to define whether a market exists and, if so, the characteristics of that market. Finally, a feasibility study is more comprehensive than a market analysis. The feasibility study may utilize a market analysis as a data input. However, the feasibility study focuses on the financial merits of a proposed project, product or service and whether a project, product, or service can be developed successfully. The determinant in a feasibility study is financial performance.

From this point on the discussion will focus on the market analysis as applied to real estate.

B. The Basic Questions to be Answered

The questions to be answered by a market analysis are rather basic. Three questions must be answered by the market analysis. These questions are as follows:

1. Is there a market for users (renters and/or purchasers) of the existing or proposed real estate properties and projects?
2. How quickly, and at what price, could proposed additions (projects) be absorbed in the market?
3. Are there better ways to execute or offer the proposed project(s) to enhance their acceptance in the marketplace?

The nature of the specific analysis will determine the amount and sources of data to be obtained and the overall complexity of the analytical problem to be addressed. Nonetheless, the three basic questions form the foundation of the market analysis.

C. Who Needs Market Analysis

The need for market analysis is growing and transforming rapidly. Much of the need has grown from the demands of federally insured lending institutions over the last decade. Developers have always been trusted to know and understand their markets, but uncontrolled speculative development of the 1980's led to seriously overbuilt markets and catastrophic loan defaults. Regulatory reforms now require at least rudimentary market analyses for all proposed projects along with other safeguards that reduce the likelihood of serious overbuilding on such a widespread basis as occurred in the late 1980's.

The usefulness of market analysis became apparent. If a market analysis can be used to help project the need for new development, perhaps it also can be useful for market participants to determine the current status of any real estate market and to help project the needs of the marketplace, even if specific development projects have not yet been identified. The market analysis has become a planning tool as well as a determinant of the need for specific projects. This is really not new to the marketplace, but the process was much more informal in the past. Developers have always been in touch with their markets, but they did not compile the data that they reviewed nor did they prepare formal analytical reports to support their conclusions.

Today's marketplace is less reliant upon the interpersonal relationships that historically enabled developers to present their projects to their bankers and secure financing. In addition, in the public sector, local governments, have recognized the importance of developing successful real estate projects as one of the cornerstones to community vitality and growth.

The consumer base for real estate market analysis has grown to include developers, builders, investors, lenders, architects, marketing managers, tenants, occupants, sellers, purchasers, landowners, property managers, and local governments. All of these individuals and organizations have recognized the value of understanding the current status of the marketplace as well as the possible directions that it may take in the future. A market analysis is analogous to a road map. The various consumers of market analyses may know exactly where they want to be, but they cannot plot a course to get there unless they know exactly where they are. This is the function of the market analysis to provide the information and the projections to point the way.

D. The Fundamentals of Market Analysis

Generically, market analyses must address six specific points as follows:

1. Property Productivity – a preliminary analysis of the legal, physical, and location attributes of the subject project or concept.
2. Market Delineation – an analysis of the marketplace for potential consumers including consideration for market constraints and existing competition.
3. Forecast Demand – an analysis of the potential demand that can be generated from the marketplace given the competitive environment.

4. Competitive Supply Analysis – an inventory of the competitors in the marketplace.
5. Equilibrium or Residual Analysis – the comparison of the existing and potential demand to the competitive supply in the marketplace.
6. Forecast Subject Capture – a projection of the anticipated ability of the subject project or concept to capture a portion of the demand that has been demonstrated to exist in the marketplace. This market share may represent an expansion of the local marketplace for the goods and/or services to be offered along with a market share captured from the existing competition in the marketplace.

Every market analysis addresses the six points cited above. Depending on the nature of the real estate question at hand the specific sources of data and the analyses performed may vary significantly.

Generically, real estate may be divided into four basic land use groups. These groups include residential, industrial, office, and retail land uses. There are many segments within each use group. Some analysts consider lodging and recreational uses as a fifth land use group. Needless to say there are many potential market segments within each land-use group. The specific market question to be answered will define the land use(s) and the market segment(s) that are relevant to the decision making process. Once the analytical question has been defined the data and research necessary to analyze the market becomes clear. Each major land use group has a set of data and market information that provide the input into the quantitative models and the qualitative framework that the analyst utilizes to describe the current status of the marketplace and to make projections regarding the market for the land use(s) in question.

The reader should note that the first point to be addressed is that of property productivity. This starting point can be specific to a particular property or it may involve entire classes of properties. The concept is directly linked to the appraisers' definition of highest and best use. This relationship is not an accident. Whether discussing a specific project or the inventory of a specific class of properties in a given community, the question of highest and best use is still the starting place for any real estate market analysis.

Appraisers define highest and best use as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.”

Appraisal Institute, *The Dictionary of Real Estate Appraisal, Third Edition*, Page 171.

As the reader can see this definition parallels the components of the analysis of property productivity, stated above, that forms the basis of every market analysis.

Not all market analyses need to be property specific. Many market analyses are conducted in order to ascertain the competitiveness of entire communities. This type of analysis may be used in order to develop support for economic development efforts or to facilitate the creation of urban renewal districts. The need to maintain economic vitality in a community may be the reason to conduct a market analysis. The public purposes for conducting market analyses are numerous. Obviously, a market analysis as a prerequisite to a comprehensive planning effort has value. Communities can revise their land use plans on the basis of the needs that are revealed by the market analysis. Similarly, communities can make zoning decisions on the basis of current market evidence rather than on conjecture or market hearsay. Quantitative and qualitative support from an objective, third party, market analyst is often better than attempting to defend contentious zoning decisions without any factual, current market information.

The market analysis begins with a review of relevant market data including information regarding the population, age distribution of inhabitants, individual and household income, educational attainment and employment, along with housing characteristics and an overview of existing residential conditions. Essentially, the context of the marketplace must be established. If the market area under consideration is a sub-market of a larger urbanized area, the similarities and differences relative to the larger urban area must be identified. The relationship of the study area to the larger market and the nation's economy must be defined.

The existing inventory of developed real estate must be quantified either directly from public record data or indirectly through economic and social benchmarks. The potential for new development is directly related to the inventory of existing real estate on the landscape and to projected additions and subtractions from this inventory. However, it is possible to have a large amount of existing real estate on the landscape and still not have any competitive inventory to attract new consumers including businesses and industries. The functional utility of the existing inventory of real estate must be defined and described. The decline of functional utility in real estate is one of the most important reasons why real estate loses its market drawing power and its market value.

Many older established communities have large amounts of underutilized real estate in their inventories. This square footage may be physically sound, but it is functionally obsolete in the marketplace. Obsolete square footage in real estate developments represents reuse and/or redevelopment opportunities in the marketplace. Failure to recognize these alternatives may force new development to green field sites that ultimately do nothing but destabilize the economic fabric of the older, established communities that supported that prior generation of development. This phenomenon is a function of the inflexibility and fixed location of all real estate relative to the mobile consumer population that real estate supports.

The physical and functional life cycle of all real estate is inevitable. The property productivity analysis at the beginning of each market analysis helps to define the remaining economic and physical lives of existing real estate in the inventory as a prerequisite to determining the need for new development and the type of new development that could be supported in the local marketplace. Property productivity analysis is equally important in determining a proposed project's strengths or weaknesses. The linkage between property productivity analysis and the four tests of highest and best use is clear.

The second step of a market analysis focuses on the definition of a market area. Depending on the land use in question primary and secondary market areas may be defined. This step attempts to identify the geographic influence that a project or a location has in the marketplace. Market areas are usually irregular in shape and may be influenced by the existence of natural and manmade barriers as well as the existence of major transportation corridors. The locations of competitive projects also dictate the boundaries of market areas.

Frequently, market analysts will draw from observations and estimate the market area for a real estate project or neighborhood. These approximations can be very simple or they can be very complex. The nature of the questions to be answered and the budget for the analysis will often determine the depth of research that is conducted. The level of research and exploration into the mechanics of the marketplace is generally identified by one of the first three letters of the alphabet. Level “A”, analyses are cursory in depth and rely almost exclusively on readily available secondary data. Level “B”, analyses still have a high degree of reliance on secondary data, but the secondary data is supplemented by some primary, field research. This level of analysis offers more depth than the Level “A” analysis, but may still have shortcomings as a function of the data sources and the limited amount of primary research that is conducted. Level “C” analyses are typically the most in-depth market analyses that are performed. This level of analysis relies heavily on primary research that is both quantitative and qualitative in nature. Secondary data still plays a part in the overall analysis, but it is utilized for support instead of providing the primary data source for the analysis.

Rarely are markets in balance, or equilibrium. The supply of a good or service in a defined market seldom equals the demand for that good or service in the market. Generally, local markets exhibit conditions of over-supply or under-supply. If an over-supply status exists then the supplier of the good or service that is over-supplied must rely on consumer demand from outside the boundaries of the defined market for support. Conversely, goods or services that are in an under-supplied status in a defined market require consumers to journey beyond the limits of the defined market in order to find the goods or services that they demand. These imbalances help to define business opportunities and to explain business failures in the marketplace. The analyst must be careful in defining, or delineating, a market. Seldom does the analyst’s definition of the market capture all of the dynamics that are at work. Therefore, some degree of error is introduced into all market analyses simply by delineating the market area to be analyzed.

Step three and step four of the market analysis focus on developing the data and analyses that describe, and project, the supply and demand for the various types of real estate in the delineated market. From these efforts, the analyst can then attempt to reconcile the results of the analyses applied to determine the supply of, and demand for, real estate in the delineated market. The analyst can then estimate the need for new real estate “products” in the marketplace or the amount of over-supply that the market already has. It is important for the analyst to recognize the segmentation of the real estate market when making estimates or projections. While real estate may be broken down into four major land use types, there are a wide variety of market segments that can be identified for each land use group. The market may indicate that there is an oversupply, in any of the major land use groupings, yet there may be under-supplies in specific market segments that still represent market opportunities. Therefore, steps three and four of the

market analysis must not just focus on supply and demand for the four major land use groups, but must attempt to identify and quantify the major segments within each major group. Only the relevant segments of the market within any of the four major land use groups should be included in the market analysis.

Step five of the market analysis focuses on the reconciliation of supply and demand in the delineated market and the degrees of imbalance that may exist between the two observations. Ultimately, this is the step in the analysis that defines the opportunities and the constraints that exist in the delineated market. As stated above, the significant market segments within each of the four major land use groups must be identified and quantified in order for the conclusions of the market equilibrium analysis to have meaning. It is not sufficient to simply quantify the supply of, and demand for, major land use groups in the aggregate. Remember that the physical age and the functional utility of the real estate on the landscape greatly influences its competitive position in the market. To make observations regarding the supply of, and demand for, real estate in the market without regard for the physical and functional characteristics of the existing inventory would oversimplify the analysis and could lead to totally inaccurate conclusions. The experience and judgment of the analyst are critical to the market observations and conclusions that are presented in the market study report.

The sixth and final step of the market analysis is to project a capture rate or market share that the real estate in the delineated market may expect to capture. This analysis can pertain to existing real estate on the landscape as well as projects that are proposed. Physical and functional characteristics of the existing inventory of real estate will directly affect the ability of this inventory to attract consumers (renters and purchasers) to the market area, which, in turn, directly affects the prices paid for real estate in the marketplace. Prices are a direct result of consumer demand for the real estate product(s) offered and are inextricably linked to occupancy levels in the marketplace. This is why occupancy levels of specific projects, neighborhoods, communities, and entire cities are regarded as a quick measure of the competitive capacity of the defined market area. The stage of the product life cycle that the defined market is in is directly related to the market share that the real estate inventory can capture in the marketplace. The capture rate, or share of the market, of the defined market area is directly correlated to the competitive strength and vibrancy of the delineated market. Capture rates for all real estate are transient. It is consumer demand for the real estate product(s) offered that determines the market capture rate. Consumer demand is mobile. This demand can move to new locations and to new real estate products. Unfortunately, the location and, at least to some extent, functional utility of existing real estate products in the marketplace is fixed. This is why market analyses are only useful for a period of time before the constantly changing dynamics of the market require new market reviews. Generally, there is an inverse relationship between the dynamics of any defined market and the length of time for which a market analysis may be useful. In essence, the more dynamic the market, the shorter the useful life of a market analysis.

E. The Market Study Report

The following market study has been prepared in a format that proceeds in an orderly series of steps through the market analysis. This report follows the suggested guidelines of the Valuation and Research Committees of NCREIF (National Council of Real Estate Investment Fiduciaries)

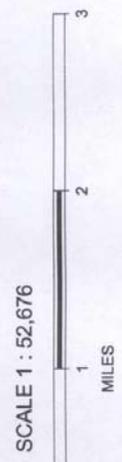
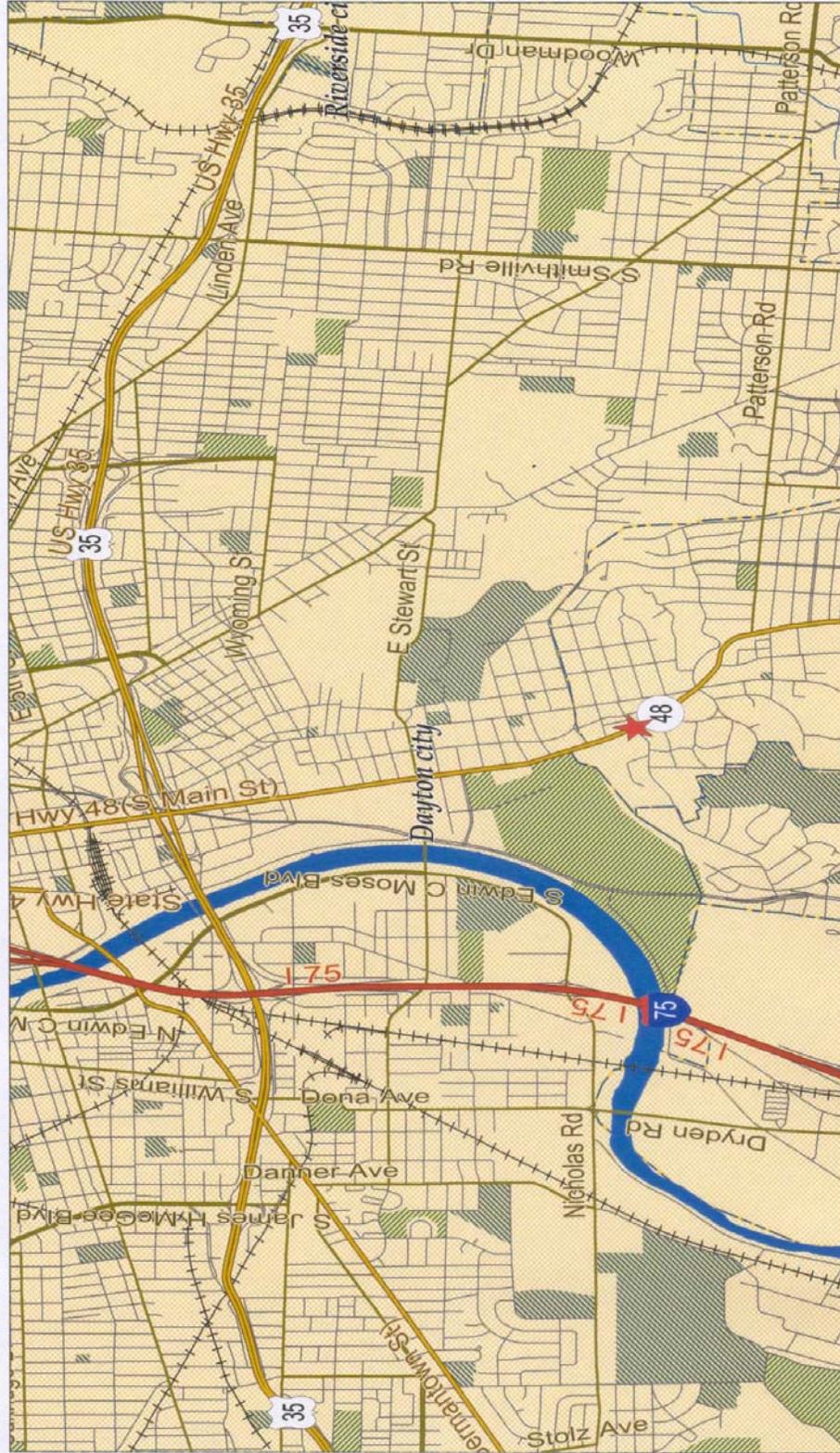
within the scope of the market analysis assignment as prescribed by the client. The analyst has also followed the market analysis guidelines and the procedures published by the Appraisal Institute in several texts and monographs regarding the topic of market analysis.

The following market study report is divided into several sections outlined herein. First, the scope of the assignment will be described and the nature of the analytical question(s) to be answered will be defined. Second, the context of the market will be described and relevant data and observations will be presented. Third, the steps of the market analysis will be detailed. Fourth, the analyst's observations and conclusions regarding the market will be stated and explained. Relevant source data and analytical details will be included in the appendices to the report.

Every market analysis depends to some degree on secondary data. Every effort has been made to utilize widely recognized proprietary data sources for market information. In addition to proprietary sources, data may be obtained from public records and from local sources that maintain local records and publish periodic reports regarding the local market and the local economy. To some extent there may be inaccuracies in any or all of these sources of data. The analyst does not warrant the accuracy of this data. The analyst may have relied on this data in formulating the observations and conclusions regarding the status of the marketplace and the opportunities and constraints that may exist. The analyst cannot be responsible for errors that may have resulted from inaccurate data that has been obtained from "recognized" or "reliable" sources.

Finally, every market analysis takes place within the context of a defined study time period. Markets are dynamic and potentially subject to significant, unforeseen changes. Therefore, the analyses, observations, and conclusions contained in the following market study report can only be considered in the context of the study timeframe. The analyst cannot be responsible for changes in market dynamics that may render the conclusions of the analysis invalid.

CITY OF OAKWOOD, SUGAR CAMP PROXIMITY MAP



III. SCOPE OF THE MARKET ANALYSIS

A. Definition of the Study Site

The study site has been defined as all of the primary campus of the former “NCR Sugar Camp” and abutting land to the east of the campus at the northwest corner of the intersection of Far Hills Avenue and West Schantz Avenue in the City of Oakwood, Montgomery County, Ohio. The land area contained in the study site is 36.443 acres, more or less, platted in three lots.

The study site is located on the northern edge of the City of Oakwood abutting the corporate limits of the Cities of Dayton, Kettering, and Oakwood. A proximity map on the opposite page depicts the location of the study site in the City of Oakwood.

B. Purpose of the Analysis

The purpose of the analysis is to determine the range of potential land uses that can be accommodated on the subject site, now and in the future, based on the needs demonstrated by the marketplace.

C. Objective of the Analysis

The objective of the analysis is to provide market-based information that will enable officials of the City of Oakwood to develop plans for the future of the site and its environs. The analysis will assist the City in developing strategies, initiatives, and plans to serve the needs of residents of the community and provide for business opportunities that meet market demand. In addition, the analysis will assist the City in determining the feasibility for the public sector to facilitate future development plans for the site in a fiscally responsible manner.

D. The Specific Questions to be Answered

The site-specific, analytical questions to be answered in the following report are:

4. What is the current status of the housing market in the City of Oakwood and how could the subject site be developed to address perceived market demand for a broader range of residential dwelling products than currently exists in Oakwood?
5. Are there consumer needs in the community that could be addressed by retail development on a portion of the subject site?
6. What office opportunities could be developed on a portion of the subject site on the basis of market demand?

The specific questions to be answered by this analysis were selected to reflect the existing zoning, the adopted comprehensive plan, and the sub-area plan that includes the subject site. The

range of land uses considered in this analysis is consistent with the range of uses that are considered potentially acceptable to policy makers and citizens in the community.

E. What Analytical Methodologies Have Been Used in This Analysis

The methodologies applied during the course of this analysis include the use of both primary research and secondary data. Formal and informal interviews have been used to discover information about the study area. Demographic data has been obtained from several public and proprietary sources that have been identified throughout this report. Basic quantitative methods have been applied to develop useable information from the data that has been obtained. Of course, the analyst's observations, judgment and conclusions are also contained in this report.

For purposes of this analysis the context of the market has been defined as four, contiguous, political subdivisions in the southeastern corner of Montgomery County including the Cities of Centerville, Kettering, and Oakwood along with Washington Township. In addition, several demographic criteria have been selected to segment the potential marketplace for the dwelling products to be analyzed in this report. The primary focus has been on households headed by individuals 55 years of age or older, with sufficient household incomes to qualify for conventional mortgage financing for housing units priced at approximately \$200,000. The market's predisposition toward attached dwelling products versus detached, single-family homes has been based on the current composition of the owner-occupied housing inventory in Centerville and Washington Township. These two communities are still developing and represent an inventory of housing products representative of the current marketplace. While the marketplace may be specifically defined for this analysis, the actual market will have a broader definition. Potential buyers may not come from the limited geographic area defined and they may not exhibit the demographic characteristics identified for this analysis. The criteria selected were defined in order to assess the primary market segments that the City of Oakwood wants to attract to a new housing development on the subject site.

The market for office and retail uses has been based on information drawn from the files of The Gem Real Estate Group, Inc. and field observations.

IV. HIGHEST AND BEST USE ANALYSIS

This study analyzes land use feasibility by employing market driven evaluation criteria. In order to carry out this analysis, it is necessary to understand the concept of highest and best use. Highest and best use analysis is a key concept in determining a property's market value. According to the Appraisal of Real Estate -- Eleventh Edition (Appraisal Institute, Chicago, 1996) highest and best use is defined as follows:

"The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

A. Highest and Best Use Criteria

The analysis of highest and best use is based on four fundamental tests. In order for a given use to be considered the highest and best use of a site, affirmative answers must be concluded for all four of the fundamental tests:

1) Legal Permissibility

What uses are currently permitted and could any additional uses be permitted with reasonably probable zoning changes?

2) Physical Possibility

Can the site be economically developed and will it adequately support anticipated improvements?

3) Financial Feasibility

Will the site as improved have a market value that justifies the cost and provides a sufficient entrepreneurial return to take the risk of development? A project is not economically feasible unless the rental rate or sales prices are sufficient to repay the costs of land acquisition and construction, plus provide an entrepreneurial return on investment sufficient to justify the risk associated with that investment.

4) Maximum Profitability

This test asks the question: among financially feasible alternatives, which alternative returns the maximum value to the underlying site? Different land uses result in different values for underlying land. Land uses can be described in levels of intensity. The more intense the use, the higher the land value. This concept must work in conjunction with financial feasibility. Therefore, an alternative land

use must be financially feasible before it can be measured for maximum profitability.

B. Prerequisite Conditions of Highest and Best Use

The four fundamental tests are applied under the assumptions of two prerequisite conditions. These conditions are as follows:

- 1) The site as vacant.
- 2) The site as improved.

The four fundamental tests are applied to a site under each of the two conditions. This set of tests enables the analyst to determine if any current improvements contribute to the value of the underlying site (consistent with highest and best use) or do not contribute to the value of the underlying site (inconsistent with highest and best use).

These tests can be applied to vacant sites as well as improved sites. In the case of improved sites, the results of the analysis indicate whether existing improvements contribute to value, in which case the site is improved to its highest and best use. If the improvements do not contribute value, they no longer represent the highest and best use of the site.

C. Application of Highest and Best Use to the Study Site

Ultimately, the results of the market analysis may indicate the need for land for all of the four basic land use groups consistent with the definition of highest and best use as stated above. The availability of land to accommodate the indicated growth opportunities may represent a constraint to the achievement of the levels of growth that could potentially occur. Local zoning of available land areas may be an additional influence on the ability of the study site to achieve the potential growth that may be indicated by the market analysis. Essentially, a market analysis can provide indications regarding potential land use needs in the future for a study site, but there are many additional decision making criteria that can help facilitate, or deter, the ultimate achievement of the potential that is indicated by the results of the study. In addition, markets are fluid. Market conditions are constantly changing. The introduction of new uses to the market can alter the competitive landscape for market followers. Attempting to achieve results in the future must be based in the context of the market at the time action is contemplated. Should an action be based on obsolete market data, the action taken may not meet with market success.

The highest and best use of land is always in the mind of the market analyst. Applications of the basic tests have been made in the following report, given the scope of the market analysis conducted for the City of Oakwood, Ohio.

V. THE HOUSING MARKET

A. Current Market Inventory

The overall housing inventory in Oakwood comprises approximately 3,815 units. There are 3,029 owner-occupied, residential dwelling units of all types in the City. Included in the Owner-occupied, inventory, are 2,915 freestanding, single-family residences, or 96.24% of the total inventory. There are 114 attached, owner-occupied, residences, or 3.76% of the inventory. Therefore, approximately 79.40% of the overall, housing inventory appears to be directed toward the owner market. Of the remaining 786, housing units in the City's inventory, 593 are renter-occupied, with 476 units located in multiple unit structures containing two units or more. According to Census Bureau data, 193 housing units in the inventory, or 5.06%, are categorized as vacant. Of the vacant units in the inventory in the City of Oakwood in 2000, only 32 units were classified as "other vacant" suggesting that these units may be out of service and/or uninhabitable. This percentage vacancy is not unusual in the marketplace and strongly suggests a housing market in which supply and demand are in balance.

The median construction date for all housing units in Oakwood is 1941. Approximately 73.5% of the owner-occupied housing inventory was built prior to 1950. This compares to median construction dates of 1976 in the City of Centerville, 1959 in the City of Kettering, and 1977 in Washington Township. According to Census Bureau data, only 28 residential units (0.73%) were added to the housing inventory in Oakwood between 1990 and 2000. This compares to 20.22% in the City of Centerville, 2.4% in the City of Kettering, and 21.45% in Washington Township. Based on the median age of the housing inventory, the statistics suggest that the average housing unit in the inventory in the City of Oakwood will last approximately 126 years. This is a simplified way of viewing the age and the economic life of the housing inventory in a community. While these statistics are not uncommon, it does point to a need to continuously search for opportunities to refresh the overall housing inventory with the addition of new units. This observation is especially significant to Oakwood since its housing inventory is relatively old as compared to other southern suburban Dayton communities in Montgomery County of which the City is a part.

B. The Market

The annual owner-occupied housing market appears to comprise approximately 6.4% of the owner-occupied inventory, or approximately 194 housing units annually. This annual turnover rate represents relative stability in the marketplace. Owner-occupied housing in the City of Centerville exhibited an 11.9% turnover rate in the 2000 census, the City of Kettering exhibited a 7.8% turnover rate, and Washington Township exhibited an 11.9% turnover rate. An owner-occupied housing turnover rate of 10.0% per year can be considered to be representative of the general marketplace.

The annual renter-occupied housing market appears to comprise approximately 36.8% of the renter-occupied inventory, or approximately 218 housing units annually. This annual turnover rate is more stable than the typical marketplace. Renter-occupied housing in the City of

Centerville exhibited a 45.5% turnover rate in the 2000 census, the City of Kettering exhibited a 40.4% turnover rate, and Washington Township exhibited a 48.4% turnover rate. A renter-occupied housing turnover rate of 40.0% per year can be considered to be representative of the general marketplace.

C. Future Demand

The overall housing market, supply and demand balance suggests that there is the potential for the Oakwood market to absorb the addition of new units to the housing inventory without destabilizing the market regardless of owner or renter occupancy. The potential to add units to the market is constrained by land areas available for new development and should be tempered by the composition of the current inventory of housing to provide additional housing alternatives to future buyers and/or renters. City officials have observed a lack of “step down” housing alternatives for current homeowners in the City. This observation appears to be confirmed by the housing statistics. The composition of the current inventory is heavily weighted to freestanding, single-family homes. The composition of the inventory appears to represent the context of the time during which the community experienced the majority of its residential development. Communities that have developed in more recent time periods reflect a housing composition that has more owner-occupied dwelling alternatives, including condominium and patio (zero lot line) homes; i.e., attached dwelling units. Condominiums offer entry level home ownership opportunities as well as “carefree lifestyle” opportunities for specific segments of the housing market including the “step down” market segment. These alternatives to freestanding, single family residences represent relatively recent product introductions to the overall owner-occupied housing market. The time frame of the majority of residential development in Oakwood and in Kettering predates to the introduction of condominiums to the marketplace. Only limited opportunities for condominium development, or conversion, have been found in either city. Therefore, the composition of the housing inventory does not offer sufficient supply to quantify the potential magnitude of the attached dwelling market. The City of Centerville and Washington Township exhibit more recent housing development in the marketplace. The housing inventories in these two communities include significant numbers of condominiums and patio homes. The composition of the owner-occupied housing inventory in the City of Centerville includes 1,819 (24.45%) attached dwelling units and the inventory in Washington Township includes 1,519 (17.62%) attached dwelling units. In general, it appears that the overall composition of the owner-occupied housing market in Dayton’s newest southern suburbs is comprised of approximately 20.70% attached dwelling products.

Based on the current composition of owner-occupied housing in the City of Oakwood and the composition of the owner-occupied housing inventory in the newer, nearby communities of Centerville and Washington Township, approximately 615 attached dwelling units could be added to the housing stock in Oakwood in order to align the owner-occupied housing inventory with the other southern, suburban communities of which the City is a part. Based on the current, annual, velocity of the owner-occupied housing market, approximately 40 units of attached dwelling products could be transferred each year as a portion of the owner-occupied housing market, assuming these units comprised a representative percentage of the housing inventory. Typically, developers like to complete build-out and sale of condominium or patio home projects

in a timeframe of three years or less. Generally, the accepted logic is that it takes approximately three years before the resale market for existing units in a project begins to affect the developer's ability to sell new units in the same project. Therefore, a new owner-occupied housing development of 120 units is envisioned on the subject site with between 84 units and 108 units priced at the \$200,000 threshold and between 12 and 36 units priced above \$200,000.

With the exception of the subject, Sugar Camp site, there are no opportunities for the City of Oakwood to add any significant numbers of units to its housing inventory at this time. Therefore, the opportunities to align the composition of the City's housing inventory with similar housing inventories in more recently developed communities is limited.

City officials and community leaders have observed an apparent lack of "step down" housing opportunities in Oakwood that may be accumulating in "pent-up demand" for attached dwelling units designed to accommodate the "carefree lifestyle". While no scientific analysis of the market has been conducted, this observation appears, on the surface, to have some validity. The age and income demographics of the City suggest that there could be a potentially significant market for attached dwelling units. Some observations regarding potential pent-up demand will be offered after the typical, or normal, market magnitude is estimated on the basis of criteria that have been established in order to capture the "step down" segment of the overall owner-occupied housing market.

The annual owner-occupancy market has been analyzed on the basis of age, income, and market predisposition to estimate annual demand for attached dwelling units in the City of Oakwood. Age parameters have been set in order to evaluate the "step down" market. As stated elsewhere in this report, "step down" is a term applied to an upscale, attached dwelling product that is probably smaller than the residence the buyer previously occupied and is designed to offer a "carefree" lifestyle. Only age brackets of 55 years and older have been included in this analysis. At age 55, a number of householders no longer have children at home, some have retired, and many homeowners no longer want to take the time or make the effort to maintain a freestanding, single-family residence. It is at this age bracket where the market for attached dwelling products designed for the "step down" market begins to manifest itself. Household income brackets have been limited to those households that could afford conventional mortgage terms for attached units priced at approximately \$200,000. At least a portion of "step down" homebuyers may pay cash for an attached dwelling unit; however, this does not appear to represent normal market conditions. Therefore, a more conservative approach was taken to qualify the potential market on the basis of income characteristics. Household income brackets of \$75,000 or more were included in the analysis. Based on the composition of the inventory of owner-occupied housing in newer, nearby communities, the market predisposition was estimated at 20% for attached dwelling products. Finally, the market was stratified between primary and secondary geographic areas on the basis of judgment and percentage allocations suggested by national market research and accepted definitions of markets. Approximately 70% of the market demand for new, attached residential units in Oakwood is projected to come from the Cities of Oakwood and Kettering; i.e., the primary market. Approximately 30% of the market demand for new, attached residential units in Oakwood is projected to come from the City of Centerville and Washington Township; i.e., the secondary market. Based on the demographic criteria selected and the geographic stratification of the primary and secondary markets, annual demand for attached, owner-occupied dwelling units on the subject site is projected at 41 units per year. Details regarding this analysis are contained in the table located in the Appendices.

While the primary focus of the market analysis for new housing has been concentrated on the potential to develop attached dwelling products for owner-occupancy, the renter-occupancy market has been analyzed to determine if new renter-occupied housing could be accommodated in the market. Although the percentage of renter-occupied housing units in Oakwood is relatively small, market characteristics suggest that Oakwood could absorb a sufficient number of new units in the market in a timeframe that could make a new multi-family project possible.

Demographic and market criteria similar to those described above in conjunction with the owner-occupied housing market were applied to the analysis of the renter-occupied housing market. The geographic scope of the market and the delineation of primary and secondary markets were identical to the parameters of the owner-occupied housing market. The income strata were expanded to include households with an annual income of \$50,000 or greater consistent with conventional qualifications to rent a unit at a market rent of approximately \$1,000 per month. Age demographics were limited to heads of households 55 years of age or older.

Based on the economic and geographic criteria coupled with the previously defined primary and secondary market areas, as defined above, it appears that there could be a market for approximately 94 units per year of renter-occupied housing in Oakwood. This market segment represents a significant percentage of the current, annual rental housing market in Oakwood, but, not unlike the owner-occupied housing described above, the introduction of approximately 96 units in a new, upscale project would represent the introduction of a new, alternative housing product to the Oakwood market. A project that is slightly larger than the potential annual demand, 94 units of demand versus 96 units of supply, allows for a unit to accommodate a resident manager as well as a combination office/model. Details regarding this analysis are contained in the table located in the Appendices.

D. Competitive Supply

The housing supply in Oakwood appears to be competitive in the marketplace. The housing stock is older than the other suburban communities in the southeast corner of Montgomery County, but the inventory appears to be well maintained. The housing inventory in Oakwood comprises approximately 3,815 units. If 120 owner-occupied units were added to the market the overall supply increase is only 3.15%. The proposed units represent an increase of only 3.96% in the owner-occupied housing inventory. The projected absorption rate of 40 units per year represents less than 21% of the current, annual owner-occupied housing market. The effects of introduction of the new units to the inventory would only effect the composition of the annual market for approximately three years. It is likely that the introduction of this project would actually expand the magnitude of the annual housing market in Oakwood during the project's initial sales period. Given the limited opportunities that Oakwood has had to add to the housing supply in the City in recent years, a housing supply increase of 120 units does not appear to represent a destabilizing influence in the local marketplace. In addition, the attached dwelling product form represents the expansion of a housing product type that appears to be in undersupply in Oakwood relative to the other suburban communities of which Oakwood is a part. Demand for these attached housing units will probably have little to no effect on the market for freestanding homes in Oakwood; the predominant majority of annual home sale in the City at

the present time. Therefore, existing residents who wish to purchase units in the proposed project should have no problem in finding buyers for their existing homes.

The introduction of 96 units of multi-family, rental housing represents an increase of only 2.52% in the overall housing inventory in the City. The introduction of 96 units of rental housing would expand the renter-occupied inventory by approximately 16%. The introduction of 96 units would comprise 44.04% of the current, annual renter-occupied housing market in Oakwood for approximately one year. As with the new owner-occupied housing, it is likely that the rental housing market in Oakwood would be expanded in magnitude during the initial lease-up period for the project. The composition of the current rental inventory in Oakwood is substantially different than the proposed project. Therefore, the proposed project's introduction would probably not have any destabilizing effect on the existing rental housing market in the City.

As has been stated above with regard to the owner-occupied and the renter-occupied segments of the housing market, the City does not appear to have land available for any significant new housing development. This apparent lack of land could be a significant impediment to maintaining the vitality of the City's housing inventory over the long term. While market competitiveness of the City's housing inventory may not have been affected yet, it may only be a matter of time before market competitiveness of the City's housing stock is impaired without finding opportunities to introduce new, replacement housing units in the inventory.

E. Supply and Demand Balance

The population is projected to be stable, more or less, in the next few years. More importantly, the number of households in the City is projected to remain relatively stable in the next few years.

The supply of owner-occupied housing appears to be in balance with the demand for owner-occupied housing on the basis of historical information from the marketplace and considering the current composition of the housing inventory in the City. The perception is that there could be an expanded market for attached dwelling products (condominiums and patio homes) if Oakwood had land that could be developed for this product type. Age demographics suggest that the current composition of the housing inventory may be inconsistent with the housing desires of a segment of the households that comprise the City's population. The proposed housing project is designed to address the perceived undersupply of attached, ownership, dwelling products in the City's housing inventory. As has been stated above, the City appears to be able to support as many as 615 new attached, owner-occupied dwelling units on the basis of comparison to the composition of the housing stock in adjacent, newer suburban communities in Montgomery County.

Historically, the vast majority of the market for condominiums and patio homes has been at prices at, or below, \$200,000. Data for this analysis suggests that approximately 95% of the market in Dayton's southern suburbs, historically, has been in price brackets of \$200,000 or less. In the analysis of the owner housing market, between 70% and 90% (104 units to 128 units), of the new units to be introduced for owner occupancy, are priced at approximately \$200,000 (\$125 per square foot of living area). In the context of the current market, this translates into a typical unit size of approximately 1,600 square feet of living area. Details regarding the price brackets

for home sales and condominium sales in Oakwood, and the other southern suburban communities that comprise the market context for this analysis, are contained in the table located in the Appendices.

Historically, condominiums have been developed for the “first time buyer” segment of the local market and not for the “step down housing” segment of the market. The “step down” market demand that the proposed project is projected to address is an emerging segment of the local market that is not inconsistent with national trends. In addition, the size of condominiums and patio homes appears to be increasing; “step down” is a relative term. Pricing of condominium units and patio homes is directly tied to unit sizes; therefore, a larger share of the market is anticipated in the price brackets from \$200,000 upward in the future.

The supply of renter-occupied housing appears to be in balance with the demand for renter-occupied housing in the City of Oakwood based on historical evidence and the composition of the current inventory of rental housing in the City. The current inventory of rental housing does not include an upscale rental project that is designed for the young college graduate or professional that may want to reside in an upscale community, but may not be ready to purchase a residence. The percentage of rental housing as a portion of the overall housing inventory in Oakwood is relatively low as compared to the other suburban communities that comprise the context of the market for this analysis. The City may not wish to expand its rental-housing inventory significantly in the future. While the introduction of 96 new rental units to the housing inventory in the City does represent a significant expansion of the City’s rental housing inventory, the City is still heavily skewed to owner-occupied housing. As with the new, owner-occupied housing, the product type represents the introduction of a new product type to the Oakwood market.

Lease rates have been projected at approximately \$1,000 per month for an average unit containing 1,000 square feet of living area. The projected, average, rental rate is consistent with the newest, suburban, rental projects in the Dayton area.

F. Market Share and the Competition

The City’s inventory of owner-occupied and renter-occupied housing appears to be projected to remain in balance in the next few years. The City’s share of the combined south suburban Montgomery County market will probably decline throughout the next few years as the newer communities of Centerville and Washington Township continue to develop. The number of units projected to be introduced on the subject site does not represent a significant increase in the total number of housing units in the southern suburbs. The proposed projects on the subject site should not have a destabilizing effect on the Oakwood market and will not represent significant additions to the owner or renter occupied inventories of Dayton’s southern suburbs, in general.

VI. THE OFFICE MARKET

A. Current Market Inventory

The inventory of office space in the City of Oakwood is small, but an important contributor to the economic health of the City. Primary office uses in the City are medical, dental and general office businesses that serve the local community. With only two significant exceptions, the 2600 Building and a newer building at 2331 Far Hills Avenue, buildings in which office spaces are located are mixed-use structures with retail and financial services uses on the ground floors.

The Gem Real Estate Group, Inc. includes approximately 90,000 square feet of office space in Oakwood in its annual survey of the Dayton office market. This space is concentrated in four buildings in Oakwood. Based on observation, the total inventory of office space in the City is estimated between 100,000 square feet and 125,000 square feet. On the basis of qualitative observations about the age, condition, location, and configuration, most of the office space in the City is considered to be class “B-C” space. While office space in the Oakwood market is considered to be class “B-C” space, it should be noted that there is no class “A” space in any of the suburban sub-markets in the Dayton area according to the GEM survey.

In the past decade the market has witnessed the transition of a former branch bank facility on Park Avenue into a financial services office and the construction of a three-story office building in the business district at 2331 Far Hills Avenue near the southern edge of the City. In the same time period, the second largest office building in the City was demolished in order to make way for a new CVS pharmacy. This office structure suffered from physical deterioration and functional obsolescence that rendered the property uncompetitive in the marketplace. The net result was a reduction in the inventory of office space in the City.

In the larger market, office space in Oakwood represents less than one percent of the Dayton market’s office inventory.

B. The Market

Historically, the Oakwood office market has been very stable. For several years the Oakwood office market had little or no vacancy. In 2003, the GEM survey did indicate that approximately 16,000 square feet of space in one building was vacant. This space represents approximately 31% of the square footage in the building affected, and between 13% and 16% of the total Oakwood market. It should be stated that “for rent” signs were observed in the windows of second floor offices spaces in some of the mixed-use buildings in the business district. These spaces do not represent significant amounts of space that would affect the overall opinion of the office market in this analysis.

The market for rental office space has been weak throughout the Dayton Metropolitan Area as a function of economic conditions; however, recent vacancy in the Oakwood market may be more related to specific building age and condition factors than the overall economy.

There is no market indication of strong demand for office space in Oakwood. Strong, unmet demand would have typically manifested itself in visible efforts to update and upgrade the significant buildings in the existing inventory. There is no visible evidence of any substantial efforts to upgrade or update the major structures in the market. Therefore, it is assumed that there has been no motivating reason, market demand, to cause building owners to improve their properties to enhance their competitiveness and income producing capacity.

In addition, efforts to sell or lease the subject “Sugar Camp” for office uses has not met with market interest since NCR placed the property on the market. The “Sugar Camp” campus has had significant market exposure since NCR first offered the property in the marketplace almost two years ago.

C. Future Demand

Future demand for office space in Oakwood is projected to be stable in the future. Whether the office market in the City will be able to fill the space that is currently vacant is subject to question. The current vacancy rate in the City is not inconsistent with the south, suburban market, in general.

A larger question revolves around the potential demand for new, owner-occupied, office space in Oakwood. Certainly, a portion of the existing office inventory in the City is owner-occupied. In addition, office condominiums have been well received by segments of the office market in other of Dayton’s south suburban communities. The Governor’s Place project and Lincoln Park office additions have been well received and fully absorbed in neighboring Kettering. While only anecdotal evidence of an office market in Oakwood, the introduction of a modest amount of speculative office space in the Oakwood market would appear to be supportable.

For purposes of this analysis, the introduction of approximately 16,000 square feet of new office condominium space is believed to be reasonable. This amount of space is consistent with the scale of other office properties in the City. The proposed space is sufficient to be operated efficiently in the local market. The magnitude of the proposed project does not require more land than the site can reasonably allocate to the use. Finally, it is an amount of space that could accommodate from one to ten tenants based on tenant size ranges observed in new office condominium buildings in the south suburban market.

D. Competitive Supply

The south suburban office market, as measured by the 2003 GEM survey, includes almost 4.4 million square feet of space. The actual inventory of office space is significantly greater because the survey does not include small buildings nor does it survey most owner-occupied buildings.

The magnitude of the existing office market in Oakwood, or proposed additions to the office inventory, do not represent measurable percentage additions to the overall inventory in the south, suburban, office market.

The proposed project does not represent a significant introduction of new space into the market. This project could go almost unnoticed in the competitive marketplace except for prospects that meet the original description of office occupants in Oakwood as defined above.

E. Supply and Demand Balance

It is highly unlikely that the supply and demand balance of the market in Oakwood, or in the southern suburbs in general, would be destabilized by the introduction of the 16,000 square feet of space indicated above. Even though the Oakwood market is experiencing some vacancy at this time, the new space would not compete directly with the existing space on the basis of price (rental rate). Therefore, the market for the existing vacant space should not be negatively affected by the introduction of new space. Additionally, the existing space is offered in the rental market while the new space is anticipated to be offered in the ownership market as condominium units.

F. Market Share and the Competition

Current market indications are that the 16,000 square feet of space proposed on the subject site could be absorbed within one to two years on the basis of conservative estimates. The market share is not significant in the overall marketplace notwithstanding the sluggish office market currently being experienced throughout the Dayton area.

There are no projects that currently compete directly for office owners or tenants in close proximity to the subject site. There is land available in the marketplace on South Main Street (Far Hills Avenue in Oakwood) in the City of Dayton that could be developed for office uses in the future. Should this land be developed for office uses, market conditions could change dramatically rendering the consideration of a speculative space infeasible until any competitive projects are absorbed.

VII. THE RETAIL MARKET

A. Current Market Inventory

The retail market segment represented by the inventory in Oakwood is not a significant percentage of the inventory in the Dayton Metropolitan market. Based on observation, the retail inventory constitutes approximately 100,000 square feet of space. This inventory estimate includes space on Far Hills Avenue at the southern edge of the City and space on Park Avenue in the heart of the City.

The retail inventory in Oakwood represents niche space devoted predominantly to local retailers with some limited number of storerooms devoted to regional and/or national chains. Dorothy Lane Market is the largest retailer in the City with CVS Pharmacy, Talbot's, Chico's and Starbuck's representing the four largest chain retailers in the City.

B. The Market

The market for retail space in the City is not a measurable market segment. Retailers are reasonably stable with vacancies occurring only infrequently. At present, the only movement by retailers is to make way for the expansion of abutting tenants.

While the market exhibits only infrequent vacancies, there does not appear to be an inordinate demand for retail space that has led to the development of new retail storerooms in, or adjacent to, the business districts in Oakwood. Admittedly, there are few opportunities for new development to occur without purchasing already existing, occupied space for demolition and redevelopment. Nonetheless, several converted residences still form the backdrop to the retail storefronts in the business district. These converted residences have to be considered to be functionally obsolete in the competitive market, yet they remain on the landscape. Observation suggests that the demand for more functional, and more expensive, retail space is not at a level to justify redevelopment of these obsolete improvements in the marketplace.

An additional constraint to the retail market in Oakwood is parking. Most businesses must rely on the "on street" parking in the service lanes in the business district. Few businesses have sufficient "on site" parking to support the magnitude of their enterprises. The lack of parking limits the attractiveness of the business district to retailers and limits potential for redevelopment in the business district.

C. Future Demand

It appears as if future demand for retail space in the City will be, more or less, stable and consistent with current market demand. The dominant segment of the market is most likely to continue to come from local merchants and entrepreneurs who want to launch, or expand, retail ventures.

D. Competitive Supply

As is stated above, without redevelopment of existing retail properties, the supply of retail space in Oakwood is virtually fixed at its current level. Even if redevelopment were to occur, it is likely that the inventory of retail space would diminish as a function of on-site parking requirements. As such, the competitive supply of retail space in the City appears to be fixed at its current inventory level. Opportunities to expand the inventory of retail space in close proximity to the Oakwood business district are limited as well. The immediate vicinity, in the abutting City of Kettering is essentially fully developed. The business district in close proximity to Oakwood is consistent in its character to the retail business base of Oakwood. It appears unlikely that any significant additions to the retail inventory in Kettering, in the immediate vicinity of Oakwood, are possible. It appears equally unlikely that any minor additions to the retail inventory in Kettering, in the immediate vicinity of Oakwood, would do anything to destabilize the retail business base in the City.

E. Supply and Demand Balance

Supply and demand for retail real estate in the City of Oakwood appears to be in balance. There does not appear to be any strong demand for additional retail inventory in the City. Overall, the retail market in Dayton appears to be saturated with space. While there may be limited opportunities to introduce new space in specific neighborhood markets, niche markets such as Oakwood do not offer the opportunity to develop sufficient quantities of new space to attract any more than small, local retail merchants who will serve the specific niche markets prevalent in the immediate vicinity. The needs of niche retailers, including start-up businesses, do not constitute an organized market. Based on observation of the existing business districts in Oakwood, there does not appear to be any specific need for new retail space. Of course a developer could introduce some speculative retail space into the market as part of a mixed use project. Local retailers and entrepreneurs could respond positively to the introduction of new space. Nevertheless, no specific demand for the introduction of new space can be reliably projected on the basis of current market evidence in the City of Oakwood.

F. Market Share and the Competition

The retail inventory in the City of Oakwood does not constitute a significant percentage in the overall retail space market in the Dayton area. As such, the market share of the existing retail space inventory is almost immeasurable in the overall context of the local retail space market.

The demographics of the Oakwood market and the adjacent segment of the Kettering market suggest that retail space in Oakwood should remain competitive in the local market for the foreseeable future. Virtually nonexistent opportunities to expand the retail inventory in Oakwood should help to ensure that the supply of retail space in Oakwood remains balanced with the demand for storerooms in the City. Although many storerooms represent functionally inadequate, converted residences, this space should remain competitive as long as the ability to develop new retail alternatives at the epicenter of the Oakwood market remains constrained.

VIII. OBSERVATIONS AND CONCLUSIONS

A. General Observations

The City of Oakwood is Dayton's first contiguous, suburban community. The City encompasses approximately three square miles of land area and has been fully developed for a number of years. The community is essentially residential in character with two, small concentrations of commercial land uses on Park Avenue, adjacent to City Hall, and Far Hills Avenue, at the southern edge of the City. The City is noted for its estate type residential dwellings, extraordinary City services, and excellent schools.

The population of the City has been relatively stable in recent years and this relative stability is projected to continue into the future. The number of households in the City has been stable over time, as well. The supply of housing and the demand for housing appears to be in balance as demonstrated by a low vacancy rate of approximately 5%.

Age demographics of the population and households indicate that the needs of the "senior" population may be increasingly important to the City in the future. This characteristic is not inconsistent with trends in many other communities in the U.S. Housing industry experts project that "seniors" housing designed for a "carefree lifestyle" will be the dominant segment of the housing market by 2011. In this regard, the current housing stock in Oakwood may not be positioned to address this growing segment of the housing market. The existing housing inventory is heavily skewed to the freestanding, single-family, residence. In addition, a significant percentage of the freestanding homes in the City are two, or more, stories in height. Multiple story homes may not be compatible with the needs of the "senior" population.

While the composition of the inventory of homes in Oakwood may not be compatible with the needs of seniors, the quality of the schools and the high level of public services make the community very attractive to families. No instability of supply and demand for existing housing is foreseen as long as the City and the schools maintain the quality of services at, or above, current levels.

The perceived shortcoming of the housing stock is that there are no housing alternatives, in sufficient numbers, to provide for the segment of the population that may no longer want freestanding homes. This analysis confirms the relative lack of housing alternatives as compared to newer communities in the outer ring of suburbs south of Dayton in Montgomery County.

The household income demographics of the City do not represent any constraint on the introduction of a new housing project. Many households in the City could qualify to purchase units in the proposed project under conventional mortgage terms.

The value range of the existing housing inventory in the City of Oakwood does not represent a constraint to the introduction of new housing stock at the \$200,000 price point, or above. The price points projected for the proposed project on the subject site appear to offer "step down" housing to residents in the immediate, as well as the more general, market. As stated above, "step down" housing is defined as an upscale, attached dwelling product that is probably smaller than the buyer's previous residence and transfers the responsibility for outside maintenance and repairs to a professional/management company to enable the property owner to enjoy a "care free" lifestyle.

B. Housing Market Observations and Conclusions

The annual owner-occupied housing market appears to comprise approximately 6.4% of the owner-occupied inventory, or approximately 194 housing units annually. This annual turnover rate represents relative stability in the marketplace. Owner-occupied housing in the City of Centerville exhibited an 11.9% turnover rate in the 2000 census, the City of Kettering exhibited a 7.8% turnover rate, and Washington Township exhibited an 11.9% turnover rate. An owner-occupied housing turnover rate of 10.0% per year can be considered to be representative of the general marketplace.

The annual renter-occupied housing market appears to comprise approximately 36.8% of the renter-occupied inventory, or approximately 218 housing units annually. This annual turnover rate is more stable than the typical marketplace. Renter-occupied housing in the City of Centerville exhibited a 45.5% turnover rate in the 2000 census, the City of Kettering exhibited a 40.4% turnover rate, and Washington Township exhibited a 48.4% turnover rate. A renter-occupied housing turnover rate of 40.0% per year can be considered to be representative of the general marketplace.

With the exception of the study site, the City does not appear to have any significant land within its municipal boundaries at this time that could accommodate new housing development. Nonetheless, market data regarding the current composition of owner-occupied housing in the City of Oakwood as compared to the composition of the owner-occupied housing inventory in the newer, nearby communities of Centerville and Washington Township, suggest that approximately 615 attached dwelling units could be added to the housing stock in Oakwood in order to align the owner-occupied housing inventory with the other southern, suburban communities of which the City is a part. Based on the current, annual, velocity of the owner-occupied housing market, approximately 40 units of attached dwelling products could be transferred each year as a portion of the owner-occupied housing market, assuming that these attached dwelling units comprised a representative percentage of the housing inventory. Typically, developers like to complete build-out and sale of condominium or patio home projects in a timeframe of three years or less. Generally, the accepted logic is that it takes approximately three years before the resale market for existing units in a project begin to affect the developer's ability to sell new units in the same project. Therefore, a new owner-occupied housing development of 120 units is envisioned on the subject site with between 84 units and 108 units priced at the \$200,000 threshold and between 12 and 36 units priced above \$200,000.

While the primary focus of the market analysis for new housing has been concentrated on the potential to develop attached dwelling products for owner-occupancy, the renter-occupancy market has been analyzed to determine if new renter-occupied housing could be accommodated in the market. Although the percentage of renter-occupied housing units in Oakwood is relatively small, market characteristics suggest that Oakwood could absorb a sufficient number of new units in the market in a timeframe that could make a new multi-family project possible.

The annual, renter-occupied housing market in Oakwood is roughly the same magnitude annually as the owner-occupied housing market as a result of the higher turnover rates experienced in this segment of the housing market. Even though the turnover rates are higher than in the owner-occupied segment of the housing market the rental housing market is more

stable in Oakwood than in the other southern suburban Dayton communities and more stable than the rental housing market, in general.

Demographic and market criteria similar to those described above in conjunction with the owner-occupied housing market were applied to the analysis of the renter-occupied housing market. The geographic scope of the market and the delineation of primary and secondary markets were identical to the parameters of the owner-occupied housing market. The income strata were expanded to include households with an annual income of \$50,000 or greater consistent with conventional qualifications to rent a unit at a market rent of approximately \$1,000 per month. Age demographics were limited to heads of households 55 years of age or older.

Based on the economic and geographic criteria coupled with the previously defined primary and secondary market areas, as defined above, it appears that there could be a market for approximately 94 units per year of renter-occupied housing in Oakwood. This market segment represents a significant percentage of the current, annual rental housing market in Oakwood, but, not unlike the owner-occupied housing described above, the introduction of approximately 96 units in a new, upscale project would represent the introduction of a new, alternative housing product to the Oakwood market.

C. Office Market Observations and Conclusions

The inventory of office space in the City of Oakwood is small, but an important contributor to the economic health of the City. Primary office uses in the City are medical, dental and general office businesses that serve the local community. With only two significant exceptions, the 2600 Building and a newer building at 2331 Far Hills Avenue, buildings in which office spaces are located are mixed-use structures with retail and financial services uses on the ground floors.

The Gem Real Estate Group, Inc. includes approximately 90,000 square feet of office space in Oakwood in its annual survey of the Dayton office market. This space is concentrated in four buildings in Oakwood. Based on observation, the total inventory of office space in the City is estimated between 100,000 square feet and 125,000 square feet. On the basis of qualitative observations about the age, condition, location, and configuration, most of the office space in the City is considered to be class “B-C” space. While office space in the Oakwood market is considered to be class “B-C” space, it should be noted that there is no class “A” space in any of the suburban sub-markets in the Dayton area according to the GEM survey.

In the past decade the market has witnessed the transition of a former branch bank facility on Park Avenue into a financial services office and the construction of a three-story office building in the business district at 2331 Far Hills Avenue near the southern edge of the City. In the same time period, the second largest office building in the City was demolished in order to make way for a new CVS pharmacy. This office structure suffered from physical deterioration and functional obsolescence that rendered the property uncompetitive in the marketplace. The net result was a reduction in the inventory of office space in the City.

In the larger market, office space in Oakwood represents less than one percent of the Dayton market’s office inventory.

Historically, the Oakwood office market has been very stable. For several years the Oakwood office market had little or no vacancy. In 2003, the GEM survey did indicate that approximately 16,000 square feet of space in one building was vacant. This space represents approximately 31% of the square footage in the building affected, and between 13% and 16% of the total Oakwood market. It should be stated that “for rent” signs were observed in the windows of second floor offices spaces in some of the mixed-use buildings in the business district. These spaces do not represent significant amounts of space that would affect the overall opinion of the office market in this analysis.

There is no market indication of strong demand for office space in Oakwood. Strong, unmet demand would have typically manifested itself in visible efforts to update and upgrade the significant buildings in the existing inventory. There is no visible evidence of any substantial efforts to upgrade or update the major structures in the market. Therefore, it is assumed that there has been no motivating reason (market demand) that has caused building owners to improve their properties to enhance their competitiveness and income producing capacity.

Future demand for office space in Oakwood is projected to be stable in the future. Whether the office market in the City will be able to fill the space that is currently vacant is subject to question. The current vacancy rate in the City is not inconsistent with the south, suburban market, in general.

For purposes of this analysis, the introduction of approximately 16,000 square feet of new office condominium space is believed to be reasonable. This amount of space is consistent with the scale of other office properties in the City. The proposed space is sufficient to be operated efficiently in the local market. The magnitude of the proposed project does not require more land than the site can reasonably allocate to the use. Finally, it is an amount of space that could accommodate from one to ten tenants based on tenant size ranges observed in new office condominium buildings in the south suburban market.

The proposed project does not represent a significant introduction of new space into the market. This project could go almost unnoticed in the competitive marketplace except for prospects that meet the original description of office occupants in Oakwood as defined above.

Current market indications are that the 16,000 square feet of space proposed on the subject site could be absorbed within one to two years on the basis of conservative estimates. The market share is not significant in the overall marketplace notwithstanding the sluggish office market currently being experienced throughout the Dayton area.

D. Retail Market Observations and Conclusions

The retail market segment represented by the inventory in Oakwood is not a significant percentage of the inventory in the Dayton Metropolitan market. Based on observation, the retail inventory constitutes approximately 100,000 square feet of space. This inventory estimate includes space on Far Hills Avenue at the southern edge of the City and space on Park Avenue in the heart of the City.

The retail inventory in Oakwood represents niche space devoted predominantly to local retailers with some limited number of storerooms devoted to regional and/or national chains. Dorothy Lane Market is the largest retailer in the City with CVS Pharmacy, Talbot's, and Starbuck's representing the three largest chain retailers in the City.

While the market exhibits only infrequent vacancies, there does not appear to be an inordinate demand for retail space that has led to the development of new retail storerooms in, or adjacent to, the business districts in Oakwood. Admittedly, there are few opportunities for new development to occur without purchasing already existing, occupied space for demolition and redevelopment. Nonetheless, several converted residences still form the backdrop to the retail storefronts in the business district. These converted residences have to be considered to be functionally obsolescent in the competitive market, yet they remain on the landscape. Observation suggests that the demand for more functional, and more expensive, retail space is not at a level to justify redevelopment of these obsolescent improvements in the marketplace.

It appears as if future demand for retail space in the City will be, more or less, stable and consistent with current market demand. The dominant segment of the market is most likely to continue to come from local merchants and entrepreneurs who want to launch, or expand, retail ventures.

The demographics of the Oakwood market and the adjacent segment of the Kettering market suggest that retail space in Oakwood should remain competitive in the local market for the foreseeable future. Virtually nonexistent opportunities to expand the retail inventory in Oakwood should help to ensure that the supply of retail space in Oakwood remains balanced with the demand for storerooms in the City. Although many storerooms represent functionally inadequate, converted residences, this space should remain competitive as long as the ability to develop new retail alternatives at the epicenter of the Oakwood market remains constrained.

CITY OF OAKWOOD, OHIO HOUSING ANALYSIS - OWNER-OCCUPIED ATTACHED DWELLING UNITS										
Political Subdivision	Washington Twp.		Centerville		Twp. w/o Centerville		Kettering		Oakwood	
Total housing units	22,931		10,422		12,509		26,936		3,815	
Total owner-occupied units	16,470	71.82%	7,441	71.40%	9,029	72.18%	17,082	63.42%	3,029	79.40%
Structural type										
1, detached	13,060	79.30%	5,622	75.55%	7,438	82.38%	16,212	94.91%	2,915	96.24%
1, attached	2,159	13.11%	984	13.22%	1,175	13.01%	315	1.84%	24	0.79%
2 units	66	0.40%	41	0.55%	25	0.28%	71	0.42%	38	1.25%
3 or 4 units	353	2.14%	166	2.23%	187	2.07%	133	0.78%	14	0.46%
5 or more units	784	4.76%	599	8.05%	185	2.05%	322	1.89%	31	1.02%
Other	48	0.29%	29	0.39%	19	0.21%	29	0.17%	7	0.23%
Percent Freestanding	13,060	79.30%	5,622	75.55%	7,438	82.38%	16,212	94.91%	2,915	96.24%
Percent Attached	3,410	20.70%	1,819	24.45%	1,591	17.62%	870	5.09%	114	3.76%
Annual Market Velocity	11.90%		11.90%		11.90%		7.80%		6.40%	
Total owner-occupied units	1,960	11.90%	885	11.90%	1,074	11.90%	1,332	7.80%	194	6.40%
Structural type										
1, detached	1,554	79.30%	669	75.55%	885	82.38%	1,265	94.91%	187	96.24%
1, attached	257	13.11%	117	13.22%	140	13.01%	25	1.84%	2	0.79%
2 units	8	0.40%	5	0.55%	3	0.28%	6	0.42%	2	1.25%
3 or 4 units	42	2.14%	20	2.23%	22	2.07%	10	0.78%	1	0.46%
5 or more units	93	4.76%	71	8.05%	22	2.05%	25	1.89%	2	1.02%
Other	6	0.29%	3	0.39%	2	0.21%	2	0.17%	0	0.23%
Percent Freestanding	1,554	79.30%	669	75.55%	885	82.38%	1,265	94.91%	187	96.24%
Percent Attached	406	20.70%	216	24.45%	189	17.62%	68	5.09%	7	3.76%
Homeowners 55-64 years old	3,248	19.72%	1,464	19.67%	1,784	19.76%	2,578	15.09%	456	15.05%
Homeowners 65+ years of age	4,089	24.83%	2,148	28.87%	1,941	21.50%	5,442	31.86%	735	24.27%
Family households	2,607	63.76%	1,309	60.94%	1,298	66.87%	3,268	60.05%	422	57.41%
Non-family households	1,482	36.24%	839	39.06%	643	33.13%	2,174	39.95%	313	42.59%
Male living alone	332	22.40%	169	20.14%	163	25.35%	480	22.08%	70	22.36%
Female living alone	1,114	75.17%	650	77.47%	464	72.16%	1,633	75.11%	235	75.08%
Age brackets of 65+ owners										
65-74 years of age	2,375	58.08%	1,229	57.22%	1,146	59.04%	2,804	51.53%	335	45.58%
75-84 years of age	1,469	35.93%	786	36.59%	683	35.19%	2,174	39.95%	292	39.73%
85+ years of age	245	5.99%	133	6.19%	112	5.77%	464	8.53%	108	14.69%
Projected Annual Market Velocity by Age										
Homeowners 55-64 years old	387		174		212		201		29	
Homeowners 65-74 years of age	283		146		136		219		21	
Projected Annual Market Potential	669		320		349		420		51	
Owner-occupants' income										
\$75,000-\$99,999	2,983	18.11%	1,229	16.52%	1,754	19.43%	2,398	14.04%	470	15.52%
\$100,000+	5,066	30.76%	1,803	24.23%	3,263	36.14%	2,462	14.41%	1,137	37.54%
Total	8,049	48.87%	3,032	40.75%	5,017	55.57%	4,860	28.45%	1,607	53.05%
Annual Market Potential by Age and Income	327		131		194		119		27	
Market Predisposition Percentage	20.00%		20.00%		20.00%		20.00%		20.00%	
Market Capture Percentage	30.00%		30.00%		30.00%		70.00%		70.00%	
Estimated Annual Market	20		8		12		17		4	

CITY OF OAKWOOD, OHIO HOUSING ANALYSIS - RENTER-OCCUPIED ATTACHED DWELLING UNITS										
Political Subdivision	Washington Twp.		Centerville		Twp. w/o Centerville		Kettering		Oakwood	
Total housing units	22,931		10,422		12,509		26,936		3,815	
Total renter-occupied units	5,458	23.80%	2,606	25.00%	2,852	22.80%	8,593	31.90%	593	15.54%
Structural type										
1, detached	528	9.67%	218	8.37%	310	10.87%	1,717	19.98%	117	19.73%
1, attached	571	10.46%	335	12.85%	236	8.27%	473	5.50%	68	11.47%
2 units	182	3.33%	40	1.53%	142	4.98%	471	5.48%	96	16.19%
3 or 4 units	1,387	25.41%	467	17.92%	920	32.26%	2,377	27.66%	285	48.06%
5 to 9 units	1,438	26.35%	775	29.74%	663	23.25%	1,254	14.59%	5	0.84%
10 to 19 units	890	16.31%	467	17.92%	423	14.83%	1,096	12.75%	6	1.01%
20 to 49 units	126	2.31%	98	3.76%	28	0.98%	643	7.48%	16	2.70%
50 or more units	327	5.99%	197	7.56%	130	4.56%	555	6.46%	0	0.00%
Other	9	0.16%	9	0.35%	0	0.00%	7	0.08%	0	0.00%
Percent Freestanding	528	9.67%	218	8.37%	310	10.87%	1,717	19.98%	117	19.73%
Percent Attached	4,930	90.33%	2,388	91.63%	2,542	89.13%	6,876	80.02%	476	80.27%
Annual Market Velocity	47.00%		45.50%		48.40%		40.40%		36.80%	
Total renter-occupied units	2,565	47.00%	1,186	45.50%	1,380	48.40%	3,472	40.40%	218	36.80%
Structural type										
1, detached	248	9.67%	99	8.37%	150	10.87%	694	19.98%	43	19.73%
1, attached	268	10.46%	152	12.85%	114	8.27%	191	5.50%	25	11.47%
2 units	86	3.33%	18	1.53%	69	4.98%	190	5.48%	35	16.19%
3 or 4 units	652	25.41%	212	17.92%	445	32.26%	960	27.66%	105	48.06%
5 to 9 units	676	26.35%	353	29.74%	321	23.25%	507	14.59%	2	0.84%
10 to 19 units	418	16.31%	212	17.92%	205	14.83%	443	12.75%	2	1.01%
20 to 49 units	59	2.31%	45	3.76%	14	0.98%	260	7.48%	6	2.70%
50 or more units	154	5.99%	90	7.56%	63	4.56%	224	6.46%	0	0.00%
Other	4	0.16%	4	0.35%	0	0.00%	3	0.08%	0	0.00%
Percent Freestanding	248	9.67%	99	8.37%	150	10.87%	694	19.98%	43	19.73%
Percent Attached	2,317	90.33%	1,087	91.63%	1,230	89.13%	2,778	80.02%	175	80.27%
Renter-occupants 55 to 64 years of age	421	7.71%	189	7.25%	232	8.13%	617	7.18%	45	7.59%
Renter-occupants 65+ years of age	851	15.59%	516	19.80%	335	11.75%	1,538	17.90%	122	20.57%
Family households	250	29.38%	154	29.84%	96	28.66%	375	24.38%	22	18.03%
Non-family households	601	70.62%	362	70.16%	239	71.34%	1,163	75.62%	100	81.97%
Male living alone	121	20.13%	69	19.06%	52	21.76%	212	18.23%	14	14.00%
Female living alone	472	78.54%	288	79.56%	184	76.99%	931	80.05%	84	84.00%
Age brackets of 65+ renters										
65-74 years of age	304	35.72%	155	30.04%	149	44.48%	567	36.87%	41	33.61%
75-84 years of age	381	44.77%	253	49.03%	128	38.21%	658	42.78%	55	45.08%
85+ years of age	166	19.51%	108	20.93%	58	17.31%	313	20.35%	26	21.31%
Projected Annual Market Velocity by Age										
Renters 55-64 years old	198		86		112		249		17	
Renters 65-74 years of age	143		71		72		229		15	
Projected Annual Market Potential	341		157		184		478		32	
Renter-occupants' income										
\$50,000-\$74,999	1,109	20.32%	524	20.11%	585	20.51%	1,293	15.05%	85	14.33%
\$75,000-\$99,999	304	5.57%	91	3.49%	213	7.47%	258	3.00%	47	7.93%
\$100,000+	441	8.08%	114	4.37%	327	11.47%	266	3.10%	23	3.88%
Total	1,854	33.97%	729	27.97%	1,125	39.45%	1,817	21.15%	155	26.14%
Annual Market Potential by Age and Income	116		44		73		101		8	
Market Predisposition Percentage	90.00%		90.00%		90.00%		80.00%		80.00%	
Market Capture Percentage	30.00%		30.00%		30.00%		70.00%		70.00%	
Estimated Annual Market	31		12		20		57		5	

CITY OF OAKWOOD, OHIO HOUSING ANALYSIS - HOMES AND CONDOMINIUM SALES

Year	2001	2000		2001	% of	2002	% of	2003	% of	2004YTD	% of
Oakwood Home Market		Census			Market		Market		Market		Market
Price Range											
\$0 - \$99,999	8	200	4.00%	8	4.17%	17	6.64%	8	3.62%	1	5.88%
\$100,000 - \$199,999	106	1,433	7.40%	106	55.21%	129	50.39%	117	52.94%	13	76.47%
\$200,000 - \$299,999	31	616	5.03%	31	16.15%	56	21.88%	53	23.98%	2	11.76%
\$300,000 - \$399,999	23	649	7.24%	23	11.98%	26	10.16%	24	10.86%	0	0.00%
\$400,000+	24			24	12.50%	28	10.94%	19	8.60%	1	5.88%
Total Annual Home Sales	192			192		256		221		17	
Inventory of Homes	2,915			2,915		2,915		2,915		2,915	
Market Velocity	6.59%			6.59%		8.78%		7.58%		0.58%	
Oakwood Condominium Market											
Price Range											
\$0 - \$99,999	3	200	1.50%	3	42.86%	3	50.00%	13	56.52%	0	0.00%
\$100,000 - \$199,999	0	1,433	0.00%	0	0.00%	1	16.67%	3	13.04%	0	0.00%
\$200,000 - \$299,999	4	616	0.65%	4	57.14%	2	33.33%	7	30.43%	0	0.00%
\$300,000 - \$399,999	0	649	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
\$400,000+	0			0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total Annual Sales	7			7		6		23		0	
South Suburban Condo Market											
Centerville											
\$0 - \$99,999				85	49.42%	91	47.40%	106	51.96%	8	50.00%
\$100,000 - \$199,999				68	39.53%	81	42.19%	86	42.16%	7	43.75%
\$200,000 - \$299,999				18	10.47%	19	9.90%	11	5.39%	1	6.25%
\$300,000 - \$399,999				0	0.00%	1	0.52%	1	0.49%	0	0.00%
\$400,000+				1	0.58%	0	0.00%	0	0.00%	0	0.00%
Total Annual Sales				172		192		204		16	
Kettering											
\$0 - \$99,999				32	48.48%	27	46.55%	36	47.37%	3	37.50%
\$100,000 - \$199,999				29	43.94%	29	50.00%	32	42.11%	4	50.00%
\$200,000 - \$299,999				4	6.06%	2	3.45%	7	9.21%	0	0.00%
\$300,000 - \$399,999				1	1.52%	0	0.00%	1	1.32%	1	12.50%
\$400,000+				0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total Annual Sales				66		58		76		8	
Washington Township											
\$0 - \$99,999				93	43.46%	121	50.84%	115	47.33%	7	70.00%
\$100,000 - \$199,999				121	56.54%	115	48.32%	127	52.26%	3	30.00%
\$200,000 - \$299,999				0	0.00%	2	0.84%	1	0.41%	0	0.00%
\$300,000 - \$399,999				0	0.00%	0	0.00%	0	0.00%	0	0.00%
\$400,000+				0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total Annual Sales				214		238		243		10	
Total South Suburbs											
\$0 - \$99,999				213	46.41%	242	48.99%	270	49.45%	18	52.94%
\$100,000 - \$199,999				218	47.49%	226	45.75%	248	45.42%	14	41.18%
\$200,000 - \$299,999				26	5.66%	25	5.06%	26	4.76%	1	2.94%
\$300,000 - \$399,999				1	0.22%	1	0.20%	2	0.37%	1	2.94%
\$400,000+				1	0.22%	0	0.00%	0	0.00%	0	0.00%
Total Annual Sales				459		494		546		34	