AN ANALYSIS

of

RESIDENTIAL MARKET POTENTIAL

for

The Downtown Ocala Study Area

The City of Ocala,
Marion County, Florida

August, 2017

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

On Behalf of the
CITY OF OCALA
201 SE 3rd Street, 2nd Floor
Ocala, Florida 34471

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

Research & Strategic Analysis

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

Research & Strategic Analysis

AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Downtown Ocala Study Area
City of Ocala, Marion County, Florida

August, 2017

EXECUTIVE SUMMARY

This analysis has found that, from the market perspective, over a five-year timeframe, 810 to 990 rental and for-sale market-rate and affordable housing units can be supported within the Downtown Ocala Study Area. Based on market preferences, the housing mix would include 370 to 445 market-rate rental apartments, 280 to 335 affordable rental apartments, 70 to 90 for-sale lofts and condominiums, and 90 to 120 rowhouses/townhouses.

The 370 to 445 market-rate rental units include the following:

- Microunits to three-bedroom apartments ranging in size between 400 and 1,250 square feet with proposed base rents ranging between $700 and $1,750 per month ($1.40 to $1.75 per square foot).
- The weighted average rent of the rental apartments is $1,170 for an average unit size of 760 square feet, an average of $1.54 per square foot.
- Absorption is forecast at 74 to 89 rental units per year.

The 70 to 90 for-sale loft and condominium units include the following:

- One- and two-bedroom for-sale lofts ranging in size between 750 and 1,100 square feet, with proposed base prices ranging between $140,000 and $200,000 ($182 to $187 per square foot).
- The weighted average price of the for-sale lofts is $165,500, for an average unit size of 900 square feet, an average of $184 per square foot.
- Two-bedroom condominiums ranging in size between 1,150 and 1,500 square feet, with proposed base prices ranging between $275,000 and $350,000 ($233 to $239 per square foot).
- The weighted average price of the condominiums is $303,750, for an average unit size of 1,288 square feet, an average of $236 per square foot.
- Absorption is forecast at 10 to 12 units per year.

The 90 to 120 rowhouses and townhouses include the following:

- Two- and three-bedroom rowhouses ranging in size between 950 and 1,300 square feet, with proposed base prices ranging between $150,000 and $195,000 ($150 to $158 per square foot).
- The weighted average price of the rowhouses is $173,500, for an average unit size of 1,135 square feet, an average of $153 per square foot.
- Two- and three-bedroom townhouses ranging in size between 1,200 and 2,000 square feet, with proposed base prices ranging between $210,000 and $325,000 ($163 to $175 per square foot).
- The weighted average price of the townhouses is $259,000, for an average unit size of 1,555 square feet, an average of $167 per square foot.
- Absorption is forecast at 18 to 24 units per year.

INTRODUCTION

The purpose of this study is to determine the market potential and optimum market position for newly-introduced housing units that could be developed within the Downtown Ocala Study Area, City of Ocala, Marion County, Florida. The optimum market position has been derived from: the housing preferences, financial capacities, and lifestyle characteristics of the target households; the Study Area's location, visibility and physical attributes; the rental and for-sale housing market context in the Downtown Ocala market area; and Zimmerman/Volk Associates' extensive experience with urban development and redevelopment.

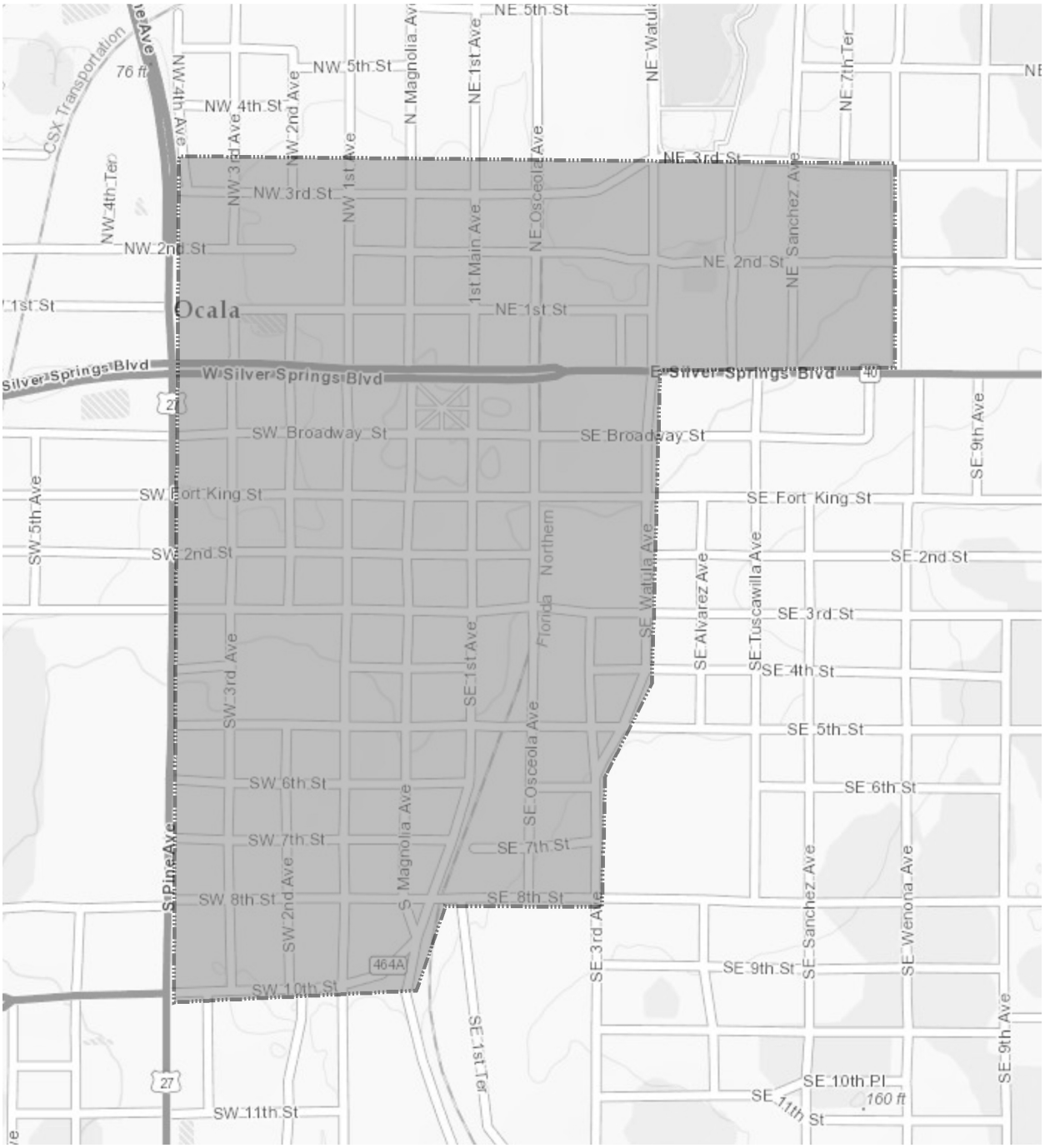
For the purposes of this study, the boundaries of the Downtown Study Area include Third Street in the north, NE 8th Avenue and SE Watula Avenue in the east; SE 8th Street and SW 10th Street in the south; and Pine Avenue in the west. The Study Area encompasses the Tuscawilla Historic District as well as the historic downtown. (See MAP following this page.)

The extent and characteristics of the potential market for new housing units to be developed within the Study Area were identified using Zimmerman/Volk Associates' proprietary target market methodology. This methodology was developed in response to the challenges that are inherent in the application of conventional supply/demand analysis to urban development and redevelopment. Supply/demand analysis ignores the potential impact of newly-introduced housing supply on settlement patterns, which can be substantial when housing choices in the market are increased with new housing types that match the housing preferences and economic capabilities of the draw area households.

In contrast to conventional supply/demand analysis, which is typically limited by supply-side dynamics and baseline demographic projection, target market analysis determines the depth and breadth of the potential market derived from the housing preferences and socio-economic characteristics of households in the defined draw areas. Because it considers not only basic demographic characteristics, such as income qualification and age, but also less frequently analyzed attributes such as lifestage, mobility rates, lifestyle patterns and household compatibility issues, the target market methodology is particularly effective in defining a realistic housing potential for urban development and redevelopment where often no directly-comparable properties exist.

The Downtown Ocala Study Area
City of Ocala, Marion County, Florida

August, 2017



Based on the target market methodology, then, this study determined:

- Where the potential renters and purchasers of new dwelling units to be developed within the Downtown Ocala Study Area currently live (the draw areas);
- How many households have the potential to move to the Study Area each year (depth and breadth of the market);
- What are their housing preferences in aggregate (rental or ownership, multi-family or single-family);
- Who are they and what they are like (the target markets);
- What are their current housing alternatives (the Downtown Ocala area market context);
- What are the rents and prices of new units that could be developed within the Downtown Ocala Study Area that correspond to target household financial capabilities (optimum market position); and
- How quickly they will rent or purchase the new units (absorption forecasts).

CITY-WIDE ANNUAL MARKET POTENTIAL

Analysis of migration, mobility and geo-demographic characteristics of households currently living within defined draw areas is integral to the determination of the depth and breadth of the potential market for new housing units within the City of Ocala and the Downtown Ocala Study Area.

An understanding of these mobility trends, as well as the socio-economic and lifestyle characteristics of households currently living within defined draw areas, is the first step in the analysis. The draw areas are derived primarily through household migration analysis (using the latest taxpayer data provided by the Internal Revenue Service). To refine the draw area for the city, the IRS migration data have been supplemented by population migration and mobility data for the City of Ocala from the 2015 American Community Survey.

The most recent Marion County migration and mobility data—as derived from taxpayer records compiled by the Internal Revenue Service from 2010 through 2014 and from the 2015 American Community Survey for Marion County and for the City of Ocala—shows that the draw areas for new and existing housing units in the city include the following:

- The primary draw area, covering households currently living within the Ocala city limits.
- The local draw area, covering households currently living elsewhere in Marion County.
- A regional draw area, covering households with the potential to move to the City of Ocala from Lake, Sumter, Alachua and Citrus Counties.
- The national draw area, covering households with the potential to move to the City of Ocala from all other U.S. counties.

As derived from the migration, mobility and target market analyses, then, the draw area distribution of market potential (those households with the potential to move within or to Ocala each year over the next five years) is as shown on the table on the following page:

Annual Market Potential by Draw Area
City of Ocala, Marion County, Florida

City of Ocala (Primary Draw Area):	54.6%
Balance of Marion County (Local Draw Area):	22.9%
Lake, Sumter, Alachua, and Citrus Counties (Regional Draw Area):	3.9%
Balance of US (National Draw Area):	18.6%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

As determined by the target market methodology, which accounts for household mobility within the City of Ocala, as well as migration and mobility patterns for households currently living in all other counties, an annual average of 7,110 households represent the annual potential market for new and existing housing units within the city each year over the next five years.

ANNUAL MARKET POTENTIAL FOR THE DOWNTOWN OCALA STUDY AREA

The target market methodology identifies those households that prefer living in downtowns, or walkable mixed-use neighborhoods. After eliminating those segments of the potential market that have preferences for new or existing housing in more suburban neighborhoods and focusing on those with incomes above $35,000 per year (those households who can afford existing market-rate dwelling units), the distribution of draw area market potential for new housing units in the Study Area would be summarized as follows:

Annual Market Potential by Draw Area
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

City of Ocala (Primary Draw Area):	57.4%
Balance of Marion County (Local Draw Area):	17.2%
Lake, Sumter, Alachua, and Citrus Counties (Regional Draw Area):	3.7%
Balance of US (National Draw Area):	21.7%
Total:	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

Based on the target market analysis, then, an annual average of 2,005 younger singles and couples, empty nesters and retirees, and compact families with annual incomes at or above $35,000 represent the annual potential market for new market-rate housing units of every kind within the Study Area each year over the next five years (*see* Table 1 *following the text*).

The tenure (rental or ownership) preferences of the 2,005 draw area households that represent the annual potential market for new housing units in the Study Area indicate that approximately 36.9 percent of these households (or 740 households) comprise the potential market for new rental units and the remaining 63.1 percent (1,265 households) comprise the market for new for-sale (ownership) housing units.

The combined tenure and housing type propensities of the target 2,005 renter and owner households are outlined on the table following this page (*see again* Table 1 *following the text*):

Tenure/Housing Type Propensities
Average Annual Market Potential for New Housing Units
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	NUMBER OF HOUSEHOLDS	PERCENT OF TOTAL
Multi-family for-rent (lofts/apartments, leaseholder)	740	36.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	175	8.7%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	225	11.2%
Single-family detached for-sale (houses, fee-simple ownership)	865	43.2%
Total	2,005	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

To create the appropriate densities in the Downtown, residential development in the Study Area should concentrate on the development of higher-density housing types including:

- Rental lofts and apartments (multi-family for-rent);
- For-sale lofts and apartments (multi-family for-sale); and
- Townhouses, rowhouses, live-work or flex units (single-family attached for-sale).

Excluding households with preferences for single-family detached units, then, an annual average market potential of 1,140 households currently living in the defined draw areas represent the pool of potential renters/buyers of new housing within the Downtown each year over the next five years (*see again* Table 1).

Based on the tenure and housing preferences of those 1,140 draw area households, the distribution of rental and for-sale multi-family and for-sale single-family attached housing types would be as shown on the table following this page:

Average Annual Market Potential For New Housing Units
Higher-Density Housing Units
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	HOUSEHOLDS NUMBER	HOUSEHOLDS PERCENT
Multi-family for-rent (lofts/apartments, leaseholder)	740	64.9%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	175	15.4%
Single-family attached for-sale (townhouses/live-work, fee-simple/ condominium ownership)	225	19.7%
Total	1,140	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

TARGET MARKET ANALYSIS

American households have been changing dramatically over the past several years, in ways that should enhance the effort to support the development of the Downtown Ocala Study Area. The significant transformation of American households (particularly shrinking household size and the predominance of one- and two-person households) over the past decade, combined with steadily increasing traffic congestion and fluctuating gasoline prices, has resulted in important changes in neighborhood and housing preferences, with major shifts from predominantly single-family detached houses in lower-density suburbs to higher-density apartments, townhouses, and detached houses in urban and mixed-use neighborhoods. This fundamental transformation of American households is likely to continue for at least the next decade.

This transformation has been driven by the convergence of the preferences of the two largest generations in the history of America: the Baby Boomers (currently estimated at 73.8 million), born between 1946 and 1964, and the estimated 88.7 million Millennials, who were born from 1977 to 1996 and, in 2010, surpassed the Boomers in population. The convergence of two generations of this size—simultaneously reaching a point when urban housing matches their lifestage—is unprecedented.

In addition to their shared preference for urban living, the Boomers and Millennials are changing housing markets in multiple ways. In contrast to the traditional family (married couples with children) that comprised the typical post-war American household, Boomers and Millennials are households of predominantly singles and couples. As a result, the 21st Century home-buying market now contains more than 63 percent one- and two-person households, and the 37 percent of homebuyers that could be categorized as family households are equally likely to be non-traditional as traditional families. A major consequence of this evolution is that urban mixed-use development, particularly in close proximity to transit, is now the preference for many more households than when families and suburban single-use preferences dominated the housing market.

Another significant shift is the Millennials' strong propensity for renting rather than owning. This is due in part because of their relative youth—many do not have sufficient funds for a down payment and many others are burdened by student debt—and in part because the collapse of the housing market made many of them skeptical about the value of owning versus renting.

As determined by the target market analysis, and reflecting national trends, the annual potential market—represented by lifestage—for new housing units in Downtown Ocala is characterized by general household type as shown on the following table (*see also* Table 2 *following the text*):

Downtown Residential Mix By Household and Unit Types
DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSEHOLD TYPE	PERCENT OF TOTAL	RENTAL MULTI-FAM.	FOR-SALE MULTI-FAM.	FOR-SALE SF ATTACHED
Empty-Nesters & Retirees	33%	28%	49%	40%
Traditional & Non-Traditional Families	17%	16%	14%	20%
Younger Singles & Couples	50%	56%	37%	40%
Total	100%	100%	100%	100%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

At 50 percent, younger singles and couples make up the largest share of the market for new housing in Downtown Ocala. Additional factors in the larger share of the market held by younger households are:

- Their higher mobility rates—young people tend to move much more frequently than older people;
- Their strong preference for urban apartments, particularly lofts;
- The reduced mobility of older singles and couples because of their inability, or reluctance, to sell their existing units; and
- The fact that, outside of cities like New York, Chicago, or San Francisco, downtown dwelling units are rarely the choice of traditional families, in large part because of concerns about school quality, and the lack of private outdoor space in which their children can play unsupervised.

This younger market includes a variety of white-collar professionals and young entrepreneurs—*New Power Couples*, *The VIPs*, and *Fast-Track Professionals*; artists, and "knowledge workers"—the *New Bohemians*, *Cosmopolitan Elite,* and *Suburban Achievers*; as well as recent college graduates working in Downtown; office workers and hospital affiliates—*Small-City Singles* and *Hometown Sweethearts*.

Almost 58 percent of the younger singles and couples that represent the market for new higher-density housing units in the Study Area would be moving from elsewhere in the city; just under 14 percent would be moving from elsewhere in Marion County; another 3.6 percent from Lake, Sumter, Alachua, and Citrus Counties; and approximately 25 percent would be moving from elsewhere in the United States.

The next largest general market segment, at 33 percent of the annual potential market for new higher-density units in the Study Area, is comprised of older households (empty nesters and retirees). Most of these households have adult children who no longer live in the family home; many are enthusiastic participants in community life and most are still actively involved in well-paying careers in the banking, legal and financial professions. These target groups range from the most affluent *Small-Town Patriarchs*, *Suburban Establishment,* and *Pillars of the Community* to the well-to-do *Traditional Couples*, *Urban Establishment,* and *Second-City Establishment* to the comfortable *Mainstream Empty Nesters, Middle-American Retirees, Blue-Collar Retirees,* and *Middle-Class Move-Downs*.

Over 56 percent of the empty nesters and retirees would be moving from elsewhere within the City of Ocala; approximately 25 percent would be moving from another location in Marion County; almost five percent are currently living in Lake, Sumter, Alachua, or Citrus Counties; and the remaining 14 percent would be moving from elsewhere in the U.S.

Family-oriented households represent just 17 percent of the market for new dwelling units in the Downtown Ocala Study Area. Households with children are now increasingly diverse and in many urban areas are largely non-traditional families. Heads of these households have banking careers and upper-middle management jobs, or are professionals in the financial and legal sectors. These households include *Fiber-Optic Families, Unibox Transferees*, *Late-Nest Suburbanites, Full-Nest Suburbanites, Uptown Families,* and *Multi-Ethnic Families.*

Just under 60 percent of the family households are already living in the City of Ocala, under six percent are currently living elsewhere in Marion County, 1.4 percent would be moving from Lake, Sumter, Alachua, and Citrus Counties, and the remaining third would be moving from elsewhere in the U.S.

APPENDIX THREE, TARGET MARKET DESCRIPTIONS, contains detailed descriptions of each of these target market groups and is provided in a separate document. The METHODOLOGY document describes how the target market groups for the study area are determined.

THE CURRENT CONTEXT

Summary supply-side information for the Downtown Ocala Study Area (covering multi-family rental properties and for-sale condominiums and townhouse units) is provided in tabular form following the text: Table 3, Summary of Selected Multi-Family Rental Properties, City of Ocala; Marion County; and Table 4, Summary of Selected For-Sale Multi-Family and Single-Family Attached Developments, City of Ocala, Marion County, which includes both resale listings and new construction.

Walk Score, a number between 0 and 100 denoting the walkability of a specific address or neighborhood, has grown in importance as a value criterion. Walk Scores above 90 indicate a "Walker's Paradise," where daily errands do not require a car. Walk Scores between 70 and 90 are considered to be very walkable, where most errands can be accomplished on foot. Walk Scores below 50 indicate that most or almost all errands require an automobile.

The overall Walk Score for Downtown Ocala is 71, very walkable. However, for the 10 rental properties included in the survey, the Walk Scores range between 4 and 58, with seven of the properties registering Walk Scores below 50.

—Multi-Family Rental Properties—

Table 3 provides detailed information on the 10 rental properties included in the survey and is summarized below.

—Studios (one property)—

- Rents for studios range from $610 to $663 per month at the Carlton Arms of Ocala, on SW 20th Street, the only property to included studios.
- Those studios range in size from 450 to 475 square feet.
- The studio rents per square foot range between $1.36 and $1.40.

—One-Bedroom Units (10 properties)—

- Rents for one-bedroom flats range from $656 per month at the Carlton Arms to $1,175 per month at Estates at Heathbrook, located at SW 46th Court. Two

properties—Carriage House on NE 7th Street and Deerwood Village located on SE 18th Avenue have one-bedroom townhouses, with rents starting at $700 per month at Carriage House and $1,138 per month at Deerwood Village.

- One-bedroom flats range in size from 499 square feet at Deerwood Village to 1,173 square feet at Steeples 2901 on SW 41st Street. The one-bedroom townhouses contain 854 and 919 square feet of living space.
- One-bedroom rents per square foot for flats generally range from $0.98 at Steeples 2901 to $1.88 at Deerwood Village. The one-bedroom townhouses carry rents per square foot between $0.82 and $1.24.

—Two-Bedroom Units (10 properties)—

- Two-bedroom units include two-bedroom flats with one bath (five properties); two-bedroom flats with two baths (nine properties); and two-bedroom townhouses (three properties). Rents for two-bedroom/one-bath units range from $850 per month at Paddock Place on SW 33rd Street, to $1,191 per month at Highlands at Heathbrook on SW 60th Street Road. Rents for two-bedroom/two-bath units range from $849 per month at Steeples 2901 to $1,720 per month at Estates at Heathbrook. Rents for two-bedroom townhouses range from $749 per month at Carriage House on NE 17th Street to $1,378 per month at Deerwood Village.
- Two-bedroom flats range in size from 755 square feet for a two-bedroom/one-bath apartment at Paddock Place, to 1,289 square feet for a two-bedroom/two-bath apartment at Tuscany Place on SW 34th Street. Two-bedroom townhouses range in size from 1,044 square feet (one-and-a-half baths) at Carriage Place, to 1,280 square feet (two-and-a-half baths) at Carlton Arms.
- Two-bedroom rents per square foot for flats generally fall between $0.76 for a two-bedroom/one-bath apartment at Tuscany Place and $1.65 at Estates at Heathbrook. Rents per square foot for two-bedroom townhouses start at $0.72 at Carriage House to $1.11 at Deerwood Village.

—Three-Bedroom Units (eight properties)—

- Three-bedroom units include three-bedroom flats with two baths (six properties); and three-bedroom townhouses (three properties). Rents for three-bedroom flats range between $961 per month at Steeples 2901 and $1,895 per month at Estates at Heathbrook; rents for three-bedroom townhouses range between $825 per month at Carriage House and $1,500 per month at Deerwood Village.
- Three-bedroom flats contain between 1,120 square feet at Carrington Lane on SE Lake Weir Avenue and 1,552 square feet at Estates at Heathbrook; three-bedroom townhouses range between 1,144 square feet at Carriage House and 1,650 square feet at Carlton Arms.
- Three-bedroom rents per square foot for flats fall between $0.79 at Steeples 2901 and $1.22 at the Estates at Heathbrook and for townhouses from $0.72 at Carriage House to $1.00 at Deerwood Village.

A new, 295-unit rental property, Canterbury Circle, is proposed by the Collier Companies on a parcel just off the intersection of Interstate 75 and SW College Road near the Hampton Inn. The project is scheduled for a 2018 opening.

Although most of the rental properties are at functional full occupancy (less than five percent vacancy rate), one of them—Steeples 2901—is offering $99 off the first month's rent on selected units. Most of them provide free on-site open parking; however, at least four charge a fee for parking, ranging from $15 per month for assigned "street" parking to $100 per month for unassigned garage parking.

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

Table 4 provides detailed information on several for-sale properties on the market in July 2017. Financing challenges, from both the developer and consumer perspectives, following the housing collapse of the Great Recession, continue to be the principle reason for the lack of for-sale activity. A dozen individual units in seven separate properties were listed by the Multiple Listing Service with asking prices ranging from $69,900 for a 1,000-square-foot, two-bedroom/two-bath townhouse in

Marion Oaks South to $585,000 for a 2,443-square-foot, two-bedroom/two-and-a-half bath townhouse in RLR Golden Ocala. The Walk Scores of each of these listings were 33 or less.

The most significant new construction project in the city is 302 Southeast Broadway, an 18-unit condominium property located in Downtown Ocala. As of July, 11 units remained unsold, ranging in price from $183,900 for a one-bedroom/one-bath model containing 828 square feet of living space ($222 per square foot) to $299,000 for a two-bedroom/two-bath unit containing 1,273 square feet ($235 per square foot). The units feature stained and scored concrete floors, exposed brick, and open ductwork. Asking prices per square foot range from $174 to $235. The Walk Score of this property is 76, very walkable, where most errands can be accomplished on foot.

The only other attached new construction was a three-bedroom/two-bath townhouse in Caldwell Add priced at $224,900 for 1,418 square feet of living space ($159). The property is now no longer available.

OPTIMUM MARKET POSITION

As noted above under ANNUAL MARKET POTENTIAL FOR THE DOWNTOWN OCALA STUDY AREA, the market-entry rents and price points for new housing units that could be developed within the Study Area are derived from the income and financial capabilities of those draw area target households with annual incomes at or above $35,000.

The Ocala MSA median family income (AMI), which, as determined by the U.S. Department of Housing and Urban Development (HUD) in fiscal year 2017 is $51,500 for a family of four. The income limits in Ocala by household size and percent of median family income (AMI) are shown on the following table:

Fiscal Year 2017 Income Limits
City of Ocala, Marion County, Florida

NUMBER OF PERSONS IN HOUSEHOLD	EXTREMELY LOW 30% OF MEDIAN	VERY LOW 50% OF MEDIAN	LOW 80% OF MEDIAN
One	$12,060	$17,800	$28,500
Two	$16,240	$20,350	$32,550
Three	$20,420	$22,900	$36,600
Four	$24,600	$25,400	$40,650
Five	$27,450*	$27,450	$43,950
Six	$29,500*	$29,500	$47,200
Seven	$31,500*	$31,500	$50,450
Eight	$33,550*	$33,550	$53,700

NOTE: The FY 2014 Consolidated Appropriations Act changed the definition of extremely low income to be the greater of 30/50ths (60 percent) of the Section 8 very low income limit or the poverty guideline as established by the Department of Health and Human Services, provided that this amount is not greater than the Section 8 50 percent very low income limits. Consequently, the extremely low income limits may equal the very low (50 percent) income limits.

SOURCE: U.S. Department of Housing and Urban Development.

At 120 percent of the AMI, the income limits range between $48,420 for a single-person household to $81,680, for a three-person household—households with more than three persons are an insignificant segment of the market potential for Downtown Ocala. Approximately 90 percent of the potential renters have incomes between 80 percent and 120 percent of the AMI. Nearly three-quarters of the potential buyers have incomes in that range. Most of the households with incomes in that range are younger singles and couples, with a small number of empty nesters and retirees, and traditional and non-traditional families.

—Multi-Family For-Rent Distribution by Rent Range—

An annual average of 740 households with incomes at or above $35,000 per year represent the target markets for newly-constructed rental housing units within the Downtown Ocala Study Area (*as shown on* Table 5 *following the text*). Supportable rent ranges have been established at 25 percent of the annual gross incomes of the 740 annual households, yielding the following distribution:

New Multi-Family For-Rent
Distribution by Rent Range
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

MONTHLY RENT RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$750–$1,000	144	19.5%
$1,000–$1,250	156	21.1%
$1,250–$1,500	184	24.9%
$1,500–$1,750	102	13.8%
$1,750 and up	154	20.7%
Total:	740	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

- The largest group of target renters are younger singles and couples, at 56 percent of the market for new rental units within the Downtown Ocala Study Area. Just under eight percent have careers that provide them with the financial capacity to afford rents at or above $1,750 per month, primarily *New Power Couples* and *The VIPs*. Just under 40 percent of younger singles and couples represent the market for units with rents between $1,250 and $1,750 per month—the less affluent *VIPs*, the *Fast-Track Professionals*, *New Bohemians*, and the *Cosmopolitan Elite*. The majority, just under 53 percent, would be able to support rents between $750 and $1,250 per month—primarily the *Suburban Achievers*, *Hometown Sweethearts*, and *Small-City Singles*.
- Empty nesters and retirees represent almost 28 percent of the market for new rental units within the Study Area. Over 35 percent of the targeted empty nester and retiree market—*Small-Town Patriarchs, Suburban Establishment, Pillars of the Community, Traditional Couples, Urban Establishment*—have the income and assets that enable them to support rents significantly above $1,750 per month. A plurality of 39 percent is able to support rents between $1,250 and $1,750 per month—*Second City Establishment, Mainstream Empty*

Nesters, and *Middle-American Retirees*. The remaining 25 percent represent the market for new units with rents between $750 and $1,250 per month, predominantly *Blue-Collar Retirees* and *Middle-Class Move-Downs*.

- Traditional and non-traditional families make up just 16 percent of the market for new rental units within the Study Area. Over 40 percent of the family market can afford rents above $1,750 per month (*Unibox Transferees, Fiber-Optic Families,* and *Late-Nest Suburbanites*), and another 35 percent can support rents between $1,250 and $1,750 per month (*Full-Nest Suburbanites, Multi-Ethnic Families,* and the more affluent *Uptown Families*). The remaining 24 percent represent the market for new units with rents between $750 and $1,250 per month, predominantly *Uptown Families.*

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

An annual average of 175 households with incomes above $35,000 per year represent the target markets for newly-constructed for-sale multi-family housing units within the Downtown Ocala Study Area (*as shown on* Table 6 *following the text*). Supportable price points have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of annual gross income for each of the 175 households that represent the annual potential for-sale multi-family market, yielding the distribution shown on the following table:

New Multi-Family For-Sale
Distribution by Price Range
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$100,000–$150,000	9	5.1%
$150,000–$200,000	36	20.6%
$200,000–$250,000	39	22.3%
$250,000–$300,000	31	17.7%
$300,000–$350,000	27	15.4%
$350,000 and up	33	18.9%
Total:	175	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

- Empty nesters and retirees are the largest segment of the market for new condominiums within the Downtown Ocala Study Area, at more than 48 percent of the market. Nearly 19 percent could afford new units priced over $350,000, primarily *Small-Town Patriarchs*, *Suburban Establishment, Pillars of the Community,* and *Traditional Couples.* Under 32 percent of the older households would be in the market for new condominiums with base prices between $250,000 and $350,000, including *New Empty Nesters*, *Urban Establishment, Second City Establishment, Mainstream Empty Nesters,* and *Middle-American Retirees*. Another 49 percent of the empty nesters and retirees (primarily *Blue-Collar Retirees* and *Middle-Class Move-Downs*) would be in the market for units priced between $100,000 and $250,000, with most at price points above $150,000.
- Younger singles and couples comprise 37 percent of the market for new for-sale lofts within the Study Area. Approximately 14 percent of the younger singles and couples, primarily *New Power Couples* and *The VIPs*, would be in the market for new lofts with base prices above $350,000. Another 31 percent of the younger households would be in the market for new units priced between $250,000 and $350,000, including *Fast-Track Professionals, New Bohemians,* and *Cosmopolitan Elite.* The remaining 55 percent would be in the market for new units priced between $100,000 and $250,000 (*Suburban Achievers, Hometown Sweethearts, and Small-City Singles*).
- The remainder of the market, traditional and non-traditional families, comprises just above 14 percent of the market for new for-sale lofts and condominiums within the Downtown Ocala Study Area. One third could afford new units priced over $350,000, primarily *Late-Nest Suburbanites, and Full-Nest Suburbanites.* A plurality of 44 percent of the households, would be in the market for new condominiums with base prices between $250,000 and $350,000, primarily *Uptown Families*. Another 24 percent of the empty nesters and retirees would be in the market for units priced between $200,000 and $250,000 (also *Uptown Families*).

—Single-Family Attached For-Sale Distribution by Price Range—

An annual average of 225 households with incomes above $35,000 per year represent the target markets for newly-constructed single-family attached housing units (rowhouses/townhouses) within

the Downtown Ocala Study Area (*as shown on* Table 7 *following the text*). As with the for-sale lofts and condominiums, supportable price points for the rowhouses and townhouses have been determined by assuming a down payment of 10 percent, and a monthly mortgage payment, excluding taxes and utilities, that does not exceed 25 percent of annual gross income for each of the 225 households that represent the annual potential rowhouse/townhouse market, yielding the distribution shown on the following table:

New Single-Family Attached For Sale
Distribution by Price Range
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

PRICE RANGE	HOUSEHOLDS PER YEAR	PERCENTAGE
$150,000–$200,000	18	8.0%
$200,000–$250,000	64	28.4%
$250,000–$300,000	75	33.3%
$300,000–$350,000	40	17.8%
$350,000 and up	28	12.5%
Total:	225	100.0%

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

- One of the two largest groups of target buyers of rowhouses/townhouses is the empty nesters and retirees, at 40 percent of the market for new for-sale single-family attached units within the Downtown Ocala Study Area. Over 14 percent of the empty nesters and retirees represent the market for rowhouses/townhouses with base prices above $350,000, including *Small-Town Patriarchs, Suburban Establishment,* and *Traditional Couples*. Over 52 are able to purchase units priced between $250,000 and $350,000—primarily *Second City Establishment, Mainstream Empty Nesters,* and *Middle-American Retirees*. The remaining third would be able to support base prices between $150,000 and $250,000—the *Blue-Collar Retirees* and *Middle-Class Move-Downs*.
- Younger singles and couples, like the empty nesters and retirees, also represent 40 percent of the market for new rowhouses/townhouses within the Study Area. Just under eight percent of the targeted younger singles and couples market—*The VIPs* and the most affluent of the *Fast-Track Professionals*—have the income and assets that enable them to purchase new rowhouses/townhouses with base prices above $350,000. Just under 49 percent are able to purchase new units priced between $250,000 and $350,000—the less affluent *Fast-Track*

Professionals, the *New Bohemians, Cosmopolitan Elite, Suburban Achievers,* and *Hometown Sweethearts.* The remaining 43.3 percent represent the market for new rowhouses/townhouses with base prices between $150,000 and $250,000, predominantly *Small-City Singles*.

- Traditional and non-traditional families make up the remaining 20 percent of the market for new rowhouses/townhouses within the Study Area. Under 18 percent of the targeted traditional and non-traditional families market—*Unibox Transferees* and *Late-Nest Suburbanites*—have the income and assets that enable them to purchase new rowhouses/townhouses with base prices above $350,000. Over 53 percent of the family market can afford base prices of new rowhouses/townhouses between $250,000 and $350,000 (*Full-Nest Suburbanites, Multi-Ethnic Families,* and the more affluent *Uptown Families*); and just under 29 percent can support base prices between $200,000 and $250,000 (also *Uptown Families*).

—OPTIMUM MARKET POSITION
THE DOWNTOWN OCALA STUDY AREA—

There are several factors that contribute to the desirability of living in the Downtown Ocala Study Area:

- The very attractive Downtown Square, with its mix of uses, including restaurants, offices, and retailers, which comprises the heart of the Downtown;
- Its adjacency to Tuscawilla Park, Ocala's central park, which encompasses Lake Tuscawilla, sports fields, and playgrounds, as well as the Reilly Arts Center and the Discovery Center, and is adjacent to the Ocala Union Station, now home to the Magnolia Art Xchange, and the Plein Air Art Park;
- The location of two residential historic districts in and adjacent to the Study Area: the Tuscawilla Historic District within the Study Area north of Silver Springs Boulevard and the Ocala Historic District south of Silver Springs Boulevard and to the east of the Study Area;
- Its close proximity to the Ocala Regional Medical Center, a 270-bed medical and surgical facility with more than 2,100 employees as well as the Munroe Regional Medical Center, with more than 2,600 employees—just south of the southern boundary of the Downtown Study Area;
- The location of City Hall and City offices in the southeast part of the Study Area and the Marion County Courthouse and Golden-Collum Memorial Federal Building and associated legal offices in the northern part of the Study Area;
- The construction of the new parking garage lining Southeast Osceola Avenue between Southeast Broadway Street and Southeast 3rd Street, which has been skillfully designed to mask its use;
- The proposed hotel development on the eastern side of Downtown Square, which will include a 90-room hotel with 10,000 square feet of conference space and 7,000 square feet of retail and restaurant space, and a residential building with approximately 8,000 square feet of residential space and 2,000 square feet of additional retail space.

As detailed in ANNUAL MARKET POTENTIAL FOR THE DOWNTOWN OCALA STUDY AREA, an average of 740 potential renter households, 175 potential loft/condominium purchaser households, and 225 potential rowhouse/townhouse purchaser households comprise the annual potential market for new residential development in the Study Area over the next five years. The optimum market position has been established based on a variety of factors, including but not limited to:

- The tenure and housing preferences, financial capabilities, and lifestages of the target households;
- The physical and locational characteristics of the Study Area, as described above; and
- Current market area residential market dynamics.

Based on these factors, the optimum market position for new higher-density rental and for-sale housing within the Downtown Ocala Study Area is summarized on the following table (*see also* Table 8 *following the text for greater detail*):

Optimum Market Position
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	UNIT RENT/PRICE RANGE	UNIT SIZE RANGE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT—64.9%			
Apartments	$700 to $1,750/mo.	400 to 1,250 sf	$1.40 to $1.75
MULTI-FAMILY FOR-SALE—15.4%			
Lofts	$140,000 to $200,000	750 to 1,100 sf	$182 to $187
Mansion Condominiums	$275,000 to $350,000	1,150 to 1,500 sf	$233 to $239
SINGLE-FAMILY ATTACHED FOR-SALE—19.7%			
Rowhouses	$150,000 to $195,000	950 to 1,300 sf	$150 to $158
Townhouses	$210,000 to $325,000	1,200 to 2,000 sf	$163 to $175

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

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

Weighted Average Base Rents, Prices and Size Ranges
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	WEIGHTED AVERAGE BASE RENT/PRICES	WEIGHTED AVERAGE UNIT SIZE	WEIGHTED AVERAGE BASE RENT/PRICES PER SQ. FT.
MULTI-FAMILY FOR-RENT			
Apartments	$1,170 per month	760 sf	$1.54 psf
MULTI-FAMILY FOR-SALE			
Lofts	$165,500	900 sf	$184 psf
Mansion Condominiums	$303,750	1,288 sf	$236 psf
SINGLE-FAMILY ATTACHED FOR-SALE			
Rowhouses	$173,500	1,135 sf	$153 psf
Townhouses	$259,000	1,555 sf	$167 psf

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

The proposed rents and prices are in year 2017 dollars and are exclusive of location or floor premiums and consumer-added options or upgrades.

—DOWNTOWN DEVELOPMENT OPPORTUNITIES—

From the perspective of draw area target market propensities and compatibility, a broad range of new construction as well as renovation of existing buildings will be required to support and sustain residential diversity in the Study Area. An effective housing strategy to build a strong Downtown should include:

- Preservation of the built environment: the restoration, repositioning and/or adaptive re-use of existing buildings when they contribute positively to the urban context;
- New residential construction: the introduction of housing types not currently available or under-represented in the Study Area;
- Support for a variety of housing types, both rental and for-sale including higher-value market-rate as well as affordable and workforce housing units, throughout the Study Area; and
- Mixed-use development: the inclusion of both residential and retail within multi-story buildings, particularly along the commercial corridors.

There are several sites throughout the Study Area that represent residential and mixed-use development opportunities, particularly parcels that are currently owned by the City of Ocala and within a short walking distance of the new City parking garage.

Currently, the plan for the hotel site due east of the Downtown Square includes a separate building proposed for 8,000 square feet of residential in addition to the hotel. Based on the findings of this analysis, at an average unit size of 760 square feet, this building could include up to 10 rental apartments.

The Bank of America block is also extremely important to the establishment of a Downtown neighborhood as the hotel block is the next block to the north and the parking garage is the next block to the east; a significant number of new dwelling units could be developed on the site even if the current office building were to remain.

The currently vacant parcel on SE Fort King Street across from City Hall and adjacent to the 302 Southeast Broadway condominiums could be developed either with rowhouses or townhouses, or, to

capture greater density, mansion buildings. Mansion buildings typically contain six to eight units (two units per floor), which makes them more feasible for condominium development than a building with 20 or more units.

It is important to develop the edges of Downtown as well. Multiple vacant parcels are scattered on the western side of Downtown north of the Post Office. East of the Post Office are three large parcels owned by a single entity that would provide the opportunity to develop a critical mass of housing types, both rental and for-sale, with the potential for retail and office space as well.

North of Silver Springs Boulevard, there are also potential opportunities for mixed-use development. The City owns the parking lot between 1st and 2nd Streets and North Magnolia and NE 1st Avenues, the development of which would support the redevelopment, including new housing units, that is already occurring in the area. If redeveloped as residential, including single-family, or mixed-use, the Fire Station property and the block to the south could have a very positive impact on existing surrounding properties. The Murphy lot on the north side of Silver Springs Boulevard is likely to be developed with commercial uses, although a mixed-use project, with residential on the upper floors, would provide a significant number of new residential units.

Over time, then, residential or mixed-use development of these parcels would establish Downtown as a residential neighborhood as well as a commercial center, with the likelihood that Midtown and North Magnolia would become next in line as the focus of new development. The perception of investment opportunities in adjacent in-town neighborhoods in general and Midtown and North Magnolia in specific will continue to evolve. The perception of economic potential in places once seen as high risk will ultimately shift from vulnerable to inevitable.

However, over the next five years, location will still have a significant impact on rents and prices; projects situated within a short walking distance of the core Downtown will command rents and prices at the upper end of values. Those projects that are located on the outer edges of the Study Area are likely to command rent and prices at the lower end of values.

—MARKET CAPTURE—

Based on nearly 30 years' experience employing the target market methodology in urban locations at every scale in 47 states, Zimmerman/Volk Associates has determined that new multi-family rental development (including adaptive re-use of existing non-residential buildings as well as new construction) within the Study Area should be able to achieve an annual capture of between 10 and 12 percent of the annual potential rental renter households each year over the next five years, assuming the production of appropriately-positioned new or renovated housing.

Given current economic conditions, and the expectation of continued improvement for new for-sale housing, Zimmerman/Volk Associates has determined that a capture of between eight and 10 percent of the annual potential market for new lofts/condominiums and rowhouses/townhouses could be achievable in the Study Area. (Nationally, prior to the housing collapse in 2008, new dwelling units represented 15 percent of all units sold; over the past several years, new dwelling units have averaged approximately eight percent of all units sold.)

Annual average absorption over the next five years within the Downtown Ocala Study Area is forecast as shown on the following table:

Annual Forecast Absorption
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	NUMBER OF HOUSEHOLDS	ANNUAL UNITS ABSORBED	CAPTURE RATES
Multi-family for-rent (lofts/apartments, leaseholder)	740	74 - 89	10.0 – 12.0%
Multi-family for-sale (lofts/apartments, condo/co-op ownership)	175	14 - 18	8.0 – 10.3%
Single-family attached for-sale (rowhouses/townhouses, fee-simple/ condominium ownership)	225	18 - 24	8.0 – 10.7%
Total	1,140	106 - 131 units	

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

Based on the 10 to 12 percent capture of the potential market for new and renovated rental housing, and the approximately eight to 10 percent capture of the potential market for new for-sale

loft/condominiums and rowhouses/townhouses, the Downtown Ocala Study Area should be able to absorb between 106 and 131 new and renovated rental and for-sale housing units per year each year over the next five years.

Based on the same rental capture rate—10 to 12 percent—the Downtown Ocala Study Area should be able to absorb an annual average of between 56 and 67 new affordable multi-family rental housing units per year over the next five years, as shown on the following table:

Annual Forecast Absorption
Households With Incomes Between 50 and 80% AMI
THE DOWNTOWN OCALA STUDY AREA
City of Ocala, Marion County, Florida

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-family for-rent (lofts/apartments, leaseholder)	560	10% - 12%	56 - 67

SOURCE: Zimmerman/Volk Associates, Inc., 2017.

Over five years, these capture rates support the construction and absorption of between 280 and 335 new affordable multi-family rental dwelling units within the Downtown Ocala Study Area.

Over five years, these absorption forecasts/capture rates support the construction/renovation and absorption of between 810 and 990 new and renovated dwelling units within the Study Area. New housing units, configured according to target market preferences, can not only attract new households to the Study Area, but can also provide appropriate alternatives to households living in the city that, due to a change in household or economic status, might otherwise have moved out.

The capture rates of the annual potential market used here fall within the target market methodology's parameters of feasibility.

NOTE: The target market capture rates of the potential purchaser or renter pool are a unique and highly-refined measure of feasibility. Target market capture rates are not equivalent to—and should not be confused with—penetration rates or traffic conversion rates.

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

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

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

Because the prospective market for a property is more precisely defined using the residential target market methodology, a substantially smaller number of households are qualified; as a result, target market capture rates are higher than the more grossly-derived penetration rates. The resulting higher capture rates remain within the range of feasibility.

—BUILDING AND UNIT AMENITIES—

New buildings in the Study Area should include 21st century urban amenities, with a technology focus, including an emphasis on "the internet of things" enabling remote access to HVAC, appliances, lighting and security. Particularly important would be features designed to help residents control energy usage and utility costs, such as:

— Internet-enabled thermostat;
— Energy-Star HVAC and appliances;
— Internet-enabled lighting and outlets;
— USB charging outlets in the kitchen and master bedroom; and
— Built-in LED lighting.

To meet the expectations of potential residents, all units should be wired for cable television and high-speed internet or, if practical, be served by a building-wide Wi-Fi system. As much closet and storage space as possible should be provided in each unit.

Amenities in larger properties could include a small fitness center with treadmills, bikes, Stairmasters, and free weights; a small business center; outdoor and indoor community gathering spaces, *e.g.*— Wi-Fi café, bar and kitchen. The kitchen could be designed as a demonstration chef's kitchen with adjoining dining area that could be leased for dinner parties, or used by local chefs. Outdoor spaces should include a fire pit or other focal gathering points.

Other community amenities that are not very expensive to provide but are highly attractive to the target markets include storage units, secure bicycle storage with bicycle repair and maintenance room, or "velo room," including a repair stand, standard bike tools and air pumps, and recycling bins in the mail room. Because dogs have now become the equivalent of urban children, consideration should be given to including a dog washing station.

Rental Apartments:

Rental units should be contemporary apartments with minimum nine-foot ceilings and a maximum amount of glass. Where feasible, interesting features should be included, such as interior clerestory glass to bring natural light into windowless bathrooms, fixed-glass transoms over interior doors, and other design elements that could become signatures for the property.

In the kitchens, although, until recently, granite countertops have been the norm for new rental properties, it is highly recommended that less-expensive, and/or more environmentally-sensitive alternatives composed of recycled materials be used. Durability and maintenance issues should be the criteria when selecting from among these relatively-new materials. For example, some solid surface materials are susceptible to damage by hot cookware and should be avoided in rentals. All kitchens should include integral or undermount sinks; potential tenants will expect contemporary, durable finishes appropriate to urban living, as opposed to the carpeted beige interiors of suburban multi-family housing. Cabinets should have flush fronts with integral or contemporary pulls. Appliances should have stainless fronts.

Lighting fixtures should have clean and minimalist designs, capable of accommodating either compact fluorescent or LED bulbs.

Floors should be offered with bamboo in the main rooms and carpeting in the bedrooms, with ceramic or tile in the kitchens and baths. Walls should be drywall finished with simple contemporary baseboards. Doors should have stainless handles and hardware.

Bathrooms should have a standard contemporary finish package, *e.g.*—vessel-style sinks, and countertops of materials similar to the grade used in the kitchens. All fixtures, faucets and lighting should be clean, minimalist and contemporary. Again, lighting should accommodate either compact fluorescent or LED bulbs.

The 400-square-foot microunits do have some special design constraints due to their size. Because volume space will add to their livability, ceilings should be at least nine feet high and windows should be no smaller than six feet high. Microunits should include a full-height refrigerator and

standard 30-inch kitchen sink, cooktop, and microwave range hood. An oven is not required. Built-in furniture should be considered, including a pull-down bed option, as well as built-in storage.

For-Sale Lofts/Mansion Condominiums and Rowhouses/Townhouses:

In addition to the above, eat-in kitchen with custom kitchen finishes including stainless steel appliances, stone countertops, built-in wine rack, optional wine cooler, bar sink, gooseneck faucet, a pantry area; bathrooms with 36-inch soaking tub, subway tile tub surround, vessel sinks adjustable-height rain shower heads, heated towel racks, marble vanity.

Translucent glass bedroom doors; carpet in bedrooms; hardwood or bamboo flooring in living areas. Custom closets with single and double-hung shelving.

From the market perspective, and given the Study Area's walkability, one parking space per unit should be sufficient for the rental buildings and two per unit for the for-sale lofts and condominiums. The rowhouses/townhouses are self-parked with attached or detached garages.

DOWNTOWN HOUSING TYPES

Building and unit types most appropriate for Downtown Ocala include:

- Courtyard Apartment Building: In new construction, an urban, pedestrian-oriented equivalent to conventional garden apartments. An urban courtyard building is three or more stories, often combined with non-residential uses on the ground floor. The building should be built to the sidewalk edge and, to provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. Parking is either below grade, at grade behind or interior to the building, or in an integral structure.

  The building's apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price.

- Loft Apartment Building: Either adaptive re-use of older warehouse or manufacturing buildings or a new-construction building type inspired by those buildings. The new-construction version is usually elevator-served with double-loaded corridors.

  Lofts: Unit interiors typically have high ceilings, are fully finished and partitioned into individual rooms. Units may also contain architectural elements reminiscent of "hard lofts," such as exposed ceiling beams and ductwork, concrete floors and industrial finishes, particularly if the building is an adaptive re-use of an existing industrial structure.

  The building's loft apartments can be leased, as in a conventional income property, or sold to individual buyers, under condominium or cooperative ownership, in which the owner pays a monthly maintenance fee in addition to the purchase price. (Loft apartments can also be incorporated into multifamily buildings along with conventionally-finished apartment units.)

- Liner Building: An apartment building with apartments and/or lofts lining two to four sides of a multi-story parking structure. Units are typically served from a single-loaded corridor that often includes access to parking. Ground floors typically include a traditional apartment

lobby and can also include maisonette apartments (*see below*), retail or some combination of the two.

- Podium Building: A small-scale apartment building construction type with two or more stories of stick-frame residential units (lofts or apartments) built over a single level of above-grade structured parking, usually constructed with reinforced concrete. With a well-conceived street pattern, a podium building can include ground-level non-residential uses lining one or more sides of the parking deck.

- Mansion Apartment Building: A two- to three-story flexible-use structure with a street façade resembling a large detached or attached house (hence, "mansion"). The attached version of the mansion, typically built to a sidewalk on the front lot line, is most appropriate for downtown locations. The building can accommodate a variety of uses—from rental or for-sale apartments, professional offices, any of these uses over ground-floor retail, a bed and breakfast inn, or a large single-family detached house—and its physical structure complements other buildings within a neighborhood.

  Parking behind the mansion buildings can be either alley-loaded, or front-loaded served by shared drives. The form of the parking can be in open lots, in garages with units above, or integral to the building.

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

  Rowhouse/townhouse: Similar in form to a conventional suburban townhouse except that the garage—either attached or detached—is located to the rear of the unit and accessed from an alley or auto court. Unlike conventional townhouses, urban rowhouses/townhouses conform to the pattern of streets, typically with shallow front-yard setbacks. To provide privacy and a sense of security, the first floor should be elevated significantly above the sidewalk. The rowhouse, as distinct from the townhouse, typically has a uniform front façade and cornice height.

- Live-work is a unit or building type that accommodates non-residential uses in addition to, or combined with living quarters. The typical live-work unit is a building, either attached or detached, with a principal dwelling unit that includes flexible space that can be used as office, retail, or studio space, or as an accessory dwelling unit.

  Regardless of the form they take, live-work units should be flexible in order to respond to economic, social and technological changes over time and to accommodate as wide as possible a range of potential uses. The unit configuration must also be flexible in order to comply with the requirements of the Fair Housing Amendments Act and the Americans with Disabilities Act.

  True live-work units tend to be most successful within an already established neighborhood or urban center. In most of the live-work projects for which information is available, the units are likely to be purchased by households for use as dwelling units only, or purchased by investors. A resident investor can lease the flex space for residential, retail or office use; a non-resident investor can lease both the main residential space or the flex space. Since experience shows that it is uncommon for retail operators to live above the store, live-work units must comply with local codes permitting the legal separation of uses in order to maintain investor flexibility.

- Maisonette: An apartment that is integral to a multifamily apartment building, but that includes a private, individual entrance at street level. When sited with shallow setbacks, the entrance to the apartment on the first floor is elevated above sidewalk level to provide privacy and a sense of security.

Table 1

Annual Market Potential

Annual Average Number Of Draw Area Households With The Potential
To Move To Downtown Ocala Each Year Over The Next Five Years

Downtown Ocala

City of Ocala, Marion County, Florida

Ocala City, Marion County,
Regional Draw Area, and Balance of the United States
Draw Areas

Annual Target Market Households With The Potential To Rent/Purchase In the City of Ocala, Marion County, Florida	7,110
Annual Target Market Households With The Potential To Rent/Purchase In Downtown Ocala	2,005

Annual Market Potential

	Multi-Family		*Single-Family*				
			Attached	*Detached*			
	For-Rent	*For-Sale*	*All Ranges*	*Low-Range*	*Mid-Range*	*High-Range*	Total
Total Households:	740	175	225	415	265	185	2,005
{Mix Distribution}:	36.9%	8.7%	11.2%	20.7%	13.2%	9.2%	100.0%

Downtown Average Annual Market Potential

(Excluding Single-Family Detached)

	Multi-Family		*Single-Family*	
			Attached	
	For-Rent	*For-Sale*	*All Ranges*	Total
Total Households:	740	175	225	1,140
{Mix Distribution}:	64.9%	15.4%	19.7%	100.0%

NOTE: Reference Appendix One, Tables 1 Through 11.

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

Table 2

Annual Market Potential By Lifestage And Household Type

Annual Average Number Of Draw Area Households With The Potential
To Move To Downtown Ocala Each Year Over The Next Five Years

Downtown Ocala

City of Ocala, Marion County, Florida

		Multi-Family		*Single-Family Attached*
	Total	*For-Rent*	*For-Sale*	*All Ranges*
Number of Households:	1,140	740	175	225
Empty Nesters & Retirees	33%	28%	49%	40%
Traditional & Non-Traditional Families	17%	16%	14%	20%
Younger Singles & Couples	50%	56%	37%	40%
	100%	100%	100%	100%

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

Summary Of Selected Multi-Family Rental Properties

City of Ocala, Marion County, Florida

July, 2017

Property (Date Opened) *Address*	*Number of Units*	*Unit Type*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
			. . . . . Southwest Ocala						
Carlton Arms of Ocala	**860**		*. . . . . Apartments . . . . .*						**n/a**
(1998)		Studio/1ba	$610	to	450	to	$1.36	to	*Swimming pools,*
5001 SW 20th Street			$663		475		$1.40		*clubhouses,*
Mahaffey Company		1br/1ba	$656	to	512	to	$1.28	to	*playground,*
			$855		790		$1.67		*fitness center,*
Walk score: 5		2br/1ba	$860		890		$0.97		*tennis &*
		2br/2ba	$921	to	944	to	$0.89	to	*basketball courts,*
			$1,027		1,150		$0.98		*car care center*
									& dog park.
			. . . . . Townhomes						
		2br/1.5ba	$924		1,088	to	$0.83	to	
					1,120		$0.85		
		2br/2.5ba	$1,022		1,250	to	$0.80	to	
					1,280		$0.82		
		3br/2.5ba	$1,129	to	1,500	to	$0.75		
			$1,238		1,650				
Paddock Place	**158**		*. . . . . Apartments . . . . .*						**96% occupancy**
(1987)		1br/1ba	$770	to	660		$1.17	to	*Fitness center,*
2707 SW 33rd Street			$800				$1.21		*grills, bark park,*
BH Management Services		2br/1ba	$850	to	755		$1.13	to	*pool, sundeck,*
			$880				$1.17		*sports court.*
Walk score: 45		2br/2ba	$915	to	902	to	$1.01	to	
			$1,000		965		$1.04		
Steeples 2901	**480**		*. . . . . Apartments . . . . .*						**98% occupancy**
(1986)		1br/1ba	$808	to	764	to	$0.98	to	*Two pools,*
2901 SW 41st Street			$1,148		1,173		$1.06		*tennis courts,*
Pegasus Residential		2br/2ba	$849	to	1,046		$0.81	to	*nature trail,*
			$1,046				$1.00		*dog park,*
Walk score: 37		3br/2ba	$961	to	1,222		$0.79	to	*clubhouse, business*
			$1,182				$0.97		*center & fitness center.*

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Multi-Family Rental Properties

City of Ocala, Marion County, Florida

July, 2017

Property (Date Opened) *Address*	*Number of Units*	*Unit Type*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
			. . . . . Southwest Ocala {continued}.						
Tuscany Place	**288**		*. . . . . Apartments . . . . .*						**98% occupancy**
(1997)		1br/1ba	$880	to	763	to	$1.12	to	*Business center,*
3240 SW 34th Street			$945		842		$1.15		*clubhouse, grill,*
Collier Companies		2br/1ba	$840	to	1,105		$0.76	to	*fitness center,*
			$930				$0.84		*pool,*
Walk score: 53		2br/2ba	$965	to	1,163	to	$0.83	to	*tennis court,*
			$1,105		1,289		$0.95		*gameroom.*
		3br/2ba	$1,255		1,380		$0.91		
Estates at Heathbrook	**384**		*. . . . . Apartments . . . . .*						**97% occupancy**
(2008)		1br/1ba	$895	to	805	to	$1.11	to	*Swimming pool,*
4900 SW 46th Court			$1,175				$1.46		*fitness center, tennis*
Northland		2br/2ba	$995	to	1,045	to	$0.95	to	*raquetball & volleyball*
			$1,720		1,212		$1.65		*courts, playgrounds,*
Walk score: 37		3br/2ba	$1,510	to	1,317	to	$1.15	to	*clubhouse, business*
			$1,895		1,552		$1.22		*center & dog park.*
Highlands at Heathbrook	**320**		*. . . . . Apartments . . . . .*						**n/a**
(2004)		1br/1ba	$992	to	993		$1.00	to	*Designer pool*
5101 SW 60th Street Road			$1,096				$1.10		*w/waterfall, jacuzzi,*
Collier Companies		2br/1ba	$1,131	to	1,201		$0.94	to	*fitness center, tot lot,*
			$1,191				$0.99		*business center,*
Walk score: 4		2br/2ba	$1,278	to	1,224		$1.04	to	*tanning salon,*
			$1,336				$1.09		*lounge, nature area,*
		3br/2ba	$1,629		1,494		$1.09		*grill/picnic area,*
			$1,649				$1.10		*and car & dog wash area.*
			. . . . . Northeast Ocala						
Carriage House	**202**		*. . . . . Townhomes . . . . .*						**99% occupancy**
(2004; 2017)		1br/1ba	$700	to	854		$0.82	to	*Swimming pools,*
2701 NE 7th Street			$800				$0.94		*business center,*
		2br/1.5ba	$749	to	1,044		$0.72	to	*clubhouse,*
Walk score: 58			$849				$0.81		*courtyard*
		3br/2ba	$825		1,144		$0.72		*& pet friendly.*

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected Multi-Family Rental Properties

City of Ocala, Marion County, Florida

July, 2017

Property (Date Opened) *Address*	*Number of Units*	*Unit Type*	*Reported Base Rent*		*Reported Unit Size*		*Rent per Sq. Ft.*		*Additional Information*
			. . . . . *Southeast Ocala*						
Latigo 27	**240**		. . . . . *Apartments*						**99% occupancy**
(1986)		1br/1ba	$701	to	548	to	$1.28	to	*Swimming pool,*
1601 SW 27th Avenue			$930		715		$1.30		*fitness center,*
Timberland Partners		2br/2ba	$880	to	960		$0.92	to	*playground,*
			$1,000				$1.04		*clubhouse, laundry*
Walk score: 54									*facility & pet friendly.*
Carrington Lane	**214**		. . . . . *Apartments*						**97% occupancy**
(1987)		1br/1ba	$789	to	505	to	$1.13	to	*Swimming pool,*
3001 SE Lake Weir Avenue			$839		740		$1.56		*fitness center,*
Aspen Square		2br/1ba	$924		870		$1.06		*business center,*
		2br/2ba	$969	to	975	to	$0.94	to	*internet cafe,*
Walk score: 29			$1,009		1,075		$0.99		*tennis courts*
		3br/2ba	$1,139		1,120		$1.02		*clubhouse, basketball.*
Deerwood Village	**328**		. . . . . *Apartments*						**91% occupancy**
(2007)		1br/1ba	$940	to	499	to	$1.50	to	*Swimming pool,*
1850 SE 18th Avenue			$1,148		764		$1.88		*wifi café,*
Cortland		2br/2ba	$1,095	to	1,021	to	$1.07	to	*fitness center,*
			$1,451		1,095		$1.33		*nature trail,*
Walk score: 22		3br/2ba	$1,489		1,352		$1.10		*community lake*
									& dog park.
			. . . . . *Townhomes*						
		1br/1ba	$1,138		919		$1.24		
		2br/2ba	$1,338	to	1,242		$1.08	to	
			$1,378				$1.11		
		3br/2ba	$1,500		1,499		$1.00		

SOURCE: Zimmerman/Volk Associates, Inc.

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

City of Ocala, Marion County, Florida

July, 2017

Development (Date Opened) *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Walk Score*
		…Resale Listings…			
Marion Oaks South		*…Townhomes…*			**6**
329 Marion Oaks Boulevard	2br/2ba	$69,900	1,006	$69	
Sterling Place (2006)		*…Townhomes…*			**33**
1910 SW 31st Avenue	3br/2.5ba	$79,900	1,401	$57	
	3br/2.5ba	$79,900	1,401	$57	
	3br/2.5ba	$79,900	1,401	$57	
Crownwood (2007)		*…Townhomes…*			**12**
7391 NW 44th Lane	2br/2ba	$91,500	1,591	$58	
Wynchase Townhomes (2006)		*…Townhomes…*			**2**
4462 SW 49th Avenue	2br/2.5ba	$104,900	1,134	$93	
Brighton Condominiums (2006)		*…Condominiums…*			**4**
SW 52nd Circle	2br/2ba	$122,500	1,429	$86	
	2br/2ba	$132,000	1,864	$71	
	3br/2ba	$123,000	1,429	$86	
	2br/2ba	$125,000	1,429	$87	
Brighton Townhomes (2008)		*…Townhomes…*			**1**
SW 52nd Circle	3br/2.5ba	$149,900	1,584	$95	
RLR Golden Ocala		*…Townhomes…*			**5**
2785 NW 80th Avenue	2br/2.5ba	$585,000	2,443	$239	

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Table 4

Summary Of Selected For-Sale Multi-Family And Single-Family Attached Developments

City of Ocala, Marion County, Florida

July, 2017

Development (Date Opened) / *Address*	*Unit Type*	*Base Price Range*	*Unit Size Range*	*Base Price Per Sq. Ft.*	*Walk Score*
		…New Construction Listings…			
302 Southeast Broadway (2016)		*…Condominiums…*			**76**
302 SE Broadway Street	1br/1ba	$183,900	828	$222	
	1br/1ba	$188,900	828	$228	
	1br/1ba	$193,900	828	$234	
	1br/2ba	$225,900	1,188	$190	
	2br/1ba	$240,900	1,121	$215	
	2br/1ba	$246,900	1,121	$220	
	2br/2ba	$251,900	1,351	$186	
	2br/1ba	$251,900	1,121	$225	
	2br/2ba	$267,900	1,529	$175	
	2br/2ba	$269,900	1,549	$174	
	2br/2ba	$299,000	1,273	$235	
Caldwell Add (2017)		*…Townhomes…*			**62**
309 SE 10th Street	3br/2ba	$224,900	1,418	$159	

SOURCE: Multiple Listing Service;
Zimmerman/Volk Associates, Inc.

Table 5

Target Groups For New Multi-Family For-Rent
Downtown Ocala
City of Ocala, Marion County, Florida

Empty Nesters & Retirees*	*Number of Households*	*Percent*
Small-Town Patriarchs	5	0.7%
Suburban Establishment	5	0.7%
Pillars of the Community	5	0.7%
Traditional Couples	10	1.4%
Urban Establishment	15	2.0%
Second City Establishment	15	2.0%
Mainstream Empty Nesters	20	2.7%
Middle-American Retirees	30	4.1%
Blue-Collar Retirees	60	8.1%
Middle-Class Move-Downs	40	5.4%
Subtotal:	205	27.7%
Traditional & Non-Traditional Families†		
Unibox Transferees	10	1.4%
Fiber-Optic Families	5	0.7%
Late-Nest Suburbanites	15	2.0%
Full-Nest Suburbanites	10	1.4%
Multi-Ethnic Families	10	1.4%
Uptown Families	70	9.5%
Subtotal:	120	16.2%
Younger Singles & Couples*		
New Power Couples	5	0.7%
The VIPs	50	6.8%
Fast-Track Professionals	70	9.5%
New Bohemians	50	6.8%
Cosmopolitan Elite	5	0.7%
Suburban Achievers	25	3.4%
Hometown Sweethearts	40	5.4%
Small-City Singles	170	23.0%
Subtotal:	415	56.1%
Total Households:	**740**	100.0%

* Primarily one- and two-person households
† Primarily three- and four-person households.

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

Table 6

Target Groups For New Multi-Family For-Sale
Downtown Ocala
City of Ocala, Marion County, Florida

Empty Nesters & Retirees*	*Number of Households*	*Share of Households*
Small-Town Patriarchs	5	2.9%
Suburban Establishment	5	2.9%
Pillars of the Community	5	2.9%
Traditional Couples	5	2.9%
New Empty Nesters	5	2.9%
Urban Establishment	5	2.9%
Second City Establishment	10	5.7%
Mainstream Empty Nesters	5	2.9%
Middle-American Retirees	10	5.7%
Blue-Collar Retirees	10	5.7%
Middle-Class Move-Downs	20	11.4%
Subtotal:	85	48.6%
Traditional & Non-Traditional Families†		
Late-Nest Suburbanites	5	2.9%
Full-Nest Suburbanites	5	2.9%
Uptown Families	15	8.6%
Subtotal:	25	14.3%
Younger Singles & Couples*		
New Power Couples	5	2.9%
The VIPs	10	5.7%
Fast-Track Professionals	10	5.7%
New Bohemians	5	2.9%
Cosmopolitan Elite	5	2.9%
Suburban Achievers	5	2.9%
Hometown Sweethearts	10	5.7%
Small-City Singles	15	8.6%
Subtotal:	65	37.1%
Total Households:	**175**	**100.0%**

* Primarily one- and two-person households
† Primarily three- and four-person households.

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

Table 7

Target Groups For New Single-Family Attached For-Sale
Downtown Ocala
City of Ocala, Marion County, Florida

Empty Nesters & Retirees*	*Number of Households*	*Share of Households*
Small-Town Patriarchs	5	2.2%
Suburban Establishment	5	2.2%
Traditional Couples	5	2.2%
Second City Establishment	10	4.4%
Mainstream Empty Nesters	10	4.4%
Middle-American Retirees	15	6.7%
Blue-Collar Retirees	20	8.9%
Middle-Class Move-Downs	20	8.9%
Subtotal:	90	40.0%
Traditional & Non-Traditional Families†		
Unibox Transferees	5	2.2%
Late-Nest Suburbanites	5	2.2%
Full-Nest Suburbanites	5	2.2%
Multi-Ethnic Families	5	2.2%
Uptown Families	25	11.1%
Subtotal:	45	20.0%
Younger Singles & Couples*		
The VIPs	10	4.4%
Fast-Track Professionals	5	2.2%
New Bohemians	5	2.2%
Cosmopolitan Elite	5	2.2%
Suburban Achievers	10	4.4%
Hometown Sweethearts	10	4.4%
Small-City Singles	45	20.0%
Subtotal:	90	40.0%
Total Households:	**225**	**100.0%**

* Primarily one- and two-person households
† Primarily three- and four-person households.

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

Optimum Market Position–530 to 655 New Dwelling Units

Downtown Ocala

City of Ocala, Marion County, Florida

August, 2017

Percent of Households Number	*Housing Type*	*Unit Configuration*	*Unit Mix*	*Base Rent/Price Range*	*Unit Size Range*	*Base Rent/Price Per Sq. Ft.*	*Annual Forecast Absorption*
64.9%	**Multi-Family For-Rent**		100%				**74 to 89 du**
740	Apartments	Microunit/1ba	5%	$700	400	$1.75	74 to 89 du per year
		Studio/1ba	20%	$825	500	$1.65	
		1br/1ba	30%	$1,025	650	$1.58	
		1br/1ba/office	15%	$1,250	800	$1.56	
		2br/2ba	25%	$1,550	1,050	$1.48	
		3br/2ba	5%	$1,750	1,250	$1.40	
		Weighted Average:		$1,170	760	$1.54	
							370 to 445 du over 5 years
15.4%	**Multi-Family For-Sale**						**14 to 18 du**
175	Lofts	1br/1ba	40%	$140,000	750	$187	10 to 12 du per year
		2br/1.5ba	30%	$165,000	900	$183	
		2br/2ba	30%	$200,000	1,100	$182	
		Weighted Average:		$165,500	900	$184	
	Mansion Condominiums {6-unit buildings}	2br/1.5ba	25%	$275,000	1,150	$239	4 to 6 du per year
		2br/2ba	50%	$295,000	1,250	$236	
		2br/2.5ba	25%	$350,000	1,500	$233	
		Weighted Average:		$303,750	1,288	$236	
							70 to 90 du over 5 years
							over 5 years

NOTE: Base rents/prices are in year 2017 dollars, do not include premiums, options or upgrades, and apply to the first phase only.

SOURCE: Zimmerman/Volk Associates, Inc.

Optimum Market Position–530 to 655 New Dwelling Units
Downtown Ocala

City of Ocala, Marion County, Florida

August, 2017

Percent of Households Number	*Housing Type*	*Unit Configuration*	*Unit Mix*	*Base Rent/Price Range*	*Unit Size Range*	*Base Rent/Price Per Sq. Ft.*	*Annual Forecast Absorption*
19.7%	**Single-Family Attached For-Sale**						**18 to 24 du**
225	Rowhouses	2br/1.5ba	30%	$150,000	950	$158	10 to 14 du per year
		2br/2.5ba	40%	$175,000	1,150	$152	
		3br/2.5ba	30%	$195,000	1,300	$150	
		Weighted Average:		$173,500	1,135	$153	
	Townhouses	2br/2.5ba	30%	$210,000	1,200	$175	8 to 10 du per year
		2br/2.5ba/den	30%	$240,000	1,450	$166	
		3br/2.5ba	20%	$295,000	1,800	$164	
		3br/3.5ba/study	20%	$325,000	2,000	$163	
		Weighted Average:		$259,000	1,555	$167	
							90 to 120 du over 5 years
100.0%							**106 to 131 du** per year including rentals
1,140	**Households**						**32 to 42 du** per year excluding rentals
							530 to 655 du over 5 years

NOTE: Base rents/prices are in year 2017 dollars, do not include premiums, options or upgrades, and apply to the first phase only.

SOURCE: Zimmerman/Volk Associates, Inc.

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

Research & Strategic Analysis

ASSUMPTIONS AND LIMITATIONS—

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

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

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

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

Research & Strategic Analysis

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