



Rochester Inner Loop North Transformation Planning Study *Market Analysis*

December 2020

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Glossary of Acronyms

| | |
|---|------|
| Business Analyst Online: | BAO |
| Compound Annual Growth Rate: | CAGR |
| Environmental Systems Research Institute: | ESRI |
| Multi-Family Residential: | MFR |
| Metropolitan Statistical Area: | MSA |
| Real Estate Information Service: | REIS |
| Single-Family Residential: | SFR |

Executive Summary

In partnership with Bergmann, Kimley-Horn prepared this market analysis as part of the Inner Loop North Transformation Planning Study. This document presents a comprehensive investigation of demographic, economic, and real estate measures for the Inner Loop North Submarket. Findings from this analysis will form a foundation for future planning and visioning efforts for the Inner Loop North corridor, ensuring that the vision for the area is grounded in market reality.

The Study Area is part of the dynamic urban core of the City of Rochester. As with downtowns in many cities across the United States, Rochester has experienced development momentum driven by private investment and public partnerships. Recent development in and around downtown Rochester has focused on a resurgence in demand for urban living, as well as companies seeking active and connected locations that can be leveraged to attract top talent. These trends will continue to shape the Study Area in the future.

Findings in this analysis demonstrate that the Study Area is poised to attract growth in a variety of real estate sectors. However, not all areas within the Study Area are created equal. Attracting investment and supporting momentum will be easier, and require fewer public incentives, in some areas than others. Creating attainable housing for a wide range of income levels, minimizing displacement of existing residents, and attracting economic development opportunities will require deliberate goals and strategies implemented by the City of Rochester, local agencies, stakeholders, and residents.

This report presents real estate demand in the Study Area by sector through 2040. Demand forecasts take into consideration population and job projections, momentum in the local real estate market, and macro-level influences, such as the COVID-19 pandemic, that will shape growth in Rochester.

The Impact of COVID-19 on Growth and Development

The global COVID-19 pandemic has presented far-reaching impacts to the economy. This analysis takes into consideration the potential impacts that COVID-19 could have on growth and development in the short- and long-term. The perceived impacts of the pandemic will not be uniform across all real estate sectors.

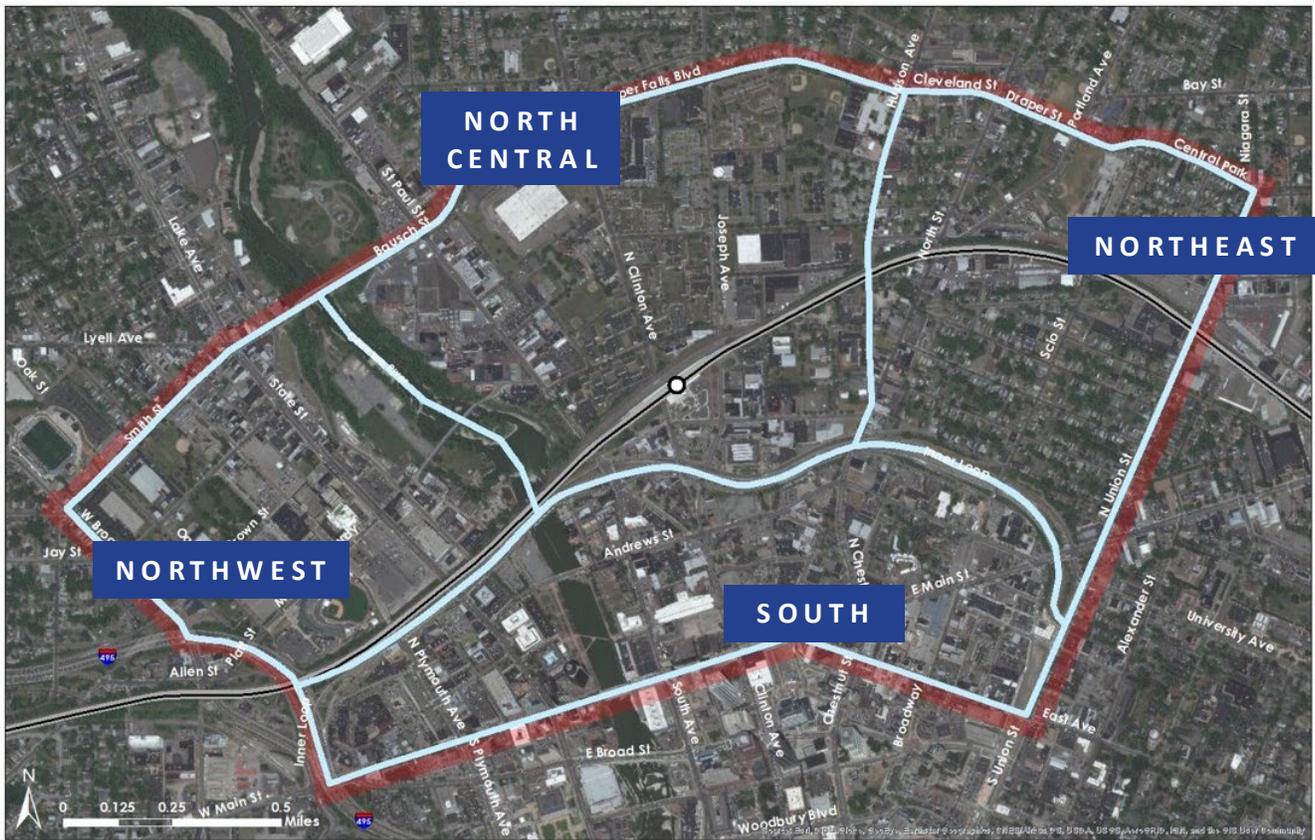
Throughout this report, call-out boxes have been incorporated to demonstrate the potential impact that COVID-19 could have on the varying sectors in Rochester, and, more specifically, in the Study Area.

| |  RESIDENTIAL |  RETAIL |  OFFICE |  LT. INDUSTRIAL | |
|----------------|---|--|--|--|------------|
| 20-Year Demand | LOW-SCENARIO | 1,186 units | 27,477 SF | 132,110 SF | 117,549 SF |
| | HIGH-SCENARIO | 2,111 units | 54,561 SF | 406,288 SF | 292,877 SF |

The forecasted demand for the Study Area falls short of the potential supply of new land that could be created through the transformation of the Inner Loop North corridor. This short fall should be leveraged as an opportunity to focus development potential in key catalytic areas while using the remaining land supply to address community needs like accessibility to goods and services, connectivity within the Study Area, and creating open space and recreation areas for residents, employees, and visitors alike.

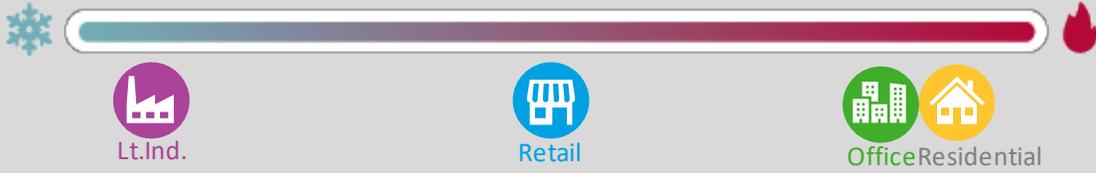
The Study Area is approximately 1.6 square miles in size, but offers tremendous diversity in demographic and economic metrics, land use mix, and development intensities. For this reason, key development considerations were separately presented for four sub-areas. The sub-areas are described in detail in the *Study Area Opportunities* section of this report, including demographic and economic metrics, anchoring uses and land use patterns, and key development opportunities.

Inner Loop North Analysis Sub-areas

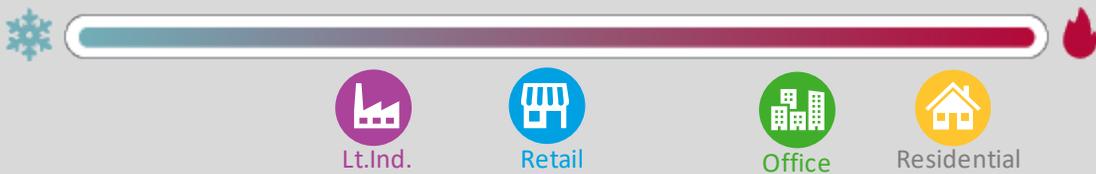


The following summarizes key real estate development opportunities that were identified, by sub-area. Real estate sectors that are “cold” are either not an appropriate for the sub-area based on access, visibility, established densities, and land use pattern or would likely require incentivization. Sectors identified as “hot” will naturally gravitate to the sub-area and are likely to be driven by private investment.

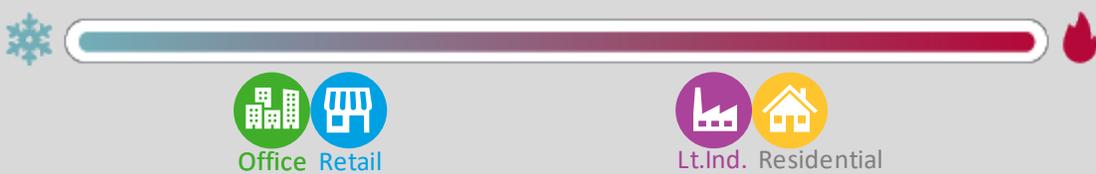
SOUTH SUB-AREA



NORTHWEST SUB-AREA



NORTH CENTRAL SUB-AREA



NORTHEAST SUB-AREA



Introduction

In partnership with Bergmann, Kimley-Horn prepared this market analysis as part of the Inner Loop North Transformation Planning Study. This analysis documents existing conditions from a demographic and real estate market perspective, providing baseline market statistics to inform future land use and potential development opportunities.

Data presented in this document is intended to provide a foundation for estimating the future incremental value that could be directly captured from public investment in the Inner Loop North corridor. A value capture analysis, as well as a benefit cost analysis, will be accomplished in a later phase of the Rochester Inner Loop North Transformation Planning Study.

Project Overview

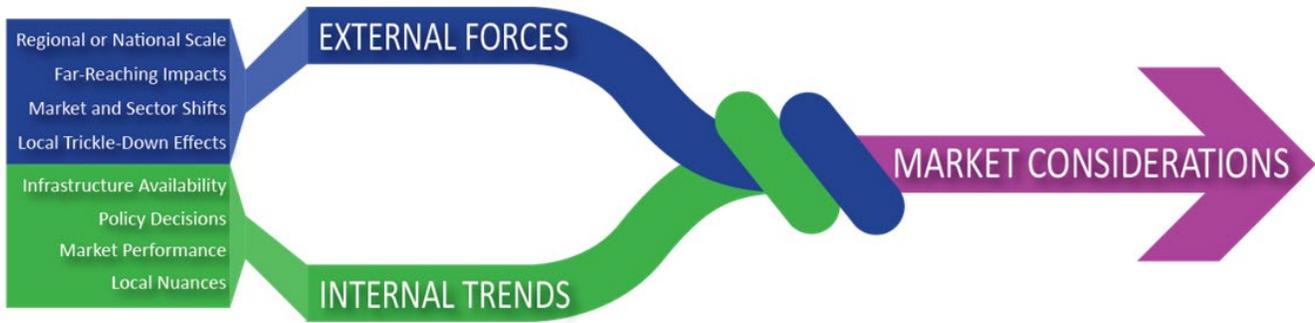
Following the recent completion of the Inner Loop East project, the City of Rochester is moving forward with initial planning phases to investigate the feasibility of reconfiguring the northern segment of the Inner Loop. This transformation of the Inner Loop North would reconnect Downtown Rochester with nearby residential neighborhoods, as well as local destinations including the Public Market and High Falls.

The Inner Loop North Transformation Study seeks to explore alternatives and advance recommendations for redesign of the corridor. Following the stated goals of the study, a successful transformation of the Inner loop North will foster opportunities for economic and community development while minimizing displacement of existing residents and businesses. This market analysis is a critical tool in initial planning phases to ensure that future development opportunities are sensitive to the surrounding neighborhoods while being based in market reality.

The market analysis is considered from two perspectives: external forces and internal trends. External forces occur at a macro-level scale outside the immediate community, but often have subsequent effects on local growth, development patterns, and regulations. Internal trends focus, more specifically, on how the City of Rochester is leveraging or diverging from the documented external forces. Combined, these influencers provide a comprehensive view when considering future growth patterns and development potential around the Inner Loop North corridor.

Inner Loop North Transformation Planning Study Goals

- Provide multiple opportunities for diverse public engagement
- Reconnect neighborhoods through multimodal accessibility
- Restore a human scale street grid
- Create engaging open spaces, recreation areas and streetscapes
- Integrate with ROC the Riverway vision
- Create new opportunities for economic development
- Minimize displacement



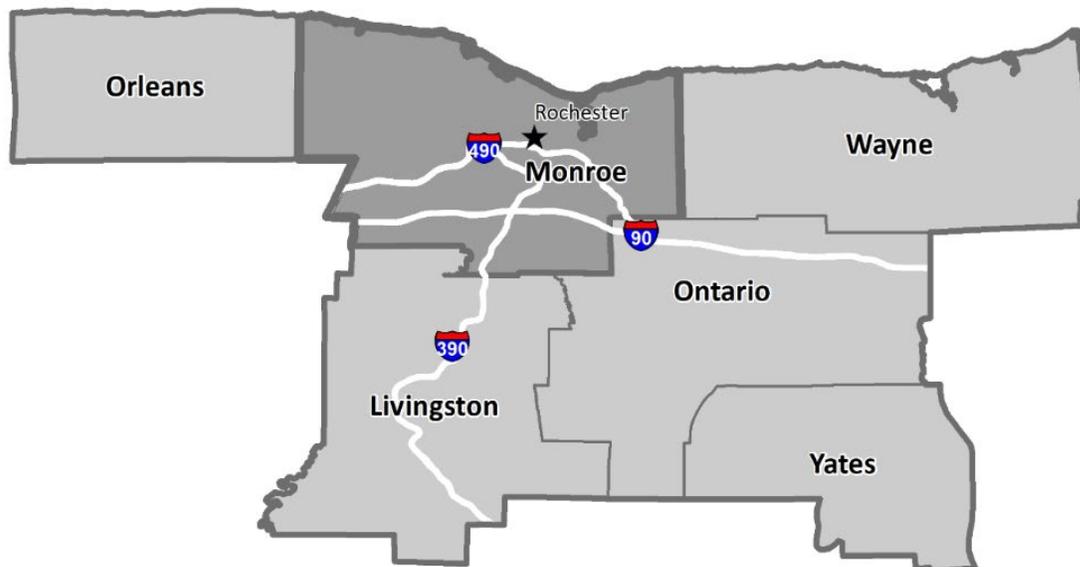
Geography Description

This market analysis reviews data for multiple geographies, allowing for a more comprehensive understanding of trends region-wide, as well as how performance differs across the region. The demographic and employment profiles cover geographies based on Census-designated boundaries for the metropolitan statistical area (MSA), Monroe County, and the City of Rochester. Information is also provided for a custom-defined study area surrounding the Inner Loop North corridor. Multiple sources of data were analyzed for profiles and performance trends for the various real estate sectors. Where these geographies vary from the descriptions below, they are described in the relevant section.

ROCHESTER METROPOLITAN STATISTICAL AREA (ROCHESTER MSA)

The Rochester MSA consists of six counties in western New York and is anchored by the City of Rochester (**Figure 1**). Many of the counties included in the MSA boundary have a rural development pattern; agriculture-related land uses are prominent throughout the region. As of the 2010 U.S. Census, the Rochester MSA included Livingston, Monroe, Ontario, Orleans, Wayne, and Yates counties.

Figure 1: Regional Context

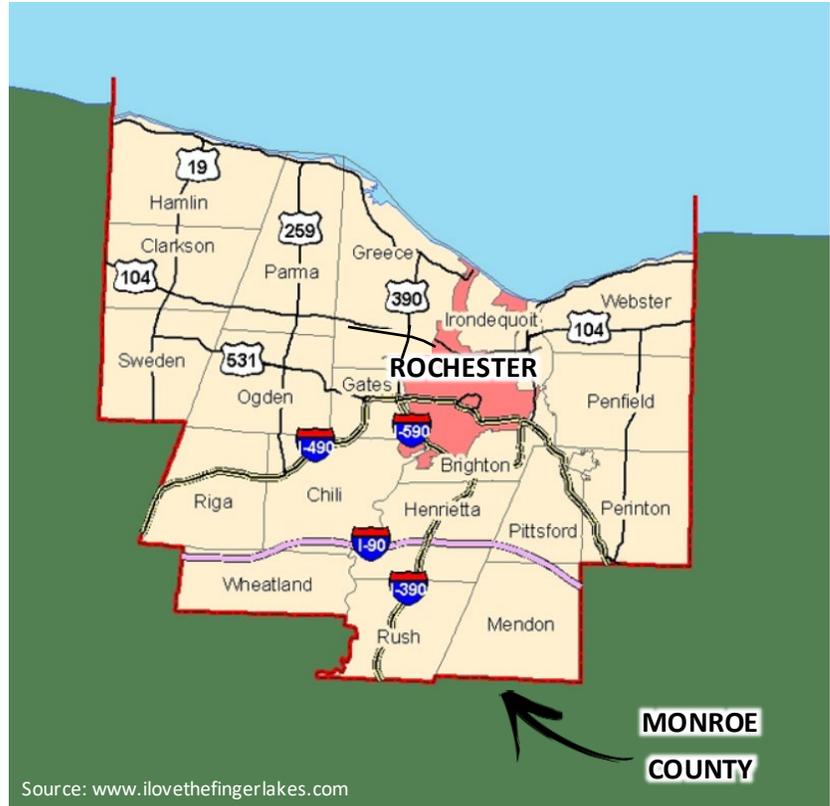


MONROE COUNTY AND THE CITY OF ROCHESTER

Demographic, economic, and real estate data focus heavily on Monroe County and, when available, the City of Rochester (**Figure 2**). As the economic anchor of the Rochester MSA, understanding the dynamics of these geographies is critical to accurately determining development opportunities for the area around the Inner Loop North project. With an estimated population of over 740,000, Monroe County is the ninth largest county in the State of New York.

The City of Rochester is the seat of Monroe County, and the third largest city in the State of New York, behind New York City and Buffalo. The City has historically hosted an economy bolstered by manufacturing, science, technology, healthcare, and higher education facilities. While Rochester has not been immune from deindustrialization common with many cities in the northeast and midwest United States, the diversity in the local economy has resulted in a greater level of stabilization when compared to other similarly positioned communities.

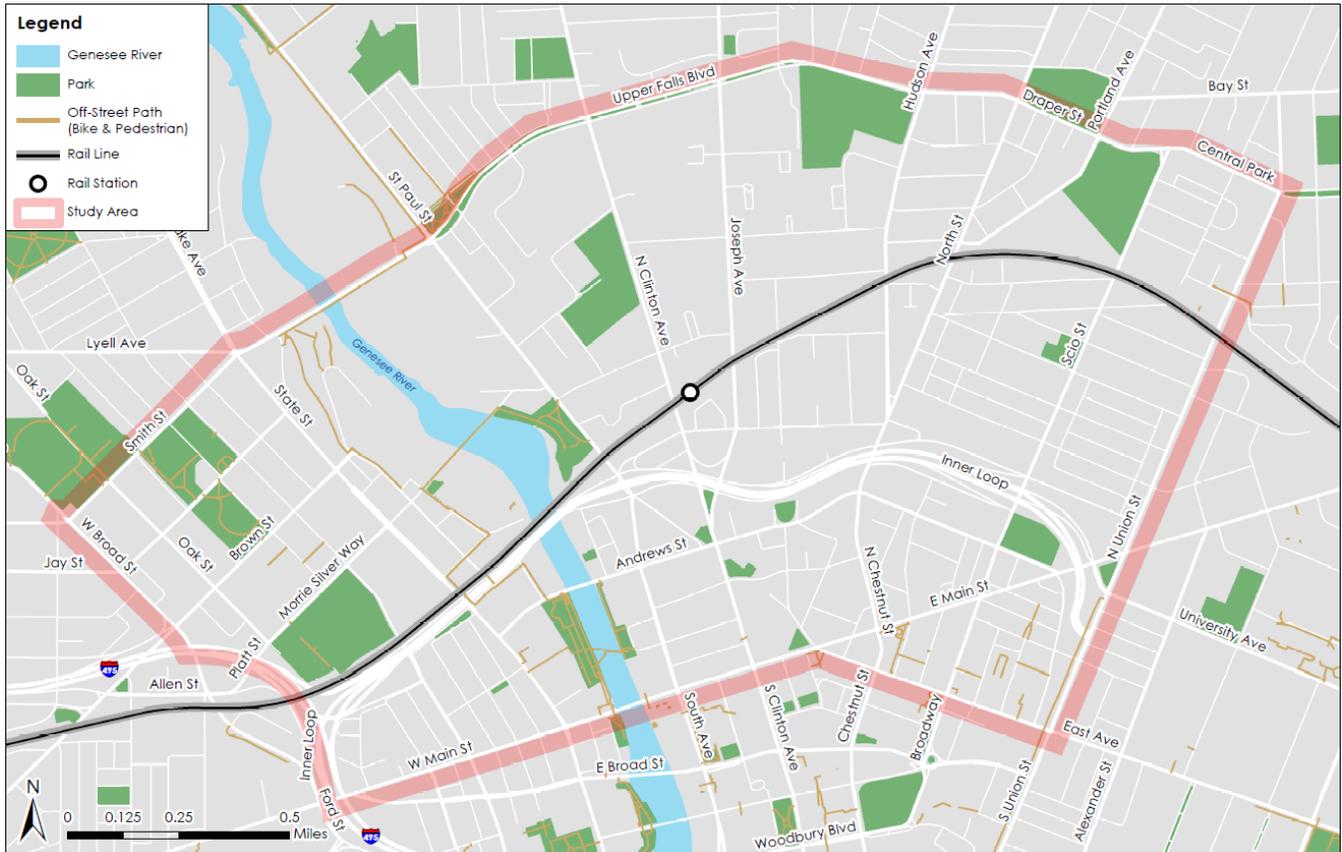
Figure 2: Monroe County and the City of Rochester



STUDY AREA

The Inner Loop North Study Area is generally bounded by Smith Street and Upper Falls Boulevard to the north, Union Street to the east, Main Street and East Avenue to the south, and W. Broad Street and I-490 to the west. The Study Area boundaries fall roughly within the neighborhoods of Center City, Brown Square, High Falls, Upper Falls, and Marketview Heights. Rochester’s central business district straddles both sides of the Genesee River and comprises the southern portion of the Study Area. The Study Area is shown in **Figure 3** on the following page.

Figure 3: Inner Loop North Study Area



It should be noted that given the wide variety of land use patterns and intensities in the Study Area, ranging from the City’s central business district to residential neighborhoods, this market analysis further divides the Study Area into four sub-areas. This report will first present demographic, economic, and real estate profiles for the geographies described above. Then, subsequently, future development opportunities will be described at a more granular level for each of the sub-areas. The sub-area geographies, their notable demographic and economic attributes, and key development opportunities are described in detail later in this report.

Demographic Profile

To better understand dynamics impacting the real estate market, both now and in the future, this chapter highlights key demographic trends that are driving change in the profile of area residents with a focus on population and household trends by age, income, and tenure. Ethnic diversity and educational attainment metrics are also highlighted for the current population base.

Demographic Overview

The graphic below compares key high-level indicators between the Study Area and the Rochester MSA. On average, the 7,738 people that currently reside within the Study Area are younger with smaller household sizes and fewer children living at home when compared to the region. These metrics are likely influenced by the comparatively urban nature of the Study Area, which has gained momentum as a popular location for young professionals who are seeking housing in areas with easy access to employment and entertainment.



Population Trends

The Study Area has grown by approximately 380 residents since 2010, reaching an estimated 7,738 residents in 2019 (Table 1). This growth equates to a 5.2% increase over the last nine years. Comparatively, Monroe County added nearly 12,000 new residents, growing to over 750,000 residents, and the Rochester MSA added nearly 15,600 residents. More than three-quarters of the regional population growth since 2010 occurred in Monroe County.

Table 1: Comparison of Population Trends, 2010-2019

| Area | 2010 | 2019 | 2010-2019 Δ | | |
|-------------------------|-------------|-------------|-------------|------|------|
| | | | # | % | CAGR |
| Study Area | 7,357 | 7,738 | 381 | 5.2% | 0.6% |
| Monroe County | 744,344 | 756,181 | 11,837 | 1.6% | 0.2% |
| Rochester, NY MSA | 1,079,671 | 1,095,267 | 15,596 | 1.4% | 0.2% |
| Study Area % MSA | 0.7% | 0.7% | 2.4% | | |

Source: ESRI Business Analyst Online; Kimley-Horn

Although the Study Area comprised 0.7% of the regional population base in 2019, it captured 2.4% of the nine-year growth, indicating increased momentum in population growth in the urban core of Rochester. This finding is consistent with an increased interest in urban living that has been demonstrated in cities across the United States.

POPULATION BY AGE

As shown in **Table 2**, population growth in the Study Area during the 2010s driven by two key demographic groups: Millennials and Baby Boomers. The strongest absolute growth was in the two cohorts representing the Baby Boomers, aged 55 to 74. Young professionals, representing a portion of the Millennial generation, increased by 20.4%. Increases in these two age cohorts is consistent with feedback from local stakeholders, indicating that new housing construction in the Study Area, particularly in Downtown Rochester, has been popular with young professionals and older residents seeking to downsize. Three age cohorts lost population over the decade: children under age 15, young people aged 15 to 24, and residents 35 to 54. These age groupings are often related, representing householders with children living at home.

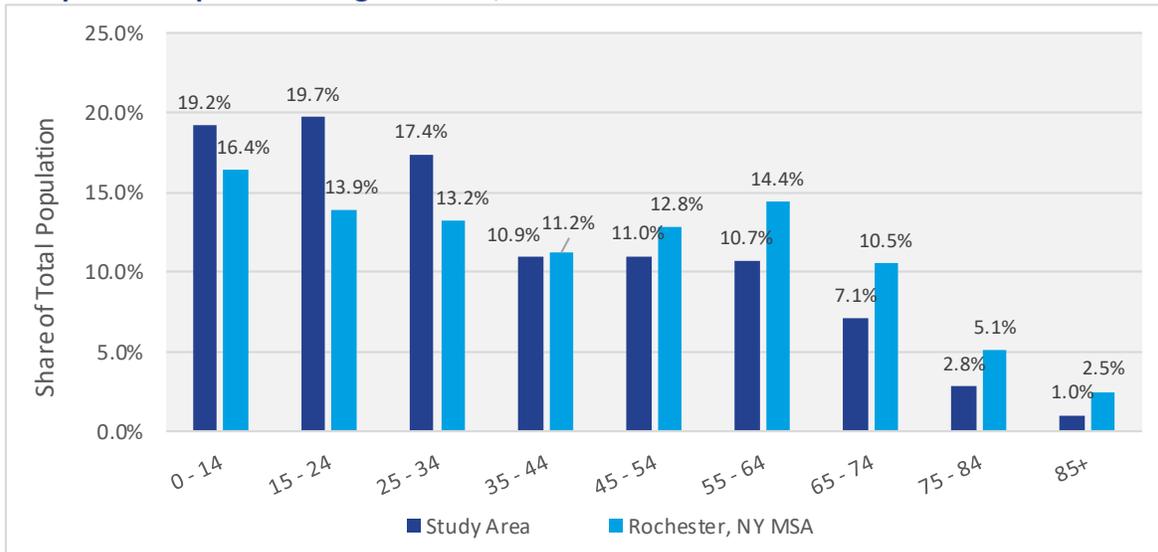
Table 2: Population by Age Cohort, Study Area, 2010-2019

| Cohort | 2010 | 2019 | 2010-2019 Δ | |
|--------------|--------------|--------------|-------------|-------------|
| | | | # | % |
| 0 - 14 | 1,560 | 1,486 | -74 | -4.7% |
| 15 - 24 | 1,648 | 1,524 | -124 | -7.5% |
| 25 - 34 | 1,118 | 1,346 | 228 | 20.4% |
| 35 - 44 | 868 | 843 | -25 | -2.8% |
| 45 - 54 | 890 | 851 | -39 | -4.4% |
| 55 - 64 | 684 | 828 | 144 | 21.0% |
| 65 - 74 | 346 | 549 | 204 | 58.9% |
| 75 - 84 | 184 | 217 | 33 | 17.8% |
| 85+ | 59 | 77 | 19 | 31.5% |
| Total | 7,357 | 7,738 | 381 | 5.2% |

Source: ESRI Business Analyst Online; Kimley-Horn

When compared to the Rochester MSA, the Study Area has higher shares of younger residents, aged less than 34 years, and lower shares of older residents (**Graph 1**). Study Area residents between the age of 15 and 24 make up the largest share at nearly 20% of the total population.

Graph 1: Comparison of Age Cohorts, 2019



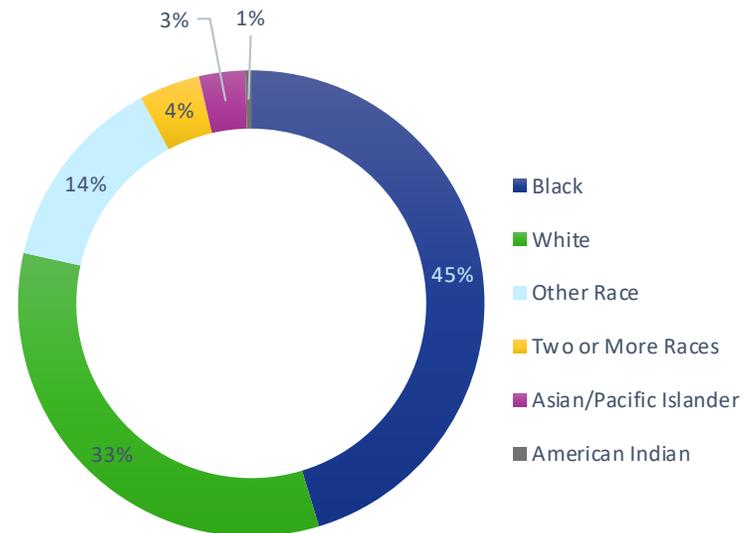
Source: ESRI Business Analyst Online; Kimley-Horn

RACIAL AND ETHNIC DIVERSITY

More than 45% of the total population in the Study Area identifies as Black, followed by another one-third that identify as White or Caucasian. Another 13.7% of the Study Area residents are listed under Other Race. Not noted in Graph 2 below are residents of Hispanic origin, which can identify with any race.

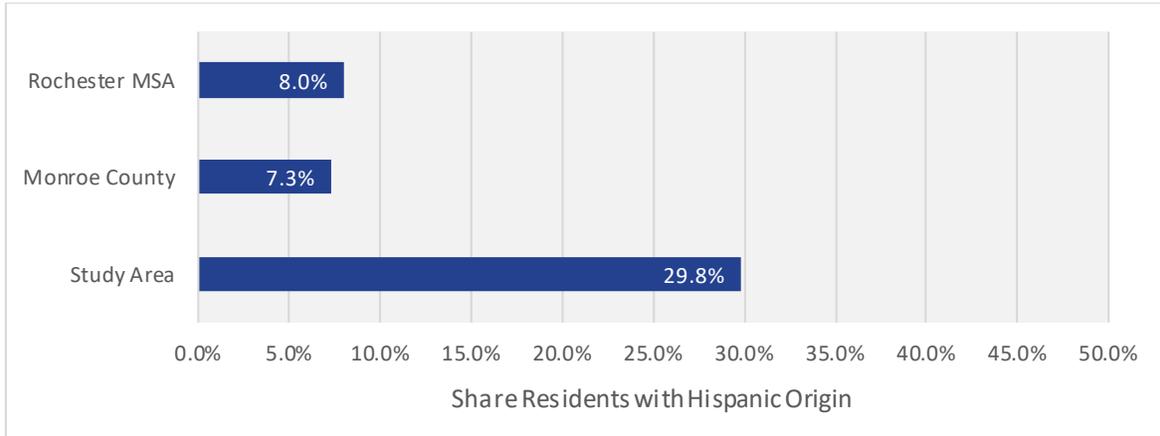
Based on US Census reporting, people of Hispanic origin may identify with any race and may select one or more categories. While you can't easily compare the overall share of residents who have Hispanic origin to other races, the Study Area hosts a significant concentration of residents with Cuban, Mexican, Puerto Rican, South or Central American or Spanish culture or origin. As of 2019, approximately 29.8% of Study Area identified as Hispanic, a higher share than 7.3% for Monroe County and 8.0% for the Rochester MSA (**Graph 3**).

Graph 2: Population Ethnic Diversity, Study Area, 2019



Source: ESRI Business Analyst Online; Kimley-Horn

Graph 3: Comparison of Residents with Hispanic Origin, 2019



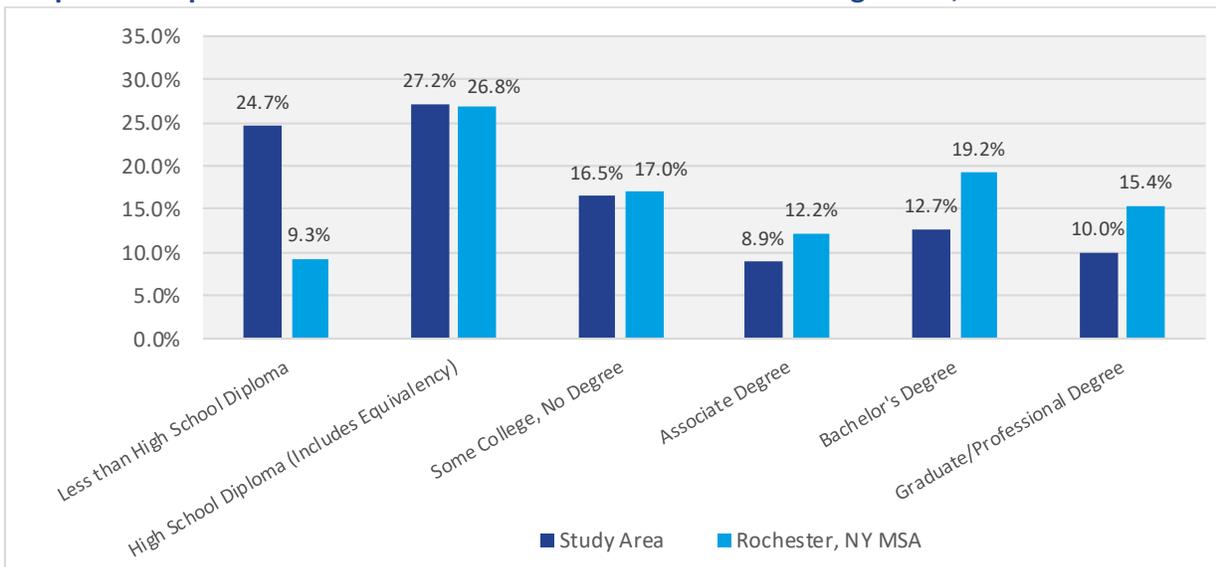
Source: ESRI Business Analyst Online; Kimley-Horn

Environmental Systems Research Institute’s (ESRI) Diversity Index can be used to measure an area’s racial and ethnic diversity. ESRI is an international supplier of geographic information systems software; their Business Analyst Online platform provides demographic, consumer spending, and business data. The Diversity Index provides a score between 0 (all residents belong to one racial/ethnic group) and 100 (many racial/ethnic groups represented). The Study Area has a Diversity Index of 81.2, significantly higher than 47.8 for Monroe County and 45.4 for the Rochester MSA.

EDUCATIONAL ATTAINMENT

Graph 4 demonstrates a comparison of educational attainment for the Study Area and the Rochester MSA for population over the age of 25. Study Area residents have achieved lower levels of educational attainment when compared to the larger region. Nearly one-quarter of the Study Area residents did not complete High School or a GED program, compared to less than 10% of the regional population. Approximately 34.6% of residents in the MSA have at least a Bachelor’s Degree, compared to 22.7% in the Study Area.

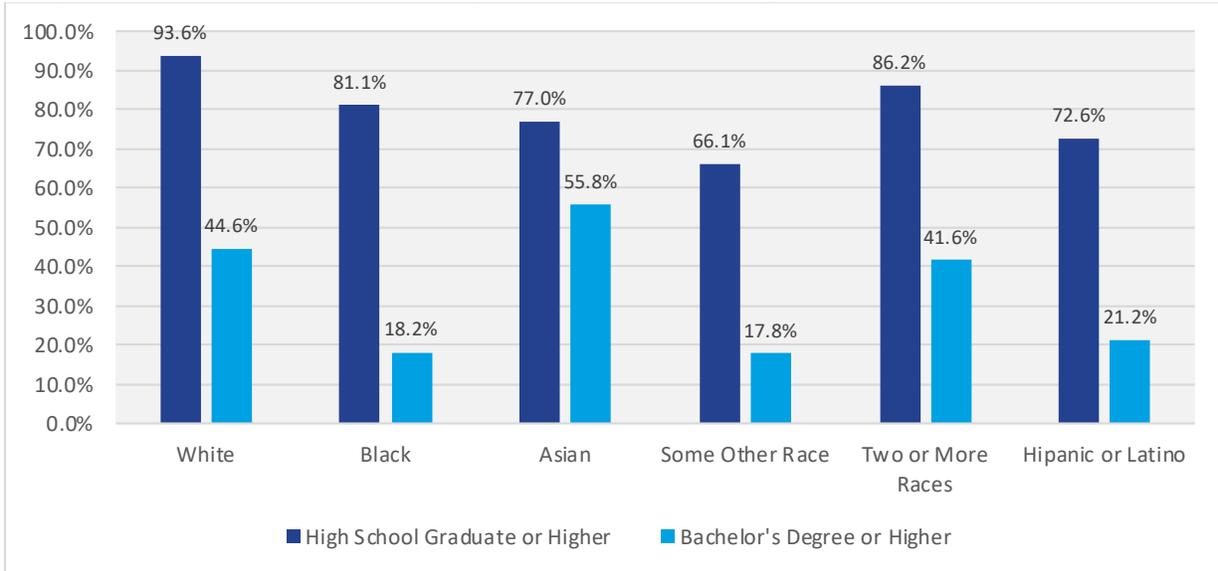
Graph 4: Comparison of Educational Attainment for Residents Aged 25+, 2019



Source: ESRI Business Analyst Online; Kimley-Horn

Graph 5 depicts educational attainment by race for Monroe County. The shares of population over the age of 25 that have at least a high school diploma range from 66.1% for residents that identify as being Some Other Race to 93.6% for those that identify as White. A more notable variation occurs for higher education with Black, Some Other Race, and Hispanic or Latino residents demonstrating notably lower achievement rates (17.8% to 21.2%) than other races (41.6% to 55.8%).

Graph 5: Educational Attainment by Race, Monroe County, 2019



Source: US Census 2019 ACS 5-Year Estimates; Kimley-Horn

Households Trends

The Study Area had an estimated 3,669 households in 2019, comprising 1.2% of the regional total (**Table 3**). Households in the Study Area increased 10.8% from 2010 to 2019. Comparatively, Monroe County increased by 2.3% and the Rochester MSA grew by 2.1%. The Compound Annual Growth Rates, or CAGRs, were 1.1% in the Study Area, 0.3% in Monroe County, and 1.2% across the region. The Study Area captured 5.1% of the MSA household growth over the last nine years.

Table 3: Comparison of Household Trends, 2010-2019

| Area | 2010 | 2019 | 2010-2019 Δ | | |
|----------------------------|-------------|-------------|-------------|-------|------|
| | | | # | % | CAGR |
| Study Area | 3,312 | 3,669 | 357 | 10.8% | 1.1% |
| Monroe County | 300,422 | 307,360 | 6,938 | 2.3% | 0.3% |
| Rochester, NY MSA | 430,071 | 439,252 | 9,181 | 2.1% | 0.2% |
| Study Area % County | 1.1% | 1.2% | 5.1% | | |

Source: ESRI Business Analyst Online; Kimley-Horn

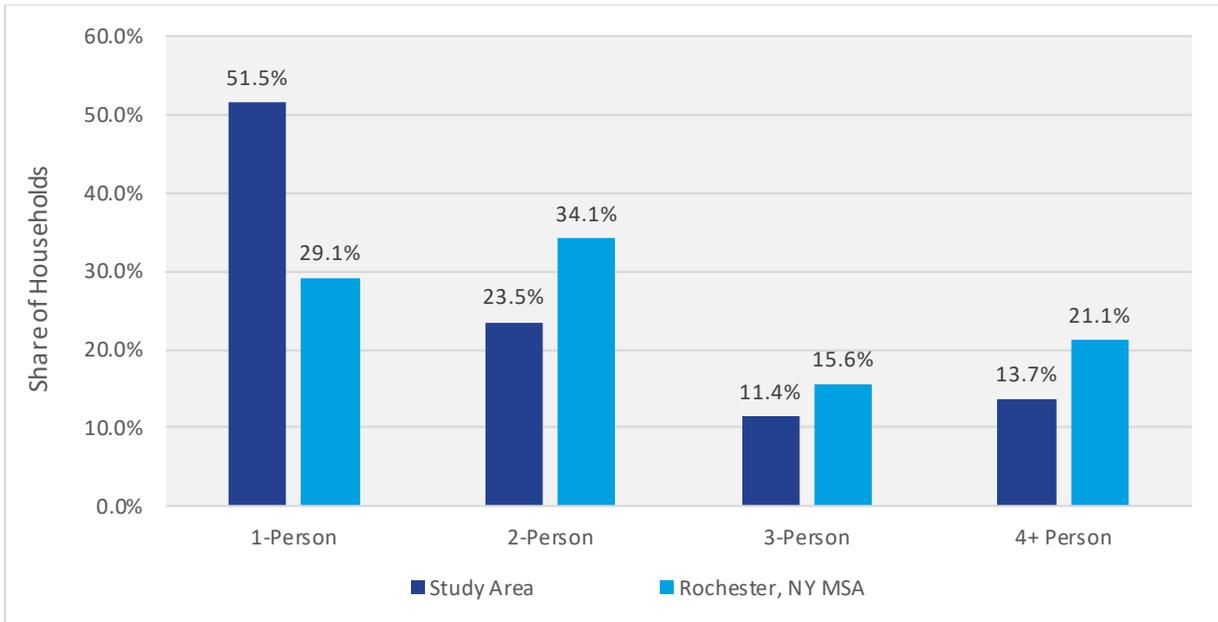
HOUSEHOLD SIZE

Households in the Study Area grew at a slightly faster rate than population between 2010 and 2019, indicating a declining household size over the time period. The average household size in the Study Area was estimated at

1.85 persons in 2019, less than 2.37 in Monroe County, and 2.40 for the MSA. This finding speaks to higher concentrations of family households with children in more suburban areas of the County and region. This result is likely due, in part, to availability of housing inventory attractive to families, accessibility to services, and perception of school performance.

As shown in **Graph 6**, one-person households comprise more than half of the Study Area total, compared to less than 30% for the region. Combined, smaller, one- and two-person households make up approximately three-quarters of the Study Area. Comparatively, the region has higher shares of all larger household sizes than the Study Area.

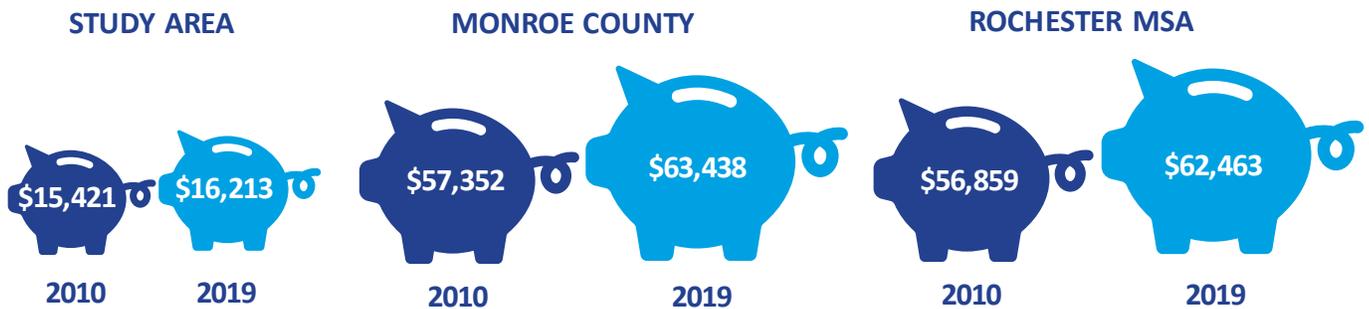
Graph 6: Comparison of Households by Size, 2019



Source: ESRI Business Analyst Online; Kimley-Horn

HOUSEHOLD INCOME

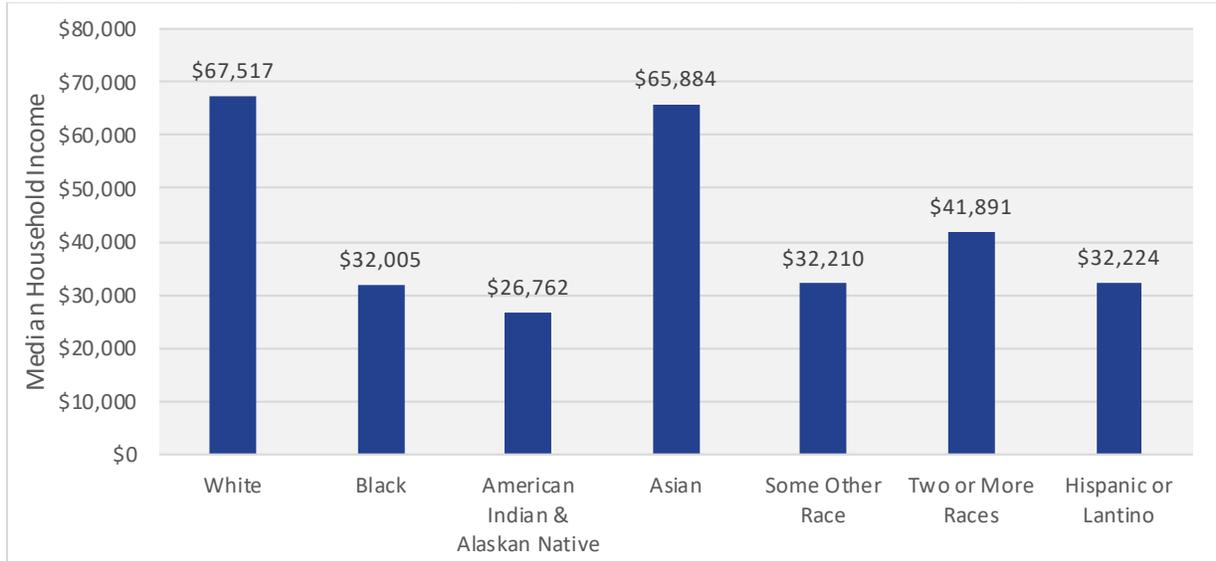
The Study Area has an estimated median household income of \$16,213 in 2019, notably lower than reported measures for Monroe County (\$63,438) and the Rochester MSA (\$62,463). As shown in the infographics below, between 2010 and 2019, the median income in the Study Area increased by 5.1%, also lower than 10.6% in Monroe County and 9.9% in the MSA.



Source: ESRI Business Analyst Online; Kimley-Horn

Graph 7 demonstrates median household income by the race or ethnicity of householder in Monroe County. White and Asian households have the highest median household incomes of \$67,517 and \$65,884, respectively. Black, American Indian & Alaskan Native, Some Other Race, and Hispanic or Latino households have median incomes at \$35,000 or less. This factor is particularly relevant for the Study Area, as residents in the lower-income categories make up nearly two-third of the total.

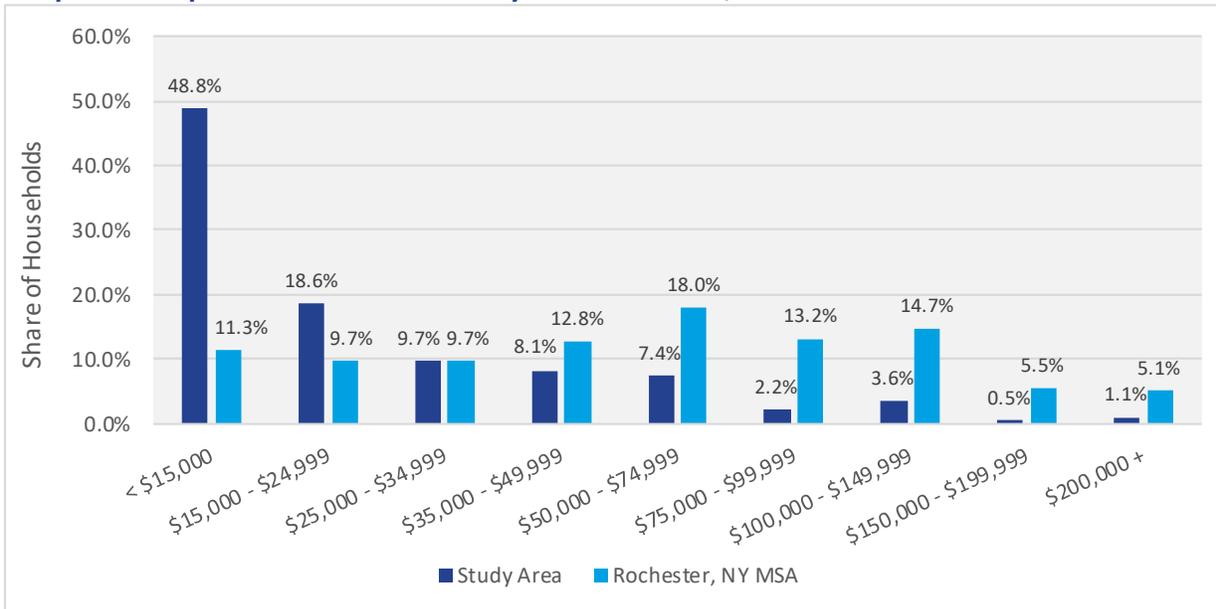
Graph 7: Median Household Income by Race of Householder, Monroe County, 2019



Source: US Census 2019 ACS 5-Year Estimates; Kimley-Horn

Households earning less than \$15,000 annually represent nearly one half of all households in the Study Area (**Graph 8**). Higher-earning households are more prevalent in the MSA, with the largest concentration earning between \$50,000 and \$74,999 annually.

Graph 8: Comparison of Households by Income Cohort, 2019



Source: ESRI Business Analyst Online; Kimley-Horn

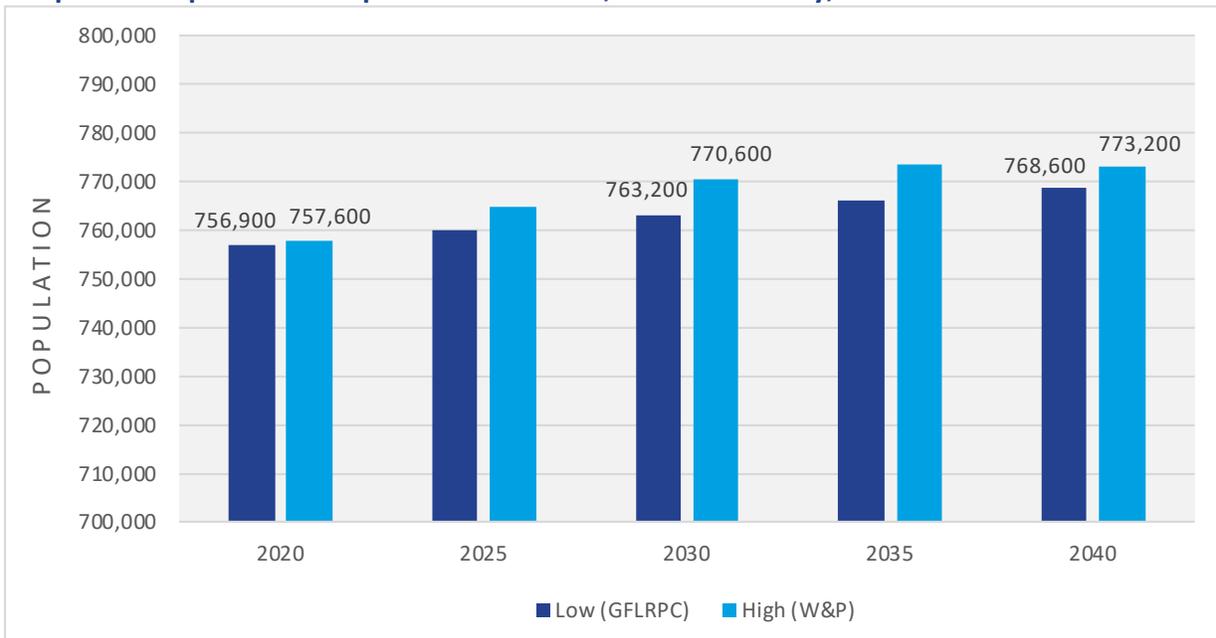
Population Forecasts

Population forecasts in this section of the report consider the Study Area’s geographic location in the region and recent trends and consider data provided by three sources: Genesee Finger Lakes Regional Planning Council (GFLRPC), Cornell University, and Woods & Poole, a national demographic and economic forecasting firm. The forecasts present a low- and high-scenario of growth in Monroe County and the Study Area through 2040. Due to the availability of data, Monroe County, not the region, was used as the basis of the forecasts. Future population growth is utilized in this analysis to understand residential and retail demand potential along the Inner Loop North corridor.

MONROE COUNTY POPULATION FORECASTS

Two population growth scenarios were prepared for Monroe County. As shown in **Graph 9**, the low growth scenario projects an increase of 1.5% from approximately 756,900 people in the County in 2020 to 768,600 in 2040. Providing a more aggressive projection, the high scenario forecasts an increase from 757,600 in 2020 to 773,200 in 2040, a 2.1% increase over 20 years. Forecasts, presented by Cornell University’s Program on Applied Demographics, were excluded from this analysis as they project an overall population decline for Monroe County, a diversion from the other two sources.

Graph 9: Comparison of Population Forecasts, Monroe County, 2020-2040



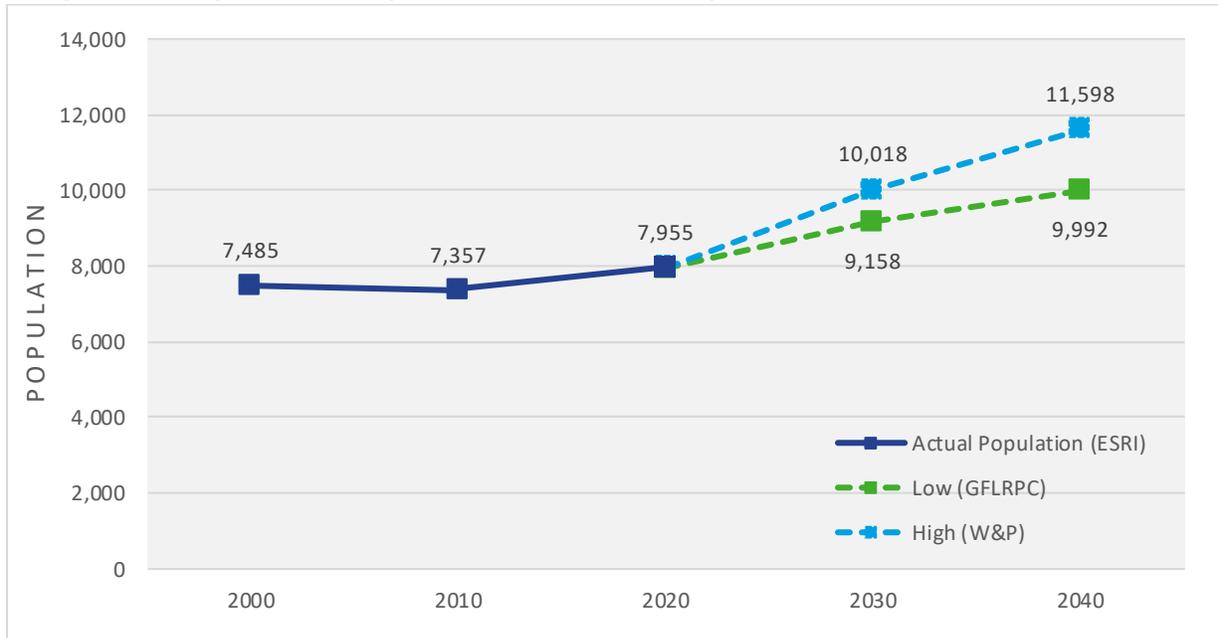
Source: GLFRPC; Woods & Poole; Kimley-Horn

STUDY AREA POPULATION FORECASTS

Population forecasts for the Study Area are based on captures of the projected County-wide growth. Between 2010 and 2019, the Study Area captured 3.2% of the growth in Monroe County, a notable increase over the overall share of base population (1.0%). This analysis carries that momentum forward, noting sustained interest in urban living across the United States.

As shown in **Graph 10**, population in the Study Area declined between 2000 and 2010, during a time of suburbanization driven by increasing homeownership rates. Population increased by more than 400 residents over the next ten years. The two growth scenarios for the Study Area leverage the forecasts presented for Monroe County, coupled with capture rates consistent with those demonstrated in recent years. The low-growth scenario projects more than 2,000 new residents in the Study Area through 2040 and the high-growth scenario forecasts approximately 3,650.

Graph 10: Comparison of Population Forecasts, Study Area, 2020-2040



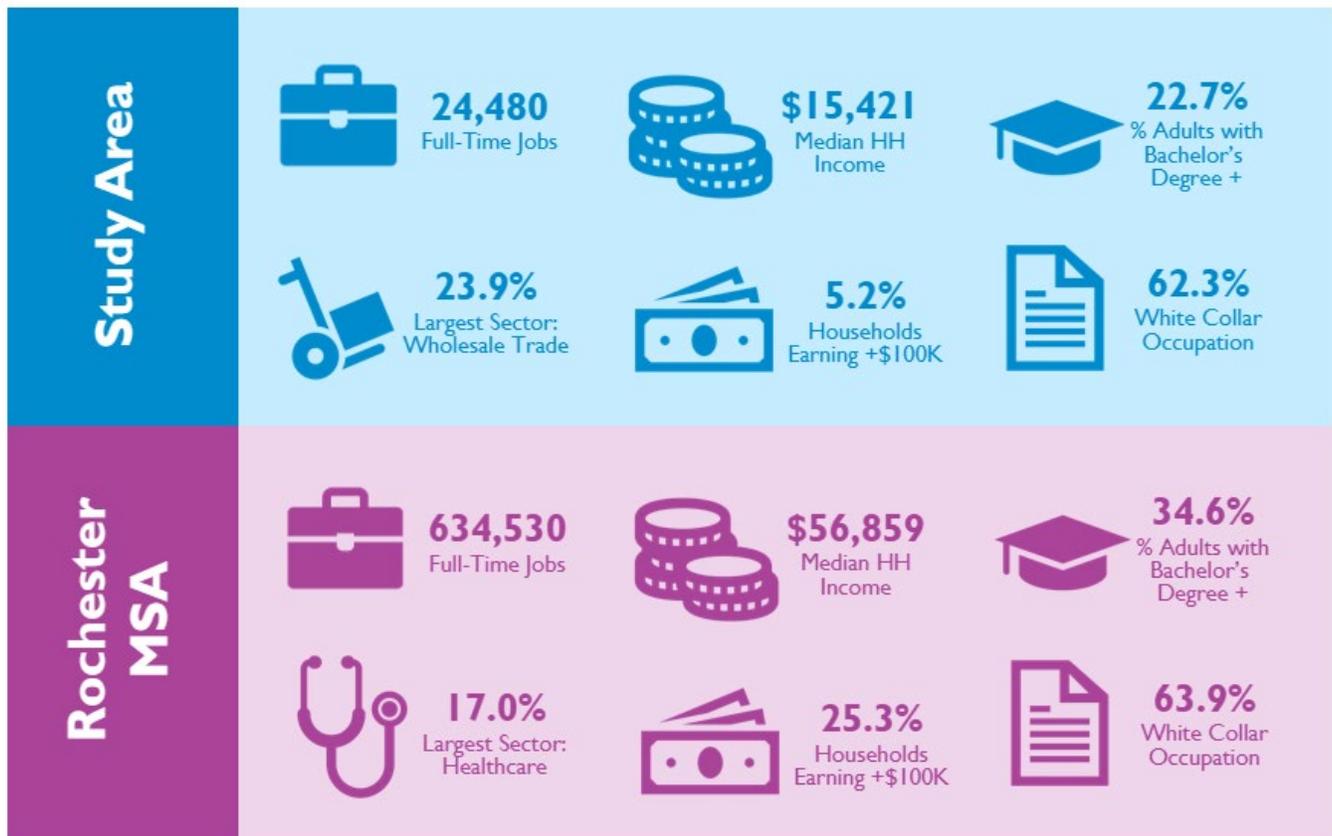
Source: GLFRPC; Woods & Poole; Kimley-Horn

Economic Profile

This section of the report analyzes annual employment trends by industry over the last five years for the six-county Rochester MSA, and more specifically for the Study Area, describing overall growth and shifts between sectors. Major industry sectors and commuting patterns are also presented.

Economic Overview

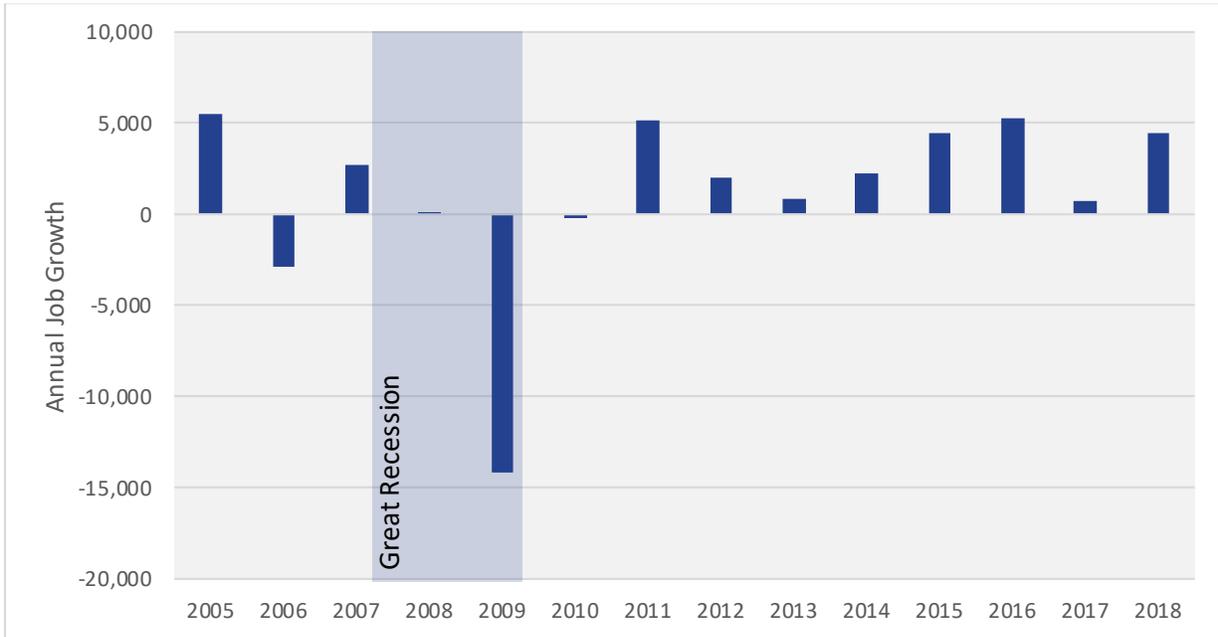
Containing a portion of Downtown Rochester, the Study Area represents an important economic anchor for the region. The Study Area is attractive to a wide variety of employment sectors, offering professional office space in Downtown, light industrial and warehousing space on the north-side of Inner Loop East, and large anchors like the Kodak Tower Campus, including Monroe Community College’s downtown branch and Frontier Field in the High Falls area.



Annualized Regional Employment

Consistent with national trends, the Rochester MSA economy was interrupted by the 2007-2009 Great Recession, reporting annual net job losses during and immediately after this period (**Graph 11**). The largest annual loss was demonstrated in 2009 with a net loss of nearly 15,000 jobs across the region. In the years since 2010, the MSA has largely recovered, posting annual net job gains averaging 3,200 jobs per year.

Graph 11: Annual Net New Job Growth, Rochester MSA, 2005-2018



Source: NY Department of Labor; Kimley-Horn

As shown in **Table 4**, employment in the six-county Rochester MSA increased by 15,766 jobs, or 3.2%, between 2013 and 2018. Total annual employment in 2018 exceeded 500,000. Health Care and Social Assistance, which represents jobs in medical-related fields, represented the largest share of employment in the region at 16.5%, followed by Public Administration, including federal, state, and local government positions, (14.6%), and Manufacturing (11.1%). Together, these three sectors comprise 42.2% of the total regional employment. Only six of twenty industries experienced declines during the five-year period, with Manufacturing, Management of Companies and Enterprises and Other Services representing the largest recent losses.

The following industries showed the most significant employment gains since 2013:

- Healthcare and Social Assistance (+8,847 jobs)
- Education Services (+2,890 jobs)
- Construction (+2,553 jobs)
- Professional and Technical Services (+2,380 jobs)
- Transportation and Warehousing (+1,745 jobs)

Table 4: Annualized Employment by Industry, Rochester MSA, 2013-2018

| Industry | 2013 | 2018 | 2013-2018 Δ | |
|--|----------------|----------------|---------------|-------------|
| | | | # | % |
| Health Care and Social Assistance | 75,119 | 83,966 | 8,847 | 11.8% |
| Educational Services | 26,195 | 29,085 | 2,890 | 11.0% |
| Construction | 18,050 | 20,603 | 2,553 | 14.1% |
| Professional and Technical Services | 24,510 | 26,890 | 2,380 | 9.7% |
| Transportation and Warehousing | 8,169 | 9,914 | 1,745 | 21.4% |
| Arts, Entertainment, and Recreation | 7,116 | 8,605 | 1,489 | 20.9% |
| Accommodation and Food Services | 37,183 | 38,399 | 1,216 | 3.3% |
| Administrative and Waste Services | 26,268 | 27,053 | 785 | 3.0% |
| Real Estate and Rental and Leasing | 6,685 | 7,170 | 485 | 7.3% |
| Wholesale Trade | 15,728 | 15,950 | 222 | 1.4% |
| Agriculture, Forestry, Fishing & Hunting | 4,627 | 4,824 | 197 | 4.3% |
| Public Administration | 74,307 | 74,480 | 173 | 0.2% |
| Mining | 503 | 616 | 113 | 22.5% |
| Finance and Insurance | 14,450 | 14,504 | 54 | 0.4% |
| Retail Trade | 54,824 | 54,705 | -119 | -0.2% |
| Utilities | 1,611 | 1,465 | -146 | -9.1% |
| Information | 8,403 | 7,815 | -588 | -7.0% |
| Other Services, Ex. Public Admin | 17,848 | 15,969 | -1,879 | -10.5% |
| Management of Companies and Enterprises | 12,093 | 10,117 | -1,976 | -16.3% |
| Manufacturing | 59,053 | 56,378 | -2,675 | -4.5% |
| Total | 492,742 | 508,508 | 15,766 | 3.2% |

Source: NY Dept. of Labor; Kimley-Horn

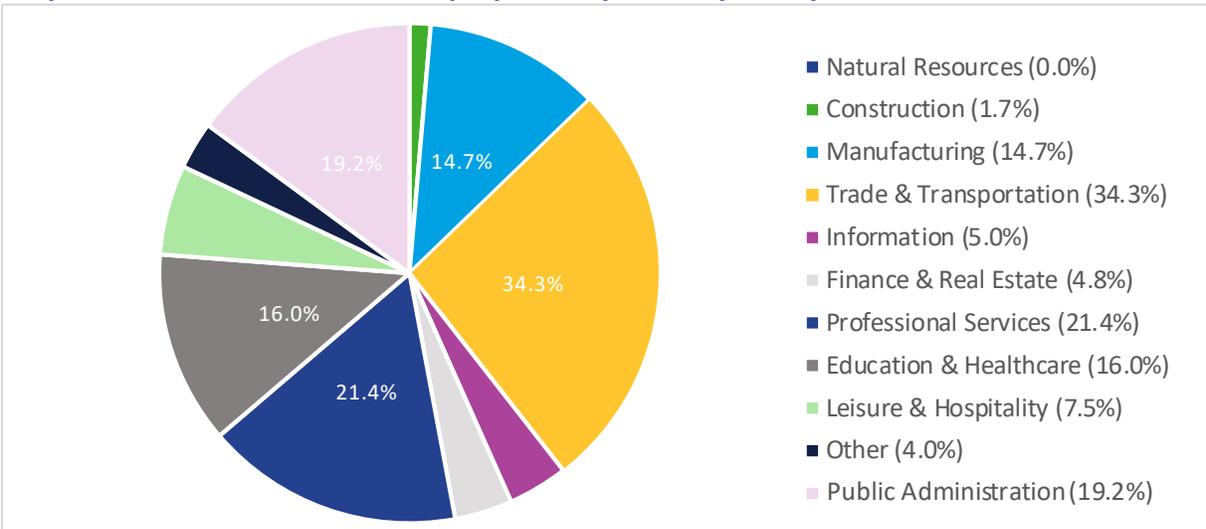
The most recently reported average annual wage for the Rochester MSA was \$49,850 in 2018, representing an increase of 11.6% over five years. The largest employment industry in the region, Healthcare and Social Assistance, reported an average annual wage of \$44,971. The highest average wages were \$119,235 for Utilities and \$100,411 for Management of Companies and Enterprises, but these sectors only comprise 2.3% of the regional employment base.

Study Area Employment

The Study Area hosts an estimated 24,477 jobs. Wholesale Trade, driven by companies concentrated immediately to the north of the Inner Loop like FIFCO USA and Coca Cola Vending, represents the largest sector in the Study Area with approximately 5,860 jobs. Professional and Technical Services (3,710 jobs) and Public Administration (3,648 jobs) represent the second and third largest sectors following Wholesale Trade.

Combined, Wholesale Trade, Retail Trade, and Transportation and Warehousing comprised more than one-third of the total jobs in the Study Area (**Graph 12**). Wholesale Trade and Transportation and Warehousing jobs focus on the logistical distribution of goods and are commonly located in light industrial buildings, while Retail Trade positions are hosted by businesses selling goods and services directly to customers, like a grocery store, pharmacy, or local boutique. Professional and Technical Services, which are typically white-collar jobs requiring office space, represents 21.4% of all Study Area jobs, followed by Public Administration at 19.2%. Public Administration positions in the Study Area are primarily City of Rochester and Monroe County government jobs.

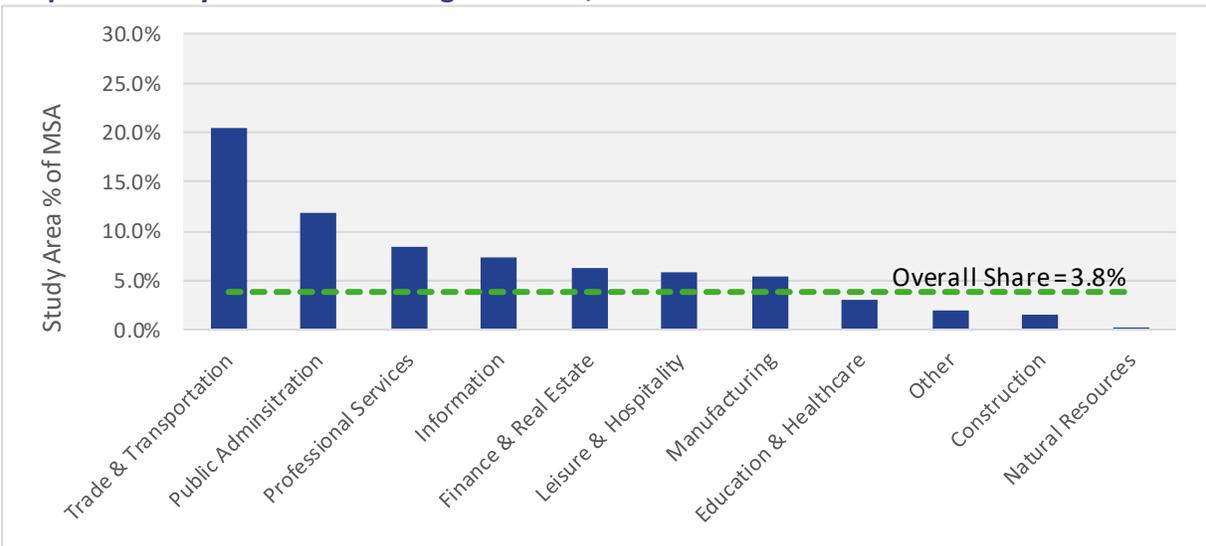
Graph 12: Estimated Shares of Employment by Industry, Study Area, 2019



Source: ESRI BAO; Kimley-Horn

As shown in **Graph 13**, the nearly 24,500 jobs in the Study Area comprise 3.8% of the regional total. The sectors with the largest regional influence include Trade and Transportation (20.5%), Public Administration (11.9%) and Professional Services (8.4%).

Graph 13: Study Area Share of Regional Jobs, 2019

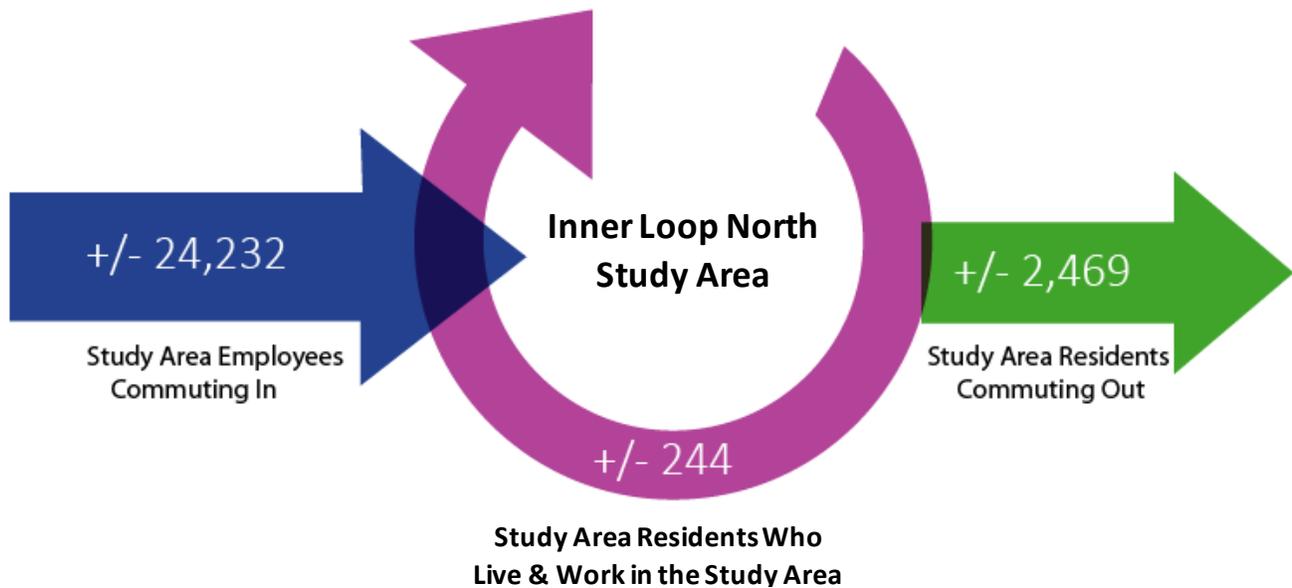


Source: ESRI BAO; Kimley-Horn

Commuting Patterns

Based on data from the US Census’ Longitudinal Employment-Household Dynamics data set and ESRI Business Analyst Online, an estimated 24,232 people travel into the Study Area for employment daily and more than 2,713 of the employed population commuted out (**Figure 4**). The Study Area has an estimated 244 people that live and work there, making up approximately 1.0% of those who work there. These figures are based on the most recent commuting patterns as presented by the U.S. Census. Given the recent increase in residential development in the Study Area, it is likely that the share of people who live and work there has increased since the last time these figures were updated.

Figure 4: Inflow/Outflow Job Counts, Study Area, 2019



Approximately 24.0% of the Study Area’s employed residents work within the City of Rochester. The next most popular out-commuting location are Irondequoit (6.9%), Brighton (3.3%), and Greece (1.5%). For employees commuting into the Study Area, 47.2% live in the City of Rochester, 4.1% live in Brighton, and 2.8% live in Irondequoit.

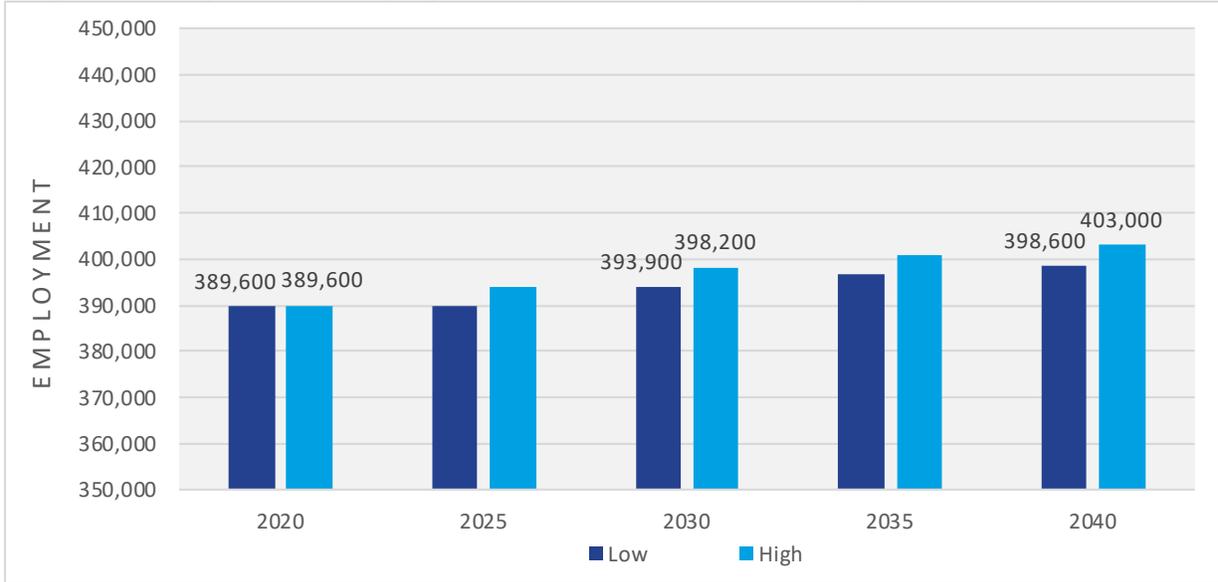
Employment Forecasts

Like population forecasts, the employment forecasts present a low- and high-scenario of growth in Monroe County through 2040. Projections are primarily based on interpretations of data from Woods & Poole. Due to the availability of data, Monroe County, not the region, was used as the basis of the forecasts. Data from this section will be used to inform office and industrial forecasts later in the analysis. Forecasts are only presented for Monroe Count to give a comparatively wholistic view of employment growth.

The COVID-19 pandemic will likely have some short-term impacts on the job market in cities across the United States. Real estate sectors will feel the impacts of COVID at varying levels; this report provides additional insights into this in the real estate profiles presented in the next section. While the potential long-term impacts of COVID-19 remain to be seen, this analysis presents a forecast range in order to account for variability that could be experienced as the economy recovers from this downturn.

Two employment growth scenarios were prepared for Monroe County. As shown in **Graph 14**, the low growth scenario projects an increase of 2.3% from approximately 389,600 jobs in the County in 2020 to 398,600 in 2040. Providing a more aggressive projection, the high scenario forecasts an increase from 389,600 jobs in 2020 to 403,000 in 2040, a 3.4% increase over 20 years.

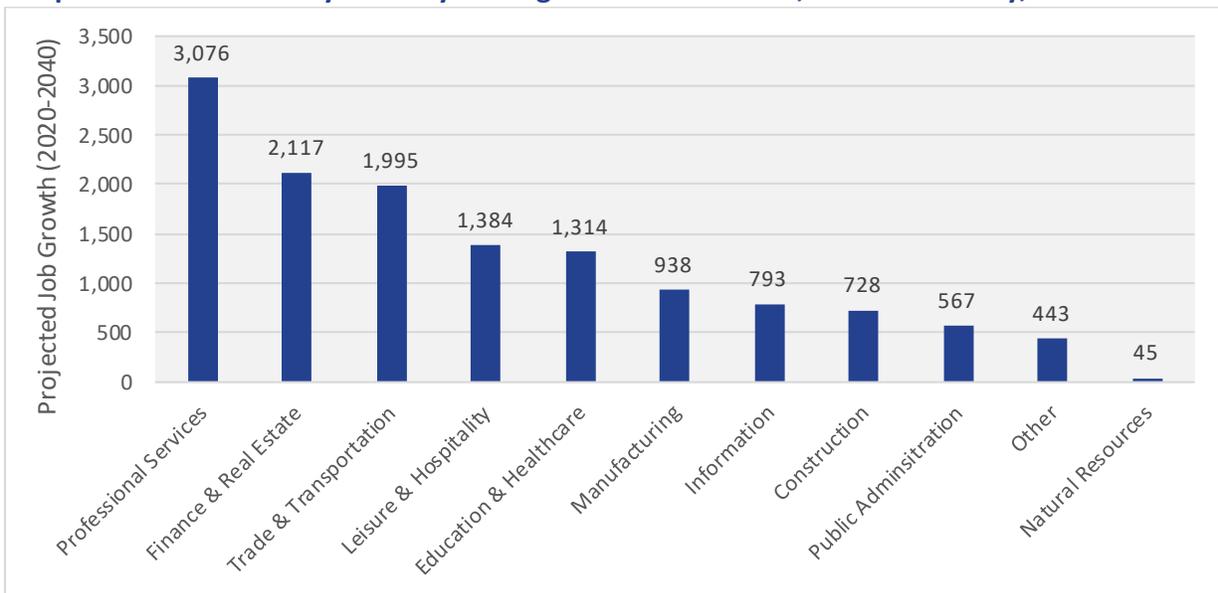
Graph 14: Comparison of Employment Forecasts, Monroe County, 2020-2040



Source: Woods & Poole; Kimley-Horn

Graph 15 demonstrates the projected 20-year job growth, by industry, for the high-growth scenario. As noted in the graph, Professional Services is expected to experience the strongest growth over the next 20 years, adding more than 3,000 new jobs. Additionally, Finance and Real Estate, Trade & Transportation, Leisure & Hospitality and Education & Healthcare are all projected to add more than 1,000 jobs through 2040.

Graph 15: Job Growth by Industry for High-Growth Scenario, Monroe County, 2020-2040



Source: Woods & Poole; Kimley-Horn

Real Estate Profiles

The real estate profiles presented in this section of the report provide an indication of recent market performance and future demand potential. The section is divided by real estate sector with a focus on those that would be most attracted to the Inner Loop North Study Area, including residential, retail, office, and light industrial uses.

Residential

This section provides an overview of the residential market in the Rochester MSA, Monroe County, and the Inner Loop North Study Area. Data points include housing units by type, for-sale closing data and price points, and a review of the rental multifamily market.

HOUSING OVERVIEW

As shown in **Table 5**, the Study Area had an estimated 4,300 housing units in 2019, an increase of 10.7% from 2010, or 419 units. During the same time period, the Rochester MSA added over 14,000 housing units, reaching approximately 483,125 in 2019. This equates to a 3.0% growth rate since 2010, consistent with reports for Monroe County. The Study Area comprised 0.9% of the total housing units in the MSA but captured 2.9% of the growth since 2010. Much of the new residential investment in the Study Area has been multifamily rental units targeting young professionals or empty nesters within Downtown.

Table 5: Comparison of Housing Unit Trends, 2010-2019

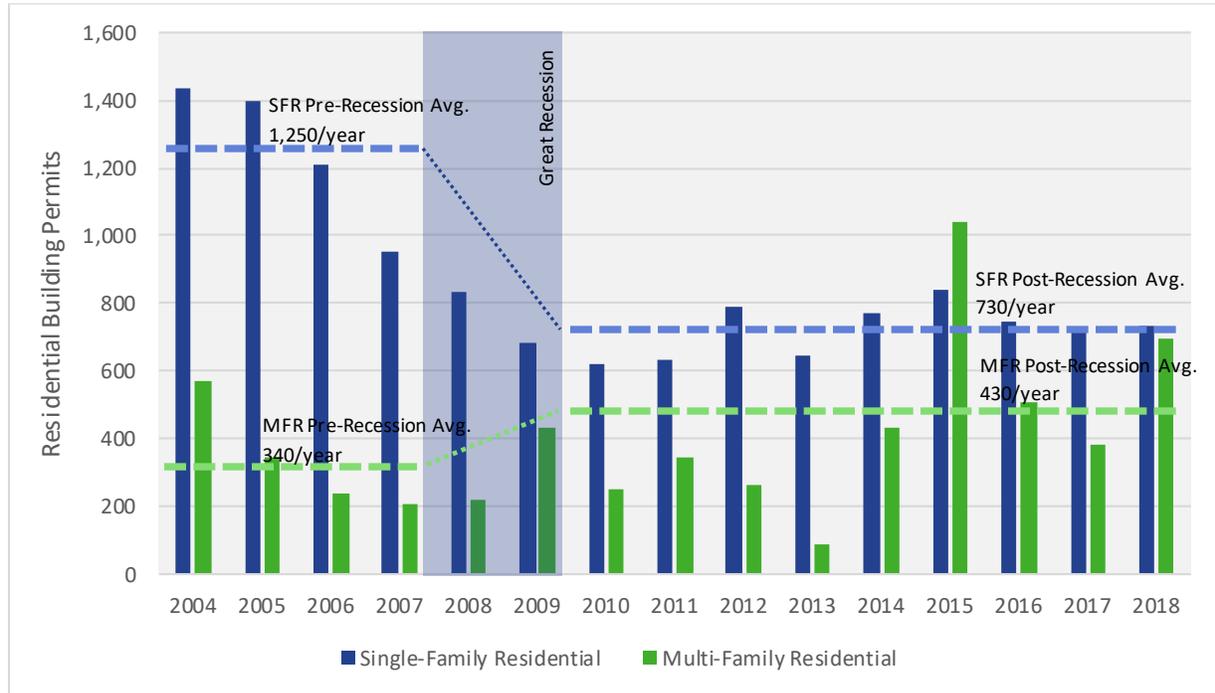
| Area | 2010 | 2019 | 2010-2019 Δ | | |
|--------------------------|-------------|-------------|-------------|-------|------|
| | | | # | % | CAGR |
| Study Area | 3,903 | 4,322 | 419 | 10.7% | 1.1% |
| Monroe County | 320,593 | 330,217 | 9,624 | 3.0% | 0.0% |
| Rochester, NY MSA | 468,888 | 483,125 | 14,237 | 3.0% | 0.3% |
| Study Area % MSA | 0.8% | 0.9% | 2.9% | | |

Source: US Census; Kimley-Horn

Building Permits

Prior to the 2007-2009 Great Recession, Monroe County averaged approximately 1,250 single-family buildings permits per year, comprising nearly 80.0% of the total for all residential projects. Multi-family permits averaged lower at 340 units per year. However, as shown in **Graph 16**, the single-family residential average following the Recession declined to 730 per year while multi-family residential permits increased their yearly average to more than 430 per year. In 2018, the most recently reported annual total, single-family permits made up only 51.3% of the County-wide total demonstrating a shift in development pattern.

Graph 16: Residential Building Permit Trends, Monroe County, 2004-2018

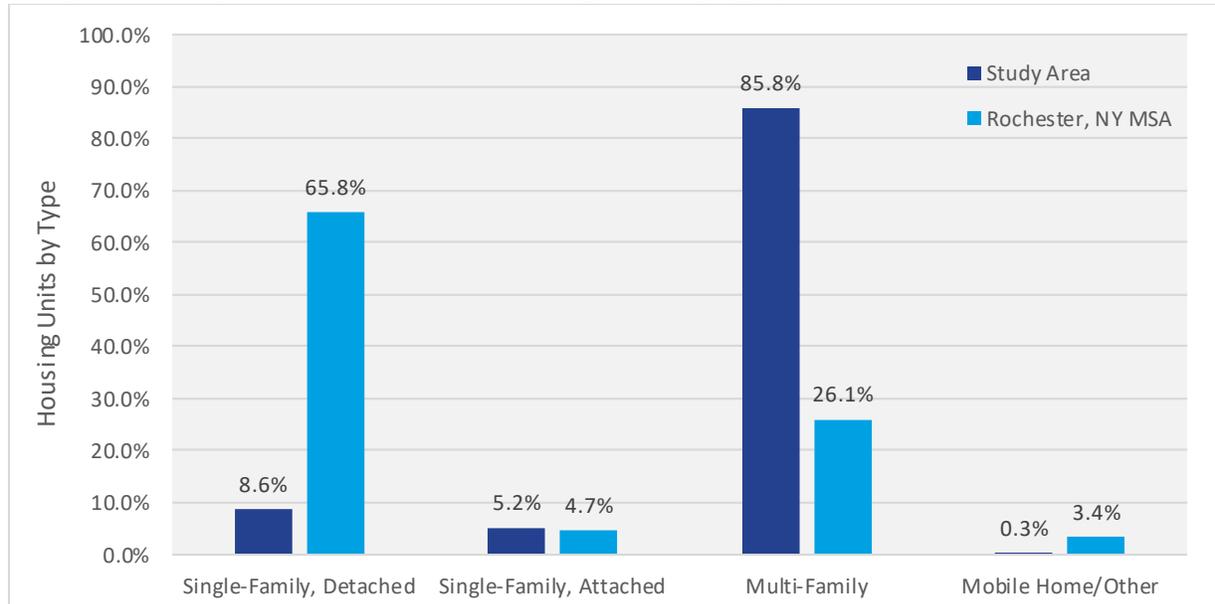


Source: US Census; Kimley-Horn

Housing Units by Type

More than 85% of all the housing units in the Study Area are multi-family, reflecting the urban nature of the area which includes a portion of Downtown Rochester (**Graph 17**). Comparatively, single-family detached units are the most common in the Rochester MSA, comprising nearly two-thirds of the total.

Graph 17: Comparison of Shares of Housing Units by Type, 2019

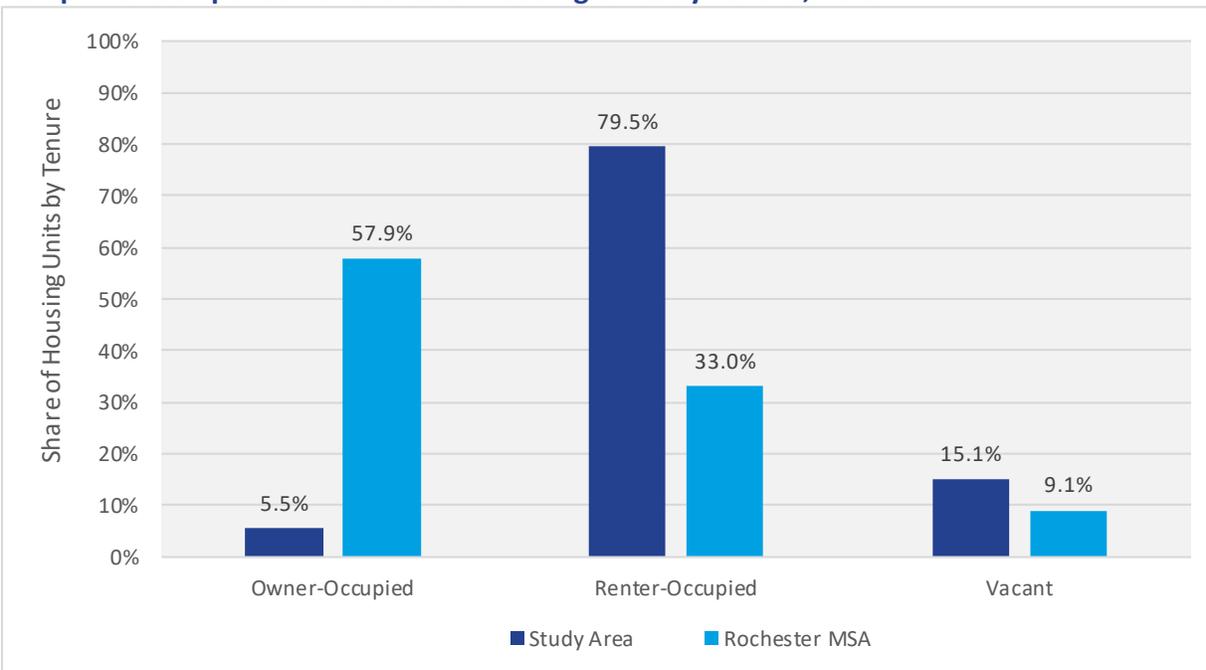


Source: ESRI BAO, Kimley-Horn

Housing Unit Tenure

Nearly 80% of the housing units in the Inner Loop North Study Area are renter-occupied, compared to one-third of the units in the larger region (**Graph 18**). Conversely, approximately 58.0% of the housing units in the region are owner-occupied compared to only 5.5% in the Study Area. While more than 85% of the housing units in the Study Area are multi-family, the overall share of housing units by tenure indicate that many of the single-family houses are also renter occupied. More than 15.1% of the housing units in the Study area are vacant, an elevated rate compared to 9.1% in the region.

Graph 18: Comparison of Shares of Housing Units by Tenure, 2019



Source: ESRI BAO; Kimley-Horn

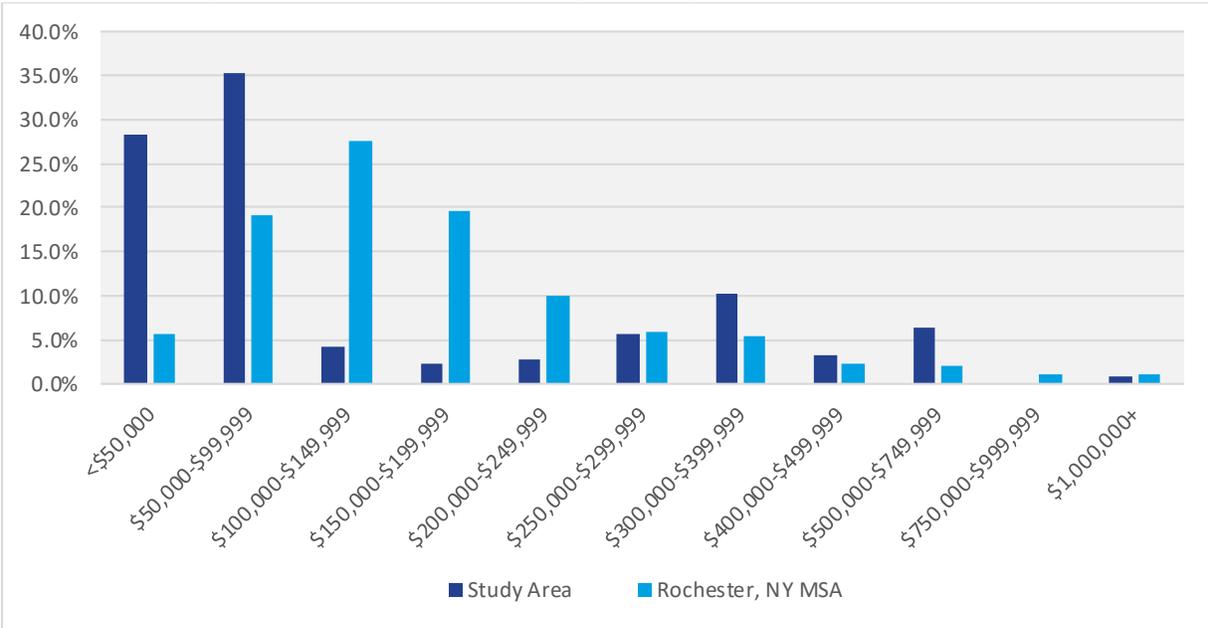
FOR-SALE RESIDENTIAL

The Study Area includes several long-established neighborhoods that host primarily single-family detached residential units. The primary neighborhoods in the Study Area include portions of Upper Falls and Marketview Heights (North and South), representing a mixture of homeowners and renters. Other nearby residential neighborhoods include Northland-Lyceum, Homestead Heights, Beechwood, the Neighborhood of the Arts, and East Ave. This section presents median home value for the Study Area and compares it to the Rochester MSA. It also demonstrates recent for-sale activity in the Study Area residential neighborhoods.

Median Home Value

The median home value in the Study Area was \$80,263 in 2019, 44.9% lower than \$145,756 for the Rochester MSA. As shown in **Graph 19**, nearly 64.0% of all owner-occupied housing units in the Study Area are valued at less than \$100,000. In comparison, the most common range of housing value for the MSA is between \$100,000 and \$149,999. The lower median value in the Study Area is due in part to a comparably older age (average year of construction of 1960 in the Study Area versus 1964 for the MSA), coupled with less investment on updating the older properties.

Graph 19: Comparison of Shares of Housing Units by Value, 2019

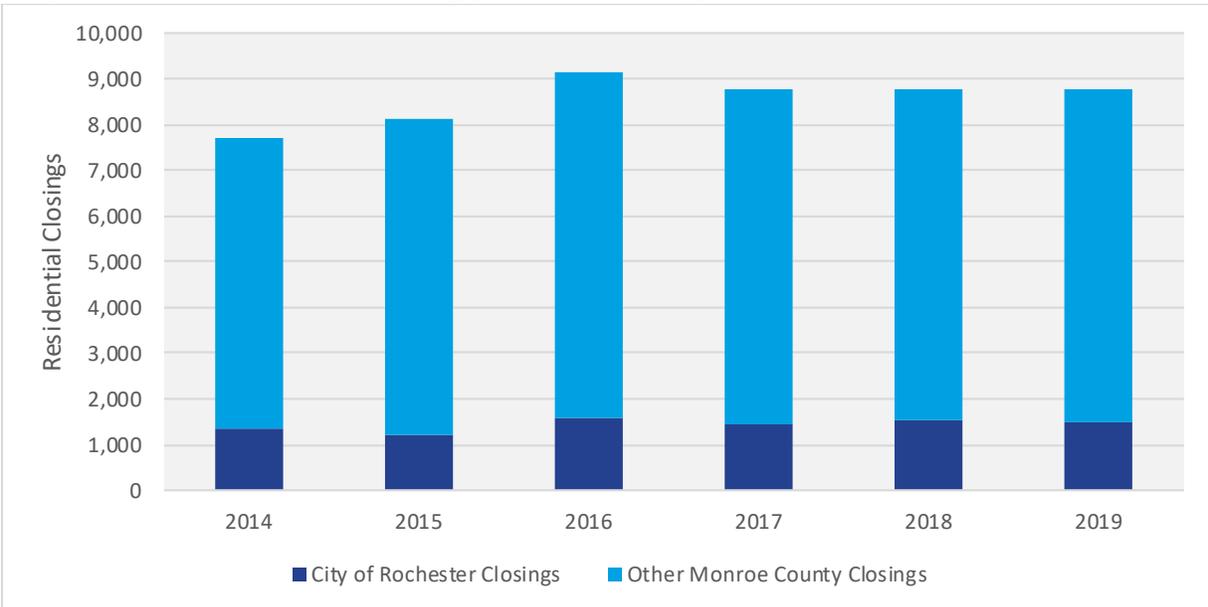


Source: ESRI BAO; Kimley-Horn

For-Sale Market Activity

According to data from the Greater Rochester Association of Realtors, there were 8,776 for-sale residential closings in Monroe County in 2019. Total closings in the County peaked in 2016, exceeding 9,000, but have been stable at roughly the same total in each of the three following years (**Graph 20**). Closings in the City of Rochester totaled approximately 1,500 in 2019, representing 17.0% of the County-wide total. The City has captured a consistent share of County closings since 2014.

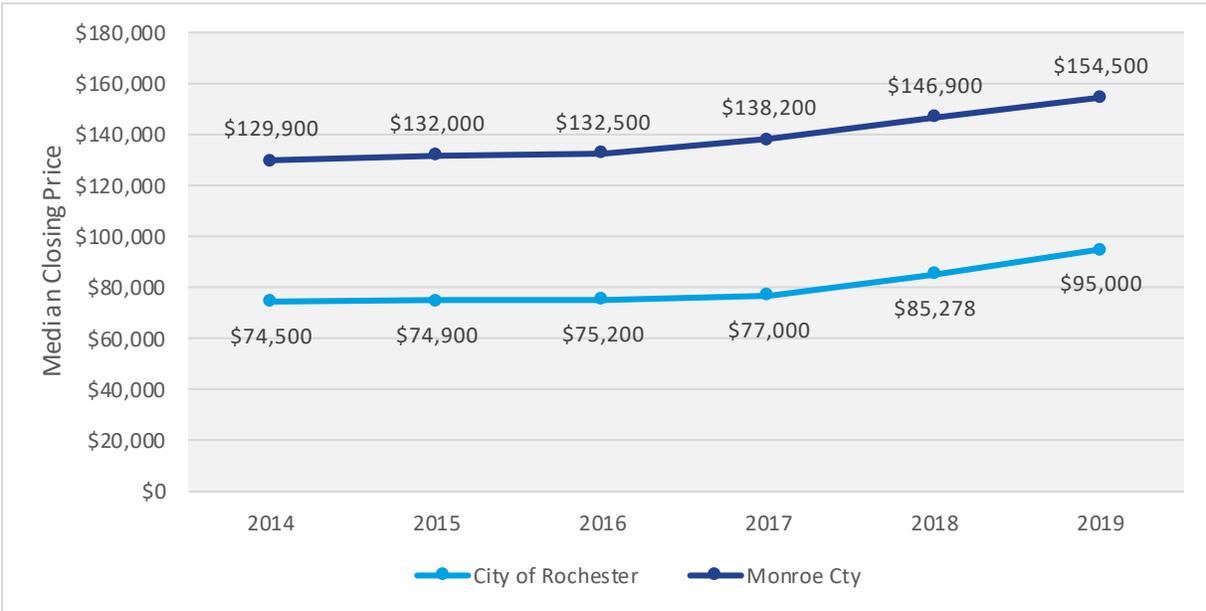
Graph 20: Total Residential Closings, Monroe County, 2014-2019



Source: Greater Rochester Association of Realtors

The median closing price in the City of Rochester in 2019 was \$95,000, compared to over \$154,000 for Monroe County (**Graph 21**). Monroe County’s median closing price increased 18.9% between 2014 and 2019. During the same time period, the median price in the City increased 27.5%. Despite the increase in closing price, the City of Rochester trailed well behind price points in Monroe County, making up little ground over the six-year period.

Graph 21: Comparison of Residential Closing Price, 2014-2019



Source: Greater Rochester Association of Realtors

It should be noted that median closing prices presented in the graph above have not been adjusted for inflation. Median closing prices in the City of Rochester increased by 27.5% between 2014 and 2019. However, if you were to adjust these median prices by the rate of inflation, considering increases in incomes, the rate of increase is lower at 18.7%. While this is still a notable increase in price points for the City of Rochester, it suggests more stability than the base median numbers indicate.

A review of available properties in the Study Area shows only one for-sale residential property active. The single-family house is in South Marketview Heights and is listed for only \$45,000. It should be noted that this property is being sold via auction, having recently experienced fire damage. Including listings beyond, but near, the Study Area boundaries, increases the inventory to 14 units. Asking prices consistently range from \$50,000 to \$125,000, in line with median values demonstrated by the US Census for the area.

RENTAL RESIDENTIAL

This section analyzes apartment market conditions and trends for a pre-defined submarket surrounding the Study Area and the larger Rochester apartment market. This analysis includes inventory, net absorption, vacancy rates, and rents. Data on the inventory and characteristics of the supply was provided by a third-party research

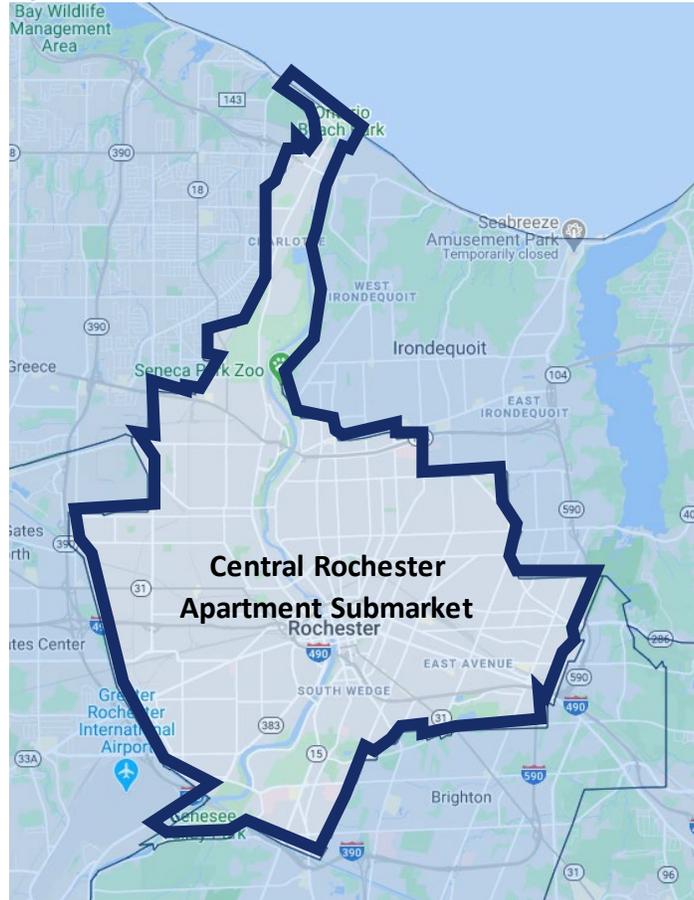
source, REIS. The Central Submarket was defined by REIS, a third-party provider of national real estate performance data, and covers urban Rochester, including the entire Inner Loop North Study Area. The larger Rochester market is defined as Monroe County.

The Rochester Central Submarket had an estimated 6,500 multi-family units in first-quarter 2020. The Submarket inventory represents 16.1% of the total in the Rochester market. Data presented in the performance overview below includes multi-family rental apartments in communities of 25 or more units. Both market-rate and low-income housing tax credit (LIHTC) communities are incorporated into the data; however, subsidized housing (vouchers, Section 8, etc.) are not.

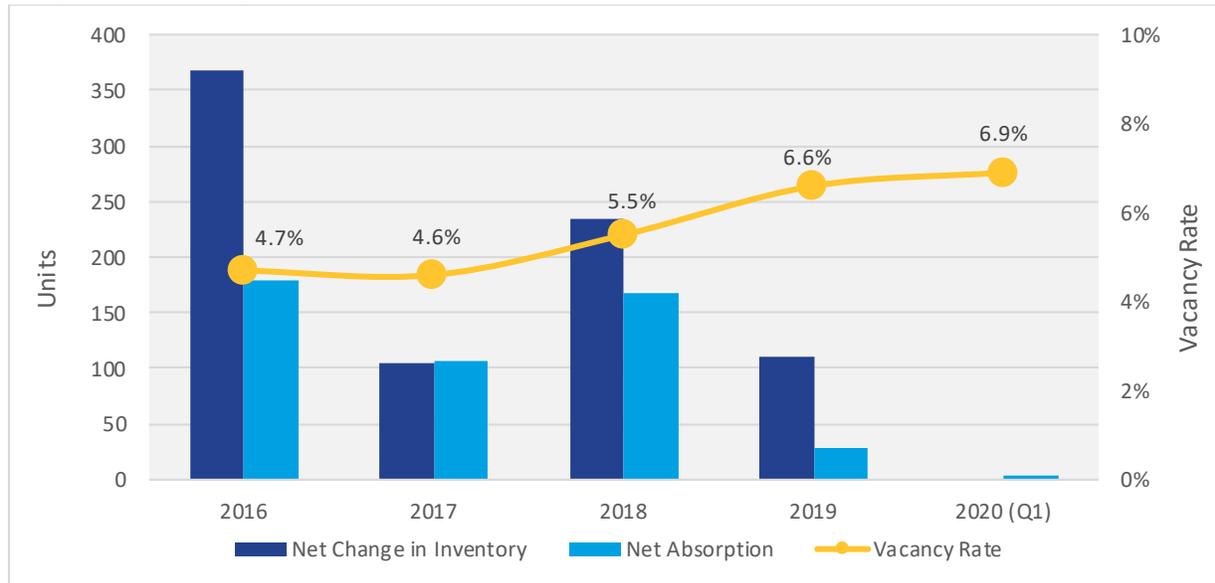
Housing affordability represents an important component of housing offerings in and near the Study Area. The Study Area and surrounding neighborhoods hosts several family housing communities managed by the Housing Authority, including Bay-Zimmer Townhomes, Harriett Tubman Estates, Holland Townhomes, and Lena Gantt Estates. These properties are typically fully occupied with waitlists.

As shown in **Graph 22**, the Central Rochester Submarket has added more than 800 apartments since 2016, with nearly half completed in 2016. Occupancy of new units, also known as net absorption, has lagged the pace of new completions, resulting in an increasing vacancy rate since 2016. However, it should be noted that the 6.9% vacancy rate reported for first-quarter 2020 is in line with the 7.0% industry-standard often used to represent a healthy market. Typically, markets with vacancy rates at or near 7.0% offer opportunities for inter- and intra-market moves. The vacancy rate in the Central Rochester Submarket has remained below the national industry-standard despite an influx of new units.

Figure 5: Central Rochester Apartment Submarket, 2020



Graph 22: Vacancy Rate Trends, Central Rochester Submarket, 2016-2020



Source: REIS; Kimley-Horn

As a point of comparison, the larger Rochester apartment market reported a lower 4.1% vacancy rate in first-quarter 2020. New apartment deliveries in the Central Rochester Submarket comprised one-third of the total in the entire market, indicating a comparatively higher level of activity in the central core. Vacancy rates in both geographies are healthy.

Average monthly rents in the Rochester Central Submarket increased 17.4%, from \$898 in 2016 to \$1,054 in first-quarter 2020 (Graph 23). The Submarket reported similar rents to the larger Rochester market during the same time period.

Graph 23: Comparison of Apartment Monthly Rent Trends, 2016-2020



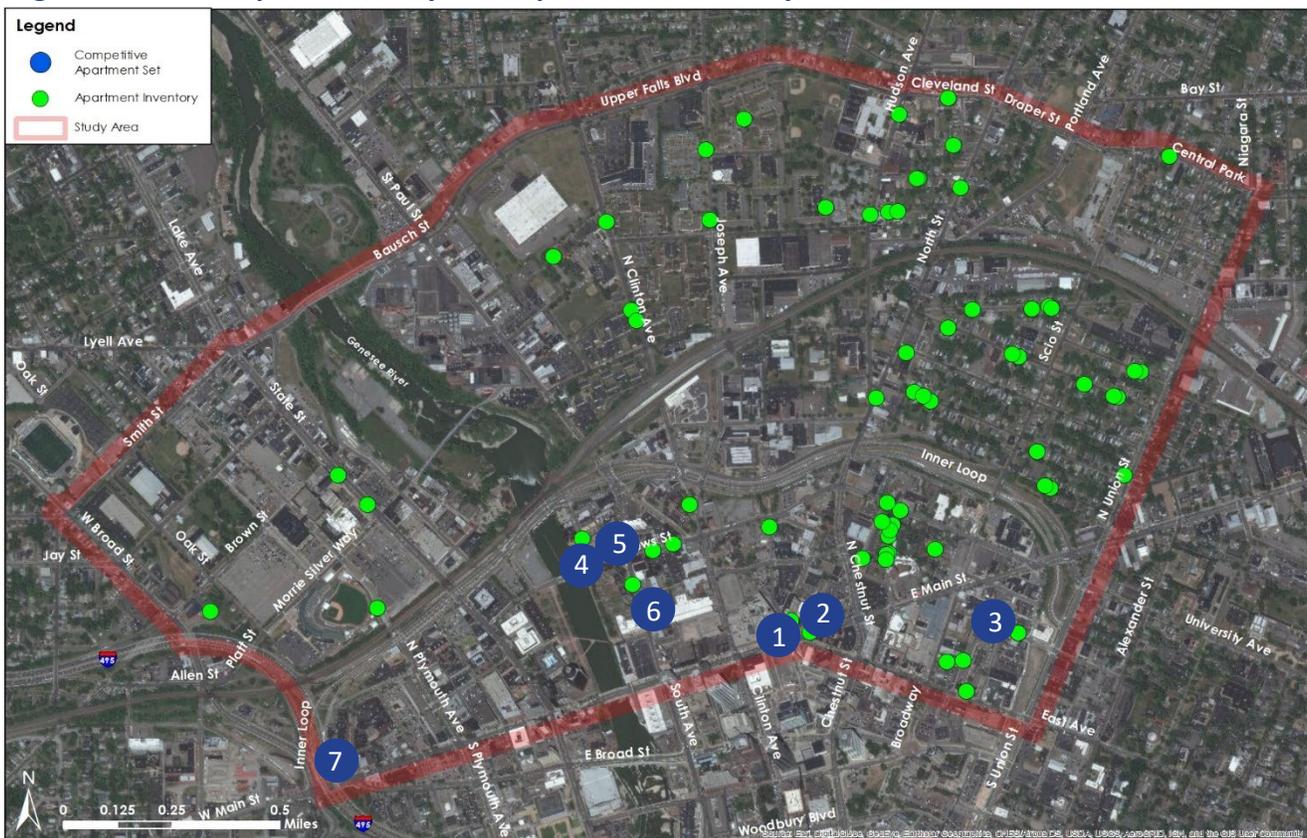
Source: REIS; Kimley-Horn

Similar to for-sale housing price points, adjusting average monthly rental rates for inflation results in a more modest 8.0% increase over the last five years. While rent trends are typically reported without adjusting for inflation, this information is provided to give another perspective to housing price in Rochester.

Based on data provided by REIS, more than 70 apartment communities were identified in the Inner Loop North Study Area, including market-rate and LIHTC projects. The communities are concentrated primarily in Downtown Rochester, as well as the North and South Marketview Heights neighborhoods.

The inventory identified in **Figure 6**, above, represents a wide range of product type. In order to demonstrate performance of newer or remodeled communities in the Study Area, seven properties were selected for additional review. These properties offer complete datasets into total units, mix, rents, and occupancy. Most have been constructed or remodeled in the last decade.

Figure 6: Inner Loop North Study Area Apartment Inventory



As shown in **Table 6**, the seven selected competitive communities contain 458 apartments, 7.0% of the Central Rochester Submarket total. The communities range in size from 25 units at Bridge Square Lofts to 104 units at Spectra at Sibley, one of the newest developments. The average 964-square-foot unit currently rents for \$1,454 per month, or \$1.51 per square foot. Rents per square foot range from \$0.93 at Water Street Commons, the oldest competitive property, to \$1.90 at Spectra at Sibley. More than half of the total units are studio or one-bedroom floorplans.

Table 6: Competitive Apartment Set, Study Area, 2020

| Map | | Year | Unit Mix | | | | | Avg. Sq.Ft. | Avg. Rent | Rent/ Sq.Ft. | |
|-------------------|-----------------------------|--------------------|-----------|--------------|--------------|--------------|-------------|-------------|------------|----------------|---------------|
| Key | Community | | Location | Open | Studio | 1BR | 2BR | | | | 3BR |
| 1 | Spectra at Sibley | 260 E Main St | 2017 | 11 | 41 | 43 | 9 | 104 | 1,097 | \$2,089 | \$1.90 |
| 2 | University Place | 328 E Main St | 1925/2010 | 40 | 38 | 8 | 0 | 86 | 550 | \$914 | \$1.66 |
| 3 | Charlotte Square Apartments | 14-80 Charlotte St | 2018 | 0 | 25 | 37 | 10 | 72 | 1,186 | \$2,042 | \$1.72 |
| 4 | Water Street Commons | 185 N Water St | 1986 | 0 | 10 | 55 | 0 | 65 | 1,019 | \$950 | \$0.93 |
| 5 | Hive at 155 | 155 Saint Paul St | 2016 | 54 | 0 | 0 | 0 | 54 | 745 | \$888 | \$1.19 |
| 6 | H.H. Warner Lofts | 80 Saint Paul St | 2005 | 0 | 26 | 26 | 0 | 52 | 1,277 | \$1,559 | \$1.22 |
| 7 | Bridge Square Lofts | 242 W Main St | 1895/2012 | 0 | 23 | 2 | 0 | 25 | 869 | \$1,298 | \$1.49 |
| Total/Avg. | | | | 105 | 163 | 171 | 19 | 458 | 964 | \$1,454 | \$1.51 |
| Share | | | | 22.9% | 35.6% | 37.3% | 4.1% | | | | |

Source: REIS; Kimley-Horn

The seven competitive properties have an aggregate vacancy rate of 3.2%, notably lower than the Central Rochester Submarket’s 6.9% rate. The communities all have an extremely limited inventory of units available, with several offering no occupancy options.

It should be noted that apartments have recently been completed related to the Inner Loop East revitalization. The multi-phase Charlotte Square project offers a mixture of multi-family units, including townhouses and apartments. The units are a mixture of market-rate and income targeted. Market-rate rents floorplans rent from \$1,500 to \$3,000 per month, depending on size. Market-rate leases are near the top of the market. Affordable units vary in price point and target tenant, roughly ranging from \$450 to \$1,200 per month, including units that are reserved for residents that were formerly homeless. Additionally, the VIDA Apartments and Townhomes development is located on Union Street, just outside the Study Area. This project has 66 market-rate apartments and ten for-sale townhouses. Rents for the apartments are consistent with Charlotte Square at \$800 to nearly \$3,000 per month. The townhouses have an asking price of \$300,000 to \$500,000.

RESIDENTIAL DEMAND FORECAST

Residential housing unit demand in the Inner Loop North Study Area is based on the population projections presented early in this document. The population projections present a low- and high-growth scenario for the Study Area. This section presents a similar range for future housing demand. Presenting future demand in a range is a to mitigate for uncertainties in the market moving forward related to the current COVID-19 pandemic, future economic cycles, as well as local policy decisions, development appetites, and investments that could change over the next 20 years.

As previously demonstrated, the Study Area is expected to add between 2,050 and 3,650 people through 2040, equating to growth rates of 25.6% to 45.8%. Housing unit forecasts are based on average household sizes and a 7% vacancy rate. This analysis assumes that the average household size will remain relatively constant over the next 20 years at approximately 1.85 people per household. Household unit vacancy was estimated at 7%, lower than the overall community average of nearly 10%. For the purpose of projections, a more sustainable vacancy rate was utilized, which assumes that outdated houses are either demolished or renovated supporting occupancy.

As shown in **Table 7**, housing in the Study Area could increase by 1,186 to 2,111 units between 2020 and 2040. It should be noted that residential forecasts are based on the Study Area’s share of the total population in Monroe County. Additional housing demand would likely be generated in areas surrounding the current Study Area boundaries.

Table 7: Residential Demand Forecast, Study Area, 2020-2040

| Metric | Scenario | |
|-------------------------------|-------------|-------------|
| | Low-Growth | High-Growth |
| 2020-2040 Population Growth | 2,050 | 3,650 |
| <i>Assumed Household Size</i> | <i>1.85</i> | <i>1.85</i> |
| 2020-2040 Household Growth | 1,108 | 1,973 |
| <i>Assumed Vacancy Rate</i> | <i>7%</i> | <i>7%</i> |
| 2020-2040 Housing Unit Demand | 1,186 | 2,111 |

Source: Kimley-Horn

IMPACT OF COVID-19 ON RESIDENTIAL DEVELOPMENT

While the full impact of COVID-19 remains to be seen, it is certain that the pandemic will influence growth and development in the near-, and likely, long-term. Industry experts across the country have provided guidance on the potential for the pandemic to influence different real estate sectors. Residential is expected to be modestly impacted in the short-term.

In most markets, for-sale residential inventories were low before the pandemic, and demand has remained consistent. Established long-term trends influencing for-sale residential demand are unlikely to be significantly impacted by COVID-19. The biggest question that could influence future demand for lower-density residential is if there will be a reversal in the desire for urban living by people seeking more space.

Rental multifamily residential has experienced notable momentum in recent years as Millennials form new households. These young people have typically been more likely to rent longer-term than previous generations. Given the strong increase in inventory experienced in markets there is expected to be some softness in the rental market in the short-term. Absorption of new units is likely to be delayed in some markets as existing tenants struggle to make rent payments or new residents delay household formation. This trend is likely to drive new rent specials and reduce annual rent increases. These impacts, although notable, are expected to be short-term in nature.



Future residential demand will likely be accommodated in a variety of product types. Based on ESRI’s interpretation of American Community Survey data, approximately 8.6% of the total housing stock in the Study Area is single-family detached, townhouses represent 5.2%, and multifamily units comprise 85.8% of the total. Monroe County and the City of Rochester have experienced modest momentum in for-sale closings for all product types. While the number of single-family residential permits have improved from Recession levels, they are still well-below pre-Recession levels. Rental vacancy rates for competitive properties in the Study Area are low at approximately 3.5%.

Based on the urban nature of the area, recent demographic trends, and market performance indicators the following break-out of the forecasted net new residential demand could be assumed:

- **Single-family residential:** <5% of total Study Area demand
- **Multi-family residential:** 90-95% of total Study Area demand

Most indicators suggest that demand for integrated urban residential product will continue in the future, regardless of impacts of the pandemic. Competitive apartment projects in the Study Area demonstrate price point premiums over the larger market and occupancy rates that are notably higher than the industry standard for healthy communities. Multi-family will likely be primarily renter-occupied, but there will be opportunities for for-sale townhouse units. Any future single-family detached demand will be infill or redevelopment of existing units in the established neighborhoods.

AFFORDABLE HOUSING PROVISION IN THE STUDY AREA

It cannot be understated that housing affordability needs to be a focused consideration for the Inner Loop North Transformation Planning Study. Existing residents have income levels well below the regional average and heavily rely on the mobility benefits that are often not available in more suburban locations. It is well documented that large-scale public investments can make an area more desirable for development often due to increased mobility options and ease of accessibility to jobs, services and amenities. However, the benefits associated with private investment can also bring challenges, particularly with respect to housing affordability and displacement. More amenities, better transportation access, including transit routes, and higher property values can more disproportionately impact low-income households by increasing their housing costs.

When considering future housing demand around the Inner Loop North, the City of Rochester needs to incorporate strategies for both development of new housing options that are attainable to a wide range of income levels, ages, and abilities, as well as the protection of naturally occurring affordable housing, which is defined as housing that is affordable without

Incomes, Not Costs, are the Root of Rochester’s Affordability Issues

The City of Rochester completed a housing market study in 2018 that was leveraged to inform the 2034 Comprehensive Plan. One of the key findings of the Housing Market Study was that low incomes, not high housing costs, are the root of affordability challenges in Rochester. The study found that Rochester’s undervalued housing market does not impact affordability in the same way as high-value markets like Boston and Seattle. This becomes a critical consideration, as new supply, affordable or market-rate, is unlikely to address this challenge. As incomes are a large part of the challenge in the City of Rochester, and more specifically the Study Area, housing policy alone will not be the direct solution to affordable housing provision.

public subsidy. In a time when public subsidies for affordable housing are declining, protecting naturally occurring affordable housing is critical in expanding housing options that allow people to live near where they work and shop. Much of the existing housing stock in the Study Area, particularly north of the Inner Loop, qualifies as “naturally occurring”.

Neighborhood stability isn’t solely dependent on housing options. Identifying ways to leverage public investments to increase connectivity, create safe bicycle and pedestrian routes, and provide open space can also be used to stabilize and enhance neighborhoods by offering improvements to quality of life. This is particularly relevant in the planning strategy for the Inner Loop North, which will reconnect long-disadvantaged neighborhoods with jobs, services, and amenities in Downtown Rochester and beyond. Additionally, a deliberate focus on anti-displacement policies, will help to further stabilize neighborhoods.

A focus on partnerships with local housing agencies and private developers to incorporate affordable housing options into future development should remain a priority for the Study Area, particularly with the addition of new public transportation, mobility, and recreation investments.

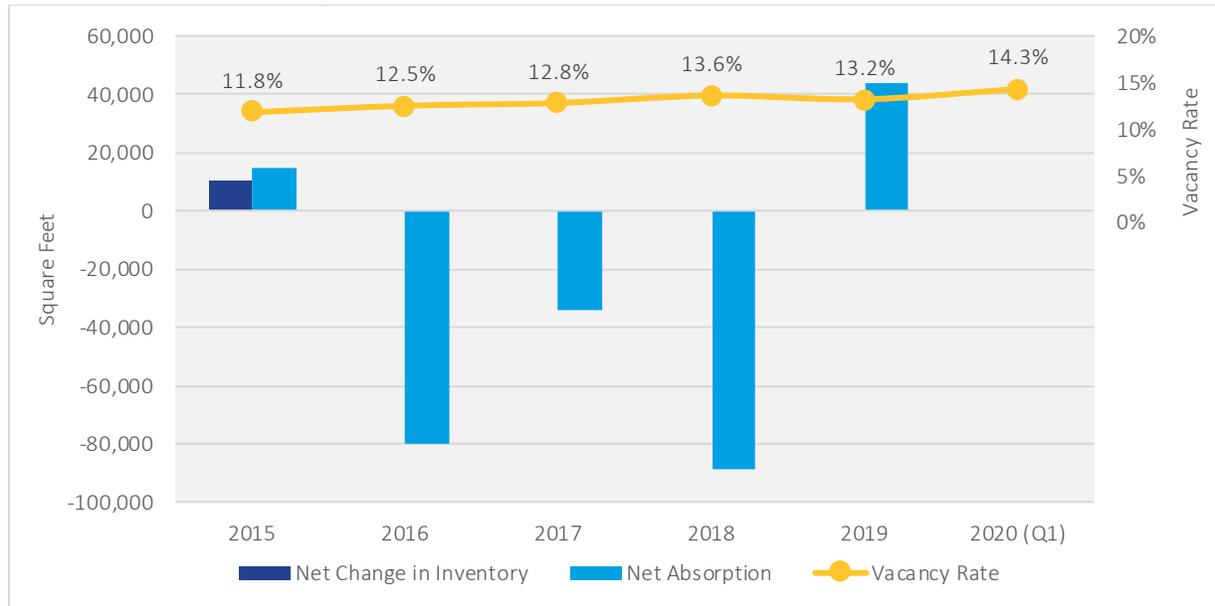
Retail

This section of this report provides an overview of the retail real estate market. There is limited third-party data for retail land uses in the area around Downtown Rochester. The analysis relies on high-level performance indicators for the entire Rochester market and highlights a snapshot of the Study Area at the end of first-quarter 2020. Following the real estate performance review, a retail gap analysis is presented to identify future demand potential based on supply and demand in the Study Area.

RETAIL OVERVIEW

Retail performance presented by REIS focuses on multi-tenant shopping center spaces, excluding free-standing, often owner-occupied buildings. As of first-quarter 2020, the Rochester retail market area hosted more than ten million square feet of multi-tenant retail space. As shown in **Graph 24**, there has been very little recent multi-tenant retail development across the entire Rochester market. Of note is that between 2016 and 2018 the market experienced negative net absorption of more than 200,000 square feet. Annual periods with negative net absorption have had more tenants move out of their spaces than move in. Multi-tenant retail space vacancy rate has been on the rise, increasing by 250 basis points, from 11.8% to 14.3% in first-quarter 2020.

Graph 24: Retail Vacancy Rate Trends, Rochester Market, 2016-2020



Source: REIS; Kimley-Horn

Average rental rates for retail space in the Rochester market have increased only 5.2% from \$13.17 in 2015 to \$13.86 in first-quarter 2020 (**Graph 25**). The slow growth in retail rental rates is likely due to the limited supply of new product in the market.

Graph 25: Retail Rent Trends, Rochester Market, 2015-2020



Source: REIS; Kimley-Horn

Based on current data provided by REIS, there is nearly 3.0 million square feet of retail space in the Study Area (**Figure 7**). As opposed to the performance trends described above, this inventory includes all retail types, regardless of ownership. Retail is concentrated along major transportation corridors and in the Downtown area.

Figure 7: Inner Loop North Study Area Retail Inventory



As shown above, there are more than 175 retail properties in the Study Area. The properties vary in age and type, including automotive, financial, grocery, restaurant, and general retail services. Many of the retailers are part of multi-tenant or multi-use spaces, particularly those located in Downtown Rochester. Most of the existing retail in and near the Study Area can be generally classified into three categories:

- **Food and beverage/restaurants**, including full-service and limited-service dining and entertainment establishments that target employees in and visitors to Downtown Rochester;
- **Consumer services** like hair and beauty salons, barber shops, pharmacies, and gyms and exercise businesses that cater to both neighborhood residents and commuting employees; and
- **Grocers and food sales**, including a TOPS located in the northern portion of the Study Area, as well as the Rochester Public Market, immediately to the east of the Study Area.

Other Study Area Retail Considerations

Throughout this process, stakeholders have noted that the delivery of goods and services in the Study Area are also influenced by a communal trading/barter system. The impact of this system is difficult to evaluate from a monetary perspective, and cannot be leveraged to attract traditional private retailers, but does speak to the sense of community that is present in the Study Area and the surrounding neighborhoods. Additional investigation of this phenomenon should be prepared to better understand its impact.

RETAIL LEAKAGE ANALYSIS

Retail leakage refers to the difference between the retail expenditures by residents living in a particular area and the retail sales produced by the stores located in the same area. If desired products are not available within that area, consumers will travel to other places or use different methods to obtain those products. Consequently, the dollars spent outside of the area are said to be “leaking.” If a community is a major retail center with a variety of stores it will be “attracting” rather than “leaking” retail sales.

The numbers are not meant as accurate accounts of individual stores, but taken as an aggregate, they provide reasonable estimates of expenditures and sales. Equally important, this type of data is reviewed by national chains when deciding whether to move into a new area.

The graphic to the right shows retail sales, consumer expenditures, and retail leakage in the Study Area between 2018 and 2019. The defined Study Area had a \$64.0 million retail surplus over 2018, largely driven by retail offerings that are primarily targeted towards employees and visitors. Aside from a TOPS grocery store located on the northside of the Study Area, residents must travel outside of the area to access many of their basic retail needs.

The graphic below provides retail market opportunities for the Study Area by category based on existing retail leakage. The categories with the biggest leaks (where the most money is lost outside the Study Area) are all food-related, including:

- Food Services & Drinking Places (-\$20.8 million)
- Restaurants/Other Eating Places (-\$18.9 million)
- Food and Beverage Stores (-\$11.9 million)



Source: ESRI; Kimley-Horn



Source: ESRI; Kimley-Horn

While this data can reveal opportunities for new businesses, it should serve only as a starting point and does not guarantee a “sure thing.” It should be noted that this list does not represent a complete inventory of all potential retail categories but focuses on those that have the most potential to gravitate to a redeveloping corridor.

To identify optimal locations, retailers depend on certain indicators of commercial success. Three primary criteria considered when selecting a location include income, density, and traffic. As the scale of the retail development increases so must the measures of income, rooftops, and traffic to support the larger supply. A traditional rule of thumb is the 50/50/50 rule which proposes the ideal urban or “Main Street” retail location as having access to 50,000 people within a reasonable distance, with a median income of at least \$50,000, and 50,000 average daily traffic (ADT); however, this is not applicable to all scenarios. Rather than a one-size-fits-all formula, it is important to understand the relationship between the indicators. While the most successful retail locations will have high numbers for all three indicators, some businesses can survive by relying on only one or two. If a location is weak in one category, it must offset the deficiency by strong measures for the others.

Table 8: Low Consumer Spending Forecast, Study Area, 2020-2040

| Business Category | Consumer Spending (2020) | Forecasted Demand (2040) | 2020-2040 Δ | |
|----------------------------------|--------------------------|--------------------------|--------------------|--------------|
| | | | # | % |
| Apparel and Services | \$2,873,448 | \$3,694,704 | \$821,256 | 28.6% |
| Computer/TV/Video | \$1,828,928 | \$2,342,474 | \$513,546 | 28.1% |
| Pets | \$784,126 | \$1,002,652 | \$218,526 | 27.9% |
| Toys/Games/Crafts/Hobbies | \$165,349 | \$210,559 | \$45,210 | 27.3% |
| Sports/Exercise Equipment | \$239,489 | \$306,941 | \$67,452 | 28.2% |
| Reading | \$330,504 | \$423,978 | \$93,474 | 28.3% |
| Food at Home | \$12,054,718 | \$15,506,470 | \$3,451,752 | 28.6% |
| Food Away | \$5,657,578 | \$7,274,992 | \$1,617,414 | 28.6% |
| Furniture/Furnishings/Household | \$2,700,708 | \$3,458,232 | \$757,524 | 28.0% |
| Drugs/Personal Care/Housekeeping | \$1,413,551 | \$1,809,833 | \$396,282 | 28.0% |
| Total | \$28,048,399 | \$36,030,835 | \$7,982,436 | 28.5% |

Source: ESRI; Kimley-Horn

This analysis forecasts 20-year spending potential for the Study Area at over \$9.5 million. Based on average sales per square foot figures, this analysis equates to net square footage demand of approximately 27,500 in the Study Area through 2040 (Table 9). Note that this household-generated demand could be spent anywhere, but a substantial portion would be spent within or close to the Study Area, particularly for food, convenience, and drug store purchases.

Table 9: Low Retail Demand Potential, Study Area, 2020-2040

| Business Category | Spending Potential | Sales per Sq.Ft. | Square Feet Demand |
|----------------------------------|--------------------|------------------|--------------------|
| Apparel and Services | \$821,256 | \$280 | 2,933 |
| Computer/TV/Video | \$513,546 | \$400 | 1,284 |
| Pets | \$218,526 | \$225 | 971 |
| Toys/Games/Crafts/Hobbies | \$45,210 | \$300 | 151 |
| Sports/Exercise Equipment | \$67,452 | \$200 | 337 |
| Reading | \$93,474 | \$150 | 623 |
| Food at Home | \$3,451,752 | \$420 | 8,218 |
| Food Away | \$3,234,828 | \$360 | 8,986 |
| Furniture/Furnishings/Household | \$757,524 | \$275 | 2,755 |
| Drugs/Personal Care/Housekeeping | \$396,282 | \$325 | 1,219 |
| Total | \$9,599,850 | \$349 | 27,477 |

Source: ESRI; Kimley-Horn

If additional housing development occurs in the Study Area beyond the forecast, single-family or multi-family, the expenditure potential would increase accordingly. The amount of spending growth would depend on income levels and spending propensities of new residents. A similar analysis for the high growth scenario results in increased demand due to the more substantial population growth. As shown in **Table 10**, the high growth scenario results in demand for nearly 55,000 square feet of retail space in the Study Area through 2040.

Table 10: High Retail Demand Potential, Study Area, 2020-2040

| Business Category | Spending Potential | Sales per Sq.Ft. | Square Feet Demand |
|----------------------------------|---------------------|------------------|--------------------|
| Apparel and Services | \$1,744,932 | \$280 | 6,232 |
| Computer/TV/Video | \$1,099,165 | \$400 | 2,748 |
| Pets | \$469,189 | \$225 | 2,085 |
| Toys/Games/Crafts/Hobbies | \$97,850 | \$300 | 326 |
| Sports/Exercise Equipment | \$144,187 | \$200 | 721 |
| Reading | \$199,469 | \$150 | 1,330 |
| Food at Home | \$7,328,370 | \$420 | 17,448 |
| Food Away | \$5,457,930 | \$360 | 15,161 |
| Furniture/Furnishings/Household | \$1,622,082 | \$275 | 5,898 |
| Drugs/Personal Care/Housekeeping | \$848,740 | \$325 | 2,612 |
| Total | \$19,011,912 | \$348 | 54,561 |

Source: ESRI; Kimley-Horn

Most of the demand under both scenarios is expected to be focused under food-related business categories, reflecting the notable leakage these categories demonstrated. It is important to note that these forecasts represent net retail demand growth, and do not capture sales that would transfer internally from within the Submarket. As the retail market evolves, some locations and retail concepts could become more successful and capture sales from existing competitors, particularly those that are obsolete.

Office

Hosting approximately one-half of Rochester’s Central Business District, office in the Study Area represents an important economic anchor for the region. The Study Area captures approximately one-third of the jobs that are categorized in sectors that typically locate in office space, including Public Administration, Professional Services, Financial and Real Estate Services, and Information. Intentional planning and incentive efforts, including the Downtown Innovation Zone, have been successful in supporting a strong growth and momentum in one of the region’s major job centers.

This section of this report presents office performance trends including completions, net absorption, vacancy and average rent per square foot for the Rochester Central Office Submarket, which includes the area within the Inner Loop (also commonly referred to as Downtown Rochester or the Central Business District). This Submarket includes the southern half of the Study Area but excludes the section north of the Inner Loop. Performance

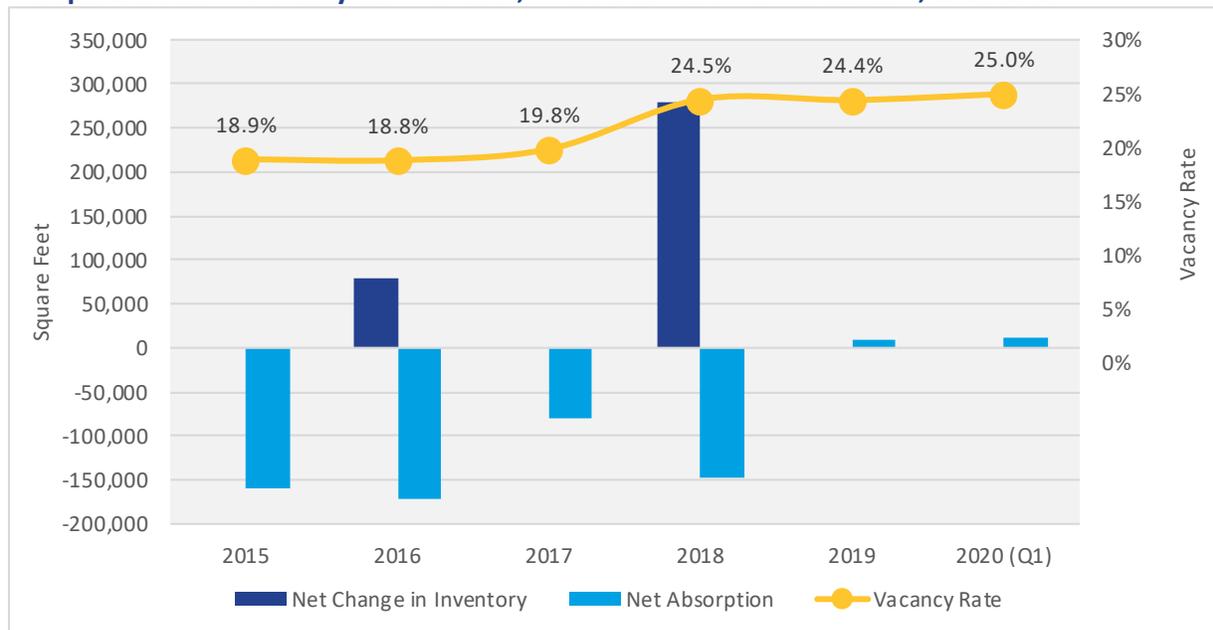
metrics are compared to the larger Rochester market. A summary of competitive office product in the Study Area has also been prepared to determine current lease rates and occupancy.

It is important to note that the data presented in the Office Overview section focuses on multi-tenant office buildings, often excluding owner-occupied spaces. This use of data is particularly relevant for the Study Area because of the presence of the Kodak Tower Campus. The campus includes the iconic Kodak office tower, as well as several other nearby buildings that have a total of approximately 2.0 million square feet of space. Monroe Community College and CareStream occupy a combined total of 1.0 million square feet at the campus, with Kodak retaining approximately 200,000 for professional office space. That leaves approximately 800,000 square feet of space available for lease. Based on feedback from Kodak, their real estate managers show potential renters the office space in the buildings 12-24 times per year, and they have been asking for rental rates that are competitive with other Downtown Rochester properties. Building floorplates and amenities are challenging, often not meeting modern standards by companies seeking to locate in an urban setting. At this time, Kodak has no plans to relocate their existing employees to other buildings or offices in the region.

OFFICE OVERVIEW

There was 360,000 square feet of new office space completed in the Submarket between 2015 and first-quarter 2020, the majority of the space was delivered in 2018 (**Graph 24**). Net absorption in the Submarket has been negative, with more companies moving out of space than moving in. As a result, the Submarket vacancy rate steadily increased from 18.9% in 2015 to 25.0% in early-2020.

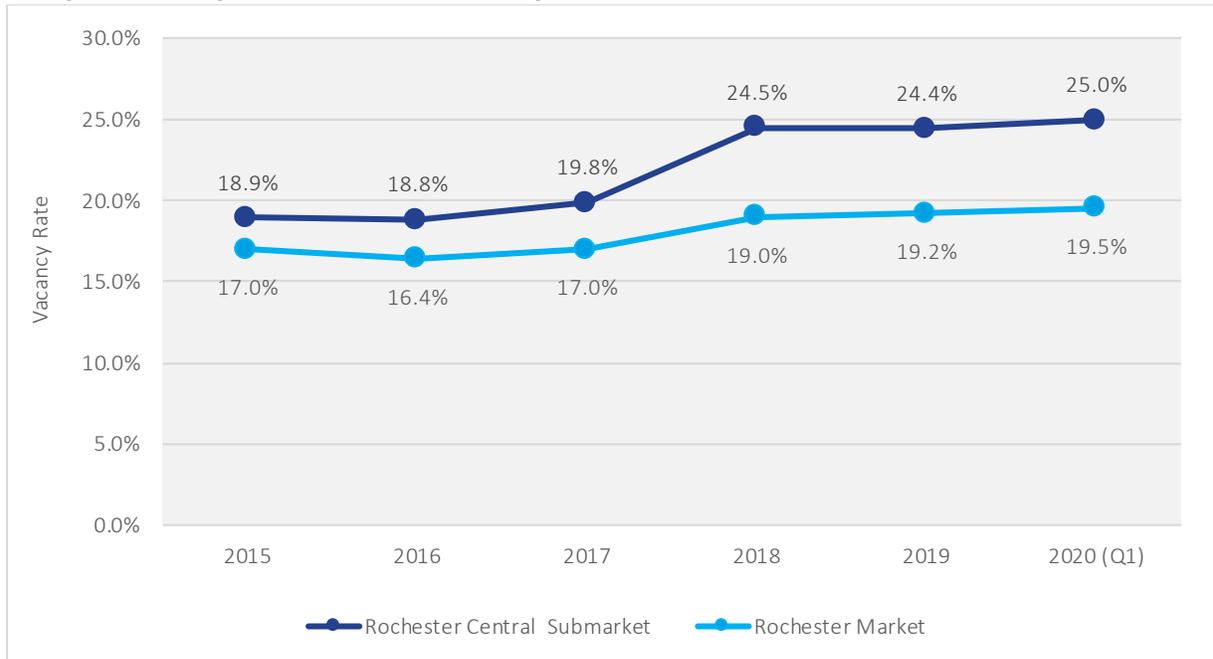
Graph 26: Office Vacancy Rate Trends, Central Rochester Submarket, 2015-2020



Source: REIS; Kimley-Horn

When compared to the larger Rochester office market, the Study Area has consistently reported a higher vacancy rate. As shown in **Graph 27**, the addition of nearly 300,000 square feet of new office space in the Submarket in 2018 resulted in a more notable divergence from the larger market.

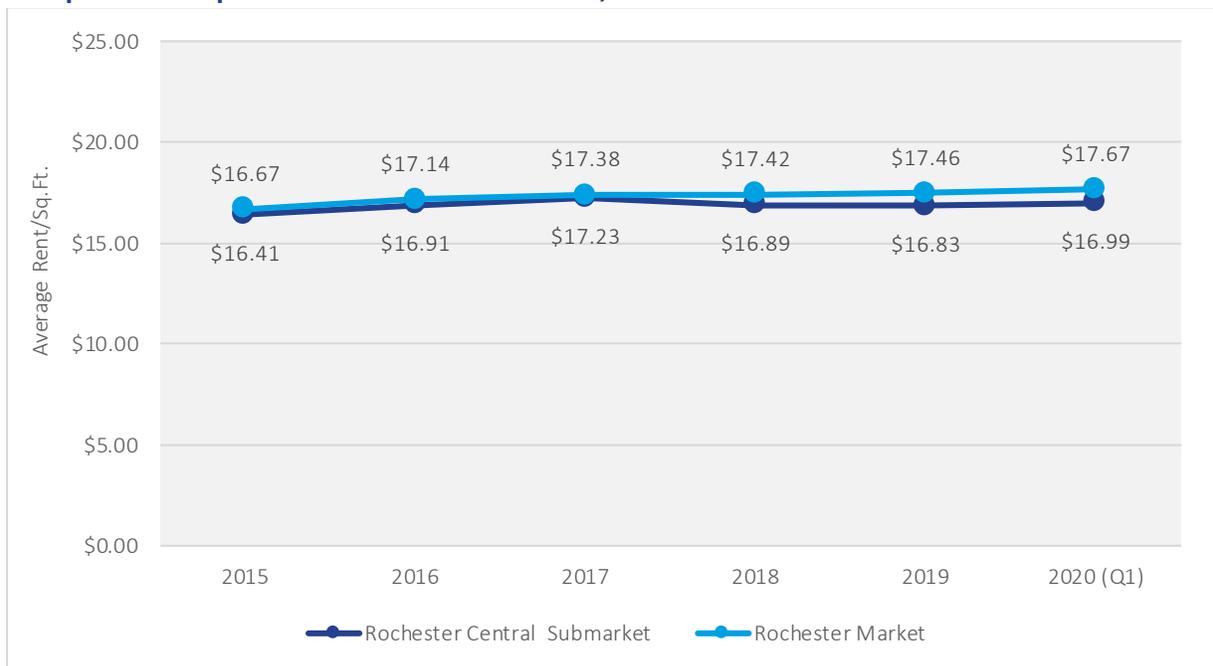
Graph 27: Comparison of Office Vacancy Rate Trends, 2015-2020



Source: REIS; Kimley-Horn

There was a modest increase in the average rent per square foot in the Rochester Central Submarket between 2015 and first-quarter 2020, increasing from \$16.41 to \$16.99 during the period (**Graph 28**). Historically, the larger Rochester market has reported consistent rents as the Submarket, which can be expected because of the large share of total market office inventory located in Downtown Rochester.

Graph 28: Comparison of Office Rent Trends, 2015-2020



Source: REIS; Kimley-Horn

A selection of office buildings in the Study Area have been compiled to demonstrate, more specifically, performance metrics for the Inner Loop North Study Area. **Table 11** is not meant to represent a wholistic inventory of office buildings in the Study Area, but a representative set. **Figure 8**, below, demonstrates geographic distribution of office space in the Study Area, as well as the location of the competitive office buildings included in **Table 11**.

As shown in **Table 11**, the 26 identified buildings total more than 1.8 million square feet of office space. Most of the buildings are located south of the Inner Loop in Downtown Rochester, but some are in the High Falls area. Based on data provided by REIS, the competitive buildings have 271,815 square feet of available space, resulting in a 14.7% vacancy rate, lower than the measure presented for the Central Submarket.

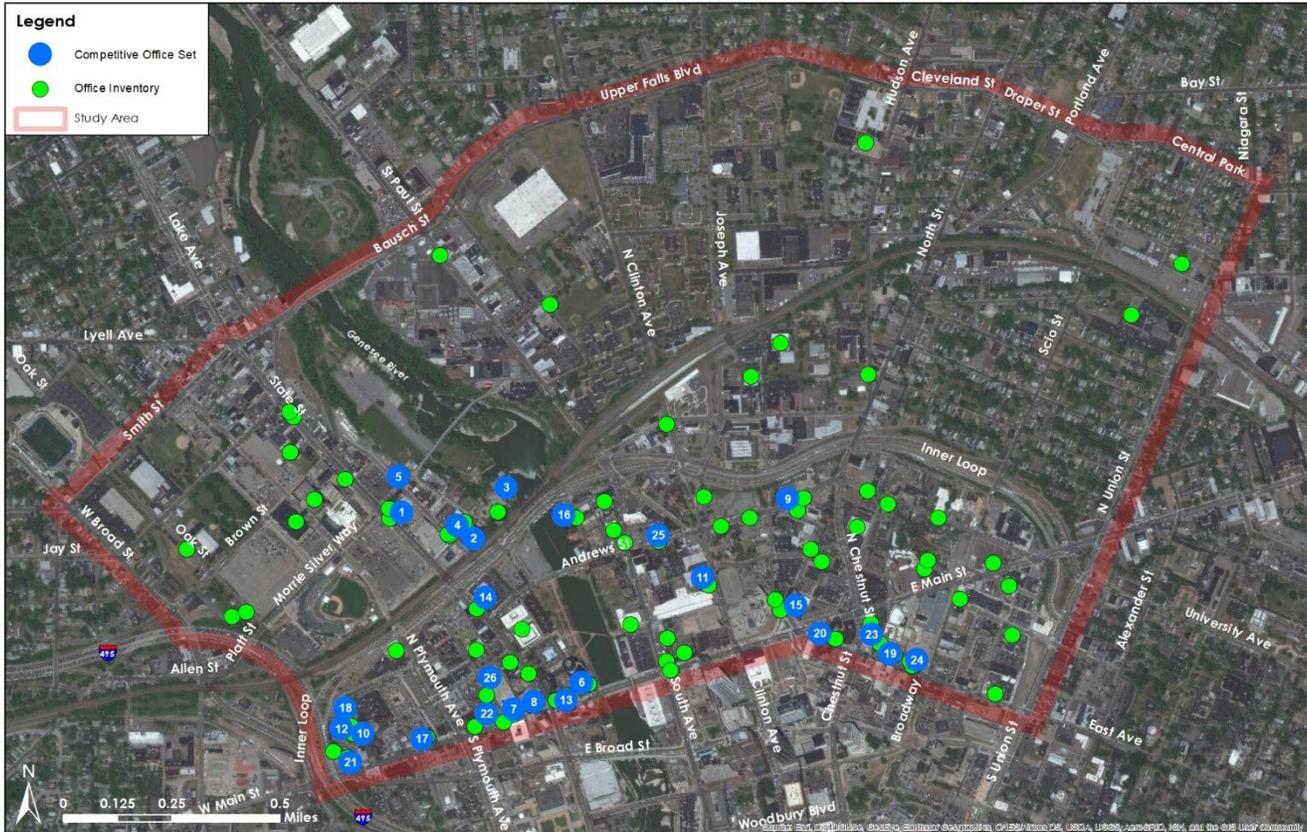
Table 11: Competitive Office Buildings, Study Area, 2020

| Map Key | Development Name | Address | Year Built | Leasable Area | | Vacancy Rate | Lease | | |
|----------------------|------------------------------------|--------------------|------------|------------------|----------------|--------------|----------------|--------|-------|
| | | | | Total | Available | | Rate/SqFt | Floors | Class |
| 1 | N/A | 298 State St | 1910 | 112,000 | 1,456 | 1.3% | \$16.11 | 11 | BC |
| 2 | N/A | 61 Commercial St | 1880 | 54,000 | 0 | 0.0% | \$18.19 | 2 | BC |
| 3 | High Falls Building | 4 Commercial St | 2000 | 50,000 | 4,400 | 8.8% | \$16.91 | 7 | BC |
| 4 | Partners Building | 192 Mill St | 1888 | 45,000 | 31,635 | 70.3% | \$19.17 | 6 | A |
| 5 | Metro Office Centers at High Falls | 250 Mill St | 1840 | 15,000 | 585 | 3.9% | \$18.76 | 5 | A |
| 6 | First Federal Plaza | 28 E Main St | 1977 | 245,000 | 61,985 | 25.3% | \$15.32 | 21 | BC |
| 7 | Executive Office Building | 36 W Main St | 1910 | 157,000 | 47,257 | 30.1% | \$16.29 | 8 | BC |
| 8 | Powers Building | 16 W Main St | 1865 | 146,200 | 16,521 | 11.3% | \$11.60 | 9 | BC |
| 9 | Harro East Building | 400 Andrews St | 1932/1994 | 130,000 | 16,900 | 13.0% | \$15.08 | 8 | BC |
| 10 | Cascade Center | 72 Cascade Dr | 1800 | 130,000 | 7,020 | 5.4% | \$13.27 | 5 | BC |
| 11 | Michaels Stern Building | 87 N Clinton Ave | 1895 | 115,000 | 35,650 | 31.0% | \$14.27 | 7 | BC |
| 12 | Knowlton Building | 69 Cascade Dr | 1895 | 100,000 | 2,800 | 2.8% | \$13.78 | 5 | BC |
| 13 | Reynolds Arcade | 16 E Main St | 1933 | 96,000 | 2,016 | 2.1% | \$13.28 | 10 | BC |
| 14 | Carroll Mumford Building | 150 State St | 1950/2015 | 85,813 | 5,149 | 6.0% | \$17.04 | 4 | BC |
| 15 | Temple Building | 14 Franklin St | 1925 | 75,000 | 825 | 1.1% | \$10.69 | 14 | BC |
| 16 | Water Street Commons | 165-189 N Water St | 1892 | 40,000 | 12,440 | 31.1% | \$13.48 | 2 | BC |
| 17 | N/A | 140 W Main St | 1900/1987 | 38,570 | 11,648 | 30.2% | \$13.50 | 4 | BC |
| 18 | Cascade Commons | 11 Centre Park | 1908 | 36,000 | 1,800 | 5.0% | \$9.23 | 2 | BC |
| 19 | Rochester Club Center | 120 East Ave | 1970 | 31,500 | 1,260 | 4.0% | \$12.78 | 4 | BC |
| 20 | Triangle Building | 335 E Main St | 1900 | 28,000 | 0 | 0.0% | \$17.63 | 5 | BC |
| 21 | Bridge Square Building | 242 W Main St | 2013 | 26,500 | 0 | 0.0% | \$18.19 | 2 | A |
| 22 | City Place | 50 W Main St | 1904 | 26,235 | 472 | 1.8% | \$17.52 | 8 | A |
| 23 | Miller Center | 387 E Main St | 1988 | 18,382 | 0 | 0.0% | \$17.43 | 5 | A |
| 24 | The Sagamore on East | 130 East Ave | 2005 | 16,000 | 0 | 0.0% | \$25.98 | 7 | A |
| 25 | N/A | 222 Andrews St | 1950 | 15,000 | 0 | 0.0% | \$16.16 | 2 | BC |
| 26 | Novomac Building | 73 State St | 1986/2006 | 12,000 | 9,996 | 83.3% | \$16.00 | 4 | BC |
| Total/Average | | | | 1,844,200 | 271,815 | 14.7% | \$14.87 | | |

Source: REIS; Kimley-Horn

The competitive building set has an average lease rate of \$14.87 per square foot. Buildings have a wide range of prices points, generally averaging from \$12.00 to \$25.00 per square foot. The newest, updated Class A space has the highest rents, typically ranging from \$16.50 to \$25.00. Older, Class B/C space, has lower rates, typically less than \$15.00 per square foot.

Figure 8: Inner Loop North Study Area Office Inventory



OFFICE DEMAND FORECAST

The office demand forecast for the Study Area is based on employment growth projected for Monroe County through 2040. The employment forecast is used to project office demand by considering the types of jobs that would require new space. The employment forecast, presented earlier in this document, demonstrated a potential increase of 9,000 to 13,400 jobs in the County over 20 years depending on the growth scenario.

IMPACT OF COVID-19 ON OFFICE DEVELOPMENT

As the COVID-19 pandemic began, many companies moved to a remote platform to allow for social distancing. For those companies that were able, allowing employees to work from home provided maximum flexibility to respond to the pandemic. However, industries are craving the benefits that come from idea sharing and collaboration that can only truly be realized through face-to-face interaction. It is certain that the office sector will not stay fully remote in the long-term.

While companies are highly likely to retain space to support collaboration, it is unlikely to return to the same format as pre-pandemic. Now that companies know that their employees can work remotely, it is expected that many will offer this as a benefit moving forward. The results in the longer-term may be a reduced amount of space that a company needs. Organizations had already been shrinking their space foot prints so they had less than one desk per person, the COVID-19 pandemic is likely to accelerate that. What makes this situation unique is that while companies were previously shrinking their space per employee, they now may seek more, but with fewer people occupying the office.



OFFICE-OCCUPYING EMPLOYMENT FORECAST

To forecast the increase in office-occupying employment, office shares were applied to each industry projection for Monroe County. Finance and Insurance, Professional and Technical Services, Management of Companies and Enterprises, and Real Estate and Rental and Leasing have the highest shares of office-occupying employment with shares ranging from 85% to 90%.

Between 2020 and 2040, Monroe County is projected to have an increase of more than 4,200 office-occupying employees, equating to a growth rate of 3.1% (**Table 12**). Office-occupying jobs in Professional and Technical Services and Finance and Insurance could comprise approximately 45% of the total increase. Overall, office-occupying jobs could account for an estimated 46.9% of all new jobs added in Monroe County through 2040. The balance is heavily weighted towards service-sector industries, with a distinct focus on those serving travel and tourism, as well as Manufacturing, Construction, Education, Health Care and Social Assistance. Using a similar methodology, the 13,400 jobs forecasted under the high-growth scenario would result in the creation of 5,600 office-occupying jobs.

Table 12: Low-Growth Office-Occupying Job Forecast, Monroe County, 2020-2040

| Industry | Office Share | 2020-2040 Δ | | | |
|---|--------------|----------------|----------------|--------------|-------------|
| | | 2020 | 2040 | # | % |
| Forestry, Fishing, and Related Activities | 5.0% | 25 | 27 | 2 | 7.9% |
| Mining | 5.0% | 7 | 7 | 0 | -3.6% |
| Utilities | 5.0% | 41 | 39 | -2 | -3.8% |
| Construction | 5.0% | 735 | 751 | 16 | 2.2% |
| Manufacturing | 5.0% | 1,929 | 1,951 | 22 | 1.1% |
| Wholesale Trade | 15.0% | 1,884 | 1,987 | 104 | 5.5% |
| Retail Trade | 5.0% | 1,928 | 1,920 | -7 | -0.4% |
| Transportation and Warehousing | 15.0% | 1,155 | 1,265 | 110 | 9.5% |
| Information | 40.0% | 2,613 | 2,690 | 77 | 3.0% |
| Finance and Insurance | 90.0% | 11,260 | 12,185 | 924 | 8.2% |
| Real Estate and Rental and Leasing | 75.0% | 4,836 | 5,428 | 593 | 12.3% |
| Professional and Technical Services | 85.0% | 20,986 | 21,944 | 958 | 4.6% |
| Management of Companies and Enterprises | 90.0% | 7,970 | 8,004 | 34 | 0.4% |
| Administrative and Waste Services | 65.0% | 16,410 | 17,186 | 775 | 4.7% |
| Educational Services | 15.0% | 4,125 | 4,184 | 59 | 1.4% |
| Health Care and Social Assistance | 30.0% | 20,626 | 20,782 | 156 | 0.8% |
| Arts, Entertainment, and Recreation | 10.0% | 700 | 734 | 33 | 4.8% |
| Accommodation and Food Services | 10.0% | 2,820 | 2,895 | 75 | 2.7% |
| Other Services | 15.0% | 1,870 | 1,903 | 33 | 1.8% |
| Government | 70.0% | 33,505 | 33,762 | 257 | 0.8% |
| Total | | 135,423 | 139,642 | 4,219 | 3.1% |

Source: Woods & Poole; Kimley-Horn

MONROE COUNTY OFFICE DEMAND

The office-occupying jobs forecast was utilized to project future demand for office space in Monroe County. Long-established trends indicated that companies have been gradually seeking to more efficiently utilize space, demonstrating a declining amount of office space per employee. Given the uncertainties relate to COVID-19, this analysis uses a standard 250 square feet per employee and holds it constant over the forecast horizon.

Monroe County is forecasted to add between 4,200 and 5,600 new office-occupying jobs between 2020 and 2040 depending on growth scenario. At an average space per employee of 250 square feet, this finding equates to demand of nearly 1.1 million square feet of new office space for the low-growth scenario and 1.4 million square feet for the high (Table 13). Additionally, it is important to account for vacant space to support inter- and intra-market moves. This analysis assumes an average vacancy rate of 15% to determine total net new office space demand, roughly consistent with the market-wide measure. Applying this vacancy rate, Monroe County could support 1.1 to 1.5 million square feet of new office space through 2040.

Table 13: Office Demand Forecast, Monroe County, 2020-2040

| Measure | Net New Office Space Demand | |
|--------------------------------|-----------------------------|------------------|
| | Low-Growth | High-Growth |
| Office-Occupying Jobs | 4,219 | 5,636 |
| <i>Square Feet/Employee</i> | 225 | 225 |
| Net Demand (Sq.Ft.) | 949,343 | 1,268,190 |
| <i>Vacancy Rate</i> | 15.0% | 15.0% |
| Net Office Space Demand | 1,091,744 | 1,458,419 |

Source: Woods & Poole; Kimley-Horn

STUDY AREA OFFICE DEMAND

When considering an appropriate capture rate for the next 20 years, this analysis relies on the Study Area’s share of total office-occupying jobs when compared to the County. Over the last five years, the Study Area accounted for approximately 35% to 45% of the County-wide office-occupying jobs inventory. This analysis assumes that the Study Area could capture 35% of the forecasted County demand under the low scenario and 45% for the high-growth scenario. Based on these capture rates, the Study Area could generate demand for over 382,000 to 656,000 square feet of net new office space over the next 20 years (**Table 14**).

Table 14: Office Demand Forecast, Study Area, 2020-2040

| Measure | Net New Office Space Demand | |
|--------------------------------|-----------------------------|------------------|
| | Low-Growth | High-Growth |
| Monroe County Total | 1,091,744 | 1,458,419 |
| <i>Capture Rate</i> | 35% | 45% |
| Study Area Demand | 382,110 | 656,288 |
| <i>Vacancy Rate Correction</i> | <i>(250,000)</i> | <i>(250,000)</i> |
| Net Office Space Demand | 132,110 | 406,288 |

Source: Woods & Poole; Kimley-Horn

Vacancy rates in the Study Area are estimated at approximately 15% based on the review of a competitive set. This measure falls in line with a healthy market but excludes the 800,000 square feet of available space as part of the Kodak Tower Campus. From a financing perspective, some portion of the Study Area’s vacant office inventory would need to be leased before lenders consider investing in new properties, particularly for multi-tenant space. It should be noted that a portion of the vacant inventory has reached obsolescence and might have potential to be converted to other uses or demolished.

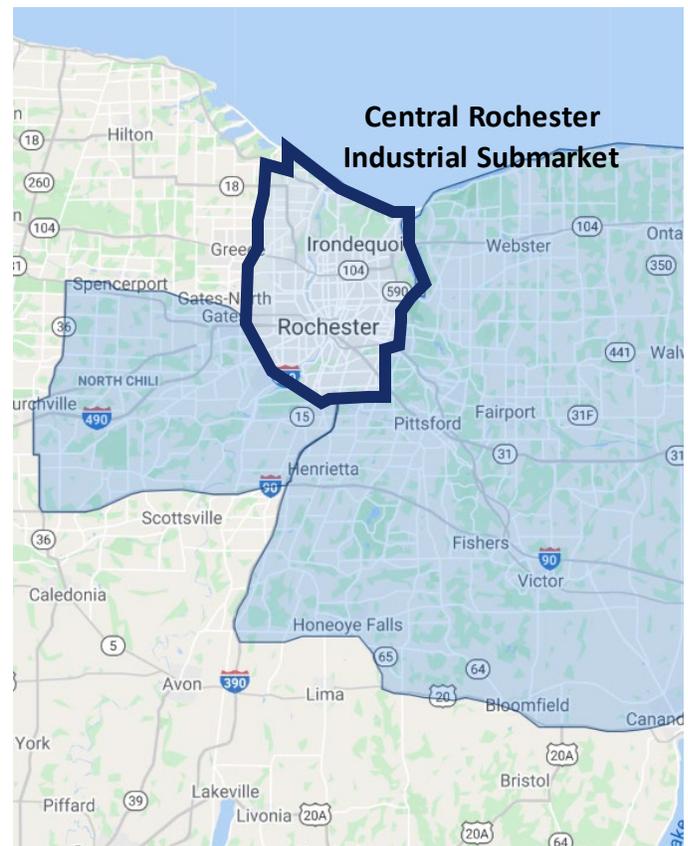
For this analysis, it is assumed that 250,000 square feet of existing space would need to be leased before financing is viable for new construction. This would reduce the overall Study Area vacancy rate to measures more in-line with industry standards. This results in total net demand, less leasing of existing space to reach a sustainable vacancy rate, of 132,000 to 406,300 square feet for the Study Area through 2040.

Light Industrial

The Inner Loop North Study Area hosts a concentration of light industrial space. The area is home to large wholesale distribution centers for FIFCO USA (Genesee Brewery) and Coca-Cola Vending, as well as smaller businesses seeking easy access to the interstates via the Inner Loop. Many of the buildings are fully occupied but are reaching obsolescence based on more modern standards. Urban revitalization efforts rarely focus on light industrial as a component of future land use but given the nearly 20.0% share of the region’s Wholesale Trade and Transportation & Warehousing jobs are in the Study Area, it is important to incorporate this inventory in future visions.

This section presents industrial performance measure trends including completions, net absorption, vacancy and average rent per square foot for the larger Rochester market, as well as the Central Rochester Submarket (as defined by REIS). Trends are for warehousing and distribution space, the most common in the Study Area. As shown in Figure 8, the Central Rochester Industrial Submarket varies slightly from other markets defined by REIS. It includes the entire Study Area and is bounded roughly by I-390 to the west and south, Lake Ontario to the north, and I-590 to the east.

Figure 9: Central Rochester Industrial Submarket

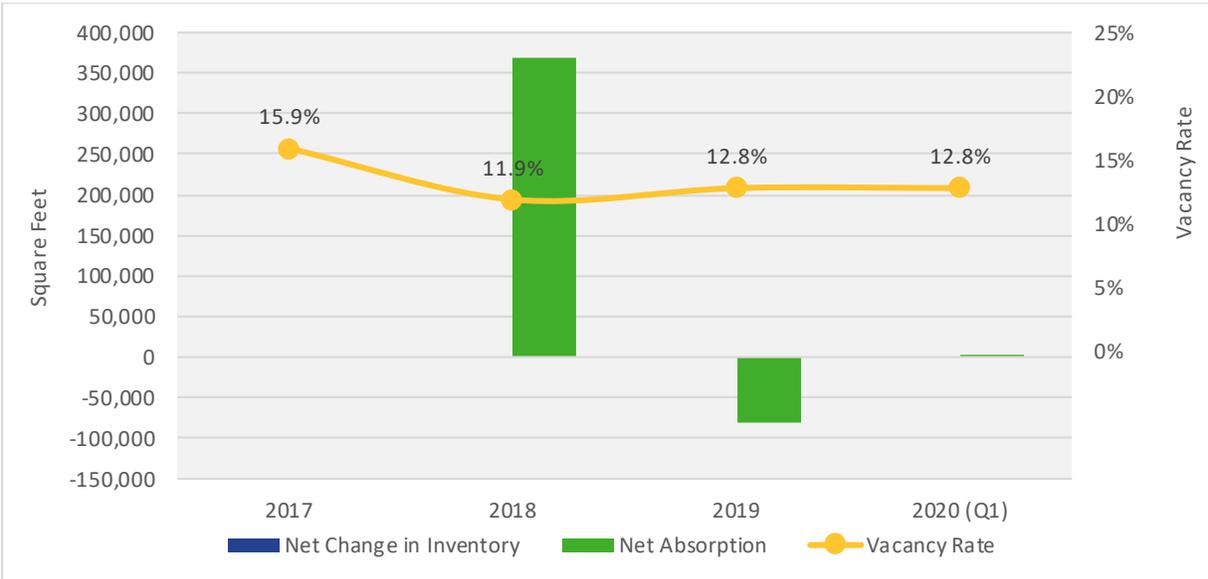


LIGHT INDUSTRIAL OVERVIEW

As of first-quarter 2020, the Rochester Central Submarket had nearly 10 million square feet of warehouse and distribution space in 93 buildings. Like other commercial sectors, REIS only includes non-owner-occupied buildings in their inventory. As shown in **Graph 29**, there has been no new space added to the Submarket since 2017 when REIS began tracking this sector in Rochester. Annual net absorption totaled 292,000 square feet of space leased, primarily concentrated in 2018. It should be noted that the Central Submarket comprises more than one-half of Monroe County’s total inventory (18.9 million square feet). It also represented nearly all the net absorption since 2017.

Vacancy in the Submarket has declined from 15.9% in 2017 to 12.8% in first-quarter 2020. This measure is roughly consistent with Monroe County, which has maintained an aggregate vacancy of between 12% and 14% in every annual period analyzed.

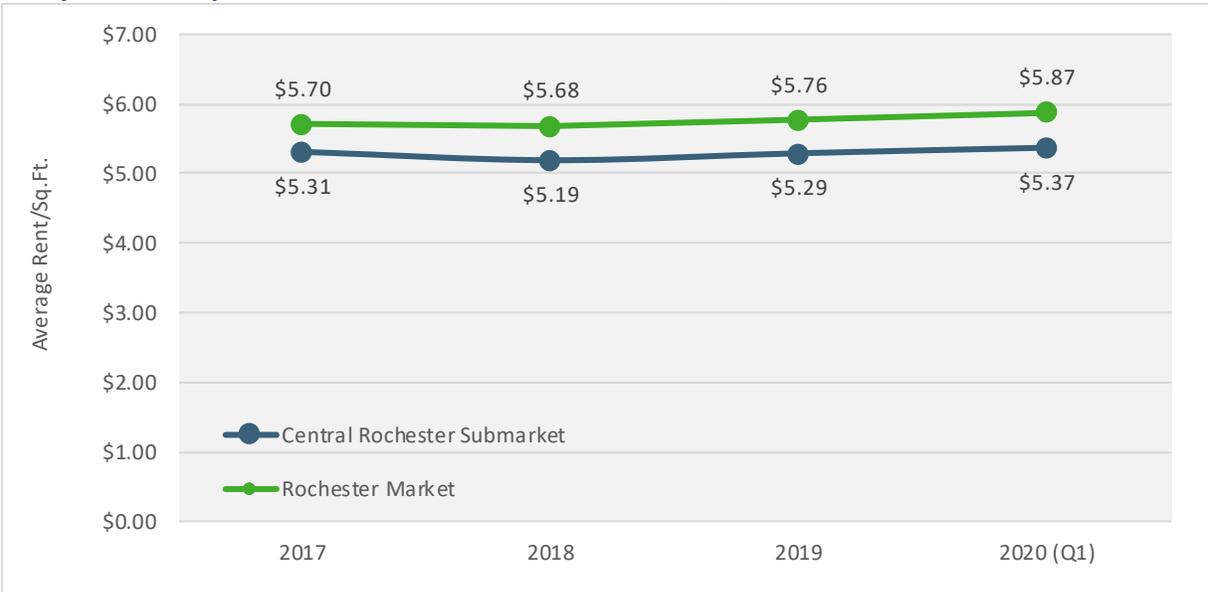
Graph 29: Vacancy Rate Trends, Rochester Central Submarket, 2017-2020



Source: REIS; Kimley-Horn

As shown in **Graph 30**, rents in the Central Rochester Submarket for light industrial space are slightly less than those reported for Monroe County. Light industrial space rents in the Submarket increased from \$5.31 per square foot in 2017 to \$5.37 in first-quarter 2020.

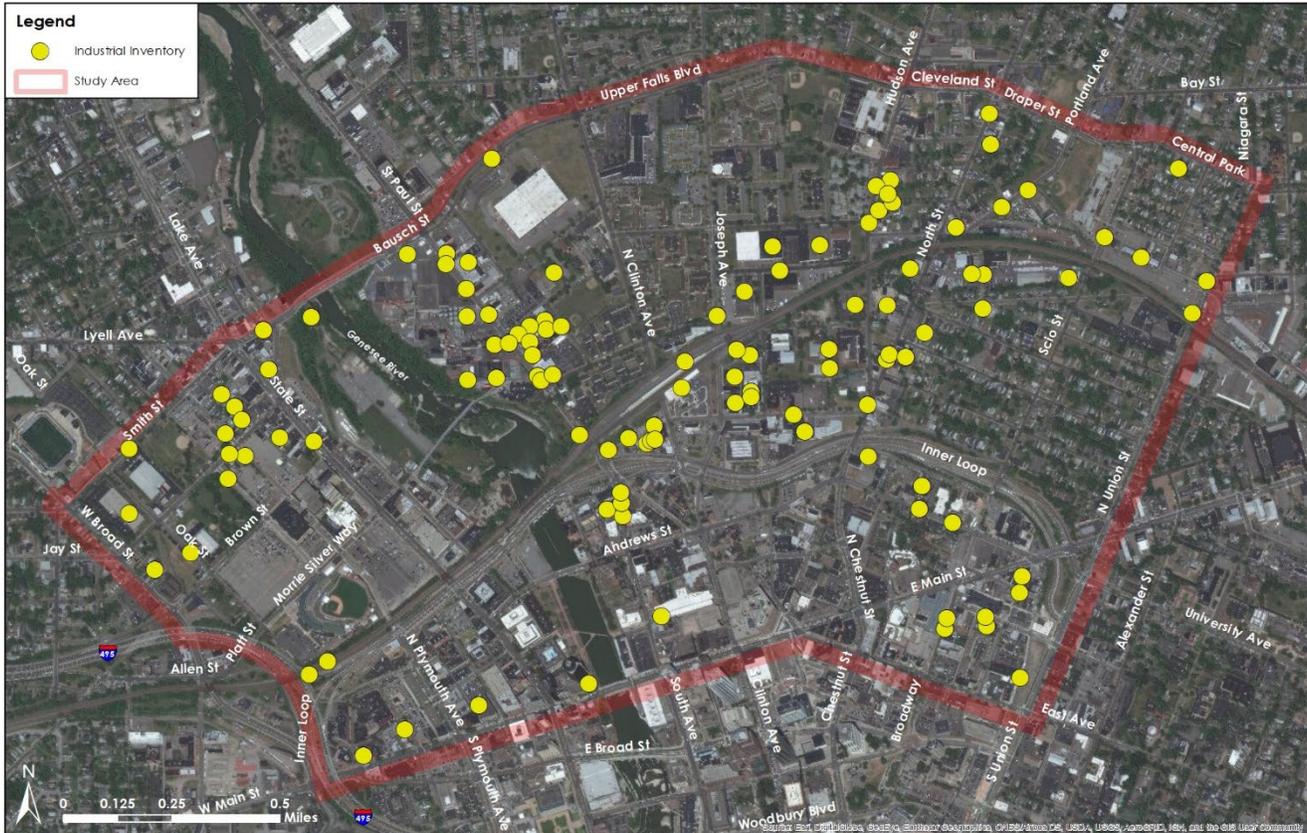
Graph 30: Comparison of Industrial Lease Rate Trends, 2017-2020



Source: REIS; Kimley-Horn

Data on individual buildings in the Study Area is limited as many are owner-occupied. Based on data provided by REIS, the Study Area hosts approximately 2.5 million square feet of light industrial space, including rental and owner-occupied buildings. This total includes some of the larger facilities, owned by FIFCO and Coca-Cola. As shown on **Figure 10**, the light industrial buildings are primarily concentrated north of the Inner Loop, primarily east of the Genesee River.

Figure 10: Inner Loop North Study Area Light Industrial Inventory



LIGHT INDUSTRIAL DEMAND FORECAST

Like office demand, light industrial forecasts for the Study Area are based on employment growth projected for Monroe County through 2040. New industrial jobs in Monroe County are based on shares of industrial-occupying employees by industry. These shares range from 0% for Financial Activities and Professional-focused Services to 90% for Manufacturing and Wholesale Trade.

IMPACT OF COVID-19 ON LIGHT INDUSTRIAL DEVELOPMENT

Light industrial development, particularly warehouse and distribution space, has been bolstered by the COVID-19 pandemic, largely driven by the increase in online shopping as brick and mortar retailers closed. Pre-pandemic, the light industrial sector had been experiencing strong growth as people sought to obtain their online orders quicker and distribution companies competed to address last-mile distribution gaps. This trend is expected to continue in the short- and long-term.



INDUSTRIAL-OCCUPYING EMPLOYMENT FORECAST

To forecast the increase in office-occupying employment, industrial shares were applied to each industry projection for Monroe County. Between 2020 and 2040, Monroe County is projected to have an increase of more than 1,700 industrial-occupying employees under the low-growth scenario, equating to a growth rate of 2.4% (Table 17). Office-occupying jobs in Wholesale Trade is expected to represent 35% of the County-wide increase. Using a similar methodology, the 13,400 jobs forecasted under the high-growth scenario would result in the creation of 2,950 industrial-occupying jobs.

Table 15: Low-Growth Industrial-Occupying Job Forecast, Monroe County, 2020-2040

| Industry | Industrial Share | 2020-2040 Δ | | | |
|---|------------------|---------------|---------------|--------------|-------------|
| | | 2020 | 2040 | # | % |
| Forestry, Fishing, and Related Activities | 5.0% | 25 | 27 | 2 | 7.9% |
| Mining | 5.0% | 7 | 7 | 0 | -3.6% |
| Utilities | 25.0% | 203 | 195 | -8 | -3.8% |
| Construction | 15.0% | 2,204 | 2,253 | 49 | 2.2% |
| Manufacturing | 90.0% | 34,720 | 35,114 | 394 | 1.1% |
| Wholesale Trade | 90.0% | 11,304 | 11,925 | 621 | 5.5% |
| Retail Trade | 10.0% | 3,855 | 3,841 | -14 | -0.4% |
| Transportation and Warehousing | 40.0% | 3,080 | 3,373 | 292 | 9.5% |
| Information | 65.0% | 4,246 | 4,371 | 125 | 3.0% |
| Finance and Insurance | 0.0% | 0 | 0 | 0 | 0.0% |
| Real Estate and Rental and Leasing | 0.0% | 0 | 0 | 0 | 0.0% |
| Professional and Technical Services | 0.0% | 0 | 0 | 0 | 0.0% |
| Management of Companies and Enterprises | 0.0% | 0 | 0 | 0 | 0.0% |
| Administrative and Waste Services | 15.0% | 3,787 | 3,966 | 179 | 4.7% |
| Educational Services | 5.0% | 1,375 | 1,395 | 20 | 1.4% |
| Health Care and Social Assistance | 5.0% | 3,438 | 3,464 | 26 | 0.8% |
| Arts, Entertainment, and Recreation | 5.0% | 350 | 367 | 17 | 4.8% |
| Accommodation and Food Services | 5.0% | 1,410 | 1,447 | 38 | 2.7% |
| Other Services | 10.0% | 1,247 | 1,269 | 22 | 1.8% |
| Government | 5.0% | 2,393 | 2,412 | 18 | 0.8% |
| Total | | 73,643 | 75,424 | 1,781 | 2.4% |

Source: Woods & Poole; Kimley-Horn

MONROE COUNTY LIGHT INDUSTRIAL DEMAND

Forecasted industrial-occupying jobs have been used to estimate square footage demand for Monroe County. Estimates for industrial demand are based on an average of 600 square feet per employee. Square feet per

employee estimates vary from 300 square feet to 1,000 square feet, depending on use. Typically, Manufacturing and Wholesale Trade sectors require the most industrial space per employee. This analysis focuses on the later.

Monroe County is forecasted to add between 1,781 and 2,958 new industrial-occupying jobs between 2020 and 2040 depending on growth scenario. At an average space per employee of 600 square feet, this finding equates to demand of nearly 1.1 million square feet of new industrial space for the low-growth scenario and 1.8 million square feet for the high (Table 18). Additionally, it is important to account for vacant space to support inter- and intra-market moves. This analysis assumes an average vacancy rate of 10% to determine total net new industrial space demand, roughly consistent with the market-wide measure. Applying this vacancy rate, Monroe County could support 1.2 to 1.9 million square feet of new industrial space through 2040.

Table 16: Light Industrial Demand Forecast, Monroe County, 2020-2040

| Measure | Net New Industrial Demand | |
|------------------------------------|---------------------------|------------------|
| | Low-Growth | High-Growth |
| Industrial-Occupying Jobs | 1,781 | 2,958 |
| Square Feet/Employee | 600 | 600 |
| Net Demand (Sq.Ft.) | 1,068,630 | 1,775,010 |
| Vacancy Rate | 10.0% | 10.0% |
| Net Industrial Space Demand | 1,175,493 | 1,952,511 |

Source: Woods & Poole; Kimley-Horn

STUDY AREA LIGHT INDUSTRIAL DEMAND

When considering an appropriate capture rate for the next 20 years, this analysis relies on the Study Area’s share of total industrial-occupying jobs when compared to the County. Additionally, it considers the urban nature of the area, transportation accessibility, and access to labor force. Over the last five years, the Study Area accounted for approximately one-third of the County-wide industrial-occupying jobs inventory. This analysis assumes that the Study Area could capture 10% of the forecasted County demand under the low scenario and 15% for the high-growth scenario. Based on these capture rates, the Study Area could generate demand for over 117,549 to 292,877 square feet of net new light industrial space over the next 20 years (Table 19).

Table 17: Light Industrial Demand Forecast, Study Area, 2020-2040

| Measure | Net New Industrial Demand | |
|------------------------------------|---------------------------|----------------|
| | Low-Growth | High-Growth |
| Monroe County Total | 1,175,493 | 1,952,511 |
| Capture Rate | 10% | 15% |
| Net Industrial Space Demand | 117,549 | 292,877 |

Source: Woods & Poole; Kimley-Horn

Future Demand Summary

Based on demand forecasts for the various real estate sectors, the Study Area could support a variety of land uses through the 20-year planning horizon (Table 20). Demand is most heavily weighted towards residential and

office opportunities in the short-term. The success of future retail development hinges on bringing more residents to the area to increase rooftops and consumer spending potential. Light industrial will likely be incremental, with a portion of the demand supporting a revitalization of existing space in the area.

**Table 18: Demand Forecast Summary,
Study Area, 2020-2040**

| Real Estate Sector | Measure | 2020-2040 Demand | |
|-------------------------|-------------|------------------|-------------|
| | | Low-Growth | High-Growth |
| Residential | Units | 1,186 | 2,111 |
| Retail | Square Feet | 27,477 | 54,561 |
| Office | Square Feet | 132,110 | 406,288 |
| Light Industrial | Square Feet | 117,549 | 292,877 |

Source: Kimley-Horn

Study Area Opportunities

The Study Area is approximately 1.6 square miles in size, but offers tremendous diversity in demographic and economic metrics, land use mix, and development intensities. For this reason, key development considerations are presented for four separate sub-areas. The sub-areas, shown in **Figure 11**, are referenced in this section based on their location within the Study Area:

- **South:** This sub-area incorporates the northern half of Rochester’s central business district. It is roughly bounded by I-490 on the west, W. Main Street to the south, N. Union Street to the east, and the Inner Loop to the north.
- **Northwest:** The northwest area includes the High Falls neighborhood, the Kodak Tower Campus, and Frontier Field. The boundaries are W. Broad Street to the west, Smith Street to the north, the Genesee River to the west, and the Inner Loop to the south.
- **North Central:** North central includes a mix of light industrial uses, as well as residential and Rochester’s downtown train station. The north central sub-area is bounded by the Genesee River to the west, Upper Falls Boulevard to the north, Hudson Avenue to the east, and the Inner Loop to the south.
- **Northeast:** The northeast sub-area is largely comprised of the North and South Marketview Heights residential neighborhoods. The area is bounded by Hudson Avenue on the west, Draper Street/Central Park on the north, N. Union Street to the east, and the Inner Loop to the south.

Figure 11: Inner Loop North Analysis Sub-areas



South Sub-area

The south sub-area encompasses the northern portion of Rochester’s central business district. It is bisected by the Genesee River and bounded to the north by the Inner Loop, two features that create connection challenges between this sub-area and the others within the Study Area. Representing roughly half of the area known as Downtown Rochester, the south sub-area is an important economic anchor of the region, hosting a notable concentration of professional and government office buildings.

The area attracts a large inflow of employees commuting in for work, increasing the daytime population significantly. The ROC the Riverway initiative has supported investment strategies along the Genesee River. Private investment has recently been focused on multifamily residential, targeting young professionals and empty nesters to an area that offers a live-work-play environment.

POPULATION CHARACTERISTICS

The South sub-area had **2,685** residents in 2019, making up 36.5% of the Study Area total.

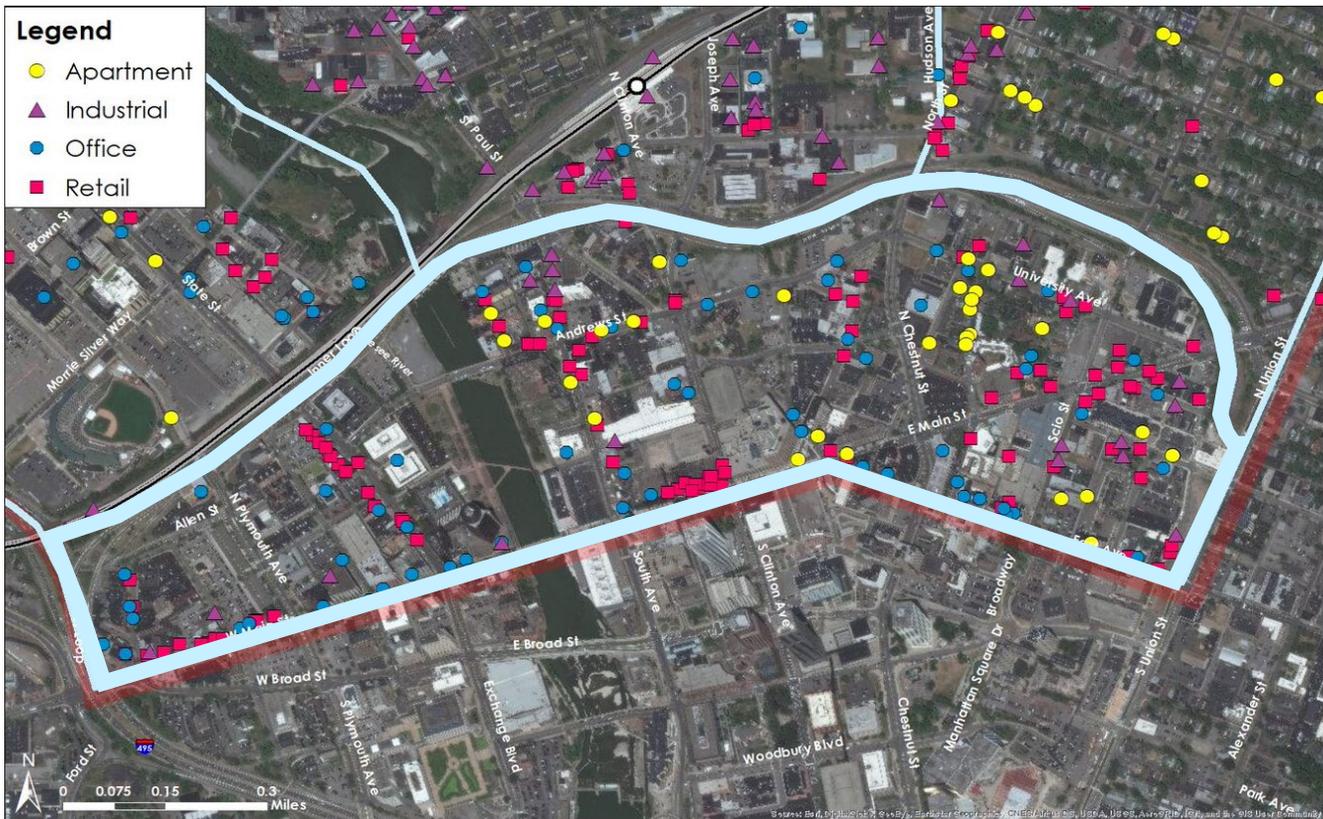
The sub-area’s median age is **34.7** years, lower than the Study Area’s median of 36.1.
57.3% residents are younger than 35 years.

Median household income of **\$14,344** is lower than the Study Area’s median of \$15,421.
70.9% households earn less than \$35,000.

The South sub-area’s Diversity Index of **73.6** is lower than the Study Area’s score of 83.8.

Average household size is **1.96**, slightly larger than the Study Area’s average of 1.85.

Figure 12: Inner Loop North – South Sub-area



ECONOMIC CHARACTERISTICS

The South sub-area hosted **11,597** jobs in 2019, representing almost half of the Study Area total.

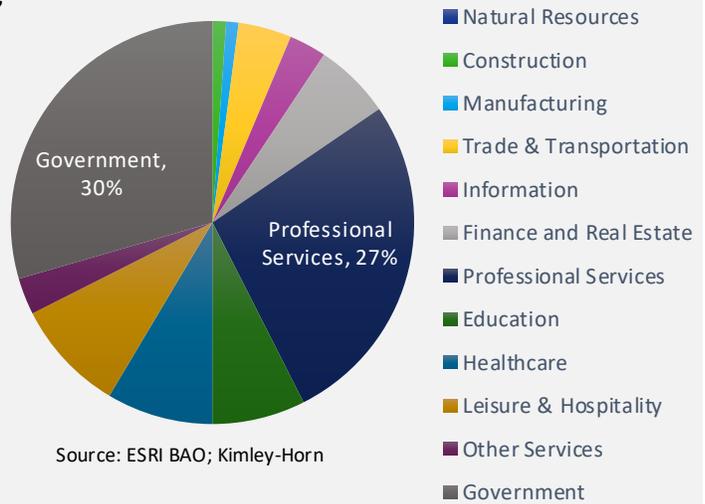
The sub-area's jobs to household ratio was **7.47**.

Daytime population increases to **12,805**, from strong in-commuting pattern.

42.4% of residents have earned a degree beyond a High School Diploma.

Largest industry sectors are **Government** and **Professional Services**.

Share of Total Jobs, South Sub-area, 2019



Source: ESRI BAO; Kimley-Horn

Consistent with other urban cores across the United States, Downtown Rochester has experienced reinvestment in recent years, attracting both new construction and renovation of existing buildings. Downtown has also been able to leverage the success of the first Inner Loop project, which was used as a catalyst to attract new residential projects.

Demand for urban living has experienced strong momentum as both young professionals and empty nesters seek to live in culturally-rich areas that offer a wider range of mobility options. Opportunities in the South sub-area are diverse. Residential, retail, and office space represent key real estate potential serving residents, employees, and visitors. While the retail market in Downtown has historically been limited, future potential could be supported through the development of new residential units.

The area will remain an important employment node for the region. As companies seek locations that are effective in attracting young talent, many are looking at urban locations. Enhancing access to open space and investing in streetscape improvements will support greater connectivity in the South sub-area to improve quality of life for residents and visitors alike.



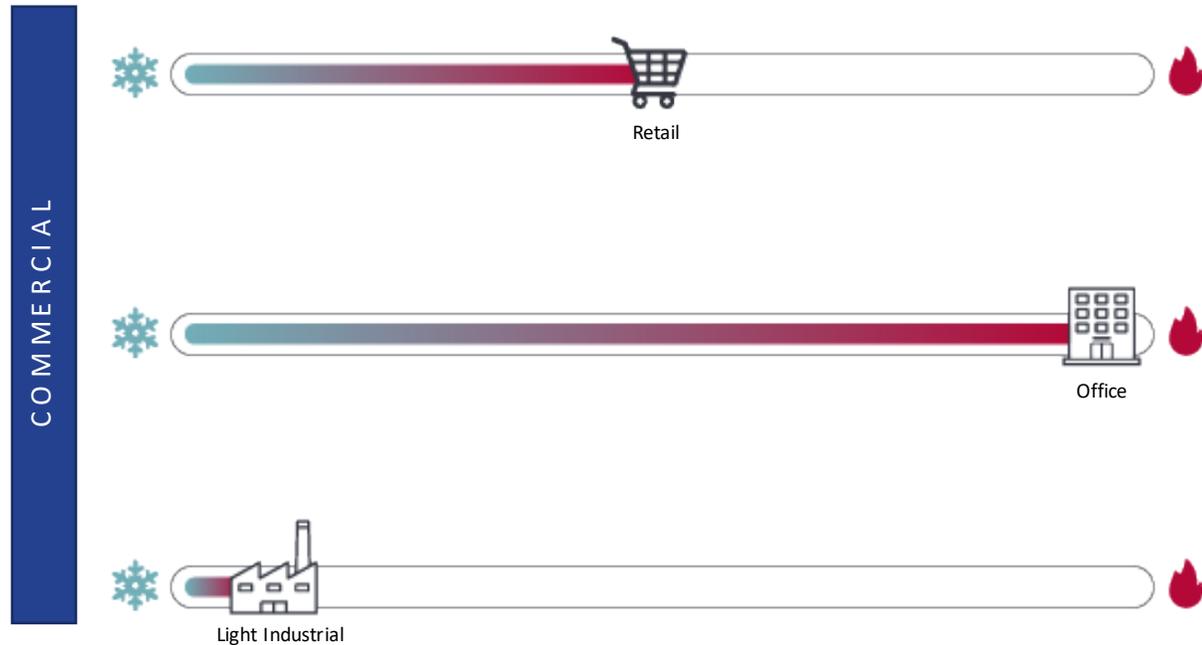
Source: Pic of the Day, Rochester, New York: Vibrant Downtown



Source: US News Real Estate

SUB-AREA OPPORTUNITIES

The following graphics demonstrate development opportunities for the South sub-area by real estate sector. Sectors that are “cold” are either not an appropriate for the sub-area based on access, visibility, established densities, and land use pattern or would likely require incentivization. Sectors identified as “hot” will naturally gravitate to the sub-area and are likely to be driven by private investment.



Northwest Sub-area

The Northwest sub-area is generally located north of the Inner Loop and west of the Genesee River. The area is anchored by the Kodak Tower Campus, hosting the corporate headquarters for Kodak. As the format of Kodak’s business has evolved, they have downsized from this location, leaving nearly 800,000 square feet of office space vacant. Monroe Community College and CareStream have occupied buildings at the campus, leasing a combined one million square feet of space. The area is also home to Frontier Field, home to the Rochester Red Wings minor league baseball team.

The High Falls neighborhood sits on the banks of the Genesee River and has gained momentum in recent years as a ‘hidden gem’ of the City. The area hosts residential, office, and entertainment uses, and offers connection across the River via a pedestrian bridge. Other revitalization efforts have started in this area, but mobility options, open space offerings, and streetscape design are limited.

POPULATION CHARACTERISTICS

The Northwest sub-area had only **318** residents in 2019, the smallest portion of the Study Area total.

The sub-area’s median age is **31.4** years, lower than the Study Area’s median of 36.1.

57.4% residents are younger than 35 years.

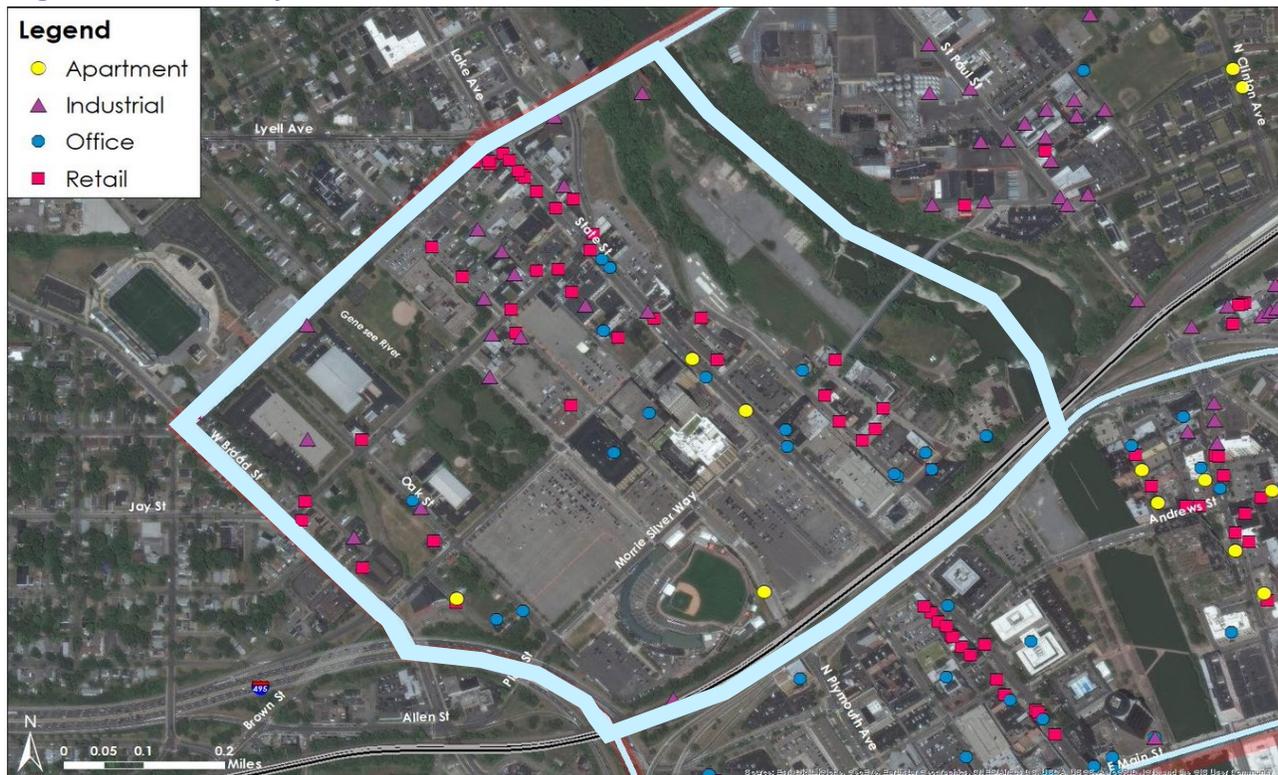
Median household income of **\$19,259** is higher than the Study Area’s median of \$15,421.

77.6% households earn less than \$35,000.

The Northwest sub-area’s Diversity Index of **83.0** is consistent with the Study Area’s score of 83.8.

Average household size is **1.98**, slightly larger than the Study Area’s average of 1.85.

Figure 13: Inner Loop North – Northwest Sub-area



ECONOMIC CHARACTERISTICS

The Northwest sub-area hosted **9,235** jobs in 2019, representing 38% of the Study Area total.

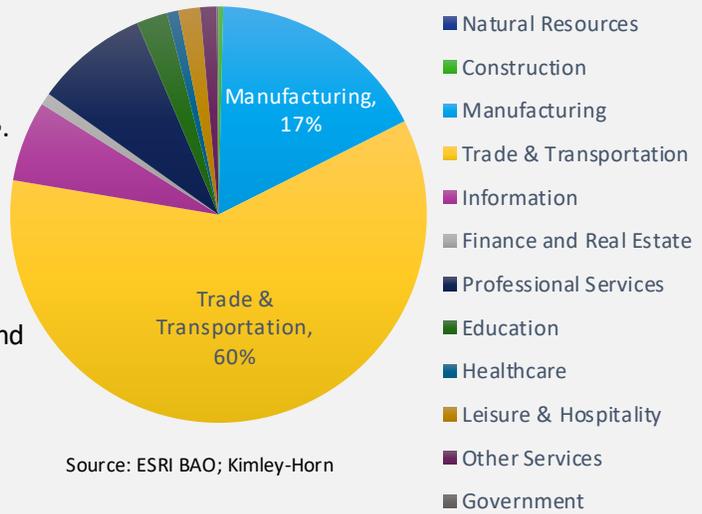
The sub-area’s jobs to household ratio was **57.4**.

Daytime population dramatically increases to **11,904** from a strong in-commuting pattern.

37.3% of residents have earned a degree beyond a High School Diploma.

Largest industry sectors are **Trade** and **Manufacturing**.

Share of Total Jobs, Northwest Sub-area, 2019



Source: ESRI BAO; Kimley-Horn

The Northwest sub-area has undergone a significant transformation, from a major employment node driven by the corporate headquarters of a single employer, Kodak, to a more diverse employment base supporting new businesses and a higher-education facility. During stakeholder interviews performed for this project, several people noted this as a ‘hidden gem’ of the City.

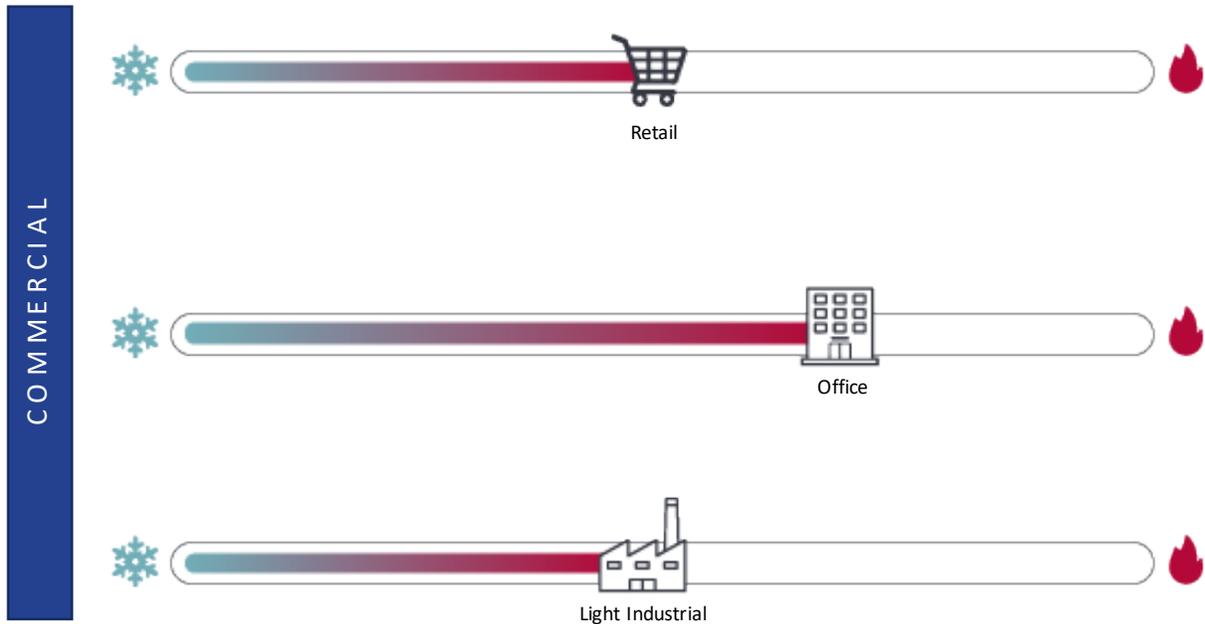
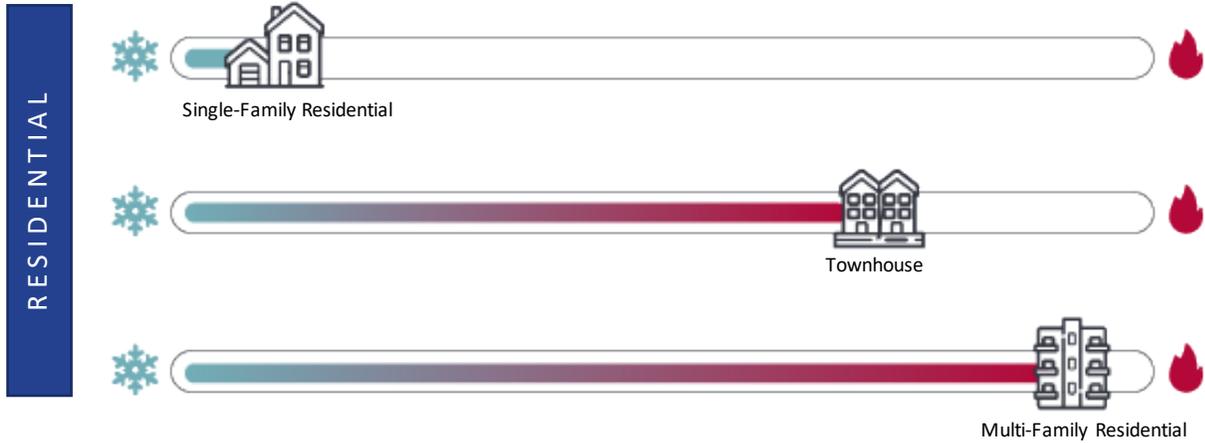
Revitalization efforts have brought new residential units and commercial space to the Northwest sub-area. High Falls offers expansive views of the Genesee River and a pedestrian bridge with access to additional entertainment at the brewpub.

Given the significant amount of employment space in the area, as well as a minor league baseball stadium, the area hosts a vast amount of surface parking lots. The Kodak campus and surrounding areas are not well connected, and pedestrian accessibility is challenged by a lack of streetscape, design, and open space. Office space in the area directly competes with downtown product, which offers a more urban land use pattern with increased connectivity. With new investment, this area would be ripe to attract a wide range of real estate sectors and the surface parking lots represent opportunities for redevelopment by leveraging shared parking strategies.



SUB-AREA OPPORTUNITIES

The following graphics demonstrate development opportunities for the Northwest sub-area by real estate sector. Sectors that are “cold” are either not an appropriate for the sub-area based on access, visibility, established densities, and land use pattern or would likely require incentivization. Sectors identified as “hot” will naturally gravitate to the sub-area and are likely to be driven by private investment.



North Central Sub-area

The North Central sub-area is a diverse area located between the Genesee River (to the west) and long-established single-family neighborhoods to the east. The Inner Loop, as well as an active rail line act as barriers to mobility and accessibility within this sub-area and to other areas of the Study Area.

Immediately north of the Inner Loop, the North Central sub-area hosts a large concentration of light industrial buildings, supporting a high share of trade and transportation jobs. As you travel north towards Upper Falls Boulevard, the area becomes more residential in nature with several multi-family communities representing naturally occurring affordable and subsidized housing stock.

Reinvestment of the Genesee Brewhouse and construction of a modern Amtrak station has brought new visitors to the sub-area. The area does not offer significant open space or streetscape design that supports easy accessibility to existing neighborhoods or businesses.

POPULATION CHARACTERISTICS

The North Central sub-area had **1,996** residents in 2019, 27.2% of the Study Area total.

The sub-area's median age is **28.3** years, lower than the Study Area's median of 36.1.

43.5% residents are younger than 35 years.

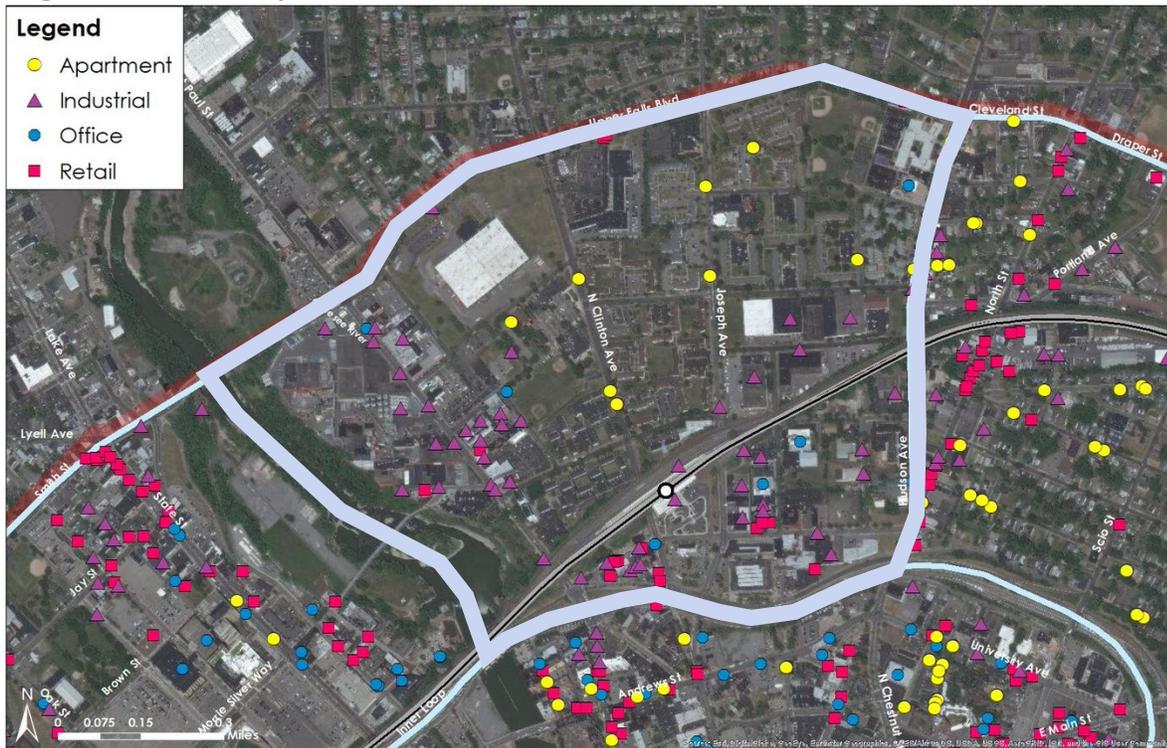
Median household income of **\$16,619** is higher than the Study Area's median of \$15,421.

77.0% households earn less than \$35,000.

The North Central sub-area's Diversity Index of **82.6** is consistent with the Study Area's score of 83.8.

Average household size is **2.64**, larger than the Study Area's average of 1.85.

Figure 14: Inner Loop North – North Central Sub-area



ECONOMIC CHARACTERISTICS

The North Central sub-area hosted **2,707** jobs in 2019, representing 11.1% of the Study Area total.

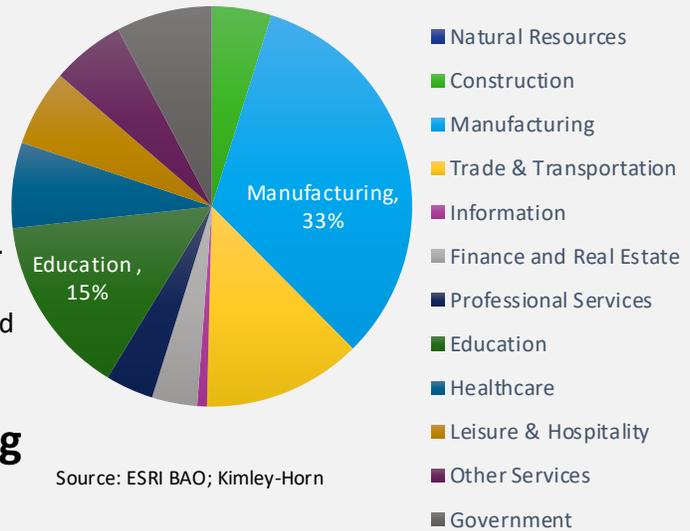
The sub-area's jobs to household ratio was **3.72**.

Daytime population is consistent with full-time residents indicating a balanced commuting pattern.

27.7% of residents have earned a degree beyond a High School Diploma.

Largest industry sectors are **Manufacturing** and **Education**.

Share of Total Jobs, North Central Sub-area, 2019



Source: ESRI BAO; Kimley-Horn

The North Central sub-area represents a diverse mixture of land uses, bisected by an active rail line which has created physical and psychological barriers to employees and residents. Recent investment activity has been focused along the riverfront with the addition of the new Genesee Brewhouse. The City and the brewery have co-promoted events at the adjacent High Falls Terrace Park, increasing visitors to the area. The area also has a new train station for Amtrak service. Beyond these nodes, there has been little new investment in recent years.

The concentration of light industrial space supports a range of businesses, including manufacturing, warehousing, and distribution. Most of the buildings are older, serving long-time tenants. They may not be suitable for new businesses as modern building standards are evolving. Development of new light industrial space in this area would likely take the form of redevelopment of existing, obsolete buildings.

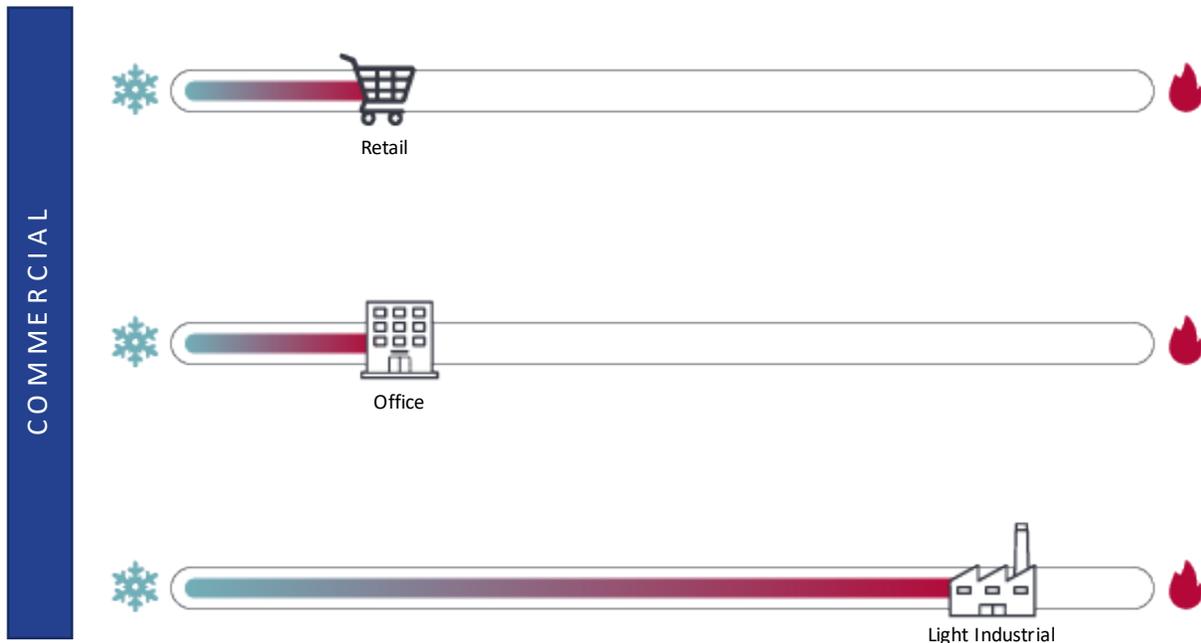
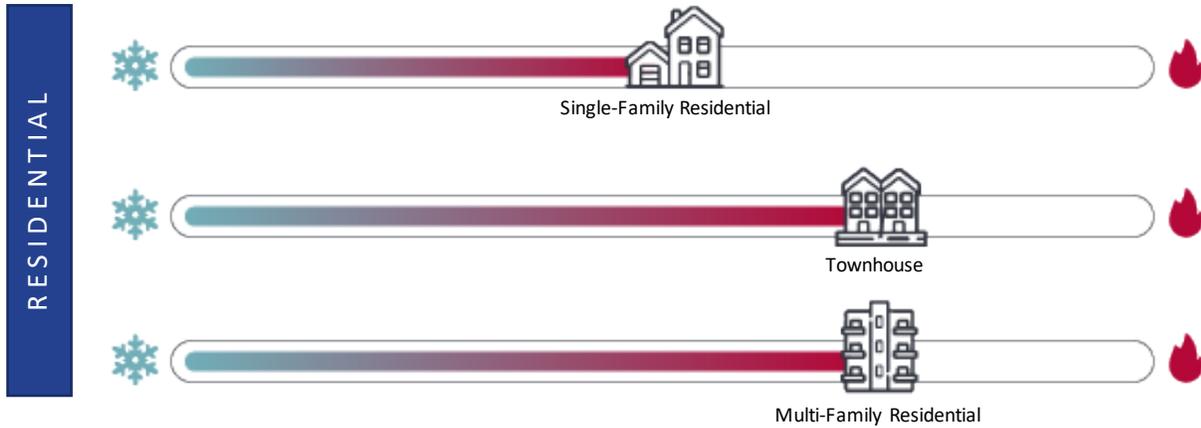
Residential uses, focused on the north side of the sub-area are primarily multifamily in nature, but represent lower-density communities with surface parking. Protecting and expanding safe housing options that are attainable to a range of income levels should be a focused goal for this area.

Creating new mobility options through sidewalk improvement and streetscape design, as well as creation of new open space options, will also be important public investments to spur development in this area and enhance quality of life for residents.



SUB-AREA OPPORTUNITIES

The following graphics demonstrate development opportunities for the North Central sub-area by real estate sector. Sectors that are “cold” are either not an appropriate for the sub-area based on access, visibility, established densities, and land use pattern or would likely require incentivization. Sectors identified as “hot” will naturally gravitate to the sub-area and are likely to be driven by private investment.



Northeast Sub-area

The Northeast sub-area is located north of the Inner Loop between Union Street and Hudson Avenue. It contains portions of the North and South Marketview Heights neighborhoods and is primarily residential in nature. The sub-area is bisected by a rail line that creates a physical and psychological barrier for mobility and accessibility.

Although the sub-area represents primarily residential land uses, there are businesses located along the rail corridor. Additionally, the Rochester Public Market is located immediately to the east of the area. The Public Market has gained momentum in recent years, not only offering a local farmers market, but also attracting several dining and entertainment options. The footprint of the Public Market has expanded as new retailers seek proximity. The area hosts School Number 53, serving children in the surrounding area. Although there has been activity near the Public Market, limited investment has recently occurred in the sub-area.

POPULATION CHARACTERISTICS

The Northeast sub-area had **2,344** residents in 2019, 31.9% of the Study Area total.

The sub-area's median age is **26.4** years, lower than the Study Area's median of 36.1.

47.5% residents are younger than 35 years.

Median household income of **\$15,860** is comparable to the Study Area's median of \$15,421.

85.0% households earn less than \$35,000.

The Northeast sub-area's Diversity Index of **84.8** is higher than the Study Area's score of 83.8.

Average household size is **2.45**, larger than the Study Area's average of 1.85.

Figure 15: Inner Loop North – Northeast Sub-area



ECONOMIC CHARACTERISTICS

The Northeast sub-area hosted **923** jobs in 2019, representing the smallest share of the total.

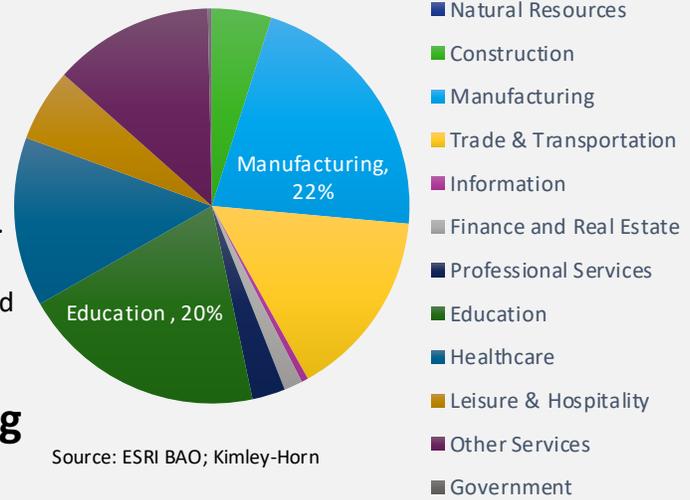
The sub-area's jobs to household ratio was **1.03**.

Daytime population is consistent with full-time residents indicating a balanced commuting pattern.

15.5% of residents have earned a degree beyond a High School Diploma.

Largest industry sectors are **Manufacturing** and **Education**.

Share of Total Jobs, Northeast Sub-area, 2019



Source: ESRI BAO; Kimley-Horn

Future land use patterns in the Northeast sub-area will be influenced by the single-family residential neighborhoods that have been long-established. This influence includes being considerate of adjacent uses along neighborhood edges. Similar to the North Central sub-area, Northeast is bisected by an active rail line, which combined with the Inner Loop corridor, creates severe mobility challenges for residents.

Development potential in this area will likely be driven by infill or redevelopment projects that are residential in nature. These projects should have a focus on providing quality housing to varying income levels. It should be noted that a major affordable housing investment, Upper Falls Square Apartments, was completed in this area, representing recent development momentum.

Public investments should be leveraged to increase the attractiveness of development in this area, including sidewalk improvements, access to open space, and streetscape design. These investments should focus on quality of life for the residents by creating safe and easy connections between the neighborhoods, Downtown Rochester, and the Public Market.



Source: CoStar



Source: Google Maps

SUB-AREA OPPORTUNITIES

The following graphics demonstrate development opportunities for the Northeast sub-area by real estate sector. Sectors that are “cold” are either not an appropriate for the sub-area based on access, visibility, established densities, and land use pattern or would likely require incentivization. Sectors identified as “hot” will naturally gravitate to the sub-area and are likely to be driven by private investment.



Conclusion

This document presents a comprehensive investigation of demographic, economic, and real estate measures for the Inner Loop North Submarket. The information contained herein will form the foundation for future planning efforts throughout the Transformation Planning Study process, ensuring that the vision for the area is grounded in market reality.

The Study Area is part of the dynamic urban core of the City of Rochester. As with downtowns in many cities across the United States, Rochester has experienced development momentum driven by private investment and public partnerships. Recent development in and around downtown Rochester has focused on a resurgence in demand for urban living, as well as companies seeking active and connected locations that can be leveraged to attract top talent. These trends will continue to shape the Study Area in the future.

Findings in this analysis demonstrate that the Study Area is poised to attract growth in a variety of real estate sectors. However, not all areas within the Study Area are created equal. Attracting investment and supporting momentum will be easier, and require fewer public incentives, in some areas than others. Creating attainable housing for a wide range of income levels, minimizing displacement of existing residents, and attracting economic development opportunities will require deliberate goals and strategies implemented by the City of Rochester, local agencies, stakeholders, and residents.

The forecasted demand for the Study Area falls short of the potential supply of new land that could be created through the transformation of the Inner Loop North corridor. This short fall should be leveraged as an opportunity to focus development potential in key catalytic areas while using the remaining land supply to address community needs like accessibility to goods and services, connectivity within the Study Area, and creating open space and recreation areas for residents, employees, and visitors alike.

This market analysis represents the first of two phases. Once alternatives for the corridor have been identified, findings from this analysis and other existing conditions reports will support the creation of a benefits cost analysis and value capture analysis. While the first phase report aims to inform future corridor alternatives, the second phase analyses will be one of many tools to select a preferred alignment and establish strategies for implementation.