Downtown Norfolk Housing Symposium

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COLLINS
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A Tradition of Distinctive Properties

Old Greenwich Gables
Old Greenwich, Connecticut

Collins Enterprises Mission –

"We Learn From History…"

- Third generation real estate company, based in New York area with a commercial and multi-family portfolio of over $200 million.
- Focus on urban redevelopment in growing employment centers and fringe cities.
- Concentrate on redevelopment opportunities in response to population trends, smart growth initiatives, our specialized skills for developing public/private partnerships in cities.
- Visionary yet realistic redevelopment strategies that fit into a market niche.
- Responding to the macro economic forces, not limited to producing a single product around the country.

The US Housing Market – "You have heard it said that nothing in life is certain except death and taxes...and demographics"

- Baby Boom generation is 85 million people in US with substantial wealth
- Wealth Factor is significant – transfer from old to young proceeding at a rate of $7.1 trillion/year with huge inheritances on the horizon sustaining the wealth growth for at least another 8 years
- Approximately 2.5 million/year US population growth
- Immigration may be restricted going forward, but today 1.1 million arrive every year.
- 54% go to 10 major cities – San Francisco, Washington, Boston, New York, Cleveland, Miami

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The US Housing Market – "You have heard it said that nothing in life is certain except death and taxes...and demographics"

- Virginia is ranked 17th in population growth with 1,000,000 more people moving-in – Zimmerman & Volk urges Norfolk to capture some of that growth.
- Households growing at a rate of 1.2 million/year
- Leading edge of the baby boomers now entering the empty nester stage – those born between 1946 and 1960 with an explosion of empty nesters over the next 10 to 15 years.

The City – An Opportunity

<u>The City</u>

- In the Northeast, the 2000 census information has shown that there was a 12% increase in the number of people living in cities, and the population growth of the suburbs slowed from previous decades.
- First ring suburbs become more diverse and big cities got bigger.
- ‘New urbanities’ is the label for an increasing number of childless couples, singles and gays, who are moving to the cities and creating demand for more households.

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Why Norfolk, VA –
"Life Celebrated Daily"

- Pro-business administration, larger master plan for redevelopment and financial incentives to get the city what it wants.
- Other cities don't know this formula so they generate a plan, but no incentives or there is political uncertainty, i.e., Hartford, CT. Norfolk was ready for prime-time.
- Norfolk to Washington, D.C. now is approaching the same density characteristics as a city, where Norfolk could become the anchor for the region.

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Why Norfolk, VA –
"Life Celebrated Daily"

- Norfolk is actively trying to position itself as a major market in the US which will continue to attract institutional employers, investors and buyers.
- Downtown Norfolk is the Hampton Roads urban employment center and now sees approximately 30,000 people commuting to downtown every day. Up from 1990 by 60% yet the growth of jobs must be one of the prime initiatives for economic development in downtown Norfolk.

The Heritage, PierPointe and River Park

The Heritage

- 184 - 1, 2, 3 bdrm rental apartments
- Rents underwritten at $1.03/sqft or $1066/mth; rents now at $1.19/sqft or $1200/mth
- No local equity or debt
- Built for higher costs than most apartments were selling for in the region
- Fully-leased since completion at 98%, managed by Drucker & Falk

continued…

The Heritage

Resident Profile

- Empty Nesters – 21%
- Professionals – 65%
- Other – 6%
- Military – 8%
- Over 80% of residents have income over $50,000/yr
- Primarily in the 20-50 year-old range
- Corporate apartments account for 10%
- Singles 52%
- Families 26%
- Couples 22%

PierPointe At Freemason Harbour

- 78 units – 2, 3 and 4 bedroom in 4 buildings
- Rebuilding the pier was necessary to build the project.
- Built for costs higher than any condominium in Freemason Harbour
- No comparable sales, so risks were substantial because rental prices would not support construction type.

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PierPointe At Freemason Harbour

- Average Sales prices started at $159/sqft and have increased to over $200/sqft today
- Sold by Nancy Chandler Associates

<u>Resident Profile</u>

- Empty Nesters – 31%
- Professionals – 54%
- Military – 3%
- Other – 12%
- Customizing of homes because most moving from house they have owned for many years.

Norfolk Housing Potential –

"The Boush Street Corridor"

- Zimmerman & Volk have targeted four primary areas for redevelopment opportunities in Norfolk – Ghent (Chrysler Hall and The Hague), Atlantic City, Charlotte Street and Boush Street.
- Boush Street corridor – the most immediate opportunity for downtown housing.
- Though market studies and plans have recommended that there is a demand for 1500 units in downtown, we believe more job growth downtown is necessary to support development on all these sites.

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Norfolk Housing Potential –
"The Boush Street Corridor"

<u>Plan for the Boush Street Corridor</u>

- Total of 150 to 200 studio, 1, 2, and 3 bedroom apartments along the Boush Street corridor.
- Combined public and private parking in garages.
- Retail emphasized at College and Freemason.
- Four stories creating urban streetscape similar to urban streets found in Europe.

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BOUSH STREET RESIDENTIAL

Norfolk, Virginia

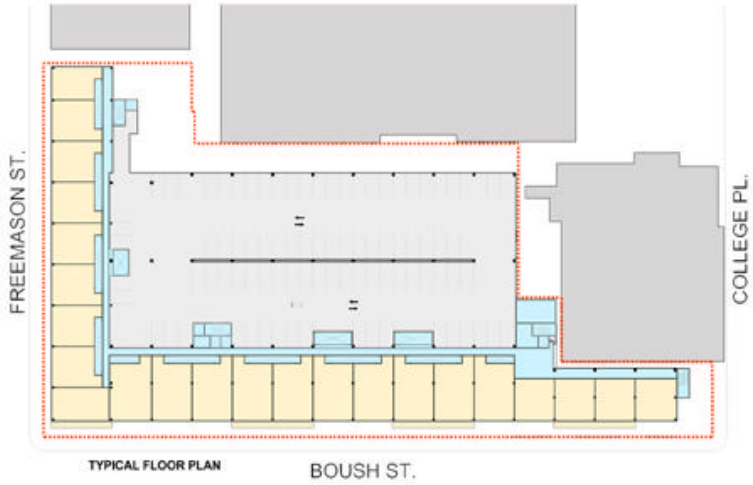
COLLINS

BOUSH STREET ELEVATION
COLLEGE SITE

EXTERIOR ELEVATIONS

CLAYCO

FORUM STUDIO



TYPICAL FLOOR PLAN

ROOF PLAN

Norfolk Housing Potential – Conclusion

Primary Redevelopment Criteria

- Leadership - Designate one department to work with developer early to generate a plan that fits with the urban fabric and design of Norfolk.
- City involvement - Needed for land assemblage, financial incentives, and infrastructure improvements.
- Critical mass - Blocks need to be large enough to build projects with densities and characteristics that qualify as institutional grade or Class A projects.
- Design Guidelines - Establish realistic redevelopment guidelines in the master plan for the targeted sites.
- Community – Encourage neighborhood input and participation to expedite approval process.