



EAST ALBANY PLAN MARKET ANALYSIS

**Prepared for
CITY of ALBANY
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I. HOUSING MARKET CONDITIONS

A. HOUSEHOLD GROWTH

Between 2000 and 2020, the city of Albany grew from an estimated 41,000 people to 56,500 people according to the US Census. Since 2000, the city has added an estimated average of 270 new households per year. In the last five years, that average has been over 320 new households per year.

Albany has a greater share of homeowner households than renter households. The 2019 American Community Survey (ACS) estimates that 59% of occupied units were owner occupied, and 41% renter occupied. The ownership rate in Albany has stayed stable since 2000.

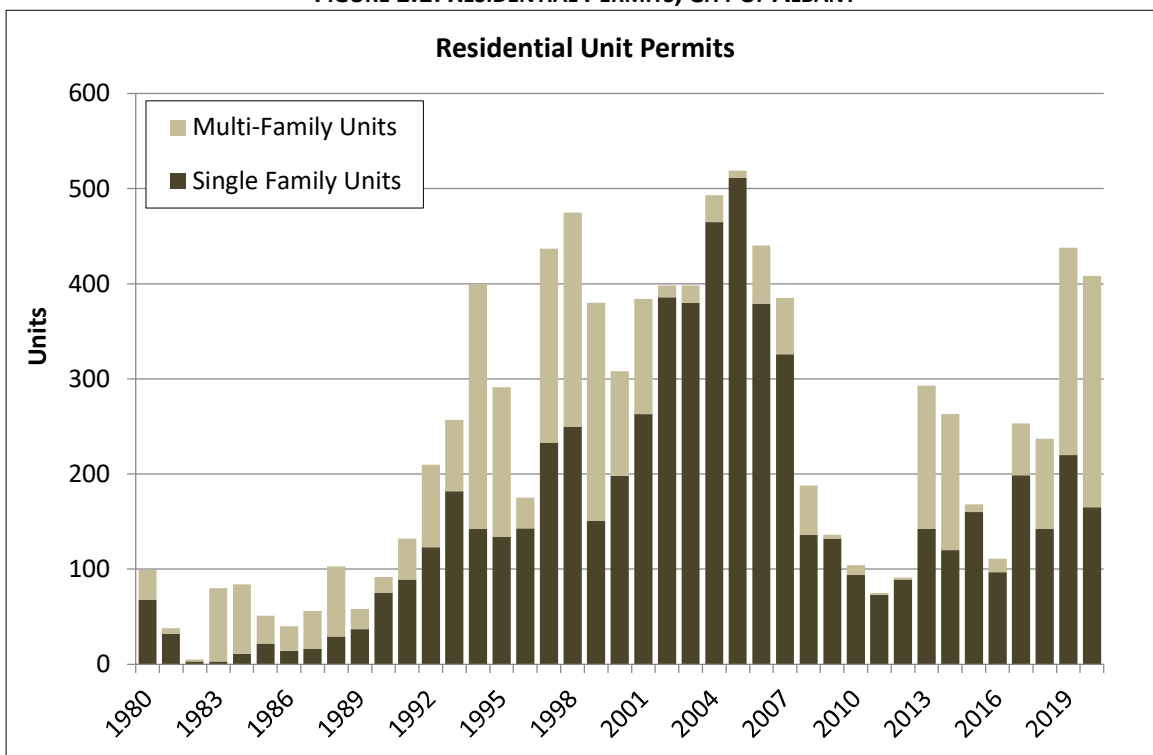
New households that move from outside of the county (i.e. that aren't moving between locations within the city), are more likely to be renters, at least initially. Among these new households, the share of renter households is 54%, compared to 41% for the overall population. At 54% of new households, this means that Albany has added over 170 new renter households per year in recent years, and 150 owner households.

B. HOUSING UNIT DEVELOPMENT

Since 2000, an estimated 6,100 housing units have been developed, or 290 units per year. Over 76% of these housing units are single family homes, while 23% are multifamily units.

The 1990's and turn of the century was a period of increased multi-family development in the city but was followed by modest development until 2013/14. An average of 67 multi-family units have been produced each year since 2000, however with much variation year to year (Figure 1.1).

FIGURE 1.1: RESIDENTIAL PERMITS, CITY OF ALBANY



Source: US Census, City of Albany, JOHNSON ECONOMICS



The past two years have been a period of increased multi-family development, with a total of 453 multi-family permits issued. Most of this development (284 units) was represented by the Timberridge Place Apartments phases 1 & 2 in East Albany.

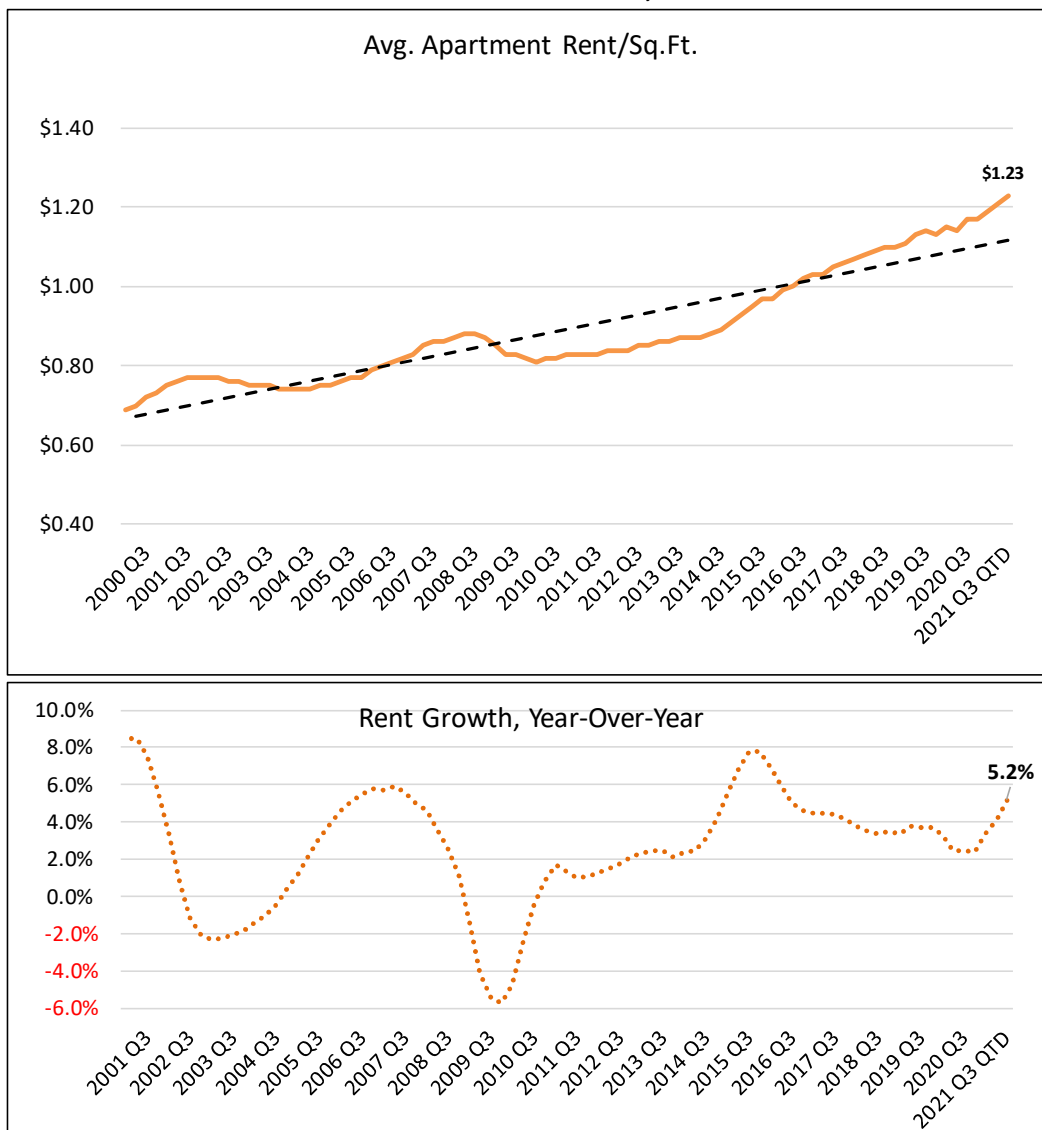
C. RENTAL APARTMENT TRENDS

Rent and Vacancy Trends

Average rents in Albany have climbed over the last two decades with some decline during the recessionary periods after 2001 and 2008. Since bottoming in 2010, the average rent-per-square-foot in the city has risen 44%, or 4.5% annually (Figure 1.2). Over the last five years, average annual growth has approached 5.5%.

The average rent is \$1.23/sq.ft. This includes rental properties of all ages and conditions. The achievable rent in newer properties is higher, at approximately \$1.50/sq.ft., but annual growth has been slower.

FIGURE 1.2: APARTMENT RENT TRENDS, CITY OF ALBANY

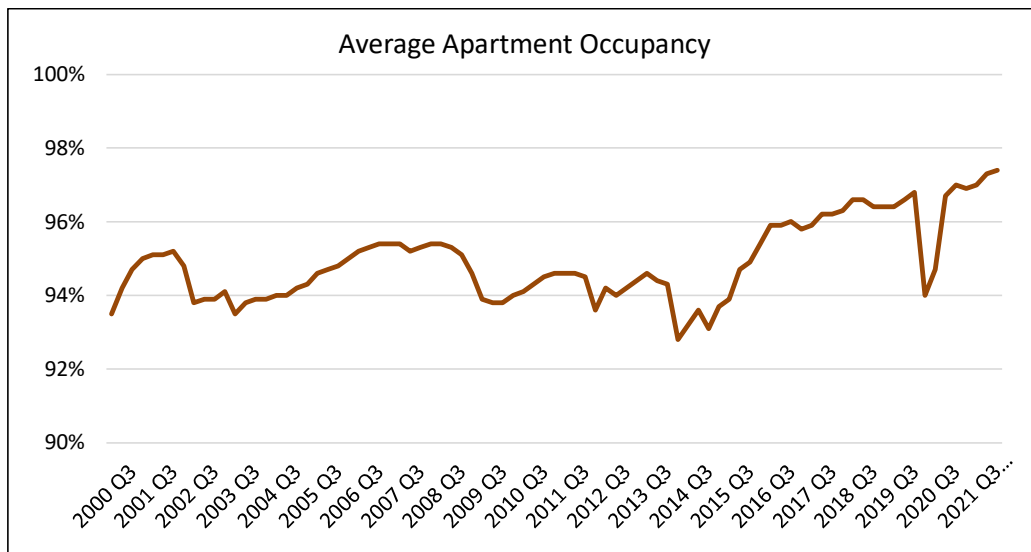


Source: CoStar, JOHNSON ECONOMICS



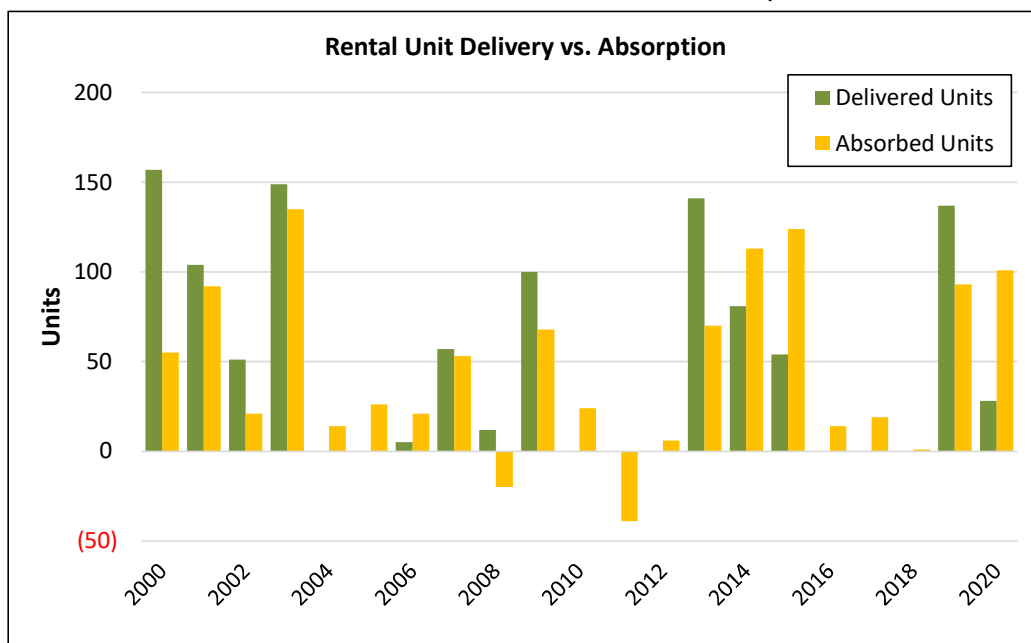
Average occupancy in Albany has remained stable for many years, averaging over 95% over the past 10 years (Figure 1.3). Average occupancy dipped in 2020 as new supply came to market but has since rebounded to an estimated 97%. Low vacancy has supported rent increases and driven demand for new properties since the 2008 recession.

FIGURE 1.3: OCCUPANCY TRENDS, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS

FIGURE 1.4: ANNUAL RENTAL UNIT DELIVERIES VS. ABSORPTION, CITY OF ALBANY



Source: CoStar, City of Albany, JOHNSON ECONOMICS

Apartment Absorption

Figure 1.4 compares annual deliveries of rental units to the estimated absorption. Since 2010, average annual absorption has outpaced average annual deliveries by roughly 20%. Over the ten-year period, there is much variation



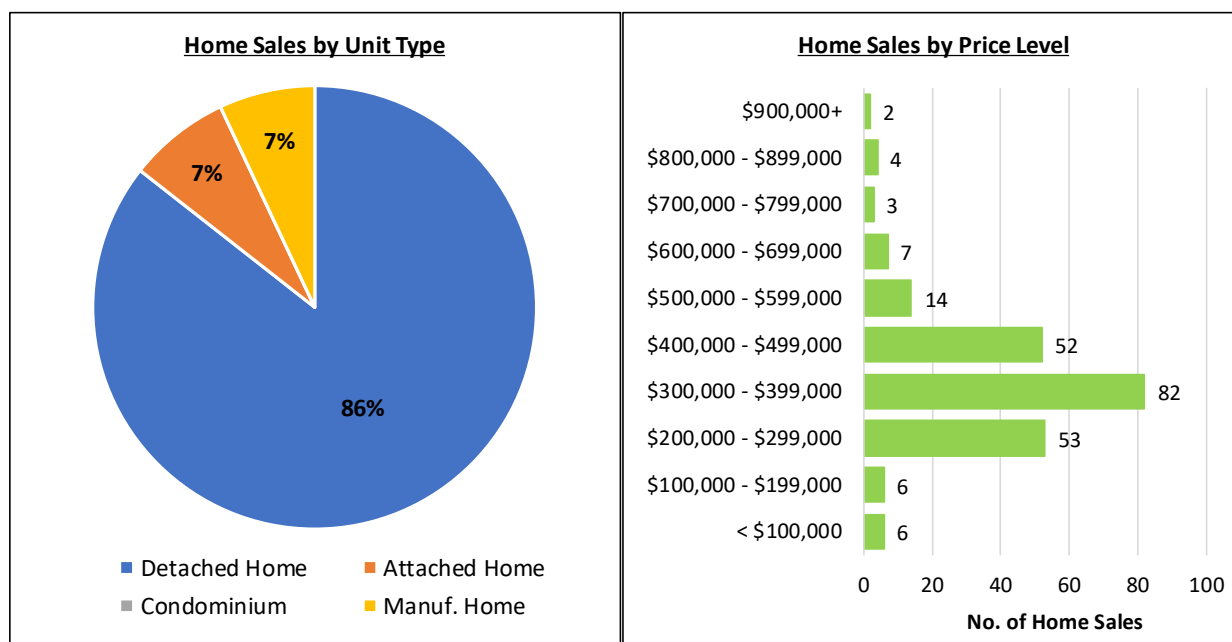
in both deliveries and absorption. However, years of heightened development have always been met with sufficient demand to absorb the new product.

D. HOME PRICE TRENDS

Figure 1.5 presents home sales data from the prior 12 months.

- According to RMLS, the city of Albany saw an estimated 229 sales in the prior 12 months.
- The average (mean) sale price was \$384,500 in Albany, with the median price was \$350,000.
- The median home sale price has risen an estimated 17% since completion of the Housing Needs Analysis in mid-2020, when the median sale price for the prior 12 months was just less than \$300,000.
- The median square footage was 1,585 s.f., with an average price per square foot of \$221/s.f.
- Homes sold for an average of roughly 3% over the original listed asking price.

FIGURE 1.5: ALBANY HOME SALES STATISTICS (SEPT. 2020 – AUG. 2021)



Sources: RMLS, JOHNSON ECONOMICS

- 23% of sales were priced between \$200,000 and \$299,000, down from 42% in the 2020 HNA.
- 36% of sales were priced between \$300,000 and \$399,000, roughly the same as the HNA.
- 36% of sales were priced at \$400,000 or more, up from 15% in the HNA.
- 5% of sales were priced below \$200,000, down from 9%.
- According to RMLS, the East Albany study area saw 34 sales in the prior 12 months, or 15% of the city's total sales.
- The median home price was \$382,000 in East Albany, 10% higher than the citywide median.

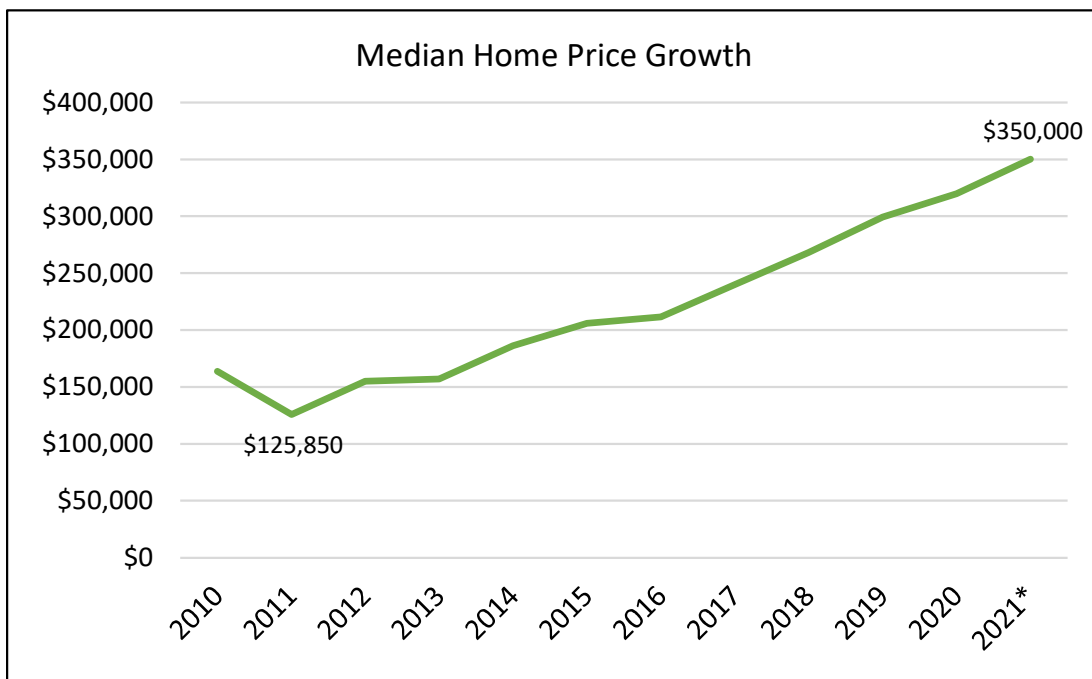


Affordability: As indicated, 59% of recent sales in Albany took place within the \$200,000 to \$400,000 price range. Homes in this range should be affordable to many households earning roughly \$50,000 to \$125,000 per year, assuming 15 percent down and 30-year loan at 5 percent. An estimated 45% of local households fall within these income segments.

Roughly 48% of households earn less than \$50,000 per year, meaning that the bulk of housing supply on the current for-sale market is likely too expensive for most of these households.

Price Growth: As Figure 1.6 presents, the median home price in Albany has grown from a low of \$125,000 following the recession of 2008/2009, to the current median of \$350,000. This is growth of 180% in a decade, or an average growth rate of 11% per year. Nationwide, the average annual growth over this period was an estimated 7%.

FIGURE 1.6: ALBANY HOME PRICE GROWTH



Sources: RMLS, JOHNSON ECONOMICS

E. HOUSING DEMAND & LAND SUPPLY

The 2020 HNA provided projected housing needs over a 20-year planning period. The projections include demand by housing unit type and estimated need for residential land by zone and acreage. The demand was presented within a range based on alternate growth rates.

The HNA projects a demand for 6,700 to 9,400 new housing units will be needed by 2040.

- Based on past trends and current zoning, 62% of the new units are projected to be single family detached homes, while 32% are projected to be some form of attached housing, and 6% are projected to be manufactured homes, RV or other temporary housing.
- Single family attached units (townhomes on individual lots) are projected to meet 7% of future need. These are defined as units on separate tax lots, attached by a wall but separately metered, the most common example being townhome units and duplexes.



- Duplex through four-plex units are projected to represent 11.5% of the total need. Duplex units would include a detached single-family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 14% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 6% of new needed units are projected to be manufactured home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 86% are projected to be single-family homes, and 9% manufactured homes. Only a few units are projected to be attached forms.
- About 72% of new rental units are projected to be found in new attached buildings, with 34% projected in rental properties of 5 or more units, and 27% in buildings of two to four units.

Figure 1.7 presents the findings of housing demand vs. buildable land supply in Albany, from the 2020 HNA.

FIGURE 1.7: COMPARISON OF FORECASTED FUTURE LAND NEED (2040) WITH SUPPLY

WITHIN CITY LIMITS		SUPPLY			DEMAND					
Zoning Districts	Typical Housing Types	Buildable Land Inventory			PSU Forecast (1.3%)		Alternate Forecast (1.7%)			
		Buildable Acres	Avg. Density units/ac	Unit Capacity	New Unit Need to 2040	Surplus (Deficit)		New Unit Need to 2040	Surplus (Deficit)	
						Units	Acres		Units	Acres
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS	Single-family detached; duplex	1,165	3.9	4,525	4,270	255	23	5,926	(1,401)	(359)
Med-Density: RS-5 attached, MUR, RM<1ac, WF<1ac, MUC, DMU, CB	Single-family Attached; Manuf. Home parks, 2-4 plexes	120	10.6	1,271	1,540	(269)	(25)	2,166	(895)	(84)
High-Density: RM, RMA, HD	Apartments, condos	115	21.0	2,418	920	1,498	71	1,305	1,113	53
TOTALS		1,397	5.6	7,829	6,730	1,484	69	9,398	(1,183)	(391)

Sources: ANGELO PLANNING GROUP, JOHNSON ECONOMICS, ALBANY HOUSING NEEDS ANALYSIS 2020

FIGURE 1.8: BREAKDOWN OF FORECASTED FUTURE LAND NEED (2040) BY AFFORDABILITY LEVELS

Household Income Segment	Income Level (Rounded)*	Share	Common Housing Product
Extremely Low Inc. < 30% AMI	< \$18,000	13%	Govt-subsidized; Voucher
Very Low Income 30% - 50% AMI	\$18k - \$30k	12%	Aging/substandard rentals; Govt-subsidized; Voucher
Low Income 50% - 80% AMI	\$30k - \$48k	20%	Market apts; Manuf. homes; Plexes; Aging SFR
Middle Income 80% - 120% AMI	\$48k - \$71.5k	19%	Single-family detached; Townhomes; Small homes; New apts
Upper Income > 120% AMI	> \$71,500	35%	Single-family detached
TOTAL:		100%	

* Adjusted to 2019 dollars. The median household income level in 2039 will be will be inflated from current levels.

Sources: ANGELO PLANNING GROUP, JOHNSON ECONOMICS, ALBANY HOUSING NEEDS ANALYSIS 2020



The HNA found a deficit of buildable land in low-density and medium-density residential zones within the city limits. By including lands outside of the city limits, but within the urban growth boundary (UGB), this roughly doubles the buildable housing capacity. The East Albany study area includes much of this excess capacity that is outside the city limits, in “urban residential reserves” that do not yet have a city zoning designation. The East Albany study area includes roughly 35% of the buildable land capacity within the UGB and will continue to play an important part in accommodating Albany’s future housing growth.



II. COMMERCIAL MARKET CONDITIONS

A. EMPLOYMENT GROWTH

According to the 2020 Economic Opportunities Analysis (EOA) Albany was home to an estimated 27,750 jobs as of 2018 (the most recent data available). The largest sectors by number of jobs are health care, retail, and manufacturing. Based on a forecasted annual growth rate of 1.3%, the city is expected to add roughly 8,800 jobs by 2040. The greatest growth in number of jobs is projected to be in the health care, manufacturing, and tourism-related (lodging and dining), and retail sectors.

Broken down into broad categories of employment that tends to use commercial/retail space, or that tends to use industrial space, the analysis forecasts a fairly balanced demand for land in both categories of zoning.

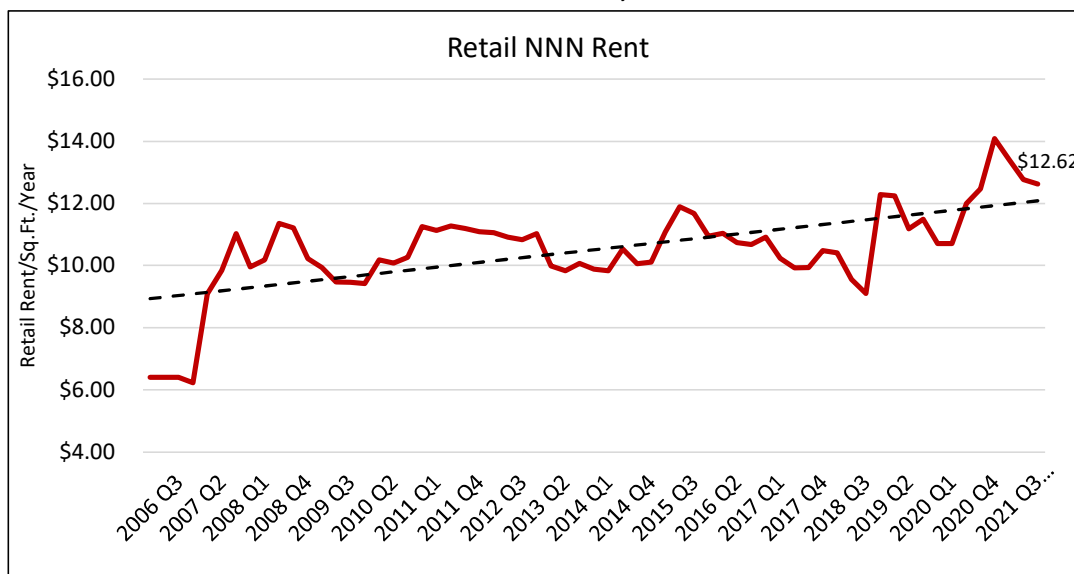
Expanding & Target Industries: The city has significant strength and potential for growth in several key industries. Analysis of the representation of industries in Albany relative to the representation in the U.S. shows that Albany is strong in multiple subsectors of manufacturing including metals, wood products and food products. Other industry sectors with high representation are education (including the school district), some categories of retail, and warehousing. Health care is also the largest segment of local employment and is forecasted to add the most jobs over the next 20 years.

B. RETAIL MARKET TRENDS

Rent and Vacancy Trends

With some minor volatility, the retail real estate market in Albany has been on a positive growth trend in terms of lease rates and occupancy of space since 2006 (the longest duration of data available from CoStar). Over the last decade retail rents grew by an estimated 14%, or an average of 2% per year. Retail rents are presented on a “triple-net” (NNN) basis, meaning that in addition to rent, the tenant is also responsible for most building expenses including maintenance, insurance and taxes. Retail space is most commonly leased on a NNN basis.

FIGURE 2.1: RETAIL RENT TRENDS, CITY OF ALBANY

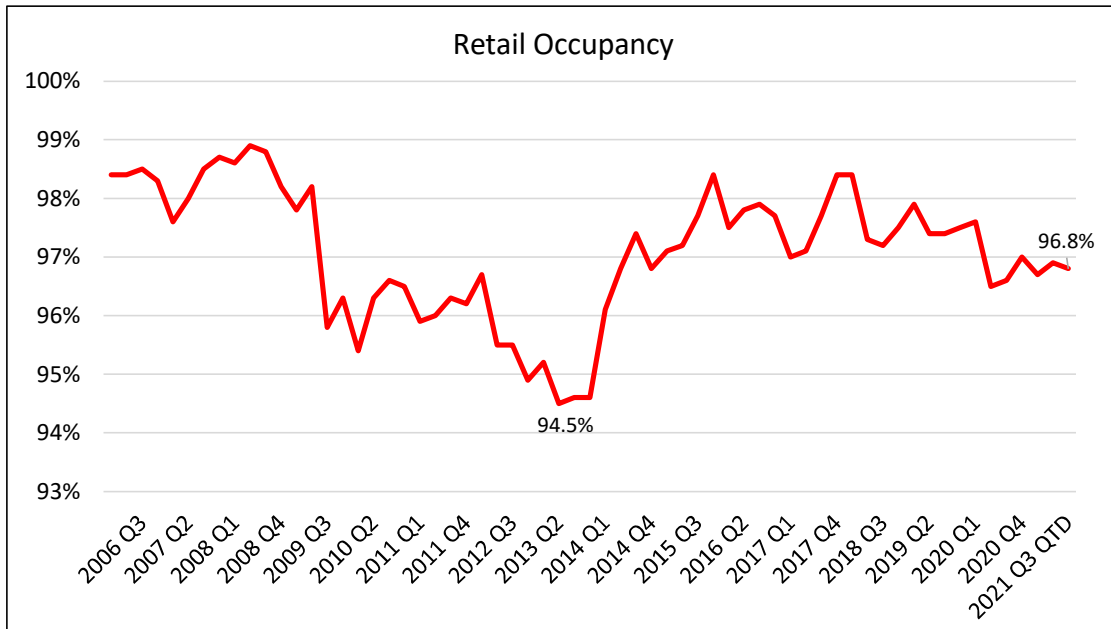


Source: CoStar, JOHNSON ECONOMICS



CoStar tracks nearly 5 million square feet of retail space in 475 properties. These properties have experienced fairly stable occupancy levels over time despite experiencing two major economic disruptions over the tracking period. Commercial properties including retail often benchmark a 90% occupancy rate as a “healthy” amount of vacancy, meaning that on average, Albany retail market has remained healthy and even strong over the past 15 years.

FIGURE 2.2: RETAIL OCCUPANCY TRENDS, CITY OF ALBANY

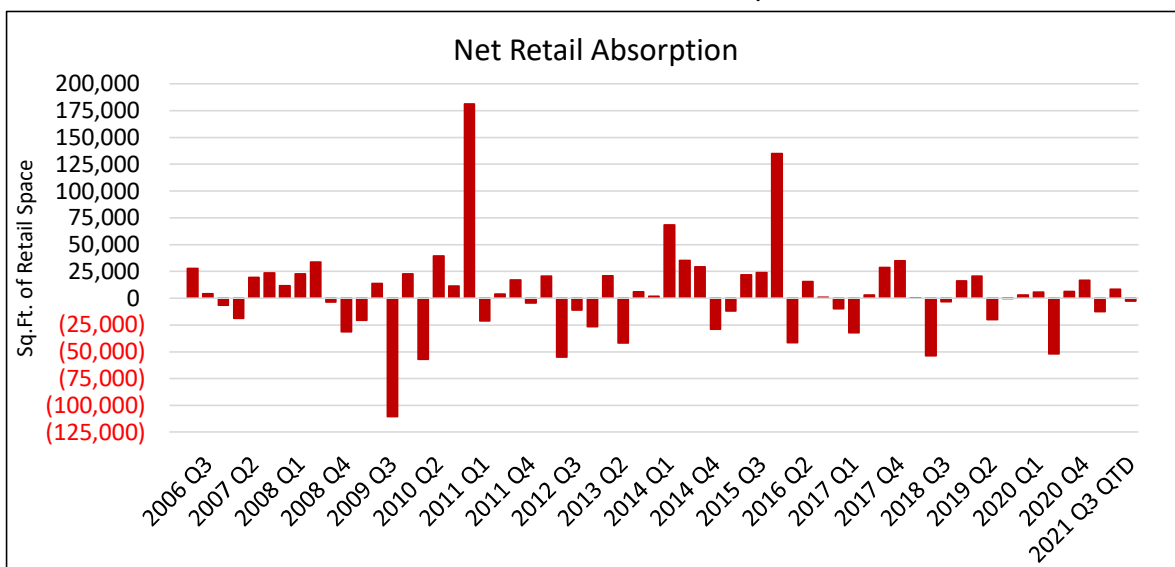


Source: CoStar, JOHNSON ECONOMICS

Retail Space Absorption

Figure 2.3 presents absorption trends of retail space in Albany in square footage of leasable space.

FIGURE 2.3: RETAIL SPACE ABSORPTION TRENDS, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS



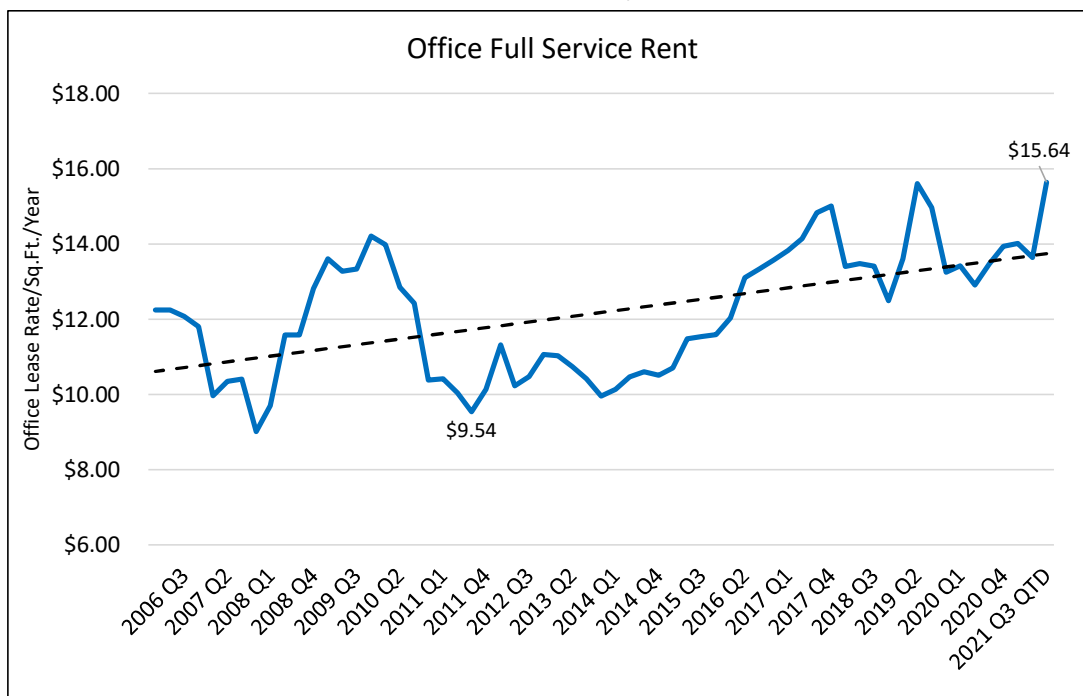
The city has experienced modestly positive space absorption over the prior decade of 115,000 sq.ft. of retail space, or 11,500 sq.ft. per year. This masks annual volatility that has seen absorption of over 100,000 sq.ft. in some years, and the vacation of over 50,000 sq.ft. in other years. However, as noted above, occupancy levels have remained strong through this volatility.

C. OFFICE MARKET TRENDS

Rent and Vacancy Trends

Office rents in Albany have been climbing on a positive trend over the last decade, but with greater volatility than that seen in retail real estate. Office rents are typically listed on a “full service” basis, meaning that most expenses of the building and property are carried by the property owner (landlord) rather than the tenant. Over the last decade office rents grew by an estimated 50%, or an average of 4% per year. This strong growth is a reflection of the significant decrease in office rents experienced after the recession of 2008/2009, when rents fell to under \$10/sq. ft. Over the last year, rents have grown to new highs despite the setbacks of COVID.

FIGURE 2.4: OFFICE RENT TRENDS, CITY OF ALBANY

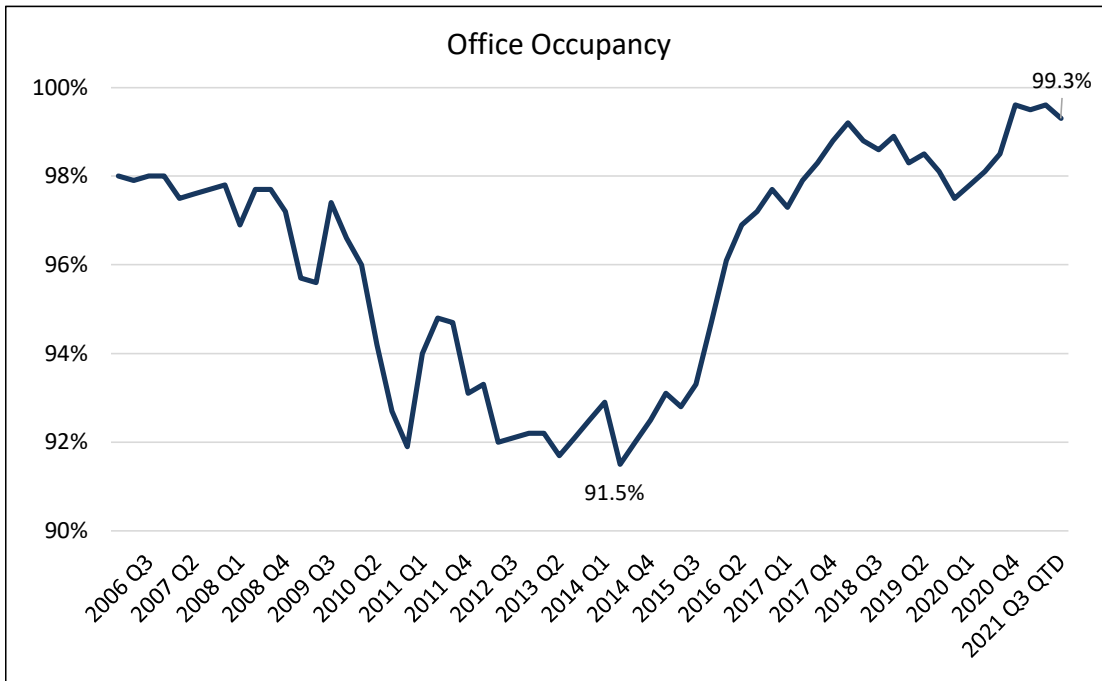


Source: CoStar, JOHNSON ECONOMICS

CoStar tracks nearly 1.4 million square feet of leasable office space in over 200 properties. These properties have experienced a starker occupancy trend than that experienced by retail (Figure 2.5). Office space experienced rising vacancy following the 2008/2009 recession that remained until roughly 2015, when occupancy began to recover. Even during this period of increased vacancy, the occupancy level remained above 90%. The current occupancy rate among properties tracked by CoStar is over 99%, meaning that there is essentially no vacancy among these properties, corresponding to the spike in asking rents seen in the most recent quarter.



FIGURE 2.5: OFFICE OCCUPANCY TRENDS, CITY OF ALBANY

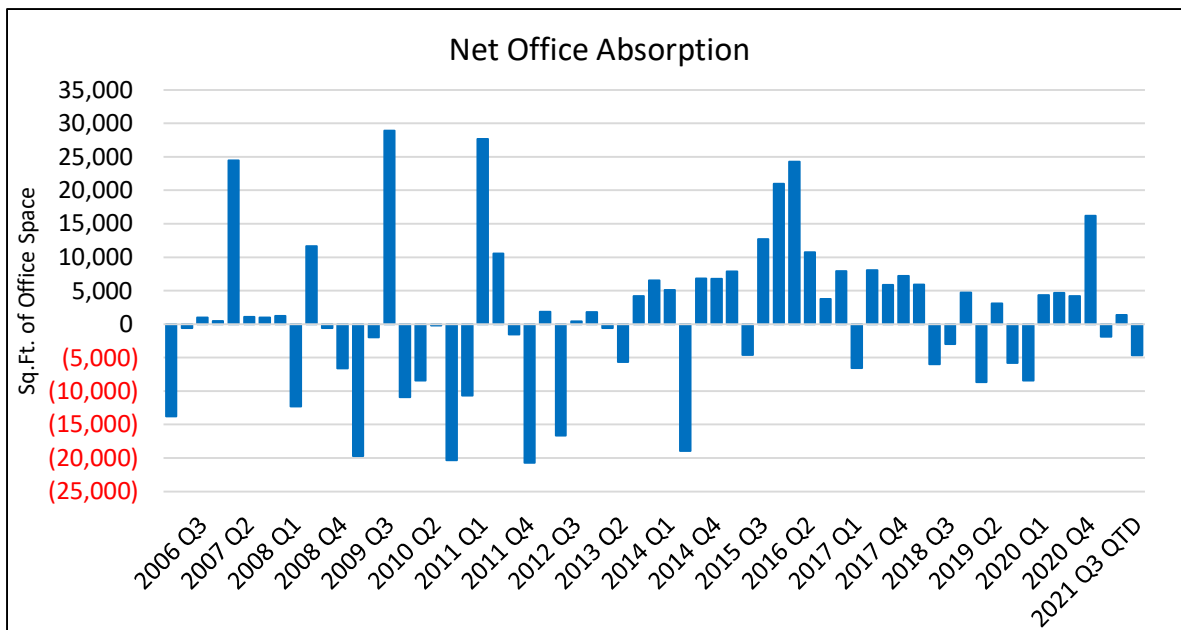


Source: CoStar, JOHNSON ECONOMICS

Office Space Absorption

Figure 2.6 presents absorption trends of leasable office space in Albany in square footage of leasable space. Over the prior ten years, the city has added a modest 75,000 sq. ft. of space, or less than 7,500 sq. ft. per year.

FIGURE 2.6: OFFICE SPACE ABSORPTION TRENDS, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS



D. COMMERCIAL DEMAND & LAND SUPPLY

The 2020 EOA provided projected need for commercial real estate space and land over a 20-year planning period. The demand was presented within a range based on alternate growth rates.

Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry, will translate to a need for between 300 to 375 total acres of land zoned for employment uses that tend to take place in a commercial real estate environment, including retail, office and institutional (hospitals, schools, etc.) space. Office and institutional uses often use similar sites in similar zones.

Figure 2.7 shows a summary of how the employment growth was projected to correspond to a variety of building and real estate types. (Figure 2.7 includes industrial as well as commercial land uses.)

FIGURE 2.7: FORECASTED 20-YEAR LAND NEED BY BUILDING TYPE (ALBANY)
2.7A: SCENARIO 1 (PSU FORECAST, 1.3%)

PSU SCENARIO	DEMAND BY GENERAL USE TYPOLOGY, 2019-2039						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	2,486	1,680	733	945	791	2,192	8,828
Avg. SF Per Employee	350	600	990	600	1,850	500	649
Demand for Space (SF)	870,200	1,008,300	726,000	567,100	1,462,700	1,096,200	5,730,500
Floor Area Ratio (FAR)	0.35	0.35	0.30	0.30	0.35	0.25	0.31
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	39.2	25.4	11.9	20.7	7.8	19.6	19.6
Net Acres Required	63.4	66.1	61.7	45.7	101.0	111.8	449.8
Gross Acres Required	79.3	82.7	77.2	57.1	126.2	139.8	562.2

2.7 B: SCENARIO 2 (ADJUSTED FORECAST, 1.7%)

ADJUSTED SCENARIO	DEMAND BY GENERAL USE TYPOLOGY, 2019-2039						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	3,082	2,223	1,024	1,498	985	2,642	11,455
Avg. SF Per Employee	350	600	990	600	1,850	500	652
Demand for Space (SF)	1,078,800	1,333,800	1,014,100	898,600	1,822,400	1,321,100	7,468,800
Floor Area Ratio (FAR)	0.35	0.35	0.30	0.30	0.35	0.25	0.31
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	100.0%
Implied Density (Jobs/Acre)	39.2	25.4	11.9	20.7	7.8	19.6	19.6
Net Acres Required	78.6	87.5	86.2	72.4	125.8	134.8	585.3
Gross Acres Required	98.3	109.4	107.8	90.5	157.3	168.5	731.7

Source: 2020 Economic Opportunities Analysis, Albany, Johnson Economics LLC

A range of site sizes will be needed ranging from the small to the very large to accommodate the projected business expansion. Different commercial and industrial users have different site requirements driven by the specific nature



of their business operations, firm size, location and infrastructure requirements, and other factors. Figure 2.8 presents a comparison of 20-year supply and demand of commercial space from the 2020 EOA.

FIGURE 2.8: COMPARISON OF COMMERCIAL LAND SUPPLY TO 20-YEAR DEMAND, CITY OF ALBANY

2.8A: SCENARIO 1 (PSU FORECAST, 1.3%)

WITHIN CITY LIMITS		DEMAND		RECONCILIATION	
Zoning Category	SUPPLY Buildable Capacity (Acres)	Development Type	Buildable Capacity (Acres)	Development Type	Capacity Surplus or (Deficit) (Acres)
COMMERCIAL ZONES		COMMERCIAL NEED		COMMERCIAL	
CC -- Community Commercial	47.6	Office	79.3	Office	(54.4)
NC -- Neighborhood Commercial	10.3	Institutional	82.7	Institutional	(62.5)
OP -- Office Professional	14.8	Retail	139.8	Retail	(5.5)
PB -- Pacific Boulevard	3.0	Commercial Total:	301.8	Commercial Total:	(122.4)
RC -- Regional Commercial	52.7				
Mixed Use Zones*	51.0				
Commercial Total:	179.3				

2.8 B: SCENARIO 2 (ADJUSTED FORECAST, 1.7%)

WITHIN CITY LIMITS		DEMAND		RECONCILIATION	
Zoning Category	SUPPLY Buildable Capacity (Acres)	Development Type	Buildable Capacity (Acres)	Development Type	Capacity Surplus or (Deficit) (Acres)
COMMERCIAL ZONES		COMMERCIAL NEED		COMMERCIAL	
CC -- Community Commercial	47.6	Office	98.3	Office	(73.4)
NC -- Neighborhood Commercial	10.3	Institutional	109.4	Institutional	(89.3)
OP -- Office Professional	14.8	Retail	168.5	Retail	(34.2)
PB -- Pacific Boulevard	3.0	Commercial Total:	376.2	Commercial Total:	(196.9)
RC -- Regional Commercial	52.7				
Mixed Use Zones*	51.0				
Commercial Total:	179.3				

The EOA found a deficit of buildable commercial land across categories, with the greatest deficit in land suitable for office and institutional uses, and a smaller deficit in land for retail uses. The East Albany study area contains an estimated 90 acres of buildable commercial land, or 39% of the total within the city’s UGB, including 28.8 acres of mixed-use land.

III. INDUSTRIAL MARKET CONDITIONS

A. INDUSTRIAL EMPLOYMENT GROWTH

The 2020 EOA finds that the city has significant strength and potential for growth in several key industries. Analysis of the representation of industries in Albany relative to the representation in the U.S. shows that Albany is strong in multiple subsectors of manufacturing including metals, wood products and food products. Local employment is projected to grow by 8,800 to 11,500 total new jobs over the 20-year forecast period. Of these new jobs, an estimated 30%, or 2,500 to 3,500 new jobs, are projected to be those likely to take place in an industrial environment, including general industrial, warehouse, or flex business park space.

Albany is an established home to metal, food, wood and wood product manufacturers, and skilled production is a key part of the city’s economic identity. The manufacturing sector is already an outperforming sector in Albany, representing over 12.5% of local employment. Going forward, these sectors will remain good opportunities for



growth taking advantage of available industrial lands, infrastructure, and skilled workforce. Other sectors that use industrial space such as warehousing and distribution and wholesale trade are also projected to experience higher than average growth.

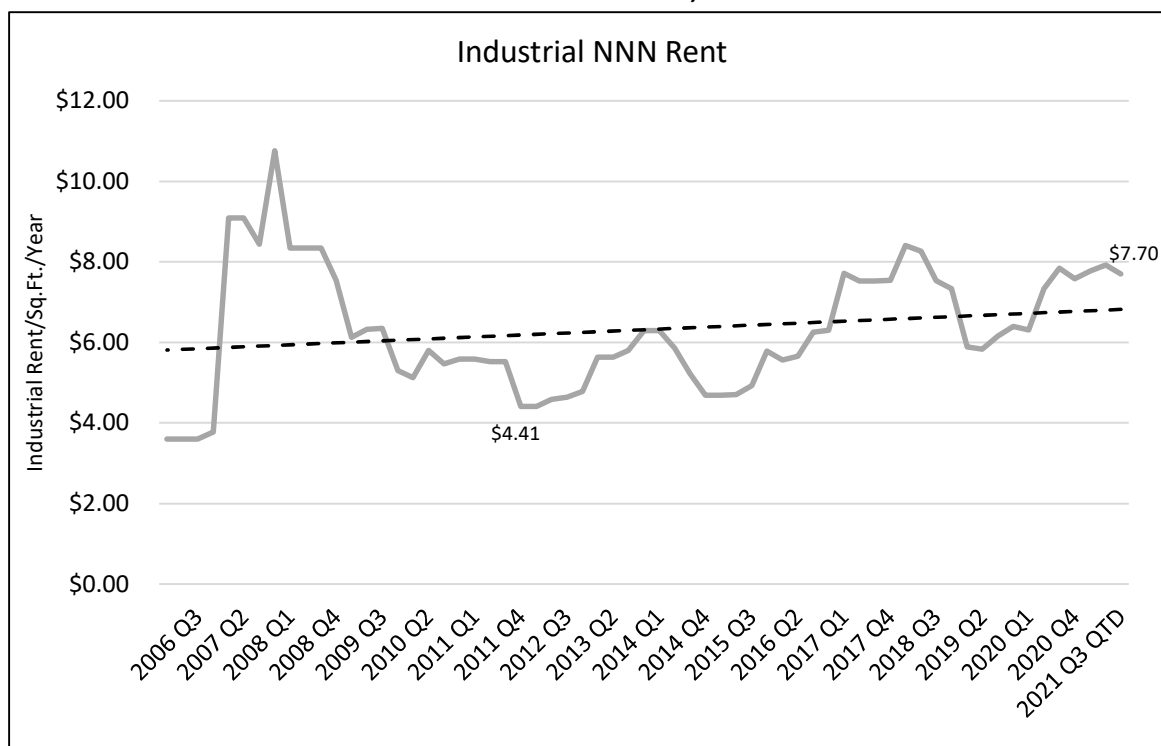
B. INDUSTRIAL MARKET TRENDS

Rent and Vacancy Trends

Industrial rents tend to be the lowest of the major real estate categories (other than agricultural land). In Albany, average industrial rents have climbed over the last decade, but with some volatility and are estimated to remain lower than the previous high mark achieved prior to the 2008/2009 recession.

Coming out of that recession, industrial rents grew by an estimated 75%, or an average of 6% per year from the low point. Over the last year, rents have grown modestly despite the setbacks of COVID. Industrial rents are typically listed on a NNN basis.

FIGURE 3.1: INDUSTRIAL RENT TRENDS, CITY OF ALBANY

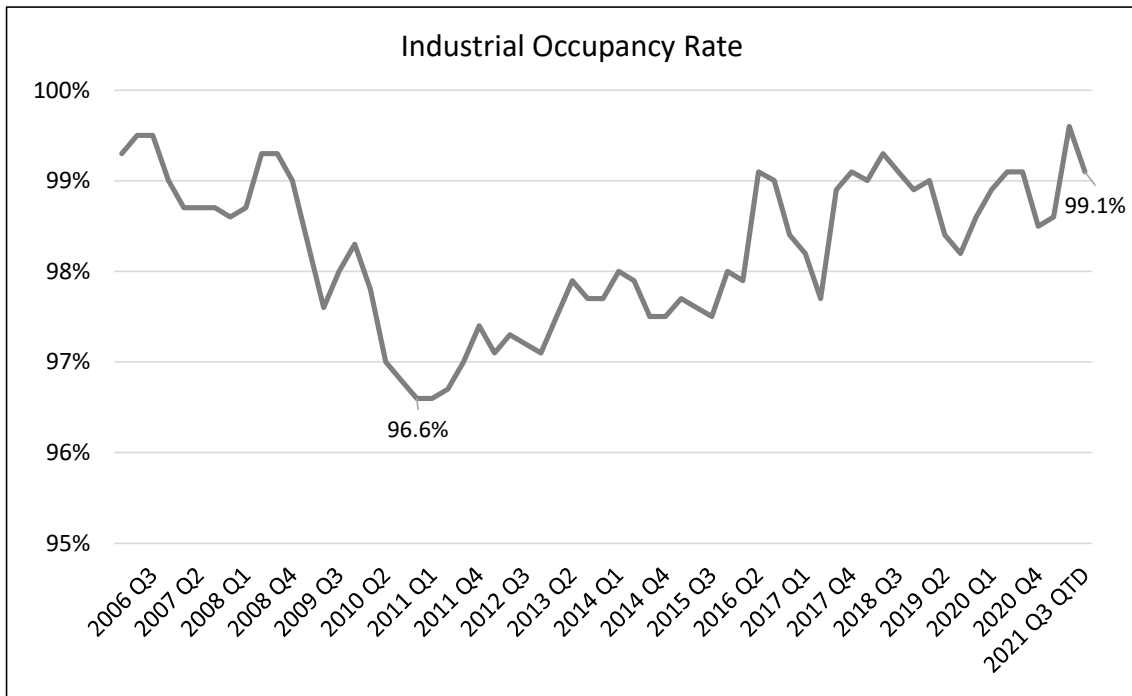


Source: CoStar, JOHNSON ECONOMICS

CoStar tracks nearly 5 million square feet of leasable industrial space in nearly 150 properties. As with office space, these properties currently report very high occupancy rate of over 99%. Even following the 2008/2009 recession, occupancy remained above 95%, meaning that there has been low availability of industrial space in the city for more than a decade despite economic cycles.



FIGURE 3.2: INDUSTRIAL OCCUPANCY TRENDS, CITY OF ALBANY

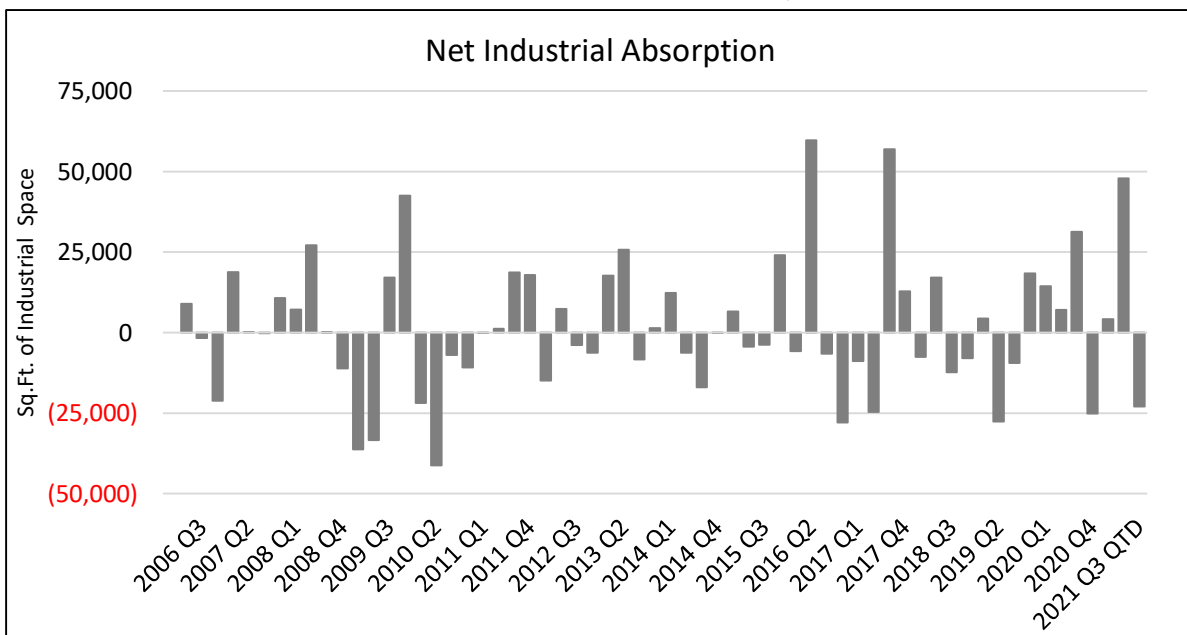


Source: CoStar, JOHNSON ECONOMICS

Industrial Space Absorption

Figure 3.3 presents absorption trends of leasable industrial space in Albany in square footage of leasable space. Over the prior ten years, the city has absorbed a net 135,000 sq. ft. of industrial space, or less than 13,500 sq. ft. per year.

FIGURE 3.3: INDUSTRIAL SPACE ABSORPTION TRENDS, CITY OF ALBANY



Source: CoStar, JOHNSON ECONOMICS



D. INDUSTRIAL DEMAND & LAND SUPPLY

The 2020 EOA provided projected need for industrial real estate space and land over a 20-year planning period. The demand was presented within a range based on the alternate growth rates.

Employment Land Need

The EOA analysis finds that the forecasted 20-year job growth by industry, will translate to a need for between 260 to 355 total acres of land zoned for employment uses that tend to take place in an industrial real estate environment, including flex business park, general industrial or warehouse space. Flex space typically includes a mixture of low-impact light industrial and office uses and may include a small amount of supportive retail or dining use.

Figure 3.4 shows a summary of how the employment growth was projected to correspond to a variety of building and real estate types. (Figure 3.4 includes commercial as well as industrial land uses.)

FIGURE 3.4: FORECASTED 20-YEAR LAND NEED BY BUILDING TYPE (ALBANY)

3.4 A: SCENARIO 1 (PSU FORECAST, 1.3%)

PSU SCENARIO	DEMAND BY GENERAL USE TYPOLOGY, 2019-2039						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	2,486	1,680	733	945	791	2,192	8,828
Avg. SF Per Employee	350	600	990	600	1,850	500	649
Demand for Space (SF)	870,200	1,008,300	726,000	567,100	1,462,700	1,096,200	5,730,500
Floor Area Ratio (FAR)	0.35	0.35	0.30	0.30	0.35	0.25	0.31
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	6.9%
Implied Density (Jobs/Acre)	39.2	25.4	11.9	20.7	7.8	19.6	19.6
Net Acres Required	63.4	66.1	61.7	45.7	101.0	111.8	449.8
Gross Acres Required	79.3	82.7	77.2	57.1	126.2	139.8	562.2

3.4 B: SCENARIO 2 (ADJUSTED FORECAST, 1.7%)

ADJUSTED SCENARIO	DEMAND BY GENERAL USE TYPOLOGY, 2019-2039						Total
	Office	Institutional	Flex/B.P	Gen. Ind.	Warehouse	Retail	
Employment Growth	3,082	2,223	1,024	1,498	985	2,642	11,455
Avg. SF Per Employee	350	600	990	600	1,850	500	652
Demand for Space (SF)	1,078,800	1,333,800	1,014,100	898,600	1,822,400	1,321,100	7,468,800
Floor Area Ratio (FAR)	0.35	0.35	0.30	0.30	0.35	0.25	0.31
Market Vacancy	10.0%	0.0%	10.0%	5.0%	5.0%	10.0%	100.0%
Implied Density (Jobs/Acre)	39.2	25.4	11.9	20.7	7.8	19.6	19.6
Net Acres Required	78.6	87.5	86.2	72.4	125.8	134.8	585.3
Gross Acres Required	98.3	109.4	107.8	90.5	157.3	168.5	731.7

Source: 2020 Economic Opportunities Analysis, Albany, Johnson Economics LLC

Figure 3.5 presents a comparison of 20-year supply and demand of industrial space from the 2020 EOA.



FIGURE 3.5: COMPARISON OF COMMERCIAL LAND SUPPLY TO 20-YEAR DEMAND, CITY OF ALBANY

3.5 A: SCENARIO 1 (PSU FORECAST, 1.3%)

WITHIN CITY LIMITS		DEMAND		RECONCILIATION	
Zoning Category	SUPPLY Buildable Capacity (Acres)	Development Type	Buildable Capacity (Acres)	Development Type	Capacity Surplus or (Deficit) (Acres)
INDUSTRIAL ZONES		INDUSTRIAL NEED		INDUSTRIAL	
HI -- Heavy Industrial	70.0	Gen. Ind.	57.1	Gen. Ind.	12.9
IP -- Industrial Park	303.1	Flex/Biz. Park	77.2	Flex/Biz. Park	225.9
LI -- Light Industrial	139.7	Warehouse	126.2	Warehouse	13.5
Industrial Total:	512.8	Industrial Total:	260.5	Industrial Total:	252.3

3.5 B: SCENARIO 2 (ADJUSTED FORECAST, 1.7%)

WITHIN CITY LIMITS		DEMAND		RECONCILIATION	
Zoning Category	SUPPLY Buildable Capacity (Acres)	Development Type	Buildable Capacity (Acres)	Development Type	Capacity Surplus or (Deficit) (Acres)
INDUSTRIAL ZONES		INDUSTRIAL NEED		INDUSTRIAL	
HI -- Heavy Industrial	70.0	Gen. Ind.	90.5	Gen. Ind.	(20.5)
IP -- Industrial Park	303.1	Flex/Biz. Park	107.8	Flex/Biz. Park	195.4
LI -- Light Industrial	139.7	Warehouse	157.3	Warehouse	(17.6)
Industrial Total:	512.8	Industrial Total:	355.5	Industrial Total:	157.3

Source: 2020 Economic Opportunities Analysis, Albany, Johnson Economics LLC

The EOA found sufficient buildable industrial land at the low end of the growth range, but a likely deficit of general industrial land if the high-end of the employment growth range is achieved. In both cases, there is a finding of sufficient buildable land in the Industrial Park zone.

The East Albany study area contains an estimated 170 buildable acres of industrial commercial land, or 30% of the city’s total. 110 of these acres, or 63%, are in light industrial zones or comprehensive plan designations, and 66 of these buildable acres have industrial park zoning.

IV. EAST ALBANY LAND SUPPLY AND DEMAND SUMMARY

A. BUILDABLE LAND INVENTORY (BLI) SUMMARY

The follow tables (Figure 4.1) present the BLI findings from the 2020 EOA and HNA studies and compares them to the estimated share of this inventory that is found in East Albany specifically. Because East Albany includes a significant amount of land outside the current city boundary, but within the UGB, the study area BLI includes land that has not been annexed into the city, most of which has a residential reserves designation.

The East Albany study area includes roughly 34% of the buildable residential land (31% of the unit capacity), 30% of the remaining commercial land inventory, and 30% of the remaining industrial inventory.



FIGURE 4.1: BUILDABLE LAND INVENTORY (2020), CITY TOTAL AND EAST ALBANY SHARE

RESIDENTIAL		LAND SUPPLY								
		Within City Limits		In UGB		TOTAL within UGB			EAST ALBANY	
		Buildable Acres	Unit Capacity	Buildable Acres	Unit Capacity	Buildable Acres	Unit Capacity	Avg. Density (units/ac)	Buildable Acres	Unit Capacity
Zoning & Comp Plan Categories	Typical Housing Type									
RESIDENTIAL CATEGORIES										
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS, LDR (UGB), URR (UGB)	Single-family detached; Duplex	1,165	4,544	1,214	5,456	2,379	10,000	4.2	807.0	2,757
Medium-Density: RS-5 attached, MR, RM<1ac, WF<1ac, MUC, DMU, CB	Single-family attached; Manufactured home; 2-4 plexes	120	1,272	28	276	148	1,548	10.5	30.3	364
High-Density: RM, RMA, HD, MDR (UGB)	Multi-family apartments; condos	115	2,415	36	722	151	3,137	20.8	61.6	1,448
RESIDENTIAL TOTALS:		1,400	8,231	1,278	6,454	2,678	14,685	5.5	898.9	4,569
<i>E. Albany Share:</i>									33.6%	31.1%

COMMERCIAL		LAND SUPPLY			
Zoning Category	Within City Limits	In UGB	TOTAL within UGB	EAST ALBANY	
	Buildable Acres	Buildable Acres	Buildable Acres	Buildable Acres	
COMMERCIAL CATEGORIES					
CC -- Community Commercial	48		48	10	
NC -- Neighborhood Com.	10		10	5	
OP -- Office Professional	15		15	9	
PB -- Pacific Boulevard	3		3		
RC -- Regional Commercial	53		53	14	
Mixed Use Zones	51		51	8	
Commercial (UGB)		22.9	23	23	
Village Center (UGB)		28	28		
COMMERCIAL TOTALS:	179	51	230	69	
<i>E. Albany Share:</i>				30.0%	

INDUSTRIAL		LAND SUPPLY			
Zoning Category	Within City Limits	In UGB	TOTAL within UGB	EAST ALBANY	
	Buildable Acres	Buildable Acres	Buildable Acres	Buildable Acres	
INDUSTRIAL CATEGORIES					
HI -- Heavy Industrial	70		70	30	
IP -- Industrial Park	303		303	66	
LI -- Light Industrial	140		140	9	
Industrial (UGB)		72	72	72	
INDUSTRIAL TOTALS:	513	72	585	177	
<i>E. Albany Share:</i>				30.3%	

Source: 2020 Economic Opportunities Analysis, Angelo Planning Group, Johnson Economics LLC



B. EAST ALBANY LAND INVENTORY (BLI) VS. 20-YEAR DEMAND

Figure 4.2 compares the buildable inventory of land by category to the estimated 20-year demand from the HNA and EOA studies. For instance, East Albany can accommodate an estimated 49% to 68% of the projected 20-year residential demand (depending on assumed growth rate), 18% to 23% of commercial demand, and 60% to 68% of industrial demand. In all cases projected demand exceeds the East Albany supply, meaning that insufficient demand is *not* projected to be a hindrance to build-out of the plan area over time in any land use category.

FIGURE 4.2: EAST ALBANY BLI COMPARED TO PROJECTED 20-YEAR DEMAND (2020)

RESIDENTIAL		BLI SUPPLY		20-Year Demand		EAST ALBANY	
		EAST ALBANY		RESIDENTIAL		SHARE OF DEMAND	
Zoning Category	Typical Housing Type	Buildable Acres	Unit Capacity	Units (Low)	Units (High)	Demand (Low)	Demand (High)
RESIDENTIAL ZONE CATEGORIES							
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS, LDR (UGB), URR (UGB)	Single-family detached; Duplex	807	2,757	4,270	5,926	65%	47%
Medium-Density: RS-5	Single-family attached; Manufactured home; 2-4 plexes	30	364	1,540	2,166	24%	17%
High-Density: RM, RMA, HD, MDR (UGB)	Multi-family apartments; condos	62	1,448	920	1,305	157%	111%
RESIDENTIAL TOTALS:		899	4,569	6,730	9,397	68%	49%
<i>E. Albany Share:</i>		<i>35.3%</i>	<i>30.4%</i>				
COMMERCIAL		BLI SUPPLY		20-Year Demand		EAST ALBANY	
		EAST ALBANY		COMMERCIAL		SHARE OF DEMAND	
Zoning Category		Buildable Acres		Acres (Low)	Acres (High)	Demand (Low)	Demand (High)
COMMERCIAL ZONE CATEGORIES							
Office		5		79	98	6%	5%
Institutional		5		83	109	6%	4%
Retail		60		140	169	43%	35%
COMMERCIAL TOTALS:		69		302	376	23%	18%
<i>E. Albany Share:</i>		<i>38.7%</i>					
INDUSTRIAL		BLI SUPPLY		20-Year Demand		EAST ALBANY	
		EAST ALBANY		INDUSTRIAL		SHARE OF DEMAND	
Zoning Category		Buildable Acres		Acres (Low)	Acres (High)	Demand (Low)	Demand (High)
INDUSTRIAL ZONE CATEGORIES							
General Industrial		66		57	91	115%	73%
Flex/Business Park		66		77	77	86%	86%
Warehouse		45		126	126	36%	36%
INDUSTRIAL TOTALS:		177		261	294	68%	60%
<i>E. Albany Share:</i>		<i>30.3%</i>					

Source: 2020 Economic Opportunities Analysis, Angelo Planning Group, Johnson Economics LLC



V. FUTURE DEVELOPMENT PARAMETERS

A. EAST ALBANY PRELIMINARY PLAN VISION

The initial tasks in this planning process are to help refine and update the vision and to document existing conditions for the East Albany Plan area. The refined plan will reflect past planning efforts, new realities, and the feedback from staff and stakeholders on the future vision. Through initial project phases, including stakeholder outreach, a basic framework has taken shape that helps inform this discussion of future development.

The following is a summary of initial goals and objectives of East Albany Planning efforts that most closely related to real estate development issues under discussion in this memo. There are many additional topics such as transportation, open space, public involvement etc. that are important to the broader planning effort, but not included here.

A Complete Neighborhood

- Safe, complete neighborhoods, with housing in proximity to daily needs, and good connectivity among uses.
- A variety of housing types, including denser forms, missing middle housing, and smaller lots.
- The area will also continue to meet the need for single-family homebuilding in Albany.
- Housing affordable to the full range of residents.
- Housing appropriate for multi-generational households.
- A broader range of commercial options, including grocery, retail, dining, medical and other services that meet the needs of East Albany. Would like to reduce trips across I-5 for daily needs.
- Encourage mixed-use development and compact/smart growth.
- Build a sense of place, with improved livability, walkability, and amenities.

Industrial and Employment Land

- Light industrial and manufacturing growth are the top identified economic development priorities in Albany. This includes growth and spin-offs of existing businesses, and recruitment of new employers.
- East Albany contains some key large industrial site opportunities as identified in the EOA.
- Solving transportation access and potential wetland issues on these sites will be a challenge. Public resources may be necessary to make these areas “shovel-ready.”
- Albany emphasizes growing local industries and being a seat of good employment, not a bedroom community.

B. FEASIBLE DEVELOPMENT TYPES

The basic determinants of development feasibility are achievable rent/price levels, and the cost of development. As rent levels (or sale pricing) increase, they are able to support more costly forms of construction, and the more intensive use becomes the “highest and best” economic use. For instance, the high achievable rents in a large urban core can support the cost of building a high-rise building, and structured parking. In a smaller city environment, pricing may support only low or mid-rise buildings.

Generally, the higher density development forms have a higher cost per square foot to construct. Major factors that increase the cost of denser development forms can include materials (e.g. steel), structured parking, specialized labor and equipment, and building elements such as elevators and firewalls. Because of this dynamic, most locations outside of an urban center face difficulty in achieving a built form over three to four stories in height without subsidy.



The achievable rent/price levels for housing and commercial space in the study area will limit some of the development types that the market is likely to bring to the area at the current time. However, in an environment where most existing uses are single-story with ample surface parking, significant changes in density and design can be achieved while still relying on “low-rise” wood construction to control costs. Three- to four-story buildings, perhaps with reduced parking and other design considerations, can greatly increase the intensity of land use, without necessitating the higher construction costs of concrete and steel mid-rise buildings. In addition, achievable pricing in the area is likely to increase over the planning period, improving the feasibility of new development types.

The development forms discussed here do not reflect the impact of public policies, funding tools, and design initiatives which might result from this planning process and might influence the density and design of what is ultimately feasible in the study area.

Feasible Residential Development

Currently, the prevalent multi-family rental development type in the study area is a two-to-three story walk-up garden apartment, with surface parking. Such properties are wood construction, with apartment flats and occasionally two-story units. Such properties generally feature an floor area ratio (FAR) of .75 or less, and commonly no more than 0.5 FAR. The achieved density may be anywhere from 14 to 30 dwelling units per acre. The Timberridge Place Apartments in East Albany are a good example of how this type of development can add considerable residential density, that will help support additional commercial uses and services in the area.

In coming decades, Albany is likely to support some multi-family buildings of greater density, including active ground floor uses and semi-structured parking such as tuck-under or partial podium. In the short to mid-term, East Albany will remain a less likely location for these buildings than Downtown Albany. Location is important for supporting greater density and ground floor businesses. However, successfully achieving a mixed-use town center in East Albany should eventually facilitate this greater density.

The densest housing forms are more likely to be built as rental apartments than condo units in this submarket. For ownership housing, JOHNSON ECONOMICS believes it is unlikely that the market will deliver condos to suburban communities in any great number for the foreseeable future. This is because houses in these areas remain relatively price competitive in comparison to the price level of a new-construction condo unit.

Ownership townhomes are a more viable development form in outer locations than condo flats. As recent trends show, attached single-family units (i.e. attached townhomes on separate tax lots) are an increasingly common form of ownership housing in these submarkets. This is likely to continue, with townhome construction becoming more common as buildable land for lower density homes becomes scarce. Townhomes can achieve a density of 16 to 22 units per net acre.

Missing Middle Housing: The “missing middle” housing types required through recent state statute are likely to be currently feasible in the East Albany study area. Duplexes, triplexes and ADU’s carry similar cost-per-square foot as single-family homes. While there are additional costs such as multiple appliance packages, fixtures, and extra development fees, these can be capitalized within the rent for these units in a healthy rental market. These housing types can meet multiple housing needs: for smaller, more affordable rental options; for multi-generational housing; to provide additional income to first-time homebuyers who occupy one of the units and rent the others. In East Albany, the addition of residential density will support the commercial and mixed-use goals of the plan area with new customers and employees for local businesses.

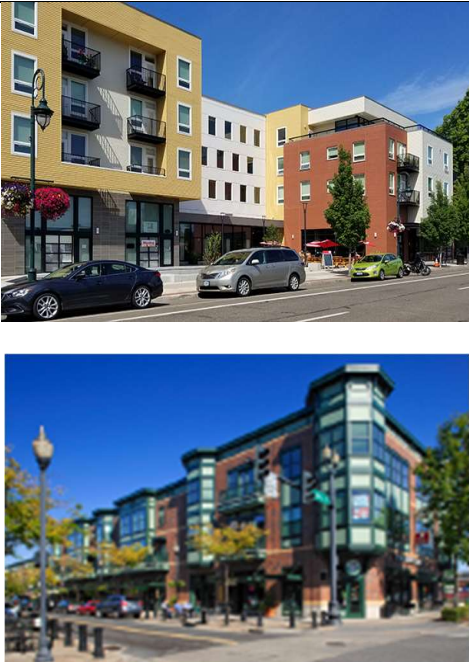
The following table presents examples of residential development forms likely feasible in the study area over the planning period.



FIGURE 5.1: FEASIBLE RESIDENTIAL DEVELOPMENT FORMS

<p>Garden Apartment or Condominiums with Surface Parking</p>	<p>Typically wood frame construction with surface parking, carports or stand-alone garages. Construction is usually two to three stories high, with a density approaching 30 units per acre. This is a predominant form outside the central city.</p>	
<p>Attached Duplex/ Townhomes</p>	<p>Also typically wood frame, these units often have parking under the unit from street or back alley. Projects can be fee simple or with condominium ownership of the ground. 16 to 22 units per acre.</p>	
<p>“Middle” Housing</p>	<p>Duplexes, Triplexes, Accessory Dwelling Units that increase housing options in lower-density residential areas. Cottage clusters can create a living community of small homes and can be condo-ized to provide affordable ownership opportunities.</p>	



<p>Mid-Rise Urban Apartments</p> <p>Vertical Mixed Use</p> <p>(Feasible later in planning period)</p>	<p>Wood framed construction of four stories. Semi-structured parking such as tuck-under. In the longer term, a concrete podium over parking and ground-floor uses may be feasible, greatly increasing potential density. These developments may require public incentives in the short to mid-term.</p>	
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Source: Johnson Economics LLC

Feasible Commercial Development

Low-rise commercial buildings are currently the most likely development type. Standalone retail is almost always single-story outside of an enclosed mall environment. Typical FAR for suburban retail is 0.2 to 0.3 to allow for ample surface parking. Standalone office development in the area (outside of a business park) will likely be one to three stories, served by surface parking with an FAR of 0.3 to 0.4. These commercial uses may also be part of either vertical or horizontal mixed use development (discussed more below).



It should also be noted that available parking is important to retail success. Parking needs to be convenient but can be formatted in different ways – for instance, a nearby public parking lot or shared parking for a district. Storefront businesses with ample on-street parking or perhaps a lot within convenient walking distance may not require surface parking of their own.



For the time being, the most feasible forms of commercial development in the study area will remain auto-oriented shopping center development with visibility and access from an arterial street.

New multi-tenant shopping centers will seek one medium to large business to anchor the project, such as a grocery store, department store or “mid box” retailer. Shopping centers without a strong anchor are less likely to be built



speculatively. Smaller, neighborhood-serving centers are possible with smaller attractors such as café, convenience store, or dining.

Mixed Use Development

There is potential to achieve a limited amount of vertical mixed-use in a well-planned suburban environment. This usually entails two-to-three stories of residential or office space above a retail ground floor. While generally served by surface parking, the parking ratio may be lower, with lots located to the side or rear of buildings.

Trying to focus mixed use development in a limited geography (e.g. near other commercial, or on higher-traffic streets) can help build a self-reinforcing sense of place and allows the greater density of uses to support each other. Spread across the study area in a disjointed way, isolated mixed-use development is less likely to be successful. The most common place to find vertical and mixed uses is in city or town centers, where it is supported by the surrounding household numbers and density. A location in the midst of, or adjacent to, high-density residential zoning may be an advantage.

FIGURE 5.2: SUBURBAN MIXED-USE DEVELOPMENT FORMS



Achieving vertical mixed-uses in the study area may currently be challenging from a development feasibility standpoint. One barrier is often higher development costs than low-rise single-use buildings, which requires higher achievable rents to justify. Some additional costs associated with mixed uses include the logistics of separating the uses, and increased design, construction and entitlement costs associated with developing a more complex and unfamiliar building type. However, mixed use is possible in neighborhoods with a great enough concentration of



residents in need of shopping, services, and amenities and support for livable, walkable environments. The growing population in East Albany as the area builds out, will generate increasing support for one or more mixed-use centers in the area.

Feasible Industrial Development

Industrial development is typically utilitarian in nature, often featuring purpose-built structures for a specific manufacturing, warehousing, or related need. Industrial structures are single-story, often with high ceilings of 20 to 40 feet with high bay entries. Industrial development often requires ample outdoor space for equipment and vehicle yards, truck circulation and parking and therefore tends to have a lower average FAR.



Industrial development is feasible in the study area, but it is likely to be employer-driven in this market. Some speculative multi-tenant industrial space is possible. This typology often takes the format of one or more large buildings, internally subdivided into multiple spaces each with its own bay access. It may require somewhat less outdoor space and therefore may feature higher FAR. Multi-tenant spaces are often meant for small industrial users and may only require a site of one to five acres.

Flex Space Development

Intentionally designed flex space is a more recent concept in planning and real estate development, but the term describes a typology that has existed organically for a long time. Individual businesses often defy attempts to place them into set categories, but may combine elements of office, industrial, and even retail.

Flex space is generally designed to allow some mix of “employment” elements such as office or light industrial. All or most heavy or general industrial use is often prohibited as it is incompatible with the office or commercial uses. Retail is generally limited to on-site businesses selling their own products (e.g. an active brewery with a taproom, or food producer with a tasting room.)

The space is most often designed to accommodate light industrial uses first, as these users require features such as higher ceilings, bay doors, and loading docks. These spaces, or parts of them, can be retrofitted for office users. These are often “creative” office users that might also have some aspect of fabrication or production on site.

To create a cohesive business park, modern flex space is often developed on a larger site intended for multiple employers. Intentional programming by the developer, or public partner such as an urban renewal agency or other development entity, can help create a successful mix of businesses at the site. Multi-tenant flex space parks often consist of single-story concrete tilt-up structures, with at-grade dock doors in the rear. Examples of denser flex space development do exist but may require public investment to make feasible.



FIGURE 5.2: FLEX INDUSTRIAL/OFFICE DEVELOPMENT FORMS





C. PLANNING-LEVEL DEVELOPMENT PROGRAMS

Johnson Economics developed a range of potential development programs by land use category, as shown in Figure 5.4 (following page). The following findings are based on estimates of demand and land supply in the area and meeting the preliminary planning goals and vision of the East Albany Plan Area.

Figure 5.4 presents three scenarios:

- 1) The “status quo” scenario assumes that the estimated remaining buildable lands build-out at the densities assumed in the HNA and EOA growth forecast analyses.
- 2) The second scenario assumes that the available residential lands can build out at greater efficiency. This includes redesignating some low-density land to medium, and high-density use. It also assumes that somewhat higher unit/acre density can be achieved in these zones. This means that low-density residential would build out with more 5,000 and 6,000 acre lots and fewer large lots. Middle housing in these neighborhoods will also contribute to greater achieved density. The medium and high-density housing is increased with the goal of increasing overall household count in the area. This will make commercial, employment, and the mixed-use center more successful due to a greater number of customers and employees in the immediate area. Commercial and industrial lands are assumed to remain unchanged.
- 3) The third scenario builds on the greater residential efficiency of the second with greater emphasis on the mixed-use neighborhood center. This scenario allocates additional acreage to medium and high-density residential use and the office and retail uses that will locate in a mixed-use environment. This scenario would likely entail additional acreage being designated in the mixed-use neighborhood center and encouraging more residents in the immediate area to support the activity there.

These scenarios are presented to provide a range of options for discussion. The refined East Albany Plan may contain elements of these development programs or different ideas.



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FIGURE 5.4: HYPOTHETICAL DEVELOPMENT PROGRAMS, EAST ALBANY

RESIDENTIAL		1) STATUS QUO			2) RESIDENTIAL DENSITY			3) MIXED-USE EFFICIENCY		
		EAST ALBANY			EAST ALBANY			EAST ALBANY		
Zoning Category	Typical Housing Type	Buildable Acres	Unit Capacity	Units/Acre	Buildable Acres	Unit Capacity	Units/Acre	Buildable Acres	Unit Capacity	Units/Acre
Low-Density: RR, RS-10, RS-6.5, RS-5, HM, MS	Single-family detached; Duplex	807	2,757	4.2	782	5,242	6.7	716	4,802	6.7
Medium-Density: RS-5 attached, MR, RM<1ac, WF<1ac, MUC, DMU, CB	Single-family attached; Manufactured home; 2-4 plexes	30	364	10.5	50	627	12.5	75	938	12.5
High-Density: RM, RMA, HD	Multi-family apartments; condos	62	1,448	20.8	67	1,517	22.8	77	1,745	22.8
RESIDENTIAL TOTALS:		899	4,569	5.1	899	7,385	8.2	868	7,485	8.6

COMMERCIAL		EAST ALBANY			EAST ALBANY			EAST ALBANY		
Zoning Category		Buildable Acres	Built Space	FAR	Buildable Acres	Built Space	FAR	Buildable Acres	Built Space	FAR
Office		5	80,000	0.35	5	80,000	0.35	20	340,000	0.35
Institutional		5	80,000	0.35	5	80,000	0.35	10	170,000	0.35
Retail		60	720,000	0.25	60	720,000	0.25	70	1,000,000	0.30
COMMERCIAL TOTALS:		69	880,000	0.26	69	880,000	0.26	100	1,510,000	0.32

INDUSTRIAL		EAST ALBANY			EAST ALBANY			EAST ALBANY		
Zoning Category		Buildable Acres	Built Space	FAR	Buildable Acres	Built Space	FAR	Buildable Acres	Built Space	FAR
General Industrial		66	940,000	0.30	66	940,000	0.30	66	940,000	0.30
Flex/Business Park		66	950,000	0.30	66	950,000	0.30	66	950,000	0.30
Warehouse		45	760,000	0.35	45	760,000	0.35	45	760,000	0.35
INDUSTRIAL TOTALS:		177	2,650,000	0.31	177	2,650,000	0.31	177	2,650,000	0.31