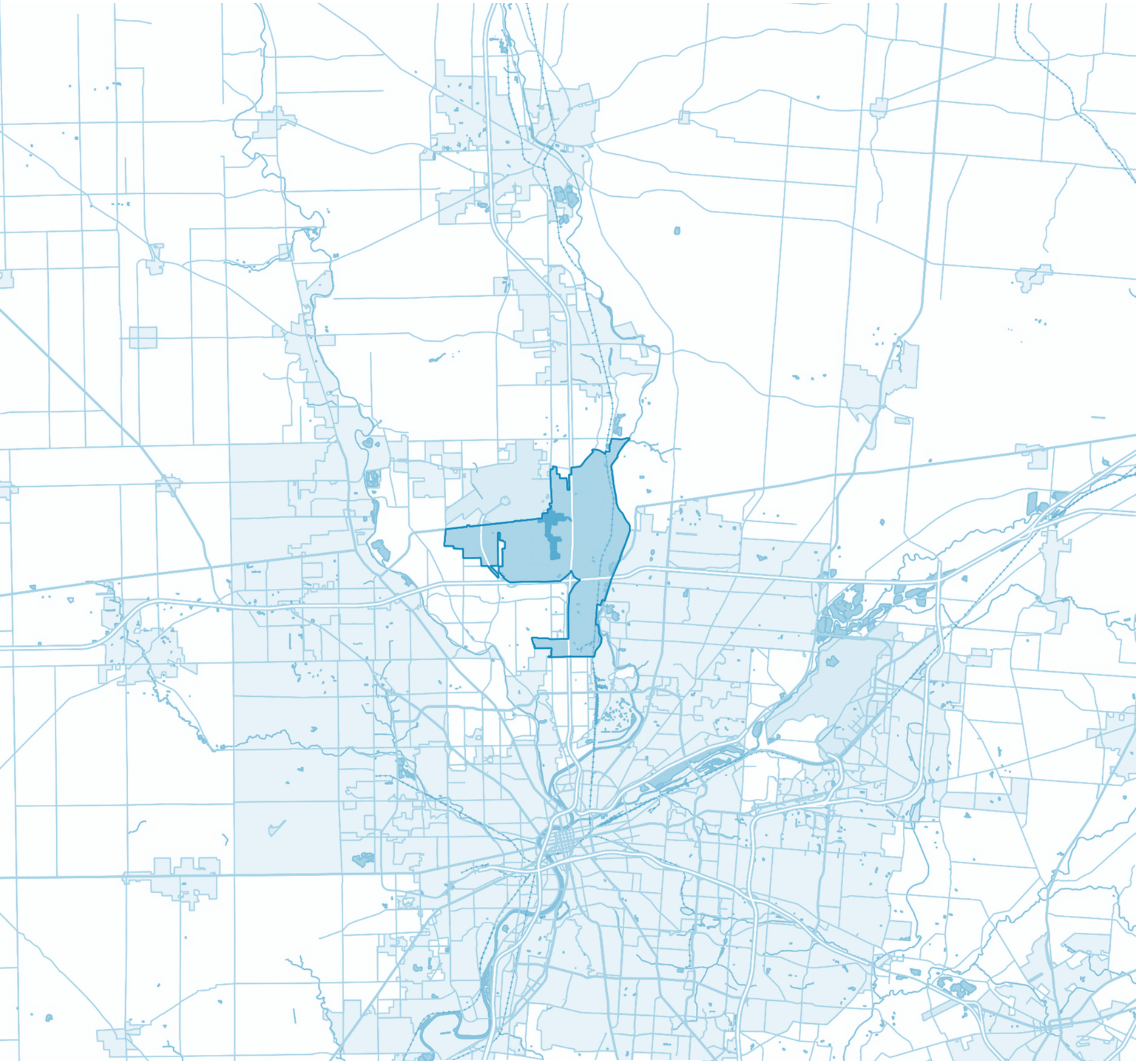
MARKET ANALYSIS

City of Vandalia Job Creation and Revitalization Area 1



Vandalia ohio

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Place Dynamics

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Introduction

The City of Vandalia commissioned this analysis to understand current and future opportunities for its downtown, or Job Creation and Community Redevelopment Area (CRA) No. 1. This is in response to resident desires to have a true "downtown" with the kinds of shops and eateries, and physical environment that encourage social interaction. With that goal in mind, the market research seeks to understand how the area is currently functioning, the transitions that must occur, the market-supported uses that will foster change.

Findings

Vandalia and the Job Creation and Community Redevelopment Area have many positive attributes. Dayton International Airport and the junction of two interstate highways (Interstates 70 and 75) have encouraged major logistics operations to locate in close proximity, creating jobs and attracting workers who will generate residential and commercial demand. Highway traffic is an additional source of commercial demand. National Road is already attracting workers and highway traffic with a large number of fast food restaurants.

Any long-term approach to redevelopment will need to begin by focusing on opportunities to build market-rate apartments and condominiums that will increase residential density in proximity to the downtown, generating foot traffic and demand for commercial uses.

The city's middle-income, suburban neighborhoods are attractive to new residents, though they are largely built-out and most new construction will require redevelopment. There is a significant need for market-rate and better-quality multifamily housing, including apartments and condominiums.

While the opportunity for residential redevelopment is strong, there are more challenges for commercial redevelopment, especially of the pedestrian-oriented uses intended for the downtown district. The city's commercial corridors lack many uses that would be expected even in a neighborhood-serving district. There are few retail businesses, and aside from the fast food restaurants, most retail, dining, and services businesses in the city are performing at only an average level.

Any long-term approach to redevelopment will need to begin by focusing on opportunities to build market-rate apartments and condominiums that will increase residential density in proximity to the downtown, generating foot traffic and demand for commercial uses. These units should target the upper half, or even top quarter of households able to afford $1,000 to $1,500 or more, per month, such as working singles and couples, or seniors who may include those in the community who are downsizing from detached single family homes.

Dixie Drive, from National Road south to East Alkaline Springs Road, can be the core target for initial redevelopment. This area contains several deep, under-developed lots where larger multifamily buildings can be constructed. Some potential sites are located off of Dixie Drive and could be developed entirely with residential uses. ***Deep lots on Dixie Drive can also be redeveloped with residential uses to the rear, reserving the frontage for commercial or mixed-use buildings.***

Initiating redevelopment with residential uses has many advantages. It responds to the immediate market demand, can quickly demonstrate progress toward rejuvenating the corridor, and will help to create a more active pedestrian environment to support for commercial businesses. While these projects move forward, the City can be engaged in the more time-consuming tasks of assembling redevelopment sites closer to the intersection, in what will be the core commercial area.

Approach

Place Dynamics prepared the market analysis. A combination of data analysis, consultant visits and observations, stakeholder insight, and interaction with City staff was used to inform the market analysis and recommendations. Stakeholders included a combination of business and property owners, and real estate sales or development professionals. City staff were instrumental in clarifying questions related to regulations, along with providing historical context and background information related to individual sites and the area as a whole.

The residential market analysis used a model projecting demand based on historical trends within the northern suburbs of the broader market, consisting of Clark, Greene, Miami, and Montgomery Counties. Expected demand was broken out for owned and rented housing by type, including apartments, single-family homes, townhomes, or condominiums.

The commercial analysis used mobile device tracking to understand current shopping patterns for retail, dining, and service uses. Tracking data was also used to understand competition within the region. The actual trade areas from which customers are being drawn were used to pull demographic information profiling existing customers, which was contrasted with a market area from which customers could be drawn. This gap represents a market opportunity for the Job Creation and Community Revitalization Area.

Market analysis

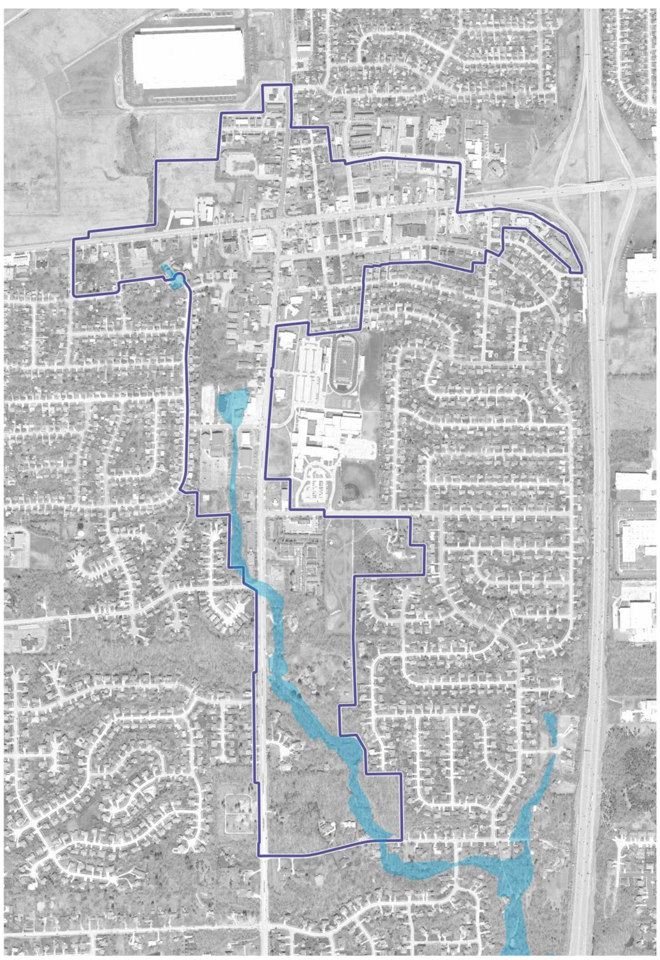
Vandalia is solidly a “middle market”, but one in which geography, competition, and other forces result in it missing many of the retail and other uses that would be expected in the community. *Filling those holes is not simply a matter of recruitment. Instead, the City will need to engage in a longer-term strategy of changing the landscape to attract the businesses it wants.* Actions focused on the Job Creation and Community Revitalization Area may also benefit the remainder of the National Road commercial strip.

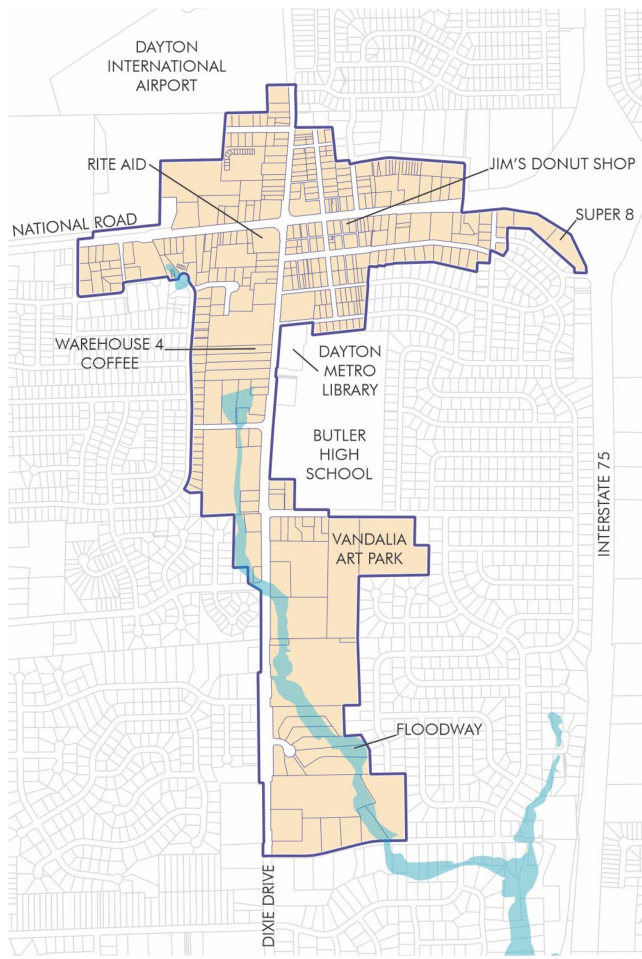
Background

The JCRA has an irregular boundary, extending along National Road from Grossbeck Street east to Interstate 75, and along Dixie Drive from Skyview Drive south to Farrell Road. While most of the frontage of these two primary streets is commercial, some single- and multifamily residential lots are included within the redevelopment area.

While there are a handful of older buildings near the intersection of Dixie Drive and National Road, the majority of the JCRA – and really the city as a whole – was developed in the post-war

DOWNTOWN JOB CREATION AND REVITALIZATION AREA 1





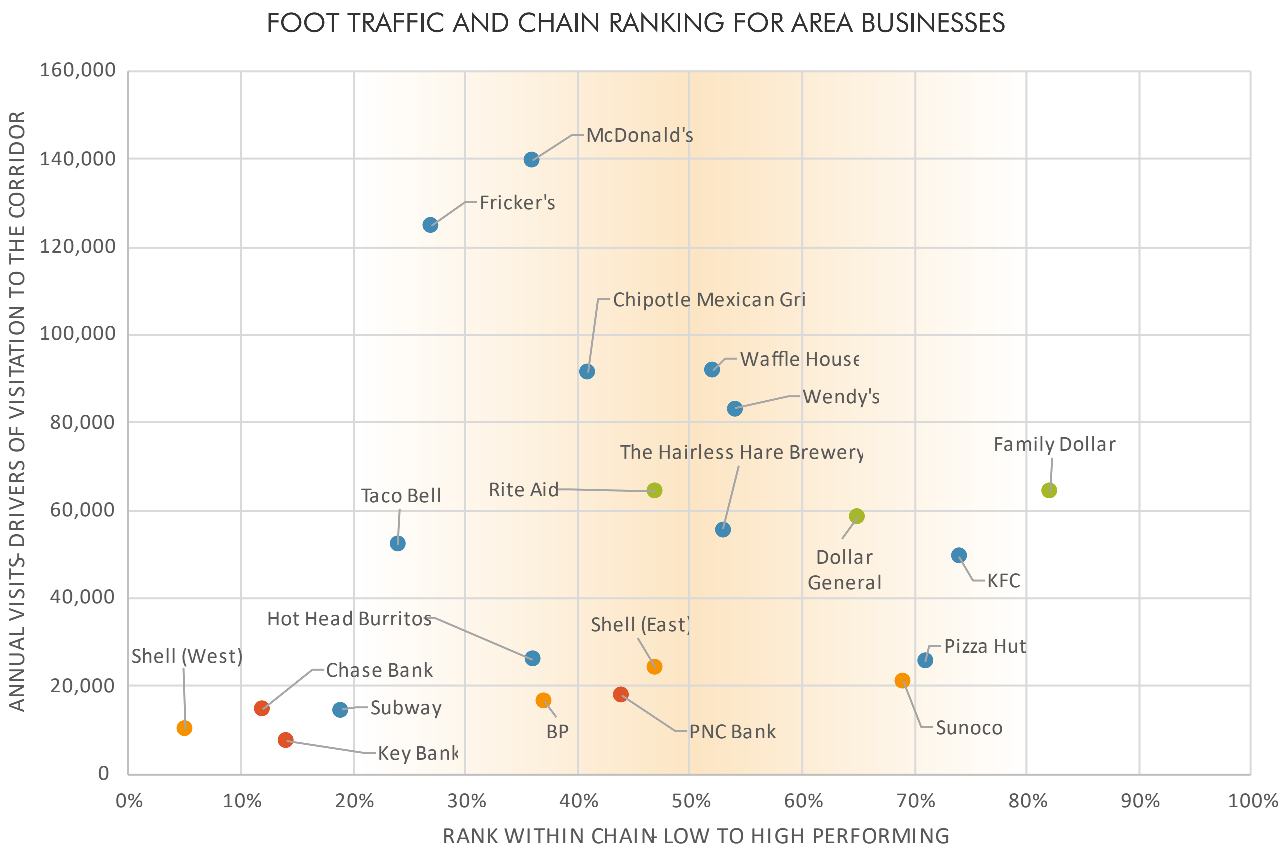
decades up to about the 1990’s. Some of the fast food restaurants along National Road are newer. Commercial buildings tend to be freestanding with a single tenant, or small strip centers. They have generally been maintained and are suitable for their use, though few have any architectural interest and many have a dated appearance.

Transportation plays a significant role in Vandalia’s commercial landscape. Dayton International Airport is a barrier to the north. At the same time, it has attracted expansive logistics facilities with associated employment that is now a market for some businesses, and whose workers can be a market for new residential units. Vandalia is not capturing airport travel-related spending, which is focused on the concentration of hotels and restaurants south of the city in Butler Township.

The two interstate highways and the airport access road are also barriers. Aside from the interchanges with National Road on Interstate 75 and the airport access road, there are no other connections to these highways. On the west, Stonequarry Road crosses the access road, while Dixie Drive and Peters Pike cross Interstate 75. There are no connections to the east, aside from National Road. The effect is to isolate this

TYPICAL CHARACTER OF OLDER AND NEWER COMMERCIAL BUILDINGS AND CORRIDORS

TOP ROW: NATIONAL ROAD CORRIDOR; BOTTOM ROW: DIXIE DRIVE CORRIDOR



part of Vandalia from potential customers outside the boundaries created by these highways.

Although Vandalia is served by two bus routes, 17 and 43, few riders use this service. On average, there are 57 daily riders boarding and alighting, with the stop at Dixie Drive and National Road having the most passengers boarding.

There are a handful of sites worth noting either within, or near the JCRA. These include public uses that attract visits, such as Butler High School, the Vandalia Branch of the Dayton Metro Library, and Vandalia Art Park. Three businesses are important anchors that can help to build identity for the downtown, and might be considered targets for a heightened presence. These are Warehouse 4 Coffee, Jim's Donut Shop, and The Hairless Hare Brewery.

Existing market patterns

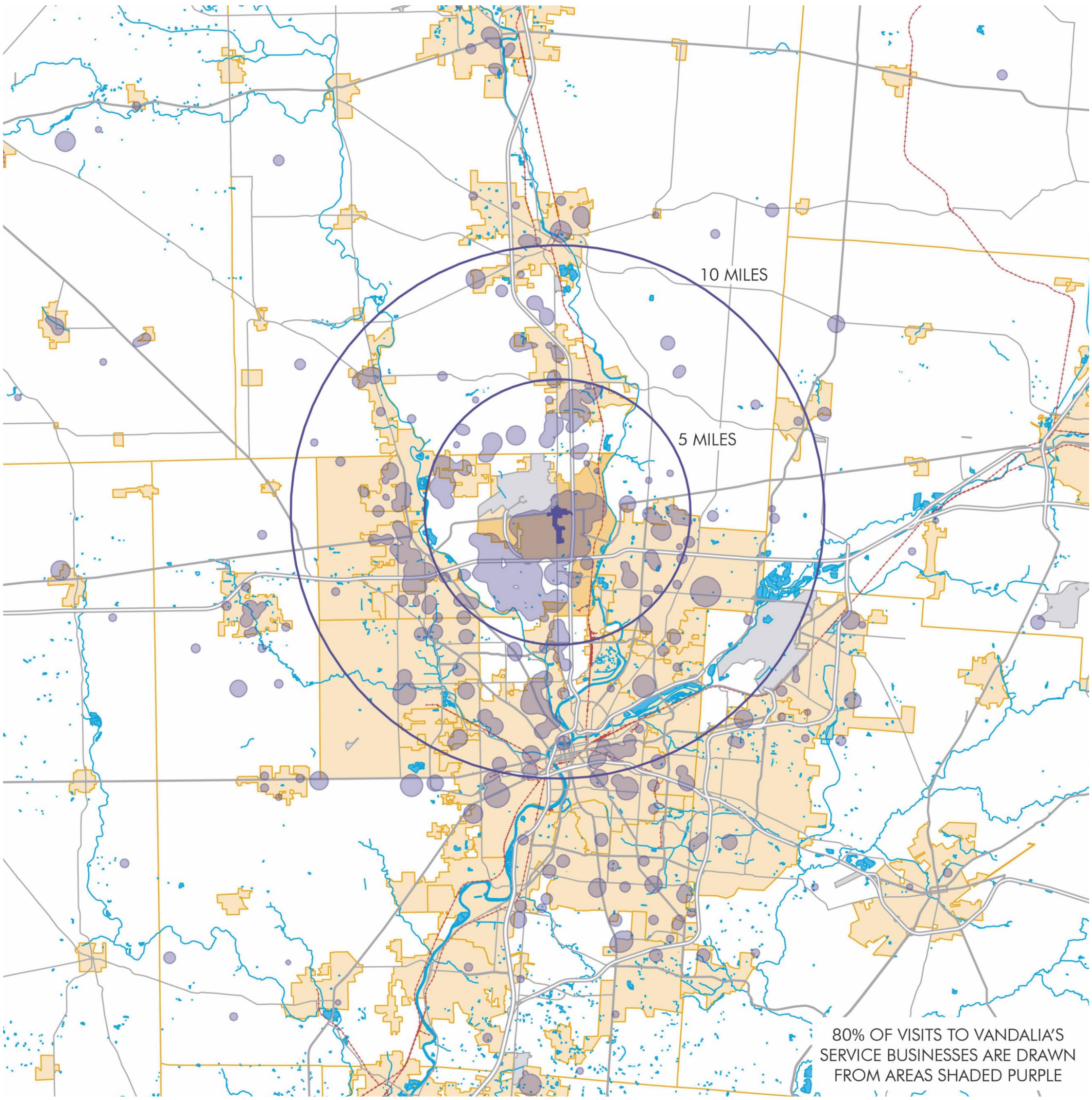
Vandalia's commercial corridors contain several chain businesses whose foot traffic can be assessed as a starting point to benchmark market performance. Mobile device tracking is used to measure foot traffic, generating an estimate of annual visits that can be compared across all stores in the respective chain.

Vandalia's chain businesses are mostly performing around the middle of their respective chain. This is less true of service businesses (banks), which are all below average.

Gas stations are spaced across the continuum. These are older stations that lack the scale of convenience stores typical of modern stations. Redeveloping these stations can create more business opportunities (such as adding prepared foods) and generate more traffic for the business, while transitioning the streetfront to a pedestrian-friendly character.

There are few retail stores in either the Dixie Drive or National Road corridors. Rite Aid is performing below, but near the chain average. This is still good relative to their stores in Ohio,

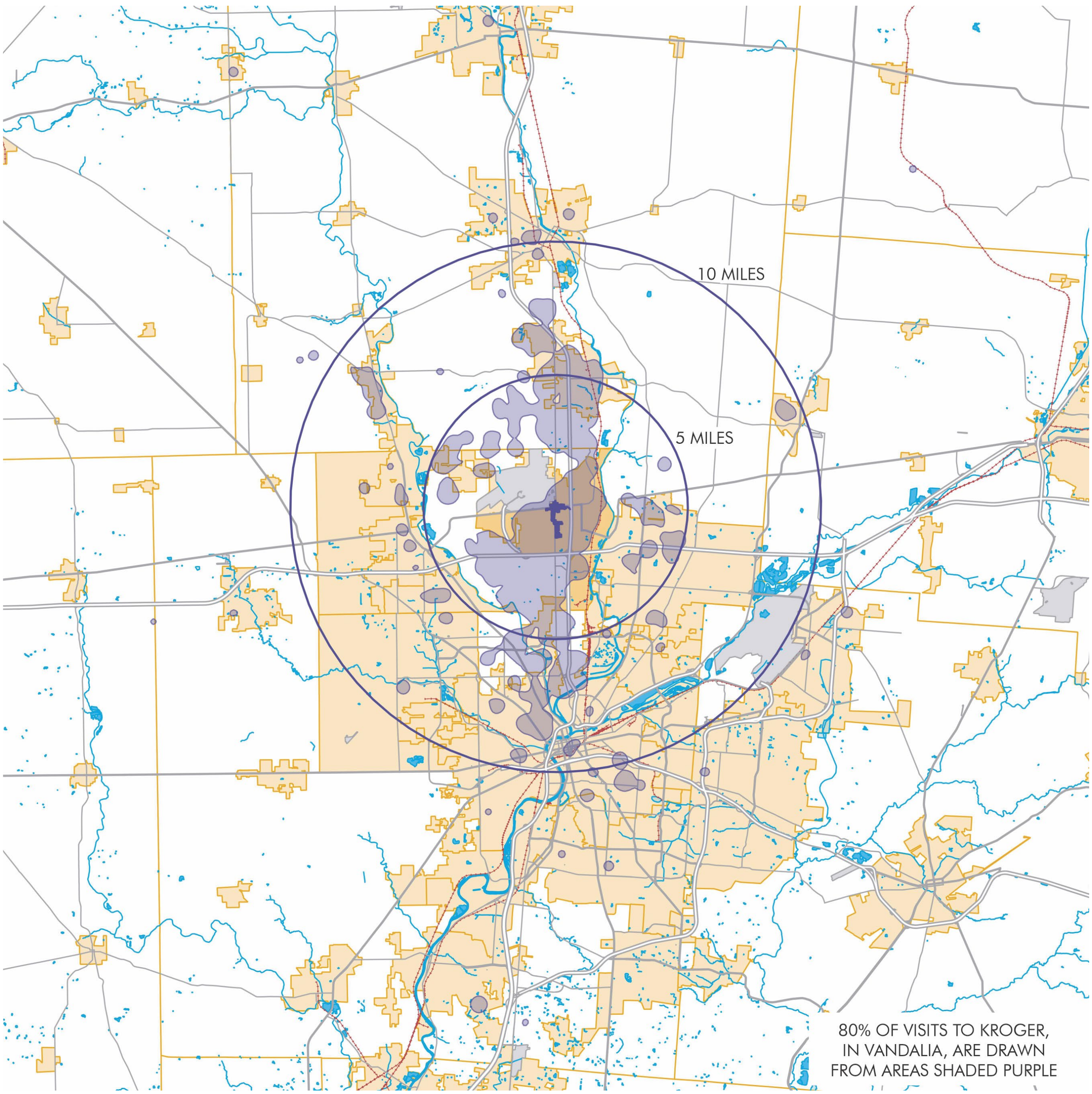
TRADE AREA FOR SERVICES (BANKING)



where it is 26th out of 181 stores, and it is the second-best Rite Aid out of 14 stores within 15 miles. Dollar General and Family Dollar are performing better than average, compared to other stores in their chains.

The trade areas for services, retail, restaurants, and gas/convenience were mapped using mobile device tracking, based on the areas from which 80 percent of visits are being drawn. Each of these uses will show customers from throughout the metropolitan area, but the bulk

TRADE AREA FOR KROGER – FIVE- AND TEN-MILE RADIUS

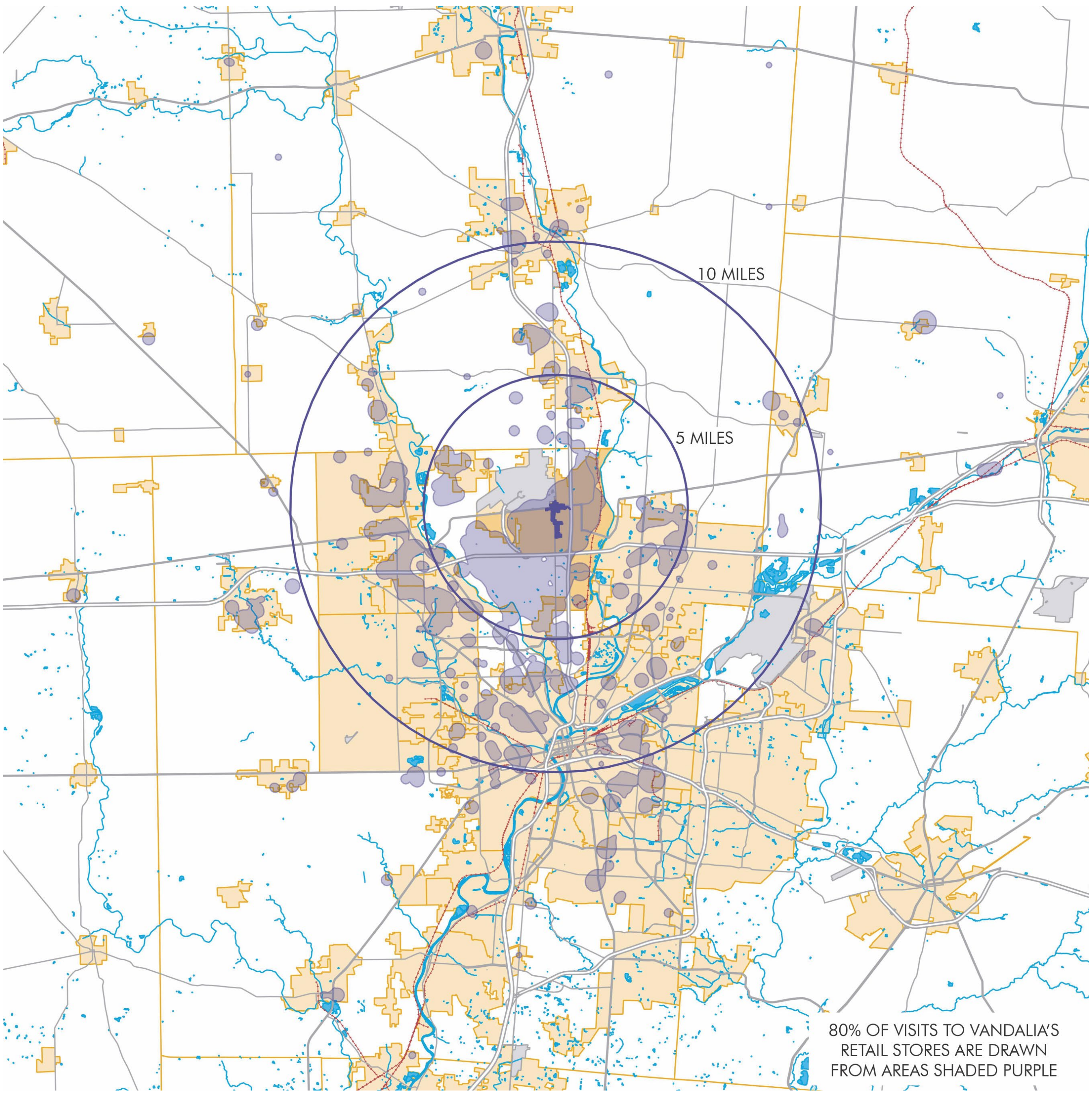


of traffic is coming from either a five- or ten-mile radius.

Businesses in the service sector, measured primarily through banks, are pulling most of their traffic from a five-mile radius, concentrated west of Interstate 75. Traffic drawn more broadly is probably using the Vandalia branches of the banks for convenience. These customers may work in the area.

The majority of retail customers for these businesses (about 67 percent) are also drawn from within a five mile radius, although some

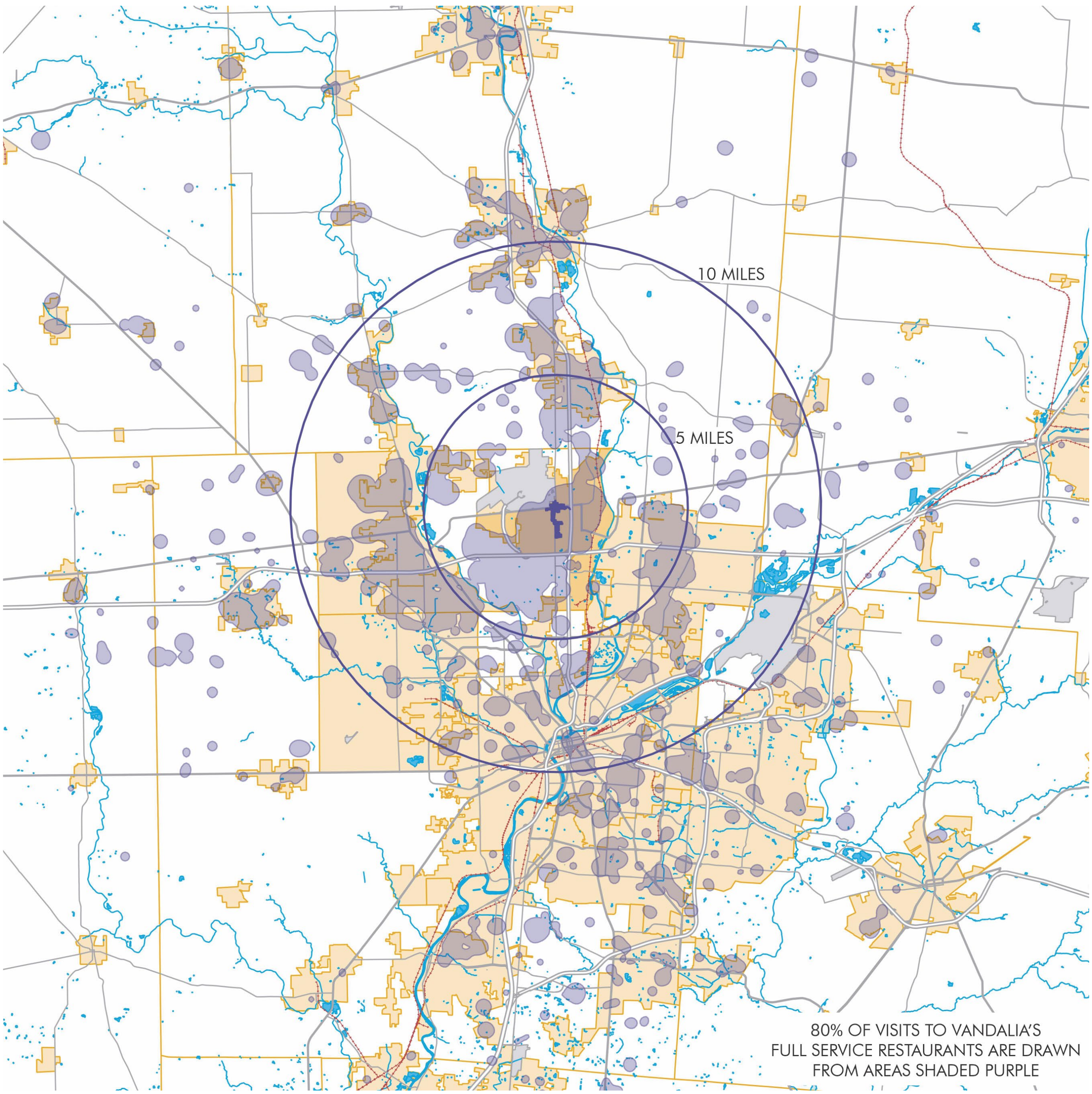
TRADE AREA FOR OTHER RETAIL – FIVE- AND TEN-MILE RADIUS



pull from the five-to-ten mile ring, more heavily to the south and west. Kroger has a trade area that is more compact compared to the other retailers.

Restaurants draw from the broadest geographic area. This is true of both full-service and fast food restaurants, although the latter have the largest trade area of any use within the two corridors. This can be attributed to the large number of workers in the city and surrounding communities. While the mobile device data shows the *home location* of customers, customers from further away are not driving

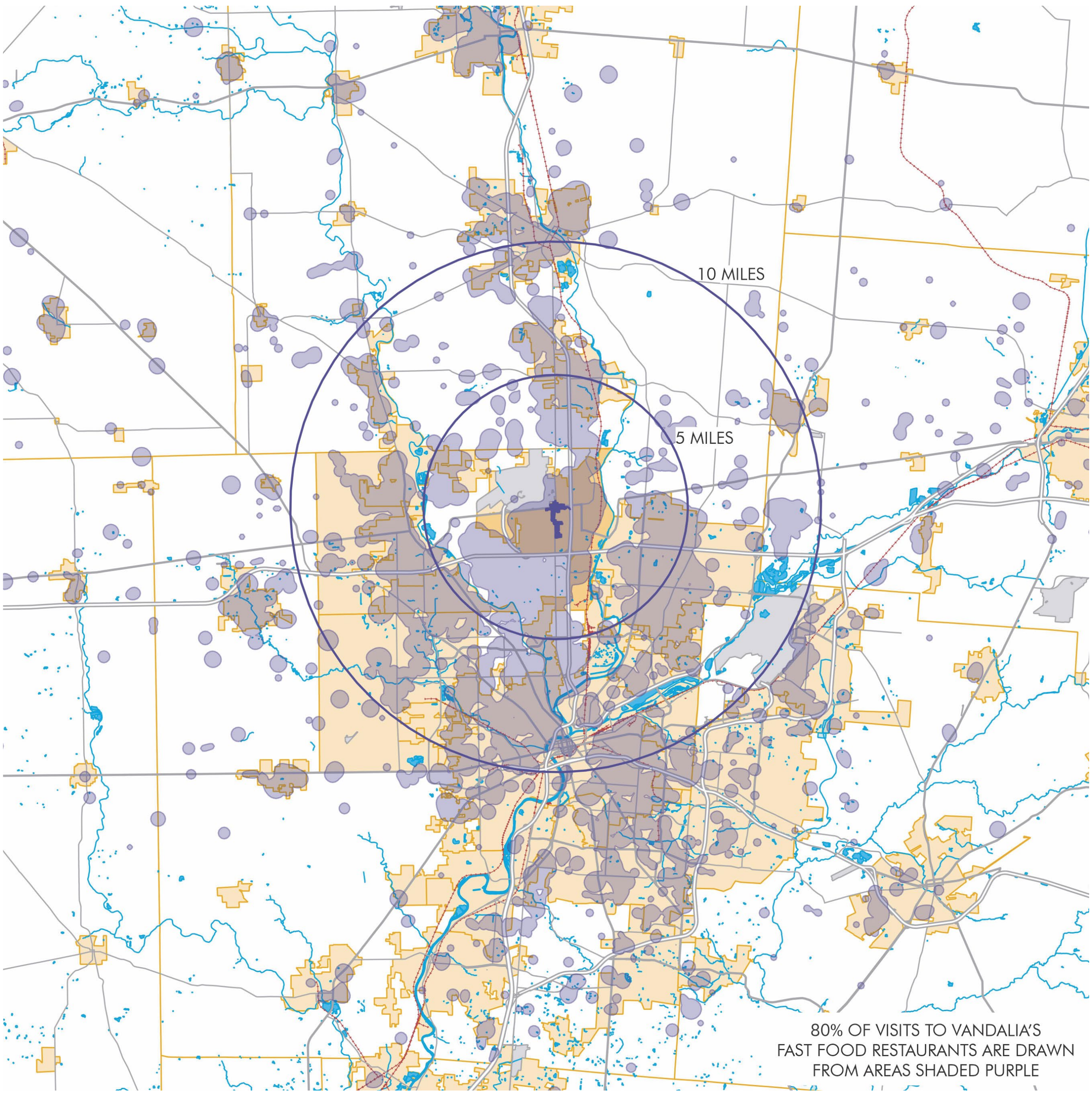
TRADE AREA FOR FULL-SERVICE RESTAURANTS – FIVE- AND TEN-MILE RADIUS



from home, but from their work location to patronize these businesses. Especially for the mostly hourly workers in industrial or logistics jobs around the airport, National Road is concentration of fast food restaurants closest to their place of work. Access from the interstate highways is a secondary factor.

The few full-service restaurants in the corridors do find more of their customers among residents of a five- to ten-mile radius, with a pattern similar to that of retail stores. Some of the traffic pulled from a greater distance will also be associated with the workplace. These workers are more likely to be employed in salaried, white

TRADE AREA FOR FAST FOOD RESTAURANTS – FIVE- AND TEN-MILE RADIUS

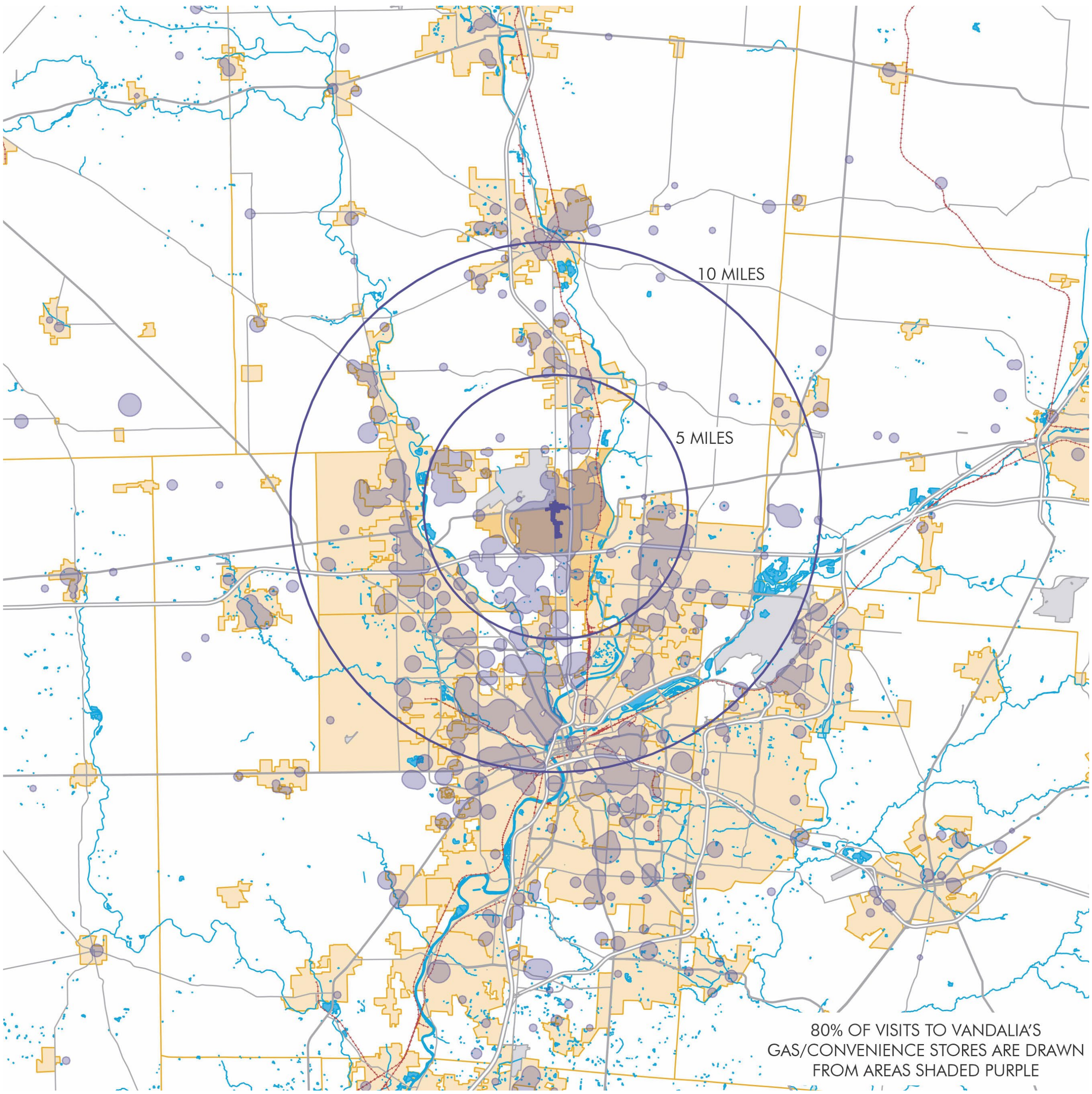


collar jobs with greater flexibility to take an extended lunch. This segment is concentrated south of the city where the bulk of chain full service and fast casual restaurants are located.

Comparing trade areas

It is possible to combine the trade areas for retail, dining, and services to construct a broader region in which the corridors' customers are normally found. *The retail or dining trade areas can be superimposed on this combined*

TRADE AREA FOR GAS/CONVENIENCE STORES – FIVE- AND TEN-MILE RADIUS

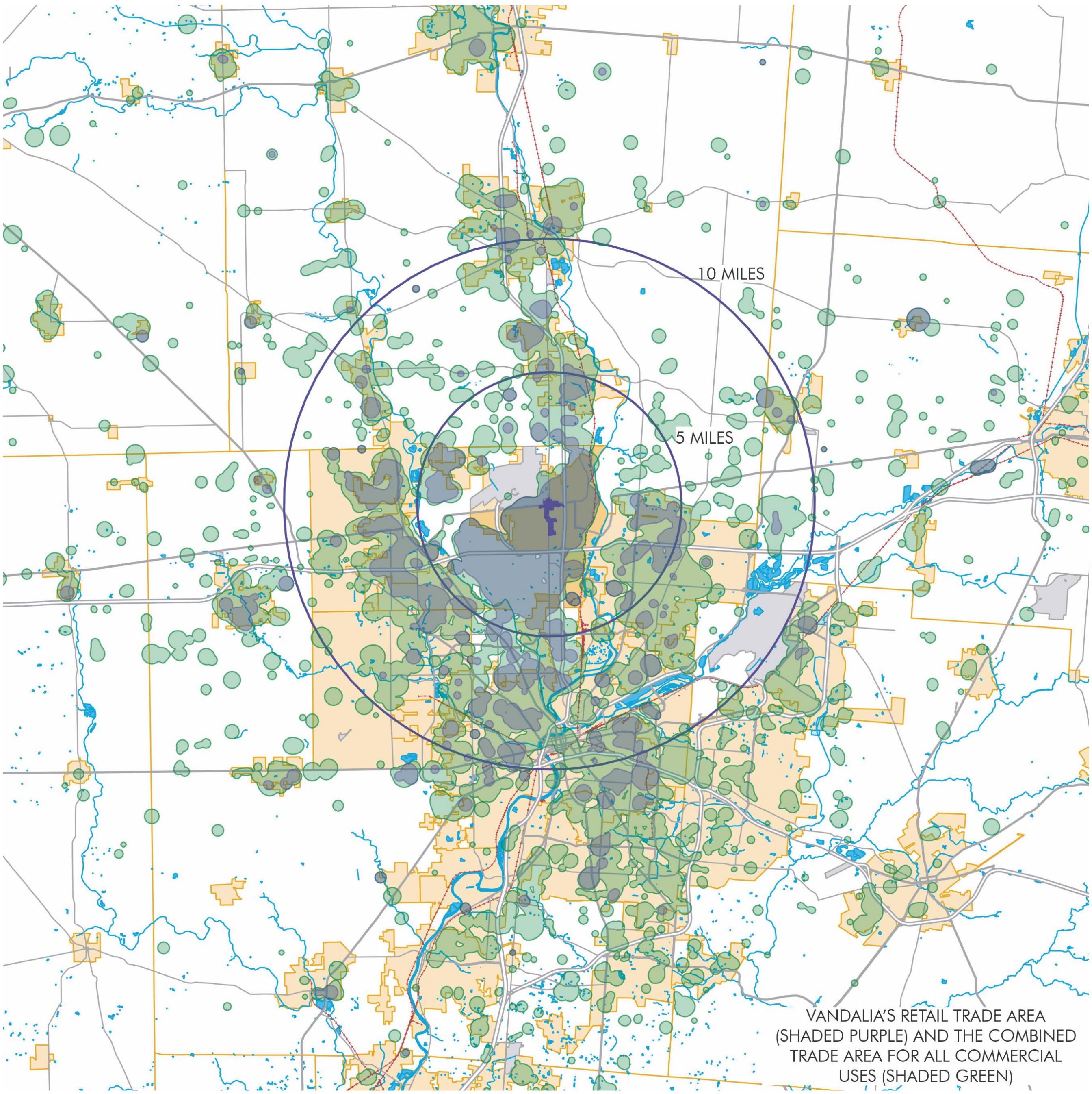


trade area to identify potential missed opportunities; places from which the corridors draw customers, but the retail or dining businesses do not.

Within five miles, the retail trade area closely overlaps the combined trade area, with most gaps to the east and north. That observation continues to ten miles, with considerable gaps to the south and east. Beyond that distance, the corridors are pulling few retail customers.

Although the pattern is similar for restaurants, it is not as pronounced. *At five and ten miles, the*

RETAIL AND COMBINED TRADE AREAS – FIVE AND TEN-MILE RADIUS

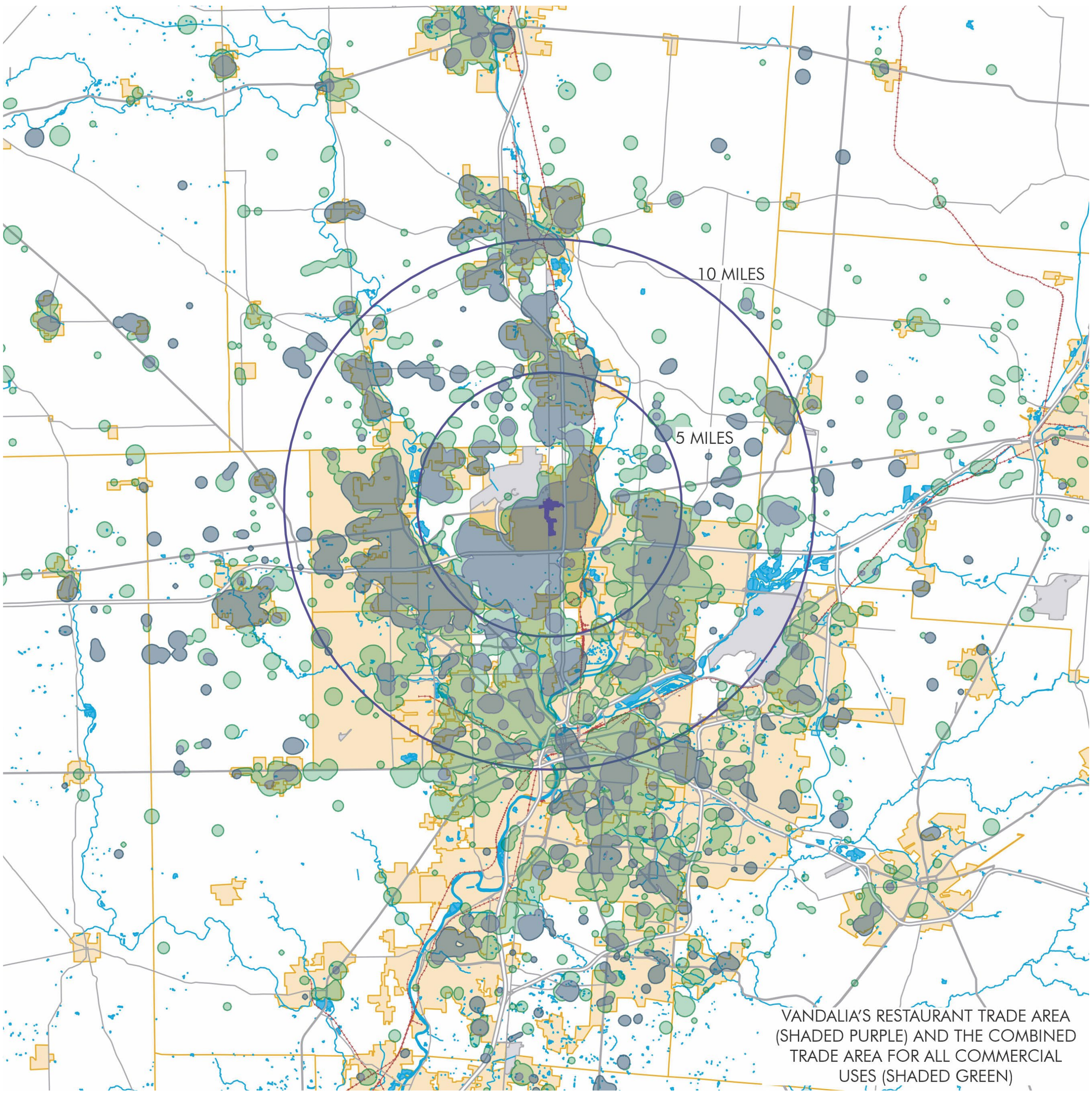


VANDALIA'S RETAIL TRADE AREA (SHADED PURPLE) AND THE COMBINED TRADE AREA FOR ALL COMMERCIAL USES (SHADED GREEN) *trade areas for restaurants closely matches the overall trade area in the north and south. There is still significant overlap to the east, out to ten miles. There is a greater gap to the south, with the concentration of restaurants in that area being the probable explanation.*

Resident and market demographics

Retail businesses are drawing from a trade area with 172,152 residents. In 2022, there were 76,278 visits from this area, making up 80 percent of the total observed traffic (using mobile device tracking). The population of the

RESTAURANT AND COMBINED TRADE AREAS – FIVE AND TEN -MILE RADIUS



combined trade areas is 611,565, so that the retail trade area touches 28.1 percent of the larger area, and captures 12.5 percent of that potential traffic.

In 2020, there were 37,571 people employed within five miles of the intersection of Dixie Drive and National Road, an increase from 29,440 ten years earlier.

The restaurant trade area has a population of 320,571 persons. In 2022, an estimated 89,810 of them accounted for 80 percent of the mobile device traffic detected at businesses in the corridor. The restaurant trade area overlaps more than half (52.4 percent) of the combined trade area, but performs only slightly better than retail with a 14.7 percent capture rate.

In the case of both retail and dining, the data suggest that there is a potential to better reach customers who may be already traveling to the corridors, if even infrequently, who are not patronizing the specific category of business. These core targets for additional foot traffic can be supplemented by remaining residents at varying distances from the redevelopment area. More than 300,000 people live within ten miles.

"Middle America" is a fitting term to describe the corridors' market. Retail consumers have a somewhat lower income compared to the state and nation. The retail business mix will explain much of this. The segments included buy American and use coupons, are less interested in environmental claims, and are influenced by price more than quality or brand name.

Restaurant patrons are very close to state and national averages on income. When eating out, they prefer lower-cost family chains such as Bob Evans, Applebee's, Texas Roadhouse, Cracker Barrel, and Golden Corral. These and similar chains are all found just to the south of Vandalia, offering a significant challenge for restaurants that may locate in the downtown.

Along with residents, there is a large worker population nearby. In 2020, there were 37,571 people employed within five miles of the intersection of Dixie Drive and National Road, an increase from 29,440 ten years earlier.

DEMOGRAPHIC CHARACTERISTICS

POPULATION	
Combined trade areas	611,565
Five mile radius	73,473
Ten mile radius	304,751
Twenty mile radius	822,422
Retail trade area	172,152
Estimated customers	76,278
Restaurant trade area	320,571
Estimated customers	89,810
INCOME	
US average	$67,520
Ohio average	$62,689
Retail trade area	$55,130
Restaurant trade area	$62,473

WORKERS WITHIN FIVE MILES

WORKERS	2010	2020
Total	29,440	37,571
Monthly earnings		
Under $1,250	24.5%	25.7%
$1,251 to $3,333	55.6%	49.9%
More than $3,333	19.8%	24.4%
INDUSTRY		
Manufacturing	17.5%	16.2%
Retail trade	15.6%	14.4%
Accommodation / food	13.7%	10.6%
Health care / social assistance	9.0%	11.6%
Transportation / warehousing	7.8%	11.3%
Admin / support / waste	6.3%	8.3%

It is notable that retail and accommodation and food services have both seen a decrease in employment, consistent with observations about the pandemic impact on these sectors through some establishments closing, and lower levels of staffing at others.

Both design flexibility and marketing will need to be leveraged to make Vandalia's downtown a compelling and competitive alternative.

The worker profile skews toward lower levels of education, with 32.6 percent of workers having a high school diploma or less, and only 16.2 percent having a bachelor's degree or higher. There is a relatively low proportion of the workforce in typical "white collar" industries like professional, scientific, and technical services, or finance and insurance. These would be workers more likely to patronize full-service and fast casual restaurants, and be less influenced by the speed of service or convenient location found at fast food restaurants with drive-up windows, and not associated with restaurants in a pedestrian-oriented district.

Competitive environment

Both traditional commercial districts and modern commercial agglomerations will compete with potential businesses in Vandalia's new downtown. The latter does not solely include the large concentration of commercial businesses along Miller Lane, south of Vandalia. This is best demonstrated by examining the pattern of grocery shopping among city residents.

Grocery stores are considered the anchors of neighborhood-level commercial districts, and attract other commercial uses to locate nearby. Neither Dixie Drive nor National Road has a grocery store, but there is one on Northwoods Boulevard in Vandalia. This store's main competitors are the Meijer in Englewood, Kroger in Huber Heights, Meijer in Huber Heights, Kroger in Englewood, and Kroger in Troy. Each of those stores overlaps at least a quarter of the customers belonging to the Vandalia Kroger.

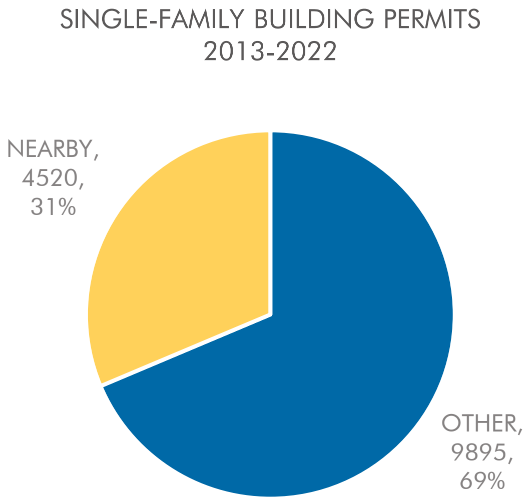
The pattern reflects the willingness of Vandalia residents to travel outside the city to shop elsewhere, even for the most basic goods. That will be more pronounced in the Dixie Drive and National Road corridors, which lack as strong an anchor use. Supporting retail is a factor, as people will often combine trips to multiple stores or choose to go to a supercenter, most of which are not found in Vandalia.

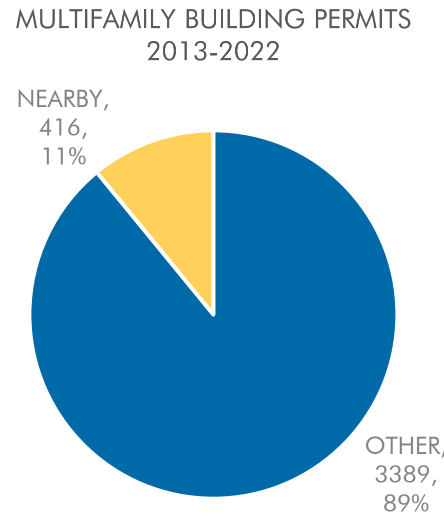
The Miller Lane area competes for accommodations and food service along with retail. There is a very large concentration of chain restaurants that may be the biggest challenge, as they have name recognition that attracts travelers as well as the "middle market" segments dominating the trade area. The market is very aware of this concentration of restaurants, making it more difficult to establish a rival location.

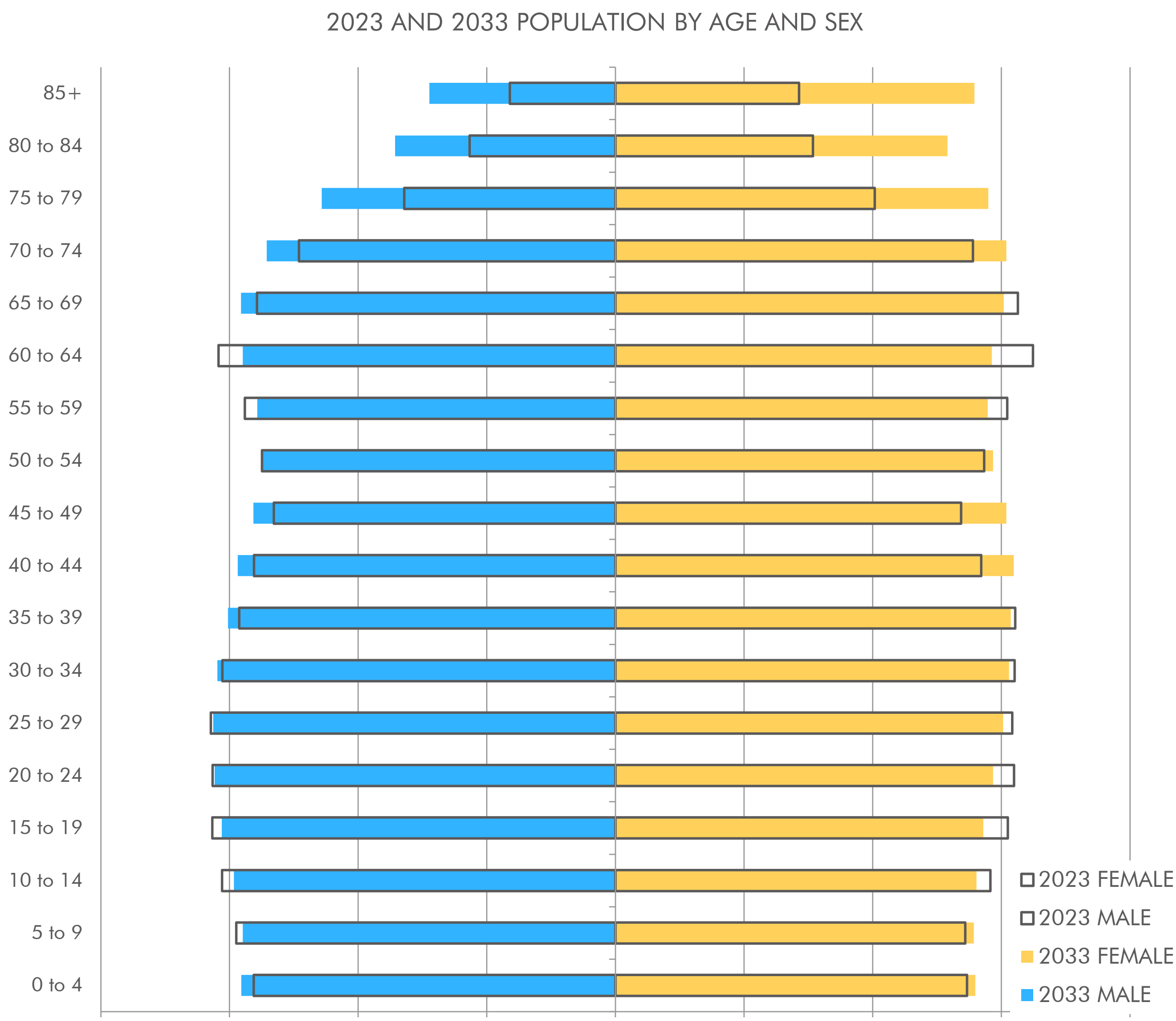
Tipp City's downtown is the primary competitor as a traditional business district. There is an established concentration of specialty shops and restaurants in the district. These are the kinds of businesses Vandalia's downtown needs to attract, and with which they will compete. Tipp City does have an established market presence, historic character, and lower occupancy costs compared to expected new construction in Vandalia. Both design flexibility and marketing will need to be leveraged to make Vandalia's downtown a compelling and competitive alternative.

Residential market

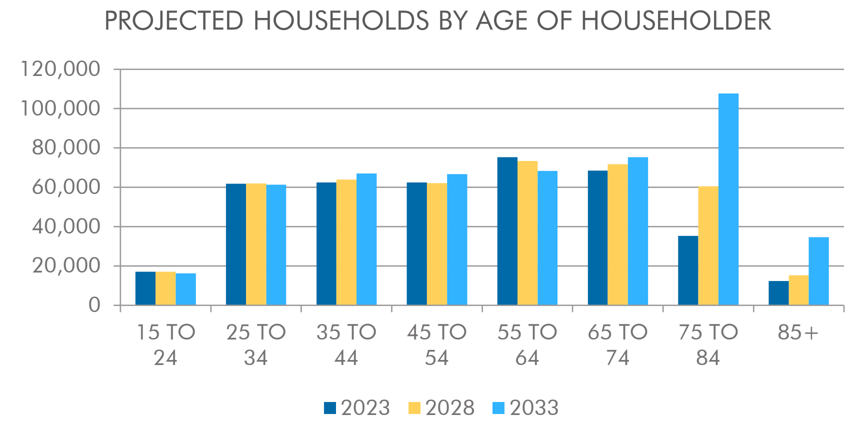
The residential market has considerably more immediate opportunity, in comparison to the commercial sector. Like most of the country, the regional market supply has not kept pace with demand for housing. That market is fueled by both new households and existing households that may be considering a change in housing.

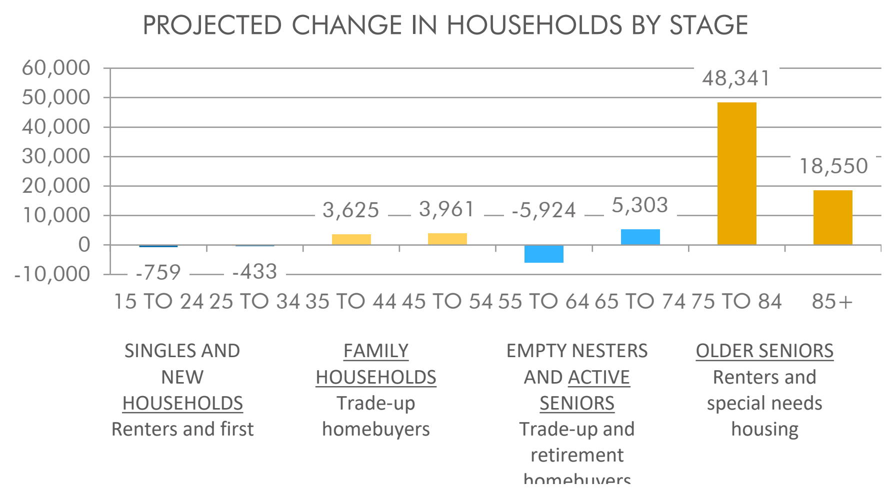

SINGLE-FAMILY BUILDING PERMITS
2013-2022
NEARBY, 4520, 31%
OTHER, 9895, 69%


MULTIFAMILY BUILDING PERMITS
2013-2022
NEARBY, 416, 11%
OTHER, 3389, 89%


2023 AND 2033 POPULATION BY AGE AND SEX
85+
80 to 84
75 to 79
70 to 74
65 to 69
60 to 64
55 to 59
50 to 54
45 to 49
40 to 44
35 to 39
30 to 34
25 to 29
20 to 24
15 to 19
10 to 14
5 to 9
0 to 4
2023 FEMALE
2023 MALE
2033 FEMALE
2033 MALE

For many, the age and condition of housing in the region may be as much a source of discouragement as cost and rising mortgage rates.





Clark, Greene, Miami, and Montgomery Counties make up the region in which Vandalia competes for housing. The population is anticipated to grow over the next decade or longer, from about 395,518 persons in 2023 to 458,125 people in 2033. Much of that growth will be among the largest generational groups; Boomers (in retirement) and Millennials who are entering their middle age period.

It should be noted that the rate of increase in households will exceed that of population growth. This is mainly due to smaller household size as there are fewer households with children, younger people are putting off household formation until later than in the past, and there is an increasing number of one-person older households as a result of divorce or death of a spouse. The smaller size of households and growing older population has implications for the kind of housing units that are in demand.

Within the regional market, Vandalia and nearby communities like Tipp City, Fairborn, Huber Heights, Englewood, and others, have accounted for about 31 percent of the single-family building permits issued from 2013 through 2022. This drops to about eleven percent of the units in multifamily buildings, for which permits were issued. Multifamily buildings, whether containing apartments or condominiums, will be the focus of the revitalization area.

The smaller size of households and growing older population has implications for the kind of housing units that are in demand.

While the population will grow overall, the change in housing demand by age cohort will be uneven. Losses are anticipated in the youngest groups, from 15 to 24 and from 25 to 34. Losses are also expected in households aged 55 to 64. The largest gains are found in the number of the oldest households, from 75 to 84, and over 85 years.

PROJECTED HOUSEHOLDS BY TENURE

HOUSEHOLDS BY AGE	2023			2028			2033		
	TOTAL	OWN	RENT	TOTAL	OWN	RENT	TOTAL	OWN	RENT
15 TO 24	17,103	3,005	14,098	17,025	2,991	14,034	16,246	2,854	13,391
25 TO 34	61,906	25,598	36,308	62,005	25,639	36,366	61,351	25,368	35,982
35 TO 44	62,505	40,888	21,617	63,963	41,842	22,121	67,017	43,840	23,178
45 TO 54	62,553	46,298	16,255	62,118	45,976	16,142	66,670	49,345	17,325
55 TO 64	75,340	55,781	19,559	73,389	54,337	19,053	68,369	50,620	17,749
65 TO 74	68,481	53,412	15,069	71,704	55,926	15,778	75,281	58,716	16,565
75 TO 84	35,276	27,678	7,598	60,448	33,019	9,064	107,757	53,789	14,766
85+	12,354	10,027	2,327	15,272	12,395	2,877	34,635	28,111	6,524
TOTAL	395,518	262,687	132,831	435,707	294,465	141,242	458,125	312,644	145,481

EXPECTED CHANGE	2028			2033			TOTAL		
	TOTAL	OWN	RENT	TOTAL	OWN	RENT	TOTAL	OWN	RENT
15 TO 24	-78	-14	-64	-779	-137	-642	-857	-151	-707
25 TO 34	99	41	58	-654	-270	-384	-555	-230	-326
35 TO 44	1,458	954	504	3,054	1,998	1,056	4,512	2,952	1,561
45 TO 54	-435	-322	-113	4,553	3,369	1,183	4,117	3,047	1,070
55 TO 64	-1,951	-1,444	-506	-5,020	-3,717	-1,303	-6,971	-5,161	-1,810
65 TO 74	3,223	2,514	709	3,577	2,790	787	6,800	5,304	1,496
75 TO 84	25,172	5,341	1,466	47,309	20,771	5,702	72,481	26,111	7,168
85+	2,918	2,368	550	19,363	15,716	3,647	22,281	18,084	4,197
TOTAL	40,189	31,778	8,411	22,417	18,179	4,239	62,607	49,957	12,650

ANNUAL CHANGE	TOTAL	OWN	RENT
15 TO 24	-86	-15	-71
25 TO 34	-56	-23	-33
35 TO 44	451	295	156
45 TO 54	412	305	107
55 TO 64	-697	-516	-181
65 TO 74	680	530	150
75 TO 84	7,248	2,611	717
85+	2,228	1,808	420
TOTAL	6,261	4,996	1,265

AVERAGE ANNUAL BUILDING PERMITS ISSUED IN THE LAST TEN YEARS
1,328

PROJECTED ANNUAL CHANGE IN NUMBER OF HOUSEHOLDS
6,261

Based on distributions of tenure, income, and housing affordability, the market demand for owned housing is expected to outpace demand for apartments. Rising mortgage costs and lack of supply can impact the actual distribution of buyers and renters in the market, though, and the estimated figures for renters should be considered a baseline.

If the north suburban part of the Dayton metropolitan area were to maintain its eleven percent share of rental housing construction,

PROJECTED MARKET FOR RENTAL UNITS

ESTIMATED ANNUAL RENTERS BY AGE											
AGE OF HHOLDER	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
15 TO 24	5,591	5,565	5,535	5,504	5,473	5,442	5,413	5,387	5,363	5,342	5,324
25 TO 34	14,563	14,568	14,567	14,560	14,546	14,525	14,498	14,464	14,424	14,380	14,331
35 TO 44	8,988	9,050	9,100	9,144	9,181	9,212	9,237	9,258	9,274	9,285	9,292
45 TO 54	6,444	6,492	6,547	6,606	6,668	6,730	6,792	6,851	6,907	6,960	7,010
55 TO 64	7,472	7,390	7,311	7,243	7,186	7,142	7,110	7,090	7,081	7,082	7,092
65 TO 74	6,509	6,595	6,647	6,680	6,696	6,698	6,689	6,672	6,650	6,623	6,596
75 TO 84	4,063	4,369	4,644	4,901	5,138	5,354	5,549	5,722	5,875	6,008	6,121
85+	1,315	1,433	1,564	1,705	1,855	2,013	2,176	2,345	2,517	2,691	2,866
TOTAL	54,945	55,462	55,916	56,342	56,742	57,116	57,466	57,790	58,092	58,372	58,631

ESTIMATED ANNUAL RENTERS BY MONTHLY RENT											
MONTHLY RENT	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
UNDER $600	12,071	12,185	12,285	12,378	12,466	12,549	12,625	12,697	12,763	12,824	12,881
$600 TO $699	3,834	3,870	3,902	3,932	3,960	3,986	4,010	4,033	4,054	4,074	4,092
$700 TO $799	2,926	2,954	2,978	3,001	3,022	3,042	3,060	3,078	3,094	3,109	3,123
$800 TO $899	2,732	2,757	2,780	2,801	2,821	2,839	2,857	2,873	2,888	2,902	2,915
$900 TO $999	3,981	4,019	4,052	4,083	4,112	4,139	4,164	4,188	4,209	4,230	4,249
$1,000 TO $1,099	2,148	2,168	2,186	2,203	2,218	2,233	2,247	2,259	2,271	2,282	2,292
$1,100 TO $1,199	1,667	1,682	1,696	1,709	1,721	1,732	1,743	1,753	1,762	1,771	1,778
$1,200 TO $1,299	2,288	2,309	2,328	2,346	2,363	2,378	2,393	2,406	2,419	2,431	2,441
$1,300 TO $1,399	2,909	2,937	2,961	2,983	3,004	3,024	3,043	3,060	3,076	3,091	3,104
$1,400 TO $1,499	2,214	2,235	2,253	2,271	2,287	2,302	2,316	2,329	2,341	2,352	2,363
$1,500 TO $1,749	3,106	3,136	3,161	3,185	3,208	3,229	3,249	3,267	3,284	3,300	3,315
$1,750 TO $1,999	3,852	3,888	3,920	3,950	3,978	4,004	4,028	4,051	4,072	4,092	4,110
$2,000 OR MORE	11,216	11,321	11,414	11,501	11,582	11,659	11,730	11,796	11,858	11,915	11,968

Tables reflect the number of potential renters in the market – not the demand for new units

anticipated household growth would dictate a needed pace of about 150 units per year. Over the past decade, only about 41 units have been built annually in this area. This strongly suggests a considerable degree of pent-up demand, exacerbated by the fact that much of the existing rental housing stock is old. Less than two percent of the rental units in Vandalia were constructed after 2000, while nearly 65 percent pre-date 1960.

The median renter in Vandalia is paying $746 per month, according to the Census Bureau's American Community Survey. More than half of renting households (52.5 percent) pay between $500 and $799 per month, while nearly a quarter (24.4 percent) pay between $800 and $999 per month. This is significantly below the market's capacity. More than half (53.5 percent) of renter households can afford to pay at least $1,000 per month, while more than a quarter (27.5 percent) can afford a rent greater than $1,500 per month.

PROJECTED MARKET FOR HOMEBUYERS

ESTIMATED ANNUAL HOMEBUYERS BY AGE											
AGE OF HHOLDER	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
15 TO 24	684	696	697	698	697	696	695	693	690	688	685
25 TO 34	5,474	5,567	5,577	5,581	5,578	5,571	5,559	5,542	5,523	5,501	5,478
35 TO 44	2,737	3,783	2,788	2,789	2,789	2,785	2,779	2,771	2,762	2,751	2,739
45 TO 54	2,053	2,088	2,091	2,092	2,092	2,089	2,084	2,078	2,071	2,063	2,054
55 TO 64	1,779	1,809	1,813	1,814	1,813	1,811	1,807	1,801	1,795	1,788	1,780
65 TO 74	684	696	697	698	697	696	695	693	690	688	685
75 +	274	278	279	279	279	279	278	277	276	275	274
TOTAL	13,684	13,917	13,942	13,952	13,946	13,927	13,896	13,856	13,808	13,754	13,696

ESTIMATED ANNUAL HOMEBUYERS BY PROPERTY TYPE											
TYPE	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
DETACHED	11,358	11,551	11,572	11,580	11,575	11,559	11,534	11,500	11,460	11,416	11,367
ROWHOUSE	821	835	837	837	837	836	834	831	828	825	822
CONDO 5+	137	139	139	140	139	139	139	139	138	138	137
CONDO 2-4	547	557	558	558	558	557	556	554	552	550	548
OTHER	821	835	837	837	837	836	834	831	828	825	822

ESTIMATED ANNUAL HOMEBUYERS BY HOME PURCHASE PRICE											
PRICE RANGE	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
UNDER $100,000	2,671	2,716	2,721	2,723	2,722	2,718	2,712	2,705	2,695	2,685	2,673
$100,000 TO $149,999	1,441	1,465	1,468	1,469	1,468	1,466	1,463	1,459	1,454	1,448	1,442
$150,000 TO $199,999	1,699	1,728	1,731	1,732	1,732	1,729	1,726	1,721	1,715	1,708	1,701
$200,000 TO $249,999	1,197	1,217	1,219	1,220	1,220	1,218	1,215	1,212	1,207	1,203	1,198
$250,000 TO $299,999	1,489	1,514	1,517	1,518	1,517	1,515	1,512	1,508	1,502	1,497	1,490
$300,000 TO $349,999	962	978	980	980	980	979	977	974	970	966	962
$350,000 TO $399,999	890	906	907	908	907	906	904	902	898	895	891
$400,000 TO $449,999	465	473	474	474	474	473	472	471	469	468	466
$450,000 TO $499,999	512	520	521	522	521	521	519	518	516	514	512
$500,000+	2,359	2,399	2,403	2,405	2,404	2,401	2,395	2,389	2,380	2,371	2,361

Tables reflect the number of potential buyers in the market – not the demand for new units

The unmet demand for better-quality rental apartments is an opportunity for the revitalization area, where it is possible to build larger buildings with amenities lacking in existing rental housing, such as covered parking, balconies, in-unit laundry, and quality finishes desired by renter households able to afford the rent landlords need to make the units viable.

As is the case of the overall housing market, the greatest increase in demand will be from households 75 and older. ***Many of these are people already living in Vandalia who want to transition to age-appropriate housing that is missing from the local market. The revitalization area is a desirable location in which to construct senior-oriented apartments, perhaps in coordination with local churches that often have development partnerships to build these types of units.***

While there is strong demand for single-family housing, only a fraction of the market is seeking the options for attached housing that might be constructed in the redevelopment area, such as rowhouses or condominiums.

Overall, though, commercial development will initially prove to be difficult, while there is an immediate demand for multifamily residential development.

As with rental housing, expected demand and actual demand are influenced by cost and supply. As housing costs and interest rates increase, some households may opt for condominiums or rowhouses as a more affordable option. Alternatively, low supply and slow condominium construction could cause buyers seeking these kinds of units to opt for other housing.

Attached units are favored by first-time buyers and downsizing older households. Lacking inventory is one reason cited to explain why older households are not moving from detached single-family homes as they have in the past. The character of condominium units that might be constructed in the redevelopment area is similar to that expected of better-quality apartment buildings. Units should be positioned to offer covered parking, balconies, and quality finishes on flooring and countertops, fireplaces, smart technology, and similar features.

Sixteen percent of the regional market cannot afford to buy housing over $100,000, while an equal percentage can afford more than $500,000. The target for Vandalia lies between these figures, represented by a range from $150,000 to $400,000, or 51 percent of the potential market.

Market analysis summary

Aside from car dealerships, the Dixie Drive and National Road corridors are mostly serving a neighborhood level of commercial activity. Retail is performing at an average level, but there is little depth or quality, and existing retail businesses will not draw customers from beyond the area. Much of the service sector has below-average traffic, perhaps as many people leave the area during the day, and there is little nearby retail or other activity to generate foot traffic.

The strongest drivers of traffic tend to be short duration single stops, such as to purchase gas or pick up fast food. While there are many fast food restaurants that are performing well, there are few fast-casual or full-service restaurants on the corridors. Lunch is the peak for restaurants, associated with the large number of employees in the vicinity.

Vandalia's downtown area will need to attract independent, unique, and compelling retail and dining businesses to be viable. Warehouse 4 Coffee, Jim's Donut Shop, and The Hairless Hare Brewery are three existing businesses representing this type, and upon which the district can build. Overall, though, commercial development will initially prove to be difficult, while there is an immediate demand for multifamily residential development.

Introducing new housing to the corridors is not only a viable strategy to redevelop tired and under-used real estate. New construction will help to signal the potential to reimagine Dixie Drive as Vandalia's downtown, increase pedestrian activity on the street, build a market for commercial uses, and begin to transition the district to a pedestrian-friendly, mixed-use pattern. Viable housing options include market rate apartments, senior housing communities, and condominiums.

Strategic recommendations

Market conditions dictate that Vandalia will need to take a phased approach to achieving its vision of a pedestrian-oriented downtown district. With few immediate opportunities to attract retail and dining businesses, the initial focus can leverage strong demand for better-quality, market rate apartments and condominiums in multifamily buildings. These can transition to mixed-use buildings on the street frontage. A secondary effort can enhance anchor businesses and buildings expected to remain in a redeveloped corridor. A larger retail and dining recruitment program can be implemented as conditions improve.

Strategy

The recommended strategy has three overlapping phases, with the transition between them depending on the pace of development. The intent of each phase is to capture the market opportunity available at the time, effecting change to bring about the conditions that make it possible to support other uses.

Phase one

The initial phase should focus on collaboration with property and business owners, encouraging and facilitating investments in real estate and business enhancement, while beginning to assemble future redevelopment sites in core areas of the downtown.

- *Redevelopment*. There is an immediate demand for market rate apartments, senior housing, and condominiums that can be built at the rear of large lots on Dixie Drive, or on side streets. The City can support this by sharing the market case, and through financial or permitting assistance.

PHASE ONE	PHASE TWO	PHASE THREE
REDEVELOPMENT Market Rate Apartments, Senior Housing, Condominiums Sites near the corridor	REDEVELOPMENT Transition redevelopment focus to mixed use buildings on Dixie Drive frontage	REDEVELOPMENT Carry out redevelopment on key redevelopment sites
ENHANCEMENT Grow anchor businesses and improve property not targeted for redevelopment	ENHANCEMENT Grow anchor businesses and improve property not targeted for redevelopment	ENHANCEMENT Transition to district management and marketing initiatives
PLANNING Assemble key redevelopment sites	PLANNING Coordinate streetscape and infrastructure improvements with redevelopment and continue site assembly	PLANNING Leverage the new downtown to attract neighborhood-serving businesses to National Road

- *Enhancement.* Efforts to renovate structures not targeted for redevelopment, and to strengthen anchor businesses (or relocate them to the revitalization area). This can include investments in real estate or tangible assets as well as providing professional services to help the business grow.
- ***Planning.* *Blocks immediately south of the intersection with National Road are under multiple ownerships. These will be the core of the new downtown and should be completely redeveloped, which can only happen if the individual lots can be assembled to create redevelopment sites. This task is expected to take years to accomplish.***

Phase two

This phase begins redevelopment along Dixie Drive, with the ability to support street-level commercial activity in vertically-mixed buildings. Blending revenue from upper level apartments and the ground floor may be necessary to offer a rent that can be supported by businesses before the corridor is fully developed.

- *Redevelopment.* Continue residential redevelopment on adjacent areas, while transitioning to mixed use projects on the street frontage.
- *Enhancement.* Continue collaborations with individual businesses and property owners, to enhance businesses and real estate.
- *Planning.* Continue land assembly efforts. Construct streetscape and infrastructure improvements in conjunction with redevelopment along the street frontage.

Phase three

This phase of the project realizes the ultimate goal of creating a core downtown on Dixie Drive south of National Road.

- *Redevelopment.* Continue redevelopment on sites further south, while focusing on the assembled sites in the core downtown area.
- *Enhancement.* Shift the focus of enhancement efforts from individual businesses and properties, to district management and marketing programs.
- *Planning.* Leverage traffic to the new downtown to promote business attraction and redevelopment along the National Road corridor, with businesses serving neighborhood shopping and service needs.

Site development concepts

There are two primary sites in the Dixie Drive corridor where redevelopment can be prioritized. In addition, the City-owned lots on Maple Street, and the Super 8 site on National Road present supporting opportunities.

Site One – Dixie Drive (National to Tionda)

The two blocks on the east side of Dixie Drive, from National Road to Tionda Drive, can be redeveloped to serve as the core of Vandalia's downtown. There are multiple owners of the lots comprising these blocks. To facilitate redevelopment, the City should engage in acquisition to assemble larger lots on which redevelopment can occur.

The City may consider whether it will retain the properties it already owns (the senior center and Seger Park) or relocate them to enable private redevelopment. Possibilities could include relocating them to the east side of Perry Street, or incorporating the senior center into the plans for senior housing in the downtown area.

Both blocks should be made available for vertically mixed-use development, with two or three floors of residential above ground floor commercial, and underground parking for residents. There is the potential to create more

REDEVELOPMENT CONCEPT: SITE ONE – DIXIE DRIVE BETWEEN NATIONAL ROAD AND TIONDA DRIVE

public parking with angled parking on Perry Street, Kenbrook Drive, and Tionda Drive.

Site Two – Dixie Drive north of Elva Court

The largest redevelopment area, and the one with the most compelling case as a starting point for the district, is a collection of large lots with frontage on Dixie Drive or Elva Court. Most of these lots are underdeveloped, though a floodway and elevation present some challenges. The elevation change can be used to more easily construct covered parking below the street level.

Multifamily buildings can be constructed on the rear portions of lots fronting on Dixie Drive, and those on Elva Street.

REDEVELOPMENT CONCEPT: SITE TWO – DIXIE DRIVE NORTH OF ELVA COURT

Site Three – Maple Street

The City owns several lots along Maple Street, and an adjacent lot fronting on Perry Street. The Perry Street frontage is lined with single family homes. There are apartment buildings to the north, a gas station on the south, and offices across Maple Street to the east.

There is no current demand for office use on these lots, and it would not be advisable to promote them for office uses that will create competition for potential development along Dixie Drive. Owner-occupied townhomes or condominiums would be the preferred use, with first-time buyers or older households as the target market. This is illustrated in the diagram labeled Concept Site Three “A”.

REDEVELOPMENT CONCEPT: SITE THREE “A” – MAPLE STREET

There is also the possibility of redeveloping the gas station on the corner of National Road and Maple Street. This is labeled Concept Site Three “B”. The BP gas station has an approximately 2,000 square foot convenience store, less than half of the 4,600 square foot average for a modern, urban convenience store with gas pumps. The City should explore entering into a partnership with the owner to redevelop the site with a larger convenience store on the corner, and pumps to the rear. This would be made possible by using a portion of the City-owned property.

REDEVELOPMENT CONCEPT: SITE THREE “B” – MAPLE STREET