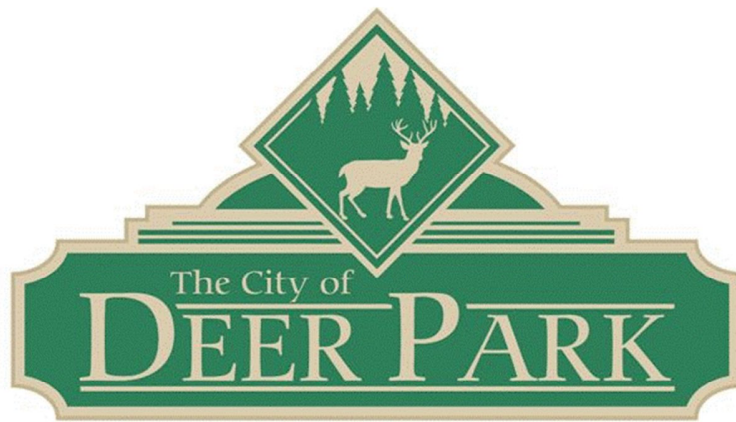


CITY COUNCIL BRIEFING

Blue Ash Road Corridor Market Analysis

CITY OF DEER PARK, OHIO



By

MARKET METRIC\$ LLC

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BLUE ASH ROAD CORRIDOR MARKET ANALYSIS

SCOPE: The scope of the market analysis is to assess the current status of the Blue Ash Road corridor in the City of Deer Park. This corridor is the primary commercial corridor in the City and a key to the future economic and community vitality of the City and its immediate vicinity. The analysis of the corridor has been commissioned in order to project potential near-term changes in development and occupancy status through the use of demographic and economic data provided by reliable sources with independent analyses and observations where warranted. The timing of the analysis is intended to provide a backdrop to corridor infrastructure improvements that are scheduled to begin in the coming year.

PURPOSE: The purpose of the analysis is to provide market based data and information to encourage redevelopment of key parcels of property along the Blue Ash Road corridor that will serve to help preserve and/or enhance the City's vitality and attractiveness for the foreseeable future.

OBJECTIVE: The objective of the analysis is to determine areas of emphasis and/or concern for the City's elected officials and administrative staff to prioritize in moving the City forward over the next several years. Additionally, parallel objectives of encouraging private property owners to reinvest in their facilities as well as encourage the City to take strategic steps to direct the future uses of key parcels along the corridor through the use of available incentives and/or ownership.

GENERAL OBSERVATIONS: The market analysis of the Blue Ash Road corridor has been general in scope. There are no specific sites have been singled out in the analysis; however, there are several key sites along the corridor that could have an overarching influence on the direction of redevelopment in the future. While it is important to remember the premise of "highest and best use" in optimizing the value of land, the application of the four tests cited above are provided only as guidelines for any available (re)development land in the City. **In essence, the scarcity of remaining development land in the City means that the City's elected officials and administrative staff must not allow the development outcomes on these scarce sites to be sub-optimized in the future.**

Development along the Blue Ash Road corridor represents an atypical land use mix as a function of a rail line that parallels the street through the City. As such, industrial uses populate the land areas immediately adjacent to the west of the corridor while a more conventional mix of commercial and residential uses occupy the east side of the corridor in conjunction with a few light industrial uses that are interspersed along the thoroughfare. While all of the existing industrial uses along the corridor represent prior iterations of urban development, those uses on the east side of Blue Ash Road no longer appear to represent the highest and best use of the sites they occupy. A similar conclusion could apply to the industrial uses along the west side of the corridor if the rail line is ever abandoned.

Commercial and residential uses alternate along the east side of the corridor representing a land use mix that sub-optimizes the land value of several parcels located on this key thoroughfare in the City. Higher density residential uses: apartments and/or condominiums, would appear to be appropriate in the southern portion of the Blue Ash Road corridor while a transition to small scale commercial uses: retail, consumer services, and small-scale office uses, appear to be appropriate moving northward to the intersection of Blue Ash Road with East Galbraith Road and beyond to the north.

As a footnote, a similar mix of commercial uses would appear to be appropriate for East Galbraith Road moving eastward from the intersection with the subject corridor.

It should be noted that single-family residential uses are located immediately east of the corridor. Single-family and multi-family residential uses are in close proximity to the west of the corridor although further removed beyond the railroad line and the industrial uses that abut the rail in several locations.

Appropriate land use mixes, development scale, and/or buffering where appropriate should be observed in order to preserve or enhance the value of the residential neighborhoods along the subject corridor.

KEY DEMOGRAPHIC OBSERVATIONS: Population and household growth in the near future, defined as the next five years from 2018 through 2023, are essentially static. Household income measures are more or less consistent with a portion of the adjacent communities; however, there are more affluent communities in the immediate market area that could represent stronger locations for retail and consumer service enterprises if competitive venues are available in the marketplace.

The relative magnitude of the five-minute drive-time market area and the convenient access offered by the intersection of East Galbraith Road with the Blue Ash Road corridor should be emphasized. This drive-time market emphasis will capture the indigenous market in the City as well as the City’s immediate environs.

Based on the data, the most likely City residents may come from the ends of the household spectrum – newly formed households of singles and recently marrieds as well as seniors who may want to downsize and reduce the rigors of freestanding residential housing maintenance; i.e., “empty nester” housing.

The City may wish to emphasize the ease of access to employment centers, major points of interest, and shopping as reasons to locate in Deer Park. Developing and/or expanding amenities that are desired by the market segments the City appears to be best able to attract are in order – walkable locations and access to recreation and facilities such as fitness centers and health care would appear to be important to the market segments identified above along with dining entertainment and convenience goods and consumer services.

A pedestrian friendly walkable community is dependent “complete streets”; i.e., sidewalks, curbs and gutters. Working toward a matrix of complete streets reinforces the City’s commitment to delivering a walkable community in the future.

POPULATION			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	2,114,577	2,184,257	2,263,935
Hamilton County	802,373	812,775	810,647
City of Deer Park	5,785	5,885	5,851
Deer Park Census Tracts			
CT 39061023701	2,991	3,059	3,040
CT 39061023702	2,636	2,667	2,656
Adjacent Communities			
Amberley	3,599	3,656	3,693
Blue Ash	12,100	12,414	12,441
Silverton	4,624	4,701	4,632
Sycamore Township	19,025	19,292	19,436
Dillonvale CDP	3,442	3,476	3,424
Kenwood CDP	6,957	7,072	6,967
Drive-time Areas*			
5 Minutes	15,904	16,163	16,043
10 Minutes	64,413	65,710	65,074
15 Minutes	195,060	198,165	196,114
HOUSEHOLDS			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	824,968	850,678	887,879
Hamilton County	333,945	336,817	339,205
City of Deer Park	2,637	2,660	2,679
Deer Park Census Tracts			
CT 39061023701	1,367	1,379	1,384
CT 39061023702	1,206	1,217	1,223
Adjacent Communities			
Amberley	1,377	1,399	1,431
Blue Ash	5,006	5,129	5,168
Silverton	2,326	2,347	2,323
Sycamore Township	8,413	8,501	8,666
Dillonvale CDP	1,558	1,565	1,562
Kenwood CDP	3,168	3,210	3,191
Drive-time Areas*			
5 Minutes	7,399	7,471	7,494
10 Minutes	28,305	28,713	28,690
15 Minutes	86,539	87,448	87,391
*Drive-time areas are defined from the intersection of Blue Ash Road and East Galbraith Road			
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com			

MEDIAN AGE OF THE POPULATION			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	37.1	37.8	38.5
Hamilton County	37.0	36.9	37.6
City of Deer Park	38.6	37.7	38.6
Deer Park Census Tracts			
CT 39061023701	41.7	40.7	41.4
CT 39061023702	36.0	35.5	36.3
Adjacent Communities			
Amberley	47.9	49.0	49.8
Blue Ash	42.1	42.3	42.6
Silverton	43.1	43.0	43.4
Sycamore Township	44.5	44.8	44.9
Dillonvale CDP	44.5	43.0	42.9
Kenwood CDP	45.4	45.9	45.9
Drive-time Areas*			
5 Minutes	41.5	40.5	40.9
10 Minutes	42.5	42.6	42.9
15 Minutes	39.9	39.5	40.0
MEDIAN AGE OF HEADS OF HOUSEHOLDS			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	50.0	52.3	53.2
Hamilton County	50.1	51.7	52.6
City of Deer Park	49.4	49.6	50.4
Deer Park Census Tracts			
CT 39061023701	50.9	51.6	53.0
CT 39061023702	47.8	47.5	47.8
Adjacent Communities			
Amberley	58.2	60.8	62.8
Blue Ash	53.0	55.5	56.7
Silverton	51.1	52.9	53.8
Sycamore Township	54.7	56.5	58.0
Dillonvale CDP	54.5	55.8	57.5
Kenwood CDP	56.4	57.5	58.6
Drive-time Areas*			
5 Minutes	52.1	53.2	54.3
10 Minutes	53.0	54.8	55.8
15 Minutes	51.1	52.8	53.7
*Drive-time areas are defined from the intersection of Blue Ash Road & East Galbraith Road			
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com			

DISTRIBUTION OF AGES OF HEADS OF HOUSEHOLDS						
	2010 Census		2018 Estimate		2023 Projection	
	<55	55+	<55	55+	<55	55+
Cincinnati MSA	61.22%	38.78%	55.62%	44.38%	53.20%	46.80%
Hamilton County	60.51%	39.49%	56.24%	43.76%	54.00%	46.00%
City of Deer Park	61.74%	38.26%	59.67%	40.33%	57.31%	42.69%
Deer Park Census Tracts						
CT 39061023701	57.79%	42.21%	55.91%	44.09%	53.18%	46.82%
CT 39061023702	66.50%	33.50%	64.17%	35.83%	62.14%	37.86%
Adjacent Communities						
Amberley	40.90%	59.10%	34.20%	65.80%	31.60%	68.40%
Blue Ash	54.50%	45.50%	48.80%	51.20%	46.80%	53.20%
Silverton	58.80%	41.20%	54.50%	45.50%	52.40%	47.60%
Sycamore Township	50.80%	49.20%	46.80%	53.20%	44.60%	55.40%
Dillonvale CDP	51.00%	49.00%	48.40%	51.60%	45.60%	54.40%
Kenwood CDP	47.50%	52.50%	44.90%	55.10%	43.40%	56.60%
Drive-time Areas*						
5 Minutes	55.88%	44.12%	53.24%	46.76%	51.15%	48.85%
10 Minutes	54.44%	45.56%	50.52%	49.48%	48.40%	51.60%
15 Minutes	58.39%	41.61%	54.31%	45.69%	52.19%	47.81%
*Drive-time areas are defined from the intersection of Blue Ash Road & East Galbraith Road						
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com						

ONE PERSON HOUSEHOLDS			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	27.70%	27.40%	27.80%
Hamilton County	33.90%	33.10%	33.80%
City of Deer Park	39.50%	38.30%	39.10%
Deer Park Census Tracts			
CT 39061023701	43.20%	41.60%	42.60%
CT 39061023702	35.70%	34.90%	35.70%
Adjacent Communities			
Amberley	18.80%	18.10%	19.00%
Blue Ash	27.40%	26.90%	27.40%
Silverton	45.10%	43.90%	44.40%
Sycamore Township	33.70%	32.90%	34.00%
Dillonvale CDP	32.60%	31.60%	32.90%
Kenwood CDP	37.40%	36.60%	37.40%
Drive-time Areas*			
5 Minutes	38.70%	37.60%	38.60%
10 Minutes	34.40%	33.40%	34.10%
15 Minutes	36.60%	35.60%	36.40%
TWO PERSON HOUSEHOLDS			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	32.70%	33.20%	33.00%
Hamilton County	31.50%	32.30%	32.10%
City of Deer Park	32.30%	33.30%	33.00%
Deer Park Census Tracts			
CT 39061023701	30.70%	32.00%	31.50%
CT 39061023702	33.80%	34.60%	34.30%
Adjacent Communities			
Amberley	44.20%	45.30%	44.90%
Blue Ash	37.20%	37.70%	37.40%
Silverton	31.50%	32.50%	32.10%
Sycamore Township	34.30%	35.10%	34.70%
Dillonvale CDP	37.60%	38.50%	37.80%
Kenwood CDP	31.30%	32.30%	31.80%
Drive-time Areas*			
5 Minutes	32.60%	33.50%	33.10%
10 Minutes	33.40%	34.30%	34.00%
15 Minutes	32.00%	32.90%	32.60%
*Drive-time areas are defined from the intersection of Blue Ash Road & East Galbraith Road			
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com			

THREE OR MORE PERSON HOUSEHOLDS			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	39.60%	39.40%	39.20%
Hamilton County	34.60%	34.60%	34.10%
City of Deer Park	28.20%	28.40%	27.90%
Deer Park Census Tracts			
CT 39061023701	26.10%	26.40%	25.90%
CT 39061023702	30.50%	30.50%	30.00%
Adjacent Communities			
Amberley	37.00%	36.70%	36.20%
Blue Ash	35.50%	35.50%	35.20%
Silverton	23.40%	23.70%	23.50%
Sycamore Township	32.00%	32.00%	31.40%
Dillonvale CDP	29.80%	30.00%	29.40%
Kenwood CDP	31.30%	31.20%	30.80%
Drive-time Areas*			
5 Minutes	28.70%	28.90%	28.30%
10 Minutes	32.20%	32.30%	31.90%
15 Minutes	31.40%	31.50%	31.00%
*Drive-time areas are defined from the intersection of Blue Ash Road & East Galbraith Road			
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com			

MEDIAN HOUSEHOLD INCOME			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	\$53,624	\$62,307	\$73,401
Hamilton County	\$47,143	\$55,632	\$64,122
City of Deer Park	\$47,422	\$53,776	\$60,274
Deer Park Census Tracts			
CT 39061023701	\$46,717	\$54,651	\$60,892
CT 39061023702	\$48,323	\$53,209	\$59,681
Adjacent Communities			
Amberley	\$102,851	\$115,708	\$124,598
Blue Ash	\$73,207	\$80,732	\$89,382
Silverton	\$33,879	\$37,497	\$43,780
Sycamore Township	\$63,560	\$71,651	\$81,152
Dillonvale CDP	\$54,769	\$62,329	\$68,224
Kenwood CDP	\$66,143	\$77,191	\$88,898
Drive-time Areas*			
5 Minutes	\$49,608	\$57,306	\$65,050
10 Minutes	\$55,343	\$63,739	\$71,989
15 Minutes	\$50,481	\$58,889	\$67,618
AVERAGE HOUSEHOLD INCOME			
	2010 Census	2018 Estimate	2023 Projection
Cincinnati MSA	\$72,949	\$85,258	\$99,308
Hamilton County	\$70,653	\$81,110	\$91,806
City of Deer Park	\$58,396	\$64,437	\$73,243
Deer Park Census Tracts			
CT 39061023701	\$55,253	\$61,634	\$69,363
CT 39061023702	\$61,653	\$67,351	\$77,340
Adjacent Communities			
Amberley	\$155,110	\$180,593	\$199,824
Blue Ash	\$101,817	\$115,480	\$127,900
Silverton	\$46,325	\$51,396	\$57,653
Sycamore Township	\$91,267	\$102,524	\$115,338
Dillonvale CDP	\$63,808	\$68,551	\$75,421
Kenwood CDP	\$92,533	\$105,916	\$118,618
Drive-time Areas*			
5 Minutes	\$66,894	\$74,168	\$83,442
10 Minutes	\$80,149	\$92,105	\$103,586
15 Minutes	\$77,338	\$89,116	\$100,663
*Drive-time areas are defined from the intersection of Blue Ash Road and East Galbraith Road			
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com			

HOUSING MARKET OBSERVATIONS: Current estimates and projections suggest that 60 new housing units could be absorbed by the residential market in Deer Park. Given the scarcity of land for new construction, higher density apartments and/or condominiums are the most likely housing products to be built. Sites along the east side of the Blue Ash Road corridor may offer opportunities to introduce new residential inventory; however, parcel consolidation and demolition of existing improvements are likely prerequisites to any new development.

THE EXISTING RESIDENTIAL INVENTORY WITH ESTIMATES AND PROJECTIONS						
Year	2010 Census		2018 Estimate		2023 Projection	
Geographic Area	Units*	Percent	Units*	Percent	Units	Percent
City of Deer Park*	2,771	100.0%	2,771	100.0%	2,831	100.0%
Owner	1,790	64.6%	1,784	64.4%	1,789	63.2%
Renter	847	30.6%	875	31.6%	881	31.1%
Vacant	134	4.8%	112	4.0%	161	5.7%
*2010 Census Data and 2018 Estimate Adjusted to HUD Based Building Permit Data						
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com						

Given the age of the housing inventory and a cursory review of sales prices per square foot of living area of recent sales (three years), the potential for the introduction of new residential construction in the City appears to be within “striking distance”.

CURRENT AVERAGE HOME VALUES FOR DEER PARK AND ADJACENT JURISDICTIONS - 10-29-2018					
Deer Park	Amberley	Blue Ash	Silverton	Dillonvale CDP	Kenwood CDP
\$132,200	\$349,200	\$218,200	\$133,600	\$143,500	\$274,000
Table prepared by MARKET METRICS LLC from data supplied by Zillow.com					

Many workers now work from home only “going to the office” for staff and/or client meetings. As such, the home office has become a dedicated live-work space that is being incorporated into new home designs of all types. The City should not overlook this attribute of new home design.

Given the extremely limited opportunities for growth in the built environment (new housing units) maintaining the existing housing inventory becomes a parallel goal to keeping current residents and attracting new residents especially if the Census based household growth projections are to be realized.

Restating for emphasis, vitality maintenance of the built environment is extremely important to the future of the City of Deer Park which is essentially at its limits of physical growth.

A thorough review of the existing housing inventory is in order to determine if there any characteristics of the inventory that are “physically deteriorated” and/or “functionally obsolescent” and if anything can be done to enhance the market attractiveness and/or marketability of the existing housing inventory – this is an ongoing process and will become more important as the built environment continues to age.

Transition of the single-family residential inventory to rental housing is also important to monitor. Based on the estimated number of freestanding residential units in the housing inventory, estimated current housing unit vacancy, and estimated current owner occupancy, approximately 10% of the freestanding residential units in the City appear to have transitioned to rental units. This is an important percentage to monitor since these housing units have traditionally been built for owner occupancy. From a positive perspective the owners of these homes must view them as a good investment; however, from a negative perspective a landlord may not have the same “pride of ownership” as an owner occupant.

Code enforcement is a key element to maintaining the vitality of the built environment (both maintenance codes and zoning codes) with the objective of maintaining or enhancing the marketability and market value of housing units in the inventory.

Zoning codes that enable property owners in older neighborhoods to make improvements that will enhance market value should be encouraged.

Annual inspections of rental units have worked in many communities to preserve marketability and rental value. Pre-sale inspections have also been used in some communities which are essentially “built out” to preserve market value and ensure code compliance. An inspection program encouraging voluntary compliance is desirable.

Responsible home owners, land lords, and property managers are essential to the vitality of the housing inventory and those who choose not to comply with the City’s wishes should not be allowed to escape strict enforcement.

If specific projects and/or areas appear to be approaching the end of their economic lives then steps should be taken to facilitate redevelopment when the time is right – languishing projects or neighborhoods are serious market impairments and can accelerate the decline of a community.

Where properties appear to be nearing the end of their economic lives plans for redevelopment should be put in place so that derelict properties do not become a burden to the City.

COMMERCIAL MARKET OBSERVATIONS: Given the limited business base in Deer Park, most of its residents likely work outside of town and are away during the day; however, the daytime population of Deer Park is substantial according to data provided by reliable sources.

Children, stay-at-home adults, and retirees comprise the bulk of the daytime population along with students in any schools located in town. The vast majority of the daytime population in the City is over the age of 16.

The daytime population of the five-minute drive-time market is significantly larger than that of the City and is in relatively close proximity to the key intersection of Blue Ash Road and East Galbraith Road.

Two significant challenges exist that will impact the future of the Blue Ash Road corridor. The first is the proximity of the City to the mega-retail and service epicenter in nearby Kenwood followed by the lack of competitive space along the Blue Ash Road corridor. Of the two challenges, redeveloping competitive venues for small-scale local retail and consumer service tenants may be the more difficult to achieve.

THE EXISTING RETAIL AND SERVICE BUSINESS BASE				
Business Type	Retail		Services	
	Establishments	Employment	Establishments	Employment
Cincinnati MSA	12,183	194,279	41,318	407,601
Hamilton County	5,326	86,853	19,347	224,742
City of Deer Park	57	1,010	77	1,998
Drive-time Market Areas*				
5 Minutes	254	4,844	521	9,775
10 Minutes	664	10,424	2,237	26,586
15 Minutes	1,847	29,568	6,950	72,860
*Drive-times measured from the intersection of Blue Ash Road and East Galbraith Road				
Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com				

The City may have to serve as a market intermediary to demolish obsolescent improvements and consolidate parcels for future commercial redevelopment. Finding developer-builders who are willing and able to develop small-scale commercial projects may be an additional challenge.

It is very likely that more obsolescent commercial space will be demolished along the Blue Ash Road corridor than will be introduced for future commercial uses. The exact magnitude of this difference cannot be determined at this time. The prerequisite steps needed in order to develop competitive commercial space along the corridor could take an extended time period, as such future projections of space needs at this time would be meaningless.

Regardless, of future timing, the space needs of future tenants is likely to be more small-scale in structures that fit the needs of small tenants; likely single-story with on-site surface parking.

The more or less random mix of residential, commercial, and light industrial, uses along the east side of the corridor has a sub-optimizing effect on the values of land uses in the corridor in general. A more orderly progression of increasing land use intensity from the south end of the corridor to the intersection of Blue Ash Road with East Galbraith Road appears to be more appropriate. This progression of land use intensity would culminate at a commercial node at the intersection of these two thoroughfares.

Thus, it is recommended that commercial retail, consumer service enterprises, and small-scale office uses, be clustered in a commercial node around the primary intersection of Blue Ash Road and East Galbraith Road rather than scattered along the length of the corridor. A cluster is really nothing more than a grouping of one or more single tenant and multi-tenant commercial properties that have the effect of creating a commercial center.

While there needs to be at least one end user that provides a “draw” to the intersection, a collection of small-scale neighborhood and convenience users is the most likely outcome for the commercial cluster envisioned at the intersection. This clustering will have the effect of creating a “town center” even if the components of commercial development are not one comprehensive development project. Clustering will also promote walkability among the various enterprises that could populate one or more new commercial developments at the intersection. In addition, access to the dining, retail, and consumer service needs of the neighborhood in the immediate vicinity results in congestion avoidance by not having to travel to the mega-retail developments in Kenwood.

2018 HOUSEHOLD CONSUMER EXPENDITURES AND 2018-2023 PROJECTED HOUSEHOLD RETAIL EXPENDITURE GROWTH				
Defined Geography	2018 Household Consumer Expenditures	2018-2023 Household Changes	2018 Household Retail Expenditures	2018-2023 New Retail Demand*
Cincinnati MSA	\$44,187.86	37,201	\$14,821.82	\$551,386,525.82
Hamilton County	\$42,571.03	2,388	\$14,334.33	\$34,230,380.04
Deer Park	\$42,062.66	10	\$13,810.81	\$138,108.10
Amberley	\$61,160.93	32	\$20,366.41	\$651,725.12
Blue Ash	\$52,664.08	39	\$17,748.34	\$692,185.26
Silverton	\$35,109.13	24	\$11,595.26	\$278,286.24
Sycamore Twp.	\$49,766.25	165	\$16,711.71	\$2,757,432.15
Dillonvale CDP	\$45,639.78	3	\$15,284.05	\$45,852.15
Kenwood CDP	\$50,849.04	19	\$17,056.74	\$324,078.06
Blue Ash Road & East Galbraith Road				
5 Minutes Drive-time	\$43,416.00	23	\$14,567.31	\$335,048.13
10 Minutes Drive-time	\$46,140.33	23	\$15,475.37	\$355,933.51
15 Minutes Drive-time	\$44,057.85	57	\$14,807.94	\$844,052.58
*Based on 2018 Average Annual HH Retail Demand Dollars and Projected 2018-2023 Household Growth Table prepared by MARKET METRICS LLC from data supplied by esiteanalytics.com				

If major businesses are family owned, the City should try to determine if there is a succession plan in place for current senior management and ownership – if not a potential risk to the future of the businesses involved could be apparent.