

# Kiliaen's Landing

## DRAFT MARKET STUDY

City of Rensselaer

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***Prepared for:***

*City of Rensselaer  
62 Washington Street  
Rensselaer, NY 12144*

***Prepared by:***



*3 Winners Circle  
P.O. Box 5269  
Albany, NY 12205*

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# TABLE OF CONTENTS

## Executive Summary

<b>I.</b>	<b>Introduction.....</b>	<b>1</b>
<b>II.</b>	<b>Previous Studies.....</b>	<b>3</b>
<b>III.</b>	<b>Demographic Conditions.....</b>	<b>4</b>
<b>IV.</b>	<b>Economic Conditions and Industry Trends.....</b>	<b>7</b>
<b>V.</b>	<b>Settlement Patterns and Trends.....</b>	<b>9</b>
<b>VI.</b>	<b>Comparable Developments.....</b>	<b>11</b>
	a. The Mansions at Technology Park.....	11
	b. The Lofts at 733 Broadway.....	12
	c. Stonegate Luxury Apartments.....	13
	d. The Lofts at Harmony Mills.....	14
	e. Summary.....	16
<b>VII.</b>	<b>Market Analysis.....</b>	<b>17</b>
	a. Site Characteristics.....	17
	b. Community Characteristics.....	18
	c. Development Opportunities.....	21
	d. Mixed Use and Commercial Opportunities.....	24
<b>VIII.</b>	<b>Summary of Recommendations.....</b>	<b>2</b>

## **EXECUTIVE SUMMARY**

The project area identified as Kiliaen's Landing consists of approximately 75 acres in the northwestern portion of the City of Rensselaer, NY. The property is located directly along the eastern shore of the Hudson River, from the Livingston Avenue Rail Bridge northward to beyond the Interstate 90 river crossing.

The New York State Energy Research and Development Authority (NYSERDA) has funded the preparation of a Master Plan and Generic Environmental Impact Statement (GEIS) for the Kiliaen's Landing site under its Cleaner Greener Communities program. This Market Study was prepared as part of this process, in order to define market conditions influencing the site's development and to make recommendations for a course of development that will be financially viable while benefitting the larger community.

Kiliaen's Landing has a distinguishing feature that sets it apart from almost any other development site in the Capital Region: Its waterfront location— within an urban area – offer direct access to the Hudson River and incredible views of the Albany skyline. This defining characteristic makes the site worthy of serious consideration for investment, and offers a natural advantage in the competitive Capital Region real estate market that cannot be replicated at other sites.

The site's lack of visibility and access from adjacent roadways potentially limits its potential for commercial uses such as retail, office or light manufacturing. However, Kiliaen's Landing appears to have good potential for residential development, including upscale apartment uses. Mixed-use development combining residential and commercial uses may be viable as it establishes population and activity on site to help support commercial components. Population and industry trends, as well as the site's characteristics, are favorable for this type of development.

Following is a summary of recommendations provided by the Market Study:

- The site's waterfront location provides a very good setting for multi-story residential (apartment) uses. A trend favoring upscale/luxury apartments spaces is well underway in the Capital Region, and is expected to continue in the foreseeable future.
- The site may support some mixed use. This could include small scale first-floor retail or dining, professional office space within the residential structure, or the construction of independent commercial buildings in addition to residential development.
- The Hilton Center structure provides opportunities for adaptive reuse, potentially as a residential (apartment or condominium) or mixed-use property.
- The project should highlight its waterfront setting by including features such as balconies, outdoor common areas, river access, and trails.
- Market conditions should be closely monitored by investors and developers during the project's pre-development stages, including the progress of DeLaet's Landing just south of Kiliaen's Landing. This will provide a more accurate gauge of demand and identify potentially unmet market needs based on the performance of DeLaet's Landing.
- A combination of studio, one-bedroom, and two-bedroom apartment units in structures 4-8 stories in height is appropriate for this site. Based on its location, housing at Kiliaen's Landing may

not support rents at the very high end of the region's residential market. Cost containing measures such as the use of modern, efficient materials and limiting apartment unit dimensions can help to maintain affordability.

- A phased approach to development at Kiliaen's Landing should be considered to gauge market trends, allow maturation of the Rensselaer market, and to maintain a degree of flexibility over the course of the site's buildout.
- Sustainable design and construction practices should be used to create a modern setting that appeals to many residents seeking apartment housing in urban areas.
- Active participation and support from public agencies including the City of Rensselaer, Rensselaer County, and NYSERDA is important to the overall success of the project. Economic development agencies including the City of Rensselaer IDA and/or Rensselaer County IDA should be actively involved in the development process; open dialogue should occur relative to development incentives potentially available in the form of tax exemptions, PILOT agreements or other economic development tools that may be used to support confident investment in the project.

## **I. PROJECT BACKGROUND and INTRODUCTION**

The project area identified as Kiliaen's Landing consists of approximately 75 acres in the northwestern portion of the City of Rensselaer, NY. The property is located directly along the eastern shore of the Hudson River, from the Livingston Avenue Rail Bridge northward to beyond the Interstate 90 river crossing. The site is accessed by Tracy Street and Forbes Avenue, which intersect with Broadway Avenue east of the site. Ownership of the site is divided among several private and public owners. The main focus of this Market Study is the southernmost 18 acres of the site, an area bounded by the Hudson River, the CSX rail lines, and the city-owned boat launch.

The New York State Energy Research and Development Authority (NYSERDA) has funded the preparation of a Master Plan and Generic Environmental Impact Statement (GEIS) for the Kiliaen's Landing site under its Cleaner Greener Communities program. This Market Study was prepared as part of this process, in order to define market conditions influencing the site's development and to make recommendations for a course of development that will be financially viable while benefitting the larger community.

This report is the product of an extensive analysis that has included the review of demographic conditions throughout the Capital Region; the study of reports and articles describing recent development projects and industry trends occurring in the region; a thorough examination of potential competition in the upscale apartment housing market; and discussions with economic development and real estate professionals working in the Capital Region.

Based on this information, the report will summarize economic conditions and industry trends in the Capital Region with an emphasis on the region's investment in high-tech industries with significant growth potential in the foreseeable future. An analysis of settlement trends provides a basis to evaluate the Kiliaen's Landing site's position within the regional real estate market by describing some of the important geographic and social determinants of settlement patterns in the Capital Region. Considering certain site characteristics such as its limited visibility from adjacent roadways and the existing roadway network as well as market conditions (See Section VII.a), much of the site's potential seems to be for residential or mixed-use development. Using geographic and market-related criteria, four existing apartment communities were identified from among the large number of properties examined as part of this analysis, to provide a representative illustration of comparable properties in the local and regional market.

This background information is used as the basis for a detailed discussion of the market potential of a development project at Kiliaen's Landing. The site's strengths and limitations are evaluated in the context of market conditions in the City of Rensselaer and the Capital Region. The site is favorable for development – particularly for upscale/luxury apartment development – due to its excellent waterfront location in an area with significant growth potential. A series of recommendations is provided regarding potential development on the site, as well as a number of programmatic elements and measures that may be taken to ensure that Kiliaen's Landing will be a successful project that advances the transformation of the Rensselaer waterfront.

The purpose of this report is to provide support for the master planning process underway at Kiliaen's Landing. While the information presented here is the result of an extensive analysis that we believe to be reasonable and accurate, CHA Consulting Inc. makes no representation of the level of financial return on investments made as part of the Kiliaen's Landing project discussed herein. Investors and other development interests should consider this information in the context of master planning, as a basis for more detailed pre-development analysis to be conducted as the project moves forward.

## **II. PREVIOUS STUDIES**

The Kiliaen's Landing site has been the focus of previous master plan studies that identified potential uses based on an examination of the site's characteristics and market conditions at the time. This section provides a brief review of the 2002 *Kiliaen's Landing – Linking the Potential of the Capital District Riverfront at Capital Harbor*<sup>1</sup> and the 2006 *Kiliaen's Landing*<sup>2</sup> reports. The Capital Region economy has changed significantly in the time since these reports were prepared, but some of their findings regarding the site's suitability for particular uses remain relevant.

The 2002 *Linking the Potential of the Capital District Waterfront at Capital Harbor* report provides a high-density mixed use development scenario for the southern portion of the Kiliaen's Landing site and extending east of the CSX rail line into the adjacent residential area. This concept includes two large (400,000 sf), four-story residential buildings on the southernmost part of the site. Several "mixed-use" buildings (>500,000 sf in total), presumably intended for commercial/residential use, are located further north near the waterfront with paved/hardscaped common areas connecting the various buildings. The mill complex further north is identified as "mixed use". Between Broadway Avenue and the CSX rail lines, the concept identifies: An 84,000 sf mixed-use commercial and residential building, 30,000 sf exhibition space, and 85,000 sf mixed use commercial and entertainment building. The degree to which this conceptual study evaluated market viability, environmental and other constraints is unclear. It represents a truly mixed-use concept with residential being the primary use accompanied by extensive commercial uses, with density of development at the very high end of what may be feasible at this location.

The 2006 *Kiliaen's Landing* report provides a more thorough evaluation of site conditions to shape its recommendations for a concept plan. Regarding market analysis, this study recommended that proposed housing should focus on owner-occupied townhouse and condominium development. This recommendation was based on the observation that "...there was only a very limited supply of homes at the higher end of the market, with potential buyers, including young professionals, seeking a more exclusive environment with a range of on-site amenities." Development of a new high school is offered as a factor that enhances the site's appeal for moderate-density residential development. Three alternative concept plans are provided. Concept A includes exclusively 2- and 3-story townhouses with limited shared amenities including a picnic area and pavilion. Concept B includes apartment buildings in the southernmost area and townhouses to the north, with a restaurant among the additional features recommended. Concept C includes three large apartment buildings with landscaped decks over parking areas, a café, and nature preserve on the southern part of the site. A "recommended concept plan" was developed which consider the opportunities and limitations of the three alternatives. This recommended concept includes two 5-6 story apartment buildings, restaurant, pavilion, and nature preserve.

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<sup>1</sup> Kiliaen's Landing / Linking the Potential of the Capital District Riverfront at Capital Harbor. The Saratoga Associates. June 2002.

<sup>2</sup> Kiliaen's Landing / City of Rensselaer, New York. BFJ Planning. August 2006.

### III. DEMOGRAPHIC CONDITIONS

This section will summarize some relevant demographic information related to the City of Rensselaer and Capital Region. The Kiliaen's Landing site is located in the Albany-Schenectady-Troy Metropolitan Statistical Area (MSA), which includes Albany, Rensselaer, Saratoga, Schenectady, and Schoharie Counties. This roughly represents an area considered to be the "Capital Region". The MSA had a Census 2000 total population of 825,875 residents, Census 2010 population of 870,716, and an estimated 2014 population<sup>3</sup> of 875,567 residents, with a summary as follows.

County	2000 Population	2010 Population	2014 Population	% Change, 2000-2014
Albany County	294,565	304,204	306,124	4%
Rensselaer County	152,538	159,429	159,600	5%
Saratoga County	200,635	219,607	222,512	11%
Schenectady County	146,555	154,727	155,178	6%
Schoharie County	31,582	32,749	32,153	2%
Total MSA Population	825,875	870,716	875,567	6%

Albany and Saratoga are the region's most heavily populated counties with a combined 528,636 residents representing 60 percent of the region's population in 2014. Rensselaer County had a 2014 population of 159,600 residents.

The region's overall population increased by approximately 50,000 residents or 6 percent between 2000 and 2014. Saratoga County experienced the highest rate of population growth over this time, at 11 percent. Rensselaer, Albany, and Schenectady County experienced population growth between 4 to 6 percent over this time.

Several cities are located within the Capital Region, including Albany, Cohoes, Rensselaer, Saratoga Springs, Schenectady, and Troy. The following table summarizes Census 2000, Census 2010 and American Community Survey (ACS) 2014 population estimates for this set of Capital Region cities.

City	2000 Population	2010 Population	2014 Population	% Change, 2000-2014
Albany	95,658	97,856	98,287	3%
Cohoes	15,521	16,168	16,195	4%
Rensselaer	7,761	9,392	9,476	22%
Saratoga Springs	26,186	26,586	26,998	3%
Schenectady	61,821	66,135	66,055	7%

<sup>3</sup> American Community Survey 2010-2014 5-year estimates

Troy	49,170	50,129	49,965	2%
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All of these cities experienced some population growth between 2000 and 2014. Population growth rates are generally modest: Albany, Cohoes, Saratoga Springs, and Troy grew at rates lower than for the MSA as a whole, and Schenectady grew at a rate slightly higher than the MSA as a whole. The period from 2000-2009 was characterized by significant growth in single-family housing developed primarily in suburban areas. Interestingly, the City of Rensselaer's population increased by approximately 1,700 residents or 22 percent over this time period.

Income-related demographic information for this group of cities and the MSA overall is provided in Table 3.

City	Median Household Income	Per Capita Income	% Poverty
Albany	\$41,099	\$24,342	27%
Cohoes	\$44,534	\$25,454	16%
Rensselaer	\$48,314	\$28,156	20%
Saratoga Springs	\$67,303	\$39,395	8%
Schenectady	\$38,916	\$20,652	24%
Troy	\$39,526	\$21,635	28%
Total MSA	\$61,841	\$32,069	12%

Saratoga Springs has the highest income levels and lowest poverty rate of this set of Capital Region cities – this is the only city with higher income and lower poverty than overall levels for the MSA. All of the other cities have income levels significantly lower than the region as a whole, reflecting the fact that suburban areas tend to be wealthier than urban areas. Among these other cities, Rensselaer has the highest median household and per capita income; this suggests that a greater proportion of Rensselaer households are soundly in the middle class. Poverty rates in these cities are quite high overall, with 10 to 28 percent of the total population living below the poverty line.

Median home values and owner occupancy is summarized for the Capital Region's counties in Table 4.

County	Median Home Value	% Owner Occupied
Albany County	\$260,400	60.5%
Rensselaer County	\$177,000	65.6%
Saratoga County	\$223,100	74.3%
Schenectady County	\$163,000	70.2%
Schoharie County	\$151,200	75.5%
Total MSA	\$193,600	67.1%

<sup>4</sup> Based on American Community Survey (ACS) 2010-2014 5-year estimates

<sup>5</sup> Federal Reserve Bank of New York

The median home value in the Albany-Schenectady-Troy MSA is \$193,600. Home values in Albany County and Saratoga County are well above the region's average, while the home values in other counties are well below the overall average. Homes in Rensselaer County have a median value of \$177,000, which is nearly \$17,000 less than the median home value for the MSA. This reflects the value of suburban homes, as well as homes in urban areas including the City of Rensselaer. Compared against Albany County, the median home value in Rensselaer County is \$83,400 (47 percent) lower.

Owner occupancy for housing in the MSA is approximately 67 percent overall. Of the region's five counties, Albany County and Rensselaer County have owner occupancy lower than the overall rate, while the other counties have higher rates of owner occupancy.

The Capital District Regional Planning Commission (CDRPC) maintains a set of population projections for Capital District municipalities through the year 2050. These projections are based on historic Census data, migration trends, and qualitative factors deemed appropriate by the Planning Commission. Following is a summary of population change projections in ten-year increments from 2010-2050, for the region's counties (Albany, Rensselaer, Saratoga, Schenectady).

<b>County</b>	<b>2010</b>	<b>2020</b>	<b>2030</b>	<b>2040</b>	<b>2050</b>
Albany County	304,204	309,730	316,018	317,709	317,183
Rensselaer County	159,429	161,744	163,685	164,643	164,943
Saratoga County	219,607	234,358	246,253	251,049	252,153
Schenectady County	154,727	158,594	162,117	163,050	160,733
Region Total	837,967	864,426	888,073	896,451	895,012

CDRPC forecasts modest growth for the Capital District through the year, with the population projected to peak in 2040. Overall, the region's population is expected to grow by 6.8 percent between 2010 and 2050. All counties in the region are expected to gain population over this time, with Saratoga County experiencing the highest rate of growth. Population projections can be sensitive to unanticipated events that occur over the timeframe being examined, but based on the information available, the region is expected to continue to grow throughout the foreseeable future.

<sup>6</sup> Capital District Regional Planning Commission (CDRPC)

#### **IV. ECONOMIC CONDITIONS AND INDUSTRY TRENDS**

This section describes some of the important economic forces shaping market conditions in the Capital Region, currently and in the foreseeable future.

As the capital of New York State, the City of Albany is a major hub of government activity. State government agencies employ thousands of Capital Region residents, and associated industries which support and/or interact with government entities employ thousands more. The robust public sector activity provides a unique stability at the core of the Capital Region economy. Government activities, spending and employment are resistant to changes in the economy, and will always be highly concentrated in the Capital Region. While long-term trends in the public sector suggest that state government employment may decline to some degree in the future, the public sector will continue to drive economic activity at the core of the Capital Region economy.

Higher education also plays a major role in the Capital Region economy; the region is home to more than a dozen colleges and universities with more than 100,000 students enrolled at a given time. These institutions employ thousands of faculty, staff and support personnel. These graduates provide a steady source of skilled human capital to the benefit of businesses and institutions operating in the area.

The Capital Region has a long history of innovation in high-tech industries, and extraordinary investments have been made in recent years to position the region as a center for the advancement of 21<sup>st</sup> Century technologies. The region brands itself as the heart of Tech Valley, the commercial corridor featuring a high concentration of advanced industries in the vicinity of the Hudson Valley extending north of New York City through the Capital Region into Northern New York.

SUNY Polytechnic Institute has located its Colleges of Nanoscale Science and Engineering for the specific purpose of attracting top-tier scientists, researchers, engineers, and students in the field of nanotechnology to the Capital Region. The Albany NanoTech Complex is a state-of-the-art research and development facility accessible to SUNY Poly's academic researchers and corporate partners. Efforts have been made to create an ecosystem that nurtures research and development efforts, leading to the eventual commercialization of new systems and products to the benefit of high-tech industries located in the region.

General Electric has maintained a major presence in the Schenectady area with major investments in energy storage (battery) manufacturing, as well as its Global Research operation which drives many of the company's research and development efforts. Computer chip manufacturer GlobalFoundries began building a world class manufacturing facility in Saratoga County in 2009, and has invested heavily in research and development within the region. The company currently employs nearly 3,000 people in the region and continues its construction activities. GlobalFoundries will continue to be a major employer and economic force in the region's tech industry.

Bioscience is also emerging as an important tech industry in the Capital Region. Notably, Regeneron Pharmaceuticals has been expanding rapidly in its East Greenbush facility located less than two miles from

the Kiliaen's Landing site. More than 1,300 employees work at the existing Regeneron facility, and the company plans to build a second facility that will house more than 1,000 additional employees. The new facility will be located less than two miles east of the Kiliaen's Landing site in North Greenbush. In addition, GE Healthcare employs 150 workers at its North Greenbush location.

In addition to the major sources of investment described above, the Capital Region is home to a wide variety of successful and emerging high-tech companies. These companies belong to industries such as green energy, chemical manufacturing, advanced materials, software engineering, LED lighting, medical devices, and many more. While some are fully developed, profitable operations, many others are in earlier stages of development. The region has a healthy entrepreneurial and small business community with respect to high-tech industries.

While state government holds a cornerstone in the Capital Region economy, and significant investments have been made to encourage growth in high tech industries, support/service industries such as health care, construction, merchant or wholesale trade, services, and financial industries represent the majority of jobs in the region. Hospitals and retail chains represent seven of the region's ten largest employers. Non-basic industries serve people and businesses within the region, and to some degree beyond the region.

In summary, the Capital Region economy appears to be strong moving into the 21<sup>st</sup> Century. The high volume of government activity and associated private sector work provides stability to the region, insulating it against the highs and lows of normal economic cycles. The region is home to a number of successful high-tech companies and targeted, major investments have been made in growth industries such as nanotechnology, advanced manufacturing, energy, and bioscience. The bulk of the rewards generated by these investments will likely be experienced years or even decades from now, but the region appears to have achieved a critical mass of facility infrastructure and human capital that will sustain these growth industries and attract skilled professionals to the area.

## **V. SETTLEMENT PATTERNS AND TRENDS**

The Capital Region is polycentric, meaning it possesses a number of urban areas that serve as population and commercial centers, as well as lower-density suburban areas surrounding the region's cities. Generally speaking, settlement patterns within a region reflect various factors including cost of land and property, proximity to work, access to goods and services, transportation networks, and a variety of personal preferences.

The City of Albany is the region's foremost hub of government and business operations, and is the most highly populated city in the region. Schenectady and Troy represent the region's secondary centers with historic industrial roots and heavily populated areas. Saratoga Springs is the region's northernmost city and is considered one of the region's upscale areas, due in part to its history as a resort destination. Cohoes is a relatively small city with extensive frontage along the Hudson and Mohawk Rivers. The City of Rensselaer is the region's smallest city, and is located directly across the Hudson River from Downtown Albany. Many of the region's towns, particularly those in central areas in proximity to cities, are heavily populated and include large residential areas with population densities generally lower than in urban areas.

The region's polycentric geography and population distribution lead to complex commuting and travel patterns among residential areas, workplaces and commercial destinations within the region. Commuter patterns reflect, in part, the efficiency of a highway and road network that allows residents to move freely between and among destinations within the region. For example, while one resident may live in Rensselaer and travel to work in Albany, another resident may commute between these cities in the opposite direction. This is true among the region's numerous population and business centers.

The implication of this regional settlement pattern is one of diversity: Because there are numerous population centers, and numerous employment centers, highly mobile residents may choose to live virtually anywhere in the region and be assured that they will have access to places of work as well as the goods and services they demand. Individual settlement decisions are based on a number of factors in addition to accessibility, including real estate costs, place of work, social attachments, neighborhood and environmental preferences, etc. The Capital Region provides a flexible landscape with a wide variety of housing and lifestyle options. The region's polycentric geography and interconnected nature form a market area that is truly regional, in which residents may choose from among a wide range of locations and settings to determine where they wish to live.

Conversely, on the supply side, the Capital Region allows a degree of locational flexibility in the placement of residential and/or commercial development. Opportunities are not limited to a single urban center surrounded by a static ring of suburban communities; rather, communities and residents interact in complex ways to form a market that functions at a regional scale. Residents of the region are mobile, and population centers potentially fluid in response to changing market conditions. A challenge to development interests is to identify sites and concepts offering a set of physical and social/environmental characteristics with appeal sufficient to achieve viability. For example, a residential or mixed use

development at the Kiliaen's Landing site has the potential to appeal to residents from throughout the region, and not just from the City of Rensselaer, Rensselaer County, or a simple five-mile radius of the site.

The redevelopment and resettlement of traditional urban centers is one of the most significant real estate trends underway within the Capital Region, as well as within the greater Upstate New York region and nationally. While comprehensive population counts are not yet available to document population shifts towards urban areas in the Capital Region since the last Census in 2000, the number and success of residential or mixed-use urban development projects over the past few years indicate that urban resettlement is a powerful trend that is well underway.

Millennials in roughly the 20-35 year age range are largely responsible for the shift in demand for urban lifestyles and housing. While there are many explanations for this phenomenon, a likely factor is that young adults have grown up in a highly connected environment in which social networks, instant access to information and services, and exposure to diverse groups of people from all over the world have led Millennials to become a highly social generation that seeks connection and stimulation. As a group, they prefer settings that offer urban cultural amenities, shopping, entertainment, and office settings that are easily accessible and integrated. Millennials are less likely to own homes and automobiles than their parents, and are more likely to live in cities.

Empty nesters (55+ year age group) represent another demographic group driving the trend of in-migration to urban areas from suburbs. For many empty nesters, urban housing can provide an opportunity to downsize and take advantage of the reduced maintenance and convenience offered by centralized districts. Cultural amenities, walkability, shopping and dining, and proximity to work are factors that appeal to many empty nesters.

Hundreds of new apartment units have been constructed within the Capital Region over the past few years, and this trend is expected to continue into the foreseeable future. Major mixed-use and residential proposals have been put forth in Albany (Downtown and Warehouse Districts), Troy, Schenectady, Cohoes, and Rensselaer with projects standing at various stages of completion or construction. Occupancy rates are high (90-100%) among completed projects, often with high percentages of dwelling units leased before construction is complete.

Given the Capital Region's strong market position in growth industries with potential to expand in the near future, along with the paradigm shift in favor of urban resettlement, the region's urban centers appear prime for continued growth over at least a ten-year window. While demand for suburban housing and lifestyles will remain and potentially grow depending on net migration to the region, the growth forecast is strong in urban areas including the City of Rensselaer, provided that appealing conditions are present to encourage this settlement.

## **VI. COMPARABLE DEVELOPMENTS**

Based upon previous studies prepared for the Kiliaen's Landing site and information provided by parties involved in the development process, this report assumes that part of the Kiliaen's Landing site will

ultimately be developed as a large-scale residential or mixed-use property. This determination was made through preliminary market observations and conversations with involved parties, which indicated that residential and mixed uses warrant strong consideration as part of the market study. A number of properties throughout the region were examined as part of the market study process, and this report describes a set of four comparable properties that have important features in common with a potential Kiliaen's Landing project. In identifying comparable properties within the Capital Region, we used the following criteria:

- Location – within Capital Region, urban area *or* Rensselaer suburb
- Size – medium to large scale residential development, centralized management and greater than 25 units
- Units – includes 1- and 2- bedroom units
- Age – Built after 2000
- Upscale/luxury, market rate apartments

Based on these criteria, we identified the following properties as comparable for the purposes of this study:

- The Mansions at Technology Park, Town of North Greenbush
- The Lofts at 733 Broadway, Downtown Albany
- Stonegate Luxury Apartments, Town of North Greenbush
- The Lofts at Harmony Mills, City of Cohoes

Based on publicly available information, the physical characteristics, amenities, rental rates, and occupancy of these properties were examined in order to gain some understanding of the existing real estate landscape and to help identify a set of parameters that a Kiliaen's Landing property must meet in order to be competitive in the apartment housing market.

a. The Mansions at Technology Park

The Mansions at Technology Park is a 23-acre, 390 unit, loft- and townhouse-style apartment community located approximately one half mile east of the site's northern boundary, in the Town of North Greenbush. As the name suggests, this development is located in close proximity to the Rensselaer Technology Park and is designed and managed in a manner presumably meant to appeal to people working at this employment center. This development offers high-end housing designed in the style of wood-framed suburban homes. Structures at The Mansions are two to three stories in height, and the community is designed to support automobile travel to external locations with pedestrian access to amenities located on site. One-, two- and three-bedroom units are available. Occupancy is 95% or higher. The Mansions at Technology Park was constructed in 2003.

One-bedroom/1.5 bath units range between 860-900 sf of floor space plus one-car garage, with monthly rents ranging from \$1,175-\$1,200. The one-bedroom units are single-story flats. Two-bedroom/two-bath apartments are two-story, townhome-style units ranging from 1,200-1,639 sf plus one-car garage

with rents of \$1,325-\$1,540. Three-bedroom/two-bath units range from 1,360-1,830 sf of floor space plus one-car garage. These are townhome-style units with two or three floors, and rents range from \$1,450-\$1,725. Floor plans for all units include porch/balcony or patio spaces that vary in size depending on apartment model.

Apartments at The Mansions are designed with suburban (spacious) dimensions, layouts and fixtures. All units include nine-foot ceilings, washer and dryer, direct access one-car garage, and porch/balcony space. Kitchens include electric stove, dishwasher, garbage disposal, laminate countertops and tiled floor. The grounds are landscaped with raised bed plantings and mowed grass lawns. Shared amenities include a large community pool, fitness center, conference rooms, fenced-in dog park, and children's playground area.

A summary of square footage and rents for apartment units at The Mansions at Technology Park is as follows.

	<b>SF Range</b>	<b>SF Average<sup>7</sup></b>	<b>\$/Month Range</b>	<b>\$/Month Average<sup>1</sup></b>	<b>\$/SF/Month Range</b>	<b>\$/SF/Month Average</b>
One Bedroom	864-900	881	\$1,175-\$1,200	\$1,192	\$1.33-\$1.36	\$1.35
Two Bedrooms	1,200-1,639	1,337	\$1,325-\$1,540	\$1,379	\$0.94-\$1.07	\$1.04
Three Bedrooms	1,363-1,832	1,584	\$1,450-\$1,725	\$1,550	\$0.94-\$1.06	\$0.98

**b. The Lofts at 733 Broadway**

The Lofts at 733 Broadway is a recently developed mixed-use residential/commercial property located in Downtown Albany just south of the Warehouse District, almost directly across the river from the Kiliaen's Landing site. This property was converted from a vacant warehouse to its current use in 2015. A number of vacant or underutilized buildings in Downtown Albany and the Warehouse District have been converted to mixed-use or residential spaces, and while most of these projects have been smaller in scale, The Lofts at 733 Broadway includes 29 one- and two-bedroom apartment units and 3,800 sf of commercial space, ranking it among the larger rehabilitation projects in Downtown Albany to this point. Apartment units are loft-style with open floor plans, large windows and high ceilings. The building is near 90% occupancy approximately six months after opening, with a few vacancies remaining in its two-bedroom units.

<sup>7</sup> Unweighted average of models available

The building's twenty one-bedroom/one bath apartment units range from 802-1,132 sf of floor space with rents of \$1,275-\$1,700. There are nine two-bedroom/1-2 bath units ranging from 1,220-1,377 sf and rents of \$1,625-\$1,990. The building is three stories in height, and has elevator access to the upper floors. All apartments are single-level flats.

Apartments at The Lofts at 733 Broadway are upscale and modern. Layouts are open with high ceilings and some exposed ductwork. All units include a washer and dryer, wireless Internet and cable, and off-street parking in a surface-level parking lot adjacent to the building. Flooring is a combination of hardwood and tile. Kitchens include stainless steel electric stove, refrigerator and integrated microwave; granite countertops, and dishwasher.

Shared amenities at 733 Broadway are limited, and the property's exterior includes streetscape plantings and a 60-vehicle parking lot. Much of this property's appeal is due to its central location and access to neighborhood amenities. The location offers walkable access to nearby employment centers, retail, services, dining and entertainment in Downtown Albany as well as the Warehouse District. This style of upscale, urban housing appeals to professionals who value the convenience and lifestyle offerings available in Downtown Albany.

A summary of square footage and rents for apartment units at The Lofts at 733 Broadway is as follows.

	<b>SF Range</b>	<b>SF Average</b>	<b>\$/Month Range</b>	<b>\$/Month Average<sup>1</sup></b>	<b>\$/SF/Month Range</b>	<b>\$/SF/Month Average</b>
One Bedroom	802-1,132	1,016	\$1,275-\$1,700	\$1,454	\$1.30-\$1.59	\$1.44
Two Bedrooms	1,220-1,377	1,284	\$1,625-\$1,990	\$1,846	\$1.30-\$1.50	\$1.44

c. Stonegate Luxury Apartments

The Stonegate Apartments is a relatively new, upscale, low-rise community located on 9 acres of land in the Town of North Greenbush. This property is approximately 2 miles northeast of the southern portion of the Kiliaen's Landing site and 1.5 miles from the site's northern boundary. Stonegate Apartments is located just off Route 4, approximately one mile south of the Rensselaer Technology Park and two miles north of the I-90 Exit 9 interchange. Apartment units are spacious and feature high-end finishings. The community is located in a suburban area, and is designed for automobile access to off-site locations. Based on the location and style of housing, the Stonegate community likely appeals to mature professionals seeking a quiet setting, such as those working at nearby tech facilities or empty nesters who desire a downsized suburban lifestyle with reduced maintenance. One-, two-, and three-bedroom units are available. Occupancy is near 100 percent, and this community was constructed in 2012.

One-bedroom/one bath units are approximately 1,060 sf in size, with monthly rent of \$1,320. Four different floor plans are available for two-bedroom units, which include either one or two bathrooms. These range from 1,400-1,475 sf with monthly rents of \$1,600-\$1,800. A three-bedroom/two bath unit is 1,733 sf with monthly rent of \$2,080. All apartments at Stonegate are single-level flats. The community provides underground parking with additional surface lots, elevator access, individual storage unit, and secure access features. Each apartment has a private balcony.

Apartment units at Stonegate are large, with “suburban” dimensions and stylings. The units have nine-foot ceilings, soundproofed flooring, tray ceilings, laundry room with washer and dryer, and balcony. Finishings such as cabinetry, shelving, and molding are upscale. Kitchens and bathrooms have granite countertops and ceramic tile floors. The kitchen appliances are made of stainless steel including refrigerator, electric stove, microwave, and dishwasher. Much of the outdoor area of the property is paved with access roads or parking lots; landscaping includes maintained lawn areas, ornamental stone cover, and limited plantings along perimeter roadways and buildings. Community amenities include a swimming pool, fitness room, and community center with business/gathering area.

A summary of square footage and rents for apartment units at Stonegate Luxury Apartments is as follows.

	<b>SF Range</b>	<b>SF Average</b>	<b>\$/Month Range</b>	<b>\$/Month Average<sup>1</sup></b>	<b>\$/SF/Month Range</b>	<b>\$/SF/Month Average</b>
One Bedroom	1,057	1,057	\$1,320	\$1,320	\$1.25	\$1.25
Two Bedrooms	1,400-1,475	1,439	\$1,600-\$1,800	\$1,708	\$1.14-\$1.22	\$1.19
Three Bedrooms	1,733	1,733	\$2,080	\$2,080	\$1.20	\$1.20

**d. The Lofts at Harmony Mills**

The Lofts at Harmony Mills is a 332 unit apartment community located in the former Harmony Mills textile mill on the Mohawk River waterfront in the City of Cohoes. The apartments were constructed during a phased renovation process: Under Phase 1, the 96-unit Riverview Lofts were constructed at the south end of the waterfront Harmony Mills structure; Phase 2 is the Fallsvie Lofts (135 units) at the north end of the structure; Phase 3 includes the Harmony Mills West site with Mill 1 (68 units) and Mill 4 (33 units) located across Mohawk Street from the waterfront. The first phase was completed in 2005, second phase in 2011, and third phase in 2013. Occupancy is consistently in the range of 95%.

The Harmony Mills Lofts offers upscale/luxury apartment units ranging from studios to large three-bedroom apartments. Located in a former industrial district, the waterfront views (including Cohoes Falls to the north) and unique apartment layouts are primary selling points for this property. The Harmony Mills apartments cater to professionals ranging from young professionals to families and empty nesters.

Like Rensselaer, the City of Cohoes is often regarded as an “auxiliary city” within the Capital Region, as many of the historic manufacturing operations have left behind vacant and underutilized properties. Cohoes is not known as a major commercial hub or employment center, although professional and service/commercial uses are concentrated in the downtown area and along the major road corridors providing access to the city. The property’s location offers easy access to I-787 and I-87, and many residents of Harmony Mills rely upon these connections to travel to employment centers and commercial districts located elsewhere in the region.

Although located on the Mohawk River waterfront, The Lofts at Harmony Mills does not provide direct access to recreational use of the river. The property’s built area extends to paved lots and access roads between the mill and river, but no trails, docks, etc. are available on the waterfront. The district surrounding Harmony Mills is highly walkable with sidewalks lining most streets. The river and waterfalls may be viewed from nearby locations, but larger park facilities nearby such as Peebles Island State Park and Lock 6 Park are not within easy walking distance. Shopping, dining, and entertainment are limited within walking distance.

Many floor plans at Harmony Mills are unique because the apartments are an adaptive reuse of the former mill. Rents may vary among similarly sized units, due to considerations such as waterfront views, original wood flooring, or other unique features of each apartment unit. In some cases, rents may be adjusted upward from the estimates provided below. Studio apartments are approximately 500-700 sf with rent in the range of \$1,200. One-bedroom/one bath units range from approximately 630-1,340 sf with rents from \$1,165-\$1,750. Two-bedroom/2-2.5 bath apartments range between 1,100-1,650 sf with rents of \$1,375-\$2,075. Large three-bedroom apartments range from 1,750-3,610 sf with monthly rents of \$2,000-\$3,500.

Apartments in The Lofts at Harmony Mills include high-scale finishings including 12+ foot ceilings with an industrial feel, hardwood floors, ceiling fans, and washer/dryer in each unit. Kitchens and bathrooms have granite countertops, and kitchens are furnished with stainless steel appliances including refrigerator, electric stove, microwave, and dishwasher. Community amenities include an indoor pool and spa, fitness center, gazebo, bocce court, and mill turbine viewing area. Covered parking is provided, and storage units are provided with some apartments. A rooftop common area with waterfront views is under construction and expected to be complete in 2016.

	<b>SF Range</b>	<b>SF Average</b>	<b>\$/Month Range</b>	<b>\$/Month Average<sup>1</sup></b>	<b>\$/SF/Month Range</b>	<b>\$/SF/Month Average</b>
Studio	498-705	650+-	\$1,000- \$1,150	\$1,075+-	\$1.63-\$2.00	\$1.79+-

<sup>8</sup> Approximate – dimensions and rent vary by individual unit. Rents may be adjusted upward depending on individual apartment characteristics.

**Kiliaen's Landing  
Task 6 – Market Study**

One Bedroom	632-1,343	956	\$1,140- \$1,750	\$1,328	\$1.01-\$1.84	\$1.42
Two Bedrooms	1,067-1,877	1,390	\$1,375- \$2,075	\$1,681	\$1.00-\$1.36	\$1.22
Three Bedrooms	1,758-3,613	2,610	\$2,000- \$3,500	\$2,592	\$0.89-\$1.16	\$1.01

e. Summary – Comparable Developments

The multi-family residential (apartment) properties discussed above shares key characteristics with a potential project at Kiliaen's Landing such as geography, demographic appeal, neighborhood characteristics, physical and economic considerations, and/or waterfront access. These comparable properties fall into the upscale/luxury rental housing category, which has been determined a potential use of the Kiliaen's Landing site by previous studies and involved parties. This type of housing appeals to professionals with the means to afford upscale housing and a preference to rent.

Apartment units at these developments range in size from studio units to three-bedroom apartments, and in all cases most units fall into the one-bedroom and two-bedroom categories. Square footage and monthly rents can vary significantly within a development, depending on the characteristics of an individual apartment model. The size of units is somewhat stable across these properties, reflecting a regional standard for livable dimensions. Monthly rents vary with apartment size, but are generally higher on a per-square-foot basis for the urban properties. This observation is likely due in part to the fact that the urban-style properties are adaptive reuse projects with higher construction costs per square foot. In all cases, rents per square foot decline as unit size increases.

These observations are representative of patterns found throughout the Capital Region market. The characteristics of these comparable properties provide a basis for an analysis of the Kiliaen's Landing site. This market analysis applies these observations to a discussion of the Kiliaen's Landing site's market position. This analysis will considers economic and settlement trends in the Capital Region as described above, and provides recommendations for master planning based on the site's position within the regional market.

## **VII. MARKET ANALYSIS**

### **a. Site Characteristics**

Kiliaen's Landing has a distinguishing feature that sets it apart from almost any other development site in the Capital Region: Its 75 acres of waterfront land – within an urban area – offer direct access to the Hudson River and incredible views of the Albany skyline. This defining characteristic makes the site worthy of serious consideration for investment, and offers a natural advantage in the competitive Capital Region real estate market that cannot be replicated at other sites.

The site's topography and shoreline conditions present opportunities for construction up-gradient from the river's banks, particularly on the southeastern portion of the site, with waterfront amenities such as trails and direct access to the river via dock areas and/or boat launch facilities. Re-engagement with the region's waterways has been a focal point of planning and development trends, as well as targeted investment in recent years, and Kiliaen's Landing holds a prime location along a heavily populated stretch of the Hudson River.

While this prime waterfront location provides great market potential, this potential is accompanied by physical constraints. The site's low-lying elevation is partially, if not mostly, within the FEMA floodplain area. As such, site design and construction methods must maximize the use of unconstrained "buildable areas" and mitigate levels of risk of associated with investment in this waterfront site. A master plan should identify building footprint and parking facility locations allowing an optimal use of space on the site. The development's feasibility depends on its ability to generate revenue on a scale that clearly outweighs the costs and risks associated with flood-related and other site constraints.

A lack of visibility from the adjacent roadways represents another potential limitation of the Kiliaen's Landing site. Under current conditions, access is provided to the site by way of Tracy Street and Forbes Avenue which are neighborhood roads that connect with Broadway Avenue. From Broadway, I-90 and the Dunn Memorial Bridge can be accessed with a short drive. Rail lines bounding the site to the east and south at the Livingston Avenue Bridge limit movement in these directions. Under these conditions, the site's potential for commercial development – such as office or retail space – is limited due to the lack of visibility and through traffic on roadways leading to the site. Residential potential is affected to a lesser degree. Master planning for the site should explore options for improved connections between the Kiliaen's Landing site and existing road networks.

The Hilton Center, also known historically as the Barnet Mills Complex, is a vacant former industrial structure located east of the rail lines, in the central portion of the Kiliaen's Landing site. This structure is just inland of an existing boat launch on the Hudson River.

The CSX rail lines running across the Livingston Avenue Bridge from Downtown Albany and bordering the Kiliaen's Landing property to the south and east limit access to the site by blocking pedestrian and vehicular travel in these directions. While a master plan for the site will examine this issue and potentially offer measures to improve accessibility, it should be noted that the Livingston Avenue Bridge is due for

major improvements. As part of this process, we understand that the addition of pedestrian access connecting Rensselaer with Albany via a new or improved rail bridge at this location has been discussed. It is currently unclear what the outcome of these discussions will be, or when construction will occur. The level of benefit that a pedestrian connection at this bridge would provide to a development at the Kiliaen's Landing site, as well as DeLaet's Landing and the broad Rensselaer community cannot be overstated. A pedestrian bridge would provide a direct connection to employment centers and attractions in Downtown Albany, and would conversely encourage travel into Rensselaer by residents and employees of Albany. A pedestrian connection at the rail bridge would significantly enhance the market position of properties in this area.

While the current analysis provides an overview of the Capital Region real estate market and insights regarding the Kiliaen's Landing site's position within the market, it cannot attempt to determine the financial feasibility of development scenarios to be advanced later in the development process. The master planning process will produce conceptual site layouts and development programs in order to establish generic environmental impact thresholds. As the Kiliaen's Landing moves beyond the planning stages to detailed financial risk assessment and pro forma analysis, investors and development interests must consider bulk scenarios weighing the benefits and costs of development at various horizontal and vertical scales. The purpose of these analyses will be to examine returns on site investment and to determine levels of feasibility, financing needs and eligibility.

#### b. Community Characteristics

At a community scale, the City of Rensselaer presents an interesting balance of opportunity and uncertainty for real estate development. Rensselaer is known as an "ancillary city" within the Capital Region, and has experienced a period of decline as residents and jobs have migrated to other areas. Some neighborhoods and commercial areas throughout the city have deteriorated, and property values have generally declined or lag behind other communities in the region. There is plenty of opportunity to reverse this dynamic. Collaboration between public and private interests, as with the current Kiliaen's Landing project, is needed to reinvent the City of Rensselaer as a community of choice for residents and businesses moving into the 21<sup>st</sup> Century.

Kiliaen's Landing is a little less than one mile north of the Albany-Rensselaer Station, which brings more than 800,000 travelers directly to the center of Rensselaer each year. The train station is a major asset due to its potential to showcase nearby locations in the City of Rensselaer, as well as its potential to drive demand for housing among frequent travelers to downstate locations and New York City. Improvements to the train station area are a crucial piece of the Rensselaer redevelopment puzzle. The Washington Street/Broadway just west of the station possesses some of the traditional urban characteristics of a district ripe for investment. City officials have indicated that the improvement of these areas is a priority in the near term.

Just north of the Albany-Rensselaer Station, a large-scale waterfront development has been proposed at the 25 acre DeLaet's Landing site. Following an unsuccessful bid to procure a casino license for this site,

developer U.W. Marx has moved forward with the planning and construction of a mixed-use development on the site. Earlier in 2016, the City of Rensselaer approved plans to construct a 96-unit luxury apartment building on the site. SUNY Polytechnic has plans to construct a satellite clean energy facility on the site, and future development could include additional housing, commercial development, or some combination thereof.

Delaet's Landing shares a number of similarities with Kiliaen's Landing. Both are large-scale waterfront properties across the Hudson River from Albany, within the City of Rensselaer. Accordingly, the sites are similarly positioned within the region's real estate landscape. Both are conducive to residential and residential/commercial mixed use development, and both sites are central to a transformation of the City of Rensselaer waterfront.

It is also important to recognize some key differences between these properties. With construction of the apartment building beginning this year, the DeLaet's Landing project is likely three to five years ahead of a Kiliaen's Landing project according to typical development timeframes. Delaet's Landing is more centrally located and accessible than Kiliaen's Landing – Delaet's Landing provides easier access from Broadway and across the Dunn Memorial Bridge, and stands to benefit more immediately from improvements centered proximate to the train station and surrounding area.

The construction underway at DeLaet's Landing has begun a transformation of the Rensselaer waterfront. As the project moves forward, it will potentially draw hundreds of new residents into the city along with new offices and other commercial activity. Parallel efforts are underway to improve areas directly surrounding the train station, with potential transfer of spinoff benefits between this area and the DeLaet's Landing site.

The timing of these improvements leaves an important role for Kiliaen's Landing in the reinvention of the Rensselaer waterfront. Beyond a short-term timeframe, Kiliaen's Landing and Delaet's Landing are positioned to benefit mutually as centerpieces of a transformed Rensselaer waterfront. As DeLaet's Landing advances through various stages of construction and tenant procurement, Kiliaen's Landing may benefit from the ability to monitor the progress of this nearby project while conducting its own pre-development planning. This is a risk-mitigating advantage, as development at Kiliaen's Landing will be able to gauge levels of demand and identify potentially unmet market needs based on the performance of DeLaet's Landing. The DeLaet's project will establish a hub of population and activity that is closer to the Kiliaen's Landing site than any existing property similar in scale. This will diminish the significance of some issues for Kiliaen's Landing related to geographic separation and accessibility. Kiliaen's Landing will have an opportunity to advance a cohesive transformation of the Rensselaer waterfront while benefiting from momentum provided by the DeLaet's Landing project. The timeframes of these projects allow Kiliaen's Landing the advantage of entering the market at a more mature point in the larger waterfront transition.

Opportunities to connect these developments by way of trails or possibly roadway enhancements should be explored, as both would benefit from movement among waterfront destinations. Together, the two

projects will provide a critical mass that provides stability and cohesion while potentially attracting further growth. To this effect, the City of Rensselaer has already commenced discussions about locating a trail through the rail yard property between Kiliaen's Landing and DeLaet's Landing.

Based on trends and growth projections for the Capital Region, modest levels of population increase are anticipated over the foreseeable future, i.e. twenty year timeframe. The region has experienced a slight withdrawal in government-related employment in recent years. These losses have been offset by expansions in private industry included high-tech sectors drawn to the Capital Region by major investments in nanotechnology, advanced manufacturing, energy, bioscience, and infrastructure designed to nurture growth in 21<sup>st</sup> Century industry. Parties involved in the Capital Region's tech-related economic development initiatives are working to ensure that these 21<sup>st</sup> Century industries find a permanent home here with the room and support needed to grow. The future looks favorable for the Capital Region to improve its economic standing on a large scale, with the benefits of increased population and capital to be distributed throughout the region. The Kiliaen's Landing project is moving forward under a timeframe that will allow it to harness the site's advantages as the region expands its prosperity.

Industrial expansion east of the Hudson River, particularly along the Route 4 corridor and in the vicinity of I-90, is favorable for settlement in the Rensselaer area. Regeneron expects to employ nearly 2,500 people (including 1,300+ new jobs) within approximately two miles (east) of the Kiliaen's Landing site. The GE Healthcare facility employs approximately 150 people in North Greenbush, and the Rensselaer Tech Park houses a number of smaller tech companies. Rensselaer County is becoming a center of bioscience industry within the Capital Region, and the resulting influx of high-quality tech jobs has the potential to generate demand for high-quality housing options in locations with easy access to these employment centers, including the City of Rensselaer.

Housing options in the vicinity of Kiliaen's Landing east of the river include a combination of single and multi-family homes within Rensselaer proper, and suburban-style apartment complexes outside the city in North and East Greenbush. Rensselaer neighborhoods featuring single and multi-family homes have experienced a general decline over the past two decades due to a lack of new investment in the area. These neighborhoods hold a strong appeal to residents with standing connections to the Rensselaer community, as well as first-time homeowners and renters who are attracted to the affordable cost of living and convenient location. Suburban apartment complexes in the area vary widely in quality and cost; The Mansions at Technology Park and the Stonegate Luxury Apartments in North Greenbush (see Section VI) represent the high end of suburban apartment communities in the immediate area.

Upscale suburban apartment complexes appeal to residents who prefer generous living dimensions, moderate densities, convenient access, and for some, familiar surroundings after previous experience living in suburban neighborhoods. Empty nesters and young families may be particularly drawn to these developments. The comparable developments described in Section VI are among the newer suburban-style apartment communities in the area, and have high occupancy rates.

In recent years, residential development has experienced a shift favoring the construction of apartments in urban areas, in contrast to the long-standing practice of suburban sprawl into previously undeveloped areas. This trend has been brought forth in part by the preferences of the millennial generation which prefers to live in higher-density settings that facilitate social interaction and offer in-place cultural and professional opportunities (see Section V). The trend towards apartment development has taken hold in the Capital Region, as well as areas throughout the country, with strong demand for urban apartment dwellings expected to continue for the foreseeable future. Upscale urban apartment communities represent the “new modern” in residential real estate.

c. Development Opportunities

With its waterfront location directly across the river from Downtown Albany, Kiliaen's Landing provides a very good setting for the development of an upscale apartment community. To date, the 96 unit apartment building at DeLaet's Landing represents the only planned development of this format on the east side of the Hudson River in the vicinity of Rensselaer. Given the option of living in higher-density apartment options within the city proper, many residents – and particularly those who value the interaction and cultural amenities found in such settings – will prefer to live in an apartment community like Kiliaen's Landing over suburban-style apartment communities that become increasingly outdated with time. Apartment buildings at Kiliaen's Landing would be multiple stories in height, located and oriented to maximize use of the site. The first phase of apartment construction at DeLaet's Landing includes a four-story building; for planning purposes, development at Kiliaen's Landing should maintain some consistency with this and other waterfront development in the area, with assumed heights in the range of 4-8 stories.

Investors and development interests should continue to monitor supply conditions during the project's pre-development stages. Changes in the competitive landscape – such as additional phases of apartment development at DeLaet's Landing – are likely to occur over the approximately 3 to 5 year lead-up to construction at Kiliaen's Landing. As general guidelines, the additional construction of 200 or more apartment units in the immediate urban area (Rensselaer/east side of Hudson River) or occupancy rates remaining below 95 percent at the DeLaet's Landing apartment complex for an extended time may signal a need to closely examine development plans and seek adjustments to ensure a successful project. However, in the absence of unanticipated market changes, a well-planned apartment development at Kiliaen's Landing has excellent potential as a successful development project that will advance a transformation of the Rensselaer waterfront to the benefit of the community and region.

Based on an extensive review of apartment communities throughout the Capital Region, including the comparable properties detailed in Section IV, we can identify many of the physical characteristics and amenities that will be important in creating a viable Kiliaen's Landing development.

A combination of studio, one-bedroom, and two-bedroom apartment units is appropriate for a development at Kiliaen's Landing. Apartments in these size categories appeal to the target populations who tend to occupy upscale housing in urban areas. Studio apartments are suited to the needs of

graduate students, single young professionals, and traveling professionals who may occupy the units on a part-time basis, and offer an affordable housing option. Singles and couples ranging from Millennials to empty nesters favor apartments in the one- to two-bedroom size range. The inclusion of three-bedroom units would introduce some uncertainty regarding demand, as well as potentially inefficient use of space. As a baseline unit distribution for planning purposes, an approximate range of 10% percent studio units, 30% one-bedroom units, and 60% two-bedroom units may be appropriate.

The site's waterfront location provides an excellent setting for upscale/luxury housing. Given its location in the upward-trending "auxiliary city" of Rensselaer, housing at Kiliaen's Landing may not support rental rates at the region's high end, such as the luxury rates in Downtown Albany, Troy or Saratoga.

Rehabilitated buildings also tend to command higher rates due to complex renovations and unique features. For example, monthly rents per square foot for one bedroom apartments at The Lofts at 733 Broadway and The Lofts at Harmony Mills are in the range of \$1.40-\$1.45 per square foot; rents for two-bedroom units in these buildings stand at \$1.44 and \$1.22 per square foot, respectively. By comparison, monthly rents at the suburban (North Greenbush) Mansions at Technology Park and Stonegate Luxury apartments are in the \$1.25-\$1.35 range for one-bedroom units and \$1.04-\$1.19 range for two-bedroom units.

Important target populations for this housing project – including young professionals, graduate/healthcare students, transient employees from government-related fields, and new residents moving to the area as a result of tech industry growth – are likely to emphasize value as well as luxury in the Rensselaer market. To the degree possible, rents should be contained at levels comparable to market average rents, in the range of upscale suburban apartment communities in the area. As target values, studio unit rents of approximately \$1.30 per square foot, one-bedroom apartment rents of approximately \$1.25 per square foot and two-bedroom rents of approximately \$1.20 would offer a cost-competitive alternative to suburban complexes while offering a more desirable, modern setting. Rents in this range would be slightly less than at the nearby DeLaet's Landing apartments, which is appropriate given slight differences in location and accessibility.

As a cost- and rent-containing approach, apartment units can be designed at livable, modern dimensions that promote the efficient use of space and energy while appealing to small-sized households. Open floor plans allow flexible use of space as residents adapt living areas to suit their personal needs. Efficiency is considered smart and tasteful in modern housing, and may be particularly appealing to Millennials and professionals who value sustainability and accept slightly more compact living spaces. In line with this thinking, the following dimensions can be considered as baselines for planning purposes: Studio/one bath units 550-650 sf, one-bedroom/one bath units 800-900 sf, two-bedroom/1.5 bath units 1,000-1,100 sf.

Following is a summary of proposed apartment unit distribution with baseline dimension and rent levels to be targeted at this stage of project planning. It is expected that these numbers will be refined during pre-construction pro forma analysis and detailed planning stages, and that a number of factors could result in variation from these preliminary recommendations.

<b>Table 10: Kiliaen's Landing – Planning Level Dimension and Rent Summary</b>					
<b>Bedrooms</b>	<b>Bathrooms</b>	<b>Percent Total Units</b>	<b>Square Footage</b>	<b>Target Monthly Rent/SF</b>	<b>Monthly Rent</b>
Studio	1	10%	600	\$1.30	\$780
One Bedroom	1	50%	800-900	\$1.25	\$1,000-\$1,125
Two Bedroom	1.5	40%	1,000-1,100	\$1.20	\$1,200-\$1,320

Absorption rates, which represent the rate at which apartment units are leased at a development, reflect the level of demand for the type of housing being offered. In the Capital Region, absorption rates are generally in the range of 10-20 units per month<sup>9</sup>. Absorption of housing at Kiliaen's Landing will depend on a number of factors, including the size, cost, and features of the project as well as external factors such as the introduction of new jobs and/or residents to the area, and competition for tenants by other developments in the community and region. Absorption potential should be revisited when the development's characteristics and a tentative development schedule are established.

Apartment units in the region are typically accompanied by one guaranteed parking space. A Kiliaen's Landing development should provide one guaranteed parking space to a resident of each unit. Based on ITE standards<sup>10</sup>, apartment structures up to and including four stories require 1.4 parking spaces per unit and structures five to eight stories in height require approximately 2.0 spaces per unit to accommodate residents and guests. Master planning for the site will establish buildable areas for the site and surface-level parking capacity. Depending on the development's size at full buildout, it is possible (or likely) that subsurface and/or multi-level parking structures will be needed, resulting in increased construction costs.

Each apartment unit should include a washer and dryer, heating/air conditioning with thermostat control, modern/stainless kitchen appliances, and high (9') ceilings in line with competing housing developments in the region. High-end ceramics and granite countertops are staples in the current luxury market, and while these materials are appealing to many, they may not be appropriate in all units when it is important to maintain competitive market-rate rents. We suggest that the use of new, high-quality and sustainable materials for flooring, countertops, cabinetry and other finishings can provide a means to reduce cost without sacrificing modern appearances or quality.

The addition of balconies to some units will capitalize upon the Kiliaen's Landing waterfront setting, which is the site's most important and defining feature. We suggest that all westward-facing units overlooking the Hudson River and Downtown Albany skyline should include private balcony spaces. Differentiating

<sup>9</sup> DeLaet's Landing Apartments comprehensive Market Study. GAR Associates, Inc. June 2012.

<sup>10</sup> Institute of Traffic Engineers Parking Generation, 4<sup>th</sup> edition.

features such as balcony space and waterfront views should be reflected by adjustments to monthly rents for different units at the development.

It is important for Kiliaen's Landing to provide community amenities that facilitate interaction among residents, allow community or private gatherings and events, and provide exercise/recreational opportunities. At a minimum, these community amenities should include conference/event rooms, common lounge area, fitness center, and outdoor patios and walkways extending along the waterfront.

The Hilton Center structure provides opportunities for adaptive reuse, potentially as a residential (apartment or condominium) or mixed-use property. As a former industrial building, this building has unique features that could be incorporated with a different use in the future. However, the building should be examined for structural integrity and feasibility for reuse, as well as financial feasibility, because it appears to need substantial improvement. Additionally, its close proximity to the CSX rail line may limit its potential for adaptive reuse.

Master planning and generic environmental review for the Kiliaen's Landing project is being supported by the New York State Energy Research and Development Authority (NYSERDA) Cleaner Greener Communities program based on the stated goal of achieving high levels of sustainability in neighborhood and structural design, as well as energy efficiency. From a market perspective, sustainable development represents a selling point that is likely to appeal to target populations including young and tech-oriented professionals. Energy efficient design, infrastructure, and materials can be used to create a modern setting in line with many residents' views and lifestyle choices that support sustainability. A proper balance must be achieved to ensure that sustainable practices at Kiliaen's Landing are viewed as modern, innovative and efficient, as opposed to inconvenient or costly. Ongoing collaboration with NYSERDA, along with potential participation in future funding programs, will help to achieve a sustainable development product with enhanced marketability as a result of these efforts.

A phased approach to development is anticipated at the Kiliaen's Landing site in order to gauge market trends, allow maturation of the Rensselaer market, and to maintain a degree of flexibility over the course of the site's buildout. Master planning should consider the merits of locating the first phase of construction either at the southern end of the site to take advantage of proximity to central Rensselaer and the DeLaet's Landing development, or in the vicinity of access points and the boat launch further north on the site. It is recommended that residential buildings be phased with individual buildings containing roughly 100-120 units. This phasing strategy would allow the development team to continue to monitor market conditions and occupancy rates while making adjustments to future phases as new information and opportunities come forth. The site's capacity for apartment units will be determined in part by the master plan.

As project costs come into focus later in the pre-development process, investors and other development interests must evaluate these costs against revenues and uncertainty as part of a pro-forma financial analysis. Pending the outcome of such analyses, it will be important for the project to proceed with active

participation and support from public agencies including the City of Rensselaer, Rensselaer County, and NYSERDA. Economic development parties including the City of Rensselaer IDA and/or Rensselaer County IDA should be actively involved in the development process; open dialogue should occur relative to development incentives potentially available in the form of tax exemptions, PILOT agreements or other economic development tools that may be used to support investment in the project.

d. Mixed Use and Commercial Opportunities

It is important to consider some level of mixed use at Kiliaen's Landing. The conventional urban development practice of providing commercial space on first and lower levels (i.e. retail, dining, office) with upper-floor housing may or may not be a sound alternative at Kiliaen's Landing. In terms of enhancing the property's appeal as a destination and housing location, dining and/or retail would provide amenities appealing to residents and help to create a socially active setting. The waterfront location provides opportunities for outdoor seating and connections to DeLaet's Landing, and these conditions may be favorable to retail and/or dining. Office uses may be viable within the development's multi-story buildings, either in the form of professional office suites or potentially a larger-scale anchor tenant capable of leasing significant floor space.

The Kiliaen's Landing site also provides opportunities to construct independent commercial buildings to meet the needs of specific tenants or development partners. Buildable areas will be identified during the master planning process, with potential building footprints established. Stand-alone dining, retail, or other business spaces may be considered as potential uses for buildable space on the site, with the opportunity cost of foregone residential space and the benefits of increased activity and visitation of the property among the factors considered.

Limited visibility and access stand as potential barriers to attracting commercial uses that depend on high-volume patronage, and the site's susceptibility to flooding is particularly unfavorable to operations involving the use of sensitive equipment, manufacturing, or high-tech industry. On a positive note, the site provides visibility from across the river in Albany to the west. City and county industrial agencies should remain engaged as partners by providing site selection and other economic development services.

## **VIII. SUMMARY OF RECOMMENDATIONS**

A summary of recommendations of the Market Study prepared for Kiliaen's Landing is as follows.

- The site's waterfront location provides a very good setting for multi-story residential (apartment) uses. A trend favoring upscale/luxury apartments spaces is well underway in the Capital Region, and is expected to continue in the foreseeable future.
- The site may support some mixed use. This could include small scale first-floor retail or dining, professional office space within the residential structure, or the construction of independent commercial buildings in addition to residential development.
- The Hilton Center structure provides opportunities for adaptive reuse, potentially as a residential (apartment or condominium) or mixed-use property.
- The project should highlight its waterfront setting by including features such as balconies, outdoor common areas, river access, and trails...
- Market conditions should be closely monitored by investors and developers during the project's pre-development stages, including the progress of DeLaet's Landing just south of Kiliaen's Landing. This will provide a more accurate gauge of demand and identify potentially unmet market needs based on the performance of DeLaet's Landing.
- A combination of studio, one-bedroom, and two-bedroom apartment units in structures 4-8 stories in height is appropriate for this site. Based on its location, housing at Kiliaen's Landing may not support rents at the region's very high end of the residential market. Cost containing measures such as the use of modern, efficient materials and limiting apartment unit dimensions can help to maintain affordability.
- A phased approach to development at Kiliaen's Landing should be considered to gauge market trends, allow maturation of the Rensselaer market, and to maintain a degree of flexibility over the course of the site's buildout.
- Sustainable design and construction practices should be used to create a modern setting that appeals to many residents seeking apartment housing in urban areas.
- Active participation and support from public agencies including the City of Rensselaer, Rensselaer County, and NYSERDA is important to the overall success of the project. Economic development agencies including the City of Rensselaer IDA and/or Rensselaer County IDA should be actively involved in the development process; open dialogue should occur relative to development incentives potentially available in the form of tax exemptions, PILOT agreements or other economic development tools that may be used to support confident investment in the project.