



CITY OF  
COVINGTON



# RECONNECTING COVINGTON

COVINGTON CENTRAL RIVERFRONT  
STRATEGIC MASTER PLAN



COOPER CARRY

DaVinci  
DEVELOPMENT COLLABORATIVE, LLC

Noel Consulting Group



Achieve  
Ambitions

WOOLPERT



## ACKNOWLEDGMENTS

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# Executive Summary



## 01. EXECUTIVE SUMMARY

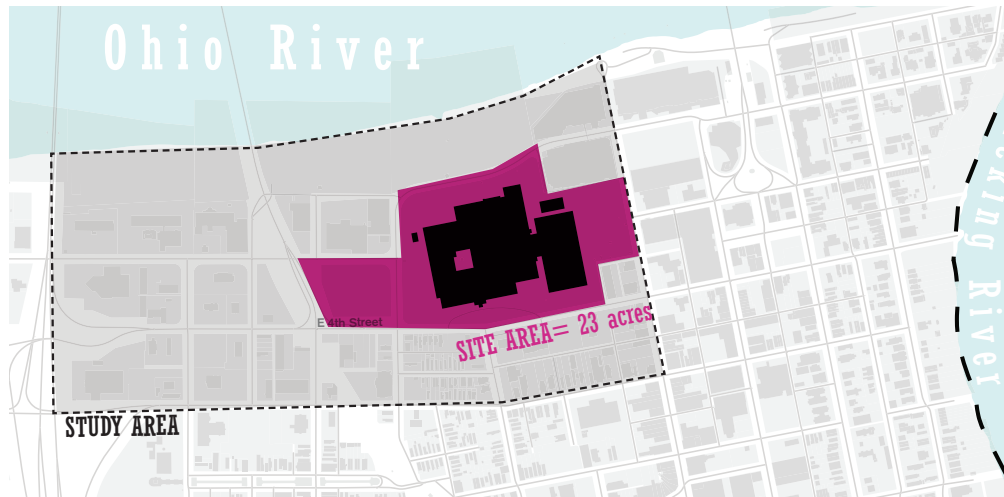


Figure 0.1. The IRS site and surrounding study area

### Introduction

The IRS has been a major employer in Covington for the last five decades. In August 2019, it closed its doors leaving 600 jobs to be replaced creating one of the greatest opportunities for intentional focused redevelopment in Covington.

Situated on 23 acres along the Ohio River, the IRS site was developed during a period in which many river cities had turned their backs on the riverfront. Renewed

recognition of the value of the riverfront began in the 1980's with River Center and has come into sharper focus in the last ten years through efforts to create the Riverfront Commons Master Plan. That interest, coupled with resurgence in the attraction of walkable, urban living and the continued growth and success of the Northern Kentucky Convention Center, has made redevelopment of the IRS site a once in a lifetime opportunity, not just for Covington but for all Northern Kentucky.



## Planning Process

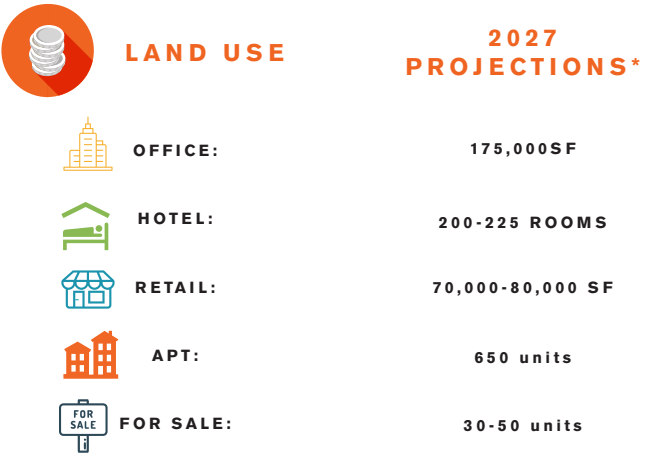
The 12-month planning process followed the four “I’s” approach: Investigate, Illuminate, Innovate, and Implement.

The Investigate phase focuses on understanding the IRS property study area, City of Covington, and the greater market area to establish a baseline understanding of the site conditions, market forces, physical and regulatory opportunities and constraints, and the policies and previous plans adopted by the City. During this phase we also outlined the steps to successful GSA Conveyance strategy.

Illuminate centers on active stakeholder and public participation. This consisted of kick-off Open House, workshops, participatory presentations, and Civic Dinners. The information gathered from investigate and illuminate was then used to create design options in the Innovate phase. Our team aggregated the information we received to establish three viable Master Plan Concept Alternatives for more in depth analysis and design leading to one consensus option, a

preferred plan.

The Implement phase emphasizes, one of the most important components of any master plan, a credible market-based implementation plan. This Plan identifies traditional and creative funding sources, prioritizes a phased approach to execute the project, and establishes a clear game plan to achieve the goals of the plan. This combines all input, masterplan concepts, and market realities to establish a path from paper to reality



\*Source: Noell Consulting Group

Figure 2.31 2027 Market Projections

## Congruent GSA process

The IRS, processing facility has ceased operations and the property has been turned over to GSA. When disposing of federal real estate, GSA follows a specific process mandated by federal law.

In April 2019, GSA begin the public conveyance process and after 90+ day process, determined the IRS site was not needed for non- profit/ government use and appraisal of the site, began in October 2019. It is anticipated by early 2020 the GSA will strike a deal with the City of Covington.



## GSA CONVEYANCE

IRS/ GSA Property Close



Identify as **Excess Property**



Offer Property to other **Federal** Agencies



If no other Agencies needs the Property, it becomes **Surplus**



- Public Benefit Conveyance
- Negotiated Sale
- Public Sale of Property

## Development of Plan

To kick-off the conceptual alternative framework process, our team conducted two workshops with the community to garner input and receive feedback. With their help, we began to explore options for the street grid and plan elements that would be an asset to the community. We developed three Concept Alternatives each with their own street configuration and public amenities. The Concept Alternatives and their elements were voted on by the community and the voting results and comments help shape the final preferred plan.

### Green on the Levee



### Love the Covline



### Central Green





## Preferred Plan

While the preferred plan seeks to craft a long-term vision, the team feels strongly in maintaining market reality and remaining focused on the 2027 Vision based on market demand projections. The Central Riverfront Strategic Plan recommendations represent a collaboration of diversified interests and a combination of community dreams with physical planning grounded in economic forecasts.

The mission of the preferred plan is to provide direction for future urban design and development decisions for the City of Covington. The final recommendations are guidelines to evaluate choices and make judgments as progress is made. The preferred plan serves as a blueprint to create a vibrant, connected, and livable site.

The preferred plan will define the IRS redevelopment site for the next 10 years. The key strategies to fulfill the mission include: Connected, livable streets; Mixed-use environment; Flexible framework to accommodate market demands; Variety of open spaces; and Diversity of workplace environments.



Figure 4.1. Key Themes that shaped each concept

## Concept

The preferred plan will define the IRS redevelopment site for the next 10 years. The key strategies to fulfill the mission include:

- + Connected, livable streets
- + Mixed-use environment
- + Flexible framework to accommodate market demands
- + Variety of open spaces
- + Diversity of workplace environments



Figure 4.20. 2027 vision of preferred master plan showing proposed future phasing

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## Implementation

The phasing strategy has been carefully crafted to achieve immediate activation and engagement on the site by beginning with temporary uses on the Southwest Corner between 3rd and 4th Streets. Temporary uses will foreshadow permanent uses to come. The intent is to add short-term, quick to implement activity that will drive awareness of and people to the site.

These short-term uses will be implemented after the land is conveyed to the City and while the development details are being finalized. For so long, Covingtonians have had no reason to visit the site unless they worked at the IRS. The goal is to change that. The strategy of short-term uses is based on our original goals to connect, stimulate and activate.





01

○ Introduction

**“COVINGTON’S FUTURE IS TIED TO THE DEVELOPMENT OF THIS SITE, FROM OUR ABILITY TO PAY FOR SERVICES TO DOWNTOWN’S ENERGY TO JOBS FOR OUR RESIDENTS, THE PROJECT WILL IMPACT NEARLY EVERY FACET OF COVINGTON.”**

**- MAYOR MEYER**

# 01. INTRODUCTION



Figure 1.1 IRS Site and Surrounding Area

The IRS has been a major employer in Covington for five decades. In August 2019, it closed its doors leaving 600 jobs to be replaced and a significant area of underutilized land in Covington’s urban core along the Ohio River. This presents one of the greatest opportunities for intentional focused redevelopment in Covington.

Situated on 23 acres along the Ohio River, the IRS site was developed during a period when many river cities had turned away from the riverfront. Renewed

recognition of the value of the riverfront, which began in the 1980’s with River Center, has come into sharper focus in the last ten years through the efforts to create the Riverfront Commons Master Plan. That interest, coupled with resurgence in the attraction of walkable, urban living and the continued growth and success of the Northern Kentucky Convention Center, has made redevelopment of the IRS site a once in a lifetime opportunity, not just for Covington but for all Northern Kentucky.



Figure 1.2 View into IRS Site



The sustaining popularity of Mainstrasse, renewed interest in Mutter Gottes, redevelopment of Duve neck Square, and the eminent construction of the Covington Waterfront Park have wrapped the IRS site with community fabric. This progress sets the stage for re-imagining and reintegrating this vital part of the city and creates the need for connectivity and energy that a new urban neighborhood on the site provides.



Figure 1.3 Sculpture on 4th and Madison

## Vision

The City envisions the former IRS site knitting the surrounding neighborhoods back together by better connecting them to each other and the riverfront. An essential element will be improved connections between the Convention Center and the hotel district to the west of the project site. It will also create connections to the Madison Corridor, Mainstrasse, and Duve neck Square. This Plan is focused on reconnecting a significant part of the City and creating a place that people want to live and visit.

While economic development is highly important to Covington, the City understands the fundamental role that quality of life plays in attracting and retaining residents; and ultimately in attracting businesses that provide jobs. The City sees economic development as an outcome of creating a City that is a great place to live and work.



## Project Goals and Objectives

The following goals and objectives were developed to guide the vision for Covington Riverfront Strategic Master Plan.

### A. Develop a viable conveyance plan for the site

The planning process offers guidance to the City in navigating the conveyance plan process. Conveyance is the process the United States General Service Administration uses to dispose of its properties to other entities outside of the federal government.

The most important goal of this master planning process is The City of Covington acquiring the IRS site for redevelopment. We have outlined the process in detail in the following chapter: 02.02 GSA Conveyance.

### B. Develop and communicate a plan that will spark job creation and provide increased revenues and a diversified economy for the city

The IRS closing will result in 600 jobs lost creating a significant reduction in pay roll tax as well. Currently, 52% of the City of Covington's budget is comprised of payroll taxes, so a dramatic decrease in jobs will greatly impact the City's budget. Thus, ensuring that the resulting masterplan not only improves quality of life, but also provides an economic impact of additional jobs will be critical

- C. Create a true mixed-use environment that incorporates office, housing, and commercial uses while also creating vibrant outdoor spaces for the community to gather and celebrate
- D. Provide enhanced connections to the river both physically and visually
- E. Engage the community of local developers and encourage organic approach to development that is in the best interest of the City and its citizens
- F. Integrate the design of the IRS site in a way that will be authentic to Covington and the surrounding neighborhoods.

- A. Develop a viable **CONVEYANCE PLAN** for the site
- B. Develop and communicate a plan that will **SPARK JOB CREATION** and provide **INCREASED REVENUES** and a diversified economy for the city
- C. Create a true **MIXED-USE ENVIRONMENT** that incorporates office, housing, and commercial uses while also creating vibrant outdoor spaces for the **COMMUNITY** to gather and celebrate
- D. Provide **ENHANCED CONNECTIONS** to the River both physically and visually
- E. Engage the **COMMUNITY OF LOCAL DEVELOPERS** and encourage an **ORGANIC approach** to development that is in the best interest of the City and its citizens
- F. Integrate the design of the IRS site in a way that will be **AUTHENTIC** to Covington and the surrounding **NEIGHBORHOODS**

Figure 1.4 Goals & Objectives decided upon by the City

## Process

The planning process was a 12 month process and follows the four “I’s” approach: Investigate, Illuminate, Innovate, and Implement.

The Investigate phase centers on understanding the IRS property study area, City of Covington, and the greater market area to establish a baseline understanding of the site conditions, market forces, physical and regulatory opportunities and constraints, and the policies and previous plans adopted by the City. During this phase we also outline the steps to successful GSA Conveyance strategy.

Illuminate involves active stakeholder and public participation. We believe transparent and meaningful participation by the people most directly affected by development opportunities is vital to a

healthy and thriving community. We developed, coordinated, conducted, and facilitated a planning outreach process that strived to be innovative, unique, and fun.

Looking at the property with a perspective rooted in creative market analysis included in the Investigate phase of the process, the Innovate phase begins as a series of interactive workshops with the public as we listen, translate ideas to paper, and prioritize the goals of the City and community to inform initial Master Plan concept options for the IRS property study area.

After the workshops, our team aggregated the information we received and established two to three viable Master Plan Concept Alternatives for more in depth analysis and design leading to one consensus option, a preferred plan.

One of the most important components of any master plan is a credible market based implementation plan which identifies traditional and creative funding sources, prioritizes a phased approach to execute the project, and establishes a clear game plan to achieve the goals of the plan. This draws together all input, masterplan concepts, and market realities to establish a path from paper to reality

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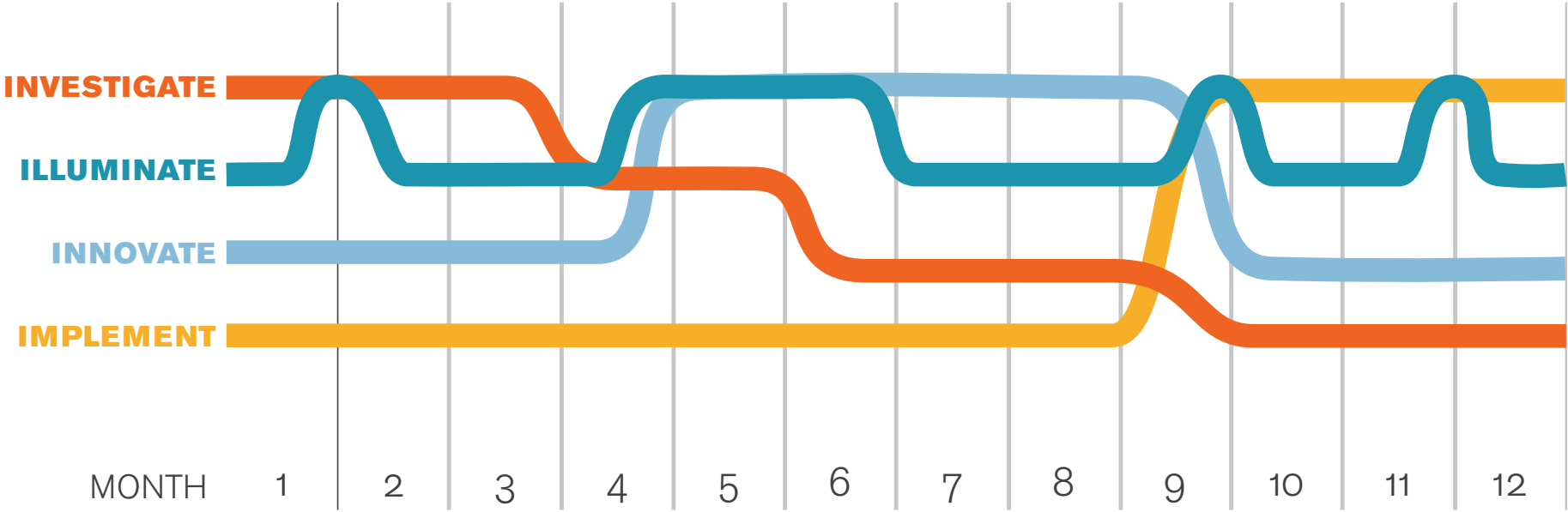


Figure 1.5 Project Timeline

# 02. Investigate



# 01. SITE ANALYSIS



Figure 2.1 The progression of the grid from 1895 to today

1814: purchased The Point and a year later laid out Covington

1900: Covington was the second largest city in Kentucky

1948-1955: Covington Levees built  
 1967: Covington IRS facility opened on land purchased from and assembled by the City  
 The city grid is eroded and connections to the riverfront are complicated

Located at the confluence of the Ohio and Licking Rivers and the intersection of prominent rail lines, Downtown Covington has undergone a myriad of changes in its urban fabric. From railroad relocations and the construction of new roads along with the demolition of others illustrated in figure 2.1.

To develop the Covington Strategic Riverfront Master Plan that is grounded in the character and soul of Covington, the consultant team undertook an investigation of the study area including, the physical attributes, market conditions, and community desires, which are summarized in this section.



# FINAL DRAFT



Figure 2.2 Historic Sanborn Map from 1886

--- Approximate Study Area

## Current Initiatives

The city is currently undertaking various planning studies, such as City Hall: Bespoke; Parks Master Plan, Neighborhood Development Code and Economic Development Strategy. Below are the elements that influenced aspects of the Riverfront Strategic Plan.

### 1. Zoning

The Neighborhood Development Code is currently being updated and is expected to be approved by June 2020. Working in conjunction with Kendig Keast, our team collaborated to ensure the forms, parking, and regulated aspects of the plan are aligned.

### 2. Economic Development

The City retained Garner Economics in December 2018 to perform a citywide economic development strategy.

“The recommendations are broken into three categories:

- Re-imagining Covington: Policy changes and investments that should be made to strengthen the City’s product
- Effective City Support and Implementation: Key organizational recommendations and tactics to provide strong economic development service delivery and market the City better
- Telling the Covington Story: Marketing approaches to share the City’s story of economic dynamism with target prospects, talent, and the Covington community

Of particular note for the IRS site, the report encourages the city to identify and develop new product type related to the targeted business sectors outlined in the “From Opportunity to Action: An Economic Development Strategy for Covington, Kentucky” report.

Also it is imperative to create the quality of place -*This site is an ideal waterfront location that will enhance the City’s product and offer both job opportunities (payroll tax) and quality of place value for the City. The City needs to effectively communicate the plan for the site to regional partners to tap into other available resources to assist in the redevelopment. ‘No Product—No Project.©’*

## Study Area Attributes

The IRS site encompasses 23 acres of land currently occupied by an IRS processing facility, daycare, and associated surface parking. The site is generally bordered by River Center Drive to the north, 4th Street to the south, Clay Wade Bailey Bridge to the west, and Madison Avenue to the east. The daycare facility will remain while the rest of the site and surrounding area will undergo analysis and planning for future development.

The larger study area is defined by the Ohio River on the north, Madison Avenue on the east, 5th Street to the south, and I-71 to the west.



Figure 2.3. The IRS site and surrounding study area



Figure 2.4. The IRS site west of Clay Wade Bailey Bridge



Figure 2.5. Light Industry shops west of site at flood wall



Figure 2.6. Northeast corner of IRS site



## Context and Destinations

The site is centrally located and within short walking distance to several area destinations and attractions.

In less than a half mile walk from the site, one can access key spots like Mainstrasse, the Mutter Gottes neighborhood, the Central Business District, and the activity along Madison Avenue. Walking across the bridges to neighboring attractions in other cities is also easily accessible.



Figure 2.7. New development surrounding the IRS site

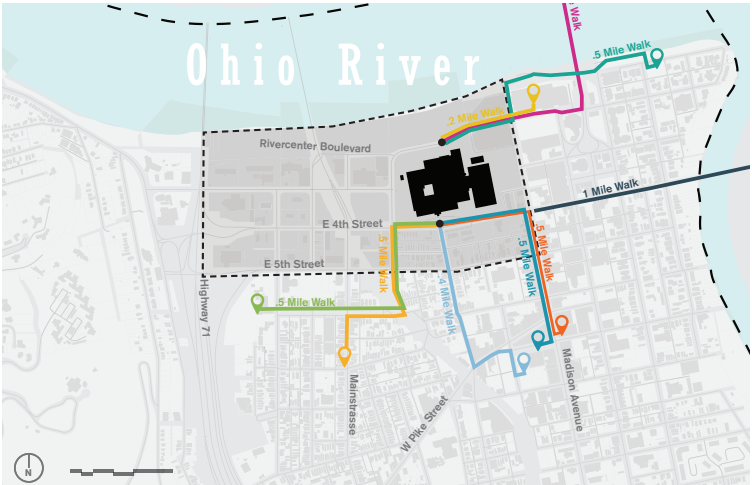


Figure 2.8. The IRS Site is centrally located making it a walkable destination

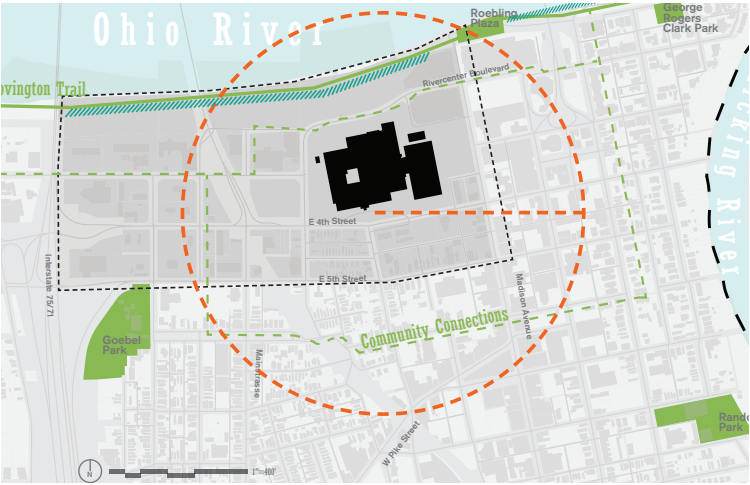


Figure 2.9. The IRS site is central to numerous parks and trails in Downtown Covington

## Zoning

Current zoning for the site is CO - Commercial Office. This allows a number of uses and commercial activities. The site is predominantly surrounded by commercial-oriented uses with some urban residential flanking its southern edge.

A zoning rewrite is underway and the consultant team will be working closely with the city to ensure that the IRS site plan works within the new Neighborhood Development Code.

## Land Use

The Land Use map, figure 2.11, illustrates the variety of uses near the site. The large area of blue representing office reflects the CBD, dense pockets of retail as well as neighborhood retail, hotel, as well as residential uses. Green space is also shown, making for a diverse mix of uses.

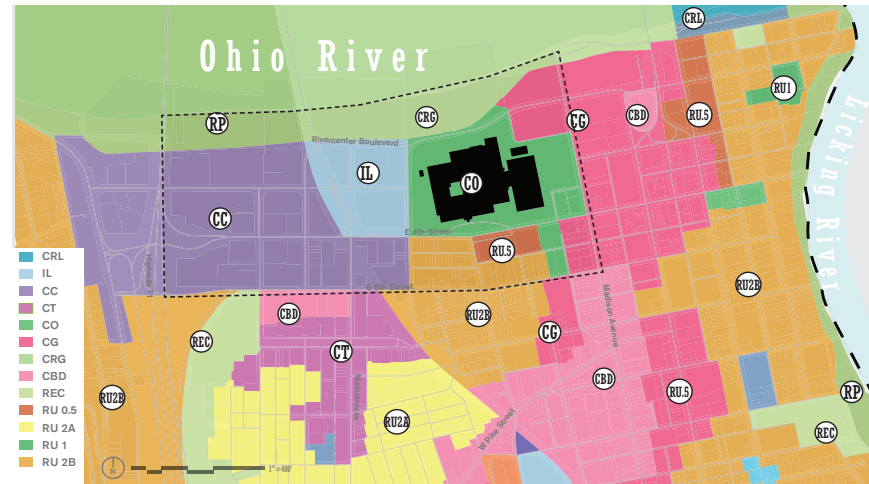


Figure 2.10. Current zoning of site and surrounding context

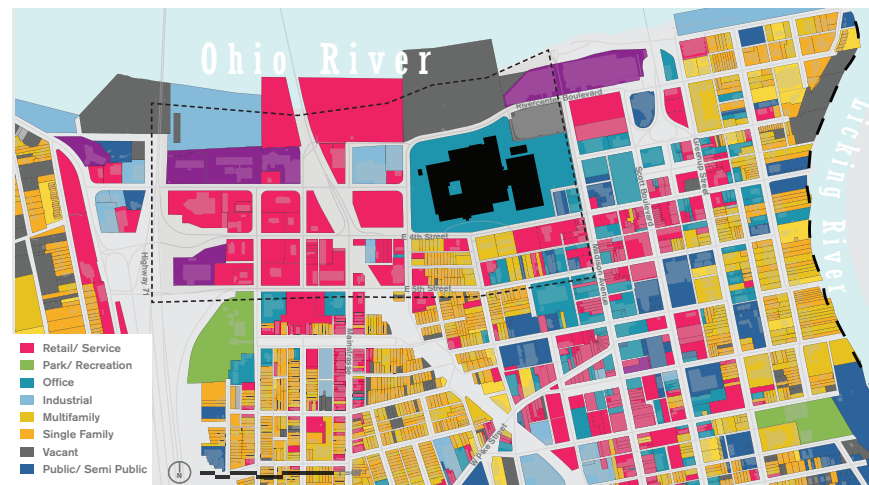


Figure 2.11. Land use of site and surrounding context

## Infrastructure and Districts

The site is well serviced with existing utilities and well connected to the existing street network. This greatly benefits the site by reducing future infrastructure costs and also provides great connectivity.

As part of census tract 670, the site is located within an opportunity zone and is adjacent to several historic districts.

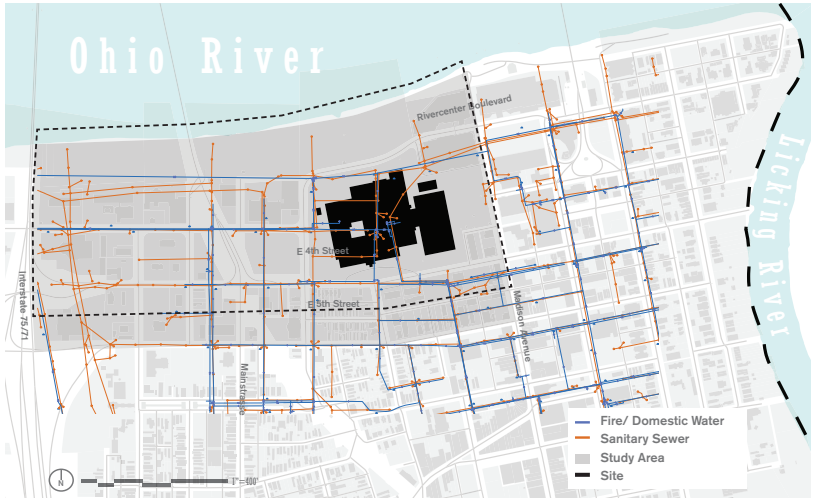


Figure 2.12. The fire and sanitary sewer services running near and around the IRS site

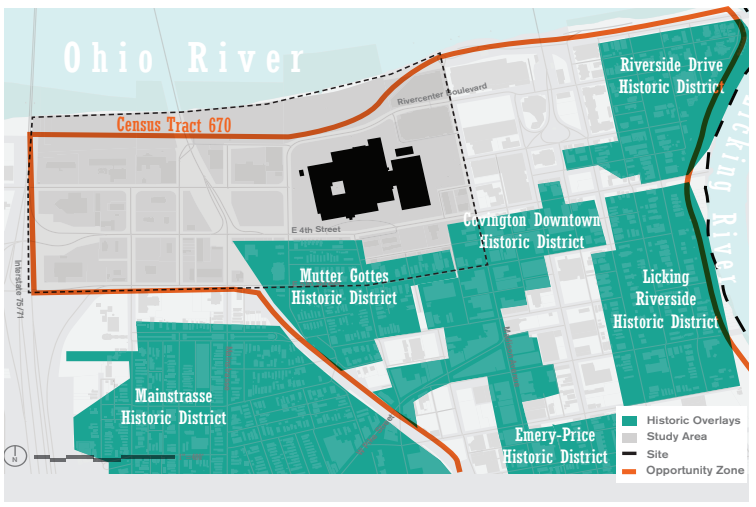


Figure 2.13. The IRS Site is currently located in Census Tract 670, a designated Opportunity Zone with several Historic Districts surrounding the IRS

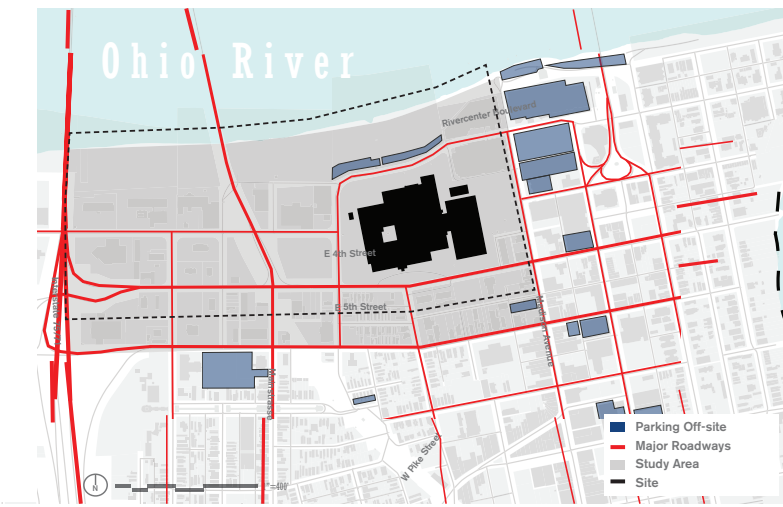


Figure 2.14. The IRS site benefits from great connectivity and access to major roads



## Urban Design Analysis

In examining the IRS site and the surrounding area, it is important to understand the character and scale of the area. Three key urban design factors were explored:

1. Neighborhood Scale
2. Connections
3. Nodes

There are several neighborhoods adjacent to the site, three of which our team explored in more detail: The Central Business District, Mutter Gottes, and Mainstrasse.

The existing urban grid makes Covington very walkable. However, high-speed thoroughfares and underutilized land interrupt the grid making it less desirable to walk. Clay Wade Bailey Bridge and 4th Street suffer from vehicular high speeds and poor sidewalk conditions contributing to poor walkability adjacent to the site.

Lastly, there are several activity nodes in the area that are all within .5 mile from the site. They are generally connected via a key street or trail however, there are opportunities to improve these connections and enhance the neighborhood fabric.

### Covington Neighborhoods

- 1 Botany Hills
- 2 Central Business District
- 3 Licking Riverside
- 4 Kenton Hills
- 5 Mainstrasse
- 6 Old Town/ Mutter Gottes
- 7 Lewisburg
- 8 Westside
- 9 Seminary Square
- 10 Eastside
- 11 Peaselburg
- 12 Historic West 15th Street
- 13 Helentown
- 14 Austinburg
- 15 Wallace Woods
- 16 Monte Cristo
- 17 City Heights
- 18 Levassor Park
- 19 Kuhrs Lane
- 20 West Latonia
- 21 Latonia Milldale
- 22 Ritte's East Latonia
- 23 Latonia/ Rosedale
- 24 South Covington

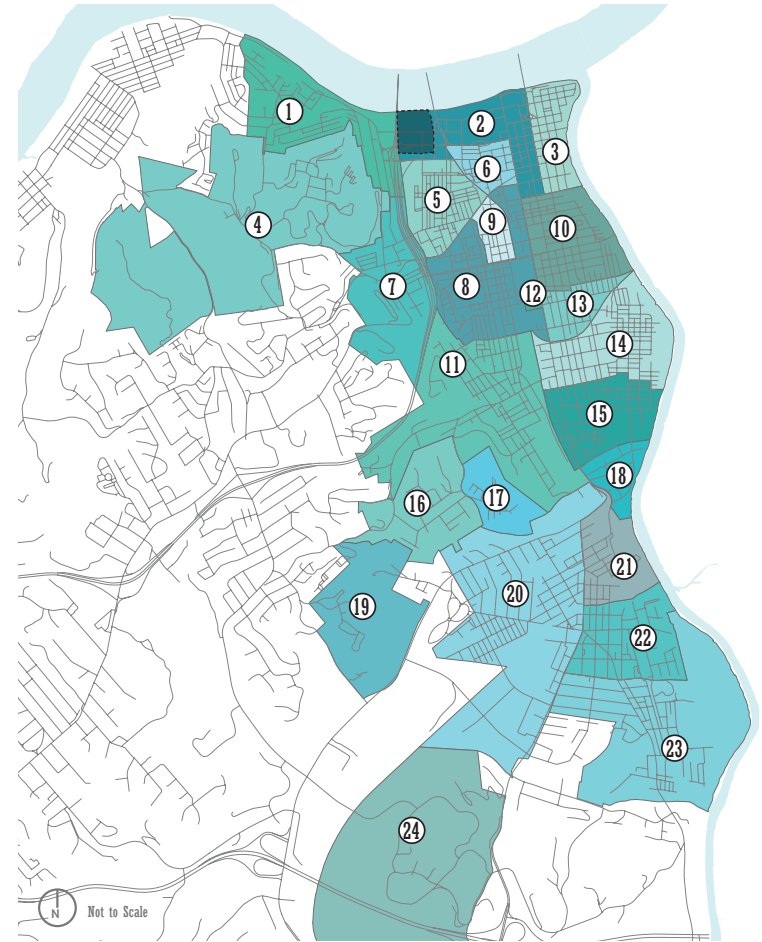


Figure 2.15. The City of Covington has 24 neighborhoods that can benefit from the redevelopment of the IRS site



Figure 2.16. The IRS Site is surrounded by three distinct areas: CBD, Mutter Gottes, and Mainstrasse

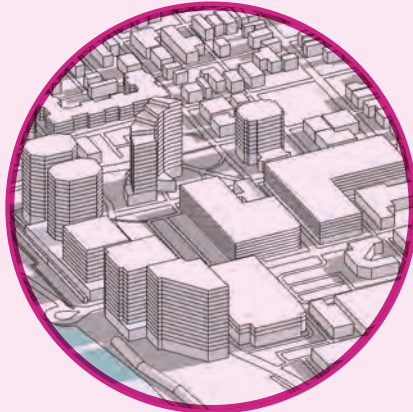


## Neighborhood Scale

Covington is made up of 24 unique neighborhoods with the IRS site adjacent to three of these neighborhoods: The Central Business District, Mutter Gottes, and Mainstrasse.

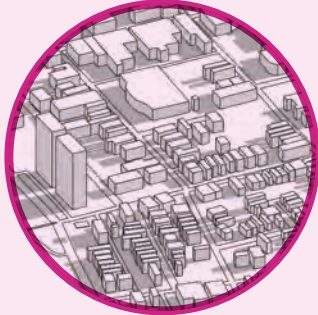
Our team studied these neighborhoods unique architectural styles including building types and size, and building height to further understand how the IRS site can best integrate with the surrounding neighborhoods.

Each neighborhood boasts its own unique character, building type, and typical height providing the opportunity to create a mixture of styles and varying heights within the IRS site.



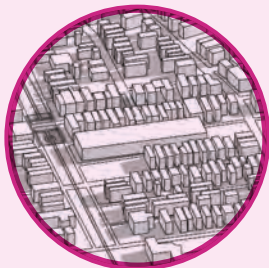
### **CBD**

- + High rise buildings
- + Mid rise buildings
- + Waterfront
- + Buildings are relatively new construction
- + Larger floor plates
- + Office and hotel related uses



### **MUTTER GOTTES**

- + Historic district
- + Residential buildings
- + Retail buildings
- + Historic two to three story row houses and Victorian homes
- + Higher rise buildings along the edge
- + Diversity of architectural styles



### **MAINSTRASSE**

- + Germanic influence architecturally
- + Two to three story in-line buildings
- + Lively main street character
- + Dense, 2 to 3 story row houses
- + Primarily residential and neighborhood commercial

Figure 2.17. Neighborhood analysis to identify unique characteristics and building scale

## Connections

The IRS site is surrounded by a well-connected street grid and also is situated next to the Covington trail. Enhancing connections to and through the site will be critical. Our team studied the surrounding area to better understand the key connectors, missing links, and bridge connections that influence the site.

Covington has several quaint, walkable streets, like Mainstrasse and Madison. These streets uniquely connect various neighborhoods to one another. Unfortunately, there are also quite a few “missing links,” which are defined as not easily walkable due to narrow sidewalks, poor sidewalks, high speeds, or no sidewalks at all. Covington also has two physical bridges- Clay Wade Bailey and the Roebling Bridge - providing a connection to neighboring cities. Each of these different types of connections play a pivotal role in shaping future connections to the IRS site.

When analyzing connections near the site, our team begin to notice most journeys begin or end at the following nodes: see diagram Figure 2.18.

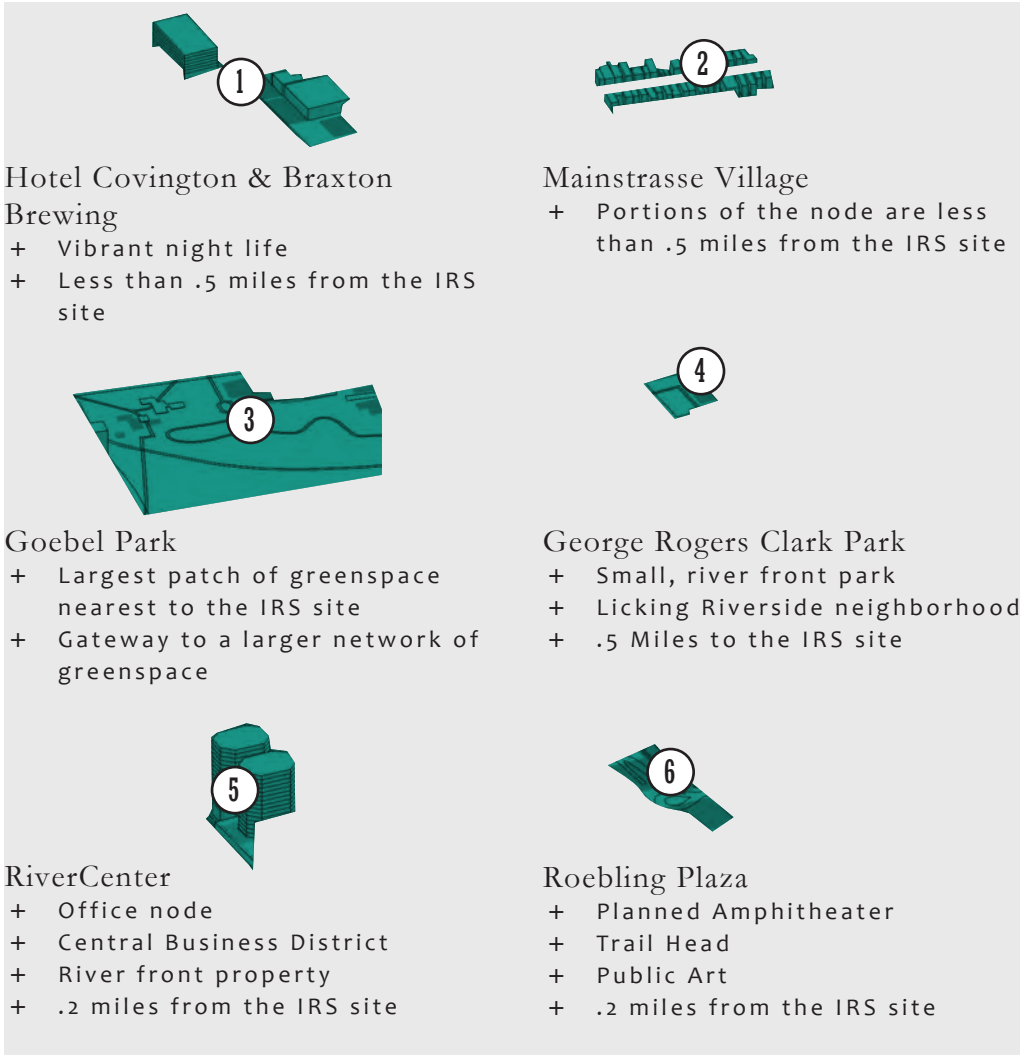


Figure 2.18. Different node typologies

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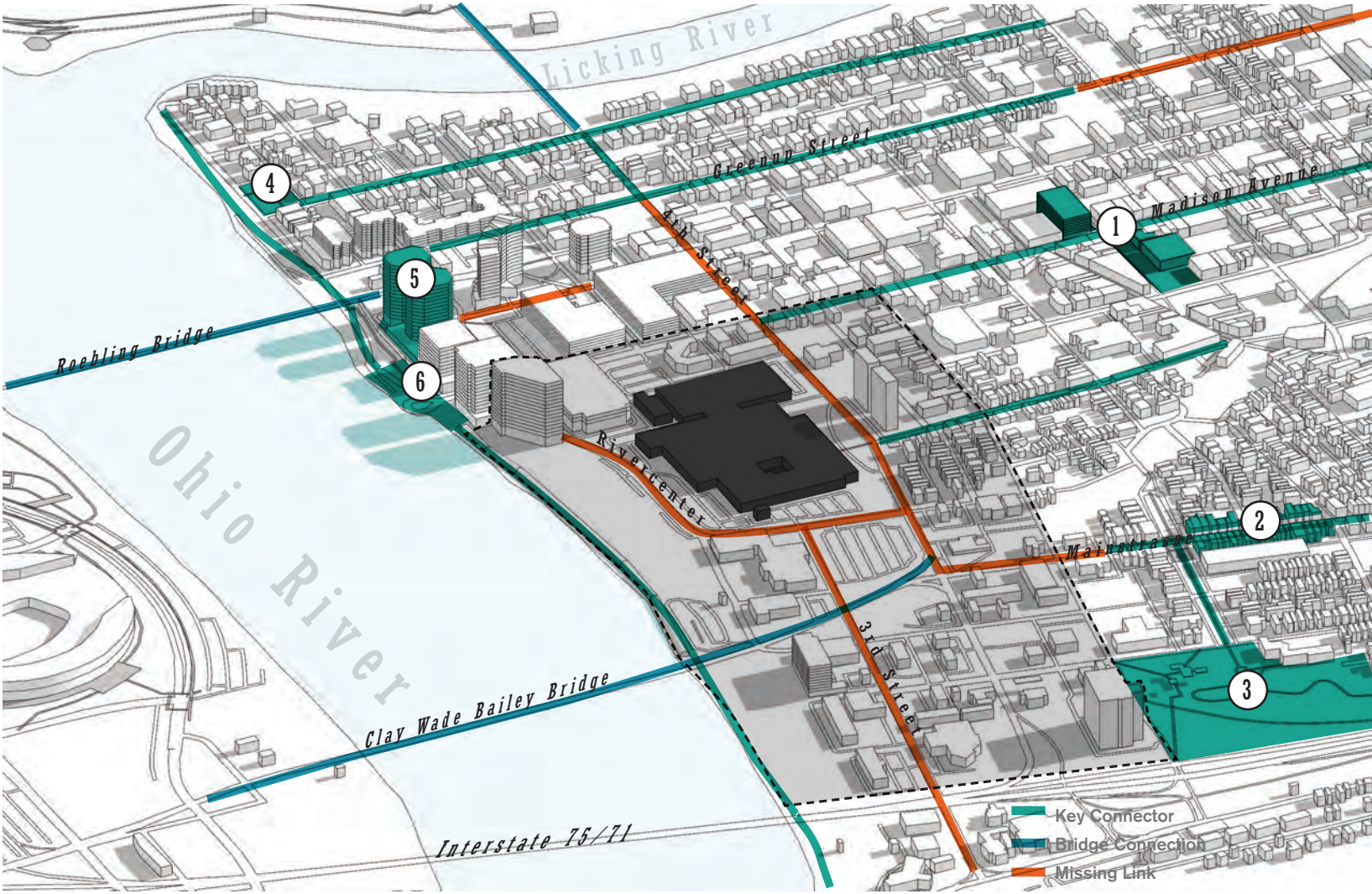


Figure 2.19. Street Connections and the intersection of nodes to connectors



## 02. GSA CONVEYANCE

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The IRS, processing facility has ceased operations and the property has been turned over to GSA. When disposing of federal real estate, GSA follows a specific process mandated by federal law. When a federal agency no longer needs a property to carry out its program responsibilities, it reports the property as “excess” to its needs. In early 2019, GSA determined the IRS facility to be an “excess” property.

GSA first offers excess property to other federal agencies that may have a program need for it. If another federal agency identifies a need, the property can be transferred to that agency. If there is not further need for the property within the federal government, the property is determined “surplus” and may be made available for other uses through public benefit conveyance, negotiated sale, or public sale of the property.

In April 2019, GSA begin the public conveyance process and after 90+ day process, determined the IRS site was not needed for non- profit/ government use and appraisal of the site, began in October 2019. It is anticipated by early 2020 the GSA will strike a deal with the City of Covington.



Figure 2.20. The process of the GSA Conveyance

## 03. MARKET ANALYSIS

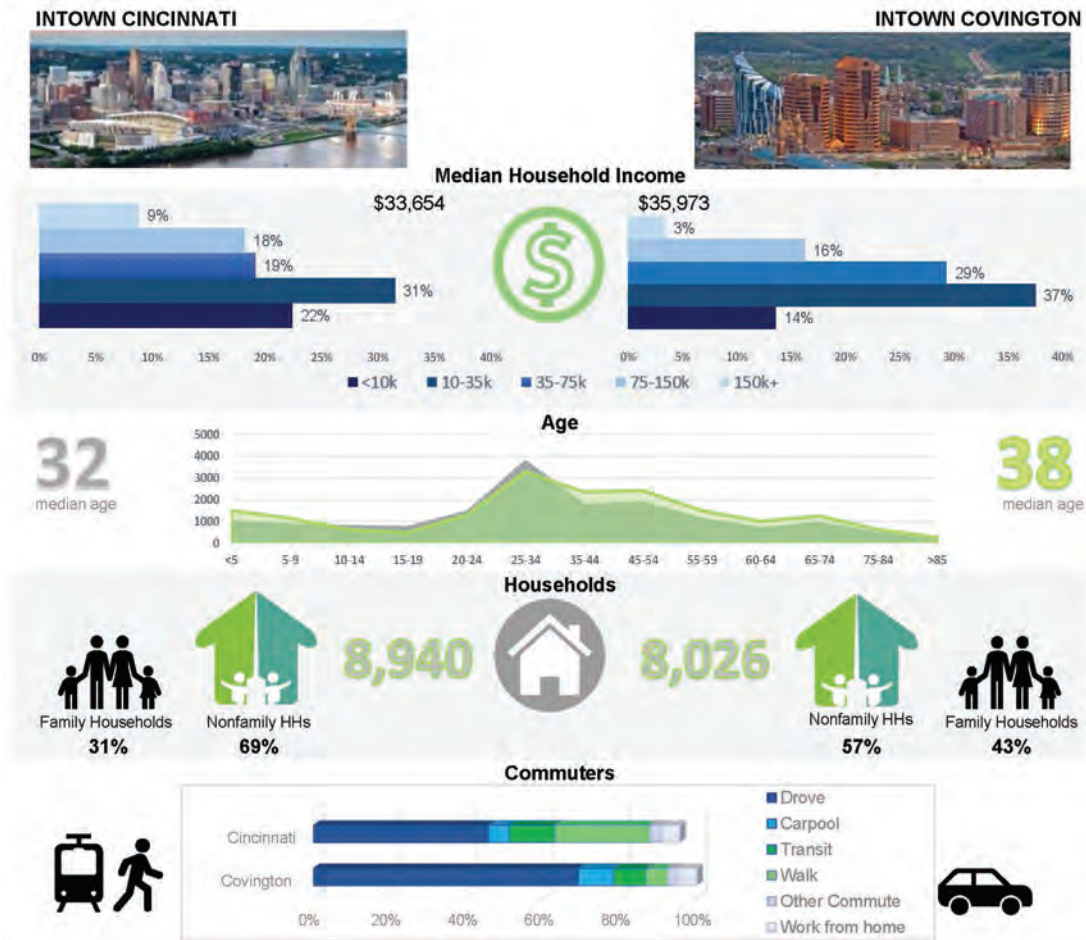
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### Overview

An economic study of the IRS site and study area has been performed to inform the programming and design of the master plan. The economic and financial feasibility determined in the market analysis informed the conceptual alternatives and preferred plan for the Covington Central Riverfront Plan. Ultimately, the purpose of the market analysis is to determine the market support for new development within the IRS study area. (The detailed market analysis can be found in the appendix.)

### Summary of Key Findings

The comprehensive report considers demographics; employment trends; real estate trends; real estate development potential for retail, office, hotel, and residential uses for the IRS Study Area and is summarized on the following pages.



## Demographics

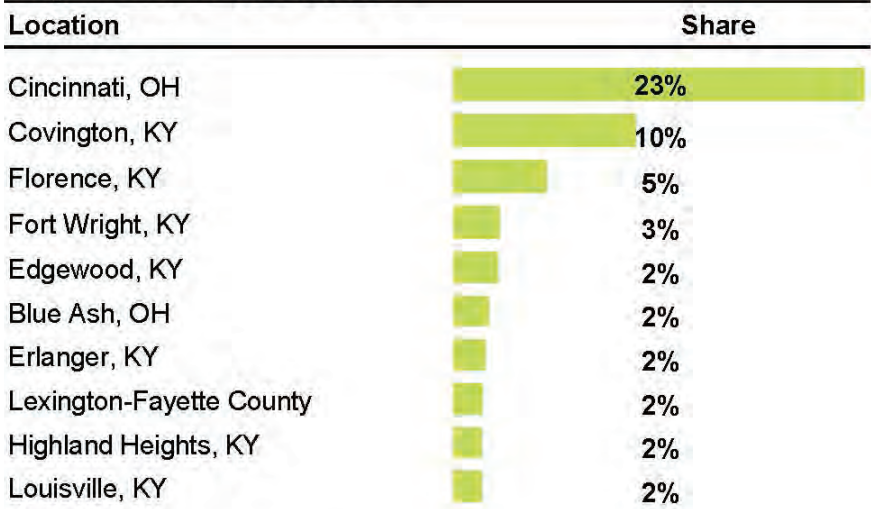
Cincinnati has slightly more households with a greater percentage of nonfamily households (including roommates, singles, etc.). Covington, by contrast, is 43% family households and an older median age. In comparing these intown areas, the young professional demographic of nearby Cincinnati will likely also be attracted to a future urban residential development on the IRS site.

Intown Covington has a higher median income with the largest majority of incomes between \$35,000-\$150,000. In comparison, Cincinnati has a lower median income, but a higher proportion of households with an income greater than \$75,000 as well as a higher proportion of HHs making less than \$10,000.

Given this, Covington has a larger proportion of households which can afford the potential new build housing product on the IRS site which will likely be smaller, more urban units.

Figure 2.21. Covington and Cincinnati demographics compared

## Top Work Destinations



## Commuting Distance



Figure 2.22. Covington Resident Commute Patterns

## Employment Trends

This exhibit highlights commuting patterns of those who live in Covington. A large portion of residents work within Covington itself, serving as a work destination for 10%. The inflow/outflow graphic depicts this trend showing that almost 700 residents also work in Covington. The job destination heat map shows a high density of jobs directly adjacent to the subject site within the CBD. Nearly 8,000 employees commute to Covington for work, and around 6,200 residents commute outside of Covington for work.

Of the 6,200 residents employed outside of Covington, 23% commute to Cincinnati. There is a fairly even workforce exchange between the City of Covington and Cincinnati as 1,571 Covington residents commute to Cincinnati, and 1,412 Cincinnati residents work in Covington.

## Retail Growth Potential

The retail growth is largely driven by the existing local population and hotel guests or convention attendees with the rest of the growth being made up of general population growth and regional shoppers. The restaurant and bar demand is driven by the hotel and convention guests while the dry good retail is largely supported by the local population and related future growth. These factors indicate the possible retail opportunities the site could support.



# FINAL DRAFT






	Existing Local Population	Future Local Population Growth 2019 - 2024	Regional Destination Shoppers/ Diners	Local Employees	Hotel Guests/Convention Attendees
Example Picture					
Description	A local trade area population of 7,075 with a median household income of \$43,600. Primarily living in single family detached product within Intown Covington.	Primarily in new apartment communities and new townhome communities. Estimated at approximately 1,400 residents over the next five years and with est. HH incomes of \$54,000.	Approx. 46,0009 people age 25 - 65 with HH incomes of \$50k+ from throughout the region (15-20 min drivetime) to visit the new "hot spots". Including people from Over the Rhine, Evanston, Fort Wright and Highland Heights.	3,100 employees earning \$40K+ working within the trade area and on the subject site, shopping/dining during their commute or on lunch breaks.	Approximately 530,000 guests per year (based on the 1,463 rooms within walking distance, at 70% occupancy and 1.4 guests per occupied night).
Expenditure Categories	All	All	Destination type retailers, restaurants (mostly full service but some limited as well), drinking establishments.	Full and limited service restaurants and drinking establishments both during commute, lunchtime, and happy hour/dinner, along with some retail shopping (mostly grocery or convenience).	Grocery stores, specialty food stores, health/personal care, office supplies, full-service restaurants, limited-service eating places and drinking places are typically frequented by hotel guests.
Estimated Mix of Total Demand	36%	9%	11%	2%	42%
Estimated Mix of Rest./Bar Demand	18%	5%	12%	2%	63%
Estimated Mix of Retail (Dry goods) Demand	51%	13%	7%	3%	3%

Figure 2.23. Retail Growth Potential

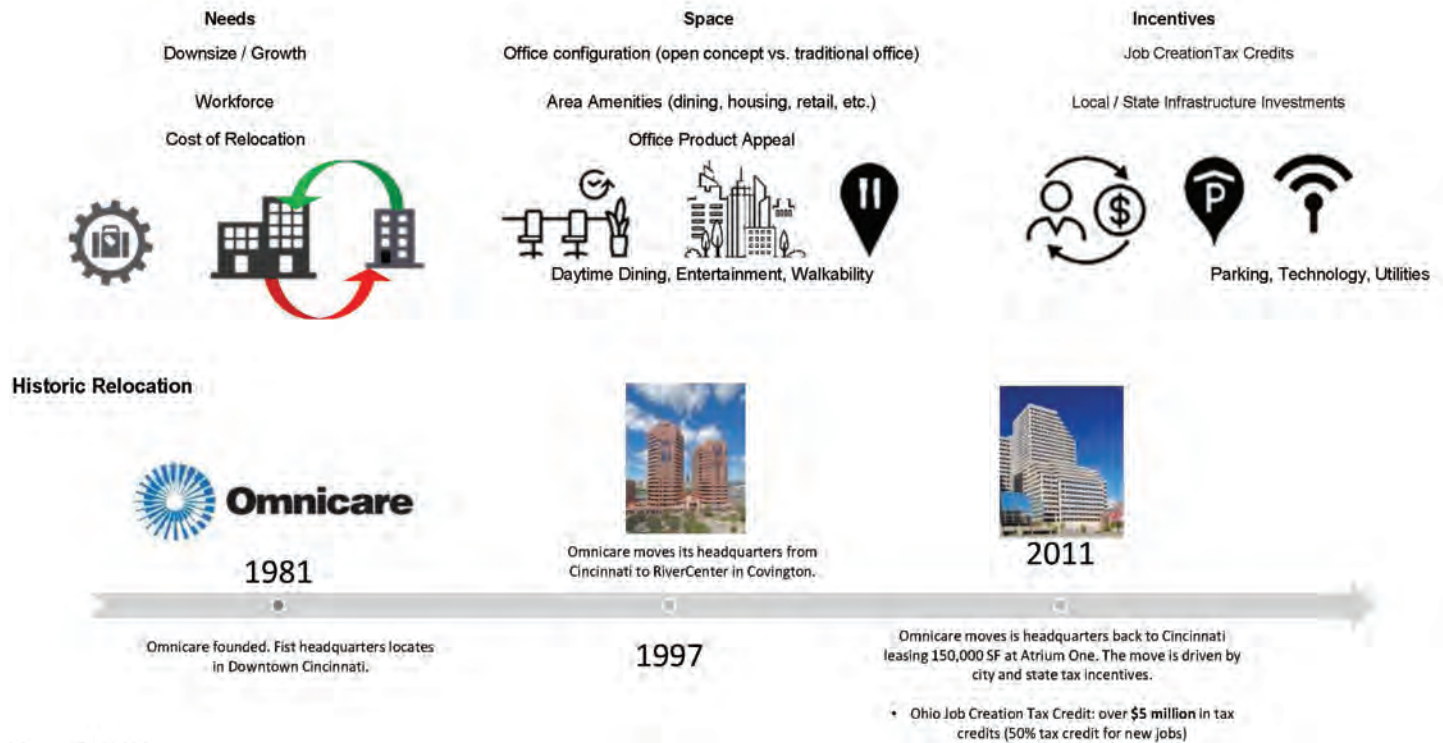


Figure 2.24. A timeline of the real estate trends in Covington.

## Office

Given the size of the IRS site, there is an opportunity to attract a large employer. Based on interviews with office brokers, our team recommends investing in strengthening the areas amenities and workforce in attempts to attract employers to the CBD. Historically, Northern Kentucky has seen the impacts of large

incentive packages in relocating large employers. We recommend a sustainable approach to attract business by improving community amenities and the lifestyle of Covington’s CBD to ensure long term stability. Additionally, investment in workforce development will help position the Downtown area in attracting sustainable employers.

## Residential

There is an opportunity to attract the more mature, higher earning households currently in Covington as well as the younger Cincinnati households with moderate incomes by offering a diversity of residential product. It is unlikely that the site will attract many family households as the future housing on the IRS site will be smaller, more urban units.

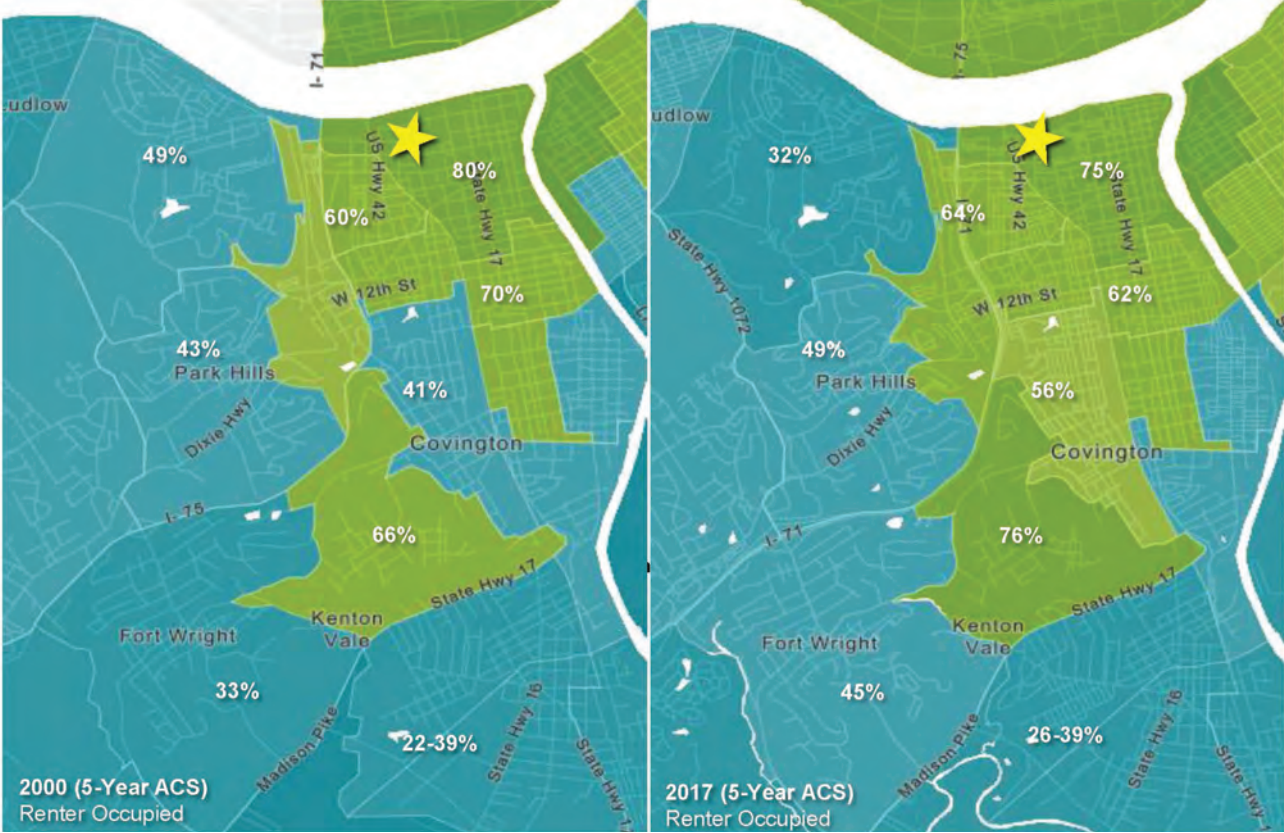


Figure 2.25. Projection of renter occupancy .



## Office Development Potential

Based on statistical analysis of absorption trends at the Metro, Tri-City intown core, and Downtown Covington submarket levels, we project modest fundamental demand for Downtown Covington and the subject site over the next five years. This exhibit highlights the subject site’s potential capture of net absorption. In addition to this capture of net absorption, which our team views as the natural growth of the local market, the subject site has the opportunity to capture a fair share of Class A tenant turnover within the larger Tri-City Intown and Airport market.

We believe the subject site, with newer formatted office space located within a highly amenitized mixed-use development is positioned to readily absorb around 176,000 SF of Class A office space based on conventional market activity between 2022 and 2027.

	Average			Avg & Totals	Avg & Totals
	2017	2018	2013-2018	'19 - '23	'24 - '27
Cincinnati MSA Employment Growth	13,492	10,871	16,119	7,149	7,065
Cincinnati MSA Class A Office Absorption	133,089	952,958	1,248,550	571,891	585,174
Office SF/Net New Employee	9.9	87.7	77.5	80.0	82.8
Tri-City Intown Core Class A Office Absorption	329,330	346,415	393,709	192,940	250,993
Tri-City Intown Core Capture of MSA	247%	36%	31.5%	33.7%	42.9%
Downtown Covington Class A Office Absorption	164,832	-21,379	34,570	17,469	45,198
Downtown Covington Capture of Tri-City Intown Core	50%	-8%	8.8%	9.1%	18.0%
<b>Total Demand (Absorption Projections)</b>				<b>'19 - '23</b>	<b>'24 - '27</b>
Downtown Covington Net Demand Potential				87,345	180,793
Space Expected to Deliver & Lease				0	0
Over / Under Supply				87,345	180,793
Vacancy		<b>Current Vacancy:</b> 127,999		86,311	-65,928
Vacancy Rate		<b>Current Vacancy Rate:</b> 6.2%		4.8%	0.2%
<b>Annual Turnover in the Tri-City Intown and Airport Market</b>				<b>'19 - '23</b>	<b>'24 - '27</b>
Vacant Space in Tri-City Intown and Airport Market				1,566,311	548,706
Average Gross Absorption in Market (2010-2018)				1,107,434	1,107,434
Total Available Competitive Space				2,673,745	1,656,141
Subject Site Estimated Space Available				-	-
Total Available Space w/ Subject Property				-	-
Fair Share Capture				-	-
<b>Fair Share Capture Market Analysis</b>				<b>'19 - '23</b>	<b>'24 - '27</b>
				<b>Totals</b>	<b>Totals</b>
Fair Share Absorption Capture of Subject Site				40%	40%
Subject Site Estimated Absorption Capture (SF)				23,702	72,317
Subject Site Capture of Turnover				3%	1%
Subject Site Estimated Turnover Capture (SF)				55,859	23,982
Fair Share Total Capture of Subject Site				79,560	96,299

Figure 2.26. Office Development potential progression

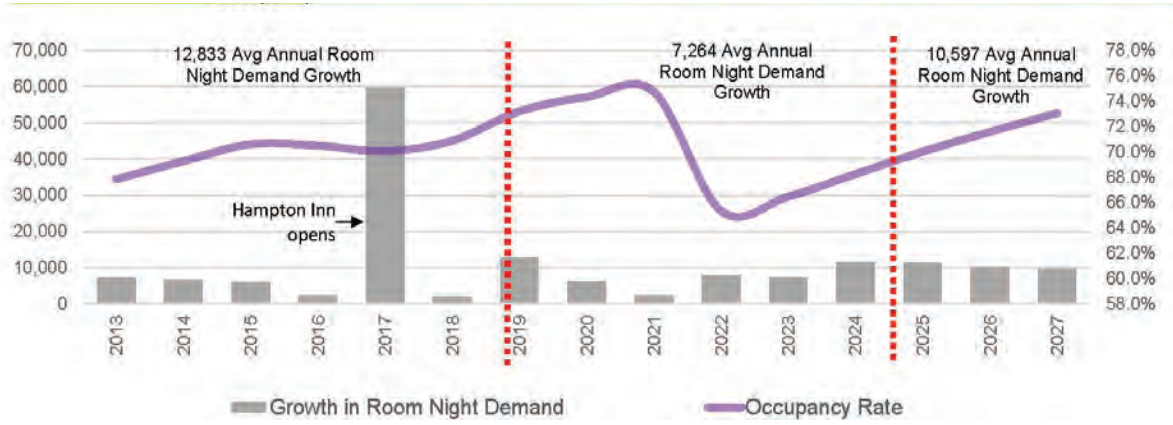


Figure 2.27. Graph of growth in comparison to occupancy rates

## Hotel Development Potential

The demand above is for the Covington/Newport market. While the Cincinnati market is not included, there is a large pipeline in Cincinnati, which may present some softness in the Covington/Newport market, though historically, there has not been much crossover.

On the graph above, occupancy rates for the Downtown Covington/Newport market are shown with the purple line. It is important to note that the 2022 drop off is due to the planned Newport on the Levee hotel addition by North American Properties. Given planned supply, we don't foresee excess demand to the existing rooms until 2026 and 2027, at which time a 200-225 room hotel would find support.



## Residential Development: For Rent

	'01-'18	11-'18	2018	FORECAST										2019 - 2023	2024 - 2027
	Average	Average		2019	2020	2021	2022	2023	2024	2025	2026	2027	Average	Average	
Employment Growth in the Metro <sup>1</sup>	5,652	16,492	10,871	14,711	4,153	-486	9,079	8,287	7,683	7,515	6,679	6,381	7,149	7,065	
Projected Jobs to New Apt. Absorption In Metro	15.2	6.9	17.7	13.0	25.0	-100.0	13.0	13.0	13.0	13.0	13.0	13.0	15.9	13.0	
<b>Est. Supportable New Apt Absorption in Metro</b>	<b>861</b>	<b>1,132</b>	<b>1,928</b>	<b>1,912</b>	<b>1,038</b>	<b>486</b>	<b>1,180</b>	<b>1,077</b>	<b>999</b>	<b>977</b>	<b>868</b>	<b>830</b>	<b>1,139</b>	<b>918</b>	
0 Capture of Metro	13%	19%	35%	37.0%	39.0%	41.0%	43.0%	45.0%	46.0%	47.0%	48.0%	49.0%	40.5%	47.4%	
Est. Supportable New Apt Absorption 0	110	216	680	708	405	199	508	485	459	459	417	406	461	435	
Downtown Covington Capture of New Apt. Abs. w/in Tri-City Intown Core	10.2%	3.5%	17.1%	25.0%	35.0%	35.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	27.6%	25.0%	
<b>Downtown Covington New Apartment Absorption</b>	<b>11</b>	<b>8</b>	<b>116</b>	<b>177</b>	<b>142</b>	<b>70</b>	<b>127</b>	<b>121</b>	<b>115</b>	<b>115</b>	<b>104</b>	<b>102</b>	<b>127</b>	<b>109</b>	

Figure 2.28. Forecast of projected growth

## For Rent Development Potential

Beginning in 2011, Downtown Covington captured an average of 9.6% of the Tri-City Intown Core's class A apartment absorption. Moving forward, we predict an average annual capture of over 27%, as Intown Covington continues to see more deliveries, resulting in an average annual absorption of 127 units. From 2024 to 2027, we predict this trend will continue with an average annual capture of 25%, resulting in an average annual absorption of 109 units.

## Residential Development: For Sale

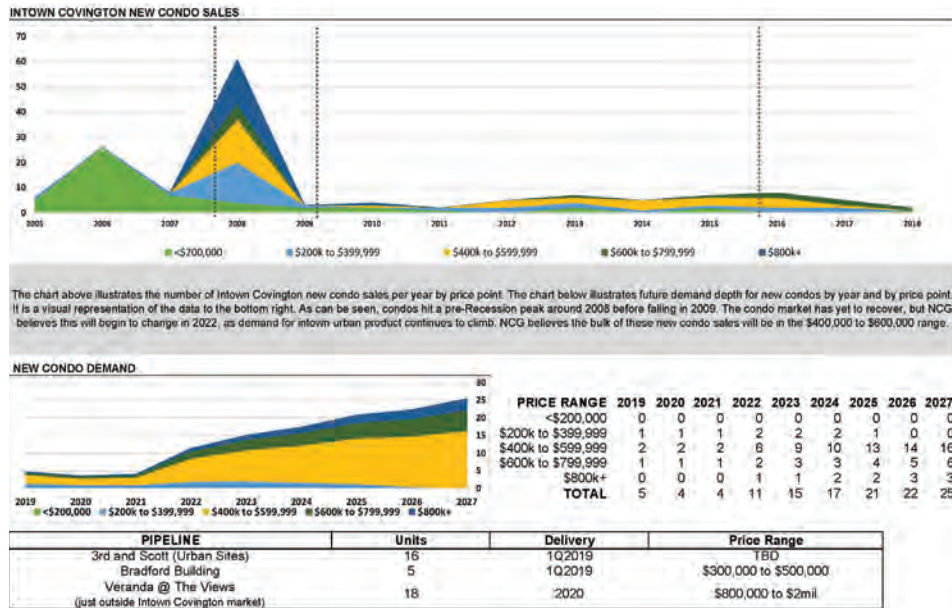












Figure 2.29. Graphs and charts of condo demands

## For Sale Development Potential

Moving forward, with many households being priced out of detached product and many metro counties maturing and lacking large quantities of single family detached lots, we project condos to become more prevalent, accounting for 12% of all new sales from 2019 to 2023 and up to 16% on average between 2024 and 2027. This equates to roughly 158 condo new sales annually between 2019 and 2023 and 269 condo new sales annually between 2024 and 2027.

## Retail Development Potential

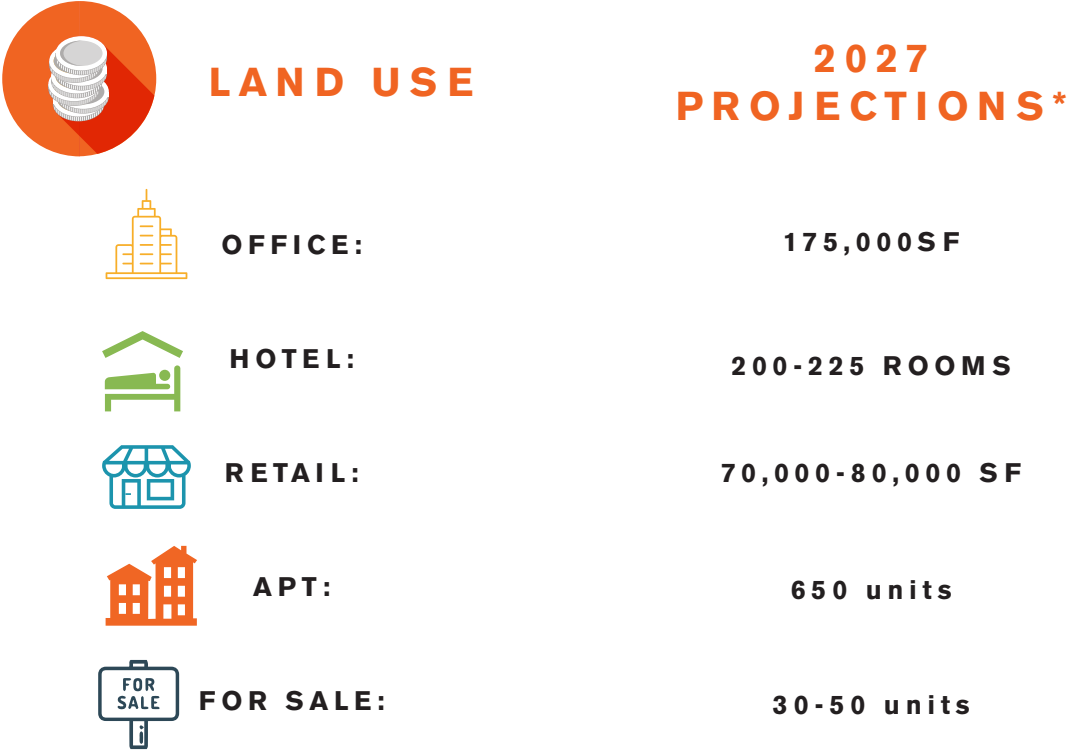
Store Type	Potential Subject Site SF	Est. Lease Rate (NNN)	Justification / Comments	Potential Tenant Examples
<b>Retail Store Types</b>				
Grocery Store	14,046	\$15.00	Support exists for nearly just over 12,000 SF from the local trade area, which could be a smaller format grocery, such as a small Trader Joe's or a local market, such as Atlanta's Savi Urban Market and Provisions.	 
Used merchandise Stores & Other Miscellaneous Store Retailers, Plus Home Furnishings	2,013	\$20.00	Smaller retailers, such as local shop Handzy, are good additions to a restaurant core. Smaller lifestyle shops round out an afternoon or evening - shopping, dinner, drinks. Look for a local shop, such as a Handzy.	 
Full-Service Restaurants	22,939	\$25.00	Positive demand for approximately 5 full-service restaurants. Focus on local tenants or existing Cincinnati/Kentucky chains looking for another location. Consider a popular Chef, who is looking to open a new concept.	
Limited-Service Eating Places	19,084	\$20.00	Positive demand for 6-8 limited-service restaurants. Look to round out downtown options, with crowd pleasing restaurants offerings, such as burgers and salads.	  
Drinking/Snack Places	3,486	\$28.00	Positive demand for two drinking/snack places (coffee shops, smoothie shops, etc.) Ideal for local tenants with Cincinnati/Northern Kentucky following.	 
<b>TOTAL RETAIL</b>	<b>61,568</b>	<b>\$21.18</b>		
<b>Local Service/Professional Office Space</b>				
Physician, Dentist, Outpatient	8,346	\$18.00	A combination of nearly 14,500 SF of local population and daytime employee servicing uses currently under served in the trade area. Consider a small doctors office out of St. Elizabeth's, a local doctor or national chain bank.	Doc in the box - local healthcare outpatient center
Office of Other Health Practitioners	2,337	\$20.00		Eye doc - yelp, in newish space
Commercial Banking	3,831	\$20.00		BOA, Chase
<b>TOTAL SERVICE</b>	<b>14,515</b>	<b>\$18.85</b>		
<b>TOTAL</b>	<b>76,083</b>	<b>\$20.73</b>		

\*These lease rates assume the subject site is able to offer market rate Tl s (\$30/SF - likely \$50+/SF for the full-service) and pass thrus (\$6-\$8/SF).

Figure 2.30. Projection of residential development renter occupancy.

## 2027 Market Projections

Figure 2.31 summarizes the market projections previously iterated. These projections were used throughout the planning and visioning process of the project to inform the design and accompanying uses.



\*Source: Noell Consulting Group

Figure 2.31 2027 Market Projections