Wright County Housing Study Overview

Presented to: Wright County Economic Development

Presented by: Matt Mullins | Maxfield Research Inc.

November 17, 2014

Who we are

Overview

➢ 30 years experience
➢ Diverse client base
➢ Multi-industry Capable
  residential
  commercial
  public + private sectors

Maxfield Research Inc. is a full-service real estate advisory company providing strategic value to our private and public sector client’s real estate activities.
## Project Scope

<table>
<thead>
<tr>
<th>Objective</th>
<th>Provide custom comprehensive housing study</th>
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</thead>
<tbody>
<tr>
<td>Approach</td>
<td>Identify current &amp; future housing needs for residents in Wright County and provide framework for meeting housing needs</td>
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<tr>
<td>Goal</td>
<td>Provide decision makers with an objective overview of housing conditions for existing and future residents</td>
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</tbody>
</table>
| Key Recommendations              | • Short and long-term housing needs  
• Recommendations guiding future housing development  
• Tools/policies to implement the plan |
| Deliverables                     | Key study checkpoints  
• Data collection: Summer 2014  
• Draft: October 2014  
• Final: November 2014  
• Presentation: Nov. 17th, 2014 |

## Housing Study Objective

- Identify existing and future housing needs for Wright County area residents that will provide a framework for future housing development.

- Develop basis for community leaders, stakeholders, and decision-makers to guide future housing needs initiatives in Wright County.
End User Benefits

- Guide policy making decisions
- Assist the Comprehensive Planning process
- Assists area banks and lending-institutions to expedite the financial component
- Solicit interest from builders/developers and help streamline the process
- Help raise funding for housing and community development programs
- Better define the relationship between housing and economic development
- Create framework for accommodating future growth
- Help deliver strategic housing priorities

Housing Study Components

- Demographics
- Employment
- Household Characteristics
- Rental Market Analysis
- Housing Affordability
- Development Pipeline
- For-Sale Market Analysis
- Housing Programs
- Housing Demand Analysis
- Senior Housing Market Analysis
- Challenges & Opportunities
- Recommendations
Deep-dive into Property Types

- Affordable
- Subsidized
- Market rate

Senior Housing
- Subsidized/affordable
- Active adult
- Congregate
- Assisted living
- Memory care
- Skilled Nursing

For-Sale
- Single-family
- Multifamily

Residential Lot Supply

Market Areas

Wright County Iowa Market Areas

- Wright County
- Belmond MA
- Clarion MA
- Groton MA
- Eagle Grove MA
- Major Roadways
Population declines continue...

Historic Findings

- +0.5% population growth and +0.7% household growth (1990-2000)
- -7.7% population growth and -5.3% household growth (2000-2010)
- Population and household declines in all submarkets (2000-2010)

Projections (2010-2020)

- Population growth -4.5%
- Household growth -3.4%
- Highest numerical decline in Eagle Grove Market Area

55+ population is growing & driving growth

- Population is aging:
  - All 55+ age cohorts expected to increase
  - Baby boomers account for 28% of population
  - 65-74 projected to have largest growth (+31%)
- Household types are changing:
  - Decline in married w/child HHs
  - Increase in non-family HHs & married w/o child
  - 31% of households live alone
  - 38% of households are 2 persons
- Household size is declining:
  - 1990: 2.42 | 2010: 2.41 | 2010: 2.35
- 73.5% Home ownership rate (2010)
  - 70% in Eagle Grove
  - 80% in Goldfield
Household Income

- Median Income (2014): $50,248
  - Belmond: $47,935
  - Clarion: $50,544
  - Eagle Grove: $50,463
  - Goldfield: $51,900

- Projected to increase over 12% to $56,428 by 2020.

- Highest earners between 35-44 ($63,910)

- Senior median income
  - Younger seniors: $39,386
  - Older seniors: $25,239

- Income disparity by tenure
  - $53,938 (owner) vs. $27,412 (renter)

Falling Unemployment rates

- Labor force is slightly declining
- 4.5% unemployment rate
- Manufacturing: 23% of jobs

- Average Wage (2012):
  - Wright County: $36,660
  - Iowa: $39,572

- Wright County is an importer of jobs:
  - +122 workers
  - Clarion: greatest importer of jobs (+597)
  - Belmond (+361)
  - Eagle Grove (-281)

- Majority of workers travel less than 25 miles to work
Housing Characteristics

New Construction Activity
- 268 housing units constructed in Wright Co. (2000-2013)
  - Avg. 19 units annually
  - 76% residential | 24% Ag dwelling
  - 48% of permits in Clarion MA

American Community Survey (2012)
- Single Family Detached: 85% of all housing structures. (Iowa: 75%)
- Median owner-occupied home: $74,200
- 50% of owners have mortgage
- Older housing stock:
  - 35% built prior to 1940
  - 17% built in 1970s
  - 4% built 2000+

For-Sale Market Home Prices Steady

Resales
- Transactions peaked in '00: 251
  - Avg. 186/year since 2000
  - Clarion MA highest market share of resales (37%) | Goldfield MA (6%)
- Median sales price
  - Peaked in 2013: $61,500
  - 2011: $40,000
  - Highest in Goldfield MA: $77,500 (2013)
Supply Side

Active Listings (Aug./Sept. 2014)
- 86 listings in Wright County
- 98% are single-family
- Median list price: $74,900
- Avg. Price per Sq. Ft. (PSF) = $65
- Over 50% of listings under $75k
- 11% of listings $150k+

New Construction is stagnant

Active Subdivisions
- 55 vacant lots | 4 subdivisions
  - Platted mid-1990s to 2014
  - Target move-up/executive buyers
  - Vacant lots by submarket:
    - Belmond MA - 17
    - Clarion MA - 19
    - Eagle Grove MA - 19
    - Goldfield MA - 0
- Average marketing lot values:
  - Lot: $25,000
  - Size: 0.36 acres
- Build-to-suit premium ($150PSF+)
- Preference for ranch-style/1-level living homes
Extremely tight rental market

Overall
- 91 units | 0% vacancy rate

Market Rate
- 39 units | 4 projects
- 49% 1BR units & 49% 2BR units
- *Riverwood Apts*, newest complex (1980s)

Affordable/Subsidized
- 52 units | 3 projects
- Rent based on income
- *Lantern Park Apts and Eaglewood Apts*-largest complexes

Additional Rental Options
- Single-Family Rentals
  - 2BR: $450-$500
  - 3BR: $550-$575
  - 4BR: $600-$700
- Units with less than 8 units
  - 76 units | 17 projects
  - 77% are fourplexes

Low Senior Housing Vacancy Rates

Overall
- 7 projects | 300 units
- 2.4% vacancy rate

Affordable/Subsidized
- 16 units | 6.3% vac. Rate
- Goldfield Community Apartments
- Seniors and disabled

Market Rate
- 6 projects | 284 units
- 170 units few services | 1.8% vac. rate
- 45 units independent | 2.2% vac. rate
- 69 units assisted living | 2.9% vac. rate

Wright County Senior Inventory 2014

5%-7% Vacancy = Market Equilibrium
Housing Cost Burden

Cost Burden: more than 30% of gross income allocated to housing

Rental:
- 37% of Wright Co. renters are cost burdened
  - 9% Goldfield MA | 61.5% Clarion MA
- 61% of renter HHDS > $35k are cost burdened
  - 15.8% Goldfield | 83.5% Eagle Grove

Owners:
- 14.4% of owners are cost burdened
  - 5.7% Clarion | 15.9% Eagle Grove
- 26% of owners HHDS > $50k are cost burdened
  - 12.1% Clarion | 29.7% Eagle Grove

Demand Summary

Demand Overview
- Household growth & tenure
- Turnover
- Income-qualified households
- Demand by product | Preferences

Demand Driver Examples
- Demographics
- Economy & Job Growth
- Consumer Choice | Preferences
- Turnover/Mobility
- Supply (i.e. Existing Hsg. Stock)
- Replacement need (i.e. functionally /physically obsolete)
- Financing

Demand Assumptions/Methodology
- Household growth adjusted for local factors (i.e. downturn, building permits, etc.)
Demand for 349 General-Occupancy units through 2025

General-Occupancy Demand: 2014-2025

Submarket

<table>
<thead>
<tr>
<th>Submarket</th>
<th>Single-family</th>
<th>For-Sale MF</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belmond</td>
<td>21</td>
<td>56</td>
<td>8</td>
</tr>
<tr>
<td>Clarion</td>
<td>32</td>
<td>106</td>
<td>12</td>
</tr>
<tr>
<td>Eagle Grove</td>
<td>32</td>
<td>54</td>
<td>12</td>
</tr>
<tr>
<td>Goldfield</td>
<td>5</td>
<td>2</td>
<td>9</td>
</tr>
</tbody>
</table>

Demand for 555 senior housing units through 2019

Wright County Senior Housing Demand by Submarket: 2014-2025

Submarket

<table>
<thead>
<tr>
<th>Submarket</th>
<th>2014</th>
<th>2020</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belmond MA</td>
<td>193</td>
<td>165</td>
<td>164</td>
</tr>
<tr>
<td>Clarion MA</td>
<td>163</td>
<td>165</td>
<td>163</td>
</tr>
<tr>
<td>Eagle Grove MA</td>
<td>186</td>
<td>196</td>
<td>193</td>
</tr>
<tr>
<td>Goldfield MA</td>
<td>36</td>
<td>36</td>
<td>35</td>
</tr>
</tbody>
</table>
Single-Family Development Recommendations

➢ Absorb existing lot supply before platting new subdivisions/lots
  ▪ About 55 vacant single-family lots (excludes scattered lots)

➢ Demand for 90 single-family units after existing lots have been absorbed

➢ Equal demand in Clarion and Eagle Grove MAs, Belmond also shows need

Multifamily For-Sale Development Recommendations

➢ Demand for 34 units

➢ Potential housing types:
  ▪ Townhomes/row homes
  ▪ Twin homes/duplex
  ▪ Quads
  ▪ Detached townhomes

➢ Highest demand in Clarion and Eagle Grove Market Areas

➢ Target market – empty nesters and young seniors
Rental Housing Recommendations

- Demand for 225 units
  - 122 market rate
    - Apartment units | $600 - $975
    - Townhome units | $850 - $1,050
  - 40 affordable & 63 Subsidized
    - Townhome style
    - Moderate income by HUD and Iowa Housing Finance Agency
- Demand for all incomes, HH types, and product types
- Demand in all Wright County Submarkets

Senior Housing Recommendations

- Demand for 550 units | Demand for all service levels and submarkets
- Potential for mixed-income product
- Recommend the following:
  - Senior cooperative (40-50 units)
  - Active Adult Rental (30-40 units)
  - Independent (50 units)
  - Assisted Living (150-200 units)
  - Memory Care (40-50 units)
  - Affordable senior rental (few services; 50+)
Recommendations by Submarket

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<tr>
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<tbody>
<tr>
<td>For-Sale Housing</td>
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<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Single-family (new lots needed)</td>
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<td>x</td>
<td>x</td>
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<tr>
<td>Twinhomes/Townhomes</td>
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<td>x</td>
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<td>General Occupancy Rental Housing</td>
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<tr>
<td>Market Rate</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
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<tr>
<td>Affordable/Subsidized</td>
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<td>x</td>
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<tr>
<td>Senior Housing</td>
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<td>x</td>
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<tr>
<td>Market Rate</td>
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<td>x</td>
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<tr>
<td>Active Adult</td>
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<td>x</td>
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<tr>
<td>Congregate</td>
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<td>Assisted Living</td>
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<td>Memory Care</td>
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<td>x</td>
<td>x</td>
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Note: Although all of the submarkets show housing demand for a variety of housing types, it will not be feasible due to the economies of scale needed. Therefore, recommendations are based on the need and density needed to be feasible. In addition, please note that new senior housing supply developed this decade will decrease the demand for units after 2020 proportionally.

Source: Manfield Research Inc.

Key Takeaways...

- Continued slow decline in population is projected
- Population is aging and will impact alternative housing types
- Household types changing
- Low unemployment rates but labor force is slightly declining
- Wright County is a net job importer
- Strong rental & senior markets | low vacancy rates | pent-up demand
- For-sale market is steady | New construction market is slow
- Current lot supply is sufficient in short term; new platted lots needed long-term
- Senior housing accounts for 61% of all demand
- Most housing in Wright Co. is considered “affordable” based on HH incomes
- Encourage promotion of housing programs to enhance existing housing stock
Questions & Comments

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