

Fayette Housing Demand Study

Presented to the Lexington-Fayette Urban County Council August 15, 2017

Project Sponsors:



FAYETTE
COUNTY
PROPERTY VALUATION
ADMINISTRATOR

Consultant:

URBAN PARTNERS

PROJECT BACKGROUND

Project Background

- Purpose of the study:
 - Identify mid-term (next 10 years) housing demand.
 - Identify which housing typologies and locations demand special attention in order to ensure Lexington's housing market matches the needs of current and future residents.
 - This study will help inform the City's future housing development strategy.

Project Background

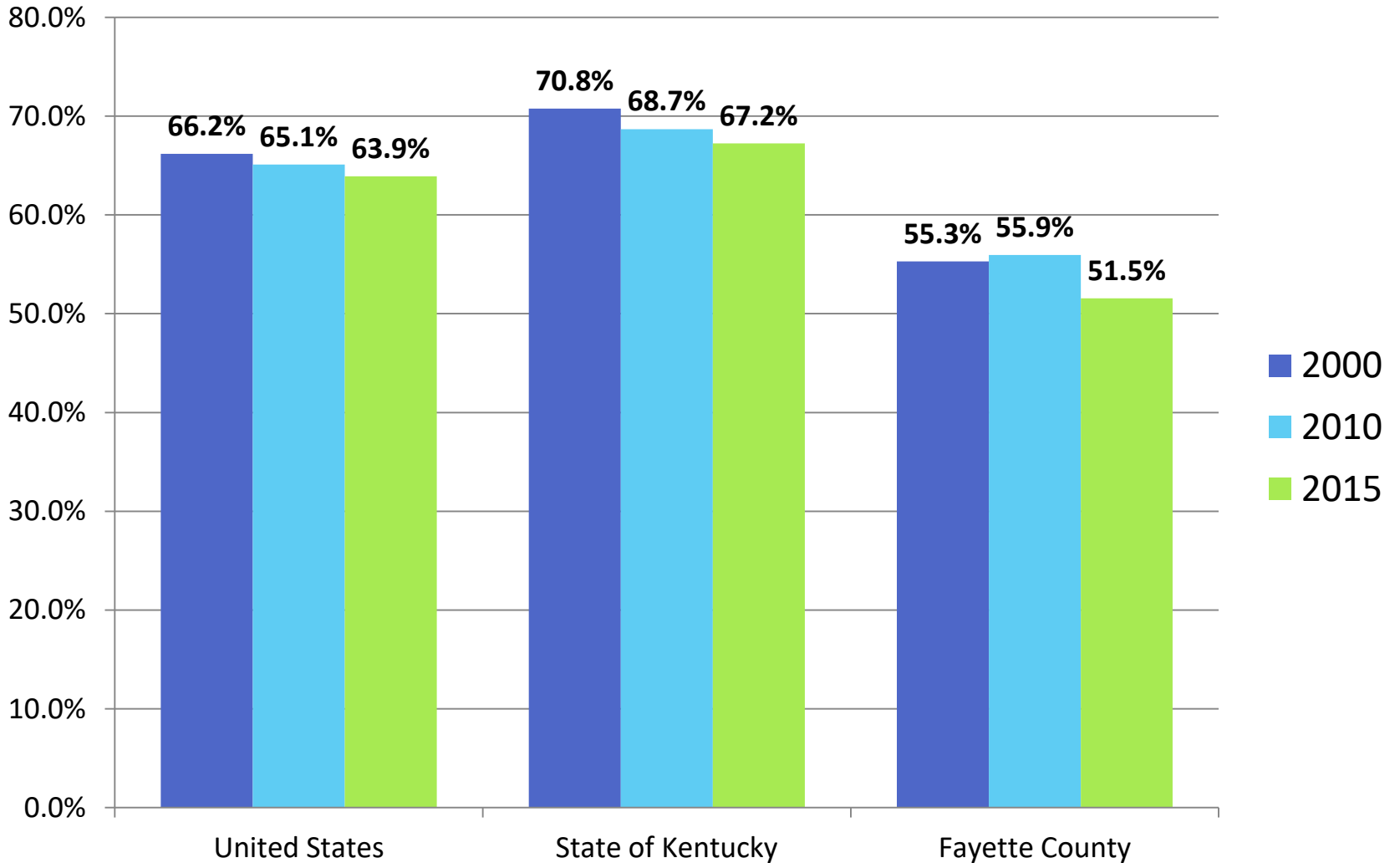
- Sponsors of the study:
 - LFUCG, Division of Planning
 - Fayette County Property Valuation Administrator
 - Lexington Downtown Development Authority
 - Lexington Bluegrass Association of Realtors
 - Building Industry Association of Central Kentucky
 - Fayette Alliance
- Steering committee consisted of representatives of sponsoring organizations, two Council members, and two Planning Commission members.

POPULATION & HOUSEHOLDS

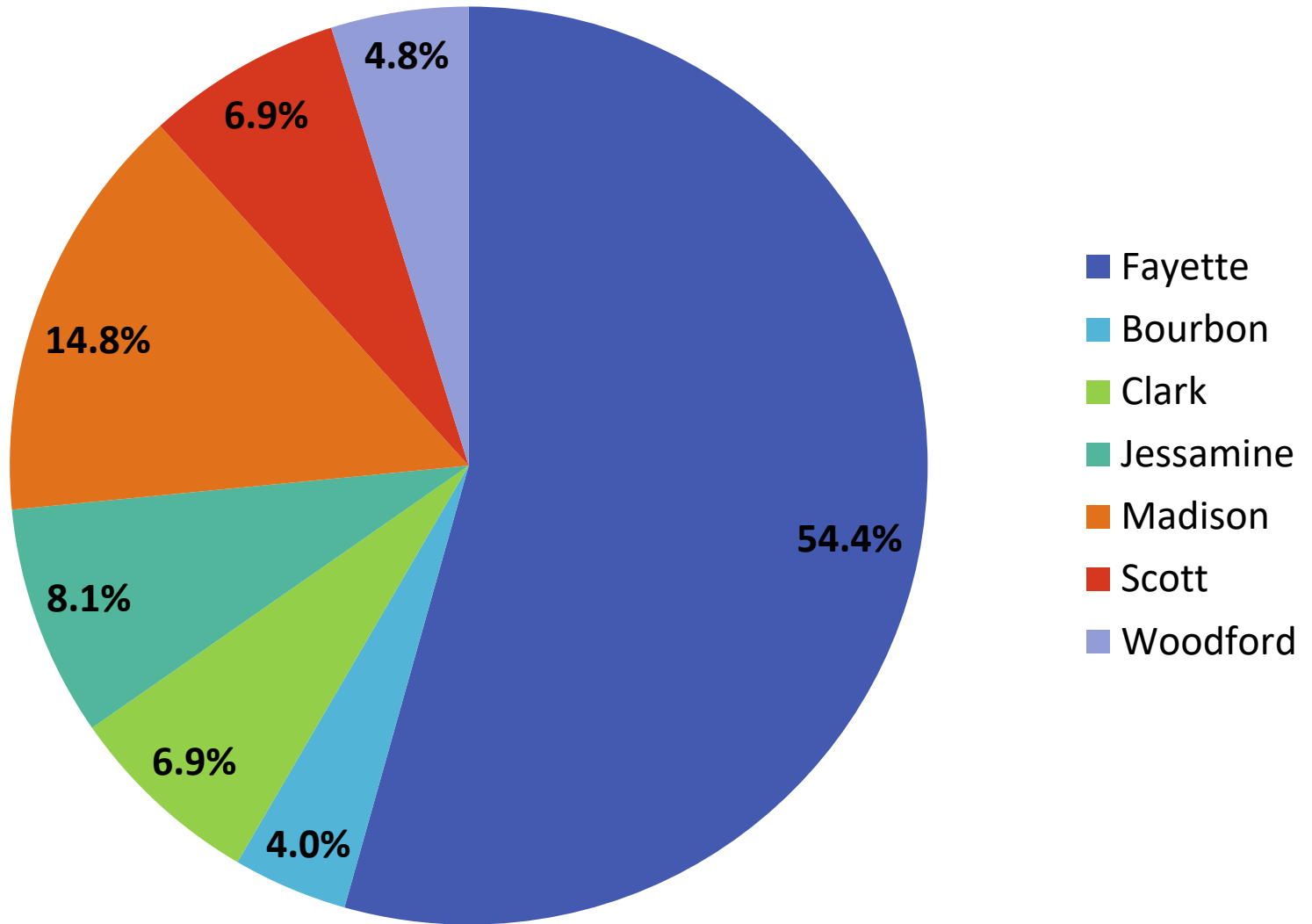
General Demographic Trends (2010-2015)

	2000 Census	2010 Census	2015 1-Yr ACS	% Change
Population	260,512	295,803	314,488	20.7%
Households	108,288	123,043	129,088	19.2%
Group Quarter Pop.	12,723	12,804	11,790	-7.33%
Median Age	33.0 years	33.7 years	34.4 years	-
Enrolled in College	31,508	37,986	41,991	33.3%
Median Household Income (2015 dollars)	\$54,799	\$51,535	\$51,948	-5.2%

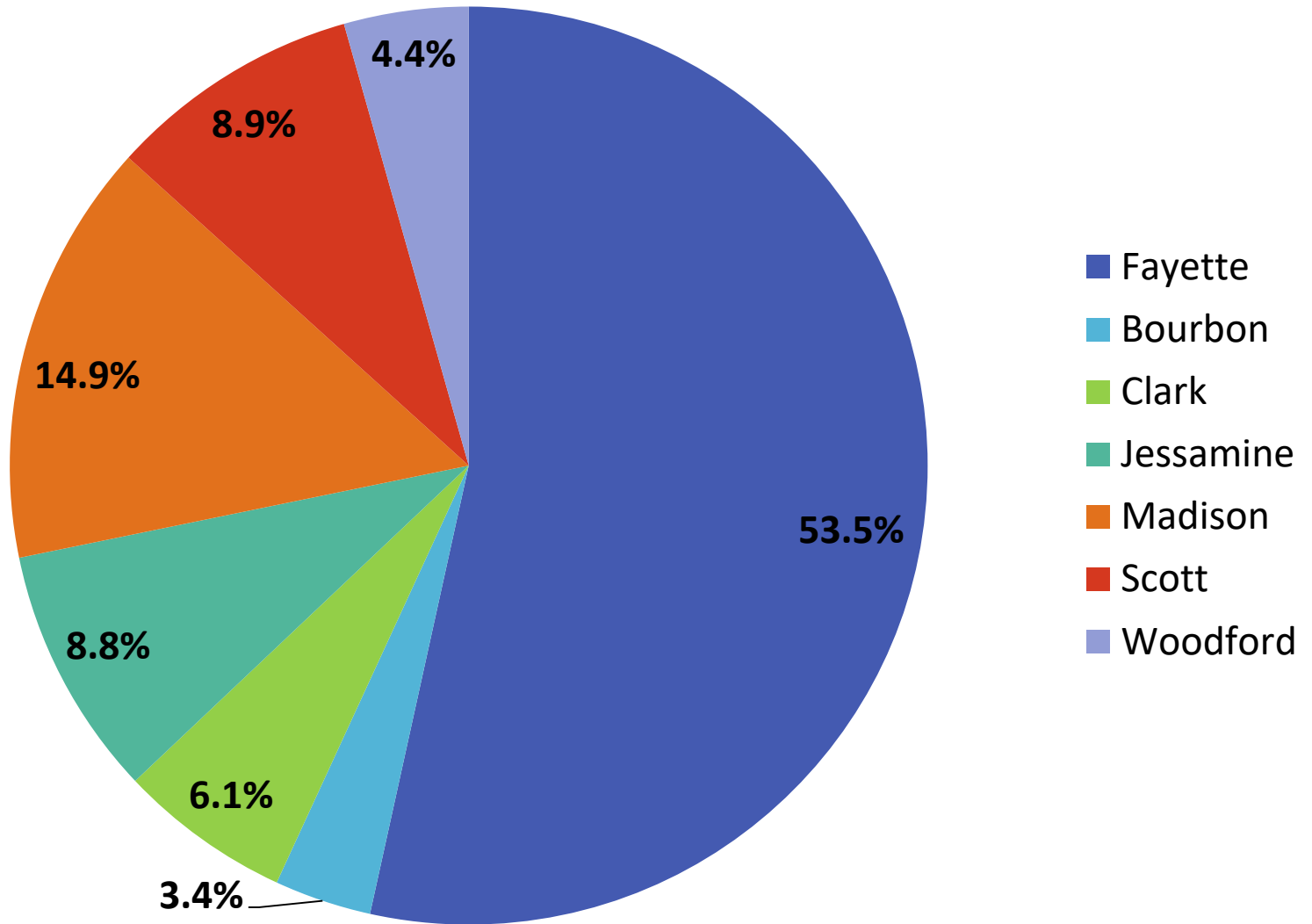
Homeownership Rates, 2000, 2010, 2015



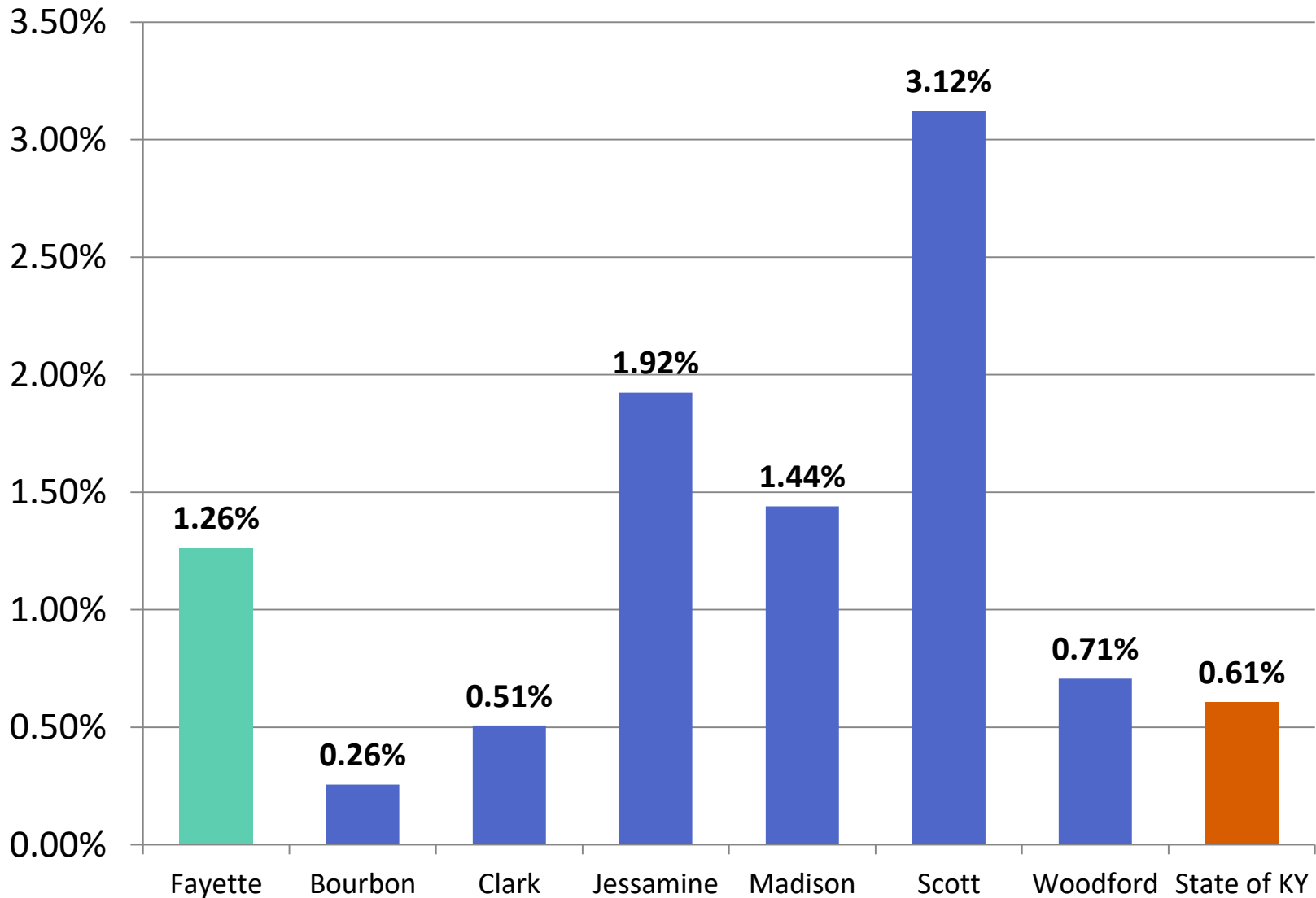
Share of Regional Population, 2000



Share of Regional Population, 2015



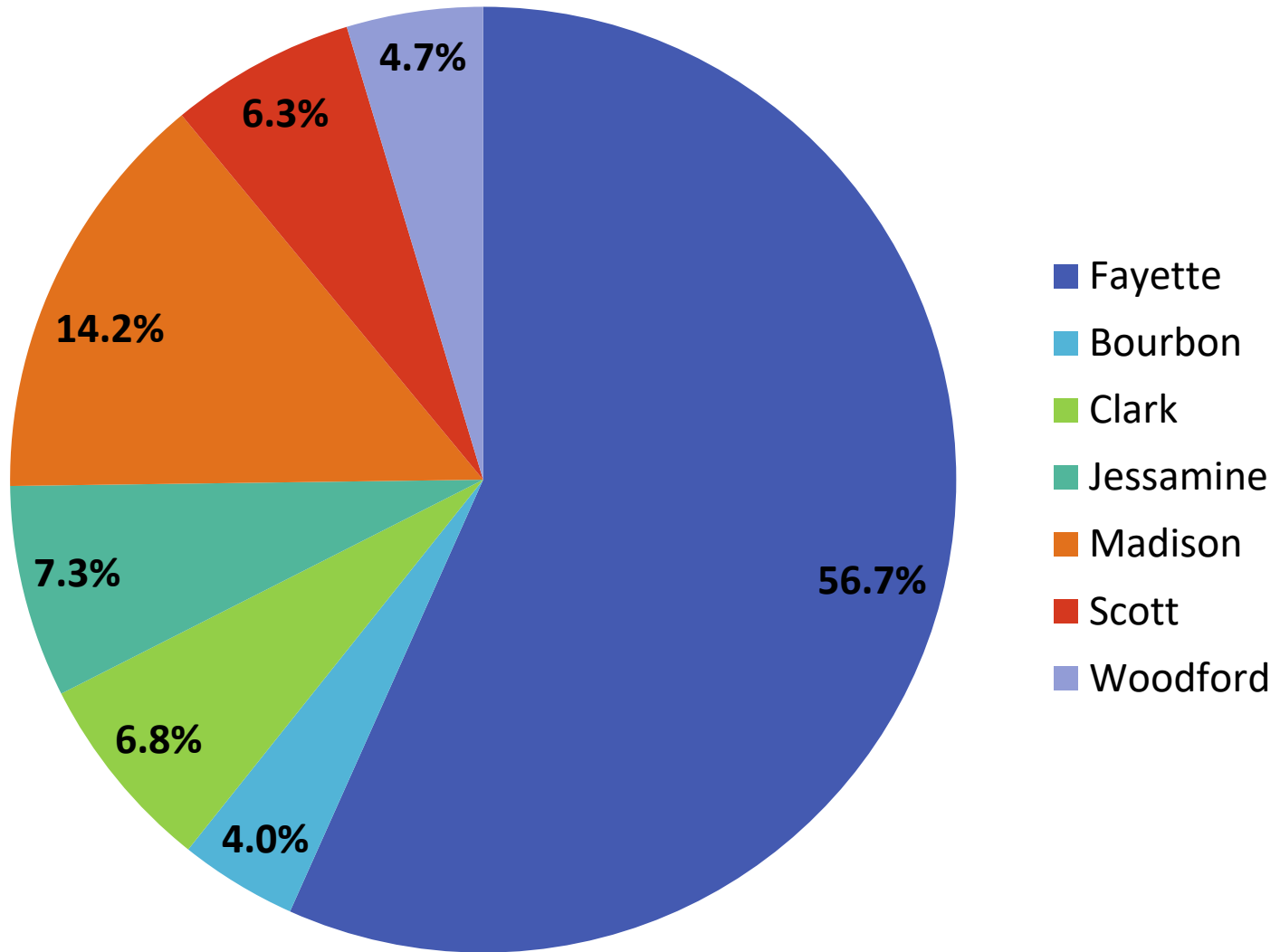
Annual Rate of Population Growth (2000-2015)



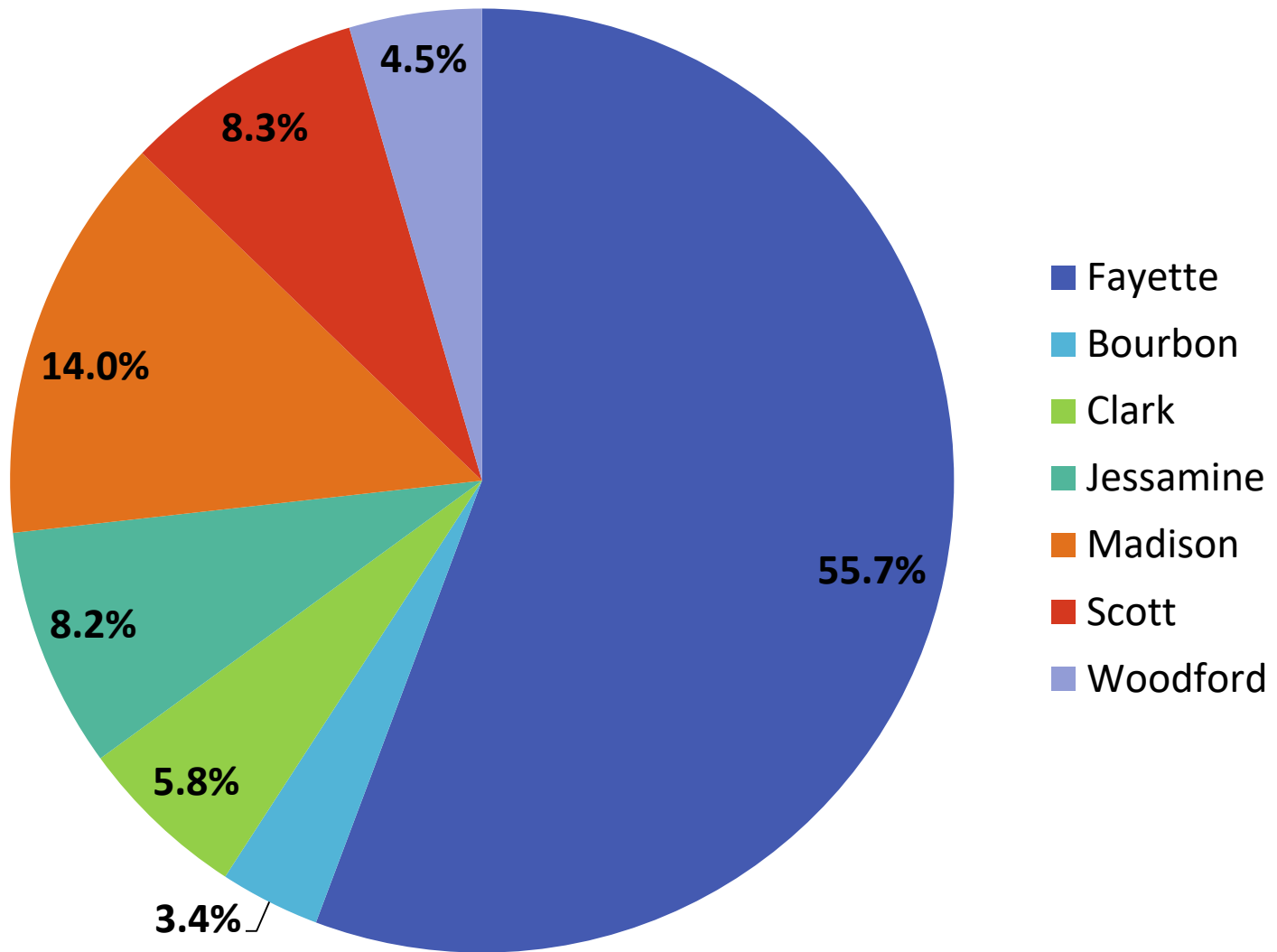
Data Source: U.S. Census Bureau

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County

Share of Regional Households, 2000

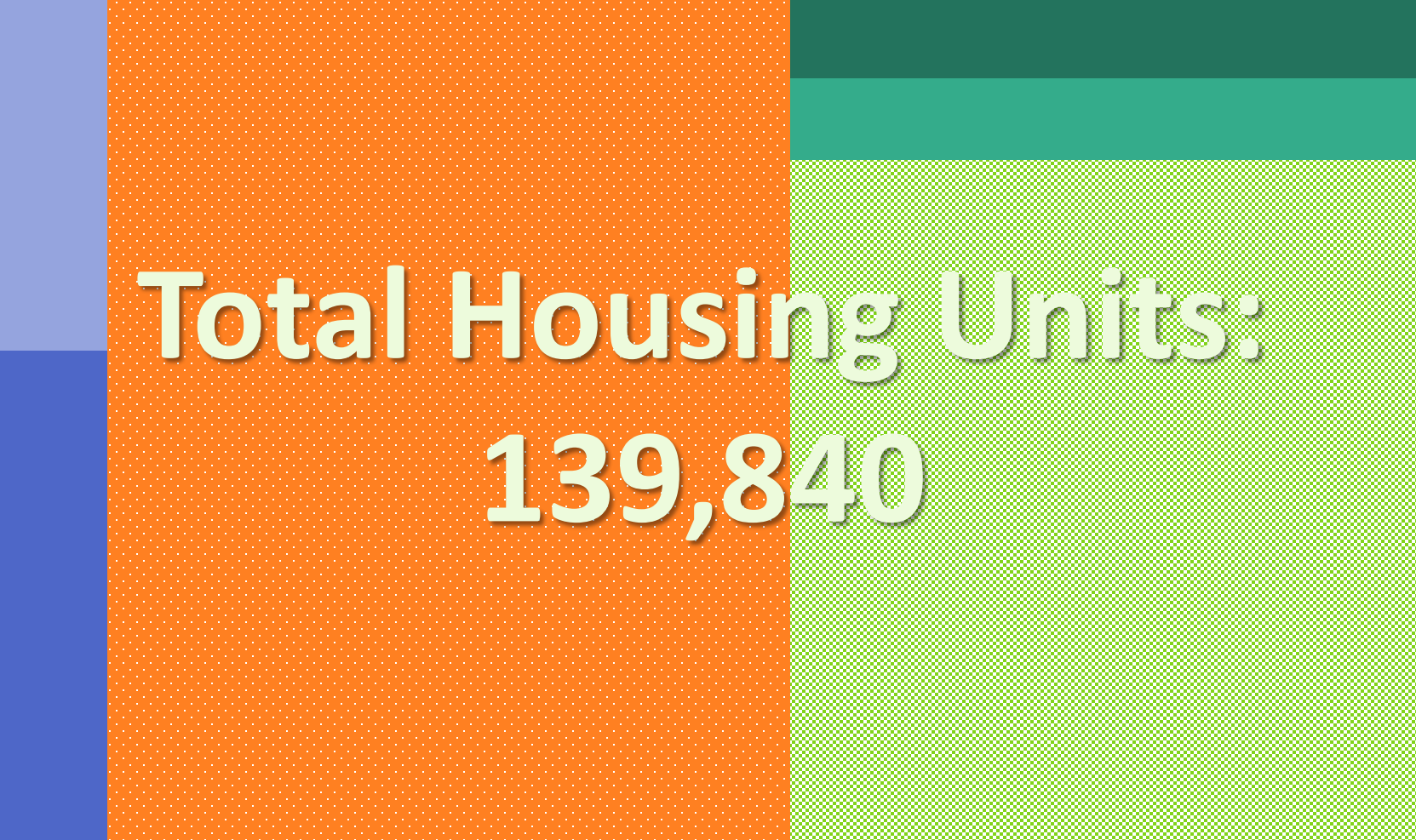


Share of Regional Households, 2015



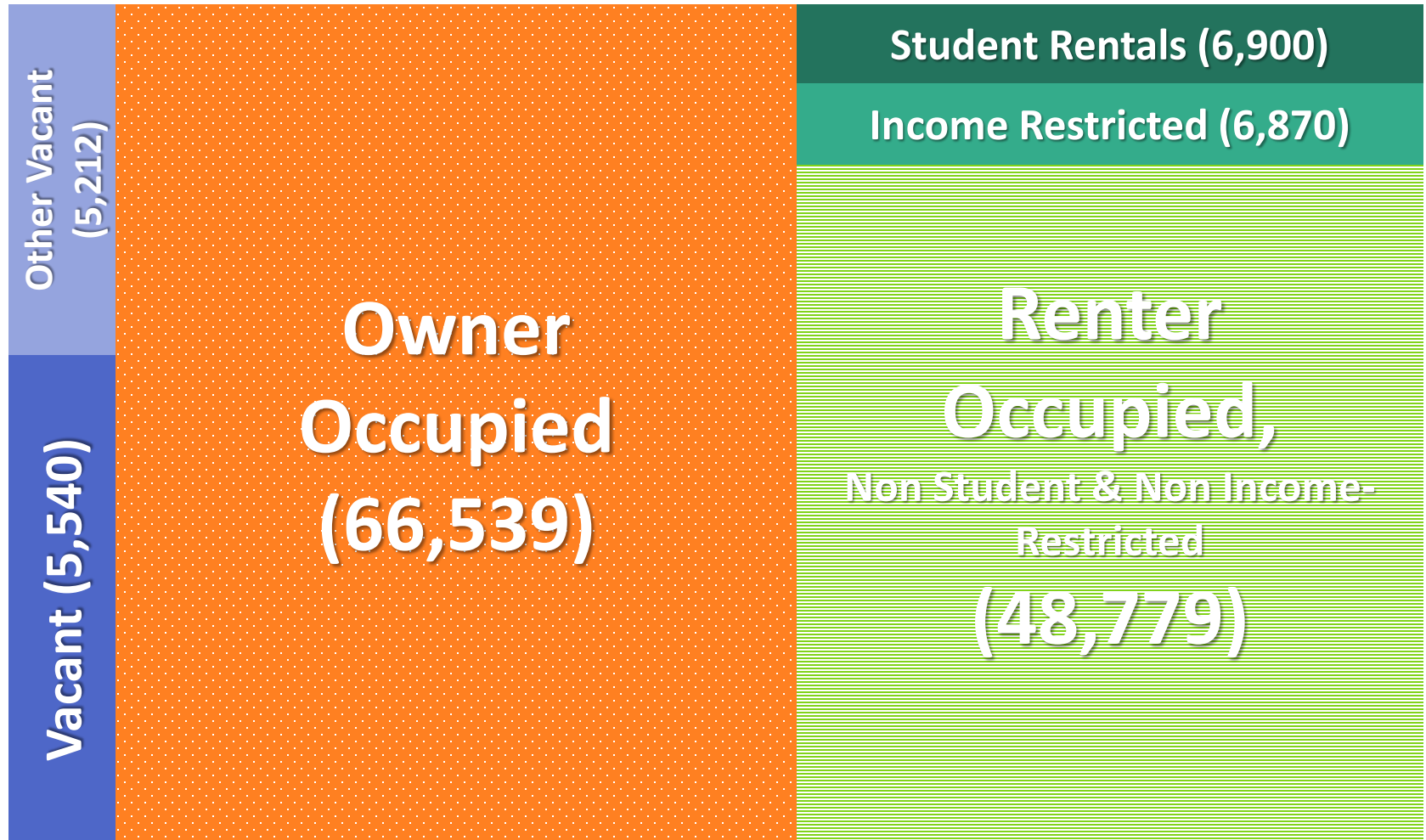
CURRENT HOUSING STOCK

Total Housing Stock, 2015



Total Housing Units:
139,840

Total Housing Stock, 2015

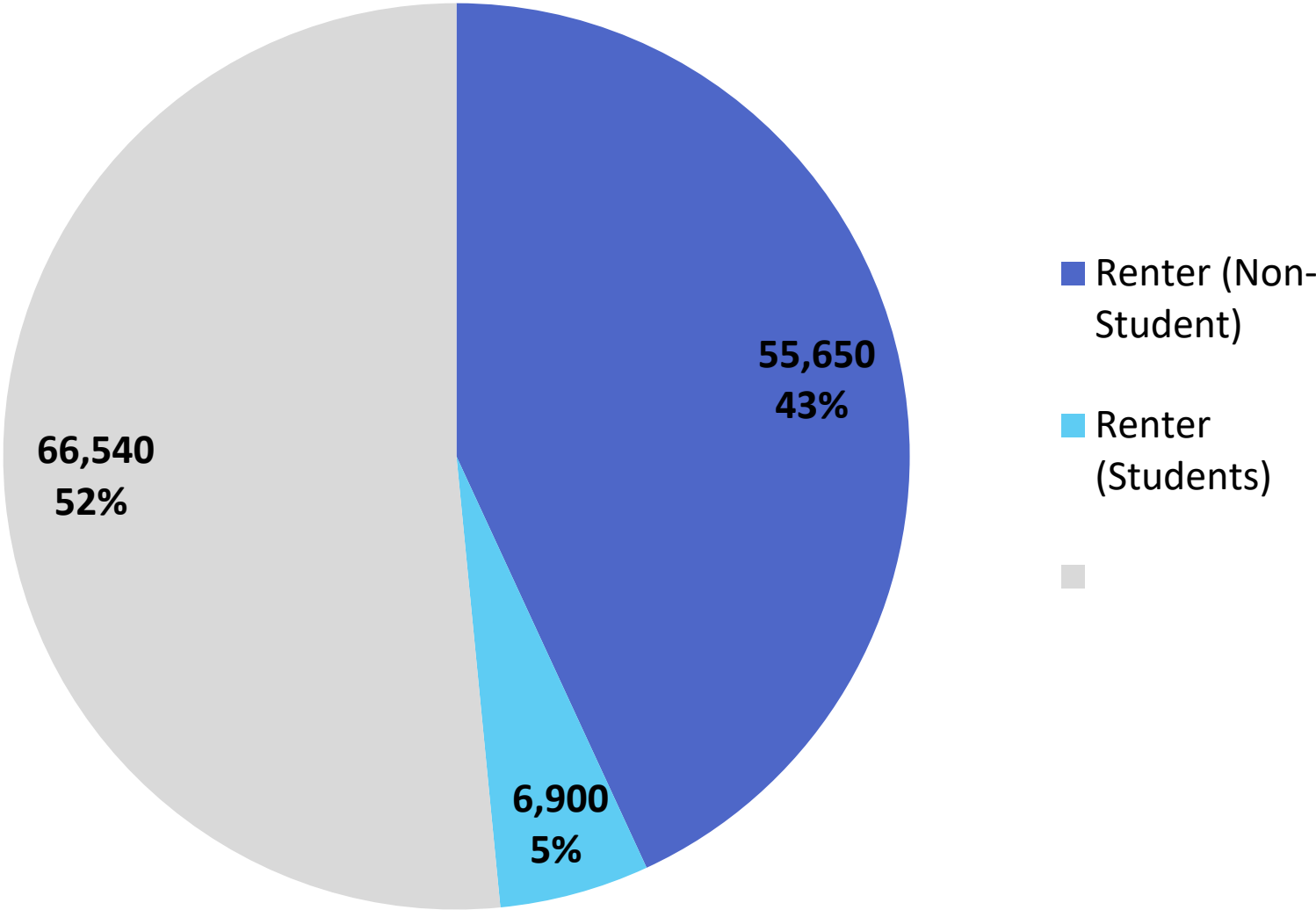


Total Housing Stock, 2015

	2015	%
Total Housing Units	139,840	-
Owner Occupied	66,539	48%
Renter Occupied (Non Students)**	48,779	35%
Renter Occupied (Students)	6,900	5%
Renter Occupied (Income Restricted)	6,870	5%
Vacant, For Sale	1,600	1%
Vacant, For Rent	3,940	3%
Other Vacant	5,210	4%

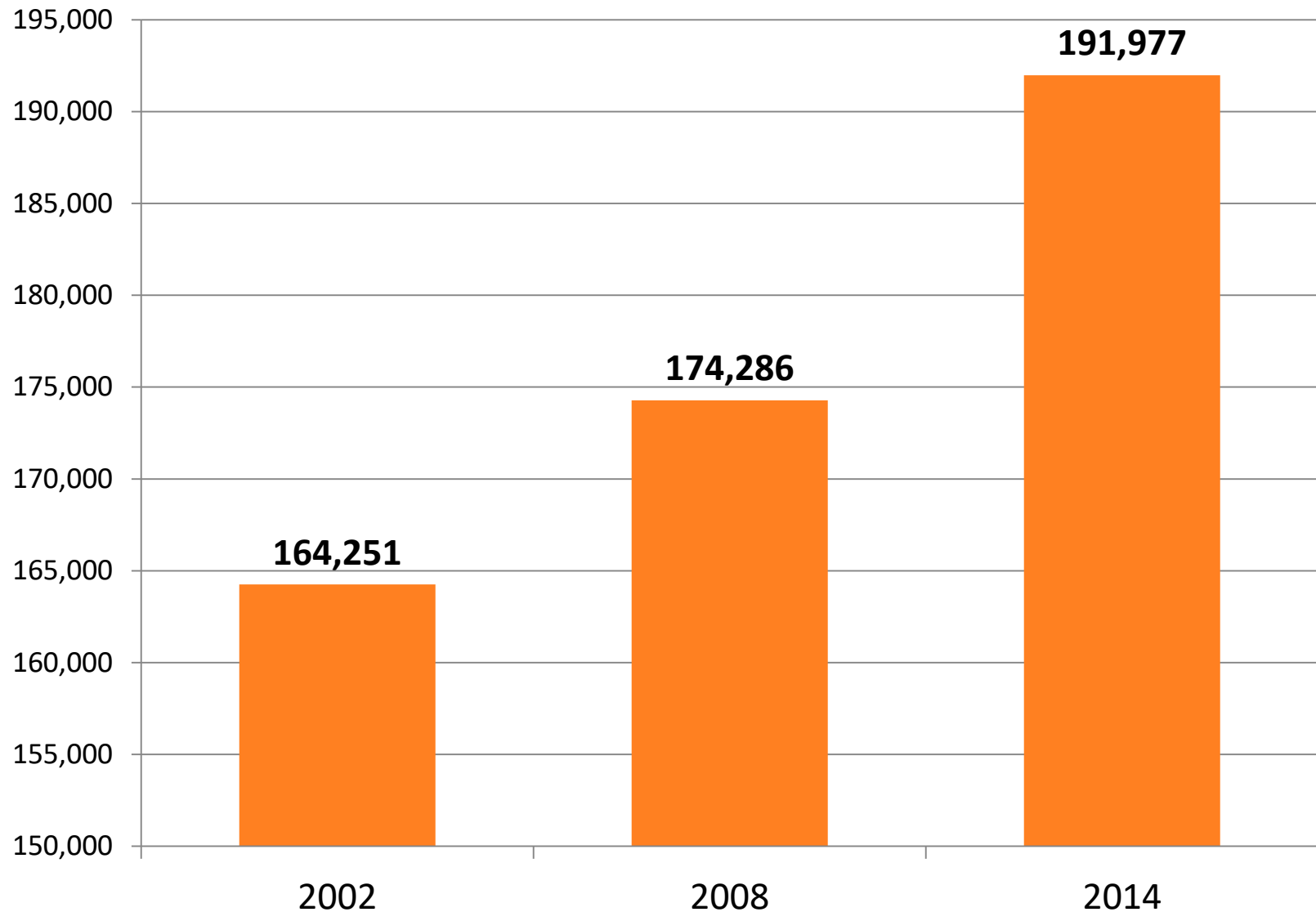
**** Non Income Restricted**

Breakdown of Renter Households, 2015



EMPLOYMENT

Jobs Located in Fayette County (2002, 2008, 2014)



Data Source: U.S. Census Bureau,
OntheMap Dataset

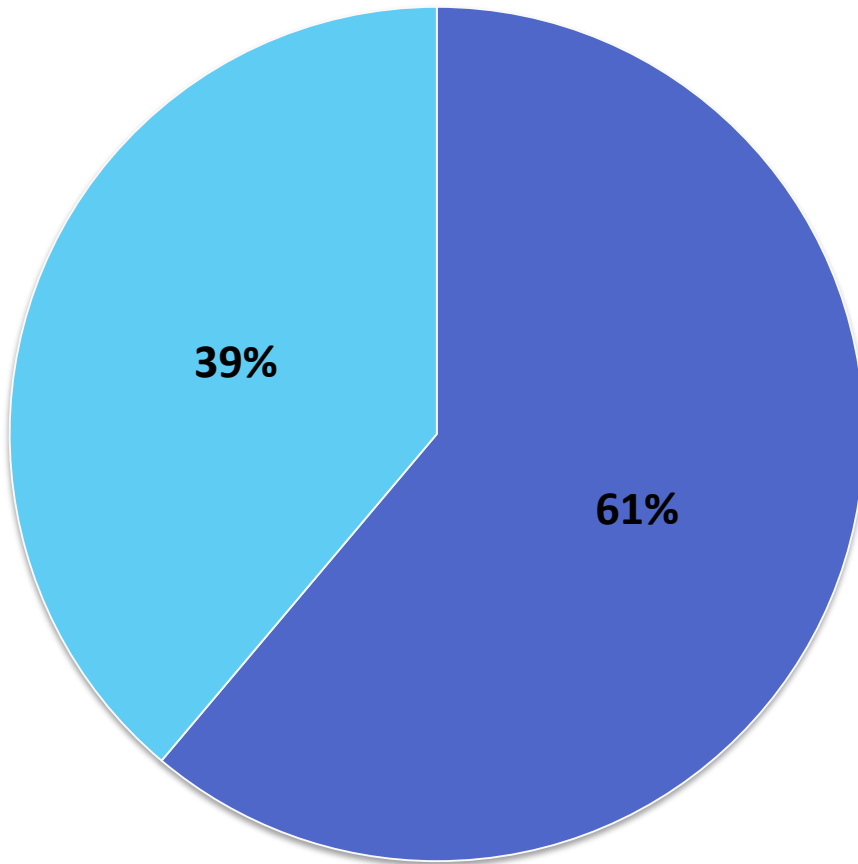
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Employment by Sector (2002, 2014)

Sector	2002	2002 Share	2014	2014 Share
Health Care and Social Assistance	23,296	14.2%	32,105	16.7%
Educational Services	16,711	10.2%	25,541	13.3%
Retail Trade	21,120	12.9%	22,177	11.6%
Accommodation and Food Services	15,489	9.4%	18,914	9.9%
Administration & Support, Waste Management & Remediation	8,447	5.1%	13,042	6.8%
Manufacturing	15,183	9.2%	12,527	6.5%
Professional, Scientific, and Technical Services	10,409	6.3%	12,087	6.3%
Construction	8,820	5.4%	7,330	3.8%
All other sectors	44,776	27.3%	48,254	25.1%
TOTAL	164,251	-	191,977	-

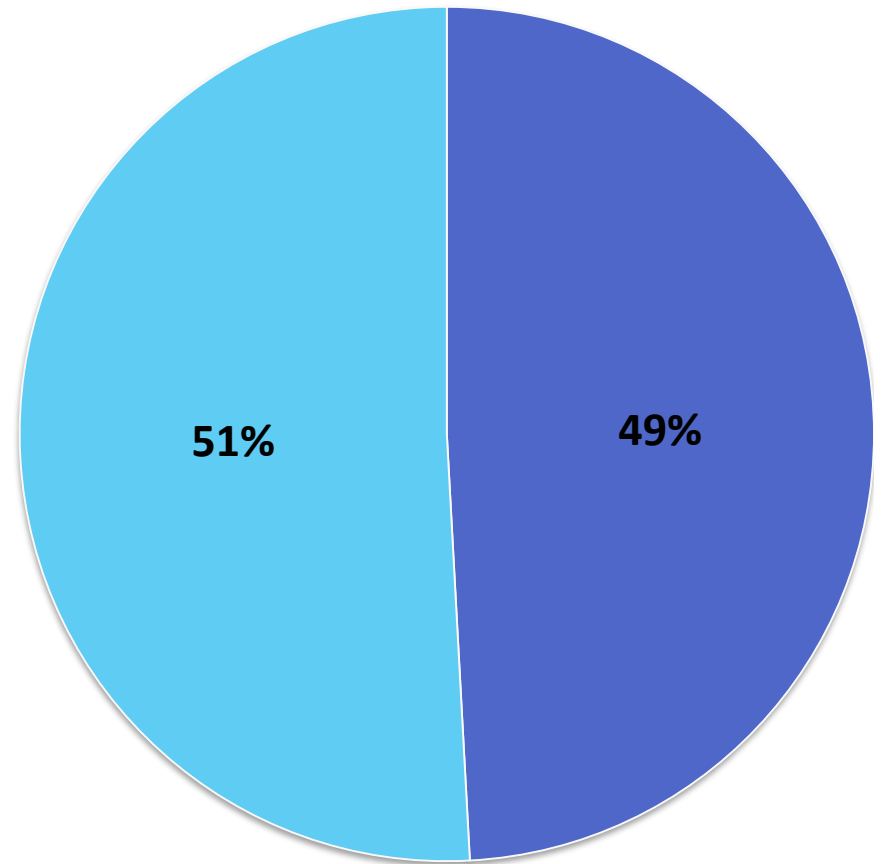
In-Area Employment Efficiency (2002)

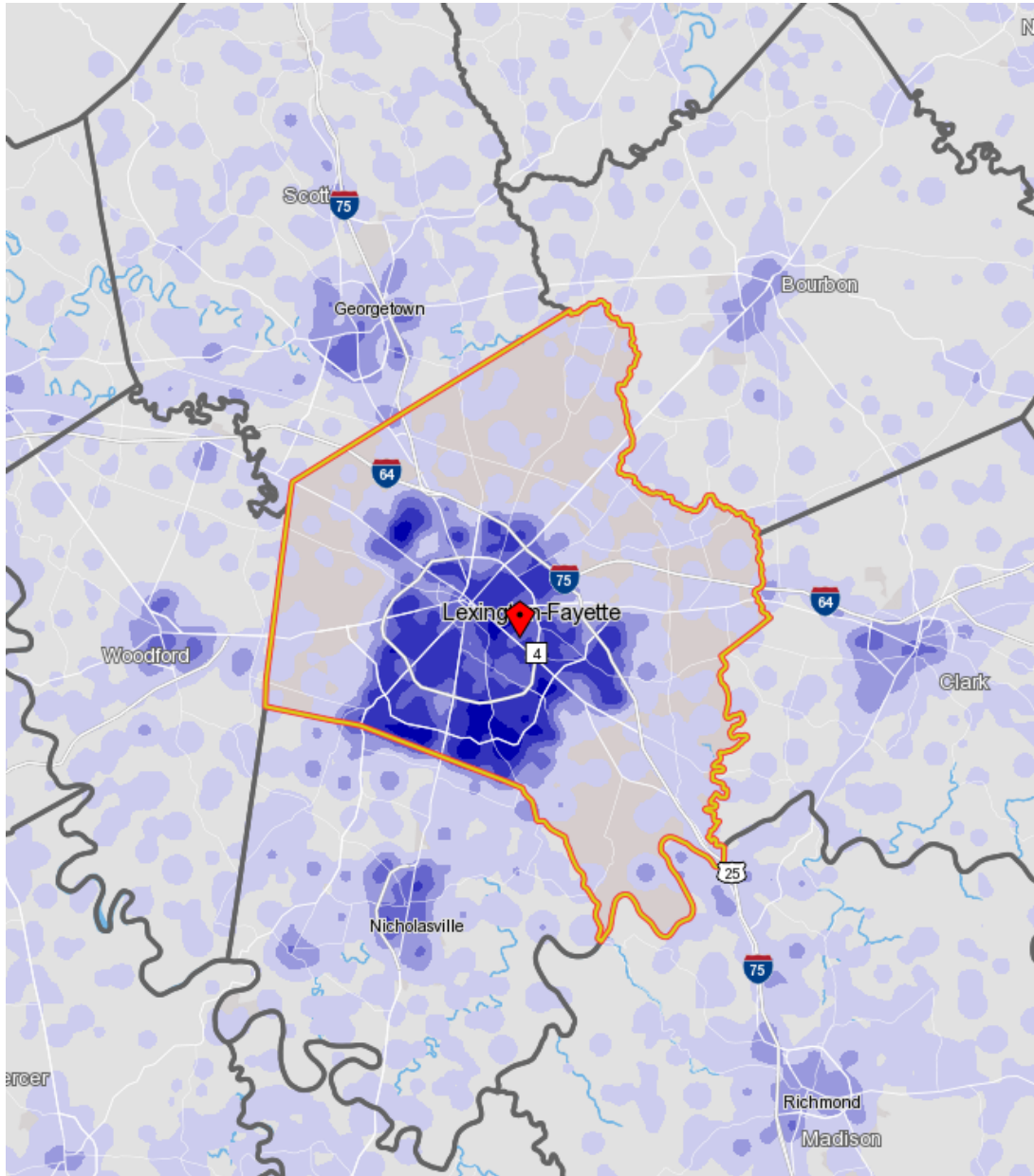
- Employed and Living in Fayette
- Employed in Fayette but Living Outside



In-Area Employment Efficiency (2014)

- Employed and Living in Fayette
- Employed in Fayette but Living Outside





Commuting to Work for Fayette County Workers

- % of workers who live less than 10 miles from their place of employment.
 - 2002: 62.9%.
 - 2008: 54.5%.
 - 2014: **51.5%**.

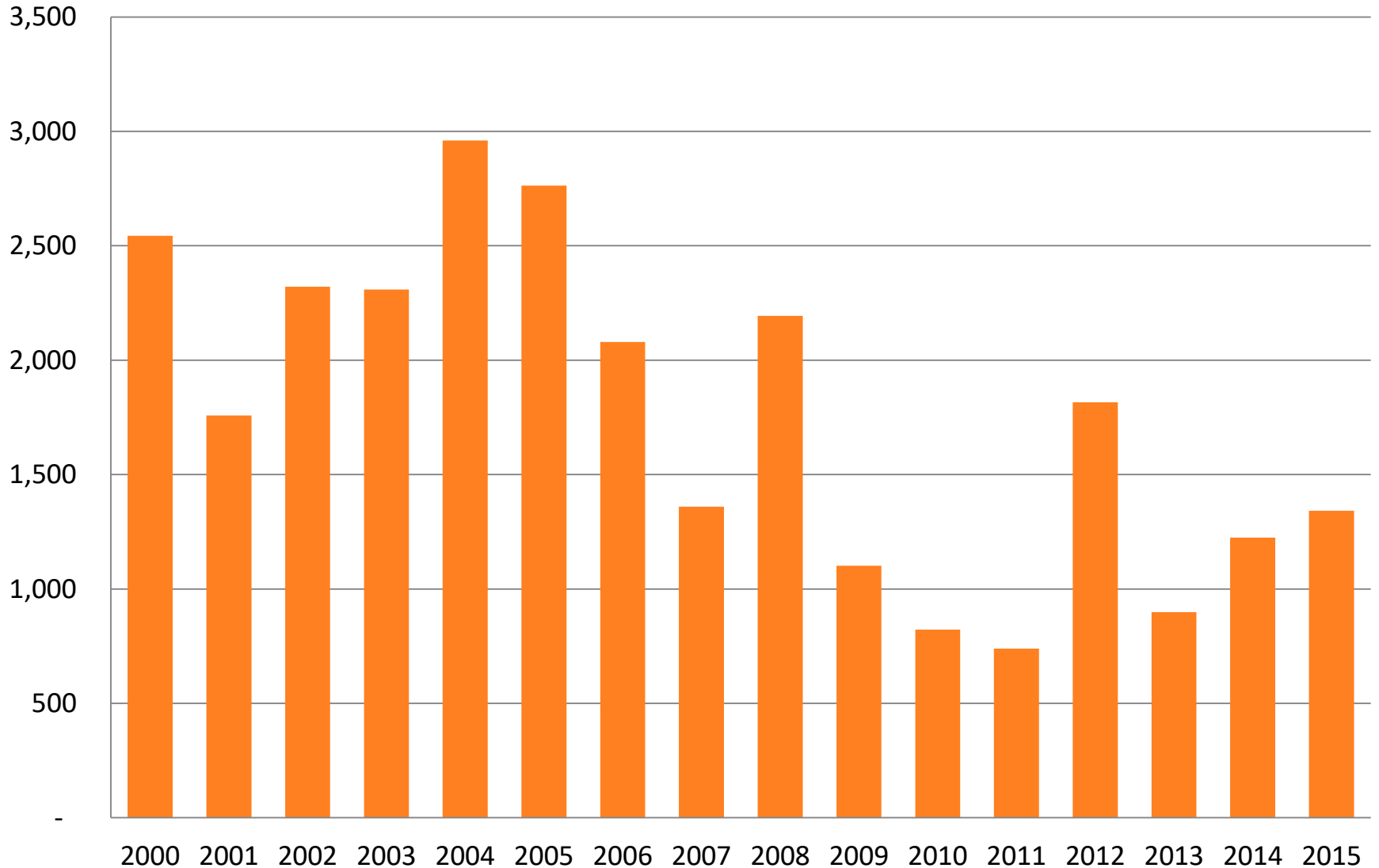


Data Source: U.S. Census Bureau,
OnTheMap Dataset

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HOME BUILDING ACTIVITY

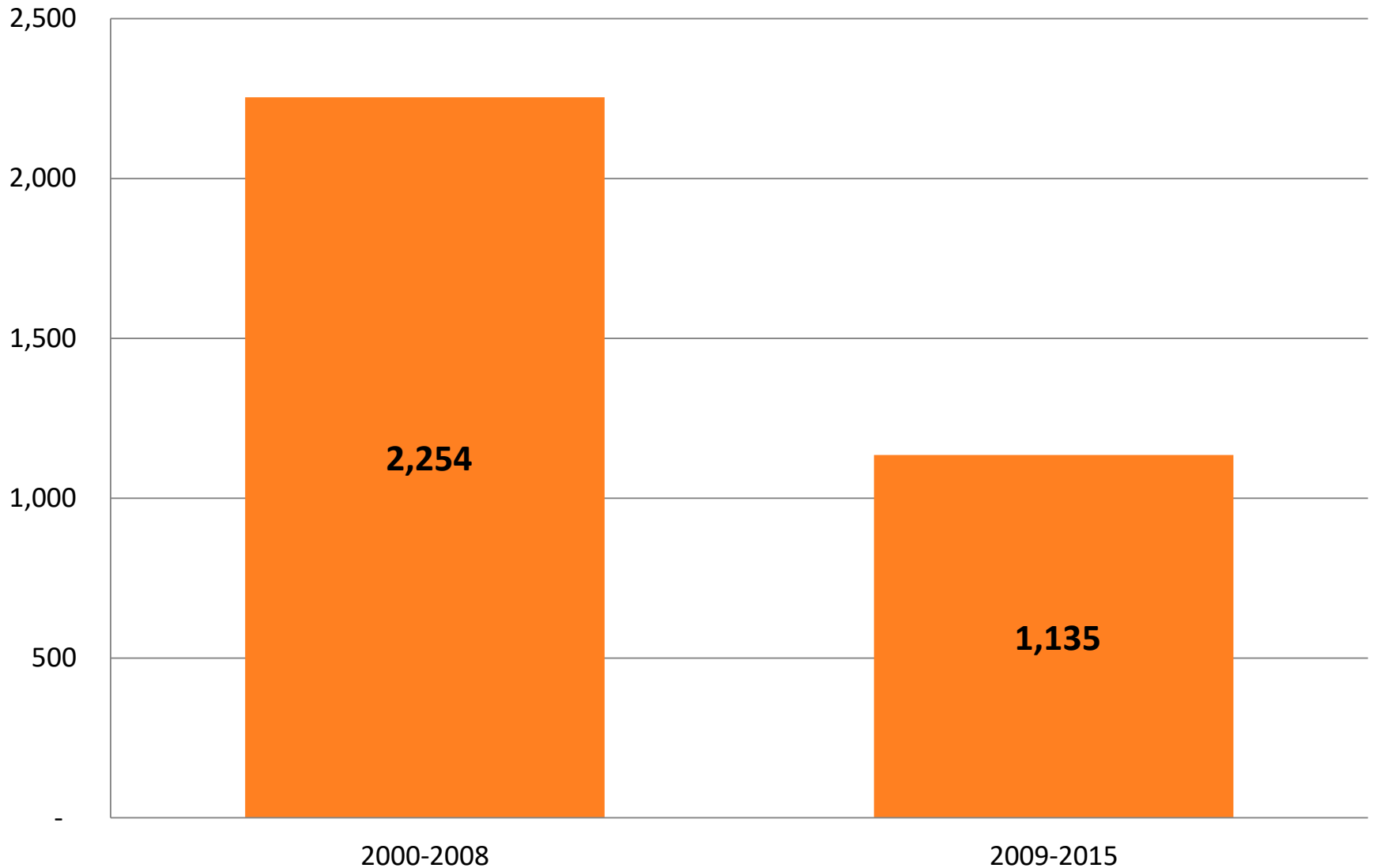
Fayette Building Permits (Total Units)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
County

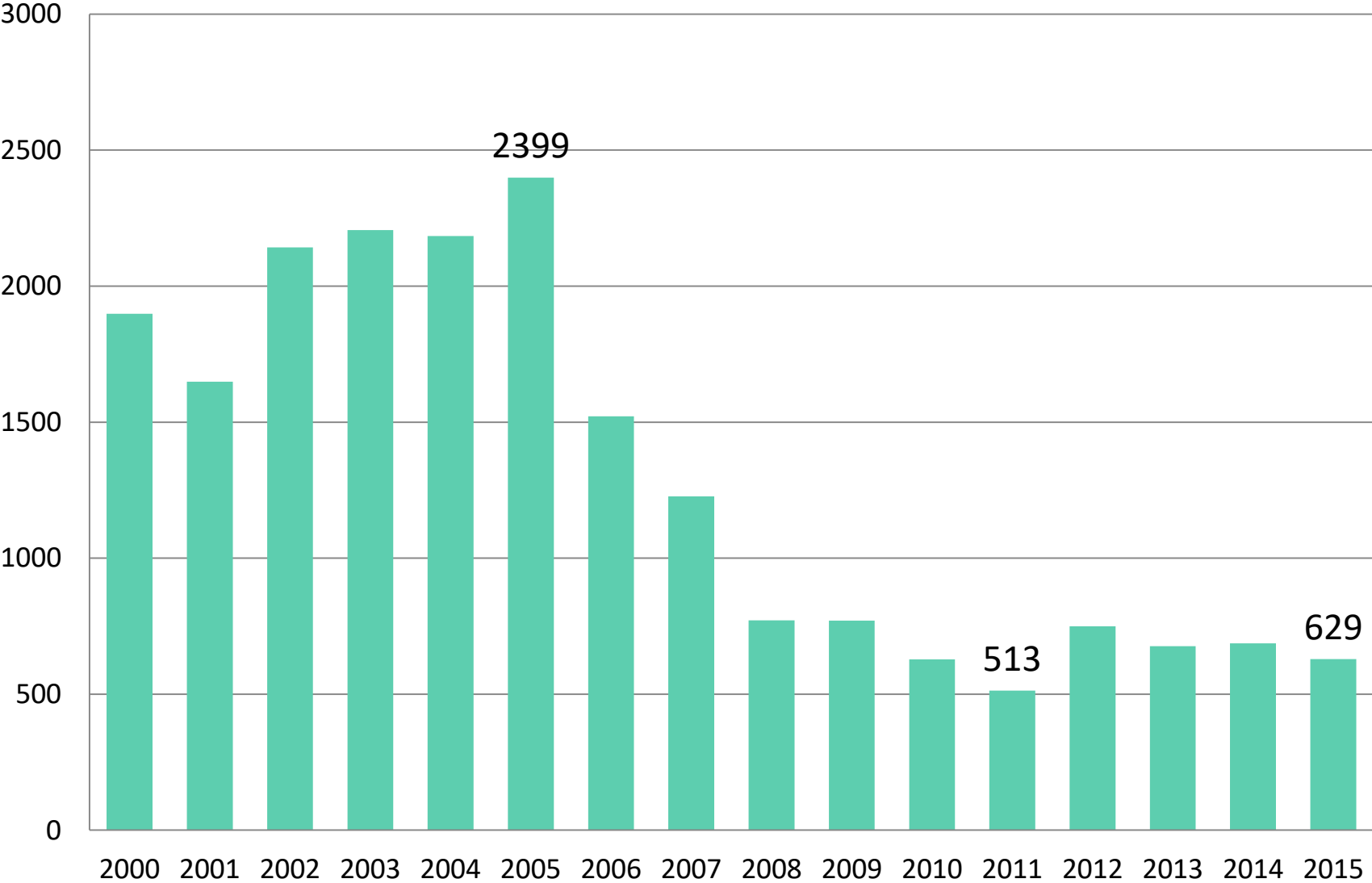
Fayette Building Permits (Annual Average Before & After Recession)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
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Fayette Building Permits (SFR)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
County

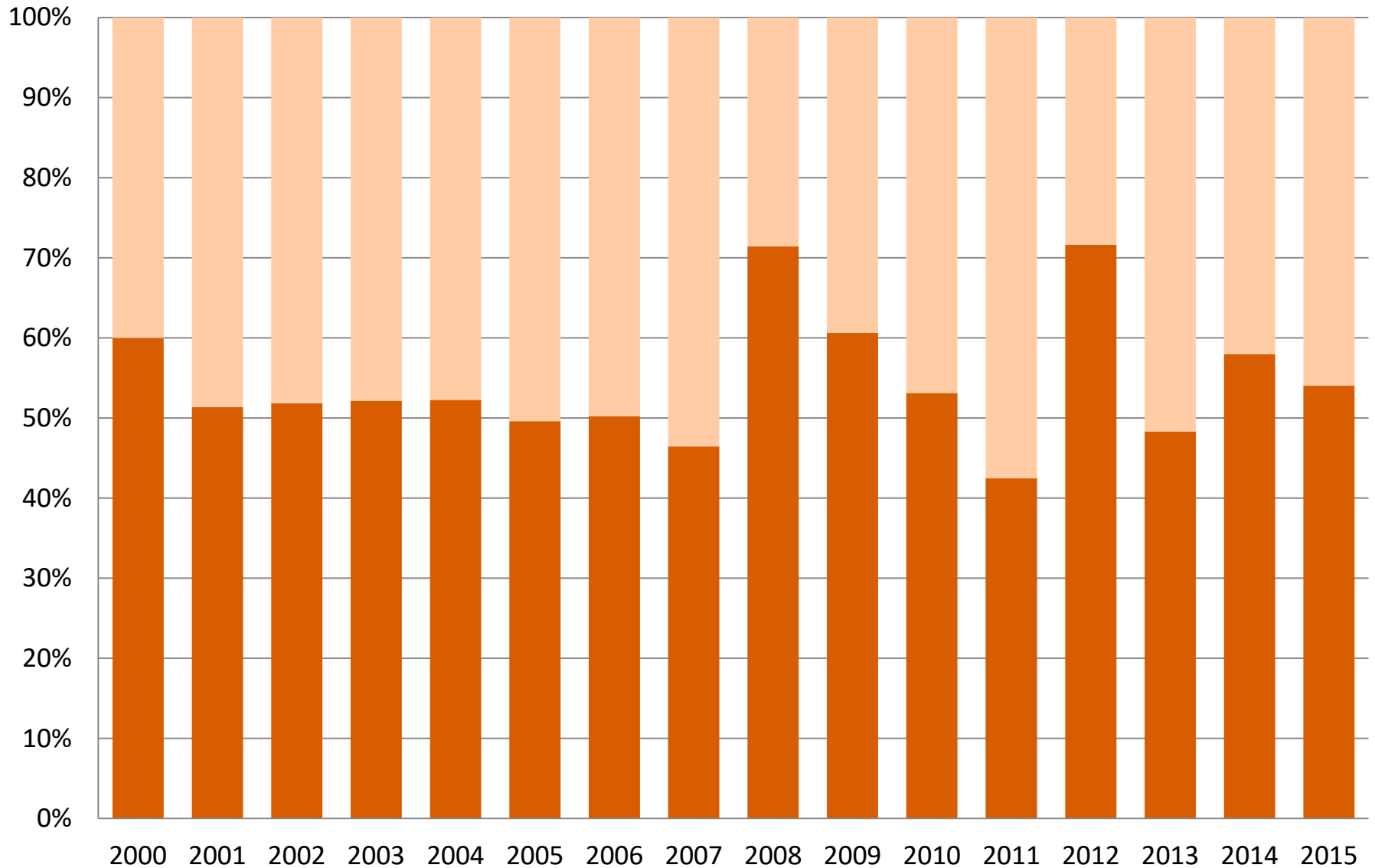
Fayette Building Permits (Multi-Fam)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
County

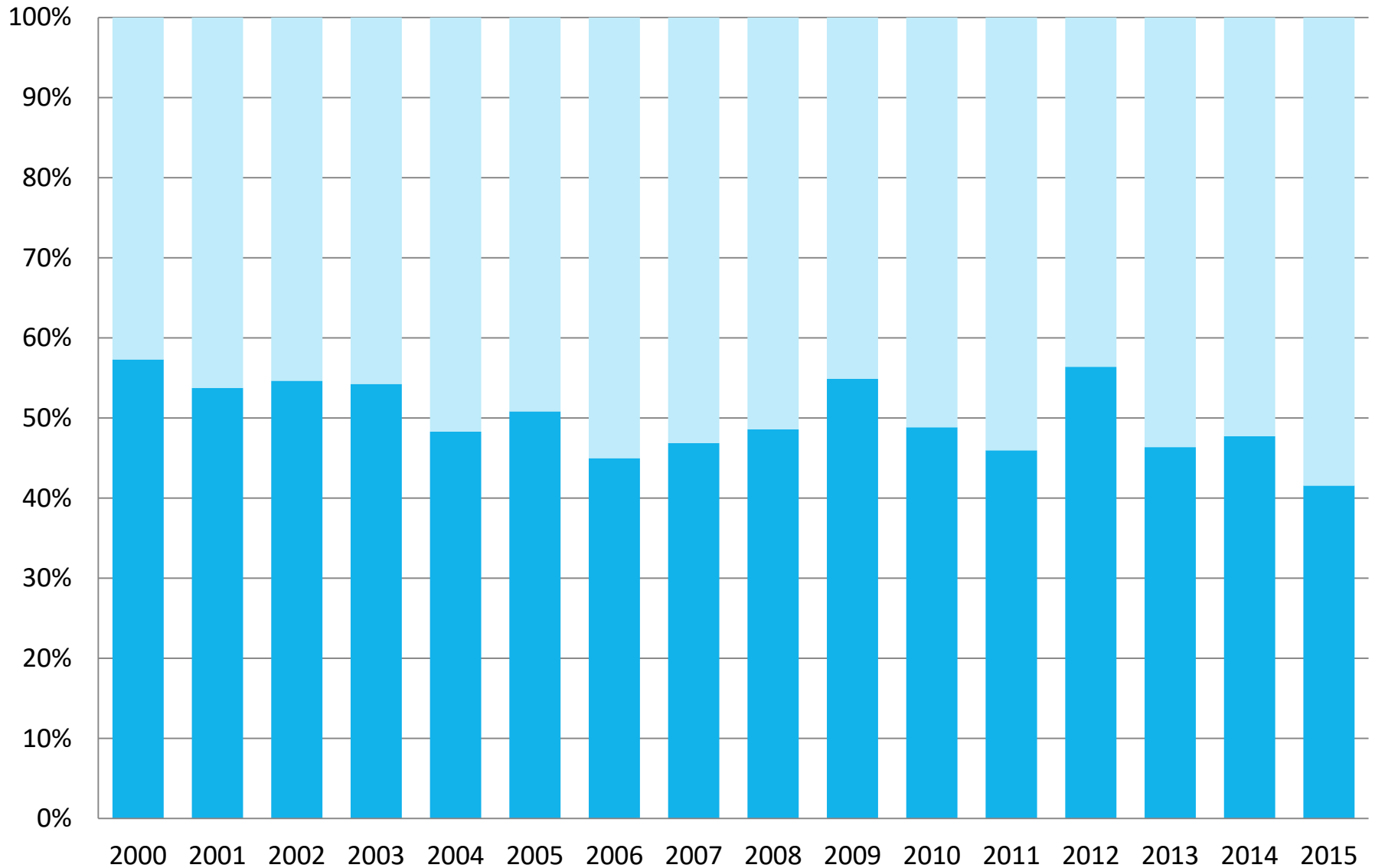
Fayette's Portion of Building Permits (7 County Area)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
County

Fayette's Portion of SFR Building Permits (7 County Area)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette
County

HOME SALES ACTIVITY

Owner Purchased Homes

All Homes purchased January 2011 to present

Age of Home	# of Purchases	% of Purchases	Median Sales Price
1949 & Earlier	1,799	8%	\$210,000
From 1950 to 1979	5,798	25%	\$141,000
From 1980 to 1999	6,637	29%	\$175,000
Year 2000 & Newer	8,659	38%	\$200,000
TOTAL	22,893	100%	\$175,000

Owner Purchased Homes

All Homes purchased January 2011 to present

Type of Home	# of Purchases	% of Purchases	Median Sales Price
Single Family (Larger than Half Acre)	822	4%	\$290,000
Single Family (Quarter Acre to Half Acre)	4,092	18%	\$232,500
Single Family (9,000 SF to Quarter Acre)	3,543	16%	\$175,000
Single Family (7,500 SF to 9,000 SF)	4,014	18%	\$196,178
Single Family (6,000 SF to 7,500 SF)	3,403	15%	\$171,400
Single Family (5,000 SF to 6,000 SF)	1,939	8%	\$164,500
Single Family (Less than 5,000 SF)	2,405	11%	\$136,000
Duplex	388	2%	\$174,300
Townhome	1,256	6%	\$140,953
Condominium	971	4%	\$145,780
Total	22,833	100%	\$175,000

Owner Purchased Homes

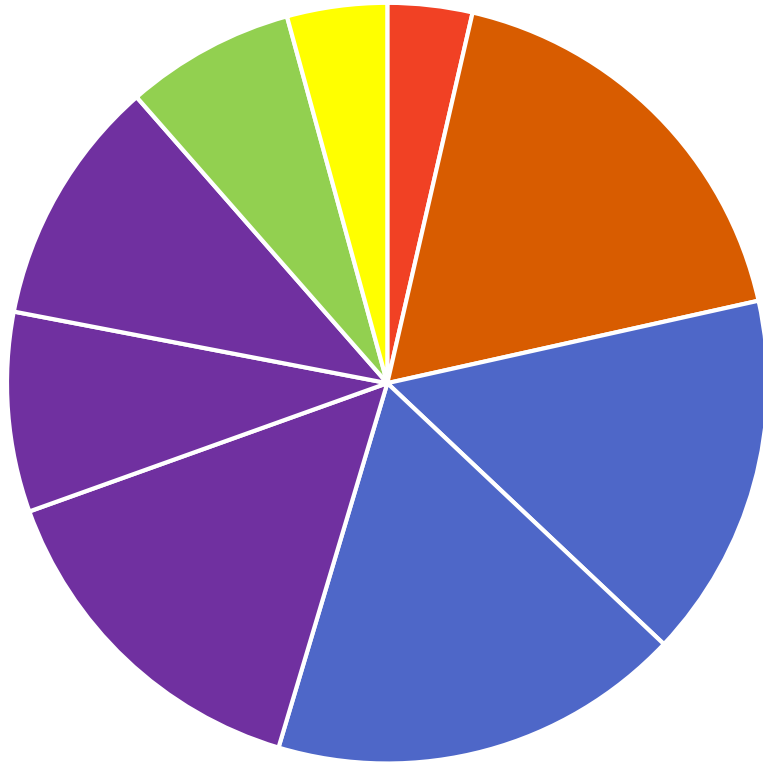
New Construction Homes purchased January 2011 to present

Type of Home	Sales Price Per SF
Single Family (Larger than Half Acre)	\$130.96
Single Family (Quarter Acre to Half Acre)	\$133.01
Single Family (9,000 SF to Quarter Acre)	\$111.30
Single Family (7,500 SF to 9,000 SF)	\$104.44
Single Family (6,000 SF to 7,500 SF)	\$101.96
Single Family (5,000 SF to 6,000 SF)	\$102.75
Single Family (Less than 5,000 SF)	\$101.95
Duplex	\$124.70
Townhome	\$135.86
Condominium	\$132.54

Owner Purchased Homes

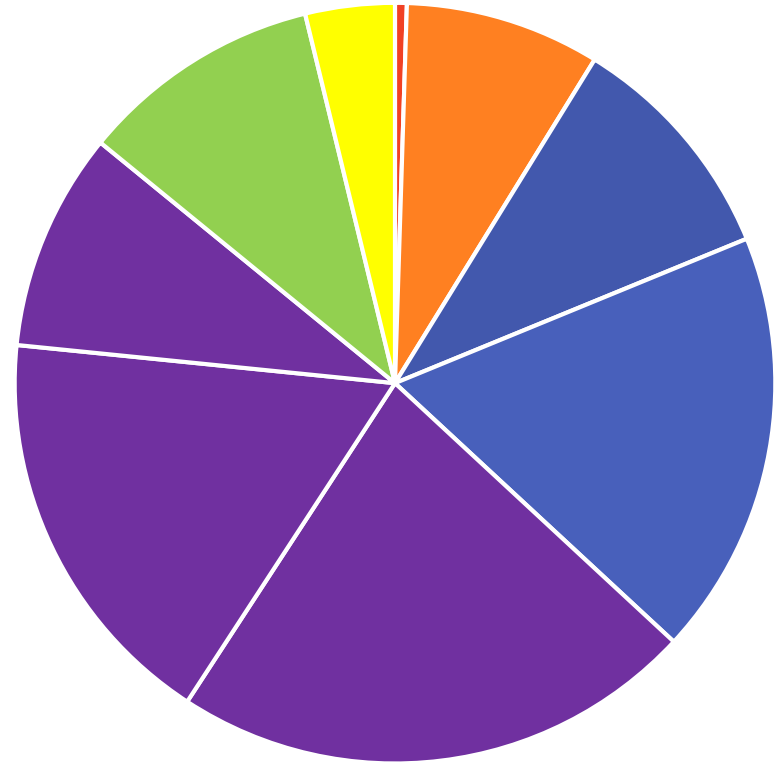
Home Types

All Homes Sold 2011-present



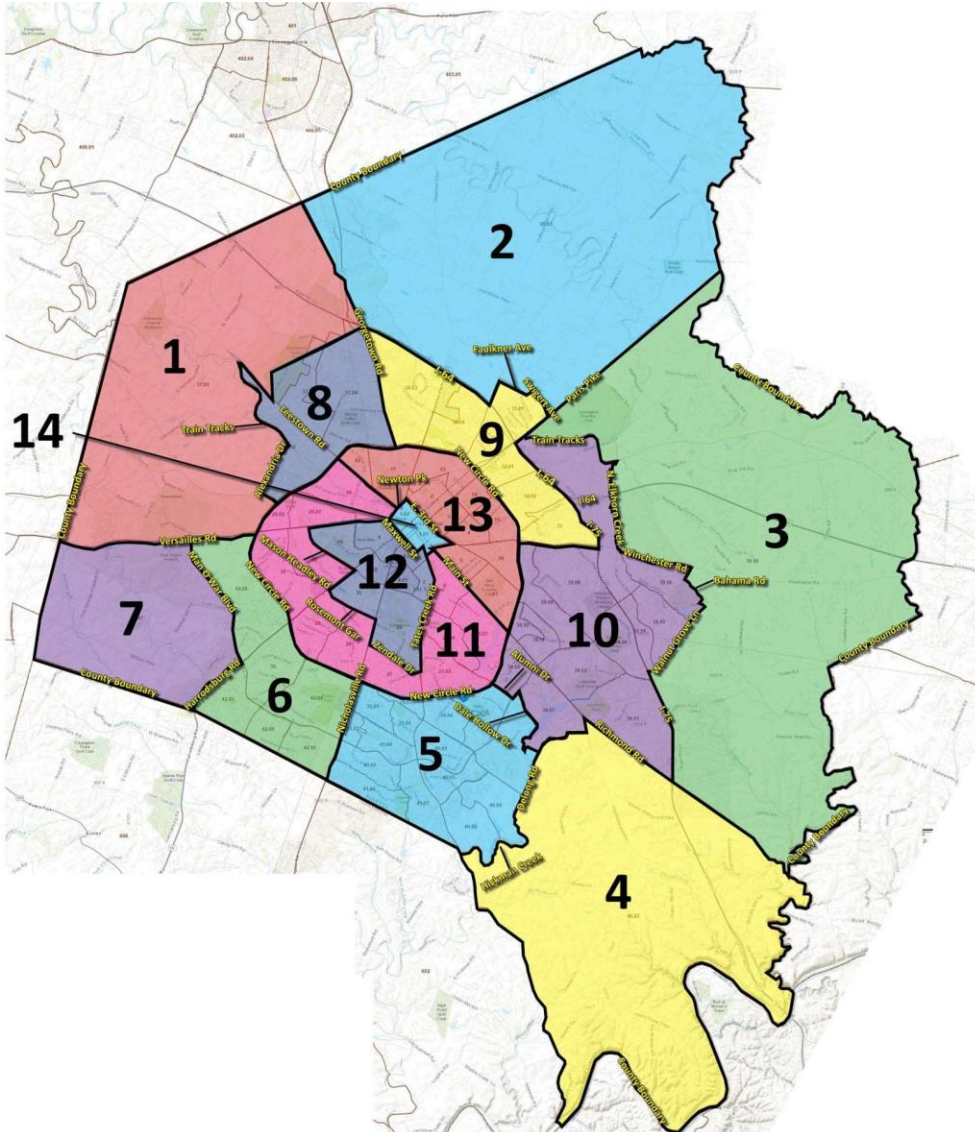
- SF (> 1/2 Acre)
- SF (1/4 Acre - 1/2 Acre)
- SF (9,000 SF - 1/4 Acre)
- SF (7,500 SF - 9,000 SF)
- SF (6,000 SF - 7,500 SF)
- SF (5,000 SF - 6,000 SF)
- SF (Less than 5,000 SF)
- Townhomes/Duplex
- Condominium

New Homes Sold 2011-present



- SF (> 1/2 Acre)
- SF (1/4 Acre - 1/2 Acre)
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- SF (7,500 SF - 9,000 SF)
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- Condominium

Housing Sub Markets



1. Tract 37.01
2. Tract 38.02
3. Tract 39.18
4. Tract 40.07
5. Southeast
6. South
7. Southwest
8. Northwest
9. North
10. East
11. In Town South
12. In Town Central
13. In Town North
14. Downtown

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County

Housing Sub Markets

All Homes purchased January 2011 to present

Sub-Market	# of Purchases	% of Purchases	Median Sales Price	Sub-Market	# of Purchases	% of Purchases	Median Sales Price
All Sales	22,893	-	\$175,000				
East	5,426	23.7%	\$206,000	In-Town Central	941	4.1%	\$220,000
Southeast	4,176	18.2%	\$161,000	Southwest	400	1.7%	\$306,500
In-Town South	3,431	15.0%	\$173,000	Downtown	173	0.8%	\$226,900
South	3,320	14.5%	\$198,024	39.18	148	0.6%	\$212,000
Northwest	1,968	8.6%	\$146,000	37.01	36	0.2%	\$344,500
In-Town North	1,418	6.2%	\$130,000	38.02	28	0.1%	\$226,400
North	1,416	6.2%	\$122,500	40.07	12	0.1%	\$307,000

Housing Sub Markets

All Homes purchased January 2011 to present

Sub-Market	# of Purchases	Median Price/SF	Price/ SF Variation	Sub-Market	# of Purchases	Median Price/SF	Price/ SF Variation
All Sales	22,893	\$103.51	-				
Downtown	173	\$160.66	+55.2%	South	3,320	\$110.72	+7.0%
In-Town Central	941	\$129.77	+25.4%	East	5,426	\$104.03	+0.5%
37.01	36	\$127.88	+23.5%	38.02	28	\$102.92	-0.6%
Southwest	400	\$125.22	+21.0%	Southeast	4,176	\$100.32	-3.1%
40.07	12	\$125.00	+20.8%	In-Town North	1,418	\$95.97	-7.3%
In-Town South	3,431	\$114.73	+10.8%	Northwest	1,968	\$91.19	-11.9%
39.18	148	\$112.74	+8.9%	North	1,416	\$87.23	-15.7%

Housing Sub Markets

New Construction Homes purchased January 2011 to present

Sub-Market	Total New Homes Sales	Percentage of New Homes	Sub-Market	Total New Homes Sales	Percentage of New Homes
All Sales	2,249	-			
East	1,211	53.8%	In-Town Central	21	0.9%
Southeast	287	12.8%	39.18	22	1.0%
Northwest	243	10.8%	Downtown	2	0.1%
South	202	9.0%	40.07	2	0.1%
North	126	5.6%	Southwest	-	0.0%
In-Town North	101	4.5%	37.01	-	0.0%
In-Town South	32	1.4%	38.02	-	0.0%

Housing Sub Markets

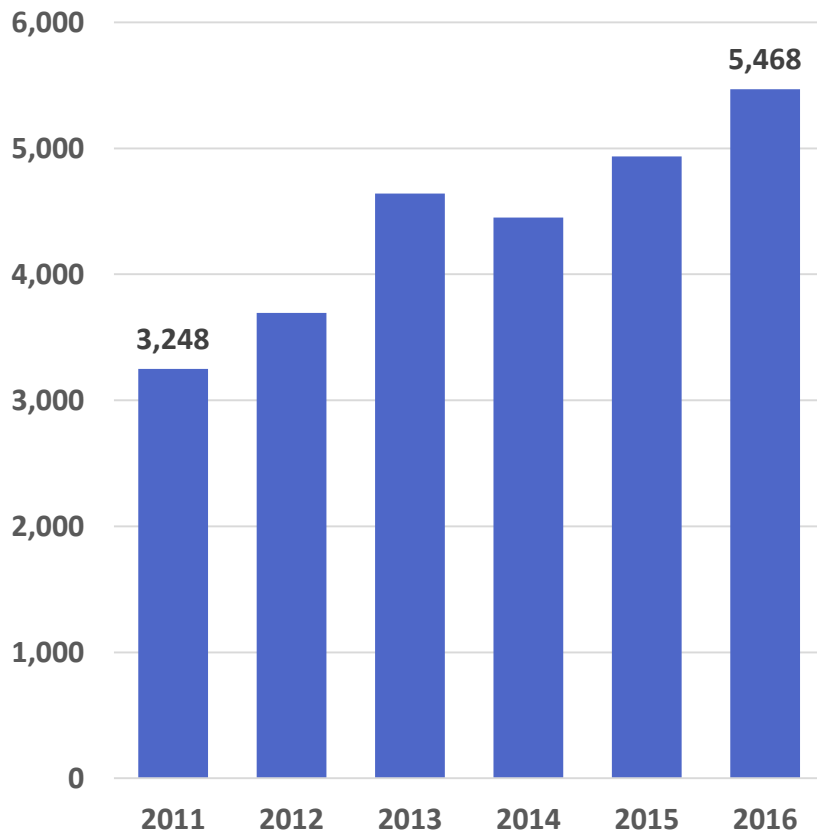
New Construction Homes purchased January 2011 to present

Sub-Market	SFR - Lot Larger Than Half Acre	SFR - Lot Quarter Acre to Half Acre	SFR - Lot 9,000 SF to Quarter Acre	SFR - Lot 7,500 SF to 9,000 SF	SFR - Lot 6,000 SF to 7,500 SF	SFR - Lot 5,000 SF to 6,000 SF	SFR - Lot Less Than 5,000 SF	Duplex	Townhome	Condo	Total
East	2	88	137	248	287	207	94	80	44	24	1,211
Southeast		32	33	80	95	38	5		4		287
In-Town South	3	6	4	2	1	3	9		4		32
South		12	6	8	14	22	8		79	53	202
Northwest		14	28	36	53	61	47	1	2	1	243
In-Town North		3	4	16	35	20	16		3	4	101
North		11	12	15	15	40	28		4	1	126
In-Town Central	2	1		1	1	1	2	2	9	2	21
Southwest											-
Downtown							1			1	2
39.18	4	18									22
37.01											-
38.02											-
40.07	1	1									2
TOTAL	12	186	224	406	501	392	210	83	149	86	2,249
%	0.50%	8.30%	10.00%	18.10%	22.30%	17.40%	9.30%	3.70%	6.60%	3.80%	100%

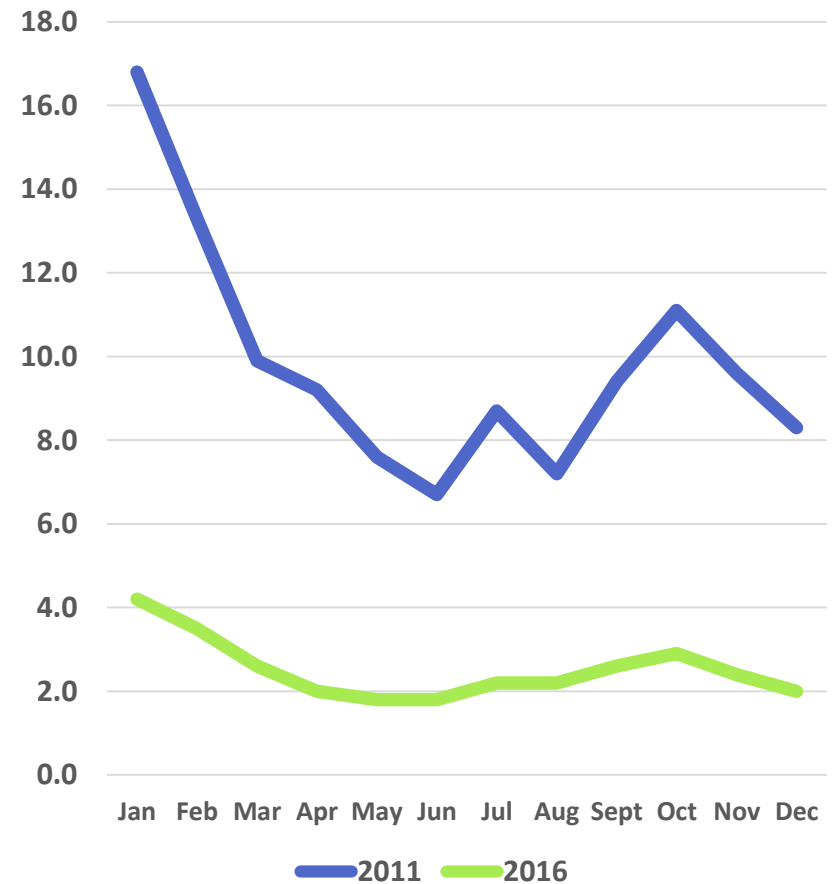
Inventory of Home Sales and Listing Data

Multiple Listing Service 2011-2016

Single-Family, Condo, Townhouse
Sales



Months of Inventory, 2011, 2016



Affordability Segments

Homes purchased January 2011 to present

Type of Home		Sales	% of Total
All Sales	All Prices	22,893	100%
Higher Priced	Above 120% AMI (above \$255,000)	5,826	25.5%
Workforce	Workforce, 80-120% AMI (\$170,001 - \$255,000)	6,076	26.5%
Affordable	All Affordable, >80% AMI (under \$170,000)	10,991	48.0%
	Affordable 60-80% AMI (\$127,500 - \$170,000)	5,683	24.8%
	Affordable 40-60% AMI (\$85,000 - \$127,499)	4,096	17.9%
	Lower Priced (under \$85,000)	1,212	5.3%

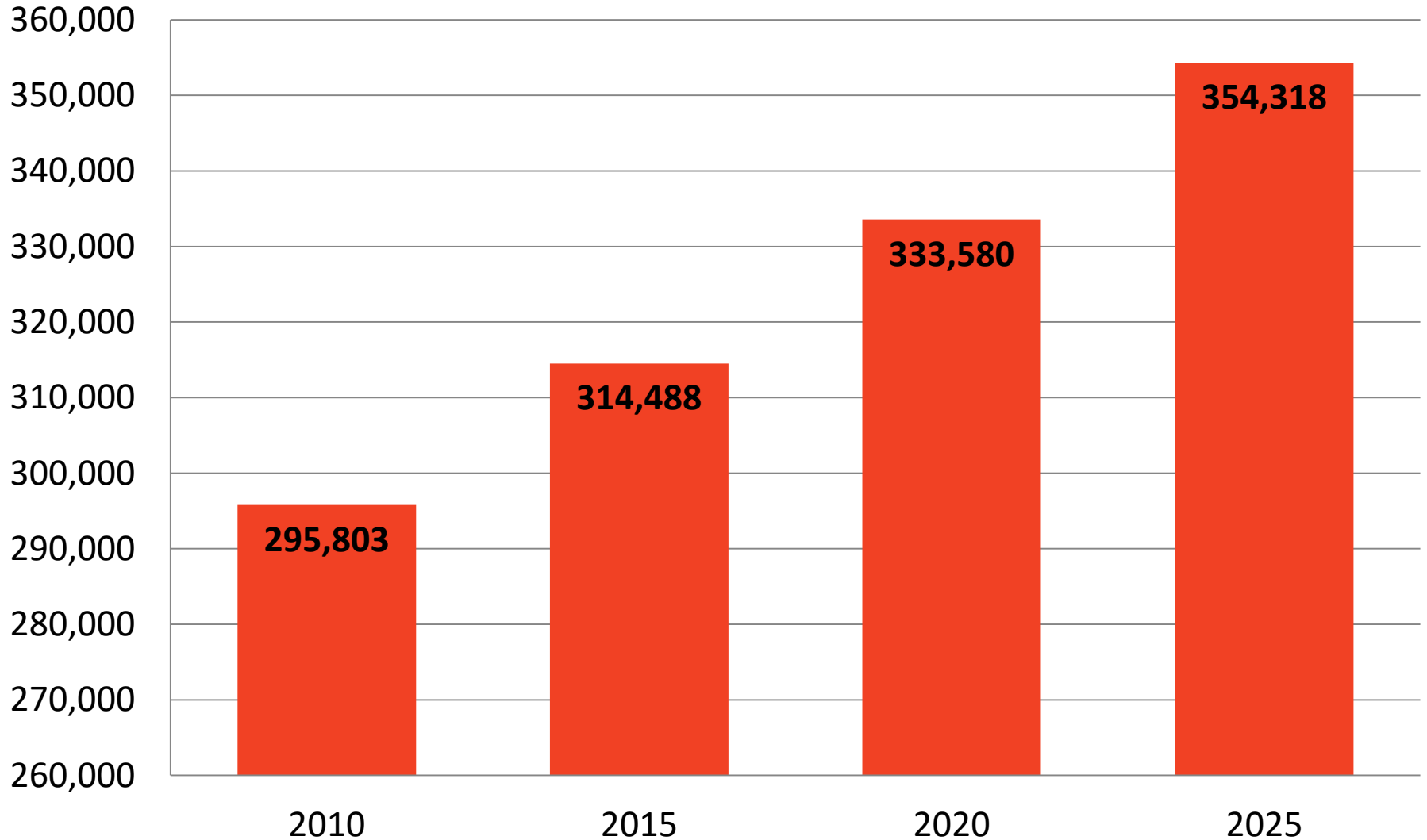
Affordable Rental Housing

- According to “Lexington’s Affordable Housing Challenge and Potential Strategy” (czb, 2014), there are 15,000 non-student renters earning less than \$20,000/year--unable to afford the fair market rents in Lexington.
- Approximately 9,000 are being assisted by public housing, publicly financed/income restricted rentals, Housing Choice Vouchers, and the private market (units priced lower than the fair market rent level).
- Therefore, **the unmet gap in affordable rentals is 6,000 units.**

POPULATION PROJECTIONS

Population Growth

Kentucky State Data Center Projection (2010-2025)

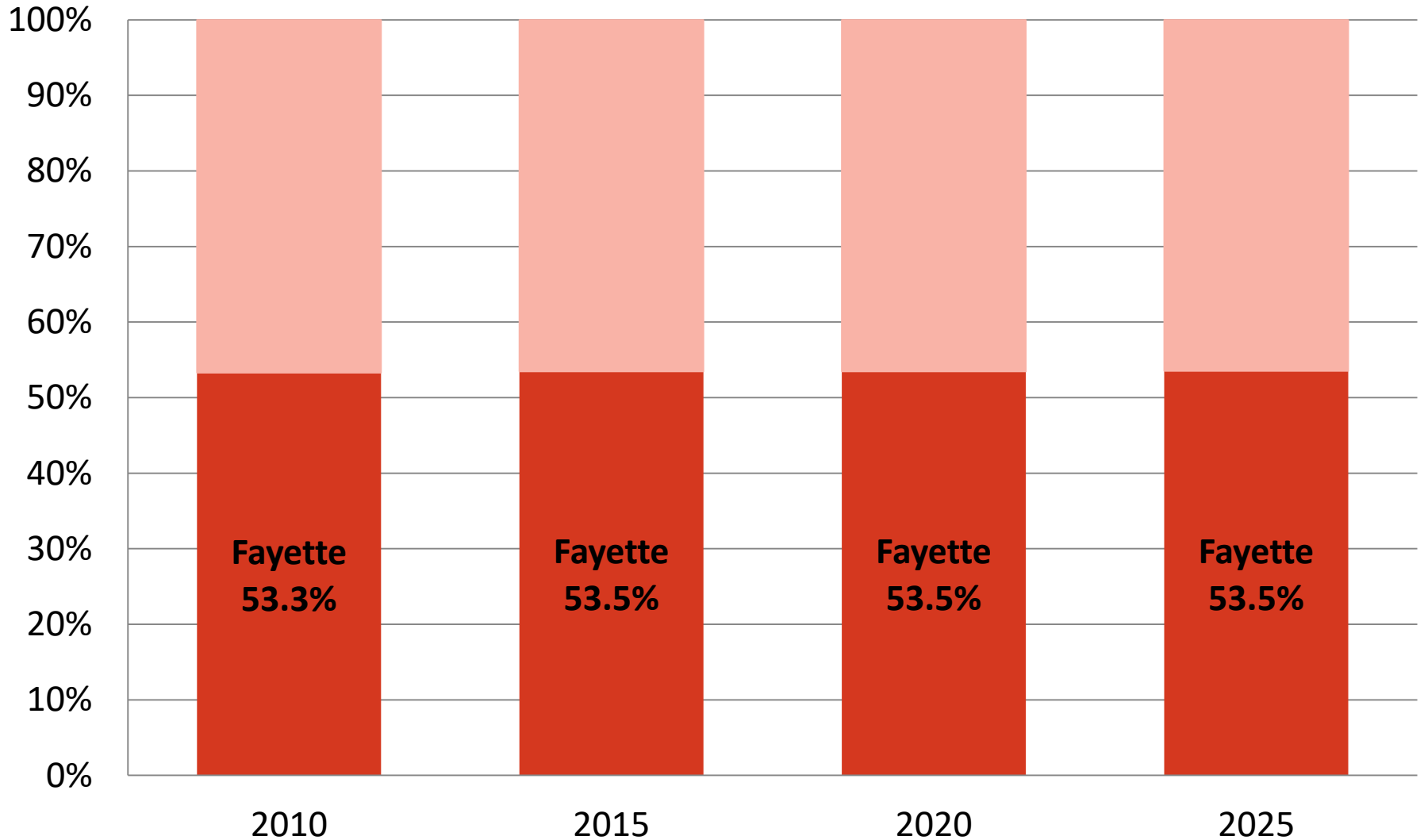


Data Source: Kentucky State Data
Center

Housing Market Demand Study, Fayette
County

Fayette's Share of the Seven County Region

Kentucky State Data Center Projection (2010-2015)

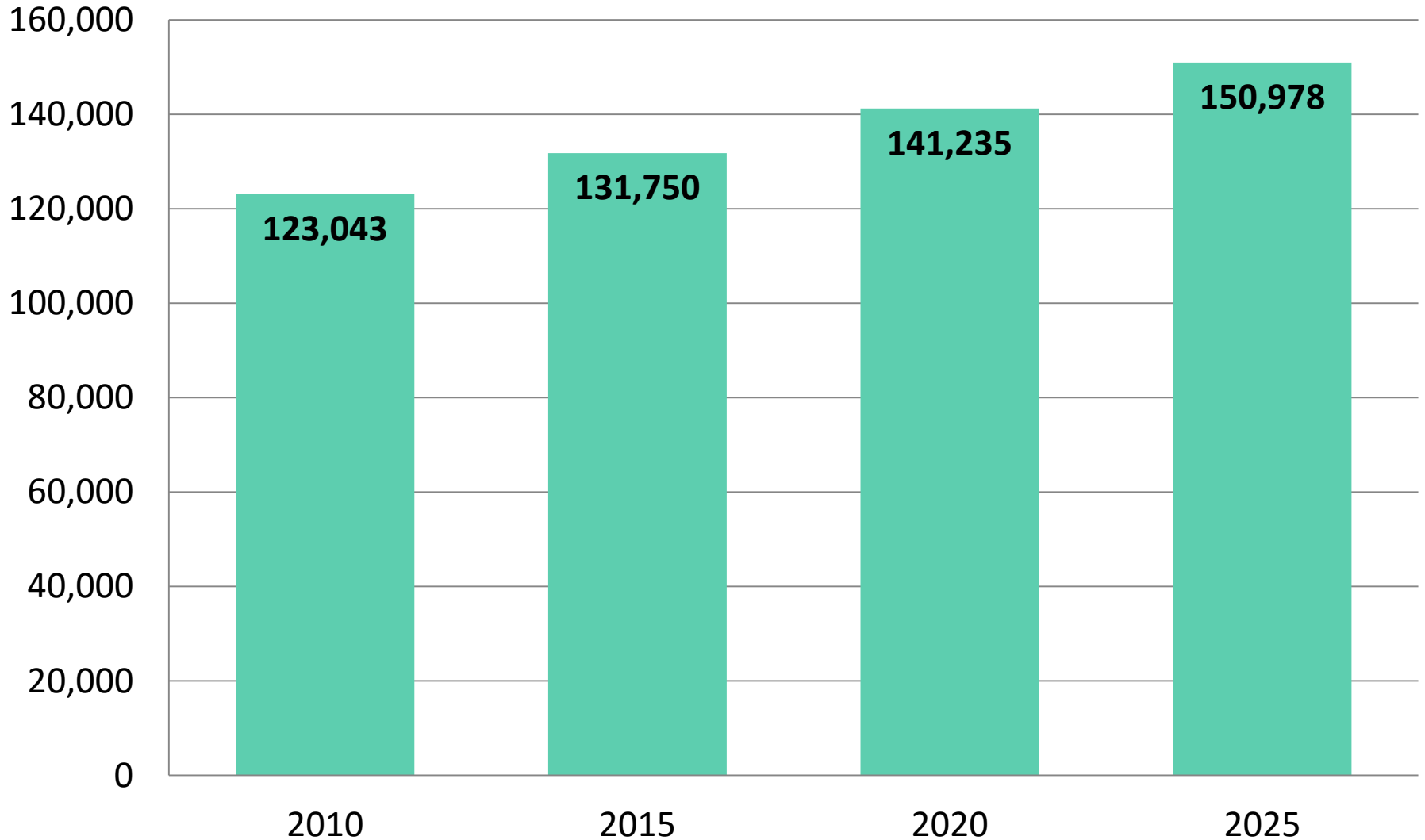


Data Source: Kentucky State Data
Center

Housing Market Demand Study, Fayette
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Household Growth

Kentucky State Data Center Projection (2010-2025)



Population Growth (2015-2025)

Kentucky State Data Center

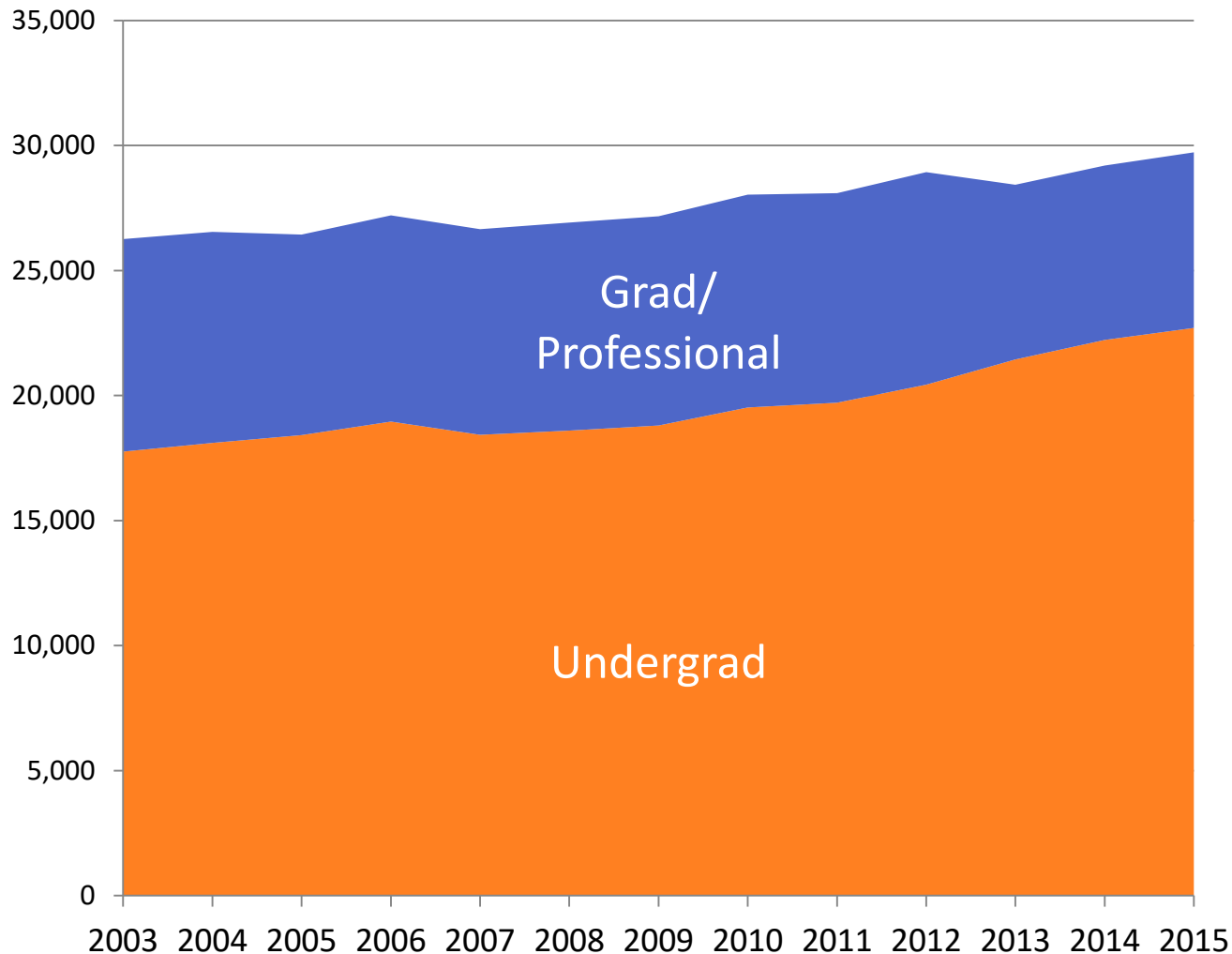
- Between 2010-2015, Fayette County added 18,685 residents (annual growth rate of 1.26%).
- By 2025, the total population of Fayette County is projected at **354,318** (annual growth rate of 1.2% between 2015-2025).
 - The total population in Households: 340,832.
 - The total population in Group Quarters: 13,486.

Household Growth (2015-2025)

Kentucky State Data Center

- In 2015, the average household size is 2.29 persons.
- By 2025, the total number of households is projected at **150,978** (annual growth rate of 1.58% between 2015-2025).
- The average household size in 2025 will be 2.26 persons.

University of Kentucky Enrollment (2003-2015)



2015-16 Figures:

- 29,727 students
- Total on-campus dorm capacity: 7,181 beds
- Two new residences will add another 1,117 beds in 2017 (for a total of 8,298 beds)
- 6,900 off-campus student residences

University of Kentucky Growth (2016-2025)

- From 2006-2015, UK added 3,260 undergraduates (growth of 2.1% annually). Graduate and professional students dropped somewhat to 7,500.
- If UK's undergraduate student body grows by 2.1% per year, UK enrollment in 2025 will be 34,400.
- Off-campus housing need in 2025 will be **8,280 units**.

HOUSING DEMAND PROJECTION

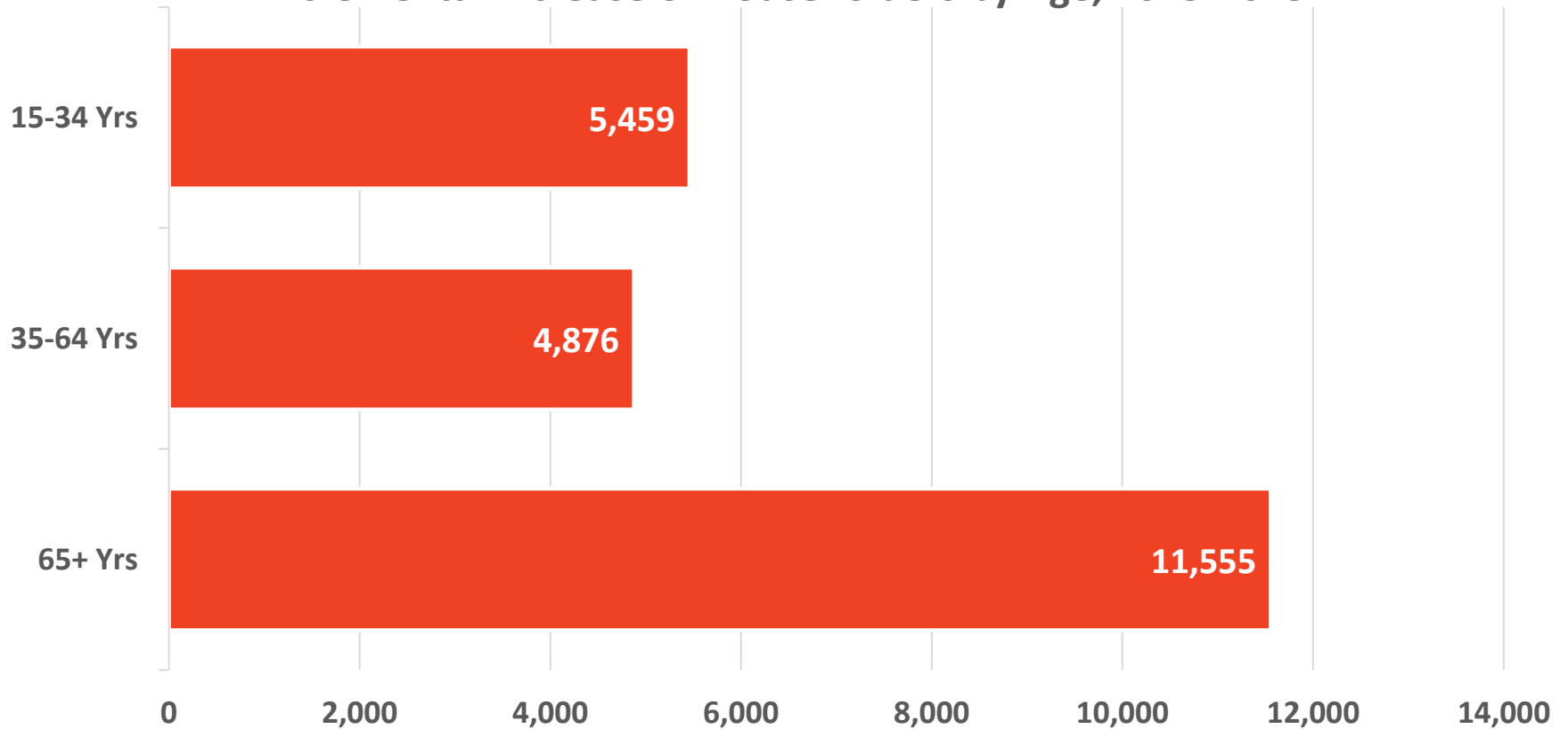
2025

Projecting the Housing Demand for 2025

- Underlying data (KY State Data Center)
 - Forecasted Population: 354,318
 - Forecasted Group Quarters Population: 13,486
 - Forecasted Population in Households: 340,832
 - Forecasted AVG Household Size: 2.26
 - Forecasted Number of Households: **150,978**

Projecting the Housing Demand for 2025

Incremental Increase of Householders by Age, 2015-2025



Projecting the Housing Demand for 2025

- Overall homeownership rate for 2025 will likely rebound to 52.75% (up from 51.5% in 2015).
 - Senior householders make up 53% of the incremental increase in householders, and seniors over 65 years-of-age are heavily homeowners (74.4%).
 - Homeownership rates for householders 35 to 64 years will likely increase to 58.6% (up from 58.1% in 2015), reflecting distance from the economic downturn that caused deferral of home purchases by this age group.

Projecting the Housing Demand for 2025

- Assuming that homeownership rebounds to 52.75%:
 - 79,641 homeowners
 - 71,337 renters (students + non-students)

	<u>2015</u>	<u>2025</u>	<u>Notes</u>
Owner Occupied	66,539	79,641	52.75% of households
Vacant, For Sale	1,600	1,875	Vacancy rate stays constant at 2.3%
Renter Occupied (Students)	6,900	8,280	Assuming incremental growth of UK student body to 34,400 in 2025.
Renter Occupied (Non Students)	55,650	63,057	Includes income restricted units
Vacant, For Rent	3,940	4,555	Vacancy rate stays constant at 6%
Other Vacant	5,212	5,212	“Other Vacant” units stays fixed

Projecting the Housing Demand for 2025

- **Incremental Demand: 22,780**

Largest demand segments include:

- Single-family owner-occupied homes in evolving formats (detached, townhomes, four-plexes, etc.) for older households (65+ yrs): **5,130** units.
- Multi-family rentals for older households (65+ yrs): **2,220** units.
- Single-family owner-occupied homes (attached and detached) for middle-age households (35 to 64 yrs.): **5,880** units, including substitutes for homes retained by aging seniors.
- Multi-family rentals for younger households (15 to 34 yrs): **2,925** units, including 1,000 student rentals.