

Comprehensive Housing Market Study 2013

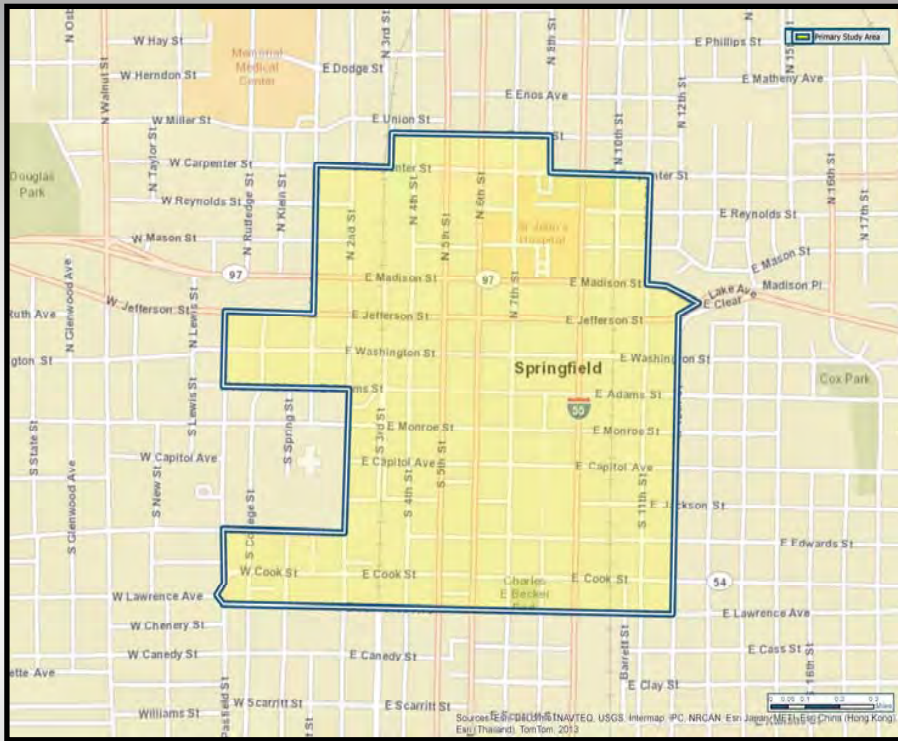
Springfield, Illinois



Primary Work Elements

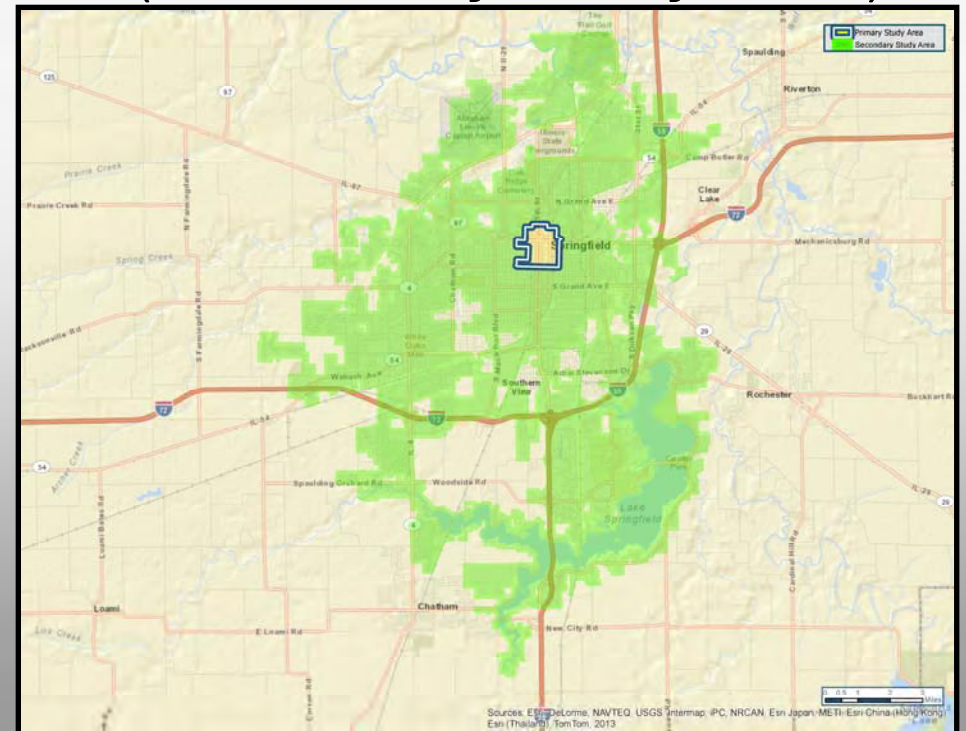
- Analyzed more than 100 demographic & economic metrics
- Conducted ~36 community stakeholder interviews
- Surveyed over 45 *rental* properties in Springfield
- Evaluated Springfield's historical *for-sale* data on 5,138 units (885 available)
- Completed a housing gap analysis by tenure and affordability
- Evaluated various “other housing factors” affecting the housing market (i.e. community services, crime, education, housing policies/programs, mobility patterns, etc.)
- Identified vacant parcels or buildings as potential candidates for future residential development sites

Geographic Study Areas



Downtown Analysis
(Primary Study Area)

City-Wide Analysis
(Secondary Study Area)



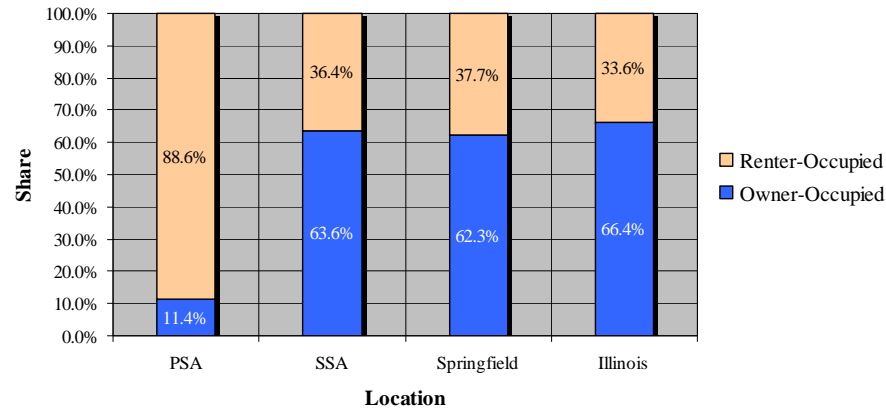
Demographic Highlights



Demographic Composition

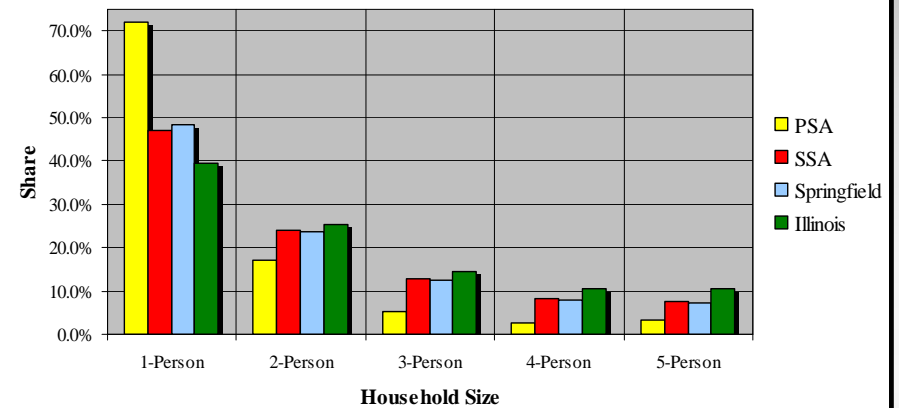
Tenure

Households By Tenure



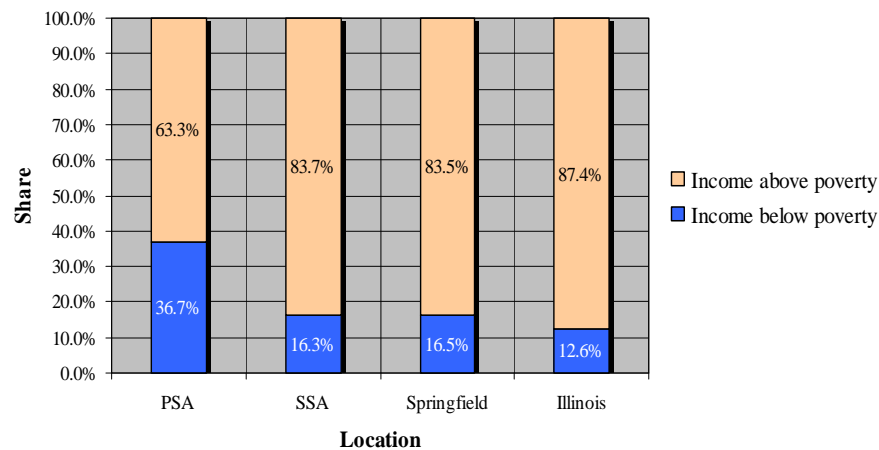
Size

Renter Households



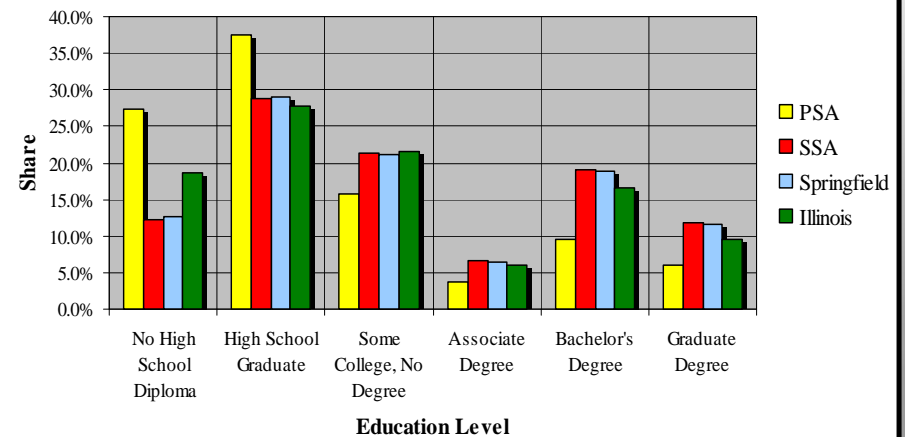
Poverty

Population by Poverty Status



Education

Educational Attainment



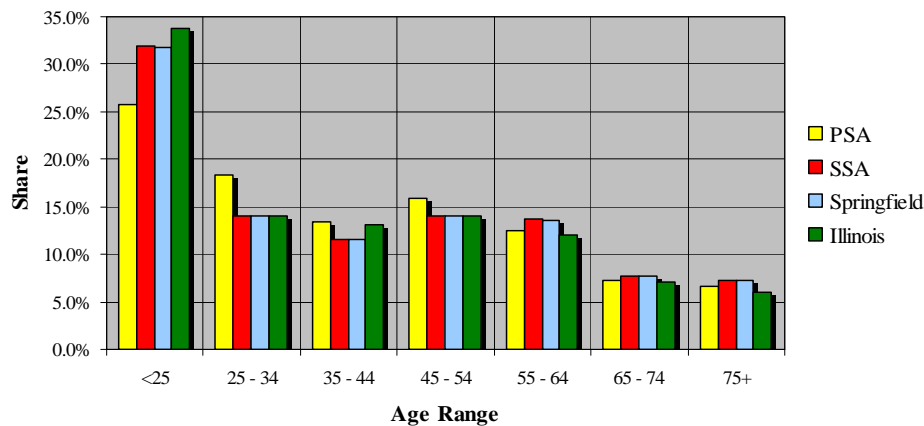
Demographic Highlights



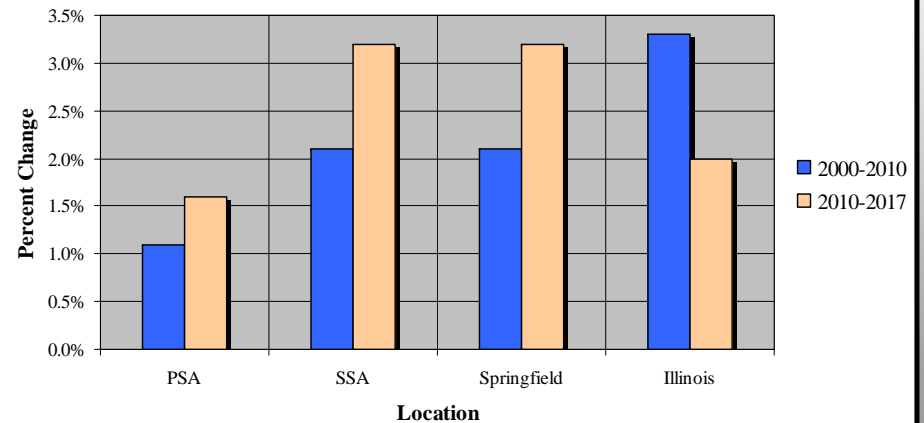
Primary Study Area (Downtown) Population Trends

- Minimal population growth (1.1%) since 2000; Similar growth rate (1.2%) projected from 2012 to 2107 (~half the City rate)
- Largest PSA share of POP <25 years old, 2nd largest age 25-34
- Smallest PSA share of POP age 75+ & b/w age 65-74
- PSA projected to lose (-4.9%) POP b/w ages 45-54 & (-1.7%) POP < age 25
- PSA projected greatest growth (18.5%) b/w ages 65-74

Population by Age



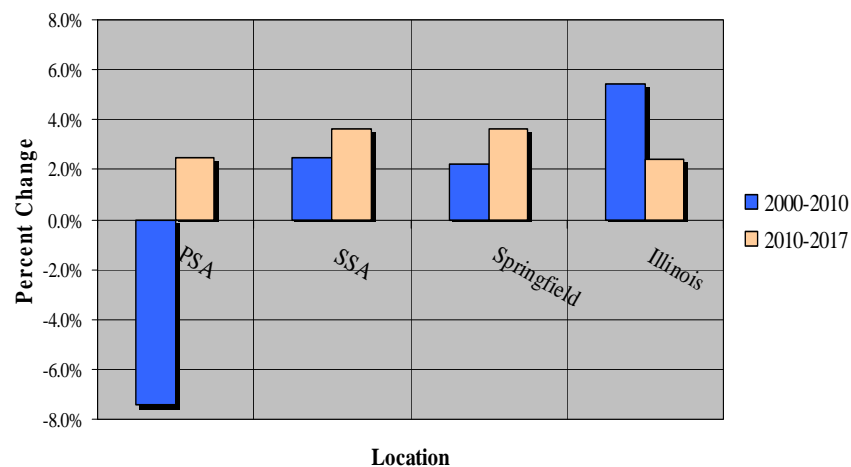
Population Trends



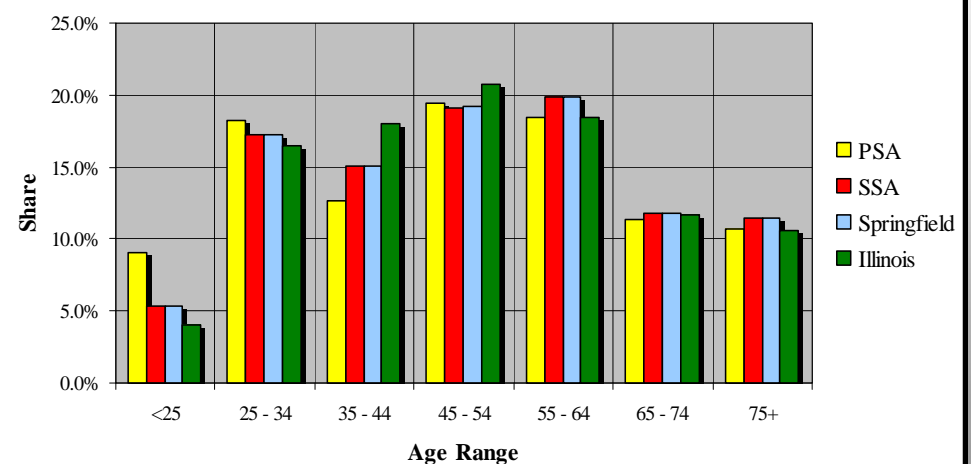
Primary Study Area (Downtown) Household Trends

- PSA has the largest shares of HHs age <35, smallest age 55+
- PSA lost 94 (7.4%) HH b/w 2000-2010, while SSA and City grew
- PSA projected to increase by 24 (2.0%) HH b/w 2012-17 comparable to City but slightly below SSA and City
- Largest HH growth in PSA b/w 2012-17 ages 65-74 (24, 17.8%)
- Largest HH decline in PSA b/w 2012-17 ages 45-54 (-13, -5.0%)

Household Trends



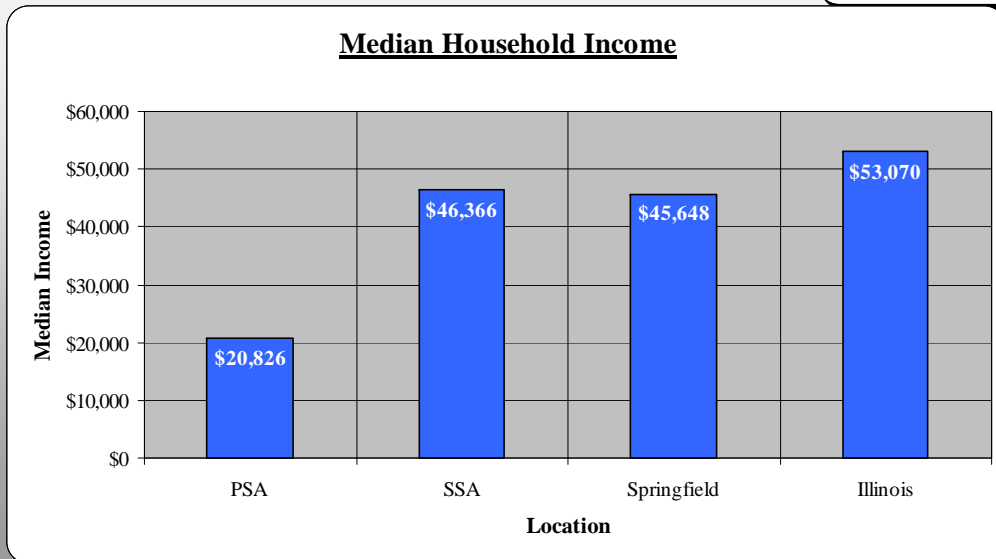
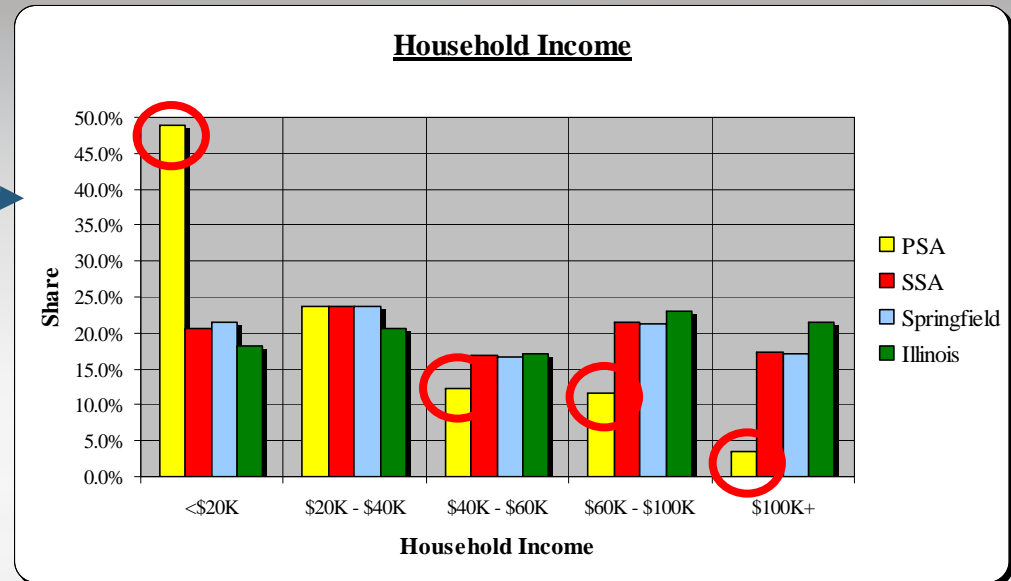
Household Heads By Age



Demographic Highlights

Income Characteristics

Downtown has *highest* share of low-income HHs, but *lowest* share of higher-income (\$40k+) HHs in 2012



Downtown has a significantly lower median HH income, half of SSA, Springfield and Illinois

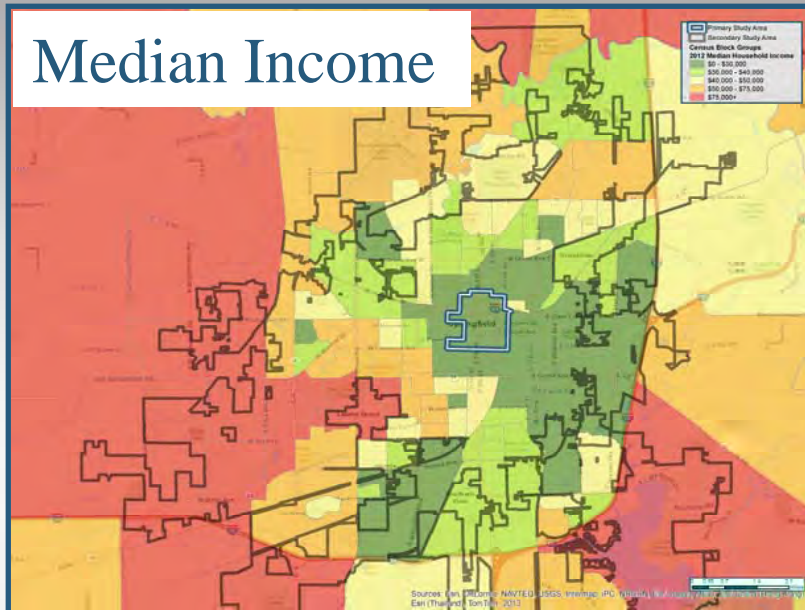
City-Wide Growth Trends (2012-17)

- Springfield projected to grow by 2,571 people (2.2%), primarily among age 55+
- Springfield is projected to increase by 1,342 households, an increase of 2.6% (adding 268 households annually)
- Primary growth (9.2%) will occur among HHs *age 55+*
- Owner HHs to increase by 1,125 (3.5%), renter HHs by 217 (1.1%) – Over 80% of growth will be among *owners*
- Most owner HH growth will be among 1- & 2-person HHs, while most renter HH growth will be among 1-person HHs

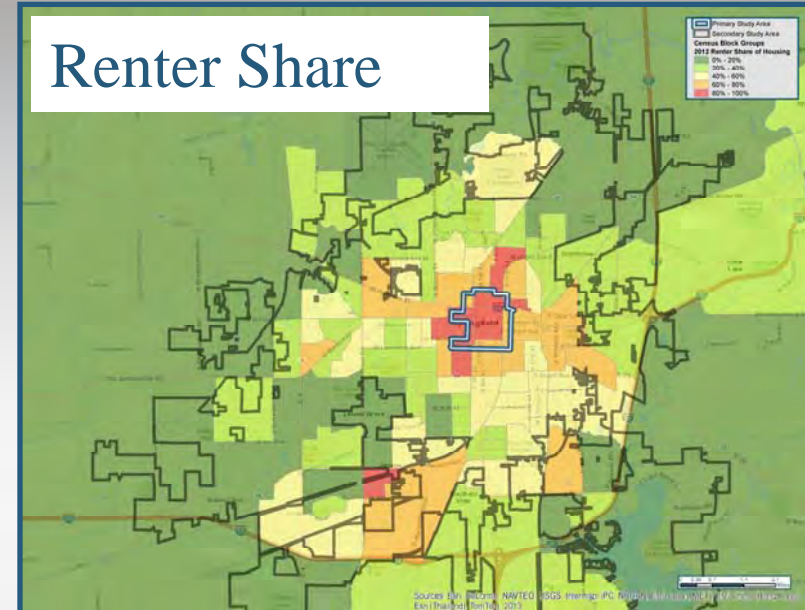
DEMOGRAPHIC GROWTH IN SPRINGFIELD WILL
INCREASE HOUSING DEMAND!

Demographic Highlights

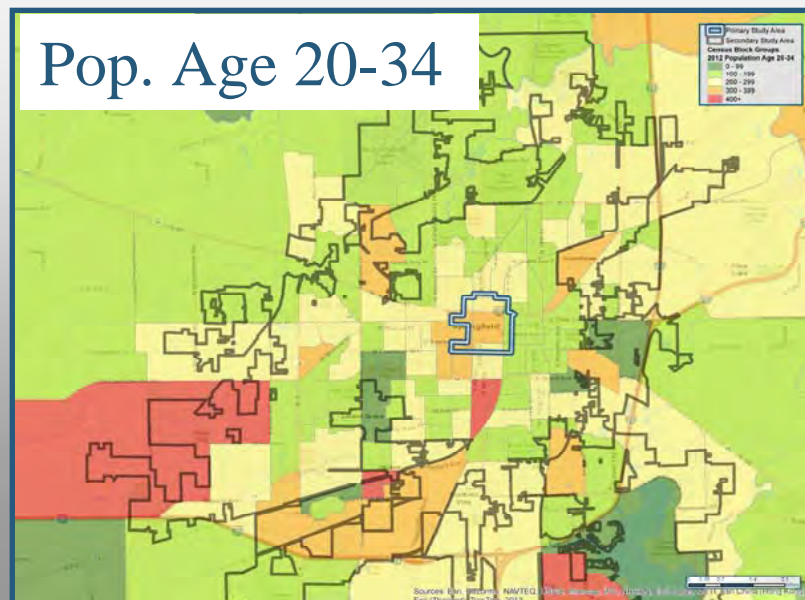
Median Income



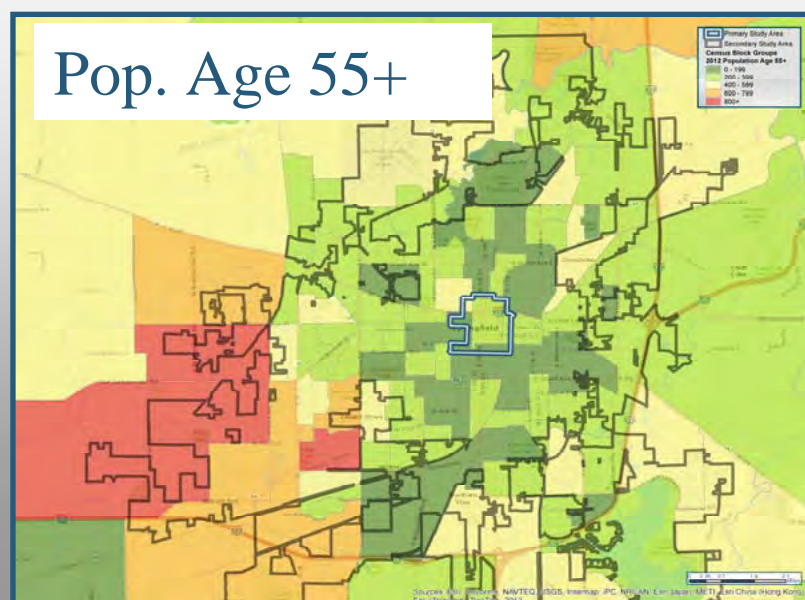
Renter Share



Pop. Age 20-34



Pop. Age 55+



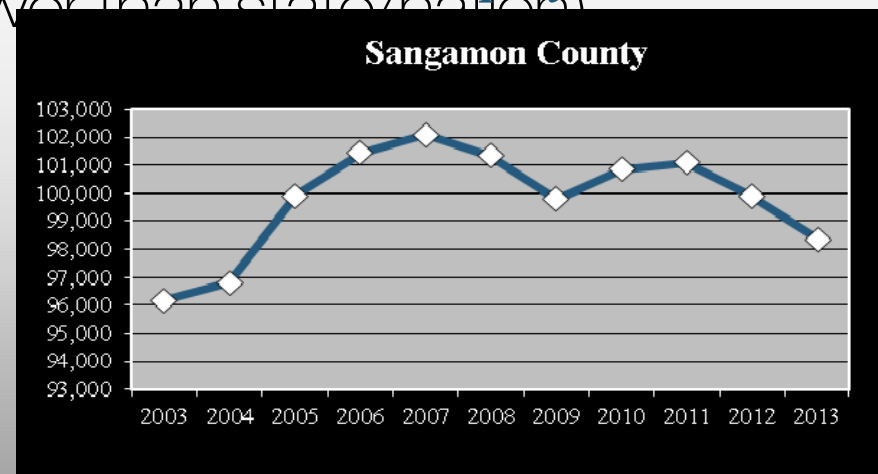
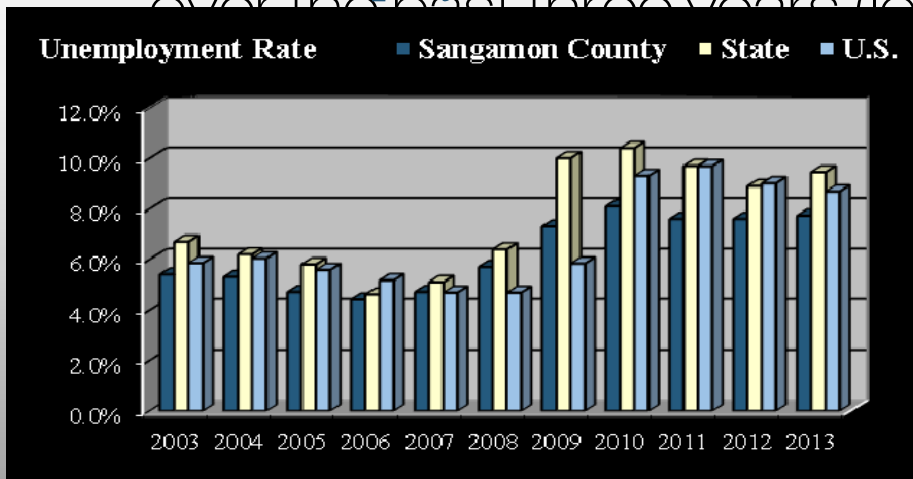
Economic Highlights



- Springfield employment is concentrated in Public Admin. (27.6%), Health Care/Social Asst. (15.7%) & Retail (10.0%)
- Sangamon County lost 2,316 jobs b/w 2007-09, declining 2.3%
- County gained most jobs back by 2011, then lost 2.7% since
- County unemployment rate has remained at around 7.6% over the past three years (lower than state/nation)

Unemployment Rates

Total Employment



Public & Private Sector Economic Development

- Memorial Health Services completion of \$145 million project (three-story patient care tower)
- St. John's Hospital \$162 million in planned expansions
- Springfield Clinic is partnering with Memorial Health Services to develop a 132,000 square foot med. office bldg.
- UIS is planning a new student union for 2015
- 32,000 square-foot grocery store opened downtown
- \$86 million investment by City in road, storm sewer and sidewalk improvements (starts in 2014); another \$60 million in sewer repairs and upgrades are planned
- Moving of railroad lines and development of multimodal facility are planned

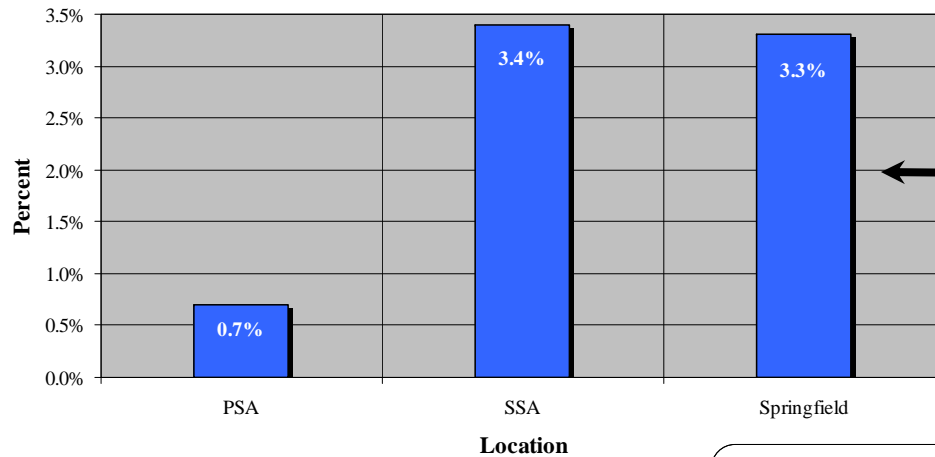
**LARGE INVESTMENT IN ECONOMIC DEVELOPMENT
WILL INCREASE JOB GROWTH & HOUSING DEMAND!**

Housing Supply – Existing Challenges



Substandard Housing

Percent of Overcrowded Households



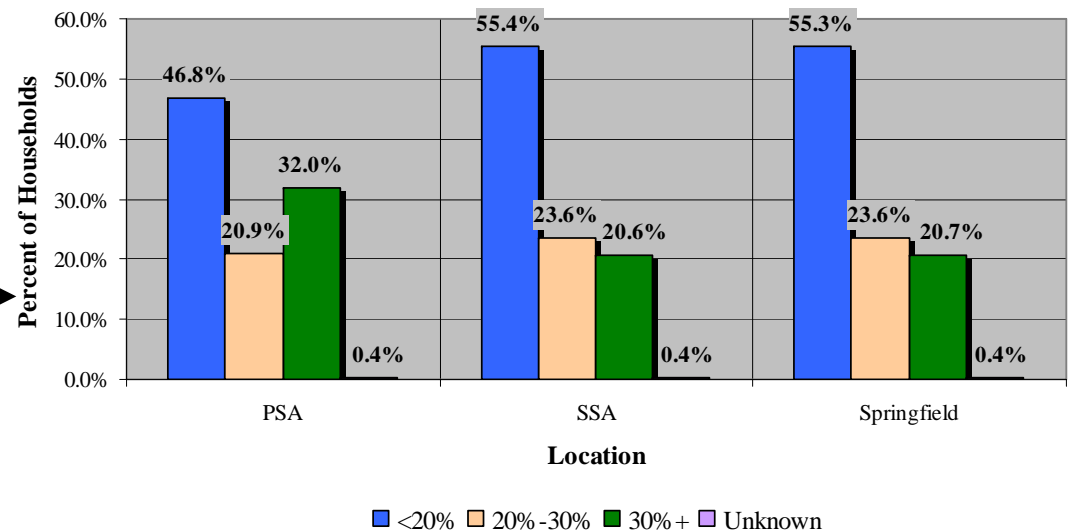
Over 800 (3.3%)
Springfield households live
in *substandard** housing

*Lack complete plumbing or are
overcrowded

Nearly 15,000 (30.0%)
Springfield households
(renters & owners) are
*cost burdened**

*Pay over 30% of income
towards housing costs

Renter-Occupied Housing by Percent of Income Paid Towards Rent



Housing Supply – Rental (Apartments)



- Springfield: 45 projects w/ 5,240 units only 228 vacancies
- Excluding Tax Credit product, all segments 94.0%+ occupancy, no apparent weaknesses
- Subsidized housing market is very strong: 100% occupancy
- Housing Choice Voucher wait list: 3,100 people

Project Type	Projects Surveyed	Total Units	Vacant Units	Occupancy Rate
Market-rate	25	2,851	172	94.0%
Market-rate/Tax Credit	2	155	3	99.1%
Market-rate/Government-Subsidized	1	293	0	100.0%
Market-rate/Tax Credit/Government-Subsidized	1	67	0	100.0%
Tax Credit	4	447	53	88.1%
Tax Credit/Government-Subsidized	2	191	0	100.0%
Government-Subsidized	10	1,236	0	100.0%
TOTAL	45	5,240	228	95.6%

Housing Supply – Rental (Apartments)

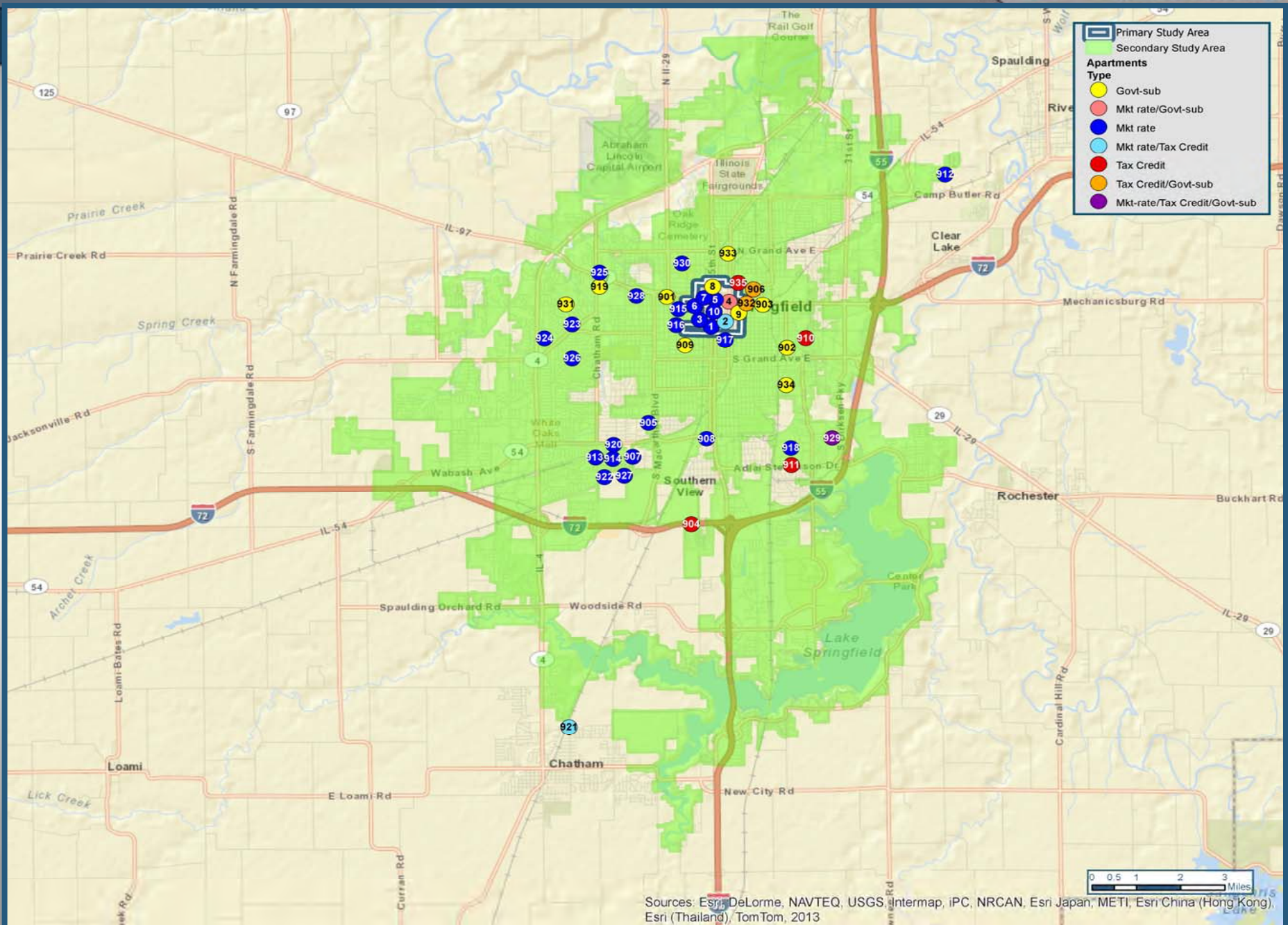


- Overall City's rental housing market is strong, 95.6% occupied
- Nearly **one-fourth** of surveyed units are in downtown
- PSA (downtown) has rental occupancy at 99.3% - **Only 9 vacant units identified downtown**

Overall Market Performance by Area

Rental Housing	PSA	SSA	Total
Projects	10	35	45
Total Units	1,307	3,933	5,240
Vacant Units	9	219	228
Occupancy Rate	99.3%	94.4%	95.6%

Housing Supply – Rental (Apartments)



Housing Supply – Rental (Apartments)



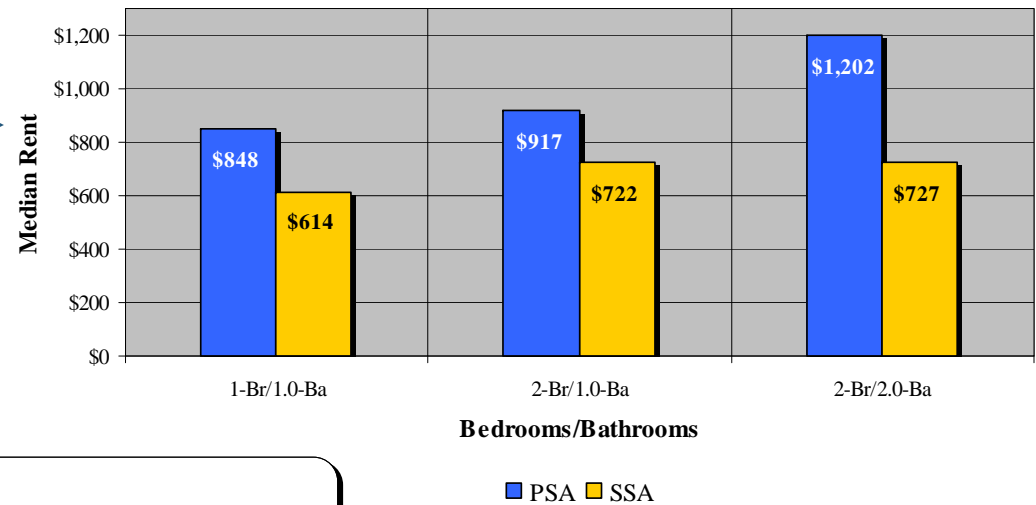
Market-rate Median Gross Rent Comparison

Bedroom/Bath		Primary Study Area (Downtown)			Secondary Study Area (Balance of Springfield)		
Bedroom	Baths	Units	Percent Vacant	Median Rent	Units	Percent Vacant	Median Rent
Studio	1.0	54	3.7%	\$450	22	0.0%	\$452
One-Bedroom	1.0	266	1.1%	\$848	566	3.7%	\$614
One-Bedroom	1.5	6	0.0%	\$1,200	0	-	-
Two-Bedroom	1.0	58	0.0%	\$917	548	4.4%	\$722
Two-Bedroom	1.5	48	0.0%	\$1,148	560	2.5%	\$793
Two-Bedroom	2.0	75	2.7%	\$1,202	332	6.0%	\$727
Two-Bedroom	2.5	0	-	-	184	43.5%	\$580
Three-Bedroom	1.5	11	0.0%	\$985	0	-	-
Three-Bedroom	2.0	1	0.0%	\$1,653	148	2.7%	\$1,004
Three-Bedroom	3.0	10	20.0%	\$1,553	0	-	-
Four-Bedroom	2.0	0	-	-	6	0.0%	\$994
Total Market-rate		529	1.7%	-	2,366	6.9%	-

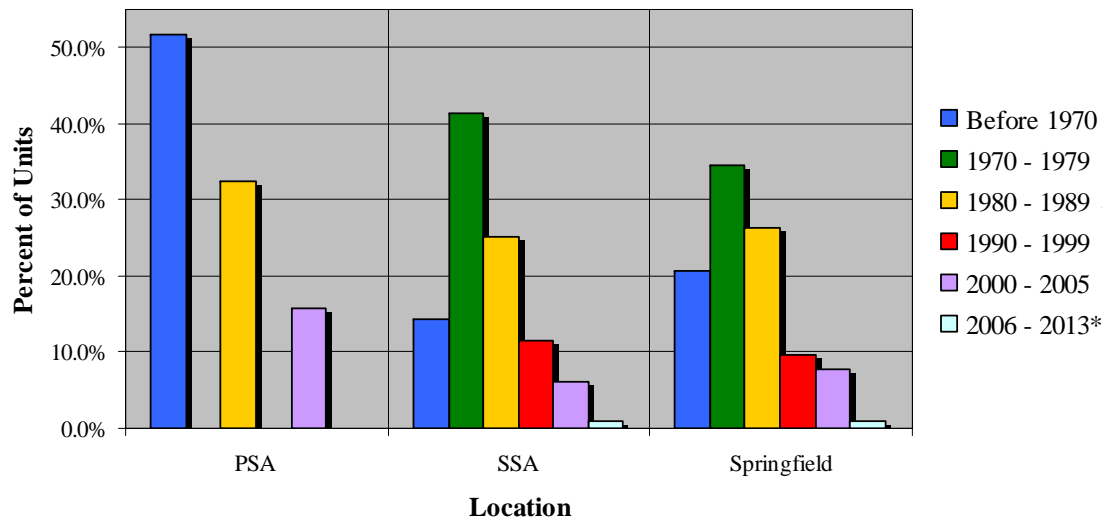
Housing Supply – Rental (Apartments)

Generally, PSA (downtown) market-rate rents are 25%+ greater than SSA

Market-rate Median Gross Rent



Rental Housing by Year Built



More than half of PSA rental housing built pre-1970

Housing Supply – Rental (Apartments)



Tax Credit, Non-Subsidized Median Gross Rent Comparison

Bedroom/Bath		Primary Study Area (Downtown)			Secondary Study Area (Balance of Springfield)		
Bedroom	Baths	Units	Percent Vacant	Median Rent	Units	Percent Vacant	Median Rent
Studio	1.0	0	-	\$422	0	-	-
One-Bedroom	1.0	63	0.0%	\$737	68	2.9%	\$641
Two-Bedroom	1.0	9	0.0%	\$936	155	3.9%	\$787
Two-Bedroom	2.0	0	-	-	243	13.6%	\$681
Three-Bedroom	1.5	0	-	-	41	0.0%	\$964
Three-Bedroom	2.0	0	-	-	84	8.3%	\$930
Four-Bedroom	2.0	0	-	-	40	20.0%	\$1,011
Total Tax Credit		75	0.0%	-	631	8.9%	-

Housing Supply – Rental (Apartments)



Distribution of Unit Amenities						
Unit Amenities	PSA		SSA		Springfield	
	Units	%	Units	%	Units	%
Stove Range	604	100.0%	2,997	100.0%	3,601	100.0%
Refrigerator	604	100.0%	2,997	100.0%	3,601	100.0%
Dishwasher	398	65.9%	2,421	80.1%	2,819	78.3%
Disposal	307	50.8%	1,931	64.4%	2,238	62.1%
Microwave	296	49.0%	1,158	38.6%	1,454	40.4%
AC-Central	413	68.4%	2,740	91.4%	3,153	87.6%
AC-Window	191	31.6%	257	8.6%	448	12.4%
Floor Covering	604	100.0%	2,997	100.0%	3,601	100.0%
Window Treatments	504	83.4%	2,683	89.5%	3,187	88.5%
Washer/Dryer	115	19.0%	500	16.7%	615	17.1%
Washer/Dryer Hookups	206	34.1%	2,060	68.7%	2,266	62.9%
Patio/Balcony	192	31.8%	1,606	53.6%	1,798	49.9%
Ceiling Fans	498	82.5%	1,802	60.1%	2,300	63.9%

Housing Supply – Rental (Apartments)



Distribution of Project Amenities

Project Amenities	PSA		SSA		Springfield	
	Units	%	Units	%	Units	%
Pool	94	15.6%	1,799	60.0%	1,893	52.6%
On-Site Management	583	96.5%	1,702	56.8%	2,285	63.5%
Laundry	489	81.0%	2,036	67.9%	2,525	70.1%
Club House	192	31.8%	794	26.6%	986	27.4%
Meeting Room	95	15.7%	37	1.2%	132	3.7%
Fitness Center	287	47.5%	468	15.6%	755	21.0%
Jacuzzi/Sauna	0	0.0%	322	10.7%	322	8.9%
Playground	0	0.0%	1,653	55.2%	1,653	45.9%
Sports Court	0	0.0%	878	29.3%	878	24.4%
Storage	0	0.0%	220	7.3%	220	6.1%
Elevator	489	81.0%	197	6.6%	686	19.1%
Picnic Area	203	33.6%	1,437	47.9%	1,640	45.5%

Housing Supply – Rental (Apartments)



Square Foot Comparison						
Bedroom Type	PSA			SSA		
	Low	Med.	High	Low	Med.	High
Studio	341	420	540	320	410	500
One-Br.	460	700	1,200	510	653	1,073
Two-Br.	780	950	1,250	628	900	1,267
Three-Br.	1,150	1,500	1,650	1,064	1,160	1,321

Average Gross Rent Per-Square-Foot Comparison				
Bedroom Type	PSA		SSA	
	Garden	TH	Garden	TH
Studio	\$1.08	-	\$1.26	
One-Br.	\$1.10	-	\$0.94	-
Two-Br.	\$1.11	\$1.02	\$0.79	\$0.66
Three-Br.	\$1.03	\$0.86	\$0.85	\$0.74

TH - Townhouse

Housing Gap Estimates - Rental



- Methodology considered household growth, units for balanced market, substandard housing, and demolitions; Conducted by income level
- Rental housing demand for at least 38 to 325 new *downtown* units by 2017

2012 - 2017 Rental Demand Potential by Income Level & Rent Springfield, Illinois Primary Study Area

Household Income Range	Less Than \$25,000	\$25,000 - \$40,000	\$40,000+
Rent Affordability	Less Than \$625	\$625 - \$1,000	\$1,000+
New Income-Qualified Renter Household	-455	-113	785
Units Needed for Balanced Market	450	-145	-211
Total Replacement Housing Needed by 2017	6,498	1,271	189
Total Targeted Units Needed by 2017	6,493	1,013	763
Multiplied by Potential Capture Rate	5% - 10%	5% - 10%	5% - 10%
Total Site Specific Units of Support	325 - 649	51 - 101	38 - 76

Housing Supply – For-sale (Historical)



- Annual homes sales **increased** over past three years
- Annual median homes sale **prices are stable** (\$120k-\$122k)
- Annual average **days on market are stable** (78 to 85)

Sales History by Year Sold – (Sold: January 4, 2010 to September 19, 2013)

Year Sold	Number Sold	Median Sales Price	Average Days on Market
2010	1,324	\$120,000	78
2011	1,252	\$120,000	85
2012	1,461	\$121,000	80
2013	1,101 (1,536*)	\$122,000	81
Total	5,138	\$122,000	81

*Projected year-end total (based on 1,101 units sold through 9/19/13)

Housing Supply – For-sale (Historical)



Sales History by Year Built – (Sold: January 4, 2010 to September 19, 2013)

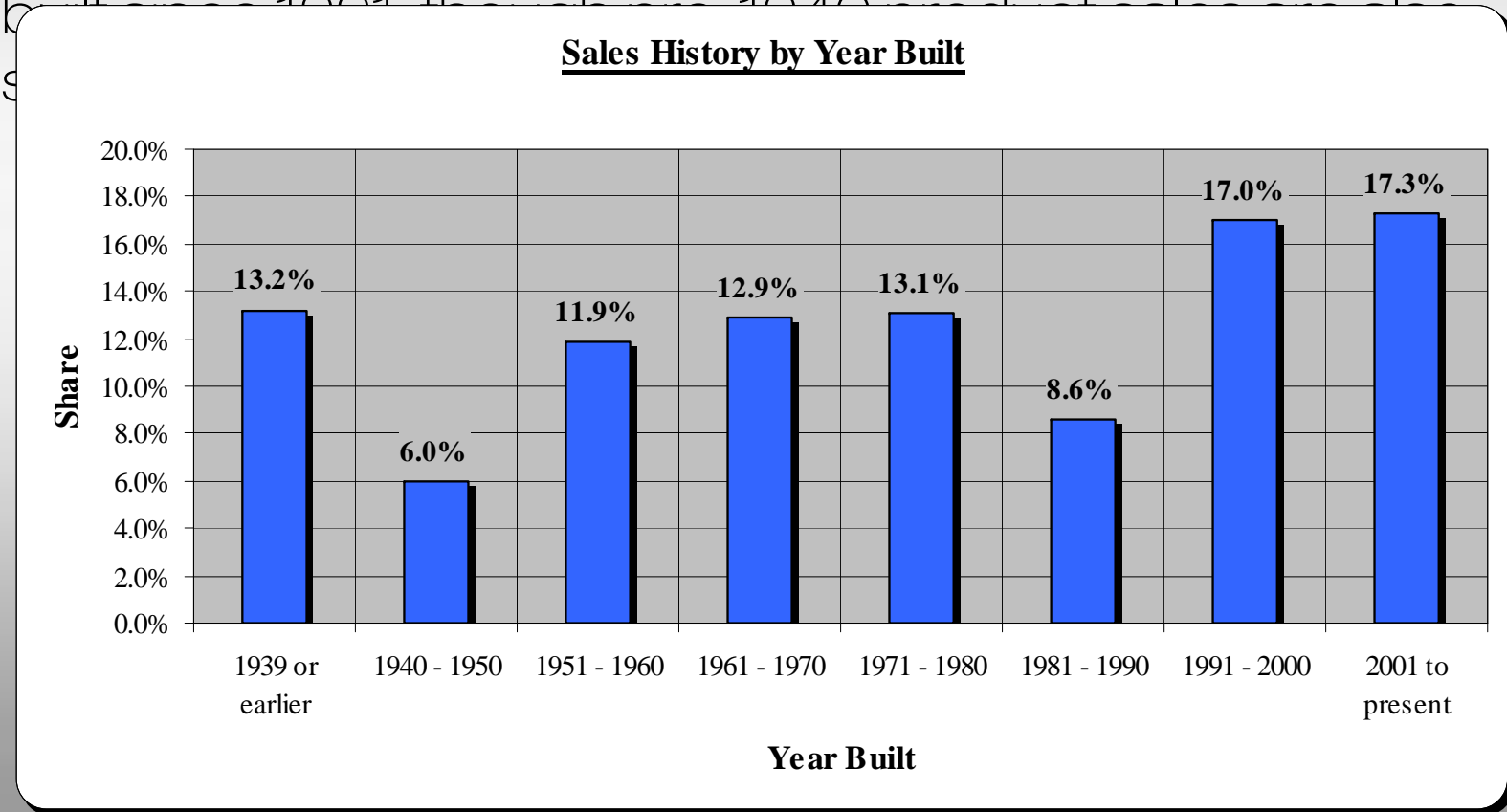
Year Built	Units Sold	Average Beds/Baths	Avg. Sq. Ft.	Price Range	Median Sales Price	Avg. DOM
Prior to 1940	679	3/1.5	1,545	\$2,500 - \$575,000	\$58,000	90
1940 to 1950	309	3/1.5	1,394	\$5,000 - \$628,000	\$69,900	71
1951 to 1960	613	3/1.5	1,399	\$2,500 - \$569,000	\$70,200	81
1961 to 1970	663	3/1.75	1,718	\$4,911 - \$615,000	\$108,000	77
1971 to 1980	671	3/2.0	1,842	\$10,200 - \$720,000	\$116,000	79
1981 to 1990	440	3/2.25	2,035	\$25,000 - \$595,000	\$137,250	83
1991 to 2000	875	3/2.5	2,424	\$10,150 - \$1,283,600	\$166,000	72
2001 to 2013	888	3/2.75	2,697	\$6,900 - \$965,000	\$220,000	90
Total	5,138	3/2.0	1,970	\$2,500 - \$1,283,600	\$122,000	81

- Newer product **priced notably higher, is larger, and offers more bedrooms**
- Days on Market (DOM) is generally low and comparable w/ each other, regardless of age

Housing Supply – For-sale (Historical)



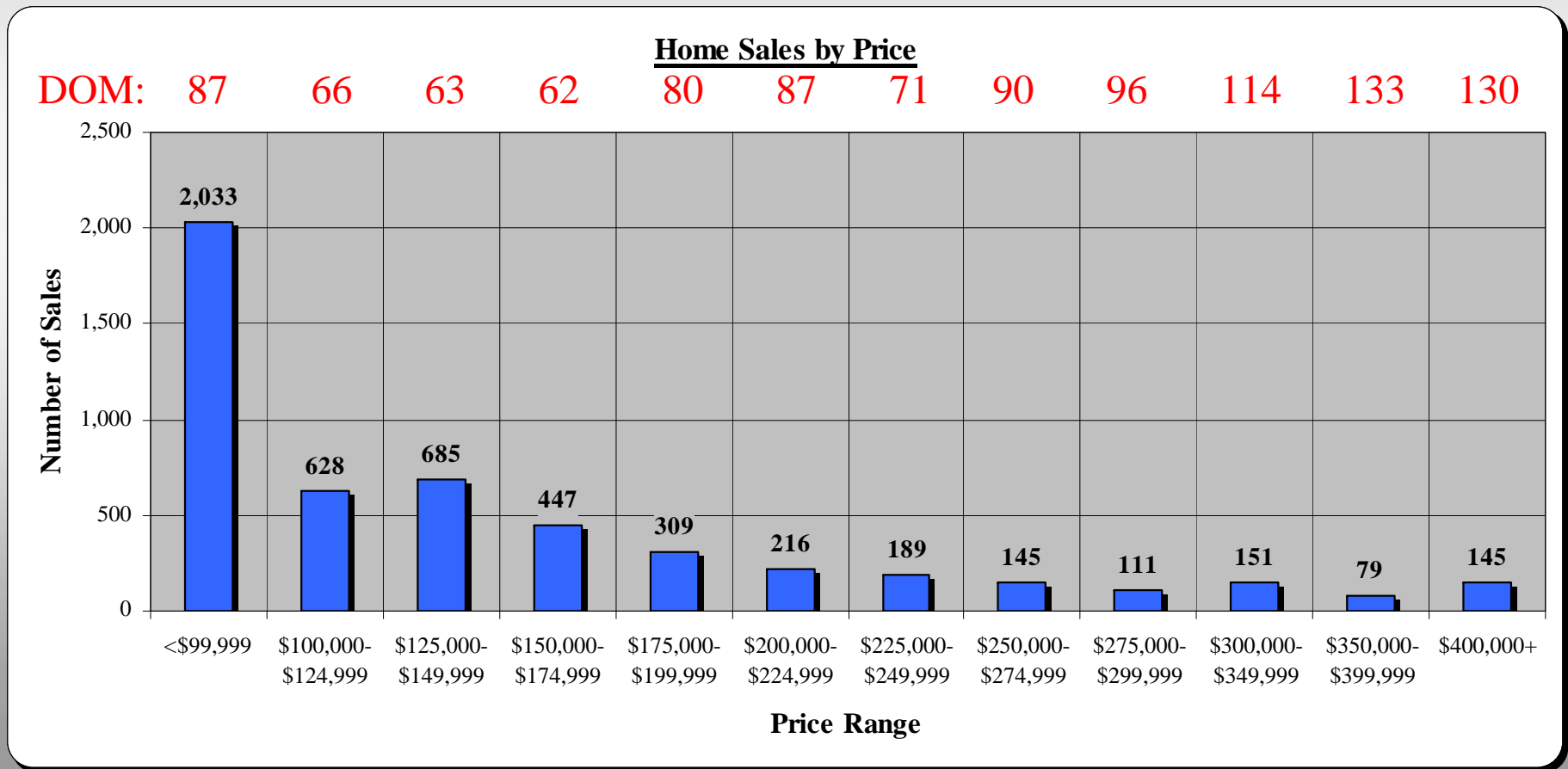
- Most historical sales by year built range b/w 11.9% -17.3%, representing both an well-balanced supply and demand by age
- Greatest share/number of homes sold since 2010 were



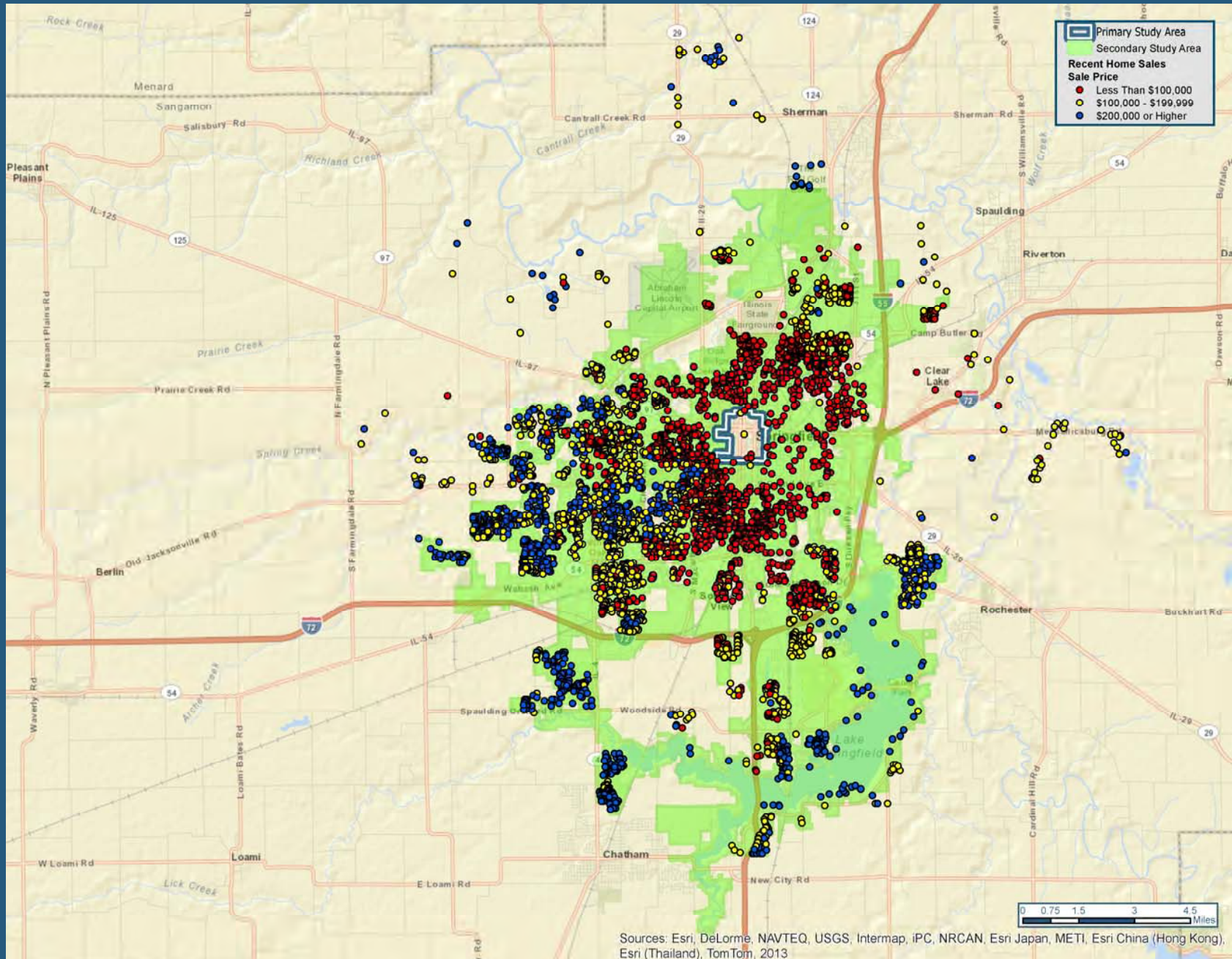
Housing Supply – For-sale (Historical)



- Nearly 40% of homes sold since 2010 were priced below \$100,000 & two-thirds was priced below \$150,000
- Higher priced product (\$300k+) takes longer to sale



Housing Supply – For-sale (Historical)



Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, iPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

Housing Supply – For-sale (Available)



- Well balanced inventory of available product
- Notable increase in size, bathrooms and pricing for four-bedroom or larger

Available For-Sale Housing Supply by Bedrooms (As of September 19, 2013)

Bedrooms	Units Listed	Avg. Baths	Avg. Sq. Ft.	Avg. Year Built	Price Range	Median List Price	Median Price Sq. Ft.	Avg. DOM
One-Br.	3	1.0	744	1954	\$30,000 - \$55,000	\$33,685	\$45.28	67
Two-Br.	155	1.25	1,212	1955	\$15,000 - \$575,000	\$69,900	\$57.67	114
Three-Br.	295	1.75	1,696	1969	\$4,320 - \$425,000	\$111,900	\$65.98	107
Four-Br.	130	2.75	3,037	1974	\$24,000 - \$1,300,000	\$224,900	\$74.05	111
Five-Br.+	43	4.0	4,789	1983	\$29,000 - \$1,246,765	\$469,900	\$98.12	143
Total	626	-	2,062	1968	\$4,320 - \$1,300,000	\$109,900	\$53.30	112

Housing Supply – For-sale (Available)



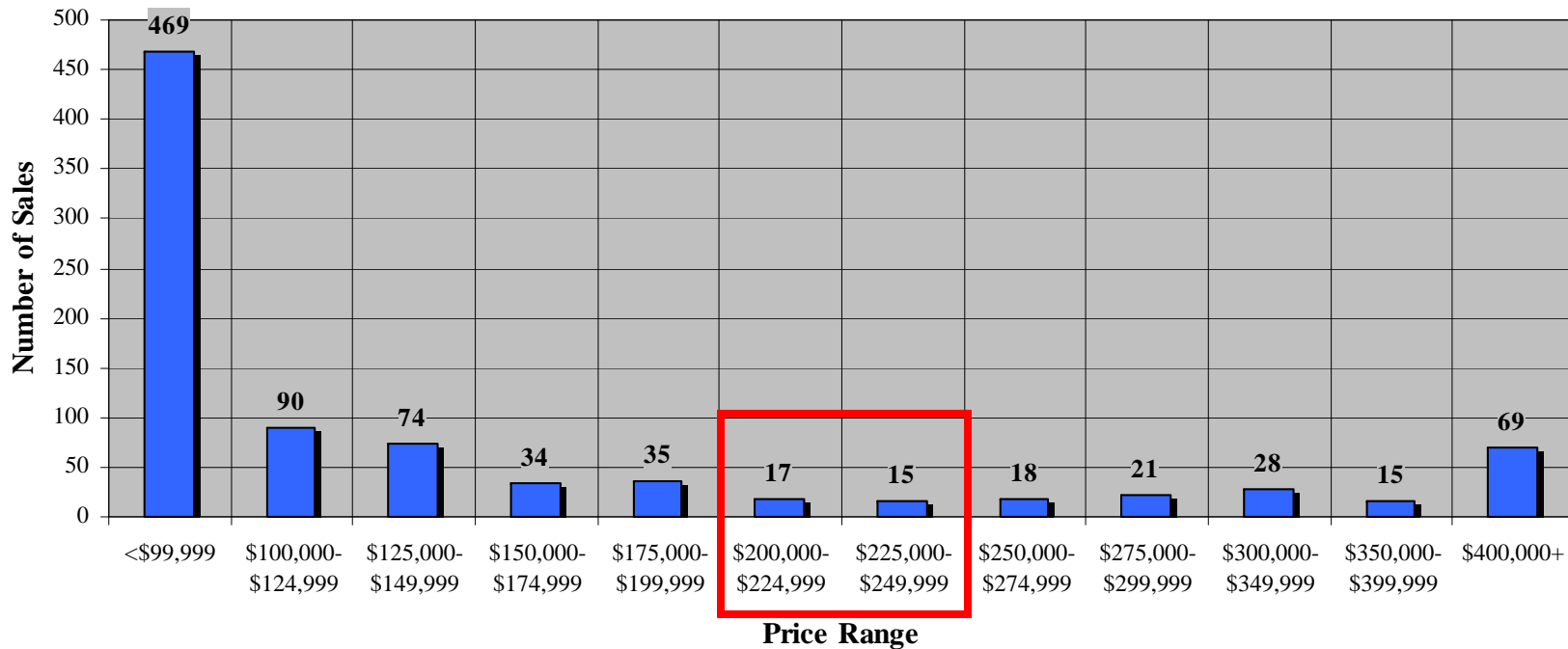
Available For-Sale Housing Supply by Price (As of September 19, 2013)

List Price	Number of Homes	Percent of Supply	Average Days on Market
Up to \$99,999	469	53.0%	124
\$100,000 to \$124,999	90	10.2%	93
\$125,000 to \$149,999	74	8.4%	78
\$150,000 to \$174,999	34	3.8%	98
\$175,000 to \$199,999	35	3.9%	135
\$200,000 to \$224,999	17	1.9%	99
\$225,000 to \$249,999	15	1.7%	69
\$250,000 to \$274,999	18	2.0%	115
\$275,000 to \$299,999	21	2.4%	97
\$300,000 to \$349,999	28	3.2%	102
\$350,000 to \$399,999	15	1.7%	185
\$400,000+	69	7.8%	159
Total	885	100.0%	117

Housing Supply – For-sale (Available)



Active For-Sale Housing by Price



- Large inventory of available units priced <\$100k, few options priced \$200k to \$250k

Housing Supply – For-sale (Available)

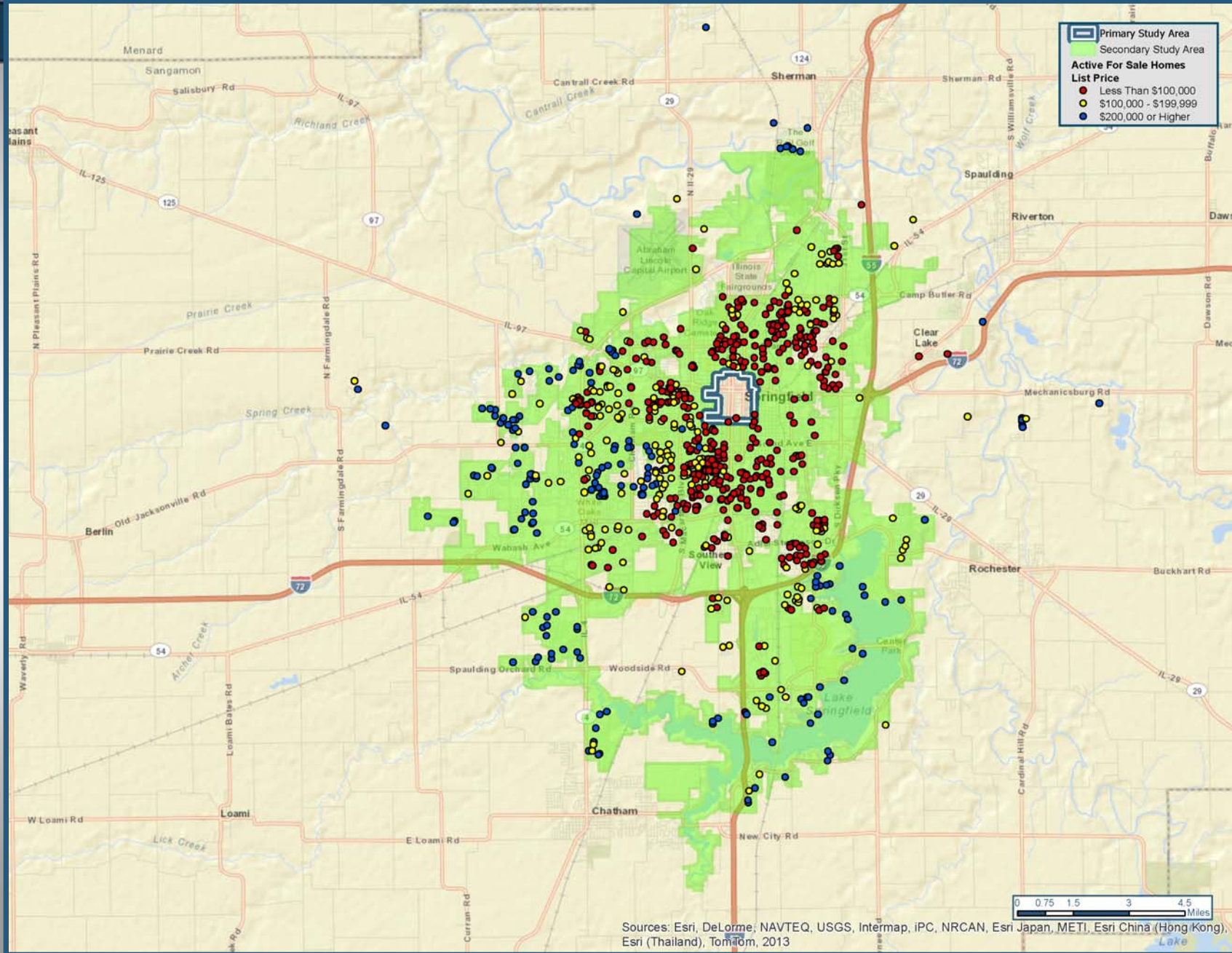


- **Newest** product (built since 2010) has median pricing more than double the overall market's median price.

Available For-Sale Housing Supply – NEW (Built 2010 and later)

Bedrooms	Units Listed	Avg. Baths	Avg. Sq. Ft.	Price Range	Median List Price	Median Price Per sq. ft.	Avg. DOM
Two-Br.	2	2.0	1,600	\$64,900 - \$289,900	\$177,400	\$110.88	146
Three-Br.	14	2.0	1,994	\$120,000 - \$425,000	\$286,434	\$143.65	52
Four-Br.	6	3.25	3,707	\$275,000 - \$749,000	\$396,200	\$106.88	311
Five-Br.	3	4.25	4,446	\$349,900 - \$789,000	\$379,000	\$85.25	85
Total	25	-	2,668	\$64,900 - \$789,000	\$301,556	\$113.03	126

Housing Supply – For-sale (available)



Sources: Esri, DeLorme, NAVTEQ, USGS, Intermap, IPC, NRCAN, Esri Japan, METI, Esri China (Hong Kong), Esri (Thailand), TomTom, 2013

Housing Gap Estimates – For-sale



- Methodology considered HH growth, units for balanced market, substandard housing, and demolitions; Conducted by income level
- Overall housing demand for up to 56 new downtown units by 2017
- **Note: Demand estimates represent *potential* units by 2017 (would assume all product types, prices and locations)**

**2012 - 2017 For-Sale Housing Demand by Income Level & Price Pointe
Springfield, Illinois Primary Study Area**

Household Income Range →	< \$30k	\$30k- \$60k	\$60k+
Housing Price Affordability →	<\$100k	\$100k- \$200k	\$200k+
New Owner-Occupied Household Growth (2012 to 2017)	-517	-277	1,919
Housing Units Needed for Balanced Market	-198	147	478
Total Replacement Housing Needed by 2017	322	213	0
Total Potential Units Needed by 2017	-393	83	2,397
Multiplied by Potential Capture Rate	X 10%	X 10%	X 2%
Total Site Specific Units of Support	0	8	48

Special Care Senior Housing - Overview



- Excluding nursing homes, senior care occupancy rates are 97.0%+
- Senior household segment fastest projected growth in City
- Projected demand for ~90 beds of Assist. Living and _____ units Independent Living or Congregate Care

Facility Type	Springfield, IL			North Central U.S. Occupancy Rate*	National Occupancy Rate*
	Facilities Surveyed	Total Units/Beds	Occupancy Rates		
Independent	1	33	97.0%	88.4%	87.9%
Congregate Care	1	94	97.9%	88.4%	87.9%
Assisted Living	5	255	97.6%	91.7%	90.9%
Nursing Care	5	611	87.4%	87.6%	89.0%

*Source: American Seniors Housing Assn. *The State of Seniors Housing 2011*. North Central U.S. includes Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Nebraska, South Dakota and North Dakota.

College Student Housing Potential - Overview



- ~14,750 college/medical/nursing school students attending Springfield schools; Large base of potential renters
- **NO** housing specifically serving higher education students
- High rental occupancy rates indicate **limited** options for traditional students
- New Student Housing Development Potential (Downtown):
 - Up to 160 beds serving all student segments of all schools
 - 40 beds serving graduate students
 - 40 beds serving undergraduate students
 - 46 beds serving medical/nursing school students

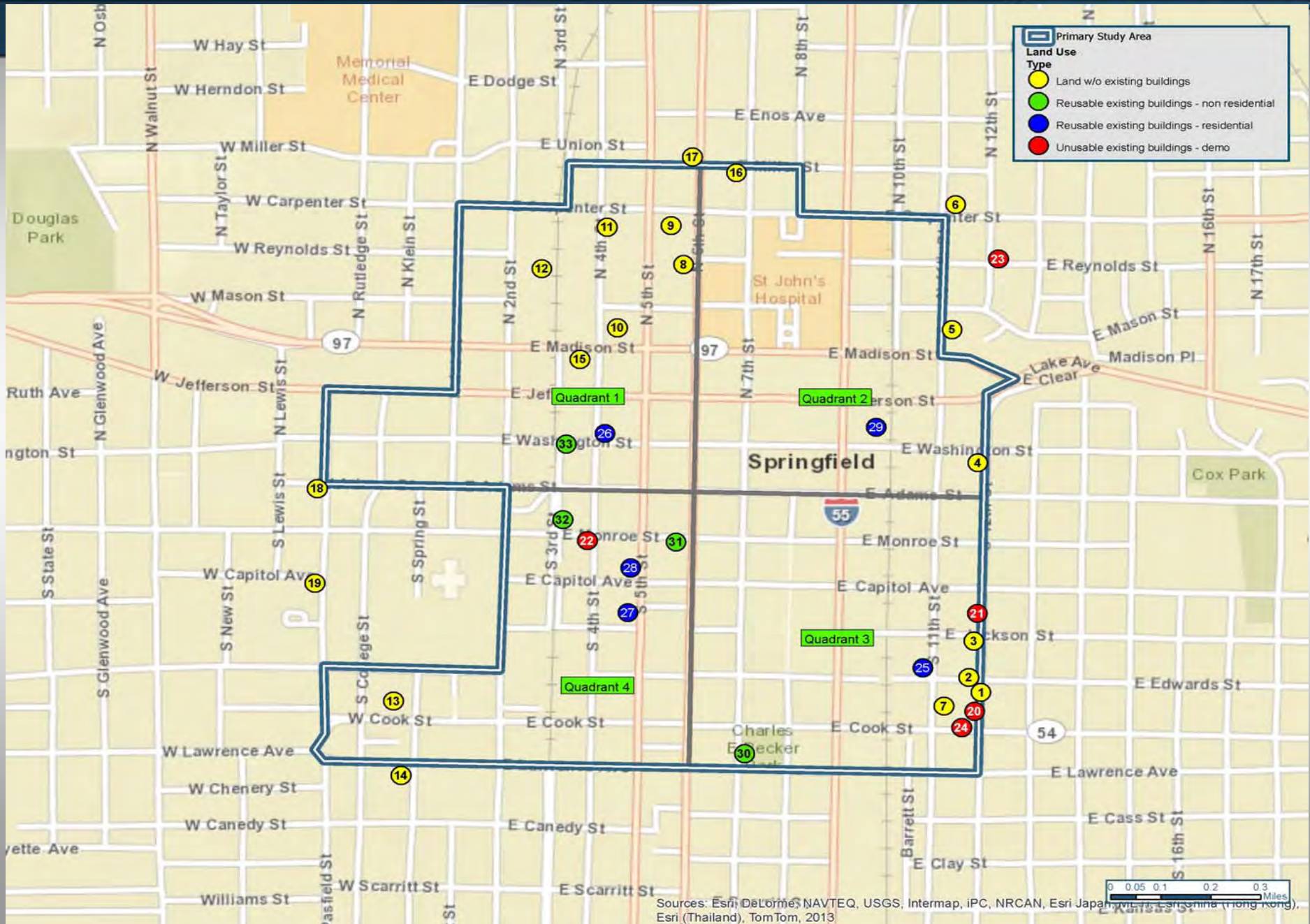
Note: To meet development potential, developers will have to establish relationships with institutions of higher learning

Downtown Springfield Residential Development Capacity

- Identified 33 properties that represent potential sites for residential development in downtown Springfield
 - 1,381,000 square feet (32 acres) of land and 319,000 square feet of existing structures
 - Capacity* to develop approximately 1,700 residential units
 - Development capacity* by downtown quadrant
 - 503 units in Quadrant 1 (Northwest)
 - 431 units in Quadrant 2 (Northeast)
 - 327 units in Quadrant 3 (Southeast)
 - 439 units in Quadrant 4 (Southwest)

*Capacity could be higher if multiple floors/stories are developed

Housing Development Opportunities/Locations



Housing product Considerations

- Support development of housing product that appeals to young adults/professionals (downtown rental & for-sale housing)
- Support development of student-oriented housing
- Support development of senior housing to meet projected senior household growth; Variety of product will be needed
- Support efforts to provide rental housing to those most economic vulnerable (e.g. low-income, homeless, & disabled)
- Support affordable workforce housing for downtown employees
- Support construction of higher-end (\$200k+) for-sale housing
- Ideal product should primarily consist of one- & two-bedrooms

Overall Housing Planning Strategies

- Adopt a **balanced** housing development approach, stressing **diversity** of housing development alternatives
- Support **residential projects** that are complimentary to downtown (*Current*: government, medical, & commercial/retail uses; *Planned*: multi-modal facility)
- Support housing intended to **retain and attract** target markets such as young professionals, college interns, lobbyist, corporate executives, seniors (active seniors, empty nesters & frail elderly), etc.
- Housing planning strategies should be **coordinated** with economic development initiatives for mutual and maximized benefits

Contact Information



Patrick M. Bowen

Bowen National Research

155 E. Columbus St., Suite 220

Pickerington, Ohio 43147

Phone: 614-833-9300

E-Mail: patrickb@bowennational.com