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Residential Market Analysis Across the Urban-to-Rural Transect

EXECUTIVE SUMMARY
AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

The Northeast Indiana Region (Excluding Allen County)
*Adams, DeKalb, Huntington, Kosciusko, LaGrange, Noble, Steuben,
Wabash, Wells, and Whitley Counties, Indiana*

March, 2019

This study determined the market potential for new rental and for-sale housing units that could be developed within 10 of the 11 counties of the Northeast Indiana region over the next five years. The 10 counties include Adams, DeKalb, Huntington, Kosciusko, LaGrange, Noble, Steuben, Wabash, Wells, and Whitley Counties. Allen County has been excluded because it is the home of Fort Wayne, the second-largest city in the State of Indiana, and a market unto itself.

SUMMARY OF FINDINGS

- An annual average of 20,890 households of all incomes comprise the market potential for new and existing dwelling units over the next five years.
 - Grouped by lifestage, those households include:
 - Traditional and non-traditional families (45 percent);
 - Younger singles and childless couples (31 percent); and
 - Empty nesters and retirees (24 percent).
 - On a regional basis, multi-family rental housing accounts for 52 percent of the overall market's housing propensities, multi-family for-sale units (condominiums) represent less than three percent, single--family attached units (townhouses/duplexes) comprise six percent, and single-family detached houses make up nearly 40 percent.
 - Because of the challenges associated with developing new rental units affordable to households with annual incomes less than \$12,850 to \$25,100 (30 percent of the area median income, AMI, for one- to four-person households); with condominium construction in general; and with new single-family attached and detached housing units affordable to households with incomes less than \$34,200 to \$48,800 (less than 80 percent of the AMI), these households have not been included in the detailed analysis.
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- A total of 14,829 households remain; multi-family rental housing now accounts for 59.2 percent of the target market's housing preferences, single-family attached units (townhouses/duplexes) represent 5.2 percent, and single-family detached houses comprise the remaining 35.6 percent.
- Based on the tenure preferences and the financial capabilities of the target households, the income-based rents and prices of new construction are shown on the following table:

HOUSING TYPE	RENT/PRICE RANGE	SIZE RANGE	RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT—			
Apartments 30% to 50% AMI	\$450–\$875/month	450–1,100 sf	\$0.75–\$1.17 psf
Apartments 50% to 80% AMI	\$525–\$1,300/month	450–1,200 sf	\$0.73–\$1.89 psf
Apartments Over Retail 80% AMI and up	\$700–\$1,350/month	450–1,000 sf	\$1.35–\$1.56 psf
Apartments 100% AMI and up	\$1,050–\$1,850/month	550–1,500 sf	\$1.23–\$1.91 psf
SINGLE-FAMILY ATTACHED FOR-SALE—			
Townhouses 80% AMI and up	\$165,000–\$245,000	1,100–1,750 sf	\$140–\$150 psf
SINGLE-FAMILY DETACHED FOR-SALE—			
Houses 80% AMI and up	\$195,000–\$275,000	1,200–1,750 sf	\$157–\$163 psf

A capture of between 20 to 25 percent of the annual potential market for new multi-family rentals and townhouses, and between approximately 10 to 15 percent of the annual potential market for new single-family attached and detached for-sale units is achievable in the region and is forecast as follows:

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATE	NUMBER OF NEW UNITS
Multi-Family For-Rent	<u>8,780</u>	20 – 25%	<u>1,755 – 2,195</u>
Apartments 30% to 50% AMI	1,036		207 – 259
Apartments 50% to 80% AMI	1,877		375 – 469
Apts. over Retail 80% AMI and up	1,991		398 – 498
Apartments 100% AMI and up	3,876		775 – 969
Single-Family Attached For-Sale 80% and up AMI	764	20 – 25%	153 – 191
Single-Family Detached For-Sale 80% and up AMI	<u>5,285</u>	10 – 15%	<u>529 – 793</u>
Total	14,829		2,437 – 3,179

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Over five years, and barring the occurrence of a housing or economic recession over the study period, the Northern Indiana region could potentially absorb 8,775 to 10,975 new mixed-income rental units, 765 to 955 new townhouses, and 2,645 to 3,965 new detached houses—a total of 12,185 to 15,895 new housing units.

