

# Fayette Housing Demand Study



---

URBAN PARTNERS

---

# PROJECT SPONSORS



FAYETTE  
COUNTY  
PROPERTY VALUATION  
ADMINISTRATOR

# Project Background

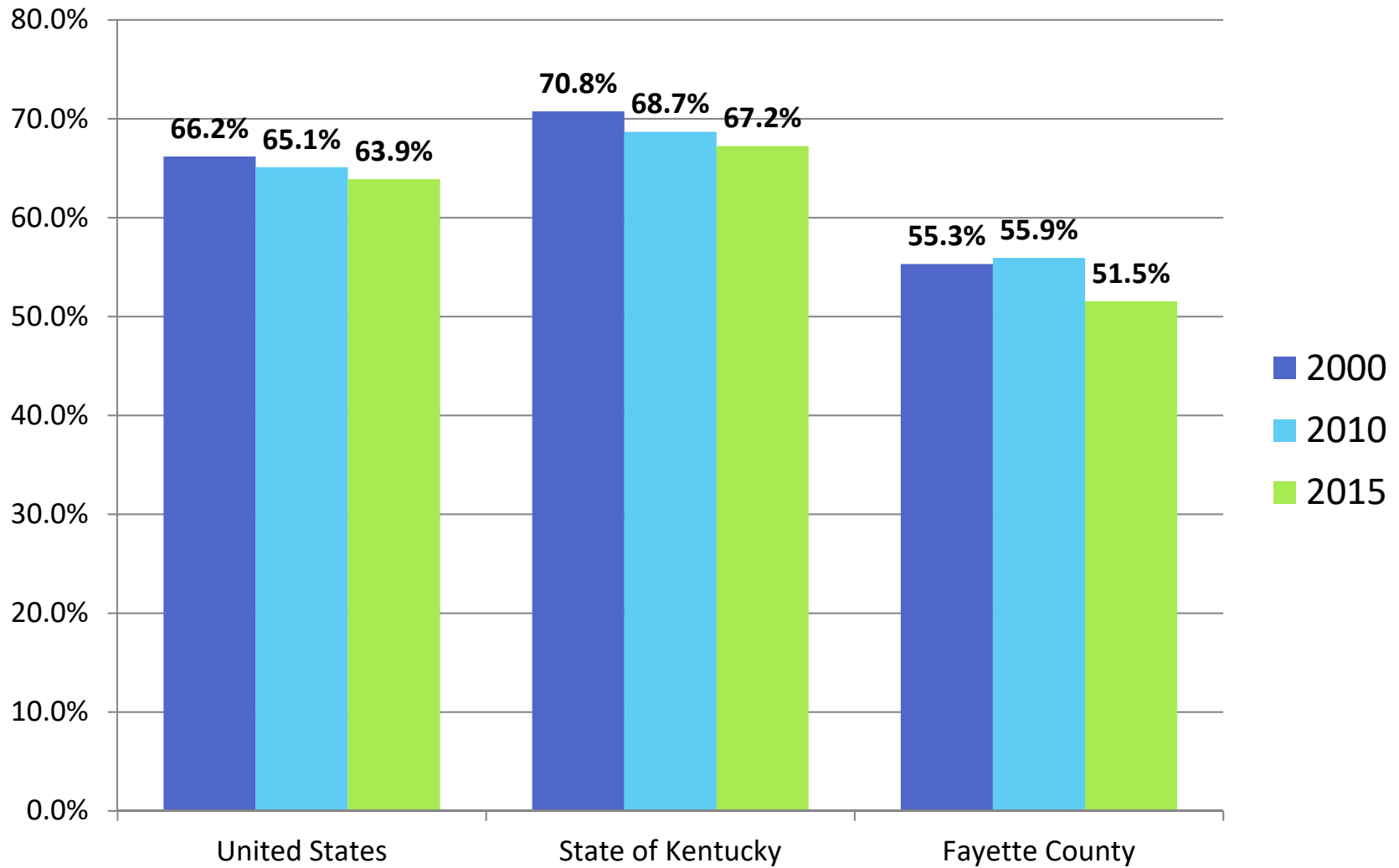
- Purpose of the study:
  - Identify mid-term (next 10 years) **housing demand**.
  - Identify which **housing typologies and locations** demand special attention in order to ensure Lexington's housing market matches the needs of current and future residents.
  - The information obtained as a result of the study will help inform the **City's future housing development strategy**.
  - **Steering committee**: representatives of sponsoring organizations, two Council members, and two Planning Commission members.

# **POPULATION & HOUSEHOLDS**

## General Demographic Trends (2000-2015)

	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%

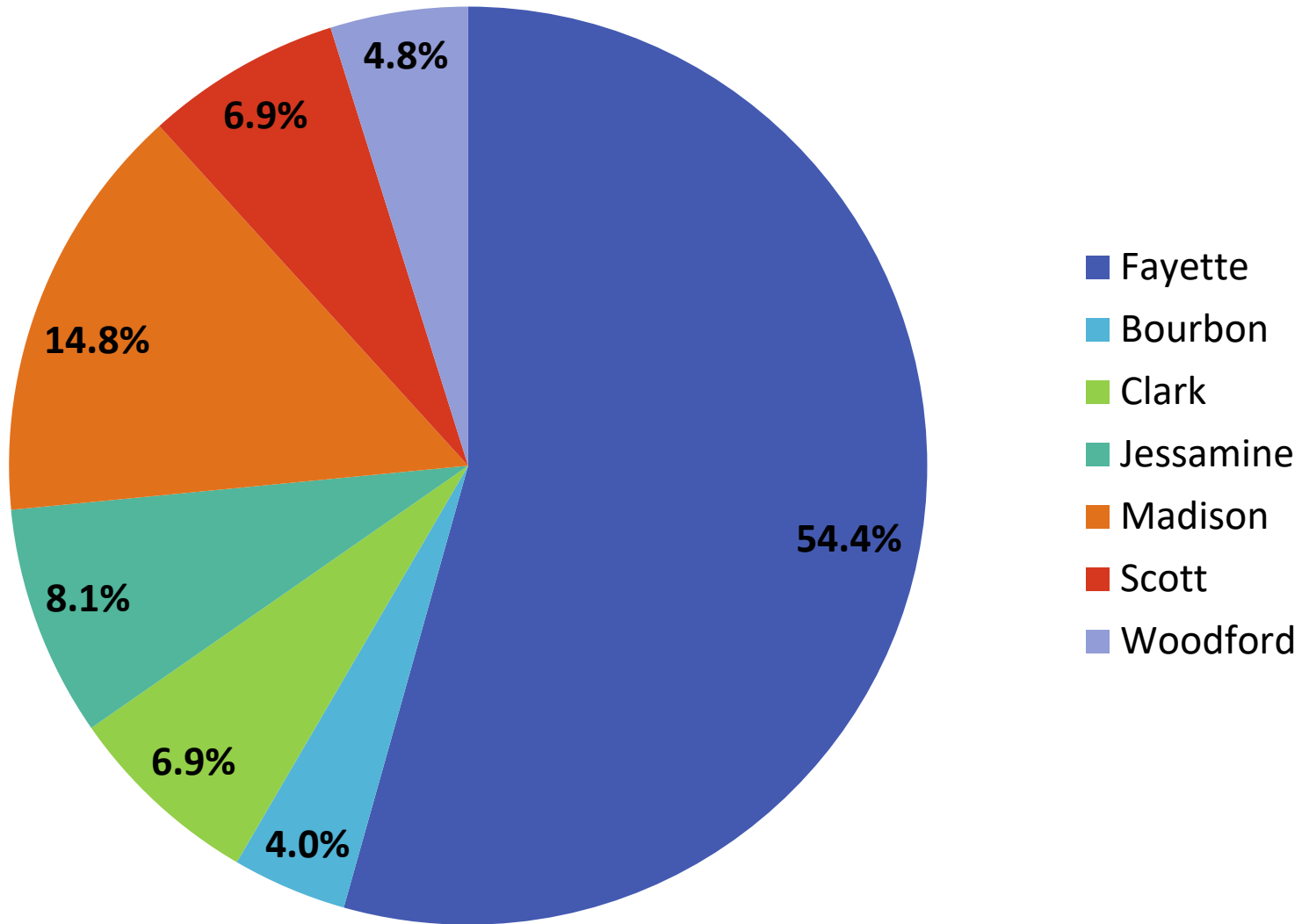
# Homeownership Rates, 2000, 2010, 2015



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

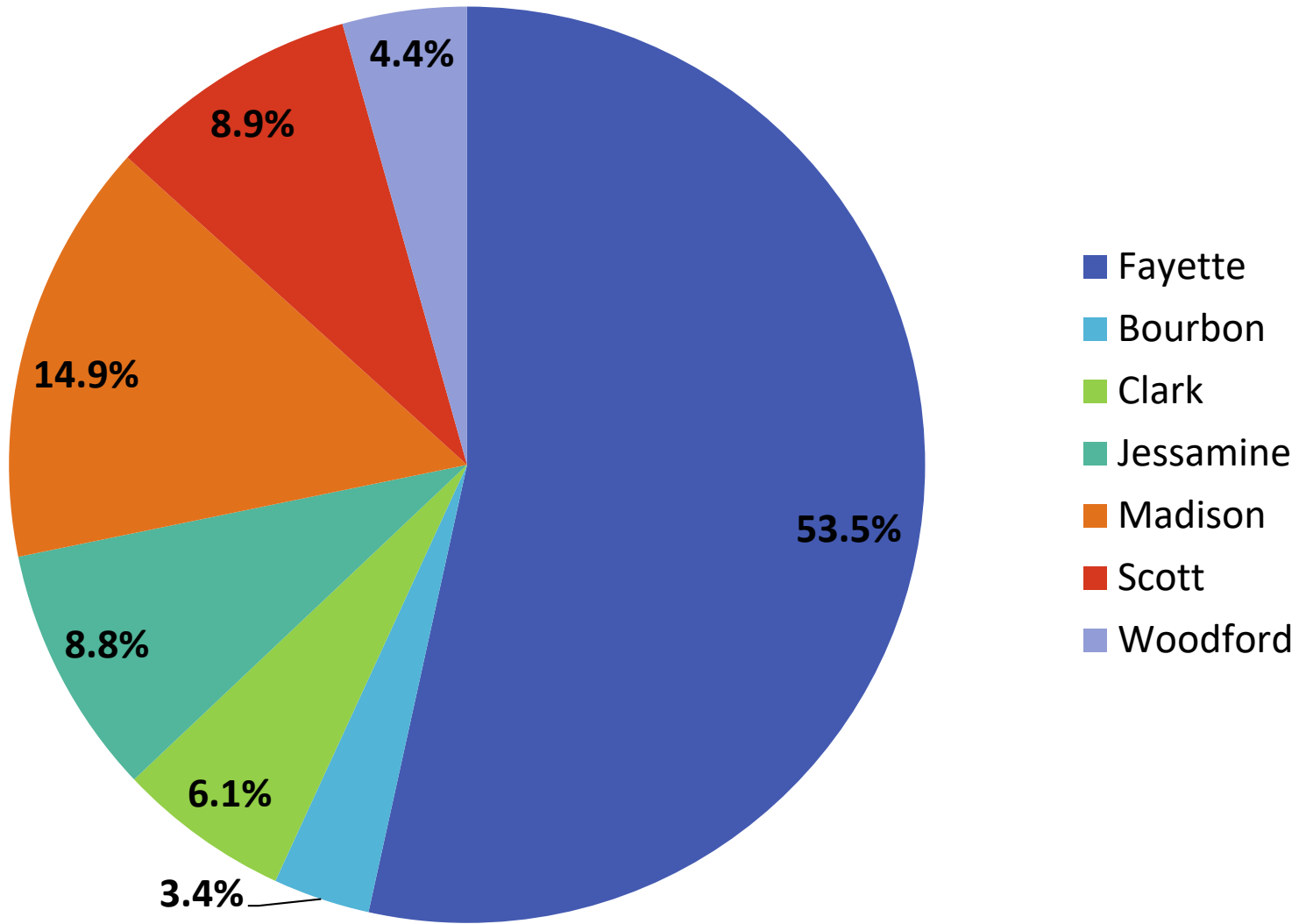
## Share of Regional Population, 2000



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

# Share of Regional Population, 2015

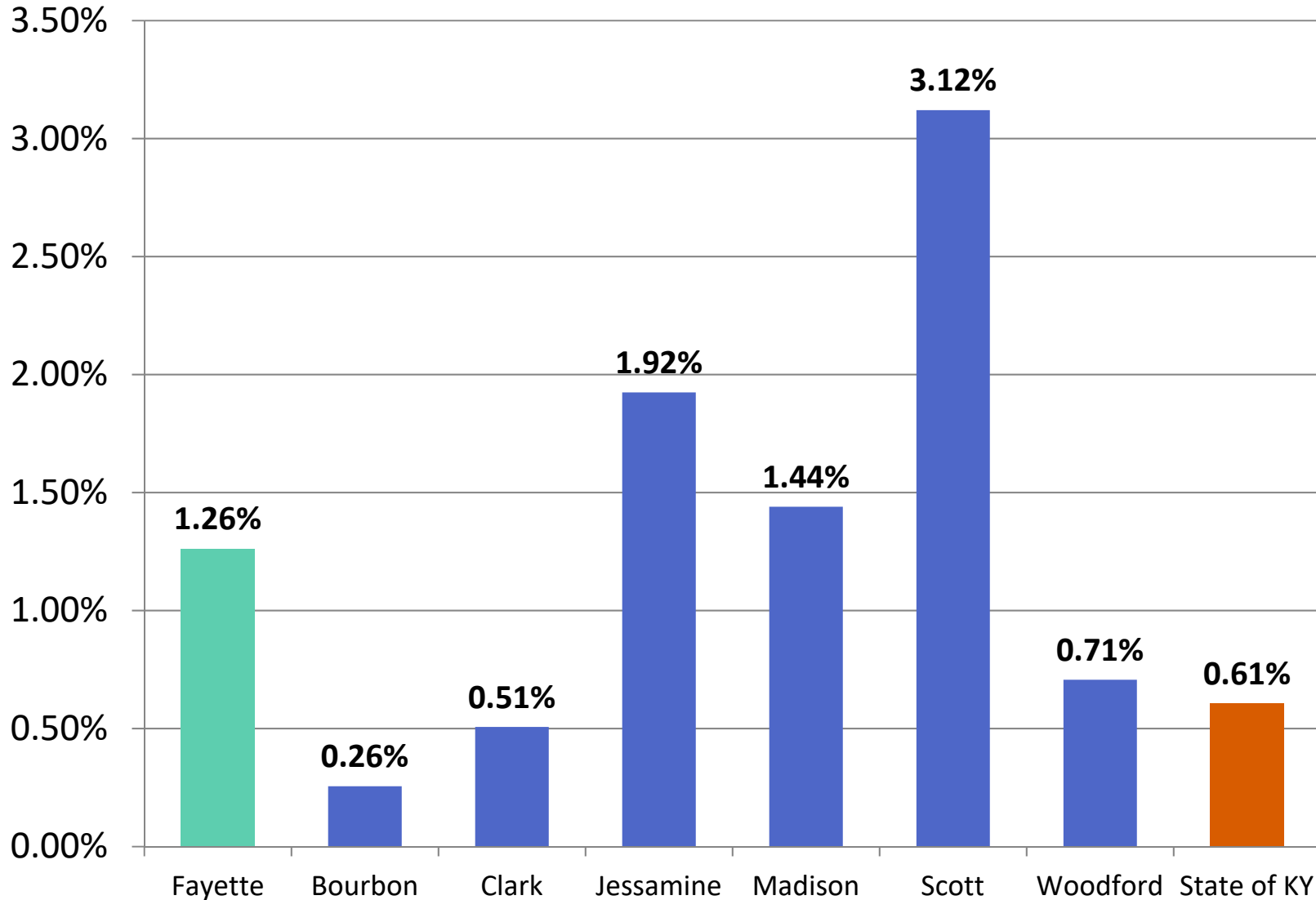


Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette County



## Annual Rate of Population Growth (2000-2015)



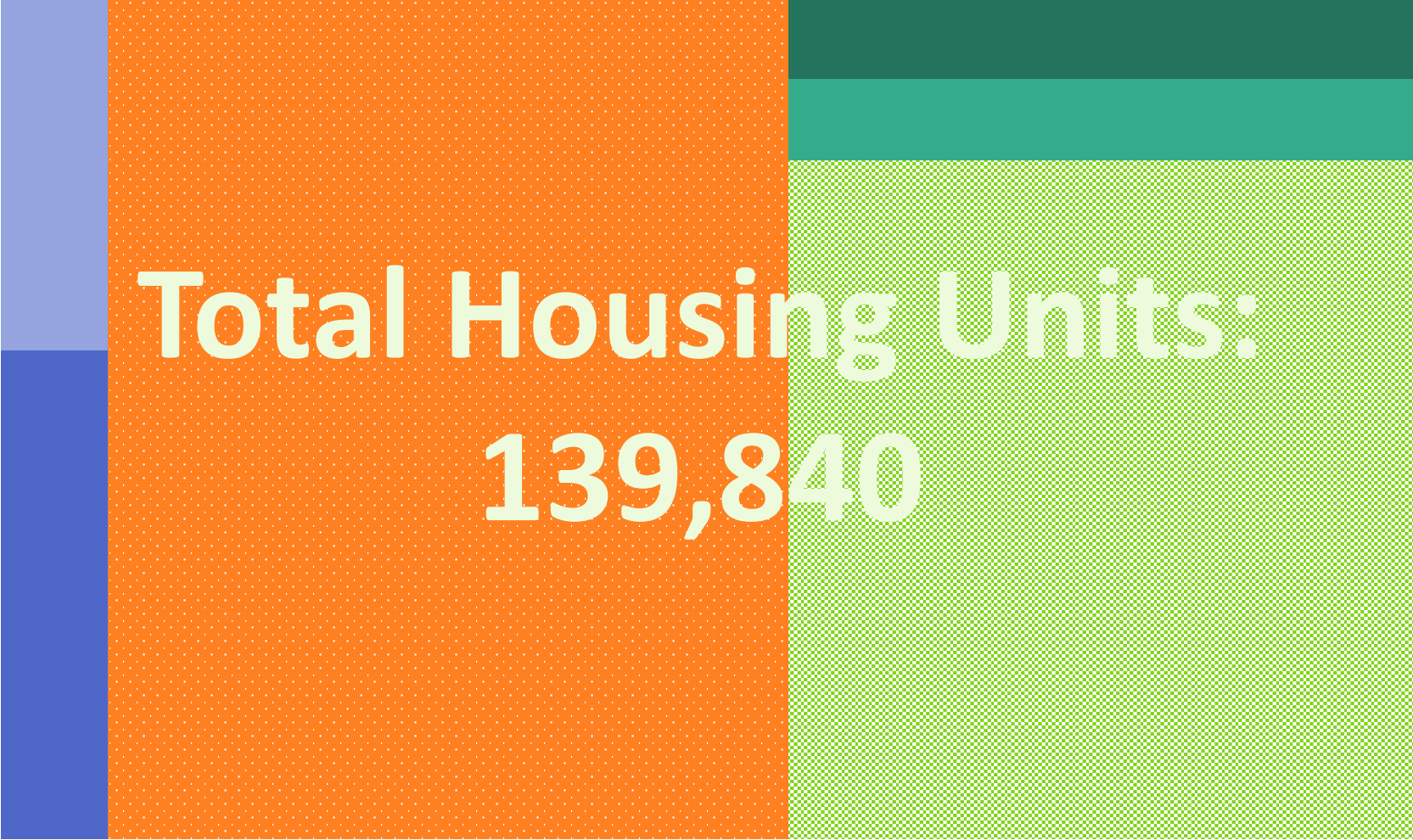
Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

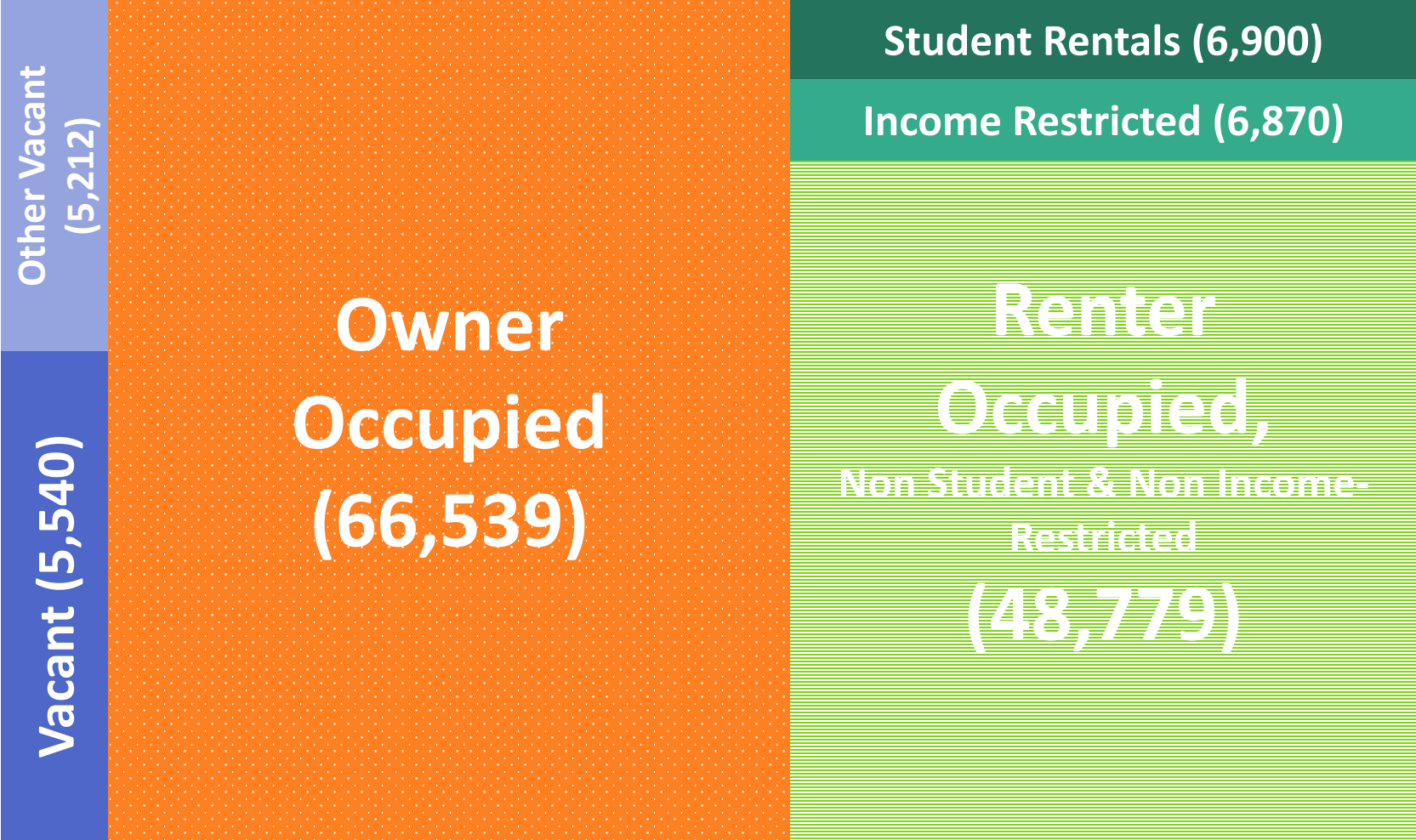
# **CURRENT HOUSING STOCK**

Housing Market Demand Study, Fayette  
County

# Total Housing Stock, 2015



# Total Housing Stock, 2015

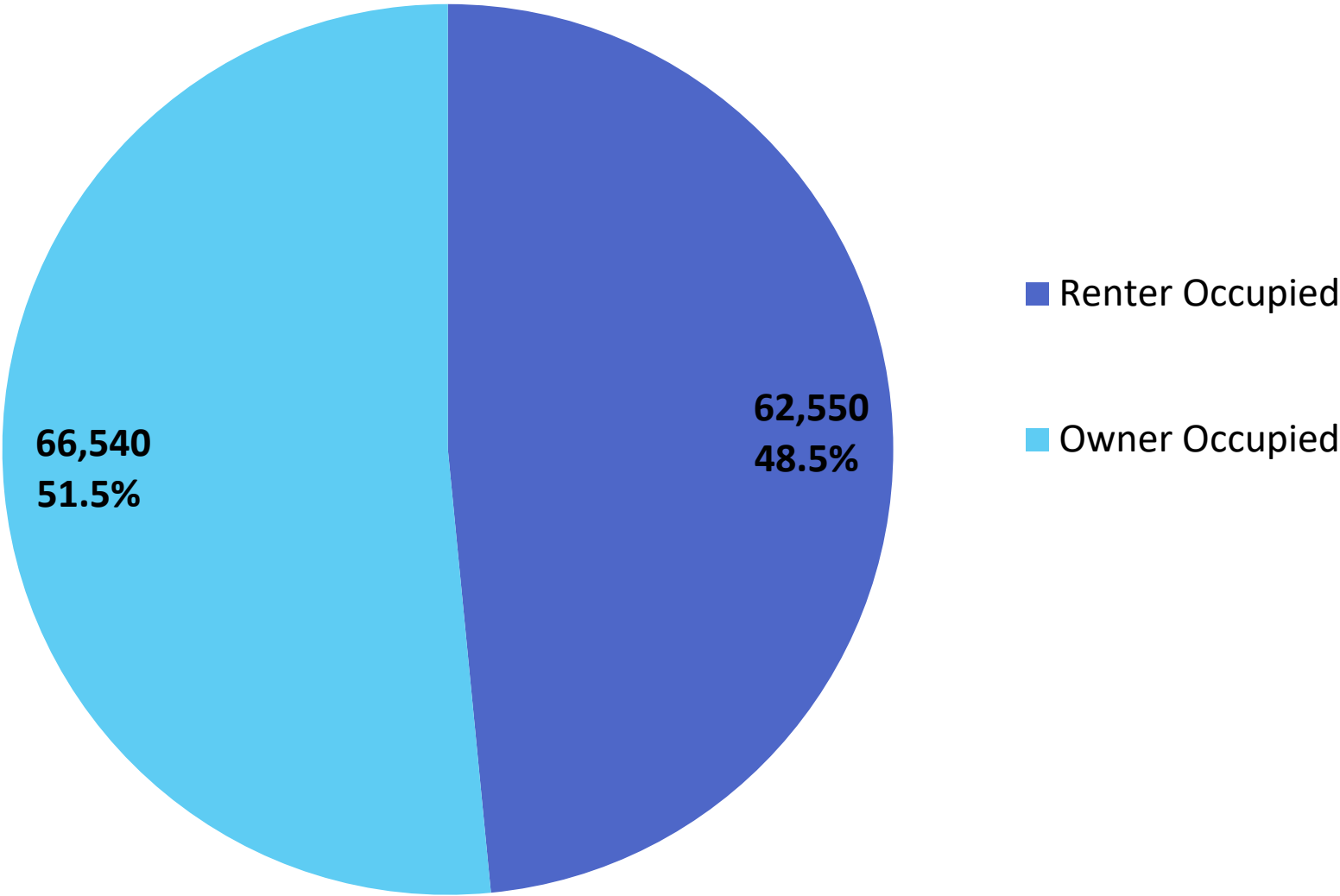


## Total Housing Stock, 2015

	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**

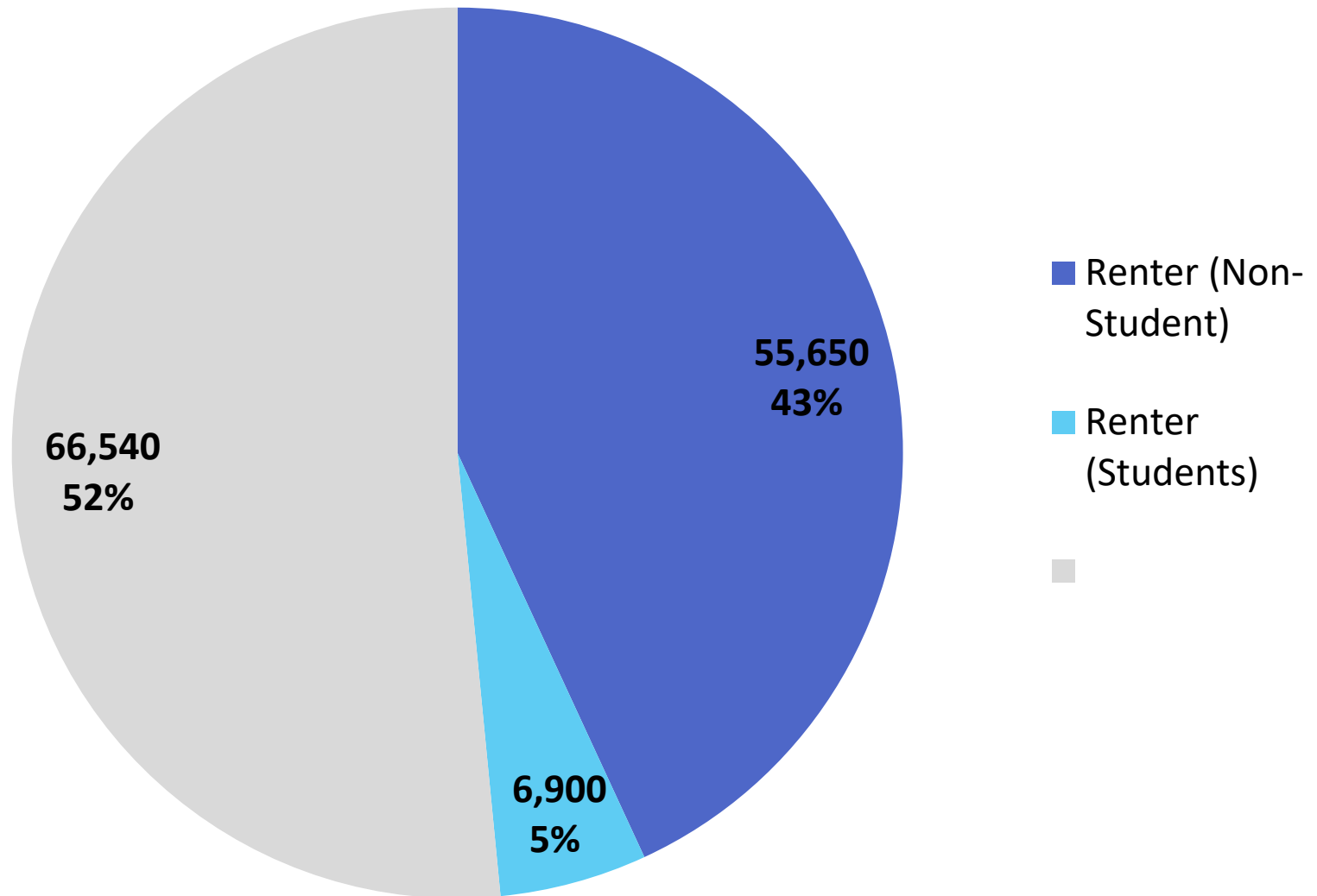
# Breakdown of Tenure, 2015



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette County

## Breakdown of Renter Households, 2015



Data Source: U.S. Census Bureau

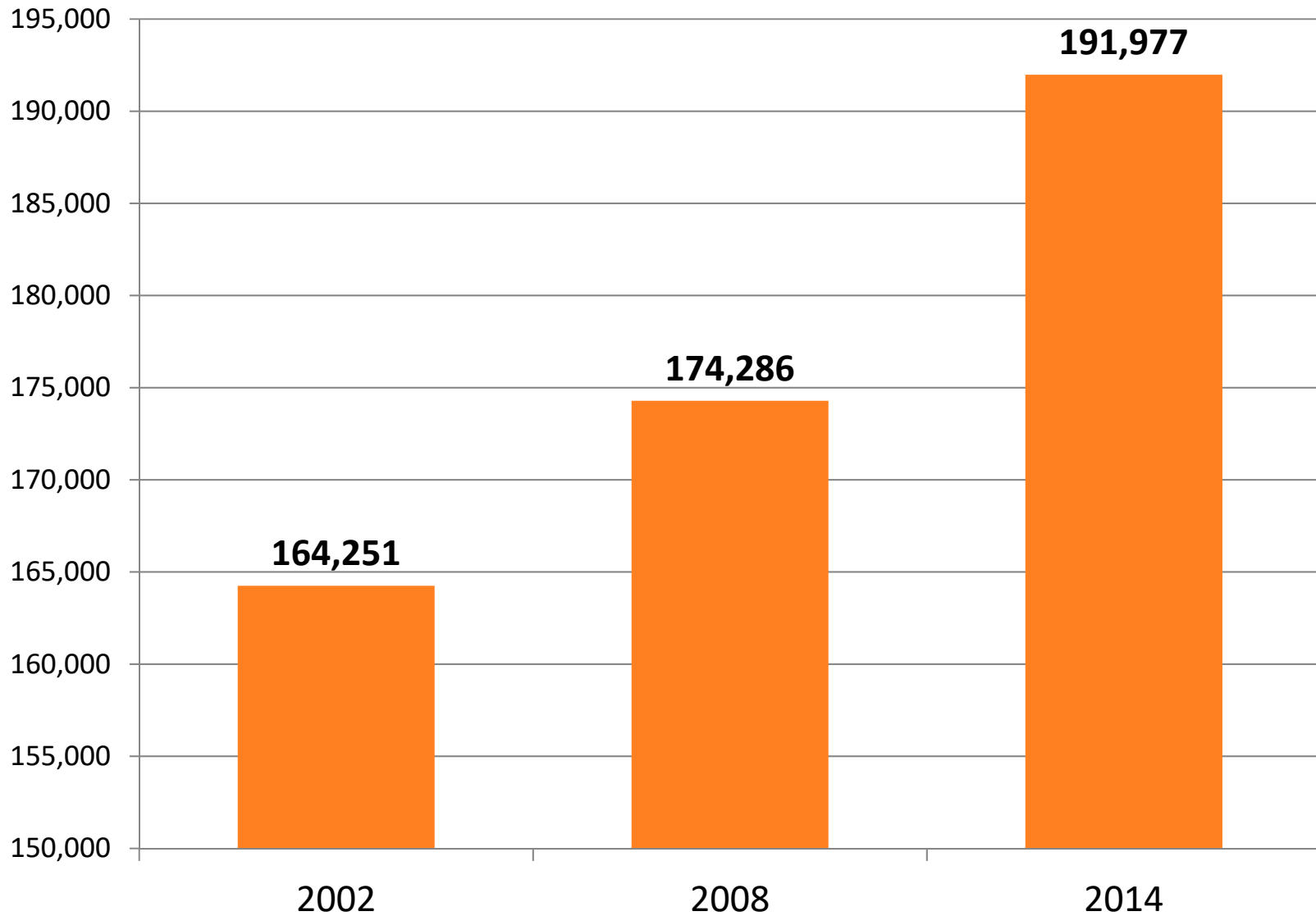
Housing Market Demand Study, Fayette  
County

# **EMPLOYMENT**

Housing Market Demand Study, Fayette  
County



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



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

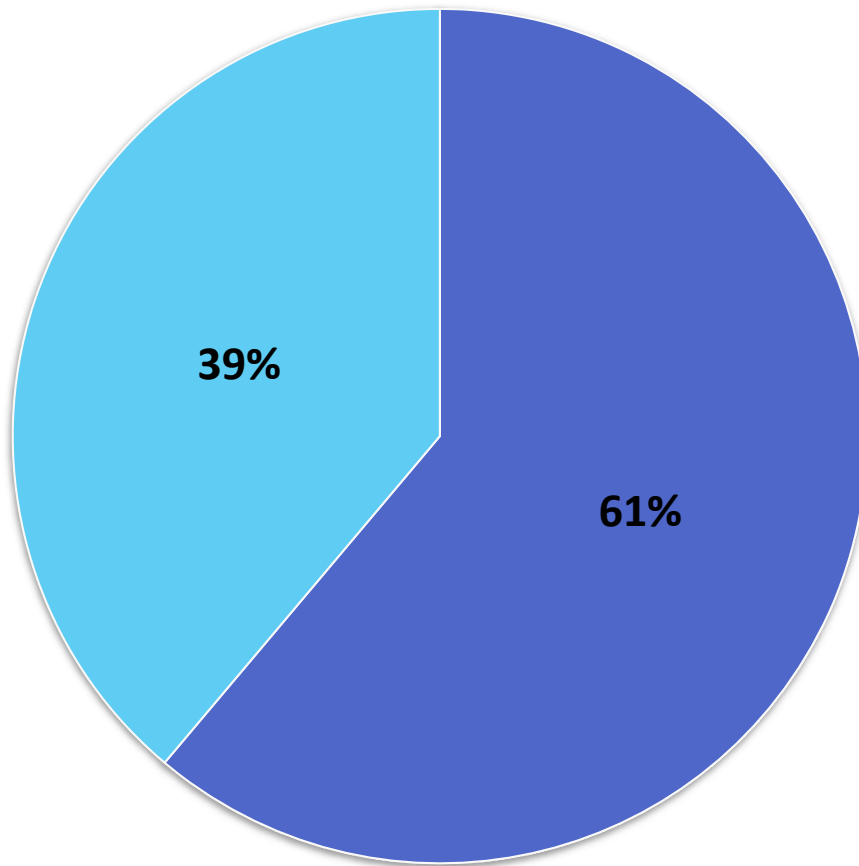
Housing Market Demand Study, Fayette  
County

## 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%
<b>TOTAL</b>	<b>164,251</b>	<b>-</b>	<b>191,977</b>	<b>-</b>

## In-Area Employment Efficiency (2002)

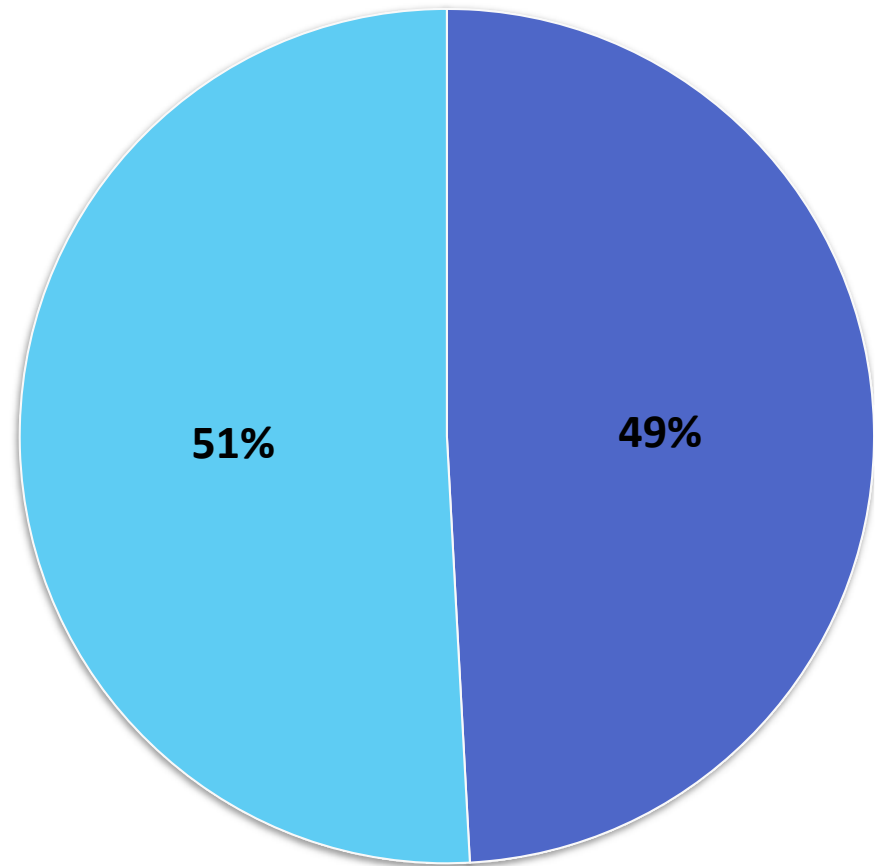
- Employed and Living in Fayette
- Employed in Fayette but Living Outside



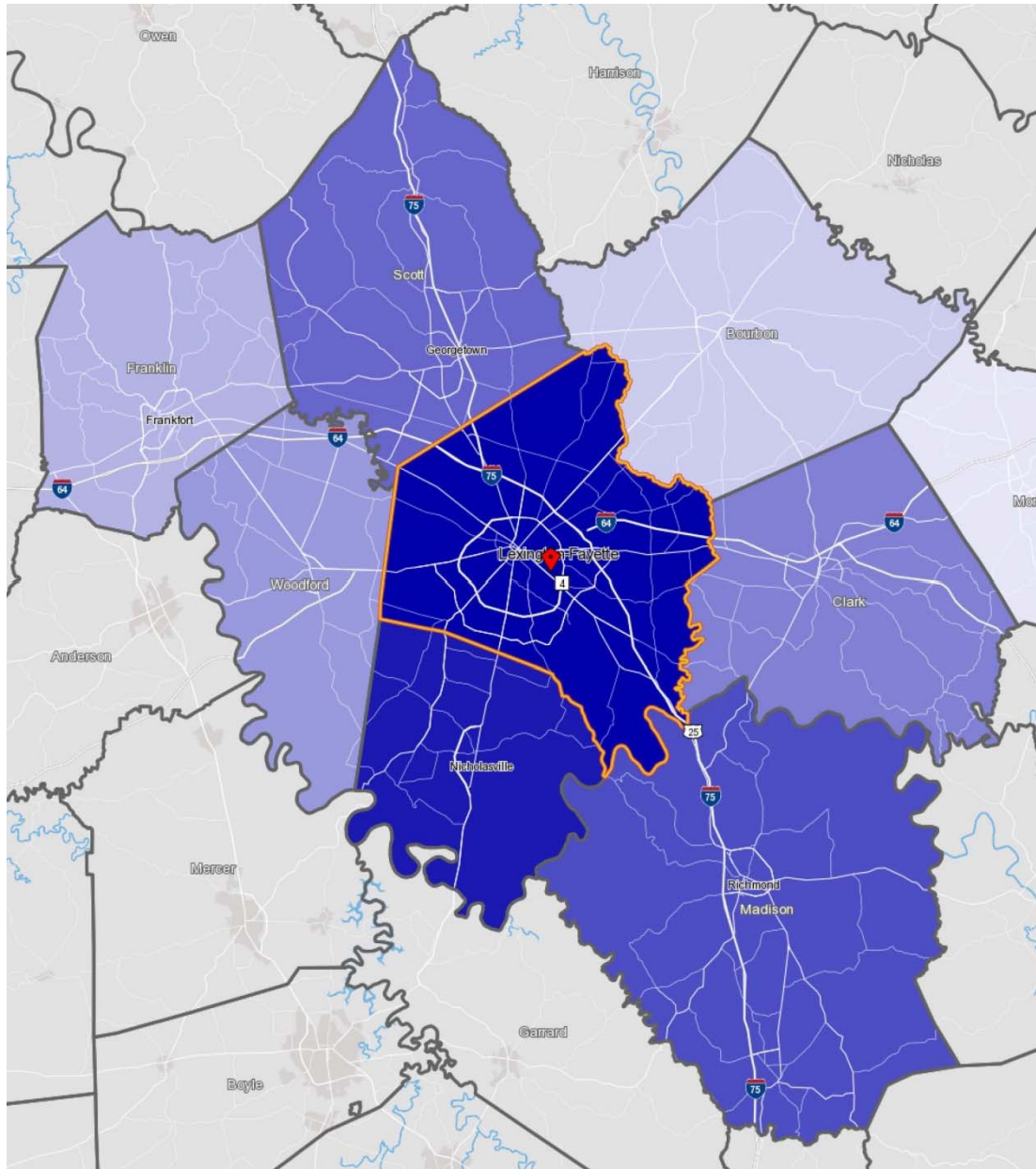
Data Source: U.S. Census Bureau,  
OntheMap Dataset

## In-Area Employment Efficiency (2014)

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



Housing Market Demand Study, Fayette  
County



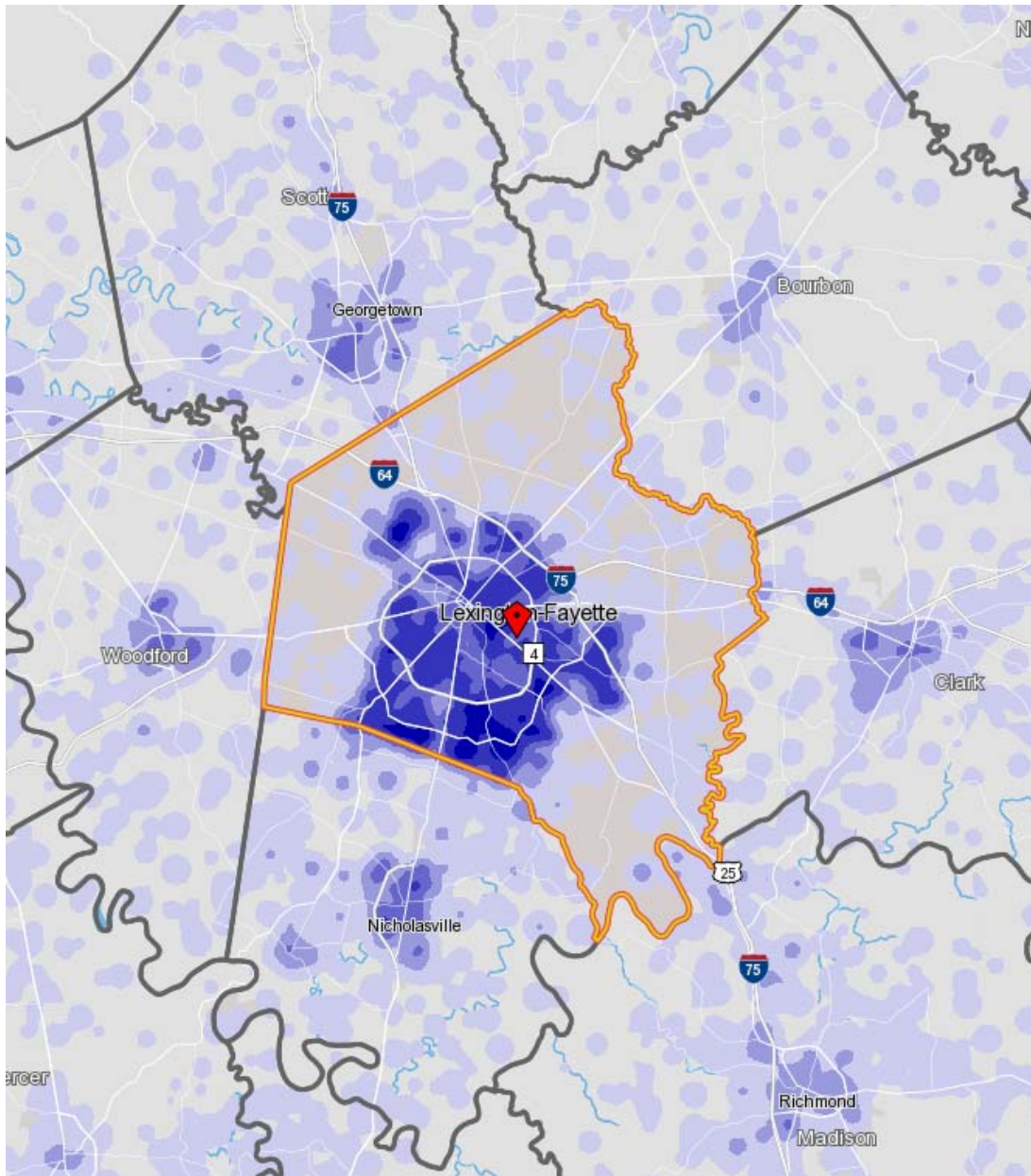
## Fayette County Jobs By Where Workers Live

	2002	%	2014	%
Fayette	100,431	<b>61.1%</b>	94,338	<b>49.1%</b>
Jessamine	7,170	4.4%	9,271	4.8%
Madison	5,600	3.4%	7,873	4.1%
Scott	4,014	2.4%	7,637	4.0%
Clark	3,881	2.4%	5,211	2.7%
Woodford	3,084	1.9%	4,692	2.4%
Bourbon	2,248	1.4%	2,692	1.4%
6 Counties	25,997	15.8%	37,376	19.5%
Others	37,823	23.0%	60,263	31.4%

- Despite the job growth of 28,000 jobs

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

Housing Market Demand Study, Fayette  
County



## 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%**.



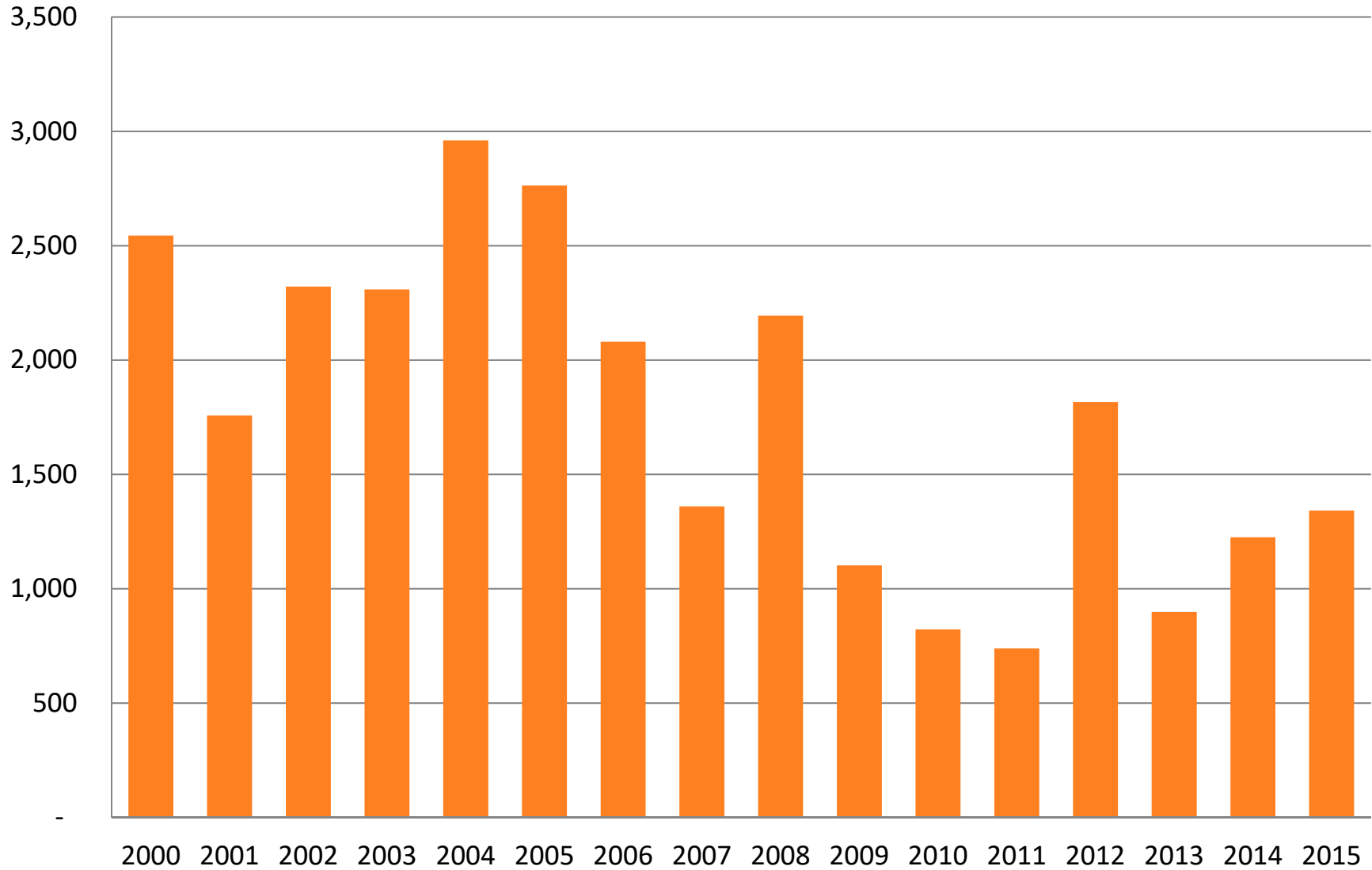
Data Source: U.S. Census Bureau,  
OntheMap Dataset

Housing Market Demand Study, Fayette  
County

# HOME BUILDING ACTIVITY

Housing Market Demand Study, Fayette  
County

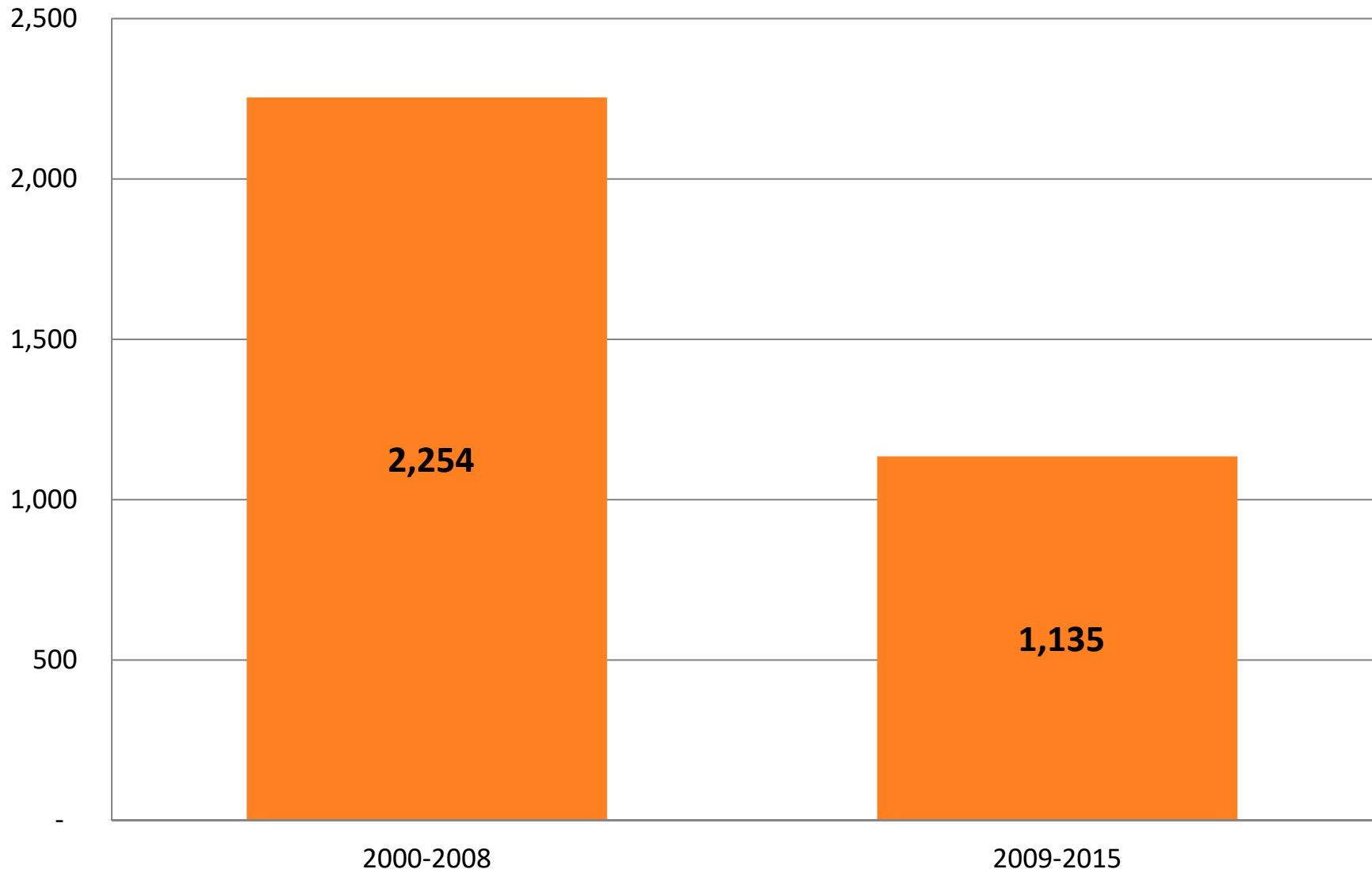
## Fayette Building Permits (Total Units)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

## Fayette Building Permits (Annual Average Before & After Recession)

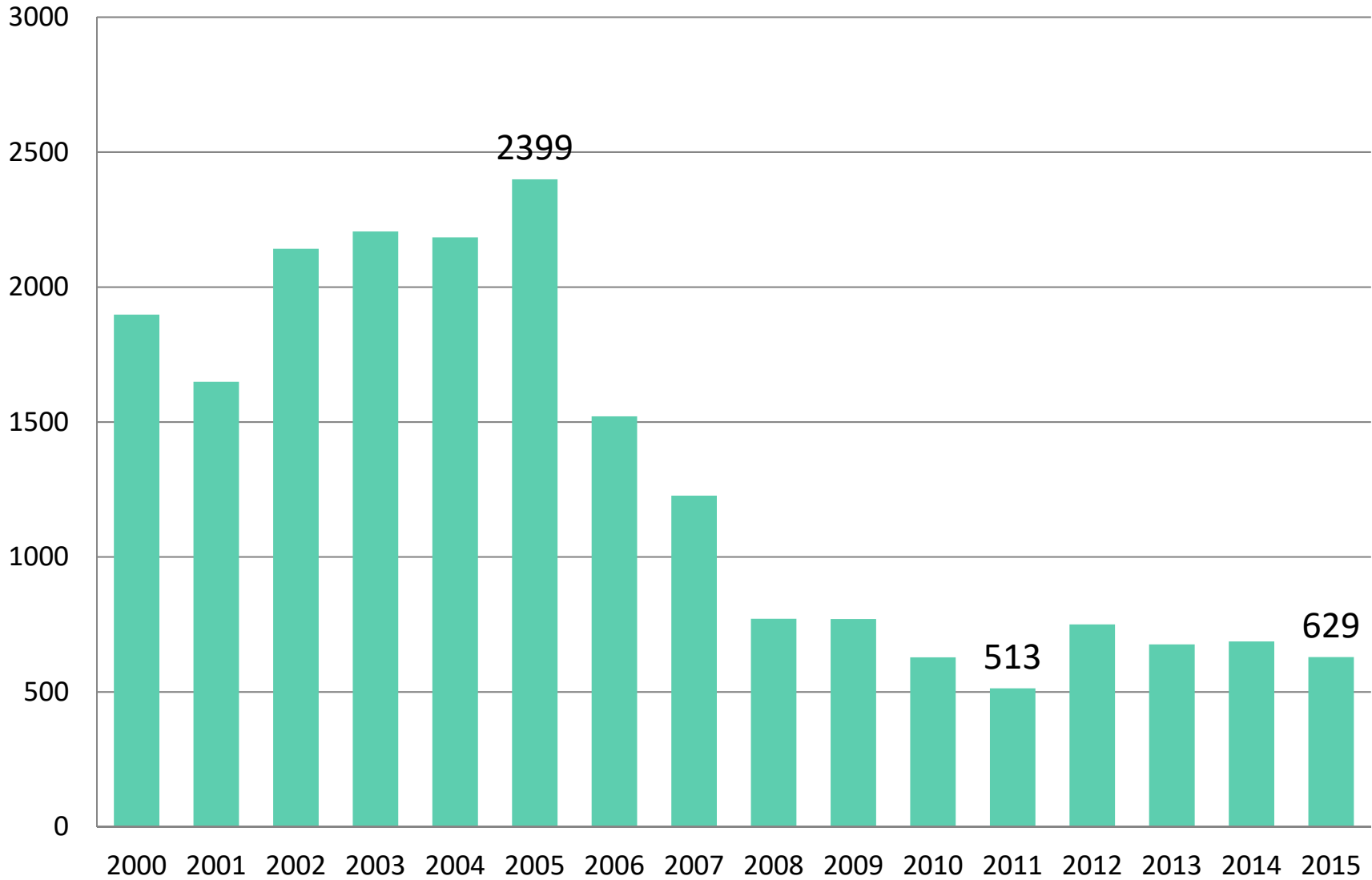


Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County



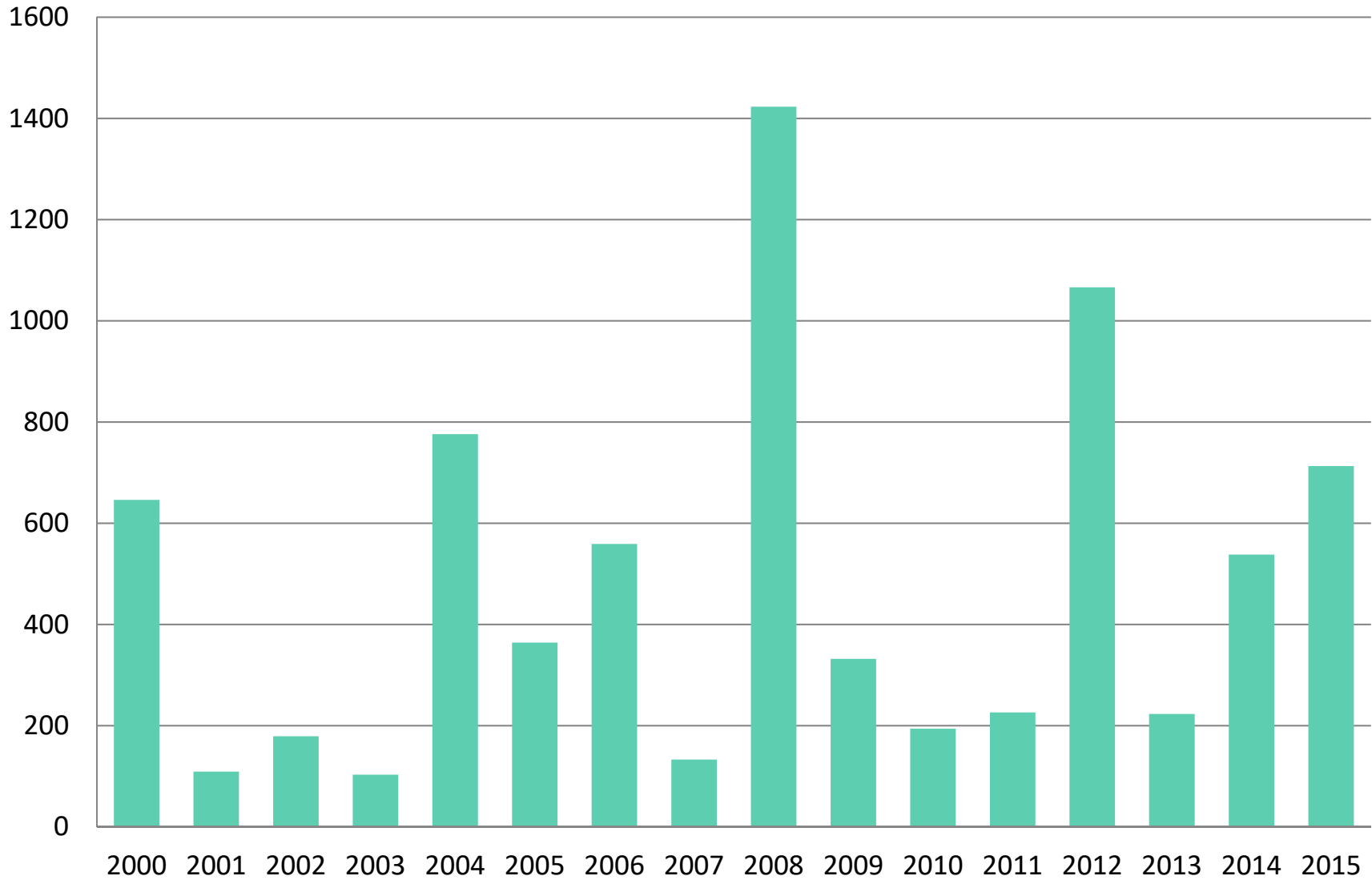
## Fayette Building Permits (SFR)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

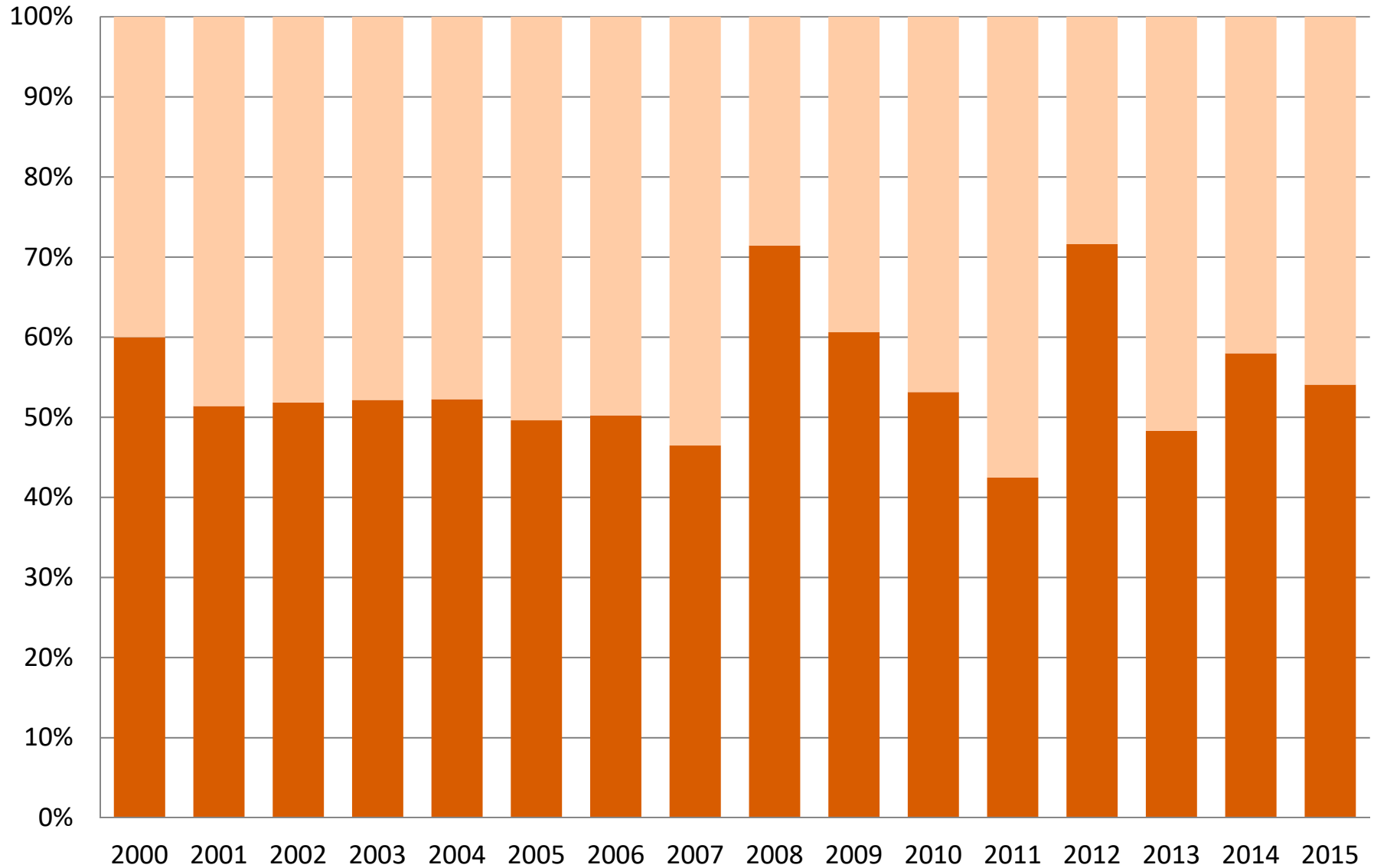
## Fayette Building Permits (Multi-Fam)



Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette  
County

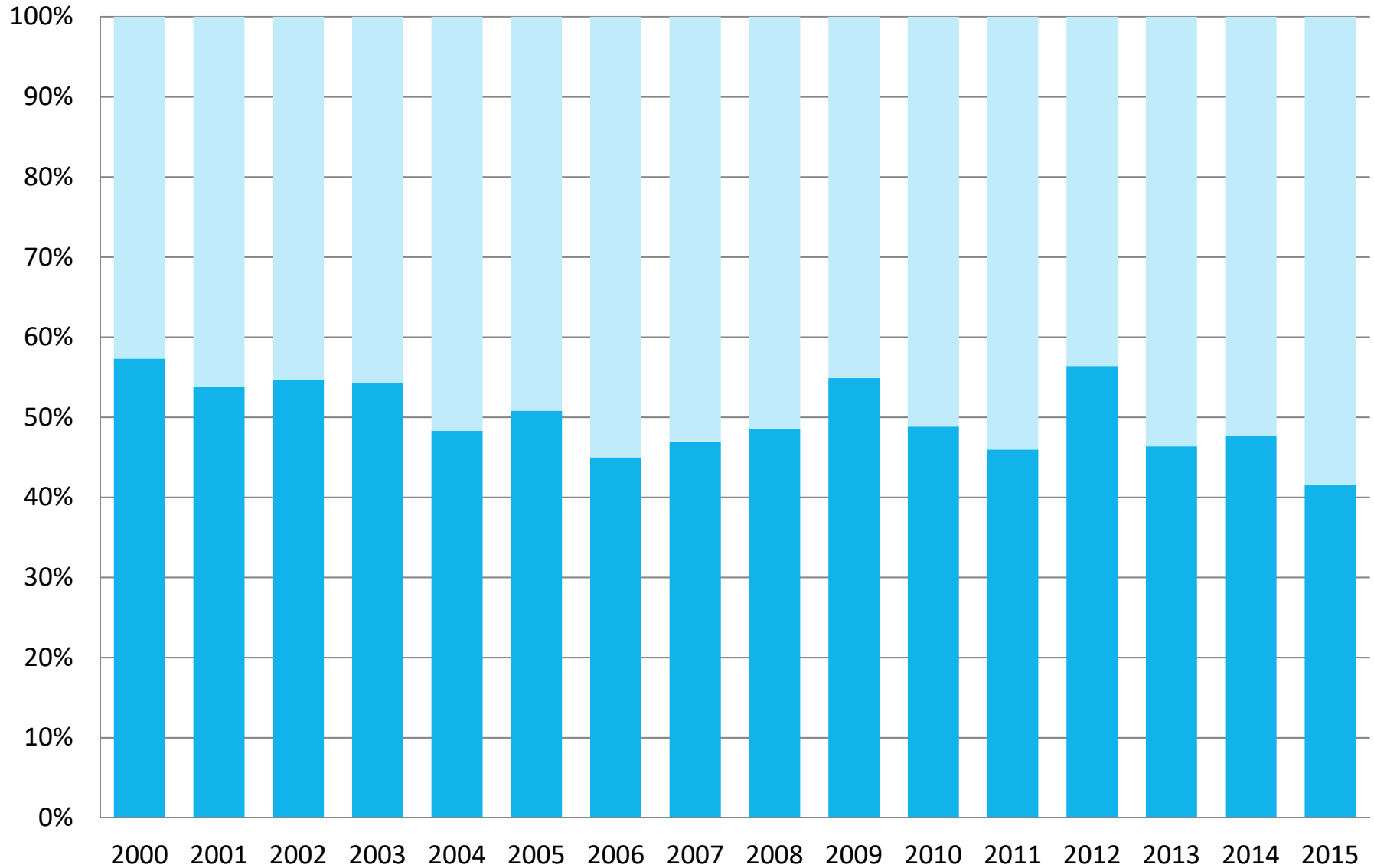
## Fayette's Portion of Building Permits (7 County Area)



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

Housing Market Demand Study, Fayette  
County

# 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
<b>TOTAL</b>	<b>22,893</b>	<b>100%</b>	<b>\$175,000</b>

# 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

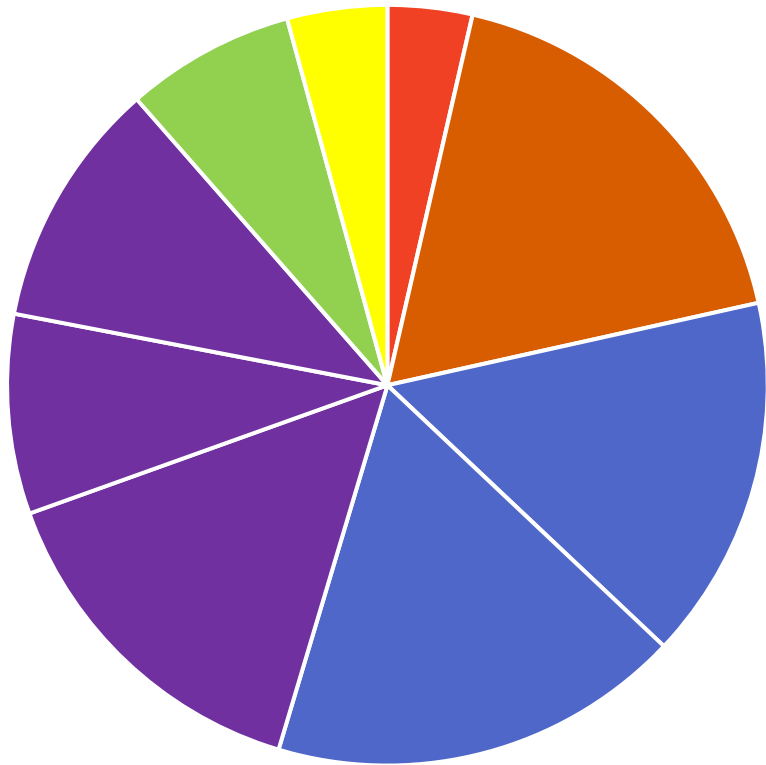
Type of Home	Sales Price Per SF
Single Family (Larger than Half Acre)	\$130.96
Single Family (Quarter Acre to Half Acre)	\$133.01
Single Family (9,000 SF to Quarter Acre)	\$111.30
Single Family (7,500 SF to 9,000 SF)	\$104.44
Single Family (6,000 SF to 7,500 SF)	\$101.96
Single Family (5,000 SF to 6,000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



# Owner Purchased Homes

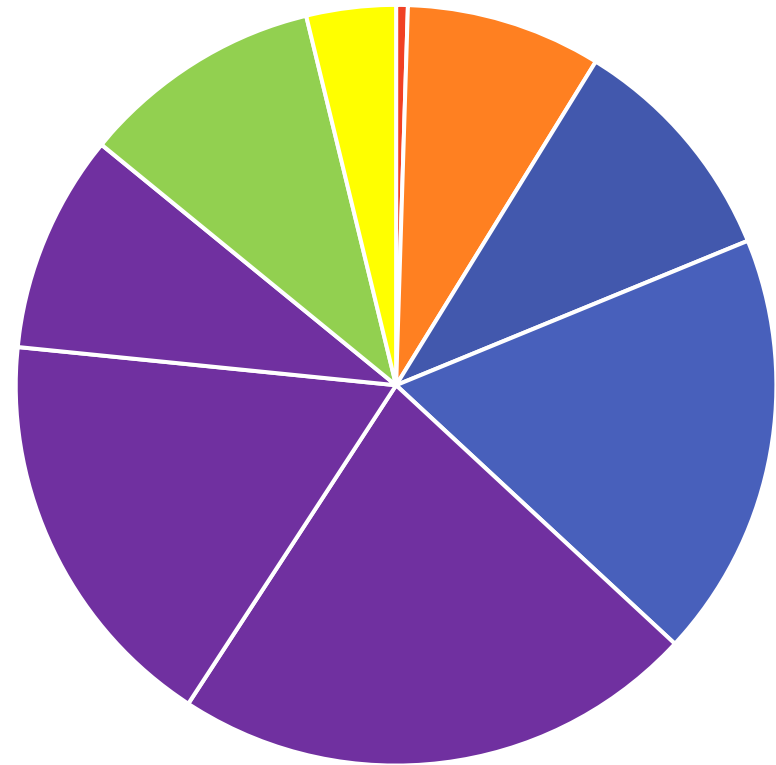
## Home Types

All Homes Sold 2011-present



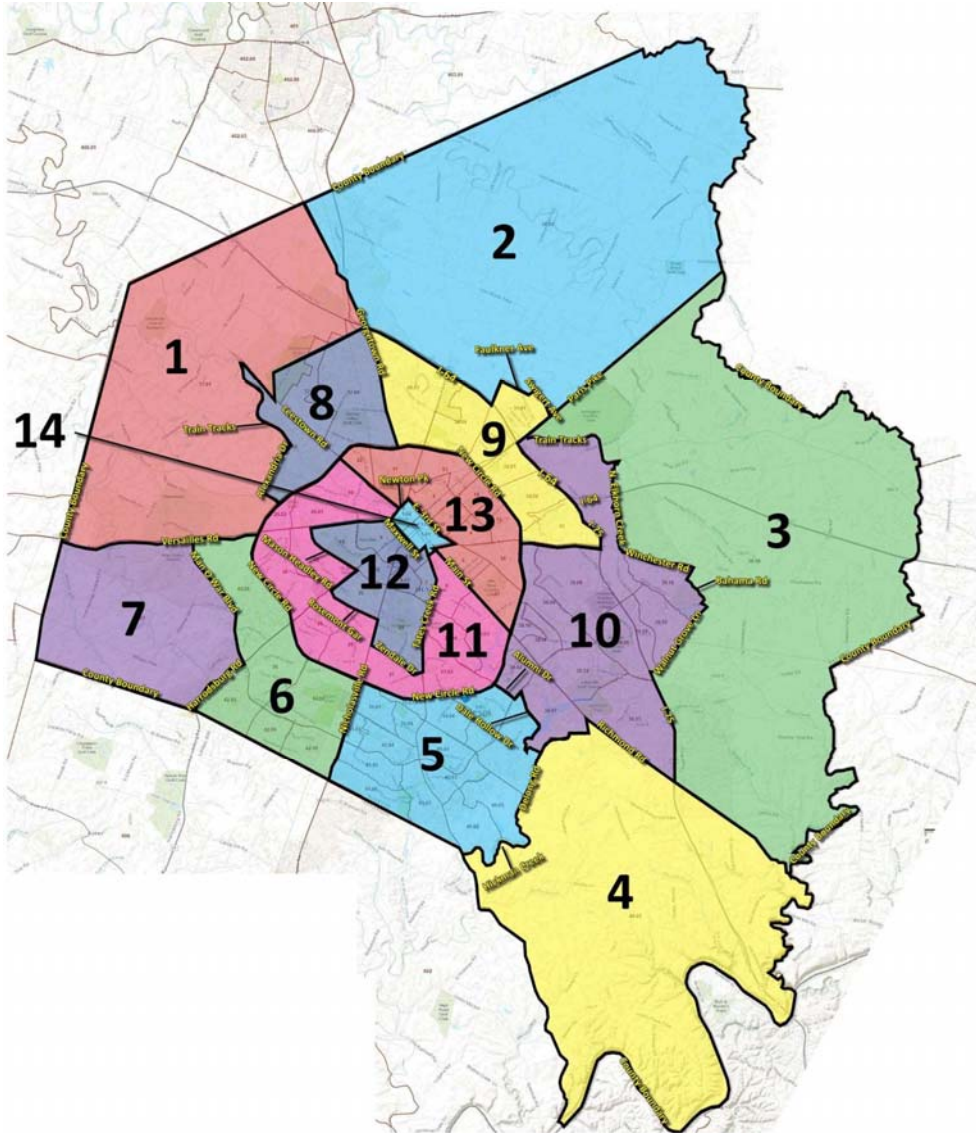
- SF (> 1/2 Acre)
- SF (1/4 Acre - 1/2 Acre)
- SF (9,000 SF - 1/4 Acre)
- SF (7,500 SF - 9,000 SF)
- SF (6,000 SF - 7,500 SF)
- SF (5,000 SF - 6,000 SF)
- SF (Less than 5,000 SF)
- Townhomes/Duplex
- Condominium

New Homes Sold 2011-present



- SF (> 1/2 Acre)
- SF (1/4 Acre - 1/2 Acre)
- 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

# 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

Housing Market Demand Study, Fayette  
County

# 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
<b>All Sales</b>	<b>22,893</b>	<b>\$103.51</b>	<b>-</b>				
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
<b>All Sales</b>	<b>2,249</b>	<b>-</b>			
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

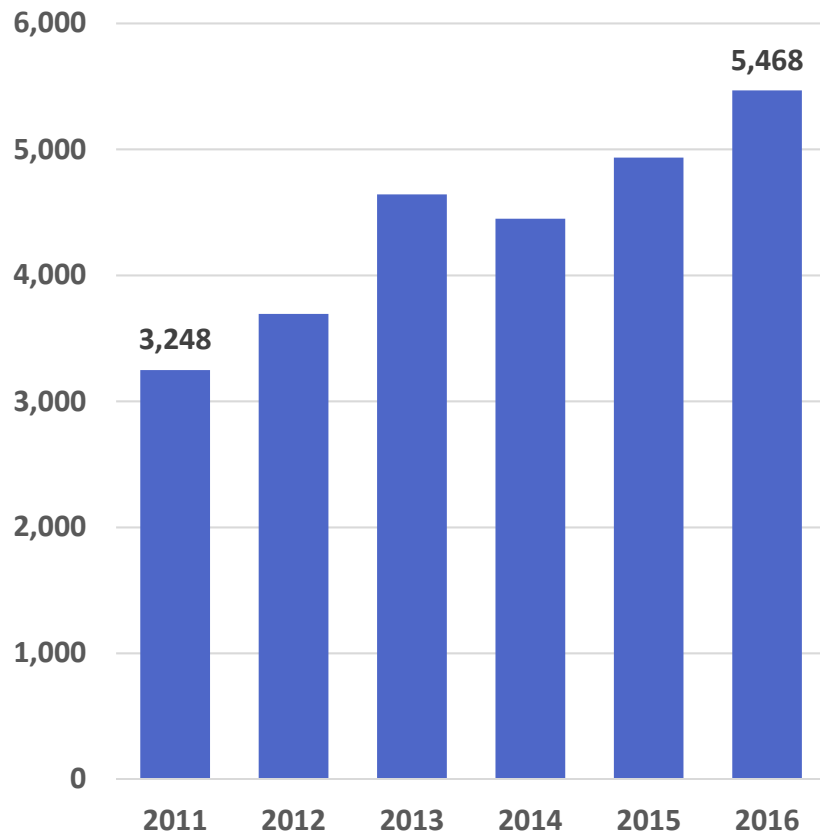
New Construction Homes purchased January 2011 to present

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
<b>TOTAL</b>	<b>12</b>	<b>186</b>	<b>224</b>	<b>406</b>	<b>501</b>	<b>392</b>	<b>210</b>	<b>83</b>	<b>149</b>	<b>86</b>	<b>2,249</b>
<b>%</b>	<b>0.50%</b>	<b>8.30%</b>	<b>10.00%</b>	<b>18.10%</b>	<b>22.30%</b>	<b>17.40%</b>	<b>9.30%</b>	<b>3.70%</b>	<b>6.60%</b>	<b>3.80%</b>	<b>100%</b>

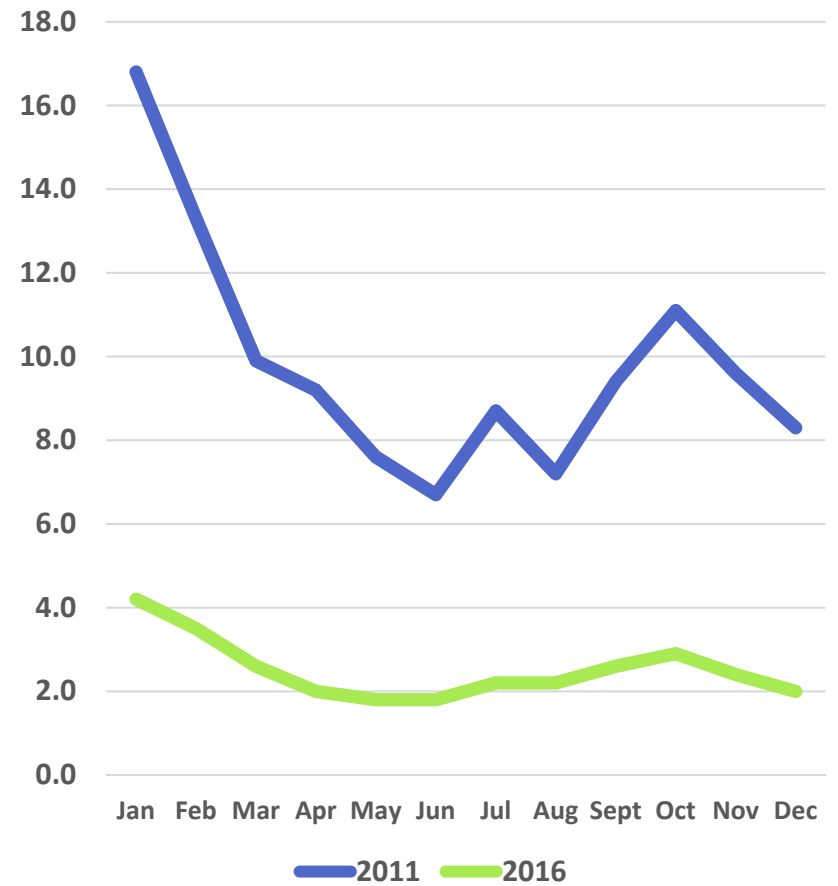
# Inventory of Home Sales and Listing Data

Multiple Listing Service 2011-2016

### Single-Family, Condo, Townhouse Sales



### Months of Inventory, 2011, 2016

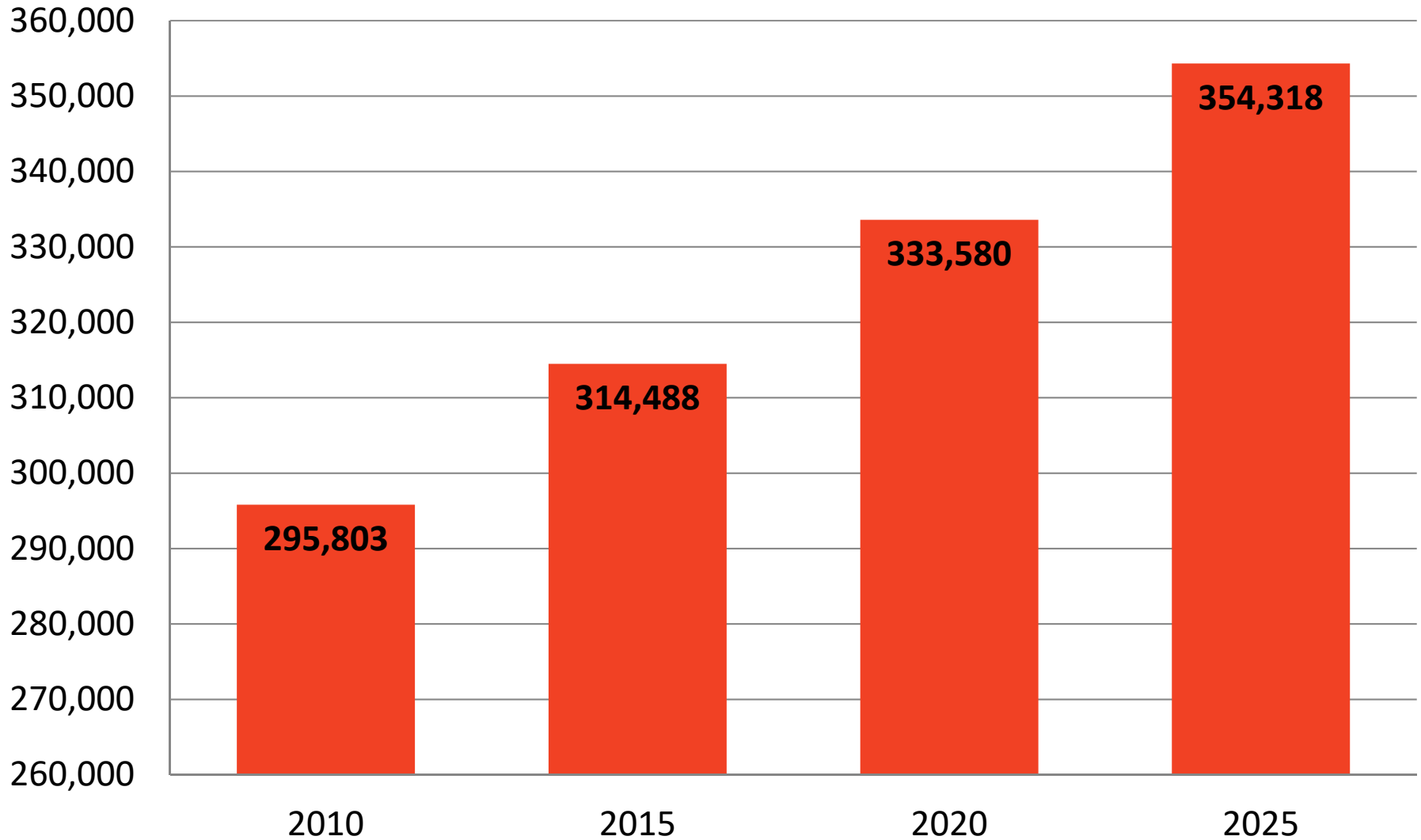


# **POPULATION PROJECTIONS**

Housing Market Demand Study, Fayette  
County

# Population Growth

Kentucky State Data Center Projection (2010-2025)



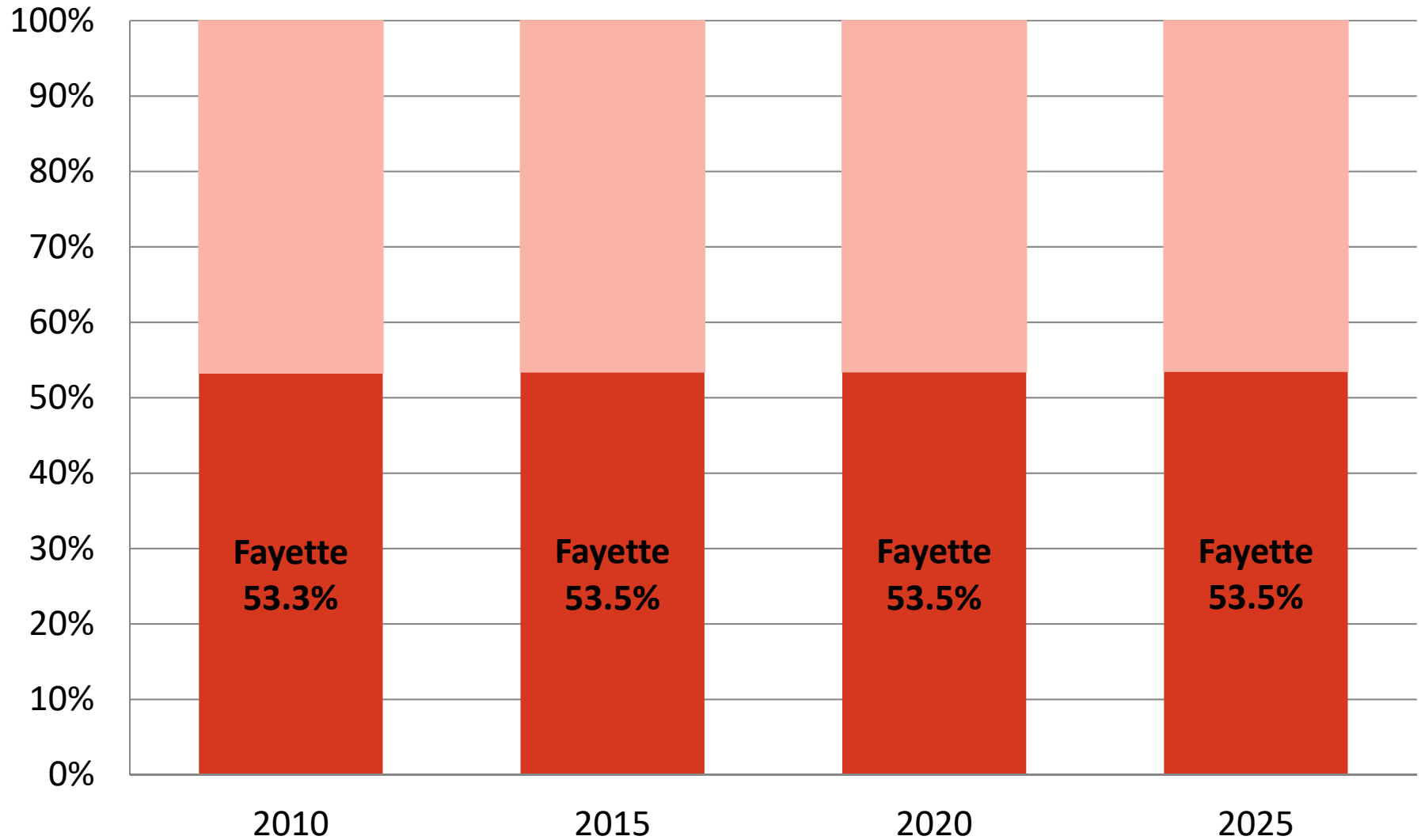
Data Source: Kentucky State Data Center

Housing Market Demand Study, Fayette County



# Fayette's Share of the Seven County Region

## Kentucky State Data Center Projection (2010-2015)

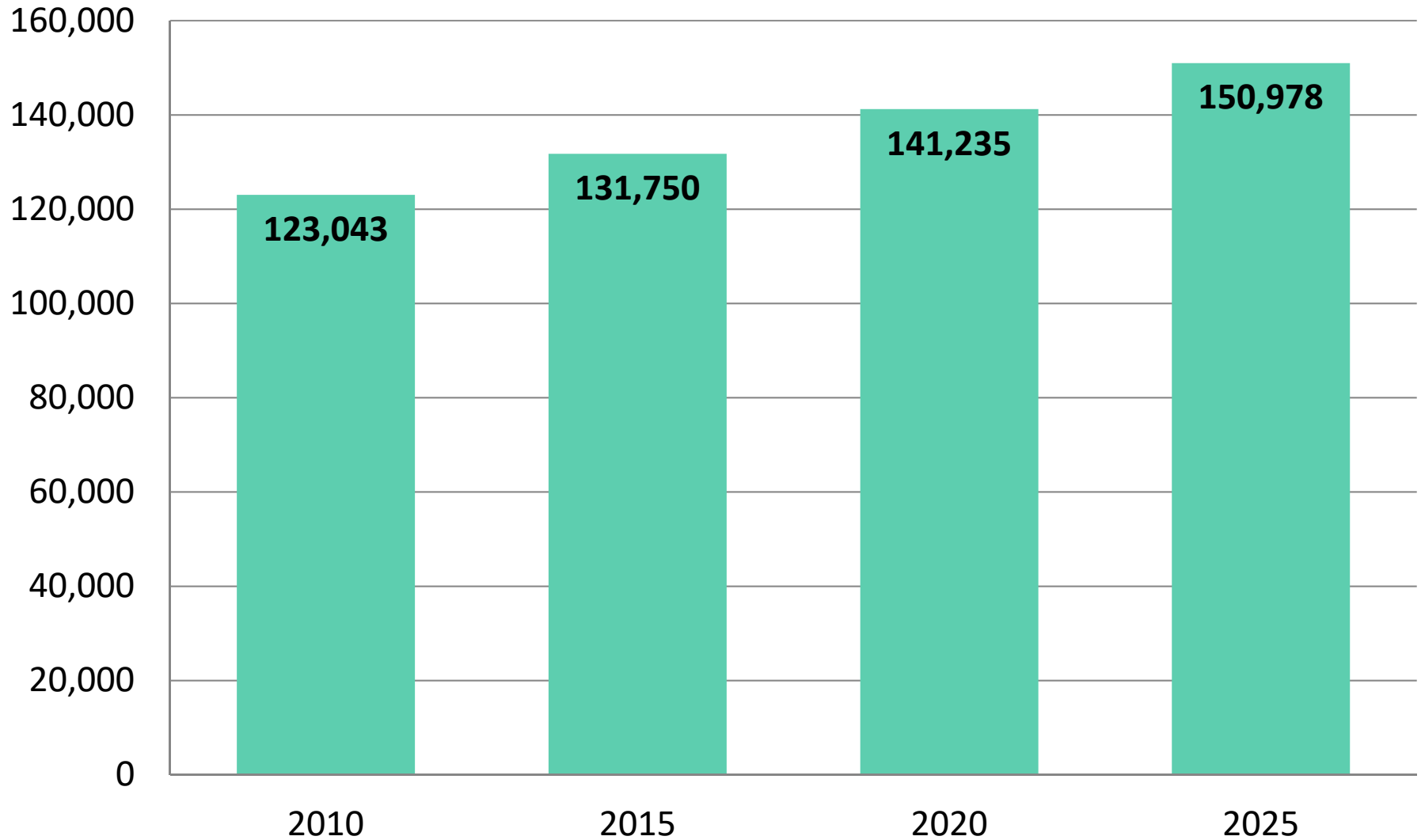


Data Source: Kentucky State Data Center

Housing Market Demand Study, Fayette County

# Household Growth

Kentucky State Data Center Projection (2010-2025)



Data Source: Kentucky State Data Center

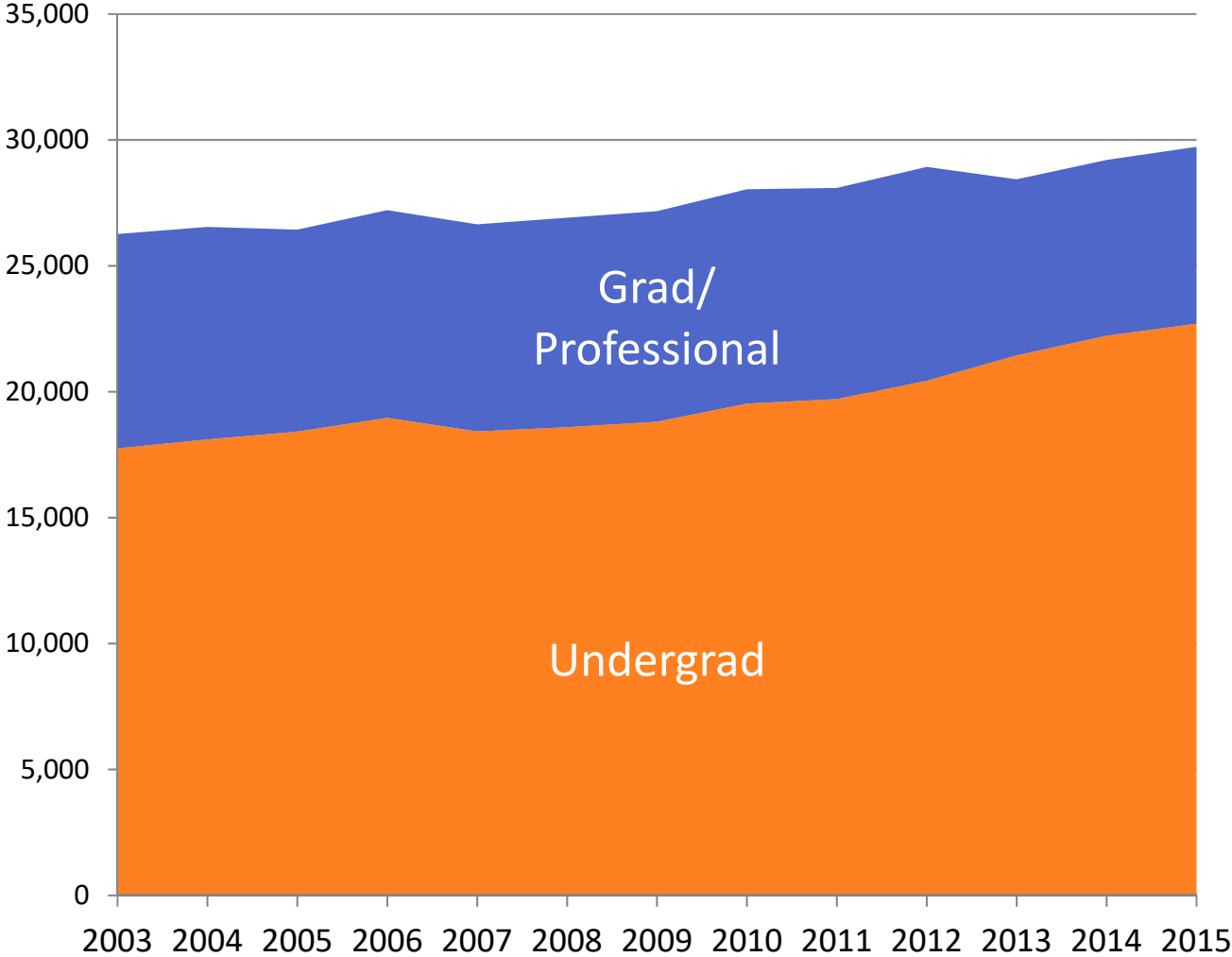
Housing Market Demand Study, Fayette County

# Population Growth (2015-2025)

Kentucky State Data Center

- Between 2010-2015, annual growth rate of 1.26%.
- 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 size projected to drop from 2.29 to 2.26
- Between 2015-2025, projected annual growth rate of households of 1.58%.

# University of Kentucky Enrollment (2003-2015)



## 2015-16 Figures:

- 22,705 undergraduate students
- 7,022 graduate/professional 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)

Data Source: U.S. Census Bureau

Housing Market Demand Study, Fayette County

## University of Kentucky Growth (2016-2025)

- From 2006-2015, UK undergraduate students grew by 2.1% annually.
- If UK's undergraduate student body grows by 2.1% per year, it will reach 26,800 students in 2025.
- The total anticipated enrollment for UK in 2025, assuming graduate and professional students will stay at current size, will be 34,400.
- The resulting off-campus housing need in 2025 will be **8,280 units**.

# HOUSING DEMAND PROJECTION 2025

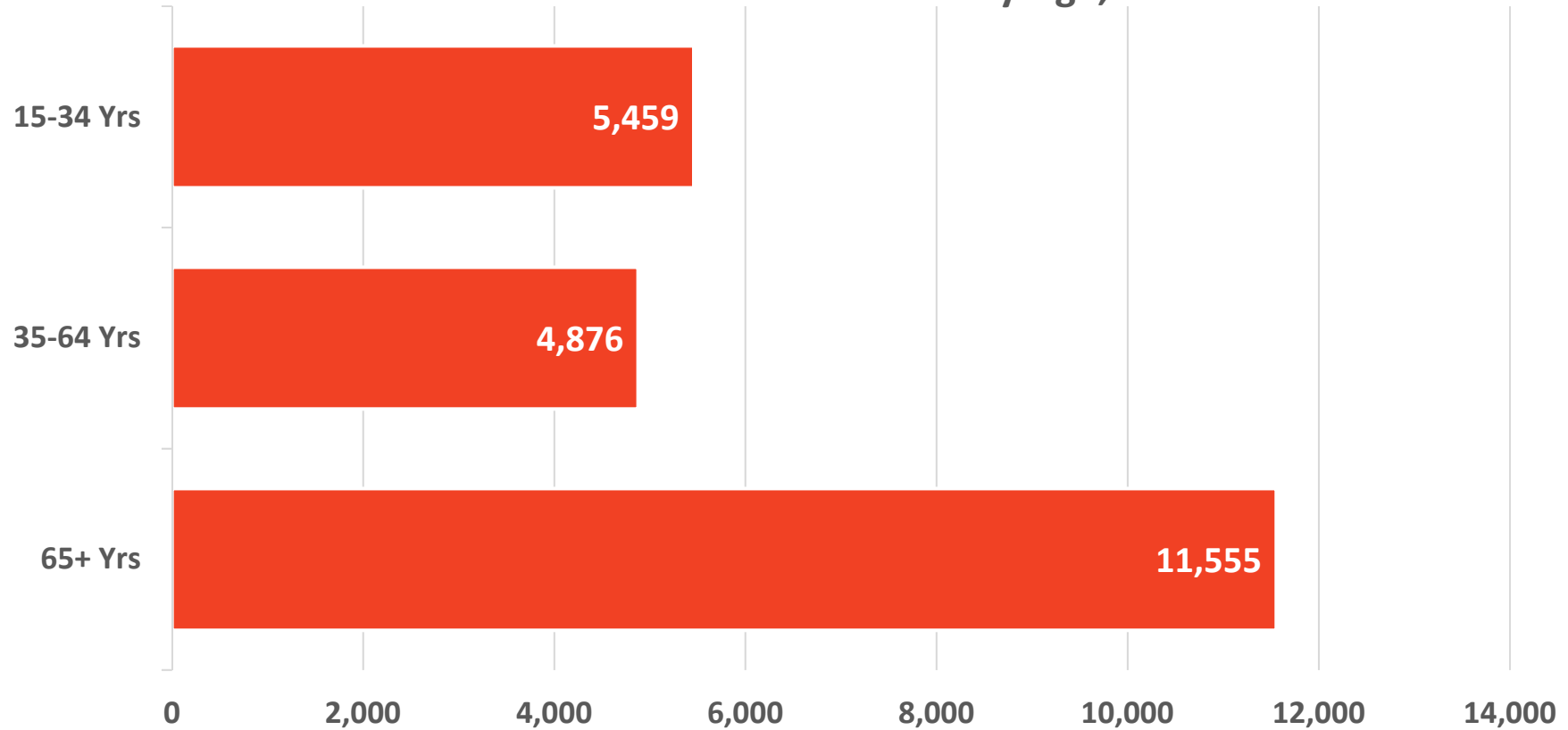
Housing Market Demand Study, Fayette  
County

## 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%).
  - Many senior homeowners will **age in place**.
  - Homeownership rates for householders 35 to 64 years will likely increase to 58.6% (up from 58.1% in 2015)—**rebounding from the economic downturn** that deferred home purchases.

## 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**

*Major demand segments include:*

- Single-family **owner-occupied** homes in evolving formats (**detached, townhomes, four-plexes**, etc.) for **seniors**: **5,130** units.
- Single-family owner-occupied homes (attached and detached) for **middle-age older 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.
- **Multi-family rentals for seniors**: **2,220** units.

# HOUSING AFFORDABILITY

Housing Market Demand Study, Fayette  
County

# Homeownership Affordability

Homes purchased January 2011 to present

Type of Home		Sales	% of Total
<b>All Sales</b>	<b>All Prices</b>	<b>22,893</b>	<b>100%</b>
<b>Higher Priced</b>	<b>Above 120% AMI (above \$255,000)</b>	<b>5,826</b>	<b>25.5%</b>
<b>Workforce</b>	<b>Workforce, 80-120% AMI (\$170,001 - \$255,000)</b>	<b>6,076</b>	<b>26.5%</b>
<b>Affordable</b>	<b>All Affordable, &gt;80% AMI (under \$170,000)</b>	<b>10,991</b>	<b>48.0%</b>
	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%

# Rental Housing Affordability

- “Lexington’s Affordable Housing Challenge and Potential Strategy” (2014):
  - 15,000 non-student renters/income less than \$20,000/yr.
  - Unable to afford the fair market rents.
  - 9,000 renters publicly assisted OR cheap market rate rents.
  - Unmet gap in affordable rentals is **6,000 units**.
- Strategy: Provide 500 new rental vouchers and 167 redeveloped units every year until 2025.
- Result: Remaining gap of 4,400 affordable units in 2025.
  - Why? 400 private market units annually will increase in rent.