

SINGLE-FAMILY DEMAND ANALYSIS

TOMPKINS COUNTY, NEW YORK

SEPTEMBER 2016

PROVIDED BY:

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SINGLE-FAMILY DEMAND ANALYSIS

All of the demographic and economic characteristics of a market combine to provide an indication of the relative level of support for single-family development. By comparing market area characteristics with profiles previously established for other communities, we establish an appropriate level of support for sustainable single-family development.

In projecting future demand, consideration must be given to the fact that past performance of a market may not be a true indication of future demand. In many instances demand can be limited by supply as is certainly the case in Tompkins County. In establishing the following capture factors, a blend of markets yields a true representation of demand (as opposed to using a single, small market that may not have all product types and price points available).

Our approach to establishing the market for single-family housing is based on an analysis of the demographic and economic characteristics of market and the application of optimal capture factors.

Qualifying Incomes

For the purpose of this analysis, we assume that 25% of the purchase price of new home will be cash, yielding a 75% mortgage requirement. While many developments may offer 80% or 90% financing, current underwriting requirements generally reflect 75% financing.

Because of the difficulty of developing new product under \$150,000, our analysis will only consider households with incomes that will qualify them for homes above that price point. Even at \$150,000 there is a significant difficulty in providing product without public assistance in financing, infrastructure, etc.

Income/mortgage/purchase price requirements are as follows:

INCOME	MORTGAGE	AMOUNT FINANCED	HOME PRICE RANGE
\$45,000 - \$59,999	\$131,250 - \$149,999	75%	\$150,000 - \$199,999
\$60,000 - \$74,999	\$150,000 - \$187,499	75%	\$200,000 - \$249,999
\$75,000 - \$89,999	\$187,500 - \$224,999	75%	\$250,000 - \$299,999
\$90,000 - \$104,999	\$225,000 - \$262,499	75%	\$300,000 - \$349,999
\$105,000 - \$119,999	\$262,500 - \$299,999	75%	\$350,000 - \$399,999
\$120,000 - \$149,999	\$300,000 - \$374,999	75%	\$400,000 - \$499,999
\$150,000 and Over	\$375,000 and Over	75%	\$500,000 and Over

Following is the projected income distributions of total households in Tompkins County:

HOUSEHOLD INCOME RANGE	QUALIFIED HOME PRICE	2015 TOTAL HOUSEHOLDS	DISTRIBUTION
\$45,000 - \$59,999	\$150,000 - \$199,999	4,104	19.4%
\$60,000 - \$74,999	\$200,000 - \$249,999	3,965	18.7%
\$75,000 - \$89,999	\$250,000 - \$299,999	2,657	12.6%
\$90,000 - \$104,999	\$300,000 - \$349,999	2,248	10.6%
\$105,000 - \$119,999	\$350,000 - \$399,999	1,429	6.8%
\$120,000 - \$149,999	\$400,000 - \$499,999	2,858	13.5%
\$150,000 and Over	\$500,000 and Over	3,892	18.4%
Total		21,153	100.0%

Based on levels of affordability of new product, an optimal capture factor can be applied to income ranges to determine the annual demand. The optimal capture factors have been established in mature single-family markets with adequate supply. Within these markets, demographic characteristics have been analyzed including growth rates and household size, and economic factors have been considered including income levels and employment profiles.

Single-Family Penetration Analysis

Based on the application of established capture factors for similar markets, the resulting annual demand for single-family homes in Tompkins County can be established.

We have applied established capture rates in established markets to establish the potential demand for single-family homes in Tompkins County.

PRICE RANGE	QUALIFIED 2015 EMA HOUSEHOLDS	ESTIMATED INTERNAL DEMAND CAPTURE FACTOR	ESTIMATED DEMAND FROM SITE EMA HOUSEHOLDS
\$150,000 - \$199,999	4,104	0.021	88
\$200,000 - \$249,999	3,965	0.019	75
\$250,000 - \$299,999	2,657	0.014	37
\$300,000 - \$349,999	2,248	0.016	36
\$350,000 - \$399,999	1,429	0.026	37
\$400,000 - \$499,999	2,858	0.008	24
\$500,000 and Over	3,892	0.004	16
Total	21,153	0.008	313

When considering all price ranges, the total maximum annual support base is estimated to be approximately 313 homes, without considering existing supply or demand from outside the market area. However, when considering only the potential for homes over \$200,000, the demand is for 225 homes annually. This is somewhat higher than the average of 165 homes per year in Tompkins County. Further, in our field survey of single-family developments in Tompkins County it was noted that there is a disproportionately large share of single-family homes being constructed on scattered

lots throughout rural Tompkins County as opposed to conventional single-family subdivisions or neighborhoods.

It should also be noted that it is difficult to achieve the full demand potential unless a full range of product alternatives is available in the market including price, concept (neo-traditional, cul-de-sac, etc.) and geographic area.

Source: The Danter Company
Esri, Inc.