

Memorandum

City of Lawrence

City Manager's Office

TO: David L. Corliss, City Manager
CC: Diane Stoddard, Assistant City Manager
FROM: Britt Crum-Cano, Economic Development Coordinator
DATE: February 19, 2013
RE: 2012 Residential Lot Inventory

This report provides an update on the status of available lots for new residential construction as of December 31, 2012. Data focuses on building permits issued in 2012 as well as lots platted for residential construction from 2002-2012 (i.e. newer subdivisions). A map of the residential lots platted from 2002 through 2012, including building permits issued in 2012, is available at the end of this report.

The following provides information on supply, market demand, and inventory of residential lots at the end of December 2012. It should be noted that the available residential lot database was revised for this year's report, allowing for more refined criteria and parameters. For this reason, inventory data is more definitive and focused and should not be compared with inventory data from previous reports, which was defined using different parameters.

Analysis shows that building permits (demand) for single family units was up 29% over the previous year (123 units in 2012, 95 units in 2011), while permits for multi-family apartment units decreased, dropping almost 50% from 363 units in 2011 to 184 units in 2012.

Overall, the inventory of all available residential lots (development ready as well as those without infrastructure) within newer subdivisions is approximately 10 years based on current market conditions. When examining average demand over the past five years, this inventory jumps to 11 years, reflecting the impact of the recent downturn in the housing market. When examining average demand over the past ten years, inventory drops to 7 years, incorporating the higher demand experienced during more robust years.

Supply of Residential Lots

At the end of 2012, 732 undeveloped lots were available for residential construction (309 without infrastructure, 423 with infrastructure) in newer subdivisions.

Table 1: Residential Lots as of December 31, 2012¹

Newer Subdivisions			
<i>(Lots Platted After January 1, 2002)</i>			
	# Lots	% of Total	Average Lot Size (ac)
Undeveloped Lots: Without Infrastructure	309	42%	0.25
Undeveloped Lots: With Infrastructure	423	58%	0.27
Total	732	100%	0.26

Not restricting data based on date platted, there are a total of 1,259 platted, undeveloped residential lots available throughout the City (732 lots located in newer subdivisions and 527 available lots located in older subdivisions).

Table 2: Total Residential Lot Supply²

Residential Lot Supply as of December 31, 2012			
	Newer Subdivisions <i>(platted after 1-1-2002)</i>	Older Subdivisions	Total
Undeveloped Lots: Without Infrastructure	309	122	431
Undeveloped Lots: With Infrastructure (Development Ready)	423	405	828
Total	732	527	1,259

¹ Source: City of Lawrence, Kansas, GIS Department

² Source: City of Lawrence, Kansas, GIS Department

Demand for New Residential Construction

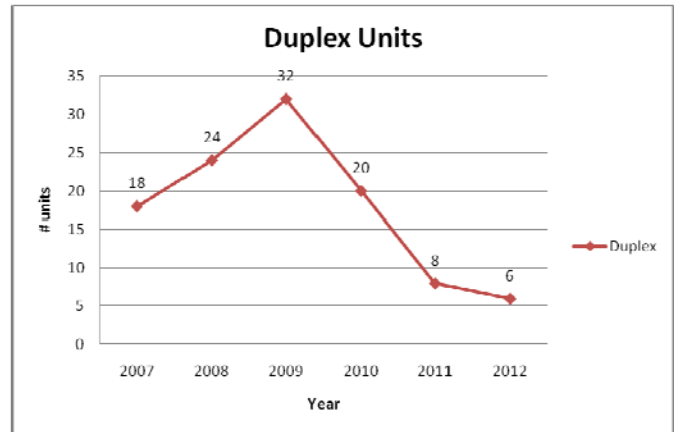
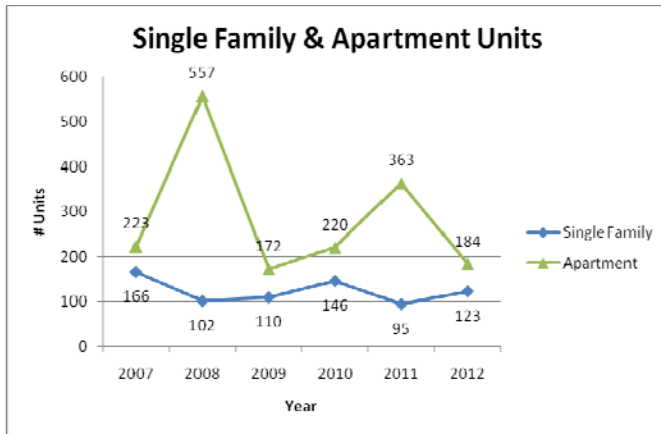
There were 148 residential building permits issued in 2012 for a total of 313 units of new residential housing. Of the permits issued, 123 were for single family homes, three for duplex structures, and 22 for apartment buildings.

Table 3: New Residential Building Permits & Units³

	2010		2011		2012	
New Residential	Permits	Units	Permits	Units	Permits	Units
Single Family	146	146	95	95	123	123
Duplex	10	20	4	8	3	6
Apartment	6	220	19	363	22	184
Total	162	386	118	466	148	313

The number of single family residential units was up 29% from the previous year, adding 123 units in 2012 as compared to 95 in 2011. Apartment units showed a substantial decline, dropping almost 50% from 363 units in 2011 to 184 units in 2012.

Historical Comparison: Demand for New Residential Units



³ Source: City of Lawrence, Development Services, Valuation of Building Permits

Estimated Inventory of Residential Building Lots

The inventory of available lots can be estimated by comparing both the supply of and demand for lots for new residential construction.

Demand: Annual demand can be estimated using the number of building permits issued for new residential construction throughout the year. Since the majority of new residential permits are issued for single family homes, this analysis utilizes the number of single family building permits issued to represent demand for residential lots.

Supply: The number of undeveloped, platted lots for new residential construction is utilized to represent the current supply of available lots.

Using 2012 data to represent current market conditions, the total residential lot inventory will last approximately 10 years. Lots in newer subdivisions are estimated to last approximately 6 years.

Table 4: Estimated Inventory Based on Current Market Demand
(123 permits/year)

Estimated Lot Inventory In Years <i>(Available Residential Lots as of December 31, 2012)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	2.5	1.0	3.5
Undeveloped Lots: With Infrastructure (Development Ready)	3.4	3.3	6.7
Total	5.9	4.3	10.2

Since residential real estate market demand can vary from year to year, the below shows inventory in light of historical trends in market demand. As shown below, when historical demand is examined, the total supply of residential lots is estimated to be 7 to 11 years, with the supply of lots in newer subdivisions estimated to last approximately 4 to 6 years.

Table 5: Estimated Inventory based on 5-Year Market Average
(115 permits/year)

Estimated Lot Inventory In Years <i>(Available Residential Lots as of December 31, 2012)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	2.7	1.1	3.8
Undeveloped Lots: With Infrastructure (Development Ready)	3.7	3.5	7.2
Total	6.4	4.6	11.0

When examining historical demand data over the past five years, the average number of single family building permits issued per year was 115, representing approximately 11 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last over 6 years.

Table 6: Estimated Inventory based on 10-Year Market Average
(185 permits/year)

Estimated Lot Inventory In Years <i>(Available Residential Lots as of December 31, 2012)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	1.7	0.7	2.4
Undeveloped Lots: With Infrastructure (Development Ready)	2.3	2.2	4.5
Total	4.0	2.9	6.9

When examining historical demand data over the past ten years, the average number of single family building permits issued per year was 185, representing approximately 7 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 4 years.

Conclusion

Analysis shows that building permits (demand) for single family units rose 29% over the previous year (123 units in 2012, 95 units in 2011), while permits for multi-family apartment units decreased, dropping almost 50% from 363 units in 2011 to 184 units in 2012.

Based on current demand, the inventory of all available residential lots for single family development throughout the City is 10.2 years and 5.9 years for lots located in newer subdivisions. When demand is averaged over the past 5 years, the inventory of available residential lots for single family development is 11 years throughout the City, and 6.4 years when only considering lots in newer subdivisions. A 10-year average of demand results in 6.9 years of inventory for single family lots throughout the City and 4 years of lots within newer subdivisions.

APPENDIX

Lawrence Residential Lots Platted Between 2002 and 2012

