

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 17, 2014
RE: 2013 Residential Lot Inventory

This report is an update on the status of available lots for new residential construction as of December 31, 2013. Information is provided on supply, market demand, and inventory of residential lots at the end of December 2013. Data focuses on building permits issued in 2013 as well as lots platted for single-family, residential construction from 2003-2013 (i.e. newer subdivisions). A map of residential lots platted from 2003 through 2013 is included at the end of this report. A second map showing building permits issued from 2009-2013 is also provided.

Analysis shows that housing demand rose substantially in 2013 from the previous year, reducing the availability of residential lots in newer subdivisions by approximately 31% (734 lots available in 2012 as compared to 504 lots available in 2013). Of the total residential lots available within newer subdivisions, development-ready lots (lots with infrastructure in place) dropped 2.3%, going from 423 lots available in 2012 to 413 lots available in 2013. Undeveloped lots without infrastructure in place went from 309 lots available in 2012 to 91 lots available in 2013, a 70.6% reduction.

Demand, as indicated by building permits, increased for all types of residential housing. Permits for single family units increased 26% over the previous year (155 units in 2013 as compared to 123 units in 2012). Permits for multi-family apartment units increased 103%, rising from 184 units in 2012 to 317 units in 2013. Demand for duplex units also rose, going from 6 units in 2012 to 20 units in 2013, an increase of 233%.

Overall, the inventory of all available residential lots (development ready as well as those without infrastructure) within newer subdivisions is approximately 3.3 years based on current market demand for single-family residential construction. When examining average demand over the past five years, this inventory increases slightly to 4.0 years. When examining average demand over the past ten years, inventory drops to 2.9 years.

Supply of Residential Lots

At the end of 2013, 504 undeveloped lots were available for residential construction (91 without infrastructure, 413 with infrastructure) in newer subdivisions.

Table 1: Residential Lots as of December 31, 2013¹

Newer Subdivisions <i>(Lots Platted After January 1, 2003)</i>			
	# Lots	% of Total	Average Lot Size (ac)
Undeveloped Lots: Without Infrastructure	91	18%	0.28
Undeveloped Lots: With Infrastructure	413	82%	0.28
Total	504	100%	0.28

Not restricting data based on date platted, there are a total of 1,038 platted, undeveloped residential lots available throughout the City (504 lots located in newer subdivisions and 534 available in lots located in older subdivisions). 2012 had 1,259 platted, undeveloped residential lots available, with 734 of those lots located in newer subdivisions and 527 lots located in older subdivisions.

Table 2: Total Residential Lot Supply²

Total Residential Lot Supply <i>(As of December 31, 2013)</i>			
	Newer Subdivisions <i>(platted after 1-1-2003)</i>	Older Subdivisions	Total
Undeveloped Lots: Without Infrastructure	91	123	214
Undeveloped Lots: With Infrastructure (Development Ready)	413	411	824
Total	504	534	1,038

¹ Source: City of Lawrence, Kansas, GIS Department

² Source: City of Lawrence, Kansas, GIS Department

Demand for New Residential Construction

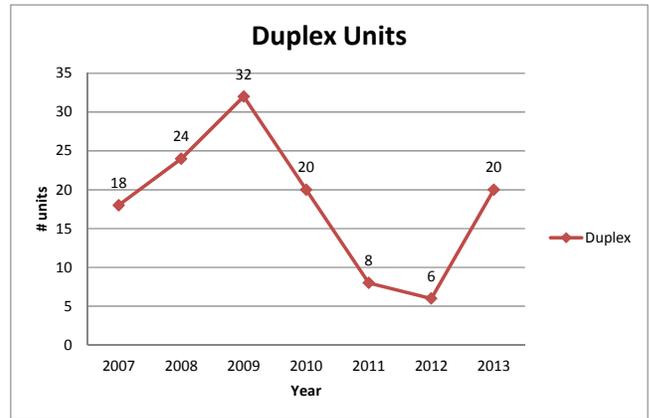
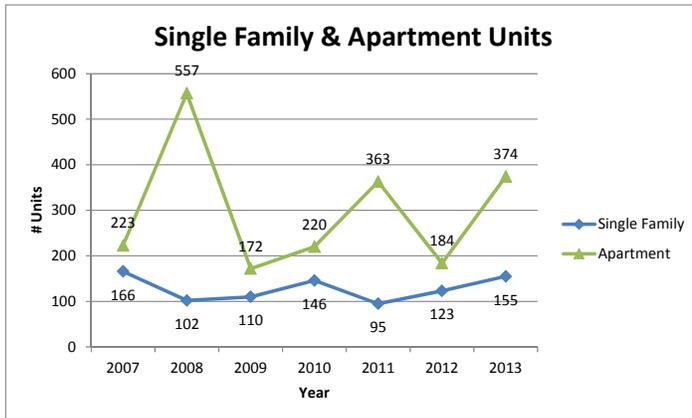
There were 188 residential building permits issued in 2013 for a total of 549 units of new residential housing. Of the permits issued, there were 155 issued for single family homes, 10 for duplex structures, and 23 for apartment buildings.

Table 3: New Residential Building Permits & Units³

New Residential	2010		2011		2012		2013	
	Permits	Units	Permits	Units	Permits	Units	Permits	Units
Single Family	146	146	95	95	123	123	155	155
Duplex	10	20	4	8	3	6	10	20
Apartment	6	220	19	363	22	184	23	374
Total	162	386	118	466	148	313	188	549

The number of single family residential units was up 26% from the previous year, adding 155 units in 2013 as compared to 123 units in 2012. Apartment units showed a substantial increase, rising 103% from 184 units in 2012 to 374 units in 2013. The number of duplex units rose from 6 units in 2012 to 20 units in 2013, an increase of 233%.

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 2013 data to represent current market conditions, the total residential lot inventory will last approximately 6.8 years. Lots in newer subdivisions are estimated to last approximately 3.3 years.

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

Estimated Lot Inventory In Years			
<i>(Available Residential Lots as of December 31, 2013)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	0.6	0.8	1.4
Undeveloped Lots: With Infrastructure (Development Ready)	2.7	2.7	5.4
Total	3.3	3.5	6.8

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 from 6 to 8.3 years, with the supply of lots in newer subdivisions estimated to last approximately 2.9 to 4 years.

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

Estimated Lot Inventory In Years			
<i>(Available Residential Lots as of December 31, 2013)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	0.7	1.0	1.7
Undeveloped Lots: With Infrastructure (Development Ready)	3.3	3.3	6.6
Total	4.0	4.3	8.3

When examining historical demand data over the past five years, the average number of single family building permits issued per year was 126, representing approximately 8 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 4 years.

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

Estimated Lot Inventory In Years			
<i>(Available Residential Lots as of December 31, 2013)</i>			
	Stock in Newer Subdivisions	Stock in Older Subdivisions	Total Stock
Undeveloped Lots: Without Infrastructure	0.5	0.7	1.2
Undeveloped Lots: With Infrastructure (Development Ready)	2.4	2.4	4.8
Total	2.9	3.1	6.0

When examining historical demand data over the past ten years, the average number of single family building permits issued per year was 169, representing approximately 6 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 2.9 years.

Conclusion

Analysis shows that demand for all residential housing types rose substantially over the previous year. 2013 building permits for single family units rose 26%, permits for multi-family apartment buildings increased 4.5%, and permits for duplexes rose 233.3%, when compared to 2012.

Building Permits: 2012-2013			
	2012	2013	% Change
Single Family	123	155	26.0%
Duplex	3	10	233.3%
Apartments	22	23	4.5%
Total	126	165	31.0%

Overall, available residential lots in 2013 dropped 17.6% as compared to 2012. Of this total, availability of lots within newer subdivisions dropped by over 31%, with availability of lots in older subdivisions increasing 1.3% over the previous year.

Available Lots: 2012-2013			
	2012	2013	% Change
Newer Subdivisions	732	504	-31.1%
Older Subdivisions	527	534	1.3%
Total	1259	1038	-17.6%

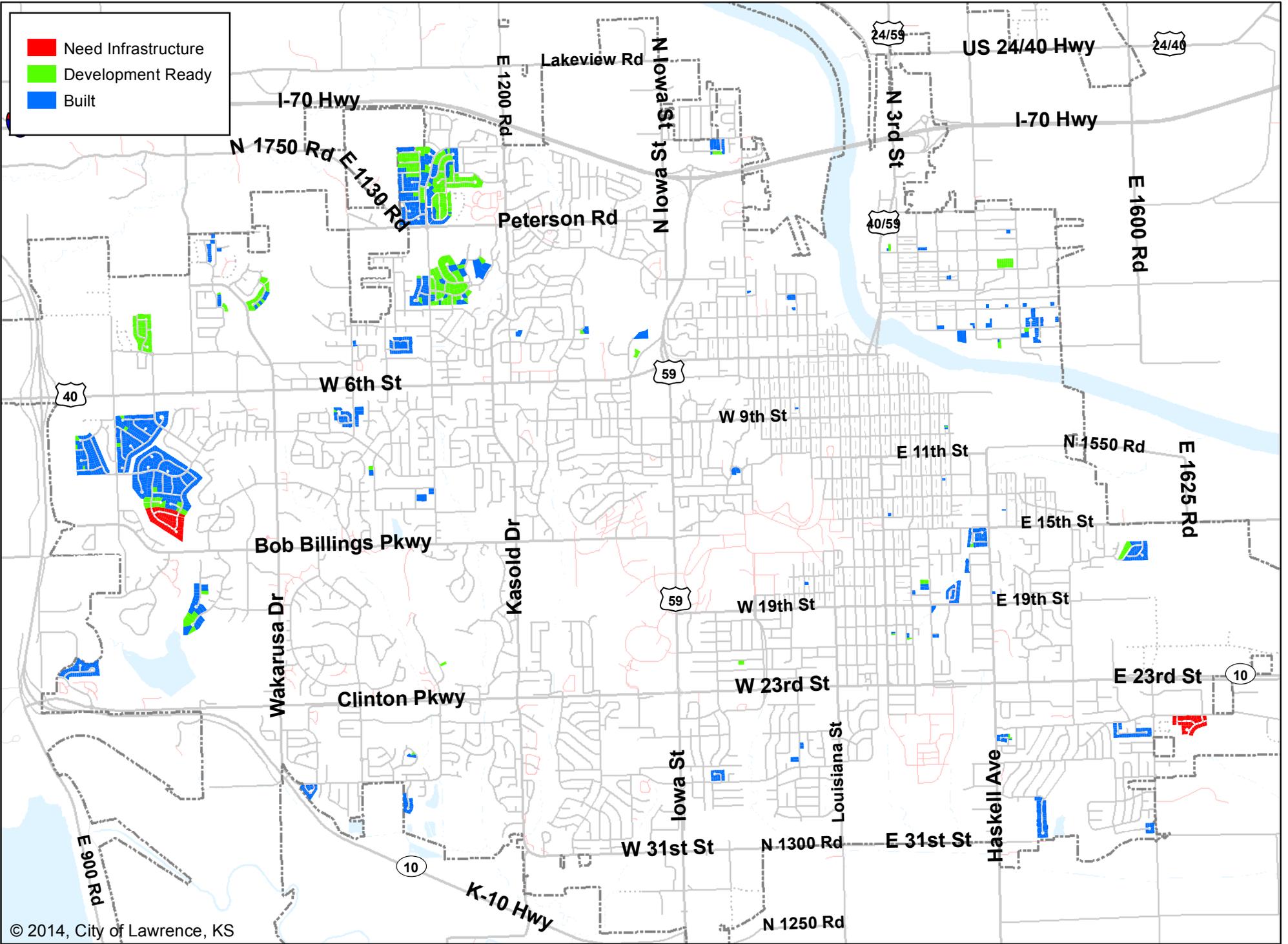
The decline of available residential lots, combined with an increase in demand, resulted in an overall reduction of 33.3% in residential lot inventory in 2013 as compared to the previous year. The largest inventory reduction was within newer subdivision areas, dropping 44.1% from the previous year.

Estimated Inventory in Years (2013 market conditions)			
	2012	2013	% Change
Newer Subdivisions	5.9	3.3	-44.1%
Older Subdivisions	4.3	3.5	-18.6%
Total	10.2	6.8	-33.3%

Based on current demand, the inventory of all available residential lots for single family development throughout the City is 6.8 years and 3.3 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 8.3 years throughout the City, and 4.0 years when only considering lots in newer subdivisions. A 10-year average of demand results in 6 years of inventory for single family lots throughout the City and 2.9 years of lots within newer subdivisions.

APPENDIX

Lawrence Single Family Residential Lot Inventory 2003-2013



0 1,000 2,000 4,000 6,000 8,000 Feet

1 inch = 3,000 feet

New Single-Family Residential Building Permits, By Year

Date: 2/14/2014

New Residential Building Permits

- 2005 - 232 Single-Family Permits
- 2006 - 247 Single-Family Permits
- 2007 - 166 Single-Family Permits
- 2008 - 102 Single-Family Permits
- 2009 - 110 Single-Family Permits
- 2010 - 146 Single-Family Permits
- 2011 - 95 Single-Family Permits
- 2012 - 123 Single-Family Permits
- 2013 - 155 Single-Family Permits

