



Reset and Recovery: Assessing Housing Markets in the Rocky Mountain West



New Partners for Smart Growth

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Changing Circumstances



Recovering from the worst housing market in 75 years

- Housing starts up and values rising
- Housing market critical to broader economic recovery

Not your fathers housing market...

- Economic, demographic, & consumer trends are affecting demand for different types of housing

Where are we headed?



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Where are we headed



The 2011 Community Preference Survey What Americans are looking for when deciding where to live

Analysis of a survey of 2,071 American adults nationally
Conducted for the National Association of Realtors®
March 2011

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Where are we headed?

National Association of Realtors: 2011 Consumer Preference Survey

- **Cost Matters:** 59% of buyers will make trade off's to stay in budget
- **Sense of Place:** A majority prefer neighborhoods with a mix of houses, shops, and businesses. Only 12% prefer traditional subdivision with houses only.
- **Walkability:** 56% prefer walkable neighborhoods over conventional suburban
- **Convenience:** 59% would downsize for a commute time under 20 minutes.

Demand Institute: *The Shifting Nature of US Housing*

- Lower household incomes; increasing economic segregation
- Continued aspiration for ownership, but fewer people qualified
- Rental leading the way in recovery - greater pressure on rental housing
- Smaller houses and lot sizes
- Higher demand in areas with a broad range of amenities
- Walkability and sense of community will drive demand

Who is the future market?

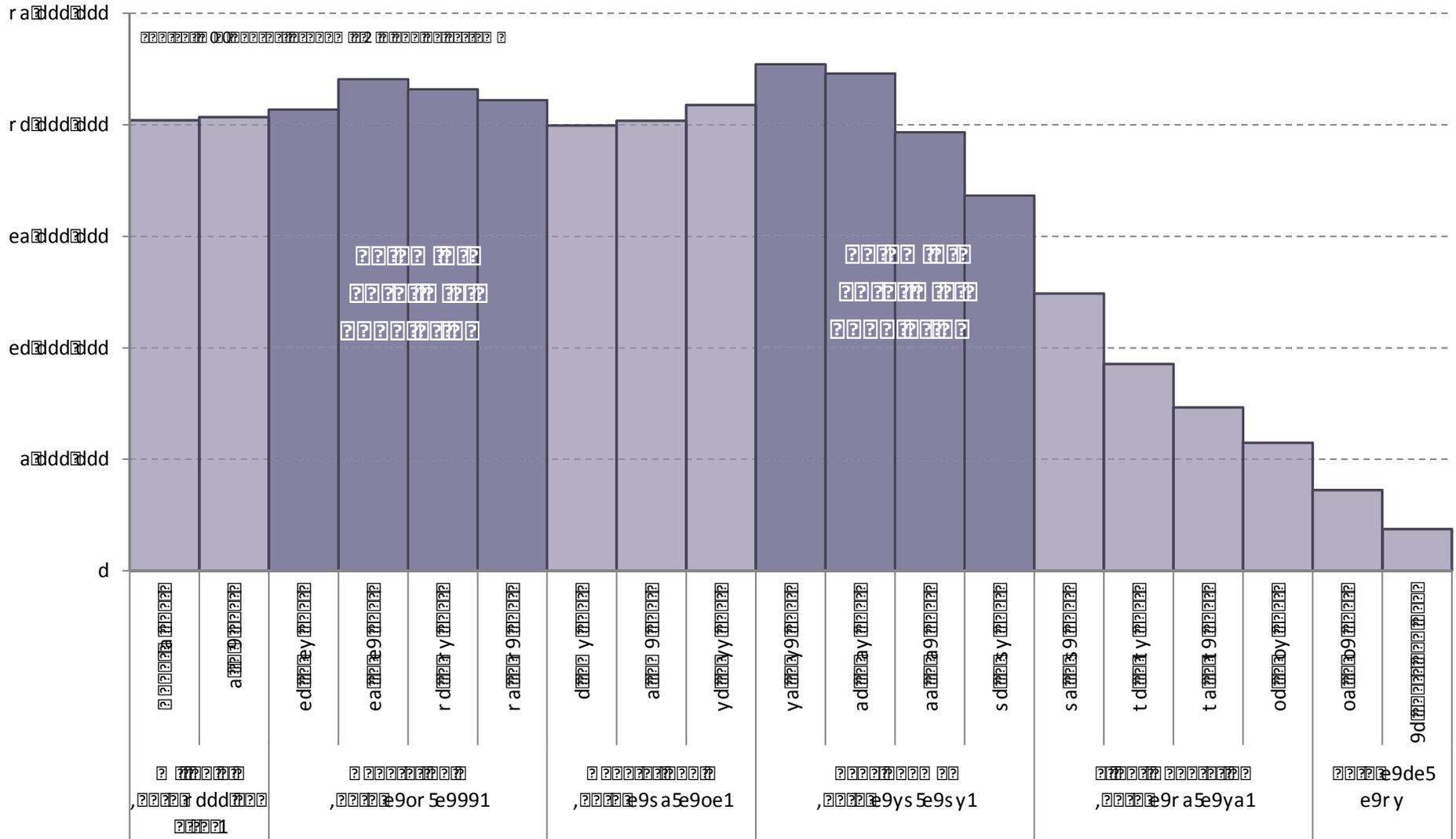
GEN Y MAKES UP THE LARGEST SHARE OF U.S. POPULATION, FOLLOWED BY BOOMERS, & GEN X

GENERATION	BORN	2009 AGE (year-end)	% OF NATION	EST. # OF PEOPLE
Eisenhowers	Before 1946	64+	17%	51M
Baby Boomers	1946 – 1964	45 – 63	27%	75M
Generation X	1965 – 1978	31 – 44	18%	52M
Gen Y	1979 – 1996	13 – 30	27%	80M
Gen Z?	1996 and After	0 – 12	10%	30M

Source: RCLCO

SOURCE: Claritas, National Center for Health Statistics, RCLCO

Demographic Distributions in the West



Who is the future market?

Gen Y



Seeking convenience, sense of community, work-life balance, **coolness**...

1/3 will pay more for housing walkable to shops, work, and entertainment

2/3 say living in a walkable community is very important to their location decision

Boomers



Lifestyle is key: convenience, health & activity, low-maintenance, staying engaged

Safety and proximity medical services are also priorities

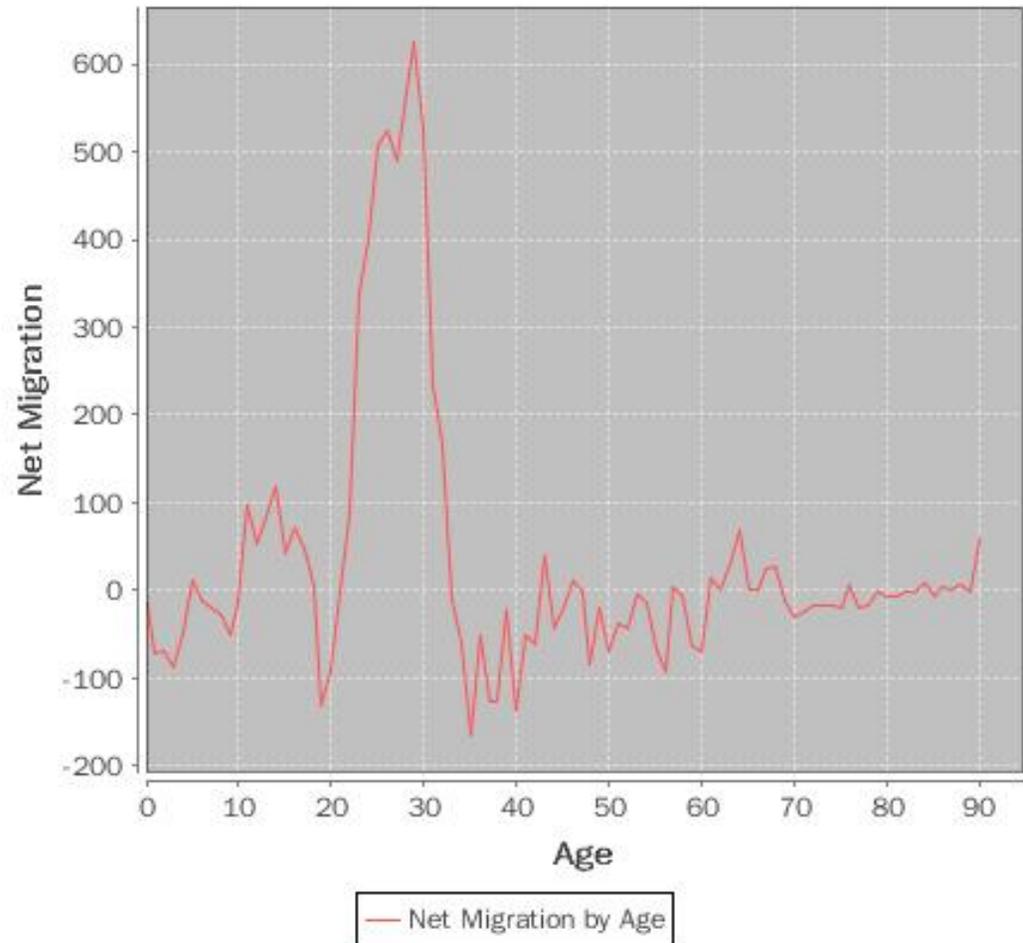
Many seeking communities with **amenities, entertainment, culture, and education**

Source: RCLCO

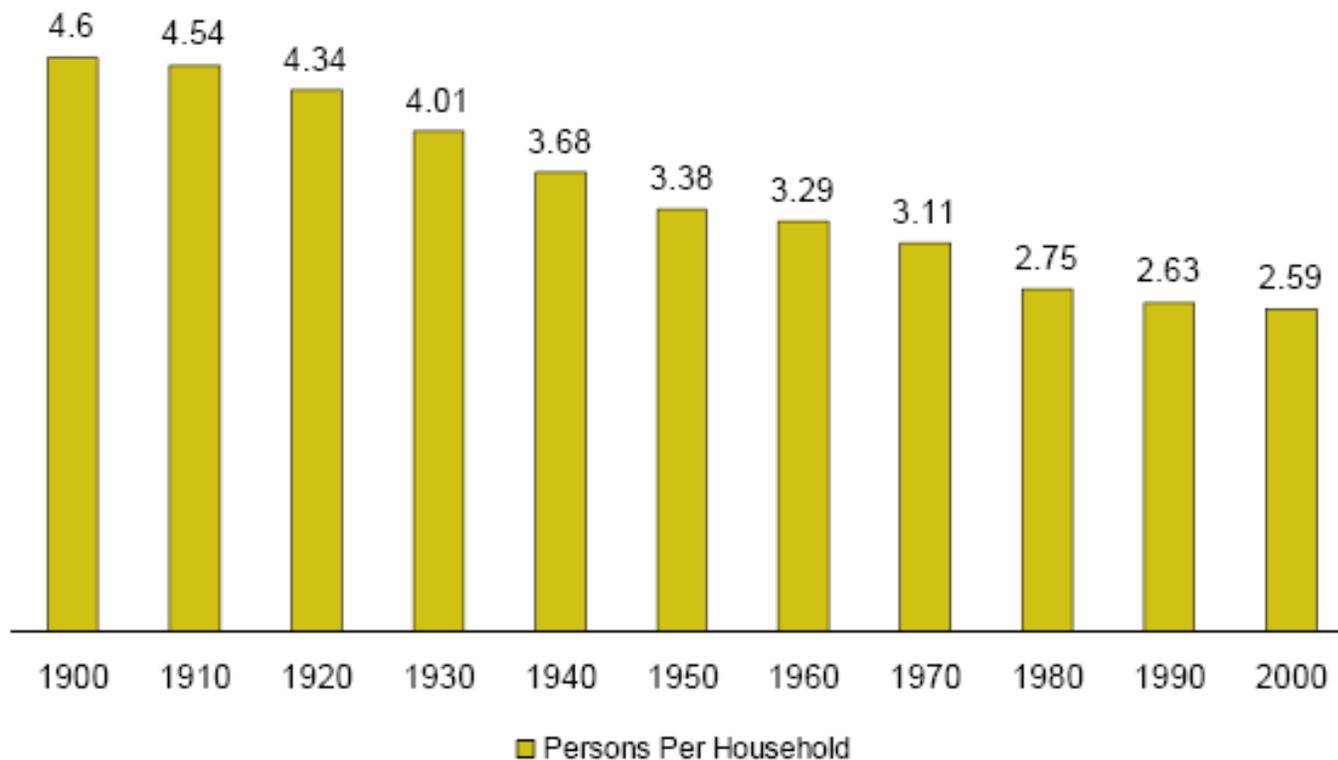
Who's moving here?



Net Migration by Age 2000 to 2010



Smaller Households

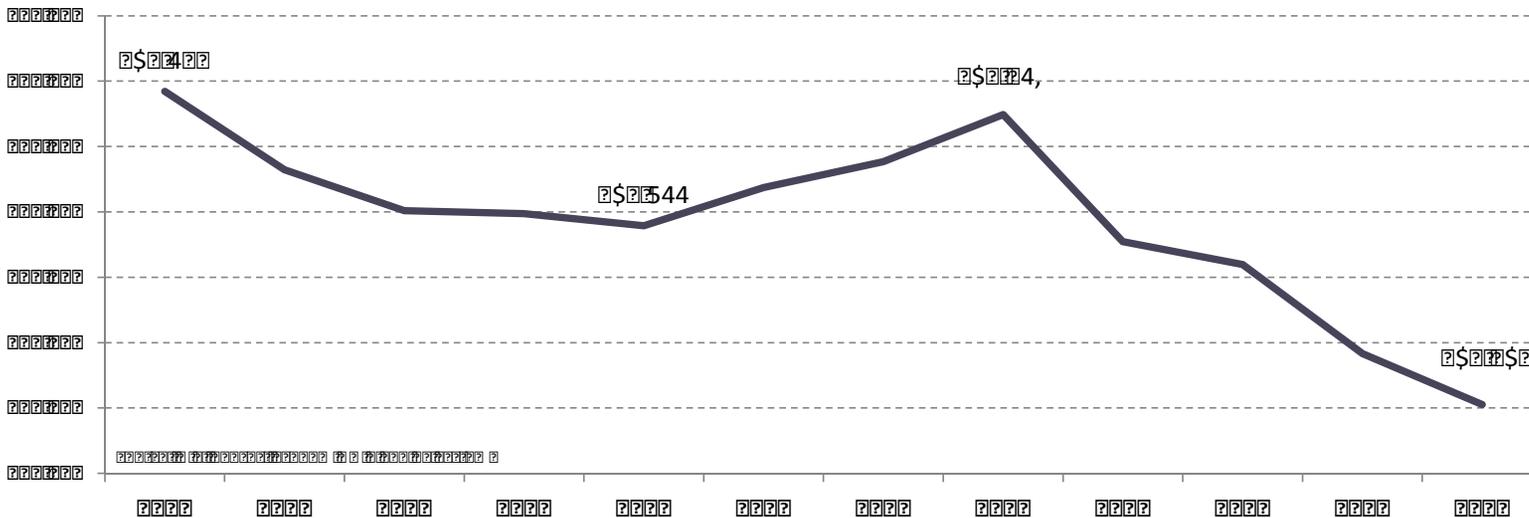


SOURCE: US Census

Source: RCLCO

Shrinking Household Income

U.S. Real Wages, 2000-2011



This affects a wide variety of housing decisions including tenure, size, and location

How are these trends unfolding in Rocky Mountain communities?

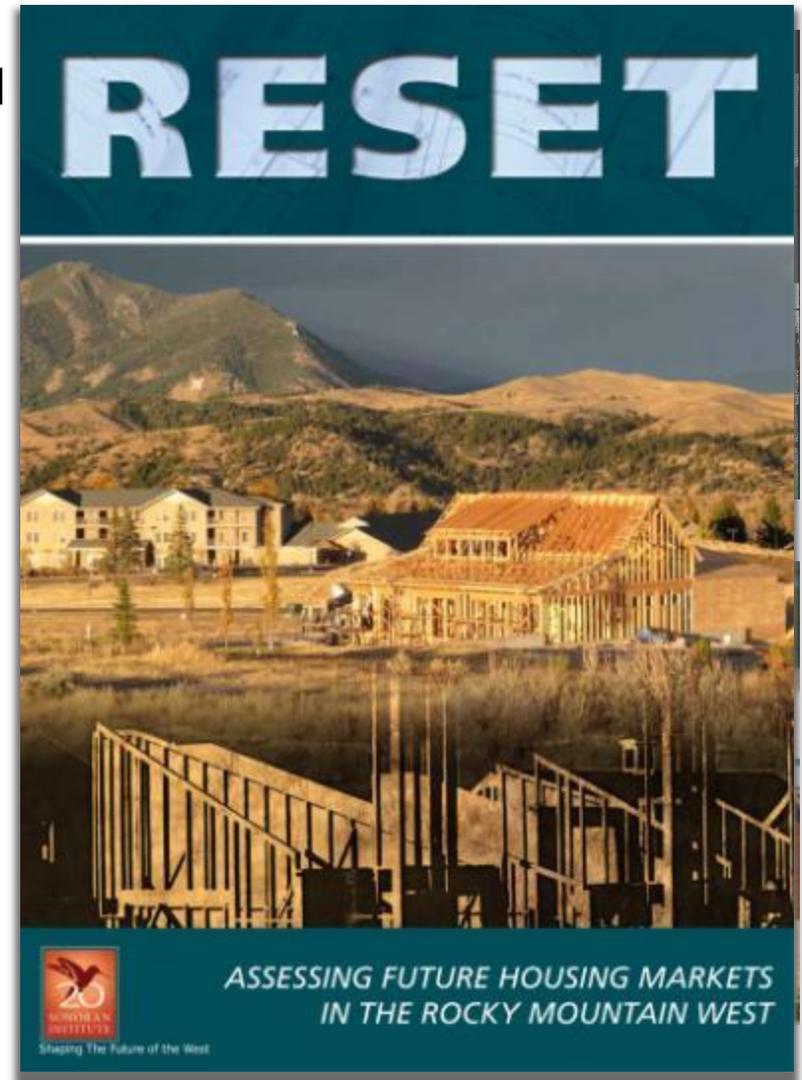
What are the key trends in the Rocky Mountain West region?

- The region is experiencing rapid population growth, particularly in the Denver and Salt Lake City metropolitan areas.
- There is a significant shift in housing preferences, with a growing demand for single-family detached homes and a decline in multi-family units.
- The region is facing a housing shortage, particularly in the middle and high-end markets, which is driving up prices and reducing affordability.

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What are the key challenges facing the region?

- The region is facing a significant housing shortage, particularly in the middle and high-end markets, which is driving up prices and reducing affordability.
- There is a growing concern about the impact of climate change on the region's natural resources and infrastructure.
- The region is facing a growing demand for affordable housing, particularly in the urban centers.



How are these trends unfolding in Rocky Mountain communities?

Community development and affordable housing

- Community development and affordable housing
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Survey: Where do we want to live?

What are the most important factors in choosing a place to live?

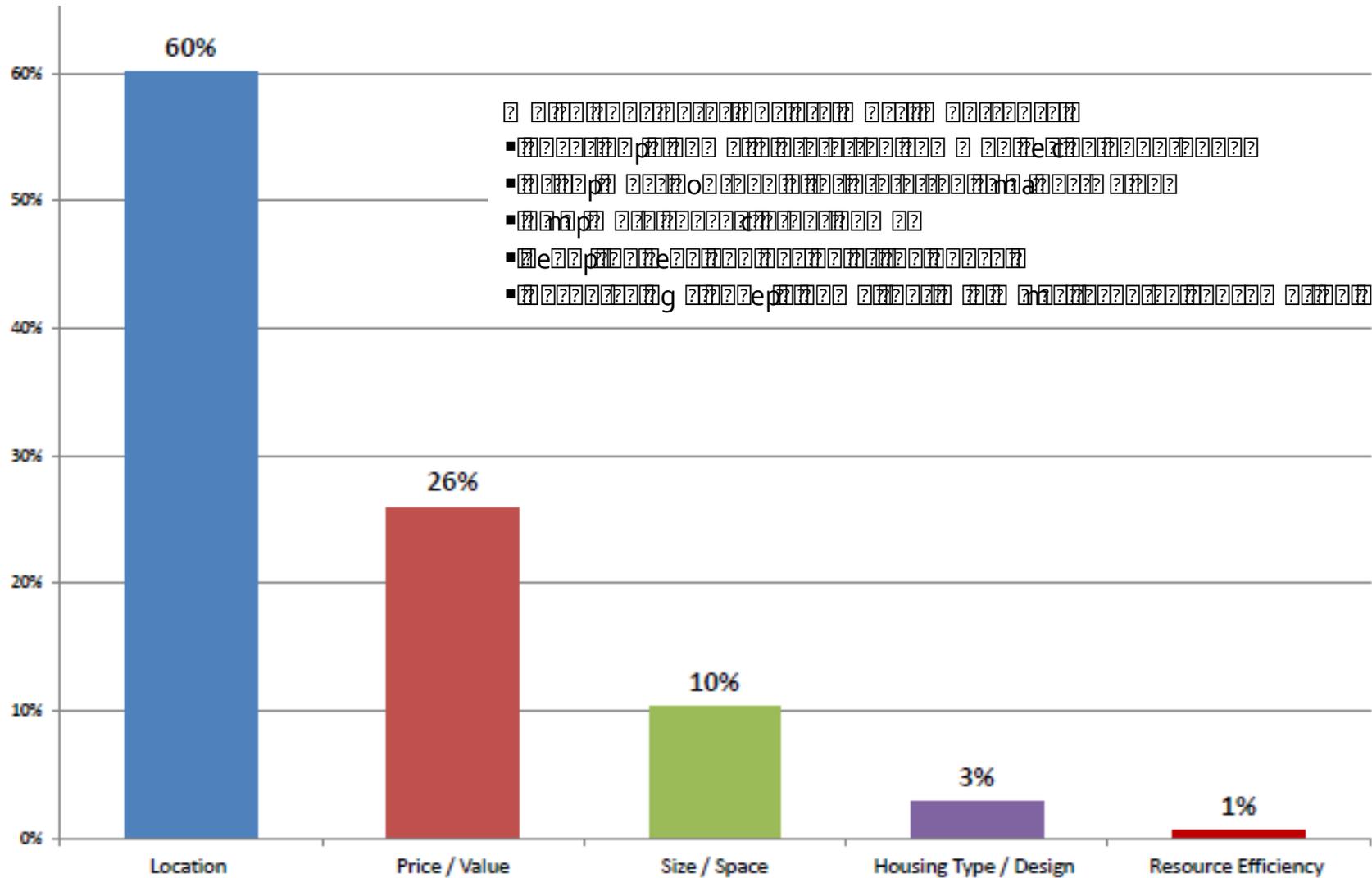
- The cost of living and the quality of schools
- The safety and the crime rate in the area
- The availability of public transportation

What are the most important factors in choosing a place to live?

- The quality of the environment and the availability of parks and recreation
- The availability of public transportation
- The quality of the housing and the availability of rental properties



Location is a top priority

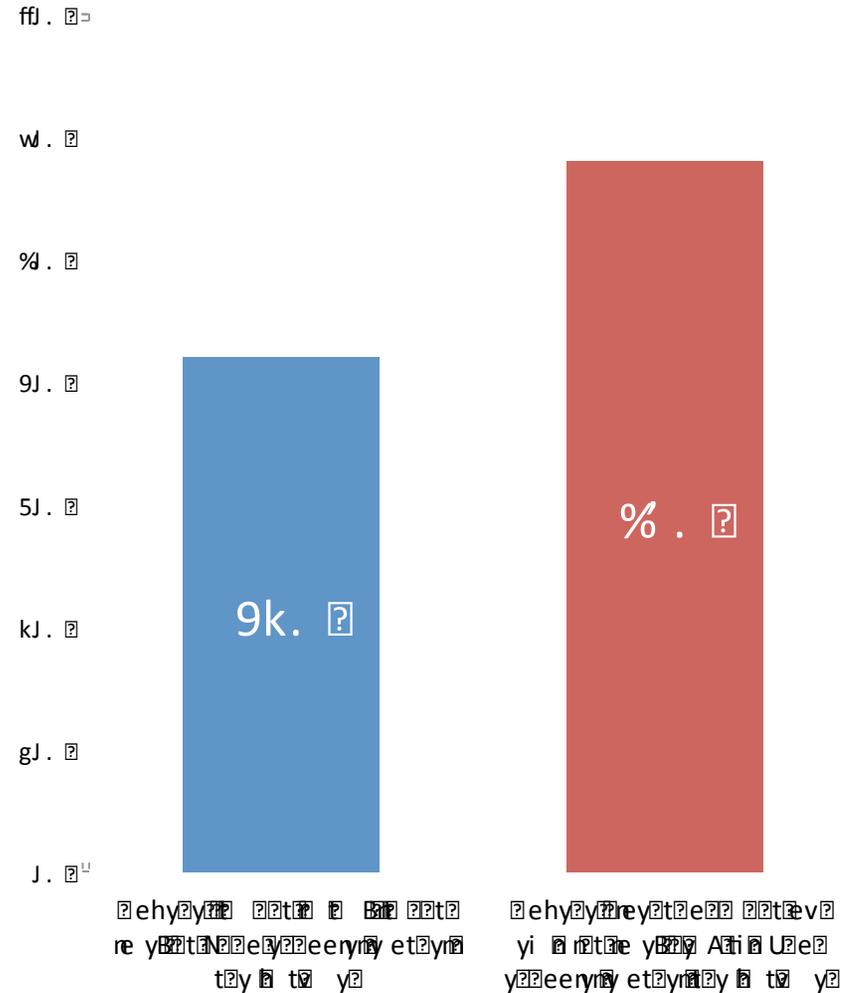
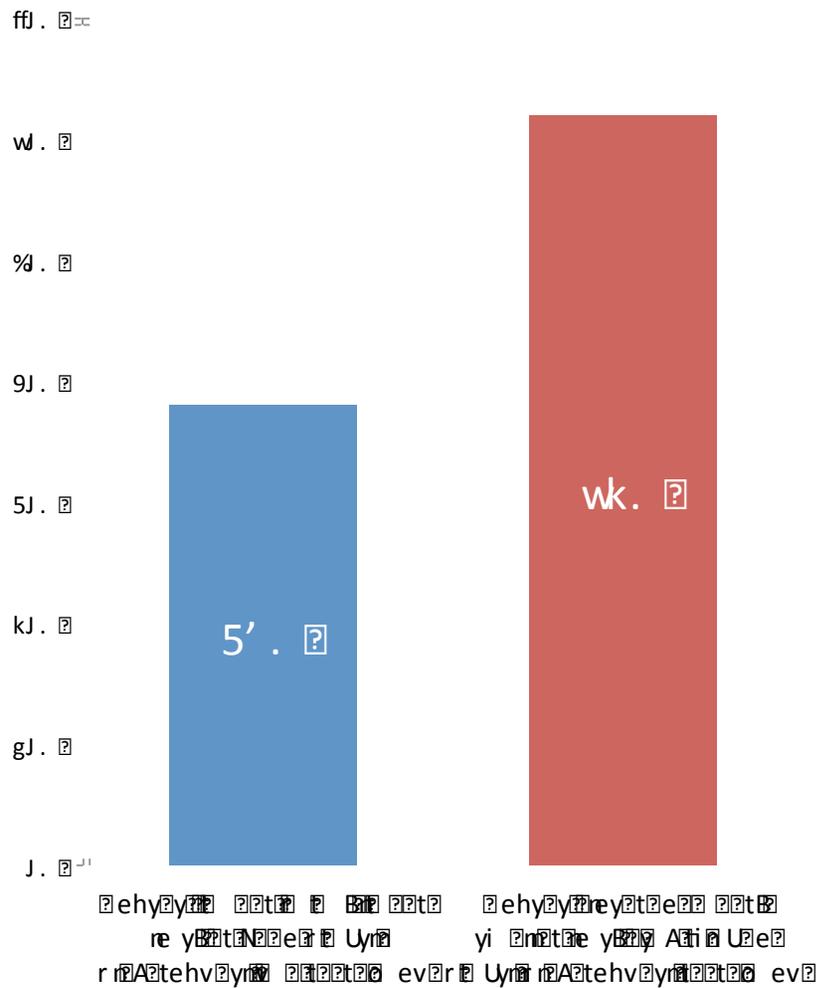


Location: people seek neighborhoods with walkable destinations

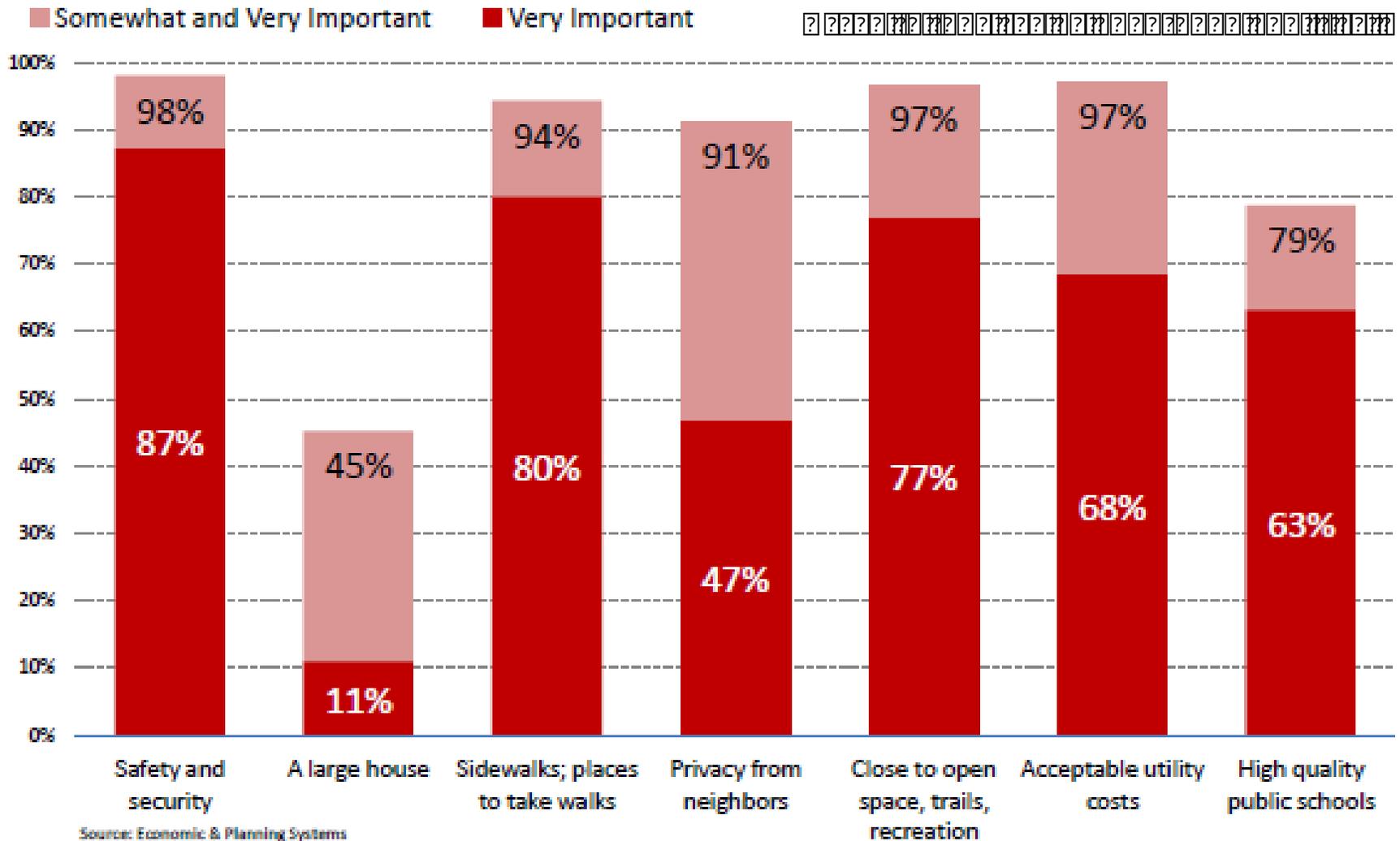


90% said living walking distance of other destinations in the community was important to their housing decision.

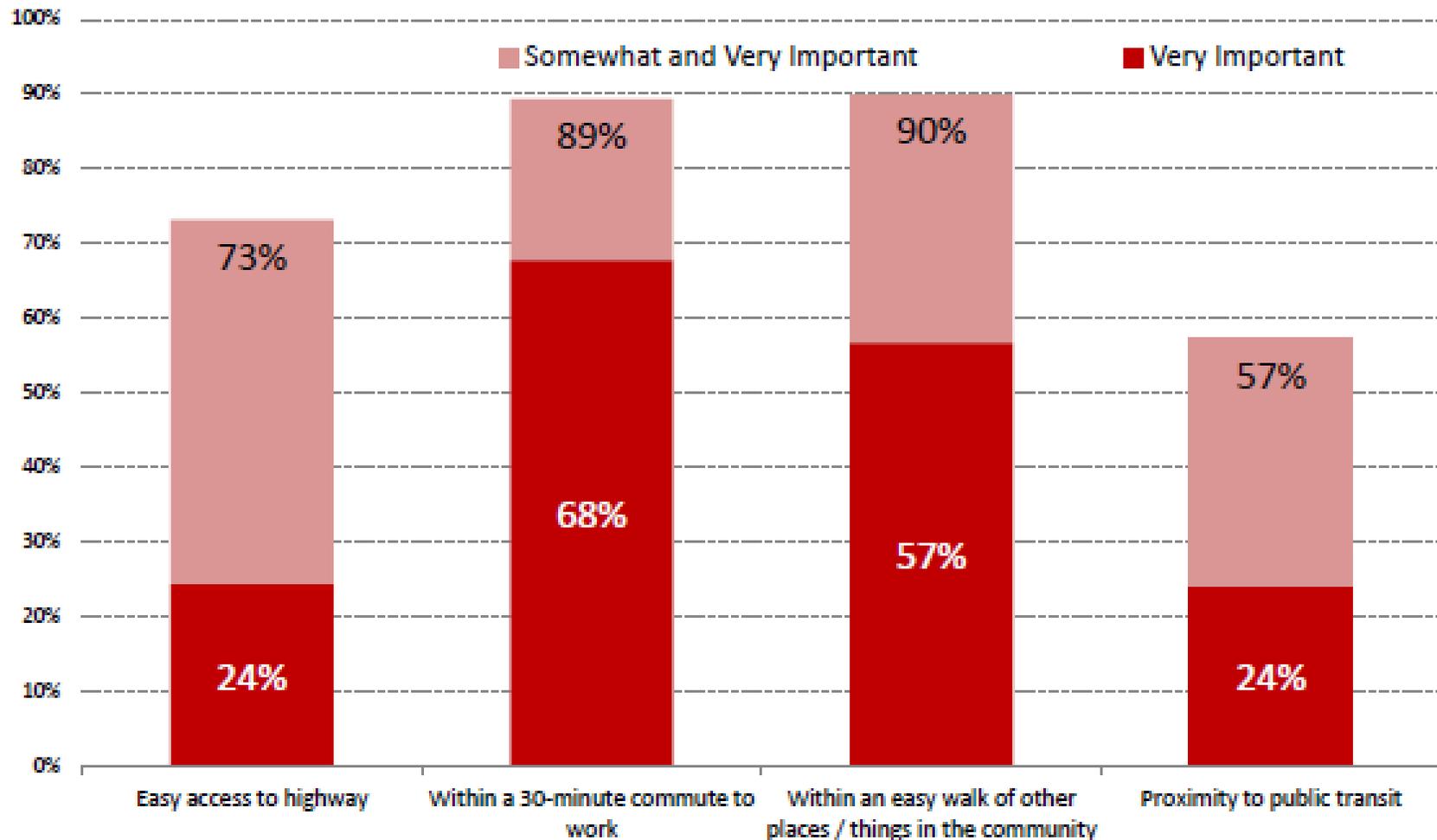
Trade-offs: lot size versus walkable access to daily needs and recreation



Priorities for where we live



Transportation choices and commute times are also important



Source: Economic & Planning Systems

Transportation choices matter

Asked about importance of various factors that influence choice in where to live?

- 57 percent said proximity to transit is important (24% said very important)
- 89 percent said living within a 30min commute was important





Show me the money!

How is compact walkable development faring in the market?

- Analyzed premiums (MLS data) and market capture (building permits)
- Looked at six different communities

Summary of Market Findings

- People will pay an average of 18.5 percent more per square foot to live in walkable neighborhoods.
- Compact walkable development occupies an average of 16% of the market in the six areas analyzed (more in Eagle).
- Interviews suggest that market will expand to 25-30 percent or more in some markets



Show me the money!

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What is a Premium?

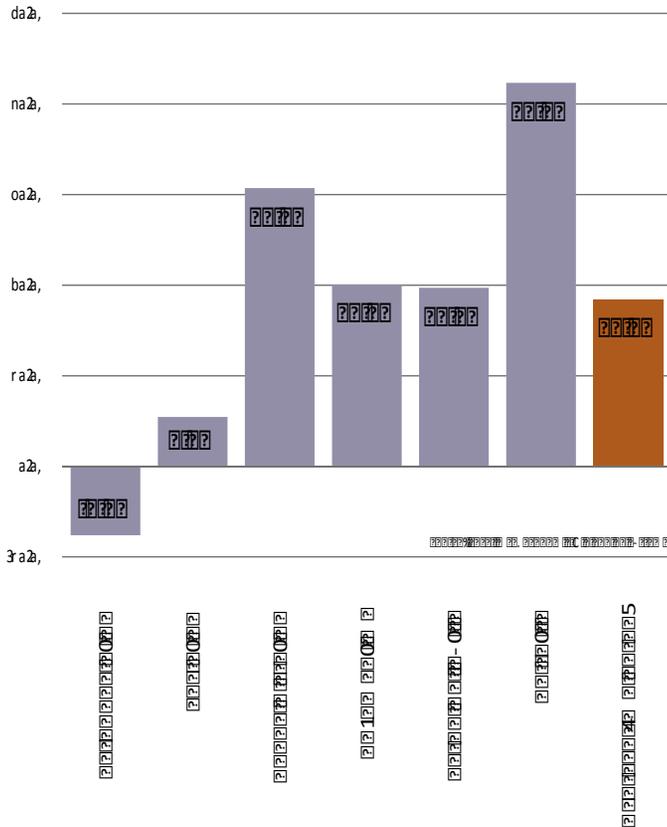
- Amount people will pay above market average
 - coffee = \$0.99; cappuccino = \$2.75



What is Market Capture?

- How much a given product makes up of a larger market
 - Number of veggie pizza's out of all pizzas sold...

Market Premiums for Compact Walkable Development



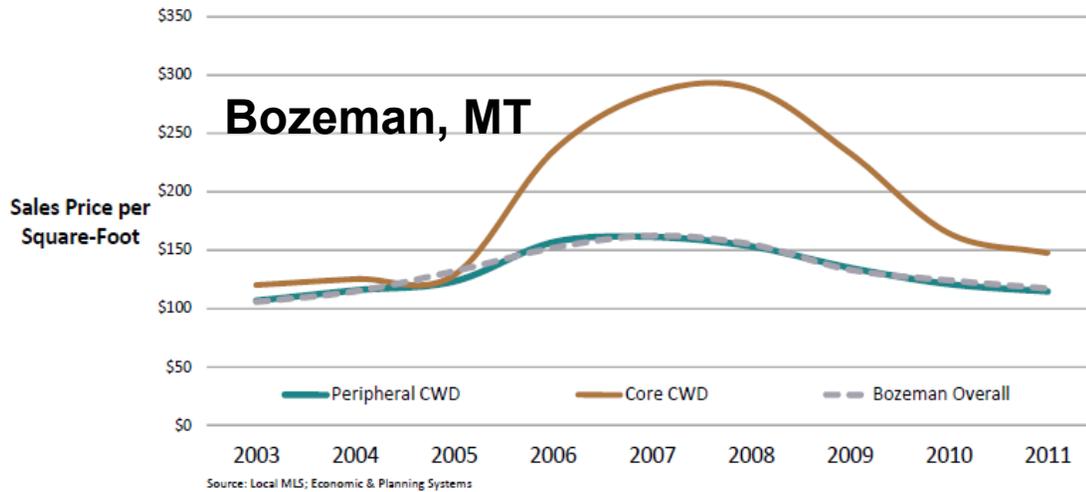
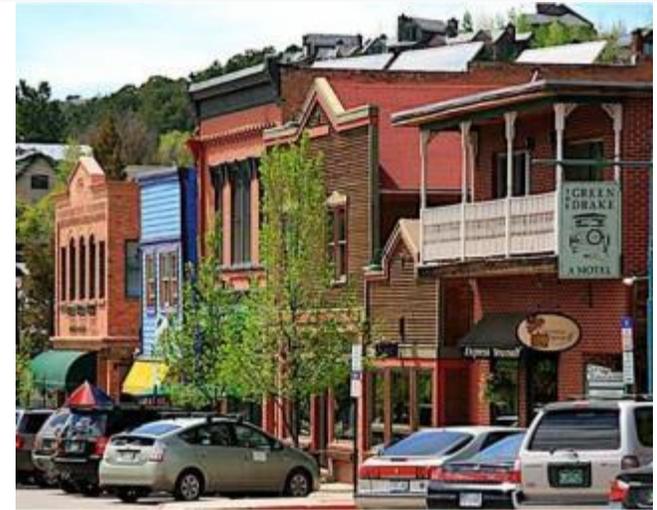
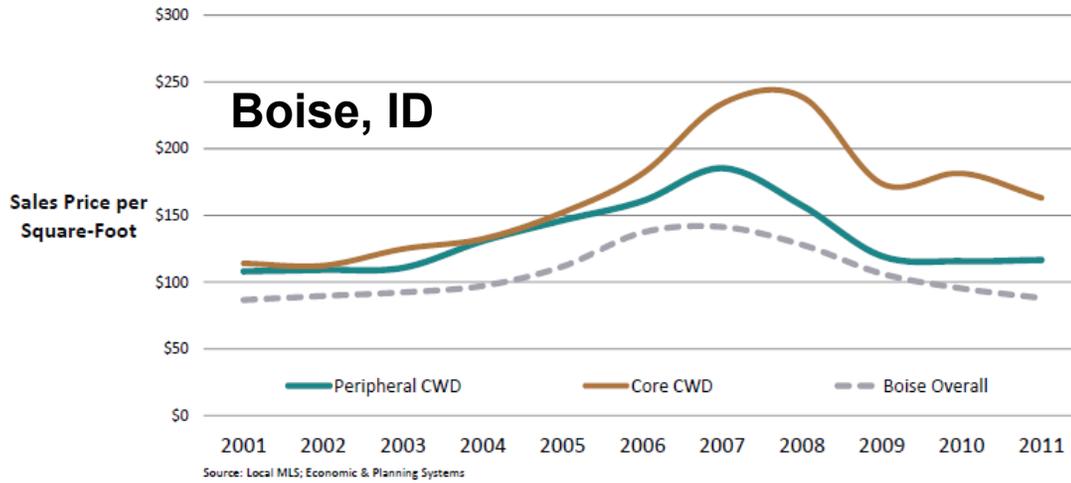
People will pay more to live in walkable neighborhoods

Pre-recession Premium Average = 18.5%

Post-recession Premium Average = 12.5% (not shown)

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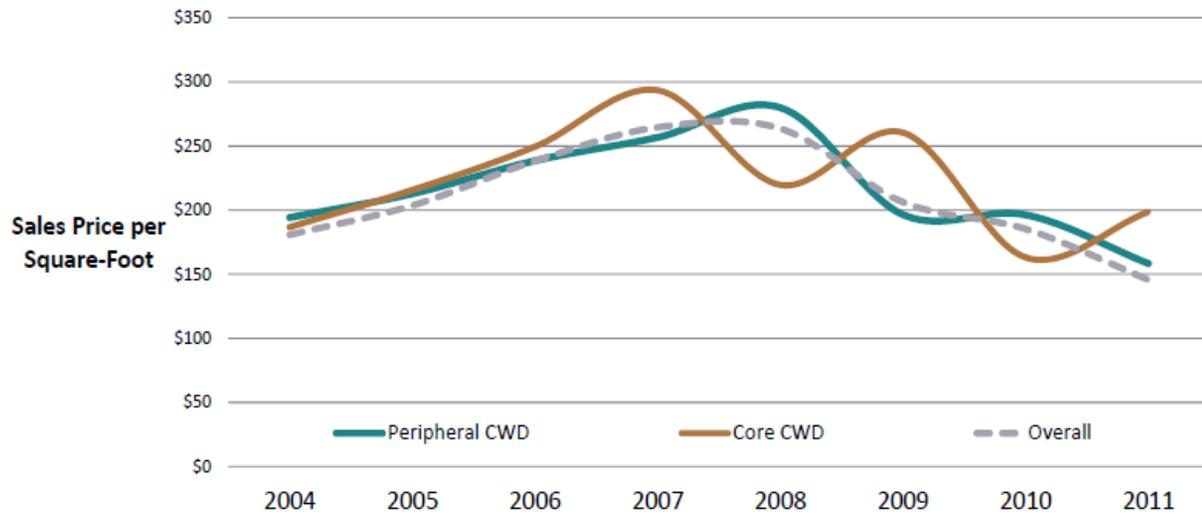
Premiums in Core Areas



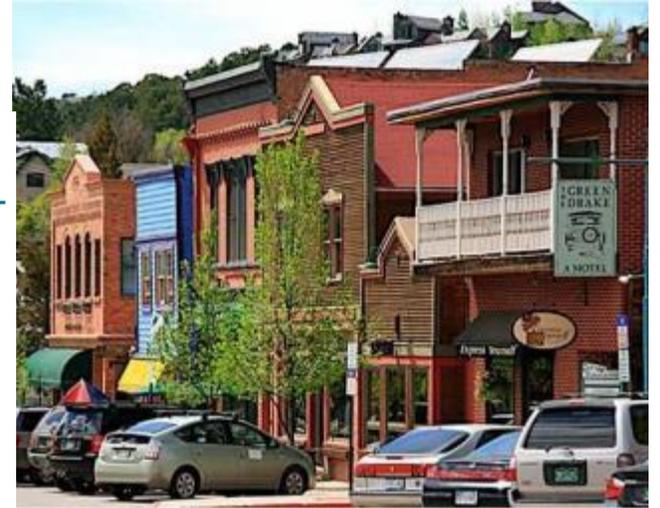
Premiums in Core Areas

Eagle

Figure A7
Sales Trends in Eagle, 2004-2011
Sonoran Institute Housing Study



Source: Local MLS; Economic & Planning Systems



Summary of Market Performance

Premiums

- People will pay more per square foot for compact walkable development
- Average premium was 18.5% pre-recession and 12.5% post-recession

Market Capture

- Compact walkable development does occupy a space in the market.
- Average of 16%, but variation between markets and periods
- Developer and realtor interviews suggest demand is growing
 - In Colorado, most estimates around 25%.and higher in certain market.
 - Closer to 20% in the Northern Rockies (MT, ID, WY)

So what does this all mean?

Key themes and lessons

1. The housing market *is* shifting.
2. Segmented market (different people = different needs/wants)
3. Location, location, location...
4. People will make tradeoffs for prime locations that offer convenience, walkability, lifestyle, and sense of place.
5. Walkable development commands a premium and occupies a growing niche in the market.
6. Choices limited... Much of today's housing stock doesn't match-up with tomorrow's demands. This is an opportunity.

Responding to Market Opportunities

No single housing type
“owns” the market...



Sense of Place



Evolution of the Single Family Home



Evolution of the Single Family Home



Building Better Attached Housing



Building Better Attached Housing



Building Better Attached Housing



Set the table for desired development



Set the table for desired development



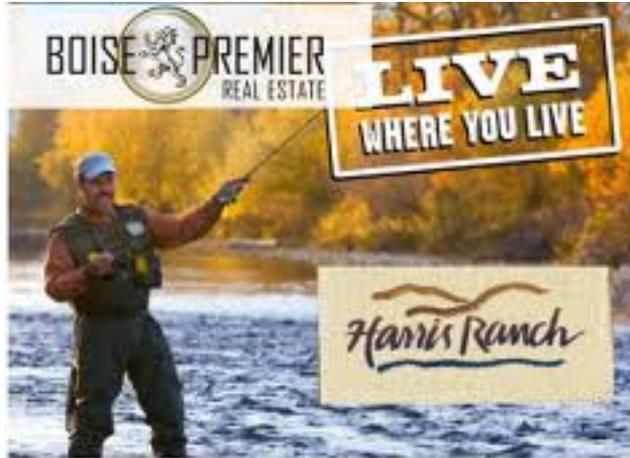
Walkability Matters



...but it is a challenge



Amenities (Quality vs Quantity)





Creating Places



Location: Core Assets



Location: Core Assets



Bringing Housing Downtown



Creating new “core” areas...



Transforming potential core areas

Creating new “core” areas...



Transforming potential core areas

Creating new “core” areas...



Transforming potential core areas

The full package...



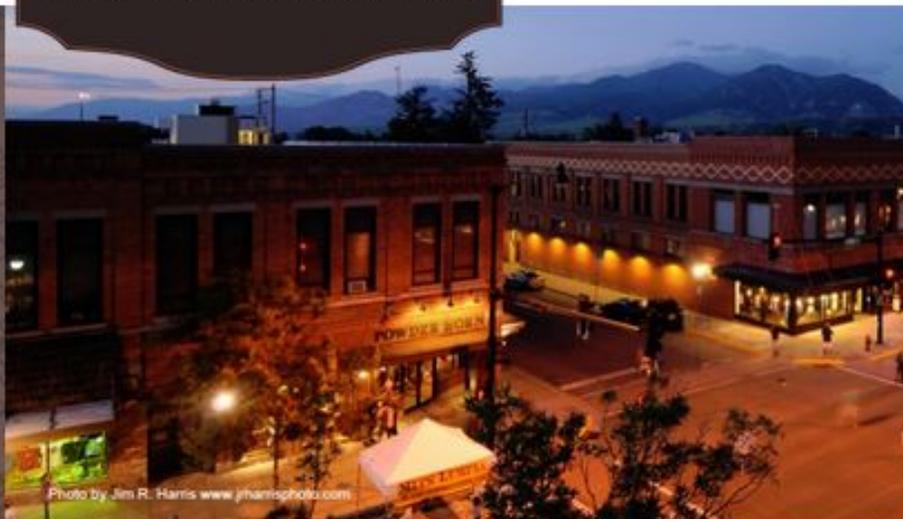


Photo by Jim R. Harris www.jrharrisphoto.com

Gettin' Downtown To Business In Bozeman

Bozeman Montana has a lively downtown and Main Street, but it wasn't always that way...

[Learn More](#)

◀ PREVIOUS

NEXT ▶

WELCOME

In today's challenging economy communities are looking for creative ways to create and maintain jobs, spur quality development and do more with fewer resources. The need to connect community and economic development is stronger than ever. Community Builders is a resource for leaders who recognize the economic landscape has changed, but remain committed to building stronger, more successful communities in spite of the challenges of the day. It provides success stories, information, and tools to help communities build a strong and prosperous future. [\[more\]](#)

COMMUNITY BUILDERS WHAT'S NEW

June 15, 2015

Author(s): Jennifer Hill →

To Bike or Not to Bike

Last Friday, I spent the day in Rifle, Colorado for a bike workshop and tour with local and regional leaders, and a teen group that helped with public input. Rifle...

[\[more\]](#)

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Is Your Mall Dying?

Where do you shop? Downtown, shopping malls, big-box stores? Well if you're like the rest of the country, the answer is increasingly none of the above, with more and more people making purchases online. Some recent research suggests that simply ... [\[more\]](#)



Photo by Jim R. Harris www.photography.com

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Learn More

PREV NEXT

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June 15, 2013

What's New in the News

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www.communitybuilders.net



Thank You!
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