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 8, 2015
RE: 2014 Residential Lot Inventory

This report is an update on the status of available lots for new residential construction as of December 31, 2014. Information is provided on supply, market demand, and inventory of residential lots at the end of December 2014. Data focuses on building permits issued in 2014 as well as lots platted for single-family, residential construction from 2004-2014 (i.e. newer subdivisions). A map of residential lots platted from 2004 through 2014 is included at the end of this report. A second map showing building permits issued from 2005-2014 is also provided.

Analysis shows that housing demand declined in 2014 from the previous year for single family and apartment units, but rose for duplex units. Permits for single family units decreased approximately 35% over the previous year (101 units in 2014 as compared to 155 units in 2013). Permits for multi-family apartment units decreased 74%, dropping from 23 in 2013 to 6 in 2014 (374 units in 2013 as compared to 143 units in 2014). Demand for duplex units increased, going from 10 permits in 2013 to 15 permits in 2014 (or 20 units in 2013 as compared to 30 units in 2014), an increase of 50%.

There were 1,470 available, undeveloped residential lots in 2014 (as compared to 1,038 lots available in 2013). Of this total, 469 of the lots were located within newer subdivisions and 1,001 were located within older subdivisions. All of the lots in newer subdivisions and the majority of lots (878) in older subdivisions have infrastructure in place and are considered development ready.

The decline in demand for single-family housing units, along with the increased availability of residential lots in 2014 had the result of extending residential lot inventory in 2014. Overall, the inventory of all available residential lots (development ready as well as those without infrastructure) within newer subdivisions is approximately 14.5 years (6.8 years of inventory calculated in 2013) based on current market demand for single-family residential construction. When examining average demand over the past five years, this inventory decreases to 11.9 years (8.3 years of inventory as calculated in 2013). When examining average demand over the past ten years, inventory drops to approximately 10 years (6.0 years of inventory as calculated in 2013).

Supply of Residential Lots

At the end of 2014, 469 undeveloped lots (all with infrastructure) were available for residential construction in newer subdivisions.

Table 1: Residential Lots as of December 31, 2014[1]

Newer Subdivisions (Lots Platted After January 1, 2004)			
	# Lots	% of Total	Average Lot Size (ac)
Undeveloped Lots: Without Infrastructure	0	0%	0.00
Undeveloped Lots: With Infrastructure	469	100%	0.26
Total	**469**	**100%**	**0.26**

Not restricting data based on date platted, there are a total of 1,470 platted, undeveloped residential lots available throughout the City (469 lots located in newer subdivisions and 1,001 available in lots located in older subdivisions). 2013 had 1,038 platted, undeveloped residential lots available, with 504 of those lots located in newer subdivisions and 534 lots located in older subdivisions.

Table 2: Total Residential Lot Supply[2]

Total Residential Lot Supply (As of December 31, 2014)			
	Newer Subdivisions (platted after 1-1-2004)	Older Subdivisions	Total
Undeveloped Lots: Without Infrastructure	0	123	123
Undeveloped Lots: With Infrastructure (Development Ready)	469	878	1,347
Total	**469**	**1,001**	**1,470**

[1] Source: City of Lawrence, Kansas, GIS Department
[2] Source: City of Lawrence, Kansas, GIS Department

Demand for New Residential Construction

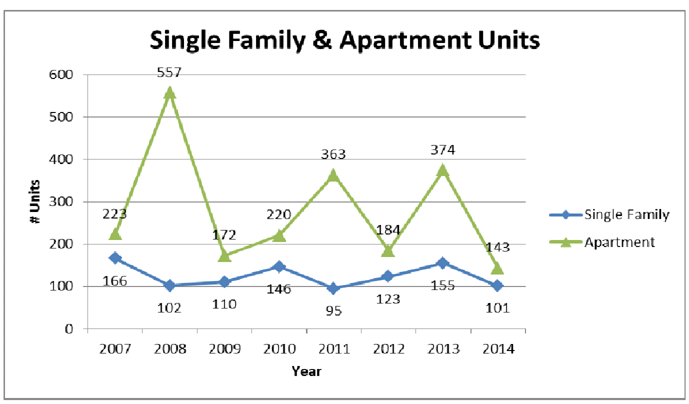
There were 122 residential building permits issued in 2014 for a total of 274 units of new residential housing. Of the permits issued, there were 101 issued for single family homes, 15 for duplex structures, and 6 for apartment buildings.

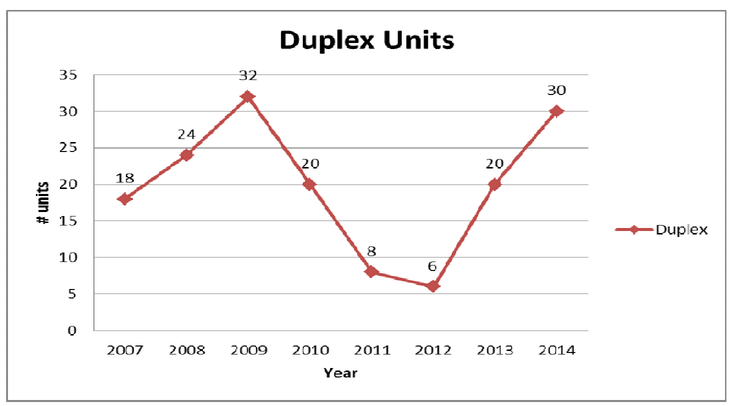
Table 3: New Residential Building Permits & Units[3]

	2010		2011		2012		2013		2014	
New Residential	Permits	Units	Permits	Units	Permits	Units	Permits	Units	Permits	Units
Single Family	146	146	95	95	123	123	155	155	101	101
Duplex	10	20	4	8	3	6	10	20	15	30
Apartment	6	220	19	363	22	184	23	374	6	143
Total	**162**	**386**	**118**	**466**	**148**	**313**	**188**	**549**	**122**	**274**

The number of single family residential units was down 35% from the previous year, dropping to 101 units in 2014 as compared to 155 units in 2013. Apartment units also declined, going from 374 units in 2013 to 143 units in 2014 (62% reduction in units from the previous year). The number of duplex units rose from 20 units in 2013 to 30 units in 2014, an increase of 50%.

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 2014 data to represent current market conditions, the total residential lot inventory will last approximately 14.5 years. Lots in newer subdivisions are estimated to last approximately 4.6 years.

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

Estimated Lot Inventory In Years *(Available Residential Lots as of December 31, 2014)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.0	1.2	1.2
Undeveloped Lots: With Infrastructure (Development Ready)	4.6	8.7	13.3
Total	**4.6**	**9.9**	**14.5**

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 9.9 to 11.9 years, with the supply of lots in newer subdivisions estimated to last approximately 3.2 to 3.8 years.

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

Estimated Lot Inventory In Years *(Available Residential Lots as of December 31, 2014)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.0	1.0	1.0
Undeveloped Lots: With Infrastructure (Development Ready)	3.8	7.1	10.9
Total	**3.8**	**8.1**	**11.9**

When examining historical demand data over the past five years, the average number of single family building permits issued per year was 124, representing approximately 11.9 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 3.8 years.

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

Estimated Lot Inventory In Years *(Available Residential Lots as of December 31, 2014)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.0	0.8	0.8
Undeveloped Lots: With Infrastructure (Development Ready)	3.2	5.9	9.1
Total	**3.2**	**6.7**	**9.9**

When examining historical demand data over the past ten years, the average number of single family building permits issued per year was 148, representing just under 10 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 3.2 years.

Conclusion

Analysis shows that 2014 demand for new single family and apartment housing declined substantially over the previous year. 2014 building permits for single family units dropped approximately 35%, while permits for multi-family apartment buildings declined approximately 74% when compared to 2013 building permits. 2014 saw a 50% increase in building permits for duplex units, rising from 10 units in 2013 to 15 units over the past year.

Building Permits: 2013-2014			
	2013	2014	% Change
Single Family	155	101	-34.8%
Duplex	10	15	50.0%
Apartments	23	6	-73.9%
Total	**165**	**116**	**-29.7%**

Overall, available residential lots in 2014 increased almost 30% as compared to 2013. Of this total, available lots within newer subdivisions dropped by approximately 7%, with available lots in older subdivisions increasing over 64% from the previous year.

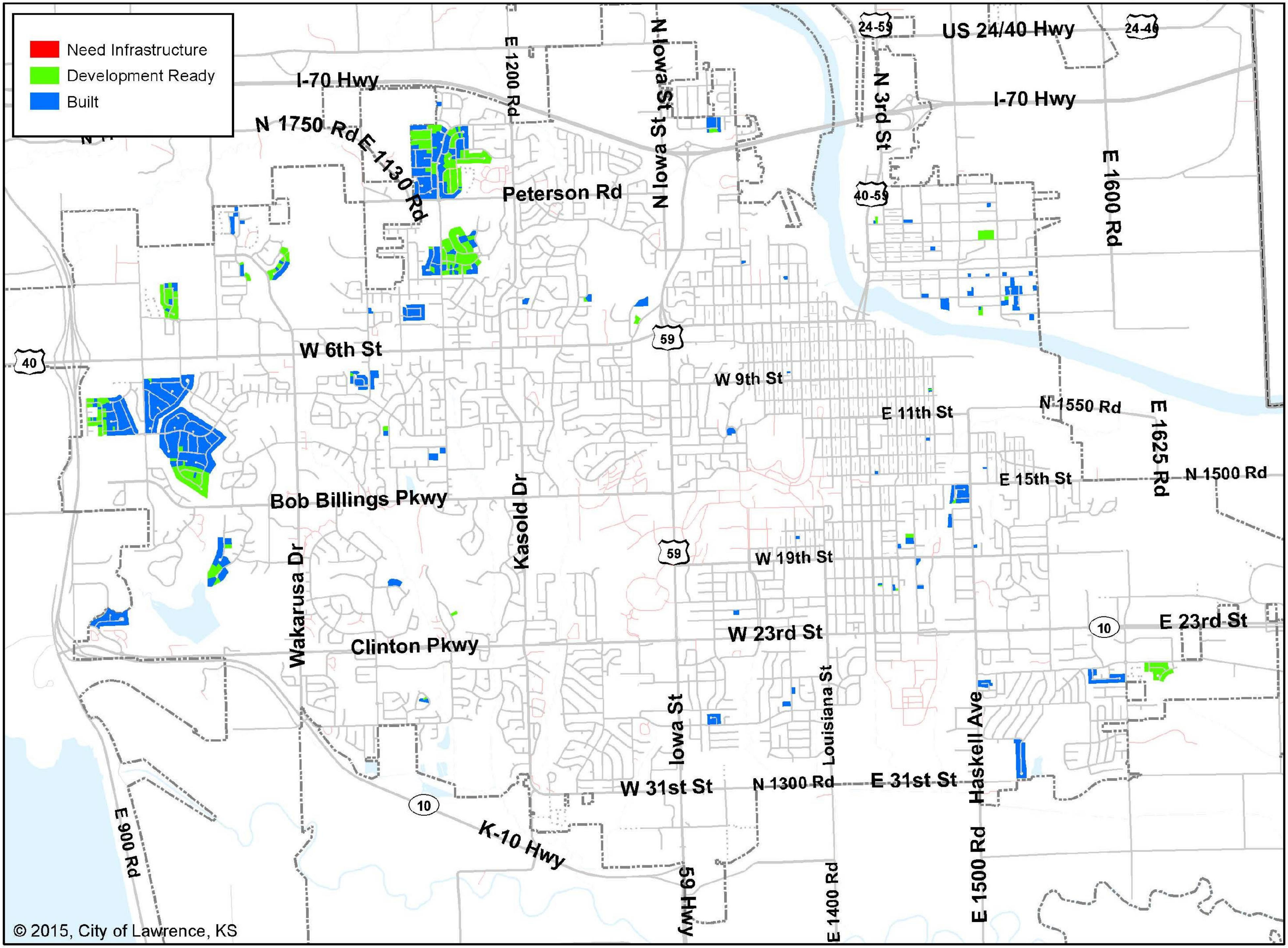
Available Lots: 2013-2014			
	2013	2014	% Change
Newer Subdivisions	504	469	-6.9%
Older Subdivisions	534	878	64.4%
Total	**1038**	**1347**	29.8%

The approximately 35% decrease in demand of single-family residential lots in 2014 resulted in a substantial overall increase in residential lot inventory as compared to the previous year. Based on current demand, the inventory of all available residential lots for single family development throughout the City is 14.5 years and 4.6 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 11.9 years throughout the City, and 3.8 years when only considering lots in newer subdivisions. A 10-year average of demand results in approximately 10 years of inventory for single family lots throughout the City and 3.2 years of lots within newer subdivisions.

Estimated Inventory (2014 market conditions)			
	2013	2014	% Change
Newer Subdivisions	3.3	4.6	39.4%
Older Subdivisions	3.5	9.9	182.9%
Total	**6.8**	**14.5**	**113.2%**

APPENDIX

Lawrence Single Family Residential Lot Inventory 2004-2014



New Single-Family Residential Building Permits, By Year

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

1 inch = 3,000 feet

Date: 1/20/2015