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: January 17, 2012
RE: 2011 Residential Lot Inventory

This report provides an update on the status of available lots for new residential construction as of December 31, 2011. Data focuses on building permits issued in 2011 as well as lots platted for residential construction from 2001-2011 (i.e. newer subdivisions). A map of the residential lots platted from 2001 through 2011, including building permits issued in 2011, is available at the end of this report.

Analysis shows that while the supply of available residential lots remained relatively steady over 2011, demand slowed substantially for single family homes. This had the effect of extending the inventory of development-ready lots (lots with infrastructure in place) available in newer subdivisions from 8 years in 2010 to 11 years in 2011.

The following is a snapshot of supply, market demand, and inventory of residential lots at the end of December 2011.

Supply of Residential Lots

At the end of 2011, 1064 undeveloped lots were available for residential construction (477 without infrastructure, 587 with infrastructure) in newer subdivisions.

Table 1: Residential Lots as of December 31, 2011[1]

Newer Subdivisions (Lots Platted After January 1, 2001)				
	# Lots	**% of Total**	**Area (ac)**	**Average Lot Size (ac)**
Undeveloped Lots—Without Infrastructure	477	16%	180	0.38
Undeveloped Lots—With Infrastructure	587	20%	227	0.39
Built Lots	1,896	64%	761	0.40
Total	**2,960**	**100%**	**1,168**	**0.39**

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

Not restricting data based on date platted, there are a total of 1,746 platted, undeveloped residential lots available throughout the City, implying that 682 (1,746-1,064 = 682) available lots are located in older subdivisions.

Table 2: Total Residential Lot Supply[2]

Residential Lot Supply as of December 31, 2011			
	Newer Subdivisions (Platted after 1-1-2001)	**Older Subdivisions**	**Total**
Undeveloped Lots—Without Infrastructure	477	117	594
Undeveloped Lots—With Infrastructure (Development Ready)	587	565	1,152
Built Lots	1,896	19,327	21,223
Total	**2,960**	**20,009**	**22,969**

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

Demand for New Residential Construction

There were 118 residential building permits issued in 2011 for a total of 466 units of new residential housing. Of the permits issued, 95 were for single family homes, four for duplex structures, and 19 for apartment buildings.

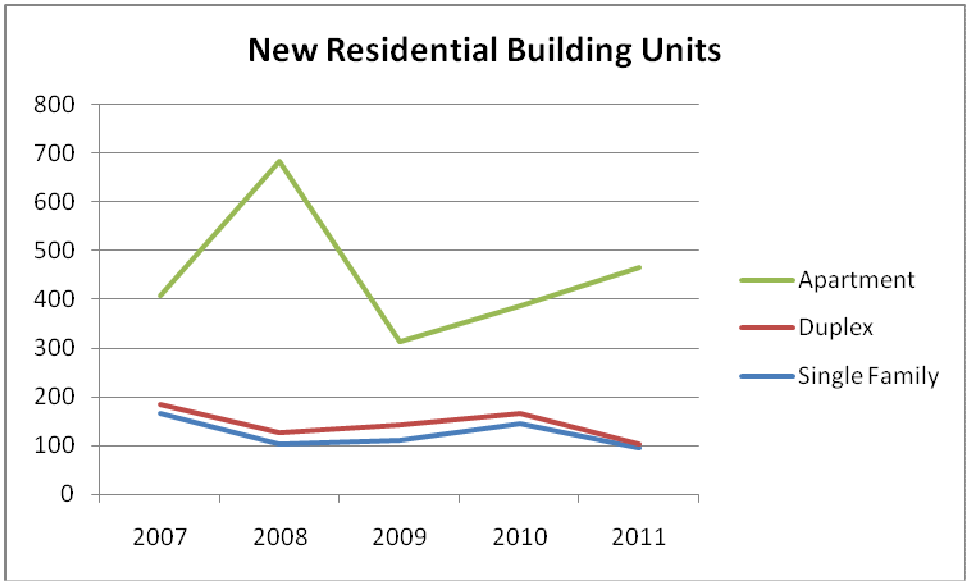
Table 3: New Residential Building Permits & Units[3]

	2010		2011	
New Residential	**Permits**	**Units**	**Permits**	**Units**
Single Family	146	146	95	95
Duplex	10	20	4	8
Apartment	6	220	19	363
Total	**162**	**386**	**118**	**466**

Both the number of single family and duplex residential units were down from the previous year, dropping 35% in the number of new single family homes (95 units in 2011 down from 146 in 2010) and dropping 60% in the number of new duplex units (8 units in 2011 down from 20 in 2010).

Apartment units showed continued growth, rising 65% from the previous year (363 units in 2011, up from 220 in 2010). Hunter's Ridge Apartments at 550 Stoneridge Drive added the largest number of units. A total of nine building permits were issued for this project, representing 300 apartment units or 83% of the total number of apartment units for 2011.

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

Using 2011 data to represent current market conditions, the total residential lot inventory will last a little over 18 years. Lots in newer subdivisions are estimated to last approximately 11 years.

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

Estimated Lot Inventory in Years *(Available Residential Lots as of December 31, 2011)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots—Without Infrastructure	5.0	1.2	6.3
Undeveloped Lots—With Infrastructure (Development Ready)	6.2	5.9	12.1
Total	**11.2**	**7.2**	**18.4**

However, it should be noted that there were fewer building permits issued in 2011 than any year going back to 1956. For this reason, it is prudent to also examine inventory in light of historical data based on recent trends in market demand. As shown below, when historical demand is factored in, the total supply of residential lots is estimated to last 8.6 to 14 years, with lots in newer subdivisions lasting approximately 5 to 8.6 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, 2011)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots—Without Infrastructure	3.8	0.9	4.8
Undeveloped Lots—With Infrastructure (Development Ready)	4.7	4.6	9.3
Total	**8.6**	**5.5**	**14.1**

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 14 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 8.6 years.

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

Estimated Lot Inventory In Years *(Available Residential Lots as of December 31, 2011)*			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots—Without Infrastructure	2.3	0.6	2.9
Undeveloped Lots—With Infrastructure (Development Ready)	2.9	2.8	5.7
Total	**5.2**	**3.4**	**8.6**

When examining historical demand data over the past ten years, the average number of single family building permits issued per year was 203, representing over eight years of residential building lot inventory given the current supply of undeveloped lots.
Lots in newer subdivisions are estimated to last approximately 5 years.

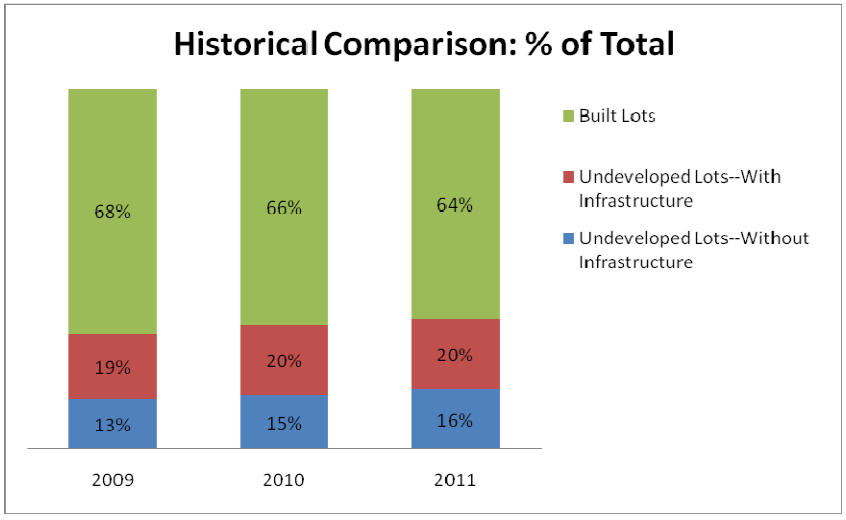
Historical Comparisons

Table 7 provides a comparison of residential lots platted in newer subdivisions at the end of 2009, 2010 and 2011. As can be seen, there is a general decline in the volume of each lot category in response to overall declining market conditions.

Table 7: Historical Volume of Newer Subdivision Residential Lots by Year

	2009	2010	2011
Undeveloped Lots—Without Infrastructure	547	477	477
Undeveloped Lots—With Infrastructure (Development Ready)	761	651	587
Built Lots	2,779	2,148	1,896
Total	**4,087**	**3,276**	**2,960**

However, since the 11-year platted timeframe varies for each year (for newer subdivisions), it is helpful to examine the composition percentages of the total residential lots:



As can be seen from the above chart, when examining each 11-year period, the percentage of built vs. undeveloped lots has shown a slight decline, going from 68% in 2009 to 64% in 2011—a reflection of the reduction in the overall housing market. The percentage of development-ready lots have remained relatively steady, while the percentage of undeveloped lots without infrastructure has increased from 13% in 2009 to 16% in 2011—again indicating a normal response to the decrease in market demand for residential housing.

APPENDIX

Lawrence Residential Lots Platted Between 2001 and 2011