
EXECUTIVE SUMMARY

An Update of Residential Market Potential

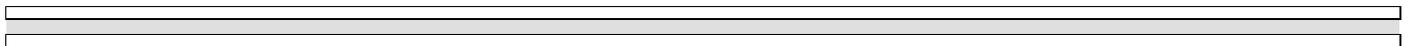
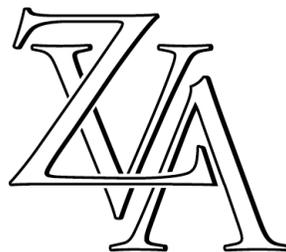
The Downtown South Bend Study Area

City of South Bend
Saint Joseph County, Indiana

February, 2021

Conducted by
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On Behalf of
THE CITY OF SOUTH BEND
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Residential Market Analysis Across the Urban-to-Rural Transect

EXECUTIVE SUMMARY AN UPDATE OF RESIDENTIAL MARKET POTENTIAL

The Downtown South Bend Study Area
City of South Bend, St. Joseph County, Indiana

March, 2021

This study updated the market potential and optimum market position for newly-introduced rental and for-sale housing units that could be developed within the Downtown South Bend Study Area over the next five years.

SUMMARY OF FINDINGS

- Over the next five years, households moving to Downtown South Bend from outside the city represent over 57 percent of the annual market potential for new housing in the Downtown.
 - An annual average of 3,190 households of all incomes comprise the annual market potential for new and existing housing units in the Downtown over the next five years.
 - Those households include:
 - Younger singles and childless couples (58 percent);
 - Empty nesters and retirees (26 percent); and
 - Traditional and non-traditional families (16 percent).
 - Excluding households with a preference for detached housing units, an annual average of 1,220 households with annual incomes above 60 percent of the Area Median Income (AMI) comprise the core market potential for new market-rate and workforce housing in the Downtown over the next five years.
 - Walkability is regarded as an important amenity by today's market, and Downtown South Bend has an overall Walk Score of 67, approaching very walkable. Three individual apartment properties in the Downtown have Walk Scores over 70, where most errands can be accomplished on foot.
 - Based on target market housing preferences, multi-family rental housing accounts for over 70 percent of market preferences, multi-family for-sale units (condominiums) represents just under 14 percent, and single-family attached units (townhouses) comprise the remaining 16 percent.
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- Based on the tenure preferences and the income and financial capabilities of the target households, the optimum market position for newly-developed workforce (households with incomes between 60 and 80 percent AMI for new rental and households with incomes between 80 and 100 percent AMI for new for-sale housing types) and market-rate (households with incomes above 80 percent for new rental and 100 percent for new for-sale housing types) residential units in the Downtown is shown on the following table:

HOUSING TYPE	UNIT RENT/PRICE RANGE	UNIT SIZE RANGE	BASE RENT/PRICE PER SQ. FT.
MULTI-FAMILY FOR-RENT—70%			
Apartments (Workforce)	\$750 to \$1,400	450 to 950 sf	\$1.38 to \$1.70
Apartments (Market-Rate)	\$950 to \$2,750	450 to 1,450 sf	\$1.83 to \$2.50
MULTI-FAMILY FOR-SALE—14%			
Condominiums (Workforce)	\$195,000 to \$275,000	800 to 1,200 sf	\$229 to \$250
Condominiums (Market-Rate)	\$250,000 to \$650,000	800 to 2,300 sf	\$283 to \$317
SINGLE-FAMILY ATTACHED FOR-SALE—16%			
Townhouses (Workforce)	\$225,000 to \$325,000	1,000 to 1,500 sf	\$217 to \$227
Townhouses (Market-Rate)	\$395,000 to \$750,000	1,400 to 2,900 sf	\$259 to \$282

- A capture of between 10 and 12 percent of the annual potential market for new multi-family rentals, and between approximately five to 7.5 percent of the annual potential market for new multi-family and single-family attached for-sale units is achievable in the Downtown South Bend Study Area and is forecast on the table following this page.

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HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATES	ANNUAL UNITS ABSORBED
Multi-family for-rent (Workforce)	153	10 – 12%	15 - 18
Multi-family for-rent (Market-Rate)	703	10 – 12%	70 - 84
Subtotal:			85 - 102
Multi-family for-sale (Workforce)	25	5 – 7.5%	2 - 3
Multi-family for-sale (Market-Rate)	144	5 – 7.5%	12 - 14
Subtotal:			14 - 17
Single-family attached for-sale (Workforce)	31	5 – 7.5%	2 - 3
Single-family attached for-sale (Market-Rate)	164	5 – 7.5%	14 - 16
Subtotal:			16 - 19
Total:	1,220		115 - 138 units

Based on these capture rates, Downtown South Bend should be able to absorb between 115 and 138 new workforce and market-rate rental and for-sale housing units per year each year over the next five years, or a total of 575 to 690 new units over the five-year timeframe. It should be noted that buildings located in the Downtown should have a Walk Score of 70 or more, nearing the level where walkability adds a premium to housing values.





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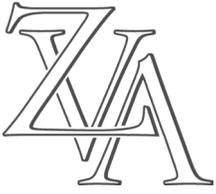
ASSUMPTIONS AND LIMITATIONS—

Every effort has been made to insure the accuracy of the data contained within this analysis. Demographic and economic estimates and projections have been obtained from government agencies at the national, state, and county levels. Market information has been obtained from sources presumed to be reliable, including developers, owners, and/or sales agents. However, this information cannot be warranted by Zimmerman/Volk Associates, Inc. While the proprietary residential target market methodology™ employed in this analysis allows for a margin of error in base data, it is assumed that the market data and government estimates and projections are substantially accurate.

Absorption scenarios are based upon the assumption that a normal economic environment will prevail in a relatively steady state during development of the subject property. Absorption paces are likely to be slower during recessionary periods and faster during periods of recovery and high growth. Absorption scenarios are also predicated on the assumption that the product recommendations will be implemented generally as outlined in this report and that the developer will apply high-caliber design, construction, marketing, and management techniques to the development of the property.

Recommendations are subject to compliance with all applicable regulations. Relevant accounting, tax, and legal matters should be substantiated by appropriate counsel.





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