
EXECUTIVE SUMMARY

An Analysis of Residential Market Potential

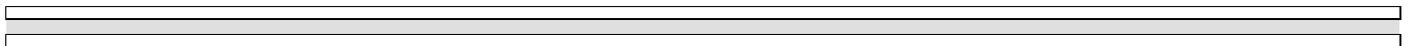
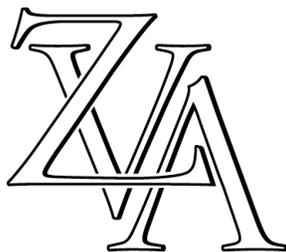
The East Bank Study Area

City of South Bend
Saint Joseph County, Indiana

February, 2021

Conducted by
ZIMMERMAN/VOLK ASSOCIATES, INC.
P.O. Box 4907
Clinton, New Jersey 08809

On Behalf of
THE CITY OF SOUTH BEND
227 West Jefferson Boulevard
South Bend, Indiana 46601





ZIMMERMAN/VOLK ASSOCIATES, INC.

Post Office Box 4907
Clinton, New Jersey 08809
908 735-6336
info@ZVA.cc • www.ZVA.cc

Residential Market Analysis Across the Urban-to-Rural Transect

EXECUTIVE SUMMARY
AN ANALYSIS OF RESIDENTIAL MARKET POTENTIAL

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

March, 2021

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

SUMMARY OF FINDINGS

- Over the next five years, households moving to the East Bank Study Area from outside the city represent over 55 percent of the annual market potential for new housing in the Study Area.
 - An annual average of 540 households of all incomes comprise the annual market potential for new and existing housing units in the East Bank Study Area over the next five years.
 - Those households include:
 - Younger singles and childless couples (39.8 percent);
 - Empty nesters and retirees (33.3 percent); and
 - Traditional and non-traditional families (26.9 percent).
 - An annual average of 333 households with annual incomes above 60 percent of the Area Median Income (AMI) comprise the core market potential for new workforce and market-rate housing in the East Bank Study Area over the next five years.
 - Walkability is regarded as an important amenity by today's market, and, like Downtown, the East Bank Study Area has an overall Walk Score of 67, approaching very walkable. The Village at Riverwalk located in the Study Area has an average Walk Score of 63, where some errands can be accomplished on foot.
 - Based on target market housing preferences, multi-family rental housing accounts for nearly 47 percent of market preferences; multi-family for-sale units (condominiums) represent 9.6 percent; single-family attached units (townhouses) comprise 16.2 percent; and single-family detached units 27.4 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 East Bank Study Area 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—46.8%			
Apartments (Workforce)	\$750 to \$1,450	450 to 950 sf	\$1.50 to \$1.80
Apartments (Market-Rate)	\$1,200 to \$2,850	550 to 1,450 sf	\$1.92 to \$2.18
MULTI-FAMILY FOR-SALE—9.6%			
Condominiums (Market-Rate)	\$295,000 to \$585,000	900 to 2,000 sf	\$293 to \$350
SINGLE-FAMILY ATTACHED FOR-SALE—16.2%			
Townhouses (Workforce)	\$225,000 to \$255,000	1,000 to 1,250 sf	\$204 to \$225
Townhouses (Market-Rate)	\$465,000 to \$625,000	1,700 to 2,400 sf	\$260 to \$274
SINGLE-FAMILY DETACHED FOR-SALE—27.4%			
Houses (Workforce)	\$245,000 to \$275,000	1,300 to 1,550 sf	\$177 to \$188
Houses (Market-Rate)	\$475,000 to \$650,000	1,750 to 2,850 sf	\$228 to \$271

- Although the annual average potential market for new construction workforce condominiums is less than one househole, a small six-unit mansion condominium building could include a workforce unit along with five market-rate units. That unit could be priced at \$190,000 for a 750-square-foot one-bedroom/one-bath condominium (\$253 per square foot) or \$225,000 for a 1,000-square-foot two-bedroom/two-bath unit (\$225 per square foot).

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- A capture of between 15 and 18 percent of the annual potential market for new multi-family rentals, and between approximately 12 and 15 percent of the annual potential market for new for-sale units is achievable in the East Bank Study Area and is forecast on the following table:

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATES	ANNUAL UNITS ABSORBED
Multi-family for-rent (Workforce)	34	15 – 18%	5 - 6
Multi-family for-rent (Market-Rate)	122	15 – 18%	18 - 22
Subtotal:			23 - 28
Multi-family for-sale (Market-Rate)	32	12 – 15%	4 - 5
Single-family attached for-sale (Workforce)	5	12 – 15%	1 - 1
Single-family attached for-sale (Market-Rate)	49	12 – 15%	6 - 7
Single-family detached for-sale (Workforce)	10	12 – 15%	1 - 2
Single-family detached for-sale (Market-Rate)	81	12 – 15%	10 - 12
Total:	333		45 - 55 units

Based on these capture rates, the East Bank Study Area should be able to absorb between 45 and 55 new workforce and market-rate rental and market-rate for-sale housing units per year each year over the next five years, or a total of 225 to 275 new units over the five-year timeframe.





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Residential Market Analysis Across the Urban-to-Rural Transect

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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