
EXECUTIVE SUMMARY

An Analysis of Residential Market Potential

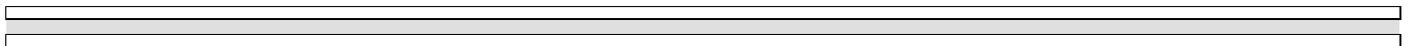
The Northeast Study Area

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 Northeast 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 Northeast Study Area over the next five years.

SUMMARY OF FINDINGS

- Over the next five years, households moving to the Northeast Study Area from outside the city represent over 72 percent of the annual market potential for new housing in the Study Area.
 - An annual average of 3,405 households of all incomes comprise the annual market potential for new and existing housing units in the Northeast Study Area over the next five years.
 - Those households include:
 - —Traditional and non-traditional families (42 percent);
 - —Younger singles and childless couples (35 percent); and
 - —Empty nesters and retirees (23 percent).
 - An annual average of 1,934 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 Northeast Study Area over the next five years.
 - Walkability is regarded as an important amenity by today's market, and the Northeast South Bend Study Area has an overall Walk Score of 62, somewhat walkable. Two individual apartment properties in the Northeast Study Area have Walk Scores over 60.
 - Based on target market housing preferences, multi-family rental housing accounts for 35.3 percent of market preferences, multi-family for-sale units (condominiums) represent 8.7 percent, single-family attached units (townhouses) comprise 10.7 percent, and single-family detached houses make up the remaining 45.3 percent.
-

An Analysis of Residential Market Potential
 The Northeast Study Area
City of South Bend, St. Joseph County, Indiana
 March, 2021

- 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 100 percent AMI for new rental and households with incomes between 80 and 120 percent AMI for new for-sale housing types) and market-rate (households with incomes above 100 percent for new rental and 120 percent for new for-sale housing types) residential units in the Northeast 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—35.3%			
Apartments (Workforce)	\$750 to \$1,750	400 to 1,000 sf	\$1.50 to \$2.00
Apartments (Market-Rate)	\$1,500 to \$2,800	500 to 1,450 sf	\$1.93 to \$3.00
MULTI-FAMILY FOR-SALE—8.7%			
Condominiums (Workforce)	\$195,000 to \$300,000	800 to 1,250 sf	\$235 to \$263
Condominiums (Market-Rate)	\$325,000 to \$750,000	900 to 2,500 sf	\$300 to \$368
SINGLE-FAMILY ATTACHED FOR-SALE—10.7%			
Townhouses (Workforce)	\$225,000 to \$350,000	1,000 to 1,650 sf	\$212 to \$250
Townhouses (Market-Rate)	\$425,000 to \$800,000	1,500 to 3,100 sf	\$258 to \$283
SINGLE-FAMILY DETACHED FOR-SALE—45.3%			
Houses (Workforce)	\$275,000 to \$425,000	1,300 to 2,300 sf	\$185 to \$233
Houses (Market-Rate)	\$500,000 to \$825,000	1,900 to 3,450 sf	\$239 to \$263

- Capture rates of between 10 and 12 percent of the annual potential market for new multi-family rentals; between approximately 8.5 and 10 percent of the annual potential market for new multi-family and single-family attached for-sale units; and between 2.5 and 3.5 percent of the annual potential market for new detached for-sale units are achievable in the Northeast Study Area and are forecast on the table following this page.

An Analysis of Residential Market Potential
 The Northeast Study Area
City of South Bend, St. Joseph County, Indiana
 March, 2021

HOUSING TYPE	NUMBER OF HOUSEHOLDS	CAPTURE RATES	ANNUAL UNITS ABSORBED
Multi-family for-rent (Workforce)	220	10 – 12%	22 - 26
Multi-family for-rent (Market-Rate)	462	10 – 12%	46 - 56
Subtotal:			68 - 82
Multi-family for-sale (Workforce)	65	8.5 – 10%	6 - 7
Multi-family for-sale (Market-Rate)	102	8.5 – 10%	9 - 10
Subtotal:			15 - 17
Single-family attached for-sale (Workforce)	76	8.5 – 10%	6 - 8
Single-family attached for-sale (Market-Rate)	132	8.5 – 10%	11 - 13
Subtotal:			17 - 21
Single-family detached for-sale (Workforce)	237	2.5 – 3.5%	6 - 8
Single-family detached for-sale (Market-Rate)	640	2.5 – 3.5%	16 - 22
Subtotal:			22 - 30
Total:	1,934		122 - 150 units

Based on these capture rates, the Northeast Study Area should be able to absorb between 122 and 150 new workforce and market-rate rental and for-sale housing units per year each year over the next five years, or a total of more than 600 to 750 new units over the five-year timeframe.





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

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.





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

RIGHTS AND STUDY OWNERSHIP—

Zimmerman/Volk Associates, Inc. retains all rights, title and interest in the ZVA residential target market methodology™ and target market descriptions contained within this study. The specific findings of the analysis are the property of the client and can be distributed at the client's discretion.

© Zimmerman/Volk Associates, Inc., 2021

