

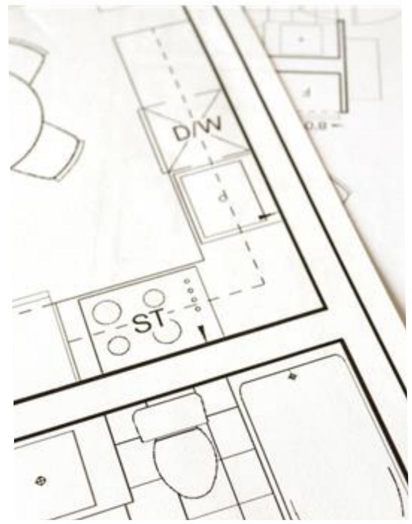

2017

Residential Lot Inventory Report

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City of Lawrence, Kansas
April 16, 2018

Introduction

This report is an update on the status of available lots for new residential construction as of December 31, 2017 based on market demand, supply, and inventory. Information presented within the report helps determine if there is an abundance or need for single-family lots and is one component of inventorying all land use types in the City.

Data within this report focuses on building permits issued in 2017 as well as lots platted for single-family, residential construction from 2007-2017 (i.e. newer subdivisions). Maps showing residential lots platted are included at the end of this report.

Contents

Executive Summary

2017 saw a 5% decline in residential lot supply for single-family housing compared to the previous year. Almost all lot absorption occurred in newer subdivisions. With demand increasing by 5% from 2016, inventory of single family lots located in new subdivisions (platted within the last ten years) was estimated at 2.1 years in 2017 (approximately 16% less than the previous year).

Residential Lot Supply

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

Overall residential lot supply decreased in 2017 by 5% compared to 2016 supply. Almost all absorption of lots occurred in newer subdivisions, with supply dropping 12% from the previous year.

Supply of Residential Lots: 2016-2017			
	2016	**2017**	**% Change**
Newer Subdivisions	345	303	-12%
Older Subdivisions	639	634	-1%
Total	**984**	**937**	**-5%**

The supply of development-ready, residential lots decreased by 13% in 2017 compared to 2016 supply. Again, the largest absorption of development-ready lots was in newer subdivisions with supply dropping 31% compared to 2016.

Supply of Development Ready Residential Lots: 2016-2017			
	2016	**2017**	**% Change**
Newer Subdivisions	345	237	-31%
Older Subdivisions	545	540	-1%
Total	**890**	**777**	**-13%**

Residential Lot 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.

Overall, 2017 demand for single family housing was up slightly and demand for multi-dwelling housing decreased substantially compared to 2016. Demand for new, single family homes increased 5% in 2017, increasing from 137 permits in 2016 to 144 permits in 2017. Demand for duplex units decreased 18% in 2017, dropping from 34 permits in 2016 to 28 permits in 2017. Multi-dwelling housing decreased substantially dropping from 74 permits in 2016 to 1 permit in 2017 (99% decline), though a truer representation of multi-dwelling housing may be measured in unit count as reflected later in this report.

Building Permits: 2016-2017			
	2016	**2017**	**% Change**
Single Family	137	144	5%
Duplex	34	28	-18%
Multi-Dwelling	74	1	-99%
Total	**245**	**173**	**-29%**

Overall, 2017 annual inventory of single family residential lots decreased 8%, dropping from a 7.2 year supply in 2016 to 6.6 years in 2017. Based on 2017 market demand (144 building permits per year), annual inventory of residential lots in newer subdivisions dropped by 16% while inventory in older subdivisions dropped by 4% compared to 2016.

Estimated Lot Inventory in Years: 2016-2017			
	2016	**2017**	**% Change**
Newer Subdivisions	2.5	2.1	-16%
Older Subdivisions	4.7	4.5	-4%
Total	**7.2**	**6.6**	**-8%**

Based on average demand over the past five years (140 building permits per year), annual lot inventory remained steady at 6.8 years of inventory. Based on average demand over the past 10 years (127 building permits per year), annual lot inventory was at 7.4 years of inventory.

Residential Lot Supply

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

At the end of 2017, the City had a total of 937 undeveloped residential lots, 777 of which had infrastructure in place and were considered development ready. The majority of lots having infrastructure are found in older subdivisions (540 as compared to 237 development-ready lots in newer subdivisions).

Residential Lot Supply (As of December 31, 2017)					
	Newer Subdivisions *(platted after 1-1-2007)*	**% of Total**	**Older Subdivisions**	**% of Total**	**Total Lots**
Undeveloped Lots: Without Infrastructure	66	22%	94	15%	160
Undeveloped Lots: With Infrastructure (Development Ready)	237	78%	540	85%	777
Total	**303**	**100%**	**634**	**100%**	**937**

City of Lawrence, Kansas, GIS Department

Change in Lot Supply

Total supply of residential lots decreased by 5% in 2017, dropping from 984 lots in 2016 to 937 total lots in 2017.

Historic Comparison: Annual Supply of Residential Lots (lots with and without infrastructure)				% Change		
Year	**Lots in Newer Subdivisions**	**Lots in Older Subdivisions**	**Total**	New Sub	Older Sub	Total
2017	303	634	937	-15%	0%	-5%
2016	345	639	984	-25%	1%	-10%
2015	463	630	1,093	-1%	18%	9%
2014	469	532	1,001	-7%	0%	-4%
2013	504	534	1,038	-31%	1%	-18%
2012	732	527	1,259			

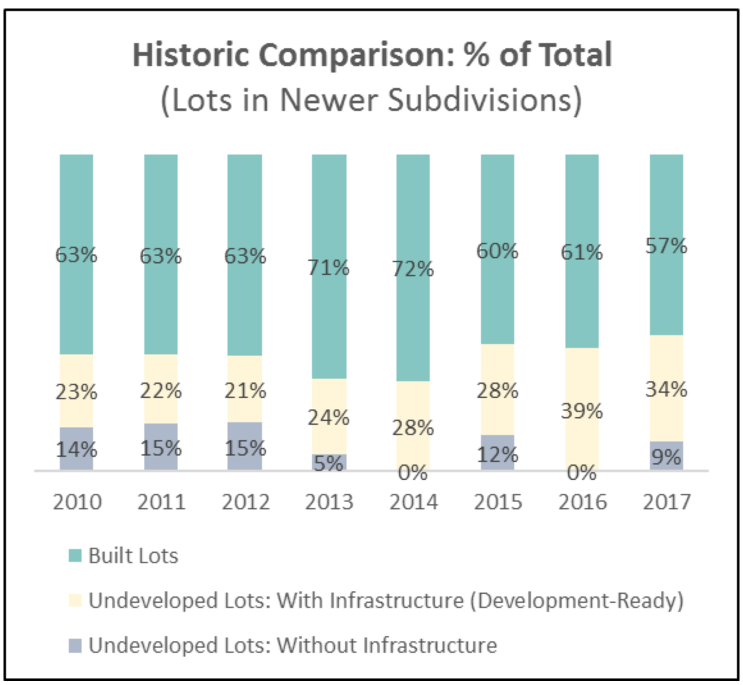
City of Lawrence, Kansas, GIS Department

Supply of development-ready lots (with infrastructure in place) decreased by 13% over 2016, dropping from 890 to 777.

Historic Comparison: Annual Supply of Development Ready Lots (lots with infrastructure)

Year	Lots in Newer Subdivisions	Lots in Older Subdivisions	Total	% Change: New Sub	% Change: Older Sub	% Change: Total
2017	237	540	777	-34%	0%	-13%
2016	345	545	890	5%	7%	6%
2015	329	509	838	-30%	24%	-5%
2014	469	409	878	14%	0%	7%
2013	413	411	824	-2%	1%	0%
2012	423	405	828			

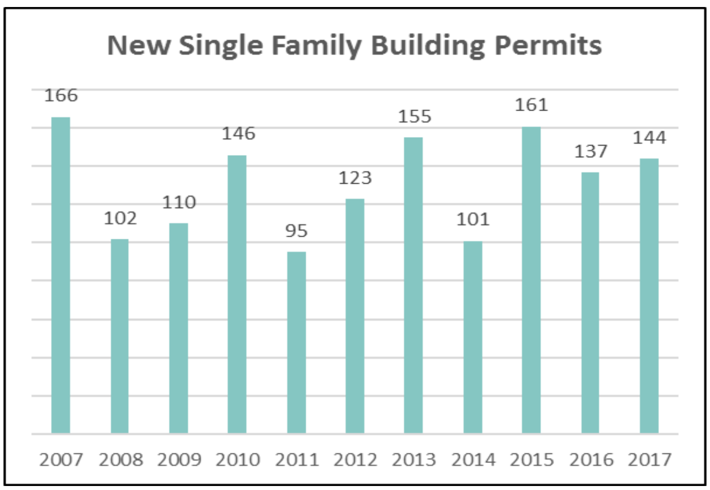
City of Lawrence, Kansas, GIS Department



Residential Lot 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.

2017 saw a slight increase in demand for single family housing, but a marked decline in demand for duplex and multi-family housing compared to 2016. Single family building permits were 5% higher than those pulled in 2016 (144 in 2017 compared to 137 in 2016). Duplex demand dropped by 18% (28 permits in 2017 compared to 34 in 2016), with demand for multi-dwelling structures taking a sharp decline in 2017, dropping almost 100% from the previous year (72 permits in 2017 compared to 1 permit in 2016).



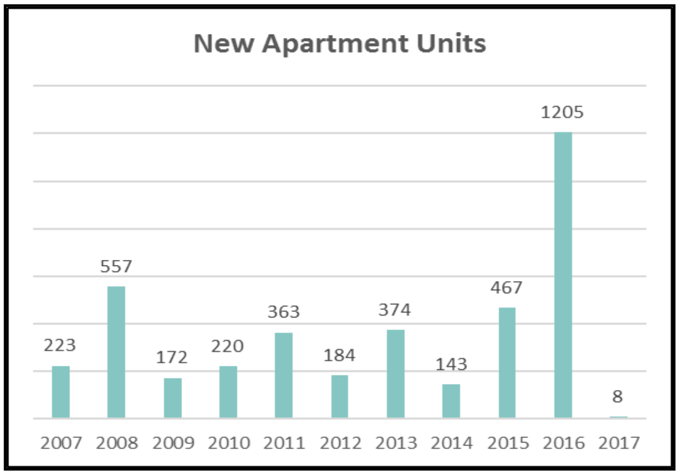
Historic Comparison: New Residential Building Permits				
Year	**Single Family**	**Duplex**	**Multi-Dwelling**	**Total**
2017	144	28	1	173
2016	137	34	74	245
2015	161	78	7	246
2014	101	15	6	122
2013	155	10	23	188
2012	123	3	22	148

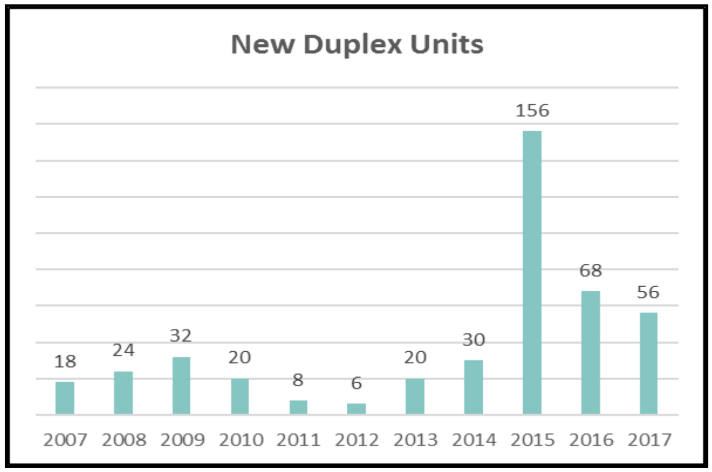
% Change

SF	DP	APT	Total
5%	-18%	-99%	-29%
-15%	-56%	957%	0%
59%	420%	17%	102%
-35%	50%	-74%	-35%
26%	233%	5%	27%

City of Lawrence, Kansas, Development Services Valuation of Building Permits

The number of new multi-dwelling units dropped dramatically over the past year, going from 1,205 in 2016 to 8 in 2017. The number of new duplex units also dropped, going from 68 in 2016 to 56 units in 2017.





Historic Comparison: New Residential Units					% Change			
Year	Single Family	Duplex	Multi-Dwelling	Total	SF	DP	APT	Total
2017	144	56	8	208	5%	-18%	-99%	-85%
2016	137	68	1205	1410	-15%	-56%	158%	80%
2015	161	156	467	784	59%	420%	227%	186%
2014	101	30	143	274	-35%	50%	-62%	-50%
2013	155	20	374	549	26%	233%	103%	75%
2012	123	6	184	313	29%	-25%	-49%	-33%
2011	95	8	363	466	-35%	-60%	65%	21%
2010	146	20	220	386	33%	-38%	28%	23%
2009	110	32	172	314	8%	33%	-69%	-54%
2008	102	24	557	683	-39%	33%	150%	68%
2007	166	18	223	407				

City of Lawrence, Kansas, Development Services Valuation of Building Permits

Residential Lot Inventory

The inventory of available lots can be estimated by comparing both the supply of, and demand for, lots for new residential construction.

Using 2017 data to represent current market conditions (144 building permits per year), total residential lot inventory will last approximately 6.6 years. Lots in newer subdivisions are estimated to last approximately 2.1 years. Overall inventory is down 8% as compared to the previous year.

Estimated Lot Inventory in Years Current year market demand: 144 permits/year			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.5	0.7	1.2
Undeveloped Lots: With Infrastructure (Development-Ready)	1.6	3.8	5.4
Total	**2.1**	**4.5**	**6.6**

Historic Comparison: Lot Inventory in Years Current Year Market Demand (lots with & without infrastructure)					% Change		
Year	**Annual SF Permits**	**Newer Subdivisions**	**Older Subdivisions**	**Total**	New Sub	Older Sub	Total
2017	144	2.1	4.5	6.6	-16%	-4%	-8%
2016	137	2.5	4.7	7.2	-11%	18%	6%
2015	161	2.8	4.0	6.8	-47%	-54%	-51%
2014	101	5.3	8.7	14.0	-35%	-31%	-33%
2013	155	8.1	12.7	20.8	-40%	-41%	-40%
2012	123	13.4	21.4	34.8			

Since residential real estate market demand can vary from year to year, the following shows inventory given historical trends in market demand.

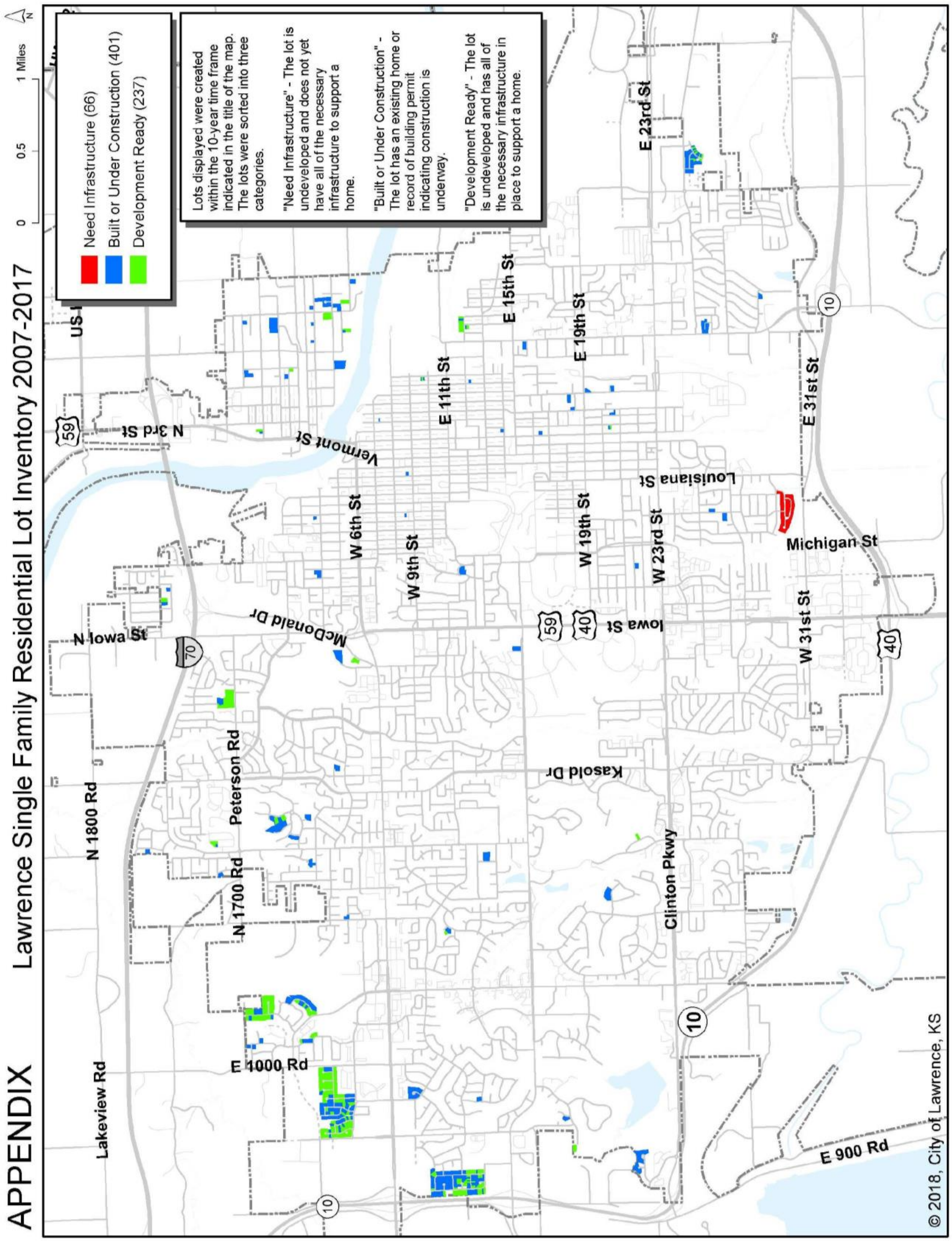
When examining historical demand data over the past five years, the average number of single family building permits issued per year was 140, representing approximately 6.8 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 2.2 years.

Estimated Lot Inventory in Years 5-year market demand average:140 permits/year			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.5	0.7	1.2
Undeveloped Lots: With Infrastructure (Development Ready)	1.7	3.9	5.6
Total	**2.2**	**4.6**	**6.8**

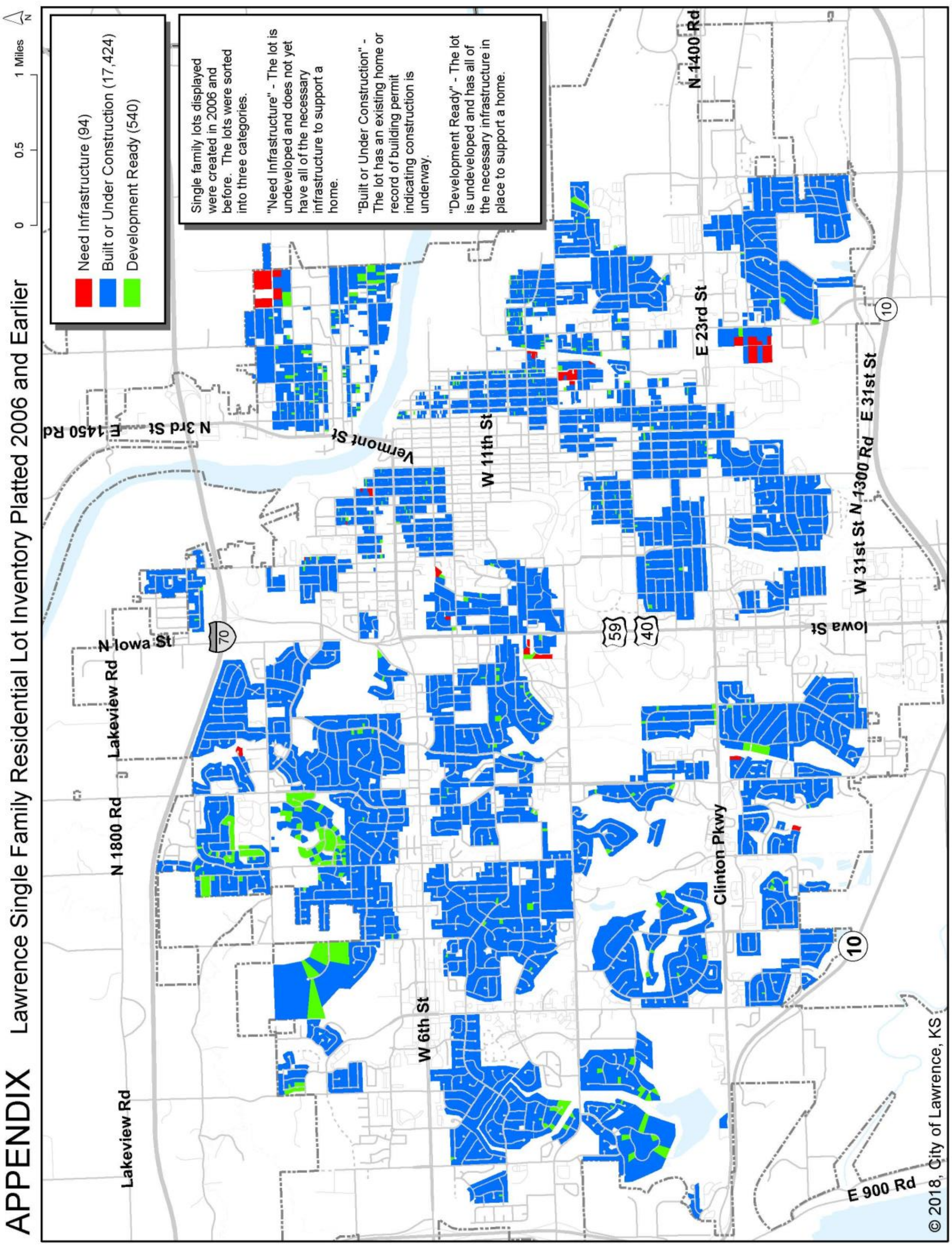
When examining historical demand data over the past ten years, the average number of single family building permits issued per year was 127, representing 7.4 years of residential building lot inventory given the current supply of undeveloped lots. Lots in newer subdivisions are estimated to last approximately 2.4 years.

Estimated Lot Inventory in Years 10-year market demand average: 127 permits/year			
	Stock in Newer Subdivisions	**Stock in Older Subdivisions**	**Total Stock**
Undeveloped Lots: Without Infrastructure	0.5	0.7	1.3
Undeveloped Lots: With Infrastructure (Development Ready)	1.9	4.2	6.1
Total	**2.4**	**5.0**	**7.4**

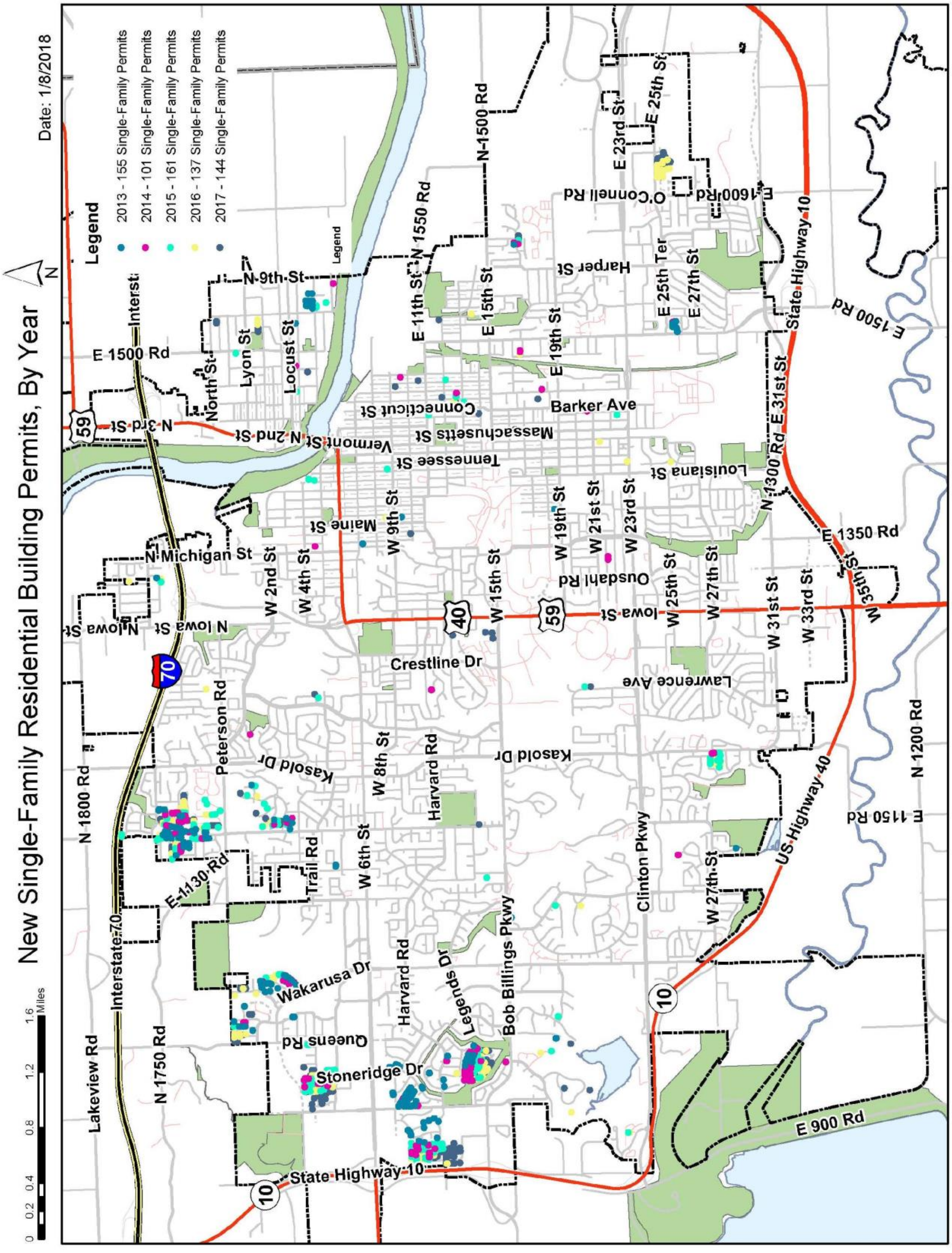
2017 Lot Inventory Map: New Subdivisions



2017 Lot Inventory Map: Old Subdivisions



5-Year Building Permits Map



10-Year Building Permits Map