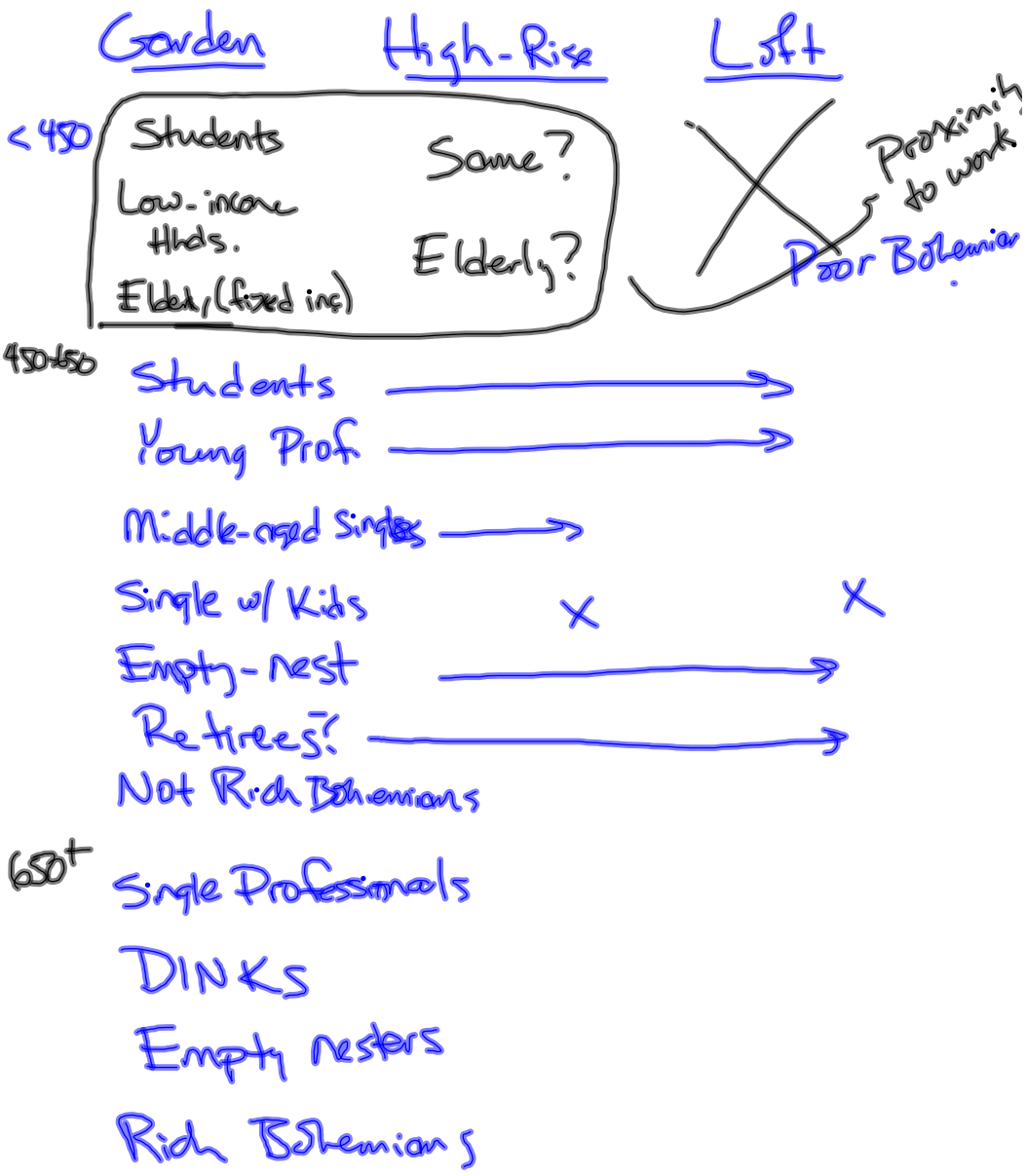
Renter Market Segments

Style - Garden
- Loft
- High rise

Rent - $650+
$450-649
<$450
} ⇒ Income.



Apr 13-9:20 AM

- Single vs. Married
- Kids or No Kids
- Age range 18-30; 30-50; 50-65; 65+
- Income.

For Wichita MSA.

# of households in each grouping:

Age	18-30	30-50	50-65	65+
Kids / Single				
Kids / Married				
No Kids / Single				
No Kids / Married				

For Monday
- 16 #s in a table
- Explain briefly how you got them.

Assignment #2
- Find estimates of % of income spent on rent by hhd income (for Wichita).
- Evaluate the quality of your sources.

Apr 13-10:03 AM

Evaluating the Quality of Online information.

- What is the website. Who maintains it and what is their agenda?
  - Does the website tell you who they are and provide contact information?
  - How recently has the website been updated?
  - What is their agenda.

	Single Kids	Single NK.	Married Kids	Married NK
Young	(-)	+++	(-)	+++
Middle	(-)	++	(-)	+
Empty Nest	N/A	+++	N/A	++
Old.	N/A	+	N/A	+

Population

55-64

65-74

75-84

85+

Apr 18-9:32 AM

Supply vs. Demand.

↳ How many units will people rent/buy at different prices?

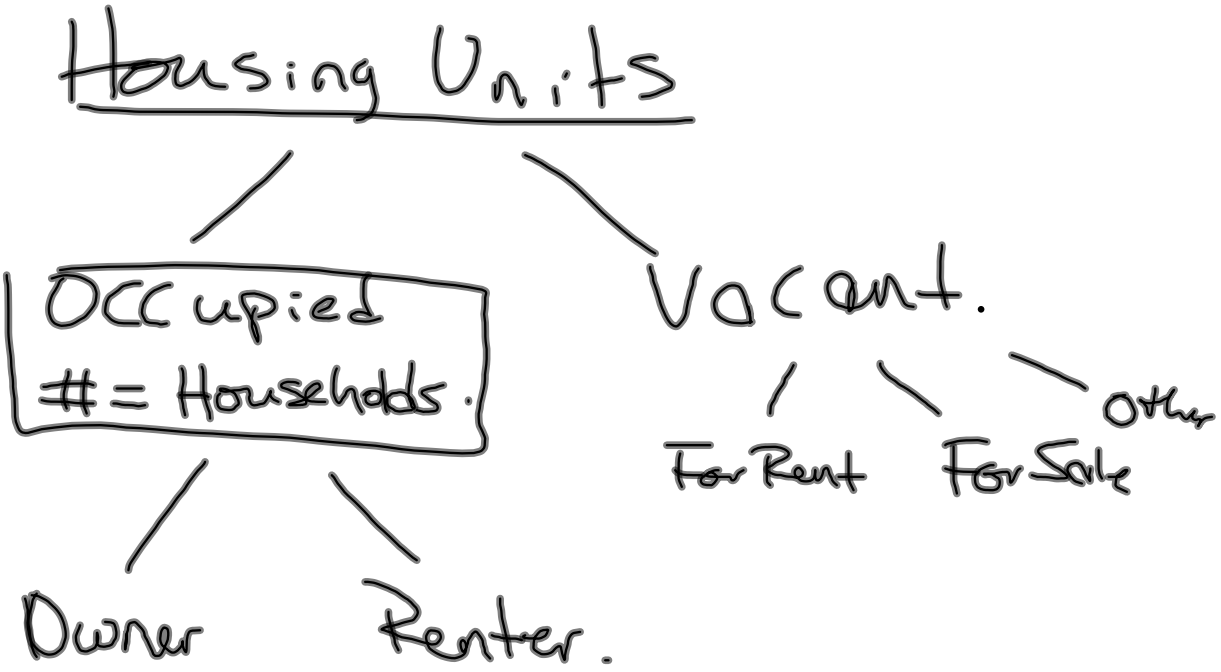
Method 1

1) Identify demographic groups that might be interested
2) Count them in the whole market.
3) Determine a capture rate.

- San Antonio
- Omaha
- Tulsa
- OK City
- Denver
- Austin
- St. Louis.

For these cities:

- Determine the D.T. market area. (Geography)
- Pull housing reports from STDB for the DT + MSA
  - # of occupied units by price + tenure
- Calc. DT as % of MSA



By income or price range.

What % of each type of hhd lives in D.T.?

	Hhd DT / Hhd Tot → Owner DT%	→ Renter DT%	Total
San Antonio	.013%	0.76%	=
Austin	0.23%	0.59%	
Denver	1.67%	0.36%	
OKC	0.30%	0.77%	
Omaha			

Due Mon. 4/25

Create a report (table) to turn in.

- By Price / Rent range, the % of owner + renter households in the D.T. area.

Value	Owner	Rent	Renter
< $200K		< $500	
200-300k		500-750	
300-500k		750-$1000	
500-750k		$1000-1500	
750+		$1500+	

One more table by hhd income

Income	Owner	Renter	Total
< 50k			
50-75k			
75-100k			
100-150k			
150-200k			
200-500k			
500+			

Apr 20-10:13 AM

What I tried to do:

- Find # Target market households (both renter & ocuner occupied) by Income.
  - Everyone but families w/ kids, and elderly.
  - Higher income.
- Census - Factfinder - American Community Survey - Five Year. Avg.
  - ~~Detailed~~ Tables
  - Geographies - Wichita MSA
    - Census Tract 43
  - Tables

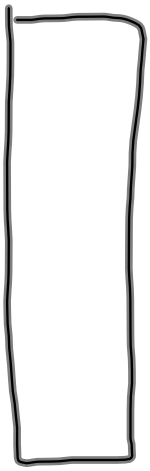
B25118	B19131
B25115	B25091
B11012	B25092
B11003	
B11001	

4/25/2011

Owner-Occupied in DT.

	<200	200-300	300-500	500-750	750+
San Ant.	.013%	.038%	.049%	0%	0%
Austin	1.056%		.705%	.374%	.673%
OKC	.75%	.099%	.026%	.001%	.022%
LoDo	.				

Price Range	# of Units
10	
10-15	
15-20	
20-25	
⋮	



Apr 25-9:40 AM

4/27/11 # Downtown Condo Demand

1) Factors that Influence Demand.

- Price - Construction costs
  - Price p.s.f.
- Location - view, proximity to Old Town, etc.
- Employment - where do people work,
  - Unemp. Rate.
- Parking + Security.
- Population size.
- Income levels.
- Demographics
  - Age of householder
  - Family Status.
- Tastes for urban living.

3) Who is the Target Market for DT Condos.

a) Must want to live downtown.

- All age groups may be OK.
- Traditional families (Married w/ Kids) will not.

b) Must have sufficient income.

- Minimum condo price = $160,000
- Loan amount = 160,000 × .95
  $152,000

@ 6% over 30 years

⇒ Monthly Pmt = $911 × 12
$10,932 / year.

≈ 20% of Income for Mtg.

$$\text{Min Income} = \frac{10,932}{0.2} = \$54,679$$

Target market = All owner households, other than Married couples w/ Children, w/ incomes over $50k

5/12

- We decided on a definition of the downtown market for these other cites.
  - Google Street view
  - Condo listings.
  - Aerial photos
- Counted the target mkt hhds in D.T. to get a D.T. capture rate

⇒ Next Step:

- Challenge the numbers.
  - Check other data sources
    - Census.
    - STDB
    - Downtown Groups in City
  - Compare w/ Condo Supply.

May 2-9:22 AM

5/4

Estimated Demand

	Dr. L	Krista	Josh	Sabria
$50,000 to $74,999	130	135	130	140
$75,000 to $99,999	80	85	65	70
$100,000 to $149,999	60	55	60	65
$150,000 or more	40	45	40	45
Total	310	320	295	320

Current supply = 104 units.

How many by price range?

Income

50K $\approx$ $160,000 condo.

75K $\times \frac{20\%}{12} = \$1,250 =$ max. mo. mtg. payment at this income

N=360, PMT=-1,250, FV=0, I=6%

$\Rightarrow$ PV=$208,000 = largest loan.

$\div$ 0.95 LTV ratio

$219,000 Condo Price.

100K $\times \frac{20\%}{12} = \$1,667 = PMT \Rightarrow PV = \$277,986$

$\div$ 0.95

$\approx \$293,000$

150K $\times \frac{20\%}{12} = \$2,500 = PMT \Rightarrow PV = 416,979$

$\div$ .95

438,925

Income	Condo Value	Demand
50-75k.	160 - 200k	135
75-100k	200 - 300k	75
100-150k	300 - 450k	60
150k+	above 450k	40
		310

These cutoffs should be "informed" by the market.

Compare these figures w/ actual supply in each price range.

May 4-10:13 AM

Final "Exams"

- Be prepared to explain your final report.
- Be prepared to answer questions about the material from the 1st half of class.
- How would you analyze a hypothetical project.

May 9-9:30 AM