

DOWNTOWN ALBANY HOUSING MARKET STUDY



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PREPARED FOR:

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TABLE OF CONTENTS

Table of Contents.....2

Key Findings3

 Real Estate Trends.....4

 Housing Market Demand in Intown Albany 2011-20164

Introduction6

 Purpose6

 Study Area7

Current Condition of the Housing Market in Downtown Albany.....8

 Demographic Characteristics.....8

 Housing Supply Characteristics14

 Real Estate Trends16

Housing Market Demand in Downtown Albany 2011-2016.....24

 Intown Albany Housing Demand from Regional Growth.....24

 Housing Demand from Intown Workers25

 Downtown Housing Demand from Albany State Students.....26

 Intown Housing Demand from Regional Employees26

 Summary of Potential Demand for Intown Housing In Albany27

Conclusions and Recommendations28

KEY FINDINGS

The following report presents a study of the market for housing in Downtown Albany, Georgia, prepared on behalf of Albany-Dougherty Inner City Development Authority. The purpose of the report is to present an analysis of the downtown Albany housing market to determine the future level of demand for owner-occupied and renter-occupied housing.

Downtown Albany, defined as the Flint River to the east, W. Roosevelt Alley to the north, Jefferson Street to the west and W. Highland Avenue to the south, encompasses the fifteen blocks which are the core of downtown Albany. The area has several historic buildings and remains primarily commercial and institutional in nature, without any significant residential development to date. In order to study the trends which will impact potential residential development, we have examined the demographic and real estate trends for Intown Albany, the City of Albany, Dougherty County and the Albany MSA and considered how downtown housing demand could be generated in Albany in the future. The following presents an overview of the study's key findings.

Current Condition of the Housing Market in Downtown Albany

- **The population of the Intown Area is not growing while the surrounding areas have modest growth.** The population of Intown Albany decreased from 18,569 residents in 1990 to 13,649 residents in 2010, a decrease of 26.5%. While some of this decline can be attributed to the impact of the Great Flood in 1994, population decline continued during the 2000 to 2010 period and the decline is projected to continue, to 12,876 residents in 2016. While the population of Dougherty County also decreased slightly from 1990 to 2010, from 96,311 residents in 1990 to 94,565 residents in 2010. However, according to Claritas, the population of the County is projected to increase to 94,316 in 2016, an increase of 0.8%. The MSA will also see modest population growth through 2016.
- **The population of the Intown Area is slightly older and is more modestly educated than in the surrounding areas.** The median age of residents in Intown Albany is 34.9 years old, which is 1.7 years older than in Dougherty County but the same as the Albany MSA. Over one-third of Intown residents do not have a high school diploma. An additional 29.7% have only a high school diploma or equivalent.
- **As with the population, the number of households in the Intown Area is not growing.** The number of households in Intown Albany decreased from 6,884 households in 1990 to 5,274 in 2010. According to Claritas, the number of households in Intown Albany is projected to continue to decrease, from 5,091 in 2011 to 4,956 in 2016, a decrease of 2.7%. From 2011 to 2016, the number of households in the County is projected to increase 1.6% to 36,201 households while the Albany MSA is projected to increase 3.2% to 62,113 households.
- **The households in Albany are smaller, with fewer traditional married families and with modest incomes.** In Intown Albany, the average household size is 2.37 persons, compared to 2.48 persons in the County and 2.58 persons in the MSA. Of the 5,091 households in Intown Albany, 3,257 households (64.0%) are one- or two-person households. In Intown Albany, 2,331 households (45.8%) are Nonfamily households, 1,844 households (36.2%) are Other Family households and 916 households are Married-Couple family households (18.0%). Intown households have a median household income of \$19,443, which is 57.5% of the median income in the County (\$33,803) and 50.7% of the median income in the MSA (\$51,714).
- **The Intown Area is an important employment center, but few of the Intown employees live in the area.** There are an estimated 20,068 employees working in Intown Albany, including 9,805 (48.9%)

working in Services and 4,322 (21.5%) working in Public Administration. According to the US Census, only 10.1% of these workers live intown, with the remainder coming from the rest of Dougherty County and the surrounding areas.

- **The housing supply in Intown Albany is primarily renter-occupied, with a balance of single family and multifamily units that are significantly older than in the surrounding areas.** There are 5,933 housing units in Intown Albany, of which 85.8%, or 5,091 units, are occupied. The majority of the housing units (70.8%) are renter-occupied and 29.2% are owner-occupied. Almost half of the Intown housing units (49.5%) are single family homes, with duplexes and small multifamily accounting for an additional 46.5%. The remaining 4.1% of the housing stock is in large multifamily housing projects or in other types of units. The median age of Intown housing is 52 years old, compared to 37 years old in the County and 33 years old in the MSA.

Real Estate Trends

- **The number of building permits issued in the County have decreased dramatically and remain primarily for single family homes.** From 2000 to 2010, Dougherty County has issued a total of 2,692 building permits, or an average of 245 per year. In 2003, the peak year, the County issued 499 building permits, which decreased to 54 building permits in 2010. Over the period from 2000 to 2010, the majority of building permits issued (1,606 or 59.7%) were for single family homes, 17.3% were for small multifamily buildings of two to four units and 23.0% were for units in buildings of five or more units.
- **Sales activity for homes in the Intown Area are modest, both in number of sales and in price, particularly for new homes.** From 2005 through 2010, there were a total of 1,173 home sales in the Intown Albany Market Area, or an average of 153 per year. Of these new sales, 33, or 2.8%, were new home sales, with an average sales price of \$89,515 over the period. Of these new sales, 27, or 81.8%, were for single family homes while 6, or 18.2%, were for multifamily homes.
- **Sales activity in Albany and the Dougherty County as a whole also has been severely impacted by the Great Recession, with fewer sales and depressed sales prices.** The Great Recession, which started in 2008, has had a dramatic impact on the Albany housing market. The number of new homes sold in the City dropped from a high of 337 in 2005 to a low of 19 in 2010. Prices for new homes in the City decreased from a high of \$301,249 in 2007 to \$105,011 in 2010, or 34.9% of the peak. Likewise, in Dougherty County, the number of new home sales decreased from a high of 435 in 2005 to a low of 31 in 2010, or 7.1% of the peak. The average price decreased from a high of \$252,768 in 2007 to a low of \$125,156 in 2009, a decline of 100.4%.
- **Apartments in the area have very low vacancy rates but modest rents.** There are eleven rental apartment complexes within three miles of downtown Albany which contain a total of 1,374 units. The apartment complexes have vacancy rates ranging from 1.2% to 26.6%, with an average vacancy of 5.7%, which is low, but slightly higher than the Albany Submarket average vacancy of 4.0%. The apartment complexes asking rents range from \$415 per month to \$648 per month, with an average asking rent of \$525 per month, which is comparable to the average asking rent in the Albany Submarket (\$523).

Housing Market Demand in Intown Albany 2011-2016

- **There are four primary sources that will create future demand for intown housing in Albany, regional household growth, existing Intown employees, the university and regional workers with an urban preference.** Demand for housing in the small downtown area of Albany will be drawn from these four sources.

- **Demand from Growth** - We estimate there is potential demand for 6 to 9 units of new ownership housing and 6 to 9 units of new rental housing per year over the five years will come from the growth of new households in the County. This indicates potential demand for 29 to 43 units of owner housing and 29 to 43 units of renter housing over the period from 2011 to 2016 from this source.
- **Housing Demand from Intown Workers** – There is an estimated potential demand for approximately 19 to 39 new owner units and 24 to 48 renter units each year over a five year projection period. This demand would be in addition to the demand generated from regional growth discussed earlier.
- **Downtown Housing Demand from Albany State Students** – There are 4,176 students at Albany State, some of whom live off-campus independently. We believe these students generate Intown demand of 1 to 2 owner units annually, 4 to 8 units over the period, and annual demand for 24 to 48 rental units per year, or 120 to 241 rental units over the five year period.
- **Intown Housing Demand from Regional Employees** - The final potential segment of Intown housing demand would come from the employees of the largest regional employers interested in living Intown. If Intown Albany can capture 3% to 5% of these regional employees, it would generate owner housing demand of 4 to 7 units per year, or 20 to 34 units over the period. It would generate demand of 12 to 20 renter units per year, or 61 to 101 units over five years.
- **Summary of Potential Demand for Intown Housing In Albany** - As shown in the summary exhibit below, we estimate that there will be demand for 30 to 55 units of owner and 73 to 123 units of rental housing per year over the five year projection period from the four sources of demand identified for Intown housing. Any new housing development in the Downtown area will be competing with existing housing stock, both ownership and rental units, for this demand. However, due to the unique potential of downtown housing which is not currently available in Albany, the downtown area has a strong potential to capture a portion of this demand.

Summary of Potential Demand for Intown Housing

	Owner		Renter	
	Low	High	Low	High
Demand from Population Growth				
Over Period	29	43	29	43
Annual	6	9	6	9
Demand from Downtown Workforce				
Over Period	96	193	120	241
Annual	19	39	24	48
Demand from Albany State Students				
Over Period	4	8	154	231
Annually	1	2	31	46
Demand from Major Regional Employers				
Over Period	20	34	61	101
Annually	4	7	12	20
Total Downtown Housing Demand 2011-2016				
Over Period	149	277	364	616
Annual	30	55	73	123

INTRODUCTION

Purpose

The following report presents a study of the market for housing in Downtown Albany, Georgia, prepared on behalf of Albany-Dougherty Inner City Development Authority. The purpose of the report is to present an analysis of the demand for housing in downtown Albany to determine the future level of demand for owner-occupied and renter-occupied housing. The report is organized into the following sections:

The Current Condition of the Housing Market in Intown Albany – This section presents data on the existing housing market in Albany, including demographic characteristics, housing supply characteristics and real estate trends:

- Demographic Characteristics – An overview of the people and households of Intown Albany, Dougherty County and the MSA, including data on population growth and characteristics and household growth and characteristics as well as employment data for the Intown area.
- Housing Supply Characteristics – An overview of the housing supply in Intown Albany, Dougherty County and the MSA, including data on the number of housing units, their occupancy, tenure and age.
- Real Estate Trends – Examines the performance of the housing market in Intown, focusing on building permit trends, the sales of owner-occupied units and vacancy and rent trends for renter-occupied housing in Intown, the City of Albany and Dougherty County.

Future Housing Market Demand in Downtown Albany – This section presents a projection of the potential future demand for housing in Downtown Albany, including owner housing and rental housing, focusing on demand from four sources:

- Demand from Growth
- Housing Demand from Intown Workers
- Downtown Housing Demand from Albany State Students
- Intown Housing Demand from Regional Employees

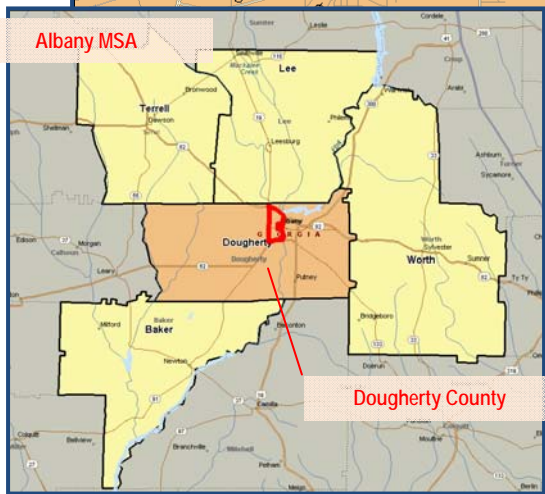
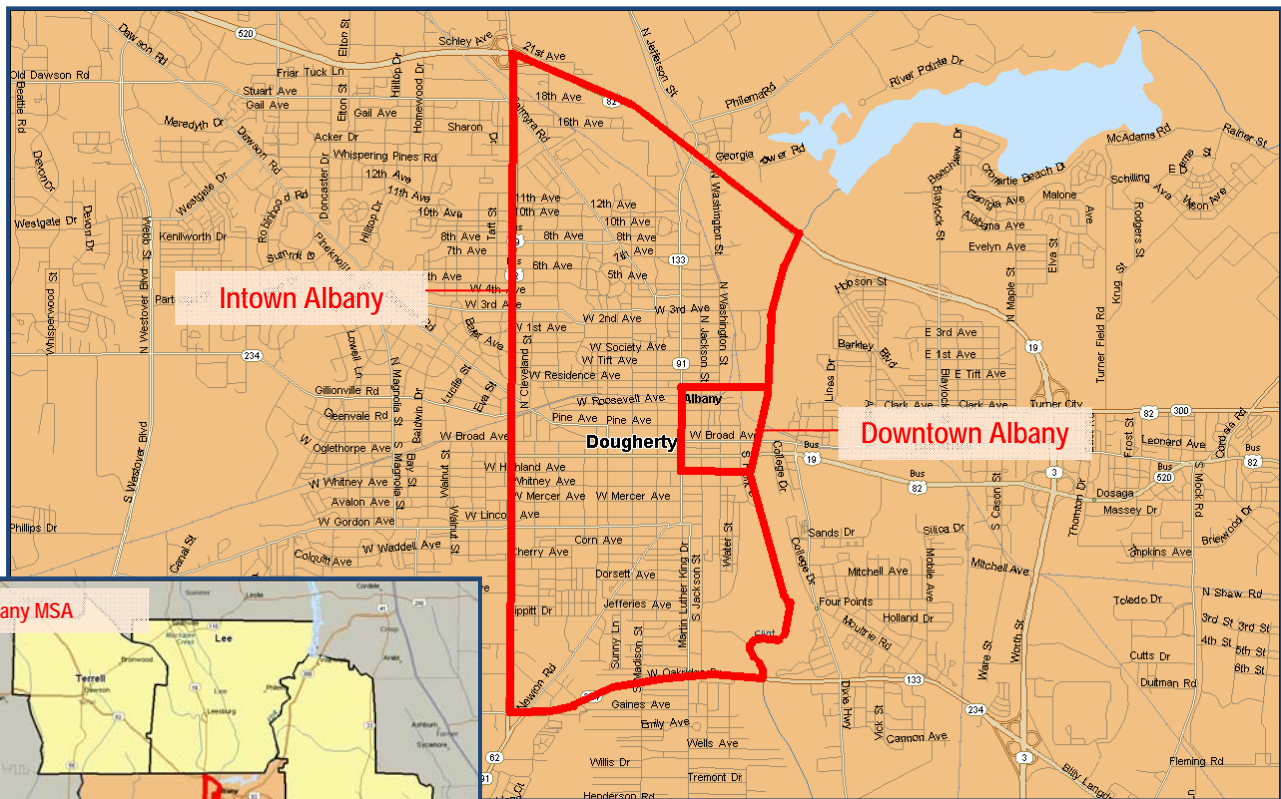
Conclusions and Recommendations – This section provides our analysis of the data presented and our recommendations to fulfill ADICA's goal of creating housing in downtown Albany.

Study Area

The following report examines data and trends for several different areas, shown in the maps below. While the focus of this study is on Downtown Albany, it currently has few residential units. Therefore, we have examined the characteristics of a larger primary market area, called Intown Albany to gain a better understanding of the potential housing market in downtown. Where possible, we have included data for the City of Albany, Dougherty County and the Albany MSA, which includes Baker, Dougherty, Lee, Terrell and Worth Counties.

Downtown Albany – For the purpose of this study, downtown Albany is defined as the Flint River to the east, W. Roosevelt Alley to the north, Jefferson Street to the west and W. Highland Avenue to the south. This area encompasses the fifteen blocks which are the central downtown Albany location.

Intown Albany – Intown Albany is defined as the area from the Flint River to the east, Liberty Expressway (Highway 19/82) to the north, Slappy Blvd to the west and Oakridge Drive to the South.



CURRENT CONDITION OF THE HOUSING MARKET IN DOWNTOWN ALBANY

The first step of our analysis is to understand the current conditions of the Albany Housing Market, particularly in the primary market area, Intown Albany. The following section presents data on the demographic characteristics, housing supply and real estate trends in the primary market area, as well as Dougherty County and the Albany MSA.

The data for the following section comes from Claritas/Nielsen, a national provider of census-based demographic data. Where possible, this data was supplemented with 2010 Census data which is currently in the process of being released. While Census data is available for larger areas, it is not yet available for smaller geographies or for detailed population and housing characteristics. Therefore, the following analysis relies primarily on Claritas/Nielsen estimates for 2011.

Demographic Characteristics

Population Growth

In 2011, the population of Intown Albany is estimated to be 13,263 persons, representing 14.2% of Dougherty County's population of 93,538 persons and 8.2% of the Albany MSA's population of 162,097 persons.

The population of Intown Albany decreased from 18,569 residents in 1990 to 15,120 residents in 2000, a decrease of 18.6%. The population continued to decline to 13,649 residents in 2010, or -9.7% over the period. According to Claritas, the population of Intown Albany is projected to continue to decrease, from 13,263 in 2011 to 12,876 in 2016, a decrease of 2.9%.

The population of Dougherty County decreased, from 96,311 residents in 1990 to 96,065 residents in 2000, a decrease of 0.3%. The population continued to decline to 94,565 residents in 2010, or -1.6%. However, according to Claritas, the population of the County is projected to increase to 94,316 in 2016, an increase of 0.8%.

The population of the Albany MSA increased from 146,574 residents in 1990 to 157,866 residents in 2000, an increase of 7.7%. However, it then declined slightly to 157,308 residents in 2010, a decrease of 0.3%. Claritas projects that the MSA will increase to 166,520 residents in 2016, an increase of 2.7%.

2011 Population Characteristics			
Population Growth			
	Intown Albany	Dougherty County	Albany MSA
1990	18,569	96,311	146,574
2000	15,120	96,065	157,833
2010	13,649	94,565	157,308
2011 Estimate	13,263	93,538	162,097
2016 Projection	12,876	94,316	166,520
Growth 1990-2000	-18.6%	-0.3%	7.7%
Growth 2000-2010	-9.7%	-1.6%	-0.3%
Growth 2011-2016	-2.9%	0.8%	2.7%

Source: Claritas/Nielsen, 2010 US Census DP-1

Population Age

The median age of residents in Intown Albany is 34.9 years old, which is 1.7 years older than in Dougherty County but the same as the Albany MSA. In the Intown area, 27.5% of the population is under the age of 18, while 9.7% are between the ages of 18 to 24. Of the intown population, 45.1% of residents are between the ages of 25 and 65 while 17.6% are over the age of 65.

In Dougherty County, 26.8% of the population is under the age of 18 while 12.3% of the population is between the ages of 18 and 24. Almost half (48.1%) of the County's population is between the ages of 25 and 64 and 12.9% of the population is over the age of 65.

In the Albany MSA, 26.1% of the population is under the age of 18 while 11.0% of the population is between the ages of 18 and 24. Over half (50.7%) of the County's population is between the ages of 25 and 64 and 12.2% of the population is over the age of 65.

2011 Population Characteristics Population Age						
	Intown Albany		Dougherty County		Albany MSA	
Under 18	3,648	27.5%	25,045	26.8%	42,291	26.1%
18-24	1,289	9.7%	11,460	12.3%	17,848	11.0%
25-34	1,706	12.9%	12,559	13.4%	21,203	13.1%
35-44	1,454	11.0%	10,552	11.3%	20,058	12.4%
45-54	1,451	10.9%	11,468	12.3%	21,847	13.5%
55-64	1,377	10.4%	10,395	11.1%	19,009	11.7%
Over 65	2,338	17.6%	12,059	12.9%	19,841	12.2%
Total	13,263	100.0%	93,538	100.0%	162,097	100.0%
Median Age	34.9		33.2		34.9	

Source: Claritas/Neilsen

Population Educational Attainment

Over one-third of Intown residents do not have a high school diploma. An additional 29.7% have only a high school diploma or equivalent. Of the area's residents, 25.5% have some college or an Associates Degree, 5.7% have a Bachelor's Degree and 4.6% have a Postgraduate Degree.

In Dougherty County, 19.2% of residents do not have a high school diploma while 28.8% of residents have only a high school diploma or equivalent. Of the County's residents, 31.5% have some college or an Associates Degree, 12.3% have a Bachelor's Degree and 8.2% have a Postgraduate Degree.

In the Albany MSA, 20.9% of residents do not have a high school diploma while 31.9% of residents have only a high school diploma or equivalent. Of the MSA's residents 30.1% have some college or an Associates Degree, 7.0% have a Bachelor's Degree and 7.0% have a Postgraduate Degree.

2011 Population Characteristics Educational Attainment (Age 25+)						
	Intown Albany		Dougherty County		Albany MSA	
No High School Diploma	2,880	34.6%	10,929	19.2%	21,267	20.9%
High School Graduate (or GED)	2,470	29.7%	16,450	28.8%	32,575	31.9%
Some College or Associate Degree	2,122	25.5%	17,966	31.5%	30,727	30.1%
Bachelor's Degree	475	5.7%	7,003	12.3%	10,257	10.1%
Postgraduate Degree	379	4.6%	4,685	8.2%	7,132	7.0%
Total	8,326	100.0%	57,033	100.0%	101,958	100.0%

Source: Claritas/Neilsen

Household Growth

In 2011, there are an estimated 5,091 households in Intown Albany, representing 14.3% of Dougherty County's 35,628 households and 8.5% of the MSA's 60,179 households.

The number of households in Intown Albany decreased from 6,884 households in 1990 to 5,715 households in 2000, a decrease of 17.0%. The number of households continued to decline to 5,274 in 2010, or -7.7% over the period. According to Claritas, the number of households in Intown Albany is projected to continue to decrease, from 5,091 in 2011 to 4,956 in 2016, a decrease of 2.7%.

The number of households in Dougherty County increased from 34,163 households in 1990 to 35,552 households in 2000, an increase of 4.1%. The number of households continued to increase to 36,508 households in 2010, or 2.7%. According to Claritas, the number of households in the County is projected to increase to 36,201 households in 2016, an increase of 1.6%.

The number of households in the Albany MSA increased from 51,295 in 1990 to 57,403 households in 2000, an increase of 11.9%. The number of households in the MSA continued to grow to 59,319 households in 2010, an increase over the period of 3.3%. Claritas projects that the MSA will increase to 62,113 in 2016, an increase of 3.2%.

2011 Household Characteristics			
Household Growth			
	Intown Albany	Dougherty County	Albany MSA
1990	6,884	34,163	51,295
2000	5,715	35,552	57,403
2010	5,274	36,508	59,319
2011 Estimate	5,091	35,628	60,179
2016 Projection	4,956	36,201	62,113
Growth 1990-2000	-17.0%	4.1%	11.9%
Growth 2000-2010	-7.7%	2.7%	3.3%
Growth 2011-2016	-2.7%	1.6%	3.2%

Source: Source: Claritas/Neilsen, 2010 US Census DP-1

Household Size

In Intown Albany, the average household size is 2.37 persons. Of the 5,091 households in Intown Albany, 3,257 households (64.0%) are one- or two-person households. Three-person households account for 15.9% of households, four-person households account for 10.1% of households, and the remaining 10.1% of households are comprised of five or more persons.

In Dougherty County, the average household size is 2.48 persons. Of the 35,628 households in the County, 21,381 households (60.0%) are one- or two-person households. Three-person households account for 18.1% of households, four-person households account for 12.6% of households, and the remaining 9.3% of households are comprised of five or more persons.

In the Albany MSA, the average household size is 2.58 persons. Of the 60,179 households in the MSA, 33,892 households (56.3%) are one- or two-person households. Three-person households account for 19.4% of households, four-person households account for 14.6% of households, and the remaining 9.7% of households are comprised of five or more persons.

2011 Household Characteristics						
Household Size						
	Intown Albany		Dougherty County		Albany MSA	
1-person household	1,894	37.2%	10,156	28.5%	15,033	25.0%
2-person household	1,363	26.8%	11,225	31.5%	18,859	31.3%
3-person household	811	15.9%	6,434	18.1%	11,649	19.4%
4-person household	507	10.0%	4,483	12.6%	8,796	14.6%
5 + person household	516	10.1%	3,330	9.3%	5,842	9.7%
Total Households	5,091	100.0%	35,628	100.0%	60,179	100.0%
Average Household Size	2.37		2.48		2.58	

Source: Claritas/Neilsen

Household Type

In Intown Albany, 2,331 households (45.8%) are Nonfamily households, 1,844 households (36.2%) are Other Family households, typically singles and households with two or more related individuals, and 916 households are Married-Couple family households (18.0%). Of all households, 3,562 households (70.0%) do not have children present and 1,529 households (30.0%) do have children present.

In Dougherty County, 12,915 households (36.2%) are Nonfamily households, 12,546 households (35.2%) are Married-Couple families and 10,167 households (28.5%) are Other Family households. Of all County households, 24,221 households (68.0%) do not have children present in the household and 11,407 households (32.0%) do have children present.

In the MSA, 25,831 households (42.9%) are Married-Couple families, 19,280 households (32.0%) are Nonfamily households and 15,068 households (25.0%) are Other Families. In the MSA, 38,887 households (64.6%) do not have children present and 21,292 households (35.4%) do have children present.

2011 Household Characteristics						
Household Type						
	Intown Albany		Dougherty County		Albany MSA	
Married-Couple Family	916	18.0%	12,546	35.2%	25,831	42.9%
<i>With Children</i>	311	6.1%	4,368	12.3%	10,689	17.8%
<i>Without Children</i>	605	11.9%	8,178	23.0%	15,142	25.2%
Other Family	1,844	36.2%	10,167	28.5%	15,068	25.0%
<i>With Children</i>	1,203	23.6%	6,948	19.5%	10,427	17.3%
<i>Without Children</i>	641	12.6%	3,219	9.0%	4,641	7.7%
Nonfamily	2,331	45.8%	12,915	36.2%	19,280	32.0%
<i>With Children</i>	15	0.3%	91	0.3%	176	0.3%
<i>Without Children</i>	2,316	45.5%	12,824	36.0%	19,104	31.7%
Total	5,091	100.0%	35,628	100.0%	60,179	100.0%

Source: Claritas/Neilsen

Household income

The median annual household income in Intown Albany is very low at \$19,443, half of the average median income in the MSA. Of the households in Intown, 42.8% have median incomes less than \$15,000 per year and 28.1% have incomes between \$15,000 and \$34,999 per year. In Intown, 25.6% of households (1,304) earn between \$35,000 and \$99,999 per year and 3.5% of households (177) earn over \$100,000 per year.

The median annual household income in Dougherty County is \$33,803. Of County households, 24.1% have median incomes less than \$15,000 per year and 27.3% have incomes between \$15,000 and \$34,999 per

year. In the County, 39.1% of households (13,948) earn between \$35,000 and \$99,999 per year 9.4% of households (3,334) earn over \$100,000 per year.

In the Albany MSA, the median annual household income is \$51,714. Of MSA households, 20.9% have median incomes less than \$15,000 per year and 25.6% have incomes between \$15,000 and \$34,999 per year. In the MSA, 42.5% of households (25,600) earn between \$35,000 and \$99,999 per year 11.0% of households (6,636) earn over \$100,000 per year.

2011 Household Characteristics						
Household Income						
	Intown Albany		Dougherty County		Albany MSA	
Income less than \$15,000	2,178	42.8%	8,602	24.1%	12,560	20.9%
Income \$15,000 to \$34,999	1,432	28.1%	9,744	27.3%	15,383	25.6%
Income \$35,000 to \$49,999	691	13.6%	5,787	16.2%	9,671	16.1%
Income \$50,000 to \$74,999	465	9.1%	5,462	15.3%	10,400	17.3%
Income \$75,000 to \$99,999	148	2.9%	2,699	7.6%	5,529	9.2%
Income \$100,000 and more	177	3.5%	3,334	9.4%	6,636	11.0%
Total	5,091	100.0%	35,628	100.0%	60,179	100.0%
Average Household Income	\$29,350		\$47,549		\$51,714	
Median Household Income	\$19,443		\$33,803		\$38,329	
Per Capita Income	\$12,562		\$18,639		\$19,596	

Source: Claritas/Neilsen

Households with Housing Problems

The Department of Housing and Urban Development (HUD) provides data on households with housing problems, both those with cost burdens and physical problems through the Comprehensive Housing Affordability Strategy (CHAS) Data set. However, the most recent data is for the year 2000 and is not available for small geographies below the city level; therefore we have presented the data for the City of Albany and for Dougherty County below.

According to HUD, a household with a “housing problem” includes households with a cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities. In 2000, 44.8% of renter households in the City of Albany were classified as having a housing problem, including 37.6% of renter households with a cost burden over 30%. Of owner households, 26.2% were classified as having a housing problem, including 23.3% of owner households with a cost burden of over 30%. In total, 36.0% of households in the City (10,307 households) have a housing problem, including 30.8% with a cost burden.

Households with Housing Problems (2000)						
	Renter		Owner		Total	
City of Albany						
Total Households	15,050		13,581		28,631	
Households with a Housing Problem	6,742	44.8%	3,558	26.2%	10,307	36.0%
Households with a Cost Burden > 30%	5,659	37.6%	3,164	23.3%	8,818	30.8%
Households with a Cost Burden > 50%	3,266	21.7%	1,440	10.6%	4,724	16.5%
Dougherty County						
Total Households	16,485		18,989		35,474	
Households with a Housing Problem	7,204	43.7%	5,013	26.4%	12,203	34.4%
Households with a Cost Burden > 30%	6,050	36.7%	4,386	23.1%	10,429	29.4%
Households with a Cost Burden > 50%	3,445	20.9%	2,051	10.8%	5,498	15.5%

Source: State of the Cities Data Systems: Comprehensive Housing Affordability Strategy (CHAS) Data

In 2000, 43.7% of renter households in the Dougherty County were classified as having a housing problem, including 36.7% of renter households with a cost burden over 30%. Of owner households, 26.4% were classified as having a housing problem, including 23.1% of owner households with a cost burden of over 30%. In total, 34.4% of households in the County (12,203 households) have a housing problem, including 29.4% with a cost burden. 2010 Census data will be available shortly to update this information.

Employment Characteristics

An important potential source of demand for housing in Downtown Albany will be employees already working in the area. According to Claritas/Neilsen, in 2010, there were 20,068 employees working in the Intown area at 1,390 business establishments. The majority of these employees, 9,805, or 48.9%, work in Service industries while 4,322, or 21.5%, work in Public Administration.

2010 Intown Albany Employment			
	Establishments	Employees	% of Employees
Agriculture, Forestry and Fishing	22	85	0.4%
Mining	0	0	0.0%
Construction	70	1,018	5.1%
Manufacturing	46	724	3.6%
Transportation, Communications and Utilities	35	369	1.8%
Wholesale Trade	45	1,028	5.1%
Retail Trade	233	1,846	9.2%
Finance, Insurance and Real Estate	98	829	4.1%
Services	654	9,805	48.9%
Public Administration	174	4,322	21.5%
Nonclassifiable Establishments	13	42	0.2%
Total	1,390	20,068	100.0%

Source: Claritas/Neilsen

Commuting Patterns

The US Census provides data on commuting patterns through 2009. In order to estimate the commuting characteristics of the Intown Albany workers, we have calculated the following estimates by applying the 2009 Census characteristics to the 2010 employment data from Claritas/Neilsen.

According to this analysis, 10.1% of Intown employees (1,826 workers) live Intown. The remaining 18,242 (90.9%) of Intown employees, live outside of the Intown Area. Of those employees who live outside of the Intown Area, the largest proportion 38.9% (7,806 workers) live elsewhere in Dougherty County, 20.9% (4,194) live in the remainder of the Albany MSA while 31.1% live elsewhere. Thus, 48.0% of downtown workers already live either in the Intown or Dougherty County and are the most likely group to consider living downtown.

2010 Intown Albany Employment by Where Workers Live		
Total Employees	20,068	
Live Intown	1,826	9.1%
Live Elsewhere	18,242	90.9%
<i>Remainder of Dougherty County</i>	<i>7,806</i>	<i>38.9%</i>
<i>Remainder of Albany MSA</i>	<i>4,194</i>	<i>20.9%</i>
<i>Other</i>	<i>6,241</i>	<i>31.1%</i>

Source: US Census , Claritas/Neilsen, BAG

Major Employers

There are several major employers in the Intown Albany area and in the surrounding area. They include local government, institutional organizations like Albany State and private employers.

Major Employers Intown and Surrounding Areas	
City of Albany	1,387
Dougherty County	669
Phoebe Putney Health Care	3,804
Albany State Staff and Employees	550
Dougherty County Board of Education	2,984
Procter & Gamble	1,394
Miller Brewing	650
Master Foods USA/Mars	272
USMC Logistics Base	3,081
Total	14,791

Source: Chamber of Commerce

Housing Supply Characteristics

According to Claritas, in 2011 there are 5,933 housing units in the Intown Albany Primary Market Area. This represents 14.7% of the 40,232 housing units in Dougherty County and 8.8% of the 67,690 housing units in the Albany MSA. The following section describes the housing supply in terms of occupancy, tenure, type and age.

Occupancy

In Intown Albany, 85.8% of the total housing units, or 5,091 units, are occupied while 14.2%, or 842 units are vacant.

This is a slightly higher vacancy rate than in Dougherty County where 88.6% of the total housing units, or 35,628 units, are occupied while 11.4%, or 4,604 units, are vacant. It is also slightly higher than in the Albany MSA, where 88.9% of the total housing units, or 60,179 units, are occupied while 11.1%, or 7,511 units, are vacant.



The condition of the housing supply and neighborhoods varies significantly throughout Intown Albany.

2011 Household Characteristics						
Occupancy						
	Intown Albany		Dougherty County		Albany MSA	
Occupied	5,091	85.8%	35,628	88.6%	60,179	88.9%
Vacant	842	14.2%	4,604	11.4%	7,511	11.1%
Total	5,933	100.0%	40,232	100.0%	67,690	100.0%

Source: Claritas/Neilsen

Tenure

In Intown Albany, the majority of occupied housing units, 3,602 units (70.8%) are renter-occupied while 1,489 units (29.2%) are owner-occupied. By contrast, in Dougherty County half of all occupied housing units are renter-occupied and half are owner-occupied. In the MSA, only 41.3% of housing units are renter-occupied while 58.7% are owner-occupied.

2011 Household Characteristics						
Tenure						
	Intown Albany		Dougherty County		Albany MSA	
Owner-Occupied	1,489	29.2%	17,812	50.0%	35,326	58.7%
Renter-Occupied	3,602	70.8%	17,816	50.0%	24,853	41.3%
Total	5,091	100.0%	35,628	100.0%	60,179	100.0%

Source: Claritas/Neilsen

Housing Type

In Intown Albany, almost half of all units, 49.5% or 2,936 units, are single family homes. Duplexes account for one quarter of all residential units, 25.1% or 1,487 units. Residential units in multifamily buildings account for an addition 24.8% of the housing inventory, or 1,470 units. These multifamily units are primarily in smaller projects with units in building with 20 units or less accounting for 21.4% of the supply and units in buildings with 20 units or more accounting for only 3.4% of the housing supply. Other housing types, such as mobile homes, boats and RVs, account for less than 1% of the housing supply in Intown Albany.

In Dougherty County, 60.0% of the housing supply, or 24,148 units, are single family homes. Duplexes account for 14.6% of the inventory (5,880 units), while multifamily units in small structures account for 18.3% and large multifamily structures account for 1.8% of units, or a total of 8,099 multifamily units. Other housing types account for 5.2% of the housing inventory in the County.

In the Albany MSA, 61.8% of the housing supply, or 41,833 units, are single family homes. Duplexes account for 10.6% of the inventory (7,145 units), while multifamily units in small structures account for 13.1% and large multifamily structures account for 1.4% of units, or a total of 9,779 multifamily units. Other housing types account for 13.2% of the housing inventory in the MSA.

2011 Household Characteristics						
Housing Type						
	Intown Albany		Dougherty County		Albany MSA	
Single Family	2,936	49.5%	24,148	60.0%	41,833	61.8%
Duplex	1,487	25.1%	5,880	14.6%	7,145	10.6%
Multifamily (Under 20 Units)	1,268	21.4%	7,356	18.3%	8,861	13.1%
Multifamily (20 Units or More)	202	3.4%	743	1.8%	918	1.4%
Other Housing*	40	0.7%	2,105	5.2%	8,933	13.2%
Total	5,933	100.0%	40,232	100.0%	67,690	100.0%

Source: Claritas/Neilsen

*Includes mobile homes, boats, RVs, etc.

Housing Age

The median age for housing in Intown Albany is 52 years old, reflecting the historic nature of the majority of the area. Over half of the housing supply in Intown Albany, 3,041 units or 51.3%, was built before 1960. An additional 2,671 units, or 45.0%, were built between 1960 and 1999. Only 3.7% of the housing units in Albany, or 221 units, were built since 2000.



A historic home Intown Albany.

The median age for housing in Dougherty County is 37 years old. The majority of housing units in the County, 68.1% or 20,124 units, were built between 1960 and 1999, while 15.4% of the housing units, 4,545 units, were built since 2000. Only 16.5% of the County's units were built before 1960.

Similarly, the median age for housing in the Albany MSA is 33 years

old. The majority of housing units in the MSA, 68.3%, were built between 1960 and 1999, while 18.1% of the MSA's housing units were built since 2000. Only 13.6% of the MSA's units were built before 1960.

2011 Household Characteristics						
Housing Type						
	Intown Albany		Dougherty County		Albany MSA	
Housing Unit Built 2000 or later	221	3.7%	4,545	15.4%	9,597	18.1%
Housing Unit Built 1990 to 1999	241	4.1%	4,303	14.6%	11,891	22.4%
Housing Unit Built 1980 to 1989	626	10.6%	5,679	19.2%	10,116	19.1%
Housing Unit Built 1970 to 1979	766	12.9%	9,104	30.8%	13,187	24.9%
Housing Unit Built 1960 to 1969	1,038	17.5%	1,038	3.5%	1,038	2.0%
Housing Unit Built 1950 to 1959	1,444	24.3%	1,444	4.9%	1,444	2.7%
Housing Unit Built 1940 to 1949	766	12.9%	2,128	7.2%	2,771	5.2%
Housing Unit Built 1939 or Earlier	831	14.0%	1,311	4.4%	2,980	5.6%
Total	5,933	100.0%	29,552	100.0%	53,024	100.0%
Median Year Built	1959		1974		1978	

Source: Claritas/Neilsen

Overall, housing in the Intown area is older, more renter-oriented, includes more multifamily, and has higher vacancy than in the County or MSA.

Real Estate Trends

The following section presents data on the performance of the residential real estate market in Intown Albany, the City, County and MSA. It examines the market in terms of building permits issued, home sales and the performance of rental apartments.

Building Permits Issued

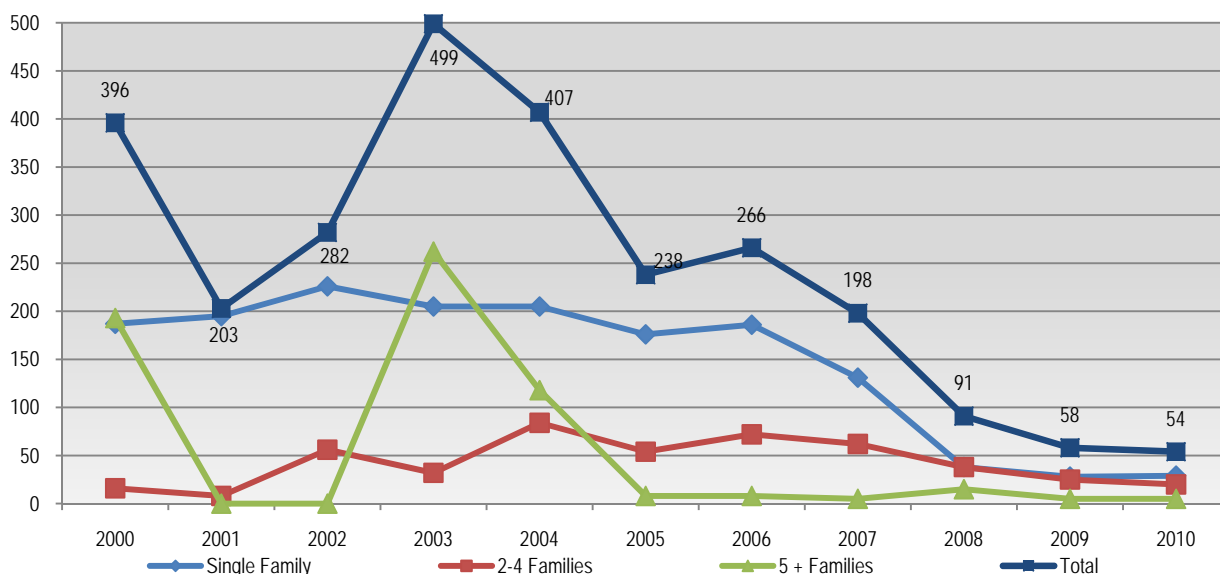
From 2000 to 2010, Dougherty County has issued a total of 2,692 building permits, or an average of 245 per year. The number of permits issued in any given year ranged widely. Before the Great Recession, the number of permits issued ranged from a low of 203 in 2001 to a high of 499 in 2003. The number of building permits declined to 198 in 2007 then decreased dramatically to 91 in 2008, 58 in 2009 and 54 in 2010. From 2007 to 2010, an average of 100 building permits were issued each year in the County.

Over the period from 2000 to 2010, the majority of building permits issued (1,606 or 59.7%) were for single family homes. The number of permits for single family homes remained fairly steady between 2000 and 2006, ranging from a low of 176 in 2005 to a high of 226 in 2002, averaging 197 permits per year during the period. Single family permits decreased from 131 permits in 2007 to a low of 28 permits issued in 2009, averaging 56 permits per year from 2007 to 2010.

Of the building permits issued, 467 (17.3%) were for small multifamily buildings of two to four units, averaging 42 permits a year from 2000 to 2010. From 2000 to 2006, permits issued ranged from a low of 8 in 2001 to a high of 84 in 2004, averaging 46 units per year. From 2007 to 2010, building permits issued for small multifamily buildings has averaged 36 units permitted each year.

From 2000 to 2010, 619 building permits (23.0%) were for units in buildings of five or more units, or an average of 56 units per year. From 2000 to 2006, there were building permits issued for 589 units, or an average of 84 units per year. From 2007 to 2010, a total of 30 building permits were issued, or an average of 7.5 units per year.

Dougherty County Building Permits Issued
2000-2010



Owner Occupied Units

The following section presents data on home sales in the Intown Albany Primary Market Area, the City of Albany and Dougherty County. The data comes from the Albany-Dougherty Tax Department and is current through May of 2011. For the purpose of this analysis, sales listed with a price of \$0 were excluded; therefore it does not include foreclosures. The data is presented as a total of all sales, with single family sales and multifamily sales examined individually. Multifamily units include those identified by the Tax Department as duplex, triplex, quadriplex and condo units. While the analysis of all sales includes mobile home sales, they are not analyzed separately.

All Sales

From 2005 through 2010, there were a total of 1,173 home sales in the Intown Albany Market Area, or an average of 153 per year. Of these sales, 33, or 2.8%, were new home sales. The number of new homes sold in the Intown Area ranged from a decreased 75.0%, from a high of eight in 2008 to a low of two in 2009, with an average of 6 new units sold in the area each year. The average price of a new home sold in the Intown Area decreased 67.5%, from a high \$146,315 in to a low of \$47,550 in 2009.

From 2005 through 2010, there were a total of 7,464 home sales in the City of Albany, or an average of 1,244 per year. Of these sales, 959, or 12.8%, were new home sales. The number of new homes sold in the City decreased 94.4%, from a high of 337 in 2005 to a low of 19 in 2010, with an average of 160 new units sold in the area each year. The average price of a new home sold in the City decreased 65.1%, from a high of \$301,249 in 2007 to a low of \$105,011 in 2010.

From 2005 through 2010, there were a total 9,445 home sales in Dougherty County, or an average of 1,574 per year. Of these sales, 1,347, or 14.3%, were new home sales. The number of new homes sold in the County decreased 92.9%, from a high of 435 in 2005 to a low of 31 in 2010, with an average of 225 new units sold in the area each year. The average price of a new home sold in the County decreased 50.1%, from a high of \$252,768 in 2007 to a low of \$125,156 in 2009.

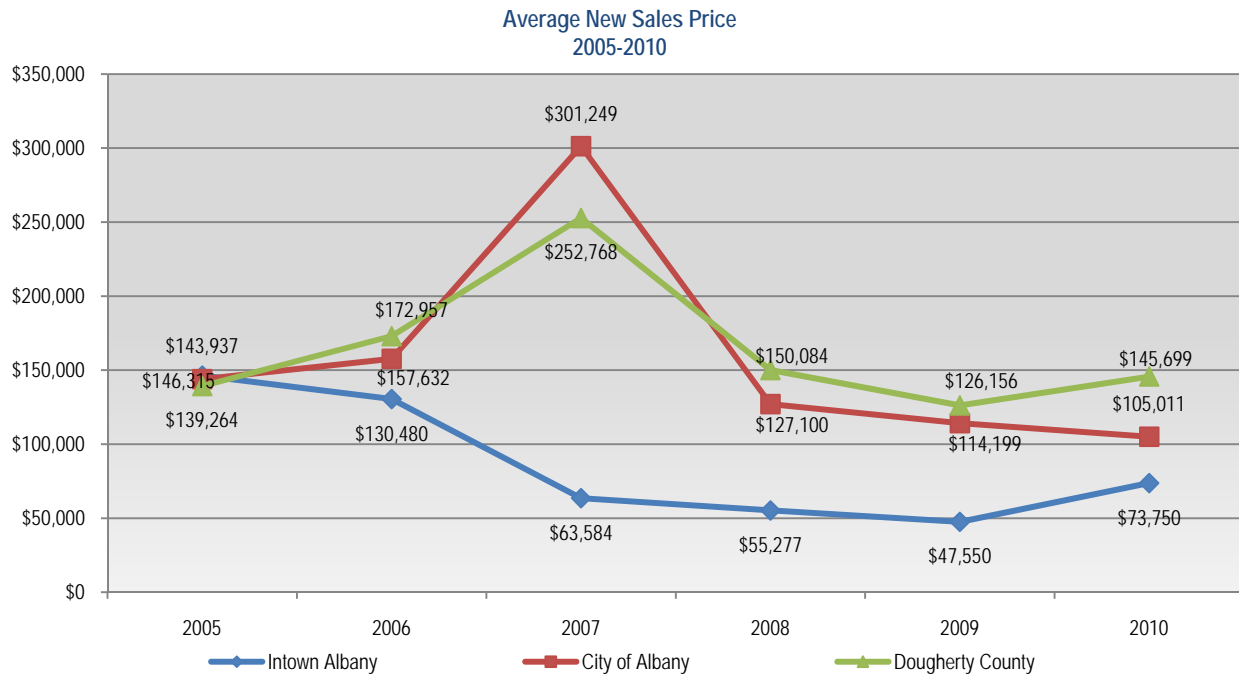
		All Home Sales* 2005- 2011						
		Pre-Great Recession			Great Recession			
		2005	2006	2007	2008	2009	2010	2011*
		Intown Albany						
Units Sold	New	7	5	7	8	2	4	-
	Resale	229	228	248	147	139	149	27
	Total	236	233	255	155	141	153	27
Avg Price	New	\$146,315	\$130,480	\$63,584	\$55,277	\$47,550	\$73,750	-
	Resale	\$87,806	\$86,359	\$99,125	\$63,028	\$77,055	\$66,208	\$44,201
	Total	\$89,542	\$87,306	\$98,150	\$62,628	\$76,636	\$66,406	\$44,201
		City of Albany						
Units Sold	New	337	207	196	126	74	19	3
	Resale	1,277	1,250	1,243	920	927	888	244
	Total	1,614	1,457	1,439	1,046	1,001	907	247
Avg Price	New	\$143,937	\$157,632	\$301,249	\$127,100	\$114,199	\$105,011	\$220,933
	Resale	\$134,536	\$126,070	\$120,826	\$102,446	\$117,105	\$111,531	\$103,966
	Total	\$136,499	\$130,555	\$145,401	\$105,416	\$116,890	\$111,395	\$105,387
		Dougherty County						
Units Sold	New	435	342	278	166	95	31	3
	Resale	1,610	1,583	1,490	1,153	1,124	1,138	290
	Total	2,045	1,925	1,768	1,319	1,219	1,169	293
Avg Price	New	\$139,264	\$172,957	\$252,768	\$150,084	\$126,156	\$145,699	\$220,933
	Resale	\$140,156	\$129,687	\$125,574	\$106,808	\$117,570	\$118,637	\$112,525
	Total	\$139,966	\$137,375	\$145,574	\$112,254	\$118,239	\$119,354	\$113,635

Source: Dougherty County Tax Assessor

* Through May

Note: Sales with a price of \$0 were excluded from the analysis.

In 2005, the average sales price for a new home in Intown Albany, the City of Albany and Dougherty County were comparable, with Intown Albany's average sales price (\$146,315) slightly higher than Albany (\$143,315) and Dougherty County (\$139,264). However, as the average sales prices in the City and County increased through 2007, the price of Intown units began to decrease significantly. In 2007, the peak of the housing bubble, the City of Albany's average sales price (\$63,584) was only 21.1% of the average price in the City (\$301,249) and only 25.2% of the average price in the County (\$252,768). By 2010, the average sales price of a new home Intown increased to \$73,750, or 70.2% of the City's average at \$105,011 and 50.6% of the County's average of \$145,699.



Single Family Sales

From 2005 through 2010, there were a total of 919 single family home sales in the Intown Albany Market Area, or an average of 153 per year. Of these sales, only 27, or 2.9%, were new single family home sales. The number of new single family homes sold in the Intown Area decreased 75.0%, from a high of eight in 2008 to a low of two in 2009, with an average of 5 new units sold in the area each year. The average price of a new single family home sold in the Intown Area decreased from a high of \$63,584 in 2007 to a low of \$47,550 in 2009, but climbed to \$73,750 in 2010, based on a small number of sales.

From 2005 through 2010, there were a total of 6,183 single family home sales in the City of Albany, or an average of 1,031 per year. Of these sales, 566, or 9.2%, were new home sales. The number of new single family homes sold in the City decreased 91.8%, from a high of 208 in 2005 to a low of 17 in 2010, with an average of 94 new units sold in the area each year. The average price of a new home sold in the City decreased 70.7%, from a high of \$334,579 in 2007 to a low of \$97,982 in 2010.

From 2005 through 2010, there were a total of 8,033 single family home sales in Dougherty County, or an average of 1,339 per year. Of these sales, 952, or 11.9%, were new home sales. The number of new single family homes sold in the County decreased 90.5%, from a high of 305 in 2005 to a low of 28 in 2010, with an average of 159 new single family units sold in the area each year. The average price of a new single family home sold in the County decreased 45.3%, from a high of \$263,936 in 2007 to a low of \$144,386 in 2010.

		Single Family Home Sales 2005- May 2011						
		Pre-Great Recession			Great Recession			
		2005	2006	2007	2008	2009	2010	2011*
		Intown Albany						
Units Sold	New	3	3	7	8	2	4	
	Resale	183	163	193	128	108	117	23
	Total	186	166	200	136	110	121	23
Avg Price	New	\$58,667	\$37,467	\$63,584	\$55,277	\$47,550	\$73,750	
	Resale	\$93,256	\$73,711	\$76,406	\$59,119	\$59,413	\$69,417	\$44,379
	Total	\$92,698	\$73,056	\$75,957	\$58,893	\$59,198	\$69,561	\$44,379
		City of Albany						
Units Sold	New	208	119	144	48	30	17	2
	Resale	1,129	1,065	1,028	822	800	773	219
	Total	1,337	1,184	1,172	870	830	790	221
Avg Price	New	\$158,012	\$134,238	\$334,579	\$118,658	\$187,970	\$97,982	\$180,900
	Resale	\$136,915	\$114,449	\$103,966	\$97,010	\$105,690	\$113,153	\$101,457
	Total	\$140,197	\$116,438	\$132,301	\$98,204	\$108,664	\$112,826	\$102,176
		Dougherty County						
Units Sold	New	305	254	225	88	51	29	2
	Resale	1,432	1,370	1,258	1,035	974	1,012	262
	Total	1,737	1,624	1,483	1,123	1,025	1,041	264
Avg Price	New	\$147,285	\$167,306	\$263,936	\$165,852	\$179,867	\$144,386	\$180,900
	Resale	\$144,825	\$122,958	\$113,701	\$103,989	\$109,871	\$121,501	\$111,800
	Total	\$145,257	\$129,894	\$136,495	\$108,836	\$113,354	\$122,138	\$112,323

Source: Dougherty County Tax Assessor

* Through May

Note: Sales with a price of \$0 were excluded from the analysis.

Multifamily Sales

From 2005 through 2010, there were a total of 253 multifamily home sales in the Intown Albany Market Area, or an average of 42 per year. Of these sales, only 6 units, or 2.4%, were new multifamily home sales. There were four new multifamily units sold in 2005 and two sold in 2006, with no new multifamily units sold in the area from 2007 to 2010. The average price of a new multifamily home sold in the Intown Area ranged from a low of \$212,051 in 2005 to a high of \$270,000 in 2006.

From 2005 through 2010, there were a total of 1,275 multifamily home sales in the City of Albany, or an average of 213 per year. Of these sales, 391, or 30.7%, were new home sales. The number of new multifamily homes sold in the City decreased 98.4%, from a high of 129 in 2005 to a low of two in 2010, with an average of 65 new units sold in the area each year. The average price of a new multifamily home sold in the City decreased 70.4%, from a high of \$212,884 in 2007 to a low of \$63,900 in 2009.

From 2005 through 2010, there were a total 1,282 multifamily home sales in Dougherty County, or an average of 214 per year. Of these sales, 391, or 30.5%, were new home sales. The number of new multifamily homes sold in the County decreased 98.4%, from a high of 129 in 2005 to a low of two in 2010, with an average of 65 new units sold in the area each year. The average price of a new multifamily home sold in the County decreased 70.4%, from a high of \$212,884 in 2007 to a low of \$63,900 in 2009. There were no new multifamily home sales in the County outside of the City of Albany.

		Multifamily Home Sales 2005- May 2011						
		Pre-Great Recession			Great Recession			
		2005	2006	2007	2008	2009	2010	2011*
		Intown Albany						
Units Sold	New	4	2					
	Resale	45	65	55	19	31	32	23
	Total	49	67	55	19	31	32	23
Avg Price	New	\$212,051	\$270,000					
	Resale	\$67,555	\$118,075	\$178,849	\$89,362	\$138,515	\$54,476	\$44,379
	Total	\$79,351	\$122,610	\$178,849	\$89,362	\$138,515	\$54,476	\$44,379
		City of Albany						
Units Sold	New	129	88	50	78	44	2	2
	Resale	147	183	214	98	127	115	219
	Total	276	271	264	176	171	117	221
Avg Price	New	\$121,243	\$189,268	\$212,884	\$132,295	\$63,900	\$164,750	\$180,900
	Resale	\$117,168	\$194,870	\$202,122	\$148,042	\$189,010	\$100,634	\$101,457
	Total	\$119,072	\$193,051	\$204,160	\$141,063	\$156,818	\$101,730	\$102,176
		Dougherty County						
Units Sold	New	129	88	50	78	44	2	2
	Resale	148	185	214	98	129	117	262
	Total	277	273	264	176	173	119	264
Avg Price	New	\$121,243	\$189,268	\$212,884	\$132,295	\$63,900	\$164,750	\$180,900
	Resale	\$116,829	\$193,385	\$202,122	\$148,042	\$187,475	\$100,316	\$111,800
	Total	\$118,884	\$192,058	\$204,160	\$141,063	\$156,045	\$101,399	\$112,323

Source: Dougherty County Tax Assessor

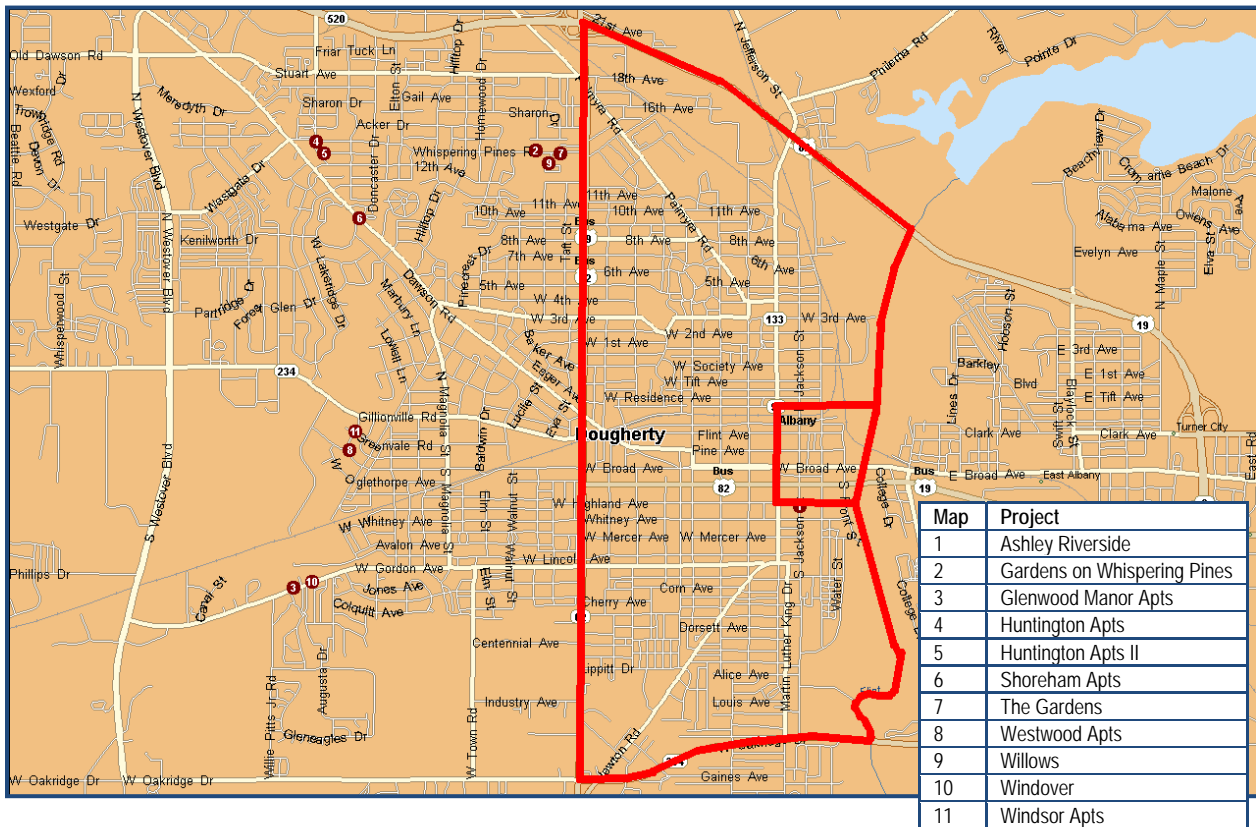
* Through May

Note: Sales with a price of \$0 were excluded from the analysis.

Rental Apartments

There are eleven apartment complexes within three miles of downtown Albany. These apartment complexes contain a total of 1,374 units and range in size from 40 to 194 units in size, and average of 125 units per complex. The apartment complexes range in age from seven years old to 45 years old, with an average age of 35 years old. Only one complex (Ashley Riverside) was built since 1985. Reflecting the age of the apartment inventory, the majority of the apartment complexes are classified as "B/C" facilities. The apartment complexes have vacancy rates ranging from 1.2% to 26.6%, with an average vacancy of 5.7%, which is slightly higher than the Albany Submarket average vacancy of 4.0%.

Apartment Complexes – Intown Albany and the Surrounding Area



Apartments Overview

Project	Units	Year Built	Class	Asking Rent/Unit	Vacancy Rate
Ashley Riverside	132	2004	A	\$615	4.0%
Gardens on Whispering Pines	129	1972	B/C	\$501	1.6%
Glenwood Manor Apts	64	1975	B/C	\$518	26.6%
Huntington Apts	102	1966	A	\$578	2.0%
Huntington Apts II	84	1966	A	\$530	2.4%
Shoreham Apts	176	1966	B/C	\$502	4.0%
The Gardens	168	1975	A	\$467	1.2%
Westwood Apts	194	1976	B/C	\$648	1.0%
Willows	40	1976	B/C	\$568	7.5%
Windover	152	1971	B/C	\$415	17.8%
Windsor Apts	133	1984	B/C	\$458	8.3%
Total/Average	1,374	1976		\$525	5.7%
Albany Metro				\$523	4.0%

Source: Reis, Inc. Property Management

The apartment complexes asking rents range from \$415 per month to \$648 per month, with an average asking rent of \$525 per month, which is comparable to the average asking rent in the Albany Submarket (\$523).

One bedroom apartments range in rent from a low of \$379 per unit to a high of \$501 per unit, with an average asking rent of \$439 per unit, or \$0.65 per square foot. Two-bedroom apartments range in rent from a low of

DOWNTOWN ALBANY HOUSING MARKET STUDY

\$429 to a high of \$638 per unit, with an average asking rent of \$530 per unit, or \$0.52 per square foot. Three-bedroom apartments range in rent from a low of \$538 per unit to a high of \$675 per unit, with an average asking rent of \$617 per unit, or \$0.51 per square foot. In all unit types, the average asking rents for the eleven complexes are comparable to asking rents in the Albany Metro area.

Apartment Rent Detail									
	One Bedroom			2 Bedroom			3 Bedroom		
	Rent	Size	Rent/SF	Rent	Size	Rent/SF	Rent	Size	Rent/SF
Ashley Riverside				\$568	925	\$0.61	\$675	1,020	\$0.66
Gardens on Whispering Pines	\$501	500	\$1.00						
Glenwood Manor Apts				\$497	800	\$0.62	\$538	900	\$0.60
Huntington Apts	\$470	790	\$0.59	\$537	1,170	\$0.49	\$628	1,400	\$0.45
Huntington Apts II	\$435	790	\$0.55	\$525	1,170	\$0.45	\$600	1,400	\$0.43
Shoreham Apts	\$455	740	\$0.60	\$515	1,033	\$0.50	\$583	1,138	\$0.51
The Gardens	\$467	600	\$0.78						
Westwood Apts	\$422	754	\$0.56	\$638	1,143	\$0.56	\$677	1,367	\$0.50
Willows				\$552	1,000	\$0.55	\$632	1,200	\$0.53
Windover	\$379	636	\$0.60	\$429	853	\$0.50	\$499	1,294	\$0.39
Windsor Apts	\$380	726	\$0.52	\$505	1,247	\$0.40	\$650	1,247	\$0.52
Average	\$439	692	\$0.65	\$530	1,038	\$0.52	\$609	1,218	\$0.51
Albany Metro	\$440	692	\$0.64	\$527	1,045	\$0.50	\$617	1,246	\$0.50

Source: Reis, Inc., Property Management

Ashley Riverside is the newest (2004) apartment complex in the area that is comparable to new suburban garden-style apartments. It commands the highest rents in the submarket and is in the Intown area, evidence that new residential products in downtown offering attractive amenities and modern features can command rents at the top of the rent range.

HOUSING MARKET DEMAND IN DOWNTOWN ALBANY 2011-2016

The following section presents an analysis of the potential demand for housing in downtown Albany. There are four building blocks that define the level of demand for downtown housing in the community:

1. Demand from the growth regional households with an interest in in-town living
2. Demand from the existing downtown workforce
3. Demand from university communities in our near downtown
4. Demand from regional employers



Attracting an initial round of downtown housing demand in Albany will require capturing a portion from each of these demand segments and then once the initial momentum for living downtown is established by these early adopters, additional sources of housing demand can be tapped into. The critical issue is establishing downtown housing is finding a way to create a critical mass of units, near services and other amenities that can begin to create a unique living environment for the early adopters and then once others in the market area see the potential, they will be attracted to the area as well. We discuss below the potential demand for downtown housing in Albany from these four sources.

Intown Albany Housing Demand from Regional Growth

As shown in the exhibit which follows, the first source of demand for downtown housing in Albany comes from growth in regional households over the next five years. Working with data from Claritas/Neilsen, a national demographic data firm, we estimate that Dougherty County will add approximately 573 new households over the next five years. This is a very modest level of net new household growth. We assume it would be reasonable, if competitive rental and owner housing options were available, that Intown should be able to capture its “fair share” of future housing demand in the County, consistent with historic trends of approximately 10% to 15%. Currently, the percentage of owner and renter households in the County is roughly 50/50. So we have assumed a similar distribution of future demand from the growth in regional households. By our calculations presented below, this would result in demand for 6 to 9 units of new ownership housing and 6 to 9 units of new rental housing per year over the five year period from the growth of new households in the County. If Dougherty County experienced more rapid growth, the potential units captured by Intown would be greater, or if Intown could attract a higher percentage of the new households moving into the County it could be possible to increase its share from regional growth.

Intown Housing Demand from Growth		
	Low	High
Dougherty County Households 2011	35,628	
Dougherty County Households 2016	36,201	
Dougherty County Household Growth 2001-2016	573	
Dougherty County Annual Household Growth 2011-2016		
Percent HH Owner @ 50%	50%	
Percent of HH's Renter @ 50%	50%	
Dougherty County Owner Housing Demand from Growth 2011-2016	287	
Annual Demand over Period	57	
Dougherty County Renter Housing Demand from Growth 2011-2016	287	
Annual Renter Demand over Period	57	
Intown Albany's Fair Share Capture Rate	10%	15%
Intown Owner Demand from Growth 2011-2016		
Over period	29	43
Annually	6	9
Intown Renter Demand from Growth 2011-2016		
Over period	29	43
Annually	6	9

Source: Claritas/Neilsen, BAG

Housing Demand from Intown Workers

The second major source of housing demand for Downtown will come from a portion of the existing base of Intown workers who chose to live in the Intown area. Right now there are limited options to live downtown, but as new rental and ownership inventory is created, the opportunities to live downtown should appeal to a segment of the workforce that already has a reason to be there. According to Claritas, there are 20,068 Intown workers, 9,632 of whom already live in Dougherty County. Assuming approximately 8% move in the given year, which triggers the decision to find a new home, it would generate approximately 771 moves per year from the existing Intown workforce who lives in Dougherty County. Assuming Intown can capture a 5% to 10% of those moves, it would generate demand for approximate 19 to 39 new owner units and 24 to 48 renter units each year over a five year projection period. This demand would be in addition to the demand generated from regional growth discussed earlier.

Intown Housing Demand from Growth		
	Low	High
Intown Albany Employees	20,068	
Intown Employees who live in Dougherty County	9,632	
Estimated Percent of Employees who move in a given year	8%	
Employees who May Move in a Given Year	771	
Potential Owners @ 50%	385	
Potential Renters @ 50%	385	
Intown Albany's Fair Share Capture Rate	5%	10%
Intown Owner Demand from Downtown Workers 2011-2016		
Over Period	96	193
Annual	19	39
Intown Renter Demand from Downtown Workers 2011-2016		
Over Period	120	241
Annual	24	48

Source: Claritas/Neilsen, BAG

Downtown Housing Demand from Albany State Students

Albany State has been undergoing a major expansion of its mission and improvements to its physical facilities with significant growth of its campus on the eastern side of the Flint River across from downtown. Therefore, it represents an important potential demand source for housing in the Intown area. In the previous section we estimated the demand from Albany State’s faculty and staff to live Intown as part of the workforce. Currently Albany State has a total enrollment of approximately 4,176 students. According to data from Albany State, approximately 2,435 students come from outside the Albany metro area to attend the University. We have assumed these students would generate the bulk of the demand for downtown housing since they are from outside the Albany area. Assuming that approximately 20% of the students live off-campus independently and that on average there are 1.5 students per residential unit due to roommates sharing units, there would be potential demand for 325 off-site housing units from current Albany State students. We estimate that 95% of this demand would be for rental housing and 5% for owner housing. If Intown Albany could capture 5% to 10% of this owner demand, it would result in Intown demand of 1 to 2 units annually and 4 to 8 units over the period. If Intown Albany could capture 10% to 15% of total rental demand from Albany State students, it would result in annual demand for 31 to 46 rental units per year and 154 to 231 rental units over the five year period.

Intown Albany Housing Demand from Albany State Students		
	Low	High
Total Enrollment at Albany State	4,176	
Students from outside the Albany MSA	2,435	
Estimated Students living off-campus 20%	487	
Estimated Students per unit	1.5	
Estimated Demand for Off-Campus Housing by Students	325	
Estimated Owner Percentage of Demand (5%)	16	
Estimated Rental Percentage of Demand (95%)	308	
Intown Albany’s Fair Share Capture Rate	5%	10%
Estimated Owner Off-Campus Housing Demand		
Over Period	4	8
Annual	1	2
Intown Albany’s Fair Share Capture Rate	10%	15%
Estimated Rental Off-Campus Housing Demand		
Over Period	154	231
Annual	31	46

Intown Housing Demand from Regional Employees

The final potential segment of Intown housing demand would come from the employees of the largest regional employers interested in living Intown. While these employers are not located in the center city and the majority don’t have an urban orientation, a segment of their employees who have relocated to Albany or who have worked in other cities may have experienced urban living in another city and would be receptive to the downtown housing option. We have found this pattern in other Georgia cities like Valdosta and Macon. The largest Albany companies employ approximately 5,397, of which approximately 540 may move in a given year. Assuming these employees are more attracted to rental housing, we have assumed that 25% of these employees will be looking for owner housing and 75% will be looking for renter housing. If Intown Albany can capture 3% to 5% of these regional employees, it would generate owner housing demand of 4 to 7 units per year, or 20 to 34 units over the period. It would generate demand of 12 to 20 renter units per year, or 61 to 101 units over five years. Another possible demand segment could come from the companies themselves who may lease units for their executives or to temporary house employees brought to Albany for extended assignments.

Estimated Demand from Regional Employers		
	Low	High
Major Regional Employers/Employment		
Procter & Gamble	1,394	
Miller Brewing	650	
Master Foods USA/Mars	272	
USMC Logistics Base	3,081	
Subtotal	5,397	
Estimated Employees who move annually @ 10%	540	
Owner Demand @ 25%	135	
Renter Demand @ 75%	405	
Intown Albany's Fair Share Capture Rate	3%	5%
Estimated Owner Demand from Regional Employees		
Over Period	20	34
Annually	4	7
Estimated Renter Demand from Regional Employees		
Over Period	61	101
Annually	12	20

Summary of Potential Demand for Intown Housing In Albany

As shown in the summary exhibit below, we estimate that there will be demand for 30 to 55 units of owner and 73 to 123 units of rental housing per year over the five year projection period from the four sources of demand identified for Intown housing. Any new housing development in the Downtown area will be competing with existing housing stock, both ownership and rental units, for this demand. However, due to the unique potential of downtown housing which is not currently available in Albany, the downtown area has a strong potential to capture a portion of this demand.

Summary of Potential Demand for Intown Housing				
	Owner		Renter	
	Low	High	Low	High
Demand from Population Growth				
Over Period	29	43	29	43
Annual	6	9	6	9
Demand from Downtown Workforce				
Over Period	96	193	120	241
Annual	19	39	24	48
Demand from Albany State Students				
Over Period	4	8	154	231
Annually	1	2	31	46
Demand from Major Regional Employers				
Over Period	20	34	61	101
Annually	4	7	12	20
Total Downtown Housing Demand 2011-2016				
Over Period	149	277	364	616
Annual	30	55	73	123

CONCLUSIONS AND RECOMMENDATIONS

Creating housing in Downtown Albany will require overcoming two major hurdles – its position as an untested residential location and the lingering effects of the Great Recession. The following section outlines our conclusions and our recommended strategies:

- **The Great Recession** - The downtown housing market in Albany has been severely impacted by the negative consequences of the continuing effects of the Great Recession on the Albany metro area, and more broadly the state of Georgia. The impact of a continuing wave of foreclosures, lack of credit and a severe tightening of lending practices by financial institutions have all combined to create a perfect storm in the real estate market that we are emerging from very slowly. If the depths of the Great Recession occurred in the 2008 to 2010 period, we are beginning to see sporadic signs of a slow recovery start to occur in the economy in 2011 and further improving in 2012.
- **Recovery** - We anticipate that the residential market in general will continue to have a painfully slow recovery with the proposed resolution to the issues with Fannie Mae and Freddie Mac at the national level and the establishment of clear rules governing residential lending during the next six months. We estimate the suburban residential market will begin to show early signs of recovery in late 2012 and early 2013 and the opportunity to create a downtown for-sale product will not occur until that time. Rental demand has already begun to respond to improving economic conditions in the state and we estimate the rental market will continue to outpace the for-sale market as we emerge from the Great Recession. We do not expect that once the full recovery occurs it will be at the level experienced at the peak of the recent boom years in the mid-2000s, since the terms and availability of financing will be on a more constrained basis, than occurred during the earlier period.
- **Estimated Demand** - There will be demand for 30 to 55 units of owner and 73 to 123 units of rental housing per year over the five year projection period from the four sources of demand identified for Intown housing. Any new housing development in the Downtown area will be competing with existing housing stock, both ownership and rental units, for this demand. However, due to the unique potential of a new inventory of downtown housing which is not currently available in Albany, the downtown area has the strong potential to capture a significant portion of this demand.
- **Recommended Sales Price Range** - Sales prices for owner units should be in the \$125,000 to \$195,000 range.
- **Recommended Apartment Rents Range** – Rents should also be comparable to those found Intown, averaging \$550 to \$600 per unit for a one-bedroom, \$650 to \$700 for a two-bedroom unit.
- **Focus on Rental Units in the Early Stages** - Given the current constrained state of the financial markets-- both for project financing and the ability of purchasers to secure a mortgage for individual units --we do not believe it will be possible to capture a significant portion of the ownership demand until the latter half of the five year projection period. We would see the lead downtown housing product being rental housing which would be the easier to finance and to attract an initial segment of residents willing to consider living in downtown Albany.
- **Aim for Corporate or Institutional Partnerships** – Some of the risk of an untested market could be alleviated by creating partnerships with the many organizations, both private and public, located in and around Intown. Partnerships with these institutions could take the form of guarantees to rent an agreed upon number of renter units, the purchase of ownership units, or shared branding and innovative housing options for employees or students. Phoebe Putney and Albany State can play a unique role in providing housing for nurses, staff and students in new projects downtown.

- **Use Subsidies Where Available** – The City should use all available funding sources to support the downtown housing market, both in terms of increasing the supply through support of development and increasing the demand through homeowner and renter support mechanisms. The City has at its disposal Tax Allocation District funds that could be used to support the development of housing in downtown. TAD funds as well as other subsidies, either through the City, County or State, such as Low Income Housing Tax Credits or homeowner downpayment assistance to first time homebuyers, would be powerful incentives to offer and could help overcome some of the financial and market obstacles currently facing efforts to establish a housing market in Intown Albany.