

Downtown Housing Market Strategy

Amarillo, Texas

Draft As Of 11 August 2010



Conclusions

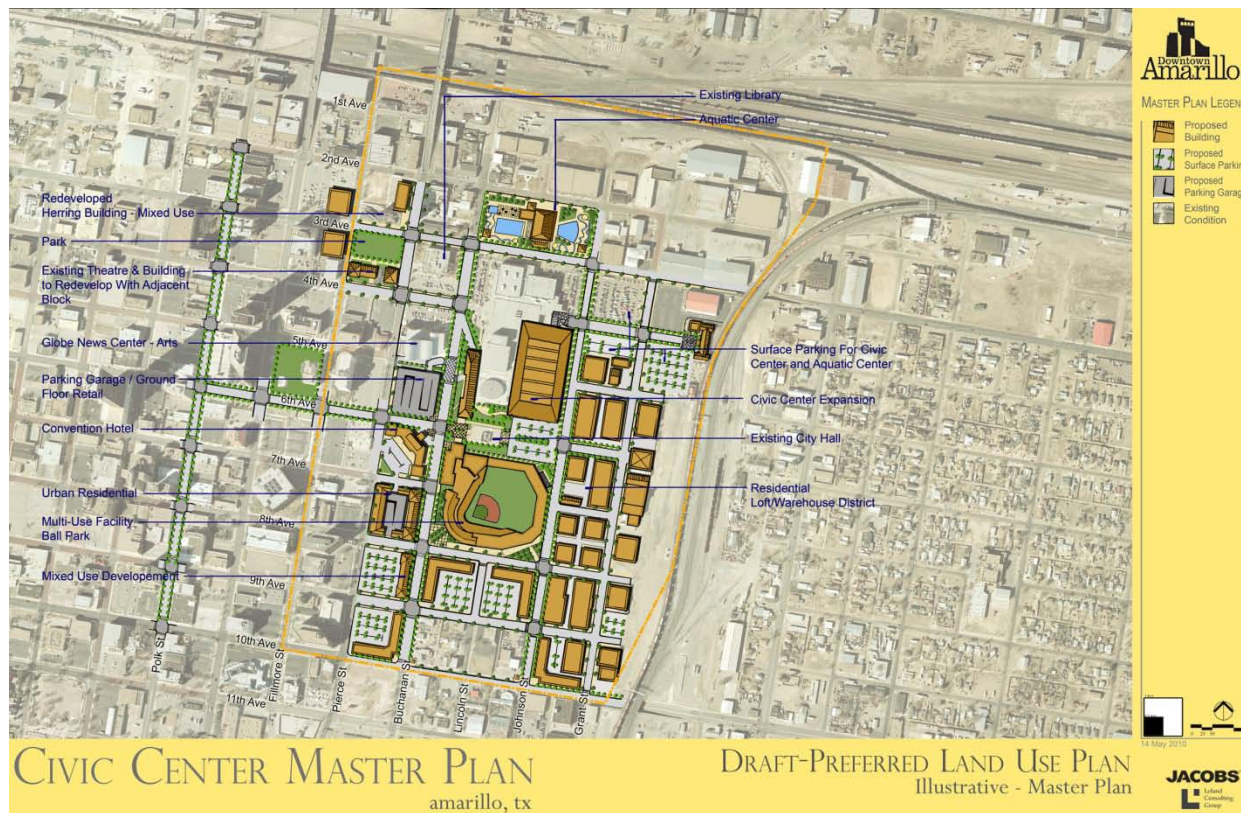
Conclusions



- 1. Amarillo’s downtown, like others in similarly-sized cities, has experienced population and economic decline over the past several decades. However, in recent years, new catalyst activity downtown has begun to counter the prevailing fringe development emphasis.**
- 2. Overall housing industry trends indicate a progressively growing market for low-maintenance, high-amenity housing units in an urban setting (both rental and for-sale). High-growth demographic segments, like the 20-somethings and the Baby Boomers, are the primary targets for this type of housing.**
- 3. Downtown Amarillo’s site attributes (e.g., access, visibility, traffic volume, surrounding land uses, scenic / topographic attributes, infrastructure and environmental) provide an attractive and “market-ready” environment for urban housing products.**

Conclusions

4. The ***Downtown Amarillo Market Strategy*** supports the plans and recommendations outlined in the ***Civic Center Master Plan***. This plan envisions a mix of housing opportunities supported by urban pedestrian amenities and a downtown parking strategy. (see below)



Conclusions

- 5. Trade Area population and household growth continues to be steady, if not rapid, with most growth drawn to the fringes of the community. This is partially due to the lack of housing choices in the central portion of the Trade Area, including Downtown.**
- 6. The Trade Area contains psychographic profiles that could be attracted to Downtown housing environment (Bright Lites, Li'l City, Boomtown Singles, Up-and-Comers) – their smaller household sizes, higher education levels, and active lifestyles make these groups prospects for a range of urban housing products.**
- 7. Based on future household growth in the Trade Area, Downtown Amarillo could support the development of approximately 80 to 110 new detached ownership units (e.g., small lot single family, cluster/patio homes) over the next 10 years.**

Conclusions



- 8. Based on future household growth in the Trade Area, Downtown Amarillo could support the development of approximately 125 to 155 new attached ownership units (condominiums, townhomes, rowhouses) over the next 10 years.**
- 9. Based on future household growth in the Trade Area, Downtown Amarillo could support the development of approximately 300 to 360 new rental units (apartments, lofts) over the next 10 years.**
- 10. This housing demand is supportable across a wide range of price points and product types, as Downtown Amarillo begins to establish a diverse housing base.**
- 11. While these estimates of housing demand assume a relatively steady increase over time, the experiences of other communities indicates that downtown/urban housing tends to grow exponentially, as the market is “proven up” and “pent up” demand is addressed.**

Conclusions

- 12. Demand for housing in Downtown Amarillo has been significantly enhanced by the following recent initiatives:**
- **Completion of the City’s new Comprehensive Plan**
 - **Preparation of the *Civic Center Master Plan* and *Downtown Housing Market Strategy***
 - **Advancement of other private sector downtown redevelopment projects (Globe Center, Courtyard Marriott, Developer RFP for convention center hotel)**
 - **Proposals for downtown housing projects being advanced by local developers/property owners**
 - **Creation of a loan consortium for Downtown project financing**
 - **Letter of Intent with regional developer for private redevelopment in Downtown (Wallace Bajjali Development)**
- 13. Several strategic considerations should be addressed in “readying the environment” for housing investment in Downtown Amarillo, not the least of which is continuing to invest in public spaces and amenities.**

Conclusions



14) Initiatives to encourage housing investment in Downtown Amarillo could include, but are not limited to, the following:

- Monitoring market conditions
- Maintaining a property database
- Develop marketing materials
- Host periodic workshops for real estate professionals
- Evaluate the potential for using tax credits
- Expand the loan consortium
- Utilize available financial incentives to “fill economic gaps”
- Develop “prototypes” of desired housing products
- Acquire underutilized parcels for housing property assemblage
- Consider the development of a “demonstration” project
- Prepare Developer/Builder Request for Qualifications (RFQ)
- Ensure that City’s CIP includes priority investments for Downtown
- Build “public-public” partnerships

15) An important step in moving the *Downtown Amarillo Housing Strategy* forward and encouraging housing investment would be the adoption of the *Civic Center Master Plan* by the City of Amarillo and Downtown Amarillo, Inc. This *Plan* defines a coordinated level of support and focus by both organizations for the redevelopment of Downtown. Further, the *Civic Center Master Plan* and its recommendations, should be included by the City of Amarillo as a special district in the City's new Comprehensive Plan.

Potential Absorption



Ten-Year Market Demand Summary

Land Use Type	Trade Area Demand (2010 to 2020)	Downtown Amarillo			
		Market Share		Downtown Absorption (Units)	
		Low	High	Low	High
Residential (Units):					
Single Family Detached	3,800	2%	3%	76	114
Single Family Attached	700	18%	22%	126	154
Multifamily Apartments	1,645	18%	22%	296	362
Residential Total	6,145			498	630

Source: Leland Consulting Group.

As shown, Downtown Amarillo could support the development of approximately 500 to 630 units of new housing over the next 10 years. This level of demand could be accommodated over a range of products and price points, including single family detached units, condominiums, townhomes, rowhouses, and multi-family apartments.

Success Stories



Dubuque, Iowa

Market Area Size: 120,000

Downtown Housing Base: 200 to 300 (Built and Planned)

Downtown Housing Premium (vs. Top of Suburban): 5% to 10%

Early Housing Initiatives

- Downtown Development Vision/Plan
- Riverfront restoration effort (Ice Harbor)
- Built mass attraction facilities on Riverfront (Museum, Hotel/Waterpark) – State Economic Development funding
- Attracted major employer to Riverfront
- Used TIF to fund major public improvements
- Housing projects followed public investment

Success Stories



Lincoln, Nebraska

Market Area Size: 250,000

Downtown Housing Base: 1,000 to 1,200 (Built and Planned)

Downtown Housing Premium (vs. To of Suburban): 10% to 15%

Early Housing Initiatives

- Downtown Investment Strategy
- Positioned City-owned Property (Developer RFP)
- Tax Credits (LIHTC and Historic Rehab)
- Tax Increment Financing
- Streamlined Approvals for Meritorious Projects
- Bond Issue \$ for Public Improvements

Success Stories



Colorado Springs, Colorado

Market Area Size: 380,000

Downtown Housing Base: 1,500 to 1,800 (Built and Planned)

Downtown Housing Premium (vs. Top of Suburban): 10% to 30%

Early Housing Initiatives

- Downtown Investment Strategy
- Used Urban Renewal to “Seed” Large-Scale Project
- Tax Increment Financing
- Bond Issue \$ for Public Amenities (Commons Park)
- Tax Credits (LIHTC and Historic Rehab)

Success Factors



- Adherence to Long-Term Vision
- Capitalizing on Market Opportunity
- Overcoming Barriers (Market, Physical, Regulatory, Financial, Political)
- Equalizing Risk/Return for Public and Private Sectors
- Committed Leadership

Project Overview

Background



- Amarillo’s downtown, like others in similarly-sized cities, has experienced population and economic decline over the past several decades
- In recent years, however, new catalyst activity downtown has begun to counter the prevailing fringe development emphasis
 - Courtyard Marriott infill rehab project at 8th & Polk (Fisk building)
 - New state-of-the-art Globe News Center for performing arts
 - Effort to bring convention hotel to parcel west of Civic Center (south of Globe News Center)
- A key component in “activating” a downtown is attraction and support of new residential uses

Market Questions:

- What is the level and nature of market support for residential land uses in downtown Amarillo?
- What strategic considerations should guide the public and private sectors in readying the market for positive residential development downtown?

Downtown Housing



Benefits

- Provides patrons for downtown businesses
- Makes working downtown more appealing
- Offers greater diversity of lifestyle choices
- Adds activity to downtown on evenings and weekends (18 to 24-hour environment)
- Offers a distinct sense of place, culture and lifestyle

Opportunities

- Changing demographics -- more young professionals, smaller families, empty nesters
- Growing dissatisfaction with suburbs -- homogeneity, congestion, commuting times, no sense of community
- Reawakened interest in urban lifestyles and historic architecture
- Growing white-collar workforce (“creative class”)
- Downtown is still center of activity -- particularly in small and medium-sized cities
- Downtowns already have some qualities of “livability” -- commerce, entertainment/cultural activities, etc.

Downtown Housing



Challenges

- Serious economic problems, real and perceived, - overburdened by services/facilities/infrastructure, high taxes
- Perceived by many to be: inconvenient and pedestrian-unfriendly; unhealthy and congested; overburdened by 'the poor' and public housing/services; decaying public spaces and structures; and unsafe, even dangerous
- Downtowns are still largely regarded as "unlivable" making it difficult to attract residents
- Difficulty in assembling sites
- Comparatively high land costs
- Less predictable and highly regulated, thus higher development costs
- Existing infrastructure in place, but may need to be repaired, upgraded or replaced
- Need for public financial assistance
- Marketing and maintenance problems
- Older buildings may have structural problems and/or hazardous materials
- Greater risk in serving a relatively narrow and specialized market

Site Analysis

Site Analysis

Because the Study Area for this analysis includes all of downtown Amarillo, the site analysis discussion is necessarily general, addressing the following factors known to affect market attractiveness:

- Access
- Visibility
- Traffic Volume
- Surrounding Land Uses
- Scenic / Topographic Attributes
- Infrastructure & Environmental

Study Area



Site Analysis



Category	Comments	Summary (Current)
<p>Access</p>	<p>Dozens of city blocks comprise the study area, each with its own access characteristics. In general, access is very good, with easily navigable exits from I-40 serving all parts of Amarillo. A well-preserved local street grid structure makes travel within the study area fairly straightforward (with some mental adjustment for predominantly one-way street movement). Connections south and east are problematic, though, because of the intensive railyards and limited connections across I-40 to the Amarillo College area.</p> <p>Pedestrian access is generally good, but suffers somewhat from overly wide street rights of way and widely spaced activity centers.</p>	<p>Good to Very Good</p>
<p>Visibility</p>	<p>Strong vertical architecture of several downtown buildings ensures ready interstate visibility -- although downtown in general can be somewhat distant-seeming relative to highway-adjacent retail offerings.</p>	<p>Very Good</p>
<p>Traffic Volume</p>	<p>Traffic volumes on Interstate 40 are strong and supportive of most retail types. Downtown local/grid traffic volumes can produce slow movement during rush hours, but should not be a major deterrent to prospective homebuyers or renters.</p>	<p>Very Good</p>

Site Analysis



Category	Comments	Summary (Current)
<p>Surrounding Land Uses</p>	<p>Ellwood Park and adjacent Park Central Retirement Community are strong community assets serving the southwest of downtown.</p> <p>Civic Center and new Globe News center (together with downtown branch library) anchor opposite corner of study area with desirable cultural amenities (although, again, walkability suffers from too-generous spacing and lack of “connecting” pedestrian amenities)</p> <p>The new Marriott Courtyard rehab of Fisk Building promises to increase appeal of north central downtown, and should improve viability of Civic Center.</p> <p>Northwest and far north downtown are rough spots – intriguing as longer-term redevelopment opportunities, but “part of the problem” in terms of their negative contribution to safety perceptions and aesthetic concerns.</p> <p>Amarillo College is positive influence on downtown, but too physically detached to be relied on for a true connection with the study area.</p> <p>Single-family concentration at south end of downtown has potential to positively influence infill activity further north, but is spotty in terms of upkeep. Better linkage to an educational center could stimulate positive owner/tenant turnover.</p>	<p>Good to Very Good and Improving</p>

Site Analysis



Category	Comments	Summary (Current)
<p>Scenic & Topographic Attributes</p>	<p>Beyond canyonlands, there is little in the way of natural scenery (except for generally wide-open vistas). Ellwood Park could be better leveraged as a natural amenity through improved greenway connections across downtown.</p> <p>Any additions to public art would improve the urban “scenery” – while fostering place-making and pedestrian way-finding</p> <p>Topography is generally flat and not problematic for development.</p>	<p>Good</p>
<p>Infrastructure / Environmental</p>	<p>Although aging, downtown has long been served with all infrastructure elements. Improvements to <i>wired</i> communications infrastructure can be a necessary/expected amenity for potential residents hoping to take advantage of urban setting.</p> <p>As a partly industrial city center, downtown likely includes areas of environmental concern, especially to the north.</p>	<p>Good</p>

Trade Area Definition

Trade Area



The market analysis conducted by Leland Consulting Group focused on identifying market opportunities within a trade area appropriate to desired residential development types.

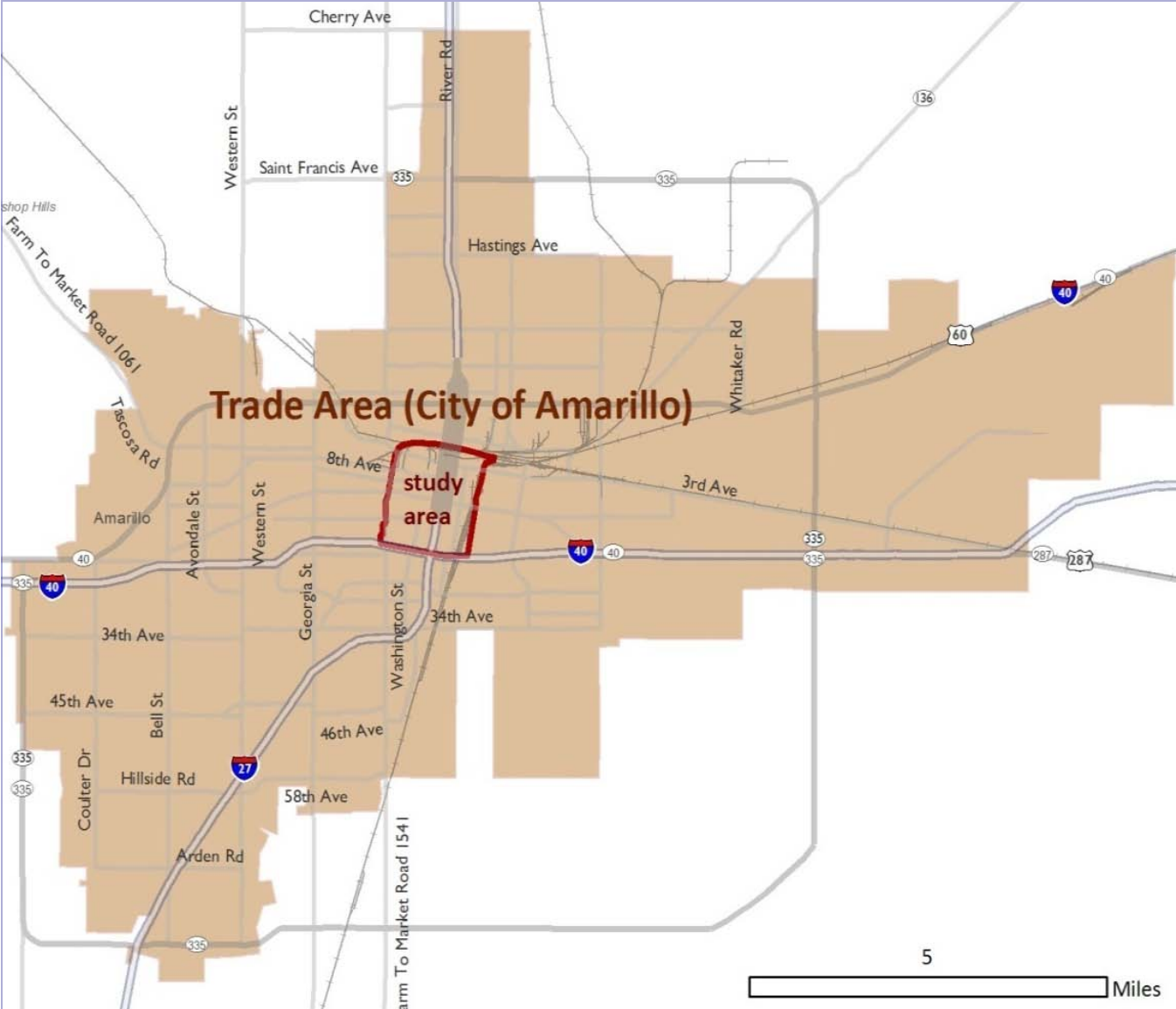
A residential trade area is best defined as the area across which new housing products will compete for new residents (who may relocate from anywhere in the region or nation). *In other words, a household who would consider a home downtown would also consider projects in X (the trade area).*

The boundaries of the trade area are often irregular as they are influenced by the following conditions:

- Physical Barriers
- Location of Possible Competition
- Proximity to Population and / or Employment Concentrations
- Zoning
- Market Factors
- Drive Times, Spending and Commuting Patterns

For downtown, the entire city of Amarillo is a reasonable competitive residential trade area. Further-out areas in Randall and Potter Counties are less appropriate for inclusion, as their product offerings are likely to be strictly suburban/exurban in orientation.

Trade Area

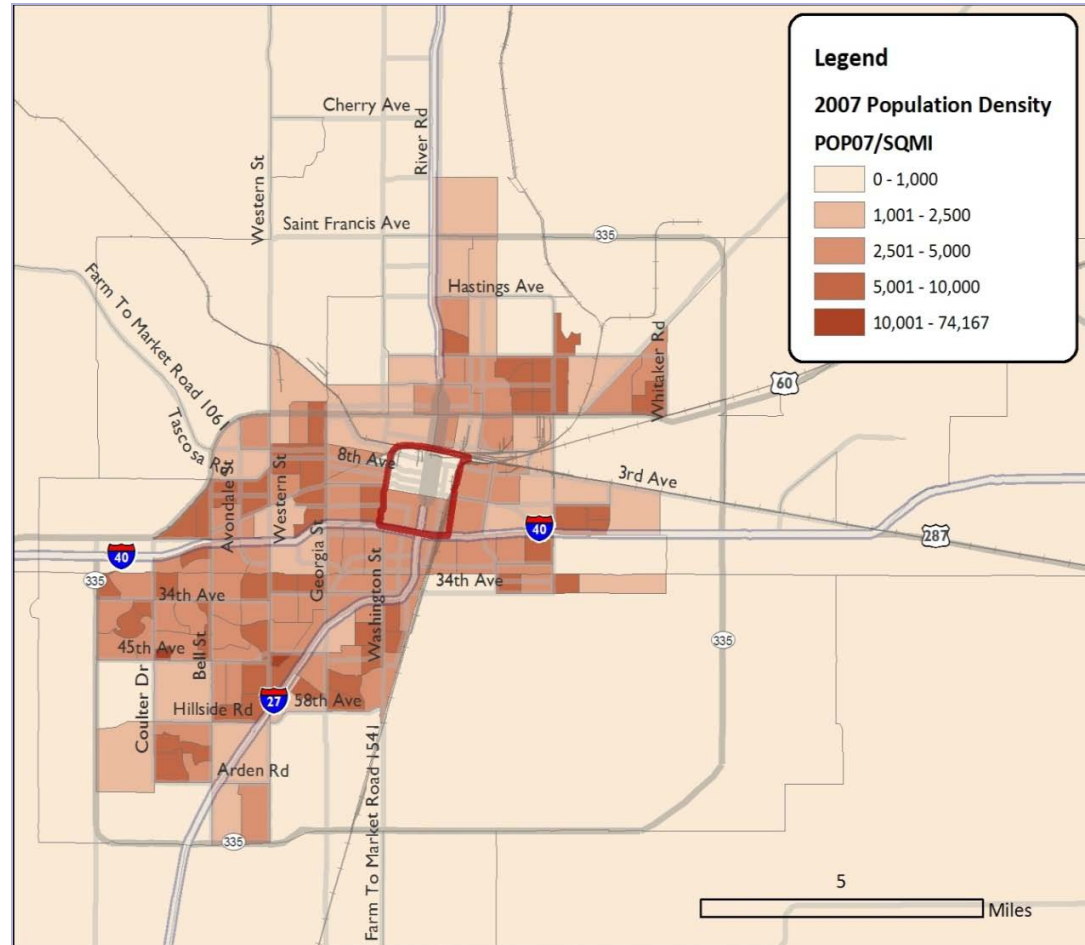


Trade Area Profile

Population Growth

Population Density

	Downtown (79101)	City of Amarillo
2000 Population	3,227	173,627
2009 Population	3,457	188,464
2009 Households	1,327	71,661
Annual HHld Growth Rate (Proj. to 2020)	n/a	0.94%



Population is fairly evenly dispersed, rather than concentrated in central Amarillo. Downtown has sparse population in northern portion due to industrial areas and railyards.

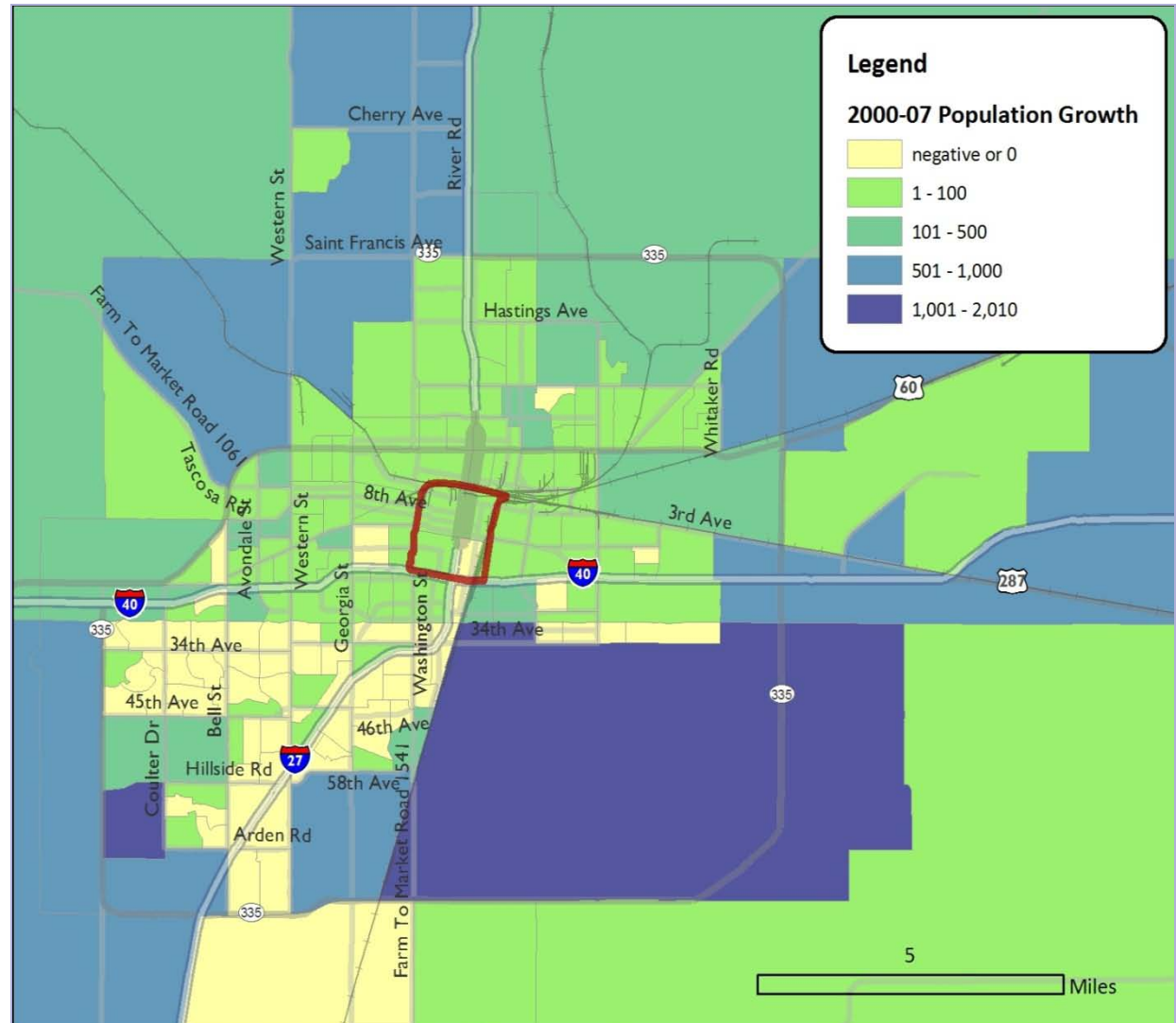
Note: Growth rate is blend of Claritas Inc. & State Demographer population projections.

Sources: U.S. Census, Claritas Inc.; and Leland Consulting Group.

Population Growth

Population Growth

Recent growth patterns show decrease or stagnation in central city and I-27 corridor, with strong fringe growth, especially to the south and southwest.



Sources: TX State Demographer; U.S. Census, Claritas Inc.; and, Leland Consulting Group.

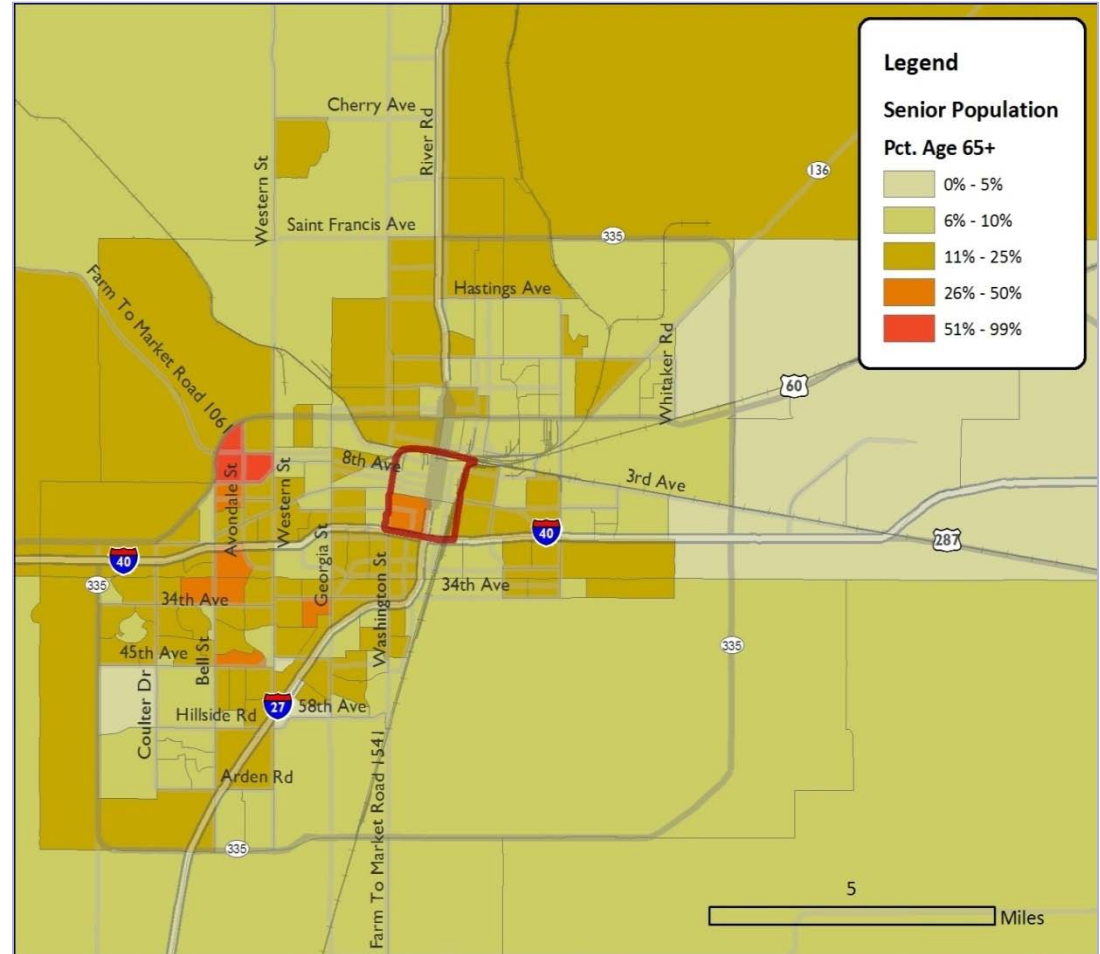
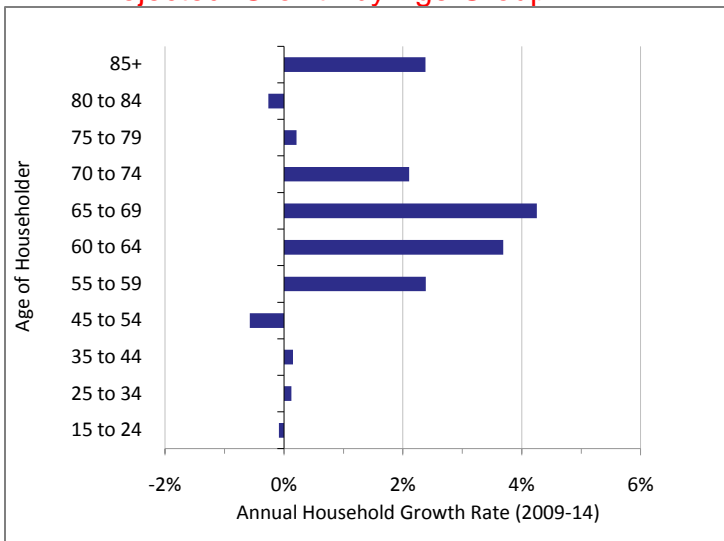
Senior Population

Senior Population Distribution

Southwest Downtown is home to a concentration of seniors (thanks to new senior housing). Other neighborhood pockets further west (towards medical cluster) also skew heavily towards age 65+.

Note strong growth in Baby Boomer future growth (below), with slow/stagnant growth in younger populations.

Projected Growth by Age Group



Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

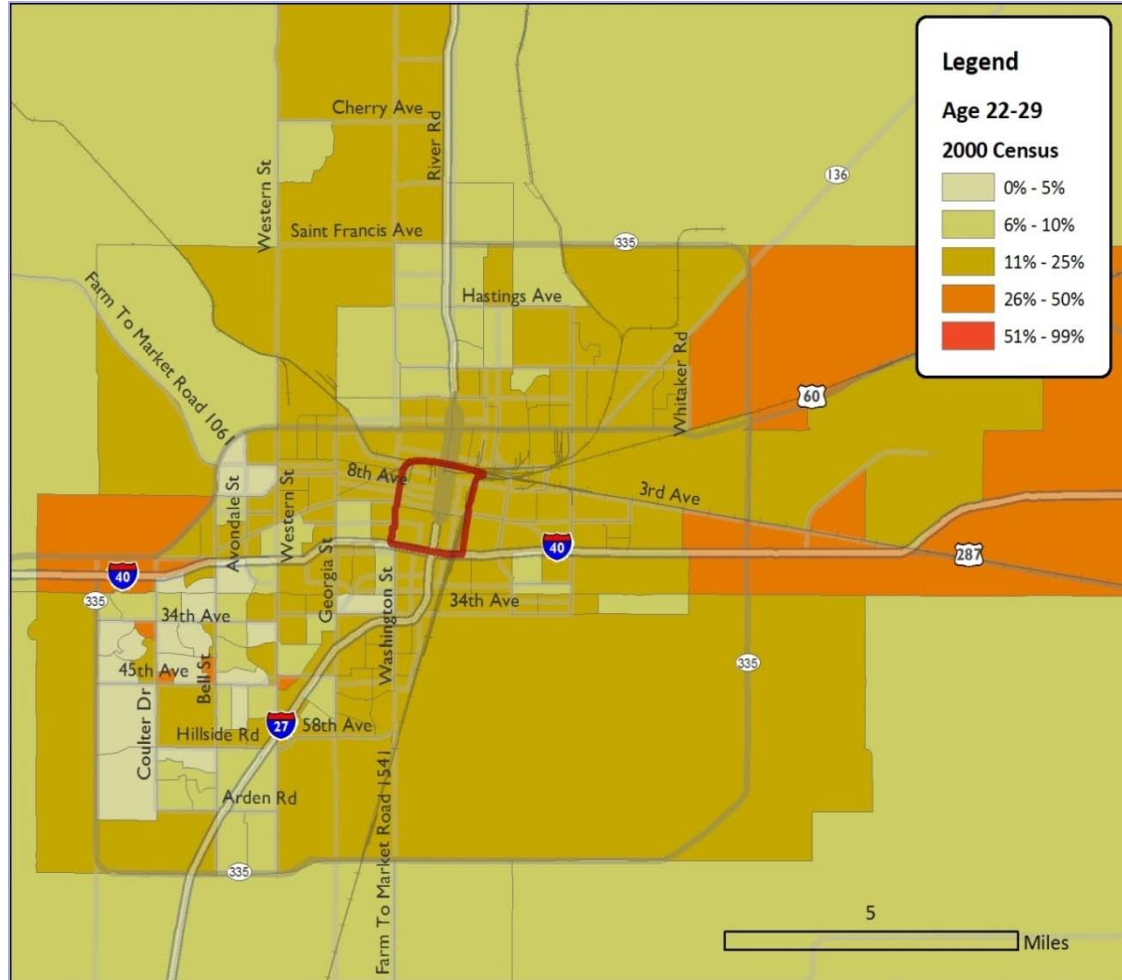
20-Something Population

Population Aged 22-29

Amarillo's 20-somethings are drawn to western and eastern fringe locations -- a pattern contrary to many urban areas where central urban amenities (including campuses) draw young singles.

Population By Age Group (2009)

	Down-town 79101	City of Amarillo
0-17	25%	28%
18-24	8%	9%
25-34	15%	14%
35-44	14%	13%
45-54	13%	13%
55-64	9%	10%
65 and up	16%	12%
total	100%	100%



Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

Figures may not total due to rounding.

Renter Households

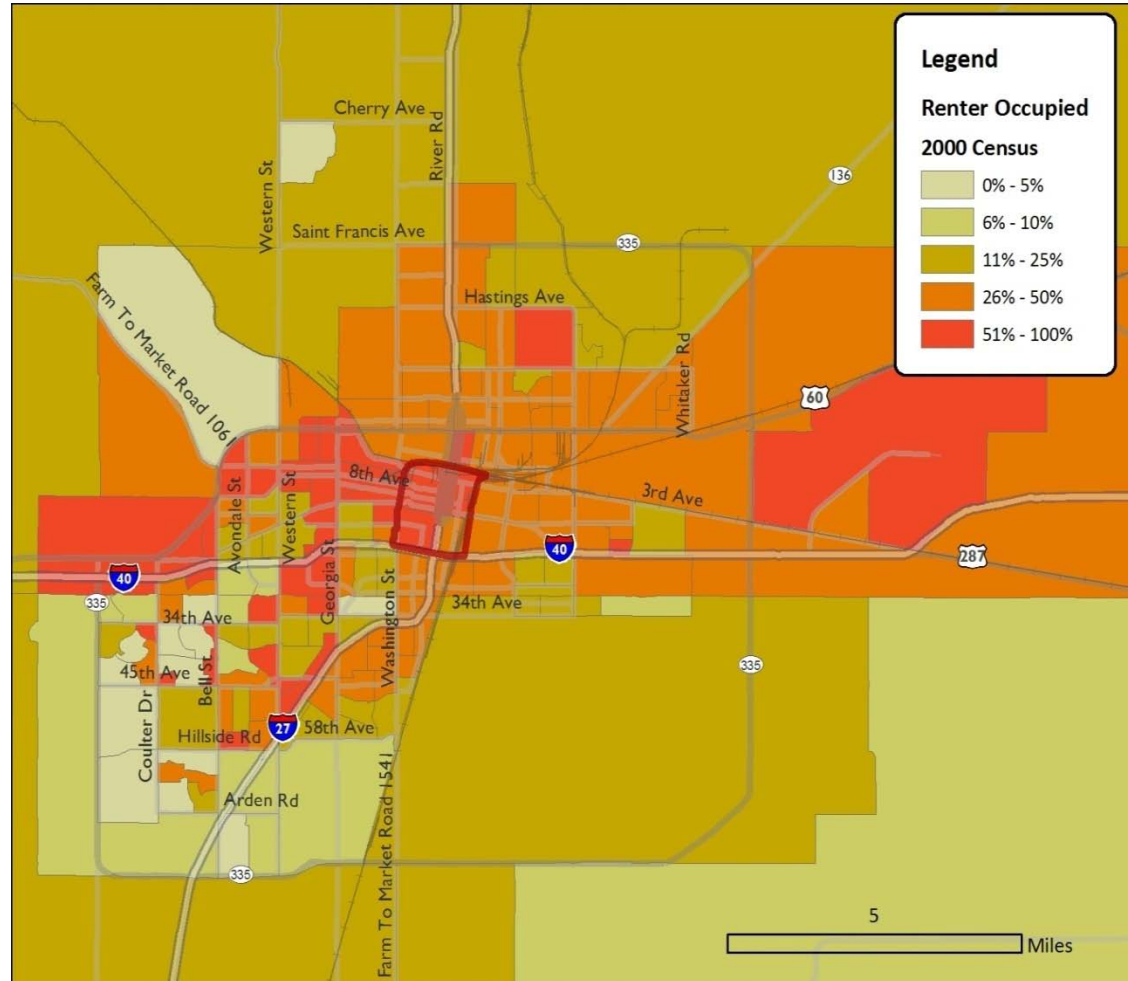
Renter Households

Renters in Amarillo are more prevalent north of I-40, although pockets can be found along the southwest slice of the City between I-27 & I-40.

Downtown's resident population is currently much more likely to rent, live in "non-family" arrangements, and have smaller household sizes.

Select Household Characteristics (2009)

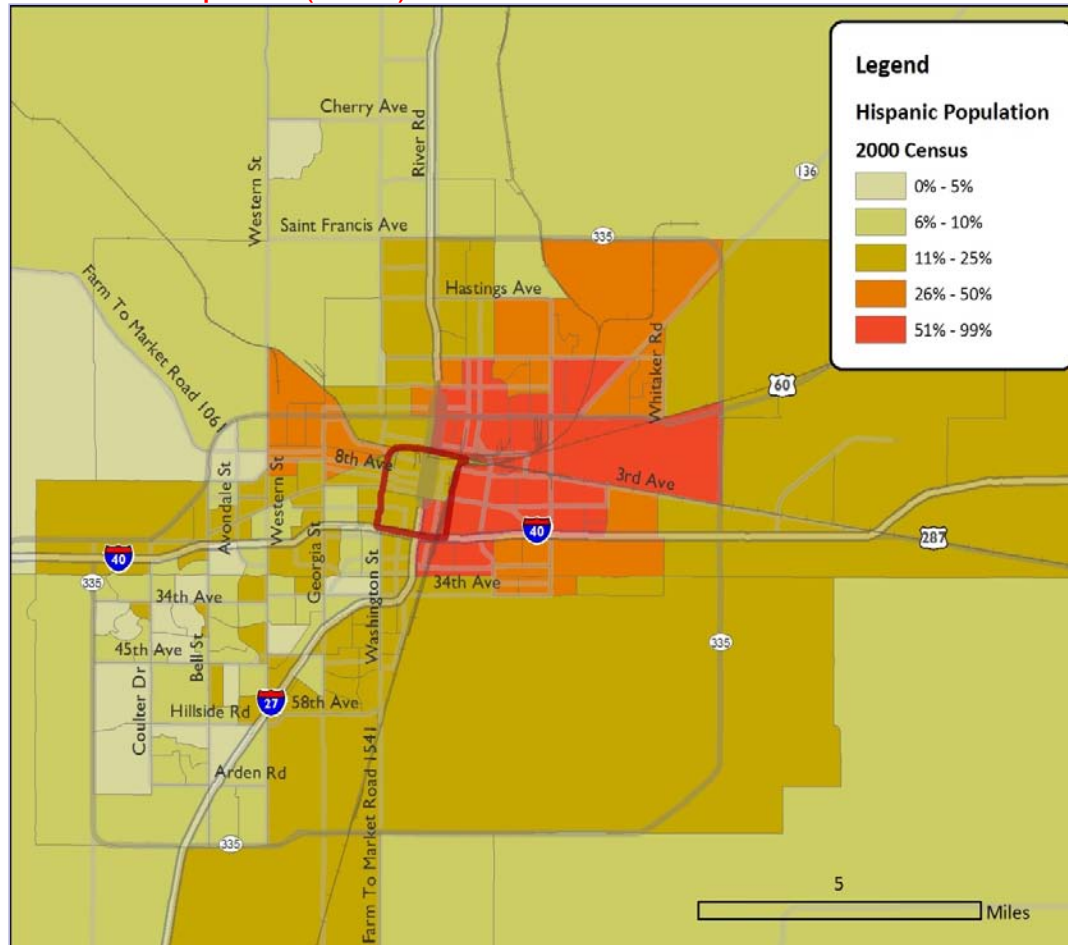
	Downtown 79101	City of Amarillo
Avg. Hsehold Size	2.18	2.59
Pct. "Non-family"	54%	32%
Pct. Renters	69%	36%



Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

Ethnic Population

Percent Hispanic (2000)



Race and Ethnicity (2009 est.)*

	Down-town 79101	City of Amarillo
White	76%	75%
Pct. Hispanic/ Latino	5%	6%
Pct. Black/ Afr. Amer.	2%	1%
Pct. Asian	1%	2%
Other or Multi-Race	17%	17%

*Note that categories are not additive because Hispanic origin is considered separately from race in the Census.

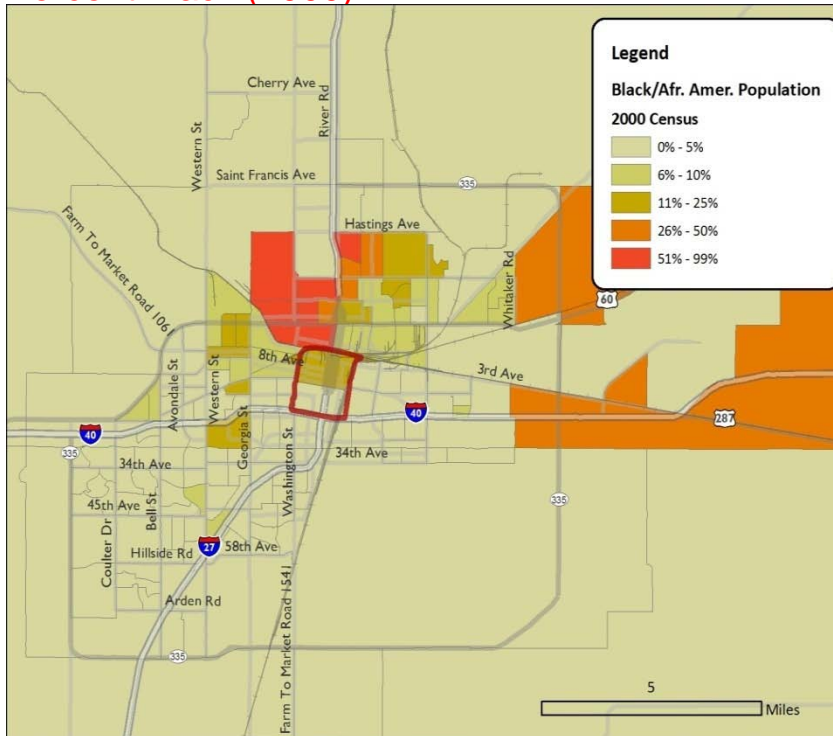
Downtown is similar in its ethnic profile to Amarillo as a whole.

The City's Hispanic resident population is skewed heavily towards areas east of Downtown.

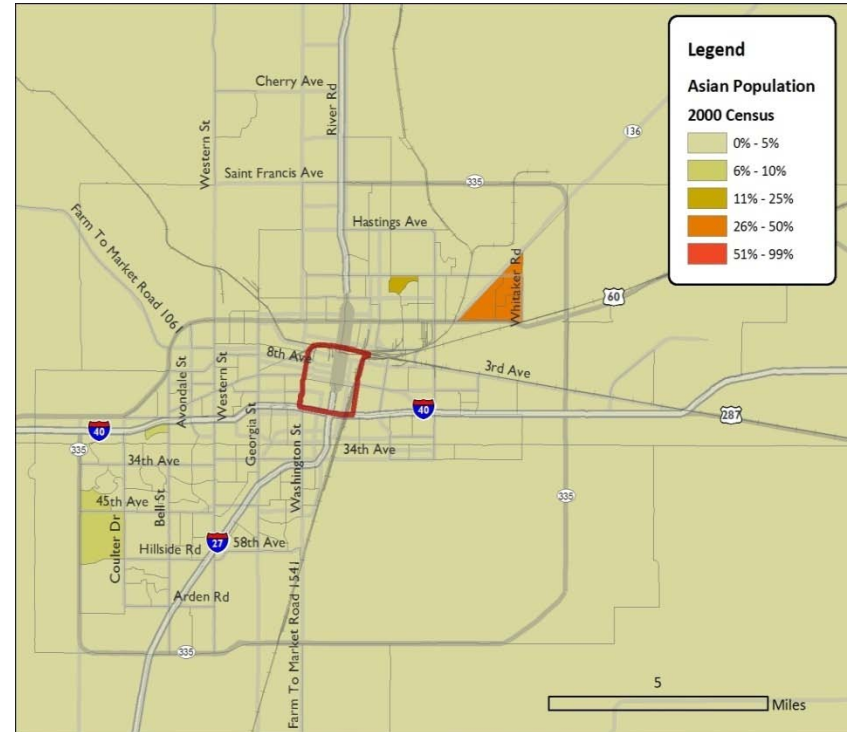
Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

Ethnic Population

Percent Black (2000)



Percent Asian (2000 Census)



Amarillo's Black and growing Asian populations have clustered away from the center of the City, towards the east and north, primarily.

Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

Household Income

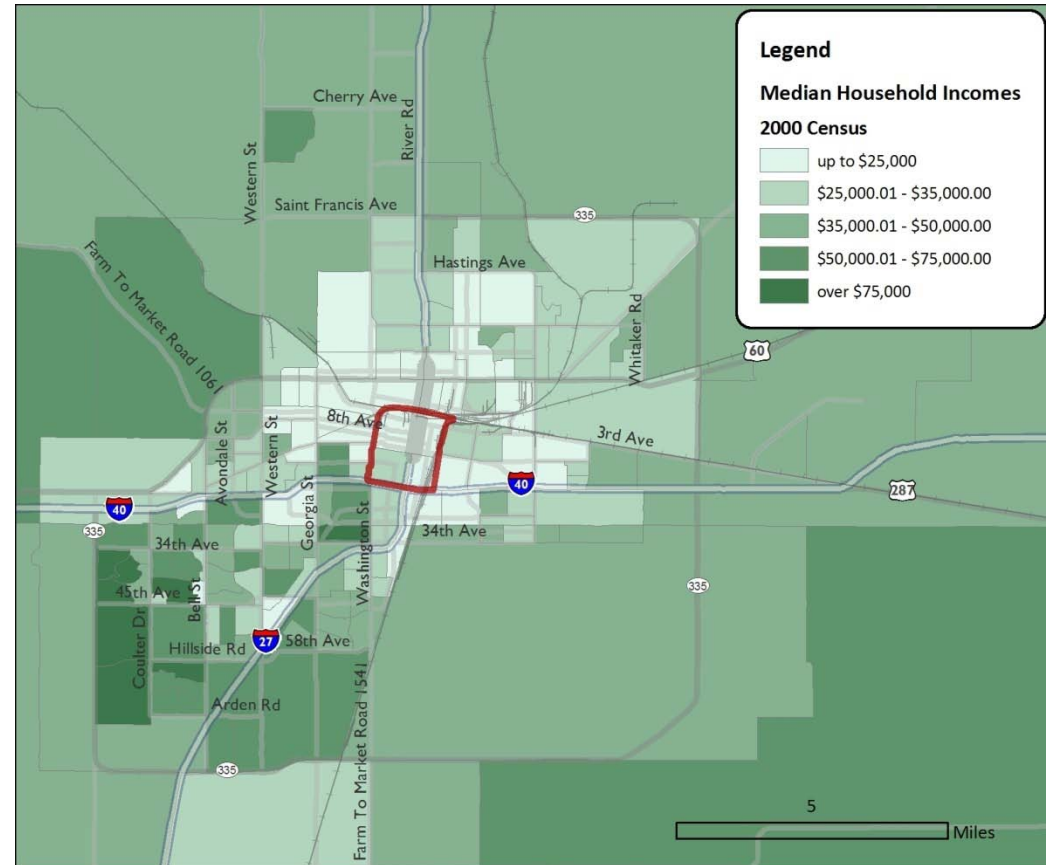
Household Incomes (2000 Census)

Downtown is significantly less affluent than the City of Amarillo overall, with just 5% of current households earning over \$100,000.

In 2000, wealth was most concentrated in the southwest quadrant of the City, a trend that has migrated even further since.

Household Income Characteristics (2009 est.)

	Downtown 79101	City of Amarillo
Median HH Income	\$27,321	\$41,218
Per Capita Income	\$16,214	\$21,369
Pct. Earning < \$25,000	46%	30%
Pct. Earning \$100,000+	5%	16%

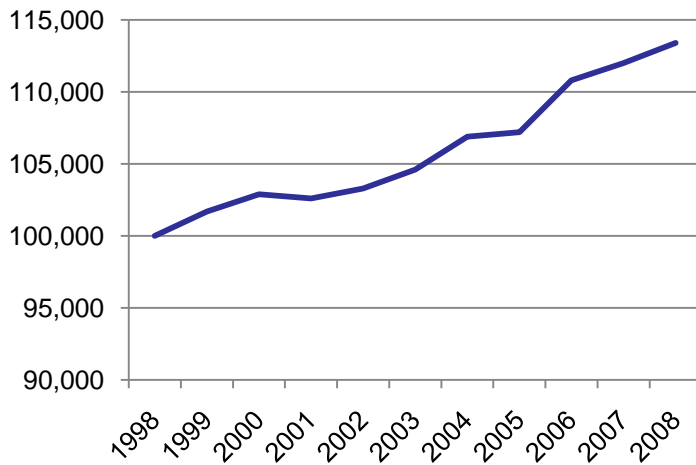


Sources: U.S. Census; Claritas Inc.; and, Leland Consulting Group.

Employment



Amarillo MSA Employment Trends



Amarillo’s beef producing and agricultural heritage is seen in top employers Tyson and Affiliated Foods, but its energy and extraction industries (oil, gas, helium, wind) are not yet found in the list of top employers – dominated by governmental, healthcare and service-sector jobs.

Major Employers

2008 Top Amarillo Employers	Sector	Employees
Amarillo ISD	Education	4,435
Tyson Foods Beef	Slaughter and processing	3,615
BWXT/Pantex	Ordinance disassembly	3,340
Baptist St. Anthony’s Health Care Systems	Healthcare	2,900
Walmart	Retail	2,042
City of Amarillo	Government	1,909
Northwest Texas Healthcare Systems	Healthcare	1,804
Texas Department of Criminal Justice	Government	1,348
Affiliated Foods	Grocery	1,110
AIG–American General Annuity Insurance	Insurance	978

Sources: State of Texas Workforce Development Ctr. and Leland Consulting Group.

Psychographics



Psychographics is a term used to describe the characteristics of people and neighborhoods which, instead of being purely demographic, speak more to attitudes, interests, opinions and lifestyles. PRIZM (Claritas, Inc.) is a leading system for characterizing neighborhoods and the local workforce into one of 65 distinct market segments.

Commercial retail developers are interested in understanding a community’s psychographic profile, as this is an indication of its resident’s propensity to spend across select retail categories. Residential developers are also interested in understanding this profile as it tends to suggest preferences for certain housing product types.

(See Appendix for Detailed Segment Profiles)

Top Resident Psychographic (PRIZM) Segments

Segment	Number of Trade Area Households	Per Capita Index to U.S. (100 = expected)
Family Thrifts	6,500	501
Middleburg Managers	5,217	364
Mobility Blues	4,717	517
Second City Elite	4,652	507
Sunset City Blues	4,425	341

Other Notable Segments (Potential Urban Infill Targets)

Segment	Number of Trade Area Households	Per Capita Index to U.S. (100 = expected)
Brite Lites, Li'l City	3,014	260
Boomtown Singles	2,666	267
Up-and-Comers	2,503	269

Profile Summary



- Trade Area population and household growth continues to be steady, if not rapid, with most growth drawn to the fringes of the community. This is partially due to the lack of housing choices in the central portion of the Trade Area, including Downtown.
- Future Trade Area growth in Baby Boomer and empty nester population provides increased support for urban, “close-in” housing products offering a low-maintenance, high-amenity lifestyle.
- While the Trade Area 20-Something population is similar in size to the Baby Boomer/Empty Nester population, this segment is expected to grow at a much slower rate in the future.
- Trade Area ethnic populations (Hispanic, Black, Asian) have generally clustered away from Downtown.
- The Trade Area continues to show steady employment growth, with a significant Downtown employee base (approximately 20,000 employees).
- Downtown’s resident population is currently much more likely to rent, live in “non-family” arrangements, and have smaller household sizes.
- The Trade Area contains psychographic profiles that could be attracted to Downtown housing environment (Bright Lites, Li'l City, Boomtown Singles, Up-and-Comers) – their smaller household sizes, higher education levels, and active lifestyles make these groups prospects for a range of urban housing products.

Residential Market Conditions

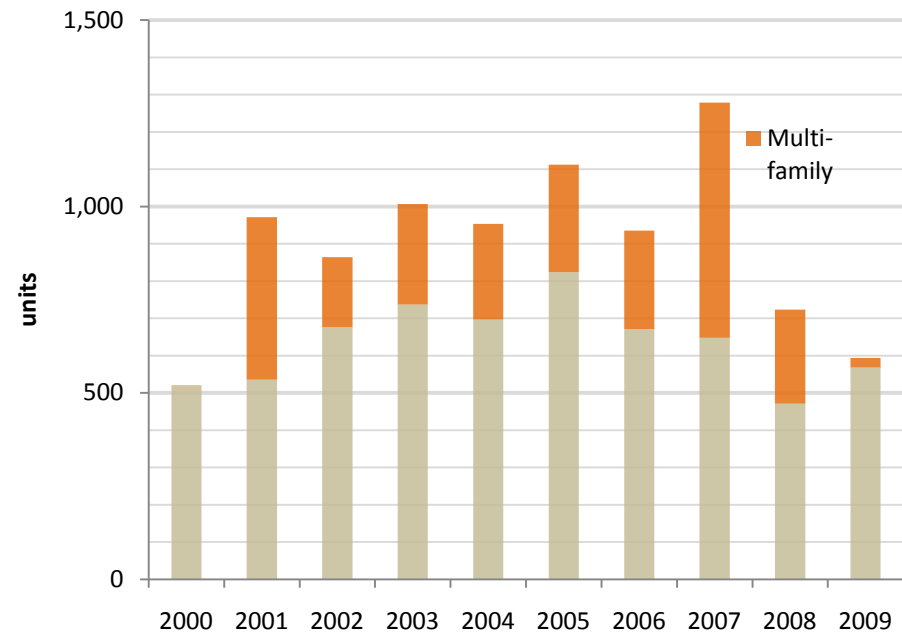
Supply Conditions

City of Amarillo Building Permits for New Units 2000 to 2009

	10-yr Total	Yearly Avg.
Single-family	5,827	635
Multi-family	2,611	261
Total Units	8,438	896
Pct. Multi-Family	31%	29%

Note: Multi-family permits include both attached rental units and attached owner units.

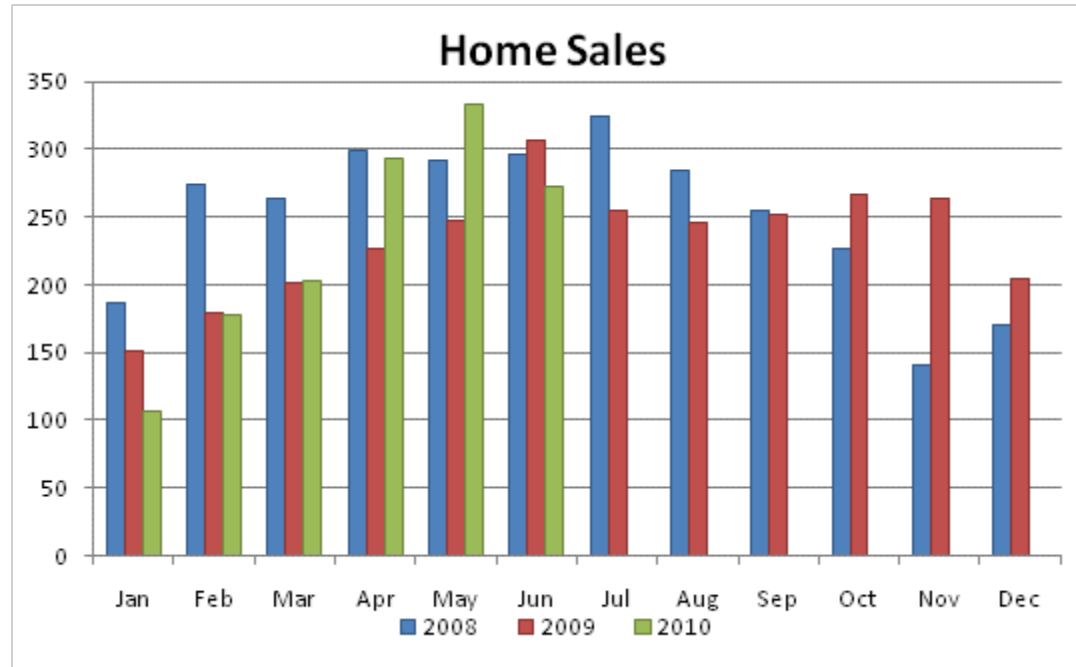
As shown, over the past 10 years, multi-family units have represented a significant portion of residential construction (over 30%). Unlike many cities of similar size, multi-family construction has been relatively consistent over that 10-year period.



Source: U.S. Census; HUD; and, Leland Consulting Group

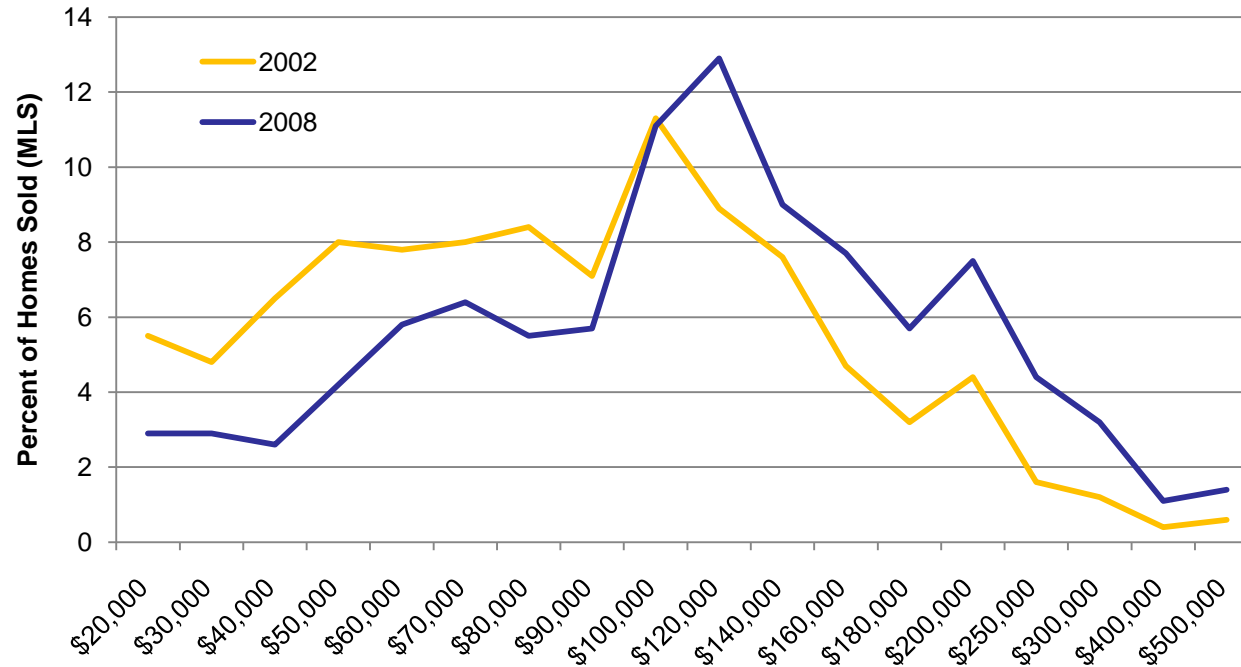
Supply Conditions

Year	Sales	Avg. Price
2000	2,076	\$85,933
2001	2,343	\$90,675
2002	2,249	\$91,100
2003	2,828	\$94,350
2004	3,057	\$96,942
2005	3,113	\$106,025
2006	3,445	\$114,217
2007	3,300	\$117,817
2008	3,009	\$124,000
2009	2,797	\$123,283



Like most markets in the Southwestern U.S., Amarillo experienced a decline in home sales over the past three years, although not as steep as other Texas markets. In addition, despite the decline in sales, average home prices have continued to rise at a healthy rate.

Supply Conditions



As shown, Amarillo's housing market has been relatively consistent in terms of product distribution by price point.

Supply Conditions



Amarillo Apartment Market Conditions

	Amarillo	Texas Metro Average
Average rent per square foot	\$0.68	\$0.80
Average rent for units built since 2000	\$0.70	\$0.89
Average occupancy	93.3%	92.8%
Average occupancy for units built since 2000	96.2%	93.8%

Rents in Amarillo are consistently lower than the Texas Metro Area Average, however, average occupancy rates are consistently higher. Given these relatively high occupancy rates, particularly in newer units, there should be an opportunity for upward pressure on rent levels.

Source: Apartment MarketData Research (2008 data); and Leland Consulting Group

Total Residential Demand



The Amarillo Trade Area is expected to support approximately 7,352 new housing units by 2020. Assuming the ratio of rental units to total units remains at 36%, this would translate into demand for almost 2,660 new rental units and 4,700 new ownership units (attached and detached).

Forecasted average yearly demand is for 735 new housing units across a trade area that has averaged 896 new units (permitted) annually since 2000.

Source:

2010 Households	71,661	Claritas
Annual Growth Rate	0.94%	Claritas, LCG, TX State Demographer (blend)
2020 Households	78,663	
Adjustment for Vacancies, 2 nd Homes, Demolition	5%	LCG
Total 10-year Unit Requirement	7,352	LCG

Ten-Year Trade Area Residential Demand

Annual Income Range (2010 dollars)	Approx. Rent Range	Approx. Home Price Range	Current HHs in Income Bracket	2010 through 2020	
				New HHs by Income Bracket	Total Units
up to \$15K	up to \$375	up to \$75K	16%	16%	1,190
\$15-25K	\$375 - \$625	\$75 to \$100K	13%	13%	990
\$25-35K	\$625 - \$875	\$100 to \$150K	13%	13%	990
\$35-50K	\$875 - \$1,000	\$150 to \$200K	17%	17%	1,221
\$50-75K	\$1,000+	\$200 to \$250K	18%	18%	1,318
\$75-100K	\$1,000+	\$250 to \$350K	10%	10%	736
\$100-150K	\$1,000+	\$350 to \$500K	8%	8%	612
\$150K and up	\$1,000+	\$500K and up	4%	4%	295
Totals			100%	100%	7,352

Income and rent ranges are matched approximately to those income groups based on standard affordability calculations.

Rental Demand



Assuming demand for approximately 2,657 new rental housing units by 2020, approximately 1,645 would serve households earning more than \$15,000, with the balance serving households likely requiring subsidy.

Note: The tendency to rent versus own generally declines with rising incomes, as reflected here. However, many experts predict that fluctuations in mortgage rates could drive up the number of individuals that desire rental vs. ownership housing.

Both multi-family rental housing and attached ownership housing products are most attractive to smaller households – typically singles and couples (or roommates) that are either childless adults or couples with part-time kids, seniors and new empty nests. These household types like the flexibility (especially with rentals) and low maintenance associated with smaller properties and pooled property management. Many (but not all) also enjoy the more active, urban environments that tend to be associated with higher density housing product types.

Ten-Year Multifamily Rental Demand

Annual Income Range	Approx. Rent Range	Trade Area Rental Demand	Attainable Capture Rate (within rentals)	Attainable Downtown Capture (units)
\$15-25K	\$375 - \$625	594	20%	119
\$25-35K	\$625 - \$875	396	20%	79
\$35-50K	\$875 - \$1,000	366	20%	73
\$50-75K	\$1,000+	198	20%	40
\$75-100K	\$1,000+	52	20%	10
\$100-150K	\$1,000+	31	20%	6
\$150K and up	\$1,000+	9	20%	2
Totals		1,645	20%	329

Assuming capture rates by price point ranging from 18% to 22%, weighted towards middle income ranges, Downtown could support 330 rental units over the next 10 years (based on market demand only).

The success of a development program with this unit type will depend on identifying and successfully marketing what in Amarillo appears to be a narrow niche – smaller middle-to-upper income households with a preference for rental units and urban spaces.

Attached Ownership Demand



Ten-Year Attached Ownership Demand

Of the approximately 4,500 total units of for-sale housing demand among households earning over \$15,000 annually, approximately 15% or 684 units could be attached (condo, townhome, rowhome, loft, etc.). Assuming capture rates ranging from 18% to 22% among attached unit price points, downtown could absorb 135 new condo / townhome ownership units by 2020 – assuming vigorous marketing, pre-sale activity and a broad mix of product types.

Annual Income Range	Approx. Home Price Range	Trade Area For-Sale Demand (income \$15K+)	Est. Pct. Townhome/Condo	Townhome/Condo Demand	Attainable Capture Rate (within condo/townhome)	Attainable Downtown Capture (units)
\$15-25K	\$75 to \$100K	396	20%	79	18%	14
\$25-35K	\$100 to \$150K	594	20%	119	20%	24
\$35-50K	\$150 to \$200K	855	15%	128	20%	26
\$50-75K	\$200 to \$250K	1,121	15%	168	20%	34
\$75-100K	\$250 to \$350K	684	15%	103	20%	21
\$100-150K	\$350 to \$500K	581	10%	58	20%	12
\$150K and up	\$500K and up	286	10%	29	20%	6
Totals		4,517	15%	684	20%	135

Note: assumes condo/townhome construction stabilizes at approx. 15% of all trade area ownership housing

As with rental demand, a developer's challenge lies in identifying and marketing to the segment of prospective buyers who will consider Amarillo as a host environment for a more urbanized product type.

Detached Ownership Demand



Ten-Year Detached Ownership Demand

Of the approximately 4,500 total units of for-sale housing demand among households earning over \$15,000 annually, approximately 2% to 3%, or 100 units could be detached. In an urban setting, these detached units would likely be higher density single family, such as small lot single family, zero lot line, patio or cluster homes, etc.

Annual Income Range	Approx. Home Price Range	Trade Area For-Sale Demand	Est. Pct. Detached	Detached Demand	Attainable Capture Rate (within detached)	Attainable Downtown Capture (units)
\$15-25K	\$75 to \$100K	396	80%	317	2%	6
\$25-35K	\$100 to \$150K	594	80%	475	2%	10
\$35-50K	\$150 to \$200K	855	85%	727	2%	15
\$50-75K	\$200 to \$250K	1,121	85%	953	3%	29
\$75-100K	\$250 to \$350K	684	85%	582	3%	17
\$100-150K	\$350 to \$500K	581	90%	523	3%	16
\$150K and up	\$500K and up	286	90%	257	3%	8
Totals		4,517	85%	3,833	3%	100

As with attached ownership demand, a developer's challenge lies in identifying and marketing to the segment of prospective buyers who will consider Amarillo as a host environment for a more urbanized product type.

Potential Absorption



Ten-Year Market Demand Summary

Land Use Type	Trade Area Demand (2010 to 2020)	Downtown Amarillo			
		Market Share		Downtown Absorption (Units)	
		Low	High	Low	High
Residential (Units):					
Single Family Detached	3,800	2%	3%	76	114
Single Family Attached	700	18%	22%	126	154
Multifamily Apartments	1,645	18%	22%	296	362
Residential Total	6,145			498	630

Source: Leland Consulting Group.

As shown, Downtown Amarillo could support the development of approximately 500 to 630 units of new housing over the next 10 years. This level of demand could be accommodated over a range of products and price points, including single family detached units, condominiums, townhomes, rowhouses, and multi-family apartments.

Development Programming



- **Market demand evident for wide range of product types**
 - Rental housing – apartments, lofts, historic rehab
 - For-sale attached – townhomes, rowhouses, condominiums
 - For-sale detached – patio/cluster homes, small lot single family
- **Unit size recommendations**
 - 600 to 1,000 sq ft (rental housing)
 - 800 to 1,500 sq ft (for-sale attached)
 - 1,500 to 2,000 sq ft (for-sale detached)
- **Unit price recommendations**
 - \$0.90 to \$1.10 per sq ft (rental housing)
 - \$125 to \$150 per sq ft (for-sale attached)
 - \$120 to \$140 per sq ft (for-sale detached)

Strategic Considerations

Strategic Considerations



- **Recent and planned catalyst elements (Globe, Fisk, potential ballpark, etc.) are positive signs for civic and cultural vitality of Downtown**
 - **Should also enhance residential potential/appeal**
- **Must be complemented with non-event based infrastructure and amenities**
 - **Pedestrian connections, greenways (e.g. Ellwood Park to Civic Center/ Globe Center area)**
 - **Increased educational component is key**
 - **Need ongoing programming (both by volunteers and government) of public spaces**

Strategic Considerations



- **Demographic/psychographic profile of Amarillo not currently overwhelmingly supportive of urban living options**
 - **Chicken-Egg situation, though**
 - **Artistic/educational/entertainment infusions will help spark residential interest Downtown – in turn cultivating psychographic segments who appreciate and build upon Amarillo’s urban cultural life**
- **Broad mix of buyer/renter incomes is eventual goal of a healthy downtown**
 - **Gradual ramp-up of residential in-fill, however, dictates more focused (less mixed) income targets**
 - **A partially subsidized, primarily rental-oriented project is a most likely first step, given national economy**
 - **Top quality initial product is critical, though – to not deter transition into higher price/rent brackets over time**

Strategic Considerations



- **Shared green amenities (trails, parks, even “urban agriculture”) may be keys to overcoming reluctance to forego private backyards**
- **Starting with a higher-income target project (more ownership products in mix) is tempting, as means to bolster image/acceptance of Downtown for both residential & commercial...**
 - **Current conditions suggest this is more risky: an expensive project failing/standing empty could set back revitalization momentum for years**
- **Although comparison is not quite direct, don’t ignore downtown Lubbock as an important competitive alternative to downtown Amarillo in minds of young renters/buyers**
 - **Without a 4-year college presence, Amarillo will always experience at least some “brain drain” southward, along with loss of cultural/artistic talent (and prospective “urban pioneer”-type residents)**

Public-Private Actions



- **Maintain a database of market conditions (periodic updates), available land/property, and property owners, developers, lenders, brokers, appraisers and other real estate professionals**
- **Develop marketing materials which summarize housing market opportunities in Downtown Amarillo (this study)**
- **Host periodic workshops for realtors, developers, lenders, City staff, etc., for the purpose of updating economic activity in Downtown (Benchmarking)**
- **Evaluate the potential for using tax credits (New Market, Low Income, Historic) to encourage catalyst housing projects**
- **Expand the loan consortium as new housing projects are initiated**
- **Utilize available financial incentives to “fill economic gaps” for meritorious projects (TIRZ, property tax abatement, fee waivers, streamlined approvals)**

Public-Private Actions



- **Develop “prototypes” of desired housing products and preliminarily take them through the City’s development approval process**
- **Continually evaluate the potential to acquire underutilized parcels for housing property assemblage**
- **Consider the development of a “demonstration” project to introduce a new housing product to the Downtown market (e.g., “green” building methods)**
- **Prepare Developer/Builder Request for Qualifications (RFQ) for key project areas in Downtown to encourage housing/mixed-use development**
- **Ensure that the City’s Capital Improvement Plan includes priority public investments for Downtown**
- **Build public-public partnerships between key Downtown stakeholders, (City, Downtown Amarillo, Chamber, Housing Authority, West Texas A&M, etc.) to market a consistent housing vision for Downtown**

Potential Absorption



Ten-Year Market Demand Summary

Land Use Type	Trade Area Demand (2010 to 2020)	Downtown Amarillo			
		Market Share		Downtown Absorption (Units)	
		Low	High	Low	High
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Source: Leland Consulting Group.

As shown, Downtown Amarillo could support the development of approximately 500 to 630 units of new housing over the next 10 years. This level of demand could be accommodated over a range of products and price points, including single family detached units, condominiums, townhomes, rowhouses, and multi-family apartments.

Potential Absorption



Absorption By Time Period Summary

Low Market Share	Downtown Absorption (Units)		
	0 to 3 Years	4 to 7 Years	8 to 10 Years
Residential (Units):			
Single Family Detached	19	19	38
Single Family Attached	63	38	25
Multifamily Apartments	148	89	59
Residential Total	230	146	122

High Market Share	Downtown Absorption (Units)		
	0 to 3 Years	4 to 7 Years	8 to 10 Years
Residential (Units):			
Single Family Detached	29	29	57
Single Family Attached	77	46	31
Multifamily Apartments	181	109	72
Residential Total	286	183	160

Source: Leland Consulting Group.

Early (within the next 3 years) housing development in Downtown Amarillo could range between 230 and 290 units. This is primarily due to existing “pent up” demand in the Trade Area, particularly for an urban rental product.