CAPE COD
COMMISSION

Regional Housing Needs and Market Analysis Forecast

SUBREGIONAL MEETING
MAY 2017

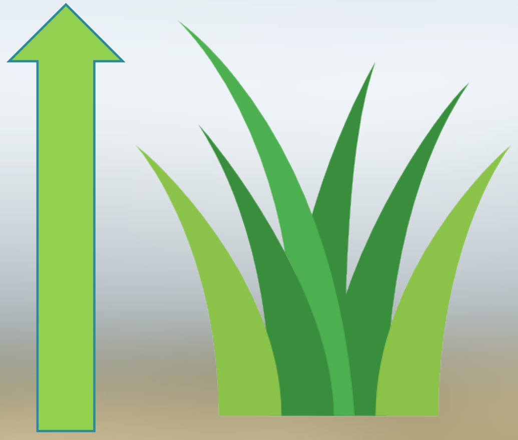
CAPE COD
COMMISSION

COUNTY OF BARNSTABLE
MASSACHUSETTS

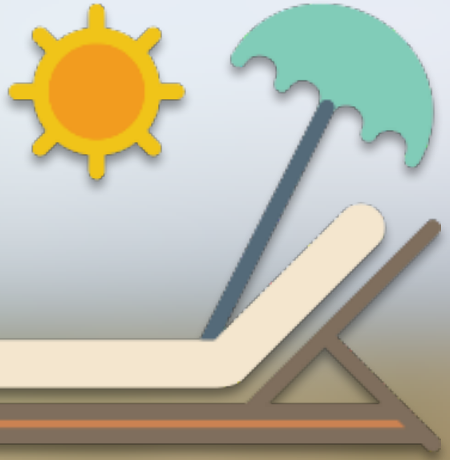
CA Crane Associates, Inc.
Sustainable Economic Development

EPR
ECONOMIC & POLICY RESOURCES

What Makes Cape Cod Unique?



HIGHER LAND VALUES



SEASONAL ECONOMY

Regional Housing Strategy Approach

Initiate Study - January 2017 – Fact Based Planning

Data Gathering – January – March

WE ARE HERE

Housing Needs and Market Forecast Complete – June 2017

Regional Policy Plan Update

Public Hearings - RPP

Additional Analysis - Preferences

Local Plans

Measure – Revise Goals and Strategies

Cape Cod Regional Housing Market Supply Study

PROJECT OBJECTIVES

- Establish a benchmark study that provides a robust and **fact-based analysis** on the current and future state of the residential real estate market in Barnstable County.
- Study Results will provide **evidence** to support housing policy and housing supply goals
- **Engage** in a Regional and Sub-Regional dialog about the housing needs for the life stages, life styles & incomes on Cape Cod

Demographics is not Destiny

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The Regional Policy Plan and Housing

DRAFT - Housing Mission

To enable a substantial segment of the population to secure housing opportunity and to enable a housing supply capable of supporting social ad income diversity and absorbing impacts of the seasonal fluctuation in economic activity.

Project Timeline

Expert Subject Matter and Regional Advisors

REVIEW PANEL MEMBERS

- **Jan Mutchler, PhD**, Professor, Department of Gerontology, McCormack Graduate School Director, Center for Social and Demographic Research on Aging, Gerontology Institute
- **Michael Goodman, PhD**, Professor of Public Policy, Executive Director of the Public Policy Center, and Acting Chair of the Department of Public Policy at the University of Massachusetts Dartmouth.
- **Matthew Teague,** President, REEF Cape Cod's Home Builder, Home Builders & Remodelers Association of Cape Cod, Inc.

Expert Subject Matter and Regional Advisors

REVIEW PANEL MEMBERS CONT.

- **Robert Talerman**, First Executive Vice President and Executive Lending Officer, Cape Cod Five Cents Savings Bank
- **Anne Van Vleck**, Executive Director, Cape Cod Young Professionals,
- **Elizabeth Albert**, Director, Barnstable County Human Services
- **Su Moran, Esq**, Business Lawyer, Realtor, Board of Selectmen Falmouth, Cape Selectmen & Councilors Association, Cape Cod Economic Development Council, Barnstable County Assembly of Delegates
- **Michelle Jarusiewicz**, Community Housing Specialist & Grant Administrator, Town of Provincetown

Expert Subject Matter and Regional Advisors

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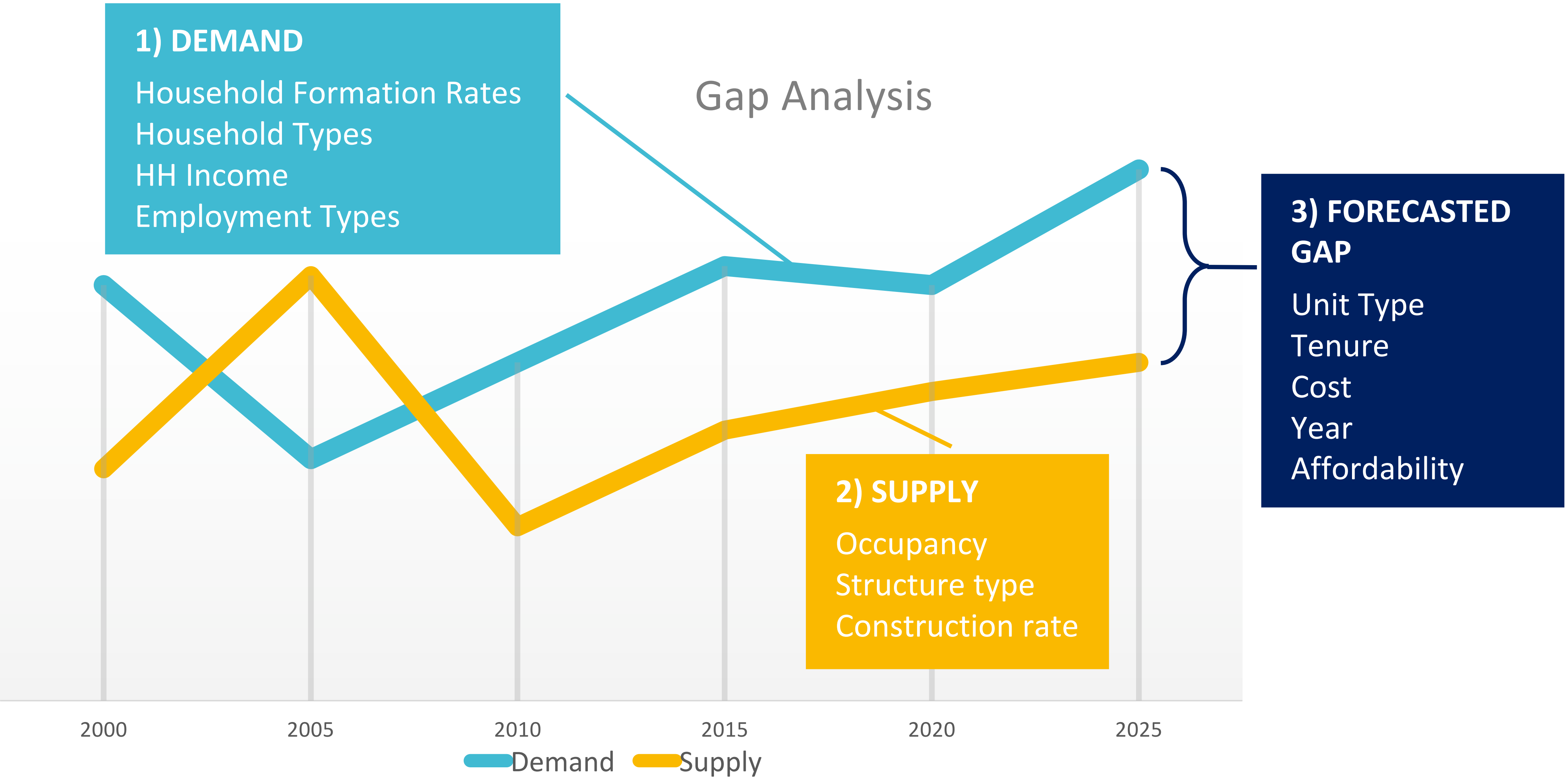
Project Overview: Major Tasks

We are in Task 4

BASE	Task 1: Scoping	Detailed methodology, project schedule, data sources, roles and responsibilities, and expectations on deliverables
BASE	Task 2: Data Gathering	Secondary Data: Regional housing; municipal records; market transactions; Primary: Focus group; interviews
BASE	Task 3: Regional Forecast	Regional Demographic Forecast: Population and Households Regional Economic Forecast: Household income; Wage rates; Employment
STUDY	Task 4: Housing Needs Analysis	Housing Demand; Housing Supply; Gap Analysis
STUDY	Task 5: Affordability Analysis	Defining affordability for households by Median income and tenure; For each municipality
ACTION	Task 6: Summary	Presentation of data and results in meaningful and impactful ways
ACTION	Task 7: Implementation Strategies	Implementation actions, policies, regulations and programs at the local and commonwealth level to augment current strategic efforts

Project Overview: Housing Needs Analysis



How Does Population Change?

BIRTHS

DEATHS

MOVES

Demographic Forecast Methodology

Econometrically -based forecast using long-term economic trends to predict future migration patterns

Natural Population Change + Economically Induced Population Change = Net Population

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Econometrically -based forecast using long-term economic trends to predict future migration patterns

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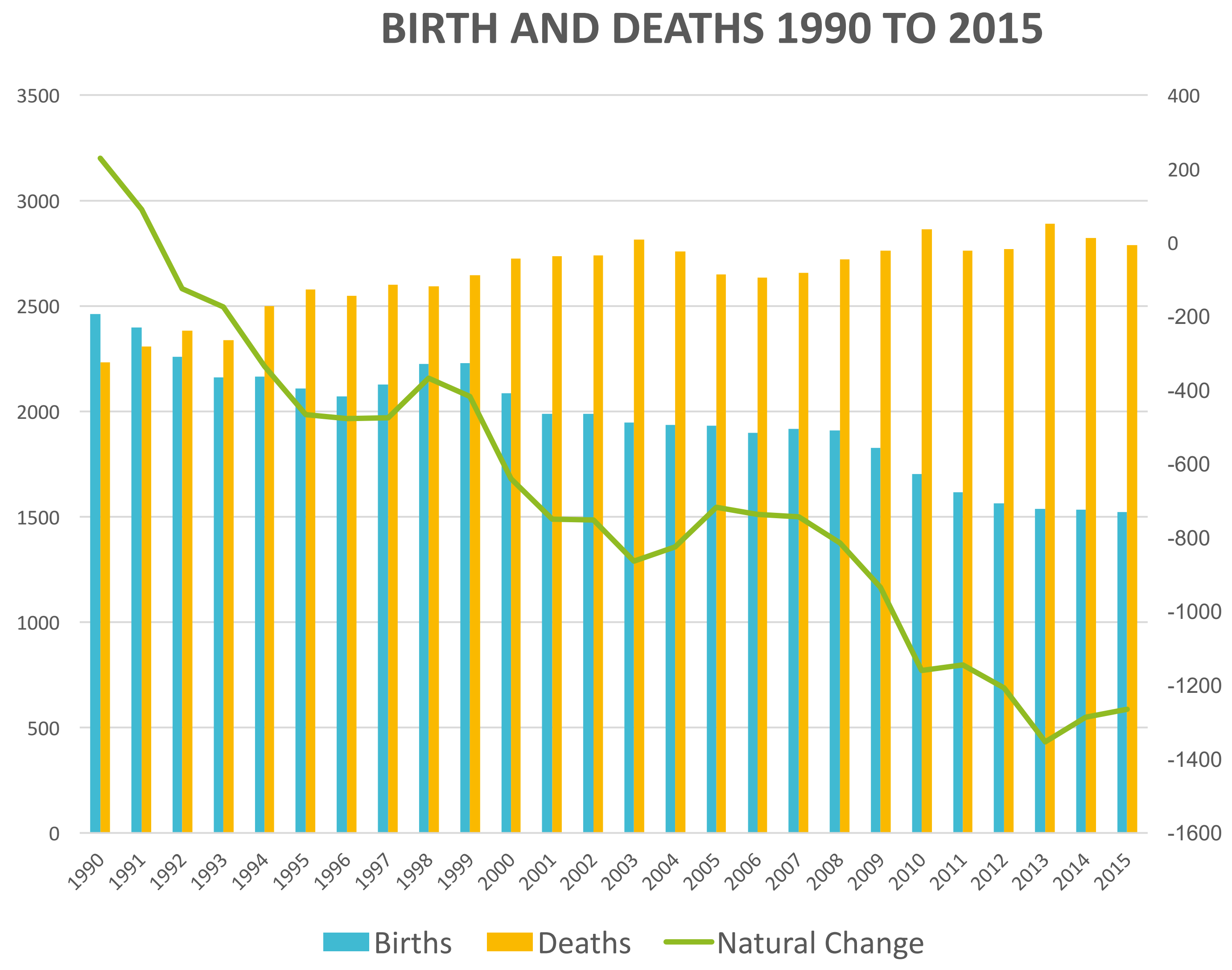
[BIRTHS − DEATHS] + [In-migration − Out-migration] = Net Population

Natural Population Dynamics

Since 1992 there have been **more deaths than births every year** up to today.

On average there are 1,003 more deaths each years than births since 2005.

Births and death rates are slow moving statistics, driven by natural causes.



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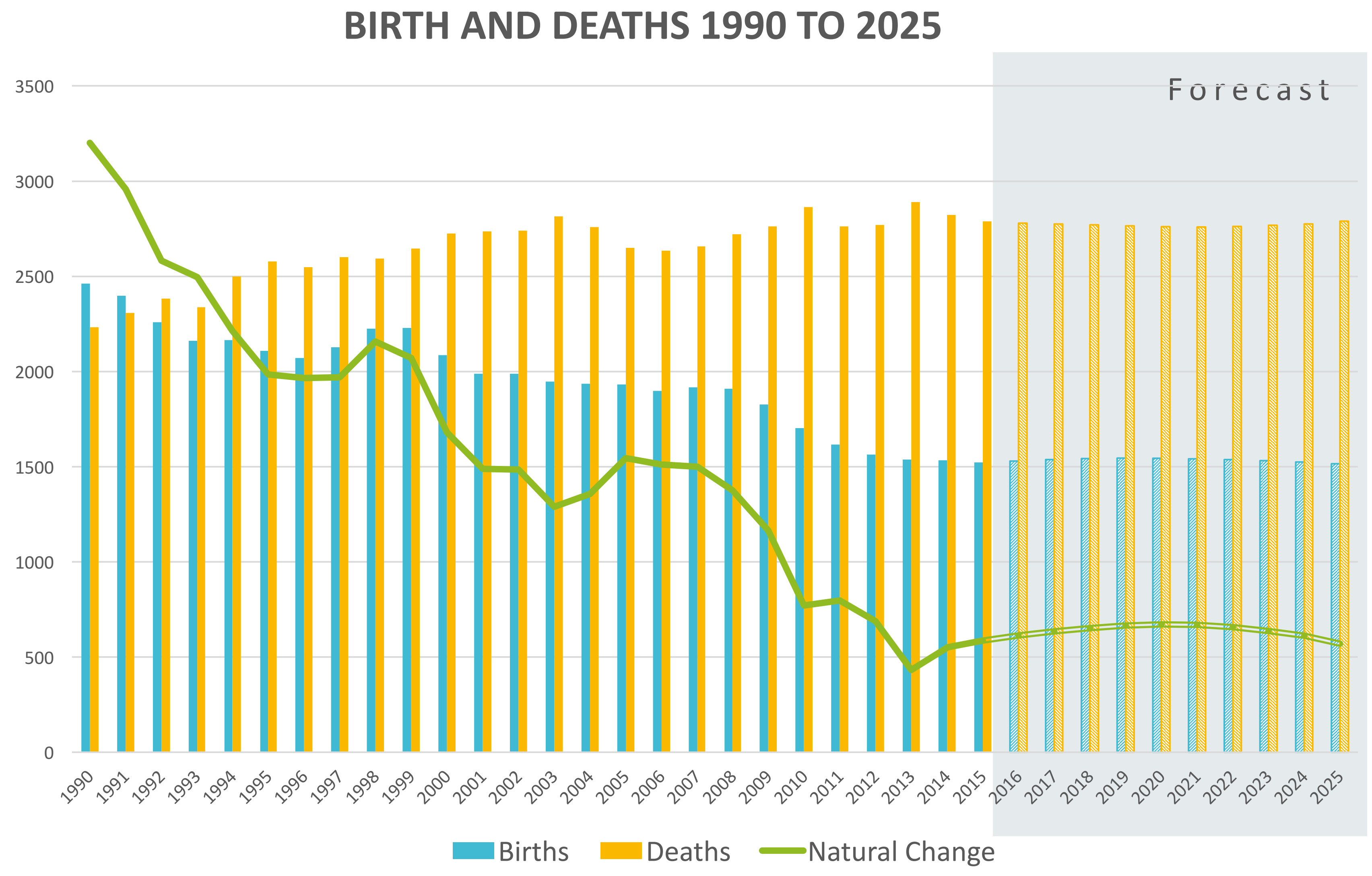
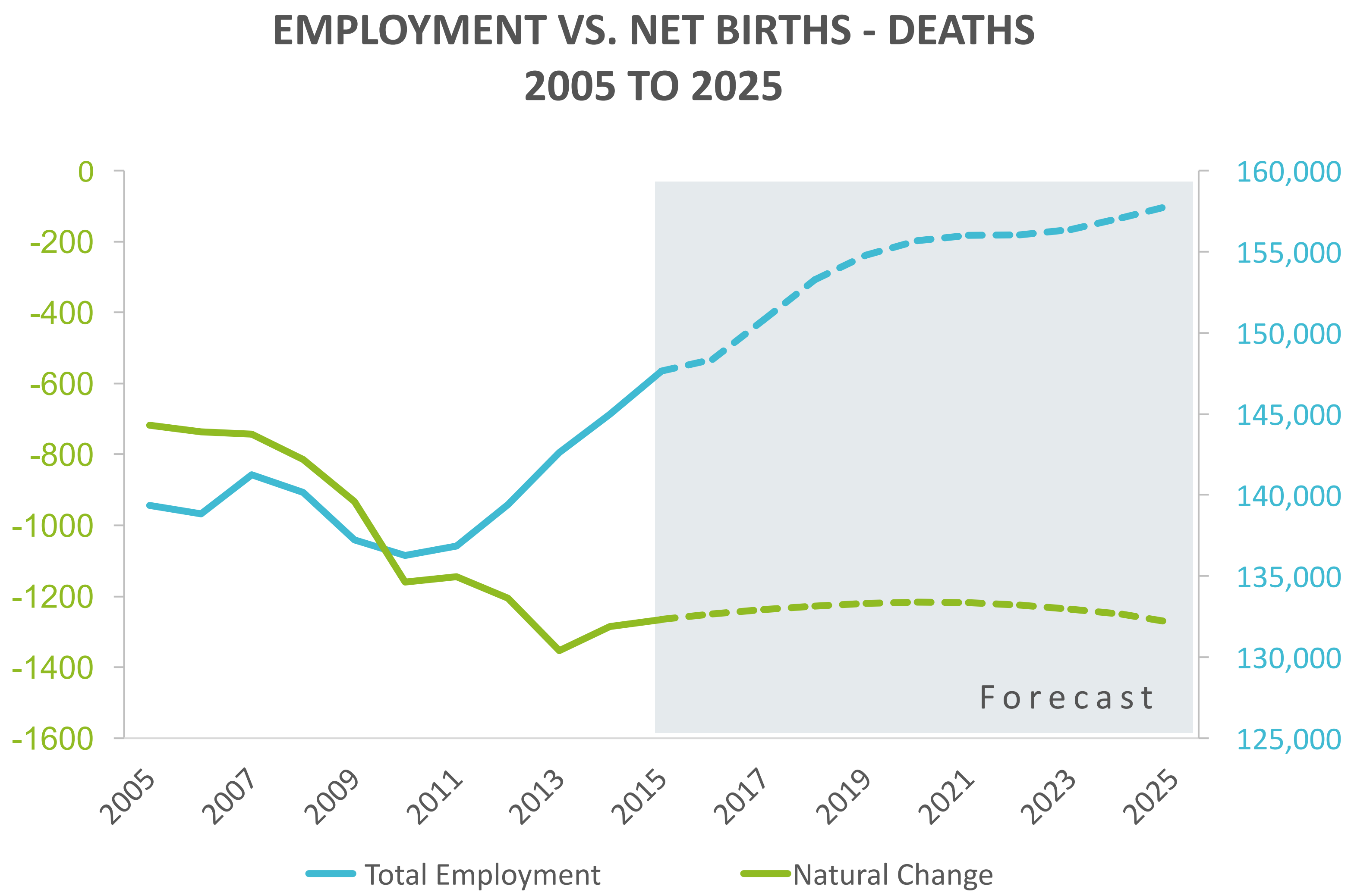


Population Dynamics: In and Out Migration

Employment **growth will be stronger** than the loss of people through natural changes.

Will cause net in-migration growth and total **population increases**.



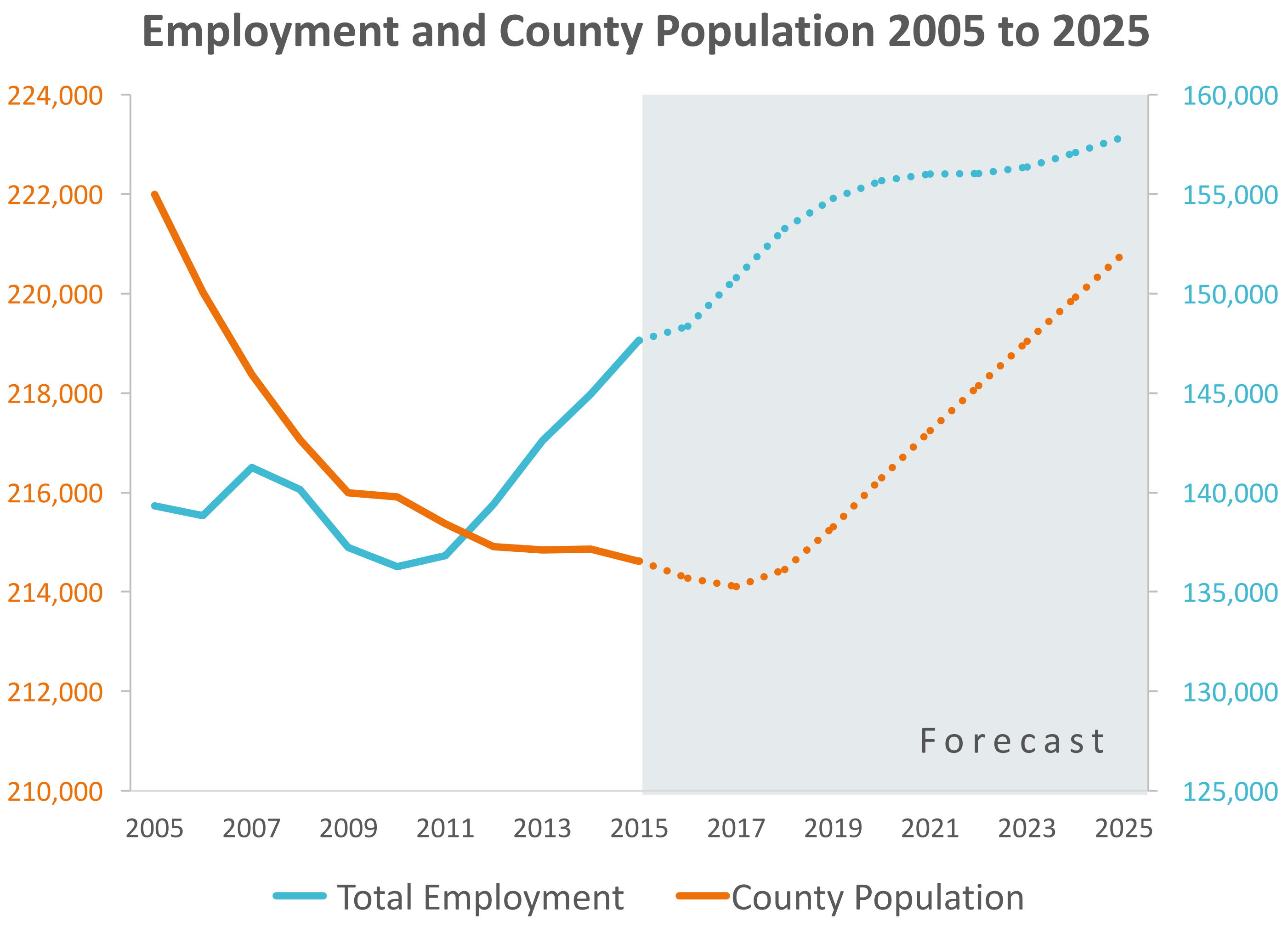
Jobs and People

2005 to 2011
Sluggish economy and then major recession – caused out-migration

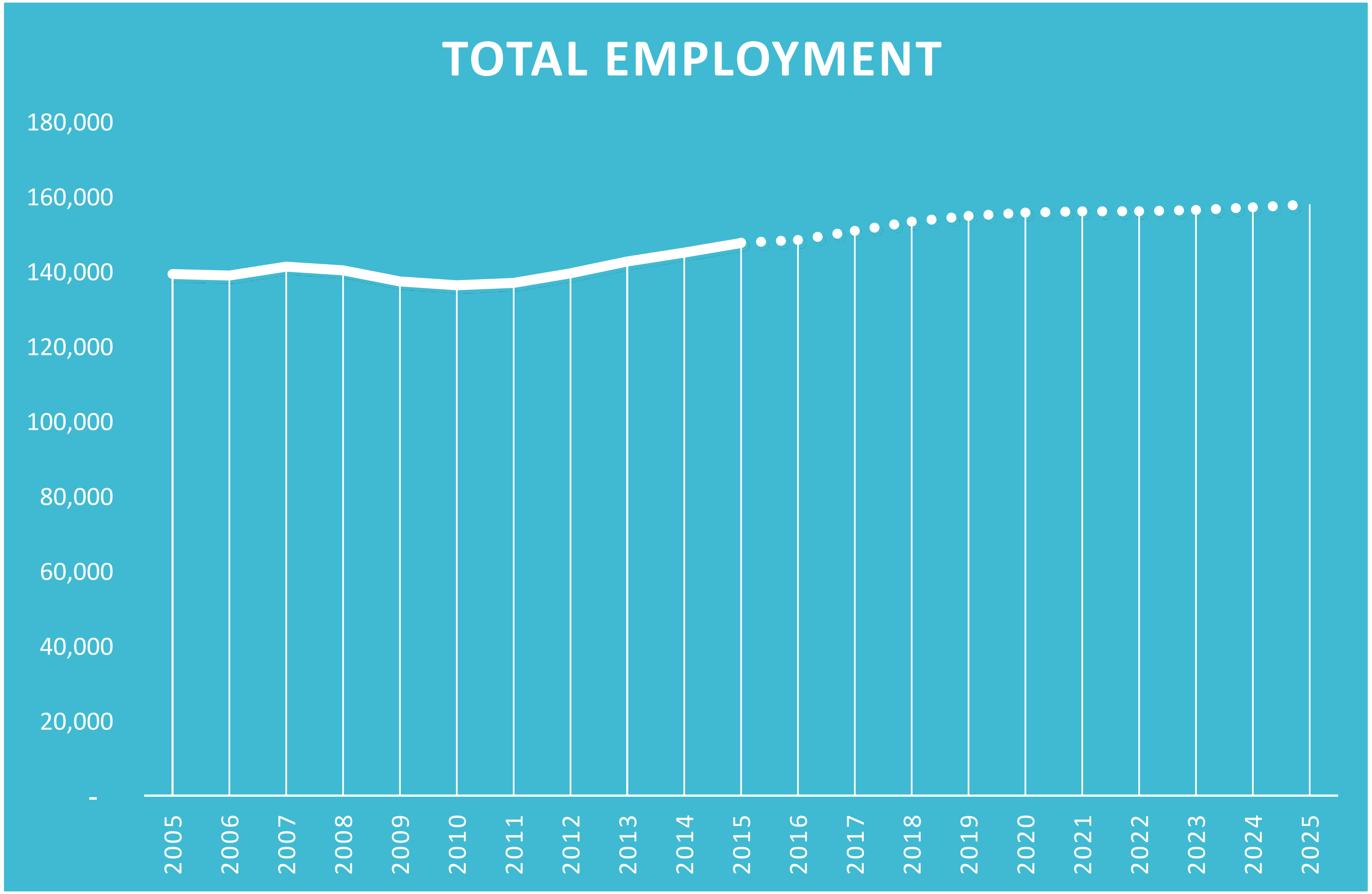
2012 to 2016
Jobs increase but people can't follow jobs quickly – takes time

2017 to 2025
Economy is forecasted to remain steady and in-migration will follow.

2020 to 2022
Economy slows, unemployment increases

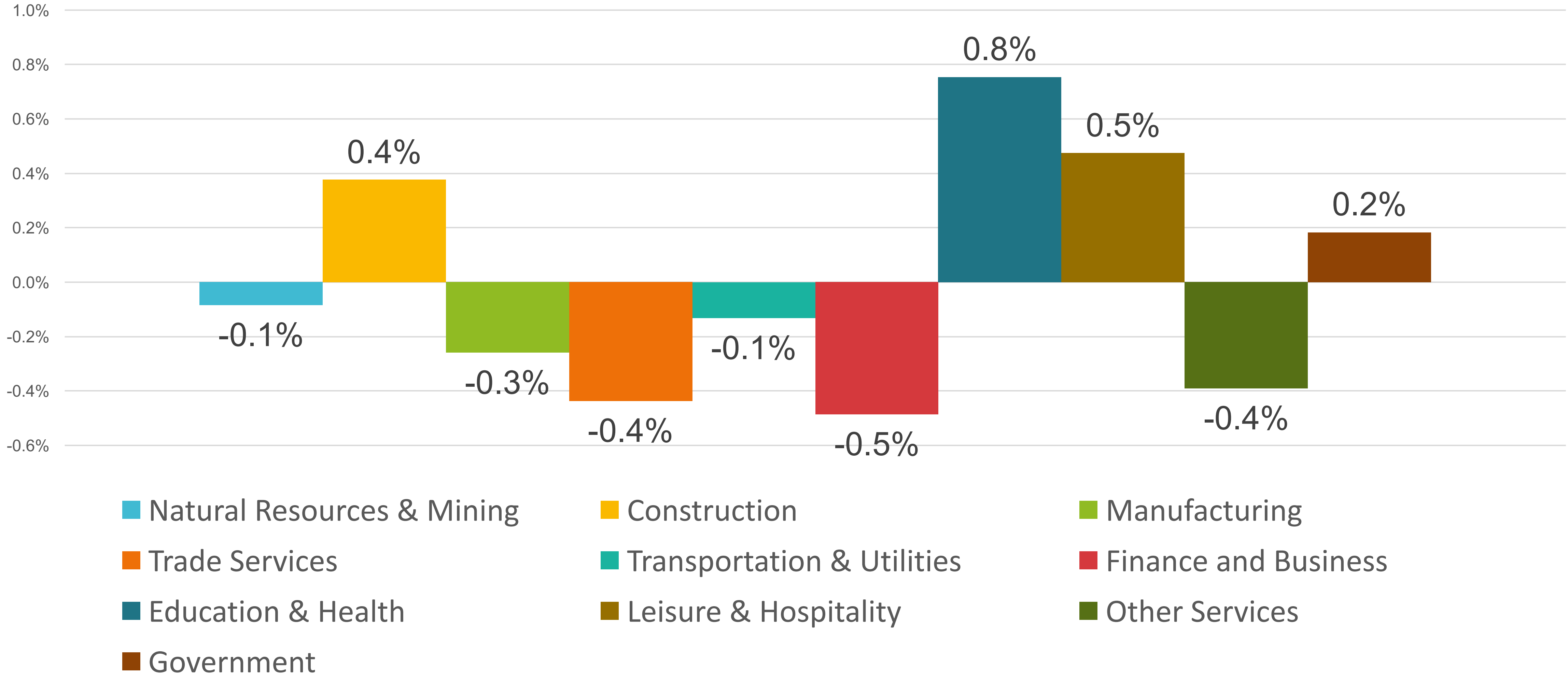


Employment Forecast

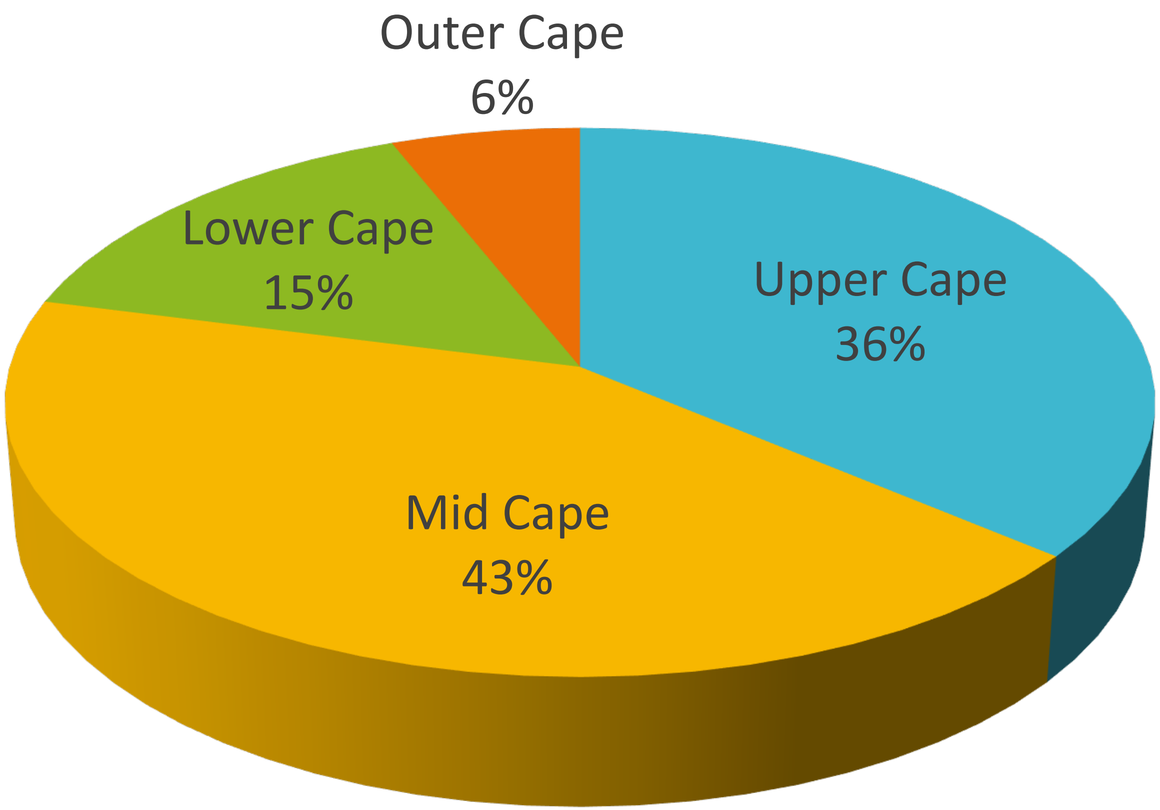


YEAR	TOTAL	NET
2016	148,205	566
2017	150,122	1,917
2018	152,065	1,942
2019	153,254	1,190
2020	153,955	700
2021	154,216	261
2022	154,236	20
2023	154,492	256
2024	155,063	571
2025	155,682	619
Total		8043

% change in Employment by Sector Barnstable County from 2015 to 2025



New Employment by Sub-Region 2016 - 2025



YEAR	UPPER CAPE	MID CAPE	LOWER CAPE	OUTER CAPE
2016	207	753	-210	-184
2017	680	696	373	169
2018	706	760	332	145
2019	433	499	179	79
2020	252	379	61	8
2021	92	77	61	30
2022	8	-2	8	5
2023	93	116	34	14
2024	206	255	80	30
2025	224	258	97	40
Total	**2,901**	**3,790**	**1,015**	**338**

New Employment Upper Cape 2016 - 2025

YEAR	BOURNE	FALMOUTH	MASHPEE	SANDWICH
2016	-41	515	-188	-79
2017	190	205	152	134
2018	191	250	134	132
2019	119	152	68	94
2020	49	176	3	24
2021	29	15	28	21
2022	4	-5	6	4
2023	24	41	11	17
2024	51	97	26	33
2025	58	89	36	41
Total	**673**	**1,533**	**274**	**421**

New Employment Mid Cape 2016 - 2025

YEAR	BARNSTABLE	DENNIS	YARMOUTH
2016	632	72	49
2017	449	99	147
2018	481	96	183
2019	336	51	111
2020	275	44	60
2021	44	13	20
2022	-6	0	4
2023	80	12	23
2024	174	31	50
2025	172	31	55
Total	**2,638**	**449**	**702**

New Employment Lower Cape 2016 - 2025

YEAR	BREWSTER	CHATHAM	HARWICH	ORLEANS
2016	87	-350	114	-61
2017	39	167	44	123
2018	49	179	8	96
2019	28	4	97	50
2020	31	-27	37	20
2021	3	40	-2	20
2022	-1	14	-6	1
2023	7	-3	20	10
2024	18	15	23	25
2025	17	29	23	29
Total	**278**	**67**	**356**	**313**

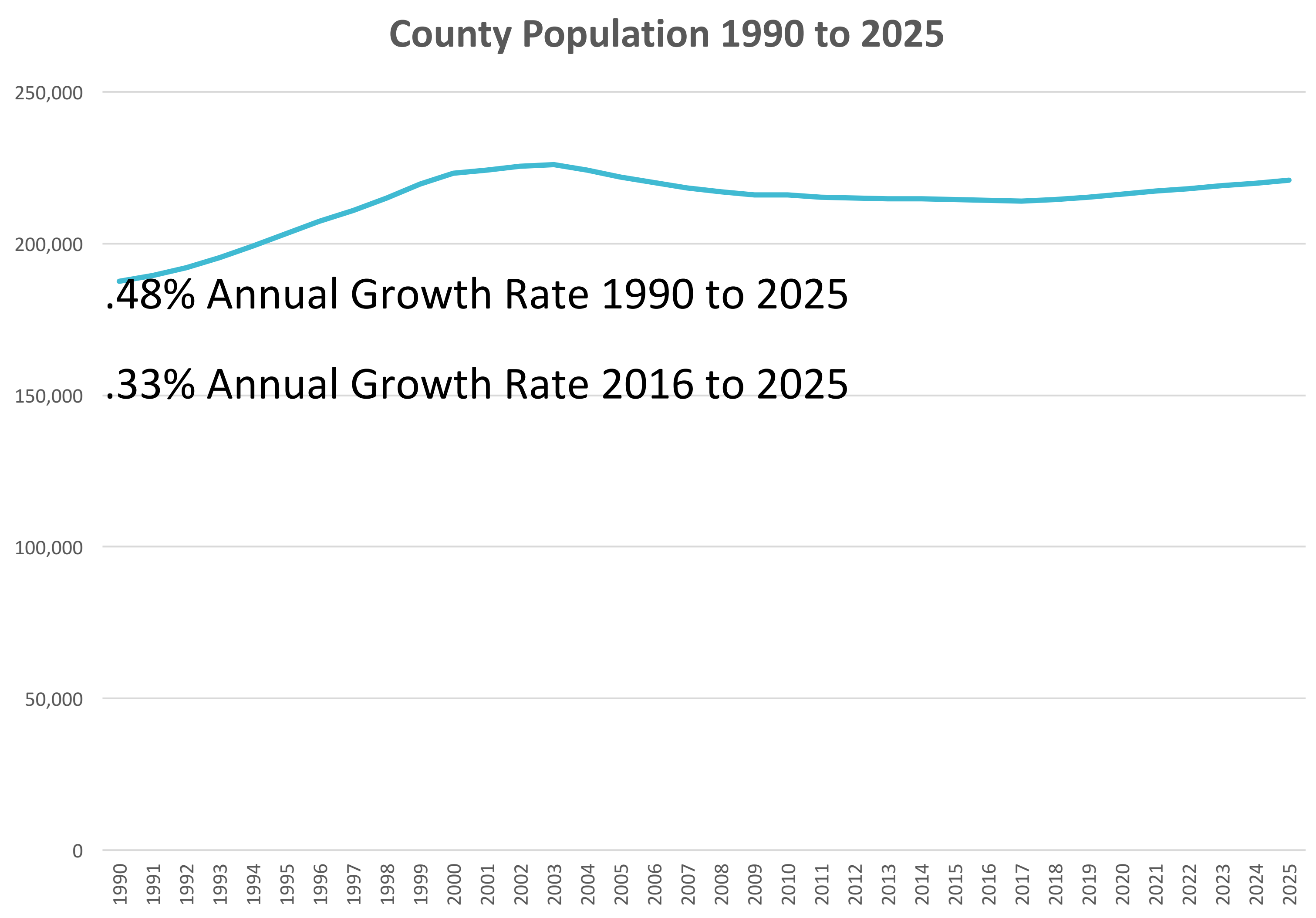
New Employment Outer Cape 2016 - 2025

YEAR	EASTHAM	PROVINCETOWN	TRURO	WELLFLEET
2016	-40	-101	-14	-29
2017	43	69	16	41
2018	31	74	13	27
2019	15	42	8	14
2020	3	0	1	4
2021	8	13	3	7
2022	1	4	0	0
2023	3	7	1	3
2024	7	14	3	7
2025	9	19	4	8
Total	**79**	**142**	**36**	**81**

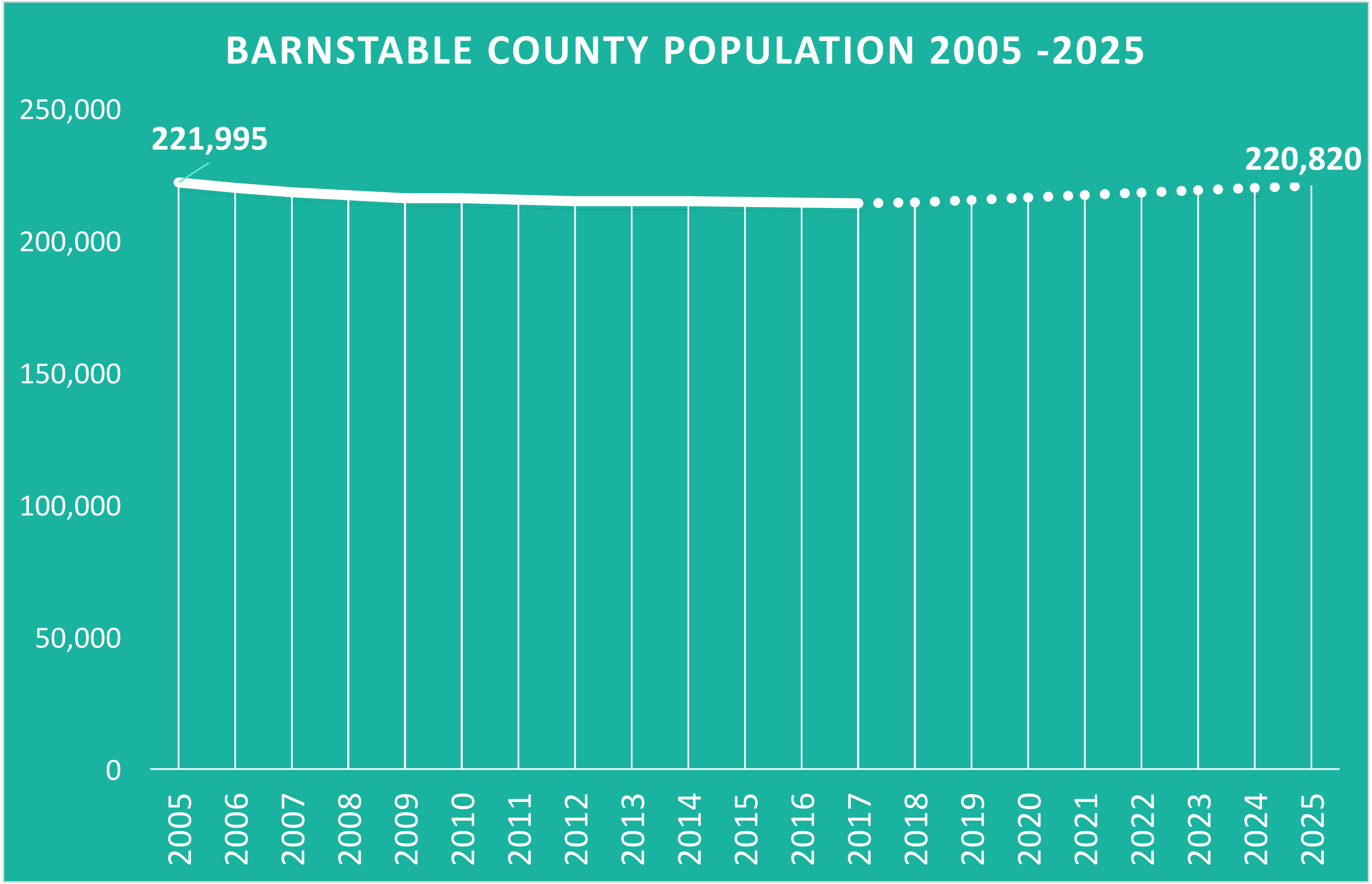
Population Forecast

Population growth 1990 to 2025

Not the steep increases of the 1990's but a return to modest increases

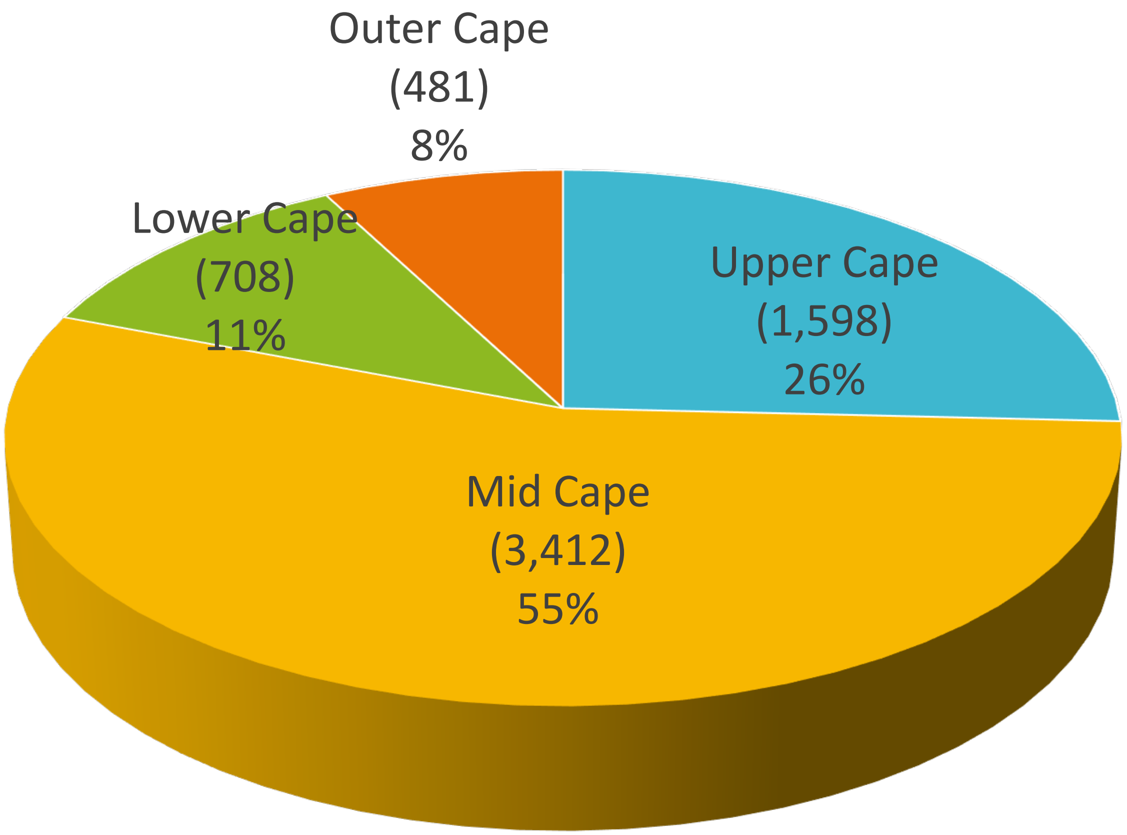


Population Forecast – Barnstable County 2025



YEAR	TOTAL	NET
2016	214,276	-345
2017	214,108	-168
2018	214,451	343
2019	215,310	859
2020	216,295	985
2021	217,244	949
2022	218,148	905
2023	219,041	893
2024	219,930	889
2025	220,820	890
Total		**6199**

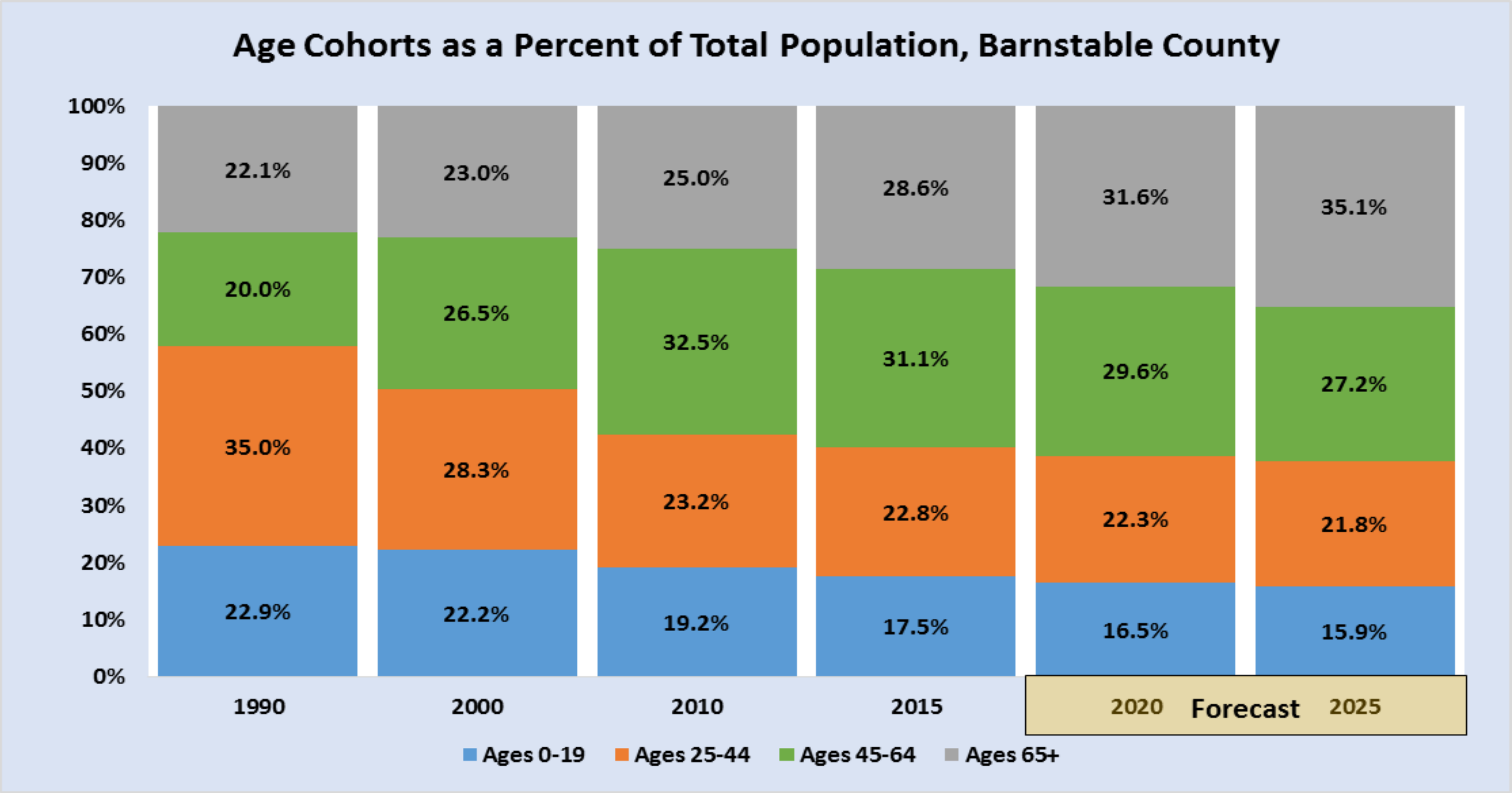
Population by Sub-Region 2016 - 2025



TOTAL POPULATION				
Year	Upper Cape	Mid Cape	Lower Cape	Outer Cape
2016	85,703	81,904	34,023	12,646
2020	86,176	83,094	34,217	12,807
2025	87,517	85,325	34,841	13,137

NET POPULATION GROWTH				
Year	Upper Cape	Mid Cape	Lower Cape	Outer Cape
2020	256	1,181	84	151
2025	1,598	3,412	708	481

Population by Age Cohorts



New Population Upper Cape 2016 - 2025

YEAR	BOURNE	FALMOUTH	MASHPEE	SANDWICH
2020	-3	89	153	18
2025	225	644	441	288

New Population Mid Cape 2016 - 2025

YEAR	BARNSTABLE	DENNIS	YARMOUTH
2020	564	391	226
2025	1,708	943	761

New Population Lower Cape 2016 - 2025

YEAR	BREWSTER	CHATHAM	HARWICH	ORLEANS
2020	-99	93	-3	93
2025	19	264	167	259

New Population Outer Cape 2016 - 2025

YEAR	EASTHAM	PROVINCETOWN	TRURO	WELLFLEET
2020	108	44	5	-5
2025	274	137	40	30

3.3% population growth

5.5% increase in employment

KEY TAKEAWAYS

Household Forecast

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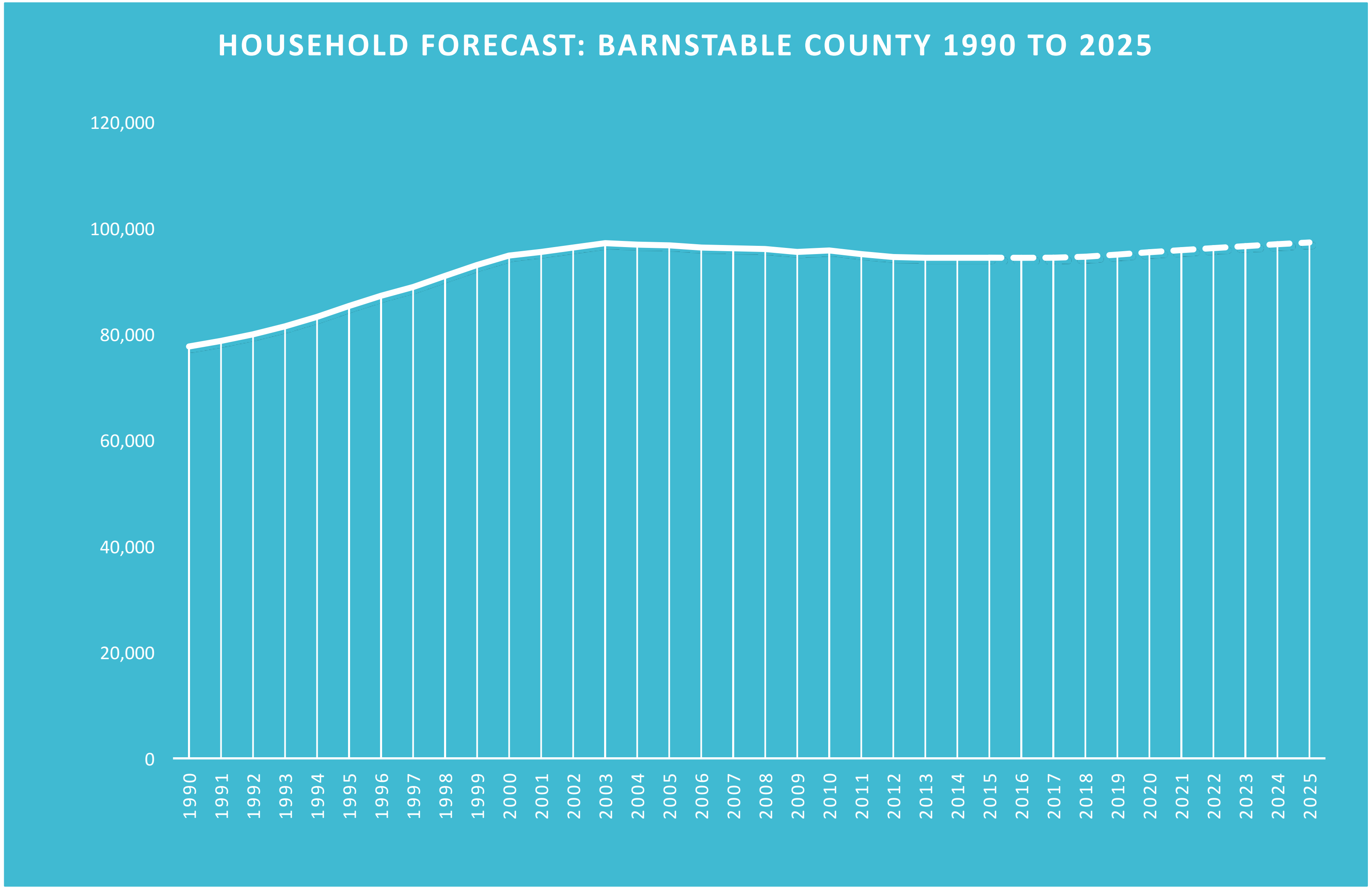
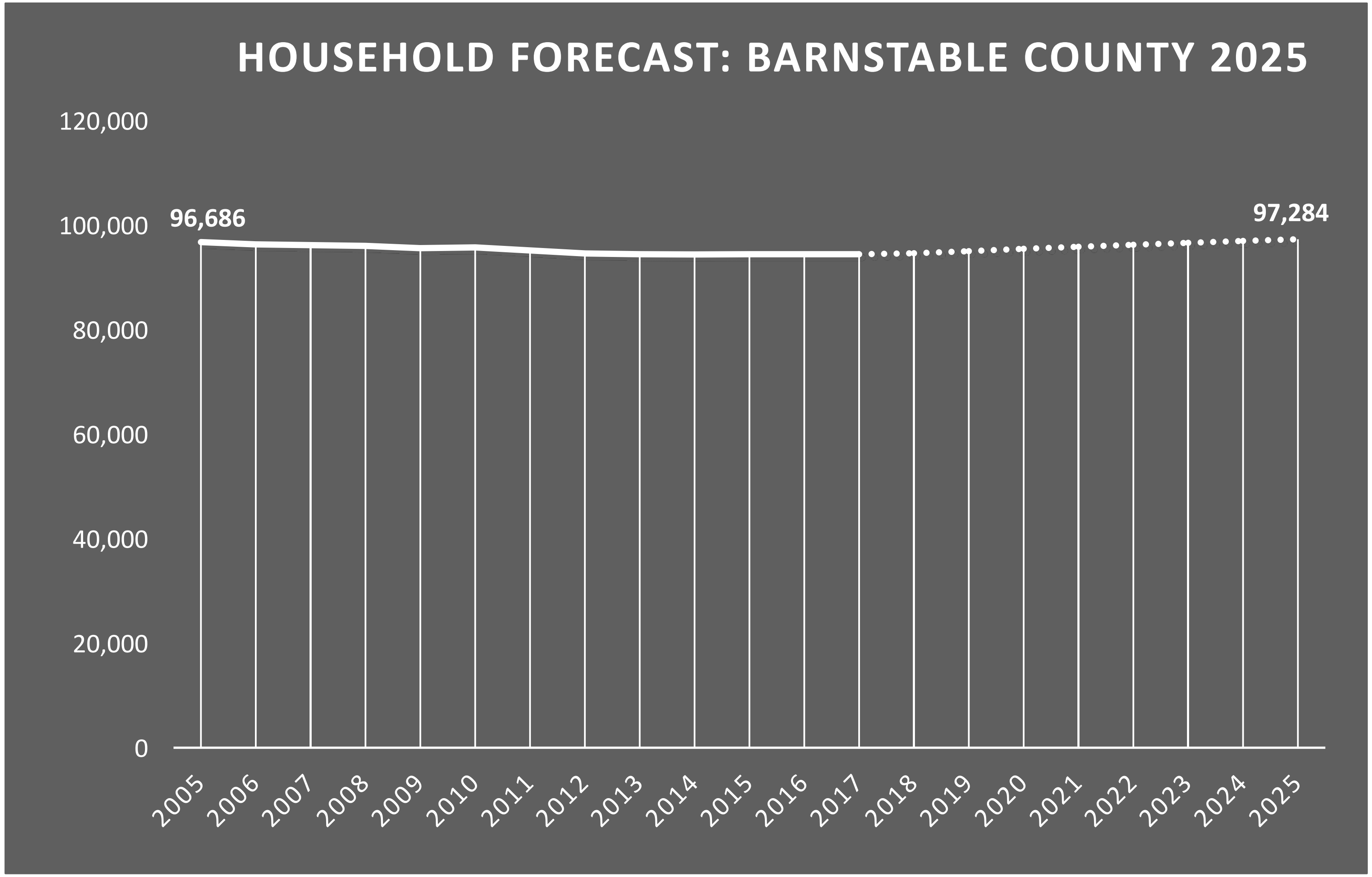
.66% Annual Growth Rate 1990 to 2025

.34% Annual Growth from 2016 to 2025



Household Forecast: Barnstable County 2025



YEAR	TOTAL	NET
2016	94,392	-25
2017	94,412	20
2018	94,601	189
2019	94,999	398
2020	95,453	454
2021	95,843	390
2022	96,223	380
2023	96,596	374
2024	96,960	364
2025	97,284	324
Total		**2,867**

New Households Upper Cape 2016 - 2025

YEAR	BOURNE	FALMOUTH	MASHPEE	SANDWICH
2020	91	150	65	83
2025	252	414	179	229

New Households Mid Cape 2016 - 2025

YEAR	BARNSTABLE	DENNIS	YARMOUTH
2020	214	75	119
2025	592	207	330

New Households Lower Cape 2016 - 2025

YEAR	BREWSTER	CHATHAM	HARWICH	ORLEANS
2020	47	31	60	32
2025	130	86	165	87

New Households Outer Cape 2016 - 2025

YEAR	EASTHAM	PROVINCETOWN	TRURO	WELLFLEET
2020	25	20	9	17
2025	70	54	25	47

3.4% increase in Households

Growth faster than population since household size is decreasing

KEY TAKEAWAYS

DISCUSSION

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Focus Groups

Focus Groups

RETIREES

<u>Key Takeaways</u>

Two groups of >65

The increase in >65 are new in-migrants. Locals are leaving

Downsizing isn’t easy

EMPLOYERS

<u>Key Takeaways</u>

Very difficult to run a business

95% employees live on Cape

Plenty of jobs

Supply is too low

Gov’t intervention

YOUNG PROFESSIONALS

<u>Key Takeaways</u>

All were paying <30% income

Easier and cheaper to purchase than rent

Those who stay are locals. In-migrants leave.

RENTERS

<u>Key Takeaways</u>

Large barriers to entry

Personal finances prevent ownership

Lack of housing choice - need smaller units

No supply - nothing is advertised

DISCUSSION

Housing Supply and Unit Demand Forecasts

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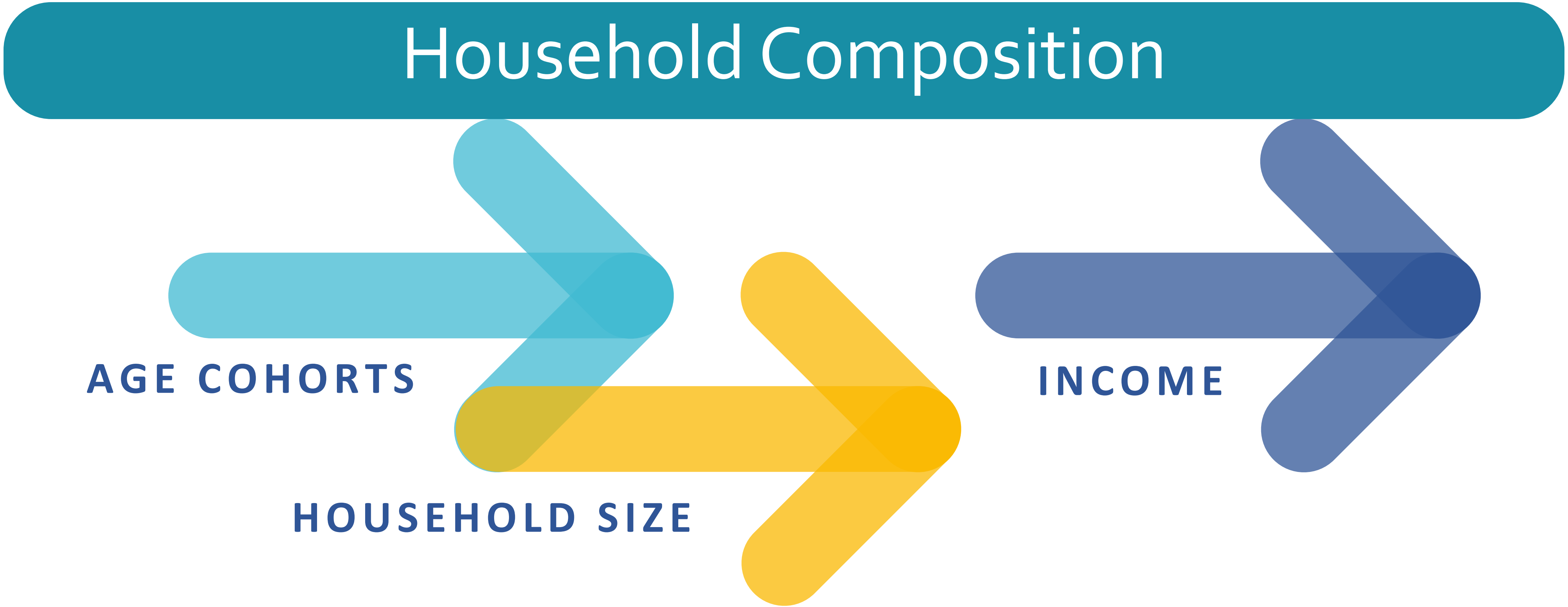
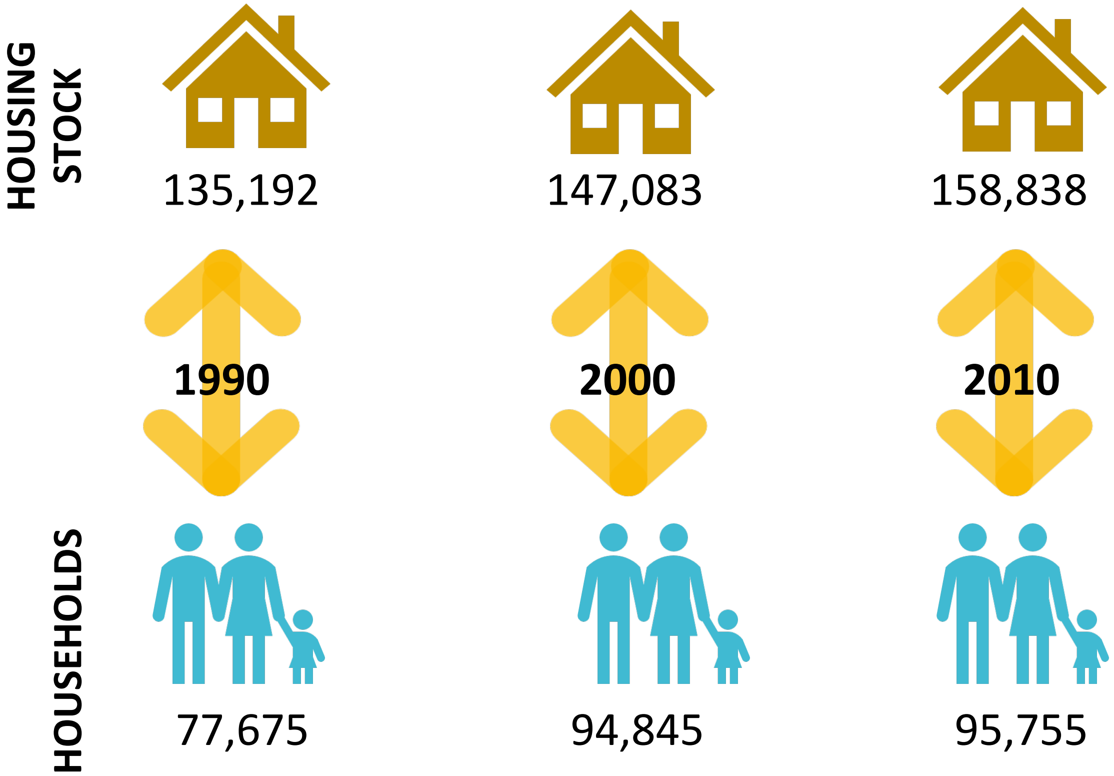
What Drives Demand for Housing Units ?



Housing Supply and Unit Demand Forecasts

Historic relationship between households and unit stock are statistically modelled and forecasted



Relationship Variables include:

- Age Cohorts
  (0-19; 20-24; 25-44; 45-64; and >64)
- Household Size
- Income
- Model gives greater weight to years closer to the present

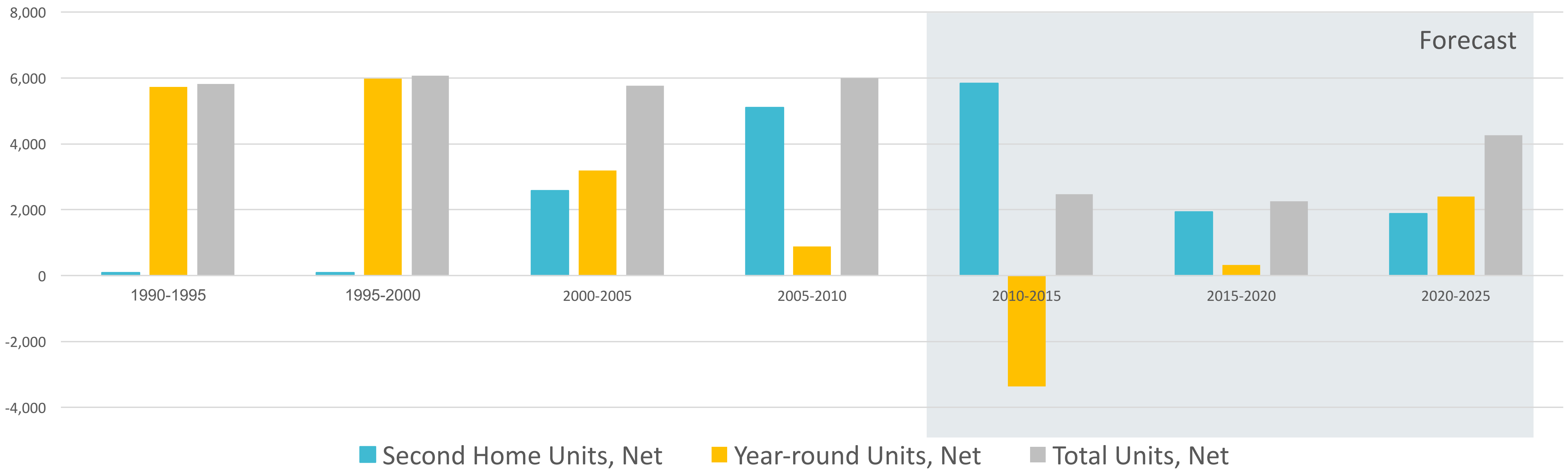
Housing Supply and Unit Demand Forecasts

Historic relationship between households and unit stock are statistically modelled and forecasted

	1990	2000	2010	2015	2020	2025
HOUSING STOCK	135,192	147,083	158,838	161,311	162,863	167,739
HOUSEHOLDS	77,675	94,845	95,755	94,417	95,405	97,236

Second Home Dynamics

YEAR ROUND AND SECOND HOMES



SECOND HOME MARKET IS HIGHLY VOLATILE

- 2000 to 2010 - decreases in lending regulations and strong economy produced high activity
- **1990 to 2000 – very few seasonal units – WHY?**
- 2010 to 2015 - steep decline in year round housing market created “open field” for second home buyers.

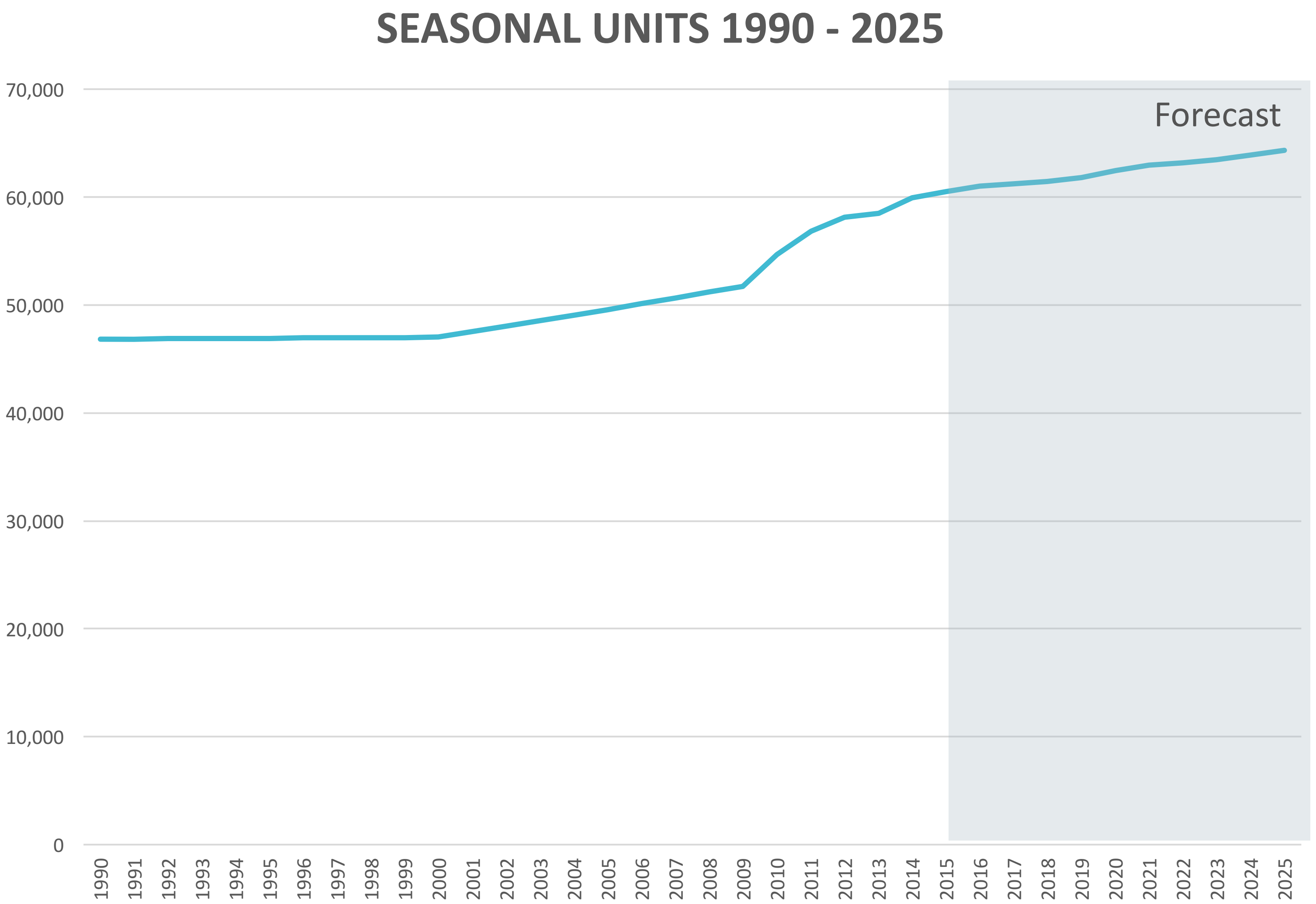
Return to normal economic conditions will not reverse the seasonal vs year round relationship.

Seasonal Units

3,802 new units

.6% annual growth next 10 years

from 2000-2010 grew (1.5%)

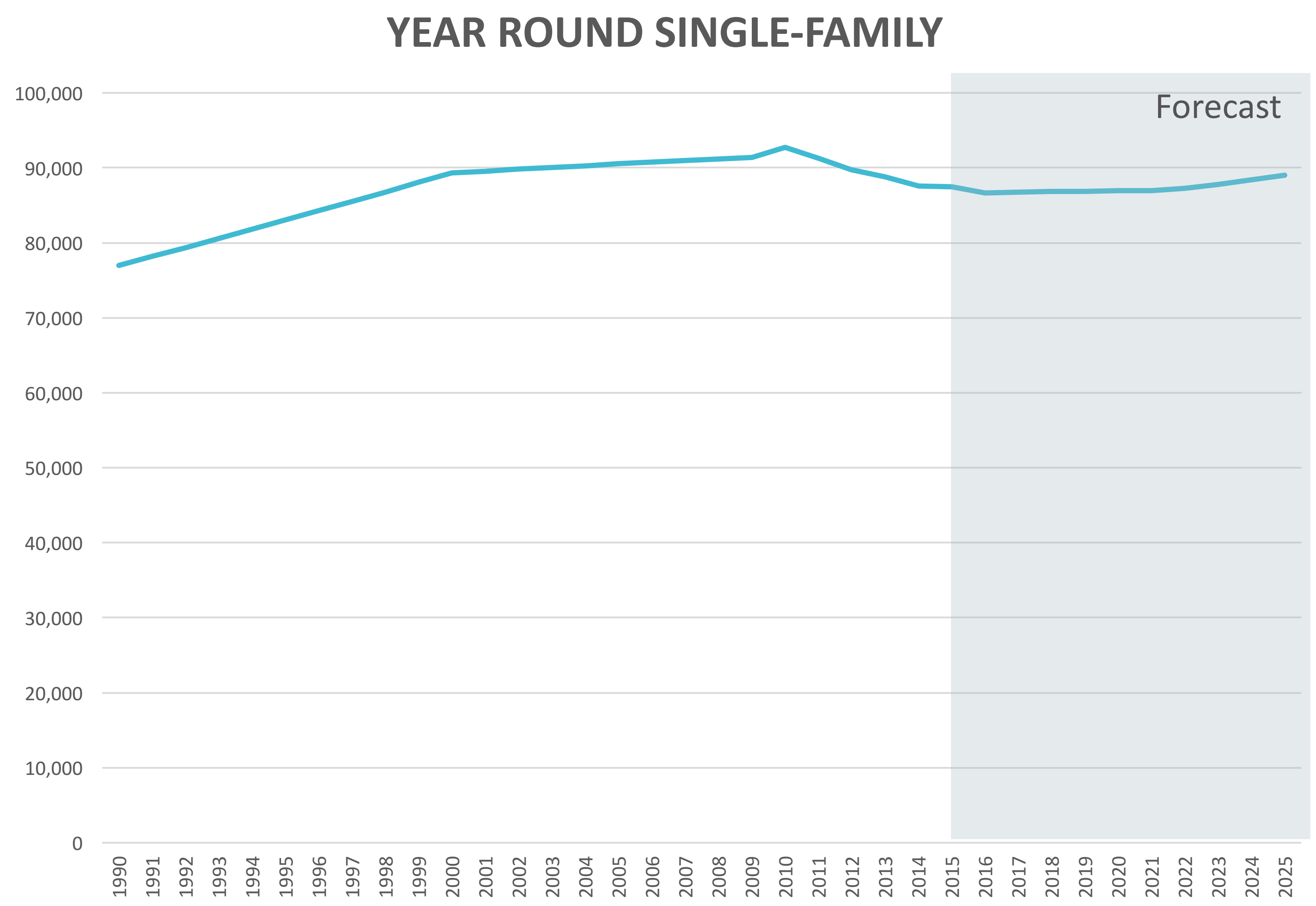


Year Round Single Family

1,576 new units

.18% annual growth

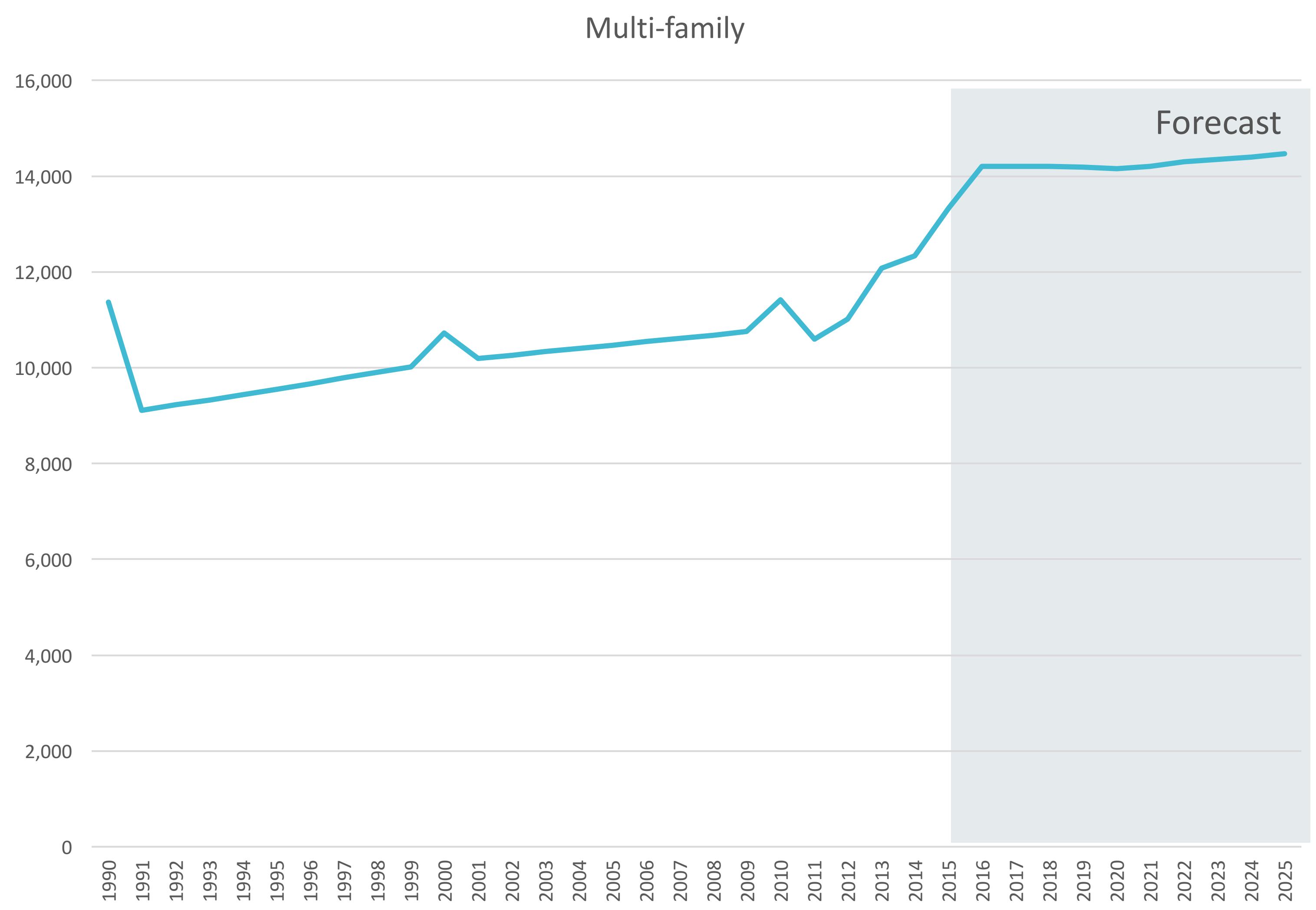
Expect to lose 500 SF units to seasonal conversions



Year Round Multi-family

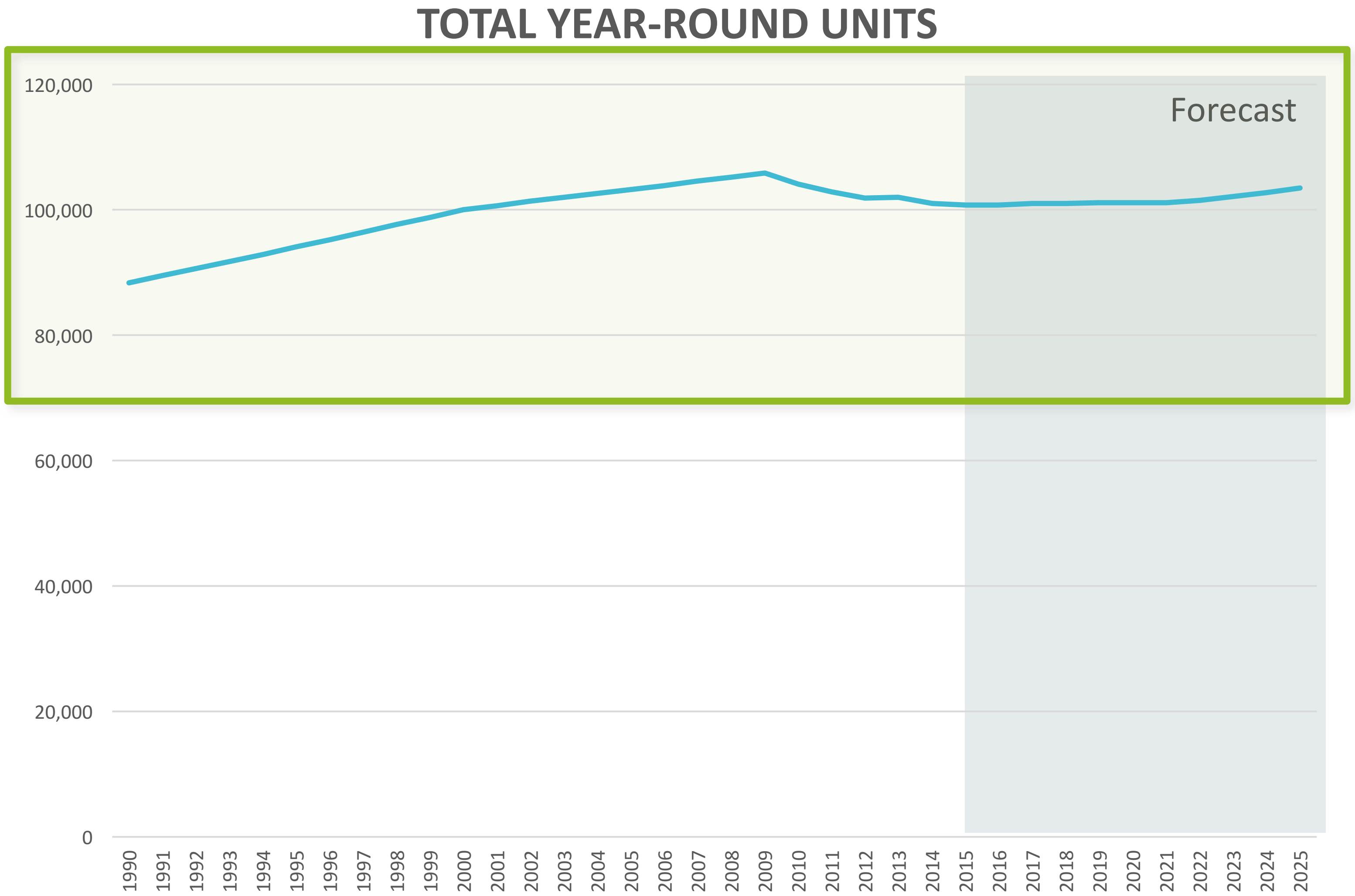
New growth of 1,136 units over 10 years based on recent past (8% growth rate)

1,919 units from 2010 to 2015 (1.5% AG)



Total Year Round Units

.27% AG in next 10 years compared to -.24% in last decade

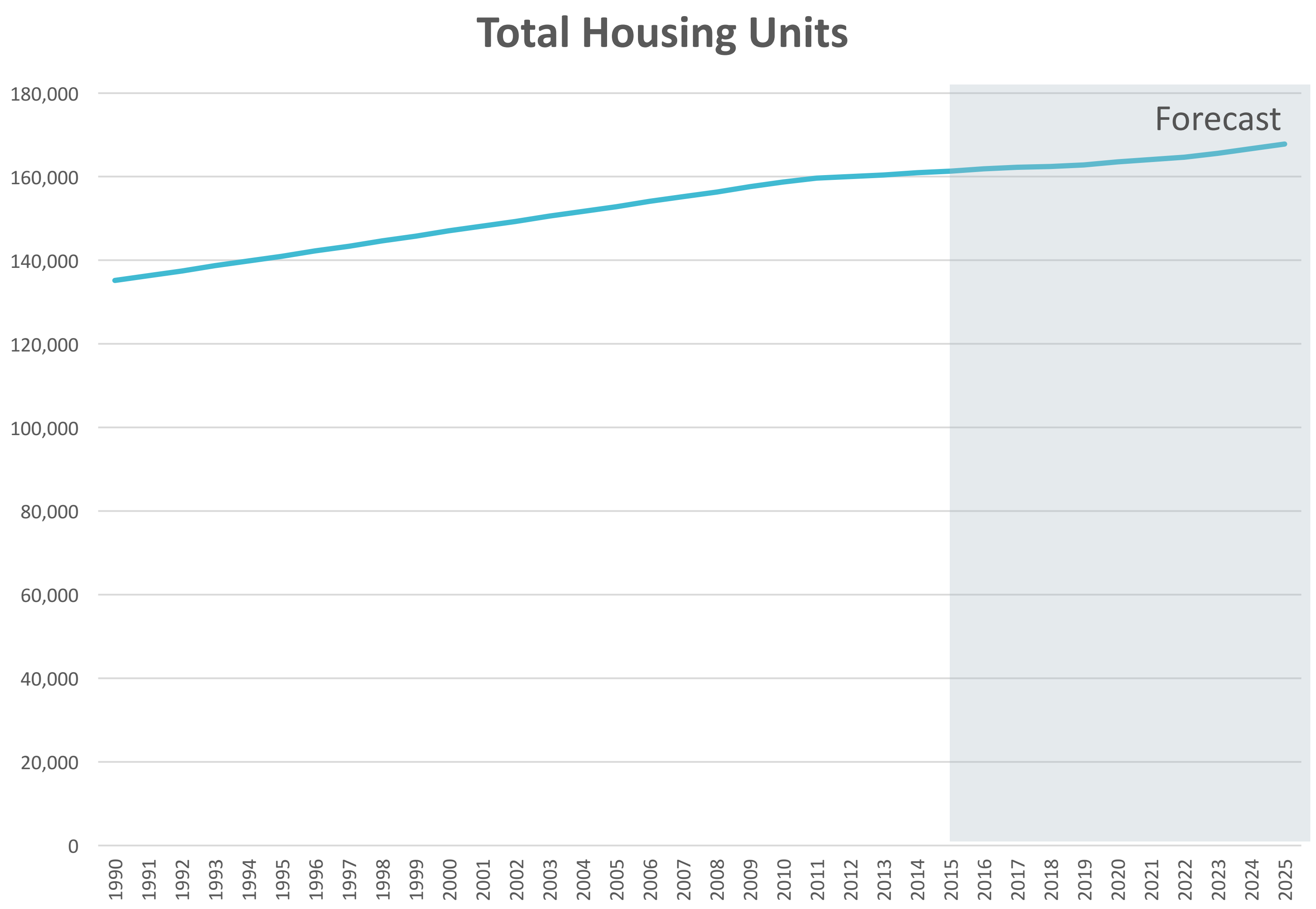


Total Housing Units

6500 new Units

4.% growth over 10 years

Slower than historical ave (7.1% from 1990)



Summary Housing Unit vs Households

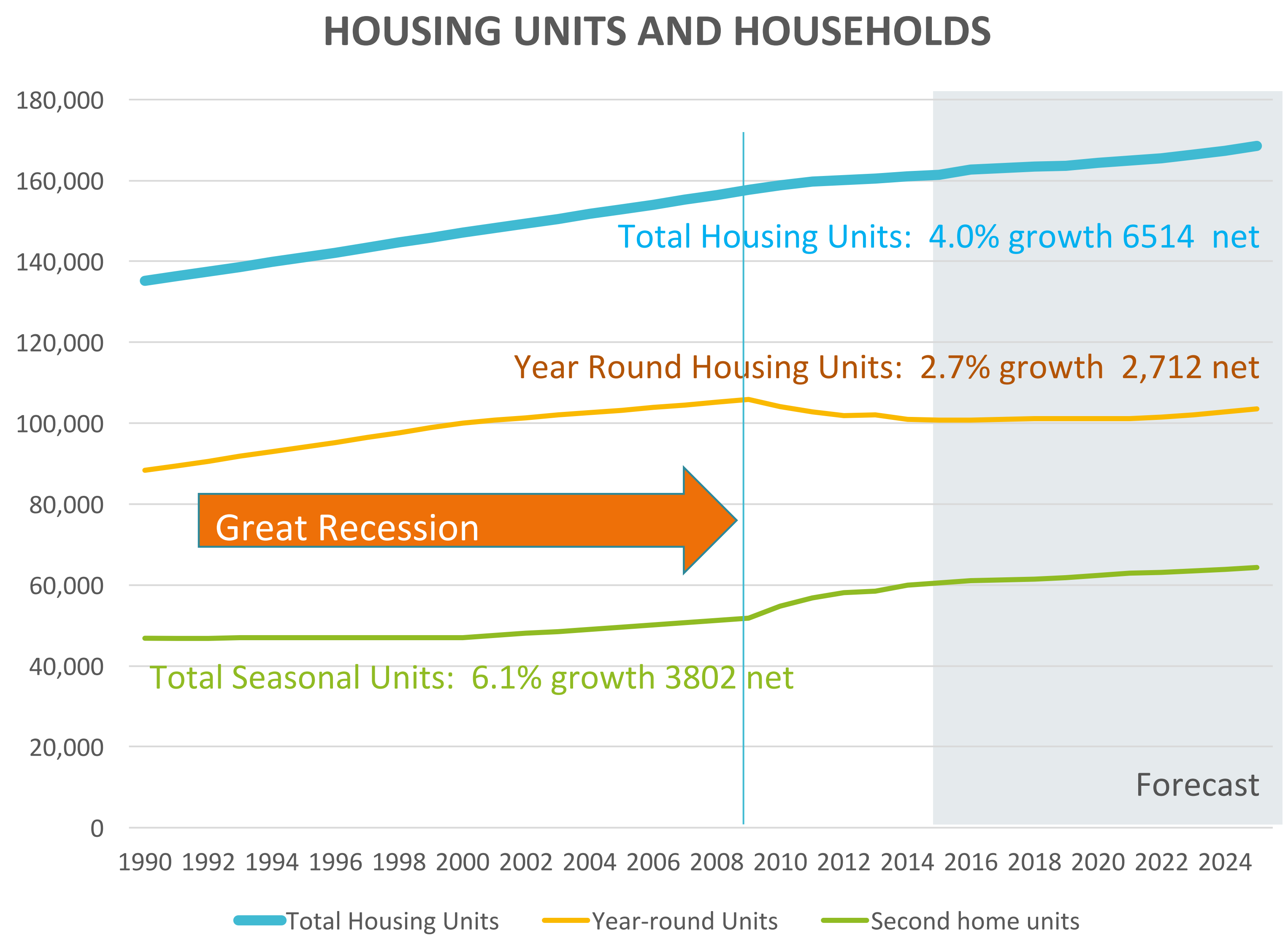
	Total		Net Change	% change
	2015	2025	2015-2025	2015-2025
Total Housing Units	**161,311**	**167,825**	**6,514**	**0.40%**
Year-round Units	**100,780**	**103,492**	**2,712**	**0.27%**
Single-family	87,451	89,027	1,576	0.18%
Multi-family	13,329	14,465	1,136	0.82%
Tenure, owner	*79,415*	*81,552*	*2,137*	*0.27%*
Tenure, renter	*21,365*	*21,940*	*575*	*0.27%*
Seasonal units	**60,531**	**64,333**	**3,802**	**0.61%**
Other-mobile	882	724	(158)	-1.95%
Households	**94,417**	**97,236**	**2,819**	**0.29%**

Under Existing Policy:

Year round housing units are growing slower than households

Seasonal units are growing twice as fast as year round units

Great Recession had a lasting impact on year round housing supply



KEY TAKEAWAYS

Single family Year Round units are competing against a very strong opponent (Seasonal Units)

Conversions will continue and present supply challenges

Without seasonal unit challenges there would be adequate supply

Multifamily units will show growth

Gap between households and units available widening

DISCUSSION

In closing

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Cape Cod Regional Housing Market Supply Study

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Demographics is not Destiny

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The Regional Policy Plan and Housing

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To enable a substantial segment of the population to secure housing opportunity and to enable a housing supply capable of supporting social and income diversity and absorbing impacts of the seasonal fluctuation in economic activity.

How Can I Participate?

Lower Cape
- Weds May 3.
- 1:30pm-3:00pm
- Chatham Community Center

Mid Cape
- Weds May 3
- 6pm-7:30pm
- Cape Cod Commission

Upper Cape
- Thursday May 4
- 9am-10:30am
- Mashpee Town Hall

Outer Cape
- Thursday May 4
- 2:30pm-4pm Wellfleet Library

JUNE
- ADDITIONAL SUB –REGIONAL MEETINGS
- OneCAPE

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For more information:

www.capecodcommission.org/housingstudy

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