





Residential Market Analysis -- Strategy Planning Guidelines -- Whitewater, Wisconsin

Prepared on behalf of:
City of Whitewater

Presented by
Tracy Cross & Associates, Inc.
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TRACY CROSS & ASSOCIATES, INC.
REAL ESTATE MARKET ANALYSIS
1375 E. WOODFIELD ROAD, SUITE 520
SCHLAUMBURG, IL 60173
t 847.925.5400 / info@tcrossinc.com
www.tcrossinc.com

Assignment Goals and Objectives

- ▶ Forward an understanding of relevant market trends as they may impact future housing development potentials throughout Whitewater and surrounding areas (i.e., the Whitewater Market Area).
- ▶ Provide an assessment of the residential marketplace in order to characterize the state of the housing market today and going forward.
- ▶ Provide detailed planning guidelines, product development criteria and rent/price recommendations for the City of Whitewater to plan for the appropriate spectrum of new construction housing options for current/future households. These guidelines are intended to meet the demands of the market and allow participating builders/developers to achieve reasonable/acceptable rates of absorption or sales at attainable rents/prices.

Market Conditions - A Snapshot

-- Whitewater Market Area --

- ▶ The apartment market is in an extremely tight condition and demand for additional conventional apartments is strong at varying rent levels.
- ▶ Supply has not been sufficient enough in recent years to keep up with demand.
- ▶ Supply-side constraints also exist in the for sale sector of the market, especially at certain (lower to moderate) price points.
- ▶ Rising new construction home prices and the lack of certain for sale housing product market-wide has resulted in an abnormal differential between the new construction and resale sectors of the market. This is putting extreme pressure on the existing home market.
- ▶ Current new construction for sale housing product does not align with the bulk of area incomes. As such, the mainstream (middle) of the market is currently disenfranchised.

Residential Demand Potentials

- ▶ Residential demand in the Whitewater Market Area will average 400 units annually over the next five years, or 2,000 units total, distributed as follows:

	<u>Annual</u>	<u>Total Through 2028</u>
<u>New For Sale Housing</u>	225	1,125
Single Family Detached	150	750
Townhome/Duplex/Condominium	75	375
<u>New Conventional Rental Housing</u>	175	875
<i>Total:</i>	<i>400</i>	<i>2,000</i>

- ▶ Demand potentials could be higher during a given year with the introduction of properly positioned product.
- ▶ It is highly likely that demand will exceed supply near term.

The Current Disconnect in the For Sale Sector

Price Range	Annual For Sale Housing Demand (As a Percent) Based Upon Current Incomes	Qualitative Distribution of Recent New Residential Closings (As a Percent)
Under \$250,000	10.5	1.1
250,000 - 299,999	19.2	5.6
300,000 - 349,999	27.5	18.9
350,000 - 399,999	15.3	24.3
400,000 - 449,999	9.9	19.9
450,000 - 499,999	6.2	13.7
500,000 - 599,999	5.1	7.7
600,000 & Above	6.3	8.8
Total	100.0	100.0
Median	----- \$336,908 -----	----- \$400,250 -----

Source: Tracy Cross & Associates, Inc. and Southeast Wisconsin Multiple Listing Service

For Sale Housing Price Points Required for Mainstream/Middle Market Households

Current Threshold of Homes Being Produced, Which Cannot be Afforded by Much of the Market

How Do We Meet Demand for New Housing Product?

- ▶ A true hierarchy of mainstream residential products must be established including both *conventional rental housing alternatives*, along with various *for sale/ownership options*. This hierarchy does not currently exist in Whitewater or the Whitewater Market Area.
- ▶ Work closely with builders/developers so that new communities are strategically positioned relative to product and rents/prices.
- ▶ Must think differently in terms of land planning, development and product design in order to achieve desired goal.
- ▶ Even with a disciplined planning and design approach, some incentives/concessions might be necessary.
- ▶ The entire effort must be orchestrated.



Product and Land Planning Guidelines

- ▶ Each product must be efficient and cost effective from a design standpoint (value-engineered). This can be achieved while still offering functional units and aesthetically appealing elevations.
- ▶ No wasted space.
- ▶ No basements / Optional basements.
- ▶ Four-corner (box-on-box) construction, although with desirable exteriors.
- ▶ Push densities by offering “to the street” product, smaller lot sizes, front-to-back living, some rear-access garages, and integrated housing forms.
- ▶ Strong use of colors versus complicated architecture or costly materials.
- ▶ Strategic and cost-conscious land planning and development. Consider a large-scale, master-planned community to be developed in phases.

A Full Continuum of Mainstream Housing Forms

Rental Housing



Attached For Sale



Single Family Detached For Sale



Discussion



