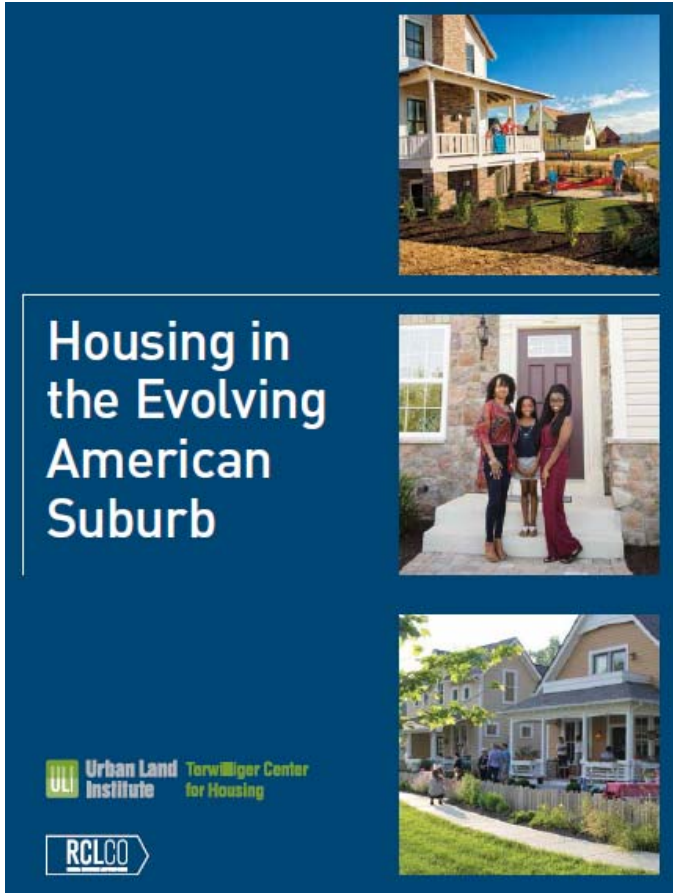


The Evolving Suburbs ***Multifamily Housing Performance in American*** ***Suburb Types***

Adam Ducker, Managing Director
NMHC Research Forum | April 5, 2017

RCLCO/ULI Suburbs Research

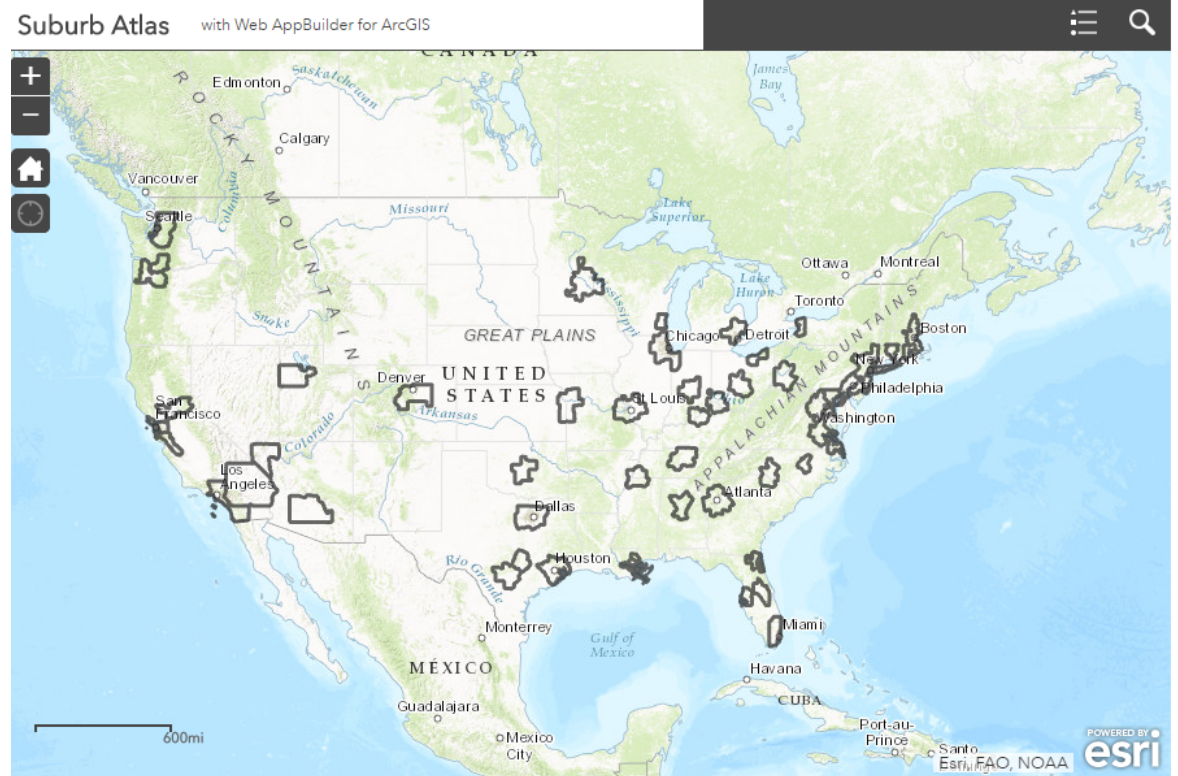


Housing in the Evolving American Suburb

ULI Urban Land Institute Terwilliger Center for Housing

RCLCO

Produced national report aggregating data, issues, and best practices from top 50 metros.



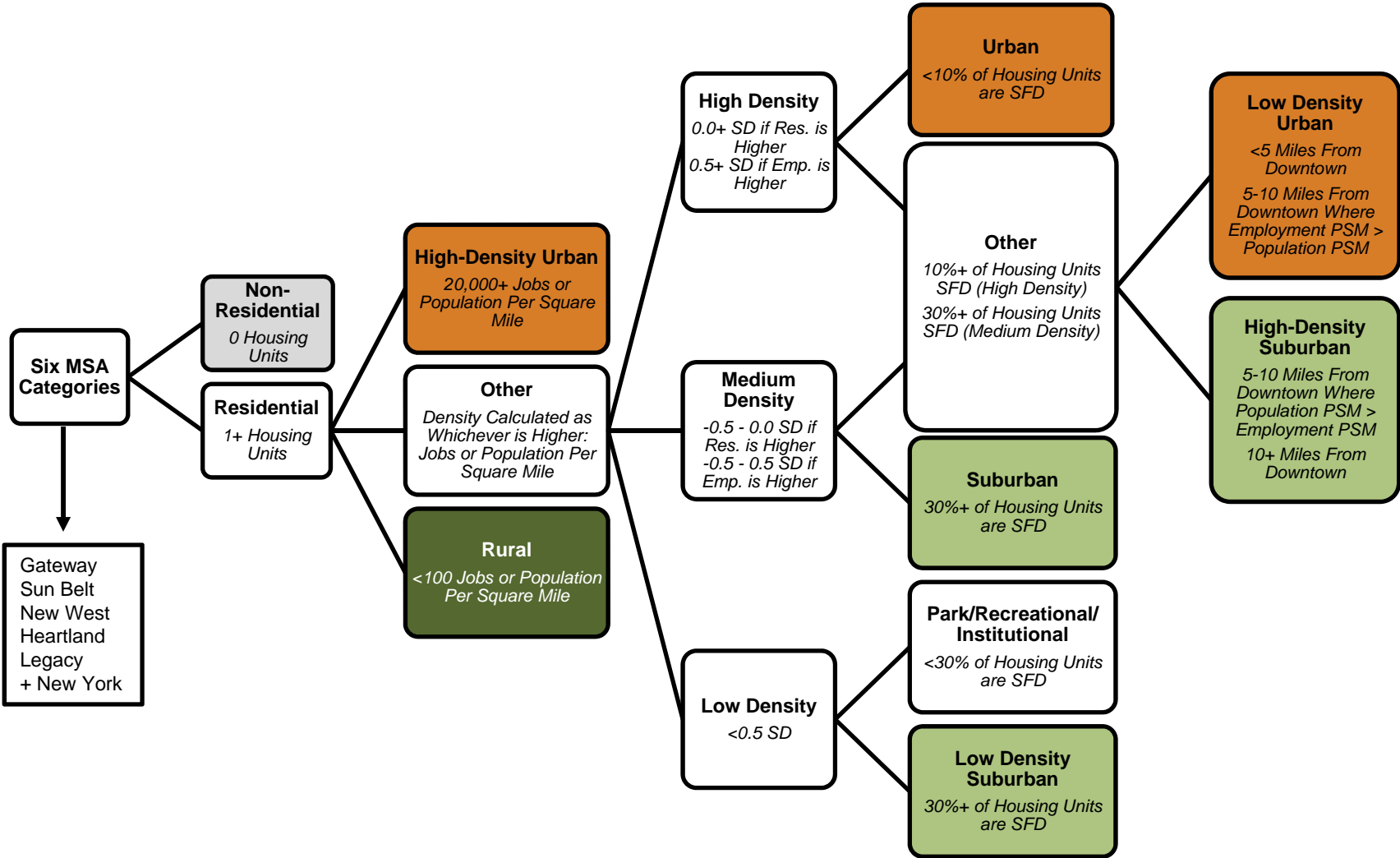
Created searchable on-line map showing the different types of suburbs in each of the top 50 metros:

<http://www.rclco.com/suburb-atlas>

The First Complication – No Longer Clear What “Suburban” Means and the Existing Definitions Don’t Work

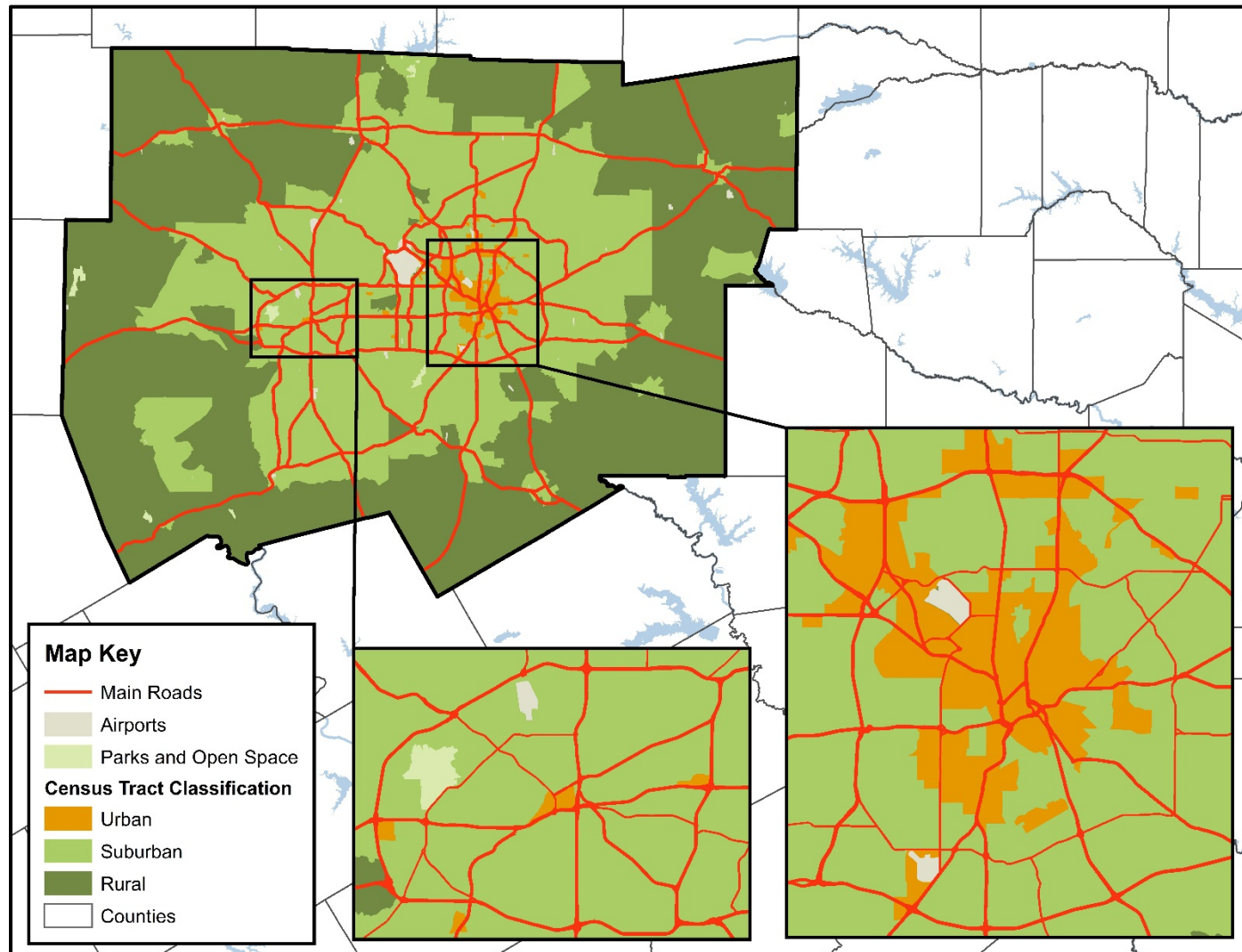
Existing Urban/Suburban Classification Methods:			
	<p>Houston, TX</p> <p>CITY SECTOR CATEGORIES Urban Core Auto-Suburban: Earlier Auto-Suburban: Later Auto-Exurban</p>	<p>The Woodlands</p> <p>Houston city limits 63% urban</p> <p>URBAN SUBURBAN RURAL</p>	<p>Bryan College Station San Houston National Forest The Woodlands Houston Springwood Humble Bay City Weston</p>
Name	Wendell Cox’s City Sector Model	Jed Kolko’s Methodology	Other Studies
Factors Used	Transportation, housing types, employment, zip code boundaries	Household density, survey asking how Americans describe where they live	Jurisdictional boundaries
Shortcomings	Produces very small urban cores, does not include rural areas within MSA boundaries	Applied same methodology to 50+ MSAs even though densities mean different things by different metro; too much urban in some, too much rural in others	In areas like Nashville, the principal city comprises a large portion of MSA, resulting in a lot more “urban” than there is; vice versa in areas like Boston

So We Developed a New Framework



And It Does a Better Job Describing the Setting In Which People Live

Urban, Suburban, and Rural Tracts; Dallas-Fort Worth-Arlington, TX MSA



Land Area:

1.3% **Urban**

40.5% **Suburban**

57.6% **Rural**

Population (2015):

9.4% **Urban**

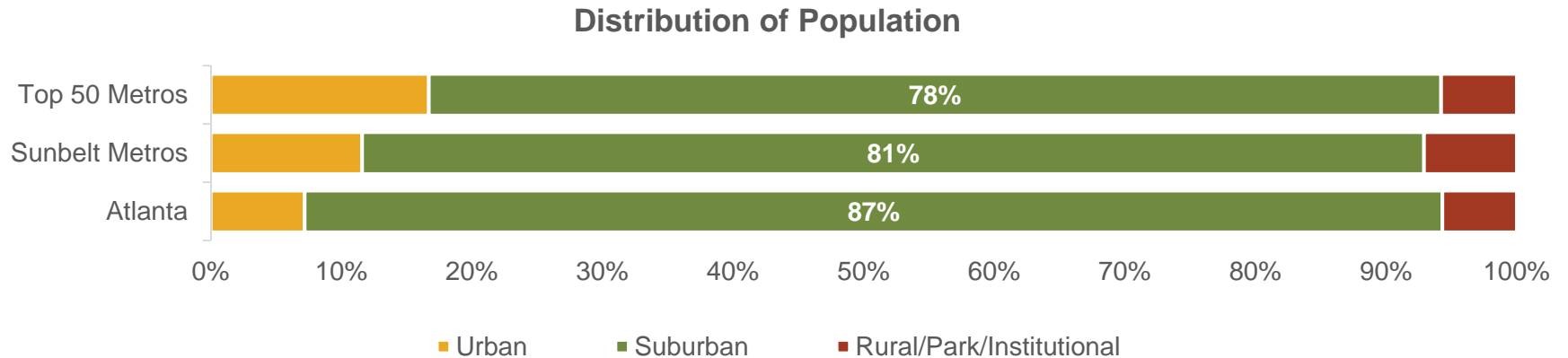
85.1% **Suburban**

5.6% **Rural**

Link to Website

Hopefully Go to Impromptu Zoom on Neighborhood, peer City's etc.

While "Intown" Gets the Headlines, Atlanta Is Still Very Suburban – Though Urban Neighborhoods Are Now Growing Faster

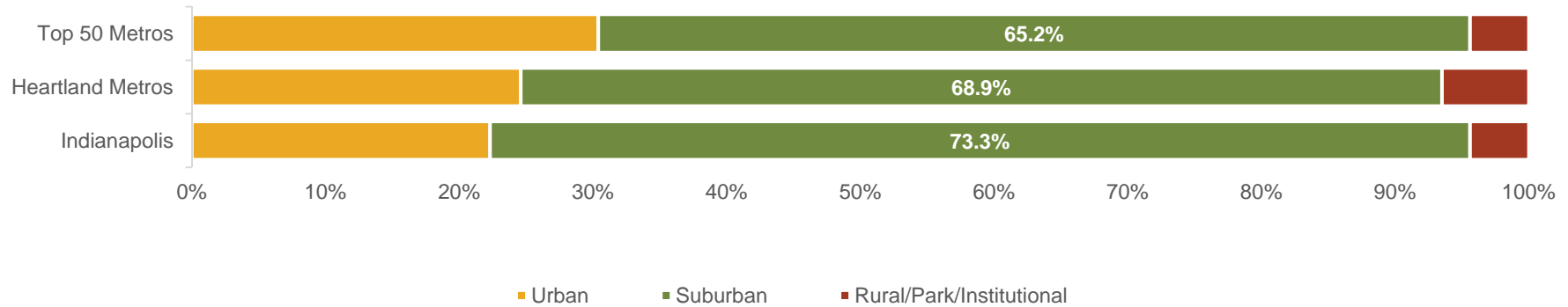


	DISTRIBUTION OF POPULATION		POPULATION GROWTH (2000-2015)		POPULATION GROWTH (2010-2015)	
	URBAN	SUBURBAN	URBAN	SUBURBAN	URBAN	SUBURBAN
NATIONAL						
Top 50 MSAs	16.7%	77.5%	1.4%	13.1%	3.4%	3.7%
REGIONAL						
Sunbelt	11.6%	81.3%	1.0%	26.6%	4.9%	6.9%
PEER CITIES						
Raleigh	10.5%	79.6%	6.9%	44.9%	6.9%	9.9%
Nashville	8.0%	73.1%	0.8%	25.8%	4.8%	7.6%
Dallas	9.9%	84.4%	-1.9%	27.4%	6.2%	7.3%
ATLANTA	7.2%	87.1%	5.7%	26.0%	5.7%	4.7%

Source: RCLCO; ESRI Business Analyst

The Job Base Is Still in the Suburbs, But Indianapolis is Outpacing Peer Cities in Urban Employment Growth

Distribution of Employment

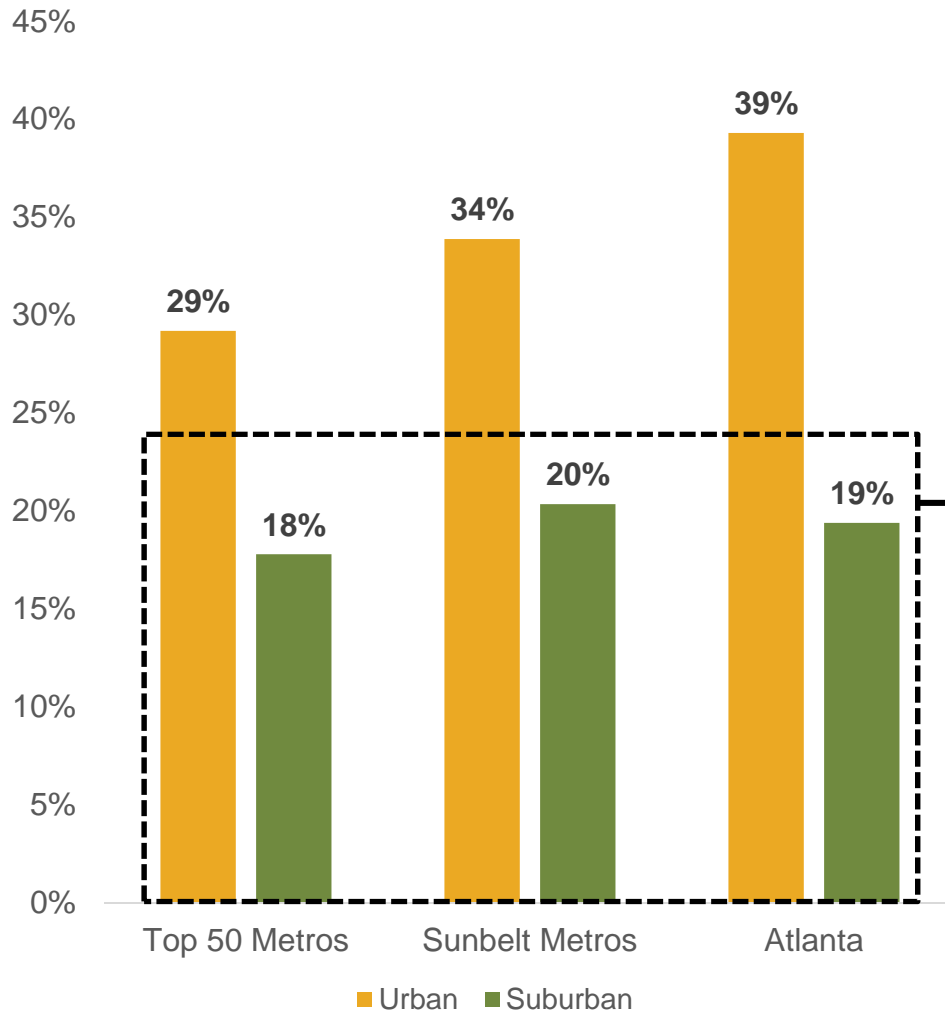


	DISTRIBUTION OF EMPLOYMENT		EMPLOYMENT GROWTH (2005-2010)		EMPLOYMENT GROWTH (2010-2014)	
	URBAN	SUBURBAN	URBAN	SUBURBAN	URBAN	SUBURBAN
NATIONAL						
Top 50 Metros	30.4%	65.2%	7.5%	-0.3%	6.4%	9.6%
REGIONAL						
Heartland	24.6%	68.9%	-2.5%	0.3%	4.6%	7.9%
PEER CITIES						
Columbus	24.6%	68.2%	-0.2%	0.0%	4.0%	12.4%
Louisville	32.4%	58.3%	-1.3%	2.5%	8.1%	7.4%
Kansas City	17.5%	71.2%	-1.9%	1.4%	-2.2%	11.9%
Indianapolis	22.3%	73.3%	1.2%	0.0%	8.4%	9.4%

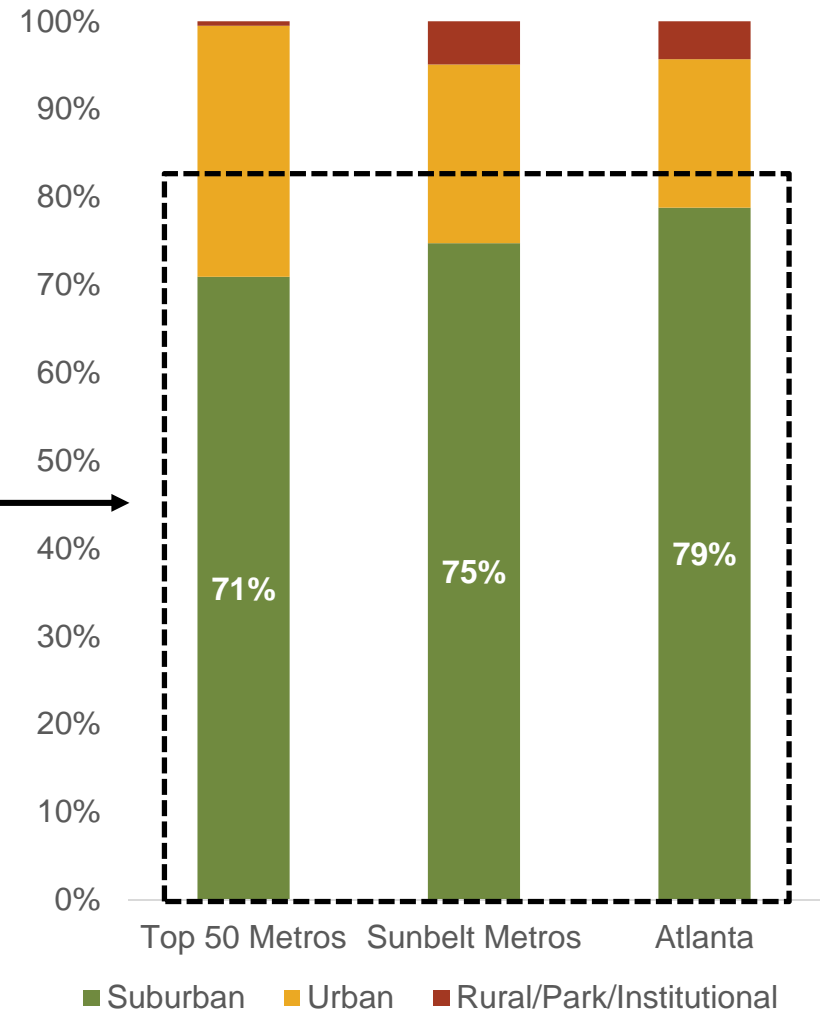
Source: RCLCO; Longitudinal Employer-Household Dynamics (LEHD)

Atlanta Millennials – Surprisingly Suburban

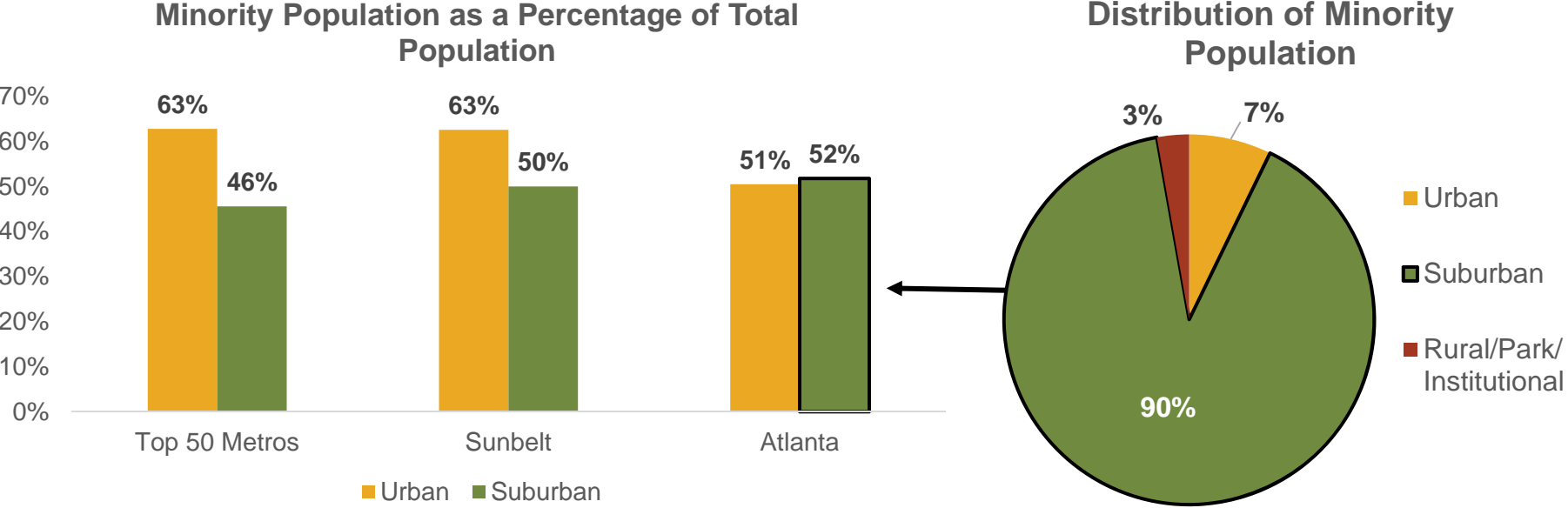
What Percentage of Households are Under 35?



Where Do All Households Under 35 Live?



Suburbs Are Highly Diverse in Atlanta









	DISTRIBUTION OF MINORITY POPULATION		PERCENT MINORITY	
	URBAN	SUBURBAN	URBAN	SUBURBAN
NATIONAL				
Top 50 MSAs	21.9%	73.7%	62.8%	45.6%
REGIONAL				
Sunbelt	14.3%	80.0%	62.6%	50.0%
PEER CITIES				
Raleigh	13.8%	78.0%	51.4%	38.3%
Nashville	15.6%	76.2%	53.6%	28.5%
Dallas	11.7%	84.8%	64.5%	54.8%
ATLANTA	7.2%	90.0%	50.5%	51.8%

Source: RCLCO; ESRI Business Analyst

Suburbs Now More About Diversity than Uniformity – and so a Framework for Thinking About these Places Emerges

CLASSIFICATION OF SUBURB TYPE				
	Less Than 5 Miles From Downtown	5-10 Miles From Downtown	10-15 Miles From Downtown	More Than 15 Miles From Downtown
High Density Urban				
High Value	Urban			
Middle Value				
Low Value				
Urban				
High Value	Urban			
Middle Value				
Low Value				
Low Density Urban				
High Value	Urban			
Middle Value				
Low Value				
High Density Suburban				
High Value	Established High-End	Established High-End	Established High-End	Established High-End
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income
Low Value	Economically Challenged	Economically Challenged	Economically Challenged	Economically Challenged
Suburban				
High Value	Established High-End	Established High-End	Established High-End	Established High-End
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income
Low Value	Economically Challenged	Economically Challenged	Economically Challenged	Economically Challenged
Low Density Suburban				
High Value	Established High-End	Established High-End	Established High-End	Greenfield Lifestyle
Middle Value	Stable Middle-Income	Stable Middle-Income	Stable Middle-Income	Greenfield Lifestyle
Low Value	Economically Challenged	Economically Challenged	Greenfield Value	Greenfield Value

	Urban
	Established High-End
	Stable Middle-Income
	Economically Challenged
	Greenfield Lifestyle
	Greenfield Value

Established High-End:

High home values and established development patterns

Stable Middle-Income:

Wide variety of home values that are attainable to a range of households

Economically Challenged:

Lower home values and have seen little to no population growth in recent years

Greenfield Lifestyle:

Bulk of new community development at or close to suburban fringe, typically adjacent to established high-end suburbs

Greenfield Value:

At suburban fringe, often adjacent to stable or economically challenged areas or near low-wage job concentrations

Atlanta Region Suburbs Characterized

Examples:

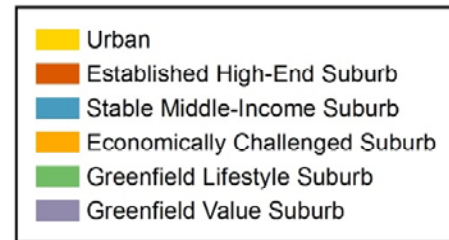
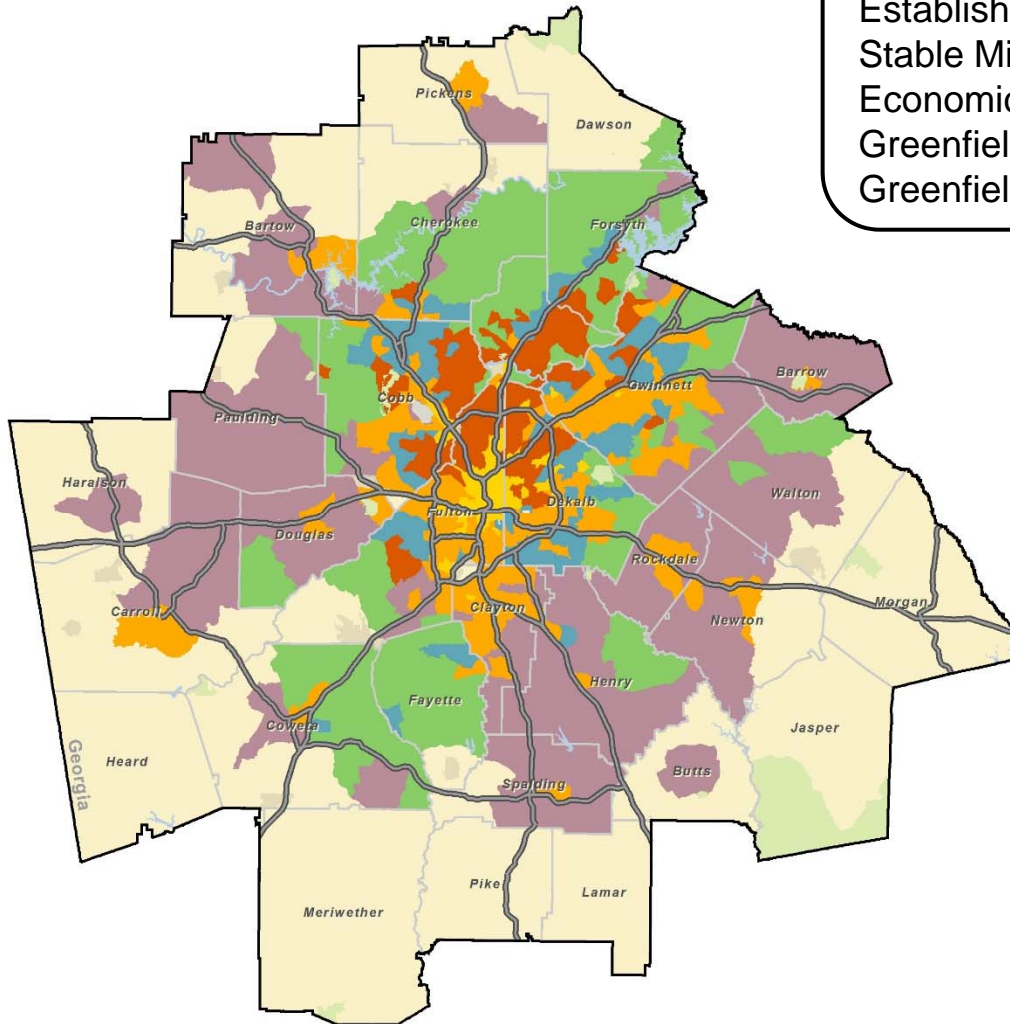
Established High-End: **Sandy Springs, Decatur**

Stable Middle-Income: **Kennesaw, Redan**

Economically Challenged: **Lawrenceville, College Park**

Greenfield Lifestyle: **Cumming, Palmetto**

Greenfield Value: **McDonough, Dallas**



Established High-End Suburbs

In the Atlanta-Sandy Springs-Roswell, GA MSA:

14% of total population

16% of suburban population

34% minority

\$88,900 median income

40 median age

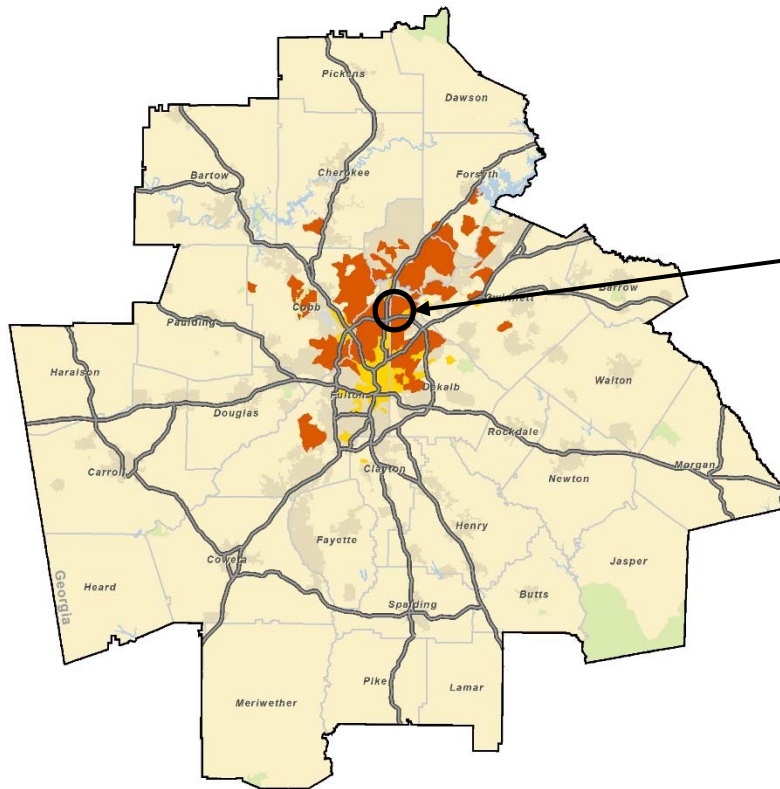
35% households with kids

19% households under 35

1985 median year build

32% renter-occupied units

7% housing units in buildings with 50+ units



Development Example: **Citizen Perimeter**

Location: Sandy Springs, GA

Product: Five-story apartment building with “wrap” parking and access to MARTA and Perimeter Mall

Price Point: \$1.90 PSF, versus \$0.90-\$1.75 PSF for older (before 2000) buildings

Source: RCLCO; ESRI Business Analyst; Redfin; Community Websites

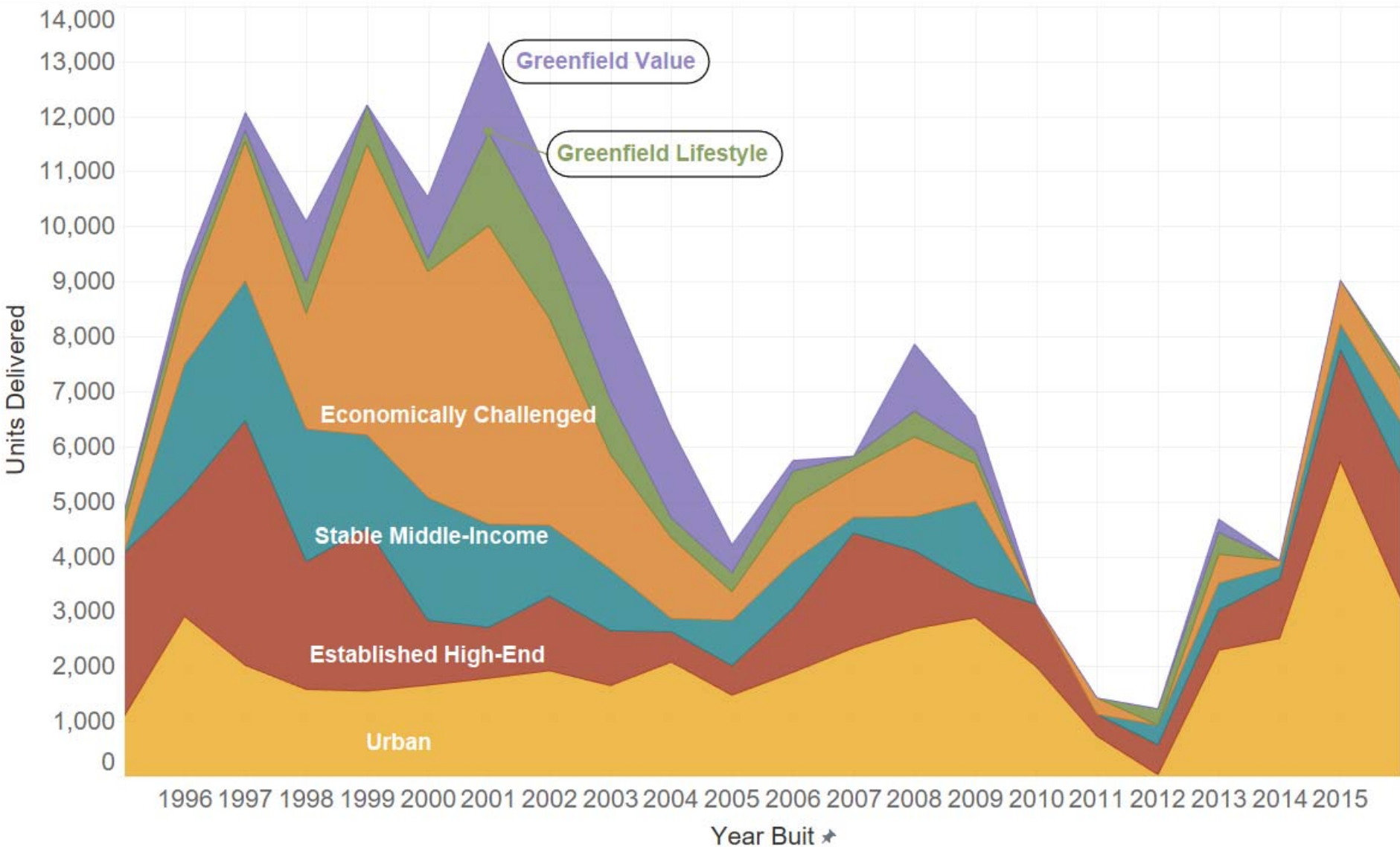
But Still Multifamily Product Somewhat Evenly Split Between Urban and Suburbs

Distribution of Units in Multifamily (50+ Units) Buildings Atlanta and Select Peer Cities

MSA	Overall Urban	Suburban Typologies					Overall Suburban
		Established High-End	Stable Middle-Income	Economically Challenged	Greenfield Lifestyle	Greenfield Value	
Charlotte	45%	19%	8%	19%	6%	3%	55%
Dallas	45%	15%	16%	19%	2%	1%	54%
Miami	53%	12%	9%	24%	1%	0%	46%
Nashville	39%	14%	4%	29%	5%	5%	57%
Orlando	41%	21%	4%	24%	7%	3%	58%
Raleigh	33%	37%	6%	17%	2%	5%	67%
Washington, D.C.	67%	9%	9%	10%	1%	1%	31%
Atlanta	50%	23%	6%	15%	3%	3%	49%

Source: RCLCO; ESRI Business Analyst; Redfin; Community Websites

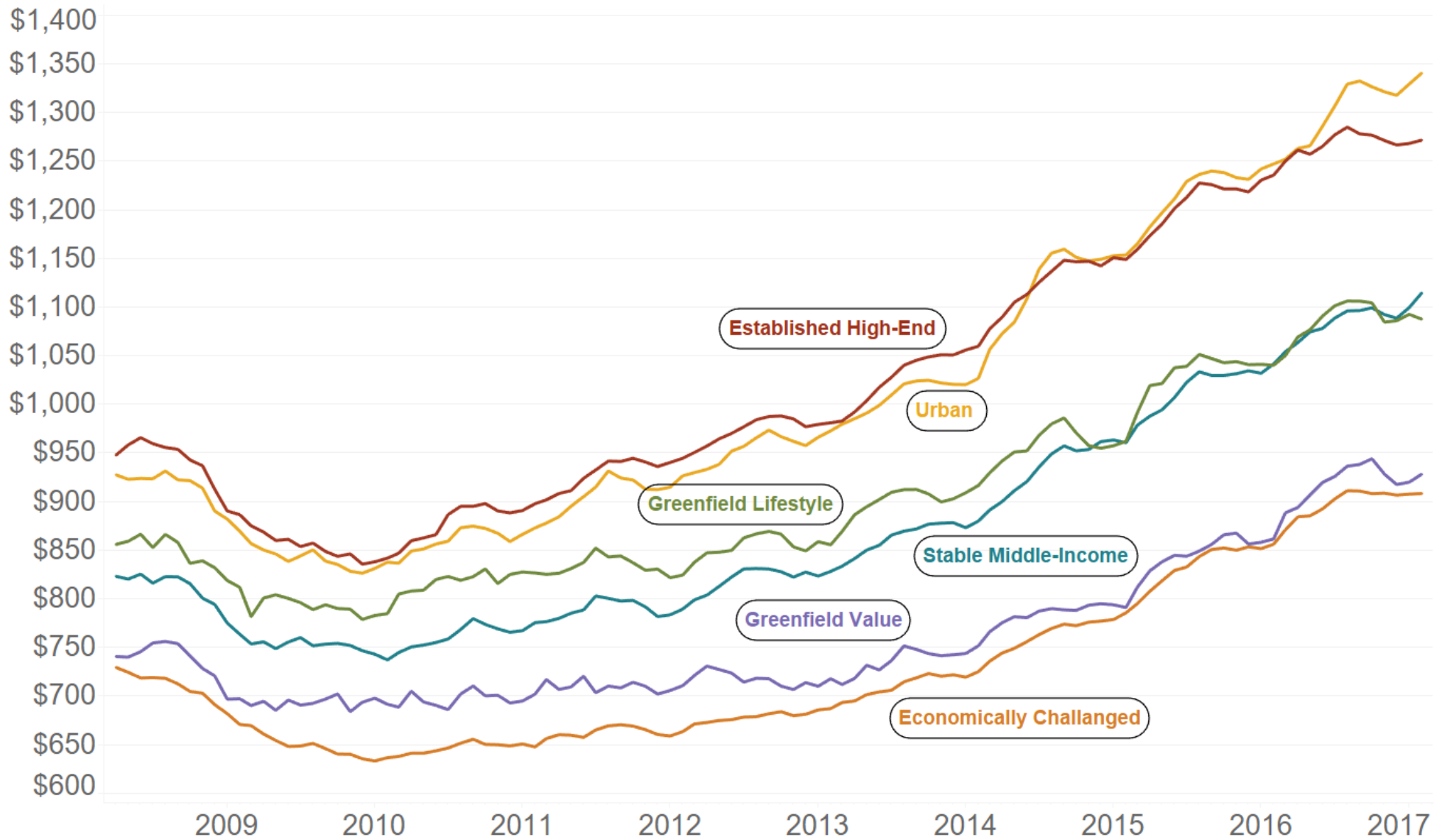
Annual Units Delivered by Suburb Classification – Atlanta MSA



Source: RCLCO utilizing Axiometrics data

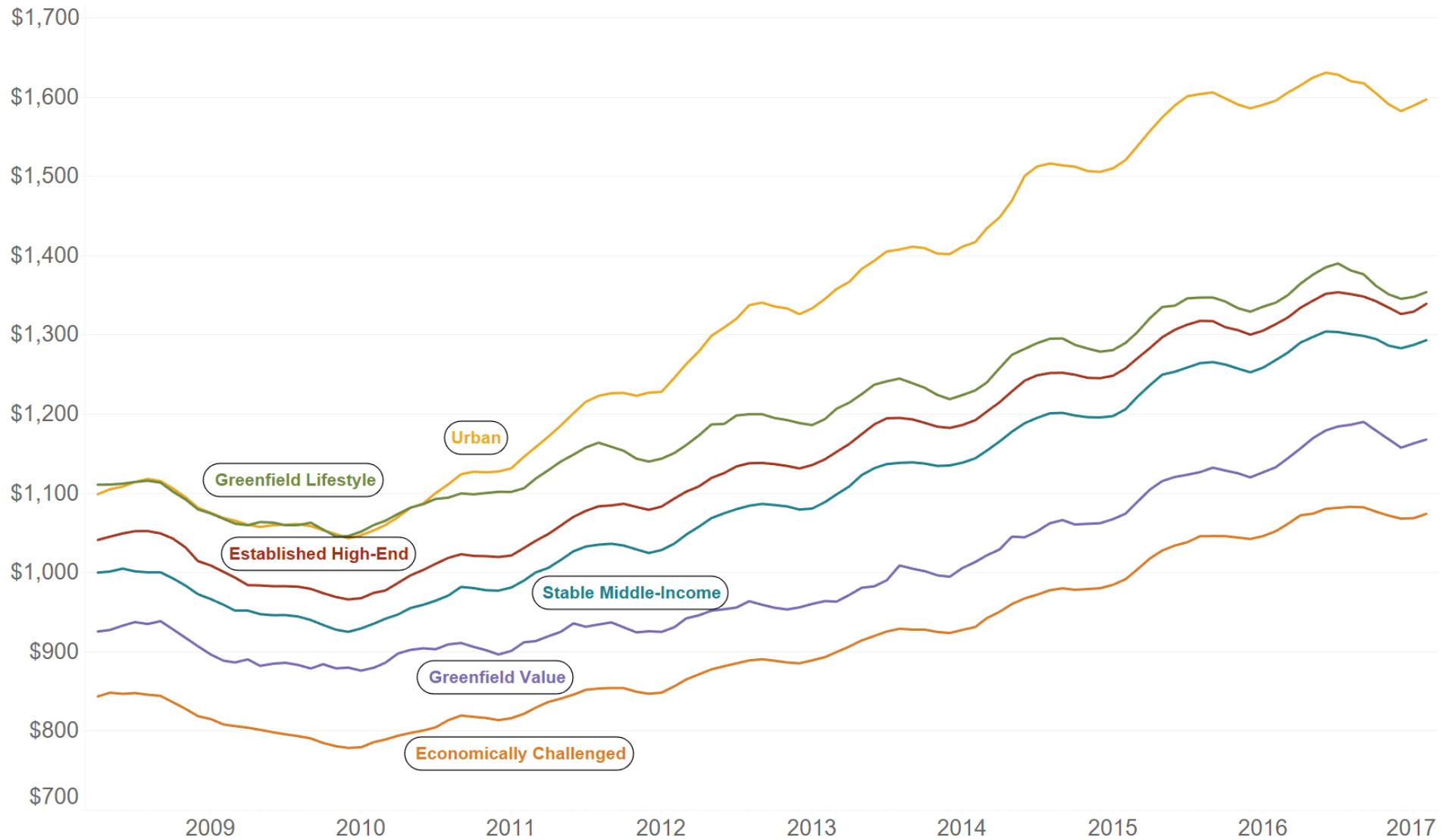


Average Effective Rent by Suburb Classification – Atlanta MSA



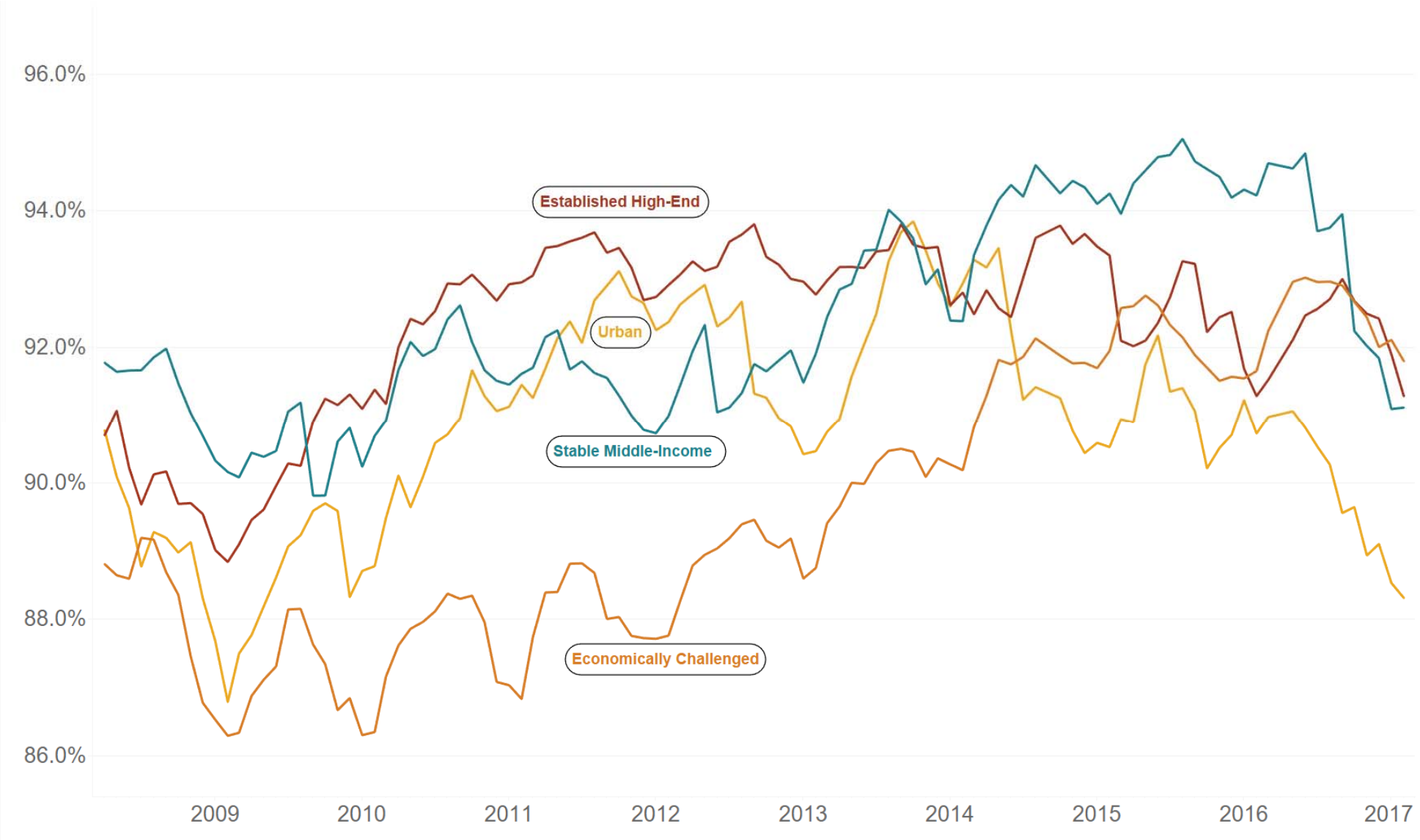
Source: RCLCO utilizing Axiometrics data

Average Effective Rent by Suburb Classification – National



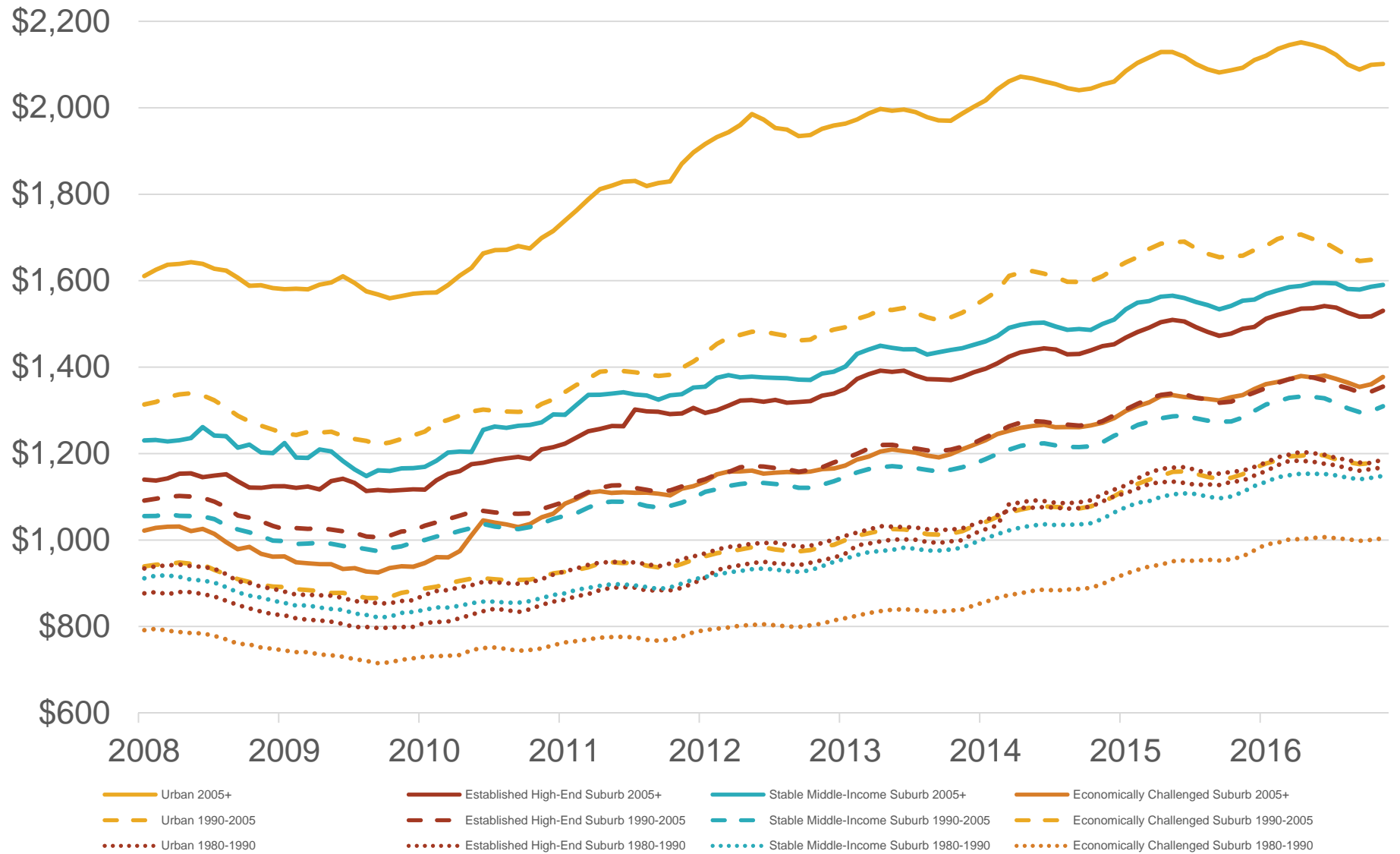
Source: RCLCO utilizing Axiometrics data

Average Occupancy by Suburb Classification – Atlanta MSA



Source: RCLCO utilizing Axiometrics data

Average Effective Rent by Suburb Classification & Vintage – National



Source: RCLCO utilizing Axiometrics data